

HASTINGS UTILITY BOARD AGENDA

**Airport Conference Room - Hastings Municipal Airport
3300 W. 12th Street
February 8, 2024
9:00 AM**

ROLL CALL:

PLEDGE OF ALLEGIANCE:

MOTION TO ADOPT CURRENT AGENDA FOR February 8, 2024 REGULAR MEETING.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, February 6, 2024. 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 Conference Room. Also, a current copy of the Nebraska Open Meetings Act is posted on the south wall of the Airport Conference Room, 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 December 14, 2023.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.
3. General Business.
 - (a) Finance
 - i. Fiscal Year-End '23 Financial Review
 - ii. Payment in Lieu of Taxes (PILOT) Survey status for Natural Gas, Water and Wastewater.

- (b) Production
 - i. Land Purchase - Partnership with the Landfill Department
- (c) Operations
 - i. Sewer System Explosion on South Woodland Avenue Q&A.
- (d) Administration
 - i. Credit card processing guidelines for larger transactions.
- (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, December 14, 2023

Pursuant to due call and notice thereof, a Regular Meeting of the Utility Board of Hastings, Nebraska was conducted Airport Conference Room - Hastings Municipal Airport - 3300 W. 12th Street, on December 14, 2023.

ROLL CALL:

The meeting was called to order at 9:00 am by Bill Hitesman with the following members present: Bill Hitesman, Jeanette Dewlat, Mark Hemje, Scott Snell, Kevin Johnson, Shawn Metcalf, Butch Eley, Erik Nielsen, Karl Block, Tony Herrman, Brandan Lubken, Derek Zeisler, Noel Nienhueser, Larry Fox, Lori Hartman, Shawn Hartmann, Lee CVrooman, Micah McCaffery, Jesse Oswald, Keith Leonhardt.
Absent: Susan Meeske, 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 December 14, 2023 REGULAR MEETING.

Moved by Hemje and seconded by Dewalt to adopt the current agenda for December 14, 2023. Regular Meeting. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Snell. Nays: None. Absent: Meeske. The motion carried.

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MANAGER'S COMMUNICATIONS:

We appreciate you all continuing to support Utilities and their projects.
Happy Holidays.

BOARD CHAIRMAN'S COMMUNICATIONS:

This is the last meeting of the year. Happy Holidays.

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 November 9, 2023.

Moved by Dewalt and seconded by Snell to approve the minutes for the meeting of November 9, 2023. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Snell. Nays: None. Absent: Meeske. Approved.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.

3. General Business.

- (a) Finance

- (b) Production

- (c) Operations

i. New Development - Gas - Contribution Analysis

Contribution Analysis: Gas Infrastructure in New Developments

- What makes sense for us to do as a Utility Provider? What's best for the 10,000?
- Consistent and persistent internal evaluation of staff, equipment, methodology, and policy.
- Cost recovery challenges in Natural Gas budget of heightened priority.
- Cost recovery of new gas infrastructure.

What's Next?:

- Work with Engineering and Energy Supply to formulate our own economic evaluation.

- Choose cost capture model: communicate with the Advisory Board for vetting and recommendation.
- Meet with developers to communicate change.
- Implementation 24/25 fiscal cycle.

Regarding the charts and the different communities with us, were those comparable with us or ones who provide gas? There are not a lot of gas providers around the NE area. Just sleeked the ones that fit our mold. Those are the big providers regionally. Believes that developers need to pay a portion. Thank you for putting this together. Have you met with developers to date? Not yet. The goal is to have numbers prepared on our side first.

Where we are at, do you anticipate changes? We will always look back and see if this is appropriate.

(d) Administration

(e) Other

i. Advisory Board Feedback

What can we change or exclude from these meetings?

*Appreciates the knowledge of the management and getting the right person for the right job. It's not just the next person in line, it's who fits the title.

*Regarding communication, presentations are not always available before the meeting. The larger ones would like to be ahead of time to digest and prepare questions.

*Topic wise, would appreciate a PPG update.

*Budget process, appreciate the opportunity to sit down with department heads and discuss things and ask questions.

*Maybe on site visits to the places that we discuss on the agenda a lot. It doesn't have to be monthly, but maybe quarterly.

*Always leaves the meetings thankful to the people we have working for the utilities and city.

*Enjoy that we can walk away from meetings knowing that everything is in good hands.

*Appreciates Kevin's leadership and how he handles his crew. Everyone has great leadership for their group.

*The new system will help with the budget. Excited to see the new format.

*We value all the board members.... Trust you and the staff that we have done a good job. We are lucky we have the staff that we have that work for the city and the utilities.

* The staff are intelligent, resourceful, and knowledgeable. A lot has changed in the last seven years. Everyone is helpful at making things, so they are understandable. Appreciates that positions are reviewed to see if we still need them when someone retires or if they can be delegated between people.

Creating some questions that we think will be asked, so we can have the answer written down. Save time and help out when it comes time to vote.

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

Motion to go into closed session at 9:43 am. Motioned by Dewalt, seconded by Snell.
Ayes: Hitesman, Dewalt, Hemje, Snell. Nays: None. Absent: Meeske. Approved.

Going into closed session to discuss Real Estate.

Motioned by Dewalt and seconded by Hemje to come out of the closed session at 9:49
am. Ayes: Hitesman, Dewalt, Hemje, Snell. Nays: None. Absent: Meeske. Approved.

ADJOURN:

Motioned to adjourn by Hemje, seconded by Dewalt. Roll Call: Ayes: Hitesman, Dewalt,
Hemje, Snell. Nays: None. Absent: Meeske. Adjourned at 9:50 am.

APPROVED:

Board Secretary



Utility Board Meeting
February 2024



Financial and Operating Report

Fiscal Year 2023

Preliminary Year-End Highlights

Electric Department

	FY2023	FY2022	FY2023 Budget		\$ Difference in Actual from Budget	% Difference in Actual from Budget
Operating Revenue	\$56,018,464	\$62,662,441	\$52,055,200		\$3,963,264	8%
Operating Expenses	\$55,701,609	\$57,209,234	\$52,317,164		\$3,384,445	6%
Operating Income/(Loss)	\$316,855	\$5,453,206	(\$261,964)		\$578,819	
Net Income/(Loss)	\$788,938	\$2,326,981	(\$2,070,802)		\$2,859,740	

- SPP Market was stronger than anticipated, leading to higher SPP Revenue within Operating Revenue and SPP City Load Purchases within Operating Expenses
- A large contributor to the variance in the budgeted Net Income verses the FY2023 Actual Net Income is due to a change in the depreciation calculation

Gas Department

	FY2023	FY2022	FY2023 Budget		\$ Difference in Actual from Budget	% Difference in Actual from Budget
Operating Revenue	\$12,714,824	\$9,467,945	\$13,323,979		(\$609,155)	-5%
Operating Expenses	\$13,715,015	\$9,963,906	\$14,087,336		(\$372,321)	-3%
Operating Income/(Loss) before Deprec	(\$1,000,190)	(\$495,961)	(\$763,357)		(\$236,833)	
Net Income/(Loss)	(\$817,689)	(\$2,091,635)	(\$431,744)		(\$385,945)	

- While budgeting FY2023, we anticipated higher gas pricing that inflated the Operating Revenue through the PGA collection and inflated Operating Expenses through the Purchased Gas account. This shows both of those accounts under what was budgeted

Water Department

	FY2023	FY2022	FY2023 Budget		\$ Difference in Actual from Budget	% Difference in Actual from Budget
Operating Revenue	\$7,893,241	\$7,533,986	\$7,563,787		\$329,454	4%
Operating Expenses	\$5,565,718	\$4,996,081	\$6,223,072		(\$657,354)	-11%
Operating Income/(Loss)	\$2,327,523	\$2,537,905	\$1,340,715		\$986,808	
Net Income/(Loss)	\$1,767,133	\$1,748,563	\$458,005		\$1,309,128	

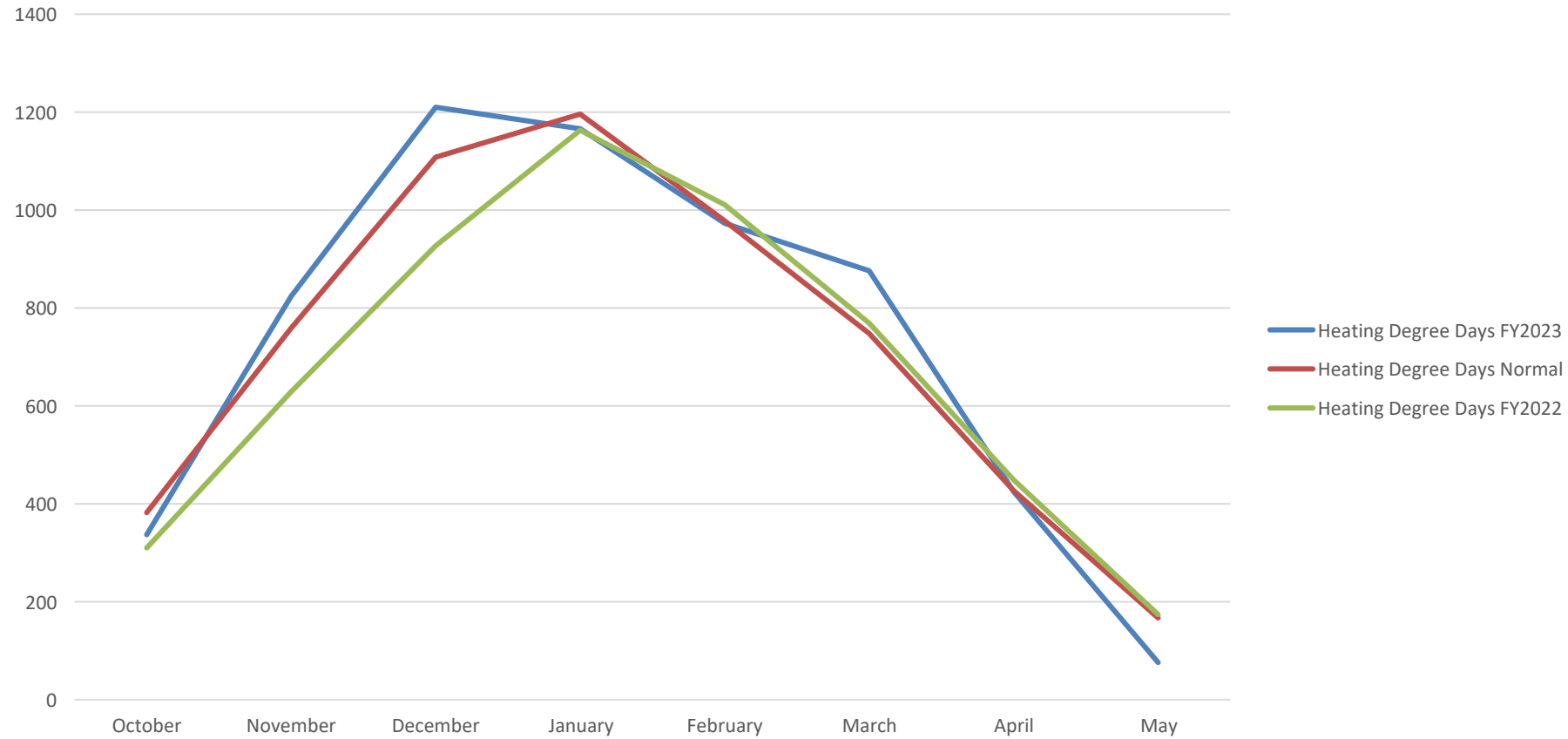
- With the higher than anticipated Operating Revenue and the lower than anticipated Operating Expenses, a much higher than anticipated Net Income followed
 - Note: a five-year average, adjusted for rate increases, is used to determine the Budgeted Operating Revenue

Sewer Department

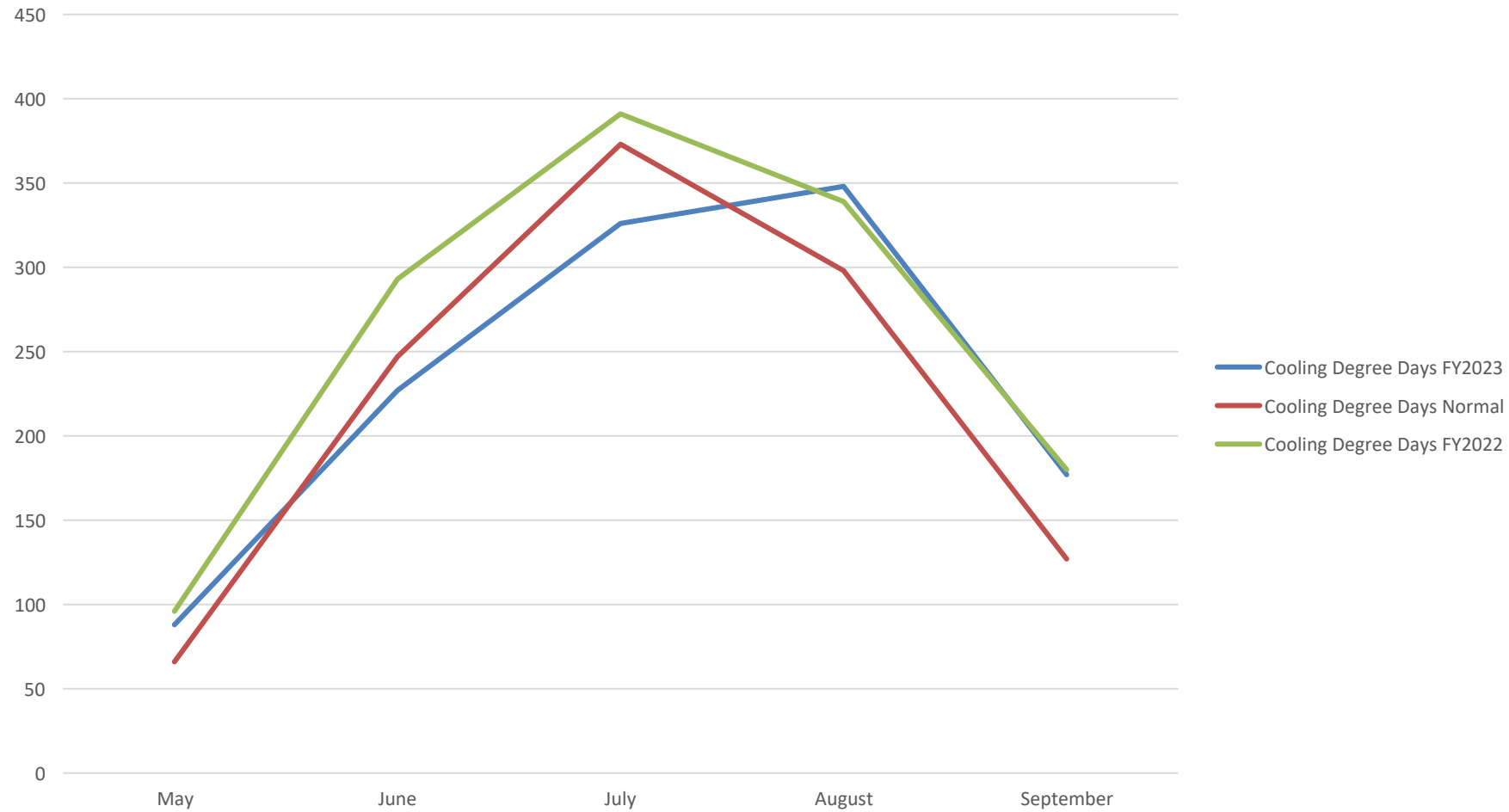
	FY2023	FY2022	FY2023 Budget		\$ Difference in Actual from Budget	% Difference in Actual from Budget
Operating Revenue	\$7,704,769	\$7,541,655	\$7,500,000		\$204,769	3%
Operating Expenses	\$4,438,209	\$3,908,089	\$4,240,020		\$198,189	5%
Operating Income/(Loss) before Deprec	\$3,266,560	\$3,633,566	\$3,259,980		\$6,580	
Net Income/(Loss)	\$1,706,155	\$1,731,529	\$1,303,036		\$403,119	

- Additionally, the variance in the budgeted Net Income verses the FY2023 Actual Net Income is due to a change in the depreciation calculation

Heating Degree Days



Cooling Degree Days





Purchase of Land for future Hastings Landfill Expansion

**Marty Stange, P.E.
Environmental Director**



Hastings Tribune Article - Cell 6 opens November 2019



Benefits of State of Nebraska Property



- ❖ The property is adjacent to the northside of the existing landfill - No need for new public access
- ❖ No change in scale house location or other support buildings - Avoiding capital improvements
- ❖ Existing leachate evaporation pond can be utilized - Saving construction dollars
- ❖ Existing internal roadway is near the future expansion – Saving construction dollars

Benefits of State of Nebraska Property



- ❖ Existing shelter belts can be improved to capture wind blown debris – Need to plant trees now
- ❖ Opportunity to build one cell now to accept solid waste during high wind periods – Reduce cost and effort to contain solid waste when placing above ground (Better service)
- ❖ It will not require purchase of private lands – Avoids taking taxable land out of production

Benefits of State of Nebraska Property



- ❖ Environmental Audit completed and only recognized that potential offsite concerns is the existing landfill
- ❖ NDEE site selection criteria has been evaluated and appears can be met - Actual design details will need to be submitted to NDEE
- ❖ Permitting of future expansion is expected to be less complicated being adjacent to existing landfill

Benefits of State of Nebraska Property



- ❖ Before actual construction begins, requires NDEE approval of construction plans, permit modifications, public hearing and other regulatory requirements – By obtaining this land now it affords us time to make plans and to get the required permitting completed in a timely manner
- ❖ Keeping the future expansion adjacent to the existing landfill reduces future post closure costs for closed cells

Benefits of State of Nebraska Property



- ❖ Hastings Utilities has agreed to partner with the landfill in purchasing the remaining acreage for future electric production and energy supply options
- ❖ The landfill benefits by not needing to buy a full 160 acres of private land or trying to split out a portion of a quarter section – Landfill will only need to finance 1/3 of the sale

Benefits of State of Nebraska Property



- ❖ Benefits include proximity to existing infrastructure; Tallgrass TIGT pipeline, west town border station, transmission infrastructure, Don Henry, rail.
- ❖ Potential uses include; Liquid natural gas (LNG) conversion and storage, Supplemental and/or replacement power generation, energy storage, solar, gas and electric infrastructure

Benefits of State of Nebraska Property



- ❖ Ability to purchase this property now is very fortunate and timely as it avoids any potential of needing to use condemnation
- ❖ **Landfill staff recommends the purchase of this property**

Questions



Credit Card Payments

Payment Stats

	CC Payments Received	Processing Charges	Non-Qualified Charges
FY 2020-21	\$ 5,035,308	\$ 64,625	\$ -
FY 2021-22	\$ 6,041,837	\$ 61,671	\$ 15
FY 2022-23	\$ 7,740,772	\$ 76,703	\$ 1,063
FY 2023-24	\$ 1,874,747	\$ 24,277	\$ 3,385

- Rapid Growth in Credit Card Utilization (2017 > \$1MM)
- 2021 – Max Transaction Increased from \$500 → \$2,500
- Multiple Transactions were Allowed
- Increased Non-Qualified Charges in Q1 2023-24

Cost Reduction

- Moving Limit to \$2,500/30-Day Period
- Not Intended for Larger Customers

Maintain Convenience

- Allows for Customers to Use Credit Card for Payments without Making Multiple Transactions
- Ease of Use for Residential and Small Business