

**MINUTES OF THE PROCEEDINGS OF THE
CITY COUNCIL OF WHITTEMORE, IOWA
-SPECIAL MEETING-
*Monday, August 11, 2008 – 5:30 P.M.***

Members of the Whittemore City Council met in Special Session on Monday, August 11, 2008 at 5:30 P.M. in the Chambers of City Hall with Mayor Elbert presiding. Present were Simonson, Fraser, Brownell, Setzer and Muller. Absent: none. Others in attendance for all or a portion of the meeting included Richard Hopper, Marsha Cory, Carol and John Hjelmeland, Jon Harger, Cindy Simonson, Karla Walker, Bryan Meyer and Mike Elbert.

At 5:30 P.M. Mayor Elbert opened a Public Hearing on the 2008 Water Treatment Plant project. Reviewed were the proposed plans, specifications, form of contract and estimated cost for construction of a new water treatment facility. Two local citizens were present for the hearing.

Consideration was given to Resolution No. 2008-07, a Resolution Confirming and Approving Publication of Notice of Hearing and Letting for the Water Plant construction project. Official publication was printed in the August 7, 2008 edition of the *Whittemore Independent*. Motion was made by Simonson and seconded by Muller to approve Resolution No. 2008-07. Vote was all AYES; motion carried.

With this being the time and place fixed for a public hearing on the matter of the adoption of plans, specifications, form of contract and estimate of cost for the construction of certain public improvements described in general as construction of the 2008 Water Treatment Plant Improvements, the Mayor called for any oral objections to the adoption of the plans, specifications, form of contract and estimate of cost. No oral objections were offered and the Clerk reported that no written objections thereto had been filed.

The Council then considered Resolution No. 2008-08, a Resolution Adopting Plans, Specifications, Form of Contract and Estimated Costs of the new water treatment plant, as provided for in the spec book and addendums issued by engineer Richard Hopper of Jacobson-Westergard & Associates. In October, 2007 Mr. Hopper projected the following estimates in the Preliminary Engineering Report and the Viability Report:

Construction Cost Estimates	\$ 745,000.00
Professional Fees and Permits	91,500.00
Related Construction Costs	<u>50,000.00</u>
TOTAL PROJECT COST ESTIMATES	\$ 886,500.00

Motion was made by Setzer and seconded by Fraser to approve Resolution No. 2008-08. Roll was called and vote was as follows, AYES: Simonson, Fraser, Setzer, Brownell and Muller. NAYS: none. Motion carried and Mayor Elbert declared Resolution No. 2008-08 duly adopted.

At this time Mayor Elbert turned the meeting over to project engineer Richard Hopper to report the results of the August 11, 2008, 1:00 p.m. bid letting. Mr. Hopper stated eight general contractors held bids on the job, with four actual bids being returned for consideration. All figures were double-checked for accuracy and Performance Bonds were provided. It was determined that low "Total Price" Base Bid, using Vessco Inc. softening and pumping equipment, etc. was submitted by Hjelmeland Builders of Algona, Iowa in the amount of \$801,668 with no "Alternate Bid" submitted. Mr. Hopper explained that the "Alternate Bid" price was based on the use of Culligan equipment. Other bids received were from Beemer Company of Fairmont, Minnesota (\$807,369 Base Bid and \$824,640 Alternate Bid), Industrial Process Technology of Mitchell, South Dakota (\$818,222 Base Bid and \$858,928 Alternate Bid) and C. L. Carroll of Des Moines, Iowa (\$847,480 Base Bid and \$942,701 Alternate Bid).

Richard Hopper of Jacobson-Westergard & Associates, Inc. then made recommendation to the Mayor and Council that they accept the low Total Price Base Bid submitted by Hjelmeland Builders of Algona in the

amount of \$801,668 for the proposed Water Treatment Plant project. Hjelmeland Builders are more than qualified to handle the project and they have past experience with such a project, having built a similar facility for the City of Bancroft, Iowa. Mr. Hopper will make plans to hold a pre-construction meeting in the very near future.

Resolution No. 2008-09 was then presented, a Resolution Making Award of a Construction Contract for the Water Treatment Plant project. Motion was made by Simonson and seconded by Muller to award said contract to Hjelmeland Builders of Algona, Iowa, low bidder of the project as proposed by Jacobson-Westergard & Associates for the City of Whittemore. Roll was called and vote was as follow, AYES: Simonson, Fraser, Setzer, Brownell and Muller. NAYS: none. Motion carried and Mayor Elbert declared Resolution No. 2008-09 duly adopted.

The Public Hearing on the 2008 Water Treatment Plant project was closed at 6:15 P.M.

A summary of the new Water Treatment Project budget and obligations was reviewed with Marsha Cory of the firm Simmering-Cory in Clear Lake, administrators of the \$300,000 Community Development Block Grant funds to be used as financial assistance for the project. Discussion took place regarding how much of the debt from this project should be paid with taxes, and how much debt should be retired with water revenues. It was concluded that the majority of the debt should be financed with water-generated revenues instead of property taxes.

Motion was made by Brownell and seconded by Setzer to change the State Revolving Fund loan request from previous \$600,000 to a total of \$680,000 to cover any contingencies that may be incurred in the project. Vote was all AYES; motion carried. Motion was then made by Simonson and seconded by Brownell to assume the \$680,000 debt as a 20-year loan from the State Revolving Fund on the following basis: \$100,000 as General Obligation debt and \$580,000 Revenue debt. Roll was called and vote was as follows, AYES: Simonson, Fraser, Setzer, Brownell and Muller. NAYS: none. Motion carried.

As a result of the debt that will be incurred, water rates in Whittemore will need to be increased in order to cover the costs of debt service on the loan. It is estimated that an increase of approximately \$9.00 per user per month will be required to cover the project's (20 year) debt payments. Also, a debt service levy will need to be added to the City's budget beginning with the 2009-2010 fiscal year. Council requested an ordinance be drafted for consideration during the September 3, 2008 regular (Council) meeting to reflect the above-stated water rate increase, which is urgently needed to begin generating funds for debt payments.

Council thanked Richard Hopper and Marsha Cory for their professional guidance with the Water Treatment Plant project.

Supt. Elbert and Clerk Farrell briefly discussed with the Council a letter Whittemore Municipal Utilities has received from Kris Stubbs of the Resale Power Group of Iowa regarding a proposed renewable energy program. Iowa legislature could possibly mandate for the future that all utilities in the state be required to generate or sell a certain percentage of their electricity from alternative energy sources. As stated in the RPGI correspondence, while passage of this type of legislation during next year's session is uncertain, legislative insiders believe that green tags would be a viable alternative to actual generation.

Kris Stubbs, in a telephone conversation with local municipal personnel, stated that approximately 50% of the utilities associated with RPGI are committing to purchasing 1% to 5% of their annual load at \$.00595/kWh. This "green-pricing" program would be the city's opportunity to purchase an alternative to fossil fuel (example: wind energy).

The Clerk and Superintendent were instructed to contact other Resale Power Group of Iowa communities to see what they are considering doing in this matter. No further action was taken by the City of Whittemore at this time.

Supt. Elbert reported on utility-related meetings city employees will be attending yet this month.

There being no further business, Mayor Elbert declared the August 11, 2008 Special Council meeting adjourned at 6:30 p.m.

/s/ **Linda K. Farrell**
City Clerk