CITY OF HASTINGS, NEBRASKA
MINUTES OF UTILITY BOARD REGULAR MEETING
Thursday, May 11, 2023

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 May 11, 2023.

ROLL CALL:

The meeting was called to order at 9:00 a.m. in Regular Session by Chairman Hitesman with the following members present: Bill Hitesman, Mark Hemje, Susan Meeske, Shayne Raitt. Absent Jeanette Dewalt.
Also in attendance: Kevin Johnson, Keith Leonhardt, Derek Zeisler, Jaci Higgins, Erik Nielsen, Roger Nash, Butch Eley, Karl Block, Lee Vrooman, Lori Hartman, Shawn Hartmann, Bob Davis, Brandan Lubken, Noel Nienhueser, Tony Hermann, Robin Ginn and Shawn Metcalf. Absent: Corey Stutte, Jesse Oswald.

PLEDGE OF ALLEGIANCE:

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

MOTION TO ADOPT CURRENT AGENDA FOR May 11, 2023 REGULAR MEETING.

Moved by Mark Hemje and seconded by Shayne Raitt to adopt the current agenda for May 11, 2023. Roll Call: Ayes: Bill Hitesman, Mark Hemje, Susan Meeske, Shayne Raitt. Nays: None. Absent: Jeanette Dewalt.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, May 9, 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:

None

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 April 13, 2023.

Moved by Susan Meeske and seconded by Shayne Raitt to approve the minutes from the meeting on April 14, 2022. Ayes: Bill Hitesman, Mark Hemje, Susan Meeske, Shayne Raitt. Nays: None. Absent: Jeanette Dewalt.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.

3. General Business.

(a) Finance

i. Introduction of newly hired Assistant Finance Director

Roger to introduce the newest employee, Larry Fox, accepted the Assistant Finance Director position. He will start on Monday, May 15th.
Larry spoke a little about himself.

ii. Electric in Lieu of Taxes Methodology

We are looking for a recommendation, but will not take to the council until later.
Jaci and Derek to present a power point.
Payment in Lieu of Tax (PILOT)
Fiscal Year 2023 Proposal
Currently, the utilities transfer 5.6% of the annual Total Electric Operating Revenue to the city, distributed in monthly payments.
The utilities also transfer portions of the revenue from gas and water to the city but there is not a proposal for changes being presentedat this time for gas and water.
Hitoric PILOT

- average payment 2011-2015: $1,571230
- average payment 2016-2022: $2,384,836

The PILOT Comparisons slide was presented back in November.
Recommendations
1) Change in calculation for the payment in lieu of tax from using Retail and Wholesale Revenue to using Retail Only Revenue to align with comparable municipalities. To

keep the city whole, the percentage would increase to 6.1% for 2023 year-end true-up.
2) Phase to 5.2% over a five- or three-year period to align with comparable municipalities.
PILOT Proposal

- 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.
- 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.

5.2% Phase-In - how it could potentially look.

- Includes 1% yearly retail revenue increases and estimated Heartwell Renewables revenue beginning in FY24/25.

Meeske motions to move the 1st recommendation, Raitt seconds;Yays: Bill Hitesman, Mark Hemje, Susan Meeske, Shayne Raitt. Nays: None. Absent: Jeanette Dewalt
Hemje motions to move the 2nd recommendation for a five-year period, meeske seconds; Yays: Bill Hitesman, Mark Hemje, Susan Meeske, Shayne Raitt. Nays: None. Absent: Jeanette Dewalt

iii. Budget Timeline

Roger tells us about the important dates for the budget. August is when it will be presented to the Board Meeting. The Monday after that, at the council work session there will be a presentation of the complete budget for the city and utilities to the council.
Will we have individual meetings? Yes, we will set that up.

iv. Upcoming Budget - Leaders Perspective on Challenges

The leadership team was asked to verbalize some potential challenges in the upcoming budget season that may have an impact on them.
Brandan explained the three major departments to him.

- Sewer, water, and gas.

Is the lead pipe replacement a loan or a grant? It is a very low interest loan. Will they come in and audit and check on everything? They can. We are sending before and after pictures.
Noel explained the electric budget.

- Substations, transformers, AMI Meters, Tree Trimming

Do they only trim around the lines, or how far do they go? Primary, we will trim. Secondary, we will drop the lines for residents, but that is the homeowners' responsibility. Require that tree trimmers are trained. It is a discussion between the owner and a HU employee.
Derek to discuss the power plant.

Keith Leonhardt to follow up with that.
Karl Block to discuss customer service.
* bill print and billing services
* Warehouse improvements
Bob to discuss the safety budget.
Lee to discuss engineering
* large carry over projects
Lori discusses issues coming up
* comparability study in 2024
Erik discusses IT concerns
* delays, switches, updating older equipment.
Roger finishes up with other financial budgets.

(b) Production

i. Update from Storage Conference

Derek to update on his conference.

(c) Operations

(d) Administration

(e) Other

i. City Administrator City Items of Interest

We will be moving this meeting and other meeting over to the airport. We will notify everyone when that change is made.
May 21st is a city council retreat.
Behind the scenes report.

ii. Update on Heartwell Plant Status

Lee toupdate on Heartwell.
Construstion is starting to ramp up. Administration building will be up this usmmer.
Planning on full operation by Fall of 2024.

iii. Update on HEDC/Chamber Executive Opening

Wanted Lori to disuss this because we are a contributor to this organization.
Received a signed acceptance this week. Remaining confidentiality, a press release will be done next week.

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

ADJOURN:

Moved by Shayne Raitt seconded by Mark Hemje there being no further business to adjourn at 10:38 am. Roll Call: Ayes: Bill Hitesman, Mark Hemje, Shayne Raitt. Nays: None. Absent: Jeanette Dewalt, Susan Meeske. Meeting Adjourned.

APPROVED:

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Board Secretary