

WILLMAR MUNICIPAL UTILITIES MINUTES
MUNICIPAL UTILITIES AUDITORIUM
MAY 14, 2018

The Municipal Utilities Commission met in its regular meeting on Monday, May 14, 2018 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Carol Laumer, Justin Mattern, Abdirizak Mahboub, Nathan Weber, Bruce DeBlieck, Ross Magnuson and Brendan MacDonald.

Others present at the meeting were: General Manager John Harren, Director of Finance Denise Runge, Power Supply Manager Chris Carlson, Staff Electrical Engineer Jeron Smith, IS Administrator Mike Sangren, Compliance Officer/HR Administrator Janell Johnson, Customer Service Supervisor Stacy Stien, Facilities & Purchasing Supervisor Kevin Marti, Water & Heating Supervisor Joel Braegelman, Energy Services Rep Mary Kosbab, Administrative Secretary Beth Mattheisen, City Attorney Robert Scott (via teleconference), and WC Tribune Journalist Shelby Lindrud.

Commission President Laumer opened the meeting by asking if any revisions were needed to the agenda. There being none, Commissioner Laumer continued by requesting the Commission to offer a resolution to approve the Consent Agenda. Commissioner Mattern offered a resolution to approve the Consent Agenda as presented. Commissioner Magnuson seconded.

RESOLUTION NO. 23

"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 April 23, 2018 Commission meeting; and,
- ❖ Bills represented by vouchers No. 180656 to No. 180733 and associated wire transfers inclusive in the amount of \$1,125,958.00.

Dated this 14th day of May, 2018.

President

Attest:

Secretary

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

Commissioner Laumer requested a motion to remove a previously tabled (April 23rd) topic to approve membership with Western Minnesota Municipal Power Agency (WMMPA). This matter had been tabled to allow Commissioners additional time to review data regarding the membership. Commissioner Mattern offered a motion to remove from the table and readdress consideration to approve the WMMPA Membership Agreement. Commissioner DeBlieck seconded the motion which carried by a vote of seven ayes and zero nays.

General Manager Harren presented the Commission with an overview of WMMPA. The primary purpose of WMMPA is to serve as a financing mechanism for Missouri River Energy Services

(MRES). A one-time \$300 membership fee is required. Data reviewed included a proposed resolution to authorize membership in WMMPA, WMMPA Bylaws, the 2002 WMMPA Agreement Establishing the WMMPA, and the Supplement to Agreement Establishing the WMMPA. This membership is a component of WMU's long-term comprehensive power supply arrangement with MRES. In accordance with the Membership Agreement, General Manager Harren and Commissioner Laumer would be appointed as the initial representative (Harren) and initial alternate representative (Laumer) as a member of WMMPA. Following review and discussion, Commissioner Mahboub offered a resolution to authorize membership in Western Minnesota Municipal Power Agency as presented. Commissioner DeBlieck seconded.

RESOLUTION NO. 24

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

Staff Electrical Engineer Smith reviewed with the Commission two bid recommendations and award requests. The first bid recommendation for consideration was for the furnishing of a control enclosure for the Priam Substation. Two bids were received for the project. Following review by DGR Engineering (project consultant), it was the recommendation of staff to award the bid for the Priam Substation Control Enclosure to Trachte LLC of Oregon, WI, for their submitted bid of \$263,854.00. Following review, Commissioner Mahboub offered a resolution to award the bid for the Priam Substation Control Enclosure to Trachte in the amount of \$263,854.00. Commissioner Mattern seconded.

RESOLUTION NO. 25

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the contract bid for the Priam Substation Control Enclosure be awarded to Trachte LLC of Oregon, Wisconsin, in the amount of \$263,854.00."

Dated this 14th day of May, 2018.

President

Attest:

Secretary

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

Staff Electrical Engineer Smith continued by requesting approval to award the bid for the South Substation Capacitor Bank Breaker Installation. One bid had been received from Harold K. Scholtz Company (HKS) of Ralston, Nebraska. Smith noted that while the bid was in compliance with the specifications, a question arose regarding the project schedule. The need to have the cap bank in service prior to the peak summer season (load) was a factor. Following discussions regarding the scope of work and time frame with DGR Engineering and HKS, it was recommended that the bid for the South Substation Capacitor Bank Breaker Installation be awarded to HKS for their bid amount of \$57,947.70. Following review and discussion, Commissioner DeBlieck offered a resolution to approve the bid for the 69 kV Capacitor Bank Breaker Installation at the South Substation be awarded to HKS in the amount of \$57,947.70. Commissioner Weber seconded.

RESOLUTION NO. 26

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the contract bid for the 69 kV Capacitor Bank Breaker Installation at the South Substation be awarded to Harold K. Scholz Company (HKS) of Ralston, Nebraska, in the amount of \$57,947.70."

Dated this 14th day of May, 2018.

President

Attest:

Secretary

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

Director of Finance Runge reviewed with the Commission the need to determine the amount of liability limits they wish to set regarding the League of Minnesota Liability Insurance renewal. Staff was recommending that the Willmar Municipal Utilities does not waive the limits on municipal tort liability established by Minnesota Statutes 466.04. If WMU does not waive the statutory tort limits, an individual claimant would be able to recover no more than \$500,000 on any claim to which the statutory tort limits apply. The total which all claimants would be able to recover in a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. If WMU waives the statutory tort limits and purchases excess liability coverage, a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants. Following discussion, Commissioner Laumer offered a resolution to not waive the limits on municipal tort liability established by Minnesota Statutes 466.04. Commission Mattern seconded.

RESOLUTION NO. 27

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Willmar Municipal Utilities does not waive the limits on municipal tort liability established by Minnesota Statutes 466.04."

Dated this 14th day of May, 2018.

President

Attest:

Secretary

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

Staff Electrical Engineer reviewed with the Commissioner the April 2018 Wind Turbine Report. Smith noted that Turbine #4 had achieved 100% availability for the month of April. Analytical information reviewed reflected the turbines production figures (KWH) and availability for the month.

Information Systems Administrator Sangren reviewed with the Commission the results of the recently completed Penetration Test (cyber security). This testing provides insight to possible vulnerabilities in one's security system and to assist in protecting and securing WMU's technology and data. This was the second year that the test had been conducted by NetSPI (2017 testing provided a base line). Following the presentation, it was the recommendation of the Commission to contact the Department of Homeland Security to participate in their cyber security program/training.

Due to scheduling conflicts, Commissioner Laumer requested the Commission to consider rescheduling the date of the Commission's second meeting in May. Following discussion, it was the consensus of the Commission to reschedule their second meeting in May to Friday, May 25th (originally slated for Tues., May 29th).

General Manager Harren informed the Commission of an adjacent utility's interest in acquiring WMU. One of WMU's larger customers had recently been solicited by the utility to discuss future power supply needs. WMU/City officials met with the customer reps to provide insight reflecting data comparisons (i.e. rates, franchise fee, reliability, etc.). The Utility's rate structure was reviewed. It was further noted that the Utility will continue to perform outreach services in an effort to best serve the needs of its customers.

Commissioners Laumer & Mattern along with General Manager Harren and Power Supply Manager Carlson recapped for the Commission their recent attendance at the 2018 MRES Annual Meeting held in Sioux Falls, SD. Willmar was recognized as the newest member to join MRES. As a new member, this meeting provided insight to the operations, its members as well as the financial stability, competence and quality of the staff and organization. Among the topics of discussion included: 1) safety; 2) reliability; 3) mutual aid; 4) crisis management; 5) communications; 6) project updates including Red Rock Hydro, Laramie River Station, and CapX2020; 7) Clean Energy Option; 8) Federal Legislative update; and, 9) WAPA update. An additional point of discussion included the significance of achieving APPA's RP3 (Reliable Public Power Provider) designation, as the Willmar Municipal Utilities attained in 2017. The RP3 is based on industry-recognized leading practices for public power utilities including: reliability, safety, workforce development, reduced financing costs and system improvement. Being the recipient of the RP3 demonstrates the commitment of the Utility to its community, customers and employees. It was noted that Willmar received the highest possible designation of the award – Diamond Level. A special thank you to Compliance Officer/HR Administrator Janell Johnson for all of her time and dedication spent in compiling and submitting the vast amount of documentation to achieve this prestigious award.

General Manager Harren recapped for the Commission minutes from a joint meeting of the MUC and City Council held on May 8th (see attached). The sole purpose of the meeting was to discuss the facility needs of each entity and to determine if a joint facility would be viable. In conclusion, it was determined that both parties will continue to move forward on a parallel path, but not a combined path keeping the two entities and their subsequent facilities separate. Following discussion, it was the consensus of the Commission to concur with the minutes as presented.

General Manager Harren reminded the Commission that a meeting of the WMU Planning Committee will be held on Friday, May 18th at 12:00 p.m. Topics of discussion will include: 1) MPCA update; 2) Water Treatment Plant; and, 3) portable boiler (DH).

General Manager Harren informed the Commission that a meeting of the WMU Labor Committee would be forthcoming (TBD) Agenda items 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:

- APPA National Conference – June 15-20 (New Orleans, LA)
- Customer Appreciation Open House – Thursday, August 2nd (Civic Center)
- MMUA Summer Conference – August 20-22 (Alexandria)

There being no further business to come before the Commission, Commissioner Laumer declared the meeting adjourned at 12:34 p.m.

Respectfully Submitted,

WILLMAR MUNICPAL UTILITIES

Beth Mattheisen
Administrative Secretary

ATTEST:

Abdirizak Mahboub, Secretary

Resolution No. 24

Willmar Municipal Utilities Commission Resolution Authorizing Membership in Western Minnesota Municipal Power Agency

WHEREAS, in Resolution 18, the Commission determined, as part of a long-term comprehensive power arrangement, to enter into membership in the Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services ("MRES") and to approve the Willmar - Missouri Basin Municipal Power Agency Power Sale Agreement (S-1) among MRES, Western Minnesota Municipal Power Agency ("Western Minnesota"), and Willmar (the "S-1 Agreement"), and the City Council of the City of Willmar, Minnesota concurred in Resolution 18.

WHEREAS, Western Minnesota was created by the Agreement Establishing the Western Minnesota Municipal Power Agency, made on June 1, 1976, by and between the members of Western Minnesota and first amended as of April 24, 2002 (the "Membership Agreement"), pursuant to Minnesota Statutes, Section 453.51 et seq. (the "Authorizing Act").

WHEREAS, Western Minnesota owns certain generation resources that provide power and energy to MRES. Western Minnesota and MRES entered into a Power Supply Contract as of October 1, 1976, as thereafter amended and restated, pursuant to which Western Minnesota provides power and energy to MRES for sale to member municipalities under their respective S-1 Agreements.

WHEREAS, the Commission has received a copy of the Supplement to the Agreement Establishing Western Minnesota, the Membership Agreement, and the Bylaws, and the Commission has examined such documents to the extent deemed necessary and appropriate by the Commission.

WHEREAS, to fully implement the long-term comprehensive power arrangement, the Commission has determined that it is beneficial for the City of Willmar ("Willmar") to become a member of Western Minnesota. Membership requires delivering to the Western Minnesota Board of Directors a document entitled "Supplement to the Agreement Establishing the Western Minnesota Municipal Power Agency" and a Resolution of the governing body of Willmar as defined under the Authorizing Act.

WHEREAS, the Commission is authorized by City Charter and Minnesota law to, *inter alia*, operate, manage, own, and control electric and other utility systems and to enter contracts and arrangements as to generating sources and the sale, purchase, exchange, transmission, and acquisition of electric power and standby arrangements, subject to the Charter provision permitting the City Council to overrule an action of the Commission under certain circumstances.

NOW, THEREFORE, BE IT RESOLVED by the Willmar Municipal Utilities Commission of the City of Willmar, Minnesota, as follows:

- (1) The Commission finds that the City of Willmar and its citizens would benefit from membership in Western Minnesota as part of the long-term comprehensive power supply arrangement, and it is therefore advisable to enter into membership in Western Minnesota.
- (2) The City of Willmar is hereby approved and authorized to participate as a member of Western Minnesota, and it agrees to the provisions of the Membership Agreement and the Bylaws of Western Minnesota.

(3) The Chair and any officer of the Commission are hereby authorized to execute the Supplement to the Agreement Establishing the Western Minnesota Municipal Power Agency, in a form substantially similar to that presented, and to take any other action and execute any other documents, as necessary, to carry out the provisions of this Resolution.

(4) In accordance with the Authorizing Act and the Membership Agreement, the following persons are hereby appointed as the initial representative and initial alternate representative of the City of Willmar as a member of Western Minnesota:

Representative: John Harren, General Manager **Address:** 700 Litchfield Ave SW Willmar, MN 56201

Alternative Representative: Carol Laumer, Chair **Address:** 700 Litchfield Ave SW Willmar, MN 56201

The Representative or, in the absence of the Representative, the Alternative Representative, shall exercise all of the rights, duties and powers of the City of Willmar as a member of Western Minnesota for and on behalf of the City of Willmar until a successor is appointed by the Commission.

(5) The Chair or any officer of the Commission is authorized and directed to affix to the Supplement to the Agreement Establishing the Western Minnesota Municipal Power Agency a certified copy of this resolution for submission to such Minnesota governmental authorities if and as may be required by law.

This Resolution is adopted by the Willmar Municipal Utilities Commission on May 14, 2018.

Dated this 14th day of May, 2018.

Commissioner

Attest:

Secretary

The foregoing resolution was adopted by a vote of 7 ayes and 0 nays.

WMU COMMISSION/WILLMAR CITY COUNCIL JOINT MEETING

SUBJECT: FACILITIES DISCUSSION

Kandiyohi Co. Health & Human Service Building

Tuesday, May 8, 2018 - 4:00 PM

Present: City - Mayor Marv Calvin, City Administrator Ike Holland, Bruce Peterson, Planning & Development Director, and Sarah Anderson, City Planner. WMU - General Manager John Harren, Facilities/Purchasing Supervisor Kevin Marti, and Administrative Secretary Beth Mattheisen

Municipal Utilities Commissioners: Carol Laumer, Justin Mattern, Abdirizak (Zack) Mahboub, Nate Weber, Bruce DeBlieck, and Ross Magnuson. (Absent was Brendan MacDonald.)

City Councilmembers: Kathy Schwantes, Ron Christianson, Julie Asmus, Rick Fagerlie, Fernando Alvarado, Audrey Nelsen, and Shawn Mueske. (Absent was Andrew Plowman.)

At 4:15 p.m., Mayor Calvin opened the joint meeting by greeting those in attendance and followed by presenting background information and a status update of discussions between the Utility and City regarding each entities facility needs. Mayor Calvin noted that the City has engaged an architect who has provided the City with a preliminary design option for a downtown site for the City Hall facility. Before advancing any further with the facility project, the City Council must determine whether or not their facility would best suit the needs of the community by remaining downtown or elsewhere.

The main topic of today's meeting will focus on weighing the pros and cons of the feasibility of a joint or campus-style facility between the two entities and whether this is even a viable option for consideration. When considering this option, all were reminded that the main objective is to best meet the future needs of each entity and the customers/citizens of Willmar in a financially responsible manner.

Mayor Calvin proceeded by opening discussion focusing on facility needs and spacing requirements of the two parties. Among the areas that a shared facility could possibly work would be to share meeting space, conference rooms, possible staffing, etc.

Commissioner Laumer informed the attendees that while building of a new facility has been planned and budgeted for a number years (original Facility Study was conducted in 2010), it is not the top priority of the WMU at this time (higher priority projects include: power supply, Priam Substation, Water Treatment Plant, Power Plant, etc.). While comparing similarities and differences between the two entities, Laumer feels the operational sides of each are significantly different and should remain separate.

Administrator Holland stated that preserving and keeping the downtown vibrant is a priority. It is their intent to keep the downtown area inviting for the visitors and citizens of Willmar (including the customers of Rice Hospital/Carris Health/CentraCare Health System). Holland stated that he and GM Harren have discussed this topic on numerous occasions and would like to address this issue one more time with the board members to determine if a joint facility is a viable option.

General Manager Harren stated that while there are some areas that could potentially be shared (i.e. meeting rooms), the Utility requires between 8-10 acres which would not be conducive in the downtown area. This amount of space has been determined based on efficiency and operational needs of the Utility (based on conducted facility studies). The most efficient and cost-effective facility for the Utility would consist of one facility encompassing all Utility departments and its employees.

Following opening statements, Mayor Calvin requested comments and input from the attendees. (Note: Individuals will be identified by their initials.)

AN: Has the Utility looked at other facilities?

KM: Yes, visits have been made to Austin and similar-sized utilities. Smaller communities are more likely to have a combined (city hall/utility) facility, but generally not seen in cities of comparable size to Willmar.

RC: Understandable why the Utility needs the 8-10 acres to support their operational needs. Feels that the building of a new city hall/facility should be put on the backburner. City's plate is full right now.

BD: City should remain downtown and centralized for the community. Utility needs additional storage area (i.e. trucks, poles, transformers, cold storage, etc.).

MC: We are not proposing to combine Public Works with the Utility. This would not be beneficial especially in light of a catastrophic event.

AM: Agrees that it would be best to not join the entities together since a catastrophic event would only add to the challenges. The City and Utility are two different entities/operations. Combining the two would not serve the community very well. Feels that keeping City Hall in the downtown area is needed.

JA: Is "one-stop shopping" really needed? (Questioned was the need or convenience for customers to pay their Utility bills downtown.)

MC: Having all services under one roof could have advantages.

JA: Who is it more advantageous to?

AN: Do other Cities function as one entity?

CL: Smaller communities are more likely to. Larger communities generally keep operations separate since they are so different ("stand alone").

CL: Feels that City Hall should be kept in the downtown area. Utility should find the needed space elsewhere (not downtown).

RF: Is the Utility going to be sold?

RM: The full Commission has not discussed the "rumor". Therefore, this topic should not be discussed at this time. (agreed)

RC: Service-side makes some sense if it is going to be done. City Hall does not have to remain downtown. People make the downtown vibrant, not having City Hall there.

AN: With the ever-increasing technical advancements, less people will need to actually come to the facilities.

MC: All depends on the demographic of the community. We must be aware of demographics & trends.

JA: What is the size of the old Elm Lane (Trailer Park) area? Answer: estimated at 12-14 acres

MC: City wants to move forward with the project.

NW: There is the possible sharing of some office space, but not feasible for space needs of the Utility. Feel that City Hall should remain downtown. Due to the needed space, this would not work for the Utility.

JM: Too many differences to be advantageous to combine staff. Joint facility on a cost perspective alone would be a "yes", but it would not meet the space needs of the Utility.

FA: Share a facility, but not staff. Move forward with building a City Hall that provides a safe, quality environment. Encourages sales tax.

AN: Campus-style facilities area would be good, but not sure if a downtown site is needed.

RM: Stick with the Utility's proposed plan. Wait another 2 yrs. (estimate). Take care of the Utility's priority issues and continue to save money towards the future facility.

BD: Inefficiencies are identified by being separate. What were determined to be the inefficiencies of separate facility/locations (individual Utility areas including: Office, Service Center, Plant, pole yard, storage areas, etc.)?

KM: Costs were configured and data compiled in the updated 2016 Facility Study. This data reflects the estimated annual costs of the inefficiencies at over \$21,000. This amount would significantly increase if the Utility were to be located downtown with operational departments at a different site(s). If the City were to conduct a travel efficiency study, they may be surprised by the inefficiencies and costs associated with separation of departments. Costs are reduced by joining the departments together.

RC: One suggestion would be to have the ability to pay Utility bills at City Hall? This would keep the Utility presence in the downtown area.

SM: There are incompatibilities associated with joining the two entities. Utility needs 8-10 acres so locating in the downtown area does not work. It appears that the Council feels that the City Hall should remain in the downtown area.

KS: Agrees with SM; City Hall should remain downtown; campus-style facility does not work with downtown. Rice Hospital and Utility are two completely different entities.

AN: Not committed to downtown site; creating efficiencies would be positive; keeping a downtown presence would be good; entities are separate industries but sharing space (facility) could work; and, waiting for 2 yrs. to proceed with the City Hall project would work.

RC: What would happen to the current Utility building/area?

KM: Possible future scenario was presented. Noting that there is a vast amount of infrastructure located in the Utility's area (i.e. gas lines, wastewater mains, transmission lines, fiber, etc.) which greatly hampers the ability to build on the current site. Also, access for company vehicles (i.e. Line Dept. trucks) is nearly impossible due to the proximity to Highway 12. The total current Utility-owned area would be approx. 6 acres (this includes the acquired lots near the office).

SA: Utility and City needs are different.

RM: Hard to decide if the City has not established where they plan to locate their city hall.

MC: In conclusion, the two entities walk separate paths. Would forming a subcommittee (i.e. 3 MUC & 3 Councilmembers) to further investigate be beneficial?

AN: Not totally comfortable with a decision right now (combining or not combining the two entities).

JA: Should be two separate entities (due to the vast differences).

KS: Should be two separate entities.

JA: We've already had this discussion and determined it is not viable.

RC: Downtown does not have the area required for a joint facility to work. If City Hall remains downtown (which doesn't have to), simply keep a collection site at City Hall for utility payments.

SM: City Council needs to decide where it will be; this will present direction.

KS: Tallying the responses, the most constant throughout the discussion is to keep City Hall downtown; Utility would remain separate.

SA: City Planning Commission has discussed this issues, and the downtown area was the recommended choice (City Hall site).

MC: In conclusion, the City and Utility will continue on a parallel path, but not a combined path keeping the two entities separate. Public input is vital for a successful path for all.

JH: Expressed his appreciation for the open discussion and input provided by all. It appears that the City Hall is best suited to remain in the downtown area. Due to the size of area needed by the Utility, the Utility does not feel it would be appropriate to use prime property (downtown) which could be used for numerous business and community ventures. There are definitely some positives in a campus-style facility area. The City must determine what their needs are to effectively determine a site which would be best for the City and its citizens. As for the Utility customers, they generally drive to our current office, so this does not require the Utility office to be located in the downtown area.

KM: Looking for the best of both worlds, adequate space to meet our needs along with accessibility for our customers.

IH: City will be holding a town-hall style meeting (evening session) to request input from our community members. Following the session, the City will take into consideration the input from the citizens to assist in determining a site that is most beneficial for their new facility.

AN: Thank you to all. This topic is both interesting and challenging.

CL: Thank you all for your conversation and insight presented today. Laumer agrees that the City Hall should remain in the downtown area and that the Utility should have a separate facility not located in the downtown area (due to the additional space needs).

There being no further discussion, the joint meeting was adjourned at 5:40 pm.