

The HBPW Board of Directors met **Monday, July 6, 2009** at 4:00 p.m.
 in the Service Center Board Room
 625 Hastings Ave
 Holland, Michigan

Vice Chair Jim Storey called the meeting to order at 4:03 p.m.

Vice Chair, Jim Storey welcomed Diane Haworth as the newly appointed board member. Haworth works as a sustainability manager for Haworth, Inc. and has a long background in industry. She continues to work for a sustainable future both personally and professionally.

Members Present: Rich Cook, Paul Elzinga, Diane Haworth, Tim Hemingway, Jim Storey, and Ex Officio Member Soren Wolff

Members Absent: None

Staff Present: Loren Howard, Dan Nally, Freda Velzen, John Van Uffelen, Andree Keneau, Jim Van de Wege, Chris Van Dokkumburg, and Loralyn Bunce

Others Present: City Council Liaison: *Absent*
 Media Representative(s): *Holland Sentinel*

09.099 Michigan Public Power Agencies Commissioner Assignment

Currently, Loren Howard is the designated Michigan Public Power Agencies (MPPA) Commissioner and Dave Koster is the Alternate Commissioner. As a result of the recent change in leadership of the Holland Board of Public Works (HBPW), duties and responsibilities of several individuals has changed. HBPW is also a member of the Michigan Municipal Electric Association (MMEA). In the past year, Loren Howard was elected to the MMEA Board of Directors. Fulfilling the responsibilities of both MPPA Commissioner and MMEA Board member would require substantial time away from HBPW matters. Since the work of MMEA is more in the arena of utility policy making, it is more appropriate for the HBPW General Manger to work with that agency. The work of MPPA is more electric generation project oriented and it makes more sense that both the HBPW Operations Director and the HBPW Utility Services Director focus on the tasks of MPPA.

As part of the Consent Agenda, the Board of Directors appointed Operations Director David Koster as the Holland BPW MPPA Commissioner, Utility Services Director John Van Uffelen as the first Alternate Commissioner and General Manager Loren Howard as the second Alternate Commissioner.

09.100 Michigan WARN Resolution

Water and Wastewater Agency Response Network (WARN) is a network of water/wastewater utilities helping other water/wastewater utilities to respond to and recover from emergencies. The purpose of a WARN is to provide a method whereby water/wastewater utilities, that have sustained or anticipate damages from natural or human-caused incidents, can provide and receive emergency aid and assistance in the form of personnel, equipment, materials, and other associated services as necessary from other State water/wastewater utilities.

A MIWARN membership provides the following benefits to a water/wastewater utility: Establishment of a single Mutual Aid Agreement (MAA), which is the backbone of the WARN concept, where provisions for network activation, reimbursement, liability and other issues are mutually agreed upon by participating utilities; Voluntary participation with no obligation to respond or cost to participate;

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Establishment of a forum to populate and maintain emergency contacts; Access to specialized equipment and personnel that may be needed during a water/wastewater emergency; Facilitation of training that specifically focuses on the exchange of resources during an emergency or drill; Increased emergency preparedness and coordination.

As part of the Consent Agenda, the Board of Directors approved the Board Resolution to participate in the Michigan Water/Wastewater Agency Response Network (MIWARN) and forwarded the resolution to City Council for approval.

09.101 **Black & Veatch Oxy-coal Additional review**

At the request of the Holland Board of Public Works (HPW), Black & Veatch performed additional engineering review of the oxy-coal project specifically related to the optimal use of fuel for the boiler. B&V also incorporated costs developed by HT Engineering for the CO2 pipeline into the financial model that B&V created. Additionally, B&V incurred costs by hosting a meeting at their office with the BPW and Praxair for a review of the project. The original contract with Black & Veatch was in the amount of \$80,000.

As part of the Consent Agenda, the Board of Directors approved the payment of \$9,154 for services rendered by Black & Veatch for the additional engineering review of the oxy-coal plant proposed by Praxair for the U.S. Department of Energy Clean Coal Power Initiative.

09.102 **Energy Star Partnership**

The US Environmental Protection Agency (EPA) and the Department of Energy (DOE) developed the ENERGY STAR Partner program to promote buildings, products, homes, and industrial facilities that use less energy while providing the same or better performance than conventional designs. ENERGY STAR Partner's agree to use the partnership and the ENERGY STAR mark to promote energy efficiency as an easy and desirable option for organizations and consumers to prevent pollution, protect the global environment, and save on energy bills. Being an ENERGY STAR Partner would be a strategic advantage to the Holland Board of Public Works (HBPW), as we develop and implement our Energy Optimization Programs.

The Partnership Agreement between ENERGY STAR and the HBPW is a standard EPA document which clearly identifies the Partner Commitments for both parties involved in the Agreement. Being an ENERGY STAR Partner is consistent with the message and direction that the HBPW wants to deliver with our Energy Optimization Programs.

As part of the Consent Agenda, the Board of Directors approved the ENERGY STAR Partner Agreement, pending city attorney approval.

09.103 **Black & Veatch Support for Praxair**

Holland Board of Public Works (HBPW), Praxair, Black & Veatch, Battelle, and HT Engineering met on June 9, 2009 to assess the status of the Oxy-coal project in regards to the U.S. Department of Energy Clean Coal Power Initiative proposal made by Praxair. During the meeting, specific items were identified as needing modification from Black & Veatch's financial model. These include costs related to operation and maintenance of the air separation and carbon dioxide compression units, plant operating staff, program manager, review of electrical feeds and distribution, and staged demonstration period unit availability. In addition to making these modifications B&V proposes to review financial tables that HBPW will assemble for Praxair.

As part of the Consent Agenda, the Board of Directors approved the payment of up to \$6,000 for proposed engineering services by Black & Veatch to support Praxair's request to supply information that will help them assess the feasibility of the Holland site for an Oxy-coal carbon dioxide capture demonstration plant.

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09.104 Contract Authorization Fiscal Year 2010 Resolution

Prior to the contract authorization resolution, all contracts were submitted to both the Board and the City Council for approval before staff could proceed with work plans. This imposed an unnecessary delay causing various difficulties, and often did not permit adequate time to address customer requests. After the City Attorney review, it was determined that the City Charter authorizes the Board to carry out its work plan without further Council approval, once a budget had been approved. However, it is necessary for the Mayor and City Clerk to be authorized to sign such contracts on behalf of the Board.

As part of the Consent Agenda, the Board of Directors adopted the Resolution authorizing the Mayor and City Clerk to sign contracts that are approved by the Board and within budget and forward the Resolution to City Council for their adoption.

09.105 Contribution to City Resolution

At the inception of each fiscal year, the Holland Board of Public Works adopts a resolution to appropriate a budgeted contribution from the Electric Utility to the City of Holland. This Joint Resolution is pursuant to Section 12.16 of the Charter of the City of Holland. The amount of money appropriated has been approved during the budget process and this Joint Resolution is passed for the purpose of complying with the requirements of Section 12.16 of the Charter of the City of Holland in the event that the amount should exceed or be less than 50% of the net income of the Board of Public Works Electric Utility, as defined therein.

As part of the consent Agenda, the Board of Directors adopted the Joint Resolution to appropriate \$3,799,200 from the Electric Utility Fund for fiscal year July 1, 2009 through June 30, 2010 for the general purposes of the City of Holland.

09.106 Insurance Claim Settlement Resolution

The resolution presented is to establish and authorize the claims settlement authority for the City and the Holland Board of Public Works (HBPW) within the self-insured retention portion of the City and HBPW's insurance program. The resolution shall permit the settlement and compromise of claims, actions, and liabilities by the designated adjuster in an amount not to exceed \$5,000 against the City and/or the HBPW. Paragraph 5 grants authority to the designated representative of the HBPW in conjunction with the City Attorney to settle claims against the HBPW, including joint claims with the City, in an amount not to exceed \$10,000. The settled claims shall be reported by the HBPW to the Board as needed during the fiscal year. Paragraph 6 allows claims in excess of \$10,000 to be settled, compromised, and approved upon review and recommendation of the Board of Directors of the HBPW with referral to the City Council for final review and recommendation.

As part of the Consent Agenda, the Board of Directors approved the resolution allowing the designated representative of the Holland Board of Public Works, in conjunction with the City Attorney, the settlement authority, to settle claims in an amount not to exceed \$10,000.

09.107 Communications from the Audience

Marty Dugan of 17 W 10th ST Holland, MI asked four (4) questions of the board regarding board membership; board elections; status of the air permitting process; and, the soil of the dredge site.

09.108 Financial Statement – May 2009

The financial status of the utility is as budgeted and expected with the economic downturn.

09.109 Construction Contract for 7th Street Water Main

Using State funds, the City is reconstructing 7th Street from River to Lincoln Avenues and Lincoln

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Avenue from 7th Street to 8th Street. While the roadway is being reconstructed, it is fiscally responsible to replace the underlying, aged water main.

Engineering and Construction Contract Administration (CCA) will be performed in-house by City and Holland Board of Public Works (HBPW) staff. The project was bid through the Michigan Department of Transportation on June 5, 2009. A meeting was held with area customers on June 23, 2009 to discuss and address construction concerns. Construction began on July 7, 2009 and is scheduled to be completed on September 26, 2009.

As part of the FY2010 Capital Budget, \$200,000 was earmarked for this project. As engineering and design progressed, it became evident that additional monies would be required to address future utility service concerns in the area. The requested budget transfer will address all costs associated with the construction of this project.

The Board of Directors approved the Holland Board of Public Works (HBPW) portion of a contract with Nashville Construction in the amount of \$255,369 with a 10% (\$25,537) contingency for a total of \$280,906 for the replacement of approximately 2,500 feet of water main on 7th Street from River to Columbia Avenues; and approved a budget transfer from the water contingency fund in the amount of \$80,906 to address all costs associated with the construction of this project.

09.110 **Creek Bed Sanitary Sewers Project**

In the mid to late 1960's, the City installed several cross country sewer mains in lower elevations to avoid having to construct additional sewage lift stations. These creeks have eroded due to recent storms, scouring deeper channels and wider banks. This erosion has exposed the sewer main pipe in several locations. This project was planned as a result of the June 2008 rain event. An inspection following the June 2009 event of the same areas has revealed that the scope of the project has not changed.

In December 2008, the Holland BPW entered into an Engineering & Construction Contract Administration (CCA) Services Contract for \$84,380 with Driesenga & Associates of Holland, MI. Since then, the project has been designed, drawn and permitted through the Michigan Department of Environmental Quality. Bids were solicited on June 22, 2009 and four were opened on June 26, 2009.

The Board of Directors did not approve a construction contract with Quantum Construction for the repair and mitigation of creek bed sanitary sewers in the amount of \$222,148 with a 10% (\$22,215) contingency for a total of \$244,363.

After discussion about the bid specifications and possible reasons for such variance in bids submitted, the Board of Directors approved awarding the contract to the lowest bidder, Al's Excavating, contingent on meeting the project specifications as verified by staff.

09.111 **Credit Card Payment Services**

The Holland Board of Public Works (HBPW) customers have expressed interest in being able to pay their utility bills by credit card. Staff has explored many options to allow this at a reasonable cost. After participating in many demos, it is determined that Payment Services Network (PSN) can provide this service at a reasonable cost to the customer, and has an interface to our Harris billing system already developed and is also in use by other Harris clients. The customers can pay online or by phone using their credit card and will be charged a flat fee of \$2.95 for any bill amount up to \$300.00. The entire fee goes to the payment processor for the transaction. The HBPW costs are minimal at \$14.95 per month and a onetime set-up fee of \$249.00 to PSN. There will be no charge from Harris for the interface. The web site will be customized to inform customers they are using a payment processor and will be charged a \$2.95 convenience fee.

The Board of Directors approved the use of credit cards for residential customers to pay their utility

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bills with a reasonable convenience fee and approved the agreements with Payment Services Network subject to approval as to form by the City Attorney.

09.112 **Audit Committee Appointments**

To facilitate the audit process and to provide the Board an opportunity to directly and independently communicate with the auditors, the Board appoints two Board Members to serve on the Holland Board of Public Works (HBPW) Audit Committee. At the conclusion of the audit process and before presentation to the full Board, the auditors from Rehmann Robson P.C. and HBPW staff meet with the Audit Committee to discuss the financial position, review the financial statements in detail and read and discuss the auditors' management comments, if any. The committee is then given opportunity to meet with the auditors alone so they can discuss any concerns they may have or feel free to ask questions.

The Board of Directors appointed the volunteers, Tim Hemingway and Jim Storey, to serve on the Audit Committee and meet with the auditors to review the FY 2009 financial position and discuss the results of the audit.

09.113 **Snowmelt Expansion**

The snowmelt system in downtown Holland has been very beneficial to businesses, residents and visitors over the years since it was first installed during the mid 1980's. With the construction of the City's new parking deck on 7th Street, the City has requested and the City Council has approved the construction budget to include the snowmelt system for the project. The estimated cost of the transmission portion of the snowmelt for the project is \$150,000 in capital investment. The capital recovery for the project will be calculated as a rate change in the Electric Rate S and brought for the Board's consideration at a future meeting.

The Board of Directors approved the contribution of HBPW funds from the electric utility to the City for the capital expansion of the snowmelt transmission system in the amount of \$150,000.

09.114 **Election of Board Officers**

Citing the recent installation of Board member Haworth, Vice Chair Storey recommended postponing the annual election of officers until the August 10, 2009 meeting. The Board concurred without objection.

OTHER BUSINESS

Next meeting – Monday, August 10, 2009

ADJOURNMENT

A motion to adjourn the meeting of July 6, 2009 was made by *Paul Elzinga* supported by *Diane Haworth* and agreed upon by the Board of Directors present.

The Board Meeting of July 6, 2009 adjourned at 5:09 p.m.

Minutes respectfully submitted by,

Loralyn A Bunce
Secretary to the Board

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