

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, June 9, 2009

At

5:15 p.m.

In The

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

**TCL&P ADMINISTRATIVE COMPENSATION COMMITTEE
WILL MEET IMMEDIATELY FOLLOWING THE BOARD MEETING
IN THE SECOND FLOOR CONFERENCE ROOM**

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.

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

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

Posting Date: 06-5-09
5:00 p.m.

PLEDGE OF ALLEGIANCE

1. ROLL CALL

2. CONSENT CALENDAR

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

A. Consideration of approving minutes of the Regular Meeting of May 26, 2009.

3. OLD BUSINESS

A. Traverse Bay Economic Development Corporation (TBEDC) update by Tino Breithaupt.

4. NEW BUSINESS

A. Consideration of approving 2009-10 insurance renewal. (Arends)

5. REPORTS AND COMMUNICATIONS

A. From Legal Counsel:

None as of June 5, 2009

B. From Staff:

(1) Presentation of 2009 Strategic Plan Objectives (Rice)

(2) Consideration of calling a meeting of the Human Resources Committee (Snodgrass, Soffrdine, Bifoss) (Rice)

C. From Board:

None as of June 5, 2009

6. PUBLIC COMMENT

/jd

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Regular Meeting
Held at 5:15 p.m., Commission Chambers, Governmental Center
Tuesday, May 26, 2009

BOARD MEMBERS -

Present: Linda Johnson, John Welch, James Hoogesteger, John Snodgrass, Ralph Soffredine, Jim Carruthers, Michael Coco

Absent: None

EX OFFICIO MEMBER -

Present: Ben Bifoss, City Manager

OTHERS: Ed Rice, Tim Arends, Jessica Dezelski, Jim Cooper, Karen Fehar

The meeting was called to order at 5:15 p.m. by Chairperson Johnson.

2. CONSENT CALENDAR

Commissioner Carruthers requested that item 2.A. be removed from the Consent Calendar and placed elsewhere on the agenda for full discussion. Chairperson Johnson placed the item under New Business 4.C.

All members were in favor of the amended agenda.

3. OLD BUSINESS

A. Moved by Welch, seconded by Hoogesteger, that the Light and Power Board continue to support TCAPS to fund the Electricity and Motor Experiments Program in the amount of \$4,500.

Roll call:

Yes – Johnson, Welch, Coco, Hoogesteger, Snodgrass, Soffredine

No – Carruthers

CARRIED.

Moved by Welch, seconded by Coco, that the Light and Power Board support the Grand Traverse Conservation District Trail Signage and Solar Sign Lighting Plan in the amount of \$5,725.

Roll call:

Yes – Johnson, Welch, Coco, Hoogesteger, Snodgrass, Soffredine

No – Carruthers

CARRIED.

Moved by Soffredine, seconded by Welch, that the Light and Power Board continue to support the Traverse City Cherry Festival Senior Events in the amount of \$5,000.

Roll call:

Yes – Johnson, Welch, Coco, Hoogesteger, Snodgrass, Soffredine

No – Carruthers

CARRIED.

4. NEW BUSINESS

- A. Moved by Welch, seconded by Soffredine, that the Light and Power Board authorize the Executive Director to enter into a lease agreement with Eco-Building Products, Inc. at the tenant space at 130 Hall Street for a period of 24 months, with an option to extend said lease for 36 additional months, subject to approval as to form by general counsel.

CARRIED unanimously.

- B. The Board discussed the 2009 Customer Survey questions. No action was taken.
- C. The next item being from the Consent Calendar, 'Consideration of approving minutes of the Regular Meeting of May 12, 2009.'

Moved by Carruthers, seconded by Welch, to approve the minutes of the Regular Meeting of May 12, 2009, as presented.

CARRIED unanimously.

5. REPORTS AND COMMUNICATIONS

Board Reports:

- (1) Vice Chairperson announced that the Administrative Compensation Committee will meet immediately following the Board meeting.
- (2) Member Snodgrass spoke re: the wind farm financing.

6. PUBLIC COMMENT

Tom Karas, 8801 Section Line Road, Interlochen
Gerry Harsch, 803 South Union Street

The meeting was adjourned at 5:47 p.m.

*Presentation to Traverse City
Light & Power Board of Directors*

**City of Traverse City
Activity and Results**

June 9, 2009

Growing Business. Building Community.



The Traverse Bay EDC

- A Division of the Chamber
- 4-County Regional EDC
 - Benzie, Grand Traverse, Kalkaska & Leelanau

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*Areas of Focus
the source for...*

- (1) Business Start-Ups
- (2) Business Growth & Expansion
- (3) Relocation of Business & New Development Opportunities

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*Start-up Counseling
& Nurturing Entrepreneurs*

- One-Stop Shop for Entrepreneurial & Small Business Counseling
 - SBTDC Satellite Office
 - SCORE
- Shifting Focus to 2nd Stage Entrepreneurs
 - 10-99 Employees & \$1 Million+ in Sales
 - 11.7% Entities but 43.3% Employment in Grand Traverse County

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*Expansion & Relocation Assistance
More Traditional Econ. Dev. Focus*

- Pro-active Business Retention Program
 - 90 Region / 29 City of Traverse City
- Target Industries
 - Manufacturing
 - Technology Companies
 - Value-Added Agriculture
 - Point of Destination Tourism
 - Health Care/Health Sciences

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2008-2009 Activity

- 29 Pro-active Retention Visits
- 73 Businesses/Entrepreneurs Counseled
- 94 Company Project Meetings
- 4 Successful Projects
- \$50,000 New Private Investment

Manufacturing Diversification Focused Efforts

- ACRA, Inc.
- Tool North
- Cone Drive
- Grand Traverse Machine
- Plascon

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3 – Year Results 4 – County Region

Year	# of Projects	Jobs Created	Jobs Retained	Total Investment
2006	12	139	303	\$ 32,484,457
2007	15	174	591	\$ 62,552,134
2008	22	202	380	\$ 14,009,066
Total	49	515	1274	\$ 109,045,657

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3-Year Results City of Traverse City

Year	# of Projects	Jobs Created	Jobs Retained	Total Investment
2006	1	10	8	\$ 1,000,000
2007	7	108	226	\$ 45,619,504
2008	4	8	13	\$ 50,000
Total	12 (26%)	126 (24%)	247 (19%)	\$ 46,669,504 (45%)

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Companies Assisted

- Plascon
- Boride Engineered Abrasives
- AlcoTec Wire
- Clark Manufacturing
- GT Industries
- GT Machine
- Plascon
- SkipStone Crossings
- Boardman Paddle & Pedal
- EuroStop Cafe
- House of Doggs
- Safety Net

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Events, Programs & Products

- Meet the Lenders (Sept. 2008)
- Community Funding Workshop (May 2009)
- Regional Business Index (June 2009)
- Mfg. Diversification Summit (July 2009)
- Annual Regional Economic Forecast (Nov)
- Site Location Page/Assistance
- Industrial Guide
- Marketing Materials to Promote the Region
- Guide to Permitting & Zoning—GT County

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Future Strategies of Traverse Bay EDC

- Continue to Collaborate with local, regional and state partners.
- Actively market and promote the region's assets to out-of-state people and businesses (target 4 trade shows in next year).
- Target Diversified High-Margin Manufacturing Opportunities
 - *Medical*
 - *Alternative Energy (Wind, Wood, Waste, Solar)*
 - *Aerospace*
 - *Gov't. Contracting & Defense Contracting*

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Future Strategies of Traverse Bay EDC

- Work with developers, builders, contractors, and local governments to streamline the development process.
- Target 2nd Stage Entrepreneurs by providing comprehensive strategic planning to maximize the success of small businesses.
- Create New Development Fund

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Traverse City Area Industrial Fund

- Created in 1950
 - Move development off waterfront
 - Develop industrial parks
 - Build Spec. Buildings
- Industrial Fund Dissolved in 2008
- \$1.7 Million in Cash and Assets transferred to new 501c3 "Development Fund"
- \$1.0 Million more in leveraged funds

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New Development Fund

- \$2.0 Million New Development Fund will invest in projects throughout the region—without local, state or federal requirements
- Fund will compliment existing financing programs, not compete with them
- Anticipated start date is August 2009.

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Opportunities

- Cool city with high quality of life including numerous cultural activities, educational offerings and outdoor recreational pursuits.
- "Traverse City" has strong brand recognition.
- Talented people are attracted here.
- Regional business hub with depth and quality of services, retail and medical care found in larger metro areas.

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2009 Funding Sources

Private Sector Businesses	\$100,000
Counties, County EDC's and Local Units of Gov't.	\$116,000
Events, Programs & Sponsorships	\$90,000
State, Community and Private Foundation Grant Awards	\$85,000

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Investment Ratio

3-Year Investment Ratio (4-County Region)

-\$1 to Traverse Bay EDC = \$121.16 in New Private Investment

3-Year Investment Ratio (Traverse City)

-\$1 to Traverse Bay EDC = \$643.72 in New Private Investment

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Thank You!

Questions?

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TRAVERSE CITY
LIGHT & POWER

To: Light and Power Board
From: Tim Arends, Controller *TA*
Date: June 1, 2009
Subject: 2009-10 Insurance Renewal

The Michigan Municipal League (MML) has submitted its proposal for liability and property insurance for fiscal year 2009-10 in the amount of \$75,564. Attached is an Executive Overview from MML describing their company, the insurance process, and a list of benefits of pooling with MML.

The insurance costs for L&P have decreased over the past three years (2007-08 was \$120,698; 2008-09 is \$102,605.) Insurance costs for the upcoming fiscal year are 26% lower than last year. The reason for the decrease is that Light & Power has joined the city's policy and both the city and Light & Power have excellent experience factors resulting in the insurance company offering lower liability rates, also, the insurance company performed a reappraisal of Light & Power properties, at their expense, which was a benefit the utility.

Staff recommends acceptance of this proposal and payment to MML for 2009-10 property & Liability Insurance. If the Board is in agreement with staff's recommendation the following motion would be appropriate:

**MOVED BY _____, SECONDED BY _____ THAT THE
LIGHT AND POWER BOARD APPROVE PAYMENT TO THE MICHIGAN MUNICIPAL
LEAGUE LIABILITY AND PROPERTY POOL IN THE AMOUNT OF \$75,564 FOR FISCAL
YEAR 2009-10 LIABILITY AND PROPERTY INSURANCE.**

Executive Overview

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

The **City of Traverse City** has been a Pool member since **July 1, 1985**.

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

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

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

The insurance and related services described more fully in this proposal are being offered to the **City of Traverse City** for an annual premium of **\$383,726**.

Traverse City Light & Power for an annual premium of **\$75,564**.

Total combined annual premium \$459,290.

*** OPTIONAL QUOTE: Sewer & Drain Backup Liability**
\$38,566 additional premium for \$100,000 annual aggregate sublimit.

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

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

Our Mission

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

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

Your Team of Experts



Connie Monson
Municipal Account Executive
(231) 276-6499



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



Ellen Skender
248-204-8582



Joan Opett
248-204-8579

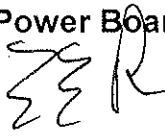
Customer Service Representatives



Carol Zeneberg
Claims Manager
(616) 942-0311



TRAVERSE CITY
LIGHT & POWER

To: Light and Power Board
From: Ed Rice 
Date: June 5, 2009
Subject: 2009 Strategic Plan Objectives

Attached are a set of objectives that were devised by staff that support the Light & Power strategic goals.

In January of 2009 the Light & Power Board and staff met on two separate occasions in open sessions to formulate the department's strategic plan and goals. The strategic plan was subsequently adopted by unanimous vote on February 10, 2009.

The strategic plan was developed based on input from several sources including customer surveys; public comment from board meetings; recommendations from COFAC; public comment from previous public forums; citizen comment to board members, and; recently enacted State of Michigan legislation.

Much of the strategic plan requires budgetary support. The Light & Power Six Year Capital Improvement Plan and 2009/10 Operating Budget were unanimously approved by the Light & Power Board on February 24, 2009 and March 24, 2009 respectively, and subsequently by the City Commission on June 1, 2009.

The staff believes that the presented objectives are challenging yet achievable and support the Light & Power strategic direction for the department.



Strategic Goals & Objectives

1. Ensure employee and public safety.
 - Develop and implement a new and revised Customer Disconnect Policy by 10/1/09 (TA/ER)
 - Develop and implement a LT/NLT employee safety incident rate reporting system by 1/1/10 (DK)
 - Develop and implement an Accident Reporting Policy by 1/1/10 (DK)
 - Develop and implement a safety suggestion system by 1/1/10 (DK)
 - Develop and implement a Service Center disaster drill by 1/1/10 (DK)
 - Develop and implement bi-annual total system surveys by 10/1/09 (RS)

2. Achieve 30% of our electric power requirements through renewable energy resources by 2020, as financially responsible.
 - Achieve PA295 RPS requirements (KF/ER)
 - 2012 – 2%
 - 2013 – 5%
 - 2014 – 9%
 - 2015 – 10%
 - Develop 10MW of installed wind generation by 1/1/14 (KF/ER)
 - Develop 30 MW of installed biomass generation by 12/31/19 (KF/ER)
 - 10MW – 2015
 - 10MW – 2017
 - 10MW – 2019
 - Develop 2MW of installed solar generation by 1/1/14 (DZ/JC/ER)

3. Insulate customer rates from volatile power market prices.
 - Complete an Integrated Resource Plan by 12/1/09 (KF)
 - Develop and implement an Energy Supply Risk Management Policy by 6/1/10 (MR/ER)
 - Acquire a two (2) year electric generation power pool renewable contract by 6/1/10 (KF/ER)
 - Limit generation expenses to budget (\$18.916m) (ER)

4. Provide a high level of system reliability.
 - Complete a new 69kV source into town by May 2011 (GD)
 - Complete the distribution load flow analysis by 1/1/2012 (GD)
 - Complete the south distribution substation by 7/1/2011 (GD)

- Complete a pole inspection program by 11/1/2012 (RS)
 - Improve SCADA capabilities by 10/1/09 (DZ)
 - Develop a Disaster Recovery Program by 6/1/10 (MR)
 - Develop and implement distribution design standards by 1/1/11 (GD)
5. Improve customer and community relations.
- Complete the 2009 Customer Survey by 8/1/09 (JC)
 - Revamp the Light & Power website by 6/1/10 (JC/JD)
 - Convene an open house at Hastings Street Service Center October 2009 (staff)
 - Develop and deploy an informational program for renewable generation initiatives by 10/1/09 (JC)
 - Implement an online customer billing system by 4/1/10 (TA)
6. Establish TCL&P as a leader in sustainable energy strategies.
- Implement the PA295 EO plan by 1/1/10 (JC)
 - Implement feed in tariff and net metering processes by 6/1/10 (JC/TA)
 - Install solar panels on Hastings Street Service Center by 6/1/10 (DZ)
(*Pending an engineering evaluation*)
7. Instill a culture of continuous improvement throughout the organization.
- Develop an ACT performance appraisal system by 10/1/09 (DK/ER)
 - Acquire an additional \$40,000 in revenues for the Fiber Fund by 6/1/10 (DZ)
 - Continue quarterly all-employee meetings (ER)
 - Continue employee recognition program (ER)
 - Develop and implement a pay for performance salary administration program for ACT employees by 9/1/09 (DK/ER)
 - Implement a performance evaluation system for union employees by 1/1/10 (MR/RS)
 - Limit non generation operation expenses to budget (\$8.413m) (TA/ER)
 - Perform semi-monthly crew visits (ER)
8. Acquire diversified electric generation assets, including local generation.
- Install biomass, solar and wind generation by 12/31/19 (staff)
 - Acquire local renewable generation sites per following schedule: (KF/ER)
 - 1st site – 1/10
 - 2nd site – 1/11
 - 3rd site – 1/13
 - 4th site – 1/15