

CITY COUNCIL PROCEEDINGS

October 28, 2020

The City Council of the City of David City, Nebraska, met in open public session at 7:00 p.m. in the lower level of the David City Auditorium at 699 Kansas Street, David City, Nebraska. The Public had been advised of the meeting by publication of notice in The Banner Press on October 22, 2020, and an affidavit of the publisher is on file in the office of the City Clerk. The Mayor and members of the City Council acknowledged advance notice of the meeting by signing the Agenda which is a part of these minutes. The advance notice to the Public, Mayor, and Council members conveyed the availability of the agenda, which was kept continuously current in the office of the City Clerk and was available for public inspection on the City's website. No new items were added to the agenda during the twenty-four hours immediately prior to the opening of the Council meeting. The meeting was held at the City Auditorium due to the COVID-19 pandemic so as to incorporate social distancing strategies. [It is recommended that individuals be kept at least 6 feet apart.]

Present for the meeting were: Mayor Alan Zavodny, Council members John Vandenberg, Tom Kobus, Bruce Meysenburg, Kevin Hotovy, City Attorney Jim Egr, City Administrator Clayton Keller and City Clerk Tami Comte. Council member Pat Meysenburg was absent.

Also present for the meeting were: City Council Adviser Dana Trowbridge, Interim Water Supervisor Aaron Gustin, Street Department Supervisor Christopher Kroesing, Building Inspector Michael Payne, Park/Auditorium employee Nathan Styskal, Sheriff Tom Dion, Ethan Joy and Dave Henke of JEO Consulting, and Ryan Ruth of First State Insurance, Sandra Blair, Alexis & Michael Buresh, and Banner-Press reporter Molly Hunter.

Council member Kevin Hotovy made a motion to approve the minutes as presented. Council Member Bruce Meysenburg seconded the motion. The motion carried.
Kevin Hotovy: Yea, Tom Kobus: Yea, Bruce Meysenburg: Yea, Pat Meysenburg: Absent, John Vandenberg: Yea, Alan Zavodny (Mayor): Yea
Yea: 5, Nay: 0, Absent: 1

Council member Kevin Hotovy made a motion to accept the City's final offer submitted on September 22, 2020 to the Local Union #1536 of the IBEW. Council Member John Vandenberg seconded the motion. The motion carried.
Kevin Hotovy: Yea, Tom Kobus: Yea, Bruce Meysenburg: Yea, Pat Meysenburg: Absent, John Vandenberg: Yea, Alan Zavodny (Mayor): Yea
Yea: 5, Nay: 0, Absent: 1

At 7:03 p.m. Mayor Zavodny opened the Public Hearing to consider amending the Zoning Ordinance No. 1060 by amending the Zoning Ordinance No. 1060 by amending Section 8.15 by adding 3. Storage Container Extended Temporary Use.

Mayor Zavodny stated that the Council was being asked to make this change to accommodate the museum. The museum is going to be using the former Paradise Floral building at 449 D Street and they are asking to have a storage container behind the building.

City Clerk Comte stated that the Planning Commission has approved the conditional use permit contingent upon the Council passing the Ordinance change.

Mayor Zavodny declared the Public Hearing closed at 7:05 p.m.

Council member Kevin Hotovy introduced Ordinance No. 1360 amending the Zoning Ordinance No. 1060 by amending Section 8.15 by Adding 3. Storage Container Extended Temporary Use. Mayor Zavodny read Ordinance No. 1360 by title. Council member Hotovy made a motion to suspend the statutory rule requiring that an Ordinance be read of three separate days. Council Member Bruce Meysenburg seconded the motion. The motion carried. Kevin Hotovy: Yea, Tom Kobus: Yea, Bruce Meysenburg: Yea, Pat Meysenburg: Absent, John Vandenberg: Yea, Alan Zavodny (Mayor): Yea
Yea: 5, Nay: 0, Absent: 1

Council member Kevin Hotovy made a motion to pass and adopt Ordinance No. 1360 on third and final reading. Council Member John Vandenberg seconded the motion. The motion carried. Kevin Hotovy: Yea, Tom Kobus: Yea, Bruce Meysenburg: Yea, Pat Meysenburg: Absent, John Vandenberg: Yea, Alan Zavodny (Mayor): Yea
Yea: 5, Nay: 0, Absent: 1 Ordinance No. 1060 was passed and adopted as follows:

ORDINANCE NO. 1360

AN ORDINANCE, TO AMEND ZONING ORDINANCE NO. 1060, BY AMENDING:
ARTICLE 8: SECTION 8.15 TEMPORARY STORAGE CONTAINERS AND DUMPSTERS BY ADDING 8.15.03 STORAGE CONTAINER EXTENDED TEMPORARY USE; REPEALING ANY ORDINANCE OR RESOLUTION IN CONFLICT THEREWITH; PROVIDING AN EFFECTIVE DATE THEREOF; AND PROVIDING FOR PUBLICATION OF THE ORDINANCE IN PAMPHLET FORM.

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF DAVID CITY, BUTLER COUNTY, NEBRASKA, THAT THE FOLLOWING SECTION OF ZONING ORDINANCE NO. 1060 BE AMENDED AS FOLLOWS:

ARTICLE 8 SUPPLEMENTAL REGULATIONS

SECTION 8.15 Temporary Storage Containers and Dumpsters

3. Storage Container Extended Temporary Use

The Planning Commission, by conditional use permit, may allow a storage container for storage purposes only, in any Commercial, Flex space, or Industrial district for a period longer than noted in section 1 above. Said conditional use permit shall not exceed twelve months, however, the Planning Commission may extend the permit by twelve months on one occasion.

An applicant may only request this type of temporary permit once every three calendar years.

This Ordinance shall be in full force and effect from and after passage, approval and publication or posting as required by law.

PASSED AND APPROVED THIS 28th day of October, 2020.

Mayor Alan Zavodny

City Clerk Tami L. Comte

Council member Bruce Meysenburg made a motion to pass and adopt Resolution No. 30-2020 appointing a representative and an alternate representative to Nebraska Municipal Power Pool. Council Member Kevin Hotovy seconded the motion.
Kevin Hotovy: Yea, Tom Kobus: Yea, Bruce Meysenburg: Yea, Pat Meysenburg: Absent, John Vandenberg: Yea, Alan Zavodny (Mayor): Yea
Yea: 5, Nay: 0, Absent: 1

The motion carried and Resolution No. 30-2020 was passed and adopted as follows:

RESOLUTION NO. 30 - 2020

WHEREAS, the City of David City is a member of the Nebraska Municipal Power Pool, and,

WHEREAS, the City appoints a representative and alternate representative to represent the City at meetings.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF DAVID CITY, NEBRASKA, that:

1. Such City be and hereby is a member of the Nebraska Municipal Power Pool.
2. The City Council of the City of David City, State of Nebraska, does hereby appoint City Administrator Clayton Keller as the Representative of the City of David City, State of Nebraska, to the Members' Council of the Nebraska Municipal Power Pool.
3. The City Council of the City of David City, State of Nebraska, does hereby appoint City Clerk Tami Comte as the Alternate Representative of the City of David City, State of Nebraska, to the Members' Council of the Nebraska Municipal Power Pool.

PASSED AND APPROVED this 28th day of October, 2020.

Mayor Alan Zavodny

City Clerk Tami Comte

Council member Kevin Hotovy made a motion to table an RFP for an engineering services agreement. Council Member John Vandenberg seconded the motion. The motion carried.

Kevin Hotovy: Yea, Tom Kobus: Yea, Bruce Meysenburg: Yea, Pat Meysenburg: Absent, John Vandenberg: Yea, Alan Zavodny (Mayor): Yea
Yea: 5, Nay: 0, Absent: 1

Street Supervisor Christopher Kroesing stated that they would like to replace the 1993 Ford pickup with a new one purchased at the State bid price of \$29,863. Kroesing also stated that he would like to purchase a 9' Hiniker Pickup Plow without skid shoes from Midwest Service and Sales for a cost of \$6,125.00.

Council member Kevin Hotovy made a motion to approve purchasing a new pickup at the State bid price and a 9' Hiniker pickup plow without skid shoes from Midwest Service and Sales for the street department. Council Member John Vandenberg seconded the motion. The motion carried.

Kevin Hotovy: Yea, Tom Kobus: Yea, Bruce Meysenburg: Yea, Pat Meysenburg: Absent, John Vandenberg: Yea, Alan Zavodny (Mayor): Yea
Yea: 5, Nay: 0, Absent: 1

City Administrator Clayton Keller said, "The tree board has begun the effort of trying to get some of the dead and/or hazardous trees removed around town. The City has sent out letters to these individuals and they have been given the appropriate amount of time to remove the trees on their own and they haven't, so we're asking the Council for permission to take these trees down and then we would, in turn, bill those property owners."

Mayor Alan Zavodny said, "Have we engaged in a process to go and identify dead and hazardous trees around town? In walking and driving around, we have a lot of trees that have dry rot and branches that could pose a hazard. Are we working to identify those or where are we at on that?"

Street Supervisor Christopher Kroesing said, "Mat and I are going to be starting next week to drive around town and identify them. We've sent out a lot of notices in the past year."

Mayor Zavodny said, "It's a constant thing. Sometimes a tree will look great, but it's totally rotten inside and with the winds, we've seen some of those bigger ones come down. I know that we're really good about cleaning them up, but I think if we could get ahead of it a little bit and do some preventative, then we would come out ahead, before we have a really bad outcome."

Street Supervisor Christopher Kroesing said "Sometimes, it's hard to tell with all of the leaves on, so it's a good time of the year for us to do that and see where the rotten ones are."

Council member Tom Kobus made a motion to approve removing the dead/hazardous trees at 111 "E" Street and at 859 N. 9th Street. Council Member Kevin Hotovy seconded the motion. The motion carried.

Kevin Hotovy: Yea, Tom Kobus: Yea, Bruce Meysenburg: Yea, Pat Meysenburg: Absent, John Vandenberg: Yea, Alan Zavodny (Mayor): Yea
Yea: 5, Nay: 0, Absent: 1

City Administrator Clayton Keller said, "This is the agreement that went before the County Board of Supervisors last week, and they approved it contingent upon the City Council approving it. Some of the things that you'll see in here is that this is a one-year agreement that automatically renews, unless either party notifies the other party before July 1st. So, if either party decides that they are not happy with the contract before July 1st of any year, they can let the other party know that they would like to renegotiate. Also, in here, Section 14 says that there will be a committee made up of the Sheriff, the City Administrator, two Butler County Supervisors and two City Council members that will meet regularly to discuss this contract and its performance and how it's satisfying both parties. Section 13 says that the Sheriff's Department will respond to a call within 15 minutes and they will do that 80% of the time. That gives them the leeway that they need in case they are already responding to emergencies throughout the County, that then they have 20% of the time that they don't have to respond within 15 minutes. Eighty percent of the time that they get a call, they will respond to that call within fifteen minutes. I hope that made sense."

Council member Tom Kobus made a motion to approve the law enforcement contract with Butler County. Council Member Bruce Meysenburg seconded the motion. The motion carried.

Kevin Hotovy: Yea, Tom Kobus: Yea, Bruce Meysenburg: Yea, Pat Meysenburg: Absent, John Vandenberg: Yea, Alan Zavodny (Mayor): Yea
Yea: 5, Nay: 0, Absent: 1

**AGREEMENT BETWEEN
BUTLER COUNTY, NEBRASKA
AND
THE CITY OF DAVID CITY, NEBRASKA
TO PROVIDE LAW ENFORCEMENT SERVICES**

THIS AGREEMENT is made and entered into this 28th day of October, 2020 by and between the County of Butler, State of Nebraska, hereinafter referred to as the "County" and the City of David City, State of Nebraska, hereinafter referred to as the "City".

WHEREAS, the City desires to contract with the County for Law Enforcement Services within the City's boundaries supported by the manpower and equipment of the Butler County Sheriff's Office; and

WHEREAS, such contracts are authorized by the Interlocal Cooperation Act, Neb. Rev. Stat. § 13-801, *et.seq.*, and,

WHEREAS, the County is willing to contract with the City to provide such services on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the County and City agree as follows:

1. This Agreement shall become effective November 1, 2020 and shall remain in force for one (1) year thereafter, terminating on October 31, 2021.
2. This Agreement shall automatically renew on a one-year basis (November 1 – October 31) after its initial term on the same terms provided herein unless either party gives written notice on or before July 1 to the other party cancelling the contract.

Notices provided to the County hereunder shall be either hand delivered or sent to the Butler County Sheriff's Department, 451 5th Street, David City, Nebraska and the Butler County Board of Supervisors, c/o Butler County Clerk, 452 5th Street, David City, Nebraska 68632. Notices provided to the City hereunder shall be either hand delivered or sent to the City Clerk, 557 N 4th Street, David City, Nebraska 68632.

3. The County agrees to provide law enforcement services within the corporate limits of the City to the extent and in the manner hereinafter set forth. Said services shall encompass duties and functions of the type coming within the jurisdiction of, and customarily rendered by the Butler County Sheriff, pursuant to the statutes of the State of Nebraska.
4. The Butler County Sheriff shall provide 120 hours per week of law enforcement services in the City. The times of said services shall be determined solely by the Sheriff, such services being contingent upon the availability of manpower and the nature of the Sheriff's duties in other parts of the County.
5. The nature of the services provided hereunder, the standards of performance, the discipline of officers, and other matters incidental to the performance of these services and the control of personnel so employed shall remain with the County. The parties agree that any dispute between the parties as to the extent or nature of the services to be provided hereunder shall be settled by binding arbitration in the state of Nebraska or another location mutually agreeable to the parties. An award of arbitration may be confirmed in a court of competent jurisdiction.
6. Services to be performed hereunder shall include traffic enforcement, security of businesses, and other services in the field of public safety as are provided by the Sheriff in unincorporated areas of the County. Such services shall include the enforcement of State Statutes and Municipal Law Enforcement Ordinances of the City. It is understood that the Sheriff shall, in good faith, enforce Municipal Law Enforcement Ordinances of the City. Prosecution of City Ordinances shall be the sole responsibility of the City.

7. For purposes of performing said functions, the County will furnish and supply all necessary labor, supervision, equipment, communication services, office space, furniture and furnishings, office supplies, telephone, light, water, and other utilities and supplies necessary to maintain the level of service to be rendered hereunder.
8. The City specifically agrees to furnish at its own expense a current City Ordinance book for use by the deputy during each tour of duty. The City shall be responsible for all animal impound fees associated with the enforcement of animal City Ordinances. The City shall be responsible for all towing and impoundment fees associated with the enforcement of City Ordinances. It is further agreed that if special supplies, including stationary, notices, forms, and the like, must be issued in the name of the City, the same shall be supplied by the City at its own cost and expense.
9. All persons assigned to duties created by this Agreement shall be members of the Butler County Sheriff's Office, trained by the Sheriff and under the direction and exclusive control of the Butler County Sheriff. Compensation to persons providing services created hereunder and provisions for bonds, fringe benefits, insurance, and workman's compensation shall be the sole responsibility of the County.
10. The City shall, at its own expense, provide liability insurance to indemnify itself in the event it becomes liable for the payment of a judgment based on the acts or omissions of a deputy in the enforcement of a City Ordinance or State Statute, as provided in Neb. Rev. Stat. §13-1802, Reissue 2007. The County, its officers, and employees, shall not be deemed to assume any liability for intentional or negligent acts of the City or any officer or employee thereof. The City, its officers and employees shall not be deemed to assume any liability for intentional or negligent acts of the County or any officer or employee thereof. The County will indemnify and hold the City harmless from any claims for causes of action resulting from the intentional or negligent acts of the County, its officers, or employees regarding activities undertaken pursuant to this Agreement.
11. The City shall pay to the County as consideration for the Law Enforcement services set forth herein the total sum of two hundred eighty-two thousand five hundred eighty-eight dollars and eighty cents (\$282,588.80), payable in twelve (12) equal monthly payments of \$23,549.07 due on or before the first business day of each month for twelve (12) months commencing on November 1, 2020.

The monthly payments due to the County hereunder shall be due and payable from the City to the County on the first business day of each month and shall be delinquent ten (10) days thereafter. If payment is not received by the County within sixty (60) days, the County may satisfy such indebtedness from any funds of the City on deposit with the County without giving further notice to the City of the County's intention to do so.

12. In addition to the base sum set forth in Paragraph 11 above, the City shall provide an equipment stipend of fifteen thousand dollars and no cents (\$15,000.00) payable in lumpsum on January 1, 2021.
13. No later than the tenth (10th) day of each month, the Sheriff shall submit a report to the City that shows the services performed during the previous month. Said report shall detail the average response time for calls made to the dispatcher, both emergent and non-emergent,

for that month. The parties agree that the Sheriff's response times for calls made to the dispatcher shall be fifteen (15) minutes or less for at least eighty percent (80%) of calls.

14. The parties agree to establish a Committee consisting of the Sheriff, City Administrator, two (2) David City Councilmembers and two (2) Butler County Supervisors. Said Committee shall meet quarterly to review expectations and performance of the Sheriff's Department.

The City of David City, State of Nebraska by resolution duly adopted by its City Council has caused this Agreement to be signed by its Mayor and attested by its Clerk. The County of Butler, State of Nebraska, by resolution its Board of Supervisors, has caused this Agreement to be signed by the Chairman of said Board, all on the date and year first above written.

CITY OF DAVID CITY, NEBRASKA

By: _____
Alan Zavodny, Mayor

ATTEST:

Tami Comte, David City Clerk

Date: _____

BUTLER COUNTY, NEBRASKA

David W. Mach, Chairman
Butler County Board of Supervisors

ATTEST:

Stephanie L. Laska, County Clerk

Date: _____

**BUTLER COUNTY SHERIFF'S
DEPARTMENT, BUTLER COUNTY
NEBRASKA**

Tom Dion, Sheriff

City Administrator Clayton Keller said, "Currently, each employee uses a paper timesheet when they log their hours. At the end of the pay period, they total their hours and whatever leave they take and they hand all those sheets into Tami. Then Tami spends her

entire workday going through those sheets, adding up everything, calling up the employees and getting things remedied if there are mistakes. It takes a lot of hours. I did a little bit of calculations. You could say that it takes about thirty-six hours of personnel time for this process to work the way that it currently does. If we move to an automated electronic system, I gauged that it would take a little less than twenty hours over the course of the pay period, so instead of spending about eight hundred sixty dollars of personnel/staff time, we would spend about five hundred fifteen dollars of staff time, so you would start to see savings in staff/personnel time in about ten months, by my estimations. This isn't savings that you would see on a budget, but they are savings with personnel having their time freed up to go do other things."

Mayor Zavodny said, "I have a little bit of experience with these things and I have questions. Is this a web-based phone clock-in?"

City Administrator Clayton Keller said, "So they can login on their phone or on the computer. Each employee gets to decide how they want to do that."

Mayor Zavodny said, "So, you either have to do it by phone or by computer. Correcting people forgetting to clock out or forgetting to clock in – are those processes that a supervisor has to override and go back and correct the record?"

City Administrator Clayton Keller said, "Yes. The administrators have the ability to do that."

Mayor Zavodny said, "So, you've identified a couple of people that will have the ability to do that before the time process? The only thing that causes me indigestion on this is some things we can't control as far as the add-ons if things don't go quite the way you want. Do we have all of the components necessary to operate this because I was looking at the system requirements. Do we have those everywhere?"

City Clerk Tami Comte said, "I believe that we will. We just ordered a computer for Chris' office."

City Administrator Clayton Keller said, "He had a computer before, so we're just replacing that computer."

Mayor Zavodny said, "But, the system requirements?"

City Clerk Tami Comte said, "Yes and it works with PowerManager."

City Administrator Clayton Keller said, "That was our main stipulation, that we needed it to work with our billing system."

Council member Kobus said, "The County has the same thing."

Mayor Zavodny said, "So, this is just going to dump it to you (Tami), then you approve all of the timesheets with a click, probably. Then you'll incorporate that into your payroll where you make adjustments for garnishments and things like that?"

City Clerk Tami Comte said, "Yes."

Council member Tom Kobus made a motion to approve purchasing time clock software through Time Management Systems. Council Member Kevin Hotovy seconded the motion. The motion carried.

Kevin Hotovy: Yea, Tom Kobus: Yea, Bruce Meysenburg: Yea, Pat Meysenburg: Absent, John Vandenberg: Yea, Alan Zavodny (Mayor): Yea
Yea: 5, Nay: 0, Absent: 1

Mayor Zavodny said, "Before we start the conversation regarding health insurance renewals, I just want to remind you that because our employees have decided to go to the CIR, we are not allowed to make any changes, whatsoever, in any of our reimbursements or salaries, benefit package, everything is frozen at this time. Before that explanation comes, I would like to think that hopefully, in the future, we can look at the hybrid that we've been talking about that makes a lot of sense with the health reimbursement account and those kinds of things. But we are not allowed to make any changes at this time."

Ryan Ruth, with First State Insurance, said, "If you have a copy of the numbers there, the renewal lends to that this year. What we are looking at with the renewal is a 7.46% increase, which is keeping right in line with what we are seeing for medical trend spending. So, that is right in line there. We looked at other carrier options and they were more expensive and comparing very similar benefits, as close as we could get. So, Blue Cross is going to be your most competitive option. Currently, where you're sitting, you're with the most competitive carrier. Now, there are other benefit options that are possible with the hybrid type of option that you eluded to, but there again, we're not looking at those now. I do have a spreadsheet that shows how the HRA/HSA works. We have the capability to do it, it's just a matter of when."

Council member Kevin Hotovy made a motion to approve the renewal of the 2021 health insurance with Blue Cross Blue Shield of Nebraska. Council Member Bruce Meysenburg seconded the motion. The motion carried.

Kevin Hotovy: Yea, Tom Kobus: Yea, Bruce Meysenburg: Yea, Pat Meysenburg: Absent, John Vandenberg: Yea, Alan Zavodny (Mayor): Yea
Yea: 5, Nay: 0, Absent: 1

Council member Bruce Meysenburg made a motion to table the Request for Qualifications for Land Use Planning Services to update the Airport layout Plan for the David City Municipal Airport. Council Member Tom Kobus seconded the motion. The motion carried.

Kevin Hotovy: Yea, Tom Kobus: Yea, Bruce Meysenburg: Yea, Pat Meysenburg: Absent, John Vandenberg: Yea, Alan Zavodny (Mayor): Yea
Yea: 5, Nay: 0, Absent: 1

Mayor Zavodny stated that the next agenda item was a water department update by Aaron Gustin.

Interim Water Supervisor Aaron Gustin said, "First, I wanted to say thank you. We've made a lot of progress in the last fiscal year. I have an amazing crew that is learning as quick as they can – a lot of hands-on training. The Council was extremely poignant in listening to the safety concerns that we had and we made quite a few changes. For those who have toured out at the wastewater treatment plant, you saw the fall protection. The gas monitor is ordered and will be here in the next week. We definitely really appreciate that. I just wanted to give you an update. How many brown water calls have we had come through the office?"

City Clerk Tami Comte said, "None."

Interim Water Supervisor Aaron Gustin said, "None. Does everybody remember these pictures? (Aaron showed pictures of extremely dirty water coming out of the hydrants). The following with the LPZAM, the additive that we added after the pilot program. (Aaron showed pictures of water that was clean). So, I compared the time for 45 hydrants flushing. In the spring, those 45 hydrants took 1,395 minutes, an average of 31 minutes per hydrant. The same 45 hydrants, cleaned up in 320 minutes, averaging seven minutes per hydrant. So, we're seeing a lot of debris that was previously in those mains, mostly being the cause of any brown water when we open a hydrant. So, the decision that the Council made to add that is definitely working, definitely appreciate that and the fact that we haven't had any brown water calls yet, I'm impressed with, as well. That was a big contention for every flushing season. So, we've minimized the alarms out at the wastewater treatment plant for our pumps at the headworks station. We were having an issue with flooding. We replaced three check valves at the headworks building that were the main cause of our alarm issues, things with the pumps overheating, having to replace them. Since we had those check valves taken out and replaced, not one alarm in regard to those pumps. Those pumps are very expensive. Together, we were able to eliminate weekend rounds. That was a big thing. We replaced quite a few valves, did a lot of work, installed the new valve out at Aquinas and we made quite a bit of headway in regard to the issues that we were having with meters. That's all that I have. I look forward to the coming year in regard to the progress that we're going to make. Does anyone have any questions for me?"

Mayor Zavodny said, "It seems that our water has improved as far as being hard. Do your measurements show that?"

Interim Water Supervisor Aaron Gustin said, "Yes and individuals, Rex, over at NAPA, anytime we go in there for a part, he says "I still don't have to clean my coffee maker". That is in regard to the coagulant and the flocculant, doing what they should in the clarifier."

Mayor Zavodny said, "And the public school hasn't had any additional problems that they have in prior years?"

Interim Water Supervisor said, "No. Travis works there and he would have definitely communicated with me in regard to that."

Mayor Zavodny thanked Interim Water Supervisor Aaron Gustin for the report and stated that the next item on the agenda was a water plant update by Ethan Joy of JEO.

Ethan Joy of JEO said, "Thanks for allowing me to be here tonight. As you recall, you asked myself and JEO to give you a second opinion of your water plant of some potential improvements in the future. So, I have done that. I, kind of, cranked through the report. Everyone should have gotten a copy of the report. (The report follows the minutes.) The goal here, Olsson's prepared a study, they looked at mains, they looked at your existing plant, identified some issues, gave you three alternatives to help the water plant. One was to build a new facility, off to the side, it would do iron and manganese removal, but would not soften. Option two that they gave you was a partial rehab of your existing plant, continue to lime soften and then a third option was to continue to use your plant, change the process a little bit and not lime soften. That's the options that were started. From there, I dug into your system with a lot of help from Aaron. Looking at the existing facility, the maintenance headaches that you have

and I have put together two additional options for you to consider. The first option is very similar to Olsson's second option of rehabbing the existing facility. I looked at a little more comprehensive fix, on that one. The second option, I looked at adding a process called reverse osmosis to remove hardness and soften your water in addition to reusing most of your existing plant. That's what I did. I don't intend to go through this page by page unless you ask questions. I'll try to hit the highlights for you. I did have a chance to go through this with Clayton and Aaron on Monday, in detail, so I think that most of you probably understand your existing issues at the plant. The number one problem deals with lime and handling it and operational issues. When I look at your facility, the items that I would recommend fixing – let me back up a little bit. The water treatment plant treats from four wells. It treats for iron and manganese and one of your wells has arsenic in it. So, arsenic is a regulated contaminant, so your water plant does a good job of removing that today. So, the flow goes through an aerator. What an aerator does is simply aerates the water, helps oxidize the iron and helps remove it. Secondly, it goes into the solids contact clarifier which is the big circle tank, where you add lime and polymer currently. What that does is raise the Ph up, removes your hardness and removes manganese and coprecipitates the arsenic. From there it goes to gravity filters, where it filters out all of the particulates, gets sent to your clearwell, where you add chlorine and pump it into the system. That's a basic nutshell of what your plant does. If you were to stay with lime softening and wanted to rehab it, I think it would be a very viable option for you. I've done this in Dakota City and a couple of other places, with pretty good success. I've outlined a number of improvements. Rehab aerators, replace the solids contact unit with brand new mechanism inside with stainless steel, so it will last a lot longer for you. A major improvement to your filters, to improve backwashing capability, eliminate an issue where you're currently recycling every bit of water in that plant. So, when you backwash your filters, so when you clean your filters up, every bit of that water goes back through the system and you're recycling, which is not a bad thing, if you're in a drought area. If you're in Arizona. But what I think it's doing is causing you operational issues because you're getting small particulates that don't come out of the water and you're just recycling it over and over and over. That creates a lot of headaches so I'd recommend that you don't do that and just send the backwash water to the sewer. So, the lime handling system needs a good upgrade and I've put together some good options that I believe to provide proper dosing of lime, much easier to operate, and the last big thing is, in your plant you have a lime press, your salt contact unit – you put the lime in and it does its thing, settles to the bottom, you've got your sludge and you get rid of it. The sludge has mainly lime and it has iron, manganese and any particulates in it. Right now, you pump it to a press. The press has a bunch of plate filters. The staff have to manually go through and scrape the sludge off and it gets loaded into a truck and you have to haul it someplace. What I would recommend is switching to, basically, a holding system, to build a couple of lime storage lagoons built north of the plant. They are about a half an acre in size, each. Pump all of the sludge there and just let it sit. They dry out and every couple of years, you clean it out. It eliminates a lot of your day to day headaches with lime handling. That would require you to purchase some land, because there's just not enough room on site to fit that. That's a lot of information. Are there any questions? Can I clarify some things for you? That's option number one. Secondly, would be to provide reverse osmosis. Reverse osmosis is what it sounds like. Osmosis, is water likes to go from a high concentration to a low concentration. So, we're just reversing it with pumps and forcing the water to go backwards across a membrane. So, your plant would be modified to bypass the solids contact unit, do the other upgrades to the system, we would remove iron and manganese with additional chemical called permanganate. That treated water then would be partially pumped to a new reverse osmosis unit to remove the hardness, and some chlorides as well, and then blend it together to get the appropriate level of hardness within the system, five to seven grains, or whatever you prefer in your system. The reverse osmosis is a nice process. It

is very energy intensive – it uses a lot of electricity. It is, basically, pumping of water at high pressure to remove your hardness out of it. I think that your existing plant could be modified to make this work. You have an existing garage bay that the truck sits in that receives the lime sludge. We could put one reverse osmosis there and then secondly, build an expansion to the building off to the side to put the second one. So, there will be two units designed to put out your full plant flow rate of 1,800 gallons per minute, which should serve you for a very long time. Those are the two options. If you want to take the report so we can flip to what you really care about which are the numbers. So, page sixty-four and there is a summary table that shows the capital cost of the options and operation and maintenance costs, at least, as far as my thoughts. You've got a forty-year-old plant, you've definitely got its life use out of it. You've gotten good value out of it, but it does have a lot of needs. So, I list alternatives in Roman numerals I, II and III, are what Olsson proposed, a brand-new plant, off to the side and it doesn't soften, 8.5 million. A modified existing plant, continuing to provide lime softening, 4.7 million. They looked at a modified treatment process, which they would use the current plant and not soften, which was about 5 million. The two options that I prepared is a more comprehensive rehab of your current plant for about 5.5 million and what is different from what I'm recommending from what your other engineer mentioned, the solids contacting, I would recommend using stainless steel. Normal units are painted. Paint, in a high Ph environment, will last a while, but there is more maintenance required. So, it's about a \$75,000 adder to go stainless, but I think that it will last you a lot longer in your system. There's also a couple process improvements with the solids contact unit that would help prevent plugging, that I would recommend and on the filtering system, I'm recommending a more comprehensive replacement of valves and an upgrade of the backwash process to help clean the filters and use less water since we would recommend not sending it around in a circle again, we would send it to the sewer. Lastly, I'm recommending a storage lagoon, which is additional money, compared to the other option that was presented to you. The second is the reverse osmosis plan which is about 5.3 million. It's slightly less capital but it does cost a little bit more per year to operate, in electricity."

Council member Kobus said, "But it has no lime?"

Ethan Joy of JEO said, "Nope. No lime."

Council member Bruce Meysenburg said, "Which of these two systems do you think would last the longest?"

Ethan Joy of JEO said, "So, the reverse osmosis has a membrane and it has pumps. Those membranes are rated to last about five to ten years and then they have to replace them. It's like a cartridge filter. You pull it out and get a new one and slide it in."

Council member Bruce Meysenburg said, "Is that shown in the operating cost?"

Ethan Joy of JEO said, "It is not. The lime system, I think if we did some of those upgrades, it's going to also last you a long time. But, with the lime system, if you go to a lime storage lagoon, every couple of years you have to clean out the lagoon, hire a contractor and then haul it out to be put on a field. It's great for that. It would probably be about a \$30,000 - \$40,000 cost every couple of years to clean it out."

Council member Bruce Meysenburg said, "So, you're saying that we can get soft water with the reverse osmosis system?"

Ethan Joy of JEO said, "Oh yeah."

Council member Bruce Meysenburg said, "I was under the impression that if we went with that system, that we weren't going to be able to get soft water."

Ethan Joy of JEO said, "No, at first it takes everything out. If you run your water through reverse osmosis and not blend it back, it would taste funny. It would be too pure, it's like that Evian water that you can buy, it doesn't have any minerals in it, it just tastes wrong. That's what it would taste like when you're done. So, we would only run a portion of the flow through reverse osmosis and then you blend back your other treated water to get the desired level."

Interim Water Supervisor Aaron Gustin said, "Your plans also included on-site generation, something that we've talked about."

Ethan Joy of JEO said, "It includes a new backup generator for the plant and then one item that it does include is a, we did an inspection of your clearwell, your big tank that holds the water, it was noted that some concrete exposed rebar, some concrete is falling in the roof, it does include a cost to fix that. If you are looking to cut something, that's probably something that you can cut. I am recommending, also – right now to inject chlorine for disinfection, right? You add a little chlorine residual to make sure that it's safe to drink. Right now, it's injected after the filters and then it runs into the clearwell and then it sits there and then you pump it into the system. The problem is that the chlorine sits there, you have a little head space air gap above the water and that chlorine likes to off-gas, just like in your swimming pool and then it recombines with some moisture on the top and then it makes a little hydrochloric acid, which likes to eat at the concrete. So, what I'm recommending is that you inject the chlorine after the high service pump so that it's never in your clearwell and it should extend the life of your clear well by quite a bit."

Council member Kobus said, "So, with reverse osmosis, you wouldn't need chlorine?"

Ethan Joy of JEO said, "No, you would still use chlorine. If you want to, I can show you, on page 55, if you want to talk about chemicals for a bit, and page 63, there's two comparisons of what I call O & M, operation and maintenance. So, if you look in that table 4-3 there, it shows chemicals, so if you stay with lime, you're going to continue to use about \$45,000 per year worth of lime, \$17,000 per year of carbon dioxide, which helps adjust your Ph, so you don't put out water that's too basic, also your chlorine and your sequestrant, which Aaron was showing you that helps prevent brown water. So, you look on page 63, if you switch to reverse osmosis, the chemicals, lime goes away, and we add sodium permanganate, which helps remove the manganese. The RO system requires an antiscalant and every so often you have to clean it with hydrochloric acid. You clean the membranes out every so often when they get fouled. Then we would also continue to add chlorine and then your sequestrant. So, the comparison between the two, if you move away from lime, your chemical costs are going to go down, but your electrical cost is going to go up. That's kind of a tradeoff. At the bottom of those two tables, I worked it out based on your average use of about half a million gallons of water used per day, that lime option costs about \$3.35 cents per 1,000 gallons and the reverse osmosis process costs about \$3.45 cents per 1,000 gallons. So, about ten cents per 1,000 gallons more expensive to run reverse osmosis. That's kind of an easy way to see that boiled down. Other questions?"

Council adviser Dana Trowbridge said, "Can you give us the estimated O & M costs on a per gallon basis? Or in total is fine."

Ethan Joy of JEO said, "Well, that is shown on page 71 & page 72. A summary of the water system utilities expenses and revenues for the past four fiscal years, based on the information that Tami and Clayton got to me. So, the past fiscal year, you had a net revenue of about \$471,000, not including depreciation. But a couple of years ago, you had a negative \$477,000 when you did some capital improvements. So, if I do a quick calculation... are there any other questions while I'm trying to figure this?"

Council adviser Dana Trowbridge said, "That's ok. How far off the expenditures total on page 72 would you be, less depreciation?"

4.3.1 Alternative No. 1 Opinion of Probable O&M Costs

Given this alternative is a rehabilitation of the existing treatment plant, future Operation and Maintenance costs (O&M) are not expected to change significantly from current conditions. The following table summarizes the expected O&M costs. It should be noted that labor costs are not included in this analysis. It is expected that labor necessary for the water plant will be much less than currently needed, however, the additional time allowed existing staff will be better directed elsewhere in the water system and the overall labor costs will be equivalent.

Table 4-3: Alternative No. 1 Opinion of Probable O&M Costs

ELECTRICAL POWER	Hp				
Well Motor (1)	100	12	Hrs/Day/Ea =	1200	Hp Hrs/Day
Aerator Fans (2)	0.5	12	Hrs/Day/Ea =	12	Hp Hrs/Day
SCU Scraper Drive	0.5	24	Hrs/Day/Ea =	12	Hp Hrs/Day
SCU Mixer	5	24	Hrs/Day/Ea =	120	Hp Hrs/Day
Lime Slurry Pump	10	24	Hrs/Day/Ea =	240	Hp Hrs/Day
Lime Slaker Mixer	3	24	Hrs/Day/Ea =	72	Hp Hrs/Day
Recarbonation Basin Mixer	2	24	Hrs/Day/Ea =	48	Hp Hrs/Day
HSP's (3)	75	4	Hrs/Day/Ea =	900	Hp Hrs/Day
Backwash Tank Discharge Pump	20	2	Hrs/Day/Ea =	40	Hp Hrs/Day
Lime Sludge Pump	5	2	Hrs/Day/Ea =	10	Hp Hrs/Day
Chlorine Booster Pump	3	12	Hrs/Day/Ea =	36	Hp Hrs/Day
Air Wash Blower	25	0.25	Hrs/Day/Ea =	6.25	Hp Hrs/Day
Miscellaneous Electrical				30	Hp Hrs/Day
TOTAL				2726.25	Hp Hrs/Day
Hp Hrs/Day x 0.7457 KW-Hr/Hp-Hr =				2033	KW-Hr/Day
TOTAL ESTIMATED KW/HRS/DAY				2033	Kw Hrs/Day
Kw Hrs/Day x \$0.12 / Kw-Hr =				\$243.96	/Day
				\$7,318.67	/Month
				\$89,043.85	/Year
Total Estimate of Annual Electrical Power				\$90,000.00	/Year
CHEMICALS:					
Hydrated Lime				\$45,000.00	/Year
Carbon Dioxide				\$17,000.00	/Year
Chlorine				\$2,100.00	/Year
Sequestrant (Polyphosphate)				\$1,500.00	/Year
Total Chemical Expense				\$65,600.00	/Year
Total Alternative Estimated Annual O&M Cost:				\$155,600.00	/Year
Existing Water System Annual O&M ¹				\$503,000.54	/Year
TOTAL ESTIMATED ANNUAL O&M COST:				\$658,600.54	/Year
Average Daily Water Production				0.538	MGD
Yearly Water Production				196.37	MGD
O&M per 1,000 gallons				\$3.35	per 1,000 gal

¹: Existing Water System O&M Average for the last 3 years less Utilities, Chemicals, Rentals, and Capital Improvements

4.4.10 Alternative 2 Opinion of Probable O&M Costs

Similar to Alternative 1, labor costs are not included in this analysis. It is expected that labor necessary for the water plant will be much less than currently needed, however, the additional time allowed existing staff will be better directed elsewhere in the water system and the overall labor costs will be equivalent.

The following table summarizes the expected O&M costs. The O&M costs for this alternative includes the elimination of the use of lime which has been a large expense for the city. However, the use of RO does add significant costs in terms of electricity. As seen in the table below, the overall increase in electrical costs vs. the savings in chemical use (lime) nearly offsets each other when compared to Alternative 1 O&M costs.

Table 4-4: Alternative 2 Opinion of Probable O&M Costs

ELECTRICAL POWER	Hp				
Well Motor (1)	100	12	Hrs/Day/Ea =	1200	Hp Hrs/Day
Aerator Fans (2)	0.5	12	Hrs/Day/Ea =	12	Hp Hrs/Day
Recarbonation Basin Mixer	2	24	Hrs/Day/Ea =	48	Hp Hrs/Day
HSP's (3)	75	4	Hrs/Day/Ea =	900	Hp Hrs/Day
Backwash Tank Discharge Pump	20	2	Hrs/Day/Ea =	40	Hp Hrs/Day
Intermediate Clearwell RO Feed Pump	25	12	Hrs/Day/Ea =	300	Hp Hrs/Day
RO Feed Pumps (2)	60	12	Hrs/Day/Ea =	1440	Hp Hrs/Day
Chlorine Booster Pump	3	12	Hrs/Day/Ea =	36	Hp Hrs/Day
Air Wash Blower	25	0.25	Hrs/Day/Ea =	6	Hp Hrs/Day
Miscellaneous Electrical				30	Hp Hrs/Day
TOTAL				4012	Hp Hrs/Day
Hp Hrs/Day x 0.7457 KW-Hr/Hp-Hr =				2992	KW-Hr/Day
TOTAL ESTIMATED KW/HRS/DAY				2992	Kw Hrs/Day
Kw Hrs/Day x \$0.12 / Kw-Hr =				\$359.03	/Day
				\$10,770.97	/Month
				\$131,046.75	/Year
Total Estimate of Annual Electrical Power				\$132,000.00	/Year
CHEMICALS:					
Sodium Permanganate				\$22,500.00	/Year
Antiscalant				\$6,500.00	/Year
Cleaning Chemicals				\$10,000.00	/Year
Chlorine				\$2,100.00	/Year
Sequestrant (Polyphosphate)				\$1,500.00	/Year
Total Chemical Expense				\$42,600.00	/Year
Total Alternative Estimated Annual O&M Cost:				\$174,600.00	/Year
Existing Water System Annual O&M ¹				\$503,000.54	/Year
TOTAL ESTIMATED ANNUAL O&M COST:				\$677,600.54	/Year
Average Daily Water Production				0.538	MGD
Yearly Water Production				196.37	MGD
O&M per 1,000 gallons				\$3.45	per 1,000 gal

¹: Existing Water System O&M Average for the last 3 years less Utilities, Chemicals, Rentals, and Capital Improvements

4.5 Summary of Engineer’s Opinion of Costs and O&M Costs for Alternatives

Table 4-5 below provides a side by side comparison of the estimated opinion of probable cost and opinion of O&M cost for each of the alternatives. Note, for comparison purposes the three alternatives prepared by Olsson are included in this table. The referenced Olsson report did not have specific O&M estimates for each alternative as it concluded that existing O&M costs are not anticipated to change from the existing water utility expenses.

Table 4-5: Summary of Engineer’s Opinion of Cost and O&M Costs for Alternatives

Alternative No.	Description	Capital Cost	Estimated Water System O&M
I*	New Treatment Process and Building	\$8,563,000	N/A
II*	Improve Existing Treatment Process	\$4,775,000	N/A
III*	Modified Treatment Process	\$5,040,000	N/A
1	Existing Water Treatment Plant Rehabilitation	\$5,533,280	\$658,601
2	Reverse Osmosis Plant	\$5,353,700	\$677,601

*As presented in 2020 Water Treatment Facility Evaluation by Olsson

4.6 Pricing Index

Preliminary Opinions of Cost have been prepared for the purpose of making a monetary comparison between the proposed alternatives. Material and equipment costs were determined by review of local construction projects of similar nature and consultation with various material and equipment manufacturers and suppliers. Material and labor costs have increased over the recent years resulting in increasing construction, operation, and maintenance costs. Market conditions indicate that this trend will likely continue in the future at varying rates. The cost opinions have been prepared based on present value construction costs for comparison purposes.

Construction costs can be adjusted to different time periods by utilizing the Engineering News Record (ENR) construction cost index. The costs presented in this report are from January 2020 which correlates to the ENR index of 11,392. Construction cost can be adjusted from one time to another by multiplying the cost by the ratio of the two ENR indices (future/present). For example if the cost of a project is \$100,000 when the ENR index is 10,000 the cost of same project when the ENR index is 11,000 can be estimate by multiplying 100,000 times 11,000 divided by 10,000 or 1.1. The resulting costs would be \$110,000.00

Ethan Joy of JEO said, "How far off of what? I'm not understanding."

Council adviser Dana Trowbridge said, "You were six seventy-seven on option two and we're showing eight thirty-eight seven total, on this past year, on page seventy two and I don't know what page seventy two encompasses that isn't on page seventy seven."

Ethan Joy of JEO said, "What that doesn't encompass is I'm averaging your labor and in that six seventy-seven, I'm not including labor costs."

Council adviser Dana Trowbridge said, "Labor is not in this one. But other than that, they are relatively similar."

Ethan Joy of JEO said, "Yea. They are relatively similar. Your numbers kind of go up and down and without doing a full audit, I don't know all of the details on how stuff gets put in each line item in your budget, but overall, you have a healthy utility. You're making some money to pay for things, which is good."

Council adviser Dana Trowbridge said, "If we pull the labor out of the operating expense total for the last year, we're in the high 6's. We're just under 7, so it's a push with the reverse osmosis system."

Ethan Joy of JEO said, "It's very close. Yeah. When Olsson did their report, they made the conclusion that, no matter what process you do, your O & M is about the same. I wanted to dig into the numbers a little bit more than that... it came pretty close. So, lastly, if you were to do a project, on page 74, it's a nice colored chart, so I compare each option and what would be available for funding, because this is a very large project and a community of your size will need some assistance. You are eligible for grant funds from USDA Rural Development, based on your median household income. Currently, interest rates through USDA are very low, they are 1.25% for a forty-year loan, which is pretty amazing money. It's practically free, at this point. So, I compared a couple of options to give you an idea of what an average user rate would be in the community. Now, this is an average. You have a couple of big industrial users that use a lot more water, so the average home owner use, the average home owner rate is probably going to be a little lower than this. But if you did a 5.5 million dollar project or a 5.3 million dollar project, you can kind of step down the table. If you get a USDA grant, you finance the remainder, your debt service, have a 10% debt service coverage ratio to make sure that you have enough to pay in an up or down year of revenues, add in your O & M expenses, I guess you have to pay that in your water utility, so your average water rate could average, could range between fifty dollars and fifty cents to about sixty-nine or seventy dollars per month. So, that's showing you, roughly, what an average bill would be. Now, you would have to do a formal rate study, and again, I think that you have a couple of industrial users that really tilt the average up. The typical home owner family of four is going to be less than that. That gives you an idea. I don't want to take too much more time."

Table 6-6: Potential Impact to City Water Rates

Description	Alternative 1 Rehabilitation of the Existing Water Plant				Alternative 2 Reverse Osmosis Water Plant			
	SRF Only (20-YR)	SRF Only (30-YR)	USDA-RD (No Grant)	USDA-RD (Max Grant)	SRF Only (20-YR)	SRF Only (30-YR)	USDA-RD (No Grant)	USDA-RD (Max Grant)
Total Project Cost	\$5,533,280	\$5,533,280	\$5,533,280	\$5,533,280	\$5,353,700	\$5,353,700	\$5,353,700	\$5,353,700
- Loan Origination / Interim Financing Costs ¹	\$27,666	\$27,666	\$165,998	\$165,998	\$26,769	\$26,769	\$160,611	\$160,611
TOTAL	\$5,560,946	\$5,560,946	\$5,699,278	\$5,699,278	\$5,380,469	\$5,380,469	\$5,514,311	\$5,514,311
- USDA Grant ²	\$0	\$0	\$0	-\$2,564,675	\$0	\$0	\$0	-\$2,481,440
- Other Cash / Grant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL AMOUNT TO FINANCE	\$5,560,946	\$5,560,946	\$5,699,278	\$3,134,603	\$5,380,469	\$5,380,469	\$5,514,311	\$3,032,871
- Financing Interest Rate	2.50%	2.50%	1.250%	1.250%	2.50%	2.50%	1.250%	1.250%
- Financing Loan Term	20	30	40	40	20	30	40	40
SUBTOTAL ANNUAL DEBT SERVICE	\$356,800	\$265,700	\$182,000	\$100,100	\$345,200	\$257,100	\$176,100	\$96,900
- Other Annual Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ANNUAL DEBT SERVICE	\$356,800	\$265,700	\$182,000	\$100,100	\$345,200	\$257,100	\$176,100	\$96,900
- Debt Service Coverage Ratio	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
TOTAL ANNUAL DEBT SERVICE + RESERVE	\$392,480	\$292,270	\$200,200	\$110,110	\$379,720	\$282,810	\$193,710	\$106,590
- Utility Annual Expenses	\$658,601	\$658,601	\$658,601	\$658,601	\$677,601	\$677,601	\$677,601	\$677,601
TOTAL ANNUAL UTILITY REVENUE REQUIREMENT	\$1,051,081	\$950,871	\$858,801	\$768,711	\$1,057,321	\$960,411	\$871,311	\$784,191
- Number of Utility Users	1269	1269	1269	1269	1269	1269	1269	1269
FINAL AVERAGE MONTHLY UTILITY FEE	\$69.02	\$62.44	\$56.40	\$50.48	\$69.43	\$63.07	\$57.22	\$51.50

¹ - DWSRF loan origination fees are calculated as 0.50% of the loan value. Interim financing costs associated with USDA-RD construction loans are assumed to be 3.0% of the loan value.

² - Maximum USDA-RD grant award is 45% of project costs for communities in the poverty MHI category if not correcting a public health need.

Mayor Zavodny said, "I have questions. Does anybody else have any before I start in? We've been able to get to the point where we have our debt to a very manageable amount. We've reduced it to where we can almost see the end of the tunnel and retiring our debt. We know that we need to do something, so after looking at your numbers and listening to your explanation, giving up lime versus what we need to do with RO is almost a wash. So, that's not a consideration. Now, with RO, we don't have to buy additional land and deal with the additional sludge every couple of years and not deal with the lime, which has been a bane. I want to go back to where Bruce was going earlier, I don't think that we were given the RO option, is why we thought that we were stuck with lime. That's the feeling that I had, as well."

Council member Bruce Meysenburg said, "That's the feeling that I had, that we couldn't get soft water if we went with reverse osmosis and that's one of the things that we were looking for."

Mayor Zavodny said, "It was a deal breaker for us. As far as operation, after everything you've talked about, a lot of times cost will decide the way you want to go. This is a coin flip. We're talking about such a small difference."

Ethan Joy of JEO said, "You're to non-monetary factors, your preferences."

Mayor Zavodny said, "As far as what works the best, ease of operation, less that goes wrong, which one is the better option?"

Ethan Joy of JEO said, "I think they are both equal in that respect. Reverse Osmosis has its negatives."

Mayor Zavodny said, "That's like asking you to pick your favorite child, here. I understand."

Ethan Joy of JEO said, "Aaron tried to do the same thing to me."

Mayor Zavodny said, "I hope you had better luck than I'm having, because you're going nowhere."

Ethan Joy of JEO said, "I am not as anti-lime as others. I've done a project in Dakota City, Nebraska. They have a very similar plant to yours. Their raw water has a high iron content, yours is less than one, theirs is nine parts per million, you could chew their water. But it does a very good job of treating it and they also supply a rural water district, as well. My thought is if you don't want to deal with purchasing land and are okay with a little more technically complex system, RO is not simple, it does have a little more bells and whistles, it has more controls. You do have the replacement of membranes every five to ten years."

Mayor Zavodny said, "How much of that could we automate?"

Ethan Joy of JEO said, "It's going to be automated, but what I would propose, in the control system is to be able to look at, on your phone, and know exactly what is going on. Any alarm that comes up in the middle of the night, just look at your phone and know what it is. That's the type of alarm control system that you would have. It's technically complex. Now, I think that you have a very good operational staff to handle that. But it's something that everybody needs to be aware of before we make a decision to go down that path. RO would work for you just fine, it's your choice."

Mayor Zavodny said, "That was the longest non-answer that I've heard in a while."

Council member Bruce Meysenburg said, "We want this to go another forty years. Which one do you think would be better? RO or the lime, or is it virtually a toss-up?"

Ethan Joy of JEO said, "Over forty years, you're probably going to have more replacement on the RO system because you're going to have to replace pumps more often, you're going to replace membranes more often.."

Mayor Zavodny said, "But they're fairly simple as opposed to something going wrong with the lime system."

Ethan Joy of JEO said, "Yeah. The lime system that I was looking at, you would stay with hydrated lime. The feed system is an improved system to what you have today. Having a stainless steel solids contact unit should prolong its life a lot. But if you don't want to purchase land and you don't want to handle lime and you don't want to be dealing with that, I'm very good to recommend RO."

Mayor Zavodny said, "I understand that they love you in Dakota City, but who is running RO that we could talk to and evaluate?"

Ethan Joy of JEO said, "Manson, Iowa is a plant that I did. They run RO to remove fluoride. There are a couple systems out west that do it for nitrates, but I have not worked on those. They are not the personal ones that I've worked on."

Mayor Zavodny said, "But there are some."

Ethan Joy of JEO said, "There are some."

Interim Water Supervisor Aaron Gustin said, "I was invited to Seward because they use RO. Gary Janicek invited me to come down there and take a look."

Mayor Zavodny said, "And what was your opinion?"

Interim Water Supervisor Aaron Gustin said, "I still need to go. We're in a pandemic. I haven't been able to get there but he spoke highly of it. He kind of wanted to brag, I could tell. That was the impression that I got. I also spoke with Dakota City and Stacey, up there, is the water supervisor. She is extremely pleased and happy with the job that Ethan did up there. It's a huge improvement over what they had before. She had glowing reviews as well. The thing that really makes you think, you look at the ten-cent per thousand gallons. I'm producing five hundred thousand gallons a day and sometimes more if there are peak users. That's a big cost. If I'm looking at it objectively and the cost to the taxpayers, if you were to take the pressing of lime out of the equation, to be a good steward of the taxpayer's money, I personally feel that lime would be the way to go and I never ever thought that I would say that. But when you're talking sixty thousand dollars difference in production per day, Clayton and I had to double check the math in the office the other day, that's a lot. You've got fluctuations in the cost of lime but you have fluctuations in the cost of electricity, as we all know. In thirty years, which one is going to be the more cost prohibitive?"

Council member Tom Kobus said, "Did you say sixty thousand dollars a month? Did you figure in the electric for more electricity?"

City Administrator Clayton Keller said, "It might be about fifty dollars more per day."

Interim Water Supervisor Aaron Gustin said, "Fifty dollars more per day? How did we get to the other one? Well, if that's the case and not having to purchase land, I'm on board for the other one."

Ethan Joy of JEO said, "With reverse osmosis, a typical system has a waste of about twenty to twenty-five percent. If you put a hundred gallons of water in, twenty gallons of it goes down the drain because it's the concentrates, the brine. The system that I'm recommending has a recovery rate of ninety-four to ninety-five percent. It's newer technology. It's much more efficient, so that is also a benefit when you look at the per cost. I'm not adding in the cost of your wastewater plant."

Mayor Zavodny said, "You've taken me to my next question, because, let's be honest, you have more experience with lime because this is fairly new. I think that a lot of people will understand RO, though, and say, maybe, moving forward, that makes a little more sense. Even

if we had to adjust rates a little bit, people won't quibble over a small increase if they are getting a quality product. Where we've struggled in the past is not wanting to do anything with rates because we were struggling to get good water to anybody. We've struggled with it over the years. Let's call it what it is. Nobody has been more frustrated about that than I've been. If we can make an improvement here, we've come so far in replacing valves. We still have a lot more lines to put in the ground, but to me, nothing was making one a clear choice over the other, but I think at the end, if it's that close, RO sounds like a pretty good idea. How confident are you, with it being a new technology, that that's the right choice?"

Ethan Joy of JEO said, "Oh, I know it will work. I'm not concerned about providing quality water or having performance in that technology."

Mayor Zavodny said, "Do we know enough to know that if we stick our necks out on that, are there risks? How much do we not know that puts us at risk?"

Ethan Joy of JEO said, "I would say very little. Reverse osmosis is a proven technology and it's been used for a long time."

Mayor Zavodny said, "Ok. You learn about it in middle school science class."

Ethan Joy of JEO said, "The system that I've worked on in Manson, Iowa that treats fluoride, JEO designed it back in the late 80's, so it's not like it's new technology. It's definitely workable for you and I keep hearing that the non-monetary factors are driving this more than dollars, and if that's the case, I wholly recommend that you go with RO."

Mayor Zavodny said, "How long would it take from start to finish to get this done?"

Ethan Joy of JEO said, "About two years."

Mayor Zavodny said, "The other thing that, you'll have to help me, you might remember this, but when we looked before, for some reason we found that because our citizens were doing too well that we weren't eligible for some of those grants in the past."

Ethan Joy of JEO said, "There are two factors."

Mayor Zavodny said, "What has changed from the fact that we couldn't get that money to now maybe we can?"

Ethan Joy of JEO said, "So you're probably referring to the CDBG grant that uses a different mechanism called LMI – Low to Moderate Income. So, based on that, your LMI is 41.8% and you need to be over 51% to be eligible for a CDBG grant. USDA Rural Development uses a different program. They look at your MHI – Median Household Income, which is calculated to be 38,081 plus or minus 4,000, which puts you in the poverty rate for interest and it makes you eligible for up to 45% grant for the project."

Mayor Zavodny said, "That helps significantly."

Ethan Joy of JEO said, "So, on the funding side, the next step would be, as you decide what you want to do, would be to take the two reports, make the recommendation in it and send it to WEWAC, the Water and Wastewater Advisory Committee of Nebraska. It's a group of

those funding agencies. So, you have SRF, State Revolving Loan Fund, the CDBG folks, the USDA folks, and they all sit together in a room and they look at the applications and they say you fund this one, you fund this one and so on and then they will send you an offer. At that point, then you can decide that they are going to give you X amount of dollars and this is what your potential rates would be and at that point you can decide to go forward.”

Mayor Zavodny said, “I like the sound of that. Let’s take some time and compare what we have. We’re just seeing this now. You’ve heard, I think, what you need to hear and we’ll have a couple new people sitting around the table when it’s time to decide so we might have to go over some of that and bring some of them up to speed on that. That was very helpful. Thank you.”

Ethan Joy of JEO said, “I hope I didn’t take too long.”

Mayor Zavodny said, “When it’s a five-million-dollar project, I think taking a little extra time isn’t a terrible idea.”

Council adviser Dana Trowbridge said, “If we were to get into a situation where we had more demand, say a ten percent increase in demand, which one will serve us more efficiently, without having to rebuild systems?”

Ethan Joy of JEO said, “So, right now, your plant’s rated for about 1,800 gallons per minute and your average demand is about 400 gallons per minute, so you have plenty of capacity. The plant was built well and it was planned for the future, in that respect. It wasn’t planned for the future as far as expanding basins, you’re landlocked right there, but you have capacity. Unless you put in a couple of very large industries that use millions of gallons of water a day, I think you’re fine. If that happened, that would be a whole other discussion. It would be a good discussion.”

Mayor Zavodny said, “On behalf of the Council, thank you for your time and for your explanation of your recommendations. So, really, item eighteen is taking time to do some comparisons and we will have to, at some point, figure out what we want to recommend to the Council for the course to take.”

City Administrator Clayton Keller said, “We worded the item as consideration/discussion so you would have some flexibility to do what you wanted to do.”

Mayor Zavodny said, “I think we’re ok with where we are at. We’re going to study the recommendations of both Olsson and JEO and we’ll be able to probably funnel it down to be able to make a recommendation to the Council. Alright, I think we’ve taken care of eighteen.”

City Administrator Clayton Keller said, “This is more or less a housekeeping item. We buy power from WAPA through NPPD and this is our agreement with them, and it just requires Council approval and a signature by the mayor.”

Council member Kevin Hotovy made a motion to approve the Assignment of Specific Rights, Duties and Obligations of the City of David City, Nebraska's Firm Electric Service Contract to Nebraska Public Power District. Council Member Bruce Meysenburg seconded the motion. The motion carried.

City Council Proceedings

October 28, 2020

Page #25

Kevin Hotovy: Yea, Tom Kobus: Yea, Bruce Meysenburg: Yea, Pat Meysenburg: Absent, John Vandenberg: Yea, Alan Zavodny (Mayor): Yea Yea: 5, Nay: 0, Absent: 1



Department of Energy
Western Area Power Administration
Upper Great Plains Customer Service Region
P.O. Box 35800
Billings, MT 59107-5800
26-Oct-2020

6520.02

B6201.BL

Mr. Clayton Keller
City Administrator
City of David City
P.O. Box 191
David City, NE 68632-0191

Dear Mr. Keller:

Attached, for your consideration, is a pdf original of the Assignment of Specific Rights, Duties, and Obligations of the City of David City, Nebraska's (David City) Firm Electric Service Contract No. 20-UGPR-5001 (Assignment) to Nebraska Public Power District (NPPD).

The Assignment is being offered in response to the request received April 28, 2020, by David City and NPPD. David City and NPPD requested the assignment of specific rights, duties, and obligations under David City's Firm Electric Service Contract with Western Area Power Administration (WAPA) to NPPD for the sole purpose of delivery of David City's Federal power and energy to David City.

The Assignment is in final form for your signature and may be executed in any number of counterparts as provided for in Section 8 of the Assignment. If the Assignment is satisfactory, please take the following actions listed below to ensure proper execution and administration of the Assignment.

For Digital Signature:

- Do not date the Assignment.
 - Have the appropriate official digitally sign the Assignment using Adobe Sign or Adobe E Signature.
 - Have the official's signature attested by filling in the appropriate blocks and digitally sign using Adobe Sign or E-Signature.
 - Apply David City's digital seal, if there is one, to the Assignment.
 - Include a signed copy of David City's city council meeting minutes or resolution approving the Assignment with signature pages.
 - Any changes or alterations made to the Assignment shall render it null and void.
 - Return the digitally signed Assignment and council meeting minutes to kauer@wapa.gov for completion within 30 days of the date above.
-

For Wet Signature:

- Print one complete Assignment and 5 signature pages (pdf page 8) on plain white 8.5 x 11-inch paper, single sided.
- Do not date the Assignment.
- Have the appropriate official sign the Assignment on all signature pages.
- Have the official's signature attested on all signature pages.
- Apply David City's seal, if there is one, to all Assignment signature pages.
- Include a signed copy of David City's city council meeting minutes or resolution approving the Assignment with signature pages.
- Any changes or alterations made to the Assignment shall render it null and void.
- After David City signs, attests, and seals the Assignment as instructed above, please return all signed signature pages and David City's city council meetings to WAPA at the following address within 30 days of the date stamped above or the Assignment shall be null and void:

Ms. Lori Frisk
Vice President of Power Marketing
for Upper Great Plains Region
Western Area Power Administration
P.O. Box 35800
Billings, MT 59107-5800

After all the parties sign and return all the originals of the Assignment, WAPA will date and sign the Assignment. One signed original, signed in counterparts, of the Assignment will be provided to you for your records.

If you have any questions regarding the proposed Assignment, please contact Ben Kauer at (406) 255-2931 and kauer@wapa.gov or Tracy Thorne at (605) 353-2716 and thorne@wapa.gov.

Sincerely,


LORI FRISK
Lori L. Frisk
Vice President of Power Marketing
for Upper Great Plains Region

Attachment

(Letter sent via email)

Contract No. 20-UGPR-5001
City of David City, Nebraska
Nebraska Public Power District

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

Pick-Sloan Missouri Basin Program--Eastern Division

ASSIGNMENT OF SPECIFIC RIGHTS, DUTIES AND OBLIGATIONS

OF THE CITY OF DAVID CITY, NEBRASKA'S

FIRM ELECTRIC SERVICE CONTRACT

TO NEBRASKA PUBLIC POWER DISTRICT

Contract No. 20-UGPR-5001
City of David City, Nebraska
Nebraska Public Power District

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

Pick-Sloan Missouri Basin Program--Eastern Division

ASSIGNMENT OF SPECIFIC RIGHTS, DUTIES AND OBLIGATIONS

OF THE CITY OF DAVID CITY, NEBRASKA'S

FIRM ELECTRIC SERVICE CONTRACT

TO NEBRASKA PUBLIC POWER DISTRICT

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Certificate

Contract No. 20-UGPR-5001
City of David City, Nebraska
Nebraska Public Power District

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

Pick-Sloan Missouri Basin Program--Eastern Division

ASSIGNMENT OF SPECIFIC RIGHTS, DUTIES AND OBLIGATIONS

OF THE CITY OF DAVID CITY, NEBRASKA'S

FIRM ELECTRIC SERVICE CONTRACT

TO NEBRASKA PUBLIC POWER DISTRICT

1. PREAMBLE: This Contract is made on _____,
pursuant to the Acts of Congress approved June 17, 1902 (32 Stat. 388), December 22,
1944 (58 Stat. 887), August 4, 1977 (91 Stat. 565), and Acts amendatory or
supplementary to the foregoing Acts between the UNITED STATES OF AMERICA,
acting by and through the Administrator and Chief Executive Officer, Western Area
Power Administration, Department of Energy, hereinafter called WAPA, represented by
the officer executing this Contract Number 20-UGPR-5001 (Assignment), a duly
appointed successor, or a duly authorized representative, hereinafter called the
Contracting Officer, and the CITY OF DAVID CITY, NEBRASKA, a municipal
corporation duly organized under and by virtue of the laws of the State of Nebraska,
hereinafter called DAVID CITY, and NEBRASKA PUBLIC POWER DISTRICT, a public
corporation and political subdivision of the State of Nebraska, hereinafter called NPPD,
their successors and assigns, each sometimes hereinafter individually called Party, and
all sometimes hereinafter collectively called the Parties.

Contract No. 20-UGPR-5001
City of David City, Nebraska
Nebraska Public Power District

2. EXPLANATORY RECITALS:

2.1 David City is a qualifying preference entity within the established marketing area for the Pick-Sloan Missouri Basin Program--Eastern Division (P-SMBP--ED) and receives an allocation of firm power from the P-SMBP--ED.

2.2 David City entered into Firm Electric Service Contract No. 13-UGPR-1076, dated March 13, 2015, (2021 FES Contract), with WAPA, which, among other things, provides for the delivery of Federal electric power and energy from WAPA. The 2021 FES Contract becomes effective January 1, 2021.

2.3 NPPD is a qualifying preference entity within the established P-SMBP--ED Marketing Area.

2.4 On April 1, 2009, NPPD joined the Southwest Power Pool (SPP).

2.5 NPPD, as a Transmission Owning Member of SPP and Network Integrated Service Customer under the SPP Tariff, requires certain contractual rights to receive David City's Federal power and energy at the NPPD interconnection to WAPA for delivery of that Federal power and energy to David City.

2.6 WAPA received a request dated April 28, 2020, from David City and NPPD, for an assignment of specific rights, duties, and obligations under David City's 2021 FES Contract to NPPD.

2.7 Therefore, the Parties chose to enter into this Assignment to accommodate David City's and NPPD's requests to assign specific rights, duties, and obligations under David City's 2021 FES Contract to NPPD.

Contract No. 20-UGPR-5001
City of David City, Nebraska
Nebraska Public Power District

2.8 This Assignment is only for specific rights, duties, and obligations for NPPD responsibilities in SPP with regards to David City's Federal power allocation. David City shall retain the Federal Power allocation indicated in David City's 2021 FES Contract.

3. AGREEMENT: The Parties agree to the terms and conditions set forth herein.

4. TERM OF ASSIGNMENT:

4.1 This Assignment shall become effective on January 1, 2021, and subject to prior termination as otherwise provided for herein, shall remain effect through midnight December 31, 2050.

4.2 David City or NPPD may terminate this Assignment upon ninety days written notice to the Parties.

4.3 In the event NPPD fails to comply with the terms and conditions of the 2021 FES Contract applicable to the rights, duties, and obligations assigned to it, WAPA may terminate the Assignment upon ninety days written notice to the Parties. Should NPPD cease to arrange SPP Transmission Service for delivery of David City's Federal power and energy, this Assignment shall be null and void.

4.4 In the event the 2021 FES Contract is terminated or expires WAPA shall concurrently terminate this Assignment, unless otherwise terminated as provide for herein.

Contract No. 20-UGPR-5001
City of David City, Nebraska
Nebraska Public Power District

5. TERMINATION OF EXISTING ASSIGNMENT: Assignment Contract

No. 14-UGPR-5003, dated March 18, 2015, expires on its own terms effective midnight December 31, 2020.

6. DAVID CITY'S ASSIGNMENT TO NPPD:

6.1 NPPD shall have the right, duty, and obligation, on behalf of David City, to the following:

6.1.1 schedule David City's Federal power and energy in accordance with the 2021 FES Contract;

6.1.2 receive delivery of and title to David City's Federal power and energy at the points of interconnection as defined in David City's 2021 FES Contract,

6.1.3 deliver all of the Federal power and energy under Subsection 6.1.2 above to David City's point(s) of delivery as designated in David City's 2021 FES Contract in accordance with the SPP Tariff, and

6.1.4 designate David City's Federal power and energy as a designated network resource to meet NPPD's network load requirements under the SPP Tariff.

6.2 No additional rights, duties, or obligations of the 2021 FES Contract are assigned to NPPD under this Assignment. With respect to the rights, duties, and obligations assigned to NPPD under this Assignment, NPPD is subject to, and bound by, the terms and conditions of David City's 2021 FES Contract as if it were a signatory to that 2021 FES Contract. In the event this Assignment differs from the requirements of the 2021 FES Contract, specific terms set forth in the 2021 FES Contract shall prevail. A copy of the 2021 FES Contract is attached as Exhibit A.

Contract No. 20-UGPR-5001
City of David City, Nebraska
Nebraska Public Power District

6.3 Upon expiration or termination of this Assignment, all rights, duties, and obligations assigned to NPPD shall return to David City.

7. DIGITAL SIGNATURE: The Parties agree that this Assignment may be signed and executed by digital signature, digitally signed using Adobe Sign or Adobe E-Signature. A digital signature is the same as a handwritten signature and shall be considered valid and acceptable.

8. EXECUTION IN COUNTERPARTS: This Assignment may be executed in any number of counterparts and, upon execution and delivery by each Party, the executed and delivered counterparts together shall have the same force and effect as an original instrument as if all Parties had signed the same instrument. Any signature page of this Assignment may be detached by any counterpart of this Assignment without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Assignment identical in form hereto, by having attached to it one or more signature pages.

Contract No. 20-UGPR-5001
City of David City, Nebraska
Nebraska Public Power District

IN WITNESS WHEREOF, the Parties have caused this Contract to be executed the day
and year first written above.

(SEAL) CITY OF DAVID CITY, NEBRASKA
By _____
Attest: Title _____
By _____ Address P.O. Box 191
Title _____ David City, NE 68632-0191

(SEAL) NEBRASKA PUBLIC POWER DISTRICT
By _____
Attest: Title _____
By _____ Address 1414 15th Street
Title _____ Columbus, NE 68601

The above Assignment of specific rights, duties, and obligations under the 2021 FES
Contract is approved.

Date: _____
Senior Vice President and
Upper Great Plains Regional Manager
For Administrator and Chief Executive Officer
Western Area Power Administration

CERTIFICATE

I, _____, certify that I am the _____ of
Nebraska Public Power District, the cooperative corporation named as NPPD or
Contractor herein; that _____, who signed the above contract
on behalf of such NPPD, was then its _____; that such Contract
was duly signed for and on behalf of NPPD by authority of its governing body and is
within the scope of its corporate powers.

Signature

(SEAL)

Council member Kevin Hotovy made a motion to approve canceling the November 25th and December 23rd Council meetings. Council Member John Vandenberg seconded the motion. The motion carried.

Kevin Hotovy: Yea, Tom Kobus: Yea, Bruce Meysenburg: Yea, Pat Meysenburg: Absent, John Vandenberg: Yea, Alan Zavodny (Mayor): Yea
Yea: 5, Nay: 0, Absent: 1

Council member Kevin Hotovy made a motion to adjourn. Council Member John Vandenberg seconded the motion.

Kevin Hotovy: Yea, Tom Kobus: Yea, Bruce Meysenburg: Yea, Pat Meysenburg: Absent, John Vandenberg: Yea, Alan Zavodny (Mayor): Yea
Yea: 5, Nay: 0, Absent: 1

The motion carried and Mayor Zavodny declared the meeting adjourned at 8:23 p.m.

CERTIFICATION OF MINUTES

October 28, 2020

I, Tami Comte, duly qualified and acting City Clerk for the City of David City, Nebraska, do hereby certify with regard to all proceedings of October 28, 2020; that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and available for public inspection at the office of the City Clerk; that such subjects were contained in said agenda for at least twenty-four hours prior to said meeting; that the minutes of the meeting of the City Council of the City of David City, Nebraska, were in written form and available for public inspection within ten working days and prior to the next convened meeting of said body; that all news media requesting notification concerning meetings of said body were provided with advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

Tami Comte, City Clerk