

**MELROSE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MONDAY, AUGUST 12, 2024 – 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, 2024, 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, Water/Wastewater Supervisor Jeremy Schrantz, Journey Line Worker Steve Scholz, City Administrator Colleen Winter, Finance Director Ryan Meyer, Community Development Director Sheila Hellermann, and City Clerk Patti Haase. Chair Seanger called the meeting to order.

A.I. #2 APPROVAL OF AGENDA

A motion was made by Mr. Kraemer seconded by Mr. Finken 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 July 8 Regular Meeting
- b) List of bills in the amount of \$1,465,124.91
- c) Investments Report for the month of July.
- d) Molitor Excavating has submitted Pay App# 3 for the 2024 Main Street Improvements for work completed through 7/26/2024. The pay application is in the amount \$288,051.21. Of this amount, \$259,920.44 is utility, and \$34,130.77 is the general fund portion. SEH has reviewed the payment request and is recommending payment as outlined in the invoice.
- e) VADA has submitted their invoice for the retaining wall. This is a 50/50 split between the general fund and utilities fund.

A motion was made by Mr. Finken, seconded by Mr. Kraemer and unanimously carried approving the consent agenda items.

A.I. #4 REPORTS

- a. City Administrator Winter provided the following update:
Work on Main Street is progressing, and all sanitary sewer, water and storm sewer are complete, and sidewalks and curbs should be starting to get built the week of August 12th.

Bid opening for the Highlands Extension is scheduled for August 15th.

We are currently hiring for the following positions:

Police Officer – 1 application to date.

Finance Director – 3 applications to date, first round of applications due August 9th

Part time Street Supervisor – no applications to date

Electric Operations Director – no applications to date

Journey Line Worker – one application, interview conducted on April 12th

Storm response and update

On 8-3-24 at 8:15 pm an EF-1 tornado touched down in Melrose causing damage to

many properties. Our emergency response plan worked very well and all city departments, along with mutual aid from several area communities were able to restore power and clear out trees off of city streets by 1 am. We then met on Sunday morning at 8 am and started the process of next steps, including where Melrose residents could bring brush. Big thank you to Fire Chief Budde for setting up the command center at the Fire Hall and for ALL employees from Streets, Electric, WW, Admin, Police, Fire and Ambulance for their help. We have been in contact with Emergency Management from the County and will be working on emergency declarations and possible aid for our city.

- b Electric Journey Line Worker Steve Scholz provided the following update.

The department has installed three streetlights on East Kraft Drive and replaced the downtown lights for the Main Street Project. The department generated for the urge test and had a fire in the east wall where the exhaust pipes for the engine come out. Spent time cleaning up so we could still run if we were called on. Staff have been working on East Main Street pulling wiring and terminating wire in switches and sectionalizers. There will be a scheduled outage on August 13 to splice some primary cable. The department worked on restoring power after the storm in which a tree went down on one of the three-phase lines. The northside of town was out of power for approximately 2 1/2 hours. The remainder of outages were house stacks that needed to be repaired before we could restore their power, which was done by Sunday afternoon. The department is preparing to move an electrical cabinet for the Main Street Road project that will also require a scheduled outage.

- c. Water/Wastewater Supervisor Jeremy Schrantz provided an update. The department continues to work on resolving issues at the wastewater treatment plant.

- d. Finance Director Ryan Meyer presented the 2nd Quarter Report
Water Fund Revenue Variances:

- Water sales between the revenue classes range from 40-53% of the annual budget. There have been no water connection fees collected in 2024 to date.
- Interest income was strong in the 2nd quarter, exceeding the budgeted amount for the 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.

Water Fund Significant Expense Variances:

- Maintenance expenses primarily relating to the wells and distribution systems are low as of June 30th
- All other expense accounts appear to be consistent with budgeted expectations, as well as the prior year.

Wastewater Fund Significant Revenue Variances:

- All classes of services are right on track with budgeted projections for wastewater sales.

- Similar to the Water Fund, the Wastewater Fund experienced a strong 2nd quarter for investment earnings and already exceeds the annual budget.

Wastewater Fund Significant Expense Variances:

- Overall maintenance costs are high due to the repair or replacement of several pumps in the collection system.
- Debt service payments are made in February and August of each year.

Electric Fund Significant Revenue Variances:

- As with the other funds, investment earnings were strong in the first quarter, with results exceeding the annual budgeted amounts.
- All classes of services are right on track with budgeted projections for electric sales, with the exception of CIP Reimbursement Revenue. Both Kwik Trip and St. Mary's School took advantage of this program with their recent projects.

Electric Fund 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 remain low when compared to budget.
- All other expense accounts appear to be consistent with budgeted expectations, as well as the prior year.

- e. We are over the half-way point for 2024 and we have issued 109 building permits with a total value over \$25.2 million. Stearns Electric was able to lower its valuation due to competitive bidding and the final project award so having a total this high speaks to all the other construction happening in the city. There are three new homes under construction.

The closing of the lot in the Melrose I-94 Industrial Park to Carstens Industries was completed on July 25, 2024. Dirt work has begun. A TIF hearing has been called for on the Roach Development townhouse project in Railroad West. It will be held at the September council meeting.

Staff is working with the building official to begin the condemnation and demolition of 406 Main Street East.

A.I. #5 OLD BUSINESS

- a. Water/Wastewater Treatment Facility Update from SEH.

STATUS OF CONSTRUCTION: IN PROGRESS – PUNCH LIST.

Structure	Status of Construction	Upcoming Construction
Preliminary Treatment Building (02)	• Water heater installed for screen cleaning	• South screw pump and north pump desiccant on gear box starting to turn

Structure	Status of Construction	Upcoming Construction
	• 1/18/2024: Nord confirmed that the backstop on the south screw pump was installed backwards during Nord's last visit on 1/9/24. • The gear oil was drained, the backstop cover and backstop was removed, gasket sealant cleaned, and a full oil change performed. – Nord performed an assessment of the backstop and a bore scope. There were no signs of corrosion or wear marks. – The same backstop was re-installed. – Nord believes the first backstop failed and allowed water to enter and then the new one was installed backwards. Nord to provide a report. – 3/13/24 Lakeside came to site and drained oil and replaced it on the south pump. Sampled oil and mailed to Nord. Installed new moisture-detecting breather on gearbox. – 3/21/24 Nord on site. Drained oil on south pump and replaced. Backstop was corroded. Replaced with new backstop. • Lakeside to be on site 4/10 and performed full oil change out of the recommended front port. • JWC was on site 2/6 - 2/7, to correct the following: – Install a new spray nozzle for Screen #1 – Install and calibrate a new pneumatic solenoid for Screen #6 – Install a new gasket for the union in Screen #4	pink, indicating moisture. Discussion with manufacturer to be scheduled. • JWC is redesigning drive/auger connection point and exploring other options to allow for better draining and reduce rag build up.

Structure	Status of Construction	Upcoming Construction
	– Perform staff training • JWC was on site 4/2/24, to replace the air cylinder on screen #6 • 7/3/24 SEH, Magney, Total Control (TC) and City met to discuss the electrical failure that occurred at 12:10 am on the June 18, 2024. TC believes lightening came through the ethernet switch; communication fail alarm was wired backwards. • JWC onsite 7/16/24 to inspect screening augers. JWC found that the connection between the shaft and drive is too rigid. Material is accumulating on the auger hangers. • Freeport and SEH assessed electrical components on 7/17/24 to determine if moisture was more widespread than the garage door. The only corrosion was the garage door push button.	
Control Building (03)	• WAS pump 2 start-up & training April 15, 2024 by Magney and Vogelsang	• No additional work
Pump and Blower Building (04)		• No additional Work
Existing Final Clarifier (05)	• Clarifier start-up 6/6/2023	• No additional Work
New Final Clarifier (06)	• Clarifier live as of 2/28/23	• No additional Work
Digester Complex (07)		• No additional Work
Solids Thickening and Loadout Building (08)		• No additional Work
Splitter Structure (10)	• Structure live as of 2/28/23	• No additional Work
Existing 48 ft Clarifier (11)	• Sludge tie-in to route sludge to new Structure 12 complete 2/27/23	• No additional Work
Sludge Return Metering Vault (12)	• Structure live as of 2/27/2023	• No additional Work
Yard	• Asphalt corrected.	• No additional Work

Item	Description	Cost Impact	Schedule Impact	Notes
02 PTB Vent	Burping vent solution			City will test defoamant
Closeout paperwork	Coordinate with Magney			In Progress
02 Drain	City requests another floor drain or trench drain option in 02			Consider going into sanitary manhole to the west.

Influent Bypass	City requests an influent bypass to wetwell #1			In June discussed the option of a "flood pump" that could have multip-use throughout the city as this backup. After the electrical failure following that discussion, City landed back on the piped bypass.
				City and Magney discussed on site. SEH surveyors surveying elevations on 8/8/24 to determine pipe slope.
Influent Screen blinding	Influent screens blinding creates issues for the auger and a mess for the area			SEH looking at 3 options which could reduce blinding: • Widening the screen openings • "water conditioning system" that reduces FOG stickiness • Nano-bubble technology to reduce surfactants and FOG.
Final Clarifier 05	Effluent accumulates in the effluent launder.			SEH surveyors surveying elevations on 8/8/24 to what elevations the trough was constructed and compared with clarifier 06.

Susan Danzl, and Chad Westbrook with SEH were in attendance at the meeting. Ms. Danzl reviewed the list of ongoing concerns at the wastewater treatment facility. The Commission requested that SEH return to the September Utilities Commission meeting with a proposal for resolution to these ongoing issues. Staff has been directed to obtain FOG analysis samples from the major industries.

- b. The Commission continued discussions related to the hiring of an Electric Operations Director and staff shortage. The Commission by consensus directed staff to revise the current Electric Operations Director job description to that of a Journey Line Worker Lead, something comparable to the job description of the former Electrical Supervisor – Dale Lyon. Staff was also directed to contact Stearns Electric and the Sauk Centre Public Utilities to inquire about contracting with them for on call coverage

City Administrator Winter stated that she is requesting the Commission consider moving electric line worker Cole Jordahl from Step 3 to Step 4 on the wage scale.

A motion was made by Mr. Kraemer, seconded by Mr. Finken and unanimously carried approving increasing Mr. Jordahl 's wages from Step 3 to Step 4.

A.I. #6 NEW BUSINESS

- a. The Commission reviewed the preliminary rate study that was completed by SEH. Susan Danzl with SEH presented the findings and is recommending leaving the water rates as is and increasing the wastewater rate by 2% or 2.5%. The Commission received the report and will make a determination at a later meeting.
- b. City staff met with SEH and Boulder Creek on Monday, August 12th to discuss solutions regarding the fire. Currently both parties are claiming that they are not responsible and

according to our City attorney we cannot compel either party to pay for any damages as a result of the fire. Our insurance will cover the costs after our deductible.

- c. An interview was conducted with Justin Lundblad at 8 am on Monday, August 12th for the electric journey line worker position. An offer has been made to Mr. Lundblad.
- d. During the storm event that took place on 8-3-24, we had four exempt staff that worked the following hours over the weekend. The hours are as follows:
 - Sheila Hellermann, Community Development Director –6.5 hours
 - Andrew Rousslange, Street Supervisor – 15.5 hours
 - Colleen Winter, City Administrator - 11 hours
 - Jeremy Schrantz – Water/Wastewater Supervisor – 8 hours

This will also need to be approved by the City Council. All other employees will fall under the regular overtime guidelines.

A motion was made by Mr. Finken, seconded by Mr. Kraemer and unanimously carried approving the payout at straight time for exempt employees per the hours as presented.

A.I. #7 ACTION ITEMS

- a. Journey Line Worker Steve Scholz has obtained two quotes for a quantity of 20 anchors. The low bid is from Resco for a total of \$14,222 plus freight.

A motion was made by Mr. Kraemer, seconded by Mr. Finken and unanimously carried authorizing the purchase of the anchors from Resco in the amount of \$14,222 plus freight.

- b. Finance Director Ryan Meyer has submitted his resignation effective August 15, 2024. Staff has advertised for the position. In the interim staff has obtained a quote from Abdo for Interim Finance Director Services.

A motion was made by Mr. Finken, seconded by Mr. Kraemer and unanimously carried approving the quote from Abdo for Finance Director Services

- c. Work has been ongoing for the new retaining walls by the city center. Due to the height of the wall a railing will be required.

A motion was made by Mr. Kraemer, seconded by Mr. Finken and unanimously carried approving the quote of \$10,550 from VADA to add the railing along the retaining walls.

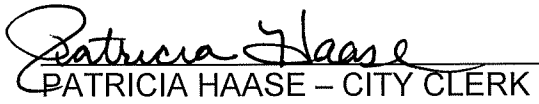
A.I. #8 INFORMATIONAL ITEMS

The following informational items were then reviewed:

- a. The following is a list of schools and/or conferences where registrations were made:
 - 1. WW Exam Refresher: February 4-5, 2025, Attending Evan Gregory
 - 2. Cybersecurity for Utilities. October in Sioux Falls South Dakota: Attending Accounting Clerk/Office Coordinator Stacy Funk
- b. July 2024 MRES Bulletin.

A.I. #9 ADJOURNMENT

A motion was made by Mr. Kraemer seconded by Mr. Finken and unanimously carried that the meeting be adjourned at 5:40 p.m.


PATRICIA HAASE – CITY CLERK