

WILLMAR MUNICIPAL UTILITIES COMMISSION
MEETING MINUTES OF MARCH 8, 2021

The Municipal Utilities Commission (MUC) met in its regular scheduled meeting on Monday, March 8, 2021 at 11:45 a.m. in the WMU Auditorium with the following Commissioners present: Justin Mattern, Abdirizak Mahboub, Nathan Weber, Bruce DeBlieck, Ross Magnuson, Cole Erickson and Kerry Johnson.

Others present at the meeting were: General Manager John Harren, Compliance/HR Manager Janell Johnson, Finance & Office Services Supervisor Andrea Prekker, IS Coordinator Mike Sangren, Administrative Secretary Beth Mattheisen, Facilities & Maintenance Supervisor Kevin Marti, Staff Electrical Engineer Jeron Smith, Energy/Safety Outreach Coordinator Chris Radel, City Attorney Robert Scott, and City Council Liaison Michael O'Brien.

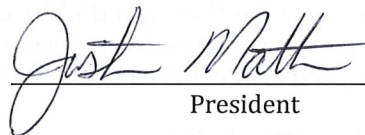
Commissioner Mattern (President) opened the meeting by inquiring if any revisions were needed to the presented agenda. There being none, a resolution was requested to approve the Consent Agenda. Following review and discussion, Commissioner Mahboub offered a resolution to approve the Consent Agenda as presented. Commissioner Johnson seconded.

RESOLUTION NO. 10

"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 February 22, 2021 Commission meeting; and,
- ❖ Bills represented by vouchers No. 20210229 to No. 20210271 and associated wire transfers inclusive in the amount of \$1,022,145.89.

Dated this 8th day of March, 2021.



President

Attest:



Secretary

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

Commissioner DeBlieck (PC Chair) reviewed with the Commission minutes from the March 4th WMU Planning Committee meeting (see attached). Following review, Commissioner DeBlieck offered a motion to approve the minutes as presented. Commissioner Magnuson seconded the motion which carried by a vote of seven ayes and zero nays.

Following approval of the minutes, three associated items were presented to the Commission for consideration and approval. First, Commissioner DeBlieck requested the Commission to approve the agreement between WMU and GRE for construction and expansion project at the Priam and Willmar Substations. This project will assist in accommodating future load growth while providing additional reliability to the Willmar area. GRE Priam/Willmar Design & Construction Agreement. The agreement has been reviewed by Attorney Scott with minor verbiage revisions forwarded to GRE for final approval. The total budgeted amount for the project is \$8.2 million. The cost for this portion of the project is estimated at \$3.5 million (based on actual time & material). Following review and discussion, Commissioner DeBlieck offered a resolution to approve the design and construction agreement with GRE for the Priam/Willmar Substations contingent upon final approval by GRE. Commissioner Mahboub seconded.

RESOLUTION NO. 11

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Construction Agreement between Willmar Municipal Utilities and Great River Energy for the Priam/Willmar

Design & Construction (Substation Expansion) for the estimated amount of \$3.5 million be approved contingent on acceptance of City Attorney's final verbiage by Great River Energy."

Dated this 8th day of March, 2021.



President

Attest:



Secretary

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

The second item being requested for consideration was to approve the proposal from Burns & McDonnell to conduct an update to the modeling of Willmar's water system. The current modeling of the water system was originally completed in 2018. At that time, the water system was considered strong and fully met the needs of the city with adequate room for growth. However, due to a number of new developments and potential expansions in the area, increasing demands on Willmar's water system are anticipated. Therefore, the current water distribution system model needs to be revised to better reflect the potential increase in area's water supply demand. The consulting services to perform the scope of work required to conduct the modeling update is in the amount of \$19,500. Following discussion, Commissioner Magnuson offered a resolution to approve the proposal from Burns & McDonnell to provide engineering services for the 2021 Water System Evaluation as presented. Commissioner DeBlieck seconded.

RESOLUTION NO. 12


"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Burns & McDonnell proposal for engineering services to conduct the 2021 Water System Evaluation (hydraulic study) be approved as presented in the amount of \$19,500."

Dated this 8th day of March, 2021.



President

Attest:



Secretary

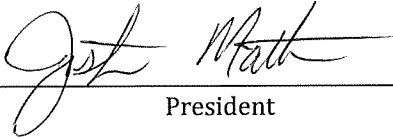
The foregoing resolution was adopted by a vote of seven ayes and zero nays.

The Commission was asked to approve the amended 2021 WMU Budgets and Capital Improvement Projects. Finance & Office Services Supervisor Prekker presented an overview of the adjustments being proposed to the previously-approved budgets. The recommended updates are being requested to better reflect the impact the recent pandemic has had on WMU along with the shift in a number of capital projects. Prekker reviewed the following data which contained both the original and proposed budgetary adjustments: Operating Budgets, Capital Budget Summary, and Statement of Cash Flows for the years 2021-2030. Prekker further noted that the Heating Division will be closed out due to the decommissioning of the District Heating in 2020. While reviewing the data, future rate adjustments were discussed. (It was noted that the last electric rate adjustment was in 2015.) It was further determined that bonding for projects will be readdressed at mid-year. Following review and discussion, Commissioner Magnuson offered a resolution to approve the proposed amendments to the 2021 WMU Budgets and Capital Improvement Projects as presented. Commissioner DeBlieck seconded.

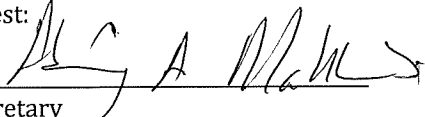
RESOLUTION NO. 13

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the proposed amendments to the 2021 WMU Budgets and Capital Improvement Projects be approved as presented."

Dated this 8th day of March, 2021.



President

Attest:


Secretary

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

In an effort to keep the City Council well-informed of projects and issues affecting the Utility, WMU Staff annually compiles data regarding activities and assorted data pertaining to WMU. Ideally, in-person meetings have been conducted between members of the City Council, Commission, and Utility Staff to review the data, but due to the current pandemic, the information will be electronically distributed to the City Council members. Energy/Safety Outreach Coordinator Radel provided an overview of the 2021 WMU Update. Activities and information to note included the following: COVID-19 response; Power Plant status; Willmar/Priam Transmission investment; new WMU building; downtown street lighting & retrofitting; Strategic Planning; Willmar's Power Supply Mix (100% of energy consumed in WMU area is clean energy); and, legislative positions/issues effecting WMU. If any Council member feels that an in-person meeting or teleconference would be beneficial or if they have any questions related to the information provided, they are encouraged to contact the Utility office.

Finance & Office Services Supervisor Prekker presented the Commission with the January 2021 Financial Reports along with a recap of the January 31, 2021 Investment Portfolio. The data presented included analyses of the Electric, Water, and Combined Divisions. Information contained in the reports reflect operating revenues & expenses, operating income, and retained earnings. Graphs depicting the 2020/2021 monthly year-to-date revenues, expenses, and retained earnings were also included with the financial data.

Finance & Office Services Supervisor Prekker continued by reviewing with the Commission the WMU Cost of Power Report for January 2021. This report is illustrated using a rolling year-to-date format and provides the overall cost of power for the year (.065 per kWh twelve-month rolling average). Additional data reflecting the month-to-date cost (.060 per kWh) was also presented for review.

Facilities & Maintenance Supervisor Marti presented the Commission with the February 2021 Wind Turbine Report. Turbine availabilities for the month of February were at 77.3% (Unit #3) and 83.5% (Unit #4) with a total monthly production of 397,869 kilowatt hours. The recent cold snap reduced the operational output of Unit #3 while Unit #4 is idle due to required repairs (should be operational later this week).

As a member of a number of utility-associated organizations, WMU is required to designate authorized representatives to conduct business matters on behalf of the Willmar Municipal Utilities. Therefore Commissioner Mahboub offered a resolution to designate General Manager John Harren (delegate) and Commissioner Bruce DeBlieck (alternate) to serve as representatives for the following associations: Missouri River Energy Services (MRES), Western Minnesota Municipal Power Association (WMMPA), Minnesota Municipal Utilities Association (MMUA), and American Public Power Association (APPA). Commissioner Erickson seconded.

RESOLUTION NO. 14

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

For information and review, two annual departmental updates were presented for discussion and review. The departmental reports and items of interest included:

- 1) 2020 Water Department Update: (Water Dept. Supervisor Neer)
 - a. Capital Improvement Projects review
 - i. NE Water Treatment Plant Project
 - ii. Suspended projects totaling approx. \$150,000
 - iii. Water main replacements & relocations

- b. Annual usage review
 - c. Water Main Break Repair Report
 - d. 2021 Water Dept. preview
- 2) 2020 Customer Service Update: (Compliance/HR Manager Johnson)
- a. Customer Service Representatives (CSR) and staffing assistance
 - b. CSR Service Order activity
 - c. CSR and billing functions data
 - d. CSR training
 - e. Impact of COVID-19
 - f. 2021 Customer Service Goals

Following the annual updates, Commissioner Mattern expressed his appreciation on behalf of the Commission for the thorough presentation and staffing efforts of both the Water and Customer Departments for their projects and achievements throughout the year.

As a member 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 update provides a brief overview of the topics discussed by the Boards and the actions taken. At this time, the video summary from the February 11, 2021 MRES and WMMPA Board of Directors meeting was presented.

Commissioner DeBlieck and General Manager Harren provided a recap of their recent participation in the 2021 APPA Legislative Rally. This virtual event was held on March 1-2. The first day mainly consisted of various Committee meetings. National Political Report Jonathon Swan was the keynote speaker on day two. Discussion focused on what to expect on energy policies from Congress. APPA's legislative policies, regulations, and federal issues were reviewed.

General Manager Harren shared with the Commission a press release from MRES regarding the 2021 Polar Vortex Emergency recently experienced. Harren noted that due to their preparedness and risk mitigation efforts of MRES, minimal impact is anticipated on their wholesale energy costs.

General Manager Harren informed the Commission that an upcoming meeting of the WMU Labor Committee has been scheduled for Thursday, March 10th beginning at 12:00 pm in the WMU Auditorium. Tentative agenda topics will include: clothing policy, Strategic Plan update, employee survey, pay equity, and GM Goals update. A meeting of the WMU Planning Committee will be forthcoming with tentative agenda items to include: Water Treatment Plant grants/financing and MRES refunds.

For information: Upcoming meetings/events to note include:

- APPA webinar: "*Best Practices in Public Power Governance*" (virtual course)
 - March 11th (11:00 am - 2:30 pm) (Mattern/Johnson/DeBlieck/Harren)
- APPA National Conference: (June 20-23 in-person; July 13-14 virtual)


There being no further business to come before the Commission, Commissioner Mattern offered a motion to adjourn. Commissioner DeBlieck seconded the motion which carried by a vote of seven ayes and zero nays, and the meeting was adjourned at 1:04 pm.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES


Beth Mattheisen
Administrative Secretary

ATTEST:


Abdirizak Mahboub, Secretary



WILLMAR MUNICIPAL UTILITIES
MUC Planning Committee Meeting Minutes
Thursday, March 4, 2021
12:00 pm – WMU Auditorium

Attendees: Commissioners Bruce DeBlieck, Ross Magnuson & Kerry Johnson, General Manager John Harren, Finance & Office Services Supervisor Andrea Prekker, Staff Electrical Engineer Jeron Smith, Energy Safety Outreach Coordinator Chris Radel, Water Department Supervisor Alan Neer, and Administrative Secretary Beth Mattheisen.

Commissioner DeBlieck (2020 PC Chair) called the meeting to order at 12:00 pm. The first order of business to come before the Committee was to establish the 2021 Chair and Vice Chair positions for the WMU Planning Committee. Commissioner Magnuson nominated Commissioner DeBlieck to serve as Chair for the WMU Planning Committee for 2021. Commissioner Johnson seconded the motion which carried by vote of three ayes and zero noes. Commissioner DeBlieck next nominated Commissioner Johnson to serve as Vice Chair for the WMU Planning Committee for 2021. Commissioner Magnuson seconded the motion which carried by vote of three ayes and zero noes.

1. Pledge of Allegiance:

General Manager Harren requested the Committee to consider beginning each MUC meeting with the Pledge of Allegiance. Following brief discussion, it was the consensus of the Committee to recite the Pledge of Allegiance prior to the start of future Commission meetings.

2. Annual Open House:

Energy Safety Outreach Coordinator Radel informed the Committee that due to the uncertainty of future restrictions (i.e. COVID-19), the need to address this year's Open House was in order. Reservations to secure event spaces must be made within the month if WMU plans to have space for an Open House in the fall as normally held. Options for consideration were: 1) reserve space at Civic Center (anticipating indoor restrictions are lifted); 2) reserve outdoor space if restrictions are not lifted to a manageable number; or, 3) participate in an event that the City of Willmar would be hosting (i.e. Willmar Fest). Radel has been in contact with reps from the City to discuss possible coordination of an event with the City.

Following discussion, it was the consensus of the Planning Committee to continue discussions with staff at the City to join an event they are hosting. This option would show continuity and allow flexibility for staff and budgetary purposes. It was further added that Radel would contact staff at the Civic Center for a possible backup plan if needed.

3. GRE Priam/Willmar Design & Construction Agreement:

Staff Electrical Engineer Smith reviewed with the Committee the Construction Agreement between WMU and GRE for construction and expansion at the Priam and Willmar Substations. The Willmar Substation is jointly owned by WMU, GRE, and KPC. WMU will be responsible for the installation of a 230/115 kV transformer and breakers. GRE will be conducting transmission line expansion (provide, design, procure, and installation of Common Use Upgrades). This project will assist in accommodating future load growth while providing additional reliability to the Willmar area. One contractor will be utilized for the project. The Construction Agreement between GRE & WMU has been reviewed by City Attorney Robert Scott with minor changes advised. Smith specified the language suggestions for consideration by Attorney Scott. Staff is currently waiting for acceptance by GRE, but do not anticipate any significant changes. This project was previously approved by the Commission at a budgeted project cost of \$8.2 million for the Priam & Willmar Substations (\$3 million is for the transformer alone).

Action:

Following review & discussion, Commissioner Johnson offered a motion to recommend approval of the GRE Priam/Willmar Design & Construction Agreement contingent upon final approval by GRE. Commissioner Magnuson seconded the motion which carried by a vote of three ayes and zero nays. The agreement will be presented to the Commission for consideration and approval at their March 8th meeting.

4. Burns & McDonnell Modeling Proposal:

General Manager Harren and Water Dept. Supervisor Neer provided background information relating to Willmar's water system. In 2018, the engineering firm of Burns & McDonnell conducted a Water Master Plan for the water system. At that time, the system was considered strong and met the needs of the city with room for growth available. Since then, Willmar has received significant development requests for new homes, apartments, industry, and even possible expansion to a neighboring city. While some of the additions were anticipated, some were not. This will cause increasing demands on the Willmar water system. Therefore, the 2018 model requires updating. Burns & McDonnell will update the current distribution system hydraulic model to include two of the larger development areas and a wholesale customer.

The updated model will demonstrate if WMU can support the added demand or if changes will be necessary to the existing water system. Burns & McDonnell has submitted a proposal to assist in updating the hydraulic study on a limited scope request. Staff is recommending to award the contract to Burns & McDonnell to provide the consulting services to perform the updated model study in the amount of \$19,500. This amount is for the scope of work presented. Any additional work would be negotiated and presented to the Planning Committee as required.

Action:

Following review & discussion, Commissioner Johnson offered a motion to recommend approval of the Burns & McDonnell proposal for engineering services for the 2021 Water System Evaluation (hydraulic study) as presented. Commissioner Magnuson seconded the motion which carried by a vote of three ayes and zero nays. This agreement will be presented to the Commission for consideration and approval at their March 8th meeting.

5. Amended 2021 WMU Budgets & Capital Improvement Projects (CIP):

Finance & Office Services Supv. Prekker reviewed with the Committee the proposed amendments to the 2021 WMU Budgets and Capital Improvement Projects. The amendments are being recommended due to the impact of the COVID-19 pandemic to the previously approved 2021 Budget including delayed Capital Projects. Prekker's presentation included the following data which contained both the original and amended budgetary data: Operating Budget Summaries, Capital Budget Summary, and Statement of Cash Flows for the years 2021-2030. Prekker also noted that due to the decommissioning of the District Heating System, the Heating Budget has been closed out. Any future expenses relating to the District Heating System will be reflected in the Electric Budget (i.e. removal of DH equipment).

General Manager Harren presented an overview of the projects, timetables, and cost which had been adjusted due to the current conditions (including COVID-19). A total of \$8 million of CIP have been shifted and/or removed from the previously approved projects. It was further noted that the proposed adjustments would not compromise the reliability and efficiency of WMU's operational functions.

General Manager Harren stated that the Operating Budgets (O&M) and Capital Budget are based on projected capital needs and the net cash balance. Potential electric rate adjustment may be required by 2025 (rate study will be conducted in 2022). In recent years, operational changes reflect a significantly positive impact on the financial stability of the Utility. Staff provided additional clarification on a number of items including Franchise Fee formula, Intergovernmental Transfer to the City, etc.

The Water Cash Flows were reviewed. With the impending cost of the NE Water Treatment Plant Project in 2023, additional water rate adjustments will be warranted in the future. This is a high-budget project which must be kept on schedule as presented.

Financing and funding options for upcoming Water Treatment Plants were discussed (in-house financing vs. bonding, etc.). As a reminder, the Cost of Service/ Rate Study to be conducted in 2022 will provide insight to the future financial needs of the Utility.

Commissioner Johnson departed at 1:25 pm.

Action:

Following extensive review & discussion, Commissioner Magnuson offered a motion to recommend approval of the amended 2021 WMU Budget as presented. Commissioner seconded the motion which carried by a vote of two ayes and zero nays, and would be presented to the Commission for consideration and approval at their March 8th meeting at which time a summary of the amended 2021 WMU Budget will be presented to the Commission.

In conclusion, it was further stated that financing/funding of future capital projects will be readdressed in six months when additional data is available (costs, assumptions, etc.).

6) Miscellaneous:

General Manager Harren informed the Committee of a potential business opportunity that had been presented to him for consideration and discussion. Future conceptual discussion will be held.

7) Adjournment:

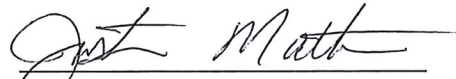
There being no further business to come before the WMU Planning Committee, Commissioner DeBlieck offered a motion to adjourn. Commissioner Magnuson seconded the motion which carried, and the meeting was adjourned by a vote of two ayes and zero nays at 1:45 pm.

WILLMAR MUNICIPAL UTILITIES
DESIGNATION OF AUTHORIZED REPRESENTATIVES
RESOLUTION NO. 14

WHEREAS, the City of Willmar, Minnesota, by and through the Willmar Municipal Utilities, desires to appoint the following individuals to represent Willmar Municipal Utilities in matters relating to its memberships/business with the following organizations: Missouri River Energy Services (MRES); Western Minnesota Municipal Power Agency (WMMPA), Minnesota Municipal Utilities Association (MMUA); and, American Public Power Association (APPA). Commissioner Mahboub introduced the following Resolution, and moved its adoption, and Commissioner Erickson seconded the motion to adopt:

**Resolution to Designate Authorized Representatives for the City of Willmar,
by and through Willmar Municipal Utilities, as members of:
MRES, WMMPA, MMUA, and APPA**

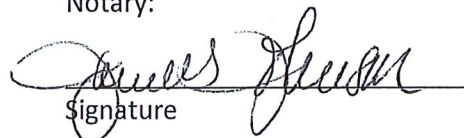
THEREFORE, BE IT RESOLVED, that **General Manager John Harren** is hereby designated and appointed as the representative of the City of Willmar, by and through the Willmar Municipal Utilities, and is authorized to represent the Willmar Municipal Utilities in the business matters of MRES, WMMPA, MMUA, and APPA, with the powers, duties and responsibilities as determined. The alternate representative, **Commissioner Bruce DeBlieck**, is hereby designated, appointed, and authorized to represent the City of Willmar and Willmar Municipal Utilities with equal powers.



President **Justin Mattern**

Attest:


Secretary **Abdirizak Mahboub**

Notary:


Signature
January 31, 2022

Expiration Date

