

Marquette Board of Light and Power 11-08-16 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 November 8, 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.

Executive Director Paul Kitti requested an addition to the agenda, item 4c, Miron Change Order Letter. Chair, Tom Tourville requested that we address items 5 and 6, vice versa. J. Irby made a motion to accept the revised agenda with the requested changes. D. Puskala supported the motion and Board unanimously approved revised agenda.

1. **Approval of the October 25, 2016 Regular Meeting Minutes:**

J. Irby made a motion to accept October 25, 2016 regular meeting minutes, as presented and motion was supported by D. Puskala. After discussion, meeting minutes were unanimously approved by Board.

2. **Approval of Bills Payable:**

J. Garceau made a motion to approve the Bills Payable as presented, totaling \$1,830,077.78. Motion was supported by D. Puskala. After discussion, the Board unanimously approved the Bills Payable as presented.

3. **Public Comments:**

Gentian Waller of 1617 Gray Street, Marquette asked if the new solar policy is available to the public. T. Tourville said that the policy is only in draft form at this time. After discussion with Ken Seavoy, MBLP counsel, T. Tourville stated that it should be available at the first meeting in December. T. Tourville stated that staff could post it at the library, the city and on our website so he would have a change to look at it before the meeting. It should reflect all the items that we approved at the last meeting. Mr. Waller asked if the Board would still be having discussion on it and accepting comments from the public. T. Tourville stated that the Board has no intentions of changing the policy now. We spent a good long time on it and we have made our decision. It is time to craft it on paper and make sure it is legal.

4. **Marquette Energy Center Update:**

a. Wärttilä Update – Jari Vainio, Finland

Executive Director Paul Kitti introduced Jari Vainio who has been on board for a couple of weeks and will be here for another couple of weeks. He has been working closely with Sargent and Lundy and Miron Construction. Mr. Vainio gave an update of the project and is very happy to see what has been completed so far. If everything goes as it has been, we are on the way to having a very successful project.

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Paul Kitti related that Jörg Junker from Bremen, Germany was here for a week. He is the Operations Supervisor of Transport Engineering Department at Deugro. Deugro has been contracted by Wärtsilä to coordinate all transport of equipment to the building site and Mr. Junker has been working closely with Vic's Heavy Haul to complete all the movements of the engines and generators into the engine hall. His job is done here, but he will still be working on the transport of all the other equipment needed for the project, through freight shipments. Mr. Junker did a very good job for Wärtsilä and Vic's Heavy Haul has done a phenomenal job moving the engines and generators.

Jason Rieth from Miron Construction gave updates and highlights on the general work contract progress that has been done over the last couple of weeks. The electrical building should be enclosed, except the south side by Thanksgiving. Mr. Rieth thanked the Board for this opportunity and this has been a really good experience. Paul Kitti said "hats off" to Miron Construction for their phenomenal job. T. Tourville stated that this project has been "more than impressive". P. Kitti stated that communication and teamwork are critical to the project and things have been going very smoothly.

b. Sargent & Lundy – Ken Mixer

Ken Mixer gave a PowerPoint presentation on the progress of the project. Everyone is working really well together and it has been going pretty smoothly. Overall, the MEC project is 55 percent complete and the civil general work contract is 95 percent complete. The biggest work to be done is above ground with the general work contract. He then went over some of the major activities that are in process or near completion. This past week, the engines and generators were moved to their final location inside the engine hall. Mr. Mixer stated that the project final completion date is still scheduled for June 1, 2017. There are a total of 18 shipments coming in, five have been delivered and four are in transit.

John Reynolds, Consultant – Technical and Engineering Support gave an update on the project finances and if the Board approved the change order request, the project contingency is still higher than what we started out with in the beginning of the project.

c. Miron Change Order

J. Irby made a motion to approve the 17 change orders from Miron Construction totaling an additional \$192,046.17 to the MEC Civil General Work Contract. The motion was supported by D. Carlson. Ken Mixer stated that Sargent & Lundy has reviewed all of the items and recommend authorization of payment to Miron Construction. Mr. Mixer gave a summary of some of the change order requests. He explained that some of the changes were due to project scope changes and changes on the "Issue for Construction" drawings from the original request for proposals that occurred during construction. J. Irby made the point that some of the changes were cost savings to the BLP. T. Tourville made the point that we started this project with \$6.39 million in contingency and even if we approve these change orders, we are at \$6.7 million in contingency with 55 percent of the project completed. After discussion, the Board unanimously approved the payment of the change order request from Miron.

6. **Discussion on Community Solar:**

Before the discussion, Director of Planning and Regulatory Affairs, Erik Booth provided a draft of credit options for the community solar project and rooftop solar installations. E.

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Booth made it clear that the information presented is in draft form and is not a recommendation for approval. It is just to get the conversation started. E. Booth stated that based on the projected costs of the community solar garden panels and due to the economics of scale for the project, the credit values presented will allow the customers to receive full payback over the life of the project. We are seeing some good prices on these panels and if the generation data is accurate, this will be a pretty good investment for folks. We are getting some significant reductions in the panels and it is looking to be a very good deal. He then talked about rooftop solar credits and stated that we just do not have good data at this time to fully develop a co-generation rate so the option presented could serve as an interim credit on rooftop solar until a long term distributed generation rate class can be developed. D. Lynch, Assistant Director-Utility Operations stated that he has been working with the developer on pricing and is working on the contractual language, but without the credit set, we cannot move forward. As soon as that is settled, we can put it all together and get it launched. T. Tourville stated that for tonight's meeting, he would like to focus on the community solar garden and then work on the rooftop solar credits in which the Board is anticipating will take several months to do their due diligence in setting that value. T. Tourville stated that he would like to make a commitment to build the Community Solar Garden Project and use the Utility Financial Solutions credit recommendation of 6.33 cents per kWh. J. Irby agreed with T. Tourville and would like to give staff the direction to get the project started and up and running by next year. D. Puskala asked staff if there are red flags that we need to be concerned with and need to look at before making the decision. D. Lynch stated that the UFS Study used 298 million data points and there is no more accurate and more precise alignment of our load curve than what was given to them for this study. Mr. Lynch stated that the benefit that we will get from this project will be the actual production from the field rather the projection-theoretical production that we get now from government entities. Because Mr. Lynch has a solar system on his house, he shared what some of the actual minimal maintenance that would need to be done. E. Booth stated that building the community solar project will provide the necessary information to accurately measure the peak time of production and capacity factors of solar installations specific to our community. This will allow independent rate designers to develop a distributed generation rate class that will be sustainable for future generations. After discussion, the Board stated that they want to move forward on the Community Solar Garden project and use the recommended credit of 6.33 cents per kWh. The Board requested that, using these parameters, E. Booth bring an actual recommendation to the Board for the Community Solar Project at the next Board Meeting.

5. **Recommendation to Adopt the 2017 Regular Board Meeting Schedule:**

J. Garceau made a motion adopt the 2017 Regular Board Meeting Schedule as presented. Motion was supported by D. Carlson. Mr. Kitti stated that if there are changes to the schedule, Board could make them one month in advance. P. Kitti also added the schedule is per the City Charter, meetings on the second and last Tuesdays of every month. The Board unanimously approved the Meeting Schedule, as presented.

7. **Recognition of Outgoing Board Member – Jerry Garceau:**

P. Kitti presented outgoing Board member (term limits) Jerry Garceau with a gift and thanked him for his six years of dedicated service to our community.

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8. **Public Comments:**

John Forslin, 36 Southfork St. He stated that he has his checkbook tonight and is ready to buy into the community solar garden. He has been ready for several months.

Gentian Waller of 1617 Gray Street, Marquette asked how much the solar panels will cost and how does that affect the rates and the time period.

Jorma Lankinen 8 Marquette Drive, Marquette. He brought up that the 16,500 customers did not have any input in the new policy, only the 12 co-generators had the input in the document. I want to thank Paul Kitti for the tour of the MEC and to see where the generators were being placed. It was an awesome opportunity to see them being lowered and slid into their places. Thank for doing what you are building the new energy system for the entire community.

Jen Hill, 503 Craig Street. She asked about the timing for the two pieces involved in the solar garden: pricing and marketing to sell them. Can these pieces be approved together? D. Lynch stated that the market has been approved last year. I was worried that there would be a some kind of delay.

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

Executive Director P. Kitti requested that the Board move the December 27th Board Meeting to Thursday, December 22, in recognition of the Christmas holiday. J. Garceau made the motion to change the December 27 meeting to December 22. D. Carlson supported the motion and Board unanimously approved.

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

J. Garceau thanked Paul Kitti, John Reynolds, Dave Lynch, Erik Booth, Mary Adamini, Noreen Collins, Helen LaFayette, Earl Robinson (township representative), fellow board members and past board members for the last six years. I have had a pretty good run and lots of things have changed, the Director changed, policies have changed, generation has changed, Board Members have changed, rates have increased, studies have been done but we are still here, 127 years later. We have a lot to be proud of and have done a lot in the last six years. We do our best to provide for our customers. We still have some new challenges to deal with so keep up the good work. We have some really great staff so use them. They have helped me to be more knowledgeable about the MBLP. I have always taken the approach that I do not need to know the day-by-day intricacies but I have never had the staff say; no, you do not need to know that. Take advantage of their expertise.

11. **Adjournment:**

The meeting adjourned at 7:16 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.