

**WILLMAR MUNICIPAL UTILITIES MINUTES**  
**MUNICIPAL UTILITIES AUDITORIUM**  
**SEPTEMBER 11, 2017**

The Municipal Utilities Commission met in its regular meeting on Monday, September 11, 2017 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Carol Laumer, Justin Mattern, Abdirizak Mahboub, Dan Holtz, Nathan Weber, Bruce DeBlieck, and Ross Magnuson.

Others present at the meeting were: General Manager John Harren, Director of Finance Denise Runge, Water & Heating Supervisor Joel Braegelman, Power Production Supervisor Jon Folkedahl, Customer Service Supervisor Stacy Stien, Compliance/Safety & HR Supervisor Janell Johnson, Energy Services & Marketing Rep Mary Kosbab, Power Resources Analyst Michelle Marotzke, Administrative Secretary Beth Mattheisen, City Councilmember Shawn Mueske, and City Attorney Robert Scott (via teleconference).

Commissioner Laumer (President) opened the meeting by requesting the Commission to offer a resolution to approve the Consent Agenda. Following review and discussion, Commissioner Holtz offered a resolution to approve the Consent Agenda as presented. Commissioner Mahboub seconded.

**RESOLUTION NO. 30**

“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, 2017 Commission meeting; and,
- ❖ Bills represented by vouchers No. 171500 to No. 171594 and associated wire transfers inclusive in the amount of \$1,553,128.14.

Dated this 11<sup>th</sup> day of September, 2017.

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

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

Commissioner Laumer (Chair) reviewed with the Commission the minutes from the August 30<sup>th</sup> WMU Labor Committee meeting (see attached). The main topics of discussion focused on the following: 1) Power Plant Operations; 2) Power Plant staffing; and, 3) Employee Performance Policy. Following review and discussion, Commissioner Magnuson offered a motion to approve the minutes of the August 30<sup>th</sup> WMU Labor Committee meeting as presented. Commissioner DeBlieck seconded the motion which carried by a vote of seven ayes and zero nays.

In conjunction with the minutes of the WMU Labor Committee meeting, approval and/or action was requested for a number of issues addressed. The first action item request was to enter into negotiations with CenterPoint Energy to establish firm gas pricing (up to 1,200 dekatherms). By establishing firm gas pricing, this would ensure sufficient gas supply to provide district heating using Boiler #4 (gas only). Following discussion, Commissioner Laumer offered a motion to direct Staff to enter into negotiations with CenterPoint Energy to establish the required firm gas pricing. Commissioner Holtz seconded the motion which carried by a vote of seven ayes and zero nays.

The second action item was a request to have the Commission concur with the Labor Committee's recommendation to offer a tentative severance package to Power Plant employees. The creation of a severance-type package would serve as an incentive to retain qualified and necessary Power Plant employees throughout the decommissioning process (July 2020). While the decommissioning of the district heating system has been approved, no decision has been made regarding the future operation of the Plant, but these employees need to be retained as long as the Power Plant is operational. Commissioner Mattern stated that rather than "severance package", consideration should be given to calling it an "incentive package" instead. Attorney Scott provided input on the matter and felt that Staff should contact Labor Attorney Frank Madden to assist in determining the correct terminology to use (severance vs. incentive). The guidelines and package options would be based on a number of factors including individual licenses and years of service. Following discussion, it was the consensus of the Commission to concur with the Labor Committee's recommendation to proceed with offering a severance/incentive package to encourage the retention of Power Plant staffing throughout the decommissioning process.

The third item for consideration by the Commission was the recommended approval of an employee performance review policy. Under Labor Committee's directive, Compliance/Safety & HR Supervisor Johnson created the WMU Employee Performance Review & Separation Policy earlier this year (March) and had presented it to the Labor Committee for their review. The purpose of the policy is to provide a means for discussing, planning and review process in the performance of each employee. The policy will assist supervisors in providing clear guidance, coaching, and feedback to their staff throughout the year on job duties and responsibilities, goals & expectations, reviewing the performance and development of opportunities. Following discussion, Commissioner Mahboub offered a resolution to approve the WMU Employee Performance Review & Separation Policy as presented. Commissioner DeBlieck seconded.

#### **RESOLUTION NO. 31**

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the the WMU Employee Performance Review & Separation Policy be approved as presented."

Dated this 11<sup>th</sup> day of September, 2017.

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President

ATTEST:

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Secretary

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

Director of Finance Runge recapped for the Commission the proposed 2018 WMU Budget (Operations & Maintenance Budget and Capital Improvement Budget). (Runge had previously presented the proposed budget to the Commission at their August 28<sup>th</sup> meeting.) The recommended budget was set at \$33,430,696 million with the largest budgeted cost item being purchased power estimated at \$11,074,895. The Capital Improvement Budget was set at \$10,538,994. It was also noted that the Intergovernmental Transfer to the City of Willmar would remain at \$2,152,600 for 2018. General Manager Harren presented a brief status update on the capital projects listing and the importance of prioritization of these projects. Commissioner Holtz offered a recommendation to include assumptions for clarity in future presentations. Following a review and discussion, Commissioner Mattern offered a resolution to approve the 2018 WMU Budget including the Capital Improvement Budget as presented. Commission Holtz seconded.

### **RESOLUTION NO. 32**

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the 2018 WMU Budget including the Capital Improvement Budget be approved as presented.”

Dated this 11<sup>th</sup> day of September, 2017.

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President

Attest:

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Secretary

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

Customer Service Supervisor Stien reviewed with the Commission the efforts utilized to collect unpaid utility bills. These avenues include the MN Recapture Program and initiating the annual lien process. While efforts continue to collect these unpaid utility bills, Stien was asking the Commission to approve a resolution requesting that the Willmar City Council place liens on properties for their unpaid utility bills. Stien noted that the grand total for the fourteen requested property liens was in the amount of \$9,837.61. Following discussion, Commissioner Laumer offered a resolution to request the Willmar City Council to place liens on these properties for unpaid utility bills. Commissioner Holtz seconded.

### **RESOLUTION NO. 33**

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Municipal Utilities Commission requests that the City Council place liens on the following properties for non-payment of utility bills:

<b>Account Number</b>	<b>Amount</b>
21939001	\$ 1,446.40
24002001	\$ 1,525.99
25689001	\$ 583.97
20080001	\$ 233.76
30519002	\$ 233.81
34166001	\$ 155.23
21372001	\$ 229.20
27715003	\$ 2,229.10
29978001	\$ 1,026.14
33790001	\$ 639.68
32053002	\$ 204.10
19947003	\$ 229.89
21688001	\$ 473.22
33479001	\$ 627.12
<b>TOTAL</b>	<b>\$ 9,837.61</b>

Dated this 11<sup>th</sup> day of September, 2017.

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President

Attest:

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Secretary

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

Energy Services & Marketing Rep Kosbab presented a preview of the upcoming Open House being held on October 3<sup>rd</sup> from 4:00-6:30 p.m. at the Willmar Civic Center. The annual event is in conjunction with APPA Public Power Week (Oct. 1-7) which provides an opportunity to remind customers about the advantages that public power offers. Planned activities will include the following: 1) customer appreciation dinner; 2) various departmental demonstrations; 3) eight (8) \$50 utility bill credit drawings; 4) customer giveaways; 5) food drive/donations; 6) possible speakers; and, 7) Q & A area for customers to address issues of concern. At their convenience, Commissioners are asked to partake in ½ hr. sessions (5 sessions) to address the questions and concerns voiced by WMU customers. Following a suggestion by Commissioner Mahboub, additional

avenues will be explored as a means of reaching out to Willmar's immigrant community (i.e. WRAC tv, web sites, etc.). Please plan to join in celebrating Public Power Week!

Power Resources Analyst Marozke reviewed with the Commission the July 2017 Power Supply Report. Included in the data presented were graphs depicting: 1) cost comparisons; 2) budget vs. actual; 3) LMP pricing; and, 4) gas pricing.

General Manager Harren informed the Commission that a joint-meeting of WMU and City of Willmar staff will be held today (Sept. 11<sup>th</sup>) at 2:00 p.m. The meeting will be a continuation of recent meetings held to collaborate on issues and concerns related to both entities. Agenda topics will include: 1) Intergovernmental Transfer; 2) rate adjustments; 3) water main replacement costs; and, 4) billing description modifications.

General Manager Harren informed the Commission that the 2018 WMU Budget will be presented to the City Council on September 18<sup>th</sup> for review. The presentation will be given to the Council during the Work Session portion of their meeting beginning at 5:15 p.m. Commissioners are encouraged to attend.

For information: Upcoming meetings/events to note include:

- Presentation of annual Budget to City Council – Sept. 18th (Work Session @ 5:15 p.m.)
- Public Power Week – Oct. 1-7
  - Annual WMU Open House – Oct. 3 @ Willmar Civic Center (4:00-6:30 p.m.)

There being no further business to come before the Commission, Commissioner Laumer declared the meeting adjourned at 12:39 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

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Beth Mattheisen  
Administrative Secretary

ATTEST:

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Abdirizak Mahboub, Secretary



**WILLMAR MUNICIPAL UTILITIES  
MUC Labor Committee Meeting Minutes  
Wednesday, August 30, 2017 – 10:00 A.M.**

Attendees: Commissioners Carol Laumer, Nathan Weber & Ross Magnuson, General Manager John Harren, Director of Finance Denise Runge, Power Production Supervisor Jon Folkedahl, Compliance/Safety & HR Supervisor Janell Johnson, and Administrative Secretary Beth Mattheisen.

Committee Chair Laumer called the meeting to order at 10:03 a.m.

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**AGENDA ITEMS:**

➤ **Power Plant Operations:**

General Manager Harren opened discussion with the Committee regarding Power Plant operations and how this ties into labor concerns and the need to define staffing challenges. The retention of qualified staffing throughout the decommissioning process is essential.

Power Production Supervisor Folkedahl continued by presenting issues and challenges that arise due to the loss of Plant personnel. Folkedahl noted that while the current staffing level has decreased by three employees, the current staffing level appears stable. It will be necessary to retain at least 8 current Power Plant employees through the decommissioning process. Options (including backup options) were presented to sustain the necessary staffing to operate the Plant both efficiently and safely. Supporting data reflecting various scenarios was presented for review (i.e. fuel costs, cost comparisons, scheduling options, licensing requirements, etc.).

The recommended option that would best meet the needs of the Utility, would be to have #3 boiler serve as backup to #4 boiler during the 8 months when #4 would be operating. Since WMU is registered in the MISO market, #3 would have to be available to generate power at all times (24 hrs. a day) in the event MISO called on WMU to generate. CenterPoint Energy would be required to provide firm gas, up to 1,200 dkth, which would be sufficient to provide district heating using gas only on boiler #4. With the reduction of staff, Folkedahl proposed the following new operating schedule which has been endorsed by staff:

- 4 months #3 (mid-November to mid-March)
- 8 Months #4 (mid-March to mid-November)

**Action/Recommendation:**

Following discussion, Commissioner Magnuson offered a motion to support and recommend that staff be directed to enter into negotiations with CenterPoint Energy for firm gas pricing. Commissioner Weber seconded the motion which carried.

➤ **Power Plant Staffing:**

- a. Letter of Understanding between WMU/City of Willmar:

General Manager Harren informed the Committee that with the decommissioning of district heating effective July 1, 2020, joint meetings (2) have been conducted between WMU and City staff members. WMU staff requested the meetings to discuss potential future employment possibilities for Power Plant employees. The City has been made aware of the importance to retain the necessary staffing levels to operate throughout the process and to assist in relocating staff following the completion. At this time, the City does not envision any new positions to be created nor any they could hold until the process has been completed. However, the City has agreed to give WMU employees consideration/preference as any future interviewing and hiring possibilities evolve and to collaborate as feasible. A position-by-position preference basis would be given. It was noted that in the event a Power Plant employee is hired by the City prior to July 2020, that employee would be available to WMU should an emergency situation arise (short-term basis). Formal concurrence by General Manager Harren & City Administrator Holland is included on the Letter of Understanding.

**b. Job Descriptions:**

Compliance/Safety & HR Supervisor Johnson informed the Committee that numerous meetings have been held with staff members regarding upcoming staffing needs and positions. There are four available positions which have been identified, including two new positions. (Filling of some positions have been placed on “hold” in anticipation of filling from within the company at a future date.) Position and staffing options were reviewed.

Following a summary of the positions, General Manager Harren requested the Committee to support and recommend that staff post internally for the following four positions: two Facilities/Purchasing positions; one new Engineering (GIS) position; and, one Line Dept. position. It was noted that these positions would be held for Power Plant personnel once work has been completed. Duties would be shifted July 2020.

Staff presented the current and proposed future organizational structure to the Committee. The next step in the process would be to develop job descriptions for the impending positions and make necessary postings. Staff provided clarity on moving forward to meet staffing needs.

**Action/Recommendation:**

Following discussion, Commissioner Weber offered a motion to concur with staff’s concept position and to move forward as presented. Commissioner Magnuson seconded which carried.

**c. Questions & Answers re Power Plant Staffing**

Compliance/Safety & HR Supervisor Johnson and General Manager Harren reviewed with the Committee communications and discussions recently held with Attorney Frank Madden regarding severance and staffing related to the decommissioning transition.

**d. Severance Package Discussion:**

In order to retain qualified and necessary Power Plant staffing throughout the decommissioning process, creation of a severance package is essential to retain the needed employees. While the decommissioning of the district heating system has been approved, no decision has been made regarding the future operation of the Plant, but these employees need to be retained as long as

the Power Plant is operational. Attorney Madden has prepared an employee letter reflecting the incentive for the proposed severance package (see attached).

Under the direction of the Labor Committee, Director of Finance Runge created new guidelines and severance package options. A number of formulas for the potential severance offer were reviewed for consideration. Additional components of the severance package offer were discussed including: 1) probationary periods; 2) retraining; 3) criteria for determining positions; 4) PTO; 5) health insurance; and, 6) comp time.

**Action/Recommendation:**

Following discussion, Commissioner Magnuson offered a motion to recommend approval of a tentative severance package offer which would be presented to the Union for consideration and to acknowledge the potential for unemployment fees/charges (as mandated by law). Commissioner Laumer seconded the motion which carried.

The Labor Committee further directed General Manager Harren to begin negotiations with the union (IBEW Local Union #160) regarding the establishment of a severance package to retain the necessary staff for operation. Items to be addressed during the negotiating process were discussed.

*Commissioner Magnuson departed the meeting at 11:53 a.m.*

➤ **Employee Performance Policy:**

As follow up to an earlier discussion this year (March), Compliance/Safety & HR Supervisor Johnson reviewed with the Labor Committee the WMU Employee Performance Review & Separation Policy (Guidelines for Supervisors). The Performance Review Policy provides a means for discussing, planning and reviewing the performance of each WMU employee.

**Action/Recommendation:**

Following discussion, Commissioner Laumer offered a motion to recommend approval of the WMU Employee Performance Review & Separation Policy (Guidelines for Supervisors) as presented. Commissioner Weber seconded the motion which carried.

**Adjournment:**

There being no further business to come before the WMU Labor Committee, Commissioner Weber offered a motion to adjourn the meeting at 12:15 p.m.





## WILLMAR MUNICIPAL UTILITIES

*In anticipation of WMU moving to decommission the district heating system it will be necessary to retain at least 8 current power plant employees through the decommissioning period which is set for July 1, 2020. There is a two (2) year period mandated by Minnesota Statutes which require us to provide our customers a two (2) year notice of our intent to decommission.*

*However the commission and city has elected to grant an extended period of time, 3 years, which is July 1, 2020. While the decision to decommission district heating has been made, the decision to shut down the power plant has not been made and these employees need to be retained as long as the power plant is in operation, beyond July 1, 2020.*

*As a means to provide an incentive to retain minimal staff during this transitional period, the Commission feels that it is necessary to provide a severance package payable upon the conclusion of the decommissioning period of the district heat and/or the power plant. This severance package will be offered to employees who elect to remain with WMU for the duration of the district heat and/or power plant decommissioning period and receive notice of discontinued employment from WMU. Those employees that retain employment with WMU in other positions will not be eligible for the severance package.*

*It is not the intent of the Commission to grant a similar package to any other employees of WMU whose jobs are not directly impacted in this transition. Rather, this severance package is being adopted due to the unique circumstances that will result and the necessity to provide the incentive noted above to retain the power plant and district heating system employees only.*