

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

October 8, 2024

Members Present: Chair John Dietz, Vice Chair Mary Stewart, Commissioners Paul Bell, Matt Westgaard, and 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
Dave Ninow, Water Superintendent
Megan Zachman, Human Resources Generalist
Jenny Foss, Communications & Administrative Coordinator
Parker Theisen, IT/OT Technician

Others Present: Jared Shepherd, Attorney; Cal Portner, City Administrator

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

Chair Dietz requested the addition of 5.4 – Energy City Commission Discussion to the agenda.

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to approve the October 8, 2024, amended agenda. Motion carried 5-0

1.4 Recognition of Employee Longevity – Mitch Girtz, 12 years

Mr. Sumstad presented Mr. Girtz in recognition of his 12 years of service. Mr. Sumstad described Mr. Girtz as someone who takes pride in his work, is very skilled, and takes the time

to learn the organization's operations. He also noted that Mr. Girtz is counted on to be a mentor to the younger staff.

The Commission thanked Mr. Girtz for his service and there was a round of applause.

2.0 CONSENT AGENDA (Approved By One Motion)

Chair Dietz requested clarification on item 2.3, specifically asking if any financial transactions were involved in the property exchange between the City and ERMU. Mr. Shepard clarified that the exchange was purely a transfer of property, with no monetary value associated.

Moved by Commissioner Stewart and seconded by Commissioner Bell to approve the Consent Agenda as follows:

2.1 Check Register – September 2024

2.2 Regular Meeting Minutes – September 10, 2024

2.3 Resolution No. 24-11 - Approving Acquisition of Real Property from the City of Elk River – East Substation

Motion carried 5-0.

3.0 OPEN FORUM

No one appeared for open forum.

4.0 POLICY & COMPLIANCE

4.1 Commission Policy Review – G.3 – Commission – Management Roles

Mr. Mauren presented his memo regarding G.3 – Commission – Management Roles. There were no recommended changes from staff. Commissioners did not have any comments, questions, or changes.

5.0 BUSINESS ACTION

5.1 Financial Report – August 2024

Ms. Karpinski presented the August 2024 Financial Report.

Ms. Karpinski highlighted that August was a good month for both electric and water sales. She noted that the billing period in August included an extra week for three of the four cycles, therefore making a direct comparison between July and August less accurate.

Chair Dietz asked about the lower purchased power costs compared to the previous year. Ms. Karpinski attributed this to reduced energy usage, explaining that the Energy Adjustment Clause (EAC) charges fluctuate with consumption. She also pointed out that the actual EAC was slightly lower than budgeted.

Chair Dietz inquired whether water sales were expected to be lower than the previous year due to wetter weather. Mr. Ninow confirmed this, adding that water usage had decreased, and that the prior year was unusually dry, which had driven higher water consumption in 2023.

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to receive the August 2024 Financial Report. Motion carried 5-0.

5.2 **2025 Annual Business Plan: Electric and Water Expenses**

Ms. Karpinski reviewed the 2025 Annual Business Plan: Electric and Water memo in which she reminded the Commission that the information presented is subject to updates. She noted that revisions will be made before final review as work continues on refining the revenue and rates details.

Chair Dietz asked if the budget included funds for the addition of an administrative employee. Ms. Karpinski confirmed it did.

Chair Dietz asked Mr. Geiser if the same contractor is used for tree trimming every year and if they work throughout the winter. Mr. Geiser explained that two to three bids are reviewed each year, and the selected contractor works all winter. Mr. Geiser noted that there are remaining funds in the 2024 budget, so they plan to bring the contractor on board in December, with work continuing into 2025.

Commissioner Westgaard asked if the new compensation plan was factored into 2025 budget presented. Ms. Karpinski confirmed it was.

Commissioner Westgaard also asked if plans for the decommissioning the power plant were included in the 2025 budget.

Mr. Hanson stated that only the preliminary architectural plan costs, estimated at \$60,000, were budgeted for 2025, as construction is not expected until 2026, pending commission approval.

5.3 **Advanced Metering Infrastructure Update**

Mr. Tietz reviewed the AMI updates outlined in his memo.

Chair Dietz asked if all seasonal irrigation meters will get a new AMI meter. Mr. Tietz confirmed that they would.

Mr. Tietz addressed recent issues with the electric meter distributor, explaining that a letter was sent expressing dissatisfaction with their service.

Mr. Hanson added that the letter, sent on Friday, October 4, was strongly worded and raised concerns about the distributor's lack of leadership and poor communication regarding the meter shortage.

Mr. Tietz mentioned that he plans to meet with the distributor's director of sales at the upcoming Xylem Reach Conference, taking place from October 13-16. He also explained that the distributor halted production due to a cleanliness issue with the electronics boards. The time frame of this suspected production issue coincided with when meters were delivered to ERMU.

Chair Dietz then asked if there was a warranty on the electric meters already received. Mr. Tietz confirmed that the meters are under warranty, and faulty units will be replaced. To date, 64 faulty meters have been returned under the warranty, but replacements have not yet been received.

Commissioner Westgaard inquired whether the warranty also covered installation costs. Mr. Tietz clarified that the warranty only covers the meter itself.

Mr. Hanson added that further discussions will be needed regarding labor costs associated with premature meter failures caused by the known issue.

Ms. Youngs mentioned that some faulty meters were identified before installation, and those already installed can be quickly detected through a daily dashboard review.

Commissioner Bell requested a review of the electric meter installation process, noting that his meter was replaced without prior notice, resulting in a power outage long enough to affect his clocks and electronic devices.

Mr. Tietz explained that, typically, a technician will knock on the door to inform the resident of the meter replacement. If there is no response and access to the meter is available, the technician will proceed with the replacement and leave a door hanger to confirm the completed upgrade.

Commissioner Stewart noted that her power was interrupted for only 10-15 seconds during her meter replacement.

Chair Dietz requested clarification on the \$300 cost associated with residential plumbing repairs under the AMI project. Mr. Tietz explained that this amount is the fee per job charged by the master plumber from Archer Plumbing, the contractor for the project.

Mr. Hanson clarified further that there are two situations in which additional labor is involved with a water meter changeout. If the resident does not have a shut off valve or the valve is leaking, the master plumber is called in for repairs. If the water meter cannot be replaced due to an access issue, the meter is flagged as “Return to Utility” (RTU), and ERMU staff address this issue.

There was discussion.

Chair Dietz requested that Mr. Tietz provide a follow-up report next month after further discussions with the electric meter distributor.

5.4 **Energy City Commission Discussion**

Chair Dietz initiated a discussion regarding the proposal to dissolve the Energy City Commission, based on feedback from City Council. The plan would transfer the body to ERMU’s oversight, forming an Energy City Committee with a proposed start date of January 1, 2025.

Commissioner Stewart asked whether the City Council would still appoint a representative to the Committee. Chair Dietz clarified that the City Council would no longer be involved with Energy City.

Commissioner Bell requested to see a description of the Committee’s duties before making any decisions.

Mr. Hanson noted that City Clerk Tina Allard is sending him the Energy City charter, which will be revised to reflect its transition from a commission to a committee.

Mr. Hanson also inquired whether the Commission would be interested in appointing a liaison to the proposed Energy City Committee, similar to other ERMU committees.

Commissioner Bell reiterated the need for more information before making a decision.

A discussion followed, with consensus that Energy City cannot continue in its current format and that the Committee must have a clearly defined purpose moving forward.

Mr. Hanson confirmed he would present a proposed committee outline at the November commission meeting for review.

6.0 BUSINESS DISCUSSION

6.1 Staff Updates

Mr. Hanson noted that the Wage & Benefits Committee (WBC) spoke in favor of presenting the proposed revisions to the Utilities Performance Metric Incentive Compensation scorecard to the full Commission in November as part of the formal WBC update. He also shared feedback from the City of North St. Paul, which has agreed to a 5.5% annual adjustment following negotiations. Although this figure has not yet been approved by their Council, if factored into ERMU's wage adjustment, it would increase the proposed adjustment from 3.67% to 3.85%.

Mr. Hanson further clarified proposed changes to the water department's organizational chart for 2025. These include adding a new water operator position and promoting an internal candidate to the role of lead water operator.

Ms. Youngs reminded the commission that October is Cybersecurity Awareness Month.

Mr. Mauren suggested moving the utility commission meetings in 2025 to either the utilities' large conference room or the Mississippi conference room at the field services building, with a final decision to be made in December. There was consensus among the Commission that the large conference room was a suitable location for future meetings.

Ms. Foss gave a summary of the National Drive Electric Week event held on October 3 at the Elk River Farmers Market. The event featured 16 electric vehicles and representatives from Tesla offering test drives. ERMU staff also created an interactive game connecting the market area to the EVs parked at First National Bank, which was well-received by attendees.

Mr. Geiser informed the commission that two ERMU lineworkers were deployed as part of a mutual aid effort from Minnesota, traveling to Kissimmee, Florida, ahead of Hurricane Milton.

Chair Dietz requested that the line crew attend the November meeting to share their mutual aid experience.

Mr. Sumstad added that MMUA is using the field services building for their tree trimming training this year.

6.2 City Council Update

Commissioner Westgaard presented a City Council update.

6.3 Future Planning

Chair Dietz announced the following:

- a. Special Commission Meeting – November 12, 2024
- b. 2024 Governance Agenda

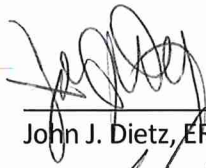
6.5 **Other Business**

There was no other business.

7.0 **ADJOURN REGULAR MEETING**

Moved by Commissioner Bell and seconded by Commissioner Westgaard to adjourn the regular meeting of the Elk River Municipal Utilities Commission at 4:23 p.m. Motion carried 5-0.

Minutes prepared by Jenny Foss.



John J. Dietz, ERMU Commission Chair



Tina Allard, City Clerk