

**MINUTES OF A STUDY SESSION OF THE PRINCETON CITY COUNCIL HELD ON
MARCH 5, 2015 4:30 P.M.**

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

WAC and SAC Discussion with the PUC

Karnowski reported that staff is getting some push back that the SAC and WAC charges are pretty high and may be stifling the growth in the city.

Question #1: In checking some of the surrounding cities, a few of them have temporarily discounted their WAC & SAC rates and they report that has had a positive impact on the number of housing starts.

For comparison:

Princeton: \$4,202; WAC: \$3,825

Milaca: SAC: \$1,500; WAC: \$1,000

Cambridge: SAC \$2,273; WAC: \$201 (plus Water Treatment Facility Charge: \$901)

North Branch: (discounted last 3 years): SAC: was \$2,574 - now: \$1,158.30;
WAC: was: \$2,278.72 - now: \$1,139.36

Isanti: WAC: 3,677; SAC: \$3,306

Zimmerman: were \$6,500 each...reduced for 2015 to \$5,000 each

Karnowski asked the council if the City should reduce our rate(s) on a temporary basis and, if so, how much of a discount should be offered and how long should any discount be applied.

Question #2: Another issue regarding WAC & SAC fees is the perception that some new businesses are reluctant to move into an empty main street storefront if the proposed new business would be subject to paying additional WAC & SAC charges. For instance, if a 44 seat restaurant wanted to move into a 2,400 Ft² building that formerly housed a retail store business office (i.e. insurance office), it's possible that they would have to pay (using current rates) an additional \$8,000 in WAC & SAC charges...which may cause them to look elsewhere.

So one idea being batted around by staff is to 'freeze' the WAC & SAC charges for the existing downtown commercial buildings such that if a new tenant occupies an existing structure, there are no additional WAC & SAC charges levied even if it's a more intensive use (i.e. retail store converted to a restaurant).

The Public Utilities Commission has been invited to sit in and participate, since they are in control of the WAC charges.

Karnowski advised that while there are not an extensive amount of lots available, there has not been many single residential lots being developed. The SAC and WAC we have collected recently has mostly been in the industrial park.

Karnowski stated staff was recently contacted by someone wishing to possibly purchase one of the vacant store fronts. The WAC and SAC charges for the change in use would be the deciding factor in whether the property is purchased or not.

Hallin asked if the SAC and WAC charges were researched a few years ago when they were updated. Karnowski responded that they did look to see if they were comparable, however, the fees are usually determined by what the city needs to keep the wells, sewer, lift stations, etc. functioning. When the new WWTP went online, staff determined what income was needed each year in terms of SAC. With the new Industrial Park construction we are probably close to what was estimated, but we have not met that amount with residential.

Whitcomb said we have no problem if PUC wants to jump on board with a reduction to see if we can promote some growth in the city and fill up the vacant store fronts. He said he is not sure what that reduction should be, and asked what the lower rate was for the properties that were not hooked up last year. Staff responded that discounted rate was \$1,150. Hallin suggested maybe half of the current fee. Whitcomb said half would be okay with that. Connie at PUC ran some numbers and 50% would work for them on the WAC as well.

Whitcomb said he would also like to see the fees in the downtown area frozen for 2 years as well. Dobson agreed and said it will show that the Council is behind the downtown area and that we are trying to fill the vacant store fronts. He added no matter how the results are, we can say we tried this. Mindy Siercks said the PUC is in agreement of the reduced rate for 2 years and the downtown to be frozen for 2 years.

Scott Daniels from the PUC questioned the new school that is being built and the SAC and WAC fees that they were quoted. Wangen replied that if it was determined to reduce the rate for residential and retail, the school would not meet those requirements. The school is also getting some reduction because of the portables they currently have and will not continue to use once the school is built.

HALLIN MOVED TO OFFER A 50% REDUCTION IN SAC FOR RETAIL, RESIDENTIAL AND THE DOWNTOWN CORRIDOR AND HAVE A 2 YEAR FREEZE ON EXISTING PROPERTIES. DOBSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

HENRY "HANK" FINDELL MOVED TO OFFER A 50% REDUCTION IN WAC FOR RETAIL, RESIDENTIAL AND THE DOWNTOWN CORRIDOR AND HAVE A 2 YEAR FREEZE ON EXISTING PROPERTIES. SIERCKS SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

School Project Update

Nielson reported that there are 9 homes on the west side of the road that currently do not have water or sewer. The school had suggesting putting the water line on their property, but the PUC is not in favor of having utilities on private property. They are proposing running the lines up the roadway to also provide service to those homes. To do that, it would mean taking the bituminous out and replacing it.

The City may also want to run the line up a little further to the city limits as there is some land just outside of city limits that may benefit from water and sewer if they wanted to annex to the City.

Nielson said he has spoken with the School about what they are planning on water and sewer cost and can possibly assess the additional costs. A feasibility study will need to be done.

Dobson asked for an estimate on how much additional it would cost to run the lines up further. Nielson said he estimates that it would be about \$80,000. As of now, he has not heard of anyone that would be interested in annexing and developing so it may not be worth the

additional cost at this time. Karnowski added that if someone did decide to annex and build, they could be required to build down to where our lines are stubbed off.

Dobson said agrees that it should not be on private property.

Nielson stated there is one property that recently replaced their septic, so they would likely be deferred for a time that the council determines. He said that like the West Branch project, the fees are going to be expensive for a single family home. Sewer, water and road restoration will be about \$400,000. Karnowski asked if the County would assist in the cost being it involves a County Road. Nielson replied that he is going to check with the County to see if they could offer a depreciation being it was last paved in 1999. He believes the road was over designed as it is still in very good condition.

Dobson added that there is a lot of truck and farming equipment that travel that road. Nielson questioned if they should wait on the Resolution to order the feasibility study until he can speak with the school. Karnowski agreed and said it is never a bad idea to have some informal discussion before making a decision.

Nielson said he does not think the utility lines were not well thought out in their plans. If the lines were put on their property, they may need to be considered a service line to the City and PUC would not be responsible to maintain or repair the lines.

Nielson will speak with the School and the County.

Asphalt cost split on West Branch Water project.

Nielson reported that staff would like to continue the discussion with the council and PUC about finding a way to decrease the costs to the City and Residents.

Hallin said she is all for widening the street, as it needs to be widened for safety so that is not something she would like to see cut. Nielson responded that Rick Schwartz said his wife had a good idea to protect the street. Their idea was to shift the striping a bit, so there would be a one foot shoulder on one side and a 3 foot shoulder on the other side. It was also suggested to push the entire roadway to the north a bit to stay away from the homes. Karnowski added that staff has already had a few people come in asking how the road will be placed because of trees. Nielson replied that there are some trees that will need to come down, but he is not sure if any are large oaks. If there was a large oak, they can try to shift the road slightly to miss those.

Nielson said for the cost split for the roadway is currently estimated at 50%, with 50% being assessed. Wangen stated the PUC have been discussing the possibility of the City and PUC equally splitting 60% of the roadway, which would be \$347,000 each so the assessment would be lowered.

Karnowski asked Jackson if the city has any bond payments that would be coming off in a couple years. Jackson replied that there are not any that will come off in the next couple of years.

Hallin and Whitcomb said that they like to see the PUC concerned for the residents.

Whitcomb asked for clarification that the PUC would pick up some cost towards the street repair. Wangen responded that yes, they would be picking up an additional \$147,000 towards the street.

Karnowski stated that Nielson commented that the sewer will be extended another 50 or so feet that what was originally discussed. That will provide gravity sewer to the Arcadian homes site and provide sewer to the Hatch property. Nielson said he figured the Hatch property at 2 units for assessment.

Jackson asked Nielson if the extra sewer is added to this current project cost. Nielson responded that it was. This will replace the old part of the line that was televised and found to have several sagging areas that have caused issues to a few homeowners.

Jackson said it would be about a 20% reduction in the amount assessed. Daniels said he believed it totaled a 27% reduction.

Karnowski said that being it is a collector street, it makes it a unique situation so the additional city portion would be justifiable

Hallin asked if the estimated cost include the widening of the street. Nielson replied that it does include that cost.

Whitcomb said he is okay with this slight change. Hallin and Dobson agreed.

HALLIN MOVED TO AGREE WITH THE PUBLIC UTILITY COMMISSION ON THE COST SPLIT AS DISCUSSED. DOBSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

Whitcomb commented that it is very nice to see the city and PUC working together for the benefit of the residents. Whitcomb asked if Nielson will have a revised preliminary assessment for the meeting next week. Nielson said he would.

Dick said he was able to stop at the depot and he is very impressed with the work they have done in there.

ADJOURNMENT

There being no further business:

DOBSON MOVED TO ADJOURN THE MEETING AT 5:20 PM. HALLIN SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

Respectfully Submitted,

Shawna Jenkins
City Clerk
ATTEST:

Paul Whitcomb, Mayor