

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

May 9, 2023

Members Present: Chair John Dietz, Vice Chair Mary Stewart, Commissioners Paul Bell, Matt Westgaard, and Nick Zerwas

ERMU Staff Present: Mark Hanson, General Manager
Sara Youngs, Administrations Director
Tom Geiser, Operations Director
Melissa Karpinski, Finance Manager
Chris Sumstad, Electric Superintendent
Mike Tietz, Technical Services Superintendent
Dave Ninow, Water Superintendent
Chris Kerzman, Engineering Manager
Jenny Foss, Communications & Administrative Coordinator
Parker Theisen, IT/OT Technician

Others Present: Cal Portner, City Administrator; Jared Shepherd, Attorney; Natalie Murphy, Tom Bovitz Scholarship winner, Dave Murphy, Becky Murphy

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

Mr. Hanson informed the Commission of changes to the agenda based on the recommendation of ERMU's attorney, Mr. Shepard. Mr. Hanson noted the changes were procedural in nature and did not impact the content of the original agenda.

Item 7.0 ADJOURN REGULAR MEETING was changed to 7.0 CLOSED MEETING - Annual General Manager Performance Evaluation. Item 8.0 ADJOURN REGULAR MEETING was added.

Moved by Commissioner Westgaard and seconded by Commissioner Bell to approve the revised May 9, 2023, agenda. Motion carried 5-0

1.4 **Recognition of Tom Bovitz Memorial Scholarship Award Winner**

Ms. Foss introduced Natalie Murphy, student at Elk River High School and the local winner of the Tom Bovitz Memorial Scholarship. Ms. Foss shared that Ms. Murphy's essay had also been forwarded to Minnesota Municipal Utilities Association (MMUA) judges for a chance to win an additional award through their statewide contest.

Ms. Murphy read her essay *The Importance of Municipal Utilities* for the Commission.

There was a round of applause, Chair Dietz presented Ms. Murphy with a certificate, and a photo was taken with the Commission members.

Ms. Murphy plans to attend Embry-Riddle Aeronautical University in the fall.

1.5 **Certificate of Excellence in Reliability 2022**

Mr. Tietz informed the Commission that ERMU was one of 221 public power utilities recently honored with a Certificate of Excellence in Reliability from the American Public Power Association (APPA). Data was collected from 524 public power utilities via the eReliability Tracker. The tracker performs several calculations with one in particular marking System Average Interruption Duration Index (SAIDI) which measures the average outage time per customer on the system. For 2022, ERMU's SAIDI was only 13.29 minutes which was 127 minutes shorter than the national average.

Mr. Tietz acknowledged the hard work and commitment from ERMU staff to provide reliable electric service throughout 2022. He stated this national recognition is a testament to the exceptional service and value we provide every day.

Moved by Commissioner Zerwas and seconded by Commissioner Stewart to receive the APPA Certificate of Excellence in Reliability. Motion carried 5-0

1.6 **American Public Power Association RP3 Designation**

Mr. Tietz informed the Commission that once again ERMU received national recognition from APPA for being a Reliable Public Power Provider (RP3). ERMU was one of 37 utilities who received a platinum designation this year, which will last until April 30, 2026.

Mr. Tietz recognized ERMU staff for their dedication to safety, workforce development, and continuous system improvement.

Commissioner Stewart expressed her appreciation for all of the time and effort it takes Mr. Tietz to collect and submit all of the necessary data to be considered for this recognition.

Commissioner Stewart asked if Advanced Metering Infrastructure will help save time in data collection for future applications. Mr. Tietz replied that he doesn't think it will.

Mr. Tietz noted an area of improvement needed from ERMU leading up to the next application is the development of a disaster recovery manual.

Chair Dietz expressed his gratitude for the hard work by staff and asked if there will be communication of ERMU's accomplishment. Ms. Foss confirmed there are communication plans in place.

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to receive the APPA RP3 Designation. Motion carried 5-0

2.0 CONSENT AGENDA (Approved By One Motion)

Moved by Commissioner Bell and seconded by Commissioner Westgaard to approve the Consent Agenda as follows:

- 2.1 Check Register – April 2023**
- 2.2 Regular Meeting Minutes – April 11, 2023**
- 2.3 Special Meeting Minutes – April 11, 2023**
- 2.4 2023 First Quarter Utilities Performance Metrics Scorecard Statistics**
- 2.5 Resolution Appointing the Bank Signatories and Designating Authority to Make Financial Transfers**

Motion carried 5-0.

3.0 OPEN FORUM

No one appeared for open forum.

4.0 POLICY & COMPLIANCE

4.1 Commission Policy Review – G.1e – Organizational Values

Ms. Foss presented the Commission Policy Review on behalf of Mr. Mauren who was unable to attend the commission meeting.

Commission Policy – G.1e states that the Commission adopts the policy as an expectation of organizational operational behavior, and commits to govern in a manner consistent with the following organizational values: Integrity, Quality, Communication, Safety, Competitive

The Commission did not have any comments, questions, or recommended updates to the policy.

5.0 BUSINESS ACTION

5.1 Financial Report – March 2023

Ms. Karpinski stated both electric and water are doing well overall. Electric is ahead of prior YTD and favorable to budget YTD. Water is behind prior YTD due to fewer Water Access Connection (WAC) fees but favorable to budget YTD.

Chair Dietz checked his understanding that electric sales were up and purchased power was down from prior year. Ms. Karpinski confirmed this to be correct.

Chair Dietz requested clarification of the current status of the Power Cost Adjustment (PCA). Ms. Karpinski explained the Energy Adjustment Clause (EAC) passed on from the power provider is less when compared to last year and the PCA revenue from customers is higher than prior year to account for 2022 accruals. Ms. Karpinski added that at the end of April, ERMU will no longer have an accrual remaining from 2022. Starting in May ERMU's EAC and PCA pass-through will match more closely to current month activity.

Moved by Commissioner Stewart and seconded by Commissioner Zerwas to receive the March 2023 Financial Report. Motion carried 5-0.

5.2 2023 First Quarter Delinquent Items

Ms. Karpinski presented first quarter delinquent items noting they are consistent with prior years. Write Offs are slightly higher but not concerning and continue to be better than comparable utilities.

Ms. Karpinski acknowledged the great work of ERMU's customer service team to keep delinquent amounts low.

Chair Dietz asked for clarification regarding which tool is most effective to avoid Write Offs.

Ms. Karpinski replied that Revenue Recapture (RR) and Assessments are the best tools for collecting delinquent items.

Commissioner Zerwas asked if there was knowledge of the State of Minnesota no longer allowing the utilities to use RR.

Ms. Youngs replied there has been no discussion of this with state contacts.

Moved by Commissioner Bell and seconded by Commissioner Zerwas to approve the 2023 first quarter delinquent items submitted. Motion carried 5-0.

5.3 **Customer Satisfaction Survey**

Ms. Youngs presented the first quarter Customer Satisfaction Survey Report on behalf of Mr. Mauren who was unable to attend the commission meeting. She stated that ERMU's net promoter score went from excellent in 2022 to good in the first quarter of 2023. Based on customer comments, it is the opinion of our consultant that pressure from inflation and the difficulties with trash service are contributing factors in the change to our net promoter score. Ms. Youngs noted that based on the customer comments there is confusion regarding trash service and ERMU's role as their billing and customer service provider.

Ms. Youngs reported an additional finding from the survey that customers are unaware or unable to find our rebate program information. Ms. Youngs assured the Commission there is a Conservation Improvement Plan communications strategy for 2023 to boost rebate program participation.

Commissioner Bell addressed customer comments reflecting unfriendly staff and asked if it was possible to record calls to customer service.

Ms. Youngs replied that ERMU has the capability to record calls but does not plan to at this time. She stated the contact tracking procedures in place are effective and she will continue to monitor customer interactions with the customer service team.

Commissioner Stewart affirmed many customer comments were based on confusion regarding trash and the role of the utility versus the City for this service. She recognized that the overall survey score shows ERMU to be in good status.

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to receive the Customer Satisfaction Survey Report – Q1 – 2023. Motion carried 5-0.

5.4 **2022 Consumer Confidence Report**

Mr. Ninow presented the 2022 Water Quality Report (WQR), also known as the Consumer Confidence Report. This annual report is required for community water suppliers and must be published by July each year. Information in the report includes where ERMU drinking water comes from, testing results, and protection measures.

Chair Dietz asked if customers call asking questions about the data in the report. Mr. Ninow replied that they don't call specifically about the report, but often about water quality, at which point they are referred to the WQR.

Moved by Commissioner Westgaard and seconded by Commissioner Bell to receive and file the 2022 Consumer Confidence Report. Motion carried 5-0.

5.5 Field Services Facility Expansion Project Change Order

Mr. Kerzman reported that RJM Construction's project manager for the field services building project is no longer with the company and the project executive is stepping in to finish the remainder of the work.

Mr. Kerzman added that RJM has provided ERMU with project costs they believe have gone above the contractual guaranteed maximum price. ERMU has requested documentation from RJM to review and discuss these costs at an in-person meeting scheduled for May 22. Commissioners will receive a status update on these claims at the June commission meeting.

Mr. Kerzman reported site work should be completed by the end of the month followed by irrigation and repairs to the west side of the building.

Chair Dietz asked for an update regarding interior concrete work repairs. Mr. Kerzman reported all repairs have been made to areas of concern and that staff continues to work with RJM on a credit.

Commissioner Bell asked if test results indicating concrete deficiency were verified upon removal for repair. Mr. Kerzman stated they were.

Mr. Kerzman presented the Change Order for stormwater revisions due to unforeseen contaminated soil found at the south portion of the site, totaling \$84,142.18.

Commissioner Westgaard asked what money was available to cover the cost. Staff replied that they are still working through resolutions for contingencies and allowances and will provide an update at the June commission meeting. There was discussion.

Moved by Commissioner Bell and seconded by Commissioner Zerwas to authorize approval of Change Order no. 7. Motion carried 5-0.

6.0 BUSINESS DISCUSSION

6.1 Staff Updates

Mr. Hanson added his appreciation to the Commission for the opportunity to attend APPA's Engineering & Operations Conference in Pasadena, CA to receive the RP3 Platinum Designation Award in person.

Mr. Tietz added that the Advanced Metering Infrastructure (AMI) contract was signed, and he is awaiting a fully executed contract before scheduling an AMI kick-off meeting.

Mr. Kerzman stated the Information Security Committee met to discuss the implementation of multi-factor authentication, a recent cyber incident with the new phone provider by which ERMU was not affected, and a proposed recompletion of a network risk assessment.

Chair Dietz asked if the field services building open house event date is scheduled. Ms. Foss confirmed the event is scheduled for Thursday, August 24 from 4-8 p.m.

6.2 **Future Planning**

Chair Dietz announced the following:

- a. Regular Commission Meeting – June 13, 2023
- b. 2023 Governance Agenda

6.3 **Other Business**

Mr. Westgaard reported that during recent City Council meetings there was a public hearing for a local towing company, concept review of a revised development plan for the northwest territory, and a volunteer recognition from the mayor.

Commissioner Bell informed the Commission he would not be able to attend the June commission meeting.

7.0 **CLOSED MEETING – Annual General Manager Performance Evaluation**

Moved by Commissioner Zerwas to close the meeting pursuant to Minn. Stat. § 13D.05, subd. 3(a) for the performance evaluation of Mark Hanson, ERMU General Manager, and seconded by Commissioner Westgaard to close the regular meeting of the Elk River Municipal Utilities Commission at 4:15 p.m. Motion carried 5-0.

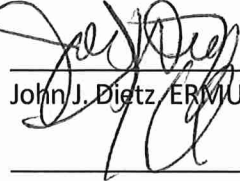
The Commission evaluated the performance of General Manager Mark Hanson. The Commission reached consensus to add the general manager's compensation report, which lists options for Mr. Hanson's pay step increase, to the June regular commission meeting agenda.

Moved by Commissioner Westgaard and seconded by Commissioner Zerwas to close the closed meeting of the Elk River Municipal Utilities Commission at 5:07 p.m. Motion carried 5-0.

8.0 ADJOURN REGULAR MEETING

Moved by Commissioner Bell and seconded by Commissioner Stewart to adjourn the regular meeting of the Elk River Municipal Utilities Commission at 5:30 p.m. Motion carried 5-0.

Minutes prepared by Jenny Foss.



John J. Dietz, ERMU Commission Chair

Tina Allard, City Clerk