

Water and Light Advisory Board
March 2, 2010

A meeting of the Water and Light Advisory Board was held Tuesday, March 2, 2009 at 8:00 a.m. at the Utility Services Conference Room, 105 E. Ash St. The meeting was attended by:

John Conway, Chair
Tom Baumgardner, Member
Tom O'Connor, Member
Bob Roper, Member
Dick Parker, Member
Mike Schmitz, Interim Water and Light Director
Dave Storvick, Acting Engineering Manager - Water
Ryan Williams, Acting Engineering Manager - Electric
Jim Windsor, Manager of Rates and Fiscal Planning
Tina Worley, Utility Services Manager
Tad Johnsen, Power Production Superintendent
Dan Stokes, Electric Distribution Manager
Floyd Turner, Manager, Water Operations
Marilyn Thorpe, Administrative Support Supervisor
Jay Hasheider, Utility Services Superintendent
Pam Mathews, Administrative Support Assistant
Kay Wax, Bright City Lights

APPROVAL FOR THE February 2, 2010 MEETING MINUTES

The February 2, 2010 meeting minutes were approved as amended by voice vote on a motion by Dick Parker and a second by Tom O'Connor.

DIRECTOR'S REPORT

- a) Columbia Energy Center – Mike Schmitz said he received the signed contracts for the Columbia Energy Center third share purchase. He said there are two more phases to go. The first is to complete an interconnection agreement between the Midwest Independent System Operator (MISO) and Ameren. The second is to submit ancillary contracts to the Federal Energy Regulatory Commission (FERC) for their review. Although Mr. Schmitz is unsure of FERC's reaction, he anticipates they will approve the purchase in about sixty days. He added that since the last Advisory Board meeting, the City Council has approved the purchase and the utility is moving forward to execute the contracts to complete it.
- b) Request for Proposals (RFP) for Renewable Energy – Mike Schmitz said the evaluation committee has moved forward with its recommendations. Some questions arose as part of the process. After those questions are addressed the committee will come back to the Board with their recommendation. Tom O'Connor asked if the Board could see the proposals. Mr. Schmitz said they will be provided electronically once they are no longer proprietary. He said the results of the proposals are outlined and the differences in cost are shown.
- c) Request for Proposals (RFP) for Photovoltaic Energy - Utility Services Superintendent, Jay Hasheider introduced Kay Wax of Bright City Lights. Her firm is interested in becoming a 5KW provider. She was at the meeting to answer any questions from the Board. Mr. Parker asked if she had bids for construction. Ms. Wax said she did. Mr. Parker asked what the difference is between a quote of 5KW and 10KW. Ms. Wax said she was not sure but she thought it would be based on volume. Mike Schmitz said the Solar One program will be based on marketing the output in 100 KWH blocks. Mr. Roper asked if the Solar One program is still structured on voluntary participation. Mr. Schmitz said it is. . Tina Worley said the Deed

Grant and participation study that was conducted last spring indicated the community response was very good. Mr. Roper said he would like updates on community response because of the potential cost. Mr. Windsor said the cost was a few hundred dollars annually. Tina Worley said there are currently 86 customers purchasing 142 blocks of solar generated power.

Mr. Parker made a motion to recommend that the Advisory Board recommend to Council to accept the Solar One proposals from Quaker Oats and Bright City Lights. Tom O'Connor seconded the motion. The motion passed with a unanimous vote.

FINANCIAL REPORT

a) Financial Update – Jim Windsor said that for the month ending January 31, the Water Division is doing better than last year. We are slightly ahead of the rate increases, although the coming summer will be the determining factor. The utility planned for lower sales on the electricity side but sales are exceeding what was budgeted. Mr. Roper wondered if we are seeing an adverse trend. Jim Windsor said part of the difference is the sale of resale power. Last year was mild and the utility had a lot of excess energy to sell. Mr. Conway asked if the audit was complete. Mr. Windsor said it is. Mr. Schmitz said Council accepted the audit at the March 1st Council meeting. Mr. Conway asked if there were any concerns. Mr. Windsor said the water sludge disposal issue as a cost is a concern. There was some discussion about the seemingly lengthy time it is taking for the audits to be completed.

b) The Board received the monthly financial statements ending January 31, 2010.

Water and Electric Utility combined operations reflect an operating income of \$439,696 for the four months ended January 31, 2010; compared to an operating income of \$955,498 for the same period last year. This is a decrease of \$515,802.

The Water Utility has an operating income of \$366,266 for the four months ended January 31, 2010; compared to an operating loss of \$865,906 for the same period last year. This is an increase of \$1,232,172 in operating income.

The Electric Utility has an operating income of \$73,430 for the four months ended January 31, 2010; compared to an operating income of \$1,821,404 for the same period last year. This is a decrease in operating income of \$1,747,974.

Operating revenues of the Electric Utility are up \$910,228 compared to the same period last year.

Operating expenses before Payment-In-Lieu-Of-Tax and Depreciation are up \$2,449,892. Fuel and Purchased power costs have increased \$1,533,831.

CHAIRMAN'S REPORT

a) Advisory Board Questionnaire – The questionnaire was completed and submitted.

b) Demand Side Management (DSM) Work Session - Mr. Conway said he, Tom O'Connor and Dick Parker attended the City Council work session.

c) Meeting with the City Manager – John Conway, Mike Schmitz and members of the Missouri Society of Professional Engineers (MSPE) met with City Manager Bill Watkins to discuss qualifications for the W&L Director. The MSPE members were concerned whether it should be a requirement for the Director to hold a current Professional Engineer (PE) license.

NEW BUSINESS

a) Proposed Personnel Changes – Mike Schmitz presented an overview of the proposed personnel changes. An addition of an Assistant to the Director is proposed. The creation of the position would fit well in the event that after the April election the City Charter changes, dropping the PE requirement for the W&L Director since the Assistant to the Director will require a PE license. The Director's responsibilities would focus on Council, Board, Department and regulatory issues while the Assistant would be responsible for the day to day business of the operating utilities, such as engineering and customer concerns. There was some discussion about the impact to existing managerial duties these changes could bring about. Mr. Schmitz outlined the other proposed positions; Environmental Supervisor and Commercial Energy Services Superintendent. The Environmental Supervisor at the Water Treatment Plant would work with the Department of Natural Resources (DNR), the Environmental Protection Agency (EPA), and oversee the laboratory. Those duties are currently performed by the Division Manager. The Commercial Energy Services Superintendent position would be created in anticipation of the additional work that is expected as a result of stimulus and grant money. Mike Schmitz said that after reviewing staff's recommendations, he submitted a 56 page report to the City Manager that outlines his suggested personnel changes to be put in place before a new Director is identified. Mike Schmitz said if approved, the way the organization will be structured will help provide checks and balances and keep the financing end of the business separate. Regarding the PE requirement, he said there should be no difficulty hiring an Assistant Director with a PE at the operations level but at a managerial level it would be more difficult. Mr. Conway said that in his experience, PE's at the managerial level choose to let their licensure expire as their careers progress and they tend to concentrate on higher level business aspects of utility management.

Bob Roper made a motion to endorse the passage of the proposal to change the City Charter to drop the Professional Engineer licensure requirement for the Water & Light Director. Dick Parker made a second. The motion passed with four ayes and one member abstaining.

Dick Parker asked about the rationale for the proposed changes to the Utility Services Division. Mike Schmitz said he was charged with reviewing staffing issues. Mr. Schmitz cited the aging work force as one factor. He said it is important to train and position personnel to replace incumbents. Tina Worley said the previous chart was designed by Human Resources, Mr. Kahler and herself. Mr. Schmitz said the Capital Improvement process begins this week. The Board will receive information about expenditures, personnel, and operating and maintenance costs after recommendations are made to the City Manager.

Tom O'Connor made a motion to endorse the amendment to the FY10 Annual Budget to appropriate funds to add new positions. Tom Baumgardner seconded the motion. The motion passed unanimously.

b) Mr. Schmitz said the comments have been receptive in regards to the Project Status Updates that staff has been providing to the Board.

c) Lime Sludge Disposal – Dave Storvick said the utility is going out for RFP's for sludge disposal remediation. The funds have already been encumbered so if the cost is under \$780,000 the budget will not be affected. Mr. Storvick said we had been dealing with the sludge under a general operating permit, but when DNR reviewed the permit they said that the General Stormwater Discharge Permit mandated agriculture application, however we were stockpiling. Mr. Conway asked if there are mediation alternatives. Mr. Storvick said we can either remove or cap the sludge.

d) Mike Schmitz said that a young man had committed suicide by hanging himself at one of our well sites last year. Family and friends of the young man have left mementos and painted remembrances at the site. The utility has scheduled a replacement of the platform and maintenance to the well this spring but the family is in opposition. Mr. Schmitz said we do not want to be insensitive to the family so we are currently working with school counselors to determine the best course of action.

OLD BUSINESS

a) Electric Usage Data – The Board was provided electric usage data on a spreadsheets and graphs.

b) Loan Program Reforms – Bob Roper asked if the Council shared the Board’s concerns about the loan program reforms. Mike Schmitz said from now on the loan program will be part of the budget process. The City Manager has suggested a cap on loans and granting them on a first come, first served basis. The City Council has indicated that they would want to be sure that the programs are appropriately funded. Mr. Roper said he would like to see a revolving fund. Mr. Schmitz said that is a possibility in the future. A new ordinance specifying higher interest rates will also help fund the loans.

Next meeting date: Tuesday, April 6, 2010 at 8 a.m. in the Utility Services Conference Room, 105 E. Ash St., Columbia, Mo.

The meeting adjourned at 9:50 a.m.

Respectfully submitted,