

**MINUTES OF A STUDY SESSION MEETING OF THE PRINCETON CITY COUNCIL HELD
ON AUGUST 4, 2011, 4:30 P.M. IN THE CITY HALL COUNCIL CHAMBERS**

Mayor Jeremy Riddle called the meeting to order. Council members present were Paul Whitcomb, Dick Dobson, and Thom Walker. Councilor Victoria Hallin was absent. Staff present was Administrator Mark Karnowski, Finance Director Steve Jackson, Community Developer Carie Fuhrman, Engineer Mike Nielson, Public Works Director Bob Gerold, and City Clerk Katie Hunter.

RESOLUTION 11-43 ACCEPTING DONATION FROM JAYCEES

Karnowski explained that the Jaycees have proposed donating nine hundred and forty seven dollars and six cents for upkeep toward the Solheim Field.

WALKER MOTIONED TO ACCEPT RESOLUTION 11-43. DOBSON SECONDED THE MOTION. ON THE VOTE: AYES - 4; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

ENGINEERING

A. Proposed Sewer Rate Change for Waste Water Treatment Facility

Tom Roushar, PE Senior Project Manager with WSB and Associates, Inc. was present at the meeting. Roushar handed out a report rate study. The report had been labeled "draft" because the council may want to include some of their own input.

WSB has evaluated the current financial condition of the sanitary sewer system enterprise fund and sanitary sewer trunk fund. The current annual expense of the sanitary sewer system has also been evaluated, as well as, estimated the future increase in annual expense resulting from the planned improvements to it. In addition, current revenues were evaluated and future revenue requirements were estimated to determine the required increase in revenue.

WSB has projected future growth, sewer sold, SAC fee receipts and trunk fee receipts. Based on this, the city should increase its wastewater billing rate to \$10.50 per thousand gallons of sewer sold. It is the City Engineer's recommendation that the city implement this rate increase in two steps with a fifty percent of the increase (to \$7.40 per thousand as of October 1, 2011) and the other fifty percent of the increase on April 1, 2010 (up to the final \$10.50 per thousand gallons of water used.)

The intent of the SAC fee is to fund future replacement at the Wastewater Treatment Facility (WWTF), Roushar explained. However, to minimize the increase in the waster billing rate the recommendation that SAC fee receipts be used to fund the operation and maintenance cost and debt retirement of the sanitary sewer system until the year 2017. The debt on the 1994 WWTF project will be retired in 2016 and the expense related to the sanitary sewer system will be reduced accordingly in 2017. Beginning in 2017, SAC fee receipts should be placed in the sanitary sewer enterprise fund to build a reserve for future replacement at the WWTF.

Karnowski added that the increase in costs is not only due to the newness of the plant, but the amount of treatment that is required, for example the phosphorous reduction. The treatment is over and above what other cities have. When other cities relicense their plants, they will have increased treatment requirements and have to match what the City of Princeton is currently doing. That is why at this point in time, other cities are getting by with less expensive costs. Even though the increase is high, Karnowski assured the Council that staff has been working as hard as they can to try to figure out a way to bring that number down to a lesser level. Another option would be to have more base fees paid by the users that use more gallons per month. The only concerns with that option would be that the Princeton Industrial Park has many com-

mercial properties that provide a good tax base and good jobs for the citizens and if staff increased those costs by too much, the charge could be increased unreasonably for some users.

Riddle asked if the numbers had anything to do with treating the water and not the waste. Roushar stated that Riddle was correct that the treatment plant ends up with a more concentrated waste. A rule of thumb is that about one-third of the flow is water and two-thirds of the flow is the waste. If water consumption is cut down on, two-thirds of the cost will not even be affected. Riddle asked if an increase in the sewer rate should partially offset future assessments. Roushar said that toward back of the report on pages 11 and 12, the Sanitary Sewer Enterprise Fund Balance and Sanitary Sewer Trunk Fund Balances start to build in 2017.

Nielson added that another option would be to set a base rate of five or ten dollars a month to cover snowbirds that leave in the winter season. But, the numbers of people that do that are so low. A base rate could be an option looked at in the future.

Walker commented that if the flow is only one-third of the cost, could any costs be offset by improving the collection system to stop groundwater or rainwater from getting into the pipes. Gerold said that he has been addressing the Inflow and Infiltration (I & I) issue with some of the older structures in town by trying to reduce some of the rainwater. It is a slow process. Nielson added that with all of the rain, there has been a noticeable increase at the treatment plant. Staff said they will look into those numbers a little closer to see what percentage is coming in through the I & I.

Roushar said that Karnowski brought up a good point that the people all along the upper Mississippi will see a phosphorous reduction and most likely a nitrogen limit requirement coming. The City of Princeton is just the very first in the State of Minnesota to do so.

Nielson said a ballpark amount could be given, for example "x" amount of dollars could be attributed to the phosphorous reduction. The capital costs could be shown over a forty year period based on the USDA loan. Those costs could be broken down for Walker.

Riddle commented that he would like to see the fees structured so the replacement costs are built in and then assessments are lowered. That way, a property owner would not have to face a \$4000.00 bill, when instead; you can do it on a more affordable monthly basis.

RIDDLE MOTIONED TO IMPLEMENT NEW RATE AS OF OCTOBER 1, 2011. WALKER SECONDED THE MOTION.

Whitcomb reiterated that this would be done in two phases.

ON THE VOTE: AYES - 4; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

B. General Discussion – Smith System Road Project

Nielson reported that Brett Repulske from the USDA has informed him that the city most likely will not receive funding for the Smith System Road Project. If there is extra money left over, Princeton may be first on the list to receive it, but it would consist of a supplemental application required and USDA will not know their future funding until October, 2011.

After talking with Jackson and Karnowski, Nielson said a thirty year bond could be sold and the project could move forward. The city would have to go out for bids again, since the last ones done are only good for six months.

In addition, an assessment hearing will need to take place prior to the start of the project. A waiver from Sterling Pointe will need to be obtained in order for work to begin as well. Nielson added that the Fairview Hospital will also need to sign a waiver and possibly a couple other parcels. Nielson said he also sent Mr. Wadsworth another email to remind him that the city would like to see a financial plan for repayment of the loan and assessment.

Proposed storm sewer changes are significant. Nielson said his request would be to move forward with a feasibility study and check to make sure that United States Distilled Products will participate in it. The Public Utilities Commission has approved a site plan with their drainage.

C. 13TH AVENUE IMPROVEMENTS UPDATE

Nielson concluded that the 13th Avenue Improvements have slowed down. There seems no rush to complete the project and the numbers from the grant will not be known until October.

There being no further business, DOBSON MOVED TO ADJOURN AT 5:35 PM. WALKER SECONDED THE MOTION. ON THE VOTE: AYES - 4; NAYS - 0. THE MOTION CARRIED UNANIMOUSLY.

Respectfully Submitted,

Katie Hunter, City Clerk

ATTEST:

Jeremy Riddle, Mayor