

**Regular Council Meeting  
Mountain Lake City Hall  
Monday, August 5, 2019  
6:30 p.m.**

**AGENDA**

1. Meeting Called to Order \*Additional information on agenda item is attached or at City Hall
2. Approval of Agenda and Consent Agenda
  - a. Bills: Checks #22697 – 22731, 617E (1-4)
  - b. Payroll: Checks #64747 – 64764
  - c. Approve June 12 Library Board Minutes, June Monthly Report, & June Expenditures (5-7)
  - d. Approve June 25 Police Commission Minutes (8-9)
  - e. Approve July 10 Utilities Commission Minutes (10-12)
  - f. Approve July 22 City Council Minutes (13-15)
3. Public – A total of ten (10) minutes is allotted for individuals to briefly discuss a topic of concern or provide comments to the Council.
4. Street Department Report – *Rick Oeltjenbruns, Street Superintendent*
5. Public Hearing 6:45PM – Ordinance #5-19 Amending Animal Regulations
  - a. Discussion/Action – Open Public Hearing
  - b. Discussion – Planning & Zoning Commission Recommendation & Application (16-18)
  - c. Discussion – Public Comments
  - d. Discussion/Action – Close Public Hearing
6. Planning & Zoning
  - a. Discussion/Action – Ordinance #5-19 Amending Animal Regulations (19-22)
7. Electric Department
  - a. Discussion/Action – Joint-User Agreement with Minnesota Energy (23-42)
8. 2020 Budget
  - a. Discussion – 2020 Budget Guide for Cities – League of Minnesota Cities (43-56)
  - b. Discussion – 2020 Local Government Aid Certified Distribution (57)
  - c. Discussion – Draft 2020 Capital Improvement Plan (58-59)
  - d. Discussion – Draft 2020 Budget (available at meeting)
9. City Attorney
  - a. Update – Hiebert Greenhouses
  - b. Update – Public Nuisances
10. City Administrator
  - a. Update – Kuechle Underground, 2<sup>nd</sup> Avenue, & Other Punch List Items
  - b. Discussion/Action – Trail Position Wages & Hours
11. Adjourn

**\*Check Detail Register©**

July 2019 to August 2019

August 5, 2019  
mtg  
CK# 22697-22731  
617E

		Check Amt	Invoice	Comment
<b>10100 United Prairie</b>				
Paid Chk#	022697	7/29/2019	MT LAKE FAMILY FITNESS LLC	
	G 235-10666	ML FAMILY FITNESS-J.HOLMBERG	\$13,676.46	NEW LOAN
	Total	MT LAKE FAMILY FITNESS LLC	\$13,676.46	
Paid Chk#	022698	8/1/2019	AFLAC	
	G 101-21713	AFLAC	\$280.78	
	Total	AFLAC	\$280.78	
Paid Chk#	022699	8/1/2019	COMMISSIONER OF REVENUE	
	G 101-21702	State Withholding	\$843.45	
	Total	COMMISSIONER OF REVENUE	\$843.45	
Paid Chk#	022700	8/1/2019	FURTHER/SELECT	
	G 101-21714	HSA	\$948.47	
	Total	FURTHER/SELECT	\$948.47	
Paid Chk#	022701	8/1/2019	GISLASON & HUNTER	
	G 101-21712	Garnishments	\$413.02	
	Total	GISLASON & HUNTER	\$413.02	
Paid Chk#	022702	8/1/2019	INTERNAL REVENUE SERVICE	
	G 101-21701	Federal Withholding	\$1,508.52	
	G 101-21703	FICA Tax Withholding	\$2,812.74	
	Total	INTERNAL REVENUE SERVICE	\$4,321.26	
Paid Chk#	022703	8/1/2019	LAW ENFORCEMENT LABOR SERV	
	G 101-21711	PD UNION DUES	\$102.00	
	Total	LAW ENFORCEMENT LABOR SERV	\$102.00	
Paid Chk#	022704	8/1/2019	PERA	
	G 101-21704	PERA	\$4,245.13	
	Total	PERA	\$4,245.13	
Paid Chk#	022705	8/1/2019	SW/WC SERVICE COOPERATIVES	
	G 101-21708	Employee Paid Health Insurance	\$1,187.97	
	Total	SW/WC SERVICE COOPERATIVES	\$1,187.97	
Paid Chk#	022706	8/1/2019	VALIC	
	G 101-21705	VALIC	\$263.00	
	Total	VALIC	\$263.00	
Paid Chk#	022707	8/2/2019	ALPHA WIRELESS COMMUNICATIONS	
	E 221-42200-323	Radio/Pager maintenance	\$58.00	2560 FD-REPLACEMENT RADIO BATTERIES
	E 231-42154-323	Radio/Pager maintenance	\$58.00	2560 AMB-REPLACEMENT RADIO BATTERIES
	otal	ALPHA WIRELESS COMMUNICATIONS	\$116.00	
Paid Chk#	022708	8/2/2019	AMAZON	
	E 211-45500-590	Capital Outlay Books	\$164.06	LIBRARY BOOKS
	E 211-45500-592	A.V. Materials	\$115.60	LIBRARY AV
	E 211-45500-434	Project Expense	\$17.91	LIBRARY PROJECT EXP
	Total	AMAZON	\$297.57	
Paid Chk#	022709	8/2/2019	DEMCO, INC	
	E 211-45500-200	Office Supplies	\$241.08	LIBRARY OFFICE SUPPLIES
	Total	DEMCO, INC	\$241.08	

**\*Check Detail Register©**

July 2019 to August 2019

			Check Amt	Invoice	Comment
Paid Chk#	022710	8/2/2019 DENNIS HULZEBOS			
E 211-45500-400	Janitor-Repairs/Maint		\$345.00		AUGUST MAINT AT LIBRARY
	<b>Total DENNIS HULZEBOS</b>		<b>\$345.00</b>		
Paid Chk#	022711	8/2/2019 DUININCK			
E 101-43121-224	Street Maint Materials		\$1,858.12	536882	HOT MIX-ST REPAIR
E 101-43121-224	Street Maint Materials		\$840.50	537123	HOT MIX-ST REPAIR
E 101-43121-224	Street Maint Materials		\$847.88	537134	HOT MIX-ST REPAIR
	<b>Total DUININCK</b>		<b>\$3,546.50</b>		
Paid Chk#	022712	8/2/2019 FAIRMONT GLASS & SIGN			
E 101-45186-401	Repairs/Maint Buildings		\$775.00	365125	INSTALL STOREFRONT GLASS AT COMMUNITY CENTER
	<b>Total FAIRMONT GLASS &amp; SIGN</b>		<b>\$775.00</b>		
Paid Chk#	022713	8/2/2019 FRONTIER			
E 101-41400-321	Telephone		\$151.84		CITY HALL PHONE-427-2999
E 101-42100-321	Telephone		\$196.53		POLICE DEPT PHONE-427-3403
E 101-43100-321	Telephone		\$67.45		STREET DEPT PHONE-427-2997
E 101-45186-321	Telephone		\$66.54		SR CTR PHONE-427-2151
E 205-46500-321	Telephone		\$37.50		EDA PORTION OF DSL & 427-2999
E 101-00000-430	Miscellaneous		\$85.28		UT-PHONE
	<b>Total FRONTIER</b>		<b>\$605.14</b>		
Paid Chk#	022714	8/2/2019 FRONTIER			
E 211-45500-321	Telephone		\$70.00		LIBRARY TELEPHONE 427-2506
	<b>Total FRONTIER</b>		<b>\$70.00</b>		
Paid Chk#	022715	8/2/2019 GREATAMERICA FINANCIAL SVCS			
E 101-00000-430	Miscellaneous		\$8.43		CHAMBER-MONTHLY COLOR COPY MACHINE LEASE
E 101-41400-200	Office Supplies		\$26.35		OFFICE-MONTHLY COLOR COPY MACHINE LEASE
E 101-42100-200	Office Supplies		\$8.78		PD-MONTHLY COLOR COPY MACHINE LEASE
E 101-00000-430	Miscellaneous		\$91.31		UT-MONTHLY COLOR COPY MACHINE LEASE
E 205-46500-200	Office Supplies		\$5.62		EDA-MONTHLY COLOR COPY MACHINE LEASE
	<b>Total GREATAMERICA FINANCIAL SVCS</b>		<b>\$140.49</b>		
Paid Chk#	022716	8/2/2019 HEIMAN FIRE EQUIPMENT--USE THI			
E 221-42200-404	Repairs/Maint Machinery/Equip		\$72.95	0881163	FD-UNIVERSAL SOCKS
	<b>Total HEIMAN FIRE EQUIPMENT--USE THI</b>		<b>\$72.95</b>		
Paid Chk#	022717	8/2/2019 INDOFF INCORPORATED			
E 101-41400-200	Office Supplies		\$3.09	3257809	CALCULATOR RIBBON
E 101-41400-200	Office Supplies		\$309.72	3258898	1500 WINDOW ENVELOPES
E 101-41400-200	Office Supplies		\$26.28	3260441	PAPER CLIPS, 81/2 X 14 PAPER
E 101-41400-200	Office Supplies		\$97.83	3265592	STAPLES & VIEW BINDER
E 205-46500-151	Worker s Comp Ins Prem		\$1.91	3265592	EDA-PAPER CLIP DISPENSER
	<b>Total INDOFF INCORPORATED</b>		<b>\$438.83</b>		
Paid Chk#	022718	8/2/2019 JOHN YSKER			
E 101-43240-111	Contract		\$250.00		AUGUST DUMP SALARY
	<b>Total JOHN YSKER</b>		<b>\$250.00</b>		
Paid Chk#	022719	8/2/2019 LEAGUE OF MN CITIES-FINANCE			
E 101-41400-200	Office Supplies		\$65.41		2019 LEAGUE DIRECTORY
	<b>Total LEAGUE OF MN CITIES-FINANCE</b>		<b>\$65.41</b>		
Paid Chk#	022720	8/2/2019 MICHAEL SCHULTE			

**\*Check Detail Register©**

July 2019 to August 2019

			Check Amt	Invoice	Comment
E 101-41400-308	Training & Instruction		\$582.38		MILEAGE & HOTEL CGMC CONFERENCE
	<b>Total</b>	<b>MICHAEL SCHULTE</b>	<b>\$582.38</b>		
<b>Paid Chk# 022721</b>	<b>8/2/2019</b>	<b>MID-AMERICAN RESEARCH CHEMICAL</b>			
E 101-45200-210	Operating Supplies		\$404.75	0670382-IN	PARK CLEANING SUPPLIES
	<b>Total</b>	<b>MID-AMERICAN RESEARCH CHEMICAL</b>	<b>\$404.75</b>		
<b>Paid Chk# 022722</b>	<b>8/2/2019</b>	<b>MINNESOTA ENERGY RESOURCE CORP</b>			
E 101-41400-383	Gas Utilities		\$63.39		CITY HALL GAS-ACCT#0505387558
E 221-42200-383	Gas Utilities		\$33.08		FIRE DEPT PORTION OF FIREHALL GAS-ACCT#0507634940
E 231-42154-383	Gas Utilities		\$16.30		AMB PORTION OF FIREHALL GAS-ACCT#0507634940
E 101-43100-383	Gas Utilities		\$52.24		STREET GARAGE GAS-ACCT#0503270939
E 211-45500-383	Gas Utilities		\$49.38		LIBRARY GAS-ACCT#0502593301
E 101-45186-383	Gas Utilities		\$69.19		COMM CTR GAS-ACCT#0504742031
	<b>Total</b>	<b>MINNESOTA ENERGY RESOURCE CORP</b>	<b>\$283.58</b>		
<b>Paid Chk# 022723</b>	<b>8/2/2019</b>	<b>MINNESOTA MUTUAL LIFE</b>			
E 101-42100-135	Employer Paid Other		\$1.70		AUG BRIAN LUNZ LIFE INSURANCE
E 101-42100-134	Employer Paid Life		\$5.10		AUG LIFE INS-POLICE DEPT
E 211-45500-134	Employer Paid Life		\$1.70		AUG LIFE INS-LIBRARY
E 101-43100-134	Employer Paid Life		\$3.06		AUG LIFE INS-ST DEPT
E 101-41400-134	Employer Paid Life		\$3.40		AUG LIFE INS-OFFICE
E 101-45200-134	Employer Paid Life		\$1.02		AUG LIFE INS-PARKS DEPT
E 101-46200-134	Employer Paid Life		\$1.02		AUG LIFE INS-CEMETERY
E 205-46500-134	Employer Paid Life		\$1.70		AUG LIFE INS-EDA ROB ANDERSON
G 101-21706	Hospitalization/Medical Ins		\$29.30		AUG LIFE INS-ROBB ANDERSON
G 101-21706	Hospitalization/Medical Ins		\$10.90		AUG LIFE INS-DARON FRIESEN
G 101-21706	Hospitalization/Medical Ins		\$12.00		AUG LIFE INS-STEVE PETERS
	<b>Total</b>	<b>MINNESOTA MUTUAL LIFE</b>	<b>\$70.90</b>		
<b>Paid Chk# 022724</b>	<b>8/2/2019</b>	<b>MINNESOTA PAVING</b>			
E 101-43121-225	Seal Coat/Crack Filling		\$4,598.41	1535124	SEAL COAT CHIPS
E 101-43121-225	Seal Coat/Crack Filling		\$783.48	228900	SEAL COAT CHIPS
	<b>Total</b>	<b>MINNESOTA PAVING</b>	<b>\$5,381.89</b>		
<b>Paid Chk# 022725</b>	<b>8/2/2019</b>	<b>MUNICIPAL UTILITIES</b>			
E 101-45200-380	Elec,Water,Sewer		\$110.65		LAWCON PARK
E 101-41400-380	Elec,Water,Sewer		\$434.55		CITY HALL UT
E 101-45200-380	Elec,Water,Sewer		\$283.85		CITY PARK RESTROOMS UT
E 101-45186-380	Elec,Water,Sewer		\$442.50		SR CTR UT
E 101-43100-380	Elec,Water,Sewer		\$219.04		ST DEPT UT
E 221-42200-380	Elec,Water,Sewer		\$143.48		FIRE DEPT PORTION OF FIREHALL UT
E 231-42154-380	Elec,Water,Sewer		\$70.67		AMB PORTION OF FIREHALL UT
E 211-45500-380	Elec,Water,Sewer		\$470.87		LIBRARY UT
E 608-46330-380	Elec,Water,Sewer		\$17.79		8-PLEX PORTION OF ST LITE ON HERITAGE DRIVE
E 607-46330-380	Elec,Water,Sewer		\$9.16		4-PLEX PORTION OF ST LITE ON HERITAGE DRIVE
E 101-45183-380	Elec,Water,Sewer		\$623.68		UT AT CAMPGROUND
E 101-45200-380	Elec,Water,Sewer		\$117.26		UT AT CITY PARK SHELTERHOUSE
E 205-46500-380	Elec,Water,Sewer		\$131.23		UT AT 1205 3RD AVE
	<b>Total</b>	<b>MUNICIPAL UTILITIES</b>	<b>\$3,074.73</b>		
<b>Paid Chk# 022726</b>	<b>8/2/2019</b>	<b>MUSKE, MUSKE, SURHOFF</b>			
G 101-15506	PREPAID-LEGAL FEES		\$1,400.00		AUGUST LEGAL RETAINER
	<b>Total</b>	<b>MUSKE, MUSKE, SURHOFF</b>	<b>\$1,400.00</b>		

## CITY OF MOUNTAIN LAKE

08/01/19 2:08 PM

Page 4

**\*Check Detail Register©**

July 2019 to August 2019

Check Amt Invoice Comment

Paid Chk# 022727 8/2/2019 NICKEL CONSTRUCTION

E 101-43150-220	Repair/Maint Supply	\$1.00	20692	CLEAN CEMENT DUMPING
Total NICKEL CONSTRUCTION		\$1.00		

Paid Chk# 022728 8/2/2019 PETERSON DRUG &amp; GIFTS

E 101-43100-200	Office Supplies	\$91.35	6/10/19	ST DEPT-FLOWERS
E 101-43100-200	Office Supplies	\$26.18	6/10/19	ST DEPT-FLOWERS
E 231-42154-210	Operating Supplies	\$6.29	6/10/19	AMB-EYE WASH
E 231-42154-430	Miscellaneous	\$15.22	6/14/19	AMB-POSTERBOARD,TAPE,MARKERS
E 231-42154-210	Operating Supplies	\$139.50	6/19/19	AMB-NARCON
E 231-42154-323	Radio/Pager maintenance	\$10.93	6/21/19	AMB-UPS RADIO TO MANKATO
Total PETERSON DRUG & GIFTS		\$289.47		

Paid Chk# 022729 8/2/2019 PRAXAIR

E 231-42154-210	Operating Supplies	\$137.05	90533256	OXYGEN FOR AMBULANCE
E 231-42154-210	Operating Supplies	\$124.78	90702817	OXYGEN FOR AMBULANCE
Total PRAXAIR		\$261.83		

Paid Chk# 022730 8/2/2019 S &amp; S WORLDWIDE INC.

E 211-45500-430	Miscellaneous	\$200.81		LIBRARY PROJECT EXP
Total S & S WORLDWIDE INC.		\$200.81		

Paid Chk# 022731 8/2/2019 WEBICINE

E 101-41400-320	Internet	\$120.00	6723	UPDATES & CHANGES TO WEBSITE
Total WEBICINE		\$120.00		

10100 United Prairie \$45,316.85

## Fund Summary

10100 United Prairie

101 GENERAL FUND	\$28,872.82
205 ECONOMIC DEVELOPMENT AUTHORITY	\$177.96
211 LIBRARY FUND	\$1,676.41
221 FIRE DEPT FUND	\$307.51
231 AMBULANCE FUND	\$578.74
235 SW HOUSING GRANT	\$13,676.46
607 EDA----4 PLEX FUND	\$9.16
608 EDA----8 PLEX FUND	\$17.79
	<u>\$45,316.85</u>

Paid Chk# 000617E 7/31/2019 UNITED PRAIRIE BANK

E 101-41400-301	Auditing and Acct g Services	\$35.00	JULY ACH
Total UNITED PRAIRIE BANK		\$35.00	

Paid Chk# 022584 7/31/2019 AEL AC

# Mountain Lake Public Library Board Minutes

June 12, 2019

**Members Present:** Dennis Cords, Diane Englin, Marci Balderas, Rick Herrig, Vickie

Krueger, Carol Lehman, director

**Members Absent:** none

**Others Present:** none

The meeting was called to order at 4:05 p.m. by chairman, Diane Englin.

M/S Cords/Balderas to approve the minutes of the May 15, 2019 meeting. Motion carried.

Carol presented the May monthly report indicating 2,527 total circulation and expenditures in the amount of \$3,904.22. M/S Balderas/Cords to accept the May report as given and to approve the May expenditures. Motion carried.

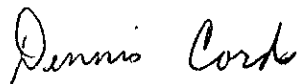
The library budget was reviewed.

Carol reported that the Plum Creek director position has not been filled and that the committee has begun a new search and will accept applications until July 15.

Carol reported that the summer library programs have begun with very good attendance at the kick-off program which featured The Zoo Man and also the first craft day. Craft days will be held every Wednesday from 12:00 – 2:30 p.m. and junior book club follows from 2:30 – 3:30 p.m. Story times will be held every Thursday morning at 10:00 a.m. through July 25.

The meeting adjourned at 5:25 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Dennis Cords".

Dennis Cords, secretary

MOUNTAIN LAKE PUBLIC LIBRARY  
MONTHLY REPORT  
JUNE 2019

<u>CIRCULATION</u>	<u>AUDIO</u>	<u>BOOKS</u>	<u>NON PRINT</u>	<u>MULTIMEDIA</u>	<u>PERIODICALS</u>	<u>VIDEOS</u>	<u>TOTALS</u>
Children's	22	934	5	4	21	269	1,255
Adult	30	598	1	0	72	325	1,026
Other Physical Media							<u>13</u>
eBooks						SUBTOTAL	2,294
Downloadable Audio							34
TOTAL CIRCULATION							<u>45</u>
							2,373

INTERLIBRARY LOAN

Sent	246
Received	303
ILL Non System	42

REVENUE

Cash Income	
County Revenue	
Donations (monetary)	
Fines	
Misc. Revenue	\$17.00
Meeting Room Rental	
Sale of Supplies	
TOTAL REVENUE	\$17.00

EXPENDITURES

Books	\$528.22
Periodicals	
Audio/Visual	\$118.71
Supplies	
Postage	
Telephone	\$65.46
Janitor	\$345.00
Rep&Maint	
Project Exp	\$475.81
Tech/Aut Exp	\$290.41
Gas Utilities	<u>\$55.77</u>
Misc	
TOTAL	\$1,879.38

Library Director Carol Lehman

## LIBRARY EXPENDITURES - JUNE 2019

Frontier	Telephone Expense	\$65.46
Dennis Hulzebos	Repairs & Maintenance-Janitorial	\$345.00
Ingram	Books	\$387.05
MN Energy Resources	Gas Utilities	\$55.77
Graylyn Morris	Project Expense - Brodini program	\$275.00
PCLS	Automation	\$290.41
S & S Worldwide, Inc.	Project Expense	\$200.81
Synchrony Bank/Amazon	Books 141.17 / AV 118.71	<u>\$259.88</u>
	TOTAL	\$1,879.38



**From:** Chuck <chuck@charleswitt.com>  
**Sent:** Sunday, July 7, 2019 12:31 PM  
**To:** dbristol@mountainlakemn.com  
**Subject:** June Police Commission Minutes

**Flag Status:** Flagged

Minutes, Police Commission Meeting  
June 25, 2019

1. Meeting called to order at 7:05 PM
2. Members present:
  - a. Chad Eken, Chairman
  - b. Chuck Witt, Secretary
  - c. Brian Lunz
  - d. Randy Junker
  - e. Doug Bristol, Police Chief
3. Minutes
  - a. March minutes submitted
  - b. May minutes read and accepted
    - i. Motion: Chad Eken
    - ii. Second: Chuck Witt
4. Bills/Income/Expenses
  - a. No questions or issues
  - b. Allowed to be accepted without motion
5. Chief's Report
  - a. Call volume down slightly from estimated 120 calls/month
  - b. One incident during Pow Wow parade
    - i. Older adult struck, without injury, a young child while both were gathering thrown candy
    - ii. Charges pending review by city attorney; possibly assault or disorderly conduct
  - c. Officer Mathiowetz finished her last shift with MLPD on June 20, 2019
  - d. Overtime will occur until full time position filled and training completed
    - i. Shifts will be adjusted to provide on-duty coverage during prime hours with on-call coverage for remaining time
    - ii. Estimated that overtime will be less than what regular wages would be if at full staff
    - iii. Schedule may have times of "no cover" other than on-call cover
6. Old Business
  - a. Hiring Update
    - i. Only three applications received for part-time position
    - ii. No additional applications received for full-time position
7. New Business
  - a. Hiring Update

- i. Adjustments will be made to job posting to include benefits, estimated maximum wages for first year, etc.
- ii. Adjustments will bring posting more inline to what other departments are doing

8. Items from the Floor

- a. None

9. Adjournment

- a. Motion: Randy Junker
- b. Second: Chad Eken
- c. Meeting adjourned at 7:25 PM

**Chuck Witt**

Owner | Charles Witt Communications, LLC | 507-382-0186  
414 11th Street N | Mountain Lake, MN 56159  
[www.charleswitt.com](http://www.charleswitt.com)

Instructor | Mountain Lake Firearms Academy | 507-327-2807  
<http://www.mountainlakefirearms.com>

"The right to keep and bear arms shall not be infringed." - 2nd Amendment

"Laws that forbid the carrying of arms...disarm only those who are neither inclined nor determined to commit crimes. Such laws make things worse for the assaulted and better for the assailants, they serve rather to encourage than to prevent homicides, for an unarmed man may be attacked with greater confidence than an armed man." - Thomas Jefferson

**Mountain Lake Municipal Utilities Commission Meeting**  
**Mountain Lake City Hall**  
**Wednesday, July 10, 2019**  
**7 AM**

Members Present: Sue Garloff, Dean Janzen, Todd Johnson, Mark Langland, Randy Sawatzky

Members Absent: Council Liaison David Savage

Staff Present: Michael Schulte, Administrator/Clerk; Lynda Cowell, Utilities Office Manager; Dave Watkins, Electric Lineman; Lane Anderson, Electric Lineman, Taylor Nesmo, Water/Wastewater Foreman

Others Present: None

**Call to Order**

The meeting was called to order at 7:00 a.m.

**Approval of Agenda, Minutes, and Bills**

Motion by Janzen, seconded by Johnson, to add 3.B – Feeder Conductors and 3.C – Christmas Lights to the agenda. Motion carried. Motion by Johnson, seconded by Sawatzky, to approve the Agenda, June 20 Minutes, and Bills #019069 - 019125. Motion carried.

**Poles at Gun Range**

Ron Melson was contacted by the sportsman club to request to replace 4 poles with lights at the gun range north of town. The poles are in bad condition. The sportsman club will purchase the poles. Melson stated it would take 3-4 hours to install the poles. Motion by Sawatzky, seconded by Janzen, to approve to perform the work for the sportsman club. Motion carried.

**Feeder Conductors**

Melson stated that 2 overhead feeders have failed. One was this past winter and one will be repaired by Conductor Power. New spools of feeder wire are needed to repair and begin replacing other feeders. Melson listed costs of the wire per foot. It is cheaper per foot to purchase a whole spool versus a specific amount that needs to be spliced. 3 spools would be needed. Spools were not budgeted this year, but it is an item that will need attention soon. After further discussion on costs and needs, it was decided to budget this project for next year.

### **Christmas Lights**

Sue Garloff, who is also a Chamber of Commerce member, asked questions on steps of how to install poles and hang over the street Christmas lights on two sides of town. The Chamber recently purchased two sets of lights that go over an entire street. Strong poles that can withhold the tension, concrete bases, county right-of-way permits, electric hook-up, and locations in town were discussed. Garloff will work with the Chamber Director and research more to be able to install the lights in the future.

### **Water/Wastewater Department**

Discharging the ponds were wrapped up at the end of June. Samples came back positive and the utility is in good standing for now. Dehumidifiers at the water treatment plant were discussed. 3 of 4 are from 2004, the original construction date. One is not operational. 2 dehumidifiers are running now constantly and are waiting on the salesman to provide a quote on commercial dehumidifiers to replace.

### **Wastewater Project**

MPCA certified the wastewater pond project on June 30. This step was needed as one of the components of obtaining the PFA loan once all the pieces are in place. This states the project has been reviewed and approved by the MPCA to build and operate.

### **Utility Billing**

Banyon software has a feature to round up bills to the nearest dollar. South Central Electric has a program to allow customers to round up their bill to the nearest dollar and the extra amount is used for scholarships and other charitable giving. This feature is voluntary for SCE. Rounding up the bill amount could save time hassling with change and make bills simpler to pay. More information will be researched to see if the additional funds can be applied as a credit on each customer's bill the next month or if the funds are accounted for in a separate fund.

The partial payment request application was discussed. Any outstanding bill that is not paid by August 15 will be turned off unless a partial payment request form is completed and approved by staff. Various scenarios were discussed with the commission on utility payment difficulties. Direction was given to staff on various situations and to turn off any customer that has an outstanding bill by the turn-off date unless a form is completed.

A water service connection fee increase will take place in 2020. A letter was sent by the Department of Health notifying the utility of the increase.

### **Next Meeting**

The next meeting will be on Tuesday, July 23<sup>rd</sup> at 7:00 a.m.

**Adjourn**

The meeting was adjourned at 8:34 a.m.

**Approved July 23, 2019**

ATTEST:

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Michael Schulte, Administrator/Clerk

**Regular Council Meeting  
Mountain Lake City Hall  
Monday, July 22, 2019  
6:30 p.m.**

Members Present: Dana Kass, David Savage, Andrew Ysker

Members Absent: Darla Kruser, Mike Nelson

City Staff Present: Michael Schulte, City Administrator/Clerk; Maryellen Suhrhoff, City Attorney

Others Present: Sue Garloff, Anne Reese, Jennifer Shouse-Klassen, Justin Klassen, Doug Regehr, Gloria McKissick; Deanna Anderson, Observer/Advocate; Owen Todd, Bolton & Menk

**Call to Order**

The meeting was called to order by Mayor Pro Tempore Savage at 6:30 p.m.

**Approval of Agenda and Consent Agenda**

Motion by Kass, seconded by Ysker, to approve the agenda and consent agenda as presented.

Motion carried.

Bills: Checks #22669 – 22696, 616

Payroll: Checks #64729 – 64746

Approve April 9 Tree Commission Minutes

Approve June 10 EDA Board Minutes

Approve June 10 Lake Commission Minutes

Approve June 20 Utilities Commission Minutes

Approve June 28 Special EDA Board Minutes

Approve July 8 City Council Minutes

Approve July 16 Special City Council Minutes

Approve Resolution #22-19 – Accept Tree Planting Donations

Approve Resolution #23-19 – Ambulance Raffle

Approve to Submit Aquatic Invasive Species Grant Application for \$20,000 on Behalf of the Lake Commission

Approve to Submit Odell Wind Farm Community Fund Application for \$5,000 on behalf of the Lake Commission

Approve to Submit Big Bend Wind Grant Application for \$3,500 on Behalf of the Active Living Committee

**Public**

No public comments were made.

**City Engineer Report**

Owen Todd, City Engineer from Bolton & Menk, provided an update on 2<sup>nd</sup> Ave and the city's punch list items from the 2012-2013 street project, commercial park storm water drainage, and the Mountain Lake welcome sign. Last fall, the city was informed by Brad DeWolf, CEO of Bolton & Menk, that Bolton & Menk and Kuechle Underground reached an agreement to fix 2<sup>nd</sup> Ave and the other punch list items around town at no cost to the city. This past spring, Todd has been persistently asking Kuechle Underground of their plan and schedule to fix the issues in the city. After no substantial response, Todd sent Kuechle Underground a letter requesting a response and plan by July 8<sup>th</sup>. No written response was given on the 8<sup>th</sup> but Kuechle agreed to meet with Todd and the street superintendent on July 11<sup>th</sup>. Kuechle then informed Todd that Kuechle will not do the repair work despite Todd stating that Bolton & Menk will move towards litigation to have a portion or the total cost paid by Kuechle. The first step in doing so is to schedule a meeting with the contractor's bonding company to go over the issues. This meeting is scheduled for August 2<sup>nd</sup>. More information will be known after this meeting.

Flooding north of the railroad tracks north of the commercial park occurred last summer and this past spring. When the flooding occurred again this spring, the design work was questioned and investigated to determine what has been causing the flooding. A garage at 600 2<sup>nd</sup> Ave was flooded last summer and this spring. After a thorough investigation, re-surveying the land, and reviewing the construction plans, no definite answers were determined. A clogged or frozen storm drain and pipe north of the railroad tracks that runs northwest towards County Road 27, the dirt piles with debris, the possible elevation changes from PCI or the county from last summer, the irregular amount of rain and snow, or a combination of multiple possibilities are possible causes of the flooding. The city has installed new storm drain covers north of the railroad tracks and along County Road 27. The dirt piles are currently being removed by GM Contracting. The city will also contact the county on possibly lining up a potential project to upgrade the storm sewer system near County Road 44 and County Road 27 and upgrading the 12" pipe that runs towards this intersection to a 30" pipe.

A landscape team has been working on the design and the different parties involved to design and build a new Mountain Lake welcome sign to be placed at the southeast corner of the commercial park.

**Community Center**

The furnace/AC-unit at the community center is leaking and needs repair. Hall's Handy Heating and Cooling reviewed the unit and stated the repair would be around \$300. A new unit was recommended. Quotes from Hall's, Elite Mechanical, and Schwalbach were reviewed. Costs of

repair and maintenance at the community center have gone up the past few years and will be reviewed during the next few budget discussions. Motion by Kass, seconded by Ysker, to purchase a new unit at a price of \$7,608 from Hall's Handy Heating and Cooling. Motion carried.

#### **Police & Street Department Transfer to/from Savings**

2018 figures were presented and reviewed for the Police and Street Department. Motion by Ysker, seconded by Kass, to transfer \$24,574.33 to the Police Department Savings and to transfer \$4,030.32 from Street Department savings to the general fund. Motion carried.

#### **2<sup>nd</sup> Quarter Revenue & Expenses**

The second quarter revenue and expenses were reviewed.

#### **City Attorney**

City Attorney Suhrhoff will be working on an annexation resolution for the wastewater ponds A scheduling hearing regarding the greenhouses is set for July 24<sup>th</sup>.

#### **Wastewater Ponds Project**

The Minnesota Pollution Control Agency (MPCA) certified Mountain Lake's project at the end of June. The option-to-buy agreements have been signed by the two landowners. A new Significant Industrial User (SIU) agreement is currently being reviewed by Milk Specialties. A sewer rate analysis is in the works by Northland Securities. The process of annexation of the land will begin. Once these items are completed, the project can be sent out for bid and the loan agreement with the PFA can be executed. Potential construction date could be spring of 2020. Officially purchasing the land can take place after the fall harvest into 2020.

#### **Hazardous Buildings**

Three potential hazardous houses have been identified and may need to be inspected and condemned. The taxes on two properties are current. One property is subject to tax forfeiture in 2020. Questions to the council of whether to begin the condemnation process and budget for demolition costs were asked. Direction was given to have the building inspector begin the process and determine the next steps.

#### **Adjourn**

The meeting was adjourned at 7:36 p.m.

ATTEST:

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Michael Schulte, Administrator/Clerk



**City of Mountain Lake  
Planning and Zoning Commission  
Monday, June 3, 2019  
5:30 PM  
City Hall**

Members Present: Bryan Bargen, Dean Janzen, Doug Regehr, Sharron Hanson,  
Council Liaison Andy Ysker, Shelby Medina

Members Absent: Nik Strom, Tim Swoboda

Staff Present: Michael Schulte, Administrator/Clerk

Others Present: Ellie Schulte

**Call to Order**

The meeting was called to order at 5:35 PM.

**Election of Officers**

Bryan Bargen currently serves as the Chairman and Nik Strom serves as the Vice-Chairman.  
Motion by Janzen, seconded by Medina, to approve the same officers as 2018. Motion carried.

**Adoption of Agenda**

Motion by Hanson, seconded by Janzen, to approve the agenda as presented. Motion carried.

**Approval of May 13, 2019 Minutes**

Spelling errors were mentioned and will be corrected by the administrator. Motion by Janzen, seconded by Hanson, to approve the minutes with the spelling changes. Motion carried.

**Review and Approval of Planning & Zoning Setbacks of Building Permits**

Presented permits meet planning and zoning setbacks and code. Motion by Janzen, seconded by Hanson, to approve the planning and zoning setbacks of listed building permits. Motion carried.

**Residential Backyard Chickens**

As requested from the previous Planning & Zoning Commission meeting, the administrator presented a draft ordinance that would allow residential backyard chickens. The administrator went through each section of the ordinance, the license process, the regulations, the structure standards, and other rules. Regehr asked questions and stated comments regarding leg banding, structure standards, and the application process. Hanson stated her conversation from a resident from Madelia about the younger generation wanting backyard chickens. Ellie Schulte stated her

experience with state FFA in South Dakota and how residential backyard chickens could be a great FFA project for Mountain Lake students. The ordinance and its components were discussed further. Motion by Regehr, seconded by Medina, to approve to recommend to the city council to approve Ordinance #5-19 – Residential Backyard Chickens, with the additions of adding mandatory leg bands with property owner identification and that the chicken coop must be removed or refurbished after 12 months of not housing chickens. Voting aye: Regehr, Medina, Hanson, Borgan. Voting nay: Janzen. Motion carried.

### **Mobile Food Units**

Mobile food units were tabled to the next meeting due to time constraints before a city council meeting at 6:30 p.m.

### **Adjourn**

The meeting adjourned at 6:18 p.m.

ATTEST:

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Michael Schulte Administrator/Clerk



Permit Number: \_\_\_\_\_

## City of Mountain Lake Residential Backyard Chicken License Application

### **Application**

Applicant Name: \_\_\_\_\_ Date: \_\_\_\_\_

Applicant Address: \_\_\_\_\_

Property Owner Name(s): \_\_\_\_\_

Property Owner Address: \_\_\_\_\_

Applicant Phone Number: \_\_\_\_\_ # of Chickens \_\_\_\_\_

### **Site Plan(s)**

A site plan of location of chicken coop, chicken run, property lines, distances from dwellings and property lines, etc. is required. A side-view of dimensions of chicken coop and run is also required. Please write/draw neatly and measure distances properly.

Section 8.12 Subdivision 9 – Residential Backyard Chickens is inserted in this packet.

### **License Fee**

License Fee: \$\_\_\_\_\_ Date Paid/Issued: \_\_\_\_\_ Issued By: \_\_\_\_\_ Receipt #: \_\_\_\_\_

### **Signature**

The applicant by signature herewith agrees to comply with all city ordinances, has read and agrees to all components of Section 8.12 Subdivision 9 of city code, and voluntarily consents to a search and examination of the chicken enclosure in his/her rear yard upon demand by any Police Officer or Code Enforcement Officer.

Applicant's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

License expires December 31<sup>st</sup> of each year. Applicant must renew prior to expiration.

### **City Use Only**

Parcel #: \_\_\_\_\_ Lot: \_\_\_\_\_ Block: \_\_\_\_\_ Addition: \_\_\_\_\_

Special Conditions: \_\_\_\_\_

Site Plan: \_\_\_\_\_

City Official Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**CITY OF MOUNTAIN LAKE, MN**

**ORDINANCE #5-19**

**AN ORDINANCE OF THE CITY OF MOUNTAIN LAKE AMENDING 8.12 ANIMAL  
REGULATION AND ADDING SUBDIVISION 9 – RESIDENTIAL BACKYARD  
CHICKENS**

The City Council of the City of Mountain Lake ordains that Section 8.12 of Chapter 8 of the Mountain Lake City Code include the following additions and amendments as follows:

Added language is *italicized*.

**Section 8.12** Animal Regulation

Subdivision 1. Definitions.

For the purpose of this Section:

5. *“Chickens or Hen Bantams” shall mean a domesticated bird that serves as a meat or egg source.*

Subdivision 2. Ownership of Animals.

- A. Farm. The keeping of farm animals, with the exceptions of bees *and residential backyard chickens*, will be allowed as a conditional use in the Farm Animal Overlay District when the requirements of Subdivision 6 are met. An exception shall be made for animals brought into the City as part of an operating zoo, scientific research laboratory, veterinarian clinic, or show or exhibition.
- B. *Residential Backyard Chickens. The keeping of hens and hen bantams in the Residential (R) District consisting of a single-family dwelling unit are allowed when the requirements as found in Subdivision 9 are met.*

Subdivision 9. Residential Backyard Chickens

*The keeping of hens and hen bantams in the residential zoned areas of the city on property consisting of a single-family dwelling is allowed, subject to the following:*

- A. *License Required.*

*Any person who keeps hens or hen bantams in the City shall obtain a license from the City prior to acquiring the hens or hen bantams. Application shall be made to City Hall, and the fee for the license shall be set by ordinance or resolution.*

- B. *License Period.*

*Licenses are valid for the calendar year and shall expire and become invalid on December 31<sup>st</sup> at the end of the calendar year after the date of issuance; prorating the fee is not allowed. A person who wishes to continue keeping hens or hen bantams shall have obtained a new license on or before January 1<sup>st</sup>. Application for a new license shall be pursuant to the administrative procedures and requirements that are applicable at the time the person applies for a new license.*

*C. Ownership of Backyard Chickens.*

*A person who keeps or houses hens or bantams on his or her property shall comply with all of the following requirements:*

- 1. No more than (4) hens and/or hen bantams may be kept on any one zoning lot. Hereinafter "hens" and "hen bantams" will be referenced collectively as "chickens."*
- 2. The principal use of the property shall be a single-family dwelling, and the license applicant must be the owner of the property.*
- 3. No person shall keep any rooster.*
- 4. No person shall slaughter any chickens.*
- 5. Chicken fighting shall not be allowed within city limits.*
- 6. Leg banding of all chickens is required. The bands must identify the owner's name, address, and telephone number.*
- 7. All persons keeping chickens must have a chicken coop to house the chickens and a chicken run. The coop and chicken run must meet the following minimum requirements:*
  - a. The coop must be fully enclosed, windproof, and meet accessory structure standards as found in Section 9.11 Subdivision 4.5.*
  - b. The coop shall comply with current zoning and building codes.*
  - c. The coop shall contain at least four (4) square feet of floor area per chicken and shall not exceed one hundred twenty (120) square feet of floor area.*
  - d. The chicken run shall comply with current zoning codes.*
  - e. The chicken run shall require fence and be securely constructed with mesh type material and be attached to the coop.*
  - f. The chicken run shall be fully enclosed with mesh type material or other enclosing material to prevent escapes or interferences with outside animals.*
  - g. The chicken run shall provide at least ten (10) square feet of open area per chicken.*

8. *A person shall not keep chickens in any location on the property other than in the chicken coop and chicken run in the rear yard. For purposes of this section "rear yard" means that portion of a lot enclosed by the property's rear lot line and the side lot lines to the points where the side lot lines intersect with an imaginary line established by the rear of the dwelling and extending to the side lot lines.*
9. *No chicken coop or chicken run shall be located closer than ten (10) feet to any property line of an adjacent property.*
10. *No chicken coop or chicken run shall be located closer than forty (40) feet to any primary residential dwelling on another person's property.*
11. *Chickens shall not be housed in a dwelling or an attached or detached garage.*
12. *The chicken coop and chicken run shall be constructed or repaired to prevent rats, mice, or other rodents from being harbored underneath, within, or within the walls of the enclosure.*
13. *All feed and other items associated with the keeping of chickens that are likely to attract or to become infested with or infected by rats, mice, or other rodents shall be protected so as to prevent rats, mice, or other rodents from gaining access to or coming into contact with the food and other associated items.*
14. *All premises on which chickens are kept or maintained shall be kept in a clean, sanitary, and healthy manner from filth, garbage, and any substances and all droppings and body excretions collected weekly. All waste must be properly disposed of or composted.*
15. *Dead chickens shall be disposed of according to the Minnesota Board of Animal Health rules, which require chicken carcasses to be disposed of as soon as possible after death, usually within 48 to 72 hours. Legal forms of chicken carcass disposal include offsite burial, offsite incineration or rendering, or offside composting.*
16. *Coop and run must be removed or refurbished for other allowed accessory structure uses if keeping of chickens is discontinued for more than 12 months.*
17. *A person who has been issued a license freely and voluntarily consents to a search and examination of the chicken enclosure in his/her rear yard upon demand by any Police Officer or Code Enforcement Officer.*

*D. Penalty.*

*If any of the above requirements are not complied with, the City may revoke any license granted under this section and/or initiate prosecution of the license holder and/or any other person violating the code.*

Subdivision 910. Adoption of Fees.

All fees for conditional use permitting, licensing, impounding and maintenance of animals, including penalties for late application, may be fixed and determined by the Council, adopted by resolution, and uniformly enforced. Such fees may from time to time be amended by the Council by resolution. A copy of the resolution setting forth currently effective fees shall be kept on file in the office of the City Administrator and open to inspection during regular business hours.

Subdivision 1011. Penalty.

Any violation of this section is punishable as a petty misdemeanor.

Passed by the City Council of Mountain Lake, Minnesota this 5<sup>th</sup> day of August, 2019.

\_\_\_\_\_  
Mike Nelson, Mayor

Attest:

\_\_\_\_\_  
Michael Schulte, City Administrator

## ATTACHMENTS LICENSE AGREEMENT

This LICENSE AGREEMENT is entered into this \_\_\_\_ day of \_\_\_\_\_, 2019 ("Effective Date"), by and between City of Mountain Lake (hereinafter called "Utility" or "Licensor"), and Minnesota Energy Resources Corporation (hereinafter called "Licensee").

### WITNESSETH

WHEREAS, Utility owns, operates, maintains, and controls certain electric power distribution poles (hereinafter "poles") within the State of Minnesota; and

WHEREAS, Licensee proposes to place and maintain certain metering communication equipment and associated facilities (hereinafter called "facilities" or "attachments") at specific locations in Utility's service area and desires to attach such facilities to poles owned and maintained by Utility; and

WHEREAS, Utility is willing to permit, to the extent it may lawfully do so, the attachment of Licensee's facilities to its poles on a non-exclusive basis, where safety will not be adversely affected, and such use will not interfere with Utility's own service requirements and with the rights and privileges of other parties using Utility's poles.

NOW, THEREFORE, in consideration of the foregoing recitals and the covenants, terms and conditions hereinafter contained, the parties hereto do hereby mutually covenant and agree as follows:

### ARTICLE I Scope of Agreement

#### 1.1 General Scope.

As of the Effective Date, this Agreement shall apply to all attachments and applications for attachments made by Licensee to poles owned by Utility now existing or hereinafter erected in accordance with the procedures hereinafter set forth. Utility reserves the right to exclude such of its poles from attachment under this Agreement when, in the sole judgment of Utility, such attachment would be unsafe or violate a rule, regulation, or good practice. This Agreement applies only to Utility's distribution poles and does not warrant or permit access or affixing of attachments to other property of Utility.

#### 1.2 Rights of Parties.

The rights and privileges of Licensee shall be subject to the rights and privileges of others upon whom Utility has conferred contractual rights or privileges to use its poles prior to the execution of this Agreement, or predecessors to this Agreement.

#### 1.3 Authorization.

Subject to the provisions of this Agreement, Utility agrees to grant to Licensee a license for the nonexclusive right to attach its facilities to certain designated Utility's poles. No use of Utility's poles, however extended, or payment of fees or charges required under this Agreement,



shall create or vest in Licensee any ownership of property rights in such poles. Licensee's rights herein shall be and remain a mere license for the duration of this Agreement.

#### 1.4 Assignment.

Licensee may not assign its rights under this Agreement to any other person or entity without Utility's prior written consent, which consent shall not be unreasonably withheld.

#### 1.5 Authorizations Required.

Licensee shall secure all authorizations and franchises required by any governmental authority or private entity for the construction, operation, and maintenance of its facilities.

#### 1.6 Facility Removal

Upon termination of this Agreement for any reason, Licensee shall, at the request of Utility, remove at Licensee's expense all of Licensee's facilities from Utility's poles. The maximum time limit for Licensee to remove its facilities from Utility poles shall be 180 days unless extended in writing by Utility. If Licensee has not removed its facilities within such time, Utility may remove Licensee's facilities and Licensee shall be responsible to Utility for the expenses incurred in removing such facilities.

## **ARTICLE II**

### **Definitions**

2.1 For purposes of this Agreement, the following terms shall have the following meanings:

2.1.1 Pole – an electrical power distribution pole owned and maintained Utility.

2.1.2 Pole Contact or Attachment - any and each wire, cable or other equipment or apparatus attached directly or indirectly to a Utility pole.

## **ARTICLE III**

### **Reservation of Primary Use**

#### 3.1 Primary Utility Use.

Utility specifically reserves its right to maintain its own facilities and to operate its own equipment thereon in such a manner as will best enable it to fulfill its own service requirements. Utility shall not be liable to Licensee for any interruption of Licensee's service or for any interference with the operation of Licensee's facilities in any manner. Nothing herein shall be construed to compel Utility to maintain any of its poles for a period longer than that needed for Utility's own service.

## **ARTICLE IV**

**Page 2 of 20**

## **Application for Attachment**

### **4.1 Permit Application.**

Except as set forth herein, Licensee shall not attach any of its facilities to Utility's poles without first making written or electronic application to Utility and receiving written or electronic permission from Utility. Permission to make attachments described in Licensee's applications may be granted or denied by Utility in whole or in part at Utility's sole discretion.

### **4.2 Application Procedure.**

Whenever Licensee desires to attach its facilities to any Utility pole, Licensee shall make application for a permit using the current Pole Attachment Application Form specified by Utility. If, in Utility's sole judgment, the poles are necessary for Utility's own use, or if the requested attachment or modification under the circumstances is undesirable, Utility shall have the right to deny or modify the application. Licensee shall pay to Utility the Application Processing Fee specified in Exhibit A for each application for pole attachment submitted to Utility.

4.2.1 If the application is approved, Licensee shall have the right to affix such attachments in accordance with the approved application, including any provisions attendants to such approval, in compliance with the specifications, terms, and conditions of this Agreement, in compliance with all applicable codes, rules, regulations, and in conformity with good utility practice.

4.2.2 Licensee must provide specific engineering information, reasonably acceptable to Utility, for each proposed pole attachment or modification.

4.2.3 Upon receipt of an application, and prior to Licensee's attachment, Utility shall determine whether any modification or replacement of Utility's facilities is required in order to accommodate Licensee's attachments (including the net cost of pole replacement and the costs for any strengthening of poles, such as through the use of guying, required to accommodate Licensee's attachments), to be performed at the expense of Licensee. Licensee shall pay for all modifications and net replacement costs incurred by Utility prior to attachment by Licensee. Licensee shall also be responsible for costs incurred by other licensees of Utility for modifying or relocating their facilities. The costs referred to herein shall be Utility's fully loaded costs, as derived from its normal accounting and costing procedures.

4.2.4 Utility, when evaluating an application, may contact the applicant to schedule an evaluation "ride out" involving personnel from Licensee and Utility. For all ride outs, appropriately qualified personnel representing Licensee and Utility's representative shall meet at the location of the proposed attachment to determine if the attachment or modification can be made, and to review technical requirements. Licensee shall reimburse Utility for a ride-out based upon the prevailing IRS mileage reimbursement rate and personnel costs not to exceed \$50/hour for each participating Utility employee.

### **4.3 Application Planning.**

Each application shall involve sufficient planning by Licensee to assure compliance with code, regulation and good utility practice during construction and upon completion. The application shall include sufficient design drawings, specifications and instructions so that qualified personnel can safely make the attachments in conformity with code, regulation and good practice. Licensee shall only use trained, qualified persons to work on all pole installations. Qualified persons shall be knowledgeable in applicable code, regulation and good utility practice and must be able to demonstrate competence in recognizing and preventing any violations of code, regulation and good utility practice and to keep working clearances from energized lines and equipment. Licensee's attachment design and installation shall allow adequate climbing space for Utility personnel.

4.3.1 Upon completion of the installation, Licensee shall give written certification to Utility that the facilities are complete and comply with code, regulation and good utility practice.

#### 4.4 Non-Interference with Utility Facilities.

Licensee shall at all times insure that its agents, servants, employees or contractors or contractor's employees do not interfere with Utility's wires, attachments, and other facilities attached to or supported by poles covered by this Agreement. Licensee shall be fully liable for any and all costs that Utility may incur due to Licensee's interference with or damage to Utility's facilities. If Licensee, its employees, agents, or contractors causes any damage to or interference with Utility's poles or facilities, Licensee shall immediately notify Utility of such damage or interference.

#### 4.5 Safety Precautions,

Licensee understands and acknowledges that Utility is engaged in transmitting electric current via the poles, and that such transmission poses a risk of serious bodily harm, including death, to individuals working on or around the poles. Licensee shall provide advance instruction to all of Licensee's employees, agents, and contractors about the risks attendant to working on or around the poles and shall instruct such employees, agents, and contractors not to touch, move, manipulate, or tamper with any of Utility's attachments or facilities. Utility shall bear no responsibility for any bodily harm or other damages suffered by any of Licensee's employees, agents, or contractors resulting from any contact with Utility's attachments or facilities, and Licensee shall fully indemnify and hold Utility harmless against claims by any such employees, agents, or contractors as provided in Section 14.1 of this Agreement. Upon approval by Utility of a specific attachment, and in compliance with all provisions herein, Licensee, its agents, employees, and contractors may access poles to make and maintain attachments but shall not access any poles where any defective condition is observable until Utility has been notified and has made an inspection and resolved the defective condition.

#### 4.5 Changes or Modifications to Existing Attachment.

Licensee shall not make any changes or modifications to an existing attachment that result in an increase in the height of the pole, or that increase the weight or location of

attachments on the pole without having written permission from Utility. Licensee shall make application to Utility for modifications as provided in Article IV.

## **ARTICLE V**

### **Unauthorized Attachments**

#### **5.1 Unauthorized Attachments.**

If attachment is made without permission and/or without following a procedure which is substantially in accordance with this Agreement, such attachment shall constitute an "Unauthorized Attachment."

#### **5.2 Application For Unauthorized Attachments.**

Utility, without prejudice to its other rights or remedies under this Agreement, including but not limited to requiring Licensee to immediately remove an Unauthorized Attachment, may require Licensee to submit a Pole Attachment Application and pay the Unauthorized Attachment Fee specified in Exhibit A (which shall be in addition to the normal pole attachment rental fee otherwise owed to Utility for the Unauthorized Attachment) within thirty (30) days after the date of written or electronic notification from Utility of an Unauthorized Attachment. If such application is not received by Utility within the specified time period, Licensee shall immediately remove said Unauthorized Attachment. In the event the Unauthorized Attachment creates an emergency or safety hazard, Utility may remove Unauthorized Attachments without prior notice and without liability, and the expense of such removal shall be borne by Licensee.

#### **5.3 Failure to Act.**

No act or failure to act by Utility with regard to Section 5.2 or 5.2.1 shall be deemed a ratification or grant of permission to Licensee to attach the Unauthorized Attachment. If any permission is subsequently issued, said permission shall not operate retroactively or constitute a waiver by Utility of any of its rights under this Agreement; provided, however, that Licensee shall be subject to all charges, liabilities, obligations and responsibilities of this Agreement in regard to any unauthorized attachment.

## **ARTICLE VI**

### **Identification of Facilities**

#### **6.1 Identification of Facilities.**

Licensee shall identify by such method as the Utility may approve, all of their facilities attached to Utility's poles. No tag, brand, or other device showing Licensee's name or insignia shall be placed on, or attached to, any pole of Utility, except such tag or insignia which shows Licensee to be a user of such pole and not the owner thereof, and then only after obtaining the written consent of Utility.

## **ARTICLE VII**

### **Easements and Rights of Way**

#### **7.1 No Warranty of Easement or Rights of Way.**

UTILITY DOES NOT REPRESENT OR WARRANT THAT ANY OF ITS RIGHTS-OF-WAY OR EASEMENTS ENTITLE LICENSEE TO ACCESS UTILITY'S POLES OR THE PROPERTY UNDERLYING UTILITY'S POLES OR TO MAKE ATTACHMENTS TO SUCH POLES. Each party shall be responsible for obtaining its own easements and rights of way. Licensee shall solely be responsible to acquire the property right to attach from any property owner. Utility shall not be liable to Licensee if at any time Licensee shall be prevented from placing or maintaining its attachment on Utility's poles because Licensee failed to obtain appropriate rights-of-way or easements.

## **ARTICLE VIII**

### **Maintenance, Replacements, Relocations and Removals**

#### **8.1 Inspection of Facilities.**

Licensee shall comply with all applicable codes, rules, regulations and good practices regarding inspection of their facilities and shall provide Utility with a copy of their inspection policies and work practices. Utility shall have the right to inspect each installation of Licensee's facilities upon and in the vicinity of such poles and to make periodic inspections of Licensee's facilities, as it deems necessary. Such inspections, whether made or not, shall in no manner relieve Licensee of any responsibility, obligation, or liability assumed under this Agreement.

#### **8.2 Pole Relocation.**

Whenever right-of-way considerations or public regulations, other than as provided in Section IV herein, make relocation of a pole necessary or advisable, such relocation shall be made by Utility at its own expense, except each party shall pay the cost of transferring its own attachments.

#### **8.3 Relocation of Facilities.**

8.3.1 Whenever it is necessary in Utility's sole judgment to replace or relocate a pole, Utility shall, except in emergencies, before making such replacement or relocation, give Licensee sixty (60) days' notice thereof specifying in such notice the time of such replacement or relocation. In an emergency, verbal or electronic notice will be attempted (*except after hours emergencies for which no notice is required*), and any emergency action taken will be subsequently confirmed in writing.

8.3.2 Placement of relocated poles shall be at the sole operational discretion of Utility, although where possible consideration shall be given to a pole placement that results in the least cost to Utility, Licensee, and other licensees of Utility. Notwithstanding this section, Utility shall not be liable to Licensee for the cost of relocating Licensee's facilities on a replaced or relocated pole. Each party shall bear the cost of transferring its own attachments.

8.3.3. Utility shall provide Licensee with written or electronic notification at such time as sufficient work has been completed to allow the transfer of Licensee's facilities. Licensee shall transfer its attachments within sixty (60) days of said notification, except where Licensee's failure to immediately transfer said facilities would create an emergency or safety hazard. Should Licensee fail to transfer its attachments to the new or relocated pole in the time specified, or if the failure to immediately transfer said attachments results in an emergency or safety hazard, Utility may transfer Licensee's facilities, and Licensee shall pay Utility the cost thereof. In the event Licensee fails to transfer its attachments and Utility does such work, Utility shall not be liable for any loss or damage, including incidental and consequential damages to Licensee's facilities or business which may result.

#### 8.4 Condition of Attachments.

Licensee shall at all times maintain all of its attachments in accordance this Agreement and shall keep them in good repair.

#### 8.5 Non-Conformance with Specifications.

Should the Utility discover, at any time, an attachment that is permitted, but otherwise in violation of the terms and conditions of this agreement, including an attachment that may have been conforming at one time but subsequently violates any of the terms and conditions of this Agreement, the Utility shall notify Licensee, and excepting emergency and/or safety situations, Licensee shall cure the non-conformity within sixty (60) days after the date of such written or electronic notification. In those situations where Licensee's failure to conform to the terms and conditions of this agreement is deemed by the Utility to result in an emergency and or safety hazard, the Utility may immediately remove Licensee's facilities at Licensee's sole risk and expense. Nothing in this section shall require Licensee to conform existing attachments to new or revised code specifications where the applicable code does not so require.

#### 8.6 Licensee Assumption of Responsibility.

Licensee expressly assumes responsibility for determining the condition of all poles to be accessed or climbed by its employees, contractors, or employees of contractors. UTILITY DISCLAIMS ANY WARRANTY OR REPRESENTATION REGARDING THE CONDITION AND SAFETY OF UTILITY'S POLES. Licensee's employees or contractors shall take all reasonable steps to insure that a pole is safe to be used or climbed upon and in the event of doubt, shall not proceed and shall seek reasonable assistance.

#### 8.7 Replacement of Deteriorated Poles Without Attachments.

Should Utility replace any poles because of deterioration or the requirements of public authorities or property owners, or in Utility's sole judgment for the benefit of its system, and should Licensee desire to occupy the new pole, Licensee shall reimburse Utility for the cost of any increment of pole height or strength provided specifically for Licensee's sole requirements over and above the pole height and strength required by Utility.

## 8.8 Increased Pole Space Requirements.

Should Utility replace any poles because of increased requirements of more than one pole occupant, including Licensee, Licensee shall be responsible for only its transfer costs from the old pole to the new pole and for the costs of Utility on a pro rata basis with other pole licensees. In any case where facilities of Utility or of others are required to be rearranged on the poles of Utility to accommodate the attachments of Licensee, Licensee shall pay to Utility the total cost incurred by Utility in rearranging such facilities. In any case where Licensee's facilities are required to be rearranged to accommodate the attachments of a third-party, Utility shall first notify the third party of the existence of Licensee's facilities and shall require proof from the third-party attacher that satisfactory arrangements have been made with Licensee for reimbursement of any expense occasioned by the third-party's request.

## 8.9 Noninterference with Utility Circuits.

Licensee expressly agrees that Utility's circuits are to continue in normal operation during Licensee's performance of any construction or maintenance, and that Licensee is to provide and use all protective equipment necessary for the protection of the public, the Utility, and Licensee's employees, contractors, and equipment, and Licensee shall guard against interference with normal operation of Utility's circuits.

# ARTICLE IX

## Abandonment of Poles and Removal of Attachments

### 9.1 Notice.

Licensee may at any time remove its facilities from any of Utility's poles and, in such case, Licensee shall immediately give Utility written or electronic notice of such removal identifying from what locations and on what date equipment was removed. Removal of said facilities from any of Utility's poles shall constitute a termination of Licensee's privilege to use such poles. Licensee shall, upon removing its equipment from any of said poles, immediately treat all abandoned holes with an industry acceptable wood preservative and repair such facilities as reasonable and appropriate. All holes and wood poles shall be plugged with treated wood doweling with a diameter of one-sixteenth ( $1/16^{\text{th}}$ ) inch greater than the diameter of the hole.

### 9.2 Pole Abandonment

If Utility desires at any time to abandon any pole(s), it shall give Licensee notice in writing or in electronic form to that effect at least sixty (60) days prior to the date on which it intends to abandon such pole(s). If Licensee desires to maintain its attachments, then Licensee shall notify Utility and Utility shall, when feasible, negotiate in good faith mutually acceptable terms and conditions for the sale of the pole(s) to Licensee. If Licensee does not desire to maintain its attachments, then Licensee shall remove its attachments prior to the date on which Utility intends to abandon the pole(s). If, at the expiration of such notice period, Licensee has not

removed all of its attachments from such poles, Utility may remove Licensee's attachments and charge Licensee a reasonable fee for such removal.

9.2.1 Should Licensee buy the pole, as specified herein, Licensee agrees and understands that it shall assume total responsibility for, and hold Utility harmless therefrom, maintenance, replacement and/or disposal requirements mandated by state and/or federal law. Licensee recognizes and acknowledges that it is taking title to the pole for all purposes. Licensee further recognizes and acknowledges that utility poles and related items may contain various hazardous chemicals or properties and that Licensee shall become familiar with the terms of the appropriate material safety data sheet and agrees to comply with such terms and all directions contained therein or otherwise required by state and federal law regarding the maintenance, replacement and/or disposal of the pole. Licensee also understands the Utility does not warrant, guarantee or imply that such poles possess sufficient mechanical strength as required by any use of Licensee. Additionally, Licensee agrees and understands the Utility makes no representations or guarantees concerning any right to occupy the premises where the pole is currently located upon the removal of Utility's facilities.

## **ARTICLE X**

### **Rentals, Charges and Rates**

#### **10.1 Rental Rate.**

Licensee shall pay to Utility rental fees on an annual basis, in accordance with the fee schedule established by Utility. The present fee schedule is attached as Exhibit A to this Agreement. Rental shall be calculated for each annual period based on each attachment on Utility's poles existing as of December 31. There shall be no pro-ration of rentals for partial years.

#### **10.2 Billing Cycle.**

Annual invoices shall be rendered on or about July 1 of each year based on the number of Utility poles with Licensee attachments existing as of December 31 of the prior year. Invoices shall be considered delinquent if not paid within forty-five (45) days of the billing date. Nonpayment of any amount due under this Section shall constitute a default of this Agreement if such amount remains unpaid thirty (30) days after receipt of written notice of such nonpayment. Notwithstanding the foregoing, in the event of a bona fide dispute regarding the amount owed by Licensee, Licensee shall promptly pay any amounts undisputed from the total billing.

#### **10.3 Pole Inventory.**

Annually, by May 1 of each year, Licensee shall tabulate the total number of Licensee attachments on Utility poles existing as of December 31 of the prior year and shall certify the same to the Utility as true, correct, and complete.

#### **10.4 Physical Inventory.**



Utility shall have the right to conduct a physical inventory of Licensee's attachments on Utility's poles upon ninety (90) days advance written notice. In such event, Utility employees or contractors selected by Utility shall conduct such physical inventory. Licensee shall notify Utility if Licensee chooses to have a representative present during the inventory process. A physical inventory shall be taken no more frequently than once every year; provided, however, that Utility may request and require a physical inventory to be taken more frequently in the event of a default by Licensee in the performance of its obligations hereunder. The cost of such physical inventory shall be shared equally among all users of the poles, unless such inventory discloses unpermitted or otherwise unauthorized attachments, in which case Licensee shall pay the entire cost of the inventory for any pole(s) determined to have unauthorized attachments.

#### 10.5 Inventory from Plant Records.

As an alternative to performance of the physical inventory, the parties may, if mutually agreeable, determine the number of attachments from existing maps and/or attachment records provided that such maps or records exist and provided that each party agrees that results with reasonable accuracy can be achieved. If the parties agree to this method, any maps and/or records belonging to one of the parties and utilized to count attachments shall be made accessible to the other party and the number of attachments shall be determined through a mutual and Utility effort of both parties. The results of attachment counts performed in this manner shall be treated, for the purpose of determining rentals and other charges due for unauthorized attachments, as if results were achieved by the actual physical inventory.

#### 10.6 Rental Rate Adjustments.

Utility's rental schedule to Licensee will be adjusted upon written notice to Licensee not less than sixty (60) days prior to the effective date of the new rental schedule.

#### 10.7 Payment.

Unless specifically provided for elsewhere in this Agreement, all non-rental amounts payable under this Agreement, such as for erection, rearrangement, relocation or abandonment, shall be due and payable within thirty (30) days of billing by Utility.

### **ARTICLE XI**

#### **Safety**

#### 11.1 Inspections.

Utility shall have the right to inspect each new installation of Licensee's facilities upon and in the vicinity of such poles and to make periodic inspections as it deems reasonably necessary. Such inspections, whether made or not, shall in no manner relieve Licensee of any responsibility, obligation, or liability assumed under this Agreement. The frequency of periodic inspections is dependent on the performance of Licensee in conforming to the terms of this Agreement.

#### 11.2 Licensee Practices.

Licensee shall have written standard practices that address construction standards and communication protocols to be followed in attaching facilities to Utility's poles. The standards should specify any obligations that exceed NESC regulations or those contained in any applicable codes, rules or regulations. These standards should also address communication methods and contacts for notifications, project plans, authorizations and compliance certifications. These standards shall be made readily available to Utility upon request.

### 11.3 Conflicts with Electric Lines.

Utility shall provide Licensee notice of any code, rule or regulation violations it discovers. Code, rule or regulation violations and conflicts with electric lines shall be corrected in a prompt manner by Licensee if Licensee created the violation. In some instances, code, rule, or regulation may require that qualified electrical workers perform the work. In that event, Licensee shall either hire qualified contractors or pay Utility to perform the work. Failure by Licensee to act in a prompt and responsible manner may result in Utility taking appropriate measures to correct the safety violations involved and Licensee shall be responsible for the cost thereof. In such cases, the inspection, design, repair, and coordination charges shall be borne by Licensee if it failed to perform necessary duties required by code, state and local statutes, ordinances, or administrative rules and regulations.

## **ARTICLE XII**

### **Liability and Damages**

### 12.1 Duty of Care; Reimbursement for Damages.

Each party shall exercise precautions to avoid causing damage to the other party's poles, facilities and equipment, and shall assume all responsibility for such damage to the extent said damages were caused by the party's negligent, reckless or intentional conduct. In the event damage is caused, the responsible party shall make an immediate report of the occurrence to the other party and shall reimburse the other party under this section no later than forty-five (45) days from the occurrence of damages.

### 12.2 Limitation on Damages

Utility shall not be liable to Licensee for consequential, incidental, punitive, exemplary, or indirect damages incurred by Licensee or by any subscriber, customer, or purchaser of Licensee for lost profits or other business interruption damages, whether by virtue of any statute, tort, or contract, under any provision of indemnity, or otherwise, regardless of the theory of liability upon which any such claim may be based.

## **ARTICLE XIII**

### **Third Party Uses**

### 13.1 Noninterference.

Nothing contained herein shall be construed as affecting any rights or privileges conferred by Utility, by contract or otherwise, to others not a party to this Agreement to use any facilities or poles covered by this Agreement. Utility shall have the right to continue to extend such rights and privileges. The privileges granted herein to Licensee shall at all times be subject to any such contracts and arrangements, including extensions thereof. Should any other party claim a prior right covered by this Agreement, and such claim be upheld by a court of proper jurisdiction, Licensee waives any and all claims against Utility for damages, or otherwise, on account thereof.

## **ARTICLE XIV**

### **Indemnification and Insurance**

#### **14.1 Indemnification.**

Licensee shall indemnify, protect, save harmless and insure Utility from and against any and all claims and demands of any kind or nature arising out of or relating to this Agreement for damages to property and for injury or death to persons, (including payments made under any Workers' Compensation Law or under any plan for employees' disability and death benefits), sustained as a direct or indirect consequence of Licensee's access of Utility's poles or the underlying property or of Licensee's erection, maintenance, repair, presence, use or removal of Licensee's attachments, including any claims or damages for failure to acquire a property right or have authority to attach or permit attachment to Utility's poles. Such obligation to indemnify, protect, save harmless and insure shall include, but not be limited to all expenses incurred in defending against any such claims or demands, including attorneys' fees, expert fees and other costs of defense.

#### **14.2 Insurance Requirements.**

While this Agreement is in effect Licensee shall either self-insure or shall carry and keep in force insurance policies with a reliable company in a form satisfactory to Utility to protect the parties from and against any and all claims, demands, actions, judgments, costs, expenses and liabilities of every kind and nature which may arise or result directly or indirectly from Licensee's activities under this Agreement which policies shall be in amounts no less than the following minimum requirements:

14.2.1 Comprehensive general liability insurance (including coverage for motor vehicle operation) and independent contractors insurance, with minimum limits of \$1 million each occurrence and \$3 million aggregate, including coverage for contractual liability insurance.

14.2.2 Workers' compensation insurance in compliance with the laws of the State of Minnesota, and employer's liability insurance with minimum limits of \$500,000.

14.2.3 Licenser accepts that Licensee is self-insured for the insurance requirements stated above. Copies of the underlying policies shall be provided for

inspection within thirty (30) days of request. In the alternative, Licensee shall demonstrate to the satisfaction of Utility that it is self-insured and that any deductible, self-insured retention or other financial responsibility for claims shall be covered directly by Licensee in lieu of insurance.

## **ARTICLE XV**

### **Term of Agreement**

#### **15.1 Term; Termination.**

This Agreement shall become effective as of the Effective Date and shall continue in effect until December 31, 2020, subject to annual rate revisions pursuant to Article X. Thereafter, this Agreement shall automatically renew from year to year unless terminated by either party by giving written notice of its intention to do so not less than 90 days prior to the end of any term. Upon termination of this Agreement, the terms of this Agreement shall continue to apply to Licensee's facilities in place on Utility poles as of the termination date, unless and until a successor agreement has been executed.

#### **15.2 Survival of Obligations.**

Termination of this Agreement in whole or in part shall not release the parties from any liability or obligation hereunder, whether of indemnity or otherwise, which may have accrued, or which may be accruing or which arises out of any claim that may have accrued or be accruing at the time of or prior to termination.

## **ARTICLE XVI**

### **Default**

#### **16.1 Notice of Default; Cure**

If Licensee shall fail to comply with any material provision of this Agreement or should default in any of its obligations under this Agreement, and Licensee shall fail within forty-five (45) days after written notice from Utility to correct or undertake to correct with reasonable diligence such noncompliance or default, Utility may, at its option, and without further notice, declare this Agreement to be terminated in its entirety, or may terminate the license covering the attachment or attachments in respect to which such default or noncompliance shall have occurred. Excepting safety and/or code related defaults, if the default is of such a nature that it cannot be corrected within forty-five (45) days, Licensee's obligation hereunder is satisfied if Licensee within forty-five (45) days and submits in writing a reasonable plan and work schedule and commitment to finish the correction promptly.

## **ARTICLE XVII**

### **Ownership Rights**

#### **17.1 License Only.**

No use, however extended, of any of the facilities under this Agreement shall create or vest in Licensee any ownership or property rights therein, but Licensee's rights therein shall be and remain a mere license.

## **ARTICLE XVIII**

### **Notices**

#### **18.1 Delivery.**

Unless otherwise provided in this Agreement, any notice, request, consent, demand or statement which is contemplated to be made upon either party by the other party under any of the provisions of this Agreement, shall be in writing and shall be treated as duly delivered when it is either (a) personally delivered to the office of Utility in the case of notice to be given to Utility, or personally delivered to the office of Licensee in the case of notice to be given to Licensee; or (b) deposited in the United States Mail and properly addressed to the party to be served as follows; or (c) electronically to the email addresses listed below:

##### **(a) If notice is to Utility:**

Michael Schulte, City Administrator  
City of Mountain Lake  
930 3<sup>rd</sup> Avenue  
Mountain Lake, MN 56159  
[mschulte@mountainlakemn.com](mailto:mschulte@mountainlakemn.com)  
507-427-2999 ext.1

##### **(b) If notice is to Licensee:**

Minnesota Energy Resources Corporation  
Attention Dave Valine  
2685 145th Street West  
Rosemount, MN 55068  
[david.valine@minnesotaenergyresources.com](mailto:david.valine@minnesotaenergyresources.com)  
218-878-2242

## **ARTICLE XIX**

### **Supplemental Agreements**

#### **19.1 Changes.**

This Agreement may be amended or supplemented only upon written agreement by the parties hereto.

**ARTICLE XX**  
**Payment of Taxes**

20.1 Each party shall pay all taxes and assessments lawfully levied on its own property upon Utility's poles, and the taxes and assessments which are levied on said poles shall be paid by Utility thereof, but any tax, fee or charge levied on Utility's poles solely due to Licensee's use shall be paid by Licensee.

20.2 Licensee agrees that if any tax, fee or charge is levied against Utility solely due to Licensee's equipment or facilities being on Utility's poles, Licensee will reimburse Utility the full amount of said tax, fee, or charge.

**ARTICLE XXI**  
**Waiver of Terms or Conditions**

21.1 Waiver.

The failure of either party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a general waiver or relinquishment of any such terms or conditions, but such conditions and terms shall remain at all times in full force and effect.

**ARTICLE XXII**  
**Interest and Payments**

22.1 Due Date; Interest

Unless otherwise provided herein, all amounts to be paid by Licensee to Utility under this Agreement shall be due and payable within thirty (30) days after an itemized statement is presented to Licensee. Any payment not paid within thirty (30) days from the due date shall bear interest at the rate of 1.5% per month until paid.

**ARTICLE XXIII**  
**Construction of License**

23.1 Minnesota Law Shall Apply.

This Agreement is deemed executed in the State of Minnesota and shall be construed under the laws of the State of Minnesota without regard to its conflict of laws principles.

23.2 Venue for Litigation.

In the event suit or action is instituted to enforce or interpret any of the terms of this Agreement, the parties agree that proper venue for said action or suit shall lie in the Circuit Court, County of Cottonwood, State of Minnesota.

**ARTICLE XXIV**  
**Representations, Warranties, and Covenants**

24.1 Common Representations

Each Party represents and warrants that: (a) it has full authority to enter into and perform this Agreement; (b) this Agreement does not conflict with any other document or agreement to which it is a party or is bound, and this Agreement is fully enforceable in accordance with its terms; (c) it is a legal entity duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it was formed; (d) the execution and delivery of this Agreement and performance hereunder will not conflict with or violate or constitute a breach or default under its formation documents and will not violate any law, rule, or regulation applicable to it; and (e) no consents need to be obtained from any governmental agency or regulatory authority to allow it to execute, deliver, and perform its obligations under this Agreement.

24.2 Compliance with Laws and Administrative Rules.

Licensee agrees that, in the performance of this Agreement, Licensee shall comply with and be subject to all state and local governmental rule and regulations.

24.3 Required Authorizations

Licensee represents and warrants that it has obtained (or will obtain prior to making any attachments pursuant to this Agreement) all legally required authorizations that Licensee must obtain from federal, state, county, or municipal authorities, public or private landowners, or other third parties, to erect, operate and maintain Licensee's attachments, and that Licensee will continue to maintain and comply with such legally authorizations while this Agreement remains in effect.

24.4 LIMITATIONS ON WARRANTIES

THERE ARE NO WARRANTIES UNDER THIS AGREEMENT EXCEPT TO THE EXTENT EXPRESSLY AND UNAMBIGUOUSLY SET FORTH HEREIN. THE PARTIES SPECIFICALLY DISCLAIM AND EXCLUDE ALL IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. UTILITY SPECIFICALLY DISCLAIMS ANY WARRANTY OR REPRESENTATION REGARDING THE CONDITION AND SAFETY OF UTILITY'S DISTRIBUTION POLES.

**ARTICLE XXV**  
**MISCELLANEOUS**

25.1 Construction of Agreement

This Agreement was reached by each Party after arms; length negotiations and upon the opportunity for advice of counsel, and shall not in any way be construed against either Party on the basis of having drafted all or any part of this Agreement.

## 25.2 No Third Party Beneficiaries

This Agreement is intended to benefit only the Parties and may be enforced solely by the Parties, their successors in interest, or permitted assigns. It is not intended to, and shall not, create rights, remedies, or benefits of any character whatsoever in favor of any persons or entities other than the Parties.

## 25.3 Severability

Wherever there is a conflict between any provision of this Agreement and any law, such law shall prevail, provided however, that the provisions of this Agreement so affected shall be curtailed and limited only to the extent necessary to permit compliance with the minimum legal requirement, and no other provisions of this Agreement shall be affected thereby and all such other provisions shall continue in full force and effect.

## 25.4 Signatures

This Agreement may be executed in counterparts, each of which shall be deemed an original. Execution of this Agreement by facsimile or electronic signatures shall have the same legally binding effect as an original paper version.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2019.

City of Mountain Lake  
a Minnesota Utility

By \_\_\_\_\_  
Michael Schulte  
City Administrator

Dated this \_\_\_\_ day of \_\_\_\_\_, 2019.

Minnesota Energy Resources Corporation

By \_\_\_\_\_  
Dave Valine  
Minnesota Energy Resources Corporation

Its \_\_\_\_\_



## EXHIBIT A – FEES

This Exhibit A is in effect as of the Effective Date of the Agreement, above. This Exhibit A, and the fees prescribed hereunder, may be adjusted as provided in Section 10.6, and such adjustments shall be deemed an amendment to the Agreement.

### Fees

Application Processing Fee. \$100 per Application.

Pole Attachment Rental Fee. \$270 per Attachment [per Attached Pole] per year.

Power Fee Billed Monthly at Commercial under 20kW Rate

Note: The Cisco CGR as configured for Itron uses a **maximum** of 304 KWH per year

Application No. \_\_\_\_\_  
Contract No. \_\_\_\_\_ [Or other system of identification used by the Utility to identify the Agreement.]  
Name of Licensee Company:

### **POLE ATTACHMENT APPLICATION**

In accordance with the above referenced Agreement, application is hereby made for Licensee to make attachments to 3 Metal Light Poles located in the areas denoted in the excel file (including photos).

The poles for which Authorization to attach is requested are listed by pole number below and further identified on the attached map.

The following information is attached as part of this Application:

- (a) construction plans and drawings detailing Licensee's build out plan;
- (b) maps indicating specifically the Distribution Poles of Licensor that Licensee proposes to use;
- (c) the number and character of the Attachments to be placed on each Distribution Pole;
- (d) all equipment to be included in Licensee's attachments;
- (e) Drop/Lift Poles that Licensee intends to install;
- (f) the total tension, weight, and transverse loading data for the wires, including multiplication by the applicable overload factors of the NESC;
- (g) the size and type of messenger wire including weight/feet and design tension;
- (h) the size and type of cable including weight/feet, design tension, and diameter;
- (i) a drawing showing the type and manner of bolted Attachments;
- (j) a drawing showing installation specifications, rating, and guy and anchor requirements proposed to be used by Licensee;
- (k) any pedestal attachments; and
- (l) any other information necessary, in Licensor's sole judgment, for Licensor to determine if the requirements of Section 4.4 are met.

**LICENSEE:**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### List of Poles

Site ID ▾	Longitude ▾	Latitude ▾	Site Name 2 ▾	Height (ft) ▾	City ▾
C_222	94°55'46.00"W	43°56'32.27"N	JUA	30	Mountain Lake

The site list information is preliminary. Final site location to be determined by the City working with Itron (on behalf of Minnesota Energy Resources Corporation). Per discussions with City of Mountain Lake, this site will also require installation of a meter pedestal, and separate wiring run in conduit up to the CGR install.

### **C-222- Picture**





## INFORMATION MEMO

# Budget Guide for Cities

*Learn about new and current state and federal laws that significantly affect city budget decisions for 2020, including annual financial figures for minimum wage, cost-of-living adjustments, local government aid (LGA), and more. Find the taxation notification procedure and links to fuel excise tax forms, a model resolution adopting a levy, and other budget worksheets.*

### RELEVANT LINKS:

Handbook, [Budgeting](#).

See State Auditor's [Accounting Manual for Small Cities and Towns](#).

Handbook, [Property Tax Levy](#).

LMC [2019 Law Summaries](#).

Minnesota House Research Department: [State Aids](#).

LMC [2019 Law Summaries](#).

## I. Basic budget information

This guide presents recent legislative and administrative changes, as of its revision date, which might be considerations in developing a budget for the coming year. Basic budgeting for cities, such as how to compose an annual budget and the legal timeline for budgeting, are not in this guide. Please see chapters 20 and 21 of the *Handbook for Minnesota Cities* for this information.

Handbook chapter 20 describes what a budget is, and how to use it to communicate to the public. It describes what revenues and expenditures a city must examine as a necessary part of budgeting, other factors that may affect the city's budget, and where to find more information on the budgeting process.

Handbook chapter 21 gives more background information on taxes and taxation notification law. For information on the new laws affecting cities, see the League's *2019 Law Summaries*.

## II. Local government aid (LGA)

The House Research Department has updated estimates of 2020 LGA and a wealth of other related data. City officials should keep in mind that the amounts displayed in the revenue document are estimates only at this point. Aid amounts for 2020 will be certified in July 2019.

## III. Legislative changes for 2019

Every year, the League offers the Law Summaries, a comprehensive guide to changes and proposed changes from the last legislative session(s). Budget-related highlights from this most recent legislative season include the following.

This material is provided as general information and is not a substitute for legal advice. Consult your attorney for advice concerning specific situations.



## RELEVANT LINKS:

2019 Minn. Laws 1st Spec.  
Sess. Ch. 5, Art. 2, § 11  
amending Minn. Stat.  
403.03.

2019 Minn. Laws 1st Spec.  
Sess. Ch. 6, Art. 6, § 2 to be  
codified as Minn. Stat. §  
297A.99, subd. 1a.

2019 Minn. Laws 1st Spec.  
Sess. Ch. 7, Art. 9, § 1  
amending Minn. Stat. §  
15.72.

2019 Minn. Laws 1st Spec.  
Sess. Ch. 8, Art. 2, § 2 to be  
codified as Minn. Stat. §  
353.014.

**911 Centers to include CPR.** Previously, any governmental agency providing a 911 call center had to provide police, firefighting, and emergency medical and ambulance services. Any other 911 services were discretionary. Effective July 1, 2021, these call centers must maintain a telephone cardiopulmonary resuscitation program. This requires having available a “911 Communicator” trained in CPR or the ability to transfer the caller to such a person at another public safety answering point. The minimum training requirements include being able to walk callers through an approved script in instruction of CPR and continuing education. For centers where a caller must be transferred—which may be the case for many cities—the new law provides requirements, including costs, to the transferring 911 call center.

**New restriction on use of local sale tax dollars.** Legislators added to the statutory requirements upon use of any local sales tax. According to this new provision, “Local sales taxes are to be used instead of traditional local revenues only for construction and rehabilitation of capital projects when a clear regional benefit beyond the taxing jurisdiction can be demonstrated.” The law goes on to say that using state-granted local sales taxes for purely local endeavors benefits property owners unequally and contributes to fiscal inequities. This provision is effective May 31, 2019.

**Retainage payouts dictated.** Cities may already withhold up to 5% from any progress payment to the contractor on an improvement contract. Now, effective for all improvement agreements entered on or after Aug. 1, 2019, the city must release all retainage to the contractor no later than 60 days after “substantial completion” as defined by the statute. Upon substantial completion, cities may withhold no more than 1) 250% of the cost to correct or complete work known at the time of substantial completion, and 2) 1% of the value of the contract or \$500, whichever is greater, pending completion of all “final paperwork” by the contractor or subcontractor. These amounts retained must be released within 60 days after completion of the work or submission of all final paperwork, whichever situation applies. The new law creates new notices for cities to give contractors and subcontractors, as well.

**Purchased Public Employees Retirement Association (PERA) credit for military service.** Effective July 1, 2019, most individuals who were absent from city employment due to military service and who return to the city job following discharge are eligible to purchase PERA service credits. If the employee purchases the service credit, the city must pay PERA what it would have paid for its employer contribution for the given period, in addition to any applicable equivalent employer contribution. The law states the employer payments must be made from funds available to the employer, “using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent employee contribution.”

## RELEVANT LINKS:

2019 Minn. Laws 1st Spec.  
Sess. Ch. 8, Art. 2, § 3 to be  
codified as Minn. Stat. §  
353.0141.

Minn. Stat. § 275.065, subd.  
1.

Minn. Stat. § 275.066.

Minn. Stat. § 275.065, subd.  
1.

Department of Revenue:  
Truth in Taxation  
See *Adopting Final Property  
Tax Levy*, LMC model  
Resolution.  
Minn. Stat. § 275.065, subd.  
3, paragraphs (c), (i).

According to the law, city employers may appropriate money for those payments, and the employer must pay interest on all employee and employer contribution amounts payable for the service member to purchase the service credit.

Additionally, up to five years of service credit may be purchased by individuals with at least three years of “allowable service” credit who served in uniformed services before their public employment or the service was not previously considered “allowable service.”

## IV. Taxation notification procedure

The table below outlines the annual taxation notification procedure and deadlines (sometimes called “truth in taxation” or “TNT”). The deadline for cities to adopt the preliminary tax levy and certify it to the county auditor is Sept. 30. The deadline for “special taxing districts,” such as economic development authorities (EDAs), housing and redevelopment authorities (HRAs), port authorities, and others, is also Sept. 30.

According to the Department of Revenue, cities with populations of 500 or less and all special taxing districts (except the Metropolitan Council, the Metropolitan Airports Commission, and the Metropolitan Mosquito Control Commission) are exempt from the requirement to hold a meeting with public input prior to adoption of the final levy. All cities, including cities with populations of 500 or less, and special taxing districts must still certify proposed property tax levies to the county auditor on or before Sept. 30, 2019.



RELEVANT LINKS:

Taxation Notification Summary Chart for Taxes Payable 2020	
Date	Action
On or before Sept. 30	All cities and special taxing districts must adopt any proposed property tax levy and certify the proposed levy to the county auditor.
On or before Sept. 30	<p>At one meeting, in cities of population greater than 500, the city council adopts the proposed property tax levy and announces the time and place of a future city council meeting at which the budget and levy will be discussed and public input allowed, prior to final budget and levy determination. This public input meeting must occur after Nov. 24 and must start at or after 6 p.m. The time and place of the public input meeting must be included in the minutes but newspaper publication of the minutes is not required.</p> <p>Cities over 500 population must provide the county auditor with the following information:</p> <ul style="list-style-type: none"> <li>The time and place of the meeting at which the budget and levy will be discussed and public input allowed. (Again, meeting must occur after Nov. 24, and must not start before 6 p.m.)</li> </ul>

RELEVANT LINKS:

Taxation Notification Summary Chart for Taxes Payable 2020	
Date	Action
On or before Sept. 30	All cities and special taxing districts must adopt any proposed property tax levy and certify the proposed levy to the county auditor.
On or before Sept. 30	<p>At one meeting, in cities of population greater than 500, the city council adopts the proposed property tax levy and announces the time and place of a future city council meeting at which the budget and levy will be discussed and public input allowed, prior to final budget and levy determination. This public input meeting must occur after Nov. 24 and must start at or after 6 p.m. The time and place of the public input meeting must be included in the minutes but newspaper publication of the minutes is not required.</p> <p>Cities over 500 population must provide the county auditor with the following information:</p> <ul style="list-style-type: none"> <li>• The time and place of the meeting at which the budget and levy will be discussed and public input allowed. (Again, meeting must occur after Nov. 24, and must not start before 6 p.m.)</li> <li>• A phone number that city tax payers may call if they have questions related to the auditor's property tax notice; this does not require listing a private phone number.</li> </ul> <p>An address where comments will be received by mail; this does not require listing a private address.</p>
Nov. 11 to Nov. 24	County auditor prepares and sends parcels specific notices.
Nov. 25 to Dec. 28	Cities of population greater than 500 hold meeting (at 6 p.m. or later) to discuss the budget and property tax levy and, before a final determination, allows public input.
On or before Dec. 30	Cities must also file the certificate of compliance (Form TNT) with the Department of Revenue by Dec. 30, 2019.

Minn. Stat. § 275.07, subd. 1.

All cities and special taxing districts must certify the final property tax levy to the county auditor on or before Dec. 30, 2019 (five working days after Dec. 20). If this deadline is missed, the final levy will stay the same as it was in the preceding year.



## RELEVANT LINKS:

26 U.S.C.A. § 3121.  
(b)(B)(7)(F) (iv). Circular E  
Employers' Tax Guide (IRS  
Publication 15).

Social Security  
Administration, Election  
Workers (Defined). Election  
Officials and Workers.

Internal Revenue Service,  
*Election Workers: Reporting  
and Withholding*.

PERA Employer Manual,  
Ch. 3.  
Minn. Stat. § 353.01, subd.  
2b(a)(3).

IRS Standard Mileage Rates.

PERA.

## V. Election judge wages and withholding

**Income tax withholding.** Election judges' pay is exempt from state and federal income tax withholding. Election judges are responsible for declaring the wages as personal income and may have to pay income tax depending on the judge's personal situation—but the city need not withhold income taxes.

**Federal and/or state tax withholding, including withholding for Social Security and Medicare.** If an election judge is paid less than \$1,800 in 2019, no Social Security or Medicare taxes are withheld. So cities do not need to issue W-4s for judges earning less than \$1,800. At the time of publication, the threshold for 2020 had not been established.

**Issuing W-2s.** If an election judge earns \$600 or more in a year, cities must issue that person a W-2. According to IRS contacts, W-2s may be issued to judges earning less than \$600 for software and bookkeeping purposes.

**PERA withholding.** Election judges are local governmental employees, but the wages earned in these positions are not subject to PERA withholding. For example, if a city employee is also employed by the city as an election judge, the wages earned as a city employee are subject to PERA withholding (assuming the earnings threshold is met).

However, any wages paid for the election judge services must be subtracted from the gross wages prior to calculating the PERA contributions, as the earnings as an election judge are excluded from PERA withholding.

**Payroll.** The federal government classifies election judges as employees. Therefore, it seems reasonable to pay them through the payroll system, rather than other accounts, to ensure accurate tracking of wages paid to each judge. However, this is offered as a practical tip, not as a requirement in law or rule.

## VI. Employment-related changes

### A. Optional standard IRS mileage rate

IRS Standard Mileage Rate for 2019 is 58 cents per mile for business miles driven, up from 54.5 cents for 2018.

The IRS normally updates the mileage rates once a year in the fall for the next calendar year. *At the time of publication, 2020 rates are not yet available.*

### B. 2020 PERA contribution rates

The 2019 legislative session resulted in no changes to employer or employee contributions to either the defined benefit or defined contribution plans.

RELEVANT LINKS:

A scheduled increase to the Police and Fire plan does take effect, however, resulting in a minor increase in employee and employer contributions as shown below.

EMPLOYEE CONTRIBUTIONS		
Defined Benefit Plan (DBP)	Calendar year 2019	Calendar year 2020
Basic	9.10%	9.10%
Coordinated	6.50%	6.50%
Police and Fire	11.3%	11.8%*
Defined Contribution Plan (DCP)	Calendar year 2019	Calendar year 2020
Elected Officials	5.00%	5.00%
Physicians	5.00%	5.00%
City Managers/Administrators	6.25%	6.25%
Ambulance/Rescue Squad Personnel	Rate set by employer	Rate set by employer
Certain volunteer or on-call firefighters not covered for that service by the PERA Police and Fire Plan or by a relief association under chapter 424A.	7.5% or more made either solely from compensation paid to the firefighter or through a combination of member and employer contributions.	7.5% or more made either solely from compensation paid to the firefighter or through a combination of member and employer contributions.

Minn. Stat. § 353.65, subd. 2.

\*This 2020 increase was scheduled by legislation passed in 2018.



## RELEVANT LINKS:

[Minn. Stat. § 273.1385.](#)

[PERA: About Legislation.](#)

[Minnesota Deferred Compensation Plan.](#)

EMPLOYER CONTRIBUTIONS		
Defined Benefit Plan (DBP)	Calendar year 2019	Calendar year 2020
Basic	11.78% <sup>1</sup>	11.78%
Coordinated	7.50% <sup>2</sup>	7.50%
Police and Fire	16.95%	17.7% <sup>3</sup>
Defined Contribution Plan (DCP)	Calendar year 2019	Calendar year 2020
Elected Officials/Physicians	5.00%	5.00%
City Managers/Administrators	6.5%	6.5%
Ambulance or Rescue Squad Personnel	Rate set by employer	Rate set by employer
Volunteer or On-call Firefighters not covered for that service by the PERA Police and Fire Plan or by a relief association under chapter 424A.	7.5% or more made either solely from compensation paid to the firefighter or through a combination of member and employer contributions	7.5% or more made either solely from compensation paid to the firefighter or through a combination of member and employer contributions
<p>1 This represents the employer match of the Basic Plan employee deduction (9.10%) and an employer additional amount at 2.68%.</p> <p>2 This rate represents the employer match of the Coordinated Plan employee deduction (6.50%) and an employer additional amount of 1.00%.</p> <p>3 This rate increased by Minn. Stat. § 353.65, subd. 3..</p>		

**PLEASE NOTE:** In 1997, the Legislature authorized annual aid to public employers to offset a PERA employer contribution rate increase. This statutory authorization is currently set to end on June 30, 2020, and, therefore, its final payments will occur in July and December of 2019.

According to PERA, June 2020 was expected to be the time when the plan would be fully funded. However, at its April 2019 meeting, the PERA Board of Trustees voted to support legislative extension of the 1997 aid.

## C. Employee contributions to deferred compensation

**Deferred compensation.** Please note: Each calendar year in the fall, the IRS updates the annual contribution limits, based on cost-of-living adjustments (COLA). *At the time of publication, 2020 information is not available.*

## RELEVANT LINKS:

See IRS Circular E,  
Employers' Tax Guide (IRS  
Publication 15).

2019 Social Security and  
Medicare Tax Rates.

Unemployment Insurance  
Minnesota.

Patient Protection and  
Affordable Care Act Cases.

Cadillac Tax (Cancel or  
close the pop-up login box.)

### 2019 Annual Maximum Contribution Limits\*

Participant age	Contribution Limits
Under age 50	\$19,000
Age 50 and over	\$25,000
Catch up provision	\$38,000

\*The maximum deferral amounts change each year due to changes in the COLA, if any. Although the employee contributions to a deferred compensation plan reduce the individual's taxable income, the city will still need to budget for the employer's share of Social Security and Medicare to the same extent that these withholdings would be required on the employee's regular earnings.

## D. Social Security and Medicare withholding

The 2020 Social Security and Medicare withholding amounts are not available at the time of this publication.

In 2019, for employers:

- The Social Security tax rate is 6.2%.
- The Medicare tax rate is 1.45%.

This combined rate of 7.65% is unchanged from 2018.

## E. Unemployment costs

A conservative estimate of the amount of unemployment benefits a city may pay a laid off employee is approximately half the employee's average weekly wage, up to the maximum of \$717 per week. Most cities are classified as "reimbursing employers." This means the city reimburses the state for unemployment benefits paid out to a former employee.

## F. Health and dental insurance costs

Cities need to make sure they are complying with the federal Affordable Care Act (ACA). On Feb. 10, 2014, the IRS released the final regulations implementing the employer shared responsibility mandate which affects many cities.

Congress passed and President Obama signed the omnibus bill in December 2015 which included a two-year moratorium on the so-called "Cadillac Plan Tax". Subsequent legislation has delayed the effective date of this new tax which is currently scheduled to be effective for taxable years beginning January 1, 2022.



## RELEVANT LINKS:

### [Cash in Lieu of Benefits](#)

### [IRS FAQs on ACA.](#)

### [DOL FAQs on ACA.](#)

The Cadillac Plan Tax is an excise tax (40%), enacted as part of the Patient Protection and Affordable Care Act (“PPACA”) that applies to the cost of employer-sponsored health coverage that exceeds certain threshold limits – \$10,200 for self-only coverage and \$27,500 for family coverage – increased each year after the effective date.

The Cadillac Plan Tax effective dates and thresholds are based upon current guidance, and as with many other PPACA regulation could change with future legislation. If this tax is implemented, it could have a large impact on cities budgets. The League will keep cities apprised of any further guidance from Congress.

The U.S. Department of Labor (DOL) released guidance in 2014 pertaining to employers reimbursing employees for individual health insurance plans, on either a pre-tax or after-tax basis. This guidance primarily affects cities that do not meet the definition of “large employer” under the ACA because large employers typically do not offer this type of arrangement.

Employers are permitted to disregard seasonal employees when determining employer size if the employer’s workforce exceeds 50 full-time equivalent (FTE) employees for no more than 120 consecutive days and the number of employees exceeding 50 during that time were seasonal employees, based upon the prior years’ average number

While most health care reform provisions apply to employers uniformly, regardless of size, there are a few provisions that may specifically benefit small cities that qualify as small employers. The benefits to small employers include:

- Exemption from penalties since they need not offer coverage.
- Availability of coverage through state exchanges effective Jan. 1, 2014.
- Exemption from reporting health care costs on W-2s.
- The ability to use a SIMPLE Cafeteria Plan.
- Since January 1, 2017, small employers can provide a Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) that reimburses employees for the medical care expenses of the employee, the employee’s spouse, and the employee’s dependent children, including individual health insurance policies purchased on the individual market. Certain requirements must be met before a city offers a QSEHRA.

There are other provisions and compliance issues associated with health care reform for all employers such as requirements for coverage of preventive care, prohibitions against pre-existing exclusions, essential benefits, break times for nursing mothers, and other employee protections.

## RELEVANT LINKS:

Health Care Reform, [LMC Web site](#).

[Gallagher guidance on 6055 and 6056 Reporting](#). (Cancel or close pop-up login box.)

[Minnesota Economy at a Glance](#) from the BLS Midwest Information Office.

See the BLS [Consumer Price Index, Midwest Region, April 2019](#).

LMC information memos, [Reducing LMCIT Premium Costs and Comparing Coverage Quotes](#).

The Department of Labor and the IRS continue issuing critical guidance regarding implementation details for health care reform. We recommend you visit the League website for the most up-to-date information and guidance on federal health care reform legislation and pending regulations.

Due to the uncertainty of the ACA and President Trump's efforts to repeal and replace it, it is unknown at this time how any potential legislation might impact 2020 renewal.

The ACA has reporting requirements for providers of health insurance and applicable large employers which must be sent to covered individuals and the IRS which started the beginning of 2016. Cities are encouraged to plan ahead each year to meet the reporting deadlines as they will occur each year and continue with the reporting requirements until further notice.

## G. Cost-of-living adjustment information

Cities often look at cost-of-living adjustments when setting salaries for the coming year. One measure is the consumer price index (CPI), published by the Bureau of Labor Statistics, U.S. Department of Labor. The CPI is a measure of the average change over time in prices paid by consumers for goods and services.

The Consumer Price Index (CPI) for the Midwest urban region went up 1.5% from April 2018 to April 2019. Other methods of adjusting salaries for inflation may also exist, depending upon the particular city, and these may be used instead of the CPI.

## VII. Coverage and dues

### A. LMCIT Coverage

Most Minnesota cities are members of the League of Minnesota Cities Insurance Trust (LMCIT) for property, liability, auto, and workers' compensation coverage. Cities purchasing insurance from a private company should ask their provider about insurance coverage options, claim trends, and costs. Cities looking for possible ways to reduce their premiums can reference the memo *Reducing LMCIT Premium Costs*.



## RELEVANT LINKS:

LMC information memo,  
Experience Rating in  
LMCIT's Liability and  
Work Compensation  
Premiums.

LMCIT members' annual premium costs are affected by rates, exposures, and experience. In addition to rates, which are set by LMCIT in the fall, cities' costs can fluctuate if there are changes in exposures—such as payrolls, city expenditures, or property values—or changes in experience rating for workers' compensation, municipal liability, or auto liability. The adjacent link discusses LMCIT experience rating formulas, but generally the formulas compare expected losses for individual members within a recent three-year period to the actual losses during the same period, and if losses are greater (or less) than expected a premium debit (or credit) is applied.

Following are LMCIT's very early estimates for premium rates, which would take effect for property/casualty coverages renewing on or after Nov. 15, 2019, and workers' compensation coverages renewing on or after Jan. 1, 2020. LMCIT stresses that these are not guarantees. Annual actuarial reviews, other rate development work, and reinsurance costs will be calculated this fall, at which time LMCIT will be able to give a definite answer on premium rates for 2019-2020. Cities can check with LMCIT starting in October for an updated outlook on premiums.

*Workers' compensation.* Data as of the end of 2018 shows total incurred costs for claims occurring in 2018 were relatively high, which could put some pressure on rates. There were some changes to Minnesota workers' compensation statutes in 2018, including a presumption for post-traumatic stress disorder (PTSD) claims for public safety employees that went into effect in January 2019. There is still some uncertainty behind how these changes will impact LMCIT's future claim expenses, and by extension, premium rates.

LMCIT suggests cities allow for a workers' compensation premium rate increase in the 1% to 5% range.

*Property.* Property losses in 2017 and 2018 were less favorable than recent prior years, with several high-dollar fire and storm occurrences. Both LMCIT and our reinsurers will need to factor in the recent adverse experience when projecting for future costs. There could be some additional pressure on property premium rates since reinsurance costs are a significant part of LMCIT's expense for property coverage.

For budgeting purposes, cities may want to allow for a 2% to 4% increase for property coverage rates.

*Liability.* Loss costs in 2018 for municipal liability claims were average overall, but patterns for specific types of liability claims continue to evolve. E.g. police liability, sewer backup liability, employment practices, and land use litigation.

## RELEVANT LINKS:

LMCIT suggests cities allow for possible rate increases in the range of 1% to 5%. We hope we're able to hold rates flat overall, but there's a chance we'll need to adjust some specific liability rates.

*Auto.* LMCIT introduced a revised pricing structure for auto physical damage in 2018 and a revised structure for auto liability in 2019. We're also planning to introduce an auto experience rating component next year. Because members are still transitioning to the new rating method, and because there will likely be a new experience rating component, which impacts members differently, it's hard to project generally which way premiums are headed in 2020; it depends on the specific member.

Overall, LMCIT expects overall auto rates to remain relatively stable, but individual cities' premiums may change depending on their mix of vehicle types and auto claim experience within the most recent three to four years.

## B. League Dues

Many factors influence the LMC Board's decision when setting dues, including cities' financial situations, inflation, strategic plan initiatives, non-dues revenue sources, and various other factors.

To estimate dues payable Sept. 1, 2020, cities should complete the following three steps:

1. Estimate the city's population for 2018.
2. Use the estimated population from step 1 with the table below to compute the estimated dues payable Sept. 1, 2019.
3. Take the amount calculated in step 2 and increase it by 3.0% to estimate the dues payable Sept. 1, 2020.

League dues for the upcoming fiscal year (2020) are billed on Sept. 1, 2019, and cover membership from September 2019-August 2020. The estimated dues payable on Sept. 1, 2019 are computed based on the maximum dues schedule below:

Population	Amount	Per capita rate
249 OR LESS	\$408	0
250 - 4,999	\$142	1.0770
5,000 - 9,999	\$1,124	0.8804
10,000 - 19,999	\$2,437	0.7490
20,000 - 49,999	\$8,316	0.4551
50,000 - 299,999	\$24,617	0.1291
300,000 AND OVER	\$41,459	0.0730



## RELEVANT LINKS:

Contact Milton Ferris at the League at [mferris@lmc.org](mailto:mferris@lmc.org) or (651) 215-4023 or (800) 925-1122.

See [IRS Publication 510](#) Appendix for Model Certificates:  
M - Ultimate Purchaser;  
P - Diesel Fuel Tax Exemption; and  
R - Buyer of Taxable Fuel.

Example: If your city's estimated 2018 population is 6,251 residents, your estimated dues payable on Sept. 1, 2019, would be \$6,627 ( $\$1,124 + 6,251 * 0.8804$ ). Based on that calculation, your estimated dues payable on Sept. 1, 2020, would be \$6,826 ( $\$6,627 * 1.03$ ).

If you need assistance estimating population or dues, call the League's assistant finance director.

## VIII. Excise taxes on motor fuel

Cities are exempt from federal excise tax on diesel fuel and gasoline under various sections of the Internal Revenue Code. Cities may make tax-exempt purchases or apply for a refund of taxes paid upon filing certain certificates.

CITY NAME	Certified 2020 LGA
<b>TOTALS</b>	<b>\$560,398,012.00</b>
MILLVILLE	\$26,976.00
MILROY	\$64,097.00
MILTONA	\$69,689.00
MINNEAPOLIS	\$81,624,215.00
MINNEISKA	\$4,550.00
MINNEOTA	\$499,937.00
MINNESOTA CITY	\$37,871.00
MINNESOTA LAKE	\$187,214.00
MINNETONKA	\$0.00
MINNETONKA BEACH	\$0.00
MINNETRISTA	\$0.00
MIZPAH	\$10,722.00
MONTEVIDEO	\$2,235,488.00
MONTGOMERY	\$848,196.00
MONTICELLO	\$0.00
MONTROSE	\$618,500.00
MOORHEAD	\$7,238,829.00
MOOSE LAKE	\$910,723.00
MORA	\$990,749.00
MORGAN	\$347,393.00
MORRIS	\$2,370,988.00
MORRISTOWN	\$314,414.00
MORTON	\$141,257.00
MOTLEY	\$178,020.00
MOUND	\$402,708.00
MOUNDS VIEW	\$815,674.00
MOUNTAIN IRON	\$1,368,396.00
<b>MOUNTAIN LAKE</b>	<b>\$911,618.00</b>
MURDOCK	\$56,321.00
MYRTLE	\$9,757.00
NASHUA	\$0.00
NASHWAUK	\$364,029.00
NASSAU	\$14,368.00
NELSON	\$30,661.00
NERSTRAND	\$37,284.00
NEVIS	\$64,172.00
NEW AUBURN	\$137,430.00

## 2020 Capital Improvement Plan - DRAFT

[illegible]



# 2020 Capital Improvement Plan - DRAFT

	2019	2020	2021	2022	2023	2024+
<u>Water/Wastewater</u>						
Water Meters (W) \$10,000	Water Meters (W) \$10,000	Water Meters (W) \$10,000	Water Meters (W) \$10,000	Water Meters (W) \$10,000		West end of Prince St. (WWW, ST, S) \$860,000 est.
<----->	<----->	<----->	<----->	<----->	<----->	<----->
	Water & Sewer Replacement (WWW) - 4th Street Near Public School----->				Water & Sewer Replacement - 10th Street North (WWW)	
<----->	<----->	Sand & Filters (W) \$150,000----->			Alley Btwn 10th & 11th St. Block 7 (WWW) \$150,000 - \$200,000	
<----->	Upgrade Lawn Mower with Electric (WWW) \$5,000----->			Replace Reverse Osmosis Membranes (W) \$50,000		Jet-Rodder (WWW) \$400,000 - \$500,000
<u>Public Works</u>						
	Lawn Mower Trailer (ST) \$4,000					
<----->	Replace Lawn Mower (ST) \$6,000			Replace Lawn Mower (ST) \$6,000		Replace Lawn Mower (ST) \$6,000----->
	Possible street, storm sewer, and water/wastewater project - city hall block alleys; 6th St. btwn 3rd and 6th Ave., gravel alley, 4th Ave near school, alleyways----->					
	Lights in Street Shop (ST) \$5,000		Lights in Street Shop (ST) \$5,000			
		Tuck-point band shell in City Park (ST) \$10,257				
Cemetery Expansion \$10,000	Snowpusher \$5,000 (ST)			4th Ave. / Mt. Lake Apt. Storm Sewer Upgrades (\$S)		
Firetruck to Snow Hauler \$15,000	<----->	Dump Truck \$180,000 (ST)----->				
		Replace skidloader, (ST) \$18,900				
<u>City Hall</u>						
<----->	<----->	Office Computers as needed and Technology Upgrades----->				<----->
	<----->	Comprehensive Plan (CH) \$10,000----->				
	<----->	Security Cameras \$5,000 - \$10,000 (CH)----->			Replace City Hall Carpet when necessary (CH) \$10,500----->	
	Safety Items (CH)	Shelving / Filing Cabinets (CH)	Shelving / Filing Cabinets (CH)	Safety Items (CH)	Safety Items (CH)	
<u>EDA</u>						
Entrance Sign (EDA) \$10,000						
<----->	<----->	Hiebert Greenhouse Property Acquisition and Redevelopment if applicable \$750,000 to \$1,000,000----->				<----->
		Block 14, TIF #1-3 Redevelopment (EDA) \$750,000----->				
<u>Radios</u>						
<-----> \$120/- unit set-aside for future replacement of ARMER Radios and Pagers for PD, Ambulance, Fire, Public Works and Utilities ----->						
<u>Lake Commission</u>						
				Conveyor \$3,000 (L)		
				Boat and Motor (L)		
				Aquatic Harvester \$50,000 (L)		
<----->	<----->	Aeration system, blower, electric motor, diffusers, etc. as needed----->				<----->
		New Bridge (L) \$100,000 - \$130,000----->				