

**MELROSE PUBLIC UTILITIES COMMISSION  
REGULAR MEETING  
THURSDAY, MARCH 11, 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. Power Plant and Utility Warehouse Lighting
5. Action Items
  - a. Workers' Compensation Quote/Volunteer Insurance
  - b. Power Plant Building Maintenance
  - c. ACS Contract
  - d. Utility Locates
  - e. East City Limits Water/Wastewater Utility Extension
  - f. AED Purchase
6. Old Business
  - a. Storage Building
  - b. Staffing Study Update
  - c. Method of Calculating Electric Utility Franchise Fee
7. New Business
  - a. Meeting Schedule
8. Informational Items
  - a. Annual Middle Sauk River Water Festival
  - b. Schools and Conferences
  - c. Minnesota Congressional Delegation Meeting
  - d. Purchases
9. Adjournment

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REGULAR MEETING  
THURSDAY, MARCH 11, 2010 – 5:00 P.M.**

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

The Melrose Public Utilities Commission met in a Regular Meeting on Thursday, March 11, 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, Electrical Supervisor Dale Lyon, and Assistant City Administrator/Treasurer Karen Thostenson. Water/Wastewater Supervisor Scott Gilbertson was absent. Chair Wiehoff presided thereat.

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

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

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

The following were considered for approval under the consent agenda:

- a. The minutes from the Commission's February 8 Regular Meeting.
- b. List of bills in the amount of \$1,072,892.99. (See attached list) Consideration was also given to the following purchase order:
  1. Flexible Pipe Tool Co. – Bulldog nozzle – Wastewater Dept. – \$2,212.15
- c. List of investments for the month of February. (See attached list)
- d. Delinquent accounts report for the month of February.

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

**A.I. #4 REPORTS**

- a. Public Works Director Harren reported that the Electric Department has been working on updating the Power Plant and Utility Warehouse as a winter project. The fixture costs were about \$3,200 and will be submitted for CIP rebates. Two quotes were obtained for the fixtures as per purchasing policy.

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

- a. The Council then gave consideration to approving the quote received from the League of Minnesota Cities Insurance Trust (LMCIT) for workers' compensation insurance for the period of March 7, 2010 through March 7, 2011. The 2% credit due to belonging to a managed care organization was discontinued. The net premium costs for the upcoming period are \$60,709. The quote in 2009 was \$47,491; resulting in an increase of 27.83%. The experience modification increased to 1.15 for the 2010-2011 coverage period from .97 for the 2009-2010 coverage period. The classifications receiving the largest increases are Public Works, Police, Fire, Ambulance and Wastewater. The discontinuation of the managed care credit was also responsible for 2% of the increase.

The General Fund share of the premium is \$39,078 and the Utilities' share is \$21,632 (compared to \$31,168 and \$16,323, respectively, for the past year). The Council gave approval to this quote at its February 18 meeting.

A motion was made by Mr. Olmscheid, seconded by Mr. Budde and unanimously carried to approving the workers' compensation insurance renewal quote from LMCIT in the amount of \$60,709.

- b. Director Harren reported that, during the winter months, the Electric Department has also been performing building maintenance. One of the maintenance items was to refinish the Power Plant doors. However, upon removal of one of the doors, which was the original door, it was determined to be unsalvageable. Therefore, two quotes were obtained for replacement, with the low quote being from CCC in the amount of \$3,850. Although all quotes over \$2,000 require preapproval, Director Harren had authorized proceeding with the replacement due to the doors being removed.
- c. Consideration was next given to the quote from ACS for support of the financial, payroll, and utility billing programs for the period of February 1, 2010 through January 31, 2011. The total cost of \$12,717.42 is 3% higher than the previous year, and will be shared as follows:

General - \$4,451.10  
Water - \$1,271.74  
Wastewater - \$1,271.74  
Electric - \$5,722.81

The Council will be giving consideration to the contract at its March 18 meeting.

A motion was made by Mr. Olmscheid, seconded by Mr. Budde and unanimously carried to authorize the City Clerk to enter into a contract with ACS for computer program support.

- d. Director Harren stated that staff has been discussing improving efficiencies for performing the daily locates. The Electric Department has expressed interest in taking on all daily locates and has been exploring how this task can be accomplished in the most efficient manner. One method would be to utilize GPS technology, which has been used for many years, it's accurate, and has become more affordable. If approved, staff would like to begin to use this technology for locating and start collecting data this summer when locates are again performed for the Utilities on the remainder of the diversiCOM Fiber to Home Project. Staff's research has found that, on the state contract, a handheld GPS unit would be approximately \$11,000 for the equipment, software, etc. This cost would be shared between the Electric, Water and Wastewater Departments.

Mr. Olmscheid noted that he felt that this cost seemed extremely high. Mr. Lyon stated that this is due to the precision required of the coordinates shown. Many less expensive units give location within a range of 10'-15', whereas the unit being recommended is within inches. Also, the coordinates are in real time, whereas smaller/cheaper units are not real time, so this too affects the accuracy of the coordinates. After some discussion, it was agreed that staff further research this equipment, and the item be placed on the Commission's April meeting for further consideration.

- e. Director Harren reported that Dave Rahn, owner of Rahn's Oil and Propane, inquired about extending the wastewater main to the south side of his property. The line would come from the new lift station at Eleventh Avenue East and East Main Street. Mr. Rahn stated they currently have to pump out their holding tanks every other week. Director Harren stated that he had informed Mr. Rahn that if the wastewater main is installed to the south side of his property, the water main would be installed at the same time, which was agreeable to Mr. Rahn. This proposed project would include the Willow Express property, which included all paid assessments in their purchase agreement and development agreement with the City. The Jennie-O truck shed has access to the existing system at the north end of their property, but the main does not run parallel with their property. Rob Hoppe's storage sheds would also be affected. Mr. Rahn had indicated that he would like to asphalt his property, but would not do so until the mains are installed and he is connected with the wastewater main. He asked that consideration be given to this project within the next year or two.

Director Harren stated that a rough estimate of the cost to extend the water and wastewater mains to the Lake Wobegon Regional Trail would be about \$285,000 with a portion of the costs being assessable. He noted another alternative would be to extend the utilities to the intersection of CR #65 and North Twelfth Avenue East. The Utilities Commission felt that it would be beneficial at this time to contact the property owners along Twelfth Avenue East to determine whether there is any interest expressed by them to have these utilities extended to their properties at this time. Staff was directed to contact these property owners regarding potential interest, and report on the responses received at the Utilities Commission's April meeting.

Director Harren pointed out that, if the project proceeds, there would be special assessments against affected properties, so a feasibility study would need to be completed, plus the City Council would need to take action on whether the project is to proceed, hold special assessment hearings, etc. Director Harren stated he would contact the Stearns County Environmental Services (SCES) to find out whether there are any planned septic system inspections or concerns regarding private septic systems in this area.

- f. Supervisor Lyon stated that, due to the potential for hazard in electrical maintenance and repairs, the electrical staff would like to equip the second bucket truck with its own AED, the same as the first bucket truck and service truck are equipped. Two quotes were obtained, with the low quote being in the approximate amount of \$2,195.

Mr. Budde questioned whether there was any grant funding available for this type of purchase. He noted that one of the AEDs could very easily be moved from either the first bucket truck or the service truck. He also stated that, unless tested and used, many times the AEDs lose charge by sitting for prolonged periods in a vehicle. It was agreed that an additional AED was not necessary.

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

- a. Director Harren reported that the Council, at its February 18 meeting, had authorized staff to obtain quotes for a storage building. He noted that when the Utilities entered into a lease agreement with Charter for utilizing space in the water tower base, the Street Department had to find an alternative place for all their items that had been stored in the water tower base. At that time, the Commission had offered to apply one year's worth of lease revenue, \$9,000, towards the new storage building for the Street Department. Director Harren stated that the new storage building is estimated at \$45,000 if contracted out for construction. Some savings could be realized if City staff were to provide the labor if time permits. Director Harren stated that this project is in the Five Year Capital Improvement Plan for 2010 with \$26,000 allocated. He stated that the Council is seeking confirmation from the Commission that the \$9,000 originally committed is still available.

A motion was made by Mr. Olmscheid, seconded by Mr. Budde and unanimously carried to confirm the one-time donation of \$9,000 towards the construction of a Street Department storage building.

- b. Director Harren reported that, as directed by the Council, at its February 18 meeting, staff had obtained proposals for a staffing study from the following firms: Springsted, Inc., Hometown Connections, RSM McGladrey, and MDA Leadership Consulting. Proposals were requested to be prepared noting costs if only the Utilities were to proceed with the study, as well as a breakdown of the costs if the Council decides to participate.

Director Harren noted that it appears that Hometown Connections cannot at present meet all the requirements of the City and Utilities, so he recommended they not be considered. However, the remaining three firms all indicate an ability to conduct an organizational and staffing study for all City departments. The low quote was from Springsted, Inc. in the amount of \$9,750 for the study, plus an additional \$3,000-\$3,500 to conduct a market and compensation study.

Supervisor Lyon questioned whether Springsted has experience in evaluating electric utilities and requested that reference checks be made in this area. Staff to contact Springsted for these references.

A motion was made by Mr. Olmscheid, seconded by Mr. Budde and unanimously carried to approve proceeding with the study by Springsted with Council participation. The Council to give consideration to this issue at its March 18 Regular Meeting.

- c. Director Harren reported that no further contact has been made with the Mayor or Council Members regarding any questions they may have on the proposed change in the method of calculating the electric utility franchise fee. He stated he would keep the Commission updated on this issue.

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

- a. Ms. Thostenson reported that the Council, at its March 18 meeting, will give consideration to scheduling a Special Joint Meeting with the Utilities Commission to review the 2009 Audit. The meeting is recommended to be held on Thursday, April 15 at 5:00 p.m. directly prior to the regular Council meeting that evening. The Utilities Commission was in agreement with the proposed date and time.

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

The following informational items were reviewed:

- a. The 2010 Middle Sauk River Water Festival is scheduled for Thursday, May 13 at the Sauk River Park in Melrose. In 2009, about 500 fourth grade students from surrounding area schools participated in the event. The Melrose Public Utilities has donated \$1,000 towards this event.
- b. The following is a list of schools and/or conferences where registrations were made:
  - 1. 73<sup>rd</sup> Annual Wastewater Operations Conference – March 24-26 in Minneapolis. Registration fee: \$300 per person. Attending: Water/Wastewater Supervisor Gilbertson. Credits apply towards licensing requirements.
  - 2. Minnesota Rural Water Association 26<sup>th</sup> Annual Water and Wastewater Technical Conference – March 2-4 in St. Cloud. Registration fee: \$175 per person. Attending: Water/Wastewater Operator Tim Vogel. Credits apply towards licensing requirements.

- c. Director Harren and Mr. Olmscheid reported on the Minnesota Congressional Delegation meeting they attended in Washington, D.C. on February 24. About 60 individuals from Minnesota attended.
- d. The following are purchases no longer requiring Commission approval, but are reported as informational items.
  - 1. Total Control Systems, Inc. – Water/Wastewater Depts. – programming of SCADA System; cost includes setup and delivery - \$1926.96.
  - 2. emachinetool.com – Electric & Streets Depts. – Baileigh Drill Press DP-1000G – total price \$2,073.30 plus use tax. Cost to be share equally between Streets and Electric Departments.

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

A motion was made by Mr. Budde, seconded by Mr. Olmscheid and unanimously carried that the meeting be adjourned at 6:00 p.m.

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PATRICIA HAASE – CITY CLERK