

CITY OF GILBERT
MINUTES OF CITY COUNCIL WORK SESSION MEETING
TUESDAY, MARCH 27, 2018
COUNCIL CHAMBERS

Mayor Milos called the Work Session to order at 5:07 p.m.

Present: Mayor Milos, Councilors Ouke, Pontinen and Robich.

Absent: Councilor Bol absent with notice.

Staff Present: City Engineer John Jammick, Public Works Operations Director Sam Lautigar, Economic Development Administrator Jim Paulsen and City Clerk/Treasurer Sakrison.

Ryan Capelle, Stantec, presented different options, and expressed the need to define scope.

Telephoned Tyler Ray, USDA status of RD Apply Application for the SEARCH Grant, need to draft agreement with engineering with a project cost. The maximum grant is \$30,000 or 75% of project cost pays for engineering report (\$40,000 or over, we would be able to ask for \$30,000). The USDA will need to know where other funding will come from to cover the balance of Preliminary Engineering Report (PER).

There are still USDA funds available for this program. Gilbert meets the applicant criteria.

Ryan Capelle asked Tyler Ray to give an overview of the larger funding program.

USDA Loan and grant program, it's a loan program with a grant component.

Median income lower than state household average, under \$42,000. USDA uses a calculator of 1.5% of the median household income, in this scenario $\$42,000 \times .015 = \630 annually revenue generated per connection, divided by 12 = \$52.50/month. 815 connections X expected \$52 per month X 12 gives the revenue the utility is expected to generate. From that number the annual O + M, existing debt and the annual short-lived asset reserve are all deducted leaving the money available for debt service.

The loan affordability is good. Preliminary estimate, could reasonably afford a \$4 million dollar loan.

Lautigar questioned the number of utility connections. What the city is currently billing is not a factor in determining loan affordability for the USDA.

Due to lime being a health/safety issues, the interest rate would be a poverty rate, beginning April 1, 2018, the interest rate would be 2.3875%.

Tyler recommends getting on the Project Priority List with MN PFA to determine which funding source would be the best for the city.

MN PFA discounted loan rates at a little over 1%. Need project Priority List, may be a better fit. The downside is that it's a 20 year term.

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Narrowing the scope of the study would lower the cost of PER.

Even if do not proceed with long term financing with the USDA, the RD Apply Grant could still be procured because it would help pay for the facility study to help determine options.

Mayor Milos voiced concerns about the cost.

Need to define scope, connect with Eveleth – 2 model need to be looked at and that could be costly.

PER for city of Stacy \$120,000 actually covers some of the design.

Ryan Capelle met with Jerry Rosati in Eveleth, Mr. Rosati feels Eveleth has the capacity to supply Gilbert with water.

A test well through the rock would be \$30,000 to see if we can get another vein of water without magnesium.

Need a PER that looks at alternatives and costs.

Chris Ismil, IRRRB, very few grants this year because only \$1.4 million left this fiscal year.

Huge interest in public infrastructure funding based on pre-applications submitted.

Need to be committed to the project before IRRRB will consider funding.

IRRRB wants the city to leverage as much as possible.

Mayor Milos, feedback, doesn't like Eveleth's water.

Collaboration takes a lot of work and doesn't necessarily increase funding.

A bit of assessment of the water plant, some portions are 100 years old, may be near the point of considering new construction.

Discussion about ion exchange.

Different characteristics in ground water and surface water, do not like to combine surface water and ground water.

What alternatives should be explored?

Mayor Milos, what if we explore two alternatives and determine neither works, what happens to add another alternative? It would add on time and add to the cost.

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MPCA Stipulation Agreement started in 2016, the goal is to end the Stipulation Agreement and get it closed out.

The PER would compare the various alternatives on a side by side basis.

Chris Ismil discussed process the city of McKinley went through to determine source of water. He supports looking at options.

Can't use other studies from another city because every community has its own hydraulics.

Stacy evaluated three options

- Pilot study
- Wetlands delineations
- Soil borings

Work session set for 4:30 p.m. on Monday April 9, 2018 and 5:30 p.m. on Tuesday April 10, 2018.
Will telephone Ryan Capelle on April 9, 2018.

Work Session Meeting adjourned at 6:55 p.m.


Debra Sakrison, City Clerk

ATTEST:



D. Elizabeth Milos, Mayor