

**Lanesboro Public Utilities
Regular Meeting, City Council Chambers
Tuesday, September 20th, 2016 5:30 p.m.**

Commissioners Present: Tom Dybing, Theresa Coleman, and Char Brown

Absent: None

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

Visitors: Michael Brown, Elaine Edwards, Tom Smith, Don Bell, Ralph Kaehler, and Bill Swanson

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

- A. **Agenda:** Addition of Don Bell to Regular Business, as well as moving the EDA discussions to the beginning of Regular Business.
- B. **Consent Agenda:** Commissioner Brown asked to have item 1, Minutes of the Regular Meeting, August 16th, 2016 removed from the consent agenda. Member Brown motioned to approve the remaining consent agenda as submitted. Commissioner Coleman seconded the motion. Motion carried all in favor.
 1. Minutes of the Special Meeting, August 29, 2016
 2. Accounts Payable

Member Brown noted the change needed in the August 16th, 2016 regular meeting minutes of, Regular Business, Item A. The second sentence should read "...to convert the distribution from delta 2.4 kV to 4.2 Wye." Member Dybing motioned to approve the minutes with the suggested change. Member Coleman seconded the motion. Motion carried all in favor.

- C. **Staff Update:** Jim Peterson noted he had received word the DNR will need to remove the Radium from the spring water, and therefore will be building a new facility. Currently there is a single phase service to the site, with the upgraded facility there is a need for 3 phase service. He felt that we would be able to assess a portion of the cost to the customer for the upgrade. Peterson also noted there would most likely be some poles that will need to be replaced. Peterson referred to the map handout, stating that currently there is three phase service to the grain bins. Staff will continue to work to define what will be needed for this project. Jerod Wagner provided an overview of the work needed at the Power Plant for the electric conversion. Member Coleman inquired if the electric upgrade could be complete prior to the needs from the DNR. Staff felt that was possible. Wagner also noted that the hydro unit still remains running due to the amount of rainfall we have had this year. The staff is currently working on having hydrants replaced, power poles replaced, as well as a water main repair. They are hopeful to have all projects complete this fall.

Regular Business

- A. **EDA (Staff Funding and Operating Funding):** Administrator Peterson relayed information regarding the EDA considering hiring CEDA for a 1 day a week position for someone to help with searching out grants and other opportunities for Lanesboro. The estimated cost for this is \$25,000 annually. At this time funding for this project was included in the City budget for 2017.

Council is asking if the LPU would be willing to help fund this idea. Peterson noted that this was just for informational purposes until LPU further defines their budget for 2017.

Elaine Edwards was present on behalf of the EDA to request operational funding for the EDA for 2017. The EDA requested \$2500 from the LPU for 2017. Funds are used to pay for stories being written and placed on social media in an effort to entice businesses and residents to come to Lanesboro. Member Brown motioned to approve funding \$2500 to the EDA for 2017. Member Dybing seconded the motion. Member Coleman provided discussion relating to how the EDA felt these stories would bring people to Lanesboro. Coleman inquired if there was a way to gauge the progress. Edwards was not sure how that could be completed. Member Dybing noted that the EDA could report back on the details and any projects completed, Edwards agreed to that. Motion carried all in favor.

- B. Mutual Aid Agreement:** Administrator Peterson provided an overview of the agreement. Member Coleman motioned to approve the agreement and the resolution. Member Brown seconded the motion. Motion carried all in favor.
- C. 2016 Fee Schedule:** Administrator Peterson provided a fee schedule for 2016, noting additions for solar projects; all other fees remained the same. Member Brown noted that the charge for repairs to streets, burbs, or sidewalks should read \$350.00 in addition to the market rate per square foot. Member Coleman motioned to recommend the ordinance to the City Council with the suggested change. Member Dybing seconded the motion. Motion carried all in favor.
- D. Update on Solar Project:** Administrator Peterson noted that all policies and fees were now in place and the first solar project is ready to make application. Peterson also noted that LPU would be working with Tri-County Electric through this application. Ralph Kaehler with Novel Energy Services was also present and thanked the commission for their work to make this project possible. Kaehler noted the growth rate of this industry, noting it was financially responsible as well as economically responsible. The first project in Lanesboro will be installed at the Lanesboro Sales Commission. Member Coleman inquired if the Sales Barn will use the energy it is generating. Kaehler stated the Sales Barn will generate approximately 20 – 30% of its daily usage.
- E. Wapasha Construction:**
 - 1. Change Order #3 – Lawn Restoration deduction
 - 2. Final Payment Request #13 - \$27,456.97
 - 3. Certificate of Substantial CompletionMember Brown inquired if the Peterson and Wagner felt the requests were acceptable, they felt they were. Member Brown motioned to approve all three requests for Wapasha Construction. Member Coleman seconded the motion. Motion carried all in favor.
- F. Don Bell:** Bell provided a letter to the commission inquiring about the status of the Wastewater Treatment facility. Member Coleman inquired as to why the Council had chosen not to move forward with the option to purchase for the land. Administrator Peterson noted that the Council had questions regarding what was the appropriate course of action, should a plant be decided on first or the land. At the time the Council felt there were too many questions yet to be answered, and therefore did not take action. There was question regarding if it had to do with the concept plan. Peterson stated that the discussion regarding the option to purchase land had happened long before the concept plan project was put into motion. Council Member Resseman also noted the Council's decision was based on waiting to hear what the

requirements from the state will be. Jim Peterson noted that work on our watershed had been completed; therefore we should be able to expect our permit back in a timely manner. Wagner also noted that the state has noted that we are approved to operate past our current permit expiration date; as well once the new permit is issued it will most likely be for 5 years.

- G. REU Expense Distribution:** Administrator Peterson reviewed the calculations in order to determine the amount of funds that should be moved. Peterson offered resolution 2016-4 authorizing transfer of \$144,710 from 310-10101 to 610-10101 to cover operational expenses for 2015. Member Coleman motion to approve resolution 2016-4. Member Brown seconded the motion. Motion carried all in favor.
- H. 2017 Budget Discussion:** Administrator Peterson noted that fund 640, Electric wages needed to be adjusted to reflect the on-call hours as well as regular wages. Member Brown asked that Health, Life, PERA, and FICA be reviewed as well to verify amounts. Brown also questioned Rentals in fund 610. Peterson will review these items and report back. Peterson will also review REU adjustments, as well as input possible figures for the electric conversion project.
- I. Continued Business:**
- a) Electric Conversion Project: Discussion was had regarding the financing of this project. Administrator Peterson will review calculations and make a recommendation. Wagner reminded the commission of the need in the future for new electric meters. Member Coleman motioned to move forward with the electric conversion project. Member Brown seconded the motion. Motion carried all in favor. Wagner will contact Tom Nigon with STAR Energy to start the process. Wagner also reviewed the handouts provided which provide a step-by-step on items that will need to be considered. The suggestion was also made the switch gear would be out of commission for approximately a period of 2 weeks. Staff will work with Dairyland for temporary metering. As well during the process the switch gear would be gone through and updated to verify everything is working properly. Wagner also provided a hand out discussing brown outs. Further discussion was had regarding the dam renovation and the electrical considerations for that project.
 - b) Circle Drive Letter: Administrator Peterson provided a letter to the Circle Drive property owners. It was suggested that in the fourth paragraph: the word staff be deleted, change current to private, and add service line repairs. A sentence "Effective immediately any difficulties with private lines will be at the owners expense. Additionally a completion date of 06/01/2017 is requested. Member Coleman motioned to approve the letter with the suggested changes. Member Brown seconded the motion. Motion carried all in favor.
 - c) CIP Discussion: Administrator Peterson conveyed the message that indeed an agreement could be made between the City and the LPU for a transfer of funds for the road project. Member Coleman also noted that she had reviewed the statute which also stated an agreement could be made. Peterson stated that once the scope of the project has been defined, perhaps there could be a joint meeting of LPU and Council to review the financial agreements.
 - d) SEARCH Grant: Administrator Peterson relayed information from the USDA with relation of the SEARCH Grant. It was noted that the City would not be eligible to apply for the grant again, however could terminate the contract with Davy Engineering and

still have the grant. Member Brown reviewed past information on how the grant and the contract with Davy came to be, noting that there was no public record of the contract being approved. Brown felt it best that the commission terminate the contract with Davy for convenience. Once the permit comes back from the state, then complete a competitive bid for the project for engineering services. Member Brown motioned to terminate the contract with Davy Engineering for convenience. Member Dybing noted that he did not feel he had all of the information necessary to vote on this and asked that we delay the item. Member Coleman noted that she would not second the motion. Member Brown withdrew the motion, and requested that Peterson resend information regarding this agreement. Member Coleman stated that she too would provide background information for the commission to review.

Next Meeting: Tuesday, October 18th, 2016 at 5:30 p.m.

Adjourn Regular Meeting: Motion was made by Commissioner Brown to adjourn the regular meeting of the PUC at 6:43 p.m. Motion was seconded by Commissioner Dybing. Motion carried all in favor.

Respectfully Submitted,

Michele Peterson
City Administrator/Clerk