



**City of Newport  
City Council Workshop Meeting Minutes  
February 21, 2013**

**1. ROLL CALL -**

**Council Present** – Tim Geraghty, Bill Sumner, Tom Ingemann, Steven Gallagher, Tracy Rahm

**Council Absent** – None

**Staff Present** – Deb Hill, City Administrator; Bruce Hanson, Supt. of Public Works; Curt Montgomery, Police Chief; Mark Mailand, Fire Chief; Renee Helm, Executive Analyst; Fritz Knaak, City Attorney;

**Staff Absent** -

**2. WATER AND SEWER RATE ANALYSIS**

Stacie Kvilvang, Ehlers, presented on this item as outlined in the February 21, 2013 City Council Workshop packet. Ehlers is recommending a multi-pronged approach to maintain the financial health of the City's utilities.

1. Consider the proposed changes in the tiering structure to realign water use based on actual water usage patterns
2. Consider adopting the proposed changes in water rates. The Water Fund will need ongoing 6.75% rate increases in the future to fund operations and future capital and debt.
3. Consider and adopt the proposed changes in the sewer rate structure to simplify the billing structure and to base sewer charges on winter quarter water use.
4. Consider and adopt the proposed changes in sewer rates. The Sewer Fund will need 6% rate increases in the future to fund operations and future capital and debt.
5. In the future, we would recommend the Council consider phasing out the senior discount in order to more effectively balance usage by user class with revenues contributed by that class of user.
6. Consider updating the projections for future assumptions about budgets.

The proposed rates will provide sufficient revenue to pay routine operating expenses, pay for capital improvements to upgrade and expand the system, and provide prudent cash balances. Adequate cash balances allow the City to:

- Survive changing circumstances in the economy and the weather without rapidly increasing rates;
- Use a cash to pay for a portion of capital improvements and reduce the frequency of borrowing;
- Comply with the new State law requiring water conservation rates.

The City's utility funds continue to be well managed, and the City's utility rates will remain competitive in the region if the proposed changes are adopted.

The proposed rate changes will be placed on the March 7, 2013 City Council agenda for final approval. If

approved, the new rates would go into effect with the May 2013 billing.

**Superintendent Hanson** – Before he left, Brian had me working on contracting out water main breaks due to time and safety. I've tried to contract out the last three but it hasn't worked due to various reasons. I've contacted St. Paul who does water main breaks for Oakdale. I think it's a pretty good deal, I was watching them in Oakdale yesterday. It would be an agreement with the City of St. Paul; I would like to do a two-year agreement. One reason to do this is the fact that our equipment is getting old and it would cost \$150,000 to replace. It would cost \$2,000 - \$3,000 per break. I'll bring an agreement forward at a future Council meeting for approval.

### **3. PROPERTY ACQUISITION PROPOSAL FOR 1629 CEDAR LANE**

Admin. Hill presented on this item as outlined in the February 21, 2013 City Council Workshop packet. Recently, 1629 Cedar Lane, which consists of two parcels, was foreclosed on and is now for sale by Citi Mortgage. The City has contacted the realtor to express its interest in purchasing the properties and was informed that Citi Mortgage is willing to take any offer. The properties are listed together for a total cost of \$141,900, which is \$95,400 below market value. This property is located south of 1645 Cedar Lane. Admin. Hill will give an initial offer of \$100,000.

**Councilman Sumner** – Just for the record, we are not buying this to have another park, it's for safety reasons because this property is in the flood zone.

The City Council gave direction to Admin. Hill to begin discussions with the property owners in regards to the cost.

### **4. ADJOURNMENT**

Signed: \_\_\_\_\_  
Tim Geraghty, Mayor

Respectfully Submitted,

Renee Helm  
Executive Analyst