

HASTINGS UTILITY BOARD AGENDA

**Council Chambers - City Hall Building
220 North Hastings Avenue
February 9, 2023
9:00 AM**

ROLL CALL:

PLEDGE OF ALLEGIANCE:

MOTION TO ADOPT CURRENT AGENDA FOR February 9, 2023 REGULAR MEETING.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, February 7, 2023. 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 January 12, 2023.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.
3. General Business.
 - (a) Finance
 - i. Finance Update on Reporting
 - (b) Production

(c) Operations

- i. SFR Loan/Lead removal efforts
- ii. Coal Train Pump Station

(d) Administration

- i. Extreme Weather/High Bills/Customer Communications

(e) Other

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, January 12, 2023

Pursuant to due call and notice thereof, a Regular Meeting of the Utility Board of Hastings, Nebraska was conducted in the Utility Boardroom of North Denver Station, 1228 N. Denver Avenue, on January 12, 2023.

ROLL CALL:

The meeting was called to order at 9:00 am by Bill Hitesman with the following members present: Bill Hitesman, Jeanette Dewalt, Mark Hemje, Susan Meeske, Shayne Raitt. Kevin Johnson, Erik Nielsen, Butch Eley, Derek Zeisler, Jaci Higgins, Brian Strom, Corey Stutte, Bob Davis, Brandan Lubken, Karl Block, Shawn Hartmann, Noel Nienhueser, Lee Vrooman, Lori Hartman, Robin Ginn, Jesse Oswald, Roger Nash.

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 January 12, 2023 REGULAR MEETING.

Moved by Raitt and seconded by Hemje to adopt the current agenda for the January 12, 2023 Regular Meeting. Roll Call: Ayes: Hitesman, Dewalt, Meeske, Hemje, Raitt. Nays: None. Absent: None. The motion carried.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, January 10, 2023. 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:

Shawn Metcalf wasn't able to make it today, but he will try to make it to the next one. Like to thank Shawn Hartmann and Butch Eley for reupping on the board. The weather is changing again. One clarification of the rate changes and impacts of gas conservation does help. Not just a straight \$50 increase. Susan: Is anyone weighing in on social media comments? I know you don't want to weigh in on every single comment. Kevin: LeAnne did a great job on weighing in at the right moment. There are people out there that weigh in on our behalf that are not employed by the utilities. Read the flyer or bill insert again.

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 December 8, 2022.

Moved by Dewalt and seconded by Meeske to approve the minutes of the December 8, 2022 meeting. Roll Call: Ayes: Hitesman, Dewalt, Meeske, Hemje, Raitt. Nays: None. Absent: None. Approved.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.

3. General Business.

- (a) Finance

i. Q4 2022 Financial Update

Jaci Higgins to present slide show on Quarter 4
Financial and operating Report
Fiscal Year 2022, Quarter 4, July1, 2022-Sep 30, 2022

- Balance Sheet Highlights
- 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 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
- Pollution Control
- General and Admin
 - Customer Records & Collection: slightly above budget due to Covid-19 impacts
 - Employee Benefits: Projects were not closed as they have been in the past
- Hastings Utilities Headcount
 - Water/Sewer headcount transferred to PCC
 - Increase in Admin headcount due to Compliance Manager position
 - All headcount changes approved during 2022 fiscal year
- 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
- Gas Production
- Water Production
- Cooling degree Days
 - Q4 of FY22 trended warmer than normal for the majority of the quarter

Jeanette: What are the numbers on the left? That is what they refer to as days, even though it is not actually days. Jaci and Derek to forward the slide that they have the board.

How do we get out to the public about budget billing? Can it be signed up anytime or certain times of the year? Can we put it in the news letter?

It was put in the news letter at the beginning of the winter. They can come in at anytime to start.

(b) Production

(c) Operations

i. December Weather Event

Brian Strom to discuss the December weather event. Slide show presented.

- December Weather Event (Dec. 21 to 25)
- Gas Supply Overview
 - City gas is supplied from BP at the Cheyenne Hub.
 - City gas is delivered to Hastings via the Trailblazer Pipeline and the Tallgrass Interstate Pipeline.
 - Hastings has supply rights of up to 14840 MMBtu from BP.
 - Hastings has a No-Notice storage service with Tallgrass.
 - Hastings has availability to withdraw or inject gas to handle daily load fluctuations.

Don't want to purchase too much gas in advance

- Gas Supply Overview
 - Through hedged purchases done in the prior year, Hastings has a baseload volume of gas allocated it can use per day.
 - Monthly volumes vary due to seasonal climates and load forecasting.
 - When excess gas is needed in addition to the baseload, swing gas is purchased from BP at current market rates.
- Nominating (Ordering Gas)
 - Objective is to nominate a volume identical to what City will use per day (balance).
 - Can inject and withdraw from No-Notice Storage.
 - Key elements to nominating include weather forecasting, use of storage, current spot prices, and natural gas generation (Don Henry and NDS)
 - Hastings has to nominate for each gas day
 - "Weekend" nomination is for Sat, Sun, and Mon.
- Preparation for the Storm
 - Personnel began meeting on Dec 19th (Monday) to prepare for the upcoming weather
 - Continued to meet daily and discuss key roles and duties
 - West-Peak Shaver Plant
 - Nominations
 - Don Henry Placed in Reliability Status on Dec 22nd.
- Weather Conditions
 - Four days of extreme cold and high winds
 - Temperatures averaged 26.96 degrees below normal
 - -15 degrees on Dec 22nd
 - Reliability was a concern
- What Transpired
 - Nominations were made to cover forecasted City load
 - Don Henry was called up
 - West Peak Shaver went into operation
 - Force Majeure issued
 - Communication
- What about electric?
 - Difference from February 2021 Event
 - Low demand through SPP helped
 - High wind, less pressure on gas supply
 - WEC performance and benefit
 - Future Fuel Oil Discussion
- Event Takeaways
 - Reliability is the top priority
 - Gas Dept Preparation
 - Utilization of assets
 - Peak Shaver and Generation
 - Reemphasis of Peak Shaving
 - Revisiting Gas Supply Options

ii. Capital Budget Increase Request

Brandon to discuss an item to be purchased.

Not an overall budget increase, just an item increase.

Brandon reads the memo.

Set to be delivered next month.

Request to recommend the purchase of this vehicle.

Bill: Is there value in the old vehicle or is it obsolete now? We didn't investigate the prospect of the used vehicle, we budgeted for a new vehicle. Brand new mode of operation for us and replacing a contractor.

Jeanette: This is not asking to reopen the capital budget, but approving the item that is within the capital, but over the budget for this item. Does it need approval? Since it is a specific budgeted item and is above the budget, we are asking for approval.

Butch: Who will drive this vehicle? Will we do it or will we still contract out? We will be driving it as we have some employees with a CDL. We are going to step away from the contractors.

Jeanette moves to approve, Meeske seconds.

Roll Call: Ayes: Bill Hitesman, Jeanette Dewalt, Mark Hemje, Susan Meeske, Shayne Raitt.

Nays: None.

(d) Administration

i. Safety Results for 2022

Bob Davis to discuss the safety results for 2022.

A slide show was presented

- City of Hastings Utility Department - Total Recordable Incident Rates and Total Vehicle Incident Rates
- Past 5 years Total Recordable Incident Rates
 - 2022; Recordable-3, Non-Recordable-4
- Total Vehicle Incident Rate
 - 2022; Number of Incidents-5
- Tracking Injuries
- Part of Body Injured
- What caused the incident or accident.
- Recordable Injuries and Non-Recordable Injuries by Departments.

(e) Other

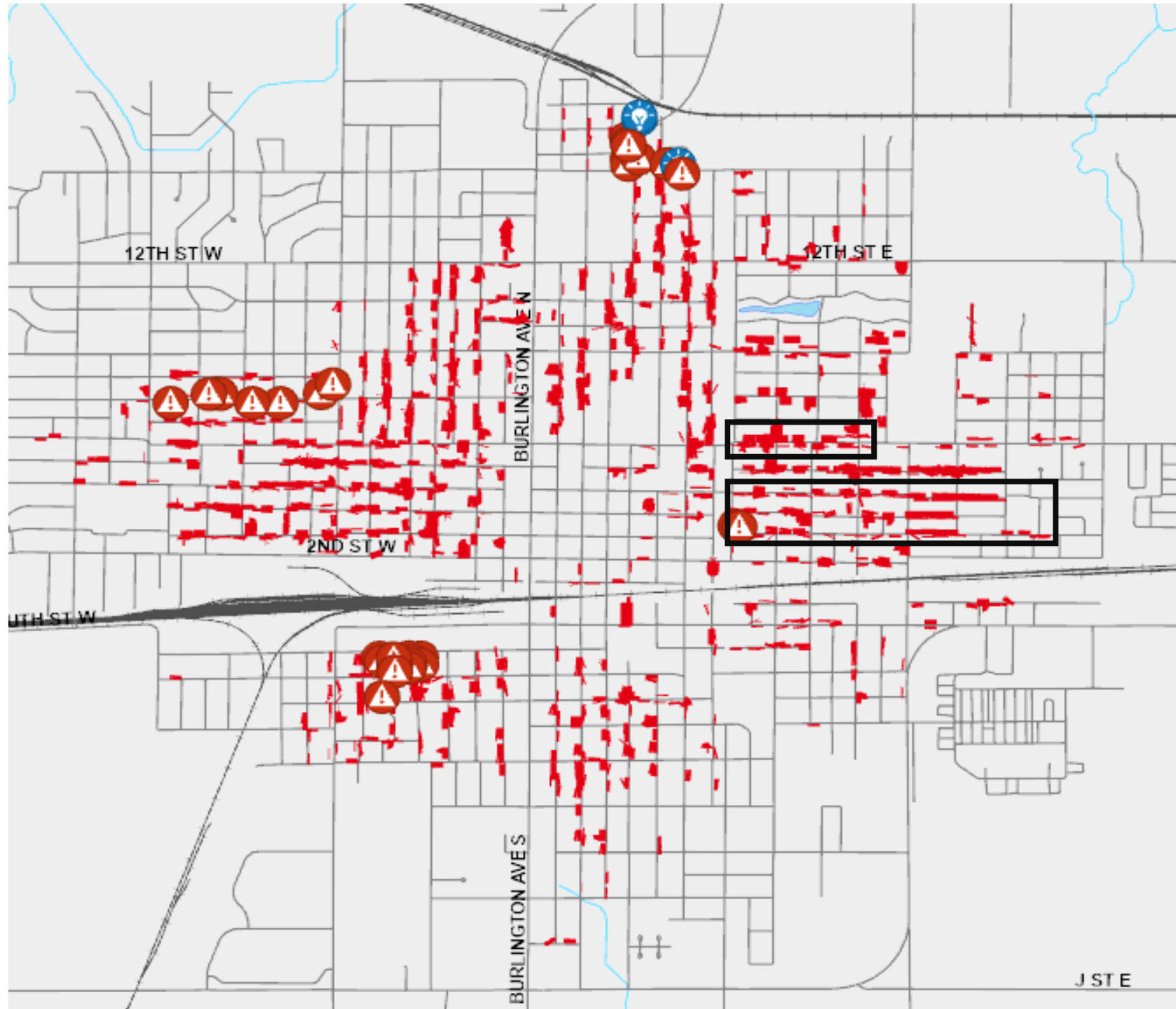
4. Possible Closed Session (if necessary or requested).

ADJOURN:

Moved by Meeske and seconded by Hemje, there being no further business to adjourn at 10:23 am. Roll Call: Ayes: Bill Hitesman, Jeanette Dewalt, Mark Hemje, Susan Meeske, Shayne Raitt. Nays: None. Absent: None. Meeting Adjourned.

APPROVED:

Board Secretary



Brandan Lubken, Director of Underground Operations

D: 402.462.3555 • C: 402.984.8277

E: blubken@cityofhastings.org



Memo

To: Utility Advisory Board & City Council

Cc: Kevin Johnson

Date: 1-27-2023

Re: SRF Loan and Ordinance

Board and Council,

The Federal Infrastructure Law Includes monies to be used exclusively for the purpose of removal of Lead Water Services Nationwide. Federal funds have been distributed to the States and in Nebraska, these funds have been transferred to the State Revolving Fund (SRF). It is the intention of the Underground Utilities Department to participate in this program via low interest loan with the potential of forgiveness for costs incurred during the investigation and removal of Lead Water Services in the City of Hastings.

The major components of the SRF Loan Agreement and Bond Ordinance with the Nebraska Department of Environment & Energy Include:

- SRF Loan is for \$2,000,000 and is set to begin March 1, 2023.
- SRF Loan includes a grant to forgive \$1,100,000 of the loan.
- Also provided is a grant of \$200,000 for Lead Service Inventory activities.
- Remaining Loan of \$700,000 to be paid with interest over 30 years.
- Interest is 0.5% for administrative fees and 0.5% on the loan for a total of 1.0%
- Loan can be paid down after 10 years.

It is Hastings Utilities' recommendation to proceed with this opportunity.



To: Kevin Johnson
From: Keith Miller
Date: January 26, 2023
Subject: Bid Evaluation for Coal Train Pump Station.

On January 25, 2023 bids were opened for the Coal Train Pump Station, in addition the CCC Truck Driving Sewer Service and communication conduits for planned future fiber ring are included in this project.

Coal Train Pump Station is in the 22/23 capital budget B.I. #4.24 for \$300,000. The CCC Truck Driving Sewer Service is in the 22/23 capital budge B.I. #4.23 for \$50,000 and communication conduits are part of the 22/23 capital budget B.I. #6.08 for \$290,000. See the following bid tab table.

Contract HU 2023-04: Coal Train Pump Station			
BIDDER	Bid Bond	Exceptions	Bid
Myers Construction, Inc	Yes	No	\$939,215.66
Van Kirk Bros Contracting	Yes	Yes	\$547,664.80
Carkoski Construction and Trenching, Inc.	Yes	No	\$433,684.69

The bid package was sent out to bid on December 9, 2022 to three area contractors and four suppliers. In addition, the project was posted to the City of Hastings website and advertised in the Hastings Tribune.

The low bid from Carkoski Construction and Trenching, Inc. exceeds the budgeted amount for both the Coal Train Pump Station and CCC Truck Driving Sewer Service for a combined 21%. See the following table for further contract pricing details.

Contract Breakdown			
Project	Budget Amount	Contract Amount	Funds Short
Coal Train Pump Station (#4.24)	\$300,000	\$371,925.09	(\$71,925.09)
CCC Truck Driving Sewer Service (#4.23)	\$50,000	\$51,750.00	(\$1,750.00)
Fiber Conduits (#6.08)	Part of \$290,000	\$10,009.60	

This pump station is critical in the continued operation of Maxon Lagoons. Currently the lagoons are operated as full retention lagoons and are subject to non-compliant discharges if necessary.

Currently the Maxon Lagoon volumetric loading rates are higher than its' treatment capability. The purpose of this pump station is to avoid future non-compliant sewer discharges by pumping sewage from Maxon Lagoons back to the City of Hastings sewer collection and treatment system. The result of this process will create excess storage capacity in the lagoons which will ultimately delay the need for an additional lagoon to be constructed.

The CCC truck driving sewer service relocation, along with sewer re-routing by Heartwell Renewables will allow abandonment of sewer main across agricultural fields totaling in 4,500 feet.

Additional funds are available from multiple capital budget items in the sewer budget. The first project is BI #4.00 Activated Sludge Basin Switch and Startup which is in the 22/23 budget for \$1.5M. This project has failed to attract bidders and therefore has been delayed while other avenues of accomplishing the project are being considered, therefore spending \$1.5M is very unlikely this budget cycle. Another budget item #4.20 Miscellaneous Sewer Main and Manhole Improvements for \$505,000 is currently on track to spend \$220,000, therefore leaving approximately \$285K unspent in the current budget cycle.

For this combined project, our recommendation is to accept the best and lowest bid from Carkoski Construction and Trenching, Inc. from Loup City, Nebraska for a total price of \$433,684.69.

Cc: Lee Vrooman, Director of Engineering
Brandan Lubken, Director of Underground Operations



Natural Gas Supply Cost and Impacts to Customer Billing

2022-2023

Natural Gas Cost

- FY 2022-23, Hastings had not seen natural gas costs this high since 2009
- Prices increased as much as 143% from the prior year
- Prior year (2021-2022) gas purchases ranged from \$2.11 to \$4.615 per MMBTU. This year (2022-23), prices were from \$3.24 up to \$10.11 per MMBTU during procurement

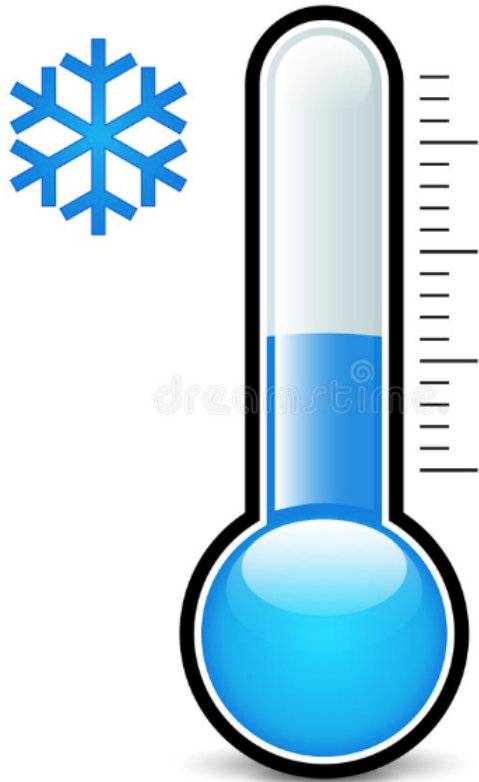
Natural Gas Cost

- Natural Gas is a publicly traded commodity which causes prices to fluctuate with the markets.
- Factors that Caused Increased Natural Gas Prices:
 - Geo-Political
 - Russia and Ukraine
 - LNG Exports
 - Storage Levels

Natural Gas Cost

- Hastings passes the cost of natural gas purchases on to the customer through the Purchased Gas Adjustment Charge (PGA)
- Variable, monthly charge based off of gas consumption (per CCF)
- PGA and gas cost correlation
 - When gas cost are up; PGA is higher

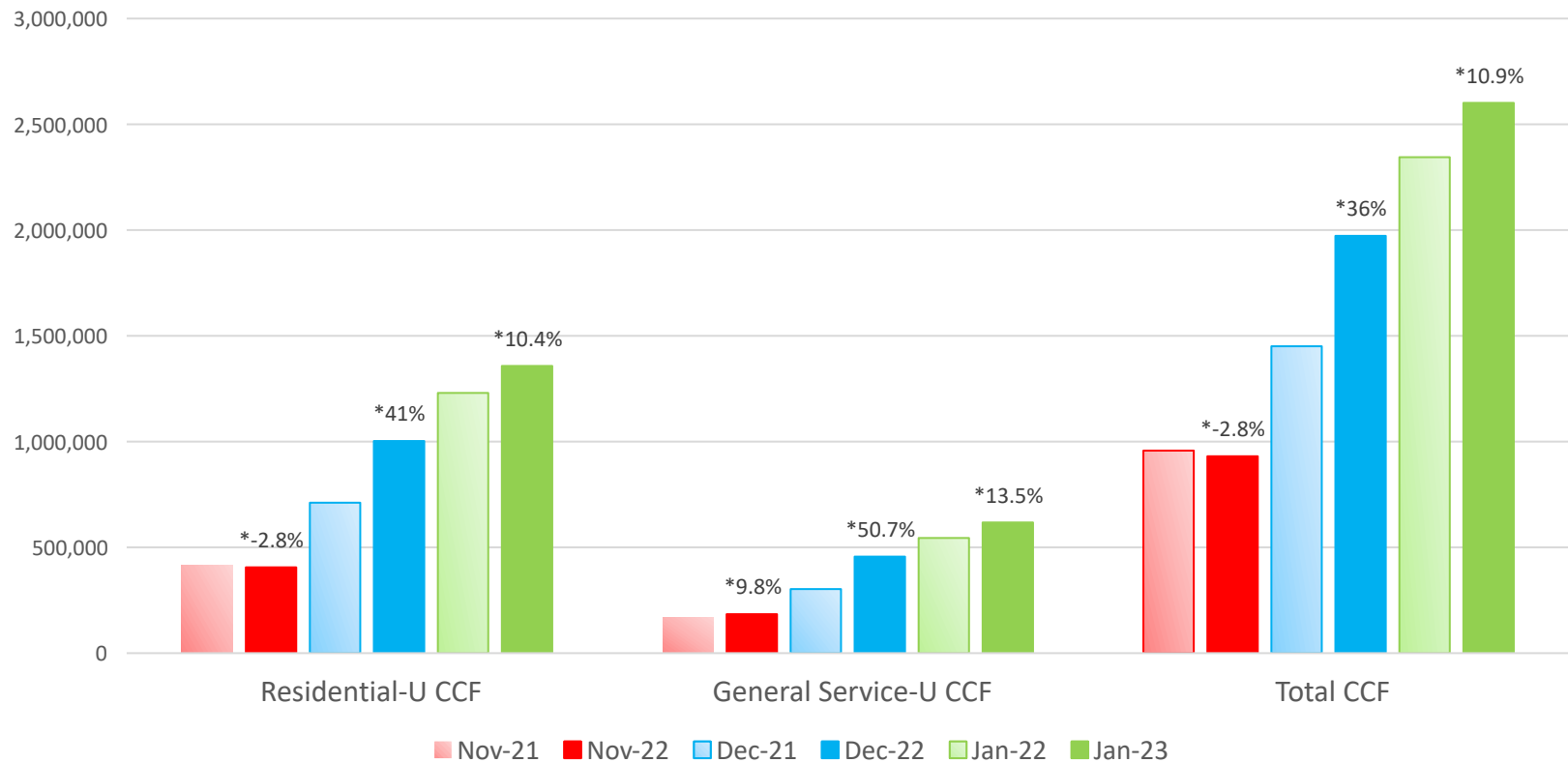
Weather Data



Average Monthly Temp	Prior 2021-22	Current 2022-23	Difference
November	44.7°	37.7°	-7°
December	35.8°	25.7°	-10.1°
January	30.7°	27.7°	-3°

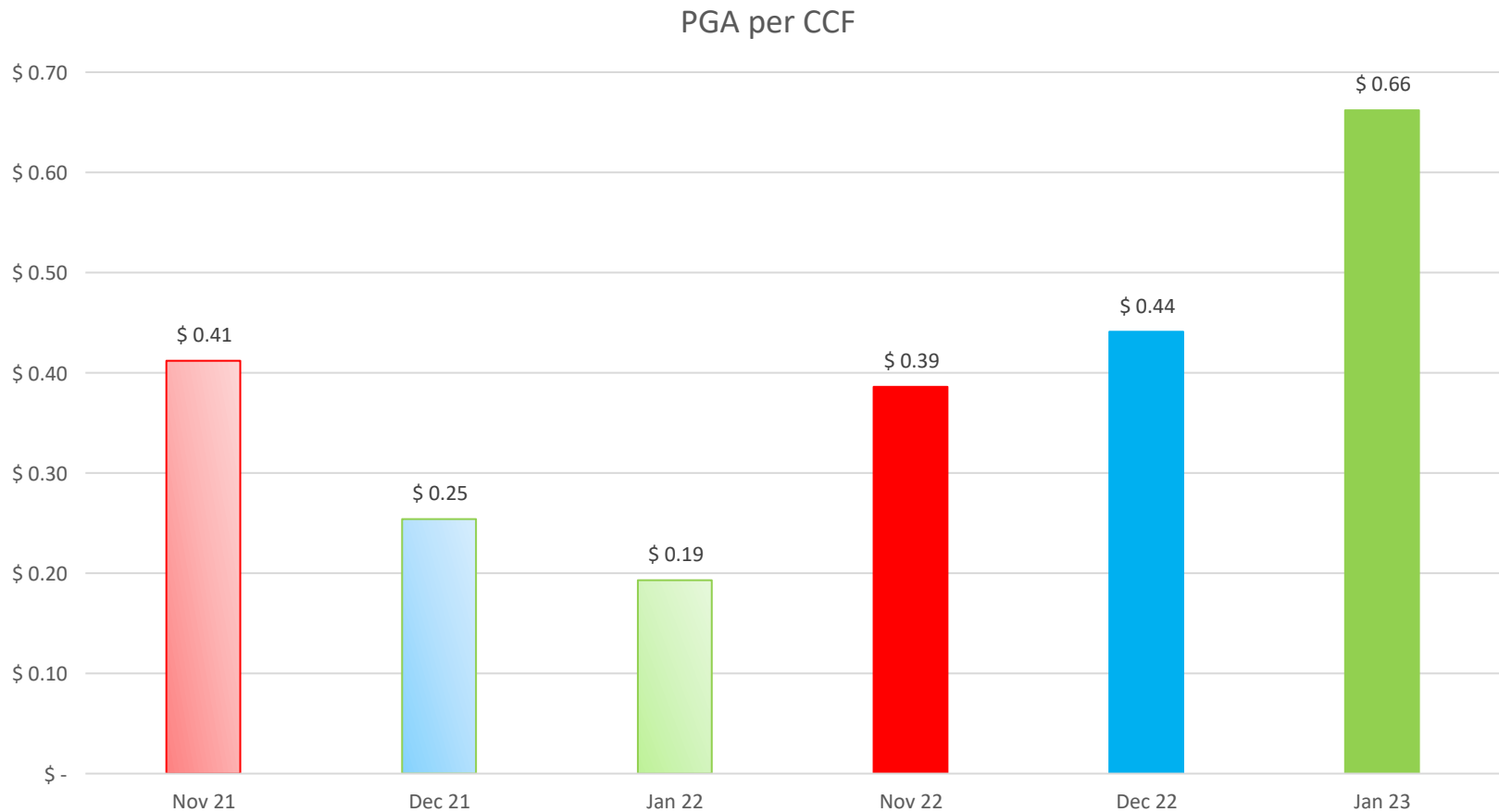
Natural Gas Consumption

Consumption (CCF)



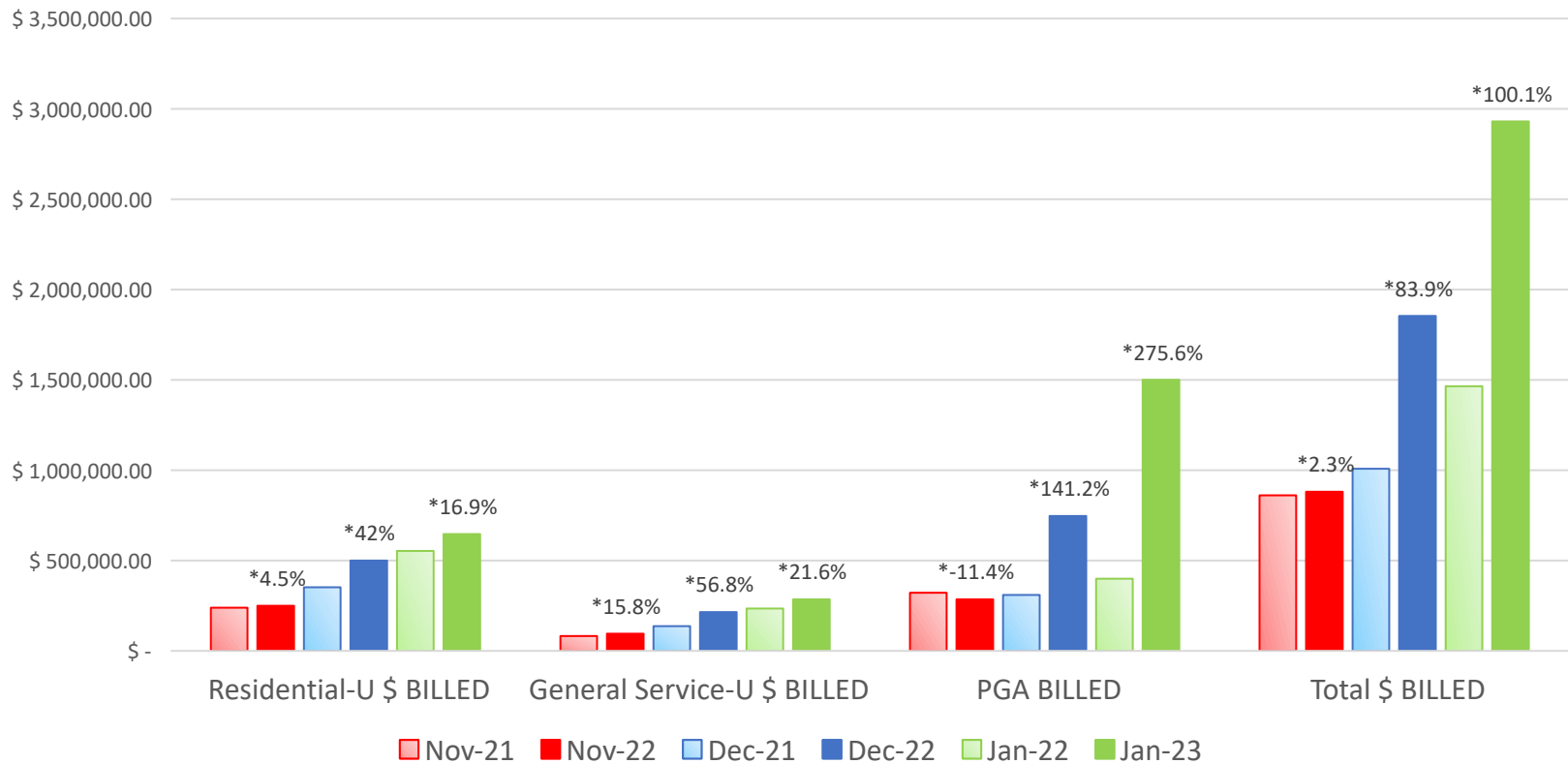
*indicates % Δ over prior year

PGA – 3 Year Comparison



PGA Effect on Billing

AMOUNT BILLED (\$)



*indicates % Δ over prior year

Messaging

Utility Bill Messages

July 2022 Reminder about saving energy by installing a Smart Thermostat

October 2022 Reminder about Budget Billing



At Your Service
PROVIDING
ELECTRIC, GAS, WATER AND
SANITARY SEWER SERVICES

August – Rebates and Efficiency Tips

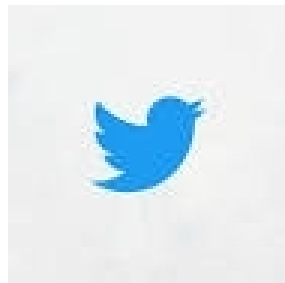
September – Natural Gas Prices on the Rise

November – Natural Gas Prices on the Rise

December – Summary of Rate Adjustments

January – Low Income Energy Assistance Programs

Social Media



January 5 – Energy Efficiency

December 1 – Share the Warmth

October 4 – Public Power Week

September 13 – Utility Tip Tuesday (Efficiency)

cityofhastings.org