

Regular Meeting Minutes – July 17, 2017
Ivan “Ike” Ackerman Council Chambers

A Regular Meeting of the Waverly City Council was held on July 17, 2017 at 7:00 P. M. at City Hall. Mayor Infelt presided and the following Council Members were present: Kangas, Lampe, McKenzie, Reznicek, Sherer, and Waldstein. Absent: Gade

- A. Mayor Infelt called the meeting to order.
- B. Moved by Kangas, seconded by Waldstein to approve the agenda as presented.
Motion passed. Yes: 6 No: 0 Absent: 1
- C. Council welcomed Kyle Peters as Guest Council person for July.
- D. Public Comments on Items Not on the Agenda
- Co-chairs, Jess Hamilton and Darwin Rittgers spoke on behalf of the Waverly Heritage Days Committee and thanked the community and surrounding communities for their support, attendance, participation, volunteering, and sponsorship for the 2017 Heritage Days Celebration. If you would like to view pictures from the celebration, you can visit the Heritage Days Facebook page.
 - Mary Schildroth reflected on how the 3rd Street SE (Green) Bridge ties into the heritage of Waverly and commented in favor of a pedestrian only bridge to replace the current bridge.
- E. Consent Calendar
1. Pay Request from McClure Engineering Co. for the Airport Land Acquisition 2012 for \$1,560.00.
 2. Class B Liquor License for Cobblestone Inn & Suites.
 3. Outdoor premise extension for Big Ben Pour House for an event on July 22, 2017.
- Moved by Waldstein, seconded by Sherer to approve the Consent Calendar.
Motion passed. Yes: 6 No: 0 Absent: 1
- F. Regular Business.
1. Review of the Waverly Utilities 2016 Audit.
 - Waverly Utilities Director of Finance Vicki Hall reviewed that the 2016 Audit went well with no adjustments needed. This is the third year in a row that there were no material weaknesses in the internal controls. A municipal utility has to provide full cost accounting for providing telecommunication services. This means that the telecommunication utility books have to be separate from the electric utility. The auditor has confirmed that this is being done. When comparing 2015 to 2016, there was a slight decrease in kilowatt hours from year to year. Operating revenues increased as well as net income, although, net position decreased from the prior year. Kilowatt hours increased approximately 5% from 2006 to 2016. Increase in operating revenues is due to selling of capacity in generators as well as leasing fiber to the telecommunications utility. Operating expenses increased \$9 million from 2006 to 2016 as well as the production of energy cost increased \$9 million as well. Purchased power and transmission costs remained volatile over the past decade, however, a leveling out is beginning to be noticed. From 2006 to 2016, the purchased power increased significantly and the operating expenses remained stable.
 - Waverly Utilities General Manager Darrel Wenzel explained that there were multiple factors that were attributable to the cost increase of purchased power. In 2006, a

federally controlled market for electricity, Midcontinent Independent System Operator (MISO), started. Rates were pretty stable before that time. Before 2006, the price of coal was looked at and factored in. Market structure changed from looking at the price of coal to what the price of electricity is worth. This was a big driver in the purchase power increase. The Municipal Electric Association of Nebraska (MEAN) joined a joint action agency and in anticipation of the market, the MEAN purchased a multiple energy sources with purchased power agreements (PPAs) to help them be more independent and not as subject to the market. Market prices started out at about double the rate. When the recession began in 2008 – 2009, market prices began to decline. These market prices looked better than what MEAN used to buy into steel. The drivers that led to higher prices of purchased power were the market and trying to find protection from the market. The accumulation of these occurring at once drove the wholesale rates dramatically upward. The MEAN Board formed an adhoc committee to take a look at ways to level off the prices. The Board implemented a fixed cost rate structure that insures all fixed costs are covered. They reduced the energy charge to what is paid for energy which is based on a demand charge, also known as fixed cost recovery charge based on a three (3) year load average that we pay an energy cost of just over \$.04. The utility believes that the costs will flatten out. Less sales of kilowatt hours are being seen across the industry which means less market buys and less PPAs. Last year, the Board approved an energy cost adjustment so if the price is set too high it will come back to the consumers through the Energy Cost Adjustment (ECA). MEAN is comprised of 68 members throughout 4 states who banded together to form a larger buying unit. Both the Louisa and the Walter Scott Ford coal plants have had all the latest pollution controls completed. The 68 members also share the debt costs Waverly Utilities is tied with MEAN until 2042. Calculations have not been done for what it would cost to buy out of the membership. The auditors have added this as a footnote in the audit, however, the underwriters do not consider it as an encumbrance. They feel this is an advantage since the risk of the market is shared between all the members, and in addition, the liabilities are not shown in our books. If the utility was not a member of MEAN, they would be paying what actual market costs are. The infrastructure that the telecommunications leases from the electric utility is also utilized by the utility through automatic meter reading (AMR) and SCADA readings.

2. Moved by Kangas, seconded by McKenzie to approve Resolution 17-93, A Resolution directing the advertisement for sale of \$1,500,000 (dollar amount subject to change) General Obligation Bonds, Series 2017A, and approving electronic bidding procedures and official statement.

Motion passed. Yes: 6 No: 0 Absent: 1

3. Moved by Kangas, seconded by Sherer to approve Resolution 17-94, A Resolution directing the advertisement for sale of \$615,000 (dollar amount subject to change) Taxable General Obligation Bonds, Series 2017B, and approving electronic bidding procedures and official statement.

Motion passed. Yes: 6 No: 0 Absent: 1

4. Moved by Reznicek, seconded by Waldstein to approve the purchase of equipment and services from Primex of Plymouth, Minnesota for the Water System iControl Conversion (SCADA Upgrades) for the installation cost of \$14,154.00 and monthly software subscription price of \$170.00.

Motion passed. Yes: 6 No: 0 Absent: 1

5. Moved by Sherer, seconded by Waldstein to approve Resolution 17-95, A Resolution approving the Federal Aviation Administration Grant Agreement for federal assistance for the acquisition and administrative costs to date for the Airport Safety Zone project at the Waverly Municipal Airport.

Motion passed. Yes: 5 No: 1 (Reznicek) Absent: 1

6. Moved by Kangas, seconded by McKenzie to approve the reappointment of Gary Grace, Steve Egli, and Gene Lieb to the Economic Development Commission and the appointment of Linda Hovden and reappointments of Don Meyer and Peter Newell to the Historic Preservation Commission.

Motion passed. Yes: 6 No: 0 Absent: 1

G. Reports from Boards and Commissions

1. Bremer Waverly Law Board Minutes; July 10, 2017; Received into record.
- Council member McKenzie informed the rest of Council that with the law enforcement building beginning to show its age, it is becoming necessary to incur large repair and/or replacement costs for air conditioning and heating. Currently, four (4) air conditioning units are in need of repair. There has been enough budgeted for two (2) of them and there is enough in reserves to cover the other two (2).

H. Staff Comments

- There were none.

I. City Council Comments

- Council members Lampe, Reznicek and Kangas thanked the Heritage Days Committee and commented they felt it was a successful celebration weekend with comments from attendees on the great family friendly events.
- Staff informed Council member Kangas that Bremer Avenue from Caseys west to 20th Street is anticipated to be re-opened August 14. 1st Street West should be re-opened Friday, July 28, and 1st Street SE should re-open July 21. Construction from 1st Street West to 9th Street West will begin soon, and there will be modifications to the traffic controls. 10th Avenue SW will be the official detour and local transportation can route themselves differently if they are able. There will be a meeting on July 26 and property owners are welcome to attend.
- Council member Sherer noted that he was pleased with Heritage Days Committee and their participation with Historic Preservation and the showcasing of historic districts.
- Council member McKenzie suggested that we have Champions Ridge attend the September Study Session to deliver an update on their fundraising.

J. Mayor's Comments

- Mayor Infelt also reflected positively on a successful Heritage Days and was pleased with the presentation of the Historic Districts.

- K. Moved by Kangas, seconded by McKenzie to adjourn. Motion passed and Council meeting adjourned at 7:55 P.M. **Yes: 6 No: 0 Absent: 1**

Charles D. Infelt, Mayor

ATTEST:

Carla Guyer, City Clerk