

2G. Consideration of authorizing a payment to the Coalition of Utility Cities (CUC) for Monticello’s share of the 2022-2023 membership dues in the amount of \$44,755

Prepared by: City Administrator	Meeting Date: 7/11/2022	<input checked="" type="checkbox"/> Consent Agenda Item <input type="checkbox"/> Regular Agenda Item
Reviewed by: Finance Director	Approved by: N/A	

ACTION REQUESTED

Motion to authorize payment of 2022-23 membership dues to the Coalition of Utility Cities in the amount of \$44,755.

REFERENCE AND BACKGROUND

The Coalition of Utility Cities (CUC) is comprised of communities that host nuclear and coal generation facilities. By combining resources, the host communities maintain a coordinated, unified voice at the State Legislature on issues of common concern.

The 2022-23 dues amounts were discussed at the annual meeting on June 21, 2022. Taking into consideration recent budgets and expected workload, the organization voted to maintain the same budget as last year. The allocation of dues includes a base fee split evenly among the 7 participating cities with the remainder of the allocation split based on the power plant market value in each jurisdiction. Since the value of the utility in Monticello decreased for taxes payable in 2022, Monticello’s membership dues will decrease slightly for the coming year. The total due for 2022-23 is \$44,755.

The pace of the Coalition’s work is not anticipated to decline in the coming year, rather the group seeks to build on recent successes with additional efforts to benefit host communities.

- I. **Budget Impact:** \$44,755 from the administration department in the General Fund.
- II. **Staff Impact:** Periodic, scheduled meetings occur approximately three times per year, attended by the City Administrator and/or her designee. Additional meetings are scheduled as needed to update the group on legislative action or other information.
- III. **Comprehensive Plan Impact:**

STAFF RECOMMENDED ACTION

City staff recommends authorizing a payment to the Coalition of Utility Cities for Monticello’s share of the 2022-2023 membership dues in the amount of \$44,755.

SUPPORTING DATA

- A. Coalition of Utility Cities Invoice
- B. 2022-23 CUC Budget Memo



DATE	INVOICE NO
6/21/2022	0100705

BILL TO
CITY MANAGER/ADMINISTRATOR CITY OF MONTICELLO 505 WALNUT ST #1 MONTICELLO, MN 55362

DUE DATE
7/21/2022

DESCRIPTION	QUANTITY	EFFECTIVE RATE	AMOUNT	DISCOUNT	CREDIT	BALANCE
PREVIOUS OUTSTANDING BALANCE						0.00
2022 DUES - 2022 COALITION OF UTILITY CITIES DUES:						
COALITION OF UTILITY CITIES-DUES	1.00	44,755.00	44,755.00	0.00	0.00	44,755.00
INVOICE TOTAL:			44,755.00	0.00	0.00	44,755.00



PLEASE DETACH BOTTOM PORTION & REMIT WITH YOUR PAYMENT

For questions please contact us at (651) 385-3600

Customer Name: CITY MANAGER/ADMINISTRATOR CITY OF MONTICELLO
 Customer No: 012498
 Account No: 0000999 - Coalition of Utility Cities Dues

DUE DATE	INVOICE NO
7/21/2022	0100705



Please remit payment by the due date to:

City of Red Wing
 315 West 4th Street
 Red Wing, MN 55066

Invoice Total:	44,755.00
Discounts:	0.00
Credit Applied:	0.00
Ending Balance:	44,755.00

INVOICE BALANCE: \$44,755.00
AMOUNT PAID: _____



Becker ♦ Cohasset ♦ Granite Falls ♦ Hoyt Lakes ♦ Monticello ♦ Oak Park Heights ♦ Red Wing

2022-23 Budget Memo

Introduction

Last year, after many consecutive years of increased activity, CUC's budget was reaching a bit of a crossroads. The group was no longer sitting on sizable budget reserves as it sometimes has in the past, was occasionally expending up to its approved budget or exceeding its approved budget, and Flaherty & Hood had written off overages in some recent years. With plants heading toward retirement, our level of activity at the legislature and in other venues only projects to increase, and CUC membership made the decision to increase its budget and member dues assessments.

At CUC's annual meeting in June 2021, the group approved total member assessments of \$175,000 and approved an expenditure budget of \$165,000. The Treasurer's Report attached to this document reflects, CUC's expenditures from July 1, 2021 through May 31, 2022 total \$126,660.19 (with one month remaining in CUC's fiscal year). With estimated expenditures of \$11,514.56 for the month of June, CUC is on pace to expend an estimated \$138,174.75 of its \$165,000 approved budget for 2021-22.

Between the \$14,163.98 beginning cash balance and the balance of the 2021-22 budget, CUC projects to end this fiscal year with \$47,871.23 in unrestricted cash.

2021-22 budget status and looking ahead

As the Treasurer's Report from CUC treasurer Marshall Hallock reflects, it appears that the budgetary direction the group set last year seems to have been successful at accomplishing a couple of goals. First, CUC had sufficient resources to cover the needs of a busy year, which included an active legislative session, the concluding phases of Xcel's IRP, the Midwestern Governors Association, and the early phases of working with DEED to set up and participate in the Energy Transition Office and Advisory Committee. Second, the group invested sufficiently last year that it is not in the difficult position it has been in some years, where expenditures have exceeded collections or write-offs are necessary. Instead, CUC is in a position of strength, where its budgetary situation appears consistent with the level of activity projected in the coming year without need for significant adjustments or membership dues increases.

2022-23 projects to be just as busy of a year, if not busier than the previous one. While we may see a slightly reduced workload in terms of policy research and development before session since items like the CET Grant proposal and transition aid have already been reasonably well vetted and will enter next session as "unfinished business," other aspects of CUC's work will likely more than make up for that.

We anticipate a very busy summer and fall interacting with the Energy Transition Office and Advisory Committee as recommendations and the Energy Transition Plan come together. The Department of Revenue is also preparing to continue its Rule 8100 stakeholder process. Moreover, between retirements and other turnover, the 2022 election will require us to educate and re-educate new and old legislators on our issues. The 2023 legislative session will be extremely active as we work to pass transition aid, grant funding, and advance other legislation. Legislative turnover could also put CUC on the defensive. Some legislators have goals of eliminating or capping the RDA, advancing various tax cuts for utilities

Budget Recommendation

Based on the factors laid out above, Flaherty & Hood's staff recommendation to the CUC is to stay the course relative to last year's budgetary direction by approving member assessments of \$175,000 and approved expenditures not to exceed \$165,000, while carrying forward the unrestricted cash balance.

This approach should also keep member dues relatively stable year-to-year. It should be noted that there will be some shifting in member dues for two primary reasons. First, the City of Fergus Falls chose to exit the Coalition last year after just a few years of membership, citing that the plant in their community had already closed. Second, because CUC's dues are based in part on each community's share of electric generating machinery, year-to-year fluctuations in those values can also have some impact on dues.

A document reflecting CUC member dues on a \$175,000 total assessment is attached.