

**Lanesboro Public Utilities
Regular Meeting, City Council Chambers
Tuesday, April 19, 2016 5:30 p.m.**

Commissioners Present: Gerry Evenson, Theresa Coleman, and Char Brown

Absent: None

Staff Present: Jim Peterson, Jerod Wagner, and Michele Peterson

Visitors: Michael Brown, Tim Renken, and Don Bell

Call to Order: Commissioner Evenson called the meeting to order at 5:30 p.m.

- A. **Agenda:** Administrator Peterson asked to remove items A and D under Community Interest. Commissioner Coleman asked to remove both sets of minutes from the consent agenda, as well to add Administration costs to item J – Expense allocation. Commissioner Coleman also questioned the Garbage contract at this time, Administrator Peterson noted that contract will come up in the spring of 2017. Commissioner Coleman moved to adopt the agenda with the changes. Motion was seconded by Commissioner Brown. Motion carried all in favor.
- B. **Consent Agenda:** The accounts payable was the only remaining item in the consent agenda. Commissioner Brown motioned to approve the accounts payable. Commissioner Coleman seconded the motion. The motion carried all in favor.
- C. **Minutes of the Regular Meeting, March 15, 2016:** Commissioner Coleman suggested changes to the minutes under item E: remove unconfirmed statement; change adjective to “fed up”; remove reference to recording; change subjective statements to questions raised. Commissioner Coleman moved to approve the minutes with the suggested changes. Commissioner Evenson seconded the motion. Commissioner Brown stated objection to the changes, also stating that the initial summary to be complete and reflective of the events of the evening. Brown felt that the public had a right to know and understand how commissioners chose to conduct themselves in a public meeting. Motioned carried with commissioners Evenson and Coleman voting yes, and Commissioner Brown voting no.
- D. **Staff Update:** Jerod Wagner advised the commission that regarding the Hwy 250 bridge replacement MnDOT had originally stated the electric lines did not need to be moved, however Minnowa Construction is now requesting the lines be moved. Staff is also looking at a sewer project on Ridgeview lane. There are three homes connected to this line, and there is a history of problems. Jim Peterson also noted that the water testing from the state of Minnesota showed good results. Also stating that when flushing hydrants, it was apparent that the water is much clearer than in past.

Community Interest:

- A. **Phil Bailey – Dry Run Distillery:** Jim Peterson advised that we will need a pretreatment agreement with the Distillery, which would include all byproduct as well cleaning agents.

Peterson asked that we work with Davy Engineering in order to determine the pretreatment agreement. Administrator Peterson will forward Mr. Bailey's information to Davy Engineering.

- B. Midwest Assistance Program – Tim Renken:** Midwest Assistance Program is a non-profit organization that may be able to assist LPU with the Waste water facility plans. Commissioner Coleman asked if we could use a third party to explore the idea of using our current system. Our plant was built in 1939-1940, with upgrades completed in 1996. Further discussion was had regarding permitting, sites, and the concept plan. Commissioner Coleman motioned to approve staff time to work with Midwest Assistance Program to gain the necessary information. Commissioner Evenson seconded the motion. Motion carried all in favor.

Regular Business

A. Their Well:

- a) Change Order #1: After reviewing the advisement from City Attorney Tom Manion, Commissioner Coleman moved to approve the change order. Commissioner Brown seconded the motion. During discussion Commissioner Brown noted concern that the contract was not protective of the rate payers. Jim Peterson noted that the MN Department of Health also played a part in the change order, changing the requirements as progress continued. Administrator Peterson noted that the grant LPU applied for had been approved.

B. Winona Mechanical, Inc:

- a) Change Order #1 - \$57,325.62, Breakdown of labor, equipment, and materials: Commissioner Brown motioned to have City Attorney Tom Manion review the contract and offer an opinion. Commissioner Evenson seconded the motion. Commissioner Coleman questioned payment of Attorney services, Administrator Peterson noted it fell under the payment by the City. Motion carried all in favor.
- b) Change Order #2 - \$2,522.25, Clean-up Breakdown: Commissioner Brown motioned to have City Attorney Tom Manion review the contract and offer an opinion. Commissioner Evenson seconded the motion. Motion carried all in favor.

- C. Nordberg engine discussion:** Jerod Wagner presented the idea of decommissioning the Nordberg engine; staff feels that one engine is sufficient. Commissioner Coleman motioned to remove the oil from the engine and remove the hear sources. Commissioner Brown seconded the motion. Discussion was had regarding the current permit, it was noted that LPU will not be reapplying for the permit, and there should be nothing more to report.

- D. Hydro governor update:** Jerod Wagner relayed that there is an issue with the governor for the Hydro. Due to this fact they are unable to run the hydro. Jim Peterson, Jerod Wagner, and Administrator Peterson had met and reviewed the options. They chose to hire American Governor Company to come in and repair the governor, they will be here next week to begin repair. It was also noted that staff did try to find alternatives, however none were cost effective.

- E. Line Loss Study update:** Administrator Peterson noted that the report had been received; however staff needed further time to evaluate the findings before presenting it to the commission. Discussion will be continued next month.

- F. Rural by Design book donation:** Commissioner Coleman motioned to donate the book previously purchased by the LPU Commission, Rural by design by Randall Arendt to the

Lanesboro Public Library as a circulation copy. Commissioner Brown seconded the motion. Motion carried all in favor.

- G. Metrics:** Commission member Brown requested that as part of the regular meeting packet there also be a financial update. Information will include: revenue, expenses, net operating revenue, and fund balances.
- H. Account Consolidation:** Discussion was had regarding the current accounting funds for LPU. It was noted that some fund accounts are running in the deficit, discussion on how to correct this. It was noted that in past the commission had voted in favor of the electric fund making a loan to the sewer fund to cover any deficit. Commissioner Coleman requested that Administrator Peterson verify the green energy account and provide details, as well look at creating a separate electric revenue account and suggest a transfer. Commissioner Brown motioned to combine the cash accounts 10105 and 10101 respective to each fund. Commissioner Coleman seconded the motion. The transfer will be done via a resolution at next month's meeting. Motion carried all in favor.
- I. Fund rebalancing:** Administrator Peterson will verify with the auditors regarding the vehicle replacement fund. Peterson will also look into creating a separate Capital Improvement account for electric, different that the current green energy funds that are currently credited.
- J. Expense Allocation:** Extensive discussion was had regarding a redistribution of expenses with the Public Utilities. Many concerns were brought forward in favor and against changing the current split of 50% electric, 25% water, and 25% sewer. Concern was also discussed regarding Administrative time, is the current allocation accurate. The commission will continue the discussion after the audit for 2015 is complete; as well Administrator Peterson will look into several concerns and report back to the commission.
- K. Garbage Rate adjustment:** Commissioner Brown noted that an adjustment to garbage rates may be needed due to the increased cost. The commission will further look into the expense allocation for Public Utilities before making a decision on a rate adjustment. Discussion to be continued.
- L. Continued Business:**
 - a) Circle Drive Properties: Attorney Manion was not able to be present, however he had relayed that he was not able to find a recorded easement for the water main on Circle Drive. Commissioner Coleman suggested reviewing the Subdivision plat. Discussion will continue next month.
 - b) Procedures Update: Several questions were brought forward regarding ordinance, as well as state building code. Jerod Wagner gave a brief history on how the policy was created. Commissioner Coleman suggested that Administrator Peterson request a quote to update the policy from American Publishing Company and provide a draft for the commission.
 - c) REU Discussion: Commissioner Brown presented errors on the document. Administrator Peterson will review the document and make any necessary corrections. Discussion was had regarding average annual water use. It was noted that a general rule is 60 gallons of water per person per day. Commissioner Brown questioned a statement in the minutes past regarding whether or not the REU system was mandated. Administrator Peterson will review the information and report back next month.

Next Meeting: Tuesday, May 17th, 2016 at 5:30 p.m.

Adjourn Regular Meeting: Motion was made by Commissioner Brown to adjourn the regular meeting of the PUC at 7:12 p.m. Motion was seconded by Commissioner Evenson. Motion carried all in favor.

Respectfully Submitted,

Michele Peterson
City Administrator