

**ELK RIVER MUNICIPAL UTILITIES
REGULAR MEETING OF THE
UTILITIES COMMISSION
HELD AT UTILITIES CONFERENCE ROOM**

March 13, 2018

Members Present: Chair John Dietz; Vice Chair Al Nadeau; Commissioners Paul Bell,
Mary Stewart, and Matt Westgaard
ERMU Staff Present: Troy Adams, General Manager;
Theresa Slominski, Finance and Office Manager;
Mark Fuchs, Electric Superintendent;
Mike Tietz, Technical Services Superintendent;
Eric Volk, Water Superintendent;
Tom Sagstetter, Conservation & Key Accounts Manager;
Michelle Canterbury, Executive Administrative Assistant;
Jennie Nelson, Customer Service Manager;
Dan Plude, Inventory & Procurement Foreperson
Others Present: Cal Portner, City Administrator; Peter Beck, Attorney

1.0 GOVERNANCE

1.1 Call Meeting to Order

The regular meeting of the Utilities Commission was called to order at 3:30 p.m. by Chair Dietz.

1.2 Pledge of Allegiance

The Pledge of Allegiance was recited.

1.3 Commissioner Oath of Office

Ms. Canterbury administered the oath of office for Utilities Commissioner Paul Bell.

1.4 Consider the Agenda

There were no additions or corrections to the agenda.

**Moved by Commissioner Nadeau and seconded by Commissioner Stewart to approve the
March 13, 2018, agenda. Motion carried 5-0.**

1.5 **2018 Election of Officers**

Per ERMU policy, the offices of the ERMU Commission include a Chair, Vice-Chair, and a Secretary. The Commission elects the Chair and Vice-Chair to one-year terms each year during its regular meeting in the month of March.

Moved by Commissioner Nadeau and seconded by Commissioner Stewart to reappoint John Dietz as Chair. Motion carried 5-0.

Moved by Commissioner Westgaard and seconded by Chair Dietz to appoint Al Nadeau as the Vice-Chair. Motion carried 5-0.

1.6 **2018 Committee Appointments**

Per ERMU policy, the Commission shall appoint Committee members annually following the Commission election of officers during the March Commission meeting. The Commission also appoints Committee Chairs at that time. All appointments are for a one year term. ERMU currently has three committees; the Wage and Benefits Committee; the Financial Reserves and Investment Committee; and the Information Security Committee. After discussion the following appointments were made.

Moved by Commissioner Nadeau and seconded by Commissioner Westgaard to reappoint John Dietz and Mary Stewart to the Wage and Benefits Committee; with John Dietz designated as Committee Chair. Motion carried 5-0.

Moved by Commissioner Bell and seconded by Commissioner Stewart to reappoint Matt Westgaard and appoint Al Nadeau to the Financial Reserves and Investment Committee; with Matt Westgaard designated as Committee Chair. Motion carried 5-0.

Moved by Commissioner Westgard and seconded by Chair Dietz to reappoint Mary Stewart to the Information Security Committee. Motion carried 5-0.

Staff indicated that they were also looking for two volunteers from the Commission to be part of a field services facility expansion project workgroup that will be involved in the design process for the project. After discussion on who would like to volunteer for the workgroup, the following appointments were made.

Moved by Chair Dietz and seconded by Commissioner Westgaard to appoint Al Nadeau and Paul Bell to the Field Services Facility Expansion Project Workgroup. Motion carried 5-0.

1.7 **Introduction of New Employee**

Mr. Fuchs introduced Dan Plude the new Inventory & Procurement Foreperson. Mr. Plude shared a little bit about himself and his work background. The Commission welcomed the new employee

2.0 CONSENT AGENDA (Approved By One Motion)

Moved by Commissioner Nadeau and seconded by Commissioner Stewart to approve the Consent Agenda as follows:

2.1 February Check Register

2.2 February 13, 2018 Regular Meeting Minutes

Motion carried 5-0.

3.0 OPEN FORUM

No one appeared for open forum.

4.0 POLICY & COMPLIANCE

4.1 Records Management Policy

Ms. Canterbury presented the Records Management Policy. She shared that as outlined in the policy, it is necessary to adopt a plan for managing governmental records including the proper retention and disposal of municipal records. This comes in the form of a records retention schedule which is used to ensure that records are disposed of in a systematic and controlled manner. Ms. Canterbury explained that the State of Minnesota has approved for use by all Minnesota cities the “Minnesota General Records Retention Schedule for Cities”, and recommended the Commission adopt that schedule by resolution. She stated that once it has been adopted, the next step will be providing the required Notification of Adoption to the Minnesota Historical Society State Archives Department.

Moved by Commissioner Nadeau and seconded by Commissioner Stewart to adopt by resolution the Minnesota General Records Retention Schedule for Cities. Motion carried 5-0.

4.2 Data Practices Policy

Ms. Canterbury presented the Data Practices Policy. The policy essentially stated that ERMU complies with the Minnesota Government Data Practices Act, and has established policies and procedures to ensure requests for government data are received and complied with in an appropriate and prompt manner. In an effort to process data requests and meet State Statute requirements, two data access policies/guides have been developed; one for members of the public requesting information, and the other for data subjects requesting information about themselves. Ms. Canterbury stated that as part of the Data Practices Policy, ERMU is required by State Statute to appoint by resolution an employee as the Responsible Authority to

administer the requirements of government data, and a Data Compliance Official who is the point of contact for data requests, questions, or concerns. Staff recommended the appointment of General Manager Troy Adams as the Responsible Authority, and Executive Administrative Assistant Michelle Canterbury as the Data Practices Compliance Official.

Chair Dietz shared that he had recently received a data request for utility information which he had forwarded to ERMU staff. He inquired as to how we had handled this request before having a policy in place. Mr. Adams stated that we had handled it just as it was outlined in the policies being presented. Attorney Beck added that this really isn't anything new and that the way data requests are processed are mandated by state law. He stated that ERMU has been complying with it for many years, and that this is just part of the process of getting something in writing about Data Practices formally added to our policy book. The Commission had a few questions. Staff responded.

Moved by Commissioner Westgaard and seconded by Commissioner Nadeau to adopt by resolution the appointment of General Manager Troy Adams as the Responsible Authority, and the Executive Administrative Assistant Michelle Canterbury as the Data Practices Compliance Official. Motion carried 5-0.

5.0 BUSINESS ACTION

5.1 Financial Report – January 2018

Ms. Slominski prefaced by saying that with the change in billing cycles, the revenue comparisons from the prior year will be skewed as they are not being compared to the same billing time frames. She asked that the Commission keep this in mind as we review the financials throughout 2018.

Ms. Slominski presented the January 2018 financial report. For the Electric Department, the operating revenue for January was 2% behind the prior year and 6% below budget. Although consumption was up, there was less revenue billed in January 2018 compared to 2017 due to the billing cycle change that resulted in a decrease in days we were billing for. Commissioner Stewart asked if we would be making an accrual during the months with the greatest discrepancy. Ms. Slominski explained the challenges in doing that and stated they hadn't planned on doing so. There was discussion.

For the Water Department, the operating revenue for January was 12% behind the prior year and 10% below budget. Staff noted that the billing cycle change also impacts the Water Department's year to year comparisons as less revenue was billed in January 2018 compared to 2017.

Chair Dietz questioned why the Electric Department's Maintenance Expense was up almost \$60,000 from last year. Staff responded that a large part of it was due to tree trimming, maintenance of meters, and different labor allocations.

Moved by Commissioner Bell and seconded by Commissioner Stewart to receive and file the January 2018 Financial Report. Motion carried 5-0.

5.2 Bids for Electric Cable

The underground electric cable required for the 2018 capital construction projects and maintenance was determined and had been noticed for formal bids. The bid opening was on March 12, 2018 at 9:00 a.m. The bid tabulation was distributed at the meeting. Mr. Adams went over the bid tabulation and explained the difference between firm and escalated pricing. Taking into consideration price, product, and availability, staff recommended awarding the bid to Dakota Supply, the lowest responsible bidder with firm pricing of \$214,520. There was discussion on the advantages of firm pricing versus escalated.

Moved by Commissioner Nadeau and seconded by Commissioner Stewart to award the electric cable bid to Dakota Supply with firm pricing of \$214,520. Motion carried 5-0.

5.3 2017 Annual Reliability Report

Minnesota Rules Chapter 7826 Public Utilities Commission Electric Utility Standards cover safety, reliability, service, and reporting requirements. Per 7826.0100(A), municipal utilities are exempt from these requirements. However, the ERMU Commission adopted a number of parts of this chapter as a Distribution Reliability Standard policy requiring annual reporting on system reliability.

Mr. Tietz presented the APPA eReliability Tracker Annual Report for Elk River Municipal Utilities and explained the reliability indexes we're measured on. He also went over how we compare to other utilities nationally and locally to our neighbors. There was discussion on the best way to market our outstanding reliability and what that messaging might be.

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to receive and file the APPA eReliability Tracker 2017 Annual Report for Elk River Municipal Utilities. Motion carried 5-0.

6.0 BUSINESS DISCUSSION

6.1 Staff Updates

Mr. Adams provided an update on the Minnesota Public Utilities Commission filing for the electric service boundary change for Areas 3 & 4. He shared that we just received notice that the Minnesota Department of Commerce has written a letter in support of our request.

Mr. Adams announced that he would be out of the office the last week of March. He informed the

Commission and management team that in his absence he was designating Mr. Fuchs as his temporary successor.

Ms. Slominski had nothing additional to add to her staff report. Chair Dietz commented on how there had been some comments on Facebook regarding how much more expensive this February's bills were compared to last year's. Ms. Nelson shared a few of the factors that may have contributed to the increase which included a longer billing cycle and colder temperatures this year compared to last.

Mr. Fuchs shared that staff had met with Connexus representatives today to discuss the September acquisition of Areas 5 & 6. There was discussion. Commissioner Stewart asked if we had received any mutual aid requests due to the east coast storms. Mr. Fuchs responded that we had not.

6.2 Field Services Facility Expansion Update

Mr. Volk provided an update on the Field Services Facility Expansion Project. Based on financial forecasting, it has been determined that construction of the building facilities for the Field Services Expansion will likely not take place before 2023. This is due to ERMU's commitment to current bonds, future bond eligibility, and bonding qualifications. Mr. Volk stated that in the interim, staff will continue to work on the large amount of site plan prep work that needs to take place before construction begins in 2023. There was discussion on the bonds we currently have and waiting for a few of those to fall off before bonding for the field services facility expansion.

6.3 American Public Power Association Legislative Rally Update

Mr. Adams had nothing additional to add to the update provided in his memo. Commissioner Stewart, who also attended the rally, shared that it was very educational. She stated that it was a good opportunity to see how the whole legislative process works. Mr. Adams added that they also had the opportunity to meet for about 45 minutes with Representative Tom Emmer.

6.4 Future Planning

Chair Dietz announced the following:

- a. Regular Commission Meeting – April 10, 2018
- b. Special Commission Meeting – Annual Commissioner Orientation – April 10, 2018, 2:30 – 3:30 p.m.

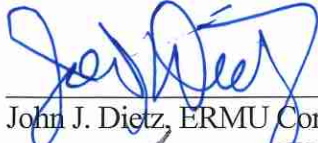
6.5 Other Business

There was no other business.

7.0 ADJOURN REGULAR MEETING

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to adjourn the regular meeting of the Elk River Municipal Utilities Commission at 4:26 p.m. Motion carried 5-0.

Minutes prepared by Michelle Canterbury.



John J. Dietz, ERMU Commission Chair



Tina Allard, City Clerk