

**MINUTES
UTILITY COMMISSION MEETING
AUGUST 13, 2020**

The meeting was called to order at 6:04 p.m.

Present: Bernstein, DeLoach, Fredericks, Groschen, Hesse, Pehrson; Advisor: Christopherson; Commissioner: McCune; Town Finance Officer: Kelly

Absent: Public Works Director: Reed with notice.

The meeting was held at the Town Offices Conference Room. Present there was the Town Clerk, Bernstein, Groschen, Pehrson, Town Finance Officer, and Commissioner. The others were present via telephone conference. The motions, seconds, and votes were stated by roll call as directed for those over the phone.

APPROVAL OF AGENDA (Additions/Deletions): Bernstein moved to approve the agenda as submitted with the additions for discussion of the Groundwater Case at the Appellate Court with the Commissioner's Report and Parkview Village Request to be Exempt from Refuse Service right after Republic Services discussion. Hesse seconded. Ayes all.

APPROVAL OF MINUTES OF JULY 9, 2020: Pehrson moved the approval of the amended July 9, 2020 minutes: under Utility Rate Discussion "dollar more per hour" should be "dollar more per thousand"; and the omission of noted description word "gigantic" to describe trucks on Township Clean Up Day; and changing "construction equipment" to "construction materials". Bernstein seconded. Ayes all.

CONSENT AGENDA: Hesse moved to receive consent agenda item 4A) Republic Monthly Service Report; 4B) Quarterly Sewer & Water Report; 4C) Quarterly Utility Billing Payment Analysis; 4D) Quarterly Otter Lake Elementary Sprinkling Usage Report; 4E) Second Quarter Water Efficiency Rebate Report; 4F) Water Meter Installation Update. Bernstein seconded. Ayes all.

There was some minor discussion on each item. **Monthly Service Report:** it was decided that staff should request a summary of the customer service calls categorizing the calls. **Quarterly Sewer & Water Report:** there was some discussion over the differences in the amount of water pumped and charged. There were some watermain break and flushing notes. It was noted that the water meter accuracy will show more

MINUTES
UTILITY COMMISSION MEETING
AUGUST 13, 2020

completely in a couple of quarters. **Quarterly Otter Lake Elementary Sprinkling Usage Report:** it was decided that there should be direct comparison like shown last meeting. **Second Quarter Water Efficiency Rebate Report:** it runs through the end of the year or until the Town allocates all of the rebate money. **Water Meter Installation Update:** Public Works have been installing the rest of the water meters, up to 2 per day. So far there are 25 left to install and each of these residents are charged with a \$300 non-compliance fee every quarter.

COMMISSIONER'S REPORT: Supervisor McCune was present to report on the projects the Town Board is considering. **Township Day 2020** has been canceled due to the inability to enforce social distancing. The greatest concern was the draw the fireworks brings. The Town received some financial aid in the form of the **CARES Act**. Town staff are calculating all COVID-19 related expenses (not budgeted). This money may also assist local businesses. There is a stipulation: it cannot cover lost revenue, simply unbudgeted expenses, and the deadline is November 15th before the Town has to return the finances and they will be allocated elsewhere. **Hockey Day Minnesota** has been discussed to be held at Polar Lakes Park and so far there are no red flags. Depending on the rest of this year, it will either be held in 2022 or 2023. Fox Sports North, Minnesota Wild, and Hockey Day Minnesota representatives have been in discussion with Town staff and walked the Polar Lakes Park. The **Pavement Management** portion in the south part of town is going very well. The **County Road Improvement Project** has begun too, but so far it is unclear if County Road H2 will be finished prior to school starting or not. **Peterson Road and Otter Ridge Circle** will be improved this year as well. The Town is trying to automate water mixing and is finishing up the **Water Management Improvement** for this year. The Town is finding that infrastructure is expensive.

There was a question regarding the Bald Eagle infrastructure and the Bald Eagle W at Saint Anthony. Staff will confirm with the Town Engineer that he has looked at the County's infrastructure plans for Bald Eagle, and that the Engineers will look at Ramsey County's calculations for the infrastructure vessel. There were some questions regarding the groundwater that may be affected from Water Gremlin and the TCE ban. As of now, staff noted, that the Minnesota Department of Health has looked into the water testing and hasn't found anything of concern in the surface water or ground water within the Township's supply. Town Staff are meeting with the agency in early September. This is another reason why the Town Board is meeting with the Minnesota Department of Health, for a position statement on the issue.

The Town Clerk gave an update on the **Lake Level Lawsuit**. The Court ruled that the Doctrine of Public Trust was not violated by the Department of Natural Resources. But they remanded the rest and will the plaintiffs' will try to appeal it. There was some discussion of the lawsuit and how it affects the Town.

There was some discussion over Ditch 11. Town staff clarified that the Town isn't spending any finances or resources on this project.

MINUTES
UTILITY COMMISSION MEETING
AUGUST 13, 2020

REPUBLIC SERVICES – CONTRACT RENEWAL DISCUSSION: The Town Clerk asked the Commission to discuss this agenda item and decide which items it would like staff to negotiate with Republic. The current contract is in the packet. There was some discussion over a couple of the items. There was some discussion over the possibility of the Town requesting a bid proposal from other companies to compare what their prices may be. The Town has been with Republic for about 10 years or so, which is quite some time without looking at how the market has changed. There may be fewer options for recycling and waste companies, but the industry has also changed. It was noted that the previous Town Clerk Bill Short had previous experience with other vendors and he liked Republic. It was noted that Republic Services' customer service is exceptional. Republic has saved Town staff much time and resources. Beverly Mathiasen, the Municipal Services Manager, has cleared up every problem that has arisen along the way. She is also next in line to speak with if any customer service representatives have a resident concern they cannot answer. It was decided that Town staff will reach out to other municipalities like Vadnais Heights and Little Canada, who both have one company for their whole city, and see comparisons. In the meantime, Commission Members will reach out to the Town Clerk with items they would like to see in the contract. The Town will also look into an RFP for municipal services.

Parkview Village Request to be Exempt from Refuse Services: The Town Clerk reported that the Association Manager of Parkview Village, Dan Bucholz, sent staff an email requesting whole exemption from refuse services. This neighborhood would like to seek out its own company. There was some discussion over the slippery slope of if the Town lets some people others will want out too. This is why there are stipulations to the Town Policy:

“1. Shall be self-employed and proved written evidence that they pay for mixed municipal solid waste service at work or are employed by a company that has mixed municipal solid waste service, and which will provide employee with written permission to use employers mixed municipal solid waste service.

“Such written evidence must be provided to the Town once per year. If not provided, resident shall be billed for mixed municipal solid waste service.

“2. Shall sign an Acceptance of Future Liability form for transporting mixed municipal solid waste and disposing of it at another location.

“3. Shall indicate the location of where their mixed municipal solid waste is being disposed.

“4. Shall pay an amount equivalent to one-half of the rate of 'standard' level service to cover: A) Providing the public service (collecting and disposing of mixed municipal solid waste from public property such as parks, rights-of-way, etc.); B) Annual spring clean-up; and C) Recycling programs.”

MINUTES
UTILITY COMMISSION MEETING
AUGUST 13, 2020

Because of all these stipulations there has only been a handful of residents who qualify for the opt-out. It was noted that there are about 20 homes within the town home association, and it is nearly impossible that every resident would qualify, especially considering that some are retired and therefore do not have employer to dispose of refuse per Ordinance. The goal of the town home association is to look for another vendor to provide these services, but this would require additional truck traffic on Township roads, another thing that are all considered within the cost of the refuse service.

Commission Member Sylvia Hesse stated, "As an owner of a town home, I would be in favor of not letting them opt-out." Upon further discussion, it was decided that Town staff should run the numbers of how much the savings would be to not have to pay for the items noted in the email in the supplemental packet.

The Utility Commission made a recommendation that it feels the whole group does not fit the criteria of the Town Policy, but if individuals want to continue, they can, and show proof of each criterion completed.

UTILITY RATE – DISCUSSION: The Town Finance Officer reported on the different Utility Rates. He started with the **Sanitary Sewer Rates** outlined on page 66 of the packet. The old system water usage rates are from April 2019 through March 2020. Based on the discussion from last meeting, the Commission wanted to see the rates from the most current quarter: July 2019 through June 2020. The second to last column is using the water usage from April 2019 through March 2020 but the tiers changed a bit. The Sewer rates are based on the winter quarter. It was decided to leave the base rate at \$52.00. It is the recommendation to increase about \$1 per thousand. This would make the profit about \$680,000 in 2021, which is a manageable increase for the Town's reserves. Staff is comfortable increasing the rates \$0.75 per thousand too, which will lessen the reserve a bit. There was some discussion on commercial properties. There was a question on the projections of future improvement planned in the Capital Improvement Plan. The Capital Improvement Plan highlights all future improvements and as those can drive the utility rate increase. There was some discussion on the prices and how the Town has to eventually complete the projects. It was noted that page 68 shows the depreciation rates. That page shows the annual 5% increase, but if everything goes according to plan that increase won't be needed every year. It was discussed that there is this annual increase projected because there was a time when the Town kept rates flat, so now this fund is behind. A consistent rate increase shows good planning for the future and the projects that come up. There was a question on the Metropolitan Council increase in rates. It was noted that even though the rate went up, because of the Town's diligence on I & I projects the Town has used less volume so the price should actually decrease. There was some discussion of this concept in general: with conservation, more people will be using less water so the utility rates have to increase to compensate for the loss in revenue for projects. The same is true for the more accurate water meters.

MINUTES
UTILITY COMMISSION MEETING
AUGUST 13, 2020

Bernstein made the motion to recommend the Sewer Rates as presented. Hesse seconded. Ayes all.

The **Storm Water Rates** are outlined on page 71 of the packet. The current rate is \$22.50 and with the increase to \$23.00 per quarter, the Town will make about \$13,000 in 2021. Even with the increase, with the projects there will be losses, but over the years, the cash on hand should balance out. There was some discussion on Stillwater Street and how that will be a very costly project. But it was noted that it hasn't been completed in the last 37 years, and there is currently no plan to complete it. There was some discussion of staff keeping the rate at \$22.50 and tapping into reserves. The Finance Officer made these changes in real-time on the spreadsheet. There was discussion over a flat capital amount verses a fixed amount for reserve.

Pehrson moved to accept the proposed Storm Water Rates of \$23.00 as presented. Groschen seconded. Ayes: Bernstein, Fredericks, Groschen, Hesse, Pehrson; Abstention: DeLoach.

DeLoach abstained because he was fine with either keeping it at the \$22.50 rate or the \$23.00 rate.

The **Water Rates** are outlined on pages 76 through the end of the section. The Town Finance Officer explained that as of last month's discussion, he changed the quarters outlined from April 2019 through March 2020 to July 2019 through June 2020 and the change in tiers. Because of the change in tiers, the Finance Officer increased some rates differently. There was deep discussion on the base rate increase from \$21.75 to \$27.50. The discussion stemmed from the differences in philosophy: keeping a higher fixed rate and a lower volume rate or having a lower fixed rate for lower tiers and a higher volume rate for the larger consumers. There was discussion of the consistency and how a higher fixed rate covers the fixed expenses that the Township faces. If this isn't in place, what if residents suddenly don't have near the consumption rate, then the Town wouldn't obtain the funds needed for fixed expenses. There was discussion over the tiers and how lower tiers are typically lower income or retired residents on fixed incomes and if the lower fixed income helps them and the lower rate helps them and the higher rates paid by someone else compensates for their lower payment. There was discussion of this concept and how others in the Commission do not want to subsidize the Town's water rates. Other things in life aren't subsidized like grocery bills or other necessary aspects of life. It was decided that a future discussion should be had about the Utility Commission's philosophy on Utility Rates. The end goal is the same, which makes the concept seem to be "6 one way, half a dozen another," but the underlying philosophy is important to the future rate determination and should make conversations like this easier to handle.

Bernstein motioned to extend the meeting for 15 more minutes. Pehrson seconded. Ayes all.

MINUTES
UTILITY COMMISSION MEETING
AUGUST 13, 2020

There was more discussion on how the changes will affect residents. It was noted that the rates aren't going to go down, so it was decided it will just have to go up where necessary.

The directive for staff was decided: the Town Officer should draw up different spreadsheets with all rates at \$27.50 and split some up at \$24.50 (median). He should use whichever rates he determines more accurate, whether April 2019 through March 2020, which show only 10% new meter install reads but show more of the wet spring, or July 2019 through June 2020, which show more new meter install reads but show less weather impact. It was noted that the rates should bring a certain amount of revenue aside from weather.

NEXT MEETING DATE / ADDED AGENDA ITEMS: The next meeting date will be Thursday, September 10, 2020.

Pehrson moved to adjourn the meeting at 8:15 p.m. Hesse seconded. Ayes all.

Respectfully Submitted,

Megan R. Cavanaugh
Recording Secretary