

The Owatonna Public Utilities Commission met in regular session in the training room of the Owatonna Fire Department. Present were Commissioners Schreiner, Stansberry, Ihrke, and Simon. Absent was Commissioner Cosens. Also present were General Manager Bruno; City Administrator Busse; Director, Engineering, Electric & Meter Services Johnson; Director, Financial & Administrative Services Fondell; Director, Gas, Water & Power Production Green; Manager, Energy Management & External Relations Warehime; Manager, HR, Safety, Risk & Loss Control Madson; Supervisor, Information & Financial Services Turnbull; and Executive/HR Assistant Schmoll. Other guests included Mayor Tom Kuntz; Kim Hillberg, LarsonAllen LLP; and four high school students.

Commissioner Simon led the Pledge of Allegiance.

Minutes

The Minutes from the meeting of April 26, 2011 were presented to the Commission for their approval. Commissioner Stansberry moved to approve the Minutes as submitted. Commissioner Ihrke seconded the motion. All Commissioners voting Aye, the motion passed.

Election of Officers

President Schreiner asked for nominations for the office of Vice President. Commissioner Stansberry made a motion to nominate Commissioner Ihrke for office of Vice President, a unanimous ballot be cast and nominations cease. All Commissioners voting Aye, the motion passed.

President Schreiner asked for nominations for the office of President. Commissioner Stansberry made a motion to nominate Commissioner Cosens for office of President, a unanimous ballot be cast and nominations cease. All Commissioners voting Aye, the motion passed.

Committee Reports

Finance Committee – Commissioner Simon reported the Finance Committee met, reviewed and approved disbursements in the amount of \$4,872,955.90. One work order for the HVAC system was present, but not approved. This item will be discussed later in the meeting under another agenda item.

Personnel Committee – Commissioner Schreiner reported the Personnel Committee did not meet. However, a planning meeting has been scheduled for June 23rd to discuss the process for hiring the new general manager.

City Administrator's Report

City Administrator Busse reported the purchasing of the houses on Walnut Avenue is moving forward.

2010 Audit Report

Director, Financial & Administrative Services Fondell distributed copies of the Audit for the year ending 2010 to the Commission. Kim Hillberg, LarsonAllen LLP, presented an overview of the audit. She reported the financials statements were audited and found to be in accordance with auditing standards accepted in the United States and applicable to financial audits contained in Government

Auditing Standards. Based on the results of the various tests and sample transactions, the auditors of LarsonAllen, LLP formed an unqualified opinion, or a clean audit.

Mrs. Hillberg next covered the summary of findings and responses. Two of the items are very common and present in about 98-99% of their clients. These two items were also reported in the previous year's audit. One deals with the drafting of the audit report & financials statements and the other deals with end of year journal entries. A third item identified deals with the advertising of a bid for the repair and remodel of one of OPU's buildings after the flood. The utilities contracted with a 3rd party firm to advertise the bids, compile them and then present to management a recommended bidder. Although the firm did advertise the bid, they failed to advertise in the utilities' official newspaper, Owatonna Peoples Press, and could not provide documentation they did, so therefore we cannot say it actually took place. This is not uncommon.

Another unusual factor in this year's audit included the flood and federal grant received for such. A single audit of the federal grant was conducted. Areas looked at included spending on allowable things and cash reimbursement requests. The reporting to the federal government needed to be accurate and timely and in terms of compliance, nothing seemed out of compliance. Internal controls or processes in regards to allowable costs were also looked at and found to be in compliance, as well. One issue that arose was, the grant says if you spend \$25,000 or on a specific contractor, it must be verified they are not on an excluded parties list. In regards to the contractor hired, they were not on the excluded list, however controls were not in place before they were hired. This is a common finding in FEMA grants.

In conclusion, Mrs. Hillberg stated it was a good year. The audit went smoothly, we got everything we needed and questions were answered adequately. The Commission thanked Mrs. Hillberg for her report and time. She left the meeting.

HVAC Upgrade and Lower Level Restoration Bid Tab

The attached bid tabulation was presented to the Commission for the HVAC Upgrade and Lower Level Restoration. Staff recommends acceptance of the evaluated low bid of Owatonna Heating & Cooling in the amount of \$332,900.00. After discussion, Commissioner Schreiner moved to accept the evaluated low bid of Owatonna Heating & Cooling in the amount of \$332,900.00. Commissioner Stansberry seconded the motion. All Commissioners voting Aye, the motion passed.

Also, in conjunction with this item, the work order for this project was deferred for approval to the whole Commission. Manager, Energy Management & External Relations Warehime reported, the work order includes the base bid for the HVAC and also some engineering fees that have been incurred. The original budget amount was for remodeling of the front office. We decided to use that money to replace the HVAC system that was damaged in the flood and have added extra costs for refinishing the Commission Room in the lower level, as well as mitigation. This project will not be completed until late fall. General Manager Bruno noted the original estimate to FEMA was lower and so the project will need to be approved by FEMA before work can begin. The Commission signed the work order.

Contributed Services

The Contributed Services report as of April 30, 2011 was presented to the Commission. The Commission signed the report.

General Manager/Staff Report

Director, Financial and Administrative Services Fondell reported OPU received 6 proposals for the power plant repurposing project and reviewal will be on June 9th with a recommended firm to hire thereafter. Mrs. Fondell reminded the Commission the project is a pre-design study for options on how our entire campus can become a more productive use of space and be more efficient and thanked Commissioner Stansberry for agreeing to be on the task force.

Director, Engineering, Electric & Meter Services Johnson reported several large projects will begin in the next week or so. They include 18th St. SW and 39th St. SW near AG Power.

Director, Gas, Water & Power Production Green reported a SCADA Operator, Roger Brown, will be retiring on May 31st after 35 years of service with OPU. The position is posted internally and interested candidates will be interviewed on June 2nd.

Manager, Energy Management & External Relations Warehime reported the June newsletter article will discuss the FEMA reimbursements and flood mitigation. In April there was an article in the newspaper regarding these issues that was released at the legislative level. Hopefully this newsletter article will clear up any confusion caused by the newspaper article.

Manager, HR, Safety, Risk & Loss Control Madson reported the position of Engineering Technician, GIS has been filled with David Wavrin. Mr. Wavrin comes to us from the Steele County and will be starting on June 6th. Mrs. Madson further reported the position of Substation Utility Technician has been filled with an internal candidate, Jason Horsman. Mr. Horsman was previously a journeyman lineworker. We will be posting for an apprentice lineworker to fill his position.

Mayor Kuntz gave an update to the Commission on the APPA Legislative Rally he attended and thanked the Commission for continuing to allow him to attend such functions on behalf of the OPU and the City of Owatonna. A few of the important issues discussed included railway issues and climate control.

Commission Roundtable

Commissioner Simon – Nothing.

Commissioner Stansberry – Congratulated Commissioners Ihrke and Cosens in their new positions and thanked Commissioner Schreiner for his leadership over the past year.

Commissioner Schreiner – Thanked the Finance department for having a clean audit and a good report.

Commissioner Ihrke – Thanked the utility staff for the quick response to an outage caused by a lightning strike.

Adjournment

There being no further business to come before the Commission, Commissioner Schreiner moved to adjourn the meeting. Commissioner Simon seconded the motion. All Commissioners voting Aye, the meeting adjourned at 4:47 p.m.

Respectfully submitted,

Tammy Schmoll
Executive/HR Assistant

BID TABULATION

Project: HVAC Upgrade

Project #: EO390XC056

Budget #: 11-7100-0910

Date/Time of Opening: 5/20/11, 2:00 p.m.

Budget Amt: \$ 95,000.00

Project Amt: \$374,025.00

Est. Budget Portion: \$ 95,000.00

Acct. Number: 1-00-10100-3900

Vendor	Bid Security	Signed Contract	Amount Bid
Bauernfeind Goedtel	Yes	No	\$349,250.00
Owatonna Heating & Cooling	Yes	No	\$332,900.00 **

** - Apparent Low Bidder

Bidders List

Project: HVAC Upgrade

List of Firm Furnished Bid Documents:

Public Exchange

List of Ineligible Bidders:

None