

Preserving and Advancing Your Hometown Utility



MISSION

To deliver superior electric and water utility services that are reliable, safe, environmentally responsible, and cost competitive.

VISION

To provide innovative utility solutions and technology that meets customer expectations and sustains growth while enhancing the quality of life for the Zeeland area.

VALUES

Integrity, Respect, Service, Innovation,
Relationships, Stewardship, Family
Oriented, Operational
Excellence



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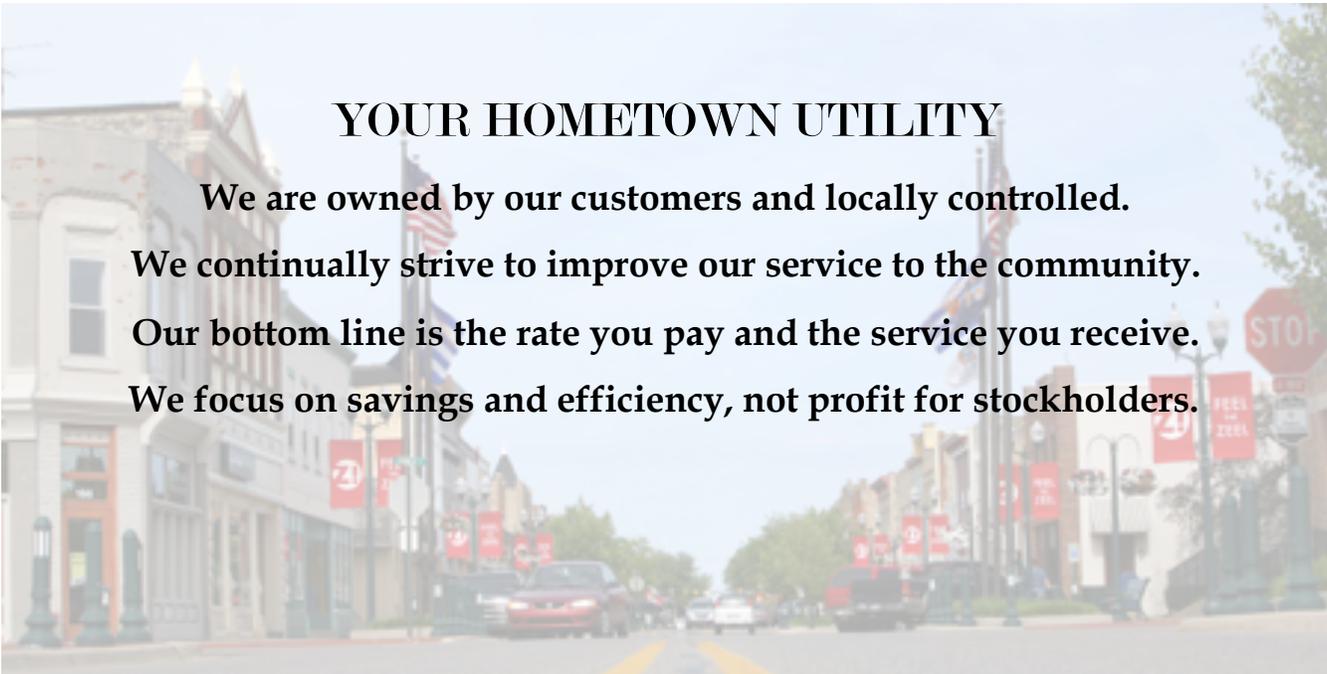
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YOUR HOMETOWN UTILITY

We are owned by our customers and locally controlled.

We continually strive to improve our service to the community.

Our bottom line is the rate you pay and the service you receive.

We focus on savings and efficiency, not profit for stockholders.

INTRODUCTION

I am pleased to present the 2018-2022 Strategic Plan of the Zeeland Board of Public Works (BPW). The purpose of the strategic plan is to facilitate continued BPW success and identify goals and initiatives that will create sustainable, reliable and environmentally responsible utility systems in the decades to come.

The Strategic Plan title reflects the culture of Zeeland and our commitment to the community. Zeeland is a community that offers strong traditions of dedicated work forces, well preserved infrastructures, and efficient and cost effective city services. It is a place where Industry, Business, Civic Entities, and Residents work together for the good of the community. The BPW is honored to be an integral part of community success through the effective provision of electric and water utility services.

The mission, vision, goals and initiatives found on the cover page guide the work done by the BPW on behalf of its hometown utility owners - its customers. The plan provides a roadmap for addressing a changing utility industry and responds to direct input from residents, industry, and community leaders who helped shape the plan.

I want to thank everyone who helped develop the Strategic Plan and I look forward to helping make our plans a reality.

Sincerely,
William J.
Cook Jr.,
General
Manager



Staff proudly displays one of the Washington Street local generators

STAKEHOLDER INPUT

Our strategic planning approach involved a comprehensive Stakeholder-driven process. Significant stakeholder engagement included customers, BPW leadership, BPW staff, and local community leaders. In total, over 75 stakeholders directly offered insight and input into the plan through the following forums.

FEB 21	FEB 27-MAR 10	MAR 20-22	APRIL 18-30	MAY 9/10	MAY 16
Kick-Off Meeting 	Individual Input, Interviews	Group Sessions and Meetings	Strategy Sessions 	Public Meeting Review/ Final Input	Final Board Review and Approval Meeting
Management, Board	Large Customers, Township Managers, City Manager, Economic Development, Management Team, Board Members, Wholesale Water & Power Suppliers	City Council, Board, Union Staff, Non-Union Staff, Residential focus groups (2), Commercial focus group 	Management, Board	All Customers, Large Customer Forum	

BPW's important role in the community is clearly recognized, valued, and bigger than just the provision of electricity and water. Some insightful themes developed from the forums that helped shape the strategic plan as shown below.

- ▶ Educate customers how and when they can save money
- ▶ Retaining and attracting staff should remain a priority
- ▶ Communicate more effectively, when important
- ▶ Keep updated with technology
- ▶ System reliability and resiliency are valuable
- ▶ Focus on rate impacts, but do the right thing

All of the input received was valuable in forming an effective plan that meets the expectations of Stakeholders. Customers expressed their appreciation of the BPW service, relationships and competitive electricity and water rates. They prefer a utility that is reliable, stays current, and keeps them informed of important issues. Customers showed cautious interest in alternatives to self-produce (i.e. rooftop solar) electricity, or modify usage that may result in saving money. Customers are somewhat reluctant to adopt these alternatives now since current rates of the BPW are low, hence potential savings are not substantial enough to provide strong incentive. The general sentiment regarding customer engagement programs can be summed up by a quote from an industrial customer who stated:

"We will engage in distributed generation, micro-grid, or additional energy efficiency discussions when economics make sense."

"We would entertain the idea of buying more of our electricity from renewable resources and would like the option to do so."

"Perhaps renewable resources should be viewed through the lens of a longer term planning horizon than fossil fuel resources"

Issues that impact rates, such as the use of more renewable resources, were predominately met with the attitude that BPW should do the right thing but keep rates as low as possible. Most customers opined that they were not opposed to the BPW using more renewable resources if they were economical. A few would like to buy more of their electricity from renewable sources even if it cost more. Some notable Stakeholder quotes offered wise insight into the topic of renewable electric resources.

Community leaders look to the BPW to assist with keeping the community viable and thriving. This includes cost effective and reliable utility services along with portraying a positive image. The Zeeland culture emphasizes preserving and advancing the community. The BPW is in a role where it can advance the community through its competitive electricity and water rates (via economic development) and its use of innovative technology. Community leaders provided significant input that helped guide the Strategic Plan as evidence by a few selected quotes.

"The perception of BPW has an impact on the perception of the community"

"Keeping up with technology is important for our community."

"Zeeland BPW rates are very competitive - lower than others nearby - and that helps economic development"

STRATEGIC PLAN PROCESS & FRAMEWORK

The strategic planning process and framework is depicted here. The BPW mission, vision and values found on the cover page resulted from evaluation of Stakeholder input, industry trends, and current BPW operations. Furthermore, the evaluations led to the formation of an analysis of BPW strengths, weaknesses, opportunities, and threats (SWOT analysis). Finally, the Strategic Plan that emerged is comprised of six Strategic Goals and 27 supporting Strategic Initiatives.



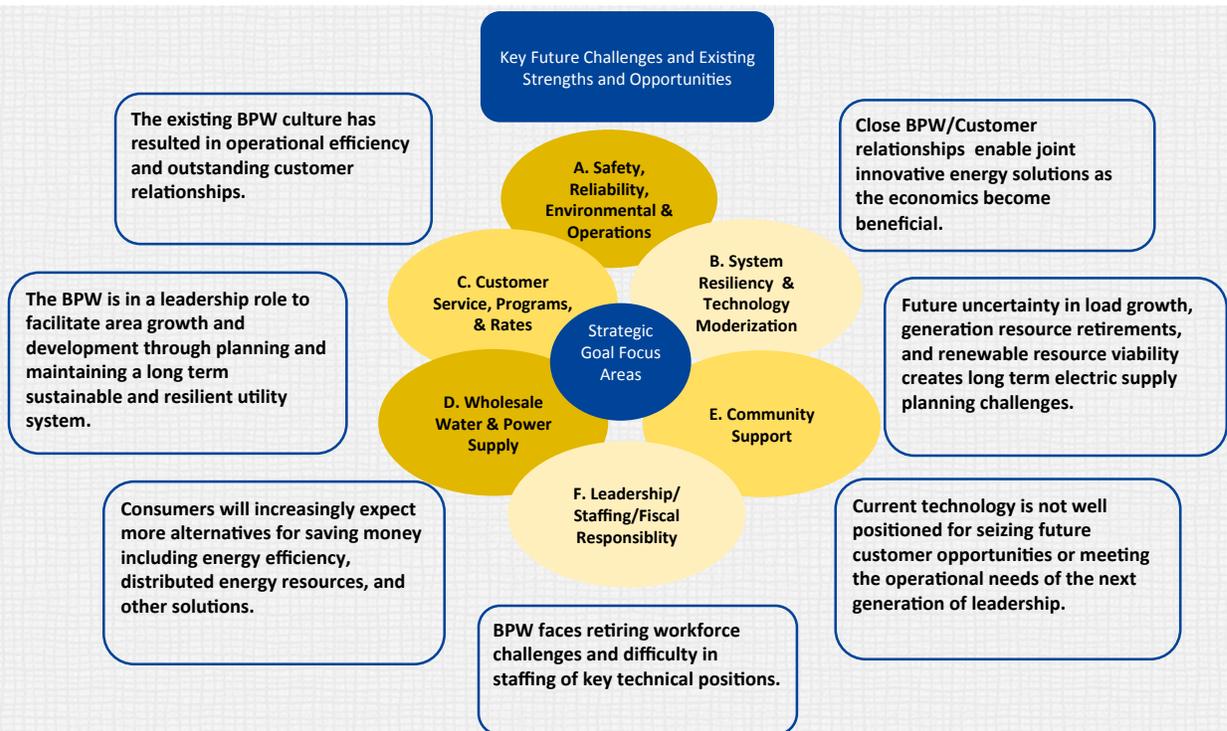
The SWOT analysis, as summarized below, is another important tool that guided the creation of Strategic Goals and Initiatives.

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> Fiscally Sound and Competitive Rates Positive Customer Service Attitude Customer Relationships/Trust Updated Physical Infrastructure Sustainable/Quality Water Supply Flexible Power Supply Alternatives 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> Uncertainty in Generation Asset Lives Load Growth Ability to Attract Technical Employees Load Concentration Risk Distribution Automation Tools Customer Information/Interface Tools
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> Partnering in Area Development Plans Facilitate Economic Development Creating Sustainable Electric Rate Alternatives Facilitating/Financing Energy Efficiency Municipal Sharing Arrangements Proactive Customer Communications 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> Wholesale Power Price Risk Succession/Employee Departures Aging or Non-Existent Technology Lack of Information Technology Expertise Cyber Security Regulatory Nuances

The comprehensive planning approach that was employed enabled the development of a Strategic Plan that meets important criteria.

1. Follows the company mission, vision, and values
2. Meets Stakeholder expectations
3. Leverages the strengths of the company
4. Reflects relevant and timely opportunities
5. Addresses company weaknesses and threats

The business case for the strategic plan can be summarized by the boxes below which represent key future challenges along with strengths and opportunities faced by the BPW. These surround six Strategic Goal focus areas that resulted from the process.



Strategic Goals represent what we strive to achieve and identify our top priorities. The Strategic Goals that follow were shaped to leverage strengths, meet current challenges and lead the way for future BPW transformations.

- A. Provide Persistent Safety, Reliability, Environmental Responsibility, and Operational Excellence
- B. Maintain System Resiliency and Advance Technology Modernization
- C. Provide Outstanding Customer Service, Competitive Rates, and Relevant Utility Programs
- D. Effectively Manage Cost and Risk of Wholesale Power and Water Supply
- E. Promote and Support Area Development Activities
- F. Deliver Exceptional Leadership, Staffing, and Fiscal Responsibility

Each goal is supported by several strategic initiatives that further demonstrate desired outcomes, as found on the following pages.

Goal A: Provide Persistent Safety, Reliability, Environmental Responsibility, and Operational Excellence



The pursuit of excellence across core operational functions of the business has always been and remains a Strategic Goal of the BPW. This goal broadly addresses staff, customer, regulatory, and stakeholder expectations and requirements related to the effectiveness of operating a utility. A culture of safety, reliability and regulatory compliance is established and carried out through the following initiatives.

A. Provide Persistent, Safety, Reliability, Environmental Responsibility, and Operational Excellence

Strategic Initiatives

- 1 *Maintain a culture of safety through open communication, continually updated safety procedures and training*
- 2 *Maintain or improve electric and water reliability beyond historically outstanding levels*
- 3 *Continue electric preventative maintenance, upgrades and underground conversion program*
- 4 *Continue water preventative maintenance and upgrade program*
- 5 *Meet or exceed all regulatory compliance requirements*
- 6 *Continually enhance or improve operational performance*

“The electric division’s daily goal is to keep the lights on and everyone safe. This translates into a continual focus on safety and system maintenance while rapidly responding to electric service outages and small glitches”

Don Muller, Electric Operations Manager

“Providing safe drinking water requires a good water source, effective treatment and a reliable infrastructure. Our water source and treatment is outstanding and we constantly maintain and upgrade our entire infrastructure which results in water quality that is better than the strict standards dictate”.

Chuck VanDerkolk, Water Operations Manager



Goal B: Preserve System Resiliency and Advance Technology Modernization

A resilient water and electric system is one that can stand up to external influences such as natural disasters and attacks. Threats to system resiliency include degradation of assets, cyber-attacks, widespread wholesale electric grid outages, water pipeline failures, and the use of outdated technology. While many operational initiatives outlined previously bolster current reliability, it is important to maintain longer term initiatives that assure a resilient system. Unlike many communities, the BPW operates local generation that will maintain partial continuity of electric service even under situations (i.e. bulk power grid outages) that would otherwise leave us powerless. The Strategic Initiatives below will help maintain and implement a resilient and modern utility system.

B. Preserve System Resiliency and Advance Technology Modernization

Strategic Initiatives

- 1 ***Develop and implement a technology and business continuity plan, including***
 - *Asset management, inventory, and geographic information mapping systems*
 - *Automation of advanced distribution management capabilities*
 - *Advanced metering for all customer segments*
 - *Customer information/engagement portal*
 - *Customer communication tools*
- 2 ***Expand and implement cyber security protocols for physical assets, and critical business and customer information systems***
- 3 ***Maintain local generation and ability to provide partial continuity of service in the event of widespread wholesale grid outages***
- 4 ***Maintain emergency response plans***



“Our current automated systems serve us well currently, but we must not fall too far behind with technology because that will eventually cause problems for our customers and the next generation of leadership. Over the next several years we will be planning and implementing new technology that meets customer expectations and prepares us for the future while helping us improve operations and save time and money.”

Tracey DeKraker, Electric Operations Engineer

Goal C: Provide Outstanding Customer Service, Competitive Rates, and Relevant Utility Programs

Customers expect and deserve good service and utility programs that help them manage or mitigate their water and electric usage. They also desire competitive rates that are stable and predictable. The BPW is committed to delivering all of these to the best of their ability and within reasonable and cost effective business operations. Stakeholders expect sufficiently advanced technology, better communication channels and utility programs that are economical. As a result, the BPW will pursue the following Strategic Initiatives to meet this goal.

Prosumer Programs:

- Distributed generation
- Distributed energy
- Demand response
- Time of day rates
- Appliance shut off

Prosumer:

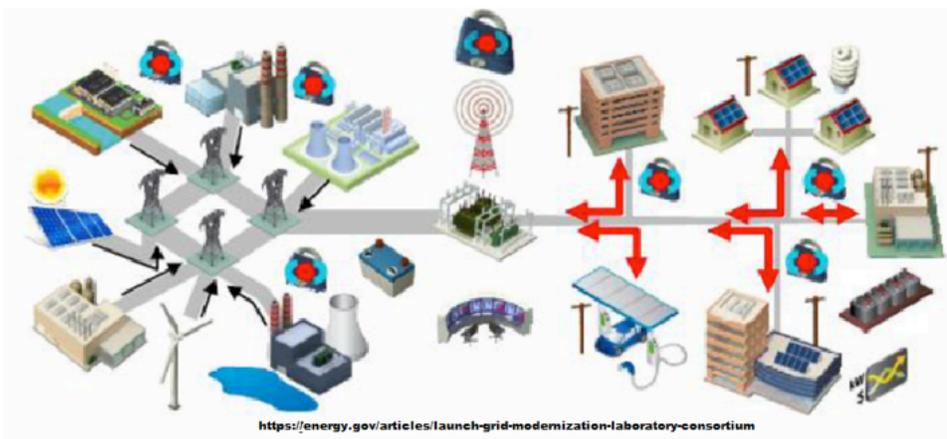
A price conscious customer willing to make investments of time or money to generate cost savings by reacting to price signals.

Strategic Initiatives

C. Provide Outstanding Customer Service, Competitive Rates, and Relevant Utility Programs

1. *Remain accessible to customers and promptly respond to service needs and inquiries*
2. *Evaluate sustainable electric rate alternatives and associated Prosumer Programs*
3. *Maintain competitive rates for all customer classes*
4. *Evaluate energy efficiency opportunities including an evaluation of potential on-bill capital financing*
5. *Evaluate and implement communication and engagement tools that improve the customer experience*

The Energy Grid of Tomorrow



Goal D: Effectively Manage Cost and Risk of Wholesale Power and Water Supply

Our largest 10 customers comprise approximately 70% and 75% of our electricity and water sales, respectively. This results in concentration risk (aka loss of load risk) that must be managed carefully without overextending investment in fixed long term assets. Water supply is managed through a contract that eliminates most of the concentration risk so the focus with water is maintaining proper back up agreements in the event of an emergency from the primary supply. Long term wholesale electric supplies are much more difficult to manage and is done so through periodic integrated resource planning. This involves a portfolio approach for meeting long term resource requirements considering a blend of joint asset ownership, market purchases, locally owned generation, renewable resource policies, and potential Prosumer programs.

Strategic Initiatives

D. Effectively Manage Cost and Risk of Wholesale Power and Water Supply

- 1 **Retain flexibility and sound planning principles for meeting long term (20+ year) electric resource requirements, considering**
 - Renewable resource policy (D-2)
 - Potential for prosumer programs or additional energy efficiency
 - Option to add local generation
 - Access to market purchases or joint generation projects
- 2 **Implement a policy regarding renewable resource electric supply, but adopt a planning process that evaluates renewable source viability through a longer term lens**
- 3 **Manage and execute short and near term (daily - 60 months) power supply hedging and optimization activities according to BPW risk management policy**
- 4 **Maintain suitable water storage and emergency backup supply agreements**



“Since wholesale power supply costs account for over 80% of our electric expenditures, the Board spends considerable time discussing future power supply plans. The future is uncertain and supply alternatives are vast, so setting policies and performing sound planning is essential. Decisions that are made today affect customers 20 years from now.”

Commissioner Linda Boerman, Board Chairman

Goal E: Promote and Support Area Development Activities

We recognize the BPW's role in supporting the city and townships with their respective plans. We are dedicated to participating with area officials and economic development councils to facilitate area growth and advancement. An advancing and growing community is generally accompanied by technical capabilities and competence and our commitment is to maintain contemporary technical capabilities. Also, the BPW participates in several community programs including sponsorships, assistance, social and philanthropic initiatives, and school educational programs.

E. Promote and Support Area Development Activities

Strategic Initiatives

- 1 *Support the Zeeland Downtown Development Plan and other area developments*
- 2 *Facilitate area economic development efforts through flexible and creative infrastructure alternatives and competitive rates*
- 3 *Evaluate the opportunity to install high bandwidth digital infrastructure*
- 4 *Maintain professional technology capabilities that portray a technically competent image to the public*



Goal F: Deliver Exceptional Leadership, Staffing, and Fiscal Responsibility



Organizational and fiscal excellence starts with outstanding leadership at the board and general manager level and transcends the organization through sound management and employee development. Meeting the ambitious Strategic Goals and Strategic Initiatives outlined herein will require continued organizational and fiscal excellence. People deliver results and without proper attention to our employees it will be difficult to achieve the Strategic Plan.

Board Commissioners
Linda Boerman (Chairman), Ann Query
Mark Cooney, Stephen Hamstra (Vice Chairman), Brian Dykstra

F. Deliver Exceptional Leadership, Staffing, and Fiscal Responsibility

Strategic Initiatives

- 1 *Maintain a succession plan that preserves the culture of BPW management*
- 2 *Enhance professional development and employee rewards and recognition to attract and retain talented staff while promoting morale and the BPW culture*
- 3 *Secure in-house expertise to facilitate technology planning and advancements*
- 4 *Maintain outstanding fiscal management through effective risk management and board policies*

“Past Zeeland City Leaders, BPW Boards and management have been good at keeping the main thing the MAIN THING. They have focused on what is important to our customers, and have obtained, developed and empowered staff to carry out their vision. As we move forward we must remain focused and committed to getting the right staff and leaders to not only sustain the BPW in the future, but to ensure it continues to progress.”

William J. Cook Jr., General Manager

