

**MELROSE PUBLIC UTILITIES COMMISSION  
REGULAR MEETING  
MONDAY, JANUARY 12, 2015 – 4:00 P.M.**

**AGENDA**

1. Call to Order/Roll Call
2. Oath of Office
3. Appointment of Officers
4. Approval of Agenda
5. 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
6. Reports
  - a. Jennie-O Turkey Store Transformers
7. Action Items
  - a. Designation of the following:
    - 1) Grievance Representative
    - 2) Ad Hoc Labor and Personnel Committee Representative
  - \* b. Amendment to Agreement - DGR
8. Old Business
  - a. Industrial User Agreement
  - b. 2<sup>nd</sup> Street NW and 1<sup>st</sup> Street NE Projects
  - c. DGR Agreement Amendment #3/Southwest Substation
  - d. Southwest Substation 15 kV Switchgear and 69 kV Control Panel Bid
  - e. Levee Funding – FY 2015
9. New Business
  - a. MMUA Legislative Conference
  - \* b. South Tower Antenna – Sprint Antenna Lease Agreement
10. Informational Items
  - a. WAPA Rates
  - b. Schools and Conferences
11. Adjournment

\*Amendments

**MELROSE PUBLIC UTILITIES COMMISSION  
REGULAR MEETING  
MONDAY, JANUARY 12, 2015 – 4:00 P.M.**

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

The Melrose Public Utilities Commission met in a Regular Meeting on Monday, January 12, 2015 at 4:00 p.m. at the Melrose City Center pursuant to due notice being given thereof. Present were Commission Members Lyle Olmscheid, Eric Seanger, and Dick Christenson, Electrical Supervisor Dale Lyon, and City Clerk Patti Haase. Water/Wastewater Coordinator Tim Vogel and City Administrator/Treasurer Michael Brethorst were absent. The meeting was called to order.

**A.I. #2 OATH OF OFFICE**

The Council, at its January 8 meeting, reappointed Dick Christenson as the Council Representative for a one-year term. The City Clerk administered the Oath of Office to Mr. Christenson.

**A.I. #3 APPOINTMENT OF OFFICERS**

The City Clerk then requested the Commission appoint a Chair, Vice Chair and Secretary for 2015.

A motion was made by Mr. Olmscheid, seconded by Mr. Christenson and carried to appoint Mr. Seanger as Chair for 2015.

Chair Seanger then chaired the remainder of the meeting.

A motion was made by Mr. Seanger, seconded by Mr. Olmscheid and carried to appoint Mr. Christenson as Vice Chair for 2015.

A motion was made by Mr. Christenson, seconded by Mr. Seanger and carried to appoint Mr. Olmscheid as Secretary for 2015.

**A.I. #4 APPROVAL OF AGENDA**

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

**A.I. #5 CONSENT AGENDA**

The following were considered for approval under the Consent Agenda:

- a. Approval of the minutes from the December 8, 2014 Regular Meeting, the December 17, 2014 Special Joint Meeting with the Council, and the November 25 Special Joint Meeting with the Council
- b. List of bills in the amount of \$1,027,319.28 (See attached list)

- c. Investments Report for the month of December (See attached list)
- d. The Delinquent Accounts Report for the month of December.
- e. The Charged Off Accounts/Accounts Collected Reports for the fourth quarter, 2014. The following accounts are recommended to be charged off:

| <u>Acct #</u> | <u>Amount</u>    |
|---------------|------------------|
| 29-0054-00-03 | \$ 70.04         |
| 022-0306-00-0 | \$1,079.70       |
| 21-0307-00-01 | <u>\$ 464.03</u> |
| Total         | \$1,613.77       |

A total of \$520.90 was collected in the fourth quarter.

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

#### **A.I. #6 REPORTS**

- a. Electrical Supervisor Lyon provided an update on the Jennie-O Turkey Store transformers that were replaced. Mr. Lyon noted that the transformers that were removed were evaluated and it was determined that the cost for rebuild was too high; therefore, they were scrapped out.

#### **A.I. #7 ACTION ITEMS**

- a1. Consideration was given to designating the Grievance Representative for 2015. For 2014, Commission Member Lyle Olmscheid was the Commission representative and Council Member Joe Finken served as the Council representative. The Council, at its January 8 meeting, designated Mr. Finken to again serve as the Council representative.

A motion was made by Mr. Seanger, seconded by Mr. Christenson and unanimously carried to reappoint Mr. Olmscheid as the Commission Grievance Representative for 2015.

- a2. The Commission then gave consideration to designating an Ad Hoc Labor and Personnel Committee Representative. In 2014, Jenny Mayers served as the Council representative and Eric Seanger served as the Commission representative. The Council, at its January 8 meeting, reappointed Jenny Mayers to the Committee.

A motion was made by Mr. Olmscheid, seconded by Mr. Christenson and unanimously carried to reappoint Mr. Seanger to the Ad Hoc Labor and Personnel Committee as the Commission Representative.

- b. Chair Seanger reported that the City's Electrical Consultant, DGR, has submitted their 2015 Miscellaneous Services Agreement. The fee for the 2015 calendar year will not exceed \$7,000 without prior approval.

A motion was made by Mr. Christenson, seconded by Mr. Olmscheid and unanimously carried to approve the 2015 Miscellaneous Services Agreement with DGR.

#### **A.I. #8 OLD BUSINESS**

- a. Chair Seanger noted that Proliant Dairy has exceeded its Tier II limits from time to time. In an effort to address this concern, Proliant has requested that 10 lbs. of Ammonia discharge allocations be reallocated for a one-year period. Jennie-O Turkey Store (JOTS) has agreed to allow this to occur. The loadings at the Wastewater Treatment Facility (WWTF) do at times reach or exceed the maximum limits for Ammonia. Efforts are planned for 2015 to change our processes to help mitigate the shock loadings to the WWTF.

Staff has reviewed and addressed the concerns with Proliant and JOTS and feel that this temporary one-year agreement will give enough time to research and review the processes and determine if the new piping project will help manage our Ammonia loadings.

A motion was made by Mr. Christenson, seconded by Mr. Olmscheid and unanimously carried authorizing the reallocation of 10 lbs. of Ammonia to Proliant from JOTS.

- b. Chair Seanger stated that the Council and Utilities Commission have approved the design work for the 2<sup>nd</sup> Street NW and 1<sup>st</sup> Street NE Utilities and Roads Projects. The design work is currently being designed and nearing completion. Costs estimates have been completed. The total project cost for both the reconstruction and slip lining is estimated to be \$437,400. This would be paid by the various funds accordingly.

After a review of the project costs and the timing of additional projects for 2015, it has been identified that the complete 2<sup>nd</sup> Street NW portion of the Five Year Capital Improvement Plan (CIP) would exceed the cash available to fund the project planned for 2017. Therefore, it is recommended to delay the 2<sup>nd</sup> Street NW portion of the project until 2018 in the CIP. This would coincide with the expiration of the bond which would allow the City funds to help pay for this and other needed projects.

We would still complete the 1<sup>st</sup> Street NE slip line project. This project does not impact the General Fund and only affects the Wastewater Fund. WSB would continue with the design work for the projects as originally planned; however, they would not proceed beyond the design phase. This would then become a shovel-ready project. The Council, at its January 8, 2015 meeting, elected to delay the 2<sup>nd</sup> Street NW construction project.

A motion was made by Mr. Olmscheid, seconded by Mr. Christenson and unanimously carried concurring with the Council to delay the 2<sup>nd</sup> Street NW reconstruction project.

- c. Chair Seanger stated that DGR is the engineer of record for the design and build of the southwest substation. Now that the conditional use permit has been approved, DGR needed to design the structure within the substation. Amendment #3 is needed to allow DGR to add architectural and structural costs to design a block building in place of a pre-engineered metal building. This amendment also renames the project to Southwest Melrose Substation and Electric Distribution. Below is a summary of all the amendments and budgets:

Original Contracted Date - July 8, 2013 (Design Feeder and Substation)

|                                 |                    |
|---------------------------------|--------------------|
| Engineering Initial Agreement   | \$133,500          |
| Total Capital                   | <u>\$1,501,500</u> |
| Initial Substation Estimate/all | \$1,635,000        |

Amendment #1 – February 10, 2014

|   |                    |
|---|--------------------|
| Engineering Agreement (– upon completion of feasibility study | \$151,500          |
| Total Capital   | <u>\$1,796,500</u> |
| Amendment #1 Substation Estimate / all                        | \$1,948,000        |

Amendment #2 – August 29, 2014

|  |                 |
|--|-----------------|
| Engineering Agreement – Substation/Distribution/SCADA/<br>Substation - Engineering | \$212,000       |
| Substation SCADA Engineering   | \$16,000        |
| Distribution Engineering   | <u>\$86,600</u> |
| Total Engineering  | \$314,600       |

|                      |                  |
|----------------------|------------------|
| Substation Capital   | \$2,296,000      |
| Distribution Capital | <u>\$883,400</u> |
| Total Capital        | \$3,179,400      |

Amendment #2 - Substation Distribution \$3,494,000

Amendment #3 – December 16, 2014 (arch and structural design):

|                            |                 |
|----------------------------|-----------------|
| add Engineering            | \$6,500         |
| Substation - Engineering   | \$212,000       |
| SCADA - Engineering        | \$16,000        |
| Distribution – Engineering | <u>\$86,600</u> |
| Total Engineering          | 321,100         |

|  |                  |
|--|------------------|
| Substation Capital                     | \$2,296,000      |
| Distribution Capital                   | <u>\$883,400</u> |
| Total Capital                          | \$3,179,400      |
| Amendment #3 Substation / Distribution | \$3,500,500      |

Supervisor Lyon noted that many changes and additions have been made since the original concept in 2013 which has significantly increased the cost of the project. The initial project in February 2014 was \$1,948,000, which consisted of a maximum 28 MVA substation at the current power plant site. Also included was replacement of some switchgears and upgrade to a 2,000 AMP interconnect Main in the power plant and rebuild the section of transmission line owned by the utilities. The Council had some concerns with the substation located on Main Street and would prefer that area remain for green space. Staff researched other location and discovered the Rausch property. DGR Engineering completed a cost and electrical feasibility analysis at that proposed site. DGR stated the pros would be that upsizing the substation to 37.3 MVA could serve a load growth up to 10 megawatts for the Industrial Park and in all likelihood eliminates the need of a third substation for that area. In addition, it also eliminates the Melrose Public Utilities-owned transmission lines including maintenance and replacement thereof. It also provides additional operational flexibility. The cons would be that it significantly increases the cost from the initial cost estimates due to the need for a substation building, switchgear, battery bank, underground distribution and duck bank construction costs back to the Power Plant site.

Mr. Lyon noted, however, that after weighing out all the pros and cons, the end result of implementing the changes are very positive and the right thing to do.

A motion was made by Mr. Christenson, seconded by Mr. Olmscheid and unanimously carried approving Amendment #3.

- d. Electrical Supervisor Lyon noted that bid opening for the 15 kV Switchgear and 69 kV Control Panel was held on Wednesday, January 7, 2015 at the City Center. A total of three bids were received and forwarded to DGR for review. The evaluated low bid was received from Harold K. Scholtz Co. in the amount of \$282,600. It is DGR's recommendation that the Commission award the contract for furnishing the 15kv Switchgear and Control Panel to the Harold K. Scholtz Co.

A motion was made by Mr. Olmscheid, seconded by Mr. Christenson and unanimously carried to award the bid to the Harold K. Scholtz Co. in the amount to \$282,600.

- e. Chair Seanger stated that City Administrator Brethorst has received information from Pat Lynch on the DNR Levee Funding FY 2015. The Commission is under a grant agreement for the improvements of the Wastewater Treatment Facility and its levee improvements. The remaining capital costs for the levee are as follows:

#### Wastewater Improvement Cost Estimates

| <u>Levee Related Cost Estimates</u> |                   |
|-------------------------------------|-------------------|
| City                                | \$435,000         |
| DNR                                 | <u>\$435,000</u>  |
| Total                               | \$870,000 FY 2015 |

### Levee Specific Cost Estimates

|       |                     |
|-------|---------------------|
| City  | \$670,000           |
| DNR   | <u>\$670,000</u>    |
| Total | \$1,340,000 FY 2016 |

It would be the preference to bid the project under one contract; however, due to obligation of funds from the DNR, they can commit to \$450,000 for FY 2015 construction costs. The DNR will provide the formal written agreement by mid-March or late February.

A motion was made by Mr. Christenson, seconded by Mr. Olmscheid and unanimously carried to approve obligating the funds to match the \$450,000 for DNR Grant and authorizing SEH to finalize and prepare for bid the Capital Expenditures Projects for the Levee Project.

### **A.I. #9 NEW BUSINESS**

- a. Chair Seanger noted that the MMUA Legislative Conference will be held on Feb 4-6. Due to the renovations at the Capitol, MMUA is unable to have our usual meetings with legislative leaders. Time to meet with your local legislators will be held in the afternoon on February 5 rather than that morning. There will be a reception later in the day. Commission Member Olmscheid will attend the meeting.
- b. Chair Seanger stated that Sprint PCS is asking to add additional antenna / dishes to the south tower. The contract allows for this and there currently is space for it on the tower. As per our Lease Agreement, Sprint will pay for a review by a vendor of our choice to inspect the work and review the plans. SEH has submitted a quote to inspect the work and review plans at a cost of \$6,500.

Due to the antenna addition, it allows the City to renegotiate the contract. City Administrator Brethorst is actively working with Sprint to update the agreement to bring it into current language. It has been 10 years since it was last updated. The contract proposal will be based on the recent Verizon contract. Efforts will be made to adjust the lease rate as well to reflect current rates. An update to this will be provided no later than the Commission's May meeting.

A motion was made by Mr. Olmscheid, seconded by Mr. Christenson and unanimously carried approving the quote from SEH in the amount of \$6,500 for inspection and plan review.

### **A.I. #10 INFORMATIONAL ITEMS**

The following informational items were reviewed:

- a. MRES has been monitoring the City's allocation and costs for energy by WAPA. They set their rates every five years and work to allocated rates for long term.

- b. The following are schools and/or conferences where registrations were made:
- 1) Firstline Supervision – February 4-6. Attending: Water/Wastewater Coordinator Tim Vogel
  - 2) The Art of De-Escalation & The 20 Minute Tabletop Exercise - January 20  
Attending: City Administrator Mike Brethorst
  - 3) Focus Faster and Use Time Tenaciously – January 22 Attending: Planning and Development Director Gary Walz and Human Resource Coordinator Diane Gruber

**A.I. #11 ADJOURNMENT**

A motion was made by Mr. Christenson, seconded by Mr. Olmscheid and unanimously carried that the meeting be adjourned at 4:25 p.m.

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PATRICIA HAASE - CITY CLERK