

WATERVILLE CITY COUNCIL
SPECIAL COUNCIL MEETING
November 14, 2017, 6:00 p.m.

There was a special meeting of the Waterville City Council held in Council Chambers at 6:00 p.m. to discuss Kamp Dels BOD Request, Solar Garden Presentation, Enterprise Fund 2018 Budget and utility rates review.

Present: Grobe, McIntyre, Wollin, Smith and Mayor Schmidtke

Absent: None

Also Present: Administrator/Clerk Teresa Hill and Kris Swanson of Bolton & Menk

Also Absent: None

1. Call to Order. Mayor Schmidtke called the meeting to order at 6:00 p.m., noting that all Council members were present. Also present Teresa Hill Administrator/Clerk, and Kris Swanson of Bolton & Menk. Pledge of Allegiance was recited.

2. Approval of Agenda. Mayor Schmidtke requested that #5 Resolution 2017R-034 Bingo Request be withdrawn from the agenda. Motion by Smith seconded by McIntyre to approve the agenda with the removal of item #5 Resolution 2017R-034 Bingo request. Unanimous vote. Motion carried.

3. Kamp Dels BOD Request. Mr. Swanson said that the wastewater treatment plant has been operating now for a number of months. We are receiving waste below capacity of the treatment facility which was anticipated. Last year Kamp Dels requested to discharge additional waste. We advised them at that time we need to get the plant built and operating to see how it goes. Now it is safe to say there is capacity there. He is recommending to Council that they do take waste from Kamp Dels. On a technical basis the City can do that and treat that additional wastewater. Mr. Pope said they are looking to hook into the City. They knew from the beginning that they would have to build a pre-treatment facility to handle some of the waste. We are at the point now where we have to figure out what we want to do. Right now we plan on sending only maybe a third of what the total of what we eventually might send. He is reviewing this, and he realizes when we get to 100% the City probably without doing some kind of expansion would not be able to handle Kamp Dels. For the time being we are not needing to exceed the capacity too far. From Mr. Swanson's letter that said the City would be able to handle it, so we are asking to be allowed to increase our contaminant levels for both TSS and BOD. Discussion held regarding the testing of the waste, Kamp Dels plans for their wastewater, possible contract with Kamp Dels, and the price to pay for the disposal of the wastewater. Mr. Pope discussed what he believes the percentage of the wastewater they would be sending to the City. Council's consensus was to permit Kamp Dels to increase their additional wastewater to the City for treatment. Mr. Swanson suggested a two year user agreement which would be reviewed every fall. Mr. Smith inquired if extra manpower would be needed to treat the extra capacity that Kamp Dels will be sending. Mr. Peach said that there would be additional monitoring of the waste that is sent to the City. Discussion regarding the data that is needed to see how the plant can handle the extra waste. Mr. Swanson said we would find an average over time of what they will be sending to the City. Mr. Swanson went over different ways to calculate how to bill Kamp Dels for the waste they send to the City. Mayor Schmidtke suggested that a committee of the City Administrator Teresa Hill, Kris Swanson, Jason Moran and Nyle Pope be formed to go over the way to bill for the extra BOD and TSS and work out a contract with Kamp Dels and the City. Motion by Wollin, seconded by McIntyre to have a committee of Ms. Hill,

Kris Swanson, Jason Moran and Nyle Pope to work out a two year contract and to evaluate and set a price. Unanimous vote. Motion carried.

4. Solar Garden Presentation – Mike Kampmeyer. Mr. Kampmeyer explained and answered questions about what a community solar garden is and how the program works. Solar gardens are a way for people to have solar energy without having the solar panels on their own homes. Subscriptions are for 25 years. Mr. Kampmeyer discussed how many kilowatt hours you can subscribe to. They would take your average use and you could subscribe to that amount. Mr. Kampmeyer presented Council with a brochure on what a Community Solar Garden is. By 2025 the state of MN mandates Xcel to have 25% of their generation power from renewables such as wind, hydro and solar. Mr. Kampmeyer explained how the subscription works through the developer and Xcel. Mr. Kampmeyer said all solar gardens are insured and if they are inoperable for a period of time the insurance would cover typically 85% of the savings you would have during the inoperable period. Mr. Kampmeyer said you have to have a minimum of five subscribers and only one subscriber can take more than 40%. Mr. Kampmeyer gave background on the company that he works for Innovative Power Systems.

5. Enterprise Fund 2018 Budget and Utility Rates Review. Ms. Hill presented Council with the water and sewer revenues, expenses, profit and loss, and depreciations. In the water fund you are looking at a loss without depreciation of \$81,845. In the sewer you are looking at a loss without depreciation of \$41,908, but then you also have \$40,000 designated deposit into a maintenance fund. That is \$40,000 cash you cannot use to pay bonds with. Ms. Hill said she is not concerned at this point about either one of the scenarios. We have adequate cash flow in both departments. There are things that will be changing in the sewer department that we need to keep a close eye on. Ms. Hill said she would suggest that we continue to look at that every three months throughout the next year. There are some areas that we can possibly decrease as far as expenses. Your enterprise funds do not operate like your levy funds you are not designating a certain dollar amount that you are getting from the County to operate your rates. Ms. Hill said in her opinion it is doing what it needs to do. The sewer rates we are capturing enough to make the additional principal and interest payments for the bond and that was the goal of the rate increase. We will need to keep an eye on operations and what that rate is looking at. Ms. Hill presented to Council what the debt service looks like and what we are recapturing in the rate increase. It gives you a picture of what that rate increase gave you to pay your debt service and what your long term obligations are. Ms. Hill presented what the water and sewer revenues and expenses budgets. Ms. Hill asked if Council wanted to do any modifications to the budget presented. Discussion regarding the budget. Mr. McIntyre asked if we want to operate at a loss. Ms. Hill said no, but you do have more than adequate cash flow to operate. Discussion regarding the budget, revenues, expenditures and the rates. Council will continue to look at the water and sewer rates in the next three months.

6. Adjourn. Motion by McIntyre, seconded by Smith to adjourn. Unanimous vote. Motion carried. Meeting adjourned 7:00 p.m.

Alan Schmidtke, Mayor

Teresa Hill, Administrator/Clerk