

**MINUTES OF THE
MANITOWOC PUBLIC UTILITIES COMMISSION MEETING
MONDAY, NOVEMBER 26, 2018**

The scheduled meeting of the Manitowoc Public Utilities Commission was called to order by Commissioner Seidl at 4:00 p.m. on Monday, November 26, 2018. In attendance were Commissioners Allie, Diedrich, Hornung, Luckow, and Nickels. Also present were Nilaksh Kothari – CEO & General Manager; and Attorney Andrew Steimle – Steimle Birschbach, LLC. Commissioner Sitkiewitz was absent.

WASTEWATER TREATMENT FACILITY MANAGEMENT AGREEMENT: City attorney Kathleen McDaniel and attorney Andrew Steimle drafted the agreement for MPU to manage the City of Manitowoc's WWTF effective January 1, 2019. The highlights of the agreement are as follows: three-year Agreement that expires on December 31, 2021; six months prior of the expiration MPU and City will decide if the management Agreement should result in 100% ownership of WWTF under MPU Commission or terminate the agreement; WWTF employees during the term of the Agreement will remain City of Manitowoc employees and follow City's employee policies including wage adjustments; performance indicators have been incorporated in the Agreement; MPU's billing rate will be at 1.75 times the labor cost and is estimated at \$50,000 per year which excludes labor associated with projects that require a work order; a list of payables will be submitted to City Finance Director every two weeks; and insurance and indemnification provisions for both parties are included. A brief discussion ensued. Commission members complimented Mayor for this initiative and coming to fruition.

MOTION: A Motion was made by Commissioner Luckow and seconded by Commissioner Allie to approve the Agreement. Motion carried unanimously.

I-PARK WATER TOWER PROPERTY SALE: Apex Leasing of Manitowoc has offered \$18,000 for approximately 0.6 acre parcel of land at the I-Park water tower property owned by MPU. Apex Leasing is purchasing the land to construct a warehouse building under a lease to own agreement for Briess Corporation. The purchase of this land is required to abide by the I-43 I-Park Protective Covenants. A brief discussion ensued.

MOTION: A Motion was made by Commissioner Hornung and seconded by Commissioner Diedrich to approve the sale of the land; request City Council to waive the Right of First Refusal per the I-43 I-Park Protective Covenants; and authorize the General Manager to execute the sale documents. Motion carried with Commission Luckow abstaining.

DRAFT CAPITAL BUDGET – 2019-2023: The proposed 2019-2023 Capital Budget was distributed and discussed. The 2019 budget is estimated at \$8.95 million. The 2019 budget will not require any borrowing. The key projects include implementation of AMI for electric meters; replacing the CMF plant; Waldo Boulevard project; and routine annual capital projects. Discussion ensued. N. Kothari confirmed that there are no funds assigned in 2019 capital or O&M budget for either design or purchase of any equipment for the power plant resiliency other than financial analysis of the alternatives. The consensus was to approve the budget with any changes from Commissioner Hornung to be discussed at the next meeting.

MOTION: A Motion was made by Commissioner Luckow and seconded by Commissioner Allie to approve the 2019 capital budget as presented. Motion carried unanimously.

DRAFT O&M BUDGET – 2019-2021: The proposed 2019 and preliminary 2020 and 2021 O&M budgets were distributed to the Commission for review. The 2019 total operating revenues are estimated at \$71.8 million. The 2019 total operating expenses are estimated at \$67.2 million, a decrease of \$1 million from annualized 2018. Discussion ensued on proposed rate decrease in 2019, overall positive outlook of O&M budget, and debt status of the Utility next year.

MOTION: A Motion was made by Commissioner Nickels and seconded by Commissioner Diedrich to approve the 2019 O&M Budget as presented. Motion carried unanimously.

CENTRAL BROWN COUNTY WATER AUTHORITY DISCUSSIONS UPDATE: The meeting held on October 31, 2018 between MPU, Nic Sparacio and Mr. Rosenback of McMahon discussed several key technical outstanding issues of the concerns between both parties. The meeting focused on Nic Sparacio getting updated on the various technical issues. The next meeting is scheduled in December to continue further discussions.

OZONE NON-ATTAINMENT IMPACT ON NEW GENERATION AT COLUMBUS STREET: Commissioner Hornung discussed each of the scenarios previously distributed for review regarding the resiliency of the power plant to the MPU customers including natural and man-made disasters at the power plant such as a fire or tornado that may make the control room unavailable for routine operations. The alternatives included providing steam to Briess and power to the water treatment plant and CBCWA's finished water pump station. In addition, he discussed alternative sites for location of needed generation at various sites around wastewater plant and downtown. Subsequently, Commission discussed the TRC consultant report that provided the requirements if new generation is installed at the Columbus Street plant or at any site within the non-attainment zone in City. TRC was specifically requested to review the feasibility of installing either one or two 12 MW Wartsila engine(s) with SCR or a 14 MW single cycle combustion turbine. The report listed options available for emissions up to 100 tons of annual NO_x emissions, which would be subject to non-attainment area restrictions but would not be in effect at Custer Street as it is outside of the non-attainment area. Installation of either unit can be completed subject to MPU accepting approximately 4,000 hours of limitations on operating hours for a single unit and 2,000 hours on two units. MPU's Custer CT is also subject to limitation of 1,920 operating hours on a rolling 12-months. A brief discussion ensued.

MOTION: A Motion was made by Commissioner Hornung and seconded by Commissioner Diedrich to authorize negotiations of a firm selling price of one Wartsila engine that will be contingent on approval of Commission and MPU's ability to obtain PSCW approval for the project and request a proposal that includes the pros, cons and costs of the options discussed by Commissioner Hornung and narrow those to two or three options for a detailed 25 year financial analysis. Motion carried unanimously.

GENERAL MANAGER'S REPORT: N. Kothari updated the Commission on the following: MPU responded in disagreement to a letter received from Evoqua informing the membrane warranty is no longer valid as MPU has not started feeding the ACH for pre-treatment; a data

request was received from the PSC on the LSL loan program filed for approval; Chris Kirst of Manitowoc Cranes advised that Robinson Metals wants to complete sale of this property on January 1, 2019 and questioned if there are any utility issues preventing the sale, and what remedy there might be to defer utility modifications until August 2019; and received a letter from Matthew Schliesman of Capital Civic Center to provide an update on the renovation project and inquire about additional assistance from MPU.

GREAT LAKES UTILITIES: The GLU Annual Meeting in Wisconsin Rapids on November 8, 2018 was well attended. The speakers included Gary Radloff – Advanced Energy: A New Paradigm of Supply and Demand Management; Vince Herda – Is Solar + Storage In Your Future; and Martin Day – PSCW Regulatory Update: Issues and Trends. Phase 2 of the Long Term Power Supply Plan review project has been approved to identify options and costs for the projected capacity shortfall. A brief discussion ensued.

MINUTES: The Minutes from the Regular Session Meetings on October 29, 2018 were presented for approval.

MOTION: A Motion was made by Commissioner Diedrich and seconded by Commissioner Luckow to approve the Regular Session Minutes from October 29, 2018. Motion carried unanimously.

APPROVAL OF CLAIMS: Claims List dated November 13, 2018; Claims List dated November 27, 2018; and Wire Transfers dated through November 20, 2018 were presented for approval.

FINANCIAL REPORTS FOR OCTOBER 2018: The Financial Reports for October 2018 were previously distributed to the Commission for review and discussion.

MOTION: A Motion was made by Commissioner Diedrich and seconded by Commissioner Luckow to approve the Claims List dated November 13, 2018 check nos. 85795 through 85972 totaling \$829,184.23; Claims List dated November 27, 2018 check nos. 85973 through 86086 totaling \$803,876.60; Wire Transfers dated through November 20, 2018 totaling \$4,806,470.99; and to place the Financial Reports from October 2018 on file.

INVESTMENT REPORT: The Investment Portfolio Report from Baird, our investment advisor, for the period ending September 30, 2018 was previously distributed to the Commission for review and discussion.


MOTION: A Motion was made by Commissioner Diedrich and seconded by Commissioner Luckow to accept the Investment Reports from Baird.

QUOTATIONS/BIDS: Wooden Utility Pole Inspection Services – \$59,690.00 – Mi-Tech Services. A brief discussion on whether such services were utilized in the past and the need for such services.

MOTION: A Motion was made by Commissioner Diedrich and seconded by Commissioner Luckow to approve the Wooden Utility Pole Inspection Services. Motion carried unanimously.

NEXT MEETING: December 10, 2018 at 4:00 p.m.

ADJOURN: A Motion was made to adjourn the meeting by Commissioner Luckow and seconded by Commissioner Nickels. Meeting adjourned at 4:52 p.m.



Approved: Nilaksh Kothari, CEO & General Manager



Approved: Alex Allie, Secretary