

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, July 23, 2013

At

5:15 p.m.

In The

COMMISSION CHAMBERS
(2nd floor, Governmental Center)
400 Boardman Avenue

Traverse City Light and Power will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting, to individuals with disabilities at the meeting/hearing upon notice to Traverse City Light and Power. Individuals with disabilities requiring auxiliary aids or services should contact the Light and Power Department by writing or calling the following.

Stephanie Tvardek
Administrative Assistant
1131 Hastings Street
Traverse City, MI 49686
(231) 932-4543

Traverse City Light and Power
1131 Hastings Street
Traverse City, MI 49686
(231) 922-4940

Posting Date: 07-18-13
4:00 p.m.

AGENDA

Pledge of Allegiance

1. Roll Call

2. Consent Calendar

The purpose of the consent calendar is to expedite business by grouping non-controversial items together to be dealt with by one Board motion without discussion. Any member of the Board, staff or the public may ask that any item on the consent calendar be removed therefrom and placed elsewhere on the agenda for full discussion. Such requests will be automatically respected. If an item is not removed from the consent calendar, the action noted in parentheses on the agenda is approved by a single Board action adopting the consent calendar.

None.

3. Unfinished Business

None.

4. New Business

- a. Consideration of approving minutes of the Regular Meeting of June 25, 2013. (p. 3)
- b. Consideration of a Contract for Streetlight Pole Painting. (Arends) (p. 6)
- c. Consideration of Awarding Bid for Hastings Street Facility Security Enhancements. (Arends) (p. 9)
- d. Consideration of Concurrence to Opt-out of the Low-Income Energy Assistance Fund Assessment to Customers. (Arends/Myers-Beman) (p. 11)

5. Appointments

None.

6. Reports and Communications

- a. From Legal Counsel.
- b. From Staff.
 1. Grand Vision Energy Network Survey Results Presentation. (Arends/Ed Bailey/Sarna Salzman) (p. 15)
- c. From Board.

7. Public Comment

/st

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Regular Meeting
Held at 5:15 p.m., Commission Chambers, Governmental Center
Tuesday, June 25, 2013

Board Members -

Present: Barbara Budros, Jim Carruthers, Jan Geht, Jeff Palisin, Bob Spence,
Patrick McGuire

Ex Officio Member -

Present: Makayla Vitous, Interim City Manager

Others: Tim Arends, W. Peter Doren, Stephanie Tvardek, Scott Menhart, Tom
Olney, Jessica Wheaton

The meeting was called to order at 5:15 p.m. by Chairman McGuire.

Chairman McGuire welcomed new Board member Jan Geht and interim City Manager Makayla Vitous to the TCL&P board.

5:16 Bob Spence joined the meeting.

As requested by Spence, Agenda Item 2(b) was removed from the Consent Calendar for full discussion.

Item 2 on the Agenda being Consent Calendar

Moved by Carruthers, seconded by Budros, that the following actions, as recommended on the Consent Calendar portion of the Agenda as amended, be approved:

- a. Minutes of the Regular Meeting of June 11, 2013.
- b. *Removed from the Consent Calendar.*
- c. Fiber Contract with GTACS.

CARRIED unanimously.

Items Removed from the Consent Calendar

- a. Consideration of authorizing a Traffic Signals Maintenance Agreement.

The following individuals addressed the Board:

Tim Arends, Executive Director

Moved by Budros, seconded by Palisin, that the Board authorizes the Secretary and Chairman to enter into a Traffic Signal Maintenance Agreement between Traverse City Light & Power Department and Grand Traverse County Road Commission for traffic signal services and further agrees to the terms and conditions as set forth in the Agreement subject to approval as to substance by the Executive Director and approval as to form by General Counsel.

CARRIED unanimously.

Item 3 on the Agenda being Unfinished Business

3(a). Consideration of Strategic Planning Service Order – Hometown Connections.

The following individuals addressed the Board:

Tim Arends, Executive Director

Moved by Budros, seconded by Spence, that the Board authorizes a service order to Hometown Connections in the amount of \$39,600, plus expenses not to exceed \$7,000, for strategic planning consulting and facilitation services as identified in its revised proposal.

CARRIED unanimously.

Item 4 on the Agenda being New Business

4(a). Consideration of LED Street Light Purchase Order authorization request.

The following individuals addressed the Board:

Tom Olney, Operations Manager
Tim Arends, Executive Director

Moved by Carruthers, seconded by Budros, that the Board authorizes a purchase order to the low bidder Resco for the purchase of LED street light fixtures in the amount of \$86,681.26.

CARRIED unanimously.

Item 5 on the Agenda being Appointments

None.

Item 6 on the Agenda being Reports and Communications

a. From Legal Counsel.

None.

b. From Staff.

1. Jessica Wheaton presented the 2012 Energy Optimization results.

The following individuals addressed the Board:

Tim Arends, Executive Director

2. Tom Olney provided an update on the painting of TCL&P underground equipment.

3. Tim Arends spoke re: Bill 284 – Low Income Energy Assistance Fund.

c. From Board.

1. Jim Carruthers spoke re: the Clinch Park Ribbon Cutting ceremony held this afternoon.
2. In the interest of full disclosure, Bob Spence announced he has an ownership interest in Spence Brothers Construction which plans to bid on the Hastings Street Facility security enhancement project. If Spence Brothers Construction is considered for the project, Bob will recuse himself from any board discussion and/or votes.
3. Pat McGuire announced the cancelation of the July 9, 2013 Regular Board meeting with the consensus of the Board.

Item 7 on the Agenda being Public Comment

Randy Smith, Williamsburg, Non-Ratepayer

There being no objection, Chairman McGuire declared the meeting adjourned at 6:26 p.m.


/st

Tim Arends, Secretary
LIGHT AND POWER BOARD

FOR THE LIGHT & POWER BOARD MEETING OF JULY 23, 2013



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director 
Date: July 15, 2013
Subject: Streetlight Pole Painting Services Agreement

Traverse City Light & Power (TCL&P) owns, operates and maintains all streetlights in the public right of way in the City's corporate limits, along with limited street lighting in Garfield and Peninsula townships. As part of a comprehensive effort to upgrade and properly maintain these assets, TCL&P sought bids for the repainting of the streetlights in an effort to prolong their useful life, and for aesthetic purposes.

The first phase of this maintenance project will occur in the DDA District (map attached) which comprises 587 light poles (the project includes high poles, decorative light poles, and traffic signal support poles). The poles will be painted in-place. Painting will be during April through June and August through October, weather permitting. TCL&P crews have inventoried each light pole and determined the need for painting, general repairs, or replacement. In meetings with the DDA, it has indicated the DDA Board desires to have the poles be a different color in both Old Towne and the Warehouse Districts. Painting of different colors will require three coats of paint as opposed to one coat. The DDA has agreed that any additional costs associated with these other colors will be borne by the DDA.

The prices below include all labor and materials needed to prepare the pole, apply a primer, and apply a finish coat. The preparation consists of hydro-blasting and/or sanding the various rust spots, as necessary. The paint will be applied with a roller or brush as needed. All of the contractors' bids used similar paints – which consist of an acrylic primer and an acrylic semi-gloss exterior coat. Requests were sent out to six companies and bids were received as follows:

Bidder	3 Year Total	Year 1	Year 2	Year 3
National Coatings, Inc. Traverse City, MI 49685	\$52,606	\$15,640	\$17,385	\$19,581
Great Western Painting Draper, Utah 84020	\$192,126	\$64,042	\$64,042	\$64,042
Paint Platoon USA Cary, IL 60013	\$247,500	\$82,500	\$82,500	\$82,500

FOR THE LIGHT & POWER BOARD MEETING OF JULY 23, 2013

Northern Restoration & Waterproof Systems, Inc. Grawn, MI 49637	\$607,470	\$202,490	\$202,490	\$202,490
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Colonial Painting, Traverse City	NO BID
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Pole Painter INC.	NO BID
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This project is for phase 1 in the DDA District only. Once completed, TCL&P will rebid the project for the remaining poles on its system.

Staff recommends awarding the bid to National Coatings, Inc. as they are the low bidder for the defined work. In addition to being low bidder, National Coatings, Inc. has performed quality work in the area including previous work painting poles on Union Street, and they are a local company. Currently, National Coatings, Inc. is performing similar work for TCL&P painting the underground equipment boxes throughout the service area ridding them of graffiti and generally upgrading their appearance and useful life.

This item is appearing on the Consent Calendar as it is deemed a non-controversial item by staff. Approval of this item on the Consent Calendar means you agree with staff's recommendation.

If any member of the Board or the public wishes to discuss this matter, other than clarifying questions, it should be placed on the "items removed from the consent calendar" portion of the agenda for full discussion. If after Board discussion you agree with staff's recommendation the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AUTHORIZES THE CHAIRMAN AND THE SECRETARY TO ENTER INTO A THREE YEAR CONTRACT WITH NATIONAL COATINGS, INC. IN THE AMOUNT OF \$52,606; SUBJECT TO APPROVAL AS TO SUBSTANCE BY THE EXECUTIVE DIRECTOR AND APPROVAL AS TO FORM BY GENERAL COUNSEL.



Legend

DDA_Boundary


Pole

Pole_Condition, Pole_Type

- Good Condition, Candy Cane (133)
- Good Condition, Cobra Head (48)
- Good Condition, Hood (3)
- Good Condition, Post Top Light (5)
- Damaged, Candy Cane (25)
- Damaged, Cobra Head (5)
- Damaged, Hood (5)
- Dented, Candy Cane (2)
- Dented, Hood (1)
- Need Paint, Candy Cane (158)
- Need Paint, Cobra Head (1)
- Rusty, Candy Cane (18)
- Rusty, Cobra Head (136)



**TRAVERSE CITY
LIGHT & POWER**

To: Light and Power Board
From: Tim Arends, Executive Director 
Date: July 17, 2013
Subject: Hastings Street Building Security Enhancements Bid Award

In accordance with the Board's approval at its March 28, 2013 meeting, TCL&P solicited bids for security enhancements to the entrance of its Hastings Street service center facility. These enhancements will limit access, monitor visitors, and allow for a better functioning workspace.

AAI, Inc. is under contract with the utility to provide services that include design development, construction documentation and bidding, and construction management. AAI, Inc. provided oversight for the bid process for general trades which included mechanical and electrical trades (Bulk Bid). A public bid opening occurred on July 16, 2013. Bid results are detailed on the attached "Bid Tabulation Form".

Staff is recommending that in the best interests of TCL&P the low bidder Spence Brothers in the amount of \$39,600 be approved. Spence Brothers will act as General Contractor and will oversee general, mechanical and electrical subcontractors work.


If the Board is in agreement with Staff's recommendation the following motion is appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AUTHORIZES THE CHAIRMAN AND SECRETARY TO ENTER INTO A CONTRACT BETWEEN TCL&P (OWNER) AND SPENCE BROTHERS (CONTRACTOR) IN THE LUMP SUM TOTAL AMOUNT OF \$39,600 FOR HASTINGS STREET SECURITY ENHANCEMENTS, SUBJECT TO APPROVAL AS TO SUBSTANCE BY THE EXECUTIVE DIRECTOR AND AS TO FORM BY GENERAL COUNSEL; AND FURTHER AUTHORIZES THE EXECUTIVE DIRECTOR TO ADMINISTER AMENDMENTS AND CHANGE ORDERS THAT ARE IN THE BEST INTERESTS OF THE UTILITY.



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, Executive Director 
Date: July 15, 2013
Subject: Public Act 95 – Low-Income Energy Assistance Fund

At your last meeting I introduced details on Senate Bill 284 (attached) which passed both houses of the state legislature and was awaiting the Governor's signature. SB 284 creates the Low-Income Energy Assistance Fund managed by the state Treasury Department with general oversight by the Michigan Public Service Commission (MPSC) and the Department of Human Services. This fund will provide up to \$50 million to assist low income residential customers with heating assistance payments when faced with non-payment shutoffs by their utility service provider(s) (electric, gas, propane, heating oil, etc.). The Governor has signed the bill and it is now entitled Public Act 95 of 2013; which amends Public Act 3 of 1939.

This new legislation requires all electric utilities (including cooperative and municipal utilities) to assess its customers up to \$1 per month, as annually determined by the MPSC, and remit those amounts to the state for use by the low-income fund. The legislation does not guarantee the funds collected from a geographic area will be returned to that geographic area; it states only "to the extent possible." Each year by July 1st utilities may elect to opt-out of the requirement to assess its customer's this fee; however, if the utility does opt-out it is prohibited by law from discontinuing a customer's service from November 1st through April 15th for non-payment of their utility bills.

As I informed the Board at its last meeting, I recommend that TCL&P opt-out of this requirement to assess its customers. At the request of the Michigan Municipal Electric Association, the MPSC has extended the 2013 notice deadline for electric utilities until 5 p.m. on July 24th to allow for utilities to gain direction from their oversight bodies on this important legislative mandate. The 2013 assessment is currently estimated at \$0.91/meter/month for each retail meter (only one residential meter may be assessed by customer address). This would amount to \$10,634/month; or \$127,611 annually for TCL&P's 11,686 meters that would be so assessed. The amount is significantly higher than the current five-year bad debt expense average of approximately \$38,000.

Granted, opting out of assessing TCL&P customers this fee may cause the utility's bad debt expense to increase, however, as recommended by Hometown Connections, staff is exploring other options to recover bad debt, which will mitigate this potential risk; these options include amending the electric utility lien ordinance to be similar to the water and sewer ordinance and reducing the lienable balance from \$1,000 to \$0, and increasing TCL&P's security deposit, basing the amount on a customer's credit score and requiring payment before service is provided.

TCL&P did not discontinue customer's service in the winter of 2009 in response to the death of a customer in Bay City. Fiscal year 2009-10 bad debt expense was only \$2,800 greater than the

FOR THE LIGHT & POWER BOARD MEETING OF JULY 23, 2013

current five-year bad debt expense average. There was no corresponding increase in bad debt expense because payments from Department of Human Services were still received but deferred to the spring when non-pay disconnections resumed. Utility staff performed other avenues of collection during the winter months including processing small claims in the 86th District Court.

Currently, TCL&P's Termination of Electric Service Policy prohibits non-payment shutoffs for senior citizens, and the policy has a winter protection plan for low-income households. If TCL&P does opt-out of PA 95 of 2013, the policy would have to be modified.

While PA 95 of 2013 does not require utility legislative body authorization, I believe this is an important policy issue for the Board to consider (in this first year) as it directly impacts the monthly charges to TCL&P ratepayers.

If the Board concurs with staff's recommendation to opt-out of PA 95 of 2013 the following motion would be appropriate to do so:

MOVED BY _____, SECONDED BY _____,

**THAT THE LIGHT & POWER BOARD CONCURS WITH STAFF'S
RECOMMENDATION TO OPT-OUT OF PUBLIC ACT 95 OF 2013.**

MMEA Member	2013 Low-Income IN Retail Meters	2013 Low-Income Out
Village of Baraga	776	
Bay City Electric Light & Power	?	
City of Charlevoix		
Chelsea Electric Department	2,765	
Village of Clinton	?	
Coldwater Board of Public Utilities		
Crosswell Light & Power Department		
City of Crystal Falls		Out
Daggett Electric Department		
Detroit Public Lighting Department		
Dowagiac Department of Public Services		
City of Eaton Rapids		Out
Escanaba Electric Department		
City of Gladstone Electrical Department		
Grand Haven Board of Light and Power		
Harbor Springs Municipal Utility		Out
City of Hart Hydro Electric		
Hillsdale Board of Public Utilities		
Holland Board of Public Works		
Village of L'Anse		Out
Lansing Board of Water & Light		Out
Lowell Light and Power		
Marquette Board of Light and Power		Out
City of Marshall Electric Department	?	
City of Negaunee Electric Department		
Newberry Water & Light Board		
Niles Utilities Department		
City of Norway Electric Department		

Village of Paw Paw	1,299	
City of Petoskey	5,219	
Portland Light and Power Board		Out
Sebewaing Light & Water Dept.		Out
South Haven Department of Public Works		
City of St. Louis		
City of Stephenson		
City of Sturgis		Out
Traverse City Light & Power		Out
Union City		
City of Wakefield		
Wyandotte Municipal Services		
Zeeland Board of Public Works		



TRAVERSE CITY
LIGHT & POWER

To: TCL&P Board of Directors
From: Jessica Wheaton, Marketing & Community Relations Coordinator
Date: July 17, 2013
Subject: Grand Vision Energy Survey Presentation

A handwritten signature in black ink, appearing to be 'JW', is located to the right of the 'From:' line in the header.

In the fall of 2012 TCL&P and the Grand Vision Energy Network completed two energy related surveys. Both surveys requested feedback from the community regarding a variety of topics such as desired energy generation sources, energy efficiency and location of future generation.

TCL&P's survey focused on type and location of future generation and was distributed to TCL&P customers only through a direct mailer. A total of 10,009 surveys were mailed to 8,260 residential and 1,749 commercial customers. A total of 1,823 completed surveys were received, comprised of 1,502 residential surveys and 321 commercial surveys.

The Grand Vision Energy Network survey focused on rating electricity related questions using four key factors: energy reliability, consumer cost, environment, and regional economy. The survey was open to community members in the six county region (Antrim, Benzie, Grand Traverse, Kalkaska, Leelanau, and Wexford) and was available to complete online. In total, 2,179 community members took the survey, of which 641 were high school students.

Sarna Salzman, Executive Director of SEEDS, and Ed Bailey, Grand Vision Energy Network Convener and Technical Division Director at NMC, will present the attached Grand Vision Energy Survey presentation, reviewing the survey's baseline data and results.

The complete Grand Vision Energy Survey report can be found online at:

www.thegrandvision.org/energy



Grand Vision Energy Network

Presentation to the Directors of
Traverse City Light & Power

Ed Bailey, NMC & Sarna Salzman, SEEDS

Links to the Data Sets and Reports are found at:

www.thegrandvision.org/energy

- **The NWM Council of Governments received a grant from HUD to create a series of reports outlining frameworks for implementing the principles of the Grand Vision**
- **As part of this process the Energy Network performed a 6-county energy consumption baseline analysis and conducted an opinion survey.**

6 County Baseline Consumption Analysis of 2011

How much do we use? 58 mmBtu

Who uses it?

Residential : C&I : Transportation
1/3 : 1/3 : 1/3 (roughly)

What do we consume? 39% electricity

How much does it cost?

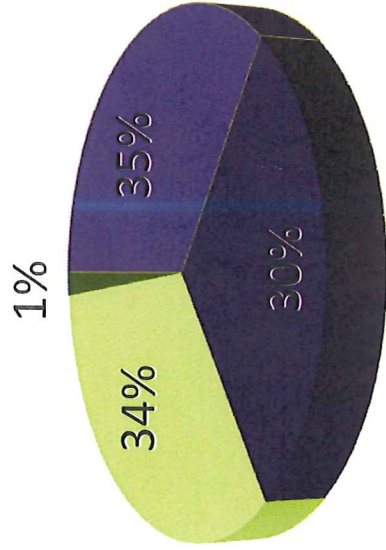
Electricity = \$217million annually



Distribution of Energy Use, Type & Cost

Energy Use % By Sector

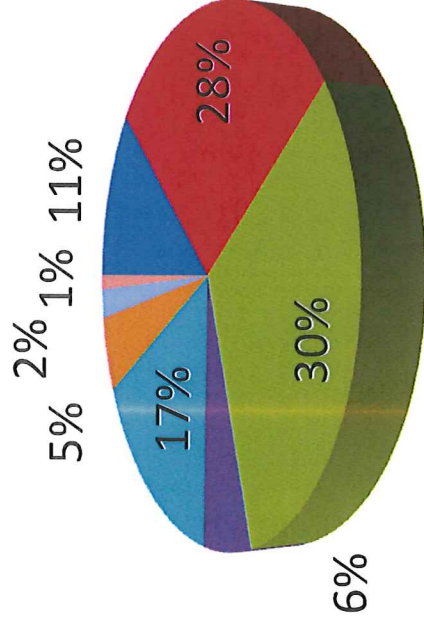
58 million mmBtu



- Residential - 35%
- Commercial / Industrial - 30%
- Trans - Non-Commercial - 34%
- Trans - Commercial - 2%

Energy Use % By Type

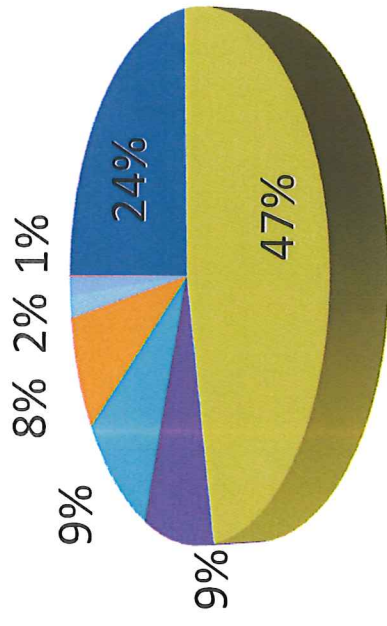
58 million mmBtu



- Electric - 11%
- Electric Conversion - 28%
- Gasoline - 30%
- Diesel - 6%
- Natural Gas - 17%
- Propane / LPG - 5%
- Wood - 2%
- All Other Fuels - 1%

Energy Cost % By Type

\$904 million

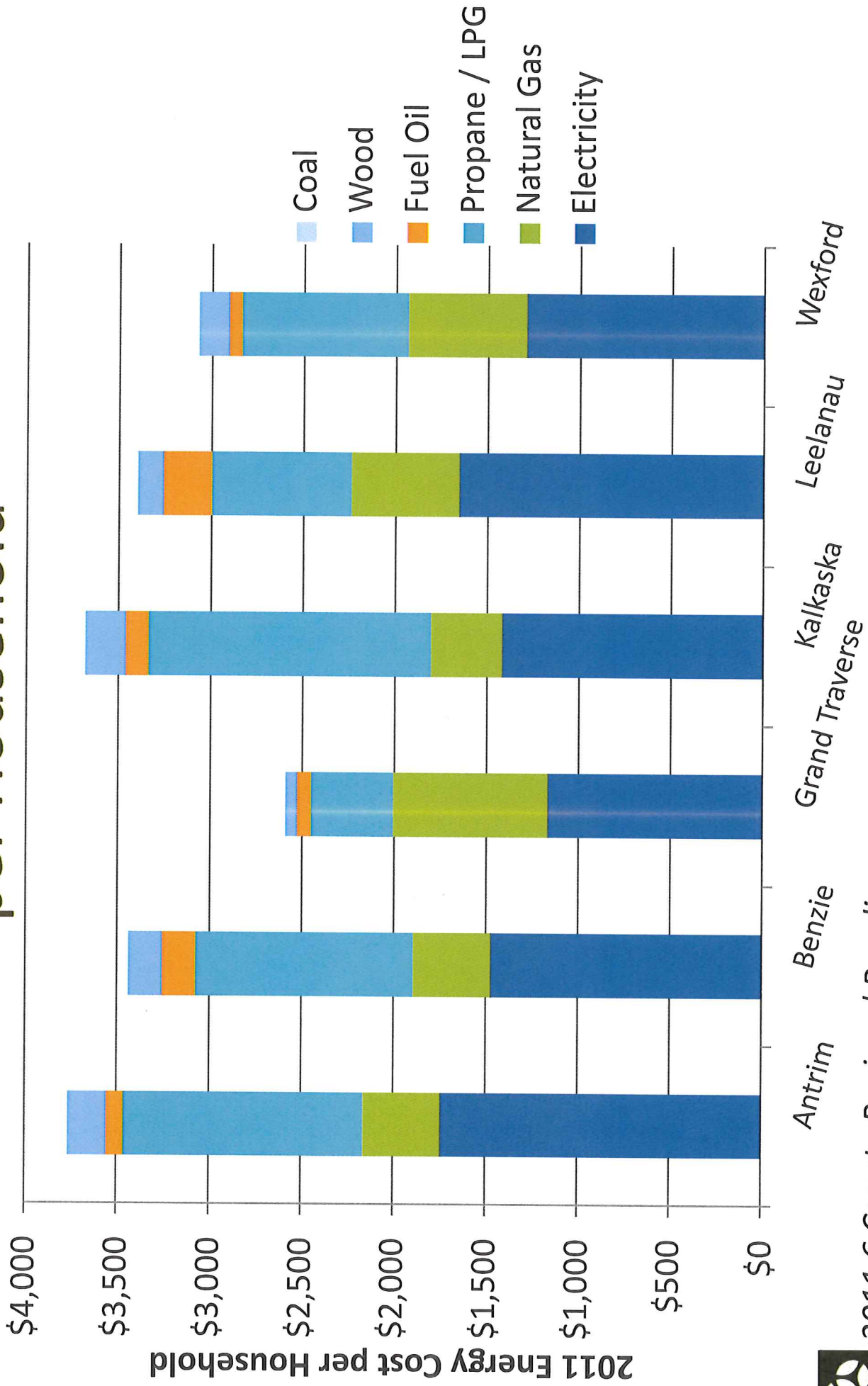


- Electricity - 24%
- Gasoline - 47%
- Diesel - 9%
- Natural Gas - 9%
- Propane / LPG - 8%
- Fuel Oil - 2%
- Wood - 1%
- All Other Fuels - <1%

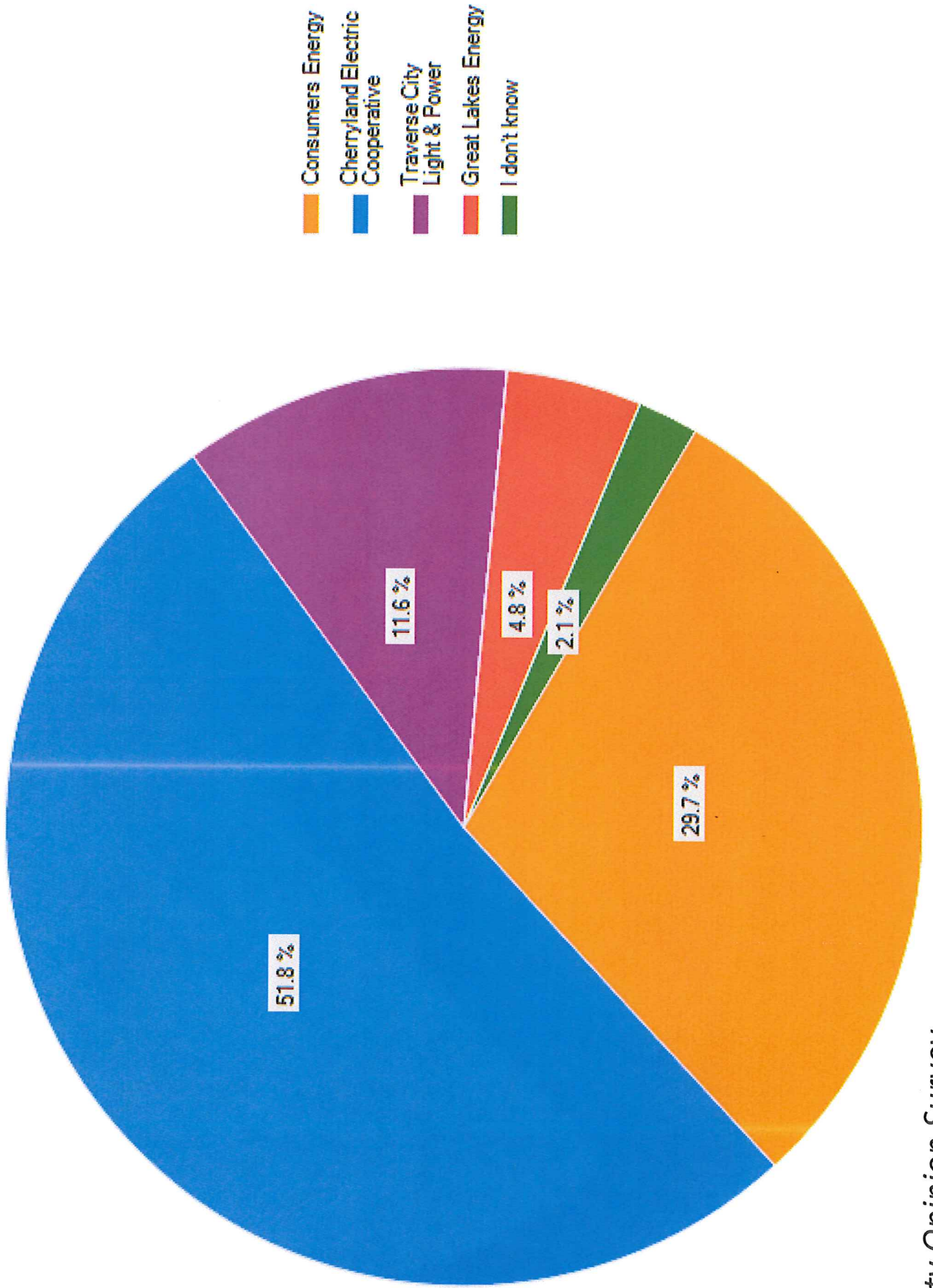


Residential Housing Energy Cost

per Household



Which provider do you use for electricity at your residence in Northwest Michigan?



Four Factors to Balance

	Rating Average
Energy Reliability-"keeping the lights on"	1.79
Consumer Cost-"price you pay for electricity"	2.46
Environment-"how electricity production affects the environment"	2.65
Regional Economy-"the impact electricity production has on local businesses and jobs"	3.09

Four Factors to Balance

How High School Students Ranked Them

	Rating Average
Regional Economy-"the impact electricity production has on local businesses and jobs"	2.36
Consumer Cost-"price you pay for electricity"	2.49
Environment-"how electricity production affects the environment"	2.54
Energy Reliability-"keeping the lights on"	2.61

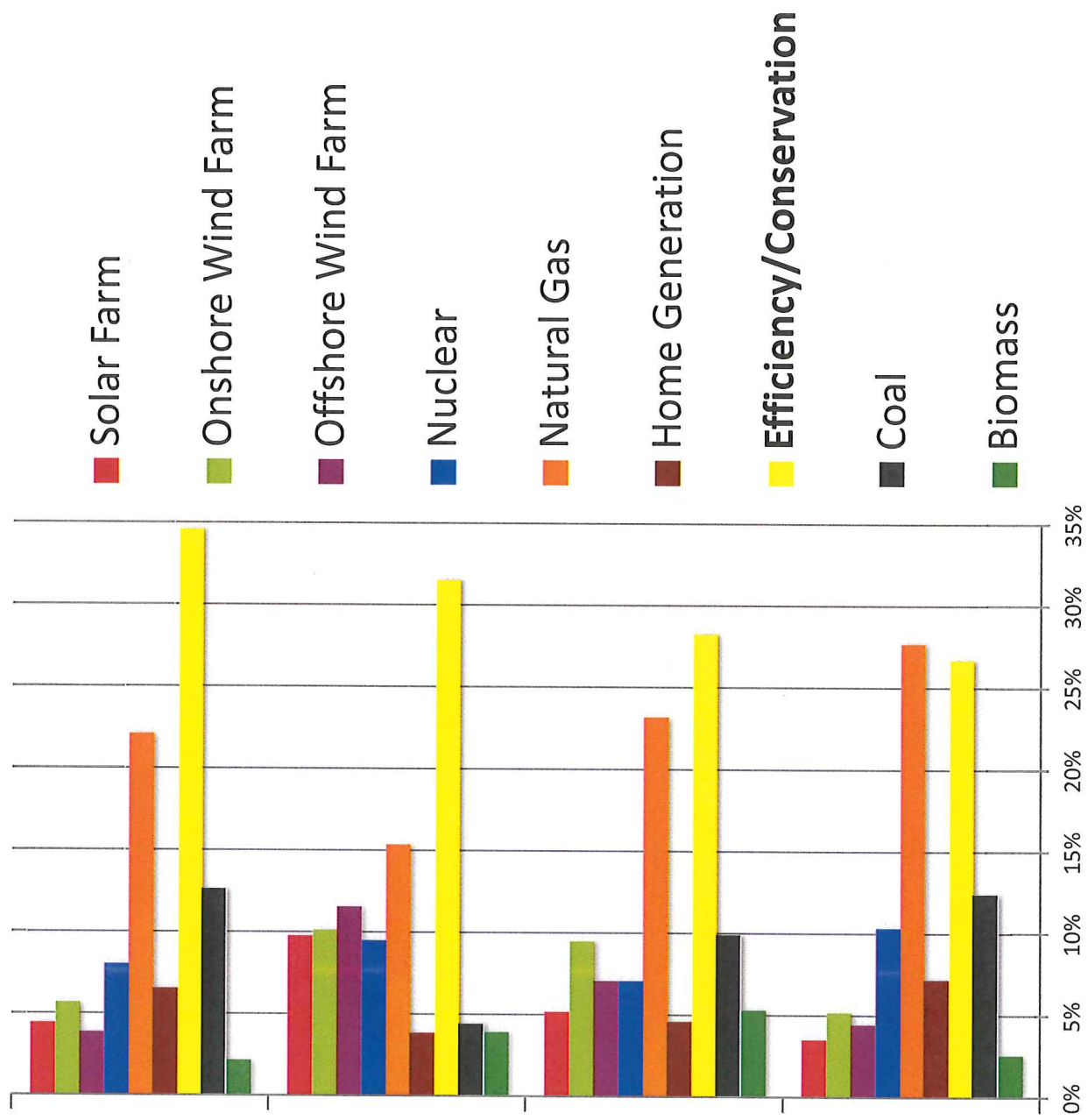
Top Electricity Picks for Addressing 4 Factors

Regional Economy-"the impact electricity production has on local businesses and jobs"

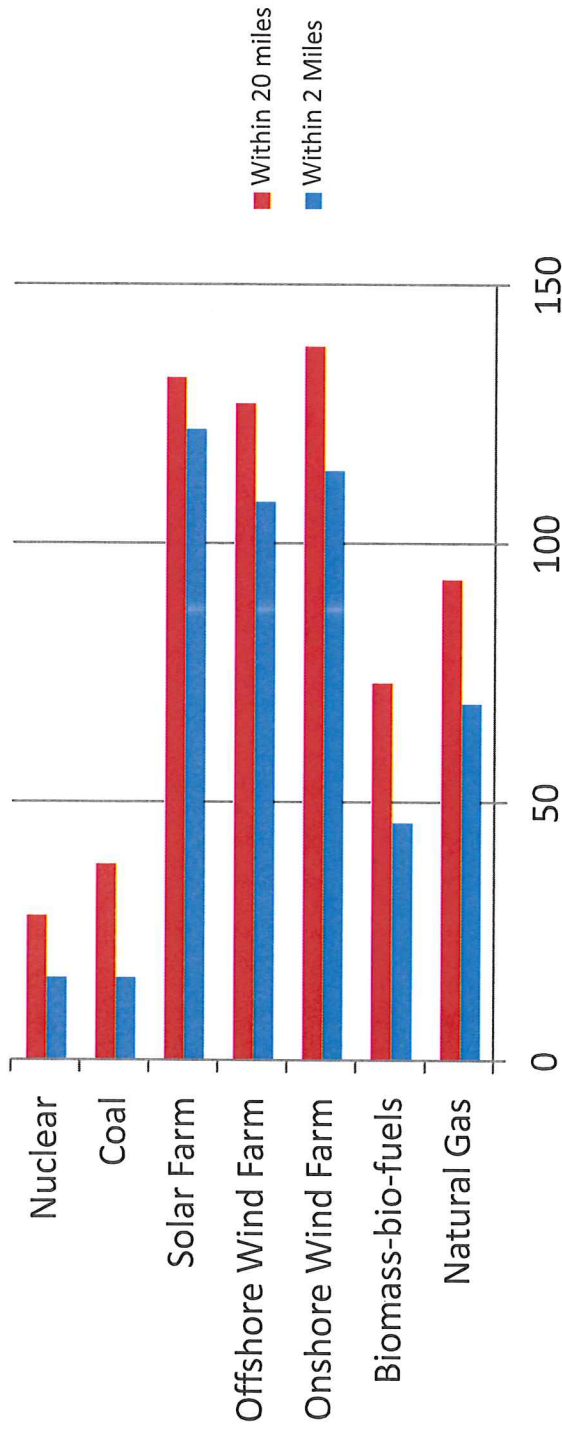
Environment-"how electricity production affects the environment"

Consumer Cost-"price you pay for electricity"

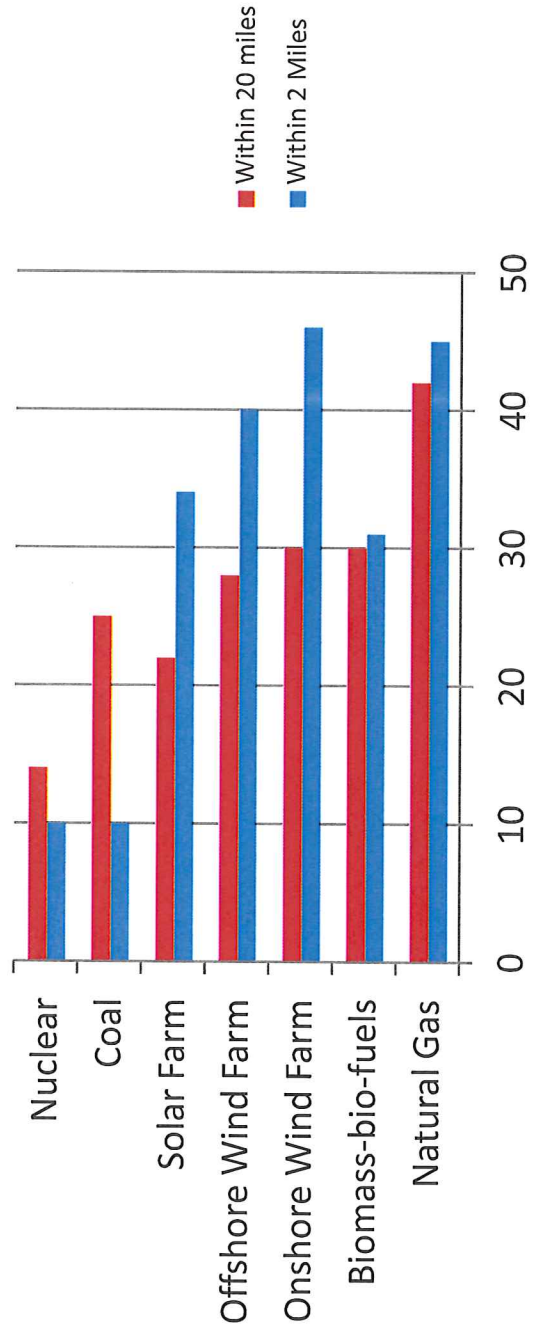
Energy Reliability-"keeping the lights on"



Somewhat & Very Willing to Live Near

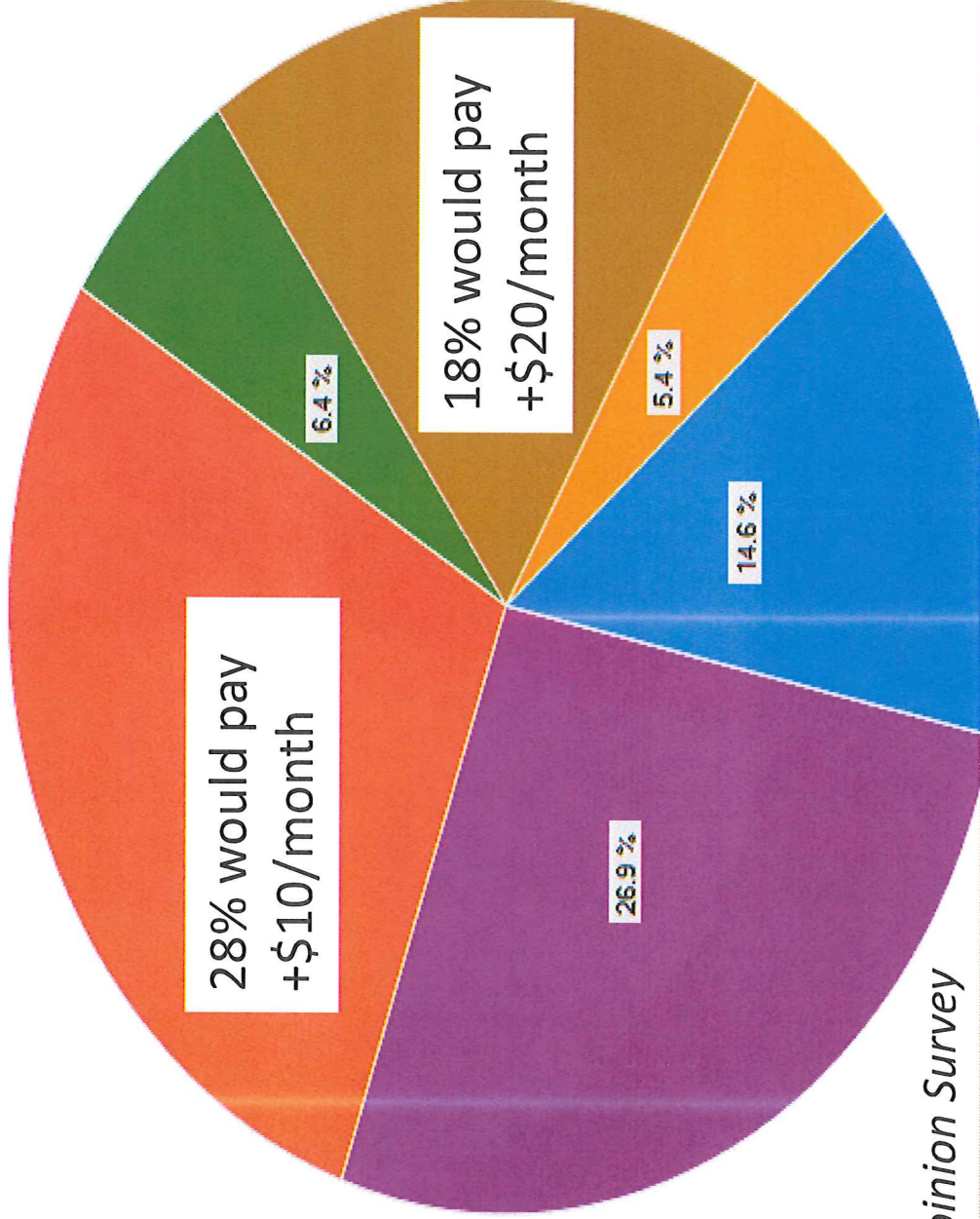


Very Willing to Live Near

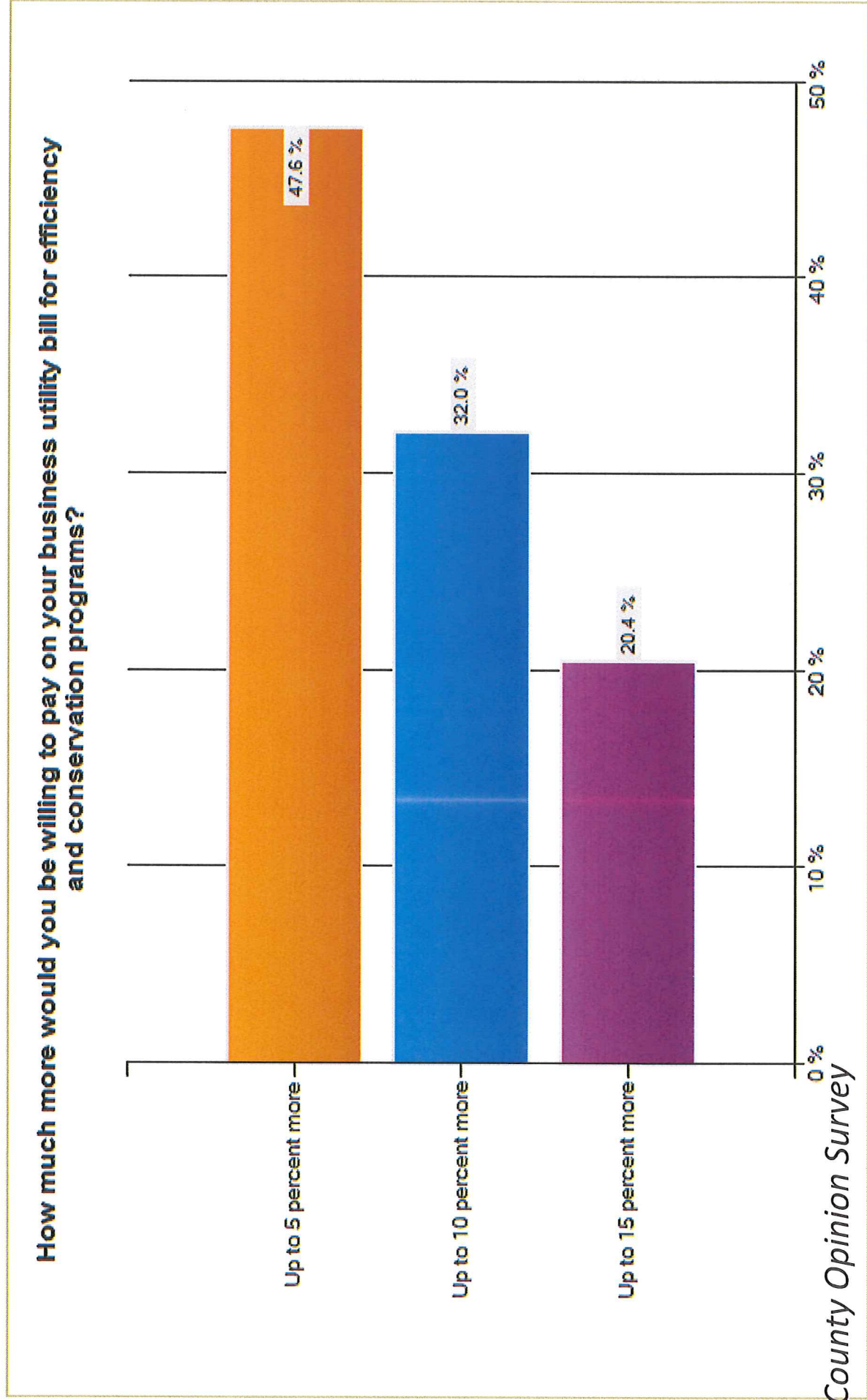


62% agree or somewhat agree with paying more on their utility bill for more conservation and efficiency programs

How much more would you be willing to pay per month on your utility bill for more conservation and efficiency programs?

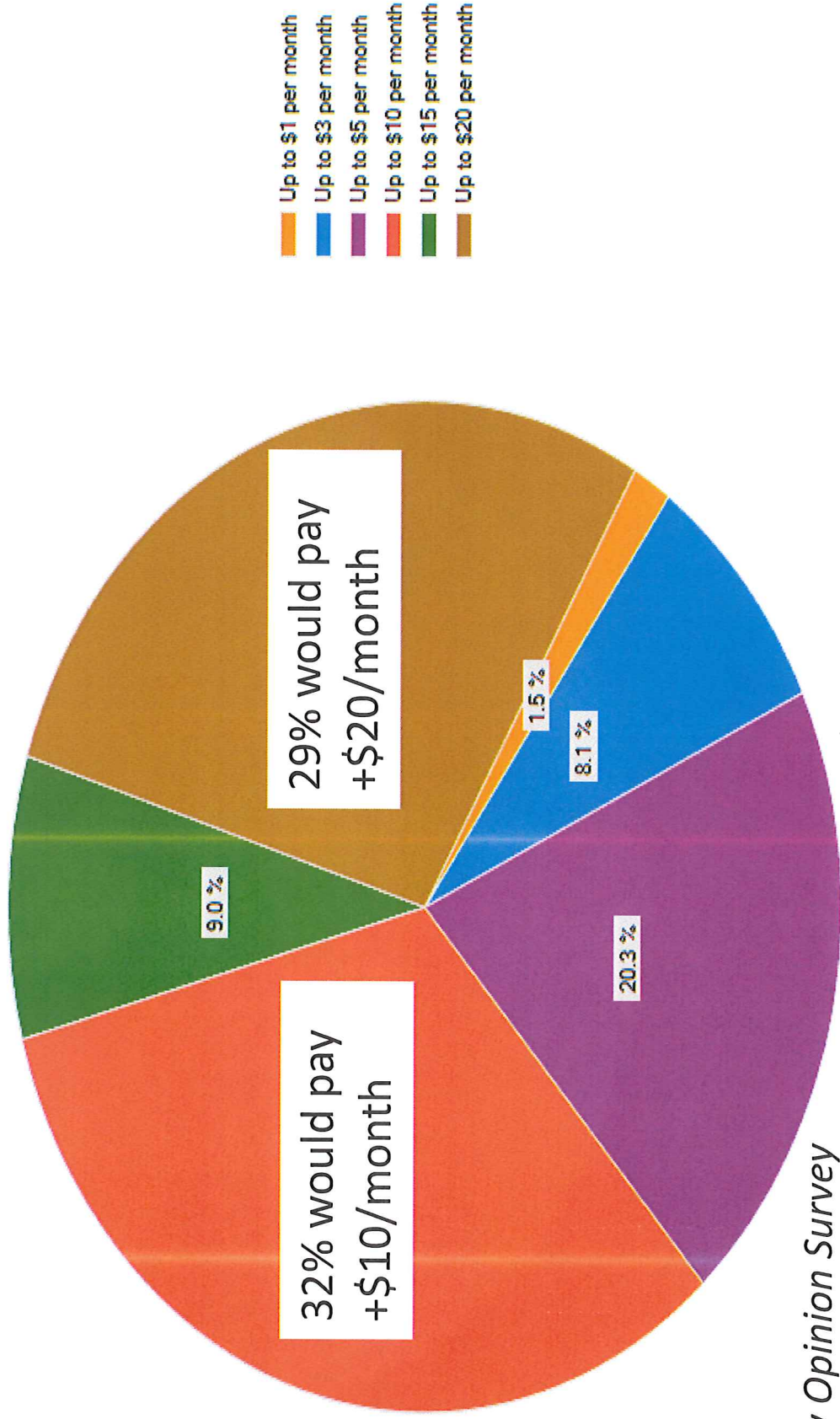


55% of business owners agree or somewhat agree with paying more on their utility bill for more efficiency and conservation programs



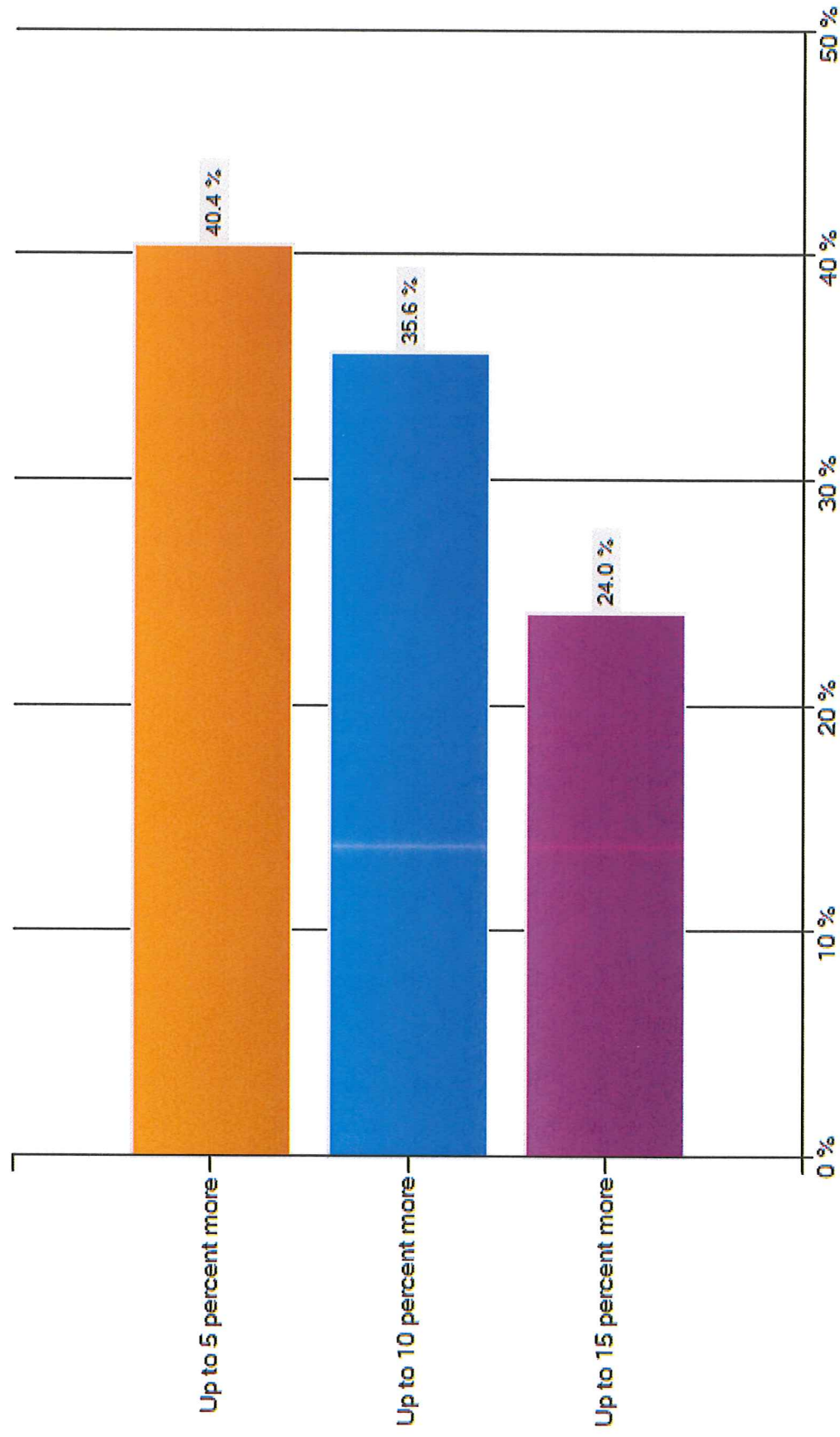
60% agree or somewhat agree with paying more on their monthly bill if it meant more energy would come from renewable sources

How much more would you be willing to pay per month on your electricity bill for renewable sources?



57% of business owners agree or somewhat agree with paying more on their bill if more energy would come from renewable sources

How much more would you be willing to pay on the electricity bill for your business?



Grand Vision Energy Network: Partnerships in Motion

Working together to create a resilient energy future





Historic Berman Park Energy Farm
Geo Thermal System from Utility Optimization Program
Funders:
 Consumers Energy
 Cheryland Electric Cooperative
 Traverse City Light & Power

With Recreational Authority of Traverse City and Township of Garfield




Energy Efficiency and Economic Opportunity in Grand Traverse County
Funders:
 Joyce Foundation
 Wege Foundation




Commercial/Industrial Energy Efficiency Program
Funders:
 Traverse City Light & Power
 TC Area Chamber of Commerce Loan Fund
 Commercial/Industrial Companies






Feasibility Study: Natural Gas Bus Transportation Substitution






Grand Vision Regional Energy Plan Development
Funders:
 HUD Sustainable Communities
 W.K. Kellogg Foundation

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Grand Vision Energy Network
Utilities
Businesses
Nonprofit Organizations
Education Institutions
Governments

Convener:
 Ed Bailey
 NMC Tech Division Director







Residential Energy Conservation & Efficiency Program
Funders:
 US Department of Energy
 Michigan Saves




5-Year Action Plan for Energy Efficiency: 20 municipalities \$40,000/unit
Funders:
 Michigan Public Service Commission
 Energy Efficiency Community Block Grant



Feasibility Study: Joint Venture Natural Gas Combined Cycle Small Power Facility