

**WILLMAR MUNICIPAL UTILITIES MINUTES**  
**MUNICIPAL UTILITIES AUDITORIUM**  
**APRIL 22, 2019**

The Municipal Utilities Commission met in its regular scheduled meeting on Monday, April 22, 2019 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Carol Laumer, Justin Mattern, Abdirizak Mahboub, Nathan Weber, Ross Magnuson, Bruce DeBlieck and Brendan MacDonald.

Others present at the meeting were: General Manager John Harren, Director of Finance Denise Runge, Power Supply Manager Chris Carlson, Facilities & Maintenance Supervisor Kevin Marti, Energy Services & Marketing Rep Michelle Marotzke, Information Systems Administrator Mike Sangren, Administrative Secretary Beth Mattheisen, State Representative Dave Baker, 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. 15**

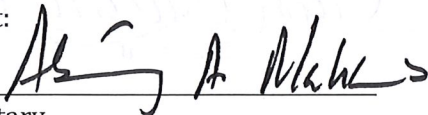
“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Consent Agenda be approved as presented which includes:

- ❖ Minutes from the April 8, 2019 Commission meeting; and,
- ❖ Bills represented by vouchers No. 190541 to No. 190606 and associated wire transfers inclusive in the amount of \$2,040,345.24.

Dated this 22<sup>nd</sup> day of April, 2019.

  
\_\_\_\_\_  
President

Attest:

  
\_\_\_\_\_  
Secretary

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

At this time, Commissioner Laumer introduced State Representative Dave Baker who was in attendance. Representative Baker currently serves on the State’s Energy Committee and presented the Commission with a legislative update on energy policies. Among the issues addressed were: 1) energy related bills including the Governor’s proposed 100% carbon-free sources by 2050 - while a positive effort, affordability must be maintained; 2) community solar gardens (MN leading state in solar gardens) – very expensive; currently more beneficial to investors/developers than rate payers, and requires baseload balance; 3) need for energy storage including devices capable of storing wind and solar generated power; 4) tax exempt finance bonds – definitely an issue that will be further addressed (Rep. Baker will contact General Manager Harren to further discuss); 5) government mandates; 6) broadband; and, 7) installation of appliances on structures for small cell 5G networks (i.e. Verizon, AT&T, etc.). Following the informative overview of the energy policies and issues, the Commissioners expressed their sincere appreciation for the update and insight provided by Representative Baker.

Commissioner Weber reviewed with the Commission the March 11<sup>th</sup>/April 9<sup>th</sup> WMU Labor Committee meeting minutes (see attached). The Labor Committee originally met on March 11<sup>th</sup> to review, discuss and provide input related to the newly formatted WMU Strategic Plan. Due to the time required to fully address the topic, it was the consensus of the Committee to recess the original meeting and to reconvene

to complete discussion at a later date (April 9<sup>th</sup>). Following review and discussion, Commissioner Weber offered a motion to approve the minutes of the March 11<sup>th</sup>/April 9<sup>th</sup> WMU Labor Committee as presented. Commissioner Mahboub seconded the motion which carried by a vote of seven ayes and zero nays.

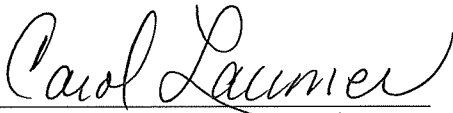
Director of Finance Denise Runge presented the Commission with the March 2019 Financial Reports along with a recap of the March 31, 2019 Investment Portfolio. The data presented included analyses of the Electric, Water, Heating and Combined Divisions. Information contained in the reports reflected operating revenues & expenses, operating income, and retained earnings. The Investment Portfolio presented a summary of WMU's securities and associated brokerage firms/agencies to date.

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 Mattern offered a resolution to not waive the limits on municipal tort liability established by Minnesota Statutes 466.04. Commission DeBlieck seconded.

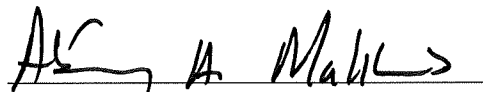
#### RESOLUTION NO. 16

"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 22<sup>nd</sup> day of April, 2019.

  
\_\_\_\_\_  
President

Attest:

  
\_\_\_\_\_  
Secretary

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

Energy Services & Marketing Rep Marotzke informed the Commission of the winning entry submitted for the 2019 MMUA Tom Bovitz Memorial Scholarship sponsored by the Willmar Municipal Utilities and MMUA. The applicants are required to submit a 500-750 word essay on "*Municipal Utilities - Good for All of Us*". Participation in this program helps to increase awareness of public power while giving back to the community it serves. The entries are submitted by Willmar High School Seniors who reside in the city of Willmar. The first place entry and winner of a \$750 scholarship is Kylie Halvorson. Ms. Halvorson's entry has been forwarded to MMUA for participation in the state-wide award selection process. The scholarship award will be distributed on May 24<sup>th</sup> at the WHS Cap & Gown Day ceremony. Congratulations Kylie!

Energy Services & Marketing Rep Marotzke presented to the Commission a video entitled "*Empowering Our Community*" which has been created by MRES for the Willmar Municipal Utilities. This video illustrates the benefits of public power.

For information and review, Energy Services & Marketing Rep Marotzke presented the Commission with an illustration of Willmar's diverse mix of power supply resources prepared by MRES. The end result of the diversity results in reliable, affordable and environmentally friendly electric service for Willmar's citizens and businesses. It was further noted that 66% of Willmar's power supply is carbon-free providing cleaner/green energy for our customers.

General Manager Harren reminded the Commission that a Work Session will be held immediately following today's MUC meeting (April 22<sup>nd</sup>). Discussion will focus on a complete review of the proposed 2019 WMU Strategic Plan.

General Manager Harren stated that a meeting of the WMU Labor Committee will be held on Tuesday, April 23<sup>rd</sup> at 12:00 pm. The primary topic of discussion will focus on the potential need to conduct a rate study (water & electric).

General Manager Harren informed the Commission that additional WMU Committee meetings will be forth coming. Agenda items for a future Planning Committee Meeting will include: potential future generation option; and, Water Treatment Plant analysis. Agenda item(s) for a future Labor Committee Meeting will include: succession planning for the General Manager position.

For information: Upcoming meetings/events to note include:

- APPA Governance Webinar Series: Webinars are held @ 12:30 pm (1 hr.). Attending (to date): Commissioners Laumer & Mattern
  - May 3<sup>rd</sup>: "A Board's Responsibility for an Effective Chief Executive"
  - May 17<sup>th</sup>: "A Board's Responsibility for Effective Governance"
  - May 31<sup>st</sup>: "A Board's Role in Setting & Achieving Long-Term Success"
- MRES Annual Meeting – May 8<sup>th</sup> (Sioux Falls Convention Center)
- Reminder: "MRES 101" (extended regular MUC Mtg.) – May 13<sup>th</sup>
- APPA National Conference – June 7-12 (Austin, TX)
- WMU Annual Open House – Thurs., August 15<sup>th</sup> (4:00-6:30 pm)
- MMUA Summer Conference – August 19-21 (Breezy Point)
- MRES Legal Seminar "Staying Current: Emerging Issues for Utilities" – Oct. 4<sup>th</sup> (Sioux Falls, SD)

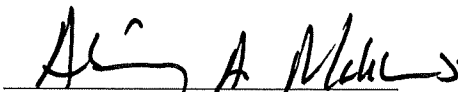
There being no further business to come before the Commission, Commissioner Laumer declared the meeting adjourned at 12:40 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

  
Beth Mattheisen  
Administrative Secretary

ATTEST:

  
Abdirizak Mahboub, Secretary





**WILLMAR MUNICIPAL UTILITIES**  
**MUC Labor Committee Meeting Minutes**  
**Monday, March 11, 2019**  
**1:00 p.m.**

Attendees: Commissioners Nathan Weber, Ross Magnuson & Zack Mahboub, General Manager John Harren, Director of Finance Denise Runge, Energy Services/Marketing Rep Michelle Marotzke, Facilities & Maintenance Supervisor Kevin Marti, HR Manager Janell Johnson, and Administrative Secretary Beth Mattheisen.

Commissioner Weber called the meeting to order at 1:12 p.m.

\*\*\*\*\*

**AGENDA ITEMS:**

➤ **Establish Labor Committee Chair and Vice Chair Positions for 2019:**

Commissioner Weber (2018 LC Chair) informed the Committee of the need to designate Chair and Vice Chair positions for the Labor Committee for 2019. Commissioner Magnuson offered a motion to designate Commissioner Weber to retain the position of Chair with Commissioner Mahboub to serve as Vice Chair for the Labor Committee for 2019. Commissioner Weber seconded the motion which carried by a vote of three ayes and zero nays.

**2. 2019 WMU Strategic Plan (newly formatted):**

General Manager Harren recognized Energy Services/Marketing Rep Marotzke, Facilities & Maintenance Supervisor Marti along with staff for their time and effort spent in revamping a WMU Strategic Plan to best serve the objectives of the Commission and Utility. The proposed plan targets the following six strategic initiatives: 1) Admin & Operations Bldgs.; 2) Financial Position; 3) Generation: Gas/Diesel & Power Plant; 4) Generation: Renewable Energy; 5) Substations/Transmission; and, 6) Water Treatment Plant. Each of these topics is comprised of the following four components: 1) strengths; 2) weaknesses; 3) opportunities; and, 4) threats. The proposed Strategic Plan has been simplified in an effort to provide clarity.

Energy Services/Marketing Rep Marotzke provided the Committee with a step-by-step review of the proposed plan. Marotzke noted that the time frames of the categories varies as follows: 1-5 years (Admin & Operations Bldgs., Financial Position, and Gas/Diesel/Power Plant); 5-10 yrs. (Renewable Energy); 1-5 years (Water Treatment Plant); and, 1-10 yrs. (Substation/Transmission).

Due to the amount of time required to thoroughly review and discuss the proposed Strategic Plan, it was the consensus of the Labor Committee to recess the meeting and to continue discussion at a later date.

**3. Staff Update:**

HR Manager Johnson provided the Committee with an update of staffing adjustments currently being conducted at the Utility. Due to various factors (i.e. attrition, retirements, restructuring), a number of staffing adjustments have been implemented. A complete review of these changes was presented.

**4. Miscellaneous:**

Reimbursement of legal costs: General Manager Harren provided the Committee with an update on the Utility's position to recoup for legal costs related to the Jon Folkedahl litigation case which judgement was rendered in the defendant's favor. Following review, it was determined that the Utility would no longer pursue the reimbursement costs associated with the case.

**5. Meeting Recessed:**

As stated in Item #2, due to the current time constraints and to fully address the proposed WMU Strategic Plan, it was the consensus of the Committee to recess the meeting, and to reconvene at a later date (TBD) to continue discussion. Therefore, the meeting of the WMU Labor Committee was recessed at 2:18 p.m.

**Reconvened LC Meeting on April 9<sup>th</sup> (12:00 pm) to continue discussion re proposed 2019 Strategic Plan:**

Attendees: Commissioners Nathan Weber & Zack Mahboub, General Manager John Harren, Director of Finance Denise Runge, Energy Services/Marketing Rep Michelle Marotzke, Facilities & Maintenance Supervisor Kevin Marti, HR Manager Janell Johnson, and Administrative Secretary Beth Mattheisen. Absent was Commissioner Ross Magnuson.

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

\*\*\*\*\*

**1. 2019 WMU Strategic Plan (continuation of discussion):**

General Manager Harren reopened discussion regarding the newly formatted 2019 WMU Strategic Plan. Harren noted that following input from the Labor Committee (March 11<sup>th</sup>), revisions had been incorporated into the proposed plan. As a reminder to all, the Strategic Plan is comprised of the following four components: Strengths, Weaknesses, Opportunities, and Threats ("SWOT" analysis). Target topics of discussion contained in the Plan focus on: 1) Admin & Operations Buildings (1-5 yrs.); 2) Financial Position (1-5 yrs.); 3) Generation: Gas/Diesel & Power Plant (1-5 yrs.); 4) Generation: Renewable Energy (5-10 yrs.); and, 5) Substations/Transmission (1-10 yrs.).

Energy Services/Marketing Rep Marotzke reviewed the presented topics and received input from the Committee and Staff. Relating to the "Admin & Operations Buildings" it was noted that additional security measures have been implemented to further assist in monitoring and controlling access to certain areas of the building.

General Manager Harren provided a recap of the process for service territories in relation to annexations (into the City). This topic was in conjunction with the "Substations/Transmission" discussion.

Following review and discussion of the 2019 Strategic Plan, it was the consensus of the Labor Committee to schedule a Work Session with the full Commission to review the proposed plan in its entirety (see attached proposed Strategic Plan).

General Manager Harren further stated that upon Commission approval of the Strategic Plan, all current and future capital improvement plans/projects will be compared, addressed, carried forward and incorporated into the Capital Improvement Plans, Budgets and Rates.

➤ **Miscellaneous:**

General Manager Harren along with HR Manager Johnson provided the Committee with a staffing update. With tentative staffing adjustments in the near future (retirements, etc.), the hiring process was reviewed. This was for information only.

➤ **Adjournment:**

There being no further business to come before the Labor Committee, Commissioner Weber offered a motion to adjourn the meeting. Commissioner Mahboub seconded the motion which carried by a vote of two ayes and zero nays, and the meeting was adjourned at 1:20 p.m.



2019

# Willmar Municipal Utilities Strategic Plan

**Mission Statement:** “Willmar Municipal Utilities will provide safe, reliable & quality utility services at competitive rates for their customers.”

**WMU Principle Statement:** WMU promotes the following three principles:

- 1) Deliver service that exceeds customer expectations.
- 2) Provide a solid financial foundation for the City of Willmar.
- 3) Improve the efficiency with which we provide services, using industry-proven processes and technologies.

The purpose of the Strategic Plan is to create a strategic vision for the future of Willmar Municipal Utilities. The following initiatives are strategic in nature rather than operational.

## Strategic Initiatives

|   |   |
|---|---|
| Admin and Operations Buildings.....         | 2 |
| Financial Position.....                     | 3 |
| Generation: Gas/Diesel and Power Plant..... | 4 |
| Generation: Renewable Energy.....           | 5 |
| Substations/Transmission.....               | 5 |
| Water Treatment Plant.....                  | 6 |



### Admin and Operations Buildings (1-5 years)

| <b>Strengths</b>  | <b>Weaknesses</b>   |
|---|---|
| <ul style="list-style-type: none"> <li>• Proximity to downtown</li> <li>• Equity in current buildings and real estate owned</li> <li>• Building fund reserves</li> </ul>  | <ul style="list-style-type: none"> <li>• Age and condition of buildings</li> <li>• Staff inefficiencies with multiple locations</li> <li>• ADA non-compliant facilities</li> <li>• Customer accessibility</li> <li>• Large vehicle and vendor accessibility</li> <li>• Inventory security</li> <li>• Inadequate customer privacy at payment window</li> <li>• Inadequate private meeting space for customers</li> <li>• Employee health hazards</li> <li>• Limited storage</li> <li>• Inadequate customer and employee parking</li> <li>• Deferred building maintenance needs to be addressed in the short term (Service Center (SC) roof replacement and tuckpointing of SC and Admin building)</li> </ul> |
| <b>Opportunities</b>  | <b>Threats</b>  |
| <ul style="list-style-type: none"> <li>• Sale of owned properties</li> <li>• Increased efficiencies between departments with staff in one location</li> <li>• More conducive work environment to increase staff productivity</li> <li>• Better customer and vendor accessibility and privacy/meeting space</li> <li>• ADA compliance for employees and customers</li> <li>• Increased inventory security</li> <li>• Modernized facility (HVAC, doors, windows, etc.)</li> </ul> | <ul style="list-style-type: none"> <li>• Safety for customer and vendor access</li> <li>• Rising cost of construction</li> </ul>  |
| <p><i>Notes/Comments:</i></p>   |   |

### Financial Position (1-5 years)

| <b>Strengths</b>   | <b>Weaknesses</b>  |
|--|--|
| <ul style="list-style-type: none"> <li>• Strong balance sheet and leverage position</li> <li>• High liquidity and equity</li> <li>• Consistent cash flow from customers</li> </ul> | <ul style="list-style-type: none"> <li>• Cost of planned Capital Improvement projects</li> </ul> |



|   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Investments performing above policy</li> <li>• 5-year capital improvement planning allows for rate stability</li> <li>• Missouri River Energy Services partnership</li> <li>• Continued development of NISC technologies (payment options, apps, paperless billing)</li> </ul> |  |
| <b>Opportunities</b>  | <b>Threats</b>   |
| <ul style="list-style-type: none"> <li>• Continued rate studies to provide financing for strategic projects listed</li> <li>• Manage peak load to reduce energy costs</li> <li>• Additional transmission revenue with completion of Priam substation</li> <li>• Implement asset management tools (GIS, NISC)</li> </ul> | <ul style="list-style-type: none"> <li>• General economic uncertainty</li> <li>• Slow growth of high-volume economic development</li> <li>• Sale of WAPA Power Supply</li> </ul> |
| <p><i>Notes/Comments:</i></p>   |  |

## Generation

Gas/Diesel and Power Plant (1-5 years)

| <b>Strengths</b>   | <b>Weaknesses</b>   |
|--|---|
| <ul style="list-style-type: none"><li>• 12 MWs of owned diesel generation provide 20% of total load with peak of about 60 MWs</li><li>• Reserved Capacity Agreement (RCA) pays WMU for 12 MWs capacity value on diesel units</li><li>• RCA pays WMU for 13.9 MWs capacity value on Boiler #3</li></ul> | <ul style="list-style-type: none"><li>• Current diesel generation only 12 MWs (20%) of total load</li><li>• Diesel units not designed for continuous run</li><li>• High fuel and maintenance costs to run diesel units</li><li>• Staffing and operational requirements for operation of Boiler #3 (13.9 MW capacity)</li><li>• Age of power plant building and equipment, cost to maintain</li><li>• Environmental concerns</li></ul> |
| <b>Opportunities</b>   | <b>Threats</b>  |
| <ul style="list-style-type: none"><li>• Install additional generation</li><li>• Sale of salvageable equipment</li></ul>  | <ul style="list-style-type: none"><li>• Life cycle of diesel units (in-service date March, 2000)</li><li>• Availability and cost of gas supply</li><li>• Potential loss of capacity at power plant due to start-up time requirements by MISO</li><li>• Future clean-up costs of power plant</li></ul>   |
| <i>Notes/Comments:</i>   |   |

## Generation

Renewable Energy (5-10 years)

| <b>Strengths</b>   | <b>Weaknesses</b>  |
|--|--|
| <ul style="list-style-type: none"><li>• Current power supply is 40% carbon free</li><li>• About 7 MWs Hydro (WAPA)</li><li>• Ownership of two wind turbines with a total of 4 MWs capacity</li></ul> | <ul style="list-style-type: none"><li>• Parts/support availability for wind turbines</li></ul>   |
| <b>Opportunities</b>   | <b>Threats</b>   |
| <ul style="list-style-type: none"><li>• Community-owned renewable generation</li><li>• Expansion of renewable generation through Missouri River Energy Services</li></ul>                            | <ul style="list-style-type: none"><li>• Life cycle of WMU wind turbines</li><li>• Private installation of renewable generation</li><li>• Sale of WAPA power supply</li></ul> |
| <i>Notes/Comments:</i>   |  |



### Substations/Transmission (1-10 years)

| <b>Strengths</b>   | <b>Weaknesses</b>  |
|--|--|
| <ul style="list-style-type: none"><li>• Priam substation will provide additional transmission reliability and revenues when in-service</li><li>• Present substations can handle additional load</li></ul>            | <ul style="list-style-type: none"><li>• Area transmission system inadequate at peak load</li><li>• One circuit on the South edge of Willmar does not have redundant substation feed (redundancy provided by KPC agreement), therefore has limited growth capacity</li><li>• Takes ten years for WMU to obtain service territory from annexed property (and timeline can be restarted within the ten years)</li></ul> |
| <b>Opportunities</b>   | <b>Threats</b>   |
| <ul style="list-style-type: none"><li>• Construct substation on east side of Hwy 71 South to increase reliability</li><li>• Adding new transmission assets increases transmission revenues and reliability</li></ul> | <ul style="list-style-type: none"><li>• Development(s) annexed in city limits but outside of our service territory</li></ul>   |
| <i>Notes/Comments:</i>   |  |

### Water System(1-5 years)

| <b>Strengths</b>   | <b>Weaknesses</b>  |
|--|--|
| <ul style="list-style-type: none"><li>• Two well-maintained water treatment plants</li><li>• Adequate well capacity</li><li>• Adequate storage capacity</li><li>• Adequate pumping stations</li><li>• Adequate distribution system for growth</li><li>• Future well-field identified</li></ul> | <ul style="list-style-type: none"><li>• Degradation of water quality (e.g. chlorine residual, nitrites, manganese)</li><li>• Minimum amount of under-sized piping</li><li>• Age of water system</li><li>• Additional demand cannot be supported because water plant is operating near capacity</li></ul> |
| <b>Opportunities</b>   | <b>Threats</b>   |
| <ul style="list-style-type: none"><li>• Maintain water quality</li><li>• Expand plant capacity with renovation</li></ul>   | <ul style="list-style-type: none"><li>• Potential regulatory action</li><li>• City of Willmar's requirements to meet MPCA chloride standards at Waste Water Treatment Plant</li></ul>  |
| <i>Notes/Comments:</i>   |  |

APPROVED BY WMU COMMISSION: \_\_\_\_\_

