

WILLMAR MUNICIPAL UTILITIES MINUTES
MUNICIPAL UTILITIES AUDITORIUM
MARCH 26, 2018

The Municipal Utilities Commission met in its regular meeting on Monday, March 26, 2018 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Justin Mattern, Abdirizak Mahboub, Bruce DeBlieck and Ross Magnuson. Absent were Commissioners Carol Laumer, Nathan Weber and Brendan MacDonald.

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, Facilities & Purchasing Supervisor Kevin Marti, Power Resources Analyst Michelle Marotzke, Staff Electrical Engineer Jeron Smith, Water & Heating Supervisor Joel Braegelman, Compliance Officer/HR Administrator Janell Johnson, Energy Services Rep Mary Kosbab, Power Plant Foreman Brian Hoover, Administrative Secretary Beth Mattheisen, Project Assistant Kim Wesbur, City Attorney Robert Scott (via teleconference), CPA Darrin Ogdahl from Conway Deuth & Schmiesing, PLLP, and WC Tribune Journalist Shelby Lindrud.

Due to the absence of Commission President Laumer, Commission Vice President Mattern opened the meeting by asking if there were any revisions needed to the presented agenda. There being no amendments to the agenda, Commissioner Mattern continued by requesting the Commission to offer a resolution to approve the Consent Agenda. Commissioner DeBlieck offered a resolution to approve the Consent Agenda as presented. Commissioner Magnuson seconded.

RESOLUTION NO. 15

“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 March 12, 2018 Commission meeting; and,
- ❖ Bills represented by vouchers No. 180426 to No. 180507 and associated wire transfers inclusive in the amount of \$1,803,433.15.

Dated this 26th day of March, 2018.

Vice President

Attest:

Secretary

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

At this time, Commissioner Mattern introduced Darrin Ogdahl, CPA, from the accounting firm of Conway, Deuth & Schmiesing, LPPL. Mr. Ogdahl was in attendance to present the Commission with a report summarizing the 2017 Financial Statements & Accountants’ Report for the Willmar Municipal Utilities. He informed the Commission that following a thorough review of the financial statements and reporting records of the Willmar Municipal Utilities, it was determined that the WMU was in total compliance with the provisions of laws, regulations, contracts, and agreements. Mr. Ogdahl further expressed his appreciation to Director of Finance Runge and Staff for the

competent accounting practices being demonstrated and the leadership being provided. Following discussion, Commissioner DeBlieck offered a motion to accept the 2017 Financial Statements & Accountants' Report as presented. Commissioner Magnuson seconded the motion which carried by a vote of four ayes and zero nays.

Director of Finance Runge presented the Commission with a proposed revision to the WMU Investment Policy for consideration. The single revision to the policy would expand WMU's options for municipal securities allowed under Minnesota Statutes, Section 118A.04. Runge stated that by participating in the larger pool of investment possibilities, this would provide additional investment opportunities to the Utility. Following review and discussion, Commissioner Mattern offered a resolution to approve the revised WMU Investment Policy as presented. Commissioner Magnuson seconded.

RESOLUTION NO. 16

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the WMU Investment Policy entirety be approved in its entirety incorporating the following statement:
8.5: Municipal Securities: *Any security which is a general obligation or revenue obligation of any state or local government allowed under Minnesota Statutes, Section 118A.04.*"

Dated this 26th day of March, 2018.

Vice President

Attest:

Secretary

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

In an effort to keep the Commission well-informed of departmental strategies and developments, Facilities & Purchasing Supervisor Marti, with assistance from Power Resources Analyst Marotzke, presented the SWOT Analysis updates for both the Financial Policies and Facility. The SWOT Analysis for each category consists of: strengths, weaknesses, opportunities, and threats.

General Manager Harren and Facilities & Purchasing Supervisor Marti presented the Commission with background material and the current status of the WMU Facilities plan. It was noted that at the March 19th City Council meeting, discussion was held regarding their vision to build a new City Office Building. Originally, it was the City's intent to remain in the downtown area. However, they are currently looking at additional options. One option of consideration is a possible joint facility or campus-style facilities serving both the Utility and City. Marti reviewed with the Commission information which had previously been shared with City officials (Mayor Calvin, Administrator Holland, and some Council members) as well as the Commission at their February 23rd meeting (see attached). Marti also reviewed a potential property located on East Highway 12 that could satisfy the needs of the Utility.

In conclusion, City officials have requested that a joint meeting of the City and MUC be conducted to further discuss the future facility needs and direction of the two entities. Prior to scheduling the joint meeting, WMU staff will contact City officials to request their findings and data for review by WMU officials. Following a review of the information, a joint meeting will be scheduled between the two entities to discuss and clarify the vision of each entity's future facilities.

General Manager Harren informed the Commission that a meeting of the WMU Planning Committee will be held on Friday, April 6th at 10:00 a.m. in the WMU Conference Room. Topics of discussion will include: MRES membership agreements; EAA; and, gas contracts update.

General Manager Harren further indicated that a meeting of the WMU Labor Committee will be forthcoming (TBD). Agenda items for will include: Commissioner 101; review roles & responsibilities of MUC and management staff; and, MUC Self-Evaluations.

For information: 2018 Upcoming meetings/events to note include:

- MMUA Legislative Conference – April 11 & 12 (St. Paul)
- MRES Annual Meeting – May 9 (Sioux Falls)
- APPA National Conference – June 15-20 (New Orleans, LA)

There being no further business to come before the Commission, Commissioner Magnuson offered a motion to adjourn the meeting. Commissioner Mahboub seconded the motion which carried by a vote of four ayes and zero nays, and the meeting was adjourned at 12:35 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

Beth Mattheisen
Administrative Secretary

ATTEST:

Abdirizak Mahboub, Secretary

WMU Facility Discussion-

WMU Long-Range Facilities Plan was originally completed in 2010, with a target date set by the Commission to have a facility completed by year 2020. The Study was updated as requested by the Commission in 2016 to take a fresh-eyes approach at space programming and a staff efficiency study. The key points are as follows:

- The current space utilized by WMU in multiple buildings is @ 56,441 square feet (as of 2018, including cold storage, Power Plant garage and offsite Water Dept. storage), the 2016 update identified space needs totaling 93,262 square feet including cold storage and the Power Plant garage space incorporated within the same building.
 - 2016 Study did not include offsite storage in the “existing buildings” and the future of the PP garage needs are to be determined.
- The 2010 Study included an option for a facility on a “new site”, identified as 8 acres to incorporate the facility, outside storage and adequate access for large trucks, trailers and equipment. With larger space needs identified in the 2016 Study, it has been determined by staff and the Commission to remain focused on an 8-10 acre site.
- The 2016 Study Update also identified a staff Travel Efficiency Study. This study explored the travel and operational efficiencies of having combined vs. separate buildings for WMU staff and employees.
 - WMU baseline operations have a yearly inefficiency cost of \$21,549.00, the inefficiencies rose significantly (as high as \$82,409.00) with office staff sharing space downtown with the City and operations staff being in a new building at any distance.
 - The lowest figures were for a singular, new facility incorporating all staff where the only inefficiencies remaining would be staff travel to and from the Power Plant.
 - Most importantly, with the discontinuation of District Heat and the potential of closing the Power Plant, the operational inefficiencies would eventually drop to zero with all staff in one building.
- Adjacent Property- WMU staff and Commission have met numerous times to discuss the original intent of building a new facility on our current adjacent properties, this option has been eliminated from discussion due to the following:
 - Additional cost to the project for property acquisitions and relocation costs of current property owners (additional \$1.5-2 million).
 - Underground utilities including (2) sanitary sewer mains, (2) gas mains (8” & 3”), multiple electrical feeds from substations, and multiple fiber and communications runs. These underground utilities prevent us from building a singular facility on these properties. WMU Commission declined an adjacent property purchase in 2017 due to these factors.
- WMU Staff, along with the previous City Administrator and City Staff met multiple times during the Summer/Fall of 2016 to discuss a potential joint facility, some of the main topics were as follows:
 - The possibility for the City Offices to vacate downtown Willmar
 - The needs of WMU being an industrial enterprise, and if we should be consuming prime real estate with space needs of 8-10 acres.
 - The potential for a “Municipal Campus” approach, possibly in the Industrial Park that would have City Staff in one wing, WMU staff and operations in an adjacent wing with a shared “Community Space” in between that could possibly incorporate a Community Center and other shared spaces like Council/Commission chambers and meeting rooms.

- With the City having little appetite to leave the downtown area, and the operational efficiencies identified in the Study, along with the needs of WMU's industrial nature, a joint facility was removed from discussion at that time.
- The WMU Commission has set forth the following initiatives for WMU staff regarding any new potential facility:
 - The Facility has been, and always will remain low on the priority list of Capital Projects- our main focus remains on the future of the Power Plant, Power Supply, current Priam Substation construction and the upcoming Water Treatment Plant projects.
 - The Commission set forth a mandate that WMU Staff will have a minimum of 25% cash down payment before any new facility would be considered, plans have been put into place beginning in 2016 to work towards this goal.
 - The two bullet points shown above have refocused any new facility for WMU out to the 3-5 year range, it is our ultimate goal to construct a new singular facility in the future without rate change to our customers or impact to our priorities and operations.

In conclusion there are (3) main points within the information above:

1. WMU is an industrial enterprise and as such requires 8-10 acres of space to operate, we should not be consuming prime real-estate better suited for other development.
2. From an efficiency and operational standpoint, WMU believes that one facility encompassing all WMU departments and employees is warranted.
3. WMU Commission has prioritized current and future capital expenditures and a new facility has remained a low priority on this list with a targeted construction window of 3-5 years.

Over 130 years ago the City Council established the Municipal Utility Commission to represent the interest of the rate payers and this concept is still applicable today.

Therefore, in the past the Commission supported constructing WMU's facilities on a common piece of property alongside the city. This concept would maintain the intent of having the facilities in one location while maintaining separation.