

Dawson City Council
Special Council Minutes
March 2, 2023
5:30 pm

Councilpersons present: David Hansen, Vince Adelman, Charlie Prestholdt, and JT Schacherer.
Absent: Councilman Jeff Olson and Councilman Jake Bothun
Others present: Mayor Randy Tensen, City Manager Jill Kemen, Public Works Superintendent Kurt Collins, Public Works Supervisor Colin Lee, Rebecca Kurtz with Ehlers, Jon Wager (AGP) and Marc McCormick (AGP)

Mayor Tensen called the meeting to order at 5:30 pm and everyone repeated the Pledge of Allegiance.

Councilman Schacherer motioned to approve the agenda with a second from Councilman Prestholdt. Voting in favor Councilman Adelman, Councilman Prestholdt, Councilman Hansen, Councilman Schacherer. Absent: Councilman Olson, Councilman Bothun. Against: None.
Motion passed.

10 Minute Public Forum

Nothing was addressed.

Utility Rate Reports:

Rebecca Kurtz, the City Municipal Advisor with Ehlers, introduced herself to Council and the public present. She explained the multiple reasons the City needs to increase utility rates across the spectrum for all users. Providing a PowerPoint presentation, she continued to explain each slide. This rate study focused on sewer increases. In 2022, storm sewer restructure was completed and it is recognized that in 2024, water rates will be restructured as well.

Debt that was issued in 2020 for Phase 1 of the infrastructure project was wrapped around debt that would be satisfied in the next coming years. Rate increases that previously happened didn't happen across all spectrums of usages, therefore, causing a great gap between residential and commercial rates vs. industrial rates. This new structure aims to correct that error.

The new rate structure also takes into account domestic discharge vs. industrial discharge. It is highly recommended to hire an engineering firm to determine the domestic strength discharge and thus document this to be included in our ordinance. For this rate analysis, an average was used taking numbers from other communities and various textbook information.

The proposed sewer rate increases are kind of a "rip the band-aid off" type of approach. This approach will help this negative fund balance to become positive and start gaining the much-needed capital sooner. With PFA financing, the City is required to start a fund to save money for maintenance and required updates. This analysis also recognizes that MPCA has given the City new phosphorous limits and chloride limits and those costly upgrades are not included in this new number.

Water rates will see an inflationary increase of 15% applied across all spectrums for 2023. A full rate study restructure will occur in 2024 once the City has installed new water meters and has the most accurate data moving forward.

With the storm water restructure completed in 2022, this fund will see an increase in parcel charges across the spectrum to 75% over the next two years, 2023 and 2024 respectively.

Lastly, comparatives were given, however, Kurtz was hesitant to provide these due to many different factors that numbers don't show. Communities are in very different stages of their infrastructure processes and simply seeing a number doesn't tell the community story.

Included in the water inflationary charge, Ehlers is recognizing that there is a \$650,000 placeholder for Phase 3 project to complete updates to the water treatment plant.

Discussion was held and thoughts and ideas brought forth. The spreadsheet is available in the city office for public viewing.

After time for discussion, on motion by Councilman Prestholdt with a second by Councilman Schacherer, to adjourn the meeting. Voting in favor Councilman Adelman, Councilman Prestholdt, Councilman Hansen, Councilman Schacherer. Absent: Councilman Olson, Councilman Bothun. Against: None. Motion passed.

Meeting adjourned at 6:46 pm.

Jill Kemen, City Manager

Randy Tensen, Mayor