

The Owatonna Public Utilities Commission met in regular session in the Morehouse Conference Room at the Owatonna Public Utilities. Present were Commissioners Simon, Rossi, Cosens and Doyal. Absent was Commissioner Kottke. Also present were General Manager Fritsch; City Administrator Busse; Chief Financial Officer Fondell; Director, Engineering Johnson; Director, Field Operations Warehime; Manager, Human Resources Madson; Supervisor, Accounting Brase; Supervisor, Customer Care Van Esch; Executive, Communications & Administration Coordinator Schmoll; and Accounting Specialist Shanda Meier. Also present was Mary Reedy, CliftonLarsonAllen LLP, OPU's auditing firm.

Commissioner Doyal led the Pledge of Allegiance.

Minutes

The Minutes from the regular meeting of March 27, 2018 were presented to the Commission. Commissioner Doyal moved to approve the Minutes as presented. Commissioner Cosens seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Personnel Committee – Commissioner Rossi reported the Personnel Committee met and received a staffing update. He noted, Shanda Meier began employment in the accounting department on April 16th; Samuel Bahl began employment in the electric department on April 23rd and Brandon Jech will be starting employment in the electric department on May 7th.

Finance Committee – Commissioner Doyal reported the Finance Committee met, reviewed and approved Vouchers in the amount of \$6,199,036.92. He further reported the financial statements are in great shape.

City Administrator's Report

City Administrator Busse reported two long-term employees are retiring; Corky Ebeling and Dean Nelson. She reported Dean's position has been filled with an internal candidate and Troy Klecker will assume the interim director duties previously performed by Corky until possibly the end of the year.

Audit Report

Chief Financial Officer Fondell introduced Mary Reedy to the Commission. Ms. Reedy represents OPU's financial auditors, CliftonLarsonAllen LLC. Ms. Reedy presented the Commission a report of the audit statement. She noted her firm is issuing an unmodified opinion, which is a clean report. There were not any issues noted in the compliance and control areas nor in the Minnesota Legal Compliance area. Ms. Reedy further discussed where OPU sits compared to the last five years in the financial areas for electric, water and natural gas. She noted there is a good consistency in the margin, which is favorable in their opinion.

In summary, with regards to financial stability she noted there were no surprises and OPU has:

- Strong operating income
- Overall, stable results from operations and an increase in Net Position
- All departments had overall increase in cash
- Rate increase implemented in 2017 to generate more operating revenue
- Continue to monitor and assess rates

The Commission thanked Ms. Reedy for her report and expressed their appreciation of the new format for the presentation.

5 to 50 lb. Conversion Bid Tab

The attached bid tabulation for the conversion of the 5 pound gas system to a 50 pound gas system was presented to the Commission. Chief Financial Officer Fondell reported the project is a multi-year project that will span over several years. She further noted four companies were mailed a bid package with two of them not responding. After discussion, staff is recommending awarding the bid to Michaels Corporation in the amount of \$302,940.55. Commissioner Simon inquired if we have done business with Michaels Corporation before. Director, Engineering Johnson replied, yes, they are the company that performed the pilot program last year. Commissioner Rossi inquired if other cities are performing this same project. Mr. Johnson replied, it depends on their system and the type of natural gas load and pressure they need. If too many residents put in instantaneous water heaters, it could cause an issue to not have enough pressure to the home. Also, while they are doing this conversion, old main is being replaced which will get us a long way into the future. Commissioner Doyal moved to award the 5 to 50 lb. conversation bid to Michaels Corporation in the amount of \$302,940.55. Commissioner Cosens seconded the motion. All Commissioners voting Aye, the motion passed.

Digger Derrick Bid Tab

The attached bid tabulation was presented to the Commission for the purchase of a 50' hydraulic derrick. Mrs. Fondell noted three bid packages were sent out with only one company returning a bid. Staff is recommending awarding the bid to Altec in the amount of \$288,444.44. After a brief discussion, Commissioner Doyal moved to award the Digger Derrick bid to Altec in the amount of \$288,444.44. Commissioner Cosens seconded the motion. All Commissioners voting Aye, the motion passed.

Gas Services/Meter Installations Policy

Director, Engineering Johnson presented the Gas Services/Meter Installations policy to the Commission for their approval. He noted, the policy was last updated in 1998. Since then, labor costs have risen 75% as well as the cost for equipment has increased. Mr. Johnson explained developers are not charged a fee for gas services when they develop the lot. Homeowners, who purchase the developed lot, are charged the connection fees. This updated policy will bring fees more into line with today's costs. Mr. Johnson further noted the newly developed areas will receive the 50 lb. gas mains versus the 5 lbs. After discussion, Commissioner Rossi moved to approve the policy as presented. Commissioner Doyal seconded the motion. Three Commissioners voted Aye, one Commissioner abstained due to the potential of building a house in the near future. The motion passed.

Contributed Services

The Contributed Services report as of March 31, 2018 was presented to the Commission. The Commission signed the report. Chief Financial Officer Fondell directed the Commission's attention to a summary of total contributed services included in the packet. She noted these contributed services are based on what is found in the general ledger and includes such things as miscellaneous charges, labor for hanging Christmas lights and banners, rebates paid out to the city, a pole hit and property damage, as well as the utility credit for the Four Seasons building.

Scorecard

Staff updated the Commission on changes to the March scorecard. Director, Engineering Johnson noted he included more indices graphs on the electrical side.

General Manager/Staff Report

General Manager Fritsch reported service territory negotiations with Steele Waseca Coop Electric are ongoing.

Chief Financial Officer Fondell reported the final, audited 2017 financial statements are included in this packet. Mrs. Fondell further updated the Commission on the banking RFPs that were sent out. She noted it has been narrowed down to three finalists. Wells Fargo, US Bank and Bremer Bank. Next steps are to receive presentations from all three to choose the finalist.

Supervisor, Customer Care Van Esch presented the Commission with a sample bill template and explained the process the team went through to choose this design. She further reported OPU began the disconnection process of customers with delinquent bills after the Cold Weather Rule expired. Discussion ensued regarding the disconnect process and new benefits associated with the new customer information system.

Commission Roundtable

Commissioner Doyal thanked Chief Financial Officer Fondell for the work she does with investments and the clean audit.

Commissioner Rossi appreciated the solar dedication ceremony and thanked everyone involved with planning and coordinating it.

Commissioner Simon expressed his appreciation of the new format for presenting the audit and for the clean audit again this year.

Adjournment

There being no further business to come before the Commission, Commissioner Cosens moved to adjourn the meeting. Commissioner Rossi seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:10 p.m.

Respectfully submitted,

Tammy Schmoll
Executive, Communications & Administration Coordinator