

CITY COUNCIL PROCEEDINGS

January 9, 2008

The City Council of the City of David City, Nebraska, met in open public session in the meeting room of the City Office, 557 4th Street, David City, Nebraska. The Public had been advised of the meeting by publication of notice in The Banner Press on January 3rd, 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 during regular office hours. No new items were added to the agenda during the twenty-four hours immediately prior to the opening of the Council meeting.

Present for the meeting were: Mayor Dana Trowbridge, Council members Gary Smith, Bill Scribner, Nick Hein, Ted Lukassen, Bill Schatz, and Bill Yindrick, City Administrator Joe Johnson, City Attorney Jim Egr, and City Clerk-Treasurer Joan Kovar.

Also present were: WA/SE Supervisor Jim Kruse, Police Chief Stephen Sunday, Electric Line Foreman Pat Hoefft, Ken Fairchild of Olsson Associates, citizens Marge Grubaugh, and Darlene McClure.

The meeting opened with the Pledge of Allegiance.

Mayor Trowbridge informed the public of the "Open Meetings Act" posted on the east wall of the meeting room.

The minutes of the December 12th, 2007 meeting of the Mayor and City Council were approved upon a motion by Council member Hein and seconded by Council member Smith. Voting AYE: Council members Schatz, Scribner, Yindrick, Lukassen, Smith, and Hein. Voting NAY: None. The motion carried.

Mayor Trowbridge asked for Petitions, Communications, and Citizens' Concerns in addition to those contained in the Agenda packets.

Marge Grubaugh stated that when she went to the US Post Office, 411 N 4th, she had to walk through water that was standing along the curb. She then proceeded to BJ's Hardware, 452 E Street, and when she parked her vehicle it was on the sidewalk because the snow and ice was so packed next to the curb that before she knew it she had driven onto the sidewalk. She questioned when something was going to be done about this. Mayor Trowbridge stated that there will be a Downtown Redevelopment meeting the end of January when the City will begin discussions with Olsson Associates regarding downtown redevelopment for improvements including drainage issues, etc.

Mayor Trowbridge asked for consideration of claims. Council member Smith made a motion to authorize the payment of claims. Council member Hein seconded the motion. Voting AYE: Council members Yindrick, Lukassen, Scribner, Schatz, Hein, and Smith. Voting NAY: None. The motion carried.

Mayor Trowbridge called for Committee and Officers' Reports in addition to those written reports contained in the Agenda packet. There were no additional reports.

Mayor Trowbridge scheduled a Committee of the Whole meeting for Monday, January 28th, at 6:00 p.m. in the City Office meeting room.

Council member Hein made a motion to accept the Committee and Officers' Reports as presented. Council member Yindrick seconded the motion. Voting AYE: Council members Schatz, Smith, Scribner, Lukassen, Yindrick, and Hein. Voting NAY: None. The motion carried.

Don Moravec of Moravec & Associates was unable to be present, however, the Council members had previously received copies of the report and there were no concerns voiced. Council member Schatz made a motion to accept the Keno Fiscal Year End Report as prepared by Moravec & Associates. Council member Hein seconded the motion. Voting AYE: Council members Smith, Yindrick, Lukassen, Scribner, Hein, and Schatz. Voting NAY: None. The motion carried.

Ken Fairchild, Registered Professional Engineer of Olsson Associates, presented a cost review of the electric rates. Ken stated that the city purchases its electrical energy from two wholesale suppliers, Western Area Power Administration (WAPA) and Nebraska Public Power District (NPPD). The WAPA contract is for a fixed amount of kilowatt-hours (kWh) per year, while the additional kWh including load growth is supplied by NPPD. The wholesale rate is 62% of the overall operating costs. Butler County Public Power District wheels some of the electricity between the electric suppliers and David City. In 2008, NPPD proposes to increase its wholesale power rates 9%, with expected rate increases of 9% in 2009, 3.9% in 2010, and 3.9% in 2011. The proposed 2008 NPPD rate increase is scheduled to take place on April 1, 2008. In 2008, WAPA proposes to increase its wholesale power rates 25%. This would result in an overall 11.05% increase in wholesale costs. An overall 8.74% increase is recommended in all the electric rate classes, which Ken suggest be implemented before April 1, 2008.

Mayor Trowbridge asked "relative to power pricing in general; does the Public Service Commission authorize the 25% for WAPA, and do they need to? Ken Fairchild stated "no". Mayor Trowbridge questioned "They just raise rates?" Ken Fairchild stated: "they go through a justification process pretty much like the City does; they go through a rate process: here are our expenses; here's what we have to do; here's what we have to invest in our system. When we talk about a capital improvement program, which is reinvesting in your system and taking care of it, we often target what the auditors depreciate the system every year that you ought to be putting at least that much or a little bit more back in just to maintain the value of your system. What that translates to for the customers is reliability, because a system in good condition is a reliable system, and I want to tell you that David City's electrical department has done a good job."

Ken Fairchild also reported that the current Industrial Rate contains a power factor (reactive power versus real power) adjustment clause. The clause states that if the measured power factor for a given billing period is below 90%, the Utility Department may correct the power factor of the customers load at the expense of the customer. One industrial customer has a metered power factor less than 90%; typically is has been near 72%. For the 12 month period, Oct 2006 thru Sept 2007, the additional cost to the customer is \$25,775 or approximately a 25% increase in the demand portion of the monthly billing when the "Power Factor Adjustment" clause is applied. The wholesale suppliers could penalize the city if the power factor is below 90%. Currently the Utility Department/City avoids the penalty through the use of previously installed shunt capacitors throughout its system. The installation of the

capacitors in the City's electrical system is paid for by all of the Utility's customers. Discussion followed. City Administrator Joe Johnson and City Attorney Jim Egr will draft a letter to the industrial customer regarding the low power factor.

Council member Hein made a motion to approve the Library Board Members and their terms of office. Council member Yindrick seconded the motion. Voting AYE: Council members Scribner, Smith, Schatz, Lukassen, Yindrick, and Hein. Voting NAY: None. The motion carried. The Library Board members and terms of office are as follows:

Michael Burwell	10-2005 to 10-2009
Jami Olson	2-2006 to 1-2010
LaDonna Naiberk	8-2007 to 8-2011
Shirley Peters	11-2007 to 11-2011
Jim Kozisek	12-2007 to 12-2011

The following letter of resignation was received:

December 13, 2007

To: City Administrator Joe Johnson, Mayor and Council members

Re: Resignation

I have accepted a new job so please consider this my resignation.

During my 31 years working for the electric department I feel that I was able to provide a valuable service to the citizens of David City and hope that you feel the same.

Sincerely,
Tim Kovar
Electric Supervisor

Mayor Trowbridge stated that Electric Supervisor Tim Kovar was a 31 year employee who has taken other employment in our area. "It is with regret that we see a 31 year employee leave; this will make a difference, it will leave a void that will make challenges for the people we have."

Council member Hein made a motion to accept, with regret, the resignation of Electric Supervisor Tim Kovar. Council member Lukassen seconded the motion. Voting AYE: Council members Scribner, Yindrick, Smith, Lukassen, and Hein. Voting NAY: Council member Schatz. The motion carried.

Appointing Pat Hoeft as the Interim Electric Systems Manager was discussed. It was noted that the City Code Book lists the position as the Electric Supervisor and currently there is not a designation for an Electric Systems Manager. It may be necessary to re-word the Code Book. Therefore, Council member Hein made a motion to appoint Pat Hoeft as the interim Electric Supervisor. Council member Smith seconded the motion. Voting AYE: Council members Scribner, Yindrick, Schatz, Lukassen, Smith, and Hein. Voting NAY: None. The

motion carried. It was noted that the position will be advertised for two weeks and then a final decision will be made.

Water/Sewer Supervisor Jim Kruse presented the following tabulation of bids received for the rehabilitation of Well #5 which is located by the power plant in front of the old water tower:

Item	Layne-Western	Sargent Drilling	Difference
Remove and re-install 340' of 6" column	\$3,206.40	\$2,400.00	\$806.40
Perform a video survey of the well	\$750.00	\$600.00	\$150.00
Provide 2 - 50' Sonar jet devices	\$1,838.50	\$1,820.00	\$18.50
Acid treat well screen	\$1,462.00	\$1,589.00	-\$127.00
Provide 8 hours of surging the well	\$1,069.00	\$500.00	\$569.00
1 Sodium Hypochlorite treatment	254.00	\$800.00	-\$546.00
Labor to test pump well	535.00	\$500.00	\$35.00
340' of 6" column assembly	\$21,574.00	\$16,148.00	\$5,426.00
Pump	\$5,480.35	\$6,029.00	-\$548.65
340' of 1/4" airline	\$53.00	\$200.00	-\$147.00
Final Flow Test	\$130.00	0.00	\$130.00
TOTAL:	\$36,352.25	\$30,586.00	\$5,766.25

Council member Schatz made a motion to accept the low bid of Sargent Drilling, Geneva, Nebraska, in the amount of \$30,586.00 for the rehabilitation of Well #5. Council member Scribner seconded the motion. Voting AYE: Council members Smith, Hein, Yindrick, Lukassen, Scribner, and Schatz. Voting NAY: None. The motion carried.

Council member Schatz made a motion to approve the application of Ron Thompson d.b.a. Ron's Refuse, Inc., Lincoln, Nebraska, for a non-exclusive franchise for a garbage/refuse hauling service through September 30, 2008. Council member Hein seconded the motion. Voting AYE: Council members Scribner, Smith, Yindrick, Lukassen, Hein, and Schatz. Voting NAY: None. The motion carried.

There being no further business to come before the Council, Council member Hein made a motion to adjourn. Council member Smith seconded the motion. Voting AYE: Council members Lukassen, Scribner, Yindrick, Schatz, Smith, and Hein. Voting NAY: None. The motion carried and Mayor Trowbridge declared the meeting adjourned at 7:50 p.m.

Mayor Dana Trowbridge

City Clerk Joan E. Kovar



CERTIFICATION OF MINUTES
January 9, 2008

I, Joan E. Kovar, duly qualified and acting City Clerk for the City of David City, Nebraska, do hereby certify with regard to all proceedings of January 9, 2008; 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.

Joan E. Kovar, City Clerk