

**PUBLIC WORKS COMMITTEE
CITY HALL CONFERENCE ROOM
MONDAY, FEBRUARY 10, 2014
5:00 P.M.**

***** PLEASE NOTE MEETING DAY HAS BEEN CHANGED
FROM WEDNESDAY TO MONDAY*****

AGENDA

- I. CALL TO ORDER
- II. CONSENT AGENDA
 - A. Minutes (page 1)
- III. NEW BUSINESS
 - A. Meeting Schedule (page 4)
 - B. 2014 Crack Sealing Project – waiting for information from Township and City of Melrose; to be distributed at the meeting
 - C. Generator Information (page 5)
 - D. CSAH 66 (page 11)
- IV. OLD BUSINESS
 - A. Water Plant Rehab Project – Update
 - B. MPCA Former Mid Town Service Station – Update (page 12)
 - C. Alley Between River St. & Augusta Ave. – Update
 - D. 2014 Improvement Project – Update
 - E. Wastewater Plant Re-Scoping Project – Update
 - F. Irrigation Land Rent Bids (page 16)
- V. INFORMATIONAL
- VI. ADJOURN

***** Please call or email Ron at 320-243-3714 ext. 230 or at ron@paynesvillemn.com if you are not able to attend the meeting.*****

Members: Dave Peschong, Donovan Mayer, Melvin Schaefer, Keith Hemmesch, and Matt Quade – or his proxy.

Advisory Members: Chuck DeWolf, Ron Mergen, and Renee Eckerly

This agenda has been prepared to provide information regarding an upcoming meeting of the Paynesville Public Works Committee. This document does not claim to be complete and is subject to change.

BARRIER FREE: All Paynesville Public Works Committee meetings are accessible to the handicapped. Attempts will be made to accommodate any other individual need for special services. Please contact City Hall (320) 243-3714 early so necessary arrangements can be made.

REQUEST FOR COMMITTEE/COUNCIL ACTION

COMMITTEE/COUNCIL NAME: Public Works Committee

Committee/Council Meeting Date: February 10, 2014

Agenda Section: Consent

Originating Department:

Item Number: II - A

ITEM DESCRIPTION: Minutes

Prepared by: Staff

COMMENTS:

Please review the minutes of the January 8, 2014 Public Works Committee meeting.

ADMINISTRATOR COMMENTS:

COMMITTEE/COUNCIL ACTION:

Motion to approve the minutes of the January 8, 2014 Public Works Committee meeting.

**MINUTES
PUBLIC WORKS COMMITTEE**

JANUARY 8, 2014

The meeting was called to order by Mel Schaefer at 5:00 p.m. Members present were Dave Peschong, Keith Hemmesch, Donovan Mayer, and Matt Quade. Advisory members present were Ron Mergen, Public Works Director; and Chuck DeWolf, Bolton & Menk, Inc.

Motion was made by Peschong to approve the minutes from the December 11, 2013 Public Works Committee meeting. Seconded by Quade and unanimously carried.

ELECTION OF OFFICERS

Motion was made by Peschong to elect Schaefer as Chair, Hemmesch as Vice Chair, and Mergen as Secretary. Seconded by Quade and unanimously carried.

MEETING SCHEDULE

Motion was made by Hemmesch to set the meeting schedule for the second Wednesday of each month at 5:00 pm. Seconded by Peschong and unanimously carried.

WATER PLANT REHAB

A proposal was presented to add a radio read upgrade to the project. The upgrade would consist of the hand held unit with receiver software and 1,000 smart point radio touch couples with leak detection. These devices have the technology to detect a constant flow of water and for what period of time the water was flowing. The material cost is \$110,700.00. Mergen is proposing the radio reads at this time because of the treatment plant rehab, PFA financing is at 1%, and the radio read will qualify for funding. Members discussed the cost and labor savings which would be 3 to 4 days of labor per billing cycle, the large savings will appear when the City switches to monthly or bi-monthly billing. It was discussed that within five years or less the City may need to make this change. The other large savings comes when staff is reading meters and the City needs to hire a subcontractor to do some other job.

Motion was made by Peschong to approve a change order for the radio read system from HD Water Supply and recommend such to the City Council. Seconded by Hemmesch and unanimously carried.

MPCA – FORMER MIDTOWN SERVICE STATION

Members were given an update that the City Council is meeting with John Hunt from Barr Engineering. The Council sees a need to have a third party review the information and have a person speak MPCA language on behalf of the City.

2014 STREET PROJECT

DeWolf presented the plans for the 2014 project reviewing the project area and the scope of the project. The soils at Veterans Park are of suitable subsoil's so no subsoil excavation will be required. After a short discussion,

Motion was made by Peschong to approve the plans and specifications, authorize advertisement for bids, and recommend such to the City Council. Seconded by Hemmesch and unanimously carried.

ALLEY BETWEEN RIVER STREET AND AUGUSTA AVENUE

No update given.

INFORMATIONAL

The electrical rate charts were reviewed.

There being no further business, the meeting was adjourned at 5:53 p.m.

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REQUEST FOR COMMITTEE/COUNCIL ACTION

COMMITTEE/COUNCIL NAME: Public Works Committee

Committee/Council Meeting Date: February 10, 2014

Agenda Section: New Business

Originating Department:

Item Number: III - A

ITEM DESCRIPTION: Meeting Schedule

Prepared by: Staff

COMMENTS:

Currently the Public Works Committee meets on the second Wednesday of each month at 5:00 p.m. prior to the City Council member; however, the City Council has changed their meetings to the second and fourth Monday's of each month at 6:00 p.m. Discuss moving the Public Works Committee meetings to the second Monday of each month at 5:00 p.m.

ADMINISTRATOR COMMENTS:

COMMITTEE/COUNCIL ACTION:

Motion to set the Public Works Committee meeting schedule for _____.



9140 Baltimore Street N.E. Ste 140
 Blaine, MN 55449
 P: 855.228.6383
 F: 866.961.5085

Estimate

Date	Estimate No.
1/13/2014	2133

Name/Address
Paynesville, MN City of Ron Mergen 221 Washburne Avenue Paynesville, MN 56362

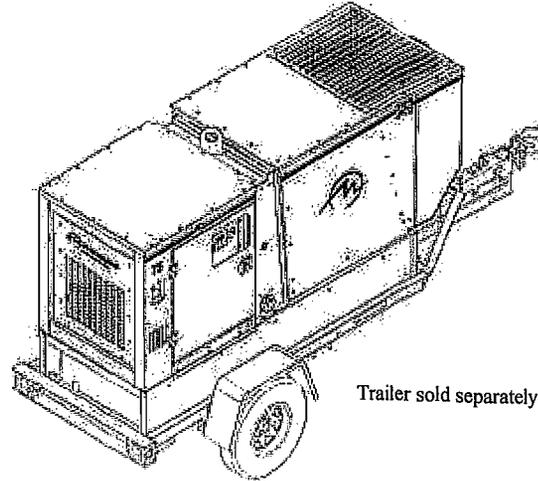
Project
Magnum Generator

Description	Qty	Rate	Total
MMG75 MAGNUM JDIT4, 62 KW IN 3 PHASE PRIME GENERATOR - SKID MOUNT **PRICE OF GENERATOR INCLUDES TRADE-IN OF CUMMINS 6BT 5.9-GC GENERATOR. W/O TRADE-IN PRICE WOULD BE \$47979.00 MIP GENERATOR RECEPTACLE WITH 50' CABLE ADDER: TRAILER: PINTLE AXLE, SINGLE AXLE, SURGE BRAKES FOB FREIGHT FROM FACTORY THANKS, JESSICA - JESSICAW@IOWAPUMPWORKS.COM OUT OF STATE - SALES TAX EXEMPT	1	32,828.00	32,828.00T
	1	1,168.00	1,168.00T
	1	2,016.00	2,016.00T
		0.00%	0.00
		Total	\$36,012.00

Magnum Mobile Generator – MMG75D Specifications

ENGINE

- John Deere® PE4045HFG92 - turbocharged, diesel engine
 - Prime - 97 hp @ 1800 rpm
 - Standby - 107 hp @ 1800 rpm
 - 4 cylinder
 - 4.5 L displacement
 - Interim Tier IV approved
- Steel, single wall fuel tank
 - 165 gal. capacity
 - 31 hr. run time – full load
 - Fuel tank built into skid of generator set
- Fuel consumption at prime:
 - 100% - 4.78 gph (18.1 Lph)
 - 75% - 3.74 gph (14.2 Lph)
 - 50% - 2.6 gph (9.8 Lph)
- Cooling system capable of operating at 120°F ambient
- Low coolant shutdown
- Radiator and oil drains plumbed to exterior
- Rubber vibration dampers isolate engine/generator from frame
- Disposable air filter - paper element
- Air cleaner restriction indicator mounted on control panel
- 60 Hz engine/generator
- Electronic isochronous governing



Trailer sold separately.

GENERATOR

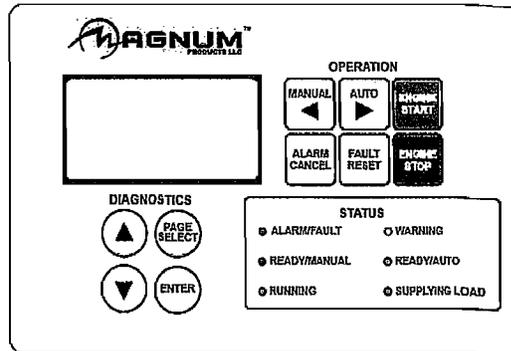
- Marathon Electric®
 - Brushless
 - 4 pole
 - Class H insulation
- Voltage regulation +/- 1% with Marathon SE350 Voltage Regulator

SYSTEM OUTPUT

- 3 position selector switch
 - Single phase – 120 / 240V Zig Zag
 - Three phase – 120 / 208V Low Wye
 - Three phase – 277 / 480V High Wye
- 60 kW / 60 kVA – standby, single phase
- 56 kW / 56 kVA – prime, single phase
- 69 kW / 86 kVA – standby, three phase
- 62 kW / 77 kVA – prime, three phase

SYSTEM CONTROLS

- Microprocessor-based controller
 - Backlit, 128x64 pixel resolution display
 - -40°F to 185°F operating temperature range
 - Thermostatically controlled LCD heater
 - Six LED indicators w/ lamp test
 - ◆ Alarm / Fault (Red)
 - ◆ Ready / Manual (Red)
 - ◆ Running (Green)
 - ◆ Warning (Yellow)
 - ◆ Ready / Auto (Green)
 - ◆ Supplying Load (Green)
- Push buttons for easy operation
 - Manual or Auto Start
 - Engine Start or Stop
 - Alarm Cancel & Fault Reset
 - Scrolling Arrows for Diagnostic Information
 - ◆ System kW output display
 - ◆ Line output & frequency display
 - ◆ Engine diagnostic display
 - Oil pressure
 - Engine temperature
 - Fuel level
 - Battery
 - ◆ System hours
 - Running hours
 - kW hours
 - Time to service
 - Alarm list – warnings / shutdowns 118 event history log – date/time stamp
 - ◆ Fuel level: warning – 15%; shutdown – 5%
 - ◆ Overspeed protection: shutdown – 115%
 - ◆ Oil pressure: warning – 25 psi; shutdown – 20 psi
 - ◆ Coolant temperature: warning – 220°F; shutdown – 230°F
 - ◆ Battery voltage: over – 15VDC; under – 11VDC
 - ◆ Generator over voltage: warning – 110%; shutdown – 111%
 - ◆ Generator under voltage: warning – 87%; shutdown – 86%
 - ◆ Generator over frequency: warning – 105%; shutdown – 110%
 - ◆ Generator under frequency: warning – 95%; shutdown – 90%
 - ◆ Over current shutdown



ELECTRICAL CONTROLS

- Remote start / stop contacts located next to lug box
- Lockable control box door with diagnostics window
- Lockable lug box with safety switch
 - Trips main breaker when door is opened
 - Disables voltage regulator



- Cable entry guides to the lug box
 - Provides separation for cables
 - Restricts access of foreign objects
- Output ground connection lug inside lug box
- 300A main breaker with shunt trip
- Convenience receptacles with individual breakers (restricted use in high wye mode)
 - (2) 120V 20 Amp GFCI duplex outlets – (Nema 5-20R type)
 - (3) 125 / 250V 50 Amp, 3 pole, 4 wire twistlock (Non-Nema 6369)
- Panel mounted rheostat for voltage adjustment - +/- 10%
- 720 CCA wet cell battery

ENCLOSURE

- Aluminum, sound attenuated enclosure
 - UV & fade resistant, high temperature cured, white polyester powder paint
 - Insulated and baffled
 - 68 dB(A) at 23 feet – prime power
- Fully lockable enclosure including doors and fuel fill
- Stainless steel hinges on doors
- Emergency stop switch located on outside of enclosure
- Central lifting point
- Multi-lingual operating/safety decals
- Document holder with operating manual including AC/DC wiring diagrams

TRAILER

- DOT approved tail, side, brake, and directional lights
 - Recessed rear lights
- Transportation tie downs
- Safety chains with spring loaded safety hooks
- 3" lunette ring hitch
- 6000 lb. axle with surge brakes
- 3000 lb. tongue jack with footplate
- ST225/75R15 tubeless tires – 8 ply

WEIGHTS & DIMENSIONS

Skid mounted

- Dry weight: 3530 lbs (1600 kg)
- Operating weight: 4700 lbs (2131 kg)
- 101 x 40 x 68 in
(2.57 x 1.02 x 1.73 m)

Trailer mounted

- Dry weight: 4240 lbs (1923 kg)
- Operating weight: 5410 lbs (2454 kg)
- 166 x 62 x 84 in
(4.22 x 1.57 x 2.13 m)



WARRANTY

- Engine and generator covered under OEM warranty – consult factory for details.

CERTIFICATIONS

- CSA certified

MMG75D Options

ENGINE OPTIONS

- ◆ In-line engine block heater (Kim Hotstart)
- ◆ Fuel transfer pump

ELECTRICAL CONTROLS OPTIONS

- ◆ 720 CCA AGM sealed battery (Optima)
- ◆ Battery disconnect
- ◆ Battery charger – 2A trickle

GENERATOR OPTIONS

- ◆ PMG Generator - critical grade power quality
- ◆ SUPERSTART™ Generator - motor starting applications
 - 66 kW / 66 kVA – standby, single phase
 - 60 kW / 60 kVA – prime, single phase
 - 70 kW / 88 kVA – standby, three phase
 - 63 kW / 79 kVA – prime, three phase

VOLTAGE OUTPUT OPTIONS

- ◆ 4 position phase switch
 - Single phase – 120 / 240V Zig Zag
 - Three phase – 120 / 208V Low Wye
 - Three phase – 277 / 480V High Wye
 - Three phase – 120 / 240V Delta
- ◆ Dedicated voltage configurations
- ◆ Buck Transformer kit – Provides 120V at GFCI outlets when in 277/480V
- ◆ Cam locks

SYSTEM CONTROLS OPTIONS

- ◆ Analog gauges
- ◆ Auxiliary strobe/audible indication for soft & hard alarm conditions

COOLANT OPTIONS

- ◆ 60/40 Coolant - cold weather applications

ENCLOSURE OPTIONS

- ◆ Fire extinguisher
- ◆ Interior cabinet light
- ◆ Control panel light



FUEL TANK OPTIONS

- ◆ 36 hr. single wall fuel tank (requires tandem axle trailer)
- ◆ TBD hr. double wall fuel tank
- ◆ 120% Containment

TRAILER OPTIONS

- ◆ Single axle trailer w/ electric brakes
- ◆ Tandem axle trailer w/ surge brakes
- ◆ Tandem axle trailer w/ electric brakes
- ◆ 6 pin or 7 spade electrical connectors
- ◆ Spare tire/wheel kit

HITCH OPTIONS

- ◆ 2" ball
- ◆ 2 5/16" ball
- ◆ Adjustable height options:
 - 2" ball
 - 2 5/16" ball



Project	CSAH # 66	Project No	Page	
Client		Prepared by	Date	
Calculations for		Reviewed by	Date	

City of Paynesville

CSAH # 66

$$3+00 - 13+00 = 36$$

$$\quad \quad \quad - 24$$

$$1000' \times 12' = 1333 \text{ yd}^2$$

$$13+00 - 18+56 = 38.5'$$

$$\quad \quad \quad - 24'$$

$$550 \times 14.5' = 886 \text{ yd}^2$$

$$6148 \text{ yd}^2 - 806 \text{ yd}^2 = 5342 \text{ yd}^2$$

$$18+50 - 39+30 = 41'$$

$$\quad \quad \quad - 24'$$

$$2080' \times 17' = 3929 \text{ yd}$$

$$\text{Granite} = 5342 \text{ yd}^2 \times \$1.50 = \$8,013$$

$$\text{Bit Material} = 5342 \times 0.4 = 2137 \text{ gal} \times .25 = \$534$$

$$\text{Fog seal} = 5342 \times 0.1 = 534 \text{ gal} \times \$2.00 = 1068.00$$

$$\text{Total} = \$9,615.00$$

Any questions: Chuck Weimer

(320)-656-6561

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January 22, 2014

Ms. Renee Eckerly
City Administrator/EDAP Director
City of Paynesville
221 Washburne Avenue
Paynesville, MN 56362-1697

**Re: MPCA Site ID # LEAK0000131 and LEAK0002181
Paynesville Municipal Water Supply / Former Midtown Service Station**

Dear Ms. Eckerly:

This letter proposal provides a brief summary of Barr Engineering's understanding of the City's concerns regarding the above-referenced petroleum release site (the Site) that is currently being managed by the Minnesota Pollution Control Agency (MPCA), as well as a proposed scope, schedule, and budget for Barr to assist the City as it attempts to work with MPCA to complete the investigation and remediation of soil and groundwater contamination associated with the Site.

Background

The following sources of information about the Site were considered in preparing this letter proposal, but have not been reviewed in detail:

- Wellhead Protection Plan for the City of Paynesville, Part I (dated September 2005)
- Wellhead Protection Plan (Part 2) for the City of Paynesville (dated June 2007)
- Summary of Annual Reports from Terracon on the Midtown Service Station Site (undated memo, but prepared after Annual Monitoring Report 2010-2011)
- Letter Health Consultation on Midtown Service Station – MPCA Site IDs LEAK0002181 and LEAK0000131 (Minnesota Dept. of Health [MDH] letter dated August 13, 2013)
- Annual Monitoring Report – 2012-2013 (dated December 6, 2013)
- Discussions with City staff (telephone conversations and meeting held at the City on January 7, 2014)

From this information we understand that the former Midtown Service Station property located at 400 Lake Avenue South in Paynesville has been identified as the source of a petroleum release dating back to as early as 1985. Underground storage tanks were removed from the property in 1989. Beginning in 1997, a series of subsurface investigations have been conducted at the property and surrounding vicinity in an effort to delineate the magnitude and extent of residual free product in soil and groundwater, the associated dissolved phase groundwater contaminant plume, and the potential for vapor intrusion into utility corridors and structures in the vicinity of the Site. In addition, the

dissolved phase groundwater contamination has reached at least two municipal wells (CW-3 and CW-4). The MPCA acquired the former Midtown property in 2011 and the structures associated with the property were removed in early 2012. MPCA is currently managing all aspects of the investigation and remediation of the petroleum release site, with the City providing assistance as needed or requested.

Proposed Scope of Work

Based upon our preliminary review of the information you provided and our recent discussions with you, Public Works Director Ron Mergen, and Council Member Donovan Mayer, we understand that the City's objective is to further engage with MPCA and MDH as appropriate to ensure that future investigation and remediation activities planned and implemented at the Site by MPCA adequately take into account the concerns of, and risks posed to, City residents and City infrastructure. To that end, we propose the following tasks to aid in the development of formal recommendations for the City:

- Task 1 - Conduct a formal review of MPCA files for the project to identify and address any gaps in the document library the City has established for the project. Depending on the location of the MPCA project file, this could be at the MPCA office in St. Paul, or possibly Duluth (MPCA Project Manager Laurie Kania works in the MPCA's Duluth office). If in St. Paul, staff from Barr's Minneapolis office will be used. If the files are in Duluth, staff from Barr's Duluth office will conduct the file review. If our file review determines that the MPCA file contains information that the City does not have in its own project library, copies of pertinent reports or other information will be requested on behalf of the City.
- Task 2 - In the event that a review of MPCA files reveals an absence or a gap in historical property information, we will compile and review representative historical property use data available for the Site in an effort to refine the list of potential sources of both the petroleum and chlorinated solvent contamination observed in samples collected as part of investigations of the Site.
- Task 3 - Meet with staff from Bolton & Menk (in person or via conference call) to discuss:
 - How groundwater contamination associated with the Site intersects with the assumptions and conclusions presented in the City's existing Wellhead Protection Plan (e.g. how does the discontinuation of pumping from municipal well CW-3 change the 1-year travel time maps for wells CW-5 and CW6, does continued pumping from CW-4 for plume control affect the sustainability of the City's water supply, is integration of potential stormwater infiltration methods consistent with managing the dissolved phase plume at the Site, etc.),
 - How the groundwater plume affects the City's ability to meet its near- and long-term water supply needs, and, in light of the ongoing contamination issues,
 - Understand the City's anticipated schedule for updating their wellhead protection plan.

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- Task 4 - Meet with MPCA and MDH staff at MPCA's St. Paul office to discuss:
 - Overall site status,
 - MPCA investigation plans for 2014,
 - MPCA plans for interim or final remediation activities in 2014 (if any),
 - MDH concerns regarding impacts to municipal wells and the potential for vapor intrusion at adjacent residential or commercial properties, and
 - City concerns regarding lack of progress toward site closure.

If needed or preferred by you, the meeting with MDH could be held separately. City staff would participate via telephone or online if more convenient for staff.

- Task 5 - With the information from Tasks 1 through 4 in hand, Barr will prepare a letter outlining Barr's recommendations for actions or activities the City could take in an effort to contribute to the MPCA bringing the Site to closure. Depending on the results of the tasks listed above, recommendations may include suggestions on how the City could influence the MPCA's decisions and efforts; review of potential state and federal funding sources to support the City's efforts; and/or suggestions on how the site's impacts could be factored into the City's water supply and well head protection efforts. If the MPCA's efforts appear to be deficient technically, our recommendations could include suggestions to develop updated more detailed flow or fate-and-transport model of the water bearing units under the City to aid in understanding current and potential future aquifer conditions, evaluation of potential treatment alternatives for contaminated soil and groundwater at the Site, and/or conceptual plans for treating water extracted by the City's wells..

Proposed Service Assumptions

The estimated cost to perform the tasks listed above is \$4,700.

This Agreement will be effective for the duration of the services unless earlier terminated by either you or us. We will commence work upon receipt of a copy of this letter signed by you. Depending on the ability to schedule the MPCA file review and meetings with MPCA, MDH, and/or Bolton & Menk, we anticipate that the work described above can be completed by March 7, 2014. We will inform you of our progress by weekly telephone calls or emails.

For the services provided, you will pay us according to the attached Standard Terms. We will bill you approximately every four weeks. The cost of the services will not exceed \$4,700 without prior approval by you.

We understand you have the authority to direct us. We will direct communications to you at the address on this letter. Direction should be provided to John Hunt of Barr at the letterhead address.

If this Agreement is satisfactory, please sign the enclosed copy of this letter in the space provided, and return it to us.

Sincerely yours,

BARR ENGINEERING CO.

By Jay Council

Its Sr. Vice President

CITY OF PAYNESVILLE

Accepted this 24th day of January, 2014

By Jeff Thompson

Its MAYOR

Attachments

- Standard Terms—Professional Services
- Fee Schedule

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9 Bids

**City of Paynesville – Land Rent
Bid Results
February 23, 2014
11:00 a.m.**

	NAME	ADDRESS	BID
1	Jack Hennen		
2	Steve & Judy Gottwald	Paynesville	\$ 151. ⁰⁰
3	Gerald & Mary Jo Buermann		
4	Alan Eblen		
5	Doug Voss		
6 *	Tim Wegner	Paynesville	\$ 277.50
7	David Ampe	Paynesville	\$ 177.55
8	Mark Herding	Paynesville	\$ 145. ⁰⁰
9	Bill Pflipsen	Melrose	\$ 251. ⁰⁰
10	Richard Lahr		
11	Nathan Magendanz		
12	John Mueller		
13	Jim Mages James	Osakis	\$ 148. ⁰⁰
14	Magendanz Dairy	Richmond	\$ 175. ⁰⁰ w/ extension
15	Ronald Lahr	Paynesville	\$ 253. ⁰⁰
	Duane Mages	Paynesville	\$ 206. ⁰⁰

**CITY OF PAYNESVILLE
IRRIGATION LAND RENT BID**

The City of Paynesville will be accepting bids for land rent. The property is located just north of the City Ponds and south of 195th Street. The Rental Agreement will be for cash rent payable by December 31st of each year and will be a three (3) year contract, cropping seasons 2014, 2015 and 2016. Any applicable governmental programs will be payable to the renter. There are three parcels for a total of 112 acres. Each parcel is described as follows:

1. 33 acres in the NE ¼ of the SW ¼ in Section 3 of Paynesville Township of which 16 acres are under irrigation.

Conditions: 33 feet or a 2 rod field road has been established along the east boundary line of this property; this acreage has been deducted from the total.

2. 39 acres in the NE ¼ of the NE ¼ in section 3 of Paynesville Township of which 34 acres is under irrigation.

NOTE: there are several low areas on this site which are subject to flooding in the event of heavy rain fall, the successful bidder takes the property as is, and no deductions will be granted for crop loss.

3. 40 acres in the SW ¼ of the NE ¼ in section 3 of Paynesville Township of which 29 acres are under irrigation.

Bids will be accepted by the City of Paynesville, 221 Washburne Ave., Paynesville, MN 56362, until 11:00 a.m. on Thursday, January 23, 2014 at which time they will be opened and read aloud. Bids shall be directed to Ron Mergen, Public Works Director in a securely sealed envelope and endorse upon the outside wrapper "IRRIGATION LAND RENT BID". If you have any questions or would like bid specifications, contact Ron Mergen at 320-243-3714 ext. 230. The City reserves the right to reject any and all bids, to waive irregularities and informalities therein and to award the contract in the best interest of the City.

Name Timothy C. Wegner
Address 22896-293rd Ave.
City Paynesville State MN Zip 56362
Telephone No. 320-250-6606

Price Per Acre \$277.50 (for all three parcels combined, this also includes irrigation water)

Signature Timothy C. Wegner Date 1-21-14

**CITY OF PAYNESVILLE
IRRIGATION LAND RENT BID**

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Name Magedanz Dairy
Address 18785 228th Ave
City Richmond State MN Zip 56368
Telephone No. 320-980-5840

Price Per Acre 175 (for all three parcels combined, this also includes irrigation water)

Signature  Date 1-22-14

Jan 22 2014

Ron Mergen

City of Paynesville

221 Washburne Ave.

Paynesville, MN 56362

Dear Mr. Mergen,

We are writing this letter in regards to the 112 acres that the City of Paynesville has available for rent. We have been watching the progress of this land and have been noticing that it is low and extremely susceptible to having large areas of lost crop due to periods of standing water. With this being said we propose to rent the 112 acres with the understanding that we will plant it with a blend of grasses and alfalfa on the higher ground while planting only grasses that are capable of handling wet conditions in the lower area.

We feel that this proposal is clearly a "Win Win" in the effect that the City of Paynesville will have a much larger window to irrigate waste water onto a grass crop that will utilize much more of the water and nutrients. We feel that it will be in the best interest of the city to have the option to irrigate onto grass when it is not optimal to irrigate on to row crops. The environmental benefits of having this ground in alfalfa and grass would be very acceptable to those up and down the North Fork Crow River and Lake Associations.

We propose that we will rent the 112 acres for the 2014, 2015, 2016, 2017 and 2018 crop years for \$175 per acre.

Magedanz Dairy

Warm regards,

A handwritten signature in black ink that reads "Nate Magedanz". The signature is written in a cursive style with a long horizontal flourish at the end.

Nate Magedanz

Irrigation Contracts to be renewed for the 2014 cropping season

Yellow- this parcel will be rented to Tim Wegner for three years at \$277.50 per acre.

Blue- 70 acres on pivot 14 and 52 acres grazing on pivot 15, on this parcel we have worked with Steve Gottwald ever since we moved the pivots to these sites, the soils are very permeable with a low water table very desirable for our operation. Tillable land \$160.00 per Acre – grazing land 45.00 per ac.

Green- 120 acres grazing on pivot 17 and 80 acres tillable on pivot 20, we have worked with Jack Hennen, he is now selling to Jim Mages, this again is a very desirable permeable soil good for our operation, and utilized as a dumping site in wet years and not give any water in dry periods. Tillable land \$160.00 per Acre – grazing land 45.00 per ac.

Ron Mergen

From: William Spooner [fs-law@clearwire.net]
Sent: Monday, January 27, 2014 9:41 AM
To: Ron Mergen
Subject: Magedanz Dairy - Irrigated Land Rent Bid

Ron:

I reviewed the proposal and the accompanying letter from the people at Magedanz Dairy.

I guess there is nothing about the bid that really doesn't meet the requirements of the advertisement, except that the bid is substantially lower than the highest bid that the City received.

The only thing that is outside of the bid is that they proposed to rent the premises for 5 years rather than 3 as suggested in the City's bid advertisement.

In any event, I think unless the City is prepared to reject all bids, that there would be no basis on which the City could award the land rental to Magedanz Dairy. I think if the City wanted to reject all bids and re-advertise it with the idea of planting of grasses, then you would have a fair bid. I don't know if the City really needs the additional area to dispose of water or not, and those are judgments I guess that you and your staff would have to make, but the large dollar difference I think makes it clear that this bid cannot be awarded without rejecting the bids and changing the parameters of the advertisement to require grasses or some other cover crop.

Let me know your wishes.

William Spooner



Cropland Rental Rates for Minnesota Counties

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Introduction

Land rental rates continue to be of interest to landowners and operators. It is a challenge to determine what rents might be or should be. This publication provides some historical perspective on rental rates actually paid by a group of farms and rental trends over the past five years. This information is meant as a guide and starting point. **The information and data is not meant to establish, determine, set, fix, or even hint at what actual rents should be.** It is simply a reporting of historical land rental rates in Minnesota.

Historical rental data is included for years 2008 through 2012. Weighted average rental rates are listed by county for each year. The 2012 data also includes the median cash rent and the 10th and 90th percentile range.

There is really no way to statistically project future rental rates. Keep in mind the numbers listed are weighted averages. That means there are rents both above and below the numbers listed. Again, these numbers are merely a starting point.

Also included is the 2012 county rental data gathered by the USDA National Ag Statistical Service (NASS) in cooperation with the Minnesota Department of Agriculture. The NASS data is collected by mail-out survey in February and March, with later telephone follow-up. You will notice that some of the numbers align closely with many of the rental numbers in the preceding average column while others do not.

The 2014 column in the document is included so you can list your anticipated 2014 land rent.

Data Source

The land rental data shown in the data tables is extracted from FINBIN, a database of farm record

summaries of over 2,300 Minnesota farms. The farmers participate in the Minnesota State Colleges and Universities (MnSCU) Farm Business Management program as well the Southwestern Minnesota Farm Business Management Association. The rental rates reported are association member actual rents paid for the years listed.

Analysis Method

Staff from the Center for Farm Financial Management used FINBIN data to compile the rent data for the years 2008 through 2012.

All row crop acres, small grain acres, canning crop acres, etc. are included in the data analysis. Not included in the analysis are acres allocated to pasture, aftermath grazing, all hay and haylage acres, CRP acres, fallow, and prevented planted acres. All normal farming practices for the regions were included in the analysis. The NASS numbers are for row crops only.

Data was analyzed by county. Counties with a minimum of 10 farms reporting land rent data for FINBIN are included in the analysis. If a given county does not have rent data listed for 2008-2012, there were not enough farms reporting data. Counties with only partial FINBIN data for 2008-2012 and a NASS number have been included because they now meet the 10 farm minimum criteria. Counties with only a NASS number have less than 10 farmers reporting FINBIN data.

Data Results

The following two pages show the county data arranged in eight regions consistent with the Minnesota Department of Agriculture, Agricultural Statistics Service districts.

Minnesota Cropland Rental Rates Per Acre

Becker	n/a	n/a	n/a	62	82	33	7	69	87	
Clay	83	87	92	108	120	121	86	163	111	
Clearwater	n/a	22								
Kittson	n/a	64								
Mahnomen	59	61	64	75	83	55	23	98	88	
Marshall	45	46	51	48	58	53	26	80	71	
Norman	73	79	85	93	97	92	64	126	118	
Pennington	n/a	56								
Polk	62	61	63	70	81	81	44	120	92	
Red Lake	n/a	n/a	42	n/a	n/a	n/a	n/a	n/a	58	
Roseau	n/a	41								
Big Stone	81	87	98	102	130	124	70	210	126	
Chippewa	125	140	149	159	188	173	112	233	170	
Douglas	76	70	76	85	112	96	29	151	95	
Grant	102	117	120	132	146	118	70	156	121	
Lac qui Parle	97	110	112	127	150	134	79	180	140	
Otter Tail	60	68	82	80	98	63	25	140	83	
Pope	n/a	n/a	94	103	116	112	64	150	105	
Stevens	90	98	104	121	135	122	79	188	129	
Swift	98	106	105	118	135	160	100	200	146	
Traverse	n/a	n/a	100	n/a	171	141	109	259	133	
Wilkin	87	87	94	100	123	116	78	166	112	
Yellow Med.	n/a	179								
Benton	39	44	49	n/a	n/a	n/a	n/a	n/a	65	
Carver	131	144	161	179	206	189	104	237	197	
Kandiyohi	126	142	149	175	206	199	139	300	176	
McLeod	135	152	155	185	196	200	125	279	213	
Meeker	n/a	n/a	128	150	159	159	45	221	169	
Morrison	43	35	52	63	68	60	23	137	65	
Renville	152	164	157	191	209	200	143	278	194	
Scott	131	148	140	160	198	149	98	221	165	
Sherburne	n/a	51								
Sibley	149	172	192	203	245	235	125	309	230	
*Stearns	89	105	93	126	157	108	48	212	121	
Todd	43	46	49	52	54	52	23	81	53	
Wadena	n/a	28								
Wright	n/a	135								

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Under the 2008-2011 "Average" data columns, there is historical rent data for those four years. The land rental data listed is a weighted average of all the farms reporting land rent for a specific county and year.

Under the 2012 crop year columns, the weighted average rent is listed. The median or 50th percentile is also presented with half of the rent for the county listed being less than this amount and half the rents being greater than this amount. In addition to these numbers, the 10th and 90th percentile are included to reflect the range of cash rents. Ten percent of the farmers reporting rents paid less than the rent number listed in the 10th percentile column. Similarly, ten percent of the farmers reporting rents paid more than the rent listed in the 90th percentile column.

The 2012 NASS Estimate data for each county listed is included as a comparison. Every Minnesota county is listed except Ramsey County and the counties in the North Central and Northeast Regions.

Average Annual Change in Rent 2008-12

Following is a table showing average annual changes in land rental rates for the years 2008 through and including 2012 and the one-year change from 2011 to 2012. The calculations are weighted averages to compensate for differences in acres and rental rates from the various counties in each region. The land rental numbers used to calculate the percent change values are also from FINBIN. They are from the same data set used to calculate the county-level average land rental rates for 2008-2012 shown on the previous pages, but they also include farms in all counties in each region. Also included is a state-wide average increase by category.

The 2011-2012 annual change data shows a greater increase than in past years in all regions. There is no definitive way of determining the cause for this. Therefore, the land rental rates listed are again merely a starting point or guide and not an absolute rental rate. The percentage figures are not meant to predict future increases but are merely to document how regional and state rental rates have changed over the years.

Please note that the land rental rates shown here may not align with rents being paid for new land coming on the market.

These rates are the average amounts actually paid and no doubt include various family and long-term rental relationships.

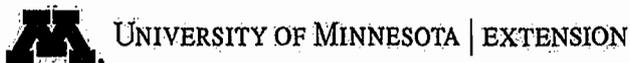
Northwest	7.5%	8.9%
West Central	11.2%	18.4%
Central	12.0%	13.4%
East Central	5.0%	13.0%
Southwest	12.1%	18.0%
South Central	11.4%	19.9%
Southeast	11.2%	18.6%
State	10.8%	17.8%

Summary

The land rental rates listed in the data tables are not meant to dictate or determine actual land rental rates. They are simply a listing of the historical land rental data from years 2008-2012 as reported in FINBIN.

Keep in mind that these rental rates include both family as well as un-related party land rental contracts as well as long-term rental contracts. Rental rates between family members can be lower than those between un-related parties. Long-term rental contracts generally do not change dramatically during the length of the contract and therefore may affect the weighted average numbers used in the data calculations.

Those who wish to search FINBIN for land rental data specific to a county or region (assuming there are enough farmers reporting rent values) as well as other farm data can do so by going to the following website: www.finbin.umn.edu. Once there, click on the green bar on the left side of the page titled "Crops". A page will appear giving you choices. Select the crop you want under #1 Crops. Next select county or region under #2 Locations. Under #3 Columns you can search by selecting different years. Make sure "crop tenure type" under #4 Farm Characteristics shows "cash rents". Click #5 Click Here to Generate Report and your data will appear if there are a sufficient number of farms reporting data.



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AGWEEK

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Rental rates look 'steady' in 2014

Lower crop prices expected to end long trend of rising farmland rates.

By: Jonathan Knutson, Agweek

After years of big annual increases, farmland rental rates appear to be stabilizing.

Farmers and landlords across the Upper Midwest are just beginning to renegotiate farmland rental agreements that expired after the 2013 growing season. So a full understanding of rental rate trends isn't possible until spring, when renegotiations are completed.

Signals so far, however, indicate that lower crop prices have ended the multi-year run of rising rental rates.

"It looks like they're staying steady," says Kent Thiesse, a former University of Minnesota Extension farm educator and now farm management analyst and vice president with MinnStar Bank in Lake Crystal, Minn.

John Botsford, an independent farm management consultant based in Grand Forks, N.D., has the same assessment.

"It's fairly steady, I'd say," says Botsford, who leads Bremer Bank's Farm Management Division. "There's still plenty of demand for leased land, although the drop in commodity prices is giving pause to some people."

His group manages farm property from southern Minnesota through North Dakota and South Dakota into northeast Montana.

Other experts who talked with Agweek also use "steady" or "stable" to describe their outlook for rental rates in 2014. Though some old, out-of-date rates are expected to rise, nobody expects the explosive, widespread increases so common in recent years.

In North Dakota's McIntosh County, for instance, average farmland rental rates shot from \$33.80 in 2008 to \$66.40 in 2013, a 90 percent jump, says Mark Schaunaman, senior vice president of McIntosh County Bank.

The bank has locations in Ashley, N.D., and Zeeland, N.D., and serves customers in both North Dakota and South Dakota.

"I wouldn't expect any increase from the 2013 rates. Commodity prices have dropped pretty dramatically," Schaunaman says.

Two caveats:

- Some expiring one-year leases, negotiated a year ago at very high prices by farmers aggressively seeking to expand, could be renegotiated at lower rates.
- A major change, either up or down, in commodity prices this winter would affect still-to-be-decided rental rates.

Crop prices already have fallen sharply. Lower prices, of course, affect how much money farmers make and how much they'll pay to rent land.

The big drop in corn prices is particularly important. Corn can be more profitable to raise than other crops, and attractive corn prices helped push up rental rates in recent years.

The cash price of corn at area grain elevators surveyed weekly by Agweek is about \$3.80 per bushel, down from about \$6.65 a year ago. New-crop corn prices also have fallen sharply, to \$4 per bushel and less.

What's more, experts say, lower corn prices reduce coverage levels in crop insurance revenue policies, giving farmers a smaller safety net.

Decline unlikely

But experts don't expect rental rates, on balance, to decline, either.

"I don't see them dropping," says Andy Swenson, North Dakota State University Extension Service farm management specialist.

Though crop prices have plunged in the past year, they remain relatively high by historical standards.

Five years ago, for instance, soybeans fetched an average of about \$7 per bushel at area grain elevators surveyed weekly by Agweek. Now, even after a recent decline, soybeans average about \$12 per bushel at the elevators.

Another consideration is that the costs of some expenses have dropped in the past year, which strengthens the outlook for potential profits in 2014, says Charles Peterson, Fargo, N.D.-based vice president for U.S. Bank's Farm Management Group.

His organization manages about 450,000 acres of farmland, and he personally manages 45,000 acres of farmland in 26 counties in North Dakota and Minnesota.

The Farm Management Group runs crop budgets, which include the cost of expenses, for every farm it manages.

"We know the bottom line (financially) of each farm," Peterson says. "We want what's fair for the farmer, fair for the tenant."

Some increases expected

Some rental rates could rise. Typically, rental agreements are negotiated for one, two, three or four years. Agreements negotiated two to four years ago reflect rates that were common then, but those contracts don't take into account subsequent annual increases.

"There'll be some catching up to do" in expiring multiyear contracts, Swenson says.

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For instance, say a hypothetical four-year lease, at \$50 per acre, expired this fall. Though that rate may have been realistic when it was negotiated in late 2009 or early 2010, it doesn't reflect annual increases in 2010, 2011 and 2012. So, the contract could be for considerably more than \$50 per acre after new negotiations this winter.

This summer, the U.S. Department of Agriculture's National Agricultural Statistics Service released average statewide rental rates for nonirrigated farmland in 2013. The numbers are a blend of one-, two-, three-, four- and even five-year leases, many of which didn't expire this fall:

- Minnesota: \$177 per acre — up from an average of \$135 per acre in 2011.
- South Dakota: \$104 per acre — up from an average of \$78 per acre in 2011.
- North Dakota: \$64 per acre — up from an average of \$51 per acre in 2011.
- Montana: \$23.50 per acre — the same as in 2011 but up from \$20.50 per acre in 2008.

By and large, leases have gotten shorter, experts say.

One- and two-year leases are more common, although some farmers and landlords prefer the greater certainty provided by leases for three years or more.

Swenson estimates leases average about two years in length in North Dakota, but says that number is a blend of one-, two-, three- and four-year leases.

Other factors at work

Many factors go into determining rental rates, experts say.

For instance, two or more farmers competing to rent the same piece of ground can push up the rental rate beyond what one farmer might pay for it.

Weather, and the effect it has on yields and farm profits in a given area, also affects rental rates.

For instance, northern Montana farmers generally have enjoyed better crops the past few years than their peers in the southern part of the state, which could influence rental rate negotiations, says Ryan McCormick, a Kremlin, Mont., farmer.

Changes in the price of a particular agricultural commodity can affect farmland rental rates more in some areas than in others.

For instance, sugar beets normally are one of the most profitable crops grown by farmers in the Red River Valley of eastern North Dakota and western Minnesota. Now, sugar prices have tumbled, which will affect farmland rental rates in the Red River Valley, ag officials say.

The lack of a new farm bill has little, if any, impact on rental rate negotiations. Farm bill proposals all retain the federal crop insurance program, which is the farmers' priority, Thiesse says.

Nonfinancial considerations can influence rental rates, too, experts say.

For instance, a landlord might accept lower rates from a tenant who keeps the landlord's road open during the winter.

Flexible rents

Once, most farmers in the region gave their landlords a share of the crop in exchange for the right to farm a field. Typically, landlords also shared in the expenses of putting in the crop. Share-cropping, as it's often called, allows landlords and farmers to share in both good and bad economic conditions.

But share-cropping's popularity has declined. That's partly because technology is increasingly common in farming, and determining a tenant's fair share of technology costs can be difficult.

Today, cash rent, or a fixed per-acre rental payment, is the norm. Cash rent is straightforward, and is especially popular when a farmer works with many landlords.

But experts recommend that farmers and landlords consider so-called flexible rents. Such arrangements, which come in many varieties, all provide more money to landlords in good years and less money to landlords in poor ones.

"Flexible rents can make a lot of sense, for both landlords and renters. But you need to do some research first," Swenson says.

Some landlords, especially ones with little or no direct knowledge of modern agriculture, might consider hiring a professional farm manager to select the tenant and determine the rental rate, he says.

'Coffee shop numbers'

Renegotiating farmland rental agreements can be one of the toughest, most sensitive jobs in production agriculture.

Both farmers and landlords need to use realistic numbers in their negotiations, experts say.

"Stay away from what you hear at the coffee shop. Those coffee shop numbers usually aren't realistic," Thiesse says.

Extension officials across the Upper Midwest often hold seminars on rental rate negotiations during the winter. The University of Minnesota Extension, for instance, recently announced a series of workshops on the topic.

Brian Eggebrecht, a Malta, Mont., farmer, stresses the importance of "good communication and reasonable expectations, on both sides" in farmland rental negotiations.

"There's a lot of trust and back-and-forth that has go on between the farmer and landlord," he says.

Landlords also should consider whether a prospective tenant is concerned about the land's long-term sustainability, he says.