

**A REGULAR MEETING**

Of The

**TRAVERSE CITY LIGHT AND POWER BOARD**

Will Be Held On

**TUESDAY, January 10, 2017**

At

**5:15 p.m.**

In The

**COMMISSION CHAMBERS**  
(2<sup>nd</sup> 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.

Jennifer J. St. Amour  
Administrative Assistant  
1131 Hastings Street  
Traverse City, MI 49686  
(231) 922-4940 ext. 201

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

Posting Date: January 6, 2017  
3:00 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 December 13, 2016. (Approval recommended) (p.4)
- b. Consideration of authorizing a Second Amendment to the Lakeland Tower Lease Agreement. (Approval recommended) (Menhart) (p.7)
- c. Consideration of adopting MDOT Construction ROW Resolution. (Approval recommended) (Arends) (p.15)

#### **Items Removed From Consent Calendar**

a.

#### **3. Unfinished Business**

None.

#### **4. New Business**

- a. 2015-16 Financial Audit Presentation. (Myers-Beman/Vredeveld Haefner LLC) (p.18)
- b. Consideration of the West Front Street (Division to Elmwood) Street Lighting Project. (Arends/Schimpke) (p.24)
- c. Consideration of 2017 Six Year Capital Improvements Plan. (Arends/Schimpke) (p.34)

#### **5. Appointments**

None.

#### **6. Reports and Communications**

- a. From Legal Counsel.
- b. From Staff.
  1. 2017 Strategic Plan Presentation. (All staff) (p.42)
  2. Discussion of City Resolution to Increase Renewable Energy and Sustainability for the City of Traverse City. (Geht) (p.56)

3. HPS and LED Public Hearing update. (Myers-Beman) (p.59)

c. From Board.

**7. Public Comment**

/js

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Regular Meeting  
Held at 5:15 p.m., Commission Chambers, Governmental Center  
Tuesday, December 13, 2016

**Board Members -**

Present: Jan Geht, Jeff Palisin, Amy Shamroe, John Taylor, Tim Werner

Absent: Pat McGuire, Bob Spence

**Ex Officio Member -**

Present: Marty Colburn, City Manager

**Others:** Tim Arends, W. Peter Doren, Karla Myers-Beman, Kelli Schroeder, Pete Schimpke, Scott Menhart, Tony Chartrand, Jennifer St. Amour

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

Tim Werner requested item 2c be removed from the Consent Calendar. This was placed under New Business.

**Item 2 on the Agenda being Consent Calendar**

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

- a. Minutes of the Regular Meeting of November 22, 2016.
- b. Authorizing a purchase order to RESCO in the amount of \$132,795.00 for reclosers and associated materials for the Recloser Replacement Project.
- d. Authorizing a Fourth Amendment to the Munson Dark Fiber Services Agreement.

CARRIED unanimously. (McGuire, Spence absent)

**Item 3 on the Agenda being Unfinished Business**

- a. Public Hearing regarding:
  - Consideration of amended street lighting and private area lighting tariff rates.

Chairman Geht opened the Public Hearing.

The following individuals from the Public addressed the Board:

David Petrov, 9988 Riley Rd., Interlochen, non-ratepayer  
George Champlin, 1276 W. River Rd., Traverse City, ratepayer

Chairman Geht closed the Public Hearing.



Moved by Werner, seconded by Palisin, that the Board authorizes the amended street lighting and private area tariff rates as presented effective January 1, 2017.

The following individuals addressed the Board:

Tim Arends, Executive Director  
Karla Myers-Beman, Controller  
Pete Schimpke, Manager of Operations & Engineering

Commissioner Werner, with agreement by Vice-Chairman Palisin, withdrew the motion.

Moved by Shamroe, seconded by Palisin, that a Public Hearing be set for January 10, 2017.

CARRIED unanimously. (McGuire, Spence absent)

**Item 4 on the Agenda being New Business**

- b. Approving the Special Legal Counsel Policy.

The following individuals addressed the Board:

W. Peter Doren, General Counsel

Moved by Werner, seconded by Shamroe, that a revised policy for Special Legal Counsel be adopted and all previous policies on this subject be rescinded effective immediately, as amended.

CARRIED unanimously. (McGuire, Spencer absent)

**Item 5 on the Agenda being Appointments**

None.

**Item 6 on the Agenda being Reports and Communications**

- a. From Legal Counsel.
- b. From Staff.
1. September 30, 2016 Financial Statements.

The following individuals addressed the Board:

Tim Arends, Executive Director

2. Six Year Capital Improvements Plan – 2017 Board discussion.

The following individuals addressed the Board:

Tim Arends, Executive Director

Pete Schimpke, Manager of Operations & Engineering

c. From Board.

Chairman Geht reported the Regular Board Meeting of December 27, 2016 is canceled.

Marty Colburn stated to the Board that the City is going before the City Commission with consideration of adopting a resolution to increase renewable energy and sustainability for the City of Traverse City, which establishes certain related goals.

**Item 7 on the Agenda being Public Comment**

There being no objection, Chairman Geht declared the meeting adjourned at 6:13 p.m.

/js

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Tim Arends, Secretary  
LIGHT AND POWER BOARD

DRAFT





**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light and Power Board  
**From:** Scott Menhart, Manager of Telecom & Technology  
**Date:** January 4, 2017  
**Subject:** Tower Lease Amendment

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TCL&P currently has a radio repeater that performs field radio transmissions on a tower owned by Grand Traverse County (GTC). This is a vital communications tool for the utility to maintain. GTC no longer wishes to operate this tower and is planning to decommission it in the near future. As a result, TCL&P must relocate the radio repeater aforementioned.

TCL&P currently has an existing agreement with Lakeland Tower Leasing Co. (LTC) for tower space that holds radio antennas to communicate with Gray Substation. This tower is directly next to the current GTC tower that will eventually be decommissioned. Therefore, TCL&P would like to add an amendment (amendment 2) to the existing LTC agreement to provide space for equipment that needs to be moved off of the GTC tower. This will cost an additional \$300.00 per month for the lease.

Staff recommends the Board approve execution of the amendment. This item is on the Consent Calendar as it is deemed non-controversial. Approval of this item on the Consent Calendar means you agree with staff's recommendation.

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

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_,**

**THAT THE BOARD AUTHORIZES THE EXECUTIVE DIRECTOR TO EXECUTE AN AMENDMENT FOR THE LAKELAND TOWER LEASE AGREEMENT FOR AN ADDITIONAL \$300/MONTH BRINGING THE TOTAL MONTHLY FEE TO \$890.08, SUBJECT TO APPROVAL SUBSTANCE BY THE EXECUTIVE DIRECTOR AND AS TO FORM BY GENERAL COUNSEL.**

## AMENDMENT NO 2

This Amendment is attached to and made a part of the Tower and Building Agreement (Tower) the ("Agreement") dated November 1, 2007, by and between Traverse City Light & Power a Municipal utility (herein called "Lessee" and Lakeland Tower Leasing (herein called "Lessor").

In case of any inconsistencies between the terms and conditions contained in the Agreement and the terms and conditions contained herein, the terms and conditions herein shall control. Except as set forth below, all provisions of the Agreement remain unchanged and in full force and effect.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agrees as follows:

1. That the following paragraph is added as paragraph I (E):
  - E. (1) Radio System Antenna type 240 at a height of approximately 210' on the tower.
  - F. This antenna will have a run of LMR 400 or Yi" transmission line between the antenna and radio equipment, which shall be firmly anchored to the Tower and Building.
2. That the following paragraph is added as paragraph VI (C):
  - C. As additional consideration for Lessee's additional one (1) antenna and transmission line on the tower at approximately (210) feet, on the first day of each month, Lessee shall pay an additional Three Hundred and 00/100 (300.00) per month ("Additional Rent"), on the same terms and conditions as set forth in Subparagraph (VI) above for Rent. In the event such antenna and transmission line are removed, Additional Rent shall be terminated or reduced by an amount proportionate to the number of antennas and/or transmission lines removed.

Date: 1/10/2017



## AMENDMENT NO 1

This Amendment is attached to and made a part of the Tower and Building Agreement (Tower) the ("Agreement") dated November 1, 2007, by and between Traverse City Light & Power a Municipal utility (herein called "Lessee" and Lakeland Tower Leasing (herein called "Lessor").

In case of any inconsistencies between the terms and conditions contained in the Agreement and the terms and conditions contained herein, the terms and conditions herein shall control. Except as set forth below, all provisions of the Agreement remain unchanged and in full force and effect.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agrees as follows:

1. That the following paragraph is added as paragraph I (D):
  - D. (1) 2ft. Dish at a height of approximately 400' was added to the tower on December 17, 2007.
  - E. This antenna will have a run of LMR 400 or ½" transmission line between the antenna and radio equipment, which shall be firmly anchored to the Tower and Building.
2. That the following paragraph is added as paragraph VI (C):
  - C. As additional consideration for Lessee's additional one (1) antenna and transmission line on the tower at approx-(400) feet, on the first day of each month, Lessee shall pay an additional Two Hundred and Ninety-Four Dollars and 00/100 (294.00) per month ("Additional Rent"), on the same terms and conditions as set forth in Subparagraph (VI) above for Rent. In the event such antenna and transmission line are removed, Additional Rent shall be terminated or reduced by an amount proportionate to the number of antennas and/or transmission lines removed.

## TOWER AND BUILDING AGREEMENT

**This** Lease, made and entered into this 1st day of November 2007, between Lakeland Tower Leasing, a Michigan corporation with a principal office and place of business at 5280 Cedar Run Road, Traverse City MI 49684, hereinafter called "Lessor", and TRAVERSE CITY LIGHT & POWER, a Municipal Utility, with principal office and place of business at 1131 Hastings, Traverse City, MI 49686, hereinafter called "Lessee".

**I. RECITALS.** Lessor owns a building (the "Building") and Tower Space (the "Tower") collectively referred to as the "Property" located at the common address of 4777 Harris Road, Grand Traverse County, Garfield Township, Traverse City, MI 49684.

Lessor hereby grants permission to Lessee to install and operate the following described radio communications equipment on Lessor's Tower and in Lessor's Building at a Latitude of 44 45' 22" and Longitude of 085 40' 42.28" with ground elevation at 1070' AMSL and a tower height of 480'.

- A. (1) 2 ft. dia. High Performance Dish Antenna at a height of approximately 250' on the tower.
- B. (1) 3 ft. dia. High Performance Dish Antenna at a height of approximately 180' on the tower.
- C. Each antenna will have a run of LMR 400 or ½" transmission line between the antennas and radio equipment which shall be firmly anchored to the Tower and Building.

**II. ACCESS.** Lessor agrees that during the term of this contract, Lessee shall have reasonable ingress and egress on a 24 hour 7 day a week basis to said Tower and Building for the purpose of maintenance and repairs to said equipment. Lessor shall furnish Lessee with a key or door code to Lessor's Building and Tower.

**III. INTERFERENCE.** Lessee will resolve technical interference problems with other equipment located at the Property on the Commencement Day or any equipment that Lessee attaches to the property at a future date. If the interference cannot be corrected within a reasonable period of time, Lessee agrees to remove his equipment from Lessor's property and upon such removal this Agreement shall therefore be terminated. Likewise, Lessor will not permit or suffer the installation of any future equipment that results in technical interference problems with Lessee. Furthermore, Lessee covenants and agrees that Lessee's equipment, its installations, operation and maintenance will:

- A. in no way damage the Building or Tower and accessories thereto.
- B. not interfere with the maintenance of Lessor's Tower and Building.
- C. Lessee agrees to meet all FCC standards regarding antennas, transmission lines and transmitters used on the tower site.
- D. Lessee agrees to meet all federal, state and local regulations.

**IV. MAINTENANCE.** Under this agreement, Lessor assumes no responsibility for licensing, operation and/or maintenance of Lessee's radio equipment; provided, however, that Lessor shall retain the responsibility of maintaining the Tower and building in good repair.

**V. TERM.** Initial Term



The term of this agreement (the "Initial Term") is One (1) year, commencing on the date ("Commencement Date") Lessee and Lessor have executed this Agreement.

#### VI. RENT.

A. Within fifteen (15) days of the Commencement Date and on the first day of each month thereafter, Lessee shall pay to Lessor as rent **FOUR HUNDRED EIGHTY and 00/100 DOLLARS (\$480.00)** per month ("Rent"). Rent shall be increased at the commencement of each Renewal Term by an amount equal to Three percent (3 %) of the Rent for the Term or the previous Renewal Term.

#### B. Option to Extend

This lease shall automatically continue in force upon the same terms and conditions for a further term of one (1) year and for annual terms thereafter until terminated by either Party giving written notice of its intention to terminate at least three (3) months prior to the end of such term. The rental rate for each renewal term is subject to an increase of up to three (3%) per term.

VII. **TERMINATION.** Should Lessee desire to terminate this Agreement at the end of the term or any renewal or extension term, Lessee shall remove all personal property installed on Lessor's Property and leave said Property in substantially the same condition existing as of the date of this agreement, excepting only ordinary wear and tear and any occurrence for which Lessee is not responsible hereunder. If, during the original Agreement term or any extension term, Lessee should be unable for any reason to use said Tower and Building for its radio communications system, Lessee may terminate upon giving at least Three (3) months written notice of termination to Lessor. At the termination of this agreement the Lessee will remove equipment from the tower within 30 days. The Lessee will contact the Lessor to schedule the removal of the equipment from the tower. If the equipment is not removed within the above time limit, the equipment becomes the property of Lessor, and the Lessee will be billed for the removal of the equipment from the tower.

VIII. **ADDITIONAL ANTENNAS** If, at any time after the commencement date of Agreement, upon Lessee's request, Lessor and Lessee determine that additional space is available on the Tower and in the Building for one or more antennas and supporting radio equipment, then Lessee shall have the option to install additional antenna(s) and supporting radio equipment within the Building if space is available at that time at an annual rental rate to be negotiated at the time of the desired installation. Lessee agrees to provide a MPE study prior to any changes in the antenna arrangement such as additions of or deletions of antennas on the tower.

IX. **UTILITIES** Lessee agrees that the Lessor will in no way be responsible for power interruption or outages beyond its control. Lessor shall, at its expense, maintain and make all repairs and replacements necessary to keep the Building and the electrical power supply in good order and repair.

X. **ASSIGNMENT** If (1) Lessee remains liable for any and all payments remaining due under this Agreement and (2) the assignee does not change the frequency, power or character of the equipment, then Lessee may assign Lessee's right, title and interest in and to this Agreement without the consent of Lessor. Any and all other assignments shall require Lessor's prior consent, which consent, shall not be unreasonably withheld.

XI. **INSURANCE.** The Lessee will procure and maintain commercial general liability insurance, with limits of not less than \$1,000,000 combined single limit per occurrence for



bodily injury and property damage liability, with a certificate of insurance to be furnished to Owner within thirty (30) days of written request. Such policy will provide that cancellation will not occur without at least fifteen- (15) day's prior written notice to Lessor. Furthermore, the lessee will name the lessor as additional named insured on the policy.

**XII. DEFAULT** If either party is in default under this Agreement for a period of (a) ten (10) days following receipt of notice from the non-defaulting party with respect to a default which may be cured solely by the payment of money, or (b) thirty (30) days following receipt of notice from the non-defaulting party with respect to a default which may not be cured solely by the payment of money, then, in either event, the non-defaulting party may pursue any remedies available to it against the defaulting party under applicable law, including, but not limited to, the right to terminate this Agreement. If the non-monetary default may not reasonably be cured within a thirty (30) day period, this Agreement may not be terminated if the defaulting party commences action to cure the default within such thirty (30) day period and proceeds with due diligence to fully cure the default.

**XIII. DAMAGE TO PROPERTY.** If the Tower or Building is damaged for any reason so as to render the Property substantially unusable for the intended antenna site purpose, rent shall abate for such period while Lessor, at Lessor's expense, restores the Tower and Building to its condition prior to such damage, provided, however, that at Lessor's option, Lessor may elect by notifying Lessee within ten (10) days of such damage that Lessor elects to terminate this Agreement as of the date of such damages. However, if it takes more than ninety (90) days after such damage is incurred for Lessor to rebuild, then on or after the ninetieth (90th) day following such damages, Lessee shall have the unilateral right to terminate this Agreement effective as of the date of the damage.

**XIV. CONDEMNATION** In the event that any government or public body shall take all or such part of the Building as shall make it physically or financially unfeasible for the Building to be used in the manner it was used immediately prior to such taking, Lessee shall have the option of terminating this Agreement on thirty (30) days prior written notice to Lessor, in which event Lessee shall be liable for rent and other payments only through the date on which the Property is vacated. If Lessee does not elect to terminate this Agreement, or if only a portion of the Property is taken so as not to entitle Lessee to terminate, then rent and other payments under this Agreement shall be abated proportionately as to the portion taken which is not usable.

**XV. TAXES.** The parties hereto stipulate that the rental rights herein granted relate to real property. In the event any sales or use tax should ever be payable on account of the Agreement or the rental payments herein reserved, the Lessee hereby agrees to pay same as additional rental or to furnish such documentation as is necessary to appropriate to establish that rental payments hereunder are exempt from sales or use tax.

**XVI. NOTICES.** All notices, requests, demands and other writings required under this Agreement (including any notices of the exercise of option, renewal, or termination rights) must be in writing and shall be deemed validly given on the date posted if sent by certified mail, return receipt requested, addressed as follows (or any other address that the party to be notified may have designated to the sender by like notice):

LESSOR: Lakeland Tower Leasing 5280  
Cedar Run Road Traverse City  
MI 49684

LESSEE: Traverse City Light & Power 1131 Hastings Traverse City, MI 49686



**XVII. TOWER LIGHTING AND MARKING RESPONSIBILITIES.** Lessor acknowledges that it, and not Lessee, shall be responsible for compliance with all tower or building marking and lighting requirements which may be required by the Federal Aviation Administration (FAA) or the Federal Communications Commission (FCC). Lessor shall indemnify and hold harmless Lessee from any fines or other liabilities caused by Lessor's failure to comply with such requirements. Further, should Lessee be cited by either the FCC or FAA because this site is not in compliance, and if Lessor does not cure the conditions of noncompliance within the time frame allowed by the citing agency, Lessee may terminate this lease immediately upon notice to Lessor.

**XVIII. ENTIRE AGREEMENT.** Presentation of this Agreement by Lessee shall not be deemed an offer unless and until the Agreement has been signed by Lessee, and this Agreement constitutes the entire understanding between the parties hereto and shall supersede all prior offers, negotiations, and agreements between the parties relative to the subject matter contained herein.

**XIX. QUIET ENJOYMENT.** Lessor covenants that Lessee shall have quiet enjoyment of the Property to the full extent permitted by the law of the state where the Property is located.

**XX. SUCCESSION.** This Agreement shall extend to and be binding upon the successors and assigns of the parties.

LESSEE

LESSOR

TRAVERSE CITY LIGHT & POWER

LAKELAND TOWER LEASING

A Municipal Utility

A Michigan Corporation

Federal ID # 38-6004740

Federal ID # 61-1411761

By: Richard L. Smith

By: Jane Martin

Name: Richard L. Smith

Name: Jane Martin

Title: Executive Director

Title: President

Date: 10/24/07

Date: 10.24.07

ATTACHMENT "A"

Tower Facility location and equipment details:

Tower and existing shelter space at the existing tower facility located in the East Half (E ½) of the Northeast Quarter (NE ¼) of Section 7, Township 27 North, Range 11 West, or better known as 4777 Harris Road, Traverse City, MI 49684, Garfield Township, County of Grand Traverse, State of Michigan.

This attachment is to become part of the Tower and Building Agreement dated November 1, 2007 as it details the height, and type of antennas installed on the tower.

- A. (1) High performance 2' dish (Radio Wave HP2-18G), with LMR 400 transmission line at a height of 208' Center Line. This antenna is mounted on the East Leg pointing toward Munson Hospital.
  
- B. (1) 3' dish (RFS #S03-107GNT), with LMR 400 transmission line at a height of 125' Center Line. This antenna is mounted on the East Leg pointing to Northern Michigan Supply on Aero Park Drive.



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**To:** Light and Power Board  
**From:** Tim Arends, Executive Director  
**Date:** December 27, 2016  
**Subject:** MDOT Construction ROW Resolution

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Attached is a Performance Resolution for Governmental Agencies that requires Board approval. This Resolution is required by MDOT for the purposes of issuing to a municipal utility permits to operate within its right-of-way.

Annual permits are required for miscellaneous operations within the State's right-of-way, for TCL&P these are for normal utility operations; special ROW permits are required for specific projects in the State right-of-way as they occur.

There is no fee associated with the annual ROW permit; however, the application must include the attached resolution.

This item is presented on the consent calendar as it is deemed by staff to be a non-controversial item. If any Board member, or member of the public, wishes to discuss this further, other than questions for clarification purposes, please request that the Chairman remove it from the consent calendar to be placed as a New Business item on the Agenda for full discussion and consideration by the Board.

Staff recommends the Board adopt the attached Resolution. If this item is removed from the consent calendar and placed elsewhere on the agenda for full discussion, and the Board agrees with staff's recommendation the following motion would be appropriate:

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_,**

**THAT THE BOARD ADOPTS THE STATE OF MICHIGAN "PERFORMANCE RESOLUTION FOR GOVERNMENTAL AGENCIES" AS REQUIRED BY THE STATE FOR ISSUANCE OF AN ANNUAL RIGHT-OF-WAY PERMIT.**



## PERFORMANCE RESOLUTION FOR GOVERNMENTAL AGENCIES

*This Performance Resolution is required by the Michigan Department of Transportation for purposes of issuing to a municipal utility an "Individual Permit for Use of State Highway Right of Way", or an "Annual Application and Permit for Miscellaneous Operations Within State Highway Right of Way".*

RESOLVED WHEREAS, the \_\_\_\_\_  
(city, village, township, etc.)

hereinafter referred to as the "GOVERNMENTAL AGENCY," periodically applies to the Michigan Department of Transportation, hereinafter referred to as the "DEPARTMENT," for permits, referred to as "PERMIT," to construct, operate, use and/or maintain utilities or other facilities, or to conduct other activities, on, over, and under State Highway Right of Way at various locations within and adjacent to its corporate limits;

NOW THEREFORE, in consideration of the DEPARTMENT granting such PERMIT, the GOVERNMENTAL AGENCY agrees that:

1. Each party to this Agreement shall remain responsible for any claims arising out of their own acts and/or omissions during the performance of this Agreement, as provided by law. This Agreement is not intended to increase either party's liability for, or immunity from, tort claims, nor shall it be interpreted, as giving either party hereto a right of indemnification, either by Agreement or at law, for claims arising out of the performance of this Agreement.
2. If any of the work performed for the GOVERNMENTAL AGENCY is performed by a contractor, the GOVERNMENTAL AGENCY shall require its contractor to hold harmless, indemnify and defend in litigation, the State of Michigan, the DEPARTMENT and their agents and employee's, against any claims for damages to public or private property and for injuries to person arising out of the performance of the work, except for claims that result from the sole negligence or willful acts of the DEPARTMENT, until the contractor achieves final acceptance of the GOVERNMENTAL AGENCY. Failure of the GOVERNMENTAL AGENCY to require its contractor to indemnify the DEPARTMENT, as set forth above, shall be considered a breach of its duties to the DEPARTMENT.
3. Any work performed for the GOVERNMENTAL AGENCY by a contractor or subcontractor will be solely as a contractor for the GOVERNMENTAL AGENCY and not as a contractor or agent of the DEPARTMENT. The DEPARTMENT shall not be subject to any obligations or liabilities by vendors and contractors of the GOVERNMENTAL AGENCY, or their subcontractors or any other person not a party to the PERMIT without the DEPARTMENT'S specific prior written consent and notwithstanding the issuance of the PERMIT. Any claims by any contractor or subcontractor will be the sole responsibility of the GOVERNMENTAL AGENCY.
4. The GOVERNMENTAL AGENCY shall take no unlawful action or conduct, which arises either directly or indirectly out of its obligations, responsibilities, and duties under the PERMIT which results in claims being asserted against or judgment being imposed against the State of Michigan, the Michigan Transportation Commission, the DEPARTMENT, and all officers, agents and employees thereof and those contracting governmental bodies performing permit activities for the DEPARTMENT and all officers, agents, and employees thereof, pursuant to a maintenance contract. In the event that the same occurs, for the purposes of the PERMIT, it will be considered as a breach of the PERMIT thereby giving the State of Michigan, the DEPARTMENT, and/or the Michigan Transportation Commission a right to seek and obtain any necessary relief or remedy, including, but not by way of limitation, a judgment for money damages.



- 5. The GOVERNMENTAL AGENCY will, by its own volition and/or request by the DEPARTMENT, promptly restore and/or correct physical or operating damages to any State Highway Right of Way resulting from the installation construction, operation and/or maintenance of the GOVERNMENTAL AGENCY'S facilities according to a PERMIT issued by the DEPARTMENT.
- 6. With respect to any activities authorized by a PERMIT, when the GOVERNMENTAL AGENCY requires insurance on its own or its contractor's behalf it shall also require that such policy include as named insured the State of Michigan, the Transportation Commission, the DEPARTMENT, and all officers, agents, and employees thereof and those governmental bodies performing permit activities for the DEPARTMENT and all officers, agents, and employees thereof, pursuant to a maintenance contract.
- 7. The incorporation by the DEPARTMENT of this resolution as part of a PERMIT does not prevent he DEPARTMENT from requiring additional performance security or insurance before issuance of a PERMIT.
- 8. This resolution shall continue in force from this date until cancelled by the GOVERNMENTAL AGENCY or the DEPARTMENT with no less than thirty (30) days prior written notice provided to the other party. It will not be cancelled or otherwise terminated by the GOVERNMENTAL AGENCY with regard to any PERMIT which has already been issued or activity which has already been undertaken.

BE IT FURTHER RESOLVED, that the following position(s) are authorized to apply to the DEPARTMENT for the necessary permit to work within State Highway Right of Way on behalf of the GOVERNMENTAL AGENCY.

Title and/or Name: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

I HEREBY CERTIFY that the foregoing is a true copy of a resolution adopted by

the \_\_\_\_\_  
 (Name of Board, etc)  
 of the \_\_\_\_\_ of \_\_\_\_\_  
 (Name of GOVERNMENTAL AGENCY) (County)

at a \_\_\_\_\_ meeting held on the \_\_\_\_\_ day  
 of \_\_\_\_\_ A.D. \_\_\_\_\_.

Signed \_\_\_\_\_ Title \_\_\_\_\_



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Karla Myers-Beman, Controller *KMB*  
**Date:** December 27, 2016  
**Subject:** Presentation of the 2015-16 Financial Audit

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The TCL&P Financial Audit for the fiscal year ended June 30, 2016 will be presented by the audit firm of Vredevelde Haefner LLC. A copy of the audit is in your board binder. The public will be able to view the audit on-line at TCL&P's web page: [www.tclp.org](http://www.tclp.org).

If after the Board's questions have been answered and it is satisfied with the report, the following motion would be appropriate:

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_,**

**THAT THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30,  
2016, BE ACCEPTED.**

# Traverse City Light & Power year ended June 30, 2016

Presented by  
**Vredeveld Haefner LLC**

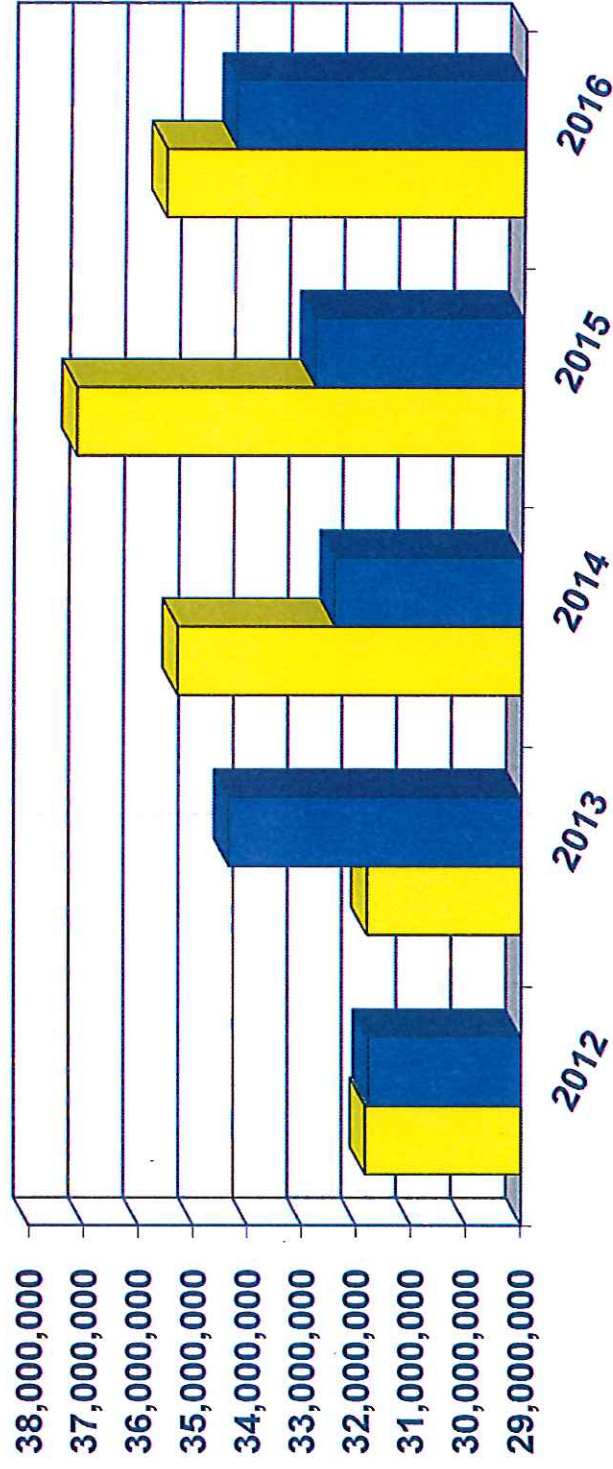




# Light & Power Fund Operating revenues and expenses including PILOT

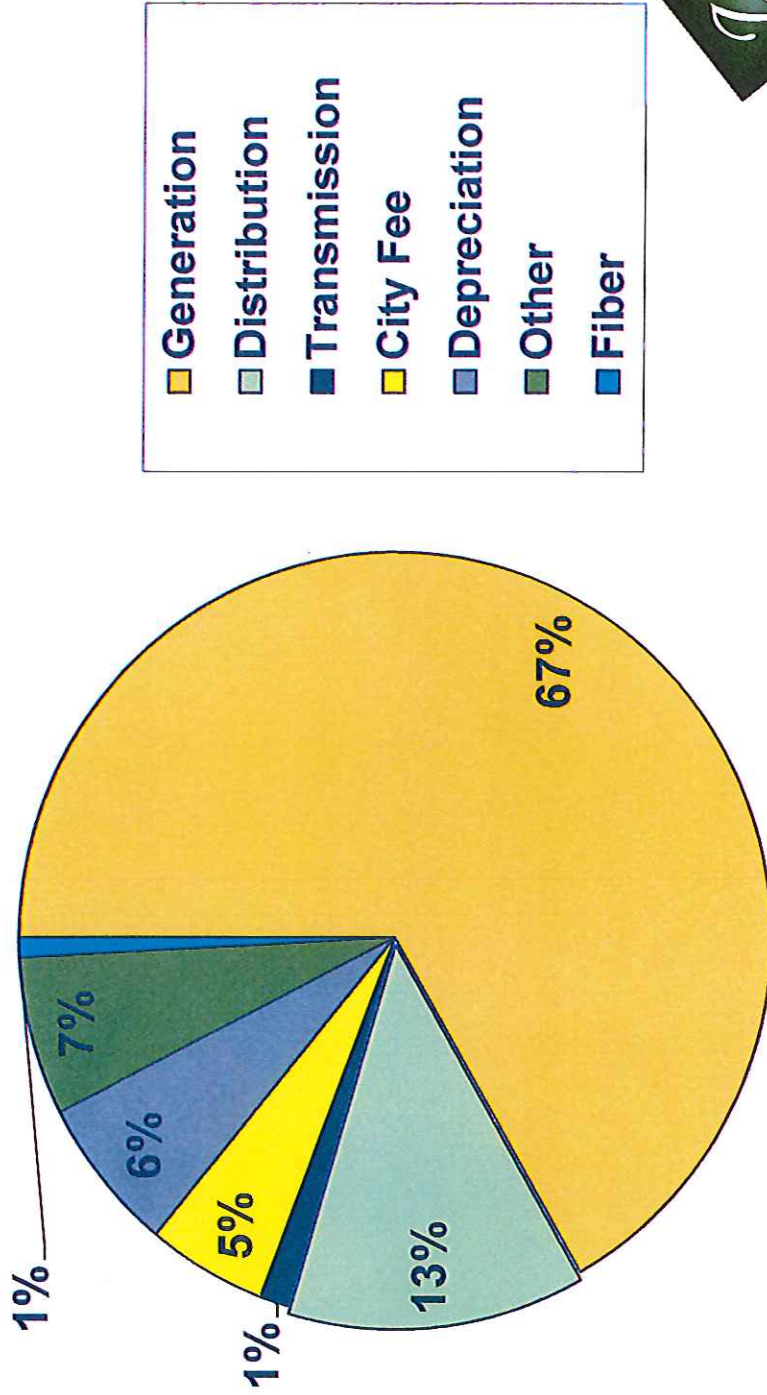


■ Operating Revenues ■ Operating Expenses

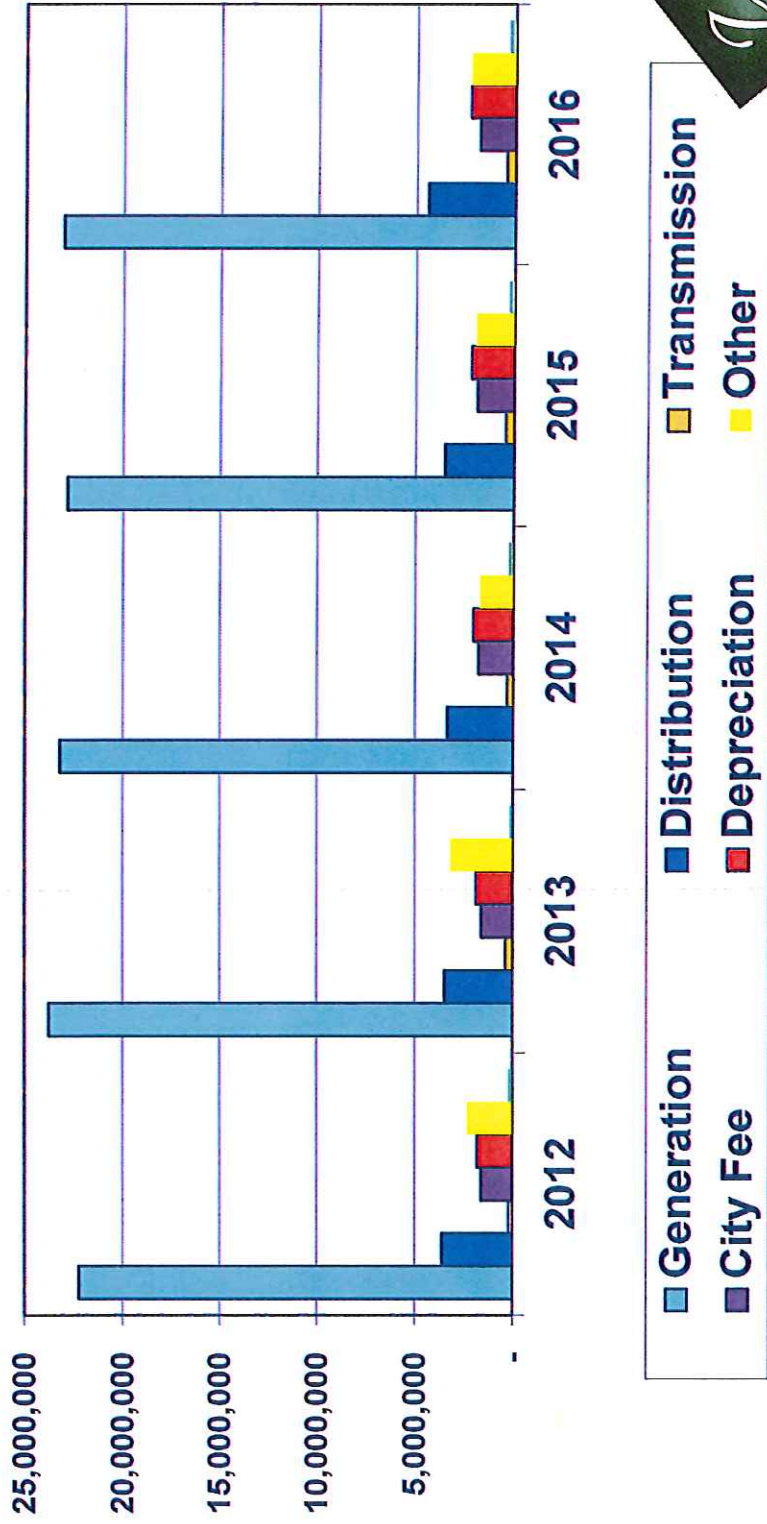




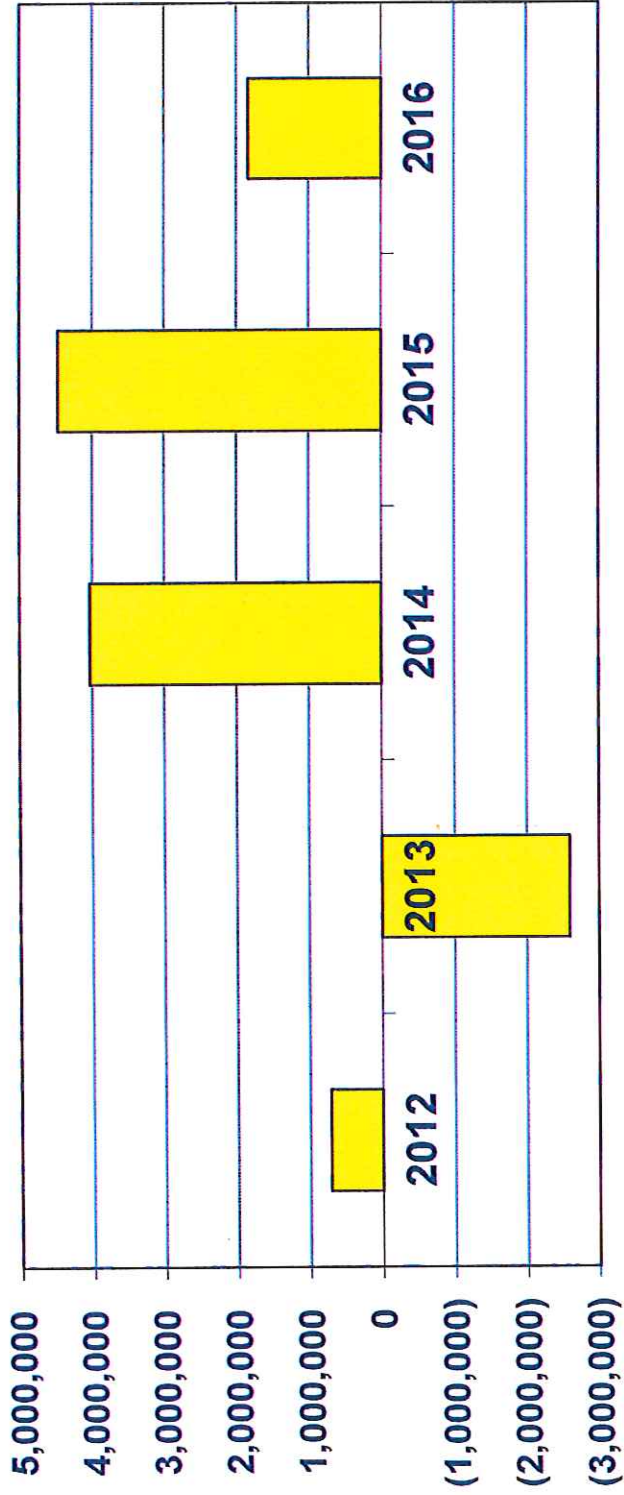
# Light & Power and Fiber Funds operating expenses



# Light & Power and Fiber operating expenses including PILOT



# Light & Power Fund change in net position







**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Pete Schimpke, Manager of Operations and Engineering  
**Date:** December 29, 2016  
**Subject:** West Front Street Streetscapes Project

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Attached for your review and consideration is a request from the City Manager for Traverse City Light & Power's (TCL&P) financial participation in the West Front Street Reconstruction Project that is planned for this summer. The City is requesting the utility financially support the street lighting elements of the project that include distribution undergrounding in accordance with TCL&P's Decorative Lighting Policy, which is also attached for your review.

Also attached is the Joint Streetlight Operation & Maintenance Policy, approved by the Board and City Commission. In our determination, after discussion with TCL&P staff and the City Engineer, this particular project should be categorized as decorative street lighting. The policy for decorative street lighting requires the utility to approve, delay or disapprove of the project. If approved, the utility shall provide engineering/design services and cover the cost of underground electrical facilities. All other costs including poles, fixtures, bases, event outlets, holiday circuits, dimmers, mobilization, street resurfacing, curb and gutters, sidewalks, etc. are to be paid by other parties. Of course, the Board has the right to fund projects to the extent it desires if it deems the project to be a benefit to the community and/or TCL&P.

As you may know, TCL&P assumed the annual costs of street lighting, at the City's request, including maintenance/replacement in 2010. The annual expense is about \$190,000. When this occurred it prompted passage of the Joint Street Lighting Operations & Maintenance Policy to govern how future projects should be funded.

Below are a few basic options for the Board's consideration to this request: (this is not all inclusive as a variety of blended options or other options can be created).

1. The Board approves funding the cost of undergrounding of distribution facilities to accommodate the street lighting elements of the project in accordance with the Decorative Lighting Policy at an approximate cost of \$130,000. Poles, fixtures, bases, dimming system, construction mobilization, street resurfacing, curb and gutter, sidewalks, upper receptacle circuits, and lower receptacle circuits are to be paid by other sources at an approximate cost of \$185,000 for the above ground electrical components. TCL&P will add the lights to its street lighting system and pay the monthly per light tariff rate and absorb those costs into its budget and also be responsible for their operations and maintenance.

FOR THE LIGHT & POWER BOARD MEETING OF JANUARY 10, 2017

- 2. The Board approves funding the cost of undergrounding of distribution facilities to accommodate the street lighting elements of the project in accordance with the Decorative Street Lighting Policy. The Board would like to also financially support any or all of the following items: The poles, fixtures, bases, dimming system, upper receptacle circuits, and lower receptacle circuits.
  
- 3. The Board denies participation in its entirety and is responsible for no costs of the project. In this case the project can proceed but would be metered separately and be billed to the appropriate party (City) similar to the private decorative lighting project in the Midtown Development.

Staff supports option #1 as that is consistent with the Decorative Lighting Policy adopted by the Board. If you agree with Staff's recommendation the following motion would be appropriate:

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_,  
THAT THE BOARD APPROVES EXPANSION OF THE STREET LIGHTING SYSTEM  
WITH THE WEST FRONT STREET PROJECT (DIVISION TO ELMWOOD) IN THE  
AMOUNT OF \$130,000, MORE OR LESS, FOR THE UNDERGROUND COSTS OF  
THE SYSTEM, AS REQUESTED BY THE CITY MANAGER.**



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The City of Traverse City

Office of the City Manager

GOVERNMENTAL CENTER  
400 Boardman Avenue  
Traverse City, MI 49684  
(231) 922-4440  
(231) 922-4476 Fax  
tcmanage@traversecitymi.gov



September 23, 2016

Traverse City Light & Power Board of Directors  
Attn Tim Arends  
1131 Hastings Street  
Traverse City MI 49686

Re: **Request for Participation in West Front Street Reconstruction Project**

Dear Chairman Geht and Board Members:

As you may be aware, the West Front Street Reconstruction project is scheduled for FY 2016/2017. This is inclusive of West Front Street from Division Street, west three (3) blocks to Elmwood. This project was approved by the City Planning Commission within the CIP, as well as the City Commission within the Annual Budget. We will continue to work with TCLP staff on identifying the appropriate light fixtures, and reimbursements to TCLP in accordance to policy.

At this time, we respectfully request that the lighting component of this project be implemented as part of the Capital Improvements Plan and the Budget for Traverse City Light and Power.

Recently, I met with Rod Solak, Line Superintendent, to define ownership of the several powerlines within or adjacent to the project area. Both TCLP & Consumers Energy have ownership of such lines. I am requesting in accordance with our joint resolution establishing operations and maintenance of the street light system to have TCLP review, engineer and design of the lighting system along the project area of West Front area. Enclosed is a map assisting in defining the project area. This project design would be inclusive to the current project needs, as well as planning for future TCLP needs, such as conduit if desired.

Thank you in advance for your consideration in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Martin A. Colburn".

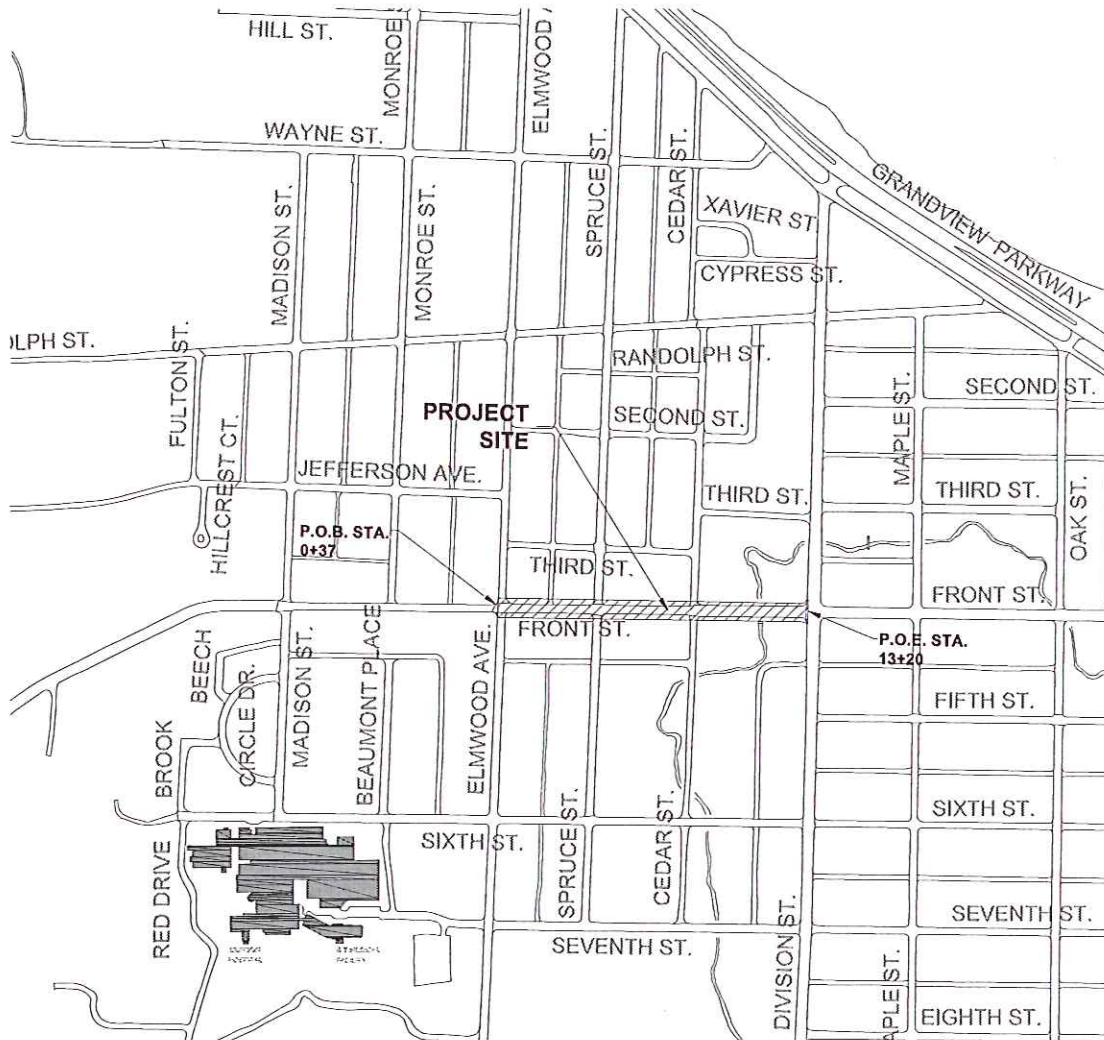
Martin A. Colburn  
City Manager

MC/jd

Attachments: Map of West Front Street Project Area

cc: Bill Twietmeyer, City Treasurer  
Tim Lodge, City Engineer  
File

CITY OF TRAVERSE CITY  
 IN CO-OPERATION WITH  
 MICHIGAN DEPARTMENT OF TRANSPORTATION  
 AND  
 FEDERAL HIGHWAY ADMINISTRATION  
 PLAN AND PROFILE OF PROPOSED  
**WEST FRONT STREET RECONSTRUCTION**  
 CONTROL SECTION: STUL xxxx JOB NO. xxxxx  
 FEDERAL PROJECT #:                      FEDERAL ITEM #:



**The City of Traverse City**  
 Engineering Department  
 GOVERNMENTAL CENTER  
 400 Boardman Avenue  
 Traverse City, Michigan 49684  
 (231) 922-4461

DRAWN BY: ZRC	REVISION #	APPROVED BY:	DATE:
APP. BY:			
DATE: 9-3-16			





Light and Power Department  
City of Traverse City, MI  
Adopted: June 22, 2010

**CITY OF TRAVERSE CITY AND TRAVERSE CITY LIGHT & POWER  
STREET LIGHTING OPERATIONS AND MAINTENANCE POLICY**

---

JOINT RESOLUTION ESTABLISHING A WRITTEN POLICY REGARDING THE  
OPERATIONS AND MAINTENANCE OF THE STREET LIGHTING SYSTEM WITHIN  
THE JURISDICTIONAL BOUNDARIES OF THE CITY OF TRAVERSE CITY

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WHEREAS Traverse City Light & Power ("TCL&P") is a component unit of the City of Traverse City and under Section 175 of the Charter for the City of Traverse City is responsible for the development, production, purchase and distribution of lighting services within the City of Traverse City as referenced in the City's Attorney opinion; and

WHEREAS pursuant to its responsibility under Section 175 of the City Charter TCL&P shall manage all aspects of the street lighting system within the City of Traverse City's jurisdictional boundaries (the "System"), including all costs of operation and maintenance. The City shall reimburse TCL&P annually an amount equal to 5% of the street lighting revenues recorded on TCL&P's financial statements; and

WHEREAS, TCL&P has the knowledge, expertise, and ability to manage and operate the System;

NOW THEREFORE BE IT RESOLVED THAT, the TCL&P Board and the City of Traverse City adopt the following written policy regarding the operations and maintenance of the System as follows:

1. Street Lighting Defined. A lighting system consisting of one or more luminaries with the intended use for public roadway lighting that is open to the State of Michigan or any political subdivision or agency having jurisdiction over public streets or roadways. No private property applications would be considered part of the System.
2. Engineering & Design. TCL&P shall be responsible for the engineering and design of the System including any new additions. When appropriate, TCL&P shall coordinate installation/replacement of any new or existing street lighting services with the appropriate city department(s).
3. Charges for Service. The charges for street lighting services shall be charged to the appropriate local unit of government in accordance with the tariff rates established by TCL&P. For street lights within the System TCL&P is the appropriate local unit of government.

4. Addition of Street Lights. Any additions to the System shall be at the sole discretion of TCL&P. In the event that the City requests an addition to the System, such request shall be made by the City Manager or his or her designee and the City will agree to pay a one-time fee per light as agreed to by the parties. In all cases TCL&P retains the right to self fund lighting projects it deems in the best interests of the community or the Light & Power Department.
5. Decorative Street Lighting. Public decorative street lighting shall be available along public streets including neighborhoods and business districts; the process for obtaining approval of a new decorative lighting project shall be governed by the TCL&P Decorative Street Lighting Policy.
6. Security Lighting. From time to time citizens may request that lighting be installed in a public right of way, such as an alley, for security reasons. These private party requests shall be directed to the City Police Department who may recommend to the City Manager that lighting be installed. This type of lighting shall be subject to the Private Area Lighting Rate or "Security Lighting" offered by TCL&P. Monthly fees for this service shall be billed to the appropriate unit of government, or to the requesting party as directed by the City Manager, through the utility billing system. TCL&P shall not be considered the appropriate unit of government for this type of lighting.
7. Removal. The removal of street lights shall be the responsibility of TCL&P. Any City request to remove street lights shall be made in writing by the City Manager. Any liability that may arise as a result of the removal of street lighting as requested by the City shall be the responsibility of the City.

*Edward E. Rice*

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Edward E. Rice  
Executive Director and Secretary  
Traverse City Light and Power Board

I hereby certify that the above Resolution was adopted at the June 21, 2010, Regular Meeting of the City Commission held in the Commission Chambers, Governmental Center, 400 Boardman Avenue, Traverse City, MI 49684.

*Debbra A. Curtiss*

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Debbra A. Curtiss, City Clerk



Light and Power Department  
City of Traverse City, MI  
Adopted: November 13, 1990  
Amended: June 11, 2013

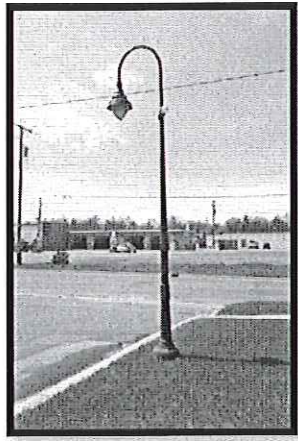
### **DECORATIVE LIGHTING POLICY**

TO PROVIDE guidance to the Department in facilitating the development of Decorative Lighting Projects within the utility service area for Traverse City Light & Power Board consideration of approval. Further, to define ownership, operation & maintenance, system replacements, and funding options.

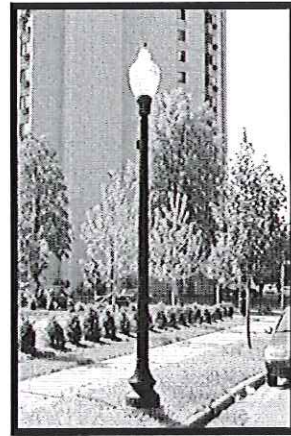
**DECORATIVE LIGHTING DEFINED:** A system consisting of one or more luminaries where the Department has an existing distribution system with secondary voltage available that is defined as an approved decorative lighting style under the "MATERIALS/EQUIPMENT" section of this policy, or is otherwise approved as a decorative lighting style by the Executive Director. There are three types of decorative lighting systems within the community: Residential/neighborhood, Pedestrian/trail, and Commercial Districts. This policy covers only those projects that provide lighting in public areas or within the public right-of-way that are accessible to the general public. Projects within private developments and/or on private property shall be privately designed, constructed, and owned. Light & Power shall meter and bill private development projects at Board approved tariff rates.

**LIGHTING SPECIFICATIONS:** The Department shall design, furnish, install, and own all equipment and infrastructure comprising the decorative lighting system. Specifications will be in compliance with City of Traverse City Master Plan Urban Design Element, along with City of Traverse City regulations for lighting levels, if any. Environmental concerns and energy use are some of the factors that will be considered to limit the amount of lighting. Lighting will be installed to Department specifications, which will be regularly updated as technologies advance.

**MATERIALS/EQUIPMENT:** Poles and fixtures used for decorative lighting must be approved for use by the Executive Director. Approval will be based on operation, maintenance, conservation, and cost criteria. There are 2 styles of decorative fixtures that are currently approved: the acorn and the candy cane. The acorn is used in both residential and commercial districts; while the candy cane is used in the commercial districts. Fixtures other than styles supported by the Department will require approval by the Executive Director and may subject the requestor(s) to reimbursing the utility for any additional costs, including the cost of maintaining an appropriate level of inventory for repairs and/or replacement equipment and fixtures.



Candy Cane



Acorn

**INSTALLATION PROCESS:** This section will address when Decorative Lighting Systems will be installed and/or upgraded, the end of the service life, cost of replacement, and the approval process.

- a) **Installation/Upgrades:** Every effort will be made to install and/or upgrade Decorative Lighting Systems in conjunction with the City's plans for street reconstruction. During the annual Capital Planning Process, it is requested that the City Manager provide a written request to the Department's Executive Director on any City projects that will or could require decorative lighting additions/replacements. Additionally, the Department shall notify the City Manager in writing of any systems that are scheduled for replacement well in advance for City Capital Planning purposes.

It is anticipated that the City and the Department will work together to minimize project costs and to reduce the inconvenience/disruption to residents, businesses and visitors.

The Light & Power Board retains the right to deny or delay participation in any project.

- b) **End of Service Life:** The lighting infrastructure that the Department installs is designed to last approximately 20 to 30 years. At some point the cost to maintain the system becomes more than its present value and/or safety concerns have resulted in the infrastructure reaching the end of its usable service life. The end of service life will be determined by the Department's Executive Director. The end of service life shall not occur before all street lighting assessments are paid in full. When the end of service life is reached the Department may schedule its replacement in its Six Year Capital Improvements Plan for approval by the Board and City Commission. Approval of the Plan will determine that the system will be replaced. If the project is not approved the system will be scheduled for removal.
- c) **Cost of Replacement:** The Decorative Lighting System shall be owned, operated and maintained by the Department. Replacement of the system shall occur as follows:



- The related underground systems will be replaced, as required, with the entire cost borne by the Department. The underground distribution system supporting the Decorative Lighting System becomes part of the Departments overall distribution system upon its installation, and it shall be maintained and replaced in the same manner as any other underground distribution system.
  - The above ground equipment/fixtures shall be replaced with the cost of the equipment/fixture paid by the benefiting party. This can be done through special assessments, Tax Increment Financing, bonds, City Capital Projects Fund, or any other funding mechanism that reimburses the utility for the cost of the replacement fixtures/equipment. Whatever form of reimbursement is used, including the timeframe for reimbursement to the utility will be presented to the Board at the time the Board considers approval of the purchase or replacement equipment/fixtures.
  - The Light & Power Board retains the right to self-fund any project it deems in the best interest of the City or Light & Power.
- d) Approval Process: Time permitting; all Decorative Lighting Projects shall be included in the Light & Power Six Year Capital Improvements Plan (the "Plan"). The Plan will have been approved by the Light & Power Board, City Planning Commission and City Commission.

Initiation of a Decorative Lighting Project can be from either the City, Downtown Development Authority, neighborhood organization, or other interested parties. With approval of the Executive Director, staff will prepare conceptual plans and cost estimates for inclusion in the Plan (the cost estimate will separate the cost of fixtures, underground infrastructure and installation charges.) If outside of the Plan timing process, these conceptual plan and cost estimates shall be forwarded to the Board for consideration of participation in the project, along with a recommendation from the Executive Director.

Upon Board approval of the Plan, staff (or other party if by agreement) shall commence with engineering, design, and preparation of bid packages in coordination with the City or other party(s) so that Light & Power staff is prepared to seek bids in a timely manner for the project. Actual bids shall be submitted to the Board for final approval, as required by the Purchasing Policy.

The Department reserves the right to delay approved decorative lighting projects due to other priorities, at the discretion of the Executive Director.

**FUNDING:** The cost of a Decorative Lighting Project includes fixtures, underground infrastructure, engineering, administration, design, installation, inspection, and final closeout. Generally, Light & Power's contribution to Decorative Lighting Projects will include the cost of underground infrastructure, engineering, administration, installation charges, inspections, and final closeout. The cost of fixtures, and their eventual replacement, shall be borne by the

requestor or benefiting party.

- a) Decorative Lighting with Street Reconstruction Projects: Decorative lighting will be installed as part of a street reconstruction project at the request of the City and as approved by the Board. Decorative light fixtures will be purchased and installed by Light & Power. The cost of the fixtures shall be reimbursed to Light & Power as approved by the Board. Funding may come from the City's Capital Improvements Fund, TIF Funds, Grants, special assessments, or other funds.
- b) Decorative Lighting Stand Alone Projects: Decorative lighting can be installed in advance of street reconstruction or along designated recreation/pedestrian trails in the public right-of-way. Decorative light fixtures will be purchased and installed by Light & Power. The cost of the fixtures shall be reimbursed to Light & Power as approved by the Board. Funding may come from the City's Capital Improvements Fund, TIF Funds, Grants, special assessments, or other funds.
- c) Operation and Maintenance Costs: Decorative lighting that has been installed in the public right-of-way and to Light & Power standards (lighting levels and equipment used) will be owned by the utility. The operation and maintenance costs for decorative lighting are borne by Light & Power in accordance with the City of Traverse City and Traverse City Light & Power Street Lighting Operations and Maintenance Policy adopted on June 22, 2010.

As in all lighting projects, Light & Power retains the right to self-fund projects it deems in the best interests of the city or Light & Power.

This policy supersedes and replaces the Decorative Street Lighting Policy adopted on November 13, 1990, and all other policies in conflict with this policy.

*Timothy J. Arends*

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Timothy J. Arends,  
Executive Director and Secretary  
Traverse City Light and Power Board





**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Tim Arends, Executive Director  
**Date:** December 29, 2016  
**Subject:** Six Year Capital Improvements Plan - 2017

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Attached for your consideration of approval is the Six Year Capital Improvements Plan – 2017 (Plan) as presented to the Board at the last meeting.

Staff recommends approval of the Plan as presented or as amended at the meeting. If the Board is in agreement with staff's recommendation the following motion would be appropriate:

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_,**

**THAT THE BOARD AUTHORIZES THE EXECUTIVE DIRECTOR TO SUBMIT THE  
SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2017 AS PRESENTED (OR AS  
AMENDED) TO THE CITY MANAGER FOR REVIEW AND APPROVAL OF THE  
CITY COMMISISON AND CITY PLANNING COMMISSION.**

**TRAVERSE CITY LIGHT & POWER  
CAPITAL IMPROVEMENTS PLAN 2017**

ELECTRIC FUND Sum of Amount Row Labels	FISCAL YEARS						Grand Total
	Column Labels						
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
<b>Transmission</b>			\$ 475,000.00	\$ 475,000.00	\$ 430,000.00	\$ 615,000.00	\$ 1,995,000.00
<b>Transmission Line Reconstruction</b>			475,000.00	475,000.00	430,000.00	615,000.00	1,995,000.00
Cass Road Substation to Barlow Junction 1.3 Miles rebuild						615,000.00	615,000.00
Barlow Substation to Parsons Substation 2.7 Miles rebuild			475,000.00	475,000.00			950,000.00
Hall Street Substation to Cass Road Substation 2.8 Miles rebuild					430,000.00		430,000.00
<b>Substation</b>	1,165,000.00	1,645,000.00	1,560,000.00	1,610,000.00			5,980,000.00
<b>Substation Transformer Upgrades</b>	750,000.00	1,500,000.00					2,250,000.00
Barlow #1 Transformer		750,000.00					750,000.00
Cass Road #1 Transformer	750,000.00						750,000.00
Barlow #2 Transformer		750,000.00					750,000.00
<b>Substation Switching Stations</b>			1,560,000.00	1,610,000.00			3,170,000.00
Parsons Substation			1,560,000.00				1,560,000.00
Barlow Substation				1,610,000.00			1,610,000.00
<b>Substation Circuit Exits (New)</b>	415,000.00	145,000.00					560,000.00
Parsons Substation		145,000.00					145,000.00
Barlow Substation	200,000.00						200,000.00
Cass Road Substation	215,000.00						215,000.00
<b>Distribution</b>	1,951,591.00	3,805,591.00	3,731,591.00	4,136,591.00	3,423,591.00	4,196,591.00	21,245,546.00
<b>Distribution Circuit Rebuild</b>	350,000.00	839,000.00	650,000.00	980,000.00	1,117,000.00	1,815,000.00	5,751,000.00
Grandview Parkway		650,000.00	650,000.00				1,300,000.00
Install new 750 MCM CU URG & Padmount Equipment along Grandview Pkwy & Behind Bldgs North of Front St - 2.0 Miles		650,000.00	650,000.00				1,300,000.00
PC-32 Circuit	350,000.00					400,000.00	750,000.00
OH 8th St/Hastings St Area East to Munson Avenue						400,000.00	400,000.00
OH East Bay Blvd & East Ave	350,000.00						350,000.00
BW-30 & PC-32 Circuits		189,000.00					189,000.00
OH Parsons St & Airport Access to Munson Avenue - 1.72 Miles		189,000.00					189,000.00
HL-33 Circuit				400,000.00	725,000.00	725,000.00	1,850,000.00
69 KV Underbuild along Wadsworth St from 5th to 13th St - .78 Miles				400,000.00	725,000.00	725,000.00	1,850,000.00
SS-32 Circuit				200,000.00			200,000.00
LaFranier Rd from South Sub to Hammond Road - .82 Miles				200,000.00			200,000.00
BW-30 Circuit				285,000.00			285,000.00
OH Hastings St & Carver St from Parsons St to Woodmere Avenue - 1.09 Miles				285,000.00			285,000.00
CD-21 Circuit				95,000.00			95,000.00
OH Cass St & 8th to 14th Street - .49 Miles				95,000.00			95,000.00
CD-31 Circuit					125,000.00		125,000.00
Replace Poles & Install Additional Poles on CD31 along US31 from 14th St South and on Franke Rd from Silver Lake Rd South to US 31 to improve clearance					125,000.00		125,000.00
HL-22 Circuit					185,000.00		185,000.00
OH alley north of 8th St from Lake Ave East to Railroad Ave - .45 Miles					185,000.00		185,000.00
PC-22 Circuit					82,000.00	370,000.00	452,000.00
OH in back lot area from Parsons Rd to Munson Ave - .48 Miles					82,000.00		82,000.00
OH Munson Avenue from Davis Street to 3 Mile Road - 1.43 Mile						370,000.00	370,000.00



**TRAVERSE CITY LIGHT & POWER  
CAPITAL IMPROVEMENTS PLAN 2017**

ELECTRIC FUND Sum of Amount Row Labels	FISCAL YEARS						Grand Total
	Column Labels 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
PC-23 Circuit						320,000.00	320,000.00
OH Along Munson Avenue from Davis Street to Three Mile Road - 1.19 Miles						320,000.00	320,000.00
<b>Overhead to Underground Conversion Projects</b>		700,000.00	725,000.00	750,000.00	775,000.00	800,000.00	3,750,000.00
<b>Line Improvements, Extensions and New Services</b>	1,000,000.00	1,050,000.00	1,100,000.00	1,150,000.00	1,200,000.00	1,250,000.00	6,750,000.00
Critical and Large Customers (New)	270,000.00	410,000.00	925,000.00	925,000.00			2,530,000.00
Hartman Road Overhead Tie (New)		475,000.00					475,000.00
High Pressure Sodium to LED System Replacements	331,591.00	331,591.00	331,591.00	331,591.00	331,591.00	331,591.00	1,989,546.00
Facilities and Other	150,000.00	100,000.00					250,000.00
Hastings Service Center Facility Improvements (New)	150,000.00	100,000.00					250,000.00
Parking Lot		100,000.00					100,000.00
Datacenter Upgrades	150,000.00						150,000.00
Joint TCL&P, City of Traverse City and DDA Projects	2,375,000.00	75,000.00			1,340,000.00	-	3,790,000.00
Automated Metering Infrastructure (AMI)	1,900,000.00						1,900,000.00
Upgrade Front Street Lighting Circuits and Receptacles					1,340,000.00		1,340,000.00
Financial Software (New)	25,000.00	75,000.00					100,000.00
Park Street Streetscapes Lighting	100,000.00						100,000.00
Eighth Street Streetscapes Lighting (New)							-
Division Street Streetscapes Lighting (New)							-
Cass & Lake Street Streetscapes Lighting	350,000.00						350,000.00
West Front Streetscapes Lighting (New)							-
<b>Grand Total</b>	<b>\$ 5,641,591.00</b>	<b>\$5,625,591.00</b>	<b>\$5,766,591.00</b>	<b>\$6,221,591.00</b>	<b>\$5,193,591.00</b>	<b>\$4,811,591.00</b>	<b>\$33,260,546.00</b>
<b>NOTES:</b>							
1) THIS WORKSHEET IS FOR ILLUSTRATION PURPOSES AND ONLY IS SUPPLEMENTAL TO THE PLAN.							
2) ACTUAL FISCAL YEAR THAT A PROJECT MAY BE UNDERTAKEN MAY DIFFER FROM THE FISCAL YEAR DEPICTED IN THIS SPREADSHEET. DOLLAR AMOUNTS ARE ESTIMATES FOR INFORMATION ONLY AND ARE NOT A PART OF THE OFFICIAL PLAN.							
3) STREET LIGHTING PROJECTS ARE SUBJECT TO FUNDING REQUIREMENTS PER THE DECORATIVE LIGHTING POLICY AND STREET LIGHTING OPERATIONS AND MAINTENANCE POLICY.							



## SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2017

### ELECTRIC FUND

#### TRANSMISSION:

##### Transmission Line Reconstruction

Location: Existing transmission corridor from Barlow Street Substation to Parsons Road Substation, Hall Street Substation to Cass Road Substation, and Cass Road Substation to Barlow Junction.

Character: Overhead transmission facilities to include new poles and wire.

Extent: Reconductor/rebuilding of existing 69kV transmission lines with new lines and higher poles to bring circuits to current day standards.

Fiscal Year(s): 2019-20 through 2022-23

#### SUBSTATION:

##### Substation Transformer Upgrades

Location: Barlow and Cass Road Substation

Character: Installation of higher rated transformers as recommended by Engineers.

Extent: Upgrade existing substation transformers for system reliability due to load growth and age of transformers.

Fiscal Year(s): 2017-18 through 2018-19

##### Substation Switching Stations

Location: Parsons and Barlow Substation

Character: Addition of switching equipment to allow for switching load on the looped transmission system for increased reliability.

Extent: Installation of substation infrastructure and equipment.

Fiscal Year(s): 2019-20 through 2020-21

##### Substation Circuit Exits (NEW)

Location: Parsons, Barlow, and Cass Road Substation

Character: New undergrounding from the substation to the circuits.

Extent: Installation of new wire and conduit.

Fiscal Year(s): 2017-18 through 2018-19





## SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2017

### DISTRIBUTION

#### Distribution Circuit Rebuild

*Location:* Throughout the entire service area. In 2016-17, BW-31 circuit, which includes the commercial corridor North of Eighth Street between Barlow Street and Garfield Avenue ending at Peninsula/Center Road will be completed. Future projects have been evaluated and currently the planned replacement schedule for future years are Grandview Parkway, PC-32, BW-30, HL-33, SS-32, CD-21, CD-31, HL-22, PC-22, and PC-23.

*Character:* Replace deteriorated overhead/underground facilities with new wire, conduit, poles, etc. to include conversion of overhead facilities to underground as appropriate.

*Extent:* New circuits and upgrade of existing circuits to improve reliability and serve anticipated growth to include undergrounding facilities as appropriate.

*Fiscal Year(s):* 2017-18 through 2022-23 (Annual Program)

#### Overhead to Underground Conversion Projects

*Location:* Throughout the entire service area

*Character:* Conversion of overhead distribution facilities to underground.

*Extent:* Annual Program for approved projects except for 2017-18 was removed based on project load for that fiscal year.

*Fiscal Year(s):* 2018-19 through 2022-23 (Annual Program)

#### Line Improvements, Extensions, and New Services

*Location:* Throughout the entire service area

*Character:* Construction/replacement of overhead and underground distribution facilities involving the use of wire, poles, meters, cabinets, and transformers.

*Extent:* This is an annual project in which wages, benefits, and equipment charges are capitalized for upgrades to existing services or new customer services.

*Fiscal Year(s):* 2017-18 through 2022-23 (Annual Program)

#### Critical and Large Customers (NEW)

*Location:* Location near the intersection of Cass and South Airport Road and the Industrial Park

*Character:* Construction/replacement of overhead and underground distribution facilities involving the use of wire, poles, meters, cabinets, and transformers.

*Extent:* They are one-time projects in which wages, benefits, materials and equipment charges are capitalized for upgrades to existing services for improvements needed for our top ten and most critical customers.

*Fiscal Year(s):* 2017-18 through 2022-23



## SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2017

### DISTRIBUTION (continued)

#### Hartman Road Overhead Tie (NEW)

Location: Southwest service area

Character: Overhead construction, poles, wires and related materials.

Extent: Allow a second feed into the circuit to enhance reliability.

Fiscal Year(s): 2018-19

#### High Pressure Sodium to LED System Replacements

Location: Throughout the entire utility service area

Character: LED yard lighting replacements.

Extent: Removal of old high pressure sodium yard lights and replace with LED lights.

Estimated Cost: \$1,989,546

Fiscal Year(s): 2017-18 through 2022-23

### FACILITIES AND OTHER:

#### Hastings Service Center Facility Improvements (NEW)

Location: 1131 Hastings Street

Character: Site and data infrastructure improvements to existing facility

Extent: Needed upgrades to the datacenter infrastructure for reliability purposes, which will allow for the current datacenter equipment to be used at an offsite recovery center.

Additionally included are parking lot improvements at the service center.

Fiscal Year(s): 2017-18 through 2018-19

### JOINT TCL&P, CITY OF TRAVERSE CITY, and DDA PROJECTS:

#### Automated Metering Infrastructure (AMI)

Location: Entire service area

Character: Electric meters and software to accommodate advanced metering capabilities.

Extent: A program to provide for the migration to electronic advanced meters that will assist utility customers on energy use, reliability and provide reads to utility billing. Will also drive future system engineering planning as well as provide metrics on completed items to show project results.

Fiscal Year(s): 2017-18





## SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2017

### JOINT TCL&P, CITY OF TRAVERSE CITY, and DDA PROJECTS (continued):

#### Upgraded Front Street Lighting Circuits and Receptacles

*Location: Downtown north and south along Front Street*

*Character: Upgrade circuit to accommodate increased load*

*Extent: New conduit, wire, and addition of event outlets*

*Fiscal Year(s): 2021-22*

#### Financial Software (NEW)

*Location: Hastings Street Service Center and Governmental Center*

*Character: Upgrade the current accounting financial software package*

*Extent: New software programs for utility billing, cash receipts, general ledger, purchase orders, miscellaneous receivables, payroll, accounts payable, fixed assets, and human resources.*

*Fiscal Year(s): 2017-18 through 2018-19*

#### Park Street Streetscapes Lighting

*Location: From State Street to Grandview Parkway*

*Character: New street lighting installation and underground existing overhead services.*

*Extent: Removal of existing fixtures/poles/wires in coordination with DDA project.*

*Fiscal Year(s): 2017-18*

#### Eighth Street Streetscapes Lighting (NEW)

*Location: Boardman Avenue to Woodmere Avenue*

*Character: New street lighting installations in conjunction with planned corridor improvements.*

*Extent: To be determined in coordination with the City.*

*Fiscal Year(s): 2018-19*

#### Division Street Streetscapes Lighting (NEW)

*Location: Fourteenth Street to Grandview Parkway*

*Character: New street lighting installations in conjunction with planned streetscape.*

*Extent: To be determined in coordination with MDOT.*

*Fiscal Year(s): 2022-23*



**SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2017**

**JOINT TCL&P, CITY OF TRAVERSE CITY, and DDA PROJECTS  
(continued):**

**Cass & Lake Street Streetscapes Lighting**

*Location: Cass Street from Eighth Street to Cass Street bridge and along Lake Street from Cass Street to Eighth Street.*

*Character: New street lighting installations in conjunction with planned streetscape.*

*Extent: To be determined in coordination with DDA.*

*Fiscal Year(s): 2017-18*

**West Front Streetscapes Lighting**

*Location: Division Street to Elmwood Avenue*

*Character: New street lighting installations in conjunction with planned streetscape.*

*Extent: To be determined in coordination with the City.*

*Fiscal Year(s): 2017-18*





**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Tim Arends, Executive Director  
**Date:** January 3, 2017  
**Subject:** Strategic Plan Presentation

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Included in your packet is the proposed TCL&P Strategic Plan – 2017 (“Plan”) for your review.

Staff modified the objectives under the six strategic issues for the 2017 Plan and provided a copy of the tracked changes and each goal from the prior year has been labeled completed, deleted or on-going.

Staff will be presenting highlights to the Board and will be brought back after Board input for consideration of adoption at the January 24, 2017 board meeting.

## 4. Strategic Issues

At the beginning of the strategic planning process, the Board and staff participated in focused planning sessions to identify the top priorities of the utility now and into the future. Below is a summary of the six Strategic Issues that were identified through this process. In the following pages, each will be discussed further to show how the Strategic Issues impact the utility.

- Financial Stability
- Power Supply Strategy
- System Reliability & Power Quality
- Technology
- High Quality Workforce
- Customer Satisfaction

### 4.1 Financial Stability

Financial stability is an important strategic issue because it is the function that allows the possibility for the goals to be achieved in every other strategic issue. It is not the sole function, but one that is necessary. Additionally, with management being financially responsible and transparent of its operations, it ensures the public's trust to continue with the strategic plan goals set forth by management and approved by the Board. The areas focused on for this strategic issue include:

- Provide transparent communications on the financial health of the organization.
- Maintain the public's trust by being accountable at all levels of management.

The Operating Strategy for Financial Stability is to:

**“Maintain positive operating cash flows and adequate capital reserves to sustain the financial health of the utility.”**

~~Four~~ Three main Business Goals were identified to sustain and improve TCL&P's Financial Stability:

- ~~1. Enhance quarterly financial reporting to the Board and public (on-going). (COMPLETED)  
Providing the Board with easy to understand quarterly financial statements and Capital Plan and Strategic Plan progress reports will allow for educated and well-informed decision making that will positively impact the future of the utility.~~
- ~~2. Develop a board policy to provide guidance as to the appropriate utility contribution for city projects above the Charter required annual contribution. (DELETED)  
Staff is working with the Ad Hoc Board Committee and an outside consultant to develop a survey to gather feedback from customers to be used in the development of a policy. This policy should provide the Board guidance on evaluating utility requested contributions to various city projects that will take into consideration cash availability, rate considerations, and the appropriateness of the contribution based on the type and extent of the request.~~



**3.1. Review current workplace flows for efficiency enhancement through new developed process and procedures that will provide a proper planning environment and execution process for utility projects. (ON-GOING)**

Workplace flows at times may become complacent and it is beneficial for staff to hold brainstorming sessions to develop new processes and procedures that will lead to efficiencies within the organization. Included within the brainstorming sessions, staff will develop and implement a plan to incorporate the newly developed processes and procedures and continually monitor on an annual basis for improvement.

**4.2. Develop and implement rate structures to promote financial stability while keeping in mind the impacts of environmental regulations, increased energy efficiency and distributed generation (ON-GOING).**

The electric utility industry is in a new era of EPA regulations that may affect all types of generation including causing aged coal plants to be decommissioned, ~~increase in~~utilization of energy efficiency programs along with new and improved technologies (renewable generation and battery storage) installed at the customer level reducing the overall customer usage and demand. Additionally, the utility may be incorporating new technologies such as AMI that allows for significant data collection for multiple benefits (energy efficiency, demand side management, distribution network management, improved data quality and accurate billing). Even with all of these impacts, the utility will be committed in providing competitive and equitable rates to their customers.

**3. Develop an internal cost of service study to provide staff a resource tool for the purpose of concurring with the study performed by a third party and to allow for internal analysis and understanding of implications of different modifications to utility rate tariffs.**

The utility at the recommendation of Hometown Connections will continue to conduct a rate and cost of service study every three to five years, performed by an independent, outside entity. However, staff believes it is in the best interest of the utility to perform a cost of service study to compare results with the independent cost of service study to ensure accuracy and agreement of assumptions used in the cost of service study while providing staff a tool to perform different analysis on rate structures and understand the implications.

## 4.2 Power Supply Strategy

Power Supply Strategy is an important strategic issue because it represents 70% of TCL&P's operating costs and impacts Traverse City's local economy through the utility's rate structure. With industry experts providing knowledge to the Board and staff through planned education sessions, the utility is able to make knowledgeable decisions regarding TCL&P's power supply future. Having a diverse portfolio and implementing state and Board requirements, including energy efficiency and renewable energy, allows the utility to be in regulatory compliance while not at major risk with only one fuel source. The areas focused on for this strategic issue include:

- Manage load growth through energy efficiency programs.
- Create a diversified cost-effective generation portfolio.

The Operating Strategy for Power Supply Strategy is to:

**“Ensure sufficient power supply in a fiscally responsible manner.”**

**Three-Five** main Business Goals were identified to sustain and improve TCL&P's Power Supply Strategy:

1. Implement recommendations from the Energy Optimization Program Planning Report that are in the best interest of the utility to achieve energy savings that manage load growth and are aimed at reducing on-peak demand, while also exploring other opportunities that may achieve the same results, but are not outlined in the report. **(ON-GOING)**

Knowing that *“the lowest cost energy is the energy that is saved,”* TCL&P has developed a plan outlining opportunities that have the biggest impacts on the utility and make financial sense. The utility will continue to focus special efforts on ways to optimize energy efficiency program offerings that directly manage load growth, therefore reducing the amount of capacity needed and reducing or shifting on peak demand to off peak.

2. Implement recommendations from the IRP report. **(ON-GOING)**  
The IRP will be updated with the latest actual information and review and update recommendations for power supply purchases going forward. The utility will continue to work through the Michigan Public Power Agency to strategically structure purchases to allow for flexibility while insulating customers from the volatile power market.

3. Investigate generation opportunities that complement the power supply mix. **(ON-GOING)**  
In combination with the state's new energy plan, the utility will work with the Michigan Public Power Agency in evaluating future power supply opportunities that provide stability in rates, while diversifying the power supply portfolio of the utility.

4. **Develop a long term plan for the energy efficiency program.**  
**Staff recognizes that a long term strategy needs to be developed on how to evolve this program in the future towards more of a non-incentive based program by embedding it through the construction code requirements while finding a way to measure the effectiveness of these efforts.**



**5. Investigate renewable generation opportunities in a fiscally responsible manner to achieve State mandates.**

The State's recent legislation signed into law mandates the utility resources from renewable generation increase from the current 10 to 15 percent by 2022. The utility will work with the Michigan Public Power Agency in evaluating power supply opportunities that are cost effective within the utility's energy portfolio while meeting or exceeding the State mandate.

### 4.3 System Reliability & Power Quality

System reliability is the utility's plan that will help analyze and select system improvement projects based on a rating system of several criteria to increase the utility's reliability. TCL&P will be working closely with other city departments, utilities, and customers in order to maximize the effect of the project with joint construction efforts. The areas focused on for this strategic issue include:

- Enhance and develop new system maintenance programs.
- Define and implement system improvement strategies.
- Improve communication processes with customers, other utilities and city departments.

The Operating Strategy for System Reliability is to:

**“Take a proactive approach to maintain a high level of system reliability in a cost effective manner.”**

~~Four~~**Five** main Business Goals were identified to enhance TCL&P's System Reliability & Power Quality throughout the electrical system:

1. **Annually review, enhance and develop system maintenance programs ensuring Average Service Availability Index (“ASAI”) remains above 99.970%. (ON-GOING)**  
ASAI is the ratio of the total number of customer hours that service was available during a given time period to the total customer hours demanded (in 2015 it was 99.990). TCL&P plans to continue with its circuit rehabilitation program in 2016 with circuit BW-31. TCL&P has begun to implement inspection programs throughout the system from poles to pad mount cabinets. This data will be used as criteria within the rating system to determine which areas are in most need of maintenance.
2. **Annually review and enhance the rating system that prioritizes capital system improvements. (ON-GOING)**  
This system will be utilized annually in the utility's capital improvements project planning process. The system will help staff and the board prioritize projects over the next six years with the goal of increasing system reliability, accessibility and power quality to TCL&P customers.
3. **Coordinate construction projects between TCL&P, other city departments, and other utilities. (ON-GOING)**  
TCL&P will continue to work with City departments through the City's annual capital improvements process in coordinating City and TCL&P capital projects. This coordination will create efficiencies and less inconvenience to ratepayers through the construction process. TCL&P will also work with other area utilities such as cable and telephone to coordinate projects. This is especially important when it comes to undergrounding as available right-of-way is limited in some areas. It is a priority of TCL&P to maintain communications with affected customer through e-newsletters, neighborhood meetings, direct mailers or door hangers regarding upcoming projects and throughout construction.



4. **Formalize written switching and tagging procedures. (ON-GOING)**

Switching and tagging procedures are a written set of instructions used to de-energize, energize or transfer load between equipment and or substations. Following these written instructions minimizes the risk of unnecessary outages, damage to equipment and helps ensure the safety of employees involved. Formalizing these procedures will ensure completeness and uniformity in the preparation of switching orders as well as the actual switching and tagging conducted in the field.

5. **Perform System Wide Sectionalizing Study.**

Sectionalizing in an electric utility refers to protective devices (fuses & relays) working in a coordinated manner such that the minimum number of customers experience interruptions in electric service for system disturbances. This coordination includes distribution, substation, and transmission protective devices and is in large part dependent on system short circuit currents at all points in the TCLP system. The result of this initiative will be an increase in reliability for TCLP customers and has a direct correlation with goal 4.3.1 which addresses Average Service Availability Index (ASAI).

## 4.4 Technology

Technology plays a valuable role within all strategic areas and is at the forefront of the electric utility. In recent years, technical innovation has become a leading factor in modernizing the face of the electric utility by creating efficiencies within all aspects of the business. Therefore, it is necessary to embrace technology as a strategic issue. The areas focused on for this strategic issue include:

- Ensuring security for the integrity of the utility.
- Implementing energy efficiency technologies.
- Maximizing operational efficiencies.
- Enhancing communications.
- Keeping abreast of future technology opportunities.

The Operating Strategy for Technology is to:

**“Embrace technologies for the benefit of the customers and community.”**

Seven main Business Goals were identified to sustain and improve TCL&P’s Technical efficiencies:

~~1. **Enhance video security monitoring at TCL&P’s facilities by spring of 2016. (COMPLETED)**~~

~~TCL&P will install video monitoring systems at several of its substations and other facilities and has identified several benefits. Remotely monitoring substation access provides increased safety benefits for the crews that need to work in these potentially hazardous locations. It also will provide enhanced security to TCL&P’s primary assets by being able to monitor the locations 24/7.~~

~~2. **Implement a new work order management system by April of 2016. (COMPLETED)**~~

~~TCL&P will implement a new web-based work order management system to update or replace its current work order management system. Implementing a system that crews can utilize in the field will increase efficiencies by allowing for instantaneous data access and updates. This will provide better metrics for improved efficiencies in project planning, reporting, billing and crew management.~~

~~3. **Full implementation of MilSoft’s Engineering Analysis Program. (COMPLETED)**~~

~~After successfully completing a rollout of Milsoft’s Outage Management System, continued progress is underway to complete a full implementation of Milsoft’s Engineering Analysis Program. Currently, the modeling portion is scheduled to be completed by June of 2016. Full production use by staff will begin immediately following.~~

1. **Continue to progress the utility’s Geographic Information System (GIS).**

As technology enhancements continue to increase productivity at electrical utilities, GIS continues to be at the forefront of these enhancements. As such, TCL&P is investing a considerable amount of time and energy into ensuring our GIS System is accurate and up to date.



**2. Investigate a Fiber to the Premise (FTTP) Infrastructure.**

TCL&P is currently undergoing a feasibility study and business plan to fully understand the impacts of deploying such a service to the community. The Board and Staff are currently in the process of educating themselves regarding the benefits and appropriateness for TCL&P as a potential business venture to diversify the electrical portfolio offering of the utility.

**3. Investigate and implement a lit fiber network and rate for an additional service offering to dark fiber.**

TCL&P currently offers dark fiber leases to the community. As an additional service, TCL&P would partner with existing Internet Service Providers (ISP) in the area to allow reselling lit fiber to customers. This is a low cost solution to help expand broadband connectivity throughout the community and take advantage of TCL&P's existing fiber network.

**4. Update the utility's Supervisory Control and Data Acquisition (SCADA) System to current technology. (ON-GOING)**

The new SCADA systems are designed from SQL database and web-based deployment and are much more convertible than the existing system TCL&P has today. Integrating the current SCADA technology ensures that as system updates and advances in functionality are needed TCL&P will be able to accept those updates seamlessly.

**5. ~~Consider~~ Implementation of the Advanced Metering Infrastructure (AMI). (ON-GOING)**

TCL&P is looking to deploy an AMI network. There are many different reasons and benefits that a utility would look to gain in doing an AMI project. The Board and staff are currently in the process of ~~educating themselves regarding the benefits of this technology and its appropriateness for TCL&P in advancing the strategic plan objectives~~going out for bid on this project. Completion will result in advancement of several different areas of the strategic plan objectives.

**6. Safeguard the utility from cyber threats to stay current with industry standards. (ON-GOING)**

The cyber security threat environment is one that is constantly changing and evolving rapidly. The Federal Energy Regulatory Commission (FERC) and National Electric Reliability Commission (NERC) have guidelines and standards to follow for cyber threats. By following these guidelines TCL&P will maintain an electric system that is highly reliable against cyber intrusions that could affect TCL&P customers. On the business side, examples of cyber threats include data theft, denial of service attacks, website defacement and customer information disclosure or privacy breaches. On the operations side, cyber threats could target the generation and delivery of power. The greatest threat to electricity delivery is a sophisticated and coordinated cyber-physical attack on the operations side aimed at causing regional power outages. TCL&P will continue to adapt and follow guidelines provided by NERC and FERC to ensure system reliability.

**7. Effectively implement technology that will communicate pertinent utility information with customers. (ON-GOING)**

~~The utility will continue utilizing technology as a means of effectively getting information out to customers. Smart Phone applications and mass texting capabilities that notify customers regarding outages, weather and utility payment scams will be the focus in 2016~~Technology will

continue to be an evolving tool to better communicate with customers. Continuous feedback will be obtained through communication efforts to determine the most appropriate methods



## 4.5 High Quality Workforce

TCL&P recognizes the value and importance of employees who are an essential component to the successful operations of the utility. Promoting and encouraging a high quality workforce needs to continue and strengthen in order to ensure that TCL&P provides excellent service to its customers and community. The areas focused on for this strategic issue include:

- Maintain a safe work environment through collaborative efforts between management and the union.
- Foster a work environment that encourages professional development for the betterment of the organization.
- Ensure the organization's efforts attract and retain qualified candidates.
- Communication throughout the organization that will allow for transparency, accountability, trust and respect amongst management and union employees.

The Operating Strategy for High Quality Workforce is to:

**“Create and maintain an organizational culture that empowers and educates employees with the end result being a safe, motivated, and highly skilled workforce.”**

Four main Business Goals were identified to sustain and improve the quality of TCL&P's workforce:

1. Continue engaging in efforts towards employee professional development and performance management in order to ensure that the workforce has the knowledge, skills and abilities to evolve in their positions and are accountable in the work being performed. **(ON-GOING)**  
~~The utility will continue to foster a work environment that encourages professional development, but at the same time stresses accountability in work performance. Management will work with the union to formalize a succession plan that will allow for successful internal growth within the union positions, while adhering to stipulations outlined in the Collective Bargaining Agreement. This will be in preparation for upcoming negotiations in spring 2017. Included in this framework will be implementation of an employee evaluation method that will assist in determining succession opportunities and eligibility by measuring an employee's performance and development needs. For 2017, individualized professional development plans will be created for each employee. One-on-one meetings will be held to receive feedback about future goals within the utility and discuss and develop an education plan that will help in reaching those goals.~~
2. ~~Align work tasks, processes, and knowledge and skill requirements with both current and future needs of the organization (COMPLETED)~~  
~~The operations of the utility have and will continue to evolve in the future. It is imperative that the duties, knowledge and skill level requirements of each position match the needs of the utility. Therefore, a complete review and update of all positions along with a wage study will be performed in preparation for negotiations set to begin in early spring 2017~~

3. Continue to engage employees on issues facing the utility through communications efforts that are effective. **(ON-GOING)**

TCL&P will continue ~~to enhance the working on implementing~~ techniques ~~used to that effectively~~ communicate information internally ~~throughout the organization~~. In addition to more traditional approaches, technology has and will continue to be utilized which will require ongoing training of employees.

4. Modify and enhance recruitment strategies, selection techniques and retention efforts to ensure that the utility is successful in attracting and retaining qualified candidates.

Staff will focus attention on modifying current processes to include implementation of applicant testing. We will also research and determine the "value" employees place on benefit offerings based on varying life circumstances for both recruitment and retention.

- 4.5. Continue to promote employer and worker awareness of, commitment to, and involvement with safety to affect positive change in the workplace culture through cooperative efforts and strong leadership. **(ON-GOING)**

Staff will continue to implement the actions and objectives identified in the Safety Development Plan. Included in this is a review of the revised APPA Safety manual, to be released in early 2017, along with training on the National Electric Safety Code. Staff will also continue to share resources to promote safety within our community.

~~The Safety Development Plan was the first step in providing the framework focusing efforts on developing and implementing safety going forward. Staff will continue to use the actions and objectives identified in this Plan, however, the 2016 calendar year will result in additional programs and processes that will further encourage a culture of safety by engaging employees through participation and awareness efforts that act as a reminder to be safe in and out of the workplace.~~



## 4.6 Customer Satisfaction

Although Customer Satisfaction is affected by all of the previous Strategic Issues identified in this Plan, there are many ways for the utility to encourage, track, and modify the way services are provided to customers that will assist in striving for a high level of customer satisfaction. The areas focused on for this strategic issue include:

- Maintaining a high level of customer service.
- Improving current and developing new communication avenues with customers.
- Providing a variety of value-added programs to customers.
- Strengthening partnerships for the betterment of the community.
- Ensuring lowest rates possible while meeting customer expectations.

The Operating Strategy for Customer Satisfaction is to:

**“Sustain and improve the utility’s goodwill to all customers by going the extra mile.”**

Five main Business Goals were identified to sustain and improve TCL&P Customer Satisfaction levels:

1. **Maintain a customer satisfaction rating above 95%. (ON-GOING)**  
The 2016 Customer Satisfaction Survey reported 98% overall satisfaction with TCL&P services. The utility will continue to monitor the pulse of both its customers and community through quarterly outage surveys and implementation of automated phone surveys following customer service interaction to ensure we remain at or above this threshold.  
~~The utility will continue to enhance efforts to ensure customers are satisfied with the services provided by the utility. Measurement of our efforts will be done using a variety of methods that may include extensive community wide surveys done every three to five years, automated phone surveys following customer service representative interaction and quick outage surveys done on a quarterly basis. Additionally, TCL&P will provide training opportunities for employees on effective customer service practices.~~
2. **Maintain customer rates lower than other utilities in the area. (ON-GOING)**  
It has been communicated to staff by the Board that it is important to keep rates low when compared to other utilities within the local area as this is an important benefit of being a public power utility. TCL&P will measure the utility’s success in this area by completing a biennial rate survey of utilities throughout the state, and by completing a cost of service study no less than every five years to be used for a rate analysis. If this goal is not achievable or financially feasible, an explanation will be provided to the board and the operations or the goal will be revised.
3. ~~Enhance the~~**Continue to evolve the utilities-utility’s** communications efforts and community involvement ~~by implementing the Communications Strategy. (ON-GOING)~~  
Staff will utilize the results of the 2016 Customer Satisfaction Survey to research and implement communication channels outlined in the survey as most effective. However, communication channels are only effective when the message is timely and clearly written. Therefore, staff will draft an external communications procedure that will include guidance on when, how and what

to communicate for instances such as planned outages, neighborhood projects and community wide announcements.

~~TCL&P will continue to implement the communication channels outlined in the Communications Strategy. 2016 efforts will not only comprise ongoing efforts of community outreach, such as school presentations and demonstrations, but will also result in the finalization of the Welcome Packet for new customers.~~

4. The utility will begin to formulate a plan to address the evolving needs of its customer. **(ON-GOING)**

Utilities of the future need to be more than just a provider of energy. They need to provide the tools necessary to empower the customer to be in charge of their energy future. This plan will include program options, implementation of technology outlined in the Technology Strategy and the timeframes for completion.

5. Continually evaluate and implement services focused on assisting the unique needs of the utility's key account and critical service customers. **(ON-GOING)**

Key account and critical service customers represent some of the utility's largest consumers and most impactful from a community service standpoint. Although all customers are of value to TCL&P, the distinct needs of this customer group require additional attention from staff due to the level of electrical consumption and the economic impact of their business on the greater community. Specific programs will be analyzed and implemented to assist these customers to successfully do business in the Traverse City region.



FOR THE LIGHT & POWER BOARD MEETING OF JANUARY 10, 2017



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Tim Arends, Executive Director  
**Date:** January 3, 2017  
**Subject:** City Resolution on Renewable Energy

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On December 19, 2016, the City passed a resolution to increase renewable energy and sustainability for the City of Traverse City. The resolution is included in the board packet for your review.

The Board Chairman has requested that this item be placed on the agenda to allow board members an opportunity to comment because the resolution (a) involves a matter of public interest that lies within the competency of this Board and (b) contemplates TCLP's involvement.



**CITY OF TRAVERSE CITY RESOLUTION  
TO INCREASE RENEWABLE ENERGY AND  
SUSTAINABILITY FOR THE CITY OF TRAVERSE CITY**

- Because, addressing energy use and climate change with renewable energy goals provides an opportunity for the City of Traverse City to move toward energy self-reliance and greater community resiliency; provide environmentally healthy and cheaper-to-operate buildings; encourage new economic development and local jobs; and support local renewable energy production; and
- Because, the City of Traverse City and its municipal utility, Traverse City Light & Power, have a history of leading on renewable energy, installing the first utility-scale wind turbine in the state in 1996, and developing the first community solar garden in the state in 2013; and
- Because, the City of Traverse City passed a 2011 Climate Action Plan with a goal to reduce greenhouse gas emissions by 25% by 2012 with suggested measures including: green electricity purchase for Government Center and many energy efficiency measures within the City of Traverse City; and created a Green Team to implement this Plan but is no longer active; and
- Because, the City of Traverse City's Master Plan includes objectives to "Recognize our responsibility for Climate Change and take rectifying action" and "create an energy plan that balances our demand for electricity with a supply of energy sources that have the lowest possible net-use of fossil-based carbon fuels.
- Because, at least 17 cities in the United States have set 100% renewable energy goals to date for the electricity use for municipal operations, including Grand Rapids, Michigan, and some of these cities have already met their 100% target; and
- Because, research by Stanford University and other sources demonstrate that in addition to climate benefits, shifting to 100% renewable energy creates jobs, boosts economic growth, keeps energy rates lower over time, and reduces pollution – which improves public health, saves lives, and reduces health care costs; and
- Because, surveys of Traverse City residents and businesses, including those completed by the Grand Vision Energy Network and Traverse City Light & Power (TCLP), have consistently found that the majority of respondents support more clean, renewable energy and more locally-generated energy, even if it means it would increase electric rates; and
- Because, Michigan Public Service Commission's 2016 annual renewable energy report found that the combined cost of renewable energy and energy efficiency is less than any new generation, including new natural gas combined cycle plants, and



**City of Traverse City Resolution to Increase Renewable  
Energy and Sustainability for the City of Traverse City**

Page 2 of 2

that the cost of renewable energy contracts continues to show a downward pricing trend; and

**Because,** the Michigan Public Power Agency presented to Traverse City Light & Power Board in June 2016 and said that wind and solar power are the best sources of new energy generation now and into the foreseeable future, recommended that the City and TCLP purchase more renewable energy; and

**Resolved,** that the City of Traverse City does hereby commit to meet 100% of the electricity demand for City operations as reflected by the yearly total of all municipal electric meters, with clean, renewable energy sources (defined as wind, solar, geothermal, and/or landfill gas) by 2020; and be it further

**Resolved,** that the City of Traverse City set a goal to reduce its greenhouse gas emissions by pursuing renewable energy and energy efficiency and/or other sustainability projects annually, with the goal of initiating at least two such projects per year from now until 2027; and be it further

**Resolved,** that the City of Traverse City will create an advisory "Green Team" within 60 days comprised of 6 to 10 people designated by the City Manager including a representative from the City Planning Commission, a representative from Traverse City Light & Power, a representative from Grand Traverse County, and community members, and charged with: 1) updating the 2011 Traverse City Climate Action Plan to include a 100% renewable energy goal, new GHG reduction goals, and recommended measures to achieve these goals; 2) recommending to the City Commission two renewable energy, energy efficiency and/or other sustainability projects to be implemented each year; 3) meeting regularly to implement these objectives and reporting progress annually to the City Commission; and 4) developing a plan for Traverse City to become carbon neutral before midcentury; and be it further

**Resolved,** that with the creation of the Traverse City "Green Team" the City of Traverse City Commission directs the City Manager to assign City staff to promote and further develop clean and renewable energy opportunities in conjunction with the "Green Team."

I hereby certify that the above Resolution was adopted by the Traverse City, City Commission at its Regular Meeting held on December 19, 2016, in the Commission Chambers of the Governmental Center, 400 Boardman Avenue, Traverse City, Michigan.

  
Benjamin C. Marentette, MMC, City Clerk



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Karla Myers-Beman, Controller  
**Date:** January 3, 2017  
**Subject:** HPS and LED Public Hearing

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Staff postponed the HPS and LED Public Hearing until January 24, 2017 as requested prices from vendors for components of the high pressure sodium lights were delayed over the holiday season.

The study is 90% complete and being reviewed by Utility Financial Solutions, LLC who performs many of these studies nationwide for reasonableness of assumptions and validity of the calculations.