

Council Meeting  
Common Council  
February 20, 2023

The regular meeting of the Common Council was held at the Zeeland City Hall, 21 S. Elm Street, Zeeland MI on Monday, February 20, 2023. Mayor Klynstra called the meeting to order at 7:00 p.m.

PRESENT: Council members – Mayor Klynstra, VanDorp, Broersma, Kass, Timmer and Lam

ABSENT: Council members – Gruppen

Staff present: City Attorney Donkersloot, Assistant City Manager/Finance Director Plockmeyer, BPW General Manager Boatright and City Clerk Holmes

The invocation was offered by City Manager, Tim Klunder.

Motion was made by Councilmember Broersma and seconded by Councilmember VanDorp to excuse Mayor ProTem Gruppen due to personal reasons. Motion carried. All voting aye.

#### 23.017 Approve Consent Agenda

Motion was made by Councilmember Broersma and seconded by Councilmember Kass to approve the Consent Agenda as presented.

1. Approve minutes of the regular meeting of February 6, 2023.
2. Approve minutes of the Work Study meeting of February 6, 2023.
3. Receive for information minutes of the February 16, 2023 Personnel Committee.
4. Receive for information minutes of the February 14, 2023 BPW Commission.
5. Ratify BPW Action 23.004, Approve Cash Disbursements and Regular Monthly Transfers.
6. Ratify BPW Action 23.005, Engineering Services of 5MG Reservoir and Repair Project.
7. Ratify BPW Action 23.006, Carlton Pump Station Generator Purchase.
8. Ratify BPW Action 23.007, Main Avenue Snowmelt and Streetscape Project.
9. Ratify BPW Action 23.008, Washington Pump Station Utility Upgrade Project.
10. Ratify BPW Action 23.009, Fairview Substation T1 & T2 Replacement Construction Bid Recommendation.
11. Ratify BPW Action 23.010, Switchgear Bid Recommendation for FY2024 Projects.
12. Ratify BPW Action 23.011, Aluminum Cable Purchase.
13. Ratify BPW Action 23.012, Distribution Transformer Purchase.
14. Ratify BPW Action 23.015, Generating Units Catalyst Performance Testing.
15. Ratify BPW Action 23.016, Washington Avenue Unit 10 Generator Cleaning.

Roll call.

AYES: VanDorp, Lam, Broersma, Kass, Timmer and Mayor Klynstra

No Votes: None

Absent: Gruppen

#### ***Communications/Visitors***

There were no visitors/communications at tonight's meeting.

#### ***City Manager's Report***

##### FY 23/24 Budget

Last week was primarily filled with budget reviews with each member of the management team regarding their requested budgets for FY 23/24. With tremendous assistance from Detra Telgenhof and Kevin Plockmeyer in providing all of the personnel related items, revenue projections and pulling the individual budgets together into

one document, the departments were able to focus their requests on appropriation submittals that would assist them in addressing their department goals and City Council strategic action plan items. As always, the departments made reasonable requests, which makes the process of trying to pull together a comprehensive budget proposal much easier. While we will take the next several weeks to make final decisions on budget recommendations for City Council's consideration at the end of March, we feel we have a nice framework of a budget proposal that would accomplish many great things in the next fiscal year.

#### Personnel Committee

The committee met on Thursday, February 16 to cover a number of topics. Discussion items included the FY 23/24 budget parameters and an update on Phase II of our compensation program, employee appreciation policies (banquet, anniversaries, retirements, etc.), union negotiation strategy and recommendations on a defined contribution increase to match union contracts (effective July 1, 2023) and a repeal of the City's Covid19 Emergency Paid Leave Bank (effective May 11, 2023). The defined contribution and Covid19 leave bank matters will come before City Council in upcoming meetings. A copy of the minutes was included in the Council Package.

#### 3 E. Main Development

City Council likely recalls that CC approved a Purchase and Development Agreement with Geerlings Development (Midwest Construction) last summer to develop the site at 3 E. Main. The agreement also contained a provision to incorporate the 9 E. Main site into the project. This week a portion of our management team met with leadership of Midwest to hear an update on the project. While the economic environment (higher interest rates, construction costs) and other ongoing projects they have been involved in may have slowed their initial projected timeline a bit, they continue to be committed to the project. During the past several months they have continued to refine their plans, work on establishing potential tenants and seek guidance from the MEDC on potential funding. They now believe they are at a stage where they plan to have project submittals (site plans, Act 210 application, etc.) in the near future. Because our agreement had a six-month timeline on some of the items noted above (for example, site plan submittal) we will seek a City Council amendment to extend those timelines an additional six months at the next meeting.

#### 135/137 E. Main

Last summer, City Council authorized staff to negotiate with one of the project proposals to purchase and redevelop 135/137 E. Main. We are very close to finalizing a proposed Purchase and Development Agreement that we will bring to City Council for your consideration. Klunder is confident that this consideration should come before City Council at the March 6 meeting.

#### Economic Development Recognition

Included in the Council Package was a report and recognition from the University of Michigan-Dearborn's eCities project for the city's five-star recognition in 2022 as a community with strong entrepreneurship, economic development and job growth. The city has received this four or five-star recognition for several years now. Congratulations to City Council on your continued support and active participation in our City's economic development efforts!

#### Community Development and Planning Commission

Included in the Council Package was the 2022 Community Development Department snapshot and the Planning Commission's Annual Report for 2022.

#### DEI Workgroup

Our DEI Workgroup met last week continuing to focus on the City and Board of Public Works' efforts to help us better understand issues around DEI. The workgroup's primary focus right now is on a training the City will host for employees on March 22 on the issue of implicit bias. The training will be led by Hector Hernandez. Mr. Hernandez has done training for the Board of Public Works on other topics (aside from DEI) in the past.

### Clean Water Plant Technical Review Committee

This committee (Zeeland Charter Township, Holland Charter Township and City of Zeeland) met today at the Clean Water Plant. The primary focus of the meeting was reviewing the proposed budget and rates (retail and wholesale) for FY 23/24, and to review a sanitary sewer flow study. These items will come before City Council at future meetings.

### 23.018 Downtown Maintenance Bid Award

Motion was made by Councilmember Broersma and seconded by Councilmember VanDorp to award a contract to DJ's Lawn and Landscaping in the amount of \$187,262.00 for the 2023-2026 Downtown Lawn Maintenance Contract.

Roll call.

AYES: Lam, Broersma, Kass, Timmer, VanDorp and Mayor Klynstra

No Votes: None

Absent: Gruppen

### 23.019 Downtown Annual Flowers Bid Award

Motion was made by Councilmember VanDorp and seconded by Councilmember Timmer to award a contract to Don's Flowers in the amount of \$152,950.00 for the 2023-2026 Downtown Annuals, Tulip and Christmas Greenery.

Roll call.

AYES: Broersma, Kass, Timmer, VanDorp, Lam and Mayor Klynstra

No Votes: None

Absent: Gruppen

### 23.020 MPPA Battery Storage Capacity Purchase and Sale Agreement

Motion was made by Councilmember Kass and seconded by Councilmember Broersma to authorize the BPW to participate in the MPPA Battery Energy Storage Systems (BESS) Capacity Purchase & Sale Agreement for up to a 16% share (4.0 MW) in accordance with the parameters presented with a total forecasted financial commitment over the 10-year contract terms in the amount of \$1,879,432.00 and to approve the Resolution authorizing participation in the MPPA BESS CPA, authorizing the BPW General Manager as the "Member Authorized Representative" under the MPPA Energy Services Project Agreement to execute the CPA, subject to sufficient MPPA member participation to proceed.

Roll call.

AYES: Kass, Timmer, VanDorp, Lam, Broersma and Mayor Klynstra

No Votes: None

Absent: Gruppen

### 23.021 MPPA 2025-2028 Power Purchase Authorization

Motion was made by Councilmember Timmer and seconded by Councilmember Kass to approve the energy commitments as presented and authorizing the General Manager to commit to the purchase of the short-term energy products totaling a maximum not-to-exceed cost of \$22,430,658.40.

Roll call.

AYES: Timmer, VanDorp, Lam, Broersma, Kass and Mayor Klynstra

No Votes: None

Absent: Gruppen

23.022 Ordinance 1018 – Electric Service Fees and Charges Schedule

Motion was made by Councilmember Lam and seconded by Councilmember Timmer to adopt Ordinance 1018, Electric Service Fees and Charges Schedule.

Roll call.

AYES: VanDorp, Lam, Broersma, Kass, Timmer and Mayor Klynstra

No Votes: None

Absent: Gruppen

23.023 Ordinance 1019 – New Electric Rates

Motion was made by Councilmember Broersma and seconded by Councilmember Timmer to adopt Ordinance 1019, New Electric Rates.

Roll call.

AYES: Lam, Broersma, Kass, Timmer, VanDorp and Mayor Klynstra

No Votes: None

Absent: Gruppen

23.024 Resolution - Electric Line Extension Policy

Motion was made by Councilmember VanDorp and seconded by Councilmember Broersma to approve the Resolution for the Electric Line Extension Policy.

Roll call.

AYES: Broersma, Kass Timmer, VanDorp, Lam and Mayor Klynstra

No Votes: None

Absent: Gruppen

23.025 Appointment to the Library Board

Motion was made by Councilmember Kass and seconded by Councilmember VanDorp to appoint Barb Dannenberg to the Library Board with said term expiring December 6, 2024.

Roll call.

AYES: Kass, Timmer, VanDorp, Lam, Broersma and Mayor Klynstra

No Votes: None

Absent: Gruppen

Mayor Klynstra reported there is a vacancy on the Local Officers Compensation Commission with the passing of John Dinger.

Mayor Klynstra announced he will be running for Mayor again in November.

Mayor Klynstra reported the Airport Authority is looking for a new FDO.

There being no further business, motion was made by Councilmember Timmer and seconded by Councilmember Broersma to adjourn the meeting at 7:21 p.m. Motion carried. All voting aye.

  
Kevin Klynstra, Mayor

  
Pamela Holmes, City Clerk

MEMORANDUM OF WORK-STUDY SESSION  
Zeeland City Hall Council Chambers  
Monday, February 20, 2023  
6:00 P.M.

PRESENT: Councilmembers – Mayor Klynstra, VanDorp, Broersma, Kass, Timmer and Lam  
ABSENT: Councilmembers – Gruppen

Staff Present: City Attorney Donkersloot, City Manager Klunder, Asst. City Manager/Finance Director Plockmeyer, BPW General Manager Boatright, Electric Power Supply & Market Operations Manager Mulder, Electric Transmission & Distribution Manager Coots and City Clerk Holmes

Mayor Klynstra called the meeting to order at 6:00 p.m.

***Zeeland Historical Society Update***

Katelyn VerMerris was present to give the 2022 Annual Report of the Zeeland Historical Society, which included the financials, visitors, archives & collections, programming highlights and the new Welcome Center.

***Downtown Maintenance Bid Award***

For a number of years, the City has been soliciting the services of a third-party to assist city staff in the maintenance of the downtown district and other various sites throughout the city. Until recently, this was one contract and was bid out on a multi-year schedule. In 2020, the contract was revised to split the contract into two separate contracts one for the lawn mowing and maintenance items and the second contract for the downtown annuals and tulip planting. This project was first bid for a one-year cycle and was then bid again in 2021 for a one-year with an option for a second-year contract. Since it was time to bid the contracts again, we decided to perform an overview and update of the contracts to reflect the work that is being done in practice.

After this updating, the Lawn Maintenance Contract includes:

- Lawn maintenance at the Clean Water Plant and Street Maintenance Facility which includes fertilizing, weed control, mowing, trimming, sidewalk edging, roundup application, mulch application, and fall cleanup.
- Maintenance at the roundabout which includes mulch application and fall cleanup.
- Downtown maintenance items which include fertilizing, mowing, roundup application, leaf collection in fall on a weekly basis, vacuuming and sweeping of sidewalks, banner changes, and spring/fall cleanup.
- Lawn Maintenance at the City's entrance signs on BL-196, on South State Street, and on North State Street including mulch application, weeding, edging, pruning, and watering.

***Downtown Annual Flowers Bid Award***

Generally speaking, the Lawn Maintenance Contract did not change much since the original contract in 2021, but the scope of the Annual and Perennial Contract changed quite a bit due to what was actually being performed. Since 2021, we have added a number of concrete planters and the work included in these pots was not encompassed in the original contract. In addition to the annual and perennial items, we felt we should also include the Christmas greenery as part of the contract, seasonal pot refreshes, and care of the pots with annuals.

Many of these items were performed on an ad hoc basis. This new Annual, Tulip, and Christmas Greenery Contract now includes the following:

- Planting of tulips and annuals in the planting beds at the base of the light and planter poles (approx. 53 locations) which includes weed control and removal of dead flowers.
- Planting of tulips and annuals in 10 ground level planters in the downtown district and City Hall which includes weed control and removal of dead flowers.
- Planting of annuals in three ground level planters at the Lincoln Cemetery which includes weed control and removal of dead flowers.
- Maintenance of 30 concrete planters which contain perennials. This maintenance includes watering as needed, four seasonal refreshes, and pruning of the existing perennials.
- Annual plantings in 29 concrete planters which includes watering, weeding, and removal of dead flowers.
- Annual plantings in 64 hanging baskets.
- Supply, install, and remove 66 Christmas wreaths on the light poles downtown and on City Hall.
- Supply, install, and remove Christmas roping garland around the splashpad and on the railings to City Hall.

Based on the recommendations of our current contractors, we did accept bids for a three-year contract as they indicated it would result in better pricing. We fully acknowledge that the next three years are complicated due to the Main Avenue Streetscape project, but we felt that it would be best to work with a contractor through this three-year period in order to maintain consistency and will allow us to work with this contractor in the event of quantity/scope changes. We received bids for both contracts on February 16. The results of the bid are as follows:

**Lawn Maintenance Contract**

- DJ’s Lawn and Landscaping Year 1 \$60,583  
Year 2 \$62,403  
Year 3 \$64,276

While we are disappointed we only received one bid, we are happy with the bid results. DJ’s has been our downtown maintenance contractor since 2020. As far as the price goes, after we consider the additional items (i.e. roundabout work) that were added as part of the 2023-2025 contract, the cost increases were inflationary in nature. Our recommendation is to award the Lawn Maintenance contract to DJ’s Lawn and Landscaping.

**Annuals, Tulips, and Christmas Greenery Bid**

- Don’s Flowers Year 1 \$49,500  
Year 2 \$50,950  
Year 3 \$52,500
- Building Bridges Professional Services Year 1 \$83,577  
Year 2 \$85,248  
Year 3 \$86,953

Don’s Flowers has handled our annuals, tulips and Christmas greenery for a number of years and have been very happy with their work, and would recommend approval of their bid.

From a budgetary perspective we have factored the pricing for both contracts into our Fiscal Year 2023-2024 budget, and do not see an issue for Fiscal Year 2024-2025 or Fiscal Year 2025- 2026.

***MPPA Battery Storage Capacity Purchase and Sale Agreement***

Electric Power Supply & Market Operations Manager Mulder explained as identified in the organization's strategic objectives, the Zeeland Board of Public Works (BPW) continuously seeks and evaluates opportunities to bolster and diversify its power supply portfolio. These opportunities can take many forms including project ownership, power purchase agreements, and short / long-term bilateral transactions, to name only a few.

In recent months, the Michigan Public Power Agency (MPPA) has engaged in discussions with a project developer planning a utility scale Battery Energy Storage System (BESS) in Washtenaw County, MI. Staff believes this is a compelling opportunity at that right time, for several reasons:

- Transaction Features:
  - o Simple Purchase Power Commitment (PPC) transaction structure
  - o Small size, providing an ability to learn more about Battery Storage Technology
  - o New capacity resource in Michigan, at a time when conventional units are being retired
- Economics:
  - o Capacity only transaction without energy, market arbitrage, or ancillary services
  - o Firm pricing, favorable given recent transactions, and forward market projections
- Risk Factors:
  - o Credit worthy counterparty
  - o Development and performance risks reduced due to posted financial security
  - o Potential MISO Tariff Changes: Changes to the current 4-hour requirement would have far-reaching impacts on this and similar projects, which would be contested by numerous MISO market participants. Such risks are unavoidable, and not unique to MPPA or this transaction. The size and term of this agreement significantly reduces those risks.

If approved, the Agency would commit to a 10-year Capacity Purchase and Sale Agreement (CPA) between MPPA and the developer, for a 25 MW Zonal Resource Credit (ZRC) share of the project delivered to MISO Local Resource Zone 7 (LRZ 7). The agreement would be a capacity only transaction, representing one MW of unforced capacity for each ZRC, as defined in the MISO Tariff. The ZRC's procured from this CPA will be used in part to satisfy the BPW's capacity demonstration requirements under Michigan Public Act 341, and MISO's resource adequacy requirements. The BPW's recommended project allocation is stepped based on open positions in our portfolio, and the needs of other MPPA member participants.

MPPA Total Project Offtake (ZRCs):	25.0 MW
Zeeland's Project Allocation, Years 1-3:	1.7 MW 6.8% of MPPA's Allocation
Zeeland's Project Allocation, Years 4-10:	4.0 MW 16.0% of MPPA's Allocation

As a project participant, the Zeeland BPW would receive and pay for its pro-rata share of the MPPA project based on the terms and contract rate in the CPA. Over the term of the PPC, the BPW's forecasted financial commitment is \$1,879,432, but would be calculated based on the actual ZRC's delivered.

The term of the proposed agreement is 10 years, which will begin on the start date of the CPA (the first calendar day of the next MISO season within a MISO Planning year, that starts after commercial operation (COD) has been achieved. Presently, COD is expected to take place between June 1, 2025, and September 1, 2026.

At the January 11, 2023 meeting of the MPPA Board of Commissioners (BOC), approval of the CPA was received via Resolution by the MPPA's Board of Commissioners in an open meeting, contingent upon receiving sufficient member participant authorization by February 28, 2023.

### ***MPPA 2025-2028 Power Purchase Authorization***

Mulder reported the Zeeland Board of Public Works (BPW) participates in the wholesale power market through the Michigan Public Power Agency (MPPA). That participation is guided by a Power Supply Risk Management Policy approved by the BPW Board, and Zeeland City Council. In accordance with these policies, the BPW must have committed energy resources in place to supply specific levels of anticipated BPW energy requirements extending into the future as specified under MPPA's 'Stability Plan' which the BPW has selected.

To ensure compliance with this policy, the BPW, with the support of MPPA, regularly reviews its portfolio and solicits purchase proposals to strategically address open positions in its energy portfolio.

In recent weeks, MPPA Power Supply staff has recommended that monthly energy purchase transactions be executed for the period of calendar years 2025 – 2028, to address open positions and mitigate risk by aligning the BPW’s hedged position with its risk management policy. These include a combination of On-Peak (5x16), Off-Peak (5x8, 2x24), and Around-The-Clock (7x24) transactions.

The total, not-to-exceed cost associated with these recommended volumes and products at the maximum stated strike prices yields a maximum commitment of \$22,430,658.40, which averages \$52.21 / MWh. These transaction(s) will be for Financially Firm Energy with physical delivery to the MISO Michigan Hub in the Day Ahead Market, at or below the monthly not to exceed limits.

***Ordinance 1018 – Electric Service Fees and Charges Schedule Revisions/Line Extension Policy Resolution***

Boatright explained, Utility Financial Solutions (UFS) recommends implementing changes to our Electric Line Extension Policy for the purpose of establishing a maximum level of utility investment in the event that upgrades, construction, or extension of facilities are required to provide service to new load connecting to our system. This new policy provides a consistent and fair method of calculating the maximum expense that the utility would incur for system upgrades and modifications necessary to serve new load, and the amount of investment required from the proposed customer (“In-Aid-To-Construction” contribution) in the event the cost to extend facilities exceeds the utility’s maximum investment. As part of this effort, staff also desires to revise the per foot amounts in the Electric Service Fees and Charges schedule to reflect current labor and materials costs. The Electric Fees and Charges are codified in the City of Zeeland code; thus, enacting the fees and charges revisions requires approval of an Ordinance. The Line Extension Policy is enacted by approval of a Resolution. Staff requests City Council approval of both the Electric Service Fees and Charges Ordinance (Ord. 1018) and the Line Extension Policy Resolution.

***Ordinance 1019 – New Electric Rates***

Boatright reported a key priority listed in the 2022-2027 Zeeland BPW Strategic Plan is to “be responsive to community needs and expectations and be a catalyst to service improvements and offerings.” An action item under this Key Priority is “To implement alternative retail rate structures that facilitate environmental sustainability, management of electric and water services and costs, and economic development.” Staff has asked UFS to design new, non-traditional, electric rates which endeavor to, at least partially, fulfil this action item. The following rate structures are recommended for approval:

- **Commercial EV Charging Station Rate (Rate EVC):** This rate would be available to customers desiring to install a network of separately metered EV Charging Stations. That is to say, the customer desiring to install parking area EV Charging stations would not be required to serve the EV Chargers via their own electric service entrance equipment. Instead, the utility would provide a separately metered dedicated service for connection of the customer’s network of EV Chargers. The Commercial EV Charging Station Rate is designed based on a cost-of-service model indicative of EV Charging usage patterns.
- **Economic Development Rate (Rate ED):** This rate schedule is applicable to new or expanding commercial or industrial customers with a new load of 250 kW or greater and with an annual load factor of 50% or higher. Service under this schedule is limited to a total aggregated load of 15 MW. This rate provides a five-year discount schedule as indicated in the following table on charges for the added energy and demand (excluding the Energy Cost Adjustment):

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Description	General	
	Secondary (C)	C&I Primary (D)
Year 1	17.8%	13.1%



Year 2	14.2%	10.4%
Year 3	10.6%	7.7%
Year 4	7.0%	5.0%
Year 5	3.4%	2.3%

- Standby Rate (Rate SB) and accompanying Supplemental Power (Rate SP) and Maintenance Power Rates / Unscheduled Outages Rate (Rate MP): These rate structures are available for use by qualifying small power production facilities and qualifying cogeneration facilities certified as Qualifying Facilities under the Public Utility Regulatory Policies Act of 1978 (PURPA). In other words, these rates would apply in the event that a customer wishes to install and operate their own on-site generation. The Standby Rate (Rate SB) establishes the Demand Charge for a customer who generates their own power. The Supplemental Power (Rate SP) rate provides for the effective rates in event that the generating customer's generation does not, on a regular basis, provide all power requirements of the customer's facility. The Maintenance Power/Unscheduled Outages Rate (Rate MP) provides the applicable rate in the event the generating customer's generation experiences outages or derates for maintenance or other services. The Zeeland BPW does not currently serve any customers who have customer-owned generation.
- Large Industrial Time Of Use Rate (Rate LI-TOU): This rate is available to any customer desiring primary voltage time of use service for commercial or industrial use where the billing demand is 5,000 kW or more. The rate provides for on- and off-peak pricing for both Non-Summer and Summer months and is designed to be effectively cost neutral for the large industrial customers who would be eligible for this rate. The idea being to provide a smooth transition from traditional rates structures, thereby allowing time for the customer to adapt their operations to optimize usage to achieve off-peak savings.

The listed non-traditional rate structures must be enacted by Ordinance. Staff requests City Council approval of Ordinance 1019.

### ***City Council Action Step List***

Klunder explained at the last City Council meeting, our management team reviewed the list of action items developed (and accompanying votes for each item) by City Council and the management team at your January 25, 2023 goal setting session. Klunder included in the packet what the management team captured as the “final” list of action items that will be incorporated into the 2023 Strategic Action Plan as (1) action steps under each commitment or (2) operational goals incorporated into the plan.

If City Council is satisfied with this framework, the management team will begin the process of drafting outcome indicators and value statements for each action item. The team will also develop additional operational goals for each department and outcome indicators for each of the respective operational goals. Our goal would be to have a preliminary draft of the plan at your March 6 meeting, final draft of the plan at your March 20 meeting, and then the complete plan with the associated points assigned to each step/goal ready for final adoption consideration at your April 3 meeting.

### ***Library Board Appointment***

There is currently one (1) vacant seat on the Library Board with the resignation of Elizabeth Harsevoort. An Application for Consideration for Appointment was filed by Barb Dannenberg. Library/Community Center Director, Amanda Hanson, has reviewed the application and is recommending Barb's appointment on the Library Board.

The Work Study adjourned at 6:56 p.m.

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Pamela Holmes, City Clerk