



**CITY OF MAYER  
REGULAR CITY COUNCIL MEETING  
CITY COUNCIL CHAMBERS  
MONDAY, MARCH 12, 2018  
6:30 PM**

**AGENDA**

- 1. Call Meeting to Order**
- 2. Pledge of Allegiance**
- 3. Approval of Agenda**
- 4. Public Comment (Please limit comments to 5 minutes)**
- 5. Consent Agenda**
  - A. Minutes
    1. February 26, 2018 City Council Minutes
    2. February 26, 2018 City Council Workshop Minutes
    3. February 27, 2018 EDA Minutes
    4. March 6, 2018 City Council/Planning Commission Joint Meeting Minutes
  - B. Claims
- 6. Reports and Recommendations of City Departments, Consultants, Commissions and Committees**
  - A. Administrative
    1. Rate Study – Abdo, Eick and Meyer
    2. Audit – Update
  - B. Engineer
    1. Water Treatment Plant – CIP
  - C. Planning
    1. Text Amendment to amend Title XV: Land Usage, Chapter 152: Zoning, Section 152.058 General Commerce District and Section 152.060 Commercial/Industrial District. – Ordinance 218
- 7. City Council Reports**
- 8. Other Business**
- 9. Upcoming Meetings & Events**

March 13, 2018 – Park Commission Meeting @ 6:30 p.m.  
March 26, 2018 – City Council Meeting @ 6:30 p.m.
- 10. For Your Information**

**11. Administrators 6 Month Review – The Purpose of the closed meeting will be to meet in Closed Session, permitted under Minnesota State Statute 13D.05, subd. 3(a) – for the purpose of conducting the City Administrator’s six month performance review.**

**12. Adjournment**

MAYER CITY COUNCIL MEETING MINUTES – JANUARY 8, 2018

Call Regular meeting to order at 6:30 p.m. by Mayor Dodge

PRESENT: Mayor Dodge, Council Members Butterfield, and McNeilly

ABSENT: Council Members Boder and Stieve-McPadden

STAFF: City Administrator McCallum, WWTF Operator Greg Kluver, Public Works Kuntz, and Deputy Clerk Gildemeister

ALSO PRESENT: Don Wachholz, Ivan Raconteur, Steve McDonald

The meeting was opened with the Pledge of Allegiance.

APPROVE AGENDA

A MOTION was made by Council Member Butterfield with a second by Council Member McNeilly to approve the agenda with the addition, RFP's for City Attorney Meet and Greet List. Motion Carried 3/0

PUBLIC COMMENT

None

APPROVE CONSENT AGENDA

A MOTION was made by Council Member McNeilly with a second by Council Member Butterfield to approve the Consent Agenda. Motion Carried 3/0.

1. Approve Minutes of the February 12, 2018 Regular Council Meeting.
2. Approve Minutes of the February 12, 2018 Council Workshop Meeting.
3. Approve Minutes of the February 20, 2018 Personnel Committee Meeting.
4. Approve Minutes of the February 21, 2018 Special City Council Workshop Meeting.
5. Approve Claims for the Month of February 2018. Check Numbers: 11951-11955, 11962-11975
6. Approve Resolution 2-26-18-9 Gambling Exemption for LIVIN.
7. Acknowledge Public Works Report of activities from January 18<sup>th</sup> to February 22<sup>nd</sup>, 2018.
8. Acknowledge City Administrators Report for the month of February 2018.
9. Acknowledge City Engineers Report for the period December 16, 2017 to January 26<sup>th</sup>, 2018.
10. Approve Resolution 2-26-18-10 Appointment of Captain and Lieutenant on Mayer Fire Department.

*Mayor Dodge offered a public congrats to Dennis Clark for being promoted to Captain and Zachary Stifter for being promoted to Lieutenant within the Mayer Fire Department.*

CITY ADMINISTRATOR

1. **2017 Audit Review-Abdo, Eick, and Meyer** – Steve McDonald of ABDO EICK & MEYERS appeared before the Council to review the 2017 Financial Audit for the City of Mayer along with the Management Letter prepared by their firm which is a summary of the audit.

2. **Approve a Method of Harassment Training for City Employees** –The City Council considered several options for Harassment Training for City employees.

- City Attorney review for City employees and Council at an hourly rate of \$154.00 per hour.
- League of Minnesota Cities In-persons training session for 15-25 persons at \$450.00 per session.
- League of Minnesota Cities On-line option at a rate of \$15.00 per person.
- Minnesota Safety Council In-persons training session at a rate of \$20.00 per person.

The Personnel Committee recommended the in-person training session with the League of Minnesota Cities and suggested a joint session with surrounding communities to share costs.

A MOTION to approve an In-person training session with the League of Minnesota Cities at \$450.00 per session for City employees including Fire Department was made by Council Member Butterfield and seconded by Council Member McNeilly. Motion carried 3/0

3. **Approve Court Data Services Subscriber Amendment to CJDN Subscriber Agreement**– After some discussion, Council asked Staff to bring in City Attorney at a future Council Meeting for explanation and clarification on amendment. No Motion/No Action taken.
4. **Approve List of RFP’s for City Attorney** – City Administrator requested approval of three RFP’s for City Attorney; Kennedy & Graven Chartered, Ratwik Roszak & Maloney P.A., and Melchert Hubert Sjodin, for a Meet and Greet with the Council. A MOTION to approve the list of RFP’s for City Attorney for a Meet and Greet was made by Council Member Butterfield and seconded by Council Member McNeilly. Motion carried 2/1  
*Mayor Dodge a nay.*

#### CONTRACT WASTE WATER OPERATOR

**Presentation of WWTF Annual Report** – Greg Kluver presented to the Council his 2017 annual operation report for the Mayer Waste Water Treatment Facility. Some points of interests are; the WWTF will be receiving its 17<sup>th</sup> award from the MPCA at the annual Waste Water Operators Conference in March 2018, the Sewer Budget for 2017 was \$234,778 and the actual year end budget amount came in at \$210,043, the 2017 flows were 54.62 MG compared to 55.30 MG in 2016, the 2017 Bio Solids Disposal was 261,000 gallons compared to 211,500 gallons in 2016, the 2017 Annual removal rate for Total Suspended Solids was 99%.

Council stated that they appreciate the thorough report and thanked Mr. Kluver for his service.

#### PUBLIC WORKS

1. **Approve Purchase of a new KSB 20HP Pump for Sanitary Lift Station #1** –The lift station is outfitted with two 20HP pumps that pump all of the City’s wastewater 1.5 miles to the Waste Water Treatment Facility. During the yearly service checks it was found that pump #2 had more significant issues than pump #1 which was replaced last year. The propeller in pump #2 has significant ware and tare which results in poor pumping rates overall. City Staff is requesting approval to purchase a new KSB 20HP pump for sanitary lift station #1 from Quality Flow Systems in the amount of \$15,440.00.  
A MOTION to approve the purchase of a new KSB 20HP pump for sanitary lift station #1 from Quality Flow Systems in the amount of \$15,440.00 was made by Council Member McNeilly and seconded by Council Member Butterfield. Motion carried 3/0

#### COUNCIL REPORTS

- Council Member McNeilly gave an update on W-M Community Education Kids Company program held at the Mayer Community Center. She stated that enrollment is down and to spread the word so that the program can continue to be run out of the Mayer Community Center. She also, stated that W-M school district is planning to move K-4 grades to make way for a Community Center.
- Mayor Dodge gave an update on the Personnel Committee meeting and stated that topics of discussion were the annual leave conversions, staff benefits, and the City Administrators six month review at the next Council meeting.

#### OTHER BUSINESS

- Council would like to have a discussion on adding an additional Staff vehicle for the Fire Department.

- A Joint Council and Planning Commission Meeting is to be held on March 6<sup>th</sup>, 2018 to discuss the City's Dog Ordinance.

FOR YOUR INFORMATION

ADJOURN

There being no further business, a MOTION was made by Council Member McNeilly and seconded by Council Member Butterfield to adjourn the meeting at 7:36 p.m. Motion Carried 3/0

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Mike Dodge, Mayor

Attest: \_\_\_\_\_  
Janell Gildemeister, Deputy City Clerk

MAYER CITY COUNCIL WORK SESSION MINUTES – FEBRUARY 26, 2018

Call Work Session to order at 7:38 p.m. by Mayor Dodge.

PRESENT: Mayor Dodge, Council Members Butterfield, and McNeilly

ABSENT: Council Member Boder and Stieve-McPadden

STAFF: City Administrator McCallum and Deputy Clerk Gildemeister

ALSO PRESENT: Steve McDonald, Don Waccholz, and Ivan Raconteur

1. **Discussion on Enterprise Funds with Abdo Eick & Meyer** - Steve McDonald CPA with Abdo Eick & Meyer, presented a proposal for a rate study to the Council. The scope of the services to be provided for the Utility Rate Study includes the evaluation of Wastewater, Water and Storm Sewer operational, and infrastructure expenditures. The goal of the evaluation will be to evaluate the current rate structure based on existing debt and future projects that are outlined in the City's Capital Improvement Plan.
2. **Discussion on Audio/Visual Proposal** - Council reviewed a proposal for audio-visual service from Tierney. The proposal is to replace existing camera, camera controller, and recorder. After review of the proposal, Council and Staff agreed to look for a less expensive alternative. Staff will research and acquire new bids.

MEETING ADJOURNED

There being no further business, the work session was adjourned at 7:38 p.m.

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Mike Dodge, Mayor

Attest: \_\_\_\_\_  
Janell Gildemeister, Deputy City Clerk

**CITY OF MAYER**  
**ECONOMIC DEVELOPMENT AUTHORITY MEETING**  
**Minutes**  
**February 27, 2018**

Members Present: Scott Wakefield, Thomas Stifter, Tim Duckworth, and Nikki McNeilly.

Members Absent: Tice Steive-McPadden.

Staff Present: Margaret McCallum, City Administrator

Others Present: Zach Stifter, Todd Johnson and John Anderson.

The meeting was called to order at 6:31 PM.

**Approval of Agenda**

A motion by Commissioner Wakefield and seconded by Commissioner Stifter to approve the agenda. Motion carried 4/0.

**Approval of the Minutes**

Approval of the December 7, 2017 minutes will occur at the next meeting.

**Community Video**

The EDA, Zach Stifter and Todd Johnson discussed the Community Video and its progress. They focused on community winter video shots that they would like to get before the snow melted.

**Website Update**

McCallum informed that the new website went live. She asked the EDA to take a look and provide any comments or suggestions.

**Ribbon Cutting Event**

- A. Casey's General Store
- B. Crazi Coffee

The EDA asked staff to send out an email to confirm a date on a weekend that would work for the EDA and the managers of the two businesses to do a "ribbon cutting event".

**Comprehensive Plan – Economic Development Chapter Review**

City Planner, John Anderson, reviewed the Economic Development Chapter with the EDA. He asked for opinions and comments. The EDA provided some long-term and short-term goals with an emphasis on supporting industrial and commercial growth.

**Business Update**

None.

**Other Business**

McCallum said that she had a meeting scheduled with a representative from "Open for Business" and a representative for Carver County Community Development Agency.

**Adjournment**

A motion by Commissioner Stifter and seconded by Commissioner Duckworth to adjourn the meeting at 7:46 PM. Motion carried 4/0.

**City of Mayer**  
**Joint Planning Commission & City Council Meeting**  
Meeting Minutes  
Tuesday, March 6, 2018

**Commission Members Present:** Chairperson Tom Stifter, and Commissioners Barney Johnson, Les Hahn, Patty Lanting, Rod Maetzold, Don Wachholz and Council Liaison Erick Boder.

**Commission Members Absent:** Les Hahn.

**Council Members Present:** Liz Butterfield, Tice Stieve-McPadden, and Erick Boder.

**Council Members Absent:** Nikki McNielly and Mike Dodge.

**Others Present:** Resident, Ron Zimmermann.

**Staff Present:** Planning Consultant John Anderson of Municipal Development Group, LLC, and City Administrator, Margaret McCallum.

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**CALL MEETING TO ORDER.**

Meeting called to order at 6:30 PM by Chairperson Stifter.

**ADOPT AGENDA.**

A motion to approve the agenda was made and seconded. Motion carried 6/0 (Planning Commission).

**NUMBER OF ALLOWED ANIMALS (DOGS AND CATS).**

McCallum informed that a resident recently asked the city, because of unique personal circumstances, if they would be allowed to have four dogs; possibly only temporarily. She informed that the code currently only allows for 3 adults animals (cats and dogs) per code definition. McCallum informed that the Council wanted to have a discussion on this item as to how to proceed with this request. McCallum informed that the number allowed varies per city and that some cities allow an extra adult animal per City Council approval.

Anderson stated that the code allows for three adult animals and asked the Commission and Council if it should be changed to four. Anderson did acknowledge that some cities do circumstantial approvals by the City Council, but that this would require criteria to be established to base facts on. Anderson stated that it would be more straightforward to increase the number allowed. Anderson said that some cities regulate the based on the size of animals.

Lanting asked if the code regulated per person or dwelling.

Anderson stated that the current code states “person” and that the language should be cleaned up to say “dwelling”.

Johnson asked if the City Council going allow for a temporary exemption from the code for unique circumstances.

Butterfield agreed with giving some sort of exemption instead of increasing the number of adult animals allowed.

Anderson asked the Commission and Council on how they wanted to address the number of animals per dwelling.

Stieve-McPadden stated that allowing 4 dogs per each dwelling in a townhome situation would be a lot; totaling 8.

Anderson stated that the process of giving exemptions has to be done carefully by setting criteria that makes sense. He said the cases can't just arbitrarily be passed. He said that the City has to be careful on liability issues.

Butterfield suggested doing a temporary exemption with a time limit per City Council approval.

Anderson said this could be done, but asked what the criteria would be.

Lanting said that the combinations of cats and dogs can be very different from property to property. She stated that four dogs is very different than two cats and two dogs.

Anderson stated that many larger cities regulate based on size, but that it can be difficult for smaller communities.

Butterfield referenced a city in which the City Council passed a permanent exemption from the code for a property in which they were allowed exemption to the number for the specific animals that they had. She said that they could not replace or add animals.

Stieve-McPadden stated that she liked that idea.

The Commission/Council discussed townhomes and multi-family dwellings.

Anderson suggested having language that allowed 3 adult animals in a "detached unit/dwelling" and allow detached dwellings an exemption per City Council approval. Anderson asked the Commission and Council the number they would feel comfortable going up to per Council approval.

Butterfield stated five.

Anderson informed that based on the discussion at the meeting, staff would draft language and run it by the City Attorney for review.

**TEXT AMENDMENT TO TITLE XV: LAND USAGE, CHAPTER 152: ZONING, SECTION 152.058 GENERAL COMMERCE DISTRICT AND SECTION 152.060 COMMERCIAL/INDUSTRIAL DISTRICT.**

McCallum said that the request for an ordinance amendment to these districts was sent to the Council for approval and that the Council sent it back for additional clarification centered around sexual oriented businesses within both districts.

Anderson informed that the purpose of the recommended ordinance changes was to add more uses to the districts and to make it less vague with regards to uses. He informed that sexual-oriented businesses are allowed in the C-1 as a permitted accessory use and as a conditional use. He said that it is also allowed in the Commercial/Industrial District.

Anderson explained that per state statute, a city cannot zone out sexual oriented businesses, but that they can determine the districts that they are allowed and with what conditions. Anderson reviewed the section of the code that regulates these types of businesses; stating that it is quite detailed. Anderson informed that it can be taken out of the C-1 district and strictly allowed only in the Commercial/Industrial District.

Butterfield asked if staff could look into distance regulations as well from schools, churches, and residential areas.

Anderson agreed that staff could look into that.

**ACTION IS REQUIRED FOR A TEXT AMENDMENT TO TITLE XV: LAND USAGE, CHAPTER 152: ZONING, SECTION 152.003 DEFINITIONS, SECTION 152.026 DRIVEWAY, PARKING AREA, AND HARD SURFACE IMPROVEMENTS.**

McCallum informed that staff and Council have been receiving complaints about residents parking vehicles and various recreational vehicles on the grass on their properties. Council directed the Planning Commission to review the code, as it was very vague about parking regulations.

Butterfield stated that she took 30 pictures in 3 of the city's neighborhoods who had been parking on the grass. She said that she would like to see the neighborhoods looking nice.

Boder said that it is a hard issue to deal with blight in the community and asked for a discussion on how to handle it.

Butterfield said that residents need to store larger items off site.

The Commission/Council discussed standards that they would like to see with regards to parking on properties. For example, what should be stored off site, what and where things can be parked on site. They also discussed standards for surfacing.

The consensus was to have the Planning Commission continue with this topic moving forward.

**ADJOURNMENT.**

A motion was made by Commissioner Johnson and seconded by Commissioner Wachholz to adjourn the meeting at 8:05 PM. Motion carried 6/0.

MAYER, MN

03/09/18 1:54 PM

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Payments

Current Period: March 2018

Batch Name	3/12/18PAY	User Dollar Amt	\$50,789.01	
	Payments	Computer Dollar Amt	\$50,789.01	
			\$0.00	<b>In Balance</b>
Refer	11982 FRONTIER	<u>Ck# 004826E 3/18/2018</u>		
Cash Payment	E 620-49410-321 Telephone	WTP		\$79.98
Invoice	2/22/2018			
Transaction Date	2/26/2018	Security Bank	10100	<b>Total</b> \$79.98
Refer	11983 FRONTIER	<u>Ck# 004827E 3/12/2018</u>		
Cash Payment	E 640-49480-321 Telephone	WWTF		\$215.77
Invoice	2/16/2018			
Transaction Date	2/26/2018	Security Bank	10100	<b>Total</b> \$215.77
Refer	11984 VERIZON WIRELESS	-		
Cash Payment	E 640-49470-321 Telephone	OSH DIALER		\$14.35
Invoice	9801656244 2/13/2018			
Transaction Date	2/26/2018	Security Bank	10100	<b>Total</b> \$14.35
Refer	11985 XCEL ENERGY	<u>Ck# 004828E 3/5/2018</u>		
Cash Payment	E 100-43160-381 Electric Utilities	CITY STREET LIGHTS		\$1,868.69
Invoice	579277793 2/5/2018			
Transaction Date	2/26/2018	Security Bank	10100	<b>Total</b> \$1,868.69
Refer	11986 XCEL ENERGY	<u>Ck# 004829E 3/16/2018</u>		
Cash Payment	E 640-49480-381 Electric Utilities	WWTP		\$2,331.89
Invoice	581101182 2/19/2018			
Cash Payment	E 100-42280-381 Electric Utilities	FD		\$135.17
Invoice	581101182 2/19/2018			
Cash Payment	E 620-49410-381 Electric Utilities	WELL #2		\$709.96
Invoice	581101182 2/19/2018			
Cash Payment	E 100-41940-381 Electric Utilities	CITY HALL		\$572.08
Invoice	581101182 2/19/2018			
Cash Payment	E 640-49470-381 Electric Utilities	OSH LIFT STATION		\$481.86
Invoice	581101182 2/19/2018			
Cash Payment	E 620-49410-381 Electric Utilities	WATER TOWER		\$215.95
Invoice	581101182 2/19/2018			
Cash Payment	E 100-43700-381 Electric Utilities	P/W		\$193.74
Invoice	581101182 2/19/2018			
Cash Payment	E 620-49410-381 Electric Utilities	WTP		\$1,154.64
Invoice	581101182 2/19/2018			
Cash Payment	E 640-49470-381 Electric Utilities	RED BARN LIFT		\$26.61
Invoice	581101182 2/19/2018			
Cash Payment	E 100-43160-381 Electric Utilities	OSH CONCESS		\$11.87
Invoice	581101182 2/19/2018			
Cash Payment	E 100-43160-381 Electric Utilities	ASH AVE STREET LIGHTS		\$17.70
Invoice	581101182 2/19/2018			
Transaction Date	2/26/2018	Security Bank	10100	<b>Total</b> \$5,851.47
Refer	11987 PEAK HEATING AND COOLING	-		
Cash Payment	E 100-41940-400 Repairs & Maint Cont	REPLACED INDUCER MOTOR CITY HALL ROOF		\$657.00
Invoice	16575 2/22/2018			

**MAYER, MN**

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**Payments**

**Current Period: March 2018**

<b>Cash Payment</b>	E 100-41940-400 Repairs & Maint Cont	RTU FUSE REPLACED			\$136.80
Invoice	16634	3/8/2018			
Transaction Date	2/26/2018	Security Bank	10100	<b>Total</b>	\$793.80
Refer	11991 SECURITY BANK	Ck# 021428	3/1/2018		
<b>Cash Payment</b>	E 100-42280-600 Debt Srv Principal	FD TAX EXMEPTED LEASE			\$3,840.42
Invoice		3/1/2018			
<b>Cash Payment</b>	E 100-42280-601 Debt Srv Interest	FD TAX EXMEPTED LEASE			\$313.58
Invoice		3/1/2018			
Transaction Date	3/1/2018	Security Bank	10100	<b>Total</b>	\$4,154.00
Refer	12010 BUREAU OF CRIMINAL AFFAIRS	Ck# 021429	3/8/2018		
<b>Cash Payment</b>	E 100-42200-300 Professional Svcs	BACKGROUND CHECK-ERIC MENTH			\$15.00
Invoice		2/28/2018			
Transaction Date	3/8/2018	Security Bank	10100	<b>Total</b>	\$15.00
Refer	12020 FREMONT INDUSTRIES, INC	-			
<b>Cash Payment</b>	E 640-49480-216 Chemicals and Chem Pr	COAGULANT WWTF			\$972.00
Invoice	2018-18122-00	2/23/2018			
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	\$972.00
Refer	12021 CARVER COUNTY	-			
<b>Cash Payment</b>	E 100-42100-430 Miscellaneous (GENERA	LIQUOR LICENSE BACKGROUD CK/KNUCKLEHEADS & HELDTS BAR			\$200.00
Invoice	SHERI003008	2/26/2018			
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	\$200.00
Refer	12022 GREATER MN COMMUNICATIONS	-			
<b>Cash Payment</b>	E 100-42280-210 Operating Supplies	FD NAME TAGS			\$130.56
Invoice	14861	1/18/2018			
<b>Cash Payment</b>	E 100-43100-210 Operating Supplies	P/W DECALS			\$68.00
Invoice	15141	2/26/2018			
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	\$198.56
Refer	12023 DAWN CLEMENSEN	-			
<b>Cash Payment</b>	E 100-41940-300 Professional Svcs	COMM CTR CLEANING SERVICES FOR FEBRUARY 2018			\$375.00
Invoice	3-1-2018	3/1/2018			
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	\$375.00
Refer	12026 CARVERLINK	-			
<b>Cash Payment</b>	E 100-41000-321 Telephone	CITY HALL			\$50.00
Invoice	1956	3/8/2018			
<b>Cash Payment</b>	E 100-42280-321 Telephone	FD			\$50.00
Invoice	1956	3/8/2018			
<b>Cash Payment</b>	E 640-49480-321 Telephone	WWTF			\$50.00
Invoice	1956	3/8/2018			
<b>Cash Payment</b>	E 620-49410-321 Telephone	WTP			\$50.00
Invoice	1956	3/8/2018			
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	\$200.00
Refer	12027 TECHSTAR IT SOLUTIONS	-			
<b>Cash Payment</b>	E 100-41920-312 Software Support	IT SERVICE			\$322.00
Invoice	7688	3/5/2018			

Payments

Current Period: March 2018

Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	<b>\$322.00</b>
Refer	12028 <i>BOLTON MENK INC</i>	-			
Cash Payment	E 100-41000-303 Engineering Fees				\$3,403.50
Invoice	214661 2/28/2018				
Cash Payment	E 100-41000-303 Engineering Fees				\$118.00
Invoice	214662 2/28/2018				
Cash Payment	E 100-41000-303 Engineering Fees				\$61.00
Invoice	214666 2/28/2018				
Cash Payment	E 100-41000-303 Engineering Fees				\$256.00
Invoice	214666 2/28/2018				
Cash Payment	E 100-41000-303 Engineering Fees				\$118.00
Invoice	214667 2/28/2018				
Cash Payment	G 800-20201 Coldwater Crossing				\$82.00
Invoice	214669 2/28/2018				
Cash Payment	G 800-20202 Hidden Creek				\$328.00
Invoice	214670 2/28/2018				
Cash Payment	E 100-41000-303 Engineering Fees				\$328.00
Invoice	214671 2/28/2018				
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	<b>\$4,694.50</b>
Refer	12029 <i>DOODLES LOCK &amp; KEY INC</i>	-			
Cash Payment	E 100-41940-400 Repairs & Maint Cont				\$146.00
Invoice	214670 2/28/2018				
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	<b>\$146.00</b>
Refer	12030 <i>CENTERPOINT ENERGY</i>	<u>Ck# 004845E 3/28/2018</u>			
Cash Payment	E 100-41940-383 Gas Utilities				\$1,128.01
Invoice	214671 2/28/2018				
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	<b>\$1,128.01</b>
Refer	12031 <i>CENTERPOINT ENERGY</i>	<u>Ck# 004846E 3/28/2018</u>			
Cash Payment	E 100-42280-383 Gas Utilities				\$582.14
Invoice	214672 2/28/2018				
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	<b>\$582.14</b>
Refer	12032 <i>CENTERPOINT ENERGY</i>	<u>Ck# 004847E 3/28/2018</u>			
Cash Payment	E 100-43700-383 Gas Utilities				\$181.81
Invoice	214673 2/28/2018				
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	<b>\$181.81</b>
Refer	12033 <i>CENTERPOINT ENERGY</i>	<u>Ck# 004848E 3/28/2018</u>			
Cash Payment	E 640-49480-383 Gas Utilities				\$1,711.73
Invoice	214674 2/28/2018				
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	<b>\$1,711.73</b>
Refer	12034 <i>CENTERPOINT ENERGY</i>	<u>Ck# 004849E 3/28/2018</u>			
Cash Payment	E 620-49410-383 Gas Utilities				\$153.66
Invoice	214675 2/28/2018				
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	<b>\$153.66</b>
Refer	12035 <i>WIDMER CONSTRUCTION LLC</i>	-			
Cash Payment	E 100-43125-300 Professional Srvs				\$7,760.00
Invoice	4426 2/28/2018				

Payments

Current Period: March 2018

Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	<b>\$7,760.00</b>
Refer	12036 VERIZON WIRELESS	Ck# 004850E	3/16/2018		
Cash Payment	E 640-49480-321 Telephone	P/W			\$14.18
Invoice	9802149035	2/21/2018			
Cash Payment	E 620-49410-321 Telephone	P/W			\$14.18
Invoice	9802149035	2/21/2018			
Cash Payment	E 100-43100-321 Telephone	P/W			\$14.20
Invoice	9802149035	2/21/2018			
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	<b>\$42.56</b>
Refer	12037 VERIZON WIRELESS	Ck# 004851E	3/15/2018		
Cash Payment	E 100-42280-321 Telephone	FD			\$41.23
Invoice	9802063444	2/20/2018			
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	<b>\$41.23</b>
Refer	12038 FRONTIER	-			
Cash Payment	E 100-43700-321 Telephone	P/W			\$235.12
Invoice		3/1/2018			
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	<b>\$235.12</b>
Refer	12039 AEM FINANCIAL SOLUTIONS LLC	-			
Cash Payment	E 100-41000-301 Auditing and Acct g Servi	BANK RECONCILLIATION SERVICES			\$3,117.25
Invoice	395039	3/1/2018			
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	<b>\$3,117.25</b>
Refer	12040 ABDO EICK & MEYERS LLP	-			
Cash Payment	E 100-41000-301 Auditing and Acct g Servi	CERT AUDIT SERVICE EOY 2017			\$14,616.57
Invoice	395455	2/28/2018			
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	<b>\$14,616.57</b>
Refer	12041 MAYER LUMBER CO INC	-			
Cash Payment	E 100-43700-580 New Equipment	CIRC SAW KIT			\$219.99
Invoice	153776	2/8/2018			
Cash Payment	E 100-43700-400 Repairs & Maint Cont	MISC SUPPLIES			\$39.96
Invoice	153834	2/9/2018			
Cash Payment	E 100-43700-400 Repairs & Maint Cont	KILZ PRIMER			\$17.99
Invoice	153882	2/12/2018			
Cash Payment	E 100-43700-580 New Equipment	OSCIL MULTI TOOL,SEALANT, BLADE			\$223.93
Invoice	153941	2/14/2018			
Cash Payment	E 640-49480-404 Repairs/Maint Machinery	WHT SIL CAULK 4			\$31.16
Invoice	153964	2/15/2018			
Cash Payment	E 640-49480-404 Repairs/Maint Machinery	LAZER LEVEL RNTL			\$45.00
Invoice	153975	2/15/2018			
Cash Payment	E 100-41940-400 Repairs & Maint Cont	PVC PLUG FOR DRAIN			\$6.98
Invoice	154033	2/16/2018			
Cash Payment	E 100-41940-400 Repairs & Maint Cont	DRAIN CLNR RNTL			\$40.00
Invoice	154044	2/16/2018			
Transaction Date	3/9/2018	Security Bank	10100	<b>Total</b>	<b>\$625.01</b>
Refer	12042 MELCHERT HUBERT SJODIN, PLL	-			
Cash Payment	E 100-41000-304 Legal Fees	LIQUOR LIC, ANNUAL AUDITOR LETTER			\$277.20
Invoice	137075	2/28/2018			

Payments

Current Period: March 2018

Cash Payment	E 650-49500-304 Legal Fees	WETLAND RESTORATION	\$215.60
Invoice	137076	2/28/2018	
Transaction Date	3/9/2018	Security Bank 10100	<b>Total</b> \$492.80

Fund Summary

	10100 Security Bank	
100 GENERAL FUND		\$41,890.49
620 WATER FUND		\$2,378.37
640 SEWER FUND		\$5,894.55
650 STORM WATER FUND		\$215.60
800 ESCROW FUND		\$410.00
		<u>\$50,789.01</u>

Pre-Written Checks	\$16,026.05
Checks to be Generated by the Computer	\$34,762.96
Total	<u>\$50,789.01</u>

# MAYER, MN

03/09/18 1:56 PM

Page 1

## Payments

Current Period: February 2018

Batch Name	2/28/18 PAY					
Payment		Computer Dollar Amt	\$9,128.82	Posted		
Refer	11998 <i>KLUVER CONSULTING LLC</i>			<u>Ck# 021373 2/15/2018</u>		
Cash Payment	E 640-49480-300 Professional Svcs			WWTF SERVICES 1/16-31/18		\$900.00
	Invoice 2-18					
Transaction Date	3/5/2018	Due 0	Security Bank	10100	<b>Total</b>	<b>\$900.00</b>
Refer	11999 <i>PREFERRED ONE INS CO</i>			<u>Ck# 021374 2/21/2018</u>		
Cash Payment	G 100-21706 Hospitalization/Medical Ins			EMPLOYEE BENEFITS		\$2,924.90
	Invoice 180170003604					
Transaction Date	3/5/2018	Due 0	Security Bank	10100	<b>Total</b>	<b>\$2,924.90</b>
Refer	12000 <i>KLUVER CONSULTING LLC</i>			<u>Ck# 021401 3/8/2018</u>		
Cash Payment	E 640-49480-300 Professional Svcs			WWTF SERVICE CONTRACT 2/1-15/2018		\$900.00
	Invoice 3-18					
Transaction Date	3/5/2018	Due 0	Security Bank	10100	<b>Total</b>	<b>\$900.00</b>
Refer	12001 <i>MOBIL - EXXON/MOBIL</i>			<u>Ck# 021402 2/15/2018</u>		
Cash Payment	E 100-43100-212 Motor Fuels			P/W		\$69.18
	Invoice 905634					
Cash Payment	E 100-43100-212 Motor Fuels			P/W		\$38.29
	Invoice 906585					
Cash Payment	E 100-43100-212 Motor Fuels			P/W		\$84.59
	Invoice 815658					
Cash Payment	E 100-43100-212 Motor Fuels			P/W		\$34.31
	Invoice 920136					
Cash Payment	E 100-43100-212 Motor Fuels					\$40.22
	Invoice					
Cash Payment	E 100-43100-212 Motor Fuels			P/W		\$74.39
	Invoice 921366					
Cash Payment	E 100-43100-212 Motor Fuels					\$75.06
	Invoice					
Cash Payment	E 100-43100-212 Motor Fuels			P/W		\$17.63
	Invoice 922439					
Cash Payment	E 100-42260-212 Motor Fuels			FD		\$94.43
	Invoice 935468					
Cash Payment	E 100-42260-212 Motor Fuels			FD		\$65.82
	Invoice 935475					
Cash Payment	E 100-43100-212 Motor Fuels					\$38.92
	Invoice					
Transaction Date	3/5/2018	Due 0	Security Bank	10100	<b>Total</b>	<b>\$632.84</b>
Refer	12002 <i>TECHSTAR IT SOLUTIONS</i>			<u>Ck# 021403 2/20/2018</u>		
Cash Payment	E 100-41920-312 Software Support			PHONE & INTERNET SERVICES		\$322.00
	Invoice 7533					
Transaction Date	3/5/2018	Due 0	Security Bank	10100	<b>Total</b>	<b>\$322.00</b>
Refer	12003 <i>INTERNAL REVENUE SERVICE</i>			<u>Ck# 021404 2/20/2018</u>		
Cash Payment	G 100-21701 Federal Withholding			41-1444213, TAX PERIOD SEPT 30, 2017		\$389.73
	Invoice CP128					

Payments

Current Period: February 2018

Transaction Date	3/5/2018	Due 0	Security Bank	10100	<b>Total</b>	<b>\$389.73</b>
Refer	12004	VISA			<u>Ck# 021405 2/21/2018</u>	
Cash Payment	E 100-41000-433	Dues and Subscriptions	ADOBE ACROBAT MONTHLY FEE			\$6.99
		Invoice				
Cash Payment	E 620-49440-322	Postage	WATER SAMPLES			\$32.15
		Invoice				
Cash Payment	E 100-41000-200	Office Supplies	1099TAX FORMS FOR 2017			\$40.85
		Invoice				
Cash Payment	E 640-49490-400	Repairs & Maint Cont	REINFORCED FILLER PAPER			\$4.49
		Invoice				
Cash Payment	E 100-41000-200	Office Supplies	PACKAGING TAPE			\$10.98
		Invoice				
Cash Payment	E 100-41400-208	Training and Instruction	MMCI YR 2 TRAINING			\$445.00
		Invoice				
Cash Payment	E 100-41400-208	Training and Instruction	2018 MCFOA ANNUAL CONFERENCE/REQUIRED			\$275.00
		Invoice				
Cash Payment	E 620-49440-208	Training and Instruction	KYLE & BRENT RWA ANNUAL TRAINING			\$460.00
		Invoice				
Cash Payment	E 100-41000-322	Postage	4 ROLLS OF STAMPS			\$200.00
		Invoice				
Transaction Date	3/5/2018	Due 0	Security Bank	10100	<b>Total</b>	<b>\$1,475.46</b>
Refer	12005	MN LIFE INSURANCE CO			<u>Ck# 021406 2/21/2018</u>	
Cash Payment	G 100-21708	Life/Disability	EMPLOYEE BENEFITS			\$41.00
		Invoice 80450043				
Transaction Date	3/5/2018	Due 0	Security Bank	10100	<b>Total</b>	<b>\$41.00</b>
Refer	12006	PREFERRED ONE INS CO			<u>Ck# 021407 3/8/2018</u>	
Cash Payment	G 100-21706	Hospitalization/Medical Ins	EMPLOYEE BENEFITS			\$402.71
		Invoice 180470003447				
Transaction Date	3/5/2018	Due 0	Security Bank	10100	<b>Total</b>	<b>\$402.71</b>
Refer	12007	DELTA DENTAL OF MINNESOTA			<u>Ck# 021408 3/8/2018</u>	
Cash Payment	G 100-21707	Dental	EMPLOYEE BENEFITS			\$186.80
		Invoice 7199325				
Transaction Date	3/5/2018	Due 0	Security Bank	10100	<b>Total</b>	<b>\$186.80</b>
Refer	12008	KLUVER CONSULTING LLC			<u>Ck# 021409 3/8/2018</u>	
Cash Payment	E 640-49480-300	Professional Svcs	WWTF SERVICE 2/16-28/18			\$900.00
		Invoice 4-18				
Transaction Date	3/5/2018	Due 0	Security Bank	10100	<b>Total</b>	<b>\$900.00</b>
Refer	12009	COLLINS, ZACH			<u>Ck# 021427 3/8/2018</u>	
Cash Payment	R 620-49440-37110	Water Use Charge	1798 SUNRISE CIR			\$35.58
		Invoice				
Cash Payment	R 640-49490-37210	Sewer Use Charge	1798 SUNRISE CIR			\$17.80
		Invoice				
Transaction Date	3/5/2018	Due 0	Security Bank	10100	<b>Total</b>	<b>\$53.38</b>

Payments

Current Period: February 2018

Fund Summary

	10100 Security Bank	
640 SEWER FUND		\$2,722.29
620 WATER FUND		\$527.73
100 GENERAL FUND		\$5,878.80
		<hr/>
		\$9,128.82

Pre-Written Checks		\$9,128.82
Checks to be Generated by the Computer		\$0.00
		<hr/>
Total		\$9,128.82

# Proposal

## City of Mayer

Mayer, Minnesota

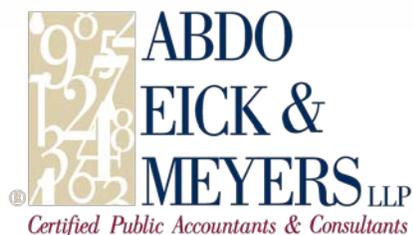
Submitted  
January 17, 2018

## ABDO, EICK & MEYERS, LLP

*Certified Public Accountants & Consultants*

Grandview Square  
5201 Eden Avenue, Suite 250  
Edina, Minnesota 55436  
952.835.9090

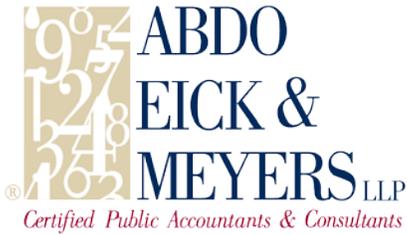
Contact Person  
Steven R. McDonald, CPA  
952.715.3002  
steven.mcdonald@aemcpas.com



People  
+ Process.  
Going  
Beyond the  
Numbers

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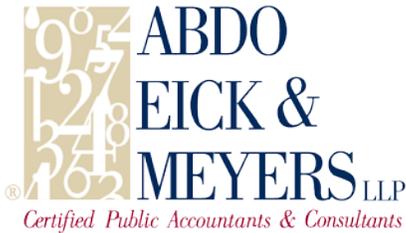
## LETTER OF TRANSMITTAL

We are pleased to submit our proposal to the City of Mayer (the City) and are confident the City will find Abdo, Eick & Meyers, LLP (AEM) to have the experience and expertise to exceed your expectations.

The primary contact for this engagement will be Steve McDonald, CPA. Steve McDonald's contact information is listed below.

Steve McDonald, CPA  
5201 Eden Ave  
Suite 250  
Edina, MN 55436  
steven.mcdonald@aemcpass.com  
952.715.3002

In the event the City selects AEM proposal, AEM is prepared to enter into an agreement with the City to provide services outlined in the proposal.



## EXECUTIVE SUMMARY

Margaret McCallum  
City of Mayer  
413 Bluejay Avenue  
Mayer, Minnesota 55360

Dear Margaret,

Abdo, Eick & Meyers, LLP, (AEM) is pleased to offer this proposal to the City of Mayer (the City) for a Utility Rate Study.

The Scope of Services to be provided for the Utility Rate Study includes the evaluation of Wastewater, Water and Storm Sewer operational and infrastructure expenditures - both current and projected to determine the impact of future rate adjustments on the users of the system. As part of this rate study we will provide rate options for Council review and input.

The goal of this evaluation will be to evaluate the current rate structure based on existing debt and future projects that are outlined in the City's Capital Improvement Plan. These services are outlined in detail in the remainder of this document. Services will be conducted by an on-site visit and interviews, phone conversations and information provided by the City to AEM.

The Utility Rate Study will begin within 2 weeks of execution of this document. It is estimated we would have draft documents for review within 45 days.

The investment by the City for the Utility Rate Study as outlined in the financial section is \$8,000.

AEM would like to thank the City for the opportunity to partner with you on this project. We look forward to exceeding your expectations and continuing our long-term, mutually beneficial relationship.

Sincerely,

Abdo, Eick & Meyers, LLP  
*Certified Public Accountants & Consultants*

Steven R. McDonald, CPA  
Managing Partner

# Welcome to ABDO, EICK & MEYERS, LLP

*“The investments into our People and Process make a difference for you, our valued client. We focus on the challenges and needs that are relevant to your business or government agency. This allows us to be thoughtful in our approach in providing you with the best solutions, and leaves you assured in the value of our deliverable.”*

Steve McDonald - Managing Partner



**People  
+ Process<sup>®</sup>**  
**Going  
Beyond the  
Numbers**

## People

### Hire

We focus recruiting efforts on Minnesota state colleges and universities. Innovative recruiting strategies, including a strong social media presence, allow us to attract top talent.

### Train

We've invested in a state-of-the-art, on-site training facility and a full-time Learning Director to ensure our team is prepared to exceed your expectations.

### Reward

We focus on client results and reward our team based on specific goals, not hours billed.



## Process

### Listen

Our process begins with listening. We invest time to better understand your goals and challenges.

### Engage

Active engagement with DFK International and domestic industry associations allows us to provide maximum value to your organization.

### Deliver

Combining our internal expertise and technological resources with what we've learned about you allows us to deliver a solution that exceeds your expectations.



**Going Beyond the Numbers**

## **FIRM QUALIFICATIONS AND EXPERIENCE**

Abdo, Eick & Meyers, LLP (the Firm) has a professional staff of more than 160 in its Edina and Mankato offices. The two offices serve clients of all sizes and industries, but 25 percent of our business is dedicated to serving the municipal industry. Our Firm's ability to serve you is evidenced by our significant governmental client base and the capabilities of our personnel. The following summarizes the type of governmental services we provide:

### **Governmental Client Base**

Our governmental client base is composed of cities, municipalities and other public entities. They are as follows:

- Audit services for approximately 100 cities.
  - 19 municipal clients receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- Finance director services for approximately 18 cities.
  - 3 municipal clients receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- Audit services for approximately 63 fire relief organizations.
- Audit services for approximately 40 school districts and charter schools.
- Audit services for the State of Minnesota Public Employees Retirement Association, Office of the Legislative Auditor and the Minnesota House of Representatives.
- Audit services for EDA's and HRA's.

The audit will be performed by our Edina office, including field supervision and review.

Audit services are provided on an annual basis for a total of approximately 200 clients including cities, school districts, fire relief organizations, city owned utilities, the State of Minnesota Office of the Legislative Auditor, the Minnesota House of Representatives and stand-alone EDA's and HRA's.

### **Personnel**

Our firm has committed a substantial component of our staff to governmental services. The following table shows the number of our professional staff dedicated governmental services by position within the firm.

## **APPROACH**

### **Utility Rate Study Process**

- Gather input from City Management
- Review and analyze current operational expenses
- Review and analyze current and potential future debt obligations
- Review and analyze future infrastructure improvements
- Develop projection of future operational and infrastructure costs
- Provide rate structure analysis to fund operations, debt and infrastructure needs
- Provide alternative rate structures for review
- Review and discuss outcomes with City Management and City Council

### **City Expectations**

As part of the Utility Rate Study, the City agrees to:

- Devote uninterrupted time to working with us as needed
- Make candid representations about your plans and expectations
- Make all management decisions and perform all management functions
- Provide the 2017 budget
- Provide information on future capital improvements
- Provide an individual responsible to review and accept our work

### **Unanticipated Services**

While the fixed price entitles the City to unlimited consultation with us, if your question or issue requires additional research and analysis beyond the consultation, the work will be subject to an additional price, payment terms, and scope to be agreed upon before the service is performed and a change order will be issued to document this understanding.

Furthermore the parties agree that if an unanticipated need arises (training to different groups, researching a new issue, etc.) we hereby agree to perform this additional work at a mutually agreed upon price. This service will be priced separately to the City, using a change order.

### **Service Guarantee**

Our work is guaranteed to the complete satisfaction of the customer. If you are not completely satisfied with the services performed by AEM, we will, at the option of the City, either refund the price or accept a portion of said price that reflects the City's level of value received. Upon payment of each of your scheduled payments, we will judge you have been satisfied.

### **Price Guarantee**

Furthermore, if you ever receive an invoice without first authorizing the service, payment terms, and price, you are not obligated to pay for that service.

## **APPROACH - CONTINUED**

### **City Financial Investment**

Total investment by the City for the Utility Rate Study \$8,000

#### Payment Schedule

Contract execution 50% of contract price

Project completion Remaining 50% of contract price

### **Quality Assurance**

Quality is critical the success and integrity of this project. Our internal processes ensure that all work is reviewed and approved prior to moving to the next phase of a project. Our processes require that work is reviewed by a staff member at a higher level than the person that completed it and ultimately the work is signed off on by the AEM Partner/CEO.

### **Conclusion**

Throughout this process we will be in constant communication with the City team to ensure their needs are being met. By utilizing our operational experience as well as our knowledge of governmental accounting, our 50 plus years of experience providing services to Minnesota municipalities and our knowledge of regulations in the State of Minnesota we will provide the City information and recommendations for financial processes. We are excited about this opportunity and the benefits the City will recognize as this process evaluation is finalized.

## **SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES**

We have long-term relationships with many cities in Minnesota and have provided a sample of references of those we have completed a process evaluation, mapping services, strategic planning, capital planning and other large projects. Additional references are available upon request.

### **City of New Hope**

Kirk McDonald | 763.531.5112  
Engagement Partner - Steve McDonald

### **City of Clearwater**

Kevin Kress | 320.558.2428  
Engagement President - Jean McGann

### **City of Dayton**

Tina Goodroad | 763.427.4589  
Engagement Partner - Steve McDonald

### **City of Oak Grove**

Loren Wickham | 763.404.7075  
Engagement Partner - Steve McDonald

# Appendix A

# PROPOSER WARRANTIES

## Proposer Warranties

1. Proposer warrants that it is willing and able to comply with State of Minnesota laws with respect to foreign (non-State of Minnesota) corporations.
2. Proposer warrants that it is willing and able to obtain an "errors and omissions" insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
3. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Mayer.
4. Proposer warrants that all information provided in this proposal is true and accurate.

Signature of  
Official:



Name (typed):

Steven R. McDonald, CPA

Title:

Managing Partner

Firm:

Abdo, Eick & Meyers, LLP

Date:

January 17, 2018

## Appendix B

**AGREEMENT FOR THE PROVISION OF PROFESSIONAL SERVICES**

**CITY OF MAYER, MINNESOTA**

WHEREFORE, this Agreement was entered into on the date set forth below and the undersigned, by execution hereof, represent that they are authorized to enter into this Agreement on behalf of the respective parties and state that this Agreement has been read by them and that the undersigned understand and fully agree to each, all and every provision hereof, and hereby, acknowledge receipt of a copy hereof.

City of Mayer  
413 Bluejay Avenue  
Mayer, Minnesota 55360

Name \_\_\_\_\_

Title \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Abdo ,Eick & Meyers, LLP  
5201 Eden Ave. Suite 250  
Edina, Minnesota 55436

Name \_\_\_\_\_

Title \_\_\_\_\_ Managing Partner

Date \_\_\_\_\_ January 17, 2018

## Appendix C

# Sewer and Water Rate Study

City of Sample  
City, Minnesota

Date  
Sample

CITY OF SAMPLE, MINNESOTA  
SEWER AND WATER RATE STUDY  
TABLE OF CONTENTS  
Date

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Sample

**INTRODUCTORY SECTION**

CITY OF SAMPLE  
CITY, MINNESOTA

Sample

CITY OF SAMPLE, MINNESOTA  
SEWER AND WATER RATE STUDY

Date

**I. INTRODUCTION**

The City of Sample, Minnesota (the City) owns and operates Sewer and Water and Water utilities. These services are provided to roughly 728 residential and commercial customers. The City estimates new connections as outlined on the assumptions page. Since the annual increased connections are already allocated to existing debt, the City will need to rely primarily on rate increases in order to fund increased operating costs and future capital needs.

This rate study analyzes the cash flows of the Sewer and Water utilities and Sewer and Water access charge funds of the City. Sources and uses of cash are projected for the years ending December 31, 2016 to December 31, 2025. The study uses the current number and type of accounts to project future revenue at a suggested rate for each of the utility funds, each year.

Annual capital costs are projected separately for each of the funds for the projection period. The City has an updated capital improvement plan that goes from 2016 to 2025.

The financial projection is based on billings at the current rate inflated (current state) and billings increased over a 10 year period sufficient to generate positive cash flow. Expense assumptions are outlined in the assumptions section on the following page and present, to the best of management's knowledge and belief, the City's expected results of cash flows for the projection period if such uses of cash occur. Accordingly, the projection reflects management's judgment, as of the date of this projection, of the expected conditions and the City's expected course of action if such usage and expense totals were attained. The presentation is designed to provide information to the City Council concerning recovery of expenses that might be achieved if rates were adjusted and should not be considered to be a presentation of expected future results. Accordingly, this projection may not be useful for other purposes. The assumptions disclosed herein are those that management believes are significant to the projection. Furthermore, there will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected and those differences may be material.

Sample

CITY OF SAMPLE, MINNESOTA  
SEWER AND WATER RATE STUDY

Date

## II. ASSUMPTIONS

### Water Fund

- Water fees assume a base fee of \$6.50 and \$2.83 per thousand gallons inflated 3 percent annually.
- The City assumes the rate structure will be modified to no longer have first 4,000 gallons unbilled.
- Charges for services includes an assumed \$6.50/month flat fee on 260 availability properties; annual revenue starting at approximately \$20,280. This fee will increase at the same rate as the system fee increases.
- Assumed a \$200,000 surplus transfer from the general fund for the 2016 results.
- Operating expense inflation is assumed to be 5%
- Certain expenditures are expected to increase at greater rates due to the expected increase in users.
- New connections are estimated at 100 per year based on projections. All connection revenue transferred to other funds for existing debt service.
- Planned acquisition of capital assets is taken from the City CIP plan. Major purchases are offset with bond proceeds and future debt payments. The South water tower was assumed to happen in 2023.
- Inter-fund loan payments received from other funds set on City schedule over 7 years.
- **Target cash reserve will be set at 100% of following year's debt service and 50% of following years operating expenses. Based on the assumptions above, the cash balance will be about \$50,000 less than target and operating cash will not generate enough surplus to cover debt by about \$300,000 annually.**

### Sewer Fund

- Sewer fees assume a base fee of \$9.50 and \$4.15 per thousand gallons inflated 3 percent annually.
- Charges for services includes an assumed \$9.50/month flat fee on 260 availability properties; annual revenue starting at approximately \$29,640. This fee will increase at the same rate as the system fee increases.
- Operating expense inflation is assumed to be 5% and MCES charges are assumed to also increase due to new connections.
- New connections are estimated at 100 per year based on projections. All connection revenue transferred to other funds for existing debt service.
- Planned acquisition of capital assets is taken from the City CIP plan. Major purchases are offset with bond proceeds and future debt payments. It should be noted that the bond amount will need to be \$750,000 in 2017 or 2018.
- Inter-fund loan payments received from other funds set on City schedule over 7 years.
- **Target cash reserve will be set at 100% of following year's debt service and 50% of following years operating expenses. Based on the assumptions above, the cash balance will be about \$60,000 less than target and several years result in cash deficits at year end.**

CITY OF SAMPLE, MINNESOTA  
SEWER AND WATER RATE STUDY  
March 22, 2017

**II. ASSUMPTIONS - CONTINUED**

**A schedule of the current customer base and projected new connections through 2026 is listed below:**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Annual increase in users</b>		100	100	100	100	100	100	100	100	100
<b>Total customers</b>										
Commercial and industrial	738	838	938	1,038	1,138	1,238	1,338	1,438	1,538	1,638
Availability	260	260	260	260	260	260	260	260	260	260
<b>Area and access charges</b>										
<b>Rate</b>										
Water area fee per unit	\$ 1,504	\$ 1,504	\$ 1,504	\$ 1,504	\$ 1,504	\$ 1,504	\$ 1,504	\$ 1,504	\$ 1,504	\$ 1,504
Water access charge per unit	1,943	1,943	1,943	1,943	1,943	1,943	1,943	1,943	1,943	1,943
Sewer area fee per unit	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625
Sewer access charge per unit	665	665	665	665	665	665	665	665	665	665
<b>Revenue - Access and area</b>										
Water	344,000	344,000	344,000	344,000	344,000	344,000	344,000	344,000	344,000	344,000
Sewer	229,000	229,000	229,000	229,000	229,000	229,000	229,000	229,000	229,000	229,000

**A schedule of the planned capital projects are listed below.**

The assumption is that the City will be doing these projects at some point during the projection period. So whether they are deferred to later years or occur as scheduled the projection assumes that we will be matching rate increases to total CIP costs amortized over 20 years. There are no projects scheduled for 2024-2026 so those columns are not presented.

	2017	2018	2019	2020	2021	2022	2023
<b>Water</b>							
1 Ton with hoist and plow package	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
South Dayton Water System- Construction	-	-	-	-	-	-	5,500,000
Water Connection to Otsego	500,000	-	-	-	-	-	-
GIS Software	-	17,500	-	-	-	-	-
Northwest Well	-	-	-	-	1,250,000	-	-
Northeast Well	-	-	-	-	-	-	1,250,000
Northwest Tower	-	-	-	-	2,500,000	-	-
<b>Total Water Fund Capital</b>	<b>\$ 535,000</b>	<b>\$ 17,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,750,000</b>	<b>\$ -</b>	<b>\$ 6,750,000</b>
Average annual cost over a 15 year period	\$ 552,625						
<b>Sewer</b>							
Trunk Sanitary Sewer - Rush Creek Parkway to Sundance Golf Course	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
*Trunk Sanitary Sewer - Sundance Golf Course to 117th Ave W French	-	-	-	-	-	-	-
Lake Road - Brockton to south limit of Liberty site	-	-	-	-	-	-	-
1 Ton with Hoist and plow package	35,000	-	-	-	-	-	-
GIS Software	-	17,500	-	-	-	-	-
Jec Vac Truck	-	-	300,000	-	-	-	-
<b>Total Water Fund Capital</b>	<b>\$ 335,000</b>	<b>\$ 17,500</b>	<b>\$ 300,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Average annual cost over a 15 year period	\$ 32,625						

CITY OF SAMPLE, MINNESOTA  
SEWER AND WATER RATE STUDY  
Date

**III. SEWER AND WATER RATE STUDY**

**Water utilities operating fund**

*Goal*

- Water Operating fund to maintain a targeted cash balance. Targeted cash balance for the fund refers to the following years' debt service obligations well as 50 percent of estimated operating costs. Since bonding is intended to fund projects, there isn't an amount built in for depreciation recovery.

**Rates**

A summary of the current rates and proposed rates are listed below. As mentioned above, by limiting the increase in the first year and allowing minor inflationary amounts in subsequent years, the cash flow will not achieve the target by the end of the projection. Council will need to review rates annually and will need to make larger increases if the capital plan is implemented.

		Current state	Proposed Rates									
			2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Water	Proposed increase on rates		3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
	Increase due to fee structure change		15%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Monthly bill based on 4,000 gallons	\$ 14.20	\$ 17.82	\$ 18.35	\$ 18.91	\$ 19.47	\$ 20.06	\$ 20.66	\$ 21.28	\$ 21.92	\$ 22.57	\$ 23.25
	Monthly \$ increase for a 4,000 gallon user	\$	3.62	0.53	0.55	0.57	0.58	0.60	0.62	0.64	0.66	0.68
	Annual \$ increase for an average 4,000 gallon user	\$	43.44	6.42	6.61	6.81	7.01	7.22	7.44	7.66	7.89	8.13
	Residential and commercial											
	Base fee	14.20	6.50	6.70	6.90	7.10	7.32	7.54	7.76	7.99	8.23	8.48
	Per 1,000 - 0 to 4,999 gallons	-	2.83	2.91	3.00	3.09	3.19	3.28	3.38	3.48	3.58	3.69
	Per 1,000 - 5,000 gallons and above	2.44	3.13	3.22	3.32	3.42	3.52	3.63	3.74	3.85	3.96	4.08
	Availability		6.50	6.70	6.90	7.10	7.32	7.54	7.76	7.99	8.23	8.48

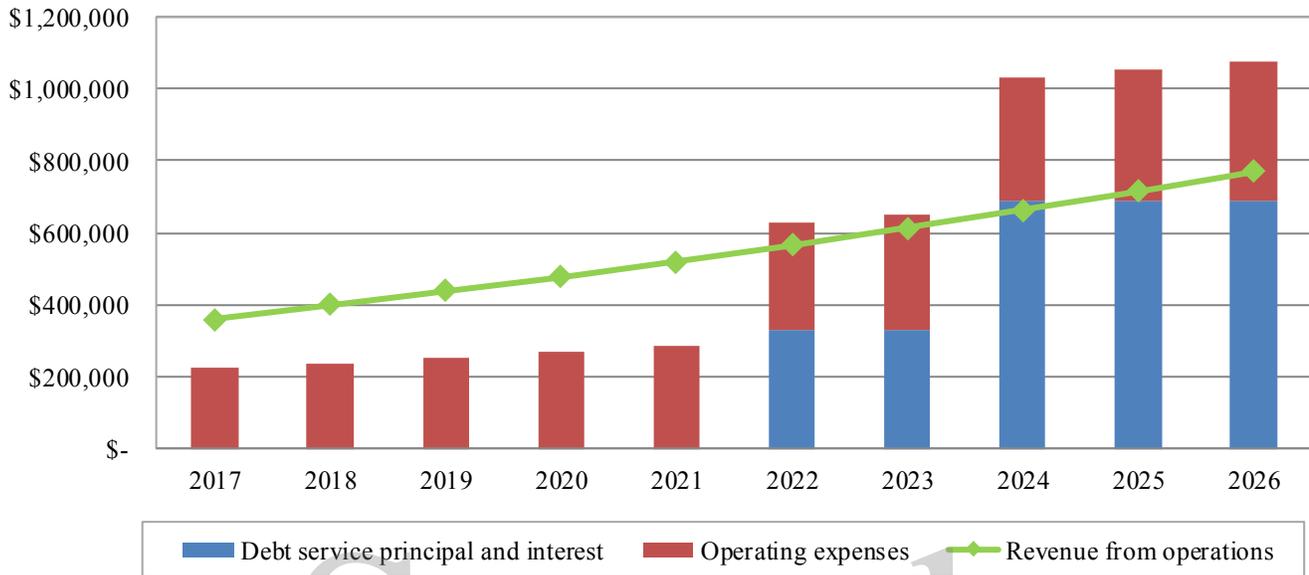
The table below summarizes comparable communities. Currently Sample has water rates reasonably close to the comparable communities but the rate increase needed to fund planned operations will result in Sample's rate being higher than the cities below. To gain perspective, it may be helpful in future studies to look at more cities in the metro area with similar growth patterns as Sample. As mentioned above, this rate is necessary to start funding planned capital needs over the next ten years since connection fees have been earmarked for pre-existing debt but this increase will not result in cash flow to cover assumed bond principal and interest at the end of the projection.

City	Monthly Bill
Otsego	\$ 11.86
Rogers	\$ 7.16
Champlin	\$ 10.95
Ramsey	\$ 12.85
City - Current	\$ 14.20
City - Proposed	\$ 17.82

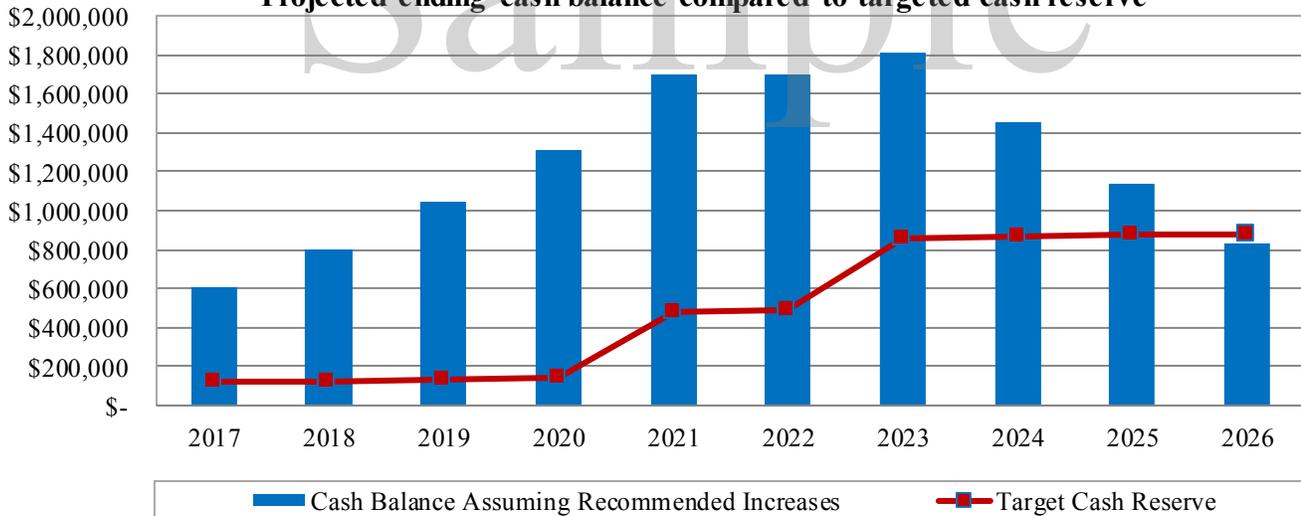
III. SEWER AND WATER RATE STUDY - CONTINUED

Water utilities operating fund - Continued

Revenue from proposed rates compared with debt and operating expense



Projected ending cash balance compared to targeted cash reserve



CITY OF SAMPLE, MINNESOTA  
SEWER AND WATER RATE STUDY  
Date

**III. SEWER AND WATER RATE STUDY - CONTINUED**

**Sewer utilities operating fund**

*Goal*

- The Sewer Operating fund to maintain a targeted cash balance. Targeted cash balance for the fund refers to the following years' debt service obligations well as 50 percent of estimated operating costs. Since bonding is intended to fund projects, there isn't an amount built in for depreciation recovery.

**Rates**

A summary of the current rates and proposed rates are listed below. The proposed change includes starting the usage charge at initial usage. The usage charge was maintained at the current rate. The proposed fee structure also includes a basic inflationary increase through the life of the projection period for both the base fee and usage fee. There is a period from 2019 to 2023 where the cash has a deficit and is below the targeted cash reserve by about \$400,000 but the City could defer the annual payment on the inter-fund loan owed to the Water and General funds that total about \$85,000 annually during that period. Another option would be to increase the rate increase after the first year.

	Current state	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Sewer Proposed increase		3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Increase due to fee structure change		80%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Monthly bill based on 4,000 gallons	\$ 14.20	\$ 26.10	\$ 26.88	\$ 27.69	\$ 28.52	\$ 29.38	\$ 30.26	\$ 31.16	\$ 32.10	\$ 33.06	\$ 34.05
Monthly \$ increase for a 4,000 gallon user	\$	\$ 11.90	\$ 0.78	\$ 0.81	\$ 0.83	\$ 0.86	\$ 0.88	\$ 0.91	\$ 0.93	\$ 0.96	\$ 0.99
Annual \$ increase for an average 4,000 gallon user	\$	\$ 142.80	\$ 9.40	\$ 9.68	\$ 9.97	\$ 10.27	\$ 10.58	\$ 10.89	\$ 11.22	\$ 11.56	\$ 11.90
Residential and commercial											
Base fee	14.20	9.50	9.79	10.08	10.38	10.69	11.01	11.34	11.68	12.03	12.40
Per 1,000 - 0 to 4,999 gallons	-	4.15	4.27	4.40	4.53	4.67	4.81	4.96	5.10	5.26	5.41
Per 1,000 - 5,000 gallons and above	4.01	4.15	4.27	4.40	4.53	4.67	4.81	4.96	5.10	5.26	5.41
Availability		9.50	9.79	10.08	10.38	10.69	11.01	11.34	11.68	12.03	12.40

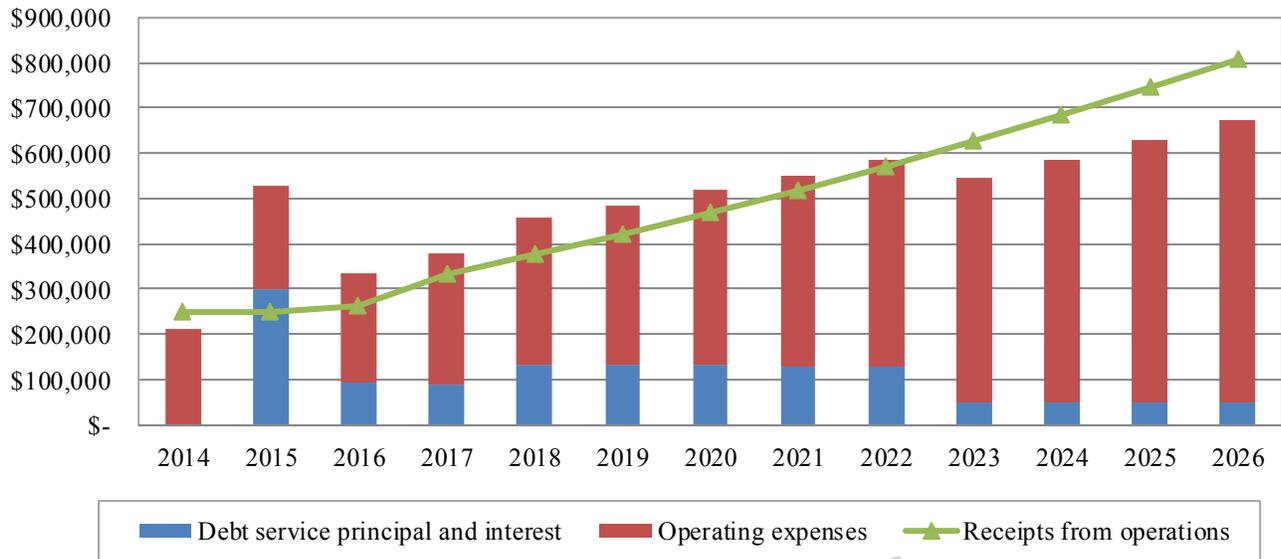
The table below summarizes comparable communities. Currently Sample has water rates less than most comparable communities. The rate increase needed to fund planned operations will result in Sample's rate being above most comparable cities but still reasonably close to the highest. As mentioned above, this rate is necessary to fund current debt commitments over the next ten years since connection fees have been earmarked for pre-existing debt.

City	Monthly Bill
Otsego	\$ 19.83
Rogers	\$ 14.95
Champlin	\$ 25.23
Ramsey	\$ 24.10
City - Current	\$ 14.20
City - Proposed	\$ 26.10

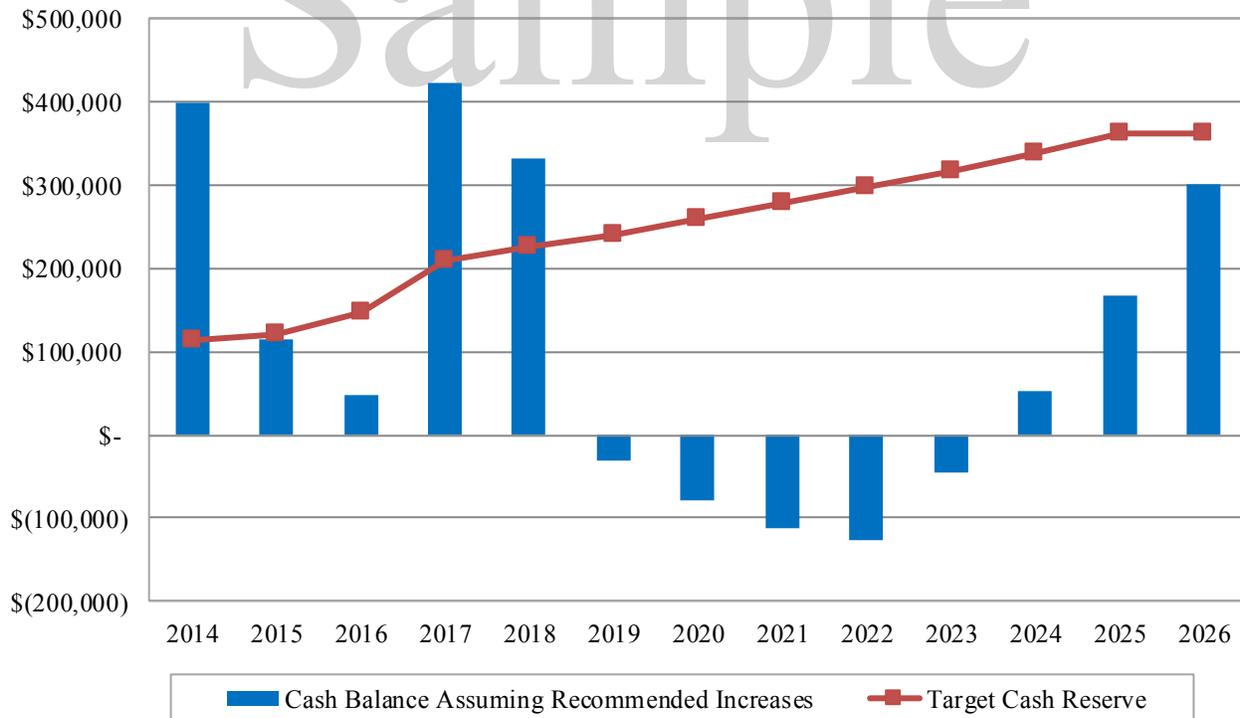
III. SEWER AND WATER RATE STUDY - CONTINUED

Sewer utilities operating fund

Revenue from proposed rates compared with debt and operating expense



Projected ending cash balance compared to targeted cash reserve



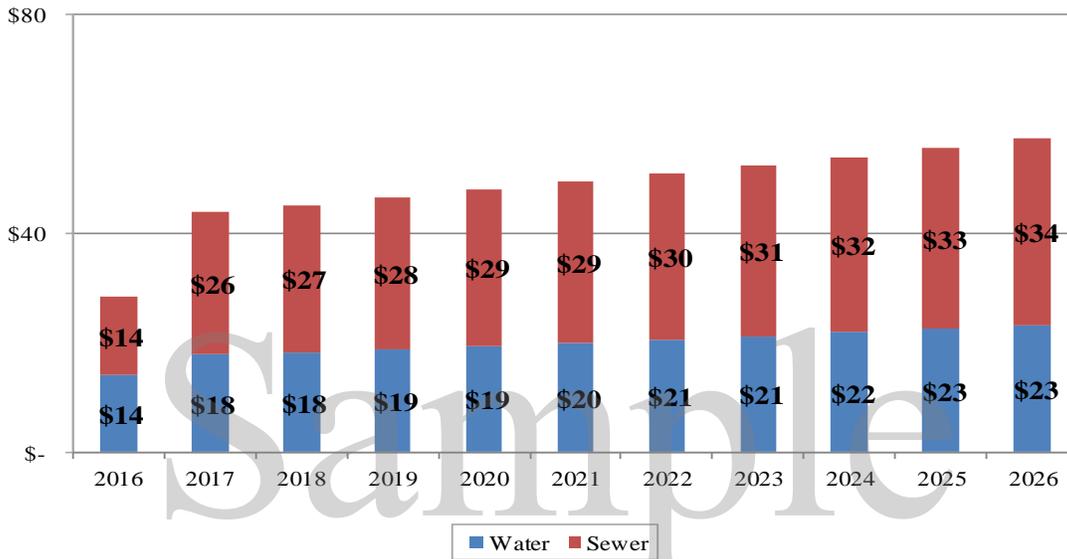
CITY OF SAMPLE, MINNESOTA  
SEWER AND WATER RATE STUDY

Date

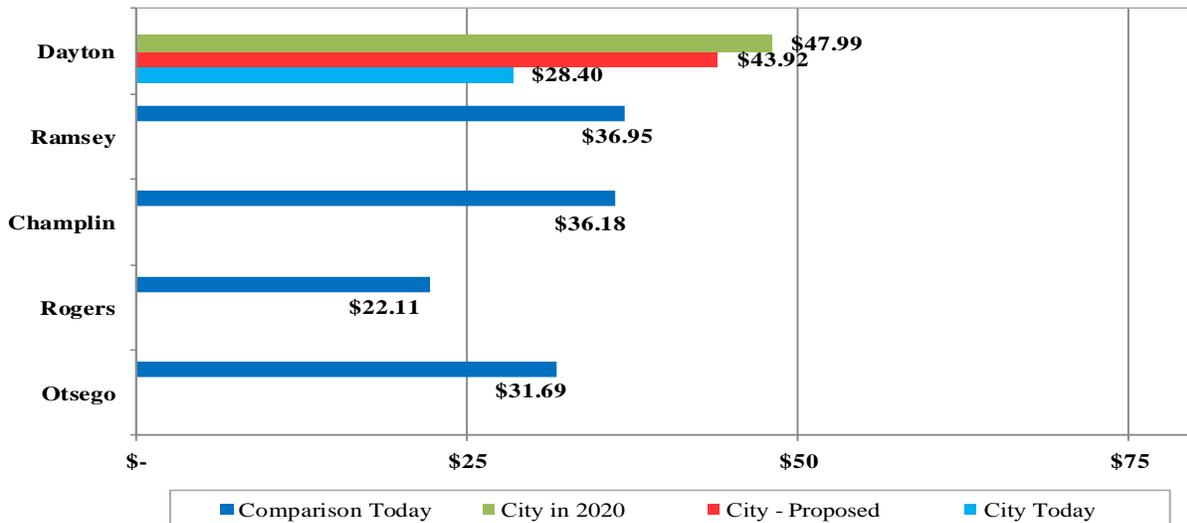
**Summary**

As evidenced in the discussion above, maintaining the current structure, even if inflationary increases are done, is not an option. Based on current total rates for water and sewer, it appears the City is very competitive with similar communities but in order to build sufficient working capital, the City will need to increase rates beyond the comparison group. We do recommend the City implement the change in billing structure where the usage fee applies for the initial usage and also implement the first scenario for the water fund and the one scenario for the sewer fund. Additionally, the rate increases implemented in the first year do help get the City started improving the cash position but the City will need to consider more significant increases in future years in order to hit an adequate working capital target.

**Projected Total Residential Monthly Utility Bill Under Recommendations (Average 4,000 gallons)**



**Monthly Utility Bill Using Current Rates at 4,000 gallons**



**SUPPLEMENTARY INFORMATION**

CITY OF SAMPLE  
CITY, MINNESOTA

Sample

CITY OF SAMPLE, MINNESOTA  
WATER FUND  
CASH FLOW PROJECTIONS  
FOR THE YEARS ENDING DECEMBER 31, 2016 THROUGH 2026

	RATE STUDY PROJECTIONS										
	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024	Estimated 2025	Estimated 2026
PROJECTED RATE INCREASE											
USAGE RATES		3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
FIXED		3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts from customers and users	\$ 311,708	\$ 359,577	\$ 399,773	\$ 437,591	\$ 477,529	\$ 519,696	\$ 566,555	\$ 613,548	\$ 663,152	\$ 715,506	\$ 770,763
Payments to suppliers/service providers	(125,060)	(124,655)	(133,522)	(143,098)	(153,441)	(164,621)	(176,711)	(189,790)	(203,949)	(219,282)	(235,897)
Payments to employees	(54,780)	(98,300)	(103,215)	(108,376)	(113,794)	(119,484)	(125,458)	(131,731)	(138,318)	(145,234)	(152,496)
Net cash from operating activities	131,868	136,622	163,036	186,117	210,294	235,591	264,386	292,027	320,885	350,990	382,370
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES											
Transfers out	(344,400)	(344,000)	(344,000)	(344,000)	(344,000)	(344,000)	(344,000)	(344,000)	(344,000)	(344,000)	(344,000)
Transfers in	-	200,000	-	-	-	-	-	-	-	-	-
Advance to other funds	50,757	48,000	47,143	46,286	45,429	44,571	43,714	-	-	-	-
Net cash from noncapital financing activities	(293,643)	(96,000)	(296,857)	(297,714)	(298,571)	(299,429)	(300,286)	(344,000)	(344,000)	(344,000)	(344,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES											
Acquisition of capital assets	-	(535,000)	(17,500)	-	-	(3,750,000)	-	(6,750,000)	-	-	-
Connection fees received	344,400	344,000	344,000	344,000	344,000	344,000	344,000	344,000	344,000	344,000	344,000
Proceeds of bonds issued	-	-	-	-	-	3,850,000	-	6,875,000	-	-	-
Principal paid on long-term debt	-	-	-	-	-	-	(199,650)	(204,642)	(429,960)	(440,709)	(451,727)
Interest paid on long-term debt	-	-	-	-	-	-	(127,500)	(122,509)	(258,018)	(247,269)	(236,251)
Net cash from capital and related financing activities	344,400	(191,000)	326,500	344,000	344,000	444,000	16,850	141,849	(343,978)	(343,978)	(343,978)
CASH FLOWS FROM INVESTING ACTIVITIES											
Investment earnings and other activity	7,360	7,500	6,043	8,030	10,435	13,096	17,029	17,009	18,078	14,587	-
NET INCREASE (DECREASE)											
IN CASH AND CASH EQUIVALENTS	189,985	(142,878)	198,722	240,433	266,158	393,258	(2,021)	106,885	(349,015)	(322,401)	(305,608)
CASH AND CASH EQUIVALENTS, JANUARY 1	557,211	747,196	604,318	803,040	1,043,473	1,309,632	1,702,890	1,700,869	1,807,753	1,458,738	1,136,337
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 747,196</b>	<b>\$ 604,318</b>	<b>\$ 803,040</b>	<b>\$ 1,043,473</b>	<b>\$ 1,309,632</b>	<b>\$ 1,702,890</b>	<b>\$ 1,700,869</b>	<b>\$ 1,807,753</b>	<b>\$ 1,458,738</b>	<b>\$ 1,136,337</b>	<b>\$ 830,730</b>
TARGET CASH RESERVE	\$ 111,478	\$ 118,369	\$ 125,737	\$ 133,618	\$ 142,053	\$ 478,235	\$ 487,912	\$ 859,112	\$ 870,236	\$ 882,175	\$ 882,175
CASH IN EXCESS OF RESERVE	\$ 635,719	\$ 485,950	\$ 677,303	\$ 909,856	\$ 1,167,579	\$ 1,224,655	\$ 1,212,957	\$ 948,642	\$ 588,502	\$ 254,163	\$ -
Average monthly bill (4,000 gallons)	\$ 14.20	\$ 17.82	\$ 18.35	\$ 18.91	\$ 19.47	\$ 20.06	\$ 20.66	\$ 21.28	\$ 21.92	\$ 22.57	\$ 23.25
Average percentage increase		20%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Average monthly dollar increase		\$ 3.62	\$ 0.53	\$ 0.55	\$ 0.57	\$ 0.58	\$ 0.60	\$ 0.62	\$ 0.64	\$ 0.66	\$ 0.68
Average annual dollar increase		\$ 43.44	\$ 6.42	\$ 6.61	\$ 6.81	\$ 7.01	\$ 7.22	\$ 7.44	\$ 7.66	\$ 7.89	\$ 8.13

CITY OF SAMPLE, MINNESOTA  
SEWER FUND  
CASH FLOW PROJECTIONS  
FOR THE YEARS ENDING DECEMBER 31, 2016 THROUGH 2026

	RATE STUDY PROJECTIONS										
	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024	Estimated 2025	Estimated 2026
PROJECTED RATE INCREASE											
USAGE RATES		3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
FIXED		3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts from customers and users	\$ 263,305	\$ 334,764	\$ 377,062	\$ 421,600	\$ 468,475	\$ 517,787	\$ 571,981	\$ 626,482	\$ 683,745	\$ 743,887	\$ 807,027
Payments to suppliers/service providers	(185,746)	(209,601)	(235,122)	(262,105)	(290,617)	(320,742)	(352,563)	(386,170)	(421,654)	(459,118)	(498,666)
Payments to employees	(54,780)	(82,600)	(86,730)	(91,067)	(95,621)	(100,401)	(105,421)	(110,692)	(116,226)	(122,038)	(128,140)
Net cash from operating activities	22,779	42,563	55,210	68,428	82,237	96,644	113,997	129,620	145,865	162,731	180,221
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES											
Transfers out	(229,000)	(229,000)	(229,000)	(229,000)	(229,000)	(229,000)	(229,000)	(229,000)	(229,000)	(229,000)	(229,000)
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Advance to other funds	(93,055)	(88,000)	(86,429)	(84,857)	(83,286)	(81,714)	(80,143)	-	-	-	-
Decrease in advance to other funds	-	-	-	-	-	-	-	-	-	-	-
Net cash from noncapital financing activities	(322,055)	(317,000)	(315,429)	(313,857)	(312,286)	(310,714)	(309,143)	(229,000)	(229,000)	(229,000)	(229,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES											
Acquisition of capital assets	-	(335,000)	(17,500)	(300,000)	-	-	-	-	-	-	-
Connection fees received	229,000	229,000	229,000	229,000	229,000	229,000	229,000	229,000	229,000	229,000	229,000
Proceeds of bonds issued	-	750,000	-	-	-	-	-	-	-	-	-
Principal paid on long-term debt	-	-	(29,360)	(30,094)	(30,847)	(31,618)	(32,408)	(33,219)	(34,049)	(34,900)	(35,773)
Interest paid on long-term debt	-	-	(18,750)	(18,016)	(17,264)	(16,492)	(15,702)	(14,892)	(14,061)	(13,210)	(12,338)
Net cash from capital and related financing activities	229,000	644,000	163,390	(119,110)	180,889	180,890	180,890	180,889	180,890	180,890	180,889
CASH FLOWS FROM INVESTING ACTIVITIES											
Investment earnings and other activity	3,600	5,700	4,238	3,312	-	-	-	-	-	526	-
NET INCREASE (DECREASE)											
IN CASH AND CASH EQUIVALENTS	(66,676)	375,263	(92,591)	(361,227)	(49,160)	(33,180)	(14,256)	81,509	97,755	115,147	132,110
CASH AND CASH EQUIVALENTS, JANUARY 1	115,185	48,509	423,772	331,181	(30,046)	(79,206)	(112,386)	(126,642)	(45,133)	52,622	167,769
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 48,509</b>	<b>\$ 423,772</b>	<b>\$ 331,181</b>	<b>\$ (30,046)</b>	<b>\$ (79,206)</b>	<b>\$ (112,386)</b>	<b>\$ (126,642)</b>	<b>\$ (45,133)</b>	<b>\$ 52,622</b>	<b>\$ 167,769</b>	<b>\$ 299,879</b>
TARGET CASH RESERVE	\$ 146,100	\$ 209,036	\$ 224,696	\$ 241,230	\$ 258,681	\$ 277,102	\$ 296,542	\$ 317,050	\$ 338,688	\$ 361,514	\$ 361,514
CASH IN EXCESS OF RESERVE	\$ -	\$ 214,736	\$ 106,485	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average monthly bill (4,000 gallons)	\$ 14.20	\$ 26.10	\$ 26.88	\$ 27.69	\$ 28.52	\$ 29.38	\$ 30.26	\$ 31.16	\$ 32.10	\$ 33.06	\$ 34.05
Average percentage increase		46%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Average monthly dollar increase		\$ 11.90	\$ 0.78	\$ 0.81	\$ 0.83	\$ 0.86	\$ 0.88	\$ 0.91	\$ 0.93	\$ 0.96	\$ 0.99
Average annual dollar increase		\$ 142.80	\$ 9.40	\$ 9.68	\$ 9.97	\$ 10.27	\$ 10.58	\$ 10.89	\$ 11.22	\$ 11.56	\$ 11.90

1. Preparation of Financial Statements
Condition: The Auditor Prepares the City of Mayer's Financial Statements because of the size of our organization.
Recommendation by Auditor: Internal controls should be in place to provide reasonable assurance over financial reporting.
Response: Staff will review a draft of the auditors prepared financials in detail for their accuracy.
2. Limited Segregation of Duties
Condition: The City has limited segregation of duties related to cash disbursements, payroll, utility billing and receiving due to limited number of staff.
Recommendation: Segregate where possible.
Response: Staff has already taken steps to segregate duties between the two staff in the office, whereas before most of these items went through one person.
3. Control of Check Signing Stamp
Condition: Mayor's Stamp controlled and used by the staff person that has custody, record keeping and reconciliation duties and needs to be separated.
Recommendation: Removing the stamp all together or having someone else control it.
Response: Staff will follow this recommendation by the auditor by removing the use of the stamp all together or by changing control over it.
4. Material Audit Adjustments
Condition: Incorrectly coded transactions resulting in the need for audit adjustments.
Recommendation: Firm processes be reviewed and coding systems be established and followed.
Response: Two staff will now review coding. Also, we will be working with the auditor to ensure that complex coding items get coded correctly.
5. Developer Escrow Account Deficit Balance
Condition: The developer accounts (escrow) had incurred over \$73,000 of expense during 2017 and was not billed to the developer.
Recommendation: Implement a monitoring procedure that ensures deposits are received in advance and that any negative account be billed timely.
Response: We will be billing on a monthly manner if there are balances on accounts. We will also be asking for escrow money.
6. Authorized Signors
Condition: Former City Administrator was on 4M account as a signor and current administrator was not on account.
Recommendation: City needs to have correct signature cards at 4M and make sure that all accounts reflect the change in staff.
Response: Staff has taken this recommendation and will ensure that ALL accounts make the transition next time.
7. PERA Remittances
Condition: Upon transition to a new payroll company, PERA deposits were found not to be made.
Recommendation: Remit delinquent payments and establish a procedure to complete this task in the

future.

Response: Assumptions were made with the transition and staff recognized the error and remitted delinquent amounts.

8. Time Period for Payment of Claims

Condition: There was a claim that was not paid on time and therefore not in compliance.

Recommendation: Review Minnesota legal compliance for Claims and Disbursements with staff. There is a 35 day period.

Response: Staff has reviewed this and will ensure compliance moving forward.



March 6, 2018

City of Mayer  
Attn: Margaret McCallum, City Administrator  
413 Bluejay Ave.  
Mayer, MN 55360

RE: Water System Capital Improvements Study

Dear Maggie:

As requested, we have developed a proposal for conducting a Water System Capital Improvements Study for the City of Mayer. Based on our understanding of the project, we anticipate the following scope of work.

### **Scope of Work**

#### **Task 1 – Data Collection, Review and Project Management**

- Bolton & Menk will meet with key City staff. We will discuss the project schedule and review goals and objectives of the project. We will also request information from the City. A summary of this information is listed below.
  - Water quality data (testing results) including both raw and finished water quality.
  - Current and future budget information including debt service for the water system and maintenance costs.

#### **Task 2 – Water Treatment Facilities Site Visit**

- A one day site visit will be scheduled to visit the water treatment facilities.
- The appropriate City staff should be available for part of this site visit so we can determine future needs and maintenance concerns.
- Develop list of needs.

#### **Task 3 – Capital Improvement Plan**

- Develop a 20-year plan for future capital improvements that will include the water treatment facilities, wells, and the water tower. Items will include cost opinions for future rate planning. The plan will include major equipment items but not future expansions beyond the existing facilities footprint.

#### **Task 4 – Report Preparation and Submittal**

- Provide analysis of wells, treatment, and storage for current conditions and future maintenance/replacement needs.
- Recommend capital improvement project phasing based on City input, including a list of likely improvements over the next 20 years.
- Present Water System Capital Improvements Study report, including recommendations to the City and attend Council Workshop.

**Documents to be Provided by the City**

Below is a list of the information that we understand will be provided by the City to assist in our completion of this project:

- Water use data for the past 5 years.
- Water quality data (testing results) including both raw and finished water quality.
- Existing well information.
- Programmed improvements to water system and existing maintenance costs.

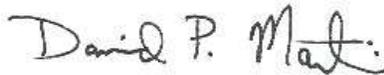
**Estimate of Fees**

The proposed fee to complete the Water System Capital Improvements Study, based on the tasks outlined above, is \$12,900.

Please let me know if you have questions or need additional information.

Sincerely,

**Bolton & Menk, Inc.**



David P. Martini, P.E.  
Principal Engineer



## APPLICATION DATA

**Meeting Date:** March 12, 2018  
**Applicant:** This is a City of Mayer initiated review

## ACTION REQUESTED

The City of Mayer has initiated a text amendment in relation to permitted, conditional and interim uses in the C-1 General Commerce District and the C/I Commercial/Industrial District. Sections of the zoning ordinance proposed to be amended include Title XV: Land Usage, Chapter 152: Zoning, Section 152.058 (C-1) General Commerce District and Section 152.060 (C/I) Commercial/Industrial District.

## BACKGROUND DATA

**Background:** A request was made by the owner of property located at 185 7th Street to look at the possibility to rezone the property from C-1 General Commerce District to C/I Commercial/Industrial District to allow for the possibility of more uses to be allowed on the property. After discussion it was agreed upon that instead of rezoning the property, that additional permitted, conditional and interim uses could be added to the C-1 district. The Planning Commission reviewed these proposed changes at the December 12, 2017 Planning Commission meeting looked at neighboring uses in similar districts in neighboring cities. At that meeting the Planning Commission suggested to hold a public hearing to amend the text at the next Planning Commission meeting. At the January 2, 2018 meeting the Planning Commission opened the public hearing and continued the public hearing to the February 6, 2018 Planning Commission meeting at which time the Planning Commission voted 6-0 to approve the text amendment. The City Council then proceeded to table the amendment and a joint meeting with the Planning Commission was held to discuss the issue.

At that meeting the main discussion item involved sexually oriented businesses as an accessory use in the C-1 and C/I district and as a conditional use in the C/I district. It was noted that Chapter 114 in the City code regulates these items with strict conditions and that you cannot zone out sexually oriented businesses per state statute. It was also noted that the district for this to be located in is the C/I district. It was also the consensus to remove sexually oriented businesses as a accessory use in the C-1 district.

Discussion also took place in regards to having a minimum distance that a sexually oriented business can be located from uses such as a school, religious institution, public park or residentially zoned areas. After looking through Chapter 114 it is noted that no such distance restrictions exist. If the City Council feels that language requiring distance separations should be added, a public hearing should be scheduled at a City Council meeting for Chapter 114 to be amended with the proposed additions. The following language is an example of what could be included in Chapter 114.

**Location of Sexually Oriented Businesses.**

- A. *A sexually oriented business shall not be located or operated in any zoning district other than as specified in Title XV: Land Usage, Chapter 152: Zoning of the Mayer City code.*
- B. *A sexually oriented business shall not be located or operated within one thousand three hundred twenty feet (1,320') of the following.*
  - 1. *A boundary of any residential or agricultural district as defined in Title XV: Land Usage, Chapter 152: Zoning of the Mayer City code.*
  - 2. *The property line of a lot devoted to a residential use.*
  - 3. *A religious institution or church which is used primarily for religious worship and related religious activities.*
  - 4. *A public or private educational facility including but not limited to child day care facilities, nursery schools, preschools, charter schools; school includes the school grounds.*
  - 5. *A public park or recreational area which has been designated for park or recreational activities.*
- D. *A sexually oriented business shall not be located or operated within two hundred fifty feet (250') of another sexually-oriented business or on a lot adjacent to an existing sexually-oriented business.*
- E. *For the purpose of subsections B and C of this section, measurement shall be made in a straight line, without regard to the intervening structures or objects, from the nearest portion of the building or structure used as the part of the premises where a sexually oriented business is conducted, to the nearest property line of the premises of a use listed in subsections B and C.*
- F. *For purposes of subsection D of this section, the distance between a sexually oriented business and any other building, structure or business shall be measured in a straight line, without regard to the intervening structures or objects or political boundaries, from the closest exterior wall of the structure in which each business is located.*

The proposed language in relation to this text amendment under sections 152.058 and 152.060 in the zoning ordinance is listed below. The proposed new text is underlined, the text proposed to be deleted is struck-through and the text proposed to stay the same is regular.

**152.058 (C-1) General Commerce District.**

- (A) *Intent.* To provide appropriate areas in proximity to thoroughfares for commercial retail and service establishments that are oriented to the motoring public are not compatible with the desired character of the downtown.
- (B) *Permitted uses.*
  - (1) Commercial establishments which are oriented to the motorist, such as eating and drinking places, motor vehicle fuel stations and convenience stores, ~~automobile service stations~~, ~~auto motor vehicle~~ repair shops, car washes, and hotels and motels.

~~(2) Customary accessory uses incidental to the principal use, such as off-street parking and signs.~~

(2) Essential service structures.

(3) Offices and administrative facilities.

(4) Medical related clinics/uses and offices.

(5) Banking/financial institutions.

(6) Laundromats and dry cleaners.

(7) Barber and beauty shops.

(8) Churches.

(9) Off-liquor sales.

(10)Day care facilities.

(11)Funeral homes and mortuaries.

(12)Veterinary clinic, animal care, animal shelter, pet daycare, pet training, or animal hospital.

(C) *Permitted accessory uses.*

~~(1) Sexually oriented uses, accessory, as regulated by Chapter 114.~~

(1) Roof-mounted wind energy conversion systems (WECS).

(2) Ground source heat pump systems.

(3) Roof or building mounted, ground mounted and community solar energy systems.

(4) Customary accessory uses incidental to the principal use, such as off-street parking and signs.

(D) *Conditional uses.*

(1) Wind energy conversion systems (WECS) mounted on a tower.

(2) Drive-in businesses (for the purpose of this section, shall mean: drive-in restaurants and fast food businesses with a drive thru). Restrictions include.

(a) No drive in business shall be located within three hundred feet (300') of a school or church.

(b) No drive-in shall be located within one hundred feet (100') of any residentially zoned property, provided:

1. No public address system shall be audible from any residential zone; and

2. Screening of the property from residential areas will be required. The City may require fencing, earthen berms and landscaping, or any other method or combination deemed appropriate to accomplish the required screening.

(c) No drive in shall be located on any street other than an arterial roadway, collector roadway or business service road.

(d) No access drive shall be within one hundred feet (100') of intersecting street right of-way lines.

(e) Adequate area shall be designated for snow storage such that clear visibility shall be maintained from the property to any public street.

(3) Motor vehicle sales lots provided that all display lots for vehicles provide curb and gutter per City specifications for storm run-off purposes and all outdoor signs meet City sign regulations.

**152.060 (C/I) Commercial/Industrial District.**

(A) *Intent.* The intent of this district is to provide land in proximity to major thoroughfares for the development of certain activities that will strengthen local employment opportunity and tax base of the city. Such a zone will be characterized by a positive overall visual appearance that is compatible with the predominant residential aesthetic character of the City.

(B) *Permitted uses.* The permitted uses for the Commercial/Industrial (C/I) District are as follows:

(1) Commercial establishments requiring large sites for outdoor display, sales, and storage (farm implement sales, ~~auto and truck~~ motor vehicle sales, mobile home sales, and building material sales are examples).

(2) Wholesaling all commodities except live animals.

(3) Uses permitted in C-1 General Commerce District.

(4) Offices and administrative facilities.

(5) Commercial and industrial establishments used for fabricating, manufacturing, production, processing, and storage of materials, goods, and products.

(6) Warehousing.

(7) Mini-storage facilities.

(8) Veterinary clinic, animal care, animal shelter, pet daycare, pet training, or animal hospital.

(9) Funeral homes and mortuaries.

(C) *Permitted accessory uses.*

(1) Off-street parking and loading.

(2) Signs as regulated by §§ 152.120 through 152.133.

(3) Offices ancillary to the principal use.

(4) Outdoor storage.

(5) Sexually oriented uses, accessory, as regulated by Chapter 114.

(6) Roof-mounted wind energy conversion systems (WECS).

(7) Ground source heat pump systems.

(8) Roof or building mounted, ground mounted and community solar energy systems.

(D) *Conditional uses*. The conditional uses for the Commercial/Industrial (C/I) District are as follows:

- (1) Commercial towers as regulated by § 152.100.
- (2) Sexually oriented uses as regulated by Chapter 114.
- (3) Drive-in businesses (for the purpose of this section, shall mean: drive-in restaurants and fast food businesses with a drive thru). Restrictions include.
  - (a) No drive in business shall be located within three hundred feet (300') of a school or church.
  - (b) No drive-in shall be located within one hundred feet (100') of any residentially zoned property, provided:
    1. No public address system shall be audible from any residential zone; and
    2. Screening of the property from residential areas will be required. The City may require fencing, earthen berms and landscaping, or any other method or combination deemed appropriate to accomplish the required screening.
  - (c) No drive in shall be located on any street other than an arterial roadway, collector roadway or business service road.
  - (d) No access drive shall be within one hundred feet (100') of intersecting street right of-way lines.
  - (e) Adequate area shall be designated for snow storage such that clear visibility shall be maintained from the property to any public street.

#### **CITY COUNCIL ACTION REQUIRED**

After review and discussion by the members of the City Council a motion is in order to approve, deny or table the proposed text amendment.

If you have any questions relating to the text amendment prior to the City Council meeting, please feel free to contact me at: [jandersonmdg@gmail.com](mailto:jandersonmdg@gmail.com) or call direct at 952-855-4596.

Sincerely,

MUNICIPAL DEVELOPMENT GROUP, LLC

John Anderson, Associate  
Consulting Planner, City of Mayer

#### **LIST OF ATTACHMENTS**

None

**CITY OF MAYER  
ORDINANCE #218**

**AN ORDINANCE AMENDING TITLE XV: LAND USAGE, CHAPTER 152: ZONING, SECTION 152.058 (C-1) GENERAL COMMERCE DISTRICT AND SECTION 152.060 (C/I) COMMERCIAL/INDUSTRIAL DISTRICT.**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MAYER THAT THE FOLLOWING SECTIONS OF THE ZONING ORDINANCE, RELATED TO PERMITTED, PERMITTED ACCESSORY USES AND CONDITIONAL USES IN THE (C-1) GENERAL COMMERCE AND (C/I) COMMERCIAL/INDUSTRIAL DISTRICTS BE AMENDED TO READ AS FOLLOWS:

**Section 1.** Title XV: Land Usage, Chapter 152 Zoning, Section 152.058 (C-1) General Commerce District Letters (A), (B), (C) and (D), of the City of Mayer Municipal Code, is hereby amended to add the provisions with underlined text and delete the provisions with the strike-through text as follows:

(A) *Intent.* To provide appropriate areas in proximity to thoroughfares for commercial retail and service establishments that are oriented to the motoring public are not compatible with the desired character of the downtown.

(B) *Permitted uses.*

(1) Commercial establishments which are oriented to the motorist, such as eating and drinking places, motor vehicle fuel stations and convenience stores, ~~automobile service stations, auto~~ motor vehicle repair shops, car washes, and hotels and motels.

~~(2) Customary accessory uses incidental to the principal use, such as off-street parking and signs.~~

(2) Essential service structures.

(3) Offices and administrative facilities.

(4) Medical related clinics/uses and offices.

(5) Banking/financial institutions.

(6) Laundromats and dry cleaners.

(7) Barber and beauty shops.

(8) Churches.

(9) Off-liquor sales.

(10) Day care facilities.

(11) Funeral homes and mortuaries.

(12) Veterinary clinic, animal care, animal shelter, pet daycare, pet training, or animal hospital.

(C) *Permitted accessory uses.*

~~(1) Sexually oriented uses, accessory, as regulated by Chapter 114.~~

- (1) Roof-mounted wind energy conversion systems (WECS).
- (2) Ground source heat pump systems.
- (3) Roof or building mounted, ground mounted and community solar energy systems.
- (4) Customary accessory uses incidental to the principal use, such as off-street parking and signs.

(D) *Conditional uses.*

- (1) Wind energy conversion systems (WECS) mounted on a tower.
- (2) Drive-in businesses (for the purpose of this section, shall mean: drive-in restaurants and fast food businesses with a drive thru). Restrictions include.
  - (a) No drive in business shall be located within three hundred feet (300') of a school or church.
  - (b) No drive-in shall be located within one hundred feet (100') of any residentially zoned property, provided:
    - 1. No public address system shall be audible from any residential zone; and
    - 2. Screening of the property from residential areas will be required. The City may require fencing, earthen berms and landscaping, or any other method or combination deemed appropriate to accomplish the required screening.
  - (c) No drive in shall be located on any street other than an arterial roadway, collector roadway or business service road.
  - (d) No access drive shall be within one hundred feet (100') of intersecting street right-of-way lines.
  - (e) Adequate area shall be designated for snow storage such that clear visibility shall be maintained from the property to any public street.
- (3) Motor vehicle sales lots provided that all display lots for vehicles provide curb and gutter per City specifications for storm run-off purposes and all outdoor signs meet City sign regulations.

**Section 2.** Title XV: Land Usage, Chapter 152 Zoning, Section 152.060 (C/I) General Commerce District, Letters (A), (B), (C) and (D) of the City of Mayer Municipal Code, hereby amended to add the provisions with underlined text and delete the provisions with the strike-through text as follows:

**152.060 (C/I) Commercial/Industrial District.**

(A) *Intent.* The intent of this district is to provide land in proximity to major thoroughfares for the development of certain activities that will strengthen local employment opportunity and tax base of the city. Such a zone will be characterized by a positive overall visual appearance that is compatible with the predominant residential aesthetic character of the City.

(B) *Permitted uses.* The permitted uses for the Commercial/Industrial (C/I) District are as follows:

(1) Commercial establishments requiring large sites for outdoor display, sales, and storage (farm implement sales, ~~auto and truck~~ motor vehicle sales, mobile home sales, and building material sales are examples).

(2) Wholesaling all commodities except live animals.

(3) Uses permitted in C-1 General Commerce District.

(4) Offices and administrative facilities.

(5) Commercial and industrial establishments used for fabricating, manufacturing, production, processing, and storage of materials, goods, and products.

(6) Warehousing.

(7) Mini-storage facilities.

(8) Veterinary clinic, animal care, animal shelter, pet daycare, pet training, or animal hospital.

(9) Funeral homes and mortuaries.

(C) *Permitted accessory uses.*

(1) Off-street parking and loading.

(2) Signs as regulated by §§ 152.120 through 152.133.

(3) Offices ancillary to the principal use.

(4) Outdoor storage.

(5) Sexually oriented uses, accessory, as regulated by Chapter 114.

(6) Roof-mounted wind energy conversion systems (WECS).

(7) Ground source heat pump systems.

(8) Roof or building mounted, ground mounted and community solar energy systems.

(D) *Conditional uses.* The conditional uses for the Commercial/Industrial (C/I) District are as follows:

(1) Commercial towers as regulated by § 152.100.

(2) Sexually oriented uses as regulated by Chapter 114.

(3) Drive-in businesses (for the purpose of this section, shall mean: drive-in restaurants and fast food businesses with a drive thru). Restrictions include.

(a) No drive in business shall be located within three hundred feet (300') of a school or church.

(b) No drive-in shall be located within one hundred feet (100') of any residentially zoned property, provided:

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- (c) No drive in shall be located on any street other than an arterial roadway, collector roadway or business service road.
- (d) No access drive shall be within one hundred feet (100') of intersecting street right-of-way lines.
- (e) Adequate area shall be designated for snow storage such that clear visibility shall be maintained from the property to any public street.

ADOPTED by the City Council of the City of Mayer, Carver County, Minnesota this 12th day of March, 2018.

\_\_\_\_\_  
Mike Dodge  
Mayor

ATTEST:

Moved by:  
Seconded by:

\_\_\_\_\_  
Margaret Mccallum  
City Administrator

Published:  
Filed with Carver County: