

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
August 31, 2010

Members Present: Mr. Williams, Mr. Reichert, and Mr. Landwehr
Absent: Mr. Hanson, Mr. Stahl
Also Present: Mr. Adkins, City Attorney

Board President Williams called the meeting to order at 4:00 PM.

1. Mr. Landwehr moved to approve the minutes of the July 27, 2010 meeting, seconded by Mr. Reichert.

All voting "AYE"

2. Mr. Williams opened the meeting for comments from the public. No one wished to be heard.

3. Mr. Perry Jones from the United States Geological Survey (USGS) provided the Board with information on a five year Rochester area groundwater study to update the current groundwater model being used. RPU has been active with the USGS for more than 20 years in conducting groundwater/surface interaction studies in the area. These interactions are a concern for RPU hydrologists dealing with rivers and streams near some of the Rochester municipal wells. The current groundwater-flow model was developed in 1988. A newer model will be developed by collecting groundwater and stream flow data. In 2008 and 2009, static groundwater levels were collected by USGS and RPU technicians. Water levels were measured in 242 existing wells including domestic, municipal, commercial and monitoring wells. Stream discharge measurements were made in August 2008. The results of the various tests will be used to construct a new groundwater management model. This model will be used to simulate groundwater flow/surface interactions throughout the model area, including the Rochester wells to determine optimal well pumping conditions on current well locations as well as proposed wells as growth continues in the Rochester area.

- 4.a. Mr. Reichert moved to approve a purchase order with Bergerson Caswell, Inc. for replacement pumping units, seconded by Mr. Landwehr.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order agreement with Bergerson Caswell, Inc. for

REPLACEMENT OF PUMPING UNITS
Municipal Wells #24, #30

The amount of the purchase order agreement to be SIXTY-ONE THOUSAND EIGHT HUNDRED SIXTY AND 00/100 DOLLARS (\$61,860.00) and Bergerson Caswell, Inc. being lowest responsible bidder.

- 4.b. Mr. Landwehr moved to approve a purchase order agreement with Elcor Construction for an interconnection driveway between RPU and the Rochester Public Works Operations Center, seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order agreement with Elcor Construction for

Interconnection Driveway to
Rochester Public Works Operations Center

The amount of the purchase order agreement to be FIFTY-NINE THOUSAND ONE HUNDRED EIGHTY-SIX AND 16/100 DOLLARS (\$59,186.16) and Elcor Construction being lowest responsible bidder.

5. Mr. Hensel, Director of Core Services, discussed the Best Value Procurement (BVP) process used to award the RPU Service Center roof project. BVP includes a rating system for the proposals and does not require selection of the low bid. Minnesota allows the BVP process and it has been used extensively by the state. TSP Engineers and Arizona State University Performance Based Studies Research Group were commissioned to assist RPU in preparing documents and the proposal evaluation for the project. Mr. Jon Neubauer, TSP, was present to answer any of the Board's technical questions about the project. He described the type of roof that would be constructed. Mr. Landwehr asked Mr. Adkins if it was correct for RPU to drawdown cash reserves in a future year (2011) to help pay for this project. Mr. Adkins replied that this was an appropriate use of reserves. Mr. Reichert asked why the bidder's names were not revealed. Mr. Neubauer explained that the evaluators do not know who the vendors are. Mr. Adkins said this process worked very well for RPU and that the names of the bidders could be released at the time the award is made. Mr. Landwehr moved to approve a contract agreement with Interstate Roofing and Waterproofing, Inc., seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve a contract agreement with Interstate Roofing and Waterproofing, Inc. and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for

Customer Service Center Reroofing Phase II

The amount of the contract agreement to be ONE MILLION ONE HUNDRED TWENTY NINE THOUSAND FOUR HUNDRED FIVE AND 00/100 DOLLARS (\$1,129,405.00) and Interstate Roofing and Waterproofing, Inc. being the best value proposal.

- 6. Mr. Koshire informed the Board that an amendment to the 2008 agreement with People’s Cooperative Services (PCS) was being proposed to describe how the compensation period for annexations over 80 acres is to be handled which is not addressed in the 2008 agreement. Under the amendment, the ten year compensation for annexations over 80 acres would start with the first permanent meter installed in a plat within the annexation. A separate ten year period would start with each plat within the annexation until the annexation is fully platted. Mr. Reichert moved to approve the amendment, seconded by Mr. Landwehr.

All voting “AYE”

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve a First Amendment to the Agreement for Transfer of Service Territory Rights between the City of Rochester and People’s Cooperative Services, Inc. per the terms stated in the Amendment, and that the Common Council authorize the Mayor and the City Clerk to execute the agreement.

- 7. Ms. Hanson, Manager of Marketing and External Affairs, provided an update on the Home Energy Report Program. This is a two-year pilot program involving 25,000 RPU customers. The reports use behavioral science and direct marketing techniques to engage residential customers and encourage them to reduce their energy consumption. The program was launched in May, 2010. Staff anticipates capturing 3,800,000 in kWh savings in the first year and 4,545,900 kWh in the second year through the reports.
- 8. The General Manager provided the following report to the Board:
 - a. The 2011 budget review dates was discussed with the Board.
 - b. Board member Landwehr accompanied students affiliated with the Minnesota Student Energy Project to the Minnesota Municipal Utilities Association annual meeting for a presentation on solar initiatives at the local high schools. RPU is one of the sponsors of this program.

- 9. The management and financial reports were discussed.

The payables were reviewed. Mr. Landwehr moved to approve the accounts payable report, seconded by Mr. Reichert.

All voting “AYE”

- 10. Mr. Reichert moved to adjourn the meeting, seconded by Mr. Landwehr.

All voting "AYE"

The meeting adjourned at 5:30 p.m.

11. Following the meeting, the Utility Board held an informal planning session in the Community Room.

Submitted by:

Kathleen Wilson
Secretary

Approved by the Board:

Jerry Williams
Board President
9/28/10
Date