

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, June 9, 2015

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: 06-05-15
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.

- a. Consideration of approving minutes of the Regular Meeting of May 26, 2015. (Approval recommended) (p. 4)
- b. Receive and file minutes of the Human Resources Ad Hoc Committee Meeting of May 22, 2015. (Approval recommended) (p. 7)
- c. Consideration of approving the 2015-2016 Insurance Renewal. (Approval recommended) (Myers-Beman) (p. 8)

Items Removed from the Consent Calendar

- a.
- b.

3. Unfinished Business

- a. Pine Street – Overhead to Underground Conversion Project expanded re-authorization. (Arends) (p. 14)

4. New Business

- a. Consideration of awarding a bid for Hastings Street Storage Facility. (Arends/Bob Sommerville) (p. 20)
- b. Consideration of authorizing a construction agreement for Pine Street – Overhead to Underground Conversion Project conduit installation. (Arends/GRP Engineering) (p. 25)
- c. Consideration of authorizing a construction agreement for Pine Street – Overhead to Underground Conversion Project electrical cable and equipment installation. (Arends/GRP Engineering) (p. 28)
- d. Consideration of authorizing a purchase order to Power Line Supply in the amount for \$407,928 for underground cable for the Pine Street – Overhead to Underground Conversion Project. (Arends) (p. 32)

- e. Consideration of a periodic personnel evaluation of Tim Arends, Executive Director. (Taylor/H.R. Ad Hoc Committee) (possible closed session) (p. 34)

5. Appointments

None.

6. Reports and Communications

- a. From Legal Counsel.
- b. From Staff.
 - 1. Announcement of RP3 Award status. (Arends) (p. 50)
 - 2. Discussion regarding a solar addition to Hastings Street Storage Facility. (Wheaton) (p. 51)
 - 3. Presentation of third quarter financial report. (Myers-Beman) (p. 52)
 - 4. *TCL&P news and correspondence. (General – No Official Report) (p. 56)*
- 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, May 26, 2015

Board Members -

Present: Barbara Budros, Jim Carruthers, Pat McGuire, Jeff Palisin, Bob Spence,
Jan Geht, John Taylor

Ex Officio Member -

Present: Penny Hill, Acting City Manager

Others: Tim Arends, Scott Menhart, Karla Myers-Beman, Tom Olney, Kelli
Schroeder, Stephanie Tvardek, Jessica Wheaton, Blake Wilson

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

Tim Arends, Executive Director, recognized Rich Hauserman and Brad Purcell, recent retirees of
TCL&P, for their service to the organization.

Chairman Taylor recognized Dan Yanska, TCL&P's Meter and Technical Services Lead, for his
thirty years of service to the organization upon his retirement May 29, 2015.

5:19 Bob Spence joined the meeting.

Item 2 on the Agenda being Consent Calendar

Moved by McGuire, seconded by Geht, that the following actions, as recommended on the
Consent Calendar portion of the Agenda be approved:

- a. Minutes of the Regular Meeting of April 28, 2015.
- b. Amended service order to AAI in the amount of \$55,760 for design, development of
construction documents and project management services for the Hastings Street Storage
Facility.

CARRIED unanimously.

Items Removed from the Consent Calendar

None.

Item 3 on the Agenda being Unfinished Business

- a. Consideration of approving the budget and capital plan for 2015-16.

Moved by Palisin, seconded by Geht, that the Light & Power Board formally adopts the 2015-16
operating budgets for the electric utility and fiber optic funds and the six year capital
improvements plan.

CARRIED unanimously.

Item 4 on the Agenda being New Business

- a. Consideration of authorizing renewal of the License to Use Coal Dock and Bottomlands with Maritime Heritage Alliance, Inc.

The following individuals addressed the Board:

Karla Myers-Beman, Controller

Moved by McGuire, seconded by Geht, that the Board approve the License to Use Coal Dock and Bottomlands with Maritime Heritage Alliance, Inc. and assignment of this License to the City.

The following individuals from the public addressed the Board:

Rod Jones, President, MHA, 12684 S. Cedar Lane, non-ratepayer

CARRIED unanimously.

Item 5 on the Agenda being Appointments

- a. Consideration of designating a TCL&P board member as a representative on the Maritime Heritage Alliance Board.

The following individuals addressed the Board:

Tim Arends, Executive Director

Moved by Carruthers, seconded by Geht, that Bob Spence be appointed to replace Jim Carruthers as the TCL&P board representative on the MHA board.

CARRIED unanimously.

Item 6 on the Agenda being Reports and Communications

- a. From Legal Counsel.

None.

- b. From Staff.

1. Jessica Wheaton provided an update regarding the Navigant process.
2. Tim Arends discussed the possible creation of a fiber optic opportunity taskforce.

The following individuals addressed the Board:

Penny Hill, Acting City Manager

3. Board and staff discussed TCL&P's future financial participation with City of Traverse City and Downtown Development Authority projects.

The following individuals addressed the Board:

Tim Arends, Executive Director
Jessica Wheaton, Manager of Energy Services & Key Accounts

Moved by Geht, seconded by Budros, to suspend the board rules and appoint an ad hoc committee for the purposes of developing survey questions to consist of Chairman John Taylor, Vice Chairman Jan Geht and Pat McGuire.

CARRIED unanimously.

4. Tim Arends recognized Tom Olney, Operations Manager, for his service to the organization upon his retirement on May 29, 2015.
- c. From Board.
1. Chairman Taylor provided an update on the recent Human Resources Ad Hoc committee meeting regarding the review of the Executive Director. A handout was provided for the Board to review. This item will appear on the June 9, 2015 Regular Meeting.

Item 7 on the Agenda being Public Comment

No one from the public commented.

There being no objection, Chairman Taylor declared the meeting adjourned at 6:53 p.m.

/st

Tim Arends, Secretary
LIGHT AND POWER BOARD

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes

Human Resources Ad Hoc Committee

Held at 12:00 p.m., Mayor's Conference Room, Governmental Center
Friday, May 22, 2015

Committee Members -

Present: Barbara Budros, Bob Spence, John Taylor

Absent: None

Others: None

The meeting was called to order at 12:00 p.m.

1. Consideration of a recommendation to the full board regarding the Executive Director's contract.

Committee members discussed the Executive Director's contract. A formal recommendation will be brought to the full board for consideration at the June 9, 2015 Regular Meeting.

2. Public Comment

No one from the public commented.

There being no objection, Committee Chairman Spence declared the meeting adjourned at 1:20 p.m.

/st

John Taylor, Chairman
LIGHT AND POWER BOARD



**TRAVERSE CITY
LIGHT & POWER**

To: Light and Power Board
From: Karla Myers-Beman, Controller *KMB*
Date: June 3, 2015
Subject: 2015-2016 Insurance Renewal

The Michigan Municipal League (MML) has submitted its proposal for liability and property insurance for fiscal year 2015-2016 in the amount of \$67,536. Attached is an Executive Overview from MML describing their company, the insurance process, and a list of benefits of pooling with MML.

This year there is an increase of 2.771%.

2009-10 - \$ 75,564
2010-11 - \$ 69,781
2011-12 - \$ 61,214
2012-13 - \$ 63,392
2013-14 - \$ 64,995
2014-15 - \$ 65,715
2015-16 - \$ 67,536

This item is on the Consent Calendar as it is deemed non-controversial. Staff recommends that the Board accept this proposal and authorize payment to MML for the 2015-2016 property & liability insurance premium. 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 LIGHT AND POWER BOARD APPROVES PAYMENT TO THE MICHIGAN MUNICIPAL LEAGUE LIABILITY AND PROPERTY POOL IN THE AMOUNT OF \$67,536 FOR FISCAL YEAR 2015-2016 LIABILITY AND PROPERTY INSURANCE.



michigan municipal league

liability and property pool

June 2, 2015

Karla Myers-Berman, Controller
Traverse City Light & Power

Re: Traverse City Light and Power Renewal Premium for 2015-2016.

TCLP's renewal premium represents an increase of approximately 2.771%. The premium increase is primarily due to MML's 2% property inflation guard and adding Railroad Protective Liability.

Also, MML property rates increased four cents due to the Pool's loss experience and an increase in MML property reinsurance rates. MML liability rates did not change.

Line of Coverage	2014-2015 Premium	2015-2016 Premium	2014-2015 Deductible	2015-2016 Deductible
General Liability	\$12,865	\$13,683	\$0	\$0
Errors & Omissions	\$17,507	\$15,531	\$0	\$0
Property	\$22,935	\$24,023	\$5,000	\$5,000
Excess Liability 1 mm x1 mm	\$6,204	\$7,149	N/A	N/A
Excess Liability 3 mm x 2 mm	\$6,204	\$7,150		
Total	\$65,715	\$67,536.		

The Michigan Municipal League Liability and Property Pool appreciate your 30 years of membership and we are committed to providing you with the best comprehensive coverage and service.

Sincerely,



Connie M. Monson
 MML Account Executive

Service Provider: Meadowbrook® Insurance Group

Loss Control & Member Services: P.O. Box 2054, Southfield, MI 48037; (248) 204-6123; (800) 482-0626; Fax (248) 358-1614

Southfield Claims Service: P.O. Box 5174, Southfield, MI 48086-5174; (248) 204-6123; (800) 482-0626; Fax (248) 358-3251

Grand Rapids Claims: 3501 Lake Eastbrook S.E., Suite 150, Grand Rapids, MI 49546-5939; (616) 942-0311; (800) 752-7477; Fax (616) 942-0390

www.mml.org



michigan municipal league

liability and property pool workers' compensation fund membership news



Michigan Municipal League Boards Announce 2015 Member Dividends

In keeping with the Michigan Municipal League's mission of providing long-term, stable, cost-effective risk management services to our members, the board of directors of the Michigan Municipal League Liability & Property Pool voted to return \$2.55 million in equity to members who renew coverage in 2015. This latest distribution follows the \$10.5 million returned over the previous four years. In addition, the trustees of the MML Workers' Compensation Fund authorized an equity return of \$8.4 million as part of members' July 1, 2015 renewal.

The Michigan Municipal League Liability & Property Pool and the MML Workers' Compensation Fund are the nonprofit self-insurance programs owned, operated and governed by you and your fellow communities. Over the long run, they represent the lowest cost insurance alternative for Michigan local governments. Excess contributions—the direct result of your cooperative work to control losses—are returned to members through dividends, expanded coverage or improved services.

Remember, these are your programs: the ability to return ownership equity depends on your efforts; these latest distributions represent premium dollars that would otherwise be lost to out-of-state or out-of-country commercial insurers.

Please tell us how else we can make your insurance programs work for you.

MML Liability & Property Pool Directors

Chair: Jason Eppler
Manager
City of Ionia

Vice Chair: Robert Clark
Mayor
City of Monroe

Dan Gilmartin
Executive Director
MML

Penny Hill
Assistant Manager
City of Traverse City

Sue Osborn
Mayor
City of Fenton

David Post
Manager
Village of Hillman

Adam Smith
Manager
Village of Mackinaw City

Jean Stegeman
Mayor
City of Menominee

Paula Zelenko
Mayor
City of Burton

**MML Workers' Compensation
Fund Trustees**

Chair: Elva Mills
President
Village of Lexington

Vice Chair: George Bosanic
Manager
City of Greenville

Frank Brock, Jr.
Mayor
City of Lathrup Village

Christine Burns
Manager
Village of Spring Lake

Frank Campbell
Mayor
City of Hastings

Maureen Donker
Mayor
City of Midland

Dan Gilmartin
Executive Director
MML

Ken Hibl
Manager
City of Clare

Larry Nielsen
Manager
Village of Paw Paw

Dan Reszka
President
Village of Elk Rapids

Amy Roddy
Manager
City of Durand

William Vajda
Manager
City of Marquette

Thomas Winarski
Mayor
City of Gladwin

For more information:
Michael Forster, Director, Risk Management Services
734-669-6340 or mforster@mml.org

About the Liability & Property Pool

The Michigan Municipal League Liability & Property Pool provides comprehensive property, general liability, auto liability, public officials' liability insurance and related services to hundreds of Michigan cities, villages, townships and other public entities. We write more than \$18 million in premiums, have more than \$50 million in net assets and have returned more than \$10 million in dividends to our member/owners over the last 4 years. The Pool has remained a financially strong and stable source of insurance and risk management services since 1982. We offer up to \$10 million per occurrence for liability, replacement cost property coverage and a host of risk management services that are second to none.

About the Workers' Compensation Fund

The Michigan Municipal League Workers' Compensation Fund is the state's leading provider of municipal workers' compensation and risk management services. The Fund has the lowest rates, the best claims service and the highest historical return of dividends of any insurer in Michigan. The Fund has more than 890 members, \$135 million in assets and more than \$66 million in net assets. Efficient administration, effective loss control programs and proactive claims services have resulted in rates that are on average 50 percent lower than those of our nearest competitor.



michigan municipal league

Liability & Property Pool

Proposal

for the

City of Traverse City

Presented By:

Connie M. Monson
MML Account Executive
(877)370-8892

Meadowbrook® Insurance Group, Service Provider

June 2, 2015

Executive Overview

The Michigan Municipal League Liability and Property Pool is administered by the Risk Management staff of the Michigan Municipal League, and serviced by Meadowbrook Insurance Group. Since 1982, the Pool has been a stable source of comprehensive municipal insurance and risk management services. It is financially secure and positioned for long-term stability.

The **City of Traverse City** has been a Pool member since **1985**.

The League administrative staff and the dedicated Pool staff at Meadowbrook Insurance Group are municipal insurance experts. Municipal risk management is our only business, and we're proud of it!

The Pool provides insurance coverage designed specifically for Michigan municipal exposures, combined with a package of loss control programs, claims administration, legal defense and membership services that you won't find anywhere else in Michigan.

This quotation is based on the limits of coverage requested by the **City of Traverse City**. Higher limits may be available, subject to underwriting review by Pool Management. Please submit requests for higher limits in writing to your Account Executive. Your request will be considered by Pool Management.

The insurance and related services described more fully in this proposal are being offered to the **City of Traverse City** for an annual premium of **\$425,598**.

City of Traverse City **\$358,062.**
Traverse Light & Power **\$67,536**

Note: The MML Liability & Property Pool Board of Trustees voted to return another post-renewal dividend for Members renewing in 2015. The City of Traverse City's portion of the dividend return is **\$56,608**. Traverse City will receive this dividend in the month following payment of your 2015 renewal premium.

We encourage you to compare the Pool with our competition. Compare us based on price, coverage, service, financial security, experience and commitment to municipal risk management. When you do, the advantages of Pool membership become clear.

Thank you for being a Pool member. We look forward to servicing your risk management program for many years to come.

Our Mission

To be a long-term, stable, cost-effective risk management alternative for members of the Michigan Municipal League Liability and Property Pool.



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, Executive Director
Date: June 3, 2015
Subject: Expanded Project Reauthorization Request – Pine Street Overhead to Underground Conversion

In June of 2012 the TCL&P Board approved a project authorization request for the conversion of distribution circuits along Pine and State Streets from overhead to underground. The original project included an additional circuit out of Hall Street Substation to the alley between Front and State Street to support the load growth in the downtown area. In addition, the project included undergrounding the circuit that runs parallel to the Boardman River (south bank) on the property more commonly known as the Bus Depot Property (now the future site of Uptown Development) to State Street.

Completed to-date are the conduit installations along Pine and State Streets for the distribution circuits and a future streetscape lighting circuit that was installed in conjunction with the City's upgrade of State and Pine Streets last fall. The completion of this project is contingent on a pedestrian bridge being constructed over the north branch of the Boardman River behind J&S Hamburg, which is planned for this fall; the current overhead and new electric circuit will be placed under the bridge.

In October 2013, the project was reauthorized because of the Uptown Development that will provide for mixed use buildings and clean up a now contaminated site at Pine and State Streets. At that time, it was thought to be best to bore under the Boardman River and come up to a pole at the edge of Hannah Park, removing TCL&P poles within that area, while connecting the circuit to the already existing underground circuit at Lay Park.

In November 2014, the project was reauthorized again because it was determined to be more feasible to utilize the conduit installed along State Street and install conduit down Union Street under the existing bridge and into Lay Park rather than boring under the Boardman River.

The reauthorization request for consideration today is authorizing the expansion of this project by extending the underground circuit, HL-31, from the intersection of State and Union down Union Street, east on State Street alley to Cass Street and connect in with the undergrounding installed by the Washington Place development. The benefits of this is to prevent a short overhead span subject to lightning strikes and improve the aesthetics of the downtown area by placing overhead

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 9, 2015

lines underground.

If the Board agrees with staff's recommendation the following motion would be appropriate:

**MOVED BY _____, SECONDED BY _____, THAT
THE LIGHT AND POWER BOARD RE-AUTHORIZES THE PINE STREET OVERHEAD
TO UNDERGROUND CONVERSION PROJECT AS PRESENTED.**

Pine Street – Overhead to Underground

Distribution Conversion

EXPANDED PROJECT RE-AUTHORIZATION

REQUEST

PAR# 2012-4



November 11, 2014~~June~~

Date of Board Presentation/Consideration: 9, 2015

Budgeted in Capital Plan: Yes **CIP:** \$1,~~000~~330,000 as of 2015-16 capital plan

Objective:

Target Completion date of November 1, 2013 for conduit installation only. Date for installation of underground cable and removal of overhead facilities ~~December 31, 2015~~March 31, 2016.

Project Description:

The project generally consists of the conversion of 13.8kV distribution lines from overhead to underground along Pine Street with removal of the north/south line that spans the Boardman River and relocate to State Street underground to Union Street, under the Union Street Bridge and into Lay Park. In addition, underground an overhead circuit that runs parallel along the Boardman River to State Street from Pine to behind the post office to accommodate development of the Uptown Project. An expansion to this project includes undergrounding an overhead circuit, HL-31, east along the South State Street alley to Cass Street to connect with the undergrounding, installed at developer's expense, at Washington Place. Undergrounding this line will eliminate a small section of line being overhead, which is more susceptible to lightning strikes, and will improve the aesthetics in the downtown area. -In 2012, the focus will be to install a 13.8kv distribution conduit system in coordination with the CITY Pine Street and State Street project areas. (Note: conduit was installed in 2012)

Also, a limited amount of street light/decorative lighting conduit would be installed. The city is not planning on installing a "streetscape" project at this time, but will be installing new sidewalk only with no new low level lighting or brick pavers. (Note: this was completed in 2012)

In 2015, when the planned pedestrian bridge is being constructed across the Boardman River behind J&S Hamburg, further conduit would be installed to extend the conduit system north across the Boardman River (under the bridge) and tie into existing facilities behind Hall Street Substation.

Once the conduit system is fully connected the underground cable can be installed and put into service. Only then can the overhead facilities be removed. Installation of the 13.8kV cable and overhead removals is schedule to occur in 2015-2016, pending the completion of the planned pedestrian bridge.

Pine Street – Overhead to Underground

Distribution Conversion

EXPANDED PROJECT **RE-AUTHORIZATION**

REQUEST

PAR# 2012-4



The major distribution equipment consists of padmount switchgear and transformers, one new distribution riser pole, conduit, manholes, and various size electric cables.

Project Purpose and Necessity:

The major purpose is for the conversion of overhead to underground distribution facilities. Project need and timing is based on the City's Pine/State Street project planned to begin after Labor Day 2015, and construction of the pedestrian bridge across the Boardman River. Conduit installation would be coordinated with these CITY projects.

Project Benefits:

The overhead to underground conversion of distribution facilities will:

- coordinate with CITY projects
- eliminate portions of the overhead distribution poles and wire to allow for the development of properties along Pine and State Streets
- continue to support existing and future load growth in a critical section of TCL&P's service area

Other Alternatives:

None viable for the additional circuit needed for reliability purposes as the conversion involves critical distribution circuits exiting Hall Street Substation. Circuit routing is confined to existing Street right-of-way. Routing is impacted by the physical location of Hall Street Substation, the Boardman River, and routing of the existing distribution grid. Undergrounding south of the Front Street alley is not required for reliability purposes; however, it is recommended for the benefit of the community. ~~(Please note: If the pedestrian bridge construction does not begin by the spring of 2015, the utility will install the additional reliability circuit overhead on existing poles in advance of the 2015 peak load season. The line can be underground in the future when the City constructs the bridge.)~~

Timing of Project:

Pine Street – Overhead to Underground

Distribution Conversion

EXPANDED PROJECT **RE-AUTHORIZATION**

REQUEST

PAR# 2012-4



This project has been in the capital plan for several years awaiting coordination with CITY projects. CITY projects involved include the Pine/State Street project (Fall 2012) and the pedestrian bridge across the Boardman River (2015 project). Conduit installation along Pine and State Streets would begin in the Fall 2012 and continue through portions of 2014 completed in 2012 in order to coordinate with CITY projects.

The electrical cable and equipment installation will begin later this summer and be completed by March 2016. The conduit installation along Union Street and State Street alley will begin later this summer and be completed by October 30, 2015.

Project Timeline and Expenditures: SEE ATTACHED BUDGET DETAIL

Critical Items:

The most critical item in this project is the ability to obtain easements on private and City property for the installation of conduit, manholes and equipment. TCL&P has prepared draft easement requirements and will work through the CITY and others in order to secure areas required for equipment placement. *(Note: Not a non-city owned property easements have been acquired.)*

This is a preliminary cost estimate. The cost estimates do not include any low level lighting fixtures or concrete bases as a “streetscape” is not planned at this time. The conduit associated with the low level lighting would be available for future use.

There is no allowance for environmental investigation or to mitigate environmental conditions should they be encountered during construction.

Funding associated with the pedestrian bridge to be determined.

Material costs, particularly for electrical cable are subject to raw material market prices (copper) which have increased since original project approval. Some of the engineering and material costs or Board approvals may get shifted in the schedule.

The construction coordination with the CITY’s project will reduce the amount of time TCL&P (contractor) will have for conduit installation. This may increase contractor construction costs or the project scope. *(Note: Coordinating with the City and favorable bid from Elmer’s caused this*

Pine Street – Overhead to Underground

Distribution Conversion

EXPANDED PROJECT **RE-AUTHORIZATION**

REQUEST

PAR# 2012-4



portion of the project to come in under budget projections.)

Financing Method:

Cash from TCL&P fund balance as planned for. Bonding will not be required.

Additional Revenues:

Additional revenues will be based on any future load growth that may occur in the downtown area that would be served from the distribution grid being impacted.

Impact on O&M Expenses:

Existing labor force will perform normal monthly maintenance and connect new or upgraded customer service requests. On a year by year basis normal O&M is minimal. Once the underground cable begins to experience failures cable replacement costs will become more significant, as will replacement of aging major padmount switchgear.

Staff Recommendation:

Staff recommends L&P Board approval of the installation of conduit system, underground cable installation and removal of overhead facilities with the timing based upon coordination with related CITY projects.

Attachments:

Updated drawings of the project area.

Comparison of original and revised budget estimates.



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Date: June 3, 2015
Subject: Hastings Street Storage Facility

In accordance with the Board's approval at its April 14, 2015 meeting, TCL&P solicited bids for the storage facility that will house the outdoor equipment at the TCL&P Hastings Street Service Center facility. This will prolong the useful life of this equipment along with providing easier access during the winter months. Additionally, Hometown Connections recommended this storage facility in its efficiency study of TCL&P for this very reason.

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, mechanical and electrical trades. A public bid opening occurred on June 2, 2015; bid results are detailed on the attached bid tabulation sheet.

Staff concurs with the recommendation by AAI, Inc. to issue the award to Grand Traverse Construction for the general trade, ABI Mechanical for the mechanical trade and Advantage Electric for the electrical trade as explained in AAI, Inc. letter that is attached. Grand Traverse Construction will act as General Contractor and will oversee general, mechanical, and electrical subcontractors work. The total contract cost is \$411,607 close to the budgeted amount of \$408,200.

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

(MOTION ON FOLLOWING PAGE)

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 9, 2015

MOVED BY _____, SECONDED BY _____, THAT THE BOARD AUTHORIZES THE CHAIRMAN AND SECRETARY TO EXECUTE A CONSTRUCTION AGREEMENT IN THE AMOUNT OF \$411,607 WITH GRAND TRAVERSE CONSTRUCTION FOR THE HASTINGS STREET STORAGE FACILITY; SUBJECT TO APPROVAL AS TO SUBSTANCE BY THE EXECUTIVE DIRECTOR AND TO FORM BY GENERAL COUNSEL.

FURTHER, AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE WORK ORDERS FOR SERVICES AND ADMINISTER AMENDMENTS AND CHANGE ORDERS THAT ARE IN THE BEST INTERESTS OF THE LIGHT AND POWER DEPARTMENT



June 3, 2015

Traverse City Light and Power
1131 Hastings St.
Traverse City, MI 49686

Attn: Mr. Tim Arends, Executive Director

RE: Proposed New Equipment Storage Building Bid on June 2, 2015

Dear Tim,

I have reviewed the bids from the General, Mechanical and Electrical Bidders and have conducted post-bid interviews with the low and second lowest bidders. Eckler Building Solutions was the low bidder. TCLP has ongoing problems with the office addition they built in 2011. Eckler currently has completion issues at St. Joseph's Church and the Opera House projects. Eckler lists a down state company as his concrete subcontractor. I much prefer to use area subs whenever possible as I have had bad experiences with out-of-town subs not being responsive to correcting faulty work. This building has an exposed concrete floor.

Grand Traverse Construction is the second low bidder. They have a very good reputation, do not have any completion or other problem issues and they perform their own concrete work as well as other tasks. The difference between the low and second low bids is \$10,600.00

The other change I recommend is using Bloxsom Roofing at an increase of \$5,375.00. They were the only roofer that bid the job as specified, the lower roofers did not. On bid day, everyone used the lower bids.

ABI Mechanical is recommended for the mechanical work. They were the low bidder. Glen Lake Electric dropped out today after my post bid interview as they missed the transformer and part of the lighting. Advantage Electric is the second low bidder for electrical work.

I have reviewed Grand Traverse Construction's schedule of values and discussed this with Derek Purgiel, Project Manager. It appears complete.

I recommend a lump sum contract in the amount of \$411,607.00 to Grand Traverse Construction in which we assign ABI Mechanical and Advantage Electric as subcontractors as follows:

\$358,600.00	Grand Traverse Construction- General Base Bid
\$ 2,650.00	Add for trenching work
\$ 5,375.00	Add for Bloxsom Roofing
<u>\$366,625.00</u>	

robert j. sommerville, AIA

1004 east 8th street, traverse city, michigan 49686 231.947.0080 tel 231.947.4720 fax



architecture | artistry | interiors

\$ 7,382.00	ABI Mechanical- Mechanical
<u>\$ 37,600.00</u>	<u>Advantage Electric- Electrical</u>
\$411,607.00	Contract Sum

The April 22 construction cost estimate for building and site work is \$408,200. The \$3,407 difference will come out of the budgeted \$38,300 contingency.

Upon the furnishing of required bonds and insurance certificate, we will prepare a contract for construction.

Sincerely,

A handwritten signature in black ink that reads "Robert J. Sommerville". The signature is fluid and cursive, with the first name being particularly prominent.

Robert J. Sommerville, AIAE
RJS/jv

robert j. sommerville, AIA

1004 east 8th street, fraverse city, michigan 49686 231.947.0080 tel 231.947.4720 fax

Traverse City Light and Power
Storage Facility - Bid Results
June 2, 2015

General Trade	Base Bid	Alternate OHD Lites - Deduct	Total with Alternate OHD Lites-Deduct	Mechanical and Electrical Trenching	Grand Total with both alternates
Comstock Construction	429,581.00	(2,500.00)	427,081.00	2,000.00	429,081.00
Eckler Building Solutions	348,000.00	(2,500.00)	345,500.00	2,650.00	348,150.00
Grand Traverse Construction	358,600.00	(2,500.00)	356,100.00	2,650.00	358,750.00
Hallmark Construction	359,000.00	(2,500.00)	356,500.00	Did not provide	356,500.00
Spence Brothers	360,000.00	(2,500.00)	357,500.00	2,200.00	359,700.00

Mechanical Trade	Base Bid	Alternate OHD Lites - Deduct	Total with Alternate OHD Lites-Deduct	Mechanical and Electrical Trenching	Grand Total with both alternates
ABI Mechanical	7,382.00	-	7,382.00	2,875.00	10,257.00
Arms and Cole	8,300.00	-	8,300.00	2,500.00	10,800.00

Electrical Trade	Base Bid	Alternate OHD Lites - Deduct	Total with Alternate OHD Lites-Deduct	Mechanical and Electrical Trenching	Grand Total with both alternates
Advantage Electric	37,600.00	-	37,600.00	3,550.00	41,150.00
Glen Lake Electric	30,200.00	-	30,200.00	-	30,200.00
Top Line Electric	45,775.00	-	45,775.00	-	45,775.00
Windemuller Electric	49,000.00	-	49,000.00	-	49,000.00



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Date: June 3, 2015
Subject: Pine Street Overhead to Underground Conversion - Union Street Conduit Installation

On June 2, 2015, two out of five solicited bidders were submitted, opened and reviewed for the Union St conduit installation. This conduit installation is from the intersection from Union and State St south to Lay Park and south to State Street alley to Cass Street. Following is a summary of the bid submissions:

Vendor	Amount
1. Severance Electric	\$257,744.75
2. Team Elmers	\$346,106.49

GRP Engineering, Inc. ("GRP") recommends awarding the bid to the low bidder, Severance Electric, in the amount of \$257,744.75.

Staff concurs with GRP's recommendation to accept the bid from Severance Electric, in the amount of \$257,744.75, and recommends the Board authorize the issuance of a contract for conduit installation.

For your review, attached is GRP's letter recommending Severance Electric.

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 SECRETARY TO EXECUTE A
CONSTRUCTION AGREEMENT IN THE AMOUNT OF \$257,744.75 WITH SEVERANCE
ELECTRIC FOR THE UNION STREET CONDUIT INSTALLATION; SUBJECT TO
APPROVAL AS TO SUBSTANCE BY THE EXECUTIVE DIRECTOR AND TO FORM BY
GENERAL COUNSEL.**

**FURTHER, AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE WORK ORDERS
FOR SERVICES AND ADMINISTER AMENDMENTS AND CHANGE ORDERS THAT ARE IN
THE BEST INTERESTS OF THE LIGHT AND POWER DEPARTMENT**

June 2, 2015
12-0503.01

Mr. Tim Arends
Traverse City Light & Power
1131 Hastings Street
Traverse City, MI 49686

**RE: Union Street Conduit Installation
Bid Evaluation & Recommendation**

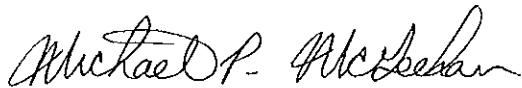
Dear Tim:

GRP Engineering, Inc. has completed reviewing the bids submitted on June 2, 2015 for the Union Street Conduit Installation portion of the overall Pine & State Street Underground project. Of the five contractors solicited for bids, two (2) bids were received. Severance Electric Company, Inc. submitted the low bid for the project in the amount of \$257,744.75. A complete bid tabulation is attached to this letter.

Severance Electric Company, Inc. bid did not include a list of subcontractors. A list provided after the bid opening was submitted and no objections were noted. GRP Engineering, Inc. sees no reason not to accept their bid in the full amount for this project.

Please contact me should you have any questions regarding this evaluation.

Sincerely,
GRP Engineering, Inc.



Michael P. McGeehan, P.E.
Project Manager

BID TABULATION

OWNER:
TRAVERSE CITY LIGHT & POWER
 1131 HASTINGS STREET
 TRAVERSE CITY, MI 49686

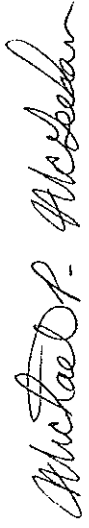
UNION STREET CONDUIT INSTALLATION

ENGINEER:
GRP ENGINEERING, INC.
 459 BAY STREET
 PETOSKEY, MI 49770

BIDDERS	BID SECURITY	TOTAL CONTRACTOR BASE BID PRICE	REMARKS
J. Ranck Electric 1993 Gover Pkwy Mt. Pleasant, MI 48858			No Bid
Molon Excavating 125 Buck Shot Dr. Traverse City, MI 49685			No Bid
Severance Electric 7076 E. N Avenue Kalamazoo, MI 49048	10% Bond	\$257,744.75	Low Bid
Team Elmers 3600 Rennie School Rd Traverse City, MI 49696	10% Bond	\$346,106.49	
Western Tel-Com 4273 58th Street Holland, MI 49423			No Bid

This is to certify that at 10:00a.m., local time on Tuesday, June 2, 2015, the bids tabulated herein were publicly opened and read.

GRP Engineering, Inc.

By: 
 Michael P. McGeehan, P.E.



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Date: June 3, 2015
Subject: Pine Street Overhead to Underground Conversion - Electrical Cable and Equipment Installation

On June 2, 2015, three bids out of four solicited bidders were submitted, opened and reviewed for the electrical cable and equipment installation for the Pine Street Overhead to Underground Conversion Project - Electrical Cable and Equipment Installation. This electrical cable and equipment installation is for the undergrounding from Hall Street parking lot across the Boardman River along Pine Street, State Street, and Union Street to Rivers Edge Drive and the State Street alley east to Cass Street. Following is a summary of the bid submissions:

Vendor	Amount
1. CC Power, LLC	\$781,378.00
2. Kent Power	\$499,479.34
3. Newkirk Electric, Inc.	\$691,191.58

GRP Engineering, Inc. ("GRP") recommends awarding the bid to the low bidder Kent Power in the amount of \$499,479.34.

Staff concurs with GRP's recommendation to accept the bid from Kent Power, in the amount of \$499,479.34, and recommends the Board authorize the issuance of a contract for the electrical cable and equipment installation.

For your review, attached is GRP's letter recommending Kent Power.

If after Board discussion you agree with staff's recommendation the following motion would be appropriate:

(MOTION ON FOLLOWING PAGE)

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 9, 2015

MOVED BY _____, SECONDED BY _____, THAT THE BOARD AUTHORIZES THE CHAIRMAN AND SECRETARY TO EXECUTE A CONSTRUCTION AGREEMENT IN THE AMOUNT OF \$499,479.34 WITH KENT POWER FOR THE PINE STREET OVERHEAD TO UNDERGROUND CONVERSION - ELECTRICAL CABLE AND EQUIPMENT INSTALLATION; SUBJECT TO APPROVAL AS TO SUBSTANCE BY THE EXECUTIVE DIRECTOR AND TO FORM BY GENERAL COUNSEL. FURTHER, AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE WORK ORDERS FOR SERVICES AND ADMINISTER AMENDMENTS AND CHANGE ORDERS THAT ARE IN THE BEST INTERESTS OF THE LIGHT AND POWER DEPARTMENT

June 2, 2015
12-0503.01

Mr. Tim Arends
Traverse City Light & Power
1131 Hastings Street
Traverse City, MI 49686

**RE: Pine & State Street Underground
Electrical Cable & Equipment Installation
Bid Evaluation & Recommendation**

Dear Tim:

GRP Engineering, Inc. has completed reviewing the bids submitted on June 2, 2015 for the Electrical Cable & Equipment Installation portion of the Pine & State Street Underground project. Of the four contractors solicited for bids, three (3) bids were received. Kent Power, Inc. submitted the low bid for the project in the amount of \$499,479.34. A complete bid tabulation is attached to this letter.

Kent Power, Inc. has submitted a complete and conforming bid. GRP Engineering, Inc. sees no reason not to accept their bid in the full amount for this project.

Please contact me should you have any questions regarding this evaluation.

Sincerely,
GRP Engineering, Inc.



Michael P. McGeehan, P.E.
Project Manager

BID TABULATION

OWNER:
TRAVERSE CITY LIGHT & POWER
 1131 HASTINGS STREET
 TRAVERSE CITY, MI 49686

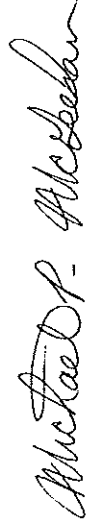
**PINE & STATE STREET UNDERGROUND
 ELECTRICAL CABLE & EQUIPMENT INSTALLATION**

ENGINEER:
GRP ENGINEERING, INC.
 459 BAY STREET
 PETOSKEY, MI 49770

BIDDERS	BID SECURITY	TOTAL CONTRACTOR BASE BID PRICE	REMARKS
CC Power P.O. Box 2028 Kalkaska, MI 49846	10% Bond	\$781,378.00	
The Hydaker-Wheatlake Company 420 N. Roth Street Reed City, MI 49677			No Bid
Kent Power 90 Spring St Kent City, MI 49330	10% Bond	\$499,479.34	Low Bid
Newkirk Electric, Inc. 1875 Roberts Street Muskegon, MI 49442	10% Bond	\$691,191.58	

This is to certify that at 10:00a.m., local time on Tuesday, June 2, 2015, the bids tabulated herein were publicly opened and read.

GRP Engineering, Inc.

By: 
 Michael P. McGeehan, P.E.



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Date: June 4, 2015
Subject: Pine Street Overhead to Underground Conversion – Underground Cable

On June 2, 2015, three quotes were submitted for the underground cable to be used in the Pine Street Overhead to Underground Conversion Project subject to project reauthorization at today's meeting.

GRP Engineering Inc., ("GRP") has evaluated the bids for the underground cable for the Pine Street Overhead to Underground Conversion and recommends Power Line Supply, low bidder at \$407,928, 4% below the estimated unit cost of \$15.40. The actual price paid may be higher or lower based on the price of copper the day of purchase.

Vendor	Unit Price	Conductor	Reel Return	Metals Price Adjustment
1. HD Supply	\$15.71	\$433,596.00	None	Yes
2. Power Line Supply	\$14.78	\$407,928.00	None	Yes
3. RESCO	\$19.50	\$538,200.00	None	Yes

Staff concurs with GRP's recommendation to accept the bid from Power Line Supply, in the amount of \$407,928.00 and recommends the Board authorize the issuance of a purchase order for the materials.

For your review, attached is GRP's letter recommending Power Line Supply.

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 EXECUTIVE DIRECTOR TO ISSUE A PURCHASE ORDER TO
POWER LINE SUPPLY IN THE AMOUNT OF \$407,928 MORE OR LESS FOR
UNDERGROUND CABLE FOR THE PINE STREET OVERHEAD TO UNDERGROUND
CONVERSION PROJECT.**

June 2, 2015
12-0503.01

Mr. Tim Arends
Traverse City Light & Power
1131 Hastings Street
Traverse City, MI 49686

**RE: Pine & State Street Underground
Underground Cable Bid Evaluation & Recommendation**

Dear Tim:


GRP Engineering, Inc. has completed our evaluation of the medium voltage underground cable quotes for the Pine & State Street Underground project. Three material vendors provided quotes for the 27,600' of cable required for this project. Power Line Supply (PLS) & HD Supply quoted Okonite cable. RESCO quoted Kerite cable. Quotations were requested to be submitted with a copper metals base price of \$3.00 per pound to insure evaluation of quotes on the same base.

<u>Vendor</u>	<u>Cost / ft</u>	<u>Total Cost</u>
HD Supply	\$15.71	\$433,596.00
Power Line Supply	\$14.78	\$407,928.00
RESCO	\$19.50	\$538,200.00

All cost estimates for this project were based on \$15.40 per foot cable price, 4% higher than the quoted price. Reminder that the actual cable cost will be adjusted higher or lower based on the price of copper on the day of shipment. For reference, the cost of copper at the time of the writing of this recommendation is \$2.7375 per pound which is 9% lower than the amount the evaluation was completed on.

GRP Engineering, Inc. recommends that TCL&P accept the quote from Power Line Supply. Please contact me should you have any additional questions regarding this evaluation and recommendation.

Sincerely,
GRP Engineering, Inc.



Michael P. McGeehan, P.E.
Project Manager



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: W. Peter Doren, General Counsel
Date: June 3, 2015
Subject: Executive Director Contract

At your last meeting the Human Resources Committee distributed a report and back-up materials recommending changes to the Executive Director's Contract and Job Description. Those changes were as follows:

1. Increase annual salary from \$113,400 to \$118,500.
2. If the annual performance review by the Board showed satisfactory performance, automatic increases of 3% in salary would occur on the first (2016), second (2017), and third (2018) anniversaries of the agreement.
3. The Board would have discretion in additional annual increases based on performance reviews, market salary levels or other utility conditions.
4. The job description would be modified. Those changes are shown in redline format on the attached.

Attached is a revised Executive Director's Contract reflecting the recommended changes.

If you agree with the Committee's recommendations, the following would be in order:

MOVED BY _____, SECONDED BY _____,
TO APPROVE THE JUNE 9, 2015, EXECUTIVE DIRECTOR AGREEMENT – 2015
CONTAINING THE RECOMMENDATIONS OF THE HUMAN RESOURCES
COMMITTEE.

TRAVERSE CITY LIGHT AND POWER JOB DESCRIPTION

TITLE: EXECUTIVE DIRECTOR

The City Charter mandates basic duties of the Executive Director. Many of these are contained in Charter Sections 178 and 179.

General Summary:

Provide leadership for Light and Power Department that assures: the highest level of satisfaction and competitive rates for customers, a safe productive and motivated staff, the short-term and long-term strategic direction, a positive and cooperative relationship with all Light and Power stakeholders, and sound management of both human and fiscal resources.

Typical Duties:

1. Create an organizational climate that enables the Utility staff to be productive, motivated, and to work safely and cooperatively.
2. Assist the Board in carrying out its duties to establish policies that lead to excellence in: customer service, operational efficiency, and employee relations. After those policies are established, make sure they are implemented fairly and consistently in the Utility.
- 2.3. Develop, implement and maintain Department goals, objectives, policies and priorities; ensure that established goals and priorities are achieved.
- 3.4. Prepare and present issues for Board consideration and action, including assistance with agenda preparation and keeping accurate record of Board proceedings.
- 4.5. Assure that the Utility's generation, transmission and distribution systems are operationally efficient, reliable and safe. Further, the Utility's purchased power must be reliable, competitively priced, and adequate to meet the future needs of all customers.
- 5.6. Demonstrate sound fiscal management including: budgeting, accounting, and real estate and personal property assets ~~and investment of reserves.~~
- 6.7. Represent the Utility with all external agencies and regulatory bodies (i.e. Michigan Public Power Agency, Michigan Municipal Electric Association, American Public Power Association, Michigan Public Service Commission, OSHA, Environmental Protection Agency, Department of Natural Resources, etc.)
- 7.8. Complete, with assistance from ~~the City Personnel Department,~~ Light and Power Human Resources, the hiring, training, promotion and termination of Utility staff. Be directly responsible for the performance management and professional development of all

directly reporting staff. The Executive Director may appoint or remove a Controller only with a concurring vote of five members of the Board.

- 8.9. _____ Contract with, supervise, and coordinate the activities of all external service providers to the Utility (i.e. legal, construction, professional services, etc.)
- 9.10. _____ Work cooperatively within the city government framework, especially where other City Departments provide service to the Utility and where the Utility provides services to the City.
- 10.11. _____ Regularly and frequently collaborate with and exchange information with the City Manager. This collaboration shall include, but not be limited to, the following:
 - a. The City Manager should be given an opportunity to participate in labor and administrative negotiations.
 - b. The City Manager (or designee) should be encouraged to attend all TCL&P staff meetings and the Director (or designee) is encouraged to attend all City staff meetings.
 - c. ~~The City Manager should be given an opportunity to participate in all sessions establishing the agenda of the Light and Power Board.~~
 - d. The City Manager should be considered the acting TCL&P Director in the event the Director is absent for extended periods.
- 11.12. _____ Assure that the activities provided on a contractual basis to other agencies are carried out effectively and efficiently.
- 12.13. _____ Act as the chief spokesperson for the Utility with media, customers, city government and other critical stakeholders.
- 13.14. _____ Plan for and implement a personal plan for professional development, in conjunction with Board feedback, to assure preparedness for leading the Utility into the future with innovation and creativity.
- 14.15. _____ Create and change, as needed, the organizational structure, reporting relationships, and job roles to achieve both staff job satisfaction and organizational effectiveness and efficiency.
- 15.16. _____ Perform other duties as may be assigned by the Light and Power Board.

**TRAVERSE CITY LIGHT and POWER
EXECUTIVE DIRECTOR
AGREEMENT - 2015**

THIS AGREEMENT made this 9th day of June, 2015, by and between the TRAVERSE CITY LIGHT and POWER DEPARTMENT, a Michigan municipal electric utility, 1131 Hastings Street, Traverse City, Michigan 49686, (the Board) and TIMOTHY J. ARENDS, of 10176 Elk Lake Trail, Williamsburg, Michigan 49690, (the Executive Director) it supersedes and replaces all previous agreements between the parties;

WITNESSETH:

WHEREAS, the Board wishes to retain the services of Timothy J. Arends as Executive Director; and

WHEREAS, Timothy J. Arends wishes to be employed by the Board in the capacity of Executive Director; and

WHEREAS, it is to the advantage of both the employer and the employee to specify the conditions under which the employee is to work and to be compensated;

NOW, THEREFORE, it is mutually agreed by the parties as follows:

1. Employment. The Board hereby employs Timothy J. Arends as the Executive Director, and Timothy J. Arends hereby accepts such employment upon the terms and conditions hereinafter set forth. This Agreement supersedes all previous employment agreements between the parties.

2. Applicable Laws. This Agreement is subject to all applicable laws and administrative rules bearing upon the parties and the subject matter of this Agreement as such law may be in effect from time to time, including without limitation, the Charter of the City of Traverse City, and such law is incorporated herein by reference. In the event of conflict between the provisions of this Agreement and such applicable law, such applicable law shall control.

3. Term. This Agreement shall commence on June 9, 2015, and shall continue thereafter until termination, amendment or renegotiation. The parties intend to renegotiate the terms hereof to be effective with the anniversary of this Agreement.

4. Compensation. For all services rendered by the Executive Director under this Agreement, the Board shall pay the Executive Director an annual salary of ONE HUNDRED EIGHTEEN THOUSAND FIVE HUNDRED DOLLARS (\$118,500) effective the first day of the term, to be paid in the same manner and intervals as regular full-time management employees effective as of the commencement date of this Agreement. If the annual review by the Board shows satisfactory performance by the Executive Director, there shall be a 3% increase in pay as of this

Agreement's first anniversary (2016), second anniversary (2017), and third anniversary (2018). Additional annual increases may be given in the Board's discretion based on performance reviews, market salary levels or other utility conditions.

5. Termination. Either party has the right to terminate the employment relationship at any time and in the sole discretion of the party terminating the relationship, upon sixty (60) days advance notice or the equivalent of sixty (60) calendar days pay or a portion thereof, where no notice or less than sixty (60) days notice is given. However, in the event the Executive Director is terminated because of conviction of a felony or any illegal act involving personal gain, the Board shall have no obligation to give advance notice or the alternative severance pay.

6. Duties. In addition to the duties enumerated in the City Charter, the Executive Director shall be the Chief Administrative Officer for the Department and the Board. The Executive Director shall direct all employees of the Department and such others as the Board shall direct. The attached description of the Executive Director's responsibilities, attached hereto as Attachment A, is the present determination and may be relied upon by the Executive Director. However, the Board may from time to time, by resolution, alter this description of the Executive Director's responsibilities, provided that such alterations shall not be effective until a copy of such resolution shall be delivered to the Executive Director.

7. Extent of Services. The Executive Director shall devote his professional time, attention and energies to the business of the Traverse City Light and Power Department. In order to discharge the functions of the office of Executive Director, early morning, luncheon and night-time meetings and activities may occur outside regular office hours that require the Executive Director's attendance.

8. Conventions and Seminars. With the prior approval of the Chairperson of the Board, the Executive Director may attend seminars and conventions relating to utility management for technology and other matters involved in the discharging of the responsibilities of the office of Executive Director. The Department shall pay for or reimburse the Executive Director for expenses in connection with such seminars and conventions as per Board policy up to the amount authorized in the budget. Days used in attending seminars and conventions shall be regarded as days worked.

9. Vacations. The Executive Director shall be entitled to vacation time which shall accrue on the basis of 25 days per year of employment. It may be used during the term of this Agreement. During such vacation time, compensation will be paid in full. Accrued vacation time may be accrued up to a maximum of 200 hours in the same manner as Department ACT employees.

10. Civic Organizations and Responsibilities. The Board encourages membership of the Executive Director in local civic organizations and in executing civic responsibilities. The Board agrees to reimburse the Executive Director for dues and reasonable expenses incurred in membership in one local recognized civic organization involved in public service. In addition, the Executive Director shall have the discretion to expend an amount not to exceed Five Hundred dollars (\$500) per year to participate in, or attend, those civic events or functions which appropriately assist him in meeting these civic responsibilities.

11. Other Benefits. Except as modified herein, the Executive Director shall enjoy all such other fringe benefits afforded to Department ACT employees as of the effective date of this Agreement, including, but not limited to, retirement, deferred compensation plan and short and long term disability coverage.

12. Assignment. This Agreement is not assignable by either party hereto.

13. Waiver of Breach. A waiver by the Board of a breach by the Executive Director of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by the Executive Director.

14. Non-Discrimination. The Executive Director agrees not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions or privileges of employment, or a matter directly or indirectly related to employment because of their actual or perceived race, color, religion, national origin, age, sex, height, weight, marital status, physical or mental disability, family status, sexual orientation, or gender identity. Breach of this covenant may be regarded as a material breach of this Agreement.

15. Car Allowance. In addition to other compensation, the Executive Director shall receive THREE HUNDRED FIFTY DOLLARS (\$350) per calendar month as car allowance. Mileage reimbursement shall also be paid for travel in accordance with the Board's Use of Personal Vehicle for L&P Business Policy. The Executive Director shall at all times maintain insurance covering property damage and public liability for such motor vehicle in the combined single limit of \$500,000.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written.

TRAVERSE CITY LIGHT and POWER BOARD

John Taylor, Chairperson

EXECUTIVE DIRECTOR

Timothy J. Arends

Approved as to form:

W. Peter Doren, General Counsel

ATTACHMENT A

TRAVERSE CITY LIGHT AND POWER JOB DESCRIPTION

TITLE: EXECUTIVE DIRECTOR

The City Charter mandates basic duties of the Executive Director. Many of these are contained in Charter Sections 178 and 179.

General Summary:

Provide leadership for Light and Power Department that assures: the highest level of satisfaction and competitive rates for customers, a safe productive and motivated staff, the short-term and long-term strategic direction, a positive and cooperative relationship with all Light and Power stakeholders, and sound management of both human and fiscal resources.

Typical Duties:

1. Create an organizational climate that enables the Utility staff to be productive, motivated, and to work safely and cooperatively.
2. Assist the Board in carrying out its duties to establish policies that lead to excellence in: customer service, operational efficiency, and employee relations. After those policies are established, make sure they are implemented fairly and consistently in the Utility.
3. Develop, implement and maintain Department goals, objectives, policies and priorities; ensure that established goals and priorities are achieved.
4. Prepare and present issues for Board consideration and action, including assistance with agenda preparation and keeping accurate record of Board proceedings.
5. Assure that the Utility's generation, transmission and distribution systems are operationally efficient, reliable and safe. Further, the Utility's purchased power must be reliable, competitively priced, and adequate to meet the future needs of all customers.
6. Demonstrate sound fiscal management including: budgeting, accounting, and real estate and personal property assets.
7. Represent the Utility with all external agencies and regulatory bodies (i.e. Michigan Public Power Agency, Michigan Municipal Electric Association, American Public Power

Association, Michigan Public Service Commission, OSHA, Environmental Protection Agency, Department of Natural Resources, etc.)

8. Complete, with assistance from Light and Power Human Resources, the hiring, training, promotion and termination of Utility staff. Be directly responsible for the performance management and professional development of all directly reporting staff. The Executive Director may appoint or remove a Controller only with a concurring vote of five members of the Board.
9. Contract with, supervise, and coordinate the activities of all external service providers to the Utility (i.e. legal, construction, professional services, etc.)
10. Work cooperatively within the city government framework, especially where other City Departments provide service to the Utility and where the Utility provides services to the City.
11. Regularly and frequently collaborate with and exchange information with the City Manager. This collaboration shall include, but not be limited to, the following:
 - a. The City Manager should be given an opportunity to participate in labor and administrative negotiations.
 - b. The City Manager (or designee) should be encouraged to attend all TCL&P staff meetings and the Director (or designee) is encouraged to attend all City staff meetings.
 - c. The City Manager should be considered the acting TCL&P Director in the event the Director is absent for extended periods.
12. Assure that the activities provided on a contractual basis to other agencies are carried out effectively and efficiently.
13. Act as the chief spokesperson for the Utility with media, customers, city government and other critical stakeholders.
14. Plan for and implement a personal plan for professional development, in conjunction with Board feedback, to assure preparedness for leading the Utility into the future with innovation and creativity.
15. Create and change, as needed, the organizational structure, reporting relationships, and job roles to achieve both staff job satisfaction and organizational effectiveness and efficiency.
16. Perform other duties as may be assigned by the Light and Power Board.

Traverse City Light & Power
Human Resources Committee Memo

Date: 5/26/20015
To: TCL&P Board
From: TCL&P HR Committee
Re: Tim Arends – Annual contract and compensation review/adjustment

The HR Committee (Bob Spence, John Taylor and Barb Budros) met on 5/22/15 to evaluate the performance of TCLP's Executive Director, Tim Arends, and to recommend any changes to Mr. Arends' contract for the coming year.

In addition to experiential understanding, the HR Committee referenced the following (all attached):

1. Mary Grover's Report, dated 5/8/15
2. A National Salary Summary, specific to Publicly Owned Utilities
3. Tim Arends' contract and staff's proposed changes to Attachment A - Job Description

Upon consideration, it is the recommendation of the HR Committee that the Board do the following:

- Increase Mr. Arends' salary from \$113,400 to \$118,500. This represents an approximate 5% increase. This level is suggested based on a commendable performance review. It will also move him into the (low) range of comparable salaries in our market.
- Establish a minimum 3% salary increase for the next 3 years, based on a satisfactory performance review by the Board. Increases above that level to be determined by performance, market salary levels and industry/utility conditions.
- Adopt the noted changes in the Executive Director's Job Description and to be included as Attachment A with Mr. Arends' renewed contract.

Thank you

CC: Bob Spence
Barb Budros
John Taylor
Tim Arends
Stephanie Tvardek
Kelli Schroeder

MEMORANDUM (#3)

To: Members, Traverse City Light and Power Board
Copy to: Tim Arends, Peter Doren and Penny Hill
From: Mary M. Grover
Subj: **Data from the Assessment Interviews re the Annual Performance
Evaluation of the TCL&P Executive Director**
Date: May 8, 2015

This is the third time I've been asked to help the Board with its duty of an annual performance evaluation of the Executive Director. My assessment is that this is a high functioning Board with members who are satisfied with their work, their leader and the organization. This time, more than the others, I was struck by Board members' confidence in their understanding of the utility business and in TCL&P's position as a municipal utility. It appears the training you have undergone and the work you did developing and updating the Strategic Plan has paid off.

The first assessment interview question was, "*What is the Executive Director particularly good at?*" Communication is a common response theme, and developing strategies to encourage communication. Not just one-way communication with the ED expounding on what he knows or what he thinks needs to be done. It's better than that; as one respondent said,

[Tim] has a realistic and honest approach to problems; doesn't try to hide anything. Listens to and considers rational opposing arguments.

Question #10 elicited interesting responses. You were asked, "*Do you see value in assigning a letter grade to the performance of the ED? If you do, what grade would you give him for his performance this past year?*" Although nobody liked giving Tim a letter grade, four recognized that a letter grade might have value for Tim, and four assigned letter grades that ranged from A- to B. A common phrase was "nobody is perfect" which seemed to preclude giving Tim a straight A. Nevertheless, the general consensus was, as one respondent said, "Tim's work is outstanding."

I recommend that you give consideration to the thoughtful responses to questions ## 9 and 11. No doubt some are familiar themes, e.g. "a legitimate survey" and, among the responses to question #9, TCL&P is "a cash-generating *department* of the City." But also consider:

- Strategic communication is the next step for Tim. His excellent communication and outreach skills could be applied to the community, to provide leadership in educating people about upcoming and big utility issues, about TCL&P's possibilities and limitations.
- It would be good for the Board to have a discussion, out of the heat of battle, about our differing philosophies regarding allocation of funding for projects that are

beyond the scope of L&P. We need a policy to help us treat funding requests evenly, consistently, with reasonable justification.

- In the future, a utility has to figure out how to increase renewable energy that is beneficial to the grid. We do it now because we have to. Also, our grid needs to be more resilient.
- Internally, we need to resolve the tension with the union.
- In the budgets for capitol improvement and construction projects, occasionally there are inaccuracies.
- When we approve bids and with project completion final payments, we need to see comparisons of initial budgets and actual costs.
- Re staff reports: With training, staff could be more effective. Have them sit in the seats of the Board to help them determine what Board members *need* to know.
- When we begin the implementation phase of the Wayne Hill project, there will be tension between L&P and the neighbors.

This is an effective Board that is made up of people who bring different perspectives to the table and who are, nevertheless, respectful of each other. May you continue to give your Executive Director the support he needs to continue his good work, and to grow into a leader in a larger context, that you see.

It was a privilege and my pleasure to do this work for you. Thank you for the opportunity.

Assessment Data from Interviews with TCL&P Board Members
2015 Performance Evaluation of the TCL&P Executive Director
May 8, 2015

1. *What is the Executive Director (ED) particularly good at?*
 - He's good at communicating, as on the Wayne Street transmission project. All stakeholders had a chance to speak and to ask questions.
 - Wayne Street was a very public process, and people were heard.
 - The Wayne Hill process was engaging and transparent.
 - Communicating with the Board, our customers and the public.
 - He's organized and is good at communicating; he has a good understanding of how a MUNI works, how the City works and how they work together.
 - He's good at finding partners and finding ways to work together.
 - He has a realistic and honest approach to problems; doesn't try to hide anything. Listens to and considers rational opposing arguments.
 - Tim is good at handling conflict: he's prepared for the issues, answers questions directly, and diffuses tempers.
 - He consults with and listens to many others in a reflective and sincere way. This is important for the job, and it's natural to Tim.
 - Organizational control by being prepared and organized; he anticipates road blocks.
 - Good problem solver, and he comes up with workable alternatives.
 - He's knowledgeable, answers my questions with quick responses, provides information in a timely manner.

2. *What have been the ED's (and the Board's) major accomplishments in the past year?*
 - The Wayne Street transmission line. It was an old issue and it had to be resolved.
 - The west (Wayne St.) transmission line process and results were good. Tim managed the process well, gracefully.
 - The Wayne Hill process was open and transparent, and people were heard. Some people weren't happy with the outcome, but it was time for the Board to make a decision.
 - The Hickory Hills-Wayne Street transmission line. The process worked well and we were able to accomplish something other Boards didn't.
 - The west side transmission line, the strategic plan and moving on implementation; getting construction projects done.
 - Having a plan to upgrade an old system, e.g. upgrades of infrastructure, east side and south side substations.
 - We adopted a comprehensive strategic plan and we're working on implementing it.
 - The energy supply issue, as TCL&P is a purchaser and the contract with LBW&L is expiring. It was a slow but thorough process that resulted in the Board understanding the issue and arriving at a good result.

3. *Are the annual budget and financial reporting processes working effectively?*
 - Yes. (2)
 - Yes. It was the right balance.
 - Yes. Tim looks ahead; the quarterly reports are helpful.
 - Yes. Karla is doing a great job providing us her thorough analyses; her periodic reporting on financials is helpful. The budget process went smoothly this year – Tim looks ahead at issues and starts early.
 - Yes, it's an opportunity for input, and we get information ahead of time so there aren't surprises later on.
 - Explanations are in understandable layman's language and we're moving through the capital improvement plan.

4. *Are staff reports to the Board (including contractor presentations) timely and informative? Too long? About right?*
 - About right. (3)
 - It's fine. It's good to get staff in front of the Board.
 - They're timely and informative. This isn't a big deal, but some staff seem to take longer than necessary, reading point by point. Training would help them understand what we *need* to know.
 - I don't mind in-depth information, but it's OK if staff only hit the high-lights of their reports.
 - I understand why we have staff reports and what would happen if we didn't; they're a necessary evil because the Board has oversight responsibility.

5. *Is the ED accessible to answer your questions?*
 - Yes. (5)
 - Yes, almost 24/7.
 - Yes. Tim and Karla are both very responsive.

6. *Are the TCL&P employees, the ED and the Board working together effectively?*
 - Yes. Board members bring a variety of perspectives. Can't evaluate how well Tim works with staff except for a recent letter from a retiring employee, but Tim provided reasonable explanations about the complaints. The employees I interact with seem happy with the organization.
 - Yes, but there is tension with and within the union. Tim's coordination with the City is good.
 - Yes, as I have no evidence to the contrary except for a letter from a departing employee, and Tim provided a detailed response that satisfied me that it was one person complaining.
 - Seems like we are, although sometimes there's grumbling from employees. But it's going fine.
 - Employees have a good culture, knowing the Board is demanding. They seem to be working together better because Tim is transparent.
 - I don't have much contact with staff but we have goals and we're working toward accomplishing them.
 - To the best of my knowledge.

7. *Are you confident in the ED's ability to implement the strategic plan? Has he chosen competent staff to carry it out?*
 - Yes. (3)
 - Yes, staff is more than competent.
 - Yes. Tim takes his time, educates folks, engages staff in implementation.
 - Yes, implementation is underway; we have a good roadmap that we're following.
 - I'm not aware of any shortcomings.

8. *Does it seem to you that the public perception of and confidence in TCL&P have become more positive, or less? (Or the same?)*
 - In the absence of a legitimate survey, I reject the premise of quantifying public perception. Individual complaints are individual opinions. Directors are too quick to say they *know* what the public wants.
 - More; we don't hear people complaining as much. It helps that Tim is open and transparent.
 - We don't hear from the public as much, although there are always pressures for us to go beyond the scope of L&P.
 - The public is probably unaware of us, which is good.
 - More, because we're generating more good will.
 - Not sure; people seem satisfied.
 - Our visibility is better, and we're embracing technology.

9. *Is there anything you would like the Executive Director to change, improve, or do differently?*
- No.
 - Strategic communication is the next step for Tim. His excellent communication and outreach skills could be applied to the community, to provide leadership in educating people about upcoming and big utility issues, about TCL&P's possibilities and limitations.
 - Tim was a great choice for ED; he's prepared and on top of a lot of things and I hope he keeps on doing it.
 - Nothing comes to mind. Internally, we need to resolve the tension with the union.
 - Be open to looking at options that would be in the best interests of the City rather than keeping L&P as is.
 - I'm generally happy with Tim; we're upgrading our systems which is important, but we're a cash-generating *department* of the City.
 - In the budgets for capitol improvement and construction projects, occasionally there are inaccuracies.
 - When we approve bids and at project completion final payments, we need to see comparisons of initial budgets and actual costs.
10. *Do you see value in assigning a letter grade to the performance of the ED? If you do, what grade would you give him for his performance this past year?*
- It's hard to give a grade of perfection because it's totally subjective, so A minus.
 - I have no strong opinion about the value of a letter grade. Without context, a letter grade could be misleading. Nevertheless, Tim's work is outstanding.
 - I don't see value in a letter grade because they have different meanings to different people.
 - A letter grade doesn't have value for me because an evaluation requires more than a letter grade. However, a letter grade might have value for Tim.
 - A letter grade might have value for Tim; I'd give him a B.
 - The value is only if a letter grade has value to Tim. I'd give him a B+.
 - B+.
11. *Is there anything else you'd like to tell me about the performance of the Executive Director, the Board or the organization?*
- It would be good for the Board to have a discussion, out of the heat of battle, about our differing philosophies regarding allocation of funding for projects that are beyond the scope of L&P. We need a policy to help us treat funding requests evenly, consistently, with reasonable justification.
 - We need to do a legitimate survey of ratepayers to find out what they want us to do.
 - Re staff reports: With training, staff could be more effective. Have them sit in the seats of the Board to help them determine what Board members *need* to know.
 - In the future, a utility has to figure out how to increase renewable energy that is beneficial to the grid. We do it now because we have to. Also, our grid needs to be more resilient.
 - Not really; he's not growing the over head which is good.
 - We should be looking at the options that are out there for L&P.
 - Tim has done a good job.
 - Tim has grown on the job.
 - He does a good job in dealing with the union.
 - An *important* hire is coming up: a chief engineer.
 - When we begin the implementation phase of the Wayne Hill project, there will be tension between L&P and the neighbors.

II. National Salary Summaries

Table 2A is a national summary of all occupations surveyed.

Table 2A: Annual Salaries, by Occupation Publicly Owned Utilities (Excluding Joint Action Agencies), May 2014					
	Number of Responses	Mean	First Quartile	Median	Third Quartile
General Manager	322	136,531	90,851	118,286	159,432
Assistant General Manager	109	121,426	88,500	108,564	135,616
Chief Engineer	114	113,093	90,545	108,394	129,979
Director of Power Supply Planning	57	132,763	115,104	130,406	147,056
Steam Plant Superintendent*	66	93,184	66,682	95,950	117,316
Supervisory Engineer**	163	92,073	69,347	87,550	107,984
Line Division Superintendent***	256	87,476	65,977	84,168	100,236
Construction Superintendent	77	93,785	75,005	92,000	107,181
Chief Financial Manager	237	103,581	72,000	93,738	121,155
Chief Accountant	103	86,758	67,959	78,000	100,133
Rate Analyst	32	89,678	82,369	90,866	98,063
Personnel Director	110	97,041	71,560	88,279	115,453
Director of Customer Services	154	84,141	60,686	74,702	100,539
Information Systems Manager	125	98,603	78,090	90,730	116,400
Communications Director	58	92,788	70,908	86,036	112,237
Staff Legal Counsel	39	132,514	104,546	127,700	152,251
Fuels Manager	18	119,408	90,245	118,136	130,926
Purchasing Director	90	77,304	55,050	71,451	92,559
Marketing Director	25	93,506	69,659	91,865	114,854
Key Accounts Manager	57	85,149	68,244	83,460	99,029
Telecom/Broadband Manager	44	101,933	87,145	101,587	120,748
Energy Services Director	36	103,790	70,893	94,637	125,683
*Production Superintendent salaries for utilities with \$15 million or less in electric revenues are included in this occupational classification					
**Operations Superintendent salaries for utilities with \$15 million or less in electric revenues are included in this occupational classification					
***Line Superintendent salaries for utilities with \$15 million or less in electric revenues are included in this occupational classification					


General Managers only are reported by revenue class in table 2B and by customers served in table 2C. Journeyman Electric Lineworker data are shown in tables 2D and 2E. (All salaries are in dollars.) Please note that for General Managers we now ask for total compensation, including bonuses and other forms of compensation (excluding vehicle allowances).

Revenue Class (In millions)	Number of Responses	Mean	First Quartile	Median	Third Quartile
Less than \$3	34	62,242	40,728	70,000	79,859
\$3 to \$6	30	87,490	71,231	83,859	96,250
\$6 to \$10	41	105,093	86,528	108,963	124,139
\$10 to \$15	33	120,458	97,000	110,573	139,650
\$15 to \$25	46	120,385	95,808	111,444	136,668
<u>\$25 to \$50</u>	67	147,939	<u>118,601</u>	<u>139,899</u>	<u>159,328</u>
\$50 to \$100	36	161,932	127,725	162,893	179,342
\$100 or more	35	275,966	176,060	219,000	300,320

Customers	Number of Responses	Mean	First Quartile	Median	Thrd Quartile
Less than 1,000	19	58,894	28,144	45,911	72,365
1,000 to 2,000	27	75,712	70,580	78,437	84,079
2,000 to 4,000	46	94,551	79,517	89,824	112,310
4,000 to 10,000	101	118,998	98,763	112,507	136,837
<u>10,000 to 20,000</u>	53	<u>157,530</u>	<u>118,768</u>	<u>145,080</u>	<u>180,720</u>
20,000 to 40,000	40	159,492	128,838	162,872	178,319
40,000 to 100,000	22	184,413	159,198	178,272	212,780
100,000 or more	14	403,262	271,705	377,508	449,553



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, Executive Director 
Date: May 22, 2015
Subject: APPA's Reliable Public Power Provider Awarded to TCL&P

“Promote employer and worker awareness of, commitment to, and involvement with safety to effect positive change in the workplace culture through cooperative efforts and strong leadership” is a goal highlighted in the Strategic Plan under High Quality Workforce. In keeping with this goal, staff re-applied for the Reliable Public Power Provider Award Program (RP3) in September 2014. RP3 is the American Public Power Association’s (APPA) program to encourage public power systems to demonstrate basic proficiency in four important disciplines: **reliability**, **safety**, **workforce development**, and **system improvement**. Along with the application, each utility is required to submit supporting documentation demonstrating its commitment to a safe and reliable delivery of services in the above four areas. Applications were reviewed by the RP3 Review Panel comprised of eight officers from four APPA committees (HR, Safety, Transmission & Distribution and System Planning) along with seven members nominated by APPA’s Chairperson of the Board of Directors whom represent small, medium and large utility systems.

Of the nation’s more than 2,000 public power utilities, 191 have earned RP3 recognition from APPA for providing its customers with the highest degree of reliable and safe electric service; TCL&P is proud not only to have earned this designation from APPA for a second consecutive term, but to have improved upon its status by achieving the “Platinum” designation, the second highest designation. This award was achievable only through the hard work and dedication of the staff and employees of TCL&P. TCL&P received official recognition for their efforts at the 2015 Engineering and Operations Technical Conference last month in Sacramento, CA.



The RP3 designation is valid from May 2015 until early 2018. In September 2017 staff plans to re-apply in order to maintain this prestigious designation by APPA. Along with the RP3 designation, TCL&P received valuable feedback from the Review Panel that will provide ideas for improving TCL&P’s continued effort to enhance the utility’s goal of providing safe, reliable, low cost electricity.

Rod Solak, TCL&P Line Superintendent pictured center with Kenneth Stone, energy services and accounting manager at Braintree Electric Light Department of Braintree, Mass., (L) and Mike Hyland, APPA senior vice president of engineering services (R).



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Jessica Wheaton, Manager of Energy Services & Key Accounts
Date: June 1, 2015
Subject: Solar on Hastings Street Storage Facility

At the April 14, 2015 Board meeting, the Board authorized staff to seek bids for the Hastings Street Storage Facility. The Board also asked staff to collect pricing for the installation of a 30kW solar array on the roof of the storage facility.

After reaching out to two solar installation contractors, I found that they would provide an average or “going” price for solar installation, but would not invest additional time in preparing a quote without knowing if the project was actually going to be built.

Detailed below is the pricing staff collected. Contractor 1 and 2 are new and contractor 3 is the pricing breakdown of the estimate presented to the board on April 14. *The pricing below does not include the cost of adding a guardrail around the roof which would be required.*

	Estimated per Watt Installed Price	Estimated Project Cost 30kW Array	Payback (yrs) Community Solar	Payback (yrs) Net Metering: Commercial Demand Rate	Payback (yrs) Net Metering: Commercial Rate
Contractor 1	\$2.75	\$ 82,500.00	36.47	48.1	23.44
Contractor 2	\$3.50	\$105,000.00	46.42	61.22	29.83
Contractor 3	\$3.07	\$ 92,000.00	40.67	53.64	26.14

The payback was calculated using the actual 2014 generation numbers from the Community Solar Project located at Cherryland Electric Cooperative.

Considering a solar panel’s output decreases, on average, 3% a year and that the average life expectancy of a solar array is 25 years, it does not make financial sense to proceed with installing solar on the storage facility at this time. The storage facility is being built to structurally hold a solar array if/when there comes a time that the investment makes sense. Unless directed differently, staff will not pursue having solar installed on the roof of the storage facility in the immediate future.



To: Light and Power Board
From: Karla Myers-Beman, Controller *KMB*
Date: May 22, 2015
Subject: Quarterly Financial Report

Enclosed in your packet are the third quarter financial statements for the Electric and Fiber Funds.

Electric Utility Fund:

As of March 31, 2015 (75% through the fiscal year) operating revenues are 78.36% of budgeted operating revenues.

Total operating expenses are at 68.92% of budget year-to-date, coming in lower than expected with purchase power costs at 69.44% lower than expected attributed to excess transmission rights used by other MPPA entities and excess energy sold on the MISO market, distribution costs at 63.31% with substation contracted maintenance not yet incurred, transportation expenses budgeted not incorporating capitalization of these costs at an hourly state rate greater than their monthly rate, traffic signals budgeted to replace that have not occurred to date, along with no storm work to date, and operational supplies expense not fully expended. Public service expense at 50.13% with the energy optimization funds not fully expended.

Net income through the third quarter is \$4.3 million, which is approximately \$793,000 increase over the prior year.

Cash flows shows approximately \$5.6 million expended in capital assets, mostly for the South Substation capital project.

Fiber Fund:

Revenues in the Fiber Fund are on-budget while expenses are 91.42% of budget year-to-date. Salaries and related fringe benefits attribute to the higher percentage than 75%, time through the fiscal year, because of more time being allocated to fiber maintenance during the fiscal year than expected. Additionally, the WIFI Operations and Maintenance expense was not included in the budget. The Fund has a net income or change in net position of \$32,453 or 44.98% of budgeted net income.

TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2015

	Month to Month Comparison			Year to Year Comparison			Budget to Year to date Comparison			
	Month to date	Month to date	Month to date	Year to date	Year to date	Year to date	Amended	Year to date	Favorable	% of
	Actual	Prior Year	Difference	Actual	Prior Year	Difference	Budget	Actual	(Unfavorable)	budget
Operating revenues - sales										
Residential	\$ 430,999	\$ 381,082	\$ 49,917	\$ 5,271,472	\$ 4,944,468	\$ 327,005	\$ 6,600,000	\$ 5,271,472	\$ (1,328,528)	79.87%
Commercial	1,170,254	1,082,912	87,342	12,657,447	11,916,878	740,568	15,810,000	12,657,447	(3,152,554)	80.06%
Industrial	697,953	778,417	(80,463)	8,248,499	7,266,073	982,425	10,770,000	8,248,499	(2,521,501)	76.59%
Public authority	20,253	20,674	(422)	247,525	229,000	18,525	309,000	247,525	(61,475)	80.11%
Street lighting	16,692	11,867	4,825	148,029	161,665	(13,636)	201,600	148,029	(53,571)	73.43%
Yard lights	7,898	5,982	1,916	62,074	60,957	1,117	79,900	62,074	(17,826)	77.69%
Total operating revenues - sales	2,344,048	2,280,933	63,115	26,635,045	24,579,041	2,056,004	33,770,500	26,635,045	(7,135,455)	78.87%
Other operating revenues										
Forfeited discounts	7,093	6,471	622	58,925	43,691	15,234	58,000	58,925	925	101.60%
Merchandise and jobbing	9,775	-	9,775	91,902	57,165	34,737	65,000	91,902	26,902	141.39%
Sale of scrap	-	470	(470)	25,874	33,615	(7,741)	35,000	25,874	(9,126)	73.93%
Recovery of bad debts	-	-	-	30	143	(112)	200	30	(170)	15.25%
MISO income	180,065	188,728	(8,663)	1,908,815	2,015,205	(106,390)	2,461,000	1,908,815	(552,185)	77.56%
Miscellaneous	2,131	2,305	(174)	31,903	26,027	5,876	36,500	31,903	(4,597)	87.41%
Total other operating revenues	199,063	197,974	1,089	2,117,450	2,175,846	(58,396)	2,655,700	2,117,450	(538,250)	79.73%
Nonoperating revenues										
Rental income	1,475	1,475	-	44,907	42,857	2,050	45,000	44,907	(93)	99.79%
Pole rental income	-	-	-	41,224	35,931	5,293	36,000	41,224	5,224	114.51%
Reimbursements	13,955	210,513	(196,558)	43,619	539,351	(495,732)	333,600	43,619	(309,981)	12.34%
Interest income	32,914	3,917	28,998	223,947	283,774	(59,827)	200,000	223,947	23,947	111.97%
Gain/loss on sale of assets	-	-	-	(347,814)	55,568	(403,381)	(360,000)	(347,814)	12,186	96.61%
Total nonoperating revenues	48,344	215,904	(167,560)	5,883	957,481	(951,598)	274,600	5,883	(268,717)	2.14%
Total revenues	2,591,456	2,694,812	(103,356)	28,758,379	27,712,369	1,046,010	36,700,800	28,758,379	(7,942,421)	78.36%
Generation expense										
Non purchase power expenses	16,868	75,490	(58,622)	263,288	196,239	67,049	271,600	263,288	8,312	96.94%

TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2015

	Month to Month Comparison			Year to Year Comparison			Budget to Year to date Comparison			% of budget
	Month to date Actual	Month to date Prior Year	Month to date Difference	Year to date Actual	Year to date Prior Year	Year to date Difference	Amended Budget	Year to date Actual	Favorable (Unfavorable)	
MISO	(69,125)	57,693	(126,817)	(167,876)	344,744	(512,620)	1,230,330	(167,876)	1,418,226	-13.43%
Lansing Bridge	486,764	525,515	(38,751)	4,190,461	4,533,853	(343,392)	6,116,250	4,190,461	1,925,789	68.51%
Stoney Corners	297,830	261,593	36,236	2,131,762	2,157,671	(25,910)	2,894,000	2,131,762	762,238	73.66%
M-72 Wind Turbine	441	-	441	3,668	-	3,668	-	3,668	(3,668)	#DIV/0!
Combustion Turbine	213,002	224,507	(11,505)	2,488,333	2,206,231	282,122	4,536,000	2,488,333	2,047,647	54.86%
Campbell Coal Plant	435,213	576,561	(141,348)	3,754,347	4,181,645	(427,298)	4,995,000	3,754,347	1,240,653	75.16%
Belle River Coal Plant	513,177	475,711	37,466	4,154,205	3,854,009	300,195	4,030,000	4,154,205	(124,205)	103.08%
Landfill Gas	37,374	24,792	12,582	359,741	281,580	78,161	925,000	359,741	565,259	38.89%
Bilateral contracts	29,516	-	29,516	268,307	-	268,307	-	268,307	(268,307)	#DIV/0!
Purchase power expenses	1,944,192	2,146,373	(202,181)	17,182,968	17,559,734	(376,766)	24,746,600	17,182,968	7,563,632	69.44%
Distribution	\$ 237,223	\$ 289,256	\$ (52,033)	\$ 2,444,367	\$ 2,485,172	\$ (40,805)	\$ 3,860,700	\$ 2,444,367	\$ 1,416,333	63.31%
Transmission	21,715	38,825	(17,110)	249,932	238,734	11,198	339,800	249,932	89,868	73.55%
Customer accounting	40,221	24,698	15,523	374,575	289,084	85,491	553,050	374,575	178,475	67.73%
Public service	45,360	24,740	20,620	402,480	294,670	107,810	802,800	402,480	400,320	50.13%
General administration expense	63,412	63,219	193	610,539	635,059	(24,519)	856,700	610,539	246,161	71.27%
Other expenses										
Insurance	4,675	5,655	(980)	43,850	42,537	1,314	68,000	43,850	24,150	64.49%
City fee	125,000	120,000	5,000	1,390,177	1,080,000	310,177	1,889,500	1,390,177	499,323	73.57%
Depreciation	168,932	156,574	12,358	1,520,388	1,409,251	111,137	2,132,000	1,520,388	611,612	71.31%
Total expenses	2,667,598	2,944,831	(277,233)	24,482,566	24,230,479	252,086	35,520,750	24,482,566	11,038,184	68.92%
Change in net position	\$ (76,142)	\$ (250,019)	\$ 173,877	\$ 4,275,813	\$ 3,481,889	\$ 793,924	\$ 1,180,050	\$ 4,275,813	\$ 3,095,763	

TRAVERSE CITY LIGHT AND POWER
(A Component Unit of the City of Traverse City, Michigan)

ELECTRIC FUND
SUPPLEMENTARY INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2015

SALES	KWH month	KWH year to date	Monthly revenue	Year to date revenue	Current month	Prior month	Revenue/Sales monthly variance	Year to date	Prior year to date	Revenue/Sales year to date variance
Residential Sales	4,047,583	43,579,134	\$ 442,567	\$ 5,230,937	\$ 0.1093	\$ 0.1151	\$ (0.0058)	\$ 0.1200	\$ 0.1066	\$ 0.0134
Commercial Sales	8,779,233	106,270,902	951,713	12,763,985	0.1084	0.1151	(0.0067)	0.1201	0.1061	0.0140
Industrial Sales	9,349,970	89,633,950	710,640	8,552,783	0.0760	0.0903	(0.0143)	0.0954	0.0838	0.0116
Yard and Street Lights	119,938	1,115,084	23,590	211,085	0.1967	0.1854	0.0113	0.1893	0.1831	0.0062
Total Sales	22,296,724	240,599,070	\$ 2,128,510	\$ 26,758,790						

Note: Revenues do not agree to income statement because of monthly accruals.

PURCHASED POWER	KWH month	KWH year to date	Monthly cost	Year to date cost	Cost per kWh for the month	Cost per kWh for the year to date
Lansing Bridge	9,904,000	87,712,000	\$ 486,764.35	\$ 4,190,461.25	\$ 0.049	\$ 0.048
MISO	(2,129,400)	(5,758,800)	(35,179.90)	100,580.52	(0.017)	(0.017)
Bilateral Contract	2,112,000	19,568,000	29,515.71	268,307.00	0.014	0.014
Campbell #3	6,881,099	62,269,444	435,213.02	3,754,347.25	0.063	0.060
Belle River	3,061,607	45,379,866	513,176.95	4,154,205.00	0.168	0.092
Combustion Turbine	1,386,843	13,779,079	213,001.92	2,488,352.88	0.154	0.181
Landfill Gas	765,278	6,764,895	37,373.99	359,740.69	0.049	0.053
Stoney Corners	2,620,587	18,988,584	297,829.71	2,131,761.12	0.114	0.112
M-72 Wind Turbine	6,300	52,400	441.00	3,668.00	0.070	0.070
Wolverine	not applicable	not applicable	2,172.24	20,630.74	not applicable	not applicable
Transmission	not applicable	not applicable	(36,117.73)	(289,087.26)	not applicable	not applicable
Total	24,608,314	248,755,468	\$ 1,944,191.26	\$ 17,182,967.19	\$ 0.079	\$ 0.069

You Are My Sunshine!



This Sunshine image was made at the Traverse Heights School Carnival, celebrating the anticipated energy from solar!

Dear Jim & Jessica
I wanted to personally thank you for your generous support of the solar project at Traverse Heights Elementary School. Your early support gave credibility and great enthusiasm to this project. The layers of benefit; environmental, educational and financial mean so much to this little I school, and to Kate and I!
With Hefty Gratitude, Mary V.

May 18, 2015



Karyn Hertel
Partner In Education Coordinator

Timothy Arends
Executive Director
Traverse City Light & Power
1131 Hastings Street
Traverse City, MI 49686

Dear Mr. Arends,

Thank you very much for the \$10,000.00 grant for the Solar on Schools project. This grant will help provide an incredibly engaging, inspiring and challenging learning tool for our students at Traverse Heights Elementary School. Per your direction, an invoice has been mailed to Jessica Wheaton.

The Solar on Schools project will be the first solar installation at a TCAPS school, and will allow Traverse Heights Elementary School to play a leadership role in our region transforming their learning center. It will be a fine example of our strategic goal to provide the strongest academic programming to our students and have innovative programs to leverage their success and future needs.

Thank you, again, for your support.

Sincerely,

A handwritten signature in black ink that reads "Karyn Hertel". The signature is written in a cursive, flowing style.

Karyn Hertel
Partner In Education Coordinator

cc: Jessica Wheaton, Traverse City Light & Power
Cindy Berck, TCAPS Human Resources
Kate Madigan, Michigan Environmental Council
Amy Six-King, Traverse Heights Elementary School Principal
Paul Thwing, TCAPS Facilities
Mary VanValin, Community member

Traverse City Area Public Schools is a public school district exempt from federal taxation under the IRS Section 501(c)(1), i.e. a division of the State of Michigan, an instrumentality established by Act of Congress. IRS Section 170 (c) allows for charitable contributions to the public school district as: "A State, a Territory, a possession of the United States, or any political subdivision of any of the foregoing, or the United States, or the District of Columbia, but only if the contribution is made for exclusively public purposes." Traverse City Area Public Schools provided no goods or services in exchange for this gift.

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