

**APPROVED MINUTES  
WASTEWATER PUBLIC FORUM  
CITY OF EAST GRAND FORKS  
TUESDAY, AUGUST 27, 2013 - 7:00 P.M.**

Mayor Stauss, Council President Buckalew, Vice-President Leigh, and Council members Vetter, Vonasek, Tweten, Olstad, and Grassel were present.

Meeting convened at 7:00 pm.

Staff present: Karla Anderson, Finance Director; Brad Bail, City Engineer; Greg Boppre, City Engineer; Karl Lindquist, Interim City Administrator; Megan Nelson, Executive Assistant; and Jason Stordahl, Public Works Director.

Council President Buckalew started the meeting at 7:00 pm and turned the meeting over to Mr. Lindquist who was the moderator. Mr. Lindquist started by introducing himself and welcoming the two residents and media to the meeting. He explained how this was a team effort between the city engineers, the finance director, the public works director, and himself to come up with the information that was going to be presented at the meeting. He stated that the goal of this meeting is not to advocate for one specific project but to present the information and let the council choose what project to move forward with. Mr. Lindquist commented how the mayor has said the numbers keep changing and how they had changed again and he would try to explain why the numbers changed. He stated that the numbers presented at this meeting are good for this meeting but if something changes tomorrow the numbers could change again tomorrow.

Mr. Lindquist stated he would like to start with the spreadsheets. He went on to say the council has been looking at three different systems which are a new lagoon, a new lagoon with tertiary treatment, and the interconnect system. He explained that they eliminated the tertiary treatment costs since it made things more confusing so all of the costs listed for a lagoon system do not include tertiary treatment. He then asked the council to take a look at the spreadsheets showing costs for the interconnect project. Mr. Lindquist stated how the numbers on the first two sheets show the present value of the project which includes construction and operating costs. He explained how the next two sheets show how much the rates would increase each year based on the dollar amount for 4000 gallons being used per month by a household to pay for the project. Mr. Lindquist then stated how the other sheet was the same except it showed this information for the pond system project.

A member from the press asked if the rates shown were adjusted for inflation. Ms. Anderson stated that expenses were put in at 3% so under the usage part she built in 3% for this. She explained how the sewage rate is dependent on water usage and how usually every year there is an increase in water usage rates but not in the fixed rate.

Council member Tweten reminded the council that the DNR wants communities to conserve water and if that doesn't happen the community will receive a penalty. He added that the DNR has directed the City on how high the water rates should be so people use less water. He stated that the sewage rate gets to be a fictitious figure because the sewage percentage will need to be changed to correspond with how much needs to be raised in funds for the project. Mr. Lindquist agreed with him but stated they

didn't know what the DNR would be mandating for water rates. Council member Tweten once again stated that rates are not entirely under the City's control. Mr. Lindquist stated that the breakdown being presented is to allow an apples to apples comparison between the projects.

Mr. Lindquist then asked everyone to take a look at the first handout which shows the comparison of the projects at 3% rate. He stated again that these present value numbers are at 3% which is an assumption that could change the numbers again. He stated how there were three columns of three showing the numbers based on 20 years, 30 years, and 50 years because of a suggestion made by Council member Vetter and brought the numbers back to present value. Mr. Lindquist explained how most of the costs for the ponds are all up front because of the construction costs and how most of the costs for the interconnect project are back loaded because of the COSA or Cost of Service Agreement. He continued by explaining how much each of the projects will cost. He started by saying how the total construction costs for the stabilization pond system would be 18.3 million. Mr. Boppre stated that this included the construction and soft costs. Mr. Lindquist pointed out costs for the pond system including the tertiary treatment but asked everyone to ignore these numbers since it is just more money. He moved on to the total construction costs of the interconnect project which was 6.89 million which didn't change across the board. Mr. Lindquist explained how an assumption was made that the City would have to plan for expansion of the pond system to meet capacity at 20, 30, and 50 years so that is why the prices went up.

Council member Vetter stated that the number then should also change for the interconnect taking under consideration the expansion project to the Grand Forks treatment system Mr. Feland spoke about and said how it was going to cost 120 million dollars within the next 20 years and based on the COSA the City would have to pay 6% of that. Mr. Lindquist stated that those upgrades will be built into the payments the City makes. Council member Vetter stated the cost of service is the only thing in the COSA, not upgrades to their system. Mr. Bail informed the council that Grand Forks has debt service they are currently paying off and once that is paid off they are going to start raising funds for other projects. He continued to say that some of these costs are accounted for in the COSA. Mr. Boppre stated that the numbers he was referring to was present value and looking at the rate structure there is an increase in the payment to Grand Forks as best they could assume with the information they had. Council member Vetter asked if the City moved forward with the lagoon system what the capacity would be. Mr. Bail stated that the design is good for 20 years. Council member Vetter commented that the ponds were build back in the 1950s and the City hasn't had to do much to them up to this point. Mr. Bail said that there is a good possibility that the City would be able to use the new ponds for up to 30 years but ideally there will be population growth and then based on assumptions there will have to be an expansion to the ponds and they tried to include the costs of what that would be.

Council member Vetter said he does not agree to adding in construction costs to the price of the pond system at 50 years out since the council would address the ponds when capacity becomes an issue again. He then asked how long the pipe is going to last underneath the river, if it will need to be replaced after 20 or 30 years, and if interconnect project numbers need to include construction costs of redoing the pipe under the river. Mr. Bail stated there are costs included in a debt service that include the costs of repairs for the interconnect project. Mr. Boppre added that in engineering they look at 20 years for the design life of a project and how funding agencies look at 20 years also since they aren't able to forecast past 20 years. He continued to say that if the flood of 1997 didn't happen the ponds would already been redone because the ponds were at capacity and the facility plan had been started in

1996. He stated how that after the flood there were areas of town that had old pipes that were no longer apart of the system and how fixtures changed and became more efficient. He added that our community has grown but the volume of water used is now the same as it was in the 1990s. Mr. Bail added that with water rates rising people are using less water which has also helped.

Council member Tweten asked where the grant money was accounted for in the information handed out. Council member Tweten stated that sources of funds for the projects need to be factored in. Mr. Lindquist stated that since there currently isn't any grant money for this project they are not going to be factoring it in. Council member Tweten also brought up phosphorus and phosphates that are used in fertilizers and old dish soaps but how many things that now are phosphorus free. He added that the state sometimes can give out phosphorus grants for projects and some recent grants have been given out. Council member Tweten stated anything that could affect the final costs should be included before the council makes their decision. Mr. Lindquist stated that the tertiary treatment is not being included since it only adds costs to the pond system. Council member Tweten commented on the phosphorus issue, how it is affecting Lake Winnipeg, and possible future regulations coming from the federal government. Mr. Lindquist added how if it is going to be required to treat phosphorus the government will more than likely help with funding. Mr. Boppre stated that part of their job is to help with projects and help find where funding is coming from. He said that the City has been on the IUP list or Intended Use Plan list with the state of Minnesota listing a PPL or Projected Project Plan for the stabilization ponds and interconnect for the last six years. He explained how this allows the City to have access to low interest dollars but right now the City is not on the list and won't be until the next funding cycle. Ms. Anderson stated that she did include a 2% debit service for both projects based on what the PFA agency told the City they could qualify for. Mr. Boppre informed the council that before the 2010 census the City was eligible for a 30 year loan but with the new higher median household income the City now only qualifies for a 20 year loan.

Mr. Lindquist stated a correction needed to be made on the sheet showing the present value costs. He explained how the costs went across showing the 20, 30, and 50 years costs and said farther down the list it states Total 20 year Present Value. He said that needs to be crossed off since the present value is being shown at the top of the page. Mr. Lindquist explained to everyone that present value is all of the costs from 20 years out and then bringing it back to present day dollars. He went on reviewing the costs of the projects. He stated that at 20 years the ponds would cost about 18.5 million and the interconnect would cost 12.7 million; at 30 years it was 19.1 million for the ponds and 15 million for the interconnect; and at 50 years the ponds would cost 22.6 million and the interconnect would cost 17.8 million.

Mr. Lindquist then asked council member Vetter to explain one more time what he wants built in to make the costs more representative of the actual costs. Council member Olstad stated Council member Vetter was asking for the costs of updating the interconnect system to be included with the present value numbers. Ms. Anderson stated that was built in and shown on another handout. Council Vice-President Leigh pointed out that only part of the upgrades to the Grand Forks system were included in the COSA and stated that there is going to be a considerable amount of upgrading that is going to be taking place in the future. Council member Vetter stated that everything he had been told about the COSA only includes the current costs to operate the Grand Forks system and that does not include the costs of their future upgrades. Mr. Boppre stated what Council member Vetter said was true but there are some of the projects costs they know about are currently included in the COSA. Mr. Boppre stated

was that one of these projects is a 60 million dollar bio-solid project that has been factored in. Council member Olstad asked if the City is being charged a certain percentage, will a portion of the payment the City makes be going to future repairs and upgrades. Mr. Bail answered that it will only be the projects they currently know about. He added that Grand Forks is being asked to get rid of their ponds so Grand Forks will eventually be getting rid of their ponds. Mayor Stauss asked if they were going to keep a reserve pond in case something happens. Mr. Bail stated if they do it will be very small. Ms. Anderson said they are trying to build in future costs like East Grand Forks is. Mr. Lindquist gave a brief overview of how the COSA is developed. Council member Vetter asked how long the COSA is good for. Mr. Bail stated the COSA is reviewed every couple years or whenever a major user would come in. Mr. Boppre reminded the council that the City's rate is based on the flow and currently the City is averaging 1.2 million gallons but the last couple years with the drier conditions has dropped the average flow.

Mayor Stauss asked what is going to happen when Grand Forks has a new council and decides to raise our rates, then what will the City do. Mr. Boppre stated how that issue will be addressed when reviewing the pros and cons of the projects. He added that it had been suggested to have a committee made up of representatives from both cities so East Grand Forks would have a voice as a Grand Forks customer and added how according to the COSA they wouldn't be able to raise our rates without affecting the rest of the Grand Forks. The mayor added that sometimes with changes in council, unexpected changes could be made. Mr. Lindquist stated right now they will be reviewing numbers and will get to issues the council might have. Ms. Anderson stated that some of the issues or worries that the council has can be addressed in the agreement so East Grand Forks could be treated like any other customer for a certain period of time. Mr. Lindquist said it had been suggested to have a bulletproof agreement.

Mr. Lindquist continued by showing graphs that represent rates that would be charged depending on each project. He stated it showed that if the council went with the stabilization ponds it would cost about \$6 more a month or approximately \$72 a year more compared to the interconnect project. He added that if the phosphorus treatment is added it would be another \$4 dollars a month in addition to the \$6 dollars based on the 4000 gallon use.

Mr. Lindquist continued by saying that Ms. Anderson pointed out that at an additional \$6 a month times 3000 households would equal another \$18,000 more a month taken out of the community so it is erroneous to say it is only \$6 dollars more a month. He continued on with another graph that shows the costs of both projects over time. He said he thought the interconnect would cost more than the pond system over time but when the cost of expansion for capacity of the ponds system were included it shows that the ponds will cost more. Mayor Stauss asked what the jump in population was listed on the graph. Mr. Bail stated that they based it on the current growth rate of the City and made the assumption that the City's growth was going to continue at the same rate over the next 100 years and what the estimated flow of that population would be. He stated that based on those two factors each jump in capacity would added another 65 acres to the ponds. It was asked how many people that would be. Mr. Bail stated that at 100 years the City's population would be at approximately 17,000 people. Mr. Boppre informed the council that they included 100,000 gallon flow coming from industry because MPCA requires it.

Mr. Lindquist continued the presentation by going over pros and cons for both projects. He said the only positive thing they could come up with for the lagoon system was to maintain local control. He asked if anyone else could come up with another positive. Mayor Stauss added that the lagoons doesn't use chemicals since it is a natural process keeping costs down. Council member Grassel asked how much of the materials of the current pond be reused and if that would help decrease some of the costs of redoing the lagoons. Mr. Boppre stated testing had been done three years ago and based on the soil reports all of the bio-solids have to be removed and land applied. He said he had received an estimate for the land apply which was estimated using 98,000 cubic yards at \$20 dollars a yard would cost the City almost 2 million dollars to land apply. Council member Vonasek asked about a later test which didn't show as much bio-solids. Mr. Boppre said that they did tests later on and that showed a drop from 200,000 cubic yards down to the 98,000 cubic yards. He went on to explain how the plan is to remove all of the bio-solids, remove the existing clay liner, and building a new clay liner so the City is in compliance with no more than leaking 500 gallons per acre per day. He then gave the estimates he received which were reasonable but since the quantity need is so much it really drove up the costs for the lagoon project. Mayor Stauss asked if having a third cell had been considered. Mr. Boppre stated the plan was to split the primary cell into two cells so it would be a three cell pond system. He explained how the numbers and estimates had been double checked so he feels very confident with the costs of the projects. Mr. Bail also reminded the council that the pond system needs to be so many feet higher so the leaking water doesn't affect the ground water. Mayor Stauss asked how high the ground water is. Mr. Bail stated they weren't sure.

Council member Tweten asked to make a comment about the con on hindering development to the north. He stated that any time the City is going to extend north will only make things more expensive. He added that the City should start expanding east for two reasons. The first he gave was how there needs to be backup for policemen and how expensive it would be to have to build a new firehouse on the north end of town. The other reason he gave was that any city that can be laid out in a square or circle is much more functional. Council member Tweten stated there is more to this than just building a lagoon. He added that there should be an itemization for the EALC. Mr. Lindquist stated that was a recommendation from the peer review group. He added that it will change when the project is chosen.

Mr. Lindquist told the council that as long as there is a lagoon he doesn't think that there will be any houses built north of the golf course. He added that there is still going to be a lagoon for backup in case of any issues with the interconnect project. Mr. Boppre stated there will be a 30 acre pond in case something breaks. Council member Vetter stated there might be more development to the south if a bridge goes in at 32<sup>nd</sup> Ave. He then asked how much land the City owns by the lagoons currently. Mr. Boppre stated the lagoon area is 345 acres, then there is 90 acres to the east, 45 acres to the north, and additional 40 acres on the south side. Council member Vetter then asked how much flow the interconnect pipe can handle and at what point does the population exceed the pipe's capacity. Mr. Bail stated that the pipe would be able to handle 2.5 million gallons. Council member Vetter then said that the population would then have to reach 16,000 to 17,000 people before a change would have to be made. Mr. Stordahl stated they are estimating the population will reach that mark in 2089.

Council member Vonasek brought up that it had been suggested that a water balance test needs to be done on the secondary pond but not the primary pond since it is so large and asked if that was still be considered. Mr. Boppre stated that they could do the test but leakage is not the main issue; capacity of the ponds is. Council member Vonasek stated that he has a hard time believing there is such a problem

with leakage since there is a borrow pit close by that doesn't have any water in it. Council Vice-President Leigh added that leakage had nothing to do with it and the City has to do something with the ponds. Mr. Boppre stated that in 2008 there was drain tile installed on the north, east, and south sides of the ponds and how the water is sampled twice a year and so far there haven't been any bad results. Discussion followed about how much ponds are allowed to leak and how a water balance test will not solve the capacity issue.

Mr. Boppre reminded the council that the City is currently at 89% capacity and once the City gets to 95% the MPCA will put a moratorium on the City and not allow any more additions or growth to the sewer systems.

Mr. Lindquist then brought up the slide showing the pros and cons of the interconnect project. He stated the big negative is making sure the City has a bulletproof agreement. He said Mr. Galstad was a good attorney but has never written up an agreement like this before so the City would have to hire someone to come in and draft the agreement. Mayor Stauss stated that some of the pros of the interconnect project could also be pros for the lagoons. Council member Vetter stated that if the City moves ahead with a new lagoon the MPCA regulations will be met. Ms. Anderson stated that is true but only until another rule comes out. Mayor Stauss said that could happen with anything. Ms. Anderson stated that we won't have to deal with regulations, Grand Forks will. Mayor Stauss commented that if and when Grand Forks is forced into new regulations we will have to pay our share. Ms. Anderson then said that it won't be completely on the City.

Council member Olstad asked if the City stays with a lagoon system what regulations does the City have to meet. Mr. Boppre told the council that for leakage the City would have to comply with no more than 500 gallons per acre per day. He added that phosphorus regulations have not been set but it seems like it will be mandated at 1 soon. Mayor Stauss stated that another engineer said that our ponds are not even close to 3500 gallons per acre per day that we are currently allowed. Mr. Bail agreed that we are not close to leaking that much but if a change is made the new mandate will be the 500 gallons per acre per day. Mr. Boppre reminded the council that leakage is not the main issue but capacity. He added that this would be a tough and very major decision.

Council Vice-President Leigh stated that he thinks they should take time to take in the information, and then go out into the community to see what the residents want. He commented how he had spoken to some residents who wanted to go with what is cheapest and others who don't want to lose control. He added how this had been the best presentation he yet. Mayor Stauss said not everyone knows the information and this decision should be made by the council.

Council member Vonasek asked what would happen in the primary pond was split into two. Mr. Boppre stated that if those ponds are touched at all the City has to meet all current regulations. Council member Tweten said he has spoken to many people and most people don't want to lose control to Grand Forks. He added that if we don't like how we are being treated we need to put people in office who can change that.

Council President Buckalew said when looking at the positives and negatives he asked if the negatives can be fixed with either project. He added how it had been talked about having a commission that would be a regulatory body for that entity and how the City would have a seat at the table. Mayor

Stauss stated that we need more than one seat on that commission. Council President Buckalew asked what negatives could be fixed again. Some suggestions were made. Mr. Stordahl explained how if a major industrial user comes in it would take time to react to their needs if they created a large volume of BODs. Council President Buckalew stated that the council needs to agree the parties putting the numbers together are presenting the best numbers. He stated these are good numbers that can be brought out to the public and explained.

Mayor Stauss commented how there are other engineers who don't agree with some of the information. Discussion followed about how the city engineers are speaking with local contractors, getting good numbers for estimates, and how they have a stake in what project is picked because they are residents. Council President Buckalew stated the numbers maybe not what we like but the council needs to consider cost and cost sharing. Ms. Anderson added that another thing to think about is if Grand Forks was in Minnesota we might be required to join together and how there are many other cities have joint systems and could be a great resource. She also added that lagoon systems are low maintenance and there won't be a loss of employees regardless of what system is chosen in residents ask.

Council member Vonasek asked if anything had been mentioned about what will happen when the fertilizer plant starts buying gray water from Grand Forks and if East Grand Forks would be included in a reduction in rates. Mr. Boppre stated when the COSA was done no one knew about the fertilizer plant at that point so there isn't anything in the COSA reflecting what could happen. He added that this could be opportunistic situation for the City if they moved forward with the interconnect to have the rate cut down. Ms. Anderson stated instead of raising rates they might just save that money for future projects, repairs, or upgrades.

Council member Vetter stated that he is having an issue with the numbers being changed for the lagoon system due to capacity. He added if that didn't change it would be within 4 million dollars of the interconnect project and some people he has spoken with would rather spend the money and not lose control. He commented on that he understands why the 35% for EALC is being used but if that percentage changed the numbers would get even closer. Mr. Boppre reminded everyone why the 35% was used and how that will change to 25% once a project is picked.

Council President Buckalew said how they weren't suppose to talk about the tertiary treatment costs but does the City really want to put a lagoon system out there and not be able to treat for something the MPCA is going to want the City to treat for in the future. Council member Vetter stated that they have not outlawed lagoons and how there are other communities putting in lagoons. Mr. Lindquist asked if that was true because he hasn't seen anything about communities putting in lagoons besides Fosston and how more are going with treatment plants. Mayor Stauss stated when he was at the Coalition Conference many people spoke with him about lagoons and are having similar problems. Mr. Boppre stated that cities put them in because they are easy to maintain but East Grand Forks has the second largest pond system in the state and that is what makes the costs so high.

Mr. Stordahl explained how Fosston's lagoons are more complex that what East Grand Forks has. He said how they are set up to handle more BODs. He commented how much of what East Grand Forks treats is domestic waste and not much from industry. He added that the City will have to plan on adding something on in the future possibly for mercury, phosphorus, or industrial users. He stated there are many communities that have to add something to their treatment of waste water and if the

City moves forward with the lagoons they should have some sort of plan of where tertiary treatment can be added.

Council member Grassel asked if information could be sent out with the water bills so each household would receive it. He stated that very few members of the public have attended the meetings and he would like to reach out the residents so they know what the council will be voting on. Council Vice-President Leigh thought that would be a good idea but to also include how much the rates will be going up for each project. Council member Vonasek asked the media in the room to make sure they get the word out that the council members would like to hear from the residents so they can get a better idea of what the community would like to do with waste water treatment.

Council President Buckalew asked if either of the residents present at the meeting would like to make a comment. One resident stated she would not like to move forward with the interconnect because of what was promised with the combination of the Chambers and how many things changed afterward.

The other resident stated that he was originally for the interconnect. He stated that after looking at the costs, \$72 doesn't seem like much but over time it will add up. He asked about meeting regulations and Mr. Stordahl stated that we currently meet all of the regulations without any type of added treatment. The resident said he had tried to make it to the meetings but wasn't always able to. Mr. Lindquist thanked him for coming. Mr. Lindquist then stated a notice will be drafted to put in with the water and light bills.

The meeting was adjourned at 8:25 pm.

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Karl Lindquist, Interim City Administrator