

**MINUTES OF A STUDY SESSION OF THE PRINCETON CITY COUNCIL
HELD ON JANUARY 7, 2016 4:30 P.M.**

Mayor Paul Whitcomb called the meeting to order. Council members present were, Thom Walker, Jules Zimmer and Victoria Hallin. Staff present, Administrator Mark Karnowski, Finance Director Steve Jackson, Public Works Director Bob Gerold, Police Chief Todd Frederick, Fire Chief Jim Roxbury, Community Development Director Jolene Foss, Clerk Shawna Jenkins, Engineer Mike Nielson, and Attorney Damien Toven. Absent was Dick Dobson

Industrial Park Expansion Study

John Uphoff from WSB reported that their Study shows that the Manufacturing and Wholesale Trade jobs in Princeton is slightly higher percentage than Sherburne County. However, both Princeton and Sherburne County have a higher percentage of jobs in Manufacturing and Wholesale Trade than the State of Minnesota, where 15.2% of jobs are in these two sectors. There is the cluster effect when you get one industry where it helps grow another business and continues. They looked at a market area and did a 40 mile diameter around Princeton and they decided to shrink it down to 20 mile radius around Princeton. There are six Certified Shovel Ready industrial sites within the Market Area. The cities include Becker, Big Lake, Cambridge, Elk River, Monticello, and Isanti.

Manufacturing and Industrial Trade are very important to Princeton and also to the State. There is a combined 258 acres of Certified Shovel Ready land within these areas. Certified sites absorption is slow. There is increase demand by Hwy 94. Market demand for wholesale and industrial is sluggish. The Princeton site that is Certified Ready has the larger land size that is helpful. The others in the radius is smaller size Shovel Ready sites. He will recommend certain types of businesses that will work well for the sites in Princeton.

They interviewed several businesses in the Industrial Park and there are not growth demands right now. The demand for today is being met and there is land adjacent to their properties they could use for their growth. There was some cost concerns regarding broadband. Their other concern is the drainage dips in the road. Truck staging is periodic and not effecting their businesses.

It was noted that there is plenty of land in the Princeton area for industrial and wholesale. They focused on five sites. For each site they put together a potential land development. There is a total of 240 acres guided for industrial development in the city limits, and, of that, 169 acres is developed. There was a large area of land rezoned to industrial, adding 176 acres of land to give a total of 293 acres of vacant industrial land. 117 acres has moderate and good access to sewer, water, and roads.

Storm Water Fee Discussion

Karnowski advised that while it seems a little late in the game, the city has been advised that the methodology we used to set proposed stormwater fees for the various parcels in the city is not compatible with the way the PUC's Sewer and Water billing proposal works. WSB anticipated using a formula based charging system and the PUC's program needs, instead, a simple rate system.

So, staff is anticipating restructuring and consolidating our proposal so we have 6 or 7 different rates. A vast majority of the properties in the city are residential and will have the residential rate of \$1.89 per month. Below is the first draft (amount per month) of the proposed rate scale:

Rate 1:	\$ 0 - 1.99	\$ 1.89
Rate 2:	\$ 2 - 4.99	\$ 2.50
Rate 3:	\$ 5 - \$9.99	\$ 7.50
Rate 4:	\$11 - \$19.99	\$15.00
Rate 5:	\$20 - \$50.00	\$35.00
Rate 6:	\$50 - \$120.00	\$50.00

Staff was also advised that there will be some additional expense for the PUC to have their billing system reprogrammed to accept the stormwater fee.

He asked if the Council was okay with the above concept, knowing that the numbers and structure may be tweaked a little.

Hallin asked what other cities were doing. Nielson said when this first was looked at a few years ago, the original rates per acre were in the middle of other cities that were looked at. At the original billing rate, it would generate approximately \$5,500 a month.

Walker questioned how the various rates were figured. Nielson responded that there was several various formulas that were based on what type of use and how much acreage.

Karnowski said his concern was that this was approved quite some time ago, but not put in place so he wanted to get something started. It is possible that in the future the City could work with the PUC on a better software program that would work better for this type of billing.

Walker stated that with a fund in place, it will likely be harder to assess properties for this type of project. Karnowski replied that in storm water projects, it is sometimes hard to prove a benefit if a homeowner was to appeal an assessment. The idea behind the fee to allow the City to cover some of the costs so the entire project cost would not need to be assessed. The fund can also be used for stormwater cleaning, street sweeping and other maintenance that is needed.

Hallin commented that she wouldn't like to see assessments taken away entirely for these projects. Karnowski responded that at least to begin with no, but at some point the fund could possibly be used to pay for smaller projects in full.

Foss suggested amending the subdivision ordinance to include requirements for curb, gutter and stormwater.

Zimmer asked how it would be determined when and how much of the fund was used for a project. Karnowski replied that it would be a council call and they may want to make it uniform for each project.

Karnowski stated he is looking for the Council's opinion on using these type of rates, since the PUC's system will not allow for the original billing amounts that were determined a few years ago.

Walker commented that the properties that have large fees may have already done some additional stormwater management. Karnowski replied that yes, some have. For example, Coburn's spent a lot of money building an underground system to collect the runoff before it runs to the stormwater pond.

Zimmer said he feels that a rate should stay the same instead of increasing it in a year or so. Karnowski added that it has been on the books for some time, so it should start being collected.

Walker stated that it is too bad that some have already been assessed for storm water system and now they will need to pay a monthly fee as well. Karnowski stated that many times improvements need to be done again, and pipes need to be replaced at some point, so this fee will assist in those costs.

Hallin said she would like "Rate 6" go up to \$60, since it is at the low end of the range. Whitcomb and Walker said they would like to stay with the \$50 fee.

Zimmer asked for clarification that it will be a monthly charge. Karnowski replied that it will be billed monthly.

Whitcomb thinks this is a good starting point. Walker agrees.

WALKER MOVED TO APPROVE THE 6 STORMWATER RATES AS SUGGESTED, TO ADJUST AS NEEDED AND REVISIT IN A YEAR. ZIMMER SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

TED Grant

Nielson reported that the City was successful in receiving the TED grant that was applied for. One requirement is that they would like the project bid in 2016. He added that he has requested approval to bid the round-a-bout and water and sewer project separately, which they were in favor of doing.

The entire project is estimated to be about 2.6 million. The Water and Sewer was cut back to stop at County Road 31, which would be 2/3 of the entire project. In total, about the City's cost would be approximately \$780,000. Therefore, the Council should determine if this project is something they would like to continue with. If so, they can put together some proposals. If they decide to move forward with the project, the water and sewer would likely be constructed this fall, with the round-a-bout construction being done spring of 2017.

Walker asked about the matching funds we will also need for the TAP that was received. Foss responded that she has some additional grants she is going to apply for. Nielson added that the round-a-bout is something that can be assessed, as is some of the sewer and water. With the grant money that is being received, Council may want to reduce the assessment or the trunk fees for future projects.

Karnowski suggested adding the project to the February study session to discuss further.

Hallin asked total project cost. Nielson replied that the total project is approximately 2.6 million, with about 65-70% able to be grant funded.

Karnowski wanted to backtrack to the Stormwater fee and questioned the Council if a public hearing should be held to inform the public. Jackson and Wangen's concerns were that staff would be flooded with phone calls when the fee appears on the bill. Whitcomb feels it would probably be best to hold a public hearing. Karnowski stated the 8th Ave drainage project will be a good example to show residents and business owners why this fund is a good idea.

HALLIN MOVED TO ADJOURN THE MEETING AT 5:32PM. ZIMMER SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

Respectfully Submitted,

Shawna Jenkins
City Clerk

ATTEST:
Paul Whitcomb, Mayor