

**MINUTES OF THE
MANITOWOC PUBLIC UTILITIES COMMISSION MEETING
MONDAY, DECEMBER 14, 2020**

The scheduled meeting of the Manitowoc Public Utilities Commission was called to order by Commissioner Allie at 4:00 p.m. on Monday, December 14, 2020. In attendance were Commissioners Diedrich (via Zoom), Hornung, Luckow, Nickels, Seidl, and Sitkiewitz. Also present were Bob Bouril, Cindy Carter, Don Duenkel, Andy Onesti (via Zoom), Carissa Grimm – MPU; Troy Adams – General Manager; and Attorney Andrew Steimle – Steimle Birschbach, LLC.

GLU'S MANAGING DIRECTOR CONSULTING AGREEMENT: Moved first on agenda. Commissioner Allie explained that he received a letter from GLU Chair, Jem Brown about extending the current Managing Director agreement with Nilaksh Kothari, Preferred Consulting, LLC. Mr. Brown expressed concerns of transition to T. Adams at this time due to the current COVID environment and lack of interaction the GLU Board has had to build rapport with T. Adams. The Board's inability to meet in person along with two potential large scale projects being evaluated and Mr. Kothari's existing relationships with the engineers and consultants that would be assisting in the evaluation, Mr. Brown is requesting a one-year extension of the current agreement. Attorney Andy Steimle revised the agreement to provide MPU an opportunity to be a signatory on the agreement. Attorney Steimle discussed the transition aspect of the extension with the mandatory transition of the managing director services to T. Adams by December 31, 2021. A discussion was held regarding an issue with the current agreement not allowing T. Adams to charge his GLU related work time to GLU. The consensus was to amend the draft agreement to reflect Troy billing his time as of January 1 as the transition of services begins.

MOTION: A motion was made by Commission Luckow and seconded by Commissioner Diedrich to approve the extension of the GLU Managing Director Consulting Agreement following minor modifications to be drafted by Attorney Steimle and to be reviewed by T. Adams and Commissioner Allie prior to signing. Motion carried with Commissioner Nickels opposing.

PERSONNEL COMMITTEE REPORT AND RECOMMENDATIONS: Commissioner Luckow provided an update of the December 1 meeting. The 2021 wage adjustments include the Wisconsin Department of Revenue approved CPI-U increase of 1.56%, and the market and step adjustments to address several issues discovered during an internal review of MPU's current pay plan. The determination from the internal review is to complete a comprehensive pay plan evaluation with a third party consultant in early 2021. The Pay for Performance policy was drafted to attach incentive to the existing "9-box" evaluation process that has been implemented and used for the past two years. The new policy would be an annual incentive, and therefore at risk for poor performance, which would be applied to employees who are calibrated by all the managers at levels above "meeting expectations." It is proposed that the incentive be paid out for the previous year after the annual audit is received by the Commission for qualifying employees still employed and in good standing. The Employee Policy Manual updates and personnel issues discussed included adding a couple new positions in 2021, the unavailability of rental cars in the area, current on-call residency requirements, using sick leave for family, and increasing initial vacation allotment for new hires. All items were supported with the exception of extending the current on-call residency requirement set at 15 miles from the jurisdictional boundaries of City of Manitowoc.

A lengthy discussion was held on the purpose of addressing some market range issues now rather than waiting for a full compensation study to address all at once. T. Adams expressed urgency for addressing the few positions now and then focusing on the review of job descriptions and determining the competition for those jobs to accurately compare wages to true competition in early 2021. Due to inconsistency in steps and market ranges discovered, there was immediate need to review and revise to provide consistency throughout and address recruiting issues. In addition to the changes to the EPM, several administrative issues beyond MPU's control were revised and presented for approval. Commissioners Sitkiewitz and Nickels expressed concerns of making adjustments now and possibly overshooting the findings from the third party study.

MOTION: A motion was made by Commission Seidl and seconded by Commissioner Diedrich to approve the recommendations of the Personnel Committee. Motion carried with Commissioners Nickels and Sitkiewitz opposing, in particular, the adjustments to market for a few positions prior to the full compensation study that will be performed in early 2021.

Commissioner Seidl left the meeting at 4:44 p.m.

FINANCIAL POLICIES: At the November 9, 2020 meeting, a very detailed MPU financial policy document was presented for Commission consideration. The consensus of the Commission was to make this a high level policy document and remove many of the procedural items. Also, the rate stabilization funds held at GLU were discussed and requested to be included in the final version. The revised high level Financial Policies document, drafted by C. Carter highlighting the major components of financial management at MPU, was presented.

MOTION: A motion was made by Commission Nickels and seconded by Commissioner Luckow to approve the revised Financial Policy as presented. Motion carried unanimously.

ECONOMIC DEVELOPMENT AND SHARED SAVINGS LOAN PROGRAMS EXTENSION: The Economic Development and Shared Savings Loan Programs were approved in May 2016 for two years and subsequently approved for an additional two years in 2018. Commissioner Nickels inquired about the success of the programs and suggested possibly implementing an additional tier to address 50-100kW users since the program is currently aimed at those businesses with a minimum 200 kW load per month. T. Adams to investigate options for potentially offering another tier to accommodate smaller businesses.

MOTION: A motion was made by Commission Diedrich and seconded by Commissioner Luckow to extend the program for an additional two years at the current levels of funding. Motion carried unanimously.

2021 LEAD SERVICE LINE REPLACEMENT PROGRAM: An update was provided of the progress on the 2017 and 2018 Lead Service Line Replacement programs. MPU was awarded \$300,000 for each year and criteria was developed to disburse the funds based on priority. The initial LSLR program provided up to \$4,000 for an LSL replacement and was later reduced to \$3,000 in 2017. The 2018 program provided up to \$3,000 and was later reduced to \$1,000 per LSL replacement. Passed in late 2019, the Water Infrastructure Financing Transfer Act (WIFTA) allows a one-time transfer of funds from the CWFPP to the SDWLP, as principal forgiveness. This provides

nearly \$64M to replace lead service lines throughout the state. The WDNR is subsequently receiving applications for the 2021 LSL Replacement Program, and anticipates offering additional years as funds remain. MPU applied for \$1.5M of principal forgiveness funding for 2021. The recommendation is to increase the amount provided to \$3,000 per LSL and remove the priority limitations to the funding and open the LSL replacement applications to all LSL properties. Additionally, MPU has requested WDNR approval to 'make whole' those recipients who only received \$1,000 in funding for 2018 LSL replacements and use remaining 2018 LSL program funds to make those recipients 'whole'.

MOTION: A motion was made by Commission Hornung and seconded by Commissioner Diedrich to approve the 2021 Lead Service Line Replacement Program and 2018 LSL Program 'Make Whole' Payment. Motion carried unanimously.

MARKETING PLAN: One objective of the Strategic Work Plan developed in 2018 was to "Proactively communicate, educate and involve customers / stakeholders with their and our utility and utility related services." An initiative to 'develop a marketing plan to get the MPU message out to the community' was undertaken and the resulting MPU marketing plan was developed. Research was conducted of other utilities in the state and throughout the country to develop this plan and summarizes MPU's current marketing efforts and recommends additional activities to: help customers and stakeholders become aware and appreciate the benefits we offer as their community-owned utility and instill a sense of ownership in MPU; show that we care about and give back to our community including the benefits of the PILOT; build goodwill and trust among customers — so they will be supportive in difficult situations such as prolonged outages, rate decrease/increases, water main projects, lead replacement, etc.; educate customers about responsible electricity and water usage; encourage customers to talk to us about options before accepting third party offers related to electricity use and become their 'trusted primary resource'; and, set the stage for the future of MPU. Several action items are included in the plan, including the hiring of a full time Marketing/Communications professional in 2021. Commission complimented the work that was put into creating the marketing plan.

COMMUNITY INVOLVEMENT: One initiative of the Strategic Work Plan developed in 2018 was to "Increase visibility in the community by developing a community involvement strategy." Research was conducted of other utilities in the state and throughout the country to gather ideas for increased community involvement. The results of this research are included in the Community Involvement Plan and summarizes MPU's current activities and recommends additional activities to: improve the community we work in and provide services to; increase employee satisfaction and retention; build goodwill, trust and relationships amongst our customers; and put a human face to our business and show that we care about and give back to our community. The MPU Employee Engagement Committee has reviewed and provided feedback on this plan and is recommended that Committee take the lead on these efforts. Commission complimented the work that was put into creating the community involvement initiative.

GENERATION RESILIENCY PROJECT STATUS: T. Adams provided an update on the status of the generation resiliency project at the request of Commission Nickels. Progress is being made on the scope; working with the engineering firm to determine size. A brief discussion ensued.

GENERAL MANAGER'S REPORT: T. Adams updated the Commission on the following: watermain breaks on Menasha Avenue were caused from vibrations from work being done; LED lighting status on budgets and the breakdown of the four-year budget to ensure funds are available to complete the project; A. Onesti to follow-up with an inquiry regarding the Lemberger Site remediation; strategic planning consultant will be contacting Commissioners in the coming weeks; and the APPA Legislative Rally is virtual this year.

MINUTES: The Minutes from the Regular Session Meeting on November 23, 2020 were presented for approval.

MOTION: A Motion was made by Commissioner Hornung and seconded by Commissioner Luckow to approve the Regular Session Minutes from November 23, 2020. Motion carried unanimously.

APPROVAL OF CLAIMS: Claims List dated December 15, 2020; and Wire Transfers dated through December 9, 2020 were presented for approval.

APPROVAL OF WWTF CLAIMS: Claims List dated December 18, 2020 were presented for approval.

FINANCIAL REPORTS FOR OCTOBER 2020: The financial reports for October 2020 were previously distributed to the Commission for review and discussion.

MOTION: A Motion was made by Commissioner Hornung and seconded by Commissioner Luckow to approve the Claims List dated December 15, 2020 check nos. 92981 through 93138 totaling \$1,283,565.37; Wire Transfers dated through December 9, 2020 totaling \$3,612,536.45; Claims List for WWTF batch 713.12.2020 dated December 18, 2020 totaling \$181,370.80; and to place the Financial Reports for October 2020 on file. Motion carried unanimously.

INVESTMENT REPORT: The Investment Portfolio Report from Baird, our investment advisor, for the period ending September 30, 2020 was previously distributed to the Commission for review and discussion.

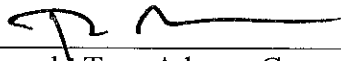
MOTION: A Motion was made by Commissioner Hornung and seconded by Commissioner Luckow to accept the Investment Reports from Baird.

QUOTATIONS/BIDS: Determination of Facility Remodeling Options for Power Plant Support Facilities and Administrative Office - \$5,840.00 for the Power Plant design and \$9,280.00 for the administrative office – ISG. A discussion was held on the variation in bids.

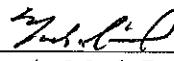
MOTION: A Motion was made by Commissioner Hornung and seconded by Commissioner Nickels to approve the Determination of Facility Remodeling Options for Power Plant Support Facilities and Administrative Office. Motion carried unanimously.

NEXT MEETING: Monday, January 11, 2021 at 4:00 p.m.

ADJOURN: A Motion was made to adjourn the meeting by Commissioner Hornung. Meeting adjourned at 5:02 p.m.



Approved: Troy Adams, General Manager



Approved: Mark R. Seidl, Secretary

