



MEETING AGENDA – JANUARY 28, 2020

BOARD ROOM
4000 EAST RIVER ROAD NE
ROCHESTER, MN 55906

4:00 PM

Call to Order

- 1. Approval of Agenda**
- 2. Safety Moment**
- 3. Approval of Minutes**

1. Public Utility Board - Regular Meeting - Dec 17, 2019 4:00 PM

4. Approval of Accounts Payable

1. AP Board Listing

NEW BUSINESS

Open Comment Period

(This agenda section is for the purpose of allowing citizens to address the Utility Board. Comments are limited to 4 minutes, total comment period limited to 15 minutes. Any speakers not having the opportunity to be heard will be the first to present at the next Board meeting.)

5. Consideration Of Bids

1. Lump Sum Power Line Clearance Tree Trimming
Resolution: Lump Sum Power Line Clearance Tree Trimming

6. Regular Agenda

1. ESRI Enterprise License
Resolution: ESRI Enterprise License
2. Authorized Banking Representative
Resolution: Authorized Banking Representative
3. Cash Reserve Policy
Resolution: Cash Reserve Policy
4. Settlement Agreement
Resolution: Settlement Agreement

7. Board Liaison Reports

1. RPU Index of Board Policies

8. General Managers Report

9. Division Reports & Metrics

10. Other Business

11. Adjourn

The agenda and board packet for Utility Board meetings are available on-line at www.rpu.org and <http://rochestercitymn.iqm2.com/Citizens/Default.aspx>



MEETING MINUTES – DECEMBER 17, 2019

BOARD ROOM
4000 EAST RIVER ROAD NE
ROCHESTER, MN 55906

4:00 PM

Call to Order

Attendee Name	Title	Status	Arrived
Brett Gorden	Board Member	Present	
Tim Haskin	Board Member	Present	
Melissa Graner Johnson	Board Vice President	Present	
Brian Morgan	Board President	Present	
Michael Wojcik	Board Member	Present	

1. Approval of Agenda

- Motion to:** approve the agenda as presented

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Michael Wojcik, Board Member
SECONDER:	Melissa Graner Johnson, Board Vice President
AYES:	Gorden, Haskin, Johnson, Morgan, Wojcik

2. Safety Moment

President Morgan asked that, at this busy time of year, one week before Christmas, when everyone is rushing to get things done, that everyone take time to maintain focus on what they are working on, and most of all take time to slow down and drive safely.

3. Approval of Minutes

- Public Utility Board - Regular Meeting - Nov 26, 2019 4:00 PM
- Motion to:** approve the minutes of November 26, 2019 as presented

Board Member Michael Wojcik commented that having video records of the meetings is fantastic to check against the minutes, and he values having the option to view them.

RESULT:	APPROVED [4 TO 0]
MOVER:	Michael Wojcik, Board Member
SECONDER:	Melissa Graner Johnson, Board Vice President
AYES:	Brett Gorden, Melissa Graner Johnson, Brian Morgan, Michael Wojcik
RECUSED:	Tim Haskin

4. Approval of Accounts Payable

- a/p board listing
- Motion to:** approve the a/p board listing as presented

President Morgan asked if a payment on line item number 14 to Xylo Technologies for help desk support is a typical recurring cost? Director of Corporate Services Peter Hogan affirmed that it is a recurring cost.

Minutes Acceptance: Minutes of Dec 17, 2019 4:00 PM (Approval of Minutes)

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Melissa Graner Johnson, Board Vice President
SECONDER:	Brett Gorden, Board Member
AYES:	Gorden, Haskin, Johnson, Morgan, Wojcik

NEW BUSINESS

Open Comment Period

(This agenda section is for the purpose of allowing citizens to address the Utility Board. Comments are limited to 4 minutes, total comment period limited to 15 minutes. Any speakers not having the opportunity to be heard will be the first to present at the next Board meeting.)

President Morgan opened the meeting for public comment. No one came forward to speak.

5. Informational

1. Commercial Customer Survey Results

Director of Customer Relations Krista Boston said that in October-November 2019, focus groups were conducted with some of RPU's large and medium-sized commercial customers with GreatBlue Research, and a randomized phone survey was conducted of smaller commercial customers with Q Market Research.

In October, GreatBlue worked with two focus groups comprised of eight participants each to gauge commercial account customer satisfaction with RPU services and their account manager program, and to assess interest in future programs and initiatives. Overall, all participants gave either a 9 or 10 rating out of a 0-10 scale to RPU's customer service, communication and time spent on hold when contacting the utility. Primarily customers are contacting RPU for outages, power supply rebates and program information. Overall, customers rated their interaction with RPU as positive in nature, specifically their account manager is easy to get in touch with and provides valuable feedback. All customers who participated identified themselves as either advocate, loyal customers or satisfied customers of RPU. The top primary expectation of RPU was reliability, which was mentioned 13 times. The majority of participants noted that RPU meets their expectations all of the time. All participants indicated that they fully trusted RPU as their electric service provider. Top strengths of RPU included reliability, response time and their account managers. Areas of improvement included providing more rebates and more education on rebates. Participants also indicated they were highly satisfied with their interactions with RPU field service personnel.

Preferred methods of communication from RPU during outages varied from wanting phone calls, emails or texts, but all customers were satisfied with the communication they received from RPU during outages, as well as outage restoration times. Customers responded they typically get their information about RPU via the website, social media or direct phone calls. Participants noted the RPU bill is easy to understand, but some requested additional information such as electric usage.

Half of customers noted being aware of RPU's 100% renewable energy resource plan, but there was some uncertainty about the feasibility of attaining this goal, reliability of renewable energy resources and where this renewable energy would be coming from. Customers were also concerned about any potential rate

increases associated with a renewable energy plan. Customers did recognize the benefits of having a renewable energy plan for the City of Rochester and that it could attract new businesses to Rochester. However, participants did not wish to pay any additional on their bills for RPU to exceed the state of Minnesota's goal of 25% renewable energy by 2025, nor did they wish to pay more to reduce environmental impacts. Customers favored that RPU adopt a moderate approach when goal-setting to reducing environmental impact versus an aggressive approach.

Regarding electric vehicle charging stations at their organizations, there was concern over the cost to build, purchase the technology for and maintain the charging stations, as well as the parking space the stations would occupy. When it comes to the use of smart meters and more detailed energy usage information, participants expressed interest in having RPU visit their business with free consultations regarding this technology.

Customers said they have looked into or have implemented lighting upgrades to LED lighting and expressed desire for customized incentives and rebates to fit their business.

Board Member Michael Wojcik asked if customers' main concern was needing more information about RPU's proposed 100% renewable energy strategy, or if they were more concerned about changing the energy mix and the perceived rate increase related to that? The biggest concern among participants was awareness of how the plan would be obtained and a lack of knowledge of how the program would be implemented, said Dan Quatrocelli, GreatBlue senior director of research.

President Morgan stated there seemed to be many positive comments about the account representatives, their ability to get information and the rebate programs, but customers also later responded that they would like to see more of that, or weren't aware of all the services or that they had an account manager. Mr. Quatrocelli compared this to never having too much of a good thing and customers wanting to maximize their benefits.

In November, a random phone survey of RPU small business customers was conducted by Q Market Research. Thirty-one customers participated, said Rick Naymark, Q Market Research vice president. RPU's quality of customer service was ranked an 8.23 out of 10, which is higher than the rankings usually received for the phone company, cable TV company and internet providers, and about equal to the rankings for the gas/oil company. Ninety percent of participants rated their level of trust with RPU as high. The majority of participants said they generally contact RPU for billing issues, followed by acute issues such as water in the street or outages, rebates and water quality. The top 3 expectations of RPU and its top strengths were maintaining reliability, providing good service and value for the cost. Where RPU could improve is with lowering rates and service charges, explaining billing better, making online payment easier, making rebate forms easier, having more commercial information available on the website and having more empathy for business cash-flow problems. Specifically, participants said they don't like that commercial rates are higher than residential rates. The small business owners said they interact with RPU by visiting the service center, through service calls and through their commercial account manager. Preferred ways

for RPU to communicate with customers varied on issues such as power outages, power quality or voltage blips, and was mixed among phone, text and email.

When it comes to understanding their bill, 53 percent of participants said they are highly satisfied, giving scores of 8-10 out of 10, and another 33 percent are moderately satisfied, with scores of 5-7; another 10 percent of customers said they are dissatisfied, giving scores of 2-3. Ninety percent of respondents said they understand what they are being billed for, and 68 percent said they have difficulty understanding the separation of electric and water charges vs. stormwater and wastewater charges. Seventy-one percent of participants said that renewable energy would help Rochester, 48 percent said it would help their business, and 32 percent said they are aware of RPU's resource plan to use 100% renewable energy sources by 2030. Fifty-eight percent of business owners said RPU should exceed the state of Minnesota's goal on renewable energy, while only 26 percent said they would pay more on their bill to achieve that goal. Thirty-five percent of participants said their business has a sustainability program, and 29 percent are aware that RPU has sustainability programs and employees.

Electric vehicle (E/V) charging was not of interest to most participants, with only 6 percent wanting to learn more about it and willing to invest in it for their customers, and only 3 percent willing to invest in E/V charging for their employees or their fleet. Sixty-five percent of small business customers said they would be interested in more detail on their bill regarding their energy usage, but only 22 percent would be willing to pay for that information. Regarding energy rebates, one-third of respondents said they have used rebates, all were interested in rebates, and some weren't aware of RPU's rebate programs.

6. Regular Agenda

1. SCADA System Upgrade

Materials Manager Andrew Bianco presented a request to the Board for an upgrade to RPU's Open Systems International (OSI) Supervisory Control and Data Acquisition (SCADA) software to the next version and to replace the network/server/work station equipment. This system is used to monitor and control water and electric infrastructure in the field and is necessary to be compliant with federal North American Electric Reliability Corporation Critical Infrastructure Protection (NERC-CIP) standards, said Mr. Bianco. This project was approved in the RPU 2020 budget. The amount of the agreement is \$681,129.

Manager of System Reliability Scott Nickels stated the total project was budgeted at \$1.2 million and this is just one piece of the project; other system upgrades are needed to comply with NERC-CIP standards. President Morgan asked if it would save money to contract with another vendor, but General Manager Mark Kotschevar said it would be much more expensive to change vendors at this point.

Board Member Tim Haskin noted there is no due date or completion date specified in the agreement. Board Member Michael Wojcik asked what the internal expectation is for completion. Testing needs to happen at the end of Q2

2020, said Mr. Nickels. Director of Core Services Sidney Jackson said the work involves taking the current version of the software that RPU already purchased and putting it on new hardware built at OSI's site, that will be brought to RPU to be tested and installed. Mr. Haskin stated a delivery date should be part of the agreement. President Morgan asked about the NERC-CIP compliance impact of not having equipment delivered by the end of the year; RPU would either have to provide a potential mitigation plan to the Midwest Reliability Organization (MRO) or potentially face a penalty, said Mr. Nickels

For reference, RPU contracted with this vendor in 2014 for a larger project and OSI delivered on time, said Mr. Jackson. Mr. Wojcik asked City Attorney Jason Loos if OSI would object to RPU putting a clause in the contract with a due date. Mr. Loos said he doubted they would. OSI plans to hold an initial meeting to align the schedule, said Buyer Mona Hoeft, and that language is in the contract. Does RPU have any user requirements or language that notes that delivery needs to happen before the end of the year, asked President Morgan? It can be discussed at the initial kickoff meeting with OSI, said Mr. Bianco. Can we approve knowing that meeting will happen, asked President Morgan, then have purchasing return to the board in the February-March time frame with a detailed schedule? Yes, said Mr. Bianco. It would be in RPU's best interest if it was stated in the agreement between the parties that the work has to be completed by December 31, 2020, said Mr. Haskin. The language might also include consequences of not meeting the delivery date, stated Mr. Wojcik, but for now let's just give staff direction that in the future such agreements should include an expected completion date with consequences. Board Member Brett Gorden pointed out that RPU has responsibilities to meet with this contract as well, which will provide additional challenges.. Mr. Haskin said his issues with the agreement are project scope specifications 1.3.2 and 1.3.3, which state: OSI will not be responsible for RPU delays and the consequent costs incurred, and RPU will not be responsible for OSI delays and the consequent costs incurred. Mr. Jackson proposed the Board delegate authority to the General Manager and the City Attorney to ensure the language is in there before the contract is executed.

Mr. Wojcik moved that the following be added to the Board resolution: RPU will delegate authority of execution of the contract to the General Manager and the City Attorney. Mr. Gorden seconded the motion. Motion passed.

Resolution: SCADA System Upgrade

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve an agreement with OSI and authorize the Mayor and the City Clerk to execute the agreement for a SCADA System Upgrade in the amount of \$681,129.00, add delegate agreement of a due date with OSI to the City Attorney and RPU General Manager.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 17th day of December, 2019.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Michael Wojcik, Board Member
SECONDER:	Brett Gorden, Board Member
AYES:	Gorden, Haskin, Johnson, Morgan, Wojcik

2. 2020 Authorized Depositories

Vice President Johnson recused herself from this discussion. Director of Corporate Services Peter Hogan asked the Board to approve the 2020 authorized depositories for utility monies. RPU uses the same depositories as the City of Rochester and follows the City's investment practices. Mr. Hogan pointed out that Bayerische Landesbank was added to RPU's authorized depositories following approval of their bid in 2017 for investment of the bond debt service funds and unspent proceeds of the bonds issued on February 15, 2017.

Resolution: 2020 Authorized Depositories

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the following banks, authorized to do business in Minnesota, are the designated depositories for the demand deposit accounts and temporary investment of funds of Rochester Public Utilities, City of Rochester, Minnesota, within the limits established by the City of Rochester, for the term commencing January 1, 2020 through the 31st day of December, 2020.

US Bank

Wells Fargo

Bayerische Landesbank

The above depositories, and any added during the term by the City Finance Director, shall pay interest at such rates or rates, per annum, as may be mutually agreed upon the Rochester Public Utilities and the respective depository at the time such deposits and investments are made.

The depository shall pay on demand all deposits subject to payment on demand, with accrued interest, and pay on demand all time deposits with accrued interest, at or after maturity.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 17th day of December, 2019.

RESULT:	ADOPTED [4 TO 0]
MOVER:	Michael Wojcik, Board Member
SECONDER:	Tim Haskin, Board Member
AYES:	Brett Gorden, Tim Haskin, Brian Morgan, Michael Wojcik
RECUSED:	Melissa Graner Johnson

3. Capacity Sale

Director of Power Resources Jeremy Sutton was contacted by The Energy Authority (TEA), RPU's energy broker in the MISO market, to convey interest in purchasing capacity from RPU's GT-1 gas turbine unit, which was due to retire in 2020. The value of generation interconnect became very evident during the long and costly Westside Energy Station interconnect process, he said. This gives RPU the avenue to hang on to the MISO interconnect for future use post-2030 and has a nice revenue stream as well, stated Mr. Sutton. One risk for RPU is the condition of the unit. In 2000, there was a fire and insurance proceeds were

used to rewind the generator, therefore it has little use, and for \$2 million or less, RPU can shore up any deficiencies with the unit in the next ten years, he said. The capacity factor is in the two percent range and changes nothing in how RPU operates in the MISO market, Mr. Sutton stated. TEA will maintain paperwork and act as the broker. Current rules allow for a replacement asset to use the MISO interconnect for up to three years after the date of retirement.

Board Member Michael Wojcik asked of the estimated net impact on cash flow. It will be \$10.9 million, said Mr. Sutton. President Morgan asked to clarify that this is power RPU is selling to people in other locations through 2032, and not within the City of Rochester. Mr. Sutton clarified that this is just a capacity sale and not an energy sale. RPU will still market the energy from the unit as is currently done with MISO. President Morgan asked if RPU has until 2032 to come up with 26 megawatts of energy to replace this with. Mr. Sutton stated RPU would have until the Board makes a decision to retire that unit, perhaps in 2040 or 2050. In the future, assuming future technology, a battery could fit in that footprint, he said.

Resolution: Capacity Sale

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the sale of 26 MW's of capacity for \$3.50/kW month for planning years 2022-2023 through 2031-2032 between RPU and The Energy Authority and Missouri Basin Municipal Power Agency.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 17th day of December, 2019.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Michael Wojcik, Board Member
SECONDER:	Brett Gorden, Board Member
AYES:	Gorden, Haskin, Johnson, Morgan, Wojcik

4. Solar Purchase Power Agreement

Director of Power Resources Jeremy Sutton shared that in an unusual development, after the approval by the Board of a solar purchase power agreement with Rochester Solar LLC in November to partner for a future local 10 megawatt solar farm, RPU got word that a competitor could beat the previously-approved price. SolarStone was the second finalist when RPU staff first went through the selection process, said Mr. Sutton, and since that time updated their price point to substantially lower than that of Rochester Solar LLC (\$58.45/MWh versus \$71.50/MWh). Staff recommended taking advantage of the savings, and the power agreement with Rochester Solar LLC was pulled from the December 2, 2019 Rochester City Council agenda.

In the new proposed agreement with SolarStone, the location changed slightly to a bit smaller acreage, 130 acres located in parcel three, one parcel of that land, west of Rochester next to the City limits. RPU Staff and SolarStone are still finalizing the numbers and have stated the price could go down but will not go up. RPU will receive the benefit from a 30 percent investment tax credit for approval of the term sheet provided by SolarStone before the end of the year.

The 20-year-term purchase power agreement with SolarStone for 10 megawatts will incorporate the solar energy output into RPU's power supply mix for the community. Southern Minnesota Municipal Power Agency (SMMPA) has agreed to reimburse RPU the cost of approximately one megawatt of this project for their

power portfolio, and RPU will absorb the remaining 9 megawatts of output, with an impact to the average residential customer of \$0.47 per month, based on wholesale pricing. This charge would be rolled into the power cost adjustment and would be higher for commercial customers, based on kilowatt hour usage. The solar farm is expected to be operational before December 31, 2021.

The economics of this is fantastic, commented Board Member Michael Wojcik. An important point, said General Manager Mark Kotschevar, is that the term sheet and the eventual purchase power agreement does state that RPU will purchase the land from the developers, so the land price is not included in the purchase power agreement price, and the Board needs to be aware that RPU will be executing an additional property purchase agreement to secure the land. Does that mean it will be a more immediate decision versus having the option for purchasing land some time in the future, asked Vice President Johnson? RPU will have the option to purchase the land next year or to wait, however the price goes up as time goes on, said Mr. Kotschevar. RPU will be able to negotiate the terms in the power agreement. How much of the parcel will the solar panels occupy, asked Vice President Johnson? It will take up the majority of it, said Mr. Sutton. This plan would use the same bi-facial panels and provide the same output as the previous plan, said Mr. Sutton. Board Member Tim Haskin pointed out that the smaller parcel would be more constrained for future growth. Additional land procurement may be necessary to meet future goals, stated Mr. Sutton. Mr. Wojcik indicated that area has been and will remain entirely constrained, as developable land able to interconnect to RPU's system is hard to find. Is this expected to come online at the end of 2021, asked Board Member Brett Gorden? Yes, said Mr. Sutton. Over the course of the tax payback period, what kind of annual savings are we seeing as a result of this versus the other agreement, asked Mr. Wojcik? For the whole 20 years, RPU's savings would be \$270,000 per year, said Portfolio Optimization Manager Dirk Bierbaum. It would be an over \$4 million savings over 20 years, said General Manager Mark Kotschevar.

Staff plans to return to the Board in February with the final purchase power agreement document, said Mr. Sutton. City Attorney Jason Loos is assisting RPU with review of the agreement's terms and conditions.

Resolution: Solar Purchase Power Agreement

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the Rochester Public Utilities Term Sheet with SolarStone Development. LLC and EDF Renewables Distributed Solutions.

BE IT FURTHER RESOLVED to prepare a final Purchase Power Agreement based on the term sheet to be approved in the future.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 17th day of December, 2019.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Michael Wojcik, Board Member
SECONDER:	Tim Haskin, Board Member
AYES:	Gorden, Haskin, Johnson, Morgan, Wojcik

5. Billing, Credit and Collections Policy

Director of Customer Relations Krista Boston brought forward revisions to the Board's Billing, Credit and Collections Policy. Mr. Boston said RPU received a letter from Rod Bell, manager of an apartment complex in Rochester, stating the Board's new deposit policy was creating some challenges. The deposit policy was crafted in 2017 when the Billing, Credit and Collections policy was last revised, but did not immediately go into practice due to delays in implementation of RPU's new customer care and billing system, which went live on November 12, 2019. The new deposit calculation, for customers with bad or no credit, took the average of the customer's two highest bills in the past twelve months, and in some cases created unusually high deposit amounts. Ms. Boston said staff is now proposing to return to the previous calculation, using two times the average month's bill, or if the service address has been vacant, the deposit will be based on the use of a like-type customer.

Director of Power Resources Jeremy Sutton noted this issue was raised internally by staff ahead of time who saw it could create hardships for some customers. President Morgan said he was happy about RPU recognizing the impact of the policy and being flexible to change the course.

Vice President Johnson asked if customers paying the deposit will get the money back. Ms. Boston stated per the policy, deposits will be applied as a credit to the customer's account at the end of 24 consecutive months if good credit is established, and for commercial customers, 36 months. Is RPU taking action to refund the larger deposit amounts taken during the time the policy was in effect, asked Vice President Johnson? The old policy was in effect from November 12 until December 17, said Ms. Boston, and a relatively small number of customers were affected. Staff will identify those customers and bring that information back to the Board in January to take official action.

Resolution: Billing, Credit and Collections Policy

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the amended Billing, Credit and Collections Policy.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 17th day of December, 2019.

7. Board Liaison Reports

President Morgan stated the RPU has traditionally had two board seats on the Rochester Area Economic Development Initiative (RAEDI) board, currently filled by himself and General Manager Mark Kotschevar, but the new RAEDI general manager has proposed that RPU will be reduced to one board seat. As of now, that seat hasn't been named, said President Morgan, although the intent would be for Mr. Kotschevar to continue his seat on the board. He opened the topic for Board discussion.

Mr. Kotschevar added that two-year term limits for board members were also instituted. RPU is free through the RAEDI nomination process to nominate a Board or staff member, said President Morgan. Board Member Michael Wojcik suggested the seat always be filled by the

executive director or designee. President Morgan pointed out that although the Rochester City Council has two seats, they are non-voting seats, while the RPU seat is a voting seat. President Morgan indicated that he was agreeable to Mr. Kotschevar continuing on the board.

Minor edits will be forthcoming to the Cash Reserve policies for the water and electric utilities, said Mr. Kotschevar. RPU discovered a technical error in the policy language in how the capital and major maintenance reserve number was calculated, but the targets and the financials were calculated as intended, so the language in the policy will be revised to match the actual procedure. This will be made available to the Board's Rates Committee for review.

Staff is also working on the new Undergrounding policy which will be brought to the Operations and Administration Committee for review.

8. General Managers Report

General Manager Mark Kotschevar congratulated Tim Haskin for his reappointment by the mayor and council to a four-year term on the RPU Board.

Mr. Kotschevar stated that per the Customer Data policy, annually the Board receives a copy of the RPU confidential customer data shared with third parties, that is also reviewed annually by the City Attorney to ensure it complies with the Data Practices Act. Director of Corporate Services Peter Hogan added that customer data was expanded this year to include anyone who also has RPU remote access. If Board members have any questions, they should direct them to staff.

RPU has announced a new Time-of-Use Rates project and has developed an internal project team consisting of directors Krista Boston, Peter Hogan, Steven Nyhus, Sidney Jackson and Jeremy Sutton, who have been involved in getting representatives with various impacted departments together towards the goal of developing a project plan, timeline and scope. Staff plans to return to present the plan to the Board in the beginning part of the year. The intention is to establish a time-of-use rate by the end of the year or sooner, said Mr. Kotschevar. The Board will be asked to voice their thoughts on the new rate tariff resulting from this project. Board Member Michael Wojcik asked if the rate is just for residential customers. It will be for residential customers; RPU does currently have a time-of-use rate for commercial customers, stated Mr. Kotschevar. Staff is touting this as a pilot program to start with, Mr. Kotschevar added.

Mr. Wojcik was served with a lawsuit on behalf of the Public Utility and City Attorney Jason Loos has been involved. The lawsuit was brought by an 81-year-old man who contracted mesothelioma, and did work for two to three days at the Silver Lake Plant as an inspector for Twin City Testing back in 1969, and is claiming asbestos exposure as part of his job there. RPU is one of 70 defendants named in the lawsuit. Mr. Loos is working with a third-party law firm that is also representing some of the other defendants which include many power plants in the region and many manufacturers of products that may have contained asbestos. Right now, Mr. Loos said he is working on a settlement amount before filing an answer, but will keep the Board apprised.

The February issue of RPU's magazine Plugged In will contain Board bios accompanied by an article by Mr. Kotschevar on the value of public power and local governments, said Mr. Kotschevar.

SMMPA's board and members have in the last several months had discussions on "SMMPA 2.0" - what the agency will look like in the future post-2030, when RPU and Austin Public Utilities are no longer part of the agency, and plans to come out publicly with carbon reduction

and renewable goals in the February time frame. Mr. Kotschevar said SMMPA has asked RPU to wait to go public with its renewable goals until they develop their materials.

9. Division Reports & Metrics

10. Other Business

11. Adjourn

The agenda and board packet for Utility Board meetings are available on-line at www.rpu.org and <http://rochestercitymn.iqm2.com/Citizens/Default.aspx>

Submitted by:

Secretary

Approved by the Board

Board President

Date

Minutes Acceptance: Minutes of Dec 17, 2019 4:00 PM (Approval of Minutes)



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the following person or persons are hereby authorized for and on behalf of the City of Rochester, doing business as, Rochester Public Utilities, to endorse or cause to be endorsed such documents regarding deposits, checks, drafts, investments or any other matter necessary for or pertaining to the financial operation of Rochester Public Utilities.

Julie Ackerman, Controller

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28th day of January, 2020.

President

Secretary

ROCHESTER PUBLIC UTILITIES
A/P Board Listing By Dollar Range
For 12/13/2019 To 01/13/2020
Consolidated & Summarized Below 1,000

Greater than 50,000 :

1			
2			
3	SOUTHERN MN MUNICIPAL POWER A	December SMMPA Bill	7,118,332.86
4	CITY OF ROCHESTER	2019-Water Share Utility Costs	649,663.30
5	MN DEPT OF REVENUE	Nov Sales & Use Tax	588,246.20
6	VEIT & CO INC	Hydro Slide Gate System	424,960.00
7	KNUTSON CONSTRUCTION SERVICES	Release Retainge Knutson BEP	274,020.05
8	SWENKE IMS CONTRACTING LLC	Watermain Reconstruction (6th St SE)	167,238.44
9	CONSTELLATION NEWENERGY-GAS D	November Gas for SLP	154,854.58
10	WRIGHT TREE SERVICE INC	Hourly Tree Removal 2019-2020~	133,013.91
11	SAP PUBLIC SERVICES INC	2020 SAP Enterprise Support	127,076.26
12	N HARRIS COMPUTER CORP	Cayenta Implementation Services	100,000.00
13	OSI - OPEN SYSTEMS INTERNATIO	2020 Monarch Gold support and service	80,632.43
14	A & A ELECT & UNDERGROUND CON	2017-2022 Directional Boring	73,199.10
15	SCHMIDT GOODMAN OFFICE PRODUC	2LOT-Cubicle Furniture-Finance Renovation	72,949.29
16	DOXIM UTILITEC LLC	Nov Bill Print/Mail Serv;Nov&Dec Post;Implem Fee	65,422.95
17	NEW AGE TREE SERVICE INC	804 Tree Clearance Services~	63,809.72
18	MN DEPT OF HEALTH	Q4 Community Water Supply Fee Oct-Dec 20	63,356.00
19	BENIKE CONSTRUCTION (P)	Mechanical Systems Upgrade	61,893.48
20	LAKE ZUMBRO RESTORATION OLMST	Lake Zumbro Dredging-Final Payment	53,995.30
21			
22			
23		Price Range Total:	10,272,663.87
24			

5,000 to 50,000 :

25			
26			
27	CROWN UNDERGROUND LLC	CSAH9 Road Project-Feeder Relocation	48,729.50
28	CONSTELLATION NEWENERGY-GAS D	November Gas for Cascade Creek	48,464.54
29	KEY BUILDERS INC	Finance and Accounting Office Renovation	42,916.00
30	PAYMENTUS CORPORATION	November Electronic Bill Payment Services	37,973.58
31	ALTEC INDUSTRIES INC	2EA-Fiberglass Body for V646	37,031.12
32	CITY OF ROCHESTER	BIT Street Repairs Through Year End 2019	36,327.54
33	REGENCY MULTIFAMILY	Oversize Water Main Reimb-Regency Multif	32,819.02
34	MN DEPT OF COMMERCE	Q3 FY2020 Indirect Assessment	30,885.47
35	PEOPLES ENERGY COOPERATIVE (P	December Compensable	29,535.18
36	WERNER ELECTRIC SUPPLY	1000EA-Photocontrol, 120V-305V	25,700.34
37	HPC AMERICA	SAP Support-January - June 2020	24,500.00
38	THE ENERGY AUTHORITY INC	December TEA Resource Fee	22,628.17
39	USIC LOCATING SERVICES INC	November & December 2019 Locating Services	22,321.91
40	BLUESPIRE STRATEGIC MARKETING	2020-23 RPU Plugged In Contract	21,866.50
41	BADGER METER INC (P)	120EA-HRE Badger M-25 100W Itron ERT Int	19,012.80
42	HILLERS FLOORING AMERICA INC	Lobby Carpet-Carpet & Installation	17,910.43
43	CONSTELLATION NEWENERGY-GAS D	November Gas for WES	16,359.05
44	WARTSILA NORTH AMERICA	Service-WES engine #5-Communication Issues	16,159.94
45	MCFARLAND CASCADE	20EA-Pole, 50ft, WRC, CL3	15,860.00
46	RESCO	1EA-Switch, PM, Air, 3ph, 4-600SW, PSE	15,799.00
47	WELLS FARGO BANK ACCT ANALYSI	November & December 2019 Banking Services	15,616.65
48	PETERSON WELL DRILLING INC	Old Municipal Well Sealing Project	15,500.00
49	CITY OF ROCHESTER	Property Assessment-18 Ave NW Reconstruction	13,965.00
50	VISION COMPANIES LLC (P)	Dec 19 Exp,Offsite,Leader Journey,Cust Exp Temp	13,462.50
51	ELECTRO INDUSTRIES/GAUGE TECH	11EA-Meter, 9S SHARK270	13,343.34
52	BLUESPIRE STRATEGIC MARKETING	2016 - 2019 RPU Plugged In Contract	13,202.50

Attachment: AP Board CrMo (11546 : AP Board Listing)

ROCHESTER PUBLIC UTILITIES
A/P Board Listing By Dollar Range
For 12/13/2019 To 01/13/2020
Consolidated & Summarized Below 1,000

53	MCFARLAND CASCADE	20EA-Pole, 45ft, WRC, CL3	13,200.00
54	RESCO	1EA-Switch, PM, Air, 3PH, 2-600SW/2-200F	13,139.00
55	WHITLOCK CONSULTING GROUP LLC	December-Project Asst with Cayenta Implementation	12,521.20
56	McGRANN SHEA CARNIVAL STRAUGH	Q4 Retainer	12,500.00
57	CHS ROCHESTER	December Fuel	11,757.78
58	NEW AGE TREE SERVICE INC	911 Tree Clearance Services~	11,206.86
59	OLMSTED COUNTY	Water Main Reconstruction	11,033.85
60	RONALD MCDONALD HOUSE	CIP-Cooling Eq. (C&I)-Incentives/Rebates	10,656.04
61	STUART C IRBY CO INC	2EA-Trans, PM, 3ph, 75kVA, 13.8/8, 480	10,432.00
62	SOUND AND MEDIA SOLUTIONS	Sound masking system install-BEP	9,997.53
63	KANTOLA CONSULTING	Phase I Post Cayenta Go-Live Review	9,405.00
64	AE2S INC	Water Model Update and Calibration Srvs.	9,255.00
65	MCFARLAND CASCADE	20EA-Pole, 35ft, WRC, CL3	8,860.00
66	STUART C IRBY CO INC	6EA-Trans, PM, 1ph, 50kVA, 13.8/8, 240	8,844.00
67	GDS ASSOCIATES INC	2019 NERC Compliance Assistance	8,757.50
68	WSB & ASSOCIATES	Soil Borings&Thermal Resistivity Testing	8,436.00
69	UTILITY ANALYTICS	1YR-Membership Utility Analytics Institu	7,990.00
70	BARR ENGINEERING COMPANY (P)	General Groundwater Consulting Services	7,647.50
71	GRAYBAR ELECTRIC COMPANY INC	24EA-Cassette, Fiber Splice	7,615.92
72	DAKOTA SUPPLY GROUP	40EA-Luminaire, Residential, LED, PC, 12	7,609.50
73	STUART C IRBY CO INC	6EA-Trans, PM, 1ph, 15kVA, 13.8/8, 240	7,518.00
74	MASTEC NORTH AMERICA INC	2019 Joint Trench Directional Boring	7,385.55
75	CORE & MAIN LP (P)	2EA-Hydrant, 6 ft 6 in	7,156.74
76	REMOTE SOLUTIONS LLC	1EA-Universal motor driver unit	6,950.00
77	EGAN COMPANY	Installation of Conduits	6,927.00
78	EPLUS TECHNOLOGY INC	Assessment on Security Controls	6,834.00
79	VIRTEVA LLC	Office 365 Implementation	6,653.75
80	KATS EXCAVATING LLC	Repair of Water Main Break - 806 8th Ave SW	6,500.00
81	AMER WATER WORKS ASSN	2020 AWWA Membership Dues	6,281.00
82	MIRATECH GROUP LLC	WES UREA Parts Consultant Hours/Expenses	6,222.13
83	MCFARLAND CASCADE	4EA-Pole, 65ft, Douglas Fir, CL1	6,076.00
84	CITY OF ROCHESTER	Refund from MNDOR-\$6,000 owed to City	6,000.00
85	MEP ASSOCIATES LLC	Service Center HVAC Upgrade	5,964.33
86	PARSONS ELECTRIC LLC	Server Rack Replacement	5,786.21
87	FLOW CONTROL AUTOMATION INC	1EA-Pressure reducing valve, 6"	5,663.00
88	KATS EXCAVATING LLC	Service Assur Repair 9/26/19-306 10 Ave NE	5,550.00
89	PARSONS ELECTRIC LLC	Supplied & Installed Dual Data's at BEP	5,229.39
90	ULTEIG ENGINEERS INC	Transmission Relay Coordination Study	5,203.50
91	MINNESOTA ENERGY RESOURCES CO	November Gas for SLP	5,183.63
92	WRIGHT TREE SERVICE INC	905 Line Clearance~	5,162.92
93	STUART C IRBY CO INC	1EA-Trans, PM, 3ph, 75kVA, 13.8/8, 208	5,152.00
94	MCFARLAND CASCADE	4EA-Pole, 60ft, Douglas Fir, CL1	5,100.00
95	VERIZON WIRELESS	2019 Cell & Ipad Monthly Service	5,038.03
96	BURNS & MCDONNELL INC (P)	Power Supply Infrastructure Plan	5,000.00
97			-
98		Price Range Total:	993,291.94
99			
100	<u>1,000 to 5,000 :</u>		
101			
102	VIKING ELECTRIC SUPPLY INC	2EA-Cable cutter	4,959.88
103	KATS EXCAVATING LLC	Water SA Service Repair-1021 4th St NW	4,900.00
104	TWIN CITY SECURITY INC	2019 Security Services	4,856.79

Attachment: AP Board CrMo (11546 : AP Board Listing)

ROCHESTER PUBLIC UTILITIES
A/P Board Listing By Dollar Range
For 12/13/2019 To 01/13/2020
Consolidated & Summarized Below 1,000

105	OLMSTED COUNTY	Oversize Water Main Reimbursement	4,801.78
106	ELEVATE MARKETING SOLUTIONS L	December 2019 Cable TV Ads	4,750.00
107	CITY OF ROCHESTER	Reconstruct Watermain Foxcroft Circle	4,651.61
108	RESCO	1EA-Analog phasing tester	4,586.00
109	NALCO COMPANY	55GAL-Nalco, 7293, Resin-Rinse (DEMIN)	4,558.68
110	CLARK EQUIPMENT CO	WES Mower Attachment	4,477.93
111	AMWA	2020 AMWA Membership Dues	4,472.00
112	HATHAWAY TREE SERVICE INC	Commercial Load Brought to Brush Dump	4,280.00
113	MURCAL INC dba	40EA-Spark plug	4,264.31
114	POWERS VENTURES LLC	Compliance Training Lunch	4,202.75
115	CITY OF ROCHESTER	CIP-Lighting (C&I)-Incentives/Rebates	4,155.08
116	IDEXX DISTRIBUTION CORP	4CAS-Colilert, 100ml	4,107.00
117	WENCK ASSOCIATES INC	Professional Services-Marion Rd Phase 1	4,000.00
118	DAKOTA SUPPLY GROUP	20EA-Luminaire, Residential, LED, PC, 12	3,804.75
119	NEW AGE TREE SERVICE INC	1601 Tree Clearance Services~	3,787.33
120	MINNESOTA ENERGY RESOURCES CO	December Natural gas CSC	3,719.43
121	EPLUS TECHNOLOGY INC	1EA-Catalyst 9200 switch 48-port	3,655.55
122	BORDER STATES ELECTRIC SUPPLY	15EA-Grd Sleeve, 3ph Sect. Encl, 18 x 67	3,630.00
123	D P C INDUSTRIES INC	2019 Carus 8500 Aqua Mag F35	3,620.80
124	EPLUS TECHNOLOGY INC	11EA-Cisco Key Expansion Module	3,511.53
125	ULTEIG ENGINEERS INC	Marion Road Substation Proposal	3,437.00
126	PREMIER ELECTRICAL CORP dba	SC North Parking Lot-Pole Light Wiring	3,393.28
127	DAKOTA SUPPLY GROUP	15EA-Luminaire, Commercial, LED, PC, 120	3,390.00
128	MCFARLAND CASCADE	2EA-Pole, 70ft, Douglas Fir, CL1	3,372.00
129	CONSOLIDATED COMMUNICATIONS d	2018-20 Network and Co-location Services	3,315.16
130	STUART C IRBY CO INC	3EA-Trans, OH, 1ph, 37.5kVA,13.8/8,120	3,279.00
131	N HARRIS COMPUTER CORP	Travel for Cayenta Implementation Serv	3,257.41
132	REMOTE SOLUTIONS LLC	1EA-Smart drive bracket, 15PV-500/750/10	3,250.00
133	WESCO DISTRIBUTION INC	60EA-Clamp, DE, U-Bolt,2-2/0 ACSR,1-3/0	3,170.40
134	ELEVATE MARKETING SOLUTIONS L	Billboard Advertising 11/1-11/20/19	3,100.00
135	U S A SAFETY SUPPLY	30PR-Glove, Leather Insulated, 2XL	3,086.02
136	PARSONS ELECTRIC LLC	Cabeling Install at Sub Station Sights	3,039.13
137	PARSONS ELECTRIC LLC	2EA-Ethernet switch - Douglas Sub	2,948.00
138	RESCO	9EA-Phasing volt meter tester	2,922.30
139	CENTURYLINK (P)	2018-23 Monthly Telecommunications	2,919.52
140	BURNS & MCDONNELL INC (P)	Routing Validation &Risk Assesment Study	2,911.35
141	NEOPOST USA INC	Prepay Postage	2,900.05
142	DAKOTA SUPPLY GROUP	12EA-Luminaire, 108W LED, PC 120-277V, B	2,898.45
143	ELECTRO INDUSTRIES/GAUGE TECH	Communication Software & License	2,832.19
144	GRAYBAR ELECTRIC COMPANY INC	276EA-Bulb, 100W, HPS	2,799.31
145	HATHAWAY TREE SERVICE INC	Mulch/Brush	2,760.00
146	ELEVATE MARKETING SOLUTIONS L	December 2019 Sports Rotators Advertising	2,725.00
147	REMOTE SOLUTIONS LLC	1EA-Universal Handheld Controller	2,700.00
148	EPLUS TECHNOLOGY INC	6EA-Cisco IP Phone 8865	2,695.08
149	SCHWEITZER ENGINEERING LAB IN	12EA-Fault Indicator, Overhead	2,664.00
150	ADVANTAGE DIST LLC (P)	Fleet Fluids - Oil and DEF	2,663.63
151	U S A SAFETY SUPPLY	48PR-Glove, Leather Work, Hvy Duty, Larg	2,629.13
152	UTILITY FINANCIAL SOLUTIONS L	Duscuss Effect of LIS to LGS Cust Class Analysis	2,627.50
153	MITCHELL1 dba	2020 Shopkey Pro Web & Med Truck Software	2,619.57
154	LEAGUE OF MN CITIES INS TRUST	Claim Settlement-Car accident	2,605.95
155	VERTEX US HOLDINGS INC	Consulting Services for Data Migration	2,586.00
156	BANKS JOSHUA C	Drone Images,Video&Photos-WES,Zumbro,Storm,Etc	2,580.00

Attachment: AP Board CrMo (11546 : AP Board Listing)

ROCHESTER PUBLIC UTILITIES
A/P Board Listing By Dollar Range
For 12/13/2019 To 01/13/2020
Consolidated & Summarized Below 1,000

157	CLIFTONLARSONALLEN LLP	Annual Cyber Security Training	2,500.00
158	BLACKBERRY CORPORATION	Consulting Fees for Blackberry Mobility Suite	2,500.00
159	MINNESOTA ENERGY RESOURCES CO	November Gas for WES	2,482.00
160	ELECTRO INDUSTRIES/GAUGE TECH	2EA-Meter, FM45S Shark 270	2,426.06
161	WESCO DISTRIBUTION INC	6EA-Blanket, Ground Thaw	2,418.18
162	KNXR - FM	December 2019 Advertising	2,400.00
163	ADVANCED DISPOSAL SVC SOLID W	2019 Waste removal SC	2,392.51
164	EPLUS TECHNOLOGY INC	1EA-Catalyst 9200 switch 48-port	2,384.30
165	NORTHERN / BLUETARP FINANCIAL	1EA-Tamper, Air Cooled	2,349.99
166	EAGLE EYE POWER SOLUTIONS LLC	SG Ultra Hydrometer	2,345.91
167	STUART C IRBY CO INC	1EA-Trans, PM, 1ph, 100kVA, 13.8/8, 240	2,345.00
168	D P C INDUSTRIES INC	2019 Hydrofluorosilicic Acid - Delivered	2,318.37
169	TANI DIVISION BD SCHIFFLER IN	1EA-TURBO INLET WYE	2,296.00
170	EPLUS TECHNOLOGY INC	2EA-Catalyst 9200 network module	2,260.00
171	TREATMENT RESOURCES INC	2EA-Vac. Reg. 201C5, Adv. Ser.200, 50ppd	2,260.00
172	MIDWEST RENEWABLE ENERGY TRAC	2020 MRETS Subscription-General Account	2,200.00
173	ALL STATE CAR WASH	CIP-Lighting (C&I)-Incentives/Rebates	2,155.15
174	MAYO CLINIC	CIP-VSDs-Incnetivs/Rebates	2,097.50
175	WESCO DISTRIBUTION INC	5000EA-Meter Seal, Yellow Padlock	2,053.55
176	IHEART MEDIA dba	December 2019 radio spots	2,018.00
177	OPEN ACCESS TECHNOLOGY	January webCompliance Service	2,008.50
178	THE TOP SHOP OF ROCHESTER INC	CIP-Lighting (C&I)-Incentives/Rebates	1,990.00
179	ACCORD ELECTRIC INC	Replaced 11 recessed can lights	1,985.00
180	ONLINE INFORMATION SERVICES I	2019 Utility Exchange Report	1,946.23
181	D P C INDUSTRIES INC	2020 Carus 8500 Aqua Mag F35	1,919.90
182	RSP ARCHITECTS LTD.	A/E Finance/Accounting Office Renovation	1,872.50
183	VERIZON CONNECT NWF INC	November - GPS Fleet Tracking	1,857.10
184	MIDCONTINENT ISO INC	December MISO Billing	1,829.32
185	NALCO COMPANY	55GAL-Sur-Gard 1700 Oxygen Scavenger DEM	1,825.96
186	WERNER ELECTRIC SUPPLY	1760FT-Conduit, PVC Sch 40, 3.00	1,822.37
187	D P C INDUSTRIES INC	2019 Chlorine, 150 lb Cyl	1,818.00
188	RESCO	4EA-Swivel, Cable Pulling, 10,000lb Load	1,778.00
189	EPLUS TECHNOLOGY INC	1EA-Catalyst 9200 switch 24-port	1,740.20
190	FORUM COMMUNICATIONS COMPANY	Publication of 2020 RPU Budget in Post Bulletin	1,740.20
191	VIKING ELECTRIC SUPPLY INC	422ROL-Tape, Vinyl, .750" x 66' 3M Super	1,736.39
192	MINNESOTA ENERGY RESOURCES CO	November Gas-Cascade Creek	1,694.27
193	BORDER STATES ELECTRIC SUPPLY	60EA-Elbow, 15kV, 200A, LB, 1/0 Sol,175-2	1,634.40
194	A T & T	Long Distance	1,561.22
195	HI LINE UTILITY SUPPLY CO (P)	6ROL-Pull Tape, Printed, .750" x 3000'	1,552.98
196	ENERGY PRODUCTS AND DESIGN	CIP-Lighting (C&I)-Incentives/Rebates	1,544.66
197	KENNEDY & GRAVEN CHARTERED	Legal Services-Arnold Cane-Acquisition	1,518.00
198	D P C INDUSTRIES INC	2020 Chlorine, 150 lb Cyl	1,515.00
199	PARSONS ELECTRIC LLC	Door Release Buttons for Fleet	1,514.42
200	VIKING ELECTRIC SUPPLY INC	110GAL-Cable Pulling Lube	1,505.92
201	WESCO DISTRIBUTION INC	15EA-Bracket, Equip Mtg, 3ph, 48", 6 Mtg	1,451.25
202	FASTENAL COMPANY	2EA-Magnet, Rare-Earth, Lift	1,446.66
203	SCHAD TRACY SIGNS INC	Warehouse Directional Signage	1,407.44
204	CITY OF ROCHESTER	US Geological-S Fork Zumbro	1,402.50
205	BARR ENGINEERING COMPANY (P)	Annual Lake Zumbro Dam Inspection	1,397.50
206	OLMSTED COUNTY	CIP-Lighting (C&I)-Incentives/Rebates	1,396.00
207	FIRST SUPPLY (P)	2EA-Valve, Check, Dual Disc, 8.0	1,388.00
208	ITRON INC	MVWeb 2017-2020	1,377.00

Attachment: AP Board CrMo (11546 : AP Board Listing)

ROCHESTER PUBLIC UTILITIES
A/P Board Listing By Dollar Range
For 12/13/2019 To 01/13/2020
Consolidated & Summarized Below 1,000

209	HDR ENGINEERING INC	AWIA Risk and Resilience GAP Assessment	1,376.28
210	ROCHESTER SWEEPING SERVICE LL	Repair-Well Sealing Project	1,350.00
211	JOHNSON PRINTING CO INC	1,000 Neighborhood Energy Pocket Folder	1,338.08
212	RESCO	10EA-Junction, LB, 200A, 4 Pos, w/Strap	1,306.00
213	NARDINI FIRE EQUIPMENT CO INC	Halon Systems Inspection	1,300.14
214	NEW ERA DEVELOPMENT TWO LLC	CIP-Lighting (C&I)-Incentives/Rebates	1,298.25
215	WIESER PRECAST STEPS INC (P)	1EA-Grd Sleeve, Switch Basement, PME	1,290.00
216	CITY OF ROCHESTER	Nov 19 Workers Comp Admin Fees	1,282.00
217	VIKING ELECTRIC SUPPLY INC	Box for SCS Cap Bank relocation	1,275.34
218	RESCO	4EA-Swivel, Cable Pulling, 7,500lb Load	1,265.60
219	PAAPE ENERGY SERVICE INC	Replaced Sensor-Matls	1,240.11
220	PUGLEASA COMPANY INC	Repaired Guard Interlock	1,233.00
221	NEW LINE MECHANICAL	RPZ Testing	1,230.00
222	VIKING ELECTRIC SUPPLY INC	1800FT-Wire, AL, 600V, #2-#4 ACSR NEU Tr	1,202.34
223	OPTIV SECURITY INC	2019-2020 Juniper Care NextDay Renewal	1,194.18
224	MAILE ENTERPRISES INC	60EA-Flag, Hydrant-2.5in. Loop	1,188.00
225	ROCHESTER ARMORED CAR CO INC	2019 Pick Up Services	1,187.24
226	SOMA CONSTRUCTION INC	Backfill Matls for Water Main Breaks	1,187.13
227	CHOSEN VALLEY TESTING	CSC Special Inspec and Testing Services	1,175.00
228	WESCO DISTRIBUTION INC	30EA-Mast Arm, 6' x 1.250"	1,146.23
229	TANI DIVISION BD SCHIFFLER IN	5EA-Uria Injectors	1,120.00
230	CORE & MAIN LP (P)	10EA-Repair Clamp, SS 12LL 6.0	1,120.00
231	NEOPOST USA INC	Prepay-Mailing for Marketing Customer Survey	1,105.00
232	ELITE CARD PAYMENT CENTER	Registration for Jeff Kranz,TPC Trng	1,100.00
233	STUART C IRBY CO INC	24EA-Marker, Locate, Fiber Orange 66"	1,099.20
234	GRAYBAR ELECTRIC COMPANY INC	WES-Enclosure Covers,Bushings,Panels,Etc	1,098.91
235	RESCO	4EA-Swivel, Cable Pulling, 4,000lb Load	1,091.20
236	EXPRESS SERVICES INC	2019 Temp Services IT Support	1,062.52
237	SARTORI-VALINOTTI JULIO	CIP-LED Light Fixtures-Incntivs/Rebts	1,061.86
238	OPEN ACCESS TECHNOLOGY	January OATI Tagging Service	1,047.16
239	METRO SALES INC	2017-22 Multifunction Devices~	1,042.01
240	NEW ERA DEVELOPMENT FOUR LLC	CIP-Lighting (C&I)-Incentives/Rebates	1,009.75
241	MERCHANT & GOULD INC	Legal Services-Conserve & Save Trademark	1,000.00
242	BILLTRUST dba	December CC/Billing/Mailing/IVR Services	1,000.00
243	ROCHESTER GOLF & COUNTRY CLUB	Well Sealing Cost Reimbursement	1,000.00
244			-
245		Price Range Total:	332,231.57
246			-
247	<u>0 to 1,000 :</u>		-
248			-
249	EXPRESS SERVICES INC	Summarized transactions: 21	14,895.15
250	VIKING ELECTRIC SUPPLY INC	Summarized transactions: 58	11,238.43
251	ELITE CARD PAYMENT CENTER	Summarized transactions: 69	11,215.57
252	Customer Refunds (CIS)	Summarized transactions: 59	9,580.25
253	CINTAS CORP	Summarized transactions: 40	6,669.25
254	CORE & MAIN LP (P)	Summarized transactions: 24	5,821.89
255	STUART C IRBY CO INC	Summarized transactions: 19	4,638.17
256	RESCO	Summarized transactions: 27	4,483.97
257	EPLUS TECHNOLOGY INC	Summarized transactions: 16	4,300.56
258	REBATES	Summarized transactions: 16	4,278.32
259	U S A SAFETY SUPPLY	Summarized transactions: 37	4,197.23
260	GRAYBAR ELECTRIC COMPANY INC	Summarized transactions: 35	3,987.92

Attachment: AP Board CrMo (11546 : AP Board Listing)

ROCHESTER PUBLIC UTILITIES
A/P Board Listing By Dollar Range
For 12/13/2019 To 01/13/2020
Consolidated & Summarized Below 1,000

261	WESCO DISTRIBUTION INC	Summarized transactions: 18	3,815.84
262	TANI DIVISION BD SCHIFFLER IN	Summarized transactions: 16	3,618.61
263	AMARIL UNIFORM COMPANY	Summarized transactions: 29	3,552.79
264	WRIGHT TREE SERVICE INC	Summarized transactions: 5	3,196.42
265	BORDER STATES ELECTRIC SUPPLY	Summarized transactions: 9	3,157.64
266	BOLTON AND MENK (P)	Summarized transactions: 5	3,062.50
267	WERNER ELECTRIC SUPPLY	Summarized transactions: 32	2,956.76
268	NETWORK SERVICES COMPANY	Summarized transactions: 20	2,934.57
269	CITY OF ROCHESTER	Summarized transactions: 9	2,766.28
270	PARSONS ELECTRIC LLC	Summarized transactions: 6	2,743.29
271	GRAINGER INC	Summarized transactions: 23	2,690.59
272	CRESCENT ELECTRIC SUPPLY CO	Summarized transactions: 27	2,671.41
273	TREATMENT RESOURCES INC	Summarized transactions: 5	2,644.88
274	LAWSON PRODUCTS INC (P)	Summarized transactions: 10	2,536.13
275	CLAREY'S SAFETY EQUIPMENT dba	Summarized transactions: 7	2,288.62
276	MINNESOTA ENERGY RESOURCES CO	Summarized transactions: 6	2,149.38
277	DAVIES PRINTING COMPANY INC	Summarized transactions: 8	2,111.85
278	SCHMIDT GOODMAN OFFICE PRODUC	Summarized transactions: 3	2,036.38
279	METRO SALES INC	Summarized transactions: 4	1,886.71
280	MIDWEST FABRICATION & SUPPLY	Summarized transactions: 2	1,838.25
281	CENTURYLINK (P)	Summarized transactions: 8	1,836.49
282	INNOVATIVE OFFICE SOLUTIONS L	Summarized transactions: 36	1,833.46
283	FASTENAL COMPANY	Summarized transactions: 22	1,788.08
284	ELECTRO INDUSTRIES/GAUGE TECH	Summarized transactions: 5	1,757.03
285	FIRST CLASS PLUMBING & HEATIN	Summarized transactions: 5	1,682.54
286	MN SUPPLY COMPANY INC (P)	Summarized transactions: 4	1,575.93
287	SAP PUBLIC SERVICES INC	Summarized transactions: 3	1,307.29
288	ZEE MEDICAL SERVICE INC (P)	Summarized transactions: 9	1,293.80
289	SCHUMACHER ELEVATOR COMPANY	Summarized transactions: 2	1,273.08
290	BOB THE BUG MAN LLC	Summarized transactions: 4	1,240.74
291	REMOTE SOLUTIONS LLC	Summarized transactions: 6	1,232.86
292	JACKSON SIDNEY	Summarized transactions: 7	1,210.54
293	ON SITE SANITATION INC	Summarized transactions: 3	1,202.45
294	DAKOTA SUPPLY GROUP	Summarized transactions: 2	1,202.00
295	POMPS TIRE SERVICE INC	Summarized transactions: 3	1,151.33
296	MSC INDUSTRIAL SUPPLY CO INC	Summarized transactions: 14	1,143.64
297	PSI ENGINEERING LLC	Summarized transactions: 5	1,118.00
298	CREDIT MANAGEMENT LP	Summarized transactions: 3	1,114.64
299	ADVANCED DISPOSAL SVC SOLID W	Summarized transactions: 3	1,062.87
300	AMERICAN GOVERNOR COMPANY	Summarized transactions: 9	1,057.37
301	HIGH FOREST BOBCAT SERVICE LL	Summarized transactions: 2	1,020.73
302	BLUESPIRE STRATEGIC MARKETING	Summarized transactions: 3	1,016.19
303	SCHUMACHER EXCAVATING INC.	Summarized transactions: 2	960.00
304	WSB & ASSOCIATES	Summarized transactions: 1	948.00
305	NUSS TRUCKS OF ROCHESTER INC	Summarized transactions: 2	925.28
306	ERC WIPING PRODUCTS INC	Summarized transactions: 2	913.42
307	NALCO COMPANY	Summarized transactions: 8	903.16
308	AGRICULTURAL WEATHER INFO SER	Summarized transactions: 1	900.00
309	PETERSON WELL DRILLING INC	Summarized transactions: 1	895.00
310	THOMAS TOOL & SUPPLY INC	Summarized transactions: 3	890.36
311	EVOQUA WATER TECHNOLOGIES LLC	Summarized transactions: 5	889.72
312	ADVANCE AUTO PARTS	Summarized transactions: 31	870.48

Attachment: AP Board CrMo (11546 : AP Board Listing)

ROCHESTER PUBLIC UTILITIES
A/P Board Listing By Dollar Range
For 12/13/2019 To 01/13/2020
Consolidated & Summarized Below 1,000

313	VIKING AUTOMATIC SPRINKLER IN	Summarized transactions: 1	870.00
314	TWIN CITY SECURITY INC	Summarized transactions: 1	869.03
315	MEGGER (P)	Summarized transactions: 3	868.57
316	ABB INC PAYMENT	Summarized transactions: 15	856.85
317	ARNOLDS SUPPLY & KLEENIT CO (Summarized transactions: 3	828.01
318	CHS ROCHESTER	Summarized transactions: 1	822.04
319	CINTAS CORP	Summarized transactions: 4	774.84
320	ACCORD ELECTRIC INC	Summarized transactions: 2	764.81
321	SUNBELT RENTALS	Summarized transactions: 1	751.98
322	ENVIRONMENTAL INITIATIVE	Summarized transactions: 1	750.00
323	GLOBAL RENTAL COMPANY INC	Summarized transactions: 1	720.03
324	THE ENERGY AUTHORITY INC	Summarized transactions: 1	717.48
325	D P C INDUSTRIES INC	Summarized transactions: 1	714.44
326	ULINE	Summarized transactions: 4	704.48
327	PEOPLES ENERGY COOPERATIVE	Summarized transactions: 3	695.18
328	UTILITY FINANCIAL SOLUTIONS L	Summarized transactions: 1	690.00
329	HOGAN PETER	Summarized transactions: 2	686.64
330	G A ERNST & ASSOCIATES INC	Summarized transactions: 6	679.17
331	IDEXX DISTRIBUTION CORP	Summarized transactions: 3	676.18
332	T E C INDUSTRIAL INC	Summarized transactions: 2	667.48
333	ROCHESTER SWEEPING SERVICE LL	Summarized transactions: 2	655.00
334	HACH COMPANY	Summarized transactions: 2	654.15
335	CLARK EQUIPMENT CO	Summarized transactions: 1	633.66
336	LANGUAGE LINE SERVICES INC	Summarized transactions: 2	612.80
337	STILLER NEIL	Summarized transactions: 3	609.07
338	VIOLA NURSERY AND GREENHOUSE	Summarized transactions: 2	604.68
339	ROCH SAND & GRAVEL INC	Summarized transactions: 1	591.30
340	GOPHER STATE ONE CALL	Summarized transactions: 2	548.10
341	REINDERS INC	Summarized transactions: 1	544.11
342	MCMASTER CARR SUPPLY COMPANY	Summarized transactions: 20	539.78
343	EAGLE EYE POWER SOLUTIONS LLC	Summarized transactions: 3	519.41
344	NUVERA	Summarized transactions: 1	502.86
345	MENARDS ROCHESTER NORTH	Summarized transactions: 6	500.45
346	MASTEC NORTH AMERICA INC	Summarized transactions: 1	500.00
347	GARCIA GRAPHICS INC	Summarized transactions: 4	500.00
348	CORPORATE WEB SERVICES INC	Summarized transactions: 2	495.00
349	EDINALARM INC	Summarized transactions: 1	492.75
350	ALL SEASONS POWER & SPORT INC	Summarized transactions: 9	486.29
351	PEOPLES ENERGY COOPERATIVE	Summarized transactions: 2	472.69
352	NORTHERN / BLUETARP FINANCIAL	Summarized transactions: 5	470.53
353	AMERICAN PAYMENT CENTER	Summarized transactions: 1	441.39
354	PARAGON DEVELOPMENT SYSTEMS I	Summarized transactions: 1	438.75
355	H2O INNOVATION USA INC (P)	Summarized transactions: 4	433.54
356	CE CONTRACT	Summarized transactions: 2	415.00
357	DAKOTA SUPPLY GROUP ROCHESTER	Summarized transactions: 2	407.86
358	PAULSON ROCK PRODUCTS	Summarized transactions: 2	406.60
359	CITY OF ROCHESTER	Summarized transactions: 2	395.00
360	PREMIER ELECTRICAL CORP dba	Summarized transactions: 1	390.09
361	SUPERIOR COMPANIES OF MINNESO	Summarized transactions: 2	387.95
362	WARTSILA NORTH AMERICA	Summarized transactions: 7	382.67
363	CONNEY SAFETY PRODUCTS LLC	Summarized transactions: 3	379.08
364	DIEKVOSS CRAIG	Summarized transactions: 2	377.85

Attachment: AP Board CrMo (11546 : AP Board Listing)

ROCHESTER PUBLIC UTILITIES
A/P Board Listing By Dollar Range
For 12/13/2019 To 01/13/2020
Consolidated & Summarized Below 1,000

365	COLLINS FEED & SEED CENTER	Summarized transactions: 2	374.06
366	TOKAY SOFTWARE dba	Summarized transactions: 2	372.74
367	BADGER METER INC (P)	Summarized transactions: 3	360.66
368	SUPERIOR COMPANIES OF MINNESO	Summarized transactions: 1	350.00
369	CENTURYLINK	Summarized transactions: 1	345.35
370	RONCO ENGINEERING SALES INC	Summarized transactions: 4	341.20
371	GILLUND ENTERPRISES	Summarized transactions: 4	340.46
372	PAAPE ENERGY SERVICE INC	Summarized transactions: 1	337.50
373	BARR ENGINEERING COMPANY (P)	Summarized transactions: 1	334.00
374	MENARDS ROCHESTER NORTH	Summarized transactions: 8	332.00
375	MN GROUND WATER ASSOC	Summarized transactions: 1	330.00
376	OLLENDIECK PHIL	Summarized transactions: 3	329.85
377	DIGI-KEY CORPORATION	Summarized transactions: 3	327.03
378	INTERSTATE MOTOR TRUCKS INC	Summarized transactions: 4	324.34
379	NAPA AUTO PARTS dba	Summarized transactions: 14	318.33
380	DAKOTA SUPPLY GROUP	Summarized transactions: 3	309.12
381	XTREAM MACHINE SOLUTIONS LLC	Summarized transactions: 1	300.00
382	COMMUNITY EDUCATION	Summarized transactions: 1	300.00
383	JETTER CLEAN INC	Summarized transactions: 1	300.00
384	PROGRESSIVE BUSINESS PUBLICAT	Summarized transactions: 1	299.00
385	MCNEILUS STEEL INC	Summarized transactions: 1	298.45
386	KOTSCHERVAR MARK	Summarized transactions: 3	278.40
387	CARRIER BLAKE	Summarized transactions: 1	278.08
388	MIDWEST SIGNTECH OF ROCHESTER	Summarized transactions: 1	277.77
389	GRAINGER INC	Summarized transactions: 1	275.29
390	JOHN HENRY FOSTER MN INC (P)	Summarized transactions: 3	272.92
391	MENARDS ROCHESTER SOUTH	Summarized transactions: 6	272.79
392	VERIZON WIRELESS	Summarized transactions: 1	266.41
393	MISSISSIPPI WELDERS SUPPLY CO	Summarized transactions: 7	260.84
394	SEMA EQUIPMENT INC	Summarized transactions: 1	255.95
395	GLOBAL EQUIPMENT COMPANY	Summarized transactions: 2	254.92
396	VANCO SERVICES LLC	Summarized transactions: 1	247.14
397	WARNING LITES OF MN INC (P)	Summarized transactions: 2	246.96
398	TRUCKIN' AMERICA	Summarized transactions: 2	246.28
399	LUHMANN ABE	Summarized transactions: 2	246.00
400	FIRST SUPPLY (P)	Summarized transactions: 5	233.80
401	FEDEX SHIPPING	Summarized transactions: 7	226.97
402	POWER DYNAMICS INC	Summarized transactions: 6	220.91
403	BORENE LAW FIRM P.A.	Summarized transactions: 1	220.00
404	PETTIS JAMES	Summarized transactions: 1	210.00
405	OLSON JEFF	Summarized transactions: 1	210.00
406	PRAIRIELAND UTILITY COORD COM	Summarized transactions: 1	200.00
407	POLLARDWATER dba	Summarized transactions: 3	194.31
408	BECKLEYS OFFICE PRODUCTS INC	Summarized transactions: 1	183.94
409	NARDINI FIRE EQUIPMENT CO INC	Summarized transactions: 1	180.00
410	MAILE ENTERPRISES INC	Summarized transactions: 1	177.83
411	R E CARLSON INC	Summarized transactions: 2	169.25
412	NORTHERN / BLUETARP FINANCIAL	Summarized transactions: 2	162.47
413	FIRST SUPPLY (P)	Summarized transactions: 1	144.17
414	CRESCENT ELECTRIC SUPPLY CO	Summarized transactions: 2	144.00
415	RONCO ENGINEERING SALES INC	Summarized transactions: 2	142.20
416	IHEART MEDIA dba	Summarized transactions: 1	135.00

Attachment: AP Board CrMo (11546 : AP Board Listing)

ROCHESTER PUBLIC UTILITIES
A/P Board Listing By Dollar Range
For 12/13/2019 To 01/13/2020
Consolidated & Summarized Below 1,000

417	USA BLUE BOOK DBA	Summarized transactions: 2	134.34
418	MCMASTER CARR SUPPLY COMPANY	Summarized transactions: 4	133.06
419	CURVATURE INC	Summarized transactions: 1	127.18
420	FRONTIER	Summarized transactions: 1	126.39
421	NEOPOST USA INC	Summarized transactions: 3	124.96
422	BLACKBURN MANUFACTURING CO	Summarized transactions: 3	123.37
423	CHARTER COMMUNICATIONS HOLDIN	Summarized transactions: 1	122.82
424	HI LINE UTILITY SUPPLY CO (P)	Summarized transactions: 1	122.53
425	WATER SYSTEMS COMPANY	Summarized transactions: 4	117.03
426	FASTENAL COMPANY	Summarized transactions: 1	104.91
427	CENTER FOR ENERGY AND ENVIRON	Summarized transactions: 1	102.60
428	ANDERSON JUDITH	Summarized transactions: 1	102.00
429	PROPERTY RECORDS OLMSTED COUN	Summarized transactions: 2	100.00
430	FORUM COMMUNICATIONS COMPANY	Summarized transactions: 2	97.44
431	WELLS FARGO BANK ACCT ANALYSI	Summarized transactions: 1	97.43
432	HACH COMPANY	Summarized transactions: 2	97.16
433	ADVANTAGE DIST LLC (P)	Summarized transactions: 1	92.02
434	BUCHOLZ MICHAEL	Summarized transactions: 1	86.50
435	DAVE SYVERSON TRUCK CENTER IN	Summarized transactions: 2	84.97
436	SLEEPY EYE TELEPHONE CO	Summarized transactions: 1	84.76
437	USA BLUE BOOK DBA	Summarized transactions: 2	83.36
438	MCNEILUS STEEL INC	Summarized transactions: 1	78.60
439	ALTERNATIVE TECHNOLOGIES INC	Summarized transactions: 1	70.00
440	VIKING ELECTRIC SUPPLY INC	Summarized transactions: 3	65.60
441	GRAYBAR ELECTRIC COMPANY INC	Summarized transactions: 2	61.08
442	STAMP STEVE	Summarized transactions: 1	60.00
443	ALTEC INDUSTRIES INC	Summarized transactions: 2	56.94
444	A T & T MOBILITY	Summarized transactions: 1	46.83
445	MENARDS ROCHESTER SOUTH	Summarized transactions: 2	44.30
446	MIDWEST RENEWABLE ENERGY TRAC	Summarized transactions: 1	36.77
447	OSWEILER TODD	Summarized transactions: 1	34.80
448	ANDERTON RANDY	Summarized transactions: 1	34.00
449	REBATES	Summarized transactions: 1	25.00
450	SCHNEIDER ELECTRIC USA INC. (Summarized transactions: 1	24.57
451	MURCAL INC dba	Summarized transactions: 1	22.63
452	BATTERIES PLUS	Summarized transactions: 2	19.08
453	HORSMAN ROGER	Summarized transactions: 1	19.00
454	KRUGER RONALD	Summarized transactions: 1	19.00
455	MINNESOTA ENERGY RESOURCES CO	Summarized transactions: 1	18.00
456	AUTHORIZE.NET	Summarized transactions: 1	15.00
457	OPTIV SECURITY INC	Summarized transactions: 1	13.96
458	ARROW ACE HARDWARE (P)	Summarized transactions: 1	8.99
459	MISTER CARWASH	Summarized transactions: 1	7.12
460	PAULS LOCK & KEY SHOP INC	Summarized transactions: 1	3.90
461	U S ALLIANCE GROUP	Summarized transactions: 1	3.24
462			
463		Price Range Total:	225,889.64
464			
465			
466		Grand Total:	11,824,077.02

Attachment: AP Board CrMo (11546 : AP Board Listing)

FOR BOARD ACTION

Agenda Item # (ID # 11493)

Meeting Date: 1/28/2020

SUBJECT: Lump Sum Power Line Clearance Tree Trimming

PREPARED BY: Mona Hoeft

ITEM DESCRIPTION:

Sealed bids were received for lump sum power line tree clearance services to be performed through 2020 for the following circuits. The results are as follows:

Lump Sum	Asplundh	Wright	New Age
303	\$234,441	\$392,802.05	\$137,504
614	\$296,083	\$617,840.83	\$ 224,631
801A	No bid	\$154,203.98	\$ 69,700
801B	No bid	No bid	\$ 239,735
801C	No bid	\$ 242,454.62	\$ 87,700
904	\$ 200,047	\$ 797,659.36	\$ 186,150
912	\$ 200,179	\$ 400,145.51	\$ 142,850

Circuits for lump sum work are chosen based on RPU's maintenance cycle and include a fixed price for the trimming portion plus a not to exceed price for tree removals within the easement. Trees outside the easement that would benefit RPU if removed would be done by change order resulting in an increase to the contract.

Staff is seeking approval of all the New Age circuits except 303. The total value of award is \$950,766, plus applicable tax. Staff will prioritize work authorizations within constraints of budget and time resources.

All bidders submitted responsive bids, met the proposal requirements and have performed well in the past. The contract will be effective upon execution with the work expected to be complete by November 1st.

The total tree trimming budget for 2020 is \$1,430,000 and a portion of this budget is committed to hourly services based on a two year contract award in 2019 to Wrights Tree Service.

UTILITY BOARD ACTION REQUESTED:

Approve a resolution to enter into a contract with New Age Tree Service of MN, Inc. for an amount not to exceed \$950,766 plus applicable tax, and authorize the Mayor and City Clerk to execute the Contract.



CONTRACT

Power Line Clearance Tree Services

THIS CONTRACT made this _____, by and between the City of Rochester, Minnesota, a Minnesota municipal corporation, acting through its Public Utility Board, hereinafter called "City", and New Age Tree Service of MN, Inc. a MN corporation, hereinafter called "Contractor".

WHEREAS, the City has solicited a proposal from the Contractor for work described in solicitation #2019-35.

WHEREAS, the City desires to engage the services of the Contractor according to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the above premises and of the terms and conditions contained herein, the parties hereto agree as follows.

Article I. Contract Documents. The term 'Contract Documents' shall mean this Contract, Contractor's proposal, Contractor's Exhibits or City specification, any associated amendments and any other separate document mutually agreed to and executed by the Parties that may contain, without limitation, a specific description of the statement of work, pricing assumptions, source materials and the deliverables. The Parties agree that the Contract Documents shall be incorporated as part of this Contract.

Article II. Scope of Services. The Contractor shall furnish all resources (labor, materials, equipment and supervision) for the performance of the Work described in the Contract Documents. The City will authorize work assignments within the constraints of budget and time resources utilizing a Notice to Proceed process.

Article III. Payment. The City agrees to pay the Contractor at the rate set forth in the proposal and/or subsequent change orders. The sum of this Contract shall not exceed \$950,766, plus applicable tax, for the services described herein, subject to the terms and conditions of payment described in the Contract Documents.

Article IV. Term. The term of this agreement shall commence on the date of this Contract and shall terminate on December 31, 2020. RPU reserves the right to extend this Contract, through a written amendment, with agreement of Contractor.

Article V. Disposition of Documents. It is agreed that any reports, drawings, specifications, and other data compilations developed or created as a result of the

services performed pursuant to this Contract shall be and remain the sole property of City.

Article VI. Termination. Either Party may terminate this Contract upon thirty (30) days written notice served upon the other Party by registered mail. Upon expiration of such thirty (30) day period, all Work under this Contract shall cease and Contractor shall issue a final invoice and City shall pay Contractor for all Work performed through the end of the thirty (30) day notice period.

Article VII. Jurisdiction and Venue. This contract, amendments and supplements thereto, shall be governed by the laws of the State of Minnesota. All actions brought under this agreement shall be brought exclusively in Minnesota State Courts of competent jurisdiction with venue in Olmsted County.

Article VIII. Nondiscrimination. The Contractor agrees to comply with the nondiscrimination provision set forth in Minnesota Statute 181.59. The Contractor's failure to comply with section 181.59 may result in cancellation or termination of the agreement, and all money due or to become due under the contract may be forfeited for a second or any subsequent violation of the terms or conditions of this contract.

Article IX. Concurrence. By executing this Agreement, the parties acknowledge that they: (1) enter into and execute this Agreement knowingly, voluntarily and freely of their own volition with such consultation with legal counsel as they deem appropriate; (2) have had an opportunity to consult an attorney before signing this Agreement; (3) have read this Agreement, understand all of its terms and appreciate the significance of those terms; and (4) have not relied upon any representation or statement not set forth herein.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed in their respective names the day and year first above written.

NEW AGE TREE SERVICES OF MN, INC.

CITY OF ROCHESTER

By

By

Todd Olerud, President

Kim Norton, Mayor

Attest

Anissa Hollingshead, City Clerk

Approved as to Form

Jason Loos, City Attorney

ROCHESTER PUBLIC UTILITIES

Mark Kotschevar, General Manager

Attachment: Contract (11493 : Lump Sum Power Line Clearance Tree Trimming)



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve an agreement to New Age Tree Service of MN, Inc. not to exceed \$950,766, plus applicable tax and authorize the Mayor and the City Clerk to execute the agreement.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28th day of January, 2020.

President

Secretary

FOR BOARD ACTION

Agenda Item # (ID # 11498)

Meeting Date: 1/28/2020

SUBJECT: ESRI Enterprise License

PREPARED BY: Ryan Moore

ITEM DESCRIPTION:

Environmental Systems Research Institute, Inc. (ESRI) has provided a city-wide enterprise license agreement for most GIS software products since 2008. The software is used on desktop PC's, laptops for field personnel, and ESRI server technology is used to serve GIS web applications that can be consumed on mobile devices. RPU also uses ESRI technology as a prerequisite for all of its Schneider Electric GIS products such as ArcFM, Designer, Fiber Manager and Responder. These products serve our outage management system, provide infrastructure improvement estimates, and track our infrastructure assets for accounting purposes.

The current license will expire on February 8th, 2020. A portion of the license, \$112,500 is reimbursed by Public Works, resulting in a three year out of pocket cost to RPU of \$142,500.

UTILITY BOARD ACTION REQUESTED:

Approve a resolution to enter into the Agreement with Environmental Systems Research Institute, Inc. in the amount of \$255,000 and authorize the Mayor and City Clerk to execute the Agreement.

Esri Use Only:

Cust. Name _____
 Cust. # _____
 PO # _____
 Esri Agreement # _____



esri
 THE
 SCIENCE
 OF
 WHERE™

SMALL ENTERPRISE AGREEMENT COUNTY AND MUNICIPALITY GOVERNMENT (E214-4)

This Agreement is by and between the organization identified in the Quotation ("Customer") and **Environmental Systems Research Institute, Inc. ("Esri")**.

This Agreement sets forth the terms for Customer's use of Products and incorporates by reference (i) the Quotation and (ii) the Master Agreement. Should there be any conflict between the terms and conditions of the documents that comprise this Agreement, the order of precedence for the documents shall be as follows: (i) the Quotation, (ii) this Agreement, and (iii) the Master Agreement. This Agreement shall be governed by and construed in accordance with the laws of the state in which Customer is located without reference to conflict of laws principles, and the United States of America federal law shall govern in matters of intellectual property. The modifications and additional rights granted in this Agreement apply only to the Products listed in Table A.

**Table A
 List of Products**

Uncapped Quantities**Desktop Software and Extensions** (Single Use)

ArcGIS Desktop Advanced
 ArcGIS Desktop Standard
 ArcGIS Desktop Basic
 ArcGIS Desktop Extensions: ArcGIS 3D Analyst,
 ArcGIS Spatial Analyst, ArcGIS Geostatistical
 Analyst, ArcGIS Publisher, ArcGIS Network
 Analyst, ArcGIS Schematics, ArcGIS Workflow
 Manager, ArcGIS Data Reviewer

Enterprise Software and Extensions

ArcGIS Enterprise and Workgroup
 (Advanced and Standard)
 ArcGIS Enterprise Extensions: ArcGIS 3D Analyst,
 ArcGIS Spatial Analyst, ArcGIS Geostatistical
 Analyst, ArcGIS Network Analyst, ArcGIS
 Schematics, ArcGIS Workflow Manager

Enterprise Additional Capability Servers

ArcGIS Image Server

Developer Tools

ArcGIS Engine
 ArcGIS Engine Extensions: ArcGIS 3D Analyst,
 ArcGIS Spatial Analyst, ArcGIS Engine Geodatabase
 Update, ArcGIS Network Analyst, ArcGIS Schematics
 ArcGIS Runtime (Standard)
 ArcGIS Runtime Analysis Extension

Limited Quantities

One (1) Professional subscription to ArcGIS
 Developer*
 Two (2) Esri CityEngine Single Use Licenses
 500 ArcGIS Online Viewers
 500 ArcGIS Online Creators
 62,500 ArcGIS Online Service Credits
 500 ArcGIS Enterprise Creators
 7 Insights in ArcGIS Enterprise
 7 Insights in ArcGIS Online

OTHER BENEFITS

Number of Esri User Conference registrations provided annually	4
Number of Tier 1 Help Desk individuals authorized to call Esri	4
Maximum number of sets of backup media, if requested**	2
Self-Paced e-Learning	Uncapped
Five percent (5%) discount on all individual commercially available instructor-led training classes at Esri facilities purchased outside this Agreement (Discount does not apply to Small Enterprise Training Package)	

* Maintenance is not provided for these items

**Additional sets of backup media may be purchased for a fee

Attachment: 2020-2022 ESRI EA Contract (11498 : ESRI Enterprise License)

Customer may accept this Agreement by signing and returning the whole Agreement with (i) the Quotation attached, (ii) a purchase order, or (iii) another document that matches the Quotation and references this Agreement ("**Ordering Document**"). **ADDITIONAL OR CONFLICTING TERMS IN CUSTOMER'S PURCHASE ORDER OR OTHER DOCUMENT WILL NOT APPLY, AND THE TERMS OF THIS AGREEMENT WILL GOVERN.** This Agreement is effective as of the date of Esri's receipt of an Ordering Document, unless otherwise agreed to by the parties ("**Effective Date**").

Term of Agreement: Three (3) years

This Agreement supersedes any previous agreements, proposals, presentations, understandings, and arrangements between the parties relating to the licensing of the Products. Except as provided in Article 4—Product Updates, no modifications can be made to this Agreement.

Accepted and Agreed:

(Customer)

By: _____
Authorized Signature

Printed Name: _____

Title: _____

Date: _____

CUSTOMER CONTACT INFORMATION

Contact: _____

Telephone: _____

Address: _____

Fax: _____

City, State, Postal Code: _____

E-mail: _____

Country: _____

Quotation Number (if applicable): _____

1.0—ADDITIONAL DEFINITIONS

In addition to the definitions provided in the Master Agreement, the following definitions apply to this Agreement:

"Case" means a failure of the Software or Online Services to operate according to the Documentation where such failure substantially impacts operational or functional performance.

"Deploy", "Deployed" and "Deployment" mean to redistribute and install the Products and related Authorization Codes within Customer's organization(s).

"Fee" means the fee set forth in the Quotation.

"Maintenance" means Tier 2 Support, Product updates, and Product patches provided to Customer during the Term of Agreement.

"Master Agreement" means the applicable master agreement for Esri Products incorporated by this reference that is (i) found at <https://www.esri.com/en-us/legal/terms/full-master-agreement> and available in the installation process requiring acceptance by electronic acknowledgment or (ii) a signed Esri master agreement or license agreement that supersedes such electronically acknowledged master agreement.

"Product(s)" means the products identified in Table A—List of Products and any updates to the list Esri provides in writing.

"Quotation" means the offer letter and quotation provided separately to Customer.

"Technical Support" means the technical assistance for attempting resolution of a reported Case through error correction, patches, hot fixes, workarounds, replacement deliveries, or any other type of Product corrections or modifications.

"Tier 1 Help Desk" means Customer's point of contact(s) to provide all Tier 1 Support within Customer's organization(s).

"Tier 1 Support" means the Technical Support provided by the Tier 1 Help Desk.

"Tier 2 Support" means the Esri Technical Support provided to the Tier 1 Help Desk when a Case cannot be resolved through Tier 1 Support.

2.0—ADDITIONAL GRANT OF LICENSE

2.1 Grant of License. Subject to the terms and conditions of this Agreement, Esri grants to Customer a personal, nonexclusive, nontransferable license solely to use, copy, and Deploy quantities of the Products listed in Table A—List of Products for the Term of Agreement (i) for the applicable Fee and (ii) in accordance with the Master Agreement.

2.2 Consultant Access. Esri grants Customer the right to permit Customer's consultants or contractors to use the Products exclusively for Customer's benefit. Customer will be solely responsible for compliance by consultants and contractors with this Agreement and will ensure that the consultant or contractor discontinues use of Products upon completion of work for Customer. Access to or use of Products by consultants or contractors not exclusively for Customer's benefit is prohibited. Customer may not permit its consultants or contractors to install Software or Data on consultant, contractor, or third-party computers or remove Software or Data from Customer locations, except for the purpose of hosting the Software or Data on Contractor servers for the benefit of Customer.

3.0—TERM, TERMINATION, AND EXPIRATION

3.1 Term. This Agreement and all licenses hereunder will commence on the Effective Date and continue for the duration identified in the Term of Agreement, unless this Agreement is terminated earlier as provided herein. Customer is only authorized to use Products during the Term of Agreement. For an Agreement with a limited term, Esri does not grant Customer an indefinite or a perpetual license to Products.

3.2 No Use upon Agreement Expiration or Termination. All Product licenses, all Maintenance, and Esri User Conference registrations terminate upon expiration or termination of this Agreement.

3.3 Termination for a Material Breach. Either party may terminate this Agreement for a material breach by the other party. The breaching party will have thirty (30) days from the date of written notice to cure any material breach.

3.4 Termination for Lack of Funds. For an Agreement with government or government-owned entities, either party may terminate this Agreement before any subsequent year if

Customer is unable to secure funding through the legislative or governing body's approval process.

3.5 Follow-on Term. If the parties enter into another agreement substantially similar to this Agreement for an additional term, the effective date of the follow-on agreement will be the day after the expiration date of this Agreement.

4.0—PRODUCT UPDATES

4.1 Future Updates. Esri reserves the right to update the list of Products in Table A—List of Products by providing written notice to Customer. Customer may continue to use all Products that have been Deployed, but support and upgrades for deleted items may not be available. As new Products are incorporated into the standard program, they will be offered to Customer via written notice for incorporation into the Products schedule at no additional charge. Customer's use of new or updated Products requires Customer to adhere to applicable additional or revised terms and conditions in the Master Agreement.

4.2 Product Life Cycle. During the Term of Agreement, some Products may be retired or may no longer be available to Deploy in the identified quantities. Maintenance will be subject to the individual Product Life Cycle Support Status and Product Life Cycle Support Policy, which can be found at <https://support.esri.com/en/other-resources/product-life-cycle>. Updates for Products in the mature and retired phases may not be available. Customer may continue to use Products already Deployed, but Customer will not be able to Deploy retired Products.

5.0—MAINTENANCE

The Fee includes standard maintenance benefits during the Term of Agreement as specified in the most current applicable Esri Maintenance and Support Program document (found at <https://www.esri.com/en-us/legal/terms/maintenance>). At Esri's sole discretion, Esri may make patches, hot fixes, or updates available for download. No Software other than the defined Products will receive Maintenance. Customer may acquire maintenance for other Software outside this Agreement.

a. Tier 1 Support

1. Customer will provide Tier 1 Support through the Tier 1 Help Desk to all Customer's authorized users.
2. The Tier 1 Help Desk will be fully trained in the Products.
3. At a minimum, Tier 1 Support will include those activities that assist the user in resolving how-to and operational questions as well as questions on installation and troubleshooting procedures.
4. The Tier 1 Help Desk will be the initial point of contact for all questions and reporting of a Case. The Tier 1 Help Desk will obtain a full description of each reported Case and the system configuration from the user. This may include obtaining any customizations, code samples, or data involved in the Case.
5. If the Tier 1 Help Desk cannot resolve the Case, an authorized Tier 1 Help Desk individual may contact Tier 2 Support. The Tier 1 Help Desk will provide support in such a way as to minimize repeat calls and make solutions to problems available to Customer's organization.
6. Tier 1 Help Desk individuals are the only individuals authorized to contact Tier 2 Support. Customer may change the Tier 1 Help Desk individuals by written notice to Esri.

b. Tier 2 Support

1. Tier 2 Support will log the calls received from Tier 1 Help Desk.
2. Tier 2 Support will review all information collected by and received from the Tier 1 Help Desk including preliminary documented troubleshooting provided by the Tier 1 Help Desk when Tier 2 Support is required.
3. Tier 2 Support may request that Tier 1 Help Desk individuals provide verification of information, additional information, or answers to additional questions to supplement any preliminary information gathering or troubleshooting performed by Tier 1 Help Desk.
4. Tier 2 Support will attempt to resolve the Case submitted by Tier 1 Help Desk.

5. When the Case is resolved, Tier 2 Support will communicate the information to Tier 1 Help Desk, and Tier 1 Help Desk will disseminate the resolution to the user(s).

6.0—ENDORSEMENT AND PUBLICITY

This Agreement will not be construed or interpreted as an exclusive dealings agreement or Customer's endorsement of Products. Either party may publicize the existence of this Agreement.

7.0—ADMINISTRATIVE REQUIREMENTS

7.1 OEM Licenses. Under Esri's OEM or Solution OEM programs, OEM partners are authorized to embed or bundle portions of Esri products and services with their application or service. OEM partners' business model, licensing terms and conditions, and pricing are independent of this Agreement. Customer will not seek any discount from the OEM partner or Esri based on the availability of Products under this Agreement. Customer will not decouple Esri products or services from the OEM partners' application or service.

7.2 Annual Report of Deployments. At each anniversary date and ninety (90) calendar days prior to the expiration of this Agreement, Customer will provide Esri with a written report detailing all Deployments. Upon request, Customer will provide records sufficient to verify the accuracy of the annual report.

8.0—ORDERING, ADMINISTRATIVE PROCEDURES, DELIVERY, AND DEPLOYMENT

8.1 Orders, Delivery, and Deployment

- a. Upon the Effective Date, Esri will invoice Customer and provide Authorization Codes to activate the nondestructive copy protection program that enables Customer to download, operate, or allow access to the Products. If this is a multi-year Agreement, Esri may invoice the Fee before the annual anniversary date for each year.
- b. Undisputed invoices will be due and payable within thirty (30) calendar days from the date of invoice. Esri's federal ID number is 95-2775-732.

- c. If requested, Esri will ship backup media to the ship-to address identified on the Ordering Document, FOB Destination, with shipping charges prepaid. Customer acknowledges that should sales or use taxes become due as a result of any shipments of tangible media, Esri has a right to invoice and Customer will pay any such sales or use tax associated with the receipt of tangible media.

8.2 Order Requirements. Esri does not require Customer to issue a purchase order. Customer may submit a purchase order in accordance with its own process requirements, provided that if Customer issues a purchase order, Customer will submit its initial purchase order on the Effective Date. If this is a multi-year Agreement, Customer will submit subsequent purchase orders to Esri at least thirty (30) calendar days before the annual anniversary date for each year.

- a. All orders pertaining to this Agreement will be processed through Customer's centralized point of contact.
- b. The following information will be included in each Ordering Document:
 - (1) Customer name; Esri customer number, if known; and bill-to and ship-to addresses
 - (2) Order number
 - (3) Applicable annual payment due

9.0—MERGERS, ACQUISITIONS, OR DIVESTITURES

If Customer is a commercial entity, Customer will notify Esri in writing in the event of (i) a consolidation, merger, or reorganization of Customer with or into another corporation or entity; (ii) Customer's acquisition of another entity; or (iii) a transfer or sale of all or part of Customer's organization (subsections i, ii, and iii, collectively referred to as "**Ownership Change**"). There will be no decrease in Fee as a result of any Ownership Change.

- 9.1 If an Ownership Change increases the cumulative program count beyond the maximum level for this Agreement, Esri reserves the right to increase the Fee or terminate this Agreement and the parties will negotiate a new agreement.
- 9.2 If an Ownership Change results in transfer or sale of a portion of Customer's organization, that portion of Customer's organization will transfer

the Products to Customer or uninstall, remove, and destroy all copies of the Products.

- 9.3** This Agreement may not be assigned to a successor entity as a result of an Ownership Change unless approved by Esri in writing in advance. If the assignment to the new entity is not approved, Customer will require any successor entity to uninstall, remove, and destroy the Products. This Agreement will terminate upon such Ownership Change.



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a resolution to enter into the agreement with Environmental Systems Research Institute, Inc., in the amount of \$255,000 and authorize the Mayor and the City Clerk to execute the agreement.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28th day of January, 2020.

President

Secretary



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the updated

Electric Utility Cash Reserve Policy, and the
Water Utility Cash Reserve Policy

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28th day of January, 2020.

President

Secretary



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a settlement agreement with Robert I. Nelson pertaining to a personal injury claim as outlined in Nelson vs. 3M Company, et al. (62-CV-19-8307).

The amount of the settlement paid by Defendant, Rochester Public Utilities is not to exceed FIVE THOUSAND AND 00/100 DOLLARS (\$5,000)

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28th day of January, 2020.

President

Secretary

ACCOUNTS PAYABLE

Meeting Date: 1/28/2020

SUBJECT: AP Board Listing

PREPARED BY: Colleen Keuten

Please approve

ROCHESTER PUBLIC
UTILITIES BOARD POLICY
STATEMENT

POLICY SUBJECT: Electric Utility Cash Reserve Policy

POLICY OBJECTIVE:

The Board recognizes the need to develop access to liquid reserves, using financial targets as a guide to determining future revenue requirements. Funding levels may vary as circumstances dictate.

POLICY STATEMENT:

The Board intends to establish the types and levels of reserves needed to cover various risks and needs. These reserves, and their levels, are intended as guides only, and are meant to apply under normal circumstances. However, the Board intends to work with the General Manager to take the necessary steps to attain the reserve levels established in this board policy. The required reserves may be met by any combination of unrestricted cash, cash equivalents or external borrowing. Only Credit facilities with a maturity of more than 12 months will be included in the reserve calculation.

To help ensure timely completion of capital improvements and enable the utility to meet requirements for large unexpected expenditures, a minimum cash reserve policy will be established. Minimum cash reserves attempt to quantify the minimum amount of cash the utility should keep in reserve. Actual cash reserves may vary above the minimum and are dependent on the life cycle of assets currently in service. The minimum cash reserve calculation considers the risk “in total” and not each individual category. For example: the amount that the utility is required to expend to respond to an unanticipated catastrophic event may far exceed the amount set aside under the Contingency Reserve. Other Board designated funds in the remaining categories, unrestricted funds and short term financing would be options that may be used to address the expenditures related to an unanticipated catastrophe.

When establishing or adjusting minimum cash reserves for each of the reserve accounts identified in this policy, due consideration will be given generally to the following: operation and maintenance expense, rate base, capital improvements, and debt service. Additionally, for each reserve account component specific assumptions and factors will influence the amount of the reserve, as described in each category below:

1. Annual debt service – Debt service payments do not occur evenly throughout the year and often occur at periodic times, typically every six months. It is the policy of the board that the utility maintains adequate cash reserves to fund the next occurring debt service payment when the payment is due. To ensure that adequate reserve levels are maintained, each month 1/12th of the debt service payment will be moved from working capital to the debt service reserve.

2. Clean Air Rider Adjustment –Since the inception of the Clean Air Rider (“CAR”) the utility has collected a level CAR amount, even though the related debt service varied over time. This resulted in over-collection at times. Nevertheless, the funds collected in excess of the debt service are restricted for future debt service payments, to be applied when the actual debt service payments will exceed the amounts collected through the rider. The amount of this reserve is calculated annually, based on actual collections and debt service.
3. Working Funds Reserve. Because there are timing differences between when expenses are incurred and revenues are received from customers, a minimum working funds reserve helps ensure that the utility will have adequate liquidity (or working funds) to pay expenses in a timely manner. The working funds reserve will at all times be maintained at a minimum level equal to 12.3% (approximately 45 days) of annual operating expenses (excluding depreciation and power supply costs), plus 16% (approximately 60 days) of annual power supply costs.
4. Special Capital and Major Maintenance Reserve. The purpose of the special capital and major maintenance reserve is to defray all or a portion of a future capital and major maintenance project or external expenditure that is *not* externally financed. A separate sub reserve for each project will be established. Each reserve will be funded over the number of years, and up to a certain amount of the project's planned total expenditures, as determined by the Board and the General Manager for each project. These reserves will be set up and used only as needed.
5. Contingency Reserve. Catastrophic events such as ice storms, wind storms, floods, or tornadoes may occur that require a substantial financial outlay by the utility to replace damaged assets. The percentage used to calculate the minimum cash reserves is dependent on the age of the assets in service and the level of risk of a catastrophic type event. The age of the assets in service will be computed by dividing the Net Book Value by the cost of Capital Assets to arrive at the Percent of Assets Depreciated. The contingency reserve will have a minimum funding amount equal to the product obtained when the Reserve Percent (shown below) corresponding to the Percent of Assets Depreciated is multiplied by the cost of Capital Assets as recorded in the financial statements

Percent of Assets Depreciated	Reserve Percent
Greater than 55%	3.0%
45% to 55%	2.0%
Below 45%	1.0%

6. Capital and Major Maintenance Reserve. Because some capital improvements are funded through bond issuances and some are funded through cash reserves, the utility will maintain a capital and major maintenance project reserve to ensure timely replacement or construction of utility infrastructure. The capital and major maintenance reserve will include 420% of the cost of capital improvements anticipated during the following five years, less any improvements funded through

the issuance of bonds, less any capital projects included in capital improvements specifically reserved in the Special Capital and Major Maintenance Reserve for the same period.

The General Manager will have the authority to move funds among all the reserves. When practical, the General Manager will consult with the Board before moving funds involving the *Contingency Reserve*. In that case he will report to the Board as soon as practical when such transactions are authorized without first informing the Board.

Ordinarily, the order of replenishment among these reserves is as follows:

1. Debt Service Reserve
2. Clean Air Rider Reserve
3. Working Funds Reserve
4. Special Capital and Major Maintenance Reserve
5. Contingency Reserve
6. Capital & Major Maintenance Reserve

Annually at budget time the General Manager will recommend funding levels for each reserve. If anything causes actual reserve amounts to fall below the minimum levels described in this policy, the Board shall take action to restore the cash reserves to the minimum levels over the subsequent five years or revise this policy to discontinue certain reserves or adjust the minimum levels of the existing reserves.

The reserve levels described in this policy are meant to be long-term average balances, and it is understood that achieving the recommended reserve level may not occur immediately, thus jeopardizing the overall financial wellbeing of the utility. There will be times when the reserve balances will fall below the established minimum levels. The General Manager will advise the Board on various matters related to the reserves, such as whether a current deviation from the established acceptable levels is expected to be short-term or whether any action needs to be taken.

EFFECTIVE DATE OF POLICY: April 27, 1999

DATE OF LAST POLICY REVISION: ~~November 15,~~

~~2016~~ January 28, 2020

POLICY APPROVAL:

Board President

Date

ROCHESTER PUBLIC
UTILITIES BOARD POLICY
STATEMENT

POLICY SUBJECT: Water Utility Cash Reserve Policy

POLICY OBJECTIVE:

The Board recognizes the need to develop access to liquid reserves, using financial targets as a guide to determining future revenue requirements. Funding levels may vary as circumstances dictate.

POLICY STATEMENT:

The Board intends to establish the types and levels of reserves needed to cover various risks and needs. These reserves, and their levels, are intended as guides only, and are meant to apply under normal circumstances. However, the Board intends to work with the General Manager to take the necessary steps to attain the reserve levels established in this board policy. The required reserves may be met by any combination of unrestricted cash, cash equivalents or external borrowing with a maturity of 12 months or more.

To help ensure timely completion of capital improvements and enable the utility to meet requirements for large unexpected expenditures, a minimum cash reserve policy will be established. Minimum cash reserves attempt to quantify the minimum amount of cash the utility should keep in reserve. Actual cash reserves may vary above the minimum and are dependent on the life cycle of assets currently in service. The minimum cash reserve calculation considers the risk “in total” and not each individual category. For example: the amount that the utility is required to expend to respond to an unanticipated catastrophic event may far exceed the amount set aside under the Contingency Reserve. Other Board designated funds in the remaining categories, unrestricted funds and short term financing would be options that may be used to address the expenditures related to an unanticipated catastrophe.

When establishing or adjusting minimum cash reserves for each of the reserve accounts identified in this policy, due consideration will be given generally to the following: operation and maintenance expense, rate base, capital improvements, and debt service. Additionally, for each reserve account component specific assumptions and factors will influence the amount of the reserve, as described in each category below:

1. Annual debt service – Debt service payments do not occur evenly throughout the year and often occur at periodic times, typically every six months. It is the policy of the board that the utility maintains adequate cash reserves to fund the next occurring debt service payment when the payment is due. To ensure that adequate reserve levels are maintained, each month 1/12th of the debt service payment will be moved from working capital to the debt service reserve.

2. Working Funds Reserve. Because there are timing differences between when expenses are incurred and revenues are received from customers, a minimum working funds reserve helps ensure that the utility will have adequate liquidity (or working funds) to pay expenses in a timely manner. The working funds reserve will at all times be maintained at a minimum level equal to 12.3% (approximately 45 days) of annual operating expenses (excluding depreciation).
3. Special Capital and Major Maintenance Reserve. The purpose of the special capital and major maintenance reserve is to defray all or a portion of a future capital and major maintenance project or external expenditure that is *not* externally financed. A separate sub reserve for each project will be established. Each reserve will be funded over the number of years, and up to a certain amount of the project's planned total expenditures, as determined by the Board and the General Manager for each project. These reserves will be set up and used only as needed.
4. Contingency Reserve. Catastrophic events such as ice storms, wind storms, floods, or tornadoes may occur that require a substantial financial outlay by the utility to replace damaged assets. The percentage used to calculate the minimum cash reserves is dependent on the age of the assets in service and the level of risk of a catastrophic type event. The age of the assets in service will be computed by dividing the Net Book Value by the cost of Capital Assets to arrive at the Percent of Assets Depreciated. The contingency reserve will have a minimum funding amount equal to the product obtained when the Reserve Percent (shown below) corresponding to the Percent of Assets Depreciated is multiplied by the cost of Capital Assets as recorded in the financial statements

Percent of Assets Depreciated	Reserve Percent
Greater than 55%	3.0%
45% to 55%	2.0%
Below 45%	1.0%

5. Capital and Major Maintenance Reserve. Because some capital improvements are funded through bond issuances and some are funded through cash reserves, the utility will maintain a capital and major maintenance project reserve to ensure timely replacement or construction of utility infrastructure. The capital and major maintenance reserve will include 420% of the cost of capital improvements anticipated during the following five years, less any improvements funded through the issuance of bonds, less any capital projects included in capital improvements specifically reserved in the Special Capital and Major Maintenance Reserve for the same period.

The General Manager will have the authority to move funds among all the reserves. When practical, the General Manager will consult with the Board before moving funds involving the *Contingency Reserve*. In that case he will report to the Board as soon as

practical when such transactions are authorized without first informing the Board.

Ordinarily, the order of replenishment among these reserves is as follows:

1. Debt Service Reserve
2. Working Funds Reserve
3. Special Capital and Major Maintenance Reserve
4. Contingency Reserve
5. Capital & Major Maintenance Reserve

Annually at budget time the General Manager will recommend funding levels for each reserve. If anything causes actual reserve amounts to fall below the minimum levels described in this policy, the Board shall take action to restore the cash reserves to the minimum levels over the subsequent five years or revise this policy to discontinue certain reserves or adjust the minimum levels of the existing reserves.

The reserve levels described in this policy are meant to be long-term average balances, and it is understood that achieving the recommended reserve level may not occur immediately, thus jeopardizing the overall financial wellbeing of the utility. There will be times when the reserve balances will fall below the established minimum levels. The General Manager will advise the Board on various matters related to the reserves, such as whether a current deviation from the established acceptable levels is expected to be short-term or whether any action needs to be taken.

EFFECTIVE DATE OF POLICY:

April 27, 1999

DATE OF LAST POLICY REVISION:

~~November 15,~~

~~2016~~January 28, 2020

POLICY APPROVAL:

Board President

Date

FOR BOARD ACTION

Agenda Item # (ID # 11548)

Meeting Date: 1/28/2020

SUBJECT: Settlement Agreement

PREPARED BY: Mark Kotschevar

ITEM DESCRIPTION:

Rochester Public Utilities was named as a defendant in a Minnesota mesothelioma case along with approximately 70 other entities. The city attorney's office engaged the services of an outside law firm representing several other municipal clients in this case to represent the City. Through negotiations with the plaintiff's attorney, we have reached an amicable settlement that avoids the ongoing legal expenses of a protracted court case. Both the city attorney and I feel it is in the City's best interest to have the Board, and ultimately the City Council, approve a settlement agreement not to exceed \$5,000.

UTILITY BOARD ACTION REQUESTED:

Pass the resolution approving a settlement agreement not to exceed \$5,000.

FOR BOARD ACTION

Agenda Item # (ID # 11552)

Meeting Date: 1/28/2020

SUBJECT: Division Reports and Metrics - January 2020

PREPARED BY: Christina Bailey

ITEM DESCRIPTION:

UTILITY BOARD ACTION REQUESTED:

FOR BOARD ACTION

Agenda Item # (ID # 11538)

Meeting Date: 1/28/2020

SUBJECT: Cash Reserve Policy

PREPARED BY: Peter Hogan

ITEM DESCRIPTION:

During a recent review of our Cash Reserve Policy for the water and electric utilities, it was noticed that the percentage identified in the adopted policy for the Capital and Major Maintenance minimum reserve balance calculation was incorrect. The minimum balance was intended to reflect a one year average annual internally funded capital expenditures based on the following 5 years budget projections. The policy as currently adopted does not reflect this intent. The financial statements as presented since the adoption of the Cash reserve policies for the respective utilities have reflected the five year average as intended.

A redline copy of the current policy with recommended correction is attached.

UTILITY BOARD ACTION REQUESTED:

Management requests the Board pass a resolution correcting the minimum Capital and Major Maintenance reserve calculation.

FOR BOARD ACTION

Agenda Item # (ID # 11540)

Meeting Date: 1/28/2020

SUBJECT: Authorized Banking Representative

PREPARED BY: Peter Hogan

ITEM DESCRIPTION:

Financial institutions that are authorized to do business with Rochester Public Utilities (RPU), a division of the City of Rochester, require an approved resolution designating those employees of RPU authorized to conduct financial business on behalf of the Utility.

Julie Ackerman was hired as the RPU Controller in January 2020, and as such will need to be added as an authorized person to conduct financial transactions with our authorized depositories.

UTILITY BOARD ACTION REQUESTED:

Request the Board approve Julie Ackerman as an authorized banking representative for Rochester Public Utilities.

ROCHESTER PUBLIC UTILITIES		
INDEX OF BOARD POLICIES		
	REVISION DATE	RESPONSIBLE BOARD COMMITTEE
BOARD		
1. Mission Statement	6/26/2012	Policy
2. Responsibilities and Functions	3/27/2012	Policy
3. Relationship with the Common Council	2/28/2012	Policy
4. Board Organization	3/27/2018	Policy
5. Board Procedures	3/27/2012	Policy
6. Delegation of Authority/Relationship with Management	7/24/2018	Policy
7. Member Attendance at Conferences and Meetings	12/18/2018	Policy
8. Board Member Expenses	12/18/2018	Policy
9. Conflict of Interest	11/26/1985	Delete
10. Alcohol and Illegal Drugs	7/28/1988	Delete
11. Worker Safety	3/27/2012	Policy
CUSTOMER		
12. Customer Relations	4/30/2019	Ops & Admin
13. Public Information and Outreach	4/30/2019	Communications
14. Application for Service	7/1/2016	Ops & Admin
15. Electric Utility Line Extension Policy	3/28/2017	Finance
16. Billing, Credit and Collections Policy	12/17/2019	Finance
17. Electric Service Availability	10/29/2019	Ops & Admin
18. Water and Electric Metering	6/26/2018	Ops & Admin
19. Electric & Water Bill Adjustment	3/10/1994	Finance
20. Rates	7/25/2017	Finance
21. Involuntary Disconnection	4/24/2018	Communications
ADMINISTRATIVE		
22. Acquisition and Disposal of Interest in Real Property	12/19/2017	Ops & Admin
23. Electric Utility Cash Reserve Policy	1/13/2017	Finance
24. Water Utility Cash Reserve Policy	1/13/2017	Finance
25. Charitable Contributions	6/25/2019	Communications
26. Utility Compliance	10/24/2017	Communications
27. Contribution in Lieu of Taxes	6/29/1999	Finance
28. Debt Issuance (PENDING)	PENDING	Finance
29. Joint-Use of Fixed Facilities and Land Rights	10/8/1996	Ops & Admin
30. Customer Data Policy	10/9/2014	Communications
31. Life Support	9/24/2019	Communications
32. Undergrounding Policy (PENDING)	PENDING	Ops & Admin
Red - Currently being worked on		
Yellow - Will be scheduled for revision		