

City of Mercer Meeting Minutes

April 17, 2025

Mercer City Hall at 7 pm

Mayor Lori Stute opened the meeting at 7:00 pm and led the Pledge of Allegiance. Council Members Barb Stute, Gary Volochenko, Erika Lorenz and Randy Zinke were all present.

Council additions to agenda:

Randy Zinke requested to add increasing the pay for the Mayor

Minutes from March 17, 2025 & April 11, 2025

Erika Lorenz made a motion to approve the minutes, Gary Volochenko seconded. Stute, Volochenko, Lorenz and Zinke all voted aye. The motion carried.

Financial Report:

The financial cannot be approved as Mayor Stute was not able to print the financials, and the financial were not correct. Mayor Stute stated she has researched several accounting programs. The most economical one she found was from the State of MN. The cost is \$300 per entity but its not clear if that is a one-time fee or if it is \$300 per year. Erika Lorenz requested Mayor Stute check into the cost of purchasing a financial program from the State on MN, CTAS and report back to the council on the cost at the May meeting.

Bills to be Paid:

Erika Lorenz made a motion to pay the bills, with the correction to the Auditor pay. Barb Stute seconded. Stute, Volochenko, Lorenz, and Zinke all voted aye. The motion carried.

Water Bills:

Letters will be sent to residents who are more 30 days past due.

Park Report:

Erika Lorenz reported:

Financials – Account balance

Maintenance \$5686.89

Project \$2688.51

Bills that have been paid:

Electric \$76.11

Water \$53.00

New flags and ropes have been purchased, and Ottertail has been contacted ask for the rope to be re-strung as it has broken again.

Clean up day

May 4

Any volunteers would be very welcome as there are so few members on the committee

Community Center Project Report:

Randy Zinke states the committee has not met.

Old Business

Scott Laib-window estimate

The estimate to replace the three single-pane, south-facing windows in the city hall is \$3850.

Erika Lorenz contacted the Department of commerce regarding an additional energy conservation grant and was advised that replacing windows and adding insulation most likely would not meet the required 10-year pay back.

Randy Zinke made a motion to request funds from the Turtle Lake American Legion Post 133 to help defray the cost of replacing the three windows, Gary Volochenko seconded. Stute, Volochenko, Lorenz and Zinke voted aye. The motion carried

Insulate City Hall estimate:

An estimate was received from Wagon Wheel Lumber Yard in Washburn of \$1347.95 for the 24 bags of fiber glass blown in insulation. The quote includes use of the blower and hose. Council members will provide the labor to blow in the insulation. Randy Zinke will check to see if the ceiling will hold the additional weight of the insulation.

Randy Zinke made a motion to apply for fund from the Turtle Lake American Legion Post 133 to help defray the cost of the insulation, Barb Stute seconded. Stute, Volochenko, Lorenz, and Zinke voted aye. Motion carried.

Water Assessment Timeline

Randy Zinke proposed a three-year timeline for property owners who were not billed base rates and have not been paying it. Erika Lorenz stated that is unfair to expect those property owners to pay the back due amounts in three years when other property owners have been paying for nine years. Property owners are not at fault because the City did not bill them timely and it's not right to expect property owners to pay these large amounts in one third of the time that everyone else has had.

It was questioned if there was anything found regarding whether there was ever anything put out to the public and if it was approved. Mayor Stute said she has been advised that if

two years as passed since the special improvement district was created and it was used for a previous project, it is deemed to have been created correctly.

It was questioned how the assessment was being calculated. It was stated that when other cities do an assessment, it is a onetime change and not an ongoing bill. Mayor Stute that she has to follow the advice of the City Attorney.

Randy Zinke made a motion for the timeline for payment of back billed amounts to be three years, Barb Stute seconded.

Barb Stute Aye

Gary Volochenko No

Erika Lorenz No

Randy Zinke No

Mayor Stute voted Aye

The motion failed.

Mayor Stute stated that she thinks a nine-year timeline is too long to recoup what the City is short.

It was questioned where in the minutes the City Council approved the project. The one-time assessment was in the minutes from 2015. Did the minutes specify that the City would be charging a set amount per lot? Randy Zinke said the resolution to create the water improvement district says that every lot, tract and parcel will be included. Erika Lorenz agreed that the improvement district includes that, but asked, does it say a dollar amount that will be charged? No.

The sewer project in the minutes specifically stated the \$30,000 dollar amount and that it was a one-time assessment. This is not stated in the minutes for the water project. The assessment was approved but nothing else was ever voted on as a protocol on how to bill going forward for the current water project.

Amanda Presser stated she is a former Council Member who was involved in the standards committee. The first assessment was a one-time assessment. After that, the City did not approve, or vote on, any policies or protocols for the City to implement anything going forward.

Mayor Stute read the minutes from the February 2025 meeting regarding the water assessment. The City will be proceeding with the assessments per the City Attorney's instructions.

Mayor Stute asked if there was any compromise between the three-year and nine-year timelines. None was offered.

Randy Zinke state that the City is not in good shape financially. There are 64 active accounts and 120-130 total parcels that should have been included. He questioned how the loans are going to get paid.

Mayor Stute stated the reserve accounts have not been funded adequately in the past. Volochenko stated the amounts should come out of the general fund and put in the reserve fund as it should have been. The reserve dollars were paid by residents in their water bills, and the money for the reserve accounts was put into the general funds.

There were questions as to what the purpose of the reserve fund is. The reserve fund is to help make the annual loan payment, if the City would fall short, not for maintenance.

Ward Heidbreder, ND Rural Water Systems Association, said there are four reserve accounts as required by Rural Development:

- Water debt payment reserve: \$130.71 payment per month for a ten-year balance of \$15,865
- Short lived asset reserve: One annual payment of \$4500 for the life of the 40-year loan
- Sewer debt payment reserve: \$93.30 payment per month to a maximum of \$11,200 after 10 years
- Sewer short lived asset reserve: \$1067 per year for the 40-year life of the loan

The water debt payment reserve is for shortcomings on the loan payment, but any payments from the reserve accounts must be pre-approved by USDA.

The short-lived asset reserve can be used to replace items like pumps, piping, etc. and has to be reported annually.

Mr. Heidbreder said, in 2023 the reserve payments were short, approximately \$8000, and a letter of correction was sent to the City asking for an explanation on how the City was going to adequately fund the account. The city's response was to have been submitted by March of 2024.

Did the City come up with a plan to overcome the shortfall in the reserve funding? Erika Lorenz said she remembers the Auditor bringing the letter up at a meeting and the City deciding to move money from the general fund to make the reserve funds whole. She was under the impression that the response had been sent to USDA. If it was sent to USDA, USDA did not receive it.

Has the City used any money from any of the four reserve accounts for operating? Nothing has been spent out of the reserve accounts for operating expenses.

Revenue bond repayments. All revenues that have been collected are to be sufficient to make all the payments required and to support operations. Is enough being collected to cover debt payments, reserve payments and operations? Mr. Heidbreder will request that USDA send the required amounts for each fund to Mayor Stute.

New Business

Acceptance of Auditor Resignation

Mayor Stute stated that Tonya Wellington resigned as of April 1, 2024, Randy Zinke moved to accept the resignation of the City Auditor, Erika Lorenz seconded. Stute, Volochenko, Lorenz, and Zinke all voted aye. The motion carried

Our Savior's Lutheran Church- Property Line

Cody Wardner, President of Our Savior's Lutheran Church, asked if the City would consider splitting the lot to the west between the Church and the Community Center. The Church would like to add on bathrooms. The City would have to check in any existing easements. It is believed that there is an active easement to be able to access the back of the Community Center. The Church wants to add 82' to the west side and 116' to the north of the Church lot. The Church is willing to bear the cost of any legal or survey work needed. The Church is also willing to work with the City on the amount of space needed. They would like to build yet this year.

Ward Heidbreder – USDA Water Loss Inquiry

Ward Heidbreder, ND Rural Water Systems Association (NDRWSA), stated that on March 28th the City received an email from USDA Rural Development regarding the 75.84% loss of water purchased. USDA is requiring immediate action by the City to work with NDRWSA to evaluate and report on why there is so much water loss.

How does the City want to proceed with determining how and why the water loss is occurring? There are large number of meters not being read or that are not working. There

may be an option to use used meters as a low-cost option. McLean Sheridan Rural Water (MSRW) has asked that their meter be tested for accuracy. Mr. Heidbreder has arranged to borrow the meter reading equipment at no cost to the City. The City agreed to proceed with getting as many meters repaired in the most cost-effective manner. MSRW stopped reading the top meter in the pump house over a year ago and has been reading the larger meter as the sales meter. MSRW want to have the meter checked to make sure it's reasonably accurate.

Randy Zinke stated that the contractor who initially did plumbing in pump house determined the meters were put in the correct place. It was discovered that the bypass valve for emergencies has been open the entire time. The valve is now closed, and the City wants to see how that affects the water loss.

Mr. Heidbreder stated that last month the City purchased 116,000 gallons, the loss would be approximately 87,000 gallons. The City is losing 80-100,000 gallons per month. Three years ago, a leak assessment of the entire distributions system was done and there was no loss found in the system. There has always been a discrepancy between the amount of water purchased from MSRW and the amount sold through metering.

Randy Zinke questioned if correct formula being used on the 6" water meter. Mr. Heidbreder answered that since there are there no other cities with high percentages of water loss, it could be assumed that the formula is being correctly applied.

Eric Volk, NDRWSA, stated they are here and are willing to help with the financials and the meters. They are here to help at no cost to the City. NDRWSA could go to each meter that is not being read and do simple testing. If checking meters does not solve the water loss question, then more investigation would be needed to find the leak.

Mayor Stute asked if the City could institute a temporary flat rate for the unread meters of \$5 per 1000 gallons. She stated other cities have instituted temporary rates in the case of unread or malfunctioning meters.

Randy Zinke stated that the list of unread meters is not accurate. Most of the properties on the unread meters list are vacant lots. The City will have to note which properties are vacant.

Gary Volochenko made a motion to accept ND Rural Water System Association's assistance with USDA's water loss inquiry, Barn Stute seconded. Stute, Volochenko, Lorenz and Zinke voted aye. Motion carried.

Katherine Volochenko- Water Issue Protocols

Kathryn Volochenko read a statement regarding the use executive sessions and the bills for Wilson Law. The statement is attached to these minutes.

Turtle Lake American Legion Renewal for Gaming

Randy Zinke asked if the Legion has held its Executive Meeting yet. It was unknown. The City submitted a request for funding and it is unknown if the request had been approved. As the permit does not expire until the end of June the approval request for the permit was tabled.

Mayor Pay

Randy Zinke stated that the pay for the Mayor should be raised to \$500 per month until a new City Auditor is hired. Currently, Mayor Stute is handling both the duties of the Mayor and the Auditor. The mayor pay is in the ordinance but there is no amount stated. He stated for the amount of work the Mayor takes on \$150 is not adequate. Once a new auditor is hired, the pay for the Mayor will revert to \$150 per month. The auditor position will be advertised.

Randy Zinke made a motion to raise the pay for the Mayor to \$500 per month until a new City Auditor is hired, Barb Stute seconded. Stute, Volochenko, Lorenz and Zinke voted aye. Motion carried.

Erika Lorenz, made a motion to advertise for a new City Auditor, Gary Volochenko seconded. Stute, Volochenko, Lorenz, and Zinke vote aye. Motion carried.

50/50 Raffle Permit

Jason Meidinger would like a 50/50 permit for the Motor to Mercer Car Show on June 14th. The car show committee would also like to use the City's extra garbage totes and be allowed to re-route traffic around Main Street.

Erika Lorenz made a motion to approve the 50/50/ raffle permit for the Motor to Mercer Car Show, Gary Volochenko seconded. Stute, Volochenko, Lorenz, and Zinke vote aye. Motion carried.

Erika Lorenz made a motion to adjourn, Gary Volochenko seconded. Stute, Volochenko, Lorenz and Zinke vote aye. Motion carried. Meeting adjourned at 8:48 pm.