Board of Water Commissioners of the City of Saint Paul

September 13, 2011 Meeting

> Agenda and Minutes

BOARD OF WATER COMMISSIONERS

September 13, 2011

Meeting Agenda

PUBLIC HEARING:

1. Public Hearing on 2012 water rates.

CONSENT AGENDA:

- 2. Approval of the Minutes of the regular meeting of August 2011.
- 3. Approval of the Financial Statements for the month of July 2011.

ACTION ITEMS:

- 4. Resolution No. 7131 pertaining to an agreement between the City of Minneapolis, the City of Saint Cloud and the Board of Water Commissioners for the purpose of implementing source water protection measures within the Upper Mississippi River Basin.
- 5. Resolution No. 7132 pertaining to ordinances amending Chapters 88, 91 and 94 of the Legislative Code of the City of Saint Paul as they pertain to water metering systems.
- 6. Resolution No. 7133 pertaining to a lease agreement with Verizon Wireless (VAW) LLC d/b/a Verizon Wireless allowing the installation of telecommunications equipment at Highland Water Tower No. 3 located at 750 South Snelling Avenue in Saint Paul.
- 7. Resolution No. 7134 pertaining to recommending a 2012 budget to Saint Paul City Council for approval.
- 8. Resolution No. 7135 pertaining to recommending 2012 water rates to Saint Paul City Council for approval.

DISCUSSION ITEMS:

9. Pertaining to proposed increases in plumbing permit fees. (attachment)

GENERAL MANAGER'S REPORT

INFORMATIONAL ITEM:

A. Claim Report for January – June 2011. (attachment)

BOARD OF WATER COMMISSIONERS

September 13, 2011

Meeting Minutes

President Harris called the meeting to order at 5:00 p.m. in the McCarrons Office Building at 1900 Rice St., Maplewood, Minnesota.

Roll call.

Present: President Harris, Secretary Gagnelius, Commissioners Anfang, Bykowski, and Helgen.

Excused: Vice President Zanmiller.

Commissioner Kleindl arrived during Item No. 5.

Steve Schneider, General Manager; Chris Eitemiller, Office of Financial Services; Rob Viera, Verizon Wireless; Dave Schuler, Steve Gleason, Bill Tschida, Tim Bagstad, Brad Eilts, Brent Marsolek, Ruth O'Brien, and John Blackstone, Saint Paul Regional Water Services; Jan Greenfield.

PUBLIC HEARING:

1. Public Hearing on 2012 water rates.

President Harris opened the hearings to public comment at 5:00 pm. No one in attendance desired to speak and no correspondence had been received on the matter.

Motion to close the public comment of the meeting was moved by Commissioner Helgen and seconded by Commissioner Bykowksi.

Approved

Yeas - 4

Navs - 0

CONSTENT AGENDA:

Consent Agenda Item Nos. 2 and 3 were moved for approval by Commissioner Helgen and seconded by Commissioner Bykowski as follows:

- Approval of the Minutes of the regular meeting of August 2011.
- 3. Approval of the Financial Statements for the month of July 2011.

Approved

Yeas - 4

Nays - 0

ACTION ITEMS:

4. Resolution No. 7131 pertaining to an agreement between the City of Minneapolis, the City of Saint Cloud and the Board of Water Commissioners for the purpose of implementing source water protection measures within the Upper Mississippi River Basin.

Mr. Schneider explained that the 8-year agreement will allow the three parties to leverage their resources collectively as each party implements its required Upper Mississippi River Source Water Protection Plan. Board contributions towards the implementation work will be approved annually by the Board as a SPRWS Budget line item.

Chief Engineer Dave Schuler presented a brief history of the three parties' source water protection initiatives.

Resolution No. 7131 was moved for approval by Commissioner Bykowski and seconded by Commissioner Helgen as follows:

WHEREAS, the Board of Water Commissioners, the City of Minneapolis and the City of Saint Cloud depend on the Mississippi River as the source water supply for their drinking water systems, and have worked collaboratively with State agencies since 1998 to protect supply; and

WHEREAS, said collaborative work resulted in each party completing a Mississippi River Source Water Protection Plan, and each plan has been approved by the Minnesota Department of Health; and

WHEREAS, the parties now desire to continue their collaborative efforts to implement their plans in the most efficient and cost effective way possible; and

WHEREAS, the parties have jointly drafted an agreement for the purpose of collaborating to implement source water protection measures beneficial to all parties and which establishes the City of Saint Cloud as the fiscal agent for these efforts, with funding and other contributions to be authorized separately by each party at a future time; and

WHEREAS, staff recommends approval of the agreement and the assistant city attorney has approved said agreement as to form; now, therefore, be it

RESOLVED, that the Agreement between the Board of Water Commissioners and the City of Minneapolis, the City of Saint Cloud to collaboratively implement their Mississippi River Source Water Protection Plans is hereby approved and that the proper officers are hereby authorized to execute said Agreement on behalf of the Board.

Approved Yeas - 4 Nays - 0

5. Resolution No. 7132 pertaining to ordinances amending Chapters 88, 91 and 94 of the Legislative Code of the City of Saint Paul as they pertain to water metering systems.

Mr. Schneider explained that the changes accomplished by proposed ordinances facilitate the meter reading system policy which the Board approved at its July board meeting.

The policy allows property owners to choose one of two alternate water meter reading technologies that differs from the standard, radio-integrated meter system being installed across their service area; 1) an exterior mounted radio reading system connected via wire to the water meter at no additional cost, or 2) an exterior mounted non-radio reading system also connected via a wire to the water

meter at an additional charge per reading. In both the wired, alternate installations, the property owner is responsible for the ongoing maintenance of the connecting wire.

The additional charge per reading of the non-radio system was initially proposed to be \$18, but a reexamination of labor, equipment costs and participation numbers resulted in staff now recommending the charge be \$12 per reading. Staff continues to recommend that the charge per reading not become effective until substantial completion of the current meter replacement project, estimated to be in the first quarter of 2013. Furthermore, staff intends to perform a detailed study of actual costs associated with the non-radio system after the first two full years of operation to determine if the charge should be adjusted.

Commissioner Bykowski wondered about the exact procedure for installation of the required wire on the alternate systems. How will the utility make sure the wire is properly installed by the property owner?

Mr. Schneider replied that the question requires a two-part response: 1) For the period of the meter replacement program, the wire will be installed by our meter installation contractor, who will make sure the wire is functional before leaving the property. 2) After the program, a person who buys a house and wants to have an alternate metering system installed, it will be their responsibility to install that wire properly before the service will be turned on.

Commissioner Bykowski asked if a current homeowner opts for the alternate meter and that property is then sold, does that alternate meter remain in place or would it be automatically replaced by the utility with a standard meter? If so, who would pay for that installation?

Mr. Schneider replied that accounts with an alternate metering system will have a 'forced to read' statement in the SPRWS CIS system's comment field. When the property is sold, the new property owner must contact the utility to establish their account, at which time a customer service representative will then explain the standard and alternate metering systems, including the additional charge per reading for non-radio systems. If the new owner wishes to change to the standard radio reading system, that will be accomplished at no charge, as it is to our advantage to have the account returned to the standard reading system.

Commissioner Helgen moved that the ordinances be revised to reflect a \$12 charge for each non-radio meter reading and moved Resolution No. 7132 for approval, seconded by Commissioner Anfang as follows:

WHEREAS, Board of Water Commissioners staff recommends that Chapters 88, 91 and 94 of the Saint Paul Legislative Code of the City of Saint Paul be amended to address the change to a radio-integrated metering system and to codify the Board's Policy For Alternate Meter Reading System; and

WHEREAS, Board's staff has prepared three City of Saint Paul Ordinances, which provide such amendments, copy of said Ordinances being attached hereto and incorporated herein; and

WHEREAS, the assistant city attorney has reviewed and approved said Ordinances as to form, and Saint Paul Regional Water Services General Manager recommends approval of the Ordinances; now, therefore, be it

RESOLVED, that the Board of Water Commissioners does hereby approve the attached Ordinances amending Chapters 88, 91 and 94 of the Saint Paul Legislative Code, and, be it

FURTHER RESOLVED, that the Board of Water Commissioners does hereby request that the Honorable Council of the City of Saint Paul approve and adopt said Ordinances.

Approved Yeas - 5 Nays - 0

Resolution No. 7133 pertaining to a lease agreement with Verizon Wireless (VAW) LLC d/b/a
Verizon Wireless allowing the installation of telecommunications equipment at Highland Water
Tower No. 3 located at 750 South Snelling Avenue in Saint Paul.

Mr. Schneider explained that the lease has been negotiated off and on with Verizon since 2008. The lease has a starting rent of \$38,100 with a 3% annual escalator instead of the Board's standard 2012 rent of \$32,819 with a 5% escalator. This is in keeping with the Board's approval of a 2009 Verizon request that starting rent be higher than required in exchange for a lower annual escalator of 3% instead of the Board's standard rate of 5%. That combination results in the same total rent over the 15-year term.

The lease becomes effective January 1, 2012, but payment of rent will not begin until April 2012 because Verizon has already paid the first three months rent in order to reserve the space until 2012.

Resolution No. 7133 was moved for approval by Commissioner Bykowksi and seconded by Commissioner Kleindl as follows:

WHEREAS, Verizon Wireless (VAW) LLC d/b/a Verizon Wireless desires to lease space from the Board of Water Commissioners on its Highland Water Tower No. 3 located at 750 South Snelling Avenue in the city of Saint Paul to install and operate a wireless communication system; and

WHEREAS, staff has prepared a Lease Agreement which provides for a 5-year term that automatically renews for two additional 5-year terms, starting at annual rent of \$38,100 and increasing each year by three percent (3%); and

WHEREAS, staff has recommended approval of said Lease Agreement; now, therefore, be it

RESOLVED, that the Lease Agreement between the Board of Water Commissioners and Verizon Wireless (VAW) LLC d/b/a Verizon Wireless allowing for the installation and operation of a wireless communication system at the Board's Highland Water Tower No. 3 site is hereby approved in substantially the form submitted, and that the proper officers are hereby authorized and directed to execute said Lease Agreement on behalf of the Board following approval by the assistant city attorney; and, be it

FURTHER RESOLVED, that the Honorable Council of the City of Saint Paul is hereby requested to approve said Lease Agreement and to authorize and direct the proper officers of the City of Saint Paul to execute said Lease Agreement on behalf of the City.

Approved Yeas - 5 Nays - 0

7. Resolution No. 7134 pertaining to recommending a 2012 budget to Saint Paul City Council for approval.

Mr. Schneider explained that the 2012 budget that was presented in July has been amended to reflect the City of St. Paul's proposed right-of-way cost recovery fee of \$1,928,000. The expense of the fee is offset in the budget by an equal amount of revenue to be collected from Saint Paul properties, as proposed in upcoming Resolution No. 7135 recommending 2012 water rates.

At Vice President Zanmiller's request, staff requested that the City of St. Paul reduced its proposed Central Service fees. The City has agreed to reduce the fee for City Council by \$15,000, owing to one city council Board member seat remaining vacant for all of 2011.

The Board could forward the budget to the city council for public hearing and action at this time or lay it over until the October Board meeting to see if the right-of-way cost recovery fee remains as proposed. However, in order to meet city deadlines for public hearings and action, the Board must forward a budget to the city by no later than the October Board meeting.

Resolution No. 7134 was moved for approval by Commissioner Helgen and seconded by Commissioner Anfang as follows:

WHEREAS, after due consideration and analysis of the financial condition of Saint Paul Regional Water Services, the Board of Water Commissioners has prepared a 2012 budget of projected revenues and expenses; now, therefore, be it

RESOLVED, that the Board of Water Commissioners does hereby recommend and request that that the Saint Paul City Council approve and adopt the attached 2012 Saint Paul Regional Water Services Budget.

Approved Yeas - 5 Navs - 0

8. Resolution No. 7135 pertaining to recommending 2012 water rates to Saint Paul City Council for approval.

Mr. Schneider explained that the resolution recommends 2012 water rates to Saint Paul City Council, which will conduct a public hearing and then establish the rates by resolution. The recommendation includes a rate increase of 6.47% and also a new public right of way charge for accounts in the City of Saint Paul, as explained during the previous discussion on the 2012 budget.

The Board discussed the option of laying over the resolution until the new public right of way charge is finalized, but decided instead to approve it at this time in order to provide an early recommendation of the Board's intent to the city council.

Resolution No. 7135 was moved for approval by Commissioner Helgen and seconded by Commissioner Bykowski as follows:

WHEREAS, after due consideration and study of the financial condition of the Saint Paul Regional Water Services, analysis of projected expenses and recommendation of the 2012 Budget, the Board of Water Commissioners has determined that the present rate structure is inadequate to continue operations without an adjustment; now, therefore, be it

RESOLVED, that pursuant to Section 85.01 of the Saint Paul Legislative Code the Board of Water Commissioners of the City of Saint Paul hereby recommends that the following Schedule of Water Rates and charges for all water bills levied on or after January 1, 2012 be approved and established by the Saint Paul City Council following a public hearing.

2012 WATER RATES

Cities	Winter* per 100 cu. ft.	Summer** per 100 cu. ft.
Saint Paul Falcon Heights Lauderdale Maplewood West St. Paul	\$2.42	\$2.52
All Others	\$2.90	\$3.02

FOR ACCOUNTS HAVING 1-INCH AND SMALLER METERS

FOR ACCOUNTS HAVING METERS LARGER THAN 1-INCH, INCLUDING ROSEVILLE AND LITTLE CANADA

*Winter rates shall apply to bills sent during January through April, November and December.

^{*}Winter rates shall apply to bills sent during January through May, and December.

^{**}Summer rates shall apply to bills sent during June through November.

^{**}Summer rates shall apply to bills sent during May through October.

MINIMUM CHARGES:

FOR ACCOUNTS HAVING 1-INCH AND SMALLER METERS

Minimum charges shall be based upon consumption of 600 cubic feet per billing period for accounts billed quarterly.

FOR ACCOUNTS HAVING METERS LARGER THAN 1-INCH

Minimum charges shall be based upon consumption of 600 cubic feet per month.

PUBLIC RIGHT OF WAY RECOVERY CHARGE FOR ACCOUNTS IN THE CITY OF SAINT PAUL:

Within its proposed 2012 budget, the City of Saint Paul has included a charge to the Board of Water Commissioners in the amount of \$1.928 million as reimbursement for costs the City incurs as a result of Board water facilities being situated within the City's rights of way. The application of the charge is limited to rights of way within the City of Saint Paul and no other municipalities served by the Board. In the event that the right of way charge becomes a part of the City's approved 2012 budget, the Board will recoup the \$1.928 million charge from water service accounts within the City of Saint Paul based on water meter size, as shown below:

Meter Size	Annual Charge
Smaller than 1-inch	\$ 18.00
1-inch	\$ 45.00
1½-inch	\$ 91.00
2-inch	\$ 145.00
3-inch	\$ 290.00
4-inch	\$ 453.00
6-inch	\$ 906.00
8-inch	\$1,450.00

Approved

Yeas - 5

Nays - 0

DISCUSSION ITEM:

9. Pertaining to proposed increases in plumbing permit fees.

Mr. Schneider explained that the proposed increases in plumbing permit fees are on the agenda for discussion and that the ordinance required to accomplish the changes will be presented for action at the October Board meeting.

The current fees have been in effect since 2004 and that the proposed increases would make them equal to those charged by the City of Saint Paul. The costs of the inspection program have exceeded revenue since 2006, roughly the current peak in construction activity. The proposed increases are not projected to cover all costs, but we anticipate that increased activity and leveling of work within the plumbing permit unit will reduce and eventually close that gap in the future.

Mr. Bill Tschida of the Engineering Division briefly addressed the proposed increases itemized in the staff report. They average less than 20%, except for the underground residential permit fee. That increase is 69%, two thirds of which being the result of eliminating the residential category. Analysis of the costs and other cities' experience revealed there is no difference between residential and commercial underground inspections.

Commissioner Kleindl noted that the current plumbing permit fees have been in effect for eight years and asked if there was a reason the plumbing permit costs and fees are not evaluated more frequently.

Mr. Schneider replied that staff had neglected to evaluate these particular costs and that a two-year evaluation will be performed from this point forward.

GENERAL MANAGER'S REPORT

Claim Report for January – June 2011

The number of claims is at an all-time low and hopefully the trend will continue.

2. Deer Hunts on Board property

Ramsey County and the City of Little Canada are sponsoring archery deer hunts beginning around October 24 and extending into November.

3. 2012 water consumption

The first two weeks of September have helped, but water revenues continue to run below budgeted levels.

The meeting was adjourned at 6:05.

Attest:

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Secretary

President Harris