AGENDA
UTILITY BOARD OF TRUSTEES
WEDNESDAY, JULY 30, 2014 – 5:00 P.M.
CITY HALL COUNCIL CHAMBERS
201 EAST PLEASANT STREET
LIVE BROADCAST

1. Call to Order
2. Approval of Agenda
3. Items for Discussion
   - Impact of US Environmental Protection Agency Coal Fired Electric Generating Plant Carbon Emissions Reduction Plan on WPPI and MMEU Electric Rates
   - Disaster Recovery Plan Should MMEU be Isolated from the Electric Grid
   - Municipal Electric Utility Rate Comparison Review
   - Leadership Succession Planning for MMEU
   - Bargaining Unit Agreement
   - MMEU Accounting: Cash vs Accrual
   - New Venture Enterprises
   - Safety
   - Website Marketing and Public Image Enhancement
   - Other Items
4. Adjourn
UTILITY BOARD OF TRUSTEES
CITY HALL COUNCIL CHAMBERS
STRATEGIC PLANNING SESSION
July 30, 2014

Present: Caroline Bybee, Dave Knoebel, Jan Kahler, Todd Seifert, Dawn Paul

Chairperson Paul called the meeting to order at 5:03 p.m.

Moved by Seifert and seconded by Knoebel to approve the agenda. All Ayes

The purpose of the meeting was to discuss several items presented for consideration by Board Member Kahler pertaining to the future of the utility. Items discussed were:

A. Impact of EPA Coal Fired Generation Plant Carbon Emissions Plan
   • Manager Gaffigan commented that we have several years before we will have to deal with this. It is a lengthy process but that sometime in the future this legislation will affect MMEU’s rates.
   • Jan stated that he would like to discuss any items that may affect the rates.
   • Dave Knoebel believes that our cash reserves are too high taking into consideration our insurance coverage and FEMA aid for any natural disasters that may occur. He stated that we have spent in excesses over the last six years citing the ARC (YMCA) grant of $350,000, the Electric Revenue Bonds payoff in excess of $3,000,000 and the AMI Metering project of approximately $676,000. We currently have in excess of $4M dollars in reserves and he believes the target should be $3M dollars, leaving room for a rate decrease.

B. Disaster Recovery Plan Should MMEU be Isolated From the Grid
   • Manager Gaffigan stated his feeling that the Power Plant is a big part of any disaster recovery plan we make and that the operating cost of the Plant is a cheap insurance policy should something happen where Maquoketa loses power from the grid. He stated that 4/10 of a cent per kWh is a cheap insurance policy and recommended keeping the plants open for a couple of years and then decide what to do.
   • Jan Kahler stated that he believes we should have generation.
   • Dave Knoebel stated that we should have a rate reduction and keep the plant open.

C. Municipal Electric Utility Rate Comparison Review
   • Manager Gaffigan stated that he had compared several communities our size in Iowa and presented a Cash Reserves Comparison using numbers from the Financial Statements filed with the State Auditor. He stated there are large variations in the amount of cash reserves within these utilities and questioned “how much is too much?” when it comes to reserves.
• Jan and Todd would like to have a cash flow analysis to see how we are spending our money and if we can reduce rates.

D. Leadership Succession Planning for MMEU
• Manager Gaffigan stated that the Distribution Department has an aging workforce and the Power Plant has one employee at retirement age. He recommended that we hire one apprentice now and one at a later date to cover any retirements coming down the road in the next 5 years. He suggested looking at the training school in Sheldon, Iowa. Someone should be hired this year to replace Danny Clark who took over as Distribution Superintendent.
• Jan Kahler suggested that we should have a plan in place to replace employees who are looking at retirement within the next 2-3 years as well as a plan to replace the General Manager when he is ready to depart, possibly training someone from within the organization to take over.
• Caroline Bybee and Dawn Paul stated that this had been discussed when interviewing for the General Manager when Tom was hired.
• Manager Gaffigan stated that previously WPPI sent an Interim Manager (Mike Reynolds) and we also have Tom Westhoff, our Energy Services Representative who can step in and help, which seemed to work out well.

E. Bargaining Unit Agreement
• Manager Gaffigan stated that we are in the first year of a three year contract so this is one item that may be able to be put on the back burner now. He has had experience in negotiations with unions and stated that he doesn’t always agree with everything in the contract, but it is a give and take process.
• Jan Kahler stated that he does not like some of the wording in the contract and would consider being on the next negotiating committee in 2016.

F. MMEU Accounting: Cash vs Accrual
• Manager Gaffigan stated that MMEU is on a Cash Basis, as is the City of Maquoketa.
• Dave Knoebel stated that we have too much on our plate to deal with it now. He also believes that the accrual system is not as clear as cash when it comes to being able to see what the expenses are, but sees arguments for both ways.
• Jan Kahler and Todd Seifert strongly suggest we go accrual as well as get an inventory program up to date. Manager Gaffigan stated that he has talked with Danny Clark about inventory control.
• Dawn Paul and Caroline Bybee stated that the Auditors have never recommended to the Board that we should convert to an accrual system in past audit presentations.

G. New Venture Enterprises
• Manager Gaffigan stated that he has been in contact with Curtis Dean at IAMU regarding getting into the telecommunications business. He looks at it as a service
to the community and not necessarily a money-making venture. He stated a 2005 referendum in Maquoketa passed to protect being able to get into the business if the City so desires. He stated that with a telecommunications company already in the area (Mediacom) it may be a little more difficult to proceed as well as there may not be room on our poles for another wire.

- Jan Kahler and Todd Seifert like the idea of adding a telecommunications company as a valuable service to our customers.

H. Safety
- Manager Gaffigan stated that we are a part of the IAMU Safety Group Network and that there is training on a monthly basis that our employees attend as it pertains to their job. He will be meeting with the City’s safety group on August 26.
- Jan Kahler stated that money should not be an object when it comes to the safety of our employees.

I. Website Marketing and Public Image Enhancement
- Manager Gaffigan would like to increase our website exposure by developing our own website as opposed to having a page on the City’s. Discussion was held regarding using someone local, having WPPI host it, or another alternative.
- Manager Gaffigan handed out a MMEU Public Awareness list including Municipal Celebrations, Participation in Community Events and Advertising and Promotions.
- Dave Knoebel suggested that we need to look at our Rebate Program to make sure that it compares to what other utilities in the area are offering their customers.

Jan Kahler stressed that it is important to follow up and move forward with some sort of action plan for all the items discussed.

Board consensus was to replace Dan Clark’s position in the Distribution Department with a lineman as soon as possible.

Audience member Harold Lubben suggested to the Board that MMEU is too high on rates and should consider one more rate reduction.

Moved by Seifert and seconded by Kahler to adjourn the meeting at 7:00 p.m.

All Ayes

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Dawn Paul, Chairperson

ATTEST:

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Caroline Bybee, Secretary