

WILLMAR MUNICIPAL UTILITIES MINUTES
MUNICIPAL UTILITIES AUDITORIUM
JULY 10, 2017

The Municipal Utilities Commission met in its regular meeting on Monday, July 10, 2017 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Carol Laumer, Justin Mattern, Abdirizak Mahboub, Nathan Weber, Dan Holtz, and Bruce DeBlieck. 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, Power Production Supervisor Jon Folkedahl, Water & Heating Supervisor Joel Braegelman, Staff Electrical Engineer Jeron Smith, Administrative Secretary Beth Mattheisen, Energy Services/Marketing Rep Mary Kosbab, Project Assistant Kim Wesbur, City Attorney Robert Scott (via teleconference), and WC Tribune Journalist Shelby Lindrud.

Commission President Laumer opened the meeting by requesting the Commission to offer a resolution to approve the Consent Agenda. Following review and discussion, Commissioner Holtz offered a resolution to approve the Consent Agenda as presented. Commissioner Mattern 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 June 26, 2017 Commission meeting; and,
- ❖ Bills represented by vouchers No. 171131 to No. 171184 and associated wire transfers inclusive in the amount of \$1,934,690.64.

Dated this 10th day of July, 2017.

President

Attest:

Secretary

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

Commissioner Mattern (Chair) reviewed with the Commission the minutes from the June 30th WMU Planning Committee meeting (see attached). The main topics of discussion focused on Willmar’s water treatment system (including an overall master plan and preliminary design review of the NE Water Treatment Plant) and OSI’s revised proposal to conduct the SCADA System upgrade. Following a review of the meeting minutes including Committee recommendations, Commissioner Mattern offered made a motion to approve the minutes of the June 30th WMU Planning Committee meeting as presented. Commissioner Holtz seconded the motion which carried by a vote of six ayes and zero nays.

General Manager Harren continued discussion related to the water system by presenting a summary of the process and challenges entailed in addressing the water management plan for the City of Willmar. To attain optimal level requirements, the challenges facing Willmar include: 1) bicarbonate limitations & methods of reduction; 2) chloride limits; 3) hardness & TDS; and, 4) specific conductance. Water & Heating Supervisor Braegelman stated that in an effort to meet the constant battle of nitrification in the distribution system, a long-term plan includes implementing biological nitrification at the NE Water Treatment Plant (NEWTP) to address the water quality challenges. This process, which has been ongoing for the last 5-6 years, including the creation of a pilot plant (gather information & conduct testing) at the NEWTP and SW Water Treatment Plant. Based on the results of this testing, it was determined that bionitrification appeared to be the most advantageous process to pursue for Willmar's water system. Consultant Vincent Hart of Carollo Engineering recently provided presentations to both the WMU Planning Committee and the City of Willmar addressing the water quality issues and recommendations. These presentations included: 1) historic operation performance; 2) regulatory review; 3) condition assessment of existing facilities; 4) salty discharge (potential options to reduce); 5) preliminary project design; and, 6) funding options available. Braegelman continued by reviewing potential options for salty discharge reduction along with a step-wise approach for implementation. Further discussion included capital costs and a breakdown listing of the total project cost for the NEWTP (\$9.2 million). The recommended timetable and grant application approach would be to finalize the preliminary design in 2018 with design and construction in 2020. Following the acceptance of the preliminary design, the next steps would include public education and applying for grants and loans available to assist with the funding of the project.

Related to the funding of the Water Treatment Project, General Manager Harren reference the 2014 Rate Study conducted by Dave Berg Consulting which recommended the need for substantial water rate increases to assist with the funding of capital projects. The recommended rate increases were for three consecutive years beginning in 2015. The first rate increase was implemented in 2015, but no subsequent increases have followed as recommended. Further discussions will be forthcoming to secure and implement the necessary water rate adjustments.

Following additional discussion, Commissioner Mattern offered a motion to direct Staff to proceed with the process to pursue potential grant/loan options available to assist with the funding of the Water Treatment Plant Project and to concur with the timetable presented. Commissioner Mahboub seconded the motion which carried by a vote of six ayes and zero nays.

At their June 30th meeting, the WMU Planning Committee had requested clarification on the quotation/proposal submitted by Open Systems International (OSI) to conduct an upgrade of WMU's SCADA System. Staff Electrical Engineer Smith had contacted OSI and received a revised proposal for the project. Smith provided details of the updated costs and descriptions for the system upgrade. Following discussion, Commissioner Mattern offered a resolution to approve the OSI proposal which would include the base quote (\$83,975.60) and Options #4 - Training (\$1,720), Option #5 - Uninterruptible Power Supply (\$8,232), and Option #6 - Workstations (\$5,840) for a total price of \$99,767.60. Commissioner Mahboub seconded.

RESOLUTION NO. 24

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the proposal submitted by Open Systems International, Inc. of Medina, Minnesota, to conduct the SCADA System upgrade be approved which includes the Base Quote and Options #4, #5, and #6 for a total cost of \$99,767.60."

Dated this 10th day of July, 2017.

President

Attest:

Secretary

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

Director of Finance Runge reviewed with the Commission the 2018 WMU Budget Schedule. Runge stated that early finalization of the 2018 Budget is needed due to the October 1st requirement date for submission of the Attachment O.

General Manager Harren informed the Commission that a meeting of the WMU Labor Committee will be scheduled in the near future. Topics of discussion will include the Employee Performance Policy and Power Plant staffing.

Commissioner DeBlieck stated that an audio recording of the July 5th APPA Webinar entitled "*Board-Driven Performance Evaluation: Governance & Management*" had been forwarded to each Commissioner. The webinar presents practical ways that a board can proactively set performance expectations for itself as well as management personnel. At their convenience, DeBlieck encouraged all to listen to the informative presentation.

For information: Upcoming meetings/events to note include:

- MMUA Summer Conference – August 21-23 (Madden's Resort – Brainerd)
- Public Power Week – Oct. 1-7
 - Annual WMU Open House – Oct. 3rd @ Willmar Civic Center (4:30-6:00 p.m.)

There being no further business to come before the Commission, Commissioner Laumer declared the meeting adjourned at 12:27 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

Beth Mattheisen
Administrative Secretary

ATTEST:

Abdirizak Mahboub, Secretary



WILLMAR MUNICIPAL UTILITIES
WMU PLANNING COMMITTEE MEETING MINUTES
Friday, June 30, 2017-12:00 p.m.
WMU Conference Room

Present: Commissioners Justin Mattern, Abdirizak Mahboub & Bruce DeBlieck, General Manager John Harren, Director of Finance Denise Runge, Water & Heating Supervisor Joel Braegelman, Water & Heating Foreman Scott Schultz, Electrical Engineer Jeron Smith, Administrative Secretary Beth Mattheisen, and Carollo Engineer Vincent (Vinny) Hart.

Commissioner Mattern (Chair) called the meeting to order at 12:00 p.m.

AGENDA ITEM(S):

➤ **Water Treatment Plant Preliminary Design Update:**

General Manager Harren introduced Carollo Engineer Vinny Hart. Water & Heating Supervisor Braegelman presented background information related to Willmar's water treatment system. Engineer Hart's review and informational presentation included: 1) historic operational performance (long-term plan includes implementing biological nitrification at NE WTP); 2) regulatory review (manganese regulations may be changing); 3) condition assessment of existing facilities (significant upgrades are needed); 4) salty discharge (potential options for salty discharge reduction); 5) preliminary design (project & itemized costs); and, 6) funding (sources available to address salty discharge).

Among the challenges facing WMU to attain optimal levels include:

1. Bicarbonate limitations and methods of reduction
2. Chloride limits
3. Hardness and TDS
4. Specific conductance

Advantages and disadvantages of softening at the WWTP were reviewed. Operational and capital costs were presented for discussion. The Committee requested an additional breakdown of the capital costs associated with the project. Following the acceptance of the preliminary design, the next steps would include public education and applying for any grants and loans available to assist with the funding of the project.

Preliminary design review & discussion included:

- Projected cost for the NEWTP: \$9.2 million (entire project)
- ACEE Class 4 estimate (-30% to +50%)
- Additional costs from previous estimates (possible grants available)
- Public outreach (education) to be determined

Possible funding options include:

- Loans
- Grants (EPA, USBR, legislative grants)
- Creative approach (green aspects of biological filtration and innovative approach to salty discharge)

Timetable and grant application approach:

- Finalize preliminary design 2018
- Design & construction in 2020

General Manager Harren informed the Committee that earlier today, WMU & City staff members met to discuss the marketing and process regarding the salty discharge issue (effecting Waste Treatment Plant). (Hart presented a PowerPoint presentation to the group.) Communications will continue between the two entities, and City staff will keep the City Council informed of project updates and discussions. Moving forward, the WMU/City collaboration will continue to market and provide public education outreach related to the project.

Note: Today's Carollo presentations (both to the Planning Committee and to City staff) will be uploaded to the iPads for additional Committee/Commission review.

Related to the funding of the Water Treatment Project, General Manager Harren referenced the 2014 Rate Study conducted by Dave Berg Consulting which recommended the need for significant water rate increases to fund the required capital projects including this project. The study recommended a total water rate increase of 40% to be allocated over the next three years (20% in 2015, 10% in 2016, and 10% in 2017). Following the approval of the 2014 Rate Study, the only water rate increase implemented to date has been a 20% increase in 2015. Based on the original design costs of the Water Treatment Project, the additional 10% and 10% water rate increase identified in the 2014 Rate Study will be required at a minimum to fund this capital project. Further discussion will be required to secure the necessary implementation of the water rate increase.

Recommendation:

Following discussion, it was the consensus of the WMU Planning Committee to concur with Carollo's recommendation to move forward in pursuing potential grant funding available to assist with the funding of the Water Treatment Plant project and the proposed timetable. Commission approval will be requested at the July 10th MUC meeting.

➤ **SCADA System upgrade - OSI Proposal update:**

Electrical Engineer Smith reviewed with the Committee the updated/revised proposal submitted by OSI for the SCADA System upgrade. Additional options & costs were listed and reviewed.

Recommendation:

It was the consensus of the Planning Committee to recommend approval of the OSI proposal for the base bid (\$83,975.6) along with Options #4, #5 and #6 for a total contract price of \$99,767.60 to conduct the SCADA System upgrade.

➤ **Miscellaneous:**

General Manager Harren informed the Committee that word had been received from PCA that it appears WMU may be allowed to forgo additional steps previously proposed for the Storm Water Project (Power Plant area). A positive outcome is anticipated. Once finalization has been given, this information will be shared with the Planning Committee and Commission.

➤ **Adjournment:**

Following discussion, Commissioner Mahboub offered a motion to adjourn the meeting of the WMU Planning Committee. Commissioner DeBlieck seconded the motion which carried, and the meeting was adjourned by a vote of three ayes and zero noes at 1:02 p.m.