

AU | AUSTIN UTILITIES



AUSTIN UTILITIES

YEARS



**A LOOK
BACK**

2021 ANNUAL REPORT



A message from ...

Mark Nibaur

General Manager

When we kicked off 2021, it was hard to believe we would be celebrating five years in our new building. We made a lot of commitments to our customers. This annual report is a report back to the community on how we followed through on those commitments. The savings that have been achieved, the synergies that have been created, and the connections we have made with each other and the community have exceeded our expectations. The closeness of being in one building that replaced seven buildings in three locations has allowed us to grow as a team and deliver on results. The board and staff at Austin Utilities are proud to provide this five-year report back to our community.



LEADERSHIP

In 2013, the Austin Utilities board of commissioners challenged our staff to build a business case and seek public support of our new building needs before approving the construction. After a multi-year campaign involving many layers of education and public outreach, the board approved the construction of one central facility that would replace seven buildings in three locations.



2013 Board of Commissioners
Geoff Baker, Jim Schroeder, Jeanne Sheehan, Tom Sherman, Tom Baudler



Austin Utilities 2021 Board of Commissioners

Board leadership has changed over the last five years, but we continue to be served by a dedicated group of elected local citizens who represent the voice of our customers.

Front Row:

Kristin Johnson – Term: 4/20/20–12/31/24

Jeanne Sheehan – Term: 9/2/03–12/31/22

Back Row:

Tom Baudler – Term: 10/12/99–12/31/24

Steve Greenman – Term: 8/20/18–12/31/22

Jay Lutz – Term: 1/1/21–12/31/24



Austin Utilities Leadership Team

Our Leadership team has the right mix of skills and knowledge to continue pushing our organization forward in the ever changing utility environment.

Alex Bumgardner – Utility Operations Director

Mark Nibaur – General Manager

Dan Ulland – Employee Relations Director

Tom Tylutki – Electric Distribution Director

Austin Utilities NEW FACILITY TIMELINE

The decision to construct a new facility was not taken lightly. At an anticipated cost of almost \$18 million dollars, staff was thorough in detailing the need for a new building. Increased efficiency was a major goal of the centralized building project. We made commitments to our customers about the many benefits this facility would provide.

In November 2013 a multilayer marketing plan was launched to gain public support for the construction of a new central facility. Many hours were put into educating the community in a variety of ways.

- ✓ Internal Education
- ✓ Website
- ✓ Direct Mailer
- ✓ Press Releases
- ✓ Customer Newsletter
- ✓ Video Campaign
- ✓ Community Leaders meetings
- ✓ Club and organization presentation
- ✓ Public Utility and Council meetings
- ✓ Focus Groups
- ✓ Key Customer meetings



NEW FACILITY SAVINGS

Austin Utilities exceeded promised savings of \$2.5 million in ten years by identifying over \$2 million in hard and soft cost savings in just five years.

HARD COSTS

- **\$188,500** Fleet
- **\$774,784** Labor
- **\$396,356** Processes & Equipment
- **\$139,837** Insurance
- **\$28,210** Utilities

Total: \$1,527,687



SOFT COSTS

- **\$249,617** Technology Efficiencies
- **\$15,090** Shift Changes
- **\$52,685** Improved Communication
- **\$91,841** Crew Staff Proximity
- **\$101,433** Misc

Total: \$510,666



Building for the Future

- ✓ Replaces outgrown and outdated facilities
- ✓ Provides space for Austin Utilities staff and customer meetings that is lacking in our current facility

➔ RESULT

It is hard to put a value on what we have gained by having all staff in one location. We have opened up the building numerous times for public tours, and received many positive customer comments about the thought put into our building design. Tour participants gained a much better education and understanding of the services we provide and have seen a building that provides the space to meet needs now and into the future.

Improved Operation Efficiencies/Synergies

- ✓ Savings estimated at \$2.5 million over 10 years
- ✓ Eliminates wasted staff time traveling to and from current multiple locations

➔ RESULT

We have been tracking savings from operational efficiencies over the past five years in the areas of processes and equipment, labor, fleet, insurance, and utilities. Overall, we have already seen over \$2 million dollars in savings as identified in the cost saving charts on page 4.

Improved Safety

- ✓ Eliminates traffic and safety hazards associated with current location
- ✓ Fenced area will secure the new facility from security breaches

➔ RESULT

All utility vehicles are now housed in a central garage with traffic flowing safely in one direction leading to a road more suited for heavy vehicle traffic. The need to have our building and building resources securely inside fenced in property has become even more important as threats against critical infrastructure are on the rise.

Improve Service During Emergencies

- ✓ Central Dispatch/Control Center in a hardened area improving crew response time
- ✓ Backup generation on-site to assure quick response during emergencies

➔ RESULT

Our system was put to test December 2021 when high winds caused a community-wide outage. Because our building is equipped with on-site backup generation and work areas are hardened to withstand F2 tornado winds, Austin Utilities was able to continue operations allowing us to dispatch and communicate with crews and restore service quickly during this emergency. Overall, our response times are some of the best in our industry.

Improve Customer Service

- ✓ Serve our customer with a “one stop shop” by providing all departments’ functions in one facility.
- ✓ Improved lobby space and customer interaction providing better privacy and areas to complete paperwork

➔ RESULT

Having all staff in one building has given us the synergy needed to streamline processes that benefit customers. Examples of improvements include work order flow, more online services, and extended hours to provide more access to customers. The improved lobby and workstation design have provided the privacy customers deserve when sharing sensitive information with us.

COMMUNITY CONNECTIONS

As a community utility we had a vision of using our new facility to build community connections. We have had the pleasure of hosting many community organizations. We have also held many of our own successful community events. Most of these would not have been possible without the opportunity our new space provides.

Groups we've hosted

- Austin Firefighter Training
- Austin Public School Administration
- City of Austin Leadership
- Leadership Austin
- Mower County CEO Program
- Mower County Leadership
- Red Cross Blood Drive
- SMMPA Economic Development Summit

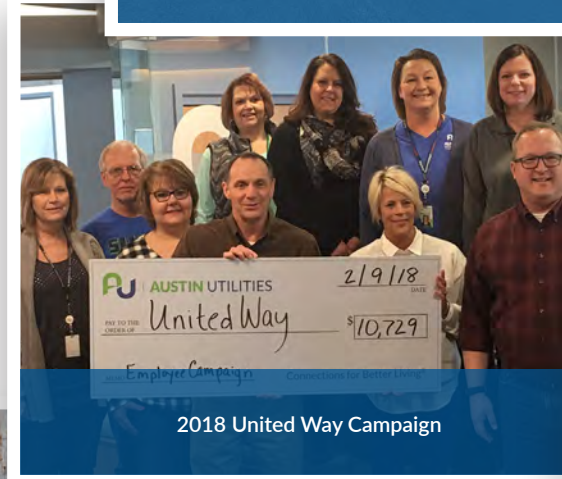
Events we've held

- Annual Drive through Trick or Treat/Food Drive
- Annual Rain Barrel Sale
- Car Care Clinic
- Chamber of Commerce Business After Hours
- Electric Vehicle Expo and Touch a Truck Event
- Share the Heat Run/Walk
- Winter Readiness Event

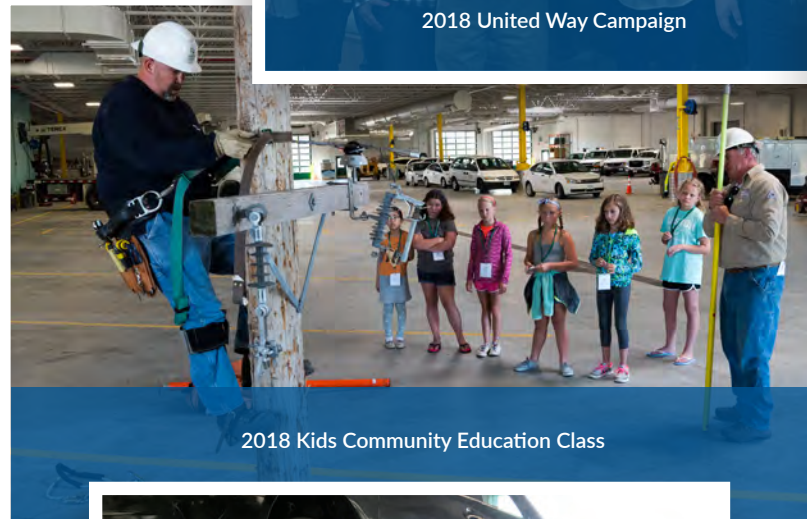
Over the past five years we have hosted building tours for hundreds of people.



2021 Electric Vehicle Expo



2018 United Way Campaign



2018 Kids Community Education Class



2019 Car Care Clinic



2017 Share the Heat Run



2021 Utility Training for Fire Fighters



2018 Winter Readiness



2017 B3 Student Building Tour

Austin Utilities employees have always run campaigns to support organizations meeting community needs.

Having ample sized common spaces within one building has allowed us to do more for these groups that are so important to us. Our support for the Austin community continues to grow.

Organizations we've supported

- United Way of Mower County
- Salvation Army Programs
 - HeatShare
 - Food Drive
 - Angel Tree
- Paint The Town Pink supporting The Hormel Institute cancer research.
- Registered Monarch Waystation Butterfly Garden
- Purple Martin Housing



2021 Red Cross Blood Drive



2021 Drive-through Trick or Treat and Food Drive

OUR EMPLOYEES...

*Serving Customers Today and Every Day;
Connections You Can Trust!*

Administration – **Mark Nibaur** (General Manager)

Sarah Douty

Accounting/Finance – **Ann Christianson** (Manager)

Joan Maxfield, Dana Steichen

Customer Service – **Melissa Swenson** (Supervisor)

Dar Duholm, Michelle Orozco, Audra Smalley, Ashley Stadheim, Dave Thompson,
Wendy Whalen, Kara Wollschlager / Retired in 2021: Beth Johannsen

Information Systems – **Butch Goergen** (Manager)

James Burke, Jonas Morehouse

Marketing and Energy Services – **Kelly Lady** (Manager)

Storeroom (Purchasing) – Pete Klingfus, Jamie Millam

Retired in 2021: Jerry Stowell

Employee Relations – **Dan Ulland** (Director)

Retired in 2021: Kim Duncomb

Electric Distribution – **Tom Tylutki** (Director)

Electric Department – **Bill Bumgarner** (Supervisor)

Pat Andera, Pat Donovan, Gilbert Ferguson, Jr., Mark Gerstner, Trevor Herfindahl, Jeff Martinson,
Kurt Regenscheid, Colin Roberts, Doug Rysavy, Dillon Sprague, Steve Tiegs, Tyler Underdahl, Garitt Wytaske

Utility Operations – **Alex Bumgardner** (Director)

Jenny Loucks / Retired in 2021: Todd Jorgenson

Engineering Services – **Keven Maxa** (Supervisor)

Derek Berndt, Brandon Schaefer, Curtis Webb, Craig Weis

Gas & Water Construction – **Jeff Majerus** (Supervisor)

Matt Ball, Rob Cabeen, Garrett Gilster, Willie Granholm, Brian Gunderson, Wayne Guyette, Adam Heimer,
Brandon Hemry, Matias Martin, John Maxfield, Wade Nelson, Justin Peterson, Hunter Yocom

Retired in 2021: Larry Sunderman

Gas & Water Services – **Rob Gleason** (Supervisor)

Joe Bartholomew, Samantha Bekaert, Ryan Bell, Jason Cummings, Jessie Dumais, Marty Johnson, Dave Maloney,
John Troupe, Scott Wangen / Retired in 2021: Gary Gabrielson

Utility Operations – **Jess Dunlap** (Supervisor)

Steve Bissett, Mike Johnson, Jay Kohnke, Corey Kreutzbender, Duane McGonigle, Brad Sisteck,
Kevin Spinler, Dave White

BUILDING A TEAM to Serve a Community



Having all staff report to one central facility gives us the opportunity to see each other more routinely, work together more closely and build on the type of culture and work ethic that has earned Austin Utilities the BEST PLACES TO WORK IN SOUTHEAST MINNESOTA recognition four years in a row (2018- 2021). Austin Utilities also earned the American Public Power Association RP3 award for reliable public power. These recognitions had not been achieved prior to being in this building. In addition to these recognitions, Austin also earned the American Public Gas Association SOAR award for System Operational Achievement.



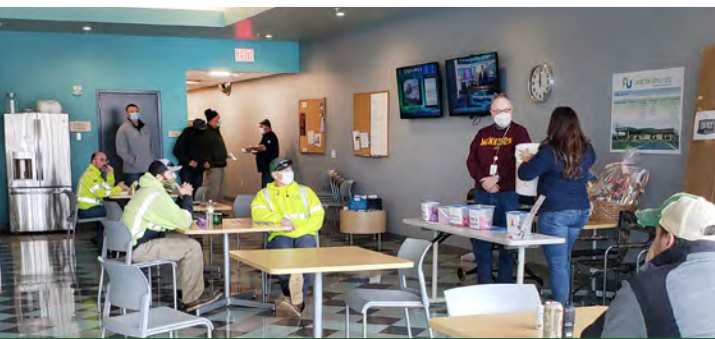
ANNUAL STAFF APPRECIATION PICNIC:

The building provides space for all staff to gather. From all staff meetings in the Austin Mapleview conference room that holds 248 people to utilizing the breakroom and garage space for the Annual Staff Appreciation Picnic.



SAFETY CELEBRATIONS:

Staff celebrated a Zero Accident safety goal together by cooking lunch on-site. Manning the grill for the event are Adam Heimer, Jeff Martinson, Pat Donovan, Dillon Sprague, and Trevor Herfindahl.



ANNUAL PAINT THE TOWN PINK EMPLOYEE RAFFLE:

Employees have raised over \$10,000 for PTPP by raffling items donated by each Department. The money supports the communitywide Paint the Town Pink fundraiser supporting cancer research at The Hormel Institute.



RETIREMENT GATHERINGS:

Employees have space to share good thoughts and memories with the retirement of long time staff members including Beth Johannsen who retired in 2021 after 20 years of service.

2021 FINANCIAL HIGHLIGHTS

The following graph depicts the percent of revenue spent for each major category of expense. Sixty-nine percent of revenues are spent on purchased power costs and natural gas purchases. Operating expenses are the next highest expense at 23%. Depreciation and Contributions in Lieu of Taxes make up 7% and our Operating Margin makes up the remaining 1%.

A historical spike in February natural gas prices caused the 2021 average cost of gas to increase to \$8.15 from the 2020 average of \$3.53, an increase of 130.7%. Part of this increase was offset using \$1.5 million in cash reserves resulting in a smaller operating margin than in past years. Our financial position still remains strong.

Operating costs were higher than previous years, and total assets increased with our improved infrastructure. As we look ahead to 2022, we will continue to diligently manage our costs in order to mitigate rate impacts to our customers.

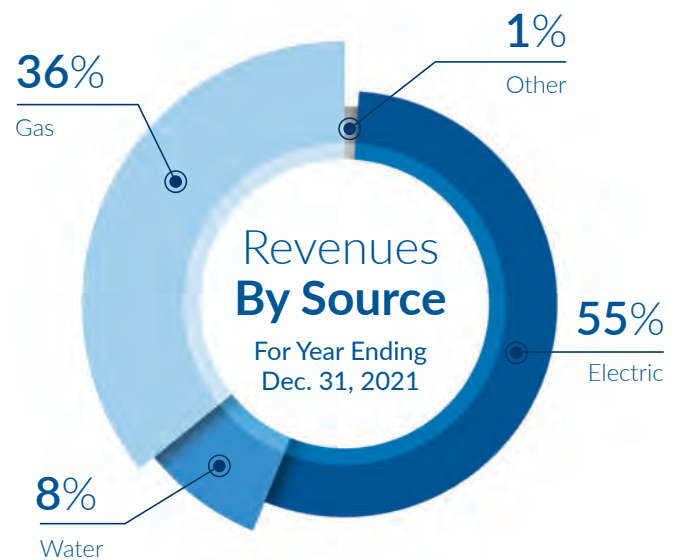
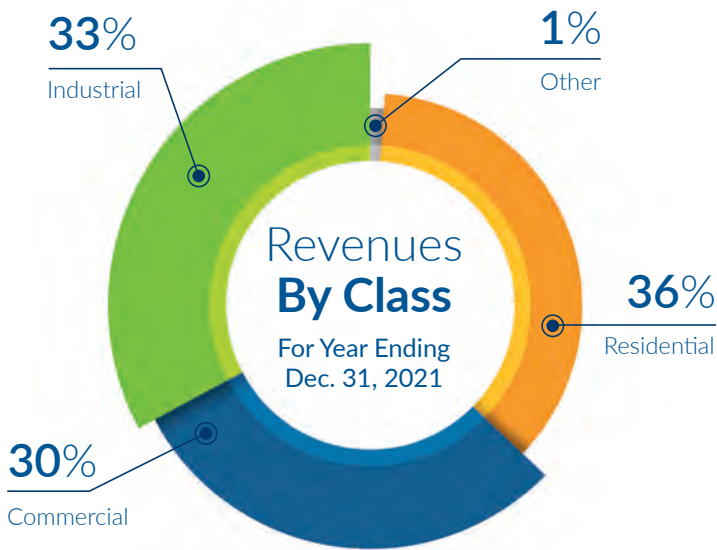


- **69%** Purchased Power & Natural Gas Purchases
- **23%** Operating Expenses
- **2.5%** Contributions in Lieu of Taxes
- **4.5%** Depreciation
- **1%** Operating Margin

	2021	2020
Total Assets	\$ 112.3 Million	\$ 109.4 Million
Equity	\$ 61.3 Million	\$ 61.0 Million
Revenue	\$ 64.1 Million	\$ 55.2 Million
Operating & Fixed (Expenses)	(\$ 63.4) Million	(\$ 51.7) Million
Other Income (Expenses)	(\$ 0.4) Million	(\$ 0.4) Million
Margins	\$ 0.3 Million	\$ 3.9 Million

Audited financial statements are available on our website at www.austinutilities.com.

2021 REVENUES BY CLASS AND SOURCE



Changing Rates

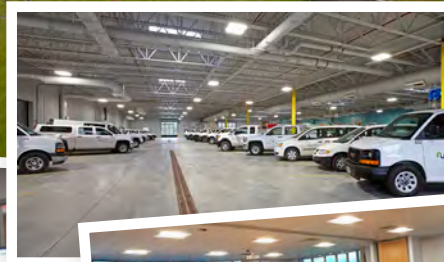
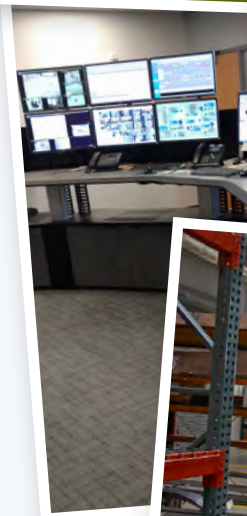
The central facility building construction was funded using a twenty-year tax exempt general obligation bond which resulted in an average 1-3% increase to residential and commercial customers.

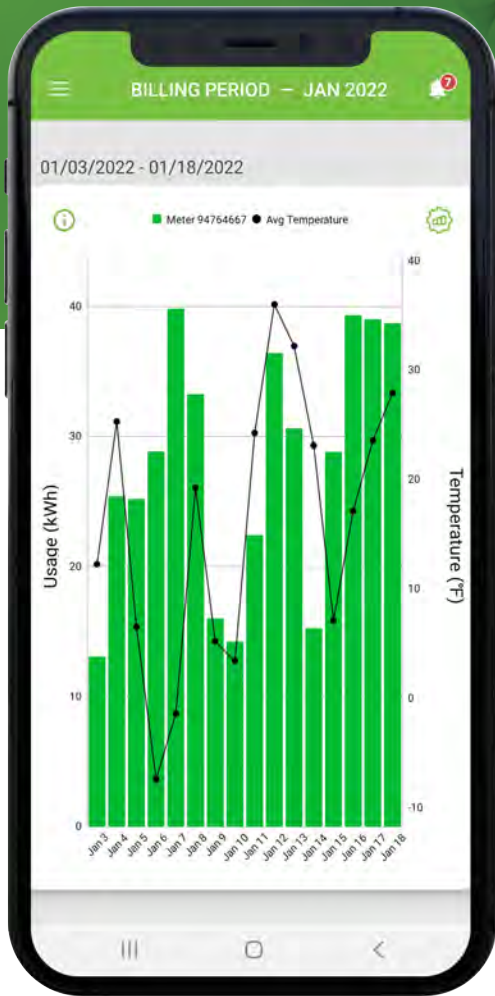
In the past five years, gas rates have remained flat and electric rates have



DECREASED BY 0.85%

as the cost saving benefits of one building in one location are achieved.





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