

## JOINT POWERS WATER BOARD MINUTES

Regular Meeting of

August 28, 2006

6:00 PM JPWT Plant Board Room

6:00 PM **Call to Order** by Chairperson Joyce Paullin

**Board Members Present:** Joyce Paullin, Jerry Zachman, Joe Hagerty, John Vetsch, Don Peterson

**Board Members Absent:** Gerhardt Kottke

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

**Staff Absent:** None

CATLIN REQUESTED THE ADDITION OF CHANGE ORDER #1 FOR WELLHOUSE 9 BE ADDED TO THE AGENDA UNDER ENGINEERING. MOTION BY HAGERTY, SECOND BY ZACHMAN, TO ADOPT THE AMENDED AGENDA. MOTION CARRIED UNANIMOUSLY.

MOTION BY PETERSON, SECOND BY HAGERTY, TO APPROVE THE MINUTES OF THE JULY 24, 2006 REGULAR MEETING. MOTION CARRIED UNANIMOUSLY.

MOTION BY PETERSON, SECOND BY ZACHMAN, TO APPROVE THE CONSENT AGENDA AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Under **Visitors**, Steve & Mary Dornsbach requested a waiver of delinquent water/sewer bills on their rental property at 3980 Larabee Av NE in St. Michael. The Dornsbachs' renters were incorrectly listed as the owners of the property from September 2003 to February 2006 so the Dornsbachs were unaware of the delinquent amount until the error was discovered.

Keyes explained the current process for billing rental properties includes billing the renter at the service address and also sending a courtesy copy of the bill to the property owner, so owners are always aware of delinquent utilities. The Dornsbach's situation happened before the current process was in place.

General discussion followed and Board Members agreed collection attempts should be made to recover the costs from the renters and granted a waiver of the delinquent utility bills to the Dornsbachs. MOTION BY PETERSON, SECOND BY HAGERTY TO WAIVE THE DELINQUENT UTILITY BILL OF \$425.39 FOR THE DORNSBACHS AND ATTEMPT COLLECTION FROM THE URANS. MOTION CARRIED UNANIMOUSLY.

In **Unfinished Business**, Browning presented information requested by the Board last month regarding an additional "irrigation" tier on the rate schedule. The potential impact of adopting an irrigation rate of \$0.60/1,000 gallons could create a net revenue increase of approximately \$5,800 for residential use and \$35,000 for homeowner association community irrigation systems per quarter, depending on weather conditions. The added revenue would go toward capital improvements to upgrade the water system capacity.

**JOINT POWERS WATER BOARD MINUTES**  
**Regular Meeting of**  
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Browning stated that each city's staff had differing opinions about the added rate tier and how best to use the potential revenue increase in their respective cities. The JP operating cash balance is stable until the end of 2008, but Browning suggested a rate study may be the best way to determine future changes. Browning added each city's staff agreed a rate study would be a good idea and could include analysis of city distribution rates. Browning recommended the Board authorize JP staff to get a price quote from Northland Securities for a rate study and approve the 2007 rates with a standard 3% increase.

Peterson asked how the cost of the rate study would be split and Browning explained she would request the price quote for the rate study break out the costs for each city and JP separately. Northland Securities' extensive knowledge of the financial relationship and rate structure between JP and each of the cities makes them the best candidate to perform the rate study.

General discussion followed after which the Board agreed by general consensus to authorize JP staff to request a rate study price quote from Northland Securities. MOTION BY PETERSON, SECOND BY VETSCH TO APPROVE THE 2007 RATES/FEEES AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Other **Unfinished Business** included discussion of the 2007 JP Budget. Browning explained the JP budget doesn't vary much from year to year since most of the line items are fixed. The main changes were the Water Usage expense, based on number of connections annually and the audit fees which now include the annual WAC audit. General Engineering fees dropped for 2007 due to some project line items being broken out individually. MOTION BY PETERSON, SECOND BY ZACHMAN TO APPROVE THE 2007 JP BUDGET AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Under **New Business**, Browning explained the Assignment & Assumption Agreement. Veolia Water NA recently formed regional LLC's and the agreement simply assigns the contract from VWNA to its Central LLC. Browning provided documentation from JP's attorneys stating they had reviewed and approved the document. MOTION BY PETERSON, SECOND BY HAGERTY TO APPROVE THE ASSIGNMENT & ASSUMPTION AGREEMENT AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Other **New Business** included the presentation of the 2007 Veolia Water Budget. Browning explained there was an overall increase of 9.4%, with the majority of increases for 2007 directly related to the treatment plant expansion, resulting in additional utilities and chemical usage. Other line item increases/decreases are based on actual costs currently being incurred and confirmed prices for next year. Browning noted lab costs increase annually due to additional sampling/testing required by various State agencies. Zachman asked about the phone charges and Browning explained the costs included office phones, dialers for the plants and cell phones for the employees, with costs proportionately divided between JP, St. Michael and Hanover. MOTION BY PETERSON, SECOND BY

**JOINT POWERS WATER BOARD MINUTES**  
**Regular Meeting of**  
**August 28, 2006**  
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VETSCH TO APPROVE THE 2007 VEOLIA WATER BUDGET AS PRESENTED.  
MOTION CARRIED UNANIMOUSLY.

Under **Engineering**, Catlin discussed Change Order #1 for Wellhouse 9 and explained a savings of \$65,000 was achieved by changing suppliers on the project. The cost savings may help offset any overages for fuel and commodities caused by the plan review delays by the Minnesota Department of Health. MOTION BY VETSCH, SECOND BY PETERSON TO APPROVE CHANGE ORDER #1 FOR WELLHOUSE 9 AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Catlin recommended payment of \$56,287.50 to Traut Wells for Pay Estimate #1 of the Well 9 Project. MOTION BY PETERSON, SECOND BY ZACHMAN TO APPROVE PAY ESTIMATE #1 AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Catlin also recommended payment of \$103,869.45 to Rice Lake Construction for Pay Estimate #15 of the Treatment Plant Expansion. MOTION BY ZACHMAN, SECOND BY PETERSON TO APPROVE PAY ESTIMATE #15 AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Catlin also discussed the 2007 County Road 19 project which will provide an opportunity for JPWB to install additional trunk watermain in combination with the road reconstruction project. Catlin recommended installing a 20" watermain from the JPWB treatment plant to the Albertville/St. Michael border at an estimated project cost of \$160,000. MOTION BY ZACHMAN, SECOND BY PETERSON TO APPROVE THE COUNTY ROAD 19 WATERMAIN PROJECT AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

MOTION BY PETERSON, SECOND BY VETSCH TO APPROVE THE LIST OF CLAIMS AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Under **Operations/Office**, there was nothing additional to report.

MOTION BY PETERSON, SECOND BY VETSCH, TO APPROVE THE LIST OF CLAIMS AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

MOTION BY PETERSON, SECOND BY ZACHMAN, TO ADJOURN AT 6:53 P.M.  
MOTION CARRIED UNANIMOUSLY.

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Recording Secretary