

CITY OF HASTINGS, NEBRASKA
MINUTES OF UTILITY BOARD REGULAR MEETING
Thursday, August 22, 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 August 22, 2024.

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, Scott Snell, Derek Zeisler, Erik Nielsen, Kirk Layton, Larry Fox, Tony Herrman, Shawn Hartmann, Micah McCaffery, Jaci Higgins, Jason Redding, Brian Strom, Noel Nienhueser, Karl Block, Lee Vrooman, Roger Nash, Lori Hartman, Brandan Lubken, Kyle Patten, Mark Funkey, Jesse Oswald
Absent: Corey Stutte, Butch Eley, 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 August 22, 2024 REGULAR MEETING.

Moving things around
Presentation will be first and the Recommendation for Approval of the 24/25 Utilities Budget will go third in the Operations section.
Moved by Meeske and seconded by Hemje to adopt the current agenda for the August 22, 2024 Regular Meeting. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Meeske, Snell. Nays: None.
The motion carried.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, August 20, 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:

We tried to incorporate questions that have been asked since our last meeting. Our hope is that from what we present today, we will be able to answer all the questions that have been asked. If something comes up that the board would like us to go back and check, we did move the September meeting to September 5th, which is before the city council meeting on September 9th.

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 July 25, 2024.

Moved by Dewalt and seconded by Hemje to approve the minutes for the meeting of July 25, 2024. 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. UFS Electric Cost of Service Presentation

Chris Lund from Utility Financial Solutions presents the Electric Cost of Service for us.
Presentation Objectives

- Review Financial Projection
 - Significant Assumptions
 - Main Financial Targets
 - Debt Coverage Ratio - Minimum Cash - Adjusted Operating Income
- Review Cost of Service Results
 - Class Cost Results - Customer Charges
- Rate Evolution
 - Discuss Rate plan (4 year progression) & Customer Impacts
 - PCA (power cost adjustment or EAC energy adjustment charge) -changes in power supply costs
- Basic of Customer Classes (Rates)
 - Electric Rates are broken into groups of similar customers

- Main Classes (Customer Groups/ Rate Classes)
 - Residential (Housing) - Commercial /General Service (Business)
 - The Residential Urban RS-U, Small General Serviced Urban SGS-U, Large General Service LGSS and Large Light & Power LL&P make up over 86% of revenue for Hastings Utilities

- The other rates are variations of residential and commercial to accommodate for
 - Various sizes amid locations of residential and commercial customers

Presentation Summary

- Summary Rate Track
 - 4 years of 5% rate increase each year (FY 2025 through FY 2028)
- Summary of Class Impacts
 - Average impacts slightly vary across rate classes between 3.0% to 6.7% with a total of 5%

- Future Adjustments

- This plan is an incremental, smooth plan to work Hastings Utilities toward their financial goals

- Future years of rate changes should be based on further updates and studies

- This study is not a "one and done" study, future increases may be needed

Significant Assumptions (with 5% rate track)

Main Financial Targets - Projection Summary (with 0.0% annual rate increases, with PCA)

Main Financial Targets - Projection Summary (with 5% annual rate increases, with PCA)

COS Summary Results (% change to evolve to COS and meet financial targets)

Main Billing Components

- Monthly Customer Charge - Intended for some operational fixed cost recovery (non-power supply)

- Customer kWh energy usage - Intended to recover variable power supply (power supply)

- Customer peak demand kW usage - Intended to recover fixed cost recovery for operations (non-power supply)

- PCA-Power Cost Adjustment - Intended to recover variations in power supply costs (power supply)

Monthly Customer Charges

- Customer charge, portion of fixed cost recovery (non-power supply), customer service, meter reading, billing, portion of distribution system. These are costs that don't go away with varying customer usage.

Rate Evolution

- Rate Evolution

- Discuss Rate Plan (4 year progression) & Customer Impacts

- Monthly fixed charge for all rate classes, Charge consistent kWh rate instead of varying rate by tiers, Charge consistent kW rate instead of varying by tiers

- PCA (power cost adjustment) - changes in power supply

- Note: The Residential Urban RS-U, Small General Service Urban SGS-U, Large General Service LGS and Large Light & Power LL&P make up over 86% if revenue for Hastings Utilities

PCA-Power Cost Adjustment

- Mechanism to fairly and smoothly charge customers for varying power costs

- Intended to recoup power costs that are more than what's being collected in retail rates

- Charged on a per kWh basis as an additional fee to balance power cost overages

ii. Highlight Budget Adjustments

Larry Discusses the changes that were made from the first draft to now. Mostly capital changes.

Blue is related to admin and engineering changes.

Green is capital improvement changes.

Yellow are corrections.

Roger discusses the self insured health fund. Moving money back into the departments so they can start using those funds.

Will get closer to the 5 million mark in 2 years.

This is not taking funds from employees or their health costs. This is money put in by the employer.

iii. Recommendation for Approval of 24/25 Utilities Budget

Request for recommendation for approval of the 24/25 Utilities Budget.

We can approve as is and not come back on the 5th or reevaluate and come back on the 5th.

The recommendation to approve moving on to City Council was moved by Dewalt and seconded by Snell. Roll Call Ayes: Hitesman, Dewalt, Hemje, Meeske, Snell. Nays: None.

(b) Production

(c) Operations

i. Continuation of Water Infrastructure Fee

Brian discusses the cost of service study done in 2022 and the ordinance put in place. Asking for the ordinance to be updated.

ii. Fee Schedule Adjustments

Customer Service Fees presented by Brian, not a lot of changes.

Only other changes are on the underground side.

iii. Mutual Aid Update

Noel talks about the Mutual Aid to Lincoln and Omaha.

No cost to the city of Hastings for crew members to do this.

OPPD has a video of trucks leaving the yard on their Facebook page.

(d) Administration

(e) Other

i. Presentation from Chamber/HEDC

Shannan discusses what is going on with Chamber HEDC.

Review of what we did in 2024 and continues through 2025.

Existing Industry

- BRE software and visit process underway
- Four industry expansions, three small business assistant expansions
- Manufacturing week tours, proclamation and luncheon
- Advocacy for state policy to support existing companies
- Completion of four state fund projects to support RLF

Business Location

- 12 request for proposal opportunities with Nebraska Department of Economic Development
- Two Foreign Direct Investment project inquiries
- Three company site visits
- Familiarization tour with DED recruitment team-March
- Three site selector events-Area Development Forum, Next Move Group Summit, Select USA-Nebraska Delegation
- State Funding process complete for Heartwell Renewables

Housing

- Rural Workforce Housing Funds (RWHF)
 - Projects Supported: Grant Funds: Pioneer Flats, Osborne View Estates, Aspen Bluff
 - Revolved Funds: Hangar 55, Corner Building, Garage Flats, Osborne View Estates 2

Additional Housing Projects Underway

- Hoppe Development Project, Mesner Development, Suzanne & Walter Scott Foundation project with Hastings College, Innate Concepts LLC Multi-Family Development, Lagunas Development, Downtown Condos

Talent Development

- Manufacturing Pathways, Business Tours, HAMA-Manufacturing Madness, Intern Engagement, School/Education Events (Welcome Events, Career Days, Mock Interviews)

Administration

- Revolving Loan Fund, Legislative Advocacy, Certified Community Status, Retail Site and Building Work, Chamber/HEDC Partnership

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

ADJOURN:

Motioned to adjourn by Dewalt, seconded by Hemje. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Snell. Nays: None. Absent: Meeske. Adjourned at 11:03 am.

APPROVED:

Board Secretary