

WILLMAR MUNICIPAL UTILITIES MINUTES
MUNICIPAL UTILITIES AUDITORIUM
JUNE 25, 2018

The Municipal Utilities Commission met in its regular scheduled meeting on Monday, June 25, 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 and Brendan MacDonald. Absent was Commissioner Ross Magnuson.

Others present at the meeting were: General Manager John Harren, Director of Finance Denise Runge, Customer Service Supervisor Stacy Stien, Staff Electrical Engineer Jeron Smith, Water & Heating Supervisor Joel Braegelman, Compliance Officer/HR Administrator Janell Johnson, Energy Services/Marketing 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 presented agenda. There being none, Commissioner Laumer continued by requesting a resolution to approve the Consent Agenda. Commissioner Mahboub offered a resolution to approve the Consent Agenda as presented. Commissioner Mattern seconded.

RESOLUTION NO. 32

“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 June 11, 2018 Commission meeting; and,
- ❖ Bills represented by vouchers No. 180934 to No. 181013 and associated wire transfers inclusive in the amount of \$3,062,513.80.

Dated this 25th day of June, 2018.

President

Attest:

Secretary

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

Commissioner Weber (LC Chair) reviewed with the Commission the minutes from the June 18th WMU Labor Committee meeting (see attached). The main topics of discussion focused on: 1) MUC Self-Evaluation Survey; 2) Power Plant Staff update; 3) General Manager’s mid-year review/goals update; and, 5) Director of Operations position. Following review and discussion, Commissioner Weber offered a motion to approve the minutes of the June 18th WMU Labor Committee meeting as presented. Commissioner Mahboub seconded the motion which carried by a vote of six ayes and zero nays.

Staff Electrical Engineer Smith reviewed with the Commission the bid results and award recommendation for the furnishing of steel for the Priam Substation Project. Four bids were received for the project with the low, qualified bidder being Galvanizers, Inc., of West Fargo, ND. Galvanizers submitted bid was in the amount of \$250,110.60. Galvanizers also submitted a price adjustment disclosure along with their bid to cover potential changes in pricing from their steel suppliers due to recent tariffs imposed on steel imports. DGR Engineering (project consultant) contacted Galvanizers for additional clarification of the potential price adjustment. The total maximum contract price for the steel could be \$256,363.37 which remains well below the other bids submitted. Following review, it was the recommendation of DGR and staff to award the bid for the furnishing of steel for the Priam Sub to Galvanizers for their bid of \$250,110.60 including the potential price changes up to \$256,363.37. Following review and discussion, Commissioner Laumer offered a resolution to award the bid for the furnishing of steel for the Priam Substation to Galvanizers, Inc. for their bid of \$250,100.60 with an escalation clause for a maximum contract amount of \$256,363.37. Commissioner Weber seconded.

RESOLUTION NO. 33

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the contract bid for the furnishing of steel for the Priam Substation be awarded to Galvanizers, Inc., of West Fargo, ND, in the amount of \$250,110.60 pending pricing adjustments based on the steel index (due to recent tariffs imposed on imported steel) for a possible maximum contract price of \$256,363.37 be approved.”

Dated this 25th day of June, 2018.

President

Attest:

Secretary

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

Director of Finance Runge presented the Commission with the May 2018 Finance Report along with a recap of the May 31, 2018 Investment Portfolio. The data presented included analyses of the Electric, Water, Heating and Combined Divisions. Information contained in the reports reflected operating revenues & expenses, operating income, and retained earnings. The Investment Portfolio presented a summary of WMU's securities and associated brokerage firms/agencies to date.

Staff Electrical Engineer Smith reviewed with the Commission the May 2018 Wind Turbine Report. Smith noted that turbine availability for the month of May were at 94.6% (Unit #3) and 96.9% (Unit #4) with a monthly total production of 427,219 KWH.

Power Supply Manager Carlson presented the Commission with an Energy Acquisition Adjustment (EAA) update. As a reminder, the EAA is designed to adjust retail rates to assist in the recovery of uncontrollable power supply expenses. Carlson stated that at this time, the Utility does not anticipate the need to utilize the EAA in 2018.

Commissioner DeBlieck provided the Commission with a recap of his recent attendance at the 2018 APPA National Conference held in New Orleans, LA. Among the informative topics addressed were: 1) import/trade policies; 2) customer service & support; 3) energy management (i.e. LED lighting, load control/efficiencies, renewable energy); 4) cybersecurity; and, 5) continuing decrease of coal plants.

General Manager Harren informed the Commission that bids are currently out for the construction of the Priam Substation. The submitted bids will be opened on June 27th at 2:00 p.m. with the recommendation and bid acceptance scheduled for July 9th.

General Manager Harren further stated that a meeting of the WMU Planning Committee will be forthcoming. Agenda items will include: new generation; consideration to reallocate funds (diesel generators to GIS); and, Customer Appreciation Open House (2019).

General Manager Harren reminded the Commission that the City of Willmar will be holding a public input meeting to discuss the City Hall site location on Tuesday, June 26th from 5:00-7:00 p.m. in the Fire Station Training Room. The public is invited to attend and provide input on the future site.

General Manager Harren reminded the Commission that a retirement gathering in honor of Bill Hawkinson, Construction Engineer, will be held on Friday, June 29th from 2:00-4:00 p.m. in the WMU Auditorium. Bill has been a valued employee of the Utility since September 9, 1985. Congratulations & best wishes, Bill!

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

- City Hall Site Location Mtg. – Tues., June 26th from 5:00-7:00 pm (Fire Station Training Room)
- Retirement gathering for Bill Hawkinson, Construction Engineer, June 29th from 2:00-4:00 pm (WMU Auditorium)
- APPA Policymakers Council – July 23-25 (Washington, DC)
- Customer Appreciation Open House – Thursday, August 2nd (Civic Center)
- MMUA Summer Conference – August 20-22 (Alexandria)
- Annual MUC Mtg./Facilities Tour – August 27 @ 3:00 p.m.

There being no further business to come before the Commission, Commissioner Laumer declared the meeting adjourned at 12:16 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

Beth Mattheisen
Administrative Secretary

ATTEST:

Abdirizak Mahboub, Secretary



WILLMAR MUNICIPAL UTILITIES

MUC Labor Committee Meeting Minutes

Monday, June 18, 2018

12:00 p.m.

Attendees: Commissioners Nathan Weber, Ross Magnuson & Abdirizak Mahboub, General Manager John Harren, Director of Finance Denise Runge, Compliance Officer/HR Administrator Janell Johnson and Administrative Secretary Beth Mattheisen.

Commissioner Weber called the meeting to order at 12:00 p.m.

AGENDA ITEMS:

1) MUC Self-Evaluations Surveys discussion:

General Manager Harren and Compliance Officer/HR Administrator Johnson recapped for the Committee the results of the MUC Self-Evaluation Survey conducted in December 2017. The basis for the Commissioner's survey is to periodically assess and reflect on its performance in carrying out board responsibilities and governing duties. This allows board members to step back and assess how well they (and Staff) are meeting its responsibilities. The survey provides a way to stimulate discussion among the Commissioners and consider ways to strengthen the way it operates and its performance, and therefore contribute to the Utility's effectiveness and operating strength. The Committee used the survey results as a roadmap to provide direction to improve the Commission's leadership position and therefore Utility's performance.

Based on the Self-Evaluation Survey results, the Commission's strengths areas reflected in the board's involvement and participation were in the following categories:

- 1) Activity
- 2) Organization
- 3) Meetings
- 4) Membership

The survey indicated that the following categories would benefit from additional attention and awareness to improve performance:

- 1) Mission and Purpose
- 2) Governance & Partnership Alignment

Items of discussion and consideration included:

- 1) Possible safety policies to the MUC iPads
- 2) As a component of orientation, consider appointing a current Commissioner to serve as "mentor" for newly appointed Commissioner(s).
- 3) For ease of review, provide emphasis (i.e. highlight data) on monthly financial reporting.
- 4) Transition current Strategic Plan/SWOT Analysis to a more organizationally-focused planning mechanism rather than the current plan which is more operational in nature. Engage Planning Committee to assist in developing more of an overall strategic plan rather than identifying individual action items (operations side).
- 5) Consider new approach to MUC meeting agendas to relate to Strategic Plan.
- 6) Considered pros & cons of rotating Committee members (Labor & Planning).

It was noted that since the survey had been conducted, a number of issues have already been addressed and rectified. This is a periodic survey which will be used as an educational tool to

measure improvements as the Commission and Staff proceed with the recommendations as determined.

2) Power Plant Staff update:

General Manager Harren and Compliance Officer/HR Administrator Johnson informed the Committee of the latest developments regarding the recently conducted Veterans Preference Hearing of Jon Folkedahl. The Utility had received notice from their legal counsel (Madden, Galaner, Hansen, LLP) that the Arbitrator overseeing the process had upheld the termination of Mr. Folkedahl's employment with WMU. Folkedahl's last day of employment with WMU was June 11, 2018. A termination notice has been processed and mailed accordingly.

General Manager Harren noted that the process had been conducted in accordance with the Data Privacy Act, including the hiring of an independent investigator to conduct a thorough investigation, and hiring a mutually-agreed upon arbitrator to oversee and rule on the Veterans Preference Hearing. Harren further informed the Committee that the restructuring process of the position at the Power Plant has been completed (new Supervisor & Foreman positions filled).

It was further noted that a Breach of Contract dispute remains outstanding (regarding PDO pay). Updates will be provided as they develop.

At this time, Compliance Officer/HR Admin Johnson & Director of Finance Runge left the meeting.

3) General Manager's mid-year review/update:

General Manager Harren presented the Committee with a six-month progress report (June 2018) of the previously established General Manager Goals for 2018. The progress report provided status updates of various goals & projects, along with additional noteworthy tasks which have been completed. Harren reviewed the goals step-by-step with the Committee requesting any feedback they may have. The Committee briefly discussed potential future service opportunities.

4) Director of Operations position:

General Manager Harren introduced discussion with the Committee regarding the Director of Operations position. This position has remained vacant since Harren accepted the position of General Manager in October 2016. Per WMU's Strategic Plan/SWOT Listing Analysis, one area identified as a "weakness" was the need for backup positions for all positions. This strategy was complete with the acceptance of the General Manager. After a lengthy discussion, it was the consensus to leave the Director of Operations position temporarily vacant.

At this time, Commissioner Magnuson left the meeting.

5) Miscellaneous:

General Manager Harren informed the Committee that future discussions will be required to address additional staffing issues and restructuring.

6) Adjournment:

There being no further business to come before the WMU Labor Committee, Commissioner Weber offered a motion to adjourn. Commissioner Mahboub seconded the motion which carried, and the meeting was adjourned by a vote of two ayes and zero nays at 2:02 p.m.