

**MELROSE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MONDAY, DECEMBER 9, 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, December 9, 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, City Administrator Colleen Winter, Finance Director Jackie Niehaus, Community Development Director Sheila Hellermann, Payroll Clerk/HR Generalist Doris Rieland, 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 submitted.

A.I. #3 CONSENT AGENDA

3. Approval of the following:
 - a) The minutes from the Commission's November 12, 2024, Regular Meeting/
 - b) List of bills. in the amount of \$872,411.27.
 - c) Investments Report for the month of November.
 - d) Water/Wastewater Operator, Evan Gregory will complete 4 years of service with the city on January 1, 2025. Water/Wastewater Supervisor Jeremy Schrantz has conducted Mr. Gregory's review, and it is favorable; therefore, recommends he receive a step increase from Step 3 to Step 4 on the wage scale.

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

A.I. #4 PRESENTATION

- 4a. Terry Wolf, Vice President Power Supply and Operations was available through TEAMS to discuss with the Commission the services that MRES could potentially offer to address the workforce issues that we currently have in our Electric Department.

The Commission was presented the breakdown of the MRES costs based on a 5% increase for 2025. This is an estimate only.

1. Mentoring Services – 1/day/mo – I would expect this to be approximately \$2000. This would include a senior journey lineworker visiting the community for about 6-8hrs / day. This includes expenses, mileage, meals, hrs for driving, other expenses. If you wanted someone for 2 days, you could essentially double the estimate. Again, this is an estimate based on our 2024 rates; the costs would be based on our actual expenses.
2. Full DM Services – Staff would be employed by MRES, and work as part of the team in Melrose. This includes supervision from MRES, training done by

either MRES directly or in cooperation with Melrose's MMUA relationship, again at the expense of Melrose. These are estimates for the services and will be done on a cost basis. The estimates are based off of a 401k program offered by MRES, a health insurance program that requires cost sharing for employees with family, and other industry comparable benefits. These are estimated based on 2024 rates. These estimates include on-call expenses from the crew. MRES's supervisor would visit the crew roughly 2-3/mo. The crew leader would be the everyday contact for coordination with city staff.

- a. 4 Total lineworkers (3 Journey and 1 crew leader, with supervision from MRES) - \$740k/yr – **777,000**
- b. 5 total lineworkers (1 apprentice, 3 journey, and 1 crew leader, again with supervision from MRES) - \$8400/yr – **882,000**.

The Commission received the information from Mr. Wolf. The Commission will review the information independently at a later date.

A.I. #5 REPORTS

- a. City Administrator Colleen Winter provided the following update

We are currently hiring for the following positions:
Police Officer –
Electric Line Supervisor/Lead position

Land O Lakes Discussion – City Administrator Winter has had a meeting with Land O Lakes who is potentially interested in putting in a solar array on their property. It would be 2.5 – 3 mg load. We will be meeting with representatives from MRES early next year to discuss this in more detail.

- b. City Administrator Winter provided an update on the Electric Department projects.
- c. Water/Wastewater Supervisor Jeremy Schrantz provided an update. In the water department staff had three water meter change out. There is a booster pump issue on Well #8 and #9. Wells #4 and 5 had a PLC. Staff from Total Controls were out to fix it. For the Wastewater Department staff continues to struggle with the DAF. Both Hellbender pumps have issues again. The seat is out on one pump and the motor has issues on the other. Staff removed the pump that wasn't leaking and installed it on the good motor. Lewis motor will be out to determine if the motor is rebuildable. These pumps were rebuilt, and motors were new in April. Water/wastewater Supervisor Jerney Schrantz submitted the Biosolids Annual Report to the MPCA.
- d. Community Development Director Sheila Hellermann provided the following update. The closing with Roach Development occurred on December 2, 2024, so they now own the 25 lots in Railroad West. We will continue to work with them as we move to a construction start in 2026 for their 34-unit townhome project. Both new plats are recorded for the Highlands area, and lots are being marketed and sold by the developers. Construction work continues around the city at Stearns Electric, Carstens Industries, Blue Door Storage, and MKI Enterprises. Staff attended a meeting at Melrose Area Public Schools on the parking lot project. We discussed with them the infrastructure we have in place along 5th Avenue in the northwest area of their property. We also discussed our concerns about a buffer for

the residential area, and the need for ponding with the increase in impervious surface. More to come on that.

Xcel Energy will be working in parts of the city, near the southern edges, on the Big Oaks transmission project. This is for the line from Alexandria to Becker. It is a new circuit on existing transmission line structures set for next spring.

The final certificate of occupancy was issued for Wobegon Crossings. This project is almost complete and should be coming to you at the January council meeting to wrap up the final paperwork.

We are nearing the end of 2024 we have reached almost \$30 million in building permits for 2024, and a three-year total of over \$75 million. The city has not seen this level of projects consistent in back-to-back-to-back years. I like to focus on this number because it represents private investment in the city on the part of residents and businesses. This is their money they are spending because they want to expand their business or improve their homes. When combined with the major public infrastructure investments that the city and public utility commission have been making, it is pretty impressive.

A.I. #6 OLD BUSINESS

- a. The Commission conducted a final review of the 2025 Budget, Five Year Capital Improvement Plan, and proposed rates for the Water, Wastewater, and Electric Funds for 2025.

A motion was made by Mr. Finken seconded by Mr. Kraemer and unanimously carried adopting the 2025 Budget, and Five-Year Capital Improvement Plan

A motion was then made by Mr. Kraemer, seconded by Mr. Finken and unanimously carried approving the 2025 Rate Schedule which includes establishing a wastewater sewer base rate for multi-family units by applying a 75% factor to the base sewer connection charges for each account. A 75% factor means that multi-family accounts pay 75% of the base connection fee of the ordinary rate for a residential customer.

- b. Water/Wastewater Treatment Facility Update from SEH. Susan Danzl with SHE provided an update.

Structure	Status of Construction	Upcoming Construction
Preliminary Treatment Building (02)	☐	• South screw pump and north pump desiccant on gear box starting to turn pink, indicating moisture. Continued discussion with manufacturer. • JWC screw conveyors are expected to ship before the end of the year. • Magney to replace garage door pushbutton.
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 in 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.	

OUTSTANDING ITEMS:

Issue	Update Since Last Meeting	Next Steps
Electrical Moisture	Added to punchlist.	Magney to replace switch.

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: 1) Route the vent inside the building to the floor drain 2) Increase pipe vent size to allow air to pass around the foam 3) Spray foam down with water added to the vent Foam/scum source control Jennie-O is adding more foamer	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.

Screenings Conveyor	Follow up call with JWC on 11/27/24. JWC to provide detailed schedule update by 12/7/24. JWC anticipates shipping new screw conveyors by the end of the year.	Expected ship date is end of December.
Screw Pump Oil Moisture		Continued observation; expecting it to get worse in the winter.
Screen Drain and Pretreatment Building Bypass	At 11/11/24 PUC decided to move forward with option 4, requesting a price from Magney.	SEH preparing RFP documents for Magney to price.
Clarifier Effluent Trough	Discussed with Magney on 11/27/24.	Magney will have someone onsite to assess removing the existing coating. Magney will provide a price for the additional grout.

Paving/drainage	Magney submitted a potential correction for site drainage. SEH has requested their survey file.	City/SEH to respond to Magney's plan. This overlaps with the planned 15" drain work. Magney should not roll the cost for this fix into the 15" drain/overflow pricing.
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A.I. #7 ACTION ITEMS

- a. Patrick Lomax is an AFSME wage employee for the City of Melrose. Patrick Lomax has acquired some of the Electric Supervisor duties since a retirement within the department. According to AFSCME Union Contract dated January 1, 2022 – December 31, 2024, Article 16.2, the Fair Labor Standards Act (FLSA) and the City of Melrose past practices, The circumstances are as follows:
- Unforeseen staffing shortages in the Electric Department.
 - Difficulty with recruiting for an Electric Supervisor.
 - Patrick Lomax has taken on a significant number of duties outside of his job description.
 - Need to continue to provide the same level of service. Due to the nature of the Electric Department, it was necessary to have a leader for this department.

A motion was made by Mr. Finken seconded by Mr. Kraemer and unanimously carried approving the MOU between Mr. Lomax and the PUC as presented.

- b. The Electric Supervisor position has been discussed several times. Staff provided the latest job description along with the last proposed salary for the position. Staff have not advertised for the position because we need to make sure that the PUC is OK with the salary. It is below the current market and below what we have advertised in the past.

The Commission by consensus directed staff to Advertise for the Electric Line Supervisor position at a level that has previously been discussed, which is \$4 and hour more than the electric journey lineworker wage, however the position would have 2 steps rather than the 4 steps.

- c. On Monday, December 2, 2024, City Administrator Winter met in the offices of Rinke Noonan in St Cloud with Jim Thomsen (Kennedy Graven, LMC attorney), Bob Bernier (Claims Adjuster with LMC Ins. Trust) and David Meyers, Attorney with Rinke Noonan (Mediator). The purpose of the meeting was to settle or attempt to settle all claims related to Court File No. 73-CV-23-7528. Melrose Community LLC was claiming the City/PUC charged unlawful rates related to wastewater (sewer base charges). We spent 9 hours in negotiations, and it is recommended that the PUC accept the Settlement statement as presented, under the advice of the attorney.

Meetings between the governing body and its attorney to discuss active, threatened, or pending litigation may be closed when the balancing of the purposes served by the attorney-client privilege against those served by the open meeting law dictates the need for absolute confidentiality. The need for absolute confidentiality should relate to litigation strategy and will usually arise only after a substantive decision on the underlying matter has been made. This privilege may not be abused to suppress public observations of the decision-making process and does not include situations where the council will be receiving general legal opinions and advice on the strengths and weaknesses of a proposed action that may give rise to future litigation. Minn. Stat. § 13D.01, subd. 3. The following procedure must be used to close a meeting under this exception: Before closing the meeting, the council must state on the record

the specific grounds permitting the meeting to be closed and describe the subject to be discussed. • The council should also describe how a balancing of the purposes of the attorney-client privilege against the purposes of the open meeting law demonstrates the need for absolute confidentiality. • The council must actually communicate with its attorney at the meeting

Mr. Kraemer moved to go into a closed session pursuant to Minnesota Statutes, Section 13D.05, Subdivision 3(b) to discuss matters protected by the attorney-client privilege relating to the pending lawsuit between the Commission and Melrose Community, LLC. The motion was seconded by Mr. Finken with a roll call vote recorded as follows:

FOR: Commission Member: Kraemer, Finken, and Chair Seanger
AGAINST: None

In attendance were Commission Members Eric Seanger, Jeremy Kraemer, and Joe Finken, City Administrator Colleen Winter, Attorney James Thomson with Kennedy-Graven, Finance Director Jackie Niehaus, Payroll Clerk/HR Generalist Doris Rieland, and City Clerk Patti Haase.

Attorney Thomson provided a summary of the mediation meeting which took place on Monday, December 2, 2024. Mr. Thomson reviewed the Settlement Agreement

A motion was then made by Mr. Finken, seconded by Mr. Kraemer and unanimously carried to open the meeting.

A motion was made by Mr. Kraemer, seconded by Mr. Finken and unanimously carried to approve the Settlement Agreement with Melrose Community LLC as presented.

For the record the Commission wants the opportunity in the future that should issues continue with Melrose Community LLC, that the Commission look at having the mobile home park install its own water supply.

A.I. #8 NEW BUSINESS

a. AFSCME Negotiations

According to State Statutes, there are certain exceptions to the Open Meeting Law, which allow councils to close meetings.

Labor negotiations under PELRA Minn. Stat. § 13D.03. A meeting to consider strategies for labor negotiations, including negotiation strategies or development or discussion of labor-negotiation proposals, may be closed. However, the actual negotiations must be done at an open meeting if a quorum of the council is present.

The following procedure must be used to close a meeting under this exception:

- The council must decide to close the meeting by a majority vote at a public meeting and must announce the time and place of the closed meeting.
- Before closing the meeting, the council must state on the record the specific grounds permitting the meeting to be closed and describe the subject to be discussed.
- A written record of all people present at the closed meeting must be available to the public after the closed meeting.

- The meeting must be recorded.
- The recording must be kept for two years after the contract is signed.
- The recording becomes public after all labor agreements are signed by the city council for the current budget period.

If an action claiming that other public business was transacted at the closed meeting is brought during the time the tape is not public, the court will review the recording privately. If the court finds no violation of the open meeting law the action will be dismissed, and the recording will be preserved in court records until it becomes available to the public. If the court determines there may have been a violation, the entire recording may be introduced at the trial. However, the court may issue appropriate protective orders requested by either party.

A motion was made by Mr. Kraemer, seconded by Mr. Finken and unanimously carried to close the meeting.

In attendance were Commission Members Eric Seanger, Jeremy Kraemer, and Joe Finken, City Administrator Colleen Winter, Finance Director Jackie Niehaus, and Payroll Clerk/HR Generalist Doris Rieland.

The Commission discussed the ongoing AFSCME labor negotiations.

A motion was then made by Mr. Finken, seconded by Mr. Kraemer and unanimously carried to open the meeting.

The Commission by consensus took no action and will go into mediation with AFSCME.

A.I. #9 INFORMATIONAL ITEMS

None

A.I. #10 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