

JOINT POWERS WATER BOARD MINUTES
Regular Meeting of
November 28, 2005
6:00 PM JPWT Plant Board Room

Board Members Present: Jerry Zachman (6:10), Don Peterson, Joyce Paullin, Gerhardt Kottke, Joe Hagerty, John Vetsch (6:12)

Board Members Absent: None

Staff Present: Chris Catlin, H.R. Green, Kelly Browning, Veolia Water NA, Shelly Keyes, Veolia Water NA

Staff Absent: None

6:00 PM **Call to Order** by Vice Chair Don Peterson

MOTION BY PAULLIN, SECOND BY HAGERTY, TO ADOPT THE AGENDA.
MOTION CARRIED UNANIMOUSLY.

There was no one present under the **Citizen Forum**.

MOTION BY PAULLIN, SECOND BY KOTTKE, TO APPROVE THE MINUTES OF THE OCTOBER 24, 2005 REGULAR BOARD MEETING. MOTION CARRIED UNANIMOUSLY.

MOTION BY HAGERTY, SECOND BY PAULLIN, TO APPROVE THE CONSENT AGENDA AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

In **Unfinished Business**, Peterson stated he had received a phone call from the City of Albertville's Administrator and was informed they were not ready to move forward with the WAC fee policy changes until more research was completed. Paullin asked if Peterson wanted to table the issue and Peterson made a motion to table the WAC fee policy change. Motion failed for lack of a second.

Browning stated the engineers, administrators and staff had met last week to discuss the situation and the general consensus was to allow the theater to move forward with construction using the preliminary policy discussions, perhaps as a test case. Peterson stated the Albertville city council was not inclined to change the current policy whatsoever. Peterson added the two new businesses recently added in Albertville paid the WAC fees as per the current policy without questioning the amount.

Steve Bot, St. Michael City Engineer, asked how Albertville handles any WAC fees which are computed incorrectly and Peterson explained that if the City wants the business, they would pay the difference. Bot stated in the past Albertville had computed WAC fees off the straight flow rates without using a peaking factor and paid JPWB accordingly. Peterson stated this was just one of the reasons why Albertville was not ready to move forward on the policy change and Larry Kruse, Albertville City Administrator, had contacted him regarding this just prior to the meeting.

JOINT POWERS WATER BOARD MINUTES
Regular Meeting of
November 28, 2005
6:00 PM JPWT Plant Board Room

Browning added she had discussed the situation with Kruse earlier in the day, who agreed that language for a final policy was not yet complete, but thought the theater should be considered an exception for policy purposes. Peterson replied that Kruse's position differed from the Albertville Council's position, which was to follow the current policy.

Catlin said his understanding of allowing the theater as a test case for the new policy was that the rates would be adjusted retroactively should the policy change be approved in the next couple of months. Peterson noted the Board had agreed to that last month.

Browning stated that it really is up to the JPWB, not each city, to decide if they want to approve, disapprove or table the policy change, but CineMagic has formally requested the current policy be reviewed and addressed. For this reason, there should a motion made specifically for their request. Bot noted that the fees computed per the SAC manual have no basis to support what the JPWB would be charging CineMagic, who could potentially challenge the fee. This policy change would make the fees charged more reflective of real costs. Peterson agreed but stated that as of 4:30 that afternoon, the City Administrator still wasn't ready to make a decision on the policy.

Boardmember Zachman arrived at 6:10 and after a brief update from Peterson, asked if the matter could be voted on. Peterson said he didn't have enough information to proceed. Zachman asked if the city administrators and all engineers had discussed the policy and Bot confirmed. Browning added the general consensus of the meeting was that the policy change seemed reasonable, but the language and implementation of the policy still needed to be fine-tuned. Browning stated that Kruse himself had stressed that he felt this policy should not be allowed to hold the theater project up.

Vetsch arrived at 6:12 pm and Peterson informed him that Albertville City Administrator Larry Kruse had called at 4:30 pm stating he wasn't ready to make a decision on the policy, but the theater could proceed with the understanding the current policy stands until the new policy has been activated. If the new policy is approved within the next couple of months, the theater's fee would be adjusted to reflect the new fees. Paullin asked if the Hanover representatives had been at the meeting and Browning confirmed and added that everyone seemed to agree the policy change would be appropriate. Catlin clarified that he understood everyone was in agreement to apply the new policy to the theater once it was complete, but Bot disagreed, stating he thought they all agreed the theater could proceed with the understanding the policy was being changed and the changes would be applied immediately. Browning added her perception was that all meeting participants agreed the preliminary policy changes would be applied to the theater. Peterson noted that the details regarding the policy application seemed fuzzy and would prefer to table the discussion until he could gather more information.

Hagerty asked if the outcome of the meeting was that the Met Council guidelines didn't seem appropriate for the theater's WAC fees and Bot confirmed. Vetsch asked if the fee in

JOINT POWERS WATER BOARD MINUTES

Regular Meeting of

November 28, 2005

6:00 PM JPWT Plant Board Room

question was just for the theater or included a bar also and Bot stated the fees were for the entire theater site which may include a bar but the policy change included a look-back feature to adjust fees accordingly. Vetsch voiced his concern about making adjustments, pointing out that other businesses will want adjustments also; for instance, the Albertville carwash and Space Aliens Bar, who paid the full fees required by the current policy. Bot replied that the hotel in Albertville did not pay the correct fee and Peterson pointed out the city had paid the difference on any incorrect WAC fees. Browning noted that corrected dollar amounts were received for Spectator's but JPWB hasn't been paid for either the hotel or Space Aliens Bar or been supplied with the calculation information which the engineer is to provide for each connection.

Zachman asked if all WAC fees in each city were being calculated the same way and Bot replied they were supposed to all be using the Met Council guidelines but Albertville had improperly calculated some fees in the past. Catlin asked if it would be accurate to state that Albertville had some discrepancies in the past, but has either made or is making the necessary corrections and Peterson agreed. Bot added that the formula Albertville had used in the past was based off straight flow usage of a similar facility, which is the basis for the policy changes currently being considered, but with an added peaking factor. The policy change would create WAC fees which more closely match the charges to the need and use of water instead of depending strictly on the Met Council manual.

Peterson questioned if the policy change would create legal issues with businesses who had paid the current fees requesting rebates and Vetsch agreed. Peterson added that he's not against the policy change but doesn't have enough information at this time to make a decision.

Paullin asked for Catlin's comments regarding the engineering/administrator meeting. Catlin thought the general consensus of the meeting was that the SAC manual did a good job most the time, but there were exceptions when water use was misrepresented. The implementation of a policy change would require additional details to be clarified and Catlin did not feel he could recommend the policy change to the Board until those details were clear. Catlin stated he had some question regarding the cost-effectiveness of the policy change since the cities would be incurring engineering and legal fees that will result in savings for developers and may not be in the cities' best interest. Vetsch questioned if the Board would be required to issue credit back to builders charged at the current rates and Catlin responded that the Board has the authority to change fees from time to time with no obligation to issue retroactive credits.

Catlin said his take on the engineering/administrator meeting was that since the theater brought up the policy change issue, if the policy did indeed change within the next couple of months, the theater would be considered for a refund as a courtesy for bringing it to the Board's attention. Vetsch stated the Board might be challenged to refund previous fees if they issued a refund to one business and Catlin responded that Hoff, Barry and Kuderer could best address the legal issues. Vetsch added that builders should know when they buy

JOINT POWERS WATER BOARD MINUTES

Regular Meeting of

November 28, 2005

6:00 PM JPWT Plant Board Room

the land what fees will be associated with it and if the Met Council guidelines are followed, the fees are clearly stated. Zachman responded that Met Council fees may be too high or inaccurate for smaller, outlying communities and the Board should do some homework to make sure the fees being charged are appropriate. Peterson replied that each situation should be handled within each city, so the costs aren't passed on to residents of Albertville or Hanover for a business built in St. Michael. Vetsch agreed, stating the costs are an investment by each city and shouldn't affect the Board. Vetsch questioned if any businesses had challenged the Met Council fees and Bot replied that SAC and WAC fees in the metro area are generally lower so a challenge wouldn't be worth the cost of legal fees.

Peterson asked if the theater was paying the full SAC fee and Bot explained that St. Michael had adjusted the SAC fees, but the WAC fees seem out of proportion. Catlin noted the purpose of WAC fees is to fund future growth such as the next water tower, well or transmission main, while user fees pay for ongoing operation. Peterson made a motion to table the policy change until he had more information. Motion failed for lack of a second. Zachman asked if the engineers needed to meet again and Bot explained that Browning had requested comments back from each city engineer and had only heard from Catlin and Bot. Browning added she also requested each engineer and administrator discuss the meeting information with their respective board representative and provide direction. Paullin made a motion that if the policy is changed, no businesses except the theater would receive credit created by the policy change and if the policy is not changed, the theater would need to pay the full fee. Zachman questioned if Paullin meant every new business would get the benefit of the policy change and Paullin confirmed. Motion failed for lack of a second. MOTION BY VETSCH, SECOND BY PAULLIN TO REQUIRE THE THEATER TO PAY THE CURRENT FEE WITH THE CONDITION THAT IF THE POLICY CHANGES A CREDIT WILL BE ISSUED TO THE THEATER. VETSCH, PAULLIN, PETERSON AND KOTTKE VOTED AYE, ZACHMAN AND HAGERTY VOTED NAY. MOTION CARRIED. Bot urged each Board Member to discuss the policy change with their respective engineers and administrators and Browning explained the intention of the policy change is that the Met Council guidelines will still be the basis for most fees, with the policy changes to address any fees which seem unreasonable when calculated using the Met Council SAC manual.

In **New Business**, Keyes requested Board Members choose an alternate date for the December meeting due to the holiday. Discussion followed. MOTION BY ZACHMAN, SECOND BY PETERSON, TO CHANGE THE DECEMBER 2005 REGULAR MEETING FROM MONDAY, DECEMBER 26 TO WEDNESDAY, DECEMBER 28 AT 6 PM. MOTION CARRIED UNANIMOUSLY.

In other **New Business**, Browning discussed the Supply Water rate structure changes which will be addressed at the December meeting. Browning provided a cost model and explained the change would replace minimum bills with a base fee plus usage structure. Customers would be charged for the number of gallons actually used plus the base fee,

JOINT POWERS WATER BOARD MINUTES

Regular Meeting of

November 28, 2005

6:00 PM JPWT Plant Board Room

instead of a minimum bill for up to 10,000 gallons. Browning's cost model showed the net affect of the restructure would not lower revenues, but would make rates match the customer's actual usage more closely. No action required by the Board at this time.

In additional **New Business**, Keyes asked the Board to approve the resolutions which allow certification of delinquent water bills to the County Auditor's office. MOTION BY PETERSON, SECOND BY PAULLIN TO APPROVE THE RESOLUTIONS FOR CERTIFICATION OF DELINQUENT WATER BILLS TO THE COUNTY AUDITOR . MOTION CARRIED UNANIMOUSLY.

Under **Engineering**, Catlin recommended payment of \$122,110.15 to Rice Lake Construction Group for Pay Estimate #10 of the Water Treatment Plant Expansion. MOTION BY PETERSON, SECOND BY PAULLIN TO APPROVE PAY ESTIMATE# 10 TO RICE LAKE CONSTRUCTION GROUP IN THE AMOUNT AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Catlin also recommended advertising of bids for Wellhouse #9. MOTION BY PETERSON, SECOND BY PAULLIN, TO APPROVE ADVERTISING OF BIDS FOR WELLHOUSE #9. MOTION CARRIED UNANIMOUSLY.

Catlin recommended award of the Well #9 project to Traut Wells. Catlin explained all bids were in approximately the same price range but were over the estimated project amount due to an unexpected jump in steel and copper prices. Traut Wells bid total was \$408,755.00. MOTION BY HAGERTY, SECOND BY PETERSON TO AWARD WELL #9 PROJECT TO TRAUT WELLS FOR \$408,755. MOTION CARRIED UNANIMOUSLY.

There was nothing under **Operations/Office**.

MOTION BY PAULLIN, SECOND BY KOTTKE, TO APPROVE THE LIST OF CLAIMS. MOTION CARRIED UNANIMOUSLY.

There was nothing under **Other Business/Announcements/Correspondence**.

MOTION BY PAULLIN, SECOND BY HAGERTY, TO ADJOURN AT 6:53 PM. MOTION CARRIED UNANIMOUSLY.

Recording Secretary