



Notice City Commission Study Session

7:00 PM

Monday, April 27, 2015

Governmental Center, Commission Chambers, 400 Boardman Avenue
Traverse City, MI 49684

Posted and Published: 04-24-15

The meeting informational packet is available for public inspection at the Traverse Area District Library, Law Enforcement Center, City Manager's Office, and City Clerk's Office.

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At the request of Acting City Manager Penny Hill, City Clerk Benjamin Marentette has called this Study Session.

City Commission:

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

(231) 922-4480

Email: tcclerk@traversecitymi.gov

Web: www.traversecitymi.gov

400 Boardman Avenue

Traverse City, MI 49684

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

Welcome to the Traverse City Study Session!

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

Agenda

Pledge of Allegiance

Roll Call

1. Discussion regarding City Manager interview questions (possible closed session) (Commissioner Jeanine Easterday, Chairwoman; Commissioner Ross Richardson; Commissioner Tim Werner; Jamie Caroffino) (5 affirmative votes required to go into closed session)
2. Discussion regarding the Acting City Manager's Proposed Budget for Fiscal Year 2015/2016. (Penny Hill, William Twietmeyer)
3. Announcements from the City Clerk. (Benjamin Marentette)
4. Public comment.
5. Adjournment.



The City of Traverse City

Communication to the City Commission

FOR THE CITY COMMISSION STUDY SESSION OF APRIL 27, 2015

DATE: APRIL 24, 2015

FROM: PENNY HILL, ACTING CITY MANAGER

Handwritten initials, possibly 'PH', in blue ink.

SUBJECT: APRIL 27 STUDY SESSION

This memo covers the Study Session for Monday evening.

1. *Discussion regarding City Manager interview questions.*

The ad hoc committee met on Thursday afternoon; and has selected and refined interview questions for the City Manager interviews scheduled for Saturday, May 2. Those questions will be distributed separately to the City Commission and, to ensure equal treatment of all candidates, should be kept confidential.

If the Commission would like to discuss the interview questions and does not wish to have those questions shared in advance of the interviews, the following motion would be appropriate to enter into closed session; five affirmative votes with a roll call vote are required:

that the City Commission enter into closed session immediately following the public comment portion of the agenda to consider interview questions, which will serve as an examination instrument for the public employment position of City Manager, as authorized by MCL 15.268(h).

2. *Discussion regarding the Acting City Manager's Proposed Budget for Fiscal Year 2015/2016.*

As discussed at the April 20 Regular Meeting, on Monday evening, Traverse City Light and Power Executive Director Tim Arends and Downtown Development Authority Executive Director Rob Bacigalupi will be in attendance to present their budgets and capital improvement plans and answer questions. Mr. Bacigalupi will also present the budgets for the Opera House and Parking Services.

Additionally, the Brown Bridge Trust Parks Improvement Fund Budget will be presented; and if time allows, the Water and Sewer Fund Budgets.

A public hearing has been scheduled for May 4 to allow the public the opportunity to comment on the proposed budgets, with a Study Session scheduled for May 11 to discuss General Fund budgets, with budget approval tentatively scheduled for May 18 (final budget approval can occur as late as June 1, as provided by the City Charter).

PH/bcm

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copy: Tim Arends, Traverse City Light and Power Executive Director
Rob Bacigalupi, Downtown Development Authority Executive Director
Karla Myers-Beman, Traverse City Light and Power Controller
William Twietmeyer, City Treasurer/Finance Director
Jamie Caroffino, Human Resources Generalist



**TRAVERSE CITY
LIGHT & POWER**

MEMORANDUM

To: Penny Hill, Acting City Manager
From: Tim Arends, Executive Director
Subject: Budget Presentation
Date: 4/22/2015

Attached is a power point presentation for Traverse City Light and Power's budget for the fiscal year ending on June 30, 2016. This power point is supplemental information to the Traverse City Light and Power budget and capital plan included within the City's budget document handed out to the City Commission on April 20, 2015.

I will be in attendance at the City Commission meeting on April 27, 2015 to provide a brief presentation on the budget.

Budget Presentation Traverse City Light & Power

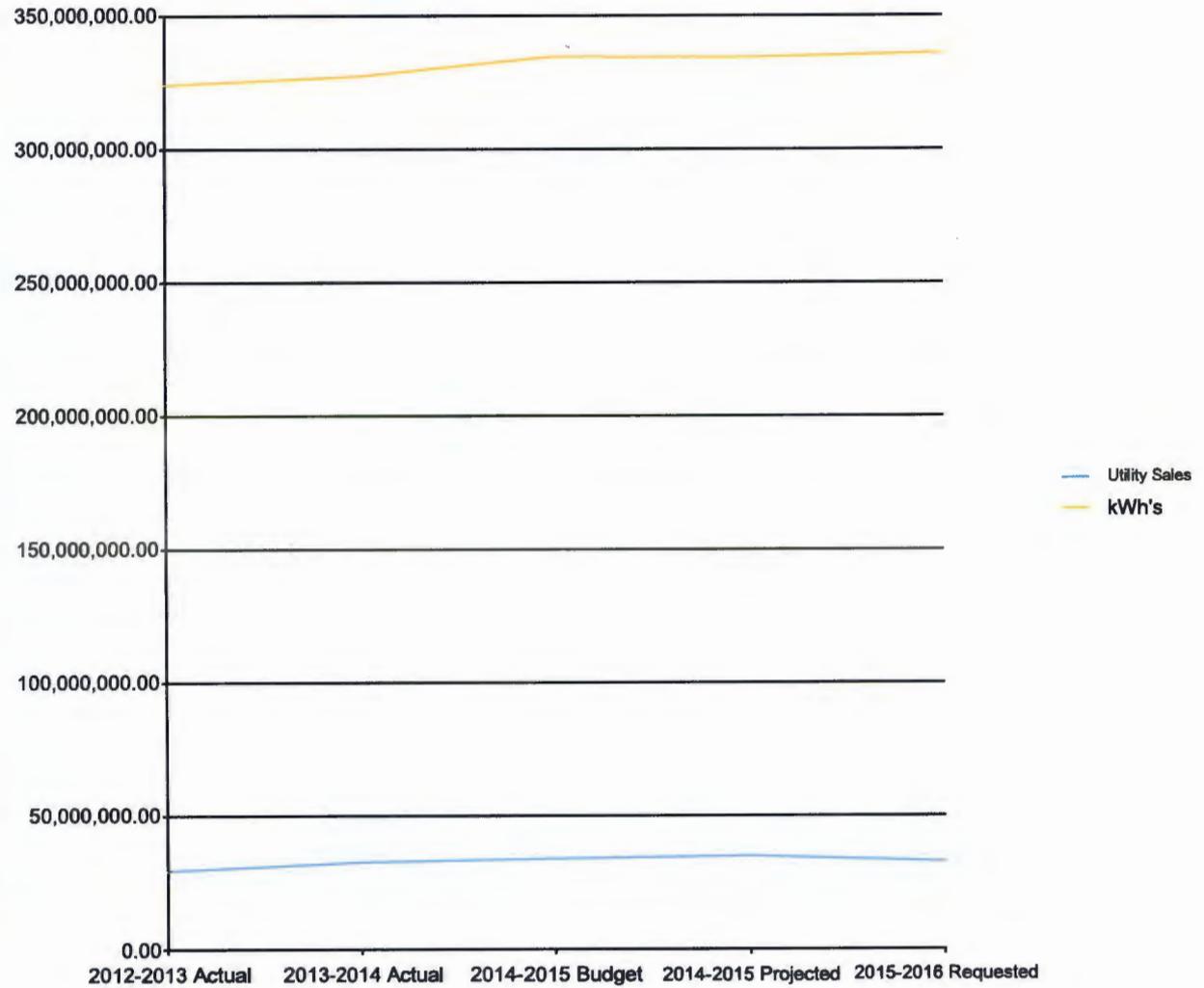
April 27, 2015





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Electric Fund Revenues





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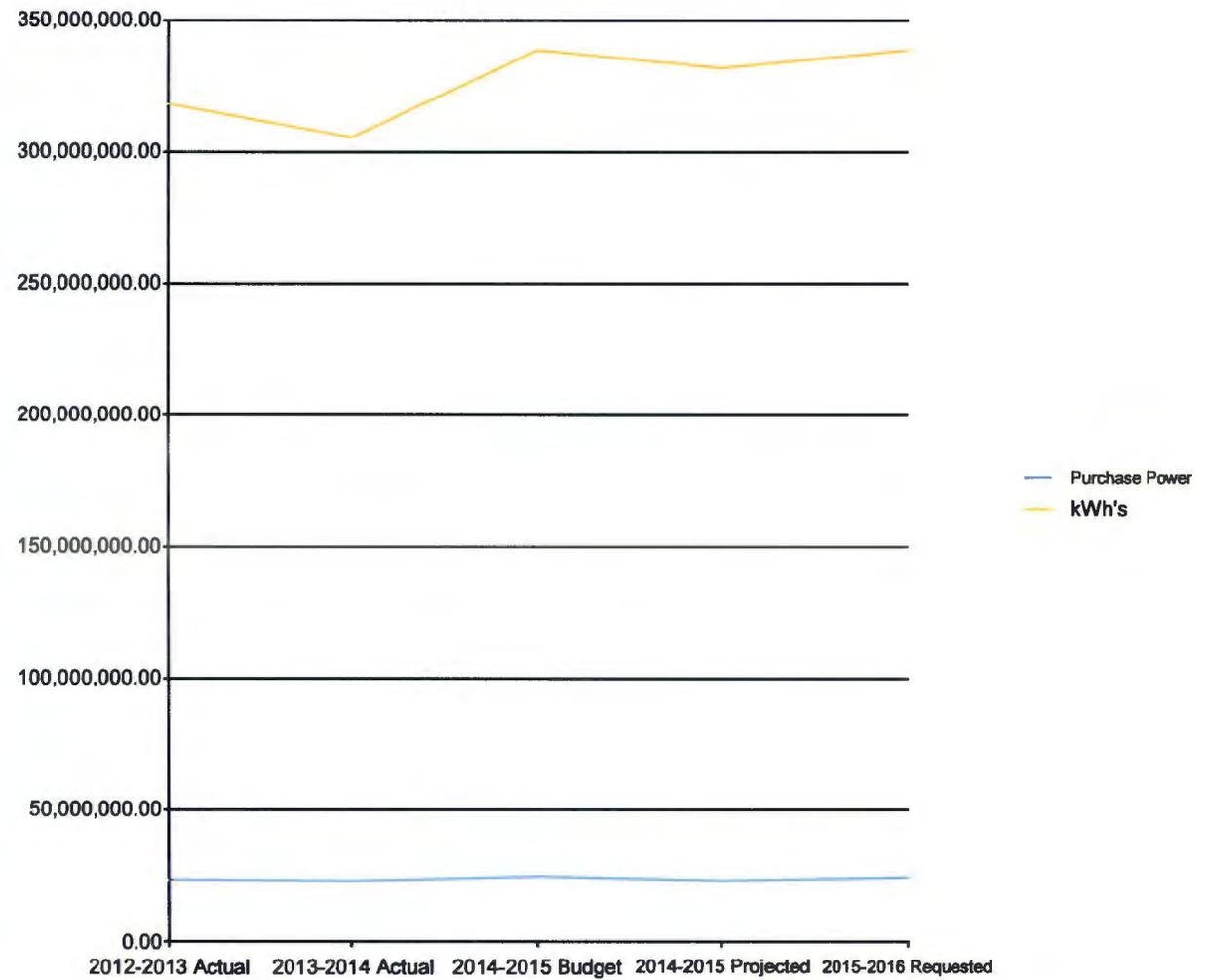
Electric Fund Revenues

- No proposed base rate increase for 2015-16 fiscal year.
- A new averaging formula began March 1, 2015 for the Power Service Cost Recovery Rate allowing it to be closer to actual while providing a smoothing affect.
- A rate study will be performed looking at simplifying rates, looking at time of use rates, seasonal customers, different rates for customer inside/outside City limits. The effects of these changes are not presented in this budget, but will be provided to the TCL&P Board at time of presentation.



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Electric Fund Expenses





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Generation Sources

2009 Calendar Year



■ Coal - 97.07%
■ Natural Gas - 2.78%
■ Wind - .15%

2014 Calendar Year

*Generation purchased off the Market may be
coal or natural gas*



Electric Fund Expenses

- Purchase power generation costs
 - Capacity costs are increasing. Currently, TCL&P pays \$.35 kW for its deficient capacity, which is approximately 20 MW, in the proposed budget. TCL&P has 14MW under contract for \$2.00 per kW while another 6MW is expected to be purchased on the market for a not to exceed amount of \$4.00 per kW. The increase in price is a direct result of the planned coal plant retirements.
 - The Lansing Board of Water and Light contract is expiring December 31, 2015, this has been replaced with firm contracts at a lower rate.
 - In the future, TCL&P plans to spread the risk of purchase power by purchasing small amounts of power through various types of purchase power agreements.
- As like last year there is no more FERC accounting, except for where minimally required, allowing for more transparent financial statements.



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Fiber Fund

- Overall revenue increase relating to six new fiber connections for the WiFi system, two additional connections with the City and capital reimbursement from the Downtown Development Authority for the WiFi system.
- Overall expense increase relating to the operation expense of the WiFi system.

A solid blue rectangular graphic on the left side of the slide, containing the text 'Capital Plan' in white.

Capital Plan

New or Change Projects in the Capital Plan

- Pine Street Overhead to Underground Conversion (Change)
- Washington Place Underground Conversion (New)
- Removal and transfer of Hickory Meadow distribution line to Randolph St. (New)
- W. Front Reconstruction from Pine St. to Division St. (Change)
- Division St. Lighting (New)
- Eighth St. Decorative Lighting (New)