

**MELROSE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MONDAY, MAY 8, 2023 – 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. Pay App #24 Magney Construction
4. Reports
 - a. Electrical Supervisor Report
 - b. Water/Wastewater Supervisor Report
 - c. Utilities Fund First Quarter Financial Report
 - d. City Administrator Report
5. Action Items
 - a. Easement Vacation – Melrose Meadow View Plat
 - b. Right of Way Acquisition/ Securing Easements for Utilities and Drainage.
 - c. 2023-2024 LMCIT Property/Liability Insurance Quote
 - d. City Center Doors/Security
 - e. City Center HVAC
 - f. Amendment #1 to Agreement for Professional Services Between PUC and SEH for the Construction of the WWTF
 - g. Community Development Director Job Description/Wage Scale
 - h. Accounting Clerk/Office Coordinator Job Description/Wage Scale
 - i. City Clerk/Licensing Coordinator Job Description
 - * j. Asbestos Removal for Power Plant Engines 3 & 4
6. Old Business
 - a. Water/Wastewater Treatment Facility Plan Update
 - b. Water Tank Progress Report
 - * c. Fuel Tank
7. New Business
 - * a. Retaining Wall
 - * b. Melrose Community LLC - Summons
8. Informational Items
 - a. Schools and Conferences
 - b. Certificate of Excellence in Reliability
 - c. MMUA Regional Meetings
 - d. Certificate of Appreciation
9. Adjournment
 - * Amendment

**MELROSE PUBLIC UTILITIES COMMISSION
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MONDAY, MAY 8, 2023 – 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 8, 2023, at 4:45 p.m. at the Melrose City Center pursuant to due notice being given thereof. Present were Commission Members Jeremy Kraemer, Eric Seanger, Joe Finken, Electrical Supervisor Roger Avelsgard, Water/Wastewater Supervisor Tim Vogel, City Administrator Colleen Winter, Finance Director Ryan Meyer, City Planner Sheila Hellermann, and City Clerk Patti Haase. Chair Finken 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 10 Regular Meeting, and the April 25, Special Meeting
- b) List of bills in the amount of \$921,566.09
- c) Investments Report for the month of April.
- d) Magney Construction has submitted Pay App #24 in the amount of \$161,456.45 for the work completed through 4/30/2023. SEH has reviewed the Payment Request and is recommending payment as outlined in the invoice.

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

A.I. #4 REPORTS

- a. Electrical Supervisor Avelsgard to provide an update.
 - Off boarding to staff
 - Bucket truck is in need of repair
 - Replacing water meters
 - Tree trimming and locates
- b. Water/Wastewater Supervisor Vogel provided an update. Staff has begun hydrant flushing. The rehab on Well #7 is complete and rehab has been started on Well #4.
- c. Finance Director Meyer presented the Utilities Fund Financial First Quarter Report for the Water, Wastewater, and Electric Departments.

Water Significant Revenue Variances:

 - Water sales between the revenue classes range from 21-25% of the annual budget. Water connection fees are at 0%.
 - Interest income is showing as positive for the first time in over a year. Finance Director Meyer continuously works with our investment advisors to monitor the Utility's investment portfolio to structure the funds to balance investment yield, security, and to plan for adequate cash flow.

- Also included in miscellaneous revenues are the rental agreement fees. There are several agreements for antennas on our water towers. Verizon pays their payment as an annual lump sum in December, which brings the percentage of the budget collected down.

Due to current changes in the Utility Billing Department, consumption numbers were unavailable as of the date. Detailed consumption analysis will be presented with the second quarter report.

Water Significant Expense Variances:

- Overall maintenance costs are low due to minimal work done during the first quarter on the wells or water tower maintenance.
- Chemical supplies are a significant operating expense and are running 21% over the budget which is reasonable and consistent with the prior year.
- All other expense accounts appear to be consistent with budgeted expectations, as well as the prior year.

Wastewater Significant Revenue Variances:

- All classes of services are right on track with budgeted projections for wastewater sales.
- The Wastewater Fund also had positive earnings on investments.

Wastewater Expense Variances:

- Depreciation expenses for the quarter, which are based on the prior year audited depreciation amounts have not been recorded in the expenditure amounts above. Depreciation will be recorded upon completion of the 2022 audit and reported in the second quarter report.

Electric Significant Revenue Variances:

- As with the other funds, investment earnings were positive for the first time in over a year.
- The other financing source revenue that was not budgeted, is the sale of transformers to T&R Electric

Electric Significant Expense Variances:

- Wages and benefits are slightly under budget relating to production and distribution due to wages being capitalized with the work orders.
- Maintenance costs are higher than expected, due to unplanned repairs needed to southwest sub transformer, as well as insulation for the generators.
- All other expense accounts appear to be consistent with budgeted expectations as well as the prior year.

d. City Administrator Winter provided a legislative update.

A.I. #5 ACTION ITEMS

- a. In order to proceed with re-platting the existing Melrose Meadow View plat (Theiler property), the existing easements need to be vacated. These are easements for drainage, utilities, and rights of way. MADA owns the property and brought the request to the Council, which was approved. Earlier today there was a joint meeting of the Planning & Zoning Commission, City Council, Park & Rec Board, MADA, and PUC to discuss the Planning Unit Development and re-platting of the area to

Railroad West. New utility easements will be included in the new plat.

A motion was made by Mr. Kraemer, seconded by Mr. Seanger and unanimously carried approving the vacation of easements in the Melrose Meadow View plat.

- b. As part of the Railroad West Road project, the City needed to secure an additional right of way. A work session was held with the Council on February 21, 2023, where we discussed the special assessments for the project, right of way acquisition, and securing easements for utilities and drainage. Based on those discussions, City Planner Hellermann and Electric Supervisor Avelsgard went out and met with the affected property owners. We received verbal agreements with the parties. Attorney Scott Dymoke has drafted purchase agreements and easement agreements reflecting those agreements. For the four (4) existing residential homes, the amount being paid for ROW will be equal to the special assessments for the Railroad West street improvement project. For the commercial property (Terres), ROW will be purchased and will off-set a portion of the special assessments. Mr. Terres will be paying for the remainder of the special assessments. The easements for utilities are included in the agreements.

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried authorizing the execution of easements by staff when appropriate following the 429 special assessment process.

- c. The City/Commission 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, 2023 - May 15, 2024. The total quote is \$145,403, up from \$125,215 for the 2022-2023 coverage. The cost for the premium is shared between the General at 36% and Utility Funds at 64%.

The overall premium is up 16.40% from the prior year. According to the League underwriters, this is due to:

- A. Property coverage increased 18.53% due to the following:
- a. Inflation
 - b. Rate changes: I have reviewed the League's memo regarding rate changes. On average property rates will increase 5%, however Melrose saw an increase in this premium of 18.53%. The building types with the largest rate increases include general civic buildings like city halls, fire stations, community centers, police stations, and water, sewer and electric property.
- B. The mobile property premium is up 18.49% as this is tied to the manual premium for property.
- C. Municipal liability premium is up 12.96% due to an increase in exposures (expenditures, households, sewer connections).
- D. Auto liability is up 14.95% and auto physical damage is up 17.58% due to:
- a. Additions of property.
 - b. Rate changes that apply to certain types of auto classifications.
- E. Our liability experience mod had an increase of 0.33% from last year.
- F. The auto experience mod had a 5% increase from last year.

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 \$2,000,000 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 \$2,000,000 regardless of the number of claimants.
3. If the City waives the statutory tort limits and purchases excess liability coverage (\$1 million for \$14,525), 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.

Also included with this year's quote was optional coverage for equipment breakdown. Equipment breakdown coverage would apply in the event that equipment of the city has a malfunction and needs repair. This coverage includes the actual cost of repairing or replacing the equipment as quickly as possible, which is subject to a limit equal to 150% of the scheduled value of the property and \$5 million per occurrence. This premium for this additional coverage would be \$14,525. In the past, the city has not carried this coverage.

A motion was made by Mr. Seanger seconded by Mr. Kraemer and unanimously carried approving the insurance quote of \$145,403 to waive the monetary limits on municipal tort liability, to keep the deductible at \$5,000/\$15,000, and not purchase excess liability or equipment breakdown coverage.

- d. Over the past 6 months, a sub-committee of city staff has been meeting to determine the security plan needs for all municipal buildings including City Center, Fire/Ambulance, Public Works, WWTF and substations. There are several components involved in the comprehensive security plan. As part of that plan, last month the Council and PUC approved camera additions and upgrades for municipal buildings. The second and third part of the overall security plan is to install key fobs and other security upgrades (panic buttons, new front doors). This also had a substantial price tag and so staff is recommending that the keyfobs be phased in over a couple of years. We are requesting approval of security/keyfobs for the City Center only at this time. The system at the City Center includes the replacement of the front doors, panic buttons in the library, reception for lock down purposes, and key fobs for several doors. After analyzing different proposals, the staff subcommittee is recommending that we approve a contract with Arvig for the system at City Center. Arvig is also the vendor for our camera system. The overall project cost is \$59,152.81 for City Center, which is \$9,152.00 over budget. The cost would be split 50/50 between the PUC and City. Staff is recommending that if the

PUC and Council approve Arvig as the vendor, then CA Winter will negotiate a new service contract, which could result in overall savings. PUC would be paying for ½ the system at a cost of \$29,576.41.

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried approving the contract with Arvig for upgraded security and keyfobs as presented.

- e. A sub-committee of city staff has been meeting with several HVAC control companies and walking them through the City Center building. 2 years ago the HVAC units were replaced at City Center. However the control system was not replaced. The current system is original to the building and is not effective in properly heating and cooling the building, and simply does not work in some parts of the building. This is very inefficient and not utilizing the new HVAC system optimally. There were three quotes provided to staff and those are attached for your review. The lowest quote was from Climate Air who is our current controls provider and who we have a HVAC maintenance contract with at this time. The overall cost for HVAC Control replacement from Climate Air is \$77,831.18 which includes a 5 year warranty. The service contract that is currently in place with Climate Air will not change. The overall budget for this project was 75,000.00. So the cost is \$2,831.18 over budget. The cost would be split 50/50 between the PUC and City.

The Commission requested that staff obtain projected cost saving. This item was tabled and will be brought back at the next regular Commission meeting.

- f. At the regular PUC meeting last month, the change orders and revised timeline were approved. However the PUC will need to take action on amending SEH's engineering contract to reflect the new amount of days and time.

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried approving the amendment to SEH's contract number 159440 as presented.

- g. At the request of MADA, the City Planner position has changed to Community Development Director. The job description has been created for this position. City Administrator Winter, HR Generalist/Payroll Clerk, and Finance Director Ryan Meyer reviewed the job descriptions and completed the Safe Evaluation. The wage scale is based on the point evaluation. Ad HOC met and reviewed the job description for this position.

A motion was made by Mr. Kraemer, seconded by Mr. Seanger and unanimously carried approving the job description and wage scale.

A motion was made by Mr. Seanger seconded by Mr. Kraemer and unanimously carried approving Ms. Hellermann to Step 1 on the wage scale with a review in six months.

- h. The Accounting Clerk position job duties have changed significantly around IT, and marketing duties and will be taking on additional duties related to coordination. City Administrator Winter, HR Generalist/Payroll Clerk, and Finance Director Ryan Meyer reviewed the job descriptions and completed the Safe Evaluation. The wage scale is based on the point evaluation. AdHOC met and reviewed the job description for this position

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried approving the job description and wage scale.

- i. The City Clerk/Licensing Coordinator position needed clarification and general cleanup of the job description. City Administrator Winter, HR Generalist/Payroll Clerk, and Finance Director Ryan Meyer reviewed the job descriptions and completed the Safe Evaluation. There was no change in the wage scale. AdHOC met and reviewed the job description for this position

A motion was made by Mr. Kraemer, seconded by Mr. Seanger and unanimously carried approving the job description.

- j. Electrical Supervisor Avelsgard has received a quote from Enviro-Safe for the asbestos removal at the power plant engines 3 & 4.

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried approving the quote from Enviro-Safe.

A.I. #6 OLD BUSINESS

- a. Water/Wastewater Treatment Facility Update from SEH

STATUS OF CONSTRUCTION: IN PROGRESS

Structure	Status of Construction	Upcoming Construction
Preliminary Treatment Building (02)	• Screw pump grout complete • Installing screw pump FRP covers	• Complete sampler equipment
Structure	Status of Construction	Upcoming Construction
		• Continue to install interior process piping • Ductwork ongoing • Coatings • 02 startup scheduled May 8, 2023.
Control Building (03)	• Removed old recirculation pump, and pump base • Started installing WAS Pumps • Installed 4" flow meter on WAS line • WAS Pump 1 Start-up • Discharge pipe	• WAS pump 2 start-up & training
Pump and Blower Building (04)	• RAS piping in basement complete, including flowmeter installation. • RAS yard piping from 12 to basement tie in complete	• Punch list

Existing Final Clarifier (05)	- The aluminum dome cover has been assembled but not placed on structure yet. - Started coatings on the new mechanism while not installed. - Equipment demolition in progress - Poured new concrete Launder Trough - Sludge piping yard tie-in	- New inlet piping to convert from peripheral to center-feed - Install new equipment - Clarifier start-up
New Final Clarifier (06)	Clarifier live as of 2/28/23	- Punch list - Magney has requested substantial completion.
Digester Complex (07)	- Installed new thickened sludge pipe through the floor in the centrifuge room and out to the sludge holding tank. - Rerouted LSG line - Cored and stubbed pipe into sludge holding tank - Backfilled yard piping	- Heat exchanger piping (ongoing) - West digester pipe upsized
Solids Thickening and Loadout Building (08)		Need 02 PTB to be up and running to begin demolition. Scheduled May 2023
Splitter Structure (10)	- Base slab and walls poured. - Valves on effluent pipes installed. Piping stubbed toward each final clarifier. - Structure live as of 2/28/23	- Punch list - Magney has requested substantial completion. We have not approved as there is no flow through the diversion chamber to Clarifier 05.
Structure	Status of Construction	Upcoming Construction
Existing 48 ft Clarifier (11)	- Installed bypass around 52-ft final clarifier - Aluminum dome cover complete - Effluent has been routed to MH 1 - Sludge tie-in to route sludge to new Structure 12 complete 2/27/23	- Punch list - Magney has requested substantial completion. City is deciding if they will grant because still waiting on mud valve replacement work.
Sludge Return Metering Vault (12)	Structure live as of 2/27/2023	- Punch list - Magney has requested substantial completion.
Yard	Just completed 05 Clarifier sludge tie-in	- Continue working on 36" influent sewer pipe final N/S stretch by existing influent piping and 2 sticks of E/W piping by MH 53 (Spring 2023) - Influent bypass scheduled for May 8, 2023

Item	Description	Cost Impact	Schedule Impact	Notes
New smaller WAS Pump	Obtain quote from Vogelsang for smaller WAS Pump #2.	TBD	TBD	Vogelsang has provided pump selection and SEH is working with Vogelsang and Magney to get pricing. Vogelsang has not yet determined whether they will accept return of the original WAS pump.
Modular Block Retaining Wall	City would like to adjust grade on the east side of the 02 Bldg and add a retaining wall	\$85,000	30 Days	City removed sidewalk from scope in effort to reduce cost. Waiting for revision from Magney.

Today was start up date everything went smooth

b. SEH provided a Water Tank Progress Report.

PROGRESS UPDATE

- Annual inspection of the two water tanks completed last week. Mixers at both tanks appear to be running properly.
- Omni Contracting, Verizon's contractor who performed unsatisfactory site restoration and was requested to return this spring, has gone out of business. (#159785)

PROGRESS OUTLOOK

- Summary report from annual tank inspection will be completed over next month.
- City may choose to complete the ground restoration at its own cost given the contractor is out of business. (#159785)
- Next scheduled drain for cleaning and touch-ups will be in 2025

SPECIAL INSTRUCTION/ASSISTANCE FROM CITY

- Forward emails sent to Verizon regarding additional escrow. (#159785)
- City to verify if the conduit/pipe was removed. (#159785)
- Going forward, SEH recommends that the City include the following requirements the time of lease renewal or with a lease amendment:
 - Require a building permit with the site application
 - Require and then request a certificate of insurance for the contractor doing any work.

c. Electrical Supervisor Avelsgard presented a quote from Rolli's Sales and Services for the insulation of the fuel tanks.

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried approving the quote from Rolli's in the amount of \$167,087.72

A.I. #7 NEW BUSINESS

a. SEH has received a quote from Magney for the modular block retaining wall by the Wastewater Treatment Facility. The quote was approximately \$53,600 and does not include the sidewalk.

A motion was made by Mr. Kraemer, seconded by Mr. Seanger and unanimously carried approving Work Order Directive 039 for the modular block retaining wall.

- b. The City of Melrose/Melrose Public Utilities has received a summons from Melrose Community LLC. City Administrator Winter provided information regarding the summons.

A.I. #8 INFORMATIONAL ITEMS

The following informational items were then reviewed:

- a. The following is a list of schools and/or conferences where registrations were made:
 - 1) LMC Annual Conference June 21- 23. Attending: City Administrator Colleen Winter and City Planner Sheila Hellermann.
 - 2) 2023 MWOA Lab Training on June 13-15 in Duluth. Attending: Water/Wastewater Operator Josh Elfering
- b. Certificate of Excellence in Reliability
- c. MMUA will be hosting regional meetings.
- d. Electrical Supervisor Avelsgard has submitted his letter of resignation effective May 9, 2023. Chair Finken presented a Certificate of Appreciation.

A.I. #9 ADJOURNMENT

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried that the meeting be adjourned at 6:00 p.m.

PATRICIA HAASE – CITY CLERK