

**MINUTES OF A STUDY SESSION AND BUDGET MEETING OF THE PRINCETON CITY  
COUNCIL HELD ON NOVEMBER 5, 2009, 4:30 P.M. IN THE  
CITY HALL COUNCIL CHAMBERS**

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Mayor Riddle called the meeting to order. Council members present were Mayor Jeremy Riddle and Councilors Paul Whitcomb, Dick Dobson, Lee Steinbrecher, and Victoria Hallin. Staff present was Mark Karnowski, Steve Jackson, Jay Blake, Bob Gerold, Brian Payne, Nancy Campbell, Jim Roxbury, and Katie Hunter.

**SAC CHARGE DISCUSSION**

Karnowski explained to the council that he wanted feedback regarding the City's SAC (Sewer Access Charge). The SAC fee is money the city collects from a property owner who hooks up to the city sewer system. The fee collected represents a figure equal to the amount current sewer customers have invested in the existing system. That investment normally includes not only the cost to build the WWTP, but the cost of other sewer related infrastructure.

That figure escalates on an annual basis for two reasons. The current users continue to contribute funds that are used to pay off the bonds that were sold to pay for the initial cost of construction and to pay for related CIP costs. The fee also goes up because, normally, the cost of construction increases annually.

Now, with the securing of USDA loan monies to build the new plant and the pending issuance of the actual MPCA permit, the city will be building a new plant and razing much of the old facility. Keep in mind that the city has already expended funds for the phosphorus removal facility and for some of the "pre-loading" done to prepare the site. So we already have funds invested even before construction of the main plant.

That being the case, one could make a case that the city's SAC fee could be reduced because properties that hook up in the next few years are going to be paying down the USDA loan at approximately the same rate as the folks that are already hooked up.

Given the country's economic situation, one could make an argument that reduction of the SAC fee would also have the residual benefit of encouraging development. Additional users to the system will increase the number of properties contributing to paying off the loan – making it less expensive for the current users.

Steinbrecher asked how much of a difference we were looking at. Karnowski stated that he isn't sure exactly how much - the fees are supposed to be representative of what a particular city can justify. On the Clerk's ListServ, it is not unusual that others ask, "What do you charge for this?" But, it isn't always correct to go off of other cities; instead to go off what your own city portrays.

Hallin asked how it will affect people who permitted in the past year or so. Karnowski explained that we are going down because the new WWTP is being built and those who have paid recently are 'buying into the system' that is currently being used. If the fee goes down, the people who come on will be paying for the new system.

When the USDA structured the loan/grant, they were keeping in mind that they wanted the sewer rate to remain at a reasonable level. It must be competitive with what other cities pay. Hallin suggested finding out if other cities have reduced their SAC.

Dobson asked if prices are reduced, are people who have been paying on their sewer bill going to ask, "Why are *my* rates not changing?" Riddle reminded everyone that rates will not be reduced - just hookup fees. Karnowski reminded everyone that the more users you have on this

type of system, the lower the price for current users and the newer users. In other words, the economic development has a positive effect on everyone's sewer rate. By increasing number of users, it reduces cost for everyone. Hallin commented that she agrees with a review of this issue. If there is a call for reduction, she would like to see if other cities have done that.

Steinbrecher commented that the City has been reluctant to reduce SAC in the past, but it may be time to re look at reducing the charge now. If you are going to bring in a business that is going to add employment in the city, we should support that. For example, the theatre that we had all hoped to come into town, it maybe wouldn't have been a bad thing to reduce the charges. Otherwise, Community Developer Jay Blake doesn't have a lot of other incentives. Financially, we are bettering the community. Karnowski said that since Jay has come on, we are finding new ways to better the city. The other business incentives; by staying away from SAC charges, but we could definitely look at reducing that. Steinbrecher understands the need to the SAC charge, but there is another side of it as well.

Karnowski stated that in using theatre for example, even the Job Z program – it could not be extended to commercial properties.

Riddle suggested setting up (A) criteria and (B) a budget, so we aren't just waving it for every business.

Steinbrecher commented that there is some business that could make a significant difference in the general lifestyle of the community, so overall there is value in possibly reducing the SAC.

### **2010 BUDGET DISCUSSION – CAPITAL IMPROVEMENT PLAN (CIP)**

Jackson reviewed the Capital Improvement Program explaining to the Council that with Department Heads trying to be more conservative, there is not much in the planned expenditures during the time out until 2015. A lot of the large expenditures are anticipated to be funded by grants; for example the Public Safety Building. These expenditures are not included in the bottom line.

**Administration:** Hallin asked about funding from townships for the Public Safety Building. Jackson stated that those funds would be just for service contract. It will be for benefit of the entire system.

Jackson stated that some of the items are hold-over from previous years. The roof on City Hall is in need of a major patch down or to totally redo sections of the roof. But, on the other hand, with the new Public Safety Building; are we going to try to relocate City Hall out there or not, do we really want to put more money into this current City Hall?

Also listed is \$250,000 to remodel the Civic Center (\$125,00 for '09 and \$125,000 for '10) . Karnowski stated for that price, one could build a new building. To some, there is historical value with the current Civic Center. Especially because of the current fireplace, although that could be build around or saved. Steinbrecher commented that it doesn't make sense to 'patch' the building up. Karnowski said the City Building Inspector went to look at the Civic Center last year, and the structure itself is still pretty sound. Karnowski is not sure of the costs, but if something isn't done fairly soon, it may not be done at all. Riddle suggested saving the logs and/or the fireplace and using them in the new structure. Karnowski asked if Council wanted to leave the \$250,000. Hallin concurred at leaving the amount of \$250,000 for remodeling of the Civic Center. Steinbrecher said it would at least be worth an investigation to what could be done for \$250,000.

**Finance:** A small amount of \$2500.00 is listed in 2010 for the Finance Department in case something needs to be replaced. In 2011, Jackson foresees the current program being used will be retired.

**Community Development:** Jay Blake spoke about the hangers as well as GIS map updates with sewer location because we only have maps currently from 1950s. The Industrial Park Storm Water Plan has a budget of \$20,000 for 2010. The City has gone from 0% to 80% coverage. In some intersections, water sits in the streets. This plan will be paid for through the storm sewer utility that the city has established.

Karnowski added that he and Anderson have spoke and the purchase of the Anderson hanger will hopefully be done by the end of the year.

**The Library;** Jackson explained the heating and air conditioning system at the library is in need of replacement. There have been more repairs done at the library than anywhere else, even though it's a newer building. We'll try to get some quotes. In addition, the carpeting needs to be replaced. Gerold stated that it is showing its age.

**Police Department:** Payne said the Police Department is looking for a new squad car because of the oldest car having 100,000 miles on it, hence the \$40,000 in the 2010 budget. Payne commented on how Rum River Auto has seemed to notice things ahead of time and done a good job with keeping up the Police vehicles.

The 800 megahertz radio system and portable radios have been rolled over for the past 5 or 6 years. We may not switch to 800 megahertz until 2012 or 2013, and hopefully at that time, the costs will be down. Mille Lacs County hasn't switched over to this system yet. Payne stated that the Police Department copier is fine working order, but we have rolled money over in case a new one is needed. The Council decided to reduce the copier to \$12,000 to match the copier listed in the Administration section at \$12,000.

**Fire Department:** Roxbury explained that the GIS Mapping probably will not happen this year, although it's a carry over. The Slide-in (\$7,500) and Rescue ATB (19,000); are side-by-side two-man Grass Rig with removable tracks for rescues and searches to have access to parks. This price also includes a trailer. The Hazardous Materials trailer (\$9,000) will be used to carry emergency spills/traffic control/relocation stuff. The Fire Advisory passed a motion last Tuesday for purchase of a Chassis in 2009 (\$27,000), and the rest of the conversion in 2010 (\$25,000). Roxbury stated that he could probably find the funding to do these things, but he's asking for the blessing from the council to continue on. Council said 'move on'!

**Emergency Management:** There is nothing at this time in the budget for Emergency Management. The city is pretty well covered.

**Public Works:** Gerold stated that the current loader/plow that Public Works is using has reached its lifecycle and needs to be replaced; hence the \$140,000 in the 2010 budget. Jackson added that loaders are used in the City quite a bit. Gerold said he would like to get an "IT" model, which brings in more hydraulics and more versatility. He may possibly purchase a tree spade for the loader.

The Council questioned the amounts of \$5000 in the 2013, 2014 and 2015 budgets. Gerold explained that in 2012 there will be new reflective standards mandated by the State for signs.

**Parks and Recreation:** Gerold explained that a dog park fence will be installed in 2010 (\$7,000) at Riebe Park. That price also includes a waterer for animals and litter stations, paving, sidewalk, and any other clearing that may be needed. \$4000 is included to add additional picnic tables on the East side of Mark Park, just west of the Lions Club shelter including cement slabs. In 2011, the budget includes a \$40,000 allowance for Prep and blacktop trail meandering through Mark Park and tying into the Hockey Arena, which fits in with trail system that Visionary Committee has been discussing.

Steinbrecher asked if there will be a road through the park to the Hockey Arena for Fire Department access. Blake stated that concerning the emergency access into the park has not been solved yet, but maybe a land purchased through NSP could be a possible route. Still in discussion on this issue is an unpaved but unmovable access.

**Public Infrastructures:** Blake explained that the improvement projects for Public Infrastructure; Sewer Extension (South) and Western Bypass Road) are both anticipated road projects that continued to get moved out. There hasn't been an immediate demand for either project, but on the South side, the sewer extension looks more likely; possibly for 2011.

**Cemetery:** Gerold explained that in 2010, \$5,000 is allotted for a cemetery expansion and \$18,000 for a new pickup. The maintenance on the cemetery buildings is already being completed in 2009. Hallin asked if the Public Works Department planned on replacing the entire fence (\$40,000 in 2011). Gerold said that would be the plan when West Branch Street is finally closed, due to the damage that is done now with the road open. In addition, it will dress the cemetery up.

**Airport:** Karnowski explained that the airport is in need of a drainage rehabilitation to improve drainage from the airport because it has tendency to stay wet when it rains heavily (\$6,000). As for the \$80,000 allowed for a maintenance building; some of that cost may be decreased if the City is able to purchase the Anderson building. At least for time being, that could be used to store airport maintenance equipment. The FAA makes sure that the equipment they helped us to purchase be housed at the airport so it is only used for that purpose. Hallin questioned the fixed based operator facility that is at \$300,000 in 2013. Karnowski explained that a fixed based operator is a full time employee at the airport. As for now, the Princeton Airport is not large enough to justify the expense.

**Sanitary Sewer:** There is a \$16,000 allowance for the North Lift Station/Treatment Plant upgrades. Karnowski noted at this time, the Minnesota Pollution Control Agency (MPCA) is filing a case objecting to the State of Minnesota's approach to phosphorus trading.

Riddle suggested taking a look at the Power Plant in Chisago County on how they will vote on it in the next couple of months. Karnowski said he read a story in the Star Tribune that said NSP/Excel is looking at a different process of not taking water out of the Hinckley aquifer and not taking wastewater out of different plants. The treatment plant upgrade is at \$16,000,000 for the year 2011.

Karnowski said if the Council recalls the last time Tracy Ekola spoke to the Council, the idea was to phase the construction. Use most of 2010 will be used to plan and not build until mid to late 2011. The reason for this is because bids are coming in so low on materials and on labor.

**Liquor:** Campbell explained that she had very little planned for the Liquor Store budget in the coming years. The only possibility would be a computer upgrade in 2011.

**Expenditures/Revenues:** Everyone agreed that we've 'hit the bottom' and are currently climbing up hill again when it comes to sales at the City Municipal Liquor Store. Karnowski said he and Campbell met with the Minnesota Municipal Beverage Association who reviewed what the City was doing at the store. The Association had suggestions on things the City could do to bring in more revenue. Karnowski complimented Campbell, as she is making great strides to do those things. Karnowski added that the Association had good things to say about the store. Steinbrecher noted that it appears net profit for the store is at nearly \$100,000 compared to what was budgeted at \$50,000. Another helping factor was the original \$123,000 budgeted for 2009 to bringing on an Assistant Liquor Store Manager. That number was revised to \$81,656. Campbell has been doing it all on her own. Campbell noted that she is alright for now, but probably in the future she will want an assistant.

**Police:** The Department is holding the line well on overtime. Payne added that the officers have been working as a team. Dobson stated that he is impressed that the budget is held. Jackson added that city wide; all of the employees are doing what they can to keep the costs down.

**Animal Control:** The Animal Control is a minimal account. The expenditures shown are for impounded charges from vet.

The Council thanked everyone for their hard work and consistent effort in keeping costs down. Roxbury stated that their job is a lot easier when the council trusts the Department Heads and lets them do their work.

#### **VISIONARY COMMITTEE MATCH OF \$1500 FOR FRISBEE GOLF COURSE BASKETS**

Dick Dobson explained that the Visionary Committee has \$1500.00 set aside for baskets and is requesting that the Park Board match that amount. The Park Board has agreed to do so, but needs the City Council's approval.

Hallin recapped that the money would come from the Park Dedication fund. Dobson said that Visionary Committee member Scott Suhsen is working on the details of shipping and possibly getting Crystal Cabinets to back haul the baskets at no cost. Rick Johnson is talking to Knife River (concrete company) to use "spare" concrete that they may have in area out at the park.

STEINBRECHER MOVED TO APPROVE \$1500.00 FROM PARK DEDICATION FEES. HALLIN SECONDED THE MOTION. AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

#### **EAST CENTRAL CHAPTER OF MINNESOTA DEER HUNTERS GAMBLING PERMIT**

Karnowski reported that the East Central Chapter of Minnesota Deer Hunters is applying for a Gambling Permit for a raffle that will be held on February 25, 2010. They are in need of an approval from the City Council now so they can begin to sell the raffle tickets.

DOBSON MOVED TO APPROVE THE GAMBLING PERMIT FOR THE MN DEER HUNTERS ASSOCIATION. WHITCOMB SECONDED THE MOTION. AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

**FOREST PROTECTION RECOVERY GRANT**

Blake explained that he is seeking authorization to submit a grant request for the Forest Protection Reserve Planning and Preparedness Grant to the Minnesota Department of Agriculture. This grant would assist with the development of an Emerald Ash Borer Management Plan that addresses prevention of the spread of the pest and the reforestation of the boulevard trees within our community. Blake went on to say that the City will be looking at completing a tree inventory and developing a harvest replanting plan for all public areas such as boulevards and parks. The plan is to match the grant with local in-kind and donations. \$6000 of the Community Growth Options Grant funds will be used. Blake stated that he has been working with Bob Gerold and the Mille Lacs Soil and Conservation Department.

HALLIN MOVED TO APPROVE STAFF APPLYING FOR THE FOREST PROTECTION RECOVERY GRANT. DOBSON SECONDED THE MOTION. AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

**BILL LIST - \$284,392.92**

HALLIN MOVED TO APPROVE THE BILL LIST WHICH INCLUDES THE MANUAL CHECKS AS LISTED ON THE MANUAL VOUCHER BILL LIST FOR A TOTAL \$143,691.32 AND THE ITEMS LISTED ON THE LIQUOR BILL LIST AND GENERAL CITY BILL LIST WHICH WILL BE CHECKS 61526-61590 FOR A TOTAL OF \$140,701.60. WHITCOMB SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

Hallin added that she will not be present at the Thursday, November 19, 2009 meeting because she is attending the Coalition of Greater Minnesota Cities convention that weekend.

There being no further business, DOBSON MOVED TO ADJOURN AT 6:30 P.M. HALLIN SECONDED THE MOTION. ON THE VOTE: AYES - 5; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

Respectfully Submitted,

Katie Hunter, City Clerk

ATTEST:

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Jeremy Riddle, Mayor