

WILLMAR MUNICIPAL UTILITIES MINUTES
MUNICIPAL UTILITIES AUDITORIUM
NOVEMBER 14, 2016

The Municipal Utilities Commission met in its regular scheduled meeting on Monday, November 14, 2016 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Dan Holtz, Jeff Nagel, Joe Gimse, Justin Mattern, Abdirizak Mahboub and Nathan Weber. Absent was Commissioner Carol Laumer.

Others present at the meeting were: General Manager John Harren, Director of Finance Denise Runge, Power Supply Manager Chris Carlson, Customer Service Supervisor Stacy Stien, Power Production Supervisor Jon Folkedahl, Administrative Secretary Beth Mattheisen, Compliance Officer Janell Johnson, Power Resources Analyst Michelle Marotzke, and City Attorney Robert Scott.

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

RESOLUTION NO. 52

“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 October 24, 2016 Commission meeting;
- ❖ Bills represented by vouchers No. 161987 to No. 162107 and associated wire transfers inclusive in the amount of \$576,721.46.

Dated this 14th day of November, 2016.

President

ATTEST:

Secretary

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

Commissioner Mattern (Chair) reviewed with the Commission the minutes from the November 4th WMU Planning Committee meeting (see attached). The main topics of discussion focused on: 1) Operations Policy review & update; 2) 2017 Schedule of Charges; 3) EAA; and, 4) establishing goals & expectations for the General Manager position. Following review and discussion, Commissioner Mattern offered a motion to approve the minutes of the November 4th WMU Planning Committee meeting as presented. Commissioner Nagel seconded the motion which carried by a vote of six ayes and zero nays.

In conjunction with the November 4th Planning Committee meeting, three recommendations were presented to the Commission for approval. The first item was a request to approve the Operations Policy incorporating the proposed revisions. Following discussion, Commissioner Mattern offered a resolution to approve the Operations Policy as presented. Commissioner Mahboub seconded.

RESOLUTION NO. 53

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the WMU Operations Policy be approved incorporating the modifications as presented.”

Dated this 14th day of November, 2016.

President

ATTEST:

Secretary

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

The second item to be recommended for approval by the Planning Committee was the 2017 Schedule of Charges. Following review & discussion, Commissioner Mattern offered a resolution to approve the 2017 Schedule of Charges as presented. Commissioner Mahboub seconded.

RESOLUTION NO. 54

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the 2017 Schedule of Charges be approved as presented.”

Dated this 14th day of November, 2016.

President

ATTEST:

Secretary

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

The third item to be recommended for approval by the WMU Planning Committee was to implement the Energy Acquisition Adjustment (EAA) per City Charter guidelines. The purpose of the EAA is to allow for changes to retail rates that reflect increases or decreases in power supply related expenses that are outside the control of WMU and its Staff. The use of the EAA reduces the need for frequent adjustments in rates to account for uncontrollable power supply expenses. It was further noted that the last implementation of the EAA occurred in January 2009. Following discussion, Commissioner Mattern offered a resolution to approve the utilization of the EAA on a monthly basis beginning with the December (2016) billing cycle by implementing a 4 mil (.004 cent) adjustment to assist in the recovery of power supply expense deficit. Commissioner Mahboub seconded.

RESOLUTION NO. 55

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that per City Charter guidelines, the Energy Acquisition Adjustment be utilized on a monthly basis beginning

with the December (2016) billing cycle by implementing a 4 mil (.004 cent) adjustment to assist in the recovery of power supply expenses.”

Dated this 14th day of November, 2016.

President

ATTEST:

Secretary

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

Commissioner Gimse (Vice Chair) reviewed with the Commission the minutes from the November 9th WMU Labor Committee meeting (see attached). The main topics of discussion focused on: 1) Personnel Policy review & update; 2) MOA - Change of Working Hours (union employees); 3) 2017 non-union wage adjustment; and, 4) establishing goals & expectations for the General Manager position. Following review and discussion, Commissioner Gimse offered a motion to approve the minutes of the November 9th WMU Labor Committee meeting as presented. Commissioner Mattern seconded the motion which carried by a vote of six ayes and zero nays.

In conjunction with the November 9^h Labor Committee meeting, three recommendations were presented to the Commission for approval. The first item was a request to approve the Personnel Policy as proposed with the inclusion of the newly created WMU Commission Tablet Device Guidelines (policy). Following discussion, Commissioner Gimse offered a resolution to approve the Personnel Policy as presented including the addition of the Commission Tablet Device Guidelines. Commissioner Nagel seconded.

RESOLUTION NO. 56

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Personnel Policy be approved incorporating the proposed revisions and the inclusion of the WMU Commission Tablet Device Guidelines (policy) as presented.”

Dated this 14th day of November, 2016.

President

ATTEST:

Secretary

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

The second item to be recommended for approval by the WMU Labor Committee was the Memorandum of Agreement (MOA) for Change of Working Hours for WMU union employees. It was noted that a vote was conducted on October 19th and the result of the vote was to change the working hours to 7:30 a.m. to 4:00 p.m. (excluding summer hours). Following discussion,

Commissioner Gimse offered a resolution to approve the MOA - Change of Working Hours for union employees be approved. Commissioner Mattern seconded.

RESOLUTION NO. 57

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Memorandum of Agreement between WMU and IBEW Local Union #160 to Change Working Hours be approved as presented.”

Dated this 14th day of November, 2016.

President

ATTEST:

Secretary

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

The third item to be recommended for approval by the Labor Committee was to approve a wage adjustment for the non-union employees beginning January 1, 2017. It was noted that the non-union wage adjustment would exclude the General Manager position. Following discussion, Commissioner Gimse offered a resolution to approve a 2.5% wage increase effective January 1, 2017 for all non-union employees (excluding the General Manager). Commissioner Weber seconded.

RESOLUTION NO. 58

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that a 2.5% wage increase be implemented for all WMU non-union employees (excluding the General Manager position) effective January 1, 2017.”

Dated this 14th day of November, 2016.

President

ATTEST:

Secretary

The foregoing resolution was adopted by a vote of six 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. September 2016 Finance Reports (Director of Finance Runge)
2. September 2016 Power Supply Report (Power Resources Analyst Marotzke)

General Manager Harren presented the Commission with a status update of the 230kv Transmission Line Project and that a conference call had been conducted earlier in the day (11.14.16) with GRE regarding the Construction & Coordinated Planning Agreement relating to the Priam Substation Project.

Commissioner Mattern presented Staff with a question regarding security at the Power Plant. Power Production Supervisor Folkedahl stated that maintenance solutions have been established to address any future breach of security at the facility.

Power Production Supervisor Folkedahl informed the Commission of an outage recently experienced by WMU's wind turbine generator. Following required repairs, it was noted that the turbine is back online and operational.

For information: Upcoming meetings/events to note include:

- 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)

There being no further business to come before the Commission, Commissioner Gimse offered a motion to adjourn the meeting. Commissioner Mattern seconded the motion which carried, and the meeting was adjourned at 12:38 p.m. by a vote of six ayes and zero nays.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

Beth Mattheisen
Administrative Secretary

ATTEST:

Jeff Nagel, Secretary



WILLMAR MUNICIPAL UTILITIES
WMU PLANNING COMMITTEE MEETING MINUTES
Friday, November 4, 2016 – 12:00 p.m.
WMU Conference Room

Present: Commissioners Justin Mattern (Chair), Abdirizak Mahboub & Jeff Nagel, General Manager John Harren, Director of Finance Denise Runge, Compliance/Safety Officer Janell Johnson, and Power Supply Manager Chris Carlson.

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

AGENDA ITEM(S):

➤ **Operations Policy Review/Update:**

Compliance/Safety Officer Johnson reviewed with the Committee the 2017 Policy Schedule of Changes related to the Operations Policy. Johnson reviewed the data along with their review dates pertaining to the various policies. For this review period, there were six (6) changes/modifications being proposed.

One of the proposed changes was related to modifying the guidelines to the Fee/Charge Waiver Policy. The question of raising the limit on this policy was discussed (previously \$1,000 with a proposed increase to \$2,500). This would enable WMU the ability to provide special utility services for various civic projects based on the established guidelines (assist or provide services for utility services only). Compliance/Safety Officer Johnson continued by clarifying the additional language and policy modifications proposed for the Operations Policy for consideration.

Recommendation:

Following discussion, Commissioner Nagel offered a motion to accept the proposed modifications to the Operations Policy including the increase in the Fee/Charge Waiver Policy (from \$1,000 to \$2,500) as presented, and to recommend approval by the full Commission at their Nov. 14th meeting. Commissioner Mahboub seconded the motion which carried by a vote of three ayes and zero nays.

➤ **2017 Schedule of Charges:**

In conjunction with the Operations Policy revisions, Compliance/Safety Officer Johnson continued by reviewing with the Planning Committee a historical recap of the WMU Schedule of Charges (2006-2016). These charges include equipment rental and various service charges (i.e. customer service charges, water connection fees, apartment rental, etc.) Each of the charges were evaluated by Staff to determine the proposed adjustments. Johnson presented clarification for the individual items being addressed along with the proposed personnel hourly pay rates (labor & material rate fees). Johnson further presented clarification of the need to adjust the current service charges (i.e. utility deposits, termination of services, hookup fees, etc.). Staff reminded the Committee that following twelve consecutive on-time payments, the utility deposit is credited back to the customer's account. Related to the electric service hookup fees following discussion, it was the recommendation of the Committee to set the electric service hookup fees for a 200 amp service and less at \$300 and 200 amp service and over at \$500.

Disconnection/Reconnection for Non-Payment Fees: This item is utilized as an attempt to dissuade customers from making arrangements after hours for reconnection of services. An explanation of the charges associated with the after-hour calls was presented (i.e. 2 employees at 1.5 times their normal pay rate at a two-hour minimum). Following discussion, it was the

recommendation of the Committee to set the disconnect reconnection fees for non-payment of utility bills at: Electric (two-year adjustment) - \$100 in 2017 and \$150 in 2018; Water - \$150; and additional reconnect for after regular office hours (overtime) - \$150.

Recommendation:

Following discussion, it was recommendation of the WMU Planning Committee to approve the proposed 2017 Schedule of Charges as presented with the following modifications included:

- 1) Electric service hookup fees (200 amps or less): Phase in the modification into a two-year adjustment; 2017 adjustment would be \$300 with the 2018 adjustment set at \$450 and (200 amp and over 2017 adjustment \$500 with the 2018 adjustment set at \$900
- 2) Disconnect/Reconnection for Non-Payment of Utility Bills: Set the reconnection fees at: Electric (two-year adjustment) - \$100 for 2017 and \$150 in 2018; Water - \$150; and, additional reconnect for after office hours (overtime) - \$150.

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

➤ **EAA Presentation & Discussion:**

General Manager Harren presented the Committee with a historic background of the Energy Acquisition Adjustment (EAA). Harren added that WMU has an established EAA policy that instructs Staff with the guidelines to implement the EAA. Harren further noted that the last actual use of the EAA was in 2009. (The purpose of the EAA is to allow for changes to retail rates that reflect increases or decreases in power supply related expenses that are outside the control of WMU and its Staff. If costs increase above an expected level, retail rates can be increased to cover those costs and if costs decrease below an expected level, retail rates can be decreased to pass those savings on to customers. The use of the EAA reduces the need for frequent adjustments in rates to account for uncontrollable power supply related expenses.) Harren stated that every power agency uses the EAA as a tool to manage their power supply related expenses. When the EAA is not utilized, the uncontrolled costs deplete Utility funding which is required for capital improvement projects and normal operations.

Power Supply Manager Carlson continued by presenting the Committee the EAA deficit with illustrations of sample accounts and the effects of implementing the EAA on these accounts (6 residential, 6 industrial, and 6 commercial accounts). The projections were established based on historical usage data. Figures were presented based on enacting the EAA beginning as early as the December (2016) billing cycle by implementing a 4 mill (.004 cent) rate. Following discussion, the Planning Committee was receptive to enacting the monthly EAA charge beginning in December 2016.

Recommendation:

Following discussion, it was the consensus of the Planning Committee to recommend utilizing the EAA on a monthly basis beginning with the December (2016) billing cycle by implementing a 4 mil (.004 cent) adjustment to assist in the recovery of power supply expense deficit. The 4 mills will be applied until the power supply deficit is replenished and thereafter the actual power supply costs will be reflected in a monthly EAA.

➤ **Electric & Water Rates Review:**

With the implementation of the EAA, the electric and water rates will remain unchanged at this time, but will be readdressed in the 3rd quarter of 2017.

➤ **Fee/Charge Waiver Policy Discussion (Robbins Island Project):**

General Manager Harren briefly recapped the proposed Robbins Island Project (playground) which was presented to the Commission by Rep. Dave Baker. Rep. Baker had requested

fee/charge waiver consideration for the project. While the WMU Fee/Charge Waiver Policy was modified in the Operations Policy (first agenda item), the Robbins Island Project will be further discussed as the project proceeds.

➤ **Building/Facilities Project Update:**

General Manager Harren recapped for the Committee a correspondence he had received from Mayor Calvin indicating that WMU should proceed with their building project based on the current & future needs of WMU (versus a WMU/City joint effort).

➤ **Priam Substation Project Update:**

General Manager Harren presented a progress report on the Priam Substation Project. Met a number of times with GRE regarding the creation of a MOA to establish each of the entities assets & responsibilities, and forming a Coordinated Planning Agreement, however GRE has requested that the MOA be changed to a Facilities Construction Agreement (minimal items remain to be agreed upon). GRE is currently reviewing the modifications. A conference call has been scheduled for November 14th to further discuss the agreement. Following the establishment of the agreement, it will be brought before the WMU Planning Committee for consideration (in the near future).

➤ **General Manager - Goals & Expectations**

General Manager Harren expressed his view of anticipated goals and expectations, and requested input from the Committee/Commission of their expectations (i.e. policies, projects, carrying out directives, etc.). Harren briefly reviewed a number of both short & long-term goals including capital improvement projects, pay equity compliance (with the City), along with addressing staffing needs of the WMU. Harren feels that the current Utility personnel is very talented and intends to utilize the individuals to the best of their ability to capitalize on their strengths. Following discussion, the Planning Committee agreed to the following goals and expectations related to the General Manager including: 1) keep all capital projects moving as appropriate; 2) provide progress updates on various projects; 3) explore joint agency for power supply; 4) participate in the Downtown Development Committee; 5) update Strategic Plan; and, 6) provide additional training for use of NISC software.

➤ **Miscellaneous:**

General Manager Harren informed the Committee that he recently spoke with Mayor Calvin regarding the status of the appointments/reappointments to the Commission (four terms are currently up for consideration). Reminder: The current term rotation is out of synch and an adjustment is required according to the City Charter.

➤ **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 2:29 p.m.



WILLMAR MUNICIPAL UTILITIES
WMU Labor Committee Meeting Minutes
WMU Conference Room
Wednesday, November 9, 2016 – 12:00 p.m.

Attendees: Commissioners Carol Laumer (Chair), Joe Gimse & Nathan Weber, General Manager John Harren, Director of Finance Denise Runge, Compliance/Safety Officer Janell Johnson, and Administrative Secretary Beth Mattheisen.

Commissioner Laumer called the meeting to order at 12:02 p.m.

AGENDA ITEMS:

➤ **Personnel Policy Review/Update:**

Compliance/Safety Officer Johnson reviewed with the Labor Committee proposed revisions to the Personnel Policy along with recommendations related to the various labor/personnel policies. Johnson presented the revisions including:

- a. Purchasing Policy/Purchasing Limits: Addition of “Construction Engineer - Up to the maximum of \$20,000 limit”
- b. Personnel Policy: Clarification of language & formatting revisions including the following topics: vehicle use, comp time, travel expenses, PTO/Severance Payout at Retirement, and Life Insurance/Supplemental Life Insurance.
- c. WMU Issued Cell/Smart Phone Policy: Phone numbers will remain with the assigned positions, along with additional verbiage revisions.
- d. IT Security Policy: language revisions; clarification of various sections including portable information systems, electronic mail, personal use of IT Systems, and wireless access.
- e. Annual reviews of the following policies was conducted with no changes required: Organized Health Care Arrangement Notice of Privacy Practices (HIPPA); Data Practices Policies (4); MGDPA Comprehensive Policy; Works Comp; Clothing Purchasing Guidelines; FMLA; and PTO Donation Policy.
- f. WMU Commission Tablet Device Guidelines: These guidelines pertain to WMU employees & Commissioners who are issued a tablet (i.e. iPad) by WMU. Guidelines are to outline the responsibilities and care required for WMU-issued table devices.

Recommendation:

Following a review of the proposed revisions, Commissioner Gimse offered a motion to approve the proposed modifications to the Personnel Policy as presented. Commissioner Weber seconded the motion which carried by a vote of three ayes and zero nays.

➤ **IBEW Local Union #160 – Memorandum of Agreement – Change of Working Hours:**

General Manager Harren reviewed a Memorandum of Agreement (MOA) for Change of Working Hours for WMU union employees (IBEW Local Union #160). A union vote was conducted on October 19th and the result of the vote was to change the working hours to 7:30 a.m. to 4:00 p.m. (excluding summer hours).

Recommendation:

Following review & discussion, Commissioner Laumer offered a motion to approve the MOA for the change of working hours for WMU union employees as presented. Commissioner Weber seconded the motion which carried by a vote of three ayes and zero nays.

➤ **2017 Non-Union Wage Adjustment (excluding GM Position):**

General Manager Harren informed the Committee of the need to establish a wage settlement for non-union employees for 2017. Harren reviewed the current two-year negotiated wage settlement (2016 & 2017) for union employees. Harren reviewed with the Committee the past practice process related to establishing wage adjustments for non-union employees. The question of establishing a policy to directly relate to the non-union employees was addressed (i.e. performance reviews, incentives, etc.). Staff was instructed to create a policy to address non-union employees wage adjustments.

Recommendation:

Following discussion, Commissioner Gimse offered a motion to approve a 2.5% wage increase beginning January 1, 2017 for all non-union employees (excluding the General Manager position). Commissioner Laumer seconded the motion which carried by a vote of three ayes and zero nays.

(Director of Finance Runge left the meeting at this time.)

➤ **General Manager – Goals & Expectations:**

General Manager Harren opened up discussion with the Labor Committee on the need to create goals to meet Commission performance expectations for his newly acquired position. Harren stated that at the Nov. 4th Planning Committee meeting, recommendations had been established including the following: keep all capital projects moving as appropriate; provide progress updates; explore joint agency for power supply; and, participate in the Downtown Development Committee. The Labor Committee was asked to also provide their directives related to the General Manager.

Commissioner Laumer stated the need to prioritizing of projects. With this being said, General Manager Harren presented the Committee with a prime example of a top priority issue to address. Harren presented a review of the Energy Acquisition Adjustment (EAA) and its possible usage and need for implementation. Harren reviewed the effects of the uncontrollable power supply costs. WMU does have an EAA policy in effect that can be utilized to assist in recovering some of these costs.

General Manager Harren continued by presenting a listing of projects to be prioritized including, but not limited to: 1) Power supply options; 2) Priam Substation; 3) Strategic Planning (updates are currently presented quarterly); 4) accounting update (NISC including AMI) including additional staff training; 6) staffing restructuring (i.e. Director of Operations); 7) Pay Equity Study (filed jointly with the City & Rice Hospital); 8) rate increases & implementing the EAA; and, 9) funding of capital improvement projects including the Building/Facilities Project, Water Treatment Project, and Priam Substation.

Personnel/Staffing Issues: The question was raised of the subject of the Director of Operations and suggested to leave the position open at this time. Future restructuring and the possible redirecting of staff from within the company may be advantageous. A request to review the organizational structure to ensure the staffing needs are adequately covered. The goal would be to address staffing needs within the next six months. Additional input and directive from the Labor Committee to assist in achieving the goals and expectations of the Commission would include:

- 1) Provide progress reports as required (made aware of projects, etc.). Harren reminded the Committee that if at any time additional questions or explanations were required, Commissioners are urged to contact him directly so that he may meet to explain processes

or details more effectively, thus keeping Commissioners more informed. Harren stated that one-on-one communication is encouraged

- 2) Keep the Commission informed and up-to-date on potential rate adjustments including the need or basis for such adjustments.
- 3) Keep the lines of communication open between the General Manager and Staff in a positive and forward moving approach.
- 4) Utilize additional educational training and workshops (trending issues, management & leadership, etc.)
- 5) Continue to encourage and promote employee safety and training (i.e. safety meetings/training/Safety Committee, etc.). Present periodic safety updates to the Commission.

➤ **Adjournment:**

There being no further business to come before the WMU Labor Committee, Commissioner Weber offered a motion to adjourn the meeting. Commissioner Gimse seconded the motion which carried by a vote of three ayes and zero nays at 1:35 p.m.