

WILLMAR MUNICIPAL UTILITIES MINUTES
MUNICIPAL UTILITIES AUDITORIUM
DECEMBER 27, 2016

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

Others present at the meeting were: General Manager John Harren, Power Production Supervisor Jon Folkedahl, Water & Heating Supervisor Joel Braegelman, Administrative Secretary Beth Mattheisen, City Attorney Robert Scott, City Councilman Shawn Meuske, and WC Tribune Journalist Shelby Lindrud.

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 with an additional item to be included (recognition of Commissioner Nagel). Commissioner Mattern seconded.

RESOLUTION NO. 62

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

- ❖ Minutes from the December 12, 2016 Commission meeting; and,
- ❖ Bills represented by vouchers No. 162283 to No. 162363 and associated wire transfers inclusive in the amount of \$1,567,079.74.

Dated this 27th day of December, 2016.

President

ATTEST:

Secretary

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

Commissioner Mattern (Chair) reviewed with the Commission the minutes from the December 19th WMU Planning Committee meeting (see attached). The topics of discussion focused on the following: 1) Priam Substation/GRE Agreements; 2) Water Treatment Project update; 3) Robbins Island Project donation request; 4) Fellon-McCord & Associates contract; 5) RFPs for power supply management; and, 6) location generation/district heating update. Mattern noted that a number of recommendations regarding these issues were being presented and requesting approval from the Commission to proceed. Following review and discussion, Commissioner Mattern offered a motion to approve the minutes from the December 19th WMU Planning Committee meeting as presented. Commissioner Nagel seconded the motion which carried by a vote of five ayes and zero nays.

In conjunction with the December 19th meeting, the first items under consideration for approval were two agreements between WMU and Great River Energy (GRE) related to the proposed Priam

Substation Project. These agreements are the Facilities Construction Agreement (FCA) and the Coordinated Local Planning Agreement (CPA). The FCA is required to establish ownership, cost sharing and joint use between the two entities related to certain transmission facilities (i.e. Priam Substation). The CPA is essential to prevent the need for future negotiations and to coordinate the transmission planning process for the development, ownership, permitting, and construction of transmission facilities to service WMU's and GRE's loads within the local area transmission system. (It was noted that these are two separate documents and will be treated as such.) Following discussion, Commissioner Mattern offered a resolution to approve the FCA as presented. Commissioner Mahboub seconded.

RESOLUTION NO. 63

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Facilities Construction Agreement between Willmar Municipal Utilities and Great River Energy which provides for the ownership, cost sharing and joint use of certain transmission facilities as defined in the Transmission Ownership Agreement (TOA) be approved.”

Dated this 27th day of December, 2016.

President

ATTEST:

Secretary

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

Furthermore, Commissioner Mattern offered a resolution to approve the CPA as presented. Commissioner Nagel seconded.

RESOLUTION NO. 64

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Coordinated Local Planning Agreement between Willmar Municipal Utilities and Great River Energy to promote the efficient, collaborative, and transparent coordinated transmission planning process for the development, ownership, permitting and construction of transmission facilities to serve WMU's and GRE's respective load obligations within the local area transmission system be approved.”

Dated this 27th day of December, 2016.

President

ATTEST:

Secretary

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

Commissioner Mattern continued by requesting the Commission to approve an agreement with Fellon-McCord & Associates from Louisville, KY, to provide guidance and assistance with power supply/energy management services. This contract would assist in the business of providing energy and sustainability management services to the Utility (i.e. power purchasing and sales, provide energy usage reporting, etc.). Terms of the contract will be on a monthly basis with a fixed service fee of \$1,800 per month. (This agreement would replace a previous service contract with 10-10 Energy to provide the energy management assistance at the same cost.) Following discussion, Commissioner Mattern offered a resolution to approve the Fellon-McCord & Associates Contract as presented. Commissioner Mahboub seconded.

RESOLUTION NO. 65

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Contract with Fellon-McCord & Associates of Louisville, Kentucky, to assist in the business of providing energy and sustainability management services (power supply services) as presented be approved on a one-month term basis at the fixed service fee of \$1,800 per month.”

Dated this 27th day of December, 2016.

President

ATTEST:

Secretary

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

Commissioner Mattern recapped for the Commission a request received from Rep. Dave Baker at the Oct. 24th MUC meeting for consideration of a fee/charge waiver toward the Robbins Island Project (playground). Per the approved *Guidelines for Fee/Charge Waivers* (WMU Operations Policy), it was the recommendation of the Planning Committee to approve the maximum in-kind donation of \$2,500 to support the community project. Following discussion, Commissioner Mattern offered a resolution to approve the in-kind donation of \$2,500 to provide labor and/or equipment support for the Robbins Island Project. Commissioner Nagel seconded.

RESOLUTION NO. 66

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that an in-kind donation in the amount of \$2,500 to provide financial assistance for manpower and/or equipment in support of the Robbins Island Community Project (playground) be approved.”

Dated this 27th day of December, 2016.

President

ATTEST:

Secretary

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

General Manager Harren reviewed with the Commission the MUC Strategic Plan Update highlighting activity conducted during the 4th quarter of 2016. Included with the informational update was the Strategic Plan Progress Summary.

At this time, Commissioner Holtz recognized Commissioner Nagel for his years of service and dedication as a Municipal Utilities Commissioner. Holtz extended the Commission's appreciation for his support and involvement with matters concerning the Willmar Municipal Utilities. Commissioner Nagel served as a Commissioner from 2012-2016. (Note: A plaque was presented to Commissioner Nagel in recognition of his service.) Congratulation and best wishes, Jeff!

On behalf of the Commission, Commissioner Holtz extended his appreciation to the WMU Staff for their continued efforts in providing reliable and dependable utility services to Willmar and its customers. Recent weather (i.e. ice, wind, etc.) has proven difficult for many areas of the state resulting in various service outages. "Hat's off" to the WMU Staff for their continued efforts in maintaining and keeping the utility services up to par and operational. The service reliability provided by the WMU and its Staff is greatly appreciated.

For information: Upcoming meetings/events to note include:

- WMU Working Session - Tuesday, January 3rd @ 12:00 noon (WMU Auditorium)
- WMU Key Account Customers Breakfast - January 17th (WMU Office)
- MMUA Legislative Rally - January 31-February 1, 2017 (Embassy Suites, St. Paul.)
- 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 Laumer offered a motion to adjourn the meeting. Commissioner Mahboub seconded the motion which carried, and the meeting was adjourned at 12:20 p.m. by a vote of five 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

Monday, December 19, 2016 - 11:30 a.m.

WMU Conference Room

Present: Commissioners Justin Mattern (Chair), Abdirizak Mahboub & Jeff Nagel, General Manager John Harren, Director of Finance Denise Runge, Power Supply Manager Chris Carlson, Electrical Engineer Jeron Smith, Water/Heating Supervisor Joel Braegelman, Power Production Supervisor Jon Folkedahl, and Administrative Secretary Beth Mattheisen

Committee Chair Mattern called the meeting to order at 11:31 a.m.

AGENDA ITEM(S):

➤ **Priam Substation/GRE Agreements:**

Electrical Engineer Smith led discussion with the Committee by presenting an overview of the Priam Substation and status of the project. Outlined in the presentation were the following: 1) substation justification (increase power supply reliability); 2) GRE's original proposal; 3) WMU consultation; 4) negotiation results; 5) cost summary (MCR, Spiegel, Bond Payments, Priam Revenue); 6) status of agreements (Facility Construction Agreement & Coordinated Planning Agreement); and, 7) next project steps. Clarifications and discussion ensued. Achieving revenue neutrality, easement transfer, equipment, transmission lines (current & proposed) were among the topics addressed.

WMU/GRE Agreements:

Facilities Construction Agreement (FCA) is required to establish ownership, cost sharing and joint use between WMU and GRE of certain transmission facilities (i.e. Priam Sub).

Coordinated Local Planning Agreement (CPA) to prevent the need for future negotiations. Coordinate the transmission planning process for the development, ownership, permitting and construction of transmission facilities to serve WMU's and GRE's loads within the local area transmission system. (4.9.1. Ownership of Facilities)

Recommendation:

Following discussion, it was the consensus of the WMU Planning Committee to recommend to the Commission approval of both the FCA and CPA agreements as presented.

➤ **Water Treatment Project Update:**

Water/Heating Supervisor Braegelman reviewed with the Planning Committee a presentation of the Water Treatment Project entitled *Evaluation Workshop for Masterplan and Preliminary Design for Conversion to Biofiltration* (Carollo Engineers). Included among the information presented were area layouts (NE & SW Plants), overall estimated costs, possible funding & grant sources available, and the next steps to proceed with for the Water Treatment Project.

➤ **Robbins Island Project Donation:**

General Manager Harren briefly recapped for the Committee the proposed Robbins Island Project (playground) which was previously presented to the Commission by Rep. Dave Baker. Rep. Baker had requested consideration for fee/charge waivers for the project. Harren noted that the community project will not require infrastructure changes as initially anticipated. The recently approved Operations Policy (11.14.16) revised the Fee/Charge Waiver amount from \$1,000 to \$2,500.

Recommendation:

Following discussion, it was the consensus of the Planning Committee to recommend approval of financial assistance up to \$2,500 for the Robbins Island Project (playground). This assistance would provide for both WMU manpower & use of equipment for the community project.

➤ **Fellon-McCord & Associates Contract:**

Power Supply Manager Carlson provided background information regarding the presented energy management contract with Fellon-McCord based out of Louisville, KY. This contract will assist in the business of providing energy and sustainability management services (i.e. power purchasing and sales, provide energy usage reporting, etc.) Terms & conditions of the contract were reviewed. Note: Rollie Hill was previously with 10-10 Energy Consulting is now a consultant with Fellon-McCord and is familiar with WMU and its power supply needs. This agreement is a replacement to the 10-10 Energy Consulting contract.

Recommendation:

Following discussion, it was the consensus of the Planning Committee to recommend approval of the agreement with Fellon-McCord & Associates.

➤ **RFPs for Power Supply Management:**

Power Supply Carlson informed the Committee of the need to prepare two future Request for Proposals aimed at different types of services that can manage WMU's power supply. The intent is to have the RFPs sent out in January 2017. Would like to bring the draft RFPs to the Planning Committee in January to continue the process. The two RFPs will be: 1) a RFP directed at joint action agencies; and, 2) a RFP directed at companies that do Power Supply Management & Consulting.

Recommendation:

Following discussion, it was the consensus of the Planning Committee to move forward with developing the two RFPs and authorizing Staff to solicit proposals to assist in power supply management for WMU.

➤ **Local Generation/District Heating Update:**

General Manager Harren along with Staff members presented the Planning Committee with historic, current and future options related to generation and district heating (DH). DH is a byproduct of generation system. Harren along with Staff reviewed with the Committee a presentation to address the financial viability of district heating (i.e. planning strategy and studies & analysis).

Electrical Engineer Smith reviewed the findings from the Burns & McDonnell Local Generation Study. Staff presented an analysis of DH use and costs.

Director of Finance Runge reviewed the 12-month real cost analysis for DH (repower costs with or without the DH option).

Capital Costs for DH (including generation costs) were presented by Power Production Supv. Folkedahl.

Water/Heating Supervisor Braegeleman continued by presenting the Committee with projected maintenance costs over 10 years (O&M Costs for DH).

Staff compiled a District Heating Year-to-Date (11 months) Customer Cost Comparison (WMU vs alternate option).

General Manager Harren stated that the sensitivity related to this issue is crucial (i.e. Staff, customers, media, etc.). Staffing needs to keep generation viable is a requirement.

Staff is recommending that a recap of today's Planning Committee meeting discussion be presented to the full Commission at the upcoming MUC meeting (Dec. 27th) and to schedule a working session of the Commission in the near future to further address the subject.

General Manager Harren further reviewed with the Committee a correspondence received from City Attorney Robert Scott providing insight on the procedural process involved regarding the DH system.

Recommendation:

Following discussion, it was the consensus of the Planning Committee to present an overview of the findings discussed and to schedule a working session of the full Commission (last week of Dec. or first week of Jan.) to further address the issue and findings.

(Note: If any Planning Committee or Commission members have additional questions, comments, suggestions or additions, please provide them to Staff prior to the working session so they may be addressed in a timely fashion.)

➤ **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 1:35 p.m.