

**WILLMAR MUNICIPAL UTILITIES COMMISSION**  
**MEETING MINUTES OF MARCH 23, 2020**

The Municipal Utilities Commission (MUC) met in its regular scheduled meeting via Zoom (teleconferencing services) on Monday, March 23, 2020 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Justin Mattern, Carol Laumer, Nathan Weber, Abdirizak Mahboub, Bruce DeBlieck and Cole Erickson. Absent was Commissioner Ross Magnuson.

Others present at the meeting were: General Manager John Harren, Director of Finance Denise Runge, Staff Electrical Engineer Jeron Smith, Facilities & Maintenance Supervisor Kevin Marti, IS Coordinator Mike Sangren, Administrative Secretary Beth Mattheisen, City Council Liaison Shawn Mueske, City Attorney Robert Scott, and CPA Justin McGraw of Conway, Deuth & Schmiesing, PLLP.

Commission President Mattern opened the meeting by presenting a statement prepared by City Attorney Scott regarding the current COVID-19 health pandemic, the peacetime emergency declared by Governor Walz pursuant to MN Statutes, Chapter 12, and the need to conduct our current meetings by telephone or other electronics pursuant to MN Statutes § 13D.021, until such time it is no longer impractical or imprudent for the Commission to resume in-person meetings. As a matter of procedure, let the minutes reflect that all resolutions and motions were conducted by verbal roll call.

Commissioner Mattern presented a message of appreciation and words of encouragement to the WMU staff and its customers in the wake of the COVID-19 Coronavirus pandemic. These are challenging times, but together we will work to help one another through whatever lies ahead.

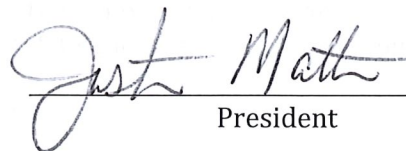
Commissioner Mattern continued by asking if any revisions were needed to the agenda presented. There being none, Commissioner Mattern requested a resolution to approve the Consent Agenda. Following review and discussion, Commissioner Laumer offered a resolution to approve the Consent Agenda as presented. Commissioner Mahboub seconded.

**RESOLUTION NO. 7**

“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 March 9, 2020 Commission meeting; and,
- ❖ Bills represented by vouchers No. 20200374 to No. 20200434 and associated wire transfers inclusive in the amount of \$2,554,556.82.

Dated this 23<sup>rd</sup> day of March, 2020.

  
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President

Attest:

  
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Secretary

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

At this time, Commissioner Mattern introduced Justin McGraw, CPA, from the accounting firm of Conway, Deuth & Schmiesing, PLLP. Mr. McGraw was in attendance to present the Commission with a report summarizing the 2019 Financial Statements & Accountants' Report for the Willmar Municipal Utilities. He informed the Commission that following a thorough review of the financial statements and reporting records of the Willmar Municipal Utilities, it was determined that the WMU was in total compliance with the provisions of laws, regulations, contracts, and agreements. One recommendation presented was the need to address the use of utility equipment/facilities by employees for personal use. General Manager Harren responded that staff would review the current policy and make the needed revisions to resolve the issue. Mr. McGraw further expressed his appreciation to Director of Finance Runge and staff for the competent accounting practices being demonstrated and the leadership being provided. Following discussion, Commissioner Mahboub offered a motion to accept the 2019 Financial Statements & Accountants' Report as presented. Commissioner Weber seconded the motion which carried by a vote of six ayes and zero nays.

Commissioner DeBlieck (PC Chair) reviewed with the Commission the minutes from the March 19<sup>th</sup> WMU Planning Committee Meeting (see attached). The main topics of discussion focused on: 1) WMU Open House; 2) Power Plant environmental studies; 3) Catastrophic Event Plan; and, 4) Transmission Investment Project. Following review of the meeting minutes, Commissioner DeBlieck offered a motion to approve the minutes as presented. Commissioner Laumer seconded the motion which carried by a vote of six ayes and zero nays

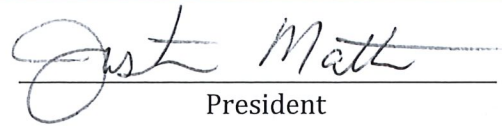
Following approval of the minutes, it was the recommendation of the WMU Planning Committee to support the 75<sup>th</sup> anniversary of Willmar Fest this year by participating in activities during the community event the week of June 23-28 rather than conduct the traditional WMU Open House as in the past. Following review, Commissioner Erickson offered a motion to approve supporting the 2020 Willmar Fest's 75<sup>th</sup> anniversary in lieu of the traditional Open House this year. Commissioner Laumer seconded the motion which carried by a vote of six ayes and zero nays.

Facilities & Maintenance Supervisor Marti informed the Commission of the need to move forward with conducting the Power Plant I & II Environmental Studies. These studies will assist in determining the future path for the Power Plant facility (demolish the structure or potential for repurposing). Marti stated that the City has indicated there has been outside interest in possibly repurposing the Plant. It was further noted that the Power Plant area is in the City's established Opportunity Zone and therefore proceeding with the studies in a timely manner would be advantageous. Three bids were received to conduct the studies. Following review, it was the consensus of staff and the Planning Committee to recommend awarding the bid to Wenck Associates for their estimated bid of \$59,310.00. It was also noted that Wenck has successfully worked with the Utility on a number of environmental projects in the past. Following discussion, Commissioner Mahboub offered a resolution to approve the bid award to Wenck Associates to conduct the environmental studies and pre-demolition hazardous materials survey at the Power Plant for the estimated amount of \$59,310.00. Commissioner DeBlieck seconded.

#### **RESOLUTION NO. 8**

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the bid for the Power Plant Phase I & II Environmental Studies and Pre-Demolition Hazardous Materials Survey be awarded to Wenck Associates of Maple Plain, Minnesota, for the estimated amount of \$59,310.00."

Dated this 23<sup>rd</sup> day of March, 2020.

  
President

Attest:

  
Secretary

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

Staff Electrical Engineer Smith presented an outline of the proposed Catastrophic Event Plan utilizing the option to bring in a total of 7 2-MW generators (rental units) in the event of a complete transmission supply failure resulting in a city-wide blackout. WMU would have the ability to utilize both the existing local generation and the rental generation to perform rolling blackouts. Over the past several years, WMU-owned generation has been reduced by 24 MW. Therefore, utilizing the rental units to assist in supplying electric service (rolling blackouts) would best meet the needs of the Utility and community. Smith stated that the emergency response could be managed in the following two phases:

- 1) Phase 1: In the first 24 hours, WMU would initiate the Emergency Response Contingency Plan; emergency response personnel would be contacted and a damage assessment would be performed. When safe to do so, power would be restored to portions of the city utilizing WMU's existing 12 MW of local generation. The majority of the city would remain without power until the delivery and installation of the rental units (from Ziegler) is complete.
- 2) Phase 2: Beyond the first 24 hours, WMU would utilize both the existing local generation and the rental generation to perform rolling blackouts.

By using the rental generators, the timeframe required to install these units would essentially be "plug & play", but preliminary accommodations would need to be in place prior to their delivery. Make-ready costs to accommodate the site for the rental units, is estimated at \$150,000. Once the contract is finalized with Ziegler, the needed equipment would already be determined. Ziegler would deliver the units within 24 hours. Following discussion, Commissioner Mahboub offered a motion to approve the Generation Catastrophic Event Plan which consists of renting up to 7 2-MW generation units from Ziegler. Commission DeBlieck seconded the motion which carried by a vote of six ayes and zero nays.

Staff Electrical Engineer Smith brought forth to the Commission a presentation regarding the 115 KV Transmission Expansion Project. This project would provide an opportunity to increase WMU's current transmission investment portfolio and would be a highly beneficial asset to WMU. Studies were conducted by GRE with involvement from Otter Tail Power, Xcel, WMU, and MRES. Technical recommendations along with Willmar area upgrades were reviewed (installation of additional equipment at both Willmar and Priam Substations, and building a transmission line between the two substations). Additional factors reviewed included reliability needs, relative loads and revenue neutrality. A Coordinated Local Planning Agreement between WMU and GRE would define the terms of ownership (ownership split). DGR Engineering would serve as the Owners Representative for the project (assist with design, construction, etc.). This proposed ownership would bring WMU closer to revenue neutrality. Ownership proposal costs are estimated at \$8 million. The project's tentative in-service/completion date is spring of 2022. Staff noted that possible re-allocation of budgetary funds may be required at a later date to finance the project. Following review and discussion, Commissioner Laumer offered a motion to authorize staff to proceed with the proposed ownership split and to authorize staff to enter into an agreement with GRE for substation design and construction with DGR as an Owners Representative. Commissioner DeBlieck seconded the motion which carried by a vote of six ayes and zero nays.

Staff Electrical Engineer Smith presented the Commission with bid award recommendations for the 2020 underground construction season. The construction contracts are for: 1) Annual Underground Construction; and, 2) Underground Single-Phase Replacement. Two bids for each project were received and opened on March 17, 2020. Following evaluation of the submitted bids, it was the recommendation of staff to award the bids as follows:

- 1) 2020 Annual Underground Construction: Award to O & S Construction for their estimated total bid of \$228,497.50; and,
- 2) 2020 Underground Single-Phase Replacement: Award to Midwest Underground for their estimated total bid of \$116,725.00.

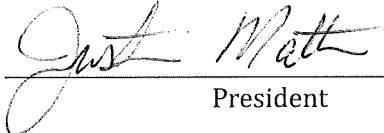
Following review and discussion, Commissioner Mahboub offered a resolution to approve the bid award for the 2020 Annual Underground Construction to O & S Construction for their estimated bid of \$228,497.50, and to award the bid for the 2020 Underground Single-Phase Replacement to Midwest Underground for their estimated bid of \$116,725.00. Commissioner Erickson seconded.

#### RESOLUTION NO. 9

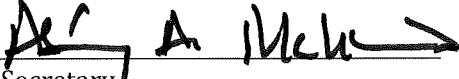
"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the bids for the 2020 annual underground construction work be awarded as follows:

- 1) 2020 Annual Underground Construction: Award to O & S Construction of Bird Island, Minnesota, for the estimated bid amount of \$228,497.50; and.
- 2) 2020 Underground Single-Phase Replacement: Award to Midwest Underground of Spicer, Minnesota, for the estimated bid amount of \$116,725.00."

Dated this 23<sup>rd</sup> day of March, 2020.

  
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President

Attest:

  
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Secretary

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

Director of Finance Runge presented the Commission with the February 2020 Financial Reports along with a recap of the February 29, 2020 Investment Portfolio. The data presented included analyses of the Electric, Water, Heating and Combined Divisions. Information contained in the reports reflect operating revenues & expenses, operating income, and retained earnings. Runge noted that the reduced electric revenues are a reflection of the mild winter weather experienced this year compared to the Polar Vortex of 2019. The Investment Portfolio presented a summary of WMU's securities and associated brokerage firms/agencies to date. Runge noted that also included with the financial data were graphs depicting the 2019/2020 monthly year-to-date revenues, expenses, and retained earnings.

Director of Finance Runge reviewed with the Commission the WMU Cost of Power Report for January 2020. This report is illustrated using a rolling year-to-date format and provides the overall cost of power for the year (0.069 per kWh year-to-date). Also reflected in the analysis is the total year-to-date cost.

General Manager Harren provided the Commission with a monthly District Heating status report. While 90 customers remain on the system, it was noted that contractors have been experiencing an

increase in activity from those in need of service transition. Additional correspondences will be sent to the current remaining customers.

General Manager Harren provided the Commission with an update on the effects the COVID-19 pandemic has had on the Utility and the steps which have been implemented to help reduce the effects of the virus on our customers, staff and Commissioners. Harren noted that the Utility has discussed additional options the Utility can make to assist customers through this challenging time. Harren continued by stating that the duration and effects of the outbreak will have a negative impact on the Utility's financials. While staff continues to work with the customers to provide assistance, the Commissioners were asked to provide any additional suggestions they may have to ease the burden for our community and staff. Ideas and discussion relating to this topic will be addressed at the next WMU Planning Committee meeting to be held in the near future (date TBD).

General Manager Harren informed the Commission that a meeting of the WMU Planning Committee would be forthcoming (TBD). Tentative item(s) for discussion will include: COVID-19, Willmar/Priam Ownership & Construction Agreement, Water Treatment Plant, Power Plant Substation Control Building, and new building site criteria.

For information: 2020 Upcoming meetings/events to note include:

- APPA National Conference: June 5-10 (Long Beach, CA)
- Red Rock Hydroelectric Project Dedication Ceremony: Aug. 19 (near Pella, IA)

There being no further business to come before the Commission, Commissioner Mahboub offered a motion to adjourn the meeting. Commissioner DeBlieck seconded the motion which carried by a vote of six ayes and zero nays, and the meeting was adjourned at 1:15 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES



Beth Mattheisen

Administrative Secretary

ATTEST:



Abdirizak Mahboub, Secretary



## WILLMAR MUNICIPAL UTILITIES

### WMU PLANNING COMMITTEE MEETING MINUTES Thursday, March 19, 2020 – 7:30 a.m. Zoom Teleconference Meeting

Present/Attending via Zoom Teleconference: Commissioners Bruce DeBlieck, Ross Magnuson & Carol Laumer, General Manager John Harren, Director of Finance Denise Runge, Staff Electrical Engineer Jeron Smith, Facilities & Maintenance Supervisor Kevin Marti, Energy Services & Marketing Rep Michelle Marotzke, and Administrative Secretary Beth Mattheisen.

Commissioner DeBlieck (PC Chair) called the meeting to order at 7:31 a.m.

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#### **1. Annual WMU Open House:**

Energy Services & Marketing Rep Marotzke presented historic data from past Open Houses held by WMU. Data included associated costs, number of customers attending, and availability of the facility. Marotzke requested the Committee to consider the option to coincide the Open House with the Willmar Fest which is celebrating its 75<sup>th</sup> anniversary this year, June 23-28, 2020. Opportunities for this participation were reviewed. Comparisons to continue the Open House in the past vs. moving to the Willmar Fest's week events were reviewed. The 2020 budgeted amount is \$18,000 (current) vs \$7500 Willmar Fest option. MUC Magnuson suggested that in the event it is not held (i.e. COVID-19), consideration to provide financial assistance to the local food bank or a like-cause could be a possibility. (Harren stated that how the Utility would like to assist our customers, along with the impact that WMU, could experience through the COVID-19 outbreak will be further discussed at the March 23<sup>rd</sup> MUC meeting.) The WMU Open House events would be scheduled as to not distract from Willmar Fest's planned activities but to help commemorate the 75<sup>th</sup> anniversary.

#### **Recommendations:**

Following review & discussion, it was the consensus of the WMU Planning Committee to concur with the staff's recommendation to support the 75<sup>th</sup> Willmar Fest anniversary and approve moving the Open House to the week of Willmar Fest for 2020.

This recommendation will be presented to the Commission for consideration and approval at the March 23, 2020 MUC meeting.

#### **2. Power Plant Environmental Studies:**

*(See Strategic Initiative: Generation: Gas/Diesel & Power Plant, Capital Improvement Budget in 2026 in the amount of \$5,000,000)*

General Manager Harren per MUC directive, staff solicited Request for Proposals (RFP) to conduct the Power Plant Environmental Studies for Phases I & II. Facilities & Maintenance Supv. Marti presented background regarding the RFP process. A listing of the solicited bidders list was provided. Three engineering firms responded to the request. After thorough review of the proposals and follow-up conversations, staff recommends awarding the Power Plant Phases I & II Environmental Studies and Pre-Demolition Hazardous Materials Survey to Wenck Associates for the estimated amount of \$59,310.00. This amount is the sum of four components/tasks. These components are: Phase I ESA; Phase II ESA; Pre-Demolition Hazardous Material Survey; and, additional charges (regulatory reporting, oversights, additional investigation & regulated materials abatement).

This estimated total is for the study work only. Wenck understands that the work will be completed to evaluate baseline environmental conditions of the site before WMU considers demolition versus a renovation path. Additional RFP's will be solicited for demolition and/or renovation work.

Following a thorough review, it was the recommendation of staff to award the bid to conduct the Power Plant Phases I & II Environmental Studies to Wenck Associates. It was noted that Wenck has worked

with WMU on a number of environmental projects in the past all with positive results. A listing of past power plant projects similar to Willmar's was reviewed.

Facilities & Maint. Supv. Marti stated that this is a key piece of the Power Plant project and is required to determine the future direction of the facility/site. This will provide an answer for the City if there is a possibility to repurpose this facility. It was noted that collection and laboratory testing of all soil sampling is itemized in the proposal.

**Recommendation:**

Following review & discussion, it was the consensus of the WMU Planning Committee to concur with the staff's recommendation to award the Power Plant Phases I & II Environmental Studies and Pre-Demolition Hazardous Materials Survey to Wenck Associates for the estimated amount of \$59,310.00.

**3. Catastrophic Event Plan:**

Staff Electrical Engineer Smith informed the Committee that in the past few years, WMU owned generation has been reduced by 24 MW. In an effort to sustain reliability and quality service, staff has researched the feasibility of utilizing rental generation to supply electric service during a catastrophic event.

In an effort to sustain reliable and quality service, staff has researched the feasibility of utilizing rental generation to supply electric service during a catastrophic event. Staff has been evaluating costs comparisons between rental generation and WMU owned local generation.

Staff Electrical Engineer Smith reviewed with the Committee the following information: load evaluation data; generation evaluation; supply evaluation; and, the results of the compiled data. Staff evaluated a complete transmission supply failure resulting in a city-wide blackout. It was determined that the response would be managed in two phases. Smith provided a step-by-step outline of the two phases. The recommendation would be to bring in a total of 7 2-MW generators (rentals). WMU would utilize both the existing local generation and the rental generation to perform rolling blackouts as discussed.

General Manager Harren provided insight into connecting into the distribution side of the WMU system. Additional process details were presented by Smith (fuel needs, setting transformers, etc.). Estimated costs per event were reviewed.

To deploy the rental generators during a catastrophic event, the timeframe would essentially be "plug & play" units. Harren and Smith expanded on the needed preliminary accommodations that would be in place. Marti stated that if we have the required contracts in place, the needed equipment would already be determined. This would be a pre-planned catastrophic agreement with Ziegler for the rental generators. Ziegler would deliver within 24 hours. Make-ready costs to accommodate the rental units (generators) is estimated at \$150,000. If MUC approves moving forward, the next step would be to proceed with the make-ready tasks.

**Recommendations:**

Following review & discussion, it was the consensus of the WMU Planning Committee to concur with the staff recommendations and to approve the Generation Catastrophic Event Plan which consists of renting up to 7 2-MW units from Ziegler.

This recommendation will be presented to the Commission for consideration and approval at the March 23, 2020 MUC meeting

*Commissioner Magnuson departed the meeting at 9:00 am*

#### **4. Transmission Investment Project:**

Staff Electrical Engineer Smith provided the Committee with background information relating to Willmar's current transmission system. Under directive of the MUC, staff has investigated additional options for future transmission investment opportunities. The area Transmission Project was an opportunity that the Commission felt would be advantageous to pursue. Studies were conducted by GRE with involvement from Otter Tail Power, Xcel, WMU, and MRES. Technical recommendations along with Willmar area upgrades were reviewed (installation of additional equipment at both Willmar and Priam Substations, and building a transmission line between the two substations). A Coordinated Local Planning Agreement between WMU and GRE would define the terms of ownership. Some factors include reliability needs, relative loads and revenue neutrality. This proposed ownership would bring WMU closer to revenue neutrality. Ownership proposal costs were estimated at \$8 million.

General Manager Harren reiterated the fact that moving forward with this transmission project would be highly beneficial to the Utility. By acting now, the payback on this transmission investment would be a valuable asset to the Utility's transmission investment portfolio. It was further noted that with or without the Utility's participation, the transmission project will be completed.

#### **Recommendation:**

Following review & discussion, it was the consensus of the WMU Planning Committee to concur with the staff's recommendation to approve the following items (2):

1. MUC approve staff to proceed with proposed ownership split.
2. MUC approve staff to enter into agreement with GRE for substation engineering design with DGR as an owner's representative.

These recommendation will be presented to the Commission for consideration and approval at the March 23, 2020 MUC meeting.

#### **5. Miscellaneous:**

It was the consensus of the Planning Committee and staff to utilize the teleconference service (Zoom) to conduct the March 23<sup>rd</sup> MUC meeting.

#### **6. Adjournment:**

There being no further discussion to come before the WMU Planning Committee, Commissioner DeBlieck offered a motion adjourn. Commissioner Laumer seconded the motion which carried by a vote of two ayes and zero nays, and the meeting was adjourned at 9:15 a.m.