

The HBPW Board of Directors met **Monday, May 11, 2009** at 4:00 p.m.
in the Service Center Board Room
625 Hastings Ave
Holland, Michigan

Chairperson Bryan Gras called the meeting to order at 4:04 p.m.

Members Present: Rich Cook, Paul Elzinga, Bryan Gras, and James Storey

Members Absent: Tim Hemingway and Ex Officio Member Soren Wolff

Staff Present:
Staff: Loren Howard, Dave Koster, Dan Nally, Ellen Taub, Freda Velzen, Andree Keneau, Abel Rodriguez, Chris VanDokkumburg, and Loralyn Bunce

Others Present: City Council Liaison: *Craig Rich*
Media Representative(s): Holland Sentinel, Grand Rapids Press

09.059 **Consent Agenda**

(Item 1C – Dark Fiber Lease Agreement with Hope College; Item 1D – Contract with Brenner Excavating; Item 1E – Contract with Newkirk Electric; Item 1F – Obsolete Equipment)

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>Storey</i>
Second	<i>Elzinga</i>
Favor	<i>4</i>
Oppose	<i>0</i>

09.060 **Dark Fiber Lease Agreement with Hope College**

The current Dark Fiber Lease Agreement (DFLA) between Hope College and the HBPW has expired. Hope College has requested to continue leasing dark fiber from the HBPW. Hope College has agreed to the terms and conditions in the newly revised dark fiber lease agreement. The monthly revenue from this lease is \$1,186.50.

As part of the Consent Agenda, the Board approved the Dark Fiber Lease Agreement with Hope College, and forwarded to City Council for approval.

09.061 **Contract with Brenner Excavating for Maple Ave – 20th Street**

The water and wastewater utilities replacement on Maple Avenue between 8th and 24th Streets was identified for improvements in the 5-year capital improvement projection. It was reprioritized for reconstruction in calendar year 2009 in response to the collapse of an 18-inch wastewater main in the intersection of 20th Street and Maple Avenue during the rain events of June 2008. The water main in the area is also in need of replacement and it is appropriate to replace it while the roadway is removed for wastewater reconstruction.

In 2006, a 24-inch water transmission main was extended from the lake crossing to the 20th Street and Washington Avenue intersection. This main is planned to connect to the existing transmission main at 19th Street and Pine Avenue. As part of this project, it is appropriate to continue to work

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towards this goal by installing a portion of the transmission main in Maple Ave between 19th and 20th Streets and in 20th Street between Maple and Washington Avenues.

As part of the Consent Agenda, the Board of Directors approved the low bid from Brenner Excavating in the amount of \$2,495,450; and approved the Holland BPW portion of the contract for \$1,232,108 with a 5% (\$61,605) contingency for a total of \$1,293,713.

093.062 Contract with Newkirk Electric for Circuit Switcher

The construction contract is for the installation of the Industrial Substation circuit switchers, control panels, and all associated material and labor required for a complete installation. The circuit switchers were previously approved for purchase and will be delivered in May 2009. The construction contract agreement has been reviewed by the City Attorney and is approved as to form.

The Industrial Circuit Switcher project was approved for the current 2008-2009 budget year. The project consists of installing 138kv circuit switching equipment to automatically isolate the substation transformers from the 138kv transmission line in the event of a transformer failure or secondary bus fault without de-energizing the transmission loop. The circuit switchers and control panels have been obtained directly by HBPW.

Project specifications were developed for the installation of the equipment and forwarded to qualified electrical contractors. Three (3) sealed bids were received and opened on April 16, with Newkirk Electric submitting the lowest bid

As part of the Consent Agenda, the Board approved a Construction Contract Agreement between HBPW and Newkirk Electric in the amount of \$79,000 for the installation of the Industrial Substation Circuit Switchers.

09.063 Obsolete Equipment

The HBPW has identified materials and equipment, which are no longer pertinent for our use. The items on the lists have been determined excess, obsolete, or uneconomical to repair.

First, we determine if the items are usable within the HBPW and other City departments. Secondly, in an attempt to recover as much as we can, we will try to sell items to companies that specialize in inventory disposal. Our third course of action is to auction items that are remaining. The HBPW has the authority to conduct its own limited auction, open to the public. Items not sold or donated are recycled to the maximum extent.

As part of the Consent Agenda, the Board approved the lists of obsolete items ready to be declared surplus and forward the recommendation to the Holland City Council for their approval.

09.064 Communications from the Audience

There were no communications from the audience.

09.065 Financial Statement – March / End of Third Quarter 2009

Accepted as information only.

09.066 Public Hearing - Integrated Resource Planning and Rate Design Modifications to promote Energy Efficiency Investments

Non-regulated utilities of a certain size, such as the HBPW, are required to consider each of four new standards, but are not required to adopt them. As part of the consideration, Public Utilities Regulatory Policy Act (PURPA) requires that each qualified utility provide a public hearing, then make a determination in writing based upon findings and evidence presented in the hearing, and

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make that information available to the public.

One standard is the *Integrated Resource Planning*. This standard states that the utility consider the integration of energy efficiency resources into utility, state and regional plans, and the adoption policies establishing cost-effective energy efficiency as a priority resource.

Another standard is the *Rate Design Modifications to Promote Energy Efficiency Investments*. This standard states that rates allowed by the utility shall align utility incentives with the delivery of cost-effective energy efficiency and promote energy efficient investments. Six specific policy options are suggested for consideration.

The public hearing commenced with the public notices placed in the Holland Sentinel on April 29, 2009, including the option of email, paper, or oral comments. The public hearing will conclude with Board action to close the public hearing at the Board meeting of May 11, 2009.

Staff will bring a recommendation back to the Board after the review of all written and oral comments no later than the regularly scheduled Board meeting in December 2009.

No members of the public submitted written comments or attended the oral comment session, so the Board of Directors closed the public hearing.

Suspended Rules of Order for Closed Session

09.067 **Closed Session for Pending Litigation Sierra Club versus City of Holland / Holland Board of Public Works**

Michigan’s Open Meetings Act provides in Section 8 (c) that a public body may enter into closed session by a two-thirds roll call vote for a discussion related to pending litigation. .

Motion to enter Closed Session made at 4:10 p.m.	<i>Cook</i>
Second	<i>Hemingway</i>
Favor	<i>5</i>
Oppose	<i>0</i>

ROLL CALL: Cook, Elzinga, Gras, and Storey

The Board of Directors returned to Open Session at 5:39 p.m.

09.068 **Delegation of Management Policies and Procedures to General Manager**

Over the years, Holland Board of Public Works (HBPW) policies and procedures have not been managed in a standard corporate format. HBPW management seeks to improve and unify this process throughout all HBPW departments. Policies and procedures will be divided into three types: governance, corporate, and management.

Governance policies are created by the Board of Directors, and define how the Board operates. Corporate policies are also designed by the Board of Directors, and define broad HBPW goals, strategies, and purpose. In contrast, management policies are developed by HBPW management for the purpose of day to day management of the company.

Past practice has been that all policies receive formal Board approval and some have received City Council approval. Staff believes that assigning control of management policies to the General Manager would allow for more efficient functioning of day to day department operations and eliminate unnecessary review of daily HBPW operating issues at Board and City Council meetings.

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The Board of Directors approved of delegating the responsibility and management of Holland Board of Public Works (HBPW) management policies and procedures to the General Manager and forwarded to City Council for approval.

Motion to approve delegating responsibility	<i>Storey</i>
Second	<i>Gras</i>
Favor	<i>4</i>
Oppose	<i>0</i>

09.069 Coal Supply Resource Replacement

The Holland Board of Public Works (HBPW) is in the second of a three-year contract for coal supply with the C Reiss Coal Company, a subsidiary of Koch Industries. The contracted coal is a blend of three different mine sources. Over the past several months, one of those sources, the Westridge mine in Utah has experienced production difficulties as a result of unstable conditions. After review by the Mine Health and Safety Administration, the owner was directed to cease operation in the current long wall location. Owner Murray Energy issued a Force Majeure declaration to C Reiss, who in turn notified the HBPW about the impact on supply. It is anticipated that the production issues should not linger past this year. So, at this time, there has been no Force Majeure declared for next year's tonnage.

C Reiss, in accordance with the contract, did offer replacement coal. The HBPW staff reviewed the offering and also solicited proposals to see if more competitive offerings could be found. Another producer, MC Mining, with mines in Central Appalachia was able to offer a product with a higher heating value at the same price per unit of energy (BTU) through its agent Alliance Coal Sales. Staff has recommended contracting with MC Mining to provide approximately four vessels of coal supply. The overall impact on projected coal expense is likely to be an additional \$250,000.

The Board of Directors approved the agreement with MC Mining, LLC for the supply of approximately 46,000 tons of Central Appalachian low-sulfur bituminous coal at a delivered price of \$76.25 per ton (\$3.05/MBTU) or a total contract value of \$3,507,500.

Motion to approve the agreement	<i>Cook</i>
Second	<i>Elzinga</i>
Favor	<i>4</i>
Oppose	<i>0</i>

09.070 Job Classification Adjustment and Secretary to the Board Role

In an effort to properly maintain organizational records, the Holland Board of Public Works (HBPW) staffs one full-time Records Management Coordinator position. This position is currently paid at the BP-1 wage scale (\$30,076.80 - \$39,083.20). As the result of a 2008 compensation review, it has been determined that a closer approximation to market wage for this position is the BP-4 wage scale (\$35,630.40 - \$46,321.60).

In addition, the HBPW does not currently have an administrative staff member formally responsible for serving as the Secretary to the Board. Instead, the Secretary to the Board's responsibilities are being handled successfully as an ancillary duty by an existing HBPW employee. In 2008, the HBPW developed a job description for the Secretary to the Board role and is proposing that this responsibility become a compensated developmental opportunity which is made available to interested HBPW employees for assignment terms of not less than one year.

The Board of Directors approved the reclassification of the Records Management Coordinator from the BP-1 wage scale to the BP-4 wage scale, and established the Secretary to the Board role as a compensated ancillary duty in the amount of \$5,000 per year.

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Motion to approve the reclassification and establish position
Second
Favor
Oppose

Elzinga
Storey
4
0

ANNOUNCEMENTS

Board Chairperson Bryan Gras announced his resignation from the Board of Directors effective immediately. Gras has taken employment outside the City of Holland. Paul Elzinga, Rich Cook, and Jim Storey thanked Gras for his role as a Director for the past 3 years and as Chairperson for the past 5 months.

On behalf of the City Council and Mayor, Council Liaison Craig Rich expressed gratitude for Gras's contributions to the Board of Directors and Holland Board of Public Works.

Reminder of Study Session on Thursday, May 21, 2009.

ADJOURNMENT

A motion to adjourn the meeting of May 11, 2009 was made by *Bryan Gras* supported by *Tim Hemingway* and agreed upon by the Board of Directors present.

The Board Meeting of May 11, 2009 adjourned at 6: 03 p.m.

Minutes respectfully submitted by,

Loralyn A Bunce
Secretary to the Board

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