

7. General Manager Report

A. Conservation Improvement Program

In the residential CIP, we are currently at 10.56% of our goal. The DMU Projects and Commercial & Industrial projects are both currently at approximately 10% of our year to date goal. We are carrying over 42,801 kW from 2010 which will help us to meet our goals for 2011. There are projects pending for lighting retrofits and air compressors that are currently being worked on.

B. Geothermal System

The DMU Geothermal project was vital in meeting our CIP goals for 2010. DMU staff compiled a spreadsheet showing the payback of our geothermal system and the overall project costs. The figures for the spreadsheet show a breakdown of the office and computer room together and then the Plant and Cooling Tower as separate projects.

C. Service Deposit Refund Status

The service deposit refund project is complete and all refunds have been processed on the customer billings. We reduced our deposit balance by approximately \$46,000. DMU Staff will gather data on the rental homes to discuss at the next meeting. Commissioner Ness asked if the interest was also dispersed and Mr. Becker replied the refunds did include interest dispersed.

8. Unfinished Business

A. Discuss Disconnection/Reconnection Fees

According to State Statutes, we have to monitor setting fees to reflect how much a service actually costs plus a reasonable mark up to cover capital expenses. Currently we charge \$53.00 for reconnect charges with additional after hour's charges. The figures from DMU staff reflect that the current charges are reasonable.

B. Rugby Wind Project amending agreement by one sentence.

There was a motion made by Derek Schansberg with a second by Bob Hutter to approve the adding additional language to the fifth Whereas section of the Rugby Wind Project Power Sales Agreement on page four as follows: "or the Participant in the case of Delano Water, Light and Power Commission is a public utility commission established by the City of Delano as codified in the City Code Section 206.01 pursuant to Minnesota Statutes Section 412.331;"

Motion Carried

9. New Business

A. Approve Repayment of Loans from City and Approve Loan to City

The City completed two projects in 2004, expansion of the waste water treatment plant and construction of the River Street interceptor. The City issued debt in excess of \$11,000,000 to pay for those improvements. With economic conditions the way they have been for the past few years the City's Sanitary Sewer Fund has taken a hit on its available cash. The City has used up a significant portion of its reserves and the new construction the City was relying on to be able to make the debt payments is not coming soon enough. Therefore the City has several options one of which is to refinance the 2%, \$11,000,000 (current principal outstanding of \$7,892,000) at 4% or higher. Another option is to raise sanitary sewer rates. To soften the effects of raising rates and/or to delay refinancing the City is requesting a one-year loan in the amount of \$235,000 from DMU at 2% interest.

In 2001, DMU worked with the City to complete utility improvements for the Franklin Avenue project. At that time the City took out a bond for the entire project costs including DMU's. A special assessment payment schedule was set up in which DMU would pay back the City for DMU's share of the costs over the life of the debt. Tonight's claims to be approved later include April's payment which will reduce the remaining principal to \$109,112.74 as of April 30, 2011.

In 2006, DMU worked with the City to complete utility improvements for the Rockford Avenue project. At that time the City took out a bond for the entire project costs including DMU's. A special assessment payment schedule was set up in which DMU would pay back the City for DMU's share of the costs over the life of the debt. Tonight's claims to be approved later include April's payment which will reduce the remaining principal to \$161,387.71 as of April 30, 2011.

DMU has the amount available (\$501,998) and will not need it before the end of the loan's term. Also note that the 2% interest is higher than what rate of return is currently available and the City will not be incurring interest expense higher than its current interest cost; a win – win for DMU, the City, and the residents.

There was a motion made by Jonathan Ness with a second by Bob Hutter to approve Repayment of Loans from City in the amount of \$270,500.45 and Approve Loan to the City of Delano in the amount of \$235,000 at 2% interest for one year with a loan date of 8/1/2011.

B. Approve Purchase of Two New Trucks

Currently the Utility has two 1991 F-250 pickups in service daily that were to be replaced last year. The repair and maintenance of the two trucks has become more frequent and more costly, currently the list of required maintenance on the trucks is extensive.

Bids were received from the State of MN purchase program and locally from Star West. Bids from the state program were \$18,771 for the two wheel drive and \$22,019 for the four wheel drive. Bids from Star West were \$25,295 for the two wheel drive and \$24,495 for the four wheel drive. All bids are listed before sales tax and accessories because Star West bid was listed without either.

<u>Cost of the State Program bids:</u>	Vehicle	Tax	Total
2 wheel drive truck after tax	\$18,771	\$1,290.51	\$20,061.51
4 wheel drive truck after tax	\$22,019	\$1,513.81	\$23,532.81
<u>Cost of the Star West bids:</u>			
2 wheel drive truck after tax	\$25,295	\$1,739.03	\$27,034.03
4 wheel drive truck after tax	\$24,495	\$1,684.03	\$26,179.03

For 2 wheel drive, State Program is \$6,972.52 less; Star West is 34.8% higher

For 4 wheel drive, State Program is \$2,646.22 less; Star West is 11.2% higher

Accessories for the 2 wheel drive include adding a dump box that will cost \$1,824. Accessories for the 4 wheel drive include adding a snow plow attachment that will cost \$4,389. The accessory cost should be added to each vehicle regardless of which vendor is chosen to purchase the vehicles.

	<u>State Program bids</u>	<u>Star West bids</u>
2 wheel drive with dump box after trade in	\$21,980	\$28,285
4 wheel drive with snow plow after trade in	\$28,467	\$30,425

There was a motion made by Jonathan Ness with a second by Randy Keranen to approve the purchase of two new trucks from the State Program with the addition of A/C and 2 other accessory options.

Motion Carried

10. CLAIMS

A. There was a motion made by Jonathan Ness with a second by Derek Schansberg to approve claims for the month of March 2011 in the amount of \$525,904.78.

Motion Carried

11. ADJOURNMENT

There being no further business before the Commission, the meeting was adjourned at 8:10 pm.

Larry Bartels, Chairman

Jonathan Ness, Secretary