The City Council of the City of St. Charles welcomes you to its Regular Meeting of Tuesday, August 25, 2015 at 6:00 p.m. at 830 Whitewater Avenue, City Council Chambers, St. Charles, Minnesota.

ITEM	ACTION REQUESTED
1. Call to Order	
2. Pledge of Allegiance	
3. Approval of the Agenda	
4. Notices and Communications –	
5. Review of Financials	
6. Coalition of Greater Minnesota Cities Presentation	INFORMATION
7. Fort Culvert	DISCUSS
8. Delinquent Utilities-Scheduling of Public Assessment Hearing	DISCUSS
9. 2016 Government Funds Budget Discussion	DISCUSS
10. EPA Impact on Rice Rules	DISCUSS
11. Citizen Board Vacancy/Recommendation	APPROVE

UNSCHEDULED PUBLIC APPEARANCES: Members of the audience may address any item not on the agenda. State Statute prohibits the City Council from discussing an item that is not on the agenda, but the City Council does listen to your concerns and has staff follow up on any questions you raise.

ADJOURNMENT

***Attachment. Questions? Contact Nick Koverman at St. Charles City Hall at 932-3020 or by email at nkoverman@stcharlesmn.org.**

WELCOME TO
ST. CHARLES
GATEWAY TO WHITEWATER

MEMORANDUM for the CITY COUNCIL of St. Charles for Tuesday, August 25, 2015

6. Coalition of Greater Minnesota Cities Presentation. Elizabeth Wefel from the Coalition of Greater Minnesota Cities will be present to provide the Council with an update on the activities of the CGMC and to ask for any issues/concerns that this organization can work on for small cities like St. Charles.

7. Fort Culvert. Included are minutes from the last three meetings leading up to the end of the year for review. In addition, a prior estimate received from Pearson Backhoe Service for construction of the 36" HDPE culvert was $23,440. The City also has the option of reducing the cost with existing 36" concrete pipe that was reclaimed from another project that after inspection would also be suitable for the project.

8. Delinquent Utilities-Scheduling of Public Assessment Hearing. This item will be more informational as staff will be scheduling a public hearing for the proposed assessment of delinquent utilities. Discussion regarding any possible issues may be held at this time.

9. 2016 Government Funds Budget Discussion. A preliminary budget discussion will be held. Only the government funds will be reviewed at this time.

10. EPA Impact on Rice Rules. Included in the packet is a summary of a recent court decision surrounding the emissions standards for hazardous air pollutants by the Environmental Protection Agency after being challenged by the State of Delaware. Public Works Supt. Kyle Karger will also be present to discuss the next steps that the utility must undertake in order to retain accreditation of the generation units.

11. Citizen Board Vacancy/Recommendation. An application from James Purl was received with an expressed interest to serve on the Public Safety and Public Works board.

August 14, 2014 Minutes

8.Fort Culvert Project. Admin. Koverman shared that in working with MNDOT, he had received a letter that based on the information provided to date, a 48 inch culvert replacement would not be approved by MNDOT. Koverman had several discussions with Mark Schoenfelder, the Regional District Planner at MNDOT and based on the data received that showed the amount of water increasing from 18 cfs to 80 cfs, Mr. Schoenfelder would not approve the increased size without further water shed data. He provided in his letter a listing of items he would hope to see in order to make a full determination. A cost estimates from Steve Pearson was received for $23,440 and Koverman highlighted the portions of the project that it would include. It was also relayed that communications had been ongoing with Neil Britton of WSN, but that it was relayed in order to continue investigation another proposal would need to be reviewed. Mr. Koverman had not received anything as of yet to review with Council. He asked Mr. Engstrom to provide his best guestimate as to the 15 inch culvert and ditch grading that was recommended by WSN. Koverman provided an exhibit that showed what Mr. Britton had relayed in their conversation with he and the city engineer. According to Mr. Engstrom he estimated the project cost at approximately $11,500. Mr. Engstrom relayed though that he was not in full agreement with the recommendation as he did not understand the need to move the water from the west side of the cartway over to eastside to discharge into the larger culvert which would then be moved back to the west side of the road. He could agree with Mr. Britton's recommendation with respect to creating a gutter to direct the water down the cartway on the west side of the road which would then be deposited into the MNDOT ditch.
Admin. Koverman then relayed on behalf of Clm. Braun that Mr. Braun had a discussion with Mr. Fort and that he was requesting that the item be postponed until after the first of the year. Clm. Braun's position was that if this is what Mr. Fort desired that the Council would honor that position, but he suggested providing something to Mr. Fort to sign basically stating that it was his decision to postpone any resolution if any that the Council would be willing to offer and holding the city harmless. Admin. Koverman suggested that if this was the direction of the Council to postpone the project that a letter be sent with any proposed resolution along with a temporary construction easement agreement seeing as how much of the project was on private property as well as a letter also offering Mr. Fort his option to postpone requesting a signature as a waiver. Mayor Spitzer then questioned the liability as he stated that this issue was brought to the Council's attention also by other private residents who rent space at Mr. Fort's storage unit. He asked City Attorney Chris Hood for comment. Mr. Hood expressed that because the issue is on private property the City is stuck in that it cannot move forward. If someone was to make a claim the League would more than likely review the claim and defend the City in that the issue is clearly on private property. He also reinforced another option expressed by Admin. Koverman that the Council could elect to do nothing and find that the issue was caused by weather and factors created by the owner. Rick Engstrom of WHKS reread the statement by WSN Engineer Neil Britton that it was not the Chattanooga Innovation Park pond that caused the issue and that the rate from the park was in fact reduced. Clm. Schaber expressed that he didn't see the City forcing the issue if Mr. Fort's choie was not to see it move forward. Mayor Spitzer stated though that it was Mr. Fort who continued to state how he felt the City was negligent and wasteful yet he knew that tax dollars had been spent to get the council to this stage and did not want to see it wasted. He asked if providing Mr. Fort 10 days to reply was reasonable if a letter or resolution was sent. Council agreed. Clm. Getz then added that if a long-term solution could not be agreed upon that he felt that the damage that was done to the existing culvert should be repaired. Clm. Dahl stated that he thought the City had done everything that it could, but that it was in Mr. Fort's control. A motion was made to instruct staff to draft Mr. Fort a letter with the proposed resolution of Pearson Backhoe and Excavation installing the 36-inch CMP RCP culvert at the proper levels with the emergency overflows and items as presented along with a temporary construction easement and providing 10 days to respond along with the friendly amendment to repair the damaged culvert if no long term solution was agreed to.
Motion to approve: **John Schaber**
No further discussion.
Motion carried.

September 23, 2104 Minutes

11. Fort Culvert Project. Admin. Koverman highlighted a letter that was received from Skip Fort regarding the Council's proposed resolution to the drainage issue located at his property. It requested that any decision be postponed until the first of the year, but that in the spring of the year the emergency ditch on the west side be reopened in case of flooding. Clm. Schaber expressed that he had spoken with Mr. Fort and confirmed with him

what it was in fact he was requesting. Mr. Fort restated that it was the tail of the west end of what was the overflow channel that he wanted to be reopened. Clm. Schaber expressed that if it was not on the city's property that the temporary construction easement would be required. Mr. Fort then expressed that he might be able to do the work with his own equipment. Mayor Spitzer then reviewed the funds that have been expended to date regarding the issue. In total, the fees associated with the issue totaled $11,170. He stated the fact that it was requested to fix the problem and now after spending $11,170 that the Council not fix the problem and postpone. Mayor Spitzer questioned the Council on the liability issue of not doing anything. He then questioned what happens after the first of the year and would the Council use the information already gathered as a potential solution or expend additional funds. Clm. Schaber expressed that he did not feel the costs would be incurred again, but does not believe they are recoverable either. He also felt that it was expressed by legal counsel that it would not be a liability to the city if the owner has elected to postpone the project. A motion was made to accept that the owner does not wish to do anything at this time and that the city revisits the issue in the spring and do our due diligence not to spend any more money than we need to spend.
Motion to approve: **John Schaber**
No further discussion.
Mayor Spitzer voted against stating he believes the Council should fix the problem.
Motion carried 3-1.

July 22, 2014 Minutes

7. Fort Culvert Project. Admin. Koverman began the discussion highlighting the memo and recommendation from Neil Britton of Widseth, Smith, Nolting (WSN). He began by highlighting the review of the I-90 business park pond. It outlined in his review of the park and pond structure, that the design met all the required criteria and that the "allowable discharge rate of the pond for the water quality volume for the ultimate development of the entire site is less than the maximum allowable discharge rate for the water quality volume." In addition, that the flow was not increased, but rather decreased the runoff rates to any downstream waterways and culverts stating, "The overflow weir design along with the larger pond size result in lower discharge rates from the pond, and therefore should decrease the runoff rates to any downstream waterways and culverts." Mayor Spitzer reiterated the point for clarification that according to the review by Mr. Fort's engineer, the city's pond did not increase the flow to Mr. Fort's culvert. City engineer Rick Engstrom acknowledged that statement in the affirmative. Mr. Engstrom continued to provide a general review of the recommendation from WSN. He highlighted the various options that included replacing the existing 36" pipe, lowering the depth and constructing an overflow swale by reshaping the gravel lot. The second option is replace the 36" pipe with a 48" culvert at a lower depth, construct aprons, reshape the lot to provide an overflow swale for emergency overflow. After reviewing the options, the final recommendation from WSN was to utilize the option with the enlarged 48" culvert, reshaping the road and adding aggregate as necessary, in addition to adding a 15" centerline culvert to convey water from the east side of the road to the west side of the road.
Mr. Engstrom provided his estimates for both the 36" culvert replacing and constructing overflows at approximately $28,500, while upsizing the pipe to a 48" culvert with the overflow swale he estimated at approximately $40,000 using a smoothed-wall pipe. He did not have estimates for the reshaping or the additional 15" pipe. It was asked if it would be possible to utilize the existing 36" pipe what type of savings that would be and estimated it might save $6000. Clm. Braun expressed that he still believed that the issue was not the flow of water, but rather the issue of the freezing of the pipe because of the lack of flow. Mr. Engstrom added that his office has asked Mr. Britton to clarify if MnDOT has been provided the information on the possibility of a larger culvert. He stressed his concern for impacting the flows downstream by potentially moving to a larger culvert and that MnDOT would want to review the data that could potentially affect their ditches. In speaking with Mr. Britton, Admin. Koverman relayed that it was his recommendation that a further discussion of the pros and cons of the project be sent to a subcommittee of the Public Works Committee. Mayor Spitzer expressed that following Mr. Fort's last appearance at the City Council where he stated that he felt the process was not moving fast enough and that the Council was not doing their job concerned him and that he wanted to make sure this project continued to move forward. Mayor Spitzer questioned if the Council agreed with his statement and they acknowledged their agreement to continue the process forward. Clm. Dahl expressed that he would like a cost estimate for the 15" culvert and the reshaping of the road. A motion was made to table the item until the next meeting August 14th, but to propose the project to MnDOT for possible approval, receive cost estimates for the additional recommendations.
Motion to approve: John Schaber

Impact of Recent EPA Court Rulings on the Continued Use of UMMEG Member Diesel Generators as Capacity Resources

- The Upper Midwest Municipal Energy Group (UMMEG) is comprised of 16 small municipal utility members in Wisconsin, Iowa and Minnesota. UMMEG members own a total of approximately 60 small (primarily) diesel generating units, with an aggregate nameplate capacity of about 140 MW. UMMEG members operate these units primarily for local reliability and emergency back-up purposes and as emergency demand response units to meet their planning reserve margin requirements under the Midwest Independent Transmission System Operator (MISO) tariff. UMMEG members receive credit for these units as capacity resources under their wholesale power agreements with Dairyland Power Cooperative (DPC), which means that UMMEG members do not need to procure capacity from outside resources.

- As emergency units, these generators are not expected to run very much, other than for purposes of meeting manufacturer's requirements and remaining in good operating order so they can be available for dispatch by DPC as a last resort to prevent firm load shedding at the transmission level, and by the municipal utilities themselves to keep the lights on during an emergency. MISO registration, however, requires that the units be available for a minimum of 5 run events, each lasting at least 4 hours in duration. Non-performance triggers substantial penalties.

- Under the EPA's current rules, which were imposed in 2013, UMMEG members have been able to operate these units as emergency units and meet their obligations both to DPC and to MISO because emergency generators that participate in emergency demand response programs are permitted to run up to 100 hours without having to meet emissions standards for hazardous air pollutants.

- The 100 hour exemption was challenged in 2013 by the State of Delaware and a group representing the interests of merchant generating owners on the grounds that it distorted the reliability and efficiency of capacity markets. On May 1, 2015, the D.C. Circuit Court of Appeals agreed and imposed a mandate on EPA to eliminate the 100 hour exemption. Subsequent rulings have clarified that the mandate will not be imposed until May 1, 2016, which will enable UMMEG members to retain their capacity accreditation without penalty at least for the current MISO planning year. At that point, however, the rule will be remanded to EPA for revision, and it is unclear whether any hours exemption will be available for emergency units.

- Any substantive modification of the 100 hour rule by EPA will mean loss of accreditation for the generating units owned by UMMEG members, meaning that DPC will no longer count them as capacity resources, which will require UMMEG members to purchase capacity from DPC (or third party providers) at market prices. Such purchases could

represent an increase of more than 40% in the cost of capacity for some UMMEG members.

- The only way for UMMEG members to retain the accreditation of their units and forego the need to procure outside capacity is to equip the units with appropriate upgrades designed to meet EPA standards. This will enable the units to be run free of hours limitations and maximize their economic value to members.

- A number of UMMEG members have already begun the process of soliciting bids from qualified contractors in order to ensure that their units are equipped and certified prior to the beginning of the 2016-17 planning year.