

The Owatonna Public Utilities Commission met in rescheduled session in the Morehouse Conference Room. The meeting was rescheduled to accommodate staff attending the MMUA Legislative Conference. Present were Commissioner Zirngible, Johnson and Doyal. Absent were Commissioners Rossi and Vetter. Also present were General Manager Warehime; Director, Finance & Administration Olson; Director, Engineering & Field Operations Fenstermacher; Director, Information Technology & Metering Baum; Manager, Gas & Water Operations Prokopec; Manager, Human Resources Madson; Supervisor, Accounting Linders; Executive, Communications & Administration Coordinator Schmoll; Energy Conservation & Key Accounts Officer Hendricks; OPU Employees Roger Noble, Lori Jerpbak and Shanda Meier. Other guests included Brian LeMon and Kallie Doeden (Kallie attended virtually) from Barr Engineering.

President Zirngible called the meeting to order and led the Pledge of Allegiance. He then asked for approval of the agenda and the consent agenda. The consent agenda contained the minutes from the February 27, 2024 meeting and contributed services as of February 29, 2024. Commissioner Doyal moved to approve the agenda and consent agenda. Commissioner Johnson seconded the motion. All Commissioners voting aye, the motion passed.

Committee Reports

Finance Committee – Commissioner Doyal reported the Finance Committee met, reviewed and approved vouchers totaling \$10,644,302.18. There was not anything else significant to come out of the Finance Committee meeting.

Personnel Committee – Commissioner Zirngible reported the Personnel Committee met and received a staffing update, a wage comparison report and an update on the start of union negotiations. He noted, there is one position open for an Information Technology Operations Engineer.

City Administrator's Report

City Administrator Busse was not in attendance.

Water Appropriations Presentation and Discussion

General Manager Warehime recapped what OPU has been doing in regard to water restrictions, growth strategies and the potential for future water appropriations. Director, Engineer & Field Operations Fenstermacher provided an overview of the 2023-2024 drought conditions, the DNRs drought response plans, and policy change considerations needed for a more favorable opinion from the DNR if we need to ask for additional water appropriations. He noted Owatonna is part of the Cannon River watershed which is part of the bigger Black Root Water shed. In September 2023, our area was in the severe drought phase which triggers the restrictive phase. In the restrictive phase, the DNR calls upon community systems to put measures into place to reduce their pumping levels by 125% of their January pumping levels. Before that, we were in the warning phase which calls for 150% of January pumping levels. Watering bans were implemented between the hours of 10:00 a.m. and 5:00 p.m. to help reach these goals. In March, our county is in a moderate drought area. Mr. Fenstermacher showed our average daily pumping levels and showed pumping was well over the thresholds desired by the DNR. He further discussed the aquifer levels and noted even though the aquifer levels bounce back in the winter, their high levels are 3 feet lower than they were in 2017.

Mr. Fenstermacher next discussed OPU's current Water Conservation & Emergency Restrictions policy. He noted, this policy has been in effect for several years and is part of our water supply plan. He discussed potential changes to the policy, noting these changes are still being considered and evaluated and will be brought back to the Commission at a later date.

Commissioner Zirngible inquired if the dropping levels of the aquifer are something to be concerned about. Mr. LeMon replied, aquifers are the great attenuators of weather. They fall and rise accordingly but the reaction is not seen immediately. Mr. LeMon further noted he has seen this three or four times over his career where the levels start to drop, and then the rains come and the levels bounce back.

Mr. Brian LeMon, Barr Engineering, discussed OPU's water capacity both at peak times and average uses and discussed future needs based on projections of Owatonna's potential population growth. He discussed items OPU has already done to improve the system and noted a new well may be necessary in the near future. He discussed water law, including appropriations and Riparian law versus western water laws. The Riparian law covers the rights of the fish and animals living in the water. In Minnesota, the state owns the water ways, versus property owners owning the right to the water. This eliminates the possibility of a creek or river being diverted and completely dried up. The state gives out appropriations permits which include the total annual amount of water an entity can take from the supply in a given year as well as an instantaneous peak that can be taken at any given time. He discussed the process involved in modifying an appropriations permit. Part of this process includes the DNR asking if the utility has sprinkling management measures in place. The peak day usage, which is typically 95-99% of the time driven by irrigation, is the reason new wells end up being drilled. The most common sprinkling management measure is odd/even watering restrictions which spreads out the peak use. Another common measure is inclining block rates whereby the more water a customer uses, the more it costs them.

Mr. LeMon explained the four standards the DNR will look at before approving additional appropriations. New proposals cannot:

- Adversely affecting the aquifer's ability to supply for future generations,
- Harm ecosystems
- Degrade water quality, or
- Interfere with use of existing wells by reducing water levels.

Mr. LeMon noted OPU is in pretty good shape in all four areas, better than most of his clients. Mr. LeMon next discussed trigger charts and noted they are used to project growth of demand. Mr. Fenstermacher discussed industrial requests for proposals the city has received recently. He noted, we evaluate where the customer's projected water capacity would fall within our supply and determine at what point a well would need to be drilled. Mr. LeMon showed Owatonna's projected population growth compared to OPU's total and firm capacity. With just the projected population growth, not taking new industry into account, a new well is not projected to be needed in the near future. In a study conducted in 2004, a new well was anticipated to be needed by now. Because of staff actions, including leak detection and repairs, the need for a new well has been delayed. Also in the 2004 study, it was projected we would have a peak usage day of 13 million gallons. Last year's was actually 7.2 million gallons. Water conservation measures in appliances and plumbing fixtures has also been a driving factor in the reduction of water use. Next, Mr. LeMon showed, if one 1 MGD industrial customer was added to OPU's system, a new well would not have to be drilled until approximately 2050. If two were added, it moves back to approximately 2040 and if three were added, a new well would be necessary by 2030. Mr. Fenstermacher added, this data is for the whole system. A new booster station or pumps may be needed in the industrial pressure zone to accommodate that area.

Commissioner Johnson asked if it would be beneficial to apply for, and drill, a well now versus 15 years from now. Mr. LeMon replied, because of OPU's location, you will probably have less of an issue getting the appropriations than some communities around us. Mr. Fenstermacher added, it's possible to get approval to drill the well but approval may not be given to draw water from it.

After discussion, Commission directed staff to focus their attention on conservation and getting by with less. They also prefer to be prepared by beginning the process of drilling a new well now. It will cost less now than it will be in 15 years and having that access now, may help attract business and help our community grow. Mr. LeMon added, as part of the process, the DNR will require a monitoring well be added for gathering more information.

General Manager/Staff Reports

Mr. Fenstermacher updated the Commission on the next phases of the GRIP grant. He reminded them of the coalition of over 60 utilities working together to apply for the grant. He noted this is the same one we applied for last year, same program, with a very similar project. The purpose is to provide a strategic approach to the Federal government on resiliency and reliability to the Midwest power grid. He discussed the project pillars: Assess, Harden and Intelligence, and noted OPU is involved in the Intelligence one. OPU's part of the grant would go to improve system adaptability that would shorten outage durations by installing a Fault Location Isolation and Service Restoration (FLISR) system. Part of the application process is demonstrating community engagement.

General Manager Warehime discussed, the Wastewater Treatment plant methane recapture project. Due to supply chain issues, this project will probably not be completed until 2025. The projections are about 20,000 dekatherms of natural gas will be produced in a year which will displace the gas we are taking off the pipeline. For perspective, 20,000 dekatherms is about 60% of what we provide the city as contributed services for natural gas. By capturing the gas and putting it back into the system it will save the city about \$1 million in capital improvements because without installing this equipment, they would have to run a generator. Also, by purchasing the gas from them, it will generate about \$80,000 a year for them as revenue.

Next month, a report from OPED on 2023 will be given as well as numbers for the Bridge St. building will be available.

Commission Roundtable

The Commission thanked Barr Engineering and OPU for the information on water appropriations.

Adjournment

There being no further business to come before the Commission, the meeting adjourned at 5:29 p.m.

Respectfully submitted,

Tammy Schmoll
Executive, Communications & Administration Coordinator