

**APPROVED MINUTES
OF THE
WASTE WATER PUBLIC FORUM
CITY OF EAST GRAND FORKS
TUESDAY, FEBRUARY 4, 2013 - 7:00 P.M.**

Mayor and all council present

Meeting convened at 7:00 pm

Staff present: Greg Boppre, City Engineer; Scott Huizenga, City Administrator; Jason Stordahl, Public Works Director

Mr. Boppre began the staff presentation by summarizing the history of the waste water treatment project. He explained that the City purchased property adjacent to the waste water treatment lagoons due to seepage. In 1996, the City began to prepare for replacing the existing lagoon. The project was placed on hold in the aftermath of the Flood of 1997. The City then submitted its first Facility Plan to the Minnesota Pollution Control Agency (MPCA) in 2006. The City Council updated the Facility Plan in 2011 to include the proposed interconnect project in the Facility Plan.

Mr. Huizenga reviewed the updated financials for each project. Finance staff updated financial projections to include a 20-year amortization rather than a 30-year amortization. The third-party peer review recommended 20 years because the City would no longer qualify for a 30-year loan. The Minnesota Public Finance Authority (PFA) has indicated that new City demographics in the 2010 Census indicate the City is eligible for a 20-year loan. The financials were also updated to include phosphorus removal and updated construction costs. The stand alone project to cost \$17.8 million, and the Interconnect project is estimated to cost \$9.8 million. Finally, the Engineering, Administration, Legal, and Contingency (EALC) estimate was increased to 35 percent per the peer review recommendation. Mr. Huizenga also presented a present value analysis that included 20-year operational costs in today's dollars. The present value analysis showed the stand alone project to be \$18.5 million, and the interconnect project was \$15.7 million in present value terms.

Mr. Stordahl then explained the pros and cons of stand alone lagoon system versus the interconnect project. The stand alone option is easy to maintain, has a low operating cost, and could last many years. The stand alone system also would be less adaptable to future MPCA regulation, and potential industrial expansion could strain the system. The advantages of the interconnect project include the City able to export treatment to Grand Forks without worry of MPCA regulation. The interconnect project would allow for much expansion and perpetual treatment. The disadvantages include the cost of future plant expansions in Grand Forks and negotiated fees for treatment. Finally, Mr. Stordahl reviewed the proposed time line for waste water reconstruction including responding to the MPCA's Alleged Violation Letter in February 2013, designing the selected project in 2014-2015, and constructing the selected project in 2016-2018.

Council Member Tweten stated that 35 percent contingency was too high. Mr. Boppre said that a contingency at this level of the project was standard. Mr. Boppre also stated that the prior estimates were two years old and needed to be updated for construction inflation. Mr. Boppre consulted local contractors to determine quantity pricing in the estimates. Mr. Huizenga stated that 35 percent was the recommendation in the peer review.

Council Member Vetter asked for a present value analysis over a 30-year project life cycle of the project even if the finance period was 20 years. Mr. Vetter also requested further investigation of the costs to construct a mechanical treatment plant in East Grand Forks.

Council Member Olstad asked if the lagoon reconstruction would be on the same foot print as the existing lagoon facility. Mr. Boppre indicated it would be the same footprint with an additional treatment cell. Mr. Olstad also asked about the capacity of proposed lagoon reconstruction. Mr. Boppre responded that the estimates included expansion and population estimates per MPCA guidelines.

Council Member Vonasek asked how high the city's violations were relative to other alleged violators throughout the state. Staff responded that there were not aware of a prioritized list of violations statewide.

Council Member Vetter asked about the types of treatment systems employed by other cities with relative populations to East Grand Forks. Mr. Boppre responded that there is no benchmark or best practice for treatment method by population. Mr. Boppre would contact MPCA to request a list of treatment methods employed by other cities.

Mayor Stauss said that he spoke with MPCA officials who said that City would not be forced into a project so long as the City is in compliance with current regulations. He noted that the construction costs have increased nearly 25 percent since the previous estimate. Mr. Boppre and Mr. Huizenga responded that the estimates have increased over a two-year period at approximately 10 percent per year.

Council President Buckalew explained the Cost of Service Analysis (COSA) under the interconnect model. He requested that staff make the COSA available to Council Members for the next meeting.

John Grenier, resident, asked how the interconnect project would compensate for days of high flow to the treatment facility. Mr. Boppre responded that the interconnect project would include an equalization basin of approximately 30 acres to stabilize those peak flow days. The basin would allow the City to continue to send waste to the Grand Forks facility at an average flow rate of 1.2 million gallons per day.

The City Council requested that staff establish a meeting with MPCA officials so that Council Members could ask questions regarding treatment options directly to the MPCA. The Council established the next waste water public forum for March 4 at 7:00 pm in the Council Chambers.

Meeting adjourned at 8:29 pm.

Scott Huizenga, City Administrator/Clerk-Treasurer