

CITY OF HASTINGS, NEBRASKA
MINUTES OF UTILITY BOARD REGULAR MEETING
Thursday, February 8, 2024

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 February 8, 2024.

ROLL CALL:

The meeting was called to order at 9:00 am by Bill Hitesman with the following members present: Jeanette Dewalt, Mark Hemje, Susan Meeske, Scott Snell, Erik Nielsen, Derek Zeisler, Jaci Higgins, Butch Eley, Keith Leonhardt, Larry Fox, Tony Herrman, Karl Block, Brian Strom, Kevin Johnson, Noel Nienhueser, Marty Stange, Jesse Oswald, Roger Nash, Shawn Hartmann, Lori Hartman, Brandan Lubken, Lee Vrooman.
Absent: Corey Stutte, Shawn Metcalf

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 February 8, 2024 REGULAR MEETING.

Moved by Dewalt, Second by Meeske to adopt the current agenda for the February 8, 2024, regular meeting. Roll call: Ayes: Bill Hitesman, Jeanette Dewalt, Mark Hemje, Susan Meeske, Scott Snell. Nays: None. Absent: None. The motion carried.

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:

The APPA Annual Conference is June 7th through 12th. We sponsor Board members to attend. There are sections at the conference for board members. If you have an interest in attending, please let Kevin know. We sponsor the Board Member, but the spouse is able to go if they cover their own stay.

The weather has been nice. Not sure if it is the calm before the storm.

BOARD CHAIRMAN'S COMMUNICATIONS:

Would encourage Board members to attend the conference. It is a great learning experience.

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 14, 2023.

Moved by Meeske, second by Hemje to approve the minutes for the meeting of December 14, 2023. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Meeske, Snell. Nays: None. Approved.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.

3. General Business.

- (a) Finance

- i. Fiscal Year-End '23 Financial Review

Larry to give a quick preview of what it will look like going forward.
Received final audit information and have the final adjustments that needed to be made. They have been processed and the FY2023 has been finalized.
Overall the audit went really well with all the changes we had.
The importance of completing the first audit after an implementation, you run into a situation where everything comes to light.
Feels very confident that we have a good plan in place. The goal set for ourselves is 45 days.
Were there any key recommendations from the audit? We do not have the actual report yet, so we are not aware of any at the moment.

Jaci to explain the fiscal year end 2023 financial review.

Electric Department

*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 versus the FY2023 Actual Net Income is due to a change in the depreciation calculation.

Gas Department

*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

*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 increase, is used to determine the Budgeted Operating Revenue.

Sewer Department

*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

*We started recording heating and cooling degree days because we are a weather based utility company.

The Y-axis is the number of degree days over 65 degrees

Cooling Degree Days

* we had lower usage for city load for electric

- ii. Payment in Lieu of Taxes (PILOT) Survey status for Natural Gas, Water and Wastewater.

Brian to give a status on the process that we are going to follow.

We are in the early stages of redoing historical documents and obtaining financial data. JK Consulting to help with what other cities are doing for policies and operations.

This is the very beginning and early stages. We will keep the Board updated.

How long has it been since this has been reevaluated and changed? Resolution 1344 went into effect in 1991 and 1996, there was an increase in water.

We do a rate comparison with other communities, but this is the first time with PILOT.

(b) Production

- i. Land Purchase - Partnership with the Landfill Department

Marty to talk about this and has prepared a presentation that will be presented to the city council.

Purchase of Land

Cell 6 opened in 2019

Marty presented his slide show stating the benefits of State of Nebraska Property.

Need to add the purchase price to the slide before presenting it to the city council.

\$1.5 million. Landfill will cover the .5 and utilities will cover the 1 million.

It is an appraised value.

2/3 will be utilities, 1/3 will be landfill.

There is not a lot of downsides. You have to get the NDD approval. It has to be so many feet from residential.

What will it be allocated from for the utility portion?

Recommendation to approve to go to City Council.

Hemje motioned to approve, second by Meeske. Roll call: Ayes: Hitesman, Dewalt, Hemje, Meeske, Snell. Nays: None.

(c) Operations

i. Sewer System Explosion on South Woodland Avenue Q&A.

Brandon to give an update on what happened. On January 17th all responders were called out.

Two manholes were blown away. One went straight up and one went 15 feet away.

Utility employees saw a sheen and they could smell the odors.

A woman had called about a fire in her basement. There is speculation that her sewer pea trap was dry and when her pilot light lit, it caused the vapors to ignite.

This nine mile zone was out first. We got a before, and we are waiting to see the after.

We were not able to get an analysis of what was dumped. We do have a lead. Once we get eyes on the damage, we will get with the police and fire departments to see what can be done.

We all play a hand in the water/sewer. Give us a call if you are not sure if something should be dumped.

(d) Administration

i. Credit card processing guidelines for larger transactions.

Karl had done some work and found an opportunity to revisit credit card transactions.

Payment stats

*Rapid Growth in Credit Card Utilization (2017 > \$1MM)

*2021 - Max transaction Increased from \$500 to \$2500

*Multiple Transactions were allowed

*Increased Non-Qualified Charges in Q1 2023-24

The volume of credit card transactions that we absorb. Processing charges. Non-Qualified Charges

Cost Reduction

*Moving limit to \$2500/30-day period

*Not intended for larger customers

Maintain Convenience

*Allows customers to use credit card for payments without making multiple transactions

*Ease of use for residential and small business

Can you remind us does utility cover the cost for using a credit card or do the customers cover some? Since 2020, utilities covers 100% of the processing fee. It is understandable during covid, but if the processing fee continues to rise, maybe we need to revisit this. It's about who uses it and why.

It has eased a lot of burdens in other ways that have saved in other ways.

(e) Other

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

ADJOURN:

Motion to adjourn by Dewalt, second by Hemje. Roll Call: Ayes: Hitesman, Dewlt, Hemje, Meeske, Snell. Nays: None. Adjourned at 10:32 am.

APPROVED:

Board Secretary