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Niles: City of Four Flags

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Niles: City of Four Flags

By Dennis Hicks
Editor, MMEA Currents



In 1691, French forces built a fort near the south shore of Lake Michigan at a place where the Dowagiac River emptied into the St. Joseph River and intersected the Old Sauk Trail, a major Native American trade route. It was an ideal place for the French to conduct the extremely lucrative fur trade, protect the Jesuit Mission there, and command the surrounding territory. The British liked the spot, too, and following their 1763 victory in the French

and Indian Wars, they took over Fort Saint Joseph and the fur trade. Not to be outdone, the Spanish raided the fort in 1781 and briefly claimed the territory before being seen off by the determined British. Then came the Americans, who sent the British packing after the Revolutionary War.

Thus the nickname, Niles: City of Four Flags.

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Drone photo of Indeck Niles Energy Center under construction in Niles

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Today, **Niles** is a city of about 11,600 in the southwest corner of Michigan, only nine miles from South Bend, Indiana, and closer to Chicago than to either Grand Rapids or Lansing. In the early 20th century, it was also a major railroad hub for travelers moving between the northeast, and the westward cities of Chicago, St. Louis and beyond.

“At one point, 18 passenger trains per day came through Niles,” said Jeffrey Dunlap, Utilities Manager for the City of Niles. “Back then, we were known as The Garden City, because of the extensive gardens around the train depot. For a lot of people, that was their first glimpse of Niles. The head gardener would even hand a bouquet to each of the women as they stepped off the train.”

Niles and Berrien County have an illustrious manufacturing history. The city was the home town of the Dodge brothers, early pioneers of the automotive industry. Just up the river, the City of St. Joseph is the birthplace of Whirlpool Corporation. Buchanan, next door to Niles, gave rise to Clark Equipment Company.

Since most of the manufacturing base has left Niles, one would be forgiven for thinking of it as just another small town in an isolated corner of Michigan, with a rich past but with little influence over the future. In fact, nothing could be further from the truth. Niles is currently host to the Indeck Niles Energy Center, one of Michigan’s largest electric generation projects in the past decade.

“Indeck Energy Services purchased the 110-acre site back in 2000,” said Dunlap. “It was a long unused brownfield in our industrial park. I’m very excited to see it put back to productive use. The project is a combined cycle natural gas power plant, meaning that it will burn natural gas to turn turbines that produces electricity, and then capture

the otherwise wasted heat to produce steam that will turn another turbine. The plant will produce 1,085 megawatts of electricity, enough to power 700,000 homes. The **Niles Utilities Department** is supplying the project with all its construction power. Once it is completed, we will be selling water to the plant and taking its cooling discharge. We will continue to supply it with electricity during times when the plant is offline. As a city customer, Indeck will receive 25 megawatts of ‘cold start’ power from the city in cooperation with **American Electric Power.**”

The Indeck plant is an estimated \$1.1 billion investment in the City of Niles. Indeck, a global energy developer and independent power producer based in Buffalo Grove, Illinois, secured funding for the project from equity partners, Korea Southern Power Co., Ltd. (50%), and Korea-based Daelim Energy (30%). Indeck will hold the remaining 20% of the project’s equity.

“This is the largest project in Indeck history,” said David Hicks, Vice President of Business Development for Indeck. “We’re pleased, after a long effort, to secure financing and move forward. We’re on schedule to meet our March, 2022 completion date thanks to really great collaborations with our equity partners, with **Kiewit Power Constructors**, our engineering, procurement and construction contractor, and especially with the local Niles community. This has been the best community relations effort I’ve seen in 20 years.”

Jeff Dunlap has lead by example in the drive to get buy-in from the Niles community for the massive project. “I can see the plant from my home,” he said. “A lot of people have that ‘not in my back yard’ attitude, but I think it’s great. As far as I’m concerned, if I want the energy, I should be willing to accept the plant.”

And with the plant has come a number of benefits to the local community. “At its peak, the project will employ 842 craft workers and 120 supervisory



Pucker Street Dam before decommissioning

positions, and have positive spillover effects for local businesses like trucking and real estate,” said Dunlap. “The city is looking at a net gain of \$27 million in tax revenues over the next 25 years. This will allow the schools to pay off two school construction bonds eight years early. Plus, we’re getting clean energy from the plant that will make it kinder to the environment. This will be the most efficient power plant of its kind within 250 miles.”

“There were a number of factors that lead to Indeck’s selection of the Niles location for this project,” said Hicks. “From here, we can feed electricity into the American Electric Power grid to the PJM Regional Transmission Organization. Most importantly, there is a major interstate natural gas pipeline that runs right through the site. This

is a great industrial park location with road and rail access, and a nearby port facility for bringing in large, heavy components. The State of Michigan was very helpful when it came to getting all the approvals. Again, the local community buy-in for the facility was absolutely tremendous. We could not have moved forward without it.”

The Indeck Niles Energy Center is without doubt the largest project under way in Niles, but it is by no means the only one. The city’s Pucker Street Dam, on the Dowagiac River, is in the process of being removed. Originally built in 1828, the dam was purchased by Niles in 1894 and upgraded to provide power for city street lighting.

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“We’ve been actively working toward removal of the dam since 2013,” said Dunlap. “State inspectors said it was stable but deemed it a significant hazard and structurally defective, and encouraged us to remove it. Sediment had built up behind the dam, and it blocked the migration of fish up to the St. Joseph River. The dam hasn’t produced power since 1995 and the city wanted to step up and do the right thing and return the Dowagiac to a free-flowing river.”

The \$12 million dam removal and river restoration is scheduled to be completed by the end of 2021. The project includes the demolition of the powerhouse, equipment, and spillway. Also included is installation of cofferdam and drawdown of the river for dredging and restoring 6,250 feet of the Dowagiac River.

“We received a \$2 million grant to help pay for the dam removal. The City Council also approved a \$4 million bond. The rest comes from rate payers through a sliding surcharge over 20-30 years, said Dunlap.”

The Niles Utilities Department switched from American Electric Power to the **Michigan Public Power Agency** as their wholesale power provider in June of this year. “We have seen anywhere from 10%-20% savings on our total purchased power costs,” said Dunlap. “The switch has helped pay for cost overruns on the dam removal project. The savings will also help us modernize our infrastructure and equipment, including automation at our substations, and moving some of our overhead electric distribution lines underground.”

Niles is modernizing in other ways as well. A few years ago, the city was getting feedback



Michigan Central Depot-Niles

from businesses in their industrial park that the broadband internet service was inadequate to meet their needs. “We began working with Midwest Energy & Communications on a solution that would better serve our industrial park customers. Midwest Energy is a member-owned utility, and we thought that made them a good fit for what we wanted to do,” said Dunlap.

In 2017, Niles activated a drone program. “We currently operate five drones to aid in substation and power line scanning and inspection. One of them is a thermal drone,” said Dunlap. “We can deploy a drone and, within 20 minutes, scan six poles. It would take our linemen two hours to cover the same territory, with added traffic and safety concerns. The drones are not just a utility department tool, they are a city-wide asset. We’ve also used them for local search and rescue operations.”

One unexpected revenue boom for the Niles Utility Department has been recently-legalized

commercial marijuana grow operations. “As a retired police officer, I didn’t support it at first,” said Dunlap, “but this has been a game changer. We have 12 commercial grow facilities as electricity customers. They are really impressive inside, and their grow lights consume a lot of electricity. We probably have another 13 legal residential grow houses, based on the power utilization patterns we’re seeing. They’re drawing so much power that we had to upgrade several of our transformers.”

As a former building official with the city, and with a business major, and a background in law enforcement, Jeff Dunlap had a bit of a learning curve when he became the director of the Niles Utilities Department in 2013. “MMEA is the reason I can talk the talk. Ric Huff, our City Administrator, also works with MMEA and he has been great to work for. The city is

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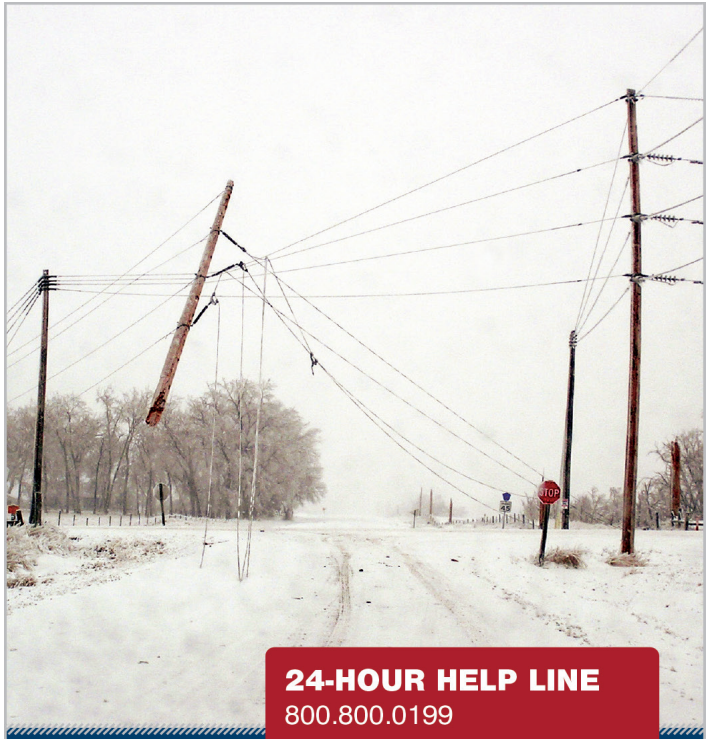
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lucky to have him,” said Dunlap. “Having other public power utility directors to network with and learn from—people like Dave Koster in [Holland](#), and John Griffith in [Sturgis](#)—has been a godsend. MMEA is a wonderful organization that has done so much for me and for the City of Niles. As a public power utility, it’s the cheaper rates, the hometown spirit, and the ability to respond quickly and directly to the needs of our customers that sets us apart. Being part of the [American Public Power Association](#) has also made a tremendous difference. I’ve learned a lot from them, and they allow us to keep up with the trends, and see what works or doesn’t work.”

A lot of things are working in Niles. There’s construction of a massive combined cycle natural gas power plant, removal of an ancient hydroelectric dam so the Dowagiac River can flow freely, substation automation, drones, a new customer base. Yes, Niles has an illustrious past, but what is happening right now places it squarely in the conversation about our energy future.

Niles is the City of Four Flags for a reason. People have always seen this as a strategic location. But location will only get you so far. In the end, it comes down to good leadership, community buy-in, the essential but unglamorous work behind the scenes, and the critical quality of follow-through. The Indeck Niles Energy Center was 20 years in the making. The Pucker Street Dam removal process began seven years ago. The industrial park businesses were unhappy with their broadband access, so the city came through with better service. In need of a force multiplier for its line crews, Niles put drones in the air. Yes, this is a community with vision and community spirit, but more importantly, Niles is a city that knows how to close the deal. 💡




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