

MINUTES
LAKE CRYSTAL UTILITIES COMMISSION
REGULAR MEETING
TUESDAY, MARCH 7, 2023
8:00 A.M.

The following Commissioners were present:
Commissioners McCoy, Ahrenstorff, Richards.

Staff Present:
Angie Grafstrom, City Administrator; Todd Wiens, Mayor; Chris Kennedy, City Attorney.

The meeting was called to order at 8 a.m. by Chairman McCoy.

Chairman McCoy convened into closed session.
Chairman McCoy reconvened into open session at 8:22 a.m.

Staff Present: Gina Cooper (8:23 a.m.); Jeremy Hutchens, Water Wastewater Superintendent (8:26 a.m.); Joel Collins, Electric Superintendent (8:45 a.m.) ; Lisa Jacoby, Utility Billing Clerk (8:24 a.m.).

Commissioner Ahrenstorff moved and Commissioner Richards seconded the motion to approve the February 14, 2023 regular meeting minutes. The following vote was had and taken,
Ayes: McCoy, Ahrenstorff, Richards.

Nays: None.

Commissioner McCoy moved and Commissioner Richards seconded the motion to approve utility bills totaling \$276,546.82. The following vote was had and taken,

Ayes: McCoy, Ahrenstorff, Richards.

Nays: None.

Gina Cooper came before the Commission to discuss Dark Sky Compliant Lighting. She requested that the PUC consider a policy requiring new streetlighting or buildings be Dark Sky Compliant. PUC would like to have input from the Planning and Zoning Commission as well. They will work together to draft an Ordinance and bring it before the City Council.

Commissioner Ahrenstorff moved and Commissioner Richards seconded the motion to approve the Residential with Distributed Generation Service rates as presented (appendix A). This rate would go into effect April 1, 2023. The following vote was had and taken,

Ayes: McCoy, Ahrenstorff, Richards.

Nays: None.

Administrator Grafstrom presented a revised quote for the Civic Systems software. Total cost will be \$85,200.00 to be split 50-50 with the city. The PUC will pay \$14,200 per year for 2023-2025. Total annual support cost will be \$12,518.00 to be split with 50-50 with the city, the PUC will be pay \$6,259.00 per year. There will be an additional fee from Tantalus to integrate the meter reading system at an estimated cost of \$10,000.00. This can be approved once we have a firm quote.

Commissioner McCoy moved and Commissioner Ahrenstorff seconded the motion to approve new software from Civic Systems for city hall fund accounting and utility billing. The cost will be split with the City on a 50-50 basis, with the PUC paying \$14,200.00 per year from 2023-2025. Annual support cost for the PUC will be \$6,259.00. The following vote was had and taken,

Ayes: McCoy, Ahrenstorff, Richards.

Nays: None.

Kimberly Helder, 402 S Main Street requested a forgiveness on the sewer portion of her utility bill due to 4 months of higher than normal usage. Since the water leak had been happening over a 4 month period prior to the homeowner calling and asking about the leak, the decision was to not grant any sort of forgiveness on the sewer portion of the bill.

Chris Nordquist, DGR Engineering, sent the following information regarding a possible grant opportunity.

The MN Department of Commerce, in conjunction with the Minnesota Rural Electric Association (MREA) and MMUA, is assembling a grant application for the Section 40103(b) portion of the Federal DOE GRIP program as part of the IIJA. This grant falls under the "Regional Innovative" headline and has some special project requirements to receive funding. Upon hearing about this opportunity, I have been trying to find a way to include some or all of the cost of the new substation the City needs into the grant. Unfortunately, I will not be able to get the whole substation funded, but I do believe there is a pathway to get a portion of it funded.

As you may recall, back in 2021, as part of the system study, I called for construction of a new South Substation to replace the existing Power Plant Substation due to age, safety, and reliability problems. The estimate for the substation at that time was ~\$3.3 million with approximately \$800K of that dedicated to the transformer. The remaining cost would be for switchgear, control building, circuit switcher, site work, etc.

As mentioned above, the application is for **Grid Innovative** projects, which narrows the scope of what can be included in the application. After discussions with the people in charge of the application, I believe the switchgear, control building, control building foundation, circuit switcher, circuit switcher foundation, and some other miscellaneous odds and ends may qualify for funding, which would likely add up to more than \$1 million. The grid innovation reasoning presented was that we could theoretically use the above identified equipment to provide automation in the event of a system blackout to send a signal to the power plant to start up the CAT generator automatically. Now this functionality will not be available from day 1, but in order to some day implement that functionality, these substation items are required, which is our argument for grid innovation.

This grant requires a 50/50 match, so if we receive approval on a \$1 million project, the City would be responsible for \$500,000. Ultimately this comes down to the City committing to get this new substation constructed, as we cannot just do the items identified above and nothing else. It does, however, provide a way to get some of the substation funded.

The caveat here is that we need approval from the commission ASAP to pursue this funding. Initial project descriptions and cost estimates are due by this Friday, March 10th, which means a commitment to the project needs to be made today. The March 10th deadline is for pre-screening purposes to determine if the project will qualify for the official application. So even if we put in for the project, there is a chance that it still may not be deemed suitable to the parameters of the

application and rejected. If the project is approved for inclusion in the final Federal application, there will be a \$1500 application fee the City will need to submit to cover the cost of the grant writing itself. Whether that cost is sent to DGR then forwarded on to the grant writers or is sent directly to the grant writers is being clarified.

Commissioner McCoy moved and Commissioner Ahrenstorff seconded the motion to approve pursuing the aforementioned grant with the understanding that this is a 50-50 matching grant if we are approved. The following vote was had and taken,

Ayes: McCoy, Ahrenstorff, Richards.

Nays: None.

Superintendent Collins began employment as the Electric Superintendent on February 28, 2023. Chairman McCoy addressed Superintendent Collins regarding the recent developments in his personal life. McCoy stated that if Collins is residing on City property after business hours, he is asked to vacate immediately. When asked where Collins has been living, Collins stated he had been staying at a hotel or in his truck. McCoy asked Collins to keep Administrator Grafstrom informed of any developments in the situation as this affects the perception of City employees in the community. McCoy stated that Collins current situation cannot interfere with his current job performance. Collins agreed.

Water/Wastewater Update by Superintendent Hutchens:

- Getting a quote from Overline to clean the lift stations. Will have a formal quote for the April meeting.
- HSP#4 – MN Dept of Health needs plans before repairs can begin. Will work with John Graupman of Bolton and Menk to get plans together and sent off.
- Passed boilers license.

City Administrator Grafstrom update:

- A uniform and training policy will be presented at the next meeting for approval.
- A Domestic Violence policy was handed out. Commissioners are asked to look it over and provide feedback. The policy will be sent to the Unions for changes and approval. The policy will be on an upcoming agenda for approval.
- The City Council was in agreement to schedule a joint meeting to discuss Franchise Fees. The Commission was in agreement to have the joint meeting on March 20, 2023, at 7 p.m.

Electric Department Update:

- Working with Damon Haslip of Powderwerks on upgrading their power.
- Generator Update from Chris Nordquist:
When Matt Runge, DGR, and L&S were on site a couple weeks ago to test the new equipment and get the generator running and up to load, we were experiencing some issues with the generator where it could not generate full load and was drawing a large amount of VARs (imaginary power). This low kW/high VAR ratio is consistent with an excitation issue within the system. This excitation issue can be from two likely sources: the voltage regulator (a control external to the generator), or the exciter itself (within the generator). When doing initial pre-loading testing, the voltage regulator for the Cooper

generator was acting oddly and not coming up to the proper voltage. Upon rebooting the voltage regulator, it did reach the proper voltage.

Due to the pre-load issues experienced by the voltage regulator L&S feels this is the most likely cause of the excitation issue. Matt Runge has mentioned previously that some of the roof leaking issues could be causing problems with the voltage regulator as he has noticed water on and below it in the past. There is an identical voltage regulator for the small, now retired Fairbanks generator that can be used as a replacement. However, functionality of that unit will need to be confirmed.

L&S is working on scheduling another site visit to review and, if necessary, swap out those voltage regulators. This could be either a straightforward process, or become somewhat complex. The complexity is mostly related to the age of the existing voltage regulators. L&S needs to communicate with them to check their settings and test them, and their age can make this a difficult process.

L&S thinks they might have some budget left in the original PO scope to do this voltage regulator work (Cory from L&S has been on vacation and did not have this information on hand when we spoke), but figures a couple thousand dollars should be enough to analyze if the voltage regulator is the problem. When we authorized the work to get the generator up and running, the Commission allocated up to \$100,000, \$20,00 of which was set aside for new fuel lines sometime down the road. To date, if we add the entirety of L&S' initial PO, plus engineering effort, we are at ~\$57,000. So there is still \$23,000 left in the non-fuel line budget.

If the exciter is the problem, then we will need to have a conversation with Heartland on how far to go in getting this unit functioning. I do not have a good feel on how much an exciter fix would cost and would need to engage L&S for a cost estimate.

L&S is scheduled to be on site Tuesday, March 14th.

Information items:

- Revenue and expense report
- Joint Meeting with the City Council on March 20th at 7 p.m.
- Next regular meeting will be April 4 at 8 a.m.

There being no further business the meeting was adjourned.

Dennis McCoy, Chairman

Angela Grafstrom, Secretary