

**November 19, 2024
Jackson, Minnesota**

The Jackson City Council met in regular session in the Council Chambers of City Hall and also by Teleconference and Zoom at 6:00 p.m. on Tuesday, November 19, 2024 with the meeting called to order by Mayor Marcus Polz. On the roll call, the following persons were present in-person, Mayor Marcus Polz and Aldermen Mark Titus, Chris Naumann, Brandon Finck, Nathan Peterson and Joe Pell. Also attending in-person were Interim City Administrator Rick Almich, City Attorney Brad Anderson, Public Works Director Tony Oxborough, MRES Jackson Distribution Maintenance Foreman Tony Nitchals, Luke Ewald of Des Moines Valley Health and Human Services, John Weland of the Jackson County Animal Protection Society, City Utilities Billing Clerk Marcy Hassing, Shannon Sweeney of David Drown Associates, Jackson Ambulance Director Grant Landbo, Dave Lovell of the Jackson EDA, Pastor Ted Carnahan of Our Savior’s Lutheran Church in Jackson, Stephen Foster, City Clerk/Council Secretary Dave Maschoff and Justin Lessman of the Jackson County Pilot. Joining the meeting via Zoom and Teleconference was Mike Schwartz. (Alderman Sara Mix was absent.) (A quorum of the City Council was present.)

PLEDGE OF ALLEGIANCE

Mayor Polz announced the Pledge of Allegiance would be recited before the City Council meeting was called to order. All those attending in-person and by Zoom recited the Pledge of Allegiance.

PRAYER LED BY PASTOR TED CARNAHAN OF OUR SAVIOR’S LUTHERAN CHURCH IN JACKSON

Pastor Ted Carnahan of Our Savior’s Lutheran Church in Jackson provided an inspirational message and lead the Mayor and City Council and all those attending in a prayer prior to the start of the Council meeting.

CALL THE MEETING TO ORDER

Mayor Polz called the regular meeting of the Jackson City Council to order. He said the roll call showed all Councilmembers were present except for Alderwoman Sara Mix.

There were no Public Hearings, Bid Lettings or Open Forum.

Unscheduled Guests:

Mayor Polz asked if there were any unscheduled guests in the Council Chambers.

Mayor Polz again asked if there were any unscheduled guests in the Council Chambers.

Mayor Polz asked for a third time if there were any unscheduled guests in the audience.

Hearing and seeing no unscheduled guests, Mayor Polz said the Council would move onto the Consent Agenda.

CONSENT AGENDA

Mayor Polz entertained a motion to approve the Consent Agenda as presented.

PETERSON/NAUMANN moved and it was unanimously carried to approve the Consent Agenda as presented.

Council Discussion Items

STORM WATER ENTERPRISE FUND – SHANNON SWEENEY OF DAVID DROWN ASSOCIATES

Mayor Polz welcomed Shannon Sweeney of David Drown Associates to the Council meeting.

Sweeney thanked Mayor Polz.

Sweeney said for the last few months there's been discussions with the City's Utilities Commission regarding the implementation of a Storm Water Services Enterprise. He said it's a service that's provided in the community and consideration has been given to charge fees associated with the provisions of those services. Sweeney noted it's a discussion that's been going on for probably at least a decade regarding how the City funds storm sewer costs, in particular, with the City's street reconstruction costs.

Sweeney said since 2012, the City has done six projects that included significant storm water components. He explained the City has paid for those storm water components either through water, sanitary sewer or tax levy. Sweeney said as has been found, the City's tax levy portion, in particular, has passed the limitation because the City does not specially assess for that portion of the project. He said whenever storm sewer costs are incorporated into a street project, it continues to erode, eliminate or reduce the City's capacity to reconstruct streets, in particular.

Sweeney said the debt service that's being paid on the bonds where it was actually recognized that there were storm sewer services being reconstructed totals about \$126,000 a year. He said it drops to about \$92,000 in 2027/2028 and stays at that level through approximately 2040.

Sweeney said ultimately if an Enterprise was created, a fee schedule would be adopted that would accomplish two things as recommended by the Utilities Commission. He explained the Utilities Commission looked at one debt service only and ultimately, they made a recommendation of establishing a fee structure that would cover debt service and about \$30,000 worth of operating costs.

Sweeney explained his position on implementing the fee is that ultimately it will likely take some pressure, or it should lead to take some pressure, off of the City's Sanitary Sewer Enterprise. Otherwise, Sweeney said at this point, he would be recommending a rate increase through Sanitary Sewer Services. But if the City creates the Storm Water Enterprise, Sweeney said he believes the City can forego that Sanitary Sewer increase until the City has a project that they have to do and ultimately use new storm sewer revenues to offset some of the debt service for storm sewer projects that's presently being paid by the Sanitary Sewer Enterprise.

Sweeney said ultimately they are trying to relieve pressure on the rates for Sanitary Sewer by creating a Storm Sewer Enterprise and create additional capacity for funding projects in the future where it's tied directly to the service being provided rather than to the value of a property owner's home or how much water or sanitary sewer service a resident uses. He said those don't have any direct correlation to storm sewer services and ultimately it's believed that establishing a Storm Sewer Enterprise is the best way to do that. Sweeney explained those are the reasons the Utilities Commission has been having those discussions for an extended period of time.

Sweeney said on at least one previous occasion, it was decided not to proceed and there's probably been two times where there's been serious conversations. He said this is the first time there's been a recommendation from the Utilities Commission where it was unanimous with regard to establishment of the Storm Sewer Enterprise and consideration of establishing a fee schedule. Sweeney said there would be multiple steps in that process that would include adopting an ordinance. He noted a draft of a proposed ordinance which was reviewed by the City Attorney was included in the Mayor and Councilmembers' informational packets. Sweeney said the proposed ordinance would include the adoption of a fee structure as part of the City's 2025 Fee Schedule which the City Council will probably approve around the first of the year. He said City Staff would need to identify commercial, industrial and multi-family customers above and below 20,000 square feet in size because the fee structure that's being proposed would have a fixed-charge for single family residential, a fixed charge for commercial, industrial and multi-family properties up to 20,000 square feet and then a different fixed charge for commercial, industrial and multi-family property that's over 20,000 square feet.

Sweeney said the single-family residential fee that was proposed and recommended by the Utilities Commission was \$7 per month. He said for the commercial, industrial and multi-family up to 20,000 square feet in size, the proposed fee would be \$10 per month and for the commercial, industrial and multi-family more than 20,000 square feet in size, the fee would be \$20 per month.

Sweeney explained there are different ways of establishing that fee structure. He said a survey was conducted of communities in the immediate vicinity and it was found that about half of those do charge a fee. Sweeney said some communities have a fixed charge and some have a residential equivalency factor which ultimately looks at commercial, industrial and multi-family property in particular and actually evaluates the number of impermeable surfaces on the site. He said that would involve a study, and not a cheap study, in order to evaluate property size on how much concrete, how much building surface area is covered to determine the equivalency to a residential use. Sweeney said, for example, AGCO could be 500 residential equivalency units and would be charged based on a factor times that 500. Sweeney said it's proposed to have something that's more straightforward and easy that can be done through the City's staff.

Sweeney said ultimately as reconstruction projects continue to be done, the City may choose to alter that system. But for today, he said it was thought that simple was better with regard to implementation if the City Council chose to proceed. Sweeney said that was the information included in the Mayor and Councilmembers' informational packets. He said he would be happy to answer any questions.

Sweeney said ultimately if the City Council determines that it's appropriate to proceed, there's an ordinance that's been drafted that establishes the Enterprise and doesn't establish the fee. He explained the fees themselves would be adopted as part of the City's regular fee schedule that the City Council probably takes care of around the first of the year.

Sweeney noted Public Works Director Tony Oxborough has pictures of some of the infrastructure that he made available to the Utilities Commission that showed storm sewer intakes that need to be repaired or upgraded.

Oxborough showed Mayor Polz and Councilmembers several storm sewer structures within the City. He noted the photographs of each storm sewer structure were shot with a 365 camera that has the capability to spin around and show the entire structure. Oxborough also showed pictures of the inside of several catch basins along curbs and sidewalks that are currently functional, but are in need of repair or replacement.

Oxborough suggested replacing a group of catch basins as a combined project similar to the manhole reconstruction project that was done in Jackson in 2012 and 2013 in order to get a contractor in town to do a large project. He went on to show Mayor Polz and Councilmembers several catch basins that are in need of repair or replacement. Oxborough also showed pictures of new catch basins that were installed as part of the recent South Street reconstruction project. He noted the cost of the new catch basins were paid for through the City's Sanitary Sewer fees.

Oxborough noted that maintaining the storm sewers also applies to flooding. He said maintaining and adding storm sewers are part of managing water including I and I (inflow and infiltration) so it all ends up in the river and keeping the river where it's at.

Alderman Brandon Finck asked about the Storm Water fee structure that's being proposed. He noted currently what's proposed is a large commercial business pays a monthly storm sewer fee of \$20 and a single homeowner pays a monthly fee of \$7 per month. Finck said he struggles with that because it doesn't seem to align financially.

Sweeney said he understands that if you disturb more than an acre as a commercial property, you are building some of your own system. He explained a commercial property is required to build a storm water retention pond as part of their requirements where a house isn't required to.

Finck noted the difference in the displacement of water that comes off a lot with a house on it compared to a commercial property. He said he thinks there's a lot of displacement and disparity that doesn't quite align in the proposed storm water fee schedule.

Finck said he's one that's been opposed to implementing a storm water sewer fee. He said it's just another tax. Finck said he doesn't care which funds you increase; you're still increasing and based on the proposed electric rate increase and the proposed storm sewer rates, we're looking at a 10 to 15 percent utility increase as well as a levy increase. He said it's starting to add up. Finck said that's just his two cents.

Sweeney said if we're not here talking to you about implementing storm water fees, we're here talking to you about increasing the wastewater rate.

Finck said he agreed with Sweeney. He said he just wanted to make clear that we're not saving in one, we're taxing in another.

Mayor Polz noted the benefit of implementing a Storm Water Enterprise opens up the City's capacity to do more road repairs.

Sweeney said he would say that's a minor component. He said the most significant thing it does, it removes it from areas where there's no correlation between the service being provided and what the City is charging. Sweeney said to Finck's point, we're certainly open to other means of levying the fee and making it more equitable. He said it's been found that most of the municipalities that implemented a Storm Water Enterprise fee in the last decade have started with a less complicated fee structure initially. Sweeney said some municipalities have decided it's appropriate to make it more complicated as they address larger industrial structures.

Finck said he likes the simplicity of the proposed storm water fee schedule. He said he doesn't have a challenge with that. Finck said he still thinks it's not equitable between the categories that are listed on the proposed fee structure. He said you look at a \$20,000 house sitting on an eighth of an acre and why are they paying \$7 per month while a commercial business is paying \$20 per month. Finck said to him it's hard to defend in the community. He said there has to be some more disparity in the fee structure.

Almich asked Finck what he thought the fee structure should be.

Finck said he doesn't know what the fee structure should be without sitting down with Oxborough and really having a better understanding of some of this. He said more data information is needed to get a better understanding of how the proposed fee structure would work. Finck said the disparity in the current proposed fees doesn't seem right and it doesn't sit well with him.

Mayor Polz asked Sweeney, in his opinion, if the proposed storm water fee schedule was a good starting point in establishing a fee schedule.

Sweeney said if the Councilmembers agree with it, yes. He said the Utilities Commission went through this process and decided this is what they were willing to recommend to the City Council. Sweeney said it was the higher of the two fee schedules that they looked at because they recognized the need to ultimately fund both maintenance and debt service. He said at the end of the day, if the Council sees fit to look into it in additional detail, fee numbers can be reviewed to come up with a fee schedule that's acceptable.

Peterson asked Sweeney if it would be simpler to have a fee schedule of \$5 per month for residential, \$10 per month for commercial, industrial and multi-family properties up to 20,000 square feet and \$20 per month for commercial, industrial and multi-family customers over 20,000 square feet instead of the \$5, \$10 and \$20?

Sweeney explained 1,300 of the City's utility customers are residential and so the City is not going to reach the revenue target doing that.

Finck said that's why it would be nice to review the fee amounts further.

Sweeney said that can be done.

Mayor Polz said at this time, the action being sought from the City Council is to approve first consideration of the Ordinance establishing a Storm Water Enterprise.

Finck noted the Council is not approving the fee schedule, just establishing the Ordinance. He said the City is not lowering the sewer and water fees, so this will be a utility increase.

Sweeney pointed out the Ordinance being considered by the City Council does not establish the storm water fees, but it certainly sets the City on the path to do that.

PETERSON/FINCK moved and it was unanimously carried to approve First Consideration of Ordinance No. 55 for Storm Water Services as long as the City Council can have future discussions regarding what the residential, multi-family, commercial and industrial fees will be for Storm Water Sewer services.

APPROVE ELECTRIC RATE INCREASE OF FIVE PERCENT IN 2025

MRES Jackson Distribution Maintenance Foreman Tony Nitchals noted in September, Senior Rate Analyst Evan Leebens of Missouri River Energy Services (MRES) presented the City Council with an Electric Rate Study that was conducted for the City of Jackson.

Nitchals said the purpose of this agenda item was to ask the City Council if they want to move forward with the recommended electric rate increase of five percent in 2025. He explained the rate increase will help keep the Electric Fund's cash reserves healthy. Otherwise, Nitchals said looking at projections, the Electric Fund's cash reserves will drop off significantly in 2028.

Nitchals noted the City's Financial Consultant Shannon Sweeney has also looked at the Electric Rate Study.

Nitchals said he was inquiring whether the City Council wanted to go forward in accepting the rate increase as recommended in the Electric Rate Study.

Finck asked if the proposed increase is five percent for 2025, five percent for 2026 and five percent for 2027, or if it's a one-time five percent increase for the entire three-year period.

Nitchals said the proposal is an increase of five percent each year for the next three years.

Finck asked Nitchals what's driving the increase.

Nitchals explained the power that MRES purchases is going up in price. He noted there hasn't been an electric rate increase in approximately five years in the City of Jackson. Nitchals said the cost for MRES to purchase power is going up and they haven't been pushing the increasing cost onto their customers.

Mayor Polz asked if the change in the U.S. Presidential administration will have any impact on electric rates.

Nitchals said that would not have an impact. He explained that currently the region is in such a high drought, so there's often a "drought-adder" to the power that MRES purchases. Nitchals noted the "drought-adder" is starting to come off now that there's moisture in the areas where the electric power MRES purchases comes from. He said although the "drought-adder" fee has dropped a little bit, WAPA (Western Area Power Administration) adds that cost on top of the rates on the power that MRES purchases.

Finck noted that three years ago, when the last rate study was conducted, the City Council could have actually lowered electric rates. He asked now three years later rates have to go up by 15 percent over a three year period? Finck said three years ago, the City Council chose to hold electric rates steady when the City could have lowered them. He noted there was a street project where the City used excess cash flow from the Electric Fund to fund the street project. Finck said the City Council chose not to move electric rates up or down. He said everything remained static without a rate increase. Finck said now the City is at a point where they have to raise electric rates by 15 percent over three years. He said what a change.

Sweeney said the electric rates are what was projected over the next three years. He suggested the City Council look at the electric rates each year based on what the City's power cost adjustment is and what the City is doing in capital spending. Sweeney said most of the City's spending in is the electric underground projects. He said the scope of those projects has held fairly constant through the plan.

Finck asked about how much was spent per year regarding the underground electric project.

Sweeney said about \$600,000 to \$700,000 per year.

Nitchals noted the City spent over that amount with the downtown underground electric project because that was a tougher project with all the structures in the downtown area.

Sweeney said decisions on projects annually and what happens with the City's power costs is ultimately the basis for recommendations based on the information that is known today.

Pell noted the proposed electric rate increase is five percent for 2025. He said the City Council could be having the same discussion about electric rate increases at this same time next year.

Nitchals noted as the electric underground projects are completed, costs will be more for maintenance.

Mayor Polz entertained a motion for the Council to approve an Electric Rate Study increase of five percent for 2025.

TITUS/NAUMANN moved and the motion to increase Electric Rates by five percent in 2025 was unanimously voted down.

Mayor Polz announced the motion to increase Electric Rates by five percent in 2025 failed to pass.

CONTINUED REVIEW OF THE PROPOSED 2025 GOVERNMENTAL FUND BUDGET AND PROPERTY TAX LEVY: AIRPORT, AMBULANCE (AMENDED), EDA, LIBRARY, OTHER

Interim City Administrator Rick Almich said there were some miscommunications among City Staff in terms of how the budget worksheets were going to be distributed to the Mayor and Councilmembers for the November 19th Council meeting. Almich said he takes full responsibility for that miscommunication.

Almich said he suggested to Mayor Polz to table the review of the proposed 2025 Governmental Fund Budget and Property Tax Levy to a special City Council meeting on Tuesday, November 26th.

Peterson asked how far in advance Councilmembers will get to see the budget sheets before the November 26th meeting.

Almich said he would hope to have the budget sheets distributed to the Mayor and Councilmembers by Friday, November 22nd at the absolute latest.

Mayor Polz asked for a motion to table the continued review of the proposed 2025 Governmental Fund Budget and Property Tax Levy until Tuesday, November 26th.

FINCK/PETERSON moved and it was unanimously carried to table the continued review of the Proposed 2025 Governmental Fund Budget and Property Tax Levy until the City Council’s special meeting on Tuesday, November 26th, 2024 at 6 p.m.

Other:

Alderman Nathan Peterson

Alderman Nathan Peterson asked about the status of the hotel study that was being conducted.

Mayor Polz said that’s a JEDC question at the moment. He said it’s his understanding that a task force has been established to start requesting proposals for service.

Peterson also noted he had brought cupcakes in celebration of his birthday.

Mayor Polz wished Peterson a Happy Birthday.

Alderman Brandon Finck

Alderman Brandon Finck asked Public Works Director Tony Oxborough if the new snowblower has arrived.

Oxborough said the snowblower has arrived. He said the City got a new snowblower last year. Oxborough said Senior Equipment Operator Phil Markman picked it up last year in Fargo and drove it back to Jackson. He pointed out the City had budgeted \$80,000 to purchase a new snowblower but the City ended up purchasing the snowblower for \$42,000.

Oxborough said the Public Works Department never had a chance to use the new snowblower last winter but kept using the old one. He reported the City just sold the old snowblower and received \$21,000 for it.

Oxborough said the new snowblower has been repainted. He noted it only cost the City \$20,000 to upgrade their snowblower by 15 years. Oxborough said bring on the snow. He said the old snowblower has been sold and they are waiting for the buyer to pick it up.

Finck thanked Oxborough for the update.

Mayor Polz also thanked Oxborough for the updated information.

Alderman Mark Titus

Alderman Mark Titus said he appreciates that the former Prairie Winds Motel building has been removed, but it has exposed another derelict building if anyone has noticed.

Titus said according to John Olson, the old wood building is the former bathhouse for the former Inkpaduta Campground. He said there was an old truck parked by the building as well.

Titus said he just wanted to inform the Mayor and Councilmembers about the building that remains.

ADJOURNMENT

With no further business, Mayor Polz entertained a motion to adjourn the meeting.

PETERSON/FINCK moved and it was unanimously carried to adjourn the Jackson City Council meeting at 6:33 p.m.

Mayor Polz said the City Council meeting was now adjourned.

David A. Maschoff, Council Secretary

Marcus Polz, Mayor

