

**Board of Water Commissioners
of the City of Saint Paul**

**April 13, 2010
Meeting**

**Agenda
and
Minutes**

BOARD OF WATER COMMISSIONERS

April 13, 2010

Meeting Agenda

CONSENT AGENDA:

1. Approval of the Minutes of the regular meeting of March 2010.
2. Approval of the Financial Statements for the month of February 2010.

ACTION ITEMS:

3. Resolution No. 7073 pertaining to an agreement with Hammel, Green and Abrahamson, Inc. to provide design, procurement and construction management services for the McCarrons Treatment Plant control room hardening project.
4. Resolution No. 7074 pertaining to a lease agreement with TTM Operating Corporation, Inc. allowing the installation of telecommunications backhaul ground equipment at the McKnight Road Standpipe located at 393 North McKnight Road in Saint Paul.
5. Resolution No. 7075 pertaining to a lease agreement TTM Operating Corporation, Inc. allowing the installation of telecommunications backhaul ground equipment at the Ferndale Water Tower site located at 2575 Stillwater Avenue in Maplewood.

DISCUSSION ITEMS:

6. Report on sales of shoreline strips on Centerville and Peltier Lakes in Centerville and Lino Lakes.
7. Utility Service Company Proposal
8. 2011 Budget Preview

GENERAL MANAGER'S REPORT

BOARD OF WATER COMMISSIONERS

April 13, 2010

Meeting Minutes

Vice President Zanmiller called the meeting to order at 5:05 p.m. in the Committee Hearing Room 330, City Hall.

Roll call.

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

Excused: President Harris, Commissioners Carter and Kleindl.

Steve Schneider, General Manager; Ron Mielke, TTM, Inc.; Bob Geurs and Todd Hurley, Saint Paul Office of Financial Services; John Blackstone, Steve Gleason, Jim Graupmann, Ruth O'Brien, Dave Schuler, and Bill Tschida, Saint Paul Regional Water Services.

CONSTENT AGENDA:

Consent Agenda Item Nos. 1 and 2 were moved for approval by Commissioner Bykowski as follows:

1. Approval of the Minutes of the regular meeting of March 2010.
2. Approval of the Financial Statements for the month of February 2010.

Approved

Yeas - 4

Nays - 0

ACTION ITEMS:

3. Resolution No. 7073 pertaining to an agreement with Hammel, Green and Abrahamson, Inc. to provide design, procurement and construction management services for the McCarrons Treatment Plant control room hardening project.

Mr. Schneider explained that professional vulnerability assessment had determined that hardening the control room should be a top priority in improving the utility's security. The project costs, including the cost of this agreement, will be funded by a \$300,000 Homeland Security grant.

Resolution No. 7073 was moved for approval by Commissioner Helgen as follows:

WHEREAS, the Board of Water Commissioners desires to obtain professional design and construction inspection services required for the hardening of McCarrons Water Treatment Plant control room; and

WHEREAS, staff does not possess the expertise necessary to provide such a service; and

WHEREAS, staff did solicit proposals from firms qualified to provide said services, and from such proposers does recommend the firm of Hammel, Green, and Abrahamson, Inc. at a cost not to exceed \$28,000; and

WHEREAS, staff has prepared an agreement which sets forth the specifications for providing said services, and staff does recommend approval of said agreement; now, therefore, be it

RESOLVED, that the Agreement between the Board of Water Commissioners and Hammel, Green, and Abrahamson, Inc. to provide professional design and construction inspection services required for the hardening of McCarrons Water Treatment Plant control room is hereby approved in substantially the form submitted, and that the proper officers are hereby authorized and directed to execute said Agreement on behalf of the Board following approval by the assistant city attorney.

Adopted.

Yeas - 4

Nays - 0

4. Resolution No. 7074 pertaining to a lease agreement with TTM Operating Corporation, Inc. allowing the installation of telecommunications backhaul ground equipment at the McKnight Road Standpipe located at 393 North McKnight Road in Saint Paul.

Mr. Schneider explained that Resolution Nos. 7074 and 7075 both pertain to leases allowing the installation of backhaul equipment at water tower sites. No equipment will be installed on the water towers; only fiber cable-supported ground equipment. City IT department has been notified of the fiber installations and given TTM contact information.

Each lease provides rent of \$4,800 per year with a 5% annual escalator, and is essentially identical to the Cottage Avenue Standpipe site lease approved by the Board at its March 9, 2010 meeting.

Commissioner Helgen suggested having a future discussion about developing a leasing strategy that might provide not just cash for rent, but also value from fiber capacity for public purposes.

Resolution No. 7074 was moved for approval by Commissioner Helgen as follows:

WHEREAS, TTM Operating Corporation, Inc. desires to lease space from the Board of Water Commissioners on its McKnight Road Standpipe located at 393 North McKnight Road in the city of Saint Paul to install telecommunications backhaul ground equipment; and

WHEREAS, staff has prepared a Lease Agreement which provides for a 5-year term that automatically renews for three additional 5-year terms, starting at annual rent of \$4,800 and increasing each year by five percent (5%); 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 TTM Operating Corporation, Inc. allowing for the installation of telecommunications backhaul ground equipment at the Board's McKnight Road Standpipe 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.

Adopted.

Yeas - 4

Nays - 0

5. Resolution No. 7075 pertaining to a lease agreement TTM Operating Corporation, Inc. allowing the installation of telecommunications backhaul ground equipment at the Ferndale Water Tower site located at 2575 Stillwater Avenue in Maplewood.

Resolution No. 7075 was moved for approval by Commissioner Helgen as follows:

WHEREAS, TTM Operating Corporation, Inc. desires to lease space from the Board of Water Commissioners on its Ferndale Water Tower located at 2575 Stillwater Avenue in the city of Maplewood to install telecommunications backhaul ground equipment; and

WHEREAS, staff has prepared a Lease Agreement which provides for a 5-year term that automatically renews for three additional 5-year terms, starting at annual rent of \$4,800 and increasing each year by five percent (5%); 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 TTM Operating Corporation, Inc. allowing for the installation of telecommunications backhaul ground equipment at the Board's Ferndale Water Tower 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.

Adopted.

Yeas - 4

Nays - 0

- Suspension Item Resolution No. 7076 requesting the City of Saint Paul, Minnesota issue and sell a \$30,000,000 water revenue note, Series 2010, to the Minnesota Public Facilities Authority for various drinking water improvement projects.

Mr. Schneider explained that at its February 2010 meeting, the Board adopted Resolution No. 7064 authorizing staff to apply for a Drinking Water Revolving Fund loan in the amount of \$30,000,000 from the Minnesota Public Facilities Authority (MPFA) to fund three large projects; Meter Replacements,

Dale Street Reservoir Replacement, and Lead Service Replacements. Interest on DWRF loans were currently around 2% and closing costs are much lower than those of traditional financing.

As a requirement for receiving the loan, MPFA requires that the City of Saint Paul first issue a note in the loan amount. The note will later be purchased by MPFA and used to fund the Drinking Water Revolving Fund loan to the Board at reduced rates.

Todd Hurley, Saint Paul Office of Financial Services, pointed out that the reduced cost of issuance and interest rate of the loan will result in savings of \$3.7 million over the life of the loan.

Resolution No. 7076 was moved for approval by Commissioner Helgen as follows:

RESOLUTION REQUESTING THE CITY OF SAINT PAUL, MINNESOTA ISSUE AND SELL A \$30,000,000 WATER REVENUE NOTE, SERIES 2010 TO THE MINNESOTA PUBLIC FACILITIES AUTHORITY FOR VARIOUS DRINKING WATER IMPROVEMENT PROJECTS

WHEREAS, Saint Paul Regional Water Services (the "Utility") provides safe drinking water to the residents of the City of Saint Paul, Minnesota (the "City") and the surrounding municipalities; and

WHEREAS, the Board of Water Commissioners of the City of Saint Paul, the governing body of the Utility (the "Board"), has identified the following capital projects for that will require the incurrence of a debt obligation for funding: (i) the replacement of the Dale Street Reservoir (\$6,000,000); (ii) lead service replacement projects (\$3,500,000); and (iii) the replacement of water meters throughout the service area of the Utility (\$20,500,000) (collectively, the "2010 Projects"); and

WHEREAS, the Board, by adoption of Resolution No. 7064 on February 9, 2010, established its desire to finance the 2010 Projects by means of a drinking water revolving fund loan from the Minnesota Public Facilities Authority (the "MPFA") in an amount of \$30,000,000; and

WHEREAS, it is proposed that the City Council (the "Council") of the City adopt a resolution authorizing the issuance of a \$30,000,000 Water Revenue Note, Series 2010 (the "2010 Note") to be sold to the MPFA in order to fund the 2010 Projects; and

WHEREAS, the 2010 Note will be issued and payable on a parity with the other outstanding revenue bonds/notes of the City that are payable from the net revenues of the Utility, and Utility staff and City staff will negotiate the terms and interest rate of the 2010 Note with MPFA; and

WHEREAS, the Council of the City will also authorize execution and delivery of a Bond Purchase and Project Loan Agreement (the "MPFA Loan Agreement") between the City and the MPFA, and, if necessary, the Board.

NOW, THEREFORE BE IT RESOLVED, by the Board of Water Commissioners of the City of Saint Paul follows:

1. Request and Recommendation. The Board hereby requests and recommends that the City authorize the issuance of the 2010 Note in order to fund the 2010 Projects and accept the offer of the MPFA to purchase the 2010 Note upon the terms and conditions negotiated by Utility staff and City staff with the MPFA. This Board will review and take concurring action at its next meeting following Council action authorizing issuance of the 2010 Note.

2. MPFA Loan Agreement. The MPFA Loan Agreement as executed by the City will be concurred to by the Board. If the MPFA requires the Utility also execute the MPFA Loan Agreement, the President and Secretary of the Board shall execute the MPFA Loan Agreement on behalf of the Board, or if the President or Secretary is unavailable, any other member of the Board may execute the MPFA Loan Agreement.

Adopted.

Yeas - 4

Nays - 0

6. Report on sales of shoreline strips on Centerville and Peltier Lakes in Centerville and Lino Lakes.

Mr. Schneider explained that the program to sell shoreline strips to adjacent property owners and retain access and flooding rights was proposed in the early 2000s by then-President Jim Reiter. This is the first progress report to the Board since initiation of the program in 2005.

Mr. Bill Tschida, Saint Paul Regional Water Services, discussed the following tabulations, as provided in the staff report:

39	Number of shoreline strips sold since June 2005
\$210,241	Total proceeds from sales
\$ 5,391	Average sale price
100 feet	Most common length of shoreline strip sold

Commissioner Anfang asked how many shoreline parcels remain unsold.

Mr. Tschida replied there were around 105 total parcels, so approximately 54 remain.

DISCUSSION ITEMS:

7. Utility Service Company Proposal

Mr. Schneider introduced Jim Graupmann, Production Division Manager, to explain a preliminary proposal received from Utility Services Company (USC) for one-stop shop total maintenance of all Board water towers.

Mr. Graupmann explained that the proposal addresses how USC would inspect and maintain the Board's 15 water towers with its own force for a predetermined annual price. Currently, staff uses a consultant to provide warrantee and maintenance inspections, draft specifications and provided construction management of reconditioning work. This current approach results in each tower being sand blasted and painted approximately every 15 years, with the exterior requiring full containment. USC's approach is to perform less extensive surface maintenance on a much more regular basis, resulting in what they claim is the need to sand blast and recoat every 50 years.

Proposals for this approach would be requested from multiple firms. The proposals would include Davis-Bacon Act requirements and would be advertized in national trade publications.

8. 2011 Budget Preview

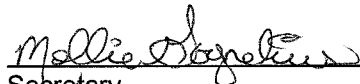
Mr. Schneider presented the attached 2011 Budget Preview.

GENERAL MANAGER'S REPORT

1. Meter Replacement Project bids will be opened next week.
2. Utility relocation in the Fourth Street portion of CC- LRT (Light Rail) is ongoing and should be completed by fall 2010.

The meeting was adjourned at 5:50 p.m.

Attest:


Secretary

Vice-President