

NEW RICHMOND UTILITY COMMISSION MINUTES

October 18, 2016

The regular meeting of the New Richmond Utility Commission was held on October 18, 2016 at 7:30 a.m. at the Wastewater Treatment Plant.

Pat Becker called the meeting to order at 7:30 a.m.

Members Present: Jerry Frey, Bob Mullen, Dan Casey, Gerry Warner, and Pat Becker.

A motion was made by Gerry Warner to approve the agenda, seconded by Dan Casey, and carried.

A motion was made by Bob Mullen to approve the minutes of the September 7, 2016 meeting, approve bills and disbursements, seconded by Jerry Frey, and carried.

Public Comment:

None

Property Tax Equivalent:

Rae Ann Ailts, Finance Director, reviewed Property Tax Equivalent (PTE) calculations and in doing, found certain new residential and industrial development costs borne by the Utility have been excluded from the calculation for monies due to the City for PTE.

In 2010, Resolution #041002, approved the exclusion for certain developments from the PTE for a period of 10 years, at which time the developments would be reviewed and re-evaluated. The purpose of Resolution #041002 was to lessen the tax burden borne by the Utility due to significant infrastructure development, which did not result in immediate building. Under State Statute 66.0811(2), the governing body of the municipality does have the right to approve a lower payment. However, in the past few years a number of developments have experienced growth and in turn the Utility is now generating revenue from the investment. Resolution #041002 can be amended or repealed. This was discussed with the council in the last work session. A review of the previously excluded Developments in consideration for inclusion in the PTE calculation for the 2016 tax year, payable in 2017, would result in an additional \$57K in PTE due to the City from the Utility. After discussion, Rae Ann Ailts recommended repeal of Resolution #041002.

A motion was made by Gerry Warner to repeal Resolution #041002 (Reducing the Tax Equivalent Payable to the City from the New Richmond Electric and Water Utility), seconded by Bob Mullen, and carried.

CIP Lift Station Equipment Replacement:

Jeremiah Wendt discussed lift stations that have been rehabbed (Wood Duck and Mallard), and the desire to get away from continual maintenance issues. The CIP Lift Station, located near the intersection of CTH K, N 4th Street and 185th Avenue, recently experienced a mechanical failure with one of its submersible pumps. Because this lift station is overdue for replacement of the pumps and controls (over 20 years old), several options were evaluated by staff for repairing/replacing the failed pump.

- Cost to repair one pump: \$6,800.00
- Cost to replace one pump: \$9,575.00
- Cost to replace both pumps and controls: \$22,950.00

Discussion took place in regards to the benefits of replacing versus repairing the pumps. New pumps would be more energy efficient, with less clogging than the current single-vane impeller pumps. Replacing the controls would modernize the system, resulting in less maintenance and greater reliability.

Jeremiah Wendt and staff recommend New Richmond Utilities enter into an agreement with Quality Flow Systems, Inc. to replace both pumps and controls at a cost of \$22,950.00, and to allow up to an additional \$3,000 for the installation of the control panel. The cost would be paid from savings. The Fox Run Lift Station upgrade planned for 2017 would be moved out to 2018. Jeremiah explained by entering into a contract now, the City can rent a replacement pump, and have the controls manufactured over the winter at a lower price than getting an emergency replacement.

A motion was made by Bob Mullen to replace both pumps and controls at a cost of \$22,950.00, plus spending up to \$3,000.00 for an electrician to install the control panel, seconded by Dan Casey, and carried.

Department Reports

Bob Meyer, Water Superintendent:

Televising of sewer mains was completed in September. The Park Avenue sewer main will require some repairs. Annual inspections of pumps is complete. The pump at the WWTP will need to be sent in for some repairs. Jetting is in process. Both A-1 Excavating and Deer Park required assistance from the water department. They will be billed accordingly. The new construction inspections continue. Jon Evans began flushing the water mains on October 10, 2016. Currently there are multiple locates to complete. Pat Howell has almost completed the water meter replacements.

Steve Skinner, Lead Wastewater Treatment Plant Operator:

Painting of the clarifiers is complete, and gear drives are back in. An effluent slide gate was installed to replace the one that broke this past spring. The old slide gate broke causing it not to open. The Influent Sampler pump motor assembly failed, and a new one is on order. Steve notified the DNR that grab samples are currently being done, since he is unable to do composite samples at this time. The Huber screen brushes need to be replaced at the main lift station. The screen brushes have a life expectancy of four years, and were last replaced in 2012. The cost to replace the brushes is approximately \$6,000.00. Service work on the Huber is scheduled for October 25, 2016.

Tom Rickard, Electric Superintendent:

North Shore is complete except for street lights. Lights will be the same lighting as on North Starr. New service to Taco Bell, R3 Sons, and Aldi's is complete. There was a planned power outage at St Croix County/old County Market building to replace a primary bushing. There were no issues with this outage. Approximately 90% of the Marshall Road upgrade is complete. The remaining portion will be completed in the spring. Electric disconnects are coming to an end due to the winter moratorium.

Work that needs to be completed before the ground freezes includes the new service to Dairy Queen, and North Shore Drive street lights. The Electric Department is in the process of installing a new transformer for the Ambulance Garage. The need for this arose with the upcoming destruction of the Middle School. Currently the transformer that feeds the Ambulance Garage also feeds the Middle School. Once the installation of the new transformer is complete, the old transformer will be removed. A new street light will be installed on Hagen Avenue. A huge lightning strike blew apart arresters on GG. Staff will be working to get that repaired today.

Jeremiah Wendt, Director of Public Works:

2016 Projects are wrapping up. All underground utility work relating to those projects is complete. Workers removed asbestos pipe in the East and West River Drive projects due to the inability to thaw asbestos pipe. The Council approved the design contract for the North 4th Street project with SEH. More details will be provided as the project progresses.

We had a kickoff meeting with MSA for the Facility Plan and Phosphorous Optimization Process. As a result of this, Steve Skinner will be required to do more testing. The goal is to use a biological treatment process for phosphorous removal versus one of having to add chemicals. Currently, the chemical cost for phosphorus removal is \$60-\$70,000.00 per year.

A question was raised as to the availability of wastewater grants. Jeremiah stated there was none available. When it comes to wastewater facilities, grant funding is very limited. As for energy efficiency, the Waste Water Treatment Plant partners with WPPI and Focus on Energy. Through the HWY 64 Coalition, \$50,000.00 of Minnesota DOT funds will be received, and used for WWTP Facility Planning and Phosphorus Optimization.

Rae Ann Ailts, Finance Director:

2017 Budget – Next Steps

The past month has been busy with meeting with department supervisors and lead's over the last few weeks reviewing in great detail the operational and capital needs of the Utility for FY2017. This week we will conduct our last meeting with Mike and will be distributing a proposed budget in the coming week.

Training & Continuing Education

Mike Darrow and Rae Ann attended the WPPI annual meeting. This was a great opportunity to meet WPPI staff as well as members. As part of the member survey feedback, WPPI will be focusing on improving technology resources for members.

Diane Thielke and Rae Ann attended the MEUW Accounting and Customer Service Seminar in September. While the conference was informative, the feedback was prior year conference's were more informative. MEUW has experienced some turnover. Rae Ann is expecting next year's conference to be back on track when positions are filled.

Delinquent Tax Roll

Assessments in the amount of \$18K were assessed to the Whispering Prairie and Fox Run developments prior to the developments bankruptcy. The amount owed to the Utility from these developments was placed on the tax roll. The County has informed the City that proceeds from the sale of the developments were not sufficient to cover these assessments. Therefore, in 2016 the Utility will need to write the \$18K bad debt off as uncollectable with Whispering Prairie.

Tax Roll

A special thank you to all involved in the collection efforts this past year! Lien processing letters were sent out this past Friday. Each year Utility staff has decreased the amount sent to tax roll through their cooperative team effort, as well as working with our customers to help them establish payment methods. We expect the final tax roll amount to be under \$8K by mid-November when the final lien is placed.

Weston Arndt, WPPI Energy Services Rep:

Website Development

WPPI Energy has been working on updates to the website templates available to members. There are currently three members that are testing the websites and providing feedback. After the test run, the goal is to roll out the new websites to all members in November or December.

Photovoltaic Interconnection Request

Staff received, reviewed, and approved a request from Gregory Van Dyk to install solar electric panels on the roof of his facility at 245 S. Knowles Ave. For small projects like this one, the process has been standardized by the Public Service Commission. We expect the installation to be completed later this fall.

WPPI Energy

Wholesale rates in 2016 have been coming in under budget and have been about 3.5% less than 2015. While 2017 rates are expected to be slightly higher than the actual rates in 2016, they are still less than the budgeted rate for 2016.

Customer work

Recent work has been conducted with the NR Airport, St Luke's, Table 65, and Grace Place. There also have been numerous high bill complaints where I have assisted the front desk staff, predominantly driven by higher than average temperatures in the late summer.

ENERGY STAR® – Change the World

Focus on Energy has partnered with ENERGY STAR® as part of their Change the World campaign. As part of the campaign, they were seeking local home-delivered meals programs to distribute free ENERGY STAR® light bulbs. We are partnering with the St Croix County Aging and Disability Resource Center to provide 4 free LED light bulbs to about 25 recipients. There is no cost to New Richmond Utilities, as we are only asked to promote the campaign on our website, social media, and other media.

Wastewater Treatment Facility – Electric Costs

The aeration blower and diffuser project completed in 2013 has saved roughly \$26,000 per year. A graph showing the cost reduction was presented.

Mike Darrow, Utility Manager:

Mike Darrow extended a thank you to Steve Skinner and Greg Hermansen for hosting the Utility Commission meeting. Tours of the Waste Water Treatment Plant were available after the meeting.

The majority of the past 30 days was spent on the Budget and Strategic Plan. Mike thanked everyone for their time and feedback. Having quarterly financial reports will tie into long-term projections. Areas to review include rate analysis, succession plan for utility commissioners, annexation plans, and renewable impact. There was discussion on investments, and redevelopment of the north side and downtown area. In the next week or so the proposed Budget will be available. It will have additional notes highlighting areas with substantial increases or decreases, and noting reason for the change.

Mike stated the City will be allocating funds into Emergency Management for fiscal year 2017. These funds will be used to purchase a phone system to notify residents of emergency and non-emergency situations. The use of Facebook, Twitter, and the newspaper are currently being utilized. However, the phone can be programmed to target specific neighborhoods, thus notifying residents impacted the most.

The amount of input and involvement from department heads made the Budget process for 2017 very exciting. Expect to see interesting things relative to the Wellness Program, Emergency Management, and health insurance.

The Appreciation Dinner is coming up. An e-mail will be forthcoming to finalize a date.

There is new revenue in our downtown district for enhancements. The City has received great feedback on the signs and benches. Mike has received information on the rail side, in regards to what is needed to develop quiet zones. Still in the process of getting more information and specifics on that as it relates to the City and Utility capital improvements.

There being no further business, a motion was made by Bob Mullen to adjourn, seconded by Gerry Warner, and carried. The meeting adjourned at 8:20 a.m.

Pat Becker, President

Gerry Warner, Secretary