

**OSSEO CITY COUNCIL  
WORK SESSION MINUTES  
January 30, 2023**

1. CALL TO ORDER

Mayor Duane Poppe called the work session of the Osseo City Council to order at 6:00 p.m. on Monday, January 30, 2023.

2. ROLL CALL

Members present: Councilmembers Juliana Hultstrom, Harold E. Johnson, Mark Schulz, Alicia Vickerman, and Mayor Duane Poppe.

Staff present: Police Chief Shane Mikkelson, Public Works Director Nick Waldbillig, City Accountant Shelly Cisewski and Rebecca Kurtz and Jessica Cook with Ehlers & Associates.

Others present: Steve Elrich, City Resident; Joe Todd, City Resident; Kathleen Gette, City Resident; Charlene Mead, City Resident; RoseAnna Garibaldi, City Resident; Dave Garibaldi, City Resident; Sarita Nelson, City Resident; Kenny Nelson, City Resident; Becky Widerbau, City Resident; Deb Browne, City Resident.

3. AGENDA

Council agreed to discuss the work session items.

4. DISCUSSION ITEMS

A. DISCUSS UTILITY RATE STUDY - Ehlers

Rebecca Kurtz, Ehlers & Associates, stated at the end of 2023, the Council directed City staff to move forward with a full utility rate study in quarter one of 2023, with the goal of selecting and implementing the new rate structure to begin on April 1, 2023 (which is when the second quarter of 2023 begins, and when we start to see more and more outdoor lawn/garden watering). The goal for the January 30 work session meeting is for staff to present the necessary information to the Council that we have regarding utility rates, so that the Council can discuss the rate study and direct Staff on how to develop the new structure.

Jessica Cook, Ehlers & Associates, presented the Council with an overview of how utilities have been managed and what cost pressures are now being applied to those funds in order to pay for on-going maintenance and capital costs. She provided the Council with background information on the City's utility funds describing what water and sewer rates pay for. It was noted the City receives its water from the City of Maple Grove. She recommended the water rates with Maple Grove be renegotiated in 2026.

Vickerman asked how the City of Maple Grove treats its water. Ms. Cook stated she was uncertain about how the water is treated. Waldbillig explained he was uncertain but he

understood the water in Maple Grove was extremely hard. However, he understood the water being delivered to homes was safe and consumable.

Ms. Cook commented on the recent major capital improvements the City has invested in which included lift station and sewer main improvements, SCADA software, a sewer jetter and water meters.

Schulz stated before the SCADA system, an alarm was in place, and someone had to respond. He reported the new system allows Staff to monitor and respond to alarms in a more efficient manner. Waldbillig agreed.

Ms. Cook further discussed the cost to purchase water from the City of Maple Grove, noting the wholesale price is higher than the retail rate charged to Maple Grove residents. She reviewed the charges from the Met Council noting rates were increasing over 8% every year. She commented on the City's 2019 rate structure and how it worked to address the City's goals which were to generate sufficient revenue for financial stability, to keep indoor water use affordable, to protect small volume users from large rate hikes and to distribute costs equitably.

Further discussion ensued regarding the City's current rate structure for residential water and sewer. She then reviewed options available to the Council which would reduce drought impacts on the sewer rates. It was recommended the City adopt winter quarter averaging for residential sewer customers.

Johnson stated the biggest complaint that needs to be addressed was the usage of water for irrigation and the coinciding sewer charges. He supported the City making a change to address this matter in order to make the charges fair and equitable. He asked Staff to speak to the cost of installing irrigation meters for businesses and residents. Waldbillig explained the cost would vary for each client. He reported meter costs have increased since the City installed new meters. He estimated a meter would cost \$500 and the cost for installation would be an additional \$1,500 to \$2,000.

Schulz explained this cost may be recovered by a local business in the span of three to five years. He stated local business owners would benefit by having the option of making the choice to install an additional water meter.

Johnson requested Staff gather further information on usage data. Ms. Cook reported Staff would have this information for the Council in February.

Schulz stated he supported the City pursuing winter quarter averaging.

Vickerman indicated she did not see the point in putting in separate meters if winter quarter averaging was pursued. She questioned if the City would be collecting enough in revenues to pay all of its bills if the City moved to winter quarter averaging.

Ms. Cook discussed how the rates that are brought before the Council in February would be sufficient and would meet the City's obligations. She reported the City's water rates would continue to be higher than Maple Grove because of the City's size and due to the fact the City purchases water from another community.

Poppe recalled the City used winter quarter averaging in 2021. He noted in 2022 the City went away from winter quarter averaging.

Johnson commented on recent utility expenditures and asked if the City had proper funding in place. Ms. Kurtz reported because the City bonded for these projects, she was confident the City had proper funding in place.

Hultstrom suggested the low volume user rates be reconsidered. She noted at this time the rate included 8,000 gallons and noted she was using half that but was paying for 8,000 gallons of use.

Schulz commented on the recent investment the City made in its water meters and lift stations and how this was impacting the City's water system. He discussed the rates being charged by Maple Grove and noted another option available to the City would be to purchase water from somewhere else. He inquired if the City should have multiple interconnects. He questioned if the City sat in the same aquifers as Maple Grove or Brooklyn Park. He asked if the City should be reactivating its own wells. He believed the City should investigate all of these options in order to make the best decision for the City going forward.

Hultstrom agreed the City should consider all of these options.

Vickerman discussed how the City had to pay higher costs for its aging infrastructure because Osseo was an aging community.

Further discussion ensued on the City's need to continue to save for future water and sewer infrastructure expenditures.

Johnson supported the City pursuing grants to assist with future infrastructure projects.

Schulz explained he was at the legislature last week and noted House File 61 requested assistance for the City's lift station expenditures.

Vickerman supported the City looking into further conservation efforts.

Poppe opened the meeting for public comment.

Steve Elrich, 516 2<sup>nd</sup> Avenue NW, discussed why the City began purchasing water from Maple Grove. He explained the public did not want to go, but supposedly there was fear the State would require the City to upgrade its system, which never happened. He stated it was his understanding there were grants available now to assist with these upgrades. He indicated he supported the City making adjustments to the low volume threshold. In addition, he urged the Council to go back to the winter averaging system.

Kenny Nelson, 509 3<sup>rd</sup> Avenue NE, encouraged the City to have a plan in place for its water and sewer expenditures for the next 20 to 25 years. He reported this would help the City in planning for future expenditures.

Poppe reported a lot of this has been addressed in the City's CIP.

Kathleen Gette, 525 2<sup>nd</sup> Avenue NW, reviewed her water bills from 2022 with the Council and encouraged the City to use winter quarter averaging. She noted she was a low water user but had an irrigation system that she used in the summer. She expressed concern with the fact she received a \$600 bill this past summer. She encouraged the Council to consider how the utility rate study can be used to resolve resident complaints. She spoke further regarding her utility bill, offered suggestions, suggested residents be allowed to share grievances, and asked that the Council consider approving a refund to her. She suggested the Council consider how high utility bills were impacting the residents of Osseo.

Schulz stated this was a possibility the Council could consider at a future worksession meeting.

Joe Todd, 16 8<sup>th</sup> Avenue NE, encouraged the Council to remember they were voted in by the people for the people. He stated he would like the Council to be more transparent with information. He recommended the Council provide residents with more information on the history of the City's water.

RoseAnna Garibaldi, resident of RealLife of Osseo Cooperative, explained she spoke to the Council on October 10, 2022, regarding the bill adjustment letter she received. She questioned why it took the City 18 months to figure out there was an issue with the water bill at RealLife. She reported a past due amount of \$13,032.42 was being charged to RealLife with no explanation. She believed it was appalling that the amount was not broken down further. She questioned who she should speak to regarding this concern.

Poppe encouraged Ms. Garibaldi to speak with City Administrator Grams regarding this matter.

Poppe closed the meeting for public comment.

Johnson thanked all of the residents that spoke at this meeting. He supported the Council to further discuss the past due bills at a future worksession meeting.

Schulz thanked all of the residents that spoke as well. He encouraged residents with concerns to communicate with the Council and Staff. He explained the Council wanted what was best for the community and was working for the betterment of the entire community.

Hultstrom thanked the residents in attendance and stated she appreciated the fact the Mayor allowed the public to speak at this meeting.

Poppe reported the Council would be readdressing this topic in February.

5. ADJOURNMENT

The Work Session adjourned at 7:58 p.m.

Respectfully submitted,

Heidi Guenther

*Minute Maker Secretarial*