

## PUBLIC UTILITIES COMMISSION

### WORK STUDY SESSION MEETING

October 9, 2019, 1:00 P.M.

Pursuant to due call and notice thereof, the Work Study Session Meeting of the Public Utilities Commission, City of Princeton, was held in Commission Offices, 907 1<sup>st</sup> Street, on October 9, 2019, at 1:00 P.M.

Present: Chairman Mindi Siercks and Commissioners Dan Erickson and Greg Hanson.

Absent: None

Also Present: Manager Keith Butcher, Bookkeeper Kathy Ohman, City Councilor Jack Edmonds, and former General Manager Connie Wangen.

Work Study Session Meeting was called to order by Chairman Siercks at 1:04 P.M.

#### **2020 BUDGET BREAKDOWN:**

General Manager Keith Butcher explained items on the 2020 Budget in more detail to give a better understanding of the budget. Some of the particulars included when SMMPA did their load forecast, they are predicting a load growth of less than 0.2% in Princeton. The Rate Stabilization Revenue account is an account that mitigates any rate increase fluctuations. Connie Wangen explained items that are included in Other Operating Revenue would be operating and maintenance and quick start diesel payments which are reimbursements from SMMPA, interest income, pole attachment fees, late fees, SMMPA rebates, and NSF charges. Expenses are broken out per department with salaries and benefits listed separate. Under salaries and benefits, the 2020 budget would include a 2% wage increase for staff along with a 12% increase in health insurance.

In going through the Balance Sheet, there was a discussion on the Rate Stabilization Account Investments. With this account we will be working on dropping the balance by 2022 with the rate decrease that was implemented in 2019. This account cannot be used to make any purchases.

Restricted Asset accounts were gone over in length. Construction in Progress and MCMU Construction Fund are accounts which are used when going out for bonds on large construction projects. Funds from bonds that are received would go into this account. The Reserve Fund is a debt requirement of the bonds. Debt Service Fund is to transfer funds monthly to set aside for bond principal and interest payments. Capital Improvement Funds is used to fund large capital investments. This fund does have a cap that cannot be exceeded. With approval from the PUC Commissioners, cash can be transferred into Capital Improvement Funds.

Street lighting was also discussed. A \$1.00 street light fee is charged monthly to customers which offsets the cost of the street lights. When street lights are installed for a development, typically the developer pays for the street lights. Once construction is completed, the maintenance of the street lights is turned over to Princeton Public Utilities who pays for the cost of the maintenance. The City of Princeton owns the decorative lights and clock tower located downtown Princeton. Princeton Public Utilities has assisted the City of Princeton in the maintenance of the decorative lights.

In the Water Department, General Manager Keith Butcher does not foresee having to drill any new wells at this time. Two larger capital projects coming will be the restoration of the North Water Tower and the relocation of some water main on 7<sup>th</sup> Avenue North that will be done jointly with Mille Lacs County.

**2020 CAPITAL IMPROVEMENT PLAN BACKGROUND:**

At this time, PUC Policy is for any items that are purchased in the amount of \$2,500.00 or more is brought to the PUC Commissioners for approval. Any items purchased in the amount of \$1,500.00 or more is typically capitalized. This is set for any of these items that were not included in the yearly budget.

General Manager Keith Butcher went over Capital Project items in each department for 2019 through 2024. Capital Improvement Funds in both water and electric has a cap which can be increased with PUC Commissioner approval.

**CASH RESERVE POLICY:**

General Manager Keith Butcher brought up a discussion on a Cash Reserve Policy. In the Cash Reserve Policy there should be a minimum of 100 working days cash on hand. The goal would be to have 120 to 150 days working cash on hand. Cash can also be transferred into the Capital Improvements Fund to fund large capital purchases. Once approved, the Cash Reserve Policy will take effect January 1, 2020.


**FUTURE DATES AND TOPICS:**

General Manager Keith Butcher discussed future dates for a Work Study Session and PUC Commission Meetings. The consensus of the PUC Commission was for the next Work Study Session to be held on November 6, 2019 at 1:00 p.m. Because of the holidays in November and December, the Regular PUC Commission Meetings will be moved to adjust for these holidays.

There being no further business, Mr. Hanson made a motion to adjourn the Work Study Session at 3:50 p.m. Mr. Erickson seconded. Motion carried unanimously.



Mindi Siercks  
Chairman



Kathy Ohman  
Secretary