

December 2, 2014

**ALLIANCE CITY COUNCIL**

REGULAR MEETING, TUESDAY, DECEMBER 2, 2014

STATE OF NEBRASKA            )  
   )  
 COUNTY OF BOX BUTTE        ) §  
   )  
 CITY OF ALLIANCE             )

The Alliance City Council met in a Regular Meeting, December 2, 2014 at 7:00 p.m. in the Board of Education Meeting Room, 1604 Sweetwater Avenue. A notice of meeting was published in the Alliance Times Herald on November 25, 2014. The notice stated the date, hour and place of the meeting, that the meeting was open to the public, and that an agenda of the meeting, kept continuously current, was available for public inspection at the office of the City Clerk in City Hall; provided the Council could modify the agenda at the meeting if it determined an emergency so required. A similar notice, together with a copy of the agenda, also had been delivered to each of the City Council Members. An agenda, kept continuously current, was available for public inspection at the office of the City Clerk during regular business hours from the publication of the notice to the time of the meeting.

Mayor Feldges opened the December 2, 2014 Regular Meeting of the Alliance, Nebraska City Council at 7:00 p.m. Present were Mayor Feldges, Council Members, Jones, Seiler and Yeager. Also present were City Manager Cox, Assistant City Manager Waggener, City Attorney Olsen and City Clerk Jines.

- Reorganization of the City Council was the first item to come before the Council.

City Clerk Jines announced she has received the certification from Box Butte County Clerk Judy Messersmith on the election results and acknowledged Ralph Yeager, Earl Jones and Pasha Korber- Gonzalez were elected to the Alliance City Council.

City Clerk Jines informed the Council and the public that the Oath of Office had been given to Council member Korber-Gonzalez earlier in the afternoon as she would be unable to attend the evening meeting.

The Oath of Office was administered to Council members Jones and Yeager.

Clerk Jines conducted the election of President (Ex-officio Mayor). Ballots were cast and signed as follows:

Councilman Jones voted for Councilman Yeager.  
 Councilman Feldges voted for Councilman Seiler.

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Councilman Yeager voted for Councilman Yeager.  
Councilman Seiler voted for Councilman Seiler.

Due to the tie vote, a second ballot was distributed. Ballots were cast and signed as follows:

Councilman Yeager voted for Councilman Yeager.  
Councilman Jones voted for Councilman Yeager.  
Councilman Seiler voted for Councilman Seiler.  
Councilman Feldges voted for Councilman Seiler.

As a tie remained, a motion was made by Councilman Seiler, which was seconded by Councilman Yeager to select Councilman Feldges and the Temporary Chairperson and conduct the selection of a Mayor when the full Council was present.

Roll call with the following results:

Voting Aye: Jones, Feldges, Seiler, Yeager.

Voting Nay: None.

Motion carried.

- Chairman Feldges read the Open Meetings Act Announcement.
- Council and the public was introduced to Sam Rodriguez; the City's new Airport Maintenance Worker.
- The Consent Calendar was the next item to be addressed by Council. Councilman Yeager made a motion, which was seconded by Councilman Jones to approve the Consent Calendar as follows:

CONSENT CALENDAR – DECEMBER 2, 2014

1. Approval: Minutes of the Regular Meeting, November 18, 2014.
2. Approval: Payroll and Employer Taxes for the period November 8, 2014 through November 21, 2014 inclusive: \$168,974.63 and \$11,977.45 respectively.
3. Approval: Claims against all funds of the City of Alliance for the period November 13, 2014 through November 26, 2014: \$1,488,273.49.
4. Approval: The issuance of the following Cemetery Certificates:

The East Half (E1/2) of Lot Twenty-six (26), Section Nine (9), Block Twenty (20), Third Addition to the Alliance Cemetery to James Samuel Campbell.

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Acceptance of a Quitclaim Deed from Jerri A. Settles for the West Half (W1/2) of Lot Twelve (12), Section Nine (9), Block Eighteen (18), Third Addition to the Alliance Cemetery. The City will be issuing a check in the amount of \$37.50 in compliance with the City's Buy Back Policy.

Acceptance of a Quitclaim Deed from Jerri A. Settles for the West Half (W1/2) of Lot Thirteen (13), Section Nine (9), Block Eighteen (18), Third Addition to the Alliance Cemetery. The City will be issuing a check in the amount of \$37.50 in compliance with the City's Buy Back Policy.

5. Approval: Update to the Alliance Volunteer Fire Department roster by adding Jake Henion and removing Karl Zerck.

NOTE: City Manager Cox has reviewed these expenditures and to the best of his knowledge confirms that they are within budgeted appropriations to this point in the fiscal year.

Roll call vote with the following results:

Voting Aye: Yeager, Jones, Feldges, Seiler.

Voting Nay: None.

Motion carried.

- The Conflict Claim for Mayor Feldges in the amount of \$566.36 to reimburse expenses incurred while attending a meeting of the Nebraska League of Municipalities was the next item for consideration.

A motion was made by Councilman Seiler, seconded by Councilman Jones to approve the reimbursement in the amount of \$556.36 to Mayor Feldges.

Roll call vote with the following results:

Voting Aye: Jones, Yeager, Seiler.

Voting Nay: None.

Abstaining: Feldges.

Motion carried.

- City Manager Cox gave his City Manager's Report in outline form:
  1. Welcome aboard to Pasha Korber-Gonzalez and Earl Jones.
  2. Demolition Projects:

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- Toad's: \$29,437+24,498.96 (Landfill)=\$53,935.96 (Completed 6/18/14 by KL Wood)
  - 105 Big Horn: \$46,259.30 + Landfill (Scheduled for Aug KL Wood)
  - KL Wood Estimated disposal would be about double the cost; Cavern has been found
  - 100 Big Horn: On Hold
3. Pictometry Software
- Susie Lore & Michelle Robinson-County moving forward with purchase
  - Asking City to consider participating
  - Presentation Overhead Mapping System – County Assessor Michelle Robinson
4. Upcoming Council:
- Airport Water Study (with clarified scope)
  - Conditional Use Permit Application – Viaero Antenna
  - Planning Commission to consider Airport Zoning Act (LB140)
5. Upcoming Calendar:
- 12/3/14 @ Noon (Museum): Soup Luncheon
  - 6/3/15-6/4/15: NCMA Summer Conference
  - 6/14/15: Chautauqua
  - 10/9-10/10: AOTB 2015
  - 8/21/17 @ 10:27am: Total Eclipse at Alliance – 8/21/2017
- The first reading of Ordinance No. 2767, which will adopt the proposed 2015 City Council Meeting Schedule was the next agenda item. Council was provided with the following background information:

[Council has previously established its meeting calendar as 7:00 p.m. at the Board of Education Meeting Room on the first and third Tuesdays of each month. At first sight, staff does not see any apparent conflicts to our normal scheduling.

Staff would like Council to consider establishing a Special Meeting for the end of our fiscal year for final bill approval and would recommend Wednesday, September 30<sup>th</sup>. This has traditionally been a very short meeting in the morning hours to allow the Finance Department to complete year-end payments.

Although set forth by ordinance, Council may alter the established time and date that is to its members' convenience. Should Council wish to make any further changes, amendments may be made to the ordinance.]

A motion was made by Councilman Yeager, seconded by Councilman Seiler to approve the first reading of Ordinance No. 2767 which City Clerk Jines read by title and follows in its entirety.

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ORDINANCE NO. 2767

AN ORDINANCE ESTABLISHING THE TIME AND PLACE OF REGULAR COUNCIL MEETINGS FOR THE CALENDAR YEAR 2015.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF ALLIANCE, NEBRASKA:

SECTION 1. Nebraska Statutes at Section 19-615 provide that ". . . the Council shall meet at such time and place as it may prescribe by ordinance, but not less frequently than twice each month in cities of the first class."

SECTION 2. The City Code provides at Section 2-25, that "The City Council shall hold its regular meeting on the first and third Tuesday of each month. The Council may, by adoption of a calendar each year, establish regular meeting dates other than the first and third Tuesday of each month."

SECTION 3. Attached hereto is a "proposed 2015 calendar," which is incorporated herein by reference as if fully set forth.

SECTION 4. The City Council of Alliance, Nebraska shall conduct regular meetings during calendar year 2015 on the dates that are indicated on the attached proposed 2015 calendar at the hour of 7:00 o'clock P.M. at the Board of Education Room, 1604 Sweetwater Avenue, Alliance, Nebraska. The time and place of these meetings may be changed from time to time as provided by law.

SECTION 5. This Ordinance shall be in full force and effect from and after its passage, approval, and publication according to law.

A motion was made by Councilman Seiler, seconded by Councilman Jones to suspend the statutory rule requiring three separate readings of Ordinance No. 2767.

Roll call vote to waive the statutory reading with the following results:

Voting Aye: Feldges, Jones, Yeager, Seiler.

Voting Nay: None.

Motion carried.

Roll call vote to approve Ordinance No. 2767 on final reading with the following results:

Voting Aye: Feldges, Jones, Yeager, Seiler.

Voting Nay: None.

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Motion carried.

Chairman Feldges stated, “the passage and adoption of Ordinance No. 2767 has been concurred by a majority of all members elected to the Council, I declare it passed, adopted and order it published.”

- Council next reviewed the update Staff provided on the status of the City’s current and proposed future electric purchase billings from the Municipal Energy Agency of Nebraska.

[The City of Alliance has been notified of four special adjustments to the cost of purchased electric power as provided by Municipal Energy Assistance of Nebraska (MEAN) that will add an estimated \$797,193.20 to our electric power cost during the current fiscal year. The first three adjustments have been addressed in prior presentations to Council with the fourth (and largest) adjustment just recently approved at the November MEAN Board meeting.

The first adjustment is the City of Alliance’s responsibility under the “Regulatory, Independent Transmission System Operator and Transmission Adjustment” (RITA). Southwest Public Power (SPP) alleged MEAN improperly “tagged” network paths thus resulting in violations of the Federal Energy Regulatory Commission’s (FERC) approved tariff. The RITA is the result of an almost \$6.3 million settlement between MEAN and SPP. Alliance’s portion of the settlement is \$339,747.23 (\$67,949.40 annually) which is being paid to MEAN monthly over five years beginning April 2014.

The second adjustment is the result of MEAN’s implementation of a Pooled Energy Adjustment (PEA) which is used to recover average monthly costs of energy in excess of monthly budgeted costs. The PEA energy costs for the period April through September 2013 were payable from July 2014 through December 2014 with an adjusted total of \$97,558.85 already paid by the City in the first two months of the current fiscal year.

The third and fourth adjustments are the result of a 2014 MEAN revenue shortfall created by decreased demand (about 15% under projections) and increased power costs. Approximately \$2.1 million will be recovered from member cities between November 2014 and March 2015 through a 6.5% increase in the MEAN winter rates as approved at the August 21<sup>st</sup> MEAN Board meeting. The City of Alliance’s portion of the third adjustment is estimated at \$199,716.95 based on historical usage.

The fourth billing adjustment which was just approved at the November 20<sup>th</sup> MEAN Board meeting is a customer charge to recoup a \$6 million shortfall for MEAN’s current fiscal year which was primarily the result of low energy demand over the past summer. Normally, a portion of the shortfall would be covered by rate stabilization reserves; however, the MEAN reserves have been utilized over the past several years and are now at levels too low to meet the shortfall and still maintain ample reserves to meet bond covenants. The customer charge will be assessed by MEAN in February and March 2015 and will total \$431,968.00 for the City of Alliance.

None of these costs were anticipated nor incorporated into the rate study completed by Nebraska Municipal Power Pool (NMPP) in 2013 that served as the basis for electric rates approved by

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Council in the form of Ordinance 2736 on September 19, 2013. Based on the historic usage over the past five years, an average Production Cost Adjustment (PCA) of just over 67 hundredths of a cent per kWh should generate sufficient funds to fund the known RITA and PEA costs for the current fiscal year. The PCA would result in an additional monthly billing of approximately \$5.25 for average residential customer.

MEAN will be revising their billing strategy in April 2015 to include a fixed customer charge component in addition to the variable power usage in order to reduce revenue instability. Based on preliminary calculations, it is anticipated that the customer charge and increased energy rates will result in a 10% overall increase in purchased power costs for the City of Alliance. The updated rate study will incorporate these cost increases with a recommendation for revised rates for April 2015 and 2016.

The following table details the four MEAN charges discussed along with the necessary PCA (in the last column) as based on the prior five-year average energy usage. The PCA would range from .043 to 2.643 cents per kWh if assessed on specific monthly charges OR .671 cents per kWh if assessed equally over estimated usage over the twelve-month period.]

Month	kWh	RITA (1)	2013 PEA (2)	2014 PEA (3)	Shortfall (4)	Total	PCA
October	8,585,545	\$ 5,662.45	\$ 44,504.92			\$ 50,167.37	0.00584
November	8,231,524	\$ 5,662.45	\$ 53,053.93			\$ 58,716.38	0.00713
December	9,761,381	\$ 5,662.45		\$ 39,943.39		\$ 45,605.84	0.00467
January	10,913,821	\$ 5,662.45		\$ 39,943.39		\$ 45,605.84	0.00418
February	10,871,410	\$ 5,662.45		\$ 39,943.39	\$ 215,984.00	\$ 261,589.84	0.02406
March	9,898,549	\$ 5,662.45		\$ 39,943.39	\$ 215,984.00	\$ 261,589.84	0.02643
April	8,258,365	\$ 5,662.45		\$ 39,943.39		\$ 45,605.84	0.00552
May	8,178,225	\$ 5,662.45				\$ 5,662.45	0.00069
June	8,179,072	\$ 5,662.45				\$ 5,662.45	0.00069
July	10,444,417	\$ 5,662.45				\$ 5,662.45	0.00054
August	13,101,228	\$ 5,662.45				\$ 5,662.45	0.00043
September	12,462,563	\$ 5,662.45				\$ 5,662.45	0.00045
<b>Total</b>	<b>118,886,100</b>	<b>\$ 67,949.40</b>	<b>\$ 97,558.85</b>	<b>\$ 199,716.95</b>	<b>\$ 431,968.00</b>	<b>\$ 797,193.20</b>	<b>0.00671</b>

Following the presentation by Assistant City Manager Waggener and Council discussion, no action was taken. Staff will continue utilizing the production cost adjustment as previously authorized.

- The final agenda item was a board appointment and announcements.

A motion was made by Councilman Seiler, seconded by Councilman Yeager to appoint Kurtis Schmidt to the Alliance Planning Commission, with a term to expire December 31, 2016.

Roll call vote with the following results:

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Voting Aye: Feldges, Jones, Yeager, Seiler.

Voting Nay: None.

Motion carried.

Councilman Seiler announced that the City of Alliance has the following current openings: two vacancies on the A-1 Downtown Improvement Board, one vacancy on the A-2 Downtown Improvement Committee, one vacancy on the Housing Authority and a school representative on the Police Advisory Board. There are also two youth ex-officio positions on the Library Board. Anyone interested in serving on these Boards should contact the City Clerk's Office. Information on all of the City Boards is also available on our web site, [www.cityofalliance.net](http://www.cityofalliance.net).

Councilman Seiler also announced the City will have openings the end of December for either appointments or re-appointments on the Board of Adjustment, Golf Course Advisory Board, Housing Authority, Planning Commission and Police Advisory Board for a Hispanic, senior citizen and religion representative.

- Chairman Feldges stated, "there being no further business to come before the Alliance City Council, the meeting is adjourned at 7:52 p.m."

  
Fred Feldges, Mayor

(SEAL)

  
Linda S. Jones, City Clerk