

INDIANOLA MUNICIPAL UTILITIES



Electric • Network Services • Water

**IMU Board of Trustees of the
Electric, Water and Communications Utilities
October 24, 2016
City Hall Council Chambers
5:30 p.m.**

Agenda

1. Call to Order
2. Roll Call
3. Public Comments
4. Consent Agenda
 - A. Claims Lists for October 3rd and 17th, 2016
 - B. Minutes from the September 26, 2016 Board of Trustees Meeting
 - C. Salaries, Generation/Metering Technician I
 - D. Salaries, Electric Line Apprentices
5. Electric Utility Action Items
 - A. 2016 Electric Cost of Service Study Update
6. Electric Utility Informational Items
7. Water Utility Informational Items
8. Communications Utility Action Items
 - A. NewCom Technologies Inside Plant Design, Revised
9. Communications Utility Informational Items

10. Other Business
 - A. Discuss November and December Trustee Meeting Schedule
 - B. Discuss Format for the General Manager's Annual Evaluation
 - C. Motion to go into closed Session in accordance with Iowa Code Section 21.5(1)(c) to discuss strategy with counsel in matters that are presently in litigation or where litigation is imminent where its disclosure would be likely to prejudice or disadvantage the position of the governmental body in that litigation
11. Adjourn

IMU Regular Downstairs

4. A.

Meeting Date: 10/24/2016

Information

Subject

Claims Lists for October 3rd and 17th, 2016

Information

The claims lists for October 3rd and 17th, 2016 are attached for formal approval.

Financial Impact

N/A

Staff Recommendation

Simple motion is in order.

Attachments

APPROVAL OF CLAIMS - IMU 10-03-16

APPROVAL OF CLAIMS - IMU 10-17-16

Vendor Name	GL Account Number	Description	Invoice Date	Net Invoice Amount
WATER OPERATING FUND				
CR SERVICES	600-8110-65500	PPE	09/14/2016	139.92
DUST PROS JANITORIAL	600-8120-64090	MONTHLY CELANING (SEPT) - WATER DEPT	09/12/2016	108.45
DUST PROS JANITORIAL	600-8120-64090	MONTHLY CLEANING (SEPT.) - WATER DEPT.	09/17/2016	180.00
HACH COMPANY	600-8110-65012	LAB SUPPLIES	09/12/2016	137.62
ILLINOIS FIRE STORE	600-8120-65070	SUPPLIES	09/14/2016	177.25
INDIANOLA COMM. SCHOOLS	600-8190-64020	2016-17 YEARBOOK	09/15/2016	14.25
INFOMAX OFFICE SYSTEMS IN	600-8190-64990	SAVIN - IMAGING UNIT CONTRACT/WA	09/21/2016	22.37
ITRON INC.	600-8170-64990	QUARTERLY SUPPORT (10/1/16 - 12/31/16)	09/11/2016	558.94
MUNICIPAL ENERGY AGENCY	600-8110-63710	PURCHASED POWER - AUG (WELL KWH & TRANS)	09/09/2016	792.48
RECORD-HERALD & INDIANOL	600-8190-64020	QUARTERLY CHAMBER PAGE	08/28/2016	6.65
SHULL, DOUG	600-8190-64990	TREASURER CONTRACT	09/26/2016	15.84
U.S. CELLULAR	600-8110-63730	CELL PHONE - 4	09/12/2016	178.00
VESSCO INC	600-8120-63410	MATERIALS	09/12/2016	197.26
Total WATER OPERATING FUND:				2,529.03
IMU ADMINISTRATION FUND				
NOLASOFT DEVELOPMENT	620-8090-64990	2016 4TH QTR WEBSITE HOSTING	09/17/2016	120.00
Total IMU ADMINISTRATION FUND:				120.00
ELECTRIC OPERATING FUND				
AMERICAN PUBLIC POWER AS	630-8250-64990	RELIABILITY TRACKER RENEWAL	07/27/2016	252.00
CINTAS CORPORATION	630-8250-65072	1ST AID SUPPLIES	09/16/2016	169.68
CITY OF INDIANOLA - REBATE	630-8290-67306	A/C REBATE	09/07/2016	100.00
CITY OF INDIANOLA - REBATE	630-8290-67306	A/C REBATE	07/28/2016	100.00
CITY OF INDIANOLA - REBATE	630-8290-67306	A/C REBATE	08/01/2016	100.00
CITY OF INDIANOLA - REBATE	630-8290-67306	A/C REBATE	09/12/2016	200.00
CITY OF INDIANOLA - REBATE	630-8290-67306	A/C REBATE	06/21/2016	200.00
CITY OF INDIANOLA - REBATE	630-8290-67306	A/C REBATE	08/19/2016	100.00
DUST PROS JANITORIAL	630-8220-64090	MONTHLY CLEANING (SEPT) - ADMIN & ELECTRIC DEPT	09/19/2016	1,583.60
DUST PROS JANITORIAL	630-8220-64090	JANITORIAL SUPPLIES - FRESHNER & HAND SOAP	09/19/2016	27.55
EDWARDS, NATHAN	630-8280-61440	WELLNESS SEPT 2016	09/16/2016	25.00
INDIANOLA COMM. SCHOOLS	630-8290-64020	2016-17 YEARBOOK	09/15/2016	54.00
INFOMAX OFFICE SYSTEMS IN	630-8290-64990	LEASE - OCTOBER	09/22/2016	216.64
INFOMAX OFFICE SYSTEMS IN	630-8290-64900	SAVIN - IMAGING UNIT CONTRACT/WA	09/21/2016	84.76
ITRON INC.	630-8270-64990	QUARTERLY SUPPORT (10/1/16 - 12/31/16)	09/11/2016	558.93
MID AMERICAN ENERGY CO.	630-8210-63710	80950-24015 PLANT GAS 8/19/16 - 9/22/16	09/23/2016	55.39
MID AMERICAN ENERGY CO.	630-8240-63710	52180-25018 LINE SHOP GAS (O THERMS)	09/19/2016	10.39
MID AMERICAN ENERGY CO.	630-8210-63710	52390-25019 BOILER GAS (615 THERMS)	09/22/2016	366.22
MID AMERICAN ENERGY CO.	630-8210-63710	07991-36014 WEST SUB (O KWH)	09/14/2016	10.00
MUNICIPAL ENERGY AGENCY	630-8230-63990	WIND & LANDFILL GAS ATRIBUTES - AUG	09/09/2016	29,121.00
MUNICIPAL ENERGY AGENCY	630-8200-45629	20% 69KV 30.9 CREDIT/ADMIN FEE - AUG	09/09/2016	11,668.50-
MUNICIPAL ENERGY AGENCY	630-8230-63992	TRANSMISSION/ADJUSTMENT - AUG.	09/09/2016	112,150.29
MUNICIPAL ENERGY AGENCY	630-8230-63991	PURCHASED POWER - AUG. (NET ELECTRIC)	09/09/2016	830,569.05
MUNICIPAL ENERGY AGENCY	630-8230-63991	IND TRANS SYSTEM OPERATOR CHARGE	09/06/2016	5,141.54
RECORD-HERALD & INDIANOL	630-8290-64020	EL GENERATION/METERING TECH AD	08/28/2016	720.00
RECORD-HERALD & INDIANOL	630-8290-64020	QUARTERLY CHAMBER PAGE	08/28/2016	25.20
SHULL, DOUG	630-8290-64990	TREASURER CONTRACT	09/26/2016	60.00
SKARSHAUG TESTING LABORA	630-8250-64200	ANNUAL TESTING ON HIGH VOLTAGE TOOLS AND COVER UP	09/21/2016	1,702.63
U.S. CELLULAR	630-8240-63730	CELL PHONES - 10	09/12/2016	419.75
Total ELECTRIC OPERATING FUND:				972,455.12
FIBER/COMMUNICATIONS FUND				
INDIANOLA COMM. SCHOOLS	640-8590-64020	2016-17 YEARBOOK	09/15/2016	6.75
INFOMAX OFFICE SYSTEMS IN	640-8590-64990	SAVIN - IMAGING UNIT CONTRACT/NS	09/21/2016	10.60

Vendor Name	GL Account Number	Description	Invoice Date	Net Invoice Amount
RECORD-HERALD & INDIANOL	640-8590-64020	QUARTERLY CHAMBER PAGE	08/28/2016	3.15
SHULL, DOUG	640-8590-64990	TREASURER CONTRACT	09/26/2016	7.50
U.S. CELLULAR	640-8590-63730	CELL PHONE	09/12/2016	75.50
Total FIBER/COMMUNICATIONS FUND:				103.50
WATER CAPITAL PROJECTS FUND				
CENTRAL TANK COATINGS INC	700-8100-67402	SIMPSON WATER TOWER INTERIOR COATING REPAIR	08/31/2016	66,500.00
VEENSTRA & KIMM	700-8100-67402	SIMPSON TOWER REPAIR	09/23/2016	379.00
Total WATER CAPITAL PROJECTS FUND:				66,879.00
ELECTRIC CAPITAL PROJECTS FUND				
CR SERVICES	730-8200-67906	WASP & HORNET KILLER	09/13/2016	12.05
ELECTRICAL ENG & EQUIP	730-8200-67906	MISC ELECTRIC MATERIALS	09/14/2016	100.25
GENERAL TRAFFIC CONTROLS	730-8200-67906	LED 12" INSERT, GREEN BULB	09/22/2016	414.02
KRIZ-DAVIS COMPANY	730-8200-67906	150 WATT NC BULBS	09/16/2016	475.08
MUNICIPAL ENERGY AGENCY	730-8200-45629	80% 69KV 30.9 CREDIT/ADMIN FEE - AUG	09/09/2016	46,673.99-
NEWCOM TECHNOLOGIES INC	730-8200-67605	IMU FTTH PRELIMINARY DESIGN	09/26/2016	52,933.46
TERRY-DURIN CO.	730-8200-67906	2" MORRIS CLAMPS	09/09/2016	374.50
WESCO	730-8200-67906	WIRE BARE 6 BCSD SOL 25#	09/09/2016	288.90
WESCO	730-8200-67906	#2 - 4/0 SOLID SPLICE	09/13/2016	313.51
WESCO	730-8200-67906	CROSSARM & BRACES, INSULATOR STUDS & POST	09/13/2016	727.95
Total ELECTRIC CAPITAL PROJECTS FUND:				8,965.73
Grand Totals:				1,051,052.38

Board of Trustees: _____

Vendor Name	GL Account Number	Description	Invoice Date	Net Invoice Amount
WATER OPERATING FUND				
911 ETC INC	600-8190-63730	911 MONTHLY ACCESS CHARGE	09/30/2016	4.95
BRICK GENTRY P.C.	600-8190-64110	REVIEW OF UTILITY BILLING MATTER	09/25/2016	45.00
CITY OF INDIANOLA - UTILITY	600-8110-63710	UTILITIES	09/30/2016	13,365.32
CONTRACTOR SOLUTIONS	600-8150-65072	DIAMOND BLADE, MISC SUPPLIES	10/04/2016	268.00
DUST PROS JANITORIAL	600-8120-64090	CLEANING SUPPLIES - WATER DEPT	10/04/2016	198.10
GRAYMONT WESTERN LIME IN	600-8110-65010	HIGH CALCIUM QUICKLIME	09/22/2016	4,254.08
HACH COMPANY	600-8110-65012	LAB SUPPLIES	09/28/2016	370.72
INTEGRIVAULT	600-8190-63730	OFFSITE BACKUP - SEPTEMBER	10/01/2016	47.50
IOWA ASSOC OF MUN UTILITIE	600-8192-64990	SEPTEMBER 2016 TRAINING, CONFINED SPACES	09/30/2016	206.82
IOWA DEPT OF NATURAL RES	600-8110-62100	ANNUAL WATER USE FEE PERMIT 1515	09/30/2016	66.00
JMK LAWNCARE	600-8110-64990	SEPTEMBER MOWING CONTRACT - WATER	10/01/2016	860.00
KLOOTWYK, MICHELLE	600-8190-63730	MOBILE DEVICE ALLOWANCE	10/01/2016	18.00
LONGER, CHRIS	600-8190-63730	MOBILE DEVICE ALLOWANCE	10/01/2016	36.00
LONGER, CHRIS	600-8190-61440	SEPT/OCT WELLNESS REIMBURSEMENT	10/10/2016	9.50
MAHASKA COMMUNICATION G	600-8190-63730	TELEPHONE 961-9444	10/01/2016	1.44
MAHASKA COMMUNICATION G	600-8190-63730	TELEPHONE 961-9444	10/01/2016	17.98
MAHASKA COMMUNICATION G	600-8110-63730	TELEPHONE	10/01/2016	41.74
MAHASKA COMMUNICATION G	600-8190-63730	TELEPHONE	10/01/2016	6.94
MAHASKA COMMUNICATION G	600-8190-63730	INTERNET	10/01/2016	4.18
MIDWEST UNDERGROUND	600-8150-63453	PART	10/04/2016	23.00
MIDWEST UNDERGROUND	600-8160-63320	MATERIALS	09/23/2016	462.07
NORWALK READY-MIXED CON	600-8150-63453	307 N 'I' ST	09/15/2016	714.00
PETTY CASH-GEN MGR UTIL	600-8190-65080	CERTIFIED LTR - WATER 8/9/16	10/11/2016	6.47
PETTY CASH-GEN MGR UTIL	600-8190-65080	CERTIFIED LTR - WATER 7/29/16	10/11/2016	6.47
PETTY CASH-GEN MGR UTIL	600-8190-65070	HY-VEE - KMET RETIREMENT 7/27/16	10/11/2016	13.17
PETTY CASH-GEN MGR UTIL	600-8190-69880	CERTIFIED LTR - WATER 8/12/16	10/11/2016	6.47
PETTY CASH-GEN MGR UTIL	600-8190-65080	CERTIFIED LTR - WATER 8/10/16	10/11/2016	6.47
PETTY CASH-GEN MGR UTIL	600-8190-69880	POSTAGE - ROLL OF STAMPS 7/25/16	10/11/2016	10.16
PETTY CASH-GEN MGR UTIL	600-8190-65070	FAREWAY - KLEENEX FOR OFFICE 9/19/16	10/11/2016	2.03
PETTY CASH-GEN MGR UTIL	600-8190-65070	HY-VEE - KMET RETIREMENT CARD 7/22/16	10/11/2016	2.98
PIERCE BROTHERS REPAIR	600-8150-65072	STOP BOX CAP WRENCHES	09/28/2016	68.00
PIERCE BROTHERS REPAIR	600-8160-65072	BRACKET FOR VICE	09/29/2016	52.00
RECORD-HERALD & INDIANOL	600-8190-64020	2016 COMMUNITY GUIDE	09/25/2016	57.00
RECORD-HERALD & INDIANOL	600-8190-64020	BT MIN-08	09/25/2016	33.55
STANGEL, ROBERT	600-8190-63730	MOBILE DEVICE ALLOWANCE	10/01/2016	54.00
STATE HYGENIC LABORATORY	600-8110-64990	BACTEE SAMPLES	09/30/2016	187.50
TELRITE CORPORATION	600-8190-63730	IMU - LONG DISTANCE	09/22/2016	4.66
UNUM LIFE INSURANCE CO OF	600-8180-61550	LIFE, AD & D AND LTD INS	10/12/2016	128.83
VERIZON WIRELESS	600-8110-63730	WIRELESS FOR LAPTOP	09/26/2016	40.03
VESSCO INC	600-8120-63410	MATERIALS	09/19/2016	578.17
WARREN COUNTY ENGINEER	600-8160-65050	FUEL DISTRIBUTION	10/04/2016	462.70
WASTE MANAGEMENT OF IOW	600-8120-64090	TRASH - OCT 2016	09/28/2016	63.01
WELLS FARGO CCER	600-8160-63320	OREILLY AUTO 00003376 fuses for 09 ford and 16 chevy	09/13/2016	6.78
WELLS FARGO CCER	600-8190-65070	OFFICE DEPOT #1090 Office Supplies	09/30/2016	4.49
WELLS FARGO CCER	600-8150-63453	MCCOY TRUE VALUE Paint Brushes	09/02/2016	5.81
WELLS FARGO CCER	600-8160-65072	THEISENS #21 glass cleaner for vehicles	09/12/2016	9.87
WELLS FARGO CCER	600-8150-65072	THEISENS #21 foam for well 11, gloves and glasses for safety, vise	09/30/2016	116.93
WELLS FARGO CCER	600-8160-63320	DOWNEY TIRES flat tire repair	09/19/2016	25.09
WELLS FARGO CCER	600-8120-63410	MCCOY TRUE VALUE parts to fix cabinet in plant	09/30/2016	19.24
WELLS FARGO CCER	600-8160-63320	MIDWEST UNDERGROUND SUPP coupling for the Vac	09/08/2016	45.40
WELLS FARGO CCER	600-8190-65070	OFFICE DEPOT #1090 Office Supplies	09/30/2016	20.77
WELLS FARGO CCER	600-8120-65070	THEISENS #21 nozzles for garden hoses at plant and D batteries fo	09/26/2016	21.87
WELLS FARGO CCER	600-8150-63453	THEISENS #21 weed killer for around buildings, pipe tape for plumi	09/05/2016	52.33
WELLS FARGO CCER	600-8150-63453	NAPA PARTS 0000514 Lights and connectors for vac	09/14/2016	116.96
WELLS FARGO CCER	600-8150-65072	MCCOY TRUE VALUE batteries for locator	09/07/2016	17.98
WELLS FARGO CCER	600-8160-63320	DOWNEY TIRES This is a credit they added tax on our bill so they c	09/19/2016	1.64-
WELLS FARGO CCER	600-8150-63453	MCCOY TRUE VALUE parts to mount flashing in truck	09/22/2016	10.02

Vendor Name	GL Account Number	Description	Invoice Date	Net Invoice Amount
Total WATER OPERATING FUND:				23,276.91
ELECTRIC OPERATING FUND				
911 ETC INC	630-8290-63730	911 MONTHLY ACCESS CHARGE	09/30/2016	18.76
BRICK GENTRY P.C.	630-8290-64110	CORRESPONDENCE FROM MATT BRICK, EMPLOYMENT MATT	09/25/2016	45.00
BRICK GENTRY P.C.	630-8290-64110	REVIEW EMPLOYMENT ANNAOUNCEMENT	09/25/2016	45.00
BRICK GENTRY P.C.	630-8290-64110	EMPLOYEE HIRING MATTER	09/25/2016	60.00
CITY OF INDIANOLA - REBATE	630-8290-67306	A/C REBATE	09/15/2016	200.00
CITY OF INDIANOLA - REBATE	630-8290-67306	A/C REBATE	07/19/2016	100.00
CITY OF INDIANOLA - REBATE	630-8290-67306	A/C REBATE	09/21/2016	200.00
CITY OF INDIANOLA - REBATE	630-8290-67306	COMMERCIAL LIGHTING	09/29/2016	1,232.00
CITY OF INDIANOLA - REBATE	630-8290-67306	A/C REBATE	07/15/2016	100.00
CITY OF INDIANOLA - REBATE	630-8290-67306	A/C REBATE	07/14/2016	100.00
CITY OF INDIANOLA - UTILITY	630-8210-63710	08/02/16 - 09/02/2016 (17-17102-01)	09/30/2016	2,228.29
DUST PROS JANITORIAL	630-8220-64090	JANITORIAL SUPPLIES - OFFICE	10/04/2016	57.73
DUST PROS JANITORIAL	630-8220-64090	JANITORIAL SUPPLIES - PLANT	10/04/2016	46.01
DUST PROS JANITORIAL	630-8220-64090	JANITORIAL SUPPLIES - LINE SHOP	10/04/2016	48.47
INTEGRIVAULT	630-8290-63730	OFFSITE BACKUP - SEPTEMBER	10/01/2016	180.00
IOWA ASSOC OF MUN UTILITIE	630-8292-64990	SEPTEMBER 2016 TRAINING, CONFINED SPACES	09/30/2016	206.82
IOWA ASSOC OF MUN UTILITIE	630-8292-64990	SEPTEMBER 2016 TRAINING, CONFINED SPACES	09/30/2016	1,034.10
JEFFREY, CYNTHIA	630-8290-66990	REFUND CON FEE	09/30/2016	58.95
JEFFREY, CYNTHIA	630-8280-64180	REFUND CON FEE	09/30/2016	1.05
JV TRUCKING LLC	630-8250-65072	PEA GRAVEL TO E. IOWA	09/27/2016	561.00
KLOOTWYK, MICHELLE	630-8290-63730	MOBILE DEVICE ALLOWANCE	10/01/2016	4.75
LONGER, CHRIS	630-8290-63730	MOBILE DEVICE ALLOWANCE	10/01/2016	9.50
LONGER, CHRIS	630-8290-61440	SEPT/OCT WELLNESS REIMBURSEMENT	10/10/2016	36.00
MAHASKA COMMUNICATION G	630-8290-63730	TELEPHONE 961-9444	10/01/2016	5.47
MAHASKA COMMUNICATION G	630-8290-63730	TELEPHONE 961-9444	10/01/2016	68.14
MAHASKA COMMUNICATION G	630-8290-63730	INTERNET	10/01/2016	15.84
MAHASKA COMMUNICATION G	630-8240-63730	TELEPHONE	10/01/2016	83.48
MAHASKA COMMUNICATION G	630-8290-63730	TELEPHONE	10/01/2016	26.29
MC MASTER-CARR SUPPLY CO	630-8220-65072	FIRE SUPPRESSION SYSTEM	10/03/2016	49.88
METCALF, MIKE	630-8240-63730	MOBILE DEVICE ALLOWANCE	10/01/2016	75.00
MID AMERICAN ENERGY	630-8290-67306	IMU ADUDIT PARTNERSHIP	10/04/2016	1,078.30
MID AMERICAN ENERGY	630-8290-67306	IMU ADUDIT PARTNERSHIP	10/04/2016	1,301.26
PETTY CASH-GEN MGR UTIL	630-8290-65080	POSTAGE - ROLL OF STAMPS 7/25/16	10/11/2016	38.50
PETTY CASH-GEN MGR UTIL	630-8290-65070	HY-VEE - KMET RETIREMENT CARD 7/22/16	10/11/2016	.75
PETTY CASH-GEN MGR UTIL	630-8290-65070	HY-VEE - KMET RETIREMENT 7/27/16	10/11/2016	52.70
PETTY CASH-GEN MGR UTIL	630-8250-65072	FAREWAY - SOAP FOR LINESHOP 9/19/16	10/11/2016	1.38
PETTY CASH-GEN MGR UTIL	630-8290-65080	INSUFFICIENT FUNDS - ELECTRIC APPLICATION	10/11/2016	.42
PETTY CASH-GEN MGR UTIL	630-8290-65070	FAREWAY - KLEENEX FOR OFFICE 9/19/16	10/11/2016	7.70
PETTY CASH-GEN MGR UTIL	630-8290-65080	CERTIFIED LTR - ELECTRIC 8/1/16	10/11/2016	6.47
QUALITY PEST CONTROL	630-8220-63100	GENERAL PEST CONTROL	10/07/2016	75.91
RECORD-HERALD & INDIANOL	630-8290-64020	LINE APPRENTICE AD	09/25/2016	525.00
RECORD-HERALD & INDIANOL	630-8290-64020	2016 COMMUNITY GUIDE	09/25/2016	217.00
RECORD-HERALD & INDIANOL	630-8290-64020	BT MIN-08	09/25/2016	127.17
RECORD-HERALD AD CONTRA	630-8290-64020	PROJECT SHARE	09/14/2016	148.00
SAFT AMERICA INC.	630-8225-63410	BLACK START MATERIAL	08/31/2016	4,763.99
SAFT AMERICA INC.	630-8225-63410	BLACK START BATTERIES	09/26/2016	2,751.11
SOUTH CENTRAL IOWA LANDFI	630-8250-65072	CONSTRUCTION DEBRIS	09/30/2016	24.00
STANGEL, ROBERT	630-8290-63730	MOBILE DEVICE ALLOWANCE	10/01/2016	14.25
T & R AUTOMOTIVE	630-8260-63320	PLANT FLATBED TRUCK REPAIR	09/29/2016	170.84
TELRITE CORPORATION	630-8290-63730	IMU - LONG DISTANCE	09/22/2016	17.67
TREASURER STATE OF IOWA	630-8280-64181	3RD QTR 2016 USE TAX	10/01/2016	238.00
UNUM LIFE INSURANCE CO OF	630-8280-61550	LIFE, AD & D AND LTD INS	10/12/2016	308.84
VERIZON WIRELESS	630-8240-63730	WIRELESS FOR SERVICE CREW LAPTOPS	09/26/2016	240.06
VERIZON WIRELESS	630-8240-63730	WIRELESS FOR SPARE LAPTOP	09/26/2016	20.00

Vendor Name	GL Account Number	Description	Invoice Date	Net Invoice Amount
WARREN COUNTY ENGINEER	630-8260-65050	FUEL DISTRIBUTION	10/04/2016	1,110.08
WELLS FARGO CCER	630-8250-65072	THEISENS #21 saw-zall blades for unit 29	09/23/2016	35.29
WELLS FARGO CCER	630-8250-65072	MCCOY TRUE VALUE straps for conduit at trailer park	09/05/2016	4.97
WELLS FARGO CCER	630-8250-65072	THEISENS #21 sawzall blades for line truck	09/23/2016	24.60
WELLS FARGO CCER	630-8240-62300	OLD CHICAGO 7009 Training lunch for Eric Schreier and Stephen	09/19/2016	26.35
WELLS FARGO CCER	630-8220-65072	FRAUD-THE HOME DEPOT 3305 Credit for Fraudulent Charges	09/28/2016	300.00
WELLS FARGO CCER	630-8250-65072	THE HOME DEPOT #2104 Screwdriver for unit 29	09/12/2016	10.43
WELLS FARGO CCER	630-8220-65072	FRAUD-WAL-MART #3350 Credit for Fraudulent Charges	09/28/2016	10.43
WELLS FARGO CCER	630-8250-65072	CIRCLE B CASHWAY OF INDIA metal flashing and spray foam to fi	09/28/2016	41.75
WELLS FARGO CCER	630-8250-65072	OREILLY AUTO 00003376 tools for unit 7	09/07/2016	31.01
WELLS FARGO CCER	630-8260-65072	OREILLY AUTO 00003376 Unit #31 front turn signal	09/14/2016	19.25
WELLS FARGO CCER	630-8290-65070	OFFICE DEPOT #1090 Office Supplies	09/30/2016	335.52
WELLS FARGO CCER	630-8260-63320	T AND R AUTOMOTIVE AC condenser repaired on white dump truc	09/28/2016	589.70
WELLS FARGO CCER	630-8290-65070	OFFICE DEPOT #1090 Office Supplies	09/30/2016	78.70
WELLS FARGO CCER	630-8260-65072	THEISENS #21 oil, filter, and air filter for unit 11	09/14/2016	42.10
WELLS FARGO CCER	630-8290-65070	OFFICE DEPOT #1080 Office Supplies	09/30/2016	118.27
WELLS FARGO CCER	630-8250-65072	MCCOY TRUE VALUE 1 1/4 2 hole straps for trailer court on hwy92	09/08/2016	6.22
WELLS FARGO CCER	630-8250-65072	MCCOY TRUE VALUE Duct tape for unit 29	09/28/2016	10.68
WELLS FARGO CCER	630-8250-65072	CIRCLE B CASHWAY OF INDIA Replacement spade for unit 29	09/08/2016	23.53
WELLS FARGO CCER	630-8260-65072	OREILLY AUTO 00003376 Unit # 33 Oil Drain Plug	09/15/2016	7.48
WELLS FARGO CCER	630-8290-65070	OFFICE DEPOT #1090 Office Supplies	09/30/2016	17.01
WELLS FARGO CCER	630-8250-65072	THEISENS #21 small propane bottle for line truck and a wand to fix	09/02/2016	20.30
WELLS FARGO CCER	630-8225-63410	THE HOME DEPOT #2104 Electric material for black start building	09/12/2016	82.69
WIEGERT DISPOSAL CO.	630-8220-64090	WASTE PICKUP - SEPT 2016	10/01/2016	110.00

Total ELECTRIC OPERATING FUND:

21,462.35

FIBER/COMMUNICATIONS FUND

911 ETC INC	640-8590-63730	911 MONTHLY ACCESS CHARGE	09/30/2016	2.34
CITY OF INDIANOLA - UTILITY	640-8550-63464	08/02/16 - 09/02/16 (96-00001-01)	09/30/2016	871.54
INTEGRIVAULT	640-8590-63730	OFFSITE BACKUP - SEPTEMBER	10/01/2016	22.50
KLOOTWYK, MICHELLE	640-8590-63730	MOBILE DEVICE ALLOWANCE	10/01/2016	2.25
LONGER, CHRIS	640-8590-63730	MOBILE DEVICE ALLOWANCE	10/01/2016	4.50
LONGER, CHRIS	640-8590-61440	SEPT/OCT WELLNESS REIMBURSEMENT	10/10/2016	4.50
MAGELLAN ADVISORS LLC	640-8550-64900	IMU FTTH BUSINESS PLAN	10/02/2016	6,370.00
MAHASKA COMMUNICATION G	640-8590-63730	TELEPHONE 961-9444	10/01/2016	.69
MAHASKA COMMUNICATION G	640-8590-63730	TELEPHONE 961-9444	10/01/2016	8.52
MAHASKA COMMUNICATION G	640-8590-63730	INTERNET	10/01/2016	1.98
MAHASKA COMMUNICATION G	640-8590-63730	TELEPHONE	10/01/2016	3.29
PETTY CASH-GEN MGR UTIL	640-8590-65070	FAREWAY - KLEENEX FOR OFFICE 9/19/16	10/11/2016	.97
PETTY CASH-GEN MGR UTIL	640-8590-65080	POSTAGE - ROLL OF STAMPS 7/25/16	10/11/2016	4.81
PETTY CASH-GEN MGR UTIL	640-8590-65080	CERTIFIED LTR - WATER 8/29/16	10/11/2016	12.94
RECORD-HERALD & INDIANOL	640-8590-64020	2016 COMMUNITY GUIDE	09/25/2016	28.00
RECORD-HERALD & INDIANOL	640-8590-64020	BT MIN-08	09/25/2016	15.89
STANGEL, ROBERT	640-8590-63730	MOBILE DEVICE ALLOWANCE	10/01/2016	6.75
TELRITE CORPORATION	640-8590-63730	IMU - LONG DISTANCE	09/22/2016	2.21
UNUM LIFE INSURANCE CO OF	640-8590-61550	LIFE, AD & D AND LTD INS	10/12/2016	7.28
WELLS FARGO CCER	640-8590-65070	OFFICE DEPOT #1090 Office Supplies	09/30/2016	2.13
WELLS FARGO CCER	640-8590-65070	OFFICE DEPOT #1090 Office Supplies	09/30/2016	9.84

Total FIBER/COMMUNICATIONS FUND:

7,382.93

WATER CAPITAL PROJECTS FUND

METERING & TECHNOLOGY SO	700-8100-67905	METERS	10/03/2016	4,243.31
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Total WATER CAPITAL PROJECTS FUND:

4,243.31

Vendor Name	GL Account Number	Description	Invoice Date	Net Invoice Amount
ELECTRIC CAPITAL PROJECTS FUND				
CR SERVICES	730-8200-67906	WHITE MARKING PAINT, SAFETY GLASSES & ELECTRICAL CLE	09/27/2016	113.54
KRIZ-DAVIS COMPANY	730-8200-67906	CONDUIT BODY AND COUPLING	09/20/2016	400.94
KRIZ-DAVIS COMPANY	730-8200-67906	PHOTO CONTROL	09/22/2016	233.43
POWER & TEL	730-8200-67906	BATTERY BACK UP FOR FIBER DEPT	09/27/2016	334.65
POWER & TEL	730-8200-67906	3 METER JUMPER	09/26/2016	74.96
TERRY-DURIN CO.	730-8200-67906	1 1/4" DUCT INNERDUCT ORANGE - FIBER	09/28/2016	3,167.20
WELLS FARGO CCER	730-8200-67603	THEISENS #21 3/4 inch conduit for fiber drop at Westroads building	09/28/2016	23.24
Total ELECTRIC CAPITAL PROJECTS FUND:				4,347.96
ELECTRIC REVENUE BONDS FUND				
PEOPLES BANK	793-8202-68510	2015 ELECTRIC NOTE	10/10/2016	80,860.72
Total ELECTRIC REVENUE BONDS FUND:				80,860.72
CASH ALLOCATION FUND				
IMPACT COMMUNITY ACTION P	999-0000-11005	REFUND CREDIT - V. SMITH	10/03/2016	141.00
ORTON HOMES	999-0000-11005	REFUND CREDIT - 1512 W HENDERSON	07/27/2016	67.82
Total CASH ALLOCATION FUND:				208.82
Grand Totals:				141,783.00

Board of Trustees: _____

IMU Regular Downstairs

4. B.

Meeting Date: 10/24/2016

Information

Subject

Minutes from the September 26, 2016 Board of Trustees Meeting

Information

The minutes from the September 26, 2016 Board of Trustees Meeting are attached for formal approval.

Financial Impact

N/A

Staff Recommendation

Simple motion is in order.

Attachments

IMU 160926Minutes

BOARD OF TRUSTEE MINUTES
REGULAR SESSION – SEPTEMBER 26, 2016

The Board of Trustees met in regular session at 5:30 p.m. on September 26, 2016 in the City Hall Council Chambers. Chairperson Deb White called the meeting to order and on roll call the following members were present: Lesley Forbush, Jim McClymond, Mike Rozga and Deb White. Absent: Adam Voigts.

There was no public comment.

The consent agenda consisting of the following was approved on a motion Rozga and seconded by McClymond. Question was called for and on voice vote the Chairperson declared the motion carried unanimously.

September 6 and 19, 2016 claims

August 22, 2016 minutes

The August 2016 Treasurer's report and budget variance report

Quarterly write-offs to be sent to the State Offset Program – \$16,831.33 for Electric and \$3,935.48 for Water

Salaries – Ron Bowlin, Generation/Metering Technician I, Range 21-2 \$45,788/year plus longevity of \$300 effective October 3, 2016

Electric Utility Action Items

The following proposals were received regarding the Electric SCADA System and Relay Replacement Engineering:

P&E Engineering – Carlisle, Iowa	\$182,300
DGR Engineering – Rock Rapids, Iowa	\$177,600 + travel expense
PSE Engineering – Madison, WI	\$487,050 + travel expense

It was moved by McClymond and seconded by Forbush to approve the P&E Engineering proposal in an amount of \$182,300. Question was called for and on voice vote the Chairperson declared the motion carried unanimously.

Electric Utility Informational Items

General Manager Rob Stangel and Mike Metcalf, Electric Superintendent, reported on the Electric Utility Information Items.

Board member Adam Voigts arrived at the meeting.

Water Utility Action Items

A motion was made by Forbush and seconded by McClymond to approve the Simpson Water Tower Interior Coating Certificate of Completion with Central Tank Coatings in an amount of \$70,000. Question was called for and on voice vote the Chairperson declared the motion carried unanimously.

McClymond moved to approve the Automatic Systems quote of \$148,200 to replace the water plant power and control system upgrade. Forbush seconded the motion to adopt. Question was called for and on voice vote the Chairperson declared the motion carried unanimously.

Water Utility Informational Items

Lou Elbert, Water Superintendent, reported on the Water Utility Informational items.

Communications Utility Action Items – there were no action items.

Communications Utility Informational Items

Rob Stangel, General Manager, reported on the Communication Utility Informational items.

Electric, Water and Communications Utilities Action Items

The following resolution entitled, “RESOLUTION APPROVING 28E AGREEMENT FOR WARREN COUNTY GEOGRAPHIC INFORMATION SYSTEM COMMISSION” was approved on a motion by Voigts and seconded by Rozga. On roll call the vote was, AYES: White, Rozga, Forbush and Voigts. NAYS: None. ABSTAINED: McClymond. Whereupon the Chairperson declared the motion carried and the following resolution duly adopted.

RESOLUTION APPROVING 28E AGREEMENT FOR WARREN COUNTY GEOGRAPHIC
INFORMATION SYSTEM COMMISSION

(The complete resolution may be viewed at the City Clerk’s Office)

Electric, Water and Communications Utilities Combined Information Items

Mike Metcalf, Electric Superintendent, and Water Superintendent Lou Elbert presented the quarterly safety reports.

Meeting adjourned at 6:15 p.m. on a motion by McClymond and seconded by Voigts.

Deb White, Chair

Diana Bowlin, City Clerk

Information

Subject

Salaries, Generation/Metering Technician I

Information

At the September 26th meeting, the Board approved the starting salary for Ron Bowlin at \$45,788 and longevity pay at \$300. Upon review, there was a type-o in this agenda item last month and the correct starting salary should have been \$46,788 and payroll records show that his longevity pay should be at \$350. The Board should formally approve the correct salary and longevity pay as follows:

Ron Bowlin, Generation/Metering Technician I, \$46,788 + \$350 longevity, effective October 3, 2016

Financial Impact

N/A

Staff Recommendation

Simple motion is in order.

Attachments

No file(s) attached.

Meeting Date: 10/24/2016

Information

Subject

Salaries, Electric Line Apprentices

Information

Staff is pleased to announce the hiring of two new electric line apprentices. These hires bring the distribution department up to full-staff and will allow for a smooth transition over the next couple of years with expected crew chief retirements.

Ryan Boozell, Electric Line Apprentice, \$47,205, effective October 31, 2016

Aaron Rasko, Electric Line Apprentice, \$47,205, effective November 7, 2016

Both appointments are subject to all pre-employment testing requirements.

Financial Impact

N/A

Staff Recommendation

Simple motion is in order.

Attachments

No file(s) attached.

Meeting Date: 10/24/2016

Information

Subject

2016 Electric Cost of Service Study Update

Information

Attached to this agenda item is the cost of service study update prepared by JK Energy Consulting. The purpose of the 2016 Update is to provide IMU an analysis of its electric rates and determine if the planned rates for FY 2017 (effective December 1, 2016), as calculated in the 2015 Study and approved by the IMU Board of Trustees, are set to collect sufficient revenue to pay for existing and projected operating expenses.

On page 4 of this report you will find Mr. Krajewski's conclusions and recommendations based on this analysis. The Board should determine which rate option it prefers as the current recommendation, which is an increase of 7%, is set to take effect on bills issued December 1, 2016.

Financial Impact

N/A

Staff Recommendation

Simple motion is in order.

Attachments

IMU 2016 Update Letter Report w Attachment A

October 20, 2016

Mr. Rob Stangel
General Manager
Indianola Municipal Utilities
PO Box 356
Indianola, IA 50125

RE: 2016 Cost of Service Study Update

Dear Rob:

JK Energy Consulting, LLC (JKEC) is pleased to submit this letter report to Indianola Municipal Utilities (IMU) and its electric utility, summarizing the findings of the 2016 Cost of Service Study Update (2016 Update).

BACKGROUND

In late 2015, IMU completed a Cost of Service/Rate Design Study (2015 Study). The 2015 Study recommended IMU implement 7% rate increases on December 1, 2015 (for FY 2016) and December 1, 2016 (for FY 2017). Several rate design changes were also implemented, including changes to the Cost of Energy (COE) policy. The IMU Board of Trustees approved the rate increases as recommended in October 2015.

JKEC was retained to evaluate the revenue collected under IMU's existing rates and determine if the rates are collecting the revenue that was intended in the 2015 Study, as prepared by JKEC. The primary driver for this analysis was a lower increase to MEAN's rates than originally projected.

PURPOSE AND APPROACH

The purpose of the 2016 Update is to provide IMU an analysis of its electric rates and determine if the planned rates for FY 2017 (effective December 1, 2016), as calculated in the 2015 Study and approved by the IMU Board of Trustees, collect sufficient revenue to pay for existing and projected operating expenses.

The approach to this rate review consisted of several steps:

- Projected FY 2017 operating costs and debt service from the 2015 Study were compared to the costs based on approved Service Schedule M rates for MEAN and updated budget projections for internal costs.
- Projected operating results for FY 2017 were updated to determine if the previously-approved December 2016 rate change is still necessary.

FINDINGS

The 2015 Study recommended two 7% rate increases, effective December 1, 2015 and December 1, 2016. The primary driver for the proposed rate increases was the increased cost of purchased power from MEAN. In April 2016, MEAN implemented a lower rate increase than was originally projected. In August 2016, MEAN indicated that financial results had improved and there would be a small equity distribution to Service Schedule M customers.

Table 1 (see page 3) shows the updated Projected Operating Results for IMU, based on the format provided in the 2015 Study. Power supply costs in FY 2017 are projected to decrease from \$10.6 million in the 2015 Study to \$9.8 million in the 2016 Update. Table 1 shows that the minimum necessary rate increase to maintain adequate debt service coverage in FY 2017 is 2.6%. The minimum rate increase to ensure adequate cash flow, including funding for all capital expenditures, is approximately 7.2%. If IMU chose to implement a rate increase of less than 7.2%, there are sufficient capital improvement funds available to cover projected capital expenditures.

Attached to this letter report are updated versions of Tables 3, 4, 5 and 6 that were included in the 2015 Study (see Attachment A).

Future rate increases are highly dependent on power supply costs. In general, future increases will track with inflationary increases to power supply costs and internal operating and maintenance costs. IMU also has a COE adjustment clause designed to be implemented if there is a significant short-term change in power supply costs.

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Table 1
Projected Financial Results
Existing Rates - Cash Basis / Debt Service Coverage Method
Indianola Municipal Utilities
2016 Cost of Service Study Update

Line	Description	Test Year	Projected	
		2017	2018	2019
1	Operating Revenues			
2	Sale of Electricity	\$ 12,526,347	\$ 12,526,347	\$ 12,526,347
3	Electric Cost Adjustment	-	-	-
4	Capacity Compensation	520,000	520,000	520,000
5	MISO Revenue	474,753	481,983	481,983
6	Other	321,500	321,500	321,500
7	Total Operating Revenue	\$ 13,842,601	\$ 13,849,830	\$ 13,849,830
8	Operating Expenses			
9	Purchased Power	\$ 9,753,882	\$ 9,999,637	\$ 10,225,158
10	Plant Operation & Maintenance	382,100	393,563	405,370
11	Distribution Operation & Maintenance	1,337,500	1,377,625	1,418,954
12	Administrative & General	1,534,300	1,580,329	1,627,739
13	Total Operating Expenses	\$ 13,007,782	\$ 13,351,154	\$ 13,677,220
14	Operating Income	\$ 834,819	\$ 498,677	\$ 172,610
15	Non-Operating Expense/(Revenue)			
16	Interest Income	(100,000)	(100,000)	(100,000)
17	Debt Service Interest	162,800	144,600	125,840
18	Debt Service Principal	700,000	718,000	800,000
19	Sale of Capital Assets	-	-	-
20	Interfund Transfers	705,100	726,253	748,041
21	Capital Improvements	743,000	938,000	1,323,000
22	Future Capital Improvements	-	-	-
23	Fees and Charges	(25,000)	(25,750)	(26,523)
24	Interfund Debt Repayment	(345,800)	(345,800)	(345,800)
25	Developer Contributions	-	-	-
26	Miscellaneous	(108,600)	(108,600)	(108,600)
27	Total Non-Operating Expense/(Revenue)	\$ 1,731,500	\$ 1,946,703	\$ 2,415,958
28	Net Income - Cash Basis	\$ (896,681)	\$ (1,448,026)	\$ (2,243,348)
29	Rate Change for Breakeven Cash Flow	7.16%	11.56%	17.91%
30	Debt Service Coverage			
31	Net Revenue	\$ 709,119	\$ 352,574	\$ 5,492
32	Debt Service	862,800	862,600	925,840
33	Debt Service Coverage Ratio	82.19%	40.87%	0.59%
34	Required Net Revenue	1,035,360	1,035,120	1,111,008
35	Rate Change for 125% Debt Coverage	2.60%	5.45%	8.83%

Rate Scenarios

In discussions with staff, three potential rate scenarios for December 2016 were identified. While there are benefits and drawbacks for each plan, they all ensure compliance with IMU's Bond Indentures requiring debt service coverage of 1.25. These plans are as follows:

- **Scenario 1: 3% Rate Increase in December 2016.** This plan rescinds the previously-approved rate change scheduled to go into effect in December 2016 (7%) and replaces it with a 3% increase. This will decrease rates to customers by approximately \$500,000 per year from the previously approved rate schedule. This plan requires development of a new rate schedule and approval by the IMU Board.
- **Scenario 2: 7% Rate Increase in December 2016, as previously approved.** This plan involves going forward with the previously approved rate change, as approved by the IMU Board in November 2015. No further action by the IMU Board is required and no changes necessary to the current rate schedule.
- **Scenario 3: 5% Rate Increase in December 2016.** This plan rescinds the previously-approved 7% rate increase and replace it with a 5% increase. This will decrease rates to customers by approximately \$250,000 when compared to the previously approved rate schedule. This plan requires development of a new rate schedule and approval by the IMU Board.

If IMU implements either Scenario 1 or Scenario 3, it would be possible to implement further changes to help ensure rate classes are paying rates more reflective of the cost of service. For example, the 2015 Study recommended increases to the customer charge and directing increases to certain rate classes. Further rate schedule changes would be possible under Scenarios 1 or 3.

CONCLUSIONS

The following conclusions were reached, based on the information provided and analyses completed:

1. Projected power supply costs for FY 2017 were approximately \$800,000 less than projected in the 2015 Study. This was primarily a result of MEAN rate increases that were less than originally projected.
2. A rate increase of approximately 3% in FY 2017 is necessary to ensure adequate debt service coverage. This compares to a rate increase of 7% that was previously calculated as being necessary.
3. The IMU Board has several rate options available. In discussions with staff, the options were narrowed down to three for IMU Board consideration: 3% rate increase; 5% rate increase; or proceeding with the already-passed 7% rate increase.

4. Each of the three rate options ensure adequate debt service coverage to maintain compliance with bond indentures.

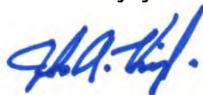
RECOMMENDATIONS

Based on the analyses completed and the conclusions reached, the following is recommended:

1. The IMU Board should determine which rate option it prefers. This decision should be made as soon as possible to enable the rate schedules to be updated (if necessary) for implementation by December 1, 2016.

JKEC is pleased to provide this letter report. If you have any questions, please let me know.

Sincerely yours,



John A. Krajewski, P.E.
JK Energy Consulting, LLC

JAK/kam

Attachment A

- Table 3
- Table 4
- Table 5
- Table 6

ATTACHMENT A – UPDATE TABLES 3, 4, 5 AND 6

Table 3
Test Year Budget by Function
Indianola Municipal Utilities
Annual

Line	Rate Class	Production / Transmission	Subtrans/ Distribution	Customer/ Admin	Total
1	Residential	\$ 3,178,698	\$ 1,508,733	\$ 466,088	\$ 5,153,519
2	Residential - Good Cents	3,340	1,380	272	4,992
3	Residential All Electric	479,442	187,875	59,810	727,128
4	Residential All Electric - Good Cents	1,669	475	91	2,235
5	Residential & Farm	1,858	916	470	3,244
6	Time of Use - Residential	25,818	10,991	3,221	40,030
7	City Street Lights	90,771	43,441	15,461	149,674
8	Commercial Light & Power	3,021,040	1,019,966	66,472	4,107,478
9	Commercial Light & Power 2% Discount	11,292	5,063	91	16,445
9	Government	318,079	84,034	4,173	406,286
10	Municipal	346,258	104,129	10,698	461,085
11	Small Power	938,136	208,288	1,411	1,147,835
12	Large Power	973,932	224,472	1,097	1,199,501
13	Lights	-	-	-	-
14	Total	\$ 9,392,806	\$ 3,400,635	\$ 629,570	\$ 13,423,012
15	Percentage	69.98%	25.33%	4.69%	100.00%

Table 4
Classification of Expenses
Indianola Municipal Utilities
Annual

Line	Rate Class	Customer		Energy		Demand		
		(\$)	(\$/mon)	(\$)	(¢/kWh)	(\$)	¢/kWh	\$/kW
1	Residential	\$ 1,099,411	\$ 17.84	\$ 1,800,534	4.19	\$ 2,253,574	5.24	
2	Residential - Good Cents	642	17.84	1,925	4.21	2,424	5.30	
3	Residential All Electric	141,080	17.84	263,080	4.13	322,967	5.07	
4	Residential All Electric - Good Cents	214	17.84	932	4.15	1,089	4.84	
5	Residential & Farm	915	38.14	1,038	4.18	1,290	5.19	
6	Time of Use - Residential	7,598	17.84	14,423	4.18	18,010	5.22	
7	City Street Lights	36,091	1.76	51,879	4.13	61,704	4.92	
8	Commercial Light & Power	247,116	28.11	1,468,219	4.17	2,392,143	6.79	
9	Commercial Light & Power 2% Discount	214	17.84	6,083	4.26	10,148	7.11	
10	Government	8,550	40.14	168,859	4.16	228,877	5.64	
11	Municipal	21,918	40.14	174,517	4.03	264,651	6.11	
12	Small Power	5,605	77.85	539,521	4.16	602,709	4.65	
13	Large Power	4,360	77.85	542,485	4.17	652,656	5.01	
14	Lights	-	-	-	-	-	-	
15	Total	\$ 1,574,191		\$ 5,034,911		\$ 6,813,910		
16	Percentage	11.7%		37.5%		50.8%		

Table 5
Comparison of Cost of Service
to Revenue from Existing Rates
Indianola Municipal Utilities
Annual

Line	Rate Class	Revenue Existing Rates	Cost of Service	Difference	
				\$	%
1	Residential	\$ 4,941,419	\$ 5,153,519	\$ 212,100	4.3%
2	Residential - Good Cents	4,444	4,992	548	12.3%
3	Residential All Electric	681,544	727,128	45,583	6.7%
4	Residential All Electric - Good Cents	1,918	2,235	317	16.5%
5	Residential & Farm	3,212	3,244	31	1.0%
6	Time of Use - Residential	36,961	40,030	3,069	8.3%
7	City Street Lights	151,703	149,674	(2,029)	-1.3%
8	Commercial Light & Power	3,862,432	4,107,478	245,047	6.3%
9	Commercial Light & Power 2% Discount	14,928	16,445	1,517	10.2%
10	Government	385,575	406,286	20,711	5.4%
11	Municipal	420,283	461,085	40,802	9.7%
12	Small Power	989,762	1,147,835	158,073	16.0%
13	Large Power	1,030,009	1,199,501	169,491	16.5%
14	Lights	2,158	-	(2,158)	-100.0%
15	Total	\$ 12,526,347	\$ 13,423,012	\$ 896,664	7.2%

Table 6
Comparison of Cost of Service
to Revenue from Existing Rates
Indianola Municipal Utilities
Summer

Line	Rate Class	Revenue Existing Rates	Cost of Service	Difference	
				\$	%
1	Residential	\$ 2,027,424	\$ 1,950,515	\$ (76,909)	-3.8%
2	Residential - Good Cents	2,047	2,025	(23)	-1.1%
3	Residential All Electric	194,850	202,447	7,596	3.9%
4	Residential All Electric - Good Cents	651	668	16	2.5%
5	Residential & Farm	1,243	1,156	(87)	-7.0%
6	Time of Use - Residential	15,146	14,501	(645)	-4.3%
7	City Street Lights	46,033	34,771	(11,263)	-24.5%
8	Commercial Light & Power	1,465,057	1,452,327	(12,730)	-0.9%
9	Commercial Light & Power 2% Discount	9,226	8,235	(990)	-10.7%
10	Government	153,024	138,729	(14,295)	-9.3%
11	Municipal	172,183	160,363	(11,820)	-6.9%
12	Small Power	392,738	390,903	(1,835)	-0.5%
13	Large Power	421,119	406,587	(14,532)	-3.5%
14	Lights	719	-	(719)	0.0%
15	Total	\$ 4,901,462	\$ 4,764,109	\$ (137,353)	-2.8%

Winter

Line	Rate Class	Revenue Existing Rates	Cost of Service	Difference	
				\$	%
1	Residential	\$ 2,913,995	\$ 3,203,005	\$ 289,009	9.9%
2	Residential - Good Cents	2,396	2,967	571	23.8%
3	Residential All Electric	486,694	524,681	37,987	7.8%
4	Residential All Electric - Good Cents	1,266	1,567	301	23.7%
5	Residential & Farm	1,969	2,087	118	6.0%
6	Time of Use - Residential	21,815	25,529	3,715	17.0%
7	City Street Lights	105,669	114,903	9,234	8.7%
8	Commercial Light & Power	2,397,374	2,655,151	257,777	10.8%
9	Commercial Light & Power 2% Discount	5,702	8,210	2,508	44.0%
9	Government	232,551	267,557	35,006	15.1%
10	Municipal	248,101	300,722	52,622	21.2%
11	Small Power	597,024	756,932	159,908	26.8%
13	Large Power	608,890	792,914	184,023	30.2%
14	Lights	1,439	-	(1,439)	0.0%
15	Total	\$ 7,624,886	\$ 8,658,903	\$ 1,034,017	13.6%

Meeting Date: 10/24/2016

Information

Subject

NewCom Technologies Inside Plant Design, Revised

Information

Attached to this agenda item is a proposal from NewCom Technologies for Inside Plant (ISP) design that was included as an option in their original Fiber Network Design Engineering Service proposal. We are about 6 weeks into the engagement with NewCom and ISP design decisions need to be made for the Outside Plant (OSP) design to be completed. Many of the items in this proposal were also included in the Implementation Plan proposal received from Magellan Advisors which has also been included for your reference (See Schedule C). Staff initially felt that decisions on these items would be able to wait until funding was secured and a Communications Superintendent was hired. However, this has proven not to be feasible.

Staff's recommendation is to exercise this option in NewCom's proposal for a not to exceed cost of \$57,000.

Financial Impact

N/A

Staff Recommendation

Simple motion is in order.

Attachments

Magellan Phase II Project Proposal

NewCom ISP Proposal



Proposal

Phase II

Broadband Project Business Plan

Prepared For:

Rob Strangel
Indianola Municipal Utilities

Prepared By:

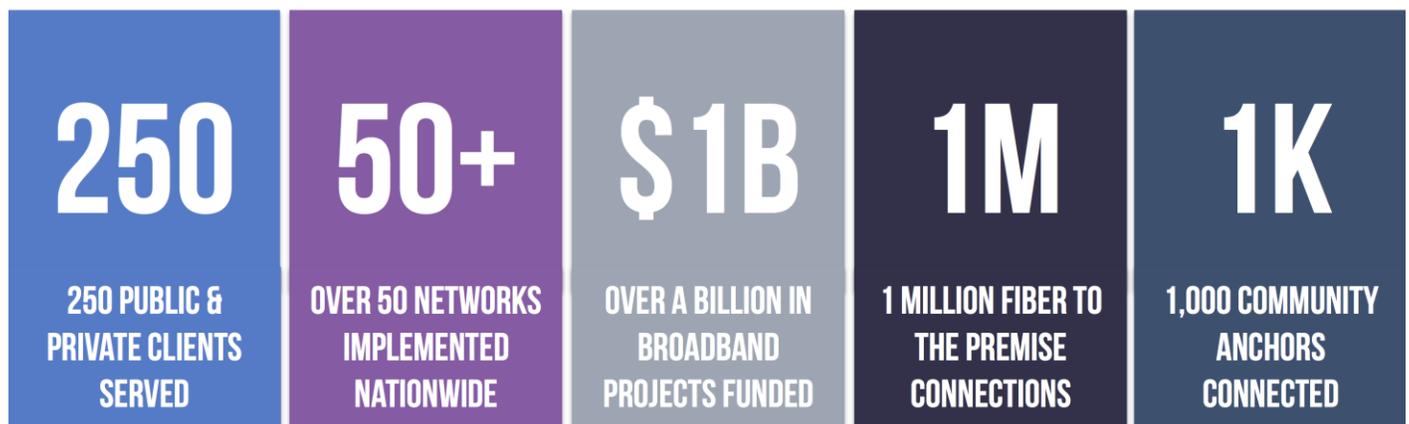
Scott Moehnke
Magellan Advisors
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www.magellan-advisors.com
999 18th Street, Suite 3000
Denver, CO 80202

Overview of Magellan Advisors

Magellan Advisors is the leading broadband consulting firm, providing broadband planning and implementation services for public utilities, government organizations and service providers across the United States and internationally. We assist providers, cities, counties, states and public utilities leverage their strengths to plan, deploy and manage fiber and wireless broadband networks, enabling their communities to thrive in the digital economy. We embrace the needs of communities to enhance economic development, improve education, expand healthcare and position themselves in the digital domain. We believe that broadband is a critical element to achieving these goals and our services position public and private organizations with effective strategies to expand broadband, customized to their individual needs.

Proven Process. Proven Results.

Magellan helps more communities achieve their broadband goals.



Our combination of unmatched broadband, telecom, business and operational experience creates actionable strategies that communities use to realize their broadband objectives. We have lead the planning, funding, construction and management of over 50 fiber-to-the-premise networks passing over 1 million homes and connecting more than 1,000 schools, hospitals, government offices and community organizations. Our work has resulted in over \$1 billion in new broadband investments nationwide. Magellan has helped more communities successfully plan, implement and manage gigabit broadband networks than any other firm in the market.

Portfolio of Services

Magellan is the only firm that provides comprehensive broadband planning, implementation and project management services, enabling our clients with a turnkey consulting partner that helps them through every step of the process. Our project teams are comprised of professionals with significant operational experience in the broadband, public utility, local government and information technology sectors. Unlike many consulting firms, we have deep business and operational expertise planning, building and managing networks, skills that are paramount to helping our clients plan and implement their own broadband networks and create effective partnerships. Our consultants develop real-world, actionable strategies that organizations can rely on to support the development of their broadband initiatives. No other firm in the industry has these combined capabilities.

Make Gigabit a Reality in Your Community

Magellan enables communities to plan, implement and manage Gigabit Broadband



**FEASIBILITY
STUDIES**



**BROADBAND
ENGINEERING**



**BUSINESS MODELS
& PARTNERSHIPS**



**FINANCING
& GRANTS**



**PROJECT
MANAGEMENT**

Magellan uses a customized approach in every project based on the needs of our clients and their communities. We develop innovative solutions that allow public and private organizations to best utilize their strengths to expand broadband. Magellan is at the forefront of public-private partnership development, working to negotiate and forge these partnerships between public organizations and private broadband providers. Conquering broadband issues often takes the participation of multiple parties that are aligned around common goals. Magellan helps communities recruit innovative providers and form strategic partnerships that benefit providers and the communities they serve.

Feasibility Studies

Magellan helps public organizations and broadband operators determine reasonable expectations for deploying fiber to the premise networks. We develop comprehensive feasibility studies that assess the current broadband environment and determine the opportunities to deploy advanced broadband networks. Our feasibility studies are real world tested and based on the latest broadband industry trends that provide strategic direction for communities to achieve their broadband goals.

- Community Needs Assessments
- Market Analysis & Current Environment
- Network Analysis & Inventory
- Business Models & Financial Planning
- Design & Engineering
- Opportunity, Risk & Benefit Analysis

Broadband Engineering

Our broadband design and engineering services provide the latest technical designs for fiber-to-the-premise, backbone, metro and long-haul networks. Our wireless design and engineering services develop effective fixed wireless, microwave and Wi-Fi networks to cover the most challenging terrain. Our services cover all aspects of broadband design and engineering, from outside plant fiber and wireless, to equipment, to services and content, to BSS/OSS and systems integration.

- FTTH, FTTP, Metro & Long-Haul Fiber
- Fixed Wireless, Microwave & Wi-Fi
- GPON, Active Ethernet & WDM
- Routing, Switching & MPLS
- Internet, Voice & Video Integration
- BSS/OSS & Network Management Systems

Business Models & Partnerships

Magellan is on the forefront of emerging business models and partnership development within the broadband industry. We successfully plan, negotiate and execute partnership agreements between public organizations and private operators, leveraging the strengths of each organization to benefit the community. We have a stellar record of recruiting broadband providers to local communities and helping these organizations make their communities Gigabit Ready.

- Dark Fiber, Open Access, Triple Play
- Feasibility Analysis of Business Models
- Public-Private Partnership Development
- Partner Recruitment & RFQs
- Advocacy & Negotiation in Partnerships
- Opportunity, Risk & Benefit Analysis

Financing & Grants

Magellan provides extensive financial planning services for organizations looking to invest in advanced broadband networks. Our extensive financial plans help government organizations and private operators understand the opportunities and risks and the most feasible financial strategies to achieve their goals. Our plans are investment ready and are routinely used to support funding with bond underwriters, banks, private equity firms and grant programs. Magellan also maintains a portfolio of financing partners and grant programs that we bring to communities to help them acquire funding.

- Investment-Ready Financial Plans
- Funding Development
- Partner Recruitment
- Broadband Grant Writing & Management
- FCC, E-Rate, CAF & State Programs
- Economic Development Grant Programs

Project Management

Magellan helps operators, utilities and government organizations implement next-generation networks. We provide turnkey project management services that enable these organizations to maintain resources that cover every aspect of deploying broadband networks, from fiber and wireless network deployment, to equipment and content integration, to marketing and sales, to operations and management. Magellan provides the only turnkey solution that enables these organizations to deploy their networks in a timely manner and launch their networks with the confidence to achieve the best results in their communities.

- Procurement & Contract Negotiation
- Construction Management
- Network Commissioning & Certification
- Content Acquisition & Agreements
- Sales, Marketing & Business Development
- Business & Operations Management

Additional Services

Magellan provides a wide range of supplementary services in information technology and security, smart city planning and networking technology fields. Many of our services complement one another, allowing Magellan to provide a one-stop-shop for our clients' full range of broadband, smart city, IT and security needs. Magellan's experts lead the industry in planning and deploying the latest technology solutions to meet a wide range of business needs. As the Internet of Things transitions from concept to reality, Magellan helps its clients adapt to the rapidly changing world and prepare communities to thrive in the digital domain.

- Information Technology
- Smart City Consulting
- Public Safety CJIS Consulting
- Utility Security & SCADA Consulting
- PCI Compliance & Implementation
- Information Security Consulting

Key Principals



John Honker – President & CEO

John is a seasoned broadband and telecom executive with 20 years experience across public and private sectors. His first 10 years were spent with Columbus Networks planning and managing broadband networks across 20 countries in the Americas region. Under his leadership, Columbus' Internet Services grew from \$0 to \$100 million in annual revenue over 7 years. As a key founder of Magellan, John has managed over 100 public and private broadband projects across the US and abroad. Other engagements included the development of the City of Riverside, CA's fiber business model, the City of Baltimore's citywide fiber strategies and Missoula's next-generation fiber plan. John holds an MBA in Finance and Management from the University of Miami and a BA in Philosophy from Stetson University.



Kyle Hollifield – SVP of Sales & Marketing

Kyle Hollifield is a 25-year veteran of the telecommunications industry and most recently has held the position of Vice President of Business Development and Marketing at Bristol Virginia Utilities Authority (BVU), while managing the FOCUS division providing consulting services to other communities wishing to build or improve high speed broadband networks. Kyle has served on the Board of Directors of The North American Fiber to the Home Council, most recently as Chairman of the Board of Directors. Hollifield also serves as Vice-Chair of Broadband Communities Magazine and has made many presentations on broadband policy and opportunities to the FCC, RUS, NTIA, NATOA, APPA, National League of Cities, Rural Telecom Cooperative, FTTH, Broadband Communities and NCTC.



Courtney Violette – SVP of Operations

Courtney has led dozens of municipal broadband planning and implementation projects across the country. He is a Certified Fiber-To-The-Home Professional and holds a number of technical certifications in broadband, information technology and information security. Prior to joining Magellan, he spent 6 years as the CIO for the City of Palm Coast. During this time, he planned and built the first true City-owned open-access network in the Southeast. Through his leadership, the network grew to serve government, business, education and healthcare needs across the City, saving these organizations millions of dollars and providing gigabit connectivity to meet the community's needs. Courtney holds a MA in Information Technology Management and a BS in Computer Science from Webster University.



Jory Wolf – VP of Digital Innovation

Jory joined Magellan after 22 years as CIO of the City of Santa Monica, CA where he launched Santa Monica City Wi-FiSM, which provides free internet services to the public through a network of 32 hot zones and wireless coverage in most major commercial and transit corridors throughout the city. He created Santa Monica City NetSM, a 100 gigabit broadband initiative to support an environment for local businesses to compete in the global economy with cutting edge network solutions. Jory has over 35 years of experience in Information Technology, including broadband, FTTH and Smart City initiatives. Jory and his teams have received over 50 awards for information technology projects during his career and in 2012 he received the CIO Lifetime Achievement Award from the Los Angeles Business Journal.



Scott Moehnke – Senior Broadband Consultant

Scott is a 30-year veteran of the utility and telecommunications industries specializing in executive and operational management, business development, and information technology. Recently, Scott was Chief Operations Officer at Bristol Virginia Utilities (BVU), a municipal electric company known for being a global pioneer in triple play, and all-fiber broadband. BVU developed one of the first publically owned fiber to the home networks in the United States, which became a model for others to follow in pursuing broadband goals. Prior to joining BVU, Scott established several consulting firms to assist telecom companies in all facets of business operations. He worked with Lafayette Utilities Service as lead project manager for their FTTH deployment. Scott holds a BS in Computer Science from the University of Texas, Austin.



Eric Ogle – Senior Broadband Consultant

Eric has spent most of his career involved in planning and policy with focus on technology-driven economic development for Appalachian communities. Prior to joining Magellan, Eric spent 13 years as Research Associate with University of Tennessee's Baker Center for Public Policy. Among significant projects, Eric led development of the first two community wireless networks in the Southeast. Eric has project management experience serving as Principal Investigator for corporate and federal sponsors, engaging stakeholders in participatory processes. Eric holds positions in organizations, including a role as Treasurer of the Rural Telecommunication Congress. Prior to UT, Eric held economic development positions with Newport Utilities, the Tennessee Valley Authority, and Cocke County government. Eric holds an MS in Planning and a BS in Business Administration, Marketing and Logistics, all from University of Tennessee at Knoxville.

Sample Projects

Riverside, CA – Fiber Business Model

Magellan was retained by Riverside Public Utilities (RPU) to conduct a Fiber Business Model for the expansion of FTTx services. The RPU Fiber Business Model assessed options for expansion of RPU's current Fiber infrastructure in a range of retail and wholesale business model. Magellan performed a thorough analysis of RPU's extensive fiber optic network, along with a thorough needs assessment for the City of Riverside, which analyzed the current level of services throughout the City by incumbent providers, as well as a gap analysis and opportunity assessment. Magellan's plan analyzed various business and financial models for future expansion of the RPU network as a tool to spur economic development in the City of Riverside. The Plan also developed long-term municipal strategies to leverage RPU's fiber network to implement public works, public safety, utility and smart city projects to improve municipal operations and reduce cost.

City of Baltimore, MD - Fiber Optic Planning Study

Magellan was hired by the City of Baltimore, MD to conduct a comprehensive study on the ways the City could utilize its 3.7 million feet of underground conduit and fiber to expand the availability, affordability, and adoption of broadband services in the community. The project entailed a significant outreach process with the Smarter Cities Task Force to identify, measure, and plan for the needs of every class of community anchor in Baltimore. Magellan was tasked with providing an analysis of how the City's infrastructure and public policy tools could be made more effective to serve the needs of its community. Magellan helped Baltimore evaluate the various options, benefits, risks and costs for use of this infrastructure, along with comprehensive financial and business plans that indicated a range of outcomes for the City. This information will be used by the City officials to make decisions on what steps are most appropriate for Baltimore to take to secure its broadband future.

City of Columbia, MO – Broadband Feasibility Study

Magellan was retained by the City of Columbia, MO to conduct a comprehensive broadband planning and feasibility study. Magellan helped Columbia, Boone County and the University of Missouri determine the overall broadband needs for its community and develop a plan to meet those needs through the City's extensive fiber optic network. Magellan completed a thorough needs assessment that defined the current environment, market, services, needs, both current and future, and gaps in existing services. We developed a comprehensive plan for build-out of the City's network to meet these needs, using strategic business insight and sound financial planning strategies. Taking advantage of the City's current network, our plan identified opportunities to utilize the existing infrastructure to significantly reduce the build-out costs. Magellan developed a plan to attract competitive service providers to the area with the intent of creating more options for local businesses, more competition and lower prices. The build-out entailed bringing fiber-based broadband services to community anchors across the local area, followed by a buildout to local businesses and finally a potential residential Fiber to the Home build.

Partial Client List

- Morristown Utility Systems, TN
- Appalachian Electric Cooperative
- Newport Utilities, TN
- Salt River Project
- City of Rancho Cucamonga, CA
- City of West Hollywood, CA
- Rancho Santa Fe, CA
- Riverside Public Utilities, CA
- City of Riverside, CA
- City of Davis, CA
- City of West Sacramento, CA
- City of Woodland, CA
- Yolo County, CA
- City of Bartow, FL
- City of Winter Garden, FL
- City of Clermont, FL
- Seminole County, FL
- Flagler County School District, FL
- City of Manors, FL
- City of Jupiter, FL
- Matawa First Nations, Ontario, CA
- Niobrara County, WY
- City of Fort Morgan, CO
- Port of Whitman County, WA
- City of Hamilton, OH
- City of Ketchum, ID
- City of Missoula, MT
- Missoula County, MT
- Colorado EAGLE-Net
- Arizona GovNET, Inc.
- Columbia County, GA
- City of Hamilton, OH
- City of Winter Haven, FL
- New Zealand Ministry Econ Development
- City of Winter Park, FL
- City of Baltimore, MD
- City of Rock Falls, IL
- North Florida Broadband Authority, FL
- City of Sunrise, FL
- Florida Rural Broadband Alliance, FL
- City of Fort Lauderdale, FL
- Strathcona County, Alberta, Canada
- City of Columbia, MO
- Boone County, MO
- City of Waverly, IA
- City of Palm Coast, FL
- City of Cocoa, FL
- City of Palm Beach Gardens, FL
- City of Ormond Beach, FL
- City of Wellington, FL
- City of Hallandale Beach, FL
- City of Port Orange, FL
- City of Mooresville, NC
- City of Davidson, NC
- City of Walla Walla, WA
- Port of Walla Walla, WA
- City of Lakeland, FL
- Converse County, WY
- Northeast Texas Ed Consortium, TX
- City of Birmingham, AL
- Niagara County, NY
- City of Syracuse, NY
- City of Tuscaloosa, AL
- Orlando Utilities Commission, FL
- Indianola Municipal Utilities, IA
- Chicopee Electric Light, MA
- S. Florida Regional Planning Council
- City of Rancho Cucamonga, CA
- Yuma County, CO
- Vermont Electric Power Company
- City of Sun Valley, ID
- City of Hailey, ID
- City of Winters, CA
- Ulster County, NY
- City of White Pine, TN
- City of Dandridge, TN
- Jefferson City, TN
- City of College Station, TX
- City of Bryan, TX
- City of Bristol, VA
- City of Cornelius, NC
- City of Davenport, IA
- City of El Segundo, CA
- City of Centennial, CO
- City of West Hollywood, CA
- City of Highlands, NC
- Massachusetts Broadband Institute
- State of Vermont
- City of Lake Jackson, TX
- City of Daytona Beach, FL
- City of Hudson, OH
- City of Mont Belvieu, TX
- City of Fort Collins, CO
- University of Florida, PURC
- State of Florida
- Fort Pierce Utilities Authority, FL

Proposal

The completed Indianola Municipal Utilities (“IMU”) Feasibility Study indicated that the development of a broadband utility is a realistic opportunity for IMU. Analysis of the broadband environment in Indianola found that IMU has a strong opportunity to become a retail residential and business services Internet broadband provider to the community of Indianola. The findings and recommendations of the Broadband Feasibility Study were presented to the IMU Board who recommended that Indianola Municipal Utilities continue with the next steps to develop and implement the broadband utility.

The next steps in the process encompass three main tasks: (1) development of the FTTx Network Engineering Design; (2) creation of the formal Business Plan for the broadband utility; and (3) creation of the overall Implementation Plan.

As requested, the proposal has been structured into three distinct Schedules based on the tasks listed above. IMU may approve one or all sections by signing and returning the Schedule to Magellan.

We thank you for the opportunity to continue our relationship with IMU as your trusted technology consulting partner.

Schedule A: Formal Network Design

Magellan will create and deliver a formal PE approved network design and RFP for construction of the network. Below is an example of just some of the high-level areas addressed in the design.

Components:

- **Planning**
 - Node locations (splitter cabinet)
 - Splitter types, fiber types
 - Fiber cut sheets
 - Path creations (a single fiber per residence)
- **Path Creation**
 - Best possible construction method
 - Field and data base collection
 - Road widths
 - Right-of-way widths
 - Hard points or standing structures within row
 - Construction methods (bore, plow, trench)
 - Handhold and pedestal location
 - Wiring limits for fiber pedestals or MST tails
 - Insure each residence is passed with a single fiber
 - PE Stamp route design and construction practices
- **Permit application and acquisition for DOT, county, and all townships**
 - Right-of-Way research for back lot easements or alley ways (excludes DNR or Wetland permitting)
- **Development of RFP for construction**
 - Final construction totals and materials
 - Fiber splicing and testing specifications
 - Cabinet specifications
 - Final construction methods

Deliverables

- Formal Network Design
- Formal PE approved network design
- RFP for construction and all associated documentation

Timeline

- Estimated three to four business-months from Schedule approval

Pricing

Magellan’s blended hourly is \$140/hour, exclusive of travel and incidental expenses, which will be billed as incurred. Pricing for the project includes all work completed by Magellan for Indianola Municipal Utilities as stated under this section.

	Unit Cost	Unit Type	Number of Units	Item Cost
Task 1: Formal Network Design				
Underground Design	\$0.97	Ft	244,000.00	236,680.00
As-Builts	\$0.12	Ft	244,000.00	29,280.00
Project Management and Oversight, QA/AC, PE Stamp Delivery	\$140.00	Hr	250.00	35,000.00
			Total:	\$300,960.00

** If additional services are required and agreed upon beyond the scope of Schedule A, Magellan will bill IMU on an hourly basis or provide an additional quote, if requested.

Magellan will submit invoices to the IMU monthly for actual hours billed and actual expenses incurred on the project. Magellan is pleased to provide net 30 terms to IMU on all invoices.

Schedule A - Signature & Acceptance

Signature of this Schedule by Client warrants that all components of this Schedule are acceptable to the IMU and that the person(s) signing this Schedule has the right, power and authority to execute the Schedule.

Magellan Advisors, LLC
 A Florida Limited Liability Company
 999 18th Street, Suite 3000
 Denver, CO 80202

Client

Print Name: **John Honker**

Print Name:

Title: **President & CEO**

Title:

Signature:



Signature:

Date: **July 25, 2016**

Date:

Schedule B: Broadband Business Plan

The Broadband Business Plan will create a formal statement of the broadband utility's business goals, explanation of why these goals are attainable and strategies to achieving these goals. It will build on findings of the Broadband Feasibility Study to develop a market-ready business plan and financing strategies that contain the following components:

Components:

- **Executive Summary**
High-level overview of IMU's broadband strategy and the means to achieve it, focused on key organizational, operational and financial requirements for the utility.
- **Broadband Utility Overview**
Overall mission of IMU's broadband utility and the reasons behind it, focusing on need and long-term benefits of the utility to the community. It also provides information on the structure of IMU, how it will be organized and the regulatory structure of the utility.
- **Products and Services**
Products and services that IMU will offer and why. It will provide justification for IMU's portfolio citing key analyses from the Broadband Feasibility Study Market Analysis regarding the types of services offered, rate structures and other relevant information in IMU's offerings.
- **Market Analysis**
Overview of the Indianola broadband and telecommunications market and why IMU has an opportunity to pursue a broadband utility. The market analysis will describe IMU's competitive advantages that uniquely position the utility to become a dominant participant in the Indianola broadband market. It will also include critical market strategies IMU will undertake to gain market share and compete successfully across its products and services.
- **Business Strategy**
Documentation of IMU's value proposition in the Indianola market and what factors will differentiate IMU from the competition, focused on superior products and services, excellent customer experience and community affiliation. It will provide a go-to-market strategy for IMU that focuses on capturing significant market share early in the project. Key to this strategy will be defining when IMU turns up service in its customer markets and what strategies it uses to prioritize the construction and roll-out of its network.
- **Operations Plan**
Description of how IMU will operate the broadband utility including customer provisioning, billing, service, support, network operations, outage management and general operations. Operational process will be documented to identify resource requirements. It will also detail the staffing plan for IMU, identify key contractors and the timing to retain these resources. And, it will define the BSS/OSS systems necessary for IMU to operate its utility and integration requirements with other utility and third-party software.
- **Financial Plan**
Magellan will expand on the initial financial plan developed in the Broadband Feasibility Study to provide an investment-ready funding plan for IMU that includes the required pro-forma financial statements and key financial ratios financiers generally require in broadband utility projects. The financial plan will also include analysis of key cost and revenue drivers and perform sensitivity analysis on the broadband utility

to determine a range of potential financial outcomes. Magellan will work with IMU to target potential funding sources and support IMU in the process of securing funding for the project.

The key to completing a full financial model is to have the design complete from Task 1 Formal Network Design above. Completion of overall business plan is contingent on having final design in order to obtain final fiber information, needed equipment, etc.

- **Implementation Plan**

High-level description of how IMU will implement the broadband utility and deliver services to market. It will include tasks for the technical implementation of IMU’s network, use of new fiber-optic facilities, data center facilities, equipment, services, installation and customer activation. It will call on the FTTH Engineering Design to describe how IMU’s fiber-optic network will integrate with other outside plant facilities, IMU’s headend and service deployment. This function is usually tied into Task 3 Implementation Plan to obtain list of needed tasks.

- **Risk Analysis**

This risk analysis provides an overview of the potential financial and non-financial risks in meeting objectives in the broadband utility. The risk analysis examines the potential issues that may negatively impact the utility, some that are within the utility’s power to control, others that are not. The objectives of the risk analysis are to determine the variables that are highly sensitive to the business and the negative impact that changes to these variables may have on the ability to cover costs and/or pay debt service. This analysis covers key variables including market penetration rates and network construction costs.

Deliverables

- Broadband Business Plan narrative including all areas listed in “Components” section above.
- Finalized Broadband Financial Plan, including Magellan’s Broadband Financial Sustainability Plan, investment-ready pro-forma financial statements and financial performance analysis with accompanying financial summary

Timeline

- Estimated four to five business-months from Schedule approval dependent on receiving full network design. If network design exceeds four business months, then plan will be delivered within one business month after receipt of network design.

Pricing

Magellan’s blended hourly is \$140/hour, exclusive of travel and incidental expenses, which will be billed as incurred. Pricing for the project includes all work completed by Magellan for Indianola Municipal Utilities as stated under this section.

	Hours	Hourly Rate	Total
Task 2: Business Plan	250	\$140.00	\$35,000.00

** If additional services are required and agreed upon beyond the scope of schedule B, Magellan will bill IMU on an hourly basis or provide an additional quote, if requested.

Magellan will submit invoices to the IMU monthly for actual hours billed and actual expenses incurred on the project. Magellan is pleased to provide net 30 terms to IMU on all invoices.

Schedule B - Signature & Acceptance

Signature of this Schedule by Client warrants that all components of this Schedule are acceptable to the IMU and that the person(s) signing this Schedule has the right, power and authority to execute the Schedule.

Magellan Advisors, LLC
A Florida Limited Liability Company
999 18th Street, Suite 3000
Denver, CO 80202

Client

Print Name: **John Honker**

Print Name:

Title: **President & CEO**

Title:

Signature:



Signature:

Date: **July 25, 2016**

Date:

Schedule C: Implementation Plan

Magellan will create a formal in-depth implementation plan detailing the tasks, subtasks, and associated timelines necessary to implement the business plan's goals and objectives. The plan is the roadmap for a successful completion of the subsequent actual physical implementation of the project. Below is an example of just some of the high-level areas addressed in the plan. Each area will have numerous subtasks further defining the steps necessary for completion of the task.

Components

- Legal requirements for Iowa broadband utilities
- State and federal regulatory requirements and filings
- Creation of a stand-alone broadband utility, if desired
- Develop necessary operational contracts (e.g. Master Service Agreements, SLA's, etc.)
- Data center (headend) and office space design and renovations
- Network equipment selection, configuration, and testing
- Software selection, setup and implementation (OSS/BSS, Provisioning, Network Monitoring, etc.)
- Accounting setup, processes, and readiness (chart of accounts, collections, etc.)
- Resource hiring and training per staffing plan
- Wholesale Internet provider selection and implementation
- Network buildout contractor(s) selection, buildout oversight, testing
- Product and services definitions
- Marketing and sales
- Customer and trouble support process setup
- Billing configuration and test
- Operational processes and procedures (e.g. data redundancy; internal network, etc.)
- System and network maintenance schedules and monitoring
- Web portal presence
- Reporting
- Disaster recovery process
- Select pilot clients for beta test cycle
- Network and beta testing
- Final rollout
- Timeline for each area based on network buildout schedule

Deliverables

- Detailed Implementation Plan.

Timeline

- Implementation Plan will be created, where possible, in parallel with the Business Plan. It is estimated that plan will be completed within one business-month post Business Plan completion.

Pricing

Magellan’s blended hourly is \$140/hour, exclusive of travel and incidental expenses, which will be billed as incurred. Pricing for the project includes all work completed by Magellan for Indianola Municipal Utilities as stated under this section.

	Hours	Hourly Rate	Total
Task 3: Implementation Plan	320	\$140.00	\$44,800.00

** If additional services are required and agreed upon beyond the scope of schedule C, Magellan will bill IMU on an hourly basis or provide an additional quote, if requested.

Magellan will submit invoices to the IMU monthly for actual hours billed and actual expenses incurred on the project. Magellan is pleased to provide net 30 terms to IMU on all invoices.

Schedule C - Signature & Acceptance

Signature of this Schedule by Client warrants that all components of this Schedule are acceptable to the IMU and that the person(s) signing this Schedule has the right, power and authority to execute the Schedule.

Magellan Advisors, LLC
 A Florida Limited Liability Company
 999 18th Street, Suite 3000
 Denver, CO 80202

Client

Print Name: **John Honker**

Print Name:

Title: **President & CEO**

Title:

Signature:



Signature:

Date: **July 25, 2016**

Date:

INDIANOLA MUNICIPAL UTILITIES



Electric • Network Services • Water

PROPOSAL FOR ISP/ARCHITECTURE - V2:

Questions/Next Steps for
**Indianola Fiber Network Design
Engineering Services**

PREPARED FOR

Indianola Municipal Utilities
Attention: Rob Stangel, General Manager
111 S Buxton Street
Indianola, Iowa 50125
515/961-9444

SEPTEMBER 27, 2016

BY

NewCom Technologies, Inc.
6000 Grand Avenue
Des Moines, Iowa 50312
800/626-6234
515/274-9622 (FAX)



Telecommunications Engineering

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September 27, 2016

Rob Stangel, General Manager
Indianola Municipal Utilities
111 S Buxton Street
Indianola, Iowa 50125

RE: ISP Architecture/Next Step Planning – Fiber Network Design Engineering Services Project

Dear Rob:

As we have been gathering field data and GIS information, we have found some topics that need further discussion. Also, we have some ideas about next steps with the Inside Plant/Network Architecture that we would like to offer.

As we have worked with the IMU team, getting definition and questions answered on these important topics, we have also discussed how those interrelate with the ISP/overall fiber network architecture. The ISP/overall architecture really goes hand-in-hand with the OSP design – with decisions on one affecting the design of the other.

We have worked with Eric Lampland to define what we see needs to be done to take what is existing (in infrastructure, relationships, contracts, etc.) and develop those, along with the new infrastructure to have a plant that will best marry the needs of the City with the needs of the potential customers.

What happens in fiber engineering projects is that we design for the worst case scenario until there is further definition. So, the design that we do will make sure that your network is functional. As there is further definition and clarity on decisions that are in this document, we can maximize the network and make it most efficient and cost effective.

So, this document includes the pieces that we see that need to be done on the Inside Plant/Network Architecture side, including what those would cost. The worked contained in that will improve the end result and maximize the efficiency and cost effectiveness.

We have already started working on this, with discussions and meetings. Those have been productive and have helped in starting to answer the necessary questions and define what needs to be done in ISP/architecture to develop the best OSP design. We hope that you and your team have found this work helpful so far and we also hope that we can keep moving forward in these efforts.

Thanks,
Ken Demlow
NewCom Technologies, Inc.

New work needing to be addressed.

Listed in this section is a three-step proposal that will fully design and engineer all aspects of IMU's new network in preparation for an investor grade business plan. Additionally, once this work is completed, preparation of an investor grade business plan is relatively simple. Should IMU desire that service as well, we would be happy to oblige.

As a first step, we recommend that in this stage IMU needs to finalize, through further refinement of the services infrastructure, detail design, vendor equipment RFPs and selections, construction costs and all of the attendant operational aspects and costs.

It is also important that all members of IMUs management and operational teams be fully informed and trained on each aspect of this network – the requirements, the trade-offs, the technology options along with national experiential data informing IMUs decisions. This will be formally offered at all points of this work.

1. Finalize the Access Network Architecture

We would begin with an assessment of the access technologies. Develop the residential, business, MDU architectures, requirements and costs. Conversations with Simpson College should begin and identification of whether and how that support is to be given. This is not difficult work, but does take some calendar time to issue and receive solid data. Further conversations with MCG need occur and many aspects of IMUs feasibility study need to be clarified and refined. All necessary RFPs will be written with clear explanation of requirements approved by IMU staff. Responses will be evaluated and recommendations offered. Relevant IMU staff will be trained in all aspects of this work such that they are comfortable with each decision and requirement.

Timing import: some of this data is needed for NewCom's OSP work (see questions above).

Deliverables:

- Final bill of materials for all OSP parts, with methods clearly defined.
- Selection of OLT and ONT vendors, obtaining a letter of intent.
- Assessment of the Occam/Calix MCG network and a migration plan to assimilate.

2. Re-Visit and Finalize the Services Infrastructure: Internet, Video and Voice

The next most pressing issue is the service infrastructure. Re-examine the service package assumptions. We would recommend expanding those services for the purpose of improving the probable take rate. For example, having two or three selections for speed is often more attractive. It allows people with different needs to feel like they can assess their budgets and requirements. Naturally the revenue models and sustainability criteria will be reassessed and presented to IMU for understanding and agreement.

As you correctly noted, video is the most difficult to properly define. Nonetheless it should be characterized even when the decision may include not offering that service immediately. For one example, in Longmont CO they selected an approach similar to that recommended in Magellan's study and only offered gigabit service and no video service. Unfortunately, the success so far is a take-rate under 23% with more than eighty percent of the community having been built out. This was a community that strongly supported a community network.

Other inconsistencies in the feasibility study, or simply missing information, needs to be brought to IMU's attention with corrective and supportive data. For example, the study did not define the actual costs and potential sources of Internet transit and peering costs. IMU's MDU's, home and business inside architectures were not defined or costed and assessments of business services were unclear. These and other elements will be identified for IMU, corrected and be properly addressed.

An early assessment of options needs to occur and alternatives are known in terms of cost and impact. Additionally, we would recommend identification and providers of services beyond triple-play (e.g. smart-grid, IoT, education, public WiFi, cellular expectations for microcells, etc.).

Timing import: near term – within the first several months. External networks need to be input to the OSP design team and home/business architectures defined, where applicable. Such specification once made will drive the RFP processes for home/business equipment requirements, related access and transport equipment. The services infrastructure will likely require training for IMU staff and management to ensure that all decisions meet the goals of IMU and are well understood.

Deliverables:

- Home, business and MDU internal architectures will be defined.
- Cost and performance criteria will be established for Internet traffic requirements.
- Peering locations and pricing will be estimated. Transport will be costed.
- Each alternative provider of video and voice service (e.g. MCG and others) will be reviewed.
- Requirements will be established for business class voice services.
- Formalization of the approach and costs for the service infrastructure.
- Establish SLA agreements with all providers, as applicable.
- Formalize the cost, equipment and architecture for each service.
- Apply for CLEC status, if applicable
- Rough architecture for *ancillary* services supporting future applications will be defined.
- Summary of these alternatives will be provided to IMU for review of desirable options.

For Internet Services: Present alternatives, along with costs and technical issues, for transit and peering cost services. This will most likely include the Des Moines carrier hotel at 666 Walnut Street and perhaps a direct connection to the Cermak carrier hotel in Chicago.

For Voice Services: Establish conversations with MCG concerning their willingness to support voice services – monetization, SLAs, billing primarily. Should these conversations prove positive, we will conduct a due diligence of MCG's facility and longer-term plans. If these talks are not successful, then issue RFPs and select from the alternatives identified to IMU.

For Video Services: This will include, at a minimum, the optimization of OTT video should that be IMUs only requirement – caching services only or perhaps caching and DMA access. Should IMU believe there is benefit in some extension of video services those options will be developed for IMU. There is a range of options here and we know that this is a most difficult decision.

3. Develop the core infrastructure and management platforms

Establish core network infrastructure. Once IMU has determined access, transport(s), and service architectures work will proceed to formalize the costs and equipment to manage and operate the

network. This will include an array of needed internal services – billing, provisioning, standard network information (e.g. addressing components such as DNS, DHCP, NATs, security, customer service systems, etc.). As needed ARIN application for IPv6 addresses will be written.

We recommend a discussion of SDN/NFV to occur early in the process. Initially, we will wish to impart an understanding of the impacts this disruptive technology is having, how it might aid IMU, and basically how it works. In general, the equipment and provider communities have turned to this new architecture driven by capital and operational cost savings. For smaller communities including IMU, this architecture provides true open access (multiple providers serving any given location). At this stage we should raise this issue again as it has significant impacts on the core infrastructure, particularly the OSS/BSS systems, security and application adaptability. This we will leave to IMU's discretion.

Timing: Expect this to begin in the fifth and sixth months

Deliverable: Detailed design, vendor selections, implementation considerations and all needed final cost information for the business plan.

4. Finalize work.

Presented at this junction is ~~a~~ information in two forms. The first category includes all information required by IMU to fully understand the construct and operation of the proposed network in all of its detail short of implementation specifics (e.g. equipment configurations, rack placements, etc.). Also provided will be training to ensure that a full knowledge transfer is accomplished. The second category will be information requested by Magellan for the final business plan, or other parties constructing the business plan. Information prepared under this proposal will be the property of both IMU and Lookout Point including new financial proforma with all of the detail supported by letters or intent or contracts. Implementation plans for the network rollout will be developed and presented for approval. It is important to understand that such information sharing is critical for IMU to properly proceed. This detail data, spreadsheets including but not limited to the corrected financial pro forma, and the processes that Lookout Point uses is confidential and proprietary and cannot be shared with any other company or person outside of IMU without the express permission of Lookout Point. Data as needed for the construct of the business plan will be presented and include all selected vendor bids, equipment lists, equipment quantities, and finalized service definitions with appropriate specifications.

Oversight for the construction phase can be negotiated should IMU so desire.

During this period, NewCom and Lookout Point will work diligently with whomever IMU selects for the business plan. Should IMU select Magellan, or another party, we can bring them into this process as IMU wishes, bounded by the non-disclosure agreement between IMU and Lookout Point. Alternatively, we would be most happy to package this work into a business plan for presentation to investors.

5. Cost

Costs for this work can be sectioned out separately, but individual section costs are usually more than a complete effort. Nonetheless, our intention is focused on a successful culmination of IMUs network, services and operational capability.

Not to exceed cost of \$57,000

Work may be amended by IMU at any time and with approval for such an extension by IMU, will be charged at \$225 per hour. Expenses incurred are not included as they are not known at this time.

Should IMU elect Lookout Point, through NewCom if desired, to perform the investment grade business plan that option is offered for \$20,000.

Meeting Date: 10/24/2016

Information

Subject

Discuss November and December Trustee Meeting Schedule

Information

The next couple of months will be quite busy with the holidays and all that goes with, so Staff would like to discuss the Trustee meeting schedule for November and December.

We will also be at a point in the fiber project where items will need to be considered such as the final engineering and network design, public hearings on the construction plans, specs, & contract and the RFP for construction. In addition, the Board should expect to consider a recommendation from DA Davidson on financing options.

In February of this year, Trustees voted by resolution to meet on the fourth Monday of each month at 5:30. Any variance from that should be clearly communicated to the public and in a timely manner. Staff is looking for direction from the Board for planning purposes over the next few months.

Financial Impact

N/A

Staff Recommendation

Discussion Item Only

Attachments

No file(s) attached.

Meeting Date: 10/24/2016

Information

Subject

Discuss Format for the General Manager's Annual Evaluation

Information

General Manager Rob Stangel's annual evaluation is due to take place anytime before his anniversary date of December 14th. GM evaluations have been performed in a variety of ways in the past and so it is the Board's prerogative to determine the format. However, GM reviews have been subject to Iowa Code Section 21.5(1)(i) that states the individual may request this be done in a closed session.

Financial Impact

N/A

Staff Recommendation

Discussion Item Only

Attachments

No file(s) attached.

Meeting Date: 10/24/2016

Information

Subject

Motion to go into closed Session in accordance with Iowa Code Section 21.5(1)(c) to discuss strategy with counsel in matters that are presently in litigation or where litigation is imminent where its disclosure would be likely to prejudice or disadvantage the position of the governmental body in that litigation.

Information

Materials will be presented at the meeting.

Financial Impact

N/A

Staff Recommendation

Roll call to go into closed session is in order.

Attachments

No file(s) attached.
