

The Owatonna Public Utilities Commission met in special session in the Commission Room. Present were Commissioners Simon, Schreiner, Stansberry, Cosens and Kottke. Also present were General Manager Fritsch; Director, Financial & Administrative Services Fondell and Executive/HR Assistant Schmoll.

General Manager Fritsch reported the special meeting was called to discuss two items. Those two items are Contributed Services and Reserves.

### **Contributed Services**

General Manager Fritsch distributed and discussed the section in the City of Owatonna Charter that discusses OPU and specifically addresses Contributed Services. Mr. Fritsch gave a historical recap of the Contributed Services issue surrounding the County owned Four Season's Building. The City bonded for the second sheet of ice and the expansion of the building. While the bonds were in place, the building was covered under contributed services. The bonds have now been paid and the issue is what to do with the utilities. If the County has to start paying all the utilities themselves, they would have to raise the usage rates. Two legal opinions had been received. One defined what a City building consists of and one stated the Four Season's Building could be considered contributed services due to the fact the majority of the people using the facility are Owatonna residents. Besides utility services to the City buildings, OPU and the City also trade various labor related services, which help out both entities and are also considered Contributed Services. After discussion, the Commission would like to see an agreement reached whereby a percentage of the Four Season's building's utility services are considered contributed services and the remaining percentage is reimbursed by the County at the end of every year. The Commission also expressed an interest in seeing the County's financial reports for the Four Season's building. Additionally, the Commission would like to be included in any decisions going forward that decide if a building is considered contributed services or not. General Manager Fritsch will work with the City and the County to come to an agreement.

### **Revenues**

Director, Financial and Administrative Services Fondell distributed charts and graphs relating to reserves and discussed the Cash Reserve policy. She gave a historical recap of how the Cash Reserves policy used to calculate the needed reserves and introduced a more methodological approach to calculating them. She noted the previous policy focused on a specific number of operating days whereby the new policy and method will focus on a formula based on several factors including operating capital expenses, timing surrounding when we pay our power supplier versus when we receive money from our customers; and debt service. Basically the new calculation lowers our target reserve levels freeing up funds for other projects such as the power plant repurposing without having to bond for these larger projects which in turn keeps rates lower for longer. Mr. Fritsch added the rate increases built into the budget cover only the rate increases our supplier sets. After discussion, the Commission thanked Mrs. Fondell for the information and directed her to move forward with drafting the new policy which is based on the new formulas.

### **Adjournment**

There being no further business to come before the Commission, Commissioner Kottke moved to adjourn the meeting. Commissioner Cosens seconded the motion. All Commissioners voting Aye, the meeting adjourned at 1:13 p.m.

Respectfully submitted,

Tammy Schmoll  
Executive/HR Assistant