CITY OF HASTINGS, NEBRASKA
MINUTES OF UTILITY BOARD REGULAR MEETING
Thursday, July 25, 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 July 25, 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.
Derek Ziesler, Erik Nielsen, Micah McCaffery, Larry Fox, Tony Herrman, Jaci Higgins, Jason Redding, Noel Nienhueser, Kyle Patten, Karl Block, Shawn Hartmann, Mark Funkey, Lori Hartman, Jesse Oswald, Brandan Lubken, Lee Vrooman, Roger Nash, Brian Strom
Absent: Scott Snell, 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 July 25, 2024 REGULAR MEETING.

Moved by Meeske and seconded by Hemje to adopt the current agenda for the July 25, 2024 regular meeting. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Meeske. Nays: None. Absent: Snell. The motion carried.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, July 23, 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:

Passed out a copy of our the Hastings Utilities Mission Statement. Hasn't been revised or changed in over 20 years, but that could be because it is a good statement. Would like the board to review this and we will come back at a later date to see if there are any changes that need to be made.
Hastings Utilities Mission Statement: Our mission is providing customers with utilities and utility related services and products of superior value while enhancing growth and development of Hastings and the surrounding area.
Going to be going over the budget today.

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 June 13, 2024.

   Moved by Dewalt and seconded by Hemje to approve the minutes for the June 13, 2024 meeting.. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Meeske. Nays: None. Absent: Snell. Minutes approved.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.

   None

3. General Business.

   (a) Finance

   i. 2024/2025 Utility Budget

   Derek and staff go over the budget for the '24/'25 fiscal year.
   General Budget Highlights
   - Cost of Service discipline continues with Electric COS study near completion
   - No headcount change for entire HU Department
   - Organizational reviews and role validation continues with each and every position
   - All money owed to other departments has been transferred to the appropriate department
   - In 2021 and 2022, the national inflation rate was roughly 7%. The last time that two consecutive years averaged this high was in 1980 and 1981.
   Additional Staffing
   - There is no change in headcount for utility positions
   - The utilities pays a varying portion of city department services. The Utilities is not involved in any of the hiring or supervision of those departments.
   Budget Assumptions
   - Cost of Service Study Results Utilitized: Electric, Gas, Water
   - Material Inflation: 5%

- Economic Impacts Budgeted: Payroll ~8.5% - This is on an average, not for each individual person. This is also a state requirement, not a requirement of the utilities.
- Forecasted Revenue Growth (Non-Rate): 1%
- Forecasted Expense Inflation (Forecasts): 3%
- Financial = Unencumbered Cash & Rate Stabilization Funds as % of Operating Expense (Target): >50%
- Capital Execution Rate (Target): 75-85% in budget
- Customer Fees being analyzed and reviewed: FY2025
- Three (3) Year Forecast Projections: Economic Challenges

Critical Capital Planning - Electric

- Total Electric Capital Budget $14M
  *Whelan Energy Center - Coal Combustion Residuals (CCR) Compliance - $2.9M
  *North Denver - Circ Water Line Repairs - $500K
  *Solar Field - Solar Field Phase 2 (carry over) - $1.5M - Solar Field Phase 3 - $2M
  *Don Henry - DCS Recontrol - $1M
  *Distribution and Substations - $8M

Electric Dept Highlights

- Continued success in offering 5 generating units to support grid demands
  * HU Electric Production units trend ahead of industry averages for reliability.
  * Maintaining reliable units will be crucial for proposed SPP resource accreditation rules
- Instituting a Performance Monitoring Program
  * Goal to identify operational deviations early, enhance safety, and optimize plant efficiency
- Maximizing Staffing Efficiency
  * Challenging supervisors to identify staffing efficiencies
- Renewable strategy continues with solar Phase 2
- Finish Capacity upgrades to 3 substations for new customer, additional capacity, aging infrastructure
- Finish High-Capacity Substation Tie Line. Adding System reliability to supply 2 largest customers and potential expansion.
- Spare transformer for 115KV/13.8 System. Current units have been in service over 30 years. Replacement/Rewind times in excess of 100 weeks.
- Continuation of AMI conversion, increase of 5th terminal S network meters to support new Apartment Complexes.

Critical Capital Planning - Combined Depts.

- Gas Dept./$1.86M - Distribution Additions/$1.44M
- Water Dept. /$6.92M - ASR Additions /$900M - New Mains & Developer Projects/$3.296M - Main Replacement Program/$2.35M
- Pollution Control Dept/Sewer/$6.04M - Plant additions/$4.58M - Collections/$1.47M

Gas Dept Highlights

- Gas Relocation for NDOT Hastings Southeast Project $850,000.
- Replace 2008 Directional Drilling Machine due to age, condition, and tech upgrade $275,000.
- Downtown Low Pressure System Replacement Phase 2 (Lincoln Ave, to Hastings Ave.) $50,000.
- Peak Shaving Expense increase. Ran plant 3 out of last 4 years so budgeting to run, plus propane refill forwarding pump rebuild kits & level indicators $234,000.

Water Dept Highlights

- Piping, Pumps, & Controls to utilize Well 17 as an ASR feed well $900,000.
- Pressure Booster Station Investigation and Implementation to Westbrook. Manage system pressure and increase existing well pumping capacities $300,000.

- Water relocation for NDOT Hastings Southeast Project $2,000,000.
- LSL Main and Lead Service Replacement Program enters year 3. 2.5 miles of main and 140 lead services replaced to date. Up next: Garfield Ave. B St. to E St. & 6th St. E.S. Blvd to 2nd Ave. $1,675,000.

Average Bill Comparison - Water

Note: 1 CCF is equivalent to 748 gallons; average bathtub holds 40-70 gallons = could fill bathtub full 15 times to get 1 CCF.

PCF/Sewer Dept Highlights

- Year 2 of sewer video inspection plan. Year 1~48,000ft inspected, 1,800ft to be relined. Year 2 rough area of Marian Ave. to Burlington Ave. 7th St. to 2nd St. ~51,500ft.
- Activated Sludge West Basin Switch and Startup contract awarded, mobilization in August, $3,500,000.
- Maxon Lagoon Dredging contract awarded, work to begin post harvest, $1,000,000.

Administration Highlights

- AMI expansion continues - over 11,500 meters converted by August (80%)
- Billing software implementation - current goal is to implement spring 2025
- Combined Utility and City Safety

Capital - Administration Dept. 1.22M - Warehouse roof replacement $380K

Rate Changes Proposed

Utility Rate Increases Budgeted:
- Electric ('24 COS Study) 5%
- Gas ('23 COS Study) 6.3%
- Water ('22 COS Study) 5%
- Sewer -4%

"Weather conditions, economic challenges including rising material and energy prices, supply chain delays, fuel prices, etc. continue to directly impacting all utility operations."

(b) Production

(c) Operations

i. Water, Gas, and Sewer Pilot Discussion

Wanting to change our rate structure for the Payment in Lieu of taxes (PILOT) out of the budget and make it a separate line item on the bill. It would then become part of the cities fee schedule that would be voted on each year. Grand Island just passed this. Would like to discuss this further in a future meeting. This was put on the agenda to get feedback and see if we need to move forward with this.
Communication will be the biggest part of this transition.

(d) Administration

(e) Other

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

ADJOURN:

Moved by Dewalt, seconded by Meeske, there being no further business to adjourn at 10:45 am. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Meeske. Nays: None. Absent: Snell. Meeting Adjourned.

APPROVED:

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Board Secretary