

**MELROSE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MONDAY, FEBRUARY 10, 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, February 10, 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, and Joe Finken, Water/Wastewater Supervisor Jeremy Schrantz, City Administrator Colleen Winter, and Finance Director Jackie Niehaus. City Clerk Patti Haase was absent. Also in attendance was Gene Enneking from Proliant, Susan Danzl and with SEH, and Jeff Bechtold, MRES Consultant. Chair Kraemer called the meeting to order.

A.I. #2 APPROVAL OF AGENDA

A motion was made by Mr. Seanger, seconded by Mr. Finken 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 January 9, 2025, Special Meeting, and the January 13, 2025, Regular Meeting.
- b. List of bills in the amount of \$941,708.63
- c. Investments Report for the month of January

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

A.I. #4 REPORTS

- a. City Administrator Winter reported that the 2024 Year in Review will be presented at the February 20 Regular Council meeting. Ms. Winter stated that the Commission had been sent correspondence from the MPCA. One is the Compliance Evaluation, and the other is the Notice and Corrective Action Plan that will need to be submitted to the MPCA on or before March 6th. Staff will present the plan at the March meeting.
- b. Finance Director Jackie Niehaus presented the quarterly report:

Water Fund

Significant Revenue Variances:

- Water sales between the revenue classes range from 40-53% of the annual budget. Water Connection fees were 320% over budget at year end.
- Interest income was strong in 2024, exceeding the budgeted amount for the year by 400%. 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.

Significant Expense Variances:

- Maintenance expenses primarily relating to the wells and distribution systems are low as of Dec 31st.
- 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 4th quarter for investment earnings and has exceeded the annual budget for 2024 by nearly 275%.

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 fourth quarter, with results exceeding the annual budgeted amounts.
- 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.

- c. Jeff Bechtold with MRES provided an update for the Electric Department. Mr. Bechtold has done a quick assessment on the electric system and overall the system is in really good shape. Maintenance of the switchgear at the substation needs to be addressed every five years. This is being addressed by DGR. Staff needs to be trained on generation. Staff has identified some issues that will need to be addressed, including labelling equipment throughout the city. Mr. Bechtold also discussed the cost feasibility of replacing rural areas with underground. By consensus it was agreed to replace poles rather than undergrounding in rural areas.
- d. Water/Wastewater Supervisor Jeremy Schrantz provided the following update.

Water Department: Thein Well has well No. 8 back online and is running strong.

Wastewater Department: JWC was onsite to install the warranty auger sections and things did not go smoothly. They could not get the gear box removed from the shaft of the auger, so they ended up removing the shaft from the auger itself. The tech that was onsite claimed the gear box was ruined so now they had to order a new gearbox that will be at the cost of JWC. So they couldn't finish the north side because we didn't want them to touch that side without having another gear box onsite. The new gear box showed up today and the techs are scheduled to be onsite this Wednesday.

The new final clarifier started shearing pins last Thursday on the driveshaft that's connected to the gear box. This issue has happened right after initial startup of this unit. Envirodyne is in the process of fabricating a new input shaft for it. Unsure of the lead time on it.

Water/Wastewater Supervisor Schrantz completed 6 annual reports this last month. Staff have been busy working on Pm's and whatever issues that seem to keep

happening.

Water/Wastewater Operator Evan Gregory tested for his Class B wastewater exam last week.

A.I. #5 NEW BUSINESS

- a. Gene Enneking from Proliant was in attendance to discuss the shared sewer line that is owned by Land O Lakes. In 2022 Land O' Lakes surveyed and commissioned a study of the private sewer line that serves both Land O' Lakes and Proliant. At the time the sewer was televised and cleaned. Historical flow data provided by both Land O Lakes and Proliant was reviewed and compared with the system capacity based on a hydraulic analysis of the system. There were several recommendations made in the report. This is a PRIVATE sewer line and is an issue between the two parties. Mr. Enneking stated that he was under the assumption that at one time the sewer line ran to the north. Mr. Enneking stated that currently it runs to the west and he is asking if it could be re-routed to the north to hit a larger line and tie in with Jennie-O. Water/Wastewater Supervisor stated that the line cannot be re-routed to the north. Also since this is a private line this will need to be addressed by Land O'Lakes and Proliant.
- b. Walter Bauer of Bauer Energy Design, Inc. gave a presentation to SEH, Water/Wastewater staff and City Administrator Winter about a technology that could have positive impacts on the screens in the pretreatment building. Detroit Lakes uses this technology and is very happy with the results. Bauer is offering to put one of their systems in our facility at a cost of \$9,000. If it is effective, then we would have to pay the remaining balance which would be between \$20,000 – \$30,000. Mr. Bauer guarantees the product. Commission Member Kraemer asked what is the term of the guarantee. Ms. Danzl believes the success of the product needs to be defined. Staff to define the success of the product and present it to Mr. Bauer. The Commission is requesting that a formal quote be provided with definitions of the warranty and guarantee of the product. This will be brought back to the Commission at its next meeting.

A.I. #6 ACTION ITEMS

- a. The Commission reviewed the two different agreements that comprise the contract with MRES. Jeff Bechtold has already made one visit to Melrose and was in attendance at the PUC meeting. The contract was reviewed by Scott Dymoke, Revermann Law office, City Attorney and received comments back from MRES.

A motion was made by Mr. Finken, seconded by Mr. Seanger and unanimously carried approving the MRES Distribution System Service Agreement and the Facility Assessment and Supervising Assistance Agreement.

- b. City Administrator Winter stated that a Supplemental Letter of Agreement for Well No. 7/10 will be forthcoming on the March Agenda.
- c. Supplemental Letter Agreement from SEH for the Blower Building Rehab.
 1. **They have included the EQ overflow within this scope.**
 2. The Supplemental agreement does not include the replacement of any of the existing PD blowers. Two of which are original to the building from the 1960's. They currently run wide open as they are too old for controls. We do have one relatively new PD blower and then there will be another one in place of the Turblex

blower. We still would like the Commission to consider another PD blower for redundancy and future.

3. **SEH has also included the WW#1 pump replacement within this scope.** This pump is needed as part of the Pretreatment Bypass. But it is not going to be as straightforward as telling Magney to just replace a pump. The piping will need to be reconfigured to accommodate a pump similar to the newer WW#1 pump. Given the similarities with the Blower scope of work, both from a design and construction point of view, it will be more efficient to replace the WW#1 pump with the blower building improvements.
4. **This scope includes design meetings with the City.** CA is recommending that a member of the PUC be part of the design meetings – at least the first couple.
5. **SEH has excluded a preliminary evaluation of thickening technologies,** while not in the budget, an evaluation of technologies is a prudent next step so that you can make informed decisions about the best thickening option for the future. We know that the DAF will need to be replaced in the near future and rather than waiting until after the budget is approved to begin the process, this process should begin now so that we can get this addressed as part of the budgeting process for 2026 and later.

Susan Danzl with SEH reviewed the scope of the project. Ms. Danzl requested that a member of the Commission be included in the design discussion. Jeremy Kraemer will be the Commission representative. The Commission discussed the Supplemental Letter Agreement and determined scope of project: The Commission by consensus tabled action on the agreement requesting stronger language regarding design, and engineering and contractor responsibilities on error and omission.

- d. After updating rates in the Utility Billing system, it was discovered that the commodity charge for wastewater services is off by a decimal point on the approved 2025 rate schedule.

A motion was made by Mr. Finken, seconded by Mr. Kraemer and unanimously carried approving an amendment to the 2025 rate schedule, changing the published commodity charge rate for wastewater from \$0.000223/gallon to \$0.0023/gallon.

- e. The city did an audit on all the wastewater fee charges after updating to the 2025 fee schedule and discovered two billing errors.
 - 1) An agreement was entered into between the City of Melrose and the property owners of 32892 County Road 168 in 2015 in which the city would provide wastewater services. The wastewater fee was to be determined by the average of the actual water usage for the months of January, February and March. This average has not been adjusted since 2022 resulting in the customer being underbilled by a total of \$214.14. Section 2.8: *Billing Errors* in the Utilities department policy states “When a customer has been overcharged/undercharged, the difference shall be calculated between the amount collected for service rendered and the amount that should have been collected for service rendered, plus interest of the City’s current money saving market account rate, for the period beginning (3) years of the date of the discovery. No interest shall be accrued for under billing

A motion was made by Mr. Seanger, seconded by Mr. Finken and unanimously carried not to bill the customer for back charges.

- 2) Catholic Charities had three of its apartment units being charged sewer connection fees that were already being billed to the main account. The duplicate charges of these fees total in an overbilling in the amount of \$2,959.78. Section 2.8: *Billing Errors* in the Utilities department policy states "When a customer has been overcharged/undercharged, the difference shall be calculated between the amount collected for service rendered and the amount that should have been collected for service rendered, plus interest of the City's current money saving market account rate, for the period beginning (3) years of the date of the discovery. No interest shall be accrued for under billing.

A motion was made by Mr. Seanger, seconded by Mr. Finken and unanimously carried to refund the customer for the over charge.

A.I. #7 OLD BUSINESS

a. Water/Wastewater Treatment Facility Update from SEH

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. - No work is to be performed on the north auger at this time because it must remain functional for the City's operations.	- JWC replacement gear boxes have been ordered and are awaiting shipment to site. Expected week of February 10, 2025. JWC to provide guaranteed delivery date once received from manufacturer. It has been rushed. - JWC replacement of north auger shaft. - City review of PTB drain and influent overflow bypass design. Upon approval, it will be sent to Magney for pricing.
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	Magney to grout effluent launder this spring.
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)		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

STATUS OF CONSTRUCTION: IN PROGRESS – PUNCH LIST.**WORK CHANGE DIRECTIVES & CHANGE ORDERS:**

NO OUSTANDING WORK CHANGE DIRECTIVES OR CHANGE ORDERS.

OUTSTANDING ITEMS:

Issue	Update Since Last Meeting	Next Steps
Electrical Moisture	Magney replaced the switch.	None. Complete.
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. City staff were going to try adding spray water to the roof vent to see if that helped. If so, then a permanent solution could be added. Walter Bauer from Bauer Energy Design Inc. is meeting with the City 2/4/2025 to discuss their water conditioning product.
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. - No work is to be performed on the north auger at this time because it must remain functional for the City's operations.	- JWC replacement gear boxes have been ordered and are awaiting shipment to site. Expected week of February 10, 2025. JWC to provide guaranteed delivery date once received from manufacturer. It has been rushed. - JWC replacement of north auger shaft.
Screw Pump Oil Moisture		Continued observation
Screen Drain and Pretreatment Building Bypass	At 11/11/24 PUC decided to move forward with option 4, requesting a price from Magney. City to review RFP documents (Civil and Mechanical sheets).	Magney to price RFP
Clarifier Effluent Trough	Discussed with Magney on 11/27/24.	Magney had Pete onsite to assess removing the existing coating and reported that it came off easily in the test section. Magney will provide a price for the additional grout. Work will be completed in warmer weather.
Paving/drainage	Magney submitted a potential correction for site drainage. SEH has requested their survey file.	City/SEH responded to Magney's plan stating 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.

The Commission determined by consensus that the driveway is to be done as per original design.

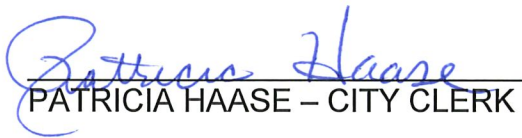
A.I. #8 INFORMATIONAL ITEMS

The following informational items were then reviewed:

- a. The following is a list of schools and/or conferences where registrations were made:
 - 1) MRWA Annual Water and Wastewater Tech Conference March 4 -6 Attending: Water/wastewater Supervisor Jeremy Schrantz and Water/Wastewater Operator Andy Klaphake
 - 2) Type IV Basic Land Application April 15-17 Attending Water/Wastewater Operator Andy Klaphake

A.I. #9 ADJOURNMENT

A motion was made by Mr. Seanger, seconded by Mr. Finken and unanimously carried that the meeting be adjourned at 5:35 p.m.


PATRICIA HAASE – CITY CLERK