

**MINUTES of the ST. CHARLES CITY COUNCIL
for Tuesday, April 12, 2011 at 7:00 p.m.
830 Whitewater Avenue
St. Charles, MN 55972**

MEMBERS PRESENT:

Councilmen:
John Schaber
Dave Braun
Orv Dahl
Wayne Getz
Mayor Bill Spitzer

STAFF PRESENT:

Nick Koverman City Administrator
Kyle Karger, PW Superintendent

OTHERS IN ATTENDANCE: Bob Olson, Ron Jost (North Central Equity), Greg Guttormsson (U.S. Bank) Craig Hilmer, Dave Krause (city electric engineer), and Korrie Krause,.

1). ESTABLISH QUORUM/CALL TO ORDER

Quorum was established with Mayor Bill Spitzer calling the meeting to order at 7:00 p.m.

2). PLEDGE OF ALLEGIANCE

3). APPROVAL of the AGENDA:

Motion to approve the agenda: Wayne Getz
Motion carried.

4). MEETING MINUTES

-March 8, 2011

**Motion to approve: John Schaber
No further discussion
Motion declared carried**

-March 22, 2011

**Motion to approve: Orv Dahl
No further discussion
Motion declared carried**

5). APRIL Payables.

**Motion to approve: John Schaber
No further discussion
Motion declared carried.**

6). NOTICES AND COMMUNICATIONS. None.

7). Reports of Boards and Commissions. Various reports were given.

8). Bob Olson-Wind energy. Bob Olson of Olson Energy along with two colleagues from U.S. Bank and North Central Equity. Mr. Olson presented a proposal that looked at the use of two to three turbines which he provided financial scenarios for various projects. Currently, he hopes to utilize two 1.5 MW turbines that could result in a \$2 million savings to the city. He outlined the program for the Council with regard to the investment by the Council as well as the tax investors and how the City may receive the turbines at a reduced rate. The Council had a brief discussion.

9). 2011-2012 Electric Rate Projection. Mike Wish of Gensys Energy and Dairyland Power presented the Council with an overview of Dairyland's cost from 2010 and how that affects the purchase power agreement and the proposed rate wholesale rate increase of 20.5 percent. Mr. Wish identified coal, transportation, the usage of biomass plant, and other factors that affect the rate to St. Charles. He explained

that global markets of China continue to affect coal pricing as that country continues to buy high efficiency coal from America thereby driving up the price of lower BTU coal purchased by Dairyland. In addition, he added that while the cost of the product is 30 percent, the transportation of that material is 70 percent. St. Charles also has a true-up or even up payment to Dairyland from power purchased (16 percent) from 2009-2010 that accounts for 4.5 percent of the increase in rates. He also informed the Council that other larger utilities like Alliant, Excel, and other larger utilities in Iowa have also increased rates 20-30 percent and that it is not just Dairyland. The Department of Energy estimates that energy costs nationally will increase over 50 percent in the next 7 years. Dave Krause, the City's electrical engineer, presented how those rates affect St. Charles. He expressed that 60 percent of the utilities rates go to pay for just purchased power with 40 percent to operating, capital improvement, emergency, and reserve. He outlined how the number of kilowatts has decreased 10 percent over the last year which then spreads the balance over a smaller pool. The partial effect is from the loss of North Star, but it is also customers conserving. He took the numbers and expressed that he has conservatively estimated that the number of kilowatts purchased could reduce another 10 percent dependent on weather and how businesses and residents continue to conserve. He provided a recommendation to the Council to increase the rate from .13 cents/kwh to .1534 cents/kwh. No further discussion was held.

10). 2011 Conservation Improvement Plan. Dave Krause briefly went over his proposal, but indicated that it would be better to wait until the rates were established to see how they could help residents and businesses. The state requirement for the 1.5 percent reduction equals roughly 300,000 kilowatt hours per year for St. Charles.

11). 2011 Mowing Bids. The Council reviewed the bids and it was the consensus that the contract be awarded to Billy's Towing.

Motion to approve: Dave Braun

No further discussion.

Motion declared carried.

12). 2016 West 11th Street Crossing/West Avenue. A discussion was held with regard to the proposed rehabilitation of the railroad crossing at West 11th Street and/or West Avenue. Winona County Engineer David Kramer had provided information to the City as a potential option for 2016. The city and county are already working jointly on a similar 2013 improvement. The cost share would be approximately \$25,000 of the project. The Council questioned the overall street crossing noting that at one time DM&E had discussed closing it completely at which time the city would turn it into a bike path. The Council felt it was a good opportunity for the City and provided necessary safety updates to that crossing. A motion was made to work with the County Engineer to apply for these funds and to budget the necessary dollar amount into the 2016 Capital Improvement Fund.

Motion to approve: John Schaber

No further discussion.

Motion declared carried.

13). Yellow Ribbon Update. Admin. Koverman updated the Council that the committee has been working diligently to complete the plan for submittal to the state for designation. It was determined that because a later designation would not take place until late in the year, the group wanted to push forward to complete the project. He would update the Council as more information was brought in.

14). Closed Meeting-Real Estate Strategy-A closed meeting was held with regard to the real property located at 2121Whitewater Avenue. All Council and Administrator Koverman were present.

A motion to close at 9:10 p.m.: John Schaber

No further discussion

Motion declared carried.

A motion to open the closed meeting: 9:14 p.m.

A motion to adjourn the closed session: 9:25 p.m.: John Schaber

A motion to reopen the regular meeting at 9:27 p.m.

Mayor Spitzer highlighted the discussion of negotiating a purchase agreement for the property at 2121 Whitewater Avenue. A motion was made to accept the purchase agreement at a price of \$295,000 and direct staff to move forward with arranging a closing date.

Motion to approve: Wayne Getz

No further discussion.

Motion declared carried.

Unscheduled Appearances. None.

A motion to adjourn the meeting at 9:28 p.m.

Motion to approve: John Schaber

Motion declared carried.

William J. Spitzer, Mayor

Attest: _____
Nick Koverman, Administrator