

The Owatonna Public Utilities Commission met in regular session in the Morehouse Conference Room at the Owatonna Public Utilities. Present were Commissioners Zirngible, Rossi, Johnson, Vetter and McLane. Also present were General Manager Warehime; City Administrator Busse; Director, Finance & Administration Olson; Director, Engineering & Field Operations Fenstermacher; Director, Information Technology & Metering Baum; Manager, Human Resources Madson; Supervisor, Accounting Linders; Executive, Communications & Administration Coordinator Schmoll; Accountant Lori Jerpak and Accounting Specialist Shanda Meier.

President Zirngible called the meeting to order and led the Pledge of Allegiance. He then asked for any changes to, and/or approval of, the agenda and consent agenda items. The consent agenda consisted of the Minutes from the February 25, 2025 meeting, as well as the Contributed Services as of February 28, 2025. Commissioner Vetter moved to approve the agenda and consent agenda items. Commissioner Johnson seconded the motion. All Commissioners voting Aye, the motion passed.

### **Committee Reports**

Personnel Committee – Commissioner McLane reported the Personnel Committee met and received a staffing report. She noted the Energy Conservation & Key Account Officer position has been filled with Anne Kraft and she will be starting April 7<sup>th</sup>. The Director, Finance & Administration position is open due to a retirement. The position is being recruited for with interviews pending. Recruiting is underway for the Information Technology Engineer. Other open positions include Lead Meter Serviceworker; Meter Serviceworker; Gas/Water Design Engineering Technician, Electric Lineworker summer help.

Finance Committee – Commissioner Johnson reported the Finance Committee met, reviewed and approved vouchers totaling \$7,828,554.08. Mr. Johnson further reported all three utilities are slightly above plan for the year with net income for electric and water being over, and natural gas is slightly below. Four work orders were closed for \$1.9 million; 9% over budget for those four. 76 work orders are still open for the year worth \$18 million of which about \$14.7 million have been paid down on them. Two work order additions approved. One for a new welder and one for transformer inventory. Lead time on transformers is about 45-50 weeks for transformers. Commissioner Rossi inquired if we are affected by the tariffs. Director, Engineering & Field Operations Fenstermacher replied, not at this time. We will be responsible for them if they are enacted.

### **City Administrator's Report**

City Administrator Busse reported that she, the mayor, the police chief, and the fire chief will be testifying at the State Capitol for state bonding for the Safety Center. The Safety Center will house the fire and police departments, as well as serve as a regional training center which makes them an ideal candidate for state funding. Other projects include the traffic light at the corner of 18<sup>th</sup> Street and Cedar St. is expected to be fixed on March 31. There is an open house for the reconstruction on 18<sup>th</sup> St. SE by the High School and a plan for 2026 between Austin Road and Cornerstone Lane. The project will consist of a trail. The Upper 9 at Brooktree is scheduled to open on March 26 along with the compost site opening March 31<sup>st</sup>, weather permitting. City Administrator Busse concluded with announcing her retirement on August 7<sup>th</sup> for those who had not already heard. She noted the hiring process has begun and will include panels with staff, community and city council.

### **Water System Access Charges Policy**

Director, Engineering & Field Operations Fenstermacher presented the Water System Access Charge policy. He noted it had been 3 years since the policy was updated, and costs have increased 6%. He recapped the

background and purpose of the policy, as well as discussed proposed changes including increased fees. He noted, this policy covers the partial impact of new users to pay for their impact on the water system. He discussed the formula used for calculating the fees using an equity method and the reasons needed for collecting it including increased construction costs and future capital projects. After the water system study is complete, another analysis of this policy will be done. After discussion, Commissioner Johnson moved to approve the policy as submitted. Commissioner Vetter seconded the motion. All Commissioners voting Aye, the motion passed.

### **Water Conservation & Emergency Restriction Policy**

Director, Engineering & Field Operations Fenstermacher presented the Water Conservation & Emergency Restriction Policy to the Commission. He discussed the change from the previous meeting, discussions with the MN Department of Natural Resources (DNR), the purpose of the updates, why it matters, key changes and asked for approval of the policy. Changes include increasing "newly seeded" definition from 30 days to 60 days of initial planting; defining irrigation; adding wording to exclude hand-watering defined as handheld hose or watering can; use of the term "address-based watering scheduled" versus "Odd-Even"; removed tiered rates; level 1 and level 2 restriction differences and frequency of customer communication; and added language in the Customer Encouragement Section.

Mr. Fenstermacher emphasized the importance of this policy for future evaluations with the DNR stating they will not only consider what is in the policy but also actual usage during drought warnings and trends. Staff will track a new KPI to measure our water impact as compared to January usage. This information is used by the DNR in their drought phase/triggers.

Reasons for updating the policy include spreading out irrigation to reduce demand; the previous penalty system was impractical; the need to tie levels of action to the DNR drought response phases; stress the shared responsibility for natural resources and move from a punitive approach to a collaborative/incentive-driven approach. This matters because conserving water is in the best interest of the public; the DNR will evaluate if we are addressing high water use when we seek well permits; high demand stresses the system; and it is important to put measures in place before any issues occur.

The key pieces of the revised policy include avoiding irrigation between the hours of 9:00 a.m. and 6:00 p.m. with no irrigation on Mondays. Water during the week will be based on a customer's address. Customers with addresses ending in an odd number can water on Tuesday, Thursday, Saturday. Customers with addresses ending in an even number can water on Wednesday, Friday, Sunday. Penalties have been removed from the policy; OPU's response levels have been tied to the DNR's Drought Phase triggers; and OPU will put a large emphasis on customer education, community engagement and incentives.

Commissioner Rossi is opposed to the policy being in effect when there is not a drought situation. After extensive discussion, Commission directed staff to run the policy as it is for this year, learn from it, and revise the policy again next year, if necessary. Commissioner McLane moved to approve the policy as presented with the understanding it will be revisited. Commissioner Johnson seconded the motion. Commissioners Zirngible, Johnson, and McLane voted Aye. Commissioners Vetter and Rossi voted Nay. Motion carried.

**General Manager/Staff Report**

Accounting Supervisor Linders discussed the 6-month rate study with the Commission at a high level. He discussed the process and showed where OPU lands with their rates in residential, commercial, industrial electric, water and natural gas compared to other utilities. Commissioner Vetter asked to see the difference between hedging versus paying from the market over the long term. General Manager Warehime will do the analysis at the end of the winter season and will present it to the Commission.

Director, Information Technology & Metering Baum will push his cyber security presentation to the next meeting.

General Manager Warehime asked to move the May Commission meeting from May 27<sup>th</sup> to May 20<sup>th</sup>. The Commission agreed.

Director, Engineering & Field Operations Fenstermacher reported OPU is sending a team to participate in the APPA Lineman's Rodeo in Roseville, California competing against other municipal utilities. Mr. Fenstermacher also reported OPU received the Electricity Reliability award from APPA for the 5<sup>th</sup> year in a row. There were 32 Minnesota municipal utilities who received this award, which is far above any other state.

**Commission Roundtable**

Commissioner Vetter – Was curious if you received any feedback on the State of the Utility brochure and complimented General Manager Warehime on a DEI article he wrote for the Peoples Press.

Commissioner Johnson – would like to talk about fluoride in our water at the next meeting. He noted there are 50 communities who are taking it out of their water and the State of Utah is considering it.

**Adjournment**

There being no further business to come before the Commission, the meeting adjourned at 5:44 p.m.

Respectfully submitted,

Tammy Schmoll  
Executive, Communications & Administration Coordinator