

City of Winsted
City Council Work Session
Lewis Room
November 16, 2010
5:00 p.m.

Present: Mayor Steve Stotko
Council Member Tom Ollig
Council Member Bonnie Quast
Council Member Tom Wiemiller
Council Member Dave Mochinski

Staff Present: Andrew Elbert, City Administrator
Deb Boelter, City Clerk-Treasurer

I. Call to Order

Mayor Stotko called the meeting to order at 5:00 p.m.

II. Wastewater Treatment Facility Improvements and Phosphorus Reduction Grant - Jake Saulsbury, City Engineer from Bolton and Menk, Incorporated

a) Background

Saulsbury stated that the City of Winsted recently completed a Wastewater System Facility Plan (WWSFP) that included recommendations for upgrading the Wastewater Treatment Facility (WWTF). These upgrades included work to nearly all areas of the plant for an estimated total project cost of \$4.4 million for the recommended alternative. The majority of this work is due to the new phosphorus discharge requirement, which is approximately \$3.4 million.

The proposed project was submitted to the Public Facilities Authority (PFA) and the Minnesota Pollution Control Agency (MPCA) for scoring and placement on their Project Priority List. A score of forty-five (45) points or more allows for the project to be financed through the State's Clean Water Revolving Loan fund at a low interest rate. The City of Winsted's project scored thirty-three (33) points and is not eligible for this funding opportunity.

Saulsbury stated that on behalf of the City of Winsted, Bolton and Menk, Incorporated also submitted grant applications for two (2) separate grant programs: Total Maximum Daily Load (TMDL) Grant and Phosphorus Reduction Grant. The City was awarded a Phosphorus Reduction Grant in the amount of \$500,000. This grant program provides funds to governmental units for wastewater treatment projects that will reduce the discharge of phosphorus to one (1) milligram per liter or less. The PFA is responsible for financial administration of the program. To receive the approved grant funds final design, permitting, and bidding must be completed by May 1, 2011.

b) Options

Saulsbury presented the two (2) options the City has to accept the grant:

1. Option One (1) - Complete the entire project as outlined in the WWSFP.
2. Option Two (2) - Complete only the portions of the project related to phosphorus removal.

Saulsbury presented the scope of Option One (1) as outlined in the WWSFP:

- Discharge piping – reroute to Crane Creek and install an effluent lift station.
- Preliminary treatment – install new pretreatment facility and equipment.
- Oxidation ditches – repair cracks, update aeration system, remove grit, and install new mixers.
- Final clarifier – repair concrete structures and install new effluent weirs.

- Ultraviolet disinfection – replace existing system with an auto-clean system.
- Other improvements – pond decommissioning, site work, pump repairs, electrical work, generator, and other related improvements.

The estimated total project cost of Option One (1) is \$4.4 million. By applying the \$500,000 grant, the City of Winsted’s cost would be \$3.9 million.

Saulsbury presented the scope of Option Two (2), which he stated is a reduced scope option. The reductions from the scope of Option One (1) included:

- Only minor repairs needed to the clarifiers.
- Reduced electrical work.
- Remove the standby generator.
- Remove the water service connection.
- Delay the decommissioning of the ponds.

The estimated total project cost of Option Two (2) is \$3.4 million and with application of the \$500,000 grant, the City’s cost would be \$2.9 million.

Saulsbury stated that a third (3rd) option exists for the City to deny the grant and wait for future grant opportunities or for the project to be financed through the PFA. All of the improvements outlined above and in the WWSFP will be necessary and required at some point. The timing of that is unknown and will be determined by the MPCA.

c) Financing

Saulsbury stated that since the PFA low interest loan is not an option at this time, the City would need to secure their own financing to complete the project. The potential financing options include:

1. Minnesota State Statute, Chapter 429 – the main requirement would be the City assess a minimum of twenty percent (20%) of the project. This is not common for projects such as this that would need to include every property owner in the City.
2. Minnesota State Statute, Chapter 444 – this would require the City recapture the entire bond payment through a sewer rate increase. This project is likely too large for this to be feasible.
3. Minnesota State Statute, Chapter 115 – the City would be able to do a combination of a tax levy increase and a sewer rate increase to satisfy the bond payments.

The financing allowed through Minnesota State Statute, Chapter 115 is the most flexible and most common for this type of project. The bond would be a General Obligation Sewer Bond with an estimated interest rate of 3.5%. Saulsbury presented a comparison table on financing options.

d) Schedule

Saulsbury stated that if the City would decide to accept the \$500,000 Phosphorus Reduction Grant, the project would need to be certified by the MPCA no later than May 1, 2011. Certification requires as-bid costs and securing the required MPCA updated discharge permit. In order to meet this schedule the design would need to start immediately. Saulsbury presented a proposed schedule to meet the May 1, 2011 deadline requirement:

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| • Approve the Final Design | November 3, 2010 |
| • Submit Environmental Assessment worksheet and National Pollutant Discharge Elimination System (NPDES) Permit application to the MPCA | December 1, 2010 |
| • Submit plans and specifications to the MPCA | January, 2011 |
| • Advertise project | March, 2011 |
| • Bid opening and award project | April, 2011 |
| • Initiate construction | June, 2011 |
| • Complete construction and initiate operations | July, 2012 |

Mayor Stotko asked Saulsbury what consequences the City may face if the improvements to the WWTF were postponed until the MPCA required them. Saulsbury stated that Seth Peterson, Bolton and Menk, Incorporated Environmental Engineer, reviewed this option and he believes that the City could postpone the project for three (3) to four (4) years.

Mayor Stotko stated that he would like to postpone the WWTF improvement project.

Ollig asked if the City does decide to postpone the WWTF improvement project, could the City continue to incrementally increase sewer rates to increase the cash in the Sewer Fund. Elbert stated yes.

Mayor Stotko asked Saulsbury if the reduction of phosphorus limits is the only issue that the City is dealing with when it comes to improvements to the WWTF. Saulsbury stated yes, the WWTF's capacity and existing equipment is sufficient.

Mochinski stated that he believes that the MPCA is going to continue to be more restrictive with their phosphorus limits. Saulsbury stated that it is a possibility.

Quast stated that she believes the City should postpone the project and continue to raise water and sewer rates incrementally to increase the available cash in the Water and Sewer Funds.

Elbert asked the City Council how they would like him and Saulsbury to proceed with the proposed WWTF improvement project.

The City Council discussed and agreed that they would like to postpone the project. They directed Elbert to prepare a comparison report with area communities on water and sewer rates.

Saulsbury stated that he will contact the PFA and inform them that the City does not plan to proceed with the project.

II. City of Winsted Mapping Application – Geographic Information System

Saulsbury presented a proposal to develop a Geographic Information System (GIS) for the City of Winsted. The GIS application will be hosted on the Web for City staff to use. The proposed mapping application would provide a spatial information hub that would be accessible to all City staff with an internet connection. As well as having the ability to view street and utility data, Saulsbury stated that he believes it will assist the City in performing time-consuming tasks such as generating maps, creating mailing labels and ownership research. The City would also then have the option of purchasing a Global Positioning Systems (GPS) locator to easily locate any infrastructure included in the GIS database.

The City currently has fairly accurate data in a Computer Aided Design (CAD) format that will be used to start the project. Saulsbury stated that Bolton and Menk, Incorporated proposes to use GPS to insure that there is an accurate inventory and location of the utility structures. Using the GPS and CAD data, they will then develop the City's mapping in Economic and Social Research Institute (ESRI) geo-database format.

Saulsbury presented the Project Tasks, Project Cost and Project Timeframe.

Mayor Stotko asked if it would save the City of Winsted engineering costs in the future. Saulsbury stated yes. Saulsbury stated that it will also save on staff time.

Mochinski stated that the City should consider purchasing a used GPS and the Public Works Department could complete the project over an extended period of time.

III. Adjourn

Mochinski motioned to adjourn. Quast seconded. Motion carried 5-0.

Respectfully submitted,

Deborah R. Boelter
City Clerk-Treasurer