

MARSHALL MUNICIPAL UTILITIES

75 East Morgan
Marshall, MO 65340

March 4, 2022

The Board of Public Works convened in regular session in the MMU Service Center Conference Room at 8:30 a.m. Board members present were Ken Bryant, President; Steve Mills, Vice President; Spencer Fricke, Secretary and Chuck Hines, Member. Also present were MPUA Peer Review Team members Randy Norden, Ewell Lawson and Paul Jenson; City Administrator JD Kehrman; City Council Members Dewey Hendrix and Phesa Wright; City Attorney Josh Taylor; and MSDC Executive Director Cydney Mayfield.

The agenda was approved on a motion made by Mr. Mills, seconded by Mr. Fricke, with a vote of 3-0. The minutes of the February 18th meeting were approved as printed on a motion by Mr. Hines, seconded by Mr. Mills, with a vote of 3-0.

In business from the audience, the MPUA Peer Review Team presented the findings from their review. They discussed commendations and recommendations for each department, as well as the utilities as a whole.

Electric Distribution Director Doug Root updated the Board on the Southeast Substation project. It continues to move forward; the cubicles have been energized, breakers have been tested, issues are being resolved and should be back in service next week. The single manlift that was ordered in July 2021 was delivered March 2nd.

Water Treatment Plant Superintendent Travis Boss reported the condensation return system for the boiler had been delivered and installed.

Electric Production Director Carl Crawford reported the annual Tier II report has been submitted to the Missouri Emergency Response Commission, the Local Emergency Planning Committee and the local Fire Departments. DNR was on site February 10th to review all documents and records keeping of the Title V Clean Air Act requirements; no discrepancies or deviations were found.

IT & Broadband Director Jim Widel reported that with the recent warmer weather, the crews were able to get caught up on burying fiber. They plan to splice on Watermill Road next week.

Underground Facilities Director Grant Piper stated the timeline for the cleaning of Reservoir #3 has been scheduled for May. The replacement heated pressure washer is scheduled to ship April 5th.

Wastewater Treatment Plant Superintendent Nolan Townsend reported the mixer pedestals have been delivered, the mixers should arrive in the next few weeks. He is working with vendors to find the correct submersible grit pumps.

Human Resources Manager Megan Baldrige reported the workers' compensation insurance renewal quote from Missouri Employers Mutual came in approximately \$122,000 below the current premium.

Controller Tony Bersano presented the January financial comparisons for each department.

General Manager Jeff Bergstrom informed the Board of grant money available from the Region F Solid Waste District and requested approval of the Board to apply for funds for the Recycle Center. He would like to replace the truck weigh scales and the glass crusher. The grant would pay 85% of the cost of each

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item and MMU would be required to provide matching funds for the remaining 15%. The grant applications are due March 15th.

Mr. Hines made a motion to authorize management to apply for a grant and to set aside money from the Electric Department to support the 15% match required by the Solid Waste District to purchase new truck scales pending approval of the grant application. The motion was seconded by Mr. Mills and approved by a vote of 3-0.

Mr. Mills made a motion to authorize management to apply for a grant and to set aside money from the Electric Department to support the 15% match required by the Solid Waste District to purchase a new glass crusher pending approval of the grant application. The motion was seconded by Mr. Fricke and approved by a vote of 3-0.

General Manager Bergstrom stated he was working with Burns & McDonnell on the payment schedule of the Wastewater Treatment Plant improvements. A check in the amount of \$47,165.25 was received from FEMA for the June 2021 Flood, this is for replacement of the two dump trucks.

General Manager Bergstrom then presented his thoughts in regard to the City Council's proposed request of an economic development fee to be paid by the Utility. Since the City Council and Mayor referred to Lebanon doing a similar fee, he provided comparisons between MMU and Lebanon's utility revenues, assets, Paid in lieu of taxes (PILOT), and general fund amounts. He added that before the Utility provides assistance to the City through an economic development fee, the financial health of the utility needs to be addressed first. The Wastewater Treatment Department and Water Treatment Department cannot handle any burden to their budgets. The Electric Department is trending towards a loss, due to the recent rate reduction and any additional burden could have negative consequences. He feels that the utilities' finances need to be first priority then if there is something the Board would like to do from another standpoint, but the utility financial health should be tied to anything that is done. He added the City Council is wanting a response soon.

Mr. Hines recommended that a cap be set on whatever is done, once the cap is reached there would be nothing added until the funds are withdrawn. General Manager Bergstrom added he had spoken to the Lebanon's Public Works Director and they don't have a cap on their fee and felt that their 1% was high. They are also going through a change in utility governance, they are moving from a City Council to a Board of Public Works. They also don't have a county wide economic development group, like Marshall has in Marshall-Saline Development Corporation (MSDC), which is funded by the Utilities, the City and other many Cities in the County.

General Manager Bergstrom asked the Board if they were willing to give the City the responsibility for the utility's financial stability. Mr. Hines stated he didn't think of it as relinquishing responsibility, but it's a way to invest in the community. Mr. Mills added he felt that the utility already contributes to the city in many ways and feels like the utility is giving more than any other utility company in the state. He went on to say the City Council asked for the utilities of all city departments be donated because one other city in the state does, so we did that. Mr. Mills continued, indicating MMU's PILOT fees, 10% of electric and 5% on water, are the highest of any other city in the state, and now the City Council wants a 1 ½% fee on MMU's gross revenue because Lebanon does. Mr. Mills said that every time the City asks for something the Board gives, but eventually there aren't going to be any reserves left and that is not being a good steward of the utility's money. He added we do need to help the community, but at some point, there has to be a cap. General Manager Bergstrom stated that the Board needs to evaluate the recommendations of the Peer Review and take care of the utility first, then look at what can be done.

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Mr. Mills made a motion to approve and issue warrants from the following funds for cash disbursements to accounts payable.

WATER OPERATING FUND	\$ 339,856.19
ELECTRIC OPERATING FUND	\$ 103,168.98
SEWER REVENUE FUND	\$ 34,695.06
INTERNET OPERATING FUND	\$ 51,567.79
NATURAL GAS OPERATING FUND	\$ 2,729.07
Total	\$ 532,017.09

The motion was seconded by Mr. Fricke and passed with a vote of 3-0.

The next Regular Board meeting will be Thursday, March 17th, 2022.

Following a motion by Mr. Mills, seconded by Mr. Hines, the Board adjourned the regular meeting at 10:44 a.m. to go into an Executive Session to discuss matters under Mo Rev. Stat. 610.021 (Supp. 2009) concerning: legal, confidential or privileged information [1]. The motion passed by a vote of 3-0.

Roll call: Steve Mills yes
 Chuck Hines yes
 Spencer Fricke yes
 Ken Bryant yes

BOARD OF PUBLIC WORKS
/s/Spencer Fricke Secretary