

CITY OF PIERZ
Official Minutes of the Pierz City Council
November 29th, 2021
5:30 PM

MEMBERS PRESENT: Mayor Dave Fischer, Council Member Don Bujalski, Council Member Lynn Egan, Council Member Jacque Ballou, City Clerk Kyle Bednar, and City Treasurer Linda Sczublewski by phone.

STAFF PRESENT: City Administrator Bob Otremba, Police Chief Eric Hanneken

POLICE DEPARTMENT BODY CAMERAS:

Police Chief Eric Hanneken and Morrison County Sheriff's Deputy Doug Rekstad informed the city council of the body camera project they have been working to complete. Deputy Rekstad has been involved since the county started looking into a system including researching products and vendors. The current county system will be coming to the end of its useful life in 2022. The sheriff's department has determined Axon is the best vendor for the body cameras as they offer a 10-year contract that has a set price per year with no increases through the life of the contract. It includes the body cameras to be replaced every two and one half years and the squad cameras replaced every five years. The contract also includes updates and warranty on the equipment. Axon is a preferred vendor for law enforcement agencies in Minnesota including MN state patrol, BCA, and the MN DNR. The cost of the project for the City of Pierz is \$57,860 over 10 years or \$5,786 per year. Sheriff Shawn Larson is recommending to the county board that the county cover the expense of the project for the cities for the first three years. The city council set a public hearing for Monday, December 13th to discuss the police body cameras.

MINNESOTA POWER WHOLESALE CONTRACT 2022-2029:

Consultant Dave Berg explained the wholesale power contract negotiations with Minnesota Power through the Northeastern Minnesota Municipal Power Agency that have taken place over the last year. NEMMPA and Minnesota Power have agreed on the terms of the contract and the next step is for the individual municipal electric utilities to approve the contract. The contract highlights an annual energy adjustment instead of monthly adjustments, fixed and known rates, and approximately a twenty percent savings starting on January 1st, 2022. This reduction in rates is expected to equate to a \$200,000 initial annual savings to the City of Pierz for the first three years of the contract and additional savings going forward if compared to the current contract.

ELECTRIC RATE STUDY:

Consultant Dave Berg presented the results of the electric rate study that included a cost-of-service study and a study of restructuring the electric rates based on customer classes. Currently the city has two customer classes, residential and commercial. The new rate structure would include three customer classes including residential, small commercial, and large commercial. The cost-of-service study concluded that the residential customers are the most expensive customers to serve and are being undercharged under the current rate structure. Under the new rate structure, residential customers will have a slight increase in electric rates. Small commercial customers were being charged consistently with their cost of service. These customers will remain at the same

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rate under the proposed rate structure. Some large commercial customers are being overcharged and some are being undercharged under the current rate structure. Large commercial customers will be defined as customers that have at least one time in the past twelve months gone over a peak demand of 25 kW during a given month. A demand charge for these large commercial customers is proposed to be added to the rate structure. City Administrator Bob Otremba was directed to meet with the large customers that will be adversely affected by the new rates before the new rates go in effect. The overall gross revenue that the electric utility would provide to the City of Pierz would remain unchanged with the new rates.

MINNESOTA POWER SERVICE TERRITORY – SERVICE BY EXCEPTION:

Mayor Dave Fischer presented a proposal that the electric committee has negotiated with Minnesota Power regarding electric service territory for residents on Park Ave and 143rd St. Currently there are eight Minnesota Power customers on the east side of Park Ave and two Minnesota Power customers on the south side of 143rd St that are in the city limits of Pierz. Minnesota Power is offering a Conditional Service by Exemption for these customers that is conditional on the city remaining a wholesale customer of Minnesota Power. If the city would change its wholesale electric provider, the customers would revert to Minnesota Power. The city owned land currently under the nine-hole golf expansion would also be covered under this agreement. The city would be responsible for the depreciated value of the current Minnesota Power assets serving these customers. The cost of these assets to the city is \$1,537.66. Connection fees to connect these customers to the city's current electric system are the responsibility of the city. Overall costs and revenues were discussed. Serving the seven customers on the east side of Park Ave would be the most cost effective with an approximate payback of eight years. The southern most customer on Park Ave and the two customers on 143rd St. are less cost effective with an estimated 49–65-year payback. City Administrator Bob Otremba is currently waiting for a response from Minnesota Power for a request to have an end date on the service by exception. Council members would like the electric committee to continue to negotiate and bring back a future proposal.

2022 BUDGET AND LEVY:

City council members discussed the 3% preliminary levy increase that will be on the agenda for the Monday, December 13th, 2021, city council meeting.

EMPLOYEE POLICY:

Council Member Lynn Egan updated the city council on the status of employee policy revisions. One item to finalize is the how the newly created PTO will accrue and the timing of the implementation of the policy. Some employees currently accrue vacation and personal days on January 1st and others accrue on their anniversary dates. The end goal of the policy is to have the employees accrue PTO as it is earned. City Administrator Bob Otremba will put together a document showing the employees anniversary dates and how the implementation would affect each employee.

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ADJOURNMENT:

The meeting was adjourned at 8:00 pm.



Dave Fischer, Mayor



Kyle Bednar, City Clerk