

UTILITIES COMMISSION MEETING
November 29, 2021

A regular meeting of the City of Jackson Utilities Commission was held in the Council Chambers of City Hall at 4 p.m. on November 29, 2021 with the following persons present: Utilities Commission Chairman Kevin Siepker, Jenna Schwartz and Joe Marthaler. Also attending were City Administrator Matt Skaret, Street Superintendent Phil Markman, Water/Wastewater Superintendent Tony Oxborough, MRES Jackson Distribution Maintenance Foreman Jeremy Boogerd, City Finance Officer Deb Mitchell and Recording Secretary Dave Maschoff. (Utilities Commission members Mike Schwartz, Sandy Phillips, Michael More and Matt Madden were absent.) (A quorum of the Utilities Commission was not present.)

OPEN THE MEETING

Chairman Kevin Siepker called the regular meeting of the Utilities Commission to order. He noted a quorum of the Utilities Commission was not present.

Because there was a lack of a quorum, Skaret said the Utilities Commission members that were present could discuss and share information, but no decisions could be made.

APPROVE THE MINUTES FROM THE OCTOBER 25, 2021 UTILITIES COMMISSION MEETING

Since a quorum of the Utilities Commission was not present, Siepker said action to approve the minutes from the October 25th, 2021 meeting would take place at the December meeting.

DEPARTMENTAL REPORTS

Water Department

Water/Wastewater Superintendent Tony Oxborough reported there are 42 fire hydrants left to be flushed. He said most of the hydrants in town have been flushed.

Oxborough reported one discharge has been completed from the 15-acre sewer pond. He said sampling of the City's sewer ponds needs to be done by the end of the year.

Oxborough said new service lines have been installed at the new LaCanne Funeral Home that's under construction. He said Burger King has also asked for the installation of a water meter as construction of their new building nears completion.

Oxborough said the nice weather has been a benefit in completing projects. He a new retaining wall was constructed at one of the City's lift stations. Oxborough said the Street Department assisted the Water Department in that project.

Oxborough said since the last Utilities Commission meeting, an upgrade was completed at one of the lift stations. He said the project cost around \$26,000 and everything went well.

Electric Department

Skaret noted the November 29th meeting would be Jeremy Boogerd's last Utilities Commission meeting as Electric Department Supervisor before he starts working for Federated Rural Electric.

Boogerd reported the Electric Department buried 25 electric services along South Street and upgraded 13 street lights with LED lighting. He said South Street is electrically 100 percent completed.

Boogerd said the Electric Department has installed electric service at the new multi-tenant building. He said 95 percent of the electric service work has been completed at the new funeral home. Boogerd noted the funeral home and New Fashion Pork's building along Industrial Road are both going to share the use of a new transformer that was installed.

Boogerd reported a new transformer was installed and an electric meter moved from the inside to the outside of a building at AGCO. He said a transformer was also updated at Riverside Elementary School as part of the school's construction project.

As far as the Downtown Underground Electric Project, Boogerd said the Electric Department started the project with 72 electric services to convert over to underground service. He said as of the morning of November 29th, the Electric Department was down to 10 services to convert over. Boogerd said the Electric Department plans to convert over another five services this week to underground service. He said he's hoping to have the conversions completed by the middle of next week. (first week in December)

Boogerd said once the conversions are complete, the electric transformers on the utility poles in the downtown area will be removed. He said the good weather has been a benefit in completing the downtown conversion work.

Siepkner asked Boogerd if the old transformers were salvageable.

Boogerd said old transformers can be sold to someone who needs pole top transformers or they can be sent to a company in Farmington, Minnesota that will take the inner workings of the pole top transformer and re-install them with new oil into a padmount transformer that sits on the ground. He said the City has done that in the past and the cost is a third of the price of purchasing a new transformer. Boogerd said old transformers can also be sold for scrap and are worth about a dollar per KVA. He guesses not all of the pole top transformers that are taken down will be converted into pad mount transformers. Boogerd said some may be sold for scrap.

Boogerd said once the pole-top transformers downtown are taken down, there's maybe about 30 overhead transformers left in operation around town. He noted most of the electric services in Jackson have been put underground.

Skaret noted updating the Utilities Commission on filling Boogerd's vacancy.

Boogerd said Missouri River Energy Services (MRES) has not filled his position yet. He said MRES conducted interviews and extended an offer to one individual who declined to move due to family reasons. Boogerd said MRES did not make an offer to anybody else. He said a decision was made by the management at MRES to table seeking a replacement during the winter and will readvertise the position in February.

Skaret said in the interim, Jeff Bechthold, who is currently Boogerd's supervisor, will serve as the City of Jackson's Interim Line Supervisor. He said Bechthold will be in Jackson every Monday and will split his time between Jackson and Lakefield every Friday. Boogerd said his last day working with MRES will be on Friday, December 17th.

Siepkner commended Boogerd on his work while he served as MRES Jackson Distribution Maintenance Foreman. He said Boogerd accomplished a lot in Jackson during his time as Supervisor. Siepkner said the Utilities Commission will miss him.

Skaret said a lot of upgrading was done to Jackson's electric system from the time Boogerd started as Electric Department Supervisor to today. Skaret noted all of the projects such as the overhead to underground electric projects on the west side of Jackson and also downtown. He also pointed out the AMI metering project along with other projects in Jackson.

Boogerd said the installation of the AMI electric meters are 99 percent complete. He said there's about 11 electric meters remaining that people have inside their house. Boogerd noted an electrician was moving one of the meters on White Street tomorrow (November 30th). He said the rest of those electric meters will be moved during the winter. He noted those are the only residential electric meters left to be changed over to the new AMI meters. Boogerd said there are also three AGCO electric meters that still need to be converted to AMI meters. He said due to the type of output, three special meters had to be ordered to be installed at AGCO. Boogerd said the three special meters had arrived, but had to be sent back because the radio units in the meters had not been installed at the factory. Boogerd said the radio units in those meters were going to be installed at the factory and then sent back. He said the Electric Department has been waiting for those three meters to arrive. Boogerd said there's also two City meters to be installed such as a street light meter.

Siepkner thanked Boogerd for the job he did while he served as Electric Department Supervisor.

Boogerd said it was a good eight years working with the City.

Street Department

Street Superintendent Phil Markman reported the hot mix plants have shut down for the season. He noted during the course of the summer, the Street Department hauled over 50 loads of asphalt representing just over 504 tons of asphalt that the Street Department put down themselves.

Markman said there's a little bit of cold mix patching that the Street Department is doing. He said the street sweeping is caught up around town. Markman said if there's any remaining leaves that fall from the trees due to the wind, the Street Department can still continue sweeping.

Markman reported the street projects are wrapped up for the year. He said the contractor, Duininck's, went through the punch-list with Bolton and Menk. Markman said all of the street signs have been installed. He noted when the street signs were taken down for the project earlier this summer, some of the signs were bent and damaged. Markman said Bolton and Menk has a list of the damaged signs and they will be replaced.

Markman said when the Downtown Underground Electric Project was finished in the alleys, the Street Department opted not to put any mix per se in the alleys because the City is planning on redoing the downtown alleys next summer anyway. He said the Street Department has been maintaining the downtown alleys with crushed material. Markman said the snowplow drivers will just need to be careful in the alleys this winter.

Markman reported sewer service has been installed at the new funeral home. He said the sewer service has also been installed at the new multi-tenant building.

Markman said the Street Department is waiting for the weather to change. He said the good weather has allowed the Department to take care of some maintenance items and projects they normally wouldn't get to do this time of year because it would be too cold or they would already be busy plowing snow for the season.

Markman noted the Street Department installed a new storm sewer to drain the parking lot at City Hall when it rains or there's melting snow. He said that will eliminate the need of having a pump to clear the water out of the parking lot.

Siepkner asked about the sewer line at the new Burger King.

Markman said Burger King is reusing the existing sewer line that was in place. He said the existing sewer line was all left intact. He said the water line was also left in pretty much the same spot as it was before.

REPORT/UPDATE ON FILTER MEDIA AT THE WATER PLANT

Skaret distributed copies of the Manganese Removal Pilot Study that was compiled by the engineering firm of Short Elliott Hendrickson, Incorporated (SEH).

Water/Wastewater Superintendent Tony Oxborough referred to the estimated costs as outlined in the study. He said no matter what's decided, Option Number One of the Filter Media Replacement and Filter Rehab for an estimated \$155,000 gets the Water Plant back to a new filtering system.

Oxborough outlined Option Two which is the Automation of Filter Cycle and Option Number Three which is the Automation of Filter Cycle with Manganese Analyzer. He said one of those options is basically an add-on that has a Manganese Analyzer that's built into the system. Oxborough said he spoke with the person who did the initial pilot study, John Thom, who said that's not needed. He said Thom noted there's about \$6,000 a year maintenance with the Filter Cycle with the Manganese Analyzer. Oxborough said Thom noted the Water Department already has its own testing equipment. He said the option of the Automation of Filter Cycle with a Manganese Analyzer at an estimated cost of \$250,000 could be eliminated from the plan.

As far as costs, Oxborough said we would be looking at \$205,000 for an Automation of Filter Cycle. He explained basically it automatically backwashes which the Water Department personnel manually do now.

Oxborough explained two staff people in the Water Department are paid a combination average of \$34.62 an hour. Oxborough said the Water Department personnel currently manually do the backwashes so the Automation of Filter Cycle which automatically backwashes will actually pay for itself in 14 years based on 2022 hourly rates for wages. He said John Thom said the system will actually pay for itself in eight to nine years.

Oxborough noted the Backwash Reclamation with an estimated cost of \$115,000 will actually pay for itself in less than three years just based on the potential for revenue. He noted 80 percent of the water used for backwashing can be reclaimed and used again.

Oxborough said he doesn't think the current tank used for backwashing is in need of replacement.

Oxborough said as far as the overall study of the five options, he would recommend doing Option One, the Filter Media Replacement and Filter Rehab, Option Two, the Automation of Filter Cycle and Option Four which is the Backwash Reclamation. He said those options pertain to the items that were being sought to take care of things in the first place.

Skaret said if those three options are added up, the cost is about \$475,000.

Skaret noted another item is creating redundancy for the water service that serves the east side of Jackson. He said currently there's only one main water line that goes underneath the river to serve the east side of town. Skaret said the plan is to install another water line to serve the east side of Jackson and create redundancy in the water service system. He said if something would happen to one of the mains, there would be another water main to supply the east side of Jackson with an adequate water supply.

Oxborough explained the reconstruction of a portion of Riverside Drive north of Ashley Park would also include the installation of a second water main to serve the east side of town.

As far as funding a water project, Skaret said there may be some State grant dollars available if the project costs are over a million dollars. He said the State typically doesn't approve grants for projects that are less than a million dollars.

Sieper asked how long can the Media Filter Project at the Water Plant sit idle before a decision is made to move forward.

If a decision is not made, Oxborough said the result is the City just basically keeps the same quality of water it currently has. He said it's been 20 years since the filter media was changed and the life expectancy of the media is 20 years. He said it's time to be changed.

Skaret concurred with Oxborough that it's time to change the filter media. He said it should be changed during the next construction season or the year after that.

WATER RATES

Skaret said he wanted to get some feedback from the Utilities Commission members regarding water rates.

Skaret said the City needs to adjust their water rates because of the improvements that the City has been doing to the water system.

Skaret distributed information to the Utilities Commission members outlining the City's water and sewer rate history dating back to 2017. He said starting on January 1st, 2017, the monthly user charge for sewer was \$9.39. Skaret explained the user charge is a flat rate that everyone pays regardless if a person uses one drop of water or 100,000 gallons. He said then there is a user rate per 1,000 gallons.

Skaret said he was focusing on the water since the City's sewer fund is doing fine regarding utility funds. He said he doesn't think the City needs to look at any sewer rate increases for next year.

Regarding water rates, Skaret said back in 2017, the water rate was at \$6.74 for the monthly user charge and the user rate was \$3.99 per 1,000 gallons. He said a water rate study was done in 2017 by the City's Financial Advisor, Shannon Sweeney. Skaret said the rate study put the City on a three-year schedule for water rate increases. He said the three-year schedule went into effect on January 1, 2018. Skaret said in 2018, the monthly user charge went up to \$7.00 and the user rate was increased by a little over \$1.06 so the user rate was at \$5.05 per 1,000 gallons of water used. He said in 2019, the monthly user fee went up 15 cents to \$7.15 and the user rate increased to \$6.03 per 1,000 gallons of water used. Skaret said in 2020, the monthly user fee went up another 15 cents to \$7.30 and the user rate went up a \$1.14 on the per 1,000 gallons of water used.

Skaret said all of the water rate increases for 2018, 2019 and 2020 basically netted the City, give or take, about an additional \$100,000 in revenue to support the City's water system and water projects that are needed.

Skaret said in 2021, the City backed off on the water rates a little bit. He said the City just adjusted the water rates basically according to inflation which was just a 2 percent increase to the water rates for this year. Skaret said the monthly user charge went up to \$7.45 and the user rate was at \$7.31 per 1,000 gallons of water.

Skaret said the City participates in an annual rate study done by an engineering firm that does a comprehensive study of towns in Minnesota, South Dakota and North Dakota along with a few other states as well. He said the City of Jackson's water rates are competitive, but the City is getting a little high on the per 1,000 gallons rate. Skaret said the City's user charge is low and the gallon rate is not out of wack, but it's getting probably on the higher end of average of what would be considered the medium range.

Sieper asked how many gallons does a household go through in a month.

Oxborough said a single person household may use 2,000 to 3,000 gallons a month. He said he thinks the average household uses 3,500 gallons of water per month.

In the past, Skaret said 3,500 gallons of water per month has been used as an average in determining rates. He said obviously a family of four or five or more will use more water. Skaret noted there are single elderly people that are very, very conservative with water and use under a 1,000 gallons a month.

City Finance Officer Deb Mitchell said in most normal situations, the usage is about 2,000 gallons per person per household per month. She said elderly residents usually use less.

Skaret said the City is getting a little bit high on the user rate. But he noted the City is doing a lot of water projects such as water mains under the streets, installation of the AMI meters and improvements in the Water Plant. Skaret said the City has done a lot of water projects in the last few years. He said unfortunately it all comes with a cost.

Skaret said he would recommend a rate increase that would balance the increases a little bit more between the base rate and the user rate. He said the increase would have the same effect as the increases of 2018 through 2020 which generated an additional \$100,000 for the City's Water Fund.

Skaret referred to the information passed out earlier in the meeting to the Utilities Commission members. He noted splitting the rate increase 50/50 between the base charge and the user charge per 1,000 gallons. Under that scenario, Skaret said the base rate would go from \$7.45 to \$9.95 per month. He said the base fee would increase by \$2.50 per month and the user rate per 1,000 gallons by 50 cents.

Skaret said with the increases, Jackson would still not be at the top of the water rates compared to other communities. He said a lot of communities are a lot higher with their water rates especially on the base charge.

Siepkner asked if the base charge really brings in the revenue compared to the usage charge.

Skaret explained the City wants to balance out the rates between the base charge and the user fee. He pointed out the base charge is a guaranteed revenue stream every month. Skaret said there's roughly 1,600 water meters, give or take, in town. He said that number is not going to change a lot. Skaret noted the minimum monthly user charge gets put on every meter. He said that's reliable income and the City has debt expenses regardless of how much water people use. Skaret said there is debt service on the existing water projects and the City has to pay their staff and pay to provide the service whether people use one drop or water or 100,000 gallons. He also noted on the monthly user charge verses the per 1,000 gallons charge, the bigger users get hit the hardest such as restaurants, car washes and larger industries that use water. Skaret said he was just trying to find that balance between the monthly user charge and the per 1,000 gallons of usage. He said the money has to come from somewhere whether you put the increases all on the base charge or on the user charge. Skaret said he was trying to find the happy median if there is one.

Siepkner asked if the sewer rates would remain the same.

Skaret said the sewer rates and electric rates would all remain the same as they are now.

Siepkner said the proposed water rate increases are something that can be looked at. He said it looks like we're moving in the right direction. Siepkner said it's something that could be considered at the next Utilities Commission meeting.

Skaret noted the new water rates would be included in the City's fees, rates and charges that would be approved by the City Council at their December 21st regular meeting.

Siepkner said he had no issues with the proposed water rate increases. He noted the City is doing things and making things better and it comes at a cost and the City is not keeping up with the costs per se.

Other:

Mitch Jasper project at 807 Bailey Street

Siepkner noted Mitch Jasper has dug a basement for a house he wants to move onto a lot at 807 Bailey Street. He asked if Jasper had obtained the set-back variances he needed to move a house onto that lot.

Maschoff said Jasper had obtained the variances earlier this year from the Planning and Zoning Commission.

Siepkner asked about whether the house being moved in would be properly hooked up to water and sewer.

Skaret said Jasper cannot have a shared water and sewer service for the two houses.

Maschoff said he understands Jasper will properly hook-up the water and sewer lines according to the ordinance.

Next Meeting Date

Skaret asked if the Utilities Commission members were interested in having a meeting on December 27th if there was a need to have one.

Siepkner suggested having the Utilities Commission meet the week before on Monday, December 20th. He said then the Utilities Commission could vote to make a recommendation to the City Council regarding the proposed increase in water rates. Siepkner noted the City Council will be meeting for their regular meeting the following evening on December 21st. Siepkner said he would prefer meeting before Christmas as Utilities Commission members may be busy with holiday activities between Christmas and New Year's.

Skaret said he doesn't think there would be any objections to having a meeting on December 20th.

Siepkner asked to have the next regular Utilities Commission meeting on Monday, December 20th.

Filling a vacancy on the Utilities Commission

Sieper noted someone will be needed to fill the vacancy on the Utilities Commission due to the resignation of Commission member Matt Madden.

Skaret noted the Mayor will make an appointment to the Utilities Commission with the City Council's approval.

ADJOURNMENT

With no further business, Chairman Sieper adjourned the Utilities Commission meeting at 4:57 p.m.

David A. Maschoff, Recording Secretary

