



AUSTIN
UTILITIES



2016 Annual Report

REFLECTING
ON OUR VISION



A message from ...

Mark Nibaur General Manager

It was apparent when I arrived at Austin Utilities a few years ago that to adequately meet the needs of our customers now and into the future, Austin Utilities needed to invest in our outdated facilities. We formalized a process of reviewing options that included repurposing existing facilities or investing in a new central facility. As we reviewed the pros and cons, economics, service expectations and efficiencies, the decision was made by staff, board and key partners to move forward with a new Service and Operations Center.

After years of planning, surveying our customers, and constructing the facility, our new building opened in July 2016.

We hope you are pleased with the new Service and Operations Center that will be serving our community for many years forward.

Dedicated to the community of Austin, and designed to allow Austin Utilities to better serve our customers, we thank you for your support.



Voice of the Public

Projects like this don't happen without strong leadership and guidance. Our elected Board of Commissioners acted as the voice of the public directing staff to communicate with customers and the community and inform them through a series of focus groups and surveys about our facility needs. The result of these efforts allowed us to keep the community perspective in mind as we moved forward with planning and was useful with the decision making process.

Board of Commissioners ▶

(from left to right)

Thomas C. Baudler

Geoff Baker

Jeanne Sheehan

Tom Sherman

Tyler Hulsebus

Austin Utilities' Board of Commissioners are elected by the community members of Austin to represent their best interest.

The Board of Commissioners holds public meetings the second Tuesday of each month at 1908 14th St NE at 4:00 p.m.



Leadership Team ▶

(from left to right)

Todd Jorgenson

Gas & Water Operations Director

Alex Bumgardner

Energy Resources & Utility
Operations Director

Kim Duncomb

Support Services Director

Mark Nibaur

General Manager

Tom Tylutki

Electric Distribution Director



Planning and Consideration

The process began in 2009 when property was purchased in Austin's industrial park. The property was purchased as a relocation for services being run out of a building in the flood zone. The following is the timeline involved in the construction of the new Service and Operations Center.



In September 2009 Austin Utilities purchased 23 acres of property on 14th Street NE in Austin's industrial park just south of Todd Park. The immediate need was to relocate gas and water construction staff and equipment out of the flood zone area they occupied, but the intention at that time was to also find a piece of property that allowed for growth to meet future needs.

In December 2013, a campaign was launched to inform the community regarding Austin Utilities facility planning and how it could impact customers. The next few months were spent making face to face contact with over 350 people through meetings with key customers, community leaders, local organizations and the public. Focus groups were held for both residential and business customers, and an informational piece was mailed to over 9,400 residential customers. An even balance of concerns and positive feedback was received and it was great to hear from so many interested customers.

In October 2014, at a special board meeting, AU Board of Commissioners voted to approve the construction of a new central facility, with a not to exceed cost of \$18,677,000. Approvals were based on a schematic design by TKDA, an architectural firm based out of St. Paul. Joseph Company, located in Austin MN, was selected to work with TKDA as Construction Manager.

In April 2015, a groundbreaking ceremony was held to begin construction on a new 105,000 square foot Service and Operations Center.

In July 2016, construction was completed and the building was opened to the public.

Austin Utilities Service and Operations Center

is dedicated to the community of Austin, and designed to allow Austin Utilities to better service the community. Customer and community needs as well as energy efficiency were heavily considered during the design phase.

Listed below are some of the benefits of our new building:

Customer Benefits

- Larger lobby area to accommodate customer flow
- Stations dedicated to payments for more efficient service
- Sit-down station dedicated to account services provides more value to new customers
- Acoustic sound absorbing panels at customer service stations for customer privacy
- Hardened dispatch and data center area to withstand level 2 tornado - allows us to continue communications and restore service quicker during emergency situations
- Solar ready building - solar demonstration installation planned for 2017
- Improved 24-hour dispatch center provides better internal communications and enhances our customer service
- Three utilities serviced out of one building for customer convenience
- Brick wall and fencing allows for a fully secured site – protecting this community asset and utility infrastructure
- On-Site fueling station available 24/7 for emergency readiness
- On-Site radio tower for more reliable communication between staff members and more effective communication during emergencies between local public safety entities.
- Training room large enough to accommodate all staff avoids off-site or multiple training costs
- Non-air conditioned space in 47% of the building reduces operating costs

Energy Efficiency Benefits

- Geothermal Heating and Cooling
- Solar Wall to pre-heat garage air
- All LED Lighting
- Dimmable Lighting in most areas
- Daylighting via Clerestory, Skylight Tubes & Clear Garage Doors
- Occupancy Sensors in all office and work areas
- Tint-on-Demand Glass in Board room
- Energy Managements System for HVAC

Other Benefits

- 25 miles of computer network cable connecting staff
- One centralized building replaces 7 buildings on three properties
- On-site PC based radio tower



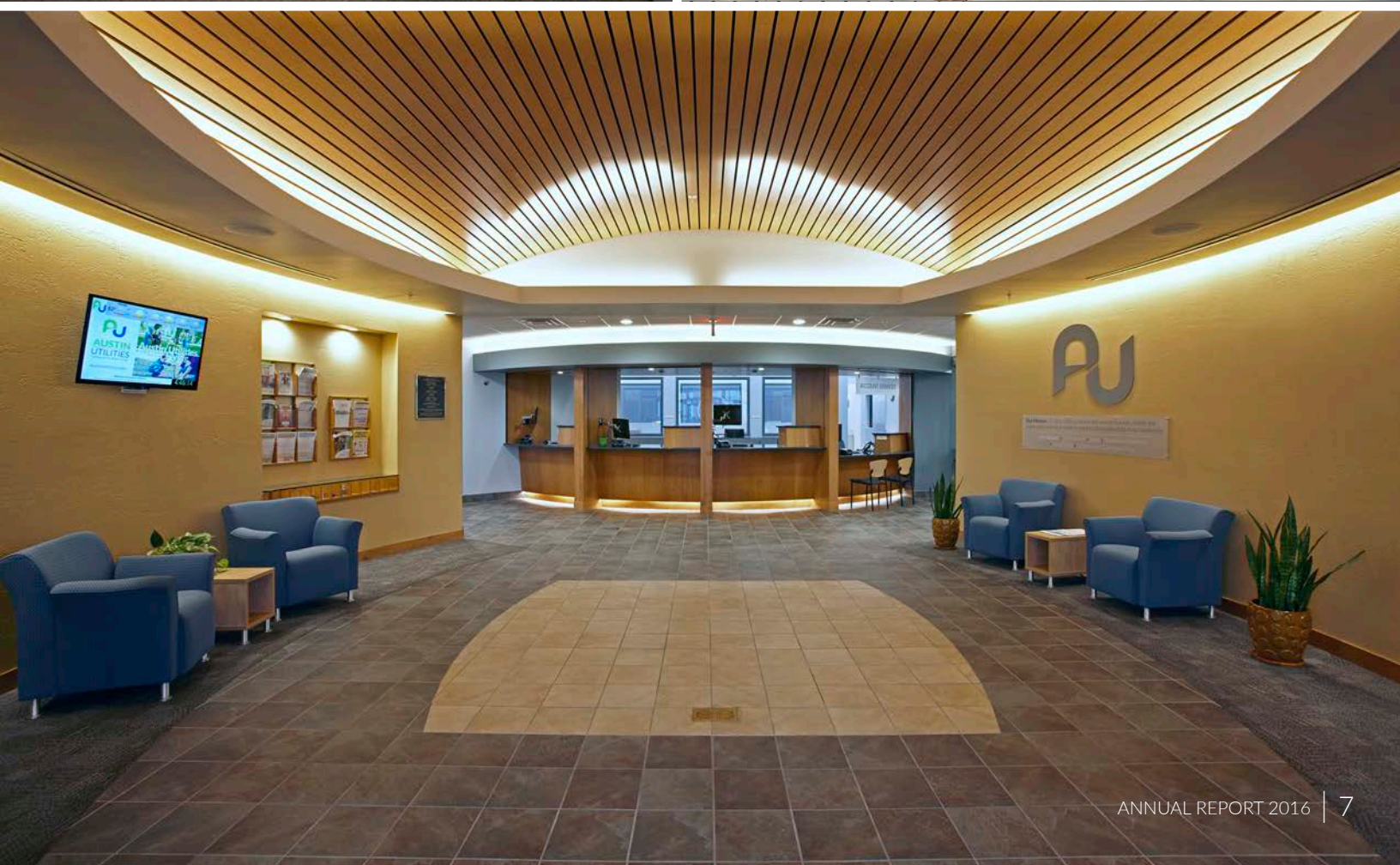
Open House Celebration

Austin Utilities celebrated the completion of their new Service and Operations Center with a ribbon cutting ceremony and a public open house held on October 5th.

That date was selected because it falls during both Public Power and Public Natural Gas week. The Service and Operations Center was dedicated to the community of Austin and commemorated with the hanging of a bronze plaque.

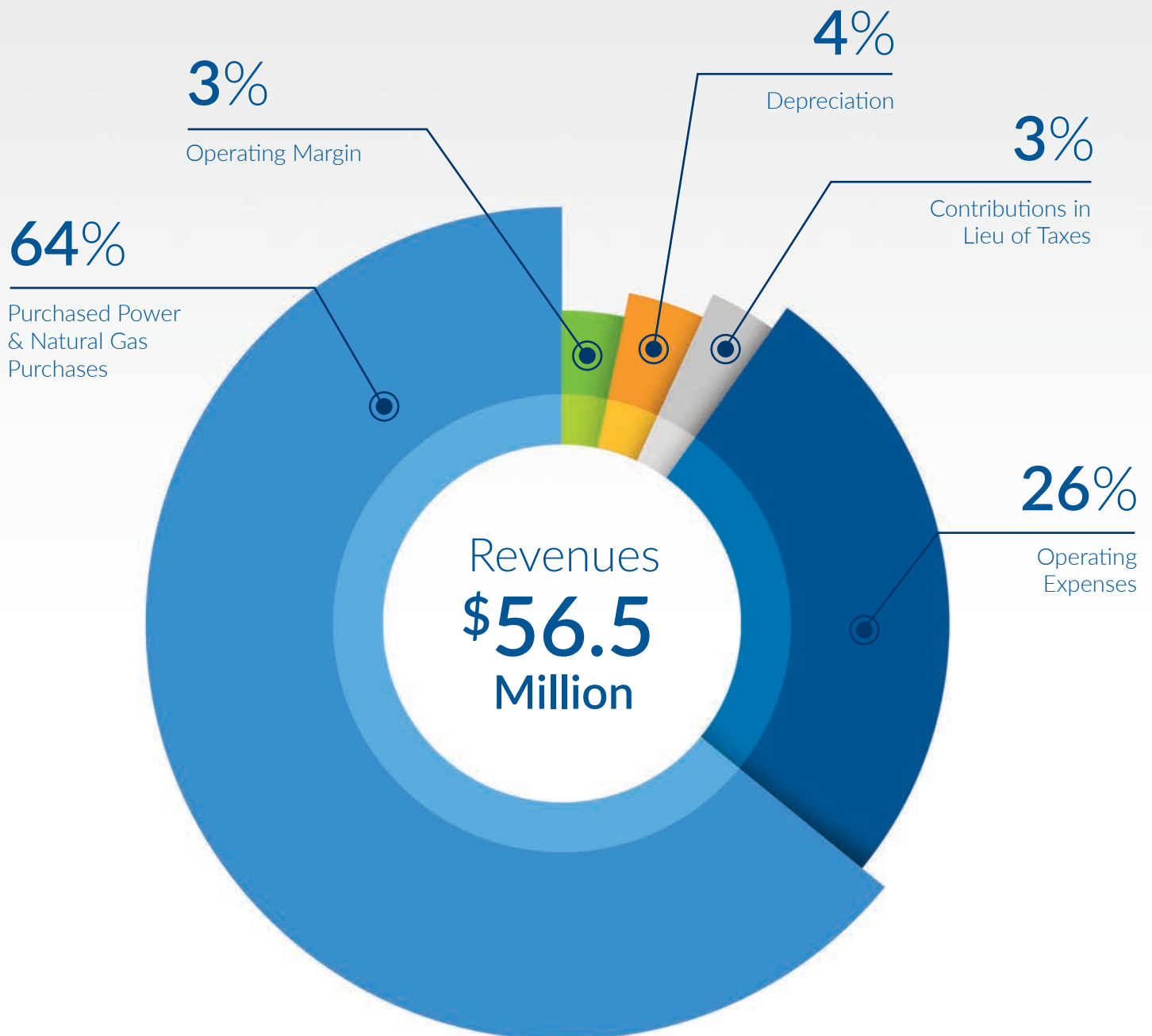
More than 500 community members and customers toured the new facility, met AU staff, and learned about the operational side of their public utility. Throughout the year additional public tours were held and service clubs and organizations were invited to tour the building as part of their regular monthly meetings.





2016 Financial Highlights

The following graph depicts the percent of revenue spent for each major category of expense. Sixty-four percent of revenues are spent on purchased power costs and natural gas purchases. Operating expenses are the next highest expense at 26%. Depreciation and Contributions in Lieu of Taxes make up 7% and our Operating Margin makes up the remaining 3%.



Our margin decreased last year due to an increase in expenses, an increase in power costs, and a decrease in sales. As you can see, our financial position has remained strong.

Total assets surpassed \$100 Million for the first time in 2016 as we completed our Service and Operations Center.

As we look ahead to 2017, we will continue to diligently manage our costs in order to mitigate rate impacts to our customers.

	2016	2015
Total Assets	\$101.5 Million	\$98.2 Million
Equity	\$59.6 Million	\$58.0 Million
Revenue	\$56.5 Million	\$55.5 Million
Operating & Fixed Expenses	\$54.8 Million	\$52.1 Million
Other Income Expenses	\$0.2 Million	\$0.1 Million
Margins	\$1.5 Million	\$3.5 Million

Audited financial statements available upon request.

Our Employees...

Working to enhance the quality of life in our community

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

Sarah Douty

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

Joan Maxfield, Dana Steichen

Support Services – **Kim Duncomb** (Director)

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

Brad Bednar, Dar Duholm, Kerry Hall, Dale Helgeson, Beth Johannsen, John LaVelle, Mike Leidal, Jenny Loucks, Michelle Sifuentes, Dave Thompson, Wendy Whalen, Kara Wollschlager

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

Storeroom (Purchasing) – **Randy Judd** (Supervisor)

Jerry Stowell

Electric Distribution – **Tom Tylutki** (Director) and **Bill Bumgarner** (Supervisor)

Pat Andera, Doug Barth, Colten Berghuis, Pat Donovan, Gilbert Ferguson, Jr., Mark Gerstner, Logan Kortan, Jeff Martinson, Colin Roberts, Kurt Regenscheid, Doug Rysavy, Dillon Sprague, Steve Tiegs, Tyler Underdahl, Joe Kroc (retired 2016), Russ Nelson (retired 2016), Daryl Prihoda (retired February 2017)

Gas & Water Operations – **Todd Jorgenson** (Director)

Gas & Water Construction – **Mike Mentel** (Supervisor)

Matt Ball, Derek Berndt, Rob Cabeen, Jason Cummings, Will Granholm, Brian Gunderson, Wayne Guyette, Adam Heimer, Brandon Hemry, Lee Morem, Wade Nelson, Brandon Schaefer, Larry Sunderman, Craig Weis, Pete Jacobsen (retired 2016)

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

Joe Bartholomew, Ryan Bell, Bob DeVriendt, Jessie Dumais, Gary Gabrielson, Marty Johnson, Dave Maloney, Tony Merten, Heather Riddles, John Troupe, Scott Wangen, Chuck Tufte (retired 2016)

Energy Resources & Utility Operations – **Alex Bumgardner** (Director)

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

Samantha Bekaert, Jeff Majerus, Troy Tucker

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

Jonas Morehouse

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

Steve Bissett, Jay Halleck, Mike Johnson, Brian Klapperick, Jay Kohnke, Duane McGonigle, Brad Sistik, Dave White, Steve Millam (retired March 2017), Bob Hyland (retired April 2017)



Downtown Power Plant



Northeast Power Plant



Municipal Building

Remembering Our History

Austin Utilities can trace its history to 1887, when the City was granted authority by the Minnesota Legislature to issue bonds to construct a municipal water works system to provide improved fire protection and drinking water for the community.

The mission of Austin Utilities has remained unchanged for over 100 years no matter the location – to provide safe, reliable and responsible utility products and services to enhance the quality of living in the community it serves.

1887

City is granted authority to issue bonds to construct a municipal waterworks system on Water Street, now 4th Ave NE – the present site of the AU **Downtown Power Plant**

1888

City council approves the erection of a small private power plant on Water Street, now 4th Ave NE the present site of the AU **Downtown Power Plant**, and electric lights were turned on for the first time on March 15, 1889. This plant was purchased by the city in 1899 to provide municipal power.

1961

The **Austin Municipal Building** located at 400 4th St NE was constructed by Austin Utilities for the community of Austin and is occupied by both Austin Utilities and City of Austin administrative staff

1971

Completion of the new 30,000 kW generating station known as the **Northeast Power Plant** located at 2901 11th St NE

2014

Downtown Power Plant decommissioning due to outdated and inefficient technology is completed

2015

Northeast Power Plant is retired and no longer in service due to outdated and inefficient technology.

2016

New **Service and Operations Center** opens to the public July 2016. This building replaces seven buildings on three separate properties and will be the central facility for all Austin Utilities business.

NEW Service and Operations Center





AUSTIN
UTILITIES
Connections for Better Living®

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