

Regular Meeting  
 Board of Public Works  
 April 23, 2019

The regular meeting of the Board of Public Works Commission was held at the BPW Administrative Office, 350 E. Washington Avenue, on Tuesday, April 23, 2019. Chairperson Boerman called the meeting to order at 3:30 p.m.

PRESENT: Commissioners – Chairperson Boerman, Dykstra, Walters  
 ABSENT: Commissioners – Cooney, Query

Staff present: General Manager Boatright, Accountant Collins, Electric T&D Manager DeKraker, Electric Power Supply & Market Operations Manager Mulder, Manager of Water Operations Levandoski, and City Clerk Holmes

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to approve the minutes of the March 19, 2019 regular meeting. Motion carried.

**Public Comment**

No public comment given.

**Presentation – 2018 Water Cost of Service Study Final Report**

Dawn Lund from Utility Financial Solutions was present to review, answer questions and give recommendations regarding the 2018 Water Cost of Service Study Final Report.

**Financial Reports**

Accountant Collins presented the financial statements and the cash disbursements for the month of March 2019.

19.027 Approve Cash Disbursements and Regular Monthly Transfers

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to approve the March cash disbursements and the regular monthly transfers for the month of April, 2019 as follows:

Cash and Investments as of : March 31, 2019

	<u>Electric Water</u>	
Receiving	\$ 2,720,927	\$ 400,046
Accumulated Debt Service (in Receiving Fund)	-	150,240
Plant Improvements and Contingencies	28,242,389	9,892,967
Bond and Interest Payment Reserve*	-	131,000
Totals	\$ 30,963,316	\$ 10,574,253

\* Reserve required per electric and water revenue bond ordinances.

Recommended Transfers for the Month:	April, 2019	
	<u>Electric</u>	<u>Water</u>
Receiving	(383,501)	(110,840)
Accumulated Debt Service	-	25,040
Plant Improvements and Contingency	343,100	85,800
General Fund (per charter provision)	40,401	-

Motion carried.

### ***Water Operations***

Manager Levandoski reviewed the Water Department report and updated the Board on the Water projects.

Levandoski explained the retirement of the 20” Water Transmission Line and the Interconnect of the 30” to Holland Charter Township. Two bids were received for this project – Lee’s Trenching for \$46,899.00 and Dan Hoe Excavating for \$57,505.00.

#### 19.028 Award Bid for the Retirement of 20” Water Transmission Main

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to award the bid for the retirement of the 20” Water Transmission Line to Lee’s Trenching in the amount of \$46,899 and set the complete estimated budget in the amount of \$85,000.00. Motion carried.

DeKraaker explained to the Board the Fairview T3 Substation construction. The project involves moving the Riley T4 138/69 kV Transformer from Riley to Fairview and adding the rest of the necessary equipment to our existing Fairview Substation to complete this 138/69 kV Substation. This project will be over the budgeted amount in the FY2020 Capital Improvement Plan due to a change in the construction design. It was decided not to move the steel, disconnects and control panel from Riley Substation so that they can be used in the future for added reliability and new was purchased for the Fairview Substation. There will be additional money in the Capital Budget from the Second Riley 138/69 kV Transformer addition project as well as the New Northside Substation project.

#### 19.029 Award Construction of New 138V Fairview Substation

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to award the construction of the new 138V Fairview Substation to Newkirk for a total price of \$864,424.00. Motion carried.

DeKraaker explained the project of adding two (2) new control panels to the existing Fairview Substation which are needed for the new 138/69 kV transformer.

#### 19.030 Award the Purchase of Two New Control Panels

Motion was made by Commissioner Walters and seconded by Commissioner Dykstra to award the purchase of two (2) new control panels for the Fairview Substation to Electric Power Products for a total price of \$54,857.00. Motion carried.

### ***Electric Transmission & Distribution***

Manager DeKraaker reviewed the Electric Department report and updated the Board on the Electric projects.

### ***Information Technology***

Manager Carlton updated the Board on the IT’s Department’s activities.

### ***Electric Power Supply & Market Operations***

Manager Mulder updated the Board on the current operations status and reviewed the MPPA Peaking Project regarding the MISO GIA application fee and deposit requirement changes.

General Manager Boatright reported on March 26, 2019 the BPW FY2020 Preliminary Budget and Capital Forecasts were presented to the Zeeland City Council during their budget review session The BPW Board of Commissioners approved the preliminary budget at the meeting of February 19, 2019. In addition, no

suggested changes were noted by City Council. As such, it is anticipated City Council approval at the May 6, 2019 regular City Council Meeting.

19.031 Reaffirm Board Approval of BPW FY2020 Preliminary Budget and Capital Plan

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to approve the BPW FY2020 Preliminary Budget and Capital Plan. Motion Carried.

Boatright explained by Zeeland City Charter, the City Council annually appoints/reappoints all department heads, including the BPW General Manager, at the first City Council Meeting in May. At the April Board of Public Works Meeting, the BPW Board is being asked to consider such appointment and forward a subsequent recommendation to the Zeeland City Council for consideration.

19.032 Consideration of Reappointment of Board of Public Works General Manager

Motion was made by Commissioner Walters and seconded by Commissioner Dykstra to recommend to City Council the reappointment of Andrew Boatright as the BPW General Manager. Motion carried.

The Pegasus Wind Energy Center Project originally slated for commercial operation by December 31, 2018, has been delayed. BPW has entered into a PPA securing 12.2 MW (19.37% MPPA participant share) of energy, capacity, and renewable energy attributes. As the BPW is relying on this resource to aid in compliance with the State of Michigan renewable energy mandates, the project's delay has given rise to the need for MPPA, thus BPW, to identify an alternate means for meeting our renewable goals.

Mulder explained the Pegasus Wind Project Supplemental Solar Long-term Energy Purchase. The objective of this purchase is to supplement the energy that MPPA anticipates will be lost from the likely reduction in scope of the Pegasus Wind Energy project, and not a replacement for the project in its entirety.

19.033 Resolution - Authorization of Renewable Electric Power Purchases and Participation in the MPPA Solar Project

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to authorize the BPW General Manager as the "Authorized Representative" under the MPPA Energy Services Project Agreement, to procure renewable energy and capacity via the MPPA Solar Purchase Power Agreement subject to 1) sufficient MPPA Member participation to enable the project to proceed; 2) approval by the Zeeland City Council; and 3) acceptance of the agreement between MPPA and the project developer by the Zeeland City Attorney. Motion carried.

Mulder went on to explain the MPPA Renewable Energy Credit Purchases. The BPW receives renewable energy credits (REC's) monthly for all energy produced by renewable sources in which it has an entitlement share. One REC is received for each megawatt (MW) of energy generated and incentive REC's are also received based on certain criteria. REC's received prior to April 2017 are valid for compliance use for a period of three years while those received afterwards are valid for a period of five years. To certify compliance with PA342, a filing is made with the Michigan Public Service Commission each year to validate that our renewable portfolio and Voluntary Green Program requirements have been satisfied. Although the BPW has been proactive and timely in securing sources of renewable energy, an unexpected delay in construction with one of the PPA projects has resulted in fewer than forecasted number of REC's being generated. While the BPW has more than an adequate number of REC's to satisfy its current obligations, the forecasted rate of production and anticipated compliance requirements indicate that a deficiency will occur in 2019 and 2020. Satisfying current requirements through the use of the BPW's accumulated REC's will require the use of credits that would otherwise remain valid until 2023.

19.034 Authorization to Purchase Renewable Energy Credits

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to authorize BPW staff to purchase REC's through the MPPA that will satisfy the forecasted requirements, if opportunities exist in the current market and upon City Council approval, authorize the BPW General Manager to sign a letter of authorization committing the BPW to purchase approximately 12,500 REC's at a not to exceed price of \$15,000.00. Motion carried.

DeKraker explained every three years BPW typically goes out for bid for our tree trimming, mowing and herbicide work using Line Clearance Certified Tree Trimmers. We are due for this bid process again this year. Currently we pay \$60/unit for trimming. It is anticipated that a new contract would lead to \$75-\$85 per unit of trimming work. The planning cost that we would pay our tree trimming management company, Plant Growth Management, would be approximately \$3,180. Our current contractors have agreed to keep current contract pricing for one more year if we do not go out for bid. We have been pleased with their work the past three years. Staff would like to recommend that we keep Tru-Cut as our trimming contractor, TreeCore as our mowing contractor, and MACC as our herbicide spraying contractor for FY2020.

19.035 Authorization for Tree Trimming, Mowing and Herbicide Spraying

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to authorize retaining Tru-Cut, TreeCore and MACC for the Zeeland Board of Public Works vegetation management program at current contract pricing through FY2020. Motion carried.

Boatright explained the need to take our online presence to the next level. The traffic on our website continues to grow. Customers are using it as a resource to find out about outages and pay their bills. Staff wishes to use Revel to provide updates and enhance the site for use across all device formats, provide website management services to ensure the site information remains timely and to develop a secure web portal for use by the Board of Commissioners to access documents. We would also like to use Revel for assistance in developing a strategy for the utilization of social media.

19.036 Authorization for Website Update, Management and Development of a Portal and Social Media Strategy

Motion was made by Commissioner Walters and seconded by Commissioner Dykstra to authorize the procurement of services from Revel for website update, website management, Board portal development and social media utilization strategy development at a non-recurring cost not to exceed \$10,950.00, recurring costs not to exceed \$1,000.00 and "as needed" costs not to exceed \$3,500.00 in accordance with the Revel proposal dated April 15, 2019. Motion carried.

The BPW Large Customer Breakfast will be held on May 15, 2019 from 7:00 a.m. to 8:30 a.m. at the Howard Miller Community Center Lester Hoogland Banquet Room. Invitations will be going out within the next week or so. The Agenda is anticipated to include updates on the FY2019 and 2020 Electric and Water Capital Projects, AMI Pilot Project, Power Supply, Water Regulations and more.

The Zeeland Board of Public Works, once again, has received national recognition for achieving exceptional electric reliability in 2018. The recognition comes from the American Public Power Association and is for "significantly outperforming the electric industry national average as reported by the US Energy Information Administration." A copy of the certificate dated March 8, 2019 is included in the packet.

The RP3 designation signifies a public power utility's commitment to reliability, safety, workforce development, and system improvement. In order to qualify, BPW staff must complete a rigorous application that provides evidence of best practices in the aforementioned areas of commitment. The

benefits of the RP3 designation include national and local recognition as a safe, reliable utility, along with potential financial benefits including improved bond ratings, savings on workers comp insurance, and increased economic development opportunities as commercial and industrial prospects learn about our successes. Going through the RP3 process not only helps us to document the amazing things we are already doing, but also allows us to learn about needed areas of improvement.

The BPW was previously rated at the Platinum level in the 2016-2019 RP3 application cycle. This is the second highest rating available and indicates an application score by our industry peers ranging from 90 to 97 percent. This is quite an amazing accomplishment for any public power utility. We have been informed by APPA's RP3 Panel that BPW's 2019 application has been rated at the Diamond level which is the highest-level rating attainable in the program. We are among an elite group of approximately 95 of the 2,000 public power utilities in the nation to receive the Diamond rating. Attaining the Diamond-level designation was a goal established for FY2019 in the ZBBPW Strategic Plan Performance Metrics. Goal achieved! Chip Dobbin, Line Supervisor, and Bob Mulder, Manager Power Supply and Market Operations accepted the RP3 award at the APPA Engineering & Operations Conference in Colorado Springs, CO on April 1, 2019.

### *Future Events*

- **Next BPW Meeting – May 21 at 3:30 p.m.**
- **APPA Webinar Series: A Board's Legal and Fiduciary Responsibilities, April 19, 2019, 1:30-2:30 p.m., ZBPW Board Room**
- **APPA Webinar Series: A Board's Responsibility for an Effective Chief Executive, May 3, 2019, 1:30-2:30 p.m., ZBPW Board Room**
- APPA Spring Education Institute (Public Power Manager Cert. Program), May 6-10, 2019, Omaha, NE
- **ZBPW Visit and Tour by Representative Bradley Slagh (90), May 13, 2019, 10:00 a.m.-12:00 noon, ZBPW Board Room**
- **MPIA Board Meeting, May 14, 2019, 12:30-3:00 p.m., ZBPW Board Room**
- **Large Customer Breakfast, May 15, 2018, 7:00-8:30 a.m., Howard Miller Community Center**
- **APPA Webinar Series: A Board's Responsibility for Effective Governance, May 17, 2019, 1:30-2:30 p.m., ZBPW Board Room**
- **MMEA Spring Membership Meeting / MPPA Stakeholder Meeting, May 23, 2019, 8:00 a.m.-4:30 p.m., Grand Rapids, MI (see enclosed flyer)**
- **APPA Webinar Series: A Board's Role in Setting and Achieving Long-Term Success, May 31, 2019, 1:30-2:30 p.m., ZBPW Board Room**
- Annual Conference & Exposition (ACE) AWWA National Annual Conference, June 9-12, 2019, Denver, CO
- **APPA National Conference, June 10-12, 2019, Austin, TX**
- **ZBPW Reliable Public Power Provider (RP3) Celebration, June 26, 2019, 1:00-3:00 p.m., ZBPW Offices**
- Michigan Municipal Electric Providers Conference, July 24-26, 2019, Mackinac Island, MI
- ESRI User Conference (GIS), July 8-12, 2019, San Diego, CA

Note: Items in **bold** are notable for Board Members.

Motion was made and supported that the meeting be adjourned at 5:29 p.m. Motion carried.