

The Municipal Utilities Commission (MUC) met in its regular scheduled meeting on Monday, September 9, 2024, at 11:45 am in the WMU Auditorium with the following Commissioners present: Shawn Mueske, John Kennedy, Terrill Sieck, Carol Laumer, Bruce DeBlieck, and Patricia Elizondo. Absent was Commissioner Dave Baumgart.

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, Information Systems Coordinator Mike Sangren, Facilities & Maintenance Supervisor Kevin Marti, Executive Secretary Beth Mattheisen, City Attorney Robert Scott (via teleconference), MRES Director of Rates Tim Miller, and WC Tribune Journalist Jennifer Kotila.

The meeting opened with the recitation of the Pledge of Allegiance. Due to the absence of Commission Secretary Baumgart, Commission President Mueske appointed Commissioner Sieck to serve as Acting Secretary. Following the appointment, Commissioner Mueske inquired if any changes to the agenda were needed. Mueske noted an additional item would be added to the agenda to commemorate General Manager Harren's service and dedication to WMU over the past ten years. Following review and discussion, Commissioner Laumer offered a resolution to approve the consent agenda, including the additional agenda item as presented. Commissioner DeBlieck seconded.

RESOLUTION NO. 33

"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 26, 2024 MUC Meeting, and the August 26, 2024 Special MUC Meeting; and,
- ❖ Bills represented by vouchers No. 20241197 to No. 20241257 and associated wire transfers inclusive in the amount of \$525,188.56.

Dated this 9th day of September, 2024.


President

Attest:


Acting Secretary

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

At this time, Commissioner Mueske introduced Director of Rates Tim Miller from Missouri River Energy Services (MRES) who was in attendance to present the 2024 Willmar Municipal Utilities: Electric Rate Study. Study highlights included: first MRES Electric Rate Study since WMU began purchasing power from MRES in 2019, previous rate changes, proposed rate adjustments (planned overall increase of 3% from 2025 through 2029), and reasons for rate increases. Visual aids were provided, including multiple graphs and charts, illustrating: energy purchases & predications, energy consumptions by class, electric utility cost breakdowns, revenue/funding sources, power supply & transmission increase projections, Time-of-Use rates, purchased power costs & transmission, projected expenses & transfers, anticipated capital electric expenditures including funding/cost recovery, predicted changes in revenue & costs, status & projects for WMU's cash reserves, and proposed rate adjustments & monthly bill comparisons. This comprehensive analysis provided insight into the factors driving rate changes and WMU's long-term financial planning.

Director Miller concluded the presentation of the 2024 WMU Electric Rate Study by outlining key recommendations. The main recommendation is a 3% overall electric rate increase from 2025 through 2029, with varying impacts depending on the customer and class:

- Residential customers are expected to see an increase ranging from \$3.00 to \$6.00 per month each year.
- These rate adjustments aim to ensure that the rates accurately reflect purchased power and fixed costs while maintaining WMU's strong financial position.

Following the presentation and discussion, Commissioner DeBlieck made a motion to accept the 2024 Willmar Municipal Utilities Electric Rate Study as presented, which was seconded by Commissioner Sieck. The motion passed unanimously with six ayes and zero nays.

The presentation of the proposed 2025 WMU Budget by Finance & Office Services Supervisor Prekker outlined a balanced approach to addressing the current and future financial needs of the Utility. With a total budget set at \$43,090,090, the largest expense is projected to be purchased power, estimated at \$18,185,004. Additionally, the Capital Budget amounts to \$15,898,442, with the most significant expenditure being the new WMU building project at \$12,661,000. Key points included:

- A minimal electric rate increase, supported by the 2024 WMU Electric Rate Study conducted by MRES.
- The Intergovernmental Transfer to the City of Willmar remains unchanged at \$2,136,842 for 2025.
- A Ten-Year Capital Improvement Plan for both Electric and Water Divisions was reviewed, showcasing long-term financial planning.
- A 3% electric rate adjustment was recommended as part of the overall strategy.

After thorough review and discussion, Commissioner Laumer offered a resolution to approve the budget and to proceed with implementing a 3% overall electric rate increase. Commissioner DeBlieck seconded.

RESOLUTION NO. 34

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the 2025 WMU Budget be approved, with the inclusion of the recommended 3% overall electric rate increase, as presented."

Dated this 9th day of September, 2024.


President

Attest:


Acting Secretary

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

In conjunction with the approval of the 2025 WMU Budget, Commissioner Laumer introduced a motion directing staff to initiate the process to amend the current rate ordinance in line with the recommended 3% electric rate adjustment. This adjustment is to be incorporated into the City's current rate ordinance, effective January 1, 2025. The amendment process includes the requirement of Public Hearings to be conducted by both WMU and the City Council. The WMU Public Hearing was scheduled for September 23rd at 11:50 am. Commissioner Kennedy seconded the motion, which passed unanimously with six ayes and zero nays.

Finance & Office Services Supervisor Prekker reviewed the July 2024 Financial Reports, including a recap of the July Investment Portfolio and the July Cost of Power Report. The financial information in the report reflects operating revenues, expenses, retained earnings, and fund comparisons for both the Electric and Water Divisions.

Commissioner Elizondo (LC Chair) reviewed with the Commission minutes from the September 4th WMU Labor Committee meeting (see attached). Along with the minutes, a map depicting the proposed "Option #1" for a possible

site for the new WMU building project was presented by Facilities and Maintenance Supervisor Marti. Following review and discussion, Commissioner Elizondo offered a motion to approve the minutes as presented. This approval included directing staff to proceed with the process to acquire land for a new facility, approve measures to correct disparities in family health insurance deductibles across all employee groups, and follow the *Emergency Succession Plan for the General Manager*, appointing Director of Administration Johnson as interim General Manager beyond September 20, 2024 as necessary. Commissioner Kennedy seconded the motion which carried by a vote of six ayes and zero nays.

Staff Electrical Engineer Smith provided a summary of recent power outages. On August 26th at 4:47 pm, strong winds caused a large branch to damage power lines at the intersection of Olena Avenue SE and 9th Street SE. WMU Linemen patrolled and cleared the lines before restoring the power. Approximately 1100 meters were out of power for 60 minutes on Feeder #1 and approximately 900 meters were out of power for 80 minutes on Feeder #11. This outage was more widespread because the two feeders were tied together for maintenance at the time. The scheduled maintenance on Feeder #1 was completed on August 27th.

On August 29th at 2:38 pm, strong winds again caused damage to power lines along Trott Avenue SW in Industrial Park. Linemen once again patrolled the line before restoring the power at 3:06 pm. Approximately 800 meters were without power for 28 minutes. WMU proactively analyzes major interruptions to prevent similar outages and restore service more quickly in the future.

Facilities & Maintenance Supervisor Kevin Marti presented the Commission with the August 2024 Wind Turbine Report. Ongoing issues with both Units #3 and #4, resulted in neither being operational for the entire month, leading to no production being recorded. As of August 2024, total wind turbine production remains at 3,182,251 kwh for the year. The cost per kilowatt hour for operating the units in 2024 is 2.01¢/kwh while the long-term operational costs since their inception in 2009 has been calculated at 14.32¢/kwh. Due to the persistent issues, no further monthly wind turbine reports will be provided until a decision regarding the future of the units is made by the Commission. It is expected that further discussion will take place at the MUC meeting on September 23rd.

General Manager Harren noted tentative future Labor Committee agenda items will include new building land acquisition and the MUC Self-Survey. Tentative future Planning Committee agenda items include new building, new generation, CMMPA transmission investment, and wind turbines.

On behalf of everyone at Willmar Municipal Utilities, Commissioner Mueske presented a plaque to General Manager John Harren in recognition of his exceptional service and leadership. Over the years, John has shown unwavering commitment to our organization and the community. His leadership has been marked by dedication, wisdom, and a deep understanding of the needs and goals of WMU. He has not only guided WMU through challenges but also inspired us to reach new heights. We express our sincere gratitude for the invaluable contributions he has made. His impact on WMU and the community will be felt for years to come. Congratulations, John, on your well-deserved retirement.

Upcoming 2024 events to note:

- MUC Special Mtg.: Interview with GM finalists – September 13th
- MRES Municipal Power Leadership Academy (Sioux Falls, SD): September 18-19

There being no further business to come before the Commission, Commissioner DeBlick offered a motion to adjourn. Commissioner Kennedy seconded the motion, which carried by a vote of six ayes and zero nays. The meeting was adjourned at 1:20 pm.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES


Beth Mattheisen, Executive Secretary

ATTEST:


Terrill Sieck, Acting Secretary



WILLMAR MUNICIPAL UTILITIES
MUC Labor Committee Meeting Minutes
Wednesday, September 4, 2024
12:00 pm (WMU Conference Room)

Attendees: Commissioners Patricia Elizondo, Bruce DeBlieck, and Carol Laumer (via teleconference), General Manager John Harren, Director of Administration Janell Johnson, Facilities & Maintenance Supervisor Kevin Marti, and Executive Secretary Beth Mattheisen.

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

1) 2024 Land Purchase Site Options (new WMU facility) (Facilities & Maintenance Supervisor Kevin Marti)

Supervisor Marti provided an update on the process of acquiring land for the new WMU facility. Key points from the review included:

- WMU’s first four choices, as determined by the Commission, have been unsuccessful.
- Staff explored additional available properties within and around Willmar to identify the best fit based on approved criteria.
- Previously considered Industrial Park properties are no longer available.
- Staff has also met with local architects and builders to prepare a Request for Proposal (RFP) for services.
- Two new options have been identified for consideration.

Committee recommendation:

- After reviewing and discussing the options, the Committee reached a consensus to proceed with negotiations to purchase a portion of the property identified as Option #1, approximately 23 acres.
- Authorize the City Attorney to prepare a purchase agreement contingent upon the following conditions:
 - Temporary access agreement with the owner(s) to conduct environmental work.
 - Favorable results from Phase I and Phase II Environmental Impact Studies, including soil borings.
 - Soils must be stable for development without requiring excessive soil corrections.
 - Agreement with the City for annexation of the property and wastewater service, or provision for a private septic system.
 - The proposed facility must meet township zoning and land use.
 - Obtain Right of First Refusal for additional parcels adjacent to the selected property (same owners).
 - Access onto Civic Center Drive
 - WMU reserves the right to withdraw from the Option #1 purchase agreement if any of the contingencies are unfavorable. If withdrawn, Option #2 would be pursued.

At this time, Supervisor Marti departed the meeting.

2) Non-Union Health Insurance (Director of Administration Janell Johnson)

Director Johnson led discussion on the topic of health insurance premiums for non-union employees in 2025. The current coverage was reviewed, noting that in 2024, NECA/IBEW provided BCBS low-deductible health coverage for union members, while non-union employees are on a high-deductible plan with Medica. The discussion highlighted the disparities in deductibles and out-of-pocket expenses between employee groups.

Committee recommendation:

- After reviewing the anticipated costs for the 2025 premiums and discussing the inequities, the Committee reached a consensus on the following recommendations:
 - An equitable benefit for non-union staff should be established, ensuring that employee share of the high deductible family coverage premium will not exceed the employee share of IBEW low deductible health insurance premium.
 - Employer health insurance deductible contributions for family coverage should be made equivalent across all employee groups.

3) Interim GM Agreement (General Manager John Harren)

With General Manager Harren set to retire on September 20th and a new General Manager soon to be hired, the Committee has been asked to consider implementing the *Emergency Succession Plan - General Manager* which was previously approved by the MUC on September 27, 2021.

If the newly hired General Manager cannot start immediately after September 20th, the Committee recommends appointing Director of Administration Johnson as Interim General Manager, in accordance with the *Emergency Succession Plan - General Manager*. Compensation for this interim position has been established, and Director Johnson has accepted the appointment. The *Succession Plan* will take effect on September 20th.

At this time, Commissioner Laumer departed the meeting.

4) Adjournment:

There being no further business to come before the WMU Labor Committee, Commissioner Elizondo offered a motion to adjourn. Commissioner DeBleck seconded the motion which carried, and the meeting was adjourned by a vote of two ayes and zero nays at 1:43 pm.

