

**MELROSE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MONDAY, JULY 20, 2020 – 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
4. Reports
 - a. Electrical Supervisor Avelsgard Report
 - b. Water/Wastewater Supervisor Vogel Report
 - c. Finance Director Report
5. Action Items
6. Old Business
 - a. Time of Use
 - b. Utility Disconnects
 - c. Water/Wastewater Treatment Facility Plan Update
7. New Business
 - a. CARES Act
 - b. Set Meeting with Industry
8. Informational Items
9. Adjournment

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MONDAY, JULY 20, 2020 – 4:45 P.M.**

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

The Melrose Public Utilities Commission met in a Regular Meeting on Monday, July 20, 2020 at 4:45 p.m. at the Melrose City Center and via Global GoToMeeting pursuant to due notice being given thereof. Present were Commission Members Jeremy Kraemer, and Joe Finken, Electrical Supervisor Roger Avelsgard Water/Wastewater Supervisor Tim Vogel, City Administrator Colleen Winter, City Clerk Patti Haase, and Utility Billing Clerk Sharon Blaskowski. Finance Director Tessa Beuning and Susan Danzl with SEH attended the meeting remotely. Chair Finken called the meeting to order. Commission Member Seanger arrived at 4:59 p.m.

A.I. #2 APPROVAL OF AGENDA

A motion was made by Mr. Kraemer to approve the agenda as submitted. The motion was seconded by Mr. Finken with a roll call vote recorded as follows:

FOR: Commission Members Kraemer, and Finken
AGAINST: None
ABSENT: Commission Member Seanger

A.I. #3 CONSENT AGENDA

The following were considered for approval under the Consent Agenda:

- a. The minutes from the Commission June 22 Regular Meeting
- b. List of bills in the amount of \$ 541,744.51 (See attached list)
- c. Investments Report for the month of June (See attached list)

A motion was made by Mr. Kraemer to approve the Consent Agenda items. The motion was seconded by Mr. Finken with a roll call voter recorded as follows:

FOR: Commission Members, Kraemer, and Finken
AGAINST: None
ABSENT: Commission Member Seanger

A.I. #4 REPORTS

- a. Electrical Supervisor Avelsgard provided an update on the electric department projects.
- b. Water/Wastewater Supervisor Vogel provided an update on water/wastewater projects. Supervisor Vogel is requesting that information be sent to residents reminding them that sump pumps should not be connected to the sanitary sewer. The Minnesota Department of Health will be conducting an inspection of the water system in the upcoming days.
- c. Finance Director Beuning provided an update. Ms. Beuning noted that quarterly reports will be available at the August meeting. 2021 budgets will also be reviewed at the August meeting.

A.I. #5 ACTION ITEMS

None

A.I. #6 OLD BUSINESS

- a. Staff has been working with Missouri River Energy Service (MRES) and EPRI on a Time of Use (TOU) pilot study program. A meeting with all of the partners was held on July 14, 2020.

The Time of use pilot program is scheduled to kick off on December 1st, 2020 subject to Commission approval. Staff has reviewed the steps necessary to greenlight the program. Initially the first TOU pilot program would have been completed this summer, but due to COVID the Commission determined at their regular meeting in March to delay the timeframe until Winter 2020.

Highlights from the July 14th meeting and additional information:

The study group has been divided up into two different groups. These groups are the test group and the control group. There are 288 customers on the pilot test group. This test group is broken down into standard residential, mobile home, apartment, and duplex groups. This is to allow comparison to similar types of residential customers. Each group was then broken down into large and small users, this is also to be able to compare to similar electrical users.

We discussed the timeline for the project, some of the key dates that we are looking at are:

1. Approval of the winter TOU rates at the September PUC meeting.
2. Notification of the test group in September and October. With this we will be scheduling each customer to come in go over the TOU pilot program and the Residential Portal. Please note that we will have customers come to City Center where we are able to follow the CDC guidelines related to COVID19. We will not be sending staff to meet with customers and their houses.
3. Develop presurvey and a list of frequently asked questions for availability of test customers and staff.
4. Updated press release in September
5. Test period for winter TOU will start at Midnight on December 1 and run through March 31 at 11:59 pm
6. Test period for summer TOU will be midnight June 1 thru September 30 at 11:59 pm

Staff has been working through the billing program with civic to get the billing completed for TOU.

One of the other suggestions for the TOU program is to host a Private Facebook page. The attorney from MRES saw no significant concerns from a legal standpoint regarding this matter.

The Commission by consensus authorized staff to move forward with the Time of Use Program.

- b. Staff presented a comparison of 30-60-90-day aging receivables for electric utility customers from Jan – June 2019 and that same time for 2020. Based on this report it appears that COVID and suspending utility disconnects has had a negative impact on our bottom line. City Administrator Winter had asked MRES and MMUA what other utilities are doing related to disconnects and most MN members are still not allowing them. My concern is that the longer this situation goes on the more difficult it will be for customers to pay. Staff is looking for direction from the PUC as to what are next steps should be regarding disconnects.

Commission Member Seanger arrived at 4:59 p.m.

Commission Member Kraemer recommended that delinquent customers make payment arrangements or staff should start the disconnect process.

After further discussion a motion was made by Mr. Kraemer to begin implementing the policy or work with the customer to sign a payment plan to get them to policy. The motion was seconded by Mr. Seanger with a roll call vote recorded as follows:

FOR: Commission Members, Kraemer, Seanger, and Finken

AGAINST: None

- c. Chair Finken noted that at the last regular PUC meeting, Susan Danzl of SEH presented the final plan documents for the upgrades to the WWTF. Ms. Danzl provided an update on the project.

PROGRESS UPDATE

- Finalizing Bid Documents.
- Reviewed front-end contractual requirements.
- Presented project to the MEPUC June 22, 2020.

PROGRESS OUTLOOK

- Continue to finalize Bid Documents.
- Work with MPCA on permit modification.
- Await bonding outcomes to determine how and when to move the project into construction.

SPECIAL INSTRUCTION / ASSISTANCE FROM CITY

- Follow up regarding Contract / Front-End Specifications to-do items from meeting June 3, 2020.

Staff is waiting on the legislature as to whether or not we would get funding out of the bonding bill. At this time both the House and Senate version has Melrose receiving 3.5 million out of the bonding bill with the final vote set for July 20th (hopefully). This is 2.25 million less than what our request was from the legislature.

As discussed in previous meetings, the Utility share of the project and the amount that will need to be borrowed through either the Clean Water Partnership program or through the open Bond market should not exceed more than 50% of the project cost. Susan Danzl provided an update on the project costs. Included in the cost estimate were items for consideration to be removed from the project or as an alternate bid item. The revised cost estimate is \$12,228,813. If the Commission removes, modifies, and bids as an alternate the items as presented by SEH, the contract value is \$11,123,412. Staff continues to look at other sources of funding.

Follow up questions for the Utility Commission to consider:

1. What type of rate increase are we comfortable with passing on to the customers? yes
2. How much of the project are we willing to finance?
3. Is the Commission comfortable with cutting out some of the upgrades?
4. What other sources of funds are available for the project?
5. Can we delay other Capital improvements? Yes

The Commission by consensus was comfortable passing on a 2.5 % up to a 5% percent rate increase to the customers. Using the current cost estimate and potential funding the Utilities would need to fund 58% of the project. The Commission found this to be acceptable. The Commission by consensus also approved the recommendations from SEH for removal, modification and alternate bid items as presented. The Commission also recommended funding the Utility portion through the Clean Water Partnership program. The Commission was in agreement to delay other Capital Improvements.

A.I. #7 NEW BUSINESS

- a. City Administrator Winter stated that the City has received \$276,194 from the CARES act, which is to be used on COVID related expenses: Over the past several months, we have asked departments to track their COVID related expenses. In conversations with area City Administrators, many communities are providing grant funds to local businesses that have been impacted by COVID. I would recommend that the COVID funds be allocated as follows:
 1. Pay directly for COVID related expenses for City/PUC/Fire/Ambulance. This includes any PPE, cleaning supplies, extra custodial services, HVAC services, additional staff time, coverage of City Administrator, Finance Director salaries specific to COVID.
 2. For those businesses that received a loan through our revolving loan fund, I would recommend that the loan be forgiven.
 3. Set up 2nd phase of forgivable loans for the business community. I would like to have this go through MADA for a recommendation.
- b. The Commission next discussed setting the meeting with Industry. The Commission by consensus determined not to hold a meeting with industry in 2020. The information will be mailed to Industry.

A.I. #8 INFORMATIONAL ITEMS

None

A.I. #9 ADJOURNMENT

A motion was made by Mr. Seanger that the meeting be adjourned at 5:45 p.m. The motion was seconded by Mr. Kraemer with a roll call vote recorded as follows:

FOR: Commission Members Seanger, Kraemer, and Finken

AGAINST: None

PATRICIA HAASE – CITY CLERK