

**Minutes for the
Board of Lowell Light & Power's
Regular Meeting – February 9, 2017**

I. CALL TO ORDER AND ROLL CALL:

The meeting was called to order at 6:00 p.m. by Chairman Beachum. General Manager Steve Donkersloot called the roll.

Present: Board Members: Perry Beachum, Tina Cadwallader, Marty Chambers, Andrew Schrauben and Jim Salzwedel

Absent: None

Also Present: General Manager Steve Donkersloot, Utility Services Coordinator Sharon Morris, Plant Accountant Megan Keyser, Distribution/Transmission Manager Ryan Teachworth, Generation Supervisor Doug Barnes and Lowell City Councilman Alan Teelander.

II. APPROVAL OF AGENDA:

Donkersloot requested adding Action Item C., Cost of Service and Rate Design Study.

It was MOVED by SCHRAUBEN, SUPPORTED BY SALZWEDEL, to approve the agenda as amended.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

III. APPROVAL OF MINUTES:

It was MOVED BY CADWALLADER, SUPPORTED BY CHAMBERS, to approve the January 12, 2017 Regular Board Meeting Minutes.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

It was MOVED BY CADWALLADER, SUPPORTED BY SCHRAUBEN, to approve the January 24, 2017 Special Joint Meeting Minutes with the City Council.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

IV. PUBLIC COMMENTS (for items not on the agenda):

There was no public comment (for items not on the agenda).

V. ACTION ITEMS:

A. Labor Negotiations with the IBEW – Hiring of Attorney Stephen Schultz

The IBEW current contract agreement expires June 30th. Attorney Stephen Schultz of Fahey, Schultz, Burzych, Rhodes PLC in Okemos, Michigan was recently retained at a January City Council meeting. Mike Burns has worked with Stephen on numerous occasions. Donkersloot believes it is in LL&P's best interest to retain Attorney Stephen Schultz as well. Mr. Schultz's fee is \$200 per hour. Neither the City nor LL&P sought quotes from another vendor.

It was MOVED BY CADWALLADER, SUPPORTED BY CHAMBERS, to approve LL&P to move forward to retain Stephen Schultz from Fahey, Schultz, Burzych, Rhodes PLC at a cost not to exceed \$200/hour for the purpose of labor negotiations.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

B. City-Wide VOIP Project Expense Approvals

Over the past year, a number of department heads have researched and reviewed the possibility of expanding LL&P's current fiber loop to the other seven city facilities so that a VOIP Phone system could be installed to replace the current, outdated AT&T System. This concept has been discussed in detail at LL&P Board Meetings and City Council Meetings.

This project is expected to cost approximately \$155,000. The savings were calculated to be approximately \$77,000/year before the 2017 AT&T rate increase. The ROI is 24.10 months. The 10 year net savings is \$594,280. This project is scheduled to be complete by June 30, 2017.

Donkersloot detailed the cost allocated to each department.

It was MOVED BY SALZWEDEL, SUPPORTED BY SCHRAUBEN, to approve items 3-9.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

- 3.** The six directional bores needed for the fiber extension utilizing Vergennes Broadband (VB) for \$9,000.
- 4.** The Statement of Work for the VOIP phone utilizing IP consulting \$32,250.
- 5.** The hardware (servers, phones, routers, analog adapters) and licensing agreements for the VOIP phone project utilizing IP consulting for \$39,488.
- 6.** Networking and switching work utilizing Kore Hi-Com for \$11,000.
- 7.** Hardware and materials for the networking and switching work, purchased through Kore Hi-Com, for \$4,269.
- 8.** Networking work utilizing Addorio Technologies for \$4,800.
- 9.** Items 1-8 total \$154,597; \$403 below the expected project cost of \$155,000. This does not provide us with much wiggle room if something were to change; and with most projects of this magnitude, something minor is bound to change. Thus, staff recommends a contingency budget of \$5,403 to bring the total requested amount of the project to \$160,000.

These costs will be shared amongst the city departments as detailed in the breakdown menu Donkersloot provided to the Board.

C. Electric Cost of Service and Rate Design Study

Our last rate study was performed in 2009. This is something that is recommended every five years. With the retirement of Greg Pierce and Tom Russo last year, a cost of service and rate design study was not preformed.

Donkersloot provided a proposal from Utility Financial Solutions, LLC (UFS) from Mark Beauchamp. USF is a preferred vendor and teach a number of classes through American Public Power Association (APPA). This was the vendor we used in 2009 and in 2004. Therefore, Donkersloot did not seek other proposals for this professional work.

This study will take 12 weeks once LL&P provides necessary data. Our draft budget must be completed in March and goes to Council for final approval in May. If we wait until March to approve this, it will be June before we have the results, which could dramatically impact our FY 2018 budget that was approved by the Board and Council in May.

It was MOVED BY SCHRAUBEN, SUPPORTED BY CHAMBERS, to approve the USF agreement for \$19,000 for the Electric Cost of Service and Rate Design Study.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

VI. INFORMATIONAL ITEMS:

- A. Performance Data:** Donkersloot reported on January data.
- B. Monthly Outage Report:** There were three outages in the month of January. Donkersloot gave a detailed overview of this report.
- C. Income Statement:** Donkersloot reported on the January 2017 Income Statement.
- D. Capital Projects Report:** Donkersloot reported on the Capital Project Report.

E. **Manager's Report:** Donkersloot gave updates to the Board on the following items:

A. **MPPA/MMEA/APPA Update:**

- a. **MPPA:** Cancelled their January 18th meeting. The next meeting is scheduled for February 15th.

Donkersloot reviewed details of MPPA's member credit report card program.

- b. **APPA:** Steve will be attending the APPA Legislative Rally in Washington DC, February 26-March 1st. Ryan, Mark and Justin will be competing as a team in May at the Lineworkers Rodeo in Texas.

B. **System/Generation Upgrade Progress:**

- a. **Bio-digester:** Chairman Beachum, Mayor Devore, Mike Burns and Dick Wendt and Steve Donkersloot met with LEAD on January 17th. We are waiting for a proposal from LEAD.

- b. **Five Year Plan:** The distribution department spent significant time on Project 101. Teachworth gave an update.

- c. **Other System Projects:** King Milling's engineering plans are being finalized.

C. **White's Bridge Hydro:** Consumer's Energy is not interested in receiving their renewable power. Steve and Ryan toured the facility and extended the offer to any Board Members who are interested in seeing the facility. LL&P is looking at the potential of entering into a Purchased Power Agreement.

D. **LL&P Long Term Natural Gas Supply:** Nothing at this time.

- E. **Standby Generator & Gas Compressor Options:** Options were discussed for leasing vs. buying. The Board agreed to have Steve move forward on pursue the purchase of a compressor that would run both turbines.

- F. **Advance Meter Infrastructure (AMI) Project:** Everyone who opted out from the AMI project had their old mechanical meter changed out to a new easy-to-read Focus meter.

- G. **Fiber to the Home:** A visit to Sebewaing was scheduled by city department heads. They have already brought fiber to the home in their community.

- H. **Fiber Extension to City Facilities and City-Wide Phone Project:** This project is moving forward as was discussed in the Action Item section.

- I. **Line Shack:** Mike Burns is putting together an RFP that will be circulated amongst the LL&P Board and City Council for feedback.

- J. **Alden Ridge Housing Development:** Wire has been pulled and our work is finished until individual homes need electric service.

- K. **Harvest Meadows Condominium Development:** Our pre-construction meeting went well. GRP has finalized the engineering plans and they have been passed onto the general contractor and other utilities.

- L. **IT Update:** Tablets are available. March's meeting will be available on your tablet. Make time to schedule with Betsy for training.

Our website is progressing nicely and we expect I to launch by the end of March.

M. Security Update: Midstate Security completed most of the installation of our new key-card security system.

N. Strategic Planning: Time will be spent during the March Board Meeting to discuss and review the Strategic Plan and goals/projects.

O. Payables: January's payables were presented.

F. Schedule of Meetings: February/March was presented.

VII. NEXT REGULAR LLP BOARD MEETING:

The next Board Meeting will be held on Thursday, March 9, 2017.

VIII. BOARD COMMENT:

Chambers: In January, a number of businesses participated in Freedom in Motion to collect pedal bikes and restore them and give them to needy people; they collected a trailer load.

Schrauben: Is looking forward to the Strategic Planning and the Budget/Rate Study process.

Teelander: Is having trouble with his iPad orientation.

Salzwedel: Jim has a commitment and will not be able to attend on Thursday's beginning in May. The summer schedule is typically different due to summer concerts.

Beachum: Perry would like to look at scheduling a Special meeting in May to go over the General Manager's compensation and review. Perry and Tom Russo will be driving to San Antonio, TX and haul the team's equipment. Perry would like everyone on the Board to bring their calendars to March's meeting to schedule the summer Board Meetings.

IX. ADJOURNAMENT:

It was MOVED BY SCHRUBEN, supported by CHAMBERS, to adjourn the Regular Meeting at 8:34 p.m.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

Chairman Beachum

Date