

**REGULAR MEETING**

The HBPW Board of Directors met  
**August 12, 2019**  
at 4:00 p.m.  
in the Service Center Board Room  
625 Hastings Ave.  
Holland, Michigan

**Chair Hemingway called the meeting to order at 4:00 p.m.**

**Members Present:** Tim Hemingway, Diane Haworth, Paul Lilly, City Council Liaison Brian Lynn, Ex Officio Members Bob Shilander and Keith Van Beek

**Members Absent:** Phil Miller, Sue Franz

**Staff Present:** Dave Koster, Janet Lemson, Joel Davenport, John Van Uffelen, Becky Lehman, Chuck Warren, Ted Siler, Barry Rutherford, Jane Monroe, Chris Van Dokkumburg, Mike Radakovitz, Julie De Cook, Steve Bruinsma

20.012 **Board Minutes – Regular Meeting Minutes of July 8, 2019**

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

20.013 Action on Consent items:

Motion to approve, accept, or adopt Consent Agenda items	<i>Haworth</i>
Second	<i>Lilly</i>
Favor	<i>3</i>
Oppose	<i>0</i>

20.014 **Communications from the Audience**

None

20.015 **Major Project Update**

*For information only*

20.016 **Energy Waste Reduction and Renewable Energy Plan 2018 Annual Summary Report**

Michigan Public Act 295 (PA295), passed in late 2008 and amended by PA 341 and 342, requires utilities to file annual reports on their EWR and REP programs.

- The 2018 HBPW PA 295 Energy Waste Reduction Annual Report was filed with the Michigan Public Service Commission on May 31, 2019. No further action is required.
- The 2018 HBPW PA 295 Renewable Energy Plan Annual Report was filed with the Michigan Public Service Commission on June 30, 2019. No further action is required.

Pursuant to the legislation, an Annual Summary Report must be presented to the utility's governing body and the same report must be made available to its residential customers and placed on its website. The Annual Summary Report includes key results and information drawn from each 2018 Annual Report.

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

*Recommendation: The Board of Directors accepted the 2018 Annual Summary Report for distribution.*

20.017 **Unit 7 Combustion Inspection and Load Gear Overhaul**

Unit 7 combustion turbine has accumulated 623 starts since a hot gas path inspection was completed in 2011. The original equipment manufacturer, General Electric (GE), recommends that a combustion inspection occur every 600 starts given the turbine model and operational duties. Therefore, Unit 7 is due for a combustion inspection per GE's recommendation.

A combustion inspection requires that the combustion section of the turbine be disassembled, components tested and inspected, repairs made, and then components reassembled. The combustion section includes parts that mix air and fuel, ignite the mixture, and funnel it toward the turbine blades, making these parts subject to very high temperatures during operation and intense thermal stresses during startup and shutdown. Several of these part will be sent off site to a service shop for thorough inspections and extensive repairs.

The load gear is being overhauled due to findings during the Unit 7 Generator Project done in July 2018. The generator bearings needed repair following an inspection during that project.

The bearings were sent offsite to get the Babbitt coating on the inside of the bearing reapplied. The load gear couples the turbine rotor to the generator rotor. The load gear bearings have thermocouples embedded inside of them for monitoring of the bearing metal temperature. One of these embedded thermocouples on the generator side of the load gear is no longer reading temperature; and therefore, puts us at risk of overheating the bearing and damaging the gear set. Due to the condition of the generator bearings and the bad thermocouple, it is believed that the load gear bearings will need their Babbitt coating repaired. This, in turn, is the driving force behind the load gear overhaul. The load gear will be completely disassembled, cleaned, inspected, and reassembled along with the bearing repairs during this project.

Three proposals were requested from each contractor bidding on the work: one for the combustion inspection, another for the load gear overhaul, and the last for a combined project. Contractors were asked to include a discount in the third proposal due to completing both projects with the same team at the same time. The table below summarizes the evaluated bids from each contractor that submitted a bid.

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

Bidder Name	Business Location	Evaluated Bid Amount	Meets Specifications	Previous Contracts
Allied Power Group (APG)	Houston, TX	\$401,187.00	YES	YES
General Electric (GE)	Atlanta, GA	Declined to Bid Load Gear*	YES	YES
Mechanical Dynamics and Analysis (MD&A)	Latham, NY	\$827,816.00	YES	NO
Power Services Group (PSG)	Cape Coral, FL	\$563,704.35	YES	NO
Timken Gear & Services	King of Prussia, PA	\$501,865.00	NO**	NO

*Note: The "Evaluated Bid Amount" includes the quoted base bid, expected repairs, upgrades and the discount for the award of both projects.*

*\*GE declined to bid on the load gear overhaul, so a total evaluated bid could not be listed as they could only be evaluated in combination with another bidder.*

*\*\*Timken Gear & Services' proposal did not include several requested documents per the bid package and therefore was found not to meet specifications.*

In addition to evaluation of individual contractors, combinations of contractors to complete the combustion inspection and load gear overhaul project scopes independently but concurrently were also considered as part of the evaluation. However, these combinations not only came out to be more expensive than a combined project, but the logistics of two crews and two contracts with one schedule created opportunities for costly complications.

Allied Power Group was the low evaluated bidder in large part due to the discount they are providing to perform both tasks. Allied's discount was substantially larger than what was offered by the other contractors.

The proposed contract with Allied includes pricing for services to perform the disassembly and reassembly of the unit as well as expected heavy component repairs and upgrades. The contingency includes costs for potential repairs needed following inspections as well as potential costs for repairs needed during disassembly.

The budget for fiscal year 2020 included \$600,000 for the Combustion Inspection and \$400,000 for the Load Gear Overhaul. This makes the combined project budget \$1,000,000. As such, the requested contract value and contingency is within the approved budget.

*Recommendation: The Board of Directors approved a contract with Allied Power Group in the amount of \$401,187 with a contingency of \$300,000 for a total of \$701,187, pending approval as to form from the City Attorney.*

*Motion to approve recommendation  
Second  
Favor  
Oppose*

*Haworth  
Lilly  
3  
0*

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20.018 **Auctioneer Agreement for James DeYoung (JDY) Surplus**

There are still a number of surplus parts and equipment at JDY that have value other than scrap value. The Electric Production staff have taken what is needed from the warehouse and plant and other HBPW departments were able to also use parts and supplies from JDY that were declared surplus. This agreement will allow us to auction many of the remaining items rather than scrapping them or leaving them for the demolition contractor. It is expected that this process will yield a higher value to HBPW than the alternatives. Additional HBPW surplus items from other departments may also be included in this process.

*Recommendation: The Board of Directors approved an agreement with Orbitbid and Rangerbid to auction surplus parts and equipment at JDY pending approval as to form from the City Attorney.*

<i>Motion to approve recommendation</i>	<i>Haworth</i>
<i>Second</i>	<i>Lilly</i>
<i>Favor</i>	<i>3</i>
<i>Oppose</i>	<i>0</i>

20.019 **Integrated Resource Plan Update**

Every five to seven years HBPW performs an update of the Integrated Resource Plan to assist with future procurement of energy and capacity resources for the electric utility. The IRP examines and forecasts electric sales, fuel prices, electric waste reduction and distributed energy expectations, electric vehicle penetration, electric generating unit costs and retirements, emission prices, potential regulatory changes, wholesale electric market energy and capacity prices and other costs and benefits related to our electric supply. This data is then used to model different proposed scenarios and the model outputs used to help guide and inform future decisions related to our electric supply.

HBPW developed a Request for Proposal (RFP) and invited several experienced consulting firms to bid on an update to the IRP for the electric utility. HBPW requested bids on two different tasks. The first task involves a financial analysis of the most cost effective power supply plan to meet the projected electric utility energy and capacity needs for the next 30 years. The second task involves the same analysis but preference is given to resources that make progress toward the 10 metric tons per capita of greenhouse gas emissions as specified in the Community Energy Plan, if those resources were not selected in the first scenario. Along with a more detailed solar analysis, the second task also involves a high level economic analysis of an HBPW owned distributed generation resource that could also offer waste heat to industrial customers.

The RFP was sent to six engineering consulting firms, with five firms submitting a proposal to complete the IRP. A summary of the proposals received is shown in the table below.

<b>Bidder Name</b>	<b>Quote Amount</b>	<b>Meets Specifications</b>	<b>Previous Contracts</b>
Black & Veatch	\$149,000*	Y	Y
Commonwealth	\$176,308	Y	Y
GDS Associates	\$217,500	Y	Y
Burns & McDonnell	\$219,600	Y	Y
HDR	\$230,620	Y	Y

\* includes additional scope

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HBPW staff had conversations with Black & Veatch to ensure that the scope identified in the RFP was understood and to increase our knowledge of their approach to the modeling outputs. In these discussions a clarification on scope and an additional analysis request resulted in an increase of \$14,000 to their original \$135,000 price in the proposal. As the lowest evaluated bidder HBPW recommends Black and Veatch complete the IRP.

*Recommendation: The Board of Directors approved a contract with Black and Veatch in the amount of \$149,000 with a 20% contingency of \$30,000 for a total of \$179,000 pending approval as to form from the City Attorney.*

<i>Motion to approve recommendation</i>	<i>Haworth</i>
<i>Second</i>	<i>Lilly</i>
<i>Favor</i>	<i>3</i>
<i>Oppose</i>	<i>0</i>

20.020 **Closed Door Session – QF18-452 FERC Pending Litigation**

Motion to enter Closed Session @ 4:58 p.m.	<Name>	
Made by	<i>Lilly</i>	<Name>
Second:	<i>Haworth</i>	
Favor	<i>3</i>	
Oppose	<i>0</i>	
<i>ROLL CALL: Hemingway, Haworth, Lilly</i>		

Motion to re-enter Open Session @ 5:45 p.m.	<Name>	
Made by	<i>Haworth</i>	<Name>
Second	<i>Lilly</i>	
Favor	<i>3</i>	<#>
Oppose	<i>0</i>	<#>

20.021 **BOARD COMMENTS**

*Reminder of Joint Session with City Council this Wednesday, August 14, begins at 5:30 in the upstairs training room at City Hall.*

*Our next BPW Board meeting is August 26, a Study Session, resource planning (Data available at BPW), strategic planning process.*

*At the August West Michigan Sustainable Business Forum, Patti Poppe from CMS will be the guest speaker. The charge is \$25/per person and takes place August 28 12-1:30 at Seidman College of Business at GVSU in downtown Grand Rapids.*

*GM Koster showed off our new website and introduced Julie De Cook, HBPW's new Customer Communications Specialist, as she reviewed the website with the Board. Our main goal was to simplify navigation on the site. The Customer Service menu is also much more visible.*

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ADJOURNMENT

A motion to adjourn the meeting of *August 12, 2019*, was made by *Lilly* supported by *Haworth* and agreed upon by the Board of Directors present.

The Board Meeting of August 12 adjourned at *6:03 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board