

**MINUTES  
BOARD OF LIGHT & POWER  
REGULAR MEETING OF APRIL 3, 2008**

**Call to Order:** Board Chairman Greg Canfield called the meeting to order at 5:30 pm with Board Members Beachum, Hall, Straub, and Valentine present. Also in attendance were General Manager Richards, Administrative Manager Sawka, Operations Manager Mullins, and Mayor Shores.

**Approval of Agenda:** Beachum asked to have the item 'Board Comments' added to the agenda after Public Comments for this and future meetings. After discussion from all members there was a motion by Beachum and a second by Hall that Board Comments would be added to the agenda for all future Board meetings. The motion passed by unanimous vote of the Board.

**Approval of Minutes of March 6 Board Minutes:** Straub made a motion to approve the Minutes of the March 6<sup>th</sup> Board meeting. It was seconded by Hall. Beachum asked that the minutes be changed to clarify a statement he had made. With the one correction to the minutes of the March 6<sup>th</sup> meeting, the Board unanimously passed the motion.

**ACTION ITEMS**

**Accounts Payable, March 2008:** There was a motion by Beachum and a second by Straub to accept the Accounts Payable of March, 2008 as presented. Staff answered Board member's questions regarding:

- Tree removal expense by Caledonia Tree Service
- Expenses for APPA publications
- Expenses for "flex" credit card purchases
- Natural gas expenses for heating the engine room
- Great Lakes Printing expense for billing statement forms
- Snow plowing expenses from Homrich snow plowing
- An oil change charge from Grand Chrysler Dodge Jeep.

After explanations, the Board voted unanimously to pass the motion to accept the Accounts Payable of March 2008.

**Bone Marrow Transplant – Lost Time Compensation:** Richards explained that one of the utility's employees, Simon Kelley, will be donating bone marrow in a transplant in April. The transplant was critical to the treatment of patient who is gravely ill with a blood disorder. Richards advised the Board of requests from Kelley and the Director of the Marrow/Stem Cell Program at the Michigan Community Blood Centers, to approve the continuation of Simon's wages for the time he would miss for the procedures, rather than having Simon use up his vacation or sick time. Straub made a motion that the utility increase the amount of the 2007-2008 benevolence fund for this specific purpose to pay Kelley's wages while he is off work during the transplant procedure. There was a second by Beachum. The motion passed by unanimous vote of the Board.

**Payment in Lieu of Taxes-Annual Review Committee:** Richards stated that according to the 2001 resolution establishing the “payment in lieu of taxes” agreement, the agreement is due for an annual review. He noted that the agreement requires a committee to review this arrangement. The committee is to consist of a member from the Light & Power Board, the LLP Manager, the City Manager and a representative from the City Council. Straub volunteered to represent the Board on the committee. There was a motion by Beachum and a second by Hall to appoint Straub to the Annual Review Committee. Valentine asked what the review process was. Richards explained that the resolution didn’t specifically define the process. Valentine asked if there had ever been an evaluation of what the utility would pay if it were taxable. Richards explained that an APPA study showed that on average, municipal utilities pay more in their payment-in-lieu-of-taxes than what cities would receive if the utilities were subject to taxes. After further discussion the Board voted unanimously to pass the motion.

**Consider Board Letter to Ledger, re: deposits, late payment penalties:** Richards questioned whether the Board had interest in providing a letter to its customers to explain how late-payment penalties and security deposits serve to protect customers from the added cost of unpaid electric debt. He provided a suggested letter that could be printed as either a column in the Lowell Ledger, or as a billing statement insert. Discussion followed as to whether the letter would be seen as being defensive, reacting to a recent critical letter in the Ledger. Valentine questioned if the utility might have a monthly column in the Ledger as Greg Pratt does currently, or whether there should be a monthly newsletter provided to customers. Richards responded that staff was already at work developing a quarterly newsletter that the utility will be sending to their customers. After some additional discussion, the consensus of the Board was that no action should be taken at this time regarding this Board letter, but that it might be included in the newsletter.

**Utility Governance Workshop - wrap-up discussion:** The Boardmembers all agreed that the recent Utility Governance Workshop was very enlightening and they were all pleased with the seminar. Straub stated that she had asked Brian Singletary who was one speaker at the seminar if he ever helped Boards establish strategic goals. Beachum asked if there may be an opportunity to perhaps join other utilities in splitting the expense to have Mr. Singletary come to their communities and aid these Boards in their strategic planning. Richards responded that he would explore the options and get information for a future Board meeting.

## **INFORMATIONAL ITEMS**

**Adoption of Procurement Policy – Update from Canfield:** Canfield said that he attended the last City Council meeting and presented the utility’s purchasing policy to the Council. After some discussion and explanations by Canfield, the Council passed the Procurement Policy by a 3 to 2 vote.

**Underground Power Lines-Discussion:** Hall expressed his view that the utility needs to be open-minded to the consideration of converting aerial lines to underground power

service if and when the utility has an area that would benefit from under grounding. He acknowledged that the cost of underground construction is often about 10 times the cost of overhead. He suggested the possibility of a survey to get opinions from the customers. Straub interjected that undergrounding and aesthetics should be considered in the development of a new strategic plan. She added that the community of Portland had undergrounded a significant part of their area when their consumers decided that is what they wanted. Hall noted that cities like Petoskey and Traverse City have found it necessary to underground certain areas to make their cities more attractive for tourism. Richards said that when the management has seen the opportunity the Board has considered underground construction versus overhead. He cited reconstruction of circuits on Hudson Street and the new circuits on Bowes Rd. In both cases, he said the Board decided upon overhead construction based upon the extraordinary added cost of underground and the resulting impact on utility costs and ultimately rates. He noted the future project of reconstruction of the bridge over the Flat River, saying that staff will be exploring the option of installing conduits so that the aerial lines across the river could eventually be replaced. Mullins mentioned the alleyway between Hudson and Broadway was being repaved, and that the aerial distribution would be replaced with underground as a part of a DDA funded project. Richards suggested that through strategic planning, the Board should determine how undergrounding fits into the utility's priorities.

**Performance Data:** The Board reviewed the February performance data. Richards reported that the utility had a lower (calendar) month in electric requirements but residential and commercial sales grew from the last (billing period) month.

**Income Statement:** The Board reviewed the income statement. There were no questions or concerns expressed by the Board, but it was mentioned that the Board hoped for help from Sawka to more fully understand the financial statements.

**Manager's Report:** Richards briefed the Board on the successful exhibits at the Lowell Community Expo. He shared some pictures from the Expo and of the LL&P demonstration of the aerial bucket truck safety and the electric safety demonstration and display that was provided with the assistance of Great Lakes Energy.

Richards asked if there were any concerns on his possible nomination to serve on the executive committee for the MPPA. There were none.

Straub asked when the current budget cycle ended. Richards advised her that the fiscal year end was June 30th. Straub questioned the deadline of submitting the budget to the city at the beginning of March and the need for projecting financials 18 months into the future. Richards explained that as a department of the City the utility is obligated by the Charter language to provide its budget to the City Manager by the beginning of March even though the City's budget approval deadline is June.

Richards reported on the April 1 meeting of the MPPA Power Pool Committee and the vote of the committee to increase the margin paid to Lansing for the energy it provides to the deficient pool members. Richards advised the Board that he cast the only dissenting

vote on the change, because he felt there was insufficient information to judge the impact or justification for the change. Richards explained how he felt the change would probably have a small impact on increasing energy costs for Lowell. Richards also reported that the often combative and adversarial manager of the Traverse City utility had resigned his position. Richards hoped this would result in an improvement in the historically positive relationship between Traverse City and the other MPPA cities.

**Schedule of Meetings:** The Board reviewed the schedule of meetings.

**Complaint Register:** The Board reviewed the one customer complaint registered in the month of March.

**Date for Next Meeting (Wednesday, April 30<sup>th</sup>):**

### **PUBLIC COMMENT**

There were no public comments.

### **BOARD COMMENTS**

Beachum proposed that for the April 30 meeting, the Board discuss his idea of a possible revision of the power line clearance policy, to extend the \$250 payment to the city tree fund (for each tree removed) to include trees removed from private property. He felt this would help increase the likelihood that the fund would pay for replacement of trees removed from resident's yards.

Straub asked for an update on the security deposit policy so that she could respond to a customer who had expressed concerns. Richards advised her that he had already provided explanation and all the relevant policy information with the customer in question.

Valentine expressed that he was glad to see the idea of a quarterly newsletter going out to the utility's customers. He suggested that the newsletter include information to help customers who were interested in conserving energy and reducing their consumption and costs.

Canfield asked for an update on the transformer upgrade in the block behind Sneakers. Richards responded that the customers served by that transformer should expect reliable service, but the replacement transformer, with increased capacity was scheduled for completion late in April. The necessary interruption for the work was being coordinated with the customers who would be affected.

Shores expressed her concern over the projected budget expense for conferences, meetings and training. Straub reminded Shores that the utility has a whole new set of Board members who need to get educated on running a utility. Canfield added that the

Board felt this expense was justified and necessary for the Board and the staff to operate effectively.

Shores again questioned the utility's staffing levels since the elimination of the Cable TV operation. Richards and Canfield clarified the net reductions in staff that took place during 2007 and explained how some staff members that formerly had Cable TV responsibilities were being transitioned into new tasks for the electric operations.

Shores said that she gets a lot of questions about why the electric rates are so high in Lowell. Richards corrected her, stating that in spite of the need for recent rate increases, Lowell's electric rates remained significantly lower than those for customers in the surrounding region.

Valentine suggested that the LLP Board and the council meet for a work session to discuss any questions the council may have with the utility's budget. Canfield suggested a work session on Tuesday, April 17<sup>th</sup> at 7pm. Shores will approach the Council and let the utility know if that date is acceptable to them.

#### **ADJOURNMENT**

There was a motion by Beachum and a second by Valentine to adjourn the meeting. The motion passed by unanimous vote of the Board. The meeting was adjourned at 7:54pm

Approved

Greg Canfield – Chairman

30 April 2008