

**MELROSE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MONDAY, AUGUST 12, 2019 – 4:45 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. Charged Off Accounts / Accounts Collected
4. Reports
 - a. Utilities Fund Financial Quarterly Report
 - b. Jennie-O Turkey Store Update
 - c. Water/Wastewater Facility Plan
 - d. Electrical Supervisor Report
5. Action Items
 - a. Finance Director Pay Adjustment
 - b. Participation in the MRES and EPRI Residential Time of Use Rate Pilot
 - c. Resolution No. U.C. 2019-5, Supporting 2019 Minnesota Broadband Grant Application
 - d. Streets/Parks and Water/Wastewater Maintenance Worker Job Description
6. Old Business
 - a. Industry Meeting
7. New Business
 - a. Personnel Policy Change – Hands Free Cell Phone
 - b. 2020 Budget, 2020 Rates, Five Year Capital Improvement Plan
 - * c. East Substation Redundant String Batteries and Rack
8. Informational Items
 - a. Schools and Conferences
 - b. Electric and Water Comparative Statements
 - c. SCADA Hardware/Equipment
 - * ~~d. East Substation Redundant String Batteries and Rack~~ (moved to item 7c)
 - e. Pay Equity Non-Compliance
9. Adjournment

* Amendment

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MONDAY, AUGUST 12, 2019 – 4:45 P.M.**

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

The Melrose Public Utilities Commission met in a Regular Meeting on Monday, August 12, 2019 at 4:45 p.m. at the Melrose City Center pursuant to due notice being given thereof. Present were Commission Members Eric Seanger, Jeremy Kraemer, and Joe Finken, City Administrator Colleen Winter, Water/Wastewater Supervisor Tim Vogel, Electrical Supervisor Roger Avelsgard, Finance Director Tessa Beuning and City Clerk Patti Haase. Chair Kraemer called the meeting to order.

A.I. #2 APPROVAL OF AGENDA

A motion was made by Mr. Finken, seconded by Mr. Seanger and unanimously carried to approve the agenda as amended moving Item 8d to 7c.

A.I. #3 CONSENT AGENDA

The following items were considered for approval under the Consent Agenda:

- a) The minutes from the Commission's July 8 Regular Meeting.
- b) List of bills in the amount of \$956,725.04. (See attached list)
- c) Investments Report for the month of July. (See attached list)
- d) There were no uncollectible utility accounts sent to Revenue Recapture in the second quarter of 2019. There was a total of \$1,590.35 collected from account holders during this quarter.

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

A.I. #4 REPORTS

- a. Finance Director Beuning presented the Utilities Fund Financial Second Quarter Report of revenues and expenses for the Water, Wastewater, and Electric Departments. Revenues for water sales overall are on track at 53%. Maintenance of the distribution system is low at this point; the payment typically occurs in the fourth quarter. The Water Fund has had higher consultant fees due to the water rate study performed as well as the City Administrator search. Wastewater expenditures are at 50% of budget with revenue at 63%. The Electric revenues are at 40% of budget. Commercial electric sales are running a little lower than budgeted at 36%. The revenue is coming in at 40% of budget and expenditures are at 35% of budget. The expenditures do not include both the June energy costs and the second quarter franchise fee transfer.
- b. City Administrator Winter noted that on August 5, 2019, City staff (Winter and Vogel), along with the City's Consultant Engineer, SEH (Susan Danzl and Tracy Ekola), met with representatives from Jennie-O Turkey Store (JOTS) to discuss their water usage and BOD levels. This is the second meeting that the City has had with JOTS regarding this issue. JOTS needs to reduce their water usage and bring their overall BOD level down.

After the first meeting on July 8, 2019, JOTS had taken some action steps to deal with this issue, but there is still much that needs to be done. At the second meeting, the City was provided with an update as to what JOTS has done. Also discussed were ways that they could improve their process to reduce the amount of water that they are using and to efficiently use their EQ tank to maximize the use of their DAF. JOTS maintains that their goal is to come into compliance with their SIU Agreement.

- c. City Administrator Winter stated that she is working closely with SEH on putting together a plan for the funding of the Wastewater Treatment Facility updates and will present to the Commission next month.

SIU Agreements – According to the SIU Agreements that were signed on December 12, 2018, the language reads as follows, “This Agreement coincides and expires with the City’s NPDES permit which expires on July 31, 2019”. This is not accurate. The NPDES permit is still in effect. This language, along with some other changes, should be part of the SIU Agreements. Administrator Winter would propose that the agreements be amended to reflect the following changes in general. She does not have the specific language developed yet as she is still waiting on some items from SEH.

1. NPDES language to reflect more accurately the statutory language.
2. Include definitions for all of the acronyms, BOD, TSS, etc.
3. Actual rate changes added as an appendix item.

There may be other changes as well. Ms. Winter would like to have as much transparency as possible with the Industries and to be very clear moving forward.

- d. Electrical Supervisor Avelsgard provided an update on the Generation Urge Test. The generators passed the urge test.

A.I. #5 ACTION ITEMS

- a. City Administrator Winter noted that from March 1, 2019 – June 17, 2019, Finance Director Tessa Beuning was appointed the Interim City Administrator where she assumed the City Administrator duties along with her full-time Finance Director position.

City Administrator Winter is proposing that Ms. Beuning receive compensation based on Step 5 on the City Administrator pay scale during the time period she served as the Interim City Administrator. This step is based on prior appointments of supervisor positions and in conformance with the current wage scale. The difference would be \$6.92 per hour for a total compensation of \$4,207.36.

Ms. Beuning has demonstrated exceptional work ethic and the willingness to fulfill the duties of the Interim City Administrator position during a time when the City was dealing with major projects including the start-up of JOTS and presenting to the LCCMR Board regarding the Rock Arch Rapids project.

The AdHoc Committee met on August 1, 2019 and recommends the above compensation as described.

A motion was made by Mr. Finken, seconded by Mr. Kraemer and unanimously carried approving the pay adjustment.

- b. Electrical Supervisor Avelsgard stated that MRES and EPRI are undertaking a residential Time of Use (TOU) rate pilot project to help determine the change in the customers' load shape and financial impact to the customer, member and MRES by implementing residential TOU rate design and providing education to the customer. Many utilities across the nation are also implementing TOU rates now or in the future. The program is intended to help members better understand their residential customers, their needs from their municipally-owned utility, and how to best serve them. MRES has stated our wholesale rates will be billed at TOU starting in 2023. MRES is requesting a response by August 16, 2019.

October 17, 2019	Tentative date for the Kick-off Meeting at MRES Office
October 2019 – January 2020	Pilot plan finalized
Fall 2019	Customer engagement playbook – develop marketing and educational materials for Melrose
February – May 2020	Residential customer recruitment, design TOU rates specific to Melrose's load shape and costs, test the billing software and AMI interval data
June – September 2020	First test period of TOU rates
October 2020	Web survey #1 to residential customers completed
November 2020	EPRI's analysis of first test period (June-Sept) completed
December 2020 – March 2021	Second test period of TOU rates
April 2021	Web survey #2 to residential customers completed
July 2021	Final report issued by EPRI

A motion was made by Mr. Seanger, seconded by Mr. Finken and unanimously carried approving the Melrose Public Utilities' participation in the residential Time of Use pilot project.

- c. City Administrator Winter stated that Arvig Communications will be submitting a Border-to-Border grant application with the Office of Broadband at the State of Minnesota to bring fiber out to the I-94 Industrial Park. Once the application is submitted, Arvig should find out in December or January whether or not they are awarded the funding. The application process is competitive and those applications that have City financial participation will rank higher than those without City participation. Arvig is also going to be combining this request with another residential project to make the application stronger. City Administrator Winter is recommending that the City participate in 25% of the cost, resulting in \$10,319 and also share the cost of a joint trench.

City Administrator Winter has spoken to Electrical Supervisor Avelsgard about this matter already. The funding would come from TIF 1-7. It is allowable to spend up to 20% on out-of-district expenses. The City has about \$13,000 in that fund that can be used.

At the regular MADA meeting on August 8, 2019, the board unanimously approved support of the Broadband application.

A motion was made by Mr. Seanger, seconded by Mr. Finken and unanimously carried to adopt Resolution No. U.C. 2019-5, Supporting 2019 Minnesota Broadband Grant Application

- d. City Administrator Winter stated that when looking for the replacement of the Streets/Parks and Water/Wastewater Maintenance Worker position, the job description was reviewed and revised to more accurately reflect the duties of the position.

A motion was made by Mr. Finken, seconded by Mr. Seanger and unanimously carried adopting the revisions to the Street/Parks and Water/Wastewater Maintenance Worker job description.

A.I. #6 OLD BUSINESS

- a. Ms. Winter noted that the meeting with Industry will be held on Monday, September 9, 2019 at 12:00 p.m. The Regular Commission meeting will be held prior to the Industry meeting, with a start time of 11:00 a.m.

A motion was made by Mr. Finken, seconded by Mr. Seanger and unanimously carried approving the Industry meeting invite and agenda.

A.I. #7 NEW BUSINESS

- a. Due to the new hands-free law that began on August 1, 2019, City Administrator Winter recommends that the language be adopted by the Commission in the City Personnel Policy, Cellular Device Policy section as modified.

A motion was made by Mr. Seanger, seconded by Mr. Finken and unanimously carried approving the revisions to the Cellular Device Policy.

- b. Finance Director Beuning presented the proposed 2020 budget recommendations, the proposed 2020 water, wastewater and electric rates, and the 2020-2024 capital plan. Per review of the budget, as well as the water, wastewater, and electric rate studies performed, it is proposed to have a 1.25% increase for water rates, a shift in the wastewater rates between fixed and usage charges, and a 1% electric rate increase. Water/Wastewater Supervisor Vogel and Electric Supervisor Avelsgard discussed their capital planning needs.

- c. Electrical Supervisor Avelsgard is looking to add a redundant string of batteries and rack at the East Substation. The cost will depend on what option(s) are chosen. Option A includes the batteries, charger, and rack at a cost of \$11,669.50 or Option B charger only at a cost of \$3,600. After consulting with Paul Davis, the Utilities' Engineer from DGR, he is recommending Option A.

A motion was made by Mr. Finken, seconded by Mr. Seanger and unanimously carried approving Option A at a cost of \$11,669.50.

A.I. #8 INFORMATIONAL ITEMS

The following informational items were reviewed:

- a. The following is a list of schools and/or conferences where registrations were made:
 - 1) MMUA Overhead Rodeo – September 9-13. Attending: Apprentice Lineworker Tanner Ellis.
 - 2) MMUA Summer Conference September 19-21. Attending: Electrical Supervisor Roger Avelsgard.
- b. Comparative Revenue and Energy Statement for the Electric Department, and the Production and Distribution Statement for the Water Department.
- c. Electrical Supervisor Avelsgard has purchased hardware and equipment for two new capacitors that were ordered in the spring of 2019. This will allow operating the capacitors from SCADA automatically. The cost was \$7,026.16. This is for informational purposes as the purchase is under the \$10,000 threshold.
- d. Moved to Item 7c.
- e. The City/Utility was notified of their non-compliance for the 2018 Pay Equity Report, relating to the exceptional service pay test. This related to the longevity pay that Melrose offers to full-time employees who have completed 15 and 20 years. There are significantly more males receiving this pay compared to females. A letter was sent to the Minnesota Management and Budget Office, along with a copy of our Personnel Policy, stating that this pay is available to all full-time employees, and it just happened that many of the long-term female employees have retired and their replacements have not yet earned the years of service requirement. Finance Director Beuning spoke with the Pay Equity representative and anticipates this should reverse their non-compliant finding.

A.I. #9 ADJOURNMENT

A motion was made by Mr. Seanger, seconded by Mr. Finken and unanimously carried that the meeting be adjourned at 5:55 p.m.

PATRICIA HAASE – CITY CLERK