

**MELROSE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MONDAY, SEPTEMBER 11, 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 #1. Boulder – Power Plant Exterior Improvement Project
 - e. Pay App #4 Molitor Construction
4. Reports
 - a. Water/Wastewater Supervisor Report
 - b. Electric Department Report
 - c. Finance Director Report
 - d. Community Development Director Report
 - e. City Administrator Report/Project Updates
5. Action Items
 - a. Slip Lining Projects
 - b. Pump Replacement
6. Old Business
 - a. WWTF Update
 - 1) Magney Pay App #28
 - b. Generation Discussion
 - c. Electric Operations Director
7. New Business
 - a. 2024 Preliminary Utility Budget, Rate Schedule & Capital Plan
8. Informational Items
 - a. Schools and Conferences
9. Adjournment

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REGULAR MEETING
MONDAY, SEPTEMBER 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, September 11, 2023, 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, Joe Finken, Water/Wastewater Supervisor Tim Vogel, Journey Lineworker Steve Scholz, City Administrator Colleen Winter, Finance Director Ryan Meyer, Community Development Director 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 submitted.

A.I. #3 CONSENT AGENDA

The following were considered for approval under the Consent Agenda:

- a) The minutes from the Commission's August 14 Regular Meeting
- b) List of bills in the amount of \$1,231,494.01
- c) Investments Report for the month of August
- d) Boulder Creek Inc. has submitted Pay App #1 in the amount of \$78,804.02 for the Power Plant Improvement Project. SEH has reviewed the pay request and is recommending payment as outlined.
- e) Molitor Excavating has submitted Pay App #4 for the 2023 Street and Utility Improvement Project in the amount of \$291,338.28. Of this amount, \$134.06 is utility and \$ 291,204.21 the general fund portion of the invoice. SEH has reviewed the payment request and is recommending payment as outlined in the invoice.

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 reported on the projects they are working on. Staff have completed the 40-day digestion test. Jetting has been completed for the year. Staff is working with UC Laboratories on the required testing. The department continues to work on meter replacement. Staff is also conducting the effluent toxicity test and mercury testing. The department continues to identify lead lines.
- b. Electric Department Journey Lineworker Steve Scholz provided a department update. The Electric Department has installed street lighting along Kraft Drive and pulled wire under 2nd Avenue by One Stop and terminated cables. They have pulled wire and installed new transformers for Kwik Trip. The department has installed a couple of new services, one for a new home and one for a new pole shed. The department has started to pull wire along Railroad Avenue for the new apartment building.

- c. Finance Director Meyer presented the 2nd Quarter Financial report.

Water Fund Revenue

Significant Revenue Variances:

1. Water sales between the revenue classes range from 48-50% of the annual budget. Water connection fees exceed the annual budget amount due mainly to the Riverside Flats and Kwik Trip projects.
2. Interest income is showing a gain for the second quarter in a row. 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.
3. 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.

Significant Expense Variances:

1. Production maintenance expenses exceed budget due to the repairs performed on well #4 and well #7. It is important to note the repairs correspond to the decrease in water loss noted above.
2. Distribution maintenance expenses are low due to minimal repairs needed to date.
3. All other expense accounts appear to be consistent with budgeted expectations, as well as the prior

Wastewater Fund Revenues

Significant Revenue Variances:

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

Significant Expense Variances:

1. Overall maintenance costs are low due to minimal work being done to the new treatment plant and collector system.
2. Audit fees have been paid, and there have been minimal expenses for miscellaneous engineering fees which brings the budget variance for professional services slightly lower.
3. Debt service payments are made in February and August of each year.

Electric Funds

Significant Revenue Variances:

1. As with the other funds, investment earnings were positive for the second quarter.
2. The other financing source of revenue that was not budgeted, is the sale of transformers to T&R Electric.

Significant Expense Variances:

1. Wages and benefits are slightly under budget relating to production and distribution due to wages being capitalized with the work orders.
 2. Maintenance costs remain low when compared to budget.
 3. All other expense accounts appear to be consistent with budgeted expectations, as well as the prior year.
- d. Community Development Director Sheila Hellermann provided an update on current projects. The restroom remodel at the Sauk River Park should wrap up this weekend. The Railroad West Road project to begin in early October. Staff is working with property owners on easement agreements. Construction continues on Riverside Flats. Kwik Trip will be holding a job fair at the Melrose City Center. The Commercial Rehab Loan program has received ten applications. One application has been approved. There is an interested buyer for the former Bruders Butcher building, however it is in litigation at this time. There has been a complaint filed by the neighboring property owner due to fly infestation.
- e. City Administrator Winter stated that Melrose Public Utilities received a letter regarding PFAS litigation. The City can choose to opt in or opt out. The Coalition of Minnesota is recommending consulting with your city attorney.

#5 ACTION ITEMS

- a. Water/Wastewater Supervisor Vogel has obtained a quote for slip lining of approximately 862 linear feet at two locations in town. The cost is approximately \$42,669. These two locations are trouble spots in the collection system with massive root buildup.

A motion was made by Mr. Seanger seconded by Mr. Kraemer and unanimously carried authorizing the slip lining of approximately 862 linear feet at the two locations in the amount of \$42,669.

- b. Penn Valley primary pumps have been failing over the last year. Replacing parts frequently to keep them running. Supervisor Vogel is requesting the Commission to consider replacing these pumps (3) with Boerger Rotary Lobe Pumps. The cost to purchase and installation including piping is \$28,786 per pump. Quality flow is willing to install all 3 pumps and defer payment on pump 2 to January 2024 and Pump 3 to January 2025. A deduct of \$4,000 off the total installed price if we purchase all 3 for a total of \$82,358.00.

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried approving the purchase and installation of the 3 Boerger Rotary Lobe Pumps in the amount of \$82,358.

A.I. #6 OLD BUSINESS

- a. Water/Wastewater Treatment Facility Update from SEH

STATUS OF CONSTRUCTION: IN PROGRESS

Preliminary Treatment Building (02)	4. Startup Complete May 8, 2023 5. Screening augers replaced (both	• Replace discharge elbow on the compacting auger (lower level). The auger installed on the unit is too long. • Replace side hill screen kinked water supply hoses.
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	north and south) by JWC because brushes were not installed on the originals. Actuator installed on EQ automated valve.	• Replace side hill screen air shock. • Fix conveyor discharge chute leaking flange. • Reduce water pressure for the spray system down to 30-40 psi from current 70 psi. • Potentially install hot water heater for screen cleaning system. • JWC will make a site visit to address all punch list items in early October 2023 • Punch list
Control Building (03)	• Installed 4" flow meter on WAS line • WAS Pump 1 Start-up	• WAS pump 2 start-up & training. Pump resubmittal provided by Magney and under review by SEH as of 9/5/2023.
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)	• Installed new inlet piping to convert from peripheral to center-feed • Installed new equipment • Placed aluminum dome • Clarifier start-up 6/6/2023	• Punch list
New Final Clarifier (06)	• Clarifier live as of 2/28/23	• Punch list
Digester Complex (07)	• West digester pipe upsized	• Punch list
Solids Thickening and Loadout Building (08)	• Exterior stair installation	• Punch List
Splitter Structure (10)	• Structure live as of 2/28/23	• Punch list
Existing 48 ft Clarifier (11)	• Sludge tie-in to route sludge to new Structure 12 complete 2/27/23	• Punch list
Sludge Return Metering Vault (12)	• Structure live as of 2/27/2023	• Punch list
Yard	• Sidewalk poured. • Modular Block Wall NE corner PTB installed.	• Correct failing asphalt pavement • Finalize seeding and landscaping • Punch List

City Administrator Winter presented a summary of the WWTF meeting to address the static screen challenges and punch list items.

1. Objectives

- The purpose of this meeting is to understand the challenges the City of Melrose has had with their static screens, discuss the JWC punch list items, and make an action plan for moving forward to resolve the screening challenges.

2. Punch list discussion

- Punch list items for JWC following start up include:
 - Compactor auger is rubbing on discharger elbow.

- The discharge elbow that had a hole worn through was already replaced by JWC; however, the auger installed in the unit is too long. JWC shall replace the auger and discharge elbow. The ship date for the auger is September 22, 2023, from CA. It is scheduled to be on site at the end of September.
- Two side hill screens have kinked water supply hoses.
 - JWC shall replace the hoses. Six feet of hose was shipped a week ago. JWC to provide tracking number.
- One side hill air shock to support the cover has failed.
 - JWC shall replace the air shock. Air shock was shipped a week ago. JWC to provide tracking number.
- One conveyor discharge chute flange is leaking.
 - a. JWC shall seal the flange. The flange was not flat. Drill additional holes through the flange and bolt down. The flange was shipped a week ago. JWC to provide tracking number.
- Side hill leaking covers.
 - Leaking covers usually are a result of overspray.
 - The JWC control panels were not installed because they are not explosion-proof (CI 1, Div 1). They are in storage. The plant programming can set the run time. JWC recommends screen spray time of 5-7 seconds. If it is longer than this, it could cause water to accumulate at the bottom of the screen in the effluent chamber and leak out. Pete says the current program has the air solenoid pulsing every 3 seconds and water runs for 15 secs, and the screens are still leaking.
 - JWC recommends the water pressure for the spray system to be 30-40 psi. The pressure is the City's potable water, currently about 70 psi. Discussed need for a PRV and pressure gauge. Each screen could be provided with a PRV and gauge to allow us to see each screen's hydraulics, or a single PRV and gauge on the header may be sufficient. JWC to review design drawings for the best solution. SEH sent the design drawings to this team during the meeting, and they are attached to these notes.

The City is concerned that these items are failing and wondering if these items will quickly become repeat punch list items. JWC response: the auger was an incorrect length, there should not be issues after correcting. The gas shock and hoses should not fail again. If there are failures, they are covered under the warranty period.

3. Grease Challenges

- a. The City has experienced blinding because of grease on the screens, which sends water straight over the screen face and down into the screening augers, overwhelming the screening augers and flooding the building. This is especially a challenge during periods of low flow over the weekend. All six screens are affected, not one more than the others. The City has industrial dischargers including: Jennie-O, Proliant Dairy, and Land-O-Lakes. The previous static screens did have a grease blinding problem, but the screens overflowed into a different style screenings conveyor that was able to facilitate the overflow. The conveyor had a screen running the entire length of the conveyor that allowed the water from the blinding screens to fall through the conveyor bottom, into a

drip pan that routed the water back to the head of the plant. The JWC conveyor does not have this perforation along the length of the screen, but rather routes the water to the drain end, which is quickly overwhelmed by the water and floods.

- b. The City is not running the auto washers right now because they make a mess. Water and grease end up on the pretreatment building floor. The City has been manually pressure washing the screens overnight on the weekends to avoid any further overflows.
- c. Adjusting the system from the existing 70 psi down to JWC's recommended 30-40 psi might not be the solution to the grease problem. While on site, the JWC technicians mentioned a high-pressure cleaning system- is there some other type of system we could use? JWC does not have another spray cleaning system but would recommend hot water to address grease.
- d. Although the City has a hot water pressure washer, a separate hot water heater would likely be required for the spray system. JWC recommends hot water at 100 F. Consider that the water might cool in the lines before reaching the screens, and we may have to spray the wash water longer to purge the cool water from the system. The City would like to proceed with evaluating a hot water system for the spray bars. SEH will review.

4. Gasket

- a. The City would like JWC to provide a gasket on the front lip of the screen covers to prevent leakage of water out the front. JWC prefers to address everything on the punch list first, before installing gaskets. Decided we would have gaskets on hand when field personnel come out so that a second trip is not required.

5. Blocked Nozzle

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A. It is possible that the Melrose screens have a blocked nozzle. If a nozzle is blocked, there will be a vertical strip on the screen that is not being cleaned. The easiest way to clean a nozzle is by removing the spray bar completely from the screen. It is typical to have construction debris in the line that block the nozzles if the water lines weren't purged prior to bringing the spray system online. JWC will check during their site visit.

Site visit timing

- JWC prefers to do one site visit once all the material and equipment is on site. This would occur approximately 1 week after the compactor auger ships, so a visit will be around the early part of October. The City says it is acceptable to do everything in one trip.

Next Steps

- JWC will monitor the delivery of punch list items and provide weekly update on progress. SEH will evaluate the design for a hot water system for the spray system.

City Administrator Winter stated that Magney Construction has submitted Pay App #28 in the amount of \$94,037 for the work completed through 8/28/2023. Administrator Winter noted that due to the issues with the pavement she is recommending a reduction in payment. Commission Member Seanger stated that since there is a retainer on the project, he is recommending paying the submitted

invoice in full and to consider holding a portion of the retainer should the issue(s) not be resolved.

A motion was made by Mr. Seanger, seconded by Mr. Kraemer and unanimously carried authorizing Pay Voucher #28 be paid in full.

- b. Staff presented two maps that indicate possible locations for additional generation. They are:
- Land O Lakes/Proliant area. Administrator Winter had a brief conversation with Josh Milleson on the potential location of generation.
 - Property immediately adjacent to our substation – have not reached out to this property owner
 - Jennie O downtown site. Jennie O has indicated that they would be willing to sell their property downtown for \$1 and whoever bought it would be responsible for the demolition and clean up.

Looking for feedback on the various sites and if there are others that we should be pursuing. Sheila had a brief conversation with Jim Illies who owns property near our old pole yard.

The Commission by consensus directed staff to continue the search for location and to contact Paul Davis with DGR engineering to determine exactly how much land is required. Staff will also need to look into financing opportunities.

- c. City Administrator Winter stated that staff have been working with Gary Weiers of DDA, and the Electric Supervisor (Electric Operations Director) position has been posted. The deadline for applications is Thursday, October 5.

A.I. #7 NEW BUSINESS

- a. Finance Director Meyer presented the proposed 2024 budget recommendations, the proposed 2024 water, wastewater and electric rates, and the 2024-2028 capital plan. Per review of the budget, as well as the water, wastewater, and electric rate studies performed, it is proposed to have a 1.25 % increase for water rates, a 1% increase for wastewater rates, and remain flat on the electric rates. The Commission next reviewed the Fiver Year Capital Improvement Plan.

The Commission by consensus approved the preliminary budget and Five-Year Capital Improvement Plan.

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) MN GFOA Annual Conference September 26-29. Attending Finance Director Ryan Meyer.
 - 2) Civic Symposium September 9-15. Attending: HR Generalist/Payroll Clerk and Receptionist Building Permit Tech Stephanie Perez.

A.I. #9 ADJOURNMENT

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

PATRICIA HAASE – CITY CLERK