

AUSTIN UTILITIES

MINUTES OF MEETING

4:00 pm, November 19th, 2024
Date

Regular Meeting

Jay Lutz
President

Members Present:

Jay Lutz, President
Jeanne Sheehan, Commissioner
Steve Greenman, Commissioner

Members Absent:

Tyler Hulsebus, Commissioner
Kristin Johnson, Commissioner

Others Present:

Mark Nibaur, General Manager
Alex Bumgardner, Utility Operations Director
Kory Robinson, Finance & Customer Care Director
Marc Oleson, Information Technology Director
Dan Ulland, Employee Relations Director

President Jay Lutz called the meeting to order.

Moved by Jeanne Sheehan, seconded by Steve Greenman, to approve the meeting agenda. Approved unanimously.

Moved by Steve Greenman, seconded by Jeanne Sheehan, to approve the regular meeting minutes of October 15th, 2024 and the Special Meeting minutes of November 9th, 2024. Approved unanimously.

Moved by Jeanne Sheehan, seconded by Steve Greenman, to approve the disbursements summary, accounts payable list, additional bills and expenses, and authorize warrants to be drawn for their payment. Approved unanimously.

Mark Nibaur, General Manager, and Kory Robinson, Finance and Customer Care Director, presented proposed 2025 budget and rate scenarios. AU's Executive Team proposed a 2025 budget with Operating Income of 2,337,413 compared to the calculated Target Net Operating Income of \$2,786,095. The budget committee tasked the Executive Team to review expenses from the presented budget to find cost savings to attain the targeted income. The Executive Team removed \$445,992 in expenses. The revenues in each department were based on the average sales volume over the past several years and the proposed rate increase from the UFS rate study. The 2025 electric operating budget has rate increases of approximately 2.7% overall and does not include a Purchased Cost Adjustment (PCA) forecast. This is approximately a 1% to 3% increase for customers when compared to our average 2024 rates. The 2025 gas operating budget has rate increases of approximately 1% overall and does not include a Purchased Gas Adjustment (PGA) forecast. This budget shows an approximate 2% increase due to record low usage in 2024, skewing the sales revenue forecast. The 2025 water operating budget has rate increases of approximately 4.5% overall. The operating budget is slightly under the target operating income even with the proposed rate increase. Staff and Commissioners discussed the items removed from the budget and the business case for the addition of a full-time Communications Assistant. Commissioners felt more discussion would be needed and with Commissioners Hulsebus and Johnson absent from the meeting, the matter was tabled. The budget sub-committee will meet again and a final budget and rate scenario will be presented at the December board meeting.

Mark Nibaur, General Manager, presented an easement release for 510 2nd St NW. Austin Utilities has received a request to release an electric utility easement at, the former Mayo Eye Clinic. The easement was originally obtained in 1978. AU staff have reviewed the situation. There are no electric facilities currently in the easement. AU staff do not anticipate there will be any need to install electric or other utility facilities in the easement in the future. Moved by Steve Greenman, seconded by Jeanne Sheehan, to approve the easement release as presented. Approved unanimously.

Alex Bumgardner, Utility Operations Director, provided an update to the Murphy Creek substation project. The project construction began in early summer and had some areas of rework that needed to be done. Some equipment work has also been delayed. A completion date of early February is expected. The original estimate for the total project was 3.7 million. Staff approximate the total will likely be closer to 3.9 million.

Marc Oleson, Information Technology Director, presented the results of AU's cyber security penetration test. Clifton Larson Allen has conducted similar tests every three years at AU. This year one critical vulnerability was discovered. The IT staff was able to fix the problem immediately. As of today, all critical priority vulnerabilities have been remedied. All high priority vulnerabilities are being remedied and all medium and low priority vulnerabilities are in a prioritized work list for future remedies.

Mark Nibaur, General Manager, also updated the Board on the following:

- SMMPA meeting minutes
- Safety committee minutes
- 125 year AU anniversary in 2025

Moved by Steve Greenman, seconded by Jeanne Sheehan, to enter closed session pursuant to Minn. Stat. §13D.03 Subd. 1(b) for strategy relating to labor negotiations with AFSCME union. Approved unanimously at 5:40 pm.

The board meeting returned to open session at 5:57 pm.

The next regular board meeting was set for 4:00 pm, December 17th, 2024.

Moved by Jeanne Sheehan, seconded by Steve Greenman, to adjourn. Approved unanimously at 6:18 pm.

President

Secretary