

**A REGULAR MEETING**

Of The

**TRAVERSE CITY LIGHT AND POWER BOARD**

Will Be Held On

**Tuesday, June 12, 2018**

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 St. Amour  
Administrative Assistant  
1131 Hastings Street  
Traverse City, MI 49686  
(231) 932-4543

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

Posting Date: 6-8-18  
3:00 p.m.

## AGENDA

### Pledge of Allegiance

#### 1. Roll Call

#### 2. Disclosure of Recusal

#### 3. 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. Approval of Agenda.
- b. Consideration of approving minutes of the Regular Meeting of May 8, 2018, Special Meeting and Study Session of May 15, 2018. (Approval Recommended) (p.4)
- c. Consideration of approving Electric and Fiber Fund Budgets, Six Year Capital Improvements Plan – 2018 and Cash Reserves in accordance with the Cash Reserves Policy. (Approval Recommended) (Myers-Beman) (p.11)
- d. Consideration of the 2018-19 Insurance Renewal. (Approval Recommended) (Myers-Beman) (p.13)
- e. Consideration of adopting a Resolution in support of the 80/20 health premium cost share model to comply with the requirements of Public Act 152 of 2011. (Approval Recommended) (Schroeder) (p.32)
- f. Consideration of authorizing a Construction Agreement for hourly rate assistance. (Approval Recommended) (Dixon) (p.34)
- g. Consideration of approving a Joint Construction Agreement with Wolverine Power Supply Cooperative for Grand Traverse 138-69kV Substation equipment upgrade. (Approval Recommended) (Chartrand) (p.37)
- h. Consideration of authorizing a Letter of Agreement with the Utility Workers Union of America, AFL-CIO Local No. 295 along with an updated Organizational Chart. (Approval Recommended) (Dixon/Schroeder) (p.45)

#### 4. Unfinished Business

- a. Consideration of approving the 2018 Strategic Plan – Renewable Energy Goal. (Arends) (p.50)

**5. New Business**

- a. Consideration of amending the Primary Service-High Load Factor Rate and consideration of a public hearing. (Myers-Beman) (p.52)

**6. Reports and Communications**

- a. From Legal Counsel.
- b. From Staff.
  - 1. Presentation of the RP3 Designation Award. (Schroeder) (p.57)
  - 2. Presentation of the BW-31 Distribution Circuit Rebuild Project. (Dixon) (p.58)
  - 3. Presentation of MPPA's report card on TCL&P. (Myers-Beman) (p.60)
  - 4. Report on Annual Performance Evaluation of Executive Director. (Schroeder) (p.63)
- 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, May 8, 2018

**Board Members -**

Present: Pat McGuire, Elysha Davila, Ross Hammersley, Jan Geht, Amy Shamroe,  
Tim Werner

Absent: John Taylor

**Ex Officio Member -**

Present: Marty Colburn, City Manager

**Others:** Tim Arends, Daren Dixon, Scott Menhart, Karla Myers-Beman, Kelli  
Schroeder, Tony Chartrand, Jacob Hardy, Jennifer J. St. Amour

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

Chairman McGuire welcomed Elysha Davila to the Board.

Chairman McGuire requested that the Board agree to amend the May 8, 2018 Agenda to add a Public Comment – Reserved item to the Public Comment section of the Agenda, and that in this instance the Board agrees to waive the Board rule requiring the request for public comment be submitted at least one week in advance of the meeting.

CARRIED unanimously.

**Item 2 on the Agenda being Disclosure of Recusal**

**Item 3 on the Agenda being Consent Calendar**

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

- a. Approval of Agenda
- b. Minutes of the Regular Meeting of April 10, 2018.
- c. Confirming transfer of funds from Fiber Fund to Electric fund.
- d. Approval of a purchase order for materials for the PC32 East Bay Blvd. Rebuild Project.
- e. Approval of an agreement for services and materials for AMI Fiber Construction and Networking Hardware.

CARRIED unanimously. (Taylor absent)

**Items Removed from the Consent Calendar**

None.

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

- a. Consideration of approving the Statement of Intention related to the Voluntary Green Rate revenue.

The following individuals addressed the Board.

Karla Myers-Beman, Controller

Moved by Werner, seconded by Shamroe, that the Board approves the "Statement of Intent" on how it plans to utilize the additional revenues derived from the Voluntary Green Rate, as presented (or amended.)

The following individuals from the Public addressed the Board:

Dave Petrov, 9988 Riley Rd., non-ratepayer

*MOTION AMENDED.*

Moved by Werner, seconded by Shamroe, that the Board approves the "Amended Statement of Intent" on how it plans to utilize the additional revenues derived from the Voluntary Green Rate."

CARRIED unanimously. (Taylor absent)

**Item 5 on the Agenda being New Business**

- a. Consideration of approving the HL-22 Project Authorization Request and authorizing staff to seek competitive bids.

The following individuals addressed the Board:

Daren Dixon, Operations Manager

Moved by Shamroe, seconded by Hammersley, that the Board approve as presented the HL-22 Eighth St. Alley Rebuild Project and directs staff to solicit construction bids and material quotes for the Board's consideration of approval after design completion.

CARRIED unanimously. (Taylor absent)

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

- a. From Legal Counsel.
- b. From Staff.
1. Financial close-out report for Orchard Heights and Critical and Large Customers Improvements Projects.

The following individuals addressed the Board:

Daren Dixon, Operations Manager  
Karla Myers-Beman, Controller

2. March 31, 2018 financial statements.

The following individuals addressed the Board:

Karla Myers-Beman, Controller

3. AMI Opt-out discussion.

The following individuals addressed the Board:

Scott Menhart, Manager of Telecom and Technology  
Kelli Schroeder, Manager of Human Resources and Communications

4. Strategic Plan meeting update.

The following individuals addressed the Board:

Karla Myers-Beman, Controller

- c. From Board

1. Discussion on Cyber Security.

The following individuals addressed the Board:

Pat McGuire, Board Chairperson

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

- a. Reserved

Skip Pruss, Senior Fellow at 5 Lakes Energy, requested public comment regarding opportunities and challenges of transitioning to clean energy resources.

The following individuals from the Public addressed the Board:

Kate Madigan, 400 Boughey St., ratepayer  
William Gittlen, 15063 Dunn Dr., non-ratepayer  
Ann Rogers, 1236 Peninsula Dr., ratepayer  
Greg Reisig, Co-Chair NMEAC  
Dave Petrov, 9988 Riley Rd., non-ratepayer  
Aiden Reed, 805 Traditions Dr., non-ratepayer  
Elizabeth Dell, 117 E. Tenth St., ratepayer  
Zada Harris, 207 ½ E. Eleventh St., ratepayer  
Suzette Corbit, 608 Grant St., ratepayer  
June Thaden, 520 Highland Park Dr., ratepayer  
Rick Evans, Groundwork Center for Resilient Communities, non-ratepayer

There being no objection, Chairperson McGuire declared the meeting adjourned at 6:33 p.m.

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Tim Arends, Secretary  
LIGHT AND POWER BOARD

DRAFT

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Special Meeting  
Held at 11:30 a.m., 1131 Hastings Street  
Tuesday, May 15, 2018

**Board Members -**

Present: Pat McGuire, John Taylor, Jan Geht, Ross Hammersley, Amy Shamroe,  
Elysha Davila, Tim Werner

Absent:

**Ex Officio Member -**

Present: Marty Colburn, City Manager

**Others:** Tim Arends, Karla Myers-Beman, Daren Dixon, Kelli Schroeder, Scott Menhart, Tony Chartrand, Mark Watson, Rod Solak, Stephanie Tvardek, Jacob Hardy, Gabe Talaga, Jennifer St. Amour, Bob Dyer (RTD Consulting, LLC), Steve VanderMeer (Hometown Connections)

The meeting was called to order at 11:56 a.m. by Chairman McGuire.

**Item 2 on the Agenda being Disclosure of Recusal**

**Item 3 on the Agenda being Consent Calendar**

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

- a. Approval of Agenda.
- b. Authorizing a change order for a Construction Agreement with C.C. Power, LLC for hourly rate assistance.
- c. Authorizing a purchase order for materials for Parsons Substation Switching Station Project.

CARRIED unanimously.

**Items Removed from the Consent Calendar**

None.

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

None.

**Item 5 on the Agenda being New Business**

- a. None.



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

a. From Legal Counsel.

None.

b. From Staff.

None.

c. From Board

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

a. General

No one from the public commented.

There being no objection, Chairman McGuire declared the meeting adjourned at 11:58 a.m.

/js

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Tim Arends, Secretary  
LIGHT AND POWER BOARD

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Light and Power Board Strategic Planning Session  
Held at 12:00 p.m., 1131 Hastings Street  
Tuesday, May 15, 2018

**LIGHT AND POWER BOARD MEMBERS -**

Present: Pat McGuire, John Taylor, Jan Geht, Amy Shamroe, Tim Werner, Elysha Davila, Ross Hammersley

**EX OFFICIO MEMBER -**

Present: Marty Colburn, City Manager

**OTHERS:** Tim Arends, Karla Myers-Beman, Daren Dixon, Kelli Schroeder, Scott Menhart, Tony Chartrand, Mark Watson, Rod Solak, Stephanie Tvardek, Jacob Hardy, Gabe Talaga, Jennifer St. Amour

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

**1. Strategic Planning**

The Board discussed the strategic plan for TCL&P.

The following individuals addressed the Board:

Bob Dyer, RTD Consulting, LLC  
Steve VanderMeer, Hometown Connections

Marty Colburn departed the meeting at 1:40 p.m.  
Jan Geht and Tim Werner departed the meeting at 3:30 p.m.

**2. Public Comment**

No one from the public commented.

There being no objection, Chairman McGuire declared the meeting adjourned at 4:30 p.m.

/js

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Tim Arends, Secretary  
LIGHT AND POWER BOARD



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Karla Myers-Beman, Controller  
**Date:** May 23, 2018  
**Subject:** 2018-19 Budget Adoption

---

At the June 4, 2018 City Commission meeting, the City Commission passed the Annual Budget Resolutions (the resolution pertaining to Traverse City Light & Power (TCL&P) is included in the board packet) that authorizes the TCL&P Board to adopt the budget and capital plan it submitted for their consideration of approval, as required by City Charter. As a final step in the budget process, it is now appropriate for the Board to formally adopt the budget documents for the 2018-19 fiscal year along with the minimum cash reserve amount (\$8,900,000) displayed in the forecasted cash flow statements presented to the Board.

With the capital plan, one minor change has been made since the presentation in December 2017. To be in concert with timing with the City, the East Front Streetscape Project in the amount of \$56,000 was moved to 2020/21 fiscal year from the 2019/20 fiscal year.

This item is appearing on the Consent Calendar as staff deems it to be a non-controversial housekeeping matter, and recommends the Board adopts the 2018-19 operating budgets for the Electric and Fiber Optic Funds, minimum cash reserve amount and Six Year Capital Improvements Plan. Approval of this item on the Consent Calendar means you agree with staff's recommendation.

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

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

**THAT THE LIGHT & POWER BOARD FORMALLY ADOPTS THE 2018-19 OPERATING BUDGETS FOR THE ELECTRIC UTILITY AND FIBER OPTIC FUNDS, SIX YEAR CAPITAL IMPROVEMENTS PLAN, AND MINIMUM CASH RESERVE AMOUNT.**



**Resolution Adopting the Traverse City Light and Power Budget  
for Fiscal Year 2018-2019 Including the Capital Improvement Plan**

- Resolved,** that the Traverse City Light and Power Board has caused a budget document, to be prepared and presented to the City Commission covering the fiscal year commencing July 1, 2018, and ending June 30, 2019, and that the proposed budget document of the Traverse City Light and Power Department for the fiscal period of July 1, 2018, through June 30, 2019, is hereby approved in its entirety in the amount of \$34,886,100 and the Fiber Optics Fund of \$636,930, pursuant to the Charter of the City of Traverse City, Section 179(j); and that the Traverse City Light and Power Board is hereby authorized to adopt this budget, as submitted; further, be it
- Resolved,** that the Traverse City Light and Power Board has caused a Capital Improvements Plan to be prepared and presented to the City Commission covering the fiscal year commencing July 1, 2018, and ending June 30, 2019, and is hereby approved in its entirety; and that the Traverse City Light and Power Board is hereby authorized to adopt this Capital Improvements Plan, as submitted.

I hereby certify that the above Resolution was adopted by the City Commission on June 4, 2018, at a regular meeting of the City Commission held in the Commission Chambers, Governmental Center, 400 Boardman Avenue, Traverse City, Michigan.

Benjamin Marentette, City Clerk



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light and Power Board  
**From:** Karla Myers-Beman, Controller  
**Date:** May 23, 2018  
**Subject:** 2018-19 Insurance Renewal

---

The Michigan Municipal League (MML) has submitted its proposal for liability and property insurance for fiscal year 2018-19 in the amount of \$72,632. Attached is an Executive Overview from MML describing their company, the insurance process, and a list of benefits of pooling with MML.

This year there is an increase of 2.2% or \$1,563 despite overall increase in property coverage from recent asset additions (building next door). Below is a historical perspective of the premiums paid:

2009-10 - \$ 75,564  
2010-11 - \$ 69,781  
2011-12 - \$ 61,214  
2012-13 - \$ 63,392  
2013-14 - \$ 64,995  
2014-15 - \$ 65,715  
2015-16 - \$ 67,536  
2016-17 - \$ 73,048  
2017-18 - \$ 71,069  
2018-19 - \$ 72,632

Similar to last year, the pool will be providing a dividend return in July/August period in the amount of \$42,612. Last year the dividend return was \$47,102 and the TCL&P received \$8,021.

This item is on the Consent Calendar as it is deemed non-controversial. Staff recommends that the Board accept this proposal and authorize payment to MML for the 2018-19 property & liability insurance premium. Approval of this item on the Consent Calendar means you agree with staff's recommendation.

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

**MOTION ON NEXT PAGE**

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 12, 2018

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

THAT THE LIGHT AND POWER BOARD APPROVES PAYMENT TO THE MICHIGAN MUNICIPAL LEAGUE LIABILITY AND PROPERTY POOL IN THE AMOUNT OF \$72,632 FOR FISCAL YEAR 2018-2019 LIABILITY AND PROPERTY INSURANCE.

May 24, 2018

Karla Myers-Berman, Controller  
Traverse City Light & Power

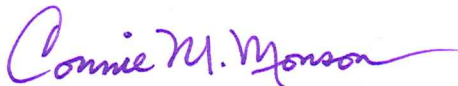
Re: Traverse City Light and Power Renewal Premium for 2018.

TCLP's renewal premium represents an increase of \$1,563. The premium increase is primarily due to the adding AMI storage building at 1125 Hastings and MML rating changes. MML property rates increased 2 cents.

Line of Coverage	2018 Premium	2017 Premium	2018 Deductible	2017 Deductible
General Liability	\$13,686	\$14,719	\$0	\$0
Errors & Omissions	\$13,801	\$13,872	\$0	\$0
Property	\$27,602	\$24,885	\$5,000	\$5,000
Excess Liability 5 million	\$8,771	\$8,796	N/A	N/A
Excess Liability 3 mm x 2 mm	\$8,772	\$8,797		
<b>Total</b>	<b>\$72,632</b>	<b>\$71,069.</b>		

The Michigan Municipal League Liability and Property Pool appreciate your 33 years of membership and we are committed to providing you with the best comprehensive coverage and service.

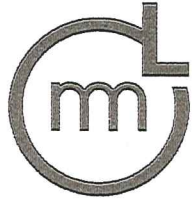
Sincerely,



Connie M. Monson  
MML Account Executive

**Service Provider: Meadowbrook, Inc.**

Loss Control & Member Services: PO Box 2054, Southfield, MI 48037-2054; (800) 482-2726;  
Southfield Claims Service: PO Box 5174, Southfield, MI 48086-5174; (800) 482-2726;  
Grand Rapids Claims: 3196 Kraft Ave. SE, Suite 206, Grand Rapids, MI 49512-2065; (616) 942-0311; (800) 752-7477



michigan municipal league

# Liability & Property Pool

Renewal Summary

for the

# City of Traverse City

Presented By:

Connie M. Monson  
MML Account Executive

Service Provider: Meadowbrook, Inc.  
(877) 370-8892



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*This proposal is intended to be only a summary of coverages and services. For specific details on coverage terms and conditions, please refer to the Michigan Municipal League Liability and Property Pool coverage document.*

# Executive Overview

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

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

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

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

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

The insurance and related services described more fully in this proposal are being offered to the **City of Traverse City** for an annual premium of **\$438,645**.

City of Traverse City **\$366,013**  
Traverse City Light & Power **\$72,632**

**MML Dividend:** MML Liability & Property Pool Board of Trustees voted to return another post-renewal dividend for Members renewing in 2018. The **City of Traverse City's** portion of the dividend return is **\$42,615**. The City will receive this dividend in the month following payment of your 2018 renewal premium.

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

## **Our Mission**

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

# Introduction

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## *What You Can Expect Of Us*

- ✓ A commitment to learn, understand and respond to your insurance needs;
- ✓ Continuous planning and innovation in product development and service delivery;
- ✓ Products that meet your needs in terms of price, coverage and service;
- ✓ Prompt, accurate, and courteous response to your questions, problems and claims; and
- ✓ Knowledgeable and professional staff serving your needs consistently and with integrity.

## *Your Pool Insures More Than . . .*

- |                                |                                  |
|--------------------------------|----------------------------------|
| ✓ 425 Public Entity Members    | ✓ 16 Electric Utilities          |
| ✓ 141 Fire Departments         | ✓ 24 Municipal Marinas           |
| ✓ 172 Law Enforcement Agencies | ✓ \$5 Billion of Property Values |
| ✓ 2,217 Police Officers        | ✓ 195 Water Service Operations   |
| ✓ 5,772 Miles of Streets/Roads | ✓ 215 Sewer Plant Operations     |
| ✓ 6,617 Vehicles               |                                  |

These local communities are current Pool members:

City of East Jordan  
City of Harbor Springs  
City of Manistee



## Coverage and Cost Summary City Of Traverse City

Effective 07-01-2018 to 07-01-2019

Coverages	Limit of Liability	Aggregate Limit	Per Occurrence Deductible
Municipal General Liability (Coverage A)	\$5,000,000	N/A	\$0
Fireworks 7/4/18 & 7/7/18	\$1,000,000	N/A	\$0
Grand Traverse County for Inspection Services	\$5,000,000	N/A	\$0
Grand Traverse Ski Club	\$5,000,000	N/A	\$0
Great Lakes Railroad Boardman lake Trail-Railroads MML235	\$5,000,000	N/A	\$0
Great Lakes Railroad Mile Marker 25 Contractual Liability -Railroad MML 235	\$5,000,000	N/A	\$0
Great Lakes Railroad-S Garfield and Hanna Ave.	\$5,000,000	N/A	\$0
State of Michigan Transportation-MML235 North of Center Line of Centre Street	\$5,000,000	N/A	\$0
Traverse City DDA A/I	\$5,000,000	N/A	\$0
Traverse City Light and Power	\$5,000,000	N/A	\$0
Sewer Back-Up Sublimit	No Coverage	N/A	N/A
Personal Injury Liability (Coverage B)	\$5,000,000	N/A	\$0
Medical Payments (Coverage C)	\$10,000	N/A	N/A
Public Officials Liability (Coverage D)	\$5,000,000	N/A	\$0
Traverse City Light & Power	\$5,000,000	N/A	\$0
Traverse City DDA A/I	\$5,000,000	N/A	\$0
Law Enforcement Liability (Coverages A, B, and D)	\$5,000,000	N/A	\$0
Employee Benefit Liability	\$1,000,000	\$1,000,000	\$0
Fire Legal Liability	\$100,000	N/A	N/A
Cyber Liability & Data Breach Response	\$100,000	\$100,000	See Declaration
Dam Liability	No Coverage	N/A	N/A
Marina Operator Liability	No Coverage	N/A	N/A
Automobile Liability (Coverages A and B)	\$5,000,000	N/A	\$0
# Vehicles	Comp	Coll	
122	\$500	\$1,000	

Agreed Amount, if applicable 7 Vehicles for a total of \$3,712,750

*Coverages A, B, and D are provided with a combined single limit of liability. The most the Pool will pay for any one occurrence is \$5,000,000 regardless of the number of coverages involved in the occurrence.*

### Property

Property - Blanket Basis	\$159,840,267	N/A	\$5,000
Boiler and Machinery	Included	N/A	\$5,000
Building(s)	Included	N/A	\$5,000



## Coverage and Cost Summary City Of Traverse City

Effective 07-01-2018 to 07-01-2019

Coverages	Limit of Liability	Aggregate Limit	Per Occurrence Deductible
Cemetery Property - up to \$500 per headstone	# Plots: 25,000	N/A	\$5,000
Contents	Included	N/A	\$5,000
Property in the Open	Included	N/A	\$5,000
Protection & Preservation	Included	N/A	N/A
Property - Actual Cash Value	See Schedule	N/A	\$5,000
Property - Limited Replacement Cost	N/A	N/A	N/A
Property - No Coverage	See Schedule	N/A	N/A
Property - Replacement Cost	See Schedule	N/A	\$0
2009 German Shepherd, LUK	\$10,000	N/A	\$1,000
2017 German Shepherd, Drago	\$10,000	N/A	\$1,000
Accounts Receivable	\$100,000	N/A	\$1,000
Consequential Damage	\$100,000	N/A	N/A
Contractor's Equipment	\$3,262,000	N/A	\$1,000
Debris Removal - the lesser of 25% of physical damage loss or	\$5,000,000	\$5,000,000	N/A
Demolition & Increased Costs of Construction Limit	\$100,000	N/A	N/A
Earth Movement	\$2,000,000	\$2,000,000	\$5,000
Electronic Data Processing Equip	\$1,273,383	\$1,273,383	\$1,000
Expediting Expense	\$100,000	N/A	N/A
Extra Expense	\$400,000	N/A	N/A
Fine Arts	\$1,050,000	N/A	\$1,000
Fire Department Boats	\$114,000	N/A	\$1,000
Fire Equipment	\$1,685,876	N/A	\$1,000
Firearms Shooting Simulator	\$40,000	N/A	\$1,000
Flood (Except for Members located in Flood Zone A, AO, AH, A1-A999, AE, or AR)	\$1,000,000	\$1,000,000	\$5,000
Fungal Pathogens	\$25,000	\$25,000	\$1,000
Loss of Income	\$250,000	N/A	N/A
Loss of Rents	\$100,000	N/A	N/A
Lumex Lite Mercury Vapor Analyzer	\$17,000	N/A	\$1,000
Ornamental Trees, Shrubs, Plants or Lawn	\$5,000	\$10,000	\$1,000
Personal Effects & Property of Others	\$500	\$2,500	\$1,000
Tools at Cemetery	\$41,715	N/A	\$1,000
Valuable Papers	\$125,000	N/A	\$1,000
Voting Equipment	\$119,885	N/A	\$1,000



## Coverage and Cost Summary City Of Traverse City

Effective 07-01-2018 to 07-01-2019

Coverages	Limit of Liability	Aggregate Limit	Per Occurrence Deductible
<b>Comprehensive Crime Coverage</b>			
Employee Dishonesty Blanket/Faithful Performance	\$100,000	N/A	N/A
Computer Fraud	\$100,000	N/A	N/A
Depositors Forgery	\$100,000	N/A	N/A
Funds Transfer Fraud	\$100,000	N/A	N/A
Impersonation Fraud	\$100,000	N/A	N/A
Money and Securities Inside	\$100,000	N/A	N/A
Money and Securities Outside	\$100,000	N/A	N/A
Money Orders and Counterfeit Paper	\$100,000	N/A	N/A
<b>Bonds</b>			
Bond #: A Treasurer	\$250,000	N/A	N/A
Bond #: B Deputy Treasurer	\$100,000	N/A	N/A
Bond #: C Cashier Clerk #1	\$100,000	N/A	N/A
Bond #: D Cashier Clerk #2	\$100,000	N/A	N/A
Bond #: E Cashier Clerk #3	\$100,000	N/A	N/A

*Only one deductible applies to claims involving two or more property coverages.*

**The Michigan Municipal League Liability and Property Pool is pleased to offer all coverages and services described in this proposal for an annual premium of \$438,645.**

## *Your Team of Experts*



**Connie Monson**  
MML Account Executive  
(231) 276-6499



**Michael J. Forster**  
Pool Administrator  
(734) 669-6340



**Ellen Skender**  
248-204-8582



**Joan Opett**  
248-204-8579

### Customer Service Representatives



**Mark Ott**  
Claims Supervisor  
(616) 942-0311, ext. 4123



**Rod Pearson**  
Loss Control Supervisor  
(248) 204-8036

## ***Benefits of Pooling with the MML***

- ✓ Proven long-term availability and stability
- ✓ Broad coverage document written specifically for Michigan municipalities
- ✓ Services tailored to unique needs of Michigan municipalities
- ✓ Member assets controlled by an elected Board of municipal officials
- ✓ Equitable rating based on Pool experience in Michigan
- ✓ Aggressive defense strategy – positive impact on case law
- ✓ Professional, dedicated, and experienced local management, oversight and service
- ✓ Decisions made and problems resolved by a group of your peers
- ✓ Investment income and underwriting surplus used to benefit members
- ✓ Lower expenses through tax-exempt and non-profit status
- ✓ Special loss avoidance training sessions including:
  - ✓ Safety aspects of emergency vehicle operations
  - ✓ Accident investigation for supervisors
  - ✓ Confined spaces training

**The advantages of pooling can be summarized by:**

**Service + Control + Value**



### ***The City of Traverse City Has . . .***

- ✓ \$13,604,395 Annual Payroll
- ✓ \$255,177 of total values for real and personal property
- ✓ 29 Law enforcement officers
- ✓ 122 Vehicles
- ✓ 7 Fire/Rescue Vehicles with agreed values

### ***Increased Liability Limits***

We cannot guarantee the adequacy of any limit of liability. Due to the following factors, it may be prudent to consider higher limits:

- ✓ Increased jury awards in your jurisdiction
- ✓ Increased litigation trends
- ✓ Protection of tax base against judgments in excess of your policy limits

If you are interested in increasing your liability limits, please contact your Account Executive.

# Highlights of Coverages Provided

## Who Is Insured?

The Pool member entity, elected and appointed officials, employees and authorized volunteers, and any person officially appointed to a Board or Commission

## General Liability

In addition to standard liability coverages (bodily injury, property damage, products and completed operations) the Pool provides coverages that municipalities need on an occurrence basis with no aggregate liability limits:

- ✓ Liability resulting from mutual aid agreements
- ✓ Premises medical payments
- ✓ Host liquor liability
- ✓ Watercraft liability, owned less than 26' and non-owned less than 50'
- ✓ Special events **excluding** -
  - Fireworks (unless endorsed)
  - Liquor Liability
  - Mechanical Amusement Rides
- ✓ Fire legal liability for real property
- ✓ Ambulance and EMT malpractice

### Fireworks Coverage Options: (Fireworks application must be completed before coverage is endorsed)

1. The MML Liability & Property Pool is primary (the Member is not added as an additional insured on a pyrotechnician's coverage):
 

Annual Aggregate Sublimit	Additional Premium
\$500,000	Yes
\$1,000,000	Yes
2. The MML Liability & Property Pool is excess (the Member is added as an additional insured on a pyrotechnician's coverage):
 

**NO ADDITIONAL PREMIUM**

- ✓ Athletic participation liability
- ✓ Employee benefit liability
- ✓ Cemetery operations coverage
- ✓ Marina Operators coverage available
- ✓ Up to \$10 million in liability limits available
- ✓ Pollution coverage for Hazardous Response Teams
- ✓ Cyber Liability and Data Breach Response Coverage – as described on MMLCYD (09/17)

## General Liability Exclusions . . .

The following is a partial list of general liability coverage exclusions. Consult the coverage document for the complete listing:

- ✓ Pollution (except for Hazmat operations).
- ✓ Nuclear energy / nuclear material hazards
- ✓ Expected or intended injury
- ✓ Breach of contract
- ✓ Failure of dams (unless endorsed)
- ✓ Backup of Sewers and Drains (exception -- \$100,000 Annual Aggregate Sublimit for Sewer and Drain Liability)
- ✓ Aircraft Liability - (Unless Endorsed -- Limited Coverage for Unmanned Aircraft—MML236)
- ✓ Contractual Liability
- ✓ Failure to supply utilities
- ✓ Electromagnetic radiation
- ✓ Medical malpractice for doctors and physicians
- ✓ Criminal activity—Intentional acts w/knowledge of wrongdoing

## **Cyber Liability and Data Breach Response Coverage**

- ✓ Information Security and Privacy Liability
- ✓ Privacy Breach Response Services
- ✓ Regulatory Defense and Penalties
- ✓ Website Media Content Liability
- ✓ PCI Fines, Expenses and Costs
- ✓ Cyber Extortion
- ✓ First Party Data Protection
- ✓ First Party Business Interruption

## **Public Officials Liability Coverage**

“Wrongful Acts”, including intentional acts, defined as any actual or alleged error, misstatement, act of omission, neglect or breach of duty including:

- ✓ Neglect of duty
- ✓ Zoning defense and land use litigation
- ✓ Malfeasance
- ✓ Violation of civil rights
- ✓ Discrimination
- ✓ Employment practices
- ✓ Misfeasance
- ✓ Cable TV broadcasting

## **Public Officials Liability Exclusions**

The following is a partial list of public officials' liability coverage exclusions. Consult the coverage document for the complete listing:

- ✓ Pollution and Nuclear Energy
- ✓ Fraud, dishonesty, intentional and criminal acts
- ✓ Failure to purchase coverage or adequate coverage
- ✓ Return of governmental grants or subsidies
- ✓ Intentional acts with knowledge of wrongdoing
- ✓ Eminent domain / takings
- ✓ Illegal profit
- ✓ Labor union actions
- ✓ ERISA violations
- ✓ Backup of Sewers and Drains

## **Personal Injury & Advertising / Broadcasters Liability Coverage**

- ✓ Mental anguish and stress
- ✓ Libel, slander or defamation of character; violation of an individual's right of privacy
- ✓ Proactive services for non-monetary damage claims

## **Police Professional Liability Coverage**

Police Professional Liability coverage is contained within the General Liability and Public Official Liability Coverage Parts

- ✓ Discrimination
- ✓ Violation of civil rights
- ✓ Jail operations
- ✓ False arrest, detention or imprisonment, or malicious prosecution
- ✓ Wrongful entry or eviction or other invasion of the right of private occupancy
- ✓ Assault or battery
- ✓ Improper service of suit
- ✓ Coverage assumes officers act with intent

## Property Coverage

In addition to covering buildings, contents and personal property, the Pool provides:

- ✓ Blanket coverage -- All member-owned property insured (unless specifically excluded)
- ✓ Coverage based on ownership rather than on a "schedule on file" avoids coverage gaps due to errors or oversight
- ✓ Property of others in custody of the Member for which the Member has an obligation to provide coverage
- ✓ Boiler & Machinery coverage, including Boiler certification inspections
- ✓ Replacement Cost or Actual Cash Value available
- ✓ Fungal Pathogens (Mold) Limited Coverage
- ✓ Demolition/increased cost of construction
- ✓ No coinsurance
- ✓ Valuable papers
- ✓ Loss of Rents
- ✓ Property in the open
- ✓ Extra expense
- ✓ Expediting expense

## Property Exclusions

The following is a partial list of property coverage exclusions. Consult the coverage document for the complete listing:

- ✓ Nuclear reaction/ contamination
- ✓ War
- ✓ Cyber Risk
- ✓ Fungal Pathogens (Mold) excess of sub-limit
- ✓ Failure to supply utilities
- ✓ Transmission Lines and Poles
- ✓ Dishonest acts
- ✓ Acts of Terrorism excess of Pool's Aggregate Sublimit -- MMLC TR (9/1/10)
- ✓ Wear and tear
- ✓ Computer failures/ viruses

**Only one deductible applies to claims involving two or more property coverages.**

## Comprehensive Crime Coverage

- ✓ Employee Dishonesty/ Faithful Performance of Duty coverage provided on a blanket basis
- ✓ Loss Inside the Premises
- ✓ Loss Outside the Premises
- ✓ Money Orders/ Counterfeit Currency
- ✓ Depositors Forgery
- ✓ Position Fidelity Bonds
- ✓ Computer Fraud
- ✓ Funds Transfer Fraud

## Automobile Coverage Highlights

### What Is Covered?

Coverage is afforded while operating land motor vehicles, trailers or semi-trailers designed for travel on public roads.

### Auto Coverages Provided

- ✓ Michigan No-Fault Coverage, includes mini-tort coverage for no extra charge
- ✓ Excess protection for use of personal automobile for municipal business
- ✓ Uninsured motorist for municipally owned vehicles
- ✓ Underinsured motorists
- ✓ Non-owned and hired auto
- ✓ Comprehensive - actual cash value basis
- ✓ Collision - actual cash value basis
- ✓ Volunteer firefighter auto accident liability coverage
- ✓ Agreed value coverage for emergency vehicles is available
- ✓ Fire or Rescue Vehicle Rental Reimbursement Coverage

# Pool Risk Management Services

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- ✓ Review and service of all municipal insurance matters
- ✓ Public entity experts address various liability issues
- ✓ Aggressive, member-oriented defense strategy
- ✓ Former police officials address law enforcement risks
- ✓ Physical inspection by municipal loss control consultants
- ✓ Law enforcement risk control programs (LEAF and LERC)
- ✓ Property appraisal services available

## Online Services

[www.mml.org](http://www.mml.org) (click on the *Insurance* button) – offers Pool members an outstanding resource for municipal risk management information and self-help tools in one attractive, simple-to-navigate location. File a claim on line. Download your renewal application. Request a loss control service visit. E-mail us a question. Other services available online:

- ✓ Online Forms (including Sewer Backup Sample Documents)
- ✓ Risk Resources:
  - ✓ Risk Control Solutions
  - ✓ Safety & Health Manual
  - ✓ Risk Management is Good Management Program
  - ✓ Law Enforcement Newsletters
  - ✓ Access to Safetysurance website -- <http://www.safetysurance.com/>
- ✓ MML Pool Audited Financial Statements
- ✓ Intergovernmental Contract
- ✓ Board of Directors, Pool Administrator and Staff Profiles and Contact Information



## Membership Responsibilities

Membership in the Michigan Municipal League Liability and Property Pool provides numerous benefits. Likewise, individual members have certain responsibilities to the other members, which are detailed in the Intergovernmental Contract. The following is a summary of the membership responsibilities. Please refer to the Intergovernmental Contract, Articles 5 and 6, for more information.

- ✓ If a Member intends to leave the Pool, the Member must send a written notice to the Pool at least 60 days prior to its next renewal date.
- ✓ A Member must pay its premium when due. The Pool must give each member 20 days written notice of intent to terminate membership for nonpayment of premium. Payment of premium before the 20 days notice is effective will entitle the Member to reinstatement.
- ✓ Members must maintain membership or associate membership status in the Michigan Municipal League.
- ✓ A Member will allow attorneys employed by the Pool to represent the Member in defense of any claim made against the Member within the scope of coverage provided by the Pool. A Member will cooperate with the assigned attorneys, claims adjusters, service company or other agents of the Pool relating to the defense of claims for which the Pool is providing coverage.
- ✓ A Member will follow loss reduction and prevention measures established by the Pool.
- ✓ A Member will report to the Pool as promptly as possible all incidents that the Member reasonably believes may result in a claim against the Member.

**Service Provider: Meadowbrook, Inc.**

**Loss Control & Member Services:** PO Box 2054, Southfield, MI 48037-2054; (800) 482-2726;

**Southfield Claims Service:** PO Box 5174, Southfield, MI 48086-5174; (800) 482-2726;

**Grand Rapids Claims:** 3196 Kraft Ave. SE, Suite 206, Grand Rapids, MI 49512-2065; (616) 942-0311; (800) 752-7477

[www.mml.org](http://www.mml.org)



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Kelli Schroeder, Manager of HR & Communications   
**Date:** June 5, 2018  
**Subject:** Employee & Employer Share of Health Premiums

---

Under Public Act 152 of 2011, public employers are provided the following three options for contributing towards employee medical benefits:

1. Apply “hard caps”, which places a fixed dollar “cap” on the amount an employer would be required to pay. These amounts would be adjusted annually. (No action required);
2. Annually adopt a resolution establishing that the public employer would pay no more than 80% of the cost of the medical insurance plan(s) being offered. (4 affirmative votes required);
3. Annually adopt a resolution opting-out of both the “hard cap” and 80/20 option indicated above, allowing the employer to pay up to 100% of the costs. (4 affirmative votes required).

In May 2016, the Board adopted a resolution approving the 80/20 cost share model to comply with the requirements of the Act, and per the Act, the Board is required to adopt an annual Resolution stating the medical benefit plan selected.

Staff is recommending the TCL&P Board again adopt the attached resolution approving the 80/20 cost share method for both union and non-union employees. This item is appearing on the Consent Calendar as it is deemed by staff to be a non-controversial item. Approval of the 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, the item 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 RESOLUTION TO ADOPT THE 80/20 COST SHARING MODEL TO COMPLY WITH THE REQUIREMENTS OF PUBLIC ACT 152 OF 2011 BE APPROVED.**



TRAVERSE CITY LIGHT AND POWER DEPARTMENT  
RESOLUTION  
TO COMPLY WITH THE REQUIREMENTS OF  
PUBLIC ACT NO. 152 OF 2011

WHEREAS, Public Act 152 of 2011, was passed by the State Legislature and signed by the Governor to limit a public employer's expenditure for employee medical benefits; and

WHEREAS, the Traverse City Light and Power (TCL&P) Board believes that compensation determinations for TCL&P employees are most properly the responsibility of the TCL&P Board and not the State of Michigan or its officials; and

WHEREAS, the Act provides for three options for complying with the requirements:

1. Apply the "hard caps", which places a fixed dollar "cap" on the amount an employer would be required to pay;
2. Adopt by majority vote the 80%/20% cost-sharing (a public employer shall not pay more than 80% of the total cost of the medical insurance plan(s) being offered);
3. Opt-out by a 2/3 vote of the cost sharing model as set forth in the Act and revisit prior to the next plan year; and

WHEREAS, the TCL&P Board has decided to adopt the 80/20 cost sharing model as its choice in order to comply with the Act for TCL&P and shall apply the 80/20 cost sharing to each employee group (union and non-union) at TCL&P; and

WHEREAS, this Resolution applies to the medical benefit plan coverage year beginning on or after July 1, 2018, and continues unless changed by future Resolution or change in State Legislation; and

WHEREAS, TCL&P is required to adopt an annual Resolution stating its medical benefit plan in connection with Public Act 152 of 2011;

NOW, THEREFORE BE IT RESOLVED that the TCL&P Board elects to comply with the requirements of the ACT by adopting the 80/20 cost sharing model set forth in Section 4 of Public Act 152 of 2011.

I hereby certify that the above Resolution was adopted on \_\_\_\_\_, 2018, at the regular TCL&P Board meeting held in the Commission Chambers, Governmental Center, 400 Boardman Avenue, Traverse City, Michigan.

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Timothy J. Arends  
Secretary  
Traverse City Light & Power Board



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Daren Dixon, Operations Manager  
**Date:** June 5, 2018  
**Subject:** Electric Line Distribution Construction Contractor Services

---

On occasion, the line department requires assistance from a contract crew. Rather than going through the extensive bidding process for each job requiring a contractor, staff determined it to be in the best interest of the utility to seek bids for an hourly rate for a contract crew to be utilized on an as-needed basis under a limited, one-year agreement as has been done in the years past. Traverse City Light & Power (TCL&P) issued a Request for Proposals for an hourly rate to assist on the following types of work:

- **Joint Pole Transfers** When replacing a pole that has another utility attached through a joint pole attachment agreement, coordinating work between both utilities to remove and install their appropriate facilities can be difficult and time consuming. It is often easier and less time intensive to have a contract crew perform that work as they can remove and install facilities for both utilities at the same time.
- **Rear Lot Line Work** When work is required in a rear lot line, accessibility is an issue and often extends the length of time required to perform the work. Contracting this work out frees up internal crews to maintain their work load. Contractors also have access to equipment that TCL&P does not, that would allow the work to be completed more efficiently.
- **Expedited Work** Jobs will sometimes arise that require immediate attention due to customer demands or maintaining system reliability. If internal crews are heavily involved in a customer job or maintenance issue, in the interest of efficiency, it can be best to utilize a contract crew for this type of work, rather than pulling internal crews from their projects.
- **Non-Standard Equipment** On occasion, a job will require the use of equipment that is not part of the TCL&P fleet. Larger companies, such as those who submitted bids, have a larger array of equipment to pull from to perform this type of work.
- **Customer Service** If TCL&P internal crews are unable to meet a customer request within a three week timeframe due to workload, the contract crew will be used to maintain our high level of customer service.

Bids were sought for a contract crew to provide construction and maintenance services on the electrical distribution system on an as needed basis. The intent is to use this contract crew for

## FOR THE LIGHT & POWER BOARD MEETING OF JUNE 12, 2018

short duration jobs, 1-14 days, and any larger projects will be bid out separately. Requests were sent out and bids were received as follows:

<u>Bidder</u>	<u>Hourly Crew Rate</u>	<u>Hourly Equipment Rate</u>	<u>Total Hourly Rate</u>
Broadway Electric Service, Inc. 13.8kv	\$252.84	\$88.00	\$340.84
Broadway Electric Service, Inc. 69kv	\$252.84	\$102.00	\$354.84
C.C. Power, LLC	\$210.00	\$85.00	\$295.00
Harlan Electric Co.	\$281.88	\$89.48	\$371.36
The Hydaker-Wheatlake Co.	Disqualified	Disqualified	Disqualified
Kent Power, Inc.	\$237.33	\$94.00	\$331.33
Rauhorn Electric, Inc.	\$337.02	\$97.02	\$434.04
SPE Utility Contractors, LLC	\$212.94	\$82.00	\$294.94

Bidders were asked to provide hourly rates for a list of various personnel and equipment. Bidders had the option of providing a 13.8 kV and a 69 kV hourly rate, or a single standard rate. A typical crew providing the requested line work would consist of a working foreman, lineman and equipment operator, and the typical equipment would include a pickup truck, line truck and bucket truck. For ease of comparison, a subtotal was created for these three items in each category. Broadway Electric Service, Inc. provided a 13.8 kV and a 69 kV hourly rate which is shown in the table above. Harlan Electric Co. also provided a standard rate and a 69 kV hourly rate, but based on the personnel and equipment used to compare, the total hourly rate was the same. The attached bid sheet shows the breakdown of pricing for each personnel and equipment listed. Hydaker-Wheatlake provided a full list of personnel and equipment rates but did not complete the bid sheet included and required in the RFP. Because the rates provided cannot be easily matched to the requested categories for comparison, their bid is considered disqualified.

SPE Utility Contractors (SPE) was the low bidder by \$0.06, however, the next low bidder was C.C. Power, LLC (C.C. Power). SPE is based in Port Huron, MI while C.C. Power is a local company based in Kalkaska, MI. C.C. Power has performed under the previous two annual contracts and has done many other projects for TCL&P in the past. Given the work history, location of the company and bid price, staff is recommending TCL&P accept the bid from C.C. Power and enter into a construction agreement in the amount of \$180,000, more or less, for the period of July 1, 2018 through June 30, 2019.

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 is recommended:

**(MOTION ON THE FOLLOWING PAGE)**

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 12, 2018

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_,  
THAT THE BOARD AUTHORIZE THE CHAIRMAN AND SECRETARY TO ENTER  
INTO A CONSTRUCTION AGREEMENT FOR ELECTRIC LINE DISTRIBUTION  
CONSTRUCTION SERVICES WITH C.C. POWER, LLC IN THE AMOUNT OF  
\$180,000, MORE OR LESS, BILLINGS TO BE BASED ON THE HOURLY RATE  
PROVIDED IN THE BID; SUBJECT TO APPROVAL AS TO FORM BY THE  
EXECUTIVE DIRECTOR AND APPROVAL AS TO FORM BY GENERAL COUNSEL.**



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Tony Chartrand, System Engineer  
**Date:** June 6, 2018  
**Subject:** Grand Traverse Substation Upgrade

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The Grand Traverse Substation upgrade project (“Project”) was budgeted at \$500,000 in the Capital Improvement Plan (“CIP”) for 2019-20 and another \$500,000 in 2020-21. (The \$1,000,000 represents Traverse City Light and Power (“TCL&P”) share of the \$2,000,000 initial project estimate.) This was based on an initial discussion with Wolverine Power Supply Cooperative (“Wolverine”) about the scope of work needed to bring this substation up to modern standards. After this initial discussion was had and the \$1,000,000 made it into the CIP Wolverine was able to do some research on the transformers at the substation and determined the LTC units had not been upgraded. This cost was then added to the total project estimate for a total of \$2,150,000, and increased TCL&P share to \$1,075,000. The upgrade to the LTC’s is the same one we performed at our Hall St substation, which extends the service interval and life of the LTC’s.

The project timeline is for Wolverine to complete design this summer/fall, and go out for bid on the longer lead time equipment. These costs will be on the 2019-20 capital plan year. The construction for the substation will start in the summer/fall of 2020, which will fall in the 2020-21 capital plan year.

The scope of work at Grand Traverse includes replacing old protection equipment, switches, and protection systems. These upgrades will increase the capacity of the substation as well as update the equipment protection, which will help insure the equipment is not damaged due to faults before the end of its useful life. Another change will be to parallel the transformers. This means if one transformer has a fault, no circuits out of the substation will be lost.

After this memo is the draft joint construction agreement reviewed and approved by General Counsel. This joint project equally benefits Traverse City Light and Power and Wolverine and based on the existing contracts all costs will be shared equally on a 50/50 basis for all costs and expenses payable to third-party vendors and contractors along with internal labor by TCL&P and Wolverine.

This item is appearing on the Consent Calendar as it is deemed non-controversial. Staff recommends the Board authorize the execution of the construction contract with Wolverine Power Supply Cooperative in the amount of \$ 2,150,000 with costs share equally on a 50/50 basis for the Project. Approval of this item on the Consent Calendar means you agree with staff’s recommendation.

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 12, 2018

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 Consent Calendar" portion of the agenda for full discussion. If after Board discussion you agree with staff's recommendation the following motion would be appropriate.

MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_, THAT THE BOARD AUTHORIZES THE CHAIRMAN AND SECRETARY TO EXECUTE THE JOINT CONSTRUCTION AGREEMENT WITH WOLVERINE POWER SUPPLY COOPERATIVE, INC IN THE AMOUNT OF \$2,150,000 WITH COSTS SHARE EQUALLY ON A 50/50 BASIS. FOR THE GRAND TRAVERSE SUBSTATION UPGRADE PROJECT; SUBJECT TO APPROVAL AS TO THE SUBSTANCE BY THE EXECUTIVE DIRECTOR AND TO FORM BY GENERAL COUNSEL; AND FURTHER AUTHORIZES THE EXECUTIVE DIRECTOR TO APPROVE CHANGE ORDERS IN THE BESTS INTERESTS OF THE UTILITY.

**GRAND TRAVERSE SUBSTATION EQUIPMENT UPGRADE  
JOINT CONSTRUCTION AGREEMENT**

This JOINT CONSTRUCTION AGREEMENT (“**Agreement**”) is made and entered into as of the \_\_\_\_\_, day of \_\_\_\_\_, 2018, (the “**Effective Date**”) by and between TRAVERSE CITY LIGHT AND POWER DEPARTMENT, a Michigan municipal electric utility, whose address is 1131 Hastings Street, Traverse City, Michigan 49686 (“**TCL&P**”) and WOLVERINE POWER SUPPLY COOPERATIVE, INC., a Michigan corporation, whose address is 10125 W. Watergate Road, Cadillac, MI 49601 (“**Wolverine**”). TCL&P and Wolverine are sometimes referred to herein individually as “**Party**” and collectively as “**Parties**”, where appropriate.

WHEREAS, Wolverine, TCL&P, and the Michigan Electric Transmission Company, LLC (“**METC**”) (METC being the successor to Consumers Energy Company), entered into an Amended and Restated Grand Traverse Interconnection Facilities Agreement, dated November 8, 2013 (“**IFA**”), for the purposes, among others, of (a) describing Wolverine’s and TCL&P’s assumption of certain maintenance obligations at the Grand Traverse Substation located in Garfield Township, Grand Traverse County, Michigan, currently performed by METC on Wolverine’s and TCL&P’s facilities, (b) describing METC’s sale of the billing meters to Wolverine, and (c) describing METC’s removal of the remote terminal unit and associated telecommunication equipment;

WHEREAS, the Parties entered into a Joint Operation/Maintenance Agreement, Grand Traverse 138-69kV Substation, dated April 26, 2017 (“**O&M Agreement**”), for the purposes, among others, of further clarifying the respective duties and obligations concerning operation and maintenance of the double circuit 69kV transmission line and 138kV interconnection for their mutual benefit of the Grand Traverse Substation;

WHEREAS, Wolverine and TCL&P have jointly planned and constructed numerous expansion projects at Grand Traverse Substation since February 28, 1979; and

WHEREAS, the Parties wish to upgrade the Grand Traverse Substation by replacing the protection and control system, switches, bus, circuit breakers, and related equipment.

NOW, THEREFORE, in consideration of the mutual promises, the Parties agree as follows:

1. **Joint Project.** The Parties shall jointly plan and update equipment at the Grand Traverse Substation. The joint construction project (the “**Joint Project**”), is more particularly described in **Attachment A – Scope of Work**, and generally involves replacing the protection and control system, switches, buswork to increase the capacity, circuit breakers, and other station equipment. The Joint Project equally benefits TCL&P and Wolverine. The Joint Project is targeted for 2020, with design and material procurement taking place prior to July 1, 2020; and construction occurring as soon as practical after July 1, 2020.

2. Cost Sharing.
  - a. Costs and Expenses. The preliminary cost estimate and budget for the Joint Project prepared by Wolverine is approximately **Two Million One Hundred Fifty Thousand and 00/100 Dollars (\$2,150,000)**, and described in **Attachment B – Cost Estimate**. The Parties shall share equally on a 50/50 basis all Joint Project costs and expenses payable to third-party vendors and contractors.
  - b. Labor by the Parties. Substation, line crew or technician activity, as well as internal engineering, accounting, and administration costs and expenses by either Party's employees doing work on the Joint Project shall be shared by the Parties equally on a 50/50 basis. Labor costs and expenses associated with such activities shall be prepared and submitted monthly to the accounting administrator, Wolverine, so as to be included in the total Joint Project labor cost and expenses.
3. Surplus Equipment. Equipment or materials that are taken out of service as a result of the Joint Project shall become surplus equipment. TCL&P shall have first right of refusal of any equipment or metals removed from the station. All remaining equipment and materials shall be disposed of by Wolverine using Wolverine's approved disposal contractor and the net profit (or cost, if no profit) split 50/50 between Wolverine and TCL&P.
4. Engineering. The Parties agree that Wolverine shall provide, and acquire as necessary, design engineering services, contract administration, and startup services. Wolverine shall coordinate activities with TCL&P, Consumers Energy and METC. Wolverine shall provide a monthly Joint Project report that includes, at a minimum, an analysis of the work completed on the Joint Project during the preceding month, the status of the Joint Project schedule and budget, and any problems areas noted.
5. Construction Administration. Wolverine shall be responsible for the administration and accounting of the Joint Project. Wolverine shall be signatory on the necessary contracts, purchase orders, or agreements. Upon TCL&P's written request, TCL&P shall have the opportunity to review and comment before any such documents are executed on behalf of the Joint Project. Wolverine shall invoice TCL&P monthly for its half of the Joint Project costs incurred for the month. Payment shall be made by TCL&P in order to be received by Wolverine within thirty (30) days of date of invoice. Payments received later than thirty (30) days shall incur a late payment penalty of 1% per month of the invoice amount until paid. Upon completion of the Joint Project, a total Joint Project cost will be established and a final invoice submitted for payment.
6. Existing Agreement. The Parties acknowledge that all existing agreements between them regarding the Grand Traverse Interconnection shall remain in place. The Amendment of Lease and Agreement Grand Traverse 138 – 69kV Substation will be amended as part of the Joint Project to account for the changes to the substation fence location.
7. Transfers Prohibited. Neither Party may transfer any of the Joint Project or the Grand Traverse Interconnection without the written consent of the other Party, which consent



shall not be unreasonably withheld.

8. Indemnity. Each Party shall defend, indemnify and save the other Party, its directors, officers and employees, harmless from and against any and all claims, liabilities, losses, damages, actual attorney's fees and settlement expenses for injury or death of any person and damage or loss of any property allegedly or actually resulting or arising out of any act, omission, or negligence of any Party or its employees, agents or subcontractors, in connection with performing this Agreement, or the joint negligence of both Parties or any other person or entity. This indemnification agreement shall not be limited by reason of any insurance coverage. In the event of a claim or lawsuit alleging breach of contract or similar allegations, each Party agrees that defense costs and any mutually agreed upon settlement shall be treated as an equally shared cost of the Joint Project.
9. Waiver of Damages. Each Party agrees to waive all claims for indirect and consequential damages against the other Party. Unless TCL&P objects to any provisions in contracts entered into by Wolverine for this Joint Project, including waiver of damage provisions, during the time permitted for TCL&P's review under Paragraph 5 above, TCL&P shall be deemed to have agreed to any such provisions.
10. Amendments. This Agreement may be modified from time to time, but any such modifications shall be in writing and signed by both Parties to be enforceable and binding.
11. Interpretation. This Agreement shall be governed by the laws of the State of Michigan, both as to interpretation and performance. This Agreement was drafted at the joint direction of the Parties. The pronouns and relative words used are written in the neuter and singular. However, if more than one person or entity joins in this Agreement, or if a person of masculine or feminine gender joins in this Agreement, such words shall be interpreted to be in the plural, masculine or feminine as the sense requires. Section headings are not a part of the contractual promises but are for convenience.
12. Venue. Any and all suits for any and every breach of this Agreement may be instituted and maintained in any court of competent jurisdiction in the County of Grand Traverse, State of Michigan.
13. Entire Agreement. This Agreement, together with all items incorporated by reference, constitutes the entire agreement of the parties as to this Joint Project and there are no valid promises, conditions or understandings as to this Joint Project that are not contained in this Agreement.
14. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective Parties.
15. No Third-Party Beneficiaries. This Agreement confers no rights or remedies on any third-party, other than the parties to this Agreement, and their respective successors and permitted assigns.

16. No Joint Venture or Partnership. This Agreement does not and is not intended to create a joint venture or partnership between the Parties. The rights and obligations of the Parties are entirely contained within this Agreement. For avoidance of doubt, the Parties shall share the costs and expenses and labor as set forth in Section 2 above and as further stated in this Agreement.
17. Governmental Immunity. Nothing in this Agreement is intended to waive TCL&P's statutory immunity from tort liability, to the extent applicable.
18. Dispute Resolution. If any Party has a dispute with another regarding the meaning, operation, or enforcement of any provision of this Agreement, the disputing Parties agree to meet and confer to negotiate a resolution of the dispute. They further agree as follows:
  - a. Mediation. If they are unable to resolve the dispute themselves and before formally instituting any other dispute mechanism, they shall utilize the services of a mutually acceptable neutral mediator, who meets the qualifications of MCR 2.411, to bring them together in at least one mediation session.
  - b. Venue. All meetings, hearings and actions to resolve the dispute shall be in Grand Traverse County, Michigan.
19. Authority to Execute. The Parties agree that the signatories appearing below have the authority and are duly authorized to execute this Agreement on behalf of the Party to the Agreement.
20. Term. The term of this Agreement shall commence upon the Effective Date set forth in the first paragraph of this Agreement and shall terminate upon completion of construction and final close out and payment of all costs, unless earlier terminated by mutual written agreement of the Parties.
21. Retirement. Some of the Grand Traverse Substation facilities shall be retired as outlined in **Attachment A – Scope of Work**. All costs and expenses of work performed to retire all or part of those facilities including but not limited to, dismantling, demolishing, removal of equipment, facilities and structures, maintenance, and disposal of debris, shall be borne by the Parties equally (50/50).

[Signature Page Follows]

IN WITNESS, Wolverine and TCL&P have duly executed this Agreement.

**WOLVERINE POWER SUPPLY  
COOPERATIVE, INC.**

\_\_\_\_\_  
By: Eric D. Baker  
Its: President & CEO

APPROVED AS TO FORM:

\_\_\_\_\_  
Brian E. Valice, Esq.  
Staff Attorney, Wolverine

**TRAVERSE CITY LIGHT AND  
POWER DEPARTMENT**

\_\_\_\_\_  
By: Patrick McGuire  
Its: Chairman

\_\_\_\_\_  
By: Timothy J. Arends  
Its: Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
W. Peter Doren, Esq.  
General Counsel, TCL&P

*Signature Page to Grand Traverse Substation – Joint Construction Agreement*

# ATTACHMENT A

## SCOPE OF WORK

**An upgrade of the existing Grand Traverse Station will occur, the following work will take place:**

- Circuit Interrupting Equipment – Replace the GV429, GV629, GV722, GV822, and GV922.
- Switches – Replace all switches that are old design, *NOTE: there are several new 69kV hook stick switches installed in 2017 that will remain.*
- Substation Fence – Expand fence to achieve more working room inside station and replace aging fence. Add limestone as needed.
- Ground Grid – Perform physical inspection of existing ground grid, repair and upgrade as necessary. Expand the ground grid to the new Grand Traverse Station fence boundary.
- Control House & Protection and Control System – Replace the existing control house with a new control house, protection and control system and cabling. Position new control house so that during construction, cutover of the breaker control can be done individually while leaving the existing control house in service. This will eliminate the need for a long duration outage of the entire Grand Traverse Station.
- Station Service Transformer – Install new 50kVA station service transformer with primary fusing.
- Fiber Optic – Install fiber optic line from new control house to TCL&P Cass Road line fiber junction box. Install fiber optic line from new control house to Wolverine fiber junction box on the East Bay line. Install two new fiber optic cables from Grand Traverse Station to Grand Traverse Junction (~0.33mi) for 138kV line differential relaying scheme.
- Transformer Overhaul – Upgrade the Load Tap Changer (“LTC”) to a model B vacuum interrupter monitoring system, inspect LTC and rebuild if necessary, replace filter, pressure devices and other equipment as needed based on inspection and testing.
- Other Equipment – Replace Grand Traverse Station and fence signage, replace lighting with LED type, replace lighting arresters, Potential Transformers that have reached the end of life, replace junction boxes, upgrade bus as needed to achieve 3000Amp capacity on main 69kV bus, 2000A capacity on 69kV transformer terminals, 1200A capacity on 138kV transformer terminals and 1200Amp capacity on all line exit terminals and bypass switches.
- The GV722 will be operated normally closed, electrically paralleling the two 90MVA transformers



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Kelli Schroeder, Manager of HR & Communications  
Daren Dixon, Operations Manager  
**CC:** Tim Arends, Executive Director  
**Date:** June 5, 2018  
**Subject:** Union Letter of Agreement  
Amended Organizational Chart

---

As a result of the impending retirement of our Senior Facilities Maintenance Worker, management reviewed current positions and grade structures and are recommending the following changes:

- The Senior Maintenance Worker classification will change to Facilities Maintenance Worker and the wage range will be reduced from a Range 8 to a Range 6. This position will no longer have job duties applicable to the Combustion Turbine (CT).
- With respect to the CT, we currently have two trainees in the classification of Operations & Maintenance Worker at a Range 7, each at a different stage in the training process. Staff is proposing adding the classification of Operations & Maintenance Worker **Trainee** at a Range 7 and increasing the Operations & Maintenance Worker to a Range 8 to reflect a fully trained position.

Additionally, management is proposing the following reporting changes:

- The Facilities Maintenance Worker will now report to the Energy Technician versus the Operations Manager.
- The Meter Department will now report to the Manager of Telecommunications & Technology versus the System Engineer.

Included in your packet is a copy of the current CBA Classification and Range structure, the Letter of Agreement between TCL&P and the Utility Workers Union of America, along with a revised Organizational Chart.

These items are appearing on the Consent Calendar as they are deemed by staff to be non-controversial items. Approval of the items on the Consent Calendar mean you agree with staff's recommendation.

If any member of the Board or the public wishes to discuss these matters, other than clarifying questions, the items should be placed on the "Items Removed from the Consent Calendar" portion of the agenda for full discussion.

**(RECOMMENDED MOTION ON NEXT PAGE)**

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 12, 2018

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

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

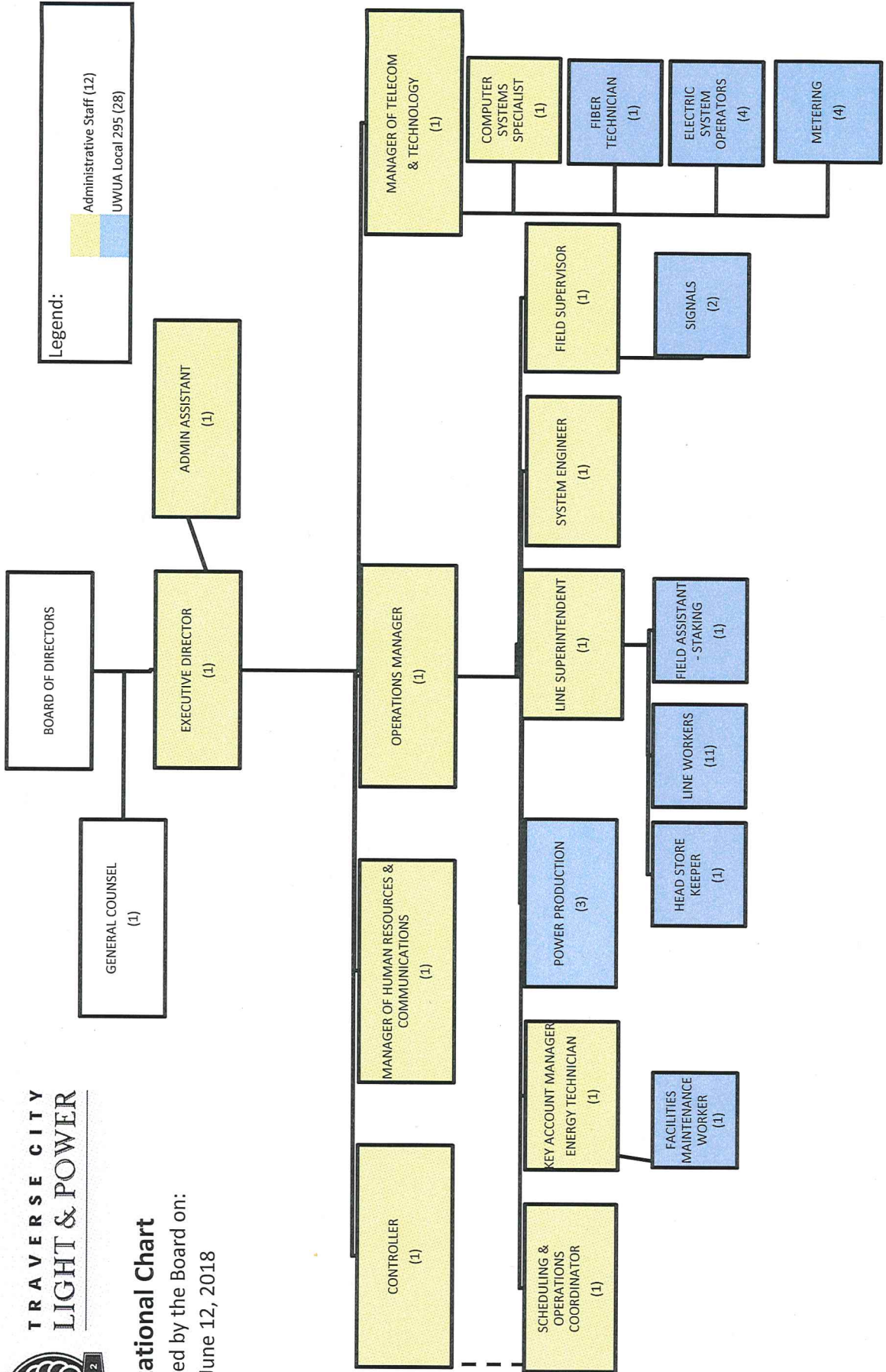
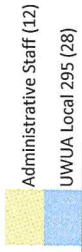
**THAT THE BOARD APPROVES THE CHANGES TO THE ORGANIZATIONAL CHART AND AUTHORIZES THE EXECUTIVE DIRECTOR TO SIGN THE LETTER OF AGREEMENT BETWEEN TCL&P AND THE UTILITY WORKERS UNION OF AMERICA LOCAL NO. 295.**



# Organizational Chart

As approved by the Board on:  
Tuesday, June 12, 2018

Legend:



APPENDIX A

**WAGE AND COMPENSATION PLAN**

**Section 1. Pay Ranges, Classifications and Steps.** There is hereby established the following schedule of pay ranges for the various classes of positions in the service of the Board. Each range consists of six (6) steps to be designated Steps A, B, C, D, E, and F. The minimum rate of compensation for each class of positions shall be Step A of the range to which it has been assigned, and the maximum rate for each shall be Step F of the range to which it has been assigned. All Classifications have six (6) steps. The class titles herein used are those prescribed by the Executive Director and may be modified with approval of the Union.

<u>RANGE NUMBER</u>	<u>CLASSIFICATION</u>
Range 1	Meter Reader
Range 2	<i>None</i>
Range 3	Metering Assistant Field Assistant Traffic Signal Technician
Range 4	<i>None</i>
Range 4.A.	Line Worker Apprentice
Range 5	Metering Technician Sr. Traffic Signal Technician
Range 6	Power Technician Head Storekeeper <u>Facilities Maintenance Worker</u>
Range 7	Operation & Maintenance Worker <u>Trainee</u>
Range 8	<u>Sr. Maintenance Worker</u> Fiber Technician & Thermography Specialist Electric System Operator <u>Operation &amp; Maintenance Worker</u>
Range 9	Metering and Technical Services Lead Operation & Maintenance Lead Electric System Operator Lead
Range 10	Line Worker A
Range 11	Line Worker In-Charge



Letter of Agreement  
between  
Traverse City Light & Power  
and  
Utility Workers Union of America, AFL-CIO Local No. 295

**Regarding the Amendment of Classifications and Ranges**

WHEREAS, the undersigned are parties to a Collective Bargaining Agreement (CBA) expiring on June 30, 2020; and

WHEREAS, the CBA within Appendix A, Section 1, *Pay Ranges, Classifications and Steps*, lists the current classifications and wage ranges, and

WHEREAS, the Employer has determined that a full-time designated employee responsible exclusively for facilities and grounds at all locations owned, operated or being worked on by TCL&P is warranted, and

WHEREAS, this position will no longer have responsibilities at the Combustion Turbine (CT), and

WHEREAS, the three current employees designated to the CT include the Lead Operations & Maintenance Worker and two in an in-training status, and

WHEREAS, the Employer would like to recognize three distinct positions in this area to reflect the Lead, the Operation & Maintenance Worker and an in-training position,

THEREFORE, be it known that the Employer and the Union agree that:

- The classification of Senior Maintenance Worker at a Range 8 will be removed from Appendix A and replaced with the classification of Facilities Maintenance Worker at a Range 6. The job description will now reflect the removal of all technical and operational job functions associated with the Combustion Turbine.
- The classification of Operation & Maintenance Worker currently in the CBA will move to a Range 8 to reflect a fully trained position.
- The addition of a new classification of Operation & Maintenance Worker Trainee will be added at a Range 7.

WHEREBY, the parties signify agreement to the above by representative signatures appearing hereon.

**Traverse City Light & Power Department**

By: \_\_\_\_\_  
Timothy Arends, Executive Director

Date: \_\_\_\_\_

**Utility Workers Union of America,  
AFL-CIO Local No. 295**

By:  \_\_\_\_\_  
Rob Hipp, President Local 295

Date: 6/4/2018



**TRAVERSE CITY**  
**LIGHT & POWER**

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**To:** Light and Power Board  
**From:** Tim Arends, Executive Director  
**Date:** June 3, 2018  
**Subject:** Strategic Plan – Renewable Energy Goal

---

One difficult question the utility is undertaking is the percentage goal, if any, of renewable energy the Board would like to see within the Utility's purchase power portfolio. To address this matter, staff invited Bob Dyer, RTD Consulting LLC to provide information at the strategic plan meeting held in May to review the external and internal impacts on the purchase power portfolio (customer rates) at various level percentages (30, 45, 60 and 100%).

In summary, some of the high-level points presented included:

- 1) Solar purchase power agreements appear to be most effective for the utility's portfolio,
- 2) 45% of renewable energy appears to be the maximum saturation without significant risk and exposure to MISO,
- 3) As the percentage of renewable energy increases over the MISO Grid, it may increase operational issues, which will have to be accounted for in tariffs and passed through to the utility and ultimately its customers.

Staff considered this information along with listening to board member input during the strategic plan meeting and prepared the renewable energy goal below. The intention of the goal is to provide a clear direction for the utility along with capturing the Board's concerns, values and priorities regarding future renewable energy goals for the utility.

**Traverse City Light & Power commits to setting a long-term goal of providing 100% renewable power to its customers. In the shorter term, Traverse City Light & Power sets goals of at least 35% of its energy mix from renewable energy by 2028 and at least 50% by 2038, in a fiscally responsible manner without losing focus on the longer-term goal of one day being at 100%.**

**It is important to understand current constraints in TCL&P achieving the goal in the near-term. Some of these constraints include: remaining terms of existing contracts, availability of suitable renewable energy projects, the risk of future costs associated with changing operating conditions imposed by MISO, and the feasibility of developing our own local, utility scale renewable energy.**

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 12, 2018

**In anticipation of existing power contracts expiring, the utility will work with its joint action agency and/or outside power supply professionals to proactively pursue opportunities to replace those contracts with lower greenhouse gas emissions output options, if not entirely renewable power sources, <sup>1</sup>while remaining focused on how any new contracts will affect customer rates. We will also seek to alleviate current constraints and reduce barriers to future renewable energy expansion by investing in opportunities that will enhance the grid value of intermittent renewable energy, including energy storage, electric vehicles, energy efficiency, and demand response.**

If the Board agrees with adopting the renewable energy goal within the strategic plan the following motion would be appropriate:

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

**THAT THE BOARD ADOPT THE 2018 STRATGEIC PLAN RENEWABLE ENERGY**

**GOAL AS PRESENTED (or amended).**

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<sup>1</sup> We define "renewable power" as wind, solar, hydropower, geothermal, and landfill gas.



**TRAVERSE CITY**  
**LIGHT & POWER**

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**To:** Light and Power Board  
**From:** Karla Myers-Beman, Controller  
**Date:** May 23, 2018  
**Subject:** Amendment to Primary High Load Factor Tariff Rate

---

Traverse City Light and Power (“TCL&P”) has recently obtained a new customer with a load profile more diverse than any of the utility’s current industrial customers. The customer demand peaks and consumes most of their energy during the year at off peak times (after 5 pm and before 10 am) except during the summer months where the peak demand and energy migrates to the on peak period (between 10 am and 5 pm). This causes a large decline in their demand charges during the year.

The utility must ensure there is enough capacity in the system to serve this customer at their peak demand. A significant decline in demand during the year impacts the ability of the utility to recover the fixed costs of providing those facilities when the customer requires the infrastructure capacity.

Additionally, the utility’s planning reserve margin for generation capacity is derived from the system’s summer peak when this customer is also peaking. Therefore, this customer would be contributing to the generation capacity cost of the utility. (The planning reserve margin for generation capacity is the required amount of capacity MISO determines the utility must have for the upcoming year. The utility normally purchases the deficit through bilateral contracts, which is the difference between the MISO required amount of generation capacity the utility must demonstrate having and the amount of generation capacity the utility has acquired through purchase power agreements.)

Staff is proposing implementing a ratchet mechanism for demand charges to recover these infrastructure and generation capacity costs. A ratchet mechanism is where the tariff rate would impose a minimum demand charge based on a percentage such as 54% of the customer’s summer peak demand. An example, if an industrial customer peaked July at 1,000 kW and in January peaked at 100 kW, the customer would be invoiced based on 540 kW and not 100 kW.

The benefit of a ratchet mechanism is it allows the utility to recover the fixed infrastructure and generation capacity costs incurred during on peak demand times throughout the year. Additionally, it prevents subsidizations between customers and minimizes the risk of serving large customers.

Included in the board packet is an amended primary high load factor tariff rate implementing a ratchet mechanism. The 54% threshold in the tariff rate was calculated with the assistance of Utility Financial Solutions, LLC based on the current cost of service study and incorporating infrastructure costs, capacity costs, demand of the rate class, and class diversity.

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 12, 2018

Staff also analyzed if this would impact any other current industrial customers and found that two current primary high load factor customers would be financially impacted by \$200 annually or less based on historical data.

Staff recommends for the Board to set a public hearing for adoption of the amended Primary High Load Factor Tariff Rate to provide for this ratchet mechanism on demand for the utility to equitably recover from customers infrastructure and generation capacity costs based on their load profile.

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

**THAT THE BOARD SET A PUBLIC HEARING FOR PROPOSED ADOPTION OF THE AMENDED PRIMARY HIGH LOAD FACTOR TARIFF RATE ON JULY 24, 2018; AND FURTHER THAT A NOTICE OF THE PUBLIC HEARING BE POSTED ON THE UTILITY'S WEBSITE AND PLACED IN THE TRAVERSE CITY RECORD EAGLE AND TRAVERSE CITY TICKER.**

City of Traverse City  
Light and Power Department  
Effective: July 1, 2014  
Amended:

**PRIMARY SERVICE-HIGH LOAD FACTOR**

(Rate "I1")

**Availability:**

Open to any customer desiring primary voltage service for general use where the billing demand is 100 kW or more. This rate is not available for street lighting service or for resale purposes.

**Nature of Service:**

Alternating current, 60 hertz, single phase or three phase, the particular nature of the voltage in each case to be determined by the Department.

Where service is supplied at a nominal voltage of 15,000 volts or less, the customer shall furnish, install and maintain all necessary transforming, controlling and protective equipment.

Beginning July 1, 2014 any new the customers must purchase and retain ownership of all necessary transforming, controlling and protective equipment, and, install and maintain this equipment at their expense. The customer is responsible for all costs and liability associated with the transforming, controlling and protective equipment.

Where the Department elects to measure the service at a nominal voltage of less than 2,400 volts, 3% will be added for billing purposes to the demand and energy measurements thus made.

**Monthly Rate:**

Customer Charge: \$50.00 per meter per month, plus

Capacity Charge: \$11.00 per kW of on-peak billing demand

Energy Charge: 6.6¢ per kWh for all kWh consumed during the on-peak period,  
November through May.

6.8¢ per kWh for all kWh consumed during the on-peak period, June  
through October.

5.5¢ per kWh for all kWh consumed during the off-peak period.

City of Traverse City  
Light and Power Department  
Effective: July 1, 2014

Primary Service-High Load Factor (Rate "I1"), cont.

**Power Service Cost Recovery:**

This rate is subject to the Department's Power Service Cost Recovery.

**High Load Factor Credit:**

Monthly credits will be given to high load factor customers as follows:

<u>Load Factor</u>	<u>% Credit on Total Billed Amount</u>
90% - 100%	5%
80% - 89%	4%
70% - 79%	3%

**Minimum Charge:**

The capacity charge included in the rate.

**Due Date:**

The due date of the customer's bill will be shown on the bill and will be at least twenty-one (21) days. Payments received after the due date are considered late, and a penalty charge of 2% shall be imposed as a one-time charge.

**On-Peak Billing Demand:**

The on-peak billing demand shall be the kilowatts (kW) supplied during the 30-minute period of maximum use during on-peak hours during the month, per schedule below, but never less than 54% of the highest on-peak billing demand of the preceding billing months of June through September.

**Schedule of On-Peak and Off-Peak Hours**

The following schedule shall apply Monday through Friday (except holidays designated by the Department). Weekends and holidays are off-peak.

On-Peak Hours: 10:00 a.m. to 5:00 p.m.  
Off-Peak Hours: 5:00 p.m. to 10:00 a.m.

City of Traverse City  
Light and Power Department  
Effective: July 1, 2014

Primary Service-High Load Factor (Rate "I1"), cont.

Holidays designated by the Department

The following are designated as holidays by the Department:

New Year's Day      Independence Day      Thanksgiving Day

Memorial Day      Labor Day      Christmas Day

**Adjustment for Power Factor:**

This rate requires a determination of the average power factor maintained by the customer during the billing period. Such average power factor will be determined through metering of lagging kilovar hours and kilowatt hours during the billing period. The calculated ratio of lagging kilovar hours to kilowatt hours will then be converted to the average power factor for the billing period by using the appropriate conversion factor. Whenever the average power factor during the billing period is above 0.899 or below 0.800, the capacity charge will be adjusted as follows:

- a.            If the average power factor during the billing period is 0.900 or higher, the capacity charge will be reduced by 2%. This credit shall not in any case be used to reduce the prescribed minimum charge.
- b.            If the average power factor during the billing period is less than 0.800, the capacity charge will be increased by the ratio that 0.800 bears to the customer's average power factor during the billing period.





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**To:** Light and Power Board  
**From:** Tim Arends, Executive Director  
**Date:** June 6, 2018  
**Subject:** APPA's Reliable Public Power Provider Awarded to TCL&P

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“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,” is a goal highlighted in the Strategic Plan under High Quality Workforce.

In keeping with this goal, staff re-applied for the Reliable Public Power Provider Award Program (RP3) in September 2017. RP3 is the American Public Power Association's (APPA) program to encourage public power systems to demonstrate basic proficiency in four important disciplines: **reliability, safety, workforce development, and system development**. Along with the application, each utility is required to submit supporting documentation demonstrating its commitment to a safe and reliable delivery of services in the above four areas. Applications were reviewed by the RP3 Review Panel comprised of eight officers from four APPA committees (HR, Safety, Transmission & Distribution and System Planning) along with seven members nominated by APPA's Chairperson of the Board of Directors whom represent small, medium and large utility systems.

Of the nation's more than 2,000 public power utilities, 254 have earned RP3 recognition from APPA for providing its customers with the highest degree of reliable and safe electric service; TCL&P is proud not only to have earned this designation from APPA for a third consecutive term while maintaining its “Platinum” designation, the second highest designation. This award was achievable through the hard work and dedication of the staff and employees of TCL&P. TCL&P received official recognition for their efforts at the 2018 Engineering and Operations Technical Conference last month in Raleigh, North Carolina.



The RP3 designation is valid from May 2018 until early 2021. In September 2020 staff plans to re-apply in order to maintain this prestigious designation by APPA. Along with RP3 designation, TCL&P received valuable feedback from the Review Panel that will provide ideas for improving TCL&P's continue effort to enhance the utility's goal of providing safe, reliable, low cost electricity.



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Tony Chartrand, System Engineer  
Daren Dixon, Operations Manager  
**Date:** 6/7/2018  
**Subject:** BW-31 Budget Overage

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A scoping cost estimate of \$862,600 was created by TCL&P for the BW-31 Circuit Rebuild project, predicated upon information from a previously contracted design. This number was presented to the board at the June 7, 2016 board meeting. After this project was approved by the board, GRP was approved to complete the design work at the August 23, 2016 meeting. Upon completion of the design and through the bidding process the scoping cost estimate was found to be low due to the required addition of 132 (68%) more poles to replace that were aged. The replacement of these additional poles was reviewed by staff, and it was determined this increase of scope was how we should proceed in order to correctly complete the project. Considering the change in scope, on March 14, 2017 the Board approved the awarding of the construction contract for \$1,195,166 as well as material bids for \$300,664.

Because of the significant amount of additional pole replacements, the project came in \$740K over the initial \$862K budget. Actual contracted labor was nearly unchanged from the contract at \$1.196K, while actual material purchases were \$50K less than contracted due to installation of underground cable in lieu of aerial spacer cable in some backlots.

TCL&P is in the process of investigating an asset management strategy that would help keep our assets more current by regularly inspecting, identifying, and correcting conditions on all of our circuits rather than just replacing an entire circuit at a time once every 27-30 years. This would allow the utility to better project costs, plan work, utilize labor resources, and maximize individual asset life while improving reliability and safety for the linemen.

Traverse City Light and Power  
 BW-31 System Rehab Project - Close Out  
 June 2018

Project Name		BW-31 System Rehab				
Sum of Amount Row Labels	Column Labels Capital Plan	Budget	Contract	Cash outlay	Over (Under) Budget	Over (Under) Contract
Engineering, Administrative & Construction Inspections		99,000.00	75,691.88	75,793.79	(23,206.21)	
Contract			75,291.88	74,851.91		(439.97)
S 2016-0606				541.88		
S 2017-0724			400.00	400.00		
Engineering, Administrative & Construction Inspections		99,000.00				
Contract Labor & Equipment		495,000.00	1,195,166.50	1,196,176.13	701,176.13	1,009.63
Contracted Services		495,000.00	1,195,166.50	1,196,176.13		
Internal Labor & Equipment			20,968.66	20,968.66	20,968.66	
(blank)			20,968.66			
Materials		169,000.00	343,708.45	304,397.03	135,397.03	
Inventory			8,063.08			
L 2017-9121			60.67			
L 2017-9128			300.00			
L 2017-9137			28.04			
L 2017-9145			47.60			
L 2017-9150			1,759.45			
L 2017-9371			622.44			
P 2016-1369			202,077.95	150,637.68	Note 1	(51,440.27)
P 2017-1370			98,586.50	99,073.50		487.00
P 2017-1399			40,059.00	40,063.06		4.06
P 2017-1433			2,985.00	2,985.00		
L 2017-9129				126.51		
L 2017-9727				630.00		
Materials		169,000.00				
Miscellaneous			4,620.00	5,505.70	5,505.70	
S 2018-0785			4,620.00	4,620.00		
Legal				690.00		
Damage				195.70		
Contingency		99,600.00			(99,600.00)	
(blank)		99,600.00				
(blank)		675,000.00				
(blank)		675,000.00				
Grand Total		862,600.00	1,619,186.83	1,602,841.31	740,241.31	(50,379.55)

Note 1 - There was a change in scope causing the difference between contract and actual. The scope change was from overhead Hendrix to underground in several backlots.



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Karla Myers-Beman, Controller  
**Date:** May 31, 2018  
**Subject:** MPPA Annual Credit Report Card

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In 2016, the Michigan Public Power Agency (“MPPA”) started a program to perform credit reports for all their members to prevent any negative impact on their overall credit rating, since the rating agencies look at all members when assessing MPPA’s credit rating.

MPPA’s Chief Financial Officer researched the steps in performing a credit rating by agencies such as Fitch Group, Moody’s and Standard & Poor’s and created an annual program designed to provide information to the utility on financial or compliance areas they can improve on while providing an idea of what the utility would expect to receive for a credit rating.

Again this year, Traverse City Light & Power (“TCL&P”) received an excellent performance rating, which would most likely result in the best credit rating provided by the rating agencies. The utility had few areas needing improvement which are the same as last year, 1) Debt service as a percentage of total revenue when taking into consideration MPPA’s commitments, 2) Competitiveness Ratio for our Commercial and Industrial Rates and 3) Total O&M Expense per kWh sold.

The debt service will improve in the upcoming year due to the elimination of the Belle River debt service. The utility is addressing the competitiveness ratio through removing subsidizations between rate classes. The total O&M expense per kWh sold came in higher than the American Public Power Association (“APPA”) median rates provided in the latest APPA benchmark survey. Staff believes total O&M Expense is related to the similar situation with the annual report performance measurements where information reported may not be consistent from utility to utility. An example is the street lighting energy costs being included in the utility’s O & M expense where this is not a typical expense of utilities.

MPPA’s developed credit reporting program provides for extra points for cash on hand exceeding three months and if transfers to the City’s General Fund are made according to a restricted formula required by resolution or ordinance and leaving six or more months of unrestricted cash reserves after the transfer is made. These extra points provided the utility to score above 100% at 105%. Included in the packet is the summary score sheet.

Traverse City Light & Power  
Scoring Summary  
Financial Credit Score

Total Positive Possible      Audited 2017

1. Covenant Compliance

Debt Service Coverage Ratio	-	-	-
Fixed Obligation Coverage Ratio- 3 year average - BONUS	-	-	-
Fixed Obligation Coverage Ratio- current year	5	5	2.56 vs. 1.50

2. Ratio Analysis

Debt per kW of Demand	2	2	\$269.31 vs. \$478.79
Debt Service as a % of Total Revenue	2	-	8.62% vs. 5.40%
Total Debt (\$) Per Customer	2	2	\$1,376.33 vs. \$2,390.96
Total Debt (\$) Per kWh Sold	2	2	\$0.055 vs. \$0.100
Operating Ratio	2	2	\$0.831 vs. \$0.866
Net Income per Revenue Dollar	2	2	\$0.131 vs. \$0.092
Total O&M Expense per kWh Sold	2	-	\$0.091 vs. \$0.082
Uncollectible Accounts per Revenue Dollar	2	2	\$0.0002 vs. \$0.0026
Months of O&M in Unrestricted Cash	10	15	8.12 months vs. 3 months

Competitiveness Ratio

Residential	1	1	\$0.1077 vs. \$0.1539
Commercial	1	1	\$0.1064 vs. \$0.1094
Industrial	1	-	\$0.0801 vs. \$0.0702

In compliance with Cash Reserves Policy/ or no policy

5	5
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3. Full Funding of Depreciation

Full Funding of Depreciation

5	5
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4. Capital Analysis

Capitalization/Capital Outlay Policy passed by Council

2	2
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Traverse City Light & Power  
 Scoring Summary  
 Financial Credit Score

	Total Positive Possible	Audited 2017
Municipality has 5 year capital outlay plan/forecast	5	5
<b>5. Rate Analysis</b>		
Cost of Service or Revenue Requirement Study within last 5 years	5	5
Cost of Service or Revenue Requirement recommendations implemented	5	5
<b>6. Power Cost Recovery Adjustment</b>		
PCA and all Purchased Power Costs are recovered within 12 months	10	10
<b>7. General Fund Health- City</b>		
	5	5
<b>8. City Tax-Backed (Gen. Obligation) Debt Rating</b>		
	5	5 AA+
<b>9. Utility Revenue-Backed Debt Rating</b>		
	-	-
<b>10. Electric Fund Transfers</b>		
	5	10
<b>11. Power Supply Planning</b>		
	5	5 Part of ESP
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Total Points	91	96
Possible Points	91	91
Scoring (%)	100%	105%

**Scoring %**

A 85-100	Excellent Performance
B 70-84	Good Performance
C 60-69	Average Performance
D 50-59	Under Performance

FOR THE LIGHT & POWER BOARD MEETING OF JUNE 12, 2018



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Kelli Schroeder, Manager of HR & Communications *KS*  
**Date:** June 5, 2018  
**Subject:** Annual Performance Evaluation of Tim Arends, Executive Director

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Last month the Board was provided the results of Tim Arends' 2018 performance evaluation. The report indicated Mr. Arends's overall assessment was above satisfactory.

Therefore, based on the language in the Executive Director's 2016 Agreement which states, "If the annual review by the Board shows satisfactory performance by the Executive Director, there shall be a 3% increase in pay as of this Agreement's second anniversary (2018)", the HR Ad Hoc Committee did not meet as there were no changes to the current contract.