

WILLMAR MUNICIPAL UTILITIES MINUTES
MUNICIPAL UTILITIES AUDITORIUM
SEPTEMBER 26, 2016

The Municipal Utilities Commission met in its regular scheduled meeting on Monday, September 26, 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: Interim General Manager John Harren, Director of Finance Denise Runge, Power Supply Manager Chris Carlson, Customer Service Supervisor Stacy Stien, Power Production Supervisor Jon Folkedahl, Compliance/Safety Officer Janell Johnson, Data Processing/IT Manager Mike Sangren, Administrative Secretary Beth Mattheisen, City Attorney Robert Scott, City Councilman Shawn Mueske, and Gary Weiers of David Drown Associates, Inc.

Commission President Holtz opened the meeting by requesting the Commission to offer a resolution to approve the Consent Agenda. Following review and discussion, Commissioner Laumer offered a resolution to approve the Consent Agenda as presented. Commissioner Gimse seconded.

RESOLUTION NO. 45

“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 September 12, 2016 Commission meeting;
- ❖ Bills represented by vouchers No. 161734 to No. 161815 and associated wire transfers inclusive in the amount of \$4,097,145.75.

Dated this 26th day of September, 2016.

President

ATTEST:

Secretary

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

(Commissioner Mahboub arrived at 11:48 a.m.)

Commissioner Mattern (Chair) reviewed with the Commission the minutes from the September 19th WMU Planning Committee meeting (see attached). The main topics of discussion focused on: 1) State of Minnesota Safety Grant; 2) Facilities/Building Project Update; and, 3) 2017 WMU Budget/Rate Adjustment Review. Following review and discussion, Commissioner Nagel offered a motion to approve the minutes of the September 19th WMU Planning Committee meeting as presented. Commissioner Mattern seconded the motion which carried by a vote of seven ayes and zero nays.

In conjunction with the September 19th WMU Planning Committee meeting, Safety/Compliance Officer Johnson reviewed with the Commission a safety grant which was applied for on behalf of

WMU. The targeted areas in need of funding assistance were based on a recommendation following a previously conducted safety audit. The three areas identified for funding assistance were: 1) slide gate operators at the Service Center (mandatory requirement); 2) ballistic safety glass in the Customer Service area; and 3) AED's for utility vehicles. Johnson informed the Commission that due to insufficient program funding, the award of the grant covered partial payment towards 2 of the 3 requested areas. The award of the safety grant was in the amount of \$7,000 (matching funds) and designated for the slide gate operators and the ballistic safety glass. Johnson noted that the total project cost was in the amount of \$20,182.00.

Following discussion, Commissioner Mattern offered a motion to approve the acceptance of the safety grant as presented in the amount of \$7,000 (matching funds) to assist with the funding of the slide gate operators and ballistic safety glass projects. Commissioner Mahboub seconded the motion which carried by a vote of seven ayes and zero nays.

The next topic of discussion focused on establishing Talking Points related to the proposed Facilities/Building Project. The Commission reviewed and discussed modifications to the presented listing. Following discussion, Commissioner Nagel offered a motion to approve the adjustments to the Talking Points for the Facilities/Building Project. Commissioner Gimse seconded the motion. Following additional verbiage clarification, the motion was renewed and carried by a vote of seven ayes and zero nays.

Director of Finance Runge reviewed with the Commission the proposed 2017 WMU Budget (Operations & Maintenance Budget and Capital Improvement Budget). The recommended Budget was set at \$33.6 million with the largest budgeted cost item being purchased power estimated at \$11.7 million. It was also noted that the Intergovernmental Transfer to the City of Willmar would remain at \$2,152,600 for 2017. Runge noted that the proposed Budget had been presented to the WMU Planning Committee for review and was recommended for approval. It was further noted that in order to complete the capital improvements necessary to keep WMU's operations both efficient and reliable, the need for rate adjustments would be explored. Following a review and discussion, Commissioner Mattern offered a resolution to approve the 2017 WMU Budget as presented. Commissioner Gimse seconded.

RESOLUTION NO. 46

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the 2017 WMU Budget be approved as presented."

Dated this 26th day of September, 2016.

President

ATTEST:

Secretary

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

Interim General Manager Harren presented the Commission with an updated summary of WMU's Strategic Planning/Long-Term Plan. The data reviewed was a Strategic Plan Worksheet Update along with a Progress Summary (Sept. 2016). The initial data originated from the WMU Strategic

Planning Session held on April 29, 2015. Harren informed the Commission that quarterly updates will be presented to the Commission for review.

Interim General Manager Harren requested the Commission to consider a possible modification to upcoming Commissioners terms. The change would be necessary to bring the Commissioners rotation terms into alignment with City Charter requirements (Ordinance No. #1330). It was the consensus of the Commission that President Holtz would contact Mayor Calvin to initiate this adjustment.

Power Production Supervisor Folkedahl presented the Commission with the August 2016 Wind Turbine Report. The information presented contained the monthly production data along with the annual combined total production analysis.

Interim General Manager Harren informed the Commission that a letter of support for a Congressional Municipal Finance Caucus will be submitted to MN Representatives Rick Nolan and Collin Peterson. This House Caucus was established to recognize, support and protect the tax-exempt status of municipal bonds, and to educate legislators on the importance and benefits of municipal financing.

Interim General Manager Harren announced to the Commission that Operations Foreman Odean Iverson will be retiring on Friday, September 30th. Ode has been a member of the Power Production staff for 32+ years. We would like to express our sincere appreciation for his service and dedication as a valuable member of the WMU Staff. Ode's wealth of knowledge of the production system will be greatly missed. Best wishes, Ode!

At this time, Data Processing/IT Manager Sangren distributed new iPads to the Commissioners. Sangren continued by presenting an instructional tutorial to the members related to the iPad usage and the Call to Order application (NISC meeting application).

For information: Upcoming meetings/events to note include:

- WMU Annual Open House (Public Power Week) – Tues., October 4 @ 4:00-6:30 p.m. (Civic Center)
- APPA Public Utility Governance Webinar: [*Achieving Excellence in Public Power Governance*](#) – Wed., Oct. 5 @ 1:00-2:30 p.m. CST (WMU Conference Room)
- MMUA Legislative Rally - January 31-February 1, 2017
- APPA Legislative Rally - February 27-March 1, 2017 (Washington, DC)
- APPA National Conference - June 19-21, 2017 (Orlando, FL)

(At 1:05 a.m., a brief intermission was held prior to conducting the interview of the final candidate for the General Manager position.)

Gary Weiers of David Drown Associates, Inc., presided as the facilitator for the interview for the position of General Manager. Current Interim General Manager John Harren was named the final candidate for the position vacancy. Weiers presented a description of the step-by-step process involved in the search for the new General Manager (i.e. advertising, application ranking, interviews, etc.). The final stage of the process was to conduct an interview of the finalist by the full Commission. Candidate Harren began by presenting the Commission with a ten-minute PowerPoint presentation reflecting his insight and vision regarding WMU and the future direction of the Utility. Next, individual questions were presented by each Commissioner with Weiers providing general guidance for participation in the interview process. Following the interview, Interim General Manager Harren was excused. At this time, Commissioner Holtz expressed his sincere appreciation to everyone involved with the search process (WMU Labor Committee, WMU

Staff, Gary Weiers, etc.). Following brief discussion, Commissioner Gimse made a motion to offer the position of General Manager of Willmar Municipal Utilities to John Harren and direct the WMU Labor Committee and WMU's legal counsel to negotiate an employment agreement with Mr. Harren for the Commission's review at its October 10th regular meeting. Commissioner Laumer seconded the motion which carried by a vote of seven ayes and zero nays.

There being no further business to come before the Commission, Commissioner Nagel offered a motion to adjourn the meeting. Commissioner Gimse seconded the motion which carried by a vote of seven ayes and zero nays, and the meeting was adjourned at 2:15 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

Beth Mattheisen
Administrative Secretary

ATTEST:

Jeff Nagel, Secretary



WILLMAR MUNICIPAL UTILITIES
WMU PLANNING COMMITTEE MEETING MINUTES
Monday, September 19, 2016 – 12:00 p.m.
WMU Conference Room

Present: Commissioners Justin Mattern (Chair), Abdirizak Mahboub & Jeff Nagel, Interim General Manager John Harren, Director of Finance Denise Runge, Compliance/Safety Officer Janell Johnson, and Facilities & Purchasing Manager Kevin Marti

Committee Chair Mattern called the meeting to order at 12:00 p.m.

AGENDA ITEM(S):

➤ **Safety Grant:**

Compliance/Safety Officer Johnson informed the Committee that the Utilities had applied for a safety grant with the State of Minnesota. The application listed three areas requesting funding assistance: 1) slide gate operators for the Service Center (these are required); 2) ballistic glass for the Customer Service area; and, 3) AED's for Utility vehicles. Following receipt of the application, the MN Dept. of Labor & Industry informed the Utility that a safety grant has been recommended for approval. However, due to insufficient program funding, the award of the grant covered partial payment toward 2 of the 3 requested areas. The approved projects specified for the safety grant funding are the slide gate operators and ballistic safety glass with a maximum grant award of \$7,000 (matching funds). Johnson noted that the total project cost is \$20,182. Consideration was given to requesting partial payment of the grant to cover the mandatory slide gate operators and bypassing the installation of the ballistic glass at this time; or, request the grant in its entirety and cover the remainder of the cost for the ballistic glass as a Utility expense (funds have been budgeted). It was noted that to expedite the processing of the application, the signed agreement to the Safety Grant Administrator is required within 7 days.

Recommendation:

Following discussion, it was the consensus of the Committee to recommend approval of the safety grant as presented in the amount of \$7,000 (matching funds) with the Utility to provide the additional funding for the completion of the slide gate operators and the ballistic safety glass projects as presented.

(Compliance/Safety Officer Johnson departed the meeting at this time.)

➤ **Facilities Project Update:**

Facilities/Purchasing Supv. Marti presented the Committee with an update of adjacent properties vs green field space plus additional data reflecting comparisons and spacing needs (2010 Study vs updated 2016 results). Among the topics reviewed & discussed were: 1) land cost comparisons (adjacent WMU properties vs Industrial Park Property); and, 2) pros and cons for separate buildings vs downtown site including potential limitations.

The next item reviewed with the Planning Committee was the GLT Architect pre-design proposal. GLTA had completed a long-range facilities study for WMU in 2010. The original study reviewed existing facilities, current & anticipated future space needs, and established goals for the project. These goals were established to improve operational efficiency, customer service, energy efficiency, and improve the overall appearance of the building/facility. An update to the study was conducted in 2016. The updated study reflects the space needs and changes that have become apparent since the original study. After identifying the findings, WMU is looking to explore preliminary design options. Identifying the site location would be

required prior to having preliminary designs competed. Currently, our existing downtown site location would be used for the possible preliminary design. Reviewed were tasks required to attain preliminary facility design: 1) meetings; 2) site analysis; 3) site design; 4) building design; and, 5) construction cost analysis.

The services and scope of work to conduct these tasks would take approximately 3 months to complete. The proposal from GLTA to conduct this preliminary design ("Phase 2") is in the amount of \$28,500. Note: Structural, mechanical, electrical & civil engineering or updated property appraisals are not included in this amount.

Interim General Manager Harren informed the Committee that this proposal may be premature due to the fact that a Community Task Force is currently being formed by the Mayor to address the possibility of a campus-type WMU/City complex. A recommendation from the Community Task Force would be anticipated by the end of the first quarter of 2017.

Potential location for the future facilities must be determined prior to any additional action being taken. Discussion continued regarding the budgetary figures related to the facility project and square footage that is actually required to meet the current and future needs of WMU.

Marti presented the Committee with a brief recap of various facilities tours that the Building Committee have recently visited. These sites included: Runestone Electric (Alexandria), Shakopee Utilities, Austin Utilities, and Kandiyohi Power Coop. Comparisons in costs & square footage were reviewed.

Marti continued by reviewing Talking Points established for a future building project discussion (i.e. Who we are/What we do/What we need/Why we need it).

Recommendation:

Following discussion, it was the consensus of the Committee to recommend that the Commission approve of the Talking Points with the adjustments as discussed.

Informational discussion included: spacing needs, updated study needs, and agreeing that the needs identified in the study are considerably higher than what is anticipated for final results.

(Facilities/Purchasing Supv. Marti departed the meeting at this time.)

➤ **2017 WMU Budget/Rate Adjustment Review:**

At the 09.09.17 Planning Committee meeting, Director of Finance Runge had reviewed with the Committee the preliminary 2017 WMU Budget. Following review and discussion, additional modifications were needed to the proposed budget (primarily amounts in Capital Improvement Budget). Harren presented a brief recap of the preliminary budget presented of which the Committee was favorable to. There were specifically two budgetary adjustments that the Committee had requested to the Capital Improvement portion of the budget.

Runge stated that the two areas of discussion had focused on the housing of the diesel generators and the costs for construction of a new facilities. It was under the advisement of the Committee to adjust these previously presented cost figures. The housing for the diesel generators has been modified to consist of 2 steel-frame buildings rather than the "tornado proof" building originally presented (decrease of approximately \$1 million). This would also bring the diesels into RICE compliance as required. A budgetary breakdown of the project was reviewed.

Runge continued by stating that the budgeted amount for the proposed facility project for 2017 would be a total of approximately \$3 million (this would act as a down payment for the project).

Cash flow and revenue data with a five-year window, also addressing the need for the potential rate adjustments were discussed. In order to complete the capital improvements necessary to keep WMU's operations both efficient and reliable, the need for the rate adjustment would be necessary.

Harren further noted that if no rate adjustments are approved, capital projects would need to be readdressed and cut back. Consideration was also discussed regarding the possibility of listing the fixed franchise fee paid to the City as a line item on the utility bill (to serve as transparency to the customers). This would serve as a means to generate additional revenue to recover costs rather than simply absorbing the costs. The Committee supported the concept and instructed Staff to contact the City Finance Committee to address the topic.

(Commissioner Mahboub departed the meeting at this time.)

Recommendation:

Following discussion, it was the consensus of the Committee, to recommend approval of the 2017 WMU Budget including the Capital Improvement Budget as presented (with adjustments).

Furthermore, recommendation to contact the City Finance Committee to present the rate adjustment & franchise fee being listed as a line item on utility billings.

➤ **Adjournment:**

Following discussion, Commissioner Nagel offered a motion to adjourn the meeting of the WMU Planning Committee. Commissioner Mattern seconded the motion which carried, and the meeting was adjourned by a vote of two ayes and zero noes at 2:09 p.m.