

The Owatonna Public Utilities Commission met in regular session in the Morehouse Conference Room at the Owatonna Public Utilities. Present were Commissioners Zirngible, Rossi, Doyal, Johnson and Vetter. Also present were General Manager Warehime; City Administrator Busse; Director, Engineering & Operations Fenstermacher; Director, Finance & Administration Olson; Director, Information Technology & Meter Baum; Manager, Human Resources Madson; Supervisor, Accounting Linders; Supervisor, Customer Care Van Esch; Executive, Communication & Administration Coordinator Schmoll; and OPU Employees Lori Jerpbak and Shanda Meier. Also present were Sean Williams, Director, Owatonna Area Business Development Center; Rick Naymark, Q Market Research; Tom Olinger, Abdo Solutions; City Council Member Boeke, and customer, Mike Brooks.

President Zirngible opened the meeting by leading the Pledge of Allegiance. He then asked for any changes to, and/or approval of, the agenda and consent agenda. The consent agenda items included the minutes from the March 25, 2024 Commission meeting, as well as the Contributed Services report as of March 31, 2024. Commissioner Doyal moved to approve the agenda and consent agenda items. 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 \$7,278,347.37. He noted, there were almost half million dollars in disbursements that were coded incorrectly and pulled back. There was one work order completed in March with work orders still running below budget.

Personnel Committee – Commissioner Rossi reported the Personnel Committee met and received a staffing update, and a union negotiations update. There is still an opening for an IT Operations Engineer and 28 applications were received for the summer Engineering intern position. The current union contracts expire May 31, 2024 so negotiations are ongoing.

City Administrator Report

City Administrator Busse distributed the 2023 Annual OPED (Owatonna Partners for Economic Development) report and reminded the Commission the partners include the City of Owatonna, Steele County, the school district, Owatonna Public Utilities, and the Owatonna Area Business Development Center. The goal is to spur economic development by working collaboratively, coordinating fast tracking projects, and communicating. The items on the report are all part of the strategic plan developed from input by the partners as well as these items fit well with the City's strategic plan.

Sean Williams, Executive Director, Owatonna Area Business Development Center discussed three focus areas OPED will be working on over the next three years. These areas are attract/educate quality workforce, marketing and communication and new development/redevelopment. Mr. Williams also noted, coming from outside of Owatonna, and trying to do this type of thing in the entrepreneurial space, this coalition of organizations that meet on a regular basis and are able to execute decisions at this level is unbelievable and phenomenal. Owatonna should be proud to be able to maintain this type of partnership between organizations whereby politics and egos do not get in the way. Commissioner Doyal echoed Mr. Williams sentiments by saying, OPED is an incredible tool for attracting and promoting new business. Mr. Williams went on to compliment how responsive OPED is. City Administrator Busse added, the actions of the group wouldn't be successful without all members in the room. They are a staff working group there to accomplish the goals of the partners. Some of the challenges for attracting new businesses include available workforce, available land or land owners willing to sell their land, and housing. On the flip side, the biggest attraction is we have a varying manufacturing base so jobs are available, there is City owned land that could be turned around quickly, and Owatonna promotes growth and works with developers.

City Administrator Busse updated the Commission on a few City related items including the golf course being open, the compost site being open with longer hours and a new vendor, and the wastewater treatment plant being on schedule for completion in early 2025.

Sean Williams introduced himself, gave a brief snapshot of his background, and updated the Commission on happenings at the Owatonna Area Business Development center, formerly the Owatonna Business Incubator. He explained, what the Center does, the space it has available, and the many things they are involved with including Co.Starters in partnership with Community Education. He noted, Co.Starters is an entrepreneurial education program based on lean startup. The curriculum covers everyone and includes non-jargon course work. It is a free course which helps lower barriers to help people start businesses in Owatonna. Mr. Williams then discussed a DEED grant the Center received and noted the different items it covers. He further discussed the Center's needs and how asking for sponsorships will help the Center get to where they need to be. The goal is to show the value of the Center to the sponsors and to remain relevant in the areas needed for promoting entrepreneurialism without duplicating the resources already available.

Audit Report

Tom Olinger, Abdo Solutions, presented OPU's 2023 Financial Statement Audit findings to the Commission. He noted, their overall opinion was unmodified which means it was a clean opinion. There was one finding noted, but it was caught, and corrected, by OPU staff before the auditors caught it. However, because it was still incorrect the end of 2023, it needs to be mentioned. Mr. Olinger discussed each utility's revenues and expenses, net position, cash flows from operations, and cash balances.

Director, Finance & Administration Olson noted, Abdo Solutions has performed the audit for three years now. They will be putting together another three-year quote, which the Commission can evaluate and determine if they want to move forward with another three-year contract or if they want to requote it. Mr. Olinger noted, costs have increased for everyone, so there will more than likely be increased costs related to this audit process, as well. However, Abdo will try to remain competitive and would love to continue the relationship with OPU.

Customer Satisfaction Survey

Rick Naymark, Q Market Research, discussed the most recent customer satisfaction survey covering such items as how many surveys were mailed and emailed, the number of responses, the topics discussed, the findings from the survey and the demographics of the people returning the survey. He noted, the top score was received in the area of reliability with the next two being related to staff. In the area of overall historical satisfaction, costs and inflation have driven all scores, over all utilities in Minnesota, down over the past two years. OPU's net promoter score has jumped around with the highest being 57.4 dropping to 46.4 at the height of inflation. It is back up to 50.4 putting OPU back in the excellent range. An opportunity is to look at ways to leverage your website. Customers are getting their information from the newsletter and bill inserts with the website being rather low. Topics customers want to hear more about are rebates, utility pricing, outage response, and utility projects. Electric vehicles and decarbonization were the two lowest topics. Almost 8 of 10 customers said they do not own an electric vehicle and have no intention of buying. The demographics shows a good representation of Owatonna. Commissioner Vetter asked if there are things OPU should be doing that Mr. Naymark sees other utilities doing. Mr. Naymark replied that from a research standpoint, utilities with strong websites tended to have satisfied customers as well as the visibility in the community seems to have slipped so there could be some opportunities, there, too.

Bridge Street Building Update

General Manager Warehime updated the Commission on the opportunity to purchase the building at 3100 W. Bridge Street. Mr. Warehime noted in discussions with our architect, Leo A. Daly, and some financial analysis provided by Director, Finance & Administration Olson, staff's recommendation is to move forward with the purchase of this building. The building currently has a long-term lease agreement with a tenant which could serve as additional revenue. He then discussed the "why" behind wanting to purchase the building noting it could be used for future operational expansion purposes. OPU's current location works, but it is tight for such things as inventory and equipment storage especially during the winter. In the original repurposing plan an option was included to expand the current campus further down on Walnut Ave. That option has its own limitations. The benefits of this new building include it being directly across from the West Owatonna Substation and next to the Owatonna Energy Station. It is large enough to house our field operations including inventory. The first phase would be to move the electric line crew, the gas/water crew, dispatch, and inventory control to that building. Down the road, if the area along the river is redeveloped, our current building could potentially serve a higher purpose at which time we would move all the rest of our operations to the Bridge St. location. Mr. Warehime showed Leo A. Daly's proposed layout of the building showing it would meet our needs, as well as the current tenant could remain. He then shared the financial analysis, discussing cash flow, expenses, equity, and the impact to the average residential customer of \$8 annually. Commissioner Vetter inquired if reserves could be used for the purchase of this building. Director, Finance & Administration Olson replied, while we do have reserves, it is better to bond for a large expenditure like this and pay for it over time, if you can get a good interest rate, because it spreads the costs over the time period for the customers who will be paying for it and benefiting from it the most. After discussion, the Commission was generally in support of moving forward and asked staff to evaluate funding part of the purchase with reserves, and the rest with a bond. Commissioner Zirngible made a motion for OPU staff to move forward with the option to purchase the building as long as it is a good offer, and to work with the current tenant to work out the best option for use of space. Commissioner Vetter seconded the motion. All Commissioners voting aye, the motion passed.

General Manager/Staff Report

General Manager Warehime reported there were about 20 high school students that participated in an OPU Career Day with just about as many employees who volunteered to give the students an idea of what we do here at OPU.

General Manager Warehime further reported, we are looking at refreshing our logo. It has been 40+ years we had the existing logo and with the 100-year anniversary coming up it seems like a good time to do that. We will have some concepts to show next month.

Executive, Communications & Administration Coordinator reminded the Commission to be thinking about officers for the next meeting.

Commission Roundtable

Commissioner Zirngible shared an experience he had while on a trip to Italy and Germany. He noted they are having challenges with the decommissioning of their nuclear facilities and the infrastructure to move power from wind turbines and solar fields and are being asked to conserve energy on certain days of the week with the threat of rolling brownouts for them so. Their other issue is they are not able to get natural gas out of Russia so they are firing up everything they can to keep their electric grids going.

Adjournment

There being no further business to come before the Commission, the meeting adjourned at 5:46 p.m.

Respectfully submitted,

Tammy Schmoll
Executive, Communications & Administration Coordinator