

Kimball City Council
Regular Meeting
February 4, 2014

A regular meeting of the Mayor and City Council was convened in open and public session at 7:00 p.m. on February 4, 2014 at the City Council Chambers. Mayor Schnell and Council members Warner, Shields, Christensen and Morrison were present. Also present were City Administrator Ortiz, Police Chief Huff, Electric Utilities Superintendent Hinton, Board of Public Works Chairperson Cederburg, City Clerk Russell and City Treasurer Strauch. The public was represented.

Notice of the meeting was given in advance by publication in the Western Nebraska Observer. Notice of the meeting was given to the members and a copy of their acknowledgement of receipt of notice and the agenda is on record at the office of the City Clerk. Availability of the agenda was communicated in advance notice and in the notice to the members. All proceedings hereafter shown were taken while the convened meeting was open to the attendance of the public except as otherwise indicated.

Schnell called the meeting to order at 7:00 p.m. and the Pledge of Allegiance was recited.

Schnell acknowledged the posted Open Meetings Act poster.

Ortiz indicated the Board of Public Works has received an update from Exponential Engineering Company (EEC) regarding the electric distribution system and recommendations on utility maintenance and improvements and a representative from EEC is at this meeting to provide an update for the council members. The Electric Department personnel as well as the Board of Public Works Chairperson, Jim Cederburg, were in attendance.

Mike Mansour, EEC Senior Engineer, explained the Kimball electric distribution system and indicated there are some projects that need to be done immediately. He said the East substation was recently rebuilt and the biggest project is to replace an aging breaker and add a second 34.5 kV breaker bay and a second breaker to the South substation. The substation and all the equipment is 30 years old. This is the number one priority to repair. Ortiz said those are the critical components of Kimball's system that need to be taken care of. The testing company that provides testing on all the equipment has indicated that the age of the equipment is the problem and the City needs to anticipate having to replace it one day.

Mansour said the oil breaker is 30 years old as well and has started to fail. His company has recommended it be replaced; it is not a reliable system. Mansour talked about relays and his company has recommended that all the electrical mechanical relays be replaced at the South substation with a macro-processor relay. That will cost approximately \$2,500.

EEC also recommends the City create a two feed system instead of a single feed and have two breakers instead of one. Mansour said that will divide the loop around the City in two parts and this will add to reliability of the entire system.

Mansour commented on the problems on the 115 kV line that the City owns and Ortiz said that line feeds the WAPA power.

Mansour explained the Electric Utility Maintenance & Improvement Recommendations list. He has reviewed the list with City staff and priorities have been assigned to the items along with cost estimates. The list includes as follows in order of priority:

#1. Replace aging breaker and add a second 34.5kV breaker bay and add second breaker to South substation. The approximate engineering services cost is \$87,630, and probable material and labor costs is \$725,000, and Mansour said it is a 14 to 18 week leadtime. It doesn't require much maintenance and there will be marked improvements for this. There will not be any oil testing and less maintenance is required. Shields asked about the option of purchasing a used breaker for cost savings. Mansour explained that it is not recommended. The breaker recommended for purchase has a five-year factory warranty. Discussion was held on installing the new breaker and running the Power Plant.

#2. Transmission line repair on 115kV line. Probable cost estimate for labor and material is \$37,500.

Christensen inquired if anything has been set aside for contingencies and Ortiz said no. Ortiz indicated he is hoping to do #1 and #2 projects together. The financial reason to replace the breaker and adding the second breaker at the same time is to save money. Mansour said one way or the other, there has to be something in the rates to allow the City to put money away.

#3. Resolve issues at the East substation and energize both feeders. Engineering services cost estimate is \$6,210 and probable material and labor costs is \$1,600.

#4. Update the distribution system map with additional information. Mansour said this is a priority for down the road.

#5. Perform an overall distribution system coordination/sectionalizing study. Engineering services cost estimate is \$16,090. Mansour said when something happens on the system, the goal is to keep it local.

#6. Update wheeling rates. Engineering services cost estimate is \$3,000. Mansour said this needs to be looked at. The City would most likely benefit from this and Hinton reiterated that this does need to be addressed.

#7. Create a long range plan. Engineering services cost estimate is \$4,500.

#8. Arc Flash study. Engineering services cost estimate is \$11,120. Mansour said an arc flash study is required per code.

#9. Upgrade the East side 34.5kV overhead. Engineering services cost estimate is \$6,080 and probable material and labor costs is \$480,000. Mansour said there are some old conductors on the system and they are too small.

#10. Upgrade the West side 34.5kV overhead. Engineering services cost estimate is \$4,800 and probable material and labor costs is \$86,900. Mansour said if the size of the wind farm is increased, this would need to be done.

#11. Modification to 12.5kV distribution system associated with grain elevators. Engineering services cost estimate is \$1,310 and probable material costs is \$21,780 plus labor. Mansour said this is a minor project. There are some problems around the elevator that need to be fixed.

The total estimated costs is \$1,496,720, which doesn't include a new transformer. Ortiz said the lack of savings puts the City in a very tight bind. He said he is looking to bond the project and has talked to Ameritas. The recent increase in the Landfill fees will free up some funds so this project can be bonded and it is hoped to also set aside some funds. Ortiz said some supplies will be ordered and Mansour can then begin to finalize the design and specifications for the construction. The ideal time to get this done would be in the September/October timeframe, weather conditions permitting. Ortiz said it is the City's priority to get this project done by the end of the year.

Warner inquired about the City being at the maximum for bonding. Christensen indicated that this has to be done and it is not going to be less expensive in the future. Warner said sometimes it is better to save money and then pay for it. Schnell said the City has always been frugal and commented on the age of the electric distribution system. Cederburg commented on the City's total debt to total tax revenue and said Kimball is doing very well. The City is beginning to look towards the future and Schnell said that all the individuals that have served on the Board of Public Works have looked to the future.

Ortiz said the project with the pricing information will be presented to the Board of Public Works and they will be requested to move forward with the project. Their recommendation will then be presented to the City Council.

Schnell opened discussion on the Event Center renovation. Ortiz indicated the City will apply for up to \$250,000 matching grant to renovate the Event Center. One of the biggest items that is needed is ADA compliant restrooms and entrances. He said there is a very rapid time line and due dates for submitting the grant. Ortiz is drafting a preliminary application and said it is a competitive grant and it would be an advantage if the plans and specifications would be available to be submitted with the grant application.

Requests for Proposals for Design and Engineering Services have been requested in order that a true cost estimate can be provided. The Request for Proposals is due by February 10th. Ortiz' goal is to have a preliminary design and a cost estimate by March 30th. Ortiz commented on using Keno funds for the design of the architectural firm. Christensen said this might be an opportunity or a time for the City to discuss what the

Community Center's function should be. A decision needs to be made if that much money should be put into it.

Schnell opened discussion on the electric rate increase. Ortiz has drafted a letter for the Western Nebraska Observer explaining the reason for the electric rate increase and he read the letter. MEAN's Board of Directors passed a 12.8% increase at their quarterly board meeting on January 23, 2014. That is in addition to over \$45,000 in Pool Energy Adjustment (PEA) the City is being billed this fiscal year in order for MEAN to make up for higher than expected expenses in addition to approximately \$63,000 the City has to pay over the next five years as part of a legal settlement MEAN entered into with the Southwest Power Pool over a pricing dispute. Given the rate increase that MEAN is imposing and the significant maintenance issues that require attention, the Board of Public Works passed a 6% rate increase of the electric utility rates, effective April 1, 2014.

Ortiz said the reality is due to the volatility in the market and the regulations that will come into effect, there will be more rate increases. He presented information from the U.S. Energy Information Administration on the average price of residential utility sales and cautioned about comparing Kimball with NPPD or High West Energy because those entities have a different rate structure.

The City Council reviewed the following items under the consent agenda:

1. Minutes from the January 21, 2014 meeting; and
2. Claims.

Morrison moved and Christensen seconded to approve the consent agenda items. On roll call vote, the following votes were recorded. Aye: Warner, Shields, Christensen, and Morrison. Nay: None. Absent: None. Motion carried.

Ortiz complimented the Street, Landfill and Electric Departments for their assistance on the snow removal.

Ortiz provided information from Dave Schaff on the underpass project. The scope of services has been sent to the Department of Roads and he is waiting to receive information regarding the dates for the public hearings.

Ortiz reported the Legion ballfield usage has been reduced because of the high cost to use the lights at the ballfield. Therefore, he applied for and the City has received a \$15,000 grant from the Union Pacific Foundation Board for Legion Baseball Field Lights upgrade. Ortiz is working with Hinton to find options to reduce the overall electricity cost.

Ortiz reported Bowling will be heading out to Washington DC to promote the Heartland Expressway initiative. His costs are being covered by the Heartland Expressway initiative. Bowling is also working on the theater road trip for the end of February. Ortiz commented that this may work as an alternate project in lieu of the rail spur.

The next regular City Council meeting is February 18, 2014 and there will also be a joint City Council and Board of Public Works meeting on February 18, 2014 at 6:30 p.m. The League of Nebraska Municipalities Conference is February 24 and 25, 2014 in Lincoln.

There being no further business to come before the Council, Shields moved and Morrison seconded to adjourn at 8:54 p.m. On roll call vote, the following votes were recorded on the electronic voting board. Aye: Warner, Shields, Christensen, and Morrison. Nay: None. Absent: None. Motion carried.

James Schnell, Mayor

Rosemarie Russell, City Clerk

City of Kimball-General Claims-February 4, 2014-Nebraska Secretary of State-Renewal Application-30.00; Agrium Advanced Technologies-Chemicals-3,653.25; Board Tronics-Repairs-1,316.39; Cornhusker Marriott Hotel-Lodging- 240.00; Creative Product Source, Inc.-Supplies-216.54; Dultmeier Sales-Parts-142.47; Edward F. Heiberger-Book Purchase-23.98; Frank Implement Company-Parts-708.68; Galls/Quartermaster-Supplies-21.38; K & R Custom Cleaning- Carpet Cleaning-224.11; Kimball Event Center-Rent-500.00; Kimball Handyman Project-Handyman Project-926.64; Kimball Insurance-Bond-50.00; Kimball Laundry-Sewing Service-53.40; Kimball Service Center-Repairs-335.45; L.W. Cartage Co.-Lot Rent-100.00; Lewis Construction-Repairs-67.07; C & M Air Cooled Engine, Inc.-Parts-78.44; Charter Communications-Internet Charges-71.75; Combined Utilities-Utilities-4,416.08; Combined Utilities-City Utilities- 2,378.67; Consolidated Management Company-Meal Plan-237.75; GCSAA -2014 Dues-435.00; Hometown Hardware- Supplies-329.32; Ideal Linen Supply, Inc.-Mats-69.16; Kimball Auto Parts-Parts-66.04; L.L. Johnson Distributing Co.-Parts- 554.82; Light and Siren-Parts-3,953.17; LorRon Department Store-Foul Weather Gear-324.95; Midwest Radar & Equipment-Radar Equipment-240.00; Miller Office Supply-Office Supplies-145.29; Mobius Communications Company-Security-51.36; Napa Auto Parts-Parts-761.41; NASRO-Officer Course-890.00; Nebraska Law Enforcement Training Center-Certificate-50.00; Nebraska Safety & Fire Equipment, Inc.-Inspection-96.00; Nebraska U.C. Fund-Unemployment-187.86; Northwest Pipe Fitting, Inc. of S.B.-Parts-199.32; Panhandle Coop-Propane-1,762.76; Prairie Animal Hospital-Boarding-120.00; R & R Products, Inc-Parts-2,891.29; Jim Ryschon-Reimbursement-157.00; SourceGas, LLC -Gas Service-536.19; Southern Uniform & Equipment-Chargers-414.72; Spectra Associates, Inc.-Minute Books-180.50; Staples-Supplies-144.59; The Right Impression-Signs-264.60; Upstart -Supplies-214.01; Voyager Fleet Systems-Fuel-398.49; Western Nebraska Observer-Meeting Notices-523.99; Chad Wise-Golf Pro Compensation-2,916.00; Wolf Automotive Center, Inc.-Repairs-346.21. City of Kimball-Economic Development Claims-February 4, 2014- Kimball County Treasurer-990/995 Split-500.00; Western Nebraska Observer-Meeting Notices-7.20.