

**MELROSE PUBLIC UTILITIES COMMISSION  
REGULAR MEETING  
MONDAY, OCTOBER 12, 2009 – 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
  - e. Charged Off Accounts/Accounts Collected
4. Reports
  - a. Utilities Fund Third Quarter Financial Report
  - b. CapX 2020
  - c. Water/Wastewater Rate Benchmarking
  - d. Fifth Street North Improvement Project
  - e. 2009 Railroad Avenue Utility Extension Project
  - f. 2009 Sauk River Shoreline Protection Project
5. Action Items
  - a. Pay Request #2 – Breitbach Construction Co. – 2009 Fifth Street North Improvements
  - b. Pay Request #1 – Larson Excavating Contractors, Inc. – 2009 Railroad Avenue Utility Extension
  - c. HeatShare Program Agreement
  - d. Coalition of Greater Minnesota Cities (CGMC) Dues
  - e. MMUA APPA Rally
  - f. Cost Breakdown/Assessment Roll for 2009 Capital Improvements Railroad Avenue Utility Extension
  - \* g. City Center Elevator Maintenance Quotes
6. Old Business
  - a. Quality Manager and Technical Director Appointment
  - b. PFA Loan Payoff
  - c. T-1 and Lease Agreements

7. New Business
  - a. Notice of Appointment
  
8. Informational Items
  - a. MRES Quarterly Financial Statement
  - b. Big Stone II
  - c. Sales and Use Tax Refund
  - d. Change A Light Program
  - e. Ad Hoc Labor & Personnel Committee
  
9. Adjournment

\* Amendment

**MELROSE PUBLIC UTILITIES COMMISSION  
REGULAR MEETING  
MONDAY, OCTOBER 12, 2009 – 5:00 P.M.**

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

The Melrose Public Utilities Commission met in a Regular Meeting on Monday, October 12, 2009 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 Olmscheid presided thereat.

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

A motion was made by Mr. Budde, seconded by Mr. Wiehoff 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 for the September 8 Regular Meeting.
- b) List of bills in the amount of \$1,280,729.26. (See attached list)
- c) Investments report for the month of September. (See attached report)
- d) Delinquent accounts report for the month of September.
- e) The Charged Off Accounts/Accounts Collected Reports for the third quarter, 2009. The following accounts are recommended to be charged off:

| <b><u>Name</u></b>    | <b><u>Amount</u></b>     | <b><u>Acct #</u></b> |
|-----------------------|--------------------------|----------------------|
| Seth Peterson         | \$ 82.14                 | 6-40-1               |
| Maria & Jamie Acevedo | 527.71                   | 8-226-1              |
| David Sasser          | 153.94                   | 8-342-1              |
| Mark & Linda Skoog    | 605.11                   | 13-500-1             |
| Luis Antonio Ochoa    | 183.14                   | 8-228-1              |
| Robert Ramsey         | 28.47                    | 1-45-1               |
| Julie Ramsey          | 54.04                    | 1-51-1               |
| David & Dorothy West  | 69.19                    | 1-173-3              |
| Mary Ahles            | 117.18                   | 13-509-2             |
| <b>TOTAL</b>          | <b><u>\$1,820.92</u></b> |                      |

There were no accounts collected during this quarter.

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

#### **A.I. #4 REPORTS**

- a. Assistant City Administrator/Treasurer Thostenson presented the Utilities Fund Financial Third Quarter Report of revenues and expenses for the Water, Wastewater, and Electric Departments. She pointed out that the water and wastewater revenues from customer charges were less than budgeted, but the expenses to date. However, it was noted that bond principal payments are not included in the expenses, so it is important to continue to monitor the rates and resulting revenues to assure these payments are met. The Electric Fund revenues exceeded expenditures by \$667,000 YTD.
- b. Director Harren reported that the City received notice of the CapX2020 filing with the Minnesota Public Utilities Commission. It appears the preferred route following I-94 until Eighth Avenue West, then goes southerly to the south City limits, then easterly through the City's well fields. The alternate route would run along County Hwy 17 north of the City. Director Harren noted that the entire report is on file at the Administration Offices.
- c. Director Harren then presented the water and wastewater rate information requested by the Commission. He stated that staff obtained a copy of the AE2S annual rate survey, which included water and wastewater system rates of the non-metro and metro cities that took part in the survey. Director Harren pointed out that the Melrose rates for residential and industrial customers were compared. It appears the residential/commercial rates for water and wastewater are about average; however, in his industrial wastewater rate comparison, it appears Melrose is over, or close to the same, as other communities with Jennie-O type processing plants. He stated this information indicates that Melrose must continue to keep its rates within the normal range.
- d. Director Harren reported that, weather permitting, the 2009 Fifth Street North Improvements will be paved and seeded during the upcoming week.
- e. Director Harren stated that the 2009 Railroad Avenue Utility Extension Project is completed, and all that remains are a few outstanding bills.
- f. Director Harren stated that the 2009 Sauk River Shoreline Protection Project is completed. Reimbursement for eligible costs through the Sauk River Watershed District (SRWD) Grant is being compiled and be submitted this month. A final report on the total project costs along with the amount of grant funding received will be presented upon the SRWD's approval.

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

- a. Consideration was given to approve of Pay Request #2 and Pay Request #3 from Breitbach Construction Co. for the 2009 Fifth Street North Improvements in the amounts of \$78,852.80 and \$65,423.38 respectively. Each pay request is less a 5% retainage.

A motion was made by Mr. Budde, seconded by Mr. Wiehoff and unanimously carried to approve Pay Requests #2 & #3 in the total amount of \$144,276.18 to Breitbach Construction Co. on the 2009 Fifth Street North Improvements.

The City Council will be giving consideration to these pay requests at their October 14 meeting.

- b. Consideration was then given to approval of Pay Request #1 from Larson Excavating Contractors, Inc. for the 2009 Railroad Avenue Utility Extension in the amount of \$43,708.50, which is less a 5% retainage.

A motion was made by Mr. Budde, seconded by Mr. Wiehoff and unanimously carried to approve Pay Request #1 in the amount of \$43,708.50 to Larson Excavating Contractors, Inc.

The City Council will be giving consideration to this pay request at their October 14 meeting.

- c. The City's HeatShare Agreement with the Salvation Army expired August 31, 2009.

A motion was made by Mr. Wiehoff, seconded by Mr. Budde and unanimously carried to approve entering into the HeatShare Agreement with the Salvation Army for the period of September 1, 2009 through August 31, 2010.

- d. Consideration was then given to the request from the Coalition of Greater Minnesota Cities (CGMC) request for the City to again participate in 2010. The 2010 assessment for Melrose is \$4,835 which includes services for labor and employee relations that are provided for all CGMC members. The membership dues are the same as in 2009. The Council, on September 10, approved the 2010 membership dues.

A motion was made by Mr. Wiehoff, seconded by Mr. Budde and unanimously carried to approve the 2010 CGMC dues and to share in the costs with the General Fund. Payment is to be made in 2010.

- e. Director Harren reported that, in November, MMUA will be setting up the APPA Rally that this held annually in Washington, DC. He stated that Melrose had not participated in early spring 2009 and inquired whether there was interest in attending in 2010. He stated that the block of rooms that MMUA commits to fills quickly and, if Melrose plans to take part, rooms should be booked early.

After some discussion, it was agreed that three rooms be booked at the time they become available.

- f. Next discussed were the assessment and City costs for the 2009 Railroad Avenue Utility Extension Project in the total amount of \$75,517.95, plus \$2,174.00 for the Bravo WAC and SAC charges which are proposed to be recouped through assessment. Ms. Thostenson noted that all assessable costs will be paid by General Fund #203 Capital Improvements Fund and repaid through taxes over a 15-year period. The total costs to the Water and Wastewater Funds were \$13,878.03 and \$36,817.12 respectively.

A motion was made by Mr. Budde, seconded by Mr. Wiehoff and unanimously carried to approve the assessment and finance breakdown and to accept this project as completed.

- g. Director Harren reported that staff obtained proposals from Schindler Elevator and Minnesota Elevator for an elevator maintenance contract per Minnesota Statute, which requires a minimum maintenance schedule of annual inspection. Schindler Elevator has the low quote at \$300 per year per elevator (City Center and Fire & Ambulance Station) with a five-year contract. The contract would start December 2009 on the Fire & Ambulance Station and August 1, 2010 at the City Center. The City's current elevator maintenance contract with Minnesota Elevator for the City Center elevator is in effective through July 31, 2010. Director Harren recommended approval of the proposed contract with Schindler Elevator, and authorization to notify Minnesota Elevator of the City's intent to discontinue its City Center elevator maintenance agreement effective July 31, 2010.

A motion was made by Mr. Wiehoff, seconded by Mr. Budde and unanimously carried to make recommendation to the Council to approve the elevator maintenance contract with Schindler Elevator, and to notify Minnesota Elevator of the City's intent to discontinue its contract with them effective August 1, 2010.

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

- a. Director Harren reported that, at the September Commission meeting, the National Environmental Laboratory Accreditation Standards (NELAC) for all labs was discussed and tabled until the October meeting. At that time, Mr. Olmscheid had recommended that this issue be discussed by the Ad Hoc Labor & Personnel Committee (former Labor Committee). It was noted that these standards require the designation of a staff member that holds a license equivalent to the plant certification to oversee the lab. The Melrose Wastewater Treatment Facility is a Class A plant, so a Class A license holder would be required, and a Quality Manager and Technical Director would need to be appointed. In plants with limited staffing, the two positions can be held by the same person. Supervisor Gilbertson, who holds a Class A license, could be appointed to both positions. However, it was pointed out that if the Technical Director is absent for more than 15 consecutive calendar days, another operator that meets the qualifications of a Technical Director would need to be appointed.

Director Harren noted that past discussions have been held regarding building some licensing depth into the wastewater operations so that more than one person holds an appropriate license for the plant as per MPCA requirements. At this time, Operator Glenn Bauer also holds a Class A Wastewater Operator License, and could be appointed in Supervisor Gilbertson's absence. However, Director Harren pointed out that if Supervisor Gilbertson or Mr. Bauer were to become ill or leave employment, there would be no backup for this designation.

Mr. Olmscheid stated that the Committee had discussed this matter in depth, along with whether to create a Class A Operator position and job description. It was the Committee's recommendation that no changes be made at this time, and that Supervisor Gilbertson be appointed as Technical Director and Quality Manager. In the event that the City would not have an available Class A employee if needed, it was their feeling that there are options available, such as hiring an engineering firm, etc. to meet requirements. Supervisor Gilbertson stated that most Class A Wastewater Treatment Facilities have a lead person position to have a person in line with the appropriate license classification in the event one is needed. Mr. Olmscheid stated that the Committee's decision may be revisited in the future, but the decision at this time allows Supervisor Gilbertson to submit the required NELAC documentation to the Minnesota Department of Health (MDH).

A motion was made by Mr. Wiehoff, seconded by Mr. Budde and unanimously carried to appoint Supervisor Gilbertson as the Technical Director and Quality Manager to meet MDH NELAC standards.

- b. Ms. Thostenson reported that, on September 8, the Utilities Commission had authorized staff to proceed with payoff of the 1998 Wells #8 and #9 PFA Loan in the amount of \$333,000 plus accrued interest in the amount of \$1,244.31, for a total amount of \$334,244.31. This loan was paid off on September 28. As funds become available, additional principal payments may be made on the 1999 Water Tower PFA Loan.
- c. Also, on September 8, the Commission had directed Director Harren to attend the MRES board meeting and take part in the T-1 Agreements. However, after a lengthy discussion, the MRES Board of Directors elected not to proceed with the T-1 Agreements at this time due to low participation by its members.

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

- a. It was reported that at the Council's first meeting in January 2010, consideration will be given to making appointments to the various boards and commissions. A notice regarding same will be published in the Melrose Beacon on October 24 and 31 informing citizens that if they are interested in seeking appointment, their request should be submitted in writing to the Assistant City Administrator by no later than November 20. Utilities Commission Chair Olmscheid's position expires on January 1, 2010.

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

The following informational items were then discussed:

- a. MRES Quarterly Financial Statements.
- b. Correspondence from MRES regarding the status of the Big Stone II project.
- c. The Electric Fund received a sales and use tax refund in the amount of \$24,577.08 for the period of January 2007 through June 2009.
- d. Notification from MRES that no retailers signed up to participate in the Change A Light program. MRES suggested a number of options for participation. City staff recommends utilizing the local Boy Scout and Girl Scout troops for delivery of a bulb to each Melrose household, and paying each troop \$150 for their efforts. MRES will reimburse Melrose \$1.50 per bulb of the estimated cost of \$1.74 plus tax for a 15-watt CFL bulb. It was recommended that staff also look into the costs and feasibility of including flood lamps in this program, with sales made at the City Center front desk. Also, staff to contact MRES as to whether any reimbursement is available for the collection and disposal of used CFL bulbs.
- e. Based on the recommendation of the City's Labor Consultant, Chris Hood of Flaherty & Hood, the Labor Committee has been renamed to the Ad Hoc Labor & Personnel Committee to reflect the irregular meeting schedule (meeting only as needed) to address personnel and labor issues. The Ad Hoc Labor & Personnel Committee is in the process of reviewing and revising all City job descriptions. Staff expressed concern that, due to the Committee not working in the various departments, some important duties might not be included. They requested that Supervisors and Department Heads be allowed to review the final drafts prior to adoption. Mr. Olmscheid stated that the intent is to do so.

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

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

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PATRICIA HAASE – CITY CLERK