

The Municipal Utilities Commission (MUC) met in its regular scheduled meeting on Monday, November 13, 2023, at 11:45 am in the WMU Auditorium with the following Commissioners present: Bruce DeBlieck, Shawn Mueske, Dave Baumgart, John Kennedy, Patricia Elizondo, and Terrill Sieck. Absent was Commissioner Carol Laumer.

Others present at the meeting were: General Manager John Harren, Director of Administration Janell Johnson, Facilities & Maintenance Supervisor Kevin Marti, Staff Electrical Engineer Jeron Smith, Systems Coordinator Mike Sangren, Executive Secretary Beth Mattheisen, City Attorney Robert Scott (via teleconference), City Councilman Michael O'Brien, 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 Baumgart offered a resolution to approve the consent agenda as presented. Commissioner Kennedy seconded.

RESOLUTION NO. 36

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

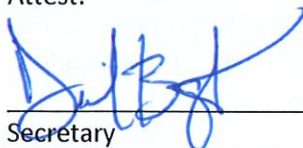
- ❖ Minutes from the October 23, 2023, MUC Meeting; and,
- ❖ Bills represented by vouchers No. 20231556 to No. 20231675 and associated wire transfers inclusive in the amount of \$3,454,006.48.

Dated this 13th day of November 2023.



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 minutes from the October 30th WMU Planning Committee meeting (see attached). Following review and discussion, Commissioner Mueske offered a motion to approve the minutes as presented. Commissioner Sieck seconded the motion which carried by a vote of six ayes and zero nays.

In conjunction with the Planning Committee meeting recommendation, the Commission was requested to authorize DGR's Professional Services Generation Proposal (Task Order No. 11) to provide consulting services for the installation of four additional 2,725 kW diesel gensets in metal enclosures. The total estimated cost for the engineering services is in the amount of \$760,000 with completion of the project targeted for 2027. Following discussion, Commissioner Mueske offered a resolution to authorize DRG Engineering to provide consulting services for the installation of four diesel gensets in metal enclosures for the estimated amount of \$760,000. Commissioner Sieck seconded.

RESOLUTION NO. 37

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that DGR Engineering of Rock Rapids, Iowa, be authorized to provide professional engineering services for the installation of four 2,725 kW diesel gensets in metal enclosures (Task Order No. 11) for the estimated amount of \$760,000."

Dated this 13th day of November 2023.



President

Attest:



Secretary

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

Relating to investing in future transmission projects, the Planning Committee was requesting the Commission to authorize staff to work with MRES and GRE to develop a Facilities Construction Agreement to define ownership, construction, and financial responsibilities to proceed with identified transmission improvements. These improvements would increase area capacity energy by +34 MW and provide additional transmission reliability for Willmar and the surrounding area. WMU's estimated cost of these projects is \$18.6M with completion estimated in 2028. Following review, Commission Baumgart offered a motion to authorize staff to proceed in coordinating with MRES and GRE to develop a Facilities Construction Agreement for transmission improvement projects as specified. (This agreement would subsequently be submitted to MISO for approval.) Commissioner Mueske seconded the motion which carried by a vote of six ayes and zero nays.


Commissioner Baumgart (LC Chair) reviewed with the Commission minutes from the November 7th WMU Labor Committee meeting (see attached). It was noted that one item recommended by the Committee was to direct staff to proceed with discussions with MinnWest Technology as a possible site location for a new WMU facility. As requested by MinnWest, three site options will be submitted for their consideration. Following review and discussion, Commissioner Baumgart offered a motion to approve the minutes as presented. Commissioner Mueske seconded the motion which carried by a vote of five ayes, zero nays, and one abstention (Commissioner Kennedy).

Following approval of the minutes, Commissioner Baumgart requested the Commission to approve the 2024-2026 contract between WMU and IBEW Local Union #160. The negotiated three-year agreement was ratified by the union membership on October 2nd with the most significant changes addressed being promotions/seniority, health insurance, and wages. Baumgart presented a summary of the terms and conditions of the agreement which includes changing to a low-deductible health insurance provider, and wage adjustments in the amount of 7% in 2024, 5% in 2025, and 5% in 2026. No market adjustments were included. Following discussion, Commissioner Kennedy offered a resolution to approve the three-year labor contract with WMU's union employees as presented. Commissioner Baumgart seconded.

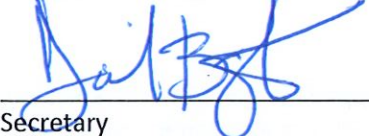
RESOLUTION NO. 38

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the three-year labor agreement between Willmar Municipal Utilities and IBEW Local Union #160 employee-members which includes incorporating wage adjustments in the amount of 7% in 2024, 5% in 2025, and 5% in 2026 along with a change of health insurance provider be approved effective January 1, 2024."

Dated this 13th day of November 2023.


President

Attest:


Secretary

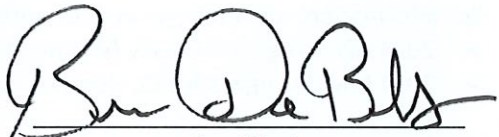
The foregoing resolution was adopted by a vote of six ayes and zero nays.

In conjunction with the approved union contract and to remain in compliance with pay equity, the Commission was requested to support an equal three-year wage adjustment for non-union employees (excluding the General Manager who is a contracted employee). Following discussion, Commissioner Mueske offered a resolution to approve the non-union wage adjustments (COLA) in the amounts of 7% in 2024, 5% in 2025, and 5% in 2026. Commissioner Baumgart seconded.

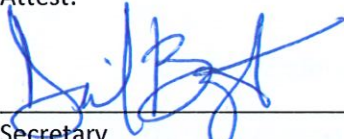
RESOLUTION NO. 39

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that COLA/wage adjustments be approved for all WMU non-union employees (excluding the General Manager) in the amounts of 7% in 2024, 5% in 2025, and 5% in 2026 effective January 1, 2024.”

Dated this 13th day of November 2023.


President

Attest:


Secretary

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

Due to union employees acquiring a low deductible insurance plan and therefore leaving the current group plan, optional health insurance for non-union employees was sought. Two companies were considered based on comparable coverage. It was the recommendation of the Labor Committee to change 2024 health insurance coverage for non-union employees to United Health Care to realize savings to WMU. Following review, Commissioner Baumgart offered a motion to transition non-union employees to United Health Care in 2024, and to adopt the same methodology as union employees for calculating employee premiums based on employees for the high deductible health care plan. Commissioner Kennedy seconded the motion which carried by a vote of six ayes and zero nays.

Director of Administration Johnson reviewed with the Commission the September 2023 Financial Reports along with a recap of the September 30, 2023 Investment Portfolio, and September 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 October 2023 Wind Turbine Report. Wind turbine availabilities for the month of October were at 29.0% (Unit #3) and 76.6% (Unit #4) for a total monthly production of 375,352 kilowatt hours (kwh). Unit #3 had issues affecting the availability including a hydraulic leak along with electrical and communications issues. The 2023 total production through October is 2,315,751 kwh. The 2023 costs/kwh associated with operating the units is 7.26¢/kwh. Since the inception of the units in 2009, the operational cost has been calculated at 14.89¢/kwh.

Director of Administration Johnson and Staff Electrical Engineer Smith recapped for the Commission their recent attendance at the MRES Area Meeting held in Alexandria October 25th (Commissioner Laumer also attended). Topics of discussion included: technology advancements, regulatory updates, legislative issues, grant programs/funding, customer satisfaction survey, educational & scholarship programs, 2024 rates/budget estimates, bond ratings, transmission expansion projects, and anticipated generation shortfalls and projects. Both Johnson and Smith expressed their appreciation to the Commission for allowing them to attend the informative meeting and encouraged others to attend in the future.

As a review for both new and veteran Commissioners, Director of Administration Johnson provided an overview of electric and water billing charges and their definitions (including the City of Willmar's wastewater charges). The review provided clarification to the billing charges listed monthly on the WMU utility bills.

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 Personnel Policies (annual review). Tentative future Planning Committee agenda items will include new building, water treatment plant, new generation, transmission projects, water system model, and Operations Policies (annual review).

For information: Upcoming events to note include:

- 2024 APPA Legislative Rally (Washington, DC): February 26-28
- 2024 MMUA Legislative Conference (St. Pau): March 19-20

There being no further business to come before the Commission, Commissioner Mueske offered a motion to adjourn. Commissioner Baumgart seconded the motion which carried by a vote of six ayes and zero nays, and the meeting was adjourned at 12:48 pm.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES


Beth Mattheisen, Executive Secretary

ATTEST:


Dave Baumgart, Secretary



WILLMAR MUNICIPAL UTILITIES
MUC Planning Committee Meeting Minutes
Monday, October 30, 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 (PC Chair) called the meeting to order at 12:00 pm.

1. Diesel Generation Project: (Staff Electrical Engineer Jeron Smith and General Manager Harren)

General Manager Harren informed the Planning Committee that project costs have increased significantly since the Commission approved the project for additional local generation. Therefore, before the Commission approves DGR's Scope of Work to proceed, Staff wanted to share the updated costs with the Commission.

Staff Electrical Engineer Smith continued by presenting a PowerPoint overview of the gensets installation project. In 2016, the Commission approved a goal to cover 25% of Willmar load with local generation. The existing diesel generation covers 20% of Willmar's load. In June 2023, MRES updated the Reserve Capacity Agreement (RCA) with its members which included increased capacity rates along with incentives to its members who install additional generation. In June of 2023, the Commission approved the installation of four 2,725 kW diesel gensets (in metal enclosures) to provide additional local generation.

A proposal from DGR Engineering to provide consulting services for the project was presented (est. total \$760,000). Additional data presented was a tentative schedule and budget to complete the project. The total estimated cost of the project is \$16,697,400 (including consulting services). With MRES incentives (\$2,616,000), WMU's share of the project would be \$14,081,400.

To note, associated project costs along with interest rates are anticipated to continue to increase. Smith summarized the DGR proposal submitted which included the scope of work, components involved, and a tentative project schedule with the target date for completion in 2027. Capacity markets and incentives for members to build local generation greatly affect the future of the industry. It was noted that if the project becomes financially unfeasible after air permitting is conducted and bids are opened for the generators, the project can be stopped or amended.

Recommendation:

Following review and discussion, the WMU Planning Committee is recommending approval of the proposed consulting service agreement with DGR Engineering (Task Order No. 11) to proceed with the additional diesel generation project as presented. This recommendation will be presented to the Commission at their November 13th meeting for approval.

2. Area Transmission Improvement Projects: (Staff Electrical Engineer Jeron Smith)

Staff Electrical Engineer Smith opened discussion with the Committee on area transmission projects that would be most beneficial and cost-effective to WMU. These findings were identified following the Willmar Area Study completed earlier this year (MRES conducted this costly study on behalf of WMU at no additional cost). Study results identified current system limitations and the best value projects to increase load serving capacity.

Three options were evaluated with MRES, GRE and WMU recommending one transmission project that would be the most advantageous. This project would entail constructing breaker stations at Hawick and St. John's Lake, adding a second transformer at Priam, rebuilding transmission lines to St. John's Lake breaker station, and a Pennock Loop. Estimated cost is \$31M with WMU's share estimated at \$18.6M. These improvements would increase the transmission area capacity by over 34 megawatts with an estimated completion date in 2028. Additional data presented included a cost breakdown, financing information for the transmission projects, and Annual Transmission Revenue Requirements (ATRR). These area improvements would be beneficial not only to our local area but also to the 30-mile radius around the Willmar area.

By investing in this project, there is a guaranteed 10% return on the transmission investment. A cost breakdown of the proposed project was reviewed. The ATRR return from the project would offset the annual bond payment and increased maintenance expenses. This project would greatly increase future reliability through the enhanced transmission facilities. It was further noted that this project is the only transmission investment project identified in the foreseeable future in our area.

Recommendation:

Following review and discussion, it was a consensus of the WMU Planning Committee to recommend authorizing Staff to work with MRES and GRE to develop a Facilities Construction Agreement which defines ownership, construction and financial responsibilities for the transmission project as identified. This recommendation will be presented to the Commission at their November 13th meeting for approval.

3. Miscellaneous: *For information only*

The Biden Administration recently announced the recipients of the more than \$3.5 billion in funding to improve the nations electric grid as part of the federal Grid Resilience and Innovation Partnership Program. The list of chosen recipients did not include the joint \$500 million proposal from the MN Dept. of Commerce, developed in collaboration with the Minnesota Rural Electric Association (MREA), the Minnesota Municipal Utilities Association (MMUA), and 85 consumer-owned utilities. Nearly 300 projects were included in the proposal, all would have helped consumer-owned electric utilities such as WMU to enhance the resiliency of the electric grid in Minnesota and through the Upper Midwest.

Staff Electrical Engineer & Facilities & Maintenance Supv. Marti had submitted grant applications for funding of needed area projects as part of the proposal. Therefore, this brings closure to the proposed grant efforts for project funding assistance.

4. Adjournment:

There being no further business to come before the WMU Planning Committee, Commissioner Mueske declared the meeting adjourned at 1:12 pm.



MUC Labor Committee Meeting Minutes
Tuesday, November 7, 2023
12:00 pm (WMU Conference Room)

Attendees: Commissioners Dave Baumgart, John Kennedy & Patricia Elizondo, General Manager John Harren, Director of Administration Janell Johnson, Facilities & Maintenance Supervisor Kevin Marti, and Executive Secretary Beth Mattheisen.

Commissioner Baumgart (LC Chair) called the meeting to order at 12:00 pm.

1) 2024-2026 IBEW Local #160 Union Contract: (Director of Administration Janell Johnson)

Director of Administration Johnson reviewed with the Labor Committee the process followed to negotiate a new contract between the WMU and Local Union #160. The current three-year agreement (2021-2023) expires December 31, 2023, and the new three-year contract would be for the years 2024-2026. The negotiated agreement was ratified by the membership on October 2, 2023. The most significant changes addressed were promotions/seniority, health insurance, and wages.

- Promotions/Seniority: Addressed promotion and leadership positions utilizing WMU hiring practices with union members being part of the process.
- Health insurance: Union membership acquired a low deductible health insurance plan. This plan provides savings to both the employee and employer.
- Wages: Line Dept. wages were lagging in comparison to similar-sized municipal utilities. Additional factors affecting the proposed adjustments were inflation and employee retention. Wage adjustments negotiated were for 7% in 2024, 5% in 2025, and 5% in 2026. Wage and benefits were discussed.

Recommendation:

Following review and discussion, it was a consensus of the Labor Committee to recommend approval of the ratified union contract between WMU and Local Union #160 as negotiated. The agreement will be presented for approval at the November 13th MUC meeting.

2) 2024-2026 Non-union wage adjustments (excluding General Manager) (Director of Administration Janell Johnson)

In conjunction with the proposed union wage adjustments and to remain in compliance with pay equity, staff requested the Committee to support an equal wage adjustment for non-union employees due to inflation and employee retention (excluding the General Manager position which is under contract). Proposed COLA adjustments for non-union employees would be in the amounts of 7% in 2024, 5% in 2025, and 5% in 2026.

General Manager Harren provided clarification to the Committee on the state mandated pay equity requirements. It was further noted that the current WMU staff consists of 13 union and 15 are non-union employees. Various positions and future staffing were reviewed.

Recommendation:

Following review and discussion, it was a consensus of the Labor Committee to recommend approving non-union wage adjustments (COLA) in the amounts of 7% in 2024, 5% in 2025, and 5% in 2026. Commission approval will be requested at the November 13th MUC meeting.

3) Non-union health insurance (Director of Administration Janell Johnson)

Due to the union membership acquiring a low deductible insurance and therefore leaving the current group rate, optional health insurance for non-union employees was sought. Two companies were considered based on comparable coverage.

It was the recommendation of staff to change 2024 health insurance coverage for non-union employees to United Health Care to realize significant savings to WMU.

Recommendation:

Following review and discussion, it was a consensus of the Labor Committee to recommend transitioning to United Health Care in 2024, and to adopt the same methodology as union employees for calculating employee premiums based on 90/10 split for 2024 coverage and continue the same level of contribution to the deductible on behalf of employees for the high deductible health care plan. Commission approval will be requested at the November 13th MUC meeting.

4) New facility site location (Facilities & Maintenance Supervisor Kevin Marti)

Facilities & Maintenance Supv. Marti provided an update to the site selection process for a new WMU facility. Property located on the MinnWest Technology Campus was presented with three options for consideration. The three proposed options, including their site layouts, were reviewed.

The acreage options are for 14 acres (option #1), 17.5 acres, and 25.5 acres. Site options will be submitted to the MinnWest Board for consideration.

If MinnWest Board is agreeable, the next steps would be:

- Perform an Environmental Impact Study including soil borings.
- Have an appraisal conducted for the purpose of making an offer.
- Bring all findings back to the Labor Committee for final consideration.

Recommendation:

Following review and discussion, it was a consensus of the WMU Labor Committee to recommend supporting option #1 for a new facility location on the MinnWest Campus. If MinnWest Board approves, the next step would be to conduct the environmental study including soil borings. Commission approval will be requested at the November 13th MUC meeting.

Note: While supportive of the location, Commissioner Kennedy abstained from the voting process.

5) WMU Strategic Plan update (Facilities & Maintenance Supervisor Kevin Marti)

Facilities & Maintenance Supervisor Marti opened discussion with the Committee on the WMU Strategic Plan. The current five-year Strategic Plan was adopted by the Commission in 2021 (Marcy Douglas from MRES acted as the Facilitator for the planning session). As we enter year three of the Plan, updates are warranted as the goals and tasks have evolved. The goals initially established in 2021 are scheduled for completion by the end of 2024.

Seven long-range goals were proposed for the 2024 Strategic Plan. With these goals, priorities for each goal would be created to identify the path to accomplish these goals.

Recommendation:

Following discussion, it was a consensus of the Labor Committee to direct staff to contact MRES consultant Marcy Douglas to inquire about the consulting fee to act as Facilitator once again in the development of an updated Strategic Plan. The consulting fee in 2021 was \$1,000. If the amount was comparable, it was the recommendation of the Committee to utilize the services of Ms. Douglas for the 2024 Strategic Plan.

6) Adjournment:

There being no further business to come before the WMU Labor Committee, Commissioner Baumgart offered a motion to adjourn. Commissioner Kennedy seconded the motion which carried, and the meeting was adjourned by a vote of three ayes and zero nays at 1:30 pm.

Update:

Immediately following the Labor Committee, staff contacted MRES and determined that the consulting service fee to facilitate the 2024 Strategic Planning Session would remain unchanged at \$1,000.

