

**MELROSE PUBLIC UTILITIES COMMISSION  
REGULAR MEETING  
MONDAY, MAY 11, 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
  - d. Apprentice Line Worker Step Increase
4. Reports
  - a. Electrical Supervisor Report
  - b. Water/Wastewater Supervisor Report
  - c. Utilities Fund First Quarter Financial Report
5. Action Items
  - a. LMCIT Insurance Quote
  - b. Shop Doors Repair/Replace/Paint
  - c. Resource Training and Solution Intern Assistance Agreement
  - d. Budget Amendment
6. Old Business
  - a. Apprentice Line Worker – Limited Hours
  - b. Water/Wastewater Treatment Facility Plan Update
  - c. Utility Disconnects
    - 1) MMUA Utility Consumer Protection
    - 2) MRES Legislation
  - d. COVID-19 Update
7. New Business
8. Informational Items
9. Adjournment

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MONDAY, MAY 11, 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, May 11, 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, Eric Seanger, and Joe Finken, Electrical Supervisor Roger Avelsgard, Water/Wastewater Supervisor Tim Vogel, City Administrator Colleen Winter, Finance Director Tessa Beuning City Clerk Patti Haase, and Utility Billing Clerk Sharon Blaskowski. Chair Finken called the meeting to order.

**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. Seanger with a roll call vote recorded as follows:

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

**A.I. #3 CONSENT AGENDA**

The following were considered for approval under the Consent Agenda:

- a) The minutes from the Commission's April 13 Regular Meeting, the April 16, Special Joint Meeting with the Council – Audit Report, and the April 29 Special Meeting
- b) List of bills in the amount of \$784,134.21 (See attached list)
- c) Investments Report for the month of April. (See attached list)
- d) On May 22, 2020 Apprentice Line Worker Tanner Ellis will complete two years of service. Electrical Supervisor Avelsgard conducted a review and it is favorable; therefore, recommends approval of a step increase from Step 1 to Step 2.

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

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

**A.I. #4 REPORTS**

- a. Electrical Supervisor Avelsgard provided an update on current projects the department is working on. The projects are progressing as anticipated.
- b. Water/Wastewater Supervisor Vogel provided an update on the Water/Wastewater department projects.
- c. Finance Director Beuning presented the Utilities Fund Financial First Quarter Report of revenues and expenses for the Water, Wastewater, and Electric Departments. Ms. Beuning stated that revenues for water sales overall are slightly below projections, at 22%. Much of the variation is from a water tower lease payment that is made at

year end. Utility billing revenues are averaging about 23%. Expenditures are less than where we'd anticipate them, coming in at about 15% of budget. She noted that the Wastewater Department revenues are at 29% of budget. Industrial sewer charges are slightly higher during the first quarter, at about 31%. Expenses are at 27% of the budgeted costs for the year. Ms. Beuning stated that the Electric Department revenues are at 26% of budget. The budget allocation between industrial and commercial customers appears to not be reflective of actual breakouts, and a budget amendment is recommended. Expenditures overall are on track, at 24% of budget.

#### **A.I. #5 ACTION ITEMS**

- a. 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, 2020 - May 15, 2021. The total quote is \$90,049 from \$81,408 for the 2019-2020 coverage. The cost for the premium is shared between the General at 39% and Utility Funds at 61%.

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 \$10,293), 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.

A motion was made by Mr. Kraemer approving the insurance quote of \$90,049 to waive the monetary limits on municipal tort liability, to keep the deductible at \$5,000/\$15,000, and not purchase excess liability coverage. The motion was seconded by Mr. Seanger with a roll call vote recorded as follows:

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

- b. Electrical Supervisor Avelsgard stated that he is working with Kraemer Lumber and Tom Avant Painting on the repair, replacement, and painting of the shop doors at the

East Substation, Southwest Substation, Power Plant and Warehouse. Mr. Avelsgard presented a quote from Kraemer Lumber for a cost of \$8,694.64 and a quote from Tom Avant Painting in the amount of \$9,050.00

A motion was made by Mr. Seanger to approve the quote from Kraemer Lumber and Supply and Tom Avant Painting for the door replacement, repair, and painting for a total of \$17,744.64. The motion was seconded by Mr. Kraemer with a roll call vote recorded as follows:

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

- c. Finance Director Beuning noted that Resource Training and Solutions has an internship assistance program to help cities provide these opportunities. The City/Utility utilized this program last year, and contacted Resource to see if this would be available again in 2020 to help to fund our electric and wastewater interns. Per Resource, this program will be in place through June 30<sup>th</sup>, and funding after that date is unknown at this point. The Utility could submit documentation of internship costs for reimbursement through June 30<sup>th</sup>.

A motion was made by Mr. Kraemer approving the Intern Staffing Agreement with Resource Training and Solution. The motion was seconded by Mr. Seanger with a roll call vote recorded as follows:

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

- d. Finance Director Beuning stated that during the preparation for the 2020 Electric Fund budget, MRES provided projections on the Commercial and Industrial revenue charges. Their breakouts were done by reviewing past classifications. During 2019, many meters that were previously categorized as Industrial have been modified and adjusted to Large Commercial meters. Finance Director Beuning adjusted the breakout to estimate what percentage of the budget would be attributed to the Industry classification as compared to Industrial by basing it off of the 2019 budget and accounting for the rate increase. During review of the first quarter financials, it was found that the budget would still be skewed more heavily to industrial charges, as the number of meters classified currently as Industry have reduced since when the 2019 budget was prepared. Staff is recommending a budget revision for 2020 between the two categories, of which would have a zero net impact on the bottom line of the Electric Fund budget. However, this would present a truer picture when reviewing budget to actual comparisons.

	From MRES	2020 Budget	Budget Revision	Budget Revision
Commercial Charges 604-0003-3742	2,467,700	7,188,950	306,750	7,495,700
Industrial Charges 604-0003-3743	<u>5,100,000</u>	<u>378,750</u>	<u>(306,750)</u>	<u>72,000</u>
	7,567,700	7,567,700	-	7,567,700

A motion was made by Mr. Seanger approving a budget amendment revising the Commercial and Industrial Charges budget. The motion was seconded by Mr.

Kraemer with a roll call vote recorded as follows:

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

### **A.I. #6 OLD BUSINESS**

- a. The Commission at its April 13, 2020 meeting authorized the hiring of an Apprentice Line Worker – Limited Hours. Eight applications were received. Staff interviewed four candidates. Two candidates had accepted positions elsewhere. Staff is recommending hiring Austin Arvik for the Apprentice Line Worker position.

A motion was made by Mr. Kraemer approving the hire of Mr. Arvik for the Apprentice Line Worker – Limited Hours position. The motion was seconded by Mr. Seanger with a roll call vote recorded as follows:

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

- b. Staff presented the Water/Wastewater Facility update prepared by Susan Danzl, SEH Engineering

### **PROGRESS UPDATE**

- Discussed chloride limit strategies with MESERB on April 28, 2020; PUC updated April 29.

### **PROGRESS OUTLOOK**

- Continue to incorporate 90% Design Update Meeting comments into the Drawings and Specifications.
- Work with MPCA on NPDES Permit modification and chloride strategy.
- Provide proposal from Steve Cross to evaluate the boilers in more detail.

Staff has discussed chloride limits with the MPCA. City Administrator Winter received an email from Daniel Marx with MESERB that discussed the salty parameters in great detail.

Staff is still optimistic that a bonding bill will be passed, but it will probably happen in a Special session sometime in June.

- c. 1. At the Commissions April 13, 2020 PUC meeting a decision was made to not disconnect utilities due to COVID19. The PUC did determine that assessing late fees was appropriate and that staff would work to contact those folks on the disconnect list and set up payment plans. Since that time there has been proposed policy and legislation at the State and Federal levels related to consumer protections. We have not made any adjustments to our utility policies, but have declared a local state of emergency that allows us to enact policies during the COVID19 pandemic. MMUA requests the Melrose Public Utilities follow the guidelines that they have outlined during the COVID crisis and peacetime emergency. Staff did not send a response back in to the MMUA on this matter, but Roger did receive a phone call from Bill Black an attorney with MMUA who questioned where we stood on this matter and asked that we please respond to MMUA.

2. Staff also received information from MRES requesting that we send a letter to our congressional representatives related to utility matters among other items.

PUC to decide the following:

Do we adopt the consumer protections as outlined by MMUA?

Do we agree with the recommendations as outlined by MRES and do we want to send a letter to our congressional representatives?

Do we send out disconnect notices next month?

Electrical Supervisor Avelsgard stated that sending out the disconnect notices allows the customer to seek financial assistance. After further discussion the Commission by consensus directed staff to continue sending out the disconnect notices and applying the penalty. The Commission also determined that there was no need, at this time, to send a letter to our congressional representatives urging them to assist municipal-owned electric utilities weather this pandemic.

- d. City Administrator Winter provide an update relating to Covid-19

1. City Center offices will remain closed until May 18, 2020 per the Governor's Executive order and our local resolution. This is consistent with what other area communities are also doing.
2. City Parks are open, but the playground equipment is still off limits. Camping is also not allowed at this time.
3. In preparation for a May 18<sup>th</sup> opening of City Center we will be installing plexiglass in the front reception area and library. We will also be working closely with staff to set up a reopening plan and make sure we have PPE in place.
4. The Library is going to be opening up curbside service during all of their regular hours starting May 11<sup>th</sup>. There will still be no walk-in traffic allowed.

This of course is all subject to change.

#### **Businesses:**

1. The City has dispersed three ERLF loans for areas businesses for a total amount of \$30,000.00. We did deny one application due to lack of financial information and repayment ability.
2. Along with the Chamber we have developed an information brochure that has been sent out to all area businesses related to reopening. That brochure can be found on our City website at:
  - a. [https://www.cityofmelrose.com/vertical/sites/%7BAF56C95E-75FF-4D05-BB11-35590C955A17%7D/uploads/Back-to-Business\\_Kit\\_\(1\).pdf](https://www.cityofmelrose.com/vertical/sites/%7BAF56C95E-75FF-4D05-BB11-35590C955A17%7D/uploads/Back-to-Business_Kit_(1).pdf).
3. Jennie-O remains on pause at this time.
4. Staff continues to participate in the Community Huddle sessions led by CentraCare.

#### **A.I. #7 NEW BUSINESS**

None

**A.I. #8 INFORMATIONAL ITEMS**

None

**A.I. #9 ADJOURNMENT**

A motion was made by Mr. Kraemer that the meeting be adjourned at 5:20 p.m. The motion was seconded by Mr. Seanger with a roll call vote recorded as follows:

FOR: Commission Members Kraemer, Seanger, and Finken

AGAINST: None

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PATRICIA HAASE – CITY CLERK