CITY OF HASTINGS, NEBRASKA
MINUTES OF UTILITY BOARD REGULAR MEETING
Thursday, April 12, 2018

Pursuant to due call and notice thereof, a Regular Meeting of the Utility Board of Hastings, Nebraska was conducted in the Council Chambers of City Hall, 220 N. Hastings Avenue, on April 12, 2018.

ROLL CALL:

The meeting was called to order at 9:00 a.m. in Regular Session by Chairman Jack Schreiner with the following members present: Shawn Hartmann, Willis Hunt, Jack Schreiner, Bill Hitesman. Absent: Joanne Seberg.

PLEDGE OF ALLEGIANCE:

The Chairman led the group in recital of the Pledge of Allegiance to the United States of America.

MOTION TO ADOPT CURRENT AGENDA FOR APRIL 12, 2018 REGULAR MEETING.

Moved by Bill Hitesman seconded by Shawn Hartmann to adopt the current agenda for April 12, 2018 regular meeting. Roll Call: Ayes: Shawn Hartmann, Bill Hitesman, Willis Hunt, Jack Schreiner. Nays: None. Absent: Joanne Seberg. The motion carried.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, April 10, 2018.

Chairman Jack Schreiner read the Public Notice - Pursuant to Nebraska Revised Statute Section 84-1412, the public is advised that a copy of today's agenda and all reproducible written material which will be discussed at today's meeting is located at the back of the Council Chambers. Also, a current copy of the Nebraska Open Meetings Act is posted on the south wall of the Council Chambers which is accessible to members of the public.

MANAGER'S COMMUNICATIONS:

Manager Kevin Johnson reported that because additional security measures have begun at Hastings Utilities, he is presenting badges to the Board which will give them access in the building at Hastings Utilities, but not to the building. He asked that the Board wear them when in the building at Hastings Utilities.

BOARD CHAIRMAN'S COMMUNICATIONS:

None.

BOARD MEMBERS' COMMUNICATIONS:

None.

CITIZEN COMMUNICATIONS:

None.

CONSENT AGENDA:

1. All Consent Items.

(a) Approval of the minutes of the Hastings Utility Board Meeting of March 8, 2018

Moved by Willis Hunt seconded by Shawn Hartmann to approve All Consent Items. Roll Call: Ayes: Shawn Hartmann, Bill Hitesman, Willis Hunt, Jack Schreiner. Nays: None. Absent: Joanne Seberg. The motion carried.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.

None.

3. General Business.

(a) Finance

i. Financial Results Review - YTD January

Kevin Johnson gave a presentation on the first four months of financials which included the latest report, January 2018. He and Renae Jimenez plan to make some changes to the monthly report and Kevin showed an initial draft of those proposed changes. He asked the Board for any input on changes that they would like to see.

ii. Financial Statement Backlog - Update

Kevin commended Renae and her staff on working very diligently on the reports. Renae has said they are very close to having the February report done. They feel that by the May meeting, the financials should be up to date which means the March report would be ready for the May meeting.

iii. HU and City Funding Sources - Rates -vs- Taxes

Renae Jimenez discussed the differences in HU and City Funding Sources - Rates -vs- Taxes.

iv. Irrigation Rates Overview

Brian Strom gave a presentation on Irrigation Rates. He stated how the rates were set up and policed. The Board did not recommend any changes to the rate at this time, but they felt an Electric Rate Study should be done in the near future.

(b) Production

i. Approval of Change Order No. 1 for WEC Switchgear with Siemens Industry, Inc.

Keith Leonhardt reviewed with the Board the need for a change order to the contract with Siemens Industry, Inc. for WEC Switchgear.

Moved by Willis Hunt seconded by Bill Hitesman to recommend approval to the City Council of Change Order No. 1 for WEC Switchgear with Siemens Industry, Inc. for a net addition of $70,242.00. Roll Call: Ayes: Shawn Hartmann, Bill Hitesman, Willis Hunt, Jack Schreiner. Nays: None. Absent: Joanne Seberg. The motion carried.

ii. WEC-2 Outage Update

Derek Zeisler, Assistant Director of Electric Production at the Whelan Energy Center gave an update on the Spring outage at WEC-2. The outage started March 23, 2018 and it went well, but additional issues were found so the outage was extended. WEC-1 is scheduled to come back on line May 21st.

(c) Operations

None.

(d) Administration

i. Key Performance Metrics (KPI's) - Board Level Selections

Kevin Johnson handed out an initial list of Key Performance Indicators (KPI's) that staff is working on and tracking on at least a quarterly basis. He explained the template that will be used. There are several levels of KPI's that will be used but Kevin plans to report only on the Board level KPI's. During the month of April he hopes to start seeing the numbers to track and will be sharing those reports with the Board.

ii. Strategic Initiatives Reviews (two)

Don Cox gave a report on Rate Comparisons. Don handed out a copy of the April customer newsletter which contains an electric rate comparison conducted by the League of Nebraska Municipalities. He said that Hastings' electric rates are very favorable for our customers. Don said that he compiled gas rate comparisons and Hastings is still very competitive with those rates. He said that it is a different story in the water and sewer rates. Because of the cost of the ASR project, Hastings' water rates are near the bottom in comparisons. Our sewer rates are right in the middle, and was affected by costly upgrades to the Pollution Control Center.

Don said that all in all, it was a good reflection on the value of the utility system to Hastings and also the benefit the ratepayers are realizing. He said that dollars that our customers save are reinvested in our community, and that is turned over numerous times.

A discussion took place on in-lieu-of-taxes in Hastings and the various communities that participated in the rate surveys. Those cities that lease their electric system to NPPD have much higher electric rates, but receive 12% in-lieu-of-taxes from NPPD.

iii. Critical Capital Projects Review (one)

Keith Leonhardt updated the Board on the Mercury Removal Project at WEC-1. He said that in recent years there have been a couple of new environmental regulations; the Mercury Air Toxic Standard (MATS) and the Cross State Air Pollution Rule (CSAPR). The presentation that Keith presented addressed the project Hastings Utilities did to address the mercury portion of the MATS Rule. The estimated work order for this project was $1,298,842. The completed cost was $1,377,742, which includes a patent cost of $171,000 which staff was not aware of when estimating the project. Keith said that staff still plans on upgrades to the equipment to gain efficiencies.

iv. Approval of Addendum to Capacity Purchase Agreement with City of Superior

Don Cox said that the original capacity agreement with the City of Superior, Nebraska was signed February 16, 2017. The agreement went into effect January 1, 2018. He said that Superior was one of the NPPD towns that wanted to exit the long extension of terms looking to buy capacity on the open market. They are getting their energy from a marketer. Superior still needed capacity for the SPP so Hastings Utilities is selling them capacity. In the original agreement, they had the option to increase levels in 2019 and 2020 and they are exercising that option. The numbers are confidential as they are market sensitive. Don said that he would be happy to discuss those numbers in Executive Session if the Board needed more specifics.

Moved by Willis Hunt seconded by Shawn Hartmann to recommended approval to the City Council of the Addendum to the Capacity Purchase Agreement with City of Superior, NE. Roll Call: Ayes: Shawn Hartmann, Bill Hitesman, Willis Hunt, Jack Schreiner. Nays: None. Absent: Joanne Seberg. The motion carried.

(e) Other

Joe Patterson updated the Board on the consolidation of offices. The Finance Department will be moving to City Hall and one Personnel Technician will be moving from City Hall to the North Denver Station location. That date has not been finalized. The Housing Authority is moving to the YWCA building. The Developmental Services Department will move into that vacated area. The Finance Department will be located where the Developmental Services Department vacates.

Joe said that the move will probably be after the budget because the budget is so critical that we don't want functionality to be disrupted. He said that the committee will work with staff on the process.

The committee is also working on combining benefits of all city employees. Joe said that the Comparability Study is in the process. Mr. Essman estimated that he would be completed in another month or so. Joe said the committee is looking at prevalent benefit packages of other cities. He said that health insurance is the biggest challenge.

Willis Hunt shared his concern with the number of things that are being hung on Hastings Utilities' poles. He is concerned that the design capacity is being exceeded. Willis stated that drilling additional holes in the poles for attachment affects the structural capacity. He would like the Engineering Department put something together that shows the design capacity of the pole and show what is hanging on them.

4. <u>Possible Closed Session (if necessary or requested).</u>

None.

ADJOURN:

There being no further business, the meeting adjourned at 10:55 a.m.

APPROVED:

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Board Secretary