

**SPECIAL RUGBY CITY COUNCIL MEETING MINUTES
THURSDAY, OCTOBER 14, 2021– 1:00 P.M.
CITY HALL COUNCIL CHAMBERS AND BY GOTOMEETING**

Council Members present: Lotvedt, Bednarz, Berg, LaRocque, Brossart and Trottier. Also present were Mayor Steinke, Jim Olson, AE2S and City Auditor Stewart. Absent were Lunde, Kraft and Attorney Hartl.

Mayor Steinke called the meeting to order at 1:00pm.

Council members recited the Pledge of Allegiance.

Roll call was taken by Steinke.

Steinke turned the meeting over to Miranda Kleven, AE2S NEXUS Financial Analyst. Kleven gave an overview of the past water and sewer rate study, completed approximately 5 years ago. She gave insight as to the importance of water and sewer rate studies to help maintain water and sewer rates that are financially responsible for the projects that the city will be completing.

Kleven explained that the city must generate enough yearly revenue to cover debt payments as well as an additional 20%. She explained the importance of this for both water and sewer as the city seeks funds to replace water and sewer lines in the future.

Kleven reviewed potential Capital Improvement Plans for both water and sewer in the next 5 years. She explained the importance of demonstrating that we are working toward depreciation funding. Kleven explained the city and All Seasons Water Users have an agreement to provide water service to ASWUD. She explained that ASWUD does not pay into the reserve account. City residents and businesses pay into the reserve account.

Kleven suggested that a future inventory of our water and sewer lines as well as the age of each of the lines would be beneficial. This would help the city better calculate depreciation of the water and sewer lines.

Kleven explained the proposed increase in the water rates over the next five years. She also stressed that it is important to only implement rate changes yearly, not five years at a time. Potential future improvements to utility lines may not be complete, which would directly impact rate increases.

Kleven explained the Annual Utility Rate Survey that AE2S completes. LaRocque questioned if all the communities listed in the survey have water treatment plants. Kleven explained that they do not.

She explained that gradual yearly rate increases in both water and sewer charges are much easier for individuals on fixed incomes to cope with than large increases.

Kleven discussed the 12,000 gallon cap the city has on sewer usage. She suggested that the city look at a higher cap than the 12,000 gallons for the commercial accounts. She gave reasons that they are utilizing a higher volume of water, versus residential accounts, that is not for watering lawns. Therefore they should pay more of their fair share based on their sewer use.

Kleven continued to explain the power point presentation she had prepared.

Lotvedt questioned Kleven about rates and the percentage of cost to produce the water. He also questioned the amount of potential capital improvement plan projects and the cost of those. Kleven explained that should these projects be removed, the rates would need to be re-evaluated as well.

Kleven explained that water and sewer funds should be self-supported. Users of the water and sewer should be charged rates that make the fund self-supported.

Craig Zachmeier, city resident, questioned if there was a list of the top 5 projects for the city. He expressed that 23 million dollars in water and sewer projects, over 5 years, was outrageous. He explained that it would impact middle age residents with families and multiple showers. He described the costs of his current water bill, in the summer months, and what his estimated bill would be in 5 years with the proposed increases.

Zachmeier went on to question how AE2S has arrived at a total of 23 million dollars in water and sewer projects for the city. He questioned why the 2 ½ Ave Project has not begun. He made reference to past minutes where Jim Olson had stated that the project would begin in May 2021. Zachmeier went on to argue that there was not a good reason that the project has not begun.

Zachmeier explained the job description of the Client Manager, from AE2S's website. He wants to see the projects narrowed down and prioritized. He suggested that AE2S appear to the Council by remote means and not in person. Steinke redirected the council to the agenda.

Jon Nelson, All Seasons Rural Water Users Board Member and city resident, clarified that the only grant funding that has been discussed is in the water rate proposal. He suggested that the council search grant funding for sewer projects and complete projects based on grant awards to keep rates down.

Olson explained that Rugby is on the list to receive a grant in the amount of \$881,000 from the Department of Water Resources to replace the clarifiers at the Water Treatment Plant. Olson expressed the time it takes to move forward when dealing with the USDA. He cited easement issues as well as legal paperwork as other delays that have been faced with the 2 ½ Ave Project. Olson reminded the council of the supply chain problems as well that may occur when trying to attain pipe for the project. He explained that we are moving forward as swiftly as possible with the factors that keep slowing us down.

Kleven stressed to the council that the rates need to be looked at every year. If funding sources become available for the proposed projects, rates need to be adjusted to reflect these funding sources.

Bednarz explained that Trottier had asked a few months back to have Olson put together a five year projection of projects. Olson has done that. He invited the audience to stick around for the next meeting and look at the camera footage of our sewer lines.

There being no further business to transact or come before the Council at this time, there was a motion by Bednarz to adjourn the Council Meeting. Second by Lotvedt, all voting yes, motion carried. Meeting adjourned at 2:11 p.m.

Susan Steinke, Mayor

ATTEST: _____
Jennifer Stewart, City Auditor

Date Approved