

## **PUBLIC UTILITIES COMMISSION**

### **REGULAR MEETING**

**July 24, 2019, 1:00 P.M.**

Pursuant to due call and notice thereof, the Regular Meeting of the Public Utilities Commission, City of Princeton, was held in Princeton City Hall, 907 1<sup>st</sup> Street, on July, 2019, at 1:00 P.M.

Present: Chairman Mindi Siercks and Commissioner Dan Erickson.

Absent: None

Also Present: Manager Keith Butcher, Bookkeeper Kathy Ohman, City Councilor Jack Edmonds, Electric Superintendent Jon Brooks, Water Superintendent Scott Daniels and Lead Lineman Jeremy Linden, City Administrator Bob Barbian, Princeton Chamber of Commerce Executive Director Karen Michels, Union Times Reporter Tim Hennagir, PUC Commissioner Candidate Rick Schwartz, and customers Kevin and Andrea Gerrard.

Meeting was called to order by Chairman Siercks at 1:00 P.M.

Chairman Siercks called for additions or deletions to the agenda. Additions: Unfinished Business: A. Work Flow Study; B. Fleet Management Program; and New Business: F. Reserve Policy and Methodology.

Mr. Erickson made a motion to approve the agenda of the July 24, 2019 Regular PUC Commission Meeting. Ms. Siercks seconded. Motion carried unanimously.

Mr. Erickson moved to approve the Minutes for the June 26, 2019 meeting. Ms. Siercks seconded. Motion carried unanimously.

General Manager Keith Butcher stated as an electric utility, the PUC does have requirements that most governmental agencies do not. Being the PUC Commission Meetings are being videotaped and posted publicly, there can be cases that arise that deal with individual customer accounts. One of those items is in regard to customer privacy. Individual names will be refrained from being used when there is a discussion on individual projects or issues. If there is a need to discuss an individual customer's account, the PUC Commission will need to recess into a closed session.

During Public Comment, PUC customer Kevin Gerrard who lives at 411 North Rum River Drive asked if the PUC has a plan in place to repair the water main located near his property if it were to break. It was explained to Mr. Gerrard when there is a water main break, that section will be isolated, make necessary repairs and restore service to the area. Electric and Water Departments are on call at all hours and respond immediately.

Mr. Erickson made a motion to approve the accounts payable listing for the period of June 1, 2019 through June 30, 2019 excluding Minuteman Press. Ms. Siercks seconded. Motion carried unanimously.

General Manager Butcher reported the following:

- A. The SMMPA Board Meeting was held July 10<sup>th</sup> in Fairmont, Minnesota. Manager Keith Butcher was unable to attend this meeting. He has not received a recap of the meeting.

- B. In the Generation Plant, after cleaning and testing the catalysts on the Cat #7 Generator it has been determined they were compromised and do not meet the required performance specifications. After receiving two bids, eight new catalysts have been ordered from Ziegler, Inc. for approximately \$27,000.00. They are continuing to investigate the cause of the contamination.

In the Electric Department, the line crew continues to service the community which includes converting customers from overhead to underground and adding and upgrading services. They continue working on the Rainbow Park Project with an overhead to underground conversions and a voltage upgrade to 7200. Customers in the area were offered reduced rates to bury their secondary services. This area should be completed by the end of August. There was a customer who experience an outage this past month where a cutout had failed. From the time the call was received to fully restoring service was 17 minutes. Another customer experienced a significant outage due to a fault on their side of the meter. The issue had been identified previously and a recommendation had been made to the customer to address the concern. This particular outage caused a transformer to fail. The PUC line crew replaced the transformer and worked until power was restored. There was also a squirrel that caused an outage at the substation. This was repaired and power restored in 15 minutes.

- C. In the Water Department, lead and copper testing was done the week of July 15<sup>th</sup> with 20 residential customers. Water samples have been sent to the MN Department of Health. T-Mobile has completed their work at the Middle Water Tower. All that remains to be done is to restore the landscaping. Quotes have been received from Whitcomb's and West Branch Construction to do the restoration. There is a hydrant located at the intersection of 6<sup>th</sup> Avenue South and 6<sup>th</sup> Street that is leaking. This hydrant which is over 65 years old and will need to be replaced. There is not a shut off valve on this hydrant so approximately 19 customers' water service will need to be interrupted for approximately two hours when replacing the hydrant. Door hangers will be delivered to these customers the day prior. Manager Keith Butcher would like a notice to be posted on Facebook and the PUC website one week prior. There are still approximately 20 hydrants that do not have shut off valves. Budgeted for 2019 was re-painting approximately 100 hydrants. This would leave approximately 10 hydrants left to paint. General Manager Keith Butcher would like the painting completed in 2019.
- D. City Administrator Bob Barbian reported they are working on street overlays now. Jetting of the sewer lines is almost completed. On September 5<sup>th</sup> at the City of Princeton's Study Session, PUC General Manager Keith Butcher and PUC Auditors will be attending to answer questions regarding the 2018 PUC Audit. The Princeton downtown design lines is almost completed with exterior remodel or design. Princeton Chamber of Commerce Executive Director Karen Michels reported there is a Kayak and Canoe Program started and they are having four Saturday events with one being on August 3<sup>rd</sup>. This program is being partnered with Princeton Wine and Spirits. There are events at Riverside Park during the day and evening along with riding canoes or kayaks on the Rum River to the Princeton Golf Course. The selection committee appointed by the Princeton City Council has interviewed four of the five candidates for the PUC Commissioner position. Interviews have gone well and all candidates have been very good.
- E. General Manager Keith Butcher reported all semi-annual air permit reports have been submitted. PUC is placing an ad with the Princeton Booster Club promoting the rebate program. He continues to work on an easement request. SMMPA has signed the release on the easement. The MN Department of Health has a yearly \$6.36 water connection fee each

year. Beginning January 1, 2020, this fee will increase to \$9.72. Customers will be billed for half of the \$6.36 annual water connection fee in July. He met with the PUC insurance agent regarding health insurance rates for 2020. At this time premiums will increase approximately 12%. The current plan is still the lowest of the three insurance carriers. SMMPA has been approached by a company regarding a new notification service. Notifications would go out via text when there are issues such as a power outage, restoration, etc. Mr. Butcher will be looking into this further. Union Times reporter Tim Hennagir has requested a tour of our facilities and to take stock photos. General Manager Keith Butcher and PUC auditors will be having a joint meeting with the Princeton Council to discuss the PUC audit. All PUC Commissioners are welcome to attend this meeting. He will be attending the annual MMUA Summer Conference in Breezy Point, MN from August 19<sup>th</sup> through the 21<sup>st</sup>. He has been working on the 2020 Operating & Maintenance budget. This will be done by Monday and submitted to SMMPA. He has also received a request for service connection for the new Dairy Queen by Coborn's.

PUC Commissioner Dan Erickson would like a work flow study looking into more. General Manager Keith Butcher will look into this further and get quotes on the cost.

PUC Commissioner Dan Erickson would like a fleet management program looked into more as to the cost and feasibility. Mr. Butcher will get more information on the program to see if this is a program that should be implemented at the PUC.

A recap for the Electric and Water Departments as of June 30, 2019 compared with the budget was presented to the PUC Commission. Electric revenue is approximately 4% under total revenue budgeted and total operating expenses are just under budget approximately 5%. Water revenue is approximately 7% under total revenue budgeted and approximately 22% under budget with total operating expenses.

General Manager Keith Butcher presented Policy PUC.1 - Purchasing Policy to the PUC Commission for approval. Contracts over \$175,000.00 will be sealed bids solicited by public notice and subject to particular requirements of the governmental subdivision. Purchases from \$25,000.00 to \$175,000.00 will be either sealed bids or direct negotiations with two quotes whenever possible. Purchases under \$25,000.00 are open market or quotes with at least two contractors. In an effort to support our local community, the PUC will strive to utilize local businesses when feasible on goods and services that are comparable and cost competitive. Mr. Erickson made a motion to approve Policy PUC.1 – Purchasing Policy. Ms. Siercks seconded. Motion carried unanimously.

General Manager Keith Butcher presented Policy PUC.2 – Conflicts of Interest Policy to the PUC Commission for approval. The PUC has an excellent reputation for conducting its business with high levels of integrity and ethical standards. PUC expects all its officials and employees to uphold that reputation in every business or related activity. Contracts with PUC Commissioners and employees is permitted provided the PUC Commission approves the contract by unanimous vote. If the PUC Commissioner is the interested officer, that Commissioner shall abstain from voting on the matter. And the PUC Commission passes a resolution setting out the essential facts such as the item or service to be provided. Examples are provided prohibiting conflicts of interest. The policy also includes a paragraph on enforcement of the policy. After a discussion, one change was to be made in Enforcement paragraph. The sentence currently reads "If the General Manager of PUC determines a conflict exists, it shall be presumed that the continuation of the practice would be injurious to the effectiveness of the official or employee in carrying out his duties and responsibilities." The wording will be changed from his duties to their duties. Commissioner Dan Erickson asked if the City of Princeton has a Conflicts of Interest in place. City Administrator Bob Barbian will look into this and bring copy back to the PUC Commissioners. Mr. Erickson made a motion to approve Policy PUC.2 – Conflicts of Interest Policy with change being made. Ms. Siercks seconded. Motion carried unanimously.

General Manager Keith Butcher presented the updated 2019 PUC Fee Schedule to the PUC Commission for approval. Currently the fee schedule does not include an option for billing office staff time. The addition to the fee schedule would be to add \$50.00 per hour fee for any activities involving office staff. In addition, under state statutes, there is an allowable charge of 25 cents per copy for under 100 total pages (50 cents for double-sided copies) or actual costs for anything over 100 total pages. Mr. Erickson made a motion to approve the 2019 PUC Fee Schedule. Ms. Siercks seconded. Motion carried unanimously.

The MN Department of Health will be increasing their annual \$6.36 fee for service connection fee to be billed for all drinking water service connections to \$9.72 effective January 1, 2020. At this time, customers will be billed \$3.18 for the remainder of 2019 which is one-half of the \$6.36 annual fee. Manager Keith Butcher will look into options for the fee in 2020.

PUC Commissioner Dan Erickson brought the discussion to the PUC Commission of a PUC Reserve Policy. He would like to see a reserve policy along with a methodology policy put into place for a utility of our size. General Manager Keith Butcher will be attending an APPA Conference on finance. He will also speak with the PUC Auditors as to what is the recommended reserve for a public utility. City Administrator Bob Barbian state there is an industry standard that can be followed which is approximately one-half years' operating cost in reserve. Mr. Butcher will look into this further.

General Manager Keith Butcher reported he has been notified of two upcoming retirements in the PUC staff. Electric Superintendent Jon Brooks will be retiring on December 31, 2019 and electric line crew Tom Otto will be retiring in March 2020. He will be speaking to employees internally and will also be looking for an experienced lineman. He is expecting to post the electric superintendent's position in September.

There being no further business, Mr. Erickson made a motion to adjourn the meeting at 2:28 p.m. Ms. Siercks seconded. Motion carried unanimously.



Mindi Siercks  
Chairman



Kathy Ohman  
Secretary