



**AGENDA FOR  
REGULAR CITY COUNCIL MEETING  
TUESDAY, DECEMBER 6, 2022 – 5:00 P.M.**

1. **Pledge of Allegiance**
2. **Call to Order**
  - Roll Call and Establishment of Quorum
3. **Approval of Agenda**
  - Council Changes
  - Staff Changes
4. **Approval of Minutes**
  - A. November 15, 2022
5. **Audience Participation** (10-minute time limit for items not on the agenda)
6. **Consent Agenda**
  - A. Approve Fire Department Appointments
  - B. Approve Well #2 Control Panel Upgrades
  - C. Approve Business License Renewal Applications
  - D. Approve 2023 Tobacco License Application
7. **Scheduled Public Hearings**
8. **Old Business**
9. **Regular Agenda**
  - A. Stop Sign Request – Wyoming St. & Drew St.
  - B. 2023 Water, Sanitary Sewer, and Storm Sewer Rates – Resolution #70
  - C. 2023 Electric Rates – Resolution #71
  - D. 2023 Solar Purchased Power Avoidance Cost – Resolution #72
  - E. Golf Course Lease Agreement – Right of First and Last Refusal
  - F. Supplement to the Code of Ordinances – Ordinance #83
10. **Other Items and Communications**
  - A. Council Items
  - B. Staff Items
11. **Paid Bills and Claims – For Informational Purposes**
  - A. City of Redwood Falls Accounts Payable Summary
12. **Adjournment**

**MINUTES  
REGULAR COUNCIL MEETING  
CITY OF REDWOOD FALLS, MINNESOTA  
TUESDAY, NOVEMBER 15, 2022**

Pursuant to due call and notice thereof, a regular meeting of the Redwood Falls City Council was called to order in the Municipal Chambers on Tuesday, November 15, 2022, at 5:00 p.m.

Roll call indicated Mayor Tom Quackenbush and Council Members Larry Arentson, Jim Sandgren, and John T. Buckley were present, constituting a quorum. Matt Smith and Denise Kerkhoff were absent.

Also present were City Administrator Keith Muetzel, Finance Director Kari Klages, City Attorney Trenton Dammann, Public Works Project Coordinator Jim Doering, and Deputy City Clerk Caitlin Kodet.

A motion was made by Council Member Buckley and seconded by Council Member Sandgren to approve the agenda. Motion passed by unanimous vote.

A motion was made by Council Member Arentson and seconded by Council Member Buckley to approve the November 1, 2022, minutes as presented. Motion passed by unanimous vote.

A motion was made by Council Member Sandgren and seconded by Council Member Arentson to approve the following item on the Consent Agenda.

1. Approve Parade Permit Application – Redwood Area Chamber & Tourism

Motion passed by unanimous vote.

Finance Director Klages introduced Resolution No. 68 of 2022 – Resolution Establishing a Fire Escrow Account Pursuant to Minnesota Statute §65A.50.

Ms. Klages stated Resolution No. 68 of 2022 would establish a fire escrow account for the City if the owner of a property does not make the necessary repairs to property damaged by a fire or explosion. The responsibility may fall on the City if those repairs are not made. Minnesota Statute §65A.50 allows cities an opportunity to receive a portion of the insurance settlement from the damaged property for repair or removal of the damaged structure.

Ms. Klages stated in order to obtain a portion of the insurance settlement, an escrow or trust account must be established by passing a resolution. The City must then notify the Commissioner of Commerce that the City has established the required account, intends to uniformly apply the statute to all property located within the City, and requests to be added to the list of cities that maintain these accounts. The Commissioner will then distribute the updated list to all property insurance companies within the State.

Ms. Klages further stated when a property owner files a claim for a loss due to fire or explosion, the insurance company is required to withhold from payment of the final settlement the lesser of 25 percent of the actual cash value of the insured's real property at the time of the loss or 25 percent of the final settlement. The requirement to withhold does not apply if there is evidence of a contract to repair at the time of settlement and the insured consents to payment of the funds directly to the contractor. When funds are withheld, the insurance agency must notify the City. The City then has 30 days to prepare an affidavit that says the insured damaged structure violates specified health and safety standards which requires the escrow of the withheld amount as security for the repair, replacement, or removal of the damaged structure. The insurance company would then release the funds to the City. The City holds the funds until reasonable proof of repair is received from the insured. If reasonable proof is not received within 45 days, the City can use the funds to repair or demolish the property.

A motion was made by Council Member Buckley and seconded by Council Member Sandgren to waive the reading of Resolution No. 68 of 2022 – Resolution Establishing a Fire Escrow Account Pursuant to Minnesota Statute §65A.50. Motion passed by unanimous vote.

A motion was made by Council Member Arentson and seconded by Council Member Sandgren to approve Resolution No. 68 of 2022 – Resolution Establishing a Fire Escrow Account Pursuant to Minnesota Statute §65A.50. Motion passed by unanimous vote.

Mr. Muetzel stated the next City Council work session is scheduled for November 29, 2022. In order to prepare for the meeting and ensure adequate time is allowed for each agenda item, staff is requesting Council formally establish the work session agenda. The following items have been suggested as agenda items:

1. Redwood Area Chamber & Tourism Update on Downtown Improvements
2. Inflow & Infiltration Inspection Program Update
3. Compensation Discussion for City Council Members and Mayor
4. Reflections Development Update

A motion was made by Council Member Sandgren and seconded by Council Member Buckley to approve the City Council Work Session Agenda as presented. Motion passed by unanimous vote.

Deputy City Clerk Caitlin Kodet introduced Resolution No. 69 of 2022 – A Resolution Canvassing City of Redwood Falls November 8, 2022 Election.

Ms. Kodet stated the General Election was held on Tuesday, November 8, 2022. The Redwood County Auditor provided a local abstract plus the write-in tally sheets on Thursday, November 10, 2022. The abstract includes the polling place and absentee ballot results.

A motion was made by Council Member Sandgren and seconded by Council Member Buckley to waive the reading of Resolution No. 69 of 2022 – A Resolution Canvassing City of Redwood Falls November 8, 2022 Election. Motion passed by unanimous vote.

A motion was made by Council Member Arentson and seconded by Council Member Buckley to approve Resolution No. 69 of 2022 – A Resolution Canvassing City of Redwood Falls November 8, 2022 Election. Motion passed by unanimous vote.

Bills and Claims were presented to Council for informational purposes. No questions, comments, or concerns were raised.

There being no further business, a motion was made by Council Member Buckley and seconded by Council Member Arentson to adjourn the meeting at 5:26 p.m. Motion passed by unanimous vote.

ATTEST:

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Keith Muetzel  
City Administrator

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Tom Quackenbush  
Mayor



Jeff Bommersbach

Fire Chief

Phone: 507-616-7460

rffire@ci.redwood-falls.mn.us

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To: Mayor and City Council Members

From: Jeff Bommersbach, Fire Chief

Subject: New Member

Date: November 11, 2022

I would like to request your approval of Kory Grey and Josh Nelson to a one-year probationary period on the Redwood Falls Fire Department effective January 1, 2023.

We feel Kory and Josh will be a fine addition to the department and we look forward to their start.

Thank You

*Jeff Bommersbach*



**AUTOMATIC SYSTEMS CO.**

Friday, November 18, 2022

Tom Stough  
 333 S. Washington St.  
 P.O. Box 526  
 Redwood Falls, MN 55719

Reference: Redwood Falls, MN – Well No. 2 PLC & PanelView Upgrade.

Dear Tom:

Currently the existing Programable Logic Controller (PLC) and PanelView in operation in Well No. 2 are obsolete and no longer supported. We are pleased to provide the following proposal to upgrade the existing PLC, I/O modules, and PanelView.

### Well No. 2

- A One (1) **MicroLogix Family PLC**, of the latest series for installation in place of the exiting and obsolete PLC currently in operation in the Well No. 2 Control Panel.
- B One (1) **MicroLogix Family I/O Modules**, necessary to accommodate all the existing I/O functions of Well No 2.
- C One (1) **Allen Bradley PanelView**, 6.5” touch screen, Plus 7 Series, with ethernet communications for installation in place of the existing PanelView.  
  
Please note, current model PanelView’s are only available with ethernet communication protocol. The existing PLC is not ethernet compatible and subsequently requires upgrading to maintain protocol compatibility.
- D One (1) **Bezel Plate**, for installation with the above PanelView and as necessary to create a clean finish with the discrepancy in size between the new and old model PanelView’s.
- E One (1) **Lot of Electrical and Field Modifications**, as needed to uninstall the obsolete PLC, I/O modules, PanelView, install the new PLC, I/O modules, PanelView and bezel plate, including re-terminating all corresponding conductors.
- F One (1) **Lot of Programming**, as necessary to convert, modify, and upload the PLC and PanelView programs.
- G One (1) **Lot of Start-Up**, as needed to verify the above changes are functioning properly.

**MANUFACTURERS REPRESENTATIVES**

- MAIN OFFICE P.O. BOX 120359
- BRANCH OFFICE P.O. BOX 787
- BRANCH OFFICE

**SYSTEMS INTEGRATION**

- ST. PAUL, MINNESOTA 55112 PHONE 651-631-9005
- AMES, IOWA 50010 PHONE 515-232-4770
- CHICAGO, ILLINOIS PHONE 815-927-3386

**INSTRUMENTATION**

- FAX (651) 631-0027
- FAX (515) 232-0795
- FAX (651) 631-0027

November 18, 2022

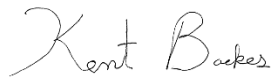
Page 2

Your net price for Items A through G, FOB factory with **freight allowed** to jobsite including one (1) year warranty from date of startup (not to exceed 18 months from date of shipment).....\$16,983.00 (plus tax).

Items: A- G Accepted by: _____ Date: _____
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Thank you very much for the opportunity of providing you with the above proposal, should you wish to proceed with an order please sign on the space provided above and return a copy to this office.

Sincerely,



Kent Backes  
Automatic Systems Company  
c.c. Mr. Mark Juker - ASC

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**AGENDA RECOMMENDATION**

**Meeting Date:** December 6, 2022

**Agenda Item:** Business License Renewal Applications

**Recommendation/Action Requested:** The following establishments have completed the necessary application process for a **2023** license. Therefore, it is recommended that the City Council approve the issuance of the following licenses contingent on receiving the updated 2023 certificates of liability insurance as needed:

**CIGARETTE AND OTHER TOBACCO PRODUCTS:**

- Redwood Co VFW Post 2553
- Redwood Falls Municipal Liquor Store d.b.a. Liquor Lodge
- Walmart #1865
- Farmers Coop Company of Renville d.b.a Cenex
- Tersteeg's Inc.
- Casey's Retail Company #2184
- Casey's Retail Company #3277
- Redwood Tobacco, Inc.

**OFF SALE 3.2 MALT LIQUOR:**

- Walmart #1865

**ON SALE 3.2 MALT LIQUOR:**

- Rubi's Kitchen

**ON SALE LIQUOR:**

- American Legion Post #38
- Redwood Falls Golf Club, Inc.
- Redwood Co VFW Post 2553
- Duffy's South Inc. d.b.a Duffy's Riverside Saloon
- Las Lomas, Inc. d.b.a. Plaza Garibaldi
- Barnes Enterprises d.b.a Barney's Burger & Brew

**ON SALE SUNDAY LIQUOR:**

- American Legion Post #38
- Redwood Falls Golf Club, Inc.
- Redwood Co VFW Post 2553
- Duffy's South Inc. d.b.a Duffy's Riverside Saloon
- Las Lomas, Inc. d.b.a. Plaza Garibaldi
- Barnes Enterprises d.b.a Barney's Burger & Brew

**SOLID WASTE HAULING - COMMERCIAL:**

- West Central Sanitation, Inc.
- Southwest Sanitation, Inc.
- R&E Sanitation, Inc.
- Waste Management of MN, Inc.

**SOLID WASTE HAULING - RESIDENTIAL:**

- West Central Sanitation, Inc.

**THERAPEUTIC MASSAGE:**

- Bridge Street Massage – Dakotah Harmoning
- Riverbend Therapeutic Massage – Tammy Tordsen
- Mind Body Spirit Wellness Center – Shawn Dixon

**WINE:**

- Rubi's Kitchen





**Caitlin Kodet**  
Deputy City Clerk  
Phone: 507-616-7400  
Fax: 507-637-2417  
ckodet@ci.redwood-falls.mn.us

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### AGENDA RECOMMENDATION

**Meeting Date:** December 6, 2022

**Agenda Item:** 2023 Tobacco License Application

**Recommendation/Action Requested:** Approve Redwood Falls Golf Club, Inc. Tobacco License Application.

**Summary/Overview:** Ryan Fernelius with the Redwood Falls Golf Club, Inc. has completed the necessary application process with a successful background check for a Cigarette and Other Tobacco Products license effective 1-1-2023. Staff recommends approval.

Meeting Date: December 6, 2022

### **Agenda Recommendation**

**Agenda Item:** Installation of Stop Sign on Wyoming Street at Intersection With Drew Street

**Recommendation/Action Requested:** Staff recommends installation of the stop signs

### **Summary/Overview:**

The issue of uncontrolled intersections within the City of Redwood Falls has been under review for several years and council has approved the installation of signage in several locations. Recently the area of Wyoming Street at Halvorson Street and Drew Street was identified as another location where uncontrolled intersections was a concern.

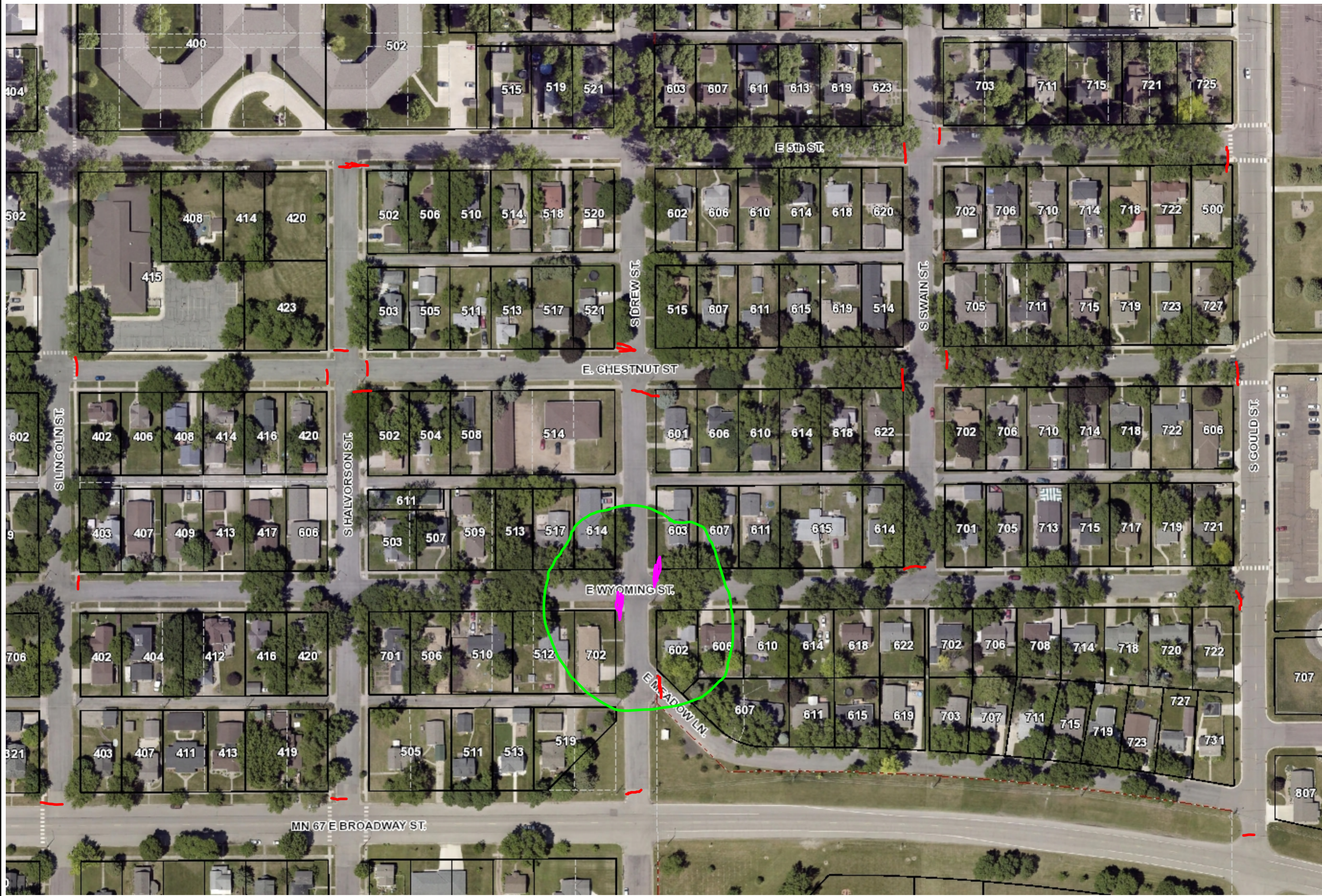
A committee made up of City Administrator Keith Muetzel, Police Chief Jason Cotner, Street Superintendent Darrell Bowers and Public Works Project Coordinator Jim Doering reviewed this area for additional signage. The committee found eastbound and westbound traffic on Wyoming Street can travel Lincoln Street to Gould Street without stopping for a controlled intersection. This five block distance creates the opportunity for vehicles to travel above the posted speed limit which is often a contributing factor in crashes, particularly at uncontrolled intersections.

Staff recommends installation of stop signs on Wyoming Street at Drew Street to stop eastbound and westbound traffic.

Attachments: Map of the area under consideration

**Legend**

- City Limits
- Parcels (8/26/2021)
- Road ROW
- Lot Lines
- Redw\_cty20.sid
- Red: Band\_1
- Green: Band\_2
- Blue: Band\_3



**Drew and Wyoming Stop Sign**



Disclaimer:  
This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This drawing is a compilation of records, information, and data located in various city, county, and state offices, and other sources affecting the area shown, and is to be used for reference purposes only. The City of Redwood Falls is not responsible for any inaccuracies herein contained.

0 132 Feet

AGENDA MEMO

**Meeting Date:** December 6, 2022

**Agenda Item:** Resolution No. 70 of 2022 -Adjusting Water, Sanitary Sewer and Storm Sewer Service Charges

**Recommendation/Action Requested:** Read the Resolution or make a motion to waive the reading of the Resolution. Discuss the proposed Resolution. If no concerns, adopt proposed Resolution by motion in accordance with Chapter 4 of the City Charter.

**Summary/Overview:** Consideration of the attached enabling Resolution, which if adopted, would enact the 2023 water, sanitary sewer, and storm sewer utility rates.

The information contained therein was compiled by DGR. The water rates have been developed to provide an increase of 9% per cubic foot sold and 9% per infrastructure base charge. The sanitary sewer rates have been developed to provide an increase of 8% per cubic foot used and 8% per infrastructure base charge. The storm sewer rates have been developed to provide an increase of 7% per infrastructure base charge.

These recommended 2023 rate increases are consistent with the utility rate recommendations financial advisor Shannon Sweeney outlined as part of the Reflections Residential & Business Park project financing plan presented at the April 5, 2022 council meeting. A comparison of the preliminary rates in that project financing plan and the current recommendation is provided below. Staff recommends approval of the proposed 2023 rates.

Water	Preliminary Recommendation	Current Recommendation	\$ Change
Monthly Base Rate	\$15.07	\$15.36	\$0.29
Commodity Rate	\$7.00	\$7.07	\$0.07

Sanitary Sewer	Preliminary Recommendation	Current Recommendation	\$ Change
Monthly Base Rate	\$12.82	\$12.58	(\$0.24)
Commodity Rate	\$4.14	\$4.06	(\$0.08)

Storm Sewer	Preliminary Recommendation	Current Recommendation	\$ Change
Monthly Base Rate	\$10.71	\$10.71	\$0.00

**Attachments:** Resolution No. 70 of 2022  
Water Sewer Storm Support 1 – Rate History  
Water Sewer Storm Support 2 – DGR Report

**RESOLUTION NO. 70 OF 2022**

**RESOLUTION ADJUSTING WATER, SANITARY SEWER AND  
STORM SEWER SERVICE CHARGES**

BE IT RESOLVED by the City Council of the City of Redwood Falls, Minnesota, as follows:

That effective for water, sanitary sewer, and storm sewer charges billed in January 2023 and payable in February 2023, the City hereby established the following rate schedules for monthly charges:

Water Base Charge:	\$15.36 per meter per month
Water Usage Charge:	\$7.07 per 100 cubic feet
Sanitary Sewer Base Charge:	\$12.58 per meter per month
Sanitary Sewer Usage Charge:	\$4.06 per 100 cubic feet of water consumed
Storm Sewer Utility Charge:	\$10.71 per month per 1 Residential Equivalency Factor

PASSED AND ADOPTED by the City Council of the City of Redwood Falls, Minnesota, this 6<sup>th</sup> day of December, 2022.

ATTEST:

\_\_\_\_\_  
Keith T. Muetzel  
City Administrator

\_\_\_\_\_  
Tom Quackenbush  
Mayor

(City Seal)

Subscribed and sworn to before me this  
6<sup>th</sup> day of December, 2022.

\_\_\_\_\_  
Notary Public

**WATER, SEWER, STORM SEWER RATES**

**WATER SERVICE**

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	Hook up new service line
\$7.07	\$6.49	\$6.09	\$5.80	\$5.47	\$5.21	\$5.01	\$4.77	\$4.50	\$4.26	\$4.10	\$4.00	\$3.75	\$3.54	\$2.85	\$2.70	Per 100 cubic feet
\$15.36	\$14.09	\$12.75	\$12.14	\$11.45	\$10.90	\$10.38	\$9.98	\$9.60	\$9.26	\$8.90	\$8.60	\$7.80	\$7.15	\$6.15	\$6.00	Infrastructure Replacement/Availability

**SEWER SERVICE**

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	Hook up new service line
\$4.06	\$3.76	\$3.47	\$3.34	\$3.24	\$3.18	\$3.03	\$2.89	\$2.75	\$2.58	\$2.50	\$2.45	\$2.40	\$2.35	\$2.30	\$2.15	Per 100 cubic feet
\$12.58	\$11.65	\$10.74	\$10.33	\$10.03	\$9.74	\$9.28	\$8.84	\$8.50	\$8.09	\$7.85	\$7.65	\$6.60	\$6.35	\$6.35	\$6.20	Infrastructure Replacement/Availability

**STORM SEWER**

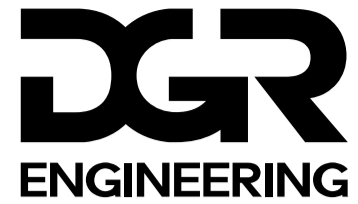
2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
\$10.71	\$10.01	\$9.53	\$9.08	\$8.65	\$8.24	\$7.92	\$7.62	\$7.40	\$7.16	\$6.95	\$6.75	\$6.40	\$6.25	\$5.00	\$4.85	Per residential equivalency factor

2023 Usage	Water Minimum	Water Commodity	Total Water	% Change water	Wastewater Minimum	Wastewater Commodity	Total Wastewater	% Change Wastewater	% Change Total
0	\$ 15.36	\$0.00	\$15.36	9.0%	\$12.58	\$0.00	\$12.58	8.0%	8.5%
250	\$ 15.36	\$17.68	\$33.04	9.0%	\$12.58	\$10.15	\$22.73	8.0%	8.6%
500	\$ 15.36	\$35.35	\$50.71	9.0%	\$12.58	\$20.30	\$32.88	8.0%	8.6%
550	\$ 15.36	\$38.89	\$54.25	9.0%	\$12.58	\$22.33	\$34.91	8.0%	8.6%
1000	\$ 15.36	\$70.70	\$86.06	9.0%	\$12.58	\$40.60	\$53.18	8.0%	8.6%
1500	\$ 15.36	\$106.05	\$121.41	8.9%	\$12.58	\$60.90	\$73.48	8.0%	8.6%
2000	\$ 15.36	\$141.40	\$156.76	8.9%	\$12.58	\$81.20	\$93.78	8.0%	8.6%
2500	\$ 15.36	\$176.75	\$192.11	8.9%	\$12.58	\$101.50	\$114.08	8.0%	8.6%
5000	\$ 15.36	\$353.50	\$368.86	8.9%	\$12.58	\$203.00	\$215.58	8.0%	8.6%

2022 Usage	Water Minimum	Water Commodity	Total Water	% Change water	Wastewater Minimum	Wastewater Commodity	Total Wastewater	% Change Wastewater	% Change Total
0	\$ 14.09	\$0.00	\$14.09	11%	\$11.65	\$0.00	\$11.65	8%	10%
250	\$ 14.09	\$16.23	\$30.32	8%	\$11.65	\$9.40	\$21.05	8%	8%
500	\$ 14.09	\$32.45	\$46.54	8%	\$11.65	\$18.80	\$30.45	8%	8%
550	\$ 14.09	\$35.70	\$49.79	7%	\$11.65	\$20.68	\$32.33	8%	7%
1000	\$ 14.09	\$64.90	\$78.99	7%	\$11.65	\$37.60	\$49.25	8%	8%
1500	\$ 14.09	\$97.35	\$111.44	7%	\$11.65	\$56.40	\$68.05	8%	8%
2000	\$ 14.09	\$129.80	\$143.89	7%	\$11.65	\$75.20	\$86.85	8%	7%
2500	\$ 14.09	\$162.25	\$176.34	7%	\$11.65	\$94.00	\$105.65	8%	7%
5000	\$ 14.09	\$324.50	\$338.59	7%	\$11.65	\$188.00	\$199.65	8%	7%

2021 Usage	Water Minimum	Water Commodity	Total Water	% Change water	Wastewater Minimum	Wastewater Commodity	Total Wastewater	% Change Wastewater	% Change Total
0	\$ 12.75	\$0.00	\$12.75	5%	\$10.74	\$0.00	\$10.74	4%	5%
250	\$ 12.75	\$15.23	\$27.98	5%	\$10.74	\$8.68	\$19.42	4%	5%
500	\$ 12.75	\$30.45	\$43.20	5%	\$10.74	\$17.35	\$28.09	4%	5%
555	\$ 12.75	\$33.80	\$46.55	5%	\$10.74	\$19.26	\$30.00	4%	5%
1000	\$ 12.75	\$60.90	\$73.65	5%	\$10.74	\$34.70	\$45.44	4%	5%
1500	\$ 12.75	\$91.35	\$104.10	5%	\$10.74	\$52.05	\$62.79	4%	5%
2000	\$ 12.75	\$121.80	\$134.55	5%	\$10.74	\$69.40	\$80.14	4%	5%
2500	\$ 12.75	\$152.25	\$165.00	5%	\$10.74	\$86.75	\$97.49	4%	5%
5000	\$ 12.75	\$304.50	\$317.25	5%	\$10.74	\$173.50	\$184.24	4%	5%

**REDWOOD FALLS MUNICIPAL UTILITIES  
RATE AND BUDGET SUMMARY**



DRAFT #3  
11/23/2022  
2:39 PM

	<i>Actual</i>	<i>JulyYTD*12/7</i>	<i>Budget</i>				
<b>Water Utility</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Operating Expenses less depreciation	878,075.00	978,291.26	1,106,980.22	1,150,133.22	1,050,678.61	1,102,313.49	1,156,596.05
Debt Service and reserves	485,411.56	507,855.46	719,837.08	782,538.25	885,841.96	866,420.78	863,584.60
Transfer to City	74,351.04	81,189.96	81,190.00	85,000.00	85,000.00	85,000.00	85,000.00
<b>Total Expenditures</b>	<b>1,437,837.60</b>	<b>1,567,336.68</b>	<b>1,908,007.30</b>	<b>2,017,671.47</b>	<b>2,021,520.57</b>	<b>2,053,734.27</b>	<b>2,105,180.65</b>
Residential usage	619,501.40	659,768.99	719,148.20	769,488.58	784,878.35	800,575.92	816,587.44
Commercial usage	496,578.00	528,855.57	576,452.57	616,804.25	629,140.33	641,723.14	654,557.60
Base Charge	344,403.00	379,381.86	412,604.82	441,487.16	472,602.25	505,910.15	541,565.42
City meters	50,722.34	54,019.30	58,881.03	63,002.70	64,174.61	65,374.61	66,602.81
Other Income	24,091.91	24,212.37	24,333.43	27,316.60	27,438.88	27,561.76	27,685.26
<b>Total Revenue</b>	<b>1,535,296.66</b>	<b>1,646,238.09</b>	<b>1,791,420.06</b>	<b>1,918,099.29</b>	<b>1,978,234.41</b>	<b>2,041,145.58</b>	<b>2,106,998.53</b>
<b>Net Water cash flow</b>	<b>97,459.06</b>	<b>78,901.41</b>	<b>(116,587.24)</b>	<b>(99,572.18)</b>	<b>(43,286.16)</b>	<b>(12,588.68)</b>	<b>1,817.88</b>
Monthly base rate	12.75	14.09	15.36	16.43	17.58	18.81	20.13
% change	5.0%	10.5%	9.0%	7.0%	7.0%	7.0%	7.0%
Commodity rate	6.09	6.49	7.07	7.56	7.72	7.87	8.03
% change	5.0%	6.5%	9.0%	7.0%	2.0%	2.0%	2.0%

	<i>Actual</i>	<i>JulyYTD*12/7</i>	<i>Budget</i>				
<b>Wastewater Utility</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Operating Expenses less depreciation	758,133.28	807,593.66	872,560.01	912,119.56	953,807.07	997,634.34	1,043,711.68
Debt Service and reserves	103,486.84	110,761.80	520,749.62	697,415.69	707,831.87	695,131.02	691,690.55
Transfer to City	13,416.00	10,314.82	68,028.00	14,000.00	14,000.00	14,000.00	14,000.00
<b>Total Expenditures</b>	<b>875,036.12</b>	<b>928,670.28</b>	<b>1,461,337.63</b>	<b>1,623,535.25</b>	<b>1,675,638.94</b>	<b>1,706,765.36</b>	<b>1,749,402.23</b>
Residential usage	352,519.72	382,483.89	413,082.60	446,129.21	477,358.26	501,226.17	526,287.48
Commercial usage	422,095.98	457,974.13	494,612.07	534,181.03	571,573.70	600,152.39	630,160.01
Base Charge	286,242.48	310,573.09	335,418.94	362,252.45	387,784.65	407,357.12	454,605.39
City meters	23,192.09	25,163.41	27,176.49	29,350.61	31,405.15	32,975.41	34,624.18
Other Income	59,870.41	62,265.22	64,755.83	67,346.07	70,039.91	72,841.50	75,755.16
<b>Total Revenue</b>	<b>1,143,920.67</b>	<b>1,238,459.75</b>	<b>1,335,045.93</b>	<b>1,439,259.37</b>	<b>1,538,161.66</b>	<b>1,614,552.59</b>	<b>1,721,432.22</b>
<b>Net Wastewater cash flow</b>	<b>268,884.55</b>	<b>309,789.47</b>	<b>(126,291.70)</b>	<b>(184,275.88)</b>	<b>(137,477.28)</b>	<b>(92,212.76)</b>	<b>(27,970.01)</b>
Monthly base rate	10.74	11.65	12.59	13.59	14.54	15.27	17.03
% change	4.0%	8.5%	8.0%	8.0%	7.0%	5.0%	11.5%
Commodity rate	3.47	3.76	4.07	4.39	4.70	4.93	5.18
% change	3.9%	8.5%	8.0%	8.0%	7.0%	5.0%	5.0%

	<i>Actual</i>	<i>JulyYTD*12/7</i>	<i>Budget</i>				
<b>Stormwater Utility</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Operating Expenses less depreciation	201,530.84	205,194.19	260,948.93	274,200.82	288,127.57	302,763.66	318,145.34
Debt Service and reserves	7,066.73	7,563.37	98,850.03	188,896.13	216,316.01	210,539.79	210,155.21
Transfer to City	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>208,597.57</b>	<b>212,757.56</b>	<b>359,798.96</b>	<b>463,096.95</b>	<b>504,443.58</b>	<b>513,303.45</b>	<b>528,300.55</b>
Stormwater Fee income	320,500.76	336,525.80	360,082.61	385,288.39	412,258.58	441,116.68	471,994.84
City Stormwater Fees	3,000.00	3,000.00	3,000.00	3,000.00	3,001.00	3,002.00	3,003.00
Other Income	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
<b>Total Revenue</b>	<b>333,500.76</b>	<b>349,525.80</b>	<b>373,082.61</b>	<b>398,288.39</b>	<b>425,259.58</b>	<b>454,118.68</b>	<b>484,997.84</b>
<b>Net Stormwater cash flow</b>	<b>124,903.19</b>	<b>136,768.24</b>	<b>13,283.65</b>	<b>(64,808.56)</b>	<b>(79,184.01)</b>	<b>(59,184.78)</b>	<b>(43,302.71)</b>
Monthly base rate	9.53	10.01	10.71	11.46	12.26	13.12	14.03
% change	5.0%	5.0%	7.0%	7.0%	7.0%	7.0%	7.0%



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## AGENDA MEMO

**Meeting Date:** December 6, 2022

**Agenda Item:** Resolution No. 71 of 2022 - Establishing Rates for Municipal Electric Utilities

**Recommendation/Action Requested:** Read the Resolution or make a motion to waive the reading of the Resolution. Discuss the proposed Resolution. If no concerns, adopt proposed Resolution by motion in accordance with Chapter 4 of the City Charter.

**Summary/Overview:** Consideration of the attached enabling Resolution which, if adopted, would enact the 2023 electric utility rates.

The information contained therein was compiled by DGR. The rates have been developed to provide an overall increase in revenues of 5%. Staff recommends approval.

**Attachments:** Resolution 71 of 2022  
Electric Support 1 – Rate History  
Electric Support 2 – DGR Report



## RESOLUTION NO. 71 OF 2022

### RESOLUTION ESTABLISHING RATES FOR MUNICIPAL ELECTRIC UTILITIES

**WHEREAS**, the City of Redwood Falls, through its Redwood Falls Public Utilities ("Utilities"), owns, operates, and maintains a municipal utility which, amongst other services, provides retail electric services to approximately 2,700 customers; and

**WHEREAS**, Redwood Falls City Charter § 11.02 provides that the Redwood Falls City Council ("Council"), may by resolution establish rates, fares and prices for municipal utilities and services, but that such rates, fares and prices shall be established after study of commission recommendations; and

**WHEREAS**, Redwood Falls City Code § 2.52 establishes a Public Utilities Commission ("Commission"), who is charged with the responsibility to recommend to the Council rates and charges to be made for services furnished by the Utilities; and

**WHEREAS**, the Commission retained the services of DGR Engineering to perform a study of the allocated cost of serving the various classes of the Utilities' retail customers (the "Study"); and

**WHEREAS**, the Commission has recommended to the Council the adoption of class rates and other changes as suggested by the Study; and

**WHEREAS**, Redwood Falls City Code § 3.02 provides that rates and charges for municipal utilities shall be fixed, determined, and adopted by resolution of the Council, said resolution containing the effective date thereof, kept on file and open to inspection in the office of the City Administrator, be uniformly enforced, and, if the various types of service are categorized and classified, such categorization and classification be included in said resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF REDWOOD FALLS, MINNESOTA:**

- 1. Classes of Customers.** That customers of the Utility shall be classified as follows:
  - a. Residential Customer.** Residential means a customer whose principal use of electricity is for household purposes such as lighting, cooking, water heating, and space heating in space occupied as living quarters. Utility service is normally supplied through a single meter to a single family dwelling unit, but apartments or other subdivided dwelling units may be classified as residential provided the individual units take service through separate meters.
  - b. Small Commercial Electric Heat Customer.** (This class is closed and no new customer, nor any existing customer currently included within some other classification, shall be eligible for inclusion in this class). Small Commercial Electric Heat Customer

means a customer whose primary source of space heat is electrically generated and whose monthly utility demand is less than 50 kilowatt-hours. Electric heat service must be provided through a separate meter.

**c. Large Commercial Electric Heat Customer.** (This class is closed and no new customer, nor any existing customer currently included within some other classification, shall be eligible for inclusion in this class). Large Commercial Electric Heat Customer means a customer whose primary source of space heat is electrically generated and whose monthly utility demand is 50 kilowatt-hours or more. Electric heat service must be provided through a separate meter.

**d. Small Commercial Customer.** Small Commercial Customer means a customer who does not qualify as a residential customer and whose monthly utility demand is less than 50 kilowatts.

**e. Large Commercial Customer.** Large Commercial Customer means a customer who does not qualify as a residential customer and whose monthly utility demand is 50 kilowatts or more but less than 250 kilowatts.

**f. Industrial Customer.** Industrial Customer means a customer who does not qualify as a residential customer and whose monthly utility demand is 250 kilowatts or more.

**2. Electric Rate Schedule.** The following rate schedule is hereby established, which shall be uniformly enforced within the separate classes of customers as identified in Resolution No. 11 of 1998:

**a. Residential Customer.** Electric power shall be furnished to residential customers at a flat customer charge of \$21.47 plus \$.098 per kilowatt hours for each month of service.

**b. Small Commercial Electric Heat Customer.** (This class is closed and no new customer, nor any existing customer currently included within some other classification, shall be eligible for inclusion in this class). Electric power shall be furnished to small commercial electric heat customers at a rate of \$0.106 per kilowatt hours for each month of service.

**c. Large Commercial Electric Heat Customer.** (This class is closed and no new customer, nor any existing customer currently included within some other classification, shall be eligible for inclusion in this class). Electric power shall be furnished to large commercial electric heat customers at a rate of \$0.045 per kilowatt hours plus a demand rate of \$13.84 for each month of service.

**d. Small Commercial Customer.** Electric power shall be furnished to small commercial customers at a flat customer charge of \$29.36 plus \$0.106 per kilowatt hours for each month of service.

**e. Large Commercial Customers.** Electric power shall be furnished to large commercial customers at a flat customer charge of \$47.69 plus \$0.045 per kilowatt hours plus a demand rate of \$13.84 for each month of service.

**f. Industrial Customers.** Electric power shall be furnished to large commercial customers at a flat customer charge of \$63.11 plus \$0.045 per kilowatt hours plus a demand rate of \$12.98 for each month of service.

**3. Purchased Power Cost Adjustment.** To compensate for monthly changes in RFPU's cost of purchasing power, an Energy Cost Adjustment (ECA) may be applied to all energy (kWh) sold each month. The ECA will be calculated by comparing the actual purchased power cost on a 12 month rolling basis to the then-current budgeted "base" cost of purchased power contained in RFPU's annual Electric Utility budget.

Calculation of the monthly ECA will be as follows:

$$\text{ECA (mils)} = (\text{Rolling 12 Month Average Net Power Cost in mils}) - (\text{Base Power Cost in mils})$$

**a. Terms are defined as follows:**

1. Rolling 12 Month Average Net Power Cost: The rolling 12 month average net power cost will be calculated by summing the net power cost for the preceding 12 month period, and dividing by the total purchased kWh for the same period.

2. Net Power Cost: Net Power Cost is equal to the sum of the following: 1) WAPA bill and 2) SMMPA bill.

3. Base Power Cost: The base power cost will be established at the beginning of each Fiscal Year, and will equal the budgeted net power cost per kWh contained in the cash flow projection for the Fiscal Year.

**b. Energy Cost Adjustment Base Rate.** The ECA base rate shall be set at 53.3 mils and said rate shall be effective as of January 1, 2023.

**c. Authority to Adjust.** The Commission shall make the monthly ECA calculation and thereafter adjust the rates accordingly. The Commission shall report all such adjustments to the Council on a monthly basis.

**4. Determination of Demand.** Demands shall be determined by measurement. Measured standards shall be determined in accordance with the Utilities' standard practice, and, except in unusual cases, shall be based on the maximum fifteen (15) minute kilowatt demand created during the billing period.

5. **Effective Date.** The customer classes and rates established by this Resolution shall be effective as of January 1, 2023, for electricity billed in January 2023 and payable in February 2023 and shall supersede any previous Resolutions.
6. **Public Inspection.** A printed copy of this Resolution shall be made available for inspection by any person at the office of the City Administrator during normal business hours.

PASSED AND ADOPTED by the City Council of the City of Redwood Falls, Minnesota, this 6<sup>th</sup> day of December, 2022.

ATTEST:

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Keith T. Muetzel  
City Administrator

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Tom Quackenbush  
Mayor

(City Seal)

Subscribed and sworn to before me this  
6<sup>th</sup> day of December, 2022.

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Notary Public

**ELECTRIC RATE HISTORY**

**RESIDENTIAL SERVICE:**

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
\$21.47	\$20.45	\$19.85	\$14.85	\$14.85	\$14.85	\$8.38	\$8.14	\$7.75	\$6.46	\$6.46	\$6.46	\$6.15	\$5.20	\$5.20	\$5.00	\$5.00	\$5.00	\$3.00
\$0.098	\$0.093	\$0.090	\$0.091	\$0.091	\$0.091	\$0.094	\$0.091	\$0.087	\$0.083	\$0.083	\$0.083	\$0.079	\$0.076	\$0.076	\$0.073	\$0.060	\$0.047	\$0.0422

Flat Customer Charge  
Energy per KWH

**COMMERCIAL SERVICE:**

Small Commercial whose demand is *LESS* than 50 KW Demand

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
\$29.36	\$27.96	\$27.15	\$21.20	\$21.20	\$21.20	\$12.11	\$11.76	\$11.20	\$9.45	\$9.45	\$9.45	\$9.00	\$11.50	\$11.50	\$11.00	\$11.00	\$11.00	\$6.00
\$0.106	\$0.101	\$0.098	\$0.100	\$0.100	\$0.100	\$0.102	\$0.099	\$0.094	\$0.085	\$0.085	\$0.085	\$0.081	\$0.073	\$0.073	\$0.070	\$0.060	\$0.049	\$0.046

Flat Customer Charge  
Energy per KWH

Large Commercial whose demand is *MORE* than 50 KW Demand

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
\$47.69	\$45.42	\$44.10	\$32.00	\$32.00	\$32.00	\$17.57	\$17.06	\$16.25	\$15.75	\$15.75	\$15.75	\$15.00	\$15.10	\$15.10	\$14.50	\$14.50	\$20.00	
\$13.84	\$13.18	\$12.80	\$12.25	\$12.25	\$12.25	\$13.25	\$12.86	\$12.25	\$9.98	\$9.98	\$9.98	\$9.50	\$9.40	\$9.40	\$9.00	\$7.50	\$5.70	\$5.00
\$0.045	\$0.043	\$0.042	\$0.040	\$0.040	\$0.040	\$0.033	\$0.032	\$0.030	\$0.035	\$0.035	\$0.035	\$0.033	\$0.029	\$0.029	\$0.028	\$0.028	\$0.027	\$0.0294

Flat Customer Charge  
per KW Demand  
Energy per KWH

Industrial Commercial: demand is *MORE* than 250 KW Demand

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
\$63.11	\$60.10	\$58.35	\$32.00	\$32.00	\$32.00	\$17.57	\$17.06	\$16.25	\$15.75	\$15.75	\$15.75	\$15.00	\$15.10	\$15.10	\$14.50	\$14.50	-----	-----
\$12.98	\$12.36	\$12.00	\$11.75	\$11.75	\$11.75	\$14.33	\$13.91	\$13.25	\$10.50	\$10.50	\$10.50	\$10.00	\$10.40	\$10.40	\$10.00	\$8.50	-----	-----
\$0.045	\$0.043	\$0.042	\$0.040	\$0.040	\$0.040	\$0.033	\$0.032	\$0.030	\$0.035	\$0.035	\$0.035	\$0.033	\$0.029	\$0.029	\$0.028	\$0.028	-----	-----

Flat Customer Charge  
per KW Demand  
Energy per KWH

**ECA Base**

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
\$ 0.0533	\$ 0.0461	\$ 0.0466	\$ 0.0436	\$ 0.0436	\$ 0.0438	\$ 0.0510	\$ 0.0510	\$ 0.0510	\$ 0.0510	\$ 0.0510	\$ 0.0510	\$ 0.0497	\$ 0.0503	\$ 0.0487	\$ 0.0482	\$ 0.0418	\$ 0.0300	-----

**Security Lighting**

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
\$ 5.90	\$ 5.62	\$ 5.46	\$ 5.35	\$ 5.35	\$ 5.35	\$ 5.30	\$ 5.15	\$ 4.90	\$ 4.73	\$ 4.73	\$ 4.73	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 3.95

per light per month

**Area Lighting**

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
\$ 5.90	\$ 5.62	\$ 5.46	\$ 5.35	\$ 5.35	\$ 5.35	\$ 5.30	\$ 5.15	\$ 4.90	\$ 4.73	\$ 4.73	\$ 4.73	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50
\$ 10.41	\$ 9.91	\$ 9.62	\$ 9.43	\$ 9.43	\$ 9.43	\$ 9.34	\$ 9.07	\$ 8.64	\$ 8.35	\$ 8.35	\$ 8.35	\$ 7.95	\$ 7.95	\$ 7.95	\$ 7.95	\$ 7.95	\$ 7.95	\$ 7.95
\$ 13.76	\$ 13.10	\$ 12.72	\$ 12.47	\$ 12.47	\$ 12.47	\$ 12.35	\$ 11.99	\$ 11.42	\$ 11.03	\$ 11.03	\$ 11.03	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50
\$ 17.87	\$ 17.02	\$ 16.52	\$ 16.20	\$ 16.20	\$ 16.20	\$ 16.04	\$ 15.57	\$ 14.83	\$ 14.33	\$ 14.33	\$ 14.33	\$ 13.65	\$ 13.65	\$ 13.65	\$ 13.65	\$ 13.65	\$ 13.65	\$ 13.65
\$ 39.28	\$ 37.41	\$ 36.32	\$ 35.61	\$ 35.61	\$ 35.61	\$ 35.26	\$ 34.23	\$ 32.60	\$ 31.50	\$ 31.50	\$ 31.50	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00

100 watt  
150 watt  
250 watt  
400 watt  
1000 watt

**Cash Flow Projection - Electric Utility**

**With Revised Capital Projects Estimates  
Using Estimated 2023 Bond Debt Service  
Redwood Falls Public Utilities  
November 4, 2022**

ITEM	HISTORICAL				PROJECTIONS						Basis of assumptions
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	
<b>PURCHASED POWER COSTS</b>											
1 Purchased Power (kWh)	68,975,090	63,916,036	62,935,202	63,678,295	68,000,000	66,881,667	66,181,700	66,525,109	66,870,234	67,217,085	Growth at 0.5% net per year. Hydro plant off-line for all of FY22 and portions of FY21 and FY23.
2 Local Hydro Generation (kWh)	1,460,462	3,829,379	2,962,526	977,605	0	1,458,333	2,500,000	2,500,000	2,500,000	2,500,000	
3 Total Requirements (kWh)	70,435,552	67,745,415	65,897,728	64,655,900	68,000,000	68,340,000	68,681,700	69,025,109	69,370,234	69,717,085	
<b>WAPA Costs</b>											
4 WAPA Energy (kWh)	44,340,000	44,340,000	44,477,000	44,340,000	44,340,000	44,340,000	44,477,000	44,340,000	44,340,000	44,340,000	
5 WAPA Demand (kW)	92,155	92,155	92,155	92,155	92,155	92,155	92,155	92,155	92,155	92,155	
6 Cost of WAPA Energy (\$)	\$588,392	\$588,392	\$590,210	\$588,392	\$588,392	\$679,164	\$677,072	\$677,072	\$677,072	\$677,072	
7 Cost of WAPA Demand (\$)	\$483,814	\$483,814	\$483,814	\$483,814	\$483,814	\$571,361	\$571,361	\$571,361	\$571,361	\$571,361	
8 MISO Transmission Cost for WAPA Deliveries (\$)	\$44,340	\$129,590	\$240,000	\$240,000	\$240,000	\$480,000	\$600,000	\$600,000	\$600,000	\$600,000	
9 Total WAPA Cost, including WAPA transmission billed through SMMPA (\$)	\$1,027,866	\$1,027,866	\$1,073,887	\$1,201,796	\$1,312,206	\$1,608,433	\$1,730,525	\$1,848,433	\$1,848,433	\$1,848,433	
10 WAPA Cost per kWh (mils)	23.18	23.18	23.15	27.10	29.59	36.27	38.91	41.69	41.69	41.69	
<b>SMMPA Costs</b>											
11 SMMPA On-Peak Energy (kWh)	11,524,090	9,648,515	8,759,285	9,223,034	11,238,500	10,707,292	10,309,733	10,537,927	10,701,861	10,866,615	
12 SMMPA Off-Peak Energy (kWh)	13,111,003	10,997,082	9,698,920	10,115,265	12,421,500	11,834,375	11,394,968	11,647,182	11,828,373	12,010,470	
13 SMMPA Billing Demand (kW)	53,788	51,493	43,224	44,779	49,006	52,580	53,345	54,114	54,887	54,887	
14 Cost of On-Peak Energy (\$)	\$667,821	\$539,390	\$487,279	\$513,077	\$641,494	\$688,568	\$663,001	\$677,676	\$584,986	\$504,893	
15 Cost of Off-Peak Energy (\$)	\$459,969	\$403,378	\$403,378	\$420,694	\$530,025	\$568,974	\$547,848	\$559,974	\$483,382	\$417,200	
16 Cost of Power Supply Demand Charge (\$)	\$613,721	\$566,409	\$473,303	\$490,330	\$548,969	\$536,616	\$575,750	\$584,129	\$503,667	\$434,231	
17 Cost of Transmission Demand Charge (\$)	\$171,462	\$175,342	\$142,954	\$141,532	\$161,687	\$162,496	\$163,308	\$164,125	\$145,152	\$123,996	
18 Cost of Energy Cost Adjustment Charge (\$)				(\$15,374)	\$0	\$0	\$0	\$0	\$0	\$0	
19 Total SMMPA Cost, excluding WAPA transmission billed through SMMPA (\$)	\$2,050,856	\$1,773,221	\$1,487,984	\$1,550,259	\$1,882,176	\$1,956,653	\$1,949,908	\$1,985,903	\$1,717,186	\$1,480,320	
20 SMMPA Cost per kWh (mils)	81.45	83.74	80.61	80.17	79.55	86.80	89.84	89.52	76.22	64.71	
21 Total Annual Purchased Power Cost (\$)	\$3,078,722	\$2,801,087	\$2,561,870	\$2,752,055	\$3,194,381	\$3,565,085	\$3,680,432	\$3,834,336	\$3,565,619	\$3,328,752	
22 Average Cost per kWh (mils)	44.64	43.82	40.71	43.22	46.98	53.30	55.61	57.64	53.32	49.52	
<b>OPERATING REVENUES</b>											
Demand Sales											
23 Demand Units Sold (kW)	76,180	72,228	72,247	72,246	70,000	70,350	70,702	71,055	71,411	71,768	Assumes demand sales grow 0.5% per year.
24 Year over year increase in revenue per unit (%)						5%	3%	3%	3%	0%	
25 Average Revenue per Demand Unit (\$/kW)	\$ 12.10	\$ 12.11	\$ 12.11	\$ 12.56	\$ 12.90	\$ 13.55	\$ 14.37	\$ 14.80	\$ 14.80	\$ 14.80	
26 Total Demand Sales (\$)	\$921,983	\$874,540	\$874,651	\$907,573	\$903,000	\$952,891	\$986,385	\$1,021,056	\$1,056,946	\$1,062,231	
Energy Sales											
27 Energy Units Sold (kWh)	65,959,282	63,131,259	62,003,241	61,637,070	64,260,000	64,581,300	64,904,207	65,228,728	65,554,871	65,882,646	At 94.5% of Total Requirements.
28 Year over year increase in revenue per unit (%)						5%	3%	3%	3%	0%	
29 Average Revenue per Energy Unit Sold (mils/kWh)	74.1	74.0	74.2	74.0	76.0	79.8	82.2	84.7	87.2	87.2	
30 Total Energy Sales (\$)	\$4,889,851	\$4,668,626	\$4,599,316	\$4,559,703	\$4,883,760	\$5,153,588	\$5,334,736	\$5,522,252	\$5,716,360	\$5,744,941	
Customer Charge Revenue (\$)											
31 Customer Charge Revenue (\$)	\$551,720	\$552,032	\$551,548	\$734,243	\$755,000	\$792,750	\$816,533	\$841,028	\$866,259	\$866,259	0%
32 Year over year increase in revenue per unit (%)						5%	3%	3%	3%	0%	
Energy Cost Adjustment Revenue (\$)											
33 Energy Cost Adjustment Revenue (\$)	\$245,449	\$48,610	\$0	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	FY22 is estimate based on YTD through September. Base ECA amount.
34 ECA Base	44.6	43.8	40.7	43.2	47.0	53.3	55.6	57.6	53.3	49.5	
35 Total Sales Revenue (\$)	\$6,557,959	\$6,143,808	\$6,025,515	\$6,201,519	\$6,591,760	\$6,899,228	\$7,137,654	\$7,384,337	\$7,639,565	\$7,673,432	
36 Average Revenue per kWh (mils)	99.4	97.3	97.2	100.6	102.6	106.8	110.0	113.2	116.5	116.5	
Other Operating Revenue (\$)											
37 Other Operating Revenue (\$)	\$54,785	\$122,033	\$59,434	\$191,998	\$100,000	\$175,000	\$175,000	\$175,000	\$175,000	\$175,000	Includes misc operating reimbursements, insurance & patronage dividends & special assessment principal. For '22 based on YTD thru July; for '23, set equal to budget; assumed constant thereafter.
38 Capacity Credit Income (\$)	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000	
Miscellaneous Income (\$)											
39 Miscellaneous Income (\$)	\$254,455	\$415,920	\$266,240	\$369,919	\$335,000	\$276,001	\$281,521	\$287,151	\$292,894	\$298,752	Includes interest earnings on debt service & spec assessments; equipment rental; other electric rev (operating); other misc revenues; and SMMPA reimbursed payroll (starting in 2016; prior to 2016, was eliminated on both revenue and expense side). For '22 based on YTD thru July; for '23, set equal to budget; increase at 2% per year thereafter.
40 Grants, Aids, Administrative Fee Income (\$)	\$30,071	\$27,504	\$17,341	\$20,351	\$19,600	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	
41 Penalty Revenue	\$36,707	\$35,131	\$15,230	\$30,344	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	For '22 based on YTD thru July; for '23, set equal to budget; assumed constant thereafter.
42 Total Operating Revenue (\$)	\$7,149,977	\$6,960,396	\$6,599,760	\$7,030,131	\$7,296,360	\$7,618,229	\$7,862,175	\$8,114,489	\$8,375,460	\$8,415,184	
<b>OPERATING EXPENSES</b>											
Purchased Power Cost (\$)											
43 Purchased Power Cost (\$)	\$3,078,722	\$2,801,087	\$2,561,870	\$2,752,055	\$3,194,381	\$3,565,085	\$3,680,432	\$3,834,336	\$3,565,619	\$3,328,752	Per estimate above.
44 Plant Operations Cost (\$)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
45 Plant Maintenance Cost (\$)	\$446,164	\$360,211	\$385,468	\$393,507	\$450,000	\$479,835	\$494,231	\$509,057	\$524,329	\$540,059	Now combined with Plant Maintenance. Increase at 3% per year for '24 and beyond. For '22 based on YTD thru July; for '23, set equal to budget.
46 Line Operations Cost (\$)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
47 Line Maintenance Cost (\$)	\$791,220	\$590,953	\$576,396	\$802,273	\$700,000	\$795,353	\$819,214	\$843,790	\$869,104	\$895,177	Increase at 3% per year; equal to total on op report less depreciation. For '22 based on YTD thru July; for '23, set equal to budget.
48 Administration Cost (\$)	\$732,598	\$814,906	\$693,333	\$884,974	\$875,000	\$992,368	\$1,022,139	\$1,052,803	\$1,084,387	\$1,116,918	Increase at 3% per year. SMMPA reimbursement not included prior to 2016, but is included thereafter. For '22 based on YTD thru July; for '23, set equal to budget.
49 Depreciation Cost (\$)	\$697,845	\$732,788	\$764,169	\$790,448	\$845,000	\$993,000	\$993,000	\$993,000	\$993,000	\$993,000	
50 Total Operating Expenses (\$)	\$5,746,549	\$5,299,945	\$4,981,236	\$5,623,257	\$6,064,381	\$6,825,642	\$7,009,015	\$7,232,986	\$7,036,439	\$6,873,907	
<b>CASH INFLOWS OR (OUTFLOWS)</b>											
51 Operating Margin (\$)	\$1,403,428	\$1,660,451	\$1,618,524	\$1,406,874	\$1,231,979	\$792,588	\$853,160	\$881,502	\$1,339,021	\$1,541,277	

**Cash Flow Projection - Electric Utility**

**With Revised Capital Projects Estimates  
Using Estimated 2023 Bond Debt Service  
Redwood Falls Public Utilities  
November 4, 2022**

ITEM	HISTORICAL				PROJECTIONS						Basis of assumptions
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	
<b>Non-operating Revenue (\$)</b>											
52 Interest Income (\$)	\$56,327	\$170,894	\$166,738	\$87,854	\$85,000	\$90,000	\$118,096	\$80,078	\$63,063	\$61,492	Equal to 2% of BOY investment balance for '24 and beyond; for '22 based on YTD thru July; for '23, set equal to budget. Approximately constant. For '22 based on YTD thru July; for '23, set equal to budget. Approximately constant (includes return of equity from SMMPA; other propriety non-op revenue). For FY22, based on YTD thru July. For FY23 and beyond, set at average of past years.
53 Sales of Materials and Fixed Assets (\$)	\$7,768	\$11,839	\$19,516	\$35,829	\$15,000	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	
54 Other Non-operating Revenue (\$)	\$141,177	\$32,466	\$65,100	\$48,896	\$60,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	
55 Total Non-operating Revenue (\$)	\$205,272	\$215,199	\$251,354	\$172,579	\$160,000	\$140,500	\$168,596	\$130,578	\$113,563	\$111,992	
<b>Non-operating Expenses (\$)</b>											
56 Bond Interest & Expense Payment, 2001 Revenue Bonds (Now Refunding Bonds of '06)(\$)	\$32,602	\$24,412	\$12,280	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Bond principal payment shown below. This line includes bond issuance costs, discount, fiscal agent fees, etc of approx. \$6500. Final payment in 2020. Refunded by Series 2019 bonds. Per final amortization schedule. Final payment 2027. Per final amortization schedule from David Drown Associates. Final payment 2031. Refunds 2011B bonds. Number for 2019 is for fiscal agent fees. Per final payment schedule. Final payment is 2036. Figure for FY21 is for fiscal agent fees.
57 Bond Interest Payment, Revenue Bonds (Series 2011B) (\$)	\$85,038	\$81,550									
58 Bond Interest Payment, Electric Utility Revenue Bonds (Series 2013A) (\$)	\$30,026	\$28,076	\$25,712	\$23,012	\$20,212	\$17,412	\$14,512	\$11,252	\$7,874	\$4,000	
59 Bond Interest Payment, Electric Utility Revenue Refunding Bonds (Series 2019A) (\$)		\$51,641	\$56,122	\$52,594	\$48,340	\$43,992	\$39,550	\$34,992	\$30,338	\$25,568	
60 Bond Interest Payment, Electric Revenue Bonds (Series 2021B) (\$)				\$39,130	\$26,457	\$21,566	\$20,236	\$18,906	\$17,480	\$16,056	
61 Bond Interest Payment, Proposed Electric Revenue Bonds (Series 2023) (\$)							\$275,000	\$262,256	\$248,875	\$234,824	
62 Total Non-operating Expenses (\$)	\$147,666	\$185,679	\$94,114	\$114,736	\$95,009	\$82,970	\$349,298	\$327,406	\$304,567	\$280,448	
63 Add-back of Depreciation (\$)	\$697,845	\$732,788	\$764,169	\$790,448	\$845,000	\$993,000	\$993,000	\$993,000	\$993,000	\$993,000	Equal to row 49.
64 Cash Available For Debt Service (\$)	\$2,306,545	\$2,608,438	\$2,634,047	\$2,369,901	\$2,236,979	\$1,926,088	\$2,014,755	\$2,005,080	\$2,445,584	\$2,646,269	Operating margin plus non-operating revenue less non-operating expenses (not including bond interest) plus depreciation
65 Debt Service Coverage Ratio	3.59	4.82	4.17	5.44	4.57	3.96	1.99	1.97	2.40	2.60	Cash available for debt service divided by sum of all bond principal and interest payments due
<b>USES OF CASH</b>											
66 Capital Outlay, Normal Line Extensions & Replacements (\$)	\$925,941	\$1,138,745	\$1,728,492	\$1,488,155	\$0	\$0	\$0	\$0	\$0	\$0	Historical covers all distribution-related expenses. Estimated costs for normal line extensions are included in row 69. Miscellaneous non-recurring projects. Amount shown in FY20 is the electric fund portion of Lake Redwood restoration project plus chargers at RACC. FY21 is "transfer out" (account - 8829). FY22 is transfer in support of the Reflections project. Covers vehicles, equipment, substation upgrades, and related costs that are included in the Capital Improvements budget and not included in Underground Conversion line. For '22, uses a best-guess estimate based on YTD figures, including \$1.1M for Power Plant road project. For '23-'27, uses capital planning worksheet amounts. Includes "Regular URD Projects" from the capital purchases spreadsheet and specific projects that have been identified. For '22, uses a best-guess estimate based on YTD actual and estimated future costs; '23 uses revised project budget (\$1.5M); FY24 is remainder of Phase 1 estimate from LRP; FY25-FY27 are from 5-year capital purchases spreadsheet. Phase 1 cost only. For replacement of the existing hydro generator, and emissions work to meet EPA RICE rules. From amortization schedule dated 12.05. Final payment Dec. 2020. Refunded by Series 2019 bonds. Per final amortization schedule. Final payment Dec. 2027. Per final amortization schedule from David Drown Associates. Final payment 2031. Refunds 2011B bonds. Per final payment schedule. Final payment is 2036.
67 Capital Outlay, Other City Projects (\$)			\$529,000	\$98,721	\$500,000	\$0	\$0	\$0	\$0	\$0	
68 Capital Outlay, Equipment Replacements & Upgrades (\$)					\$1,228,000	\$375,000	\$300,000	\$300,000	\$-	\$-	
69 Capital Outlay, Annual Underground Conversion Projects (\$)					\$691,000	\$1,500,000	\$1,762,000	\$1,050,000	\$1,000,000	\$750,000	
70 Capital Outlay, Reflections Subdivision Electrical Infrastructure (\$)					\$50,000	\$500,000	\$300,000				
71 Capital Outlay, Replacement of Hydro Unit/RICE Upgrades (\$)											
72 Bond Principal Payments, 2001 Revenue Bonds (Now Refunding Bonds of '06) (\$)	\$210,000	\$220,000	\$225,000								
73 Bond Principal Payments, Revenue Bonds (Series 2011B) (\$)	\$155,000										
74 Bond Principal Payments, Electric Utility Revenue Bonds (Series 2013A) (\$)	\$130,000	\$135,000	\$135,000	\$140,000	\$140,000	\$145,000	\$145,000	\$150,000	\$155,000	\$160,000	
75 Bond Principal Payments, Electric Utility Revenue Refunding Bonds (Series 2019A) (\$)		\$177,000	\$177,000	\$181,000	\$185,000	\$189,000	\$194,000	\$198,000	\$203,000	\$208,000	
76 Bond Principal Payments, Electric Revenue Bonds (Series 2021B) (\$)					\$70,000	\$70,000	\$70,000	\$75,000	\$75,000	\$75,000	
77 Bond Principal Payment, Proposed Electric Revenue Bonds (Series 2023) (\$)							\$254,883	\$267,627	\$281,008	\$295,058	
78 Transfers Out - General Fund & Streetlights (\$)	\$364,090	\$368,495	\$365,150	\$372,196	\$372,196	\$381,011	\$405,469	\$417,803	\$430,564	\$432,258	Contribution to City General Fund, and Streetlighting (calculated at 5% of sales revenue, plus \$48.6k for streetlights). For '22 and '23 budgeted amounts are used.
79 Transfers Out - Central Garage (\$)					\$40,000	\$430,000	\$135,000	\$70,000	\$75,000	\$0	Represents the Electric Utility's portion of capital equipment that is subsequently transferred to Central Garage. FY22 is budgeted amount. For '23-'27, uses capital planning worksheet amounts.
80 Major Capital Projects from Long Range Plan (\$)											Are now covered in capital improvements budget process.
81 Bond Proceeds, Proposed Future Electric Utility Revenue Bonds (\$)		\$105,000		(\$1,205,000)							For FY21, includes the funds provided by the Series 2021B bonds. For FY23, includes proposed financing needed to support planned capital spending. To debt service reserve account for new debt; for 2020, indicates release of DSR for 2006 refunding bonds.
82 Transfer to Bond Reserve Account (\$)			(\$231,341)	\$32,572							
83 Other Cash-related Balance Sheet Transactions (\$)				\$844,487							Reflects cash-related changes in balance sheet asset and liability accounts, as shown in audit.
84 Increase or (Decrease) in Cash (\$)	\$330,128	\$494,799	(\$341,092)	\$303,034	(\$1,134,226)	\$3,753,107	(\$1,900,894)	(\$850,755)	(\$78,555)	\$445,505	Historical totals are actual from audit, and account for miscellaneous changes in asset and liability accounts. Future estimates do not reflect such changes.
<b>RECTIFICATION OF RESERVES</b>											
85 Cash in bank, checking account, BOY (\$)											Equal to previous year's balance, plus the impact on cash in the current year. Debt service reserve fund associated with all outstanding bonds.
86 Cash in bank, checking account, EOY (\$)											
87 Bank Accounts (\$)											
88 Certificate of Deposits (\$)											
89 Prepayment Program Investments (\$)											
90 Federal Securities (\$)											
91 Total Unrestricted Cash (\$)	\$2,934,611	\$3,439,001	\$3,087,735	\$3,285,905	\$2,151,679	\$5,904,786	\$4,003,892	\$3,153,136	\$3,074,581	\$3,520,086	
92 Debt Service Reserve Account (\$)	\$637,538	\$627,947	\$396,606	\$490,008	\$490,008	\$490,008	\$490,008	\$490,008	\$490,008	\$490,008	
93 Total Reserves (\$)	\$3,572,149	\$4,066,948	\$3,484,341	\$3,775,913	\$2,641,687	\$6,394,794	\$4,493,900	\$3,643,144	\$3,564,589	\$4,010,094	
94 Unrestricted Cash as a % of Operating Expenses	51%	65%	62%	58%	35%	87%	57%	44%	44%	51%	



## AGENDA MEMO

**Meeting Date:** December 6, 2022

**Agenda Item:** Resolution No. 72 of 2022 – Establishing Rates for Purchased Power Avoidance Cost

**Recommendation/Action Requested:** Read the Resolution or make a motion to waive the reading of the Resolution. Discuss the proposed Resolution. If no concerns, adopt proposed Resolution by motion in accordance with Chapter 4 of the City Charter.

**Summary/Overview:** Consideration of attached enabling resolution which, if adopted, would enact the electric utility purchased power avoidance cost rates as of Jan 1, 2022. Schedule 4 contains the rates for solar power reimbursement. The City of Redwood Falls will reimburse using the Annual All Hours rate of \$0.04271 per kilowatt hour. Staff recommends approval.

**Attachments:** Resolution 72 of 2022  
SMMPA Average Incremental Cost Schedule 4



**RESOLUTION NO. 72 OF 2022**

**RESOLUTION ESTABLISHING  
RATES FOR PURCHASED POWER AVOIDANCE COST**

**WHEREAS**, the City of Redwood Falls, through its Redwood Falls Public Utilities ("Utilities"), owns, operates and maintains a municipal utility which, amongst other services, provides retail electric services to approximately 2,700 customers; and

**WHEREAS**, Redwood Falls City Charter § 11.02 provides that the Redwood Falls City Council ("Council"), may by resolution establish rates, fares and prices for municipal utilities and services, but that such rates, fares and prices shall be established after study of commission recommendations; and

**WHEREAS**, Redwood Falls City Code § 2.52 establishes a Public Utilities Commission ("Commission"), who is charged with the responsibility to recommend to the Council rates and charges to be made for services furnished by the Utilities; and

**WHEREAS**, Redwood Falls City Code § 3.02 provides that rates and charges for municipal utilities shall be fixed, determined and adopted by resolution of the Council, said resolution containing the effective date thereof, kept on file and open to inspection in the office of the City Administrator, be uniformly enforced, and, if the various types of service are categorized and classified, such categorization and classification be included in said resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF REDWOOD FALLS, MINNESOTA:**

- 1. Electric Rate Schedule.** Solar power generation by customers will be reimbursed at the rates filed with the Minnesota Public Utilities Commission on Schedule 4 – Average Incremental Cost.
- 2. Effective Date.** The rates established by this Resolution shall be effective as of Jan 1, 2023, for electricity billed in January 2023 and payable in February 2023 and shall supersede any previous Resolutions.
- 3. Public Inspection.** A printed copy of this Resolution shall be made available for inspection by any person at the office of the City Administrator during normal business hours.

**PASSED AND ADOPTED** by the City Council of the City of Redwood Falls, Minnesota this 6th day of December, 2022.

*ATTEST:*

\_\_\_\_\_  
Keith Muetzel  
City Administrator

(City Seal)

\_\_\_\_\_  
Tom Quackenbush  
Mayor

Subscribed and sworn to before me this  
6<sup>th</sup> day of December, 2022.

\_\_\_\_\_  
Notary Public

## SCHEDULE 4 – AVERAGE INCREMENTAL COST

Estimated Marginal Energy Costs (\$/MWh)						
		2023	2024	2025	2026	2027
Summer	On Peak	48.22	46.72	47.83	48.83	49.50
	Off Peak	31.68	25.97	27.54	28.77	29.81
	All Hours	39.29	35.52	36.88	38.00	38.87
Winter	On Peak	53.55	50.32	53.03	56.17	57.21
	Off Peak	39.82	37.22	37.60	38.40	39.85
	All Hours	46.14	43.24	44.70	46.57	47.84
Annual	On Peak	50.88	48.52	50.43	52.50	53.35
	Off Peak	35.75	31.60	32.57	33.59	34.83
	All Hours	42.71	39.38	40.79	42.29	43.35
Annual # hours on-peak:						
Description of season and on-peak and off-peak periods						
Summer:	April through September					
Winter:	October through March					
On-peak period:	6 am to 10 pm Monday through Friday except holiday (New Years, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Christmas Day)					
Off-peak period:	All other hours					

### Estimated Marginal Energy Costs

The estimated system average incremental energy costs are calculated by seasonal peak and off-peak periods for each of the next five years. For each seasonal period, system incremental energy costs are averaged during system daily peak hours, system daily off-peak hours, and all hours in the season. The energy costs are increased by a factor equal to 50 percent of the line losses.

The energy needs of Redwood Falls Public Utilities are served through its membership in Southern Minnesota Municipal Power Agency (SMMPA). SMMPA, in turn, is a member of the Midcontinent ISO (MISO). As a result, the municipal's incremental energy cost is equivalent to the MISO hourly Locational Marginal Price (LMP). Actual hourly LMP will vary significantly based on several parameters such as weather, energy demand, and generation availability. The table above represents a forecast of the MISO hourly LMP values averaged over each specific time period at the MISO Minnesota Hub.

### Capacity Costs

SMMPA, Redwood Falls Public Utilities' wholesale supplier, has neither planned generating facility additions nor planned additional capacity purchases, other than from qualifying facilities, during the ensuing ten years, thus SMMPA and Redwood Falls Public Utilities are deemed to have no avoidable capacity costs.

**Meeting Date: December 6, 2022**

## **AGENDA RECOMMENDATION**

**Agenda Item:** Golf Course Lease – Right of First and Last Refusal

**Recommendation/Action Requested:** Staff recommends adopting a motion to not exercise the Right of First and Last Refusal as provided in the 2001 Golf Course Lease Agreement.

**Summary/Overview:**

In 2001, the City of Redwood Falls and the Redwood Falls Golf Club entered into a lease agreement allowing the Golf Club to construct and operate a portion of the golf course on land owned by the City. The lease agreement includes provisions granting the City the Right of First Refusal and the Right of Last Refusal to purchase the golf course in the event it is ever sold.

On November 22, 2022, Fernelius Enterprises, LLC presented Golf Club Member Shareholders with a proposal to acquire the course for the outstanding debt. Fernelius Enterprises is requesting the City act on whether or not to exercise the Right of First and Last Refusal as provided in the 2001 lease agreement.

Staff recommends adopting a motion to not exercise the Right of First and Last Refusal as provided in the 2001 lease agreement.

**Attachments:** Letter from Fernelius Enterprises, LLC

City of Redwood Falls,

Regarding the lease of land by the Redwood Falls Golf Club dated February 13<sup>th</sup>, 2001.

I have attached my proposal to the Members and Shareholders of the Redwood Falls Golf Club with my intent to purchase the Redwood Falls Golf Club.

Stated in the previous lease the City of Redwood Falls has the right of first and last refusal under article 12. (see Original Lease)

12.1 Right of First Refusal

12.2 Right of Last Refusal

With my proposal to the Member-Shareholders of the Redwood Falls Golf Club I am asking the City of Redwood Falls to review my proposal and act with a response to the Rights of First and Last refusal.

Pending the decisions of the City of Redwood Falls I would also like to propose a Permanent Easement to the land that the Redwood Falls Golf Club is currently occupying and using for its golf course.

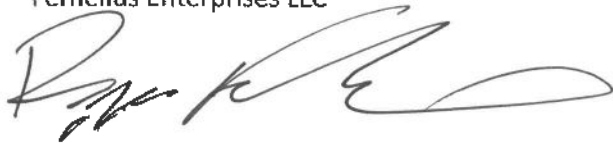
The Last page of the lease, as mentioned above includes a survey of the land that is currently in use by the Redwood Falls Golf Club. I would propose that said survey be adopted into a permanent easement to the golf club that would carry over to any party if the Redwood Falls Golf Club would ever to be sold again.

Thank you for your time and consideration in this matter.

Respectfully,

Ryan Fernelius

Fernelius Enterprises LLC



11.28.2022

11/21/2022

Redwood Falls Golf Club – Member Shareholders

101 East Oak St.

P.O. Box 384

Redwood Falls, MN 56283

Proposal for Purchase:

Fernelius Enterprises LLC is proposing to purchase the Redwood Falls Golf Club for the outstanding debt on a contract for deed with full ownership transferred on the date set out in the contract.

The contract would be assumed no later than April 1, 2023.

The payments that are due would be paid on the agreed schedule on the original notes (to Minnwest Bank & Orrin Estebo) and be paid by Fernelius Enterprises LLC, to be included as full payments in the total acquisition of the Redwood Falls Golf Club.

Fernelius Enterprises LLC, would notify the City of Redwood Falls on its intent to continue the original lease option for holes #14 & #15. With a possible purchase or permanent easement to surveyed land that the golf course operates on. (Please see the original Lease documents for details)

Included in the sale would be all Real Property; Real Estate, Land, Buildings, Equipment, Supplies, Current Inventory, Capital Improvements and Fixtures. Along with the sale the; business tax filings, State nonprofit status, financial history, profit and loss statements, net loss carry over, all rights to the use of the logo and name "Redwood Falls Golf Club" & Established date "1922".

Fernelius Enterprises LLC, would assume all lease and rental agreements for any and all carts, equipment and real estate.

The accounts receivable (member balance), gift cards and (customer credit) would be deducted or credited from the sale price in the form of cash at closing. This would include deferred memberships and green fees and cart rentals for the operation of the 2023 season.

The sale would give full ownership to Fernelius Enterprises LLC, and dissolve any shareholders or claims of redemption to shares purchased from the Redwood Falls Golf Club at any time.

The sale would include an agreement for the property to remain a golf course for no less than 20 years and the first and last right of refusal to ("buy back") the membership (golf club) if it were to go up for sale indefinitely.

Thank you for your consideration,

Ryan Fernelius

Owner – Fernelius Enterprises LLC

# B&G LAND SURVEYS, INC.

G.F. (Jerry) Vickerman  
Licensed in MN-IA-SD

230 East Third Street  
Redwood Falls, MN 56283  
(507) 637-8427

October 27, 2000

Description of that area to be leased from the City of Redwood Falls to the Redwood Golf Club.

All that part of the Southeast Quarter of the Northwest Quarter and of Auditor's Lot 16 of Section 31, Township 113 North, Range 35 West in Redwood County, Minnesota, described as follows, to wit:

Beginning on the west line of the Southeast Quarter of the Northwest Quarter of said Section 31 at a distance of 80.00 feet on a bearing of South  $0^{\circ}51'08''$  West from the Northwest corner of the Southeast Quarter of the Northwest Quarter of said Section 31; thence South  $88^{\circ}58'15''$  East for 117.81 feet; thence South  $9^{\circ}55'44''$  East for 445.43 feet; thence South  $20^{\circ}18'$  East for 440.00 feet; thence South  $72^{\circ}43'$  East for 297.72 feet; thence South  $10^{\circ}42'20''$  East for 278.02 feet; thence South  $24^{\circ}36'$  West for 224.51 feet; thence South  $16^{\circ}47'30''$  West for 376.85 feet to the northeasterly line of Auditor's Lot 7; thence North  $67^{\circ}46'$  West along the northeasterly line of Auditor's Lot 7 for 544.56 feet to the west line of the Northeast Quarter of the Southwest Quarter of said Section 31; thence North  $0^{\circ}49'09''$  East along the said west line for 322.64 feet to the Southwest corner of the Southeast Quarter of the Northwest Quarter of said Section 31; thence North  $0^{\circ}51'08''$  East along the west line of the Southeast Quarter of the Northwest Quarter of said Section 31 for 1,251.57 feet to the point of beginning; EXCEPT therefrom that part of Auditor's Lot 7 located West of the west line of Auditor's Lot 16, containing 15.76 acres, more or less.

## AGENDA RECOMMENDATION

**Meeting Date:** December 6, 2022

**Agenda Item:** Proposed Ordinance No. 83 - Enacting and Adopting the Twelfth Supplement to the Code of Ordinances

**Recommendation/Action Requested:** Read the proposed ordinance or make a motion to waive the first reading. Discuss the proposed ordinance. If no concerns, the proposed ordinance will be discussed again at the next Council Meeting on December 20, 2022, and approved by motion and roll call vote in accordance with Chapter 4 of the City Charter.

**Summary/Overview:** As part of our Supplement Service Plan with American Legal Publishing Corporation for our Codification Services Agreement, we received our Twelfth Supplement to the Code of Ordinances. Ordinances No. 72-81, Fourth Series, and other amendments have now been incorporated into the code and are ready for your adoption. Attached is Ordinance No. 83, Fourth Series, enacting and adopting this supplement to the code of ordinances.

**Attachments:** Proposed Ordinance No. 83, Fourth Series

**ORDINANCE NO. 83, FOURTH SERIES**

**AN ORDINANCE ENACTING AND ADOPTING A SUPPLEMENT TO THE  
CODE OF ORDINANCES FOR THE CITY OF REDWOOD FALLS**

**WHEREAS**, American Legal Publishing Corporation of Cincinnati, Ohio, completed the Twelfth Supplement to the Code of Ordinances of the City of Redwood Falls, which supplement contains all Ordinances of a general and permanent nature enacted since the prior supplement to the Code of Ordinances of the City of Redwood Falls;

**NOW, THEREFORE, BE IT ORDAINED BY THE LEGISLATIVE AUTHORITY OF THE  
CITY OF REDWOOD FALLS:**

**SECTION 1.** That the Twelfth Supplement to the Code of Ordinances of the City of Redwood Falls, as submitted by American Legal Publishing Corporation of Cincinnati, Ohio, which includes Ordinances:

72 AN ORDINANCE AMENDING REDWOOD FALLS CODE OF ORDINANCES §6.25  
RELATING TO TAXICABS.

73 AN ORDINANCE ENACTING AND ADOPTING A SUPPLEMENT TO THE CODE OF  
ORDINANCES FOR THE CITY OF REDWOOD FALLS

74 AN ORDINANCE AMENDING REDWOOD FALLS CODE OF ORDINANCES §2.21, §2.41,  
§2.42, AND §2.55 AND REPEALING ORDINANCE NO. 55, THIRD SERIES, ADOPTED ON  
DECEMBER 5, 2000, TITLED "AN ORDINANCE AMENDING CHAPTER 2 BY ADDING  
NEW SUBSECTIONS AND REVISING 2.55 - HOSPITAL COMMISSION."

75 AN ORDINANCE REPEALING ORDINANCE NO. 261, ADOPTED ON FEBRUARY 20,  
1975, TITLED "AN ORDINANCE RELATING TO THE REDWOOD FALLS MUNICIPAL  
HOSPITAL ESTABLISHING A HOSPITAL COMMISSION AND PRESCRIBING THE  
POWERS AND DUTIES THEREOF."

76 AN ORDINANCE AMENDING ZONING ORDINANCE

77 AN ORDINANCE AMENDING ZONING ORDINANCE

78 AN ORDINANCE AMENDING ZONING ORDINANCE

79 AN ORDINANCE AUTHORIZING THE SALE OF REAL PROPERTY LOCATED AT 511  
DEKALB STREET (GARNETTE GARDENS)



- 80 AN ORDINANCE AMENDING SUBDIVISION 3 OF ORDINANCE NO. 66, AND TITLED  
“AN ORDINANCE DELETING IN ITS ENTIRETY THE LANGUAGE OF REDWOOD FALLS  
CODE OF ORDINANCE § 3.50 AND ENACTING A NEW ORDINANCE ALLOWING FOR  
THE INSPECTION OF PROPERTY TO DETERMINE IF THERE IS DISCHARGE OF  
PROHIBITED CLEAR WATER DRAINAGE, TO PROVIDE A SURCHARGE FOR NON-  
COMPLIANCE AND CONNECTION REQUIREMENTS.”
- 81 AN ORDINANCE AMENDING THE REDWOOD FALLS CODE OF ORDINANCES § 5.52  
PERTAINING TO TEMPORARY LIQUOR LICENSES

and all other amendments, be and the same is hereby adopted by reference as if set out in its entirety; and

**SECTION 2.** Such supplement shall be deemed published as of the day of its adoption and approval by the Legislative Authority, and the Clerk of the City of Redwood Falls is hereby authorized and ordered to insert such supplement into the copy of the Code of Ordinances kept on file in the Office of the Clerk.

**PASSED AND ADOPTED** by the City Council of the City of Redwood Falls, Minnesota this 20<sup>th</sup> day of December 2022.

ATTEST:

\_\_\_\_\_  
Keith Muetzel  
City Administrator

\_\_\_\_\_  
Tom Quackenbush  
Mayor

(City Seal)

Subscribed and sworn to before me this  
20<sup>th</sup> day of December 2022.

\_\_\_\_\_  
Notary Public

**Introduction:** 12/06/22  
**Posting:**  
**Adopted:**  
**Approval Published:**