

Mountain Lake City Council Meeting
Mountain Lake City Hall
Monday, November 21, 2016
6:30 PM

AGENDA

1. Meeting called to order by Mayor Mike Nelson
 *Further information on agenda item is attached.
2. Approval of Agenda and Consent Agenda
 - a. Bills: Check #'s 9919346-9919292, 459-460E*(1-5)
 Payroll #'s 62762-62825
 - b. November 7 and 14 Council Minutes*(6-9)
 - c. October 27 Utilities Commission Minutes*(10-11)
 - d. October 11 Lake Commission Minutes*(12-13)
 - e. October 14 Economic Development Authority Minutes*(14-15)
 - f. October 12 library Board Minutes, October Library Report and Expenditures*(16-18)
 - g. Approval of Uncle B's Off-Sale License*(19)
3. Public – a total of ten (10) minutes is allotted for individuals to briefly discuss a topic of concern with the Council.
4. Utilities
 - a. Utility Deposits*(20-23)
 - b. Sub-Station Project – Call for Masonry Bids
 - c. 2017 Rates*(24-35)
5. Parks
 - a. Rustic Path on Trail
 - b. Dog Park*(36-39)
6. Ordinance 11-16, Amendment of Section 3.05, Subdivision 7, Paragraph E*(40)
7. Revision of Drug and Alcohol Policy*(41-44)
8. Law Enforcement Labor Services Contract Negotiation – Meeting May be Closed.
9. Administrator
 - a. 2017 Designations and Appointments*(45-48)

- b. FYI Article from MN Cities a League of MN Cities publication
“How to Avoid, Recognize, and Fix a Structural Budget Imbalance” *(49-50)

10. Adjourn

UPCOMING MEETINGS

December Council Meetings are Tuesday, December 6 and Tuesday, December 20. The December 6 meeting begins at 6 PM.

***Check Detail Register©**

November 21, 2016
 mtg
 9919346-9919387
 459E-460E

November 2016

Check Amt Invoice Comment

10100 United Prairie

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
Paid Chk# 9919346 11/4/2016 CARCHIOUS RODNEY					
E 609-46330-401		Repairs/Maint Buildings	\$65.00		ADDITIONAL MAINTENANCE AT APARTMENTS
E 608-46330-401		Repairs/Maint Buildings	\$65.00		ADDITIONAL MAINTENANCE AT APARTMENTS
E 607-46330-401		Repairs/Maint Buildings	\$65.00		ADDITIONAL MAINTENANCE AT APARTMENTS
Total CARCHIOUS RODNEY			\$195.00		
Paid Chk# 9919347 11/7/2016 CASEYS-CREDIT CARD DEPARTMENT					
E 101-45200-212		Motor Fuels	\$204.54		PARKS GAS
E 101-43100-212		Motor Fuels	\$55.44		ST DEPT GAS
E 101-00000-430		Miscellaneous	\$52.74		UT GAS (BILLED THEM)
Total CASEYS-CREDIT CARD DEPARTMENT			\$312.72		
Paid Chk# 9919348 11/7/2016 EVEREST EMERGENCY VEHICLES INC					
E 231-42154-404		Repairs/Maint Machinery/Equip	\$582.94	W01340	REPLACE MARKER LIGHTS
Total EVEREST EMERGENCY VEHICLES INC			\$582.94		
Paid Chk# 9919349 11/7/2016 HEIMAN FIRE EQUIPMENT--USE THI					
E 221-42200-404		Repairs/Maint Machinery/Equip	\$842.50	0851704-IN	FD-SERVICE PRESSURE TEST NEW PUMPER
Total HEIMAN FIRE EQUIPMENT--USE THI			\$842.50		
Paid Chk# 9919350 11/7/2016 KDOM RADIO					
E 101-00000-430		Miscellaneous	\$72.50	540161040689	MONTHLY RADIO ADS
Total KDOM RADIO			\$72.50		
Paid Chk# 9919351 11/7/2016 MCHS-MANKATO					
E 221-42200-430		Miscellaneous	\$133.00		DOT EXAM-FIREMAN PAT OJA
Total MCHS-MANKATO			\$133.00		
Paid Chk# 9919352 11/7/2016 MIDWAY FARM EQUIPMENT					
E 507-45150-404		Repairs/Maint Machinery/Equip	\$13.53	IM21570	BOLTS-WEED HARVESTOR
E 507-45150-404		Repairs/Maint Machinery/Equip	\$14.46	IM21806	BOLTS-WEED HARVESTOR
Total MIDWAY FARM EQUIPMENT			\$27.99		
Paid Chk# 9919353 11/7/2016 MINNESOTA STATE FIRE DEPT ASSO					
E 221-42200-433		Dues and Subscriptions	\$187.00		FD-YEARLY DUES
Total MINNESOTA STATE FIRE DEPT ASSO			\$187.00		
Paid Chk# 9919354 11/7/2016 PLUNKETT S					
E 211-45500-401		Repairs/Maint Buildings	\$54.30	5556335	OCTOBER SERVICE AT LIBRARY
Total PLUNKETT S			\$54.30		
Paid Chk# 9919355 11/7/2016 WEBICINE					
E 101-00000-430		Miscellaneous	\$47.50	5873	UPDATED HOME PAGE OF WEBSITE
Total WEBICINE			\$47.50		
Paid Chk# 9919356 11/10/2016 AFLAC					
G 101-21713		AFLAC	\$192.74		
Total AFLAC			\$192.74		
Paid Chk# 9919357 11/10/2016 BCBS/HSA					
G 101-21714		HSA	\$793.85		
Total BCBS/HSA			\$793.85		
Paid Chk# 9919358 11/10/2016 COMMISSIONER OF REVENUE					
G 101-21702		State Withholding	\$738.46		

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		Check Amt	Invoice	Comment
Total COMMISSIONER OF REVENUE		\$738.46		
Paid Chk# 9919359 11/10/2016 GISLASON & HUNTER				
G 101-21712	Garnishments	\$362.72		
Total GISLASON & HUNTER		\$362.72		
Paid Chk# 9919360 11/10/2016 INTERNAL REVENUE SERVICE				
G 101-21701	Federal Withholding	\$1,684.98		
G 101-21703	FICA Tax Withholding	\$2,233.26		
Total INTERNAL REVENUE SERVICE		\$3,918.24		
Paid Chk# 9919361 11/10/2016 LAW ENFORCEMENT LABOR SERV				
G 101-21711	PD UNION DUES	\$147.00		
Total LAW ENFORCEMENT LABOR SERV		\$147.00		
Paid Chk# 9919362 11/10/2016 PERA				
G 101-21704	PERA	\$4,116.11		
Total PERA		\$4,116.11		
Paid Chk# 9919363 11/10/2016 VALIC				
G 101-21705	VALIC	\$388.00		
Total VALIC		\$388.00		
Paid Chk# 9919364 11/21/2016 COUNTRY PRIDE SERVICES				
E 231-42154-212	Motor Fuels	\$147.42		AMB DIESEL
E 101-42100-212	Motor Fuels	\$142.75		PD-EXPEDITION GAS
E 101-42100-212	Motor Fuels	\$440.11		PD-EXPLORER GAS
E 101-43100-212	Motor Fuels	\$507.07		ST DEPT GAS
E 101-42100-406	Vehicle Maint/Gen Repairs	\$1,323.41	093475	PD-TIRES FOR BOTH VEHICLES
E 101-42100-430	Miscellaneous	\$8.54	168227	PD-CABLE TIE
E 221-42200-404	Repairs/Maint Machinery/Equip	\$84.93	168264,16928	FD-GLASS CLEANER,BATTERIES
E 608-46330-401	Repairs/Maint Buildings	\$416.48	168272	CARTRIDGES,BATTERY,FURNACE FILTERS
E 609-46330-401	Repairs/Maint Buildings	\$49.14	168438	SMOKE DETECTOR
E 608-46330-401	Repairs/Maint Buildings	\$316.08	168777,16941	FURNACE FILTERS,GARBAGE DISPOSAL-KRINGLE,CAULK-GOHR,CLAMP-DICK
E 101-41400-401	Repairs/Maint Buildings	\$126.08	168819,16942	CITY HALL-FURNACE FILTERS,REPAIR TOILETS
E 607-46330-401	Repairs/Maint Buildings	\$402.61	168837,16837	HANDICAP TOLIET-SCHROEDER, FURNACE FILTERS
E 235-46340-401	Repairs/Maint Buildings	\$230.39	169177	IGNITOR & THERMOSTAT-FULDA CREDIT BLDG
Total COUNTRY PRIDE SERVICES		\$4,195.01		
Paid Chk# 9919365 11/21/2016 COMPUTER LODGE				
G 101-15500	Prepaid Items	\$3,400.00	7363	40 HRS COMPUTER WORK
Total COMPUTER LODGE		\$3,400.00		
Paid Chk# 9919366 11/21/2016 ALPHA WIRELESS COMMUNICATIONS				
E 101-42100-430	Miscellaneous	\$86.56	686391	BATTERY FOR PD RADIO
E 101-00000-430	Miscellaneous	\$31.50	686391	ANTENNA-KEVIN RADIO
Total ALPHA WIRELESS COMMUNICATIONS		\$118.06		
Paid Chk# 9919367 11/21/2016 AMERIPRIDE				
E 101-43100-215	Shop Supplies	\$32.98	2800687883	TOWELS FOR ST DEPT
E 101-41400-401	Repairs/Maint Buildings	\$45.62	2800687883	MATS FOR CITY HALL
Total AMERIPRIDE		\$78.60		
Paid Chk# 9919368 11/21/2016 BERKLEY RISK ADMINISTRATORS CO				
E 312-47000-430	Miscellaneous	\$1,000.00	1636	DEDUCTIBLE-KUECHLE CLAIM

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			Check Amt	Invoice	Comment
total BERKLEY RISK ADMINISTRATORS CO			\$1,000.00		
Paid Chk#	9919369	11/21/2016	BOLTON & MENK INC.		
E	312-47000-430	Miscellaneous	\$279.00	0196279	ENGINEERING ST PROJECT
		Total BOLTON & MENK INC.	\$279.00		
Paid Chk#	9919370	11/21/2016	COMPUTER LODGE		
E	101-42100-200	Office Supplies	\$213.74	6979	MICROSOFT OFFICE 2013 FOR PD OFFICER COMPUTER
		Total COMPUTER LODGE	\$213.74		
Paid Chk#	9919371	11/21/2016	EARL F. ANDERSON		
E	101-43100-430	Miscellaneous	\$100.30		SAFETY SWEATSHIRTS
E	101-45200-430	Miscellaneous	\$100.30		SAFETY SWEATSHIRTS
E	101-46200-430	Miscellaneous	\$100.30		SAFETY SWEATSHIRTS
		Total EARL F. ANDERSON	\$300.90		
Paid Chk#	9919372	11/21/2016	EXPERT T BILLING		
E	231-42154-300	Professional Svcs	\$270.00	3154	OCTOBER AMB BILLING
		Total EXPERT T BILLING	\$270.00		
Paid Chk#	9919373	11/21/2016	FIRE RELIEF ASSOCIATION		
E	221-42200-124	Fire Pension Contributions	\$27,348.10		2016 FIRE STATE AID
		Total FIRE RELIEF ASSOCIATION	\$27,348.10		
Paid Chk#	9919374	11/21/2016	HEIMAN FIRE EQUIPMENT--USE THI		
E	101-00000-430	Miscellaneous	\$135.73	25817-1096	POWER PLANT-FIRE EXTINGUISHERS
E	101-00000-430	Miscellaneous	\$844.31	25817-1096	WATER PLANT-FIRE EXTINGUISHERS
E	211-45500-430	Miscellaneous	\$8.55	25817-1096	LIBRARY-INSPECT & TAG FIRE EXTINGUISHER
E	101-42100-430	Miscellaneous	\$35.27	25817-1096	PD-INSPECT,TAG,RECHARGE FIRE EXTINGUISHERS
E	221-42200-404	Repairs/Maint Machinery/Equip	\$12.83	25817-1096	FD-INSPECT,TAG FIRE EXTINGUISHERS
E	231-42154-404	Repairs/Maint Machinery/Equip	\$12.83	25817-1096	AMB-INSPECT,TAG FIRE EXTINGUISHERS
E	101-43100-404	Repairs/Maint Machinery/Equip	\$64.13	25817-1096	ST DEPT-INSPECT,TAG FIRE EXTINGUISHERS
E	101-45186-401	Repairs/Maint Buildings	\$8.55	25817-1096	COMM CTR-INSPECT,TAG FIRE EXTINGUISHERS
E	608-46330-401	Repairs/Maint Buildings	\$33.86	25817-1096	HERITAGE ESTATES-INSPECT,TAG FIRE EXTINGUISHERS
E	607-46330-401	Repairs/Maint Buildings	\$17.44	25817-1096	HERITAGE ESTATES-INSPECT,TAG FIRE EXTINGUISHERS
E	609-46330-401	Repairs/Maint Buildings	\$17.10	25817-1096	MASON MANOR-INSPECT,TAG FIRE EXTINGUISHERS
E	101-41400-401	Repairs/Maint Buildings	\$34.19	25817-1096	CITY HALL-INSPECT,TAG FIRE EXTINGUISHERS
		Total HEIMAN FIRE EQUIPMENT--USE THI	\$1,224.79		
Paid Chk#	9919375	11/21/2016	HOFFMAN FILTER SERVICE LLC		
E	101-43100-215	Shop Supplies	\$50.00	76149	USED FILTERS-ST DEPT
		Total HOFFMAN FILTER SERVICE LLC	\$50.00		
Paid Chk#	9919376	11/21/2016	INGRAM		
E	211-45500-590	Capital Outlay Books	\$606.98		LIBRARY BOOKS
E	211-45500-592	A.V. Materials	\$41.24		LIBRARY AV
		Total INGRAM	\$648.22		
Paid Chk#	9919377	11/21/2016	KEEPRS, INC		
E	101-42100-308	Training & Instruction	\$243.65	324791	PD-TRAINING BAG
		Total KEEPRS, INC	\$243.65		
Paid Chk#	9919378	11/21/2016	LEAGUE OF MN CITIES-FINANCE		
E	101-41110-433	Dues and Subscriptions	\$30.00		MEMBERSHIP DUES-MAYOR NELSON

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		Check Amt	Invoice	Comment
Total LEAGUE OF MN CITIES-FINANCE		\$30.00		
Paid Chk#	9919379	11/21/2016	MARY JANES FARM	
E 211-45500-591	Periodicals	\$29.95		LIBRARY-PERIODICALS 2 YR
Total MARY JANES FARM		\$29.95		
Paid Chk#	9919380	11/21/2016	MAYNARDS FOOD CENTER	
E 221-42200-430	Miscellaneous	\$22.20	10/14/16	SUPPLIES FOR FIRE PREVENTION WEEK
E 221-42200-430	Miscellaneous	\$13.16	10/14/16	SUPPLIES FOR FIRE PREVENTION WEEK
E 205-46500-430	Miscellaneous	\$26.67	10/14/16	EDA LUNCH
E 101-41400-200	Office Supplies	\$30.01	10/18/16	TP & BAGS,CLEANERS-CITY HALL
E 101-41400-200	Office Supplies	\$4.05	10/31/16	GARBAGE BAGS-CITY HALL
E 101-43100-200	Office Supplies	\$37.05	10/4/16	ST DEPT-PAPER TOWELS
Total MAYNARDS FOOD CENTER		\$133.14		
Paid Chk#	9919381	11/21/2016	MILLENNIUM CREDIT CONSULTANTS	
E 231-42154-430	Miscellaneous	\$12.50		COLLECTION OF AMB BILL
Total MILLENNIUM CREDIT CONSULTANTS		\$12.50		
Paid Chk#	9919382	11/21/2016	MOUNTAIN LAKE PUBLIC SCHOOL	
E 101-45137-210	Operating Supplies	\$4,181.90		SWIMMING POOL DONATION-3RD QTR 2016
Total MOUNTAIN LAKE PUBLIC SCHOOL		\$4,181.90		
Paid Chk#	9919383	11/21/2016	NORTHLAND TRUST SERVICES	
E 312-47000-602	Other Long-Term Oblig Princ al	\$95,000.00		PRINC & INTEREST-2012-14 ST PROJECT
E 312-47000-611	Bond Interest	\$23,295.00		PRINC & INTEREST-2012-14 ST PROJECT
Total NORTHLAND TRUST SERVICES		\$118,295.00		
Paid Chk#	9919384	11/21/2016	REAL SIMPLE	
E 211-45500-591	Periodicals	\$43.00		LIBRARY PERIODICALS-2 YR
Total REAL SIMPLE		\$43.00		
Paid Chk#	9919385	11/21/2016	TASTE OF HOME SIMPLE & DELICIO	
E 211-45500-591	Periodicals	\$19.97		LIBRARY PERIODICALS-2 YR
Total TASTE OF HOME SIMPLE & DELICIO		\$19.97		
Paid Chk#	9919386	11/21/2016	THE SEED CENTER	
E 101-46200-402	Repairs/Maint- Ground	\$1,187.50	12696	GRASS SEED-CEMETERY
E 101-46200-402	Repairs/Maint- Ground	\$25.00	12710	GRASS SEED CEMETERY
Total THE SEED CENTER		\$1,212.50		
Paid Chk#	9919387	11/21/2016	VERIZON	
E 101-42100-321	Telephone	\$9.05		POLICE CELL PHONE
E 231-42154-321	Telephone	\$9.39		AMB CELL PHONE
E 101-42100-321	Telephone	\$35.05		PD-TABLET #1
E 101-42100-321	Telephone	\$35.01		PD-TABLET #2
E 231-42154-321	Telephone	\$35.01		AMB JET PACK
Total VERIZON		\$123.51		
10100 United Prairie		\$176,564.11		

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November 2016

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Fund Summary

10100 United Prairie

101 GENERAL FUND	\$24,739.55
205 ECONOMIC DEVELOPMENT AUTHORITY	\$26.67
211 LIBRARY FUND	\$803.99
221 FIRE DEPT FUND	\$28,643.72
231 AMBULANCE FUND	\$1,070.09
235 SW HOUSING GRANT	\$230.39
312 CITY WIDE PROJ-DEBT SERV	\$119,574.00
507 LAKE COMMISSION FUND	\$27.99
607 EDA----4 PLEX FUND	\$485.05
608 EDA----8 PLEX FUND	\$831.42
609 EDA-- MASON MANOR	\$131.24
	<hr/>
	\$176,564.11

Paid Chk# 000459E 11/7/2016 UNITED PRAIRIE BANK

G 609-22800 Notes Payable - Current	\$439.15	MASON MANOR-PRINC PAYMENT
E 609-46330-610 Interest	\$851.38	MASON MANOR-INTEREST PAYMENT
Total UNITED PRAIRIE BANK	\$1,290.53	

Paid Chk# 000460E 11/10/2016 SELECT ACCOUNT

G 101-21710 Employee Flex Plan	\$124.00	EMPLOYEE FLEX PLAN
Total SELECT ACCOUNT	\$124.00	

DRAFT
Mountain Lake City Council Meeting
Mountain Lake City Hall
Monday, November 7, 2016
6:30 PM

Members Present: Mike Nelson, Dana Kass, Darla Kruser, David Savage, Andrew Ysker

Members Absent: None

Staff Present: Rob Anderson, EDA Director; Carol Lehman, Library Director, Wendy Meyer, Clerk/Administrator; Maryellen Suhrhoff, City Attorney, Muske, Muske, and Suhrhoff

Others Present: Tammy Omdal, Northland Securities; Chad Pedersen; Daintri Pedersen; Jason Kruser; Doug Regehr; Luke Winger

Call to Order

The council meeting was called to order at 6:30 PM by Mayor Mike Nelson. Motion by Kass, seconded by Kruser, to add 12e. Dog Park to the agenda. Motion carried unanimously. Motion by Savage, seconded by Ysker, to adopt the agenda as amended and the consent agenda as presented. Motion carried unanimously.

Bills: Check #'s 9919292 - 9919345, 457-458E

Payroll #'s 62762-62792

October 17 Council Minutes

September 20 Police Commission Minutes

October 13 Utilities Commission Minutes

October 14 Economic Development Authority Minutes

Appoint Gary Hildebrandt to Tree Commission

Accept Resignation of Brian Lunz, Part-time Police Officer

Public

Chad and Daintri Pedersen questioned the utility deposit for properties being purchased by contract for deed. The utility's policy is to treat a contract for deed like a rental. The council directed the administrator to ask other cities for their policies and to determine if the utility has a written policy. The matter will be considered at the November 21 council meeting.

Electric Revenue Bonds, Series 2017A

Tammy Omdal, Northland Securities reviewed the Finance Plan and other information with the council. The bonds will be used to pay for a second sub-station currently under construction and

to bring the five engines in the power plant in to National Emission Standards for Hazardous Air Pollutants (NESHAP). The increase in electricity purchased by Milk Specialties Global will pay a large part of the yearly bond payment. Current electric rates and the need to maintain the 125% coverage ratio and Resolution #28-16 were discussed. Motion by Savage, seconded by Kruser, to adopt Resolution #28-16 Approving the Issuance of Electric Revenue Bonds, Series 2017A. Motion carried unanimously.

New Industrial Park, Next Steps, Rob Anderson, Economic Development Authority

Annexation, installation of infrastructure, bonding for infrastructure, and ownership were discussed. A wetland delineation study will be conducted by Bolton and Menk. It was agreed that the property should be deeded to the EDA when annexation is completed. Formal action will be taken at a later date. Anderson and Meyer will be attending the next Mt. Lake Township Board meeting to discuss orderly annexation.

Library, Carol Lehman, Library Director, Adoption of Plum Creek Library System Agency Agreement

Lehman discussed the reasons for the new agreement and highlighted sections for the council. Motion by Kass, seconded by Kruser, to adopt the new agreement. Motion carried unanimously. The distribution of Cottonwood County library aid dollars was also reviewed.

Award Bid, Grading and Site Preparation, New Sub-Station

One bid was received. The project's engineer is recommending the bid be awarded to the bidder Mathiowetz Construction, Sleepy Eye, at a cost of \$96,500. The work will be completed by December 15. Motion by Savage, seconded by Ysker, to award the project to Mathiowetz. Motion carried unanimously.

Police Department, Dispatch Agreement with Cottonwood County

The county will bill for dispatching on a per call basis instead of the yearly flat fee beginning January 1, 2017. It is expected that dispatching costs will rise slightly. Previously the dispatch fee was paid entirely by the Police Department; now Fire, Ambulance and Police will each be charged for their calls for service. Motion by Kass, seconded by Ysker, to enter into the new dispatch agreement with Cottonwood County. Motion carried unanimously.

Part-time Officer Update

Interviews for casual, part-time police officers have been scheduled for November 19.

Recreational Use of PIN 22.610.0040

Luke Winger presented his idea of using the city owned 6.75 acre property on the west side of County Road

#1 and south of the Union Pacific rail line, for mountain biking and cross country skiing. Volunteers would do the work. Winger will prepare and provide the city with a diagram of his plan.

First Reading - Ordinance 11-16, Amendment of Section 3.05, Subdivision 7, Paragraph E

The Utility Commission is recommending that Section 3.05 be amended so a utility account affiliated with a property where a theft or other unlawful act has occurred be billed for the cost of determining and repairing damage, the cost of the unmetered usage, and fined.

Revision of Drug and Alcohol Policy

The revisions were reviewed and further changes were suggested. The revised policy will be reviewed at a future meeting. No action taken.

Close City Hall Friday, November 25

Motion by Kass, seconded by Ysker, to close City Hall on Fri. Nov. 27. Motion carried unanimously. Employees have the option of working or using a personal/vacation day.

Wind Turbine Production, Small Cities Development Program Tracking Report, 3rd Quarter Mt. Lake Public School Pool Billing

These items were reviewed. No action taken.

Dog Park

Council Member Kruser has been approached by residents that would like the city to consider a dog park. Location, size, and amenities were discussed. The administrator will do some research and the matter will be discussed at a future meeting.

Preparation for Union Negotiations

Motion by Kass, seconded by Kruser, to close the meeting at 8:17 PM and opened the closed meeting pursuant to MN Statutes 179.01 – 179A.25 to consider union contact negotiation strategies. Motion carried unanimously. Motion by Kruser, seconded by Ysker, to close the close meeting and open the open meeting at 8:58 PM. Motion carried unanimously.

Adjourn

The meeting was adjourned at 9 PM.

ATTEST:

Wendy Meyer, Clerk/Administrator



DRAFT
Special Meeting
Canvassing Board
Mt. Lake City Council
Monday, November 14, 2016
5:30 p.m.

Members Present: Dana Kass, Darla Kruser, Mike Nelson, David Savage, Andrew Ysker

Members Absent: None

Staff Present: Wendy Meyer, Clerk/Administrator

Call to Order

Mayor Mike Nelson called the meeting to order at 5:30 p.m.

Canvass of Election Returns

The Council reviewed the November 8 municipal election returns as presented. Nine hundred twenty-one (921) people voted in the city on Election Day including 120 absentees.

Motion by Savage, seconded by Kass, to adopt Resolution #29-16, Certifying the Results of the Tuesday, November 8, 2016 Municipal Election. Motion carried unanimously.

The meeting was adjourned at 5:44 PM.

ATTEST:

Wendy Meyer, Clerk/Administrator

Mt. Lake Utilities Commission
Commission Meeting
Thursday, October 27, 2016
7AM

Members Present: Commissioners John Carrison, Todd Johnson, Mike Johnson, Mark Langland

Members Absent: Commissioner Brett Lohrenz, Council Liaison David Savage

Staff Present: Wendy Meyer, Clerk/Administrator; Lynda Cowell, Utilities Office Manager; Ron Melson, Electric Supt.; Patrick Oja, Lineman; Dave Watkins, Water and Wastewater Dept.

Others Present: None

Call to Order

The meeting was called to order at 7 AM. Additional bills were added to the agenda.

Approval of October 13 Minutes and Check Numbers 16607 - 16651

Motion by Carrison, seconded by T. Johnson, to approve the minutes and bills. Motion carried unanimously.

Electric Dept. Updates

Work is almost finished on Cat #1 gasket project. The sub-station transformer will be ready in November, not January as planned. Aspects of the sub-station project including the number of bidders for the site prep portion of the project, the November 4 site prep bid opening, temporary storage of the transformer, site prep timeline, railroad and county permits, an easement south of the railroad, and storm water issues were discussed.

Water/Wastewater Dept. Updates

Stickers to identify city owned utility meters and to prevent their removal and destruction have been purchased.

Sub-station Bonding, Series 2017A

At the October 13 meeting the commission asked when the bonds would be callable. According to Northland Securities, the city's financial advisor, the bonds will be callable after eight years. An earlier call date will result in higher interest rates.

Theft of Electricity, Current Ordinance Subdivision 7 Unlawful Acts

Fine amounts were discussed. Motion by Langland, seconded by M. Johnson, to set the fine at \$500. Motion carried unanimously. The draft ordinance will be reviewed by the city attorney.

Other

Wind turbine maintenance and production records were briefly discussed.

Adjourn

The meeting was adjourned at 7:34 AM.

Approved November 10, 2016.

ATTEST:

Wendy Meyer, Clerk/Administrator

**Regular Lake Commission Meeting
Monday, Oct. 11, 2016**

Members Present: Jim Peterson, Dave Bucklin, Jason Kruser, Jean Haberman, Heather Funk, and Mike James

Guests Present: Wendy Meyer, Mike Nelson, Luke Winger, Cheryl Hiebert

Chair Peterson called the meeting to order at 6:30 p.m. M/S/P Kruser/James to approve the minutes of the Sept. 12, 2016 meeting, with a correction changing the spelling from Markle to Markl.

Treasurer's Report:

Bills:

Postage - 7/13-16 - 9/29/16	1.14
Cottonwood Co. Recorder - Fee for recording Golf Course sediment pond easement	46.00

Income:

Alter Recycling - 1,620 lbs. @ .37 - Aluminum cans 9/23/16	599.40
UPB - Interest	.82

M/S/P Bucklin/Funk to approve Treasurer's Report

Trail:

- Luke Winger presented the idea of building a 1-kilometer mountain bike trail on the island. It could be used for biking, running, snowshoeing, and fat biking. Mike Nelson suggested the possibility of building a mountain bike trail on the grassy lot south of the railroad tracks on Co. Rd. 1. Luke will write a proposal and Wendy will discuss it with the DNR. She will also look at the island purchase agreement to see what stipulations are on it.
- Dave Bucklin said it would be nice to have a sledding hill in Mountain Lake.
- The bridge repair will have to be postponed until next summer. Jim and Dave might try to level it this fall.
- Jay and Dave have spotted some Black Locust trees growing on the overlook. The DNR has labeled it an invasive species. Dave will try to get some funding from the Noxious Weed Grant, so he and Jay exterminate them.
- Steve Funk's students will try to do some island trail clean up in November or next spring.

Lake:

- Jim presented Jay's Secchi disk report for the summer. Jay is not going to be taking Secchi readings next summer, so a volunteer is needed.
- Dave shared a letter from Ryan Doorenbos about the extensive plant growth in Mountain Lake. Ryan said that there is not much we can do about the excessive native vegetation. He said that it is good that we are getting a handle on controlling the invasive species. It might be possible to chemically treat a small area for boating access.
- Jim will talk to Ricky about harvester maintenance that needs to be done before the harvester is stored at Sid Ewert's.

Beach:

- Beach project is on hold until Steve Funk gives Wendy a material list and cost estimate. Then she will try to get some grant money to help fund the project.

Projects:

- Dave delivered bid packets to Nickel Construction and Lohrenz Construction for four projects: Golf Course sediment pond, plunge pool repair, culvert on trail by Yoder's, and drainage tile at Lawcon Park.

Respectfully submitted,

Jean Haberman,
Secretary

REGULAR MEETING
ECONOMIC DEVELOPMENT AUTHORITY
October 14, 2016
12:00 Noon

PRESENT: Mark Hanson, Vern Peterson, Darla Kruser, Brian Harder, Steve Syverson and Dean Janzen, Brad Hanson and Clara Johnson, Advisories
ABSENT: Jerry Haberman and Mike Nelson
STAFF PRESENT: Rob Anderson and Marva Ott
CITY ADMINISTRATOR: Wendy Meyer
GUESTS: Cheryl Hiebert, Observer/Advocate; Allen Rahn; and Chuck Stevenson of UPB.

1. Call to Order: Mark called the meeting to order.
2. Consent Agenda. Motion made and seconded by Steve and Brian to approve the Consent Agenda. Carried.
3. Mark then closed the EDA meeting and opened the Public Hearing on the Sale of Lot 1 Block 1 on County Road 1 to the Utilities for a new substation. No comments made either for or against the sale. Public Hearing was then closed and Mark re-opened the EDA meeting. Motion made and seconded to approve the sale of the lot. Motion carried.
4. Consider Resolution Calling for the Redemption of Revenue Bonds Series 2008A for City Hall building: After brief discussion explaining the resolution a motion was made and seconded by Vern and Brian to authorize the resolution. Motion carried.
5. Industrial Park: Rob explained why the city needs to acquire the land instead of the EDA since it's currently outside of city limits. Rob stated that the resolution for bonding was approved by the city council on 10-3-16 but the Purchase Agreement was not approved. The council needed additional information on the cost of infrastructure and how much the taxpayers costs would go up before they would approve. Rob presented that information to the EDA board including costs of a 38 foot road compared to a 44 foot road. He also gave them information about the tax increase on properties which would include the land purchase and infrastructure. Rob also told the board that there is a private developer who may be interested and his name is Dale Friesen. He would like to be involved some way and will be putting a proposal together for the city council meeting on Monday night. Rob encouraged board members to attend that meeting whether they supported it or not. Several questions were asked and Rob stated that Tammy Omdahl would be at the city council meeting to answer financial questions.
6. Balzer:
 - a. Watkins property-Purchase agreement would be for 6 years at 5% interest. This will be subject to an agreement between Balzer and the EDA which needs to be finalized yet. Balzer would be responsible for mowing, maintenance, etc. Motion made and seconded by Brian and Vern to approve the Purchase Agreement with Watkins contingent upon an agreement with Balzer being obtained. Motion carried with Mark abstaining from the vote.

7. 2016 Strategic Planning Session- date was rescheduled to November 15th from 9:00-1:00. Lunch will be provided. EDA, City Council and Chamber boards will be invited along with staff. Need to limit to 25 people.
8. TIF Redevelopment District: nothing new to report but still working with Sanford. Vern stated that Dr. Harder is retiring at the end of the year so we need to find a way to recruit a new doctor to town.
9. General Discussion:
 - a. Lakeview Estates Lots-letters were sent to Puente's and Dick's with no response. Taxes were paid on the lot by Puente's but not on the Café. The board discussed doing another spec house but no action. Discussed how St. James banks were doing incentive loans. Rob was directed to find out how they are doing this.
 - b. Fulda Credit Union-they are moving into the building and set to open next week. There was a water leak on the north wall coming from the windows of the Care & Share building. Care and Share is checking into getting this fixed.
 - c. Custom Motors-they were served on 9-21-16 but a court date has not been set yet. Continue pursuing this action.
 - d. Lori Puente property taxes on café- She owes \$3,290.24 on 2016 taxes and is in violation of her contract for deed. Rob was directed to contact Lori and see what her plans are. We may need to re-do the contract to include taxes. We also need to check the language on the contract about financials and ask her for them if we can. Motion made and seconded by Brian and Steve to pay the taxes on Monday and have Rob talk to Lori today. Carried.
 - e. Pop'd Kerns-still having water leaks along with flooring issues. We will continue to monitor the situation.
 - f. Odell Wind Farm-Rob was asked to serve on the Community Fund Grant Review Board for the wind farm.
 - g. Next meeting is November 11th but that is Veteran's Day so date will be November 4th.
 - h. Other-daycare cash flow was presented to the board. First loan payment is due November 1st. She has 14 kids with 4 full time and a lot of interest from Windom Prime Pork employees. This will be tight for her to make payments in November with her current numbers.
 - i. Art Ellingson wants to fix up the former city hall building to be used by the Observer/Advocate business. He would like to apply for a small cities grant to do remodeling for this. Board agreed this was ok for him to do.

11. Nothing further. Meeting adjourned at 1:02.

Mountain Lake Public Library Board Minutes
October 12, 2016

Members Present: Marci Balderas, Dennis Cords, Vickie Krueger, Barrie Wright, Diane Englin, Carol Lehman-Director

Members Absent: None

Others Present: None

The meeting was called to order at 4:10 p.m. by chairman, Barrie Wright.

M/S/P Krueger/Englin to approve the minutes of the September 14, 2016 meeting.

Carol presented the September monthly report indicating 3,062 total circulation and expenditures in the amount of \$1,157.88. **M/S/P Cords/Krueger** to accept the monthly report as given and to approve the September expenditures.

Old Business: None

New Business: The library service hours were briefly discussed and it was decided to continue monitoring usage and to review the hours later this year before making any changes or filling the part-time library aide position.

Library Activity report for September was reviewed.

Meeting adjourned at 4:35 p.m. by chairman, Barrie Wright.

NEXT MEETING: Wednesday November 9, 2016 – 4:00 p.m.

Respectfully submitted,

Marci Balderas, secretary

MB

CITY OF MOUNTAIN LAKE
PUBLIC LIBRARY REPORT
MONTH OF October, 2016

CIRCULATION AND USE

Adult fiction	_____
Adult nonfiction	_____
Non print (includes videos, cassettes, art prints, etc.)	_____
Juvenile	_____
Periodicals	_____

TOTAL CIRCULATION 2,899

Interlibrary loan sent	_____
Interlibrary loan received	<u>294</u>
	<u>252</u>
	<u>546</u>

TOTAL ILL

ILL NON SYSTEM 55

RECEIPTS

Cash income	<u>156.50</u>
Donations (monetary)	_____
County Revenue	_____
Misc. Revenue	_____
Fines	<u>2.00</u>
Meeting room rental	_____
Sale of supplies	_____

TOTAL RECEIPTS

158.50

EXPENDITURES

140.00 Books	<u>800.09</u>
Periodicals	<u>92.92</u>
6.00 Audio-visual	<u>174.83</u>
10.50 Supplies	<u>335.04</u>
Postage	_____
Miscellaneous	<u>85.60</u>
Telephone	<u>65.58</u>
Repairs & maintenance	<u>345.00</u>
Repairs & maint. of equipment	_____
Project expense	_____
Capital outlay	_____
Automation	_____
Gas Utilities	<u>52.89</u>
TOTAL EXPENDITURES	<u>\$1,951.95</u>

(17)

LIBRARY DIRECTOR Carol Lehman

LIBRARY EXPENDITURES - OCTOBER 2016

Citizen Publishing Co.	Misc. - Advertising	\$85.60
Demco	Office Supplies	\$270.81
Frontier	Telephone Expense	\$65.58
Dennis Hulzebos	Repairs & Maint. - Janitorial	\$345.00
Indoff, Inc.	Office Supplies	\$53.73
Ingram	Books 606.98 / AV 41.24	\$648.22
Mary Janes Farm	Periodicals - 2 yr.	\$29.95
MN Energy Resources	Gas Utilities	\$52.89
MLHS	Books - 2017 Annual	\$35.00
Real Simple	Periodicals - 2 yr.	\$43.00
Simple & Delicious	Periodicals - 2 yr.	\$19.97
Synchrony Bank/Amazon	Books 18.11 / AV 127.59	\$145.70
		\$1,795.45
	Cash Expenditures	\$156.50
		\$1,951.95
	Total	\$1,951.95

RE: Approval of 2017 Uncle B's Liquor, Inc.

DATE: 11-21-16

The license should be approved by the City Council contingent on completion of all forms, submittal of checks, and approval by the State of MN.

Local approval with contingencies enables a continuous process that ensures that State approval is received by Dec. 31.

Uncle B's Liquor

Off-Sale \$100

TO: City Council
RE: Utility Deposits

Following the November 7th council meeting I sent an e-mail to other cities in southwest Minnesota. The e-mail and the responses I received are attached. As you can see each city does things a little differently.

This matter was also discussed with the Utility Commission at their November 10 meeting.

Currently these are the deposits the Utility charges:

<u>Deposits:</u>	
Landlord	\$100 per unit, up to \$500 maximum
Homeowner	\$150
Tenant	\$250
Tenant with electric heat	\$300

By consensus the Utility Commission felt that the following deposits should be added:

Vendor (seller by contract for deed)	\$100
Vendee (purchaser by contract for deed)	\$250

From: Wendy Meyer [<mailto:wmeyer@mountainlakemn.com>]

Sent: Wednesday, November 9, 2016 2:09 PM

To: Bruce Heitkamp; Jeffrey Jones; Jennifer Bromeland; Joe McCabe; Josh Malchow; Keith Muetzel - City of RWF; Kelly Rasche; Matt Skaret; Mike Humpal; Samuel Hansen ; Steve Robinson ; Steven Nasby

Subject: utility deposits

If you are purchasing a house contract for deed in Mt. Lake your utility deposit is the same as a renter's at \$250. A property owner's utility deposit is \$150. Mt. Lake does this because of the high rate of defaults and consequently unpaid utility bills.

The practice is being questioned by a contract for deed holder. The council is asking if other cities/utilities do this.
Does your city require a deposit for contract for deeds that is different from 'home ownership'?

Thanks!

Wendy

.....
Renters and contract for deed customers need to pay a \$ 200.00 meter deposit. We do not have a meter deposit for property owners.

Joe McCabe
Administrator, City of St. James (water, sewer, electricity)

.....
Good Morning,

The City of Springfield collects utility deposits of \$100 on a residential rental and \$200 on a commercial property. These deposits also apply to contract for deeds too.

Thanks,

Matt

Matt Skaret
City Manager
City of Springfield (water, sewer, electricity)

.....
We charge same rate to all

Jeff Jones
Administrator, City of Pipestone (water, sewer)

Our deposit is the same for anyone.
Renters or owners.

Steve Robinson (water, sewer, electricity)
Administrator, City of Worthington

We charge everyone \$250 for a deposit. We'll pay be the \$250 plus the prevailing interest to home owners after one year of perfect credit rating (not missing or being late). We maintain the \$250 for renters and people purchasing contract for deed until that party moves out and all invoices are paid.

Our City Code states the "Fee Owner" (county acknowledged property owner) is responsible for the payment of utilities. If the renter or contract for deed purchaser doesn't pay, then we go through disconnection/cold weather rule procedures. We cc the Fee Owners through this entire process. If the renters/contract for deed folks run out on the bill, then we bill the Fee Owner. If the Fee Owner doesn't pay after 30 days, then we prepare the amount for assessments (liens) to the County.

We have the Fee Owner and tenants/contract for deed purchasers sign a contract when the account is established. The contract proclaims the tenant/contract for deed holder as the paying agent for the Fee Owner. The contract also states our Code and that the Fee Owner will receive all late notices on the account.

This works for us. The Fee Owners usually intervene prior to us disconnecting. If we were larger, it'd probably make sense to simply charge the Fee Owner (land lord) the utility bills and let them manage the account. Our PUC Commission wants us to administer to this though. They believe tenants would simply leave the lights on 24 hours a day and run energy costs if they weren't held accountable.

Sincerely,

Bruce A. Heitkamp (water, sewer electricity)
Administrator/Clerk-Treasurer – City of Adrian/Adrian Public Utilities
Executive Secretary – Adrian Housing & Redevelopment Association
Administrative Contact – Adrian Industrial Development Corporation

The City of Jackson's utility deposits are the same for owners and tenants. We require a \$200 deposit for non-electric heat and \$300 for electric heat customers.

Marcy Hassing
Utility Billing Technician
City of Jackson (water, sewer, electricity)

We do not require a deposit for anybody.

Josh Malchow
City Clerk/Administrator
City of Slayton (water, sewer)

Windom also treats the contract for deed purchasers the same as renters, which is a \$300 pre-payment. If the party does subsequently buy the property outright we refund the \$300. Or if the property is current on their utilities for 24 months we credit pre-payments too for either renters or purchasers by contract for deed.

Steve Nasby
Administrator, City of Windom (water, sewer, electricity, cable)

We give them the owner's deposit rate (\$100) IF the contract is recorded at the court house. Renters rate (\$300) if not recorded.

Kelly Rasche
City Clerk
Lakefield, MN (water, sewer, electricity)

We charge a flat \$225 for all new residential customers who do not have letter of credit with 12 months good history.

As far as delinquent contract for deed accounts, we consider them owners so if the bill is left unpaid we assess the full balance to the property. Thanks.

Keith Muetzel
City Administrator
City Redwood Falls (water, sewer, electricity)

From: Wendy Meyer [<mailto:wmeyer@mountainlakemn.com>]
Sent: Wednesday, November 09, 2016 4:27 PM

Subject: RE: utility deposits

Thanks for your responses. Mt. Lake also holds a \$100 'landlord' deposit on any rental or contract for deed property. It covers the period between renters or if the contract goes into default. Does your city do that or something similar?

No, but I may borrow that idea!

Kelly Rasche, Lakefield

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2017 Proposed Rates

Changes from 2016 rates are in **RED**

4.5% Average increase over 2016

RESIDENTIAL SERVICE

Available to residential customers for domestic uses, including heating and cooling, which may be required in single-family dwellings and individually metered apartments, duplexes, condominiums, town houses, or mobile homes. Service shall be single-phase and taken through one meter with no motor to exceed 5 horsepower in size.

Rate Schedule **6% increase over 2016**

Customer Charge	\$ 7.00 per month	\$9/mo.
Energy Charge:	\$.0990 per kWh	\$.1030/kwh

The customer charge is applied each month even if there is no energy usage.

Character of Service: Service shall be single-phase at the standard secondary voltages in use by the electric department.

Where a portion of a residential dwelling is used for commercial purposes, this rate shall apply provided:

- (1) the service is taken through one meter,
- (2) the residential load exceeds the commercial load,
- (3) the connected commercial load does not exceed 3 kW.

In all other cases, (a) the residential and commercial services will be separately metered and billed under the applicable rates, or (b) the service will be billed as Commercial.

RURAL RESIDENTIAL SERVICE

Available to residential customers for domestic uses, including heating and cooling, that are located in the designated rural service area. Service shall be single-phase and taken through one meter with no motor to exceed 5 horsepower in size.

Rate Schedule **3.6% increase over 2016**

Customer Charge	\$ 9.00 per month	\$11.50/mo.
Energy Charge:	\$0.1060 per kWh	\$.1075/kwh

The customer charge is applied each month even if there is no energy usage.

Character of Service: Service shall be single-phase at the standard secondary voltages in use by the electric department.

Where a portion of a residential dwelling is used for commercial purposes, this rate shall apply provided:

- (1) the service is taken through one meter,
- (2) the residential load exceeds the commercial load,
- (3) the connected commercial load does not exceed 3 kW.

In all other cases, (a) the rural residential and commercial services will be separately metered and billed under the applicable rates, or (b) the service will be billed as Commercial.

COMMERCIAL SERVICE

Available to any single-phase or three-phase non-residential customer with all requirements being taken through one meter and a monthly peak demand of less than 20 kW. The class is applicable to multiple residential dwelling units connected through one meter or dwelling units connected through a meter whose main purpose is to serve other than residential domestic uses.

Rate Schedule 4.6% increase over 2016

Customer Charge	\$12.00 per month	\$16.00/mo.
Energy Charge:	\$0.1040 per kWh	\$0.1060/kwh

The customer charge is applied each month even if there is no energy usage.

Character of Service: Service shall be single or three-phase at the standard secondary voltages in use by the electric department.

LARGE COMMERCIAL AND RURAL LARGE COMMERCIAL 3.3% increase over 2016

Available to all single-phase and three-phase non-residential customers served by Mountain Lake with a monthly peak demand of 20 kW or greater per month during any 3 or more months out of the previous 12 months and any new non-residential customer whose demand is expected to be 20 kW or greater 3 or more months of the year. The customer shall remain in the Large Commercial class for a minimum of 12 months.

Rate Schedule

Customer Charge	\$ 40.00 per month	\$45/mo.
Energy Charge	\$ 0.0680 per kWh	\$0.0665/kwh
Demand Charge:	\$ 7.00 per kW	\$8.75/kW

The customer charge is applied each month even if there is no energy usage.

Character of Service: Service shall be single or three-phase at the standard secondary voltages in use by the electric department.

Billing Demand: The billing demand shall be the maximum demand in kilowatts as measured during the 30 minute period of the customer's greatest usage during the billing period.

Power Factor Adjustment: The customer shall take utility energy as closely balanced on all three phases as practical. The combined power factor of load shall not be less than 95 percent lagging. If the power factor is less, the Utility reserves the right to adjust the demand (kW) billed in the ratio that 95 percent bears to the actual power factor.

CITY FACILITIES AND STREET LIGHTING SERVICE 6.7% increase over 2016

Available to the City of Mountain Lake facilities, buildings and street lighting service.

Rate Schedule

Customer Charge	\$ 12.00 per month	\$16.00/mo.
Energy Charge:	\$ 0.0680 per kWh	\$0.0720/kwh

The customer charge is applied each month even if there is no energy usage.

Character of Service: Service shall be single or three-phase at the standard secondary voltages in use by the electric department. The street lights will be maintained and operated by the utility department.

POWER COST ADJUSTMENT (PCA) – no change

The PCA shall increase or decrease all kWh rate charges for all classes on billings in any month in which the actual wholesale power and transmission costs plus the cost of local generation are greater or less than a base cost of \$0.0650 per kWh.

CONSERVATION IMPROVEMENT PLAN – no change

All electric bills will be increased by 1.5% to fund the Conservation Improvement Plan.

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CITY OF MOUNTAIN LAKE, MINNESOTA
UTILITY FEE SCHEDULE, FUTURE EST

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
WATER			2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Residential															
Base Charge	\$17.00	\$27.00	\$27.54	\$28.09	\$28.65	\$29.23	\$29.81	\$30.41	\$31.01	\$31.63	\$32.27	\$32.91	\$33.57	\$34.24	\$34.93
1,000 to 6,999 Gallons	\$5.00	\$6.25	\$6.38	\$6.50	\$6.63	\$6.77	\$6.90	\$7.04	\$7.18	\$7.32	\$7.47	\$7.62	\$7.77	\$7.93	\$8.09
7,000 to 12,999 Gallons	\$5.50	\$7.00	\$7.14	\$7.28	\$7.43	\$7.58	\$7.73	\$7.88	\$8.04	\$8.20	\$8.37	\$8.53	\$8.70	\$8.88	\$9.06
13,000 to 25,999 Gallons	\$6.00	\$8.00	\$8.16	\$8.32	\$8.49	\$8.66	\$8.83	\$9.01	\$9.19	\$9.37	\$9.56	\$9.75	\$9.95	\$10.15	\$10.35
26,000 + Gallons	\$7.00	\$9.00	\$9.18	\$9.36	\$9.55	\$9.74	\$9.94	\$10.14	\$10.34	\$10.54	\$10.76	\$10.97	\$11.19	\$11.41	\$11.64
Commercial and Industrial															
Base Charge	\$17.00	\$27.00	\$27.54	\$28.09	\$28.65	\$29.23	\$29.81	\$30.41	\$31.01	\$31.63	\$32.27	\$32.91	\$33.57	\$34.24	\$34.93
1,000 to 50,999 Gallons	\$4.75	\$6.75	\$6.89	\$7.02	\$7.16	\$7.31	\$7.45	\$7.60	\$7.75	\$7.91	\$8.07	\$8.23	\$8.39	\$8.56	\$8.73
60,000 + Gallons	\$5.00	\$7.00	\$7.14	\$7.28	\$7.43	\$7.58	\$7.73	\$7.88	\$8.04	\$8.20	\$8.37	\$8.53	\$8.70	\$8.88	\$9.06
Rural															
Base Charge	\$18.00	\$28.00	\$28.56	\$29.13	\$29.71	\$30.31	\$30.91	\$31.53	\$32.16	\$32.81	\$33.46	\$34.13	\$34.81	\$35.51	\$36.22
1,000 to 6,999 Gallons	\$5.54	\$7.00	\$7.14	\$7.28	\$7.43	\$7.58	\$7.73	\$7.88	\$8.04	\$8.20	\$8.37	\$8.53	\$8.70	\$8.88	\$9.06
7,000 to 12,999 Gallons	\$6.00	\$8.00	\$8.16	\$8.32	\$8.49	\$8.66	\$8.83	\$9.01	\$9.19	\$9.37	\$9.56	\$9.75	\$9.95	\$10.15	\$10.35
13,000 to 25,999 Gallons	\$6.50	\$9.00	\$9.18	\$9.36	\$9.55	\$9.74	\$9.94	\$10.14	\$10.34	\$10.54	\$10.76	\$10.97	\$11.19	\$11.41	\$11.64
26,000 + Gallons	\$7.50	\$10.00	\$10.20	\$10.40	\$10.61	\$10.82	\$11.04	\$11.26	\$11.49	\$11.72	\$11.95	\$12.19	\$12.43	\$12.68	\$12.94
SEWER			70.00%	50.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
\$5 per account for res/ci/rural															
Residential															
Base (only a base)	\$15.00	\$15.00	\$25.50	\$38.25	\$39.02	\$39.80	\$40.59	\$41.40	\$42.23	\$43.08	\$43.94	\$44.82	\$45.71	\$46.63	\$47.56
0 to 3,000 gallons of water used	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3,001 + gallons of water used	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Commercial and Industrial															
Base (no base)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
0 to 3,000 gallons of water used	\$16.00	\$16.00	\$27.20	\$40.80	\$41.62	\$42.45	\$43.30	\$44.16	\$45.05	\$45.95	\$46.87	\$47.80	\$48.76	\$49.73	\$50.73
3,001 + gallons of water used	\$2.50	\$2.50	\$4.25	\$6.38	\$6.50	\$6.63	\$6.77	\$6.90	\$7.04	\$7.18	\$7.32	\$7.47	\$7.62	\$7.77	\$7.93
Rural															
Base	\$16.00	\$16.00	\$27.20	\$40.80	\$41.62	\$42.45	\$43.30	\$44.16	\$45.05	\$45.95	\$46.87	\$47.80	\$48.76	\$49.73	\$50.73
0 to 3,000 gallons of water used	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3,001 + gallons of water used	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SEWER WITH MECHANICAL PLANT			90.00%	70.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
\$5 per account for res/ci/rural															
Residential															
Base (only a base)	\$15.00	\$15.00	\$28.50	\$48.45	\$49.42	\$50.41	\$51.42	\$52.44	\$53.49	\$54.56	\$55.65	\$56.77	\$57.90	\$59.06	\$60.24
0 to 3,000 gallons of water used	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3,001 + gallons of water used	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Commercial and Industrial															
Base (no base)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
0 to 3,000 gallons of water used	\$16.00	\$16.00	\$30.40	\$51.68	\$52.71	\$53.77	\$54.84	\$55.94	\$57.06	\$58.20	\$59.36	\$60.55	\$61.76	\$63.00	\$64.26
3,001 + gallons of water used	\$2.50	\$2.50	\$4.75	\$8.08	\$8.24	\$8.40	\$8.57	\$8.74	\$8.92	\$9.09	\$9.28	\$9.46	\$9.65	\$9.84	\$10.04
Rural															
Base	\$16.00	\$16.00	\$30.40	\$51.68	\$52.71	\$53.77	\$54.84	\$55.94	\$57.06	\$58.20	\$59.36	\$60.55	\$61.76	\$63.00	\$64.26
0 to 3,000 gallons of water used	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3,001 + gallons of water used	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SEWER WITH PONDING			100.00%	80.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
\$5 per account for res/ci/rural															
Residential															
Base (only a base)	\$15.00	\$15.00	\$30.00	\$54.00	\$55.08	\$56.18	\$57.31	\$58.45	\$59.62	\$60.81	\$62.03	\$63.27	\$64.53	\$65.83	\$67.14
0 to 3,000 gallons of water used	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3,001 + gallons of water used	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Commercial and Industrial															
Base (no base)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
0 to 3,000 gallons of water used	\$16.00	\$16.00	\$32.00	\$57.60	\$58.75	\$59.93	\$61.13	\$62.35	\$63.60	\$64.87	\$66.16	\$67.49	\$68.84	\$70.21	\$71.62
3,001 + gallons of water used	\$-2.50	\$2.50	\$5.00	\$9.00	\$9.18	\$9.36	\$9.55	\$9.74	\$9.94	\$10.14	\$10.34	\$10.54	\$10.76	\$10.97	\$11.19
Rural															
Base	\$16.00	\$16.00	\$32.00	\$57.60	\$58.75	\$59.93	\$61.13	\$62.35	\$63.60	\$64.87	\$66.16	\$67.49	\$68.84	\$70.21	\$71.62
0 to 3,000 gallons of water used	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3,001 + gallons of water used	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00



This is the pro forma prepared by Northland Securities prior to the 2012-14 util & Street Project.

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5/24/2012

Proposed 2017 rates are in **RED**

WATER, SEWER AND ELECTRIC UTILITIES **2% increase over 2016 rates**

Water Service:

Residential

Base	\$29.23	\$29.81
1,000 to 6,999 gals.	\$6.77 per 1,000	\$6.90
7,000 to 12,999 gals.	\$7.58 per 1,000	\$7.73
13,000 to 25,999 gals.	\$8.66 per 1,000	\$8.83
26,000 gals. and up	\$9.74 per 1,000	\$9.94

Rural

Base	\$30.31	\$30.91
1,000 to 6,999 gals.	\$7.58 per 1,000	\$7.73
7,000 to 12,999 gals.	\$8.66 per 1,000	\$8.83
13,000 to 25,999 gals.	\$9.74 per 1,000	\$9.94
26,000 gals. and up	\$10.82 per 1,000	\$11.04

Industrial/Commercial

Base	\$29.23	\$29.81
1,000 to 50,999 gals.	\$7.31 per 1,000	\$7.45
51,000 gals. and up	\$7.58 per 1,000	\$7.73

Sewer:

Residential:	\$39.80 per month	\$40.59
Rural:	\$42.45 per month	\$43.30
Commercial:	\$42.45 minimum 1 st 3,000 gallons of water used	\$43.30 minimum, 1st 3,000 gallons of water used
	\$ 7.95 excess water usage per 1,000 gallons	\$8.11 excess water usage per 1,000 gallons

DRAFT

Resolution #30-16

City of Mt. Lake Minnesota

Resolution Adopting 2017 Water, Sanitary Sewer, and Electric Rates

WHEREAS, Mt. Lake City Code, Section 3.02 gives authority to the Mt. Lake City Council to set utility rates, including water, sanitary sewer, electric rates; and

WHEREAS, water, sanitary sewer, and electric charges are intended to and are used to fund capital expenditures and the cost of operation and maintenance of the city's water and sanitary sewer systems; and

WHEREAS, Northland Strategies and Missouri River Energy Services (MRES) have conducted analyses of water and sanitary sewer rates, and electric rates respectively and have determined that rate increases are necessary to operate and maintain the city's water, sanitary sewer and electric systems, to maintain reserves, and to repay debt incurred to improve the systems; and

WHEREAS, the city's current water, sanitary sewer and electric rates are as follows:

WATER

	Residential	Rural		Commercial /Industrial
Base	\$29.23	\$30.31		\$29.23
1,000 – 6,999 gallons	\$6.77/1000	\$7.58/1000	1,000 – 50,000 gallons	\$7.31/1000
7,000 – 12,999 gallons	\$7.58/1000	\$8.66/1000	51,000+gallons	\$7.58/1000
13,000 – 25,999 gallons	\$8.66/1000	\$9.74/1000		
26,000+ gallons	\$9.74/1000	\$10.82/1000		

SANITARY SEWER

	Residential	Rural	Commercial /Industrial
Base	\$39.80	\$42.45	\$0
0 – 3,000 gallons of water used	\$0	\$0	\$42.45
3,001 + gallons on water used	\$0	\$0	\$7.95/1000

ELECTRIC

	Customer Charge	Energy Charge	Demand Charge
Residential	\$7.00	\$.0990 per kWh	None
Rural Residential	\$9.00	\$.1060 per kWh	None
Commercial	\$12.00	\$.1040 per kWh	None
Lg. Commercial & Rural Lg. Commercial	\$40.00	\$.0680 per kWh	\$7.00 per kW
City Facilities & Street Lights	\$12.00	\$.0680 per kWh	None

Power Cost Adjustment Base \$.0650 per kWh

Conservation Improvement Plan Surcharge – 1.5% of bill

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MOUNTAIN LAKE, MINNESOTA, that the following water, sanitary sewer and electric rates are hereby adopted effective January 1, 2017 for usage after January 1, 2017:

WATER

	Residential	Rural		Commercial /Industrial
Base	\$29.81	\$30.91		\$29.81
1,000 – 6,999 gallons	\$6.90/1000	\$7.73/1000	1,000 – 50,000 gallons	\$7.45/1000
7,000 – 12,999 gallons	\$7.73/1000	\$8.83/1000	51,000+gallons	\$7.73/1000
13,000 – 25,999 gallons	\$8.83/1000	\$9.94/1000		
26,000+ gallons	\$9.94/1000	\$11.04/1000		

SANITARY SEWER

	Residential	Rural	Commercial /Industrial
Base	\$40.59	\$43.30	\$0
0 – 3,000 gallons of water used	\$0	\$0	\$43.30
3,001 + gallons on water used	\$0	\$0	\$8.11/1000

ELECTRIC

	Customer Charge	Energy Charge	Demand Charge
Residential	\$9.00	\$.1030 per kWh	None
Rural Residential	\$11.50	\$.1075 per kWh	None
Commercial	\$16.00	\$.1060 per kWh	None
Lg. Commercial & Rural Lg. Commercial	\$45.00	\$.0665 per kWh	\$8.75 per kW
City Facilities & Street Lights	\$16.00	\$.0720 per kWh	None

Power Cost Adjustment Base \$.0650 per kWh

Conservation Improvement Plan Surcharge – 1.5% of bill

Approved by the City Council on this 21st day of November, 2016.

Mike Nelson, Mayor

ATTEST: _____
Wendy Meyer, City Administrator

MOUNTAIN LAKE MUNICIPAL UTILITIES

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GL Balances

Current Period: November 2016

Water
#245,109.16

Electric
#2,109,652.75

Sewer
#1,099,061.86

FUND Descr	Account	MTD Debit	MTD Credit	Current Balance
Cash				
WATER FUND	G 601-10100	\$146,704.59	\$219,579.77	-\$142,981.40
SEWER FUND	G 602-10100	\$36,990.21	\$8,130.78	\$479,559.15
REFUSE (GARBAGE) FUND	G 603-10100	\$0.00	\$0.00	\$0.30
ELECTRIC FUND	G 604-10100	\$129,314.64	\$189,450.64	\$43,336.69
RECYCLING BINS	G 605-10100	\$0.00	\$0.00	\$141.80
Total Cash		\$313,009.44	\$417,161.19	\$380,056.54
Reserve Equipment Fund				
WATER FUND	G 601-10101	\$0.00	\$0.00	\$0.05
SEWER FUND	G 602-10101	\$0.00	\$0.00	-\$0.19
ELECTRIC FUND	G 604-10101	\$0.00	\$0.00	\$0.00
Total Reserve Equipment Fund		\$0.00	\$0.00	-\$0.14
Revenue Bond Sinking Fund				
ELECTRIC FUND	G 604-10102	\$0.00	\$0.00	\$0.00
Total Revenue Bond Sinking Fund		\$0.00	\$0.00	\$0.00
bond & Interest Reserve				
ELECTRIC FUND	G 604-10103	\$0.00	\$0.00	\$0.00
Total bond & Interest Reserve		\$0.00	\$0.00	\$0.00
Emergency Reserve				
ELECTRIC FUND	G 604-10104	\$0.00	\$0.00	\$0.00
Total Emergency Reserve		\$0.00	\$0.00	\$0.00
GNMA Investment				
ELECTRIC FUND	G 604-10105	\$0.00	\$0.00	\$1,316.36
Total GNMA Investment		\$0.00	\$0.00	\$1,316.36
Savings-Sweep				
WATER FUND	G 601-10152	\$0.00	\$0.00	\$207,078.56
SEWER FUND	G 602-10152	\$0.00	\$0.00	\$544,630.71
ELECTRIC FUND	G 604-10152	\$0.00	\$0.00	\$522,514.92
Total Savings-Sweep		\$0.00	\$0.00	\$1,274,224.19
RESERVE EQUIPMENT FUND				
WATER FUND	G 601-10153	\$0.00	\$0.00	\$181,012.00
SEWER FUND	G 602-10153	\$0.00	\$0.00	\$74,872.00
ELECTRIC FUND	G 604-10153	\$0.00	\$0.00	\$425,299.00
Total RESERVE EQUIPMENT FUND		\$0.00	\$0.00	\$681,183.00
debit service reserve funds				
ELECTRIC FUND	G 604-10154	\$0.00	\$0.00	\$248,250.00
Total debit service reserve funds		\$0.00	\$0.00	\$248,250.00
Petty Cash				
ELECTRIC FUND	G 604-10200	\$0.00	\$0.00	\$155.00
Total Petty Cash		\$0.00	\$0.00	\$155.00
CD s in Bank				
WATER FUND	G 601-10400	\$0.00	\$0.00	\$0.00

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MOUNTAIN LAKE MUNICIPAL UTILITIES

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GL Balances

Current Period: November 2016

FUND Descr	Account	MTD Debit	MTD Credit	Current Balance
SEWER FUND	G 602-10400	\$0.00	\$0.00	\$0.00
ELECTRIC FUND	G 604-10400	\$0.00	\$0.00	\$0.00
Total CD s in Bank		\$0.00	\$0.00	\$0.00
Northland Securities				
WATER FUND	G 601-10401	\$0.00	\$0.00	\$0.00
SEWER FUND	G 602-10401	\$0.00	\$0.00	\$0.00
ELECTRIC FUND	G 604-10401	\$0.00	\$0.00	\$818,033.51
Total Northland Securities		\$0.00	\$0.00	\$818,033.51
1992 Refinancing Bond Fund				
WATER FUND	G 601-10402	\$0.00	\$0.00	\$0.00
SEWER FUND	G 602-10402	\$0.00	\$0.00	\$0.00
ELECTRIC FUND	G 604-10402	\$0.00	\$0.00	\$0.00
Total 1992 Refinancing Bond Fund		\$0.00	\$0.00	\$0.00
1973 Elec Revenue Sinking Fun				
ELECTRIC FUND	G 604-10403	\$0.00	\$0.00	\$0.00
Total 1973 Elec Revenue Sinking Fun		\$0.00	\$0.00	\$0.00
Inv in US Bank Escrow - Refund				
ELECTRIC FUND	G 604-10404	\$0.00	\$0.00	\$0.05
Total Inv in US Bank Escrow - Refund		\$0.00	\$0.00	\$0.05
Emergency Fund				
ELECTRIC FUND	G 604-10405	\$0.00	\$0.00	\$0.00
Total Emergency Fund		\$0.00	\$0.00	\$0.00
Capital Expenditure Fund				
ELECTRIC FUND	G 604-10406	\$0.00	\$0.00	\$0.00
Total Capital Expenditure Fund		\$0.00	\$0.00	\$0.00
1996 Engine Sinking Fund				
ELECTRIC FUND	G 604-10407	\$0.00	\$0.00	\$0.46
Total 1996 Engine Sinking Fund		\$0.00	\$0.00	\$0.46
AIM Account				
ELECTRIC FUND	G 604-10420	\$0.00	\$0.00	\$50,902.27
Total AIM Account		\$0.00	\$0.00	\$50,902.27
Interest Receivable on Invest				
WATER FUND	G 601-10450	\$0.00	\$0.00	\$0.00
SEWER FUND	G 602-10450	\$0.00	\$0.00	\$0.00
ELECTRIC FUND	G 604-10450	\$0.00	\$0.00	\$0.00
Total Interest Receivable on Invest		\$0.00	\$0.00	\$0.00
EDA Loan				
ELECTRIC FUND	G 604-10901	\$0.00	\$0.00	\$0.00
Total EDA Loan		\$0.00	\$0.00	\$0.00
City Loan				
ELECTRIC FUND	G 604-10902	\$0.00	\$0.00	\$0.00

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CITY OF MOUNTAIN LAKE, MINNESOTA
STATEMENT OF CASH FLOWS
PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2015

	601 - Water Fund	602 - Sewer Fund	604 - Electric Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 590,560	\$ 858,430	\$ 2,417,694	\$ 3,866,684
Payments to Vendors	(199,784)	(394,919)	(1,908,075)	(2,502,778)
Payments to Employees	(80,708)	(80,734)	(222,398)	(383,840)
Other Receipts and Payments	1,408	10,233	25,867	37,508
Net Cash Provided By Operating Activities	<u>311,476</u>	<u>393,010</u>	<u>313,088</u>	<u>1,017,574</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers to Other Funds	-	-	(120,000)	(120,000)
Due to (from) Other Funds	(6,399)	(6,318)	-	(12,717)
Net Cash Used By Noncapital Financing Activities	<u>(6,399)</u>	<u>(6,318)</u>	<u>(120,000)</u>	<u>(132,717)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of Capital Assets	(31,883)	(102,449)	(203,263)	(337,595)
Proceeds from Bond Issuance	24,050	900,453	391,000	1,315,503
Principal Paid on Capital Debt	(288,175)	(963,775)	(593,750)	(1,845,700)
Interest Paid on Capital Debt	(68,962)	(90,936)	(43,093)	(202,991)
Special Assessments Received	-	425	-	425
Grant Income	8,385	-	-	8,385
Net Cash Used By Capital and Related Financing Activities	<u>(356,585)</u>	<u>(256,282)</u>	<u>(449,106)</u>	<u>(1,061,973)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Received	998	2,656	34,609	38,263
Net Cash Provided By Investing Activities	<u>998</u>	<u>2,656</u>	<u>34,609</u>	<u>38,263</u>
NET INCREASE (DECREASE) IN CASH	(50,510)	133,066	(221,409)	(138,853)
CASH AND INVESTMENTS - January 1	331,525	871,940	2,406,253	3,609,718
CASH AND INVESTMENTS - December 31	\$ 281,015	\$ 1,005,006	\$ 2,184,844	\$ 3,470,865
Reconciliation of Operating Operating Income to Net Cash Provided By Operating Activities				
Operating Income	\$ 210,110	\$ 445,619	\$ 118,811	\$ 774,540
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities				
Depreciation	194,949	173,218	284,932	653,099
Noncash Pension Expense	1,326	1,326	3,692	6,344
Changes in Assets and Liabilities				
Receivables	5,044	45,645	2,422	53,111
Inventory	(882)	-	31,755	30,873
Prepaid Expenses	-	(11,802)	(18,058)	(29,860)
Accounts Payable	(101,234)	(271,984)	(138,162)	(511,380)
Accrued Wages	182	182	842	1,206
Accrued Compensated Absences	573	573	626	1,772
Due to Other Governments	-	-	(6,071)	(6,071)
Deposits Payable	-	-	6,432	6,432
Other Receipts and Payments	1,408	10,233	25,867	37,508
Net Cash Provided By Operating Activities	\$ 311,476	\$ 393,010	\$ 313,088	\$ 1,017,574

CITY OF MOUNTAIN LAKE, MINNESOTA
STATEMENT OF CASH FLOWS
PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2014

	601 - Water Fund	602 - Sewer Fund	604 - Electric Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 559,487	\$ 902,937	\$ 2,419,885	\$ 3,882,309
Payments to Vendors	(113,098)	(153,834)	(1,673,804)	(1,940,736)
Payments to Employees	(78,947)	(78,946)	(220,560)	(378,453)
Other Receipts and Payments	4,708	9,247	43,351	57,306
Net Cash Provided By Operating Activities	<u>372,150</u>	<u>679,404</u>	<u>568,872</u>	<u>1,620,426</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers to Other Funds	-	-	(120,000)	(120,000)
Due to (from) Other Funds	(664)	(665)	-	(1,329)
Net Cash Used By Noncapital Financing Activities	<u>(664)</u>	<u>(665)</u>	<u>(120,000)</u>	<u>(121,329)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of Capital Assets	(104,137)	(1,178,108)	(14,412)	(1,296,657)
Proceeds from Bond Issuance	-	1,190,096	-	1,190,096
Principal Paid on Capital Debt	(260,514)	(418,100)	(218,750)	(897,364)
Interest Paid on Capital Debt	(72,527)	(78,753)	(31,837)	(183,117)
Net Cash Used By Capital and Related Financing Activities	<u>(437,178)</u>	<u>(484,865)</u>	<u>(264,999)</u>	<u>(1,187,042)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Received	1,490	2,223	2,631	6,344
Net Cash Provided By Investing Activities	<u>1,490</u>	<u>2,223</u>	<u>2,631</u>	<u>6,344</u>
NET INCREASE (DECREASE) IN CASH	(64,202)	196,097	186,504	318,399
CASH AND INVESTMENTS - January 1	395,727	675,843	2,219,749	3,291,319
CASH AND INVESTMENTS - December 31	\$ 331,525	\$ 871,940	\$ 2,406,253	\$ 3,609,718
Reconciliation of Operating Operating Income to Net Cash Provided By Operating Activities				
Operating Income	\$ 174,857	\$ 602,669	\$ 128,147	\$ 905,673
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities				
Depreciation	185,173	101,971	285,008	572,152
Changes in Assets and Liabilities				
Receivables	2,375	(27,675)	(8,548)	(33,848)
Inventory	29	-	(21,924)	(21,895)
Prepaid Expenses	1,598	1,718	5,433	8,749
Accounts Payable	(4,093)	(16,029)	128,053	107,931
Accrued Wages	279	279	603	1,161
Accrued Compensated Absences	8,952	8,952	8,836	26,740
Due to Other Governments	-	-	(1,514)	(1,514)
Other Postemployment Benefits	(1,728)	(1,728)	(3,313)	(6,769)
Deposits Payable	-	-	4,740	4,740
Other Receipts and Payments	4,708	9,247	43,351	57,306
Net Cash Provided By Operating Activities	<u>\$ 372,150</u>	<u>\$ 679,404</u>	<u>\$ 568,872</u>	<u>\$ 1,620,426</u>

Wendy Meyer

From: Hafner, Megan <mhafner@lmc.org>
Sent: Monday, November 07, 2016 12:24 PM
To: 'wmeyer@mountainlakemn.com'
Subject: Dog Parks
Attachments: Dog Parks.pdf

Hello Wendy,

Thank you for contacting the League for information on dog parks. I'm including a few different resources for you.

Here is an excerpt from the League's Information Memo on Animal Regulation, which discusses dog parks at page 18 (http://lmc.org/media/document/1/animal_regulation.pdf?inline=true):

These parks vary widely, depending on the needs and wants of the community. Dog parks are often, but not always, enclosed and allow dogs to be off of their leashes while in the park. Some cities charge a fee for a permit or license to use the park; the money collected is then spent on maintaining the park. If the city chooses to operate a dog park, the city can design the park to suit the available space and the needs of the community. Dog parks can have a wide variety of amenities, but some things to consider

- Will barriers, either manmade or natural, be used to keep dogs inside of the park area?
- What rules should there be for using the park?
- Will trash containers and/or bags be provided to encourage owners to pick up animal waste?
- Where will the dog-park patrons park?
- Will there be water for the dogs to drink or to play in (e.g., lake, stream, etc.)?
- Will larger and smaller dogs be separated?
- What maintenance will have to be done? How often? Who will do it?
- Will there be areas for people to sit (e.g., benches, shelters, etc.) while at the park?

I have also attached a helpful article from the American Kennel Club on establishing dog parks. Finally, here are a few links to other cities' rules and policies pertaining to dog parks:

St. Paul: <https://www.stpaul.gov/departments/parks-recreation/parks/leash-dog-parks/dog-park-rules>

Stillwater: <http://www.stillwatermndogpark.com/>

Duluth: <http://www.duluthdogparks.com/rules>

I hope you find this helpful and responsive to your question. Please do not hesitate to call or email with any other questions and thank you again for contacting the League of Minnesota Cities.

Best,

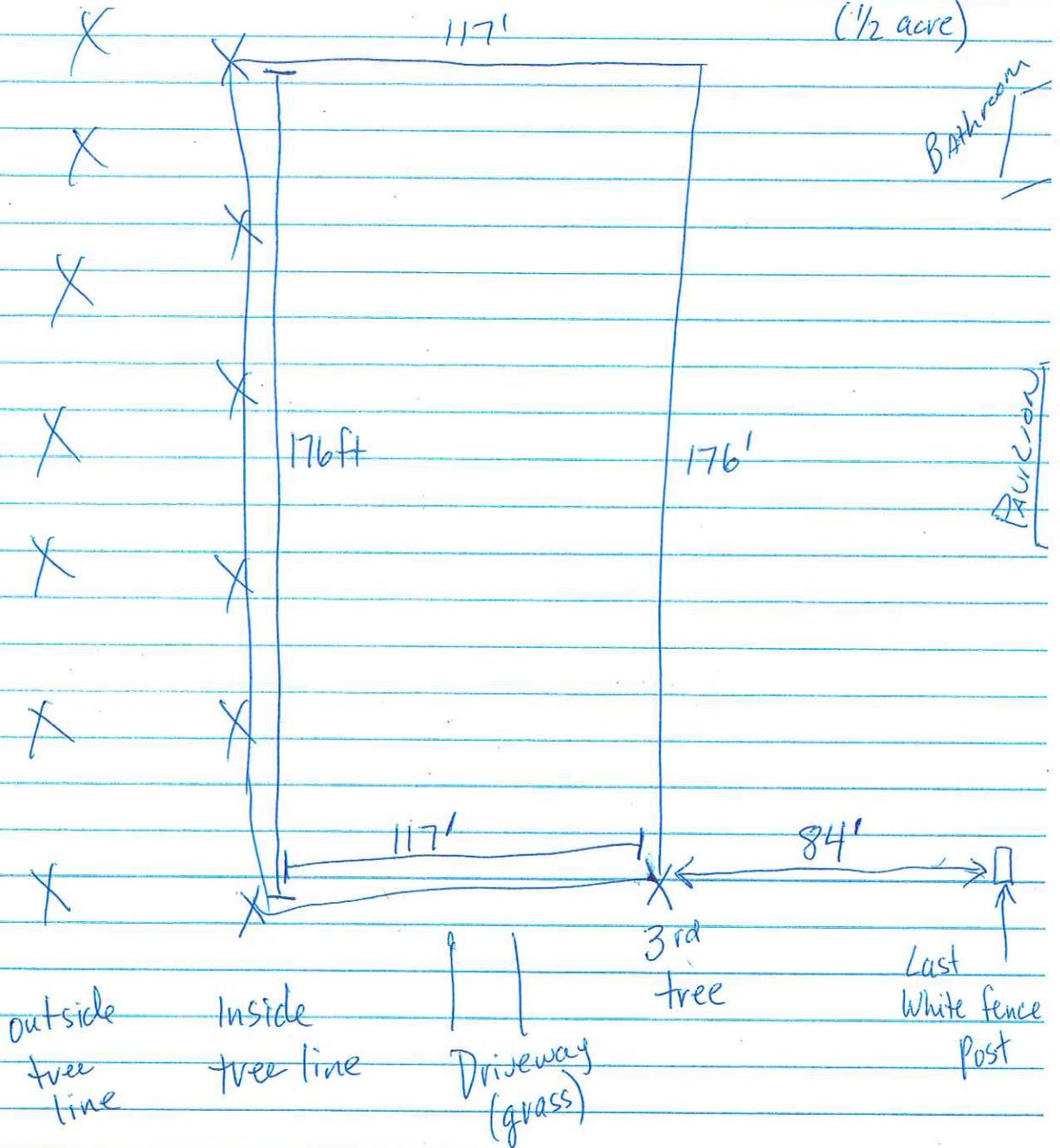
Megan Hafner

Megan D. Hafner, J.D. | Research Attorney
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Dog Park Proposal



~ 20,000 ft²
(1/2 acre)





Lake

221610020

221610022

Mountain Lake

Midway

226110700

226110690

226110690

226110700

Mountain Lake

Midway

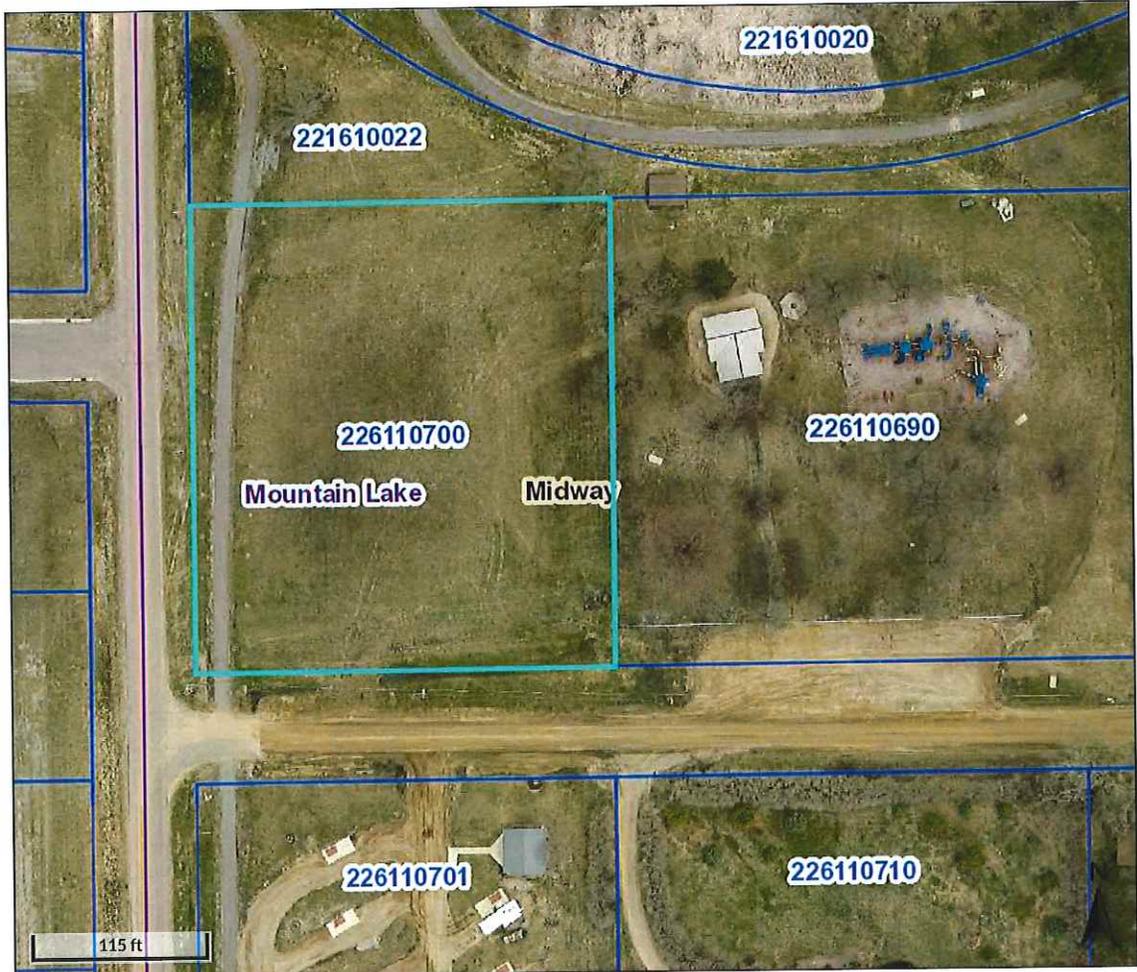
Prince Street

226110701

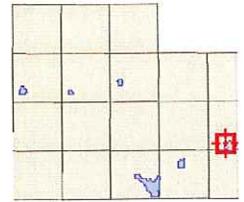
226110710

Golf Course Rd.

Trail



Overview



Legend

- Corporate Limits
- Political Township
- Parcels

Parcel ID	226110700	Alternate ID	n/a	Owner Address	CITY OF MT LAKE
Sec/Twp/Rng	0-0-0	Class	MUNICIPAL PUBLIC SER ENT		930 3RD AVE
Property Address		Acreage	2.05		PO BOX C
					MOUNTAIN LAKE MN 56159

District n/a
 Brief Tax Description LOT 4 BLK 3
 (Note: Not to be used on legal documents)

Date created: 11/17/2016
 Last Data Uploaded: 10/1/2016 8:14:12 PM

Developed by
 The Schneider Corporation

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CITY OF MOUNTAIN LAKE, MN

ORDINANCE #11-16

**AN ORDINANCE AMENDING CHAPTER 3 OF
MOUNTAIN LAKE CITY CODE**

Municipal Utilities – Rules and Regulations, Rates, Charges and Collections

Section 3.05 Rules and Regulations Relating to Municipal Utilities

Be it ordained by the City Council of the City of Mountain Lake that Subdivision 7, Unlawful Acts of Section 3.05 be amended with that addition of Paragraph E, which reads as follows:

Any unlawful act as determined by Mountain Lake Municipal Utility staff will result in the disconnection of service to the utility account affiliated with the property where the unlawful act occurred.

The account will be billed for the cost of determining and repairing any damage caused including labor, the approximate cost of the unmetered usage, and a fine as recommended by the Mountain Lake Utility Commission and adopted by the Mountain Lake City Council.

The bill must be paid in full before service is reconnected.

Adopted by the Mountain Lake City Council this _____ 2016.

Mike Nelson, Mayor

ATTEST:

Wendy Meyer, Clerk/Administrator

CITY OF MOUNTAIN LAKE DRUG AND ALCOHOL POLICIES

DRAFT FOR NOVEMBER 21

1. DRUG-FREE WORKPLACE

The City is committed to protecting the safety, health, and well-being of all employees and other individuals in our workplace. It is recognized that alcohol abuse and drug use pose a significant threat to our goals. The City has established a drug-free workplace program that balances our respect for individuals with the need to maintain an alcohol and drug-free environment.

To assist employees in understanding the perils of drug and alcohol abuse, the City has established a Drug and Alcohol Policy. This Drug and Alcohol Policy constitutes the City's drug free awareness program and fulfills the notification requirements of the federal Drug-Free Workplace Act of 1988. The City will use this program as an ongoing educational effort to prevent and eliminate drug and alcohol abuse that may affect the workplace. The program will inform employees of the dangers of drug and alcohol abuse, explain the City's Drug and Alcohol Policy and the sanctions imposed for its violation, and highlight any treatment, counseling, and rehabilitation referral services that may be available to employees in the City. Employees and supervisors will receive mandatory annual training on this program/policy. Nothing set forth in this policy is intended to conflict with state law.

The Drug and Alcohol Policy does not apply to Police Department employees when the prohibited act or possession is performed in accordance with Police Department Policy, and such use or possession is necessary in connection with the investigation of illegal activities.

This policy applies to members of the Ambulance Dept. while on-call and during the four (4) hours prior to scheduled on-call.

This policy does not apply to members of the volunteer Fire Department. Firefighters, if called, are responsible for the safety for the community and their fellow firefighters. Firefighters that have used alcohol or drugs prior to a call-out have the duty to report such use to the Fire Chief. The Fire Chief may at his or her discretion refuse such firefighter's attendance at the fire call. Failure of a firefighter to notify the Chief violates the trust placed in the firefighter by the public and will not be tolerated by the Department or the City Council.

2. DRUG AND ALCOHOL PROGRAM

Purpose

The purpose of this policy is to ensure a drug and alcohol free work environment and to eliminate drug and alcohol related accidents, injuries, fatalities and damage to City property resulting from the misuse of alcohol or use of controlled substances. It is the City's intention to comply fully with drug and alcohol testing as authorized under Minnesota statutes. In the event the applicable Minnesota statute is amended, this policy and the requirements shall be deemed to have been amended automatically. Redrafting will not be necessary in order to reflect and be in compliance with Minnesota statutes. The City reserves the right to apply the amended requirements immediately, without giving prior notice to

employees and/or applicants who may be covered by this policy, unless such notice is required by Minnesota statute or other applicable law.

The consumption, possession, distribution, manufacture or sale of alcohol or illegal drugs anywhere at work on City time, on City property while on City time, or in City vehicles is prohibited and considered a willful violation of City policy which can result in suspension or discharge.

Illegal use of prescription drugs by any employee is prohibited; however nothing in this policy precludes the appropriate use of legally prescribed medications. Employees are required to seek the advice of their doctor if there is any reason to believe that a prescription medication will result in safety concerns at work. The City reserves the right to require proof that it is safe for the employee to perform his or her duties while taking prescribed medications.

Reporting for work under the influence (at any level) of alcohol or illegal drugs is prohibited. This includes travel by City or personal vehicle if on City business.

If an employee is scheduled for a meeting or event outside the typical scheduled work hours to conduct City business including Council, board or commission, or other public meetings reporting for work under the influence (at any level) of alcohol or illegal drugs is prohibited and is considered a willful violation of City policy which can result in suspension or discharge.

If any employee is the scheduled paid on-call employee, reporting for work under the influence (at any level) of alcohol or illegal drugs is prohibited and is considered a willful violation of City policy which can result in suspension or discharge.

In the event of an emergency call-out if any employee who is not the scheduled paid on-call employee at the time of the call-out considers himself/herself as being under the influence of alcohol or drugs must not report to work, but must inform his/her supervisor immediately. No disciplinary action will be taken if supervisor is notified immediately.

The unlawful manufacture, distribution, possession, or use of a controlled substance on City property or while conducting City business is absolutely prohibited. Violations of this policy will result in disciplinary action, up to and including termination, and may have legal consequences.

Employees must, as a condition of employment, abide by terms of the above policy and must report any conviction under a criminal drug statute for violations occurring on or off work premises while conducting City business. A report of the conviction must be made within five (5) days after the conviction as required by the Drug-Free Workplace Act of 1988.

Testing Policy

Types of Testing. Employees are subject to drug and alcohol testing in the following circumstances:

- a. Job Applicant/Pre-employment Testing. All job applicants who receive a contingent job offer from the City may be required to submit to and pass an alcohol and illegal drug, or their metabolites, urinalysis test with a negative test result, prior to commencing employment. Pre-employment testing will be determined by city administrator in consultation with the supervisor and/or city attorney. The offer of employment is conditional upon a passing result. If the offer of conditional

employment is subsequently withdrawn, the City will notify the applicant of the reason for the withdrawal.

- b. Routine Physical Examination Testing. An employee may be required to undergo drug and alcohol testing as part of a routine physical examination. The drug or alcohol test will be requested no more than once annually and the employee will be given at least two weeks' written notice that the test shall be required as part of the examination.
- c. Random Testing. An employee in a safety sensitive position, which includes Street Department, Utility Department, and Police Department employees, and members of the Fire and Ambulance Squads, in which impairment caused by drug or alcohol usage would threaten the health or safety of any person may be required to undergo random drug and alcohol testing. In addition, employees who are required to have commercial driver's licenses are subject to random testing as required by federal law. (Reference Policy Section 3 *Drug and Alcohol Program—Commercial Motor Vehicle Operator.*)
- d. Reasonable Suspicion Testing. An employee may be required to undergo drug and alcohol testing if there is a reasonable suspicion that the employee: (a) is under the influence of drugs or alcohol; or (b) has engaged in the use, possession, sale, or transfer of drugs or alcohol while the employee is working or while the employee is on City property or operating a City vehicle, machinery, or equipment; or (c) has sustained a personal injury arising out of and in the course of employment, or caused another person to sustain a personal injury; or (d) has caused a work-related accident or was operating or helping to operate machinery, equipment, or vehicles involved in a work-related accident (reference definition of "accident" in 10.2, Definitions, B). Reasonable suspicion testing for accidents outside of this definition may occur at the discretion of city administrator in consultation with the supervisor and/or the city attorney. A supervisor will transport or coordinate the same-sex transport of the employee to the clinic/hospital where the testing will occur.
- e. Treatment Program Testing. An employee may be required to undergo drug and alcohol testing if the employee has been referred by the City for chemical dependency treatment or evaluation or is participating in a chemical dependency treatment program under the City insurance, in which case, the employee may be requested or required to undergo drug or alcohol testing without prior notice during the evaluation or treatment period and for a period of up to two years following completion of any prescribed chemical dependency treatment program.

Testing Procedure. The city administrator in consultation with the supervisor and/or the city attorney may order the drug and alcohol testing. Before undergoing drug or alcohol testing, the employee shall complete a form (1) acknowledging that the employee has seen a copy of the City's drug and alcohol policy, and (2) indicating consent to undergo the drug and alcohol testing.

Testing Laboratory. A laboratory meeting all requirements of state law, including those set forth in Minn. Stat. Sec. 181.953, shall handle all drug and alcohol testing.

Test Results. Within three days of obtaining the final test results, the testing laboratory shall provide the City with a written report indicating the drug(s), alcohol, or their metabolites tested for, the types of test conducted, and whether the test produced negative or positive test results. Within three working days after receipt of the test result report, the City shall inform the employee in writing of a

negative test result on an initial screening test, or of a negative or positive test result on a confirmatory test.

Rights of Employees and Job Applicants. Employees and applicants have a right to request and receive a copy of the test result report. If an employee or applicant tests positive for drug use, the City will give written notice of the right to explain the positive test. Within three working days after notice of a positive test result on a confirmatory test, the employee or applicant may submit information to the City to explain that result or may, within five working days after notice of the positive test result, request a confirmatory retest at the employee's or the applicant's own expense. If the confirmatory retest does not confirm the original positive test result, the City will not take any adverse personnel action against the employee or applicant based on the original confirmatory test and will reimburse the employee for the expense of the retest.

Consequences for Refusal to Test. Employees and job applicants have the right to refuse to undergo drug and alcohol testing. However, failure to comply with the City's drug and alcohol policy, and refusal to take a drug and alcohol test upon request shall subject an employee to discipline, including discharge. If an applicant refuses to test, the job offer will immediately be withdrawn.

Discipline. An employee who has a positive test result on a confirmatory test, when this is the first such result for the employee, will be subject to discipline but shall not be discharged unless (1) the employee has been given an opportunity to participate in either a drug or alcohol counseling or rehabilitation program, whichever is more appropriate, as determined by the City after consultation with a certified chemical use counselor or a physician trained in the diagnosis and treatment of chemical dependency, and (2) the employee has either refused to participate in the counseling or rehabilitation program or has failed to successfully complete the program as evidenced by withdrawal from the program before its completion or has a positive test result on a confirmatory test after completion of the program. Participation in the specified program will be at the employee's own expense or pursuant to coverage under the City's insurance. The City may temporarily suspend the employee or transfer the employee (for whom this is the first such result for the employee) to another position at the same rate of pay pending the outcome of a confirmatory test and, if requested, the confirmatory retest, provided the City believes that it is reasonably necessary to protect the health or safety of the employee, co-employees, or the public. An employee who has been suspended without pay will be reinstated with back pay if the outcome of the confirmatory test or requested confirmatory retest is negative.

All other employees obtaining a positive test result and not participating in a rehabilitation program will be subject to discipline including discharge. An employee required to take time off in order to participate in a rehabilitation program will be permitted to use sick leave, vacation time, compensatory time, floating holidays, and/or unpaid leave. An employee who undergoes substance abuse treatment and counseling under this policy and who continues to work must meet all established standards of conduct and job performance.

Data Privacy

Test results and other information gathered under this policy will be treated as private data on individuals. Positive results will be disclosed to the employee/applicant, the employee's supervisor and the City Administrator. Results will not be disclosed to others unless requested in writing by the employee/applicant or as required by law.

2016 Designations and Appointments

ELECTED OFFICIALS

Mayor Mike Nelson	Term ends 12/31/16 ¹⁸
Council Member David Savage	Term ends 12/31/16 ²⁰
Council Member Darla Kruser	Term ends 12/31/16 ²⁰
Council Member Andrew Ysker	Term ends 12/31/18
Council Member Dana Kass	Term ends 12/31/18

ANNUAL DESIGNATIONS AND APPOINTMENTS

✓ Street Department	*Mike Nelson
✓ Acting Mayor	*David Savage
Official Legal Publication	*Observer/Advocate
City Attorney	*Muske, Muske & Suhrhoff, Ltd.
City Forester and Weed Inspector	*Rick Oeltjenbruns
Emergency Management Director	*Douglas Bristol
Fire Chief	**Tim Coners
Ambulance Corps Directors	*David Watkins
HIPAA Privacy Officer	*Wendy Meyer
Data Practices Compliance Officer	*Wendy Meyer
City Assessor	*Cottonwood County
Salary Negotiations	*Council
Official City Depository	*United Prairie Bank
	*Northland Securities

BOARDS AND COMMISSIONS

Library Board - 5 members, 3 year term

✓ Diane Englin	1/1/14 - 12/31/16
✓ Vicki Krueger	1/1/14 - 12/31/16
Dennis Chords	1/1/15 - 12/31/17
*Marci Hernandez	1/1/16 - 12/31/18
*Barrie Wright	1/1/16 - 12/31/18
✓ *Darla Kruser, City Council Liaison	

Utilities Commission – 5 members, 3 year term

Mike Johnson 1/1/14 - 12/31/16
Mark Langland 1/1/15 - 12/31/17
*Brett Lohrenz 1/1/16 - 12/31/18
*Todd Johnson 1/1/16 - 12/31/18
*John Carrison 1/1/16 - 12/31/18

✓ *David Savage, City Council Liaison

Planning and Zoning Commission – 7 members, 3 year term

~~Nathan Harder~~ 1/1/14 - 12/31/16
Bryan Bargen 1/1/14 - 12/31/16
Tim Swoboda 1/1/15 - 12/31/17
Nik Strom 1/1/15 - 12/31/17
*Sharron Hanson 1/1/16 - 12/31/18
*Douglas Regehr 1/1/16 - 12/31/18
*Dean Janzen 1/1/16 - 12/31/18

*Steve Carson, Building Inspector

✓ *Dana Kass, Ex officio

Housing and Redevelopment Authority – 5 members, 5 year term

Clara Johnson 1/1/12 – 12/31/16
James Crawford 1/1/13 - 12/31/17
Stan Schroeder 1/1/14 - 12/31/18
Merv Rempel 1/1/15 - 12/31/19
*Yvonne Hildebrandt 1/1/16 - 12/31/20

Economic Development Authority – 7 members; appointed members, 6 year term; council representatives, 2 year term

✓ Darla Kruser, Council 1/1/15 - 12/31/16
✓ Mike Nelson, Council 1/1/15 - 12/31/16
Mark Hanson 1/1/11 - 12/31/16
Brian Harder 1/1/13 - 12/31/18
Steve Syverson 1/1/14 - 12/31/19
Vern Peterson 1/1/15 - 12/31/20
Jerry Haberman 1/1/15 - 12/31/20
*Clara Johnson, Advisory

Lake Commission – 7 members, 3 year term

Jean Haberman 1/1/14 - 12/31/16

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Heather Funk	1/1/14 - 12/31/16
Jim Peterson	1/1/15 - 12/31/17
John Oeltjenbruns	1/1/15 - 12/31/17
**Jason Kruser	1/1/16 - 12/31/18
**Mike James	1/1/16 - 12/31/18
*David Bucklin	1/1/16 - 12/31/18
*Lester Rupp, Advisory	
*Tim Klassen, Advisory	
*Christine Bennett, Advisory	
✓*Mike Nelson, City Council Liaison	

Police Commission - 5 members, 3 year term

Susan Garloff	1/1/14 - 12/31/16
Christopher Boldt	1/1/14 - 12/31/16
Garret Wall	1/1/15 - 12/31/17
Charles Witt	1/1/15 - 12/31/17
*Norm Kunkel	1/1/16 - 12/31/18
* Brian Lunz, Advisory	
✓*Andrew Ysker, City Council Liaison	

Tree Board, 5 members, 3 year term

Steve Harder	1/1/14 - 12/31/16
Open Seat	1/1/14 - 12/31/16
David Bucklin	1/1/15 - 12/31/17
Jerry Logue	1/1/15 - 12/31/17
**Gary Hildebrandt	1/1/16 - 12/31/18
✓*Mike Nelson, City Council Liaison	
*Rick Oeltjenbruns, Advisory	
*Judy Harder, Advisory	

Fire Department

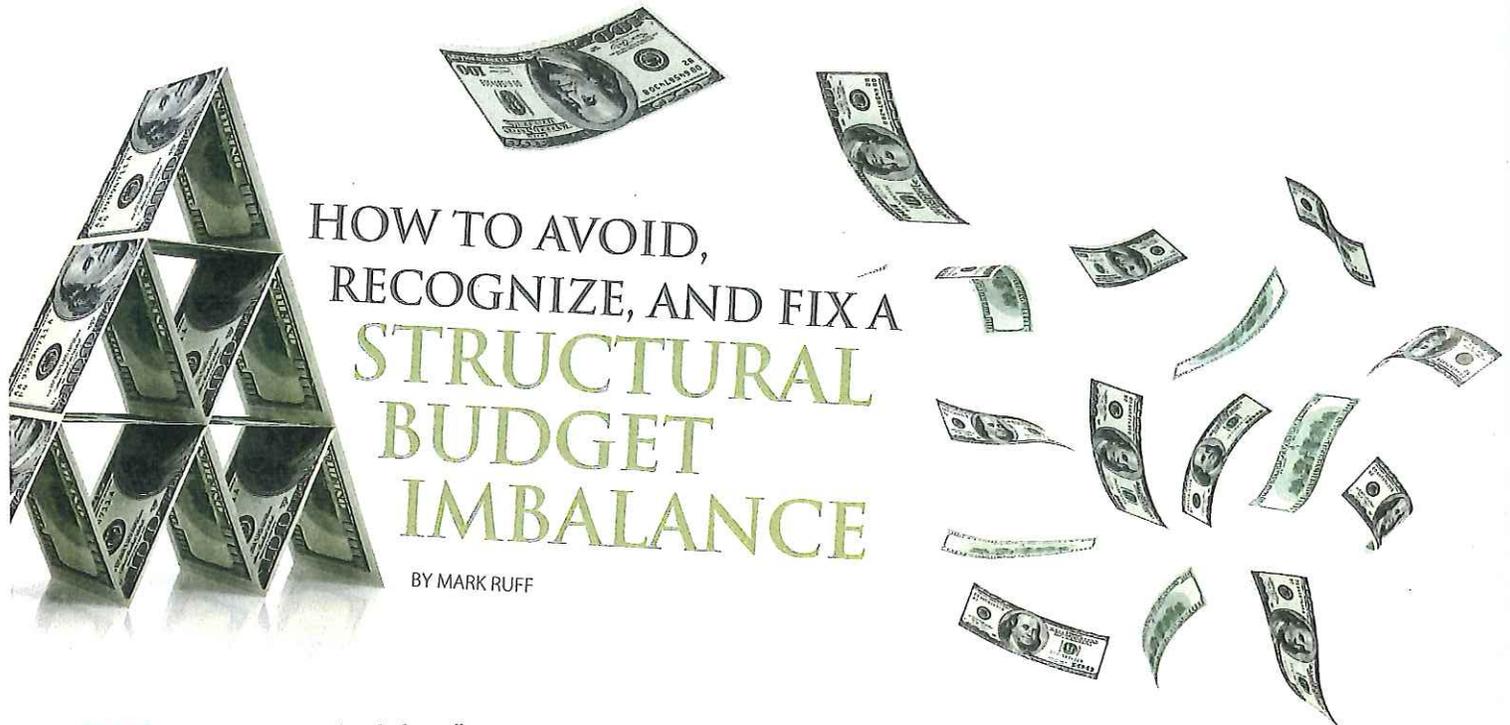
- **Tim Coners, Chief
- **Patrick Oja, Asst. Chief
- *David Watkins, President
- *Steve Peters, Treasurer
- *Jason Kruser, Secretary
- *Daron Friesen, Grass Rig Maintenance
- *Tim Janzen, New Pumper Maintenance
- *Rick Oeltjenbruns, Tanker Maintenance
- *Patrick Oja, *Robert Gohr, Rescue Vehicle Maintenance

- *Andrew Ysker, Old Pumper Maintenance
- *Robert Gohr, *Patrick Oja, Training Officers

Ambulance Service

- *David Watkins, Captain
- *~~Dennis Siebert~~, Assistant Captain *Emily Adrian*
- *Tim Janzen, Secretary/Treasurer
- *Paula Barnes, *Mark Warner, Training Officers
- * Neal Wenner, Maintenance

- *Reappointment
- ** New Appointment



HOW TO AVOID, RECOGNIZE, AND FIX A STRUCTURAL BUDGET IMBALANCE

BY MARK RUFF

The term “structural imbalance” conjures up images of the Leaning Tower of Pisa. Even today, we hear about buildings that are damaged because they are built with foundations in unstable soils. Like a building that is improperly designed and constructed, a city’s finances can be structurally imbalanced.

These imbalances may not be easily detectable and may cause a city to tip financially, year by year, until it becomes difficult and expensive to correct. Like a slowly tilting building, the impact of a city’s financial imbalances may take years to recognize and fix.

According to the Government Finance Officers Association, “A true structurally balanced budget is one that supports financial sustainability for multiple years into the future. A government needs to make sure that it is aware of the distinction between satisfying the statutory definition [of a balanced budget] and achieving a true structurally balanced budget.”



CAUSES OF STRUCTURAL IMBALANCE

So how does a city know if it has a structural imbalance hidden in its finances? The first place to evaluate the financial health of a city is during the budget process. Structural imbalances can start to occur in two

ways: by intentional actions, or by the gradual degradation of financial performance.

Intentional structural imbalance occurs most often when a city council is intent on lowering taxes or fees without offsetting reductions in expenses. For example, let’s assume a city council wants to lower its tax rate for 2017. During the budget process, the city council may direct staff to lower the tax levy by 10 percent by using cash in the general fund reserve to pay for ongoing staff costs.

The budget is legally balanced because there are enough revenues to pay for expenses. But the longer-term prognosis could be grim. What happens when a few years of using reserves to pay operating costs depletes the general fund balance? A future city council will need to increase its levy dramatically in one or two years, or cut 10 percent or more of the staff. Or worse, the city may need to issue bonds to cover costs between property tax settlements.



PROPER USE OF RESERVES

Occasional use of reserves to balance a budget hole is not in itself an inherently bad thing. A city may have a temporary crisis or end up with more reserves than it needs. But persistent use of reserves to

balance a budget could pose problems for future councils if the decision to use the reserves is not in the context of a five- or 10-year financial forecast that shows how long the cash will last and how the council plans to eventually end the use of reserves or repay the reserves.

Plugging a hole in the budget with reserves is also reasonable when it is used for capital costs that do not occur annually. Structural imbalances can occur in a city’s general fund, or they can occur in a special revenue fund or enterprise fund.

For example, many cities build up reserves in a water fund with the plan to pay for a major plant expansion with cash. Or a city may save for a firetruck over a decade and pay most of it with cash. This use of reserves is very logical and financially sound when the capital expenses come up once every five or 10 years. In Minneapolis, for example, there has been a long tradition of using one-time revenues for one-time expenses.

Structural imbalances could occur if reserves are used to pay for annual or biannual capital costs—unless the city has a longer-term plan. For example, in early 2016, the City of Minneapolis approved a doubling of funding for annual street

improvements and park capital improvements for the next 20 years.

A portion of the increased cost will be paid with reserves, which are being used in the next few years until a large tax increment financing district is decertified and the levy will be increased. This use of reserves is in the context of a 20-year financial plan that the mayor and City Council endorsed in the ordinance approving the program. A detailed financial plan was embedded in the ordinance.



POOR FINANCIAL PERFORMANCE

Structural imbalances can also be caused by overly optimistic revenue forecasts or underestimating expenses. This is often the case for cities with new or expanded recreational facilities. Every year, a council may approve a balanced budget without any planned use of reserves for its community center or golf course. But each year something may come up that impairs financial performance. Maybe a bad weather year reduces revenues by 25 percent or pool maintenance costs are higher than usual, resulting in a deficit.

These events are bound to occur. However, two or three of these bad years will result in structural imbalance. These shortfalls may not appear to be a concern in small increments. They can often be hidden, unintentionally, by a loan from another city fund or account to cover the shortfalls.



RECOGNIZING THE SIGNS

How can a council or staff recognize the signs of an imbalance in these situations? Most of us are not accountants. We stumble when we are asked to explain the difference between fund balance and cash balance. But all of us know how to ask good questions.

Here are a few ways you can stay on top of budget issues and avoid a structural imbalance:

- *Check in with the auditor.* A city's audit should tell us how much in deficits a recreation or other fund may be accumulating. And each year, if not more often, council and staff can ask the auditor questions like, "Which of

the city's funds are going in a direction that concerns you?"

- *Get regular updates from staff.* Ask staff to provide mid-year or even quarterly reports comparing the budget numbers to actual numbers to see if you are not on track with expected revenues and expenses. This allows you to make real-time adjustments rather than over a year later when your audit is presented.
- *Ask good questions (with very little cost) during a bond sale.* Council and staff can ask rating agencies or a municipal advisor if there are areas of concern for a particular city's financial operations. Asking an advisor to compare you to three or four other cities is always a reasonable and worthwhile request and should be included in the cost of their activities during a sale.



FIXING STRUCTURAL IMBALANCES

Like steering a barge on a river, changing the course of a general or other city fund will take more than a few months

(continued on page 14)

or even a few years. In some cases, there are deliberate actions you can take to start turning things around. For example, one metro-area city has reduced the number of holes in its golf operation in recent years while increasing the size of its more profitable driving range. And an outstate city reduced its expenses for health care benefits to retirees through negotiations and a court case.



The first step to correcting an imbalance is creating a long-term financial plan for all funds. These plans do not need to be complicated multi-page spreadsheets. A simple summary should be available, but there should also be an explanation behind each of the assumptions. In addition, it should include projected cash balances in each fund.

A good second step is to approve financial policies for all funds. These policies should address procedures for inter-fund loans, mid-year reporting to elected officials, and minimum and maximum fund balances.

Over 20 years ago, a Greater Minnesota city had to ask the Public Facilities Authority (PFA) to restructure its debt because it could not meet its obligations for its water and sewer fund. Although restructuring debt can help solve a structural imbalance, it should typically be done only as a last resort. And when it is done, other actions should go along with it. Since this city restructured its PFA debt, the city has been very disciplined about following its financial policies in the context of long-term planning.

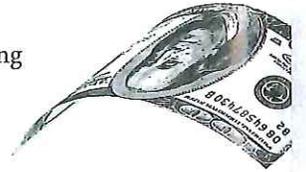
For example, the city has set priorities for any annual surplus in a fund. These surpluses are primarily used to either pay off existing debt early or to pay for the general fund portion of its street projects to avoid issuing debt in future years. As a result, the city's bond rating has increased five times over the past several years.

The third and perhaps most important step in fixing a structural imbalance is making sure that the staff and council "own" their financial plans and policies.

Consultants may be helpful in jumpstarting the process or doing the math, but only staff and council can make plans become reality.

We all need to plan for the future and be prepared to handle the occasional financial surprises. A good financial foundation is established for cities when the staff and council engage in regular and honest dialogue about financial challenges and find ways to mitigate them. 

Mark Ruff is the chief financial officer with the City of Minneapolis. Contact: mark.ruff@minneapolismn.gov or (612) 673-3554.



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