

WILLMAR MUNICIPAL UTILITIES COMMISSION
MEETING MINUTES - JUNE 12, 2023
11:45 AM - WMU AUDITORIUM

The Municipal Utilities Commission (MUC) met in its regular scheduled meeting on Monday, June 12, 2023, at 11:45 am in the WMU Auditorium with the following Commissioners present: Bruce DeBlieck, Shawn Mueske, Dave Baumgart, Carol Laumer, John Kennedy, Patricia Elizondo, and Terrill Sieck.

Others present at the meeting were: General Manager John Harren, Director of Administration Janell Johnson, Finance & Office Services Supervisor Andrea Prekker, Staff Electrical Engineer Jeron Smith, Executive Secretary Beth Mattheisen, Energy/Safety Outreach Coordinator Amber Dale, City Councilman Michael O'Brien, Attorney David Assaf of Flaherty & Hood, P.A. (via teleconference), and WC Tribune Journalist Jennifer Kotila.

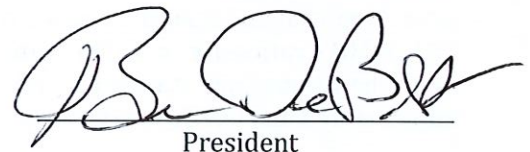
The meeting opened by reciting the Pledge of Allegiance. Commission President DeBlieck continued by asking if any revisions were needed to the presented agenda. There being none, a resolution to approve the consent agenda was requested. Following review and discussion, Commissioner Baumgart offered a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

RESOLUTION NO. 18

"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 22, 2023, Commission meeting; and,
- ❖ Bills represented by vouchers No. 20230708 to No. 20230846 and associated wire transfers inclusive in the amount of \$2,657,018.74.

Dated this 12th day of June, 2023.



President

Attest:



Secretary

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

Commissioner Mueske (PC Chair) reviewed with the Commission the minutes from the June 5th WMU Planning Committee meeting (see attached). Following review, Commissioner Mueske offered a motion to approve the minutes of the June 5th WMU Planning Committee meeting as presented. Commissioner Sieck seconded the motion which carried by a vote of seven ayes and zero nays.

In conjunction with the June 5th PC meeting, Staff Electrical Engineer Smith provided the Commission with a presentation to consider an option to add more local generation to WMU's current system. The step-by-step presentation included: generational history including power supply studies, Commission directive to stay abreast of future generation opportunities, MRES incentives, and the benefits and limitations of local generation. The main benefit of acquiring additional local generation is to provide additional reliability along with transmission stability and rate stabilizing. It was the recommendation of DGR Engineering and MRES to focus on adding new diesel generation. Based on DGR's study results, the uncertainty of MPCA permitting and 2040 mandates, WMU staff recommends pursuing the option to add four 2,725 kW diesel

gensets in metal enclosures. This would add 10,900 kW of generation to WMU's existing 10,950 kW for a total of 21,850 kW (35%-40% of peak load).

The projected cost estimates and financing options range from \$15 million for generators in metal enclosures to \$20 million for generators in a building. Financing of the project would be through bonding and potentially a minimal electric rate adjustment. Additional assumptions and financial data were presented. Following review and discussion, it was the consensus of the Commission to consider approval of that project at the June 26th MUC meeting. It was further noted that both Commissioners DeBlieck and Laumer will be unable to attend the meeting in person but expressed their full support to proceed with the project.

Staff Electrical Engineer Smith presented the May 2023 Wind Turbine Report. While both units are operational, we continue to await delivery of new breakers (anticipated in the next few weeks). Wind turbine availabilities for the month of May were at 72% (Unit #3) and 89.8% (Unit #4) for a total monthly production of 586,004 kilowatt hours. The 2023 total production through May is 1,238,998 kilowatt hours.

Finance & Office Services Supervisor Prekker reviewed with the Commission the April 2023 Financial Reports along with a recap of the April 30, 2023 Investment Portfolio, and April 2023 Cost of Power Report. The data presented included analyses of the Electric, Water, and Combined Divisions. Information contained in the reports reflects operating revenues & expenses, operating income, and retained earnings. Graphs depicting the 2022/2023 monthly year-to-date revenues, expenses, and retained earnings were also included with the financial data.

Finance & Office Services Supervisor Prekker reviewed with the Commission the APPA Benchmarking and AE2S Water Rate Comparisons. APPA's Performance Indicators Survey is completed annually. Data is collected from public power utilities with at least 150,000 MWh in total sales with at least 50% in retail sales. Financial and operating ratios represent data for 158 of the largest publicly owned utilities in the USA. WMU's ratios are included in the Management's Discussion & Analysis section of the annual audit. APPA benchmarking standards and comparisons were reviewed. It was noted that WMU has not implemented an electric rate increase since 2015.

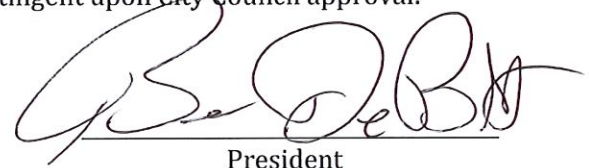
Regarding the AE2S Water Rate Comparisons, WMU's water rates are currently ranked 17th out of 31 comparable-sized utilities in Minnesota, excluding the Minneapolis/St. Paul area. The water rates ranged from \$11.13 to \$82.73 with WMU at \$33.93.

General Manager Harren reviewed with the Commission a purchase agreement for the sale of WMU property located at 810 Litchfield Avenue SW (formerly Gerry's Liquor/Taco John's properties). Following review of the process involved, Staff was recommending approval of the property sale to Chaw's Asian Market, LLC, for the negotiated amount of \$280,000. Following discussion, Commission Laumer offered a resolution to approve the purchase agreement between WMU and Chaw's Asian Market in the amount of \$280,000. Commissioner Kennedy seconded.

RESOLUTION NO. 19

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Commercial Property Purchase Agreement between Chaw's Asian Market, LLC, and the Willmar Municipal Utilities Commission, for property consisting of four parcels (95-003-3820, 95-003-3830, 95-003-3840, and 95-003-9860) be approved in the amount of \$280,000 contingent upon City Council approval."

Dated this 12th day of June, 2023.



President

Attest:


Secretary

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

General Manager Harren informed the Commission that meetings of both the WMU Labor and Planning Committees will also be forthcoming. Tentative future Labor Committee agenda item(s) will include new building and union negotiations. Tentative future Planning Committee agenda items will include generation, new building, water treatment plant funding, and SunRay Water System.

For information: Upcoming 2023 events to note include:

- APPA National Conference: June 18-21 (Seattle, WA)
- MMUA Summer Conference: August 21-23 (Duluth)

There being no further business to come before the Commission, Commissioner DeBlieck offered a motion to adjourn. Commissioner Mueske seconded the motion which carried by a vote of seven ayes and zero nays, and the meeting was adjourned at 12:55 pm.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES


Beth Mattheisen
Executive Secretary

ATTEST:


Dave Baumgart, Secretary



WILLMAR MUNICIPAL UTILITIES
MUC Planning Committee Meeting Minutes
Monday, June 5, 2023
12:00 pm (WMU Conference Room)

Attendees: Commissioners Shawn Mueske, Carol Laumer & Terry Sieck, General Manager John Harren, Director of Administration Janell Johnson, Staff Electrical Engineer Jeron Smith, Facilities & Maintenance Supervisor Kevin Marti, and Executive Secretary Beth Mattheisen.

Commissioner Mueske (2022 PC Chair) called the meeting to order at 12:00 pm. The first order of business was to establish the 2023 Chair and Vice Chair positions for the WMU Planning Committee. Commissioner Sieck nominated Commissioner Mueske to serve as Chair for the Planning Committee for 2023. Commissioner Laumer seconded the motion which carried by a vote of three ayes and zero nays. Commissioner Sieck next nominated Commissioner Laumer to serve as Vice Chair for the Planning Committee for 2023. Commissioner Mueske seconded the motion which carried by a vote of three ayes and zero nays.

1) 2023 Additional Local Generation – WMU/MRES (presentation):

General Manager Harren opened discussion by providing background information regarding WMU's current distribution system which includes substations (5) with generation located at two of the substation sites.

Facilities & Maintenance Supv. Marti continued with a presentation to consider the possibility of adding additional local generation. The presentation included the following topics of discussion: generation history including 2016 Power Supply Strategy & Scope Study; keeping abreast of new generation opportunities (per MUC directive); MRES RCA and Generation Incentives; benefits and limitations of local generation; and, 2023 DGR Generation Study. The recommendation from DGR Engineering and MRES is to focus on new diesel generation. Based on the DGR Study results and the uncertainty of MPCA permitting and 2040 mandates, WMU staff recommends the option to add four 2,725 kW diesel gensets installed in metal enclosures. This would add 10,900 kW of generation to WMU's existing 10,950 kW for a total of 21,850 kW (35-40% of peak load).

Regarding MPCA/Permitting options, additional data was reviewed including runtimes, fee costs, timelines, and reporting requirements.

Projected 2023 cost estimates and financing options range from \$15 million for generators in metal enclosures to \$20 million for generators in a building. It was noted that WMU's Capital Budget and current rate structure does not support the needed investment and therefore bonding along with a potential electric rate increase (minimal) would be required. Assumptions and a financial recap of funding and expenses were discussed including MRES's increase in capacity payments.

Options and next steps were presented including a staff recommendation.

Recommendation:

The main focus of this project is to provide additional power supply reliability to the Willmar community. It was a consensus of the Planning Committee to present the presentation to the full Commission at their June 12th MUC meeting with approval consideration to follow at the June 26th MUC meeting.

2) Update: Land purchase for new WMU facility:

General Manager Harren provided the Committee with an update regarding the process to purchase property for a new WMU building. Previously, the City had requested WMU to delay the process until May 15th to allow additional time for the City to explore options for their own facility project. WMU complied with this request. On May 17th, a correspondence was sent to the City informing them that WMU intends to move forward with the process to purchase the state-owned property (1st choice site selection) for the new facility unless a response or request to delay has been received prior to May 23rd.

This was for information only with no action required.

3) Miscellaneous:

General Manager Harren presented a preliminary cost estimate of \$119,250 to construct additional parking on the previous Heat Exchanger Bldg. site (directly north of the WMU Office Bldg.) This cost does not include design, permitting, or any additional costs associated with such a project. The presented concept could add 7 additional parking spots (contingent upon City approval).

This was for information only with no action required.

4) Adjournment:

There being no further business to come before the WMU Planning Committee, Commissioner Mueske declared the meeting adjourned at 1:07 pm.

