

**MINUTES OF A STUDY SESSION OF THE PRINCETON CITY COUNCIL HELD ON
APRIL 29, 2010, 4:30 P.M. IN THE CITY HALL COUNCIL CHAMBERS**

Mayor Riddle called the meeting to order. Council members present were Councilors Paul Whitcomb and Dick Dobson. Lee Steinbrecher and Vicki Hallin were absent. Staff present was Administrator Mark Karnowski, Finance Director Steve Jackson, Community Developer Jay Blake, Public Works Director Bob Gerold, and City Clerk Katie Hunter. Also present: City Attorney Dick Schieffer.

RESOLUTION #10-23 ACCEPTING DAY OF PRAYER

WHITCOMB MOTIONED TO APPROVE RESOLUTION 10-23 PROCLAIMING DAY OF PRAYER AS THURSDAY MAY 6 AT 12:00 NOON. DOBSON SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY (3 AYES, 0 NAYS).

NORTHSTAR COMMUTER RAIL PRESENTATION

Lucy Botzek; Sherburne County Deputy Administrator was present to introduce the Northstar Commuter Rail to the City Council and staff. Botzek said the train has been up and running since January, 2010. The train goes to downtown Minneapolis and lands at the Twins stadium. At this time, the train is not servicing the Twins games but it will be starting in June. The cost currently is \$11 from Elk River and \$13 from Big Lake. A family pass for two adults and up to three children round trip is \$17. With the ticket you purchase, you have a two hour time frame to use the light rail, and come back to the train for a ride home. Botzek mentioned that federal dollars to extend the rail to St. Cloud would be good.

The train's one-way time is fifty minutes. You can take your bike on the train or leave them at the stations. There have been several compliments from people with disabilities that they are very comfortable on the train. City police are available and patrolling the train.

The Council questioned Botzek at the numbers of riders. For January, a total of 43,840 round trip riders. In addition, there were 44,705 riders in February and 49,304 in March. Botzek mentioned that they are pleased at this point.

Dobson asked how far the light rail is from where the train stops. Botzek answered that the light rail is within 500 feet or less

Blake explained that the City of Princeton's comprehensive plan includes a development of a park and ride with connections to the Northstar corridor. Blake believes there would be enough individuals coming from this area heading south to justify a connection. Botzek mentioned that Sherburne County has done a survey and will forward it on to Blake who is interested in seeing it. The project may be long term.

The Council asked if people can park overnight at the park and rides and Botzek said they can. There are no parking fees at this time.

TIMBER TRAILS - BRIDGE PROJECT

Helen Piper with Timber Trails was present to discuss the bridge project and detour. Timber Trails would like to help Princeton get through the next six months. Piper said they will not be adding more man power and more buses but are going do all that they can do to help.

Timber Trails will especially like to help the folks that are dependent on the busses off of Alpha Road.

Dobson asked if the buses are equipped for people that are in power wheelchairs. Piper said that every bus is lift equipped and every driver is trained in that area as well, as long as the chair doesn't exceed 650 pounds.

Blake mentioned that MN DOT has been mentioning Timber Trails as a service provider to residents. MnDOT is going to be supporting us. Karnowski mentioned the May 18, 2010 meeting that MnDOT is putting on for the public. Maybe it would be a good idea to have Timber Trails attend as well

Dobson said that it is great that Timber Trails is willing and capable to help out.

The Council asked how difficult it is for first time riders. Piper said Timber Trails has a bus-buddy program. If the city becomes aware of somebody and can make a referral to Timber Trails, there are trained mentors who will ride with someone, help them make their calls and reservations to for example, senior dining, public health, senior housing and the hospital.

WWTP DISCUSSION

Karnowski stated that Brett Repulske has been sick and will not make the meeting. Mike Neilson and Tracey Ekola were present.

Nielson reported that staff has requested additional funding from United States Department of Agriculture (USDA) for additional projects that seem logical to construct at the same time as the Waste Water Treatment Plant. The USDA funding provides a significantly lower interest rate and double the normal payback period for their loans. Conventional municipal funding interest rates are between 4.5 percent and 5.5 percent with a payback period of 20-years. The USDA RD funding has an interest rate of 2.75 percent with a payback period of 40-years.

Smith Systems Road Sewer Extension - \$2,000,000

As you know, the sewer line was targeted for replacement when the sewer was installed on 21st Avenue to provide needed capacity for the Northwest area and all areas west of the Highway 169. This project was added as a result to reconstruct Northway Drive for the Sterling Pointe Assisted Living Project. The existing Smith Systems Road is near capacity and cannot handle much additional development or sewage flow.

If this project was not included with the WWTP funding, the City would have to fund through the use of bonds and the interest rate would be near 4.5 to 5.5 percent with a payback period of 20 years. Difference:

40 years @ 2.75 percent: \$83,063 annual payment
20 years @ 5.0 percent: \$160,485 annual payment

Phosphorous Reduction Projects - \$1,000,000

The Phosphorous Reduction Projects are required as part of the MPCA Sewer Treatment Permit. These costs were not previously identified in the Facility Plan but are now required. The actual cost is not specifically known but we have requested \$1,000,000 in funding from USDA.

40 years @ 2.75 percent: \$41,532 annual payment
20 years @ 5.0 percent: \$80,243 annual payment

Mobile Home Park Sewer Extension - \$500,000

Neilson explained that this project includes the construction of a gravity collector, lift station and force main to provide sewer service to the Mobile Home Park south of town. The annexation agreement has been complete and is awaiting signature and completion based on the city providing sewer service to the park. The owner could not afford the combination of SCA fees and assessments required to complete the project.

Nielson went on to add that the advantage to the city in getting this project completed is gaining the population to put us closer to the magic 5,000 number that is needed for Municipal State Aid Status and the roadway funding that will come along with it.

40 years @ 2.75 percent: \$20,765 annual payment
20 years @ 5.0 percent: \$40,121 annual payment

Sewer Rate Study - \$22,000

Nielson said the proposed sewer rate study will include some of the things we have talked about for several years including a funding a capital improvement program for sewer repair and replacement. The city currently does not have a dedicated source of funding for any type of sewer replacement. As sewers are replaced now the funding is from a combination of assessments and bond sales. A more palatable method of financing capital replacement for sewer is to include a small monthly fee on each utility bill that covers the depreciation of the sewer pipe. In addition to reviewing and making a recommendation of sewer user rates the study will review the current SAC fees and make a recommendation for setting the SAC rate for future development. The sewer study will also review establishing dedicated funds for infrastructure replacement and future WWTP capital improvements.

40 years @ 2.75 percent: \$914 annual payment
20 years @ 5.0 percent: \$1765 annual payment

Whitcomb asked if there could be a two tiered SAC and WAC rate system where the rate would be different for newer developments. For a company like Target, the SAC fee doesn't matter, but for a local business, another \$50,000 is a huge deal. It has more of an impact on businesses that are here and want to expand.

Blake said that the fees are based on what is being built; a warehouse "per square feet".

Karnowski said that the city has mimicked what waste council does so if anyone challenges us on a rate, if we did something unique, we would have to justify the logic if someone challenged us.

Tracy said she does not know of any tiered SAC fees. You could call it a 'Connection Fee' for the existing businesses and a SAC Fee for a new business.

Nielson said that they would like to have out of every dollar that is collected; two cents can get taken out to put into the Capital Improvement Plan to pay for future fixes to the sewer system.

Whitcomb asked if the Smith System Road people would still maintain with no assessments. Nielson said that we could go with an 8 inch diameter assessed as normal residential sewer, all the over sizing would be absorbed into the USDA loan. Neilson said Repulske's last comment was that he has done checking and it is understood that communities have a 20% leeway on

the amount funded. We could put add an additional 3.9 million without having to do a separate agreement with USDA. We are at about 3.5 million currently.

The Council asked if affluent filtration is a new request. Tracy explained that Rural Development did not include the affluent in the original loan amount because at that time it was not required by permit. If items were not in the permit, Rural Development would not fund it.

Karnowski said that there is a Build America Bond that if we get it submitted before December 31, 2010, thirty-four percent of the interest would be picked up, which would be a huge savings. Karnowski said when it expires; they may be willing to continue that program at another 28 percent buy down. It is unsure whether there is a way of locking it in. Nielson said he believes it can be locked in. Riddle said he thought it was a lock down for only 10-20 years, but not the entire life of loan.

Dobson asked what Finance Director Steve Jackson's thoughts were. Jackson said it seems like everything being included is essential. We're not coming up with a bunch of new projects. We have been lacking the sewer rate study and the city has never done one. I think this one would allow for us to do a more thorough job. It will allow for us to look at a lot of different options.

Karnowski; said we could bid the projects as options. If we do find out more about the Build America Bonds and the buy down, the first thing that goes away is the grant money. We may be able to pick and choose and access as much of the "free" money as possible.

Neilson said the pipe will serve the development for up to 40 years. It is the digging and dewatering that costs money. We're proposing 27 inch pipe which could be decreased, but with a savings of only four dollars a foot. We need to do it the right way now so we're not coming back in twenty years from now wishing it would have been done correctly. Whitcomb said the problem with over sizing is if there is a low flow; we may have to flush it. Nielson said it basically covers business areas. If it was residential that was being covered, there would be a concern.

Riddle asked that since we're required to the phosphorus reduction as well as the affluent filtration and we've already committed to the Smith Systems Project, just how are we going to finance them. Karnowski said we committed, but not to the sewer line: that's the addition. The city could save money by not crossing the highway with the sewer line.

Gerold stated that there is trouble with the lift station. The pumps and valving are showing their age.

Dobson commented that he thinks these are all worthwhile projects. Dobson wouldn't mind moving ahead to see what funds are available and if we have to modify with USDA, what the difference in the interest rate would be. Dobson doesn't want to commit completely without knowing more of the financial aspect of the projects.

Karnowski reiterated that the question before the council is to direct the engineers and staff, subject to USDA comments, to add the proposed projects to the current project and bid as many options as possible and continue to look into the Build America Bonds.

Riddle suggested the WWTP gets voted in and everything else is optional. The option is do we include them in bunch. Riddle just wants true bids on everything. Karnowski suggested that the

city can reserve the right to downsize the project. Whitcomb stated that he too wishes for some avenue to be able to reject some projects after the bids come in.

If the bidding process is not put into options, different companies could get different portions, then they're competing for every single portion. Karnowski stated that some companies will give an additional discount if they receive both projects.

RIDDLE MOTIONED TO APPROVE MOVING FORWARD ON PROJECTS AND BIDDING THEM ALL AS SEPARATE PROJECTS, CONTINGENT UPON BRETT REPULSKE'S AND THE USDA'S COMMENTS. WHITCOMB SECONDED THE MOTION.

Riddle said there would be roughly a total of six bids.

MOTION CARRIED UNANIMOUSLY (3 AYES, 0 NAYS).

CONTRACT CONSIDERATION

Karnowski explained that there are engineering contracts to consider; to actually hire the engineering firms. Dick Schieffer has approved the contracts. Schieffer stated that the City's standard insurances far exceed what the engineering firms are looking for.

WHITCOMB MOTIONED TO APPROVE THE ENGINEERING FIRM'S CONTRACTS, DOBSON SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY (3 AYES, 0 NAYS).

There being no further business,
WHITCOMB MOVED TO ADJOURN AT 6:10 P.M. DOBSON SECONDED THE MOTION. ON THE VOTE: AYES - 3; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

Respectfully Submitted,

Katie Hunter; City Clerk

ATTEST:

Jeremy Riddle, Mayor