The Board of Trustees met in regular session at Muscatine Power and Water’s Administration/Operations Building, 3205 Cedar Street, Muscatine, Iowa, on Tuesday, October 29, 2019, at 5:30 p.m.

Acting Chairperson Steven Bradford called the meeting to order. Members of the Board were present as follows: Trustees Susan Eversmeyer and Kevin Fields. Trustees Keith Porter and Tracy McGinnis were absent due to previously scheduled travel plans.

Also present were Gage Huston, General Manager of Muscatine Power and Water; Brenda Christensen, Board Secretary; Charles Potter, Muscatine Journal; Erika Cox, Brandy Olson, Ryan Streck, Jerry Gowey and Doug White of Muscatine Power and Water (MP&W). Members of International Brotherhood of Electrical Workers (IBEW), Local 55.10. were in attendance with MP&W employee Dave Hurlbut as their spokesperson.

Acting Chairperson Steven Bradford asked if there was anyone in attendance who wished to make any public comments. Mr. Hurlbut stated that he was representing the group and that IBEW members are asking for consideration regarding the new Chapter 20 laws. As the Utility’s most valuable resource, the employees, they have stepped up and are doing their job whenever asked, including overtime when needed. The IBEW members are requesting the permissive language to remain in the contract as-is instead of being moved to the MP&W employee handbook. Acting Chairperson Bradford thanked Mr. Hurlbut for his comments.

The September 24, 2019 public hearing and regular meeting minutes and the September 30, 2019 Audit/Finance Committee Meeting minutes were presented as previously submitted to all Board members in written form. Trustee Fields moved, seconded by Trustee Eversmeyer, that the minutes from the September 24, 2019 public hearing and regular meeting be approved as submitted and the meeting minutes of the September 30, 2019 Audit/Finance Committee Meeting be received and placed on file. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for October 2019 was presented. After review and discussion of the expenditures, Mr. Huston commented it is the lowest total expense cost since February of 2019. Trustee Eversmeyer moved, seconded by Trustee Fields, to ratify payment of $9,285,787.20 for the Electric Utility, $449,297.68 for the Water Utility, and $1,051,347.00 for the Communications Utility, for a cumulative total of $10,786,431.88. All Trustees present voted aye. Motion carried.

The next review item was the preliminary 2020 Annual Operating Budgets for the Electric, Water, and Communications Utilities. Mr. Huston stated the Operating Budgets were being presented for information and comments, approval of the Operating Budgets will be requested at the November Board meeting. He explained the assumptions driving the Budgets were designed to support the medium-term achievement of financial targets, meet the needs of our customer/owners at the lowest possible cost, and support the Critical Issues identified in the
Strategic Plan. Mr. Gowey stated the Electric Utility Budget and Projections would both need to be revised and presented at the November meeting due to the recent signing of a Steam Sales Contract with GPC for the next three years. He next reviewed the budget information for each Utility with the Board, including general assumptions and the primary drivers for each Utility. The review was based on major cash inflows and outflows for each of the Utilities, comparing 2020 Budget to the previous two years. A summary of 2020 budgeted capital expenditures and major expenses over $139,000 was also included for review. Mr. Huston reminded the Board that the Utility is in a period of large capital investment projects, but each Utility is still able to maintain modest rate adjustments. He stated that if any of the Trustees had questions or comments to please contact Mr. Gowey or him.

Mr. Huston also mentioned that the State of Iowa requires that a Budget Summary for all three Utilities be prepared and a public hearing conducted on the Budget Summary to provide the public an opportunity to review and present any comments regarding the published Budget Summary. It is management’s recommendation that the public hearing be set for November 26, 2019, at 5:28 p.m. The following resolution was submitted:

RESOLUTION 19-25

WHEREAS, the Budget Summary of the combined Electric, Water, and Communications Utilities is being prepared for the 2020 calendar year, and it is recommended that a public hearing be established for the review of said Budget Summary; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that the Budget Estimate Summary of the combined Electric, Water, and Communications Utilities be placed on file at the office of the City Clerk and at the City Library, along with MP&W Offices, for any resident, taxpayer, or consumer to view; and,

BE IT FURTHER RESOLVED, that a public hearing be held on the 26th day of November 2019 at 5:28 p.m. in the Board Room of Muscatine Power and Water’s Administration/Operations Building located at 3205 Cedar Street, Muscatine, Iowa, and the notice of said hearing shall be published once in the Muscatine Journal, a newspaper of general circulation published daily in the City of Muscatine, Iowa, not less than ten (10) nor more than twenty (20) days prior to said hearing, all as required by the Code of Iowa.

Trustee Eversmeyer moved, seconded by Trustee Fields, that said resolution be passed, approved, and adopted this 29th day of October 2019. On roll call, Trustees Eversmeyer, Fields and Bradford voted aye. Voting nay, none. Trustees Porter and McGinnis were absent. Resolution carried.

Included with the Board’s meeting materials was a condensed version of Ten-Year Financial Projections for 2020 through 2029 for the Electric, Water, and Communications Utilities with a summary in graphical format. Mr. Huston stated it is very important for staff to look to the future and plan what resources will be needed for projects and forecast what costs could be over the next 10 years, with review of multiple scenarios and always under the assumption of keeping rate adjustments for the customer as modest as possible. Mr. Gowey reviewed the graphs that summarized major revenue and cost drivers, and each Utility’s minimum financial
targets with the projected results in achieving those targets. Cost drivers are consistent with past projections. He continued there is a continued focus on financial targets, which we believe are important in securing the Utilities’ long-term success. The targets drive projected price increases and the need for any borrowings. Consistent with the projections provided in the previous years, all three of the Utilities’ projections include a recommended cash reserve level. The recommended reserve level provides approximately 180 days of operating cash, which could be held in a combination of an operating fund and a reserve fund. Expenses continue to be monitored and controlled; lean initiatives are being utilized to assist in the continuing efforts to control and reduce expenses and increase efficiencies. Mr. Huston stated that if any of the Trustees had questions or comments to please contact Mr. Gowey or him.

In the General Manager’s report, Mr. Huston reviewed his previously submitted memorandum that reviewed MP&W’s participation in the United Way Day of Caring, where a team from MP&W helped by cleaning up yards and trimming trees for four different homes where elderly community members lived, but could not do the work themselves. He also discussed MP&W would be forming a group of Electric Vehicle (EV) Stakeholders consisting of several community members that could play a role in EV adoption in Muscatine. The goal of facilitating stakeholder input is to implement a more strategic approach to EV adoption in the community and to ensure that any programs MP&W puts in place related to EVs will be the most impactful in increasing adoption. Trustee Bradford stated he felt there were quite a few commuters from the Quad City and Iowa City areas who work at jobs in the Muscatine area. In addition, Mr. Huston updated the Board that the MP&W drive thru had been closed due recently discovered corroded support structure. It is hoped that the structure can be stabilized for the winter and a new structure can be rebuilt in the spring.

Mr. Huston introduced the next items for review as the October Reports and stated for this meeting only one motion would be needed for the remaining agenda items VII B through VII F. Trustee Eversmeyer moved, seconded by Trustee Fields, to receive and place on file October Reports. All Trustees present voted aye. Motion carried.

The YTD and September Financial Operating Statements and Balance Sheets for each Utility and the Quarterly Investment Report were reviewed by Mr. Gowey.

The Quarterly Project Status Report, Variance Analysis and Competitive Quotes for Public Improvements Report was reviewed by Mr. Huston.

The Critical Issues and Key Performance Indicators Presentation for the Electric, Water, and Communications Utilities was the next agenda item. Mr. Huston suggested that due to time already spent on previous agenda items the Trustees ask any questions they may have regarding the information provided in the Critical Issues and Key Performance Indicators Presentation. He also asked Mr. Streck to provide an update on the 161kV Transmission Line Project. Mr. Streck provided updates on discussion and meetings with residents on the route, along with discussions with CIPCO for approval of changes MP&W would like to make to the transmission line route. The Trustees expressed their thanks for working with the affected residents and working through their concerns.

The September Departmental Reports were reviewed by Mr. Huston. He stated the recent water main breaks seemed more than normal and the Water Department is starting to investigate what the issues in the increased breaks could be. Mr. Huston asked Ms. Cox to give
an update on progress of the Fiber to the Home Project. She updated the board on progress of installs and next steps for AEG to keep the project moving to meet milestone dates agreed upon. Additional discussion on various sections in the Departmental Reports was had before the topic ended.

The meeting was adjourned at 6:40 p.m.

BOARD OF WATER, ELECTRIC, AND COMMUNICATIONS TRUSTEES OF THE CITY OF MUSCATINE, IOWA

Brenda Christensen
Board Secretary