



Notice
City Commission and
Traverse City Light and Power Board
Joint Study Session

7:00 PM

Monday, February 10, 2014

Governmental Center, Commission Chambers, 400 Boardman Avenue

Traverse City, MI 49684

Posted and Published: 02-07-14

The meeting informational packet is available for public inspection at the Traverse Area District Library, Law Enforcement Center, City Manager's Office, and City Clerk's Office. The City of Traverse City does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs or activities. Makayla Vitous, Assistant City Manager, 400 Boardman Avenue, Traverse City, MI 49684, 922-4440-TDD: 922-4412, has been designated to coordinate compliance with the non-discrimination requirements contained in Section 35.107 of the Department of Justice regulations. Information concerning the provisions of the Americans with Disabilities Act, and the rights provided thereunder, are available from the ADA Coordinator. If you are planning to attend and you have a disability requiring any special assistance at the meeting and/or if you have any concerns, please immediately notify the ADA Coordinator.

At the request of City Manager Jered Ottenwess, City Clerk Benjamin Marentette has called this study session.

City Commission:

c/o Benjamin C. Marentette, CMC, City Clerk

(231) 922-4480

Email: tcclerk@traversecitymi.gov

Web: www.traversecitymi.gov

400 Boardman Avenue

Traverse City, MI 49684

The mission of the Traverse City City Commission is to guide the preservation and development of the City's infrastructure, services, and planning based on extensive participation by its citizens coupled with the expertise of the city's staff. The Commission will both lead and serve Traverse City in developing a vision for sustainability and the future that is rooted in the hopes and input of its citizens and organizations, as well as cooperation from surrounding units of government.

Welcome to the Joint Study Session!

Any interested person or group may address the Commission and Traverse City Light and Power Board on any agenda item when recognized by the presiding officer or upon request of any commissioner. Also, any interested person or group may address the Commission and Traverse City Light and Power Board on any matter of City concern not on the Agenda during the agenda item designated Public comment. The comment of any member of the public or any special interest group may be limited in time. Such limitation shall not be less than five minutes unless otherwise explained by the presiding officer, subject to appeal by the Commission.

Agenda

Pledge of Allegiance

Roll Call

1. Presentation of Traverse City Light and Power's Strategic Plan and general discussion regarding other Traverse City Light and Power matters. (Jered Ottenwess, Tim Arends)
2. Public comment.
3. Announcements from the City Clerk. (Benjamin Marentette)
4. Adjournment.



Communication to the City Commission

FOR THE CITY COMMISSION MEETING OF FEBRUARY 10, 2014

DATE: FEBRUARY 7, 2014

FROM: JERED OTTENWESS, CITY MANAGER

SUBJECT: FEBRUARY 10 STUDY SESSION

This memo covers Monday evening's meeting, which is a Joint Study Session of the City Commission and Traverse City Light and Power Board.

Attached is a memo from Traverse City Light and Power Executive Director Tim Arends with background information in connection with Monday evening's Joint Study Session.

As explained by Mr. Arends, the following are key topics Mayor Michael Estes and Traverse City Light and Power Board Chairman Patrick McGuire developed for the Joint Study Session:

- TCL&P's recently-approved strategic plan (a brief Powerpoint presentation overviewing the plan will be presented Monday evening)
- Power Supply
- Energy efficiency
- Surplus TCL&P property – Coal Dock
- Attorney Opinion – TCLP activities
- Other discussion items

JJO/bcm


copy: Tim Arends, Traverse City Light and Power Board

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FOR THE LIGHT & POWER BOARD & CITY COMMISSION JOINT STUDY
SESSION OF FEBRUARY 10, 2014



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board and City Commissioners
From: Tim Arends, Executive Director 
Date: February 4, 2014
Subject: Joint Study Session Topics Overview

The Mayor and Board Chairman have discussed pertinent topics to be covered at the upcoming study session and agreed as follows:

- TCL&P's recently approved strategic plan
- Power Supply
- Energy efficiency
- Surplus TCL&P property – Coal Dock
- Attorney Opinion – TCL&P activities
- Other discussion items

STRATEGIC PLANNING (packet materials included):

At its last board meeting, the TCL&P Board approved a new strategic plan for the utility. This nearly six-month process was the most extensive planning process for the public power utility in recent memory. Board members agreed to start from a blank page and identified the most significant strategic issues facing the utility today and into the future. The process involved participation from the board, all utility staff, and residential and commercial customer focus groups. The full strategic plan is in your packet for your review; a brief power point presentation will be made for the benefit of the commission and public. The board is open to any and all feedback regarding the Plan or process.

POWER SUPPLY (packet includes pie chart):

TCL&P is currently under contract for approximately 50% of its energy supply from Lansing Board of Water & Light through a power purchase agreement that expires at the end of 2015. Recognizing that a decision about future power supply for the utility must be made by the end of this calendar year, the board has embarked on a thorough power supply (electric industry) education program with assistance of an independent contractor. The contractor and other key contributors have/will educate the Board on the electric operating environment, transmission, financial analysis of the Kalkaska Combustion Turbine (which TCL&P has 76% interest), the need for new generation, environmental requirements and local issues, financial – cost - revenue requirements, the generation/power supply planning process, independent vs. participation with others, and the development of goals and guidelines.

FOR THE LIGHT & POWER BOARD & CITY COMMISSION JOINT STUDY SESSION OF FEBRUARY 10, 2014

All of this education is to bring the board to a level of making an informed decision regarding future power supply for TCL&P. A critical milestone in the process of securing future power supply is the decision to pursue local generation vs. continuing to purchase power through power purchase agreements, and relying on the transmission system to ensure reliable power for the area. The board is half of the way through this education process and would like the Commission's input on local generation as an option in securing future power supply for the utility.

ENERGY EFFICIENCY (packet materials included):

In 2008, Public Act 295 required all electric utilities to achieve 10% of its generation from renewable sources by 2015; in addition, the law required that all electric utilities implement energy efficiency programs to low income, residential and commercial customers with those plans to be submitted and approved by the Michigan Public Service Commission. This calendar year, TCL&P must achieve a 1% of sales reduction in kWh's sold through energy efficiency programs. Enclosed in your packet is the historical budgeted vs. actual expense information for this significant program.

In addition to its internal efforts regarding energy efficiency programs, the board recently joined forces with the Chamber of Commerce in contributing to its commercial lending program for energy efficient projects. The utility is allowed to claim the kWh savings to comply with the law, while utilizing an established successful program without the burden of administrating the program. When/if that program ceases to operate, the funds will be returned to the City and TCL&P.

Also, TCL&P has revived the TC Saves program with the Michigan Land Use Institute and SEEDS. The City administered a grant program in recent years that earned acclaim from the State as one of its most successful programs. Residents will once again be able to improve the energy efficiency of their homes through this established program with low interest rate loans from local financial institutions.

The board has expanded its expectations of utility staff to not just administer programs to achieve the required kWh annual savings, but to implement the most cost effective programs that achieve the maximum kWh savings per dollar spent, and to focus on administering programs aimed at reducing the utility's peak demand for electricity that either reduced the peak or shifts the use to off-peak periods.

Board and staff will address any questions or concerns raised at the meeting.

COAL DOCK (packet materials included):

Recently, the Discovery Center Great Lakes and Rotary Camps and Services presented a proposal to the TCL&P Board for its future use of the coal dock and coal storage area along M-22. As you know, the utility no longer has a use for this property as the power plant has been dismantled; at this time, the utility sees no future use for the property, however, it does see a value in maintaining the deep water port in the public domain.

Over the years the question has been raised as to whether the property should remain that of TCL&P or revert back to the city for its management and oversight, and/or sold at market value. As a basis for your discussion, the City purchased the property for \$215,000 in 1978; it was recently appraised at \$2.68 million. Also included in your packet is a letter from W. Peter Doren, TCL&P General Counsel, regarding potential options for the city/utility as it relates to proceeding with the proposal from Discovery Center and Rotary.

FOR THE LIGHT & POWER BOARD & CITY COMMISSION JOINT STUDY
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The TCL&P Board is interested in the City Commission's opinion on the future of the coal dock property.

ATTORNEY OPINION – TCL&P ACTIVITIES (packet materials included):

Another issue that has been raised for many years is whether the city commission may authorize by ordinance that TCL&P may venture into such other businesses not specifically authorized in the city's charter. It was the consensus of the Board to obtain an outside attorney opinion related to this issue - specifically the Telecommunications Ordinance and Public Wharves Ordinance. Commissioner Budros requested that this opinion be shared with the City Commission for its information. Included in your packet is a summary of conclusions. For the complete opinion please contact me.

OTHER DISCUSSION ITEMS (verbal – no packet materials)