

REGULAR MEETING

The HBPW Board of Directors met
December 12, 2011
at 4:00pm.
in the Service Center Board Room
625 Hastings Ave
Holland, Michigan

Chair Hemingway called the meeting to order at 4:02pm.

Members Present: Tim Hemingway, Diane Haworth, Phil Miller, Paul Elzinga, Jim Storey (4:08pm), City Council Liaison Bob Vande Vusse, and Ex Officio Member Greg Robinson

Members Absent: None.

Staff Present: John Van Uffelen, Dave Koster, Freda Velzen, Ellen Taub, Dan Nally, Bill Bush, Julie Thompson, Becky Lehman, Chris Van Dokkumburg, Caleb Harrison, Anne Saliers, Andree Keneau, Angela Badran

12.110 **Board Minutes – Regular Meeting Minutes of November 7, 2011, Special Board Meeting Minutes of November 18, 2011, Special Meeting Minutes of November 28, 2011.**

As part of the Consent Agenda, the Board of Directors approved the minutes as edited.

12.111 **Annual Adjustment to Water and Sanitary Sewer Charges and Assessments**

Charges are adjusted based on the Construction Cost Index (CCI) as published by the Engineering News Record (ENR). Every third year, actual, locally experienced costs are reviewed and these charges and assessments are reviewed to assure past increases based on ENR's CCI remain accurate for this area. The last such review took place in 2010. The ENR CCI rose 2.45% for the period between December 2010 and December 2011.

The proposed schedule applies the 2.45% increase to existing charges, and then rounds to the nearest fifty-cent increment for frontage assessment charges and to the nearest five dollar increment for the trunkage and lateral fees.

As part of the Consent Agenda, the Board of Directors approved of the Schedule of Water and Sewer Charges and Assessments consisting of a 2.45% increase with a rounding to the nearest fifty-cent increment for frontage assessment charges and to the nearest five dollar increment for trunkage and lateral fees to be effective in calendar year 2012, and will forward to City Council for approval.

12.112 **Lakeshore Advantage Economic Development Funding**

Most recently, the HBPW has contributed \$50,000 annually to LA in support of its economic development work. That represents 10.5% of the annual dues collected by LA and 6.6% of LA's total annual income. The total public sector contribution requested by LA for their current fiscal year is \$168,000 including the HBPW's \$50,000. The HBPW's contribution represents 30% of the requested annual public sector contribution. The public sector contributions to Lakeshore Advantage represent 22% of their annual income. Specific efforts have been made to attract new food processing companies to the area and recently, advanced energy storage supply chain companies. Holland BPW personnel have been actively engaged with LA to support the efforts that have attracted new companies and suppliers to the area. LA has demonstrated that success in attracting companies also requires financial resources. The recommendation to approve the annual contribution of \$50,000 will provide funds to continue and expand the economic

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development efforts in our community for all industries.

The funding of \$50,000 by the HBPW is in the approved FY2012 budget.

As part of the Consent Agenda, the Board of Directors approved the contract that has been reviewed by the City Attorney with Lakeshore Advantage (LA) in the amount of \$50,000 as the annual contribution in support of economic development in the Holland community.

12.113 Action on Consent items:

Motion to approve, accept, or adopt Consent Agenda items	<i>Elzinga</i>
Second	<i>Haworth</i>
Favor	<i>4</i>
Oppose	<i>0</i>

12.114 **Communications from the Audience**

Monica Baker, 815 Bertsch Drive. She is with the Sierra Club, Beyond Coal Campaign. She presented the Board with what she described at almost 1,400 signatures from community members against the use of coal. The Board acknowledged the presentation.

Carol McGeehan, League of Women Voters. She voiced the Leagues support of Option B of the Community Energy Plan. The Board acknowledged her comments.

Lisa Brown, 146 South River Avenue, Unit 103. She is with Beyond Coal and League of Women Voters, and is concerned with health of her husband. The Board acknowledged her comments.

12.115 **Utility Performance Review**

For information only

12.116 **Major Projects Update**

For information only- Storm damage report

12.117 **Tree Trimming Contract**

One of the most significant factors affecting the electric system reliability is the growth of trees and brush in areas where they are near overhead electric lines. The Holland Board of Public Works maintains a program to trim trees and brush away from the overhead distribution and transmission system. This program has a goal of completing the required trimming throughout the entire overhead distribution and transmission system every three years. Asplundh Tree Expert Company presently has the tree trimming contract. They have demonstrated the ability to perform the work and achieve the tree trimming goals.

Asplundh Tree Expert Company's three (3) year bid proposal was \$80,000.96 lower than the next lowest bidder. The new contract represents a 5% increase from the previous three year contract.

The Board of Directors approved a contract to Asplundh Tree Expert Company in the amount of \$1,297,562.24 for tree trimming services for three years commencing January 1, 2012 and will forward to City Council for their approval subject to City Attorney approval.

Motion to approve contract	<i>Elzinga</i>
Second	<i>Miller</i>
Favor	<i>5</i>

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Oppose

0

12.118

Smart Grid Distribution Automation

The Smart Grid Distribution Automation project is approved in the current budget year for the amount of \$500,000. This project consists of replacing three older, pole mounted switches with S&C IntelliRupter Pulse Closers. These intelligent devices are capable of acting as reclosers and automated switches, thereby reducing the number of customers affected, and total restoration time during an outage. In addition to the switch replacement, S&C IntelliNodes will be used in conjunction with existing reclosers for total circuit automation.

These devices will be installed on circuits 135 and 136, which are among the most trouble prone circuits. All devices will communicate by radio in a mesh network. Circuit 135 is adjacent to circuit 136 and these two circuits supply electricity to 2,342 customers in the City of Holland. The IntelliRupters will permit the automatic switching between these circuits in order to pick up additional load that otherwise may have been lost during an outage. Staff conducted an analysis of fiscal year 2010's 23 outages which occurred within these two circuits and the impact that distribution automation system would have had on reliability. Based on the analysis, this equipment would have reduced the extent and duration of these outages as follows: a reduction of 979 customers (53.09% reduction) affected by sustained outages on these circuits and a reduction of 1085 customer outage hours (63.28% reduction). This would have decreased our corporate metrics of SAIFI by 5.9% and our SAIDI by 4.52% for the year. Installation of this equipment is expected to produce similar annual reductions over the life of the equipment.

Last year we received bids for the equipment from for the distribution automation equipment for circuits along Ottawa Beach Road and Waukazoo Woods. Since that project was the first purchase of distribution automation equipment, equipment from the two major suppliers, S & C and Cooper, were evaluated. The S & C system was chosen because of it's self-healing process will still function in case there is a loss of communication to the main processor. Since integration and software programming and staff's operational understanding of S & C system are critical issues, only prices for S & C equipment was sought this year. The quoted price for the equipment is approximately the same as the equipment purchased last year with the exception of the three IntelleRupter units which were 10% more. Staff learned that the increase was due to price increases in equipment components which includes rare earth magnet pricing from China. Based on comparison to last year's pricing and the supplier's explanation for the increase, staff recommends staying with the S & C equipment.

The Board of Directors approved the purchase of the equipment on the attached quote from the S&C Electric Company in the amount of \$172,928.25 with a 10% contingency of \$17,293 for a total of \$190,221.25.

Motion to approve purchase
Second
Favor
Oppose

*Storey
Haworth
5
0*

12.119

Allegan County Wind Project: Land Lease Option Extension

The HBPW has been collecting wind data from MET towers located in Ganges and Overisel townships since the fall of 2010. Preliminary indications are that both of these sites are commercially viable. The HBPW and SWMI are in the process of negotiating business arrangements with several entities to fully develop this project. These negotiations will not be complete this year. Extending these options preserves the value that the HBPW has

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added to this project and should allow the HBPW to recover its investment.

The Board of Directors approved and will forward to City Council the extending of land lease options for an additional 100 days, expiring on March 20, 2012, for a total cost of \$10,000, subject to approval of lease/option language and documentation provided by SWMI to the City Attorney, and an associated transfer from contingency of \$10,000.

Motion to approve extension	<i>Haworth</i>
Second	<i>Miller</i>
Favor	<i>5</i>
Oppose	<i>0</i>

12.120

Broadband Business Plan Legal Review

The HBPW first implemented fiber between its facilities in 1992 to improve communication between substation relays. Since then, it has expanded the use of fiber to improve communications for the automated meter reading system, four main facilities, lift stations, and pump stations. Extra capacity is leased to commercial and industrial customers, local schools, City of Holland, and major medical facilities. This excess supplements the cost of maintaining the fiber network.

In March 2011, HBPW selected Gigabit Squared, LLC to begin the process of exploring options for providing broadband access to a larger segment of the greater Holland area in order to promote regional economic development. In August/September 2011 Gigabit Squared presented their findings and determined that expansion of the current HBPW broadband service would not only promote economic development, but also identified that (1) Broadband services could provide a significant source of revenue for the City and (2) Broadband expansion was viewed, by community business leaders, as an excellent tool to promote economic development.

With all of the positive feedback that has been received, HBPW staff has decided to continue evaluating broadband expansion opportunities. The next step in the evaluation process is to perform a thorough legal review that results in a framework for how HBPW needs to proceed with the creation of a broadband utility, including fiber to the home.

The Baller Herbst Law Group, based in Washington D.C. specializes in communications matters and comes with the recommendation of the City Attorney. They will provide the legal opinion on the procedural issues affecting our authority to provide broadband services, the regulations under federal law, and the benefits and drawbacks of the various business models.

The BPW staff recommended a contract with the Baller Herbst Law Group for a thorough legal review of various business models for providing broadband services in the amount of \$35,000 with a 10% contingency of \$3,500 for a total of \$38,500, and an associated transfer of \$38,500 from contingency, pending approval as to form from the city attorney. The BPW Staff then withdrew the recommendation after the BPW Board of Directors requested a "roadmap" for the implementation of a Broadband Business Plan, saying they wanted to understand better the process the BPW will need to go through with this size of project.

12.121

Water Treatment Plant: #10 Filter Under-Drain Failure

Discussion on filter under-drain failure incident and possible future Board Recommendations needed to properly handle situation.

For Information Only

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BOARD COMMENTS

Board inquired on the possibility of having financials from previous month presented at Board Meeting instead of current 2-months previous. Staff acknowledged request and stated that some figures may need to be estimated.

Board requested 1st quarter data on Interactive Voice Response (IVR) System.

Board requested information on what municipal utilities in Michigan have initiated Broad Band projects, and include any "Lessons Learned" from them in the "Roadmap" for implementation.

ANNOUNCEMENTS

Reminder: Next meeting is on December 19, 2011 at 4:00pm.

ADJOURNMENT

A motion to adjourn the meeting of December 12, 2011 was made by *Haworth* supported by *Miller* and agreed upon by the Board of Directors present.

The Board Meeting of December 12, 2011 adjourned at *5:59pm*.

Minutes respectfully submitted by,

Angela Badran, Secretary to the Board