

**OFFICIAL PROCEEDINGS  
CITY COUNCIL  
CITY OF ESCANABA, MICHIGAN  
Regular Council Meeting  
Thursday, April 19, 2018**

The meeting was called to order by the Honorable Mayor Marc D. Tall at 7:00 p.m. in the Council Chambers of City Hall located at 410 Ludington Street.

Present: Mayor Marc D. Tall, Council Members, Ronald J. Beauchamp, Ralph B. Blasier, Michael R. Sattem, and Peggy O'Connell Schumann.

Absent: None

Also Present: City Manager Patrick S. Jordan, City Department Heads, media, and members of the public.

Clerk Richards led Council in the Pledge of Allegiance.

Sattem moved, Blasier seconded, **CARRIED UNANIMOUSLY**, to approve Regular Meeting minutes from April 5, 2018, Special Meeting Minutes from April 9, 2018, and Special Meeting Minutes from April 10, 2018, as submitted.

**ADJUSTMENTS TO THE AGENDA**

Blasier moved, Schumann seconded, **CARRIED UNANIMOUSLY**, to approve the Agenda as submitted.

**CONFLICT OF INTEREST DECLARATION** – None

**BRIEF PUBLIC COMMENT**

Charles Lindquist, from the Delta County Historical Society, thanked the City for their help over the years and asked for continued support in the upcoming 2018/19 Fiscal Year Budget.

**UNFINISHED BUSINESS** – None

**PUBLIC HEARINGS** – None

**NEW BUSINESS**

**Setting of Public Hearing – FY2018-2019 Budget – May 3, 2018.**

Administration requested Council set May 3, 2018, as the fourth Public Hearing on the proposed 2018-19 City Fiscal Year Budget.

**NB-1** Beauchamp moved, Blasier seconded, **CARRIED UNANIMOUSLY**, to set May 3,

2018, as the fourth Public Hearing on the proposed 2018-19 City Fiscal Year Budget.

**Approval – Centerline/Edge Line Painting Bid – Public Works.**

Administration sought Council approval on a three (3) year centerline/edge line painting bid. On March 28, 2018, one bid was received and opened by the Delta County Road Commission. The City of Gladstone, City of Escanaba and the Delta County Road Commission jointly bid this annual work. After review of the bid, Administration recommended approval of a three (3) year contract with PK Contracting of Lake City, Michigan, for the unit prices as listed. This item was included in the current fiscal year budget.

**NB-2** Blasier moved, Schumann seconded, to approve a three (3) year centerline/edge line painting contract with PK Contracting of Lake City, Michigan, for the unit prices as listed.

Upon a call of the roll, the vote was as follows:

Ayes: Blasier, Schumann, Beauchamp, Sattem, Tall  
Nays: None

**MOTION CARRIED.**

**Approval – Annual Service Agreement – Delta County Historical Society.**

The Delta County Historical Society sought Council approval of their annual 2017-18 Service Agreement in the amount of \$2,000. Under the terms of the Service Agreement, the Delta County Historical Society would be able to provide tours and activities at the Museum and Lighthouse facilities, which would be available to the citizens of the city of Escanaba. Administration recommended approval of the Service Agreement and disbursement of budgeted funds.

**NB-3** Schumann moved, Sattem seconded, to approve the Delta County Historical Society 2017-18 Service Agreement in the amount of \$2,000.

Upon a call of the roll, the vote was as follows:

Ayes: Schumann, Sattem, Blasier, Beauchamp, Tall  
Nays: None

**MOTION CARRIED.**

**Approval – Marketplace Design / Build Children’s Playground – Recreation.**

Administration sought City Council approval to retain Penchura of Manistique,

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Michigan, in the amount of \$84,679 to design and build the Marketplace Children's Playground which would be located on the 100 block of South 15th Street. Funding for this project was being provided by the State of Michigan/Department of Natural Resources Recreation Passport Grant in the amount of \$45,000 with a local match of \$46,000. Administration stated it was hoped the playground be opened by July 4<sup>th</sup>.

**NB-4** Sattem moved, Beauchamp seconded, to approve to retain Penchura of Manistique, Michigan, in the amount of \$84,679 to design and build the Marketplace Children's Playground which would be located on the 100 block of South 15th Street.

Upon a call of the roll, the vote was as follows:

Ayes: Sattem, Beauchamp, Blasier, Schumann, Tall  
Nays: None

**MOTION CARRIED.**

**Approval – Engineering Services for Plan Review and Installation Inspection of Antennas on Water Tower.**

Administration sought City Council approval to retain services from Dixon Engineering and Inspection Services of Hales Corners, Wisconsin in the amount of \$2,500. Cellcom would fully reimburse the City for the review and inspection cost.

**NB-5** Blasier moved, Schumann seconded, to approve to retain services from Dixon Engineering and Inspection Services of Hales Corners, Wisconsin in the amount of \$2,500, to perform a Plan Review and Installation Inspection of Antennas on the City Water Tower.

Upon a call of the roll, the vote was as follows:

Ayes: Blasier, Schumann, Beauchamp, Sattem, Tall  
Nays: None

**MOTION CARRIED.**

**Approval – Use of Public Space – Delta County Jaycees.**

Administration recommended Council approval of a proposed Special Event Application submitted by the Delta County Jaycees to hold an event on Saturday, June 23, 2018 at the City's Municipal Dock titled "Behind the Mask – Masquerade on the Bay". The Delta County Jaycees provided property insurance naming the City of Escanaba and they will provide all labor and material to clean-up at the conclusion of the event.

**NB-6** Schumann moved, Blasier seconded, **CARRIED UNANIMOUSLY**, to approve a

Special Event Application submitted by the Delta County Jaycees to hold an event on Saturday, June 23, 2018 at the City's Municipal Dock titled "Behind the Mask – Masquerade on the Bay" contingent upon the following: 1) Proper insurance was provided naming the City of Escanaba as an additional insured, and 2) The event sponsors provide all labor and material to clean up at the conclusion of the event.

Upon a call of the roll, the vote was as follows:

Ayes: Schumann, Blasier, Beauchamp, Sattlem, Tall  
Nays: None

**MOTION CARRIED.**

**Setting Public Hearing – Notice of Street Improvement – 21st Avenue South from Lakeshore Drive to the west right-of-way line of South 18th Street.**

The City of Escanaba received a petition for the construction of a 22 foot wide chip-seal paved street without curb and gutter on 21st Avenue South from Lakeshore Drive to the west right-of-way line of South 18th Street. As Part of the project, the City of Escanaba was required to conduct a public hearing on the proposed improvement so that citizens can comment and/or object to the proposed improvements. Administration requested Council to schedule a public hearing for May 3, 2018, so that any comments or objections can be heard.

**NB-7** Blasier moved, Sattlem seconded, to schedule a public hearing for May 3, 2018, to hear objections to the improvement of a petition for the construction of a 22 foot wide chip-seal paved street without curb and gutter for 21st Avenue South from Lakeshore Drive to the west right-of-way line of South 18th Street.

Upon a call of the roll, the vote was as follows:

Ayes: Blasier, Sattlem, Beauchamp, Schumann, Tall  
Nays: None

**MOTION CARRIED.**

**Review – Capital Improvement Plan – FY 2018/19 – 2022/23.**

Administration sought City Council conclude the review of the Escanaba Planning Commission Recommended Capital Improvement Plan for Fiscal Years 2018/19-2022/23. This Plan was presented and approved by the City Planning Commission on April 12, 2018.

**NB-8** Sattlem moved, Schumann seconded, **CARRIED UNANIMOUSLY**, to conclude the review of the Escanaba Planning Commission Recommended Capital Improvement Plan for Fiscal Years 2018/19-2022/23. This Plan was presented

and approved by the City Planning Commission on April 12, 2018.

**Approval – Hazardous Material Remediation Costs prior to Demolition of 910 Ludington Street.**

Administration sought City Council approval of hazardous material remediation costs prior to the demolition of 910 Ludington Street, Planning Zoning Administrator Blaine DeGrave stated remediation cost to remove hazardous material would amount to \$7,886. Pearson Asbestos would remove the hazardous material as soon as possible.

**NB-9** Beauchamp moved, Schumann seconded, to approve hazardous material remediation costs by Pearson Asbestos prior to the demolition of 910 Ludington Street.

**Approval - Solar Project Recommendation.**

At the Electrical Advisory Committee meeting on April 11, 2018, the members recommend that Council approve the Electric Department moving forward in building a 1MW (DC) Solar Project at the Delta County Airport in 2018 for a cost of \$1,268,261; and further to encourage expanding the project with more panels and inverters up to 10 acres in size. Electric Superintendent Mike Furmanski reviewed the Solar Project Recommendation with Council. (See Attachment – A)

**NB-10** After discussion, Beauchamp moved, Schumann seconded, to approve the Electric Department issuing a Contract for \$1,210,756 to GRNE Solar to Engineer, Procure, Construct and Start-up a 1.16 MW (DC) Solar Project at the Delta County Airport, and further to approve Electric Department expenditures of \$186,500 to complete the City portion of the Escanaba Solar Project.

Upon a call of the roll, the vote was as follows:

Ayes: Beauchamp, Schumann, Sattem, Blasier, Tall  
Nays: None

**MOTION CARRIED.**

**Discussion – City Clerk / I.T. Administrator Replacement.**

The City Council reviewed candidate lists and discussed the steps moving forward with finding a replacement for the retiring City Clerk.

After a failed motion to discard the candidate top four lists, and further discussion, Blasier moved, Schumann seconded, **CARRIED UNANIMOUSLY**, to schedule a special Council Meeting to interview the top three City Clerk Candidates on May 1, 2018, beginning, 4:00 p.m., in the City Hall Council Chambers.

Blasier moved, Sattem seconded, **CARRIED UNANIMOUSLY**, to Post a special meeting for May 1<sup>st</sup> at 4:00 pm, to interview the City Clerk Candidates.

Mayor Tall stated the top three City Clerk Candidates were, Tammy Weissert, Lisa Glish, and Kim Gustafson.

## **APPOINTMENT(S) TO CITY BOARDS, COMMISSIONS, AND COMMITTEES**

Mayor Tall, with Council Consensus, made the following appointments:

Appointed Dan Bender and Andrew Crispigna to second terms on the Downtown Development Authority, term ending April 21, 2022.

## **BOARD, COMMISSION, AND COMMITTEE REPORTS**

Council Members reviewed City Board and Commission meetings each attended since the last City Council Meeting.

**GENERAL PUBLIC COMMENT** – None

## **ANNOUNCEMENTS**

- Council Member Blasier stated the Delta Animal Shelter was caring for all the animals brought into the shelter last week, and several have been adopted out.

## **Closed Session – Consult with Legal Counsel.**

Administration sought to go into Closed Session to consult with Legal Counsel opinion regarding recovering demolition costs from 910 Ludington Street.

Schumann moved, Blasier seconded, to go into Closed Session to obtain a Legal Counsel opinion regarding recovering demolition costs from 910 Ludington Street.

Upon a call of the Roll, the vote was as follows:

Ayes: Schumann, Blasier, Sattem, Beauchamp, Tall

Nays: None

**MOTION CARRIED.**

The time was 7:46 p.m.

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Blasier moved, Schumann seconded, to come back into open session.

Upon a call of the Roll, the vote was as follows:

Ayes: Blasier, Schumann, Sattem, Beauchamp, Tall

Nays: None

**MOTION CARRIED.**

The time was 8:16 p.m.

No Council Action was made while in Closed Session.

Hearing no further public comment, the Council adjourned at 8:16 p.m.

Respectfully submitted

Robert S. Richards, CMC  
City Clerk

Approved: \_\_\_\_\_  
Marc D. Tall, Mayor

**Summary of Escanaba Solar Project  
 RFP Bid Responses 2018-04-19**

1. Received 16 Bids for the 1MW (DC) Engineer, Procure and Construct (EPC) Project
2. After careful evaluation and scoring of the Bids, 3 companies with the lowest EPC Project costs, \$/Watt Total Installation Cost, were selected for detailed follow-up discussions and analysis.
3. Two top bidders emerged from this detailed review with the lowest \$/Watt Total Installation cost.
4. A recommendation was made to the Electric Advisory Committee (EAC) which they unanimously supported. In addition, the EAC recommended that the Electric Department seek a revised Proposal from the two top bidders to:
  - a. Increase the project size to approach 1 MW (AC) maximum generation capacity.
  - b. Use more of the FAA approved area within the proposed ~10 acre Airport site.
5. The revised 1.16 MW (DC) proposals were received and evaluated. Increasing the Escanaba Solar Project size 16%:
  - a. Lowers the Total Installation Cost from \$1.27/Watt to \$1.21 to \$1.24/Watt, reducing the Payback time.
  - b. Lowers the 25 Year Levelized Cost of Electricity (LCOE) from \$0.055/kWh to \$0.051 to \$0.052/kWh.

<b>Comparison of 2 Top Original and Revised Bids</b>						
Bid Company	Size MW (DC)	Max AC Gen. MW (AC)	Total Installation Cost, \$	EPC Cost, \$	Total Installed Cost, \$/Watt	25 Year LCOE, \$/kWh
#1	0.998	.780	1,288,461	1,063,990	1.27	.055
#1 Revised	1.164	.910	1,445,708	1,236,060	1.24	.052
#2	1.016	.850	1,280,868	1,094,232	1.27	.055
#2 Revised	1.158	.975	1,397,346	1,210,756	1.21	.051



## Recommended Best Bid and Why

6. GRNE Solar from Palatine, IL is recommended as the best proposal (#2 Bid Revised) to negotiate an EPC contract. Key contract issues will be:
  - a. Reference checking in advance of contract discussions
  - b. Confirm solar panel manufacturer and model, and other key system components and specifications. **Securing supply in a very volatile market is imperative.**
  - c. Payment schedule
  - d. Design of 5kW donated system.
7. Key reasons for recommending GRNE Solar:
  - a. Best EPC contract and total installed costs
  - b. EPC Contract Includes:
    - i. Warranty extension on inverters to 20 years
    - ii. First 2 years O & M Service
    - iii. Donation of 5 kW solar system, ~15 330 Watt Solar Panels, which the Electric Department proposes to use to evaluate Single Axis Tracking system performance, which was not an option at the Airport site due to solar glare FAA requirements.
  - c. Uses local Electric Sub-contractor (i.e., N K Electric)
  - d. 5 Long Row layout effectively uses the Airport site.



## Proposed Funding Sources

<b>Total Installation Cost Includes EPC Contract Plus:</b>	<b>\$1,397,346</b>
<ul style="list-style-type: none"> <li>• 25 year Site Lease for ~ 9 acres</li> <li>• 7 ft high security fence &amp; 2 access gates</li> <li>• Distribution step-up Transformer &amp; wiring to existing Box#2</li> <li>• Completed Westwood Site Assessment Study</li> <li>• Completed Site Market Value Appraisal for Lease Agreement</li> <li>• Metering (Revenue grade) to measure net solar hourly generation data</li> <li>• Installing new culvert &amp; site access road</li> <li>• Construction permit</li> <li>• Installing donated 5 kW system</li> </ul>	
<b>Requested New Project Funding for 2018</b>	<b>\$1,357,096</b>
<b>Funding Sources: (6/30/2017 balances)</b>	
<ul style="list-style-type: none"> <li>• Renewable Energy Fund (Restricted to Renewable Energy)</li> <li>• Electric Fund</li> </ul>	<b>\$1,152,544</b> <b>\$12,400,000</b>

<b>Potential Residential &amp; Business Solar Capacity Sales Revenue to Refund Electric &amp; Renewable Energy Funds</b>		
% System Capacity Sold	Number of 330 Watt Panels	Refund Revenues, \$ <b>(1)</b>
5	175.5	70,077
10	351	140,154
20	702	280,308
30	1053	420,463
40	1404	560,617
50	1755	700,772

**(1) Assumes \$1.21/Watt Total Installation Cost**  
 As part of the Airport Site Lease Agreement, Delta County is provided first priority right to purchase up to 500 solar panels of Capacity in the Escanaba Solar Project (up to 14.2 %).

## 25 Year Levelized Cost of Electricity (LCOE) for Proposed 1.16 MW (DC) Solar Project

$$25 \text{ Year LCOE} = \frac{\text{Total Initial Project Cost} + \text{Cumulative 25 Year O\&M Cost}}{25 \text{ Year Energy Production of Solar Project}}$$

### 1. 25 Year LCOE for Proposed Escanaba Solar Project

- a. Total Initial Project Cost = \$1,397,346
- b. Cumulative 25 Year O&M Cost = \$353,171
  - 2% Annual inflation of O&M Cost assumed
  - Covers Mowing, Insurance, and Maintenance beyond warranty coverage, etc.
- c. Cumulative 25 Year Energy Production
  - 1,481,800 kWh during the 1<sup>st</sup> year of Operation based on PVWatt Estimate & Heritage Garden Performance
  - Solar Panel Warranty is less than 0.7% per year decline in Annual Generation
  - Assuming a 0.7% decline in Annual Generation, Cumulative Generation over 25 years is 34,094,000 kWh

$$25 \text{ Year LCOE} = \frac{\$1,397,346 + \$353,171}{34,094,000 \text{ kWh}} = \$ 0.0513 \text{ per kWh}$$

### 2. Current Escanaba Purchased Energy Contract Costs:

Fiscal Year	\$/kWh
2018-2019	.05551
2019-2020	.05539
2020-2021	.05329
2021-2022	.04429
2022-2023	.04682
2023-2024	.04908

- a. The Escanaba Solar Project 25 Year LCOE is approximately equal to the current contract energy costs.
- b. More importantly, the Escanaba Solar Project 25 Year LCOE is fixed for 25 years.

**3. Other Costs Avoided with the Escanaba Solar Project include:**

**Capacity, Transmission , and Michigan Renewable Energy Credit costs.**

- a. Using Current Contract Costs, the avoided costs are conservatively estimated to range from \$0.071 to 0.086/kWh based on current contracts through 2024.
- b. Clearly, the Escanaba Solar Project lowers the cost of providing Electricity to ALL of Escanaba’s Customers.
- c. 25 Year LCOE Cost < Avoided Costs

**Impact of 1.16 MW (DC) Solar Project  
 on the Escanaba Electric System**

<b>% Reduction</b>	<b>Percent, %</b>
<b>Purchased Energy</b>	<b>1.10</b>
<b>Purchased Capacity (3.0% with MISO Reserve Requirement)</b>	<b>2.80</b>
<b>Transmission Costs April- September</b>	<b>1.50</b>
<b>Annual Basis</b>	<b>0.75</b>
<b>Purchased MiREC’s (Michigan Renewable Energy Credits for 2017-2018</b>	<b>21.40</b>

**Once construction is completed, the Escanaba Solar Project will be connected to the City electric distribution system, providing a portion of the electric supply to all the Escanaba residents and businesses.**

**Number of Average Residential Households supplied by 1.16 MW (DC) Solar System = 247 Households**

## **Recommendations to City Council**

- 1. Approve Electric Department issuing a Contract for \$1,210,756 to GRNE Solar to Engineer, Procure, Construct and Start-up a 1.16 MW (DC) Solar Project at the Delta County Airport.**
- 2. Approve Electric Department expenditures of \$186,500 to complete City portion of the Escanaba Solar Project.**

### **Key Next Steps (With EAC Support & Council Approval)**

1. Finalize and issue EPC Contract
2. Finalize Airport Lease Agreement
  - a. Survey leased property, approximately 9 acres
  - b. Finish legal documents
  - c. Submit the Lease Agreement to City Council and County Commissioners for approval.
3. Issue RFP's for:
  - a. Security fence system
  - b. New culvert and access road
  - c. Transformer purchase
  - d. Mowing contract
4. Update Avoided Cost Analysis for 1.16 MW (DC) Project and Propose Initial Solar Generation Credit, \$/kWh.
5. Update Payback Analysis for Actual Installation and Avoided Costs.
6. Finalize program design and draft license & management agreement to sell solar capacity (panels) to Escanaba Electric Residential and Business customers for EAC review and City Council approval.
7. Promote and sell solar generation capacity (\$/solar module). Revenue from solar capacity sales will re-fund the Electric Fund and Renewable Energy Fund.