

Please Note: The Council Meeting will be conducted at Rolla City Hall but physical participation will be limited per CDC guidelines. Citizens are encouraged to watch the proceedings live on Fidelity Cable Channel 16 or through the Fidelity YouTube link at <https://www.youtube.com/channel/UCffrfbYSQqtuhOAVkCCyieA>

COUNCIL PRAYER

Ministerial Alliance

**Rolla City Council Meeting
Monday, August 17, 2020
901 North Elm Street
City Hall Council Chambers
6:30 P.M.**

PLEDGE OF ALLEGIANCE

Councilwoman Rachel Schneider

I. PUBLIC HEARINGS

- A) **Ordinance** Setting the 2020 Tax Rate – (Finance Director Steffanie Rogers) –
First Reading (Final Reading Requested)

II. SPECIAL PRESENTATIONS

- A) Sustainable Ozarks Partnership (SOP) – Mr. Dorsey Newcomb
B) Mid-Year 2020 Tourism Report – (Rolla Area Chamber of Commerce Executive Director
Stevie Kearse)
C) Rolla Municipal Utilities (RMU) Third Quarter FY 2020 Report & FY 2021 Budget
Overview – (RMU General Manager Rodney Bourne)

III. OLD BUSINESS

- A) **Ordinance** Re-Adopting Procedure to Disclose Potential Conflicts of Interest –
(City Administrator John Butz) – **Final Reading**
B) **Ordinance** to Contract The (Rec) Centre Management to Power Wellness –
(City Administrator John Butz) – **Final Reading**

IV. NEW BUSINESS

- A) **Ordinance** to Amend Sec. 30-16 (Marijuana Possession)– (City Administrator John Butz) –
First Reading
B) **Ordinance** Approving Minor Subdivision Plat of Westside Marketplace 2 –
(City Planner Tom Coots) – **First Reading**

V. CLAIMS and/or FISCAL TRANSACTIONS

VI. MAYOR/CITY COUNCIL COMMENTS

- A) **Motion** Reappointing Councilmen Meusch, Crowell and Schott to the Audit Committee
B) FY 2021 Budget Schedule: Monday, August 24 – Ten Year Forecast (5:30 p.m.)
Monday, August 31 – Budget Workshop (5:30 p.m.)

VII. CITIZEN COMMUNICATION

- A) Open Citizen Communication
- B) Herman Guetersloh – “Deprioritization”

VIII. COMMENTS FOR THE GOOD OF THE ORDER

IX. CLOSED SESSION

Pursuant to Section 610.021 RSMo. the City Council will discuss the following issues in Closed Session:

- A) Real Estate

X. ADJOURNMENT

CITY OF ROLLA
CITY COUNCIL AGENDA

DEPARTMENT: Steffanie D. Rogers
Finance Director

ACTION REQUESTED: Public Hearing/Ordinance – 1st & Final Reading

DATE: August 17, 2020 **BUDGET APPROPRIATION:** \$ 1.7 M

SUBJECT: Consider Public Hearing & Ordinance Setting 2020 Tax Rate

COMMENTARY:

Council is asked to consider the proposed ordinance establishing the 2020 real estate tax levy for the City of Rolla. State law requires that the tax rates be certified to the County Clerk by September 1. Due to the State time requirements, a first and final reading of the proposed ordinance is requested at this time.

<u>Tax Levy Rates:</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Municipal Purposes	\$ 0.4598	\$ 0.4598	\$ 0.4598	\$ 0.4577
Public Library Purposes	\$ 0.1919	\$ 0.1919	\$ 0.1919	\$ 0.1910
Public Park Purposes	\$ 0.1132	\$ 0.1132	\$ 0.1132	\$ 0.1127
TOTAL LEVY	<u>\$ 0.7649</u>	<u>\$ 0.7649</u>	<u>\$ 0.7649</u>	<u>\$ 0.7614</u>

Projected revenues budgeted in 2021 for 2020 Assessed Valuation:

	<u>Budgeted</u> <u>Revenues</u>	<u>Increase from</u> <u>Current Year</u>
General Fund	\$ 1,038,390	\$ 105,740
Library	\$ 433,378	\$ 44,257
Parks	\$ 255,645	\$ 25,889

Staff is recommending a motion to approve the ordinance to set the 2020 tax rates.

ITEM NO. I. A. 1.

NOTICE OF PUBLIC HEARING

Public Notice is hereby given by the Rolla City Council that a Public Hearing will be held at 6:30 p.m. on Monday, August 17, 2020, in City of Rolla Council Chambers, 901 North Elm Street for the purpose of considering the 2020 tax rates as follow:

For General Municipal Purposes	\$ 0.4598
For Public Library Purposes	\$ 0.1919
For Public Park Purposes	\$ 0.1132

NOTICE OF 2019 AGGREGATE ASSESSED VALUATION

State Assessed Railroad & Utility - Real Estate	\$ 963,209
Local Railroad & Utility - Real Estate	351,440
Real Estate - Residential	129,109,210
Real Estate - Agricultural & Horticultural	165,990
Real Estate - Forest Crop & Mineral Rights	0
Real Estate - Industrial, etc.	99,589,340
State Assessed Railroad & Utility - Personal Property	0
Local Railroad & Utility - Personal Property	0
Personal Property	0
<hr/>	
Current Valuation	\$ 279,490,482
TIF Assessed Valuation	\$ 7,532,720
Total Current Valuation	\$ 222,646,469
New Construction	\$ 5,702,920

NOTICE OF 2020 AGGREGATE ASSESSED VALUATION

State Assessed Railroad & Utility - Real Estate	\$ 967,768
Local Railroad & Utility - Real Estate	791,030
Real Estate - Residential	131,124,330
Real Estate - Agricultural & Horticultural	165,080
Real Estate - Forest Crop & Mineral Rights	0
Real Estate - Industrial, etc.	100,388,300
State Assessed Railroad & Utility - Personal Property	0
Local Railroad & Utility - Personal Property	0
Personal Property	0
<hr/>	
Current Valuation	\$ 282,079,385
TIF Assessed Valuation	\$ 7,601,380
Total Current Valuation	\$ 274,478,005
New Construction	\$ 2,509,140

PROJECTED REVENUE FOR 2020 AGGREGATE ASSESSED VALUATION

General	\$ 1,038,390
Library	\$ 433,378
Park	\$ 255,645

All persons interested for or against the proposed tax rates may be present at said Public Hearing and will be heard.

Given under my hand and Seal of the City of Rolla, Missouri, this 3rd day of August 2020. *I.A.2.*

Carol Daniels
City Clerk

ORDINANCE NO. _____

AN ORDINANCE FIXING THE TAX LEVY FOR GENERAL REVENUE, LIBRARY AND PARK BY THE CITY OF ROLLA, MISSOURI, FOR THE YEAR 2020.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROLLA, MISSOURI, AS FOLLOWS:

Section 1: There is hereby levied a tax on each and every one hundred dollars (\$100.00) assessed valuation of all taxable real property within the corporate limits of the City of Rolla, Missouri, made taxable by law, for the year 2020, the following sums and amounts:

General Municipal Purposes	\$ 0.4598
Public Library Purposes	0.1919
Park Purposes	0.1132
TOTAL	\$ 0.7649

Section 2: This ordinance shall be in full force and effect from and after the date of its passage and approval.

PASSED BY THE CITY COUNCIL OF THE CITY OF ROLLA, MISSOURI, AND APPROVED BY THE MAYOR THIS 17TH DAY OF AUGUST 2020.

APPROVED:

ATTEST:

MAYOR

CITY CLERK

APPROVED AS TO FORM:

CITY COUNSELOR

I.A.3.

SUSTAINABLE OZARKS PARTNERSHIP LEADS AND STRENGTHENS THE REGION

Your support of the Sustainable Ozarks Partnership ensures that the SOP can guide the region to continued success as a Great American Defense Community and expand our already robust list of accomplishments.

Since our inception in 2012, we have remained dedicated to this list of essential tasks:

- Working closely with Missouri's Congressional Delegation and State leaders on matters related to the future of Fort Leonard Wood and quality of life for military personnel and families
- Advocating for the retention and growth of Fort Leonard Wood missions
- Analyzing economic impacts of personnel reductions and identify mitigation strategies
- Pursuing public to public partnerships with the Army to reduce operational costs
- Bringing positive national attention to FLW and the region
- Advocating for quality public education for military connected children in the region
- Advocating for major improvements in regional healthcare
- Improving transportation access to the region
- Advocating for improved quality of life for military members, families and veterans
- Representing the region during Public Listening Sessions held by the Army
- Holding SOP annual meetings for members, citizens, federal, state, local governmental leaders, business leaders and military leaders to discuss SOP successes, strategies and opportunities

H.A.

FORT LEONARD WOOD REGIONAL ECONOMIC IMPACT

Fort Leonard Wood is one of the top 10 employers in the state of Missouri and provides a ripple effect across the region and the state.

The installation supports the following population:

- 5,000 military permanent party
- 10,500 military family members
- 11,000 military in training
- 6,500 civilian workers (including non-DoD)
- 60,426 retired military

As a major employer, Fort Leonard Wood has:

- An annual operating budget in FY16 of \$470M, including salaries
- \$998M in Army permanent party and trainee salaries, FY16

The economic impact of Fort Leonard Wood stretches across the four county region (Laclede, Phelps, Pulaski, and Texas) and the state of Missouri. In 2013, the installation was responsible for:

- \$2.1B in personal spending; \$1.2B in household earnings
- 36,400 direct and indirect jobs in Missouri
- 150K graduation visitors who spend an average of \$57.3M in the state, resulting in \$167.3M in total economic output, \$38.6M in household earnings, & approximately 1,500 Missouri jobs



SOP GOALS AND MISSION STATEMENT

Goal #1: Gain Positive Recognition for the Region. Achieve state and national recognition for the region as an excellent place for people to live, work and play and for businesses to prosper. Achieve state and national recognition for FLW as a vital national military asset.

Goal #2: Strengthen the Region. Be a catalyst for positive change for citizens, businesses, and governments throughout the region to improve the quality of life and grow a diverse, sustainable, economy.

Goal #3: Strengthen Fort Leonard Wood. Ensure that FLW continues to be an enduring installation, with opportunities to grow with expanding or new missions.

Goal #4: Ensure the Viability of SOP. Sustain SOP efficiency, operational effectiveness and fiscal resources so it can continue to successfully support the region and FLW.

Our mission is to coordinate and facilitate growth of a diverse, sustainable economy for the region and publicize regional consensus while respecting individual interests of the members, function as the central point of contact for regional partners, foster the region's continuing commitment to national defense, and advocate for local and regional development initiatives, as well as Fort Leonard Wood sustainment and growth.

COPY

MEMORANDUM OF AGREEMENT

Between the City of Rolla and the Sustainable Ozarks Partnership

The City of Rolla (City) and Sustainable Ozarks Partnership (SOP) agree to jointly and cooperatively pursue an effort intended to support the current status and continued growth of Fort Leonard Wood, a United States military base located within Pulaski County of the State of Missouri.

1. SUSTAINABLE OZARKS PARTNERSHIP

The Sustainable Ozarks Partnership, a part of the Leonard Wood Institute a 501(c)3 not-for-profit corporation created in 2004, was formed in 2013 for the purpose of uniting the work of local governments, businesses, civic organizations and citizens in a four (4) county region to ensure the long-term sustainability of Fort Leonard Wood.

2. JOINT EFFORT

This agreement recognizes that the SOP and the City can cooperatively promote the continued growth and stability of Fort Leonard Wood by working together with other organizations and entities that have similar interest in the base.

This agreement further recognizes that the SOP, working throughout the region, will provide a framework for effective delivery of economic development and sustainability services and is or will be staffed by a trained team. SOP will furnish leadership to implement and expedite programs and projects designed to promote the sustainability of Fort Leonard Wood.

This agreement further recognizes that the City may engage in activities designed for the purpose of promoting and developing growth within Fort Leonard Wood and that the City may contract with other organization for this purpose.

These purposes are mutually supportive and the joint efforts to serve those respective purposes should prove to be beneficial to both the City and the SOP and the residents, businesses and industries of Pulaski County.

3. TERMS OF AGREEMENT

The effective term of this agreement shall be from the date of execution for a period of three (3) years, and shall be renewable upon mutual agreement for a period determined in that mutual agreement.

4. CITY OF ROLLA SUPPORT

For the services to be provided by the SOP under the terms of this joint agreement, and to assist with matching funds for grant applications benefiting the Fort Leonard Wood area, the City shall provide to the SOP membership support of Twelve Thousand Dollars (\$12,000.00) per year for the three (3) years of this contract. Said contribution will ensure SOP has sufficient funds to support the necessary staff to

II. A. 2.

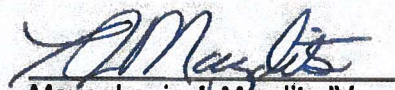
implement the programs and projects that are developed to promote economic development and sustainability regarding Fort Leonard Wood. Future contribution amounts may increase depending upon the financial condition of the City and is subject to approval of the Mayor and City Council. In support of the City's participation in SOP the City will invoice the following local agencies:

- a) Rolla Regional Economic Commission (RREC) - \$4,000/yr
- b) Phelps for the Fort - \$1,000/yr
- c) Phelps County Regional Medical Center - tbd (in addition to \$12,000 funding)

5. SCOPE OF SOP'S RESPONSIBILITY

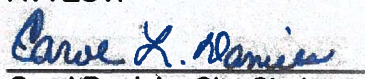
- a. The SOP shall advocate for new missions, jobs and economic growth for Fort Leonard Wood and the surrounding region.
- b. The SOP will work to improve the quality of life and the business climate of the region.
- c. The SOP will work to ensure the Department of Defense maintains or increases its current level of funding, organization, and personnel at Fort Leonard Wood.
- d. The SOP will strive to achieve state and national recognition for the region.
- e. The SOP will work to ensure Fort Leonard Wood continues to be an enduring installation with opportunities to grow with expanding or new missions.
- f. The SOP will work to improve its efficiency and effectiveness so it can successfully support the region and Fort Leonard Wood over the long term.
- g. The SOP will keep the City informed of SOP meetings and business.
- h. The SOP will annually provide to the City Council at a public meeting budget information and performance reports.

AGREED to this 5th day of January, 2018.



Mayor Louis J. Magdits IV

ATTEST:



Carol Daniels, City Clerk

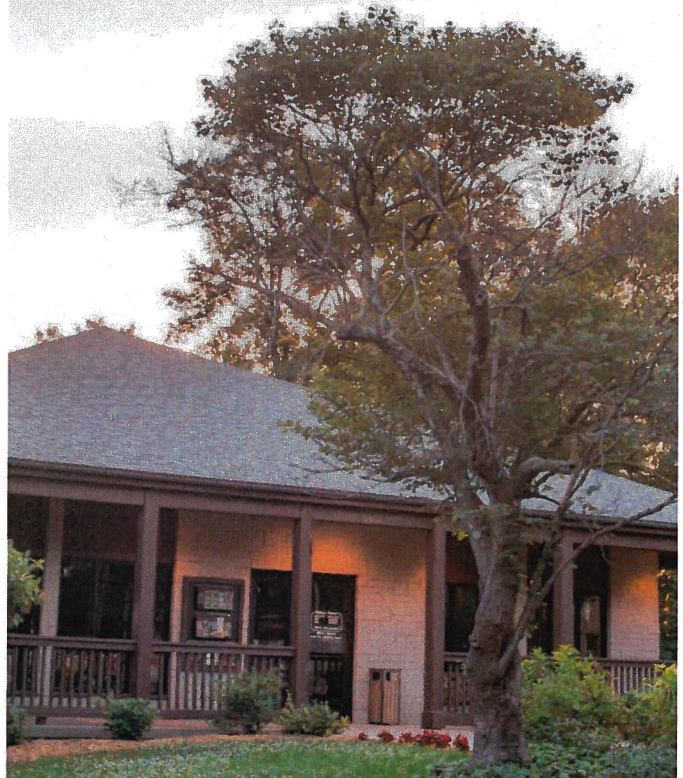
Executive Director, SOP

II. A.3

Mid-Year Tourism Report 2020

August 2020

Rolla Area Chamber of Commerce



visit
Rolla

II B. 1.

2020 Tourism Report

The following is a report of the tourism efforts of the Rolla Area Chamber of Commerce for the time period of January – June 2020. The RACC has a contract for Tourism services with the City of Rolla. The information provided in this report reflects the services outlined in that contract.

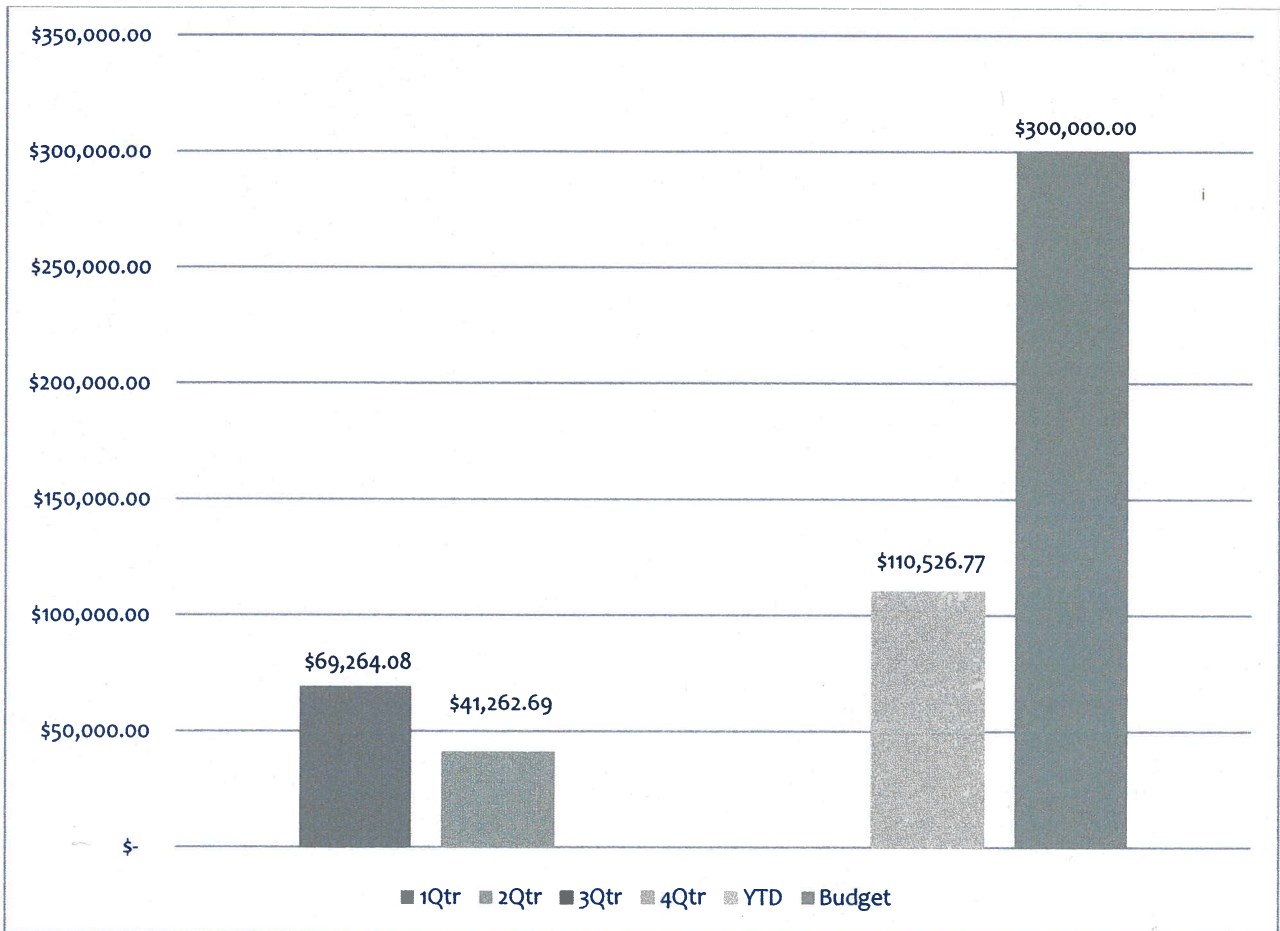
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Motel Tax Revenue & Expenses for 2020 YTD

2020 Motel Tax Revenues

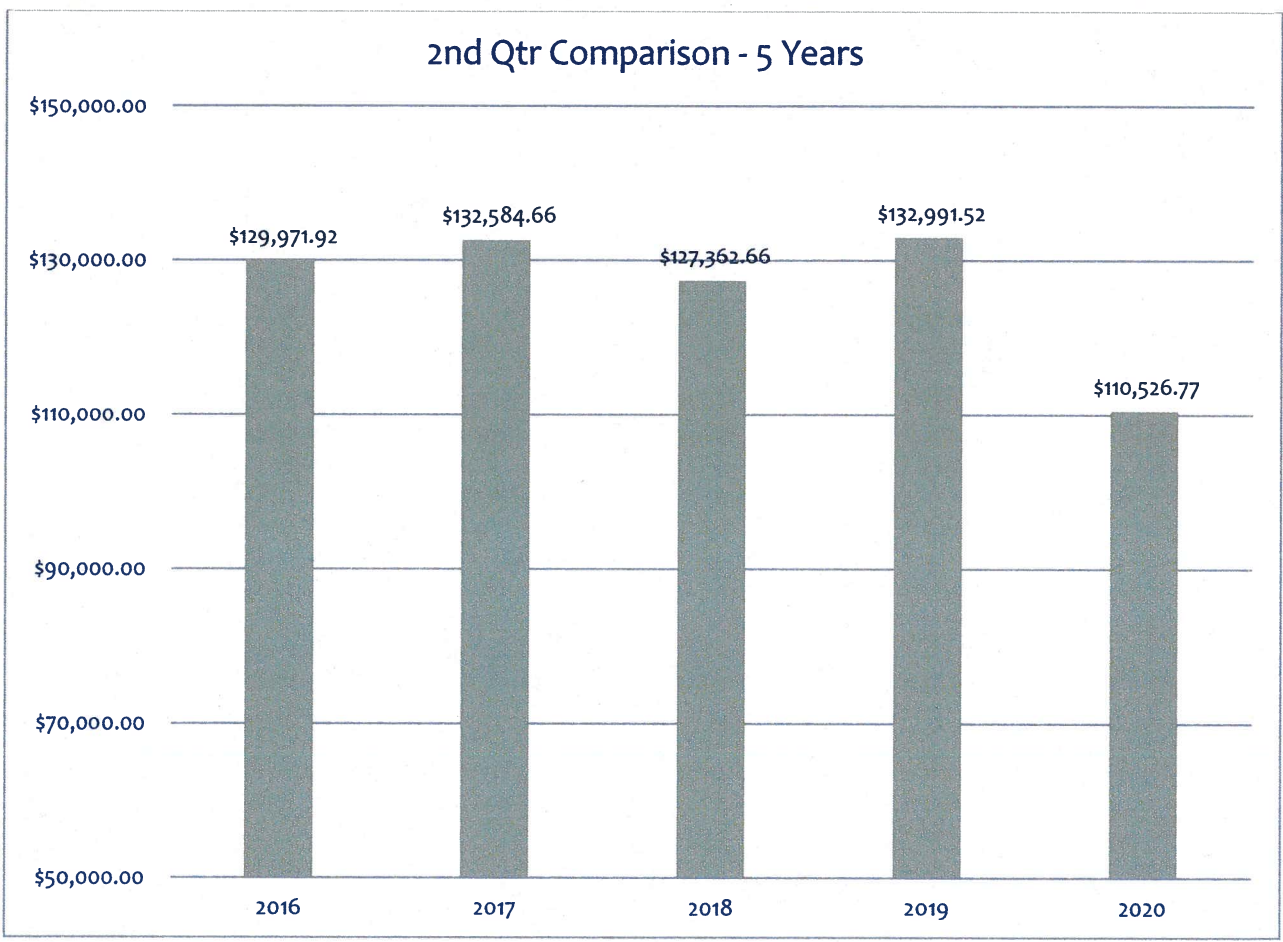
This first chart outlines the Motel Tax income for each quarter, the year to date total and a comparison to the budgeted amount for 2020.

2020 Motel Tax Revenue – Quarter, Year To Date, Budget



This second chart compares 2nd Quarter totals of the Motel Tax for the past 5 years.

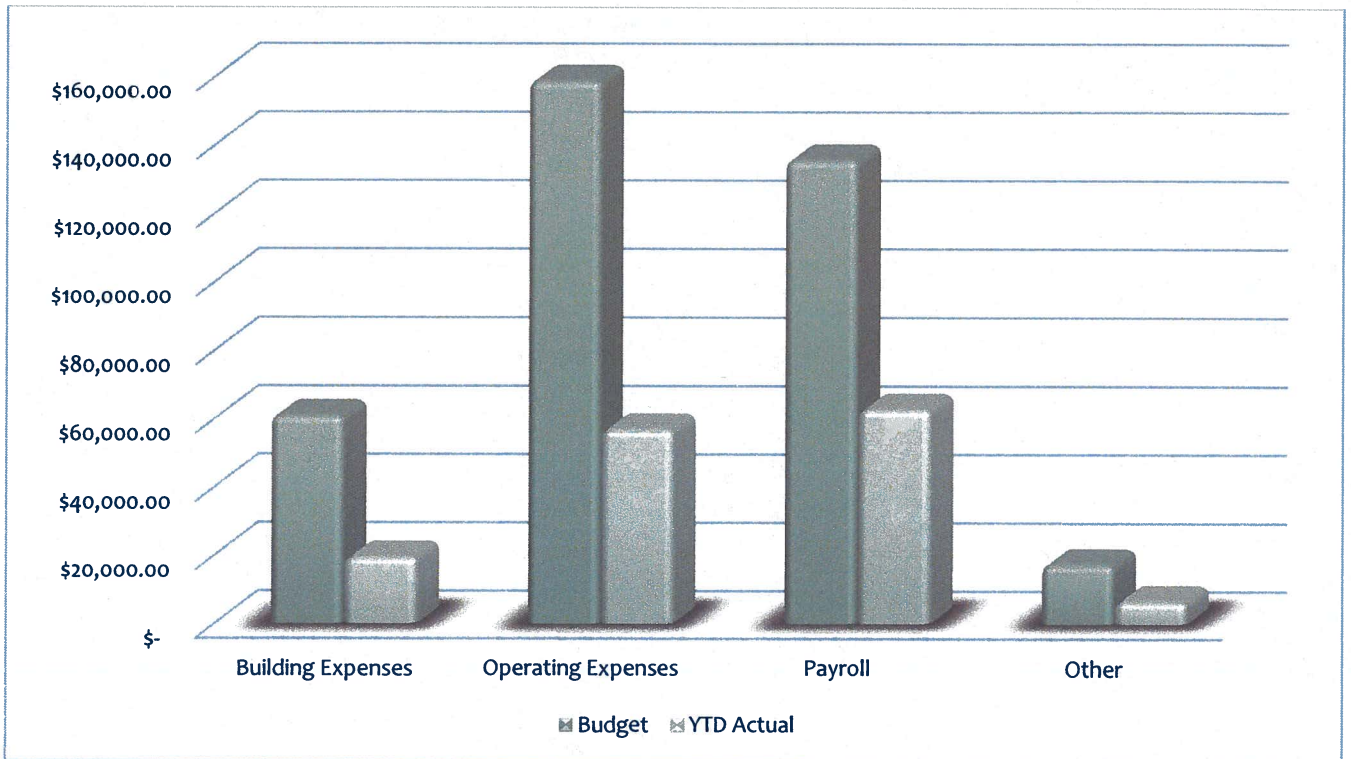
2nd Quarter Motel Tax Revenue 2016-2020



2020 Tourism Expenses

This chart outlines the tourism expenses for (year to date) 2020 and breaks them down into four categories; Building Expenses, Operating Expenses, Payroll, and Other Expenses. These expenses are then compared to the budgeted figures for the year.

2020 Tourism Expenses Budget vs. Actual YTD



2020 Tourism Marketing Efforts

The following detail will outline the marketing efforts (year to date) for 2020. This detail includes projects that we have worked on, tourism related events, advertisements, tourism partnership grants, sports tourism grants, and land/building maintenance work.

The Coronavirus has impacted the entire community, so we had to modify our Tourism efforts based on the fact that Motel Tax income was very uncertain.

Tourism Related Events/Projects

St. Pat's 5K/Beer Run – The 7th Annual St. Pat's 5K and 4th Annual Beer Run was scheduled for Saturday, March 14. With the cancellation of the St. Pat's Parade and announcement of nationwide changes of events due to COVID-19, we made the decision to cancel the 2020 event. We hope to be able to host this event again in 2021.

Great Race – This is a nationwide vintage car race that was scheduled to have a lunch stop in Rolla on June 23, 2020. With several things changing across the country due to COVID-19, the event organizers decided to push this event to August 25 hoping things would improve. With several states once again facing hardships the event organizers made the choice to cancel the 2020 event. Since we are a sponsor for 2020, we will get to host the lunch stop for the June 22, 2021 event.

Updates/Alerts – Once the Stay at Home Ordinance went into effect, our offices kept informed of what was happening across the state by attending a variety of zoom conference calls. We shared any information we could with our Tourism related businesses through emails and phone calls. We also kept our calendar of events up to date with the changes that were being made to local events and updated the community on these changes through our social media pages.

VisitRolla.com Website – We launched the new design to our tourism website on May 22. The new design has more detailed information regarding all things tourism in the area. The site is also ADA compliant.

New Rolla Visitors Guide – We finalized the revised version of the Visitors Guide and have delivered it to local businesses such as hotels, real estate agencies, City Hall, County Courthouse, and area restaurants.

Marketing Efforts

- We promote Rolla events on Morning Mayor each week.
- We sent out text alerts promoting upcoming events in Rolla.
- We promoted local events and tourism businesses on our Facebook and Instagram pages.
- We promote the Rolla community on our two billboards along I-44.
- Missouri Life:
 - Biking Trail Guide, Full Page Ad
 - Mar-Apr Edition, 1/4 Page Ad
 - May-June Edition, 1/4 Page Ad
 - Scenic Drives
 - E-Newsletter – Feb & June, Banner Ad
- Madden Media – MO Travel Guide, 1/12 Page Ad
- Phelps County Focus – Newcomers Guide, 1/2 Page Ad
- Show Me Missouri:
 - Spring Edition, 1/4 Page Ad
 - Summer Edition, 1/4 Page Ad
- Color Plus – Tidbits, March, St. Pat's
- The Salem News – March, St. Pat's
- RACC – 2020 Directory, 2 Page Tourism Ad
- KZNN Morning Show – March, St. Pat's
- Results Radio – March, St. Pat's
- Facebook Giveaway Promotion - April

Grants

Due to the uncertainty with what would become of the Motel Tax income due to COVID-19, and our main obligation with the funds being to manage the Visitor Center as well as uphold advertising contracts already committed to, the Board of Directors voted to pause the Grant program for 2020. Any grants that were already committed to were funded but no new grants will be awarded for 2020. All past recipients and current applicants were notified of this decision. Several of the events that we would have funded have also been cancelled.

Tourism Partnership Grants:

- Special Olympics of Missouri; Polar Plunge - \$750

Sports Tourism Grants:

- Missouri Conservation Heritage Foundation; Missouri National Archery in Schools Program (MONASP) open state qualifier - \$1,000

Land/Building Issues

- We had to repair the small deck on the back of the Visitor Center in June. We replaced the bottom step and stained the entire deck.

2020

Fiscal Year 3rd Quarter Report



Rolla Municipal Utilities
Provided to Rolla City Council
August 17, 2020

H.C.I.

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A STATEMENT BY THE BOARD OF PUBLIC WORKS

The Electric Power and Water System of the City of Rolla will be known as the **ROLLA MUNICIPAL UTILITIES**. Mr. J. B. Bronson will continue as general manager.

It will be the policy of the Board to operate the Rolla Municipal Utilities strictly on a business basis. There will be no change in the general policies of the management. All rates will be the same for the present.

The Board has three primary obligations:

1. To give the best possible service to the Citizens of Rolla.
2. To accumulate funds for the payment of the indebtedness. (Bond Issue and Revenue Certificates).
3. To build up reserve funds for any emergency and for replacement of machinery and equipment.

Regarding Service Interruptions:

This trouble is not in the local system, but in the source of supply. We hope eventually to have other sources of supply available and improve the electric service in Rolla.

Beginning immediately, \$1000.00 per month from the profits will be paid to the General Fund of the City of Rolla, which is to replace the Franchise Tax formerly paid by the Missouri General Utilities.

No merchandise will be sold in competition with local merchants.

No repair service will be maintained in competition with local Electric Service men.

Next Monday, November 12th, our offices will open in our new building, formerly the Negro U. S. O. Building, 102 W. 9th Street. All business will be transacted from this location after that date. The Rolla Free Public Library will occupy the second floor, and the State Board of Health and the County Agent the basement of this building. These quarters are furnished to the above organizations without cost as a public service of the Rolla Municipal Utilities.

Rolla Board of Public Works

H. E. CASTLEMAN, President
F. H. FRAME, Vice-President
R. E. SCHUMAN, Secretary
F. A. CAMERON, Member

THIRD QUARTER FINANCIAL RECAP (Unaudited)

OPERATING INCOME and EXPENSES

	3rd Quarter FYTD 2019	3rd Quarter FYTD 2020	CHANGE
OPERATING REVENUES	\$23,569,688	\$21,883,529	(\$1,686,159)
OPERATING EXPENSES	(\$23,092,880)	(\$22,650,988)	(\$441,892)
OPERATING INCOME	\$476,808	(\$767,459)	(\$1,244,267)
OTHER INCOME & EXP.	\$577,202	\$463,935	(\$113,267)
NET INCOME	\$1,054,010	(\$303,523)	(\$1,357,533)

Upon completion of the third quarter of FY 2020, Operating Revenues are down \$1,686,159 as compared to last year. Operating Expenses are down \$441,892 for the same period resulting in an Operating Income of (\$767,459), which is down (\$1,244,267). When combined with miscellaneous income and expenses, RMU experienced a Net income of (\$303,523), which is down \$1,357,533 as compared to the third quarter of FY2019.



STATUS OF PENDING PROJECTS



ELECTRIC DEPARTMENT

- **ELECTRICAL EXTENSIONS/UPGRADES**
 - Bridge School Road – Replaced existing poles with taller poles to allow for static wire installation. Started, May 7, 2019. Ongoing
 - St. Maria's Tatandra; East of McCutchen Road and north of Liberty Drive – Underground electric distribution installation. Started, July 30, 2019. Ongoing.
 - Kingshighway – Highway 63 to Fairgrounds Road – Reconfiguration of electric distribution system to remove overhead electric in right-of-way in conjunction with Move Rolla Transportation Development district improvements. Conversion of operating voltage in vicinity of Lynwood Drive and Morrell Avenue since reconfiguration of Kingshighway will eliminate current feed to this area. Started, November 12, 2019. Ongoing.
 - East Meadow Subdivision; southwest corner of Lions Club Drive and Highway O – Single phase electric extensions. Started, January 2, 2020. Completed, February 28, 2020.
 - Holloway substation transformer: Tower Road substation – Transformer removed from service for rebuild. Being re-installed at Tower substation instead of Holloway with Holloway unit remaining in place. Started, April 8, 2019. Ongoing.

- 507 Winchester Drive – Extension of underground primary distribution system plus new transformer. Started, March 9, 2020. Completed, April 16, 2020.
- Mutual Aid – Materials to Lebanon, Missouri after storm damage. Started, May 5, 2020. Completed, May 6, 2020.
- 603 South Bishop Avenue – Overhead extension, new pole and transformer and revised metering. Started, April 30, 2020. Completed, July 6, 2020.
- Alfermann substation – Modifications to accommodate sale of 138kV assets to Ameren. Started, July 23, 2020. Ongoing.
- Pole maintenance – Pole replacement as those needing attention are identified.
- **ELECTRIC GENERATION**
 - Missouri Department of Natural Resources – Air operating permit inspections. May 28, 2020.

WATER DEPARTMENT

- **WATER MAIN INSTALLATION**
 - Olive Street – Highway 72 to 9th Street
 - 3rd Street – Olive Street to Oak Street
 - Oak Street – 2nd Street to 3rd Street – Replaced existing 4” and 6” mains with 8” PVC. Started, June 19, 2019. The project is completed from 9th and 5th Streets. The remaining to be completed in 2020. Ongoing.
 - Ashwood Drive, Bittersweet Lane, and Oaktree Lane – Replaced existing 2” and 6” mains with 8” PVC. Started, March 25, 2020. Completed.
 - Oxford Drive – Water service line replacement. Started, March 26, 2020. Completed, May 22, 2020.
 - Cambridge Drive – Water service line replacement. Started, May 26, 2020. Completed, June 23, 2020.
 - Norwich Drive – Water service line replacement. Started, July 13, 2020. Completed, July 22, 2020.
- **(4) WATER TAPS**

FIBER/SCADA

- RMU Communications Building – Fiber installation between the RMU business office and Communications building to allow for equipment installation in the Communications building. Started, May 7, 2020. Ongoing.
- Sale of Assets to Ameren – Reconfigured fiber connections at north end of RMU transmission assets. Started, July 10, 2020. Ongoing.

TRAINING/PERSONNEL

- Missouri Rural Water Association – Online training-Ashland, MO, May 5, 2020. “Distribution System Components and Concepts”. Three RMU employees attended.
- Missouri Public Utility Alliance – Online training-Columbia, MO. “Programmable Logic Controller”. Four RMU employees attended.
- Missouri Rural Water Association – Online training-Ashland, MO, May 26, 2020. “Monitoring and Managing a Distribution System”. Three RMU employees attended.

- Powermetrix – Online webinar – “Various Modules Related to Electric Metering”. May, 2020. One RMU employee attended.
- May 26, 2020 a temporary Engineering Intern was hired.
- June 19, 2020 a Journeyman Lineman resigned.
- Effective July 26, 2020 One RMU employee was promoted to Apprentice Lineman.

MPUA/MoPEP UPDATE

- 30MW of wind energy should come in June 2021 as a partial replacement of the expiring Dynegy contract.
- Net metering deployment in MoPEP cities doubled in 2019 over 2018.
- MJMEUC is exploring the option of group Cost of Service studies for our membership. This would entail utilizing one or a few engineering firms to perform Cost of Service studies for our membership on an as-needed basis. The intent would be to simplify the gathering of data for wholesale information and act as a clearing house to encourage good retail rate design. Especially in the setting of service availability fees.
- Missouri Legislature – No negative impacts to the Grainbelt Express project. There were two late session attempts to affect it. Also, HB1467 modified contributory rates for LAGERS from only 4% to a choice of 2%, 4%, or 6% effective at the end of August 2020.
- On May 7, 2020, the pool approved the new rate structures to be effective June 2021. Overall, our wholesale costs are projected to be lower in the near future approaching low \$60MWh, not including transmission. However, the modification will shift our wholesale costs. The changes will increase the Asset (currently demand) rate paid by RMU and lower the Load (currently energy) rate paid by RMU. Future cost of service studies may reflect these shifts and send new pricing signals to retail customers. In addition, the new wholesale structure may allow RMU to offer additional programs which a cost of service study could analyze.
- John Twitty was hired as the next MPUA CEO and President.
- The Paycheck Protection Act/CARES was revised to reduce the amount borrowed that had to be spent on payroll. This allows for the borrower to potentially use more funds for utility payments.
- MPUA is offering a basic “cyber security” audit/training to membership.
- Ameren plans to offer new rate structures to AMI customers as electric meters are set. The initial program will be day/night rates, then moving towards Time of Use (TOU) rates.

Rolla Municipal Utilities

FY2021 BUDGET

October 1, 2020 - September 30, 2021



Approved by Rolla Board of Public Works
July 28, 2020

II, C.8.

Rolla Municipal Utilities' FY2021 Budget

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- Budget Summary Analysis
- Operating Statement
- Minimum Cash Reserve Statement
- Cash Flow Statement
- Transfers to City
- Non-Operating Revenue

BUDGET SUMMARY ANALYSIS - FY2021 BUDGETED

	FY2021 - BUDGETED		
	<u>ELECTRIC & PWR PROD</u>	<u>WATER</u>	<u>TOTAL</u>
OPERATING REVENUE	\$26,829,631	\$3,266,078	\$30,095,709
OPERATING EXPENSE	-\$26,339,655	-\$2,926,500	-\$29,266,155
BUDGETED OPERATING MARGIN *	\$489,976	\$339,578	\$829,554
 OTHER REVENUE & EXPENSE	 \$501,750	 \$227,250	 \$729,000
 BUDGETED NET INCOME *	 \$991,726	 \$566,828	 \$1,558,554
 NON-CASH REVENUE			
Donated Capital Assets (Contractor Mains)	-----	-\$60,000	-\$60,000
NON-CASH EXPENSE			
Depreciation - RMU **	\$1,664,500	\$767,500	\$2,432,000
Depreciation - City	\$54,000	\$180,000	\$234,000
CAPITAL EXPENDITURES **	-\$3,815,500	-\$2,169,500	-\$5,985,000
LEASE OBLIGATIONS	\$0	-\$165,000	-\$165,000
 BUDGETED RESERVE TRANSFER *	 -\$1,105,274	 -\$880,172	 -\$1,985,446
 CASH ACCOUNT FOR FY2021			
AS OF OCTOBER 1, 2021 - budgeted			\$19,585,992
Less OCTOBER 1, 2021 - projected			-\$21,571,439
 CHANGE IN CASH *			 -\$1,985,446

* Assuming all revenues collected AND all budgeted capital expenditures spent.
 -Budget does not reflect AXTI Asset Sale with proceeds of \$14,250,000.
 ** Includes Fiber

II.C.11.

Rolla Municipal Utilities
 FY2021 BUDGET

OPERATING STATEMENT

	<u>FY2019</u> <u>ACTUAL</u>	<u>FY2020</u> <u>PROJECTED</u>	<u>FY2021</u> <u>BUDGET</u>
<u>OPERATING REVENUE</u>			
Residential Sales	\$12,225,675	\$11,867,794	\$11,987,569
Commercial Sales	\$4,771,455	\$5,226,528	\$5,729,985
Power Service Sales	\$8,595,635	\$7,468,582	\$6,856,682
Industrial Sales	\$4,877,951	\$4,273,752	\$4,301,100
Area/Street Lighting	\$208,190	\$269,251	\$270,214
Fire Sprinkler Line Fees	\$40,548	\$54,540	\$54,540
Special Sales (Water)	\$125,894	\$199,460	\$226,100
Miscellaneous Fees	\$69,624	\$69,000	\$76,200
Generation Standby Service (Power Prod)	\$83,087	\$83,086	\$83,086
Capacity & Operating Credits (Power Prod)	\$306,272	\$325,000	\$315,000
Interdepartmental Services - City	\$184,490	<u>\$185,545</u>	<u>\$195,233</u>
Unbilled Receivables	<u>\$0</u>		
Total Operating Revenue	\$31,488,821	\$30,022,538	\$30,095,709
<u>OPERATING EXPENSES</u>			
Transmission	\$25,543	\$15,000	\$100,000
Depreciation - RMU *	\$2,560,464	\$2,612,000	\$2,432,000
Depreciation - City (Electric) **	\$54,418	\$54,000	\$54,000
Depreciation - City (Water) ***	\$176,628	\$177,000	\$180,000
Interest on Electric Project	\$0	\$0	\$0
Interest on Water Project	\$33,414	\$27,000	\$19,000
Interest on Deposits	\$4,108	\$6,000	\$11,000
Power Purchases (Electric)	\$22,437,929	\$21,537,175	\$20,339,155
Source of Supply (Water)	\$461,188	\$425,000	\$423,000
Treatment (Water)	\$14,794	\$14,000	\$14,000
Distribution	\$1,900,693	\$2,285,000	\$2,408,000
Customer Accounting	\$652,071	\$769,000	\$820,000
Administrative and General	\$2,214,080	\$2,401,200	\$2,464,000
Interdept Expenses - City	\$2,239	<u>\$2,000</u>	<u>\$2,000</u>
Total Operating Expenses	\$30,537,570	\$30,324,375	\$29,266,155
<u>OPERATING MARGIN</u>	\$951,252	-\$301,837	\$829,554
<u>NON-OPERATING REVENUE</u>			
Interest Revenue	\$218,655	\$160,000	\$160,000
Other Revenue	<u>\$839,154</u>	<u>\$858,000</u>	<u>\$569,000</u>
Total Non-Operating Revenue	\$1,057,809	\$1,018,000	\$729,000
<u>NET INCOME</u>	\$2,009,060	\$716,163	\$1,558,554

* includes Fiber

** Streetlights (City)

*** Fire protection (City)

MINIMUM CASH RESERVE STATEMENT

To help insure timely completion of capital improvements and enable the utility to meet requirements for large unexpected expenditures, a Minimum Cash Reserve Statement is hereby established. Minimum cash reserves attempts to quantify the minimum amount of cash the utility should keep in reserve, actual cash reserves may vary substantially above the minimum and is dependent on the life cycle of assets that are currently in service. The methodology used in this statement is based on certain assumptions related to percent of operation and maintenance, rate base, debt service, and capital improvements. The establishment of minimum cash reserves should consider a number of factors including:

WORKING CAPITAL LAG

Timing differences between when expenses are incurred and revenues received from customers. Establishing a minimum cash reserve helps to ensure cash exists to pay expenses in a timely manner. Examples of uncertainties that should be considered include financial risks, rate setting policies, and variability in power supply costs.

INVESTMENT IN ASSETS

Catastrophic events may occur that require substantial amounts of cash reserves to replace damaged assets. Some examples of catastrophic events include ice storms, earthquakes, wind storms, floods, frozen water mains, or tornadoes. Many of these catastrophic events may allow the utility to recover the cost of damages from FEMA. However FEMA reimbursements can take between six months to two (2) years to recover. The utility should ensure adequate cash reserves exist to replace assets in a timely fashion. The minimum reserve levels are often combined with emergency funding from banks or bonding agencies.

ANNUAL DEBT SERVICE

Debt service payments do not occur evenly throughout the year and often occurs at periodic times. The utility has to ensure adequate cash reserves exist to fund the debt service payment when the payment is due.

CAPITAL IMPROVEMENT PROGRAM

Some capital improvements are funded through lease/purchases and some through cash reserves. The establishment of a minimum cash reserve level helps to ensure timely replacement or construction of assets.

If certain events occur that result in cash reserves falling below the minimum levels established by the Rolla Board of Public Works, action is needed to restore the cash reserves above the minimum levels. These actions may consider a number of factors including:

- Rate adjustments
- Cost reductions
- Funding of capital improvement programs
- Modification of the assumptions used to determine cash reserve levels

The assumptions should be reviewed annually, and modified if necessary, to reflect the Rolla Board of Public Works and Management's philosophy on minimum cash reserve levels.

Based on the assumptions used, the minimum cash levels are listed for Fiscal Years 2019 - 2021 in Tables A and B shown on page 4.

Rolla Municipal Utilities
FY2021 BUDGET

MINIMUM CASH RESERVE STATEMENT (continued)

Table A

Minimum Cash Reserve Levels - ELECTRIC & POWER PRODUCTION			
<u>Inputs</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>
Operation & Maintenance less Depreciation	\$25,951,105	\$25,562,275	\$24,621,155
Rate Base	\$58,575,655	\$60,171,905	\$63,987,405
Debt Service (annual)	\$1,095,985	\$0	\$0
Capital Improvements (5-year plan)	\$10,547,076	\$12,011,750	\$12,015,500
<u>Percentages</u>			
Operation & Maintenance less Depreciation	25%	25%	25%
Rate Base	2%	2%	2%
Debt Service (annual)	50%	50%	50%
Capital Improvements (5-year plan)	15%	15%	15%
<u>Calculations</u>			
Operation & Maintenance less Depreciation	\$6,487,776	\$6,390,569	\$6,155,289
Rate Base	\$1,171,513	\$1,203,438	\$1,279,748
Debt Service (annual)	\$547,993	\$0	\$0
Capital Improvements (5-year plan)	<u>\$1,582,061</u>	<u>\$1,801,763</u>	<u>\$1,802,325</u>
Min Cash Reserve Level - Elec/PP	\$9,789,343	\$9,395,769	\$9,237,362
	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>
Operating Benchmark - Elec/Pwr Prod	\$14,684,015	\$14,093,654	\$13,856,043

Table B

Minimum Cash Reserve Levels - WATER			
<u>Inputs</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>
Operation & Maintenance less Depreciation	\$1,794,955	\$1,919,100	\$1,979,000
Rate Base	\$28,010,059	\$29,024,809	\$31,194,309
Debt Service (annual)	\$180,894	\$186,526	\$184,292
Capital Improvements (5-year plan)	\$5,665,001	\$6,034,250	\$6,519,500
<u>Percentages</u>			
Operation & Maintenance less Depreciation	25%	25%	25%
Rate Base	2%	2%	2%
Debt Service (annual)	50%	50%	50%
Capital Improvements (5-year plan)	15%	15%	15%
<u>Calculations</u>			
Operation & Maintenance less Depreciation	\$448,739	\$479,775	\$494,750
Rate Base	\$560,201	\$580,496	\$623,886
Debt Service (annual)	\$90,447	\$93,263	\$92,146
Capital Improvements (5-year plan)	<u>\$849,750</u>	<u>\$905,138</u>	<u>\$977,925</u>
Min Cash Reserve Level - Water	\$1,949,137	\$2,058,672	\$2,188,707
	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>
Operating Benchmark - Water	\$2,923,705	\$3,088,008	\$3,283,061

Rolla Municipal Utilities
 FY2021 BUDGET

CASH FLOW STATEMENT

SOURCE OF CASH

Projected cash as of October 1, 2020		\$21,571,439
Public Utility Account	\$4,224,197	
Public Utility Money Market Account	\$200,000	
Working Fund Account	\$51,450	
State Tax Fund Account	\$2,000	
Electronic Funds Account	\$200,000	
CAPITAL RESERVE ACCT - Electric		
Money Market Account	\$13,795,583	
CAPITAL RESERVE ACCT - Water		
Money Market Account	\$3,098,209	
OPERATING MARGIN *		\$829,554
Electric Department	\$489,976	
Water Department	\$339,578	
NON-OPERATING REVENUE***		\$669,000
DEPRECIATION - (Non-Cash Expense) *		\$2,666,000
Rolla Municipal Utilities	\$2,432,000	
City of Rolla	\$234,000	
Total Source of Cash		\$25,735,992

USE OF CASH

CAPITAL EXPENDITURES **		\$5,985,000
Electric Department	\$3,815,500	
Water Department	\$2,169,500	
FY2017 LEASE OBLIGATIONS		\$165,000
Standpipes/Water projects	\$165,000	
Projected cash October 1, 2018		\$19,585,992
Public Utility Account	\$2,193,439	
Public Utility Money Market	\$0	
Working Fund	\$51,450	
State Tax Fund	\$2,000	
Electronic Funds Account	\$200,000	
CAPITAL RESERVE ACCT - Electric		
Money Market Account	\$13,856,043	
CAPITAL RESERVE ACCT - Water		
Money Market Account	\$3,283,061	
Total Use of Cash		\$25,735,992

* Includes Fiber Depreciation

** Includes Fiber

*** Donated Capital Assets (Contractor Mains) is not included. (Noncash)

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Rolla Municipal Utilities
FY2021 BUDGET

TRANSFERS TO CITY

TRANSFERS TO CITY GENERAL FUND

The following charges are billed and collected by RMU for the City of Rolla. The amounts of these charges are adopted and approved by the Rolla City Council.

**FY2021
BUDGET**

PAYMENT IN LIEU OF TAX (PILOT)

\$1,469,152

5% of Electric & Water Sales including Service Availability Fees (SAF).

Rolla Municipal Utilities
FY2021 BUDGET

NON-OPERATING REVENUE

**FY2021
BUDGET**

INTEREST REVENUE

Money Market Checking	\$124,000	
Super-Now Checking	\$30,000	
Miscellaneous Interest (Other accounts)	<u>\$6,000</u>	
Total Interest Revenue		\$160,000

OTHER REVENUE

Miscellaneous non-operating revenue from material sales/services, late fees, frontage fees, grants, donated capital assets, and fiber revenue	\$620,000	
Less non-operating revenue deductions *	<u>-\$51,000</u>	
Total Other Revenue		<u>\$569,000</u>

TOTAL NON-OPERATING REVENUE **\$729,000**

* Fiber Depreciation not included

Rolla Municipal Utilities
 FY2021 BUDGET

This sheet won't appear in final budget document. For internal RMU staff & Board only.

NON-OPERATING REVENUE

	FY2019 ACTUAL	FY2020 PROJECTED	FY2021 BUDGET
INTEREST REVENUE			
Phelps County Bank & First State Community Bank:			
Certificate of Deposit			
Money Market Checking	\$166,006	\$124,000	\$124,000
Super-Now Checking	\$44,516	\$30,000	\$30,000
Treasury Bills			
Town & Country Bank			
Certificate of Deposit			
Miscellaneous Interest (other accts)	\$8,133	\$6,000	\$6,000
Accrued Interest			
TOTAL INTEREST REVENUE	\$218,655	\$160,000	\$160,000
OTHER REVENUE *			
Miscellaneous non-operating revenue from material sales/services, late fees, frontage fees, grants, donated capital assets, and fiber revenue	\$908,571	\$909,000	\$620,000
Less non-operating revenue deductions *	-\$69,417	-\$51,000	-\$51,000
TOTAL OTHER REVENUE	\$839,154	\$858,000	\$569,000
TOTAL NON-OPERATING REVENUE	\$1,057,809	\$1,018,000	\$729,000
Less Donated Capital Assets (Contractor mains)	\$0	-\$400,000	-\$60,000
	\$1,057,809	\$618,000	\$669,000

* Fiber Depreciation not included.

This sheet won't appear in final budget document. For internal RMU staff & Board only.

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II OPERATING BUDGET

- **Electric Department**
- Water Department

II. C.19.

Rolla Municipal Utilities
 FY2021 BUDGET

OPERATING STATEMENT - Electric Department

	<u>FY2019 ACTUAL</u>	<u>FY2020 PROJECTED</u>	<u>FY2021 BUDGET</u>
<u>OPERATING REVENUE</u>			
Residential Sales	\$10,663,804	\$10,168,372	\$10,179,892
Commercial Sales	\$4,300,959	\$4,635,084	\$5,024,316
Power Service Sales	\$8,235,673	\$7,103,398	\$6,489,398
Industrial Sales	\$4,723,994	\$4,304,940	\$4,304,940
Area/Street Lighting	\$208,190	\$269,251	\$270,214
Power Production	\$389,358	\$408,086	\$398,086
Miscellaneous Fees	\$52,218	\$52,000	\$57,400
Interdepartmental Services - City	\$138,368	\$139,159	\$146,425
Unbilled Receivables	\$0		
Power Cost Adjustments	-\$1,406,226	\$0	\$0
Hartmann US	-\$83,168	-\$62,985	-\$41,040
Total Operating Revenue	\$27,223,170	\$27,017,305	\$26,829,631
<u>OPERATING EXPENSES</u>			
Transmission	\$25,543	\$15,000	\$100,000
Depreciation - RMU *	\$1,838,091	\$1,864,500	\$1,664,500
Depreciation - City **	\$54,418	\$54,000	\$54,000
Interest on Electric project	\$0	\$0	\$0
Interest on Deposits	\$3,560	\$5,000	\$10,000
Power Purchases	\$22,437,929	\$21,537,175	\$20,339,155
Distribution	\$1,395,777	\$1,722,000	\$1,806,000
Customer Accounting	\$476,843	\$537,000	\$576,000
Administrative and General	\$1,609,215	\$1,744,100	\$1,788,000
Interdept Expenses - City (nonbillable)	<u>\$2,239</u>	<u>\$2,000</u>	<u>\$2,000</u>
Total Operating Expenses	\$27,843,614	\$27,480,775	\$26,339,655
OPERATING MARGIN FOR ELECTRIC DEPARTMENT	-\$620,444	-\$463,470	\$489,976

* includes Fiber

** Streetlights (City)

OPERATING REVENUE - Electric Department

	Total kWh/kW sold Ava Mtrs/Month		FY2021 BUDGET
<u>RESIDENTIAL SALES</u>			
Residential: Single-Phase Energy	98,000,000	\$7,742,000	
Service Availability Fees	8,050	\$2,318,400	
Residential: Three-Phase Energy	1,340,000	\$105,860	
Service Availability Fees	22	\$10,032	
Community Solar		<u>\$3,600</u>	
Total Residential Sales			\$10,179,892
<u>COMMERCIAL SALES</u>			
Commercial: Single-Phase Energy	15,700,000	\$1,240,300	
Service Availability Fee	952	\$274,176	
Commercial: Three-Phase Energy	41,600,000	\$3,286,400	
Service Availability Fees	490	\$223,440	
Total Commercial Sales			\$5,024,316
<u>POWER SERVICE SALES</u>			
Power Service Energy	77,315,000	\$4,560,838	
Power Service Demand	207,720	\$1,661,760	
Service Availability Fees	106	\$254,400	
Renewable Energy		<u>\$12,400</u>	
Total Power Service Sales			\$6,489,398
<u>INDUSTRIAL SALES</u>			
Industrial Energy	60,300,000	\$3,332,940	
Industrial Demand	112,300	\$898,400	
Service Availability Fees	6	\$36,000	
Utility Cost Assistance		-\$41,040	
Renewable Energy		<u>\$37,600</u>	
Total Industrial Sales			\$4,263,900
<u>AREA LIGHTING</u>			
Metered Lighting			
Metered Lighting Energy	180,000	\$13,320	
Service Availability Fees	16	\$9,600	
NonMetered Lighting		<u>\$87,167</u>	
Total Area Lighting			\$110,087
<u>STREET LIGHTING</u>			
Metered Lighting			
Metered Lighting Energy	360,000	\$72,000	
Service Availability Fees	29	\$34,800	
NonMetered Lighting		<u>\$53,327</u>	
Total Street Lighting			\$160,127
<u>POWER PRODUCTION</u>			
Generation Standby Service		\$83,086	
Capacity & Operating Credits			
MoPep Capacity Credits		\$300,000	
Operating Credit		<u>\$15,000</u>	
Total Power Production			\$398,086
<u>MISCELLANEOUS FEES</u>			
Service Fees		\$52,000	
Credit Card Processing Fees		<u>\$5,400</u>	
Total Miscellaneous Fees			\$57,400
<u>INTERDEPARTMENTAL SERVICES - CITY</u>			
Billing City Services (75%)			\$146,425
TOTAL OPERATING REVENUE FOR ELECTRIC DEPARTMENT			\$26,829,631

Rolla Municipal Utilities
 FY2021 BUDGET

OPERATING EXPENSES - Electric Department

	FY2019	FY2020	FY2021
	<u>ACTUAL</u>	<u>PROJECTED</u>	<u>BUDGET</u>
<u>TRANSMISSION</u>			
3566/Bulk Stn; Misc Transmission Exp	\$0	\$0	\$0
3570/Bulk Stn: Station Equipment	\$25,543	\$15,000	\$100,000
3571/Bulk Stn: Towers & Fixtures	\$0	\$0	\$0
3597/Bulk Stn: Meters	\$0	\$0	\$0
Total Transmission	\$25,543	\$15,000	\$100,000
<u>DEPRECIATION</u>			
4403/Rolla Municipal Utilities (RMU)	\$1,404,097	\$1,430,000	\$1,230,000
5403/RMU (Fiber 75%)	\$21,941	\$22,500	\$22,500
7403/RMU (Power Production)	\$412,053	\$412,000	\$412,000
4404/City of Rolla	\$54,418	\$54,000	\$54,000
Total Depreciation	\$1,892,509	\$1,918,500	\$1,718,500
<u>INTEREST</u>			
3430/Power Supply Infrastructure project	\$0	\$0	\$0
4431/Deposits	\$3,560	\$5,000	\$10,000
Total Interest	\$3,560	\$5,000	\$10,000
<u>POWER PURCHASES/4555</u>	\$22,437,929	\$21,537,175	\$20,339,155
<u>DISTRIBUTION</u>			
4571/O & M - Transmission Lines	\$17,167	\$6,000	\$6,000
4584/Transportation (Clearing Account)			
4588/Misc Distribution Expense	\$401,003	\$465,000	\$485,000
4591/Maintenance Structures	\$5,866	\$20,000	\$14,000
4592/O & M - Station Equipment	\$72,615	\$40,000	\$50,000
4593/O & M - Overhead Lines	\$627,194	\$720,000	\$775,000
4594/O & M - Underground Lines	\$70,000	\$65,000	\$70,000
4595/Maintenance Transformers	\$10,493	\$10,000	\$5,000
4596/O & M - Streetlights	\$30,496	\$205,000	\$210,000
4597/O & M - Meters	\$70,076	\$80,000	\$80,000
4600/Cost of Electric - Plant Removal	\$740	\$1,000	\$1,000
7547/Fuel	\$18,335	\$50,000	\$30,000
7548/Generation Expense	\$8,825	\$10,000	\$10,000
7549/Miscellaneous	\$0	\$0	\$0
7552/Structures	\$0	\$0	\$0
7553/Generation & Electric Equipment	\$62,967	\$50,000	\$70,000
Total Distribution	\$1,395,777	\$1,722,000	\$1,806,000
<u>CUSTOMER ACCOUNTING & COLLECTING</u>			
4902/Meter Reading Expenses	\$28,008	\$47,000	\$51,000
4903/Customer Records & Collections	\$425,164	\$460,000	\$495,000
4904/Uncollectible Accounts	\$23,671	\$30,000	\$30,000
Total Customer Acctg & Collecting	\$476,843	\$537,000	\$576,000
<u>ADMINISTRATIVE AND GENERAL</u>			
4913/Advertising	\$17,243	\$65,000	\$20,000
4920/Administrative & General Salaries	\$152,077	\$155,000	\$160,000
4921/Office Supplies and Expenses	\$101,989	\$104,000	\$110,000
4923/Outside Services Employed	\$23,156	\$30,000	\$50,000
4924/Insurance	\$138,523	\$162,000	\$170,000
7924/Insurance (Power Production)	\$24,074	\$28,100	\$30,000
4926/Employee Benefits	\$1,069,176	\$1,130,000	\$1,180,000
7926/Employee Benefits (Power Production)	\$31,773	\$10,000	\$10,000
4930/Misc. General Expenses	\$22,641	\$22,000	\$25,000
4932/Maintenance General Plant	\$28,562	\$38,000	\$33,000
Total Administrative & General	\$1,609,215	\$1,744,100	\$1,788,000
0426/Interdept Expenses (City)	\$2,239	\$2,000	\$2,000
TOTAL OPERATING EXPENSES (Elec)	\$27,843,614	\$27,480,775	\$26,339,655

II OPERATING BUDGET

- Electric Department
- **Water Department**

Rolla Municipal Utilities
FY2021 BUDGET

OPERATING STATEMENT - Water Department

	<u>FY2019 ACTUAL</u>	<u>FY2020 PROJECTED</u>	<u>FY2021 BUDGET</u>
<u>OPERATING REVENUE</u>			
Residential Sales	\$1,561,871	\$1,699,422	\$1,807,677
Non-Residential Sales	\$853,688	\$991,428	\$1,112,253
Special Sales	\$128,827	\$199,460	\$226,100
Fire Sprinkler Lines	\$40,548	\$54,540	\$54,540
Miscellaneous Fees	\$17,406	\$17,000	\$18,800
Interdepartmental Services - City	\$46,123	\$46,386	\$48,808
Unbilled Receivables	\$0		
Water Cost Adjustments	-\$71,126	\$0	\$0
Hartmann US	-\$6,264	-\$3,003	-\$2,100
Total Operating Revenue	\$2,571,073	\$3,005,233	\$3,266,078
<u>OPERATING EXPENSES</u>			
Depreciation - RMU *	\$722,373	\$747,500	\$767,500
Depreciation - City **	\$176,628	\$177,000	\$180,000
Interest on Water Project	\$33,414	\$27,000	\$19,000
Interest on Deposits	\$547	\$1,000	\$1,000
Source of Supply	\$461,188	\$425,000	\$423,000
Treatment	\$14,794	\$14,000	\$14,000
Distribution	\$504,917	\$563,000	\$602,000
Customer Accounting	\$175,228	\$232,000	\$244,000
Administrative and General	<u>\$604,866</u>	<u>\$657,100</u>	<u>\$676,000</u>
Total Operating Expenses	\$2,693,956	\$2,843,600	\$2,926,500
OPERATING MARGIN FOR WATER DEPARTMENT	-\$122,882	\$161,633	\$339,578

* includes Fiber

** Fire protection (City)

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Rolla Municipal Utilities
 FY2021 BUDGET

OPERATING REVENUE - Water Department

	<u>Total Gals Sold & Avg Mtrs/Month</u>		<u>FY2021 BUDGET</u>
<u>RESIDENTIAL SALES</u>			
Residential Water	293,500,000	\$1,100,625	
Service Availability Fees			
5/8" or 3/4"	6,341	\$684,828	
1"	63	\$8,316	
1-1/2"	2	\$408	
2"	37	\$11,100	
3"	4	\$2,400	
Total Residential Sales			\$1,807,677
<u>NON-RESIDENTIAL SALES</u>			
Non-Residential Water ^	257,500,000	\$965,625	
Service Availability Fees			
5/8" or 3/4"	596	\$64,368	
1"	126	\$16,632	
1-1/2"	7	\$1,428	
2"	116	\$34,800	
3"	42	\$25,200	
4"	3	\$2,700	
6"	2	\$1,500	
Utility Cost Assistance		<u>-\$2,100</u>	
Total Commercial Sales			\$1,110,153
<u>SPECIAL SALES</u>			
MS&T/Special Sales	34,000,000	\$124,100	
Service Availability Fee			
6"	5	\$7,500	
Water District Sales	21,000,000	\$94,500	
Total Special Sales			\$226,100
<u>FIRE SPRINKLER LINE FEES</u>			
<=4"	99	\$35,640	
6"	30	\$12,600	
8"	12	\$5,760	
10"	1	<u>\$540</u>	
Total Fire Sprinkler Line Fees			\$54,540
<u>MISCELLANEOUS FEES</u>			
Service Fees		\$17,000	
Credit Card Fees		\$1,800	
Total Miscellaneous Fees			\$18,800
<u>INTERDEPARTMENTAL SERVICES - CITY</u>			
Billing City Services (25%)			\$48,808
TOTAL OPERATING REVENUE FOR WATER DEPARTMENT			\$3,266,078

II.C.25.

Rolla Municipal Utilities
 FY2021 BUDGET

OPERATING EXPENSES - Water Department

	<u>FY2019 ACTUAL</u>	<u>FY2020 PROJECTED</u>	<u>FY2021 BUDGET</u>
<u>DEPRECIATION</u>			
8403/Rolla Municipal Utilities	\$715,060	\$740,000	\$760,000
5403/Rolla Municipal Utilities (Fiber 25%)	\$7,314	\$7,500	\$7,500
* 8404/City of Rolla	<u>\$176,628</u>	<u>\$177,000</u>	<u>\$180,000</u>
Total Depreciation	<u>\$899,001</u>	<u>\$924,500</u>	<u>\$947,500</u>
<u>INTEREST</u>			
8430/Water project	\$33,414	\$27,000	\$19,000
8431/Deposits	<u>\$547</u>	<u>\$1,000</u>	<u>\$1,000</u>
Total Interest	<u>\$33,961</u>	<u>\$28,000</u>	<u>\$20,000</u>
<u>SOURCE OF SUPPLY</u>			
8611/O & M - Wells & Well Houses	\$53,556	\$61,000	\$59,000
8623/Fuel or Power for Pumping	\$401,416	\$360,000	\$360,000
8633/O & M - Pumps & Pump Houses	<u>\$6,216</u>	<u>\$4,000</u>	<u>\$4,000</u>
Total Source of Supply	<u>\$461,188</u>	<u>\$425,000</u>	<u>\$423,000</u>
<u>TREATMENT</u>			
8641/Chemicals	\$6,743	\$8,000	\$8,000
8652/O & M - Treatment	<u>\$8,051</u>	<u>\$6,000</u>	<u>\$6,000</u>
Total Treatment	<u>\$14,794</u>	<u>\$14,000</u>	<u>\$14,000</u>
<u>DISTRIBUTION</u>			
8600/Cost of Water Plant Removal	\$0	\$0	\$0
8665/Miscellaneous Distribution	\$137,283	\$160,000	\$165,000
8672/O & M - Towers	\$0	\$3,000	\$2,000
8673/O & M - Mains	\$190,213	\$220,000	\$235,000
8675/O & M - Service Lines	\$106,222	\$90,000	\$105,000
8676/O & M - Meters	\$64,202	\$85,000	\$90,000
8677/Maintenance Hydrants	<u>\$6,996</u>	<u>\$5,000</u>	<u>\$5,000</u>
Total Distribution	<u>\$504,917</u>	<u>\$563,000</u>	<u>\$602,000</u>
<u>CUSTOMER ACCOUNTING & COLLECTING</u>			
8902/Meter Reading Expenses	\$22,968	\$40,000	\$42,000
8903/Records & Collection Expenses	\$142,976	\$180,000	\$190,000
8904/Uncollectible Accounts	<u>\$9,285</u>	<u>\$12,000</u>	<u>\$12,000</u>
Total Customer Acctg & Collecting	<u>\$175,228</u>	<u>\$232,000</u>	<u>\$244,000</u>
<u>ADMINISTRATIVE AND GENERAL</u>			
8913/Advertising	\$5,629	\$22,000	\$10,000
8920/Administrative & General Salaries	\$50,719	\$55,000	\$57,000
8921/Office Supplies and Expenses	\$39,285	\$42,000	\$45,000
8923/Outside Services Employed	\$6,442	\$10,000	\$15,000
8924/Insurance	\$84,061	\$98,100	\$105,000
8926/Employee Benefits	\$404,865	\$410,000	\$425,000
8930/Misc General - Expenses	\$4,343	\$7,000	\$8,000
8932/Maintenance General Plant	<u>\$9,521</u>	<u>\$13,000</u>	<u>\$11,000</u>
Total Administrative & General	<u>\$604,866</u>	<u>\$657,100</u>	<u>\$676,000</u>
TOTAL OPERATING EXPENSES FOR WATER DEPARTMENT	<u>\$2,693,956</u>	<u>\$2,843,600</u>	<u>\$2,926,500</u>

* Fire Protection (City)

II.C.26.

III CAPITAL EXPENDITURES BUDGET

- Summary
- Electric Department
- Water Department

Rolla Municipal Utilities
FY2021 BUDGET

CAPITAL EXPENDITURES - SUMMARY

	<u>FY2019</u> <u>ACTUAL</u>	<u>FY2020</u> <u>PROJECTED</u>	<u>FY2021</u> <u>BUDGET</u>
<u>ELECTRIC</u>			
Transmission (138kV)	\$0	\$200,000	\$150,000
Sub-Transmission (34.5kV)	\$203,999	\$90,000	\$50,000
Distribution	\$418,770	\$1,052,000	\$2,117,000
General Plant	\$282,258	\$233,250	\$1,477,500
Fiber (75%)	<u>\$30,299</u>	<u>\$21,000</u>	<u>\$21,000</u>
Total Electric Cap Exp	\$935,326	\$1,596,250	\$3,815,500
<u>WATER</u>			
Source of Supply	\$5,400	\$25,000	\$165,000
Pumping Plant	\$17,612	\$250,000	\$250,000
Water Treatment	\$0	\$10,000	\$10,000
Distribution	\$503,553	\$645,000	\$1,245,000
General Plant	\$94,086	\$77,750	\$492,500
Fiber (25%)	<u>\$10,100</u>	<u>\$7,000</u>	<u>\$7,000</u>
Total Water Cap Exp	\$630,751	\$1,014,750	\$2,169,500
TOTAL CAPITAL EXPENDITURES	\$1,566,077	\$2,611,000	\$5,985,000

CAPITAL EXPENDITURES - Electric Department

	<u>FY2019 ACTUAL</u>	<u>FY2020 PROJECTED</u>	<u>FY2021 BUDGET</u>
<u>TRANSMISSION (138 kV)</u>			
3350/Land & Land Rights	\$0	\$0	\$0
3353/Station Equipment	\$0	\$200,000	\$150,000
3355/Poles, Towers, & Fixtures	\$0	\$0	\$0
3356/Overhead Conductors & Devices	\$0	\$0	\$0
3370/Meters	\$0	\$0	\$0
3303/Ameren Tapping Stations	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Transmission	\$0	\$200,000	\$150,000
<u>SUB-TRANSMISSION (34.5 kV)</u>			
4350/Land & Land Rights	\$0	\$0	\$0
4355/Poles & Fixtures	\$153,713	\$50,000	\$30,000
4356/Overhead Conductors & Devices	<u>\$19,090</u>	<u>\$15,000</u>	<u>\$10,000</u>
4357/Underground Conductors & Devices	<u>\$31,196</u>	<u>\$25,000</u>	<u>\$10,000</u>
4358/Underground Conduit	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Sub-Transmission	\$203,999	\$90,000	\$50,000
<u>DISTRIBUTION</u>			
4360/Land and Land Rights	\$0	\$0	\$0
4361/Structures & Improvements	\$0	\$20,000	\$20,000
4362/Station Equipment	\$168,411	\$345,000	\$420,000
4364/Poles, Towers & Fixtures	\$80,929	\$125,000	\$125,000
4365/Overhead Conductors & Devices	\$55,275	\$80,000	\$80,000
4366/Underground Conduit	\$31,196	\$30,000	\$30,000
4367/Underground Conductors & Devices	\$23,711	\$60,000	\$60,000
4368/Line Transformers	\$36,610	\$300,000	\$150,000
4369/Services	\$12,940	\$10,000	\$10,000
4370/Meters	\$4,576	\$10,000	\$1,000,000
4372/Rental Property: Customer Premises	\$3,151	\$2,000	\$2,000
4373/Streetlighting & Signal Systems	\$1,971	\$50,000	\$200,000
7344/Generators	\$0	\$20,000	\$20,000
7345/Accessory Electric Equipment	\$0	\$0	\$0
7346/Misc Power Plant Equipment	\$0	\$0	\$0
7362/Station Equipment & Transformers	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Distribution	\$418,770	\$1,052,000	\$2,117,000
<u>GENERAL PLANT</u>			
4389/Land and Land Rights (75%)	\$0	\$0	\$0
4390/Structures & Improvements (75%)	\$19,953	\$33,750	\$547,500
4391/Office Furniture & Equipment (75%)	\$112,854	\$52,500	\$90,000
4392/Transportation Equipment (75%)	\$95,003	\$113,250	\$569,250
4394/Tools, Shop & Garage Equip (75%)	\$6,938	\$22,500	\$7,500
4395/Laboratory Equipment	\$7,200	\$0	\$0
4396/Power Operated Equipment (75%)	\$40,310	\$7,500	\$259,500
4397/Communication Equipment (75%)	\$0	<u>\$3,750</u>	<u>\$3,750</u>
Total General Plant	\$282,258	\$233,250	\$1,477,500
<u>CAPITAL EXPENDITURES/FIBER (75%)</u>	\$30,299	\$21,000	\$21,000
TOTAL CAPITAL EXPENDITURES FOR ELECTRIC DEPARTMENT	\$935,326	\$1,596,250	\$3,815,500

CAPITAL EXPENDITURES - Water Department

	<u>FY2019 ACTUAL</u>	<u>FY2020 PROJECTED</u>	<u>FY2021 BUDGET</u>
<u>SOURCE OF SUPPLY</u>			
8310/Land and Land Rights	\$0	\$0	\$15,000
8311/Structures & Improvements	\$5,400	\$25,000	\$125,000
8314/Wells and Springs	<u>\$0</u>	<u>\$0</u>	<u>\$25,000</u>
Total Source of Supply	\$5,400	\$25,000	\$165,000
<u>PUMPING PLANT</u>			
8320/Land and Land Rights	\$0	\$0	\$0
8321/Structures & Improvements	\$0	\$0	\$0
8325/Electric Pumping Equipment	<u>\$17,612</u>	<u>\$250,000</u>	<u>\$250,000</u>
Total Pumping Plant	\$17,612	\$250,000	\$250,000
<u>WATER TREATMENT</u>			
8332/Equipment Chlorination	\$0	\$10,000	\$10,000
8333/Equipment Fluoridation	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Water Treatment	\$0	\$10,000	\$10,000
<u>DISTRIBUTION</u>			
8340/Land and Land Rights	\$0	\$0	\$0
8342/Reservoirs & Standpipes	\$0	\$0	\$0
8343/Transmission & Distribution Mains	\$450,399	\$600,000	\$1,200,000
8346/Meters	\$50,240	\$20,000	\$20,000
8348/Fire Hydrants	<u>\$2,914</u>	<u>\$25,000</u>	<u>\$25,000</u>
Total Distribution	\$503,553	\$645,000	\$1,245,000
<u>GENERAL PLANT</u>			
8395/Laboratory Equipment	\$0	\$0	\$0
4389/Land and Land Rights (25%)	\$0	\$0	\$0
4390/Structures & Improvements (25%)	\$6,651	\$11,250	\$182,500
4391/Office Furniture & Equipment (25%)	\$37,618	\$17,500	\$30,000
4392/Transportation Equipment (25%)	\$31,668	\$37,750	\$189,750
4394/Tools, Shop & Garage Equip (25%)	\$2,313	\$7,500	\$2,500
4395/Laboratory Equipment (25%)	\$2,400	\$0	\$0
4396/Power Operated Equipment (25%)	\$13,437	\$2,500	\$86,500
4397/Communication Equipment (25%)	<u>\$0</u>	<u>\$1,250</u>	<u>\$1,250</u>
Total General Plant	\$94,086	\$77,750	\$492,500
<u>CAPITAL EXPENDITURES/FIBER (25%)</u>	\$10,100	\$7,000	\$7,000
<hr/>			
TOTAL CAPITAL EXPENDITURES FOR WATER DEPARTMENT	\$630,751	\$1,014,750	\$2,169,500

IV OTHER INFORMATION

- Unfunded Budget Requests

UNFUNDED BUDGET REQUESTS

<u>ADMINISTRATIVE</u>		\$1,000,000
Advanced Metering & SCADA Improvements/Outage Management	\$1,000,000	
<u>SERVICE DEPARTMENT</u>		\$3,150,000
<u>Equipment/Facilities</u>		
- Fiber optic infrastructure	\$100,000	
- HyPoint #1 & #2 Wellhouse Buildings	\$200,000	
- Leak Detection Equipment	\$350,000	
- Overhead Line Coverup	\$200,000	
- Phase 1 Undergrounding	\$1,000,000	
- Physical Security Improvements	\$1,000,000	
- Cyber Security Improvements	\$300,000	
TOTAL UNFUNDED BUDGET REQUESTS		\$4,150,000

**V PERSONNEL &
COMPENSATION**

- Salary Schedule

SALARY SCHEDULE

TITLE	Level	SALARIES		
		Starting	Midpoint	Top
Operations Manager	19 (E)	\$82,306 \$39.57	\$96,824 \$46.55	\$111,342 \$53.53
Business/Finance Manager	18 (E)	\$77,189 \$37.11	\$90,813 \$43.66	\$104,437 \$50.21
Engineer III	17B (E)	\$64,459 \$30.99	\$75,837 \$36.46	\$87,214 \$41.93
Operations Foreman	17A	\$62,317 \$29.96	\$73,320 \$35.25	\$84,323 \$40.54
Engineer II	16B (E)	\$59,114 \$28.42	\$69,534 \$33.43	\$79,955 \$38.44
IT Coordinator	16B	\$59,114 \$28.42	\$69,534 \$33.43	\$79,955 \$38.44
Line Foreman	16A	\$57,262 \$27.53	\$67,371 \$32.39	\$77,480 \$37.25
Journeyman/Trouble Lineman	15	\$53,102 \$25.53	\$62,483 \$30.04	\$71,864 \$34.55
Journeyman Lineman	15	\$53,102 \$25.53	\$62,483 \$30.04	\$71,864 \$34.55
Engineer I	14B (E)	\$50,357 \$24.21	\$59,238 \$28.48	\$68,120 \$32.75
Systems Technician	14B	\$50,357 \$24.21	\$59,238 \$28.48	\$68,120 \$32.75
Power Production Foreman	14B	\$50,357 \$24.21	\$59,238 \$28.48	\$68,120 \$32.75
Tree Trimming Foreman	14A	\$49,150 \$23.63	\$57,824 \$27.80	\$66,498 \$31.97
Water Foreman	13	\$46,613 \$22.41	\$54,850 \$26.37	\$63,086 \$30.33
Water Operator/Lab Analyst	12	\$43,056 \$20.70	\$50,648 \$24.35	\$58,240 \$28.00
Water Repairman II	11B	\$39,666 \$19.07	\$46,675 \$22.44	\$53,685 \$25.81
Purchasing Agent/Warehouseman	11B	\$39,666 \$19.07	\$46,675 \$22.44	\$53,685 \$25.81
Info Tech/Meter Tester	11B	\$39,666 \$19.07	\$46,675 \$22.44	\$53,685 \$25.81
Public Relations Coordinator	11B	\$39,666 \$19.07	\$46,675 \$22.44	\$53,685 \$25.81
Executive Administrative Assistant	11B	\$39,666 \$19.07	\$46,675 \$22.44	\$53,685 \$25.81
Apprentice Lineman	11A	\$38,480 \$18.50	\$45,261 \$21.76	\$52,042 \$25.02

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SALARY SCHEDULE - continued

TITLE	SALARIES			
	Level	Starting	Midpoint	Top
Water Repairman I	10B	\$36,462 \$17.53	\$42,890 \$20.62	\$49,317 \$23.71
Underground Facilities Locator	10B	\$36,462 \$17.53	\$42,890 \$20.62	\$49,317 \$23.71
Engineering Technician	10B	\$36,462 \$17.53	\$42,890 \$20.62	\$49,317 \$23.71
Customer Service/Billing Supervisor	10B	\$36,462 \$17.53	\$42,890 \$20.62	\$49,317 \$23.71
Accounting Assistant	10A	\$35,256 \$16.95	\$41,475 \$19.94	\$47,694 \$22.93
Tree Trimmer	9	\$33,384 \$16.05	\$39,270 \$18.88	\$45,157 \$21.71
Night Serviceman	9	\$33,384 \$16.05	\$39,270 \$18.88	\$45,157 \$21.71
Meter Reader/Serviceman	9	\$33,384 \$16.05	\$39,270 \$18.88	\$45,157 \$21.71
Grounds Maintenance/Tree Trimmer	9	\$33,384 \$16.05	\$39,270 \$18.88	\$45,157 \$21.71
Laborer II	9	\$33,384 \$16.05	\$39,270 \$18.88	\$45,157 \$21.71
Billing Coordinator	9	\$33,384 \$16.05	\$39,270 \$18.88	\$45,157 \$21.71
Administrative Assistant	9	\$33,384 \$16.05	\$39,270 \$18.88	\$45,157 \$21.71
Customer Service Representative	8	\$30,451 \$14.64	\$35,818 \$17.22	\$41,184 \$19.80
Laborer I	7	\$28,829 \$13.86	\$33,925 \$16.31	\$39,021 \$18.76
No Positions	6	\$26,749 \$12.86	\$31,470 \$15.13	\$36,192 \$17.40
Custodian	5	\$24,773 \$11.91	\$29,141 \$14.01	\$33,509 \$16.11

(E) = Exempt

CITY OF ROLLA
CITY COUNCIL AGENDA

DEPARTMENT HEAD: John Butz **ACTION REQUESTED:** Final Reading
City Administrator

SUBJECT: Consider an Ordinance Re-Adopting Procedure to Disclose Potential
Conflicts of Interest

BUDGET APPROPRIATION: N/A **DATE:** August 17, 2020

COMMENTARY: The attached ordinance is one that must be adopted every two years or the more stringent State rules for disclosure will apply. The main gist of this ordinance is the requirement that the City Administrator, Mayor, Finance Director, and the Utilities General Manager must annually file financial disclosure reports with the Missouri Ethics Commission. State law requires all members of the governing body to complete the financial disclosure, but also allows cities to enact their own policy to limit who is covered. For many years Rolla has opted to adopt their own financial disclosure policy to include key positions while requiring City Council to file same if they have a financial interest.

Recommendation: Final reading of the proposed ordinance.

III. A.1.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF ROLLA, MISSOURI, REPEALING SECTION 2-237 OF THE CODE OF THE CITY OF ROLLA, MISSOURI, A PROCEDURE TO DISCLOSE POTENTIAL CONFLICTS OF INTEREST AND SUBSTANTIAL INTERESTS FOR CERTAIN MUNICIPAL OFFICIALS AND ENACTING A NEW SECTION IN LIEU THEREOF.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROLLA, MISSOURI AS FOLLOWS:

Section 1: That Section 2-237 of the Code of the City of Rolla, Missouri, relating to procedure to disclose potential conflicts of interest and substantial interests for certain municipal officials is hereby repealed.

Section 2: That there is hereby enacted Section 2-237 of the Code of the City of Rolla, Missouri, as follows:

Section 2-237. Procedure to disclose potential conflicts of interest and substantial interests for certain municipal officials.

The proper operation of municipal government requires that public officials and employees be independent, impartial and responsible to the people; that government decisions and policy be made in the proper channels of the governmental structure; that public office not be used for personal gain; and that the public gave confidence in the integrity of its government. In recognition of these goals, there is hereby established a procedure for disclosure by certain officials and employees of private financial or other interests in matters affecting the City of Rolla.

The Mayor or any member of the City Council who has a substantial personal or private interest, as defined by state law, in any bill shall disclose on the records of the City Council the nature of his interest and shall disqualify himself from voting on any matters relating to this interest.

The Mayor, each City Council member, the City Administrator, the City Finance Director, and the General Manager of the Rolla Municipal Utilities shall disclose the following information by May 1 if any such transactions were engaged in during the previous calendar year.

a. For such person, and all persons within the first degree of consanguinity or affinity of such person, the date and the identities of the parties to each transaction with a total value in excess of five hundred dollars (\$500), if any, that such person had with the political subdivision, other than compensation

III.A.2.

received as an employee or payment of any tax, fee or penalty due to the City of Rolla, Missouri and other than transfers for no consideration to the City of Rolla, Missouri; and

b. The date and the identities of the parties to each transaction known to the person with a total value in excess of five hundred dollars, if any, that any business entity in which such person had substantial interest, had with the City of Rolla, Missouri, other than payment of any tax, fee or penalty due to the City of Rolla, Missouri, or transaction involving payment for providing utility service to the City of Rolla, Missouri, and other than transfers for no consideration to the City of Rolla, Missouri.

c. The Mayor, the City Administrator, City Finance Director and General Manager of Rolla Municipal Utilities also shall disclose by May 1 for the previous calendar year the following information:

1. The name and address of each of the employers of such person from whom income of one thousand dollars or more was received during the year covered by the statement;

2. The name and address of each sole proprietorship that he owned; the name, address and the general nature of the business conducted of each general partnership and joint venture in which he was partner or participant; the name and address of each partner or co-participant for each partnership or joint venture unless such names and addresses are filed by the partnership or joint venture with the Secretary of State; the name, address and general nature of the business conducted of any closely held corporation or limited partnership in which the person owned ten percent or more of any class of the outstanding stock or limited partnership units; and the name of any publicly traded corporation or limited partnership that is listed on a regulated stock exchange or automated quotation system in which the person owned two percent or more of any class of outstanding stock, limited partnership units or other equity interests;

3. The name and address of each corporation for which such person served in the capacity of a director, officer or receiver.

The reports, in the attached format, shall be filed with the City Clerk and with the State Ethics Commission prior to January 1 of each year. The reports shall be available for public inspection and copying during normal business hours.

III. A.3.

The financial interest statements shall be filed at the following times, but no person is required to file more than one financial interest statement in any calendar year:

- a. Each person required to file a financial interest statement appointed to office shall file the statement within thirty days of such appointment or employment;
- b. Every other person required to file a financial interest statement shall file the statement annually not later than May 1 and the statement shall cover the calendar year ending the immediately preceding December 31; provided that any member of the City Council may supplement the financial interest statement to report additional interest acquired after December 31 of the covered year until the date of filing of the financial interest statement.

This Ordinance shall be filed with the State Ethics Commission as follows: The City Clerk shall transmit a certified copy of said Ordinance prior to September 15, 2020.

This ordinance shall be in full force and effect from and after the date of its passage and approval and shall remain in effect until amended or repealed by the City Council.

PASSED BY THE CITY COUNCIL OF THE CITY OF ROLLA, MISSOURI, AND APPROVED BY THE MAYOR THIS 17th DAY OF AUGUST 2020.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY COUNSELOR

III.A.4.

CITY OF ROLLA
CITY COUNCIL AGENDA

DEPARTMENT HEAD: John Butz
City Administrator

ACTION REQUESTED: Final Reading

ITEM/SUBJECT: Ordinance to Contract The (Rec) Centre Management to Power Wellness

BUDGET APPROPRIATION (IF APPLICABLE) N/A DATE: August 17, 2020

COMMENTARY:

The City has been exploring ways to ensure the financial sustainability of The Centre for years. The 18 year old facility looks and functions very well having served well over three million visitors but the facility has never covered all of its operating and capital costs (ranging from 70% to 85% other than this year due to COVID).

For the last eight months, the City has explored the feasibility of contracting out operations with a particular, but not singular, focus on medical integration. After a formal search of firms, the City has selected Power Wellness out of Illinois to negotiate a Management Agreement for final Council consideration.

To provide back office accounting, marketing, programming and customer service, and ultimately medical integration, Power Wellness will be compensated \$8,000/month (\$96,000/year) plus incentives. The Centre had been paying approximately \$70,000 per year to the City's General Fund for "back office support" which would cease under this arrangement. If successful, The Centre is expected to be self-sustaining after three years.

Alternatives such as privately leasing the facility, closing the facility, or pursuing public tax support have all been deemed less desirable.

Recommendation: Motion to approve the final reading of the ordinance approving a Management Agreement with Power Wellness.

III. B.1.

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE MAYOR OF THE CITY OF ROLLA, MISSOURI TO EXECUTE ON BEHALF OF THE CITY OF ROLLA, MISSOURI A MANAGEMENT AGREEMENT BETWEEN THE CITY OF ROLLA, MISSOURI, AND POWER WELLNESS MANAGEMENT, LLC.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROLLA, MISSOURI AS FOLLOWS:

Section 1: That the Mayor of the City of Rolla, Missouri be and is hereby authorized and directed to execute on behalf of the City of Rolla, Missouri a Management Agreement between the City of Rolla, Missouri and Power Wellness Management, LLC, a copy of said agreement being attached hereto and marked Exhibit A.

Section 2: That this ordinance shall be in full force and effect from and after the date of its passage and approval.

PASSED BY THE CITY COUNCIL OF THE CITY OF ROLLA, MISSOURI, AND APPROVED BY THE MAYOR THIS 17th DAY OF AUGUST 2020.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY COUNSELOR

III. B. 2.

MANAGEMENT AGREEMENT

This MANAGEMENT AGREEMENT dated August 18, 2020 (the "Agreement") is hereby entered into by and between City of Rolla, individually and collectively ("Owner") and **POWER WELLNESS MANAGEMENT, LLC.**, an Illinois limited liability corporation ("Manager").

RECITALS:

WHEREAS, Owner owns a fitness and wellness center in Rolla, Missouri known as The Centre (the "Facility");

WHEREAS, in an effort to utilize its resources more effectively, provide exceptional services and programs for its members and ensure its commitment to improve the health of the communities it serves, Owner desires to retain a management company with expertise and a proven track record that will: (i) provide quality services to members of the Facility; (ii) increase member satisfaction; (iii) increase membership and reduce membership turnover; and (iv) improve the financial performance of the Facility;

WHEREAS, Manager has experience in providing management, administrative and professional services to fitness and wellness centers; and

WHEREAS, Owner desires to engage Manager, and Manager desires to be engaged, to manage and operate the Facility, subject to and in accordance with the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the parties hereto do hereby agree as follows:

Section 1. TERM.

(a) The term of this Agreement shall commence on ^{November 15, 2020} [Date] ("Commencement Date") and shall continue for 5 years subsequent to the Commencement Date (the "Initial Term"), provided the parties acknowledge that the first three months of the Initial Term shall involve Manager's provision only of Start-Up Planning services set forth on Exhibit C-1 and Owner shall continue to provide management services of the Facility during such period. If neither party provides the other party with at least ninety (90) days prior written notice of its intent not to renew the Agreement, the Agreement shall AUTOMATICALLY RENEW for consecutive ~~one two (2)~~ ^{two} ~~one (1)~~ year terms (each a "Renewal Term", together with the Initial Term, the "Term". Either party may terminate this Agreement for cause by providing one hundred eighty (180) days written notice or, in the event of a breach by a party, such shorter period set forth in Section 10 below.

(b) Upon termination of this Agreement, except as otherwise provided in this Agreement, each party shall promptly (within five (5) days) return to the other party all property and confidential information of the other party in such party's possession or control (which shall include property and confidential information in the possession or control of a party's contractors or subcontractors), including all copies thereof. Specifically, Manager agrees to return to Owner all

records pertaining to the Facility, including but not limited to clients and program participants, financial reports and corporate strategies of Owner or its affiliates, product invoices, production reports and procurement documentation, provided that Manager may retain copies of such documentation to the extent necessary to comply with legal and or auditing requirements, and subject to the ongoing obligation to maintain the confidentiality of such information.

(c) In the event of termination or expiration of this Agreement for any reason, neither party shall have any further obligations hereunder, except for obligations accruing prior to the date of termination and the obligations surviving in accord with specific provisions of this Agreement, including without limitation the responsibility for indemnification and confidentiality.

(d) Upon termination or expiration of this Agreement, the parties shall reasonably cooperate to facilitate a seamless transition of all services being provided pursuant to this Agreement, including but not limited to providing Owner with all working files, excluding Manager's work product, (defined below) and documents related to the Services in a mutually agreed upon format, and returning (at Manager's cost) to Owner all Data (defined below) and other property of Owner and any affiliates that are in the possession of Manager.

Section 2. USE AND OPERATION OF THE FACILITIES.

2.1 Use and Standard of Operation - Services.

(a) All Services shall be provided in a timely, professional, competent, efficient and workmanlike manner, by individuals qualified by training and experience in professional fitness center planning and operations, and knowledgeable about applicable regulatory requirements applicable to fitness center planning and operations. Subject to the Owner's oversight and in compliance with all applicable Owner policies and procedures that are shared with Manager from time to time, including but not limited to those related to staff safety, security, employee health and welfare, and patient privacy, Manager will manage the general operations and business of the Facility, including the employment and management of Facility staff, and provide services to operate the Facility for the benefit of the Owner in accordance with **Exhibit A** of this Agreement. Owner hereby grants to Manager the sole and exclusive right to manage and operate the Facility pursuant to the terms of this Agreement, and Manager agrees that, except to the extent excused as hereinafter provided, Manager will, as the agent of and for the benefit of Owner, operate the Facility during the Term in a businesslike, effective and cost-efficient manner, subject to Owner's budgetary systems and other constraints and in compliance with this Agreement. Manager shall use the Facility solely for the operation of a fitness business and for other activities which are customary and usual in connection with such an operation and which are in compliance with this Agreement. Subject to the specific limitations set forth in this Agreement, Manager, as sole and exclusive agent of Owner, shall have control and discretion in the operation of the Facility in the ordinary course of business, including the right and power, subject to the Operating Budget, to negotiate and enter into such reasonable contracts in the name and at the expense of Owner as may be reasonably necessary or advisable in connection with the operation of the Facility, and the right to determine, subject to the Operating Budget, the terms of labor

policies (including wage rates and prevailing wage rates where appropriate, the hiring and discharging of employees, and the installation of employee retirement or other benefit plans). All acts performed by Manager pursuant to the terms of this Agreement shall be for the account and benefit of Owner and at Owner's expense, except such acts which are in breach of this Agreement or outside the scope of Manager's authority under this Agreement or which constitute gross negligence or willful misconduct. Manager shall, in collaboration with owner, review and adjust as needed the hours of operation for the Facility; the services to be provided at the Facility, including classes; pricing for the Facility; and develop marketing materials and publicity for the Facility.

(b) Manager shall employ all such personnel as may be reasonably necessary and appropriate for the timely and efficient provision of the Services. All employees of the Facility will be the employees of Manager. Note that physicians and clinical department staff who may be involved in program development or use of the Facility for patient care will not be employed by Manager. Manager, as an independent contractor, retains all the rights, privileges and obligations of an employer as to Manager's personnel including, but not limited to, the right to hire, direct, discipline, compensate, and terminate its employees assigned to Facility, and Manager shall be solely responsible for all aspects relating to the recruitment, employment, labor law compliance, compensation of (including the payment rate and benefits, and the withholding, reporting and payment of all payroll taxes and other withholdings) with respect to all such personnel. Owner will reimburse Manager for the Facility payroll cost as detailed in a written invoice, monthly on the 10th day of each month for the total aggregate compensation for the current month, including payroll taxes, legal services (if incurred at the direction of Owner, or for Owner's benefit and approved by owner, and directly attributed to Facility operations and not operations of Manager's business or other facilities), fringe benefits (health insurance, dental insurance, life insurance, 401(k) match, long term disability insurance, employee assistance program, and administration of such benefits), employee Earned Time Off, manager's insurance (see Section 6), (such costs shall equal thirty percent (32%) of cash compensation and will be adjusted in accordance with market conditions for such costs) and annual performance bonuses based on achievement of personal performance metrics, if eligible, provided that Owner shall not be responsible for reimbursement of any bonus in excess of twenty percent (20%), without Owner's prior written consent. Owner will also reimburse Manager for the direct costs for any employees of Manager working on matters directly related to operation of the Facility, as included in the annual budget. Manager acknowledges and agrees that total Facility payroll cost shall not be increased by more than three percent (3%) annually without Owner's prior written consent. Owner agrees to make available and accessible to Manager at all times during the terms of this Agreement a minimum of funds sufficient to pre-fund approximately one monthly payroll and related costs as described above.

(c) Manager represents and warrants that all personnel assigned by Manager to provide services hereunder have and will maintain the requisite certifications, licensure, training, expertise, ability, and legal right to render services required under this Agreement, including the right to work in the United States. All personnel assigned to provide services pursuant to this

Agreement (“Personnel”) shall undergo a criminal background check, including a check of sexual predator status, negative for any criminal convictions or pleas, including no contest pleas, other than for minor traffic violations, prior to being assigned to the Facility. Such background check shall, at a minimum, include statewide correspondence checks for each state in which the individual has resided during the thirty six (36) months prior to being assigned to the Facility, and any other screening required by applicable law, regulation, Owner’s policies, or standards of the Joint Commission or other accrediting body, if any.

(d) Except as otherwise agreed by Owner, Manager shall use its best efforts to maintain the continuity of Personnel assigned to Facility.

(e) At any time, and at the sole discretion of Owner, and in accordance with federal and state laws, if any Manager Personnel (i) does not meet the applicable qualifications to provide services hereunder, including but not limited to a high degree of aptitude, ethical behavior, positive attitude, and good interpersonal relationships; (ii) is subject to a judicial or administrative order or enters into a consent decree or other settlement with respect to healthcare fraud or other wrongdoing, or is suspended or excluded or debarred from any federal program; (iii) takes any action that places patient or participant health or safety in imminent and serious danger, as reasonably determined by Owner or Manager; or (iv) is otherwise unacceptable to Owner, then Manager will immediately remove said personnel and replace with an individual acceptable to Owner as soon as reasonably possible. Owner has the right to require that Manager’s Personnel leave the Facility and/or Owner’s premises at any time that Owner reasonably determines is necessary or desirable.

(f) Notwithstanding anything to the contrary contained in this Agreement, Manager shall be excused from its obligation to operate the Facility in conformity with the terms of this Agreement to the extent and whenever (i) Manager shall be prevented from compliance with such standard by Force Majeure Causes, (ii) there shall occur any material breach by Owner of any provision hereof, after written notice to Owner and an opportunity to cure, which breach would prevent Manager from performing the Services, and (iii) Owner places a limitation on Manager's ability to expend funds in respect of the Facility provided that the failure to expend funds by reason of the operation of such limitation shall reasonably prevent Manager from meeting the terms of this Agreement and Manager has provided prior written notice to Owner of such inability and the reason for such inability to perform. For purposes hereof, "Force Majeure Causes" shall mean causes beyond the reasonable control of Manager, including casualties, war, insurrection, strikes, lockouts, floods, weather disturbances, power outages, material shortages and governmental actions. It is expressly understood and agreed that each and every provision contained in this Agreement pursuant to which Manager is excused from its obligation to operate the Facility in conformity with the terms of this Agreement shall operate without prejudice to any other remedy (including the right to terminate this Agreement) which Manager shall have under the terms of this Agreement.

(g) Owner agrees to designate a readily accessible Project Director (“Owner’s Representative”) who shall be responsible for managing the relationship with Manager, and Manager shall keep Owner’s Representative up to date on the operations of the Facility. Manager

shall, as appropriate, consult with the Owner's Representative by telephone or email between on-site visits. Manager shall timely complete and deliver to Owner's Representative accurate and complete records and reports, as denoted in Section 5.4, of the status of the Services provided and the financial performance of the Facility, as well as Manager's recommendations regarding Facility performance improvement opportunities. The format and frequency of such reports (which may be electronic) shall be as reasonably requested by Owner. All such records shall remain the Owner's property. Manager shall participate in meetings as requested by Owner, on-site at the Facility or at Owner's offices, to review Facility financials, strategic plans, and other matters related to the Facility. Owner shall support Manager and assist in facilitating coordination of activities as described in **Exhibit C-2**.

(h) Manager and Manager Personnel shall use the Facility space, equipment and supplies only to perform the Services set forth herein.

(i) Manager shall maintain all state and federal licenses, registrations, and certifications necessary to conduct its business and provide the services set forth herein, and shall provide copies of said licenses, registrations and certificates to Owner upon request. Owner shall be the sole owner and holder of Facility specific licenses, permits, certifications and contracts, however, Manager will provide any necessary assistance in obtaining and retaining any such licenses, permits, certifications and contracts.

(j) **Ownership.** Any materials or brochures, records, data, information, artwork, images, reports, formulas, processes, ideas, inventions, techniques, documentation, databases, computer programs, fitness assessment forms, fitness and exercise programs, marketing and operational materials (including charts, notes, outlines and drafts) developed or generated by Manager for the use by Owner or the Facility in connection with the Services provided pursuant to this Agreement ("Work Product") and all data collected from Facility clients, participants, Owner or affiliates ("Data") are works made for hire owned by Owner as of the date of creation and are not, at any time during or after the term of this Agreement, to be utilized, distributed, copied or otherwise employed by Manager (except to provide Services for the Facility), without the prior written consent of Owner. To the extent Manager uses pre-existing templates in providing the Services hereunder, that Manager uses in the performance of services to its other clients, Owner shall have ownership rights only in the data in the records prepared exclusively for Owner and shall have no ownership in the general templates. The parties acknowledge and agree that the other party has its own intellectual capital, goodwill, technical know-how, membership related data and documents, computer programs, data, financial reports, policies, procedures, secret shop forms, membership surveys, sales reports, forms, marketing materials, quality assurance and control materials, forms and documents training and education materials, expertise and best practices that such party has developed, and ownership rights to those materials are not transferred to the other party. For example, the materials developed by Manager through its general consultant and management services and practices shall be considered "Manager Owned Materials". Any Manager Owned Materials provided to Owner for use at the Facility shall remain the sole and exclusive property of Manager.

Owner shall retain all ownership rights to Owner's website and the Facility website, and all content contained therein, as well as all of Facility's and Owner's trademarks and service marks. As agreed upon, Owner and Manager may enter into a licensing agreement for any Manager proprietary work product and programs (including programming and software).

(k) **Data Aggregation and Use.** Manager may only aggregate Data for use in Facility operations, to generate reports for Owner or to analyze de-identified aggregated data as follows. Owner acknowledges that Owner is part of a group of fitness and wellness centers that Manager manages collectively. To the extent Manager prepares and analyzes combined statistical data for all or a portion of the centers it manages for the benefit of the Facility and its other clients, Manager is authorized to use only de-identified data (as defined by HIPAA) as part of its collective statistical data analysis, and its general reports for clients only. Upon termination of this Agreement or upon request of Owner, Manager shall promptly return all Data to Owner. Manager is strictly prohibited from using (for any purpose other than providing Services hereunder), sharing, transferring or selling Data or aggregated Data unless otherwise approved.

2.2 Leases and Concessions. Manager shall not, without the approval of Owner, enter into leases or concessions for any Facility operations or for any other operation in or about the Facility. Any such lease or concession so approved shall be entered into in Owner's name and shall be executed by Owner (or Manager, if directed by Owner to act as agent for Owner). Manager shall, during the Term, use reasonable efforts to perform, as agent for Owner, all of the obligations of Owner as landlord or concessionaire under all present or future leases and concessions made or granted with respect to the Facility. Manager shall during the term hereof use reasonable efforts to perform all of the obligations concerning the granting of concessions and shall use reasonable efforts to collect the sums due from such concessions and shall deposit same in the Operating Accounts.

2.3 Bank Accounts. There shall be deposited in a bank or banks designated by Owner and in accounts established in Owner's name based on City of Rolla's books and accounting records- ~~Owner's name~~ all monies advanced to the Facility as working capital by Owner, and all monies received by Manager from the operations of the Facility ("Operating Accounts"). ~~Owner shall be designated as an authorized signatory on any Operating Accounts set up hereunder. Upon approval by Owner, Manager shall pay out of the Operating Accounts, to the extent of the funds from time to time therein, all costs and expenses incurred in connection with the operation of the Facility and all other amounts required to perform its obligations hereunder. Checks or other documents of withdrawal drawn upon the Operating Accounts shall only be signed by Owner Personnel with signing authority. Manager shall establish a disbursement account for facility operating expenses. Owner shall fund disbursement account, for facility operating expenses, upon review and approval of Manager's funding request including a cash disbursement request report and related invoices. Manager shall disburse funds in accordance with the approved report and invoices and will then provide Owner with evidence of disbursement.~~

2.4 Limitation on Manager's Authority. Except as otherwise provided in this Agreement, throughout the Term, Owner shall retain all authority and control over the business, policies, operations and assets of the Facility, and Owner does not through this Agreement,

delegate to Manager any of the powers, duties, and responsibilities vested by law or through Owner governance documents to the Owner's board of directors or any Owner affiliate. Manager shall obtain Owner's prior written consent, which Owner may withhold in its sole discretion, before entering into agreements with any subcontractors who may supply any services related to this Agreement. Manager agrees that the engagement of any subcontractor shall in no way diminish, reduce, modify or affect Manager's duties or warranties to Owner hereunder. Manager is and shall remain responsible for all payments, out of Owner's accounts, to a subcontractor, hired to perform services or provide products for Owner's benefit, and for the subcontractor's performance, and a breach by any subcontractor of any provision of this Agreement shall constitute a breach by Manager.

In addition, Manager shall not, without the prior written consent of Owner enter into any contract for the account of Owner, provided that this limitation shall not apply to the extent that any such contract is deemed necessary by Manager in the event of an emergency posing a threat to persons or property. Manager shall take all steps necessary to notify Owner immediately about the emergency situation and any actions taken by Manager to address the emergency situation.

Manager agrees that it will not solicit for management service a competing client within a 20-minute drive of the facility, without express written consent of Owner. ~~Competing clients subject to this restriction include~~ [Owner to add]

2.5 Operating Budget.

(a) Other than year one, nNot later than ninety (90) days prior to the commencement of each Owner fiscal year, Manager shall submit to Owner an operating budget and operating and marketing plan (collectively the "Operating Budget") for the operation of the Facility for such year, containing reasonably detailed membership, revenue and expense projections, including Owner allocated expenses, and providing projections of capital expenditures and expenditures for replacements of and additions to furnishings and equipment. For year one, Operating Budget will be submitted by Commencement Date.

(b) The Operating Budget is intended as and will represent only an estimate of the projected revenues and expenditures for such year based upon assumptions believed by Manager to be reasonable at the time of preparation. Although Manager will use its best efforts to achieve the budgetary goals reflected in the Operating Budget, the Operating Budget and first year pro forma cannot be relied upon as an assurance of actual results for such year, and failure to achieve the budgetary goals set forth in any Operating Budget shall not constitute an event of default hereunder. Manager shall promptly notify Owner of the need to depart in any material way from the Operating Budget if, in Manager's reasonable judgment, adherence to the Operating Budget is impractical or such departure is necessary or desirable for the efficient or profitable operation of the Facility.

(c) Owner shall have the right to approve each Operating Budget, or material departures from approved Operating Budgets, which approval shall not be unreasonably withheld or delayed, and pending such approval, Manager shall operate the Facility in accordance with the

last approved Operating Budget, adjusted reasonably on account of changes in volume and cost of living. To the extent Manager cannot do so without interfering with the orderly and efficient operation of the Facility as contemplated by this Agreement, Manager shall promptly notify Owner of the need to depart in any material way from the Operating Budget.

(d) In addition to the annual Operating Budget described herein Manager shall submit a three year forecast of updated membership, revenues, expenses and capital expenses.

2.6 IT Equipment and Software.

(a) Manager will utilize certain information technology hardware/equipment (the "IT equipment") required to provide the Services, as set forth in this Agreement. On behalf of Owner, the Manager will specify, procure, configure and install the IT equipment required to run and support applications necessary for the efficient operation of the Facility. The IT equipment will be owned by Owner. The IT equipment will be housed at the Facility and applications will reside on Manager's private wide area network and Manager shall be responsible for the safe keeping and security of the IT equipment throughout the Term of this Agreement. Upon termination of this Agreement, Manager will work with Owner to timely and securely remove the IT equipment from Manager's private wide area network and execute any assignment documents that may be necessary to demonstrate Owner's ownership of all IT equipment.

(b) Subject to the provision of funds by Owner to migrate to Manager's network and Manager's preferred operating software, Manager will continue to operate Owner's existing business systems for no greater than one hundred and eighty (180) days following the Commencement Date. During that time, Manager will migrate Owner's member data base and configure and install certain software systems to provide the Services going forward. **A complete listing of all software licensing, support and maintenance to be charged on a monthly, quarterly or annual basis as a Reimbursable Expense will be provided to Owner, along with start dates for each.** Any changes, enhancements to the software not routinely provided to customers at no cost under maintenance programs, will be charged to Owner as a part of the subscription and costs will be presented in annual Operating Budgets. Upon expiration or termination of this Agreement, Manager shall provide the IT transition services set forth in this Agreement.

Section 3. PLANNING AND MANAGEMENT FEES.

Owner shall pay Manager a Management Fee as set forth in **Exhibit B** attached to this Agreement. All undisputed amounts shall be payable at the beginning of each month and within fifteen (15) days after receipt of invoice.

Section 4. REPAIRS AND LEGAL REQUIREMENTS.

4.1 Repairs and Maintenance. Except to the extent prevented by causes beyond its reasonable control (including Force Majeure Causes and the unavailability of funds from Owner), throughout the Term, Manager shall take good care of the Facility (other than such portions thereof as are leased to tenants or managed by third parties who undertake a duty of repair and maintenance) and maintain the same in good order and condition; provided, however, that

Manager's responsibilities pursuant to this Section shall not include any matters relating to the structural integrity of the Facility or other matters relating to defects in design, materials or workmanship in the construction of the Improvements, which shall be the responsibility of Owner throughout the Term. Notwithstanding the foregoing, Manager shall, at Owner's request, coordinate and supervise, as Owner's agent, capital improvements under ~~\$5,000~~~~\$10,000~~ to the Facility made during the Term. Manager shall be responsible for providing housekeeping, fitness equipment ~~ordinary~~ repairs and maintenance, ~~lawn care, landscaping, snow removal and any other necessary maintenance for the Facility~~, subject to reimbursement under Section 2.1.

4.2 Compliance with Legal Requirements. Except as elsewhere herein limited or excused, throughout the Term, Manager shall cause the Facility and the operation thereof to comply with all applicable legal requirements within the scope of Manager's work. If any alterations, additions or improvements, structural or nonstructural, shall be required in order to cause the Facility to be in compliance with applicable legal requirements, within Owner's responsibilities under this Agreement, Manager shall promptly inform Owner and the same shall be the responsibility of and shall be performed at the expense of Owner. Manager may, but only after approval by Owner, contest by appropriate legal proceedings conducted in good faith, in the name of Manager or Owner, or both, the validity or applicability of any legal requirements. If Owner shall approve any such contest, Owner shall execute and deliver any appropriate documents which may be necessary or proper to permit Manager to prosecute such contest. Owner may, by notice to Manager, direct Manager to contest, or Owner may contest directly, any legal requirements which Manager may otherwise desire not to contest. Manager agrees in the performance of this Agreement to comply with all federal, state and municipal laws, rules and regulations. Failure by either party to comply with such laws, rules or regulations may be grounds for termination of this Agreement.

Section 5. GENERAL COVENANTS OF MANAGER AND OWNER.

5.1 Working Capital. Owner shall, at all times during the Term, cause sufficient working capital funds to be on hand in the Operating Accounts to assure the timely payment of all current liabilities of the Facility and all other items of expense to be paid from the Operating Accounts as provided in Section 2.3, the uninterrupted and efficient operation of the Facility at all times during the Term and the performance by Manager of its other obligations hereunder. In no event shall such working capital funds be in an amount less than the amount of ~~two~~~~three~~ (23) month's operating expenses of the Facility from time to time. Manager shall promptly notify Owner of the need for any such working capital funds to the extent the same may be unavailable in the Operating Accounts.

5.2 Right of Inspection and Review. Manager shall accord to Owner and its duly authorized agents the right to enter upon any part of the Facility at all reasonable times during the Term for the purposes of examining or inspecting the Facility or upon reasonable advance notice and mutual coordination, examining or making extracts from the books and records of the Facility operation, or for any other purpose which Owner, in its discretion, shall deem necessary or advisable, but the same shall be done with as little disturbance to the operation of the Facility

as possible. Notwithstanding anything to the contrary herein, Owner shall be permitted access to inspection of personnel records upon reasonable advance notice and coordination.

5.3 Payment of Taxes. During the Term, Owner shall pay, prior to delinquency, all real property, personal property, state sales and related taxes, use taxes or other taxes assessed against the Facility.

5.4 Financial Reports. Manager shall deliver to Owner, within fifteen (15) days after the end of each month, an unaudited financial statement prepared from the books and records maintained by Manager for the Facility containing (i) a current statement of assets and liabilities, (ii) a current profit and loss statement showing the results of the Facility operations for such month, year to date and compared to budget, (iii) a statement of cash flow for the month and year to date, and (iv) such other information as Owner may request from time to time.

Section 6. INSURANCE.

6.1 Insurance to be Maintained During Term.

(a) Owner Insurance. Owner shall maintain, at all times during the Term, the following insurance respecting the Facility in amounts and with responsible and properly licensed companies or self-coverage arrangements (provided that such amounts shall in no event be less than the amounts required under any mortgage, deed of trust or security agreement affecting the Facility):

(i) For operations outside the Scope of Services and in excess of insurance provide by the Manager, General liability insurance (or self-insurance) providing coverage against liability for property damage, bodily injury, and personal injury with a limit not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in aggregate.

ii) Business Auto Liability insurance including owned, non-owned and hired vehicles for a combined single limit of bodily injury and property damage of not less than One Million Dollars (\$1,000,000) per Occurrence.

(ii) Property Insurance on the building and contents insuring against loss or damage by fire, lightning, windstorm, earthquakes, sinkhole and all other risks included in the special cause of loss form including boiler and machinery/equipment breakdown, in amounts not less than the full insurable replacement value of the Facility and bearing a replacement cost agreed amount endorsement, and all such deductibles shall be the responsibility of the Owner.

(iv) Business Income insurance covering loss of income, extra expenses and any necessary continuing expenses for interruptions caused by any occurrence covered by the insurance referred to in subsections (ii) above and providing coverage on an actual loss sustained basis.

(v) Flood insurance if any portion of the Improvements is currently or at any time in the future located in a federally designated "special flood hazard area" and in which flood insurance has been made available under the National Flood Insurance Act of

1968 (and any successor thereto) in an amount which reasonably assures that there will be sufficient proceeds to replace the Improvements in the event of a loss against which such insurance is issued.

(vi) Such other insurance for protection against claims, liabilities and losses resulting from or arising out of the Owner's obligation to the operation of the assets of the Facility under this Agreement as is customarily carried for facilities of similar character.

(b) **Manager Insurance.** Manager shall maintain, at all times during the Term, the following insurance with companies licensed to do business in Missouri[State] with an AM Best Rating of A-VII or better and acceptable to Owner, with limits not less the ones stated below:

(i) Commercial General liability insurance (providing coverage against liability for property damage, bodily injury, personal injury and liquor liability (if applicable) with a limit not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in aggregate.

(ii) Business Auto Liability insurance including owned, non-owned and hired vehicles for a combined single limit of bodily injury and property damage of not less than One Million Dollars (\$1,000,000) per Occurrence.

(iii) Workers Compensation insurance at amounts required by state law and

(iv) Employers Liability coverage with limits not less than:

- a. \$1,000,000 for Each Accident
- b. \$1,000,000 Disease – Each Employee
- c. \$1,000,000 Disease – Policy Limit

(iv) Umbrella or Excess Liability which will follow form General Liability, Automobile Liability, Employers' Liability and Liquor Liability (if applicable), with limits in a minimum amount of not less than Five Million Dollars (\$5,000,000.00) per occurrence/aggregate.

(v) Professional Liability with a limit not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in aggregate

(vi) Employment Practices Liability including coverage for third parties with a limit not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in aggregate

(vii) Manager shall maintain crime, and fidelity insurance against dishonest acts by employees and others that includes a Joint Payee Endorsement in favor of owner.

(d) The Manager's General Liability policy shall name Manager as the principal insured and shall name Owner and any Owner affiliate or any mortgagee of the Facility or creditor of any member of Owner as additional insureds on a primary and non-contributory basis by endorsement.

(e) The cost of Managers insurance directly attributable to the Facility or the Services provided hereunder shall be reimbursed to Manager as noted in Section 2.1(b).

(f) The provision of required insurance shall in no way be construed to limit Manager's liability pursuant to this Agreement.

(g) If Manager will maintain or transfer any Owner or affiliate data, Manager shall carry cyber liability coverage with minimum limits of One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) annual aggregate, including coverage for data reconstruction, financial damages resulting from the unauthorized disclosure of or general corruption or loss of personal data, identity theft monitoring services for individuals whose data was compromised, costs of incident response, investigation and follow-up, coverage for actions of rogue employees and the costs of defending or responding to (including damages and fines) any investigations or informational requests from any regulatory agency or other governmental or quasigovernmental agency responsible for the control and use of personal health information or other confidential information.

6.2 Notice of Cancellation or Change. All insurance policies required to be carried hereunder shall have attached thereto an endorsement that the same shall not be canceled or changed without at least thirty (30) days' prior written notice to all named insureds and additional insureds. Each party shall promptly notify the other party in the event that any insurance required hereunder is cancelled or reduced. In the event that Manager's insurance is cancelled, non-renewed or materially changed, Owner may terminate this Agreement without penalty.

6.3 Evidence of Insurance Coverage. For the purpose of evidencing compliance with the provisions of this Section 6, Manager shall ~~from time to time~~ furnish to Owner insurance certificates for all insurance policies required to be maintained by Manager pursuant to this Section 6 ~~prior to policy expiration dates~~. If Manager's insurance required in this section is provided on a claims-made basis, such party shall purchase "tail coverage" or continuously maintain such claims made insurance for any events occurring during the Term of this Agreement for a period of not less than five (5) years following the expiration or termination of this Agreement. The coverages required in this Section shall not in any way limit either Party's liability under this Agreement.

Section 7. COMPLIANCE.

(a) Neither Party will knowingly or intentionally conduct its behavior in such a manner as to violate the prohibitions against fraud and abuse in connection with the Medicare and Medicaid programs. The parties shall comply with all applicable federal, state and local laws and regulations.

(b) Manager represents and warrants to Owner that it is not now, nor has it ever been, nor have its owners, officers or directors, or any personnel assigned by Manager to provide services hereunder, excluded, suspended, sanctioned or otherwise disallowed from participation in, or proposed for such exclusion, suspension, or sanctions relating to, (collectively, "Sanctioned") the Medicare, Medicaid or any state or federally funded or operated health care or procurement program (collectively, the "Programs"), or listed as a Specially Designated National

or Blocked Person by the U.S. Treasury Office of Assets Control ("a Blocked Person"). Further, Manager represents and warrants that it will not knowingly contract with, purchase from, employ, subcontract with or carry on business in any form with any person or entity that is Sanctioned or listed as a Blocked Person. Manager further warrants and represents that it actively screens its officers, directors, employees and agents (including subcontractors) for such exclusion.

Manager further certifies to Owner that it will immediately (within two (2) days) notify Owner upon its receipt of any indication, whether or not official, that it shall be excluded or suspended from any federal health care program, as defined above, for any reason during the term of this Agreement, or that any one or more of the representations set forth in this section are no longer true and accurate in all respects, and in such event, Owner may immediately terminate this Agreement and any other agreements between Owner and Manager upon notice to Manager. This Agreement shall terminate immediately and automatically in the event that Manager specifically or any senior officer or director is excluded or suspended from any Program. In the event a non-management employee of Manager is excluded or suspended from any Program, Manager shall immediately terminate that employee(s). Any affected employee(s) shall be promptly replaced (no longer than sixty (60) days).

(c) Manager represents and warrants that it is an equal opportunity employer, and Manager shall not illegally or intentionally discriminate against any employee or applicant for employment in violation of an applicable law. Further, Manager represents and warrants that in the course of providing services under this Agreement, Manager shall comply with all applicable Laws and Owner Policies prohibiting discrimination. Services shall be provided without illegal regard to race, color, creed, sex, sexual orientation, gender identity, age, handicap status, or national origin of the person providing or receiving such services. Manager further represents and warrants that it has and enforces policies and procedures designed to prevent illegal discrimination, sexual harassment, and other improper employment practices.

Section 8. INDEMNIFICATION.

(a) **Owner Indemnification.** To the fullest extent permitted by law but without waiving and subject to sovereign immunity, the Owner agrees (a) to indemnify, defend and hold harmless the Manager, its officers, directors, employees and agents (and those of any affiliate) from and against any claims, suits, liability, loss, costs, expenses (including, without limitation, reasonable attorneys' fees and court costs), damages, settlements and judgments suffered or incurred by Manager, to the extent caused by or arising out of (i) injury to persons or property by reason of any acts or omissions of Owner or Owner's employees or agents (not including Manager), (ii) any breach of this Agreement by Owner, (iii) infringement of any third party intellectual property rights arising out of the Manager's use of Owner's name, logo or marks as permitted under this Agreement, (iv) any accident, injury or damage caused by the negligence or willful misconduct of Owner or Owner's employees or (v) any act or omission by Owner's current management company relating to facts, occurrences, events and/or allegations that occurred prior to the date Manager takes control of management of the Facility and the employees. To the extent that employees assigned to the Facility by Owner's current management company (1) have pending, prior to the date Manager takes over operation and management of the Facility, worker's

compensation claims, employment related claims or lawsuits, (2) are off from work at the Facility due to Family Medical Leave Act leaves and/or other leaves of absence, or (3) are COBRA following termination of employment from Owner's prior management company, Manager shall have no responsibility or obligation to assume any liability whatsoever in any amount for any such employees.

(b) **Manager Indemnification.** To the fullest extent permitted by law the Manager agrees to indemnify, defend and hold harmless the Owner, its officers, directors, employees and agents (and those of any affiliate) from and against any claims, suits, liability, loss, costs, expenses (including, without limitation, reasonable attorneys' fees and court costs), damages, settlements and judgments suffered or incurred by Owner or any affiliate, to the extent caused by or arising out of (i) injury to persons or property by reason of any acts or omissions of Manager or Manager's employees or agents, (ii) infringement of any third party intellectual property rights arising out of use by Owner or any affiliate of any materials provided by Manager, including but not limited to deliverables, programs, software, materials, and logos, (iii) any breach of this Agreement or the Business Associate Agreement by Manager; or (iv) any accident, injury or damage not caused by the negligence or willful misconduct of Owner or Owner's employees or agents (not including Manager).

(c) It is expressly understood and agreed that the provisions of this Section 8 shall survive the termination or expiration of this Agreement.

(d) Both parties are required to notify the other within ten (10) days of receipt of any lawsuits, claims, suits, proceedings or notices of intent to file a lawsuit based in any manner on services rendered pursuant to this Agreement. If both parties have an obligation to the other under the foregoing provisions, for comparative fault principles shall be applied to allocate payment between the parties.

Section 9. DEFAULT AND TERMINATION.

The following shall constitute events of default hereunder:

(a) The failure of either party (the "defaulting party") to pay to the other party (the "non-defaulting party") any undisputed sum which may become due hereunder within fifteen (15) days after receipt by the defaulting party of a written late notice from the non-defaulting party specifying such failure; or

(b) The failure of the defaulting party to perform, keep or fulfill any of the material terms, covenants, undertakings, obligations or conditions set forth in this Agreement other than those referred to in the foregoing subsection (a), and the continuance of such failure for a period of thirty (30) days after written notice to the defaulting party from the other party (the "non-defaulting party") specifying such failure, or, in the event such failure is of such a nature that it cannot, with due diligence and in good faith, be cured within thirty (30) days, the failure of the defaulting party to commence to cure the same within such thirty-day period and thereafter to prosecute the curing of such failure with due diligence and in good faith it being intended that, in connection with a failure not susceptible of being cured with diligence and in good faith within thirty (30) days, the time allowed the defaulting party within which to cure the same shall be

extended for such period as may be necessary for the curing thereof with due diligence and in good faith; or

(c) If the defaulting party shall file a voluntary petition in bankruptcy or for arrangement, reorganization or other relief under any chapter of the Federal Bankruptcy Code or any similar law, state or federal, now or hereafter in effect, or shall file an answer or other pleading in any proceeding admitting insolvency, bankruptcy or inability to pay its debts as they mature; or if within ninety (90) days after the filing against the defaulting party of any involuntary proceedings under the Federal Bankruptcy Code or similar law, state or federal, now or hereafter in effect, such proceeding shall not have been vacated; or if all or a substantial part of the defaulting party's assets are attached, seized, subjected to a writ or distress warrant, or are levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within ninety (90) days; or if the defaulting party shall be adjudicated a bankrupt; or if the defaulting party shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due or shall consent to the appointment of a receiver or trustee or liquidator of all or the major part of its property; or if any order appointing a receiver for, trustee of or liquidator of the defaulting party or all or a major part of the property of the defaulting party is not vacated within ninety (90) days following the entry thereof.

If the defaulting party fails to cure the default during the cure periods provided in items (a) through (c) above, the non-defaulting party may give to the defaulting party may terminate this Agreement with fifteen (15) days prior written notice. In addition to the foregoing, Owner may terminate this Agreement upon written notice to Manager if Manager fails to continuously maintain the insurance coverage required under this Agreement, or fails to continuously meet the requirements of Section 6.1. Further, the Manager acknowledges that a material breach by Manager of the same term or condition of this Agreement more than two (2) times during the Term shall be deemed, at the discretion of Owner, a breach which is not capable of cure, and shall therefore result in the Owner's right to terminate this Agreement immediately with written notice, upon the occurrence of the same breach of third time. Such termination shall be without prejudice to any right to damages that the non-defaulting party may have against the defaulting party under applicable law.

Section 10. EMPLOYEE TRANSITION.

Subject to the provisions in Sections 11 and 19, in the event of termination of the Agreement by either party, (i) Owner and Manager agree to work together professionally and expeditiously to assess the placement of Manager's employees prior to or upon the effective date of termination, and (ii) Manager shall not enforce any non-compete provisions that it may have with its employees if those employees who are not listed in Section 11 below chose to pursue employment with Owner following the effective date of termination of this Agreement.

Section 11. RESTRICTIONS ON HIRE.

(a) Subject to the reimbursement provisions in Section 2.1(b), Manager agrees to hire as "Manager's Employees" any and all staff necessary to fulfill Manager's obligations under this Agreement. Owner agrees that it will not solicit for employment, attempt to hire or hire the following six Manager's Employees: Director of Operations, Center Director, Operations

Manager, Fitness Manager, Member Services Manager, and Medical Integration Coordinator/Supervisor/Manager ("Manager's Leaders") at any time during the Term of this Agreement or for a period of eighteen (18) months thereafter without the express written consent of Manager. Subject to the provisions of Section 20, Owner acknowledges and agrees that if Manager consents to the hire of Manager's Leaders by Owner, Owner shall be obligated to pay Manager a fee of thirty percent (30%) of the individual's last annual salary earned for the preceding twelve (12) months while employed by Manager; provided, however, that Manager, in its sole discretion, may approve the hire of Manager's employee(s) by Owner without payment of the fee set forth herein. Any such approval by Manager must be written to be effective.

Section 12. NON-DISCLOSURE, NON-DISPARAGEMENT AND NON-COMPETITION.

(a) During the Term hereof and indefinitely thereafter, Manager will (i) refrain from directly or indirectly using or causing to be used in any manner whatsoever any Owner information (or that of any affiliate) of a proprietary or confidential nature (as defined below) other than in connection with fulfilling its obligations hereunder and, upon termination of this Agreement, such information, to the extent that it has been reduced to writing (including any and all copies thereof), together with all copies of all records, forms and charts of every kind, whether confidential or otherwise, shall be promptly returned to Owner and shall not be retained by Manager or furnished to any third party, either by sample, facsimile, or by verbal communication; (ii) refrain from any disparagement of Owner or any of its employees, officers, directors or agents; and (iii) refrain from soliciting or encouraging any program participant or client of the Facility to join any other facility or obtain similar services elsewhere for the six (6) months following expiration or termination of this Agreement. Provided, however, that this restriction shall not apply to any program participant or client of the Facility that makes the initial contact with Manager about joining another of Manager's facilities or purchasing services at another of Manager's facilities, provided that Manager has not communicated with the individuals about other facilities or provided any marketing materials regarding those facilities either directly or through a mail campaign.

(b) During the Term hereof and indefinitely thereafter, Owner will (i) refrain from directly or indirectly using or causing to be used in any manner whatsoever any Manager information of a proprietary or confidential nature (as defined below) or Manager's Materials other than in connection with the operation of the Facility, provided that sharing such information with Owner's affiliated entities is permitted in discussions regarding the operation of the Facility; (ii) refrain from any disparagement of Manager or any of its employees, officers, directors or agents (iii) refrain from soliciting the business of any corporate client for whom Manager has provided service (other than those provided at the Facility) during the six (6) months following expiration or termination of this Agreement.

Section 13. CONFIDENTIAL INFORMATION.

(a) Owner's confidential or proprietary information, which shall either be marked "Confidential", or which should reasonably be considered confidential given the nature of the material and circumstances of disclosure, and shall include but not be limited to the following:

all sales and marketing information and protocols; marketing plans; client names, addresses or any other client-related information; client accounting, policies, procedures, forms and reports; cash flows and receivables; short-term and long-term management strategy; business data; financial records; income and expense information; pricing and charging for services; employee flow and placement methodology; procedures to document services provided; revenue and expense monitoring and analysis; client satisfaction information; client intake procedures; client booking procedures; collections procedures and strategies; charge/billing generation and documentation procedures; employee record documentation procedures; fee schedules; fee information; payroll information; billing and payment methodology; copyright; trademark; personnel information; volume of business; strategic plans; administrative policy; quality management procedures; information related to earnings and other financial information; assets; patient and participant information, research, and all other information deemed by Owner to be confidential and proprietary.

(b) Manager's confidential or proprietary information, which shall either be marked "Confidential", or which should reasonably be considered confidential given the nature of the material and circumstances of disclosure, shall include but not be limited to the following (except as used by or related to the Owner or the Facility, while this Agreement is in effect) or thereafter: all Manager sales and marketing information and protocols; proprietary programming and/or marketing plans protected by trademark or copyright; secret shop forms; membership surveys; Manager's other client names, addresses or any other information regarding Manager or Manager's other clients, including accounting, policies, procedures, forms and reports; cash flows and receivables; short-term and long-term management strategy; business data; financial records; income and expense information; pricing and charging for services; employee flow and placement methodology; procedures to document services provided; revenue and expense monitoring and analysis; client satisfaction information; client intake procedures; client booking procedures; collections procedures and strategies; charge/billing generation and documentation procedures; employee record documentation procedures; fee schedules; fee information; payroll information; billing and payment methodology; personnel information; volume of business; strategic plans; administrative policy; quality management procedures; information related to earnings and other financial information; assets; and all other information deemed by Manager to be confidential and proprietary.

(c) If either party receives a subpoena, order or other legal request for the other party's confidential information, the party shall promptly notify the other party, to the extent permitted by law, to allow time to challenge the disclosure.

(d) The provisions of this Section shall survive termination of the Agreement.

(e) The parties acknowledge that this confidentiality provision is subject to Missouri's Sunshine Law.

Section 14. REPRESENTATIONS AND WARRANTIES.

(a) **Infringement.** Manager represents and warrants that all products and materials developed by or provided by Manager for Owner or any of its affiliates pursuant to this

Agreement, if any, including but not limited to software, documentation, programs and any and all other source information, do not and will not infringe any patent, copyright, trade secret or other proprietary right of any third party; and Manager has full title, or the right to convey title to, all portions of any products and materials to be developed for or provided to Owner and its affiliates under this Agreement, if any, all free from any liens, security interests or other encumbrances or restrictions upon transfer.

(b) **Virus.** Manager further represents and warrants that it will use its best efforts to ensure that nothing delivered by Manager to Owner or any affiliate shall contain any protection feature, calendar-related kill codes, Trojan horse, bug collection device or “back door” designed to prevent use of Owner’s or any affiliate’s software or operating system and Manager shall use best efforts when accessing Owner’s and any affiliate’s computer system not to introduce any virus, worm, or disabling instruction into Owner’s or any affiliate’s operating system.

(c) **Pass-Through Warranty.** Manager represents and warrants that if it provides any third- party products (including software) to Owner or any affiliate, Manager shall pass through to Owner and its affiliates any third party product and third party end-user warranties and indemnities, and shall take all steps necessary to ensure such warranties and indemnities flow to and for the benefit of Owner and its affiliates. To the extent Manager is not permitted to so pass-through, Manager agrees to enforce such warranties and indemnities on behalf of Owner and its affiliates.

(d) **Mutual Warranties.** Each Party represents and warrants to the other that:
(i) it is organized and validly existing under the laws of the state of its incorporation and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;
(ii) it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder; (iii) this Agreement is a legal and valid obligation binding upon it and enforceable according to its terms; and (iv) the execution, delivery and performance of this Agreement by such Party does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound.

Section 15. SUCCESSORS AND ASSIGNS.

Manager shall not assign this Agreement without the prior written consent of the Owner. If such consent shall be given, the terms, provisions, covenants, undertakings, agreements, obligations and conditions of this agreement shall be binding upon and shall inure to the benefit of the successors in interest and the assigns of the parties hereto with the same effect as if mentioned in each instance where the party hereto is named or referred to.

Section 16. NOTICES.

All notices to be given hereunder shall be deemed received when delivered personally or by express courier or three (3) business days after being sent by certified or registered U.S. mail, return receipt requested, to the parties listed below:

If to Owner: [John D. Butz](#)[Contact]
[Rolla City Administrator](#)[Title]

III. B. 20.

City of Rolla [Owner]
P.O. Box 979
[Address]
Rolla, Missouri 65402 [City], [State] [Zip Code]

If to Manager: Brian Hummert
President
Power Wellness Management LLC
851 Oak Creek Drive
Lombard, IL 60148

Either party hereto may change its address for notices hereunder by notice of such change to the other party hereto in the manner herein above provided. Manager will give copies of all notices given to Owner to any mortgagees of the Facility whose names and addresses are furnished to Manager, in the manner set forth in this Section.

Section 17. APPROVALS.

If a party shall desire the approval of the other party hereto to any matter, such party must give written notice to such other party that it requests such approval, specifying in such notice the matter as to which such approval is requested and reasonable detail respecting such matter. Approvals must be granted in writing.

Section 18. FURTHER INSTRUMENTS.

Each party hereto shall execute and deliver all such other appropriate supplemental agreements and other instruments and take such other action as may be necessary to make this Agreement fully and legally effective, binding and enforceable as between the parties hereto and as against third parties, as the other party may reasonably request.

Section 19. APPLICABLE LAW.

This Agreement shall be governed by and construed and enforced in accordance with the laws of Illinois and without regard to the conflict of law rules principals thereof, and the exclusive venue for any disputes arising out of this Agreement shall be the state and federal courts located in Missouri, DuPage County or the Northern District of Illinois.

Section 20. SURVIVAL AND CONTINUATION.

Upon termination or expiration of this Agreement, (a) Owner's obligations to pay to Manager any amounts due to Manager hereunder (for services rendered prior to the effective date of termination) shall survive such termination or expiration and shall continue until all such amounts, are paid in full, and (b) all terms, provisions and obligations of either party contained herein which, in order to give them effect and accomplish their intent and purpose, need to survive such termination shall, by agreement between Owner and Manager, survive and continue until they have been fully satisfied or performed.

Section 21. NOTICE OF CLAIMS

Manager agrees to promptly notify Owner of any participant or patient event or other event that Manager reasonably determines may result in liability to or any claim against either party relating to or resulting from the Services or otherwise relating to or arising from this Agreement or the Facility, and of any complaints received from patients or participants or other parties relating to the Facility or the services provided under this Agreement. No provision of this section is intended to or shall be construed as a waiver of any applicable peer review, attorney-client or insured-insurer privilege. In the event of a third- party lawsuit relating to the Services, Manager shall reasonably cooperate with Owner and its affiliates in the defense of said lawsuit.

Section 22. INDEPENDENT CONTRACTOR

Owner and Manager are each acting as independent contractors. Neither Party shall be construed in any manner whatsoever to be an employee or agent of the other, nor shall this Agreement be construed as a contract of employment or agency. Specifically, all fitness instructors and other personnel providing Services are and shall remain employees of Manager during the term of this Agreement, and Manager shall be solely responsible for paying and providing all benefits to all such personnel and for withholding, reporting and remitting any and all taxes, FICA, FUTA, unemployment and disability insurance required by Federal, state and local law to be reported and paid in connection with Manager's payments to such personnel, subject to reimbursement by Owner in accordance with the Operating Budget. Owner shall not withhold any taxes or other withholdings from any payments made pursuant to this Agreement. Without limiting Manager's indemnification obligations pursuant to this Agreement, if the Internal Revenue Service, the federal or any state Department of Labor, or the Illinois, Kansas or any other state's Department of Revenue questions the independent contractor status of either or both of the Parties hereto or of any personnel provided by Manager to provide the Services, the Parties agree that both Parties shall have the right to participate in any discussion or negotiation with such agency regardless of who initiated such discussions or negotiations. Manager agrees to cooperate with Owner in its efforts to notify Owner patients, staff and visitors that Manager its personnel are not Owner agents or employees, including through the use of written notices.

Section 23. HIPAA/ PCI COMPLIANCE.

a) In the event Manager or its employees or agents have access to any protected health information as defined by the Health Insurance Portability and Accountability Act ("HIPAA"), Manager shall ensure their compliance with HIPAA. Owner and Manager will negotiate a mutually acceptable terms of the Business Associate Agreement ("BAA"), prior to exchanging any PHI, as defined by HIPAA, and enforced throughout the Term of this Agreement and for so long as Manager retains any PHI, as defined by HIPAA.

(b) Manager shall at all times comply with all payment card industry data security standards and regulations.

(c) Starting with the one year anniversary from the effective date of this Agreement, Owner will also reimburse Manager for Manager's cost of HIPAA compliance and Cyber Liability Insurance at a rate of \$.33 per member per month.

Section 24. USE OF NAMES.

Manager agrees that it shall not use the name, logo or marks of Owner or any of its affiliates in any manner whatsoever, including, but not limited to use in any marketing or other materials, or in statements regarding the existence of this Agreement, without the Owner's prior written consent.

Section 25. FAIR MARKET VALUE.

The amounts paid to Manager hereunder have been determined by the parties through good faith, arms-length bargaining to be fair market payments for the value of Services rendered by Manager under the terms of this Agreement. No amount paid hereunder is intended to be, nor shall be construed to be, an inducement or payment for referral of any patient or business, nor does such amount include any discount, rebate, kickback, or other reduction in charge.

Section 26. FORCE MAJEURE.

Neither party shall be liable to the other party for any failure to perform caused by any circumstances beyond its reasonable control, including strikes, riots, storms, weather disturbances, power outages, unanticipated construction interruptions or delays, fires, war or any other catastrophe (each a "Force Majeure Event"). Any failure or delay by a party in performance of any of its obligations under this Agreement due to a Force Majeure Event shall not be construed as a breach of this Agreement, provided the failure is remedied as soon as practicable under the circumstances. Each Party shall use commercially reasonable efforts to continue to perform, to the extent practical, in the event of a Force Majeure Event, and shall keep the other Party reasonably informed about the status of their ability to perform. Either party may terminate this Agreement with written notice to the other party if any Force Majeure Event continues for more than thirty (30) consecutive days.

Section 27. NO CONFLICT.

Each party represents and warrants that it is not bound by any agreement or arrangement that would preclude the party from entering into, or fully performing under this Agreement.

Section 28. CHANGE IN LAW

This Agreement shall be construed to be in accordance with all applicable laws. If any new law becomes effective or any authoritative interpretation of a law by any governmental authority, whether federal or state, is rendered which makes any of the material terms of this Agreement unlawful, makes illegal the structure of the relationship between the Manager and the Owner set forth in this Agreement, jeopardizes the tax exempt status of Facility, Owner, any Owner affiliate, or the tax exempt status or treatment of any debt, bonds or other obligations of Facility, Owner or of any Owner affiliate or is reasonably likely to materially and adversely affect the manner in which either Party may perform or be compensated for its services under this Agreement, the Parties hereto agree to negotiate an amendment to this Agreement with each other in good faith for a period of ninety (90) days; unless legal counsel to either Party opines that continued performance of such Agreement is unlawful or subjects either Party to potential civil or criminal liability or jeopardizes the tax exempt status or treatment of any debt, bonds or other

obligations of Facility, Owner or any Owner affiliate, in which event the Party may terminate this Agreement immediately, upon written notice to the other Party.

Section 29 HHS AUDIT RIGHTS.

Until the expiration of seven (7) years after the furnishing of services pursuant to this Agreement, Manager agrees to make available, upon receipt of written request from the U.S. Secretary of Health and Human Services ("HHS") or the U.S. Comptroller General or any of their duly authorized representatives or any duly authorized State agency, this Agreement, and all books, documents, and records of Manager that are necessary to certify the extent of costs incurred by Owner or any Owner affiliate under this Agreement. If Manager carries out any of the duties of this Agreement through one or more subcontracts, each subcontract must contain a clause to the effect that until the expiration of seven (7) years after the furnishing of services under the subcontract, the subcontractor shall make available, upon written request from the HHS Secretary or the U.S. Comptroller General, or any of their authorized representatives, the subcontract, and all books, documents and records of the related organization that are necessary to verify the nature and extent of costs incurred under this Agreement.

Section 30 OWNER AUDIT RIGHTS.

Manager shall maintain complete and accurate records to support and document the charges for all services provided pursuant to this Agreement. Upon Owner's request at any time throughout the term of this Agreement or until seven (7) years following the expiration or termination of this Agreement for any reason, Manager shall permit Owner or its designated employees or agent(s) (which may include third parties) to examine its books and/or to conduct audits to confirm Manager's charges hereunder. Manager shall cooperate with such audits, and shall make its personnel reasonably available to assist in such audits. Any such examination or audit shall be conducted with twenty (20) days prior written notice and shall be at Owner's expense, unless such examination or audit reveals overcharges of more than five percent (5%) in the total applicable amount charged by Manager, in which case Manager shall pay for, or reimburse Owner the cost of conducting such examination or audit.

Section 31. USE OF FACILITY BY OWNER.

No provision of this Agreement shall prohibit Owner or any Owner affiliate from utilizing any portion of the Facility for purposes of any Owner sponsored event~~patient care~~, to be provided by employees of Owner or any affiliate(s). Any such use by Owner shall be deemed within Owner's scope of work and outside Manager's scope of Services under the Agreement, consistent with the indemnity provisions in Section 7. The parties shall reasonably cooperate in scheduling such use(s).

Section 32. INTERPRETATION.

The headings and captions herein are inserted for convenient reference only, and the same shall not limit or construe the paragraphs or sections to which they apply or otherwise affect the interpretation hereof. This Agreement and any document or instrument executed pursuant hereto may be executed in any number of counterparts, each of which shall be deemed an original, but all

of which together shall constitute one and the same instrument. This Agreement contains the entire Agreement and understanding of the parties in respect to the subject matter hereof, and the same may not be amended, modified or discharged, nor may any of its terms be waived, except by an instrument in writing signed by the parties to be bound thereby.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above set forth.

MANAGER:

OWNER:

**POWER WELLNESS
MANAGEMENT, LLC.**

City of Rolla [Owner]

By:

By:

Name: Brian Hummert
Title: President

Name: Louis J. Magdits, IV
Title: Mayor

Date: _____

Date: _____

III.B.26.

EXHIBIT A
MANAGEMENT SERVICES

Manager will provide the following list of services on a continuing basis. This list is not intended to be all-inclusive and may be adjusted as appropriate.

Financial:

- Establish internal control procedures and administrative form design for cash receipts, member billing, and safeguarding of inventory and fixed assets.
- Prepare monthly statement of operations with comparison to budget, based upon expense reports shared by Owner.
- Prepare quarterly statement of operations with key operating statistics and narrative.
- Prepare year-end audit work papers.
- Report required sales tax for Owner to pay on a monthly basis.
- Provide industry benchmarking to comparable Manager locations.

Programming:

- Manage group exercise curriculum.
- Manage children's programming.
- Manage personal training programming
- Manage nutritional and wellness programming.
- Manage health assessment protocols and report outcomes on a semi-annual basis.
- Manage medically integrated fitness programming and report outcomes quarterly.
- Provide representation at Owner's Medical Advisory Committee.

Equipment Procurement and Preventative Maintenance:

- Provide preferred vendor development and pricing
- Provide equipment maintenance procedures.
- Administer product warranties.
- Procure, receive and record all new equipment.
- Provide equipment space planning.

Sales, Marketing and Customer Service:

- Provide customer service and member orientation training.
- Manage sales presentation, tracking, and retention procedures.
- Manage service desk procedures and administrative forms development.
- Manage corporate sales programs
- Develop and execute annual approved marketing plan.
- Provide on-going market fitness provider analysis.

III. B. 27.

EXHIBIT A- Management Services (Continued)

- Design and implement marketing campaigns with Owner input.
- Implement member satisfaction surveys utilizing (a) member comment cards, (b) secret shopper program, (c) random daily Net Promoter Score and (d) comprehensive annual member survey program. Provide industry benchmarking to comparable Manager locations.

Environmental Services:

- Manage daily, weekly, and monthly maintenance checklists and duty logs.
- Train employees on facility maintenance.
- Provide workplace safety standards and emergency procedures for all employees.
- Administer Owner contracted service contracts.

Human Resources, Education, and Training:

- Implement New Hire paperwork procedures.
- Manage employee orientation procedures and employee handbook updates.
- Conduct employee evaluations.
- Manage internal communications.
- Manage employee benefits/assistance administration.
- Implement medical code emergency procedures.
- Implement manager on duty procedures.
- Provide employee training program.
- Provide continuing education programs.
- Mediate round table discussions with colleagues from all Manager's locations.
- Provide sexual harassment and hiring practices training.
- Administer CPR and Automated External Defibrillator training.

Communications & Best Practices:

- Provide select benchmarking against comparable Manager centers statistics.
- Provide Managers access to monthly peer group conference calls.
- Pair Managers with peer relationship to expedite learning and success.
- Attend monthly and quarterly meetings with Owner.
- Provide access to on-line learning curriculum.
- Provide Managers access to quarterly corporate director meetings.
- Support of Manager of Communications and Marketing.
- Provide Owner with preferred equipment and supplies pricing.

III . B. 28.

EXHIBIT A - Management Services (Continued)

Information Systems:

- Network & communications specification, and with Owner approval, procurement, and placement
- Server hardware specification, and with Owner approval, procurement, and placement
- PC hardware specification, and with Owner approval, procurement and placement
- Peripheral (Scanners, Printers, Cameras, Cash Drawers, Copy Machines), specification, and with Owner approval, procurement, and placement
- Telecommunications - specification, and with Owner approval, procurement, and placement
- Audio Visual - specification, and with Owner approval, procurement, and placement
- Vendor relations & negotiations
- Disaster recovery specification and implementation
- Supplement support / liaison of client IT staff
- Deployment of core system applications
 - Membership Management
 - Membership & Resource Scheduling
 - Front Desk POS
 - Member Assessment Software
 - Website Inquiry and Prospecting Software
 - Employee Payroll & Health & Welfare
 - Employee Time & Attendance
 - Recruiting & Application Management
 - Accounting
 - Fixed Asset Tracking - FAS
 - POS / Credit Card Processing
 - EFT Transmittal
 - E.H.R. Integration – PowerLink
 - Sales CRM
 - Marketing
 - Domain name registration
 - Constant contact management
 - Membership data analysis
 - Web site
 - Registration by Owner
 - Hosting by Manager
 - Design Development by Manager
 - Maintenance by Manager
 - Deployment of power proprietary products
 - Internet Kiosk - Power Net
 - Internet - Kids Net

III .B. 29

Medical Fitness Program Integration:

- Assist Owner with creation of Medical Advisory Committee.
- Attend and help facilitate quarterly meetings of Medical Advisory Committee.
- Provide the following SAS (software as a service) integrated technologies:
 - Health Assessment Product Suite (eHHQ, Microfit, PROMIS®)
 - Salesforce®
 - Compete® by Jonas
 - power-link® by Power Wellness Management, LLC
 - Wordpress®
 - Engage CEM
- Deployment of a general membership health assessment.
- Deployment of prescriptive fitness programs and physician marketing strategy.
- Collaborate on design, development and deployment of special population programs with support of Medical Advisory Committee.
- Collect, analyze and share health outcomes on a deidentified basis with Owner.
- Support application as a Certified Facility by the Medical Fitness Association when appropriate.

III. B.30.

EXHIBIT B
MANAGEMENT FEES

Planning Services:

~~The planning period shall commence on [Date] and will continue until the Commence Date, anticipated to be [Date]. Owner shall pay Manager a Planning Fee (excluding costs as noted in 2.1(b)) equal to [Amount] dollars (\$ [Amount]) payable over a three (3) month period in equal installments of [Amount] per month.~~

~~In support of the Facility's success, Owner will complete the following best practices prior to the Commencement Date:~~

- ~~• Approve all Manager's recommended business system and information technology system changes;~~
- ~~• Collaborate with Manager the efficient transition of all payment processing tools, including but not limited to ECCP (electronic credit card) and EFT (electronic funds transfer);~~
- ~~• Promptly review and approve (if appropriate) all revised marketing plans, materials and websites;~~

Management Services:

~~The management period shall commence with the Commencement Date, anticipated to be [Date]. Owner shall pay Manager a Management Fee (excluding costs as noted in 2.1(b)) equal to [Fee Description].~~

III. B. 31.

EXHIBIT B
MANAGEMENT FEES

Planning Services:

The planning period shall commence on August 18, 2020 and will continue until the Commencement Date, anticipated to be November 14, 2020. Owner shall pay Manager a Planning Fee (excluding costs as noted in 2.1(b)) equal to Thirty Thousand dollars (\$30,000.00) payable over a three (3) month period in equal installments of Ten Thousand dollars (\$10,000.00) per month plus direct travel reimbursement.

In support of the Facility's success, Owner will complete the following best practices prior to the Commencement Date:

- Approve all Manager's recommended business system, information technology system and telcom changes identified in Phase1 budget proposal 154539-RS dated 6/1/20 not to exceed Eighty-Seven Thousand dollars (\$87,000.00).
- Approve all Manager's recommended marketing changes including new website, new printed collateral not to exceed Thirty-Five Thousand dollars (\$35,000.00)
- Collaborate with Manager on the efficient transition of all payment processing tools, including but not limited to ECCP (electronic credit card) and EFT (electronic funds transfer);

Management Services:

The management period shall commence with the Commencement Date, anticipated to be November 14, 2020.

Base Management Fee: Owner shall pay Manager a Base Management Fee (excluding costs as noted in 2.1(b)) equal to Eight Thousand dollars (\$8,000.00) per month. The Management Fee supports overhead (rent, utilities, technology R&D, communications, etc.), executive and indirect (not working directly on Owner's account) home office salaries, strategic initiatives, business development, and profit.

Incentive Management Fee: Owner shall pay Manager an Incentive Management Fee (excluding costs as noted in 2.1(b)) based on achieving the following metrics, measured at the end of Owner's fiscal year (the "Measurement Date"). In order to receive the full value of each metric, the metric must be met in full; no partial fee is due. The overall Incentive Management Fee will be prorated for the initial performance measurement year based on number of days starting with the Commencement Date to Measurement Date. Owner and Manager shall reassess and may mutually agree to adjust upward, measurement metrics 2 through 5 on an annual basis.

Measurement Metric		Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Total Billable Members	(1)	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
Customer Service	(2)	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Member Utilization	(3)	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Prospect Experience	(4)	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Employee Engagement	(5)	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Annual		\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000

(1) defined as achieving year end total member goal per budget

(2) defined as achieving an NPS score of "Very Good" (>55%) or higher in annual member survey

(3) defined as achieving member utilization of >4 visits per month on average

(4) defined as achieving Secret Shop scores of "Very Good" (85%) or better on monthly surveys

(5) defined as achieving "Engaged" on annual employee survey based on "Disengaged / In Between / Engaged"

III. B. 33

Exhibit C-1

Start-Up Planning Services

The following services will be performed during the planning and transition phase, starting with contract date. Timing of services are subject to on site access by Manager and timely response of Owner.

Financial:

- Perform accounting walk through documenting policies and procedures of revenue and expense cycles.
- Training of internal control and policies and procedures for cash receipts, cash disbursements, member billing, and safeguarding of inventory and fixed assets.
- Implement financial and operating reports to be provided to Owner on a monthly basis.

Programming:

- Review current program offerings to ensure alignment with member demographics.
- Review pricing and profitability of ancillary services such as massage, training, etc.
- Review utilization of non-fee for service programs.
- Review health assessment protocols and reporting outcomes.

Equipment / Amenities / Maintenance:

- Review preferred vendor list and pricing.
- Review equipment maintenance procedures.
- Review current facility / program / member amenities.

Sales and Customer Service:

- Walk through prospect tour and member on boarding procedures.
- Understand sales organization structure / support.
- Review past membership survey results.
- Review existing membership and ancillary pricing structures.
- Establish NPS survey for September 1, 2019 and annually thereafter every first calendar quarter.
- Review and update sales training for prospect tours.

Marketing

- Review current marketing plan, collateral, signage and center websites.
- Obtain account information for member communications and websites.
- Provide revised marketing plan.
- Revise websites as required in accordance with proposed budget.

III. B. 34.

Human Resources, Education, and Training:

- Obtain / review center organization charts.
- Obtain / review employee benefit structures.
- Obtain / review employee compensation plans.
- Obtain employee information including: Name, address, social security number, Hire date
- Review and update position descriptions.
- Review pay rates by employee by department and location.
- Review and update benefits eligibility.
- Prepare matching of Power positions based on current position descriptions.
- Prepare benefits analysis / comparison and identify benefit eligible staff.
- Prepare revised operating staffing budget based on best practices.
- Prepare employee offer letters.
- Administer background and drug screening 3rd party services.
- Staff on-boarding and new hire paperwork.
- Provide company orientations
- Provide sexual harassment and hiring practices training.
- Train senior level management positions on site at selected Power locations

Safety / Risk

- Tour center and provide required information to risk management.
- Review emergency procedures, communications, and lifesaving equipment.
- Implement medical code emergency procedures.
- Implement / train staff on incident accident reporting
- Track all employees' required credentials including CPR/AED certification

Information Systems:

- Perform site survey of services including data, video, and voice.
- Perform site survey of infrastructure including facilities, systems, telecom, AV and IT.
- Develop design / plan for above items, including operating and capital budgets.
- Perform review of all member and employee supporting applications.
- Create / transition employee email accounts.
- Deployment of certain core system applications
 - Web Help Desk
 - Workfront
 - Employee Time & Attendance
 - Recruiting & Application Management
 - Accounting

III. B. 35.

Exhibit C-2

Owner Duties

In support of the Facilities' success, Owner will collaborate with Manager to facilitate completion of the following best practices in a time period to be mutually agreed on:

- Host a regular monthly status meeting/call with Director of Operations.
- Facilitate transfer of requested information and data storage from current operations.
- Assist in the assessment of existing staff and mapping of positions to Manager.
- Facilitate access to facilities and physical plant and equipment records.
- Facilitate introductions among Owner and Manager department leadership.
- Assist in the technology network migration to Manager managed network.
- Support Manager recommendations to streamline member categories, if necessary.
- Promptly execute agreements to facilitate use of Manager recommended and negotiated payment processing tools.
- Promptly review and approve (if appropriate) all marketing plans, materials and websites; include \$65-75 per targeted new member in annual budget for marketing.
- Help create a Medical Advisory Committee meeting quarterly.
- Support Manager's goal to obtain Medical Fitness Association certification(s).

PRELIMINARY

**City of Rolla
The Centre
Summary Financial Projection**

	Rolla Managed	Outsourced				
	2020 (a)	Yr 1 (b)	Yr 2	Yr 3	Yr 4	Yr 5
Square Feet	63,000	63,000	63,000	63,000	63,000	63,000
Fitness Center Members						
Members Beg of Year	2,600	2,600	2,875	3,175	3,475	3,600
Members End of Year	2,600	2,875	3,175	3,475	3,600	3,600
Avg. Monthly Member Dues	\$ 20	\$ 22	\$ 28	\$ 33	\$ 36	\$ 37
Revenues						
Membership Dues	\$ 627,000	\$ 732,787	\$ 1,015,676	\$ 1,315,828	\$ 1,545,719	\$ 1,605,128
Ancillary Services	521,600	633,861	726,043	797,108	847,170	878,975
Healthcare Provider Rental Income	-	-	75,000	75,000	75,000	75,000
Total Revenues	\$ 1,148,600	\$ 1,366,648	\$ 1,816,719	\$ 2,187,935	\$ 2,467,890	\$ 2,559,104
Operating Expenses						
Fitness Center Salaries and Benefits	\$ 1,066,420	\$ 913,216	\$ 963,712	\$ 993,652	\$ 1,112,305	\$ 1,161,905
Ancillary Services Expenses	incl above	352,479	404,663	442,302	473,060	493,358
Other Employee Expenses	13,550	18,322	18,689	19,063	19,444	19,833
General Supplies & Services	43,475	14,360	16,132	18,093	19,680	20,458
Environmental Supplies	47,200	41,029	46,091	51,695	56,227	58,451
Operations Softwares	incl below	46,200	47,124	48,066	49,028	50,008
R&M / Service Contracts	185,150	141,750	148,838	156,279	164,093	172,298
Marketing & Collateral	48,700	62,590	75,735	81,125	81,125	71,775
HIPAA Compliance & Cyber Security	-	-	12,050	13,250	14,129	14,400
Utilities	203,430	204,750	210,893	217,219	223,736	230,448
Bank Fees & Miscellaneous	25,370	29,614	41,611	56,070	60,351	64,748
General Fund Administrative Overhead	72,000	-	-	-	-	-
Management Fees	-	96,000	96,000	96,000	96,000	96,000
Total Expenses	\$ 1,705,295	\$ 1,920,311	\$ 2,081,537	\$ 2,192,815	\$ 2,369,178	\$ 2,453,682
NET OPERATING INCOME	(556,695)	(553,663)	(264,818)	(4,879)	98,712	105,422
Other Expenses						
Pre-Transition Fee (incl travel)	-	50,000	-	-	-	-
Pre-Transition Marketing (website, etc.)	-	35,000	-	-	-	-
Management Fee (incentive)	-	24,000	24,000	24,000	24,000	24,000
Minor Equipment Replacement	-	-	15,000	17,000	19,000	19,000
Phone System Replacement	-	-	13,000	-	-	-
Information Technology (\$75K) - financed	-	19,000	19,000	19,000	19,000	19,000
Facility Upgrades						
Building Infrastructure (\$30K/year avg)	-	30,000	30,000	30,000	30,000	30,000
Wellness Merchandise Kiosk (\$25K)	-	-	-	Timing TBD	-	-
Strength Equipment Replacement (\$45K)	-	-	-	Timing TBD	-	-
Game Room Conversion (\$40K)	-	-	-	Timing TBD	-	-
MyZone Heart Rate Technology (\$35K)	-	-	-	Timing TBD	-	-
Dedicated Spin Room (\$46K)	-	-	-	Timing TBD	-	-
Partial Gym Conversion (\$250K)	-	-	-	Timing TBD	-	-
NET INCOME	\$ (556,695)	\$ (711,663)	\$ (365,818)	\$ (94,879)	\$ 6,712	\$ 13,422

(a) Original estimate, excludes impact of closure due to COVID
 (b) based on final 2019 and original 2020 budget, subject to post-COVID adjustment

III. B. 37.

CITY OF ROLLA
CITY COUNCIL AGENDA

DEPARTMENT HEAD: John Butz
City Administrator

ACTION REQUESTED: Final Reading

ITEM/SUBJECT: Ordinance to Amend Sec. 30-16 (Marijuana Possession)

BUDGET APPROPRIATION (IF APPLICABLE) N/A DATE: August 17, 2020

COMMENTARY:

City Council has been discussing the laws and deterrent of small quantity marijuana possession and prosecution. On August 3rd Council voted to draft an ordinance that removes the threat of jail time for ordinance violations for illegally possessing marijuana. Properly possessed medical marijuana is of course legal in Missouri now. There was also interest in reducing the maximum amount of fines for illegal possession - currently \$100 for a first offense with less than 10 grams (equivalent to 20-30 small joints) and up to \$500 and/or 90 days in jail for second + offenses up to 35 grams (approximately 1.25 ounces).

Currently Sec. 30-16 of the Rolla City Code prohibits marijuana possession including paraphernalia except for "qualifying patients" or "qualifying primary caregiver." Section (d) of that section identifies the violation provision. The draft ordinance eliminates the possibility of jail time for convictions but the maximum (or set) fine is left blank for Council consideration.

It is the recommendation of Administration, Law Enforcement and Municipal Court not to amend the ordinance, which leaves the discretion of punishment for conviction to be determined by the Prosecutor and Judge who are elected to consider the merits of each case. Rolla has averaged 3-4 marijuana possession charges per month in municipal court for the last two years. Use of jail time is very rare except in instances where guilty pleas consider time served rather than imposing fines. Discussion needed.

Note: Based on discussions with legal and law enforcement the recommendation to retain the current ordinance/code regarding punishment as authorized by State Law is as follows:

- 1) Set fines eliminates the executive discretion of the elected prosecuting attorney who considers all relevant facts of each case.
- 2) Elimination of any jail time/threat removes the ability to apply "time served" which may be the preferred punishment over a monetary fine. Often arrests have multiple charges some of which may dictate jail time (hence "time served").
- 3) Fines/punishment are intended to be a deterrent. Minimizing same without considering the specifics of each case generally does not deter illegal behavior.
- 4) If City enacts minimum deterrents Officers may file the charges as misdemeanors in State Court which have higher fines and longer maximum jail time. Prosecution then shifts from municipal court to State court.

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTION 30-16 OF THE CODE OF THE CITY OF ROLLA, MISSOURI, RELATING TO MARIJUANA – POSSESSION.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROLLA, MISSOURI, AS FOLLOWS:

Section 1: That Section 30-16 of the Code of the City of Rolla, Missouri, known as the Code of the City of Rolla, Missouri, relating to marijuana – possession is hereby amended to read as follows:

Sec. 30-16. ~~Misdemeanor~~-Marijuana - Possession.

- a. It is unlawful for any person to have in his possession or under his control:
1. Marijuana in a quantity of less than thirty-five grams, or
 2. Drug paraphernalia.

except when that person is issued a Missouri medical marijuana card as a “qualifying patient” or “qualifying primary caregiver”. A “qualifying patient” means a Missouri resident diagnosed with at least one qualifying medical condition; and a “primary caregiver” means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a “qualifying patient” and who is designated as such on the primary caregiver’s application for a medical marijuana card. Persons who possess a Missouri issued medical marijuana card as defined herein may also possess drug paraphernalia commonly used for the consumption and/or manufacturing of marijuana when used for the purposes permitted by the lawful issuance of a Missouri medical marijuana card.

- b. For the purposes of this Section, "marijuana" means all parts of the plant genus Cannabis in any species or form thereof, including, but not limited to Cannabis Sativa L., Cannabis Indica, Cannabis Americana, Cannabis, Ruderalis and Cannabis Gigantea, whether growing or not, the seeds thereof, the resin extracted from any part of the plant and every compound, manufacture, salt, derivative, mixture or preparation of the plant, its seeds or resin. It does not include the mature stalks of the plant, fiber produced from stalks (except the resin extracted therefrom), fiber, oil or cake or the pound, manufacture, salt, derivative, mixture or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil or cake or the sterilized seed of the plant which is incapable of germination.
- c. For the purposes of this Section, "drug paraphernalia" means all equipment, products, substances and materials of any kind which are used, intended for use, or designed for use, in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, storing, containing, concealing, injecting, ingesting, inhaling, or otherwise introducing into the human body a controlled substance or an imitation controlled substance.

d. Any person who violating the provisions of this Section is found guilty of a misdemeanor and, upon conviction, shall be punished as follows:

1. By a fine not exceeding five hundred dollars (\$);

~~2. By imprisonment for a period not exceeding ninety days; or~~

~~3. By both such fine and imprisonment;~~

4. 2. Persons who are found to unlawfully possess ten or less grams of marijuana, and have no prior history of drug offenses shall, in lieu of an arrest: (1) be issued a citation and (2) shall not be fined more than \$ 100.

Section 2: That this ordinance shall be in full force and effect from and after its passage and approval.

PASSED BY THE CITY COUNCIL OF THE CITY OF ROLLA, MISSOURI, AND APPROVED BY THE MAYOR THIS 89TH DAY OF SEPTEMBER 2020.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY COUNSELOR

IV. A. 3.

POSSESSION OF MARIJUANA

	<u>STATE LAW</u>	<u>CURRENT ROLLA ORDINANCE</u>
1st offense & under 10 grams	Max: fine of \$500	Max: fine of \$100
2nd or subsequent offense	Max: \$2K fine & 1 year jail	Max: \$500 fine & 90 days jail
10-35 grams	Max: \$2k fine & 1 year jail	Max: \$500 fine & 90 days jail
Above 35 grams	2-7 years prison & \$10k fine	State charge

Also note that to be considered a prior offense, state law requires a prior finding of guilt for any drug offense, while the current Rolla ordinance prescribes the lower punishment for those with "no prior history of drug offenses."

IV. A. 4.

Statistics for 30-16A

2018 – 45 cases filed

5 dismissed

40 – GP

35 fine only

2 jail (warrant for FTA)

3 given probation

2019 – 31 cases filed

4 dismissed

27- GP

22 fine only

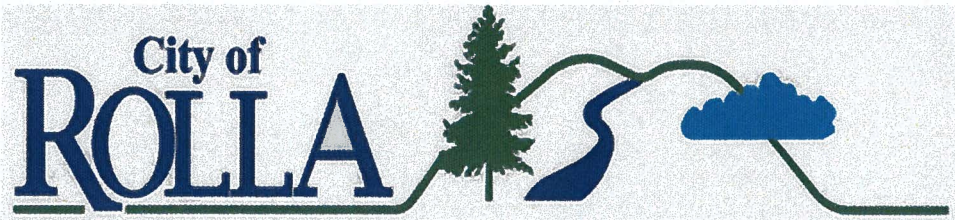
1 probation

4 jail (2 warrant for FTA), (2 given credit for time served on their county cases)

2020 – as of 6/30/2020

6 cases filed

3 dismissed & 3 GP (all fines)



**CITY OF ROLLA
CITY COUNCIL AGENDA**

DEPARTMENT: Community Development

ACTION REQUESTED: First Reading

SUBJECT: Westside Marketplace 2: Minor Subdivision to change property lines between one platted lot and an unplatted property located at 10120 County Rd 8110 (Sally Rd)

(SUB20-02)

MEETING DATE: August 17, 2020

Application and Notice:

Applicant/Owner - City of Rolla and Stephen and Carla Dunaway

Public Notice - Information available on city website

Background:

The City of Rolla has engaged in a contract to sell two small parcels of land to the co-applicant, Stephen Dunaway. The small parcels add up to 0.71 acres, from a platted lot owned by the City of Rolla. The sale would "square up" Mr. Dunaway's property.

Mr. Dunaway's property is not within the corporate limits of the City of Rolla. The resulting Lot 2 would be a combination of the two parcels and Mr. Dunaway's property. Lot 2 would be one platted lot, but divided by zoning and the corporate limits. However, as the two parcels are not practical for building or as stand-alone lots due to the slopes, the unusual situation should not cause complications.

Property Details:

Current zoning - C-3, Highway Commercial and unincorporated Phelps County

Current use - residential/undeveloped

Proposed use - No development proposed

Land area - Lot 1: 19.75 acres; Lot 2: 2.96 acres

Public Facilities/Improvements:

Streets - The subject property has frontage on Sally Rd, a collector street; and Westside Drive, a local street.

Sidewalks - No sidewalks exist on either street frontages.

Utilities - Lot 1 should have access to all needed public utilities, however, Lot 2 is not served by the City of Rolla at this time.

Drainage - Drainage will be reviewed at the time of development.

IV. B. 1.

Comprehensive Plan: The Comprehensive Plan designates the subject property as being appropriate for commercial and residential mixed uses.

Discussion: The proposed plat appears to meet all requirements. RMU and Public Works staff did request additional utility easements along the Lot 2 Sally Rd frontage to match existing easements and be prepared for future needs. At this time, the co-applicant has declined to grant the easement, as his property is not within the city limits, served by city utilities, and only included in the plat so the two parcels could be combined into his existing property.

The situation is unusual, as a platted lot will be created that is partially inside the city limits and partially outside the city limits. Annexation or de-annexation may be appropriate in the future if any development on Lot 2 is proposed which would cross the corporate limits line.

Planning and Zoning Commission Recommendation:

The Rolla Planning and Zoning Commission conducted a meeting on August 11, 2020 and voted 7-0 to recommend approval of the request.

Prepared by: Tom Coots, City Planner

Attachments: Final Plat, Ordinance

IV. B. 2.

ORDINANCE NO. _____

AN ORDINANCE TO APPROVE THE MINOR SUBDIVISION FINAL PLAT OF WESTSIDE MARKETPLACE 2. (SUB 20-02)

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROLLA, MISSOURI AS FOLLOWS:

SECTION 1: An ordinance approving the Minor Subdivision Final Plat of Westside Marketplace 2, a subdivision in City of Rolla, Phelps County, Missouri through the subdivision process.

SECTION 2: That this ordinance shall be in full force and effect from and after the date of its passage and approval. Building permits may not be issued by the Community Development Department until the plat has been filed with the Phelps County Recorder of Deeds.

PASSED BY THE CITY COUNCIL OF THE CITY OF ROLLA, MISSOURI, AND APPROVED BY THE MAYOR THIS 8th DAY OF SEPTEMBER 2020.

APPROVED:

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Counselor

IV. B. 4.