

The Owatonna Public Utilities Commission met in regular session in the Morehouse Conference Room at the Owatonna Public Utilities. Present were Commissioners Rossi, Kottke, Cosens and Simon. Absent was Commissioner Doyal. Also present were General Manager Warehime; City Administrator Busse; Chief Financial Officer Fondell; Director, Engineering Johnson; Manager, Human Resources Madson; Supervisor, Operations/Buildings & Grounds Krogh; Executive, Communications & Administrator Coordinator Schmoll; Energy Conservation & Key Account Officer Hendricks; and Water Design Engineer Brian Clausen.

Commissioner Rossi led the Pledge of Allegiance.

### **Minutes**

The Minutes from the January 22, 2019 Commission meeting were presented to the Commission. The Commission did not meet in February due to lack of a quorum. Commissioner Kottke moved to approve the Minutes as presented. Commissioner Simon seconded the motion. All Commissioners voting Aye, the motion passed.

### **City Administrator's Report**

City Administrator Busse reported the street department is working on filling potholes around town and bids are coming in for summer street projects. She further reported a new contract has been signed for the restaurant and clubhouse at Brooktree Golf Course. Improvements will be made this year to Lake Kohlmeier, including kayak, paddleboat and pedalboat rentals. City Administrator Busse left the meeting.

### **Committee Reports**

**Finance Committee:** Commissioner Simon reported OPU has had a strong start to the year. He noted due to the cold weather in January and February financials are looking positive. He further reported the Committee approved one work order addition for replacing electrical behind Pizza Ranch, Tone Music, etc. The work order went well over budget due to this project. The underground vault behind these businesses was a mess and needed to be replaced with new equipment.

**Personnel Committee:** Commissioner Rossi reported the Personnel Committee met and received a staffing report. He reported Chris Johnson from the Engineering Department was hired for the Supervisor, Meter Services so we will be looking to fill Chris' vacated spot. He further reported, we have been recruiting for two journey lineworkers. One started the same day as this meeting, Trevor Wilson and the search will continue for a second. The lead gas/water service worker, Mike Nelson, will be retiring the end of April, so a team consisting of two OPU management people and two OPU union people will interview candidates for the position Mike is vacating. Mr. Rossi concluded by reporting Mark Wilson has been hired as the Afterhours Serviceworker and he will be starting in April.

### **Abandoned Services Policy**

The Abandoned Services Policy was presented to the Commission. Water Design Engineer Brian Clausen, explained the key changes to the policy and the method involved with abandoning a service. He further explained the changes provide more options and flexibility for abandonment of services as well as incorporates new technologies with better methods and in most cases, will avoid the water actually being shut off. Commissioner Rossi asked about examples where we have to abandon services. Mr. Clausen gave some examples. After a brief discussion, Commissioner Kottke moved to accept the changes to the Abandoned Services Policy as submitted. Commissioner Cosens seconded the motion. All Commissioners voting Aye, the motion passed.

**Water Pressure Zone Bid Tab**

The attached bid tabulation for the water pressure zone project was presented to the Commission for approval. Chief Financial Officer Fondell reported this project is budgeted and one bid was received and came in under budget. Staff is recommending awarding the bid to the apparent low bidder, TJ's Trucking & Excavating, in the amount of \$1,462,343.00. There was a short discussion regarding the bidding process and the number of bidders who submit bids. After this discussion, Commissioner Simon moved to approve the bid of the apparent low bidder. Commissioner Kottke seconded the motion. All Commissioners voting Aye, the motion passed.

**5-50 lb. Conversion Bid Tab**

The attached bid tabulation for the continued conversion of the natural gas 5 lb. system to a 50 lb. system was presented to the Commission for approval. Staff is recommending awarding the bid to the apparent low bidder, Ellingson Trenchless, LLC, in the amount of \$409,978.30. After discussion, Commissioner Cosens moved to approve the bid of the apparent low bidder. Commissioner Kottke seconded the motion. All Commissioners voting Aye, the motion passed.

**Substation Equipment Bid Tab**

The attached bid tabulation for substation equipment was presented to the Commission. Director, Engineering Johnson noted this is the for the second piece of the substation project. The first piece was brought to the Commission last fall for the transformer. The third piece of the project will be for the construction of the building containing the breakers and the control panel. We are also planning for an additional breaker for future expansion needs. Staff is recommending awarding the bid to the apparent low bidder, Harold K Scholz Company in the amount of \$460,300. Harold K Scholz Company has constructed our last two substations. After discussion, Commissioner Simon moved to award the bid to the apparent low bidder. Commissioner Cosens seconded the motion. All Commissioners voting Aye, the motion passed.

**SMMPA Capacity Agreement Amendment**

General Manager Warehime explained the current capacity agreement noting SMMPA pays all O&M costs for the gas turbine at the West Owatonna Substation, pays OPU for capacity and has the right to terminate the contract if required repairs become uneconomical. The estimated refurbishment costs of the gas turbine are \$1.3 million. It is uneconomical for SMMPA to pay for those repairs as well as continue to pay capacity payments. OPU and SMMPA have reached an agreement whereby SMMPA will pay for the refurbishment of the gas turbine and capacity payments will be suspended until SMMPA recovers cost on a cumulative present value basis relative to alternative capacity proposal. Estimated payback period is 6.5 years. Feeding electricity to the town in the event of a storm and how the gas turbine fits into that was discussed. Payments to OPU for the capacity will resume after the repair costs have been recovered. After further discussion, Commissioner Simon moved to allow the Commission President and the General Manager to sign the letter of agreement with SMMPA for the temporary amendment to the capacity agreement. Commissioner Cosens seconded the motion. All Commissioners voting Aye, the motion passed.

**Contributed Services**

The Contributed Services report for the month of February 2019 were presented to the Commission. The Commission signed the report.

**Operations/Scorecard**

The Operations/Scorecard for February 2019 was presented to the Commission. It was noted the gas line incidents were over target partially due to not having a night serviceworker.

**General Manager/Staff Report**

General Manager Warehime updated the Commission on the output of the Lemond Solar system for 2018. He noted, the solar field generated enough energy to power 950 average MN homes. A discussion surrounding legislative requirements and upcoming mandates ensued.

Chief Financial Officer Fondell updated the Commission on milestones surrounding the implementation of the new accounting and payroll system and noted things are going very well. Financial statements will be formatted slightly different due to the new system. She further noted employees are returning to their normal work schedules.

Energy Conservation/Key Accounts Officer Hendricks reported Owatonna and Austin have been working with a non-profit organization called the National Energy Foundation to bring a conservation program into the school systems. He noted the program will include a teacher curriculum surrounding energy conservation and a kit children can take home to work on with their parents. The program will be implemented in the fifth grade at all elementary schools including St. Mary's. The next steps will be to bring a safety-based program into the schools, as well.

**Commission Roundtable**

Commissioner Rossi mentioned he received a call from Craig Hansen, OPU meter serviceworker, letting him know the water usage for the office was way up. It was found out a water service froze in the building next door. Mr. Rossi felt that was an amazing call to get and remarked how it showed the genuine concern of OPU employees.

Commissioner Kottke inquired about the comparison on the front of the bill specifically the water comparison and it being a \$1 a day more than last year. OPU staff is looking into the reason for the different. Commissioner Kottke further complimented OPU on their response to the water main break at the history center. He noted, he appreciated their professionalism.

Commissioner Cosens updated the Commission on the APPA Legislative Rally he attended in Washington DC. He noted, there were three primary issues discussed at the conference: pole attachments, municipal bonding and the WAPA unit being able to continue generating. Meeting with the legislators went well and the meetings were productive. Mr. Cosens expressed his appreciation for the opportunity to attend.

**Adjournment**

There being no further business to come before the Commission, Commissioner Simon moved to adjourn the meeting. Commissioner Cosens seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:15 p.m.

Respectfully submitted,  
Tammy Schmoll  
Executive, Communications & Administration Coordinator