

WILMAR MUNICIPAL UTILITIES COMMISSION
MEETING MINUTES - DECEMBER 13, 2021
11:45 AM - WMU AUDITORIUM

The Municipal Utilities Commission (MUC) met in its regular scheduled meeting on Monday, December 13, 2021, at 11:45 a.m. in the WMU Auditorium with the following Commissioners present: Justin Mattern, Abdirizak Mahboub, Bruce DeBlieck, Cole Erickson, Shawn Mueske, and Dave Baumgart. Absent was Commissioner Kerry Johnson.

Others present at the meeting were: General Manager John Harren, Director of Administration Janell Johnson, Finance & Office Services Supervisor Andrea Prekker, IS Coordinator Mike Sangren, Facilities & Maintenance Supervisor Kevin Marti, Executive Secretary Beth Mattheisen, City Attorney Robert Scott, and City Councilman Michael O'Brien.

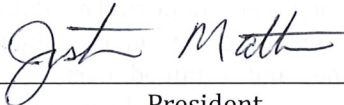
The meeting opened with reciting of the Pledge of Allegiance followed by Commissioner Mattern (President) inquiring if any revisions were needed to the presented agenda. There being none, a resolution to approve the consent agenda was requested. Following review and discussion, Commissioner Mahboub offered a resolution to approve the consent agenda as presented. Commissioner Mueske seconded.

RESOLUTION NO. 61

"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 22, 2021, Commission meeting; and,
- ❖ Bills represented by vouchers No. 20211493 to No. 20211593 and associated wire transfers inclusive in the amount of \$1,184,267.55.

Dated this 13th day of December 2021.



President

Attest:



Secretary

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

Commissioner DeBlieck (PC Chair) reviewed with the Commission the minutes from the December 8th WMU Planning Committee meeting (see attached). Following review, Commissioner DeBlieck offered a motion to approve the minutes of the December 8th WMU Planning Committee meeting as presented. Commissioner Mueske seconded the motion which carried by a vote of six ayes and zero nays.

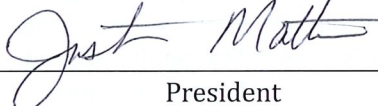
In conjunction with the approval of the minutes, the Commission was asked to consider approval of two recommendations from the Planning Committee. The first item requesting approval was to issue a Request for Proposals (RFP) to conduct an Electric & Water Rate Study. One of the driving factors for requiring the study is to prepare for needed financing of the upcoming NE Water Treatment Plant. While determination of grant funding is currently unknown (both on the state and federal levels), establishing financing of the project will be needed to proceed with the capital project. The Rate Study is included in the approved 2022 WMU Budget in the amount of \$50,000 (\$30,000 for the electric and \$20,000 for the water). Following review and discussion, Commissioner Erickson offered a motion to issue an RFP for the Electric & Water Rate Study as requested. Commissioner DeBlieck seconded the motion which carried by a vote of six ayes and zero nays.

The Commission was next requested to approve the proposed revisions to the 2022 WMU Operations Policies which include the following: Operations Policy Manual, Purchasing Policy, Schedule of Charges, and retiring of the Energy Risk Management Policy which is no longer relevant. Director of Administration Johnson summarized for the Commission the proposed policy changes including the 2022 Schedule of Charges. Following review and discussion, Commissioner DeBlieck offered a resolution to approve the 2022 WMU Operations Policies and Schedule of Charges incorporating the requested revisions as stated and retiring the Energy Risk Management Policy. Commissioner Mueske seconded.

RESOLUTION NO. 62

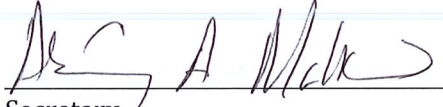
“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the proposed revisions to the 2022 WMU Operations Policies and 2022 Schedule of Charges be approved in their entirety as presented incorporating the amending changes as identified.”

Dated this 13th day of December 2021.



President

Attest:



Secretary

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

Finance & Office Services Supervisor Prekker presented the Commission with the October 2021 Financial Reports along with a recap of the October 31, 2021 Investment Portfolio, and the October 2021 Cost of Power Report. 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. The Cost of Power 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 (.057 per kWh) was also presented for review.

IS Coordinator Sangren presented to the Commission the findings of the latest cybersecurity testing conducted by White Oak Security (WOS). From July 6-13, 2021, WOS conducted penetration testing on WMU’s internal and external network infrastructure. As in the past and due to security measures, details of the report will not be publicly shared. If any Commissioner would like additional information regarding the testing, they are encouraged to contact IS Coordinator Sangren directly. Future testing will be conducted on a two-year rotation with two security vendors. This was the second year of testing by WOS, and 2022 testing is currently being scheduled. We will also continue to utilize the Dept. of Homeland Security’s (DHS) pen testing services (free of charge). We are currently on the DHS listing and will be given a 60-day notice when they are scheduled to proceed with their testing.

For information and review, two departmental updates were presented to the Commission for discussion and annual review. Each report included an update of both current and completed projects. The departmental reports and items of interest included:

- 1) **2021 Year-in-Review: Information Technology (IT) Department** (IS Coordinator Sangren)
 - a) Operations & Maintenance Projects included:
 - i) Updated servers to Windows Servicer 2019 and mail server
 - ii) Upgraded to Microsoft 365
 - iii) Upgraded and increased wireless access points

- iv) Relocated backup service sites while increasing speed at local offsite backups
- b) Conducting research on the following:
 - i) NISC software (4 sessions)
 - ii) Billing & Financial software (RFP being created)
 - iii) Meter Data Management (MDM)
- c) Cybersecurity:
 - i) Pen testing provided by both DHS (Jan. 4-8 and Jan. 11-15) and WOS (July 6-13)
 - ii) Continue to educate staff on cyber awareness (i.e. KnowBe4 and Scam of the Week)
- 2) **2021 Year-in-Review: Facilities & Maintenance Department** (Facilities & Maintenance Supv. Marti)
 - a) Power Plant:
 - i) Facility tours were provided prior to Sept. 1st deadline (no interest in re-purposing site)
 - ii) RFP for plant clean-up and demo is proceeding (clean-up to be completed by spring of 2023)
 - iii) MPCA Wastewater and air permits
 - (1) Air permit terminated
 - (2) Completed final minor clean-up work at coal site, permit terminated
 - b) Wind Generation:
 - i) Maintenance staff completed repairs on both turbines (gearbox speed sensors, yaw systems, grid protection faults)
 - ii) Annual and weekly maintenance inspections completed
 - iii) Cost of Power comparisons:
 - (1) July 2009-Nov 2021: total costs/total KWh produced= \$0.1641/KWh
 - (2) YTD 2021: total costs/total KWh produced = \$0.0273/KWh
 - c) Diesel Generation:
 - i) Ziegler completed cooling system service to all 6 units (October)
 - ii) Ziegler on-site for 4 routine repair visits
 - iii) Staff completed monthly maintenance checks/runs and quarterly URGE tests for MRES
 - iv) Per MRES/MISO request, ran units for 4 hrs. on June 10th
 - d) Facilities:
 - i) In process to sign new lease for 3-yr. Priam Grazing Lease (bid)
 - ii) Renewed 5-yr. lease for Windstream Bldg.
 - iii) Gerry's Liquor Bldg.: Cleaned out and leased lower-level retail space to Chaw Asian Market
 - e) Capital Improvement Projects:
 - i) Downtown Street Lights
 - (1) Completed payment agreement with City to fund project
 - (2) Materials bid and opened Dec. 6th; PO pending approval
 - (3) Installation tentatively scheduled for 2022/2023
 - ii) Building Project:
 - (1) Per MUC directive, staff working with City on adjacent property development efforts and explore potential land swap option
 - (2) Staff will identify sites that meet the future needs of WMU
 - (3) No capital vehicle/equipment purchased in 2021.

Facilities & Maintenance Supervisor Marti informed the Commission that three sealed bids had been received for materials for the Downtown Decorative Streetlighting Project. Materials bid were to supply 208 Holophane decorative LED fixtures, poles, and flag brackets. The low qualifying bid was submitted by JT Services for a total price for the 208 assemblies at \$727,792.00 (before tax) and a 30-day lead time upon order. Total project materials cost (including tax) and installation is \$805,827.70. Per agreement with the City of Willmar, WMU would be responsible for \$322,500 of the total material costs, and the City would be responsible for the remaining \$488,327.70 (with split payments received in 2022 and 2023). It was the recommendation of staff to award the bid for the Downtown Decorative Streetlighting materials to JT Services of Mankato, MN, in the amount of \$727,792.00 (before tax). Following review and discussion, Commissioner Mueske offered a resolution to award the bid for the Downtown Decorative Streetlighting materials to JT Services in the amount of \$727,792 (before tax). Commissioner Erickson seconded.

RESOLUTION NO. 63

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the bid for the Downtown Streetlighting Project materials (208 Holophane LED fixtures, poles and flag brackets) be awarded to JT Services of Mankato, Minnesota, in the amount of \$727,792 (before tax) with a 30-day lead time upon order.

BE IT FURTHER RESOLVED that Willmar Municipal Utilities cost responsibility of the project materials is in the amount of \$322,500.00 with the City of Willmar to be responsible for the remaining \$483,327.70 with split payments to be received in 2022 and 2023 (per the 2020 Streetlight Agreement between WMU and the City of Willmar).”

Dated this 13th day of December 2021.



President

Attest:



Secretary

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

Facilities & Maintenance Supervisor Marti presented the Commission with the November 2021 Wind Turbine Report. Turbine availabilities for the month of November were at 50.1% (Unit #3) and 99.9% (Unit #4) with a total monthly production of 685,170 kilowatt hours.

General Manager Harren presented the Commission with the 2022 WMU Consultant Listing. This listing consists of consultants (along with project descriptions and costs) which have been budgeted to be utilized for various projects throughout the year. It was further noted that all projects requiring consulting services over \$10,000 not listed will be brought before the Commission for approval. Following review and discussion, Commissioner DeBlieck offered a resolution to approve the 2022 WMU Consultant Listing as presented. Commissioner Erickson seconded.

RESOLUTION NO. 64

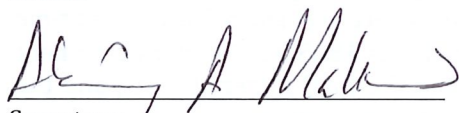
“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the 2022 WMU Consultant Listing be approved as presented.”

Dated this 13th day of December 2021.



President

Attest:



Secretary

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

General Manager Harren reviewed with the Commission a tentative listing of proposed educational topics to be presented to the Commission throughout 2022. These informational updates are presented to assist in keeping the Commission well-informed of various topics/issues, projects, policies, and

departmental developments throughout the year. Commission input is valued and welcomed to assist in determining topics of interest relevant in keeping the board abreast of the Utility and its operations. Following discussion, it was the consensus of the Commission to concur with the 2022 WMU Commission Listing of Anticipated Educational Subjects as presented.

As a member of Missouri River Energy Services (MRES), the Utility is provided a monthly update of the MRES and Western Minnesota Municipal Power Agency (WMPMA) Boards of Directors meeting. The update provides a brief overview of the topics discussed by the Boards and the actions taken. At this time, a video summary from the October & November 2021 MRES and WMPMA Boards of Directors meeting was presented.

General Manager Harren presented the 2022 hourly rate schedule from Flaherty & Hood, P.A. to provide legal services to WMU. This was for information only.

General Manager Harren informed the Commission that a meeting of the WMU Labor Committee will be held on Wednesday, December 15th beginning at 12:00 pm. Agenda items will include General Manager pay equity/market adjustment, year-end personnel policy updates, and NISC software. Additional committee meetings will be forthcoming including a WMU Planning Committee meeting (TBD) with tentative agenda items to include water modeling and water treatment plant.

For information: Upcoming meetings/events to note include:

- Reminder: Next regular MUC meeting will be held Tuesday, December 28th (@ 11:45 am)
- 2021 MRES Fall Meeting: Nov. 9 & 10 (Sioux Falls Convention Center)
- 2022 MMUA Legislative Conference (St. Paul): Feb. 8-9
- 2022 APPA Legislative Rally: Feb. 28 through March 2 (Washington, DC)

There being no further business to come before the Commission, Commissioner Mattern offered a motion to adjourn. Commissioner Mahboub seconded the motion which carried by a vote of six ayes and zero nays, and the meeting was adjourned at 1:00 pm.

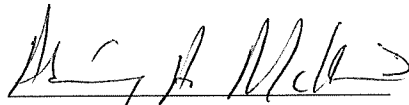
Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES



Beth Mattheisen
Executive Secretary

ATTEST:



Abdirizak Mahboub, Secretary



WILLMAR MUNICIPAL UTILITIES
MUC Planning Committee Meeting Minutes
Wednesday, December 8, 2021
12:00 pm – WMU Conference Room

Attendees: Commissioners Bruce DeBlieck, Kerry Johnson & Shawn Mueske, General Manager John Harren, Director of Administration Janell Johnson, Finance & Office Services Supervisor Andrea Prekker, and Executive Secretary Beth Mattheisen.

Commissioner DeBlieck (PC Chair) called the meeting to order at 12:00 pm.

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1. Time of Use Electric Rates: (General Manager Harren)

General Manager Harren informed the Committee that a notification had been received from MRES regarding a future rate structure change in preparation for future conditions in the energy markets. This change relates to the S-1 wholesale power rates that are charged to its members. (MRES wholesale rates are currently about 5% less than the average of other wholesale providers in the region.) It is the intent of MRES to supply wholesale Time of Use (TOU) rates to its members/customers to reflect the higher and lower power cost periods in the energy markets. Implementation of the TOU electric rates will begin in 2023.

This was for information only.

2. Electric & Water Rate Study: (Director of Administration Johnson/General Manager Harren)

WMU's last Electric & Water Rate Study was conducted in 2019 by Dave Berg Consulting, LLC. This study set the rates for the years 2020-2023. Due to the increase in costs associated with the NE Water Treatment Plant, along with state and federal grant funding opportunities being unknown at this time, Staff is recommending that a rate study be conducted 2022. If grant funding is secured for the project, this amount will be incorporated into the rate study. TOU rates along with a monthly EAA will also be included in the study.

The next rate study had been scheduled in 2023 for rates in the years 2024-2028 but has been moved forward to the 2022 WMU Budget. The budgeted amount to conduct the study is \$50,000 which includes both the electric (\$30,000) and water rates (\$20,000).

Recommendation:

Following review and discussion, it was a consensus of the Planning Committee to concur with Staff's recommendation to proceed with issuing an RFP to conduct the Electric & Water Rate Study with completion by July 31, 2022. This recommendation will be presented to the Commission for consideration and approval at the December 13th MUC meeting.

3. 2022 Operations Policies (annual review/update): (Director of Administration Johnson)

Director of Administration Johnson reviewed with the Committee the annual updates proposed for the Operations Policies including the Schedule of Charges. Johnson provided a step-by-step review of the proposed revisions. The following amendments were being recommended by Staff for consideration (along with minor language revisions and name/title changes):

Operations Policy Manual:

- Update standard disconnection procedures including standard reconnection hours
- Cold Weather Rule updates regarding dates and notices
- Update maximum amount for fee/charge waivers
- Electric service requirements clarification
- Water service language clarifications
- Water supply shortages notifications
- Meters and metering language updates (i.e. connection fee, new construction)

Purchasing Policy:

- Remove duplicate statement relating to purchases between \$500-\$5,000
- Delete section regarding Purchasing for Power Supply
- Addition of safeguard verification for electronic funds and wire transfers

Schedule of Charges:

- Adjust labor charges to reflect increase in personnel expenses
- Add EV Charging Credit
- Bulk water service increases (both monthly service fee and minimum of 1000 gal.)
- Electric Service Hookup Fees increase
- Increase rental property rate for retail space

Investment Policy:

- No changes

Energy Risk Management Policy:

- Retire policy

Recommendation:

Following review and discussion, it was a consensus of the Committee to recommend approval of the Operations Policy updates including the Schedule of Charges as presented. This recommendation will be presented to the Commission for consideration and approval at the December 13th MUC meeting.

4. Adjournment:

There being no further business to come before the WMU Planning Committee, Commissioner DeBlicke declared the meeting adjourned at 12:58 pm.

