

**MELROSE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MONDAY, MAY 12, 2025 – 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 12, 2025, 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, Water/Wastewater Supervisor Jeremy Schrantz, Electric Line Supervisor Justin Henrichs, City Administrator Colleen Winter, Finance Director Jackie Niehaus, and City Clerk Patti Haase. Commission Member Finken was absent. Chair Jeremy 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 4, 2025, Special Meeting, and the April 14, 2025, Regular Meeting
- b) List of bills in the amount of \$876,235.07.
- c) Investments Report for the month of April.

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

A.I. #4 REPORTS

- a. City Administrator Winter provided an update.

State Legislature:

With the clock ticking, it appears that the DFL Senate, divided House, and Governor Walz are not yet close to finalizing a budget agreement for this session.

Housing proposals: The House bill (HF 2437) was taken up and passed out of the House Tax Committee. It includes changes to TIF for Greater Minnesota that would help with housing and redevelopment.

Budget Reductions: The Senate tax bill includes a permanent \$20 million cut to LGA. If passed that would mean a loss of \$36,543 or 3.1% LGA for Melrose. We will continue to monitor this closely.

MRES and other utility lobbyists continue to work on pulling the MPCA air dispersion modeling language out of bills. Meanwhile, municipal and cooperative utilities are working to protect customers' interests as a potential data center bill is being negotiated

- b. Electric Supervisor Justin Henrichs provided the following update. The Electric Department installed new services on the country line. The Department also upgraded service and back fed Proliant. Also a service upgrade for Todd Beckers and right of way clearing. Wyatt Sell, the Apprentice Line Worker 1000 hours started work on May 5. There were 2 outages. Staff is upgrading safety equipment that failed to pass testing. A six month performance evaluation was conducted for Justin Lundblad and it was favorable.

- c. Water/Wastewater Supervisor Jeremy Schrantz provided the following update. The north water tower maintenance is completed. The south water tower should be finished by the end of this week. Steve Kortenbush continues to flush the hydrants. The water line at 9 Riverside Avenue NW was replaced.

Staff has finished hauling biosolids. Both the holding tank and west digester have been emptied. Just under a million gallons were hauled. We are in the process of rebuilding our centrifuge. We had most of the parts on hand. The pump was installed in 2004.

The new one-ton truck will be here on Thursday, May 15. We will schedule the installation of the V-plow. Supervisor Jeremy Schrantz attended a webinar. The MPCA is proposing a 10mg/l sulfate limit. Chloride limit Still working with vendors to find alternative phosphorus removal chemical. There is a new ferric chloride vendor which would result in a significant savings for the wastewater chemical budget. CWC will be the new vendor. In 2024 we fed 1,866,000 lbs of ferric chloride switching to the 38% solution will result in less pounds and anticipating that it will reduce or chloride. Ferric Sulfate would be a good chemical that is similar to ferric chloride but with the new rules coming it doesn't pay to switch.

We had an issue with our draft thickening pumps over the weekend. Staff did not receive a notice about the issue. Total Control and Freeport Electric are scheduled to get that tied to SCADA so staff receives notification. Pumps are struggling to pump.

- d. Finance Director Jackie Niehaus provided the 1st Quarter Financial Report
Water Fund

Significant Revenue Variances:

- ❖ Water sales between the revenue classes range from 19-25% of the annual budget. There were no water connection fees collected in the first quarter.
- ❖ Interest income was strong in the 1st quarter, totaling 61% of this budgeted revenue. Finance Director Niehaus 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 and Charter made their annual payments bringing these revenues to 76% of the annual budget in the 1st quarter.

Significant Expense Variances:

- ❖ Overall maintenance costs are low due to minimal work done during the first quarter on the wells or water tower maintenance.
- ❖ 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 1st quarter for investment earnings and already exceeds the annual budget.

Significant Expense Variances

- ❖ Overall expenditures are right on target with the budget for 1st quarter.
- ❖ 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 coming within 45% of the annual budget.
- ❖ All classes of services are right on track with budgeted projections for electric sales.

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.

A.I. #5 ACTION ITEMS

- a. Request approval to hire one additional Apprentice Line Worker 1000 hours since the Electric Department will be short staffed for the summer.

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried approving the hiring of an additional Apprentice Line Worker 1000 hours.

- b. 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, 2025 - May 15, 2026. The total quote is \$158,624, down from \$162,318 for the 2024-2025 coverage. The cost for the premium is shared between the General at 37% and Utility Funds at 63%.

The overall premium decreased 2.29% from the prior year. According to the League underwriters, this is due to:

- A. Property coverage increased 2.14% due to an increase in the building limit at location #1.
- B. The mobile property premium is down 9.06% as this is tied to the manual premium for property.
- C. First Party Cyber and Municipal liability premium are down due to an 8% rate decrease.
- D. Auto liability is down 11.40% and Auto Physical Damage is down 11.43% due to a change in the deductible credit and a decrease in experience mod.
- E. Our liability experience mod had an increase of 1.09% from last year.
- F. The auto experience mod had a 4.35% decrease 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 \$14,628), 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 \$5,459. 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 \$158,624 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

A.I. #6 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)	- JWC screw conveyor auger shaft replacement segments for both north and south auger arrived on site in January 2025. - JWC was on site 1/28-1/31 2025 to install the auger shafts. The south gear box and shaft were fused together, rendering the south auger inoperable. The new shaft segment was installed and is ready for gear box installation. - JWC was on site 2/12-2/14 to install the new gear box on the south auger. - No work is to be performed on the north auger at this time because it must remain functional for the City's operations. - Freeport fixed the conduit at the south auger. - Water conditioning system has been installed	- JWC is reviewing the newly manufactured auger shafts. The new shafts are manufactured with a bias on the small end of the tolerance. - JWC developed a plan to remove the south gearbox and shaft using a gearbox puller that will be shipped to site (discussed with the City on April 17th). ETA at site mid-May. - JWC has ordered a new gearbox, additional shafts, fan cover and shaft seal. - The static screen automatic spray system alignment has slipped and requires realignment. JWC to adjust the spray system when on site next. - The City turned on the spray systems and the two furthest east screens, one on the north bank and one on the south bank, sprayed a little water but the spray bar did not move. Jeremy described a clanking but without movement. JWC to review at this at site visit. - SEH is preparing a draft letter for City review and delivery to Magney addressing payment for SEH time associated with unproductive site observation of JWC.
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 - Input shaft and bushings replaced by Envirodyne 4/25/2025. Metallic shear pin replaced with delrin (plastic) shear pin, ten (10) spares left with Jeremy. Confirmed torque switches function.	- Magney grouted effluent launder this morning. New high point is 1187.10 (low point is 1186.66). - Coatings
New Final Clarifier (06)	- Clarifier live as of 2/28/23 - Input shaft and bushings replaced by Envirodyne 4/25/2025. Metallic shear pin replaced with delrin (plastic)	Take offline and inspect for solids buildup

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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)		No additional Work.
Sludge Return Metering Vault (12)	Structure live as of 2/27/2023	No additional Work
Yard	SEH provided survey elevations of paving/v-gutter to Magney.	- Paving correction. - Influent bypass and PTB drain installation

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OUTSTANDING ITEMS:

Issue	Update Since Last Meeting	Next Steps
Air Vent	Reducing turbulence in screw pumps is not likely to resolve the issue. Vent is necessary, options discussed: - Route the vent inside the building to the floor drain. - Increase pipe vent size to allow air to pass around the foam. - Spray foam down with water added to the vent. Foam/scum source control. Jennie-O is adding more defoamer.	SEH recommended putting a container under the vent discharge to determine volume and frequency of discharge. This will allow us to determine if tested solutions are effective. Discuss next steps.

Issue	Update Since Last Meeting	Next Steps
Screenings Conveyor	JWC screw conveyor auger shaft replacement segments for both north and south auger arrived on site in January 2025. • JWC was on site 1/28-1/31 2025 to install the auger shafts. The south gear box and shaft were fused together, rendering the south auger inoperable. The new shaft segment was installed and is ready for gear box installation. • JWC was on site 2/12-2/14 to install the new gear box on the south auger. • No work is to be performed on the north auger at this time because it must remain functional for the City's operations. • Freeport fixed the conduit at the south auger	JWC is reviewing the newly manufactured auger shafts. The new shafts are manufactured with a bias on the small end of the tolerance. • JWC developed a plan to remove the south gearbox and shaft using a gearbox puller that will be shipped to site (discussed with the City on April 17th). ETA at site mid-May. JWC has ordered a new gearbox, additional shafts, fan cover and shaft seal. • The static screen automatic spray system alignment has slipped and requires realignment. JWC to adjust the spray system when on site next. • The City turned on the spray systems and the two furthest east screens, one on the north bank and one on the south bank, sprayed a little water but the spray bar did not move. Jeremy described a clanking but without movement. JWC to review at this at site visit. • SEH is preparing a draft letter for City review and delivery to Magney addressing payment for SEH time associated with unproductive site observation of JWC.
Screw Pump Oil Moisture		Continued observation
Screen Drain and Pretreatment Building Bypass	RFP #32 issued to Magney 4/18	Magney to price RFP.
Clarifier Effluent Trough	Magney grouted effluent launder this morning. New high point is 1187.10 (low point is 1186.66).	Coatings after grout cures
Paving/drainage	Magney submitted a potential correction for site drainage. SEH has requested their survey file. City/SEH responded to Magney's plan starting to do the work per the original design. This overlaps with the planned 15" drain work Magney should not roll the cost for this fix into the 15" drain/overflow pricing.	Recommendation is to do this work outside of the contract with Magney to get better pricing. PUC to decide what fiscal year to do the work.

	City has requested pricing for additional paving work, south of the project and extending toward the plant gate. Cave Blommel, Amy Prok and Jeremy met on site to discuss options.	
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b. Well #7 Replacement Project Progress Report Update
PROGRESS UPDATE

- Held kick off meeting with City and Utility staff.
- Completed site survey.
- Began preparation of drawings.
- Completed preliminary well pump sizing.
- SEH process and electrical team completed site visit 4/8/2025.
- Submitted request for Well Construction Preliminary Assessment to the DNR.

PROGRESS OUTLOOK

- SEH is preparing a memorandum summarizing drilling methods that could be used to construct Well 10 along with cost estimates for the well.
- 50% design will be completed, and a design review meeting will be held with staff.
- SEH water engineers and hydrogeologists will review available information on test well that was completed in 1997 by Thein Well Company, which is assumed to be the approximate location of Well 10. The well numbers referenced in the data do not match the existing monitoring well.

SPECIAL INSTRUCTION/ASSISTANCE FROM CITY

- Review files to assist with confirming accuracy of 1997 test well information.

c. Blower Building Project Progress Report Update
PROGRESS UPDATE

- Process technician has developed background and removal drawings for the Blower Building, Control Building, Equalization Basin, and site.
- Process staff have been in contact with blower and pump manufacturer's representatives to schedule site visits and exchange information on the blower and pump selections.
- Process has developed and is running scenarios on the Biowin model to predict performance of the trickling filters, which will inform blower sizing for the aeration basins.
- Flow sheets and P & IDs are in development and electrical staff will be meeting with process staff soon to discuss. The P & IDs will then be shared with other design disciplines
- A design team meeting for the full design staff was held on April 30, 2025. The project schedule and critical success factors were discussed and the team is ready to complete the design.

PROGRESS OUTLOOK

- After completion of biowin modelling, the blower and pump selection will be finalized. Manufacturer's reps for suggested equipment will make site visits to meet and discuss their equipment with the operations staff.
- A Preliminary Layouts meeting with City staff has been scheduled for May 15, 2025 at 1:00 p.m.
- Final Layout drawings are tentatively scheduled to be complete by early June, 2025.
- The design team will meet every two weeks to discuss progress and keep the team on schedule.

A.I. #7 NEW BUSINESS

- a. **Summer Hours request.** – The Streets/Parks Supervisor and City Administrator met with ADHOC to discuss summer hours for the Streets/Parks Department. The dept is proposing Summer hours of Monday – Thursday – 9 hour workdays
Friday – ½ day 4 hours.
While ADHOC was supportive of summer hours, it would still need to be presented to both the PUC and Council for approval.
Enclosed you will find the policy that regulates Work Hours/Core Hours and a summary of other communities.
The following schedules are what is currently the practice to give everyone some flexibility while still meeting the needs of the City. Here are the current schedules:

Water/WW, Line Dept and Streets – Work 7 am to 3:30 pm Monday through Friday. I leave it up to the Supervisors how they schedule their crews, however I have made it very clear that every outside dept. has to have staff available until 3:30 pm.

Under AFSCME - Water/WW and Line Depts are governed by the following language:
ARTICLE 8 - WORK SCHEDULES

The sole authority in work schedules is the EMPLOYER. The normal work week for employees shall be consecutive days Monday through Friday, forty (40) hours per week, except for the week for an employee who is scheduled for on-call duty. The EMPLOYER shall determine the on-call schedule.

The EMPLOYER will give as much advance notice as is practicable to the employees affected by the establishment of scheduled shifts different from the employees' normal scheduled shift.

In the event that work is required because of unusual circumstances such as (but not limited to) fire, flood, snow, sleet, or breakdown of municipal equipment or facilities, no advance notice need be given.

The Friday, Saturday, and Sunday night wastewater treatment facility check, when scheduled and not cancelled by the EMPLOYER, will be paid for one hour of pay at a rate of one and one half (1 ½) times the employee's base pay rate. This facility check(s) when scheduled and not otherwise cancelled by the EMPLOYER, shall not be considered a call back as defined in this labor agreement.

Employees are entitled to a lunch break up to one (1) hour in length (unpaid), and one (1) fifteen (15) minute break (paid) for each four (4) hours worked.

Administration Staff – 4 people work a regular 8 – 4:30 shift 5 days a week and then the following week work 4 – 9 hour days, 7 – 4:30 pm (1/2 hr lunch) and 8 am to Noon

on Fridays. This alternates among the admin staff so we always have staff here during regular office hours.

Police Dept – follows a rotating schedule of 8 to 12 hr days and nights. Established by LELS contract.

-Administration supports Summer hours for the Streets/Parks Dept. from Memorial Day to Labor Day.

-Administration supports Summer hours for the Administration staff as follows:

7 am – 4:30 pm Monday through Thursday and 8 am – Noon on Friday. If this schedule were to be implemented then City Hall hours would change accordingly.

-Administration further supports Summer hours for the Union positions with the on call person working a regular 5 day 8 hr shift during their on call week.

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried approving the summer hour requests as presented.

- b. Electric Line Supervisor Justin Henrichs obtained a quote from Castrejon Inc. for underground boring for First Street South. The bid was in the amount of \$14,280, however the utility will be reimbursed from Charter in the amount of \$4,775 as they will be going in on the project. This will bring the project total to \$9,505.

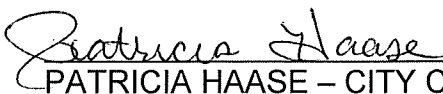
A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried approving the quote for underground boring from Castrejon Inc.

A.I. #8 INFORMATIONAL ITEMS

None

A.I. #9 ADJOURNMENT

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried that the meeting be adjourned at 5:25 p.m.


PATRICIA HAASE – CITY CLERK