

MINUTES OF THE PROCEEDINGS

of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota

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April 24, 2018

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota held on April 24, 2018, in the Commission Meeting Room at the Hibbing City Hall, Council Chambers, 401 E. 21st St., Hibbing, MN 55746. Meeting was called to order by Chairperson Garrity at 5:55 p.m. In attendance were Chairperson Garrity; Commissioner McGuire; Commissioner Grahek; Commissioner Dicklich; Commissioner Rian; Legal Counsel, Andy Borland; General Manager, Scott Hautala; Director of Finance, Jean Lane; Administrative Assistant, Penny Lange; Director of Utility Operations, Corey Lubovich; Director of Power Production, Bob Nyberg; and Safety/Env. Coordinator, Pete Karakash. Also in attendance was HPAT, Ron Wirkkula; Hibbing Daily Tribune, Carrie Manner; Local 94 Reps., Leann Stoll & Serena Vergin; Local 94 employees, M. Reger, T. Garrity, J. Sanborn, J. Stokes, P. Petrich, W. Kampen, R. Kampsula, T. McGuire, L. Odegaard, D. Olson, and C. Adams; Citizen, Cynthia Kafut-Hagen; Hibbing Chamber of Commerce Reps., Whitney Ridlon & Vicki Hagberg; US Water Rep., Travis Hanson; and NALCO Rep., Dave Leingang.

ADDS/DELETES - None

CITIZENS FORUM

J. Stokes was present to discuss the check register and approval process for the report included in the Commission packet. He stated that there are no running totals and that job numbers are not included to clarify where the payments are being applied. Lengthy discussion ensued by the Commission board. J. Lane gave clarification and answered many questions regarding the report. S. Hautala gave clarification as to the invoice detail and how they tie into the report. Chair Garrity stated that the accounts receivable is an integral system with check and balances which are verified in the yearly audit. J. Lane stated that her door is always open for anyone with questions regarding checks and balances. J. Lane stated that going forward she will be reviewing projects with the Directors on a quarterly basis to improve efficiency. Chair Garrity requested creating a new report for clarification to the issues brought forth today to ensure accountability.

REGULAR BUSINESS OPERATIONS

Motion made by Commissioner McGuire, supported by Commissioner Rian, to approve the regular meeting minutes of April 10, 2018.

Motion carried unanimously.

The Commission reviewed the bills from April 6, 2018 through April 19, 2018, check numbers 37775 through 38764 and ACH transfers Numbers 4061801 through 4131802.

- Commissioner Grahek inquired about Ferguson. A clarification of checks and balances was discussed.
- Commissioner McGuire inquired about Airgas. A. Borland stated HPU is under a contract and will be terminating it upon term completion.

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Motion by Commissioner Rian, supported by Commissioner Grahek, to approve the bills from April 6, 2018 through April 19, 2018, check numbers 37775 through 38764, and ACH transfers Numbers 4061801 through 4131802 in the amount of \$1,048,135.31.

Motion carried unanimously.

The Commission reviewed the payroll paid and overtime report for the April 12, 2018 pay date.

Motion by Commissioner McGuire, supported by Commissioner Rian, to approve the payroll and overtime report for the April 12, 2018 pay date, in the amount of \$200,037.80.

Motion carried unanimously.

POLICY WAIVER REQUEST

The Commission reviewed the correspondence dated April 20, 2018 from J. Lane regarding Policy Waiver Requests and Customer Policy CUST113: Water/Sewer Credit.

Chairperson Garrity stated that the policy should be revised, but the tabled policies fall under the existing policy, therefore, they were put back on the agenda for reconsideration. Chair Garrity stated this item is two-fold: Review the policy and reconsider the tabled and current waivers. Lengthy discussion ensued.

Motion by Commissioner McGuire, supported by Commissioner Dicklich, to pay the tabled and current waivers which fall under the existing policy, rework the policy to tighten up the language for the next meeting, and to hold off on any further waivers until such revisions to the existing policy are implemented.

Motion carried unanimously.

The Commission reviewed the Policy Exemption Form dated April 1, 2018 regarding Locke water/sewer credit.

Motion by Commissioner McGuire, supported by Commissioner Dicklich, to approve the recommendations by the review team regarding the Locke waiver. The credit on water is in the amount of \$152.59, and the sewer credit in the amount of \$147.88, for a total of \$300.47, according to HPU Customer Policy CUST113.

Motion carried unanimously.

Motion by Commissioner McGuire, supported by Commissioner Dicklich, to approve the recommendations by the review team regarding the Pinkoski waiver. The credit on water is in the amount of \$132.69, and the sewer credit in the amount of \$136.50, for a total of \$269.50, according to HPU Customer Policy CUST113.

Motion carried unanimously.

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The Commission reviewed the Policy Exemption Form dated February 15, 2018 regarding Lees Properties (3901 First Ave.) water/sewer credit that was tabled from the March 27, 2017 regular meeting.

Motion by Commissioner McGuire, supported by Commissioner Dicklich, to approve the recommendations by the review team regarding the Lees Property waiver (3901 First Ave.). The credit on water is in the amount of \$473.76, and the sewer credit in the amount of \$648.38, for a total of \$1,122.14, according to HPU Customer Policy CUST113.

Motion carried unanimously.

The Commission reviewed the Policy Exemption Form dated February 15, 2018 regarding Lees Properties (1801 E. 3rd Ave.) water/sewer credit that was tabled from the March 27, 2017 regular meeting.

Motion by Commissioner McGuire, supported by Commissioner Dicklich, to approve the recommendations by the review team regarding the Lee's Property waiver (1801 E. 3rd Ave.). The credit on water is in the amount of \$264.93 and the sewer credit in the amount of \$361.73, for a total of \$626.66, according to HPU Customer Policy CUST113.

Motion carried unanimously.

PUBLIC BIDS & QUOTES

The Commission reviewed the correspondence dated April 19, 2018 from R. Nyberg regarding Plant Well Development. R. Nyberg gave presentation. C. Lubovich added to the narrative as per his experience with the city water well situation, and well redevelopment.

Motion by Chairperson Garrity, supported by Commissioner McGuire, to award Plant Well Development to Marks Well & Pump in the amount of \$11,250.00.

Motion carried unanimously.

The Commission reviewed the correspondence dated April 21, 2018 from S. Hautala regarding Reconsideration of award of Public Bid No. 02-18: Power Plant Water Treatment Chemicals.

Motion by Chairperson Garrity, supported by Commissioner Dicklich, to reconsider the rejection of Public Bid No. 02-18: Power Plant Water Treatment Chemicals and allow the vendors to speak for discussion purposes.

Commissioner Garrity – yes
Commissioner Dicklich – yes
Commissioner Rian – yes
Commissioner Grahek – no
Commissioner McGuire – no
Motion carried.

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Legal Counsel Borland gave clarification on the subject, and recommended holding off on awarding the bid due to having concerns during this time of Hibbing Public Utilities transition.

Travis Hanson of US Water gave presentation.

Dave Leingang of NALCO gave presentation.

The Commission thanked them for their time and placed this item in the Commission file.

No action taken.

The Commission reviewed the correspondence dated April 21, 2018 from S. Hautala regarding Hibbing Artist Engagement Utility Wrap Project.

Motion by Commissioner McGuire, supported by Commissioner Rian, to authorize the HPU to provide in-kind services of sanding and prepping of the electrical boxes.

Motion carried unanimously.

PERSONNEL

The Commission reviewed the correspondence dated April 21, 2018 from S. Hautala regarding Voluntary Severances – Employee Feedback.

Motion by Commissioner Dicklich, supported by Chairperson Garrity, to table this item.

Commissioner Dicklich – yes
Chairperson Garrity – yes
Commissioner Grahek – yes
Commissioner McGuire – no
Commissioner Rian – no
Motion carried.

The Commission reviewed the correspondence dated April 21, 2018 from S. Hautala regarding Customer Damage – Claims Processing. S. Hautala gave presentation. Commissioner Dicklich gave explanation on how the City processes sewer claims.

Motion by Commissioner McGuire, supported by Chairperson Garrity, to table this item.

Motion carried unanimously.

OLD BUSINESS

The Commission reviewed the correspondence dated April 20, 2018 from S. Hautala regarding Department Updates.

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Steam/Water: C. Lubovich was present and gave an update on the following:

Steam:

- 25th Street corridor steam line feeding the college. C. Lubovich explained the cost difference between direct buried and tunneled pipe replacement.

Water:

- Well rehabilitation and development discussion was held.

Electrical: S. Hautala was present to give update on the following:

- Planning on the adjustments needed in the power plant interconnect substation when the plant stops power generation at the end of May.
- 70% completed with the annual maintenance for the gang operated air break switches.
- Installed the conduit & ground sleeve for the transformer relocation at Iracore.
- Power Outages:
 - One (1) outage that affected 9 customers due to a transformer fuse pulling apart.
 - One (1) single house half power outage due to sagging service wires rubbing on a roof.
 - One (1) single house with flickering lights due to old 3-wire service rubbing together.

Power Plant: R. Nyberg gave presentation on the following:

- Ameripride is being supplied with steam after failure of the 175 pressure reducing valve (PRV). This is one of the PRV stations that have been approved for replacement.
- Novaspect has been notified to try to expedite the parts for this PRV. It should be noted that Mr. Jeff Stokes and Mr. Greg Hooper devised an alternate means to supply steam to Ameripride.
- Boiler feed pump #3 has developed a mechanical seal leak which is allowing seal water to contaminate the oil for the bearings. Quotes have been requested for new seals.
- Stack testing was conducted Tuesday & Wednesday, April 17 & 18, 2018.
- For the remainder of the Xcel contract, it is planned to operate Boilers #1, #3 and #4 along with T/G #3 & #5 to produce 19 MW/Hr.

Finance: J. Lane was present to give update on the following:

- The new website is up and running. Employees are being trained on the upkeep of the site. Once back at HPU headquarters, J. Lane will show the Commission how to navigate the site.
- Auditors are on site beginning next week. Discussed audit fieldwork and process.
- There has been several issues regarding customers in which the majority have been resolved.

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- Had several conference calls with software vendor, Civic Systems, to better understand and correct issues in the processing of the inventory, accounts payable, budgeting, fixed assets, and general ledger systems.
- Reviewed and prepared audit work papers for fieldwork and discussed capital projects with general manager and directors.
- Provided financial information to HDR for the long-range plan and met with two HDR individuals to discuss specific questions about HPU financials.
- March financial will be available by the end of the first week of May.

No action taken.

Commissioner McGuire brought up the spending limit of the general manager and management.

Motion by Commissioner McGuire, supported by Commissioner Dicklich to reduce the spending limit to \$5,000.00.

Commissioner Rian opposed.
Motion carried.

NEW BUSINESS

The Commission reviewed the Request for Contribution from the Central Mesabi Medical Foundation – Hospice Fundraiser.

Motion by Commissioner Rian, supported by Commissioner Grahek, to authorize a contribution in the amount of \$100.00.

Motion carried unanimously.

The Commission reviewed the Request for Contribution from the Hibbing High School Golf Scramble.

Motion by Commissioner Rian, supported by Commissioner McGuire, to authorize a contribution in the amount of \$100.00.

Commissioner Dicklich abstained.
Motion carried.

The Commission reviewed the Request for Contribution from the Northern St. Louis County Habitat for Humanity.

Motion by Commissioner McGuire, supported by Commissioner Rian, to authorize a contribution in the amount of \$100.00.

Motion carried unanimously.

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The Commission reviewed the Request for Contribution from the Hibbing Dylan Project.

Motion by Commissioner Grahek, supported by Commissioner McGuire, to authorize a contribution in the amount of \$100.00.

Motion carried unanimously.

Motion by Commissioner Dicklich, supported by Commissioner McGuire, to adjourn the meeting at 8:27 p.m.

Motion carried unanimously.

Attest:


Patrick Garrity, Chairperson


Jean Lane, Commission Secretary

***The next regular Commission meeting is scheduled for
Tuesday, May 8, 2018 at 5:00 p.m.
at the Hibbing Public Utilities Administration Building, 1902 E. 6th Ave., Hibbing, MN 55746***

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