

**MINUTES OF A STUDY SESSION OF THE PRINCETON CITY COUNCIL HELD ON
AUGUST 4, 2009, 4:30 P.M. IN THE CITY HALL COUNCIL CHAMBERS**

Mayor Jeremy Riddle called the meeting to order. Other Council members present were Paul Whitcomb, Victoria Hallin, and Dick Dobson. Councilor Lee Steinbrecher was absent. Staff present was Steve Jackson, Bob Gerold, Jim Roxbury, Mike Neilson and Katie Hunter.

WASTEWATER TREATMENT PLANT UPDATE – TRACY EKOLA (SEH)

Engineer Tracy Ekola with SEH was present to discuss the Wastewater Treatment Plant improvement update.

Phosphorus Removal Project Update/Final Cost Update: Ekola noted that the city is in compliance with the new phosphorus limit of 1mg/l that started on June 1, 2009. Originally, the estimated cost was about 1.88 million for the project. Currently, the total construction cost is coming in at 1.66 million.

NPDES Permit update: The MPCA completed their non-degradation review and revised the EAW in June, 2009. The EAW and draft NPDES permit were put on public notice July 1, 2009. The 30-day public comment period is over.

There were three comments from the engineers, the MnDNR, the Army Corps of Engineers and the Minnesota Center for Environmental Advocacy. DNR had a comment regarding the discharge pipe to the river. They suggested measures be taken so the trench would not act as a sump. Ekola said that that could be accommodated.

The MCEA requested the draft Princeton permit to require offsets in actual phosphorus discharged and that the draft permit be reviewed before the MPCA's Citizen Board prior to issuance. The next Citizen's Board meeting is scheduled for September 2009. Ekola noted that the MCEA is not contesting the permit but are commenting on how it should be handled. Hallin questioned if the MCEA could "stop" us and Ekola answered that yes, they could delay the city. Overall, the PCA doesn't want to stop facilities in upgrading or improving. Ekola also noted that the MCEA is not objecting the permit, but the phosphorus trading.

Karnowski stated that the MCEA's argument is that our trade was a "paper trade" which it is not. Ekola agreed that yes, this is a real trade and is fully legitimate. Ekola noted that, had this been a strong argument, the issue may have gone to a contested case hearing, but they are only requesting that it go before a Citizen's Board. Karnowski stated that they must object in order to follow their precedent that they have set with others.

Mayor Riddle asked about the Citizen's Board. Are they the final authority or advisory? Ekola advised that a vote of the Board could block issuance of the permit.

Karnowski noted that the city was not responsible for providing a detailed response to the MCEA and that, being the PCA is issuing the permit, the MPCA staff will be answering questions on the permit itself. Ekola said that the MPCA staff may decide not to send the issue to the Citizen's Board. We should know that before September.

Karnowski stated that one unique thing about this permit is we're the first municipality to do a non-point phosphorus trade. Two other permits that were issued on a non-point phosphorus trade but were industry related.

Ekola provided the following proposed schedule for moving toward and completing construction:

Tentative Schedule:

A. Public Notice EAW/NPDES	July 2009
B. MPCA Citizen Board Review	September 2009
C. Permit Issued by MPCA	?
D. Begin Plant Design	Sept 2009 (Contract A), Feb 2010 (Contract B)
E. Design Complete	June 2010
F. MPCA Review Complete	May 2010 (Contract A), Sept 2010 (Contract B)
G. Bid Project	June 2010 (Contract A), Oct 2010 (Contract B)
H. Start Construction	July 2010
I. End Construction	July 2012

Cost Estimate: Ekola noted that downsizing has been looked at as an option in the past and stated that, regardless of the size plant, the sludge storage has to be upgraded and the screening would have to go in the existing building. The effluent building could be built smaller but the cost would only be cut 70-80%. Another option is downsizing the storage facility.

Whitcomb asked how much plant deterioration could occur if the plant is built larger than needed at this point and the equipment just sits there. Ekola said we would have warranties expiring and the equipment going downhill even if the city is not using it to its full capacity.

Karnowski wondered if the lift station could be put in as an alternate bid item and if it all stays under the total allocation that USDA has given the city, could the project still go forward if the cost was not exceeded. Ekola answered yes, that could be done.

Karnowski noted that in the long run, this route would probably be cheaper than to completely defer building a larger lift station because we don't need it right away, only to need it in the future. The building could also be constructed for adding on in the future. But, Ekola mentioned that if the city adds on in the future, the city would have to go through the same long permitting process again. The costs of expansion would, again, include permit application, engineer costs, financing, legal etc.

Dobson observed that the MPCA guidelines could also change in the future.

There being no more questions and no more information for the Council, Ekola will advise the city of any further developments from the MPCA.

SHERBURNE COUNTY MOBILE HOME PARK SEWER FUNDING DISCUSSION

City Engineer Mike Nielson was present to discuss the options for funding the proposed sewer extension to the Sherburne County Mobile Home Park.

Nielson explained that total cost for construction and financing comes to \$591,250.00.

There are four Financing options:

1. Developer pays 100% - Assuming a 20 year commercial loan @ 6.5%; \$6,914.82/month. Cost per unit per month would be **\$92.55**. The park owner has stated he doesn't have the funds for this at this time.

2. USDA Rural Development Loan – The owner would pay SAC up front and the terms of the loan would be 39 years at 2.67%; with a construction cost of \$597, 250. 40 years at the 2.67%, \$2,069.43 per month and with 100 units; **\$69.52** per unit per month. The cost of the loan would be levied against the mobile home park property. Then, if the park went bankrupt, the city could recover the cost of the loan from the next property owner.

Jackson asked if a different user rate could be charged. Karnowski indicated that, according to the USDA, it could not.

3. City bonds for project cost; developer pays SAC up front. - 30-year bond is available estimated at about 4.5%. Total cost per month per unit is **\$78.79**.

4. City bonds for all costs including SAC. - Assess those costs back to Mobile Home Park. Assuming a 30-year bond at 4.5%; about **\$70.39** for user fee. (cost per unit per month).

Whitcomb asked if the developer has any money to put toward the project. Neilson explained that if he had to do it on his own, he would guess the developer would put forth \$500,000 to \$750,000. Whitcomb strongly suggested that if the developer has anything to put forth to help offset these costs that he would like to see that done.

The question arose if the developer is most sensitive to the monthly costs. Neilson said that the monthly/annual cost is the main concern for the Mobile Home Developer.

Riddle summed up that if the mobile park owner added another 60 units the per monthly cost could be decreased by one third.

Neilson suggested asking the mobile park owner to come up with the SAC fees (\$336,000) up front and look to the USDA for funding or employ the bonding option.

Dobson said that he would only be in favor of the USDA option if the fees of the mobile home park can be changed; instead of charging another resident in a different area the costs for the mobile park.

AIRPORT RUNWAY PROJECT BID CONSIDERATION

A. PAVEMENT REPAIR

Karnowski advised that the city received three bids for crack patching of the main runway. The engineer's estimate for the project was \$350,000.00. The companies and their amounts were:

ASTC	\$364,616.50
North Valley, Inc.	\$505,701.20
WB Miller, Inc.	\$585,426.00

Engineer Dresel recommends awarding the bid to ASTC.

B. LIGHTING

Engineer Dresel also got quotes on the lighted hold signs which the FAA is requiring that the city complete as part of or prior to any other entitlement grant funded projects. The three quotes are as follows:

Egan Company	\$22,495.00
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Holden Electric	\$22,546.00
Premier Electric	\$29,900.00

The engineer's recommendation is to award the bid to Egan Company.

At this point in time, fog sealing is not being recommended because of the costs.

DOBSON MOTIONED TO ADOPT RESOLUTION #09-32 AWARDED THE BIDS TO ASTC FOR THE CRACK SEALING AND EGAN COMPANY FOR THE LIGHTING WORK. HALLIN SECONDED THE MOTION. ON THE VOTE: AYES - 4; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

Karnowski said the Airport Advisory Board is meeting Monday, Aug 31. Their regular meeting is at 5:30 pm and a social event/meeting will be held at 6:30 to update those that use the airport of the proposed improvements. The Council was encouraged to attend.

MISCELLANEOUS

Dobson said that he and Hallin attended the Coalition of Greater MN Cities Conference and it was a very rewarding experience. The main topic discussed was the LGA and keeping that issue in the public's eye. Vicki said the panel discussions were very good.

WHITCOMB MOVED TO ADJOURN. HALLIN SECONDED THE MOTION. ON THE VOTE: AYES - 4; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY AT 5:45 P.M.

Respectfully Submitted,

Katie Hunter, Deputy City Clerk

ATTEST:

Jeremy Riddle, Mayor