

# Marquette Board of Light and Power 4-12-16 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 April 12, 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  
Jerry Irby  
David Puskala  
David Carlson

Absent: None.

P. Kitti requested that item (6f) be removed from the agenda. T. Tourville requested an additional item (9a) to discuss holding a Special Meeting on Tuesday, April 19, 2016. D. Carlson requested an additional item (9b) to report on the bonding process. J. Irby made a motion to approve the agenda with the stated revisions, which was supported by D. Puskala and unanimously approved by the Board.

1. **Approval of the March 22, 2016 Regular Meeting Minutes and March 29, 2016 Special Meeting Minutes:**

J. Garceau made a motion to accept March 22, 2016 regular meeting minutes as presented. Motion was supported by J. Irby and unanimously approved by Board. J. Irby made a motion to approve meeting minutes from the Special Board Meeting on March 29, 2016. Motion was supported by J. Garceau and approved by the Board unanimously 4-0, with T. Tourville abstaining because of his absence at that meeting.

2. **Approval of Bills Payable:**

D. Carlson made a motion to approve the Bills Payable as presented, totaling \$987,823.29, which was supported by J. Garceau and unanimously approved by the Board.

3. **Public Comments:**

There was no public comment at this time.

4. **Sargent & Lundy Presentation – Chuck Beitel:**

Chair Tom Tourville introduced Ken Mixer P.E., PMP from Sargent & Lundy LLC who is here to present to the Board an overall update on the Marquette Energy Center (MEC) project. Mr. Mixer went into detail the schedule and timeline for the various construction phases and showed the actual layout of the new MEC showing where the various components would be placed. Mr. Mixer gave the Board an update on the geotechnical testing results and stated that there is a problem with the soil density. He then gave a couple options that they will be looking at to solve the problem. After asking questions in regards to the testing, D. Puskala said we need to get the right solution for this problem. Mr. Mixer agreed and stated they want to make sure that we will not have any problems in the future. He continued with updates on approximately when the various construction contracts would be bid out and when the work would begin. Regarding the noise study that will be done, Mr. Mixer stated because of the

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snow, they are not able to do a baseline yet. Mr. Mixer stated that Sargent and Lundy and staff are continually monitoring the cost, scope and design of the project, assigning priority to each item and continually refining items for approval consideration. T. Tourville stated that the Project Costs Summaries that John Reynolds, Consultant Technical and Engineering Support has been giving the Board on a regular basis, really helps to keep the Board members informed and shows that the project is being well controlled. Mr. Mixer said that all of his projects done in the last 15 years, have been done on schedule and under budget and he wants this one to be the same, as well.

5. **Wärtsilä OEM Contract – Discussion/Amendment to Contract:**

Executive Director Paul Kitti introduced Josh Klopp to the Board. Mr. Klopp a Business Development Manager from Wärtsilä was also joined by Gary Routhier and Gary Groninger, via telecom. Mr. Klopp gave a presentation on Wärtsilä's proposed contract amendment. The change would be to supply three (3) new, previously manufactured Wärtsilä engines rather than the three (3) yet to be built, 16.7 MW Wärtsilä engines and associated equipment. In exchange for accepting these engines, Wärtsilä has offered a reduction in price of \$668,647.00 and an extension of warranty period from the original 12 months to 24 months or 8,000 hours of operation, whichever occurs first. The extended warranty period is valued at \$500,000.00 and the purchase of approximately \$250,000.00 of spare parts can be delayed by one year. Sargent and Lundy has reviewed the impact to the design specifications, balance of plant equipment and piping and is satisfied with the proposal and recommends the BLP move on these engines due to the cost savings.

Mr. Klopp gave detailed descriptions of the care of engines since they were built and the testing that will be done before shipping. Executive Director, Paul Kitti stated that in the contract there are many performance guarantees that Wärtsilä will have to meet. P. Kitti stated that this is great for the community and it shows an effort to control costs and contingencies. Mr. Klopp said the engines will be shipped from Italy and the auxiliary systems will be shipped from Finland. The auxiliary systems will need to be here before the engines get here. Discussion followed on the coordination with various city, state and federal officials to transport these engines from Escanaba to the Wright Street location. They want to transport these engines with the least amount of impact on the community.

Discussion followed in regards to the amended contract. Mr. Mixer stated that Sargent and Lundy's recommendation is to move on these new previously manufactured engines because of the savings and there is very little risk in doing so. J. Irby asked legal counsel, Ken Seavoy about the work to change the contract. K. Seavoy said that it would be quite simple to amend the contract. J. Irby made the motion to adopt the new proposal with the total value of the proposal being savings of \$1,168,647.00. D. Puskala supporting the motion and Board unanimously approved.

6. **Recommendation to Pay:**

**a. Blast Cleaning of Unit No. 3's Boiler and Scrubber.**

It was moved by D. Carlson and supported by J. Garceau to award payment of \$16,500.00 to 1<sup>st</sup> Call Explosive Solutions for the blast cleaning of Unit No. 3's boiler and scrubber. Tom Carpenter, Superintendent of Production stated that 1<sup>st</sup> Call Explosive Solutions is the only known company performing this service and has successfully done this work for the BLP for

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the past several Unit No. 3 shutdowns. This expense was a budgeted FY16 Unit No. 3 shutdown maintenance item. Board unanimously approved the motion.

### **b. Water Blasting and Vacuum Cleaning of Unit No. 3.**

On a motion made by J. Irby and seconded by D. Carlson, the Board unanimously approved the payment of \$33,687.36 to H2O Under Pressure, Inc. for water blasting and vacuum cleaning Unit No. 3's air heater, seal trough and ductwork. This project is a budgeted FY16 Unit No. 3 shutdown expenditure. This company is the only known qualified hydro cleaning company in the region.

### **c. Metal Thickness and Integrity Inspections on Unit No. 3's Boiler.**

A motion was made by D. Carlson and supported by J. Irby to pay Acuren Inspection, Inc. the total amount of \$24,064.56 for performing metal thickness and integrity inspections on Unit No. 3's boiler. Competitive bids were not received as Acuren Inspection is the only known qualified regional inspection company. This expense is a budgeted FY16 Unit No 3 shutdown maintenance item. Board approved payment unanimously.

### **d. Performing Motor Operated Valve Repairs.**

D. Puskala made a motion to authorize the payment of \$3,959.68 to SwansonFlo for the cost to perform Motor Operated Valve (MOV) repairs during the scheduled Shiras Unit No. 3 maintenance shutdown. Competitive bids were not solicited for this work as SwansonFlo is the only authorized Midwest service representative for Limitourque MOVs. Motion was supported by D. Carlson and Board unanimously approved the payment.

D. Puskala asked staff what they are doing to make sure that we are getting competitive bids. T. Carpenter said that we are always keeping our eyes open to see if we can find other companies but a lot of the repairs are in a "nitch" market. D. Puskala stated that he wants to make sure we are getting the best price. He compares the prices from past years to make sure the changes are minimal. T. Carpenter said that a lot of the companies are far away and a lot of the cost is travel time so it is hard from them to compete. T. Carpenter concurred with the board to always be looking for the best prices.

### **e. Commissioning Services for the New Hydrogen Control Panel Install.**

It was moved by D. Puskala and supported by D. Carlson to award payment to Environment One Corporation for a hydrogen control panel commission services in the amount of \$7,663.61. T. Carpenter stated that they were here for three days on site testing to verify the panel was working as designed. Motion was unanimously approved.

### **f. Item was removed.**

### **g. Rebuilding a Shiras Unit No. 3 Pulverizer Exhauster Barrel.**

On a motion made by J. Irby and seconded by D. Carlson to grant payment of \$9,094.00 to Northern Machining and Repairs, Inc. for rebuilding a pulverizer exhauster barrel on Unit No. 3. This problem was found during the preventative maintenance work being done during the spring shutdown. T. Carpenter did get quotes on replacement costs and it was five times the cost of rebuilding. Board approved unanimously.

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7. **Recommendation to Award Contract to Develop the Quality Control Inspection Program (QCIP), Detailed Engineering Drawings and Permitting Assistance with the Forestville Hydroelectric Project.**

A motion was made by D. Carlson and supported by J. Garceau, to grant authorization to proceed with retaining AECOM to develop the Quality Control Inspection Program (QCIP) plan and detailed engineering drawings for the total cost of \$19,800.00 so that mitigation of this site can take place later this summer. This work was competitively bid and AECOM had the lowest price meeting minimum specifications. This is an FY 2016 fiscal year budgeted item. Board unanimously approved the bid. Manager of Planning and Utility Compliance Erik Booth explained the erosion problem and what needs to be done to fix the issue. E. Booth stated that the Forestville Hydro was built in 1921 and the hydro creates 8,000 to 10,000 MW hours a year.

8. **Request Approval to Purchase Generic Service Credit to be applied to MERS Pension Program.**

Director of Personnel and Employee Relations, Mary Adamini requested Board approval to adopt the resolution allowing a staff member to purchase generic service credit to be applied to his Municipal Employees Retirement System (MERS) pension program with the MBLP. J. Irby made a motion to approve staff member's request of purchasing generic service credit to be applied to his MERS pension. D. Puskala supported the motion and Board unanimously approved and adopted the resolution. Executive Director Paul Kitti clarified that the staff member pays the total cost for the service credit and the MBLP has allowed this in the past. D. Puskala asked if this is normal. P. Kitti stated that this has been approved by the MERS and was adopted by the Board nine years ago. Board approved unanimously.

9. **Marquette Energy Center Update:**

John Reynolds, Consultant-Technical and Engineering Support went over the cost summary report.

- a. Upon staff request, D. Carlson made a motion to call a special meeting next week, Tuesday, April 19 to discuss proposed contracts for the MEC and/or other projects. Garceau supported the motion and Board unanimously approved.
- b. D. Carlson gave an update on the bond process. He stated that tomorrow morning; Bank of American will begin selling our bonds. He said that we are in a good spot and have a lot of purchasers interested. D. Carlson stated that the rates are down to 3.18 percent today but that can change tomorrow. T. Tourville reminded everyone that when we ran our numbers for the bonds, we used 4 percent. T. Tourville said that things are going well for the Board and for our community. He thanked Ken and Tami Seavoy, legal consultants for all their hard work during this process.

10. **Time for Public Comment:**

Tony Retaskie of 936 Wilson St. commended the Board and the staff for bringing this project forward. This project will keep our jobs local. He stated that he really wanted to thank you for all the hard work that has been done over the last few years.

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Jorma Lankinen of 8 Marquette Dr. said he was at the City Commission Meeting last night and Chuck Beitel; Project Director really gave a fabulous presentation for the commission. It seems as if the commissioners are all on board for this project. Tonight's vote on the Wärtsilä contract is an incredible price savings. Thank you for being diligent and supplying reliable power to us.

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

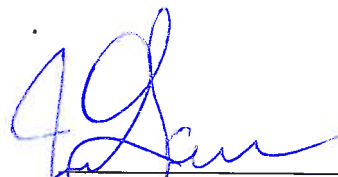
Thank the Board and the community for their support. This has been a team effort.

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

J. Irby stated that it was a pleasure going to the city commission meeting last night. He was impressed when they came forward to introduce themselves to our presenter. They are really interested in how our project is going and that means a lot. J. Irby also thanked Northern Michigan University President, Fritz Erickson for coming out tonight.

13. **Adjournment:**

The meeting adjourned at 7:24 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).*