

The HBPW Board of Directors met **Monday, October 12, 2009** at 4:00 p.m.
in the Service Center Board Room
625 Hastings Ave
Holland, Michigan

Chair Jim Storey called the meeting to order at 4:00 p.m.

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

Members Absent: None

Staff Present: Loren Howard, Dave Koster, John Van Uffelen, Freda Velzen; Andree Keneau, Bob Mihos, Mike Radakovitz, Abel Rodriguez, Chris Van Dokkumburg, and Loralyn Bunce

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

09. 123 Open Minutes – September 2009

As part of the Consent Agenda, the Board of Directors approved the minutes of September 14 & 28, 2009 as presented.

Motion to approve Consent Agenda	<i>PE</i>
Second	<i>DH</i>
Favor	<i>4</i>
Oppose	<i>0</i>

09. 124 Contract - River Avenue Bridge Water Transmission Main Maintenance Project

In August of 2003, engineering consulting firm Hubbell Roth & Clark (HRC) completed an evaluation of the aerial transmission main which crosses the Black River west of the bridge on River Avenue. The report identified several needs.

The project can be described as improvements to the concrete abutments and concrete center pier including application of concrete sealant, the addition of vent and drain lines, the removal and replacement of enclosure and heating system on 30-inch expansion joint, miscellaneous painting/coating, and appurtenant work.

One of the pay items in the contract is to inspect an existing 30-inch expansion joint in the north abutment structure of the river crossing. The condition of the joint is unknown because it cannot be inspected until the existing enclosure is removed from the chamber located within the abutment. Due to the unknown condition of the expansion joint, the possibility exists of additional costs if it is determined that the joint requires major repairs or replacement. The contract is within the approved project budget for the project of \$100,000.

As part of the Consent Agenda, the Board of Directors approved a construction contract with Muskegon Construction for the River Avenue Bridge Water Transmission Maintenance Project, subject to review as to form by the City Attorney, in the amount of \$42,140 with a 10% contingency (\$4,200) for a total of \$46,340.

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

09. 125 Contract - Substation Panel Installation at Washington Avenue and Industrial

The Washington Avenue and Industrial Relay Upgrade project was approved at \$250,000 for the 2009-2010 budget years. The control panels have been purchased through a previously approved contract and are currently under construction. With this project, the committed funds to date total \$253,952 and include the following: This project consists of removing the existing mechanical protection relays from service and installing 24 new panel doors and relay equipment at the Washington and Industrial substations which are used to maintain the integrity of the 138kv loop.

Two design changes have contributed to the increase in overall project cost. The first is the relocation of all the relays to the front side of the panels, which moves the equipment away from exposed terminals and chemicals of the station power battery bank at both substation locations. The second change is the replacement and programming of a new solid state programmable warning indicator panel that will replace the current hard wired annunciator/warning indicator system.. Incorporating this upgrade will provide communications from the substation sites to the Supervisory Control and Data Acquisition (SCADA) operations center at the Service Center.

This installation of the panels is the final contract for completing the project.

As part of the Consent Agenda, the Board of Directors approved a contract with Newkirk Electric in the amount of \$92,708 with a 10% contingency of \$9,271 for the installation of new relay control panels for the Washington Ave and Industrial substations. Board also approved a transfer of \$13,000 from contingency to the project budget and forwarded to City Council for approval.

09. 126 Surplus Items

The Holland Board of Public Works (HBPW) has identified materials and equipment, which are no longer pertinent for our use. The items on the attached 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 ability 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 of Directors approved the lists of obsolete items ready to be declared surplus; and, forwarded the recommendation to the Holland City Council for their approval.

09.127 Contract - Design and Construction Engineering Services for Harrison Avenue

The customers on Harrison Avenue between 18th and 19th Streets are presently served with under sized mains. The Fiscal Year 2010 Capital Improvement Budget dedicates \$640,000 for water main replacement and \$540,000 for sanitary main replacement. For this project, the Holland Board of Public Works (HBPW) will partner with the City's Transportation Services Department in the cost of the design and construction engineering services. Each will share 50% of the costs initially and adjust the ultimate engineering liability for each agency based upon the respective share of reconstruction bid prices.

Due to uncertain financial constraints, the HBPW reserved the right in the contract to revise the construction limits of the project for calendar year 2010 to include any portion of the project, including the possibility of no construction. In the event the scope of construction is modified and construction on any portion is delayed beyond 2010, the consultant will revise the construction plans and contract documents and bid out only that portion of the project designated for construction in 2010.

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

Of the proposals received, OMM Engineering presented the best overall price, meets specifications, and has performed successfully in the past.

As part of the Consent Agenda, the Board of Directors approved a design and construction engineering services contract with OMM Engineering of Grand Rapids, MI in the amount of \$124,393 with a 10% contingency in the amount of \$12,439, subject to City Attorney approval.

09.128 **Black & Veatch Review of ADVEC Technology**

Earlier in the year, the Board and City Council approved entering into a Mutual Confidentiality Agreement with ADVEC Power Systems. The engineering review that Black & Veatch will perform and report on includes the following: Technological challenges; Environmental impacts; Constructability; Operations & Maintenance; Financial Pro Forma; and, Feasibility.

The results of this investigation will help the Holland Board of Public Works evaluate alternatives of energy production and emissions control.

As part of the Consent Agenda, the Board of Directors approved a contract with Black & Veatch in the amount of \$25,000, pending contract language approval by the City Attorney. Board also approved an associated budget transfer from contingency in the amount of \$25,000 and forwarded this recommendation to City Council for approval.

09.129 **Communications from the Audience**

Jan O'Connell of 201 Ivanhoe Ave Grand Rapids, MI asked two (2) question of the board:

- 1. "When do we [HBPW] expect to respond to the governor's mandate?"*
- 2. "How does acceptance of 34 month DOE [Department of Energy] grant affect timing of the air permit?"*

- 1. General Manager Loren Howard recommended looking at the Michigan Public Service Commission website where all documents in response to the governor's mandate are posted and address the entire HBPW's alternative energy portfolio.*
- 2. General Manager Howard clarified that the air permit process stands alone from the geologic storage study.*

Jill Henke of 2179 Brighton St Holland, MI asked:

- 1. "When does the power plant expect to be in compliance with the existing air laws?"*
- 1. General Manager Loren Howard responded that he is not aware of any violations or related notices that declare the plant out of compliance.*

09.130 **Financial Statement – July 2009**

Holland Board of Public Works does show a positive net income even though this past summer was not a great season for selling utilities.

The Board accepted the report as information only.

09.131 **Carbon Dioxide Sequestration Site Characterization**

The Department of Energy (DOE) announced on September 16, 2009 that it had awarded Holland Board of Public Works (HBPW) a grant in the amount of \$3,708,722 to perform a site characterization of the geology beneath the Holland area to determine the potential for storage of

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

carbon dioxide. The terms of the grant requires that the HBPW provide a total of \$1,075,385 in matching funds of which \$927,180 is cash and \$148,203 is in-kind contribution to support the project in the form of HBPW employee’s salary and benefits and the use of HBPW land located on 48th Street. This makes the total project cost equal to \$4,784,105.

The project is proposed to start on January 1, 2010 and end on September 30, 2012.

In order to receive funding from the DOE for this project the HBPW will be required to enter into a contract with the DOE. This contract will specify terms of award including reporting requirements. Because this project is funded by the American Recovery and Reinvestment Act of 2009 (ARRA) additional requirements will need to be followed such as buy American and prevailing wages. Staff will present this contract along with a contract with Battelle to the Board at a later date for approval.

The Board of Directors approved acceptance the DOE FOA-0000033 grant in the amount of \$3,708,722. Approve Holland BPW funding in the amount of \$973,539 and an associated budget transfer from contingency. Forward this recommendation to City Council for their approval.

Motion to accept grant	<i>Haworth</i>
Second	<i>Hemingway</i>
Favor	<i>5</i>
Oppose	<i>0</i>

09.132 Enterprise Risk Management Assessment

There are many risks that businesses face daily. Some of them are routine and definable. Others are inherently nebulous and difficult to quantify. Traditionally, insurance products have been utilized to hedge a variety of risks. For the most part, risk associated with fuel prices, the wholesale energy market or commodity prices have not been adequately addressed. The review that will be performed by McNearly, Inc. and Holland Board of Public Works (HBPW) staff will provide a “risk map” which will identify and prioritize the various risks that the HBPW is exposed to. Utilizing this risk map, the HBPW will develop strategies to mitigate the various risks to which the business is exposed. It is anticipated that the total cost of this project will be \$45,000, but in any event, costs shall not exceed \$50,000.

The Board of Directors approved a contract with McNearly, Inc. on a time and material basis in an amount not to exceed \$50,000 to perform an Enterprise Risk Management Review. The Board also approved a budget transfer from contingency in the amount of \$50,000 which includes a 10% contingency. Forward this recommendation to City Council for their approval.

Motion to approve a contract with McNearly, Inc.	<i>Haworth</i>
Second	<i>Hemingway</i>
Favor	<i>5</i>
Oppose	<i>0</i>

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

09.133 Rate Revisions for Business Commercial and Business Industrial

After implementing the renewable energy charge approved by the Holland Board of Public Works Board of Directors on March 3, 2009, and City Council on June 3, 2009, many customers on rates Business Commercial (BC) and Business Industrial (BI) with small electrical usage realized increases to their monthly bill which in some cases doubled or tripled although the dollar impact was relatively small.

The revision recommended was to establish the rate at \$0.02 per kWh of usage with a minimum charge of \$3.00 for commercial customers and \$5.00 for industrial customers up to the maximum of \$16.58 and \$187.50, respectively.

The result is that commercial customers will not pay the maximum renewable charge of \$16.58 until they use 829 kWh or more. Industrial customers will not pay the full \$187.50 until they have used 9,375 kWh or more. These small commercial customers will then pay between \$3.00 per month up to \$16.58 and the small industrial customers will pay between \$5.00 and \$187.50 depending on their use. Currently there are more than 400 commercial customers on Rate BC with usage less than 829 kWh and 20 industrial customers on Rate BI with usage less than 9,375 kWh.

The Board of Directors approved and forwarded to City Council for approval, the revised Electric Rates BC and BI per the rate schedules.

Motion to approve revised rate schedule	<i>Haworth</i>
Second	<i>Hemingway</i>
Favor	<i>5</i>
Oppose	<i>0</i>

09.134 Strategic Planning Results for Fiscal Year 2009

The Holland Board of Public Works' (HBPW) seven Key Result Areas are Community Connections, Customer Connections, Resources, Organizational Development, Innovation, Regulatory Compliance, and Governance.

As part of its strategic effort, the HBPW undertook 35 specific tactical actions in Fiscal Year 2009. These tactical actions were developed to align with and support the HBPW's Key Result Areas and Strategic Directives. Twenty tactical actions were fully completed during FY 2009, resulting in a 57% completion percentage.

Motion to table until the next regular meeting	<i>Haworth</i>
Second	<i>Hemingway</i>
Favor	<i>5</i>
Oppose	<i>0</i>

09.135 Closed Session – Pending Litigation of David Durham v City of Holland / Holland Board of Public Works

Motion to enter Closed Session @ 4:52 p.m.	<i>Haworth</i>
Second	<i>Hemingway</i>
Favor	<i>5</i>
Oppose	<i>0</i>

ROLL CALL:
Present: Cook, Haworth, Hemingway, Elzinga, and Storey
Absent: None

The Board of Directors returned to open Session at 5:24 p.m.

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

09.136 **Action on Pending Litigation of David Durham v City of Holland / Holland Board of Public Works**

The Board of Directors authorized the General Manager and Attorneys to finalize the settlement agreement with David Durham and forwarded to City Council.

Motion to approve acceptance of grant
Second
Favor
Oppose

*Haworth
Hemingway
5
0*

ANNOUNCEMENTS

*Monday, October 19, 2009 - Study Session with Attorney Mulder at 4pm in the Service Center Board Room
Monday October 26 1-9pm; Tuesday, October 27 8 – noon - Board of Directors Study Retreat
Tuesday, Nov 10, 2009 Guest Speaker
Monday, November 9, 2009 – Regular Board Meeting*

ADJOURNMENT

A motion to adjourn the meeting of October 12, 2009 was made by *Diane Haworth* supported by *Tim Hemingway* and agreed upon by the Board of Directors present.

The Board Meeting of October 12, 2009 adjourned at *5:28 p.m.*

Minutes respectfully submitted by,

Loralyn A Bunce
Secretary to the Board

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