

The Municipal Utilities Commission (MUC) met in its regular scheduled meeting on Monday, January 8, 2024, at 11:45 a.m. in the WMU Auditorium with the following Commissioners present: Bruce DeBlieck, Shawn Mueske, Dave Baumgart, John Kennedy, Carol Laumer, 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, IS Coordinator Mike Sangren, Executive Secretary Beth Mattheisen, City Attorney Robert Scott, City Councilman Michael O'Brien, and WC Tribune Journalist Jennifer Kotila.

The meeting opened with reciting of the Pledge of Allegiance followed by the election of MUC officers for 2024. It was noted that Commissioners Baumgart and Kennedy had been reappointed for three-year terms by Mayor Reese at the December 18th City Council Meeting. 2023 Commission President DeBlieck opened the election process by offering a motion to nominate Commissioner Mueske to serve as President. Commissioner Kennedy seconded the motion which carried by a vote of seven ayes and zero nays. 2024 Commission President Mueske asked for nominations for the position of Vice President. Commissioner Laumer offered a motion to nominate Commissioner Kennedy to serve as Vice President. Commissioner Baumgart seconded the motion which carried by a vote of seven ayes and zero nays. For the position of Secretary, Commissioner Kennedy offered a motion to nominate Commissioner Baumgart to serve as Secretary. Commissioner DeBlieck seconded the motion which carried by a vote of seven ayes and zero nays. For the position of Treasurer, Commissioner Laumer offered a motion to nominate Commissioner Sieck to serve as Treasurer. Commissioner Baumgart seconded the motion which carried by a vote of seven ayes and zero nays.

Commission President Mueske continued by asking if any changes were requested to the agenda. There being none, a resolution to approve the Consent Agenda was in order. Commissioner Baumgart offered a resolution to approve the Consent Agenda as presented. Commissioner DeBlieck seconded.

RESOLUTION NO. 1

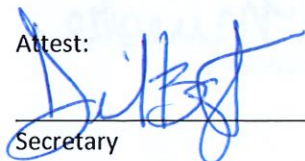
"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the consent agenda be approved as presented which includes:

- ❖ Minutes from the December 21, 2023, Commission meeting; and,
- ❖ Bills represented by vouchers No. 20240001 to No. 20240047 and associated wire transfers inclusive in the amount of \$1,594,253.60.

Dated this 8th day of January 2024.


President

Attest:


Secretary

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

The next order of business was to make the annual appointments to the WMU Labor and Planning Committees. Following input by the Commission, President Mueske requested consideration by Commissioners Baumgart, Kennedy, and Sieck to serve on the Planning Committee, and Commissioners Laumer, DeBlieck, and Elizondo to serve on the Labor Committee. (Commissioner Mueske will serve as Interim for both committees as needed.) Following discussion, Commissioner Mueske offered a motion to appoint Commissioners Baumgart, Kennedy, and Sieck to serve on the 2024 WMU Planning Committee, and Commissioners Laumer, DeBlieck and Elizondo to serve on the

2024 WMU Labor Committee. Commissioner DeBlieck seconded the motion which carried by a vote of seven ayes and zero nays.

In conjunction with annual business matters. Finance & Office Services Supervisor Prekker requested the Commission to designate WMU's official depositories for 2024 (i.e. daily financial transactions and checking/savings account). Following discussion, Commissioner Laumer offered a motion to approve US Bank, 4M Fund/PMA Financial Network, Heritage Bank, Bremer Wealth, DWS, RBC Wealth Management, and Sage Wealth Advisory as official depositories for the Willmar Municipal Utilities for 2024. 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 November 2023 Financial Reports along with a recap of the November 30, 2023 Investment Portfolio, and November 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.

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


Relating to the Planning Committee meeting, additional items were presented for approval consideration. The first item presented was a recommendation to approve the Water System Hydraulic Analysis performed by Bolton & Menk, Inc. (July 14, 2023). The proposed water distribution improvements presented would improve Willmar's overall system efficiency by eliminating overflows at the NE Water Treatment Plant and increasing operational capacity as needed during the summer months. Two specific routes have been identified to achieve the needed results. Following review and discussion, Commissioner Laumer offered a motion to accept the Water System Hydraulic Analysis as presented and direct staff to work with the City to identify the most efficient and cost-effective route for improving flow in the water distribution system and to add the project to WMU's Capital Improvement Plan (CIP). Commissioner Kennedy seconded the motion which carried by a vote of seven ayes and zero noes.

The next item recommended for approval was funding of the NE Water Treatment Plant project. Following review of updated 2024 Financial Cash Flow Statements and future projections, Staff was recommending to self-fund the NE Water Treatment Plant project using WMU's cash reserves. Following discussion, Commissioner Laumer offered a resolution to self-fund the NE Water Treatment Plant with no bonding for 2024 from WMU's cash reserves. Commissioner Baumgart seconded.

RESOLUTION NO. 2

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the NE Water Treatment Plant be self-funded through WMU cash reserves with no bonding of the project for 2024."

Dated this 8th day of January 2024.


President

Attest:


Secretary

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

Relating to the revised Financial Cash Flow Statements for 2024, it was recommended by the Planning Committee that the Commission consider self-funding of additional transmission investment of CMPAS/CMMPA's CapX 2020 Brookings Line. Originally, a total of 15 municipalities (including WMU) invested in the Brookings segment of this transmission line. The line was constructed for a double-circuit with only one circuit installed at a time. There is now

a need to construct the second circuit. Willmar's cost portion for the project is estimated at \$551,000. Following review and discussion, Commissioner Laumer offered a resolution to support WMU's preference to self-fund the second circuit installation project of the CapX 2020 Transmission Line. Commissioner Baumgart seconded.

RESOLUTION NO. 3

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that it is the preference of the Commission to self-fund Willmar's portion of the second circuit installation of the CapX 2020 Brookings Transmission Line for the estimated amount of \$551,000."

Dated this 8th day of January 2024.


President

Attest:


Secretary

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

Commissioner Mueske presented a brief overview of the proposed amendments to the Operations Policies. The revisions were minimal with two policies remaining unchanged (Investment and Purchasing Policies). Those policies with proposed revisions were Information Technology Disaster Plan (updating support contact data), Operations Policy Manual (material updates, update to accommodate Tyler Software, and operational updates), and 2024 Schedule of Charges (labor charges reflecting COLA, bulk water service, water service connection fees, and deletion of rental fees of previously owned WMU property). Following review, Commissioner DeBleck offered a resolution to approve the 2024 WMU Operations Policies incorporating the proposed revisions as presented. Commissioner Sieck seconded.

RESOLUTION NO. 4

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the proposed amendments to the 2024 WMU Operations Policies be approved incorporating the revisions as presented."

Dated this 8th day of January 2024.


President

Attest:


Secretary

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

Facilities & Maintenance Supervisor Marti presented the Commission with the December 2023 Wind Turbine Report. Turbine availabilities for the month of December were at 98.6% (Unit #3) and 96.9% (Unit #4) with a total monthly production of 668,547 kwh (highest monthly production for the year). The total production for 2023 was 3,480,203 kwh. The annual costs year-to-date associated with operating the units is 5.26¢/kwh. Since the inception of the units in 2009, the cumulative operational cost has been calculated at 14.72¢/kwh.

Facilities & Maintenance Supervisor Marti presented to the Commission the annual recap of the Facilities & Maintenance Department. This 2023 summary included updates of both current and completed projects and additional items of interest as follows:

- 1) Power Plant:
 - a. Braun Intertec was the project engineer for abatement and demolition of the plant and site work
 - b. Abatement work began in October of 2022 and completed in February of 2023
 - c. Rachel Contracting started demo work in March with demo, restoration, and final site work was completed in October of 2023.
 - d. Total project budget: \$4,400,000.00 including contingencies
 - e. As of 12/31/2023 total costs accrued are \$4,381,963.33
- 2) Power Plant Project totals:
 - a. Materials removed from the site were separated and recycled/disposed of at (5) separate facilities
 - b. 162 truckloads totaling 5,489,312 pounds, or 2,744.66 tons
 - c. Recycled materials credit totaled \$520,000.00 (\$0.095/lb. average)
 - d. Total of 3,640.45 tons contaminated soil, 598.86 tons slag, and 6,892 cubic yards of geotechnically unsuitable soil were disposed of
 - e. The site was excavated on average to (4) feet below the basement slab, the deepest excavation was (18) feet below grade
 - f. A total of 21,376 cubic yards soil was imported and placed to fill the excavation (roughly 3x estimated)
- 3) Wind Generation:
 - a. July 2009-December 2023 cost of power:
 - i. Total costs/Total KWh produced- \$0.1472/KWh (2022 was \$.1508)
 - b. 2023 cost of power:
 - i. Total costs/Total KWh produced- \$0.0526/KWh (2022 was \$0.0182)
 - c. 2023 production is 3,480,203 KWh, making 2023 the lowest production year since 2009. Record is 8,345,335 set in 2015.
- 4) Diesel Generation:
 - a. Ziegler completed annual maintenance to the (6) units in March
 - b. Ziegler on site to replace batteries, filters, louver motor and heaters found during annual service
 - c. WMU staff completes monthly maintenance checks/runs and quarterly URGE tests for MRES
 - d. Not dispatched to run by MISO/MRES during 2023
- 5) Facilities:
 - a. Oversaw construction of new Well 15 building
 - b. Worked with City/County to clarify ownership of SW Well fields
 - c. Completed sale of WMU Rental Property (Gerry's/Taco John's)
 - d. Completed new 3-year farm lease for property adjacent to Menards
 - e. Continue to navigate supply chain challenges. Transformers and metering equipment continue to see extended lead times.
 - f. Transition to Tyler software program- active for inventory, purchasing, project accounting, fixed assets, etc.
 - g. Interim safety training duties
- 6) Capital Improvements:
 - a. Downtown Street Lights: Project completed (City invoiced for final payment)
 - b. Building Project: Researched and identified building sites to meet WMU needs
 - i. In negotiations with MinnWest Campus for acreage
 - ii. RFP for architect/design services anticipated in early 2024, followed by initial design work
 - c. Capital equipment purchases: Line Truck #26 delivered and put into service (December)

As stated per League of Minnesota Cities, Minnesota State Statues generally prohibit the acceptance of gifts by elected or appointed "local officials". As a means of disclosure for transparency, General Manager Harren provided the Commission with a listing of 2023 holiday gifts received throughout the Utility by business associates.

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 Strategic Plan update. Tentative future Planning Committee agenda items will include new building, water treatment plant, new generation, and transmission projects.

For information: Upcoming events to note include:

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

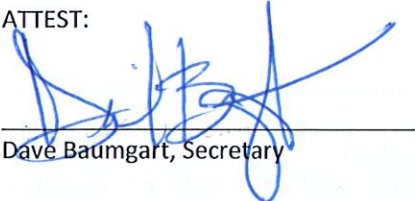
There being no further business to come before the Commission, Commissioner Baumgart offered a motion to adjourn. Commissioner Kennedy seconded the motion which carried by a vote of seven ayes and zero nays, and the meeting was adjourned at 12:44 pm.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES


Beth Mattheisen, Executive Secretary

ATTEST:


Dave Baumgart, Secretary



WILLMAR MUNICIPAL UTILITIES
MUC Planning Committee Meeting Minutes
Friday, January 5, 2024
11:30 am (WMU Conference Room)

Attendees: Commissioners Shawn Mueske, Carol Laumer & Terry Sieck, General Manager John Harren, Director of Administration Janell Johnson, Finance & Office Services Supervisor Andrea Prekker, Water System Supervisor Alan Neer. and Executive Secretary Beth Mattheisen.

Commissioner Mueske (PC Chair) called the meeting to order at 11:30 am.

1. Water System Modeling: (General Manager Harren & Water System Supv. Alan Neer)

During peak water system demand, the NE Water Treatment Plant (NEWTP) runs at full capacity to meet the community's water needs, which causes an overflow at the NE Water Tower to push the water into the system. Bolton & Menk, Inc. (BMI) was asked to analyze WMU's water system hydraulic data. The request was to determine scenarios for system improvements that allow additional water from the NEWTP to enter the system during peak demand and eliminate NE water overflows.

Proposed distribution system improvements were reviewed including water main improvements, new transmission water mains, and future replacement of Willmar Tower. Two water main options were presented for discussion (Routes A and B). A summary of the cost analysis for the various scenarios was reviewed. Estimated costs of these scenarios range from \$8.8 M to \$11.1 M. To develop the most efficient and cost-effective plan to best suit the needs of Willmar, WMU staff would work with the City to establish the water main replacement route (preliminary choice is the Route B option).

Recommendation:

Following review and discussion, the WMU Planning Committee is recommending accepting the water system hydraulic analysis dated July 14, 2023 and to work with the City to identify the most cost-effective route to improve the water flow and to add the project to WMU's Capital Improvement Plan (CIP). This recommendation will be presented to the Commission for approval at their January 8th meeting.

2. PFAS Class Action Lawsuit update: (Water System Supervisor Alan Neer)

Water System Supervisor Neer provided an update to the current PFAS Class Action Lawsuit against 3M and DuPont. Perfluoroalkyl Substances (PFAS) are classified "forever chemicals" found in water systems. These chemicals do not breakdown and therefore cannot be easily removed by standard treatment practices. In June 2022, MN Dept. of Health tested all wells that supply water to the Willmar community for 26 different PFAS chemicals. Test results indicated that while some traces of the chemicals were identified in a few wells, these numbers were well below the MDH health-based guidance values. The class action lawsuit structure gave WMU three options to consider (Opt-In, Opt-Out, or Do Not Respond). With the assistance of legal counsel at Flaherty & Hood (Willmar City Attorneys), Opt-Out documents will be filed which will allow WMU legal options in the future if ever PFAS levels increase above the guidance values.

3. 2024 Budget: Updated Financial Cash Flows (Finance & Office Services Supervisor Andrea Prekker)

General Manager Harren provided a summary and background information. Finance & Office Services Supervisor Prekker presented updates to WMU's 2024 Budget Cash Flow Statements. The statements have been revised to address funding of major projects including NEWTP, new generation, transmission improvements, and CMPAS/CMMPA's request for additional transmission investment (CAPX 2020). Prekker reviewed with the Committee the changes made to both the Electric and Water Divisions along with additional items affecting the projections. It was recommended by Staff to proceed with self-funding of the NEWTP project from WMU's cash reserves

Recommendation:

Following review and discussion, it was a consensus of the WMU Planning Committee to recommend self-funding of the NEWTP project (no bonding for 2024). This recommendation will be presented to the Commission for approval at their January 8th meeting.

4. **CMPAS/CMMPA Transmission Investment (CAPX 2020 Brookings Line)** (General Manager John Harren)
General Manager Harren presented an overview of a request from CMPAS (formerly CMMPA) for additional transmission investment in the CAPX 2020 Brookings Transmission Line. In 2011/2012, WMU and 14 additional municipalities invested in the Brookings segment of this transmission line. The line was constructed for a double-circuit with only one circuit installed at that time. Willmar's contribution to the project based on ownership share was \$550,000. There is now a need for the second circuit to be installed, and therefore additional funding is needed to complete the project. Potential upcoming transmission investment prospects were touched on and will be addressed in the future.

Recommendation:

Following review and discussion, it was a consensus of the WMU Planning Committee to recommend self-funding Willmar's portion (\$551,000) of the second circuit installation for the CAPX 2020 Brookings Transmission Line. This recommendation will be presented to the Commission for approval at their January 8th meeting.

5. **2024 Operations Policies (annual review)** (Director of Administration Janell Johnson)
Director of Administration Johnson reviewed with the Committee proposed 2024 updates to the Operations Policies including the Schedule of Charges. Johnson provided a step-by-step review of the proposed revisions for consideration as follows:

WMU Operations Policies with no changes proposed:

- a. Investment Policy
- b. Purchasing Policy

WMU Operations Policies with proposed changes:

- a. Information Technology Disaster Plan: Update software/hardware support contact data (formality)
 - i. Tyler Technologies – Software Provider
 - ii. Jack Henry & Associates – Remit Plus payment processing
- b. Operations Policy Manual:
 - i. Material updates
 - ii. Update to accommodate Tyler Software
 - iii. Operational updates
- c. 2024 Schedule of Charges
 - i. Labor charges reflecting COLA (i.e. work order charges)
 - ii. Bulk Water Service
 - iii. Water Service Connection Fees
 - iv. Delete rental fees for previously owned property

Recommendation:

Following review and discussion, it was a consensus of the Planning Committee to recommend approval of the proposed revisions to the WMU Operations Policies as presented. This recommendation will be presented to the Commission for approval at their January 8th meeting.

6. **Miscellaneous:**
Discussion was briefly held regarding City wastewater charges which are listed on WMU's monthly utility billing ("pass through" charges collected by WMU and paid to the City of Willmar). To direct concerns received from the public, a clarification of the charges was requested (City charges vs. WMU charges). This subject will be further addressed at a later date.

7. **Adjournment:**
There being no further business to come before the WMU Planning Committee, Commissioner Mueske declared the meeting adjourned at 12:55 pm.

