



ADJOURNED COUNCIL MEETING AGENDA
October 29, 2012 - 4:30 PM
City Hall Council Chambers

Adjourned City Council Meeting

1. Executive Session - Labor Negotiations (4:30 - 4:45 p.m.) _____
2. City Council Update: Moorhead Public Service Proposed Rate Recommendations (4:45 p.m. - 5:15 p.m.) _____

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Mayor and Council Communication

October 29, 2012

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SUBJECT: City Council Update: Moorhead Public Service Proposed Rate Recommendations (4:45 p.m. - 5:15 p.m.)

RECOMMENDATION: The Mayor and City Council are asked to receive a report on a recommended plan to implement charges for fire protection infrastructure costs and a proposed Memorandum of Understanding between the City of Moorhead and Moorhead Public Service.

BACKGROUND / KEY POINTS: On September 24, 2012 the City Council received an update related to the Moorhead Public Service (MPS) Water Rate Study and proposed rate recommendations. This report provided detailed information on proposed revised fire hydrant rate charges if eliminated from the City Charter. Following Council discussion, City staff was directed to request that MPS consider options to restructure the method for implementing charges related to fire protection and determine resulting budget ramifications to the City.

The City Attorney reviewed Minnesota State Statutes and Minnesota Attorney General Opinion (59-B-13, 1989) regarding charges for fire hydrants and fire protection. The City Attorney found that hydrants and associated fire protection infrastructure costs are viewed as part of the water system and fire protection services are viewed as a general city function supported by the general fund. It was determined that actual infrastructure costs relating to fire protection capacity should be incorporated into the *base water rate* charged by MPS and that the cost of *servicing* and *maintaining* fire hydrants should be the responsibility of the City.

City staff engaged in discussions with MPS staff to determine methods to restructure fire hydrant charges. As a result of these discussions, the City recommends the attached Memorandum of Understanding that outlines the following:

- Moorhead City Council will repeal Subdivision 2, Section 12.11 of the Moorhead City Charter.
- MPS will implement charges based on recommendations from the Water Cost of Service Study.
- MPS will incorporate charges for fire protection infrastructure costs into the base water rate.
- City of Moorhead will provide costs and/or services related to fire hydrant maintenance.
- Agreement will be effective January 1, 2013.

FINANCIAL CONSIDERATIONS: As part of this Memorandum of Understanding, Moorhead Public Service will charge and collect all fire protection infrastructure costs. The City of Moorhead will budget \$60,000 per year for fire hydrant maintenance costs including, but not limited to, hydrant repairs, painting, and flushing of water transmission lines.

VOTING REQUIREMENTS: Not Applicable. If desired, a vote on the second reading of Ordinance 2011-09, the proposed Charter Amendment to repeal Subdivision 2 of Section 12.11 of the Moorhead City Charter, may only be conducted at a regular meeting of the City Council.

Disclaimer: Voting requirements may be subject to changes in the law, parliamentary procedural matters, or other unforeseen issues. The City Attorney provides opinion on questions of voting requirements in accordance with the Moorhead City Code, Minnesota State Statutes, and parliamentary procedure.

Respectfully Submitted:

A handwritten signature in black ink, appearing to read "Michael J. Redlinger". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael J. Redlinger
City Manager

Department: Administration
Prepared by: Jill Wenger, Assistant City Manager
Attachments: Memorandum of Understanding

Memorandum of Understanding

City of Moorhead

Moorhead Public Service

Pursuant to Section 12.05, subdivision 8, d of the Moorhead City Charter the Moorhead City Council and the Moorhead Public Service Commission have the authority to enter into an agreement regarding matters deemed necessary by both the City Council and the Moorhead Public Service Commission.

This serves as a Memorandum of Understanding between the City of Moorhead and Moorhead Public Service related to Subdivision 2, Section 12.11 of the Moorhead City Charter which currently reads as follows:

The commission's charge to the city for the use and availability of fire hydrants for municipal fire protection may not exceed \$40.00 for each hydrant in the city unless otherwise provided by written agreement between the city and the commission.

The above-referenced parties agree to the following:

1. Moorhead City Council will approve an ordinance to repeal Subdivision 2 of Section 12.11 of the Moorhead City Charter in accordance with the rules of the City Charter.
2. Moorhead Public Service will implement charges for fire protection infrastructure costs based on the recommendations from the Water Cost of Service Studies as approved by the Moorhead Public Service Commission.
3. Charges for fire protection infrastructure costs will be incorporated into the base water rate for all Moorhead Public Service customers based on customer class.
4. The City of Moorhead will reimburse Moorhead Public Service for all costs and/or services related to the maintenance of fire hydrants including, but not limited to, hydrant repairs, painting, and flushing of water transmission lines.
5. This agreement will be effective January 1, 2013 and remain in effect until such time that formal action is taken by the City of Moorhead and Moorhead Public Service Commission to cancel such agreement.