

Agenda \_\_\_\_\_  
Board of Directors Regular Meeting

**HOLLAND BOARD OF PUBLIC WORKS  
625 HASTINGS AVENUE  
HOLLAND, MICHIGAN**

**May 10, 2010  
4:00 p.m.**

**Call to order**

- 1. CONSENT AGENDA** All items marked (Consent) are considered routine and/or have previously been reviewed and will be enacted with one motion. There will be no separate discussion of these items unless a Board Member or an audience member so requests. When requested, the item will be removed from the consent agenda and considered in its normal sequence:
- 1. Announcement of above by the facilitator**
  - 2. Summary of the Consent**
  - 3. Request to remove or add items**
  - 4. Motion & Support to approve Consent Agenda items**
  - 5. Voice Vote**
- 1A. MINUTES** **Open Minutes:** *April 19 and 26, 2010 Regular and Study Sessions*  
(Consent)
- 1B. OPERATIONS** **Oxygen Sieve Replacement**  
(Consent)  
CC  
*Recommendation: Approve a budget transfer in the amount of \$144,000 from the equipment replacement fund for all the items associated with the molecular sieve replacement.*
- 1C. FINANCE** **Contract for Audit Services and Authorization to Sign**  
(Consent)  
*Recommendation: Approve the audit proposal for a five year contract for the annual financial audit from Rehmann Robson and authorize Freda Velzen, the Finance Director, to execute the appropriate documents for the arrangement. The HBPW's portion of the fee for FY 2010 audit is \$12,200 and is included in the budget.*
- 1D. FINANCE** **Agreement for Actuarial Services and Authorization to Sign**  
(Consent)  
*Recommendation: Approve the agreement with Watkins Ross & Co. to provide actuarial services and consulting services for the Holland Board of Public Works (HBPW) in conjunction with the City of Holland and authorize Freda Velzen, the Finance Director to execute the appropriate documents that may be*

*needed for the arrangement. The HBPW's portion of the \$5,300 fee for FY 2010 is \$2,120 and is included in the budget.*

- 12. BOARD Consent Item(s) Action**
- Recommendation: Approve, accept, or adopt the Consent Items as presented.*
- 2. COMMUNICATIONS The Board welcomes input from the audience at this time.**
- Please -  
State your name and address before addressing the Board.  
Limit your communication to 5 minutes
- 3. FINANCE Financial Statement – March 2010**
- For Information Only*
- 4. UTILITY SERVICES Construction Services Contract for 18<sup>th</sup> Street**  
CC Presented by John Van Uffelen , Utility Services Director
- Recommendation: Approve a construction services contract with Wyoming Excavators, Inc of Ada, MI in the amount of \$1,848,234 with a 10% contingency of \$184,823 for a total of \$2,033,057, subject to City Attorney approval. Approve the HBPW's portion of the contract in the amount of \$997,107 with a 10% contingency of \$99,711 for a total of \$1,096,818.*
- 5. EXECUTIVE Budget Revision of Payment in Lieu of Taxes (PILOT)**  
CC Presented by Loren Howard, General Manager
- Recommendation: \*Report and action requested available at meeting*
- 6. EXECUTIVE Closed Session – Sierra Club v. City of Holland / Holland Board of Public Works**

“Reports and Attachments” available at [www.hollandbpw.com](http://www.hollandbpw.com) OR by request

*Accommodations are available for persons with disabilities.  
If you need any aid, please contact the Holland Board of Public Works  
at 616/355-1575 in advance of this Board meeting*

**AUDIENCE PARTICIPATION:**

*Members of the audience may address the Board of Directors during public hearings and under “Communications from the Audience”.  
Audience participation includes stating name and address and limiting speaking time to five minutes.*

The HBPW Board of Directors met **Monday, April 19, 2010** at 3:30 p.m.  
 in the Service Center Board Room  
 625 Hastings Ave  
 Holland, Michigan

**Chair Jim Storey called the meeting to order at 3:39 p.m. A quorum was present.**

**Members Present:** Paul Elzinga, Diane Haworth, Tim Hemingway, Jim Storey, and City Council Liaison: Bob Vande Vusse and Ex Officio Member Soren Wolff

**Members Absent:** Rich Cook

**Staff Present:** Loren Howard, Dave Koster, Dan Nally, Ellen Taub, John Van Uffelen, and Freda Velzen; Bob Mihos, Mike Radakovitz, and Loralyn Bunce

10.047 **Board Minutes – March 8 & 22, 2010**

*As part of the Consent Agenda, the Board of Directors accepted the minutes as an accurate report of actions taken.*

10.048 **Obsolete Equipment**

The 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 department ts. 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 Holland City Council for their approval.*

10.049 **Cobblestone Pilot Agreement**

The Board of Directors approved a pilot program with Consert, Inc. applying Consert's smart grid technology to customers within the Cobblestone residential development in the City of Holland. Twenty seven customers in Cobblestone have volunteered to participate. A Consent Agreement has been prepared for each participant, Consert and the HBPW to sign.

*As part of the Consent Agenda, the Board of Directors authorized the General Manager or the Utility Services Director to sign the "Consent to Participate in the Pilot Program" on behalf of the Holland Board of Public Works (HBPW).*

10.050 **Resolution for Nondisclosure Agreement with SWMI**

SWMI is a local company whose primary mission is the development of wind turbine generation projects. SWMI has certain assets located in Allegan County that they have an interest in developing with the HBPW. The HBPW is interested in discussing the opportunity presented to see if these assets may complement one of the utility's missions, renewable energy production. This agreement will enable both parties to work together in a confidential manner as requested by SWMI.

*As part of the Consent Agenda, the Board of Directors adopted the resolution authorizing a Mutual Confidentiality Agreement with SWMI and forwarded a companion resolution requesting the same of the Holland City Council.*

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

Motion to approve the Consent Agenda as presented	<i>TH</i>
Second	<i>DH</i>
Favor	<i>4</i>
Oppose	<i>0</i>

10.051 **Communications from the Audience**

*No communications from the audience*

10.052 **Financial Statement – February 2010**

*Although February shows negative revenues in all utilities, this is often the case in the months of January and February. February 2010 did show a slight trend in increased sales.*

10.053 **Voice Communication System**

The current Nortel phone system used at the Holland Board of Public Works uses out-dated PBX (Private Branch Exchange) technology, and many of its components are no longer supported by the manufacturer. Replacement of the entire phone system is necessary in order to provide more reliable service with additional productive business features, such as call recording, caller-id, integration with cell phone technology, detailed call reporting, and improved redundancy.

*The Board of Directors approved the purchase of a new voice communication system from Information Systems Intelligence LLC, in the amount of \$162,692.32, and an associated Cisco Voice System Support Agreement, pending City Attorney approval.*

Motion to approve the purchase and maintenance agreement	<i>PE</i>
Second	<i>DH</i>
Favor	<i>4</i>
Oppose	<i>0</i>

10.054 **Windmill Island Wind Energy Report**

In 2008 the Board and City Council approved a plan to investigate the feasibility of installing a utility sized wind turbine on Windmill Island. Following this decision, the Board entered into an agreement with Alternate Energy Solutions, Inc.(AES) for the purpose of erecting a meteorological (MET) tower to collect wind data such as speed and direction and then to analyze that data and report on the viability of constructing a utility sized wind turbine to capture the available wind energy.

Data collection for the study began at the tower on December 8, 2008 and ended December 31, 2009. Wind speed was monitored at elevations of 50, 40, 30, and 10 meters. The different elevations allowed wind shear equations to be developed that in turn allowed projections to be made of wind speeds at a higher elevation.

AES also compared the projected wind data at a turbine hub height of 65 meters against wind power curves of different utility sized wind turbines. The resultant energy production estimates were then used with turbine and development costs and estimated efficiency losses to determine what the cost of electricity would be from a wind energy project on Windmill Island. Using the probability projection, it is estimated that the cost of electricity produced by a utility sized turbine on Windmill Island would be approximately 11 ¢ / kW-Hr.

Another factor taken into consideration is turbulence due to the possible detrimental effect on the turbine structure. The terrain of the surrounding property and the vegetation located upstream of the turbine location can have a significant effect on the wind characteristics, specifically speed and turbulence. In this case the data from the MET tower indicates that there is enough turbulence on Windmill Island such that a turbine rating may need to be upgraded to meet the turbulence conditions, thereby increasing turbine cost.

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

*General Manager Howard stated that Holland Board of Public Works will continue to look for places that make sense for utility sized turbines.*

*The Board of Directors accepted the recommendation to not pursue the installation of a utility sized wind turbine on Windmill Island.*

Motion to approve	DH
Second	TH
Favor	4
Oppose	0

**P.A. 295 Energy Optimization Annual Report**

The 2009 HBPW P.A. 295 Energy Optimization Annual report will be filed with the MPSC prior to May 31, 2010. Pursuant to the legislation, the Annual Report must be presented to the appropriate governing body and the same report must be made available to customers and placed on the appropriate website. Holland Board of Public Works along with the other members of the MPPA Energy Efficiency Services Committee worked collaboratively to develop the template and the format for this Annual Report, which was approved by the MPSC. The Annual Report includes detailed information on the energy efficiency programs, by customer class that the utility implemented in 2009.

*Following discussion about past and future distribution programs; incentives to purchase energy efficient products; and proper disposal education...*

*The Board of Directors accepted the 2009 Holland Board of Public Works P.A. 295 Energy Optimization Annual Report, as filed.*

Motion to approve
Second
Favor
Oppose

10.056

**Holland Community Sustainability Committee Stakeholder & Community Forums**

When approaching this report, I (Mark DeRoo of Keystone Coaching & Consulting, LLC) couldn't help but reflect on the essential questions of what, who, why, and how. Clearly, what was said in forums reflected creative, substantive, and much scientific thinking. The breadth of ideas and suggestions demonstrates the diversity of thought and experience in both energy and water management.

In terms of "who," the vast majority of persons in attendance came with some experience, perspective, and much passion about "sustainability". The audiences, almost without exception, were engaged and enthusiastic. The conversations only expanded their knowledge about the dynamics and realities of energy and water management.

Conversely, the discussion did not engage many others in our community who have mild or little interest in sustainability or have little awareness of energy and water management both now and in the future. Again, "context is key". In an area that has been blessed by an abundance of resources and effective management of them, there may not be a perceived "critical need" that will engage a broader audience. This reality only points to the need for ongoing awareness and education. I suspect the journey will be a longer than a shorter one.

Lastly, in a couple of forums, the word "stewardship" was mentioned. Quite frankly, that theme permeated all the discussions. I believe the participants came from a perspective of wanting to do "the right thing." And this means, not only for now, but for the future. Increasingly, there is a recognition that our world is changing amidst finite resources; hence, the stewardship of God-given resources requires immediate attention, further discussion, and planning.

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

In conclusion, I want to thank the Holland Community Sustainability Committee for this special opportunity. Truly, it was a privilege. I learned a great deal and encountered a host of people who desire nothing but an outstanding future for the Holland area. I hope the combination of the forums and this report will serve as an ample platform as the committee engages the next step in their mandate.

*The Board of Directors accepted the report as information.*

10.057 **Substation Transformers and Supporting Equipment**

With the increased load of the new battery plants, the existing substation infrastructure of the Holland Board of Public Works will need to be expanded. The reason for this is to insure we can meet proposed and future expansions in this area, as well as having the flexibility to perform required maintenance on the system. The existing South Holland and Ottawa substations each have the capability of adding an additional transformer. Along with the transformers, additional equipment is required for system protection and to prepare for additional distribution circuits.

The lead time for this equipment is up to 30 weeks from time of order. Once it arrives, the new equipment must be installed, tested, and new circuits run to help support the additional load. To meet the time tables required of our customers, we will need to order the equipment as soon as possible. The amount of \$2,500,000 was budgeted in the FY2011 capital budget for this equipment. The total for this equipment, including contingency, is \$1,954,090. Installation will also have to be paid for, but it can be bid closer to the arrival time of the equipment.

*The Board of Directors approved the purchase of the following equipment: 1) Waukesha Transformer in the amount of \$1,340,928 for two substation transformers; 2) Cooper in the amount of \$72,969 for four VSA 16 Reclosers; 3) S & C in the amount of \$85,236 for two circuit switchers; 4) Areva in the amount of \$57,240 for six 138kV potential transformers; 5) Harlo in the amount of \$36,367 for two relay control panels; and, 6) Riley & Co in the amount of \$183,160 for two 138 kV breakers and four 12.47 kV breakers.*

*Approve a 10% contingency on each item to cover shipping of the equipment and manufacturer installation assistance.*

Motion to approve	DH
Second	PE
Favor	4
Oppose	0

10.058 **Contract with Wood Group**

Overhauls of combustion turbine generators are recommended by the manufacturer, in this case General Electric (GE), in order to keep the units running efficiently and to prevent catastrophic damage from occurring. These overhauls occur in intervals based on either equivalent operating hours or equivalent starts. Unit 7 has surpassed the number of equivalent starts that is the basis for the HGPI. The inspection will include removing all components in the combustion section and sending them to a Wood Group facility in East Windsor, CT for non-destructive examinations such as fluorescent dye penetrant and performing minor repairs as necessary. The components in the turbine section will be visually inspected on site and based on the results of this inspection some components will be removed from the unit and sent to the Wood Group facility and be subjected to examinations and repairs similar to the combustion section hardware.

Although previous bore scope inspections of the unit have not revealed any damage to the turbine it is difficult to determine, without removing components from the unit, what if any repairs or parts replacements are necessary. Therefore the contingency includes a differential between the light repairs in the base contract and medium repairs as well as replacement of parts that may be required.

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In addition to the inspections and repairs Wood Group will also remove the existing 1<sup>st</sup> stage turbine buckets and replace with a refurbished newer version set of OEM buckets. The existing buckets which along with the 2<sup>nd</sup> and 3<sup>rd</sup> stage buckets, convert the energy of the hot combustion gases into the mechanical energy necessary to turn the compressor and generator. These 1<sup>st</sup> stage buckets were manufactured with an older technology that has been found by GE to cause premature failure due to creep stress caused by oxidation. Failure of the 1<sup>st</sup> stage buckets would cause catastrophic damage to the downstream turbine components. GE recommends for peaking units that the buckets be replaced at the earlier of the starts based criteria of the HGPI or 8000 operating hours.

*Hemingway asked that the board directors be invited to see the inner structure while torn apart.*

*Approve a contract, pending city attorney approval, with Wood Group, the low evaluated bidder, to perform a Hot Gas Path Inspection (HGPI), first stage turbine bucket replacement, and possible repairs to Unit 7 for an amount of \$768,944 and a contract contingency in the amount of \$189,303.*

Motion to approve  
 Second  
 Favor  
 Oppose

PE  
 TH  
 4  
 0

10.059

**Coal Supply Dust Suppression System**

The Holland Board of Public Works (HBPW) staff commissioned a coal optimization study, which was performed by Benetech Company in 2009. As a result, staff prepared a 3-phase, 3-year capital plan to progressively burn higher percentages of PRB coal. Staff is expediting phase one to allow on-site blending of the bituminous coal that is scheduled to be shipped from the recently closed Sappi Paper facility in Muskegon with a proposed supply of pure PRB coal. At the March 8, 2010 Board meeting, the staff presented a "Phase I" action list of projects and their respective costs to implement this phase in 2010. This site work will allow staff to further develop system improvements needed to support both on-site blending and increased percentages of PRB coal in the fuel mix.

One of the initial projects identified in the Benetech study was the implementation of a dust suppression system at the beginning of the coal handling process. The dust suppression system supplied by Crown Products and Services will apply a chemical surfactant, in the form of foam, to the coal at the point it is first mixed together and directed onto the conveyor belt. This chemical treatment will reduce the dust generated as the coal makes it way through the handling steps until it is deposited into the coal bunkers. In support of this system, changes need to be made in the ancillary water, air, and electric systems.

Bids were solicited from Benetech, Inc. and Crown Products and Services for the design and turnkey installation of a dust suppression system. Consideration was given to the turnkey installation price, the annual operating cost for chemical supply, and the annual maintenance cost of the system. As a result, Crown Products and Services was found to be the lowest responsive bidder.

*The Board of Directors approved a contract with Crown Products and Services, pending City Attorney approval, and an associated budget transfer from contingency in the amount of \$54,000. This contract is for the turn-key installation of a dust suppression system for \$48,791 with a contract contingency in the amount of \$5209 to cover the costs of unforeseen issues that may be discovered during the installation.*

Motion to approve  
 Second  
 Favor  
 Oppose

TH  
 DH  
 4  
 0

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

10.060 Carbon Monoxide monitoring System

The staff commissioned a coal optimization study, which was performed by Benetech Company in 2009. As a result, staff prepared a 3-phase, 3-year capital plan to progressively burn higher percentages of PRB coal. Staff is expediting phase one to allow on-site blending of the bituminous coal that is scheduled to be shipped from the recently closed Sappi Paper facility in Muskegon with a proposed supply of pure PRB coal. At the March 8, 2010 Board meeting, the staff presented a "Phase I" action list of projects, which is attached to this recommendation for reference, and their respective costs to implement this phase in 2010. This recommendation covers one of those "Phase I" plant modifications.

One of the initial projects identified in the Benetech study was the implementation of a CO gas monitoring system at the beginning of the coal handling process. When higher levels of PRB coal are blended it has the potential to volatilize and release CO gas. Monitors are used to detect various levels of CO within the blending process and once levels reach a certain level actions are initiated to eliminate the hot spot area within the coal. This safety system is a necessary devise when blending increased levels of PRB coal.

Bids were solicited from Cofessco Fire Protection Inc. and George Peters Associates Inc. for the design and installation of a CO Gas Monitoring system. Consideration was given to the installation price, the annual operating cost for supplies/spare parts, and the annual maintenance cost of the system. As a result, Cofessco Fire Protection was found to be the lowest responsive bidder.

*Approve a contract with Cofessco Fire Protection, pending City Attorney approval as to form, for the installation of a carbon monoxide (CO) monitoring system in the amount of \$30,773.91 with a contract contingency in the amount of \$3000 to cover any unforeseen issues that may discovered during the installation. Also, approve a budget transfer from contingency in the amount of \$33,773.91.*

Motion to approve  
Second  
Favor  
Oppose

PE  
TH  
4  
0

ANNOUNCEMENTS

*NOTE TIME CHANGE - Joint Study Session April 26, 2010 @ 5:30 pm in City Hall Training Room*

ADJOURNMENT

A motion to adjourn the meeting of April 19, 2010 was made by *Hemingway* supported by *Haworth* and agreed upon by the Board of Directors present.

The Board Meeting of April 19, 2010 adjourned at *4:43 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.*

**HOLLAND BOARD OF PUBLIC WORKS**  
**Operations Department**  
**May 10, 2010**

**Molecular Sieve Replacement**

**Introduction**

The Holland Area Wastewater Treatment Plant (WWTP) uses a Pressure Swing Adsorption (PSA) system to generate oxygen that is used in the activated sludge treatment process. This system uses a molecular sieve to remove the oxygen from the nitrogen in atmospheric air. The sieve in one of oxygen generating skids has failed after 30 years of service and must be replaced.

**Recommendation**

Approve a budget transfer in the amount of \$144,000 from the equipment replacement fund for all the items associated with the molecular sieve replacement.

**Discussion**

In January of 2010, staff had a technician from Lotepro, the OEM on site to determine the reasons that skid was unable to generate oxygen at its rated capacity of 10 tons per day. The determination was that the sieve material had failed and needed to be replaced. The total budget for this project is as follows:

1. Molecular Sieve Purchase (40,500 lbs @ \$2.49/lb)	\$100,845
2. Molecular Sieve Delivery	4,673
3. Removal, Replace and Disposal	8,170
4. Tank Inspection – Non-Destructive Testing	4,865
5. Lotepro Supervision of Install and Start-up	6,560
6. 15% Contingency	<u>18,767</u>
Total	\$143,880

The molecular sieve material will be supplied by UOP, llc, a firm recommended by Lotepro. In addition, the staff has received quotes for the removal and disposal of the expired material and installation of the new sieve. K&D, the recommended company, has done this work for the HBPW previously. Specifically, they took the sieve out of another skid and replaced it after the failed weld had been repaired. Staff has received the necessary approvals for disposal at the Autumn Hills landfill.

Below is a picture showing the vessels containing the sieve material.



Report prepared by David Ver Hoef, Superintendent WWTP  
Submitted by David G. Koster, Operations Director

**HOLLAND BOARD OF PUBLIC WORKS**  
**Finance Department**  
**May 10, 2010**

**Audit Services Contract**

**Introduction**

The contract with Rehmann Robson for audit services expired with the FY2009 audit and the Audit Committee recommended a Request for Proposal of Qualifications (RFQ) be sent to several audit firms.

**Recommendation**

Approve the audit proposal for a five year contract for the annual financial audit from Rehmann Robson and authorize Freda Velzen, the Finance Director, to execute the appropriate documents for the arrangement. The HBPW's portion of the fee for FY2010 audit is \$12,200 and is included in the budget.

**Discussion**

An RFQ was sent to eight audit firms requesting a proposal of qualifications to audit the City of Holland (City), the Holland Board of Public Works (HBPW), Herrick District Library, Holland Historical Trust, Macatawa Area Express Transit Authority, and the West Michigan Airport Authority. Many of the firms responded with a letter to decline the opportunity to bid. Only Rehmann Robson responded to the RFQ with a proposal. A brief Audit Committee meeting was held and the committee recommended a Request for Proposal be sent to Rehmann Robson requesting them to detail the cost breakdown for each entity. The proposal received offered three options, the least costly of which was a five year contract. The Audit Committee requested that they include six major programs at no additional cost. The original proposal included five. Rehmann Robson agreed to this additional program. Both the City and the HBPW have been satisfied with the thoroughness and quality of the firm during the previous contract period and the committee recommended the acceptance of the proposal from Rehmann Robson.

Attachments:

**Proposal from Rehmann Robson**

Report prepared and submitted by Freda Velzen, CPA, Finance Director

**HOLLAND BOARD OF PUBLIC WORKS**  
**Finance Department**  
**May 10, 2010**

**Actuarial Services for Other Post Employment Benefits**

**Introduction**

The actuarial valuation for the calculation of the liability for Other Post Employment Benefits is required by GASB Statement Nos. 43 and 45 and is used for two fiscal years.

**Recommendation**

Approve the agreement with Watkins Ross & Co. to provide actuarial services and consulting services for the Holland Board of Public Works (HBPW) in conjunction with the City of Holland and authorize Freda Velzen, the Finance Director to execute the appropriate documents that may be needed for the arrangement. The HBPW's portion of the \$5,300 fee for FY 2010 is \$2,120 and is included in the budget.

**Discussion**

An actuarial valuation to determine the liability for Other Post Employment Benefits (OPEB) for financial statement disclosure is required every two years. Two years ago Watkins Ross & Co. provided this service to the City of Holland and the HBPW. They were very thorough and knowledgeable. The City and the HBPW would like to enter into an agreement with them to provide the actuarial services needed at this time.

Attachments:

**Proposal from Watkins Ross & Co.**

Report prepared and submitted by Freda Velzen, CPA, Finance Director

**HOLLAND BOARD OF PUBLIC WORKS  
Utility Services Department  
May 10, 2010**

**Construction Services for  
18<sup>th</sup> Street, Cleveland to River Avenues and  
Harrison Avenue, 18<sup>th</sup> to 19<sup>th</sup> Streets Reconstruction Project**

**Introduction**

Bids for construction services to reconstruct the water mains, sanitary sewer mains, storm sewer, and roadway in 18<sup>th</sup> Street and Harrison Ave were received on April 10, 2010.

**Recommendation**

Approve a construction services contract with Wyoming Excavators, Inc of Ada, MI in the amount of \$1,848,234 with a 10% contingency of \$184,823 for a total of \$2,033,057, subject to City Attorney approval. Approve the HBPW's portion of the contract in the amount of \$997,107 with a 10% contingency of \$99,711 for a total of \$1,096,818.

**Discussion**

The water and sewer infrastructure in 18th Street between Cleveland and River Avenues are in need of replacement. The water and sewer mains on Harrison Avenue between 18<sup>th</sup> and 19<sup>th</sup> Streets are undersized. The City's Transportation Services Department is partnering in the project to replace storm sewers and participate in the roadway restoration.

The FY2010 and FY2011 Capital Improvement Budgets dedicate \$890,000 for water main replacement and \$540,000 for sanitary main replacement for a total project budget of \$1,430,000. With the recommended bid, the project including engineering and construction is anticipated to be under budget by \$264,766.

The water main and most of the sanitary main in 18th Street was installed prior to 1930. Several failures have occurred, and many service laterals are failing as well. The 6" sanitary main in Harrison Avenue was installed prior to 1930 and an undersized 2-inch water main serves the customers.

A request for bids was advertised and on April 30, 2010, ten (10) proposals were received. Of the proposals received, Wyoming Excavators, Inc presents the best overall price, meets specifications and has performed successfully in the past.

<b>Bidder Name</b>	<b>Location of business</b>	<b>Quote Amount</b>	<b>Meets Specs</b>	<b>Previous contracts</b>
Wyoming Excavators, Inc	Ada, MI	\$1,848,234	Y	Y
Brenner Excavating, Inc	Hopkins, MI	\$2,015,655	Y	Y
Dan Hoe Excavating, Inc	Holland, MI	\$2,030,865	Y	Y
Schippers Excavating, Inc	West Olive, MI	\$2,046,881	Y	Y
Kamminga & Roodvoets, Inc	Grand Rapids, MI	\$2,102,743	Y	Y
Ron Meyer Excavating, Inc	Zeeland, MI	\$2,210,560	Y	Y
Al's Excavating, Inc	Hamilton, MI	\$2,267,576	Y	Y
Connan, Inc	Zeeland, MI	\$2,339,803	Y	Y
OMM Engineering Estimate		\$2,367,024		
Kentwood Excavating, Inc	Grand Rapids, MI	\$2,426,552	Y	Y
Diversco Construction Co	Grandville, MI	\$2,591,259	Y	Y

Project Accounting Summary:

	Water	Wastewater	Total
Budget	\$890,000	\$540,000	\$1,430,000
Engineering	\$31,098	\$31,098	\$62,196
10% Contingency	\$3,110	\$3,110	\$6,220
Subtotal	\$34,208	\$34,208	\$68,416
Construction	\$591,372	\$405,735	\$997,107
10% Contingency	\$59,137	\$40,574	\$99,711
Subtotal	\$650,509	\$446,309	\$1,096,818
Total Effort	\$684,717	\$480,517	\$1,165,234
Balance	\$205,283	\$59,483	\$264,766

Report prepared by Adam R. Pietrzyk, Water/Wastewater Services Engineering Supervisor  
Submitted by John G. Van Uffelen, Utility Services Director

April 21, 2010

Mr. Tim Vagle, Director of Finance  
City of Holland  
270 S. River Avenue  
Holland, MI 49423

***Auditing Price Proposal – 2010-2014***

Dear Mr. Vagle:

Per your request, we are pleased to submit the attached price proposal for the audits of the City of Holland, the Holland Board of Public Works, the Holland Historical Trust, the Herrick District Library, the West Michigan Airport Authority, and the Macatawa Area Express Transit Authority (MAX).

As you will see in the attached schedule, we began by presenting the actual audit fees billed for these entities in fiscal year 2009 (excluding any one-time special projects). These fees were based on amounts previously bid as part of the City's last request for proposal process, and subsequent changes to organizational structure. By reviewing our time and expense records, we then reallocated the amounts attributed to each entity to more accurately reflect the actual audit effort required. This reallocation did not change the total amount billed to the City, but did shift the fees between certain components to better reflect true costs of our services.

Next, we prepared two pricing alternatives for the City's consideration. Alternative A is a five-year price proposal, and includes an initial discount over the amounts actually charged in 2009, followed by modest inflationary increases. Alternative B is a three-year price proposal, with two optional one-year extension that may be exercised at the City's discretion. This alternative reflects only a modest inflationary increase from the amounts charged in 2009.

These proposed fees include single audits for the City and MAX, with up to six major programs between the two entities. Additional major programs, if required, will be invoiced separately based on the incremental time needed for such testing (not to exceed \$2,500 per program). In addition, our fees include drafting the financial statements and related footnotes, drafting the financial portions of management's discussion and analysis, submission of the electronic reporting package to the federal single audit clearinghouse and to the State of Michigan Department of Treasury (as applicable), delivery of up to 25 printed copies of all reports and letters (60 copies for the City's CAFR), and a presentation to each entity's Board.

These fees are based on professional standards issued as of the date of our proposal (Statements on Auditing Standards through SAS 120 and statements of the Governmental Accounting Standards Board through GASB 58.) The fees quoted for years subsequent to 2010 may be subjected to renegotiation if significant changes in professional standards or reporting requirements make our initial estimate of hours to complete the audit unrealistic. If any such changes occur, we will discuss the reasons with you and arrive at a new fee arrangement prior to incurring any additional charges.

These fees are independent of any special projects for which a separate engagement is contracted. We will, of course, continue to be available throughout the year to answer general business questions, and to assist you or your staff with accounting for specific transactions without charge.

Again, we thank you for the continuing opportunity to be of service to the City, and we look to many more years of exceeding your expectations. If you have any questions regarding this proposal, or if we can be of assistance to you in any way, please do not hesitate to contact us.

Very truly yours,

**Rehmann Robson**



Stephen W. Blann, CPA, CGFM  
Principal

The above proposal is hereby accepted, using Alternative A / B (circle one).

**For the City of Holland:**

**For the Holland Board of Public Works:**

\_\_\_\_\_  
Name & Title

\_\_\_\_\_  
Name & Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

**For the Holland Historical Trust:**

\_\_\_\_\_  
Name & Title

\_\_\_\_\_  
Signature

**For the Herrick District Library:**

\_\_\_\_\_  
Name & Title

\_\_\_\_\_  
Signature

**For the West Michigan Airport Authority:**

\_\_\_\_\_  
Name & Title

\_\_\_\_\_  
Signature

**For the Macatawa Area Express  
Transportation Authority (MAX):**

\_\_\_\_\_  
Name & Title

\_\_\_\_\_  
Signature

**City of Holland**  
**Audit Pricing Tables for 2010-2014**

	Actual Billings for 2009*	Reallocation of Fees Based on Actual Audit Effort	Reallocated Billings for 2009
City of Holland	\$ 45,750	\$ -	\$ 45,750
Holland BPW	14,900	(2,500)	12,400
Holland Historical Trust	4,000	1,000	5,000
Herrick District Library	5,500	2,000	7,500
West Michigan Airport Authority	6,500	(700)	5,800
Macatawa Area Express Transportation Authority (MAX)	6,500	200	6,700
	<u>\$ 83,150</u>	<u>\$ -</u>	<u>\$ 83,150</u>

\* Actual billings for 2009 exclude any one-time special projects

	Alternative A - 5 Year Contract					
	2010	2011	2012	2013	2014	Total
City of Holland	\$ 45,200	\$ 45,700	\$ 46,200	\$ 46,700	\$ 47,100	\$ 230,900
Holland BPW	12,200	12,300	12,400	12,500	12,700	62,100
Holland Historical Trust	4,900	5,000	5,100	5,200	5,300	25,500
Herrick District Library	7,400	7,500	7,600	7,700	7,800	38,000
West Michigan Airport Authority	5,700	5,800	5,900	6,000	6,100	29,500
Macatawa Area Express Transportation Authority (MAX)	6,600	6,700	6,800	6,900	7,000	34,000
Total	<u>\$ 82,000</u>	<u>\$ 83,000</u>	<u>\$ 84,000</u>	<u>\$ 85,000</u>	<u>\$ 86,000</u>	<u>\$ 420,000</u>

	Alternative B - 3 Year Contract, Plus 2 Option Years					
	2010	2011	2012	2013	2014	Total
City of Holland	\$ 46,200	\$ 46,700	\$ 47,100	\$ 47,500	\$ 47,900	\$ 235,400
Holland BPW	12,400	12,500	12,700	12,900	13,100	63,600
Holland Historical Trust	5,100	5,200	5,300	5,400	5,500	26,500
Herrick District Library	7,600	7,700	7,800	7,900	8,000	39,000
West Michigan Airport Authority	5,900	6,000	6,100	6,200	6,300	30,500
Macatawa Area Express Transportation Authority (MAX)	6,800	6,900	7,000	7,100	7,200	35,000
Total	<u>\$ 84,000</u>	<u>\$ 85,000</u>	<u>\$ 86,000</u>	<u>\$ 87,000</u>	<u>\$ 88,000</u>	<u>\$ 430,000</u>

April 27, 2010

PERSONAL & CONFIDENTIAL

Ms. Laura Judge  
City of Holland  
270 South River Avenue  
Holland, MI 49423

RE: Actuarial Valuation for the City of Holland Postemployment Benefits Other Than Pensions  
(GASB Statement Nos. 43 and 45) – Administrative Services Agreement

Dear Ms. Judge:

Thank you for choosing Watkins, Ross & Co. to continue to provide actuarial services for the plan named above.

**Scope of Services**

In providing valuation services for your plan, our process will proceed as outlined below:

**A. Initial Plan Review and Data Collection**

1. Review current plan documents, plan summaries, employee handbooks, insurance contracts, or any written material outlining the nature of benefits provided, including changes made since prior valuation.
2. Request census data for all current and former employees who are or may become eligible for benefits from the plan. Request for data update will be completed under separate cover.
3. Request claims data and/or premiums paid for benefits under the plan.

**B. Prepare Actuarial Valuation Report**

1. Update plan data files
2. Select appropriate actuarial assumptions
3. Compute plan liabilities
4. Prepare actuarial valuation report that contains:
  - i. Information required for financial reporting purposes under GASB Statement Nos. 43 & 45, such as current year expense, annual required contribution (ARC), accumulated and projected benefit obligations, and a reconciliation between years
  - ii. Supporting information regarding employee population statistics, actuarial assumptions, summary of benefits
  - iii. Projected future benefit payments
  - iv. Sensitivity analysis to demonstrate impact of change in assumptions
  - v. Roll forward costs, as appropriate, since prior valuation

**C. General Consulting Regarding Valuation Results and Implications**

**Deliverables**

For each valuation, Watkins, Ross & Co. will request the updated data as mentioned, and upon receipt, would process it and prepare the final actuarial valuation report. It is anticipated that the report would be completed within four to six weeks of data receipt. The final report would be mailed to the City and we would either meet with City officials for review, or respond to questions by telephone, at your election.

**Fees**

Our estimated fee to prepare the annual actuarial valuation report for the fiscal year ending June 30, 2010, as described above is \$5,300 and it was based on the following parameters:

1. The OPEB groups for the City and the BPW covers 220 and 166 current employees and 29 and 27 retirees, respectively.
2. The plan pays a premium set by the City (with subsidy to retirees) and is capped at a specified dollar amount.

Ms. Laura Judge  
City of Holland  
April 27, 2010  
Page Three

Additional services provided at your request, or outside of the scope of services described above, will be billed at the following hourly rates:

- |    |                   |               |
|----|-------------------|---------------|
| 1. | Actuarial analyst | \$100 - \$110 |
| 2. | Enrolled actuary  | \$130         |
| 3. | Senior consultant | \$165         |

If you have any questions about this material, or you need additional information, please call Chris Veenstra (616) 742-9244 or Rick Zweering (616) 742-9205. We look forward to working with you.

Sincerely,

Richard C. Zweering  
President

/tmv

This administrative Services Agreement is made between **Watkins, Ross & Co.** and the **City of Holland** with respect to administrative services to be performed for the benefit of the Postemployment Benefit Plan. This Agreement is effective for the fiscal year ending June 30, 2010.

Watkins, Ross & Co.

City of Holland

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_