

WILLMAR MUNICIPAL UTILITIES MINUTES
MUNICIPAL UTILITIES AUDITORIUM
MAY 25, 2018

The Municipal Utilities Commission met in its rescheduled meeting on Friday, May 25, 2018 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Carol Laumer, Justin Mattern, Nathan Weber, Bruce DeBlieck and Brendan MacDonald. Absent were Commissioners Abdirizak Mahboub and Ross Magnuson.

Others present at the meeting were: General Manager John Harren, Director of Finance Denise Runge, Power Supply Manager Chris Carlson, Customer Service Supervisor Stacy Stien, Water & Heating Supervisor Joel Braegelman, Line Department Supervisor Todd Graves, Energy Services/Marketing Rep Mary Kosbab, Power Resources Analyst Michelle Marotzke, Compliance Officer/HR Administrator Janell Johnson, Administrative Secretary Beth Mattheisen, City Attorney Robert Scott (via teleconference), and WC Tribune Journalist Shelby Lindrud.

Due to the absence of Commission Secretary Mahboub, Commission President Laumer opened the meeting by appointing Commissioner DeBlieck to serve as Acting Secretary. Following the appointment, Commissioner Laumer continued by asking if any revisions were needed to the agenda. There being none, Commissioner Laumer continued by requesting the Commission to offer a resolution to approve the Consent Agenda. Commissioner Laumer offered a resolution to approve the Consent Agenda as presented. Commissioner DeBlieck seconded.

RESOLUTION NO. 28

“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 May 14, 2018 Commission meeting; and,
- ❖ Bills represented by vouchers No. 180774 to No. 180839 and associated wire transfers inclusive in the amount of \$2,061,058.69.

Dated this 25th day of May, 2018.

President

Attest:

Acting Secretary

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

Commissioner Mattern reviewed with the Commission the minutes from the May 18th WMU Planning Committee meeting (see attached). The main topics of discussion focused on: 1) MPCA update; 2) NE Water treatment Plant Improvements Project; and, 3) portable boiler option (to support the DH system). Following review and discussion, Commissioner Mattern offered a motion to approve the minutes of the May 18th WMU Planning Committee meeting as presented. Commissioner DeBlieck seconded the motion which carried by a vote of five ayes and zero nays.

At the May 18th Planning Committee meeting, Water & Heating Supervisor Braegelman had reviewed with the Committee Willmar's water system and specifically the Northeast Water Treatment Plant Project (NEWTP). The main issue this project would address would be the ammonia associated with Willmar's groundwater. A secondary benefit of the project would be softer water which would aid with the salty discharge limitations which will be implemented by MPCA/EPA with the city's wastewater permit. The onset of this project began in 2012 with the development of a Pilot Plant Study (conducted in 2013). Cost progressions and preliminary design estimates related to the water system project were presented. It was further noted that a driving force to proceed with the project is the potential of the addition of future industrial customers who could ultimately affect Willmar's water system. This project will include modifications to the existing plant and construction of new facilities. Braegelman provided an overview of the general project description along with the scope of services involved. It was noted that Carollo Engineering (project consultants) have been investigating potential loans and/or grants to assist in the funding of the project. It was the recommendation of the WMU Planning Committee to proceed with the project as noted. It was the consensus of the Commission to have legal counsel review the associated documents as provided (Scope of Services and Agreement for Professional Services) and have Carollo execute WMU's Contract for Services Standard Agreement. Contingent on a favorable review by City Attorney Scott, Commissioner DeBlieck offered a resolution to proceed with the process to design the NEWTP Project with Carollo Engineering for the total estimated amount of \$939,717 (not including construction costs). Commissioner Weber seconded.

RESOLUTION NO. 29

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that contingent upon review and approval by City Attorney Robert Scott, Carollo Engineers, Inc., will provide the engineering services to design the Northeast Water Treatment Plant Improvements for the total estimated amount of \$939,717.00 (not including construction costs)."

Dated this 25th day of May, 2018.

President

Attest:

Acting Secretary

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

In conjunction with the WMU Planning Committee meeting, General Manager Harren discussed with the Commission the need to establish a reliable, redundant source of energy for the District Heating System. This temporary service would be required until the DH decommissioning process has been completed (July 2020). After reviewing various options, it was the recommendation of the Planning Committee to pursue the option to rent a mobile/portable boiler unit to provide the needed source of energy to operate the DH System. Following review and discussion, Commissioner Laumer offered a motion to support the option to pursue the rental of a mobile boiler unit for the purpose of maintaining reliability in a cost-effective manner for District Heating customers. Commissioner MacDonald seconded the motion which carried by a vote of five ayes and zero nays.

Director of Finance Runge presented the Commission with the April 2018 Finance Report along with a recap of the April 30, 2018 Investment Portfolio. The data presented included analyses of the Electric, Water, Heating and Combined Divisions. The information contained in the reports were for operating revenues & expenses, operating income, and retained earnings. The Investment Portfolio presented a summary of WMU's securities and associated brokerage firms/agencies.

Line Supervisor Graves informed the Commission that a proposal to purchase a new digger-derrick truck for the Line Department had been received. The new truck was a component of the Capital Improvement Budget for 2018 with a budgeted amount of \$300,000. The new digger/derrick would replace the 1996 Freightliner Digger. Consideration has been given to the possibility of selling the 1996 truck separately. Trade in value is yet to be determined. Altec Inc. is the only vendor that makes a digger truck less than 12-feet in height which can fit inside the Utility's overhead doors at the Service Center. Purchasing of the truck will be through the National Joint Power Agreement (NJPA). The proposal received from Altec is for a Freightliner M2 cab/chassis (\$78,645), Altec digger/derrick (\$176,054), and radio/lighting (\$1,000) for the total estimated cost of \$254,699. Following review, Commissioner Weber offered a resolution to approve the purchase of the digger/derrick line truck from Altec Inc. for the total estimated cost of \$254,699.00. Commissioner MacDonald seconded.

RESOLUTION NO. 30

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the purchase of a digger/derrick line truck from Altec Inc. be approved as presented for the total estimated cost of \$254,699.00."

Dated this 25th day of May, 2018.

President

Attest:

Acting Secretary

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

Energy Services/Marketing Rep Kosbab informed the Commission of the winning entries submitted this year for the 2018 MMUA Tom Bovitz Memorial Scholarship sponsored by the Willmar Municipal Utilities and MMUA. The applicants are required to submit a 500-750 word essay on "*Municipal Utilities – Good for All of Us*". Participation in this program helps to increase awareness of public power while giving back to the community it serves. The entries are submitted by Willmar High School Seniors who reside in the city of Willmar. The first place entry and winner of a \$750 scholarship is Bronwyn Tollefson. The second place entry and winner of a \$250 scholarship is Garrett Shuldes. Ms. Tollefson was also selected as the MMUA state-wide fourth place winner (\$500). Scholarship awards were distributed on May 25th at the WHS Cap & Gown Day ceremony. Congratulations Bronwyn & Garrett!

Power Resources Analyst Marotzke presented the Commission with two topics for information and review. The first item was the January–May 2018 WMU Safety Program/Training Update. Marotzke was happy to announce that as of May 24th, the WMU had set a new record of 539

consecutive days of no lost time injuries. The second topic to be reviewed was the SWOT Analysis update entitled "Organization". The SWOT Analysis consists of the following four components: strengths, weaknesses, opportunities, and threats. Following the presentations, the Commissioners expressed their appreciation to Ms. Marotzke and the entire WMU Staff for a job well done in achieving the new safety record. Keep up the good work!

General Manager Harren informed the Commission that bids are currently out for the furnishing of steel for the Priam Substation project. The bid opening will be held on June 15th with the recommendation and bid award scheduled for June 25th.

General Manager Harren informed the Commission that a meeting of the WMU Labor Committee would be forthcoming (TBD) Agenda items will include: Commissioner 101; review roles & responsibilities of MUC and management staff; and, MUC Self-Evaluations.

Water/Heating Supervisor Braegelman informed the Commission that the annual Consumer Confidence Report (2017 Drinking Water Report) has been published and will be publicly distributed today (via US mail). This annual report contains informational data regarding Willmar's drinking water.

For information: 2018 Upcoming meetings/events to note include:

- Employees/MUC Recognition & Safety Luncheon – June 19th @ 12:00 p.m. (Service Center)
- APPA National Conference – June 15-20 (New Orleans, LA)
- Customer Appreciation Open House – Thursday, August 2nd (Civic Center)
- MMUA Summer Conference – August 20-22 (Alexandria)

There being no further business to come before the Commission, Commissioner Laumer declared the meeting adjourned at 12:21 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

Beth Mattheisen
Administrative Secretary

ATTEST:

Bruce DeBlicke, Acting Secretary



WILLMAR MUNICIPAL UTILITIES
WMU PLANNING COMMITTEE MEETING MINUTES
Friday, May 18, 2018 – 12:00 p.m.
WMU Conference Room

Present: Commissioners Justin Mattern, Bruce DeBlieck and Brendan MacDonald, General Manager John Harren, Director of Finance Denise Runge, Compliance Officer/HR Administrator Janell Johnson, Water & Heating Supervisor Joel Braegelman, Power Supply Manager Chris Carlson, Staff Electrical Engineer Jeron Smith, Facilities & Purchasing Supervisor Kevin Marti, Power Plant Foreman Brian Hoover, and Administrative Secretary Beth Mattheisen.

Commissioner Mattern (Chair) called the meeting to order at 12:00 p.m.

AGENDA ITEM(S):

1. MN Pollution Control Agency update:

Compliance Officer/HR Administrator Johnson presented background information related to some inadequacies in a number of past reporting practices conducted in recent years. These matters were related to the submission of required environmental reporting. The inconsistencies in the reporting submissions, were reviewed with MPCA and corrective measures required to resolve the matter have been implemented. MPCA was more than accommodating in assisting Johnson (& the Utility) in providing the needed support to resolve the matter and were appreciative of the openness and honesty. Following an investigation into the matter, an Administrative Penalty Order (APO) was issued by the MPCA for the violations related to the air emissions reporting and a corrective action plan was established by MPCA to correct the violations to bring the Utility into full compliance. Because of the due diligence of the Utility, MPCA reduced the original penalty of \$5,065 to \$1,115 (forgiving \$3,950 of the penalty). MPCA was helpful and understanding in assisting throughout the process.

Johnson further noted that in the event any additional violations/fines or issues related to past reporting and testing practices arise (EPA and/or MPCA), the Planning Committee and Commission will be kept well-informed. Johnson along with Wenck Associates (environmental consultant firm) will continue to conduct the testing and reporting as needed to keep the Utility in full compliance as required. On the plus side, the Utility continues to improve and develop new methods to assist in the various environmental testing processes.

2. Northeast Water Treatment Plant Improvements Project update:

Water & Heating Supervisor Braegelman presented the Committee with background information related to Willmar's water system. The main goal of the NEWTP Improvement Project is to address the ammonia level associated with the groundwater. A high level of ammonia causes problems with free ammonia in the distribution system, which results in nitrification and challenges maintaining a total chlorine residual. The improvements shifts the plant process from a manganese greensand process, to a biological filtration facility which will address iron, manganese, and ammonia. The project will include modifications to the existing plant and construction of new facilities. Braegelman continued by presenting an overview of the general project description including the scope of services involved. Project consulting firm Carollo Engineering has further investigated potential loans/grants and funding assistance available to help finance the project.

Braegelman provided summaries of the components related to the contingency plan associated with the project (NE and SW Plants). The choice to limit or regulate the use of home softening units

by ordinance is a decision that would be made and implemented by the City of Willmar. Potential steps that the City could take would include softener efficiency requirements, public outreach, and education as well as work with industries to reduce their salty discharges. The possibility of paying more at the beginning of this project (NE Plant) could result in less cost to the end of the project (SW Plant). The Utility strives to put itself in the best position to meet the needs and compliance of Willmar's current and future water system. Braegelman noted that this project continues to change and evolve as time goes on and a driving force to solidify the project is the future expansion on Willmar's water system. The next step in the project planning would be to begin the design process.

Braegelman reviewed with the Committee the estimated fees associated with the NEWTP Project. He noted that future grants and funding will affect the final numbers. The data presented included all of the fees at this time (which would be reduced in the future).

Recommendation:

Following review and discussion, it was the consensus of the Planning Committee to recommend that the Utility proceed with the process to design the NEWTP Project with Carollo Engineering for the total estimated amount of \$939,717 (not including construction costs).

3. Portable Boiler (District Heating) discussion:

General Manager Harren opened discussion with the Committee regarding the need to establish a reliable redundant source of energy for the District Heating System. This temporary service would be required until the decommissioning process has been completed (July 2020). After reviewing options, it appears that the most advantageous option would be to rent a portable/mobile boiler to provide the needed energy to support the DH. Renting a mobile boiler will maintain the reliability and meet the needs of our DH customers while providing high efficiency and cost savings over current operations. Furthermore, Boiler #3 would be used for capacity and emergency generation, and Boiler #4 would remain in working order and serve as a backup to the rental boiler. The mobile unit would be sized for the load required.

Facilities & Purchasing Supv. Marti contacted vendors regarding rental of a portable boiler. Marti reviewed with the Committee data including: rental proposal, specs, estimated costs, conclusion and staff recommendation. The 650 HP mobile high efficiency steam boiler would be located on the north side of the Power Plant. Staff was requesting that the Planning Committee and Commission support the option to pursue the mobile boiler rental process. The estimated cost for installation, setup and first month rent (bringing the unit into operation) is estimated at \$80,000 (first month only). Beginning with month two, it is estimated that the Utility would see a savings of \$13,000/month (compared to operating Boiler #3) along with an increase in efficiency.

Staff is requesting that the Planning Committee and Commission support the option to pursue the portable boiler option. Marti noted that the Utility would have the option of bringing in a smaller unit if required. Rental vs purchasing was reviewed. In conclusion, while operating Boiler #4 is more cost-effective than Boiler #3, the rental option is more cost-effective than Boiler #4.

Recommendation:

Following discussion, it was the consensus of the Committee to recommend that the Commission support the option to rent a mobile boiler unit for the purpose of maintaining reliability in a cost-effective manner for the District Heating customers.

4. Miscellaneous:

General Manager Harren informed the Committee that a future Planning Committee meeting would be forthcoming (2-3 weeks?) with topics of discussion to include: New generation; and, Customer Appreciation Open House. Regarding new generation, the Commission will be asked to give thought to what they feel WMU customers would be willing to pay (additional) for new generation taking into consideration the reliability factor.

5. Adjournment:

There being no further discussion to come before the WMU Planning Committee, Commissioner Mattern declared the meeting adjourned at 1:22 p.m.