



CITY COUNCIL/ELECTRICAL
ADVISORY COMMITTEE

February 10, 2016 – 6:00 p.m.

Regular Meeting

CITY COUNCIL

Marc Tall, Mayor
Ronald Beauchamp, Mayor Pro-Tem
Patricia Baribeau, Council Member
Michael Satten, Council Member
Ralph Blasier, Council Member

ADMINISTRATION

James V. O'Toole, City Manager
Robert S. Richards, CMC, City Clerk
Ralph B.K. Peterson, City Attorney
Mike Furmanski, Electrical Superintendent
Melissa Becotte, City Controller

ELECTRICAL ADVISORY COMMITTEE

Tim Wilson, Chairperson
Ann Bissell, Vice Chairperson
Larry Arkens, Committee Member
Glendon Brown, Committee Member
John Anthony, Committee Member
John Mellinger, Committee Member
Vacant Seat

Escanaba City Council Chambers: 410 Ludington Street - Escanaba, MI 49829

Meeting Agenda

Wednesday, February 10, 2016

CALL TO ORDER

ROLL CALL

APPROVAL/ADJUSTMENTS TO THE AGENDA

CONFLICT OF INTEREST DECLARATION

NEW BUSINESS

1. **Discussion – Decommissioning of the Electrical Advisory Board.**

Explanation: A discussion will take place on the possible decommissioning of the Electrical Advisory Committee which was created by City Council Resolution on July 16, 1992.

GENERAL PUBLIC COMMENT

COMMISSION/STAFF COMMENT AND ANNOUNCEMENTS

ADJOURNMENT

The City of Escanaba will provide all necessary, reasonable aids and services, such as signers for the hearing impaired and audiotapes of printed materials being considered at the meeting to individuals with disabilities at the meeting/hearing upon five days notice to the City of Escanaba. Individuals with disabilities requiring auxiliary aids or services should contact the City of Escanaba by writing or calling City Hall at (906) 786-9402.

Respectfully Submitted,

James V. O'Toole
City Manager

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, January 13, 2016

Pursuit to a meeting notice posted January 6, 2016, the meeting was called to order by the Mayor Marc D. Tall at 6:00 p.m. in the Council Chambers of City Hall located at 410 Ludington Street.

Present: Mayor Marc D. Tall, Council Members, Patricia A. Baribeau, Ronald J. Beauchamp, Ralph B. Blasier, and Michael R. Sattem.

Absent: None.

Present: Electrical Advisory Committee (EAC) Members: Chairperson Tim Wilson, and John Mellinger.

Absent: Electrical Advisory Committee (EAC) Members: Larry Arkens, Ann Bissell, John Anthony, Glendon Brown, One vacancy and Power Plant Liaison.

Also Present: City Manager James V. O'Toole, Electric Superintendent Mike Furmanski, members of the public and media.

ADJUSTMENTS TO THE AGENDA

Mayor Tall asked to add an item regarding Power Plant Security to the meeting agenda.

Beauchamp moved, Sattem seconded, **CARRIED UNANIMOUSLY**, to approve the Joint City Council & Electrical Advisory Committee Agenda as amended.

CONFLICT OF INTEREST – None

UNFINISHED BUSINESS – None

NEW BUSINESS

Update - Electric Department – General Operations.

Electrical Superintendent Mike Furmanski gave an update on departmental operations. The following items were reviewed:

- Staff activities;
- Update on Alpha Coal Issue;
- Restrictive covenant on Power Plant Sale.

Approval – Substation Engineering Professional Services – Krause Power Engineering.

Administration sought Council approval to retain Krause Power Engineering of Chippewa Falls, WI in an amount not to exceed \$280,000 for professional design services, project oversight, and construction management of the new Escanaba North Substation. This request was budgeted in the current fiscal year budget.

Electric Superintendent Mike Furmanski reviewed the project scope of work. (See Attachment – A)

NB-2 After discussion, Blasier moved, Beauchamp seconded, to retain Krause Power Engineering of Chippewa Falls, WI in an amount not to exceed \$280,000 for professional design services, project oversight, and construction management of the new Escanaba North Substation.

Upon a call of the roll, the vote was as follows:

Ayes: Blasier, Beauchamp, Baribeau, Sattem, Tall

Nays: None

MOTION CARRIED.

Update – Solar Garden Project – Feasibility Study.

Electric Superintendent Mike Furmanski updated the City Council, Electrical Advisory Committee, and the Citizens of Escanaba on the progress of the solar garden feasibility study. (See Attachment – B) No action was taken.

Update – Power Plant Sale.

Manager O'Toole, and Electric Superintendent Mike Furmanski updated the City Council, Electrical Advisory Committee, and the Citizens of Escanaba regarding the sale of the plant. They advised:

- The Asset Purchase Agreement was approved by Council.
- Update on the Power Plant purchase:
 - City was waiting on the groundwater paperwork from the Michigan Department of Environmental Quality. Earliest response was expected by January 29th;
 - Restrictive covenant on Power Plant Sale;
 - Attorneys were finalizing warranty deed, title easement, and bill of sale legal documents;

Power Plant Security

Manager O'Toole advised Council authorized surveillance at the City Power Plant by Delta Force Surveillance on June 10, 2015, through December 31, 2015, for up to \$36,000. Until the final Power Plant sale was concluded, he asked Council approval for an additional \$10,000 to provide surveillance through February 2016.

After discussion, Blasier moved, Sattem seconded, to authorize an additional \$10,000 to Delta Force Surveillance, to provide Power Plant surveillance through February 29, 2016.

Upon a call of the roll, the vote was as follows:

Ayes: Blasier, Sattem, Baribeau, Beauchamp, Tall
Nays: None

MOTION CARRIED.

GENERAL PUBLIC COMMENT – None

COUNCIL/COMMITTEE, STAFF REPORTS – None

ADJOURNMENT

Hearing no further public comment, or further reports from the Electrical Advisory Committee or Council, the meeting adjourned at 6:32 p.m.

Respectfully submitted,

Robert S. Richards
City Clerk

Approved: _____

Marc D. Tall, Mayor

MEMORANDUM

To: Jim O'Toole

From: Mike Furmanski

Date: 08JAN16

Re: Krause Power Engineering approval

We have been using Krause Power Engineering for a number of years now on substation and other distribution system work. Their latest proposal is for the construction of the Escanaba North Substation. Their work for this substation includes:

- Design the substation
- Specify equipment
- Equipment bid solicitation
- Equipment bid evaluation
- Labor bid solicitation
- Labor bid evaluation
- Construction oversight
- Commissioning and testing

Their proposal is for an hourly fee, which is estimated to not exceed \$280,000. The total project is estimated to be \$2,500,000, which puts the engineering costs at 11.2% of the project, which is reasonable.



Krause Power Engineering, LLC
2029 County Highway I, Suite 1
Chippewa Falls, WI 54729
TEL 715 577 1369 FAX 715 861 3916
WEB www.krausepowerengineering.com

December 28, 2015

Mr. Mike Furmanski
City of Escanaba – City Electric Department
410 Ludington Street
Escanaba, MI 49829

RE: Proposal for Professional Services – North Substation Engineering

Dear Mr. Furmanski:

Per your request, Krause Power Engineering, LLC, is pleased to provide you the following proposal for the engineering services associated with the construction of the North Substation and the associated Electric Distribution System feeder reconstruction.

Our proposed Scope of Work includes the following:

- Develop a project budget and timeline based on the current project scope.
- File a revised Transmission Load Interconnection Application with ATC. Support the application through receipt of authorization.
- Provide requirements to a geotechnical testing firm to provide soil borings of the site, soil resistivity testing and a geotechnical engineering report for foundation and grounding grid design requirements.
- Provide a property boundary and topographic survey.
- Design the grounding grid based on the fault current and overcurrent study results we have and the soil resistivity/borings reports.
- Design the substation foundations including power transformer support and bus and switch support foundations.
- Design the structural steel elements including switch and bus support structures.
- Layout the SCADA system architecture.
- Layout the feeder cable routing and conduit provisions.
- Provide standard insurance requirement options for Owner's consideration for use in bidding documents
- Write plans and specifications, advertise and bid, review and recommend the following bid packages (includes contract development and management):
 - Power Transformer
 - Substation construction (includes physical construction and control wiring)
 - Testing and commissioning
- Conduct pre-design meetings and design review meetings with Utility staff.
- Conduct pre-construction meetings as required.
- Provide construction administration for the substation building, foundation work, electrical construction work and testing/commissioning.

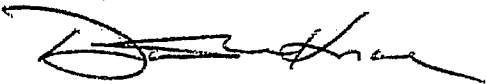
- Provide major material lists as required and assist the Utility with evaluations of materials for procurement (may be a combination of existing excess stock materials, direct purchases and bids).
- Update the Utility's arc-hazard assessment as required.
- Provide pertinent information for the update the Utility's SPCC plan (by others).
- Create relay and voltage regulator control settings files.
- Work with Utility staff for in-house construction activities.
- Create and/or update drawings as required. Provide hard copy, pdf and CADD files for records.
- Train operators/linemen in the operation of the new systems, including on-site training.
- Track estimate to actual construction costs and schedule progress.
- Review contractor applications for payment. Recommend payments as applicable.

We can begin this work with your written authorization to proceed and in accordance with our Miscellaneous Services Contract approved by the Utility on June 24, 2010, for an hourly fee estimated not to exceed \$280,000.00.

If our Proposal for Professional Services is acceptable, please sign and date in the space provided below and return to Krause Power Engineering, LLC, at 2029 County Highway I, Suite 1, Chippewa Falls, WI 54729.

If you have any questions, I can be reached at 715-577-1369 or by email at dkrause@krausepowerengineering.com. Thank you for the opportunity to work with you.

Sincerely,



Dave Krause, P.E.

Note: This proposal may be withdrawn or modified if not accepted within 30 days of the Proposal Date.

Authorized representative:

Signature

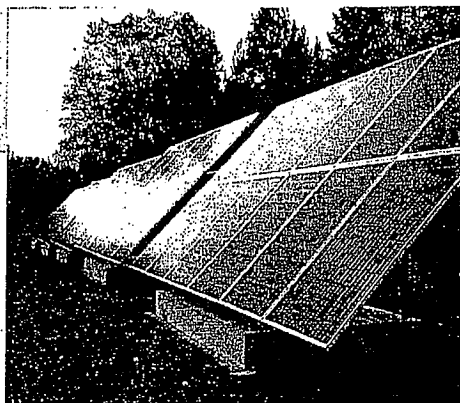
Date

Breakdown for Karuse Power Engineering

<u>New Northside Substation Work</u>		<u>Miscellaneous Services</u>		<u>Emergency Substation Restoration</u>		<u>Temporary Substation</u>	
5/23/2010	4,414.27	6/16/2012	742.01	2/28/2015	13693.85	2/28/2015	22144.89
6/26/2010	2,154.80	7/21/2012	5397.21			3/28/2015	23332.14
8/15/2010	693.75	3/2/2013	166.25			5/2/2015	14904.53
9/18/2010	938.75	4/27/2013	316.25			6/13/2015	12471.95
10/23/2010	2,231.67	5/20/2014	391.25			8/29/2015	1031.02
1/8/2011	728.75	8/29/2015	300			10/3/2015	784.58
4/2/2011	6,322.62	10/3/2015	80				
6/19/2011	21,105.58	11/7/2015	1931.25				
8/13/2011	3,583.66						
9/17/2011	11,963.82						
10/22/2011	9,848.49						
12/3/2011	3,663.19						
1/21/2012	517.50						
3/5/2012	5,205.47						
4/7/2012	189.15						
6/16/2012	76.05						
9/29/2012	113.35						
8/29/2015	1,446.74						
10/3/2015	6,604.13						
11/7/2015	1,925.60						
12/5/2015	4,060.17						
Totals:	87,787.51		9,324.22		13,693.85		74,669.11
		Grand Total for Krause:		185,474.69			

1/13/2016

Solar Project Update



January 13, 2016

1

• Basic Information

- The City of Escanaba area averages 4.1 Peak Sun Hours/Day.
- Panels generate power in DC. The conversion from DC to AC is about 82% efficient.
- The federal 30% tax credit has been extended to 12/31/19.
- We cannot use Renewable Energy Funds to build a community solar garden if the sale proceeds go into the Electric Fund.
- We can use Renewable Energy Funds to build a solar project if we maintain ownership of it.
- We can use general Electric Fund money to front a community solar project.

2

Other information being researched

- How a solar capacity installation would impact our transmission service costs
- How a solar capacity installation would impact our capacity needs
- A reasonable net metering policy

3

Other information needed

- Location for a solar project
- Energy Optimization Rebate applicability
- RFP strategy – lots of options
 - Mounting – post or ballasted?
 - Tracking – single, dual, or none?
 - EPC?
 - Panel supplier?

4

Sample Calculation

- Assuming 1000 watts of panel capacity
- $1000 \text{ watts} * 4.1 \text{ peak sun hours/Day} * 365 \text{ days} * .82 \text{ DC - AC efficiency} = 1,227 \text{ kWh per year}$
- With no panel degradation, 1000 watts of panel capacity would produce 30,675 kWh over 25 years
- Assuming a more realistic 0.5% loss of generation capacity per year after the first year of service, 1000 watts of capacity will produce 28,910 kWh over 25 years
- Assume Capacity costs \$2/watt, for a total of \$2000 for this example
- 25 year levelized cost is: $\$2000/28,910 \text{ kWh} = \$0.0692/\text{kWh}$
- Simple payback at \$0.10/kWh would happen in year 17

5

Next Steps

- Continue researching
 - Location
 - EO rebates
 - RFP
 - Transmission cost impact
 - Capacity needs impact
 - Net metering policy

6

7/16/1992 minutes

First reading and setting a public hearing for Ordinance No. 858, an ordinance to create an Electrical Advisory Committee to perform continuous review and evaluation of the City's power needs for the present and future.

The City Council seeks to create an Electrical Advisory Committee to keep them current on trends, plant operations, and power needs in our community. This committee will meet on a regular basis and provide continuous information and recommendations to the City Council.

Interim City Manager Allis stated according to Attorney Peterson, this Board could be created by an ordinance or a resolution.

It was moved by Councilmember Nault and supported by Councilmember Rahoi that this board be created by resolution.

Councilmember Rose stated this board had been one of the ten goals identified by the Strategic Planning Committee and it was the first one to come into being. She felt it was a tribute to the work that the 200 plus people put into the strategic planning effort.

Mayor Vader said the board would have seven members which will be responsible to review the City's power plant operation, to review the reliability and cost of power, to review alternative sources of power, and periodically, report their findings and make recommendations to the Council, which will include majority/minority opinions of the Board, if applicable.

Councilmember Nault asked Mayor Vader how the members for this board would be solicited?

Mayor Vader said that if this board is created by resolution at this and the next Council Meeting, a month from now these people can be appointed. Advertising can be done in the local paper.

Councilmember Christensen said the interest was out there, and he had already been contacted by several people in regards to serving on this committee.

Interested parties who are City residents, can go to the City Clerk's Office and secure the necessary forms.

Mayor Vader called for any other comments on the resolution to create an Electric Utility Advisory Board.

None were heard.

"By Councilmember Nault, supported by Councilmember Rahoi;

Resolved, That the Escanaba City Council does hereby create a seven-member Electrical Utility Advisory Board."

Ayes: Unanimous

Resolution declared adopted.

EST. Funeral will be 11 a.m. EST Saturday at the Community Center with Rev. Walter Nordin officiating. Burial will be in Hannahville Cemetery.

Revenues

(Continued from page 1)
open the city to possible legal action by the DDA.

"City Controller Michael Dewar has indicated in a memo that delaying the disbursing of the funds could open the city to legal action," Barnmert said.

In that memo to City Manager James Hauser Jr., dated June 18, Dewar wrote: "...there may be an incentive for the city to reexamine its position in regards to the distribution of TIF funds."

Nault said after the meeting that he felt the city could be open to a lawsuit no matter which way it decided. He also suggested that the council hold a special joint session with the DDA board to discuss how the DDA is spending its funds.

In other action, the council:

— accepted a \$22,500 Department of Natural Resources Trust Fund Grant for the replacement of playground equipment at the Ludington Park Tot Lot and installation of new equipment at the beach. The city will pay \$2,500 in matching funds for the project.

— created an Electrical Utility Advisory Board. Persons interested in serving on the board were directed to submit a resume to the City Clerk. The applications will be reviewed and a board selected at the August 20 council meeting.

— created a City Building Authority. The building authority will be charged with working to obtain funding for city building projects.

— Authorized an increase in the salary of acting city manager Rosalind Allis by \$2,000 a month while she is in that position.

Dye is candidate

noon Kiwanis Club has dedicated a kiosk at Delta Plaza in honor of Arol Beck, a life member and longtime community leader.

Purpose of the kiosk is to recognize community officials, as well as highlight residents who have taken an active role in making the Delta County area a good place to live, said Kiwanis President Ve Andrews.

The kiosk also will act as a memorial to deceased members of Kiwanis: Joan Leinberger, Dan Guindon and Jane Cerasoli-Behring. A scholarship to Bay de Noc Community College was also established in their names.

The kiosk, designed and constructed by Mike Labre of Escanaba, was placed near J.C. Penney Co. entrance to the plaza.

It displays color photographs donated by Lee's Studio, of 24 local officials, Kiwanis President Andrew and Lt. Gov. of District of Ke Myllyla.

Matthews seek as county drain

BARK RIVER — Donald Matthews, 1810 M-35, Bark River is a candidate for reelection as Delta County Drain Commissioner.

Matthews, 35, a Democrat, is completing a four-year term in the office.

Born and raised in Delta County, Matthews is a graduate of Escanaba High School. He attended Dunwoody Industrial Institute in Minneapolis for five years. He also attended an IBM training school and has owned and operated two businesses in Escanaba and Gladstone. He is a master pipefitter and instrumentation specialist.

"I have 32 years in the piping industry and have a good knowledge of pollution and contaminants problems," he said. "I was also state mechanical inspector on the eastern

July 17, 1992

Daily Miss

7/17/92

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