

Crystal Falls, Michigan

July 12, 2010

A regular meeting of the Council for the City of Crystal Falls was held in the Council Chambers of the City Hall on Monday, July 12, 2010 at 5:00 P.M. Central Time.

Roll Call: Mayor Hendrickson, Councilors Hagglund, Burke, Bicigo, and Smokevitch.

Absent: None

Also Present: City Manager Olson, City Attorney Lawrence, and City Clerk/Treasurer Peltoma.

Mayor Hendrickson led the reciting of the Pledge of Allegiance.

Councilor Smokevitch seconded by Councilor Burke moved that the items on the Consent Agenda be approved as noted below:

1. The minutes of the regular meeting of June 14, 2010, and special meeting of June 22, 2010 as written.
2. The following reports for the month of June 2010:
 - A. Police report, as submitted by Police Chief Robert Sherwin, indicating 116 complaints, of which 4 was closed by arrest, and logging of 1,113 miles on patrol duty.
 - B. Public Works Department activity report as submitted by Foreman Kelly Stankewicz.
 - C. Treasurer's Revenue Report as submitted by City Treasurer Tara Peltoma.
3. Payrolls and disbursements in the amount of \$375,898.69 be approved, and instruct the City Clerk to draw checks on the City Treasury in payment of same.

Ayes: Mayor Hendrickson Councilors Hagglund, Smokevitch, Burke and Bicigo. Nays: None Motion carried.

Crystal View Golf superintendent, Randy Curnow reported expenses have been kept to a minimum and there has been no break down of equipment. Randy thanked the 47 people to date that have volunteered their time at the golf course.

A new engineering firm GEI Consultants was presented by Robb Anderson.

Melvin Miller spoke on the interest of having a "Wall of Honor" and other military honors. He also gave other history ideas that might bring people into our community.

Mayor Hendrickson seconded by Councilor Burke moved to pay Mary Ann Harrington in the amount of \$60 for clerical work out of DDA funds.

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Ayes: Mayor Hendrickson Councilors Hagglund, Smokevitch, Burke and Bicigo. Nays: None Motion carried.

GEI has offered to continue the Sewer project from AECOM. The council decided to stay with AECOM since the project is nearly done. City Manager Olson will keep the Council apprised on the project.

The retaining wall is almost complete and paving of the Crystal View parking lot is scheduled for this Friday if not sooner.

Jeff Sjoquist gave an update on the Water Project Phase II.

Councilor Burke seconded by Councilor Smokevitch moved to approve the pay requests to Woodhull Construction for \$89,891.85; Coleman Engineering for \$17,926.55; City of Crystal Falls for \$2,254.50 for Legal and Advertising as presented for a total of \$110,072.90.

Ayes: Mayor Hendrickson Councilors Hagglund, Smokevitch, Burke and Bicigo. Nays: None Motion carried.

Mayor Hendrickson temporarily adjourned the regular meeting to conduct a public hearing on the "conveyance of City Owned Land. (11/12th Interest in SW ¼ of NW ¼, Sec 21, T43n, R32W)"

Meeting temporarily adjourned at 5:37 pm

PUBLIC HEARING: Conveyance of City Owned Land (11/12th Interest in SW ¼ of NW ¼, Sec 21, T43N, R32W)

Brian Rose questioned why the City would sell the land when the City will only collect \$300 (an agreement with the State of MI mandates that any profit in excess of \$300 will be forwarded to the state if this property is ever sold). Mr. Rose gave permission for the city to continue with the timber sale, but the city opted not to sell the trees. City Manager Olson clarified that the city has not opted not to sell the trees, but the City attorney advises that the title of the property needs to be cleared up. Ed Ross and Brian Rose were gaveled for arguing. City attorney Lawrence stated that the sole purpose of this hearing is to hear comments regarding if the City should sell or lease the land only. Ed Ross commented that the property was purchased by the city for him and there is a lease agreement. He also stated that he had it surveyed and believes that the property has been overcut. Ross believes that the overcut onto this

property is from Brian Rose. William Pfeiffer asked how the city can buy property for public use. City Manager Olson stated that a lease agreement was not executed. All city owned land has to be put on bids, said Manager Olson. Discussion regarding the undivided interest began. Olson reiterated, what it comes down to is should the city sell the land or not. Mr. Ross would like the city to check into the overcut that he believes is from Brian Rose. Dave Graff presented that we cut the timber, evaluate to see if Ross would still consider buying it if there was an easement for Brian Rose. Tena Hendrickson, representing Celebrated Springs, stated that a fence would be put up to protect the property and cutting the property could ruin the water spring. Hendrickson stated that Celebrated Springs would allow jobs to come into the community, and purchasing approximately 150 more acres would increase tax base for the city. Brian Rose commented that the property does not have a spring on it.

Councilor Bicigo would like to see the property annexed. Brian Rose will give permission if he has an easement. Attorney Lawrence described the procedure to annex the property. Mayor Hendrickson stated that anything that the City sells needs to be put out on bids.

Public Hearing closed at 6:11 pm

Regular meeting reconvened at 6:11 pm

Mayor Hendrickson temporarily adjourned the regular meeting to conduct a public hearing on the "Energy Optimization Plan".

Meeting temporarily adjourned at 6:12 pm

PUBLIC HEARING: Energy Optimization Plan

City Clerk/Treasurer Peltoma reported that in October 2008, Public Act 295 became law that requires all customer classes to develop a plan that primarily would help delay the need for construction of new generating plants. Energy savings goals are set for each utility, and annual reports on the progress in meeting these goals must be sent to the Michigan Public Service Commission (MPSC). The 2009 EO report was filed May 28th; the Renewable Energy annual report was filed June 28th. PA 295 also requires that a summary of these reports be sent to all residential customers. This

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information will be sent to customers in August. The plan budget is basically split into 3 different categories-Residential, Business, and Low Income. Residential programs include rebates for Energy Star appliances, lighting, efficient HVAC, CAC Tune-up and Appliance Turn-in. Businesses can get Lighting and Non-Lighting incentives and City of Crystal Falls Low Income customers may qualify for energy specialists to visit the home and conduct an energy assessment where the customer will be provided with educational material and information on local resources regarding energy and utilities. The Energy Specialist will install weatherization material associated with electrical energy reduction, and conduct demonstrations of other energy saving materials. The cost for this is the OP charge that is assessed on the utility bill. Currently residential cost is \$.00146/KWhr and a flat fee of \$3.99/month for commercial. It is estimated that the average electric residential customer is expected to save \$2.92 each month on the Energy Optimization/Efficiency program life. (Based on 500 khws, the charge is \$.73) For the average Michigan residential customer, renewable energy is estimated to avoid \$3.90/month of new coal-fired generation costs.

No public comment.

City Manager Olson commented that customers are acting in a positive way.

Dave Graff commented on how fantastic the program is going.

Public Hearing closed at 6:19 pm

Regular meeting reconvened at 6:19 pm

Mayor Hendrickson seconded by Councilor Bicigo to annex this parcel (SW ¼ of NW ¼ , Sec 21, T43N, R32W) into to the City.

Ayes: Mayor Hendrickson, Councilors Smokevitch, Hagglund and Bicigo. Nays: Councilor Burke Motion Carried.

Mayor Hendrickson seconded by Councilor Hagglund to put out on bids for the sale of City owned land (11/12th interest in SW ¼ NW ¼ , Sec 21, T43N, Sec 21, T43N, RT32W) subject to the successful annexation, pursuant to terms of the ordinance and set a date of Monday, August 9, 2010 for opening of the bids. Bids are due by Friday, August 6th at 3:00pm to clerk's office. Minimum bid is

\$300.

Ayes: Mayor Hendrickson, Councilors Smokevitch, and Burke

Nays: Councilor Bicigo and Hagglund Motion Carried.

No bids were received for the Swimming Raft. The raft will go up for sale for \$1,500.

Councilor Smokevitch seconded by Mayor Hendrickson moved to join the MEUW's regional Safety Management Program with the understanding that the city's cost will not exceed \$10,000.

Ayes: Mayor Hendrickson, Councilors Smokevitch, Burke, Hagglund and Bicigo. Nays: None Motion Carried.

Councilor Smokevitch seconded by Councilor Bicigo moved to raise electric rates effective with billing in July to keep 1% below We Energy's cost to as follows:

UTILITY RATES

Electric Rates (RESIDENTIAL & COMMERCIAL)

Residential:	Facilities Charge	\$12.48/month
	Extra Meter	\$1.00/month
	Energy Charge	\$.1265/kwhr
Commercial:	Facilities Charge	1 Phase: \$30.48/month 3 Phase: \$44.84/month
	Extra Meter	\$1.00/month
	Energy Charge	\$.1308/kwhr
Large Commercial:	Facilities Charge	\$163.00/month
	Demand Charge	\$18.05/kw
On Peak (8am-8pm)	Energy Charge	\$.0669/kwhr
Off Peak (8pm-8am)	Energy Charge	\$.0530/kwhr
Dusk to Dawn	100W	\$12.07 + \$.10/month (OP Charge)
	150W	\$14.54 + \$.15/month (OP Charge)
	250W	\$20.35 + \$.25/month (OP Charge)
MI Energy Optimization Surcharge	RESIDENTIAL	\$.00146/KWhr
MI Energy Optimization Surcharge	COMMERCIAL	\$3.99/month

Ayes: Mayor Hendrickson, Councilors Smokevitch, Burke, and Bicigo. Nays: Hagglund Motion Carried.

Mayor Hendrickson seconded by Councilor Hagglund moved to adopt the following resolution regarding WPPI and to appoint City Manager Olson as voting representative and Dave Graff as an alternate voting representative:

**RESOLUTION OF THE CRYSTAL FALLS CITY COUNCIL
TO JOIN WPPI ENERGY**

WHEREAS, the City of Crystal Falls, Michigan (City) owns and operates an electric utility pursuant to the laws of the State of Michigan, and through such utility distributes and sells electric power and energy at retail within its municipal limits and elsewhere;

WHEREAS, the Wisconsin Legislature has found in Section 66.0825, Wis. Stats. that there is a need in order to ensure the stability and continued viability of municipal electric utilities, including the City's utility, to provide a means by which municipalities that own such utilities may act jointly in all ways possible, including development of coordinated bulk power supply and fuel programs;

WHEREAS, Sec. 66.0825(4), Wis. Stats. provides that any combination of municipalities that operate facilities for the generation or transmission or distribution of electric power and energy may, by contract with each other, establish a separate governmental entity to be known as a municipal electric company to be used by such contracting municipalities to effect joint development of electric energy resources, including the production, distribution and transmission of electric power and energy, in whole or in part for the benefit of the contracting municipalities;

WHEREAS, a number of municipalities that own and operate municipal electric utilities have created a municipal electric company under Sec. 66.0825(4), known as WPPI Energy (WPPI);

WHEREAS, Section 66.0825, Wis. Stats. has been amended to allow membership in WPPI to municipalities and municipal utilities that operate electric utilities in other states in addition to Wisconsin;

WHEREAS, WPPI currently has 41 members and supplies all power to these members;

WHEREAS, the City currently has a Long Term Power Supply Contract for Non-Member Purchasers with WPPI, dated 4/1/2009;

WHEREAS, the City Council of the City of Crystal Falls (City Council) has reviewed the Contract for the Establishment and Operation of WPPI, as amended, (the Contract) and all other matters deemed relevant by the City;

WHEREAS, the City Council has determined that it is in the best interests of the City and its electric ratepayers for the City to apply to join WPPI so that a dependable source of bulk power at reasonable cost may be developed for the City;

NOW, THEREFORE, it is hereby resolved by the City Council that:

1. The City shall formally apply to join WPPI pursuant to Sec. 10.1 of the Contract and Sec. 1.2 of the Bylaws of WPPI.

2. The Mayor and Clerk are authorized and directed to execute on behalf of the City an amendment to the Contract making the City a member of WPPI upon acceptance of the City's application by WPPI and to file such executed amendment with WPPI in accordance with the terms of the Contract and to take all other steps necessary and appropriate to make the City a full member of WPPI.

3. The City agrees to be bound by the terms and conditions of the Contract and all duly enacted bylaws, rules, regulations and orders of WPPI.

4. Dorothea Olson is hereby appointed to be the City's initial Director on the Board of Directors of WPPI, as provided in the Contract. Dave Graff shall be the Alternate Director. Dorothea Olson is to receive and give on behalf of the City any and all notices to and from WPPI required or allowed under the Contract.

Ayes: Mayor Hendrickson, Councilors Smokevitch, Burke, Hagglund and Bicigo. Nays: None Motion Carried.

Councilor Hagglund seconded by Councilor Burke moved to sign the agreement of terms and conditions of the WPPI Contract.

Ayes: Mayor Hendrickson, Councilors Smokevitch, Burke, Hagglund and Bicigo. Nays: None Motion Carried.

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Councilor Smokevitch seconded by Hagglund to authorize Mayor Hendrickson and City Clerk Peltoma to sign membership to WPPI.

Ayes: Mayor Hendrickson, Councilors Smokevitch, Burke, Hagglund and Bicigo. Nays: None Motion Carried.

Councilor Hagglund seconded by Councilor Burke moved to appoint City Manager Olson to vote the candidates for workers comp Board of Trustees.

Ayes: Mayor Hendrickson, Councilors Smokevitch, Burke, Hagglund and Bicigo. Nays: None Motion Carried.

Mayor Hendrickson commented that the Golf Course fees will be charged with no exceptions because it is a municipal golf course and the city can not give away free services.

Councilor Bicigo seconded by Councilor Smokevitch directing City Attorney Lawrence to send a letter to the Men's and Women's golf clubs to tell them that there will be no more free services.

Ayes: Mayor Hendrickson, Councilors Smokevitch, Burke, Hagglund and Bicigo. Nays: None Motion Carried.

Mayor Hendrickson seconded by Councilor Bicigo moved to put a ¼ page ad in the Iron County Visitor Guide for \$745 using the WPPI branding incentive money.

Ayes: Mayor Hendrickson, Councilors Smokevitch, Burke, Hagglund and Bicigo. Nays: None Motion Carried.

Public Hearing for the Budget Hearing will be on August 9th at 4:00 p.m.

Councilor Hagglund seconded by Mayor Hendrickson moved to adjourn this meeting.

Motion carried.

Meeting adjourned at 7:56 p.m.

PRESIDING OFFICER _____

PRESIDING CLERK _____