

**UTILITY COMMISSION
REGULAR MEETING MINUTES
April 15, 2019**

ANNUAL MEETING

Swearing in of new Commission Member Michele Rome by Mayor Droste.

CALL TO ORDER

Pursuant to due call and notice thereof the regular Utility Commission meeting of the City of Rosemount was called to order on April 15, 2019, at 5:32 p.m. in the Upper Conference Room, City Hall, 2875 145th Street West, Rosemount.

Commissioner Demuth called meeting to order with Commissioners Cahn and Rome, Mayor Droste, City Administrator Martin, Finance Director May, Public Works Director/City Engineer Erickson, Public Works Coordinator Watson, Recording Secretary Barikmo, and guest Simon McCormack, P.E. with SEH.

ADDITIONS OR CORRECTIONS TO AGENDA

None

AUDIENCE INPUT

APPROVAL OF MINUTES

Motion by Demuth **Second** by Cahn

Motion to approve the minutes of the February 25, 2019 Utility Commission meeting.

Motion carried.

PUBLIC HEARINGS

NEW BUSINESS

Commission Chair, Demuth, decided to move New Business item, Drinking Water Standards, before Old Business due to having guest speaker.

8.a. Drinking Water Standards

Erickson gave an overview of water quality and introduced guest speaker, Simon McCormack. McCormack was the Minnesota Department of Health Field Engineer for Rosemount; he is now an engineer with SEH.

McCormack gave presentation to the commission and staff about the drinking water standards in Rosemount. Presentation included thorough data on water hardness, nitrate levels, radium, iron, chloride, and manganese. The City of Rosemount is currently meeting all drinking water standards. Staff will be publishing the Consumer Confidence Report with the 2018 results by July 1, 2019.

Staff and commission discussed blending Well 16 with Well 14 before distributing the water into the system to ensure that it meets drinking water standards.

Erickson explained that the City of Rosemount recently received a ground water sampling report from Barr Engineering for Flint Hills Resources (FHR). The results are then compiled in an annual report. Flint Hills water testing and results are separate from the City of Rosemount's water reports as FHR has their own

wells and water appropriation from the Minnesota Department of Natural Resources (DNR). Their wells are not connected to the City of Rosemount's distribution system.

OLD BUSINESS

7.a. Second Meter Discussion

Erickson gave a brief overview of the second meter and its history. Staff wanted to stress that the second meters program was not instituted as a method of water conservation. The second meter program was designed to provide customers with more accurate billing.

May explained that if the commission decided to get rid of the second meter, staff and the commission would likely have to implement a sprinkler credit for the third quarter billing. A sprinkler credit would require higher rates because the volume being billed would decrease.

Watson gave presentation about second meter data. There are 30% of the residential accounts do not have a significant spike in the third quarter, suggesting they do very little irrigating. There are 55% of the residential accounts that appear to irrigate according to their third quarter usage patterns. These accounts do not have second meters. The remaining 15% of residential accounts have a second meter.

Starting in 2019, the City of Rosemount is in the first year of a three-year program for phasing out the fixed rates. The usage rate was increased 39% due to cutting the fixed rate in half. The average user will not see a change in their utility bill. In 2018, the City billed 621 million gallons at \$2.80/gallon for sewer. This resulted in a revenue of \$1.74 million. If the City were to eliminate second meters and change to a winter quarter billing, the city would have to raise the rate to \$3.50/gallon in order to maintain the same revenue. This 25% increase in the usage rate would be in addition to the significant rate increase implemented at the beginning of 2019 due to phasing out the fixed rates.

Rome clarified that currently 55% of residents do not have second meters, so they are paying for sewer on all of the water they are using for irrigation or outdoor activities. She then questioned why the City insists on having to implement a sprinkler credit if 55% of people are already paying for the sewer charges on water used for irrigating. Watson explained that the City is currently offering an option with the second meter for residents to be charged more fairly. If the City took away that option and left residents to pay sewer charges on water used for irrigation, the City would knowingly be overbilling residents. Rome then stated it would promote conservation if residents were being charged for sewer on water used for irrigation, as 55% of residents already do. Most cities in the metro area offer a sprinkler credit; very few bill for sewer on the full amount of water used (Rosemount would be an exception to the norm if we did that).

Finance Director May explained that a perfect scenario would be for all residents to have a second meter. This would ensure that all residents would be billed as accurately and fairly as possible. In past years, staff had discussed the idea of requiring every new home to have the second meter. May expressed whether a resident has second meter or not, it doesn't have any impact on water conservation. Water conversation is promoted by educating residents and applying aggressive tiered rates.

Demuth questioned if the Metropolitan Council has a flow meter for how much wastewater the City of Rosemount sends into the system. Erickson confirmed they do; however, the Metropolitan Council Environmental Services (MCES) division doesn't charge based on monthly volume. The flow meters are used to measure each city's annual flow. That proportion of the total flow is then used to allocate costs across each city. For example, if Rosemount has 2% of all the flow into the entire treatment system,

Rosemount would be charged for 2% of the cost. The amount Rosemount pays to the MCES is approximately half of the sewer operating budget.

Watson explained why staff does not believe it to be a good idea to eliminate the second meter. One of the biggest complications staff faces is that the City does cycle billing. Everyone in the City has a different winter quarter depending on where they are located. In Utility Billing's current state, the City would not be able to do winter quarter billings. Utility Billing would have to change everyone to the same schedule, either monthly or quarterly. That method would be time consuming for staff. Cycle billing was implemented to level out the work load.

Cahn questioned if it would be possible to reduce the sewer rate in the third quarter, assuming that people are using more water to irrigate during those months. May explained that if the City did that, staff would have to manually change the rate for every customer multiple times a year. May expressed that staff would not like to go back to using a sprinkler credit. Administratively, it would be difficult and time consuming to implement.

May explained to the Commission that if they decided to discontinue the second meter, it would take staff about 2 years to figure out what the City is going to do, how the City is going to implement it, and how residents are going to be informed.

May reported that the feedback he has received from residents with second meters is that they are all pleased to be charged fairly for the water they are using. The City has only received compliments from residents with second meters.

Demuth asked what would happen if the City stopped offering second meters. May believes at some point residents without second meters will find out that some people have them, and be upset. The City either has to keep the choice available or take it away entirely.

Watson expressed to the commission that there needs to be closure to this topic. The second meter discussion occurs every year, multiple times a year, with the same information. Administrator Martin added that staff is looking for a recommendation from the Commission to either postpone discussion of the matter for several years, or make a decision.

Erickson stated that he believes with the new homes going into the UMore/Newland Development, that each of the homes should be required to have a second meter. Watson agreed that it was one of the recommendations. New homes would not have to obtain a separate plumbing permit; it would be included in their overall permit. The only cost to the new home owner would be the cost of the second meter.

Cahn wanted to make a recommendation and explained if the commission doesn't go forward with it, that the commissioner should not bring up the second meter discussion again.

Cahn recommended that the City stop allowing new second meters and phase out current second meters over the next three years. In that time, the City would come up with a way to efficiently bill residents without second meters.

Demuth disagreed with Cahn's recommendation due to all of the reasons that Finance Director May stated. Demuth would like to see things stay the way that they currently are. The City has gone to a fairer system with the current rates.

Watson explained that staff will continue to try and educate residents on water conservation efforts. Watson also noted that Administrator Martin, Public Works Director Erickson, Public Works Secretary Barikmo, and herself could make another video promoting conservation as well. Demuth would like to have a separate discussion at the next meeting about water conservation efforts.

Cahn recommended that the water that goes through the second meter be charged at a higher rate due to it not being used for living purposes. Watson explained that the recommendation has been brought forward before but a plan was never put together. May stated that the rates could be changed but it would take some time to figure out how to do it with the cycle billing. An amendment would also have to be made to the fee policy. Martin recommended that while staff is working through the 2020 Utility budgets, the numbers be analyzed based on Cahn's recommendation.

Watson will bring data to the Utility Commission on August 19, 2019, that shows Cahn's recommendation on higher second meter rates. The main meter would remain on the tiered rates.

EXECUTIVE DIRECTOR'S REPORT

8.a. City Projects Update

Erickson gave an overview of some of the ongoing projects within the city. Developments looking to start up in the Spring:

- Prestwick Place 17th, 18th, & 19th – Going in this summer
- Minea Property – Developer extending sewer system
- Greystone 8th Addition– Final phase of development, should be finished by end summer
- Flint Hills Complex – Could be ready for use at end of season.
- Meadow Ridge 1st and 2nd – Mass grading has been completed. Utilities have been extended up Akron and into the subdivision.
- Caramore Crossing – Entrance for construction will be off of Bonaire Path.
- Bella Vista 6th – Has been graded into the site. Utilities will be extended.
- Harmony 9th, now Harmony Parkview 2nd – Stormwater ponds were temporary, they will be filled in and townhomes will be built.
- Dunmore 2nd – Designed but nothing has been constructed, roads have been graded into site. Subdivision agreement has not been executed.
- UMore/Newland Homes – Mass grading could potentially begin by end of summer
- 2019 SIP – Streets are part of the State Aid system, Connemara Trail between Shannon Parkway and Diamond Path will be reconstructed
- Bonaire Path – Extending paved section and utilities

Staff will be conducting interviews for the new Storm Water Specialist on Thursday, April 18.

8.b. Set Next Meeting Agenda for May 20, 2019.

Items for next agenda:

- Storm Water Pond Maintenance Report
- Rain Garden Policy
- Discussion on Rates (Met Council document)
- Demuth would like each of the commissioners to look into water conservation techniques and report back.

OTHER UPDATES

ADJOURNMENT

Demuth adjourned the meeting at 8:40p.m.

Respectfully submitted,

Jessie Barikmo
Public Works Secretary