

**Lanesboro Public Utilities
Regular Meeting, City Council Chambers
Tuesday, February 16, 2016 5:30 p.m.**

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

Absent: None

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

Visitors: Robin and Bethany Krom, and Joe Deden

Call to Order: Commissioner Evenson called the meeting to order at 5:30 p.m. At which time Evenson gave introductions for new commission member Char Brown, and new Council liaison Jason Resseman.

- A. **Agenda:** Commissioner Coleman moved to adopt the agenda with the additions of: Electric Rate Study, History of Public Utilities, Christmas bulb replacement for street, and LPU procedures update. Motion was seconded by Commissioner Brown. Motion carried all in favor.
- B. **Consent Agenda:** Commissioner Coleman moved to approve the Consent Agenda as presented. Motion was seconded by Commissioner Brown. Motion carried, with Commissioner Brown abstaining.
 - 1. Minutes of the Regular Meeting, January 19, 2016
 - 2. Accounts Payable

Regular Business

- A. **SMIF Donation:** Administrator Peterson noted the annual request for a donation to the Southern Minnesota Initiative Foundation as well the history of an annual \$250 donation. Commissioner Coleman motioned to approve a \$250 donation to SMIF, Commissioner Evenson seconded the motion. Discussion was then brought forth by Commissioner Brown regarding the criteria that donations were evaluated by. It was noted that there currently is not a set criteria. Brown then provided an example of a criteria list that could be used to base decisions on. Council member Resseman added the idea that perhaps a different department from the City would be better suited to make the donation, perhaps the EDA. Chair Evenson called for a vote, with Coleman voting yes, and Brown and Evenson voting no. Motion does not pass.
- B. **Climate Smart Municipalities:** Bethany Krom provided a background of information regarding this proposal for application. She noted that this would be an excellent opportunity to partner with Eagle Bluff Environmental Learning Center. Commissioner Brown approved the proposal, noting she would help with the drafting of the application, as well she felt this would be an educational tool to also tie into the Concept Plan currently being worked on as well as an information exchange. Staff Jerod Wagner stated his willingness to participate in the program. Joe Deden also spoke regarding his past experience working in Germany, as well that this was an excellent opportunity for Eagle Bluff and the Public Utilities to work together. Commissioner Brown motioned to approve the application be made for participation of Public Utilities as well provide the funding necessary of \$3600 for the three year commitment in the University of Minnesota program "Climate-Smart Municipalities: Modeling Integrated Energy Communities for the 21st Century in Minnesota and Germany." Commissioner Coleman seconded the motion. Motion carried all in favor. Administrator Peterson, Jerod Wagner, Commissioner Brown, Joe Deden, and Bethany Krom will work collectively on the application.
- C. **Change Order #4 – Normans Electric:** Jerod Wagner updated the Commission as to the need for this change order, stating an exhaust fan had brought cold air into the rooms, and ultimately the cold

temperatures caused damage to equipment. The proposed installation of alarms would prevent this from happening again. Commissioner Coleman moved to approve change order #4 for Normans Electric. Commissioner Brown seconded the motion. Motion carried all in favor.

D. Continued Business:

- a) Circle Drive Properties: Administrator Peterson provided the background to these properties regarding the connections to the Public Utilities water infrastructure. It was also noted that Public Utilities had voted to approve \$500 be provided toward the total cost of the project. Property owners had contacted the City Office with concerns. Due to this Peterson would like to invite the property owners to the next Public Utilities meeting to be held March 15, 2016 at 5:30 p.m. Commissioner Brown suggested that City Attorney Tom Manion be present at that meeting as well, in order to help address any concerns. Peterson will coordinate these items.
- b) Sewer Rates: Commissioner Coleman provided background information with relation to the need for an increase. Commissioner Brown requested that Administrator Peterson provide more information, asking that graphs and charts with financial information be provided. She also noted the topic of the Sewer Improvement Fee that is currently charged each month, as well what those funds are paying for. Council Liaison Resseman asked for more of a budget explanation. It was requested that Peterson arrange for Financial Advisor Mike Bubany to attend a meeting of the Council and Public Utilities to provide a Capital Improvement Presentation. Peterson will coordinate with Bubany as well as provide the additional information requested.
- c) Coffee Street Site: Administrator Peterson relayed the action of the City Council to not issue Option to Purchase's for the prospective Coffee Street Sites. It was noted that the Public Utilities as well as City Council should be in agreement as to the proper order of operations. The main question being do we decide on what type of Waste Water Treatment facility would best benefit Lanesboro and then find the land; or do we find the land and build the most appropriate facility for the available space. Concern was also brought forward as to whether soil testing should be done before or after an Option to Purchase be issued. No further discussion; item will be postponed.
- d) Custom Commercial Rebate Request: Commissioner Coleman motioned to approve a custom rebate of \$250 for the LED replacement bulbs for the Snowflakes that the Chamber of Commerce purchased. Commissioner Brown questioned the reasoning behind the amount, to which Coleman noted she had referred to what other Cities had provided in the past. Brown volunteered to conduct further research to find a more accurate way to determine the rebate amount. Item will be brought forward next month. Administrator Peterson will provide Commissioner Brown with copies of the invoice for purchase.

E. Miscellaneous:

- a) Replacement LED bulbs for Holiday Street Decorations: Administrator Peterson conveyed the Street Department is looking to upgrade to LED bulbs in all of the Holiday decorations used downtown. Council Liaison Resseman noted that he could assist with providing wholesale purchase pricing; as well Public Utilities staff also felt they could provide similar pricing. Peterson will further investigate pricing, and bring the item forward again next month.
- b) Rate Study: Commissioner Coleman brought forward several ideas to be considered when looking at conducting an electric rate study.
 - 1) Can the Generation power offset peak usage
 - 2) Is there any other way to try and forecast peak amounts
 - 3) Possibility of lowering per Kw cost and increasing base charge, this would help to more evenly spread out the cost
 - 4) Green Power, Peterson will look into this topic
 - 5) Line Loss reports – Jerod Wagner will provide an analysis

- 6) Possibility of charging a 2% CIP fee
- 7) Vehicle depreciation
- 8) Distribution generation calculation for average retail rate

There was also further discussion with regards to the current electrical system a 2400 Delta, noting that we have had to deal with some low voltage concerns. The idea of upgrading the system to a Y system was brought forward; concerns over total cost to upgrade were also discussed. Jerod Wagner will discuss these items with Tom Nigon while looking at conducting the rate study.

- c) History of Public Utilities: Commissioner Coleman provided the background to the idea, noting there is currently not a complete history on Public Utilities. It could also be used as educational pieces on the history of our infrastructure. As well to provide for a background on the costs associated with the sewer system. There are still pieces of the original system in place, as well as being used. She had received an offer from someone to compile the history estimating 100 hours to complete the project at a cost of \$25 per hour. There were no motions brought forward.
- d) LPU Procedures Update: Administrator Peterson noted the need to update the current document titled "Electric, Water and Sewer Utility Provider Builders, Developers and Extension Costs and Procedures." Providing the example of the cost of asphalt. Commissioner Coleman provided that perhaps instead of a dollar amount, it should be listed as Market Rate. It was then noted that the entire document should be reviewed and updated. Administrator Peterson will provide the document to staff and Commission members. Item tabled until next month.

Next Meeting: Tuesday, March 15, 2016 at 5:30 p.m.

Adjourn Regular Meeting: Motion was made by Commissioner Evenson to adjourn the regular meeting of the PUC at 7:00 p.m. Motion was seconded by Commissioner Brown. Motion carried all in favor.

Respectfully Submitted,

Michele Peterson
City Administrator