

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, October 22, 2015

Pursuit to a meeting notice posted October 8, 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, and Michael R. Sattem.

Absent: Ralph B. Blasier.

Present: Electrical Advisory Committee (EAC) Members: Chairperson Tim Wilson, John Anthony, John Mellinger, Ann Bissell, and Glendon Brown.

Absent: Electrical Advisory Committee (EAC) Members: Larry Arkens, One vacancy and Power Plant Liaison.

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

ADJUSTMENTS TO THE AGENDA

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

CONFLICT OF INTEREST – None

UNFINISHED BUSINESS

Presentation(s) – Power Plant.

Two (2) companies expressed separate interest in obtaining the power plant for a privately held and operated business. Presentations were made by representatives of each company to the City Council and Electrical Advisory Committee.

Greenwood Fuels, Inc. (GWF) of Greenwood Fuels of Green Bay, WI expressed interest in obtaining an option to complete a 60 day feasibility study for the purpose of determining if the Power Plant could be used for continued plant operations using an engineered, renewable fuel pellet which is comprised of non-recyclable, pre-consumer materials containing primarily coated paper, laminated packaging, labels, trim, rolls, butt stocks, non-wovens, laminated plastics, and similar feed stock. Representatives Ted Hansen CEO and Dennis Conn SVP, Business Development & Technical Services provided a presentation about Greenwood Fuels, and their proposal to purchase the Escanaba Power Plant. (See Attachment – A) After the presentation, the following discussion items were reviewed:

- GWF would explore Economic Development Assistance during 60 – 90 day feasibility

study;

- This would be the first time GWF would be purchasing a Power Plant;
- When asked about the amount of pellets on the docks, from a tonnage stand point, there would be the same, but there would be a volume increase;
- When asked about the ash, GWF representatives advised the ash could be used at the Delta County Landfill similar to the coal ash;
- The Power Plant purchase was part of the Strategic Plan;
- Their desire would be to store the pellets in a storage facility, but at first the pellets would be stored outside.

Northern Machining & Repair/Mechanical Supply, Inc. of Escanaba, MI expressed interest in repurposing the Power Plant and property to expand their machining, welding, and fabrication business which has been located in the City of Escanaba since 1985. Owner John Liss provided a presentation about Northern Machining & Repair/Mechanical Supply, Inc., and their proposal to purchase the Escanaba Power Plant. (See Attachment – B) After the presentation, the following discussion items were reviewed:

- Northern Machining & Repair/Mechanical Supply, Inc. was ready to move forward to purchase the Power Plant in a as is condition tomorrow, October 23, 2015;
- When asked if they would be competing with other businesses in the community, Mr. Liss advised they do not compete with Engineered Machined Products, and their company worked closely with Basic Marine;
- Mr. Liss stated his company would be using several local vendors, such as Kobas Electric, and a local contractor to insulate the building. For the actual conversion they were usually self-sufficient;
- Mr. Liss further advised he did not anticipate his company asking for any tax abatements.

Council Members thanked Greenwood Fuels, Inc. (GWF) of Greenwood Fuels of Green Bay, WI and Northern Machining & Repair/Mechanical Supply, Inc. for their presentations.

City Manager O'Toole advised to complicate matters, Sterling Energy stated they were still interested in purchasing the Power Plant, and further, Jason Sharp, formally of Sterling Energy, was forming a new company called Escanaba Clean Energy LLC. Escanaba Clean Energy LLC stated they would match any offer and would be proposing construction of a natural gas unit at the Power Plant site, but they would need extra time to provide a proposal.

City Assessor Daina Norden, provided a brief summary of what future taxes could bring to the community depending on what type of business would purchase the plant.

Mayor Tall suggested hearing from the City residents, and suggested having City Administration work with Greenwood Fuels of Green Bay, WI and Northern Machining & Repair/Mechanical Supply, Inc. and all proposed purchasers, and provide a recommendation at the November 5, 2015 regular Council Meeting.

After discussion, Sattem moved, Baribeau seconded, to direct City Administration work with Greenwood Fuels of Green Bay, WI and Northern Machining & Repair/Mechanical Supply, Inc. and all proposed purchasers, and provide a recommendation for the purchase of the City Power Plant at the November 5, 2015 regular Council Meeting.

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

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

MOTION CARRIED.

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:

- Changing lights on Ludington Street;
- Relocating primary cables for a major electric customer;
- Reviewed City Electric rates as compared to other UP communities;
- Reviewed Wholesale Power Purchase and proposed options to purchase;
 - New rate was attractive;
 - May have the opportunity to blend future utility rates;

After discussion Beauchamp moved, Baribeau seconded, to approve an additional one year Wholesale Power Purchase to extend the City of Escanaba NextEra Energy Power Marketing LLC Contract through 2020/2021, for an amount up to \$54.15.

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

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

Administration also reviewed purchasing 4 years of Capacity Credits from the market for an amount up \$2.75. Current contract expires in 2017, and proposed purchase would also carry the City through 2020/2021.

After discussion, Sattem moved, Beauchamp seconded, to purchase 4 years of Capacity Credits from the market for an amount up \$2.75 through 2020/2021.

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

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

MOTION CARRIED.

Approval – Bid Award – Electrical Distribution Pole Testing and Treatment.

Administration sought Council approval to retain Karcz Utility Services, LLC of Seymour, WI. to conduct electrical distribution pole testing and treatment in an amount not to exceed \$12,000. The project was included in the current fiscal year budget.

NB-2 Baribeau moved, Sattem seconded, to approve to retain Karcz Utility Services, LLC of Seymour, WI. to conduct electrical distribution pole testing and treatment in an amount not to exceed \$12,000.

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

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

MOTION CARRIED.

Approval – Purchase – Substation Power Transformer.

Administration sought Council approval to purchase a new substation power transformer from EUSCO (A division of RESCO) of Moorhead, MN in an amount not to exceed \$501,328. The purchase was included in the current fiscal year budget.

NB-3 Beauchamp moved, Sattem seconded, to approve purchase of a new substation power transformer from EUSCO (A division of RESCO) of Moorhead, MN in an amount not to exceed \$501,328.

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

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

MOTION CARRIED.

Approval – Purchase - Power Quality Recorder.

Administration sought Council approval to purchase a new power quality recorder from Power Monitors, Inc. of Mount Crawford, VA in an amount not to exceed \$10,000. Although not specifically itemized in the current fiscal year budget, general capital funds were included in the current fiscal year budget.

NB-4 Sattem moved, Baribeau seconded, to approve to purchase a new power quality recorder from Power Monitors, Inc. of Mount Crawford, VA in an amount not to exceed \$10,000.

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

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

MOTION CARRIED.

Approval – Professional Services Agreement Extension - Power Plant Site Environmental Services.

Administration sought Council approval to extend the current professional services agreement with Geosymtec Consultants of Ann Arbor, MI. in an amount not to exceed \$13,900 for continued power plant environmental monitoring. This item was included in the current fiscal year budget.

NB-5 Baribeau moved, Beauchamp seconded, to extend the current professional services agreement with Geosymtec Consultants of Ann Arbor, MI. in an amount not to exceed \$13,900 for continued power plant environmental monitoring.

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

Ayes: Baribeau, Beauchamp, Sattem, 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 7:45 p.m.

Respectfully submitted,

Robert S. Richards
City Clerk

Approved: _____
Marc D. Tall, Mayor