

City hesitant to commit funds for post-Palisades study

By BECKY KARK - For The Herald-Palladium | Posted: Tuesday, July 18, 2017 6:00 am

SOUTH HAVEN — Van Buren County residents won't know for sure the fate of Palisades Nuclear Plant until state regulators sign off on the deal to shutter the plant (expected next month), but that's not stopping several entities from making plans to deal with the economic impact of the plant's likely closure.

Van Buren County Board of Commissioners, Kinexus regional employment agency and Southwest Michigan Planning Commission are seeking a federal grant to pay for a study to examine the impact of the proposed plant's expected closure in October 2018, and then come up with a plan to help the region adapt to any changes brought about by the economic loss of jobs and property tax revenue.

"The tax revenue from the Palisades plant is estimated at \$10 million and is crucial to the county," said Zachary Morris of Kinexus, who is also economic development consultant for Van Buren County. "The impact of the loss could be devastating to public schools, libraries, transportation, law enforcement, and other public services if appropriate action is not taken. Additionally, the 600 highly skilled employees, who are to be laid off, are some of the leading members of their community providing not only fiscal support to local businesses, but also philanthropic support in the ways of volunteering, serving as coaches, and board members."

The pending closure of the Covert Township plant came about late last year when Consumers Energy, which purchases electricity from Palisades, made a request to the Michigan Public Service Commission to approve an early termination of its contract with Palisades parent company, Entergy Corp. When Consumers Energy made the request, Entergy announced it would close the plant if the request was approved, citing the expense of operating the aging plant.

To try to mitigate the impact of the plant's closure on the region, Kinexus, Van Buren County and the Southwest Michigan Planning Commission hope to get a \$540,000 Economic Adjustment Assistance grant from the federal Economic Development Administration, and hire a coordinator to implement the plan developed by the study.

"The changes will be determined by the study," Morris said. "All actions will be targeted at promoting economic vitality for the region."

However, if the grant is awarded, Kinexus would have to come up with a \$100,000 match, which it hopes will come from area governmental units and private entities.

But one municipality – the city of South Haven – doesn't want to commit any dollar amount yet.

City council members on Monday voted unanimously in favor of supporting the need for the grant, but wouldn't commit any money toward the regional match. Council members made their decision based on the city's Local Development Finance Authority's recommendation not to provide matching funds.

City council member Andy Klavins, a member of the LDFA, said he is concerned whether the study would make a difference in terms of helping local governments adjust to the impact of the plant's proposed closing

or retraining Palisades employees for other jobs.

“Let’s make sure we have our ducks in a row before we commit to the money,” he said.

Other members of the LDFA feel the study might be a duplication of effort. In the LDFA’s July 10 meeting minutes, member Mike Henry asked, “In 2016 the county approved a relationship with Kinexus to fund a person to do economic development, why do we need to contribute funds?”

However, city officials aren’t shutting the door on helping to fund the study.

“Should there be a true economic impact (if the plant closes), we’ll review it then,” said City Manager Brian Dissette.