

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, March 11, 2015

Pursuit to a meeting notice posted March 5, 2015, 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, John Anthony, and Ann Bissell.

Absent: Glendon Brown, Larry Arkens, Two vacancies and Power Plant Liaison.

Also Present: City Manager James V. O'Toole, Electric Superintendent Mike Furmanski, City Controller Michael Dewar, City Attorney Ralph B. K. Peterson, Pro Energy Services, Inc. Representative Jack Scott, members of the public and media.

ADJUSTMENTS TO THE AGENDA

Blasier moved, Baribeau seconded, **CARRIED UNANIMOUSLY**, to approve the Joint City Council & Electrical Advisory Committee Agenda as submitted.

CONFLICT OF INTEREST – None

NEW BUSINESS

Update - Electric Department –General Operations.

Electrical Superintendent Mike Furmanski updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the following current departmental activities:

- Reviewed a report of Electrical rates in Upper Michigan and Wisconsin;
- Update on the shortage of Coal on docks. Administration advised they would continue to resolve the issue. If a resolution was not obtained, Council approval would be sought towards a lawsuit.

Update– Operation and Maintenance of Power Plant – Pro Energy Services, Inc.

Pro Energy Services, Inc. Representative Jack Scott updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the status of the operation and

maintenance of the power plant.

- Reviewed the February 2, 2015, Substation event and items regarding damage and repairs to substation, Power Plant and CT Unit. The two Operating Stations were no longer working due to the event, two variable frequency drives for the #1 Boiler coal conveyors and rotor were not working, no power could be sent out to the grid until the substation was repaired, and Pro Energy was waiting on the City and MISO to determine repair options;
- No environmental issues reported.

Update– Substation Repair/Replacement

Electric Superintendent Furmanski provided an update on the repair/replacement of the power plant substation. He advised the following:

- Actual costs were yet to be determined;
- Administration gave MISO estimated costs to bring plant online. A phone call to MISO was scheduled the following week;
- City was in communication with ATC for the proposed temporary power lines;
- If MISO decided, prior to the end of the week, to repair the City Power Plant, a completion date of June 13, 2015 could be set.

Update – Power Plant Sale.

Sterling Energy Group, Inc. submitted a proposal to the City of Escanaba to purchase the power plant. Administration updated the City Council, Electrical Advisory Committee and the Citizens of Escanaba on the proposal. Those in attendance heard from Jason Sharp of Sterling Energy Group regarding their proposal. The following was discussed:

- Sterling Energy Group, Inc. (SEG) offered the City a \$250,000 sale price for plant and equipment;
- The proposed Fuel source would be from construction, railroad ties, and wood debris;
- Jason Sharp SEG Chief Financial Officer explained their proposal, and advised the project proposed a \$40,000,000 retro fit to the existing building. In addition to the purchase price, a \$200,000 non-refundable deposit to pay the City's past legal bills and additional legal fees to complete the sales transaction;
- SEG planned on retaining current Power Plant employees;
- Mr. Sharp compared the Escanaba project with their Niagara project;
- Briefly discussed EGE buy out and funds still owed to the City of Escanaba;
- Project not contingent to tax abatements, would like to have them, but relying on a tax exempt status;
- Sterling Energy Group, Inc. Proposal would not change due to the February substation event;
- Sterling Energy Group, Inc. would be requesting the Michigan Strategic Fund to

- obtain a tax exempt status;
- Would work with MISO on Power Plant Status;
- There were other proposals from companies who were just interested in just the purchase of the Power Plant site. Those proposals did not include running the plant, and nothing was presented formally;
- City Administration was still waiting for an answer from MISO on how they wished to proceed. Administration suggested a Public Hearing at the April 8th meeting to obtain public input before any sale.

GENERAL PUBLIC COMMENT

City resident Daryl Bengry, stated he hoped the City would be able to get the Power Plant up and running soon and further urged Council to consider the Sterling Energy Group, Inc. proposal.

Power Plant employee Don Racicot commented on the CT Unit, and whether it was part of the SRR agreement, and whether the CT would run again. Administration stated the CT was not part of the SSR agreement, and there were still in talks with MISO regarding the CT and if it would be needed.

Electrical Advisory Committee member Anthony commented on the need for better emergency communication, specifically, in an event like the substation event.

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 6:51 p.m.

Respectfully submitted,

Robert S. Richards
City Clerk

Approved: _____

Marc D. Tall, Mayor