

The Municipal Utilities Commission (MUC) met in its regular scheduled meeting on Monday, September 11, 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, Facilities & Maintenance Supervisor Kevin Marti, Information Systems Coordinator Mike Sangren, Executive Secretary Beth Mattheisen, City Attorney Robert Scott (via teleconference), and WC Tribune Journalist Jennifer Kotila.

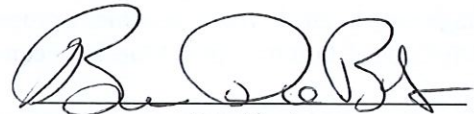
The meeting opened by reciting the Pledge of Allegiance. Commission President DeBlieck next asked if there were any changes to the presented agenda. There being none, a resolution to approve the consent agenda was requested. Following review and discussion, Commissioner Laumer offered a resolution to approve the consent agenda as presented. Commissioner Mueske seconded.

**RESOLUTION NO. 27**

“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 28, 2023, MUC Meeting; and,
- ❖ Bills represented by vouchers No. 20231246 to No. 20231302 and associated wire transfers inclusive in the amount of \$2,289,519.87.

Dated this 11<sup>th</sup> day of September, 2023.

  
President

Attest:

  
Secretary

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

Commissioner Laumer (PC Vice Chair) reviewed with the Commission the minutes from the August 29<sup>th</sup> WMU Planning Committee meeting (see attached). Following review, Commissioner Laumer offered a motion to approve the minutes of the August 29<sup>th</sup> WMU Planning Committee meeting as presented. Commissioner Sieck seconded the motion which carried by a vote of seven ayes and zero nays.


Following approval of the PC meeting minutes, additional items were recommended for approval by the WMU Planning Committee. The first item presented for consideration was the proposed 2024 WMU Budget. Finance & Office Services Supervisor Prekker and General Manager Harren reviewed with the Commission the proposed 2024 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 bond, water main replacement associated with street reconstruction, Power Plant site cleanup, line distribution projects, and building project. The recommended 2024 WMU Budget was set at \$41,476,342 with the largest budgeted cost item being purchased power estimated at \$17,600,135. Prekker presented a

status update of the Capital Budget in the amount of \$11,491,058. The largest capital project was the continuing construction of the NE Water Treatment Plant at \$4,500,000. It was noted that the Intergovernmental Transfer to the City of Willmar would be set at \$2,136,842 for 2024. The Statement of Cash Flows: Ten-Year Capital Improvement Plan (2024-2033), including both the Electric and Water Divisions, was presented for review. Following considerable review and discussion, Commissioner Sieck offered a resolution to approve the 2024 WMU Budget which includes both the O&M and Capital Budgets as presented. Commission Elizondo seconded.

#### RESOLUTION NO. 28

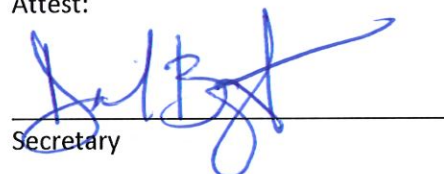
“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the 2024 WMU Budget including the Operating & Maintenance Budget and Capital Budget be approved as presented.”

Dated this 11<sup>th</sup> day of September, 2023.



President

Attest:



Secretary

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

In conjunction with the 2024 Budget approval, Commissioner Laumer made a motion to direct staff to proceed with the process to amend the current rate ordinance as recommended. An additional 15% water rate adjustment and a 5% electric rate adjustment will be incorporated into the current City rate ordinance beginning in 2024. The amendment process would entail conducting Public Hearings by both WMU and the City Council. Commissioner Mueske seconded the motion which carried by a vote of seven ayes and zero nays.

As recommended by the WMU Planning Committee, Commissioner Kennedy offered a motion to approve a fee/charge waiver request submitted by the Kandiyohi County Fair Association in the amount of \$3,500 for additional improvements to the fairgrounds. It was noted that WMU crews completed electrical improvements in July (relocating of power services) to the fairgrounds area and applied the economic development discount to the previous total of approximately \$35,000. The in-kind donation of \$3,500 will be subtracted from the Kandiyohi County Fair Association's current invoice total. Commissioner Baumgart seconded the motion which carried by a vote of seven ayes and zero nays.

Finance & Office Services Supervisor Prekker reviewed with the Commission the July 2023 Financial Reports along with a recap of the July 31, 2023 Investment Portfolio, and July 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.

Facilities & Maintenance Supervisor Marti presented the August 2023 Wind Turbine Report. While both units were operational, availabilities continue to be affected by issues with both turbines (positioning sensor, electrical faults, difficulties in obtaining parts, etc.). Wind turbine availabilities for the month of August were at 35.5% (Unit #3) and 61.4% (Unit #4) for a total monthly production of 143,734 kilowatt hours. The 2023 total production through August is 1,643,499 kilowatt hours. Additional discussions will be held to address the future of the aging units.

Commissioner Kennedy presented the Commission with a recap of his recent attendance at the MRES Municipal Power Leadership Academy training (Sept. 6-7). Topics of discussion included: power supply/power mix, transmission and market issues, renewable energy and distributed generation, rates and cost of services, energy services, technology, and cybersecurity. Kennedy expressed his appreciation to the Commission for the opportunity to attend the informative training session and encouraged Commissioners to attend in the future.

General Manager Harren informed the Commission that the WMU Office will be closed to the public on October 9<sup>th</sup> and 10<sup>th</sup> to complete the software conversion process to Tyler Technologies. Reps from Tyler Technologies will be in-house to provide guidance throughout the transition process.

Meetings of both the WMU Labor and Planning Committees will be forthcoming. Tentative future Labor Committee agenda item(s) will include new building land acquisition and union negotiations. Tentative future Planning Committee agenda items will include new building, water treatment plant funding, new generation, and water system model.

For information: Upcoming 2023 events to note include:

- Renville-Sibley new facility tour (Danube): Tues., October 24<sup>th</sup> @ 1:00 pm (designed by Engan Associates)
- MRES Annual Meeting (Alexandria): Wed., October 25<sup>th</sup> @ 9:00 am

There being no further business to come before the Commission, Commissioner Mueske offered a motion to adjourn. Commissioner Kennedy seconded the motion which carried by a vote of seven ayes and zero nays, and the meeting was adjourned at 1:05 pm.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

  
Beth Mattheisen, Executive Secretary

ATTEST:

  
\_\_\_\_\_  
Dave Baumgart, Secretary



**WILLMAR MUNICIPAL UTILITIES**  
**MUC Planning Committee Meeting Minutes**  
**Tuesday, August 29, 2023**  
**12:00 pm (WMU Conference Room)**

Attendees: Commissioners Carol Laumer, Terry Sieck & Bruce DeBlicek, General Manager John Harren, Director of Administration Janell Johnson, Finance & Office Services Supervisor Andrea Prekker, and Executive Secretary Beth Mattheisen.

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

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1. **Proposed 2024 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 2024 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 2024 WMU Budget. Included in the data were the Operating Budgets, Capital Budgets, and Statement of Cash Flows for the years 2024-2033. Prekker and Harren further provided individual line-item details along with bonding, principal payments, revenue neutrality, and investment data relating to the capital projects. 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 2024 WMU Budget:

- 1) Total Projected Revenues: \$41.1 million
- 2) Total Operating Expenses: \$34.2 million
  - a) Largest Operating Expense is Purchased Power: \$17.6 million
  - b) Bond payment principal & interest: for a \$10 million WTP bond to be placed in January 2024
  - c) Intragovernmental Transfer to the City: \$2.2 million
  - d) Anticipated increase of 6% in health insurance costs
- 3) Total 2024 Capital Budget: \$11.5 million
  - a) Largest five Capital Projects are:
    - i) Water Plant Construction (NEWTP): \$4.5 million 2024 (+ \$10M, 10-yr. bond) (total project \$20M est.)
    - ii) New generation (diesel gensets): \$1.9 million 2024 (total project cost \$15M Estimated)
    - iii) Water Main Replacement: \$1.5 million
    - iv) Line Dept. Construction: \$1.1 million
    - v) Building Project: \$1.2 million in 2024 (total project cost \$18M estimated)
    - vi) Transmission Project (and software): \$945,000
- 4) Statement of Cash Flows: (2024 projected year-end Net Cash Balances)
  - a) Electric: \$31.5 million
  - b) Water: \$13.7 million (includes bond funds)
  - c) Combined: \$35.2 million

Additional items to note:

- Net Cash Balance threshold/goal is set at 50% of total revenues per Minimum Fund Balance goal.
  - Electric: 50% goal is met throughout the 10-year Cash Flow with 5% rate adjustments and bonding for generation and transmission investments.
  - Water: 50% goal is not met beginning in 2026 (due to additional capital projects & City Street projects)
- 10-year projections are based on varying factors including community growth, revenue, and expense assumptions.
- The City of Willmar recently approved the 10-year Capital Improvement Street Replacement Plan and a Water rate increase will be required to fund the necessary water main replacement as part of their planned

street construction. WMU will need to increase the water main replacement fund by \$400,000. City Council is aware of the shortfall.

- The current water rate ordinance provides for a 5% water rate adjustment in 2024. To meet the established 50% net revenue requirement, an additional 15% (20% total) water rate adjustment is proposed to cover the additional WMU capital projects and city street projects. The 20% will increase the 5/8" water meter class by \$.90 per month, residential fixed charge by \$2.72 per month and the consumption charge per 100 cu ft. by \$.49 non-summer and \$.63 summer.
- WMU's last electric rate increase was 2015. Proposing 5% increase for escalating general operating costs.

In conclusion, both water and electric rate adjustments to meet the increasing expenses and capital projects were considered. It was a consensus of the Planning Committee to accept the proposed 2024 WMU Budget and to move forward with amending the current rate ordinance to reflect adjustments to both the water and electric rates in 2024.

**Recommendation:**

Following a thorough review and discussion, the WMU Planning Committee is recommending approval of the proposed 2024 WMU Budget and to proceed with the process to amend the current rate ordinance to reflect a 20% increase in water rates and a 5% rate increase to the electric rates in 2024. Recommendation for approval will be presented at the September 11<sup>th</sup> MUC meeting.

**2. Kandiyohi County Fair Association fee/charge waiver request:**

General Manager Harren reviewed with the Planning Committee a Fee/Charge Waiver Request received from the Kandiyohi County Fair Association. The submitted request is in the amount of \$3,500 for fairgrounds improvements completed in July 2023. Harren stated that Per WMU Policy 2.16, Guidelines for Fee/Charge Waivers, the maximum dollar amount that may be waived is \$3,500 per organization per year. He further noted that WMU crews have already made electrical improvements (relocate power) to the fairgrounds area and applied the economic development discount to the previous total of approx. \$35,000. This invoice has not yet been paid, and the \$3,500 in-kind donation would be subtracted from the County Fair Association's total.

**Recommendation:**

Following review and discussion, it was a consensus of the WMU Planning Committee to recommend approval of the in-kind donation in the amount of \$3,500 to the Kandiyohi Co. Fair Association for additional fairgrounds improvements. This recommendation will be presented to the Commission at their September 11<sup>th</sup> meeting for approval.

**3. Miscellaneous:**

Following the annual WMU Facilities Tour, a suggestion was made by an individual City Council member regarding WMU's first option for the site selection of the new WMU building. The Planning Committee directed Staff to contact the City Administrator regarding the suggestion.

**4. Adjournment:**

There being no further business to come before the WMU Planning Committee, Commissioner Laumer declared the meeting adjourned at 1:26 pm.

