

# Marquette Board of Light and Power 8-30-16 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 August 30, 2016. The meeting was called to order followed by the Pledge of Allegiance and roll call.

Present: Tom Tourville, Chair  
Jerry Garceau, Vice Chair/Secretary  
David Carlson  
David Puskala  
Jerry Irby

Absent: None.

J. Irby made a motion to accept the agenda, as presented, supported by D. Puskala and unanimously approved by the Board.

1. **Approval of the August 9, 2016 Regular Meeting Minutes and August 23, 2016 Budget Work Session Meeting Minutes:**  
J. Irby made a motion to accept August 9, 2016 regular meeting minutes and the August 23, 2016 Budget Work Session Meeting Minutes, as presented. Motion was supported by J. Garceau and the Board unanimously approved.
2. **Approval of Bills Payable:**  
D. Carlson made a motion to approve the Bills Payable as presented, totaling \$2,485,824.84. Motion was supported by J. Garceau and the Board unanimously approved the Bills Payable.
3. **Public Comments:**  
No public comments at this time.
4. **Financial Discussion – Controller Helen LaFayette:**  
Controller, H. LaFayette presented the Operating Statement for the ten months ending July 31, 2016. She also reviewed the Projected Cash Flow Statement and answered questions from the Board. The Board was given the KWH Comparison for fiscal years of 2012-13, 2013-14, 2014-15 and 2015-16 ending July 31, 2016.
5. **Recommendation to Award Contract for Audit Services:**  
On a motion made by J. Irby to award the contract for Audit Services to Makela, Toutant, Hill and Nardi, P.C. (MTHN) for the fiscal years ending September 30, 2016, 2017 and 2018. Even though, MTHN were not the lowest bidder, it was recommended that MTHN be awarded the contract because of several reasons that were discussed in detail at the meeting. The motion was supported by D. Puskala and approved by the Board with a 4-1 vote, D. Carlson voting nay.
6. **Recommendation to Award Contract for General Work Contract (GWC):**  
J. Garceau made a motion to award the General Work Contract (GWC) to Miron Construction Co., Inc. who has provided the best-evaluated proposal. J. Irby supported the motion. J. Irby

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made a point of saying that the MBLP is following a guideline that is in the City of Marquette Charter: Section 11.7 N. 4 states "Purchases shall be made from the lowest and best bid meeting specifications."

Ken Mixer from Sargent and Lundy was present to answer questions and review the proposals with the Board. K. Mixer explained the many details that were evaluated and reviewed. Miron Construction Co., Inc. was recommended because they provided the best evaluated proposal including a 26 page construction schedule, have reciprocating engine work experience, man-hours were based on 50 hours per week, and they are performing very well in regards to quality, overall schedule, controlling costs and providing project management and site supervision with their Civil General Work Contract. D. Carlson stated that it is critical to get the work done before winter comes. T. Tourville stated that there are too many unknowns with the other proposal and was very impressed with the detail of Miron Construction Co. Board approved unanimously. Mr. Mixer stated that all contracts for the MEC project have now been awarded.

7. **Change Order for Engineering Services Contract with S & L:**

J. Irby made a motion to approve the Sargent & Lundy (S&L) contract change order #1 and D. Puskala supported the motion. J. Irby requested that Executive Director Paul Kitti give the Board more information on the extra work that Sargent & Lundy have completed that was not part of the original contract. P. Kitti went over the significant amount of work that has been completed, the savings that have occurred with their expertise, the foundation changes, the expansion of the engine hall and the proposed completion being June instead of the March original date. J. Irby stated that he had many questions but is now comfortable with this change order request and thanked S&L for their work. D. Puskala stated that the project is going extremely well and is very pleased with the project thus far. He appreciates the work that has been done so far and looks forward to the future. Mr. Mixer stated that S&L has a vested interest in this project too and will be here on site much more often and will make sure that the Board is up to date on the progress. P. Kitti stated that S&L has been working hard and has been able to lower the costs in many, many cases. S&L is very efficient and is getting the project done quicker and cheaper. S&L has been doing an exemplary job. T. Tourville talked about the process that happened when the Board received the Noise Analysis Study. Even though the noise was within reasonable standards, the Board authorized S&L to work on this and by changing the stacks and radiators decreased the noise even lower. J. Reynolds stated that the lay-down yard was not part of the original plan either. After discussion, the Board unanimously approved the change order.

8. **Marquette Energy Center Update:**

Ken Mixer introduced his project associate, Elizabeth Brewer and then gave a PowerPoint Presentation to update the Board on the progress of the MEC project. He also introduced Project Manager, Henry Heckt from Miron Construction Co.

9. **Unit No. 2 Update – Tom Carpenter:**

T. Carpenter stated that the MBLP has obligations with MISO until May of 2017 to keep Unit 2 running. So in order to do this, he is recommending to the Board to do quick, easy and least expensive repairs in order to fulfill the obligation. After that, do not put the unit in for capacity payments with MISO, so we will not have to continue putting more and more money

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in it. After that keep it available but start a long-term layup. This unit is 44 years old and is very expensive to run and it would take a significant shift in the market to make it worthwhile to keep it running. Also, due to Environmental Protection Authority regulations, the BLP will only be able to burn at 10 percent of its capacity unless significant money is put into pollution control equipment.

10. **Public Comments:**

Jack Gumaer of 720 W. Kaye Avenue commended the Board for their efforts in noise abatement. I am a co-generating customer currently on the system. After the Utility Financial Solutions presentation and thinking about it, I feel strongly that we should be grandfathered in using the 2009 net metering agreement, which is what we used to make our decision. I think there should be a time limit maybe a 20-year window makes sense. As part of the grandfathering, I think there should be no monthly charge and buy back electricity should be at the retail rate. Existing customers would invalidate this arrangement if they increase their panels or sell their property. In addition, any new customers would be on the new plan that the Board approves. He appreciates the Board wanting to take care of the existing customers before and taking their time with this process.

Matt Songer 2645 W. Grove St. also a net metering customer and has a 10 KW wind generator on our property. Because of climate changes and global warming, I feel that as a public utility, you should set a goal of trying to increase renewable energy. As a private owner, it takes a significant amount of money to get involved in solar panels or wind generation. It will take me about 40 years to get a return on our system, I will be dead by then. So the private owner is already taking a significant hit in their utility bill but they have to, because they believe in trying to improve this earth that we live on. It would be a very negative consequence to the people who want to do this by adding a charge to it. Yes, there are costs to the utility but there is a much greater cost to the customer. The incentive for people to do this will be much less, than it is now. I think the utility has to take this into consideration. The BLP should be a leader in taking the position of increasing renewable energy and the only way to do this is to incentivize people who want to do this.

Ian Olmsted, 102 W. Washington is a local business owner, who has installed over 50 solar systems in the State of Michigan. I support what Mr. Gumaer said and that there should be a term for grandfathering in the current systems. I support a 6.33 cents fuel cost plus line loss but do not recommend that you charge the fixed charge on solar customers. If you have fixed charges, my professional opinion is that people will not notify the utility at all, go behind the meter with back up battery systems and getting off of the grid.

Jay Clancey, 130 Hardwood Lane, Negaunee. I also support what Mr. Gumaer said. I talked to someone recently and recommended that he come to the meeting tonight. I told him to wait a little while to see what happens in the next couple of months. So there are people out there who are very serious about making that investment right now. The tax rebate has been extended three or four years. I think that the grandfathering is critical right now. I have been working with Mr. Olmsted on the coming trend of back up batteries. I think it would be helpful to come up with partial solutions to this, such as no fixed charges but I encourage you to take your time.

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Jorma Lankinen, 8 Marquette Dr. I have a 10-kilowatt natural gas backup system that I can use anytime but it is an expensive alternative to use. It is a double edged sword when we as consumers become savers, the City of Marquette is raising their water rates because we are not using enough water so the people on the system that are left who have no other alternative will end up paying more for it, same for electricity. Right now, the 12 co generating customers will not break the system but as that grows to 40 or 50 people who are using the system and all its attributes, however, the people who are left now will end up paying more because those people are not really paying the similar rates that it costs to generate electricity. We live in a community that has designed its infrastructure for all its residents not just for a few.

Lynne Laakso of 1509 Birch Avenue. Up until this evening, I was willfully uninformed of the BLP's policy setting progress. Not being a current net metering customer, I was also unaware of some of the policies being considered. My familiarity has been limited to my roll of being on the Parks and Recreation Advisory Board and their efforts in negotiating net metering rates for commercial customers. Especially, the project that they are working on for the potential for solar panel installation and solar generation for Lakeview Arena. As a major electric customer, they find the new rates are going to be quite expensive so they are looking at ways to offset that cost. Personally, I am building a house in Negaunee Township and just learned that I have four weeks to build, to be considered in the grandfathering group. T. Tourville corrected Ms. Laakso by saying that the grandfathering group would only be for people who have invested previously and are on the system now. She stated, therefore, I will be sizing my system so I can live off of the grid.

Laura Songer of 2645 W. Grove St. I want to address their responsibility for the community and the health and wellness of the community. She is encouraged by, when I saw your noise evaluation and how concerned you were about how the noise was going to affect the community. She remembers coal bins and black snow in the past. I am very happy with the natural gas plant that we are doing but the next step is solar energy. I believe that it is the future. I want to encourage the Board to consider the overall state of cleanliness in the U.P. and this is the next step. This decision is in your hands. If you put charges on solar customers, it will totally stop the solar energy advancements. I do not see how you can separate the issue of grandfathering and new customers. To me, it is the same thing. I encourage you to be proactive in the next step not just natural gas.

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

No additional information.

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

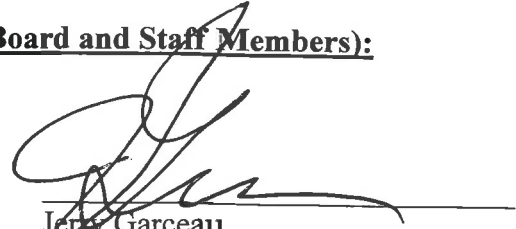
Board members expressed their appreciation for the feedback from the audience.

D. Carlson stated that if we follow the Utility Financial Solutions recommendations, it would kill the solar garden project.

T. Tourville stated the Board is trying to take a slow approach so it will be best for our community. We want to take small steps now, then on to the bigger question of where do we want to be in the future.

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13. **Adjournment (Tour of Construction Site for Board and Staff Members):**  
The meeting adjourned at 7:25 p.m.



Jerry Garceau  
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](http://www.mblp.org).*