

**JOINT POWERS WATER BOARD MINUTES**  
**Regular Meeting of**  
**October 24, 2005**  
**6:00 PM JPWT Plant Board Room**

**Board Members Present:** Jerry Zachman, Don Peterson, Joyce Paullin, Gerhardt Kottke, Joe Hagerty, John Vetsch (6:07 pm)

**Board Members Absent:** None

**Staff Present:** Brian Gray, H.R. Green, Kelly Browning, Veolia Water NA, Shelly Keyes, Veolia Water NA

**Staff Absent:** None

6:00 PM **Call to Order** by Jerry Zachman

Keyes requested the addition of a Proposed JPWB policy change under New Business. MOTION BY PAULLIN, SECOND BY KOTTKE, TO ADOPT THE AMENDED AGENDA. MOTION CARRIED UNANIMOUSLY.

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

MOTION BY PAULLIN, SECOND BY HAGERTY, TO APPROVE THE MINUTES OF THE SEPTEMBER 26, 2005 REGULAR BOARD MEETING. MOTION CARRIED UNANIMOUSLY, WITH DON PETERSON ABSTAINING.

Paullin requested information regarding the punchlist items for the Bridges of Hanover developer included in the Monthly Operations Report. Browning confirmed the items were the same ones previously discussed with Hanover officials. MOTION BY PETERSON, SECOND BY PAULLIN, TO APPROVE THE CONSENT AGENDA AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

There was no **Unfinished Business**.

In **New Business**, Browning explained that CineMagic Theaters requested the JPWB review proposed water availability charge (WAC) fee calculations for their new building. Current policy for WAC fees has been to follow the Met Council guidelines to determine residential equivalency units (REU's) for calculation of commercial WAC fees, which has appeared to create unreasonable rates for some types of businesses in the past. Browning further explained that approximately 18 months ago the city engineers, administrators and the JP engineer and staff met to discuss current policies and agreed to continue following the Met Council guidelines. However, the engineers also discussed the possibility of an updated calculation for WAC fees to be addressed in the future. Browning presented Board Members with a copy of the current policy regarding connection fees with the proposed changes added and underlined for review. Peterson reminded the Board that the City of Albertville adjusted fees internally for Coborn's and Majors after it was discovered the WAC fees previously charged did not meet the Board's policy of using the SAC manual.

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He felt those businesses might be upset if changes were made. Browning noted the permits had already been finalized without the Joint Powers' Engineer's review for those businesses when the fee adjustments were requested and that businesses have always had the option to request a waiver or reduction of WAC fees prior to the issuance of the building permits. Browning added she had developed the proposed policy changes with the engineers' technical viewpoint in mind, to make WAC fees more reasonable for new businesses while still collecting an adequate fee to cover capacity expenses.

Steve Bot, St. Michael City Engineer, added that St. Michael has also adjusted WAC fees internally for customers such as Sav-A-Lot and Jet Edge, but would like the Board to consider additional ways of calculating WAC fees since the Met Council guidelines have remained the same for many years. Bot suggested a revised WAC fee calculation could provide checks and balances by relating the actual fee back to water usage over a specific time. The calculation could also include a peaking factor of 3 as a second check that water flow is being measured properly. The added measures would provide a technical basis for the calculations, should anyone challenge the policy.

Peterson mentioned that Albertville engineers had used a different calculation in the past which they shared with the Board, but were required to pay the difference between their calculation and the Met Council guideline calculation. Zachman responded that the updated calculation formula would better serve each city by creating a more accurate calculation to begin with, so city subsidies would no longer be necessary. Peterson also questioned how the updated WAC fee would be applied if the use of a new building ever changed and Bot responded that a "look-back" provision would compare actual water usage with the REU's calculated and allow for necessary adjustments.

Gray added that WAC fees should be based not only on water usage but also on adequate fire protection for new buildings, which would include any additions to the current water supply system to provide that service. Bot responded that applying the peaking factor of 3 would allow for proper sizing of the entire system for fire protection purposes. Browning added the peaking factor is also a tool to conservatively estimate maximum water usage for a building.

Browning stated the two issues which need to be addressed are the request by CineMagic asking for WAC fee reductions and the proposed policy change regarding WAC fee calculations. Peterson asked if the Albertville engineer had reviewed the proposed changes and Browning answered that none of the engineers had seen it yet. Browning added that CineMagic was looking for some assurances that the WAC fees would at least be reviewed, and Hagerty suggested that CineMagic should consider attending a St. Michael City Council meeting to discuss city subsidies if the concern over fees was holding up the project. Bot added that the proposed policy change would create a more accurate calculation from a technical standpoint and this was the first attempt at applying WAC fees for a theater. Peterson agreed but stated Albertville had previously suggested different calculations for incoming businesses which the Board did not allow, causing Albertville to

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subsidize the rates for their new business. Peterson further added the WAC fees followed the Met Council guidelines to keep JPWB system functioning and water rates reasonable for taxpayers.

Zachman inquired if the proposed policy changes could at least be reviewed by the engineers for each city and Peterson agreed but commented that Albertville had suggested policy changes in the past which were denied, but since one new business is now moving to St. Michael, the policy is being reviewed again. Paullin agreed with Peterson but added that it seemed reasonable to have the four engineers review the policy, get their input and then make a decision on a policy change. Browning stated the CineMagic request is to be allowed to begin their project and pay the WAC fees after the Board reviews them. Peterson suggested CineMagic meet with St. Michael city officials regarding any adjustments since the current WAC fee policy would be applied for now. Paullin added the CineMagic developers would need to proceed at their own risk until the policy had been reviewed. MOTION BY PAULLIN, SECOND BY PETERSON, TO APPROVE A REVIEW OF THE CURRENT WAC FEE POLICY BY EACH OF THE CITIES' ENGINEERS AND JPWB ENGINEER TO DETERMINE IF A POLICY CHANGE IS FEASIBLE. MOTION CARRIED UNANIMOUSLY.

In other **New Business**, Keyes requested Board Members add a provision to Section 4.2, Part 2 of the current billing policy. The provision would allow a deposit based on 2 previous quarters billed amounts to be collected from customers who receive a discharge of debtor (Chapter 7 or 13) notification. The deposit would be considered a reasonable assurance of future payment, and held for 4 quarters at which time the deposit amount would be applied to the customer's utility account, along with interest paid at 3% annually. Browning added that the law allows for utility companies to collect deposits as guarantee of payment for continued service. The law also states interest must be paid on all deposits collected. MOTION BY HAGERTY, SECOND BY PAULLIN TO APPROVE THE ADDITION OF DEPOSIT REQUIREMENTS TO SECTION 4.2, PART 2 OF THE JPWB BILLING POLICY AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Under **Engineering**, Gray recommended payment of \$160,477.80 to Rice Lake Construction Group for Pay Estimate #9 of the Water Treatment Plant Expansion. MOTION BY HAGERTY, SECOND BY PAULLIN TO APPROVE PAY ESTIMATE# 9 TO RICE LAKE CONSTRUCTION GROUP IN THE AMOUNT AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Gray also recommended advertising of bids for Well #9, which is for the well itself. The pumphouse, which Gray provided a picture of, will be a separate item. Browning added the advertising would begin pending the approval of the Conditional Use Permit, to be determined at the St. Michael Planning/Zoning meeting and the St. Michael City Council meeting November 2<sup>nd</sup> and 8<sup>th</sup>, respectively. MOTION BY PETERSON, SECOND BY PAULLIN, TO APPROVE ADVERTISING OF BIDS FOR WELL #9 PENDING

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APPROVAL OF THE CONDITIONAL USE PERMIT. MOTION CARRIED UNANIMOUSLY.

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

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

In **Other Business/Announcements/Correspondence**, Board Members were provided a copy of the League of Minnesota Cities insurance/joint powers court decisions for review. No action required by the Board.

MOTION BY PAULLIN, SECOND BY PETERSON, TO ADJOURN AT 6:31 PM. MOTION CARRIED UNANIMOUSLY.

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Recording Secretary