

WILLMAR MUNICIPAL UTILITIES MINUTES
MUNICIPAL UTILITIES AUDITORIUM
OCTOBER 8, 2018

The Municipal Utilities Commission met in its regular scheduled meeting on Monday, October 8, 2018 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Carol Laumer, Justin Mattern, Nathan Weber, Abdirizak Mahboub, Ross Magnuson, and Brendan MacDonald. Absent was Commissioner Bruce DeBlieck.

Others present at the meeting were: General Manager John Harren, Director of Finance Denise Runge, Power Supply Manager Chris Carlson, Power Resources Analyst Michelle Marotzke, Water/Heating Supervisor Joel Braegelman, Information Systems Administrator Mike Sangren, Administrative Secretary Beth Mattheisen, City Councilman Shawn Mueske, 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 Weber seconded.

RESOLUTION NO. 44

“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 September 24, 2018 Commission meeting; and,
- ❖ Bills represented by vouchers No. 181627 to No. 181723 and associated wire transfers inclusive in the amount of \$781,120.19.

Dated this 8th day of October, 2018.

President

Attest:

Secretary

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

Commissioner Mattern (PC Chair) reviewed with the Commission the minutes from the September 25th WMU Planning Committee meeting (see attached). Topics of discussion included: annual Open House; MRES School Education Program; consolidation of billing cycles; new generation update; and, annual review of Operations Policies. Following discussion, Commissioner Mattern offered a motion to approve the minutes of the September 25th WMU Planning Committee meeting as presented. Commissioner MacDonald seconded the motion which carried by a vote of six ayes and zero nays.

In conjunction with the Planning Committee meeting, Director of Finance Runge provided the Commission with an overview of the determining factors and advantages associated with consolidating the utility billing cycles from four to two cycles per month. The proposed process would combine current cycles 1 & 4 together which are primarily commercial accounts, and cycles 2 & 3 which are residential accounts. Advantages to making the adjustment include: reduction in labor; quicker debt collection process; shorter due date aligns with industry standards; encourages paperless billing & automatic payment options; and, business accounts will be billed on a calendar month. The proposed cycle consolidation would go into effect January 2019 (based on January's usage and billed in February). Following review and discussion, Commissioner Magnuson offered a motion to approve the reduction of monthly billing cycles from 4 to 2 cycles effective January 2019. Commissioner Mattern seconded the motion which carried by a vote of six yes and zero nays.

General Manager Harren informed the Commission that a number of WMU Operations Policies were being presented for updates as part of the annual policies review. The proposed updates would better align the Utility with state statutes/standards and provide clarity related to the operations and procedures of the Utility. The specific policies and data effected were: 1) 2019 Schedule of Charges; 2) Energy Risk Management; 3) Investment Policy; 4) Operations Policy; 5) Purchasing Policy; and, 6) Technology Disaster Plan. Harren provided a brief overview of each of the policy's changes. Following discussion and review, Commissioner Mattern offered a motion to approve the updated Operations Policies as presented. Commissioner MacDonald seconded the motion which carried by a vote of six ayes and zero nays.

General Manager Harren reminded the Commission that as members of Missouri River Energy Services (MRES), the Utility is being provided monthly updates from the MRES and Western Minnesota Municipal Power Agency (WMMPA) Board of Directors meetings. The video update provides a brief overview of the topics discussed by the Boards and the actions taken. Following a brief summary review by General Manager Harren, the September 13th MRES and WMMPA Board of Directors Meeting Update was viewed.

Power Resources Analyst Marotzke presented the Commission with the MUC Safety Training Update for June-September 2018. Marotzke presented an overview of the monthly safety training provided through the Ridgewater College Customized Training Program. This brought the Utility to completion of its first year with Ridgewater training which has been a positive change to the employee safety program. Monthly training included: 1) June: Catastrophic Table Top Event Training; 2) July: Mock OSHA Building Inspections; 3) August – Back & Hand Safety; and, 4) September: Supervisors Drug Awareness/Harassment/Job Hazard Analysis. Marotzke further reported that to date, the Utility and its employees have achieved 674 days with no lost time injuries. Marotzke expressed her appreciation to the Utility employees for their due diligence and to the Commission for their role in recognizing the importance of supporting a strong safety culture in the workplace.

General Manager Harren reviewed with the Commission the proposed Memorandum of Agreement (MOA) between the Utility and the City of Willmar (see attached). The MOA addresses responsibilities (costs and duties) related to water mains and fire hydrants. The two entities have been discussing the creation of the MOA for the past year and have come an agreement that is deemed mutually acceptable to both parties. Harren noted that the WMU Planning Committee has been kept informed and provided input throughout the development of the agreement. Following review and discussion, Commissioner Laumer offered a resolution to approve the MOA between the Utility and City of Willmar regarding water mains and fire hydrants as presented. Commissioner MacDonald seconded.

RESOLUTION NO. 45

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Memorandum of Agreement: Water Mains & Fire Hydrants be approved as presented.”

Dated this 8th day of October, 2018.

President

Attest:

Secretary

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

General Manager Harren briefly discussed with the Commission the proposed area WYE Project and the Utility’s potential involvement in the project including potential costs that could be incurred. Harren stated that as the project progresses and additional information is available, the Commission will be kept informed of the new developments.

General Manager Harren informed the Commission that a meeting of the WMU Labor Committee would be forthcoming (TBD). Agenda items will include: Personnel Policy annual review; and, 2019 COLA.

For information: Upcoming meetings/events to note include:

- MRES Area Meeting – October 24th (Alexandria)
- 2019 MMUA Legislative Conference: January 29-30 (St. Paul)
- 2019 APPA Legislative Rally – February 25-27 (Washington, DC)

There being no further business to come before the Commission, Commissioner Laumer declared the meeting adjourned at 12:37 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

Beth Mattheisen
Administrative Secretary

ATTEST:

Abdirizak Mahboub, Secretary



WILLMAR MUNICIPAL UTILITIES
WMU PLANNING COMMITTEE MEETING MINUTES
Tuesday, September 25, 2018 – 2:30 p.m.
WMU Conference Room

Present: Commissioners Justin Mattern, Bruce DeBlieck & Brendan MacDonald, General Manager John Harren, Energy Services/Marketing Rep Mary Kosbab, Compliance/HR Manager Janell Johnson, Director of Finance Denise Runge, Customer Service Supervisor Stacy Stien, and Administrative Secretary Beth Mattheisen.

Commissioner Mattern (Chair) called the meeting to order at 2:30 p.m.

AGENDA ITEM(S):

➤ **Annual Customer Appreciation Open House (2019):**

Energy Services/Marketing Rep Kosbab presented background data related to the annual Customer Appreciation Open House. This event is normally held in conjunction with Public Power Week. (Due to the unavailability of the Civic Center at that time this year, it was held on August 2nd.) Cost analysis of the event's expenses, which has been near the \$25,000 range in recent years, was reviewed along with a number of points for consideration. Marketing options along with the future direction including the value of participating in community events were discussed (i.e. value of the annual event vs. reallocating the funds into other community events, providing a positive view of the Utility). Consideration to redistribute a portion of the allocated budget for the annual event to include additional community events was discussed. Participating in various community events would broaden the Utility's visibility in the community and assist in building good-will with its customers.

Recommendation:

Due to the positive reflection of the Utility, it was the consensus of the Committee to continue with the annual Open House with adjustments to the cost of the event (trim the budget slightly). Furthermore, it was also agreed that the actual budget for the Open House be capped at \$20,000 and to apply \$5,000 for the Utility to participate in additional community events (i.e. Rockin' Robbins). Consideration to allocate additional funding is a possibility (other community events). Labor & participation or donations are all factors to be considered.

➤ **MRES School Education Program :**

Energy Services/Marketing Rep Kosbab introduced the Committee to the "Bright Energy Solutions Power Team – Leading the Way Elementary Education Program". MRES offers this program to its members and will cost share the program with the Utility (50/50). This program helps to bring energy awareness and education to area 5th grade students. Each student will receive a "Bright Energy Solutions Power Team" kit which provides energy incentives, conservation awareness/tips, classroom & home activities, and curriculum guides to be shared with the students. This is an exciting and positive program to assist in educating students, and subsequently their families, on energy solutions.

➤ **Reduced Billing Cycles:**

Customer Service Supervisor Stien opened discussion with the Committee regarding the possible consolidation of billing cycles. The Utility currently has 4 monthly billing cycles and would like the Committee to consider reducing it to 2 billing cycles. An overview of the proposed change was presented along with an analysis of monthly bills printed & electronic

bills. Pros and cons of the consolidation were addressed. Pros included: reduction in labor; allow for additional staffing time for other tasks/projects; increased efficiency in debt collection process; shorter due date aligns with industry standards; encourages paperless billing & automatic payment options; and, business accounts will be billed on a calendar month. Cons noted were: customers need to adjust to new due date (20-day terms); possible waiving of late payment fees (at the onset only); and increased customer service interaction.

It was further noted, that Energy Services/Market Rep Kosbab has begun the groundwork to establish a marketing process/project to bring awareness to our customers regarding the proposed consolidation of the billing cycles.

Director of Finance Runge continued by providing additional clarification related to the process including the flexibility in establishing customer due dates. Two due dates will be established. The majority of commercial/industrial customers' due date would be on the 25th, while residential customers' due date would be on the 10th. Emphasis to promote the use of paperless billing and the automatic pay option will continue.

Recommendation:

Following review & discussion, it was the consensus of the Planning Committee to recommend and support modification of the current billing system process by adjusting the monthly billing cycles from 4 to 2 (cycles) beginning January 1, 2019.

➤ **New Generation Update:**

General Manager Harren informed the Committee that options are currently being investigated for possible future local generation (new). Staff is currently looking at the possibility of up to 30 megawatts of new generation. It was also noted that solar generation is an avenue for consideration. Further discussions will be held to address options available to the Utility.

➤ **Annual Operations Policy Review:**

Compliance/HR Manager Johnson reviewed with the Committee annual updates proposed for the Operations Policies including the Schedule of Charges. Johnson began by presenting a review of proposed revisions to the 2019 Schedule of Charges including historical data. The only areas requiring adjustments were to the electric service hookup fees, water service connection charges, and apartment rental fees. Johnson continued by providing a step-by-step review of the proposed 2019 Operations Policy changes for consideration.

Additional policies (w/revisions) presented for review and consideration were: 1) Energy Risk Management; Investment Policy; Purchasing Policy; and, Technology Disaster Plan. Modifications to these policies included:

- 1) Energy Risk Mgmt. Policy: Addition of revision history table and general "housekeeping"
- 2) Investment Policy: Formatting and addition of revisions history table
- 3) Purchasing Policy Changes: Change competitive bidding amount (from \$100,000 vs \$175,000); proposed increase to align with state standards threshold to \$175,000; and, Electronic funds and wire transfers language was added/updated (although it is the current practice of the Utility, the auditors recommending adding the language to the policy).
- 4) Technology Disaster Plan: Remove reference to AS400 (retired) & IBM iSeries hardware & contact info.

Recommendation:

Following review and discussion, it was the consensus of the Planning Committee to recommend approval of the policy modifications including the 2019 WMU Schedule of Charges and to move forward with the proposed changes as presented. Note: The proposed adjustments to the 2019 Schedule of Charges are with the intent to further stabilize and/or reduce rates rather than subsidizing all new connection costs through our rates (rate schedule).

Compliance/HR Manager Johnson informed the Committee that the annual review process of the 2019 Personnel Policy is also being currently conducted. The question of data security related to documentation of social security numbers was discussed. Per directive of the Committee, Staff was instructed to reaffirm the level & method of documentation security related to the personal data of the Utility customers (i.e. encryption, decryption, etc.).

General Manager Harren along with Energy Services/Marketing Rep Kosbab departed the meeting at approx. 3:43 p.m.

➤ **Adjournment:**

There being no further discussion to come before the WMU Planning Committee, Commissioner Mattern declared the meeting adjourned at 3:58 p.m.



WILLMAR MUNICIPAL UTILITIES

MEMORANDUM OF AGREEMENT: WATER MAINS & FIRE HYDRANTS

October 8, 2018

- 1) Installation of water mains in new developments or areas that do not have access to water mains are paid 100% by the developer and/or through city assessments. WMU is not responsible for costs associated with extending water mains. For depreciation purposes, WMU shall recognize and record the asset value provided by the City.
(This is past practice with the exception of depreciation. City nor WMU recognizes the depreciation.)
- 2) Fire hydrants are generally installed for fire protection; therefore all costs associated with fire hydrants shall be borne by the City. Hydrant costs include the tee in the main, hydrant lead, valve, hydrant and incidentals.
(Past practice, City & WMU cost shared: City 75%, WMU 25%.)
- 3) Water main replacement costs shall be 100% covered by Willmar Municipal Utilities (WMU) less Fire Hydrants beginning January 1, 2021.
(Past practice, City paid 75% of all costs up to and including 8 inch. WMU pays for 25% of costs plus all costs over 8 inch. City is responsible for designing and oversees the project, pays for the street, wastewater, storm water etc. and will continue.)
- 4) City annually will collaborate with WMU to develop a 10-year Capital Improvement Plan for water main replacement.
- 5) WMU is responsible for street repairs associated with water main breaks beginning January 1, 2020. City to designate a person for WMU to notify.
(Past practice consists of WMU repairing the water main and the City repairing the street.)
- 6) City will continue to invoice WMU for 25% of water main replacement and all costs associated with water mains over 8 inch through 2020.
(This past practice will continue through 2020. This allows WMU time to complete a rate study, increase rates and collect the additional revenue for the added costs).
- 7) To allow WMU to budget for the increase cost, implementation shall commence with construction year 2021.
(WMU will need to increase rates to pay for an additional \$250,000 in water main costs, not including fire hydrants.)

8) Starting with construction in 2021, the City will invoice WMU 80% of the estimated replacement costs based on the successful contractors bid when project construction starts. The remaining 20% shall be invoiced succeeding project close out. Installation of new water mains in new development or areas that do not have access to water mains shall remain per paragraph one.

(Future practice, WMU would provide the funds for its share of water main replacement or work with the City to bond for WMU's share of the water main costs. WMU would be responsible to the water main share of the bond.)

9) City and WMU shall use WMU water system model as their guide for system water main sizing. It is the responsibility of WMU to keep the model current.

(Model was updated in 2018.)

Sincerely,

City of Willmar

Willmar Municipal Utilities

Ike Holland, City Administrator

Carol Laumer, Commission President