



**CITY OF HART
407 S. STATE ST.
HART, MI 49420**

**SPECIAL MEETING OF CITY COUNCIL - COUNCIL PROCEEDINGS
DECEMBER 18th, 2025
MINUTES – Approved**

PRESENT: Mayor Amanda Klotz, Councilors, Catalina Burillo, Jim Cunningham, Dean Hodges, and Andrew Mullen,

ABSENT: Betty Root and Karen Thomson

OTHERS PRESENT: City Manager – Nichole Kleiner, City Clerk/Treasurer – Karla Swihart, Energy Superintendent – Mike Schiller, and Christine Juska

APPROVAL OF AGENDA:

- A. Mullen motioned to approve the Agenda and was supported by J. Cunningham
 - Ayes: 5 Nays: 0 Absent: 2

ACTION ITEMS:

- Resolution 2025-64 Authorize Emissions Compliance, Engine Automation, and Inspection contract with Farabee Mechanical

WHEREAS, the City of Hart owns and operates municipal diesel generation units that support electric system reliability, operational flexibility, and participation in regional power markets; and

WHEREAS, the Michigan Public Power Agency (MPPA) has advised the City that its diesel generation units may be registered for participation in the Midcontinent Independent System Operator (MISO) capacity market beginning Planning Year 2026/2027, provided certain regulatory, emissions, testing, and equipment requirements are met; and

WHEREAS, participation in the MPPA/MISO capacity market will reduce the City's allocated capacity costs and is projected to result in significant long-term savings and revenue under conservative assumptions; and

WHEREAS, compliance with EPA RICE NESHPAP emissions standards is required for capacity registration, and additional engine automation and inspection services are included to ensure compliance certifications, operational reliability, and future market participation readiness; and

WHEREAS, the City's Power Board has reviewed the proposed generator upgrade project, including emissions control, engine automation, and inspections, and recommends proceeding with the improvements to secure capacity credits for Planning Year 2026/2027; and

WHEREAS, Farabee Mechanical, Inc. is a qualified and experienced contractor specializing in municipal generation facilities and RICE NESHPAP emissions compliance, and has submitted a Terms and Acceptance Agreement dated December 18, 2025, and

WHEREAS, pursuant to City of Hart Charter 8.3(b)(10) and 15.1-15.2, competitive bidding is not required for this specialized and time-sensitive generation compliance, inspection, and automation work, and the City Council may authorize contracting based on qualifications, experience, and operational necessity; and

WHEREAS, Terms and Acceptance Agreement, Total contract \$685,398.00, exclusive of applicable taxes, consisting of:

- \$359,991.00 for emissions controls;
- \$297,950.00 for engine automation;
- \$16,000.00 for engine inspections; and
- \$11,457.00 for performance bond required by Michigan Law; and

WHEREAS, the contract provides for phased invoicing for emissions-related and a lease-purchase agreement for engine automation, to be invoiced as follows:

- \$75,000 upon receipt of the agreement;

- \$75,000 upon installation of the first silencer/catalyst unit;
- \$75,000 upon installation of the second silencer/catalyst unit;
- \$75,000 upon submission of compliance test results and certification;

And further provides for a lease-purchase agreement for the engine automation system consisting of:

- 59 equal monthly payments of \$6,423.00; and
- One final payment of \$6,441.00;

With no penalty for early payoff, and with monthly payments to begin April 1, 2026; and

WHEREAS, the City Council finds that this investment is in the best interest of the City's electric utility and ratepayers by enabling capacity market participation, supporting regulatory compliance, and generation long-term financial benefit;

NOW, THEREFORE BE IT RESOLVED BY THE HART CITY COUNCIL, hereby approves

A generator upgrade project with Farabee Mechanical, Inc. in a total contract amount not to exceed \$685,398.00, exclusive of applicable taxes, for emissions controls, engine automation, engine inspections, and required performance bonding; and

BE IT FURTHER RESOLVED THAT THE HART CITY COUNCIL;

Authorizes the City Manager to execute the Terms and Acceptance Agreement dated December 18, 202, including the lease-purchase agreement for engine automation, with Farabee Mechanical, Inc. for the said emissions compliance work and generator updates; and

BE IT FURTHER RESOLVED:

That the City Manager is authorized to take all actions necessary to implement this Resolution, including coordination with MPPA and MISO to complete capacity registration requirements and approval of invoices in accordance with the contract terms.

- A. Mullen motioned to approve Resolution 2025-64 and was supported by D. Hodges
 - Ayes: 5 Nays: 0 Absent: 2
- Special Permit application – Stella's Coffee House use of Walker's Parking Lot
 - Ayes: 5 Nays: 0 Absent: 2

DISCUSSION ITEMS:

- None

CITY MANAGER'S REPORT:

- None

COMMUNICATIONS FROM THE MAYOR AND COUNCIL:

- None

ADJOURN:

- There being no further business to come before the Council, Mayor Klotz adjourned the meeting at 8:31 pm. The next regularly scheduled meeting will be held on January 13, 2026, at 7:30 p.m.

Respectfully Submitted



Karla Swihart, City Clerk