

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

May 8, 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

Others Present: Cal Portner, City Administrator; Peter Beck, Attorney; Zack Carlton, City Planning Manager

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 Consider the Agenda

Chair Dietz stated he would like to move agenda item 5.3, Jackson Street Water Tower Grant and Rehabilitation Update to right before the Consent Agenda.

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to approve the amended May 8, 2018, agenda. Motion carried 5-0.

1.4 Recognition of APPA Certificate of Excellence in Reliability

Mr. Tietz was pleased to announce that ERMU recently received national recognition from the American Public Power Association (APPA) for achieving exceptional electric reliability in 2017. He shared that we were one of 128 public power utilities to receive this honor. According to the

numbers for 2017, ERMU's System Average Interruption Duration Index (SAIDI) was only 17 minutes, compared to the industry average of 129 minutes. There was discussion on communicating these impressive stats to the public.

1.5 Recognition of 2018 APPA Lineworker Rodeo Team

Mr. Fuchs introduced and recognized the lineworkers who participated in the 2018 Lineworkers Rodeo. ERMU had one team of lineworkers that competed; the team consisted of Zac Johnson, Matt Schwartz, and Curt Wark. Matt and Zac shared a little bit about the five timed events the team competed in. Zac commented that another benefit of participating in the rodeo is the networking that takes place, and the sharing of information on the latest techniques being used in the field. There was discussion. Curt added that it was a really good team building experience, and overall a great experience. Mr. Adams stated that he had put together a video of our lineworkers competing at the event, but due to technical difficulties it couldn't be presented at the meeting. He noted that pictures and videos of the event had been added to ERMU's Twitter and Facebook page. The Commission congratulated the lineworkers on a job well done.

5.1 Jackson Street Water Tower Grant and Rehabilitation Update

Mr. Carlton, Planning Manager with the City of Elk River, was present and provided an update on the restoration status of the Jackson Street Water Tower. The city has been working with Kodet Architectural Group to prepare architectural plans and restoration estimates for the water tower. They received estimates for three different restoration options, and based on Council direction have chosen to go with option 1, which includes pressure washing the tower, fixing the structural deficiencies, and repainting the tower. The cost for the project will be roughly \$133,000. Mr. Carlton provided some information on the grant application process and the deadlines. He explained that although the grant doesn't require a match, it's encouraged the applicant contribute something towards it. ERMU has agreed to provide a 20% match. There was discussion.

Mr. Adams pointed out that the timing of this restoration coincides with the 100 year anniversary of the water system that was established in 1919, and the water tower that was built in 1920. He suggested we do something to commemorate the anniversary. Mr. Carlton stated that he would also be working with the Elk River Heritage Preservation Commission (HPC) to draft some plans to improve the park surrounding the water tower; this would be implemented once the restoration is complete.

As ERMU currently owns the water tower and the lot, Commissioner Westgaard asked if the intent was to deed it to the city, and the city take over the restoration of the tower and any future maintenance obligations. Mr. Adams replied that would be staff's recommendation.

At last night's City Council meeting, Chair Dietz had shared with the Council that ERMU had set aside \$90,000 to either repair or tear down the water tower. The question was posed, if they receive the grant, would ERMU be willing to transfer the remaining funds, after the match, into some type of maintenance fund that the city could use towards future maintenance costs. As ERMU had

anticipated spending the \$90,000 to tear down the tower, Mr. Adams indicated that this would be a viable option, and added that this would ultimately be a Commission decision.

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 April Check Register**
- 2.2 April 10, 2018 Regular Meeting Minutes**
- 2.3 April 10, 2018 Special Meeting Minutes**
- 2.4 Resolution Electing Not to Waive Statutory Tort Limits for Liability Insurance**
- 2.5 Elk River Municipal Utilities / Connexus Energy – Joint Request for MN Public Utilities Commission Modification of the Parties' Electric Service Territory Boundary**
- 2.6 2018 First Quarter Utilities Performance Metrics Scorecard Statistics**

Motion carried 5-0.

3.0 OPEN FORUM

No one appeared for open forum.

4.0 POLICY & COMPLIANCE

4.1 Multi-Billing Cycle Grace Period

Ms. Nelson provided some background on the multi-billing cycle that was implemented in January, which resulted in customers due dates potentially fluctuating by a few days depending on how many days were in that month. Based on customer feedback, staff recognizes that the fluctuating due dates have been a difficult change for some customers and have been looking into options to help alleviate their frustrations. Ms. Nelson began by explaining why there was a fluctuating due date. She explained that currently penalties are applied the next day following the due date, and what staff is proposing is implementing a grace period of up to six days after the due date before applying penalties. She stated that having this tool would allow for much smoother conversations with our customers and would show that we value their feedback. Mr. Adams added that by implementing a six day grace period versus a fixed billing date, it will still work with the workflow processes that have been put into place. The Commission had a few questions. Staff responded.

Commissioner Stewart commented that maybe we should let some time go by to allow for people to adjust before we implement any changes. Staff responded that was their original intent, but based on the negative feedback they determined it would best be addressed right now. Also, the addition of a grace period is something staff has been considering for some

time. There was discussion.

Based on the negative comments posted on social media regarding the billing change, it was asked why we don't engage on social media. Mr. Adams addressed this issue and commented if there's a legitimate problem staff will reach out in a more productive manner with either a phone call or email. There was further discussion. As much of the backlash occurred after the Cold Weather Rule shut-offs, the Commission asked staff to walk them through the shut-off process and the notifications that take place prior to it. Mr. Tietz and Ms. Nelson responded.

Moved by Commissioner Bell and seconded by Commissioner Westgaard to approve the revised Service Policies Policy. Motion carried 5-0.

5.0 BUSINESS ACTION

5.1 Financial Report – March 2018

Ms. Slominski presented the March 2018 financial report as outlined in her memo. For the Electric Department, she noted that the operating revenue had increased from the prior year, and shared some of the factors that may have contributed to the increase, including the change in billing cycles. She went on to state that it is also the change in billing cycles that makes the data hard to compare year to year. Ms. Slominski pointed out the monthly electric demand and monthly energy purchases graphs included in the report and stated what a great tool they are for making comparisons from this year to last as the data is static. She explained that the reporting period is the calendar month, and the data being measured is coming from a substation and not the billing system. It was noted there were similar graphs for the water department.

Ms. Slominski went over the summary Electric Statement in great detail. For the expenses she noted that just as last month, we have the largest variance in the Maintenance Expense line item, this is due to Tree Trimming, Electric Mapping, Meter Maintenance, and Transportation Expenses. She provided further explanation on each of these expenses. Ms. Slominski also spoke to some changes with the Travel Expense line item and the UPMIC Distribution line item.

For the Water Department, there was also an increase in revenue dollars over the prior year. Ms. Slominski explained that this could be due to an increase in customer base and improved billing processes. YTD total revenues were down from the prior year; staff shared that this is largely attributed to a decrease in connection fees due to the prolonged winter. For the Water Department Miscellaneous Revenue line item, Chair Dietz asked why it was down \$53,000. Commissioner Westgaard stated that according to page 71 of the detailed Water Statement that the Contributions from Developers reflected a \$55,000 swing from this year to last. Ms. Slominski shared that last year we had a city transfer for a water main and that was recognized in this line item as a contribution of assets.

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

5.2 2018 First Quarter Delinquent Items

Ms. Slominski explained the difference between the four different categories of delinquents; assessments, collections, revenue recapture, and write-offs. She then presented the delinquent items for the first quarter which included a delinquent amounts listing report totaling \$9,644.99 for all services. She also presented the delinquent items comparisons for 2017/2018, identifying the categories and running totals. The amount for the first quarter write-offs was \$3,383.61. Ms. Slominski shared that our totals for the year for collections and write-offs are well below the national average, at .0083%.

Moved by Commissioner Stewart and seconded by Commissioner Nadeau to approve the First Quarter Delinquent Items Submitted. Motion carried 5-0.

6.0 BUSINESS DISCUSSION

6.1 Staff Updates

In his staff report, Mr. Adams shared that his annual performance evaluation would be conducted during a closed session at the June 12 Commission meeting. Ms. Canterbury spoke to the communications that would be taking place prior to the meeting regarding the survey evaluation to be completed by the Commissioners via SurveyMonkey. She stated that the deadline to complete the survey would be May 24.

Mr. Adams noted that MMUA held their annual Legislative Conference April 11-12. As Commissioner Westgaard had the opportunity to also attend the event, Mr. Adams asked if there was anything he'd like to share about the experience. Commissioner Westgaard shared that the conference was good, and it was nice to have some facetime with our local legislators to discuss the key messages and talking points. Mr. Adams added that they were able to meet with both Representative Zerwas and Senator Kiffmeyer, and made a point to thank them for their roles in passing legislation to expand the ERMU Commission from three to five members.

Mr. Sagstetter informed the Commission that we should be taking delivery of the Chevy Bolt sometime this week. Chair Dietz commented that according to the staff report, it appears that there have been fewer charging sessions at the public charging stations. Mr. Sagstetter responded that it may have to do with the new connection fees and time of use rates that were implemented mid-April. There was discussion.

6.2 Future Planning

Chair Dietz announced the following:

a. Regular Commission Meeting – June 12, 2018

Commissioner Westgaard announced that he would be unable to attend the June meeting. As Mr. Adams' performance evaluation was also scheduled to take place at a closed session at that meeting, he reached out to the Commission and Mr. Adams to determine if they would want to proceed forward without him in attendance, or push it out to July. After discussion, consensus was to wait until the July meeting.

6.3 **Other Business**

There was no other business.

7.0 **ADJOURN REGULAR MEETING**

Moved by Commissioner Westgaard and seconded by Commissioner Bell to adjourn the regular meeting of the Elk River Municipal Utilities Commission at 4:48 p.m. Motion carried 5-0.

Minutes prepared by Michelle Canterbury.



John J. Dietz, ERMU Commission Chair



Tina Allard, City Clerk