

# MINUTES OF THE PROCEEDINGS

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

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November 10, 2020

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota, 1902 E. 6<sup>th</sup> Ave., Hibbing, MN 55746, held on November 10, 2020. Meeting held at Hibbing City Hall, 401 E. 21<sup>st</sup> St., Hibbing MN 55746. Chairperson Hart called the meeting to order at 5:00 p.m. In attendance were Chairperson Hart, Commissioner Bugliosi; Commissioner Bayliss; Commissioner Stokes; Commissioner Garrity; Legal Counsel, Andy Borland; Director of Finance, Jean Lane; Admin. Assistant, Penny Lange; Director of Utility Operations; Corey Lubovich; Director of Power Production, Bob Nyberg; and Director of Electrical Systems, Dan Chase. Also in attendance was HPAT Rep., Ron Wirkkula, AFSCME Rep., Mark Reger, and Northern Natural Gas Rep., Mike Underwood.

## Item 2. ADDS/DELETES - None

## Item 3. APPROVAL OF MINUTES

Motion by Commissioner Stokes, supported by Commissioner Bugliosi, to approve the regular meeting minutes of October 27, 2020.

Motion carried unanimously.

## Item 4. CITIZENS FORUM - None

## Item 5. CONSENT AGENDA

Item 5.A. Review and approve the items over \$10,000 and review and approve the bills from October 23, 2020 through November 5, 2020, check numbers 43679 through 43743 & ACH transfers 10232001 to 10302002

Item 5.B. Review and approve the payroll paid & overtime report for the November 5, 2020 pay date.

Motion by Commissioner Stokes supported by Commissioner Bugliosi to approve the consent agenda items 5.A. & 5.B. as presented.

Motion carried unanimously.

## Item 6. BIDS & QUOTES – None

Commissioner Garrity asked questions about the change order process.

## **PERSONNEL/POLICY**

Item 7.A. The Commission reviewed the correspondence from D. Chase dated November 10, 2020 regarding Journeyman Line Worker External Hire.

Motion by Commissioner Stokes supported by Commissioner Bayliss to approve the hiring of Mr. Anthony Poser for the position of Journeyman Line Worker, pending successful completion of preemployment screening.

Motion carried unanimously.

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Item 7.B. The Commission reviewed the correspondence from D. Chase dated November 10, 2020 regarding Request Internal Job Posting for Journeyman Line Worker.

Motion by Commissioner Stokes, supported by Commissioner Bugliosi, to authorize to Post internally for Journeyman Line Worker, and if there are no internal candidates, to advertise outside of the organization.

Motion carried unanimously.

Item 7.C. The Commission reviewed the correspondence dated November 10, 2020 from D. Chase regarding Request Internal Job Posting for Apprentice Line Worker.

Motion by Commissioner Bugliosi, supported by Commissioner Stokes, to authorize to Post internally for an Apprentice Line Worker.

Motion carried unanimously.

Item 7.D. The Commission reviewed the correspondence from J. Lane dated November 10, 2020 regarding Medical Insurance Renewal: 4-Tier Premium Structure.

HPU has received notice from MN Public Employees Insurance Program (PEIP), HPU medical insurance provider contractor; the 2021 medical insurance renewal is a premium increase of 12.47%. HPU is in the second year of a two-year contract with PEIP. The average PEIP medical insurance premium renewal of the past 11 years for PEIP has been 3.7%

The reason for the increase in premiums for 2021 as stated by PEIP are (1) PEIP has added approximately 200 groups in the last three years and the loss ratio of these new groups has been 113% (claims/premiums); and (2) COVID-19 impact uncertainty.

HPU pays 95% of the medical premiums and the employee contributes 5% of the premium cost.

HPU management requested HPU medical insurance agent, Justin Kroeger from Gallagher, to research possible options for cost reduction. Mr. Kroeger presented to the HPU Personnel Committee a possible option to save the HPU \$78,035 and reduce the 2021 total medical insurance premium increase to 6.87% from 12.47%

This option to lessen the 2021 medical insurance premium increase was discussed at the November 9 HPU Commission work session.

The option is to change the current 2 tier premium payment structure (single and family) to a 4-tier premium payment structure (single, employee + spouse, employee + child(ren), and family). There is no change in medical insurance coverage.

This option of a 4-tier premium payment structure has been discussed with HPU internal insurance committee (3 management and 3 union members) and there has been two employee virtual meetings on October 22 and 26 to present the 4-tier premium payment structure. If the HPU Commission approves the option of a 4-tier premium

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payment structure then HPU will meet and confer with the union on any CBA language clarification issues.

Motion by Commissioner Bugliosi supported by Commissioner Bayliss to approve a resolution: NOW, THEREFORE BE IT RESOLVED, THAT the Hibbing Public Utilities Commission approves a 4-tier premium payment structure (single, employee + spouse, employee + child(ren), and family) with HPU medical insurance provider PEIP for the 2021 calendar year.

Motion carried unanimously.

### OLD BUSINESS

Item 8.A. The Commission reviewed the correspondence dated November 10, 2020 from C. Lubovich regarding Town Border Station Rebuild Project: Final True-Up Costs, tabled from the regular meeting of October 27, 2020.

At the October 27, 2020 HPU Commission meeting Mr. Corey Lubovich and Mr. Mike Underwood presented a spreadsheet and invoice from Northern Natural Gas for the final true-up costs to the Hibbing Town Border Station Rebuild/Upgrade project.

The original Northern Natural Gas estimated pre-bid cost for the project was \$1,975,000. At the September 10, 2019 HPU Commission meeting the Commission approved an additional amount of \$600,000 for this project based on public bid returns coming in higher than original estimate. The final true-up cost is \$785,585.67

Mr. Mike Underwood, account director from Northern Natural Gas presented detailed information regarding the reasons for the over bid costs and true-up amount. Mr. Underwood stated the price of steel varied according to the location, use and trading company tracking. An abnormal amount of Natural Gas projects were being constructed in 2019 resulting in higher contractor bids for installation. Two additional cost work change orders were submitted by the contractor for hydro excavate and install new conduit, wiring, and fittings to replace existing items installed in 1965 for \$17,290 and a second change order for \$27,5000 to purchase and install a 14 inch stopple fitting on the downstream side of the station on Hibbing's piping such that Natural Gas could be supplied to the City during construction.

Mr. Underwood noted the Hibbing station which is the only station providing natural gas service to the city was originally constructed in 1965 and has had no major renovation to increase capacity until 2019. The rebuilt station is currently sized to accommodate 15,000 Dth/day capacity which will ensure a reliable adequate supply of natural gas to the City of Hibbing.

Commission members voiced their dissatisfaction in the cost overruns and a projected construction estimate that was substantially under the actual bid amount.

Motion by Commissioner Bayliss supported by Chair Hart to approve the final true-up cost payment to Northern Natural Gas in the amount of \$785,585.67.

Motion carried unanimously.

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Item 8.B. The Commission reviewed the correspondence dated November 10, 2020 from R. Nyberg regarding Power Plant Well Redevelopment Changer Order 2, tabled from the regular meeting of October 27, 2020.

Motion by Commissioner Bugliosi supported by Commissioner Bayliss to authorize Change Order 2 in the amount of \$13,120.

Motion carried unanimously.

## **Item 11. NEW BUSINESS**

Commissioner Stokes asked for clarification of the 2% increase in utility rates for water, gas, and electric if the increase included the usage and base rates.

Motion by Commissioner Garrity, supported by Commissioner Stokes to clarify the 2% increase in water, gas, and electric rates are on usage only.

Motion carried unanimously.

Commissioner Stokes requested an in-person work session on Finance only related items.

Motion by Chair Hart, supported by Commissioner Bayliss to set a HPU Commission work session on November 23, 2020 at 5:00 p.m. in the City Hall Council Chambers.

Motion carried unanimously


## **ADJOURNMENT**

Motion by Commissioner Stokes, supported by Commissioner Bugliosi to adjourn the meeting at 6:17 p.m.

Motion carried unanimously.

Attest:

  
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Jean Lane, Commission Secretary

  
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Jeffrey Hart, Chairperson

Meeting materials are available at [www.hpuc.com](http://www.hpuc.com)

The next regular Commission meeting is scheduled for Tuesday, November 24, 2020 at 5:00 p.m. at the Hibbing City Hall, City Council Chambers, 401 E. 21<sup>st</sup> St., Hibbing, MN 55746

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