

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 (attended virtually). Also present were General Manager Warehime; Director, Engineering & Operations Fenstermacher; Director, Finance & Administration Olson; Director, IT & Metering Baum; Manager, Electric Operations Deering; Manager, Gas & Water Operations Prokopec; Manager, Human Resources Madson; Supervisor, Accounting Linders; Executive, Communications & Administration Coordinator Schmoll; Key Accounts & Energy Conservation Officer Hendricks; OPU Employees, Lori Jerpak and Shanda Meier. Other guests included Brian Maciej, President of Lime Valley.

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 April 23, 2024 meeting, the Contributed Services report as of April 20, 2024, Union Contract ratifications and non-union wage adjustments. Commissioner Rossi moved to approve the agenda and consent agenda items. Commissioner Doyal seconded the motion. All Commissioners voting Aye, the motion passed.

### **Election of Officers**

A slate of officers with Commissioner Zirngible as President and Commissioner Rossi as Vice President was presented to the Commission. Commissioner Rossi moved to approve the slate as presented. Commissioner Doyal seconded the motion. All Commissioners voting Aye, the motion passed.

Commissioners Rossi and Doyal will serve on the Personnel Committee with President Zirngible as an ex-officio member. Commissioners Johnson and Vetter will serve on the Finance Committee with President Zirngible as an ex-officio member.

### **Committee Reports**

Finance Committee – Commissioner Doyal reported the Finance Committee met, reviewed and approved disbursements totaling \$6,429,006.70. Mr. Doyal also reported four work orders were closed in April coming in under budget estimates. The Committee approved a change to a work order for maintenance work on a water tower. The change consisted of moving up the date of the maintenance work to take advantage of current pricing.

Personnel Committee – Commissioner Rossi reported there is one open position for an IT Operations Engineer. Seven people were interviewed. An Engineering Intern started; his name is Ethan Walter. Mr. Rossi further reported the committee discussed union negotiations and it was reported to him right before the meeting, Ryan Deering, Manager, Electric Operations will be leaving OPU after 29 years to work for SMMPA. Manager, Human Resources Madson reported an offer for the IT Operations Engineer has been extended to someone who has accepted and is currently in pre-employment screening.

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

City Administrator Busse was not in attendance.

**2024/2025 Gas Improvement Project Bid Tab**

The attached bid tabulation was presented to the Commission for the 2024/2025 gas system improvement project. Staff recommended awarding the bid to the apparent, and evaluated, low bidder Q3 Contractors in the amount of \$1,413,740.75 over the course of the two-year project. Manager, Gas & Water Operations Prokopec noted Q3 performs a lot of their own work such as concrete and boring, so they can provide lower bids. After discussion, Commissioner Rossi moved to award the bid to Q3 Contracting in the amount of \$1,413,740.75. Commissioner Johnson seconded the motion. All Commissioners voting Aye, the motion passed.

**OPU Logo Redesign Presentation**

Executive, Communications & Administration Coordinator Schmoll introduced Brian Maciej, President of Lime Valley, a Mankato based advertising company. Lime Valley helped with the development of OPU's website the last time it was updated. They are currently helping OPU with the redesign of the logo. It has been over 40 years since the logo has been updated. Standard is about every 30 years. With the 100-year anniversary celebration coming up, now is a good time to look at refreshing it. Mr. Maciej discussed the process the team has been working on and presented 10 potential logo concepts to the Commission. After extensive discussion, direction was given to try to use as much of the current logo as possible, maintain a circle type concept to represent the "O" in Owatonna. Based on feedback, Mr. Maciej and his team will present more concepts at the June Commission meeting.

**Reserves Discussion**

Director, Finance & Administration Olson presented to the Commission regarding OPU's current reserves policy, the reason for having reserves, setting appropriate reserves, and some proposed changes. Staff felt having this discussion now is timely with the potential purchase of the building on Bridge St. Mr. Olson noted, utilities have financial reserves for the benefit of the customer in that they mitigate financial risks, pay for capital projects without having debt, reduce the impact of rate fluctuations, and maintain and/or improve credit rating which helps if the utility needs to borrow money for larger capital projects such as building a water tower. He further noted there are three types of reserves: operating reserves, capital reserves and rate stability reserves. He discussed each one in detail and noted proposed changes. The operating reserves policy currently allows for a working fund of 38 days plus 10.4% of the largest monthly commodity expense. Proposed changes would include 30 days plus 100% of the largest budgeted monthly commodity expense. There are not any proposed changes to the capital reserve. Proposed changes to the rate stability reserve to help insulate rates from commodity cost volatility include increasing the amount of funds in the reserve in the electric and natural gas areas. Mr. Olson further discussed how OPU currently manages the reserve balances and discussed potential changes in each of the individual utilities.

Mr. Olson is proposing bonding for the purchase of the building on Bridge St. and paying for the upgrades to it out of reserves. After discussion, Mr. Olson will check on a few more things and come back to the Commission.

**General Manager/Staff Report**

Director, Information Technology & Metering Baum discussed new IT metrics graphs included with the packet.

General Manager Warehime noted he will be meeting with the owner of the Bridge St. building to begin negotiations and he thanked Mr. Deering for his years of service at OPU.

**Commission Roundtable**

There was not anything further from the Commission.

**Adjournment**

There being no further business to come before the Commission, the meeting adjourned at 5:53 p.m.

Respectfully submitted,

Tammy Schmoll  
Executive, Communications & Administration Coordinator