ELK RIVER MUNICIPAL UTILITIES
SPECIAL MEETING OF THE UTILITIES COMMISSION
HELD AT UTILITIES CONFERENCE ROOM

February 11, 2025

Members Present:	Chair John Dietz, Vice Chair Mary Stewart, Commissioners Matt Westgaard, and Nick Zerwas
Remote Members:	Commissioner Paul Bell participated in the meeting via interactive television as he was out of state at the time of the meeting.
Members Absent:	Commissioner Nick Zerwas
ERMU Staff Present:	Mark Hanson, General Manager Sara Youngs, Administrations Director Melissa Karpinski, Finance Manager Tony Mauren, Governance & Communications Manager Tom Geiser, Operations Director Chris Sumstad, Electric Superintendent Mike Tietz, Technical Services Superintendent Megan Zachman, HR Generalist
Others Present:	Jared Shepherd, Attorney; Cal Portner

1.0 GOVERNANCE

1.1 Call Meeting to Order

The regular meeting of the Utilities Commission was called to order at 3:30 p.m. by Chair Dietz.

1.2 Pledge of Allegiance

The Pledge of Allegiance was recited.

1.3 Consider the Agenda

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to approve the February 11, 2025, agenda. Motion carried 4-0.

2.0 CONSENT AGENDA (Approved By One Motion)

Commissioner Stewart recommended a wording change on page 45 of the meeting packet, within the language of item 2.3 Cogeneration and Small Power Production Tariff. She suggested it read “Effective January 2024” rather than “Starting January 2024” as this was the second year of referenced Grid Access Fee. Staff said they would make the change.

Moved by Commissioner Stewart and seconded by Commissioner Westgaard to approve the following Consent Agenda with the recommended changes:

2.1 Check Register – January 2025
2.2 Regular Meeting Minutes – January 14, 2025
2.3 Cogeneration and Small Power Production Tariff – Schedule 1, 2, and 3

Motion carried 4-0.

3.0 <u>OPEN FORUM</u>

No one appeared for open forum.

4.0 <u>POLICY & COMPLIANCE</u>

4.1 **<u>Commission Policy Review – G.3d – Monitoring Performance of the General Manager</u>**

Mr. Mauren presented his policy review noting the Commission would be looking at two policies this month as they both build on the General Manager Evaluation which was to be discussed later in the meeting. Mr. Mauren noted one recommended change where the policy refers to a biannual governance agenda which has since become an annual agenda. There was consensus to make the change. There were no other recommended changes.

Moved by Commissioner Bell and seconded by Commissioner Stewart to adopt updated policy G.3d – Monitoring Performance of the General Manager language. Motion carried 4-0.

4.2 **<u>Commission Policy Review – G.3e – General Manager Performance Planning and Evaluation</u>**

Mr. Mauren then presented the second policy which establishes the means for evaluating the general manager's performance. Mr. Mauren noted one recommended change opting for the term "their" in place of "his/her" to make the language gender neutral. There was consensus to make the change. There were no other recommended changes

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to adopt updated policy G.3e – General Manager Performance Planning and Evaluation language. Motion carried 4-0.

4.3 **<u>General Manager Evaluation Questions Update</u>**

Mr. Mauren presented his memo on updated questions to the general manager evaluation. Mr. Mauren also raised a point brought by Commissioner Stewart that it may help in the simplification of the survey by moving from a 5-point scale (Far Exceeds

Expectations, Exceeds Expectations, Meets Expectations, Improvement Necessary, Unacceptable) to a 3-point scale (Exceeds Expectations, Meets Expectations, Needs Improvement). There was discussion. Ultimately there was consensus to adopt the 3-point scale suggested by Commissioner Stewart. The Commission also stated their intention to continue focusing on providing written comments to add context to the scores.

Moved by Commissioner Stewart and seconded by Commissioner Westgaard to adopt updated general manager evaluation questions and the 3-point scoring scale. Motion carried 4-0.

4.4 **2024 Annual Safety Report**

Mr. Hanson presented his memo with the attached OSHA Form 300A which reported two recordable safety incidents with zero days away from work. Mr. Hanson explained one incident was a slip and fall and the other was a documented case of progressive hearing loss. Mr. Hanson credited managers for making ERMU a safe place to work. There was discussion.

Ms. Zachman explained that in response to the hearing loss case, Minnesota Municipal Utilities Association provided additional hearing protection as well as a device that tracks decibels in the staff work environment to better understand the source of the issue.

5.0 BUSINESS ACTION

5.1 **Financial Report – December 2024**

Ms. Karpinski presented her memo which showed unaudited totals for December 2024, explaining that ERMU had ended the year strong.

Ms. Karpinski noted that while water is not favorable to budget ERMU is due water tower attachment payments of over $300,000.

Chair Dietz noted with footnote 7 on page 69 that the funds to pay for Frontier Energy for their commercial rebate support at $189,139 potentially exceeded what might be required for full time staff to perform the duties. Staff explained that historically it has been a challenge to meet the state mandated energy savings through staff efforts alone and that Frontier has helped ERMU meet that requirement. Staff also explained that meeting state limits reduces ERMU's conservation expenditure requirement which saves the organization money. Ms. Youngs elaborated that Frontier provides technical skills and strengthens relationships with commercial customers in a way that current staffing would not be able to.

There was discussion about the end of year state of the electric budget.

Moved by Commissioner Stewart and seconded by Commissioner Westgaard to receive the December 2024 Financial Report. Motion carried 4-0.

5.2 **2024 Fourth Quarter Delinquent Items**

Ms. Karpinski shared her memo which shows that write offs were close to average in 2024, and credited ERMU's collection specialist with managing delinquent accounts well.

Moved by Commissioner Bell and seconded by Commissioner Westgaard to approve the 2024 fourth quarter delinquent items submitted. Motion carried 4-0.

5.3 **Strategic Plan and 2024 Annual Business Plan Results**

Mr. Hanson presented his memo and asked individual managers to speak to their item listed on the attachment labelled Highlights, Challenges, and Results from the 2024 Strategic Plan Initiatives.

The Commission shared their appreciation for the presentation, stating they felt the summary provided the information they needed to assess the organization's performance in strategic initiatives.

5.4 **Water Service Line Ownership**

Mr. Hanson presented his memo and report on different models of ownership around the state and invited the commission to discuss possible policy changes to ERMU's water service line ownership.

Chair Dietz shared his understanding that there is no requirement that the City's water service line ownership mirror sewer service line ownership. There was discussion.

After being asked, Mr. Hanson estimated there could be one commercial service line failure every 2 to 3 years on average.

Mr. Hanson explained the best practice for utilities who own their water connection is to proactively replace them whenever they are exposed by projects such as road repair. These replacements can cost approximately $3,000 each and in an average year ERMU may encounter 45 exposed connections.

Chair Dietz asked if ERMU's insurance policy could be adjusted to help with repair or replacement costs should the utilities decide to take ownership of the curb stop. Staff said they would look into that possibility.

Mr. Portner informed the Commission that water main is not insured. There was discussion.

Chair Dietz asked if ERMU has previously assessed repair costs to customers. Staff responded that they had.

Mr. Hanson recentered the conversation, asking the group if they are interested in socializing costs and reminding them that this is a presentation of information that does not require immediate action.

There was consensus to delay action on the topic and bring it back for review in 60 days to allow further consideration. Final points include that these are large changes to policy for relatively infrequent events and that ERMU has a Dispute Resolution Committee that allows the organization to be responsive to unique circumstances that may arise.

5.5 Advanced Metering Infrastructure Update

Mr. Tietz presented his memo.

6.0 BUSINESS DISCUSSION

6.1 Staff Updates

Mr. Hanson shared his upcoming schedule.

The Commission was provided physical copies of the 2024 Year in Review with extra copies to be provided to the City Council.

6.2 City Council Update

Chair Dietz provided a city council update.

6.3 Future Planning

Chair Dietz announced the following:

a. Regular Commission Meeting – March 11, 2025
b. 2025 Governance Agenda

6.5 Other Business

Ms. Youngs shared that the annual commission orientation would occur during the March meeting.

7.0 ADJOURN REGULAR MEETING

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to adjourn the regular meeting of the Elk River Municipal Utilities Commission at 5:52 p.m. Motion carried 4-0.

Minutes prepared by Tony Mauren.

John J. Dietz, ERMU Commission Chair

Tina Allard, City Clerk