HASTINGS UTILITY BOARD
AGENDA

Utility Board Room
1228 North Denver Avenue
June 10, 2021
9:00 AM

ROLL CALL:

PLEDGE OF ALLEGIANCE:

MOTION TO ADOPT CURRENT AGENDA FOR 6/10/2021 REGULAR MEETING.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, June 08, 2021. 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 in the Utility Board Room. Also, a current copy of the Nebraska Open Meetings Act is posted on the south wall of the Utility Board Room which is accessible to members of the public.

MANAGER'S COMMUNICATIONS:

BOARD CHAIRMAN'S COMMUNICATIONS:

BOARD MEMBERS' COMMUNICATIONS:

CITIZEN COMMUNICATIONS:

CONSENT AGENDA:

1. <u>All Consent Items.</u>

    (a) Approval of the minutes of the Hastings Utility Board Meeting of May 13, 2021.

REGULAR AGENDA:

2. <u>Unfinished Business of Preceding Meeting.</u>

3. <u>General Business.</u>

    (a) Finance

        i. Budget Timeline

    (b) Production

i. IRP Status

(c) Operations

i. Water Infrastructure Replacement Plan

(d) Administration

(e) Other

i. City Hall to NDS-Status

ii. Comparability Study Process Overview

4. Possible Closed Session (if necessary or requested).

ADJOURN:

The Hastings Utility Board reserves the right to enter into an executive session at any time during the meeting, in accordance with the Nebraska Open Meetings Act, even though the closed session may not be indicated on the agenda. It is the intention of the Hastings Utility Board to take up the items on the agenda in sequential order. However, the Hastings Utilities Board reserves the right to take up matters in a different order to accommodate the schedule of the Utility Board Members, persons having items on the agenda, and the public.

CITY OF HASTINGS, NEBRASKA
MINUTES OF UTILITY BOARD REGULAR MEETING
Thursday, May 13, 2021

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 May 13, 2021.

ROLL CALL:

The meeting was called to order at 9:00 a.m. in Regular Session by Chairman Bill Hitesman with the following members present: Shayne Raitt, Mark Hemje, Susan Meeske.
Absent: Jeanette Dewalt.

Others present: Manager of Utilities, Kevin Johnson; City Administrator, Dave Ptak; Director of Finance, Roger Nash; Accounting Manager, Robin Ginn; Information Technology, Trevin Sebek; Business Operations Analyst, Brian Strom; Director of Capital Management, Keith Leonhardt; Director of Administration, Derek Zeisler; Director of Electric Production, Rich Kleinhample; Director of Human Resources, Lori Hartman; City Clerk, Kimberly Jacobitz; Mayor Stutte; Shawn Hartmann; Butch Eley.

PLEDGE OF ALLEGIANCE:

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

MOTION TO ADOPT CURRENT AGENDA FOR date REGULAR MEETING.

Moved by Shayne Raitt seconded by Mark Hemje to adopt current agenda for the May 13, 2021 Regular Meeting. Roll Call: Ayes: Bill Hitesman, Shayne Raitt, Mark Hemje, Susan Meeske. Nays: None. Absent: Jeanette Dewalt. The motion carried.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, May 11th, 2021. 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:

Kevin Johnson welcomed Susan Meeske, as a new board member. Staff introductions were made.

BOARD CHAIRMAN'S COMMUNICATIONS:

Chairman Bill Hitesman gave a warm welcome to Susan Meeske.

BOARD MEMBERS' COMMUNICATIONS:

None.

CITIZEN COMMUNICATIONS:

None.

CONSENT AGENDA:
1. All Consent Items.

Moved by Mark Hemje seconded by Shayne Raitt to approve consent agenda item.
Roll Call: Ayes: Bill Hitesman, Shayne Raitt, Mark Hemje, Susan Meeske. Nays: None. Absent: Jeanette Dewalt. The motion carried.

(a) Approval of the minutes of the Hastings Utility Board Meeting of April 8, 2021.

REGULAR AGENDA:
2. Unfinished Business of Preceding Meeting.

None.

3. General Business.

(a) Finance
2nd Quarter Financial Report

Kevin Johnson reported on the March Financials emailed to the board today. He presented the 2nd Quarter Financial Report, but mentioned that monthly financials are sent to members of the board.

Kevin highlighted the Rate Stabilization on the balance sheet. The balance was $14.2 million at the end of fiscal year 2020, but is down to $10.5 million. We opted to use $3.75 million of that fund to help offset the big gas expense of the weather event in February 2021. On the electric side, the operating revenues are 75% of budget. The operating expense line is at 45% of budget. We are on the upside of revenue for the year and below budget on the expense side. On the gas summary, operating revenue is at 74% of budget and expenses are at 117%, both increased. The water operating revenue is at 41% of budget and expenses are at 46%. The water revenues are down. We are not using much water, but are moving into the two quarters of the year where we will see water usage increase. We pay in lieu of once a year. It is at 80% already compared to budget. We are slightly below income earnings, but it is expected. Pollution control is on target with operating revenue and expenses below 50%. General and Administration side is below 50% of budget and in good concentration. Head count is to give you where we are and where we are budgeted. Anytime there is an opening, our staff has to evaluation and justify the need for that replacement. Unit Sale and Cost Analysis is to give you a monthly flavor of how our rate structure is supporting our business expenses. Electric, water, and gas production gives an indication of the usage and number of customers. Heating/cooling degree days and their impact was discussed.

Derek Zeisler's team is tracking heating and cooling degree days. This is a good depiction of how the weather impacts utilities from year to year, and the current year.

(b) Production

IRP Status Update

Keith Leonhardt is on the Integrated Resource Plan (IRP) Committee. This committee members are Keith Leonhardt, Shane Stone, Rich Kleinhample, Brett Thompson, Lee Vrooman, and Derek Zeisler. Committee believes we need more assistance evaluating a few power supply options, as well as looking at different locations. Those options are gas turbines and reciprocating engines. Gas turbines would be similar to what we have at the Don Henry site. Rich printed pictures for the group. They have prepared specification and taken proposals from engineering companies to assist them. They hired Stanley Consultants to help evaluate capital and O & M cost for those two technologies. They asked them to look at Whelan Energy Center, North Denver Station, and Don Henry. They are starting their work next week, completing June 11th. The committee is working on network transmission cost evaluation. The primary effort is refining cost for those two options. Kevin Johnson reminded that we are evaluating existing sources, Unit 4 and Unit 5, WEC1, Don Henry, market purchases, and new dual fuel technologies. They are taking into consideration an expansion to the solar farm and new technology that is evolving. No timeframe pressure, but need to put appropriate dollars in the budget when needed. There are critical options, not just economic, but economic and long term considerations. Battery technology is moving rather quickly. We generate for the market and we buy for city load from the market. We do not directly generate for our own load.

(c) Operations

Agency Gas- Swing Service Fee

Brian Strom presented on this fee. They are not asking for approval at this time. This fee will be introduced within fee structure during the budget process. We are looking at implementing a swing service fee for gas rate. The gas rate is the Firm Gas Transport Rate, which has thirteen current customers (Agency Customers). Monthly gas prices are based on the Utility Department's natural gas supply contracts and future pricing. An agency agreement designates monthly pricing and volume limits. Customer Balancing Obligation is the customer is permitted to incur a daily positive or negative imbalance of 10% of the quantities received by Hastings on the customer's behalf, except on critical days. Imbalance penalty is if Hastings incurs increased gas or transportation costs, or any penalties whatsoever due to a customer's imbalance, those costs will be passed on to the customer at 110% of cost.

Swing Service Fee, in the event that customer exceeds the contracted maximum daily transportation amount in MMBtu, or customer's Daily Transport Limit, customer shall pay a Swing Service Fee on the over consumption (MMBtu). The rationale is that when an agency customer exceeds the maximum volume, the Utility Department has to supply the replacement volume to serve the customer at current market pricing. Swing Service Fee would be added to cover non-critical day consumption when customer consumes more gas than their maximum allotment. Swing Service Fee allows the Utility Department to remain whole, if gas prices increased drastically.

(d) Administration

(e) Other

City Hall transition plans to NDS

Kevin Johnson updated on the effort to cleanup problems throughout the city hall building. While efforts are beginning, we are intending to move department currently at city hall up to North Denver Station (NDS). This move will pack people into NDS. There are a lot of changes to various parts of the NDS boardroom, plant area, existing offices, and cubes. A meeting yesterday came up with 92 preliminary steps that have to occur to get people out of the building. The intent is to get employees out of this building, so that cleanup or rehabilitation can be done without impacting employee while they are located here. Lee Vrooman has assigned an Assistant Engineer to coordinate these efforts. We are taking a look at coordinating those spaces and will transition as space is available. The process will take at least 30 days, but hopefully not more than 90 days. There will be 25 employees being relocated out of city hall.

Mayor Stutte stated this is a fact finding stage to evaluate what the current status is for city hall and North Denver Station. We are not at a decision point. He thanked staff for their hard work and moving this forward to help employees stay safe. There is plenty to be done yet.

Kevin mentioned that conference and training rooms will be the biggest challenge. We will not have any conference rooms available, after everyone moves to NDS. We want to bring in trailers for conference rooms and training. It won't be easy or convenient, but we can make adjustments, even if for one to two years.

Kevin welcomed Susan Meeske to the Utility Advisory Board.

ADJOURN:

Moved by Shayne Raitt seconded by Mark Hemje there being no further business to adjourn at 9:54 A.M. Roll Call: Ayes: Bill Hitesman, Shayne Raitt, Mark Hemje, Susan Meeske.
Nays: None. Absent: Jeanette Dewalt. The motion carried.

APPROVED:

____
Board Secretary

Department: Utility Administration
Staff Contact: Roger Nash
Utility Board Meeting Date: 6/10/2021

AGENDA ITEM SUMMARY SHEET

Description of Item:

Names of People/Business affected by this action:

Why Council action is required:

Type of action requested:

No Action Required

Suggested motion:

Deadlines associated with action:

Department head comments:

City Administrator comments:

Department: Utility Administration
Staff Contact: Keith Leonhardt
Utility Board Meeting Date: 6/10/2021

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Water Main Infrastructure Replacement Proposal

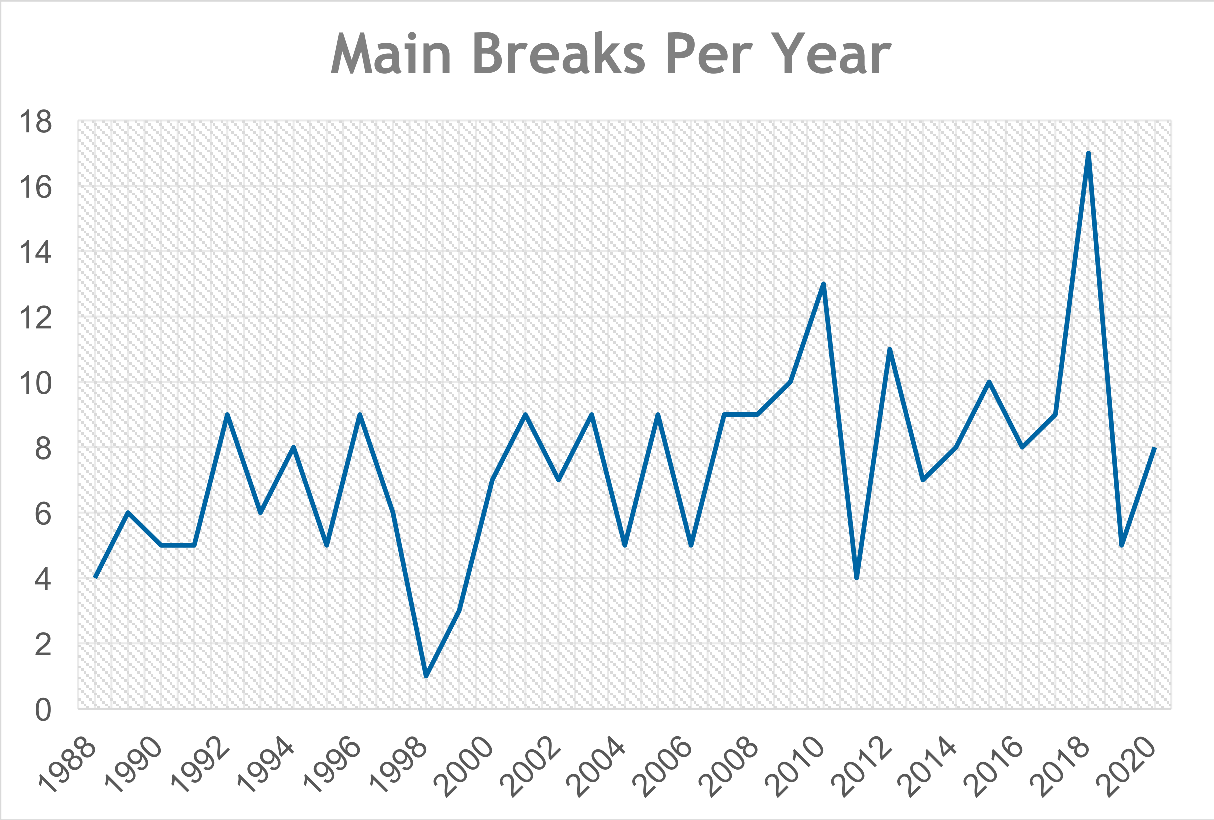
- Prioritization
- Goal / Schedule
- Funding
- Implementation

Prioritization

- Break History
- Age
- Material
- Size / Fire Flow
- Lead Services

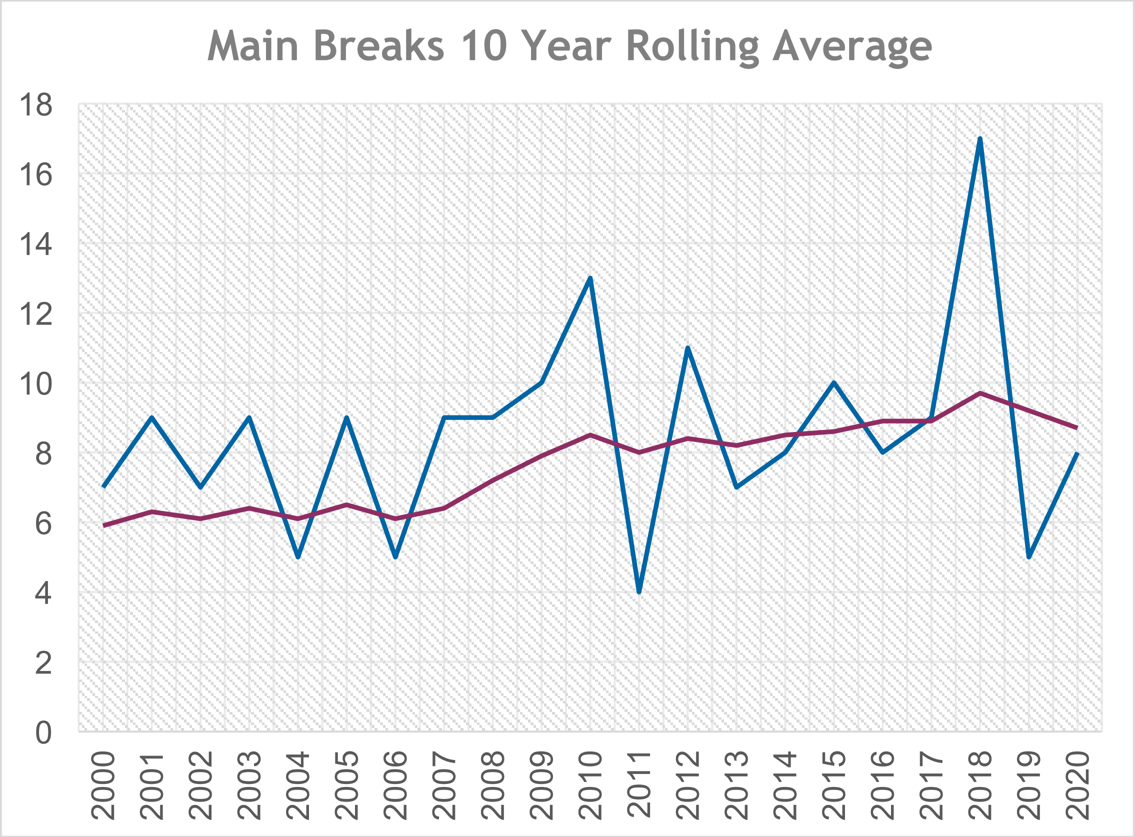
Prioritization: Break History

- Main Break Data from 1988 to present.
- Average Main Breaks per year about 7.5

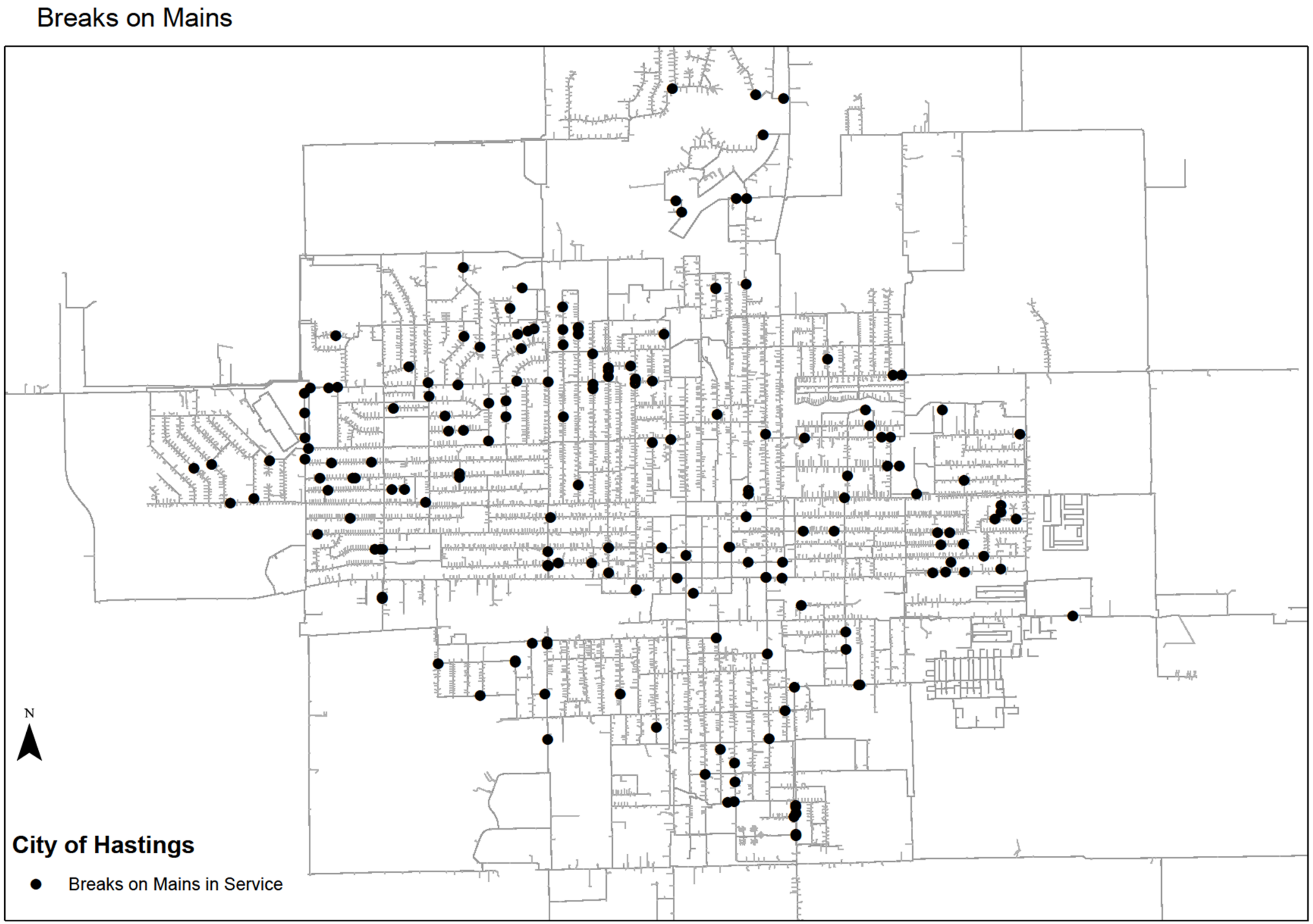


Prioritization: Break History

- Main Break Rate is Increasing
- Up 50% from 2000 to 2020



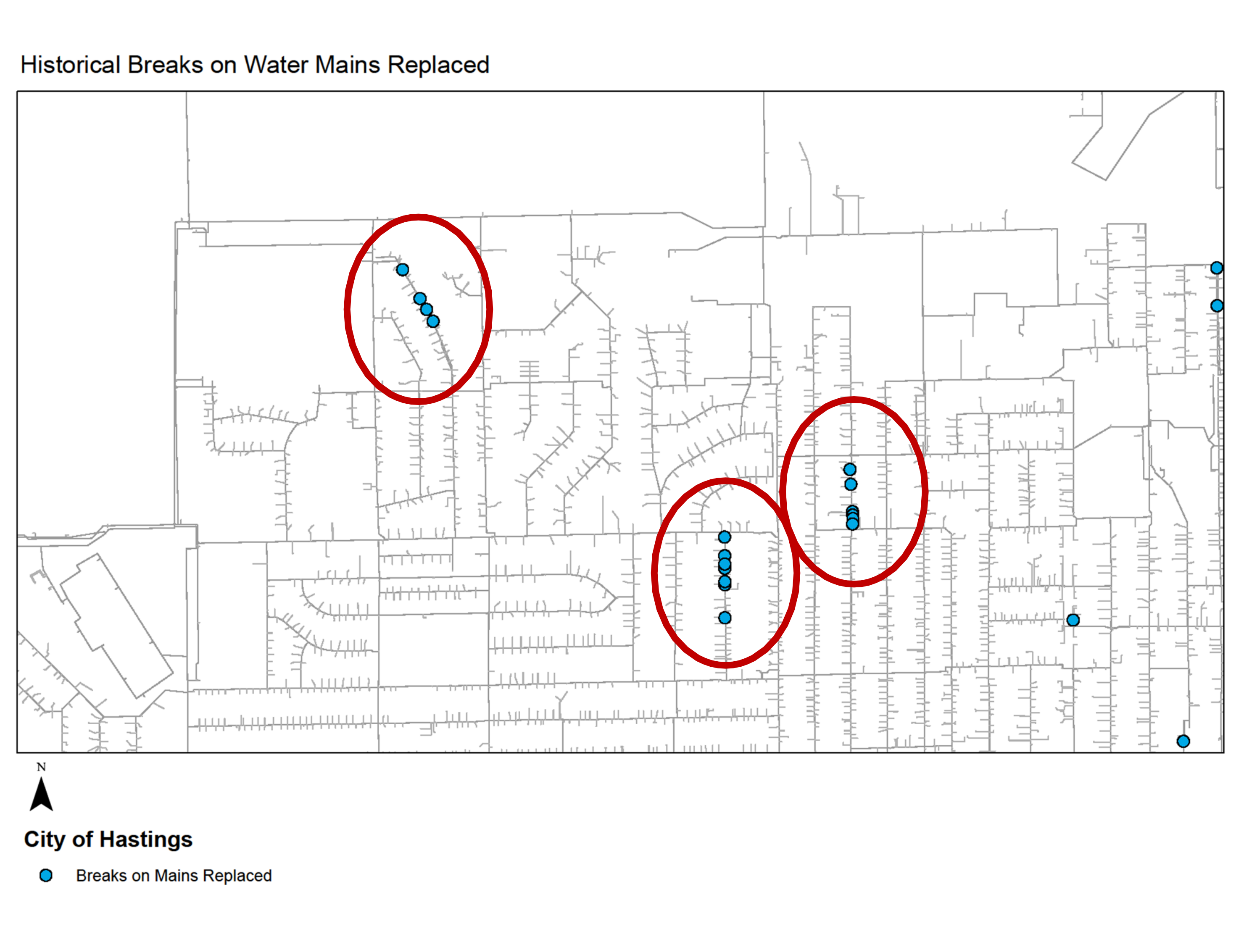
Prioritization: Break History



1988-Present
In Service Mains

Prioritization: Break History

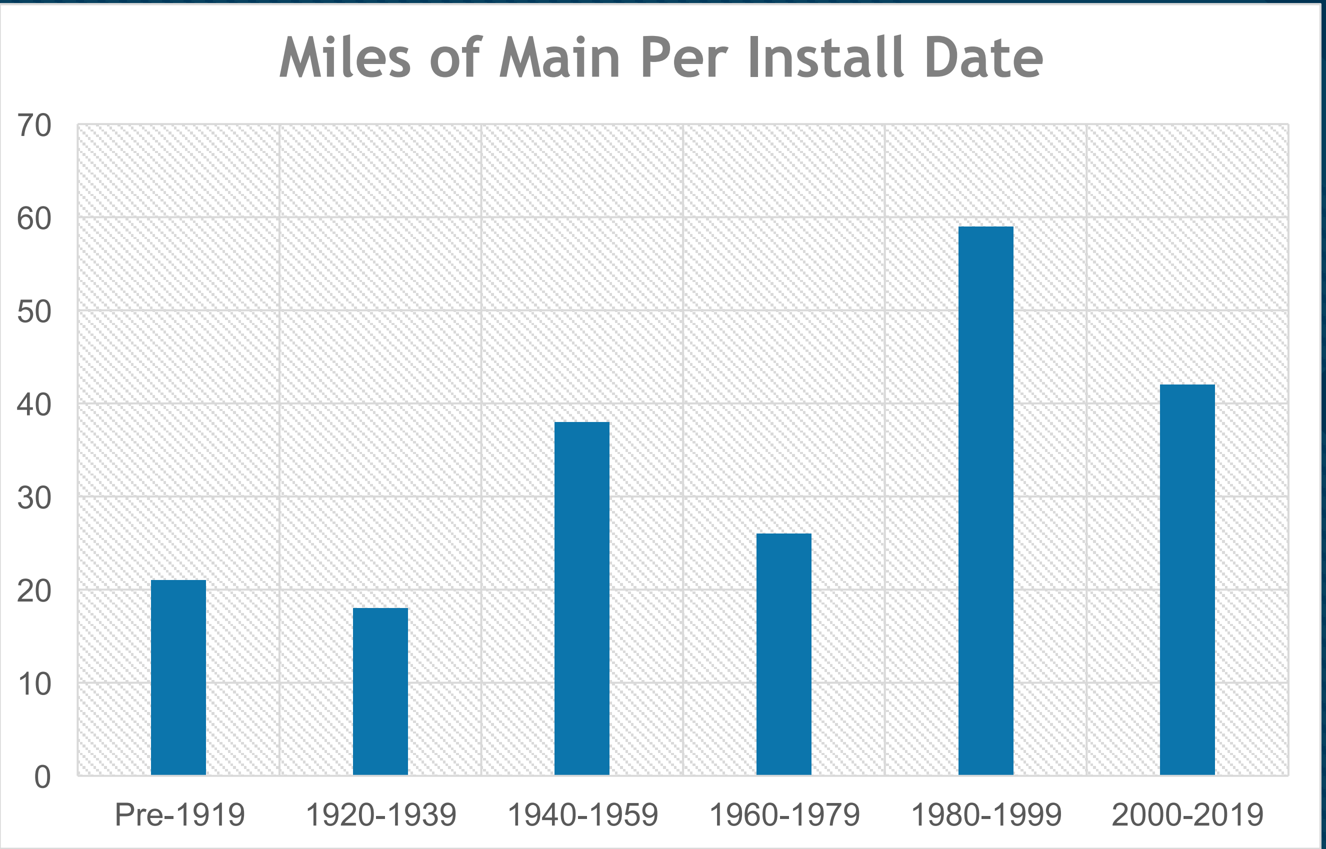
- High main break areas have been, and will continue to be addressed.



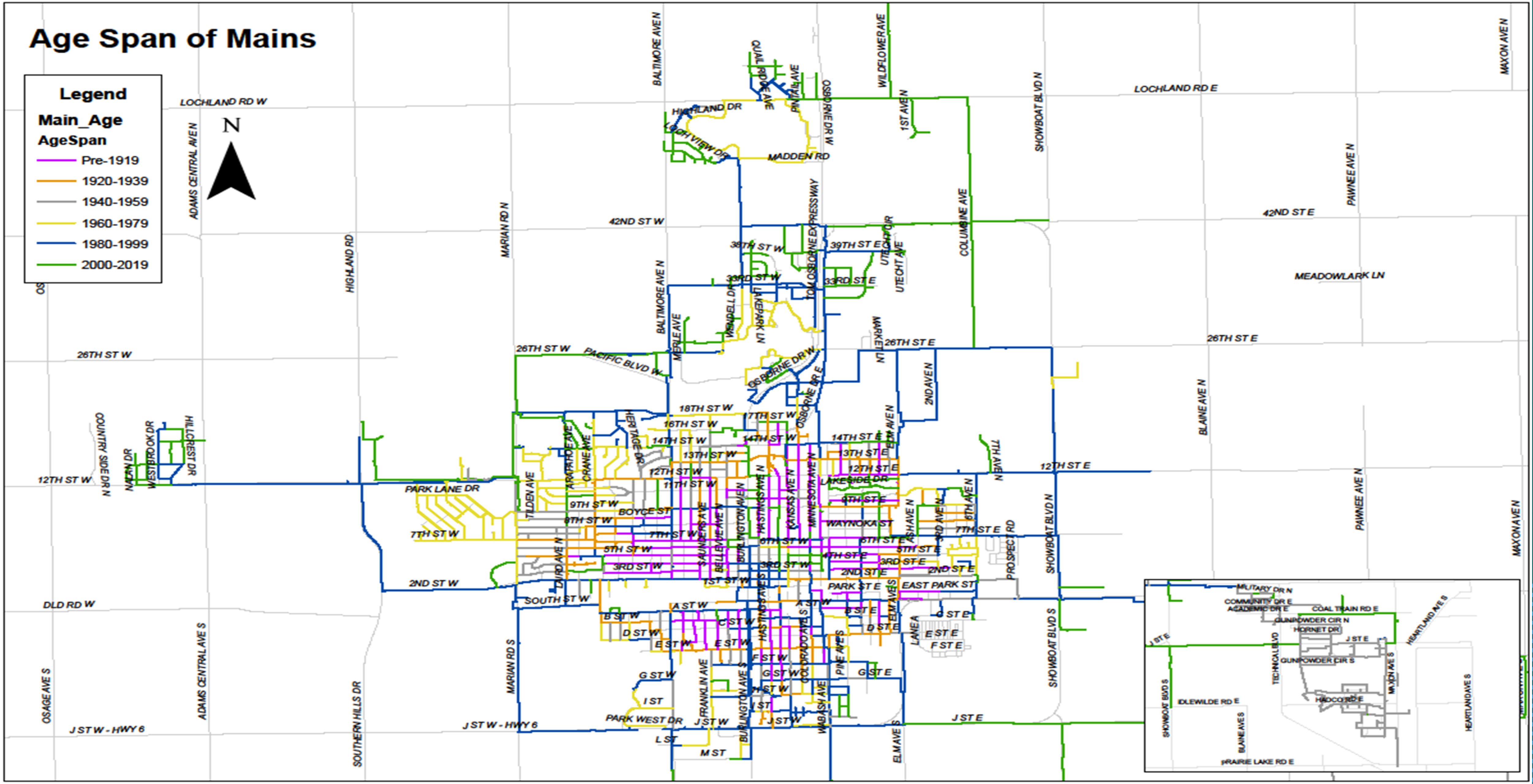
Prioritization: Break History

- 2018 US/Canada Average Main Breaks per 100 miles = 14
  An increase of 27% in the past six years
- AWWA targets 15 main breaks per year / 100 miles as national goal
- M.U.D. and others regional Utilities use 10 per year / 100 miles as goal
- Hastings has about 206 miles of main
  1988-2020 Average Breaks per year / 100 miles = About 3.5
  Last Five Years = About 4.5
- Main break rate increasing, but below industry average, not our primary driver for replacement.

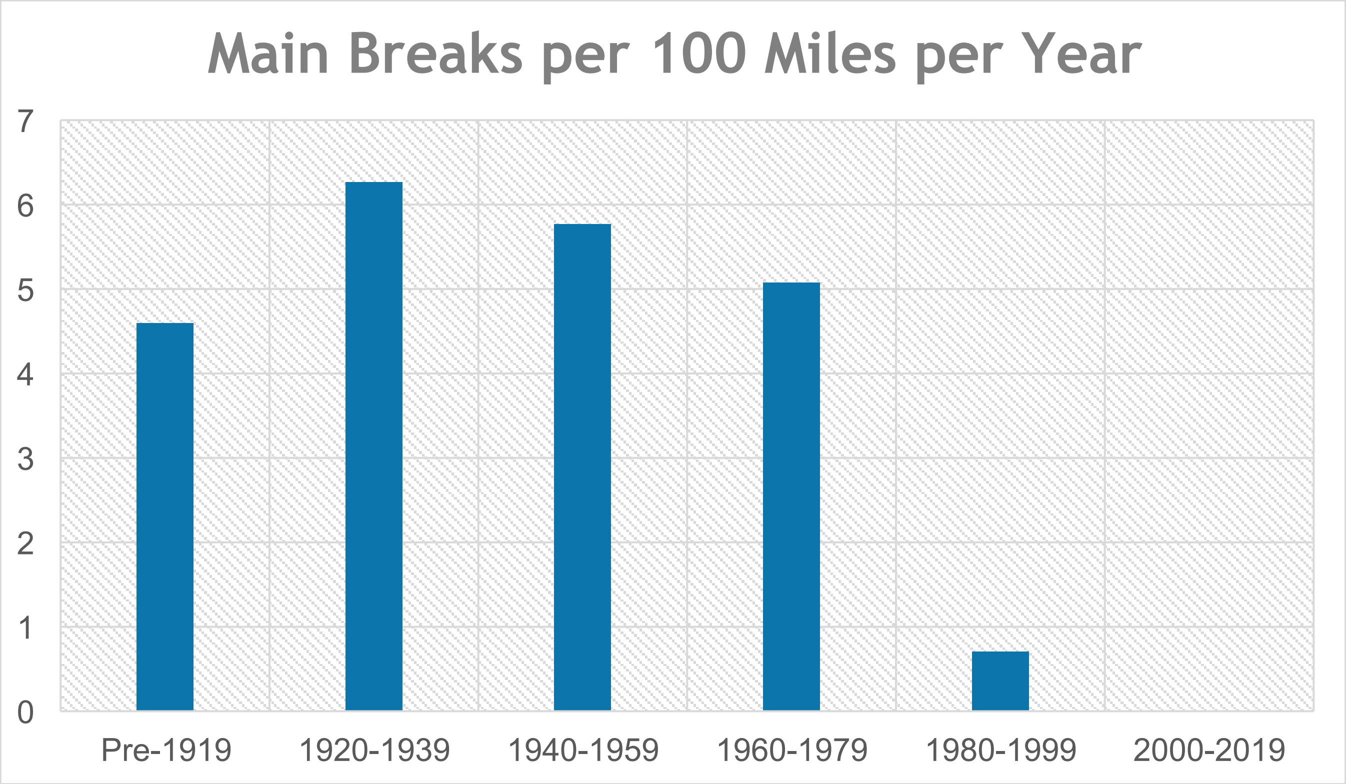
- Oldest in use mains are from the 1880s.
  130 years old +



Prioritization: Main Age



Prioritization: Main Age



- Main age is a critical factor in main break rate.

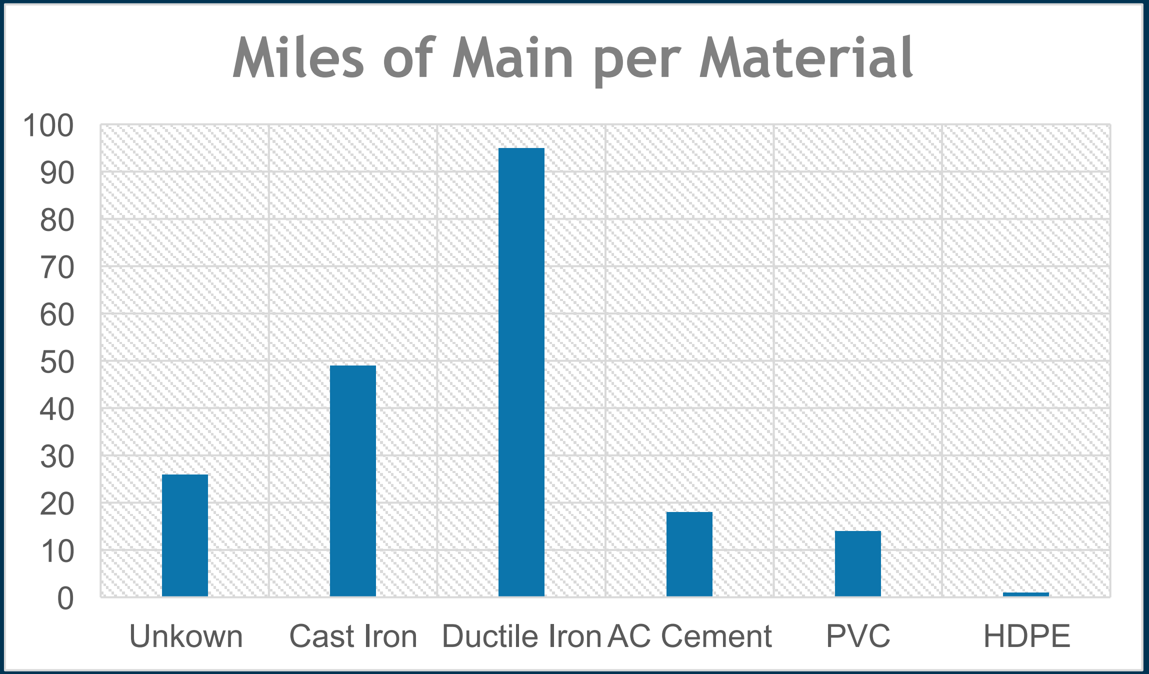
- Main break rate increasing, but below industry average, not our primary driver for replacement.

Prioritization: Main Materials

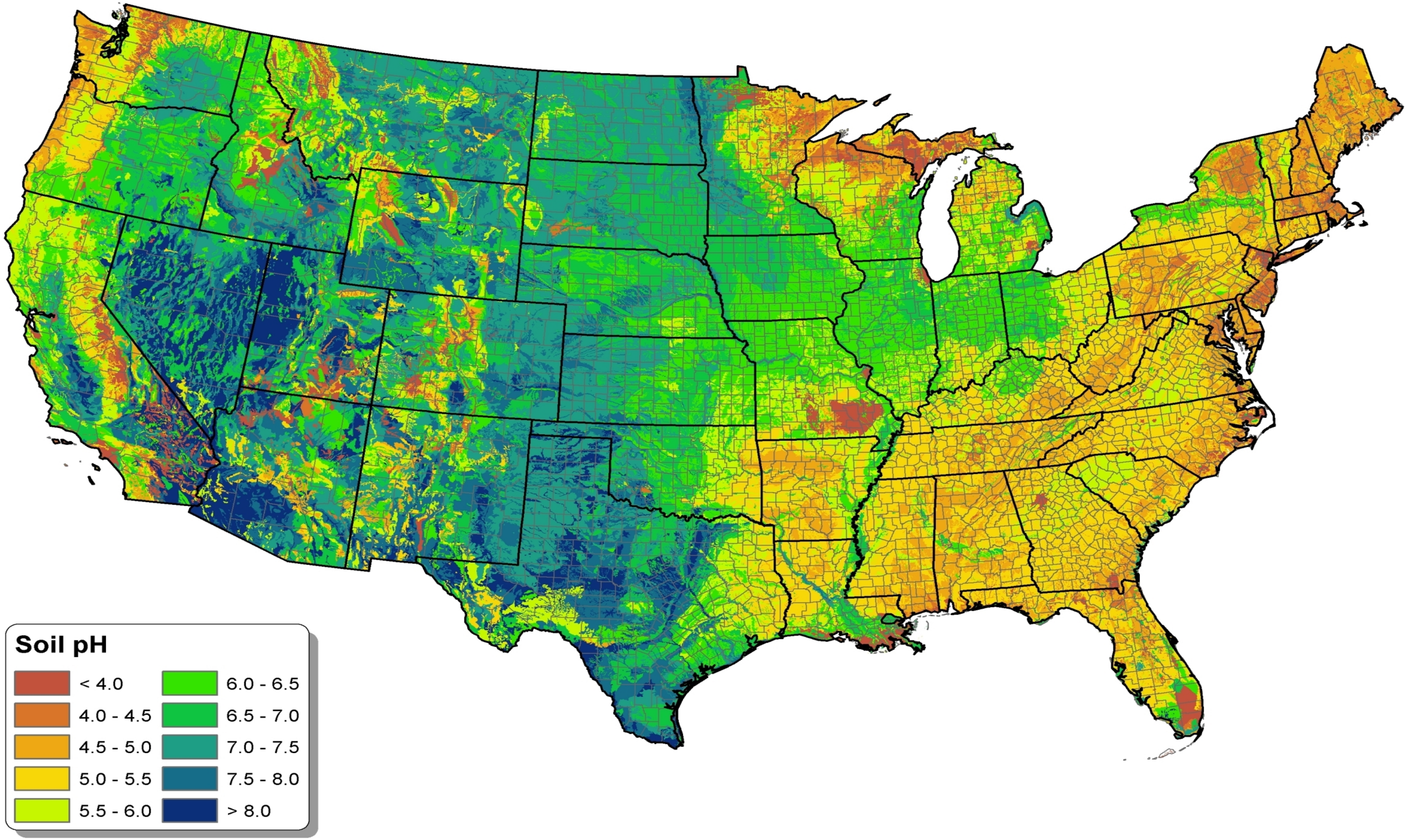
- Unknown materials from old, incomplete records. Most likely cast iron and sand cast iron.

- AC Cement material almost entirely in the CCC/CMS region (Ammunition Depot).

- Cement Lined Ductile Iron pipe replaced Cast Iron pipe in 1970s as industry standard.
  - Bendable
  - Stronger
  - More Corrosion Resistant

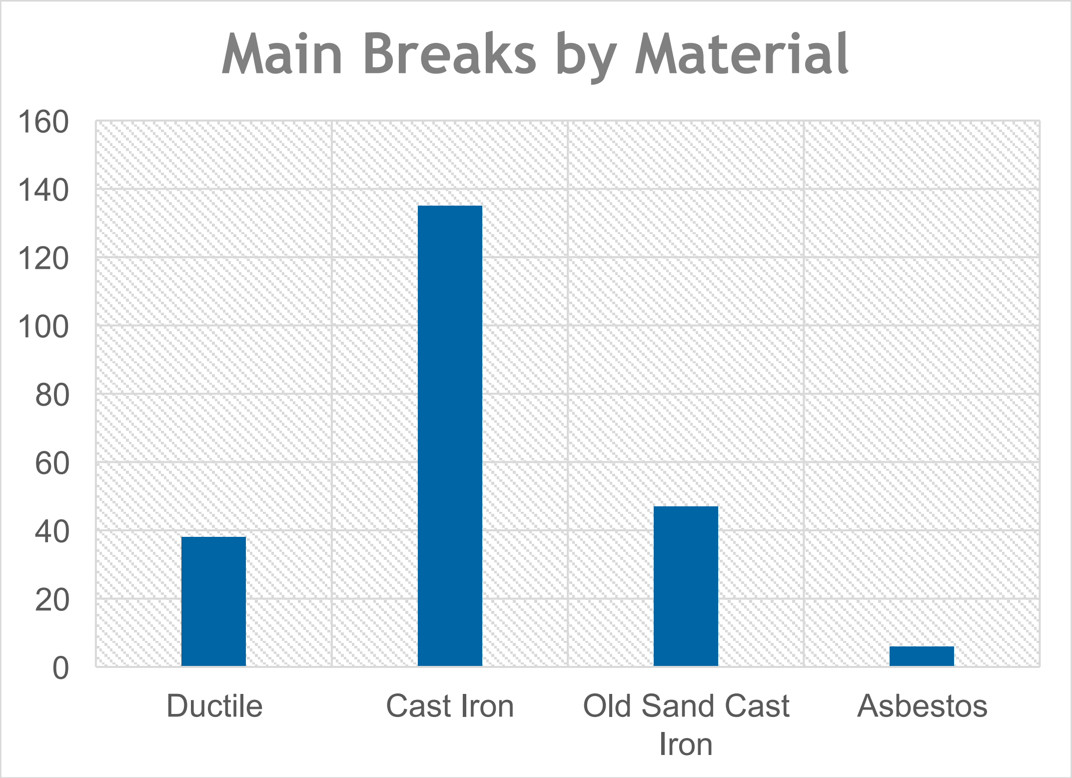


Prioritization: Main Materials



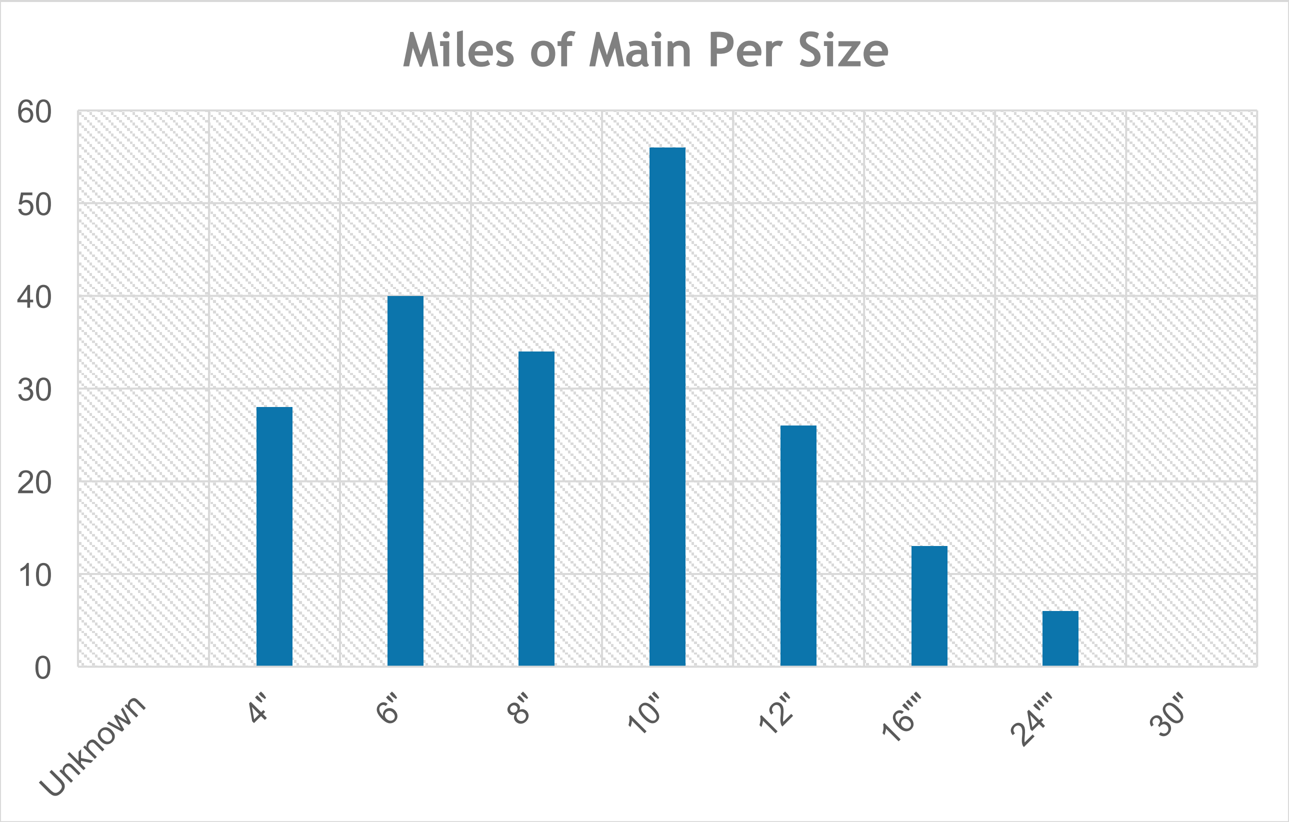
U.S.A.
Soil Acidity Map

Prioritization: Main Materials



- Main material is a critical factor in main break rate.
- Main break rate increasing, but below industry average, not our primary driver for replacement.

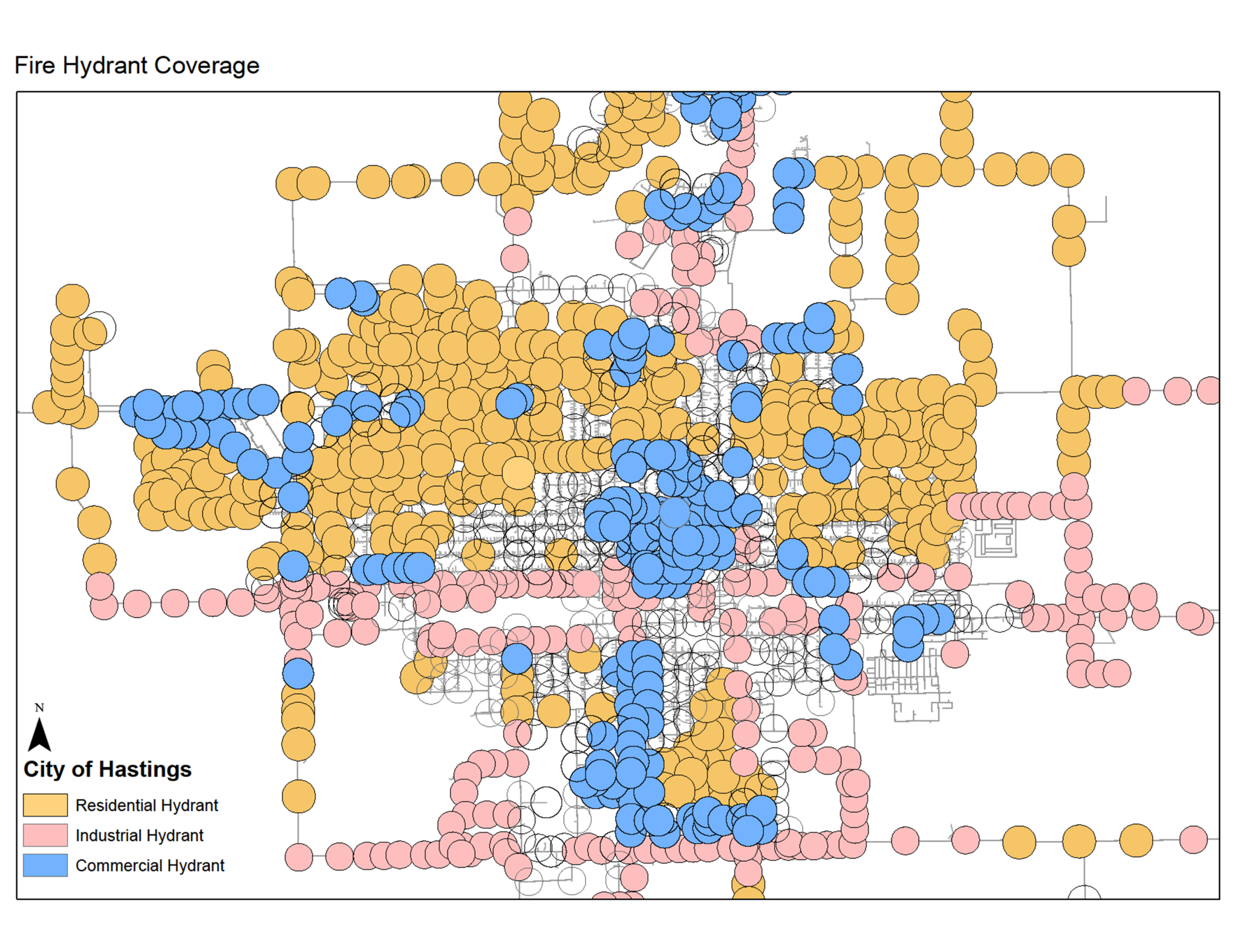
Prioritization: Main Size / Fire Flow



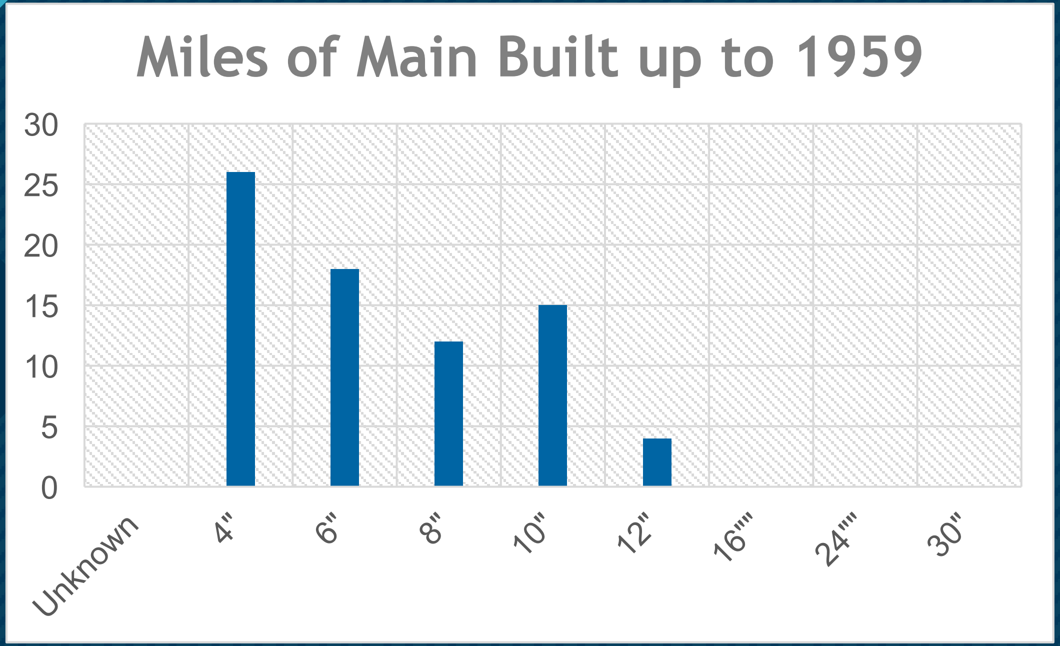
- Current HU engineering standard stipulates all new and replacement water mains must be 8" diameter or larger.

Prioritization: Main Size / Fire Flow

- Clear circles indicate areas of Hastings that need better fire flow



Prioritization: Main Size / Fire Flow



- Our 4” pipe is getting old
- 20.2% of current 4” main is 80 to 100 years old
- 62.5% of current 4” main is over 100 years old
- Committee recommends fire flow as driver for replacement

Cast Iron Tuberculation

Prioritization: Lead Services

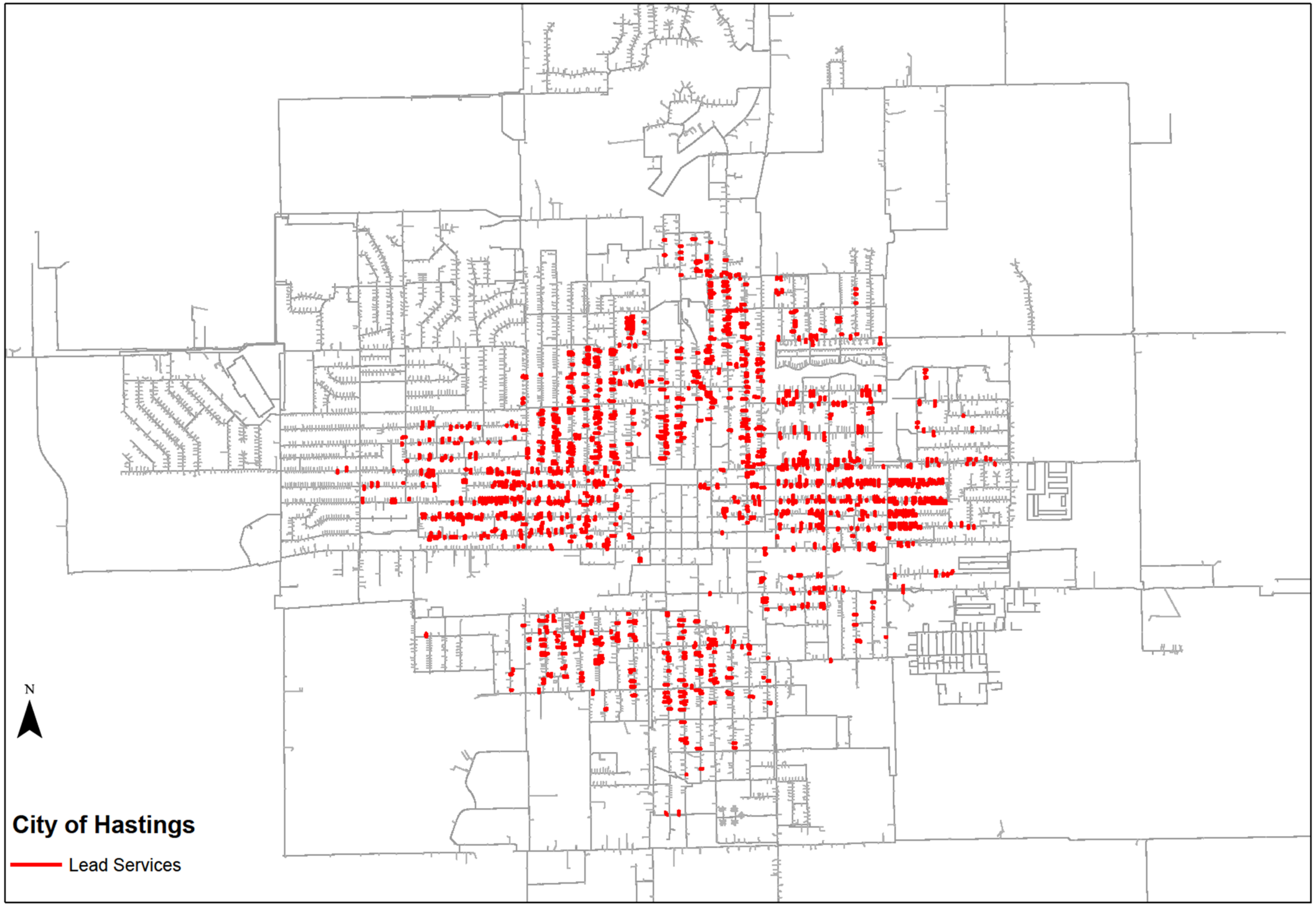
- Over 1600 lead water service lines currently in use (about 15% of all water services).
- EPA's Lead and Copper Rule revisions keep getting tighter on lead levels from lead services.

Current Rule	Revised Rule (2024)
90^{th} percentile level above lead action limit of 15 µg/L prompts actions.	90^{th} percentile level above lead action limit of 15 µg/L prompts more aggressive actions and new "trigger level" of 10 µg/L prompts planning/monitoring/treatment
System must collect 50% of samples from lead service lines (if available).	System must collect all samples from lead service lines (if available).
High priority given to copper pipes with lead solder for sampling purposes.	No priority given to copper pipes with lead solder for sampling purposes.

- HU has maintained an excellent record of lead sampling compliance with federal drinking water standards

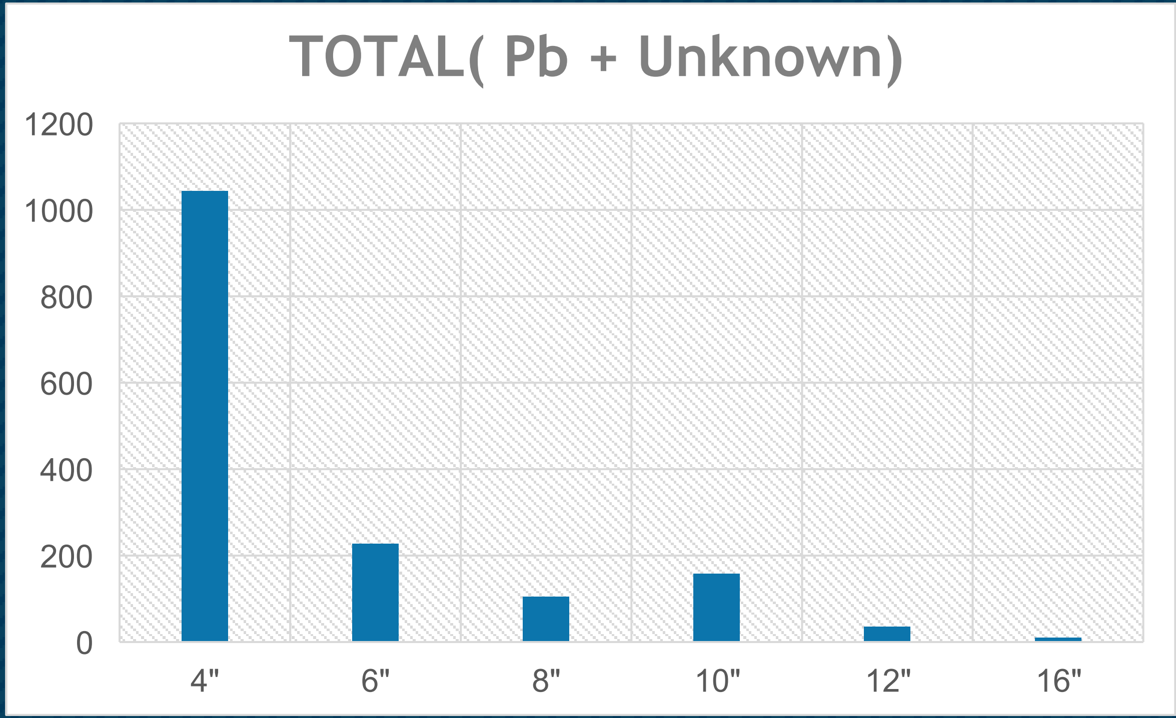
Prioritization: Lead Services

Lead Services



- Committee recommends Lead Services as driver for replacement

Prioritization



- By Prioritizing Fire Flow / Main Size and Lead Service areas, we are focusing on the same areas.

Prioritization

- By Prioritizing Fire Flow / Main Size and Lead Service areas, we also address much of our aging system.
  - 4” mains make up 82% of system over 100 years of age.
  - 31% of mains 80 to 100 years old.

- By Prioritizing Fire Flow / Main Size and Lead Service areas, we also address our lowest quality main material in the ground: Cast Iron

- By Prioritizing Fire Flow / Main Size and Lead Service areas, we address main break rate.

Goal / Schedule

- Remove 100% Lead Services by 2040
- Replace 1 mile of old main per year, ramping up to 1.5 miles by 2030
- Replace 1.5 miles of old main by 2030, ramping up to 2 miles by 2040.
- Consistently replace 1% of our system every year by 2040

Goal / Schedule

First 10 Years

Replacement Area	Construction Year	Project	Footage, Ft	Lead + Unknown	% Lead / Unknown Replaced
3	2022	5th St: East Side Blvd to California	1,087	16	1
3	2022	7th: Minnesota to Cedar	2,100	28	1.75
3	2022	Phase I: 4th St, East Side Blvd to California	1,087	12.5	0.78
2	2023	Minnesota: 7th - 12th	2,800	31.5	1.97
2	2023	Colorado: 7th-13th	3,500	41	2.57
3	2024	6th St: East Blvd to 2nd Ave	3,900	68.5	4.29
1	2025	3rd St: Woodland to Briggs	4,350	37.5	2.35
1	2025	Lexington: 12th to 13th	750	12.5	0.78
3	2026	3rd: East Side Blvd to 2nd Ave	3,450	42.5	2.66
3	2026	2nd St: East Side Blvd to 2nd Ave	1,150	24.5	1.53
1	2027	5th St: Woodland to Bellevue	4,450	50.5	3.16
4	2028	Hastings: G to A	3,100	30	1.88
4	2028	Denver: H to A	3,750	19.5	1.22
1	2029	6th: Belevue to Oswego	3,350	35.5	2.22
1	2029	7th: Bellevue to Oswego	3,350	39	2.44
3	2030	5th Street: East Blvd to 2nd Ave	3,900	68.5	4.29
3	2030	4th Str: East Side Blvd to 2nd Ave	3,250	43	2.69
1	2031	Hewitt, Webster, Briggs, Saunders, Williams: 7th-9th	7,000	73	4.57
5	2032	Boston : A to E	1,850	19.5	1.22
5	2032	B Street: Baltimore to Chicago	1,650	8	0.5
5	2032	New York: A to E St.	2,000	17	1.06
5	2032	Garfield: A St to E St.	1,700	14.5	0.9
5	2032	Chicago: A St to E St	1,800	11	0.69

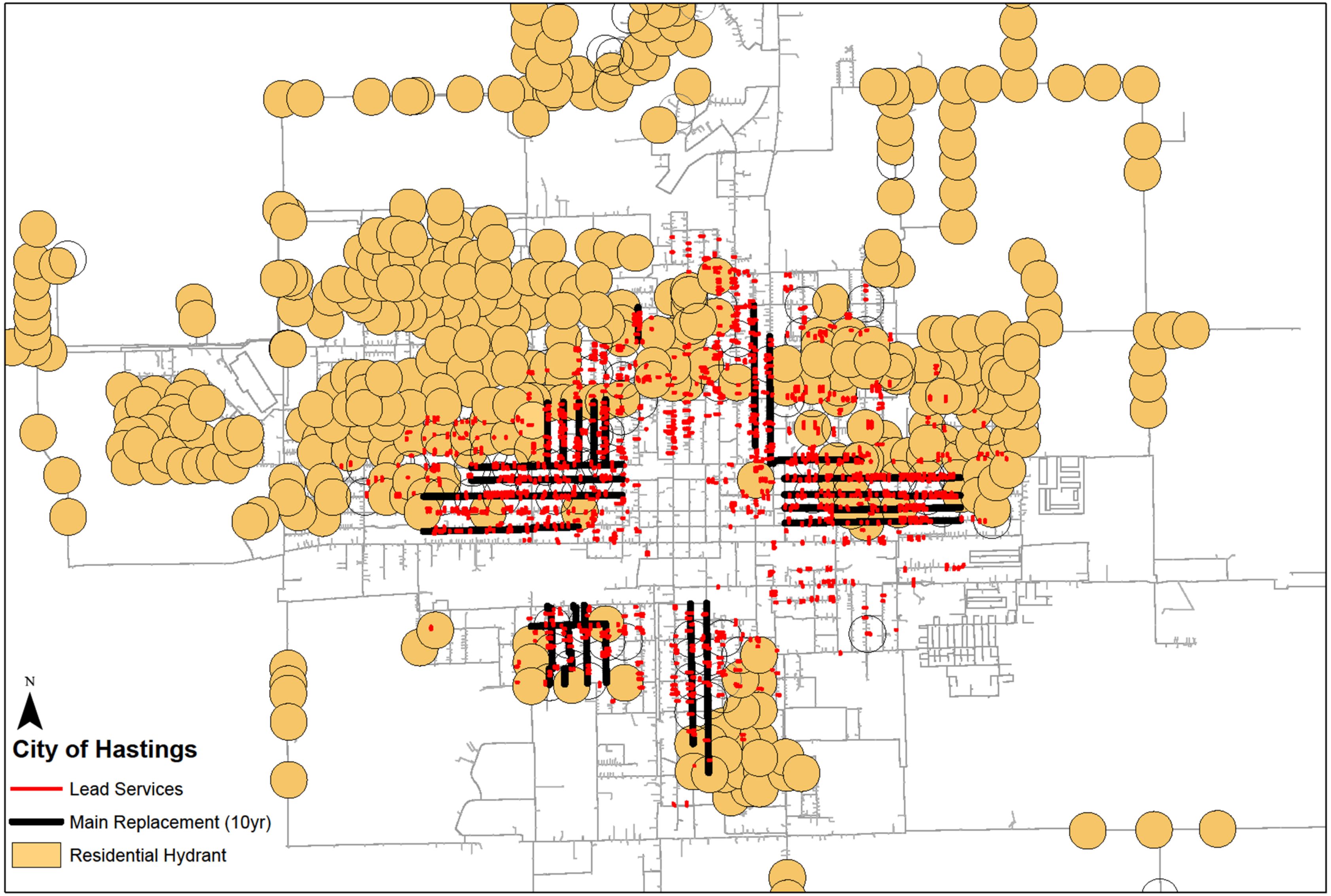
- Total Miles = 11.96
- Miles per Year = 1.20
- Lead and Unknown Service Removal = 45%

Goal/Schedule

- New main projects designed to terminate to larger mains 8” and up.
- Mileage lower, but service replacement density high. As lead services get removed, resources can be directed to longer spans.
- Schedule is flexible, and projects can be moved around to accommodate other activity such as paving projects.
- Schedule moves projects around town so to not overburden any one zone for multiple years.
- New water mains in developments will be in addition to replacement schedule.

Goal / Schedule

Lead Services, 10 Year Replacement Mains and Residential Hydrants



Funding

<u>Options:</u>

- Rate Increase (rate study next fiscal year)
- Meter Fee Increase
- Flat Fee Rider
- State Revolving Fund
- Grants
- American Rescue Plan Eligible Expense
- Combination

Funding

How are other Utilities funding?

Utility	Funding source 1	Funding source 2	Comments
Utility 1	Funds within rate structure	SRF loans when projects are large	Try to maintain a fund balance of 25% of proposed operating budget expenditures
Utility 2	Water user fees	SRF loans when projects are large	
Utility 3	Volumetric rate	Flat fee (monthly service charge) and WIR (Water infrastructure rider)	Had 19% rate increase in 2019 which was entirely for infrastructure replacement
Utility 4	Usage rate and fixed meter fee	Water improvement districts for expansion projects and rider for cost of backflow program	Does not typically use SRF or CDBG. They believe no benefit to use SRF funds
Utility 5	General Water rates		Use a long-term funding model that projects the cost of replacements based on asset types and useful life
Utility 6	General water rates	For large projects use revenue bonds paid back with rates and occasionally SRF.	Operate with a debt ratio of at least 2.0 and maintain at least 180 days cash on hand

Funding

- 1st year replacement projects estimated at 1.2 to 1.5 million dollars.

- In review of current water department funds, committee recommends funding for first year replacement schedule comes from current revenue with no additional financial actions.

- Committee recommends incorporating main replacement schedule into rate study and follow the direction of the study's results.

Implementation

Engineering Recommendation

- Project Engineering to be done in house

  - Quality Control

  - Staying on Schedule

  - Design Consistency

  - Coordination of Design and Inspection

  - Department can handle workload

Implementation

Construction Recommendation

- Main and service construction to be contracted

  - Local Contractors feel they can handle additional work.

  - HU will evaluate quality, costs, and rate of work.

- HU continues to evaluate current internal assets for main and service installation

  - Internal productivity and efficiency audits ongoing.

  - Internal job function and viability audits ongoing.

Thank You, Questions?

Department: Utility Administration
Staff Contact: Lee Vrooman
Utility Board Meeting Date: 6/10/2021

AGENDA ITEM SUMMARY SHEET

Description of Item:

Names of People/Business affected by this action:

Why Council action is required:

Type of action requested:
No Action Required

Suggested motion:

Deadlines associated with action:

Department head comments:

City Administrator comments:

Department: Utility Administration
Staff Contact: Lori Hartman, Dave Ptak
Utility Board Meeting Date: 6/10/2021

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