

WILLMAR MUNICIPAL UTILITIES COMMISSION
MEETING MINUTES OF MAY 26, 2020

The Municipal Utilities Commission (MUC) met in its regular scheduled meeting via Zoom (teleconference service) on Tuesday, May 26, 2020 at 11:45 a.m. with the following Commissioners present: Justin Mattern, Carol Laumer, Abdirizak Mahboub, Nathan Weber, Bruce DeBlieck, Ross Magnuson and Cole Erickson.

Others present at the meeting were: General Manager John Harren, Facilities & Maintenance Supervisor Kevin Marti, Compliance/HR Manager Janell Johnson, Energy Services & Marketing Rep Michelle Marotzke, Staff Electrical Engineer Jeron Smith, Line Department Supervisor Todd Graves, Water & Heating Supervisor Joel Braegelman, IS Coordinator Mike Sangren, Administrative Secretary Beth Mattheisen, City Councilmember Shawn Mueske, City Attorney Robert Scott, and WC Tribune Journalist Shelby Lindrud.

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 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 DeBlieck offered a resolution to approve the Consent Agenda as presented. Commissioner Mahboub 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 May 11, 2020 Commission meeting; and,
- ❖ Bills represented by vouchers No. 20200673 to No. 20200737 and associated wire transfers inclusive in the amount of \$1,586,218.26.

Dated this 26th day of May, 2020.



President

Attest:



Secretary

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

General Manager Harren presented the Commission with the April 2020 Financial Reports along with a recap of the April 30, 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. The Investment Portfolio presented a summary of WMU's securities, associated brokerage firms/agencies, and market yields to date (benchmarks). Harren noted that also included with the financial data were graphs depicting the 2019/2020 monthly year-to-date revenues, expenses, and retained earnings.

General Manager Harren reviewed with the Commission the WMU Cost of Power Report for March 2020. This report is illustrated using a rolling year-to-date format and provides the overall cost of power for the year (0.07 per kWh year-to-date). Also reflected in the analysis is the month-to-date cost (.055 per kwh). Staff will continue to monitor the actual costs in relation to the WMU's Energy Acquisition Adjustment (EAA) to determine if any adjustment would be warranted due to the current situation (COVID-19). Fluctuations in the markets along with current energy contracts were also touched on (i.e. fixed quantities).

General Manager Harren along with Energy Services & Marketing Rep Marotzke presented the Commission with an update of the financial impact of COVID-19 pandemic on WMU. (An initial presentation had been given to the Commission on April 13th.) Among the data presented were: 1) late charges incurred from mid-February thru March; 2) past due history (both electric & water); 3) effect of COVID-19 on electric load (demand); 4) kWh sales (electric); 5) revenue data for both electric & water; 6) YTD water sales comparisons (Feb-April 2019 vs 2020); 7) potential financial losses to date; and, 8) budgeted amounts differed by postponing specific capital projects. Potential revenue losses are estimated at \$3 million (which consist of disconnect fees, late fees, bankruptcies, and reduced sales).

Relating to the financial impact, General Manager Harren stated that the Public Utilities Commission (PUC) has indicated the potential to substantially extend the date to restrict collection of late/delinquency fees during the outbreak. At their April 13th meeting, the Commission approved project delays to assist with the financial burden produced by the pandemic. Another update of the fiscal impact will be provided to the Commission in 4-6 weeks to establish a better understanding of the delinquencies and shortfalls due to the current situation. Losses are also being effected by weather-related decreases in revenues. Staff will continue to monitor the O&M expenses, while anticipating the month of May to be our most challenging month to date. Depending on the data compiled, there may be a need for additional adjustments to the current plan. The Utility has delayed \$2.2 million in capital improvement projects and nearly \$250,000 in O&M expenses. While additional capital improvements may require further delays, the Utility will not compromise its reliability factor. Catastrophic Fund dollars may be utilized to offset some of the financial losses. While staff attempts to minimize the financial impact, the longer the current peacetime emergency status is in place, the more likely additional adjustments will be required.

Due to the prevalence of COVID-19 in our community, General Manager Harren requested the Commission to consider extending the lobby closure date at the WMU Office. Currently, the reopening of the lobby is scheduled for June 1st. Following input from the Commission, it was the consensus to extend the lobby closure until June 15th. Staff will continue to monitor the situation and take appropriate precautions to maintain the safety of our staff and customers prior to the reopening (additional cleaning, hand sanitizers, social distancing floor markings, customer capacity limitations, etc.).

General Manager Harren reviewed with the Commission the annual requirement 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 Laumer offered a resolution to not waive the limits on municipal tort liability established by Minnesota Statutes 466.04. Commission Mahboub 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 26th day of May, 2020.



President

Attest:



Secretary

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

Commissioner Mattern requested the Commission to provide input for a safe and practical process to follow in conducting MUC meetings in the near future (i.e. Zoom teleconferencing vs in-person meetings). Following discussion, it was the consensus of the Commission to continue to conduct the MUC meetings via Zoom teleconferencing (coinciding with the Governor's peacetime emergency declaration), and to readdress the subject at the June 22nd MUC meeting.

Facilities/Maintenance Supv. Marti presented the Commission with an update of the 2019 WMU Strategic Plan (Strategic Initiatives including task listings). Marti provided step-by-step updates for each of the six specific components that make up the Strategic Initiatives (Admin & Ops Buildings; Financial Position; Generation: Gas/Diesel & Power Plant; Generation: Renewable Energy; Substations/Transmission; and, Water Treatment Plant).

General Manager Harren provided the Commission with a monthly District Heating (DH) status report. To date, 75 customers remain active on the DH system (down from 87 last month). Of the active accounts, 21 are commercial accounts. Also to note, five accounts that utilize the system for heating their domestic hot water are scheduled to be disconnected from the system in June. All DH customers have been contacted and are aware of the termination deadline. United Community Action (UCAP) continues to have funding available for individuals needing financial assistance. Harren noted that a number of customers have expressed their understanding of the termination date, but intend to delay their conversion transition until the fall heating season.

General Manager Harren informed the Commission that meeting of the WMU Planning Committee would be forthcoming (TBD). Tentative item(s) for discussion will include: update of commodity sales/revenues; delayed CIP/O&M projects; possible donations to UCAP/Salvation Army/Willmar Food Shelf, Willmar/Priam Ownership & Construction Agreement; Water Treatment Plant; and, Power Plant Substation Control Building.

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

- Red Rock Hydroelectric Project Dedication Ceremony: Aug. 19 (near Pella, IA)
- MMUA Annual Summer Conference – August 24-26 (Cragun's Resort, Brainerd)

There being no further business to come before the Commission, Commissioner Mattern offered a motion to adjourn the meeting. Commissioner DeBlieck seconded the motion which carried by a vote of seven ayes and zero nays, and the meeting was adjourned at 1:06 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES


Beth Mattheisen
Administrative Secretary

ATTEST:


Abdirizak Mahboub, Secretary