

WILLMAR MUNICIPAL UTILITIES COMMISSION MEETING MINUTES
SEPTEMBER 12, 2022 @ 11:45 AM (*recessed*)
SEPTEMBER 16, 2022 @ 11:00 AM (*reconvened*)
WMU AUDITORIUM

The Municipal Utilities Commission (MUC) met in its regular scheduled meeting on Monday, September 12, 2022, at 11:45 am in the WMU Auditorium with the following Commissioners present: Bruce DeBlieck, Dave Baumgart, and Shawn Mueske. Absent were Commissioners Cole Erickson, Carol Laumer, and Kadar Abdi.

The meeting was opened by reciting of the Pledge of Allegiance. Due to the lack of a quorum, Commission President DeBlieck recessed the meeting until Friday, September 16, 2022, at 11:00 am. Commissioner DeBlieck continued by declaring the September 12th MUC meeting recessed at 11:51 am.

The Municipal Utilities Commission (MUC) reconvened for its regular rescheduled meeting on Friday, September 16, 2022, at 11:00 am in the WMU Auditorium with the following Commissioners present: Bruce DeBlieck, Cole Erickson, Dave Baumgart, Shawn Mueske, Carol Laumer and Kadar Abdi.

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, Executive Secretary Beth Mattheisen, Facilities & Maintenance Supervisor Kevin Marti, Staff Electrical Engineer Jeron Smith, City Attorney Robert Scott (via teleconference), and WC Tribune Journalist Jennifer Kotila.

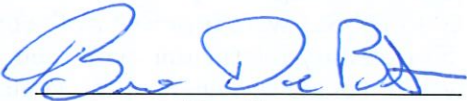
The meeting was opened by reciting of the Pledge of Allegiance followed by Commission President DeBlieck asking if any revisions were needed to the presented agenda. There being none, a resolution to approve the consent agenda was requested. Following review and discussion, Commissioner Kadar offered a resolution to approve the consent agenda as presented. Commissioner Mueske seconded.

RESOLUTION NO. 31

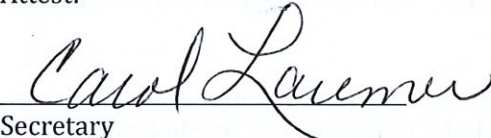
“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the consent agenda be approved as presented which includes:

- ❖ Minutes from the August 22, 2022, Commission meeting; and,
- ❖ Bills represented by vouchers No. 20221194 to No. 20221295 and associated wire transfers inclusive in the amount of \$1,269,416.90.

Dated this 16th day of September 2022.


President

Attest:


Secretary

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


Commissioner Mueske (PC Chair) reviewed with the Commission the minutes from the August 25th WMU Planning Committee meeting (see attached). Following review, Commissioner Mueske offered a motion to approve the minutes of the August 25, 2022, WMU Planning Committee meeting as presented. Commissioner Laumer seconded the motion which carried by a vote of six ayes and zero nays.

Following approval of the minutes, an additional item was being recommended for approval by the WMU Planning Committee. The item presented for consideration was the proposed 2023 WMU Budget. Finance & Office Services Supervisor Prekker and General Manager Harren reviewed with the Commission the proposed 2023 WMU Budget (including Operations & Maintenance Budget and Capital Budget). Harren noted that among the capital projects and costs effecting the proposed budget were NE Water Treatment Plant construction, Power Plant site cleanup, line distribution projects, and building project. The recommended 2023 WMU Budget was set at \$39,099,663 with the largest budgeted cost item being purchased power estimated at \$16,087,679. Prekker presented a status update of the Capital Budget in the amount of \$25,893,875. The largest capital project was for the construction of the NE Water Treatment Plant at \$19,350,000. It was noted that the Intergovernmental Transfer to the City of Willmar would be set at \$2,136,842 for 2023. The Statement of Cash Flows: Ten-Year Capital Improvement Plan (2023-2032), including both the Electric and Water Divisions, was presented for review noting the updated costs from bid opening that took place after the Planning Committee. Following review and discussion, Commissioner Mueske offered a resolution to approve the 2023 WMU Budget which includes both the O&M and Capital Budgets as presented. Commission Erickson seconded.


RESOLUTION NO. 32

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the 2023 WMU Budget including the Operating & Maintenance Budget and Capital Budget be approved as presented."

Dated this 16th day of September 2022.


President

Attest:


Secretary

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

Facilities & Maintenance Marti was requesting bid approval for the Power Plant Demolition project. A total of four bids were received for the project with approximately twenty+ general contractors. Bid totals, including two optional bid items (credit for salvage of 33 MVA transformer and rail removal from 8th to 10th St.), were reviewed by the project engineering firm, Braun Intertec Corp. All bidders provided the necessary information with their bid submittals, and all bidders attended the mandatory pre-bid walk. Following review of the submitted bids, it was the engineer's recommendation to award the Demolition and RAP Implementation of WMU's former Power Plant to Rachel Contracting, LLC of St. Michael (MN) including the two optional bid items for their total bid amount of \$3,643,822 which came in below the engineer's project estimate.

Following review and discussion, Commissioner Mueske offered a resolution to approve the bid award for the Power Plant Demolition and RAP Implementation to Rachel Contracting LLC for their total bid of \$3,643,822 including two optional bid items. Commissioner Baumgart seconded.

RESOLUTION NO. 33

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the bid for the Demolition and RAP Implementation of WMU's former Power Plant be awarded to Rachel Contracting, LLC of St. Michael, Minnesota, for their total bid amount of \$3,643,822 which includes two optional bid items (credit for salvage of 33 MVA and rail removal from 8th to 10th St.)."

Dated this 16th day of September 2022.


President

Attest:


Secretary

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


General Manager Harren reviewed with the Commission the bid evaluation and recommendation for the NE Water Treatment Plant Improvements Project. Bolton & Menk, Inc. served as the project engineers for this capital improvement project. Two bids were received for the project and both were under the engineer's project cost estimate. The specifications and bid documents did not contain any wording or ambiguities so no additional contingencies were required. Based on the contract documents and bids received, Gridor Construction, Inc. of Buffalo, Minnesota, was deemed the low qualifying bidder, with a total project base bid of \$16,793,700. It was the engineer's recommendation to award the bid for the NE Water Treatment Plant Improvements for the total contract price of \$16,793,700.

Following review and discussion, Commissioner Mueske offered a resolution to approve the contract award for the NE Water Treatment Plant Improvements Project to Gridor Construction Inc. for the total bid price of \$16,793,700. Commissioner Laumer seconded.

RESOLUTION NO. 34

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the bid for the Northeast Water Treatment Plant Improvements Project be awarded to Gridor Construction, Inc. of Buffalo, Minnesota, for their total base bid amount of \$16,793,700."

Dated this 12th day of September 2022.


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 July 2022 Financial Reports along with a recap of the July 31, 2022, Investment Portfolio, and the July 2022 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 2021/2022 monthly year-to-date revenues, expenses, and retained earnings were also included with the financial data.

Facilities & Maintenance Supervisor Marti presented the Commission with the August 2022 Wind Turbine Report. Turbine availabilities for the month of August were at 92.2% (Unit #3) and 93.3% (Unit #4) with a total monthly production of 298,933 kilowatt hours. The 2022 total production through August is 5,618,081 kilowatt hours. Marti further noted that staff technicians are currently conducting annual maintenance and inspections on the two units.

General Manager Harren requested the Commission to consider endorsing an additional investment in transmission. Previously, WMU had partnered with CMMPA to invest in the CAPX 2020 Transmission build out. The section of line that WMU participated in through CMMPA was referred to as the Brookings Line. When CAPX 2020 lines were built, they were constructed for two circuits but only installed one circuit. Now CAPX 2020 referred to as Grid North Partners will be installing the second circuit. The tentative in-service date for the circuit identified as Brookings County-Lyon County 2nd Circuit Addition is September 1, 2025. CMMPA has the money in the transmission account to build out the second circuit (est. between \$1.0-\$1.2 M), therefore no cash is required. Therefore, the Commission is simply being requested to endorse the additional investment. WMU's initial financial contribution to the CAPX 2020 project in 2011/2012 was \$549,384.75. To date, WMU has received \$465,738.10 back from CMMPA. Following discussion, Commissioner Laumer offered a resolution to officially endorse the additional transmission investment with CMMPA. Commissioner Mueske seconded.

RESOLUTION NO. 35

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Commission officially endorses the additional transmission investment with CMMPA for the Brookings County-Lyon County 2nd Circuit Addition as presented."

Dated this 12th day of September 2022.


President

Attest:


Secretary

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

Commissioners DeBlieck & Laumer and General Manager Harren presented the Commission with a recap of their recent attendance at the 2022 MMUA Summer Conference. Topics of discussion included: supply chain and commodity challenges, community solar, MMUA Strategic Plan update, electric vehicle charging, federal infrastructure and Job Act (IIJA), MISO grid update and principals of driving successful change. DeBlieck, Laumer and Harren expressed their appreciation to the Commission for allowing them the opportunity to attend the informational conference and highly encourage Commissioners to attend in the future.

General Manager Harren reminded the Commission that the 2022 MRES Policymakers Dinner & Discussion will be held on Tuesday, September 20th at The Oaks at Eagle Creek beginning at 5:15 pm. All Commissioners have been registered to attend the informative event.

General Manager Harren informed the Commission that Rep. Dave Baker and Sen. Andrew Land have been invited to attend the September 26th MUC meeting to present legislative updates and update funding opportunities for the NEWTP project.

General Manager Harren reminded the Commission that a meeting of the WMU Planning Committee would be held immediately following the conclusion of today's MUC meeting. Agenda items for the meeting would include financing of the water treatment plant project, generation opportunity, and transmission investment. Additional meetings of both the WMU Labor and Planning Committees will be forthcoming. Tentative future Labor Committee agenda item(s) will include new WMU logo. Tentative future Planning Committee agenda items will include Sprint agreement, and new building.


For information: Upcoming events to note include:

- MRES Policymakers Dinner: September 20th at The Oaks at Eagle Creek (start time 5:15 pm)
- MRES Municipal Power Leadership Academy: Sept 21-22 (Sioux Falls, SD)

There being no further business to come before the Commission, Commissioner Mueske offered a motion to adjourn. Commissioner DeBlieck seconded the motion which carried by a vote of six ayes and zero nays, and the meeting was adjourned at 11:40 am.


Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES



Beth Mattheisen
Executive Secretary

ATTEST:



Carol Laumer, Secretary

WILLMAR MUNICIPAL UTILITIES
MUC Planning Committee Meeting Minutes
Thursday, August 25, 2022
12:00 pm – WMU Conference Room

Attendees: Commissioners Shawn Mueske, Cole Erickson (arrived @ 12:02 pm) & Carol Laumer, General Manager John Harren, Finance & Office Services Supervisor Andrea Prekker, Director of Administration Janell Johnson, and Executive Secretary Beth Mattheisen.

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

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1. **Proposed 2023 WMU Budget:** (Finance & Office Services Supervisor Prekker and General Manager Harren)
General Manager Harren opened discussion with the Planning Committee by presenting background information regarding the budgetary process followed to establish the annual WMU Budget.

Finance & Office Services Supervisor Prekker presented the Committee with the proposed 2023 WMU Budget for review and discussion. Departmental analysis and data included within the electric, water, and combined divisions reflect anticipated revenues, expenses, income, and retained earnings to create the 2023 WMU Budget. Included in the data were the Operating Budgets, Capital Budgets, and Statement of Cash Flows for the years 2023-2032. Prekker and Harren reviewed each of the individual categories along with an overview of Capital Budget items. Questions by the Committee regarding specific items were addressed with clarifications provided by staff. The following is a recap of points of discussion regarding the proposed 2023 WMU Budget:

- 1) Total Projected Revenues: \$39.1 million
- 2) Total Operating Expenses: \$30.3 million
 - a) Largest Operating Expense is Purchased Power: \$16.1 million
 - b) Bond payment principal & interest: \$3 million
 - c) Intragovernmental Transfer to the City: \$2.2 million
 - d) Increase of 4% in health insurance costs
- 3) Total 2023 Capital Budget: \$33.5 million
 - a) Largest five Capital Projects are:
 - i) Water Plant Construction (NEWTP): \$26.6 million (10-yr. bond + \$2.5 million in reserves)
 - ii) Power Plant Cleanup: \$2.6 million
 - iii) Water Main Replacement: \$1.2 million
 - iv) Line Dept. Construction: \$1.1 million
 - v) Building Project: \$1.1 million
- 4) Statement of Cash Flows: (2023 projected year-end Net Cash Balances)
 - a) Electric: \$25.5 million
 - b) Water: \$6.7 million (includes bond funds)
 - c) Combined: \$32.2 million

Additional items to note:

- Net Cash Balance threshold/goal is set at 50% of total revenues.
 - Electric: 50% goal is met throughout the 10-year Cash Flow.
 - Water: 50% goal is not met beginning in 2024 (due to additional water treatment plant)
- 10-year projections are based on varying factors including community growth, revenue, and expense assumptions.
- Expense allocation to appropriate funds between divisions (electric, water and wastewater) along with simplifying expense tracking (budgeted vs actual) transition process should be completed by year end (2022).
- Efforts continue to seek potential grant funding assistance at both state and federal levels for major capital project (NEWTP).
- Cost of Service & Rate Study was conducted in 2022. Anticipated water rate increases will be required due to significant capital projects (NE & SW Water Treatment Projects). Proposed water rate increases are: 20% in 2023; 20% in 2024; 20% in 2025; and, 5% in 2026.

- Increased water main replacement/construction costs by approximately \$500,000 for financing of City street projects and water main replacement needs.
- Last electric rate increase was 2015.
- Depreciation clarification will be added to the final document.

Further noted was that due to two major capital project bids opening being held today (Power Plant Demo and NE Water Treatment Plant), the Planning Committee authorized Staff to adjustment the presented data if bids are significantly higher than currently anticipated.

Recommendation:

Following a thorough review and discussion, it was a consensus of the WMU Planning Committee to accept the proposed 2023 WMU Budget with the inclusion of depreciation clarification and to recommend approval by the Commission at the September 12th MUC meeting.

2. Adjournment:

There being no further business to come before the WMU Planning Committee, Commissioner Mueske declared the meeting adjourned at 12:48 pm.

