

**MELROSE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MONDAY, JUNE 8, 2015 – 4:00 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. Lineworker Step Increase
 4. Reports
 5. Action Items
 - a. Rehabilitation of Well Pump #8
 - b. Pay Voucher #1 – 2015 Electric Distribution Feeders and Power Plant Bus Tie
 - c. Sanitary Sewer Improvement – 1st Street SW
 - d. LMCIT Insurance Quote
 - * e. Wastewater Treatment Facility Effluent Pump Size
 6. Old Business
 - a. Melrose Underbuilt on Xcel Transmission Lines/Sempra U.S. Gas & Power/69 kV Transmission Switches
 - b. Wastewater Treatment Facility Generator
 - c. Update Levee / Wastewater Treatment Facility
 - d. Sprint Antenna – Addition
 7. New Business
 8. Informational Items
 - a. Schools and Conferences
 - b. LMC Correspondence – 2016 Membership Dues
 9. Adjournment
- * Amendment

**MELROSE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MONDAY, JUNE 8, 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, June 8, 2015 at 4:00 p.m. at the Melrose City Center pursuant to due notice being given thereof. Present were Commission Members Eric Seanger, Lyle Olmscheid, and Dick Christenson, Electrical Supervisor Dale Lyon, City Administrator/Treasurer Michael Brethorst, and City Clerk Patti Haase. Water/Wastewater Coordinator Tim Vogel and Finance Director Tessa Beuning were absent. Chair Seanger called the meeting to order.

A.I. #2 APPROVAL OF AGENDA

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

A.I. #3 CONSENT AGENDA

- a. The minutes from the Commission's May 11 Regular Meeting.
- b. List of bills in the amount of \$ 801,034.29. (See attached list)
- c. Investments Report for the month of May. (See attached list)
- d. The Delinquent Accounts Report for the month of May.
- e. Lineworker Jesse Umland will complete one year of service on June 19. Electrical Supervisor Lyon and City Administrator Brethorst have reviewed his performance and it is favorable; therefore it is recommended that Mr. Umland be advanced from Step 5 (\$27.27) to Step 6 (\$28.46) per hour.

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

A.I. #4 REPORTS

None

A.I. #5 ACTION ITEMS

- a. Administrator Brethorst noted that Water/Wastewater Coordinator Tim Vogel has obtained a quote from Thein Well for the rehabilitation of Well #8 in the amount of approximately \$15,000 - \$17,000. Due to circumstances, it was necessary to have the repairs made prior to receiving authorization from the Commission; however, at the time of the service, it was determined that a total rehabilitation was not necessary. Modifications were made to the wells allowing them to be fully functionally. The cost was less than \$10,000; therefore, Commission authorization is not required.

- b. The Commission next gave consideration to Pay Request #1 from Dig America for the 2015 Electric Distribution Feeders and Power Plant Bus Tie. This pay request is in the amount of \$88,912.35.

A motion was made by Mr. Olmscheid, seconded by Mr. Christenson and unanimously carried approving the pay request from Dig America in the amount of \$88,912.35.

- c. Administrator Brethorst stated that it has been determined that a 260 foot section of pipe located on 1st Street SW to have Infiltration and Inflow (I&I) causing noticeable impact to the sewer pipe. The pipe serves multiple families and it was determined that through a slip-line process, the pipe would be able to be repaired and reduce the likelihood of total failure. Two bids were received:

Visu-Sewer, Inc. - \$11,449

Lametti & Sons, Inc. - \$40,200

A review of the project bids were conducted by WSB & Associates and Utilities staff and it was determined the Visu-Sewer is the lowest responsible bidder. Follow-up questions were presented to Visu-Sewer and the bid was found to be accurate.

A motion was made by Mr. Christenson, seconded by Mr. Olmscheid and unanimously carried to award the project to Visu-Sewer for the bid amount of \$11,449.

- d. Administrator Brethorst noted that the City received their annual quote for general liability, errors and omissions, auto, equipment, and property insurance through the League of Minnesota Cities Insurance Trust (LMCIT) for the period of May 15, 2015 - May 15, 2016. The total quote is \$76,097 from \$79,601 for the 2015-2016 coverage, resulting in a 4.6% reduction in premium cost. The cost for the premium is shared between the General at 42% and Utility Funds at 58%. The decreased premium is due to several factors, most importantly, it reflects a strong safety and claim rating. Over the past year, the City has added new vehicles and removed old ones and the City added coverage for its signs, and a new generator was purchased and located at the Wastewater Treatment Facility

The City's insurance coverage has a \$5,000 deductible, \$15,000 aggregate. The City needs to decide whether or not to waive the statutory tort liability limits. The decision to waive or not to waive the statutory limits has the following effects:

1. 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. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits would apply regardless of whether or not the City purchases the optional excess liability coverage.
2. If the City waives the statutory tort limits and does not purchase excess liability coverage, a single claimant could potentially recover up to \$1,500,000 on a single occurrence. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to \$1,500,000 regardless of the number of claimants.

3. If the City waives the statutory tort limits and purchases excess liability coverage (\$1 million for \$11,099), a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants. In the past the City has not purchased the excess liability coverage.

In the past, the City has chosen Option 2. The Commission to take action approving waiving the statutory tort limits and to not purchase excess liability coverage (as explained in Options 2 and 3 above).

A motion was made by Mr. Christenson, seconded by Mr. Olmscheid and unanimously carried to approve the insurance quote of \$76,097, to waive the monetary limits on municipal tort liability, to keep the deductible at \$5,000/\$15,000, and not purchase excess liability coverage.

- e. Chair Seanger presented the following correspondence sent by Susan Danzl with SEH regarding the effluent pump size.

I spoke with the MPCA review engineer this afternoon, and as we discussed, the MPCA raised some concerns over the capacity of the effluent screw pumps. The existing pumps are sized to pump the average wet weather flow of 3 MGD each, with the ability to bypass around the pumps/aeration cascade for larger flows. For the new pumps, the selected pump and drive combination to pump 3.0 MGD is able to provide up to 3.6 MGD capacity at maximum speed; a slightly greater capacity which we felt was a benefit allowing for future flexibility.

However, Ten States Standards recommends that pumping stations have capacity for the peak hour flow of 4.0 MGD with one pump out of service (with two pumps, each would be sized for 4.0 MGD). The original pump sizing was likely justified with the ability to bypass around the pumps if the flows are high and one pump is out of service. However, in a situation where peak flows are coming in and the river is also high, this bypass is not an option.

I have contacted the pump manufacturer and fortunately to get to 4 MGD per pump, we only need to add a flight to the screw pump and increase the size of a bearing. The other parts of the design, including the motor size and screw size, stay the same. But the screw pumps are more expensive - approximately \$26,000 more for the two pumps (approximately \$13,000 each). These screw pumps are being replaced due to the levee, so this is a levee-related component.

The MPCA review engineer would be willing to consider a deviation from Ten States Standards if we back it up with historical data, including historical river levels and influent flow volumes. Given the circumstances, we think the best option is to move forward with the larger capacity pumps. Please let me know how you would like to proceed. I need to inform the MPCA review engineer of the decision.

A motion was made by Mr. Olmscheid, seconded by Mr. Christenson and unanimously carried authorizing the pumps be sized for 4.0 MGD.

A.I. #6 OLD BUSINESS

- a. Administrator Brethorst stated that the Commission, at their April 29 Special Meeting, authorized staff to work with Sempra U.S. Gas & Power to enter into a construction agreement and payment plan for the Xcel Underbuilt Project. As part of the agreement Sempra has agreed to cover the costs noted in Scenario 2 in the amount of \$793,000. This number also includes engineering costs. Staff has begun to obtain bids for the various materials required to complete the project. Due to time constraints, various exceptions to policy may be necessary. For instance, the specification of the 69KV phase-over-phase, three-way transmission switch needed to be sent out to allow for the approximately 90 day back order timelines. DGR, Xcel, and City staff have reviewed the specification and feel that it will meet the needs of the project; therefore, the project specifications were authorized to proceed to be let for bid. The bids were due on June 4, 2015. Only one bid was received. DGR has reviewed the bid and is recommending that the Commission award the contract for furnishing the two 69 kV transmission switches to SEECO for the bid amount of \$58,534.38.

In order to keep the project on schedule, staff is asking the Commission to give consideration allowing them to obtain and award bids to the best value bidder. The bid award will be presented to the Commission at its next regular meeting. Staff will maintain a detailed expense log to include staff time to be submitted to Sempra for reimbursement. It is anticipated that the draft budget as outlined in Scenario 2 will cover the expenses of the entire project.

A motion was made by Mr. Christenson, seconded by Mr. Olmscheid and unanimously carried authorizing staff to approve bid specifications, posting for bids and, if required, to meet short suspense time lines, award the bids if the Commission does not meet for more than 10 days.

A motion was then made by Mr. Olmscheid, seconded by Mr. Christenson and unanimously carried to award the transmission switches to SEECO at the bid amount of \$58,534.38.

- b. Administrator Brethorst commented that staff has been working with Cummins Power to coordinate the operations and load of the new generator; however, after much debate and review, it has been determined by Cummins Power that the generators are not capable of meeting the 900KW requirements as specified in the agreement. They are producing approximately 845KW. The agreement with MRES states that we will have 850 KW reserve for their capacity agreements.

The City is working with Cummins Power to resolve the matter. The Commission is standing behind the original specification that requires KW of 900 to ensure plant and back up operations is being met. To meet the specification, Cummins will be modifying the engines and giving us a new name plate that it meets the certification requirements.

This will be done by removing the diesel particulate filters and leaving the nock filters in place and run the load bank to meet the load requirements and allow for the heat to burn the emissions to meet the standard. The draw back from this solution is that it will cost more to run due to diesel fuel costs; however, there will be less maintenance as the filters are no longer required. All testing costs will be covered by Cummins.

We will be receiving a letter / documentation stating that they meet and or exceed our specification that we will keep on record for any possible audits by the EPA.

Commission member Seanger commented that the bid was awarded based on the suppliers ability to meet the specifications and felt that the Utilities should seek compensation back from Cummins due to their inability to meet the specifications. Staff will work with DGR to negotiate an agreement.

- c. Administrator Brethorst stated that the City is working with SEH and MPCA to coordinate a schedule for the Wastewater Treatment Facility Improvements for 2015 /2016:

Begin advertising:	June 10
Upload bid documents:	June 15
Pre-bid tour:	June 24
Bid opening:	July 9

MPCA was working on the review the week of May 18. SEH addressed some of their questions and concerns. The bonding bill that was to provide grant funding for the final phase of the levee did not pass in this legislative session; however, the DNR is committed to support the project and will work closely with City staff to secure final funding.

- d. Administrator Brethorst stated that the agreement with Sprint for the addition of one antenna on the south tower has been completed. Upon formal signatures, the City was notified that they wanted to make a new agreement; however, since the agreement was signed, we have not processed their new request which is yet to be specified.

Amendment 3, which was just signed, requires Sprint to pay for all engineering review and inspection of the tower leases. It also included an additional \$200 a month rent as well as added clauses that protects the City when repairs needs to be made to the tower. Staff is waiting to hear from Sprint regarding their request for modification to the agreement.

A.I. #7 NEW BUSINESS

None

A.I. #8 INFORMATIONAL ITEMS

- a. The following are schools and/or conferences where registrations were made:
 - 1) Community Solar Gardens – May 21 – Attending: Billing Clerk Rosie Athmann
 - 2) BES Strategic Planning – June 3 – Attending: Billing Clerk Rosie Athmann and Accounting Clerk Stacy Funk
 - 3) Delta Star – Southwest Substation Transformer Inspection June14-16 – Attending: Electrical Supervisor Dale Lyon and Journey Lineworker Steve Scholz
 - 4) MMUA Summer Conference August 17-19 – Attending: Electrical Supervisor Dale Lyon and Commission Member Lyle Olmscheid
- b. Correspondence from the League of Minnesota Cities regarding membership dues.

A.I. #9 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.

PATRICIA HAASE – CITY CLERK