

JOINT POWERS WATER BOARD MINUTES
Regular Meeting of
October 22, 2007
6:00 PM JPWT Plant Board Room

6:00 PM **Call to Order** by Chairperson Ron Klecker

Board Members Present: Joyce Paullin, Jerry Zachman (in at 6:02 PM), Joe Hagerty, Gerhardt Kottke, and John Vetsch

Board Members Absent: None

Staff Present: Chris Larson, H.R. Green, Kelly Daleiden, Veolia Water NA

Staff Absent: Shelly Keyes, Veolia Water NA

There were no additions or deletions to the Agenda as presented. MOTION BY PAULLIN, SECOND BY KOTTKE, TO ADOPT THE AGENDA AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

MOTION BY PAULLIN, SECOND BY HAGERTY, TO APPROVE THE MINUTES OF THE SEPTEMBER 24TH, 2007, REGULAR MEETING. MOTION CARRIED UNANIMOUSLY.

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

(Zachman In)

In **Unfinished Business**, Daleiden reviewed the status of the Rate Study for the Board. The Rate Study that was prepared by Scott Harder of Environmental Financial Group was reviewed in detail by the member Cities and Joint Powers respective staff members last week. The group met for approximately 3 hours to discuss the draft document. The focus of the group was to review the proposed rate and structure changes to determine if they met the goals of the Board and member Cities. The consensus of the group was that the new inclining rate with a larger increase in the top tiers did meet the objective of charging more to lawn irrigation and “luxury” type uses. The Commercial Rate change also addressed the fact that the inclining rate tiers were developed for residential uses and not for the wide range of commercial water volumes. A flat rate with a base according to meter size was more logical for commercial accounts. The Homeowners Associations with large sprinkler systems had been discussed at length in order to ensure that the effect of the changes were felt unilaterally by single family homes with irrigation systems, as well as families that are part of an association with community irrigation systems. There seemed to be some level of imbalance if the tiered rate was applied to the HOA irrigation systems. Therefore a flat rate was developed that was based on the average usage “per unit” for each development. The rates then were tested on actual water bills to ensure that the increases in the water bills were equivalent to that of single family non-association residential areas. The changes recommended by the group were then incorporated into the rate study and the study redistributed for one last review.

The Board discussed the rates and agreed on the objectives that were trying to be met. Daleiden also spoke to the fact that the effect on the revenues and on individuals would have to be reviewed at least annually to be sure that there are not any surprises or

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unforeseen effects of the changes. It was also pointed out that the changes in the regular residential rate structure and tier groups actually provides for a DECREASE in the quarterly bills for those homes using 25,000 gallons or less per quarter. MOTION BY ZACHMAN, SECOND BY PAULLIN, TO ACCEPT THE RATE STUDY AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

The Proposed Fee Schedule for 2008 was reviewed. The recommended rates from the Rate Study were incorporated into the fee schedule. Most of the other fees did not change. The WAC fee was increased in proportion to the Construction Cost Index, as has been the practice in recent years. The reason for this is that the WAC fees are primarily intended / earmarked to be used toward capital construction (increased capacity, etc) of the treatment facilities, so the Construction Cost Index makes the most sense. The index takes into account all factors in construction, labor, materials, and commodities. MOTION BY ZACHMAN, SECOND BY VETSCH, TO APPROVE THE 2008 FEE SCHEDULE AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

In **New Business**, the proposed lease revisions from Sprint-Nextel were discussed. There were slight changes to the last proposal, enough to make it a 50/50 call as to whether to approve or not. Dennis Esterly, however, recommended that the Board may want to table their decision on the matter until Sprint-Nextel gets up to date on their monthly rental fees. They are currently 60 days delinquent; Esterly believes that the delinquency is simply a product of the corporate transition/mergers taking place, but felt that tabling the motion may "encourage" quicker payment. Hagerty stated that he felt that if the Board was inclined to deny the proposal anyway, they might as well do that now. There was a consensus of the group on that. MOTION BY HAGERTY, SECOND BY VETSCH, TO DENY THE PROPOSED LEASE REVISION PRESENTED BY SPRINT-NEXTEL. MOTION CARRIED UNANIMOUSLY.

Daleiden explained the next item on the agenda was for information only. The MN Dept. of Health gave final approval of the Joint Powers' Wellhead Protection Plan. The Plan has been several years in development, with the majority of the work done by Greg Brennan of HR Green. Greg had many years of experience in hydrogeology and in working on such plans, which made the process go very smoothly. Now the Board must implement various sections of the plan. Daleiden stated that many of the items in the plan were already implemented over the course of developing the plan.

Daleiden then described the situation presented in the memo regarding the EDA Trunk Charges and the Quail Pass Development. A condensed version of the history of the EDA Trunk Charges was provided for those members not familiar with it. Hagerty asked if this type of situation could potentially happen again. Daleiden explained that it was the timing of the hearing process overlapping with the development of the property that caused this to happen. There have been a couple of similar situations in the past but they were caught and corrected. Additionally, this case was unusual in the sheer volume of properties included in the parcel that did not get charged, making it not feasible to re-apportion the charges to each property. Hagerty was concerned about these types of charges getting not

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getting caught during title searches with the County. It was explained that the charges are recorded on individual properties with the County now and that is how this charge got flagged. It just happened that it was mistakenly recorded on one small parcel of a larger 40-acre parcel and should have been applied to the whole 40-acres. Vetsch stated that he felt that it needed to be paid and was okay with maybe waiving half. There was further discussion. MOTION BY PAULLIN, SECOND BY HAGERTY, TO WAIVE THE \$12,238 TRUNK CHARGE ON THE BASIS OF IT BEING FINANCIALLY UNREASONABLE IN THIS CIRCUMSTANCE, AND TO AUTHORIZE STAFF TO PROCEED WITH A LIEN RELEASE. PAULLIN, ZACHMAN, KOTTKE, HAGERTY VOTED AYE; VETSCH AND KLECKER VOTED NAYE; MOTION CARRIED 4 TO 2.

Under **Engineering**, Larson presented Pay Estimate #13 for \$76,191.66 to EnComm for Wellhouse 9. Larson recommended payment. MOTION BY PAULLIN, SECOND BY VETSCH, TO APPROVE PAY ESTIMATE #13 FOR \$76,191.66 TO ENCOMM FOR COMPLETED WORK ON WELLHOUSE #9. MOTION CARRIED UNANIMOUSLY.

Also under **Engineering**, Larson presented Pay Estimate #6 for \$55,760.25 to Traut Wells for Well #9. Larson recommended payment. MOTION BY PAULLIN, SECOND BY KOTTKE, TO APPROVE PAY ESTIMATE #6 FOR \$55,760.25 TO TRAUT WELLS FOR COMPLETED WORK ON WELL #9. MOTION CARRIED UNANIMOUSLY.

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

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

MOTION BY ZACHMAN, SECOND BY PAULLIN, TO ADJOURN AT 6:54 PM. MOTION CARRIED UNANIMOUSLY.

Recording Secretary