

**ARLINGTON CITY COUNCIL  
COUNCIL MEETING WORKSHOP AGENDA  
NOVEMBER 5 AT 5:30 PM  
COUNCIL CHAMBERS**

1. Call meeting to order
2. Roll Call
3. Approve Meeting Workshop Agenda
4. Presentation of 2018 Electrical Rate Study by David Niles, Vice President, and Ivan Srdjevic, Senior Associate, of Avant Energy.

**ADJOURNMENT**

**ARLINGTON CITY COUNCIL  
WORKSHOP MEETING MINUTES  
NOVEMBER 5, 2018**

The regular meeting was called to order at 5:34 p.m., Mayor Richard Nagel presiding.

Members present: Mayor Rich Nagel, Michelle Battcher, Adam Cowell, Tom Hatlestad, Jim Heiland, Ben Jaszewski.

Members absent: None

Also present: City Adm. Pat Melvin.

Motion by Battcher, seconded by Hatlestad, and passed by unanimous vote to approve the agenda.

The Council met with David Niles, Vice President, and Ivan Srdjevic, Senior Associate, of Avant Energy to review the recommendations made to the City as part of the Electrical Rate Study that the City hired them to conduct this past year.

Arlington is one of 12 member cities that are included in the MN Municipal Power Association. As such Arlington maintains its own power system and is responsible for setting and collecting fees to cover expenses. What necessitated the Study was failure by the fund to adequately cover its bond requirements. Upon further review Avant has predicted that the City would experience a 19.1% shortfall in 2019 in its electrical program. Some of this shortfall is the result of having significant businesses that used a considerable amount of electricity, such as Seneca and Technical Services, leave town.

David Niles reviewed with the Council Avant's approach to conducting the study, the projected shortfall and then compared the City of Arlington's electrical rates, before and after the proposed increase. Arlington electrical rates have not changed since 2014 and Arlington's rates were identified in most graphs as being on the low end when compared to similar municipal electrical systems. Even after implementation of the proposed increase, Arlington will remain competitive in the electrical market and with similar municipal power associations.

Avant's recommendations include removing the rural designation, combining the municipal and commercial classes and categorizing commercial by peak demand. Also recommended was that the City remove the demand charge from customers with demand below 25 kW. These recommendations will be implemented over a two year period to lessen the impact on residents and businesses. If the City implements these changes it will result in positive income.

The average monthly bill increase for a residential property will be \$10 in 2019 and \$9 in 2020. For a small commercial customer the increase will be \$10 in 2019 and \$13 in 2020. For a large commercial customer the monthly will increase will be \$147 in 2019 and \$147 again in 2020.

The Council asked various questions following the presentation to better understand how the City should continue to manage the City's electrical system and how often rate studies and adjustments should be made to stay on top of increasing expenses.

Motion by Battcher, seconded by Hatlestad, and passed by unanimous vote to adjourn the meeting at 6:23 pm.

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City Administrator Patrick Melvin

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Mayor Richard Nagel