

The Owatonna Public Utilities Commission met in regular session in the Commission Room. Present were Commissioners Schreiner, Emanuelson, Truelson, Mayhew and Noyce. Also present were General Manager Shurts; City Administrator Sparks; Director, Finance & Administration Bruno; Director, Marketing & Energy Management Green; Manager, HR & Customer Service Madson; Supervisor, Energy Management & SCADA Warehime; Supervisor, Engineering & Waterworks Johnson; Accountant Teresa Hottman; Waterworks Operator Myron Volker; and Executive/HR Assistant Schmoll. Other guests included John Greer and Brian LeMon from Barr Engineering, Terry Bovee from the Minnesota Department of Health and Zane Juncker from OPU's auditing firm of LarsonAllen.

Commissioner Noyce led the Pledge of Allegiance.

Minutes

The Minutes from the regular meeting of March 27, 2007 were presented to the Commission. Commissioner Mayhew moved to approve the Minutes as submitted. Commissioner Truelson seconded the motion. All Commissioners voting Aye, the motion passed.

Committee Reports

Finance Committee – Commissioner Emanuelson reported the Finance Committee met, reviewed and approved Vouchers, Financial Statements and Investments.

Personnel Committee – Commissioner Truelson reported the Personnel Committee did not meet.

City Administrator's Report

City Administrator Sparks reported the City Council was very appreciative of the joint meeting between the Council and the OPU Commission. He further reported discussions continue on the Owatonna Business Incubator stating an opinion from the City Attorney is still forthcoming. Mr. Sparks reported residential construction is down this year but there are a few larger projects that will start later in the year.

Wellhead Protection Plan

Waterworks Operator Myron Volker introduced John Greer and Brian LeMon from Barr Engineering who gave a presentation on OPU's wellhead protection plan. Commissioner Emanuelson inquired how this information is used. Mr. Greer replied to identify areas that need to be managed and to verify the use of private wells to ensure they cannot contaminate the source of OPU's water. General Manager Shurts inquired how OPU compares to other cities. Mr. Greer replied very good. OPU's wells come from an aquifer that is very deep and it takes approximately 50 years for surface water to reach the aquifer. Mr. Terry Bovee from the MN Department of Health injected one of the major challenges is to look for private wells and then determine which ones come from the same aquifer and make them a higher priority for management. Once the wells have been identified, an educational campaign will be developed to educate the well owners on proper pollution control, as well as some of the wells that are no longer used will be sealed. After some brief discussions, General Manager Shurts thanked the gentlemen for their presentation and taking the time to address the Commission.

Auditor's Report

General Manager Shurts introduced Zane Juncker from LarsonAllen, who distributed audit reports and a management letter to the Commission. Mr. Shurts reminded the Commission of the audit selection process in 2006. Mr. Juncker discussed the audit report, the management letter and a normal communication letter with the Commission. He began by giving some background of LarsonAllen to the Commission covering the locations of their many branch offices and services they provide.

Next Mr. Juncker discussed the audit report process and noted the government changed some of the standards auditors have to abide by. He reported part of the process includes interviewing some of the operational employees and noted there were not any problems indicated. Another part of the process is to do something unpredictable to avoid getting in a rut. He noted two of the items looked at were credit cards purchases and expense reports. Some of the other areas looked at will be updated and better controlled with the new financial system going into effect. As auditors, LarsonAllen issued an unqualified report for the 2006 year.

The next item discussed by Mr. Juncker was the actual audit report. He discussed each section of the report. He also discussed what the Firm considers "internal weaknesses" and discussed a few of those identified at OPU. The next item discussed was the management letter and some material weaknesses identified at OPU, such as reconciling bank statements, the process for counting inventory and the drafting of the annual report, which Mr. Juncker identified as something most companies will continue to have their auditors do. He further noted there were some compliance issues that were not being dealt with properly, but have since been corrected. Mr. Shurts noted the deficiencies were in two categories one being we didn't know about it or the law had changed since the prior year and the second being the prior auditors didn't point them out.

Mr. Juncker discussed the balance sheet, accounts receivable, rate increases, and cash flow statements in the audit report. The Commission thanked Mr. Juncker for his presentation.

Contributed Services

The Contributed Services report as of March 31, 2007 was presented to the Commission. The Commission signed the report.

General Manager/Staff Report

Commissioner Shurts announced Mr. Steve Stansberry has accepted the position of an OPU Commissioner replacing Trish Noyce. He noted Mr. Stansberry will be sworn in by the City Council at their next meeting and his first Commission meeting will be May 22, 2007.

Mr. Shurts continued by stating the 2006 Year in Review report was previously sent to the Commission and if anyone had any questions to contact him.

Supervisor, Energy Management & SCADA Warehime presented a semi-annual rate comparison to the Commission. Discussed ensued.

Director, Marketing & Energy Management Green discussed business plans of Zumbro Foods and the products they produce.

Commission Roundtable

Commissioner Emanuelson – Inquired on SMMPA wind projects with Mr. Shurts. Also the article in the paper regarding Gopher State One Call and calling before digging was very good.

Commissioner Mayhew – Thank you to Trish for your time and input on the Commission.

Commissioner Truelson – Thank you to Trish, as well.

Commissioner Schreiner – Would like to echo the other Commissioners in thanking Trish for her time on the Commission.

Commissioner Noyce - Appreciated working on the Commission and with staff. I learned a lot.

Adjournment

There being no further business to come before the Commission, Commissioner Mayhew moved to adjourn the meeting. Commissioner Truelson seconded the motion. All Commissioners voting Aye, the meeting adjourned at 5:58 p.m.

Respectfully submitted,

Tammy Schmoll
Executive/HR Assistant