

**MELROSE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MONDAY DECEMBER 11, 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, December 11, 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, and Joe Finken, Water/Wastewater Supervisor Tim Vogel, Electric Journey Lineworker Steve Scholz, City Administrator Colleen Winter, Finance Director Ryan Meyer, Community Development Director Sheila Hellermann, and City Clerk Patti Haase. SEH Project Manager Amy Prok attended via zoom. Chair Finken called the meeting to order.

A.I. #2 APPROVAL OF AGENDA

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

A.I. #3 CONSENT AGENDA

- a. The minutes from the Commission's November 13 Regular Meeting Minutes
- b. List of bills in the amount of \$885,823.87.
- c. Investments Report for the month of November.
- d. Water/Wastewater Operator, Evan Gregory will complete 3 years of service with the city on January 1, 2024. Water/Wastewater Supervisor Tim Vogel has conducted Mr. Gregory's review, and it is favorable; therefore, recommends he receive a step increase from Step 2 to Step 3 on the wage scale.
- e. Boulder Creek Inc. has submitted Pay App #4 in the amount of \$55,268.15 for the Power Plant Improvement Project. SEH has reviewed the pay request and is recommending payment as outlined.

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. Water/Wastewater Supervisor Vogel provided an update. The Boerger Rotary pumps have been installed. The department continues to work on resolving issues with the static screens and screw pumps.
- b. Electric Journeyman Lineworker Steve Scholz provided an update. The department has pulled wire, set cabinets and terminated cable for the Railroad West apartments. They have inferred the overhead system and important underground switches and transformers for any hot spots. The department took annual oil samples on the substations and transformers on 300kvs and below for testing of any excessive gases. There was a scheduled generation run on Tuesday, November 28. The department is working on work orders and inventory and will also be doing some maintenance in the power plant. They will also be installing the new meter package for Kwik Trip.
- c. Community Development Director provided an update on the current projects.

MMUA has approached staff asking if Melrose Public Utilities would be interested in joining them in their GRIP grant application. The cost estimate is 3K to 5K depending on the number of utilities that would join. Community Development Director Hellermann does not believe it would be beneficial nor address the weakness that was identified in the Melrose Public Utilities application.

The Commission by consensus supported the Melrose Public Utilities stay independent on the grant application.

- d. City Administrator Winter provided an update. The Electrical Director candidate Ben Murphy has declined the offer for the position. There were three applicants for the Streets/Parks Supervisor position. An offer has been made and staff is waiting to hear back from the candidate.

A.I. #6 OLD BUSINESS

- b. Project Manager Amy Prok attended the meeting via Zoom. Ms. Prok provided an update on the Wastewater Treatment Facility Improvement Project. Ms. Prok noted that the costs came in at 5.59% over the contract price. Ms. Prok stated that 5% is the norm therefore felt the 5.59% was within reason for a project of this magnitude. Ms. Prok stated that although the static screen and screw pump concerns are frustrating it is not unusual to have equipment start-ups of this scale require multiple visits from equipment manufacturers and site corrections. The manufacturers have been rectifying the concerns. SEH anticipates the project will be completed and closed out in March of 2024. Water/Wastewater Supervisor Vogel expressed concerns regarding the static screens and believes the system will need to be redesigned to cut new gutters to handle the overflow.

A.I. #5 ACTION ITEMS

- a. Water/Wastewater Supervisor Tim Vogel has obtained two quotes for a water heater at the Water/Wastewater Treatment Plant. Supervisor Vogel is recommending purchasing from Northern Plumbing Tech the Hubbel 100-gallon water tank per the proposal.

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried authorizing the purchase of the Hubbel water heater from Northern Plumbing Tech.

- b. Administrative staff has revised and updated the City of Melrose Sick Leave Policy as well as the Drug, Alcohol and Cannabis Testing Policy for Non-DOT Employees. This was done using the League of Minnesota Cities template as a guide and was then reviewed and commented on by the City's employment legal counsel, Flaherty & Hood. The new policies are compliant with the new Minnesota Earned Sick and Safe Time requirements and the new Minnesota Cannabis legislation.

A motion was made by Mr. Kraemer, seconded by Mr. Seanger and unanimously carried approving the City of Melrose Non-DOT Drug, Alcohol and Cannabis Testing Policy, and the City of Melrose Sick Leave Policy and, which would become effective on January 1, 2024.

- c. The December 31, 2022, audit resulted in a Single Audit finding for internal controls over allowable costs, time and effort requirements, cash management, and conflict

of interest specific to Federal Awards. Uniform Guidance requires that these policies be in writing and specific to Federal Awards. The new policy meets the requirements of the Uniform Guidance.

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried approving the City of Melrose Uniform Grant Guidance Policy Regarding Federal Revenue Sources.

- d. Staff presented a signed copy of C & L Excavating Inc. Pay Application No. 1 and Change Order No. 1 for the 2023 Railroad Avenue NW Street & Utility Improvements. SEH has reviewed this application and recommends payment of \$816,198.79 for the work completed through December 1, 2023.

The project will be split between the City and PUC. As bid the total project cost is approximately \$890,000 for the City and \$383,500 for the PUC. Those costs do not include the change order for the encountered granite.

Totals for payment #1 are

PUC: \$397,905.43

City : \$418,293.36

A motion was made by Mr. Kraemer, seconded by Mr. Seanger and unanimously carried authorizing payment of Pay #1 in the amount of \$816,198.79 and approval of Change Order #1.

- e. Power Plant maintenance required Journey Lineworker Steve Scholz to purchase diesel fuel oil from Rahn's Oil at a cost of \$19,659.82.

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried concurring with the purchase of the diesel fuel oil from Rahn's Oil.

- f. The Commission received the annual contract with MMUA. City Administrator Winter has had discussions with MMUA related to their rate schedule and how much we pay every year. They are open to discussing this in 2024 and looking at adjusting the rates, in particular for the smaller utilities. MMUA is the only option that we have for much of our programming therefore City Administrator Winter recommends that the contract be approved as presented.

A motion was made by Mr. Kraemer, seconded by Mr. Seanger and unanimously carried approving the contract with MMUA.

- g. City Administrator Winter is requesting Public Utilities to participate in the MMUA Apprenticeship program.

The Commission tabled this action until its January meeting.

A.I. #6 OLD BUSINESS

- a. The Commission conducted a final review of the 2024 Budget, Five Year Capital Improvement Plan, and proposed rates for the Water, Wastewater, and Electric Funds for 2024

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried adopting the 2024 Budget and Five-Year Capital Improvement Plan

b. Water/Wastewater Treatment Facility Update from SEH

Commission Member Seanger stated that staff is to contact SEH regarding the WWTF project requesting a reduction in engineering fees due to design errors and also contributing towards additional cost to be incurred by the Melrose Public Utilities. The Commission also directed staff to explore the design change to drainage and gutters as described by Supervisor Vogel.

The Commission concurred with Commission Member Seanger.

A.I. #7 NEW BUSINESS

- a. The Electric Department has been short-staffed for 7 months. If we are successful in hiring an Electric Supervisor, it will still be a minimum of 6 months or more before that person could take call. Steve Scholz, as the most Senior Lineperson has stepped into the role of Supervisor and is getting compensated for those additional duties. However, due to the staffing shortages he is not able to use his vacation. A request to partially pay out Mr. Scholz's vacation should be considered by the PUC as it meets the following criteria:

- Unforeseen staffing shortages in excess of 45 calendar days – it has been 240 days without a permanent Electric Supervisor
- Project delays which are outside the control of the City Utilities. In this case it would be due to the staffing shortages and the inability of Steve to complete inventory, plan for 2024 projects as his time has been required out in the field. Steve is the only one that completes inventory at this time and is training in the other guys, but it still requires his time. Administrator Winter is working with Steve on project planning and ordering for 2024, but it requires time. Time that was not afforded to Mr. Scholz as he needed to complete the outside construction projects.

The payout would be approximately \$3,924.00. It could be less depending on if Steve is able to take any vacation between now and the end of the year. This still leaves him with a carryover balance of 100 hours.

Mr. Pat Lomax has used his vacation and will only have the carryover balance. So, no payout is needed.

Mr. Cole Jordahl has used his vacation and does not accrue at the same rate as Steve and Pat.

City Administrator Winter noted that there is a correction, as Mr. Jordahl has 20 hours of vacation that he is requesting to carry over. This is in addition to the carryover balance of 40 hours.

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried approving payout of unused vacation for Mr. Scholz of up to approximately \$3,924 and the additional 20 hour carry over for Mr. Jordahl. Staff is to inform employees that this is a one-time occurrence.

A.I. #8 INFORMATIONAL ITEMS

- a. MRES Rate Schedule B & C to the S-1 Power Sale Agreement (S-1 Agreement)

A.I. #9 ADJOURNMENT

A motion was made by Mr. Seanger seconded by Mr. Kraemer and unanimously carried that the meeting be adjourned at 5:30 p.m.

PATRICIA HAASE – CITY CLERK