

WILLMAR MUNICIPAL UTILITIES MINUTES
MUNICIPAL UTILITIES AUDITORIUM
DECEMBER 10, 2018

The Municipal Utilities Commission met in its regular scheduled meeting on Monday, December 10, 2018 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Carol Laumer, Justin Mattern, Nathan Weber, Abdirizak Mahboub, 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, Customer Service Supervisor Stacy Stien, Compliance/HR Manager Janell Johnson, Staff Electrical Engineer Jeron Smith, Facilities & Maintenance Supervisor Kevin Marti, Systems Information Coordinator Mike Sangren, Administrative Secretary Beth Mattheisen, City Councilman Shawn Mueske, City Attorney Robert Scott (via teleconference), and WC Tribune Journalist Shelby Lindrud.

Commissioner Laumer (President) 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 DeBlieck seconded.

RESOLUTION NO. 50

“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 November 26, 2018 Commission meeting; and,
- ❖ Bills represented by vouchers No. 181994 to No. 182093 and associated wire transfers inclusive in the amount of \$963,153.41.

Dated this 10th day of December, 2018.

President

Attest:

Secretary

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

Commissioner Weber (LC Chair) reviewed with the Commission the minutes from the December 5th WMU Labor Committee meeting (see attached). The main topics of discussion were: annual review/update of Personnel Policies; 2019 non-union wage adjustment; General Manager’s year-end review; and, MUC Self-Evaluation Survey results. Following discussion, Commissioner Weber offered a motion to approve the minutes of the December 5th WMU Labor Committee meeting as presented. Commissioner Mahboub seconded the motion which carried by a vote of seven ayes and zero nays.

In conjunction with the Labor Committee meeting, two separate items were presented to the Commission for consideration and approval. The first item being presented was a request to approve proposed revisions/updates to a number of Personnel Policies for 2019. The specific policies and data effected were: Policy Schedule of Changes; Cell Phone Policy; Clothing Purchases Practices Policy; Data Practices Policies; DOT Drug and Alcohol Testing Policy V2; Dress Code Policy; Drug & Alcohol Testing and Drug & Alcohol Free Workplace Act; FMLA Policy; Fraud Policy; Identity Theft Prevention Program; IT Policy; Performance Review Policy; Personnel Policy; PTO Donation Policy; Tablet Policy; and, WC Policy. Compliance/HR Manager Johnson provided the Commission with an overview of the proposed adjustments presented noting that the majority of changes were minor revisions such as title updates, language clarification, etc. Following discussion, Commissioner Magnuson offered a motion to approve the updated Personnel Policies for 2019 as presented. Commissioner Mattern seconded the motion which carried by a vote of seven ayes and zero noes.

The second item to be recommended for approval by the WMU Labor Committee was a wage adjustment for the Utility's non-union employees beginning January 1, 2019. Following discussion, Commissioner Mahboub offered a resolution to approve a 2.75% wage increase for all non-union employees (including the General Manager) effective January 1, 2019. Commissioner Mattern seconded.

RESOLUTION NO. 51

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that a 2.75% wage increase be implemented for all WMU non-union employees (including the General Manager position) effective January 1, 2019.”

Dated this 10th day of December, 2018.

President

Attest:

Secretary

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

Power Supply Manager Carlson provided the Commission with a newly formatted Power Supply Report (October 2018) which better illustrates the true cost of power. Carlson stated that Staff updated the report to include all fixed and overhead costs for both the Power Plant and Power Supply Departments, including wage expenses. In the past, only fuel, cost of energy, capacity and transmission along with certain repair costs, insurance and wind depreciation were included in the Power Supply Report. Going forward, all fixed and overhead costs will be included on the Power Supply Reports.

Staff Electrical Engineer Smith presented the Commission with a bid recommendation for the 2018 Load Control Module (LCM) Replacement Contract. The Load Control System Upgrade is a two-year project which includes replacement of 2300 LCM units which will assist in maximizing the efficiency of the Utility's system. Smith stated that while five proposals had been distributed to prospective bidders, only one bid for the installation project had been received. The bid submitted was from King's Electric, LLC, in the amount of \$199,300. Smith noted that King's Electric had

successfully installed 160 LCM's this past summer for WMU. Therefore, it was the recommendation of Staff to award the bid for the LCM Replacement Contract to King's Electric. Following discussion, Commissioner Laumer offered a resolution to award the bid for the 2018 Load Control Module Replacement Contract to King's Electric, LLC in the amount of \$199,300. Commissioner Mattern seconded.

RESOLUTION NO. 52

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the 2018 Load Control Module Replacement Contract for the replacement of 2,300 LCM units be awarded to King's Electric, LLC, of New London, Minnesota, in the amount of \$199,300."

Dated this 10th day of December, 2018.

President

Attest:

Secretary

Related to the Load Control Systems Upgrade, Facilities/Maintenance Manager Marti requested the Commission to approve Purchase Order #10432 to Core & Main of Eden Prairie, Minnesota, for the purchase of 1,800 Load Control Modules (LCM's). These are the replacement modules to be installed in 2019, with the order to be split into multiple shipments. The total cost of the purchase including sales tax is \$394,368.71 and was included (approved) in the 2019 Capital Improvement Budget. Following discussion, Commissioner MacDonald offered a resolution to approve the purchase of 1,800 LCM's from Core & Main in the amount of \$394,368.71. Commissioner DeBlick seconded.

RESOLUTION NO. 53

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that Purchase Order #10432 for the purchase of 1,800 Load Control Modules to Core & Main of Eden Prairie, Minnesota, in the amount of \$394,368.75 be approved as presented."

Dated this 10th day of December, 2018.

President

Attest:

Secretary

Facilities & Maintenance Supervisor Marti presented the Commission with the November 2018 Wind Turbine Report. Marti stated that turbine availabilities for the month of November were at 99% (Unit #3) and 100% (Unit #4) with a monthly total production of 628,416 KWH. Marti noted that the data reflected the increase in both production and availability following the successful completion of the recent blade repairs to both units.

Power Supply Manager Carlson reviewed with the Commission the official notice from Missouri River Energy Services (MRES) of the 2019 S-1 Rates. Rate Schedules B & C to the S-1 Power Sale Agreement between MRES, Western Minnesota Municipal Power Agency (WMMPA), and WMU were reviewed. It was noted that factors effecting the presented rates included lower expense for market losses, increased sales due to the addition of an S-1 member, and projected continued low market prices for purchased power. The average power supply rate for WMU will depend on the seasonal and annual load factor of the Utility.

Power Supply Manager Carlson reviewed with the Commission a draft of the Facilities Assignment Agreement (FAA) MRES-Willmar agreement between Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services. This agreement relates to transmission facilities which are integrated with the transmission system of Midcontinent Independent System Operator, Inc. (MISO) of which MRES and Willmar are associated. Included in the agreement are: assignment of functional control; revenue sharing services; terms; representations & warranties; and, transmission development rights. Along with the agreement review, Carlson presented a draft "Exhibit A to Transmission FAA" which contains a listing of WMU transmission facilities. It was further stated that confirmation had been received that WMU will maintain its status as a TO (Transmission Owner) with MISO. Execution of the FAA is anticipated to be completed prior to the end of 2018.

For information and review, three departmental updates were presented to the Commission for discussion and review. Each report included an update of both current and completed capital improvement projects. The reports were as follows:

- 1) Facilities & Purchasing Department (Facilities & Maintenance Manager Marti)
- 2) Power Plant (Facilities & Maintenance Manager Marti)
- 3) Information & Technology Department (IS Coordinator Mike Sangren)

On behalf of the Commission, Commissioner Laumer expressed her appreciation to both Management and Staff for their productive year and forward progression in transitioning through a number of challenges faced by the Utility in 2018.

As members of Missouri River Energy Services (MRES), the Utility is provided a monthly update from the MRES and Western Minnesota Municipal Power Agency (WMMPA) Board of Directors meeting. 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 November 8th MRES and WMMPA Board of Directors Meeting Update video was viewed.

General Manager Harren informed the Commission that a meeting of the WMU Labor Committee would be held in the near future. The main topic of discussion will be a review of the General Manager's annual performance along with consideration for a step wage adjustment for 2019.

General Manager Harren stated that a meeting request would be issued shortly to assist in scheduling a WMU Work Session. The sole topic of discussion will focus on the results of the recently conducted 2018 MUC Self-Evaluation Survey.

General Manager Harren also stated that a meeting of the WMU Planning Committee would be forthcoming (TBD). Agenda items for the Planning Committee will include: revenue neutrality update; generation study analysis; and, banking change.

Commissioner Laumer informed the Commission that she will be providing notes highlighting her recent attendance at the MMUA Board meeting.

For information: Upcoming meetings/events to note include:

- Employee/Commission WMU Safety Award Luncheon – December 14th @ 12:00 pm
- Reminder: Next MUC Meeting – Wednesday, December 26th
- 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 12:45 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

Beth Mattheisen
Administrative Secretary

ATTEST:

Abdirizak Mahboub, Secretary



WILLMAR MUNICIPAL UTILITIES
MUC Labor Committee Meeting Minutes
Wednesday, December 5, 2018
12:00 p.m.

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

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

AGENDA ITEMS:

1) Annual Review/Update of Personnel Policies:

As part of the annual review of Personnel Policies, Compliance/HR Manager Johnson presented the Committee with a step-by-step review of a number of Personnel Policies requiring updates and approval. Johnson noted that the majority of the proposed modifications were minor revisions (i.e. title changes, basic wording adjustments, etc.). The following policies were introduced for discussion & review:

- a) Policy Schedule of Changes (including historic policy data)
- b) Cell Phone Policy changes
- c) Clothing Purchases Practices Policy changes
- d) Data Practices Policies changes
- e) DOT Drug and Alcohol Testing Policy V2
- f) Dress Code Policy changes
- g) Drug & Alcohol Testing and DF Workplace Act
- h) FMLA Policy changes
- i) Fraud Policy changes
- j) Identity Theft Prevention Program
- k) IT Policy
- l) Performance Review Policy changes
- m) Personnel Policy changes
- n) PTO Donation Policy
- o) Tablet Policy changes
- p) WC Policy changes

Compliance/HR Manager Johnson continued by informing the Committee that the WMU Personnel Policy had been submitted to the Utility's legal counsel (Madden Galanter Hansen, LLP) for their review and input. The counsel's recommended modifications were presented for review. A question regarding the proper terminology related to an item was raised. Staff was directed to contact counsel for their consideration regarding the appropriate language related to the item.

Action:

Following discussion, Commissioner Magnuson offered a motion to recommend Commission approval of the proposed revisions to the listed personnel policies as presented subject to a wording adjustment to the Personnel Policy (per legal advisement). Commission approval will be requested at the December 10th MUC meeting. Commissioner Mahboub seconded the motion which carried by a vote of three ayes and zero nays.

2) 2019 Wage Adjustment (COLA) for Non-Union Personnel:

General Manager Harren and Compliance/HR Manager Johnson opened discussion with the Labor Committee for consideration of a wage adjustment for all non-union employees and General Manager for 2019. Harren reminded the Committee that a three-year wage adjustment for union employees had been formally approved by the Commission on Nov. 13, 2017. Per the agreement, the established union wage adjustment for 2019 is 2.75%. Staff further noted that the 2019 Federal Cost of Living Adjustment (COLA) is 2.8%.

Action:

Following discussion and review, Commissioner Magnuson offered a motion to recommend that the Commission approve a 2.75% wage adjustment for all non-union employees and General Manager for the year 2019. Commission approval will be requested at the December 10th MUC meeting. Commissioner Mahboub seconded the motion which carried by a vote of three ayes and zero nays.

3) General Manager's Year-End Review:

An annual review of the General Manager's position was conducted to assist in assessing management/leadership performance and to establish future goals for the position. As part of the review, General Manager Harren presented the Committee with a step-by-step update of the previously established 2018 Goals along with a listing of proposed 2019 Goals. General Manager Harren requested consideration be given to a wage step increase. It was further noted that the last step increase adjustment associated with the General Manager's position was in April 2017. Following an informal favorable performance review, it was the consensus of the Committee to table the step adjustment at this time and to develop a process for the step and performance reviews. A survey requesting performance input from the Commissioners. A meeting of the Labor Committee to follow shortly thereafter (next week?). Attorney Robert Scott will be contacted to assist in the process.

4) 2018 MUC Self-Evaluation Survey Results & Discussion:

General Manager Harren presented the Committee with background information along with the recent results of the MUC Self-Evaluation Survey (2018). In 2017, under Commission directive, Staff had created the survey to assist Commissioners in understanding roles & responsibilities, provide orientation for new members, address board conflicts, clarify member expectations, identify priorities, strengths & weaknesses, and determine areas for improvement in board performance. Compliance/HR Manager Johnson noted that the 2018 survey was the same as the previous survey with the inclusion of three additional questions (related to the General Manager position). Johnson reviewed with the Committee the compiled survey results along with 2017-2018 ranking comparisons. Overall, the results indicated positive improvements in nearly all areas. Following additional discussion and review, it was the consensus of the Labor Committee to recommend that the Commission schedule a Work Session to review and discuss the findings of the "living" document. The Work Session would be held in the near future (early/mid-December).

Note: Commissioner Magnuson departed at approximately 1:23 p.m.

5) 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 1:48 p.m.