

**A REGULAR MEETING**

Of The

**TRAVERSE CITY LIGHT AND POWER BOARD**

Will Be Held On

**TUESDAY, March 8, 2016**

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.

Stephanie Tvardek  
Administrative Assistant  
1131 Hastings Street  
Traverse City, MI 49686  
(231) 922-4940 ext. 201

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

Posting Date: 03-04-16  
4:00 p.m.

## AGENDA

### **Pledge of Allegiance**

#### **1. Roll Call**

#### **2. Consent Calendar**

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

- a. Consideration of approving minutes of February 23, 2016. (Approval recommended) (p. 3)
- b. Consideration of approving Board Policies:
  1. Time Card Policy. (Approval recommended) (Schroeder) (p. 8)
  2. Employee Conduct Policy. (Approval recommended) (Schroeder) (p. 10)
- c. Consideration of approving a Consultant Agreement with CS Research & Consulting, LLC for the 2016 Funding Survey. (Approval recommended) (Schroeder) (p. 12)
- d. Consideration of authorizing a purchase order to RESCO in the amount of \$196,083 for transmission poles for the LaFranier/Barlow Transmission Line Upgrade project. (Approval recommended) (Schimpke) (p. 20)

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

None.

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

None.

#### **5. Appointments**

None.

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

- a. From Legal Counsel.
- b. From Staff.
  1. Review of 2016-17 Electric Fund budget. (Myers-Beman) (p. 22)
- c. From Board.

#### **7. Public Comment**

/st

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Regular Meeting  
Held at 5:15 p.m., Commission Chambers, Governmental Center  
Tuesday, February 23, 2016

**Board Members -**

Present: Pat McGuire, Jeff Palisin, Amy Shamroe, Tim Werner, John Taylor

Absent: Bob Spence, Jan Geht

**Ex Officio Member -**

Present: Marty Colburn, City Manager

**Others:** Tim Arends, Scott Menhart, Karla Myers-Beman, Pete Schimpke, Kelli Schroeder, Stephanie Tvardek

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

5:16 p.m. Tim Werner joined the meeting.

Tim Arends requested item 2d be removed from the Consent Calendar for full discussion.

Marty Colburn, requested item 2e be removed from the Consent Calendar for full discussion.

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

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

- a. Minutes of the Regular Meeting of February 9, 2016.
- b. Declare capital asset items surplus.
- c. Fiber fund budget.
- d. *Removed from the Consent Calendar.*
- e. *Removed from the Consent Calendar.*

CARRIED unanimously. (Spence, Geht absent)

**Items Removed from the Consent Calendar**

- a. Consideration of authorizing an additional \$50,000 for the energy efficiency revolving loan fund held with Venture North.

The following individuals addressed the Board:

Tim Arends, Executive Director

Moved by McGuire, seconded by Palisin, that the Board authorizes the Executive Director to transfer an additional \$100,000 to Venture North to increase the TCL&P Energy Efficiency Revolving Loan Fund Program to a balance of \$200,000 and that the revolving loan fund be capped at \$200,000, and modify the current letter of understanding with Venture North to reflect that cumulative loan balance (reflected as a long term receivable on TCL&P balance sheet) with a Fourth Letter of Understanding subject to General Counsel review.

CARRIED unanimously. (Spence, Geht absent)

- b. Consideration of adopting a Capital Improvement Decision Sequence Policy.

The following individuals addressed the Board:

Marty Colburn, City Manager  
Tim Arends, Executive Director

It was the consensus of the Board to create an executive order instead of a policy for the Capital Improvement Decision Sequence.

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

None.

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

1. Consideration of solar avoided cost rate tariff and setting of a Public Hearing.

The following individuals addressed the Board:

Karla Myers-Beman, Controller  
Mark Beauchamp, Utility Financial Solutions  
Tim Arends, Executive Director  
Marty Colburn, City Manager

Moved by McGuire, seconded by Shamroe, that the Board authorizes the Secretary to set a public hearing for the proposed solar avoided cost rate tariff to be held at the March 8, 2016 regular meeting; and further that a notice of the public hearing be posted on the utility's website and placed in the Traverse City Record Eagle.

The following individuals from the public addressed the Board:

Mary Van Valin, 871 Webster, Ratepayer  
Dan Worth, Glen Arbor, Non-ratepayer  
Jim Dulzo, Groundwork Center, Ratepayer  
Marcia Curran, 800 Cottageview Drive, Ratepayer

Roll Call:

Yes – McGuire, Palisin  
No – Shamroe, Werner, Taylor

Motion failed. (Spence, Geht absent)

2. Consideration of Pole Replacement Project Authorization request.

The following individuals addressed the Board:

Pete Schimpke, Manager of Operations & Engineering  
Tim Arends, Executive Director

Moved by McGuire, seconded by Werner, that the Board approve as presented the Pole Replacement Project and directs staff to solicit material quotes for the Board's consideration of approval.

CARRIED unanimously. (Spence, Geht absent)

**Item 5 on the Agenda being Appointments**

None.

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

a. From Legal Counsel.

None.

b. From Staff.

1. Karla Myers-Beman presented the December 31, 2015 financial statements.

The following individuals addressed the Board:

Tim Arends, Executive Director

2. Pete Schimpke presented a system study proposal.

The following individuals addressed the Board:

Tim Arends, Executive Director

c. From Board.

None.

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

No one from the public commented.

There being no objection, Chairman Taylor declared the meeting adjourned at 7:10 p.m.

/st

---

Tim Arends, Secretary  
LIGHT AND POWER BOARD



**TRAVERSE CITY  
LIGHT & POWER**

---

**To:** Light & Power Board  
**CC:** Timothy Arends, Executive Director  
**From:** Kelli Schroeder, Manager of HR & Communications  
**Date:** March 2, 2016  
**Subject:** Time Card Policy  
Employee Conduct Policy

A handwritten signature in black ink, appearing to be 'Kelli Schroeder', is written over the 'From:' line of the memo.

---

As indicated to the Board in previous memos, staff continues to thoroughly review existing policies, amend as necessary and incorporate new as gaps are identified. Included in your packet for review are two areas in which no formalized guidelines were implemented and staff is recommending approval of new policies to address these areas.

The first is a Time Card Policy that outlines the procedures for non-exempt employees when recording time worked and requesting time-off to ensure consistency and accurate record keeping.

The second is an Employee Conduct Policy which provides guidelines on what is expected of TCL&P employees and lists examples of conduct that is unacceptable along with the steps the employer will take should unacceptable workplace behavior or conduct occur.

Staff recommends that the Board approve the proposed policies. 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 means 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, individually, 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 motions would be appropriate:

**(RECOMMENDED MOTIONS ON NEXT PAGE)**

FOR THE LIGHT & POWER BOARD MEETING OF MARCH 8, 2016

**1. TIME CARD POLICY:**

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

THAT THE BOARD ADOPTS THE TIME CARD POLICY AS PRESENTED WITH AN IMMEDIATE EFFECTIVE DATE.

**2. EMPLOYEE CONDUCT POLICY:**

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

THAT THE BOARD ADOPTS THE EMPLOYEE CONDUCT POLICY AS PRESENTED WITH AN IMMEDIATE EFFECTIVE DATE.

Light and Power Department  
City of Traverse City, MI  
Adopted:

### TIME CARD POLICY

This Policy is applicable to the Traverse City Light and Power Department (TCL&P) and covers all non-exempt employees (“employee”).

#### Purpose

To provide guidance and set procedures on the responsibility of an employee to accurately complete their time card on a daily basis and to review and verify that their time card is correct upon the completion of each pay period.

#### Procedures

1. A time card (either electronic or paper) shall be provided to each employee at the beginning of each pay period.
2. The employee must accurately complete their time card on a **daily** basis and complete the total hours worked at the conclusion of each pay period. Those employees covered by the union contract must utilize the Time Clock or other mechanism provided by Administration to document the start and end time of each day.
3. Should the employee need to leave the service center for non-work business the employee must punch out when leaving and upon return punch back in.
4. Employees are not allowed to punch in more than seven minutes before/after their workday begins and ends unless overtime is authorized by their supervisor.
5. In the case of paper time cards they must be legible and complete and marked with pen.
6. The union contract must be followed in determination of overtime, double time, type of leave to be used, work period, lunch times, above grade pay, rest time, shift pay, standby pay (OC) et cetera. If drive time is payable the total amount of hours must be written in reflecting the time to arrive and depart from to home/service center under the category drive. If an employee is authorized to work through lunch this must be checked (WL box) on the time card.
7. All corrections and modifications made on the time card must include the initials of the employee and their direct supervisor. The supervisor and/or employee should provide additional comments when clarification is needed or requested.
8. Employees must NOT ever punch in or out another employee or in any way alter another employee’s time card.
9. Authorizations for any leave time must be approved by the supervisor and documented via an authorization slip or email turned in **before** the leave is taken, unless it’s a leave that is called in prior to the beginning of the work day in which case the leave slip must be turned in at the start of the next worked day



10. There shall be no falsification or inclusion of any unauthorized entries on any time card.
11. At the completion of the pay period, an employee signature (electronic or physical) is required to signify that the employee has reviewed and verified their time card is correct.
12. Time cards must be submitted to the employee's direct supervisor by 9:00 am on the first Monday after each payroll period ends.
13. The signature of the employee's direct supervisor is required to signify that they have reviewed the signed employee time card and approved it for payment.
14. Following review of the direct supervisor and recording by the Administrative Assistant, the original time cards must be submitted to Human Resources.
15. Supervisors shall monitor employees and ensure compliance to all utility's policies and procedures.
16. Management has the right to modify the time card template at any time.

Failure to comply with any of these procedures is unacceptable and may be subject to disciplinary action, up to and including termination of employment.

---

Timothy Arends  
Executive Director and Secretary  
Traverse City Light and Power Board

Light and Power Department  
City of Traverse City, MI  
Adopted:

## EMPLOYEE CONDUCT

This Policy is applicable to the Traverse City Light and Power Department (TCL&P) and covers all administrative and bargaining unit employees, part-time employees, temporary/seasonal employees, consultants and contractors.

### Purpose

TCL&P has an obligation to observe a standard of ethical and moral conduct that will ensure orderly, productive and safe operations as well as public confidence in the integrity of the organization.

TCL&P expects all administrative and bargaining unit employees, part-time employees, temporary/seasonal employees, consultants and independent contractors to follow these rules of conduct while on utility property, performing work on behalf of the utility and attending utility functions.

### Procedure

Although it is not possible to list all forms of behavior that are considered unacceptable in the workplace, the following are examples of actions and behavior that will result in discipline, up to and including termination of employment:

- Falsification of employment records, employment information or other such records.
- Recording the work time of another employee, allowing any other employee to record the employee's work time, or allowing falsification of any time card, whether yours or another employee's.
- Theft or the deliberate or careless damage of TCL&P property or the property of any employee, customer, contractor, vendor on premises owned or occupied by TCL&P.
- Committing a dishonest act of deceit, falsehood or other fraudulent act that results in damage to TCL&P or the City of Traverse City.
- Conviction of a felony or a misdemeanor involving moral turpitude.
- Violation of any of the provisions of the merit system or of the regulations of the union contract.
- Violation of any lawful official regulation or order or failure to obey any proper direction made and given by a superior.
- Possession and/or being under the influence of intoxicants or illegal drugs while on duty.
- Acts of insubordination or disgraceful conduct while on duty.

- Offensive conduct or language in public towards a member of the public, a city official or another employee on duty.
- Fighting, threatening violence, or any other unlawful or unwelcome harassment in the workplace as outlined in the Workplace Violence Prevention Policy.
- Sexual harassment as outlined in the Sexual Harassment Policy.

### **Investigation**

Unacceptable workplace behavior shall be reported immediately to a supervisor or the TCL&P Human Resource Department. Reports can be made anonymously and all reported incidents will be investigated. Reports or incidents warranting confidentiality will be handled appropriately and information will be disclosed to others only on a need-to-know basis, except: (a) to the extent necessary to pursue resolution; (b) to the extent that disclosure is required by law, including the Freedom of Information Act; (c) to the extent that disclosure, including disclosure that exculpates, is required by the ordered remedy or corrective action; (d) to the extent that the Executive Director reasonably deems disclosure appropriate to effectuate a remedy or corrective action for the benefit of TCL&P.

Allegations and infractions of unlawful discrimination or unlawful harassment shall be resolved according to the processes and procedures outlined in TCL&P Board adopted policies, as well as federal, state and local laws and regulations.

Infractions or misconduct of bargaining unit employees will be handled in accordance with the language and processes outlined in the Collective Bargaining Agreement.

### **Retaliation**

TCL&P prohibits retaliation, including but not limited to making any threatening communication by verbal, written and/or electronic means, against any individual who reports and/or provides any information concerning unacceptable behavior, unlawful discrimination, harassment and/or other violations of TCL&P policies, rules and procedures. Any employee found engaging in retaliation will be subject to disciplinary action up to and including termination.


---

Timothy Arends  
Executive Director and Secretary  
Traverse City Light and Power Board



**TRAVERSE CITY  
LIGHT & POWER**

---

**To:** Light & Power Board  
**CC:** Timothy Arends, Executive Director  
**From:** Kelli Schroeder, Manager of HR & Communications   
**Date:** March 2, 2016  
**Subject:** 2016 Customer Satisfaction Survey and Funding Survey

---

As you are aware, based on discussions at the February 9 board meeting, a determination was made that two surveys, one for overall customer satisfaction and a smaller one for City project funding was needed in order to focus on each issue independently. The change to two separate surveys broadened the scope of the Market Research - Customer Survey Request for Proposal submitted by CS Research and Consulting LLC and as a result, an additional proposal was submitted to perform the second independent funding survey.

Included in your packet are both the original proposal and the proposal for the second funding survey. The original proposal, at a cost not to exceed \$24,281.25, was within the Executive Director's spending authority and a Consultant Agreement was executed. However, because both surveys fall under the same project "umbrella", the total project cost now exceeds the Executive Director's spending authority.

Staff is recommending that the Board confirm the current Agreement in place for the overall Customer Satisfaction Survey at a not to exceed amount of \$24,281.25, and approve the additional funding survey proposal in the not to exceed amount of \$11,275, for a total project cost not to exceed \$35,556.25.

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:

**(RECOMMENDED MOTION ON NEXT PAGE)**

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

**THAT THE BOARD CONFIRMS THE CONSULTANT AGREEMENT WITH CS RESEARCH & CONSULTING, LLC FOR MARKET RESEARCH – CUSTOMER SATISFACTION SURVEY IN THE NOT TO EXCEED AMOUNT OF \$24,281.25, AND APPROVES AN ADDITIONAL CONSULTANT AGREEMENT WITH CS RESEARCH & CONSULTING, LLC IN THE NOT TO EXCEED AMOUNT OF \$11,275 FOR THE 2016 FUNDING SURVEY, FOR A TOTAL PROJECT NOT TO EXCEED AMOUNT OF \$35,556.25**



TRAVERSE CITY  
LIGHT & POWER

## **Market Research – Customer Survey**

**A Proposal Prepared for  
Traverse City Light & Power**

*Submitted by:*

**CS Research & Consulting, LLC**

*Dr. Cathlyn Sommerfield, Principal*

**August 7, 2015**

## *Table of Contents*

---

<b>Section</b>	<b>Page</b>
<b>I. Objective .....</b>	<b>2</b>
<b>II. Methodology .....</b>	<b>2</b>
<i>Telephone Survey Research.....</i>	<i>2</i>
<i>Alternative Service Option.....</i>	<i>2</i>
<b>III. Scope of Work.....</b>	<b>3</b>
<b>IV. Proposed Key Tasks, Time Line and Deliverables.....</b>	<b>3</b>
<b>V. Fees .....</b>	<b>4</b>
<b>VI. CS Research &amp; Consulting, LLC Qualifications/Business Credentials .....</b>	<b>4</b>
<b>VII. References and Additional Relevant Experience.....</b>	<b>5</b>
<b>Appendix A      Resume</b>	

# 2015 TCL&P Customer Survey

## I. Objective

The purpose of the proposed customer survey is to better understand and improve the level of satisfaction Traverse City Light & Power customers have with services provided by TCL&P, as well as to determine customer expectations with respect to current and future project and program funding. The research at hand will inform TCL&P's planning and implementation decisions. CS Research & Consulting (CSRC) proposes to collect quantitative information from customers as stakeholders in TCL&P's continued improvement efforts.

## II. Methodology

As with all research, there are a variety of ways to collect the same types of information. The "best" method depends on several factors including specific objective, time constraints, and budget. For the current research, CSRC is proposing a telephone survey.

### Telephone Survey Research

Telephone surveys are conducted by trained survey callers. Survey responses are entered directly into the computer via a Computer Assisted Telephone Interviewing system, with data exported to SPSS, a standard statistical analysis package used in the social sciences, for analysis. Analyses will include frequencies, cross-tabulations, significance testing, and gap analysis, as appropriate. CS Research & Consulting can also analyze results along key variables, such as customer class.

Based upon an approximate customer population of 12,500 – comprised of approximately 9,375 (75%) Residential Customers and 3,125 (25%) Commercial/Industrial Customers - a random sample of 369 and 342 respondents, respectively, is required for a 95% confidence level and a +/- 5% margin of error by customer class, providing an approximate +/-3.57% margin of error for the overall customer population.

### Alternative Service Option

**Mail Survey:** Instead of a telephone survey, CSRC may administer a mail survey. The development process proposed is the same, as mail surveys essentially use the same type of survey instrument as telephone surveys, aside from direct routing directions. The survey mailing would include the survey (printed front to back), a cover letter on appropriate letterhead outlining survey objective and the importance of participation, and a pre-paid business reply envelope for easy return of completed surveys directly to CSRC. The advantage of a mail survey is that it is generally less expensive than other higher contact methodologies; the greatest disadvantage is difficulty in ensuring a sample representative of the target population.



### III. Scope of Work

CS Research & Consulting proposes to collect quantitative data, providing insightful data analysis, in support of TCL&P's informed decision making regarding customers' satisfaction and expectations. Research services to be provided include:

- CS Research & Consulting Principal, Dr. Cathlyn Sommerfield, to speak with Survey Ad Hoc Committee at project start to hone research objective, subsequent research questions, and finalize methodology
- Development of Work Plan
- Development of Survey Instrument, in consult with Survey Ad Hoc Committee
- Pilot test and telephone survey administration - minimum of 711 completed surveys, or target number for +/-5% margin of error by customer class
- Data entry and analysis
- Summary Report
- Findings communicated to TCL&P Board; written and electronic summary report provided

### IV. Proposed Key Tasks, Time Line and Deliverables

CS Research & Consulting proposes to complete the above outlined research services, through delivery and presentation of findings, on the following tentative schedule.

<b>Key Task</b>	<b>Approximate Time Line</b>	<b>Deliverable to Client</b>
<ul style="list-style-type: none"> <li>• CS Research &amp; Consulting Principal, Dr. Cathlyn Sommerfield, to speak with Survey Ad Hoc Committee at project start to hone research objective, subsequent research questions, and finalize methodology</li> </ul>	<i>Within 2 weeks of contract agreement</i>	Work plan - to include key tasks and deliverables with associated time line
<ul style="list-style-type: none"> <li>• <b>Development of Work Plan</b></li> </ul>		
<ul style="list-style-type: none"> <li>• Begin drafting survey instrument in consult with Survey Ad Hoc Committee</li> </ul>	<i>Draft/Finalize Survey - 3 weeks</i>	Draft survey/s for review
<ul style="list-style-type: none"> <li>• <b>Finalize survey instrument</b></li> </ul>	<i>Pilot/Field Survey - 4 weeks</i>	Final survey instrument for committee approval
<ul style="list-style-type: none"> <li>• <b>Pilot Test and Field Survey</b></li> </ul>		
<ul style="list-style-type: none"> <li>• Data entry and analysis</li> <li>• Conversation to discuss findings and reporting format</li> </ul>	<i>3 - 4 weeks</i>	Preliminary Summary Report for client review
<ul style="list-style-type: none"> <li>• <b>Generate Summary Report</b></li> </ul>		Final Summary Report
<ul style="list-style-type: none"> <li>• <b>Submit Summary Report</b></li> </ul>		
<ul style="list-style-type: none"> <li>• <b>Presentation of Research Findings to TCL&amp;P Board</b></li> </ul>	<i>1 week</i>	Presentation of Research Findings

**V. Fees**

<i>Estimated Cost</i>	
<b>Research Component</b>	<b>Cost</b>
Initial client conversation and discovery; survey development	
Telephone survey pilot and administration – target of 711 completes, or target number for +/-5% margin of error by customer class – <i>based upon a 10-minute survey</i>	
Programming, data entry and analysis	
Summary report and presentation of results	
<b>Total</b>	<b>\$23,125 +/-5%</b>

**VI. CS Research & Consulting, LLC Qualifications/Business Credentials**

*CS Research & Consulting, LLC*  
**Dr. Cathlyn Sommerfield**



*Principal*

Operating as a Sole Proprietor – Limited Liability Company; one (1) full-time employee, one (1) independently contracted support staff, and five (5) independently contracted research associates/survey interviewers.

*Dr. Cathlyn Sommerfield - Professional Profile*

- Industrial/Organizational Psychologist with over 25 years of experience as survey research, assessment, and consulting professional, focused on meeting client needs through delivery of actionable data used in shaping decisions and services
- Proven ability to develop research and assessment plans tailored to measure objectives and outcomes, implementing strategies to collect relevant data
- Demonstrated ability to manage multiple highly visible projects simultaneously
- Expertise in identifying key issues, challenges and opportunities through individual interviews and focus group facilitation, with emphasis on participant engagement

Staff Allocation

CS Research & Consulting is a full-service research firm, providing research consultation, field/implementation, and analysis in-house. Staff include six contract personnel with an average of 12 years tenure partnering with Dr. Sommerfield on a variety of research initiatives. In the event of telephone survey project overflow, CS Research & Consulting contracts with Barnes Research, Inc., a field service with over 20 years' experience in telephone research implementation. Barnes Research is located at 4920 Plainfield Ave, Grand Rapids, MI, 49525 and may be contacted at 616-363-7643 or [field@barnesresearch.com](mailto:field@barnesresearch.com).

## *CS Research & Consulting, LLC – Project Estimate*

<b>Traverse City Light &amp; Power – 2016 Funding Survey</b>	
	<b>Telephone Survey</b> <b>Date</b> 2/23/2016
<b>Client</b>	Traverse City Light & Power 1131 Hastings Street Traverse City, Michigan 49686 Contact: Kelli Schroeder, PHR, Mgr. of Human Resources & Communications (231) 932-4545; kschoeder@tclp.org
<b>CS Research &amp; Consulting, LLC</b>	Cathlyn Sommerfield, Ph.D. <i>Principal</i> Traverse City, MI 49686 231.883.2577; cathlynsommerfield@gmail.com
<b>Services</b>	<p>Research services to be provided include:</p> <ul style="list-style-type: none"> <li>• survey development consultation</li> <li>• select survey sample; customer files/contact info provided by TCL&amp;P</li> <li>• survey pilot</li> <li>• CATI implementation; telephone survey conducted with a random sample of TCL&amp;P commercial/industrial and residential customers. Total sample of 400, comprised of customers proportionate to revenue contribution - 320 (80%) commercial/industrial customers and 80 (20%) residential customers. Based upon an approximate total of 12,500 customers, results in a +/- 5.39% margin of error for commercial/industrial customers and +/-10.28% margin of error for residential customers.</li> <li>• data entry/analysis: frequencies – overall and by customer type, cross-tabulations by customer type, significance testing</li> <li>• final report</li> <li>• one working session to review results</li> <li>• presentation to TCL&amp;P Board</li> </ul>
<b>Work Plan</b>	TBD; Anticipated to field March, 2016, with final report delivery May, 2016
<b>Cost Estimate</b>	\$10,250 +/-10% <i>Based on 5-variable survey; closed variables</i>
<b>Signature</b> CS Research & Consulting, LLC Representative	<b>Signature</b> TCL&P Representative



**TRAVERSE CITY  
LIGHT & POWER**

---

**To:** Light & Power Board  
**From:** Pete Schimpke, Manager of Operations & Engineering *PS*  
**Date:** March 4, 2016  
**Subject:** LaFranier/Barlow Transmission Line Upgrade Project

---

On Wednesday, March 2, 2016, two bids were received for wood transmission poles and two bidders chose not to bid. GRP Engineering, Inc. ("GRP") evaluated the bids and RESCO submitted the lowest total price and can easily meet the requested delivery times.

The Bid prices are:

<u>Vendor</u>	
RESCO	\$196,083
Power Line Supply	\$206,460

RESCO's bid price is also 26% below the estimated cost.

For your review, attached is GRP's letter recommending RESCO. Staff concurs with GRP's recommendation to accept the bid from RESCO in the amount of \$196,083, and recommends the Board authorize the issuance of a purchase order for the poles.

This item is appearing on the Consent Calendar as it is deemed by staff to be a non-controversial item. 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 then the following motion would be appropriate.

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

**THAT THE BOARD AUTHORIZES THE EXECUTIVE DIRECTOR TO ISSUE A  
PURCHASE ORDER TO RESCO IN THE AMOUNT OF \$196,083 FOR  
TRANSMISSION POLES FOR THE LAFRANIER/BARLOW TRANSMISSION LINE  
UPGRADE PROJECT.**

March 3, 2016  
15-0799.01

Mr. Pete Schimpke  
Traverse City Light & Power  
1131 Hastings Street  
Traverse City, MI 49686

**RE: LaFranier Road 69kV Transmission Line  
Wood Pole Bid Evaluation & Recommendation**

Dear Pete:

GRP Engineering, Inc. has completed our evaluation of the wood transmission pole bids received for the LaFranier Road Transmission Line project. Of the four vendors invited to submit bids for purchase of these poles, two responded with complete bids. RESCO submitted the lowest total price with delivery starting in 3 weeks, which meets the project deadlines. List of total bid prices from all vendors is shown below.

<u>Vendor</u>	<u>Total</u>
Power Line Supply	\$206,460.00
RESCO	\$196,083.00

The bid price from RESCO is 26% below the estimated cost of the wood transmission pole purchase. GRP Engineering, Inc. recommends that TCL&P accept the quotation from RESCO. Please contact me should you have any additional questions regarding this evaluation and recommendation.

Sincerely,  
**GRP Engineering, Inc.**



Michael P. McGeehan, P.E.  
Project Manager



TRAVERSE CITY  
LIGHT & POWER

---

**To:** Light & Power Board  
**From:** Karla Myers-Beman, Controller *KMB*  
**Date:** March 1, 2016  
**Subject:** Electric Fund Budget

---

Enclosed for your review is the proposed 2016-17 Electric Fund budget with a supplemental payroll spreadsheet and six year forecasted cash flow that will be discussed at the Regular Meeting scheduled for March 8, 2016.

**ELECTRIC FUND BUDGET**

Overall the fund remained relatively status quo with a few exceptions described below.

**REVENUES**

Utility Sales

Currently, there is no proposed base rate increase in revenues; however, staff plans on bringing to the Board at a later date a revenue neutral increase/decrease to gradually remove the subsidization across rate classes.

The amount of kWh's used for projected 2015-16 retail sales was calculated by taking actual sales through January 31, 2016 and averaging past years billing consumption from February 1 through June 30. The retail sales for the 2015-16 fiscal year was forecasted at a flat half percent to account for annual load growth while taking into consideration energy savings gained through the utility's energy efficiency program over the 2015-16 and prior fiscal years. Estimated consumption and demand was separately included for new customers adding significant load to the system during the upcoming budget year.

The retail sales kWh consumption was then compared to the modeling performed by Michigan Public Power Agency ("MPPA") which takes into consideration weather patterns (heating and cooling days), economy, population characteristics, and past history consumption. Staff analyzed the retail sales kWh consumption to MPPA's forecasted wholesale purchases, it provided a little over 4.74% line loss for projected and 1.81% for budget, both within electric utility industry standards.

## FOR THE LIGHT & POWER BOARD MEETING OF MARCH 8, 2016

Utility sales increase from projected to budget because the power service cost recovery in the budget year increased approximately \$.005 per kWh due to higher per kWh power costs, and the MPPA Competitive Trust Funds used to lower the power service cost recovery being close to depletion at the end of the fiscal year.

### MISO Revenue

The MISO revenue increase reflects the addition of the funds being reimbursed for the East Hammond Substation, Parsons Line and East Transmission Line. Additionally, there is a FERC order, which a decision has not yet been made to reduce the return on investment from 12.38% to 10.0% combined with other formula factors for the calculation of revenue. This reduction has been reflected in the budget year 2016-17 causing a potential reduction in revenue of approximately \$500,000.

### **EXPENSES**

#### Payroll

Staff is enhancing the transparency of salaries and wages/fringe benefits by providing a new supplemental sheet showing the actual salaries and wages/fringe benefits by department and the reclassifications that are made in/out of that department along with the full time equivalents (FTE). The amount of salaries and wages/fringe benefits shown on the budget statements is the net amount reflected in the payroll supplemental sheet as Net Wages/Fringe Benefits Reported. There are many reclassifications that occur during the year that include salaries and wages/fringe benefits being transferred to the Kalkaska Combustion Turbine, Energy Optimization, employees working for other departments or work orders that are capital in nature, and GASB 68 adjustments (new pension standard).

At the September 22, 2015 board meeting, Municipal Employee Retirement System ("MERS") provided an overview of the utility's retirement system. Discussion proceeded with direction from the Board to evaluate accelerated payments to increase the retirement funding percentage level. Staff received 20, 15 and 10 year options based on actuarial value of assets and market value of assets including the cost of the recent new assumptions adopted by MERS (The information provided by MERS is included with the packet). Staff has proposed and included within the budget presentation/cash flow contributions based on the 20 year amortization calculated on the market value of assets. This will cause approximately an additional \$400,000 in cash outflow for the utility. Staff believes this level will provide acceleration of the net pension liability while maintaining what staff believes acceptable levels of cash balances through 2019/20 without deferring capital projects.

#### Generation Expense

Generation expense on a per kWh increased approximately \$.005 primarily as a result of less generation by the Kalkaska Combustion Turbine along with small increases in per kWh costs of the other generation sources. Over the past few years the plant has been called to run by MISO

## FOR THE LIGHT & POWER BOARD MEETING OF MARCH 8, 2016

for reliability purposes, however, there is thought that once the Wolverine Plant is constructed MISO will call the new plant to run instead of the Kaskaska Combustion Turbine. This causes the costs for this generating source to increase because of the loss of generation revenue recovering fixed costs and increases the per kwh rate because of less kWh's to spread the fixed costs over.

The budget reflects the replacement of the purchase power contract with Lansing Board of Water and Light to the bilateral contracts purchased through MPPA Energy Services.

### **Other Items**

Staff has specifically reviewed the strategic plan to ensure all necessary expenses are included within the budget amounts to allow staff to meet the goals included in the plan.

### **CASH FLOW**

Overall cash flow shows the utility being in compliance with the utility's cash reserve policy.



City of Traverse City, Michigan  
**TRAVERSE CITY LIGHT & POWER DEPARTMENT**  
 2016-17 Budgeted Revenues and Expenses Summary

	FY 13/14 Actual	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Projected	FY 16/17 Requested
<b>Operating Income:</b>	\$ 35,292,126	\$ 37,143,589	\$ 35,928,700	\$ 35,697,300	\$ 37,091,900
<b>Operating Expenses:</b>					
<b>Generation Expenses:</b>					
Capacity	\$ -	\$ 12,000	\$ 672,000	\$ 539,000	\$ 745,000
Purchased Power - MISO	128,612	(358,421)	257,800	817,000	1,401,000
Purchased Power - Lansing BWL	5,950,586	5,675,258	3,091,000	2,874,000	0
Stoney Corners - Wind Energy	2,890,566	2,819,687	3,257,000	3,227,500	3,170,000
Combustion Turbine Power Cost	3,081,983	3,364,832	4,714,000	3,840,600	4,272,000
Campbell #3 Power Cost	5,372,167	4,850,934	4,580,000	4,066,600	4,412,000
Belle River #1 Power Cost	5,191,796	5,349,402	4,364,000	3,770,000	4,187,000
Landfill Gas - Granger Project	396,367	494,766	1,127,000	800,000	1,118,000
M-72 Wind Turbine	-	8,890	42,000	37,000	37,000
Bilateral Contracts	3,345	292,322	2,357,000	2,522,000	4,286,000
Other Generation Expenses	203,704	345,503	317,100	357,550	449,650
<b>Total Generation Expenses</b>	<b>23,219,126</b>	<b>22,855,173</b>	<b>24,778,900</b>	<b>22,851,250</b>	<b>24,077,650</b>
<b>Distribution Expenses:</b>					
Operations & Maintenance	3,355,752	3,530,929	3,976,150	4,011,750	3,886,250
<b>Transmission Expenses:</b>					
Operations & Maintenance	299,449	406,584	359,300	401,300	437,000
<b>Other Operating Expenses:</b>					
Metering & Customer Accounting	479,851	568,692	521,500	548,050	559,350
Conservation & Public Services	440,260	513,302	679,400	607,520	486,000
Administrative & General	753,148	834,938	901,800	946,950	1,187,800
Insurance	59,502	57,875	63,000	63,000	65,500
Depreciation Expense	2,027,184	2,157,940	2,150,000	2,300,000	2,525,000
City Fee	1,775,851	1,863,259	1,801,000	1,790,000	1,870,000
<b>Total Other Operating Expenses</b>	<b>5,535,796</b>	<b>5,996,006</b>	<b>6,116,700</b>	<b>6,255,520</b>	<b>6,693,650</b>
<b>Total Operating Expenses</b>	<b>32,410,123</b>	<b>32,788,692</b>	<b>35,231,050</b>	<b>33,519,820</b>	<b>35,094,550</b>
<b>Operating Income</b>	<b>\$ 2,882,003</b>	<b>\$ 4,354,897</b>	<b>\$ 697,650</b>	<b>\$ 2,177,480</b>	<b>\$ 1,997,350</b>
<b>Non Operating Revenues/(Expenses):</b>					
Non Operating Revenues	1,149,156	544,543	456,750	484,200	369,200
Non Operating Expenses	-	(428,620)	-	-	-
<b>Total Non Operating Revenue</b>	<b>1,149,156</b>	<b>115,923</b>	<b>456,750</b>	<b>484,200</b>	<b>369,200</b>
<b>OTHER FINANCING SOURCES:</b>					
Transfers in	-	-	-	175,000	175,000
<b>Net Income</b>	<b>\$ 4,031,159</b>	<b>\$ 4,470,820</b>	<b>\$ 1,154,400</b>	<b>\$ 2,836,680</b>	<b>\$ 2,541,550</b>

City of Traverse City, Michigan  
**TRAVERSE CITY LIGHT & POWER**  
 2016-17 Budgeted Revenues and Expenses

	FY 13/14 Actual	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Projected	FY 16/17 Requested
<b>OPERATING REVENUES:</b>					
Residential Sales	\$ 6,382,044	\$ 6,612,011	\$ 6,338,000	\$ 6,100,000	\$ 6,375,000
Commercial Sales	15,612,427	16,392,293	15,766,500	15,300,000	16,150,000
Industrial Sales	9,950,825	10,788,926	10,040,000	9,800,000	10,770,000
Public Authority Sales	296,800	317,521	286,000	300,100	315,000
Street Lighting Sales	195,178	199,517	195,000	195,000	195,000
Yard Light Sales	79,551	86,531	82,000	80,000	82,000
Forfeited Discounts	57,695	73,522	60,000	70,000	70,000
Merchandise and Jobbing	43,443	115,918	187,000	281,500	64,200
Recovery of Bad Debts	188	30	200	200	200
Sale of Scrap	34,332	30,804	35,000	35,000	35,000
Miscellaneous Income	37,383	42,535	38,500	33,000	33,000
Refunds and Rebates	1,413	2,481	500	2,500	2,500
MISO Revenue	2,600,847	2,481,500	2,900,000	3,500,000	3,000,000
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 35,292,126</b>	<b>\$ 37,143,589</b>	<b>\$ 35,928,700</b>	<b>\$ 35,697,300</b>	<b>\$ 37,091,900</b>
<b>OPERATING EXPENSES:</b>					
<b>GENERATION-OPERATING &amp; MAINTENANCE:</b>					
Salaries and Wages	\$ -	\$ 104,905	\$ 125,400	\$ 116,000	\$ 152,100
Fringe Benefits	-	96,876	85,600	116,300	148,800
Wind Generation - Traverse	16,148	60	-	-	-
Trap and Transfer	74	95	250	250	250
Union Street Fish Ladder	-	-	250	250	250
Operation Supplies	653	470	1,000	1,000	1,000
Capacity Purchases	-	12,000	672,000	539,000	745,000
Purchased Power - MISO	128,612	(358,421)	257,800	817,000	1,401,000
Purchased Power - LBWL	5,950,586	5,675,258	3,091,000	2,874,000	-
Stoney Corners - Wind Energy	2,890,566	2,819,687	3,257,000	3,227,500	3,170,000
Combustion Turbine Power Cost	3,081,983	3,364,832	4,714,000	3,840,600	4,272,000
Campbell #3 Power Cost	5,372,167	4,850,934	4,580,000	4,066,600	4,412,000
Belle River #1 Power Cost	5,191,796	5,349,402	4,364,000	3,770,000	4,187,000
Landfill Gas - NANR & Granger Project	396,367	494,766	1,127,000	800,000	1,118,000
M72 Wind Turbine	-	8,890	42,000	37,000	37,000
Bilateral Contracts	3,345	292,322	2,357,000	2,522,000	4,286,000
<i>Total Purchased Power</i>	<i>23,015,422</i>	<i>22,609,670</i>	<i>24,461,800</i>	<i>22,493,700</i>	<i>23,628,000</i>
<i>Purchased Power Cost as % of Sales</i>	<i>70.78%</i>	<i>65.44%</i>	<i>74.79%</i>	<i>70.79%</i>	<i>69.73%</i>
Coal Dock	8,075	9,367	2,500	2,500	-
Communications	421	1,084	1,500	250	250
Meal Payments	-	80	200	200	200
Safety	2,765	2,201	3,500	3,500	3,500
Tools	38	-	500	500	500
Professional and Contractual	174,219	113,124	68,000	94,000	110,000
Transportation	-	9,618	11,500	8,000	9,800
Professional Development	1,311	-	2,000	2,000	2,000
Uniforms	-	2,156	2,500	3,500	3,500
Vehicle Rentals	-	8,243	12,400	9,300	17,500
Miscellaneous	-	(2,776)	-	-	-
<b>Total Generation O &amp; M</b>	<b>23,219,126</b>	<b>22,855,173</b>	<b>24,778,900</b>	<b>22,851,250</b>	<b>24,077,650</b>

City of Traverse City, Michigan  
**TRAVERSE CITY LIGHT & POWER**  
2016-17 Budgeted Revenues and Expenses

	FY 13/14 Actual	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Projected	FY 16/17 Requested
<b><u>DISTRIBUTION OPERATION &amp; MAINTENANCE:</u></b>					
Salaries and Wages	-	1,223,372	1,550,600	1,186,000	1,247,000
Fringe Benefits	-	1,077,958	1,100,400	1,155,900	1,200,650
Office Supplies	4,404	2,176	4,700	2,500	4,000
Operation Supplies	36,281	38,101	40,000	40,000	40,000
Utilities	57,511	54,372	53,000	61,000	63,000
Meals and Payments	-	3,609	4,800	4,400	6,000
Communications	79,928	27,217	24,000	24,500	64,000
Software and Hardware	1,750	66,827	151,000	75,000	158,000
Supervision and Maintenance	618,832	-	-	-	-
Substation	109,084	219,685	123,900	70,000	119,900
Overhead Lines	418,792	160,495	175,800	175,800	181,000
Load and Dispatching	455,550	-	-	10,000	30,600
Storm Damage Contingency	118,025	-	50,000	450,000	100,000
Underground Lines	229,128	33,519	28,000	48,000	40,000
Customer Installations	21,334	-	-	-	-
Electric Meters	76,602	7,509	12,000	6,000	8,000
Street Lighting	317,487	250,383	244,000	215,000	204,000
Traffic Signal Oper. & Maint.	122,135	4,120	17,000	5,000	10,000
Radio Equipment	5,627	10,390	2,500	3,500	5,000
Plant & Structures	249,074	68,965	85,000	87,000	96,700
Shop Labor	152,496	-	-	-	-
Safety	79,753	34,205	45,000	34,500	38,000
Tools	14,242	13,599	20,000	35,000	20,000
Uniforms	-	18,318	16,150	29,750	23,000
Professional and Contractual	37,064	122,274	95,800	167,000	93,500
Rent Expense	1,536	1,688	2,000	1,700	2,000
Professional Development	138,936	35,788	66,000	55,000	60,000
Printing and Publishing	1,301	2,601	3,000	3,500	3,500
Transportation	-	29,496	35,000	26,700	29,000
Vehicle Rentals	-	11,036	21,000	28,500	28,900
Miscellaneous	332	539	500	500	500
Inventory Adjustments	8,548	12,687	5,000	10,000	10,000
<b>Total Distribution O &amp; M</b>	<b>3,355,752</b>	<b>3,530,929</b>	<b>3,976,150</b>	<b>4,011,750</b>	<b>3,886,250</b>
<b><u>TRANSMISSION OPERATIONS &amp; MAINTENANCE:</u></b>					
Salaries and Wages	-	287,792	219,500	263,000	279,000
Fringe Benefits	-	952	3,800	4,000	4,000
Supervision & Maintenance	109,335	-	-	-	-
Substation	8,646	13,725	25,000	16,000	16,000
Overhead Lines	(1,007)	10,364	10,000	21,000	21,000
Load and Dispatching	84,001	-	-	-	-
MISO Transmission	25,425	24,481	27,500	33,000	36,000
Tools	-	-	3,500	3,500	3,000
Professional and Contractual	-	-	5,000	-	15,000
Vehicle Rentals	-	-	-	800	1,000
Miscellaneous-MPPA Transmission Project	73,049	69,270	65,000	60,000	62,000
<b>Total Transmission O &amp; M</b>	<b>299,449</b>	<b>406,584</b>	<b>359,300</b>	<b>401,300</b>	<b>437,000</b>

City of Traverse City, Michigan  
**TRAVERSE CITY LIGHT & POWER**  
 2016-17 Budgeted Revenues and Expenses

	FY 13/14 Actual	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Projected	FY 16/17 Requested
<b><u>METERING &amp; CUSTOMER ACCOUNTING:</u></b>					
Salaries and Wages	237,269	279,959	281,500	259,300	268,200
Fringe Benefits	132,343	162,424	123,000	131,150	134,700
Office Supplies	2,563	2,110	4,000	4,900	4,150
Communications	232	173	400	400	400
Meal Payments	90	20	200	200	200
Safety	570	2,979	3,200	3,500	3,500
Uniforms	588	1,638	3,600	3,500	3,000
Professional and Contractual	10,805	17,764	12,000	12,000	14,000
Postage	28,332	27,799	35,000	29,400	33,000
Uncollectable Accounts	29,816	37,912	10,000	38,000	38,000
Collection Costs	595	2,595	2,000	5,500	6,000
Data Processing	20,718	16,509	22,000	25,000	25,000
Transportation	3,722	3,055	4,200	6,800	8,500
Professional Development	610	320	6,500	6,500	2,500
Printing and Publishing	2,040	482	4,000	1,800	4,000
Vehicle Rentals	6,904	11,455	7,400	18,500	12,600
Miscellaneous	2,654	1,498	2,500	1,600	1,600
<b>Total Customer Accounting</b>	<b>479,851</b>	<b>568,692</b>	<b>521,500</b>	<b>548,050</b>	<b>559,350</b>
<b><u>CONSERVATION &amp; PUBLIC SERVICES:</u></b>					
Salaries and Wages	-	39,575	53,000	31,900	15,100
Fringe Benefits	-	28,427	29,900	20,770	11,100
Professional and Contractual	2,120	25,000	30,000	41,000	6,500
Contract Labor - Energy Optimization	-	(65,443)	-	30,950	-
Public Service & Communications	12,597	12,439	44,000	27,000	30,800
Community Services	50,564	1,866	500	32,200	34,000
Professional Development	-	102	5,000	-	3,000
Printing and Publishing	-	892	-	-	-
Vehicle Rentals	-	7,419	7,500	3,700	5,000
PA295 Energy Optimization Compliance	374,979	463,025	509,500	420,000	380,500
<b>Total Conservation &amp; Public Services</b>	<b>440,260</b>	<b>513,302</b>	<b>679,400</b>	<b>607,520</b>	<b>486,000</b>
<b><u>ADMINISTRATIVE AND GENERAL:</u></b>					
Salaries and Wages	294,004	362,235	367,300	374,250	521,000
Fringe Benefits	133,115	195,384	201,300	281,300	361,300
Office Supplies	11,177	5,207	9,000	5,200	5,200
Communications	12,636	5,030	3,500	3,200	3,500
Software and Hardware	-	16,350	22,200	15,000	22,500
Fees and Per Diem	64,362	57,668	67,000	65,000	66,300
Board Related Expenses	11,678	3,308	15,000	4,400	15,000
Professional & Contractual	141,522	101,647	106,300	106,300	83,300
Legal Services	53,312	49,631	60,000	56,000	63,200
Employee Appreciation	9,129	11,813	9,700	8,700	9,000
City Fee	1,775,851	1,863,259	1,801,000	1,790,000	1,870,000
Transportation	1,846	1,267	2,500	1,500	1,500
Professional Development	15,232	21,303	27,000	15,100	25,000
Printing & Publishing	4,798	3,436	6,000	4,000	6,000
Insurance and Bonds	59,502	57,875	63,000	63,000	65,500
Miscellaneous	337	659	5,000	7,000	5,000
Depreciation Expense	2,027,184	2,157,940	2,150,000	2,300,000	2,525,000
<b>Total Administrative and General</b>	<b>4,615,685</b>	<b>4,914,012</b>	<b>4,915,800</b>	<b>5,099,950</b>	<b>5,648,300</b>

City of Traverse City, Michigan  
**TRAVERSE CITY LIGHT & POWER**  
 2016-17 Budgeted Revenues and Expenses

	FY 13/14 Actual	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Projected	FY 16/17 Requested
Total Operating Expenses	32,410,123	32,788,692	35,231,050	33,519,820	35,094,550
Operating Income	\$ 2,882,003	\$ 4,354,897	\$ 697,650	\$ 2,177,480	\$ 1,997,350
<b><u>NON OPERATING REVENUES/(EXPENSES):</u></b>					
Rents and Royalties	\$ 47,282	\$ 49,046	\$ 44,350	\$ 44,500	\$ 40,700
Pole Rentals	35,931	42,180	34,600	33,700	36,500
Reimbursements	616,140	143,048	102,800	204,000	72,000
Interest & Dividend Earnings	402,872	310,269	250,000	200,000	170,000
Gain/(Loss) on Sale of Fixed Assets	46,931	(428,620)	25,000	2,000	50,000
Total Non Operating Revenue/(Expense)	1,149,156	115,923	456,750	484,200	369,200
Net Income before Transfers	\$ 4,031,159	\$ 4,470,820	\$ 1,154,400	\$ 2,661,680	\$ 2,366,550
<b><u>OTHER FINANCING SOURCES:</u></b>					
Operating Transfers In	-	-	-	175,000	175,000
Net Income	\$ 4,031,159	\$ 4,470,820	\$ 1,154,400	\$ 2,836,680	\$ 2,541,550

MERS accelerated payment amounts

Results using Actuarial Value of Assets (Assumes Future Returns Greater than 7.75%):

Total of All Divisions	Monthly Required ER \$	Annual Required ER \$
20 year Amortization	\$99,501	\$1,194,012
15 year Amortization	\$116,094	\$1,393,128
10 year Amortization	\$149,874	\$1,798,488

Results using Market Value of Assets (Assumes 7.75% Future Annual Returns):

Total of All Divisions	Monthly Required ER \$	Annual Required ER \$
20 year Amortization	\$113,820	\$1,365,840
15 year Amortization	\$133,641	\$1,603,692
10 year Amortization	\$173,996	\$2,087,952

Traverse City Light and Power  
 Payroll Supplemental Spreadsheet  
 February 2016

	2015	2016		2017
	Actual	Budget	Projected	Budget
<b>Generation Department</b>				
Wages	253,450.55	238,816.28	242,844.48	272,415.20
Fringe Benefits	139,797.29	148,795.65	155,215.77	228,830.89
<b>Subtotal</b>	<b>393,247.84</b>	<b>387,611.93</b>	<b>398,060.25</b>	<b>501,246.09</b>
Reclassifications	(191,466.36)	(179,028.50)	(160,293.68)	(199,396.20)
<b>Net Wages/Fringe Benefits Reported</b>	<b>201,781.48</b>	<b>208,583.43</b>	<b>237,766.57</b>	<b>301,849.89</b>
TCLP FTE's	3.00	3.00	3.00	3.00
<hr/>				
<b>Distribution Department</b>				
Wages	1,970,582.71	2,087,186.32	1,852,091.83	1,960,657.00
Fringe Benefits	1,148,436.06	1,309,365.62	1,161,191.35	1,612,909.93
<b>Subtotal</b>	<b>3,119,018.77</b>	<b>3,396,551.94</b>	<b>3,013,283.18</b>	<b>3,573,566.93</b>
Reclassifications	(817,688.62)	(745,942.85)	(673,472.00)	(1,130,513.23)
<b>Net Wages/Fringe Benefits Reported</b>	<b>2,301,330.15</b>	<b>2,650,609.09</b>	<b>2,339,811.18</b>	<b>2,443,053.70</b>
TCLP FTE's	24.15	25.15	22.56	24.25
<hr/>				
<b>Transmission Department</b>				
Reclassifications	288,743.79	223,147.71	266,107.00	282,107.15

Traverse City Light and Power  
 Payroll Supplemental Spreadsheet  
 February 2016

	2015	2016		2017
	Actual	Budget	Projected	Budget
<b>Customer Service/Metering Department</b>				
Wages	306,632.12	308,783.44	289,072.59	298,223.26
Fringe Benefits	149,345.36	140,381.66	124,899.02	154,897.87
<b>Subtotal</b>	<b>455,977.48</b>	<b>449,165.10</b>	<b>413,971.61</b>	<b>453,121.13</b>
Reclassifications	(13,595.20)	(46,311.93)	(25,302.58)	(57,785.02)
<b>Net Wages/Fringe Benefits Reported</b>	<b>442,382.28</b>	<b>402,853.17</b>	<b>388,669.03</b>	<b>395,336.11</b>
TCLP FTE's	2.50	2.50	2.50	2.50
Total City FTE's	3.00	3.00	3.00	3.00
<b>Energy Optimization/Public Service</b>				
Wages	54,698.34	68,593.60	34,249.17	-
Fringe Benefits	25,037.87	32,557.47	15,563.36	-
<b>Subtotal</b>	<b>79,736.21</b>	<b>101,151.07</b>	<b>49,812.53</b>	<b>-</b>
Reclassifications	(11,734.38)	(18,506.74)	3,689.09	26,097.84
<b>Net Wages/Fringe Benefits Reported</b>	<b>68,001.83</b>	<b>82,644.33</b>	<b>53,501.62</b>	<b>26,097.84</b>
TCLP FTE's	1.00	1.00	0.50	-



Traverse City Light and Power  
 Payroll Supplemental Spreadsheet  
 February 2016

	2015	2016		2017
	Actual	Budget	Projected	Budget
<b>Administration Departments</b>				
Wages	366,890.72	367,035.72	374,117.48	520,907.94
Fringe Benefits	158,756.56	210,753.76	212,456.92	369,126.44
<b>Subtotal</b>	<b>525,647.28</b>	<b>577,789.48</b>	<b>586,574.40</b>	<b>890,034.38</b>
Reclassifications	31,971.63	-	67,364.42	(8,415.72)
<b>Net Wages/Fringe Benefits Reported</b>	<b>557,618.91</b>	<b>577,789.48</b>	<b>653,938.82</b>	<b>881,618.66</b>
<b>TCLP FTE's</b>	<b>4.00</b>	<b>4.00</b>	<b>4.33</b>	<b>5.90</b>
<b>Fiber Fund</b>				
Wages	8,728.96	9,875.17	9,875.17	81,006.27
Fringe Benefits	1,877.52	5,423.03	5,484.94	66,704.14
<b>Subtotal</b>	<b>10,606.48</b>	<b>15,298.20</b>	<b>15,360.11</b>	<b>147,710.41</b>
Reclassifications	73,725.26	39,270.10	79,127.17	(1,639.34)
<b>Net Wages/Fringe Benefits Reported</b>	<b>84,331.74</b>	<b>54,568.30</b>	<b>94,487.28</b>	<b>146,071.07</b>
<b>TCLP FTE's</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>1.10</b>

Traverse City Light and Power  
 Payroll Supplemental Spreadsheet  
 February 2016

	2015	2016		2017
	Actual	Budget	Projected	Budget
<b>Reclassifications:</b>				
Kalkaska Combustion Turbine	184,510.12	165,132.38	169,004.08	173,746.50
GASB 68	(383,350.00)	-	(490,284.90)	53,974.70
Energy Optimization	56,301.84	51,039.06	28,388.00	53,218.32
Capitalization of wages	782,581.92	511,200.77	735,673.40	808,605.00
<b>Total</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Wages/Fringe Benefits</b>	<b>4,584,234.06</b>	<b>4,927,567.72</b>	<b>4,477,062.08</b>	<b>5,565,678.94</b>
<b>Total TCL&amp;P FTE's</b>	<b>34.75</b>	<b>35.75</b>	<b>32.99</b>	<b>36.75</b>
<b>Total City FTE's</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>
<b>Total FTE's</b>	<b>37.75</b>	<b>38.75</b>	<b>35.99</b>	<b>39.75</b>

**Note:** Amounts may not agree exactly to the budget statement because of rounding amounts for budgeting purposes. Additionally, the Fiber Fund 2017 budget does not agree because of staff not having the MERS contribution requirement amounts at the time of preparation.

## Traverse City Light & Power

### Cash Flow Forecast

Fiscal Year:	Actual 2014/15	Projected 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21
<b>Receipts</b>							
Charges for Services	34,396,799	31,775,100	33,887,000	34,564,740	35,256,035	35,961,155	36,680,379
Other Operating Revenues	2,746,790	3,922,200	3,204,900	3,268,998	3,334,378	3,401,066	3,469,087
Non Operating Revenues	544,543	484,200	369,200	376,584	384,116	391,798	399,634
Transfers in	-	175,000	175,000	175,000	150,000	150,000	150,000
<b>Total Receipts</b>	<b>37,688,132</b>	<b>36,356,500</b>	<b>37,636,100</b>	<b>38,385,322</b>	<b>39,124,528</b>	<b>39,904,019</b>	<b>40,699,099</b>
<b>Payments</b>							
Generation Expense	22,855,173	22,851,250	24,077,650	24,559,203	25,050,387	25,551,395	26,062,423
Distribution Expense	3,530,929	4,011,750	3,886,250	3,963,975	4,043,255	4,124,120	4,206,602
Transmission Expense	406,584	401,300	437,000	445,740	454,655	463,748	473,023
Metering & Customer Accounting	568,692	548,050	559,350	570,537	581,948	593,587	605,458
Conservation & Public Service	513,302	607,520	486,000	495,720	505,634	515,747	526,062
Administrative & General	834,938	946,950	1,187,800	1,211,556	1,235,787	1,260,503	1,285,713
Insurance	57,875	63,000	65,500	66,810	68,146	69,509	70,899
City Fee	1,863,259	1,790,000	1,870,000	1,907,400	1,945,548	1,984,459	2,024,148
GASB 68 Adjustment	(383,350)	(490,284)	53,218	54,283	55,368	56,476	57,605
Capital Investments	6,214,308	6,137,000	8,026,500	8,086,000	5,300,000	4,090,000	4,275,000
<b>Total Payments</b>	<b>36,461,710</b>	<b>36,866,536</b>	<b>40,649,268</b>	<b>41,361,224</b>	<b>39,240,728</b>	<b>38,709,543</b>	<b>39,586,934</b>
<b>Cashflow Surplus/Deficit (-)</b>	<b>1,226,422</b>	<b>(510,036)</b>	<b>(3,013,168)</b>	<b>(2,975,902)</b>	<b>(116,200)</b>	<b>1,194,476</b>	<b>1,112,166</b>
<b>Opening Cash &amp; Investments Balance</b>	<b>21,091,983</b>	<b>22,318,405</b>	<b>21,808,369</b>	<b>18,795,201</b>	<b>15,819,299</b>	<b>15,703,099</b>	<b>16,897,576</b>
<b>Closing Cash &amp; Investments Balance</b>	<b>22,318,405</b>	<b>21,808,369</b>	<b>18,795,201</b>	<b>15,819,299</b>	<b>15,703,099</b>	<b>16,897,576</b>	<b>18,009,741</b>
<b>Reserved Cash &amp; Investment Balance</b>	<b>9,200,000</b>	<b>9,350,000</b>	<b>9,525,000</b>	<b>9,700,000</b>	<b>9,800,000</b>	<b>9,900,000</b>	<b>10,000,000</b>
<b>Unreserved &amp; Undesignated Cash &amp; Investment Balance</b>	<b>13,118,405</b>	<b>12,458,369</b>	<b>9,270,201</b>	<b>6,119,299</b>	<b>5,903,099</b>	<b>6,997,576</b>	<b>8,009,741</b>

### Notes and Assumptions

Trust fund will be depleted at end of fiscal year and power cost recovery will increase revenues by \$1,000,000 in 2016-17

Load growth increase of .5% per year

General inflation increase of 2% year

Estimated increased in purchase power (generation cost) of 2% year and increase in charges for services at 1.5% to cover increase in generation costs through the power cost recovery rate