

Marquette Board of Light and Power 6-14-16 MINUTES

2200 Wright St., Marquette, MI 49855 (906) 228-0311

A regular meeting of the Board of Light and Power was called and held on June 14, 2016. The meeting was called to order followed by the Pledge of Allegiance and roll call.

Present: Tom Tourville, Chair
Jerry Irby
David Puskala
David Carlson

Absent: Jerry Garceau, Vice Chair/Secretary

J. Irby made a motion to excuse Jerry Garceau from the meeting tonight. D. Puskala supported motion and Board unanimously approved. D. Carlson made a motion to approve the agenda as presented, which was supported by D. Puskala and unanimously approved by the Board. Board Chair T. Tourville appointed Dave Carlson as acting secretary.

1. **Approval of the May 31, 2016 Regular Meeting Minutes:**

J. Irby made a motion to accept May 31, 2016 regular meeting minutes as presented. The motion was supported by D. Puskala and unanimously approved by the Board.

2. **Approval of Bills Payable:**

D. Puskala made a motion to approve the Bills Payable as presented, totaling \$848,286.37. Motion was supported by J. Irby and the Board, after discussion, unanimously approved the Bills Payable.

3. **Public Comments:**

No public comments at this time.

4. **Recommendation to Award Contract for:**

a. **Ten days of IT Support and Training.**

J. Irby made a motion to award the contract for 10 days of IT support and training for a not to exceed price of \$14,600.00 (In order to protect our internet service and security, no company names will be listed.) Support was given by D. Puskala and after discussion, the contract was unanimously approved by the Board.

b. **Renewal of Software Support Agreement.**

A motion was made by D. Puskala and supported by J. Irby to award a three-year service contract in the amount of \$45,000.00 for the continuous emission monitoring system database management and reporting software being utilized by Shiras Unit No. 3. Competitive bids were not solicited because this company is the only supplier that has the ability to provide this service. This is a FY2016 budgeted item. (In order to protect our internet service and security, no company name will be listed.) Board unanimously approved contract.

c. **Annual Maintenance Agreement for software used at Shiras Steam Plant.**

On a motion made by D. Puskala and supported by J. Irby, authorization was granted to award the purchase of the annual maintenance agreement in the amount of \$3,621.82. This contract will include email and telephone support, annual upgrades and software fixes. (In order to

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protect our internet service and security, no company name will be listed.) Board approved unanimously.

d. Performance Bonds to be added to Engine Hall Contract.

J. Irby made a motion to approve the 100 percent payment and performance bonds as an addendum to the CR Meyer Pre-engineered Engine Hall contract in the total cost of \$9,253.42. Ken Mixer, Project Manager from Sargent and Lundy recommends the payment and performance bond for the project. Motion was supported by D. Puskala and after discussion, performance bonds were unanimously approved by the Board.

e. MEC Protective Relay Panels.

On a motion made by D. Puskala and supported by D. Carlson, authorization was granted to award Electrical Power Projects, Inc. the contract to supply two (2) protective relay panels for the MEC in the total amount of \$76,961.00. Electric Power Products, Inc. submitted the lowest priced proposal that met all required specifications. After discussion, Board unanimously approved the contract.

f. Development of Board Financial Policies and Training.

J. Irby made a motion to approve the proposal from Utility Financial Services in the not to exceed amount of \$12,265.00 for professional services to assist the Board with developing strategic directives to use for long-term planning. Motion supported by D. Puskala. By approving this proposal, UFS would review the current fuel adjustment methodology and if necessary, convert to a power cost adjustment factor. Also, by retaining UFS, they would help the Board develop formal Board policies for cash reserves, target annual operating income and annual debt coverage ratios (which are mandated by bond ordinance). Both Standard and Poor's and Fitch identified the need for these policies during the bonding process. These recommendations are made based on the Board's strategic directive to move towards minimal impact rate development that uses long term planning to develop a gradual rate structure over time. Director of Planning and Regulatory Affairs, Erik Booth said that this proposal has been reviewed by the financial committee created by the Board. J. Irby gave a brief background of the committee meetings thus far. D. Puskala requested an additional item 2.d. be included in the proposal, which would be 'Guidelines for developing a Capital Expenditure Plan.' After discussion, MBLP counsel Ken Seavoy stated that this would change the scope of service and possibly the cost. So he suggested that if the Board wants the additional services, they should request that service separately. T. Tourville stated that he liked the plan because since the adoption of the bonds, our world has changed. Prior the bonds, the MBLP was in debt \$4 million to now \$65 million, our income going from \$30 million to \$47 million and with our expenses growing accordingly, the more we can spend with the long term financial planning the better. After discussion, the Board unanimously approved the proposal.

g. Repair of Tourist Park Tainter Gates.

A motion was made by D. Carlson to authorize the contract to CR Meyer for repairs needed to the Tourist Park Tainter Gate in the amount of \$39,374.00. The motion was supported by J. Irby. This is a FY2016 budgeted maintenance item and CR Meyer submitted the lowest bid meeting the design and technical specifications outlined. Board unanimously approved the contract.

Marquette Board of Light and Power 6-14-16 MINUTES

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h. Lead Abatement of Tourist Park Tainter Gates.

D. Puskala made a motion to award the lead abatement of the Tourist Park Tainter Gates to Bosk Corporation in the amount of \$8,500.00. This is a FY2016 budgeted maintenance item and it was noted that the contractors performing the structural steel repairs are not insured for abating lead so could not perform this work. Bosk Corporation submitted the lowest bid meeting minimum quality standards. Motion was supported by J. Irby and unanimously approved by the Board.

5. Change Orders for Awarded Contracts:

a. Wärtsilä Change Order for Dual WOIS Screens.

A motion was made by D. Carlson to award Wärtsilä Change Order #001, which will provide dual screens at each of the three WOIS workstations for the amount of \$18,035.00. This motion was supported by D. Puskala and unanimously approved by the Board.

b. Wärtsilä Change Order for Reduce Noise Fan Blades.

J. Irby made a motion to award Wärtsilä Change Order #002, the project to install reduced noise fan blades on three (3) banks of radiator fans in the amount of \$15,640.00. This recommendation is made based on the environmental noise assessment, which found the Wärtsilä supplied radiators would exceed the maximum acceptable nighttime noise level criteria. Support was given from D. Puskala. Gary Routhier from Wärtsilä explained the problem and how these radiator fans will solve the problem. J. Irby was happy that they are working on the noise level and trying to get the noise level as low as possible. Ken Mixer, from Sargent & Lundy, suggested that at the next meeting, he could walk through all the noise situations that have been studied. Even though the City of Marquette does not have any noise compliance rules, T. Tourville stated that it is important that we do our due diligence in this area so that it is done right for our community. Board unanimously approved the change order to install reduced noise fan blades on three banks of radiator fans.

6. Marquette Energy Center Update:

a. Chuck Beitel & Ken Mixer from Sargent and Lundy.

Before giving the presentation on the MEC, Chuck Beitel wanted to mention that they are wrapping up another project with the MBLP, which is the mercury control emissions project on Unit No. 3 at the Shiras Steam Plant. They have been working on it in a very limited capacity for the last nine months and it is pretty well complete in compliance with the EPA. This project out of the 130 like projects we have done across the country, I think this project will be coming in far lower than any of the other projects. The price is coming at about \$5.00 KW and most of these are coming in at \$7 to \$11 KW depending on the scope of the project. The amount of work that the staff have put in at the Steam Plant to make this project as cost effective as possible is exemplary and worthy of mention. We are confident that this project will serve you well in meeting the regulations on mercury. Executive Director, Paul Kitti stated that John Schultz, Erik Booth, Tom Carpenter and Tom Skewis have worked very hard on it and have been resourceful. The staff did a lot of the nuts and bolts engineering in terms of putting it all together and we just provided some high level environmental consulting support.

Ken Mixer and Chuck Beitel gave a presentation on the plant site model in isometric views. This presentation included the overall site plan along with detailed building plans for each

Marquette Board of Light and Power 6-14-16 MINUTES

2200 Wright St., Marquette, MI 49855 (906) 228-0311

section of the energy center. Mr. Mixer told the Board that the civil engineering contract should be ready to present to the Board at their next board meeting. He did say that all the bids are below capital cost budget. J. Irby asked about the timeline. Based on the schedule, Mr. Mixer stated that we are exactly where we said we would be. Mr. Mixer stated that they have been working very closely with Gary Routhier from Wärtsilä North America by having weekly meetings to make sure all the adjustments are recorded on their models and they continue to be on the same page. All of the Board's questions were answered.

b. Gary Routhier from Wärtsilä North America.

We have been meeting with the heavy haul companies; Army Corp of Engineers, City of Marquette and the State of Michigan and this is the best cooperation that I have ever seen. City of Marquette has given us the use of the public beach instead of having to move rocks at the previous location. We will be using a special matting so when we are done with the barging, it will be as if we were never there. He then explained in detail how the engines would be barged from Escanaba to the upper harbor and trucked to the construction site. The engines will be shipped to Escanaba, and barged by tugs to the Marquette's Upper Harbor; transition time is expected to be one and a half days. Within the next two weeks, we will have compiled a method statement describing the staging process and will bring it to the Board before discussing it with the authorities. Once the Board has a chance to look at the staging plan, they will then present it to the authorities for review. The plan is to have the engines moved in the evening after 7 p.m. It is expected to take 4 hours to move one engine and transporting the three engines will take at least two nights. The generators will be shipped to Duluth and trucked to the construction site. They are coordinating that process with the Michigan Department of Transportation.

7. **Public Comment:**

Jorma Lankinen, 8 Marquette Dr. said that he attended the groundbreaking ceremony and it was really nice and he enjoyed being here. The MBLP had a good turnout. Mr. Lankinen asked who would be doing the inspections of the project; would they be done by local inspectors or by state inspectors? He suggested to representatives from Sargent and Lundy and Wärtsilä that it would be nice to have a video to show the general public how this project is being planned and built so they can see the process. He complimented the MBLP in a job well done.

8. **Any Additional Business the Executive Director Wishes to Present:**

Executive Director, Paul Kitti informed the Board that Erik Booth, Director of Planning and Regulatory Affairs and Kevin Downs, Supervisor of Metering and Energy Programs gave a presentation to Sands Township regarding the new generation project, the rate structure and the community solar garden. P. Kitti stated that we are continuing to go into the community to keep our residents informed. P. Kitti said that he and John Reynolds, Project Consultant gave a presentation at the Labor Councils monthly meeting this morning.

I want to publically acknowledge Noreen Collins' great effort on this Groundbreaking Ceremony. There were a whole lot of us feeding her a lot of information, all at the same time and she never cracked. I heard a lot of great compliments. You did a fine job, Noreen. It was a team effort but you were the focal point, kind of the general, thanks again.

Marquette Board of Light and Power 6-14-16 MINUTES

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P. Kitti stated that this is the time of the year for the Board to make the decision to “opt in” or “opt out” of the PA 95, the Low-Income Energy Assistance Program. P. Kitti explained to the board members that this is a program that was enacted in 2013. If the MBLP opts in, we put a \$1.00 surcharge on all our customers, and then send the money to the state that takes the money and distributes it to agencies in the whole state to help people with their electric or gas bills. Since the inception, the utility has always opted out of the program, which restricts the utility from shutting off power, during the months November through April 15. P. Kitti said our normal practice does not shut off power during these months anyway and we work with local agencies to help our customers with their delinquent bills. D. Carlson made a motion to opt out of the program with D. Puskala supporting the motion. J. Irby asked if we have any indication of how much of this money would come back to our community. P. Kitti said that we do not have any data available. Board unanimously approved to opt out of the program again this year. P. Kitti will notify Jim Weeks at MMEA of their decision so he can add it to his report to the state.

9. **Any Additional Business the Board Members Wish to Present:**

Because the Board approved the professional services from UFS on long-term financial planning and Dawn Lund is in town, D. Puskala made a motion to schedule a Work Session with UFS on Tuesday, June 28 at 1 p.m. This will educate the Board on the ten-year process we will be working on. J. Irby supported the motion and the Board voted unanimously to schedule another Work Session on Tuesday, June 28.

Erik Booth informed the Board of the various ways that the MBLP has reached out to inform the community of the Community Solar Meetings that are scheduled for June 28 and June 29. The meetings have been noted on all the MBLP customer’s billing statements this month. We have also added it to the public notices in the Mining Journal, posted the information on our webpage www.mblp.org, on our community solar webpage www.mblpcommunitysolar.org posted at our offices, the City of Marquette offices, and at Peter White Library. On the Community Solar webpage, there is a place to sign up for more information and to get emails of any updates in the future. We also posted the Rate Study on our website and on the Community Solar website.

Chuck Beitel introduced Bruce Carlson who is an electrical engineer and a Yooper as well. He reached out to us inquiring if we had any field support work on this project and Sargent and Lundy has hired him on a part-time contractual basis.

10. **Adjournment:**

The meeting adjourned at 7:27 p.m.



Dave Carlson
Acting Vice Chair/Secretary

Minutes of Regular Board Meetings are available at City Hall, the Peter White Public Library, or the MBLP Main office at 2200 Wright St., Marquette, MI 49855. The minutes can also be viewed at www.mblp.org.