

CLOQUET CITY COUNCIL WORK SESSION

Tuesday, May 19, 2015, 5:30 p.m.

Meeting Minutes

Present: Bjerckness, Kolodge, Langley, Maki, Rock, Wilkinson and Mayor Hallback.
Absent: None.
Staff: Fritsinger, Stracek, Lukkarila, C. Peterson, Prusak and Klassen.
Other: None.

BIG LAKE AREA SANITARY SEWER DISTRICT EXTENSION PROJECT

Mr. Fritsinger began by providing some background on the history of the BLASD sanitary sewer main project. The Council had previously indicated its support for the project. However, with some of the changes on the Board, BLASD was looking to get some verbal support for the draft Joint Powers Agreement (JPA) and project before they pursue the USDA funding options.

Attorney Yetka provided additional background and reviewed the intent and purpose of the JPA. He described the design options that had been considered by BLASD over the years which led to the eventual pursuit of the connection to Cloquet.

Mr. Fritsinger explained the need for the City to respond to BLASD with feedback on the JPA, including the City's intentions for financial reimbursement. Staff has developed a recommendation that includes an upfront "buy-in" charge, a monthly fixed charge, and then a monthly commodities rate. These costs were identified using an assumption that the District was using approximately 30% of the capacity of the city's infrastructure in most areas of Hawthorne Street, but a small area near USG needed to be upgraded solely as a result of the BLASD project, so that cost was factored in at 100%.

The Council questioned why staff would not charge 100% of the project cost to BLASD. The Hawthorne Street reconstruction had not previously been identified in the City's 5 year Capital Improvement Plan (CIP) and it did not seem appropriate that those residents incur any costs as a result of BLASD's project. Staff responded that while the project was not in the CIP there are a number of improvements that do need to be made to address storm water and road age problems. The BLASD project allows these to be accelerated and costs shared with the City and residents per the City's Assessment Policy and City Code.

The Council expressed further concern about the City bearing any costs related to the improvements. It indicated that the BLASD project is not being done to benefit residents of Cloquet and the extension of the sanitary sewer outside the City does not help the City in any way. Staff noted that while it is not typical for a municipality to extend services outside its legal boundaries without some type of annexation agreement, there is some financial benefit to the City. The rates being proposed by the City are not figured to create a "cash cow" situation, but as rates that are fair based upon the actual utilization of the City's system. Even with that, the rates would result in approximately \$80,000 in additional revenue to the City each year.

The Council inquired about other sewer lines in the area and staff noted that the sanitary sewer line located along Big lake Road is actually owned by Fond du Lac. The Council asked about alternative routes that did not involve the City. Staff responded that it may be possible for the line to run along Reservation Road up to Lockling Lane and then east along the golf course ravine down to the manhole behind USG.

The Council directed staff to inform BLASD that it was still supportive of the JPA but that the upfront "buy-in" cost should cover 100% of the City's costs associated with the Hawthorne Street reconstruction.

OTHER/FUTURE AGENDAS

No discussion for future agenda items.

There being no further business, the meeting adjourned at 6:50.

Respectfully Submitted:

Brian Fritsinger
City Administrator