
COMMUNITY NEWS

Grand Haven Board of Light and Power
1700 Eaton Drive, Grand Haven, MI

Contact: Renee Molyneux
Phone: (616) 607-1261
Mobile: (616) 638-6974
E-mail: rmolyneux@ghblp.org

FOR IMMEDIATE RELEASE

GRAND HAVEN BOARD OF LIGHT & POWER PROPOSES INTRAGOVERNMENTAL AGREEMENT, \$16.1 MILLION TRANSFER TO CITY FOR ENVIRONMENTAL REMEDIATION AT SIMS SITE

Thursday, July 21, 2022 | Grand Haven, MI — The Grand Haven Board of Light and Power (BLP) reviewed several elements that they believe should be included in a proposed Intragovernmental Environmental Liability Allocation and Assignment Agreement between the BLP and the City of Grand Haven to move forward environmental cleanup at the former Sims Power Plant site. The Board discussion comes in advance of a joint Board and City Council meeting to discuss the responsibilities and contributions each entity is making toward the important cleanup work on the past Sims Power Plant site. The proposed agreement would also involve the transfer of more than \$16 million dollars that the Board has allocated to remediate the Sims site, to the City’s general fund for that purpose.

In total, the BLP has allocated \$29.654 million for the Sims Power Plant demolition, and site environmental remediation and redevelopment. The BLP has paid all expenses to date for these activities, which extended through January 2022. City Council, who assumed control of the site in February 2022, has now allocated approximately \$400,000 in its FY2022 and FY2023 Budget for the general City’s contribution toward these activities.

Larry Kieft, BLP chair said, “The premise of this proposed agreement is to move the site environmental remediation portion of the project forward and ensure the associated costs are paid by the entity responsible for the contamination being addressed. Environmental compliance obligations brought about by the BLP’s operation of the power plant are to be paid by the BLP, and its customers, and City liabilities arising out of past uses of the site by others, including the

past City dump, are to be paid by the City, and recovered in a fashion Council deems most appropriate.”

The Board reviewed and discussed several elements they believe are important for a framework agreement with the City at its July 21 meeting. These elements were included in a memorandum from the BLP’s General Manager (included as an appendix to this release).

“These proposed points are a starting position for negotiations between the City Council and the Board to reach an agreement to move the community forward and address collectively our issues on the Sims site,” stated Kieft.

The Board also reviewed a tabled discussion item from City Council’s July 5 meeting, which proposed an appraisal to determine if BLP has received tax subsidies from the City and if so, the establishment of a schedule of repayment back to the City.

“In reviewing the discussion, the Board has determined that we have not received tax or rent subsidies from the City as all assets were transferred to the BLP at its establishment in 1959,” said board chair Larry Kieft. “It is important to note too that our relationship with the City has always been net positive for City revenue, including transfer of 5% of annual gross revenue to the City since 1978. That is currently about \$1.9 million per year.”

Kieft continued, “The BLP recognizes the difficult financial situation that PFAS at the former city dump has created for City Council and whole community. At this time, we are moving forward with a proposed \$16.1 million transfer to the City, which we have accounted for in our five-year financial plan, bonded debt, and rate structure. The BLP is committed to a partnership with the City for this cleanup, however, we are also looking to the City Council to raise additional funds to cover their responsibility in this partnership to address its former City dump liabilities and responsibilities. To increase the amount contributed from the BLP toward these efforts would require our customers both inside and outside City limits to pay higher rates.”

The GHBLP provides electricity for approximately 14,800 customers in Grand Haven and the surrounding area.

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Appendix: Framework Points of Draft Intragovernmental Agreement

- (1) The City Council will continue to direct and control the redevelopment and environmental remediation activities on the Sims Power Plant site (not Harbor Island more generally) as it has over the last six months through the assignment of an appropriately designated City administration representative. The City plans on using a more “holistic” environmental strategy to address both the BLP’s environmental compliance obligations and those of the general City additionally resulting from the city dump wastes that may have also been deposited on the Sims site (or off the Sims site where associated contaminants are being transported in the groundwater to the site) and occurred prior to the BLP’s use of the property.
 - (2) Any other environmental remediation obligation of the City on Harbor Island off the Sims site shall not be addressed in this agreement.
 - (3) The Board of Light and Power will support the efforts of the City Council on the Sims site as provided for in the written City of Grand Haven intragovernmental agreement, however, the Board will not be required to approve project components or expenditures from the City’s general fund in these regards or commit any additional BLP resources, or employees, to these activities.
 - (4) The designated City representative(s)/contact(s), as well as HDR, and the City Attorney, will act as the City’s liaison(s) with EGLE and EPA for these activities and implementation of compliance measures on the Sims site as may be determined appropriate by the City Council, as the City Council has previously determined appropriate.
 - (5) The Board of Light and Power will transfer to the City’s general fund all previously allocated remaining electric utility funds it has set aside solely for the purpose of remediating the Sims site to address its CCR compliance obligations and other environmental liabilities the BLP may now possess resulting from its use of the property for the last 60 years.
 - (6) The City Council commits to additional general fund expenditures, and any grant proceeds if received, as it may determine necessary to collectively address the site environmental contamination issues on the City’s (including the BLP’s) behalf.
 - (7) The City Council agrees that the BLP’s contribution of the remaining \$16.102 million in electric utility funds is estimated to be adequate to fully reimburse the City for the BLP’s CCR compliance obligations and other known environmental liabilities at this time, and unless this agreement is revisited later and an amendment is approved by both the City Council and the Board, no additional funds will be sought from the BLP to remediate and redevelop the Sims site. The Board agrees to revisit the agreement and negotiate in good faith an amendment if an
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independent engineering study, commissioned by both the BLP and City, determines the BLP has additional liabilities, unknown to the parties at the time of this agreement, and further BLP contributions to the City's general fund is appropriate and necessary to recover and fulfill such Board obligations and liabilities.

(8) The Board and City Council recognize within this agreement that any additional funds determined necessary in paragraph (5) above are not now being recovered in the BLP current electric retail rates, and any further funds will necessitate additional collections from electric rate payers in a per kWh charge to all customers with a dedicated line item on the electric utility bills entitled, "City of Grand Haven imposed environmental electric utility surcharge" and will not be considered a "gross electric retail sale" of the electric utility, subject to the additional 5% transfer to the City under Charter Section 16.9 (now 14.9).

(9) If City Council elects, during the term of the agreement, to use BLP contributed funds to address environmental contamination from non-BLP generated wastes, the Board, and its rate-payers/customers, are under no obligations to provide additional electric utility funds to "make up" for this use by City Council for a "non-electric utility purpose."

(10) The parties agree to subtract, and credit "payment in full," the \$1.037 million dollars to pay the BLP for the outstanding City snowmelt heat source equipment and installation invoice, reducing the contribution to \$15.065 million, however, the City Council will continue to recognize the full \$16.102 million as the BLP's contribution toward Sims site redevelopment and environmental remediation.

(11) The City Council will approve an "assistant City Attorney for electric utility matters," as may be recommended by the Board, under terms and conditions similar to that discussed between Varnum and the City Attorney several months ago, to review and assist and represent the Board in developing this agreement and similar electric utility interests and matters going forward. The Board agrees to continue to use the City Attorney for general municipal matters.

(12) As discussed above, a deed and clear title to the "City of Grand Haven, Board of Light and Power" for Harbor Island substation property, on the previous Sims site, will be provided by the City as a condition of this agreement.

(13) While not an "environmental liability," it shall be recognized in this agreement, that the BLP has no further obligations under the expired Snowmelt Agreement between the BLP and the City.

(14) The Board will no longer pursue reimbursement from the City of any portion of the \$0.937 million dollars it expended for planning and engineering design services following then

City Council direction (and required Board commitment) to redevelop the Sims site for “electric utility purposes.”

(15) City Council will no longer criticize the efforts and actions of the Board, and its staff and consultants, through January 2022 to address its environmental compliance obligations and liabilities with EGLE and EPA. The Board has already found such criticism to be “baseless and without merit.” Reciprocally, the Board will not criticize the actions and decisions of the City Council, and City administrative staff assigned, as they address these issues going forward if the terms and conditions of this agreement are being followed.
