

**MELROSE PUBLIC UTILITIES COMMISSION  
REGULAR MEETING  
MONDAY, JUNE 14, 2010 – 5:00 P.M.**

**AGENDA**

1. Call to Order/Roll Call
2. Approval of Agenda
3. Consent Agenda
  - a. Approval of Minutes
  - b. Approval of Bills/Purchase Orders
  - c. Approval of Investments
  - d. Delinquent Accounts Report
4. Reports
  - a. Meeting with Industry
  - b. East Main Street Project
5. Action Items
  - a. LMCIT Insurance Quote
  - b. Marco Preferred Service Plan
  - c. VFD for Well House No. 7
  - d. Spectrophotometer
  - e. City of Melrose Public Utilities and Tri-County Action Program 2010 Conservation Improvement Program Agreement
  - f. Ferric Pump with Motor and Control
  - \* g. Chemical Feed Tank
6. Old Business
  - a. Organizational Assessment Update
  - b. Quotes for Tuck Pointing and Painting of Wastewater Treatment Facility Buildings
  - c. Tree Removal
  - d. Request for Proposal for Well House No. 4 and No. 5 Renovations and System Pressure Study
7. New Business
  - a. Computer Server Replacement
8. Informational Items
  - a. Schools and Conferences
  - b. MRES Legal Seminar
  - c. Generation Urge Test
9. Adjournment

\* Amendment

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REGULAR MEETING  
MONDAY, JUNE 14, 2010 – 5:00 P.M.**

**A.I. #1 CALL TO ORDER/ROLL CALL**

The Melrose Public Utilities Commission met in a Regular Meeting on Monday, June 14, 2010 at 5:00 p.m. at the Melrose City Center pursuant to due notice being given thereof. Present were Commission Members Lyle Olmscheid, Tom Budde, and Ralph Wiehoff, Public Works Director John Harren, Water/Wastewater Supervisor Scott Gilbertson, Electrical Supervisor Dale Lyon and Assistant City Administrator/Treasurer Karen Thostenson. Chair Wiehoff presided thereat.

**A.I. #2 APPROVAL OF AGENDA**

A motion was made by Mr. Budde, seconded by Mr. Olmscheid and unanimously carried to approve the agenda as amended.

**A.I. #3 APPROVAL OF CONSENT AGENDA**

The following were considered for approval under the consent agenda:

- a. The minutes from the Commission's May 10 Regular Meeting and June 8 Special Meeting with Industry.
- b. List of bills in the amount of \$1,102,244.56. (See attached list)
- c. Investment Report for the month of May. (See attached report)
- d. Delinquent accounts report for the month of May.

A motion was made by Mr. Olmscheid, seconded by Mr. Budde and unanimously carried to approve the consent agenda.

**A.I. #4 REPORTS**

- a. Public Works Director Harren reported on the June 8 meeting with Industry. He noted that, at that meeting, the Utilities Commission had informed Industry that utilities rates for 2011 are currently being proposed to be as follows: Water – 0% increase; Wastewater – 5% increase; Electric – 0% increase. It appeared that Industry was pleased with these proposed rates. Another issue discussed at that time was a request received by the City to consider becoming a natural gas provider. Director Harren noted that he had spoken with a representative of Melrose Dairy Proteins/Land O'Lakes (MDP/LOL) regarding the need for a study to be performed, as well as Council action authorizing proceeding with potentially becoming a gas provider. If it is determined to be a feasible enterprise, this proposal would need to be put to a vote of the City residents. Director Harren stated he had informed MDP/LOL that the City would not be willing to pay for the costs of the required study, so MDP/LOL is discussing whether it would be willing to assume these costs. Director Harren stated he would keep the Utilities Commission and City Council informed on this issue.

- b. Electrical Supervisor Lyon provided an update on the East Main Street Project which involves the City putting its electrical lines underground in conjunction with the DiversiCOM fiber optic work. He noted that all the cables have been installed and there are just a few boxes and street lighting left to install.

#### **A.I. #5 ACTION ITEMS**

- a. Assistant City Administrator/Treasurer Thostenson reported that the City received their annual quote for general liability, auto, errors and omissions, property, and equipment insurance through the League of Minnesota Cities Insurance Trust (LMCIT). The total quote is \$69,285. The cost for the past year was \$69,902, plus open meeting law coverage for \$302 for a total premium cost of \$70,204. This is an overall decrease of \$919 or 1.31% from the 2009-2010 period. The City's insurance coverage has a \$5,000 deductible, \$15,000 aggregate. The costs are shared between the General and Utilities Funds (\$28,383 and \$40,902 respectively).

She stated that the City again needs to decide whether or not to waive the statutory tort liability limits. If the City does not waive the statutory limits, an individual claimant would be able to recover no more than \$500,000 on any claim to which the statutory limits apply. If the City waives the statutory limits, a single claimant could recover up to \$1,500,000 on a single claim.

1. If the City does not waive the monetary limits on municipal tort liability – the premium would be reduced by approximately \$990.
2. If the City wishes to purchase excess liability coverage, the following premiums would apply for an additional \$1 million in coverage:  
Liability limit \$1,000,000
  - Annual premium w/waiver of immunity \$ 9,759
  - Annual premium w/o waiver of immunity \$ 7,840The City has not purchased the excess liability coverage in the past.
3. The current premium is based on deductible of \$5,000/\$15,000 aggregate. Staff recommends the City again approve these deductibles.
4. There is no longer a premium charge for Open Meeting Law Defense Cost Reimbursement. The City now automatically receives this coverage at no extra charge.

A motion was made by Mr. Budde, seconded by Mr. Olmscheid and unanimously carried to approve the LMCIT insurance quote in the amount of \$69,285, and to again waive the monetary limits on municipal tort liability.

The Council will be giving consideration to this quote at their June 17 meeting.

- b. Ms. Thostenson also reported that the City's IT support services contract with Marco has been used. The last support agreement was entered into in August 2008 and was in the amount of \$5,000. Staff is recommending that the City renew the contract with Marco to provide IT support services. Options include: contracting for \$10,000 of services (which are billed out on an hourly basis, at 15-minute increments) and the City receives a 10% discount, resulting in an actual cost of \$9,000; or contracting for \$5,000 of services with the City receiving a 5% discount for an actual cost of \$4,750. This service also applies to any work done when new computers or programs are implemented. Having this agreement has worked very well for the City in the past.

A motion was made by Mr. Olmscheid, seconded by Mr. Budde and unanimously carried to renew the contract with Marco to provide IT support service in the amount of \$5,000.

The Council will be giving consideration to this at their June 17 meeting.

- c. The VFD went out at Well #7. The cost to repair is the same as replacing. Therefore, Water/Wastewater Supervisor Gilbertson obtained three quotes for replacing the VFD. The following quotes were obtained:

Total Control Systems - \$5,475 installed  
Scherping Electric - \$5,575 installed  
NHA Inc. - \$5,640 installed

Due to the need to get this VFD installed, Director Harren had authorized proceeding with the low quote from Total Control Systems.

A motion was made by Mr. Budde, seconded by Mr. Olmscheid and unanimously carried to concur with Director Harren and to approve the low quote from Total Control Systems.

- d. Water/Wastewater Supervisor Gilbertson also obtained pricing for a new spectrophotometer. Repairs are needed to the existing 10-year old spectrophotometer which is no longer made. Hach is the only company found to carry the spectrophotometer. The state contract was also checked. Staff recommended purchasing Model DR2800 at a cost of \$3,400 base price. It was noted this model has new capabilities that will assist in water analysis.

A motion was made by Mr. Olmscheid, seconded by Mr. Budde and unanimously carried approving the purchase of the spectrophotometer Model DR2800 for \$3,400.

- e. Director Harren reported that, as per statutory requirements, the Melrose Public Utilities is required to designate \$3,000 of the CIP funds to customers that meet the low income guidelines. This requirement is best met by working through Tri-Cap. Tri-Cap would work with eligible customers and supply Melrose/MRES with the required paperwork demonstrating the kw and kWhs savings.

A motion was made by Mr. Budde, seconded by Mr. Olmscheid and unanimously carried to approve entering into a three-year CIP Agreement with Tri-Cap.

- f. Water/Wastewater Gilbertson reported that the Wastewater Department has purchased a ferric pump with motor and control from Hawkins Inc. The cost of the pump with motor and control was \$3,832.84.

A motion was made by Mr. Budde, seconded by Mr. Olmscheid and unanimously carried to approve the purchase of the ferric equipment.

- g. Director Harren reported that the Wastewater Department needs to purchase a chemical tank for containment of ferric outside the building where it is being used. Supervisor Gilbertson is obtaining the required two quotes for this equipment, which is estimated at \$2,400 plus tax.

A motion was made by Mr. Budde, seconded by Mr. Olmscheid and unanimously carried to approve the purchase of the chemical tank at a cost of approximately \$2,400 plus tax.

#### **A.I. #6 OLD BUSINESS**

- a. Director Harren reported that David Unmacht with Springsted, Inc. has visited with each department as he continues his work on the organizational assessment. A draft of the assessment will be available early July. A joint meeting of the Council and Commission should be set for Springsted to present the draft. Staff had also contacted the Council and Utilities Commission Members regarding whether it would be beneficial to include the market survey at this time at the proposal cost of \$3,000. The Commission and a majority of the Council had verbally authorized proceeding; however, formal action should be taken by each Board.

A motion was made by Mr. Olmscheid, seconded by Mr. Budde and unanimously carried to authorize Springsted to proceed with the market and equity study portion of the organizational assessment with the costs being shared with the General Fund.

The Council will be giving consideration to the market and equity study at their June 17 meeting.

- b. Water/Wastewater Supervisor Gilbertson reported that he obtained two quotes for the tuck pointing and painting of two of the buildings at the Wastewater Treatment Facilities. A quote was received from Tom Avant Painting for the painting and tuck pointing in the amount of \$14,090. Another quote was received from Servatius Masonry in conjunction with Flood Stucco. Servatius Masonry – tuck pointing in the amount of \$9,044 and Flood Stucco – painting in the amount of \$4,994 for a total of \$14,038.

A motion was made by Mr. Budde, seconded by Mr. Olmscheid and unanimously carried to approve the quote from Servatius Masonry and Flood Stucco in the total amount of \$14,038.

- c. Director Harren reported that, at its April 12 meeting, the Commission approved the adopt-a-tree replacement program for trees that grow under and into the City's power lines and require regular trimming. It was noted that homeowners may be agreeable to removal of those trees if the City were to either replace the tree elsewhere on their property, or implement an allowance of \$150 to be reimbursed to property owners when they have replaced the tree removed by the City. The Commission had authorized reimbursement of up to \$150 to property owners for the replacement of trees removed by the City upon submission of a receipt showing the replacement has been made. Since that time, two trees were removed from underneath a customer's power line and they have purchased two new trees. The customer has inquired as to whether they need to plant the trees on their present lot. Public Works Director Harren has required that the trees be planted on the same lot as they were removed from. The customer has requested that this be brought to the Commission for consideration to allow a customer to plant the replacement tree(s) anywhere in the City.

The Commission was in agreement that tree replacements occur on the same property as the one removed.

- d. Staff had submitted Request for Proposal to select engineering consultants for Well House No. 4 and No. 5 Renovations and System Pressure Study which would consist of modeling of the water system and to assist in determining the causes to the increased water pressures and loss of gallons per minute. Proposals were received from Bonestroo, WSB and Associates, Inc. and SEH. The low bid was received from Bonestroo. Director Harren noted that, in the past, SEH has provided engineering services for the water towers and pilot study for a water treatment plant. Chris Larson of SEH was on hand to answer any questions the Commission may have on the SEH proposal.

A motion was made by Mr. Budde, seconded by Mr. Olmscheid and unanimously carried to approve the low quote of Bonestroo in the total amount of \$6,800 for Well House No. 4 and No. 5 Renovations and System Pressure Study.

#### **A.I. #7 NEW BUSINESS**

- a. Assistant City Administrator/Treasurer Thostenson stated that the City's present computer server is over seven years old and is beginning to experience some issues. The average life of a server is about five years, so it is time to consider replacing/upgrading it. The City received a quote from Marco for the replacement in the amount of \$7,367.96. She reported the server is host to the City's Alchemy program for records retention and all City documents, along with all network capabilities. The installation would be performed under the IT support service agreement. The costs are shared evenly between the General and Utilities funds (\$3,683.98). Funds were budgeted for computer upgrades in the 2010 Five Year Capital Improvement Plan. It was pointed out that the actual replacement would occur when server issues warrant immediate replacement.

A motion was made by Mr. Budde, seconded by Mr. Olmscheid and unanimously carried to approve the purchase of a new server from Marco when it is deemed necessary.

The Council will be giving consideration to replacing/upgrading of the server at their June 17 meeting.

#### **A.I. #8 INFORMATIONAL ITEMS**

The following informational items were then discussed:

- a. The following schools and/or conferences where registrations were made:
  1. Minnesota Environmental Science and Economic Review Board – May 20 in St. Cloud. Registration: \$15 per person. Attending: Water/Wastewater Supervisor Gilbertson.
  2. APPA Webinar – Complying with EPA’s Diesel RICE Emission Standards - June 8. Registration: \$79. Attending: Public Works Director Harren and Electrical Supervisor Lyon.
  
- b. The MRES Legal Seminar will be held on August 5 at the MRES Headquarters in Sioux Falls, South Dakota. This year’s seminar will focus on Distributed Generation, Aggregation of Demand Response, and the Latest Developments on Open Meetings and Public Record Issues.

#### **A.I. #9 ADJOURNMENT**

A motion was made by Mr. Budde, seconded by Mr. Olmscheid and unanimously carried that the meeting be adjourned at 5:30 p.m.

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PATRICIA HAASE – CITY CLERK