

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

**July 11, 2023**

Members Present: Vice Chair Mary Stewart, Commissioners Paul Bell, Matt Westgaard, and Nick Zerwas

Members Absent: Chair John Dietz

ERMU Staff Present: Mark Hanson, General Manager  
Sara Youngs, Administrations Director  
Melissa Karpinski, Finance Manager  
Tony Mauren, Governance & Communications Manager  
Tom Geiser, Operations Director  
Mike Tietz, Technical Services Superintendent  
Dave Ninow, Water Superintendent  
Chris Kerzman, Engineering Manager  
Jenny Foss, Communications & Administrative Coordinator  
Angela Hauge, GIS/Mapping Technician

Others Present: Jared Shepherd, Attorney

**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 Acting Chair Stewart.

**1.2 Pledge of Allegiance**

The Pledge of Allegiance was recited.

**1.3 Consider the Agenda**

Acting Chair Stewart explained that she would be leading the meeting as Chair Dietz was out of town attending a family event.

There were no additions or corrections to the agenda.

**Moved by Commissioner Westgaard and seconded by Commissioner Zerwas to approve the June 13, 2023, agenda. Motion carried 4-0.**

#### **1.4 Recognition of Employee Longevity – Angela Hauge, 16 years**

Mr. Kerzman introduced Ms. Hauge to the Commission, explaining she actually began working at ERMU 18 years ago as summer help but became a staff member in 2007.

Mr. Kerzman noted that Ms. Hauge works well with all field and office staff, is very helpful, takes the lead on events, and generally does a little bit of everything. Mr. Kerzman also emphasized Ms. Hauge's attention to detail as a mapping technician.

Acting Chair Stewart shared that she had always heard positive things about Angela from colleagues.

Acting Chair Stewart presented Ms. Hauge with her Longevity Pay benefit and the Commission expressed appreciation for her service.

#### **2.0 CONSENT AGENDA (Approved By One Motion)**

Acting Chair Stewart noted that the minutes for the June commission meeting did not list Human Resources Generalist Megan Zachman as present though she was.

Staff said they would note that correction in the minutes for the meeting.

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

##### **2.1 Check Register – June 2023**

##### **2.2 Regular Meeting Minutes – June 13, 2023**

**Motion carried 4-0.**

#### **3.0 OPEN FORUM**

No one appeared for open forum.

#### **4.0 POLICY & COMPLIANCE**

##### **4.1 Commission Policy Review – G.1g – Planning Themes**

Mr. Mauren presented his memo and opened a discussion on any potential changes or comments on Commission Policy – G.1g – Planning Themes. The Commission had no comments on the policy.

Mr. Mauren then highlighted the section of his memo which explains the relationship between all the policies in section G.1 of the Commission Policy manual.

He added the Organizational Core Values in this section call for all policies in G.1 to be reviewed regularly as the industry and community change. He continued by saying that a review of these policies is slated for the 2024-25 strategic plan to be presented in item 4.3 of the meeting.

Acting Chair Stewart expressed appreciation for the review to refresh the Commission on its responsibilities.

#### 4.2 **Annual Commission Performance Self-Evaluation**

Acting Chair Stewart lead a discussion of the self-evaluation results.

During discussion of Question 2 - Commission Purpose, Commissioner Westgaard noted one of the largest projects of the last year was hiring a new general manager. He added that Mr. Hanson has been a great addition to the team.

Commissioner Westgaard went on to recommend that staff participate in the evaluation in the future by also providing feedback to the Commission.

Mr. Hanson invited the Commission to reach out to staff if there is anything needed to ensure they are able to fulfill its responsibilities, whether it be in the form of training, data, or other needs.

During discussion of Question 4 - Preparedness, Mr. Hanson raised the question of whether the Commission would have an interest in attending additional annual conferences to expand industry knowledge among the group. He noted that staff begins to prepare the travel and training budget in August.

Commissioner Zerwas shared his opinion that the opportunity to attend conferences should be expanded to more Commissioners, adding he would be willing to attend the legislative conference annually to connect with associates in Washington D.C. He added his belief that the networking and education opportunities are well worth the investment.

Commissioner Westgaard requested that staff provide a cost per attendee breakdown for the Commission to consider appropriate allocations.

Mr. Hanson said he would prepare that cost analysis. He added his estimate that total costs per participant of a conference, including registration, travel, hotel, and food, typically falls in the \$3,000-\$3,500 range.

During discussion of Question 6 - Process, Mr. Hanson asked the Commission if there was any interest in receiving training on parliamentary procedure.

Commissioner Westgaard explained that he and Chair Dietz receive that training as members of City Council.

Commissioner Zerwas, Bell, and Acting Chair Stewart expressed overall comfort with their current understanding of parliamentary procedure.

During discussion of Question 7 - One Voice, Acting Chair Stewart encouraged respondents with anything less than “agree” as a response to provide further details/examples in the written response section.

Commissioner Westgaard encouraged his peers to bring issues to the group for discussion when they have them.

Regarding Question 8 - One Direct Report there was a discussion about the purpose of the One Employee policy. Mr. Hanson informed the Commission that, while it is acceptable for them to reach out to individual staff members for information in the interest of expediency, all directions for action should be sent to the general manager for delegation. There was discussion about whether the respondent who selected “disagree” was stating their disagreement with the policy or the Commission’s adherence to it. Mr. Hanson reiterated the value of providing examples in the written response section.

During discussion of Question 15 - Environment, Acting Chair Stewart noted the vote of “neither agree nor disagree” suggested that response could be related to a need for more education for the Commission.

During discussion of open ended Question 20, Mr. Hanson encouraged the Commission to feel able to bring topics to the meetings for discussion.

Commissioner Zerwas shared his belief that the Utilities Commission operates in line with other governing bodies he has been a part of.

Commissioner Westgaard restated his preference for seeing the evaluation include staff responses in the future, valuing a 360-review format. There was agreement among the commissioners to pursue this approach.

Mr. Hanson asked the Commission if they were happy with the questions being asked or if they would like to see any changes.

Commissioner Zerwas shared his opinion that there would be more value in perhaps having half as many questions but emphasizing the need to provide written responses.

Commissioner Westgaard agreed and expanded that there may not be additional response needed when an individual agrees or strongly agrees with a question but that they should provide details for any other response.

Mr. Hanson told the Commission he would work on the changes to the questions and provide a 360-review format for next year.

Commissioner Bell requested receiving his responses sent back to him upon the completion of future surveys. Staff stated they would look into that function on the platform used for the evaluation.

#### 4.3 **Annual Strategic Plan Review**

Mr. Hanson presented his memo on the Annual Strategic Plan Review and the 2023-2025 Dashboard. He added that with significant changes both internal and external to the organization since the policies in section G.1 were created, there was a warranted review of those policies added to the dashboard.

Mr. Hanson went on to highlight the changes to the dashboard.

There was discussion about incorporating community involvement for the dashboard item focused on creating wall art for the field services building.

Commissioner Zerwas inquired as to why staff was taking steps to get ERMU out of the operation of electric vehicles (EV) chargers.

Mr. Hanson shared his belief that it is the role of government entities to establish infrastructure that the free market may not create and that once a service is supported by the free market the government entity can remove itself from that arena. He added that ERMU's focus should be on ensuring the distribution system is able to accommodate the increased usage brought on by more EVs in the service territory.

Acting Chair Stewart added that the trend discussed at the previous Minnesota Municipal Utilities Association Summer Conference was for public utilities to shift their focus to distributing power rather than managing chargers. There was discussion.

Mr. Hanson explained ERMU would continue to manage the charger in the ERMU offices parking lot to serve it's Chevy Bolt but would be releasing control of the downtown and Highway 169 chargers.

The Commission reached consensus on high level strategic themes and dashboard initiatives.

## 5.0 **BUSINESS ACTION**

### 5.1 **Financial Report – May 2023**

Ms. Karpinski presented the May 2023 Financial Report.

Acting Chair Stewart asked if the dry weather and subsequent increase in water usage has strained the systems.

Mr. Ninow responded that while the system is not over capacity all the wells are running.

Ms. Karpinski explained that a budgeted project for fault indicator replacement had exceeded its \$50,000 budget by about \$7,000 due to increased material costs. As this overage exceeds 10% of the budget, staff was informing the Commission.

There was discussion on how the future implementation of meter data management would help align the reporting of usage, expenses, and revenue. Mr. Tietz explained full functionality of the system would be reached in the next two years.

Acting Chair Stewart asked if the implementation of Advanced Metering Infrastructure would make it possible to bill earlier.

Ms. Youngs responded that it could shorten the time needed to read meters but there would still be analysis needed and the utilities is only able to bill once a month.

As part of an ongoing commission education initiative, Mr. Geiser provided background on the Maintenance of Structures – Plants budget line, explaining that all labor and materials for the plant fall under this budget.

Mr. Ninow explained that the Maintenance of Wells budget line covers employee time and materials associated with the filtration and treatment of water.

**Moved by Commissioner Westgaard and seconded by Commissioner Zerwas to receive the May 2023 Financial Report. Motion carried 4-0.**

### 5.2 **Field Services Facility Expansion Project**

Mr. Kerzman presented his memo on the field services facility expansion project.

Change Order no. 8., a combination of credits and charges that resulted in a project budget increase of \$301.36, was attached for commission authorization.

There was discussion about the memo's explanation of future tests to be conducted by the Minnesota Pollution Control Agency for low priority concerns on the site.

Mr. Kerzman went on to explain that irrigation was expected to be installed the following week with sod to be laid after.

In response to Commissioner Bell's inquiry, Mr. Kerzman explained that the car wash in the facility is operating well with one minor part needing replacement.

**Moved by Commissioner Bell and seconded by Commissioner Westgaard to authorize staff approval of Change Order no. 8. Motion carried 4-0.**

### 5.3 Otsego Transformer Bid

Mr. Kerzman presented his memo reporting on the Otsego transformer bid opening.

Mr. Kerzman shared that the manufacturer being recommended is willing to adjust the payment schedule to align with ERMU's 2023 budget. He added that legal staff confirmed there are no outstanding legal issues with the bid.

Noting that the selected bid exceeded budget, Commissioner Westgaard asked how the overage would be funded.

Mr. Hanson explained the manufacturer is adjusting the payment structure to fit ERMU's 2023 budget and the overage would be incorporated into future budgets.

Mr. Kerzman explained that payments are typically structured as 20% on order, 20% on submittal of design drawings, and various percentages upon assembly, testing, and installation. Mr. Kerzman explained that the manufacturer has agreed to receive 10% on order to meet ERMU's 2023 budget.

Mr. Hanson clarified that the motion should exclude the language regarding legal review as published in the packet since legal review had been provided, finding no issues.

**Moved by Commissioner Zerwas and seconded by Commissioner Bell to accept WEG Transformers USA LLC bid for transformer and award contract. Motion carried 4-0.**

## 6.0 BUSINESS DISCUSSION

### 6.1 Staff Updates

Mr. Hanson noted an update from his memo regarding the vacant water operator position. He shared that ERMU has moved forward with converting the water operator position to a water utility worker position. He added Mr. Ninow would elaborate on the matter.

Ms. Youngs reported that the customer service staff is still fielding calls from customers who have concerns over the garbage bin change out performed by a contractor on behalf of Republic Services. There was discussion.

Mr. Mauren asked the Commission to consider potential dates for an Employee Appreciation Lunch, stating he would follow up at a later date.

Mr. Ninow informed the Commission that, following two unsuccessful rounds of hiring for a water operator, staff has opted to promote seasonal staff to the water utility worker position. After a year of on-the-job experience this individual can then move forward with water operator certification.

Commissioner Zerwas asked if there was concern over the fact that staff had two unsuccessful rounds of hiring.

Mr. Ninow shared his belief that the candidate who declined the position was considering substantial vacation accrual at their current employer.

Mr. Hanson added his perspective that some hiring challenges for ERMU come from the fact that it is located close enough to the metro area to interest candidates while often not able to match pay within the metro area. He went on to share human resources staff's observation that there has been a shift towards employers offering high vacation accruals earlier in employment.

Mr. Westgaard added his experience that the shift is happening in private sector as well.

Mr. Hanson shared that this is not the first time vacation has affected employment efforts.

## 6.2 **City Council Update**

Commissioner Westgaard provided a City Council update covering topics including conditional use permits and bonding for sewer system repair.

## 6.3 **Future Planning**

Acting Chair Stewart announced the following:

- a. Regular Commission Meeting – August 8, 2023
- b. Quorum – Sherburne County Parade – July 22, 2023
- c. Quorum – MMPA Annual Meeting and Dinner – July 25, 2023
- d. 2023 Governance Agenda




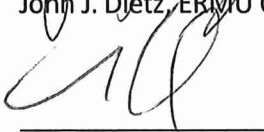
6.5 **Other Business**

There was no other business.

7.0 **ADJOURN REGULAR MEETING**

**Moved by Commissioner Westgaard and seconded by Commissioner Bell to adjourn the regular meeting of the Elk River Municipal Utilities Commission at 5:21 p.m. Motion carried 4-0.**

Minutes prepared by Tony Mauren.

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John J. Dietz, ERMU Commission Chair

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Tina Allard, City Clerk