

The HBPW Board of Directors met **Monday, November 9, 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 4:05 p.m.

Members Present: Rich Cook, Paul Elzinga, Diane Haworth, Tim Hemingway, and Jim Storey

Members Absent: Ex Officio Member Soren Wolff

Staff Present: Loren Howard, Dave Koster, John Van Uffelen, Freda Velzen; Andree Keneau, Chris Van Dokkumburg, and Loralyn Bunce

Others Present: City Council Liaison: *None*
Media Representative(s): *Holland Sentinel*

09. 149 Open Minutes – August and October 2009

As part of the Consent Agenda, the Board of Directors approved the minutes of Regular and Study Sessions held on August 10, 2009, August 19, 2009, and October 12, 2009 as presented.

Motion to approve Consent Agenda	Cook
Second	Elzinga
Favor	4
Oppose	0

09. 150 Utility Easements – Discharge and Acceptance from Greenbriar Apartments

Board Chair Storey questioned the reason for approving easements already approved by City Council. Howard commented that some times external issues may need City Council to take action before the Board of Directors.

Greenbriar Apartments are in the process of being sold. The Holland Board of Public Works (HBPW) has utility easements for electric, water and sewer throughout the Greenbriar Project. The Michigan State Housing Development Authority (MSHDA), in examining the title work for the Greenbriar Project, has requested that the utility easements be released and re-recorded to reflect as built locations on the site.

To complete the closing of the sale, the City Attorney's Office has recommended that the attached Agreements and Discharges be approved, subject to final review of the survey descriptions by HBPW staff and the City Attorney's Office to confirm as-built locations. The City Attorney's Office is authorized to make minor, non-substantive changes to the documents based on the survey descriptions as prepared. The approval of the documents is subject to the Buyer of the Greenbriar Project reimbursing the HBPW for its out-of-pocket costs for the preparation and release of these documents. City Council approved these at their October 21, 2009 regular meeting.

As part of the Consent Agenda, the Board of Directors approved the Discharges of Agreement and Easement. Board approved and accepted the Grant of Utility Easement, Water Main Easement and Sanitary Sewer Easement.

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

09. 151 **Consideration of Smart Grid Investments**

In response to Board Member Cook's request for a brief overview of the standard, Howard explained the Federal Standards and their impact on services of Holland Board of Public Works (HBPW). Holland BPW has had programs in place even before the federal rules were released, such as the Automated Meter Reader (AMR) program; and upgrades in Harris to Northstar that will allow HBPW to see usage on a real time basis. Time-based rates may be available by 2012. A PILOT program with Consent is near implementation; and, Whirlpool smart appliances are scheduled to be released for purchase in 2012.

Non-regulated utilities of a certain size, such as the HBPW, are required to consider each of the four new standards, and may adopt the standard as written, decline to implement, or adopt a modified standard.

One such standard is the *Consideration of Smart Grid Investments*. This standard states that the utility, prior to undertaking investments in non-advanced grid technologies, give consideration to an investment in a qualified smart grid system based on six different appropriate factors. These factors are: total cost, cost-effectiveness, improved reliability, security, system performance, and societal benefit and are referenced in the Attachment.

An internal task force has been assigned to investigate all aspects of the Smart Grid and to set a vision and plan to incorporate Smart Grid technologies into the HBPW system.

As part of the Consent Agenda, the Board of Directors adopted the Consideration of Smart Grid Investments standard as written.

09. 152 **Smart Grid Information**

Non-regulated utilities of a certain size, such as the HBPW, are required to consider each of the four new standards, but are not required to adopt them. As part of the consideration, 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 make that information available to the public.

One such standard is the *Smart Grid Information*. This standard states that all electricity purchasers (i.e. customers) shall be provided direct access, in written or electronic machine-readable form as appropriate, to information from their electricity provider (HBPW). There are a number of suggested options as to the information that is to be available.

Item (B) (iii) asks for prices and usage to be available on not less than a daily basis. The software currently being utilized by the HBPW lacks the ability to provide that information; however, the HBPW is in the early stages of replacing that software, and will make the data available to the public when the proper software is in place.

Item (B) (iv) asks for information on generation sources. Power purchases from the market flow across the tie line with no indication as to source of the power, and as such, the HBPW is unable to make this information available. Staff therefore recommends that this option be excluded from adoption.

The public hearing regarding this information started May 27, 2009 and included the option of email, paper, or oral comments. The public hearing concluded on June 8, 2009, with no comments being received.

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.

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09.153 Integrated Resource Planning

Non-regulated utilities of a certain size, such as the HBPW, are required to consider each of the four new standards, and may adopt the standard as written, decline to implement, or adopt a modified standard.

As part of the consideration, 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 make that information available to the public.

One such 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 of policies establishing cost-effective energy efficiency as a priority resource. The requirements of this standard are met through Michigan's PA295, which was enacted in October, 2008.

The public hearing began on April 29, 2009, and included the option of email, paper, or oral comments. The public hearing ended on May 11, 2009, with no comments being received.

As part of the Consent Agenda, the Board of Directors adopted the Integrated Resource standard as written.

09.154 Design and Construction Engineering Services

The City has the opportunity to obtain American Recovery and Reinvestment Act (ARRA) funding to reconstruct W 48th Street from the City limits to Matt Urban Drive and Matt Urban Drive from W 48th Street to Washington Avenue. The parcels with addresses 243, 259, 300, 301, 310, 316 and 318 W 48th Street of property along 48th St that do not have access to public sewer. It is advisable to provide sanitary sewer service for the referenced parcels by installing approximately 1,100 feet of 8-inch sanitary sewer main and respective appurtenances at this time while the road is removed and replaced. Costs for the project will be paid from the HBPW wastewater trunkage fund. HBPW staff will work with the City to generate a Special Assessment District for the parcels that would benefit from a sanitary sewer extension in this area. Assessments and trunkage fees collected from the benefited property owners will ultimately offset the fund expenditures for this project.

As part of the Consent Agenda, the Board of Directors approved the Holland Board of Public Works' portion of a design and construction engineering services contract for sanitary sewer in 48th Street with Moore & Bruggink, Inc of Grand Rapids, MI in the amount of \$86,470 with a 10% contingency for a total of \$95,120.a contract with Black & Veatch in the amount of \$25,000

09.155 Communications from the Audience

There were no communications from the audience.

09.156 Financial Statement – August & September 2009

Finance Director Freda Velzen presented a comparison of the Holland Board of Public Works' financial status from 1994 – present. Specifically noted for summer 2009 were the lower utility revenues because of a cooler and wetter summer than usual.

The comparison data for the past 5 years shows revenue changes because of the losses in local industry. HBPW does anticipate positive water, wastewater, and electric revenue changes with expected addition of the battery plant.

The Board accepted the report as information only.

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09.157 **Water Service Connection Agreements for 783, 817 and 882 Central Avenue**

As part of the FY2010 Central Avenue and Colonial Court Reconstruction Project, the contractor dewatered the construction area to facilitate the installation of the sanitary sewer main. The dewatering operation lowered the water table enough to dry up the private drinking water wells at 783, 817 and 882 Central Avenue. The Contractor has agreed to connect each of the customers to the public water system at no cost to the customers, the City, or the Holland Board of Public Works. The customers have agreed to pay all trunkage, frontage and stub fees associated with connecting to the City's public water system. The City Attorney prepared the agreements and staff worked with the customers to obtain the necessary signatures. The agreements amortize the trunkage, frontage and stub charges over 15 years, compounded monthly at an interest rate subject to adjustment as provided by the City's Interest Rate Guidelines. The Holland Board of Public Works will reimburse the City \$250.00 per customer for all costs associated with administering the agreements.

The Board of Directors approved the water service connection agreements for 783, 817, and 882 Central Ave.

Motion to approve connection agreements	<i>Elzinga</i>
Second	<i>Hemingway</i>
Favor	<i>5</i>
Oppose	<i>0</i>

09.159 **Holland Community Sustainability Committee Six Month Report**

The Holland Community Sustainability Committee was established in early 2009, by Resolution of the Holland City Council and the Board of the Holland Board of Public Works. Committee Chair Warren Stuk provided an Update and Report on the first six (6) month activities of the Committee.

Mr. Stuk expressed gratitude for the contributions of Diane Haworth and Bob Mihos. Stuk wants the committee to encourage and collect input from community which will make a stronger voice for recommending policies.

The committee's present focus is on the adoption of policies already under discussion along with potential implications and making the community aware of the issues.

Board Member Cook clarified that the role of Bob Mihos and Mark Vander Ploeg was as resource members, not voting members. Cook would also like clarifications of the charter section addressing the formation of the committee. Cook recommends the committee communicate with other cities and communities for relevant data and supports corence expenses

The Board of Directors accepted as information only.

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09.160 Administrative Specialist Position

Following considerable evaluation and input, the General Manager recommends the staffing of an Administrative Specialist position dedicated to the administrative needs of the General Manager's office. This position will require no additional funding in FY2010, as it will replace the vacant Staff Assistant job classification.

The Staff Assistant position was budgeted for the duration of FY2010 at a BP-2 wage rate (\$31,574.40 - \$41,038.40). The Administrative Specialist job classification is proposed at a BP-5 wage rate (\$38,292.80 - \$49,795.20). A four-year degree or equivalent knowledge and experience will be required due to the expectations of the position. If approved, the position will likely be staffed by mid-December.

The Board of Directors established the Administrative Specialist job classification as presented and eliminated the Staff Assistant job classification; and forwarded to City Council.

Motion to establish the position	<i>Haworth</i>
Second	<i>Hemingway</i>
Favor	<i>5</i>
Oppose	<i>0</i>

09.161 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.

The Board of Directors approved the recommended amount of variable compensation for non-bargaining employees be made in time off rather than dollars.

Motion to approve variable compensation	<i>Cook</i>
Second	<i>Hemingway</i>
Favor	<i>5</i>
Oppose	<i>0</i>

09.162 Closed Session – Performance Evaluation of General Manager

Motion to enter Closed Session @ 5:17 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 6:06 p.m.

Action on Performance Evaluation of General Manager

As part of General Manager Howard's compensation package, Howard can receive a bonus of up to 10 percent of his annual salary based on the public utility's performance. The bonus is calculated by the accomplishments of annual goals (40 percent of the bonus), strategic goals (40 percent) and personal development goals (20 percent).

On a 10 point system, Howard earned 3.67 out of four points. He received 3.75 out of four points for strategic goals, and 1.25 out of two points for personal goals.

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Based on the accomplishments achieved, the Board of Directors approved the variable compensation portion of the General Manager's compensation at 8.67% of the base salary.

Motion to approve variable compensation payout	<i>Haworth</i>
Second	<i>Hemingway</i>
Favor	<i>5</i>
Oppose	<i>0</i>

ANNOUNCEMENTS

*Tuesday, Nov 10, 2009 Matt Ward Guest Speaker at Chamber of Commerce meeting
Monday, November 16, 2009 – Study Session at Council Chambers regarding water rates*

ADJOURNMENT

A motion to adjourn the meeting of November 9, 2009 was made by *Hemingway* supported by *Cook* and agreed upon by the Board of Directors present.

The Board Meeting of November 9, 2009 adjourned at *6:17 p.m.*

Minutes respectfully submitted by,

Loralyn A Bunce
Secretary to the Board

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