

CITY OF GRAND MARAIS
WORKSESSION MINUTES
July 8, 2009

Mayor Hakes called the meeting to order at 3:30 p.m.

Members present: Sue Hakes, William Lenz, Kay Costello, Jan Sivertson and Tim Kennedy

Members absent: None

Staff present: Mike Roth and Kim Dunsmoor

Chuck Hartley, LHB, discussed the proposed grant application for a district energy biomass project in Grand Marais. This is proven technology in Europe where there are over 100 plants operating. The plant would produce electricity and heat. The plant is not cheap, but the long-term output is good. In order to qualify for the Department of Energy District Energy Grant, the project needs to be \$20 million or more. The grant application forms a loose alliance with Ely in order to qualify for the grant. The grant application deadline is July 14, 2009. Money would not be awarded until October. The main goals of the grant are to create jobs, improve infrastructure, decrease heating costs in government buildings. The proposal would heat the school, hospital, community center and the courthouse. Up to 300 homes/businesses could also be heated with hot water heat. The plant would cost \$11.52 Million and Grand Marais would need to provide \$5.646 million for the project. The feasibility study will not be completed before the grant deadline: however, the information we need to make a decision would be available before October when the grants would be awarded. The initial estimates show a savings to consumers of approximately \$1 million annually, would use 2.5 cords of chipped wood per day and create jobs. We would need to work with SMMPA on the electric generation side.

The meeting adjourned at 4:30 p.m.