

Board Regular Meeting - Electronically
 Board of Public Works
 June 16, 2020

The regular meeting of the Board of Public Works Commission was held electronically at the Howard Miller Library/Community Center, 14 S. Church Street, Tuesday, June 16, 2020. Chairperson Boerman called the meeting to order at 3:30 p.m.

PRESENT: Commissioners – Chairperson Boerman, Dykstra, Walters, Query, Vice-Chairperson Cooney
 ABSENT: Commissioners – None
 GUEST: Jennifer Owens, President of Lakeshore Advantage

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

Motion was made by Commissioner Dykstra and seconded by Commissioner Cooney to approve the minutes of the May 12, 2020 regular meeting and the Special Board Meeting minutes of May 26, 2020. Motion carried.

Public Comment

No public comment given.

Safety Minute

The Safety Minute was in regards to leaving fireworks to the experts.

Jennifer Owens, President of Lakeshore Advantage, gave an overview of Lakeshore Advantage and how they benefit citizens and businesses and how they recruit new business. She also reported they anticipate a severe reduction in contributions from private businesses due to the Coronavirus pandemic.

20.049 Approve Cash Disbursements and Regular Monthly Transfers

Motion was made by Commissioner Query and seconded by Commissioner Dykstra to approve the May, 2020 cash disbursements and the regular monthly transfers for the month of June, 2020 as follows:

Cash and Investments as of: May 31, 2020

	Electric	Water
Receiving	\$2,866,342	\$407,032
Accumulated Debt Service (in Receiving Fund)	-	216,992
Plant Improvements and Contingencies	27,359,726	11,753,777
Bond and Interest Payment Reserve*	<u>-</u>	<u>131,000</u>
Totals	\$30,226,068	\$ 12,508,801

* Reserve required per electric and water revenue bond ordinances.

Recommended Transfers for the Month: June, 2020

	Electric	Water
Receiving	(284,946)	(114,131)
Accumulated Debt Service	-	24,831
Plant Improvements and Contingency	243,200	89,300
General Fund (per charter provision)	41,746	-

Motion carried.

Water Operations

Manager Levandoski reviewed the Water Department report and updated the Board on the Water projects and reviewed the Water Utility 2019 Annual Water Quality Report.

DeKraker explained that last year, the FV11 switch broke and wouldn't close because a part broke off the switch. The switch is crucial as it is how the Fairview 1 Transformer is loaded. The same switch is in the Riley and Perry Substations on each transformer. The FV11 switch was replaced last year with the other work that was being done in that substation and because of it being broken. Due to this recent issue we planned to replace the other 3 switches on our system and included it in the FY2021 Budget.

We recently received approval to purchase the new switches for RY11, RY22 and PE22 which has an improved design/mechanism. We received two quotes and Kent Power was the lowest.

20.050 Substation Switch Replacement Construction Contract Services

Motion was made by Commissioner Query and seconded by Commissioner Walters to award the construction of three (3) S&C Switches for RY11, RY22 and PE11 to Kent Power for a total price of \$118,111.12. Motion carried. All voting aye.

DeKraker explained two (2) switchgear units are needed for the additional distribution line that will be installed along Adams Street as part of the distribution improvements. Five bids were received and all items are included in the FY2021 Capital Improvement Plan as part of the Adams St. Distribution Project.

20.051 Adams Street Switchgear Bid Recommendation

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to award the purchase of two (2) switchgear units to Irby for a total price of \$21,140.00. Motion carried. All voting aye.

DeKraker explained an underground 500 Copper Wire is needed to add a circuit down Adams Street from 88th Ave almost to 72nd Ave. This was a recommendation in the last Electric System Study. Not only will it improve reliability for this area by giving us some switching options, but it will also prepare us to be able to connect new customers as they build in this area. There are new houses being built along here and potential subdivisions going in. Five bids were received with the low bidder being Power Line Supply for a total price of \$296,297.31.

20.052 Underground Wire Purchase Recommendation

Motion was made by Commissioner Query and seconded by Commissioner Cooney to award the purchase of underground 500 Copper Wire to Power Line Supply for a total price of \$296,297.31. Motion carried. All voting aye.

Electric Transmission & Distribution

Manager DeKraker reviewed the Electric Department report and updated the Board on the Electric projects

Information Technology

Information Technology Manager Carlton updated the Board on current activities and projects.

Electric Power Supply & Market Operations

Manager Mulder updated the Board on the current operations status, activities and projects.

Mulder explained to better serve its members, MPPA staff recently revised the Power Supply Risk Management Policy (PSRM). A summary of these changes includes the following, the last of which is likely the most impactful to member governance:

- Authority to manage the PSRM Policy was delegated to the MPPA Internal Risk Management Committee (IRMC), and no longer requires direct approval by the MPPA Board of Commissioners

- The MPPA Hedging Policy was included as an Exhibit to the PSRM rather than a stand-alone policy
- The MPPA Credit Policy was included as an Exhibit to the PSRM rather than a stand-alone policy
- The Hedge review cycle was changed to an annual, 5-year forecast
- Natural Gas hedging was updated to include the management of natural gas storage assets
- Changes to the Energy, Capacity, REC's, and Transmission Transaction Authority Matrix

To better take advantage of market opportunities, MPPA staff recommended that the current transaction authorization requirements be revised to provide staff with the ability to execute short-term transactions more promptly. In some situations, the time required for MPPA to solicit and receive authorization from its member participants exceeds the term of the transaction itself, which can result in the loss of market opportunities. Although member engagement and authorization are an essential part of the process, delegating responsibility to MPPA staff for short-term transactions that represent a small portion of a members forecasted position is a prudent and measured approach.

At the May 13th, 2020 meeting of the MPPA Internal Risk Management Committee (IRMC), MPPA staff recommended and the committee approved the revised MPPA Power Supply Risk Management Policy as proposed. This followed the incorporation of changes proposed by the committee to establish limitations to the delegation of authority for short-term transactions, as discussed during prior committee meetings.

In accordance with the revised MPPA Power Supply Risk Management Policy, the BPW's Energy Risk Management Policy Statement has been updated to reflect the changes to the transaction authorization requirements.

MPPA has also requested that members complete and return a power supply portfolio risk management election form, identifying the desired energy hedge plan strategy and elected services MPPA will provide on its behalf. The BPW has furnished this information in the past, and has consistently elected the 'Stability Plan' (60-month horizon) as its hedge plan strategy. BPW staff does not anticipate a need to make any adjustments to the selected plan, or elective services at this time, but instead will reaffirm our previous selections.

20.053 MPPA Power Supply Risk Management Policy Update

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to approve the revised BPW Energy Risk Management Policy (May 2020) and aligns with the proposed transaction authorization requirements. Furthermore, approval for the General Manager to sign and return the Member Power Supply Portfolio Risk Management Election Form as presented. Motion carried. All voting aye.

Consideration of Additional FY2021 Funding for Lakeshore Advantage

General Manager Boatright informed the Board of Commissioners that the City Council approved increasing the City's contribution from \$22,500.00 to \$45,000 for FY2021 at their June 15th meeting.

20.054 FY2021 Funding for Lakeshore Advantage

Motion was made by Commissioner Cooney and seconded by Commissioner Query to approve a one-time increase in FY 2021 funding for Lakeshore Advantage from \$25,000.00 to \$50,000.00. Motion carried. All voting aye.

Public Act 95 of 2013 – Low Income Energy Assistance Fund

For the past seven (7) fiscal years the board has approved the BPW "opting out" of assessing its customers the Low-Income Energy Assistance Funding Factor prescribed by the MPSC pursuant to PA 95. A copy of a press release announcing the "kick-off" of the 2020 Low Income Energy Assistance Fund and a copy of the Michigan Public Service Commission order implementing the provisions of the 2013 PA 95 were included in the packet for today's meeting. As a consequence of opting out, the BPW is not permitted to shut off any electric residential customer from November 1 through April 15 for non-payment. It should be noted that historically, during this period, the majority of the 40 municipal electric systems in Michigan, have also opted out.

Prior to PA 95, in a typical month, the BPW mails between 350 and 450 disconnect notices related to delinquent accounts. Following the disconnect notice and follow-up phone call, most customers pay, leaving about 25 customers

monthly that need notified of payment delinquency via a yellow tag. A yellow tag indicates that the premise or account in question will be shut-off in 24 hours. Following the yellow tag notification, the BPW would disconnect between three and seven customers per month for non-payment.

With the PA 95 opt-out over the past seven years, the number of disconnect or overdue letters has reduced and is now in the 322 to 384 per month range, while the number of customers issued a yellow (disconnect) tag or an orange (overdue notice during heating season) tag has ranged from 8 to 36 per month. Actual disconnects during a month in which they are permitted range between 1 to 8 per month.

In conjunction with the BPW of the opt-out provision, the BPW has allocated funding for the Ottawa County Community Action Agency (CAA) for distribution to qualified low income customers who need utility payment assistance. While a total of \$20,000 each year has been budgeted to be provided to the CAA for this purpose, less than \$5,000 per year has typically been distributed.

20.055 Approve Opt-out of PA 95 Low Income Energy Assistance Fund

Motion was made by Commissioner Dykstra and seconded by Commissioner Query to approve the Zeeland Board of Public Works "Opting Out" from assessing its customers the funding factor prescribed by the MPSC for the upcoming year. Motion carried. All voting aye.

MPIA Spring 2020 Board Meeting Report

Gave a verbal report of highlights and actions taken from the May 18, 2020 MPIA Board of Directors meeting. In its Management Letter discussing the findings of the periodic state audit of MPIA (copy attached), the State of Michigan Department of Insurance and Financial Services noted that there was no formal agreement among the two members and MPIA to provide administrative services to MPIA (see highlighted section in attached Management Letter). MPIA engaged the law firm of Silver & Van Essen to prepare an agreement to satisfy the state's concerns. As a model, we looked at the Ottawa County agreement with the Ottawa County Insurance Authority.

At its Spring 2020 meeting, the MPIA Board of Directors approved adoption of Administrative Services Agreements for both Grand Haven Board of Light & Power and the Zeeland Board of Public Works. Staff requests Board approval to adopt the BPW services agreement. A copy of the ZBPW agreement and the GHBLP agreement (which mirror each other), along with a transmittal letter from MPIA insurance consultant Ken Bush was given to the Board in the meeting package for review.

20.056 Approve MPIA Administrative Services Agreement

Motion was made by Commissioner Walters and seconded by Commissioner Dykstra to approve the adoption of the Zeeland Board of Public Works MPIA Administrative Services Agreement. Motion carried. All voting aye.

Community Grant Applications

A Community Grant application has been received from the City of Zeeland to procure and install a cellular signal booster in a downtown building location to improve cellular service in proximity to downtown businesses.

20.057 Consideration of Community Grant Applications

Motion was made by Commissioner Dykstra and seconded by Commissioner Cooney to direct staff as to whether the Community Grant Program Funding is to be awarded and, if an award is to be made, the level of funding for the award. Motion failed. All voting nay.

COVID-19 Business Operations Update

Boatright updated the Board of Commissioners on the COVID-19 Business Operations update including staff on-premise plans, alternating schedules, customer payment metrics and the restoration plan of services that were temporarily altered.

MPPA Gorman Scholarship Announcement

The documentation for this annual scholarship provided by MPPA in the amount of \$2,500 was distributed to the Board of Commissioner in the meeting packet. The scholarship is available to “children of employees of a member of MPPA who is employed by the Council, Commission, or Board of Trustees having general management over the electric utility system of that MPPA member.”

Upcoming Events

- **Next Regular ZBPW Board Meeting, July 21, 2020, 3:30 p.m., Howard Miller Public Library (NOTE: CHANGE OF LOCATION)**

Motion was made and supported that the meeting be adjourned at 6:00 p.m. Motion carried. All voting aye.

Pamela Holmes, City Clerk