

**MELROSE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MONDAY, MAY 13, 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. Journey Lineman Apprentice Step Increase
4. Reports
 - a. Utilities Fund First Quarter Financial Report
5. Action Items
 - a. 711 Main Street E – Electric Bill
 - b. 876 Country Club Drive SW – Water Service Charge
 - c. Phone System Upgrade
 - d. Part-Time Streets/Parks Maintenance Worker
 - * e. City Administrator Hire
6. Old Business
 - a. HVAC Update
 - b. Wastewater Treatment Facility Rate Study
 - c. Wastewater Treatment Facility (WWTF)
7. New Business
 - a. Meter Replacement
 - b. Sandblast / Paint Digester Lids and Door / Door Frames - WWTF
8. Informational Items
 - a. MMUA Annual Summer Conference
 - b. Schools and Conferences
 - c. Electric and Water Comparative Statements
 - d. Electric Conservation Improvement Program
9. Adjournment
- * Amendment

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

The Melrose Public Utilities Commission met in a Regular Meeting on Monday, May 13, 2019 at 4:45 p.m. at the Melrose City Center pursuant to due notice being given thereof. Present were Commission Members Jeremy Kraemer and Eric Seanger, Electrical Supervisor Roger Avelsgard, Water/Wastewater Supervisor Tim Vogel, Finance Director / Acting City Administrator Tessa Beuning, and City Clerk Patti Haase. Commission Member Finken arrived at 5:05 p.m. Chair Kraemer called the meeting to order.

A.I. #2 APPROVAL OF AGENDA

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

A.I. #3 CONSENT AGENDA

The following were considered for approval under the Consent Agenda:

- a) The minutes from the Commission's April 8 Regular Meeting, the April 11 Special Joint Meeting with the Council (Audit Meeting), the April 18 Special Joint Meeting with the Council, and the April 23 Special Meeting.
- b) List of bills in the amount of \$1,556,889.81. (See attached list).
- c) Investments Report for the month of April. (See attached list)
- d) On May 22, Apprentice Journey Lineman Tanner Ellis will complete one year of service. Electric Supervisor Avelsgard conducted a review and it is favorable; therefore, recommends approval of a step increase from Step Start to Step 1.

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

A.I. #4 REPORTS

- a. Acting City Administrator Beuning presented the Utilities Fund Financial First Quarter Report of revenues and expenses for the Water, Wastewater, and Electric Departments. Ms. Beuning noted that the Water Department revenues for water sales are right on track at 25%. Expenditures are slightly less than anticipated, coming in at about 19% of budget. The Wastewater Department revenues are right on track at 30% of budget. Expenses are at 23% of the budgeted costs for the year. Maintenance costs are low at this point. Revenues are at 22% of budget for the Electric Department.

A.I. #5 ACTION ITEMS

- a. Electrical Supervisor Avelsgard presented information regarding the demand charge for the property located at 711 Main Street E. The business owner is requesting the demand charge be waived.

Electrical Supervisor Avelsgard presented the electrical usage of the property. The demand usage continues to be above the threshold so, therefore, it does not qualify as being billed at the small commercial rate. Although only used one or two days a month, it still contributes to the system demand; therefore, staff is recommending the demand charge not be waived.

The Commission, by consensus, determined not to waive the demand charge.

- b. Melvin Klasen, property owner of 876 Country Club Drive SW, is asking the Commission to consider discontinuing the monthly water service charge in the amount of \$12.15. The Commission, at its August 13, 2012 meeting, approved offering an incentive to residents electing to hook up to the water/wastewater services prior to January 1, 2014. The Commission offered to waive 50% of the WAC and/or SAC charges. Those residents electing not to hook up will be charged a monthly minimum charge beginning January 2014 to cover depreciation of mains and fire protection services. At that time, there were 18 property owners that were not connected to City water. Since that time, five property owners have connected. Therefore, if the Commission decided to waive the fee, staff would need to revise the policy to be applicable to the remaining 13 customers.

Mr. Klasen stated that he had paid the WAC charges when the infrastructure was installed back in 1980. Mr. Klasen has also installed the service line from the main to the house. Therefore, with the exception of the meter, all of the infrastructure is in place; however, he did not hook up to City service. Since 2014, Mr. Klasen has paid the monthly minimum charge. Since he does not have City water service, Mr. Klasen is asking the Commission to discontinue the monthly charge.

The Commission, by consensus, determined that it was best to keep the policy as currently written.

- c. Acting City Administrator Beuning noted that the City is still utilizing the original phone system and equipment that was installed when the building was constructed. In 2016, the City and Utility had a combined \$37,500 in the capital plan to upgrade the phone system, but it had not been done at that time. The phones are starting to fail now and are becoming unreliable. The upgraded phone system includes an internet upgrade and will utilize the data network and network PoE switches that have recently been upgraded. Arvig, the City's phone and IT provider, has provided two quotes to upgrade the system:

- Purchase Option: The first option is an upfront cost of \$9,071.50 and the new monthly services would be \$2,760 per month, which is a savings of approximately \$200/month. This is a five-year contract with a one-year warranty on the phones.
- Lease Option: The second option is a managed system and leased option, which has an upfront cost of \$1,200 and the new monthly phone services would be \$2,994 per month, which is consistent with our current charges. Arvig will maintain the phones and provide the labor during the contract.

Staff is recommending the leasing option.

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried approving upgrading the current phone and internet system and approving the leasing option.

Mr. Finken arrived at 5:05 p.m.

- d. Acting City Administrator Beuning stated that Streets/Parks Maintenance Worker Allen Wolbeck has submitted his notice of retirement with the City of Melrose, effective June 14, 2019. This role also performs work for the Utility Departments. Streets/Parks Supervisor Middendorf has reviewed the position and is requesting to fill this position, which is a 0.75 FTE (1,600 hours budgeted).

A motion was made by Mr. Finken, seconded by Mr. Seanger and unanimously carried approving to backfill the position and post for the Streets/Parks Maintenance Worker position.

- e. The Council, at its May 9 Special Joint Meeting with the Utilities Commission, offered the position of City Administrator to Colleen Winter. Consultant Gary Weiers of David Drown Associates has been negotiating the hiring terms. Ms. Winter has accepted the position at Step 4 on the payscale and terms as outlined in the Letter of Employment.

A motion was made by Mr. Seanger, seconded by Mr. Finken and unanimously carried approving the hiring of Ms. Winter at the negotiated terms.

A.I. #6 OLD BUSINESS

- a. Acting City Administrator Beuning stated that the Utilities Commission and Council approved the HVAC project, along with the deduct for the Daikin units at their April meetings. Staff was informed that there was a delay for the Daikin units and were presented the option of ordering York equipment to keep the project on time. The York equipment is not as efficient as the Daikin units, and it's estimated that it would take 30% more in energy consumption. Staff has directed SEH and Mission Mechanical to continue on with the Daikin units, even if it extends the project time.
- b. Acting City Administrator Beuning stated that the Utility worked with SEH to complete a Wastewater Treatment Facilities Plan, which was approved February 11, 2019. This plan showed that there is \$10.4 million in infrastructure needs anticipated over the next 2-3 years. Along with the financing anticipated to be needed to complete these improvements, the wastewater rate model was reviewed and updated. In the past, the Utility has funding depreciation. With the new model, the revenue that had been collected to fund depreciation is used to fund the improvements, and little depreciation expense is funded for a period of time. Rates have also been rebalanced, and the base charges support the capital improvements and fixed costs, while the variable/usage charges support the operations and maintenance costs. As a result, the base fees show an increase; however, the lower variable rates offset this increase.

A motion was made by Mr. Seanger, seconded by Mr. Finken and unanimously carried approving the 2020-2024 rates as presented on the Wastewater Rate Study.

- c. The Utility has submitted a proposal for design services for the Wastewater Treatment Facility from SEH. Susan Danzl of SEH will be in attendance to explain the scope of services included. The proposed fee is estimated to be \$773,000 including expenses and equipment.

A motion was made by Mr. Finken, seconded by Mr. Seanger and unanimously carried approving the Supplemental Letter Agreement to have SEH provide the design services for the Wastewater Treatment Facility improvements.

A.I. #7 NEW BUSINESS

- a. Water/Wastewater Supervisor Tim Vogel has obtained a quote from Tech Sales for the replacement meter for the waste activated sludge.

A motion was made by Mr. Seanger, seconded by Mr. Finken and unanimously carried approving the purchase from Tech Sales in the amount of \$17,576.

- b. Water/Wastewater Supervisor Tim Vogel has obtained two bids for the sandblasting and painting of two digester lids and 12 doors and frames.

A motion was made by Mr. Finken, seconded by Mr. Seanger and unanimously carried approving the bid from Tom Avant in the amount of \$31,000.

A.I. #8 INFORMATIONAL ITEMS

The following informational items were then reviewed:

- a. The MMUA Annual Summer Conference will be held August 19-21, 2019 at Breezy Point Resort.
- b. The following are schools and/or conferences where registrations were made:
 - 1) Microsoft Excel Basics – August 12. Attending: Office Assistant II Sharon Blaskowski.
 - 2) MRES Annual Meeting May 8-9. Attending: Electrical Supervisor Roger Avelsgard.
- c. Comparative Revenue and Energy Statement for the Electric Department, and the Production and Distribution Statement for the Water Department.
- d. Electric Conservation Improvement Program (CIP) 2017 Results and 2019 Plans.

A.I. #9 ADJOURNMENT

A motion was made by Mr. Seanger, seconded by Mr. Finken and unanimously carried that the meeting be adjourned at 5:15 p.m.