

The HBPW Board of Directors met **Monday, September 15, 2008** at 4:00 p.m.
in the Service Center Board Room
625 Hastings Ave
Holland, Michigan

Board Chair Maryam Komejan called the meeting to order at 4:02 p.m.

Members Present: Paul Elzinga, Bryan Gras, Maryam Komejan, James Storey, and Ex Officio Member Soren Wolff

Members Absent: Richard Cook

Staff Present:
Senior: Loren Howard, Dave Koster, and Dan Nally

Staff: Lorilyn A Bunce, Andree Keneau, Mike Radakovitz, and Jim Theis

Others Present:
City Council Liaison: Craig Rich
Media Representative(s): Lakeshore Press, Holland Sentinel
City Attorney: Andy Mulder (5:07pm)
Labor Attorneys: Mike Snapper and Tom Wurst (4:52pm)

Audience Members: Jan O'Connell

08.087 Consent Agenda
(Item 1B – Contract with Boileau Communications; Item 1C – Contract with Great Lakes Painting, Inc for Gas Line)

All items listed as Consent are considered to be routine or previously discussed. If requested, the item will be removed from the Consent Agenda and considered separately.

Motion to approve Consent Agenda	<i>Elzinga</i>
Second	<i>Gras</i>
Favor	5
Oppose	0

08.088 Communications from the Audience

There were no communications from the audience.

08.089 Financial Statement

Audited Report Not Yet Available

08.090 Contract with Boileau Communications, Inc.

The Holland Board of Public Works (HBPW) is updating its Internet site to better communicate with its customers, vendors, contractors, potential employees, news media, and the greater Holland community. Since HBPW does not have dedicated expertise in the specialty area of web-site design and development, staff sought support from a web-site design and development firm.

** Red italics indicate information or discussion added during the meeting and/or action taken.*

After evaluating several web-site designers, HBPW staff determined that the selected contractor should either have utility knowledge and/or strong familiarity with the Holland, Michigan area. Three local web-site designers were invited to bid: Elevator Up; Boileau Communications Management, LLC; and The Image Group.

As part of the Consent Agenda, the Board approved a service contract for web-site design and development with Boileau Communications Management, LLC, as approved by the City Attorney.

08.091 Contract with Great Lakes Painting

The paint on the piping of the above-ground facilities of the HBPW natural gas pipelines is peeling off and exposing bare pipe. The contractor will sand blast, prime and apply two coats of paint to the gas piping. The new paint will better protect the pipe and prevent corrosion. This work is in the maintenance budget for Fiscal Year 2009.

As part of the Consent Agenda, the Board approved a contract, pending City Attorney approval as to form, with Great Lakes Painting, the low evaluated bidder, in the amount of \$27,434.

08.092 Standby Generator Project

The Service Center was constructed in 1988 with power served to a 300 kVA transformer using one of two switch able circuits to provide a backup in case of circuit loss. Although this provides a certain minimum level of redundancy, we believe that the systems and operations now located in or dispatched out of the Service Center require a higher level of protection. The best way to provide this insurance is through the use of a standby generator. This capability will prevent significant interruptions on technology, permit efficient operations, and allow continuous system operations regardless of weather or other limitations.

The Board of Directors approved, and will forward to City Council for their approval, the purchase and installation of a natural gas standby generator and transfer switch from Wolverine Power Systems, a larger transformer and an upgrade of the natural gas lines from the HBPW service center; and a budget transfer from contingency to the capital account in the amount of \$106,000 which includes a five percent contingency.

Motion to approve purchase, installation of standby generator	<i>Elzinga</i>
Second	<i>Gras</i>
Favor	<i>4</i>
Oppose	<i>0</i>

08.093 Air Permit Support

The Holland Board of Public Works (HBPW) hired NTH Consultants in 2006 to file an air permit application for a circulating fluidized bed boiler replacement project at the James De Young Generating Station. At that time, it was anticipated that the permitting process would take between nine and eighteen months to complete. The HBPW filed the application with the Michigan Department of Environmental Quality (MDEQ) on January 17, 2007. By the time Holland receives a permit, over two years will have gone by since that date.

In addition to the long timeframe for processing the application, NTH Consultants has performed several analyses in response to new regulations that have emerged since the time the application was originally filed. At this time, NTH Consultants budget for this project is completely exhausted and they are holding \$25,000 as Work in Process awaiting the authorization of the HBPW.

The application is due to be acted on by the MDEQ in the near future. Currently, a 60-day public

** Red italics indicate information or discussion added during the meeting and/or action taken.*

comment period is scheduled to begin mid November of 2008. This proposed contract allowance increase would cover the outstanding \$25,000 and the services of NTH Consultants needed through the final permit issuance.

The Board of Directors approved the additional contract allowance with NTH Consultants in the amount of \$60,000 and authorized the HBPW Operations Director to execute the budget increase request.

08.094 Retention of Special Counsel

It was the recommendation of the City Attorney's office and Holland Board of Public Works (HBPW) staff that the Board approve the retention of Attorney Charles Denton and the firm of Barnes & Thornburg to represent the HBPW regarding air permitting matters for the James De Young Generating Station. The retention of special counsel was approved by City Council at their meeting of September 3, 2008.

The Board of Directors approved the retention of Charles Denton, a partner in the Grand Rapids, Mi office of Barnes & Thornburg, LLP to represent the Holland Board of Public works in connection with the pending Michigan Department of Environmental Quality air emissions permit and related proceedings.

Motion to approve	<i>Elzinga</i>
Second	<i>Storey</i>
Favor	<i>4</i>
Oppose	<i>0</i>

At this time, order of the agenda was suspended and the meeting moved agenda items 6 and 7 forward and dropped item 5 to item 7.

08.095 Hydrocarbon Technology Engineering

In support of the Clean Coal Power Initiative (CCPI) proposal to the Department of Energy a thorough technical and economic analysis must be made of the facilities required to transport CO₂ from the James DeYoung Generating Station to the underground injection point. Hydrocarbon Technology Engineering (HTE) has proposed to study the issues involved with designing and constructing a CO₂ pipeline, injection well, and pumping facility.

Pipeline routes, engineering, permits, rights-of-way, surveys, and environmental services will be identified. A preliminary design of the pipeline, injection well, and pumping facility will be performed including process flow diagrams. Budgetary costs and Gantt chart schedules will be developed for all systems from design through startup.

Hydrocarbon Technology Engineering (has the experience and technical knowledge to perform this work professionally and thoroughly. HTE designed the pipeline supplying natural gas to the Holland Board of Public Work's (HBPW) 48th St. combustion turbine peaking facility that has successfully been in operation for more than 10 years. They have also assisted the HBPW with other pipeline projects such as meter additions, step-touch ground potential prevention design, and pipeline integrity testing.

The Board of Directors approved the engineering study proposal by Hydrocarbon Technology Engineering (HTE) and associated professional services contract for a total of \$30,400 and an associated budget transfer from contingency in the amount of \$35,000. This includes a 15% contract contingency. The Board will forward this recommendation to City Council for approval.

** Red italics indicate information or discussion added during the meeting and/or action taken.*

Motion to approve	<i>Elzinga</i>
Second	<i>Gras</i>
Favor	4
Oppose	0

08.096 Annual Contract with Northern Boiler Mechanical Contractors, Inc

Contractors with a breadth of certifications and skill sets needed to perform a multitude of mechanical services and technical assistance to the Holland Board of Public Works (HBPW) are limited. Only two companies with a proven history are known to have all of the qualifications and skills required in the bid solicitation. These two, Northern Boiler Mechanical Contractors, Inc. and Monarch Engineering Services, Inc. were requested to quote via sealed bid for the annual contract.

Although Northern Boiler (NBI) was the only company supplying a bid, staff believes the bid is competitive. As compared with their standard rate sheet, Northern Boiler significantly reduced their labor rates, ranging from \$3.00 to \$5.00 per hour less across all areas of skilled trades services, in the first year. They further offered a second year rate which implies a 3% to 4% labor increase, which NBI projected is close to what the individual trades unions will pass on to them through July of 2010.

Similar to our underground services agreement, this recommendation would allow the HBPW to utilize specialized trade skills when needed and do so under the protection of a set agreement. In the most recent two years, utilization of these services averaged approximately \$170,000. HBPW would not be committed to spend the set amount.

In addition, Northern Boiler has accepted our proposed limit of 10% mark-up on all purchased material and subcontracted services under their supervision.

The Board of Directors approved the annual contract, pending City Attorney approval as to form, with Northern Boiler Mechanical Contractors, Inc.

Motion to approve	<i>Elzinga</i>
Second	<i>Storey</i>
Favor	4
Oppose	0

09.097 Repair Contract with Northern Boiler Mechanical Contractors, Inc.

This recommendation was for the repair/replacement of roof drain piping in conjunction with the roof replacement for Units 4 and 3 at the James De Young Generating Station.

While attending to the roof leak experiences of this summer, it became evident that the roof drain piping systems needs attention also. Failures of the piping system during the rainstorms were a major factor to a unit coming off line due to excessive water in the building. The roof drain project started out as replacing the entire system involved with the roof replacement, but based on the quotes received for that work scope, the roof drain system was broken up into segments reflecting the amount of patches, type of patches, and possible damage should that segment fail. High risk segments were then slated for immediate repair, which are covered under this recommendation, with the remaining being classified for replacement according to a longer range plan.

The Board of Directors approved a contract, pending City Attorney approval as to form, with Northern Boiler Mechanical Contractors Inc., the low evaluated bidder, in the amount of \$262,558.00, along with a budget transfer from contingency in the same amount.

Motion to approve	<i>Elzinga</i>
Second	<i>Gras</i>

** Red italics indicate information or discussion added during the meeting and/or action taken.*

Favor	4
Oppose	0

08.098 Combined Cycle Subcommittee

The Michigan Public Power Agency (MPPA) is a joint action agency made up of fourteen municipal electric utilities within the state of Michigan. Several members, including Holland, are currently investigating options for power supply. One potential source to be considered is the addition of a combined cycle generating unit. Such a generating unit uses natural gas as a fuel source to power a combustion turbine. The exhausted hot gases are then captured to convert water to steam to drive a steam turbine.

MPPA is looking at performing a site study as an initial phase of the evaluation. Holland, along with the other interested members of MPPA, would share in the cost of performing this study.

The Board of Directors approved joining the MPPA Combined Cycle Subcommittee with an initial investment estimated at \$10,000.

Motion to approve	Storey
Second	Elzinga
Favor	4
Oppose	0

08.099 Demonstration of Energy-Efficient Developments (DEED) Grant Sharing Agreement with Wyandotte Municipal Services *will need approval of change of language to "resolution" at Oct 20 meeting*

In 2007, Wyandotte Municipal Services and the Holland Board of Public Works (HBPW) applied to the American Public Power Association under their DEED program for grant monies to support remote monitoring of power plant performance and diagnostics. Wyandotte and Holland would use Black & Veatch (B&V), an engineering firm with many years of experience with the HBPW, to perform the monitoring. Earlier this year, Wyandotte and Holland were notified that they had received \$35,000 from APPA for this project.

B&V is trying to establish a remote monitoring center in their Kansas City office. This would allow them to monitor multiple clients' generating equipment and recommend efficiency improvements. B&V is providing some of the telemetry and monitoring equipment as in-kind contributions to the effort. APPA will be providing funds to offset some of the labor expense of B&V in monitoring and reporting to Wyandotte and Holland. It still is expected that Holland and Wyandotte will each incur approximately \$45,000 for the portion of B&V's labor expenses not covered by the grant. However, staff believes that given the price of fuel, the benefits from lessons learned from this year-long monitoring process will far exceed the cost.

The Board of Directors approved the Demonstration of Energy-Efficient Developments (DEED) fund sharing agreement with Wyandotte Municipal Services; and, approved up to \$45,000 in project expenses over the amount covered by the DEED grant.

Motion to approve	Storey
Second	Gras
Favor	4
Oppose	0

08.100 Net Metering Program

Net metering programs serve as an important incentive for customer investment in renewable energy

** Red italics indicate information or discussion added during the meeting and/or action taken.*

generation. Net metering allows customers to use their own generation to offset their consumption over a billing period by allowing their electric meters to spin backwards and into the grid when generating electricity in excess of their demand. This offset means that customers receive a credit for the excess electricity they generate. It allows customers to "bank" their energy for use at a different time than when it is produced, giving customers flexibility and allowing them to maximize the value of their production.

The Holland BPW Customer Owned Generation Interconnect Policy has been modified to clarify that net metering applies to generation less than or equal to 30 kW, with larger sized generation being covered under separate Power Purchase Agreements (PPA).

The Holland Board of Public Works (HBPW) Fee Schedule would be updated to include a Net Metering Application fee of \$100 and an hourly engineering cost for the Interconnect Study.

The Board of Directors adopted the Net Metering Program, accepted the related changes to the Customer Owned Generation Interconnect Policy, accepted the updated Fee Schedule, and forwarded to City Council for action.

08.101 Software Purchase

The Holland Board of Public Works (HBPW) is committed to recognizing energy efficiency as a high-priority energy resource. Part of this commitment is the intent to broadly educate and communicate the benefits of and opportunities for energy efficiency. One method of utility efficiency education is to make available an assortment of educational tools on the HBPW website. Enercom Software, in partner with Hometown Connections, Inc., offers such an option,

Enercom is the industry's leading developer of Internet-based customer software applications. Enercom's current clients represent more than 400 energy and water companies. Applications include online residential and commercial energy and water audits with reports, graphs and consumer recommendations on energy savings. The Energy Depot software also includes, an appliance calculator showing energy usage and costs, a comprehensive Energy Library with tips and Fact Sheets for residential and commercial customer segments and much more

The Board of Directors approved the contract, pending City Attorney approval, and approved the transfer of funds from contingency in the amount of \$51,000 for Enercom's Energy Depot Suite of products and web-hosting/maintenance charges.

Motion to approve agreement with Enercom	<i>Elzinga</i>
Second	<i>Gras</i>
Favor	<i>4</i>
Oppose	<i>0</i>

08.102 Conservation Program Manager

As part of a comprehensive approach to meeting the Holland community's utility needs, the HBPW Staff recommends expanding its conservation, energy efficiency, and sustainability programs by developing the position of Conservation Programs Manager and hiring a full-time professional to staff this position.

The Board of Directors approved a budget transfer of \$130,000 from the contingency fund for FY2009 for the purpose of establishing and staffing Holland Board of Public Works (HBPW) conservation and energy efficiency programs. One full-time exempt position would be funded at an estimated FY2009 cost of \$80,000 (wage and benefits, with tentative hire date in early November), with the remaining funds used for initial program development.

** Red italics indicate information or discussion added during the meeting and/or action taken.*

Motion to approve position	<i>Elzinga</i>
Second	<i>Gras</i>
Favor	<i>4</i>
Oppose	<i>0</i>

08.103 Closed Session – Pending Litigation: Durham v City\HBPW and Robinson v City\HBPW, Property Acquisition

Motion to enter Closed Session @ 5:10p.m.	<i>Komejan</i>
Second	<i>Gras</i>
Favor	<i>4</i>
Oppose	<i>0</i>

ADJOURNMENT

A motion to adjourn the meeting of September 15, 2008 was made by *Komejan* supported by *Storey* and agreed upon by the Board of Directors present.

The Board Meeting and Special Joint Session of September 15, 2008 adjourned at 7:06 p.m.

Minutes respectfully submitted by,

Loralyn A Bunce
Acting Board Clerk

** Red italics indicate information or discussion added during the meeting and/or action taken.*