

WILLMAR MUNICIPAL UTILITIES MINUTES
MUNICIPAL UTILITIES AUDITORIUM
JUNE 27, 2016

The Municipal Utilities Commission met in its regular scheduled meeting on Monday, June 27, 2016 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Dan Holtz, Carol Laumer, Jeff Nagel, Joe Gimse, Justin Mattern, Abdirizak Mahboub, and Nathan Weber.

Others present at the meeting were: General Manager Wesley Hompe, Director of Operations John Harren, Director of Finance Denise Runge, Power Supply Manager Chris Carlson, Customer Service Supervisor Stacy Stien, Power Production Supervisor Jon Folkedahl, Staff Electrical Engineer Jeron Smith, Administrative Secretary Beth Mattheisen, City Attorney Robert Scott, WC Tribune Journalist Shelby Lindrud, and Gary Weiers of David Drown Associates.

Commission President Holtz opened the meeting by requesting the Commission to offer a resolution to approve the Consent Agenda. Commissioner Laumer informed the Commission that a minor revision had been made to the June 1st WMU Labor Committee meeting minutes which had been presented to the Commission on June 13th. Following clarification and a review of the presented Consent Agenda, Commissioner Laumer offered a resolution to approve the Consent Agenda as presented. Commissioner Nagel seconded.

RESOLUTION NO. 33

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Consent Agenda be approved as presented which includes:

- ❖ Minutes from the June 13, 2016 Commission meeting; and,
- ❖ Bills represented by vouchers No. 161097 to No. 161173 and associated wire transfers inclusive in the amount of \$2,130,270.04.

Dated this 27th day of June, 2016.

President

ATTEST:

Secretary

The foregoing resolution was adopted by a vote of six ayes, zero nays, and one abstention (Holtz).

At this time, Commissioner Holtz introduced Gary Weiers of David Drown Associates (DDA) who presented an outline of the process involved in conducting the search for the General Manager position. The main objective in overseeing the executive search is to find the individual that best fits the needs and requirements of WMU. Weiers reviewed with the Commission the various steps/issues related to the search process including: 1) timeline; 2) salary; 3) profile approval process; 4) possible advertising venues; 5) goals for inclusion in the profile; 6) attributes of new General Manager; 7) hiring process; and, 8) miscellaneous items of interest. In an effort to gather additional insight and direction, Mr. Weiers had met briefly with each Commissioner (individually) earlier in the day.

Commissioner Mattern (Chair) reviewed with the Commission minutes from the June 24th WMU Planning Committee meeting (see attached). Topics of discussion included status updates on the following: 1) Memorandum of Understanding (MOU) with Great River Energy (GRE); 2) Facilities/Building Project; and, 3) Meter Replacement Project. Following review, Commissioner Nagel offered a motion to approve the June 24th WMU Planning Committee meeting minutes as presented. Commissioner Mahboub seconded the motion which carried by a vote of seven ayes and zero nays.

In conjunction with the approval of the WMU Planning Committee meeting minutes, Commissioner Mattern was requesting approval of a service agreement with MCR Performance Solutions, LLC. MCR specializes in the MISO transmission market with the goal of optimizing the value of current and future investments in transmission. In the past, WMU has utilized MCR's expertise to assist with matters related to various transmission issues (i.e. Attachment O). The proposed service agreement with MCR would provide analytic and negotiating assistance for the development of an MOU with GRE, particularly addressing the proposed Priam Substation and subsequent ownership by WMU. The agreement would be composed of two parts: Phase 1 would provide analytical support (i.e. creation of spreadsheets & analytical data for negotiations); and, Phase 2 would be to directly assist WMU during the negotiations with the intent of developing an MOU that moves WMU forward toward achieving revenue neutrality. Estimated fees for Phase 1 would be \$36,000 to \$46,000. Phase 2 costs will be determined on a time (hourly rate) and materials basis with monthly invoicing for the incurred fees and expenses. MCR is highly aware of the strategic importance of this project and the revenue at stake for WMU. Following discussion, Commissioner Mattern offered a resolution to approve the service agreement with MCR to provide assistance with the negotiating efforts toward the creation of an MOU with GRE as presented. Commissioner Mahboub seconded.

RESOLUTION NO. 34

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the service agreement with MCR Performance Solutions, LLC, of Deerfield, Illinois, to provide analytic and negotiation assistance for the development of a Memorandum of Understanding with Great River Energy regarding the Priam Substation (transmission) for which Willmar Municipal Utilities would be the owner.”

Dated this 27th day of June, 2016.

President

ATTEST:

Secretary

The foregoing resolution was adopted by a vote of seven ayes and zero nays.

At this time, two utility-related reports were presented to the Commission for review and discussion. These informational reports and analyses included:

1. May 2016 Wind Turbine Report (Power Production Supervisor Folkedahl)
2. Overview of the WMU Transmission System (Staff Electrical Engineer Smith & Power Supply Manager Carlson). This report illustrated both the physical side of the transmission system (i.e. electric transmission lines & substations) along with the non-technical side of the transmission arena (i.e. WMU Transmission Ownership).

Director of Finance Runge presented the Commission with a tentative timeline to conduct the 2017 WMU Budget process. Runge noted in order to utilize the filing of the MISO Attachment O, which gives WMU the ability to collect transmission revenues based on projections for the coming year versus collecting revenues after the year has ended, the budget process will begin mid-July, with MUC approval scheduled for September 26th. The following is the WMU 2017 Budget Schedule (tentative) as presented:

- July 15 Distribution of budget worksheets
- July 29 Budget worksheets completed
- August 8-12 Budget review meetings w/Staff
- August 19 Consolidation of Operating and Capital Budgets by Director of Finance
- August 26 Management review of consolidated budgets
- September 5 WMU Planning Committee review
- September 20 Budgets finalized
- September 23 Budget presentation to City Finance Committee
- September 26 MUC approval
- TBD City approval

General Manager Hompe presented the Commission with a number of upcoming meetings/events to note. These include:

- WMU Labor Committee Meeting - June 27th (immediately following regular MUC meeting)
- Retirement social honoring General Manager Wes Hompe – Friday, July 15th from 2:00-4:00 p.m. in the WMU Auditorium
- MMUA Annual Summer Meeting – August 15-17 (Cragun’s)
- WMU Annual Open House (Public Power Week) – Tues., October 4

There being no further business to come before the Commission, Commissioner Laumer offered a motion to adjourn the meeting. Commissioner Mattern seconded the motion which carried by a vote of seven ayes and zero nays, and the meeting was adjourned at 12:30 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

Beth Mattheisen
Administrative Secretary

ATTEST:

Jeff Nagel, Secretary



WILLMAR MUNICIPAL UTILITIES

WMU PLANNING COMMITTEE MEETING MINUTES

Friday, June 24, 2016 – 12:00 p.m.

WMU Conference Room

Present: Commissioners Justin Mattern (Chair) & Jeff Nagel, General Manager Wesley Hompe, Director of Operations John Harren, Staff Electrical Engineer Jeron Smith, and Power Supply Manager Chris Carlson. Commissioner Abdirizak Mahboub arrived at 12:08 p.m.

Committee Chair Mattern called the meeting to order at 12:02 p.m.

AGENDA ITEM(S):

➤ **Discuss Information Related to the MOU with GRE (MCR Consulting):**

General Manager Hompe presented a brief background recap regarding the creation of a Memorandum of Understanding (MOU) with GRE regarding transmission assets and the effect on attaining revenue neutrality for WMU (particularly the Priam Substation Project). In the past, WMU has engaged MCR Performance Solutions, LLC, to provide expertise in the transmission arena in matters related to transmission issues (i.e. Attachment O). Hompe reviewed with the Planning Committee a proposed agreement with MCR to provide WMU with both analytic and negotiating assistance for the development of an MOU with GRE regarding the proposed Priam Substation which WMU would be the owner of. Past substation/transmission discussions were reviewed. The agreement would consist of two phases: Phase 1: analytical support (i.e. creation of spreadsheets & analytical data for negotiations); and, Phase 2: assist WMU in conducting negotiations sessions with GRE. Estimated fee for Phase 1 is between \$36,000-\$46,000. Phase 2 costs will be conducted on a time and materials basis at the presented hourly rates with monthly invoicing based on incurred fees and expenses. Hompe stated that MCR understands the strategic importance of this project and the revenue at stake for WMU. The next meeting with GRE has been scheduled for July 13th at the GRE Offices (MCR will also be attending)

Following discussion, it was the consensus of the WMU Planning Committee to present the agreement to the full Commission requesting approval on Monday, June 27th.

At this time, Power Supply Manager Carlson left the meeting.

➤ **Facilities/Building Project Update:**

Director of Operations Harren presented an update of the proposed facilities/building project to date. Harren stated that actual space needs/requirements have been updated to present a more accurate depiction of the needs of WMU. Existing vs. proposed facilities needs were presented along with the estimated value and the increase in efficiencies to WMU. City Administrator Larry Kruse has indicated that the City's building/facilities study is near completion with the findings to be presented to the City Council at their July 11th meeting. WMU's next meeting with GLTArchitects is scheduled for July 28th beginning at 1:00 p.m. Once the full report has been completed, it will be presented to the WMU Planning Committee for review.

➤ **Meter Replacement Project Update:**

General Manager Hompe presented the Committee with an update of the ongoing Meter Replacement Project:

Electric Meters:

- 1) 2015 – 4,409 meters replaced
- 2) 2016 (to date) – 1,675 meters replaced
- 3) Remaining meters to be replaced: 1,964

Water Endpoints:

- 1) 2015 & 2016 – 4,917 completed
- 2) Approx. 1,600 remain to be replaced

➤ **Miscellaneous:**

Director of Operations Harren presented a brief status update on the Power Supply Study previously conducted including generation options. Harren noted that a recommendation will be presented to the WMU Planning Committee regarding the future direction of WMU's generation system. This subject will be addressed at the next WMU Planning Committee meeting (to be scheduled).

Adjournment:

Following discussion, Commissioner Nagel offered a motion to adjourn the meeting of the WMU Planning Committee. Commissioner Mahboub seconded the motion which carried, and the meeting was adjourned by a vote of three ayes and zero noes at 1:11 p.m.