

**MELROSE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MONDAY, JUNE 10, 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, June 10, 2024, at 4:45 p.m. at the Melrose Water/Wastewater Treatment Plant located at 116 8th Avenue NE, Melrose MN pursuant to due notice being given thereof. Present were Commission Members, Eric Seanger, and Joe Finken, Water/Wastewater Supervisor Tim Vogel, Interim Water/Wastewater Supervisor Jeremy Schrantz, Journey Lineworker Steve Scholz, City Administrator Colleen Winter, Finance Director Ryan Meyer, Community Development Director Sheila Hellermann, and City Clerk Patti Haase. Commission Member Jeremy Kraemer was absent. Chair Seanger 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 May 13 Regular Meeting
- b. List of bills in the amount of \$793,270.14
- c. Investments Report for the month of May
- d. Molitor Excavating has submitted Pay App #6/Final and Change Order 2 for the 2023 Street & Utility Improvements in the amount of \$18,595.27. Of this amount \$6,036.58 is utility and \$12,558.69 is the general fund portion of the project. This payment is the final payment on the project. SEH has reviewed and is recommending payment in the amount of \$18,595.27. Also attached is Change Order #2. This change order is a compensating change order adjusting the bidding quantities to the as built quantities.
- e. C & L Excavating has submitted Pay App #2 for the 2023 Railroad Avenue NW Street and Utility Improvements in the \$152,380.95. Of this amount, \$3,772.55 is utility and \$148,608.41 is the general fund portion of the invoice. SEH has reviewed the payment request and is recommending payment as outlined in the invoice.
- f. Molitor Excavating has submitted Pay App# 1 for the 2024 Main Street Improvements for work completed through 5/31/2024. The pay application is in the amount \$485,647.69. Of this amount, \$322,058.85 is utility, and \$163,588.74 is the general fund portion. SEH has reviewed the payment request and is recommending payment as outlined in the invoice.
- g. Finance Director, Ryan Meyer will complete one and half years of service with the City on July 3, 2024. City Administrator Colleen Winter has conducted Mr. Meyers's review, and it is favorable; therefore, recommends he receive a step increase from Step 3 to Step 4 on the wage schedule.

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

A.I. #4 REPORTS

- a. Journey Lineworker Steve Scholz provided an update. The Electric Department has been working on installing 9 more streetlights along Railroad Avenue. They have been working with Molitor Excavating with digging and locating around some of the main feeders coming out of the powerplant and switching some feeders around as necessary. Staff has moved a transformer for Harlen Hector's storage sheds. LMCIT/MMUA conducted the Generation Audit. Anderson Underground was here doing underground boring for some of the projects. Urge tests will be conducted by MRES on the powerplant on July 16.
- b. Water/Wastewater Supervisor Jeremy Schrantz provided an update. Staff continues to work on issues at the water/wastewater treatment plant. They have also been working with Molitor Excavating with water mains on the Main Street project.
- c. Community Development Director Sheila Hellermann reported on the following:

The Planning & Zoning Commission at its meeting will also be looking at the preliminary and final plat for the Melrose I-94 Industrial Park Second Addition. The City Council will hold a special meeting on June 26th at 7 a.m. to act on the recommendation of the Commission and hold a public hearing on the vacation of the streets and easements in this area. We are hoping to have mylars early in July, at which time a closing with Carstens Industries will take place. We are starting to review the Carstens Industries building and site plans.

Congratulations to the Melrose Area Arts Council. Together with the Melrose Area Historical Society and city staff, a grant was approved for a historical marker honoring Edwin Clark. This is a Minnesota Historical & Cultural Heritage Grant awarded by the Minnesota Historical Society. It will be located near the Edwin Clark bridge.

Thank you to the Melrose Lions and our streets/parks department for all their work on the new playground near the campground. It is a really nice addition. The sidewalk on County Road 168 looks great. The kayak launch was installed, and new trees have been planted throughout the city also by the streets/parks department. The Park Board continues to discuss what is next – what we need and where - to keep improving the parks and trails in the city.

Riverside Flats had a busy open house Sunday, June 9th. Wobegon Crossings is seeing strong interest and they are happy to have the paving on Railroad nearly complete so their marketing efforts can increase now with travel to the building being easier and clearer. Also we want to thank Melrose Township for working closely with us on the challenges that come with construction – especially on the west end of Railroad Ave and the Sauk River Bypass.

- d. City Administrator Winter provided an update. Workforce hiring is the top priority at this time. We are currently advertising for the Police department and a vacancy exists in our Street Department for a part-time position. Staff had our initial Budget retreat on June 11th. Public Works, City Administrator Winter, Finance Director Meyer, Community Development Director Hellermann and Dave Blommel met in the morning and Administration staff met in the afternoon. EMS staff will be meeting separately with Winter and Meyer. We

have done these retreats for the last 3 years and they are very effective in getting everyone involved and looking at projects on a city-wide level.

A.I. #5 ACTION ITEMS

- a. 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, 2024 - May 15, 2025. The total quote is \$162,318, up from \$145,366 for the 2023-2024 coverage. The cost for the premium is shared between the General at 37% and Utility Funds at 63%.

The overall premium is up 11.66% from the prior year. According to the League underwriters, this is due to:

- A. Property coverage increased 11.32 due to annual inflation and additional inflation of 25% for the substation locations (#4, #7, #36)
- B. The mobile property premium is up 9.06% as this is tied to the manual premium for property.
- C. Municipal liability premium is up 9.07% due to an increase in expenditures and experience mod
- D. Auto liability is up 19.12% and auto physical damage is up 25.87% due to:
 - a. Additions of property.
 - b. Rate changes that apply to certain types of auto classifications.
- E. Our liability experience mod had an increase of 13.67% from last year.
- F. The auto experience mod stayed the same as 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 \$14,525), 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 \$16,510. In the past, the city has not carried this coverage.

A motion was made by Mr. Finken, seconded by Mr. Seanger and unanimously carried approving the insurance quote of \$162,318 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.

- b. In order to proceed with re-platting the north side of the Melrose I-94 Industrial Park, the existing easements need to be vacated. These are easements for drainage and utilities. The roads are also being vacated, with new alignment in the re-plat. The City owns the property and has entered into a Purchase and Development Agreement with Carstens Industries for a portion of this property. New utility easements will be included in the re-plat. The PID# of the parcels are 66.37010.0280, 66.37010.0281, 66.37010.0282, 66.37010.0283, 66.37010.0286, 66.37010.0287, and 66.37010.0288. The Property is legally described as Lots 1, 2, 3, 4, Block 1; Lot 1, Block 2; Lot 1, Block 3, and Lot 1, Block 4, Melrose I-94 Industrial Park.

A motion was made by Mr. Seanger, seconded by Mr. Finken and unanimously carried recommending the Council to approve the vacation of drainage and utility easements on the north side of the Melrose I-94 Industrial Park which is being replatted.

- c. The roof on the shop and lab building at the WWTF has been in need of replacement for some time. Staff was hoping to replace it in 2025. However, with the recent rains, there has been a significant amount of leaking into the building and upon inspection of the roof it is clear that it needs to be replaced as soon as possible. A copy of the picture is attached for your review. Roof 1 did come out and patch, but that is a very temporary fix.

After further discussion the Commission by consensus determined to table action and directed staff to research the age and conditions of the roofs on the building and **Action:** To approve the hiring of a contractor to replace the Roof on the WWTF shop and lab building. Amount not to exceed \$90,000.

- d. Staff provided a revised job description for the Electric Operations Director position, along with some potential pay scenarios.

The Commission by consensus determined to table until all members are present. It was recommended to schedule a Special Meeting for Tuesday, June 18, 2024 at 6:00 a.m.

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)	Water heater installed for screen cleaning	- Vent pipe - South screw pump and north pump desiccant on gear box starting to turn
Structure	Status of Construction	Upcoming Construction
	1/18/2024: Nord confirmed that the backstop on the south screw pump was installed backwards during Nord's last visit on 1/9/24. - The gear oil was drained, the backstop cover and backstop was removed, gasket sealant cleaned, and a full oil change performed. - Nord performed an assessment of the backstop and a bore scope. There were no signs of corrosion or wear marks. - The same backstop was re-installed. - Nord believes the first backstop failed and allowed water to enter and then the new one was installed backwards. Nord to provide a report. 3/13/24 Lakeside came to site and drained oil and replaced it on the south pump. Sampled oil and mailed to Nord. Installed new moisture-detecting breather on gearbox. 3/21/24 Nord on site. Drained oil on south pump and replaced. Backstop was corroded. Replaced with new backstop. - Lakeside to be on site 4/10 and performed full oil change out of the recommended front port.	pink, indicating moisture. Awaiting response from manufacturer. - Temporary welding of south screening auger crack on shaft and flight completed 6/4/2024 on site. Permanent solution for auger shaft and flight damage under discussion with JWC and Magney. - Water leaking into electrical room when water on floor of upper level. Added to punch list.
	- JWC was on site 2/6 - 2/7, to correct the following: - Install a new spray nozzle for Screen #1	

	– Install and calibrate a new pneumatic solenoid for Screen #6 – Install a new gasket for the union in Screen #4	
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WORK CHANGE DIRECTIVES & CHANGE ORDERS:

	– Perform staff training • JWC was on site 4/2/24, to replace the air cylinder on screen #6	
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	• Punch list -coatings
New Final Clarifier (06)	• Clarifier live as of 2/28/23	• Punch list - coatings
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)	• Sludge tie-in to route sludge to new Structure 12 complete 2/27/23	• No additional Work
Sludge Return Metering Vault (12)	• Structure live as of 2/27/2023	• No additional Work
Yard	• Asphalt corrected.	• No additional Work

NO OUSTANDING WORK CHANGE DIRECTIVES OR CHANGE ORDERS.

OUTSTANDING ITEMS:

Item	Description	Cost Impact	Schedule Impact	Notes
02 PTB Vent	Burping vent solution			City will test defoamant
Closeout paperwork	Coordinate with Magney			In Progress
Punchlist Coatings	05 and 06 Clarifiers have coatings corrections on the punchlist.			City and Magney to discuss.
02 Drain	City requests another floor drain or trench drain option in 02			Consider going into sanitary manhole to the west.

A.I. #7 NEW BUSINESS

None

A.I. #8 INFORMATIONAL ITEMS

The following informational items were then reviewed:

- a. On June 25, 2024, Journey Line Worker, Steve Scholz will complete 40 years of service. He will receive a 40-year recognition award of \$250 as outlined in the City Personnel Policy Employee Recognition Program. Mr. Scholz is to be commended for his 40 years of service

A.I. #9 ADJOURNMENT

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


PATRICIA HAASE – CITY CLERK