



**BOARD OF WATER & LIGHT BOARD OF COMMISSIONERS  
REGULAR BOARD MEETING  
May 21, 2024 - 5:30 p.m.  
1201 S. Washington Ave., Lansing, Michigan  
REO Town Depot**

**AGENDA**

BWL full meeting packets and public notices/agendas are located on the official web site at <https://www.lbwl.com/about-bwl/governance>.

**1. Roll Call**

**2. Pledge of Allegiance**

**3. Approval of Minutes**

- a. Regular Board Meeting Minutes of March 26, 2024

**4. Public Comment on Agenda Items**

*Members of the public are welcome to speak to the Board on any agenda subject. Anyone wishing to comment on any matter **not** on the agenda may do so immediately prior to adjournment.*

**5. Communications**

- a. Electronic mail from Sheila Contreras re: MLK Water Main
- b. Electronic mail from Jessica Pasche re: Power Outage
- c. Electronic mail from Jon Kermiet re: RICE Plant

**6. Committee Reports**

- a. Committee of the Whole Meeting (May 14, 2024)-David Price, Chairperson
- b. Finance Committee Meeting (May 14, 2024)-Sandra Zerkle, Chairperson

**7. Manager's Recommendations**

**8. Unfinished Business**

**9. New Business**

**10. Resolutions/Action Items**

- a. 2021-2025 Strategic Plan: Strategic Foundation Statements (Mission, Vision & Values)  
Update Resolution
- b. Resolution Honoring Brian Pillar

- c. FY2025-2030 Budget and Forecast Resolution
- d. Drinking Water State Revolving Fund (DWSRF) Project Plan Approval Resolution

**11. Manager's Remarks**

- a. LCC Distinguished Alumni Recognition

**12. Commissioners' Remarks**

**13. Motion of Excused Absence**

**14. Public Comment**

*Members of the public are welcome to speak to the Board on any Board of Water and Light subject.*

**15. Adjournment**

Agenda posted on web site and building 05-17-24

2024 Board Meetings Notice/Schedule Posted in the Lansing State Journal January 3, 2024



**MINUTES OF THE BOARD OF COMMISSIONERS MEETING  
LANSING BOARD OF WATER AND LIGHT**

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**March 26, 2024**

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The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, March 26, 2024.

Chairperson Semone James moved the Unfinished Business agenda item Second Amendment to November 14, 2023 Regular Board Meeting Minutes to the Approval of Minutes section.

Chairperson Semone James called the meeting to order at 5:30 p.m.

Corporate Secretary, LaVella Todd, called the roll.

Present: Commissioners Beth Graham, Semone James, DeShon Leek (arrived @5:32 p.m.), Tony Mullen, David Price, Dale Schrader, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Robert Worthy (Delta Township)

Absent: Commissioner Brian Pillar (Meridian Township) and J. R. Beauboeuf (East Lansing)

Corporate Secretary Todd declared a quorum.

Commissioner David Price led the Pledge of Allegiance.

**APPROVAL OF MINUTES**

**Motion** by Commissioner Semone James, **Seconded** by Commissioner David Price, to make a second amendment to the starting time of the November 14, 2023 Regular Board Meeting minutes from 5:30 p.m. to 5:50 p.m.

**Motion** by Commissioner David Price, **Seconded** by Commissioner Sandra Zerkle, to approve the Special Board Meeting Minutes of January 23, 2024.

**Action:** Motion Carried.

**PUBLIC COMMENTS ON AGENDA ITEMS**

There were no public comments.

## COMMUNICATIONS

Electronic mail received from Jack regarding shutoff fee - *Referred to Management. Received and Placed on File.*

Communication from Dusty Horwitt regarding thank you card - *Received and Placed on File.*

Electronic mail received from Jesse Lasorda regarding BWL issue in the Second Ward - *Referred to Management. Received and Placed on File.*

Electronic mail received from Heather Douglas regarding BWL's clean energy goal for 2020 - *Referred to Management. Received and Placed on File.*

Electronic mail received from Djoachim Lockhart regarding Customer utility bill - *Referred to Management. Received and Placed on File.*

## COMMITTEE REPORTS

Vice- Chairperson David Price presented the Special Committee of the Whole Report:

### SPECIAL COMMITTEE OF THE WHOLE Meeting Minutes February 20, 2024

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, February 20, 2024.

Committee of the Whole Chairperson David Price called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Beth Graham, Semone James, DeShon Leek, Tony Mullen, David Price, Tracy Thomas, and Sandra Zerkle; and Non-Voting Members Brian Pillar (Meridian Township), and Robert Worthy (Delta Township)

Absent: Commissioners Dale Schrader and J. R. Beauboeuf (East Lansing)

The Corporate Secretary declared a quorum.

### **Public Comments**

There were no public comments.

### **Meeting Purpose: Conduct Board of Commissioners Interview Regarding the FY2026-FY2030 Strategic Plan**

General Manager Dick Peffley introduced General Counsel Mark Matus who provided information on the All Source RFP which set the road map for the strategic plan. Mr. Matus reported that the RFP was for a variety of technologies, including a 112 MW reciprocating internal

combustion engine (RICE) that can burn natural gas, or hydrogen in the future, at the Delta Energy Plant, 6 MW of solar on the north Lansing landfill site, a 115 MW solar electric generation facility outside of the BWL territory, and an on-demand response residential thermostat program to lessen loads. Four more solar projects totaling 40 MW are being considered, a battery storage facility that will provide 43 MW is part of the project at Delta Energy Park, and also a 150 MW wind project outside of the BWL territory is being considered. GM Peffley added that \$.014 per kw will be saved on transmission charges by building the service territory.

Commissioner Zerkle asked how the battery storage would operate. GM Peffley responded that battery storage would be charged when there was surplus renewables or during idling times, and at peak load times the batteries would be discharged. The battery time on a charge is 4 hours but there is degradation when the battery is charged and discharged, and the life of the battery is unknown at this time.

Commissioner Thomas asked about the locations of the wind farm. GM Peffley confirmed that there was a wind farm in Ithaca.

Leah Bucio, Planning Business Analyst, presented the FY 2026 Strategic Plan which included a roadmap that outlined the organization's goals, objectives and strategies to achieve long-term success; analyzing the current landscape and anticipation of future challenges, threats and opportunities; and guidance for decision-making and ensuring that the organization is moving in the direction toward achieving its desired outcomes. BWL is working with strategic consultant Aether Advisors, LLC. The new strategic plan is currently in the Strategic Plan Development phase, plan approval is scheduled for fall of 2024, and the plan will take effect July 1, 2025. Individual participation for BWL employees will be conducted in a electronic survey with a March 1 closing date. Individual participation for public stakeholders will be conducted with a form through a link on the BWL Strategic Plan website that will be available Monday, February 26, 2024 through Friday, March 8, 2024.

Commissioner Zerkle asked if the questions for the public were the same as for the Commissioners and Ms. Bucio affirmed that they would be similar.

Commissioner James asked who were the community partners that were interviewed. Ms. Bucio responded that the Lansing Mayor, Deputy Mayor, the Director of Public Works, LEDC and LEAP were interviewed.

Commissioner Mullen suggested that Lansing City Council Members Ryan Kost and Brian Jackson be interviewed for their input as they often ask questions about renewable resources. GM Peffley responded input could be requested of all City Council members. Commissioner Mullen also asked what kind of advertising would be provided for the public to be made aware of the Strategic Plan questions on the BWL website. Ms. Bucio responded that notice of the questions will be on the BWL website and on LinkedIn. Commissioner Mullen asked if other advertising methods could be used. GM Peffley responded that the Communications Department would advertise the Strategic Plan with additional methods.

Commissioner Pillar asked if the area townships would be provided information about Strategic Plan questions.

Commissioner James asked if input would be requested from state of Michigan agencies (i.e., EGLE, MEDC, LARA) and GM Peffley responded that BWL is focusing on its customers and input hasn't been solicited as of yet, but if information is requested it will be provided. Commissioner James asked if BWL collaborated with other utility providers in the area and GM responded that BWL staff networks with their peers and they share ideas. Carbon Neutrality Manager, Anna Munie, responded that the process for other utility providing businesses is different from the BWL as they are regulated by the Michigan Public Service Commission and are required to submit filings.

Ms. Bucio, Strategy Supervisor Tony Heriford, and Director of Strategic Planning and Development Kellee Christensen asked the Commissioners the interview questions. The following responses were given to the strategic plan interview questions:

**1. What do you see as BWL's recent achievements in the last three years?**

Commissioner Mullen responded that the two greatest achievements were the Delta Energy Park, and that the BWL system was so resilient during the August storm.

Commissioner Graham responded the greatest achievement was the fast recovery for the train track incident.

Chairperson Price responded that BWL's part in attracting the Ultium Battery Plant to the local community and being seen as an economic engine in the community were the greatest achievements.

Commissioner James responded that the decommissioning of Erickson was considered a great achievement as well as the solar array installations and the Resource Fairs which help our community.

Commissioner Thomas responded that in addition to the other achievements mentioned, the payment kiosks, the Energy Assistance Guide, the co-op and internship programs, and the tree-trimming program are BWL's recent achievements.

Commissioner Zerkle responded that the GM's Roundtable program which is very helpful in keeping customers informed is a recent achievement.

Commissioner Leek responded that response time to the major events of weather and the train, and community engagement in which BWL goes above and beyond to help are recent achievements.

Commissioner Pillar responded that the tremendous focus on employee safety which also trickles down to public safety is a recent achievement.

Chairperson Price responded that Diversity, Equity and Inclusion has been a superb effort.

Commissioner Thomas responded that the mutual aid responses were a recent achievement.

Commissioner Worthy – comments were inaudible

Commissioner Schrader write-in comment:

- 1 Response for a major power loss event was excellent.
- 2 Bring in the GM/Ultium battery plant to the BWL grid area
- 3 Completion of the natural gas power plant at Erickson
- 4 Continuing to build toward the goal of renewable energy

## **2.How is BWL viewed in the Greater Lansing community?**

Commissioner Mullen responded that BWL is only recognized when something bad happens and would like BWL to be kept out of the newspaper.

Commissioner Zerkle responded that BWL is recognized with a large sign at the ballpark as a cosponsor, recognized at Silver Bells, and most customers are satisfied with BWL service and how they are treated.

Commissioner Graham responded that in Facebook communications there is disapproval regarding shut offs and suggested more information be provided on payment assistance.

Chairperson Price responded that negativity does appear in Facebook communications but the surveys conducted express incredible approval from a majority of the customers.

Commissioner Zerkle responded that in polling, customers that believe errors have been are the ones that are expressing that in their communications.

Commissioner James responded that when there is an unhappy segment of ratepayers due to reconnection fees and the shut offs of seniors, a system that identifies customers that are approaching delinquency in payments would be helpful, along with the resource fair and proactively working with folks. GM Peffley responded that rates are based on income rather than age and uncollectable debt standards have been set, but in the spring the assistance received from opting into PA95 will be shown to be beneficial. GM Peffley added that 3 to 5 notifications are sent with options that are available before there is a shutoff.

Commissioner Pillar responded that people that don't understand the opportunities in the available programs are the ones from whom the most feedback is received and more opportunities to get the communication out is the best program.

Commissioner Worthy responded that PA95 is a beneficial opportunity and negative feedback on the security deposits seems to be the content of most comments even though the security deposits are returned after a year of on time payments. He added the recent rate changes are

affecting the people that are making the negative comments and additional communication would be helpful. GM Peffley responded that information is being provided and that has reduced the negative comments.

Commissioner Thomas responded that most customers are happy and want to be a part of the Board.

Commissioner Schrader write-in comment: With all the good going on I don't think it BWL viewed all that well. There is a common viewpoint that BWL is not transparent enough.

### **3a. What are BWL's gaps or challenges?**

Commissioner James asked how AI was going to be utilized? GM Peffley responded there hasn't been any discussion yet. Commissioner Graham responded that the SmartMeters are a form of AI. GM responded that the SmartMeters determine the best energy use for the customers.

Commissioner James commented that solar and wind are a huge challenge for renewable energy. GM Peffley responded that intermittence in power supply due to weather changes and trying to keep the grid balanced without brownouts is a challenge, although batteries will provide part of the backup power, RICE engines another part and combined cycles another part. Commissioner James commented on the use of hydrogen as a source of energy being clean but expensive. GM Peffley responded that China has made advances in hydrogen in the auto industry and BWL has a small hydrogen fuel cell and future energy technology may be different than it is now.

Chairperson Price responded that the issue is how to reduce the carbon footprint as quickly as possible as climate change is becoming more extreme.

Commissioner Zerkle responded that battery storage has been discussed to backup solar and wind and it would take a battery the size of 3 or 4 blocks to service Lansing. GM Peffley responded that solar technology is advancing with panels that were originally 130 MW and are now 700 MW. He added that reliability, affordability, and clean energy is for what BWL is striving.

Commissioner Worthy responded battery storage and additional emerging technology and research is being conducted with energy capacity increasing and costs being reduced. Technology must be selected that will not become obsolete.

Commissioner Schrader write-in comment: Dealing with the above-mentioned viewpoint. Bringing in new business to the Greater Lansing area while pursuing the challenge of renewable energy goals.

### **3b. What emerging opportunities do you see for BWL?**

Commissioner Leek responded an emerging opportunity would be obtaining more commercial customers.



Commissioner Worthy responded that space based solar technology is a future opportunity.

Chairperson Price responded that making electric vehicles and charging available, reliable and affordable for customers is an emerging opportunity. He added distributive energy generation education to help people create their own energy.

Commissioner Leek inquired whether BWL could be part of the technology where Detroit created an electric road that could charge cars while being driven on it. GM Peffley responded that it was from a Department of Energy state grant with the city of Detroit, was very expensive and is being used for their bus line. He added BWL would participate but it would need to be led by a larger entity.

Commissioner James inquired about renewable with electrolysis. GM Peffley responded that it is hydrogen from electricity and water. Commissioner James asked if a natural gas with hydrogen technology was being considered. GM Peffley responded that the new generators can burn hydrogen instead of natural gas to be cleaner. Commissioner James asked if any businesses have asked BWL to produce hydrogen. Ms. Christiansen responded that production of hydrogen hasn't been requested but discussions have been held regarding alternative fuels and hydrogen technology. Commissioner James commented that there are hydrogen cars that are unable to obtain fuel in California as Shell has closed the majority of their retail hydrogen fillings stations due to the expense of hydrogen. GM Peffley responded that hybrid vehicles have zero emissions but a person wants to be able to return if they go out of town and currently the costs of electric battery replacement is more than the cost of the car.

Commissioner Worthy inquired whether there are steam and hot water alternatives to geothermal heating and cooling. GM Peffley responded that geothermal needs to be backed up with electric due to Lansing's geographic location and is more expensive to replace.

Commissioner Dale Schrader write-in comment: Using the BWL to bring in large company investment to the area by offering guaranteed rates and uninterrupted power.

#### **4. In BWL's current Strategic Plan, the core Strategic Priorities are:**

*Priority 1: Customer and Community*

*Goal: Enhance the customer utility experience and enrich the community we serve*

Commissioner Worthy – increase customer interest

*Priority 2: Workforce Engagement and Diversity Goal: Maintain a workforce that embraces safety, is agile, diverse, engaged and prepared to support BWL's success*

*Priority 3: Climate and Environment Goal: Maintain a leadership role in providing energy solutions that support a sustainable planet*

*Priority 4: Operational Resiliency and Continuous Improvement Goal: Apply principles of operational resilience and continuous improvement to all organizational assets, such as equipment, people, and knowledge*

*Priority 5: Financial Stability Goal: Maintain a financially viable organization*

Discussion about rewording of priorities

**4a. For the next Strategic Plan, do you think these are still appropriate areas of focus?**

Commissioner Worthy suggested keeping what is said in the priorities but changing how it is said. He also suggested adding water solutions to Climate and Environment.

Commissioner Zerkle responded to use Commissioner Worthy's wording provided for the priorities.

Chairperson Price responded to wait to edit any wording of the priorities until all feedback and input was received on the strategic plan.

Commissioner James responded to have the BWL staff select the wording of the priorities.

Commissioner Mullen responded that the content of the priorities is more important than how it is said. Commissioner Zerkle responded that the different wording sounded better. Ms. Christensen responded that the wording was received and did make the priorities more dynamic.

Commissioners responded that the priorities selected were appropriate.

Commissioner Dale Schrader write-in comment: Yes. These are worthy goals and in the right prioritization order. BWL is owned by the City of Lansing so it is important to be responsive to the City and the customers.

**4b. As you review Strategic Priorities, are there any new areas of focus you think should be included?**

Commissioners responded that the priorities selected were appropriate.

Commissioner Dale Schrader write-in comment: Transparency. More promotion of BWL. I'm not talking about advertising. Explain that the BWL customer charges are less than customers would pay than with investor-owned utilities like DTE, and that BWL response is better than investor-owned utilities. Explain things in the bill such as the City of Lansing charges the sewer bill and BWL does not get this money. Most customers do not understand this and do not understand many parts of the bill.

**5. Are there any services BWL should expand to better meet customers' expectations?**

Commissioner Mullen responded that he supported distributive generation and questioned whether it could be financed to make it easier for customers to put solar on their roofs, such as adding an amount monthly to bills. GM Peffley asked whether financing another solar garden would be of interest to the Board. Chairperson Price commented that adding on-bill financing for solar energy improvements had been discussed a couple years ago. Ms. Christensen responded that the system is set up to do on-bill financing but there are some legal issues with doing on-bill financing. She added that currently there are rebates for distributive generation and are actively looking at what else can be done.

Commissioner Zerkle inquired whether the solar financing could be similar to how rate structure was changed for certain hours of the day.

Commissioner Thomas inquired whether solar panels could be shared between two adjacent houses. Ms. Christensen responded that code compliance doesn't allow a single solar service for two different houses.

Commissioner Graham inquired whether an event to educate customers on the benefits of different types of energy available could be conducted. GM Peffley responded that different technologies are covered by BWL departments going into the community.

Commissioner Pillar responded inquired whether data internet services would be an opportunity for BWL to provide to customers. Mr. Matus responded that it will be taken under consideration. Ms. Christensen responded that the area is saturated with cable services but the topic is reviewed every few years.

Commissioner Leek responded that he would like BWL to invest in smart thermostats or smart panels to control lights. Ms. Christensen responded there are rebates for smart thermostats and BWL is continually watch the market for rebates for customers to control their energy consumption.

Commissioner Mullen – comment was inaudible. Ms. Christensen responded that they are keeping it on their list to move forward on.

Commissioner James inquired whether the home energy rebate program in the inflation reduction act guidebook was being capitalized on. Ms. Christensen responded that available grant searches were being made. Mr. Matus responded that BWL just received an Energy Star Award from the Department of Energy for its marketing efforts.

Commissioner Worthy commented that induction cooking is more energy efficient than an electric range and BWL should be commended.

Commissioner James inquired what BWL was doing to take advantage of the Infrastructure Investment and Jobs Act. Inaudible response.

Commissioner Dale Schrader write-in comment: Explaining the customer bills. Transparency. This will be discussed in a future COW meeting, I am told.

**6. Who do you think BWL's major external stakeholders are? What might they look for BWL to consider in its strategic plan?**

Chairperson Price responded with city government.

Commissioner James responded with the ratepayers and large businesses that have energy as a component of their business processes.

Inaudible discussion.

Commissioner Worthy responded that external stakeholders would be suppliers, vendors, creditors, local communities and, with carbon neutrality expected by 2050, every person on the planet.

Commissioner Dale Schrader write-in comment: City of Lansing. Customers.

**7. Are there any other thoughts you'd like to share or questions you'd like to pose?**

Commissioner Graham inquired whether there is advertising for cleaner utilities, a cleaner environment, a cleaner city, cleaner energy, cleaner waters and recycling. GM Peffley responded that it has become a top priority for the Mayor and has requested to improve the aesthetics of the city and to clean up signs and postings.

Commissioner Mullen inquired about hydroelectric power and the dam. (Inaudible on recording) Mark Matus responded that it is expensive and a 50 to 60 year return on investment and it won't run that long.

Chairperson Price thanked Commissioner James for the suggestion of a collective board-style interview meeting to collect input from the Commissioners, and also thanked the strategic planning team for putting the process together. GM Peffley commented that the process was very valuable.

Commissioner James thanked GM Peffley for the update on the All Source RFP and requested a brief email summary on the information.

**Other**

**Motion** by Commissioner Tony Mullen, **Seconded** by Commissioner Beth Graham for an excused absence for Commissioners Dale Schrader and J. R. Beauboeuf.

**Action:** Motion Carried.

**Adjourn**

Chairperson Price adjourned the meeting at 7:17 p.m.

Respectfully submitted,  
David Price, Chairperson  
Committee of the Whole

Vice-Chairperson David Price presented the Committee of the Whole Report:

**COMMITTEE OF THE WHOLE**  
**Meeting Minutes**  
**March 19, 2024**

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, March 19, 2024.

Committee of the Whole Chairperson David Price called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Semone James, DeShon Leek, Tony Mullen, David Price, Dale Schrader (arrived @6:04 p.m.), and Sandra Zerkle; and Non-Voting Members J. R. Beauboeuf (East Lansing), Brian Pillar (Meridian Township), and Robert Worthy (Delta Township)

Absent: Commissioners Beth Graham and Tracy Thomas

The Corporate Secretary declared a quorum.

**Public Comments**

There were no public comments.

**Approval of Minutes**

**Motion** by Commissioner Semone James, **Seconded** by Commissioner DeShon Leek, to approve the Committee of the Whole Meeting minutes of January 16, 2024.

**Action:** Motion carried. The minutes were approved.

**Motion** by Commissioner Semone James, **Seconded** by Commissioner DeShon Leek, to approve the Special Committee of the Whole Meeting minutes of February 20, 2024.

**Action:** Motion carried. The minutes were approved.

**Strategic Plan Update and Timeline**

Kellee Christensen, Director of Strategic Planning and Development introduced Leah Bucio, Planning Business Analyst who presented the July 1, 2021-June 30, 2025 Strategic Plan update with an overview; priorities, goals, and strategies; strategic accomplishments report for FY 2021 to Fall 2023; awards; and FY2026 strategic plan development.

Commissioner Mullen inquired how it was determined which strategies are involved with each project; and what happens when there are two strategies in conflict. Tony Heriford, Strategy Supervisor, responded the projects are coded according to strategy by a manager or business

owner. GM Peffley responded that the Asset Management Department assesses and evaluates all assets, and then meets with the departments to review projects and budgets to attain reliable and affordable utility services.

Commissioner Zerkle inquired about reasonable and reliable energy for financial stability and whether every project has to meet 95% of the conditions of the strategic plan. GM Peffley responded that the strategic plan drives the capital budget and the projects meet multiple strategies. Ms. Christensen added that the update being presented indicates the tracking of the budgeting and strategic plan.

Chairperson Price inquired about the survey results from the participation of the public. Ms. Bucio responded that 145 people participated in the survey.

### **Board Self-Evaluation Survey Results**

Commissioner Semone James opened the floor for the discussion of the results of the governing Board self-evaluation survey. Human Resources Executive Director Michael Flowers presented the data collected from the survey and provided it to the Commissioners. A discussion followed on the survey questions of succession planning for the CEO, the orientation of new Commissioners, and whether the Board spends appropriate amount of time on policy issues and operational issues.

Chairperson Price spoke on the succession planning of CEO and stated that it needs to be addressed in the near future.

Commissioner James spoke on the orientation of new Commissioners, recommended the APPA 15 module course on governance be included in the onboarding of a new Commissioner, and also recommended that attending Commissioners report on information presented at the APPA National Conference.

Commissioner Zerkle spoke on the orientation of new Commissioners and the amount of information with which to become familiar. Chairperson Price added that the Board governance also has to be in compliance with the city.

Mr. Flowers recommended further dialogue on the survey results among the Commissioners.

GM Peffley commented that BWL can provide the information in house or the resources for the information that is presented at the APPA conferences if Commissioners are unable to attend.

Chairperson Price commented that APPA presented a governance training at BWL and suggested considering another presentation.

Commissioner James asked the new Commissioners if they thought there was anything the Board could do better upon participation in the survey.

Commissioner Pillar asked if a previous version of the survey had been conducted. Chairperson Price responded it was the first APPA version of the survey conducted.

Commissioner Schrader inquired about the balance of governance for the city and governance of the BWL.

Commissioner James commented that an oath is taken as an officer of the city and governing for the BWL and for the constituents.

Chairperson Price commented that the governance for the city and of the BWL aren't separate from each other.

Commissioner Zerkle commented that the city gave the Commissioners the responsibility to follow the city rules and are advised by both BWL's legal counsel and the city attorney.

Chairperson Price commented that the tree trimming policy is an example of balancing governance and service with the city.

Mr. Flowers commented that the Board spends an appropriate amount of time on policy issues versus operational issues which a Board should do. Chairperson Price responded that the Board's role is to delve into policy and the three appointed employees are to work on operational issues.

Commissioner James thanked all Commissioners for participating in the survey.

### **Review of Board of Commissioners' Roles & Responsibilities Handbook**

Commissioner Semone James led the discussion on the Board of Commissioners' Roles & Responsibilities Handbook. Commissioner James thanked Commissioner Pillar, and BWL staff, General Counsel Mark Matus, Associate Attorney II Marie Mireles, Corporate Secretary LaVella Todd, and Administrative Assistant Maria Koutsoukos, for the input in preparing the handbook.

Commissioner James commented that the handbook will be a tool for the Commissioners to use and to become knowledgeable of the Commissioners' roles and responsibilities.

Chairperson Price suggested colorful Powerpoint slides with bullet points and a narrative be made of the handbook and provided to the Commissioners. Commissioner Beauboeuf stated that he appreciated the redlined document that indicated the train of thought for progressive changes made in the handbook.

### **Other**

GM Peffley gave three announcements. The 18 inch steam line failure that caused a disruption of service is back on-line. BWL staff addressed 400 feet of line, up to 25 feet down, in a quick amount of time. City Attorney Jim Smiertka is retiring and City Attorney Greg Venker will be the Interim City Attorney. GM Peffley will be out of the office for the March Board Meeting and CFO Shawa will preside in his stead.

Commissioner Leek thanked GM Peffley for participating and being a keynote speaker at the Michigan Building Trades 62<sup>nd</sup> Annual Legislative Conference.

**Motion** by Commissioner Sandra Zerkle, **Seconded** by Commissioner Semone James for excused absences for Commissioners Beth Graham and Tracy Thomas.

**Action:** Motion Carried.

### **Adjourn**

Chairperson Price adjourned the meeting at 6:22 p.m.

Respectfully Submitted  
David Price, Chairperson  
Committee of the Whole

Finance Committee Chairperson Sandra Zerkle presented the Finance Committee Report:

### **FINANCE COMMITTEE Meeting Minutes March 19, 2024**

Finance Committee: Sandra Zerkle, Committee Chairperson; Beth Graham; David Price; and Dale Schrader; Alternates: Semone James, Tracy Thomas; Non-Voting: Commissioners J. R. Beauboeuf, Brian Pillar, Robert Worthy.

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, March 19, 2024.

Finance Committee Chairperson Sandra Zerkle called the meeting to order at 6:40 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners David Price, Dale Schrader, and Sandra Zerkle; Alternate: Semone James

Absent: Commissioner Beth Graham

The Corporate Secretary declared a quorum.

### **Public Comments**

There were no public comments.

### **Approval of Minutes**

**Motion** by Commissioner David Price, **Seconded** by Commissioner Dale Schrader, to approve the Finance Committee Meeting minutes of January 16, 2024.

**Action:** Motion Carried.

### **Financial Summary YTD**

CFO Heather Shawa presented the Financial Summary YTD. Days Cash on Hand is below target due to about \$7.7 million of unanticipated costs from the August storm and prepayment of some contracts in the clean energy program. As the BWL reimburses itself for the clean energy



program costs, this will trend back up. CFO Shawa reported that the FY2024 budgeted net income was \$17.5 million but three items impacted the amount and an adjusted new projected net income was presented. The three variances were the August storm costs of \$7.7 million, bond issuance costs of \$2 million, and continued higher material costs as indicated in the O&M Budget YTD 11% difference.

Chairperson Zerkle asked if the day-to-day operations were being affected by the Days Cash on Hand. CFO Shawa responded that no operational spending has been cut as sufficient funding is available to continue planned operations. GM Peffley responded that FEMA denied the storm reimbursement claim.

Commissioner James inquired whether the storm area was considered a federal disaster area and the reason why there would be student loan forbearance and not storm reimbursement. CFO Shawa responded that mostly individual claims received support, but not public assistance entities. CFO Shawa added that a further meeting is being held with the city of Lansing and a maximum of \$1 million can be requested for reimbursement through local and state funds.

GM Peffley commented that the budget has not exceeded targets in 8 or 9 years and doesn't see the projected net income dropping any lower. The wholesale side of the O&M budget is being closely managed and if the warmer weather trend continues, some costs will be returned through sales.

Chairperson Zerkle inquired whether the Capital Budget amounts were due to some major projects that are just beginning to get started that were behind production. CFO Shawa responded affirmed.

CFO Shawa reported that the Debt to Total Assets is red due to Delta Energy Park, new debt issuance and clean energy program. Days Sales Outstanding is red due to increased accounts receivable.

Chairperson Zerkle inquired whether the bad debt decrease is attributed to PA 95. CFO Shawa affirmed. GM Peffley added that the report states that customers have collected more than \$1 million and there are less customers in the shut off cue. GM Peffley added that there is proposed bill to increase the PA95 amount from \$0.88 to \$2.50 and believes that is too much.

### **Capital Project Report**

CFO Heather Shawa presented the Capital Project Report.

GM Peffley commented that exceedance requests are made for projects that are \$200,000 and/or 15% over the budgeted amount. GM Peffley added that prior to the current exceedance request procedure, capital project amounts were budgeted above projected costs and tied up resources.

### **Capital Project Exceedance Request – Dye Filter Controls Resolution**

CFO Shawa requested approval of the Capital Project Request for the Dye Filter Controls project. The exceedance is for replacement of the outdated system at Dye Water Plant. The project includes replacing the control system hardware and software; integration of the filter operations to one system and integrate it with the rest of the plant's control system; elimination of a single point of failure; reduce repair and filter down time; increase safety; and reduce manual labor. The request is for a \$899,921 worst case scenario with an expected completion date of Fall 2024.

Chairperson Zerkle inquired whether the project was first approved in 2013. CFO Shawa responded that the project was approved in 2021 and the project exceedance policy was approved in 2013. GM Peffley added that design issues contributed to the exceedance in the project.

Commissioner Schrader requested the original budget amount of the project. CFO Shawa responded that the original approved amount was \$2,165,755 and with the additions the amount is \$3,065,675.

**Motion** by Commissioner David Price, **Seconded** by Commissioner Dale Schrader to forward the Resolution for the Capital Exceedance Request Dye Filter Controls to the full Board for consideration.

**Action:** Motion Carried.

Chairperson Zerkle inquired about the brown water complaint. GM Peffley responded that the Lansing Fire Department (LFD) was on the site putting out a fire in the customer's neighborhood. When LFD fills a fire truck, it stirs up the main. We contacted the customer and let him know to run the faucet for 20 minutes and the water cleared up. Water Operations Director Sanjeev Mungarwadi answered Commissioner Price's question on whether the color was from rust and added that the rust is in the older cast iron water mains and there is not at much in the new ductile iron water mains. Commissioner James commented that the incident was on the news and that the customer didn't appear happy.

### **Retirement Plan Committee (RPC) Updates**

CFO Shawa presented the RPC Investment Activity and Administrative Activity updates. Transition from Lazard Int'l Equity Fund to Marathon EAFE Equity Fund for the DB and VEBA plans is expected to occur in the 3<sup>rd</sup> quarter; VEBA portfolio rebalancing of real assets is in process; total assets increased for the quarter in the DC plans; compliance assessment in the DB and VEBA plans is proceeding; a reimbursement of \$4,586,358.03 for benefits paid has been approved for the VEBA plan; the IBEW Local 352 Business Manager Ron Byrnes is retiring and a replacement will be made. GM Peffley responded that Water Station Operator Steve Perry will be the Interim Business Manager.

### **May 2024 BWL Budget Presentation Summary**

CFO Shawa presented the FY 25-30 Budget and Forecast Process.

Commissioner Beauboeuf thanked CFO Shawa and Finance & Planning Accounting Director Scott Taylor for the Budget 101 Meeting that he and Commissioner Schrader attended.

#### **Board of Commissioners Fiscal Year Budget Process Summary**

Corporate Secretary LaVella Todd presented the Board of Commissioners Fiscal Year Budget Process Summary.

#### **Board of Commissioners Quarterly Budget and Expense Report Process Summary**

Corporate Secretary LaVella Todd presented the Board of Commissioners Quarterly Budget and Expense Report Process Summary. The process of the orientation process will be revamped to adjust to changes in the information to be provided.

#### **Internal Audit Status Report**

Director of Internal Audit Elisha Franco presented the Internal Audit Status Report and provided the audit progress report; the remaining FY 2024 Audit Plan; Internal Auditor professional development information; and Internal Auditor Department items of: a request for proposal for internal audit software, acquiring a staff member to assist with audits, resolutions review for the Board of Commissioners Roles & Responsibilities Handbook, and a review and update of the Internal Audit Charter; and annual planning and risk assessment for the FY2025 Audit Plan. Ms. Franco will obtain input before it is presented to the Board of Commissioners in July 2024.

Commissioner James inquired whether the resolution review went back to 2007 and if an additional review would be made on resolutions prior to 2007. Ms. Franco responded that a review of resolutions prior to 2007 would be conducted as soon as the resolutions were made available by the Department of the Corporate Secretary.

Ms. Franco affirmed that an update of the internal audit charter is completed every two years in response to Chairperson Zerkle's question.

#### **Other**

Chairperson Zerkle stated that the Purchasing Card Reports for all three appointed employees have been received and reviewed by the two Commissioners as required by resolution and would be forwarded to the full Board for approval.

**Motion** by Commissioner David Price, **Seconded** by Commissioner Dale Schrader for an excused absence for Commissioner Beth Graham.

**Action:** Motion Carried.

#### **Adjourn**

Chairperson Sandra Zerkle adjourned the meeting at 7:29 p.m.

Respectfully submitted,  
Sandra Zerkle, Chairperson  
Finance Committee

## MANAGER'S RECOMMENDATIONS

There were no manager's recommendations.

## UNFINISHED BUSINESS

There was no unfinished business.

## NEW BUSINESS

There was no new business.

## RESOLUTIONS/ACTION ITEMS

### RESOLUTION 2024-03-01

#### Capital Project Exceedance: PW-10080 Dye Filter Controls Upgrade

WHEREAS, Lansing Board of Water & Light's (BWL) Policy F1-13, entitled Capital Project Exceedance Approval, requires BWL Board of Commissioners approval for capital projects that are expected to exceed their previously approved designed budget amount by both 15% and \$200,000 prior to completion of the project; and

WHEREAS, the previously approved budget for Capital Project PW-10080 Dye Filter Controls Upgrade was \$2,165,755; and

WHEREAS, the projected final total cost for Capital Project PW-10080 Dye Filter Controls Upgrade is \$3,065,675, should the project be completed; and

WHEREAS, BWL staff and management reviewed the project cost in detail, which includes but is not limited to the rationale and circumstances for the increased budget projection; and

WHEREAS, BWL staff and management recommends that the Capital Project PW-10080 Dye Filter Controls Upgrade projected spending be approved; and

RESOLVED, the BWL Board of Commissioners approve projected spending for Capital Project PW-10080 Dye Filter Controls Upgrade with a projected final total cost of \$3,065,675.

**Motion** by Commissioner Tony Mullen, **Seconded** by Commissioner Sandra Zerkle, to approve the Resolution for the Capital Project Exceedance: PW-10080 Dye Filter Controls Upgrade at a Board meeting held on March 26, 2024.

**Action:** Motion Carried.

## MANAGER'S REMARKS

Chief Financial Officer Heather gave the Manager's Remarks.

1. BWL received the National Excellence in Marketing award from Energy Star for the sound efforts of the carbon neutrality group and public relations group. Customers were provided information and resources on ways to save money and energy with Energy Star products. It is rare that a business receives the award with their first submitted application.
2. BWL held the Ethnic Taste Fest on March 20, 2024 at which \$1,020 was raised and contributed to Pennies for Power. Ms. Shawa thanked Smiljana Williams, Executive Assistant to GM & DEI Manager, and Vernon Woodley, Diversity, Equity & Inclusion Specialist.

### **COMMISSIONERS' REMARKS**

Commissioner Tracy Thomas recognized and thanked Ron Byrnes, IBEW Local 352 Business Manager Local 352 for his service and congratulated Mr. Byrnes for his retirement which will be in May 2024. Commissioner Thomas also welcomed Steve Perry, Water Station A Operator, who will be the Interim Business Manager.

### **EXCUSED ABSENCE**

**Motion** by Commissioner David Price, **Seconded** by Commissioner Tony Mullen, to excuse Commissioners Brian Pillar and J. R. Beauboeuf from tonight's meeting.

**Action:** Motion Carried.

### **PUBLIC COMMENTS**

There were no public comments.

### **ADJOURNMENT**

Chairperson Semone James adjourned the meeting at 5:45 p.m.

LaVella J. Todd, Corporate Secretary  
Preliminary Minutes filed (electronically) with Lansing City Clerk 03-28 -24  
Approved by the Board of Commissioners: 05-\_\_-24  
Official Minutes filed (electronically) with Lansing City Clerk: 05-\_\_-24

Submitted on Mon, 04/01/2024 - 11:15 AM

**Select a Commissioner:**

All Commissioners

**Name**

Sheila M. Contreras

**Address**

Lansing, Michigan

**Message**

RE: HALT TO THE WATER MAIN WORK IN MLK BLVD MEDIANS

Dear BWL Commissioner,

We have been communicating with the City of Lansing Public Services and staff at the Michigan Department of Transportation to ensure that no work begins on the MLK medians, including the proposed reconfiguration, the CSO and the water main work. The City assures us that there will be no work as Public Services reconsiders their plan. Mark Lawrence of Mayor Andy Schor's office, however, has told me in an email that I should check with BWL because you may be starting water main work on the medians now.

I write now with urgency and fear because the top decision makers at Lansing Board of Water and Light do not seem to realize that THERE ARE NO WATER MAINS IN THE MEDIANS. BWL continues to tell the people that the old water mains are under the medians and must be dug up. Even if that were true, there is no reason to remove every single tree. We see that every tree on the medians is marked for removal.

PLEASE HALT THE WATER MAIN AND CSO WORK IN THE AREA OF THE MLK MEDIANS AS THERE ARE NO WATER MAINS IN THE MEDIANS AND THEREFORE NO REASON TO DIG.

The BWL water main project is premised upon misinformation. There is no reason to destroy the medians or the almost 100 mature trees you plan to cut down unless the City of Lansing. The medians are on land that primarily Black homeowners were forced to sell in service of the conversion of MLK into a boulevard (1971-1995). The medians are also noise, light and climate mitigating berms (natural earth mounds). The medians/berms were installed as mitigation based upon environmental review. I do not think BWL can just destroy noise, light and climate mitigating trees, from an environmental regulatory perspective.

Further, there are uncapped monitoring wells on the medians indicating a lack of due diligence on the part of the agencies meant to protect the people. If BWL digs into that land, it will potentially be contaminating ground water and causing an environmental crisis.

In sum:

- THERE IS NO REASON TO REMOVE TREES FROM THE MEDIANS.
- THERE ARE NO WATER MAINS IN THE MEDIANS.
- THE OLD WATER MAIN IS UNDER THE OLD LOGAN STREET.
- THE NEW WATER MAIN DOES NOT HAVE TO GO IN THE MEDIANS/BERMS. THERE IS NO GOOD REASON.
- THERE ARE UNCAPPED MONITORING WELLS ON THE MEDIANS THAT MUST BE SECURED AND LEFT ALONE FOR THE SAFETY OF THE PEOPLE.
- REMOVING ALMOST 100 TREES FROM A COMMUNITY OF COLOR WITH SOME OF THE LOWEST CANOPY RATINGS IN THE CITY IS AN ACT OF ENVIRONMENTAL RACISM.

The proposed work disregards and diminishes the historical trauma that the medians represent. Homeowners were forced out of homes and off of land to create this boulevard with medians. We will not allow the generational wealth extracted from homeowners to be redistributed to commercial developers.

The water main work on MLK Blvd. must halt immediately and await a redesign of the plans based upon accurate information that preserves the medians and respects the unimaginable generational toll paid by families forced out of their homes.

We call on you to act with honor, integrity and accurate information in your work as a servant of the people. Please stop the water main work. Please take the stakes out of the medians.

I look forward to your response.

Sheila M. Contreras  
Lansing, MI

Submitted on Wed, 04/10/2024 - 4:35 PM

**Select a Commissioner:**

All Commissioners

**Name**

Jessica M Pasche

**Address**

Lansing, Michigan

**Message**

THIS IS AN EMERGENCY I NEED MY POWER BACK ON BWL HAS COST ME GROCERIES AND INSULIN



**From:** jon kermiet

**Sent:** Friday, April 12, 2024 1:21 PM

**To:** Commissioner Bob Worthy

**Subject:**

Hello, my name is Jon Kermiet, a resident in Delta. I understand you're the Townships Representative to the BWL board. We have a group of residents concerned about BWLs plan to build a RICE power plant at the Erickson site and the resultant increase in HAPs (hazardous air pollutants) that will result. As our rep to the board we would like to know how informed and involved the BWL board has been throughout this process? There seems to have been very little effort on BWLs part to inform the public about the plan and potential health risks involved. Thank you for your time and consideration. Jon

## COMMITTEE OF THE WHOLE

### Meeting Minutes

May 14, 2024

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, May 14, 2024.

Committee of the Whole Chairperson David Price called the meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Beth Graham, Semone James, DeShon Leek, Tony Mullen, David Price, Dale Schrader, Tracy Thomas, and Sandra Zerkle; and Non-Voting Members Brian Pillar (Meridian Township) and Robert Worthy (Delta Township)

Absent: J. R. Beauboeuf (East Lansing)

The Corporate Secretary declared a quorum.

#### **Public Comments**

There were no public comments.

#### **Approval of Minutes**

**Motion** by Commissioner Tracy Thomas, **Seconded** by Commissioner Semone James, to approve the Committee of the Whole Meeting minutes of March 19, 2024.

**Action:** Motion carried. The minutes were approved.

#### **Grant Update**

Breina Pugh, Government & Community Relations Manager, presented the grants program update. Ms. Pugh provided information on current grant applications, recently completed applications, awarded projects underway, grants awarded, grants not awarded, and upcoming grant opportunities.

Commissioner Zerkle commended the work that has been completed which resulted in the receipt of a number of grants. General Manager Dick Peffley added that cooperation between the BWL and the city helped with the receipt of grants.

Chairperson Price commented that he was impressed with the number and variety of grants received.

Commissioner James asked the time period of the awarding of the grants. Ms. Pugh responded that the process started in 2023. GM Peffley responded that most of the grants had been received in the last year and a half. Commissioner James also asked if a team of grant writers were employed by BWL. GM Peffley responded that Ms. Pugh received support from several departments. Ms. Pugh responded that a BWL team is put together with subject matter experts who can help with community, finance, and technical items, along with Baker Tilly to help with the technical aspects of the grant writing.

Commissioner James asked what Baker Tilly is paid for assisting. Ms. Pugh responded that it depends on the amount of time provided.

### **Bill Line-Item Presentation**

Executive Director of Customer Experience Stephen Serkaian introduced Deanna Sparks, Customer Operations Manager and James Black, Customer Billing & Accounts Supervisor who gave a line-item presentation of customer billing. Included in the presentation were the customer account and billing period summary, monthly usage and current charge details for electric, water and sewer services, available payment options, and customer resources.

Commissioner Mullen commented that the sewer charges are billed for the city. Mr. Serkaian responded that an RFP has been sent out for a bill presentment provider which, when awarded, will result in the bill being changed to indicate and differentiate the sewer charges from the city. Commissioner Mullen also asked whether different townships were charged for services. Mr. Serkaian responded that a franchise fee was charged. GM Peffley responded that previous administrations didn't want the association.

Commissioner Thomas asked whether the actual on-peak and off-peak hours could be placed on the bill. Mr. Black responded that would be good to include in RFP. Commissioner Thomas thanked the BWL for not charging a fee to pay the utility bill online and also asked if the bill payment by phone could be streamlined.

Commissioner Graham asked whether sales tax was charged on the entire utility bill or just electric usage. Mr. Black responded that he will check and get back with the Commissioners.

Commissioner Zerkle asked whether pointing out to customers the average cost per day would help the customers save money.

Commissioner Graham asked whether two meters are available for customers in Lansing as some townships have. GM Peffley responded that a separate irrigation meter is available but it is mostly in townships where there are larger lawns.

Commissioner Leek asked if there was a discount offered for autopay. Mr. Black responded that conversations have been held but it has not been instated yet.

Commissioner James asked whether a credit card fee is charged and how much cost is absorbed when payments are made by credit cards. Mr. Serkaian responded that credit card payments are capped at \$3,000 without paying a fee. GM Peffley added that there were complaints regarding the fee and the cost of service was evaluated with having good customer relations.

Commissioner Zerkle commented that there is usually a minimal cost for the receipt of a credit card payment and BWL doesn't have a credit charge fee.

Commissioner Mullen asked how many people still receive paper bills and don't pay online. Mr. Black responded that a poll would need to be taken but customers are encouraged to receive electronic billing. Mr. Serkaian responded that the community remains a cash payment community through the kiosks and lobby but BWL prefers ACH withdrawals for payment. GM Peffley and Ms. Sparks responded that customers like the face-to-face interaction.

Commissioner Thomas commented that not having a credit charge compared to companies that do have a charge is beneficial for the BWL.

Commissioner Zerkle commented that no service fee is charged for the sewer and GM Peffley responded that the city pays BWL to add the sewer charges to the utility bills.

Commissioner Worthy asked about the infiltration charge. Mr. Black responded that the infiltration charge is for any leaks that occur as all of the water needs to be cleaned.

Commissioner James asked whether sewer costs more than water. GM Peffley responded that in townships the amounts are more but in Lansing sewer costs two times the amount of water.

Commissioner Pillar asked if business customers had similar bills and if there was notification on the bills when rate changes are made. Mr. Black responded business billing had a similar setup, but rate changes are made known through marketing campaigns. Mr. Serkaian added that BWL responds to media requests, and calls and visits are made to business customers.

Commissioner Thomas commented that the commercial was fabulous and complemented the team.

Chairperson Price asked if the presentation will be made available and Mr. Black responded that it will be placed on the BWL website on May 15, 2024.

### **Strategic Plan Update**

General Counsel Mark Matus announced that proposed enhancements to and the recommendations by the team for the strategic plan, with the input received from the directors, employees, stakeholders, and community surveys, would be presented. Mr. Matus requested adoption by resolution of the amendments to the strategic plan.

Chairperson Price commented on the importance in the concepts of the strategic planning process.

Amy Adamy, Public Relations & Marketing Manager, presented the proposed changes to BWL's Mission, Vision and Values.

Commissioner James asked why changes are being made and whether there would be additional changes made. Ms. Adamy responded that amendments are being made to the vision and values to provide clean, concise language that is easy to remember, connects more employees, and is inclusive for all utilities, and then upon approval today it would be combined with the strategic plan which is to be completed July 2025.

Chairperson Price commented that operational aspects such as carbon neutrality can be added later.

Commissioner Zerkle asked about descriptive phrases that are being replaced. Ms. Adamy responded that utility of the future has been replaced with utility of today, transforming tomorrow.

Commissioner Schrader commented that the proposed changes were clearer.

Commissioner Mullen commented that financial responsibility needs to remain in the proposed changes. GM Peffley commented that affordable utility service is included in the vision.

**Motion** by Commissioner Semone James, **Seconded** by Sandra Zerkle to forward the Resolution for 2021-2025 Strategic Plan: Strategic Foundation Statements (Mission, Vision & Values) Update to the full Board for approval.

**Action:** Motion Carried.

Leah Bucio, Planning Business Analyst, presented the FY2026 strategic plan progress. The plan is on track to present for approval in Fall 2024.

Commissioner Thomas and Chairperson Price commended the quality of the presentation.

### **Resolution Honoring Brian Pillar**

Chairperson Price presented a resolution to honor Commissioner Brian Pillar for his service as an Advisory Commissioner to Meridian Township.

**Motion** by Commissioner Sandra Zerkle, **Seconded** by Commissioner Dale Schrader to approve the Resolution honoring Brian Pillar for his service on the Board of Commissioners and to forward it to the full Board for consideration.

**Action:** Motion carried.

### **Other**

GM Peffley reported on two items.

1. First S.T.E.P. graduation will be held on May 16<sup>th</sup>.
2. GM's response to communication from Dusty Horwitt which urged EGLE to deny the air permit application for the RICE engines on the basis that he didn't believe the BWL's actions were inclusive with the public and would operate within environmental guidelines. GM Peffley stated that communications received, and contracts negotiated regarding the RICE engines were discussed and approved by all Commissioners. GM Peffley added that BWL employees follow rules and regulations for facility operations and will continue to do so.

Commissioner Mullen commented that most of the evaluations were received for the three appointed employees and that for those who haven't responded yet, the deadline is today.

### **Adjourn**

Chairperson Price adjourned the meeting at 7:06 p.m.

Respectfully Submitted  
David Price, Chairperson  
Committee of the Whole

**FINANCE COMMITTEE**  
**Meeting Minutes**  
**May 14, 2024**

Finance Committee: Sandra Zerkle, Committee Chairperson; Beth Graham; David Price; and Dale Schrader; Alternates: Semone James, Tracy Thomas; Non-Voting: Commissioners J. R. Beauboeuf, Brian Pillar, Robert Worthy.

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, May 14, 2024.

Finance Committee Chairperson Sandra Zerkle called the meeting to order at 7:17 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Beth Graham, David Price, Dale Schrader, and Sandra Zerkle  
Absent: None

The Corporate Secretary declared a quorum.

**Public Comments**

There were no public comments.

**Approval of Minutes**

**Motion** by Commissioner David Price, **Seconded** by Commissioner Dale Schrader, to approve the Finance Committee Meeting minutes of March 19, 2024.

**Action:** Motion Carried.

**March YTD Financial Summary**

CFO Heather Shawa presented the March YTD Financial Summary. Days Cash on Hand and the net income remain under target due to the cash outflow from the August storm. The cost of the bond issuance was not included in the budget and that also contributes to the net income amount. Retail income is strong and wholesale income is down but offset by lower fuel costs. The year-end net income is projected to result in a 1.7% return on assets. Capital projects are currently underspent but will increase by year end.

Chairperson Zerkle asked if the Days Cash on Hand would be brought up in the next Financial Summary. CFO Shawa responded that the budget presentation tonight will show that the budget will be back on target. Chairperson Zerkle also asked about the wholesale budget and actual amounts. GM Peffley responded that there were equipment malfunctions at the plants resulting in extended unplanned outages, however, will be back up Monday.

CFO Shawa stated that the debt to total assets would remain under until further payments are made on the principle of debt. Days sales outstanding was under due to an increase in receivables and bad debt is slightly under and expected to improve due to funding from PA95.

Commissioner James asked whether PHP was being offered as a provider. CFO Shawa responded that PHP is offered as a current provider and the HR Executive Director works on selecting the best provider each time we go out for bid.

### **Rate Strategy Update**

CFO Shawa presented the Rate Strategy Update with a prospective timeline. Proposed rates and tariff charges are to be filed with the Lansing City Clerk 45 days before the public hearing on July 5, 2024; the Rate Strategy will be presented at the July 11, 2024 Finance Committee Meeting; the public notice of the hearing will be filed with the Lansing State Journal on August 5, 2024; the public hearing/rate hearing is proposed to be held on August 20, 2024; the approval of rates and tariffs are to be approved at a proposed Special Board of Commissioners Meeting on August 27, 2024; and the Year 1 Rates and Year 2 Rates will be implemented October 1, 2024 an October 1, 2025 respectively.

Commissioner Schrader asked what the tariffs were. CFO Shawa and GM Peffley responded that the tariffs are the costs for different services for residential, commercial, and industrial customers.

### **FY 25 Operating Budget and FY25-30 Forecast Presentation and Resolution**

CFO Shawa presented the FY 2025-2030 Budget and Forecast. CFO Shawa provided the FY 2024 major accomplishments for the following areas: Customer and Community, Workforce Engagement and Diversity, Climate and Environment, Operational Resiliency and Continuous Improvement, and Financial Stability. CFO Shawa also provided information on target metrics and the focus of the FY2025-FY2030 budget and forecast cycle. She added that the current strategic plan is supported by the budget and forecast and reviewed the key budget and forecast assumptions.

Commissioner James asked whether the Return on Equity amount of 6% would be increased for inflation. GM Peffley responded that instead of increasing the 6% amount, the strategy is to increase revenue.

Commissioner Thomas asked if the Return on Equity amount would ever be decreased due to a loss of revenue. GM Peffley responded that the Return on Equity amount can be discussed with the City.

Commissioner James asked if revenue is greatly increased could the 6% be lowered. GM Peffley responded that the request would need to be brought to the City.

Commissioner Schrader commented that with the revenue from the onboarding of Ultium, the revenue will increase substantially. GM Peffley responded in the affirmative and that the impact from Ultium will be discussed in the 6-year forecast.

Commissioner Zerkle asked what occurs when grant dollars are received that have not been included in the budget. GM Peffley responded that those grant dollars would be used to offset

future rate hikes. CFO Shawa responded that those grants dollars would also supplement capital projects and cash flow.

Commissioner Thomas commented that receiving recognition awards will help in receiving grants.

Scott Taylor, Director of Accounting, Finance and Planning, presented the sales volume history and forecast, the operating budget and forecast, and the capital portfolio budget and forecast. In the operating budget and forecast section, Mr. Taylor provided information from the FY 2025 income statement, the FY 2025 operating expense by category, the 6-year income statement, the 6-year KPIs, the 6-year return on assets, the 6-year cash flow, and the 6-year bonded debt service.

GM Peffley commented that BWL is working with the State of Michigan to acquire grant dollars to convert steam to hot water.

Commissioner Worthy asked what the other sources of energy besides electric, water, steam, chilled water, gas, solar and wind. CFO Shawa responded that battery storage is another source of energy BWL will use.

Commissioner James asked whether no growth in the workforce was a realistic projection. GM Peffley responded that the BWL was adequately staffed, and that he was confident that staffing expectations will remain the same through FY 2030.

Commissioner James asked why we weren't looking at SAP replacement until FY 2030 and are we looking into utilizing AI (artificial intelligence). CFO Shawa responded that a decision needs to be made by 2028 to migrate into the cloud service platform or replace SAP and right now SAP is more than what we need as an ERP. Our strategy has been to determine what is best for each department – Human Resources, Billing, and Customer Operations, and select based on that. Currently, 30% of functionality of SAP is used. SAP will be maintained if needed and BWL will be covered. CFO Shawa further stated that CIO Vern Myers and his team are working on a cyber security plan and looking into the pros and cons of AI and will be making recommendations. Scott Taylor shared the next steps in the FY 25 Operating Budget and FY25-30 Forecast process.

**Motion** by Commissioner Dale Schrader, **Seconded** by Commissioner David Price to forward the Resolution for the FY2025-2030 Budget and Forecast to the full Board for consideration.

**Action:** Motion Carried.

CFO Shawa stated that as a reminder, after filing of the FY 25-30 Budget with City Clerk, BWL will be invited to the City Ways and Means Committee meeting where she and GM Peffley will give a high-level presentation to the City Council. GM Peffley commented that these meetings go very smooth for us.



Commissioner Thomas commended the awesome work on tree trimming being done in his neighborhood and that they have addressed the concern he shared with GM Peffley. He also shared the tree trimming signage is now reflective of the BWL mission statement. GM Peffley stated he would share Commissioner Thomas' comments with Vegetation Management and that they stepped up and made the changes to the signage that was 50 years too old.

#### **Retirement Plan Committee (RPC) Updates**

CFO Shawa presented the retirement plan committee investment activity and administrative activity updates for the DB, VEBA, 401a and 457b Plans. No discussion on this item.

#### **Drinking Water State Revolving Fund (DWSRF) Project Plan Approval and Resolution**

CFO Shawa presented the DWSRF project plan, next steps and requested approval through resolution to be forwarded to the full Board. The resolution is for approval for the next project plan, and any additional approvals will be via bond resolutions should we receive funding, including low interest loans.

Commissioner James asked whether the low interest loan rate was already set or was it the market rate at that time. Mr. Taylor responded that the loan was a low interest loan rate at 1.875 percent and the rates are set by the term of the loan.

Commissioner Thomas asked how many attended the DWSRF public hearing held on April 29, 2024. CFO Shawa responded that there were about 12 attendees and there were a couple of kudos and no public comments.

**Motion** by Commissioner David Price, **Seconded** by Commissioner Beth Graham to forward the Resolution for the Drinking Water State Revolving Fund (DWSRF) Project Plan Approval to the full Board for consideration.

**Action:** Motion Carried.

#### **FY2024 Rules and Regulations Audit Results**

Director of Internal Audit Elisha Franco presented the FY 2024 rules and regulations audit results. The audit included a review of the FY 2024 rules and regulations fee and charge calculations, processes and procedures, and billing for fees and charges.

Commissioner James commended IA Director Franco on her presentation and asked whether there was a process in place for a security breach and if the information is encrypted in transfer. Ms. Franco affirmed there is a process in place for a security breach, and as third parties are responsible for secure encryption, an SOC report or internal control review is necessary. CFO Shawa also affirmed a process is place in case of a security breach.

#### **Internal Audit Status Report**

Director of Internal Audit Elisha Franco presented the Internal Audit Status Report and provided the audit progress report.

Commissioner Zerkle commented that the audit was concise and clear.

Commissioner Thomas commented that he was impressed with Internal Auditor Elisha Franco's work.

Corporate Secretary LaVella Todd commented that the Commissioners have been provided with the most current version of the APPA Policymakers Handbook.

**Other**

There was no other business.

**Adjourn**

Chairperson Sandra Zerkle adjourned the meeting at 8:39 p.m.

Respectfully submitted,  
Sandra Zerkle, Chairperson  
Finance Committee

## RESOLUTION 2024-XX-XX

### 2021-2025 Strategic Plan: Strategic Foundation Statements (Mission, Vision & Values) Update

WHEREAS, the Board of Commissioners (“Board”) approved the Lansing Board of Water & Light’s (“BWL”) 2021-2025 Strategic Plan on January 26, 2021; and

WHEREAS, the BWL’s 2021-2025 Strategic Plan’s Mission, Vision and Values statements were supported under the 2021-2025 Strategic Plan; and

WHEREAS, the BWL desires to update the 2021-2025 Strategic Plan’s Mission, Vision and Values statements for use going forward; and

NOW, THEREFORE, BE IT RESOLVED, that the Board approves the updated Mission, Vision and Values statements be used going forward including for the 2025-2029 Strategic Plan which is currently in development.

#### Strategic Foundation Statements

##### Mission

The mission of the BWL is to provide a safe, reliable and affordable utility experience through public ownership, climate consciousness and innovative strategies.

##### Vision

The vision of the BWL is to deliver exceptional utility and customer service. The BWL will provide environmentally conscious utility products and programs that support regional growth by retaining a diverse, highly skilled workforce and implementing innovative technology solutions.

##### Values

*The BWL’s values – “CARES” – are as follows:*

- **Customer Driven** - We strive to meet the needs of every customer in every interaction.
- **Accountability** - We operate with integrity and take ownership for business decisions made today that will lead to long-term organizational success.
- **Respect** - We celebrate everyone’s differences, perspectives and traditions.
- **Environmentally Focused** – We contribute to the health of our community by providing energy and water from clean sources, reducing waste and promoting sustainable initiatives.

- **Safety** - Safety is always job one, ensuring a safe working environment and community for everyone.

**Motion** by Commissioner \_\_\_\_\_, Seconded by Commissioner \_\_\_\_\_, to approve the Resolution for 2021-2025 Strategic Plan: Strategic Foundation Statements (Mission, Vision & Values) Update at a Board meeting held on \_\_\_\_\_.

**RESOLUTION 2024-XX-XX**  
**Lansing Board of Water & Light**  
**Resolution Honoring Brian Pillar**

WHEREAS, it is a pleasure to extend this expression of our thanks and best wishes to Brian Pillar for his service as a Commissioner of the Board of Water & Light; and,

WHEREAS, Brian Pillar was appointed as an Advisory Commissioner of the Board of Water & Light on July 1, 2023, to represent Meridian Township; and

WHEREAS, He last served as a non-voting member of the Committee of the Whole, Finance Committee and Human Resources Committee; and

WHEREAS, Brian is a General Manager of IT with the State of Michigan, Department of Technology, Management and Budget supporting the public safety agencies; and

WHEREAS, on behalf of his colleagues, employees of the Board of Water & Light and the citizens of Lansing, we offer our sincere gratitude for the time, energy, and talent he devoted as a Commissioner of the Board of Water & Light.

NOW THEREFORE BE IT RESOLVED, That the members of the Board of Commissioners, hereby honor and commend Brian Pillar for his year of distinguished service in Regular Board Meeting this 21<sup>st</sup> day of May, 2024. We sincerely wish Brian continued success in all his future endeavors and achieving that which is in the best interest of our community.

Semone James, Chairperson

David Price, Vice Chairperson

J. R. Beauboeuf

Beth Graham

DeShon Leek

Tony Mullen

Dale Schrader

Tracy Thomas

Robert Worthy

Sandra Zerkle

**Motion** by Commissioner \_\_\_\_\_, **Seconded** by Commissioner \_\_\_\_\_, to approve the resolution of tribute for the outgoing Commissioner Brian Pillar at a Board meeting held on May 21, 2024.

**Action:**

**RESOLUTION 2024-XX-XX**  
**Fiscal Year 2025-2030 Budget and Forecast**

RESOLVED, that the Annual Operating and Capital Budget covering Fiscal Year 2025 is hereby approved as presented; and

RESOLVED, that the Operating and Capital Forecast for the Fiscal Years 2026-2030 is hereby accepted as presented; and

FURTHER RESOLVED, that the Corporate Secretary be directed to make the appropriate filings with the Lansing City Clerk's office in accordance with the Lansing City Charter regarding the above actions.

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Staff Comments:

Staff recommends an operating and maintenance budget of \$403.8M and a capital budget of \$187.6M for Fiscal Year 2025.

The Operating and Capital Budget and Forecast for Fiscal Years 2025-2030 includes forecasted rate increases. The forecast rate increases are subject to revision and, in any case, prior to implementation, must be subject to the BWL's formal rate setting process as per Lansing City Charter, Section 5-205 which refers to the BWL's authority to set just and reasonable rates and defines the public hearing process.

In accordance with the provisions of the Lansing City Charter, Article 5, Chapter 2, Section 5-203.5 and Section 5-203.6, staff recommends the Finance Committee approve the budget and forecast for presentation and adoption by the Board at its May 21, 2024 board meeting.

**Motion** by Commissioner \_\_\_\_\_, **Seconded** by Commissioner \_\_\_\_\_, to approve the Resolution for the Fiscal Year 2025-2030 Budget and Forecast at a Board meeting held on May 21, 2024.

## **RESOLUTION 2024–XX-XX**

### **A Resolution Adopting a Final Project Plan for Water System Improvements and Designating an Authorized Project Representative**

**WHEREAS**, the Lansing Board of Water & Light (“BWL”) is seeking low interest funding to assist in its efforts to improve reliability of existing raw water supply, water treatment and distribution systems through the State of Michigan, Department of Environmental Quality’s (“EGLE”) Drinking Water State Revolving Fund (“DWSRF”); and

**WHEREAS**, as a requirement of the DWSRF Loan Program, municipalities applying for DWSRF loans are required to submit to EGLE an adopted Project Plan (“Project Plan”) describing the proposed improvement to existing water treatment and distribution systems program projects; and

**WHEREAS**, the purpose of the Project Plan is for raw water supply, water treatment plant and distribution system improvement projects located within the City of Lansing. The projects have several benefits, which include reducing potential safety hazards, as well as improvements to reliability, water quality, and flow efficiencies to ultimately increase public health protection; and

**WHEREAS**, the Project Plan consists of water main replacement projects that will be completed in partnership with the City of Lansing’s Combined Sewer Overflow project and street rehabilitation projects, in addition to other areas within the BWL service territory that are in need of replacement. Raw water supply and water treatment projects will also be done on BWL property; and

**WHEREAS**, the BWL authorized OHM Advisors to prepare a Project Plan, which recommends the construction of the following:

#### Water Treatment Plant Upgrades

- Dye WCP –replacement of sludge processing pumps, filter press service piping, high service pump, and filter media in addition to reservoir repairs and basin improvements
- Wise Rd WCP – replacement of ammonia system, filter media and an optimization project.

#### Water Distribution Improvements

- Multiple locations of water main replacement and looping projects throughout BWL service territory.

#### Operational System Improvements

- Elevated storage tank – constructing a 2<sup>nd</sup> elevated water storage tank near the southern pressure zone.
- Well drilling to replace aging wells.
- Replace radio network for wells.

**WHEREAS**, the estimated total project cost of the projects listed above is \$171.5 Million; and

**WHEREAS**, a Public Hearing to receive public comment on the proposed Project Plan was held on April 29, 2024; and

**NOW THEREFORE BE IT RESOLVED** that the Lansing Board of Water & Light formally adopts the selected alternative within the Project Plan.

**BE IT FURTHER RESOLVED**, that the Water Distribution Principal Engineer, a position currently held by Michael Lehtonen, P.E., is designated as the authorized representative for all activities associated with the projects referenced above, including the submittal of said Project Plan as the first step in applying to the State of Michigan for a Drinking Water State Revolving Fund Loan to assist in the implementation of the selected alternative.

**Motion** by Commissioner \_\_\_\_\_, **Seconded** by Commissioner \_\_\_\_\_ to approve the Resolution for Adopting a Final Project Plan for Water System Improvements and Designating an Authorized Project Representative.

Yeas (names of Members voting Yes): \_\_\_\_\_

Nays (names of Members voting No): \_\_\_\_\_

I certify that the above Resolution was adopted by Board of Water & Light Board of Commissioners (the governing body of the applicant) on \_\_\_\_\_.

BY:

\_\_\_\_\_  
Name (please print or type)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date