

**SAUK CENTRE CITY COUNCIL  
REGULAR MEETING  
WEDNESDAY, DECEMBER 16, 2015**

**1. CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE**

The Sauk Centre City Council met in a Regular Meeting on Wednesday, December 16, 2015 at 6:30 p.m. in the City Hall Council Chambers pursuant to due notice being given thereof. Present were Council Members Dave Thomas, Keith Johnson, Heidi Leach, Diane Kelly and Mayor Warren Stone. Also present were City Administrator Vicki Willer, City Planner Sarah Morton, City Engineer Keith Yapp and Public Works Director Matt Zinniel. Mayor Stone presided thereat.

**2. APPROVAL OF AGENDA**

A motion was made by Council Member Leach and was seconded by Council Member Thomas to approve the agenda with the addition of 7j. A vote being recorded as follows: For: Council Members Leach, Thomas, Johnson, Kelly and Mayor Stone. Against: None. The motion passed.

**3. APPROVAL OF MINUTES**

A motion was made by Council Member Thomas and was seconded by Council Member Leach to approve the December 2, 2015 Regular Meeting Minutes. A vote being recorded as follows: For: Council Members Thomas, Leach, Johnson, Kelly and Mayor Stone. Against: None. The motion passed.

**4. PUBLIC OPEN FORUM (Comments Limited to 3 Minutes)**

None.

**5. PUBLIC HEARINGS**

None.

**6. REPORTS/PRESENTATIONS**

- a. Police Chief Friedrichs stated that in November 2015 there were 148 Verbal Warnings and 351 ICRs for a total of 499.
- b. The Finance Committee (Mayor Stone and Council Member Thomas) met on Thursday, December 10, 2015 to review the various items:
  - Electric Franchise Fee – See 7i
  - Transit Garage purchase offer – See 12 (Closed session)
  - Information Center Property purchase offer – See 12 (Closed session)

**7. ACTION ITEMS**

- a. Dennis Heinen will no longer be on the Sauk Centre Chamber of Commerce as of January 1, 2016 and as such will also be vacating his position as Chamber Representative on the EDA Board. His position expires December 31, 2019.

A motion was made by Council Member Kelly and was seconded by Council Member Johnson to accept the resignation of Dennis Heinen from the EDA Board. A vote being

recorded as follows: For: Council Members Kelly, Johnson, Leach, Thomas and Mayor Stone. Against: None. The motion passed.

The Council thanked Mr. Heinen for his years of service to the EDA.

b. Annually, the Council appoints members to City Boards and Commissions. Mayor Stone reviewed the applications and made the following recommendations, with input received from all Council Members:

1. Park Board – 1 position to be appointed for a 2 year term. The term of Bryon Friedrichs expires December 31, 2015. No nominations were received.
2. Planning Commission – 1 position to be appointed for a 3 year term and 1 position to be appointed for a 1 year term. The term of Roy Walz and Marty Sunderman will expire December 31, 2015. The following submitted nominations:

Roy Walz  
Larry Jansen  
Marty Sunderman (1 Year)  
Larry Jansen (1 Year)

Mayor Stone recommended Roy Walz be appointed to the 3 year term and Larry Jansen be appointed to the 1 year term.

3. Public Utilities Commission – 1 position to be appointed for a 3 year term. The term of Roy Walz expires December 31, 2015. The following submitted nominations:

Roy Walz  
Mark Roberg  
Larry Jansen

Mayor Stone recommended Mark Roberg be appointed.

4. EDA Board – 1 position to be appointed for a 6 year term and 1 position to be appointed for a 4 year term. The term of Kevin Uphoff expires December 31, 2015 and the unexpired term of Dennis Heinen will expire December 31, 2019. The following submitted nominations:

Kevin Uphoff  
Lynnette Ostendorf (4 year term)

Mayor Stone recommended appointing Kevin Uphoff to the 6 year term and Lynnette Ostendorf to the 4 year term.

5. Senior Center Board – Members to be appointed for a 3 year term. The Board can consist of anywhere between 5-15 members. Currently, there are 6 members on the

Board, plus a Council Representative and Staff Member. The terms of Gayle Brewer and Elaine Meier expires December 31, 2015. The following submitted nominations:

Alice Rothfork  
Elaine Meier

Mayor Stone recommended appointing Alice Rothfork and Elaine Meier to the Senior Center Board.

6. Convention and Visitor's Bureau – 3 positions to be appointed for a 3 year term. The terms of JoAnn Thorson, Kelley Freese and Pamela Borgmann expire December 31, 2015. The following have submitted nominations:

Kelley Freese  
JoAnn Thorson  
Pamela Borgmann

Mayor Stone recommended appointing Kelley Freese, JoAnn Thorson and Pamela Borgmann to the Convention and Visitor's Bureau.

7. Airport Commission – 1 position to be appointed for a 3 year term. The term of Matt Zinniel expires December 31, 2015. The following submitted a nomination:

Matt Zinniel

Mayor Stone recommended appointing Matt Zinniel to the Airport Commission.

8. HRA Board – 1 position to be appointed to fill the unexpired 15 month term, which is set to expire March 31, 2017. The following submitted a nomination:

Mickey (Maureen) Welle

Mayor Stone recommended appointing Mickey (Maureen) Welle to the HRA Board.

9. CentraCare Sauk Centre Board – 1 position to be appointed for a 3 year term. The term of Dr. Jodi LaVoi expires on December 31, 2015. The following submitted a nomination:

Dr. Jodi LaVoi

Mayor Stone recommended appointing Dr. Jodi LaVoi to the CentraCare Sauk Centre Board.

A motion was made by Council Member Kelly and was seconded by Council Member Leach to approve the recommendations to the Boards and Commissions, as recommended by Mayor Stone. A vote being recorded as follows: For: Council Members Kelly, Leach, Johnson, Thomas and Mayor Stone. Against: None. The motion passed.

- c. Annually, the City must adopt fees for the upcoming year. The Council was presented with Administrative Fees for the 2016 year, as recommended by staff and the appropriate Boards/Commissions. Administrative Fees include Airport Fees, Equipment Charges, Street Openings, Animal Related Fees, Campground and Park Fees, Arena, Police Department, Senior Center, Library Room Rental, Ambulance Department and Fire Department.

A motion was made by Council Member Johnson and was seconded by Council Member Thomas to approve Resolution No. 2015-89, Resolution Amending Administrative User Fees for 2016. A vote being recorded as follows: For: Council Members Johnson, Thomas, Kelly, Leach and Mayor Stone. Against: None. The motion passed.

- d. Annually, the City must adopt fees for the upcoming year. The Council was presented with Administrative Penalties for the 2016 year, as recommended by staff and the appropriate Boards/Commissions. Administrative Penalties include Alcohol & Tobacco, Development Related, Street/Sidewalk Violations, Campground Violations, Animal Violations, Police Department, Traffic Violations, Nuisance and Other Violations.

A motion was made by Council Member Leach and was seconded by Council Member Thomas to approve Resolution No. 2015-90, Resolution to Adopt a Schedule of Fees for Voluntary Administrative Penalties and Fines for Offenses of the City Code According to §10.98. A vote being recorded as follows: For: Council Members Leach, Thomas, Johnson, Kelly and Mayor Stone. Against: None. The motion passed.

- e. Annually, the City must adopt fees for the upcoming year. The Council was presented with Licenses, Permits & Service Fees for the 2016 year, as recommended by staff and the appropriate Boards/Commissions. Licenses, Permits & Service Fees include Garbage License, Tree License, Alcohol & Tobacco, Building/Zoning, Development Related and Animal Fines.

A motion was made by Council Member Kelly and was seconded by Council Member Johnson to approve Ordinance No. 763, An Ordinance Summarizing and Reaffirming Fees for City Licenses, Permits and Services, Establishing a Schedule of Fines, and Providing for Subsequent Review, Modification and Amendment. A vote being recorded as follows: For: Council Members Kelly, Johnson, Thomas, Leach and Mayor Stone. Against: None. The motion passed.

- f. A motion was made by Council Member Johnson and was seconded by Council Member Thomas to approve Ordinance No. 764, An Ordinance of the City of Sauk Centre Authorizing Summary Publication of Ordinance 763 Summarizing and Reaffirming Fees for City Licenses and Permits and Providing for Subsequent Review, Modification and Amendment. A vote being recorded as follows: For: Council Members Johnson, Thomas, Leach, Kelly and Mayor Stone. Against: None. The motion passed.

This Ordinance authorizes summary publication of Ordinance No. 763.

- g. Council Member Kelly introduced the Resolution 2015-91 entitled Resolution Approving Amendments Relating to the Missouri River Basin Municipal Agency d/b/a/ Missouri River Energy Services Power Sale Agreements (S-1) and Associated Transmission Agreements, and moved its adoption. Council Member Leach seconded the motion to adopt.

The Members of the City Council discussed the motion and amendments to the power supply and transmission contracts identified in the resolution. Joni Livingston of Missouri River Energy Services (“MRES”), gave a presentation highlighting the reason for the changes to the power supply and transmission arrangements, the proposed changes, and the schedule for completing consideration and approval of the agreements. Joni Livingston also answered questions and explained how the amendments will impact the City of Sauk Centre and the services provided by the Sauk Centre Public Utility Commission.

The Resolution Came to a vote, and the votes were as follows:

Ayes/Voting in favor of adoption of the Resolution: Mayor Warren Stone, Council Members: Dave Thomas, Diane Kelly, Heidi Leach and Keith Johnson

Nayes/Voting against adoption of the Resolution: None

#### **Resolution 2015-91**

#### **Approving Amendments Relating to the Missouri River Basin Municipal Agency d/b/a Missouri River Energy Services Power Sale Agreements (S-1) and Associated Transmissions Agreements**

WHEREAS, the City Council of Sauk Centre, Minnesota is currently purchasing all electric power and energy it requires to meet the needs of its customers in excess of City’s firm power allocation from the Western Area Power Administration (“WAPA”) (“Supplemental Power”) from Missouri Basin Municipal Power Agency d/b/a/Missouri River Energy Services (“MRES”), pursuant to the terms and conditions of the Power Sale Agreement (S-1) (“S-1 Agreement”) for a term extending through December 31, 2045; and

WHEREAS, the S-1 Agreement requires that MRES physically deliver Supplemental Power to City over the Integrated System (“IS”) transmission facilities administered by WAPA; and

WHEREAS, MRES has assisted City to obtain delivery of power and energy by acquiring transmission service within the Midcontinent Independent System Operator, Inc. (“MISO”) Regional Transmission Organization (“RTO”) and, to facilitate such services, the parties have executed two transmission-related agreements: the Midwest ISO Market Implementation Agreement between MRES and the City of Sauk Centre, and the Xcel Group Transmission Service Agreement between MRES and The City of Sauk Centre; and

WHEREAS, WAPA joined the Southwest Power Pool (“SPP”) RTO effective October 1, 2015, and the IS transmission facilities were moved into SPP (which now has functional

control over those facilities) and, as a result, MRES can no longer physically deliver power and energy over the WAPA IS transmission facilities. Further, because all MRES members are now in the footprint of either the MISO market or SPP market where power and energy are financial (and no longer physical) transactions, the S-1 Agreement no longer accurately reflects how power supply and delivery of that power and energy are actually transacted in the RTOs. The RTOs, including SPP and MISO, operated energy markets and transmission networks that have fundamentally changed the way MRES provides power and energy to its members under the S-1 Agreement; and

WHEREAS, these market changes require that Supplemental Power must be separated from Transmission Service because Members are located in one of two different RTOs that operate markets for energy (and capacity), and the physical delivery of power and energy (i.e. transmission service) is now separate from the actual commodities; and

WHEREAS, it is mutually beneficial to all parties that the base term of the S-1 Agreement which currently continues to 2046 be extended until 2057 to facilitate future financing of projects on the most advantageous terms and with the least impact on the wholesale power costs of the City of Sauk Centre, and other MRES Members; and

WHEREAS, other changes proposed to the S-1 Agreement will enable MRES to meet the new transmission service and energy market demands of the changing electric utility industry in a way that enhances the ability to MRES to effectively and economically provide Supplemental Power and Transmission Service to the City, will provide clarification to the existing obligations of the parties, will provide flexibility for the City of Sauk Centre to provide for a limited amount of its customers' needs from its own local renewable resources, and will address the privacy and security of information on individuals; and

WHEREAS, the City of Sauk Centre desires that MRES continue to plan for, provide, and arrange for delivery of all Supplemental Power needed by the City of Sauk Centre, and

WHEREAS, the Sauk Centre Public Utility Commission has passed a Resolution by which it has recommended to the City of Sauk Centre that MRES continue to plan for, provide, and arrange for delivery of all Supplemental Power, and that the City of Sauk Centre should approve and execute the documents necessary to do so.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Sauk Centre:

- (1) The "Amendment 5 to the Missouri Basin Municipal Power Agency Power Sale Agreement (S-1)" among MRES, Western Minnesota Municipal Power Agency ("Western Minnesota"), and City it approved in the form presented; and
- (2) The "Missouri Basin Municipal Power Agency Power Sale Agreement (S-1) (as amended and restated effective January 2, 2017)," and "Schedule A" among MRES, Western Minnesota, and the City Council of the City of Sauk Centre, Minnesota, are approved in the form presented; and

- (3) The “Amendment 1 to Midwest ISO Market Implementation Agreement” between MRES and City is approved in the form presented; and
- (4) The “Amendment 1 to Xcel Group Transmission Service Agreement between MRES and City is approved in the form presented.

IT IS FURTHER RESOLVED that the Mayor and City Administrator shall be, and each of them hereby is, authorized and directed to execute and deliver to MRES each of the foregoing documents on behalf of the City Council of the City of Sauk Centre.

Upon calling of the roll, the resolution was adopted unanimously:

**Voting for adoption of the Resolution:** Mayor Warren Stone, and Councilpersons: Keith Johnson, Heidi Leach, Diane Kelly, and Dave Thomas.

**Voting against adoption of the Resolution:** None.

Whereupon, the Mayor declared the Resolution duly adopted on the 16<sup>th</sup> day of December, 2015.

- h. The Sauk Centre Public Works Department has identified equipment no longer used or needed for operation of the Department and have requested they be approved for sale through the online bidding process with MinnBid.

<u>Equipment</u>	<u>Purchaser</u>	<u>Amount</u>
Trailer #15438	Karl’s of Wells, Inc.	\$ 93.00
Trailer #15439	Karl’s of Wells, Inc.	\$ 60.00
Trailer #15440	Karl’s of Wells, Inc.	\$ 65.00
20’ elevator	Russel Thole	\$365.00
Water tank	_____	_____

Council Member Thomas introduced Resolution No. 2015-92, Resolution Authorizing Sale of Excess Equipment. The motion was seconded by Council Member Leach. A vote being recorded as follows: For: Council Members Thomas, Leach, Johnson, Kelly and Mayor Stone. Against: None. The motion passed?

- i. The Finance Committee reviewed various options for implementing a potential increase in the Electric Franchise Fee including a change in the mill rate calculation or a change to a percentage based calculation.

Currently the City collects a fee based on the number of kilowatts sold. If changed to a percentage of total sales the fee would also be collected on the demand charges and the base charge, both of which currently do not factor into the calculation. The Committee recommends that the City continue on a mill basis so the demand and base charges are not affected.

The current rate of 2 mills per kilowatt is equivalent to a 2.5% rate if the kW cost is 8 cents. A rate of 2.4 mills per kilowatt is equivalent to the 3% charge currently assessed to the gas utility. This would continue to exempt the demand and base charges.

The Committee recommends that the City amend the Ordinance to change the Franchise Fee to 2.4 mills per kilowatt which is the equivalent of ½% increase.

A motion was made by Council Member Thomas and was seconded by Council Member Kelly to adopt Ordinance No. 765, An Ordinance of the City of Sauk Centre Amending City Code Section 51.05 by Implementing a Rate Change to the Electric Franchise Fee. A vote being recorded as follows: For: Council Members Thomas, Kelly, Johnson, Leach and Mayor Stone. Against: None. The motion passed.

- j. Ambulance Director, Kathy Struffert, submitted a request to adjust the pay rate for EMT Scott Tullis from EMT-B Step 2 to EMT-B Step 3 commensurate with his 10<sup>th</sup> anniversary date of April 13, 2014 and to issue back pay for run and training hours for the \$1.27 per hour difference.

A motion was made by Council Member Johnson and was seconded by Council Member Kelly to approve the adjusted pay request for Scott Tullis. A vote being recorded as follows: For: Council Members Johnson, Kelly, Leach, Thomas and Mayor Stone. Against: None. The motion passed.

## **8. UNFINISHED BUSINESS**

- a. Following City Council action to reduce the final levy for the City of Sauk Centre, the tax rate table comparison chart was revised and is attached.

2015	51.935%
2016 Preliminary	49.066%
2016 Final	47.99%

## **9. NEW BUSINESS**

None.

## **10. CONSENT AGENDA**

The Council considered the following Consent Agenda Items:

- |    |   |                     |
|----|---|---------------------|
| a. | Schedule of Claims - Unpaid Claims  | \$105,998.27        |
|    | Paid Claims   | <u>\$0.00</u>       |
|    | Total   | <u>\$105,998.27</u> |
| b. | November Checks #02815E-#02860E   | \$518,239.53        |
|    | #36839-#36930   |                     |
|    | 3 Payroll ACH Transfers   |                     |
| c. | Resolution No. 2015-93, Resolution Accepting Contributions. The contributions are as follows: |                     |



Men's Card Playing Group	\$206.00	Senior Center
Agstar Financial	\$3,000.00	Ambulance Dept.

A motion was made by Council Member Thomas and was seconded by Council Member Johnson to approve the Consent Agenda as presented. A vote being recorded as follows: For: Council Members Thomas, Johnson, Leach, Kelly and Mayor Stone. Against: None. The motion passed.

The Council thanked the Men's Card Playing Group and Agstar Financial for their donations.

### **11. INFORMATIONAL ITEMS**

- a. City Hall will be closing at noon on December 24<sup>th</sup> and will be closed on December 25<sup>th</sup>.
- b. 2016 Meeting Calendar.

Mayor Stone announced that the City Council will convene in a Closed Session to consider offers to purchase property from the City.

A motion was made by Council Member Kelly and was seconded by Council Member Thomas to recess the regular meeting and convene in closed session. A vote being recorded as follows: For: Council Members Leach, Thomas, Johnson, Kelly and Mayor Stone. Against: None. The motion passed.

All those in attendance at the regular meeting left the room. City Council Members and City Administrator Willer remained in attendance.

### **12. CLOSED SESSION**

A motion was made by Council Member Kelly and was seconded by Council Member Thomas to adjourn the closed meeting and reconvene the regular meeting. A vote being recorded as follows: For: Council Members Leach, Thomas, Johnson, Kelly and Mayor Stone. Against: None. The motion passed.

Mayor Stone adjourned the closed meeting and reconvened the regular meeting. He announced that the City Administrator has been given parameters within which to negotiate for the sale of the Information Center Property and the Transit Garage Property.

### **13. ADJOURNMENT**

A motion was made by Council Member Leach and was seconded by Council Member Thomas to adjourn the meeting. A vote being recorded as follows: For: Council Members Leach, Thomas, Johnson, Kelly and Mayor Stone. Against: None. The motion passed.

With no further business to come before the Council, Mayor Stone adjourned the meeting.

Respectfully submitted,

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Mayor Warren Stone

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City Administrator Vicki Willer