

ORDINANCE NO. 2026-01

AN ORDINANCE ADDING A NEW CHAPTER 33 TO THE HALSTAD CITY CODE ESTABLISHING THE HALSTAD MUNICIPAL UTILITIES COMMISSION AND DELEGATING AUTHORITY FOR MUNICIPAL UTILITY OPERATIONS, RATES, BUDGETS, PROPERTY, AND PERSONNEL

THE CITY COUNCIL OF THE CITY OF HALSTAD, MINNESOTA ORDAINS:

Section 1. The Halstad City Code is hereby amended by adding a new Chapter 33 as follows:

CHAPTER 33: HALSTAD MUNICIPAL UTILITIES COMMISSION

Section

- 33.01 Purpose and Authority
- 33.02 Establishment
- 33.03 Municipal utilities under commission authority
- 33.04 Membership
- 33.05 Officers and procedures
- 33.06 General powers and authority
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- 33.10 Contracting authority
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- 33.12 City council oversight
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- 33.14 Effective date

§ 33.01 PURPOSE AND AUTHORITY

(A) This Ordinance is adopted pursuant to Minnesota Statutes Chapter 412, including the powers granted to statutory cities to own, construct, operate, regulate, and manage public utilities and to establish public utilities commissions.

(B) The purpose of this Ordinance is to establish the Halstad Municipal Utilities Commission as an independent operating commission with authority over municipal utility systems, including budgeting, personnel administration, property management, and utility rate setting, as permitted by law.

§ 33.02 ESTABLISHMENT

There is hereby established the “Halstad Municipal Utilities Commission” (“Commission”). The Commission shall be responsible for the management, operation, maintenance, financial administration, and regulation of all municipal utility systems owned or operated by the City of Halstad.

§ 33.03 MUNICIPAL UTILITIES UNDER COMMISSION AUTHORITY

(A) Water Utility.

(B) Wastewater/Sanitary Sewer Utility.

(C) Storm Water Utility.

(D) Electric Utility.

(E) Natural Gas Utility.

(F) Any additional utility or enterprise system assigned by the City Council.

§ 33.04 MEMBERSHIP

(A) *Composition*. The Commission shall consist of three (3) members appointed by the City Council.

(B) *Qualifications*. Members shall be residents or Utility Consumers of the City of Halstad unless otherwise approved by a majority vote of the City Council. No more than one member may also be a member of the City Council.

(C) *Terms*. Members shall serve staggered three-year terms.

(D) *Vacancies*. Vacancies shall be filled by the City Council for the remainder of the unexpired term. Vacancies shall be filled by the City Council within 30 calendar days of the vacancy being declared.

(E) *Removal*. Commission members may be removed by a four-fifths vote of the City Council only for malfeasance, misconduct, neglect of duty, or inability to serve. In the event the Council removes a member of the Commission, it shall appoint a replacement member to fill the remainder of the unexpired term within 30 calendar days of such removal.

§ 33.05 OFFICERS AND PROCEDURES

(A) The Commission shall annually elect:

- (1) Chair
- (2) Vice Chair

(B) The Commission shall adopt bylaws, rules of procedure, and operational policies consistent with all applicable law.

(C) The Commission shall also appoint a secretary for an indefinite term, who may or may not be a member of the Commission and may be the City Clerk. The Secretary shall receive a salary as established by the Commission. No other members of the Commission shall receive a salary unless established by the City Council.

§ 33.06 GENERAL POWERS AND AUTHORITY

The Utility Commission established herein shall have the powers to conduct the following activities:

(A) Operation, maintenance, repair, and expansion of utility systems;

(B) Preparation and adoption of annual utility operating budgets and capital improvement budgets;

(C) Establishment and adjustment of utility service rates, fees, deposits, penalties, assessments, and charges;

(D) Hiring, supervision, discipline, compensation, and termination of utility employees;

(E) Establishment of wage scales, employee classifications, benefits, and personnel policies for utility employees;

(F) Execution and administration of contracts and purchases necessary for utility operations, provided all contracts comply with applicable Minnesota law;

(G) Acquisition, ownership, lease, management, improvement, and maintenance of real property, easements, utility infrastructure, and equipment necessary for utility purposes, subject to City Council approval for acquisition or sale of real property;

(H) Development of long-range infrastructure and capital improvement plans;

(I) Enforcement of utility rules, service regulations, and customer requirements;

(J) Collection of delinquent utility accounts and administration of shutoff procedures;

(K) Retention of engineers, attorneys, consultants, contractors, auditors, and other professionals necessary for utility operations;

(L) Establishment and enforcement of customer service policies, including applications for service, billing procedures, deposits, payment arrangements, delinquent accounts, disconnections, reconnections, customer complaints, meter access, utility extensions, and other utility customer service regulations.

§ 33.07 RATE-SETTING AUTHORITY

(A) *Exclusive Authority*. The Commission shall have authority to establish, modify, and implement rates, fees, and charges for water, wastewater, storm water, electric, and natural gas utility services.

(B) *Rate Sufficiency*. Rates shall be established at levels the Commission determines will be sufficient to operate and maintain utility systems, pay debt obligations, fund capital improvements and depreciation, maintain emergency operating reserves, and ensure long-term financial stability and system reliability.

(C) *Filing with City Clerk*. All rate schedules adopted by the Commission shall be filed with the City Clerk and become effective upon the date specified by Commission resolution.

§ 33.08 BUDGET AUTHORITY

(A) *Independent Utility Budgets*. The Commission shall prepare, adopt, and administer all operating and capital budgets for municipal utilities.

(B) *Utility Revenues*. All revenues generated by municipal utilities shall be deposited into a separate fund in the city treasury pursuant to Minnesota Statutes, Section 412.371, subdivision 1.

(C) *Reserve Funds*. The Commission may establish and maintain emergency operating reserves, capital replacement reserves, depreciation reserves, equipment replacement funds, and debt service reserves. The Commission is encouraged to maintain emergency operating reserves equal to a minimum of three (3) months of operating expenses for electric and natural gas utilities and six (6) months of operating expenses for water, wastewater, storm water, and garbage utilities.

§ 33.09 PERSONNEL AUTHORITY

(A) *Utility Employees.* All utility employees shall be supervised by the Commission through the Superintendent of Utilities or Utility Manager.

(B) *Compensation Authority.* The Commission shall establish wages, salaries, benefits, overtime policies, and compensation schedules for utility personnel independent of the general City personnel system unless otherwise required by collective bargaining agreements or state law.

(C) *Superintendent of Utilities or Utility Manager.* The Commission may appoint and supervise a Superintendent of Utilities or Utility Manager who shall serve at the pleasure of the Commission and administer daily utility operations.

§ 33.10 CONTRACTING AUTHORITY

(A) The Commission may enter into contracts and authorize purchases necessary for utility operations as permitted by applicable law.

(B) All contracts and purchases shall comply with applicable Minnesota statutory bidding requirements, City purchasing and procurement policies, and existing City insurance and risk management requirements.

§ 33.11 BORROWING, LENDING, AND INDEBTEDNESS

(A) *Financing Authority.* The Commission may recommend and negotiate financing arrangements, utility revenue bonds, interfund loans, or other financing mechanisms necessary for utility operations and capital improvements.

(B) *Council Approval Required.* Any issuance of bonds, borrowing of money, lending of utility funds, or creation of long-term indebtedness shall require approval by the City Council in accordance with Minnesota law.

(C) *Interfund Loans.* Subject to City Council approval, the Commission may lend utility funds to other City enterprise funds or borrow from other City funds pursuant to written agreements establishing repayment terms and interest, if applicable.

§ 33.12 CITY COUNCIL OVERSIGHT

The City Council retains ultimate legislative authority over municipal utilities but shall not interfere with daily operations, personnel administration, budgeting, property management, or rate-setting functions delegated to the Commission except as expressly provided by this Ordinance or Minnesota law.

§ 33.13 SEVERABILITY

If any provision of this Ordinance is held invalid, the remaining provisions shall remain in full force and effect.

§ 33.14 EFFECTIVE DATE

This Ordinance shall take effect upon passage and publication according to law.

Adopted by the City Council of the City of Halstad, Minnesota this ____ day of _____, 2026.

CITY OF HALSTAD

By: _____
Mayor

Attest:

City Clerk