



**MINUTES**  
**CITY COUNCIL WORK SESSION**  
**April 1, 2008**

**CALL TO ORDER**

The meeting was called to order by Mayor Gilbert at 5:40 pm.

**Present:** Mayor: Randy Gilbert; Council: Sam Rettinger, Sharon Henderson, Ben Goodwin, and Jim Benson

**Staff Present:** City Administrator: Steve Stahmer; City Attorney: Joel Jamnik; City Engineer: Jay Murzyn; Finance Director: Terry Post; and City Clerk: Jeanette Moeller

**Absent:** None

**APPROVE AGENDA**

*A motion was made by Benson, seconded by Henderson, to approve the Agenda as presented.*

*Ayes: all.*

**DISCUSSION ITEMS**

**MCES SAC Audit Determination**

Stahmer informed the Council that the City charges a City sewer and water connection fee for every SAC unit charged by MCES. A recent MCES SAC audit of TEK Products had resulted in the company being charged for an additional 21 SAC units. As the City fees are linked to the MCES SAC unit charges, TEK Products would also owe the City for an additional 21 water hookup/volume charges. Unfortunately it also came to light that TEK Products had been audited in 2005 as well and charged for an additional 17 SAC units by the MCES; however, no City hookup/volume fees were collected. Based on the City WAC and SAC fees in 2005 and 2007, TEK Products was informed that a total amount of \$104,200 is owed for 38 hookup/volume unit charges.

TEK Products responded in a letter stating that former City Planner Matt Goldstein had assured them there would be no City SAC/WAC charges. Included with their letter was a copy of their original building permit with "not applicable" written next to the lines for City SAC/WAC fees. With that understanding, TEK Products had chosen to locate in Long Lake versus other communities with lower water/sewer usage rates. The letter offered a counter proposal based on the average savings TEK Products would have experienced in water/sewer rates had they located in a different city over a period of six years versus fees paid to Long Lake, resulting in a payment to the City in the amount of \$27,968. In response, Stahmer and Post had met with the company – the company has expressed that payment of the \$104,200 fee could put them out of business or result in them moving. As the City's single largest water user in town, staff would not want to see that happen.

Staff clarified that the City's hookup/volume charge was essentially an impact fee to the system; explained why the 2005 audit results had not been addressed earlier; discussed the method for calculating SAC units and the MCES audit process.

Mayor Gilbert asked Council members for their opinion on whether to “hold the line”, offer a reduced amount, or waive the City hookup/volume fees.

Council member Rettinger said that he would like to see the full amount charged, but would not be against a payment agreement.

Stahmer stated that staff had discussed the option of allowing payment over a two to four year term.

As a business owner, Council member Goodwin expressed empathy for the situation TEK Products was facing.

Council and staff continued to discuss the MCES SAC audit process, and the financial burden of the audit process on TEK Products.

Council member Benson would be inclined to allow payment in full over a four-year term.

Council member Henderson would be in agreement of a four-year term.

Council member Rettinger would also agree, but would like to see payment guaranteed with a promissory note.

City Attorney Jamnik pointed out that the amount could also be certified to their property taxes.

Post noted that the City is currently paying TEK Products \$20,000 in TIF annually – these payments could be suspended.

Council member Goodwin preferred that the company be offered a discount in acknowledgment of their situation.

After further debate, it was the consensus of the majority of Council members that staff should inform TEK Products payment in full would be acceptable over a four-year term.

### **Utility Agreement Update**

Stahmer presented a copy of the draft joint utility agreement between Long Lake and Orono. The draft distributed is unchanged since the Council's last review. One of the big issues that had been resolved pertained to concern that Long Lake would need to construct an additional water tower in order to accommodate Orono's connections. Language had been changed to state that Long Lake has to approve all new connections, but Long Lake's right to refusal must be based on capacity. The City's engineer SEH has reviewed total buildout projections and determined that the current system would be adequate for future growth and the additional Orono connections. Stahmer said that Public Works Director and long time firefighter Wurzer had felt confident the fire flow would not be compromised, but Stahmer would be discussing the issue with the Fire Chief as well.

City Engineer Murzyn stated that conservative buildout projections had been used in the calculations. Projected buildout information from the parking study had been added to existing conditions, and the results showed there would be really no capacity issue.

Rettinger asked whether Orono would still be receiving a discount on water rates, and stated that the agreement was not advantageous to the City.

Post responded that Orono was currently paying nothing, and with the new agreement they would be paying 65% of water/sewer rates. The additional revenue would make up approximately 1/6 of the total annual fees paid.

Rettinger stated it was a travesty the original agreement had made it through.

Based on City Engineer Murzyn's information, Stahmer asked whether the Council was comfortable with the language in the agreement limiting the City's right to refuse connections to capacity issues.

No objections were voiced. Council member Henderson agreed that the past agreement was a travesty, but felt the new agreement would be correcting the terms as much as possible.

Stahmer reminded the Council that Orono had already taken action approving the draft joint utility agreement, although minor changes had been made since that time pertaining to I/I issues.

**ADJOURN**

Hearing no objection, Mayor Gilbert adjourned the April 1, 2008 City Council Work Session at 6:31 pm.

Respectfully submitted,

Jeanette Moeller  
City Administrator