

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
APRIL 25, 2019

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, April 25, 2019, at 4:00 p.m. at the Board's office located at 1700 Eaton Drive in Grand Haven, Michigan.

The meeting was called to order at 4:00 p.m. by Chairperson Smart.

Present were Directors Kieft, Naser and Smart.

Also present were David Walters, General Manager; Renee Molyneux, Administrative Services Manager and Secretary to the Board; Lynn Diffell, Accounting and Finance Manager; Rob Shelley, Distribution and Engineering Manager; and Erik Booth, Power Supply Manager.

Director Kieft, supported by Director Naser, moved to excuse Director's VanderMolen and Witherell from the meeting. The motion was unanimously approved.

Director Naser, supported by Director Kieft, moved to approve the meeting agenda. The motion was unanimously approved.

19-05A Director Kieft, supported by Director Naser, moved to approve the consent agenda. The consent agenda includes:

- Approve the Minutes of the March 21, 2019 Board meeting
- Accept and file the March 2019 Financial Statements and Power Supply and Sales Dashboard
- Approve paying bills in the amount of \$2,466,481.31 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$384,412.34 from the Renewal and Replacement Fund
- Confirm Purchase Order #20647 to Northern A-1 Services, Inc. in the amount of \$13,106 for dust control services
- Confirm Purchase Order #20653 to Dykstra Landscape Management in the amount of \$10,537 for landscape management services
- Confirm Purchase Order #20675 to Cofessco Fire Protection in the amount of \$7,738 for repairs to the coal crusher house fire protection system
- Confirm Purchase Order #20688 to Northern A-1 Services, Inc. in the amount of \$6,492 for vacuum and pumping services in the scrubber during spring outage

The General Manager presented a MPPA Portal Summary for the 4/1 – 4/24/19 time period. Average hourly load was 31 MWs. During this time period, the Bilateral price was \$33.34/MWh and the LMP price was \$24.78/MWh for a weighted average at \$29.67/MWh. The fuel related price to operate Sims at 31 MWs is approximately \$45/MWh. We saved approximately \$250,000 in avoided fuel cost during this period by not running Sims.

The motion was unanimously approved.

19-05B Public Comment Period – There were no comments. No action taken.

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19-05C Director Kieft, supported by Director Naser, moved to approve the following purchase orders:

- Approve Purchase Order #20643 to Montrose Air Quality Services in the amount of \$11,300 for Stack testing equipment and services
- Approve Purchase Order #20667 to Precision Trenching, Inc. in the amount of \$17,934 for directional boring and installation of equipment box pads for the musical fountain service
- Approve Purchase Order #20669 to Precision Trenching, Inc. in the amount of \$5,050 for directional boring in Terry Trails for an upcoming project
- Approve Purchase Order #20677 to A Star Electric Company in the amount of \$6,942 for SCADA cellular routers for the distribution line reclosures
- Approve Purchase Order #20683 to Altec Industries in the amount of \$257,820 for a new bucket truck under FY2020's vehicle replacement program

We are ordering the new bucket truck now for next year's budget. It takes 12-14 months to receive the truck. We are MiDeal participants and use this program to purchase GHBLP vehicles. The State of Michigan conducts the bidding process for MiDeal participants. The old truck will go to auction in Charlotte, Michigan.

The motion was unanimously approved.

19-05D The General Manager provided a preliminary FY2020 Budget and Capital Improvement Plan (CIP) presentation to the Board. This is the best information we have to date. We will bring the final Budget and CIP back for Board consideration at its May 16, 2019 meeting.

Revenue – We have projected a 1.1% growth rate in sales volume. Base rates will remain the same as they have been since July 2016. We will raise the PCA base to \$48.50 on July 1st to accommodate the shift in costs from fixed to variable, which will shrink the difference. There is a reduction in street lighting due to installation of LED lighting.

Expenses – Sims is scheduled to operate for five months in FY2020. We are estimating low loading on the plant at approximately 32.35 MWs. Fuel related expenses will be approximately \$44/MWh at Sims with combined fuel and purchased power variable expenses at \$47.35/MWh. Network Transmission is scheduled to begin June 1, 2020.

Wages – Total combined cost of living and step wage increases for non-union employees is budgeted at a 4% increase. Union increases are consistent with the approved labor agreement scales plus an additional parity/retention adjustment for journeyman certified line workers. There are no changes to employee benefits.

Workforce Reduction – We have not been replacing Sims employees due to our transition from 39 employees to approximately 17 employees in a restructured department. Most reductions

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are a result of retirements. We are supplementing these reductions with more overtime. We are also transitioning the workforce to a higher level of expertise during the transition period.

Other Operating Expenses –

- Energy Optimization expenses are budgeted at \$0.0015/kWh. Costs look like they are increasing; however, they are not. MPPA had banked cash and we brought that ‘bank’ down last year.
- 5% is transferred to the City’s General Fund.
- We are continuing to invest more in the distribution side of the organization.
- Regarding MPIA administrative costs, we budget an assumed claims number that is actuarially determined. We use the assumption in the budget and reconcile at the end of the year to actual.
- CIP is budgeted at approximately \$7 million with \$5.7 million of that amount in distribution related improvements.

The Cost of Service study included \$7 million annually for CIP. Primarily, this was for distribution related improvements. Some projects came in lower than expected. We also invested \$6 million in our Defined Benefit Plan, which pushed some of our projects back. We are on track for accumulated cash reserve targets.

No formal action taken.

19-05E The General Manager reviewed a proposed workforce redevelopment plan outlined in a letter from Erik Booth, Power Supply Manager. With the transition from Sims to the BLP’s new power supply portfolio, jobs will be changing; therefore, we need to retrain employees from operating the current facility to new, more technical roles. All operators will be required to perform some level of maintenance and have the ability to monitor and operate the SCADA system. We may also potentially move our technical services team to a new facility. We solicited and have been awarded grant assistance through the State’s Incumbent Worker Training program. There has been a lot of effort made to keep our commitment to retrain workers.

We are comparing BLP roles to equal roles at municipal plants. Consumers Energy contracts out operations at some plants. Our goal is to get all employees to progress to the top of the job scale vs. our current format of staffing three levels. Employees will have a higher technical skillset following completion of the training program. We will evaluate wages at the next contract negotiation period.

Erik Booth felt it was important for the Board see employee names. Sims employees are all doing a great job and received the information well. Chairperson Smart shared his appreciation of the employees and the extra time and effort they are putting forward.

The current Organizational Chart was discussed. The Technical Services Supervisor is retiring the end of May. We are looking for an Engineer to replace him and combine meter technicians with instrument technicians. We are still working on how the departments will be split.

No formal action taken.

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19-05F The MPPA Stakeholder Meeting will be held on Thursday, May 23rd in Grand Rapids at Frederik Meijer Gardens & Sculpture Park.

No formal action taken.

At 5:10 p.m. by motion of Director Naser, supported by Director Kieft, the April 25, 2019 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

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