

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 17th day of July 2013. The following members were present: Commissioners Scott Swenhaugen, Richard Nielsen and David Claxton. Also present Operations Superintendent Randy Eggert and Bookkeeper Sue Dodds.

AGENDA

Add: New Business: C/Water line at old high school. Motion by Nielsen, second by Claxton to adopt agenda as amended. Approved 3-0-0.

CONSENT AGENDA

Motion by Nielsen, second by Claxton to adopt consent agenda with the approval of checks #37322-37379 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4599-4611. Approved 3-0-0.

PRESENTATIONS

Ziegler representative Chuck Roehrich was present to review the proposed three-year extended warranty and maintenance contract for the three Caterpillar generators.

The current three-year maintenance contract, with a \$500 deductible, cost \$10408 per year per generator and ends on October 31, 2013. The proposed contract with the same maintenance with \$0 deductible would be \$11093. Eggert asked if the warranty would be in jeopardy if some of the maintenance were done by KMU staff or another contractor. Roehrich stated that it would not. He did state that oil meeting Caterpillar specs should be used.

The five-year extended warranty ends at the same time. The cost of this warranty was \$2138 per year per generator. The proposed warranty would be for three years at a cost of \$3983.

OLD BUSINESS

Generation Operating Report

Testing.

Safety Report

Eggert reported that there will be new standards for pole climbing. It will be mandatory for the lineman climbing to wear 'Bucksqueeze' equipment that prevents the climber from falling.

Review delinquent accounts

Commission reviewed the list of accounts and the letter concerning the delinquent amounts. They will begin to review delinquent accounts quarterly and felt that future letters should be sent by certified mail.

Street lights on Main Street

The city council voted to have all the lights turned back on in the three block business area of Second Street. They also asked that Eggert find out what it would cost to install LED lights on Gunderson Boulevard for the lights that are currently turned off. He has ordered 15 more LED conversion kits for the 600 and 700 blocks of Second Street. Next year he plans to do the 500 block. If the council decides to have all 10 lights on Gunderson Boulevard turned back on he said it would cost approximately \$1200 for each LED lamp. He said he will check to see if he could purchase a less expensive white high pressure sodium lamp that would match the existing LED lamps.

Review Capital Expansion Plans

Commission and staff will review the electric and water capital plans and finalize them at the August meeting.

NEW BUSINESS

Hanke new cement plant

Eggert asked if the commission felt there should be a charge to move service for the cement plant from the leased property to the area he purchased from the city. The commission felt this would be more like a new service and should not be charged.

Additional CAPX subscription

Commission reviewed a summary of the CAPX estimated net profits for the current Hampton to Brookings line. In the summary Dodds explained that currently Kenyon is subscribed for up to \$1,000,000 in the Hampton to Brookings line. The additional subscription would be for the Brookings to Big Stone project. It appears that the additional maximum amount Kenyon would be eligible to subscribe to would be \$134,000.

Any decision made now would be non-binding as CMMPA is just trying to get an idea if any members are interested. If they find that members are not interested they will go outside the membership to see if other utilities have an interest. Eggert added that if MISO does not offer the same incentives for phase 2 CMMPA will not move forward with this.

The commission agreed that they would like to have a chance at the additional subscription. Motion by Nielsen, second by Claxton to notify CMMPA of their interest in phase 2. Approved 3-0-0.

Water Line at old high school

Eggert explained that the contractor dug into the 8” water main while excavating at the old high school. The city council had suggested that the main be abandoned, but Eggert would like to keep it in service because it is a circulating main. The cost for KMU to repair this will be about \$600-\$800 and the contractor will bear the cost for digging required.

Other business

Dodds noted that City Administrator Vahlsing will be attending the MMUA conference in August. Commission asked that the city split the costs with KMU.

Adjournment

Motion by Nielsen, second by Claxton to adjourn meeting at 9:15 p.m. Approved 3-0-0.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 21st day of August 2013. The following members were present: Commissioners Scott Swenhaugen, Richard Nielsen and David Claxton. Also present Operations Superintendent Randy Eggert and Bookkeeper Sue Dodds.

AGENDA

Motion by Claxton, second by Nielsen to adopt agenda as presented. Approved 3-0-0.

CONSENT AGENDA

Motion by Claxton, second by Nielsen to adopt consent agenda with the approval of checks #37380-37423 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4612-4627. Approved 3-0-0.

OLD BUSINESS

Generation Operating Report

Eggert noted that he will be doing urge testing on generators before the end of August.

Safety Report

Safety committee met, but no safety class was held due to scheduling conflicts.

CMMPA Updates

Eggert reported that two employees will be leaving CMMPA including Loren Schumacher who assists Kenyon with their conservation program.

Eggert along with Schumacher and another CMMPA representative visited some commercial customers in Kenyon recently to see if there were any conservation rebates they may qualify for. They plan to visit all commercial customers in the near future.

He also noted that 2013 will be the final year for customers to receive rebates on the exchange of T-8 bulbs.

Review delinquent accounts

Dodds reported that a few of the delinquent customers have made payments on their accounts. Those accounts that have not paid the 90 day amount referred to in their letter by September 1 will have their service discontinued on September 2. Amounts not paid by September 15 will be certified to the county for assessment.

Ziegler contract

The commission felt it would be to KMU's advantage to continue the extended warranty, which would be for three years at a cost of \$3983 per generator per year totaling \$35,850.

As for the service agreement, Eggert will check with a local mechanic to see if they would be able to service the generators like Ziegler has in the past, with KMU supplying the materials.

The final decision on these agreements was tabled until September.

NEW BUSINESS

Salvation Army Heat Share

Dodds explained that KMU has participated in this program since 1998. The only cost is printing the brochures to be sent to customers. Commission agreed to continue this program.

Inventory tracking software

Dodds has received information from two sources for software to track inventory for the water and electric materials. A proposal from PowerManager was \$3200 plus \$1600 per year for support. Fishbowl, which is a QuickBooks program start at \$4400. She will continue to look for other software that may be available.

Water tower and ground storage reservoir inspection report

Eggert presented the report from TKDA summarizing the outcome of the inspections. The report recommended that both tanks be inspected again in 2016. At that time the sediment from interior floor would be removed. This inspection will determine when the tanks should be repainted.

Other business

Eggert reported that the water line at the old high school has been repaired.

He will be ordering one new AMR handheld for reading meters, noting that the life expectancy of those units is five years. KMU purchased the current handhelds seven years ago.

City Administrator Vahlsing spoke with Eggert about the GIS mapping system he is pursuing. This would include electric and water services.

Eggert reported that KMU and the City have entered into a new agreement with G & K Services. G & K recently acquired the state contract for uniforms and mats, which will result in substantial savings for both entities.

Adjournment

Motion by Claxton, second by Nielsen to adjourn meeting at 7:40 p.m. Approved 3-0-0.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 18th day of September 2013. The following members were present: Commissioners Richard Nielsen and David Claxton. Absent: Commissioner Scott Swenhaugen. Also present City Administrator Mark Vahlsing, Operations Superintendent Randy Eggert and Bookkeeper Sue Dodds.

AGENDA

Motion by Claxton, second by Nielsen to adopt agenda as presented. Approved 2-0-0.

CONSENT AGENDA

Motion by Claxton, second by Nielsen to adopt consent agenda with the approval of checks #37424-37467 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4628-4645. Approved 2-0-0.

OLD BUSINESS

Generation Operating Report

Urge testing.

Safety Report

Confined space entry was reviewed.

CMMPA Updates

Xcel Energy has approached CMMPA with a possible change in the 5x16 contract which ends December 31, 2015. There are three options that are being proposed. CMMPA staff will speak with member cities as more details become available.

Eggert noted that Rochester Public Utilities has contacted CMMPA for the possibility of purchasing capacity as one of their options to fulfill their capacity requirements. Glencoe and Delano have had their generators registered and would have excess capacity.

Ziegler contract

Eggert spoke with Jeff from Traxler Power & Equipment. He estimated the maintenance on the generators would take twelve hours per year at \$80.00 per hour.

Eggert suggested that the commission renew the warranty, which expires 10/31/13, and continue to look at options for the maintenance. The cost of the warranty is \$3983.33 per generator per year at a total cost of \$35,850 for three years.

Motion by Claxton, second by Nielsen to approve the Ziegler three year extended warranty and postpone entering into a maintenance agreement at this time. Approved 2-0-0.

Review delinquent accounts

Dodds reported that seven letters were sent out on July 10 concerning the delinquency of their account. One service has been disconnected and five have paid the requested amounts totaling \$4525. The final customer is working with Goodhue County Social Services and will know early next week if they will receive assistance.

NEW BUSINESS

Pay request #1 - R.A.W. Construction

Motion by Nielsen, second by Claxton to approve pay request #1 for R.A.W. Construction for the water portion of the 2013 Sewer Improvement project for \$39,626.75. Approved 2-0-0.

Stantec Professional Services Agreement

Vahlsing demonstrated the GIS mapping capabilities that Stantec is offering. Stantec's estimate is \$2000 for the rental of the GPS equipment and KMU staff training. Eggert felt it would be helpful to have the curb stops and gate valves located. Nielsen asked Vahlsing to request a breakdown of the \$2000 estimate. Commission tabled their final decision until October.

Pay Equity report

Dodds reported that KMU's Pay Equity report required by Minnesota Management & Budget has been completed and no salaries were changed to meet the requirements. Motion by Nielsen, second by Claxton to approve KMU's Pay Equity report. Approved 2-0-0.

Energy audit of City buildings

Vahlsing reported that Franklin Energy, which is a company contracted by Minnesota Energy Resources to conduct energy audits, will be conducting audits of all the city buildings at no charge.

Other business

Dodds included an electric and water capital plan in the commissioner's packet to review for the October meeting.

Adjournment

Motion by Claxton, second by Nielsen to adjourn meeting at 7:40 p.m. Approved 2-0-0.

Sue Dodds, Bookkeeper

Richard Nielsen, Acting Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:05 p.m. on the 17th day of October 2013. The following members were present: Commissioners Scott Swenhaugen and David Claxton. Absent: Commissioner Richard Nielsen. Also present City Administrator Mark Vahlsing, Operations Superintendent Randy Eggert and Bookkeeper Sue Dodds.

AGENDA

Motion by Claxton, second by Swenhaugen to adopt agenda as presented. Approved 2-0-0.

CONSENT AGENDA

Motion by Claxton, second by Swenhaugen to adopt consent agenda with the approval of checks #37468-37509 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4646-4658. Approved 2-0-0.

FINANCIAL

2014 Budget

Commission reviewed proposed budget and the capital plans for water and electric funds. Dodds explained that CMMPA is expecting a decision from FERC on CAPX, which would determine when KMU begins receiving any tariff revenue. If a change to a "Forward-Looking Test Year" is granted by the Federal Energy Regulating Commission (FERC), we will begin collecting in February, 2014. If not, KMU will not see any payback until July 2015. This tariff revenue, which is estimated at \$50,000 per year, will be recorded as a credit to transmission expense.

The commission will finalize the budget in December to allow time for FERC's decision.

OLD BUSINESS

Generation Operating Report

None.

Safety Report

Fire safety.

CMMPA Updates

CMMPA has been negotiating some changes for one of Kenyon's contract. Final prices have not been settled, but currently they are offering two options for converting the current contract which ends December 31, 2015. Option one would blend the existing and a new contract extending it to 2020. The second option would continue with the current contract and begin a new one to run from 2016 to 2020. Either option would allow KMU to convert only half of their existing contract, which is what CMMPA suggests.

CMMPA will need a decision from the commission at the November meeting. Swenhaugen asked Dodds to prepare some comparisons for the commission.

Review delinquent accounts

Dodds reported on current delinquent accounts.

Stantec Professional Services Agreement

Joe Palen broke down the \$2000 fee estimate for the GIS mapping as follows and noted they would provide additional training, GPS rental days or field assistance at the request of the city based upon these rates:

- GPS Rental @ \$80/day x 5 days = \$400
- Training City staff @ \$105/hr x 5 hours = \$525
- Mapping review & electronic data sharing with City and county @ \$100/hr x 10 hrs = \$1000

- Mileage reimbursement \$75

Motion by Claxton, second by Swenhaugen to accept Stantec professional services agreement for GIS mapping. Approved 2-0-0.

NEW BUSINESS

MERC & CEE open house

Vahlsing noted that he met with Eggert, Dodds, CMMPA Energy Services Representative Brandon Johnson and two representatives from (CEE) Community Energy Services to discuss an energy-efficiency program for KMU residential customers. CEE partners with (MERC) Minnesota Energy Resources to help homeowners save energy and money. Vahlsing suggested having one workshop in early 2014 at City Hall and combining the second workshop with the Home Improvement Show held at the school.

The proposal would include CEE conducting one or two community workshops per year organized by the City and KMU. Attendees would be offered home audits for \$50, with MERC and KMU each paying \$112.50 to cover the remainder of the audit cost. CEE also offers low interest financing to encourage customers to follow through with home improvements suggested during these audits

For attending the workshop MERC offers a free low flow showerhead and bathroom and kitchen faucet aerators for customers. KMU could also offer a CFL or LED bulb.

Motion by Claxton, second by Swenhaugen to allow staff to hold these workshops. Approved 2-0-0.

Folding & insertion machine for billing

Dodds reported that there have been ongoing problems with the folding/insertion machine that we currently use. This machine was purchased in February 2005 for \$6300, with the City paying 20% city and KMU 80%. After some research Pam Blow has located a new machine with a purchase price of \$6824. Commission would like staff to check on warranty and maintenance contract costs.

Pay request #2 - R.A.W. Construction

Eggert reported that the work has been completed on the water main replacement on Third Street, which included additional work approved by KMU.

Dodds noted that after payment of pay request #2 the only remaining amount due R.A.W will be the retained amount of approximately \$2500. In addition to construction costs KMU reimbursed the City for legal and engineering fees totaling \$11,514.93. This will bring the total cost of the water portion of this project to about \$61,000.

Motion by Claxton, second by Swenhaugen to approve pay request #2 for R.A.W. Construction for the water portion of the 2013 Sewer Improvement project for \$7,702.84. Approved 2-0-0.

Adjournment

Motion by Claxton, second by Swenhaugen to adjourn meeting at 8:10 p.m. Approved 2-0-0.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:04 p.m. on the 20th day of November 2013. The following members were present: Commissioners Scott Swenhaugen and David Claxton. Absent: Commissioner Richard Nielsen. Also present Mayor Mike Engel, City Administrator Mark Vahlsing, Operations Superintendent Randy Eggert and Bookkeeper Sue Dodds.

AGENDA

Add: Old Business: D/Ziegler maintenance contract proposal. Motion by Claxton, second by Swenhaugen to adopt agenda as amended. Approved 2-0-0.

CONSENT AGENDA

Motion by Claxton, second by Swenhaugen to adopt consent agenda with the approval of checks #37510-37559 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4659-4671. Approved 2-0-0.

FINANCIAL

2014 Budget

Eggert noted that CMMPA is suggesting that Kenyon not include any CAPX tariff revenue in their 2014 budget. It is possible that we could begin receiving this in July, but there is no guarantee at this point. Dodds will remove the \$50,000 from the budget originally recorded as a credit to transmission expense.

The commission will finalize the budget in December.

OLD BUSINESS

Generation Operating Report

Eggert explained that if KMU would like to be eligible to sell capacity in the future they would need to have a transmission interconnection study completed which could cost \$40,000 and take up to two years to complete. The market shows there is an upward trend in capacity prices, but there is no guarantee that KMU would qualify even if the study were done. Commission asked to have \$10,000 put into the 2014 budget to build funds for this study and review this again at the July meeting.

Safety Report

Occupational ergonomic biomechanics.

CMMPA Updates

MRES recently asked NSP if they were interested in swapping out MRES's, CMMPA's and GRE's future ownership interest in the CAPX Big Stone transmission project for an equivalent incremental interest in the CAPX Brookings-Hampton project. CMMPA feels that this swap would eliminate the risk of the CAPX Big Stone incentives not being approved by FERC. If NSP, MRES and GRE agree to this arrangement, CMMPA would need to also agree or risk being eliminated from the project.

In 2011 Kenyon entered into a contract for the CAPX Brookings to Hampton project not to exceed \$1,000,000. KMU's forecasted dollars of investment as of August 2013 was \$822,159. If CMMPA enters into this swap agreement this investment would increase to \$905,659, which is lower than the original 'not to exceed' amount.

Motion by Claxton, second by Swenhaugen to recommend to the City Council to approve the CAPX Big Stone to Brookings swap. Approved 2-0-0.

Ziegler Maintenance Proposal

Ziegler previously proposed two options for the three-year generator maintenance agreement. Option A was \$11093 per generator per year compared to option B at \$9196. They have presented Eggert with a new proposal for option B at \$8750. The commission felt there was not enough savings to consider this.

NEW BUSINESS

Donation for lights on tree at Veterans' Park

Motion by Claxton, second by Swenhaugen to approve a donation of \$250 to KABA (Kenyon Area Business Association) for the purchase of Christmas lights for the tree at Veterans' Park and also the donation of electricity used and staff time to place the lights on the tree. Approved 2-0-0.

Energy contracts

Currently KMU has an Xcel Energy 5x16 contract through 2015 which covers the hours from 6 a.m. to 10 p.m. CMMPA is now working on some new 5x16 contract offers which would give KMU the option of keeping the current contract and entering into a new contract beginning in 2016 or blending the current contract with a new contract that would run from 2014 – 2020.

KMU purchases approximately 37% of their net energy through the 5x16 contract, which is for 1.5 MW. Entering into one of these contracts for half of the subscription could potentially save KMU close to \$50,000 per year.

Prices demonstrated at this point are estimates so the commission would not be bound to a new contract if prices were higher than anticipated. Motion by Claxton, second by Swenhaugen to notify CMMPA of their interest in pursuing a new contract for half of the current 5x16 contract. Approved 2-0-0.

Adjournment

Motion by Claxton, second by Swenhaugen to adjourn meeting at 7:45 p.m. Approved 2-0-0.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 18th day of December 2013. The following members were present: Commissioners Scott Swenhaugen, David Claxton and Richard Nielsen. Also present City Administrator Mark Vahlsing, Operations Superintendent Randy Eggert and Bookkeeper Sue Dodds.

AGENDA

Motion by Claxton, second by Nielsen to adopt agenda as presented. Approved 3-0-0.

CONSENT AGENDA

Motion by Nielsen, second by Claxton to adopt consent agenda with the approval of checks #37560-37607 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4672-4682. Approved 3-0-0.

FINANCIAL

2014 Budget

Motion by Nielsen, second by Claxton to adopt 2014 budget as presented in proposed budget #2. Approved 3-0-0.

OLD BUSINESS

Generation Operating Report

Exercising of generators only.

Safety Report

Year end review will be December 30.

CMMPA Updates

CIP (Conservation Improvement Program) - CMMPA board voted to contract with an outside service for a six-month period to assist members with their programs. Members who choose to opt out of the CMMPA program must do so within thirty days from now. After these 30 days they will need to give CMMPA a 36-month notice to terminate their participation.

5 x 16 NSP contract – CMMPA is expecting to have updated pricing on new contracts within two to three weeks.

NEW BUSINESS

Folding & insertion machine for billing

Dodds reported that the folding machine discussed in October has a one-year warranty period. At the end of that period the cost of a maintenance contract would be \$800 annually, which includes parts, labor and trip charges.

Without a maintenance contract each service call would be \$180.00, plus parts. If the machine is leased, the maintenance contract terms would be the same.

Claxton asked if there would be routine checks included in the warranty and the maintenance contract. Dodds will check with the company.

Motion by Nielsen, second by Claxton to purchase the folding and insertion machine for \$6824. Approved 3-0-0.

January 4, 2014 Lead Ruling

Beginning on January 4, 2014, a new national law will amend the Safe Drinking Water Act to require all products in contact with drinking water to have a 0.25% maximum lead content for all wetted components using a surface based averaging formula. This includes corporation stops, curb stops, service fittings and couplings, meter valves, meter couplings, check valves, backflow valves, and more.

Eggert estimates this would apply to approximately \$3000 worth of items in KMU's inventory. Commission directed Dodds to lower the value of this inventory to scrap price at year end 2013.

CAPX Big Stone/Brookings swap

The City council approved a resolution on December 10 to appoint Randy Eggert, (Mike Engel as his alternate) as its representative on the Transmission Project Coordinating Committee for the Transmission Project with the power and authority to take action on behalf of the City. CMMPA has requested KMU to approve a similar resolution. Motion by Nielsen, second by Claxton to approve resolution #2013-3 appointing Eggert as the representative (Mike Engel as his alternate) on the Transmission Project Coordinating Committee. Approved 3-0-0.

Pole Attachment Fees

Dodds presented a survey on pole attachment fees from other cities, which range from \$3.50 to \$22 per attachment. Since 2008 KMU has charged \$6.00. Nielsen felt that the additional \$700 increase in KMU revenue that would result from a \$6.00 to \$7.00 charge per pole to Frontier and Mediacom may not be beneficial enough if these companies in turn increase their customer charges. Motion by Claxton, second by Swenhaugen to approve an increase to \$7.00 per pole attachment. Approved 2-1-0 with Nielsen voting against.

OTHER

Dodds reported that KMU received dividends totaling approximately 17% of the actual property/casualty premiums paid for 2012-2013.

Motion by Nielsen, second by Claxton to adjourn meeting at 7:45 p.m. Approved 3-0-0.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 15th day of January 2014. The following members were present: Commissioners Scott Swenhaugen, David Claxton and Richard Nielsen. Also present Operations Superintendent Randy Eggert and Bookkeeper Sue Dodds.

AGENDA

Add: New Business: C/Declare excess inventory. Motion by Nielsen, second by Claxton to adopt agenda as amended. Approved 3-0-0.

CONSENT AGENDA

Motion by Nielsen, second by Claxton to adopt consent agenda with the approval of checks #37608-37652 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4683-4699. Approved 3-0-0.

OLD BUSINESS

Generation Operating Report

Exercising and testing of generators only. Eggert noted that there is approximately 8000 gallons of fuel remaining.

Safety Report

Year end review of all sessions held in 2013.

CMMPA Updates

CMMPA board meeting will be held January 16.

NEW BUSINESS

Carriage & Cutter Parade donation

The Carriage and Cutter committee has requested a donation from KMU. KMU paid the postage for mailing information for the parade totaling approximately \$85. Motion by Claxton, second by Nielsen to approve \$500 donation for the Carriage & Cutter Parade. Approved 3-0-0.

MMUA Tom Bovitz Memorial Scholarship Award Program

Board directed staff to proceed with the paperwork to offer the MMUA Scholarship to Kenyon-Wanamingo high school seniors whose parents or guardians are customers of KMU.

Declare excess inventory

As directed by the commission in December Eggert has removed all materials from inventory that are not in compliance with the new lead law effective January 4, 2014. Motion by Nielsen, second by Claxton to declare \$2114 of material containing prohibited amounts of lead as excess inventory. Approved 3-0-0.

OTHER

Scott Swenhaugen has been reappointed by the council for an additional three-year term on the commission.

Community Energy Services will be conducting an Energy Workshop at city hall on January 30. KMU and Minnesota Energy Resources are sponsoring this.

ADJOURNMENT

Motion by Nielsen, second by Claxton to adjourn meeting at 6:45 p.m. Approved 3-0-0.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 19th day of February 2014. The following members were present: Commissioners Scott Swenhaugen and David Claxton; absent: Richard Nielsen. Also present Mayor Mike Engel, City Administrator Mark Vahlsing, Operations Superintendent Randy Eggert, and Bookkeeper Sue Dodds.

AGENDA

Motion by Claxton, second by Swenhaugen to adopt agenda as presented. Approved 2-0-0.

CONSENT AGENDA

Motion by Claxton, second by Swenhaugen to adopt consent agenda with the approval of checks #37652-37697 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4700-4716. Approved 2-0-0.

PRESENTATIONS

Residents from 110 Water Street, John & Riley Krusmark, were present to discuss their water service, which has been frozen since February 10. KMU crew attempted for many hours to unthaw the lines, but did not succeed. Since that time they have had their water supplied through a garden hose from the neighbor.

Vahlsing felt that KMU should not take over ownership of the lines, which were put in by a contractor hired by the builder, unless KMU is going to correct it by putting in new lines when weather permits. This would be partially assessable to the homeowners. He explained that if the commission decided to change these lines they should look at the best possible solution to supplying water to these houses.

The City discourages residents from installing private water and sewer lines, because they are inspected by the city only for bacteria and leakage and are not engineered by City's engineer.

The commission felt that as a permanent solution KMU should change this line according to engineer specs, with a portion assessed to homeowners. For a temporary solution Eggert will find a contractor to attempt to thaw Krusmark's service. Motion by Claxton, second by Swenhaugen to allow Eggert to spend up to \$1500 to attempt to thaw the water service at 110 Water Street. If the cost exceeds that amount he will need further approval from the commission. Approved 2-0-0.

OLD BUSINESS

Generation Operating Report

No report.

Safety Report

CPR refresher.

CMMPA Updates

Engel and Eggert reviewed the CMMPA board meeting from February. Eggert explained that KMU received a \$7451 credit from Utilities Plus Energy Services for the \$9000 KMU spent on relay and breaker maintenance in 2013. He plans to use this credit towards oil sampling for the generators.

Eggert presented a letter from CMMPA attorney Mike Gavin, which explained KMU commission's authority to purchase wholesale electrical energy and capacity according to Minnesota Statute 412.361 without presenting all contracts to City attorney. Motion by Claxton, second by Swenhaugen to submit a letter to CMMPA stating that the KMU commission will make decisions on issues as authorized by state statutes without the need of legal counsel. Approved 2-0-0.

NSP Contracts

Commission discussed CMMPA's proposal that would reduce the existing NSP 5x16 contract from 1.5 MW to .7 MW and blend and extend the remaining .8 MW to 2020.

NEW BUSINESS

Approval of resolution 2014-1 approving energy contracts

Motion by Claxton, second by Swenhaugen to adopt resolution 2014-1 approving the purchase of a 5 day by 16 hour purchase of fixed energy and a 5 day by 16 hour fixed price blend and extend energy from Xcel Energy. Approved 2-0-0.

March meeting date

Due to staff conflicts the March meeting will be rescheduled for Tuesday, March 11. Staff will determine time of meeting according to agenda. After adjournment the commission may attend the council meeting for review of the 2013 financial audit by Smith, Schafer & Associates.

Frozen water services

Randy reported that there have been about a dozen frozen water services reported so far. Only one of those has been a commercial customer. Randy, John and Brandon have helped to thaw these services by using an electric pipe thawer. Staff calculated that running a faucet at pencil width for 24 hours per day/seven days per week the usage would be an additional 21,000 gallons. Motion by Claxton, second by Swenhaugen to approve credit for customers who contact the city to report they are running their water at a pencil width flow to prevent their service from freezing. This credit will be based on 2013 usage and will be capped at 21,000 gallons. Approved 2-0-0.

CIP low income

Dodds noted that she had received a request from Three Rivers Community Services for an appliance replacement for a low income resident. In the past Dodds noted that KMU has given Three Rivers funds to help with these projects, but normally this is done at the end of the year. That way if there is a program that would assist a larger group of residents during the year the funds would be available. The commission agreed that any assistance to Three Rivers should be done later in the year providing KMU has not met the low income requirements for the year.

KABA membership

Vahlsing suggested that KMU might consider becoming a member of the Kenyon Area Business Association. The commission agreed.

MRES capacity sale

Eggert and Dodds explained that this contract is for the potential sale of excess capacity from Kenyon to MRES for the Planning Years 2014-15 and 2015-16. With this contract KMU would receive between \$600 and \$950 per year for .2 MW capacity. The risk would be if KMU ran short on capacity and needed to purchase it on the market. Commission felt the benefit does not outweigh the risk.

ADJOURNMENT

Motion by Claxton, second by Swenhaugen to adjourn meeting at 8:30 p.m. Approved 2-0-0.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 11th day of March 2014. The following members were present: Commissioners Scott Swenhaugen, David Claxton and Richard Nielsen. Also present Mayor Mike Engel, City Administrator Mark Vahlsing, Operations Superintendent Randy Eggert, and Bookkeeper Sue Dodds.

AGENDA

Motion by Nielsen, second by Claxton to adopt agenda as presented. Approved 3-0-0.

CONSENT AGENDA

Motion by Nielsen, second by Claxton to adopt consent agenda with the approval of checks #37698-37732 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4717-4722. Approved 3-0-0.

OLD BUSINESS

Generation Operating Report

Eggert reported that the generators were run in January and February mostly for exercising and testing with the exception of one day.

Safety Report

Asbestos awareness.

CMMPA Updates

No updates as CMMPA monthly meeting will be held next week.

Update on frozen water services

Eggert noted that 36 customers have reported their services being frozen. There are six that either KMU was unable to thaw or the owner of the home chose to wait until spring.

A letter was sent to all customers advising them to run their water to avoid freeze-ups and to call KMU to let us know if they were running their water. It stated that they would be eligible for up to 21,000 gallon discount per month on their water usage. Over 300 people have called so far to inform us that they are running their water. The number of freeze-ups has decreased since people have started to run their water. The City Council will discuss credit for sanitary sewer at their meeting tonight.

Eggert suggested that in June or July the commission review the policy on thawing frozen lines. He noted that there are many cities that don't thaw lines for the customers so they are responsible for hiring a contractor. The contractor he spoke with charges \$300 for the machine and \$78 per hour for travel and work time.

After close to four hours a contractor was able to thaw the service at 110 Water Street with a cost of approximately \$700. The commission will discuss the possibility of changing this service to bring it up to city engineering standards. This would result in an assessment for the homeowner.

NEW BUSINESS

Service at Security State Bank of Kenyon

Eggert explained that this last week it looked like there was a water service line leak that is feeding the Write On portion of the building owned by Security State Bank of Kenyon. After digging it up it was discovered the sewer line had frozen and cracked and water was coming up from the sewer, which is only 47 inches deep. Security State Bank has been informed that they will be responsible for the cost of contractors to repair this service. KMU and the city will bill the bank for KMU and public works staff hours for their assistance.

ADJOURNMENT

Motion by Nielsen, second by Claxton to adjourn meeting at 6:40 p.m. Approved 3-0-0.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 22nd day of April 2014. The following members were present: Commissioners Scott Swenhaugen and David Claxton. Absent: Richard Nielsen. Also present Mayor Mike Engel, City Administrator Mark Vahlsing, Operations Superintendent Randy Eggert, and Bookkeeper Sue Dodds.

AGENDA

Add: New Business: F/St. St. Marc's Materials ready mix plant. Motion by Claxton, second by Swenhaugen to adopt agenda as amended. Approved 2-0-0.

CONSENT AGENDA

Motion by Claxton, second by Swenhaugen to adopt consent agenda with the approval of checks #37733-37789 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4722-4738. Approved 2-0-0.

OLD BUSINESS

Generation Operating Report

None.

Safety Report

Sexual harassment and (SPCC) Spill Prevention Control and Counter measures.

CMMPA Updates

CAPX2020 settlement - CMMPA board has agreed to a settlement offer with MISO on their pending intervention of CMMPA's Brookings FERC case. Eggert will schedule a CMMPA representative to attend a KMU board meeting to discuss details of this intervention and settlement.

CIP (Conservation Improvement Programs) – Beginning March 2014 CMMPA will contract with Energy Insight to provide CIP support services to member cities. Motion by Claxton, second by Swenhaugen to approve contract with CMMPA for CIP services. Approved 2-0-0.

Update on Blend and extend contract

Prices have come in slightly higher than anticipated. CMMPA is negotiating with supplier to reduce the price by approximately \$.30/MW.

Update on frozen water services

Eggert reported that there are a few services that remain frozen. Since February KMU has credited customers for 3,512,000 gallons of water totaling \$10,470. Commissioners agreed to continue to credit customers for water used to prevent frozen water services through May 15. If customers have concerns they may continue to run their water, but will not receive credit for water used after May 15.

KMU and public works staff along with a contractor recently repaired a sewer line for the Security State Bank that had frozen and cracked and was originally thought to be a water line break. The bank was billed for the labor, equipment and contractor costs for this repair. They have requested that the city and KMU consider waiving the labor costs on the bill. Commission felt that there should be no reduction in the bill.

NEW BUSINESS

Kenyon Historical Society-Gunderson House water usage

The Gunderson House experienced a break in their basement pipes during the billing period of February 15-March 15. The Historical Society has requested a waiver on the sewer and water charges for the 157,000 gallons of water used. Based on the fact that this is a city owned building the City Council voted to waive the sanitary sewer portion. KMU's portion would be \$502.40, whereas a normal monthly cost of water for the home would be \$2.13. Motion by Claxton, second by Swenhaugen to waive the additional water charges associated with this water break at the Gunderson House. Approved 2-0-0.

110 Water Street service update

Vahlsing reiterated that KMU should not consider taking over this service in its current condition. It should be upgraded to city standards and a portion assessed to the homeowners as allowed by policy. Further discussion concerning this service tabled until ground has thawed to allow KMU to inspect the existing line.

2 Langford Avenue and Kenyon Auto Body frozen water service

Eggert reported that an attempt was made to thaw these services, but they remain frozen. Eggert explained that this service is fed from about 1½ blocks away and runs under Highway 56. There is a new water main that is within about 20 feet of this home and business. He would like to tap into the new water main and discontinue the old line. The property owners would then be responsible to have a contractor connect to their home or business.

MMUA Scholarship essays

After the commission reviewed the two essays received for the 2014 MMUA Tom Bovitz Memorial Scholarship award program, Dodds revealed the writer of the essay chosen to be sent to the MMUA program as Meg Clark.

Security system

Vahlsing updated the commission on the security system that was approved by the City Council. This system would have cameras installed in four locations; in the main entry of City Hall, the reception counter in City Hall, reception counter in the Police Department and outside the back door of the Municipal Liquor Store. He suggested that the commission consider some type of security measures in some of KMU's locations. The commission will consider obtaining estimates and including this on the 2015 budget.

St. Marc's Materials ready mix plant

Eggert reported that he plans to move a used 500KVA transformer to the new location for St. Marc's. This would be oversized and at an idle state could result in as much as 9,500 KWh load loss per year. The other option would be to purchase a smaller transformer, which would cost about \$7,000. Eggert feels that the larger transformer is the best alternative for now until it is evident what size their load requires.

ADJOURNMENT

Motion by Claxton, second by Swenhaugen to adjourn meeting at 7:50 p.m. Approved 2-0-0.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 21st day of May 2014. The following members were present: Commissioners Richard Nielsen and David Claxton. Absent: Scott Swenhaugen. Also present Mayor Mike Engel, Operations Superintendent Randy Eggert, and Bookkeeper Sue Dodds.

AGENDA

Motion by Nielsen, second by Claxton to adopt agenda as presented. Approved 2-0-0.

CONSENT AGENDA

Motion by Nielsen, second by Claxton to adopt consent agenda with the approval of checks #37790-37828 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4739-4751. Approved 2-0-0.

OLD BUSINESS

Generation Operating Report

On April 25 generators were used for approximately 40 minutes to restore power to Kenyon during an Xcel outage that affected several cities.

Safety Report

Right to Know & lockout/tagout review.

CMMPA Updates

There is a CAPX Brookings Coordinating Committee meeting on June 24. Eggert would like to have a representative from CMMPA attend the KMU board meeting in July to give updates on the CAPX project.

CMMPA board approved a working cash policy, which designates appropriate unrestricted cash levels.

Update on Blend and extend contract

CMMPA is reporting that the price on this contract remain higher than expected. Most members had set a not to exceed price for the contract so CMMPA will wait to see if gas costs are reduced, which could bring down the price on this contract.

Update on frozen water services

Eggert reported that the last of the frozen lines were thawed approximately three weeks ago.

NEW BUSINESS

Water main break underneath Highway 56

At the April meeting Eggert discussed the problems trying to thaw out water services at Kenyon Auto Body at 1 Langford and at the home on 2 Langford noting that these services were fed from a main about 1½ blocks away running under Highway 56. Since that meeting the main froze and a leak was discovered.

With the main shut off, these customers are now receiving their water from a fire hydrant. The commission agreed that because of the expense and permits needed to dig up the highway to repair the main it should be abandoned. KMU would then tap into the main that is approximately 20 feet

from these properties and bring the service to the curb stop. The property owners would then be responsible for hiring a contractor to bring the service from the curb stop to the home or business.

Water conservation rates

The commission discussed several options to incorporate a conservation rate into the current water rates.

Meter monitoring system

Eggert reported that the monitoring system used to relay required data to CMMPA may have been damaged during the outage on April 25. He has attempted to find someone that works with this system, but the software is outdated and may not be repairable. He has asked Utilities Plus Energy Services for a proposal on a SCADA system to replace this.

Employee medical insurance renewal

Dodds explained that the premiums for the July 1 medical insurance renewal were higher than anticipated. The council approved offering two plans without increasing the employee contribution. Employees would be required to contribute more if they chose the third, more expensive plan.

OTHER

Eggert reported that utility staff has been marking curb stops and gate valves with the GPS rented from Stantec. If time allows poles and transformers may also be marked.

ADJOURNMENT

Motion by Nielsen, second by Claxton to adjourn meeting at 7:10 p.m. Approved 2-0-0.

Sue Dodds, Bookkeeper

Richard Nielsen, Acting Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 18th day of June 2014. The following members were present: Commissioners Scott Swenhaugen, Richard Nielsen and David Claxton. Also present Mayor Mike Engel, Operations Superintendent Randy Eggert, and Bookkeeper Sue Dodds.

AGENDA

Motion by Claxton, second by Nielsen to adopt agenda as presented. Approved 3-0-0.

CONSENT AGENDA

Motion by Nielsen, second by Claxton to adopt consent agenda with the approval of checks #37829-37871 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4752-4763. Approved 3-0-0.

OLD BUSINESS

Generation Operating Report

Report reflected generation from April and May.

Safety Report

Hearing conservation, trenching and excavation safety, and competent person standards were reviewed.

CMMPA Updates

Utilities Plus Energy Services is currently working on contracts for retiring employees.

CAPX financing meeting in Blue Earth on June 24.

Water conservation rates

Commission would like to explore all options for meeting the conservation requirement before any rate increase is imposed. Tabled until September.

Meter monitoring system

Eggert obtained a quote from Utilities Plus Energy Services for reprogramming the existing Modicon device at a cost of \$2785 or replacing it with a new system for \$8900. Eggert noted that KMU has over \$7000 in credits from Utilities Plus Energy Services that could be used for this project. With this credit and \$2625 that the League of Minnesota Cities insurance has agreed to pay, there would be no out-of-pocket cost to KMU.

Motion by Nielsen, second by Claxton to approve the proposal from Utilities Plus Energy Services for replacement of existing device with new system. Approved 3-0-0.

NEW BUSINESS

Connecting Langford Street customers to new main

Eggert reported that while excavating to connect these customers to the newer main a fiber optic cable was cut. The area was potholed prior to back hoeing the area.

As he explained it is not yet determined if the locates were correctly shown by the locating company hired by Frontier. The League of Minnesota Cities was on hand the next day to survey the situation and will work with Frontier to make a determination.

In order to expedite the repair of this cable the contractor, Kenyon Excavating, dug the lines required to remove the fiber optic cable to allow it to be spliced.

TKDA report on elevated water tower

Verne Jacobson from TKDA engineering firm looked at the water tower and noticed that the center column has areas of light rust showing through the paint coating. He recommended recoating this area with a rust inhibitor paint or recoat the entire center column. Eggert will rent a bucket truck with a higher reach and have staff complete this.

SPCC (Spill Prevention, Control and Countermeasure)

Eggert explained that KMU is required to review this plan every five years. He and MMUA Safety director Mark Hottel reviewed it in June and determined that no amendments were required.

ADJOURNMENT

Motion by Nielsen, second by Claxton to adjourn meeting at 7:05 p.m. Approved 3-0-0.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 16th day of July 2014. The following members were present: Commissioners Scott Swenhaugen and David Claxton. Absent: Richard Nielsen. Also present Mayor Mike Engel, Operations Superintendent Randy Eggert, and Bookkeeper Sue Dodds.

AGENDA

Motion by Claxton, second by Swenhaugen to adopt agenda as presented. Approved 2-0-0.

CONSENT AGENDA

Motion by Claxton, second by Swenhaugen to adopt consent agenda with the approval of checks #37872-37913 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4764-4775. Approved 2-0-0.

OLD BUSINESS

Generation Operating Report

None

Safety Report

Hurt man and pole top rescue.

CMMPA Updates

Ingenuity Marketing presented a proposal to the CMMPA board concerning a possible name change from Central Minnesota Municipal Power Agency to Central Municipal Power Association & Services.

Eggert explained that CMMPA is negotiating a new energy contract for the period of 2016-2020. The board passed a delegation of authority matrix which states that if a contract is longer than three years a legal opinion is needed. The commission expressed interest in this contract, which would fall under those guidelines, so commission directed Eggert to forward this contract to City Attorney Scott Riggs for his legal opinion. A resolution must be forwarded to CMMPA within 45 days if KMU is interested in pursuing participation in this contract.

A large energy company, NRG, has made a proposal to CMMPA to purchase members' diesel generation. After reviewing terms of the proposal the commission agreed with Eggert that this would not be a worthwhile venture for KMU.

NEW BUSINESS

Liability coverage waiver

Motion by Claxton, second by Swenhaugen to "not waive" the monetary limits on municipal tort liability established by Minnesota Statutes 466.04 for liability coverage through the League of Minnesota Cities. Approved 2-0-0.

CAPX

Commission was given information presented at the meeting in Blue Earth on June 24. Eggert has asked a CMMPA representative to attend the KMU August board meeting to follow up on any questions the board or staff may have concerning CAPX.

ADJOURNMENT

Motion by Claxton, second by Swenhaugen to adjourn meeting at 7:00 p.m. Approved 2-0-0.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 20th day of August 2014. The following members were present: Commissioners Scott Swenhaugen and David Claxton. Absent: Richard Nielsen. Also present Operations Superintendent Randy Eggert, and Bookkeeper Sue Dodds.

AGENDA

Motion by Claxton, second by Swenhaugen to adopt agenda as presented. Approved 2-0-0.

CONSENT AGENDA

Motion by Claxton, second by Swenhaugen to adopt consent agenda with the approval of checks #37914-37964 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4776-4796. Approved 2-0-0.

PRESENTATION

Update with CMMPA representative

CMMPA's CFO Larry Blaine was in attendance to give an update on the CAPX2020 project and answer questions from commissioners and staff.

The main goal of participation in this project was to reduce transmission costs, which amounted to \$113,000 for KMU in 2013.

CMMPA's share of the Brookings-Twin Cities line is 3.9% and KMU's portion is 3.34% of CMMPA's share. He explained that because CMMPA had no debt and had not issued bonds before, underwriters required participants like KMU to guarantee their part in the project in order to allow CMMPA to bond for the project. If CMMPA were to collapse, KMU and other participants would not risk any financial burden, because the assets would still be there and the tariff revenue would more than cover the bond debt.

Development costs of \$66,298 paid by KMU between 2006 and 2012 will be repaid in the first five years beginning in 2014. Although CMMPA began recovering tariff revenue in January, distribution to participants will not begin until settlement agreements are approved by FERC, which is expected within three months. These distributions will derive from tariff revenue less operating & maintenance expenses, debt service and deposit to reserve to maintain cash flow. KMU's distribution amount for 2014 is estimated at \$18,254 and \$11,690 for the years 2015-2029.

When the project began the estimates showed the income to be higher in the early years with a decrease each year. The design of the distribution now reflects stable distributions during the 30 year debt service period with an increase in the 10 years to follow.

Blaine added that another benefit for KMU and other member participants is that beginning in January 2014 adder costs were reduced. This is reflected on our monthly invoices.

Eggert asked Blaine if he felt that if KMU would end up paying the Minnesota Department of Commerce if we are not able to meet their conservation requirements. Blaine responded that meeting these goals will be nearly impossible especially as years go on. Granite Falls has been huge in bringing CMMPA as a whole to their goal because of the hydro plant.

OLD BUSINESS

Generation Operating Report

Eggert noted that he will need to run each generator one hour up to peak by the end of the month for the generation verification test.

Safety Report

None

110 Water Street update

This water service was not installed by the City and froze over the winter. Eggert explained that they have been potholing to determine the depth of the water line and it appears that in that area it is only four or five feet deep. Kenyon Excavating has given an estimate of \$2000 to make the improvements needed to prevent future freezing of their water service, which would be the responsibility of the homeowner.

NEW BUSINESS

Resolution 2014-2 Authorizing investments and transfer of Kenyon Municipal Utility funds with Citizens Community Federal Bank

Motion by Claxton, second by Swenhaugen to approve resolution 2014-2 to allow for future investments with Citizens Community Federal Bank. Approved 2-0-0.

Resolution 2014-3 Approving energy contract with Xcel Energy

Motion by Claxton, second by Swenhaugen to approve resolution 2014-3 allowing CMMPA to enter into an agreement with Xcel Energy for 5x16 fixed price energy for years 2016-2020, providing price does not exceed \$52 per megawatt hour. Approved 2-0-0.

MMUA Delegate appointment

To update the Minnesota Municipal Utilities Association records a motion was made by Claxton, second by Swenhaugen to reappoint Randy Eggert as delegate and City Administrator Mark Vahlsing as alternate. Approved 2-0-0.

New phone system

Dodds explained that the council approved purchasing a new phone system to replace the current system. With the volume of calls at city hall that pertain to KMU it would seem fair that they would bear about 40% of this cost. KMU's share should be less than \$2600. Motion by Claxton, second by Swenhaugen to approve paying 40% of the cost. Approved 2-0-0.

ADJOURNMENT

Motion by Claxton, second by Swenhaugen to adjourn meeting at 8:05 p.m. Approved 2-0-0.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 17th day of September 2014. The following members were present: Commissioners Scott Swenhaugen, Richard Nielsen and David Claxton. Also present Mayor Michael Engel, Operations Superintendent Randy Eggert, Bookkeeper Sue Dodds and City Administrator Mark Vahlsing

AGENDA

Add: New Business: D/Wellhead Protection Plan. Motion by Claxton, second by Nielsen to adopt agenda as amended. Approved 3-0-0.

CONSENT AGENDA

Motion by Claxton, second by Nielsen to adopt consent agenda with the approval of checks #37965-38011 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4797-4810. Approved 3-0-0.

OLD BUSINESS

Generation Operating Report

Generations were run to complete the generation verification test.

Safety Report

Confined space entry.

CMMPA Updates

Eggert reported that the board has discussed leaving the name Central Minnesota Municipal Power Agency as is and instead change Utilities Plus to Central Municipal Power Association & Services.

CMMPA is negotiating final pricing now that they have received the resolutions from all the cities interested in participating in the new 5x16 fixed price energy contract for years 2016-2020.

CMMPA announced that there is an excess of \$600,000 in FTR (Financial Transmission Rights). One-third will be held back until final figures are verified and the other portion will be distributed back to members beginning in October.

The board is discussing an offer to the cities of Madelia, Truman and Lake Crystal for their equity. If this is passed each member city will need to sign a resolution agreeing to this.

Write off delinquent uncollectible accounts

Dodds explained that there are \$3976.71 in delinquent bills that have been sent to the collection bureau and feels that there is very little chance that these bills will be paid. These customers moved out from 7/15/12 – 12/31/13 and the majority of these bills are from apartments and mobile homes where the City is unable to assess the property owners. She noted that this amount represents only about .1% of total billings during that period. Motion by Nielsen, second by Claxton to approve writing off delinquent bills totaling \$3976.71. Approved 3-0-0.

110 Water Street

Vahlsing explained that this water line is a private lateral that serves that property. It was not installed by KMU or a contractor working for the utility. He emphasized that KMU could not take the line over unless a new line is installed according to Water Department specifications. Under this option the cost would be assessed to the homeowners. Eggert suggested that the most economical attempt at trying to keep the line from freezing again would be for the homeowners to

wrap the existing line with styrofoam, but added there is no guarantee that this would work. The other options would be to run a new water line under the existing sewer line or to install a new main that the City would engineer and assess to the homeowners.

NEW BUSINESS

Salvation Army Heat Share

Dodds suggested and the commission agreed that instead of enclosing brochures in every customer bill KMU should use the City's website and cable channel to notify customers of the opportunity to either donate or apply for funds from the Salvation Army Heat Share.

City's RFP for engineering services

Vahlsing noted that the City has requested RFP's for engineering services and will review those at the October council meeting.

PRESENTATION/RESIDENTS CONCERNS

Property owners of 110 Water Street

Jon and Riley Krusmark came into the meeting at 7:00 pm to discuss the water line issue at 110 Water Street. Eggert explained the options that the commission had discussed earlier in the meeting. He believes that the clean out line was where the line was frozen this past winter.

Mrs. Krusmark asked who is financially responsible for the repairs. Swenhaugen replied that it would be their responsibility since it was a private service line. The water line was never accepted by the City, because it was put in by private contractors and not overseen by engineers. KMU inspected only the connection to the main. Mr Krusmark asked if KMU was liable for the service line freezing since they inspected where it was connected to the water main. Eggert stated that KMU was not responsible for the line since it was privately installed. Vahlsing stated that the real problem was the installation of the line above the frost line, not the City's inspection.

Mrs. Krusmark stated that she would disagree because the policy states that KMU is responsible from the curb stop to the main and that they have received a monthly bill for the empty lot since they purchased the property. Dodds explained that this bill is for storm sewer maintenance fee. Mrs Krusmark stated that she still did not agree with this charge.

Vahlsing explained that the policy she referred to applies only to City, not private lines. The original owners of her property were allowed to put the line in the City's right of way, but it was not approved by the City since it was a service line to their property. What KMU provides is water from the main water line to serve their lots and the lot to the south. If the service line had been installed according to KMU standards it would have been installed under the frost line.

He encouraged Krusmarks to talk with the former owner and/or the realtor involved with the sale to see if there may be some recourse due to the fact that they were not aware that the line was private when they purchased the property.

Eggert asked Krusmarks what they wanted to do since the line was open and could be insulated. Mrs Krusmark stated that they still were not satisfied with answers provided by KMU. She stated that she was not sure what they would do. Eggert stated that the area around the service line would have be filled in soon. He would need to know soon how Krusmarks wanted to proceed.

NEW BUSINESS (continued)

2015 improvements to First Street

Vahlsing explained that the Pavement Management Plan calls for a four block area on First Street beginning at Red Wing Ave to be reconstructed in 2015. Eggert believes the water main is not more than 30 years old and felt it would not need to be redone. Vahlsing stated that project will be discussed further by the Council once the decision on hiring an engineer is completed.

Wellhead Protection Plan

Vahlsing informed the commission that he has been notified that a Wellhead Protection Plan needs to be completed for the City of Kenyon as required by the Minnesota Department of Health (MDH). The Minnesota Rural Water Association (MRWA) has offered their assistance free of charge, but MDH could charge up to \$10,000 depending on the complexity of the project. The purpose of the plan is to identify and develop a plan to reduce impacts on vulnerable areas of groundwater both in and around the City.

The first step in the process, referred to as delineation, will be to meet with MRWA on October 6 to create a map of the wellhead protection area and Drinking Water Supply Management Area (DWSMA). The next step will be to meet with hydrologists from the MDH on November 6 to assess the vulnerability of the wells and the DWSMA. This will determine the extent and cost of the next four steps. The project would likely be completed sometime in 2016.

OTHER

Dodds stated that in 2012 KMU and the City paid MN DOT \$352,000 for the Highway 56/CSAH12 project. After reconciling all costs associated with the project MN DOT has refunded the City and KMU for the overcharge. KMU's portion will be \$31,578 for water and \$4,500 for electric.

ADJOURNMENT

Motion by Nielsen, second by Claxton to adjourn meeting at 7:50 p.m. Approved 3-0-0.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 15th day of October 2014. The following members were present: Commissioners Scott Swenhaugen, Richard Nielsen and David Claxton. Also present Mayor Michael Engel, Operations Superintendent Randy Eggert, Bookkeeper Sue Dodds and City Administrator Mark Vahlsing

CITIZENS COMMENTS

Mayor Engel explained that the city council has approved a location in Trondheim for the Community Garden and asked the board if they would be willing to waive charges for water used on the individual plots. Further discussion in the spring will continue when more information is available.

AGENDA

Motion by Nielsen, second by Claxton to adopt agenda as presented. Approved 3-0-0.

CONSENT AGENDA

Motion by Nielsen, second by Claxton to adopt consent agenda with the approval of checks #38012-38053 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4811-4821. Approved 3-0-0.

FINANCIAL

2015 Budget

Board reviewed the capital plan which includes \$544,000 for the electric fund and \$172,800 for the water fund. A lease for the vehicles and equipment was discussed. Eggert will get quotes on the vehicles and the distribution upgrade #1, which would convert the underground service to overhead from the west end of First Street to Second Street west to the food shelf location and eliminate the overhead from the food shelf to Park Lane/Deer Ridge Road replacing that with underground from Trondheim to Park Lane/Deer Ridge Road. Vahlsing will do some research for financing for these projects.

Eggert noted that \$10,000 was included in the budget, as it was for 2014, for an interconnection study. He explained that in order for KMU to receive capacity credits they would need to have MISO do this study, which would cost \$30,000 and take up to one and a half years to complete. He did emphasize though that this would not guarantee that KMU would qualify for receiving these credits. If KMU's generators are approved for this the next step would be to complete emission upgrades, which could be paid in part with the capacity credits received.

OLD BUSINESS

Generation Operating Report

Capacity tests were completed.

Safety Report

Fire safety & supervisor training.

CMMPA Updates

Eggert reported that the new 5x16 contract has been signed with NextEra for the term 1/1/16-12/31/2020. The current contract with Xcel Energy expires 12/13/15.

Kenyon's portion of the excess FTR (Financial Transmission Rights) is \$16,236, which will be shown as a credit on our CMMPA invoices the fourth quarter of 2014.

110 Water Street

On September 22 the owners covered the line with spray insulation and Styrofoam by the manhole. KMU staff filled in the hole.

NEW BUSINESS

Meter deposit for new owner of grocery store

The Wagner family will be purchasing Fred's Market Place Foods on November 3 and will operate under the name of Kenyon Markets, Inc. The family owns several other grocery stores in Minnesota and Iowa. Motion by Claxton, second by Nielsen to approve a meter deposit in the amount of \$1500 with the stipulation that credit references from other stores are provided. This deposit would be reviewed in six months to assure timely payments have been made. Approved 3-0-0.

ADJOURNMENT

Motion by Nielsen, second by Claxton to adjourn meeting at 7:20 p.m. Approved 3-0-0.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 19th day of November 2014. The following members were present: Commissioners Richard Nielsen and David Claxton. Absent: Scott Swenhaugen. Also present Mayor Michael Engel, Operations Superintendent Randy Eggert, Bookkeeper Sue Dodds and City Administrator Mark Vahlsing

AGENDA

Motion by Nielsen, second by Claxton to adopt agenda as presented. Approved 2-0-0.

CONSENT AGENDA

Motion by Claxton, second by Nielsen to remove the October 15 minutes for correction and adopt the remainder of the consent agenda with the approval of checks #38054-38101 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4822-4834. Approved 2-0-0.

Approval of Minutes October 15, 2014

2015 Budget

Eggert will get quotes on the vehicles and the distribution upgrade #1, which would convert the ~~underground~~ overhead service feeder to ~~overhead~~ underground from the west end of First Street to Second Street west to the food shelf location and eliminate the overhead from the food shelf to Park Lane/Deer Ridge Road replacing that with underground from Trondheim to Park Lane/Deer Ridge Road.

Motion by Claxton, second by Nielsen to approve October 15, 2014 minutes as amended. Approved 2-0-0.

FINANCIAL

2015 Budget

Eggert noted that the amount for the distribution upgrade #1 had been changed from \$250,000 to \$150,000 on the 2015 capital plan after deducting the labor portion. Motion by Nielsen, second by Claxton to approve 2015 budget with change to distribution upgrade #1. Approved 2-0-0.

OLD BUSINESS

Generation Operating Report

No generation.

Bob Sewell, MMUA Job Training and Safety Instructor / Regional Safety Coordinator, conducted a field visit with Eggert. He suggested that Eggert update the written startup procedures for the generation and made some suggestions to upgrade crankcase breather vents on the generators.

Safety Report

Winter slips & fall prevention, driving safety and fatigue and the dangers of radon.

CMPMA Updates

Eggert reported that Utilities Plus Energy Services completed a generation polarization test and oil sampling on the generators.

CMPMA is anticipating CAPX regulatory asset distribution to members to begin as early as March 2015.

Wellhead Protection Plan

Eggert and Vahlsing met recently with the Minnesota Department of Health. They are updating the GIS maps on well locations in Kenyon. Well #3 showed a trace of bromine and will be retested at a later date. Each well will be monitored at the time pumps are pulled in the spring.

NEW BUSINESS

Review frozen water service policy

Eggert noted that Paul Gladden from the League of Minnesota Cities gave his approval for KMU to thaw pipes with the Harold electric pipe thawer as long as written procedures for using it are followed.

Board members and staff made changes to the preliminary policy presented for frozen water services. An updated policy will be presented at the December meeting for final approval. In the policy it refers to a Waiver of Liability and Hold Harmless Agreement to be signed by the customer. This and the policy will be sent to City Attorney Scott Riggs for review.

Also to be approved will be the updated fee schedule for thawing frozen services.

Water Conservation

Dodds stated that a representative from Minnesota Rural Water Association suggested implementing a tiered rate to comply with the Minnesota Statute regarding water conservation and to assure that KMU would be in compliance if a request for a new well was ever needed from the Department of Health.

The commission reviewed the statute which states that a uniform rate may be used in conjunction with a conservation program. Many of the conservation goals are already being met by KMU such as billing on a monthly basis, metering all connections, unaccounted water less than 10% and residential per capita demand less than 75 gallons per day. A water conservation program at City Hall could be added to provide customers with conservation information and water saving kits.

Commission directed staff to update the Water Supply Plan to include these conservation steps for review at December meeting.

CMPA Regional Meeting

Commission completed surveys concerning dates and times for regional meeting in April 2015.

ADJOURNMENT

Motion by Nielsen, second by Claxton to adjourn meeting at 7:45 p.m. Approved 2-0-0.

Sue Dodds, Bookkeeper

Richard Nielsen, Acting Chair

Randy Eggert, Operations Superintendent

Pursuant to due call and notice thereof, a regular meeting of the Kenyon Municipal Utility Commission was duly held in the City Hall conference room at 6:00 p.m. on the 17th day of December 2014. The following members were present: Commissioners Scott Swenhaugen and Richard Nielsen. Absent: Dave Claxton. Also present Mayor Michael Engel, Operations Superintendent Randy Eggert, Bookkeeper Sue Dodds and City Administrator Mark Vahlsing

AGENDA

Add: New Business: C/Three Rivers CIP check. Motion by Nielsen, second by Swenhaugen to adopt agenda as amended. Approved 2-0-0.

CONSENT AGENDA

Motion by Nielsen, second by Swenhaugen to remove the November 19 minutes for correction and adopt the remainder of the consent agenda with the approval of checks #38102-38149 noting that gaps in check sequence were for payroll or voided checks. Also, ACH checks #4835-4860. Check #38150 was removed for discussion under new business. Approved 2-0-0.

Approval of Minutes November 19, 2014

CMMPA updates

Eggert reported that Utilities Plus Energy Services completed a generation polarization test and oil sampling on the ~~generators~~ two 2500 KVA substation transformers.

Motion by Nielsen, second by Swenhaugen to approve November 19, 2014 minutes as amended. Approved 2-0-0.

FINANCIAL

Approve amended 2015 budget

Subsequent to KMU's November 19 board meeting, the City Council approved an additional 2% cost of living wage increase for city employees for 2015. Motion by Nielsen, second by Swenhaugen to approve amended 2015 budget to include 2% cost of living increase for KMU employees. Approved 2-0-0.

PRESENTATIONS

Bolton & Menk Engineer Joe Rhein

The City recently approved a contract with the engineering firm of Bolton & Menk. Vahlsing introduced Engineer Joe Rhein, who will be working closely with the City of Kenyon. Rhein noted that they have experience and staff to assist with the Wellhead Protection Plan, engineering of water tower maintenance and other projects. Eggert and Rhein discussed future growth in Kenyon. Rhein suggested reviewing and updating the comprehensive plan if needed.

OLD BUSINESS

Generation Operating Report

Exercising of generators only.

Safety Report

Stress management and tree cutting safety.

CMMPA Updates

The CMMPA board approved the name change from Utilities Plus to Central Municipal Power Agency & Services.

Eggert reported that the CMMPA 2015 preliminary budget reflects a \$4.41 adder cost, which is a decrease from \$4.64 in 2014.

As discussed at the August meeting development costs paid by KMU between 2006 and 2012 will be repaid. CMMPA began recovering tariff revenue in January, but distribution to participants was held off until settlement agreements were approved by FERC. Eggert said distribution to members should begin after the first of the year.

Eggert noted that the CMMPA quarterly meeting will be April 16 at 3 p.m. in Mankato.

Wellhead Protection Plan

Vahlsing reported that required letters were sent out to LGU's (Local Government Units) as a notification that the City is in the process of developing a Wellhead Protection Plan.

Review frozen water service policy

The Frozen Water Service Policy was updated and sent to City Attorney Scott Riggs along with the Waiver of Liability and Hold Harmless Agreement for review. Motion by Nielsen, second by Swenhaugen to approve the Waiver of Liability and Hold Harmless Agreement and revised Frozen Water Service Policy as presented. Approved 2-0-0. The policy will be sent out to customers with December bills.

Water Conservation

Based on water supply plan templates for metropolitan cities, Dodds drafted a simplified plan for KMU, which includes conservation goals for demand reduction under Minnesota Statute 103G.29 subd 3. The commission felt that the goals met by KMU, which are reflected in this report, should meet the requirements of the rules adopted in this statute and therefore not be required to implement a tiered water rate. Motion by Nielsen, second by Swenhaugen to approve the Water Supply Plan as presented. Approved 2-0-0.

NEW BUSINESS

League of Minnesota Cities' determination on Frontier fiber optic line claim

KMU recently received an invoice for \$10,463.91 from Frontier for the damage to their fiber optic line at the intersection of Langford and Mart Street on June 9. The League has not made a final determination on this claim.

Approve revised miscellaneous charges

Revisions to the miscellaneous charges in appendix 5 of the KMU Rules and Regulations include charges for KMU staff to attempt to thaw frozen lines. Vahlsing also suggested changing other labor charges to a flat fee. Motion by Nielsen, second by Swenhaugen to approve the revised Miscellaneous Charges as presented and change labor charges from 'actual salaries plus actual benefit cost' to \$50 per hour per person for both regular and overtime hours. Approved 2-0-0.

Three Rivers Conservation Improvement Program payment

Dodds reported that KMU is required to spend at least 0.2 percent of their gross operating revenue from residential customers on low income conservation programs. The 2014 budget for

KMU was \$1590. \$490 was paid out during the year through rebates, leaving \$1100 needed to meet the state's requirements. Motion by Nielsen, second by Swenhaugen to approve check #38150 in the amount of \$1100 to Three Rivers Community Action to fulfill KMU's requirements. Approved 2-0-0.

ADJOURNMENT

Motion by Nielsen, second by Swenhaugen to adjourn meeting at 7:55 p.m. Approved 2-0-0.

Sue Dodds, Bookkeeper

Scott Swenhaugen, Chair

Randy Eggert, Operations Superintendent