

**September 16, 2024
Jackson, Minnesota**

The Jackson City Council met in regular session in the Council Chambers of City Hall and by Teleconference and Zoom at 5:30 p.m. on Monday, September 16, 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, Alderwoman Sara Mix and Aldermen Mark Titus, Chris Naumann, Brandon Finck, Nathan Peterson and Joe Pell. Also attending in-person were Interim City Administrator Rick Almich, Missouri River Energy Jackson Distribution Maintenance Foreman Tony Nitchals, Steve Earle of Doug Bradley Trucking in Jackson, John Weland, Joe Marthaler, Cheryl Harnden Yadloski, Stephen Foster, City Clerk/Council Secretary Dave Maschoff and Joshua Schuetz of the Jackson County Pilot. Joining the meeting via Zoom and Teleconference was Economic Development Assistant Shelley Pohlman and Melissa Voss. (City Attorney Brad Anderson was absent.) (A quorum of the City Council was present.)

PLEDGE OF ALLEGIANCE

Mayor Marcus 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 and Teleconference recited the Pledge of Allegiance.

CALL THE MEETING TO ORDER

Mayor Marcus Polz called the regular meeting of the Jackson City Council to order. He said the roll call showed all Councilmembers were present.

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.

Seeing and hearing 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.

Alderman Nathan Peterson said he would like to pull Consent Agenda Item 7(E) Review and consider recommendation from the Personnel Committee regarding a proposal submitted by David Drown Associates for City Administrator Search (cost equals \$20,000) for discussion.

Mayor Polz asked for a motion to approve the Consent Agenda minus Item 7(E).

NAUMANN/FINCK moved and it was unanimously carried to approve the Consent Agenda as presented minus Consent Agenda Item 7(E).

Peterson said the proposal from David Drown Associates is a great proposal. He explained he pulled it from the Consent Agenda for further clarification. Peterson said he was wondering if the Council would have an opportunity to interview the candidates who are finalists for City Administrator.

Mayor Polz said the Council would have the opportunity to interview the City Administrator candidate finalists.

Mix noted that Councilmembers will have an opportunity to talk with the representative from David Drown Associates to tell them about what qualities the City Council is looking for in a new City Administrator.

Pell asked who the “point person” is regarding the search for a new City Administrator.

Mayor Polz said the Personnel Committee is the “point person”. He noted Alderwoman Sara Mix is the contact person.

PETERSON/FINCK moved and it was unanimously carried to approve Consent Agenda Item 7(E) Review and consider recommendation from the Personnel Committee regarding a proposal submitted by David Drown Associates for the City Administrator Search (cost equals \$20,000).

Council Discussion Items

DOUG BRADLEY TRUCKING UTILITY ISSUE

Peterson noted Steve Earle from Doug Bradley Trucking was present at the City Council meeting. Peterson said he asked to have this item put on the City Council’s agenda because Earle wanted to discuss the trucking firm’s electric utility issue with them.

Peterson said Doug Bradley Trucking’s rate for electricity had been .0134. He explained in January and February of this year, Doug Bradley Trucking had an increase in their electricity usage due to charging an electric powered truck along with cold weather which bumped their electric rate to .046. Peterson said the City’s policy states that once a customer goes one month over, the customer then stays at that .046 rate for 12 months even though the rest of the time they are under that amount of usage. He said for two months of high usage, the customer is penalized for 12 months.

Peterson said Steve Earle’s concerns were discussed at a special meeting of the Utilities Commission on September 3rd. He noted the issue was supposed to be on the City Council’s September 3rd agenda, but the Council was told the matter was taken care of, so nothing was presented to the City Council. Peterson said MRES Jackson Distribution Maintenance Foreman Tony Nitchals spoke to Earle about the matter. He said Alderwoman Mix can outline what the Utilities Commission decided at their meeting on September 3rd.

Peterson said the point is, in January the City noticed that Doug Bradley Trucking had gone over the peak limit. He pointed out that no one from the City went to talk to Doug Bradley Trucking and nobody gave them a warning that they had gone over the peak and now all of sudden they're penalized for 12 months because of it.

Mix said she wanted to clarify a few points because it's something she doesn't deal with on a daily basis. She said Nitchals clarified the specifics for the Utilities Commission.

Nitchals the City's policy reads if an electric customer goes over 40 kilowatts, the customer's demand rate comes into effect. He pointed out with Doug Bradley's monthly rate of .046, they are getting a break by paying less for usage. Nitchals said if Bradley stays on commercial electric, the cost is 13 cents per kilowatt-hour. Nitchals said since Doug Bradley Trucking is pulling that high demand, it puts more demand on the City. He explained when a rate study is conducted, there's an effort to find that happy median where at 40 kilowatts, the City ends up paying more for electricity because there's another electric customer that's pulling more electricity. So, Nitchals noted, that electric customer is charged less per kilowatt hours used, but they're given a demand charge, and it might be a short period of time, but the customer is putting that much more demand on the City's electric system and then the City ends up paying more for purchasing electricity. He explained in trying to equal that out, the electric customer pays less per kilowatt hour, but they're on a demand charge because they have gone over 40 kilowatts.

Nitchals explained he tries to look at an electric customer's usage on a case-by-case basis. He said if a customer reaches the 40-kilowatt threshold one time, then he questions what caused them to reach the 40-kilowatt usage. He said he doesn't instantly put the customer on the demand charge if they reach that peak only once. Nitchals said in those cases, he will look at the customer's past electric usage and find out if the customer has an unusual event that caused them to reach 40 kilowatts of usage.

Regarding Doug Bradley Trucking's electric usage, Nitchals said in the past their electric usage was way under 40 kilowatts. He said Bradley's started to use an electric truck and their monthly electric usage hit 40 kilowatts for two months. Nitchals said on the third month, the usage came close to the 40-kilowatt threshold because of charging the electric truck.

Nitchals said he doesn't want to use the terminology of "penalizing" them because once Doug Bradley Trucking goes over 40 kilowatts of usage for the month, the City has to purchase power at a higher rate. He said if the City just eats all those costs and gives everybody the cheapest rate they can give them, then the City's Electric Fund will gradually go into the hole.

Peterson asked why does Doug Bradley Trucking get charged for higher peak demand for 12 months and not just for the two months that their electric usage went over 40 kilowatts.

Nitchals said that's the City's policy.

Finck noted a few years ago the school went over 40 kilowatts and the school paid the demand rate. He said the Utilities Commission made the same decision as they did in this case.

Mayor Polz asked if the demand charge for 12 months was due to administrative reasons.

Nitchals said he checks the usage amounts every six months.

In checking with Missouri River Energy Services (MRES), Mix noted MRES said the City's policy regarding peak demand rates is pretty much the standard and the City of Jackson wasn't doing anything that was out of the norm. She said MRES pointed out that's what most communities are doing in looking at a 12-month usage. Mix said MRES thought the fact that the City of Jackson was waiting two months instead of one month before an electric customer was put on the peak demand rate was a fair practice. She said the Utilities Commission did all of those "checks" to see if what the City of Jackson was doing was still the right thing for our community to make sure the City was up with the current guidelines. Mix noted Nitchals did some calculations to show what long-term effect the different electric rate would have on Doug Bradley Trucking. She said over the 12 months the demand charge rate will affect their electric bill, but not necessarily negatively, because Doug Bradley Trucking will have the demand charge, but will be paying a lower overall rate. Mix said in the end, it might be OK.

Peterson noted it's the City job to notify an electric customer if their electric rate is going to change.

Nitchals said it was decided at the Utilities Commission meeting that the City will notify customers when they have reached a demand peak and that their electric rates will change. He said customers in the future will receive a letter and printout that shows at 40 kilowatts they will be switched to a different rate.

Nitchals went on to explain how customers that reach 40 kilowatts of usage are put at a higher rate after three months of reaching peak demand each month. He explained the details of how the peak demand is determined and the charges associated with that.

Steve Earle of Doug Bradley Trucking said he understands the peak demand. He noted Doug Bradley Trucking added an electric truck which wasn't his idea. Earle said AGCO wanted Doug Bradley Trucking to use an electric truck. He said he's going to pass the extra cost for electric usage on to AGCO.

Earle said charging the peak demand for 12 months is a black eye for the town as they try to attract new businesses. He said he has no problem paying a demand charge for the months that Doug Bradley Trucking goes over 40 kilowatts, but should not be charged peak demand for months when they don't reach the peak demand threshold. Earle called the peak demand a penalty. He said if they reach the peak demand for January, February and March, they'll pay the higher price for those months because it's a possibility they're going to use more electric power. But Earle said to stick it to a business throughout the year for peak demand is not common sense. He said that such practices affects and hurts businesses. Earle said he was upset when he saw the higher electric rates Doug Bradley Trucking would be charged. He said he's also been discussing about looking for a location outside the City limits of Jackson to move the trucking business to. Earle said they're a trucking company and can easily move to a different location outside of the City. He said Doug Bradley Trucking doesn't need to be in the City of Jackson. Earle said although the City has had the demand rate charge on their books for 20-plus years, that doesn't mean it's right. He said the peak demand charge for 12 months is a jab to the business community.

Mayor Polz said he would be equally frustrated. He said he understands Earle's frustration.

Earle said he's happy to pay the penalty for the months they go over the 40 kilowatts, but he's not good paying the demand charge for 12 months.

Mayor Polz asked if the City Council was looking at taking action or changing the City's policy.

Mix said the Utilities Commission reviewed the matter and their recommendation was that the City's policy regarding peak demand charges stays as it is.

Peterson asked what the recommendation was from the Utilities Commission.

Mix said the Utilities Commission made no recommendation and that's the point. She said if the City Council wants to do something, they certainly can but the Utilities Commission did not have a recommendation.

Naumann pointed out surrounding towns have similar policies regarding peak demand similar to Jackson's. He said the Utilities Commission looked at that. Naumann said the City of Jackson is in line with Worthington, Fairmont and Windom.

Peterson asked if those communities charge peak demand for 12 months.

Nitchals said he's not exactly sure of what those other towns' policies are. He said the City of Jackson is doing everything that other towns of similar sizes are doing.

Mix noted we as a City can't absorb the rising costs on everything.

Peterson noted Earle is willing to pay the demand charge for January, February and March.

Nitchals said in that case, it would take a policy change to go from max-demand to time-demand style charging. He noted the smart electric meters would have to be changed and the billing system would have to be changed through Tyler Technologies. Nitchals said he doesn't know what the cost would be to make those changes.

Earle said he was not upset at the City for paying his dues, but he's upset by being punished for something he shouldn't get punished for. He pointed out he's never said that he's not responsible for a higher energy rate. Earle said he'll pay his fair share. But he explained what he doesn't think is right is to punish a business and just "stick" it to them and for the City to think that's actually a fair policy. Earle said if this City wants to think that's a fair policy to punish your businesses, then he thinks somebody has the wrong idea of what a City should be. Earle said he's not going to stiff the City for electric power or short them, but said the City doesn't have a problem sticking it to his business.

Alderman Peterson said he doesn't know why the City can't credit Doug Bradley Trucking back since March for the extra charges on his electric bill and put the business back at their original electric rate like Earle is requesting.

Nitchals noted there are other businesses who are paying a demand charge who are not complaining. He said he doesn't know what the correct, perfect answer is. Nitchals said the school has paid the demand rate and said the Public Library goes over 40 kilowatts during the summer so they are on high demand.

Naumann said he would be interested in knowing what the policy is of surrounding communities and to verify that information.

Peterson said Earle was fine with paying the amount for electricity for January, February and March and would like to have Doug Bradley Trucking put back to their old electric rate in April and be credited the difference since April.

Mayor Polz suggested sending the matter back to the Utilities Commission to review the City's policy regarding demand charges. He said he would entertain a motion.

FINCK/NAUMANN moved and it was carried that factual information be presented to the Utilities Commission to address and review the City's Peak Demand Policy and make a recommendation back to the City Council.

Voting in favor of the motion were Alderwoman Sara Mix, Alderman Mark Titus, Alderman Chris Naumann, Alderman Brandon Finck and Alderman Joe Pell.

Alderman Nathan Peterson abstained.

Mayor Polz thanked Earle for attending the Council meeting.
Earle thanked Mayor Polz and Councilmembers.

**BRIEF DISCUSSION REGARDING PRELIMINARY PROPOSED 2025
GOVERNMENTAL FUND BUDGET (CITY ADMINISTRATOR)**

Interim City Administrator Rick Almich noted work is continuing on the Preliminary Proposed 2025 Governmental Fund Budget. He said items considered in the proposed budget take into account transitions in City staff, natural disasters and things of that nature.

Almich said he wanted to get the Mayor and City Councilmembers thinking about major revenue and expense issues that will be part of the final budget. He said there's no amount of property tax levy that's going to resolve all those budget needs. Almich said he knows what the challenges are. He said the City will still want to adopt a Preliminary Budget and Tax Levy and then will study the individual budgets looking for different revenue sources that are not property taxes.

Almich invited Councilmembers to feel free to respond to him regarding the budget. He said the Preliminary Budget and Tax Levy will be released and the Councilmembers will have an opportunity to express their opinions on the proposed preliminary budget and tax levy at the City Council's September 25th meeting.

Almich noted that once the Preliminary Tax Levy is set by September 30th, it can be lowered before the end of the year, but it cannot be raised. He said input from the City Council would be appreciated as work continues on the City's Preliminary Budget and Tax Levy for 2025.

Almich said no action was needed at this time from the City Council.

Other:

Alderman Joe Pell

Alderman Joe Pell reported a Pool Task Force meeting will be held on September 24th to review the results of the recent survey that was conducted regarding the pool.

Pell noted there were 1,039 respondents to the survey which was a 31 percent response rate.

Alderman Nathan Peterson

Alderman Nathan Peterson said the Fire Department is working on a fundraising event during Fire Prevention Week in October. He said the Fire Department was wondering if they could have permission during Fire Prevention Week, between October 6th and 12th, to use the fire trucks to deliver pizzas from Pizza Ranch as a fundraiser for the Fire Department.

Interim City Administrator Rick Almich said that should be fine.

ADJOURNMENT

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

PETERSON/MIX moved and it was unanimously carried to adjourn the Jackson City Council meeting at 6:22 p.m.

David A. Maschoff, Council Secretary

Marcus Polz, Mayor

