

HASTINGS UTILITY BOARD AGENDA

**Council Chambers - City Hall Building
220 North Hastings Avenue
November 10, 2022
9:00 AM**

ROLL CALL:

PLEDGE OF ALLEGIANCE:

MOTION TO ADOPT CURRENT AGENDA FOR November 10, 2022 REGULAR MEETING.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, November 8, 2022. 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:

BOARD CHAIRMAN'S COMMUNICATIONS:

BOARD MEMBERS' COMMUNICATIONS:

CITIZEN COMMUNICATIONS:

CONSENT AGENDA:

1. All Consent Items.
 - (a) Approval of the minutes of the Hastings Utility Board Meeting of October 13, 2022.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.
3. General Business.
 - (a) Finance
 - i. PILOT (pay in lieu of taxes) Proposal

- ii. Workforce Housing Contribution
- (b) Production
 - i. Market Participant change; Tenaska to NextEra Energy
- (c) Operations
 - i. HU Critical Initiatives for fiscal 2022-2023.
- (d) Administration
- (e) Other
- 4. Possible Closed Session (if necessary or requested).
 - (a) HU Org Review (Closed Session-protection of the public interest)

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, October 13, 2022

Pursuant to due call and notice thereof, a Regular Meeting of the Utility Board of Hastings, Nebraska was conducted in the Council Chambers - City Hall Building, 220 North Hastings Avenue, on October 13, 2022.

ROLL CALL:

The meeting was called to order at 9:00 am by Bill Hitesman with the following members present: Bill Hitesman, Susan Meeske, Shayne Raitt. Kevin Johnson, Erik Nielsen, Lee Vrooman, Butch Eley, Jaci Higgins, Derek Zeisler, Brian Strom, LeAnne Doose, Robin Ginn, Clint Schukei, Jesse Oswald, Lori Hartman, Shawn Hartmann, Roger Nash.
Absent: Jeantte Dewalt, Mark Hemje, Corey Stutte

PLEDGE OF ALLEGIANCE:

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

MOTION TO ADOPT CURRENT AGENDA FOR October 13, 2022 REGULAR MEETING.

Moved by Raitt and seconded by Meeske to adopt the current agenda for the October 13, 2022 Regular Meeting. Roll Call: Ayes: Hitesman, Meeske, Raitt. Nays: None. Absent: Dewalt, Hemje. The motion carried.

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MANAGER'S COMMUNICATIONS:

The weather is starting to turn to fall. Keep warm. Would like the current city attorney to introduce the assistant city attorney. Clint would like to welcome Jesse Oswald. He will take Clint's place when he leaves December 1st.
Jesse introduced himself and told a little about himself.

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 September 8, 2022.

Moved by Meesek and seconded by Raitt. Ayes: Hitesman, Meeske, Raitt. Nays: None. Absent: Dewalt, Hemje. Approved.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.

3. General Business.

- (a) Finance

- i. 3rd Quarter Financial Update

Jaci to give the 3rd quarter financial updates.

Balance Sheet Highlights

-Rate stabilization fund for the Combined System increased due to money being moved from Cash & Investments during FY23 budget conversations.

Electric Summary

-SPP Market Sales and SPP Market Purchases: previously these were netted and then included in the Wholesale number or the Purchased Power number but are now broken out separately to better track

-this was not initiated at budget time but a new budget amounts have been estimated based off of Q1 numbers.

-the market has been strong and units have been generating at the top with high market values.

Gas Summary

-Purchased gas: Higher than anticipated gas prices

Water Summary

-Majority of water revenue occurs in summer months during Q4

Pollution Control

General & Admin

Engineering

The headcount has not changed.

Unit sales & cost analysis

-NET is each month to date

-Electric is not included as the presentation of that data is currently being evaluated

Electric Production

-Wholesale Sales: Increase from Q3 FY2021

Gas and Water have been pretty consistent.

Cooling Degree Days

-Q3 of the current FY trended warmer than normal majority of the quarter

ii. Utility Rate Changes Overview

Brian Strom discusses the Rate Overview and Customer Fees

Cost of Service Studies

-Conducted by JK Energy Consulting

-Electric and Gas

--Study completed in 2019

-Water and Wastewater

--Study completed 2022

Electric rates

-rates adjusted for an increase in operating revenue of 3%

--1% from 202 COS study

--2% due to economic impact

-Utilized \$2M from rate stabilization fund

Customer impact

-a residential consumer living in the City of Hastings using 1000 kwh of electricity will see their electric bill increase from \$101.10 to \$104. This is an increase of \$2.90 per month.

-a small commercial consumer in the City of Hastings using 3000 kwh of electricity will see their electric bill increase from \$300.85 to \$312.40. This is an increase of \$11.55 per month.

History of Electric Rate Adjustments

Gas Rates

-Rates adjusted for an increase in operating revenue of 8%

--3% from 2020 COS study

--5% due to economic impact

-Utilized \$2M from rate stabilization fund

Customer Impact

-A residential consumer living in the City of Hastings using 120 ccf of gas will see their gas bill increase from \$83.26 to \$132.13. This is an increase of \$48.87 per month.

-a small commercial consumer in the City of Hastings using 500 ccf of gas will see their gas bill increase from \$335.14 to \$539.98. This is an increase of \$204.84 per month.

History of Gas rate adjustments

Water rates

-rates adjusted for an increase in revenue of 5%

--infrastructure replacement fee to be implemented

---infrastructure fee will account for 3/4 of the additional revenue

---an increase in the base water rates will account for the other 1/4

Customer Impact

- A residential consumer living in the City of Hastings using 6 ccf of water will see their water bill increase from \$22.37 to \$23.77. This is an increase of \$1.40 per month.
- A small commercial consumer in the City of Hastings using 50 ccf of water will see their water bill increase from \$102.63 to \$107.12. This is an increase of \$4.49 per month.

History of water rate adjustments

Sewer rates

- No adjustments for residential or most commercial customers
- High strength waste surcharges to increase
- Minimal customers impacted
- S-4 rate schedule
- special waste delivered directly to PCF
- Increase of 10%

History of Sewer rate adjustments

Customer Service Fees

Miscellaneous Fees

Bill: Cost of service study done? Will that help balance over the years?

(b) Production

(c) Operations

i. Critical Initiatives Impacting Utilities, Upcoming & in Progress

Lee and Derek to talk about the critical initiatives. Talks about Heartwell

Lee discusses the heartwell project. Schedule for groundbreaking on the first week of November.

-They will be our 2nd largest electric user and top 5 for water and sewer. Completion in 2025

PPGA, two projects

Derek discusses PPGA outages.

One big thing coming up on the energy side....

Smart meter discussion...Gets real time data, other advantages that we haven't caught yet.

(d) Administration

i. HEDC Workforce Housing-City/HU Support

Michael Crane, Hastings Economic Development Corporation (HEDC).

Michael discussed the HEDC and round 3 housing development funding opportunities.

Expecting to open up in October or November. Can't get into specifics because they are still in the works.

Once when we know when it opens and closes, we would like to move quickly.

Kevin: What is the balance of that economic development? Robin: \$1.513

The \$500,000 commitment will need a letter for approval.

We are only looking for opinions today.

Susan: Is HEDC helping with this fund? No other commitments at this time, but hasn't been decided. What kind of housing is this? All kinds; apartments, rentals, duplex for sale, rehab, downtown, infill housing.

Bill: Would we purchase land or would funds be used to purchase and build housing? Developers handle these projects. The developer requests and applies for the funds. The general concern is where are we at for housing? Two main issues: recruitment for businesses; is our role to support housing or industries? How do we replenish those funds?

Where are we at for the need for housing?

Shawn: Housing shortage is very real

The last study done was last year and we needed over 800 units.

Butch: How do we determine how much money the business gets? How long do they have to pay that back?

Kevin: This is 100% reimbursed, revolving? Everything is a loan and those funds do come back in.

Bill hasn't heard anything negative saying that they will not support this, but need time to discuss this.

Kevin: Is there anything new or anything legal that has changed? Clint: No

Lee: The last study was done in 2021, can be found on the development services page under studies. Current demand for housing is between 1095 and 1321.

Susan: Can we do this in two steps?

Kevin: We can give a recommendation

Susan Motioned to not exceed \$500,000, Raitt 2nd. Yays: Hitesman, Meeske, Raitt.

Nays: None. Absent: Dewalt, Hemje.

(e) Other

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

ADJOURN:

Adjourned at 10:02 A.M.

APPROVED:

Board Secretary



Utility Board Meeting
November 2022



Payment in Lieu of Tax

Fiscal Year 2023 Proposal

Payment in Lieu of Tax (PILOT)

Currently, the utilities transfers 5.6% of the annual Total Electric Operating Revenue to the city, distributed in monthly payments. The utilities also transfers portions of the revenue from gas and water to the city but there is not a proposal for changes being presented at this time for gas and water.

PILOT Comparisons

Line	Utility	Franchise Fee / PILOT %
1	<u>Electric - No Free Services</u>	
2	Omaha Public Power District (1)	5.0%
3	Lincoln Electric System	5.0%
4	NPPD - Gross Receipts Tax (1,2)	5.0%
5	Average	5.0%
6	Median	5.0%
7	<u>Electric (3)</u>	
8	Beatrice (4)	4.4%
9	Fremont (4)	5.5%
10	Grand Island	5.0%
11	Holdrege	5.0%
12	Nebraska City	5.0%
13	North Platte (4)	6.5%
14	South Sioux City	4.0%
15	Average	5.2%
16	Median	5.0%

- PILOT study performed by John Krajewski with JK Consulting
- PILOT % shown is a calculated amount based on actual transfer and retail revenue for 2021.
- (1) 5% gross receipts tax paid to the treasurer and distributed to all taxing entities, including schools.
- (2) Does not include lease payments which are applicable to large number of municipalities where NPPD provides service.
- (3) These utilities may provide free or discounted services to municipal accounts or in-kind labor.
- (4) These cities transfer a fixed amount.

PILOT Proposal

Line		October 2016- September 2017	October 2017- September 2018	October 2018- September 2019	October 2019- September 2020	Average
1	Retail	\$ 24,371,114	\$ 24,896,372	\$ 24,866,702	\$ 24,688,084	
2	Interdepartmental	484,819	493,420	565,363	646,899	
3	Fuel Cost Adjustment	10,238,390	10,449,669	10,904,050	10,617,461	
4	Total Retail	\$ 35,094,323	\$ 35,839,461	\$ 36,336,115	\$ 35,952,444	\$ 35,805,586
5						
6	Actual PILOT	\$ 2,116,148	\$ 2,133,887	\$ 2,319,556	\$ 2,137,221	\$ 2,176,703
7	Current PILOT %	5.6%	5.6%	5.6%	5.6%	5.6%
8						
9	PILOT Revenue	\$ 2,133,464	\$ 2,178,762	\$ 2,208,955	\$ 2,185,631	\$ 2,176,703
10	PILOT %	6.1%	6.1%	6.1%	6.1%	6.1%

- Due to the fluctuation in Total Operating Revenue impacted by Wholesale, the proposal is to use the Total Retail revenue amount; but use a percentage of the Total Retail revenue that would equal roughly the same payment amount of 5.6% of Total Operating Revenue
- John Krajewski with JK Consulting calculated 6.1% of Total Retail revenue as the 2017-2020 average PILOT percentage needed for the City to receive similar PILOT amounts as prior years



Department: Utility Administration

Staff Contact:

Utility Board Meeting Date: 11/10/2022

AGENDA ITEM SUMMARY SHEET

Description of Item:

Names of People/Business affected by this action:

Why Council action is required:

Type of action requested:

Suggested motion:

Deadlines associated with action:

Department head comments:

City Administrator comments: