

CITY OF PIERZ
Official Minutes of the Pierz City Council Workshop
January 3rd, 2022
5:30 PM

MEMBERS PRESENT: Mayor Dave Fischer, Council Member Don Bujalski, Council Member Lynn Egan, Treasurer Linda Sczublewski

STAFF PRESENT: City Administrator Bob Otremba by telephone

ELECTRIC RATES:

At the December 27th, 2021 city council meeting, Pierz Ballroom and Lanes and Midwest Sales and Construction requested the city council explore the idea of implementation of the electric rates over one to five years because of the large increase they will experience because of the new demand charge. Mayor Dave Fischer presented three options (two, three, or four steps) suggested by Consultant Dave Berg for the electric rate implementation. The time frame for each step was six months and the council discussed these and when the implementation would begin. The council agreed to present a twostep process for approval at the January 10th, 2022, city council meeting because of fairness to the customers that will receive favorable changes and to not drag the implementation out too far. In July 2022, the first step would be implemented with half of the full demand charge and a lower energy charge. In January 2023, the electric rates would be implemented to the full demand and a lower energy charge that was recommended by Consultant Dave Berg going forward. Through the entire time frame of implementation of current rates, two-step process, and electric rates going forward, the City of Pierz will expect to see no change in overall revenues to the utility.

MINNESOTA POWER SERVICE TERRITORY:

Mayor Dave Fischer explained the four options presented for ten customers being considered for service territory acquisition by the city. These options were separated because of how they are served electrically and the cost to the City of Pierz to make the connection to the city system. Assets owned by Minnesota Power for the ten customers are mostly depreciated and the cost to the city to buy them will be less than \$2,000.00. City Administrator Bob Otremba explained the big difference in philosophy at Minnesota Power recently is the loss of revenue that is not included with this proposal. In the past, when the city has explored service territory acquisition it was not cost effective because of the loss of revenue Minnesota Power added to the payment formula. Now Minnesota Power is proposing the agreement as a Conditional Service by Exemption Agreement meaning it is still Minnesota Power's service territory, but the city will serve the customers if the city remains a wholesale customer of Minnesota Power. Current estimates indicate the payback for the city for acquiring these seven customers is between six and twelve years. The southern most customer on Park Ave and the two 143rd customers would require significant connection charges which results in payback for the city between 35-97 years. Members attending the workshop agreed to move forward with the seven customers option and instructed staff to prepare the necessary documentation for future city council approval. In the future, the city will explore options of acquiring other areas in the city limits that are served by Minnesota Power and the gravel pit if the city moves forward with the purchase.

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HOMETOWN FIBER:

Hometown Fiber has requested a presentation to the full city council regarding fiber in the City of Pierz. Monday, January 24th, 2022 at 5:30 pm will be considered at a future council meeting for scheduling a workshop for this presentation.

FINANCIAL SUMMARY OF THIRD AVE N PROJECT:

City Administrator Bob Otremba presented the full costs of the Third Ave N project including electric relocation, streetlighting, split costs with Morrison County for street improvements, easements, and professional services. Current estimates are \$980,000 of city expenses with the project likely finalized in the summer of 2022. In 2020 before the Third Ave N project fund was created, there was about \$60,000 used from the General Fund for the project. There will be approximately \$150,000 remaining in the Third Ave N project when the project is complete, and the council will decide on transfers when the fund is closed.

PIERZ FOODS:

Mayor Dave Fischer presented a request from Pierz Foods Owner Allen Dahmen for additional city funds for the loading dock relocation project. In September of 2020, the city agreed to pay Pierz Foods \$19,250.00 from the Program Income funds from the SCDP fund. There is approximately \$1,950.00 in Program Income remaining. Council members decided to not put additional SCDP funds towards the Pierz Foods project because of future project considerations and the large amount of funds already allocated to the project.

2022 APPOINTMENTS AND DESIGNATIONS:

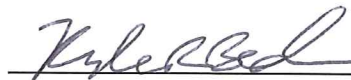
Mayor Dave Fischer discussed the board members that have agreed to another term for the Park Board, EDA, and Planning and Zoning Board. He suggested no changes in 2022 to how the city council members are appointed on these and the remaining boards for the city.

ADJOURNMENT:

A motion was made by Council Member Don Bujalski and seconded by Council Member Lynn Egan to adjourn the workshop at 6:40 pm. Motion carried unanimously.



Dave Fischer, Mayor



Kyle Bednar, City Clerk