

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
January 29, 2008

Members Present: Mr. Landwehr, *Mr. Stahl, Mr. Reichert, Mr. Hanson
Absent: Mr. Jibben
Also Present: Mr. Adkins, City Attorney

Board President Landwehr called the meeting to order at 4:03 PM.

1. Mr. Hanson moved to approve the minutes of the December 13, 2007 meeting, seconded by Mr. Reichert.

All voting "AYE"

2. Mr. Hanson moved to approve the accounts payable report, seconded by Mr. Reichert.

All voting "AYE"

3. Mr. Landwehr opened the meeting for comments from the public. No one wished to be heard.

4. Mr. Todd Osweiler, RPU Environmental Analyst, and Mr. Doug Rovang, Senior Civil Engineer, presented the proposed 2008 – 2012 Groundwater Investigation Program to the Board. Also present during the presentation were Mr. Bob Tipping and Mr. Bruce Bloomgren from the Minnesota Geological Survey (MGS). Mr. Rovang stated that from the mid-1980's to the present, the Utility Board has maintained an unwritten policy of financially supporting various hydrogeologic studies which have significantly expanded information available on the Prairie du Chien-Jordan groundwater aquifer which serves as the source of water for the City of Rochester's municipal water system. During this approximately 20 year timeframe, water utility expenditures totaling approximately \$850,000 have been used for these studies with matching funds from the U.S. Geological Survey (USGS), the MGS and the Minnesota DNR totaling \$650,000 for a grand total of \$1.5 million.

*Mr. Stahl entered the meeting at this time.

Staff's proposal to the Board was for a Joint Funding Agreement with RPU, MGS and USGS for a comprehensive groundwater management and groundwater/surface water interaction project for the Rochester area during the 2008-2012 time period. During 2008, the MGS portion of the project will cost RPU \$51,948 and the USGS portion will cost RPU \$27,000. The total five year project would cost RPU \$343,948. The Board was asked to support the five year project and approve expenditures for the first year of the project.

Mr. Rovang also explained that RPU wants to do more sophisticated computer modeling to see the impact of projects like ethanol plant discharges on our water system. Mr. Osweiler said that benefits of the study would include improvements for RPU's MODFLOW computer model, protection of our groundwater resource and education of the public. Mr. Stahl asked how RPU has used the information from the previous 20 years of studies. Mr. Rovang said that the results of previous studies have helped RPU know where the City's water comes from, where to plan wells, how far apart the wells need to be, the issue of over pumping wells, and the makeup of the Jordan aquifer. Mr. Hensel, Director of Field Services, said that the Minnesota Pollution Control Agency also reviews RPU's modeling results when the need arises and recognizes that RPU has taken a proactive role in groundwater protection. Mr. Osweiler summarized the presentation with a quote from Mr. Dale Setterholm, Associate Director of the MGS. *"The only way to truly know how much water can be tapped on a long-term basis, is know the location, size and number of aquifers in an area, how they are related to surface lakes and rivers, and how they are recharged. A lot of that work has not ever been done"* (Source: January 27, 2008 Star Tribune)

Mr. Reichert moved to approve the first year of the Joint Funding Agreement, seconded by Mr. Hanson.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to express its support for the proposed 2008-2012 Groundwater Investigation Project, and to approve the 2008 portion of the joint Project, to include:

A purchase order agreement with the Minnesota Geological Survey, University of Minnesota, in the amount of FIFTY-ONE-THOUSAND-NINE-HUNDRED-FORTY-EIGHT AND 00/100 DOLLARS (\$51,948) for Geologic Investigations Applicable to Groundwater Management concerns in the Rochester Metropolitan Area;

and

The attached Joint Funding Agreement with the U.S. Geological Survey for the first year of the five-year project Assessment of Groundwater Flow, and Groundwater and Surface Water Interaction in the Rochester Area, MN, and a request that the Mayor and City Clerk execute the aforementioned Joint Funding Agreement, the amount of the local share of the first year of the project to be TWENTY-SEVEN-THOUSAND AND 00/100 DOLLARS (\$27,000).

- 5 Mr. Hanson moved to approve a contract agreement for hourly contract tree trimming, seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement with Asplundh Tree Expert Company and request that Mayor and the City Clerk execute the agreement for

2008/2009 Hourly Line Clearance Tree Trimming

The amount of the contract agreement to be TWO HUNDRED EIGHTY-EIGHT THOUSAND SIX HUNDRED SEVENTEEN AND 60/100 DOLLARS (\$288,617.60) for 2008 and THREE HUNDRED NINETEEN THOUSAND THREE HUNDRED TWENTY AND 00/100 DOLLARS (\$319,320.00) for 2009 (with 2009 being contingent upon Council approval of the 2009 Utility budget) and Asplundh Tree Expert Company being lowest responsible bidder.

- 6 Ms. Linda Hillenbrand, City Human Resources Director, discussed the terms of the proposed Labor Agreement with IBEW Local 949 (Office and Clerical Employees). Mr. Reichert moved to approve the agreement, seconded by Mr. Stahl.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Board requests the Common Council to approve a contract agreement between International Brotherhood of Electrical Workers Local 949 and the City of Rochester, Minnesota, and that the Mayor and the City Clerk are authorized to execute the agreement for

2008-2010 Labor Agreement with IBEW Local 949 Inside Group

7. The Board was requested to appoint an alternate representative to the Southern Minnesota Municipal Power Agency (SMMPA). Currently, the RPU General Manager is the member representative. Having appointments to both of these positions ensures that RPU has voting privileges at all SMMPA Board meetings. Mr. Stahl moved to approve Mr. Walter Schlink as alternate representative, seconded by Mr. Hanson.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to authorize the appointment of Walter D. Schlink as Alternative Representative to the Southern Minnesota Municipal Power Agency, replacing Walter N. Lorber.

- 8 The Unit 4 ash hopper rehabilitation project at the Silver Lake Plant was discussed with the Board. Mr. Rob Dunnette, Manager of Power Resources, explained that the project is a scheduled maintenance item funded in the current budget. Certain specialty items are required including design drawings from the original equipment manufacturer. Mr. Dunnette said that non-specialty items will be competitively bid within the Emissions

Reduction Project mechanical contract (part 2). Mr. Hanson moved to approve a contract agreement with United Conveyor Corporation, seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement United Conveyor Corporation, subject to review and approval of the terms and conditions by the City Attorney and RPU General Manager, and request the Mayor and the City Clerk to execute the agreement for

Silver Lake Plant Unit No. 4 Bottom Ash Hopper Rehabilitation
UCC Installation No. 53931, UCC Proposal No. Q07020

The amount of the contract agreement to be ONE HUNDRED EIGHT THOUSAND SEVEN HUNDRED 00/100 DOLLARS (\$108,700.00)

9. A revised amendment to RPU's Conservation Improvement Program (CIP) was distributed at the meeting. Mr. Pentek, RPU Key Account and Energy Services Manager, said that the CIP budget had increased over the past few years. Staff's recommendation is to continue to use 20% of the CIP budget to finance Demand Side Management energy efficiency projects. Guidelines are in place to ensure eligibility for this type of financing. Ms. Hanson, RPU Manager of Marketing and External Services, said that there are two major programs under CIP: Conserve & Save and Energy Solutions. Both have been very successful. Mr. Reichert moved to approve the change in financing, seconded by Mr. Hanson.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to authorize the use of Conservation Improvement Program (CIP) budgeted money in the amount of \$500,000 to finance Demand Side Management energy efficiency projects.

10. Mr. Hanson moved to approve RPU's MN/DNR water use fees for 2008, seconded by Mr. Stahl.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to authorize payment of water use fees in the amount of \$125,852.25 for 2008, payable to State of Minnesota, DNR-Waters for municipal water system (ground water) Permit #795076 and SLP once-through cooling system (surface water) Permit #935065.

11. Mr. Blom, Manager of Finance and Accounting, discussed the carryover projects from the 2007 budget with the Board. He informed the Board that these amounts were in addition to the dollars budgeted for 2008. The Board took no action on this informational item.

12. Mr. Hanson moved to change the December 2008 board meeting date to December 11, 2008 to ensure conclusion of year-end business, seconded by Mr. Reichert.

All voting "AYE"

13. Mr. Koshire, General Manager, provided the following report to the Board:
- a. It is anticipated that Rochester will achieve City of First Class status in 2011 after the 2010 census. The possible impact of this status under state statutes was discussed.
 - b. Minnesota-based Outland Renewable Energy is planning a 1500 MW community-wind generator-owned power line focused on moving wind energy from southwest Minnesota to the Twin Cities area. This project may overlap the CapX2020 transmission project which RPU is a member of.
 - c. Mr. Hensel, Director of Field Services, said that Olmsted County has purchased 88 acres of land for a highway maintenance garage. RPU has been asked to participate in the utilization of the facility. RPU staff will prepare a "wish list" and will meet with County representatives to discuss the situation further. Per Mr. Hensel, there might be storage facilities, vehicle maintenance, and parking possibilities with the site which is located east of the new Fleet Farm.
 - d. RPU partnered with the County to host the recent Environmental Program. In addition, RPU was recognized for its participation in "Project Green Fleet." Project Green Fleet is a partnership among businesses, government agencies and nonprofit organizations to reduce pollution emitted from Minnesota school buses and to protect children's health. Project Green Fleet will help school districts and other school bus operators reduce diesel emissions by installing pollution-control equipment on Minnesota school buses to make them cleaner and safer. A February 19 open house is planned at the Hoover Elementary School to discuss this initiative.
 - e. Ms. Patty Hanson, Manager of Marketing and External Affairs, announced that RPU had won the "Inspiring Efficiency Marketing Award" from Midwest Energy Efficiency Alliance for developing a commercial communications plan to maximize commercial customers' participation in efficiency programs. The Midwest Energy Efficiency Alliance is a collaborative network advancing efficiency in the Midwest to support sustainable economic development and environmental preservation.
 - f. Ms. Hanson informed the Board that some billing issues were discovered after the implementation of RPU's new Customer Care System (CCS). Corrected bills will be sent to the affected customers with a letter of explanation.
 - g. Mr. Adkins, City Attorney, provided a brief update on the RPU/SMMMPA litigation and the steam line repairs.
14. The management and preliminary financial reports were discussed.

15. Mr. Hanson moved to adjourn the meeting, seconded by Mr. Reichert.

All voting "AYE"

The meeting was adjourned at 5:40 p.m.

Submitted by:

Hatzen Wilson

Secretary

Approved by the Board:

R. H. Landwehr

Board President

2-26-08

Date