

WILLMAR MUNICIPAL UTILITIES COMMISSION
MEETING MINUTES – SEPTEMBER 13, 2021
11:45 AM – WMU AUDITORIUM

The Municipal Utilities Commission (MUC) met in its regular scheduled meeting on Monday, September 13, 2021, at 11:45 a.m. in the WMU Auditorium with the following Commissioners present: Justin Mattern, Abdirizak Mahboub, Bruce DeBlieck, Cole Erickson, and Shawn Mueske. Absent were Commissioners Kerry Johnson and Nathan Weber.

Others present at the meeting were: General Manager John Harren, Compliance/HR Manager Janell Johnson, Finance & Office Services Supervisor Andrea Prekker, IS Coordinator Mike Sangren, Executive Secretary Beth Mattheisen, Facilities & Maintenance Supervisor Kevin Marti, Energy/Safety Outreach Coordinator Chris Radel, and City Attorney Robert Scott.

The meeting opened with reciting of the Pledge of Allegiance followed by Commissioner Mattern (President) asking if any revisions were needed to the presented agenda. There being none, a resolution to approve the consent agenda was requested. Following review and discussion, Commissioner Mahboub offered a resolution to approve the consent agenda as presented. Commissioner Mueske seconded.

RESOLUTION NO. 46

“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 23, 2021 Commission meeting; and,
- ❖ Bills represented by vouchers No. 20211056 to No. 20211790 and associated wire transfers inclusive in the amount of \$1,371,108.50.

Dated this 12th day of September 2021.

President

Attest:

Secretary

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

Commissioner DeBlieck (PC Chair) reviewed with the Commission the minutes from the August 24th WMU Planning Committee meeting (see attached). Following review, Commissioner DeBlieck offered a motion to approve the minutes of the August 24, 2021 WMU Planning Committee meeting as presented. Commissioner Mueske seconded the motion which carried by a vote of five ayes and zero nays.

Following approval of the minutes, two additional items were being recommended for approval by the WMU Planning Committee. The first item presented for consideration was the proposed 2022 WMU Budget. Finance & Office Services Supervisor Prekker and General Manager Harren reviewed with the Commission the proposed 2022 WMU Budget (including Operations & Maintenance Budget and Capital Budget). Harren noted that among the capital projects and costs effecting the proposed budget were Water Treatment Plant construction, Power Plant site cleanup, line distribution projects, and building project. The recommended 2022 WMU Budget was set at \$37,930,094 with the largest budgeted cost item being purchased power estimated at \$15,378,860. Prekker presented a status update of the Capital Budget in the amount of \$17,466,223. It was noted that the Intergovernmental Transfer to the City of Willmar would be set at \$2,136,842 for 2022. The Statement of Cash Flows: Ten-Year Capital Improvement Plan (2022-2031), including both the Electric and Water Divisions, was presented for review. Harren noted that staff continues to monitor the grant application process at both the federal and state levels for funding assistance for

upcoming water treatment projects. Following review and discussion, Commissioner Mahboub offered a resolution to approve the 2022 WMU Budget which includes both the O&M and Capital Budgets as presented. Commission DeBlieck seconded.

RESOLUTION NO. 47

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the 2022 WMU Budget including the Operating & Maintenance Budget and Capital Budget be approved as presented.”

Dated this 12th day of September 2021.

President

Attest:

Secretary

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

The second item being recommended for approval by the WMU Planning Committee was for revisions to the Water Service Policy relating to multi-unit dwellings (apartments, mobile home parks, etc.). The proposed modifications regarding meter services/meter charges would provide clarification and equality among WMU customers. Upon approval, staff will disburse notifications to all property owners/landlords/mobile home parks impacted by this change to assist with budgetary planning for the upcoming year. The proposed changes would go into effect January 1, 2022. Following review and discussion, Commissioner Mueske offered a resolution to accept the proposed changes to the Water Service Policy effective January 1, 2022. Commissioner Erickson seconded.

RESOLUTION NO. 48

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the proposed revisions to the Water Service Policy of the *WMU Operations Policy Manual* relating to multi-dwelling units be approved as presented effective January 1, 2022.”

Dated this 12th day of September 2021.

President

Attest:

Secretary

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

Finance & Office Services Supervisor Prekker presented the Commission with the July 2021 Financial Reports along with a recap of the July 31, 2021, Investment Portfolio. The data presented included analyses of the Electric, Water, and Combined Divisions. Information contained in the reports reflect operating revenues & expenses, operating income, and retained earnings. Graphs depicting the 2020/2021 monthly year-to-date revenues, expenses, and retained earnings were also included with the financial data.

Facilities & Maintenance Supervisor Marti presented the Commission with the August 2021 Wind Turbine Report. Turbine availabilities for the month of July were at 70% (Unit #3) and 100% (Unit #4) with a total monthly production of 400,452 kilowatt hours.

Commissioner DeBlieck and General Manager Harren presented the Commission with a recap of their recent attendance at the 2021 MMUA Summer Conference (Commissioner Johnson also attended). Topics of discussion included: APPA's national perspective, transmission vision for Upper Midwest including \$10-\$30 billion required for future transmission projects for renewable energy, energy conservation, 5% dues increase for 2022, capacity reduction from wind and solar projects which could affect grid stability, MPCA water presentation (challenges with PFAS), state legislative developments, and changes in MMUA leadership. Karleen Kos has been selected as MMUA's the new CEO, effective Sept. 27th. Ms. Koss will replace outgoing CEO Jack Kegel who is retiring after 28+ years of service. DeBlieck and Harren expressed their appreciation to the Commission for allowing them the opportunity to attend the informational conference and highly encourage Commissioners to attend in the future.

General Manager Harren informed the Commission that a meeting of the WMU Labor Committee will be held on September 14th beginning at 12:00 pm. Agenda items will include the Emergency Succession Plan and clothing policy. Additional committee meetings will be forthcoming. Tentative agenda items for the Labor Committee will include General Manager pay equity/compensation and clothing policy. Tentative agenda items for discussion by the Planning Committee will include NISC software, Time of Use electric rates, and water treatment plant.

For information: Upcoming meetings/events to note include:

- 2021 MRES Fall Meeting: Nov. 9 & 10 (Sioux Falls Convention Center)

There being no further business to come before the Commission, Commissioner DeBlieck offered a motion to adjourn. Commissioner Mueske seconded the motion which carried by a vote of five ayes and zero nays, and the meeting was adjourned at 12:55 pm.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

Beth Mattheisen
Executive Secretary

ATTEST:

Abdirizak Mahboub, Secretary



WILLMAR MUNICIPAL UTILITIES
MUC Planning Committee Meeting Minutes
Tuesday, August 24, 2021
12:00 pm – WMU Conference Room

Attendees: Commissioners Bruce DeBlieck, Kerry Johnson & Shawn Mueske, General Manager John Harren, Finance & Office Services Supervisor Andrea Prekker, HR/Compliance Manager Janell Johnson, and Executive Secretary Beth Mattheisen.

Commissioner DeBlieck (PC Chair) called the meeting to order at 12:00 pm.

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1. Proposed 2022 WMU Budget: *(Finance & Office Services Supervisor Prekker and General Manager Harren)*

General Manager Harren opened discussion with the Planning Committee by presenting background information regarding the budgetary process followed to establish the annual WMU Budget.

Finance & Office Services Supervisor Prekker presented the Committee with the proposed 2022 WMU Budget for review and discussion. Departmental analysis and data included within the electric, water, and combined divisions reflect anticipated revenues, expenses, income, and retained earnings to create the 2022 WMU Budget. Included in the data were the Operating Budgets, Capital Budgets, and Statement of Cash Flows for the years 2022-2031. Prekker and Harren reviewed each of the individual categories along with an overview of Capital Budget items. Questions by the Committee regarding specific items were addressed with clarifications provided by staff. The following is a recap of points of discussion regarding the proposed 2022 WMU Budget:

- 1) Total Projected Revenues: \$37.9 million
- 2) Total Operating Expenses: \$29.3 million
 - a) Largest Operating Expense is Purchased Power: \$15.4 million
 - b) Intragovernmental Transfer to the City: \$2.2 million
 - c) Additional expenses for water main responsibilities
 - d) Increase of 10% in health insurance costs
- 3) Total 2022 Capital Budget: \$17.5 million
 - a) Largest five Capital Projects are:
 - i) Water Plant Construction (NEWTP): \$10.3 million
 - ii) Power Plant Cleanup: \$2.2 million
 - iii) Line Dept. Construction: \$1.4 million
 - iv) Building Project: \$1 million
 - v) Water Main Replacement: \$715,000
- 4) Statement of Cash Flows: (2022 projected year-end Net Cash Balances)
 - a) Electric: \$20.5 million
 - b) Water: \$16.5 million (includes bond funds)
 - c) Combined: \$37 million

Additional items to note:

- Net Cash Balance threshold/goal is set at 50% of total revenues.
 - Electric: 50% goal is met throughout the 10-year Cash Flow.
 - Water: 50% goal is not met beginning in 2024 (due to additional water treatment plant)
- 10-year projections are based on varying factors including community growth, revenue, and expense assumptions.
- Additional allocations are being utilized to appropriate funds between divisions (electric vs water) along with simplifying expense tracking (budgeted vs actual).
- Explanation of EAA was presented (mechanism available to offset unforeseen costs associated with purchased power). EAA is not being utilized at this time.

- Efforts continue to seek potential grant funding assistance at both state and federal levels for major capital project (NEWTP).
- Cost of Service & Rate Study is scheduled for 2023. Anticipate additional water rate increases to be required due to significant capital projects (NE & SW Water Treatment Projects).
- Last electric rate increase was 2015.

Recommendation:

Following a thorough review and discussion, it was a consensus of the WMU Planning Committee to accept the proposed 2022 WMU Budget as presented and to recommend approval by the Commission at the September 13th MUC meeting.

2. Proposed Water Rate Policy Change: *(HR/Compliance Manager Johnson and General Manager Harren)*

The Planning Committee had previously directed staff to modify the current water billing policy and define the logistics to provide equality among WMU's customers. The proposed change to the current Water Service Policy addresses multi-unit apartments, dwelling units, and mobile home parks. HR/Compliance Manager Johnson provided an explanation of the proposed changes that would better reflect charges per unit rather than per dwelling (water services to a building consisting of 2 or more apartments or dwelling units). Johnson further added that staff will prepare notifications to be sent to property owners/landlords/mobile parks impacted by this change to assist them in planning for the upcoming year. The proposed policy change would go into effect January 1, 2022.

The Committee further discussed implementing the policy change in January 2022 or waiting for completion of the next Rate Study. With the additional number of apartments that are being constructed and proposed to be constructed, it was the consensus to implement the policy effective January 1, 2022.

Recommendation:

Following review and discussion, it was a consensus of the Planning Committee to adopt the recommended revisions to the current Water Rate Policy, and to request approval by the Commission at the September 13th MUC meeting. Furthermore, notifications will be prepared for distribution in anticipation of MUC approval.

3. Miscellaneous:

With the need to address future rate adjustments, General Manager Harren requested the Planning Committee to consider rescheduling the next Cost of Service & Rate Study. The Rate Study is currently budgeted for 2023. However, with the need for funding of capital projects (significantly NE and SW Water Treatment Plants), this raises the question of rescheduling the Study to 2022. Decision to move the study up would be further discussed upon receiving notice of any federal or state grant dollars.

Following discussion, it was the recommendation of the Committee to maintain a budgetary placeholder for a possible Rate Study in 2022. This will also allow time to determine funding levels for the upcoming water projects.

4. Adjournment:

There being no further business to come before the WMU Planning Committee, Commissioner DeBlick declared the meeting adjourned at 1:38 pm.