

Water Infrastructure Listening Sessions

Summary of what agencies heard

Fall 2016

Locations: Detroit Lakes, Willmar, Worthington, Hibbing, Rochester, Pine City, Golden Valley and Hastings

Attendance: 210

Communities represented: 81

State leaders: Molly Pederson, Senior Policy Adviser for Gov. Mark Dayton; John Stine, MPCA Commissioner; Dr. Ed Ehlinger, MDH Commissioner; and Jeff Freeman, PFA Executive Director

Main themes (details on following pages):

Needs are great for Minnesota's water infrastructure

Minnesota communities need an estimated \$10 billion over the next 20 years for new water infrastructure projects to replace aging wastewater and drinking water systems, upgrade treatment facilities to meet higher standards, and expand systems to accommodate growth.

Why it matters

Managing drinking water supplies, wastewater, and stormwater is important for our health and safety. It is also critical for ensuring the economic vitality and future competitiveness of a community. Minnesota communities – both rural and metro – face serious challenges to making these improvements to their water infrastructures.

Community concerns

Many communities share the same concerns, which can be grouped into four main categories:

1) Cost-related problems

- Debt service and tax base issue make grants, not loans, the best option for many communities.
- Local tax bases are limited or declining.
- Operations and maintenance of existing systems are expensive.

2) Workforce issues

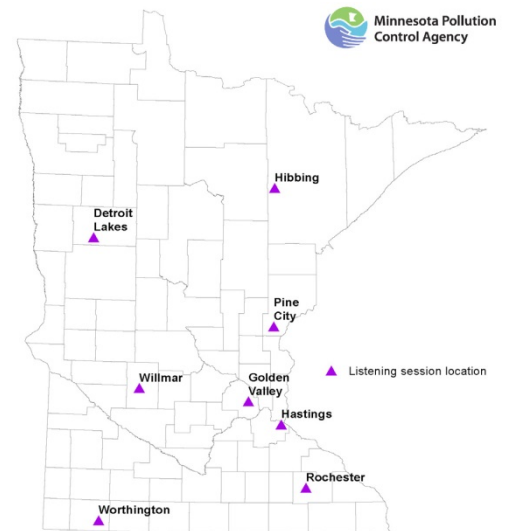
- Many communities can't recruit or retain qualified water professionals.
- Older water professionals are retiring.
- The job of operating these facilities has become highly technical.

3) Creativity/flexibility needed

- Communities want to add trading to their toolbox of options.
- Cities need help creating asset management plans for future work.
- Communities want a comprehensive approach that includes drinking water, wastewater, and stormwater.

4) Policy changes

- Look at nonpoint sources.
- Reconsider the reuse of wastewater.
- Ban "flushable" personal care wipes in Minnesota.
- Public education is needed about the relationship between water bills and water service, water supply, water conservation, etc.



- Allow municipalities to raise rates slowly, in ongoing incremental basis.

Detailed notes by location



Detroit Lakes

Oct. 14, 2015

Attendance: 30

Communities: 9

Communities need to make improvements and upgrades to both wastewater and water supply facilities. All are challenged by the expense of water and wastewater treatment projects which will raise residential fees to high levels.

- Examples:
 - Detroit Lakes**
Planning for a new wastewater treatment facility. Without grants and funding assistance average monthly wastewater bill to residents would be about \$71 a month. Even with grants and funding the bill would be more than \$50 a month that currently. Would like to have the rate be between \$42 and \$44 a month.
 - **Breckenridge**
A recent water plant improvement project a few years ago doubled residents' water bills to \$63 a month (double the rate for water across the Red River in Wahpeton, N.D.). Wastewater is another \$35 on top of that. Additional improvements needed for the water plant would add another \$15.
 - Pelican Rapids**
 - Current rate for water and wastewater in the \$60-\$70 range.

What are non-point sources being asked to do to help bring down phosphorous levels in streams and rivers? Are they being asked to reduce by amounts consistent with the percentage of the pollution problem they represent?

MPCA Commissioner John Stine responded: "Relative sources of phosphorous. When we work on solutions for water quality challenges we look at it proportionately. What cities contribute and what agriculture contributes is going to be laid out in our data. The challenge is some folks are accountable and some are not because they are not regulated. That is the reality we deal with. We are looking at proportionality. Fair share is important and we want to make sure we are not being too hard on one source."

State agencies need to coordinate planned regulatory changes related to meeting water quality goals so communities can plan to meet all of those changes within the same timeframes and to avoid making changes that would conflict with the requirements of one or more agencies. Comment from Detroit Lakes – What would really help us out is to sit down together on the cause and effect of regulation from one agency to the rules and regulations from other agencies. We'd like to have as clear as picture as we can from all agencies.

The cities mentioned that costs estimates for the work that need to be done are rising rapidly. The estimated project costs developed by city engineers are often far below the bids that cities are receiving for the work they want to do.

Several cities mentioned they lack the resources to do adequate project/asset management/planning. The person from Pelican Rapids said their asset management system is comprised of himself and his copy of Excel on his computer. Jeff Freeman and John Stine acknowledged this need. Stine mentioned the new municipal liaison position being created as well as an economics person who could assist in this area.

Fergus Falls: “Fergus Falls has used asset management planning starting about 10 years ago. We see a benefit to that as it helps the city council understand infrastructure needs and costs and they set aside money for upgrades over time. But doesn’t take care of costs for new rules coming from the state and the concern is, what’s coming down the line and can we meet it?” FF fees are roughly \$63 for water and sewer combined (\$29 for water, \$32 for wastewater). This will go up when planned upgrades are completed.

Detroit Lakes mentioned they are also striving to make large-scale improvements in the area of stormwater management but said there are fewer funding sources for stormwater management projects. That needs to be addressed along with other infrastructure needs. Jeff Freeman responded saying stormwater ponds and other costs associated with addressing a TMDL can be eligible for point source implementation grants. The PFA is working with the MPCA and with a number of cities to maximize eligibility for that grant program.

Northwest Minnesota is a border region where there is a disparity between costs and requirements on either side of the Red River. Moorhead pointed out that North Dakota has not adopted the same accountability for phosphorous going to Lake Winnipeg via the Red River as Minnesota. “Our opinion is when you look at data for Lake Winnipeg it’s appropriate to look at ALL sources of phosphorous and come up with a more comprehensive type plan such as a TMDL and then assign loading as needed... It would cost Moorhead at least \$10 million to get to a 1 mg/liter discharge and that represent at least a 10 percent rate increase for Moorhead residents and it’s hard to measure what impact that would have on the Red River or Lake Winnipeg.”

Many communities feel they do not have an adequate population/tax base to pay for the infrastructure improvements they need to make and at the same time often do not qualify for the grants and other funding sources that are currently available to pay for infrastructure improvements.

Many mentioned they want regulatory agencies to be flexible and work closely with communities to come up with ways to meet regulatory requirements while giving communities time and assistance to meet those requirements. Communities want to be shown and understand the benefits of making the changes they are being asked to make.

Attendees appreciated the listening session and encouraged state agencies to continue connecting with cities.

Detroit Lakes

- Recently went through the permitting process with MPCA and developed a compliance plan for phosphorus.
- Aware that declining water quality means a declining economy.
- Plans for a new facility to be built at about \$30.5m. Have asked MMB for \$15m.
- Average residential cost when new facility is built, \$71/month. \$57/month with state help.
- 17% of the population lives in poverty.
- Improved the drinking water plant in 2010 and that raised rates by 15%.
- Suggestion for MPCA: Align wastewater and drinking water allowable levels and requirements so they don’t conflict. Consider cause and effect of rule changes.

Breckenridge

- Problem – trying to be competitive as a border city.
- Rates are double what ND city charges.
- 2 years ago they doubled their water rates in anticipation of needing to replace or maintain 1930s treatment plant (\$11M to replace)
- Water rates average \$63/m. Sewer is another \$35/m.
- Trying for bonding \$ for treatment plant.
- Upgraded their wastewater system in 2010, and in 2012 the MPCA permit renewal revealed a phosphorus problem. Another \$1M to treat.
- In general the infrastructure is aging.
- Most residents are low-income or retired.
- All industry goes across the border.
- Wondering how agriculture affects the phosphorus levels.

Moorhead

- Their rates have been increasing while Fargo has been decreasing.
- Fargo is updating its system using tax revenue, not rate increases.

- Also in phosphorus permit negotiations with MPCA.
- They feel like a “sacrificial lamb.”
- \$30M pipe replacement coming up.
- Encouraged the state to study the problem as a whole and look at all the point sources.
- Stressed that it’s important to be able to sit down and be flexible, taking city’s existing debt service into account.

Thief River Falls

- Also working on a phosphorus permit.
- Noted that the water is not clean coming in but it is clean going out.
- Low-interest loans are not very helpful.
- No aquifer – one of the few systems that relies entirely on surface water.

Pelican Rapids

- Informed by MPCA of the need to meet phosphorus levels
- Plants are from the 1960s. There was a plan to replace them but MPCA wouldn’t wait.
- Updates are being finished now – 2 separate \$7M projects.
- Monthly water and sewer is approximately \$65/m.
- When state agencies make decisions, do they have conversations in advance or just paint with a broad brush?
- Cities need help creating asset management plans. Some are on Excel, some are in staff heads.

Fergus Falls

- Water plant built in 1935, addition in 1961.
- Consciously trying to keep rates low.
- Another surface water plant.
- Currently planning to update their water treatment plant, water rates will go up.
- Started an asset management plan 10 years ago. Can’t account for new rules/criteria coming in from the state.
- Water and sewer cost residents approximately \$63/m.

Bagley

- Water treatment is pretty good and in compliance.
- Currently in a big infrastructure project for water and sewer.
- Household income averages \$34,000, can’t charge those costs to residents.
- The problem is when the need to update comes all at once.
- Process has to change to make it easier for small towns to get grants.

Warroad

- Where does the funding for the personnel to run these complex plants come from?
- Have to consider what it costs and how that shakes out.
- Have to consider if limits on cities creates a meaningful phosphorus reduction in lakes.

Rep. Ben Lien (District 4A)

- We need to look at this from the 30,000 ft. level.
- Infrastructure needs are not as sexy as road and bridges, but we need to have a plan for it.

Sen. Kent Eken (District 4)

- Happy to see the departments working together.
- State needs to take its share and not put all the burden on these cities.
- Should look at non-point sources as well.
- Need a comprehensive approach and work across state boundaries.

Rep. Steve Green (District 2B)

- Encouraged the agencies to consider outstate incomes.
- Not gaining by putting burdens on people that they can’t afford.
- Encouraged the agencies to keep the municipalities in the loop moving forward.

Willmar

Oct. 16, 2015

Attendance: 30-35

Communities: 15



Water quality standards

- Difficult and costly to meet chloride standards.
- Need regulations relaxed.
- Stormwater requirements an additional challenge.
- Poor process for setting phosphorus standards – involve more local professional engineers.
- Should also look at contributions from non-point sources (ag drainage mentioned).
- Need clear standards for water re-use.
- Need more education of public about wastewater issues.
- What will be the impacts of WRAPS and climate change on stormwater, I & I?
- With receiving water a designated trout stream, difficult to meet that standard.

Financing

- The cost of complying is unaffordable.
- Small towns can't afford more loans.
- Difficult to pay for with assessments – must show equal increase to property value.
- User rates already too high. Often twice that of metro residents.
- Imperative that legislature increase financial assistance.
- With cost of repairs to treatment plants, no money left for repairing collection systems.
- If city takes on more debt, will risk credit rating.
- Would like to take advantage of opportunities (example of MnDOT rebuilding a road) to repair lines.

Equipment-plants-technical

- Aging lift stations.
- In one city 75% of lines clay tile; even wood in one case.
- Increasing demand for drinking water treatment.
- Must reduce use of “flushable” products.
- Equipment not designed to handle chemicals for treating phosphorus, damaging to equipment.
- Adding more chemicals can degrade receiving waters.
- Wastewater plants much more complicated now.
- Difficult to find enough Class A operators in rural communities.
- Morris looked at using gray water for an ethanol plant, but sites too far apart.

Willmar

- Just built a new wastewater treatment plant for \$80m.
- Can't meet requirements for effluent (salty discharge). Applying for a variance.
- Also have stormwater issues to address.
- All told, that could end up costing the city another \$70m.
- Holding out hope for new technology or relaxed regulations.
- Also working on replacing aging lift stations.
- Current rates, \$75/m combined water and sewer.

Morris

- Has some of the hardest water in Minnesota.
- Discharge their softened water into the river.
- Decided the best way to deal with the issue is to build a new treatment plant to soften the water before it goes to residents (rather than having residents soften individually) - \$12m.
- Eligible for a \$3M state grant.
- Loans are not a good solution for small towns.

- Ethanol plant is connecting to the city water. Also supplying Alberta.
- Water out of the ground isn't even good enough for the cows. Dairies are going on city water.
- Small residential areas are having septic issues.
- They know what all the solutions are, but can't manage the funding on their own.

Hutchinson

- Biggest issue is infrastructure maintenance and replacement.
- Managing chlorides is an issue.
- Interested in water reuse. Need to convince people that it's good, healthy and safe.
- Concept of "flushable" products needs to stop.
- Struggling to develop stormwater retention and treatment in a developed area.

Osakis

- Just built a new plant and raised rates to \$75/M for water, sewer and garbage.
- Need to deal with phosphorus, to the tune of \$10m-\$12m.
- Rates will go up and they don't qualify under the median household income requirements.

Hutchinson

- Aging infrastructure is a problem.
- Tacking parts on to existing systems doesn't always work.
- What is the true cost of clean water? What's acceptable?
- Water reuse is a huge opportunity to reduce costs.
- Want to do clean water in a cost effective manner.
- Environmental education is a key component.
- Local Government Aid is important.
- Stormwater systems don't meet the intensity of storms that we see today.

Benson

- Problems with workforce – it's hard to recruit Class A operators.
- State should put emphasis on recruiting and training for this career.
- Nothing left over for collection and distribution systems.
- MNDOT is moving fast to repair highways and cities don't have the \$ to repair the infrastructure underneath.
- Parts of the system date back to the '20s, '30s, and '40s. Very little is newer than the '80s.

Little Falls/Madison

- Same problems with hard water.
- Rates are \$75/m.
- Without grant \$ they could not afford a project.
- Encouraged the agencies to think comprehensively with communities and see how the projects connect/interact.
- Phosphorus requirement will mean a \$10M upgrade. Similar chance for mercury and nitrogen.
- Disappointed with the process for developing the phosphorus limit – encouraged the state to connect with engineer associations to set mercury and nitrogen levels.
- Railroad negotiations for permits are challenging. Would like to see a universal master agreement with the state.

Winstead

- Currently upgrading their wastewater facility to comply with phosphorus.
- Planning a 100% rate increase over 5 years.
- Had to rebid for project when phosphorus rates were decreased.
- Project is still on hold and may have to rebid again.
- "Hamstrung by some of the regulations."

Olivia

- \$26M to replace wastewater, drinking water, water tower, and 1/3 of the pipes.
- Fear the Governor's commitment to water quality will cost them money.

- Point source has been picked on for 30 years. Now that everyone has invested and upgraded, it's time to look at the agriculture industry.
- Timing matters – can only afford so much at any one time.
- Local governments are struggling to balance multiple priorities.

Sauk Center/Cold Spring

- Workforce matters – these plants are becoming more complicated.
- For phosphorus, you have to consider the negative impact of costs and the chemicals used.
- Trout stream law - % of impact is difficult to determine and will cost the city millions.
- Suing the “flushable” wipes companies along with 10 other cities.
- Infrastructure is old – will cost \$18M to replace pipes, not including the street cost.

Sen. Scott Newman (District 18)

- Most prevalent bonding request from small communities is wastewater infrastructure.
- Asked the agencies to listen hard to what the cities are saying re: what the state is asking of them and consider that they don't have the funds to pay for it.
- For the bonding bill, consider wants vs. needs.

Worthington

Oct. 28, 2015

Attendance: 50

Communities: 18

Comments from legislators present:

Sen. Bill Weber (District 22)

- Be realistic about sampling and monitoring requirements for wastewater treatment plants.
- Example of one test no longer being really needed, but still required at a cost of \$5,000 to small community.



Sen. Lyle Koenen (District 17)

- Right after a community upgraded and expanded its wastewater treatment facility, the rules and requirements change, and no longer in compliance.

Rep. Rod Hamilton (District 22B)

- Need flexibility and common sense. Someone did an SSTS upgrade, rules changed, no longer in compliance.
- Along with new standards and requirements, state must recognize the good work that many small communities are trying to do.
- What would state do if a community simply refused to comply, or at least make the effort
- State must enact a bonding bill. (Response: These meetings on that path).

Comments from attendees

Water quality standards

- Cities understand that water quality standards are changing; complying with Clean Water Act.
- Salt becoming an issue, with more private residents using water softeners.
- Cities can't meet chloride standards.
- Drinking water treatment becoming more expensive.
- Standards a moving target: Sulfates, mercury, chloride, nitrogen.

- MPCA-state should push back on EPA about standards.
- Community had been looking at trading; now unlikely due to more stringent standards reducing the supply of trading partners. Eutrophication standards have closed the trading window.
- A TMDL for a lake in the community resulting in a lower P limit, 0.04 instead of 0.1 mg/l.
- “Elephant in the room” that few want to address: non-point source from agriculture. Cities spending millions on very small reductions, while ag runoff is not regulated.
- Need more public education about wastewater issues
- Address inconsistency and conflict among agencies about rules and standards; get DNR more involved.
- Integrate stormwater, wastewater, and drinking water issues.

Financing/economic

- Increasing rates for local industry may force some to move.
- Difficult for many cities to qualify for PFA funds.
- Many communities with older residents on fixed incomes, tough to increase rates.
- Waste treatment limits resulted in moratorium on expansion in some communities.
- Large processing plant closed, reducing flow by 33 percent, rate revenue by 25 percent.
- Need exemption from sales tax on construction materials (current process unusable; accounting requirements far too difficult).
- City faced with building a new plant, when don't have loan paid off for current plant. Need to better align timeframe of permit requirements with financing.
- Two local industries source of half of the chloride issues, but conflicted about raising their rates.
- Water department budget nearly doubled in one year, but constrained on raising rates.

Equipment-plants-technical

- Many municipal wastewater treatment facilities more than 50 years old.
- Small community now regrets building a mechanical plant many years ago; now, operating cost much higher than a pond system.
- Community with a new drinking water treatment system, along with that expense, has created a chloride issue from the backwash.
- Parts of collection lines still using old clay tile.
- Difficult for small towns to keep licensed operators; they start out in small towns, get trained, then move to better jobs in larger cities and industry.

Hibbing

Oct. 29, 2015

Attendance: 25

Communities: 12



Hibbing

- 85 miles of existing sanitary sewer, mostly clay tile.
- Just finished mercury wastewater project
- PCA is requesting city to do I & I report ~\$350,000.
- Layoff from mines.
- State issues new standards requiring capital investment but it isn't known how to pay for it.
- Currently replace 4,000 ft of sanitary sewer each year at approximately \$300,000.
- Need safe, **reliable** and quality drinking water.
- Three areas for drinking water: production, treatment, distribution.
- 100-year-old reservoir (recent rehab \$70,000) – 1.0 MG with no bypass.
- 120 miles watermain, primarily cast iron, some is over 100 years old.
- Greater Minnesota towns are losing population and gaining infrastructure costs.
- Council always asks “Can we get by another year?”
- Water rate - \$16.67/month.
- Lead service line (tap to curb stop issue).

- Average 25 to 30 main breaks a year and double service line leaks.
- City would like a way to show our needs so we can get some “seed” money to at least start projects.
- Always a need to educate customers

Gilbert

- Meter replacement with lead-free meters - \$190/meter.
- 800 to 900 services in town; \$350,000 to replace water and electric meters not installed.
- Highest tax rate in the region.
- Hard to increase fees on high tax communities.
- Water plant from 1915.
- Recent filter replacement and electrical update at the water plant cost \$300,000.
- Lime pit needed to be cleaned.
- \$10,000 permit to pump rain water since more flow goes to lime lagoons than backwash waste.
- Assesses water and sewer replacement on taxes.
- Sometimes need to shut off water because people can't afford to pay.
- Lost a dozen homes that aren't replaced (less income)
- Lost an area on 30 homes with new sewer and water (less income).
- Need to replace wastewater plant to meet mercury standard.
- No incentive to combine wastewater systems between cities (considered connecting to Eveleth).
- Need more than loans.

Babbitt

- Infrastructure from 1950s.
- Built water plant in 2001.
- Need to replace wastewater treatment plant - \$7M (needed to meet new mercury standard).
- Sewer rate - \$35/month sewer rate to increase to approximately \$100/month after wastewater plant replacement.
- Water rate - \$17/month.
- Distribution replacement for whole town years ago would have cost \$7M. City didn't do it. Now it would be a deal since costs have greatly increased.
- \$400,000 to meter town.
- New wastewater system would require additional staff person.

Eveleth

- Infrastructure for 1892, population 3,700.
- 23 mile sanitary sewer – 40% over 100-years-old.
- Watermain renovation in 2005.
- 28 miles of watermain.
- Completed major drinking water treatment plant upgrade in 2008 and storage tank rehab.
- Sewer rates - \$36/month.
- Water rates - \$23/month.
- Debt service - 36% sewer.
- Debt service - 25% water.
-

Two Harbors

- 3,500 people.
- Hills with booster stations.
- 6 pressure zones, 7 buildings.
- Lot of infrastructure for the size of town.
- Replaced pumps at booster station \$2M and replaced meters.
- Sewer rate - \$40/month.
- Water rate - \$40/month.
- Increased water rates 13.5%.
- Currently upgrading water plant - \$4M.

- Reservoir is leaking.
- Need to replace watermain throughout town.
- Just completed a wastewater plant upgrade - \$30M.
- I & I issues – miles and miles of clay tile.
- 400,000 gallon dry flow vs. 1M gallon on rainy day.
- PCA needs to focus greater effort on I & I.

Central Iron Range SSD

- New \$21M wastewater plant.
- Got grants but communities still have \$9 on loans to pay back.
- 6 months of year meets mercury but can't all year.
- Need to upgrade new plant already to meet mercury standard.
- There needs to be flexibility of the PCA compliance schedule.
- Only have a contribution of 0.2 oz of mercury per year.
- Sewer district charges communities and communities charge residents.
- \$0.50/1,000 gallon replacement fund.

Mountain Iron

- 1,000 services.
- 35 miles of water and sewer.
- 125-year-old infrastructure.
- Seismic area in iron range.
- There are areas of the community that can be mined so city will lose customers (less income).
- Hard enough to maintain water and wastewater infrastructure without additional standards.
- 20 breaks in 2014 winter.
- Wellhead Protection Plans take a lot of time.
- Need to rehab water tower in 3 years.
- OSHA compliance is too costly.

Calumet

- \$45/month for both sewer and water.
- Recently raised rates to \$70/month.
- After payments they are left with \$15/month per customer.
- Unfunded mandates are very hard on small communities.

Bolton & Menk

- Needs to be support for asset management plans.

Senator Klobuchar's Office

- Rural Minnesota needs funding.
- New environmental standards can have a huge impact on small cities.



Rochester

Nov. 6, 2015

Attendance: 40+

Communities: 14

City of Rochester

- Rates are middle of the road but climbing.
- Already do year-round removal of phosphorus and ammonia.
- Concerned that River Eutrophication Standards will double rates.
- Chloride standards also a concern.
- Rochester may be an affluent community overall, but still has a number of low- and fixed-income residents.
- We want to make sure that there are environmental benefits from economic investments.
- You need to look at **all** sources of pollution watershed-wide.
- We see great potential for nutrient trading with nonpoint sources, but need guidance on how to that.
- No impact to Zumbro River from further point source reductions – need nonpoint reductions.

Dresbach Township

- Sewer system a contentious and expensive issue.
- Loan already used for engineering services.
- Affluent residents live along the Mississippi but other residents are on fixed incomes.
- Concerned about chemicals used in processing silica sand – people need to know what chemicals are used and their impact to the environmental and people.

Austin

- If protecting waters of the state, then price should fall on the state.
- Afraid of losing business to Iowa if rates increase.

Albert Lea

- State needs to be a major funder in upgrades to meet phosphorus limits.
- Also afraid of losing business to Iowa.
- Many residents on fixed-incomes (senior citizens).
- WWTP is downstream of Albert Lea so phosphorus reductions will not benefit the community. Iowa will receive the benefit with a Minnesota community paying for it.

Red Wing

- Concerned about changes coming down the road – phosphorus, nitrogen reductions – that could double rates.
- Already raised rates 15% and need more.
- Our infrastructure is old and that means maintenance.
- Also doing radium removal for drinking water.
- The Mississippi is the source of most of the city's commerce and recreation. But it's not in good shape when it gets to us. Need to reduce nutrients and sediment from Minnesota River and Upper Mississippi.
- We can't afford to make wastewater changes without increasing rates, and impact to the river will be insignificant.
- Are point sources the most effective place for investment?

Oronoco

- Asking for \$19 million in bonding toward sewer system.
- Town is unsewered and new system would be a \$55,000 assessment per home.
- Concerned about pollution to karst and Zumbro River.

Southeast Minnesota Wastewater Initiative (sewer squad)

- Encourages continued funding for unsewered communities under PFA.
- Unsewered communities usually constrained by physical elements such as karst, bluffs and rivers, as well as financial elements.
- Have completed sewer systems for 21 communities with 4 in process and more than 100 communities still unsewered.

Waldorf

- Have raised rates twice in last year.
- Close to Mankato so potential to grow, but home buyers hear that streets will be ripped up for infrastructure repairs.
- We're a farming community so farm income skews the median income when many residents are low-income.
- "We just need money." But need help with grant process.

Winona County

- Work force issues – planning department runs lean, feedlot maintenance needs more attention, and also more funding for compliance and enforcement.

Houston

- Trying to do three big projects: Water treatment plant to remove radium from drinking water, recertify flood levee, and keep up with wastewater requirements with plant beyond useful life (have increased rates).
- It's difficult to keep up with rules, regulations and grants.
- Don't have the time and staff to do all that and take advantage of opportunities like building an industrial park or renovating community center.
- Houston is in between – too big for some programs and too small to do work for other programs.

Mankato

- Rates are a concern so delaying infrastructure projects.
- Some drinking water wells are below the Blue Earth River, leading to low levels during drought and to well shut-downs during high-nitrate levels. That's a nonpoint source.
- Spend millions of dollars on WWTP maintenance without new regulations on nutrients and chloride.
- WWTP is a land-locked facility so no room for expansion.
- If adding it all up, WWTP is a \$750 million investment – biggest asset other than personnel.
- Suffer flooding and I & I that's at least partially caused by drainage from outside the city. Again, look at nonpoint sources.
- Selling phosphorus credits would be beneficial.

Faribault

- Need to comply with MS4 stormwater permit on top of WWTP expansion and planning for water treatment facility.
- Also trying to stabilize rates.
- All the water challenges have an accumulative effect.

Pine City

Nov. 30, 2015

Attendance: 2 (weather issues)

Communities: 1

Pine City

- . Flow fluctuates due to seasonal residences
- . General shortage all over for trained operators - same thing in Wisconsin
 - o Fortunate to have trained staff and have at least 2 operators, harder for cities not near freeway infrastructure.
 - o Accessibility of training is an issue - need to go to in-person classes when there are only two training sites in the state (St. Cloud and Vermillion).
 - o Water Operator course, 1 or 2 years.
 - o Most young people don't know that it's a possible career path.
 - o Possibility of an apprenticeship program? How to connect to communities that need it?
 - o Average pay is \$18-\$25/hr. Pay is higher in the metro, lower in the rural areas.
- . City has for many years neglected to raise rates and for the last 3 years have been in the compromising position of having to do steep rate increases to cover the gap.
 - o Average rate approximately \$8 sewer/1,000 gallons, but going to go up.
 - o Meter most things off of water, otherwise use an estimated rate.
 - o Water rates are tiered.
- . Townships operate own utility distribution systems. They bill their customers and Pine City bills them.
- . Have effective pond system - found it to be very energy efficient - problem is future growth capacity. Going to a mechanized facility in the future will cost more money than the city has the financial capacity to do.
- . Currently undertaking river crossing replacement project for sewer pipe - cost of \$1-2 million. Also looking at doing another water main crossing.
- . Currently working with the railroad to determine who owns property that lift station is on. Could be the city - could be the railroad.
- . Had previously been approached by a developer to build a waterpark. Developer insisted that the city have the infrastructure to support that before they would build. City built the infrastructure but the water park never came (developer went bust). \$7 million debt as a result.
- . Sewer rates are coming in line with costs. Water rates were not well-planned to anticipate impact of water utility expansion.
- . Issues with wastewater facility plant - structures haven't been maintained and need significant rehab. Have a useless lab facility with a leaking roof and considerable water damage. Facility was never used.
- . Challenges are how to mitigate increased costs to rate structure.
- . Grants would help, but continuing to pile on debt is not a viable option.
- . 3/4 of the city still needs utility replacement. Have cast iron, clay pipes in older areas. In one area have laterals crossing private property (lateral trespass).
- . Used to have a street overlay program but program was eliminated several years ago. Now have significantly deteriorating streets that have to be reconstructed and would like to replace utilities at the same time. Still working on trying to build up capital fund to a healthy level to support that.
- . Challenge is aging population and difficulty paying utility rates.
- . Asset management is a challenge for most communities. It was in someone's head and then that guy retired, so how do you locate everything?
 - o Cities without professional staff don't have the capacity to do that or to manage complicated grants.

Sen. Tony Lourey (District 11)

- . Larger cities - Pine City and Mora have the same challenges.
- . Smaller towns are really struggling with the rates.
- . Askov - Not enough customers to support a facility with the necessary sophistication. Businesses are leaving and homes are sitting empty. One of the major pieces of a death spiral for this city.
- . Sturgeon Lake is having struggles balancing rates. Same with Brooke Park.
- . Carleton is working collaboratively with Esko to extend water system.
- . Whole Pine County area has radium in geology and has to treat for it.
- . Renshall is keeping rates low by limping on infrastructure that isn't going to last. OKk for now but rolling the dice every year.

Golden Valley

Dec. 1, 2015

Attendance: 15

Communities: 5

St. Louis Park

- 40,000 population, 14,000 customers
- Rates for both DW and WW = \$120 - \$150 per quarter, or \$40 - \$50 per month for average homeowner
- Budget for WW and DW = \$12 million / year
- Reilly Tar Superfund Site – Praised MPCA, EPA, MDH for help on this
 - Consent Decree 30 years old, up for review.
 - City is spending \$500K to \$750K per year on compliance with terms of consent decree.
 - “We aren’t shirking our responsibility” to provide clean water, but the criteria to which MPCA holds us are “extremely onerous.” Example given is measurement of parts per trillion vs. what was done 30 years ago.
 - City wants a timeline for consent decree review process.
- VOCs in drinking well
 - Working to find location of pollution.
 - Cost of hundreds of millions of dollars to “fix.”
 - “Who pays while we look for the RPs?”
- Replacing mains – aggressive effort underway
 - GOAL is to replace 12,000 - 15,000 feet of main per year.
 - This goal will allow replacement within 80-year lifecycle of equipment.
 - Financing this on a “pay as you go” basis, using rate increases to reimburse debt service on city bonds.
- Water conservation
 - Discussing a tiered rate structure.

Brooklyn Park

- 70,000 population
- +\$12 million/year total DW and WW budget
- Rates: \$5 / 1,000 gallons for both WW and DW
- Water utilities are 60-70 years old
- Rate increases
 - Met council is increasing their rates by 12%.
 - City will raise rates 5% per year for each of the next five years to cover debt service.
- Growth and water sourcing
 - Met Council and DNR want them to change their water source to surface water from river and get off aquifer.
 - Treatment costs will go up as a result.
- Water Conservation has been a priority
 - Worked to get citizens to reduce water usage.
 - Rates still have to go up – even though consumption goes down or stays steady -- because City’s costs remain the same or increase and must be covered through rates.
- Workforce
 - One-third of their water professionals will be retiring in the next 4 years.
 - The work is very high-tech nowadays. We need fewer people -- but those people must know how to operate plant, etc., off their smart phone. One person could operate more than one city, but how do we coordinate with other cities to define a full-time job?
- Private water infrastructure is a concern
 - Townhome developments have privately owned water systems.
 - § What happens when those private systems age out and developer is long gone?

§ Many of these developments are now low-income neighborhoods.

- Freeman thought it would be possible for PFA loans to be made to the city, then city would pass through \$ to private owner, then city bond to pay back PFA loan - offered to work with them.
- Water main replacement and Blue Line Light Rail construction
 - Allows for replacement of some mains.
 - In 2035, mains will be 70 years old and all will need replacement.

St. Frances / Bolton & Menk engineer on contract was representing the city

- 10,000 population but only 5,000 people are on city water.
- Rates currently about \$60 per month but will increase to \$110 per month in 3 years.
- Current infrastructure: New DW plant 5 years old. Looking at \$22 M for new WWTP.

Issues:

- Big rate increases on the horizon
 - 40% increase for WW rates and 20% increase for DW rates, each year of the next three years.
 - Average homeowner \$60 a month to about \$110 / month.
- New treatment limits coming
 - Facing total N, P, chloride limits.
 - Estimate cost \$10 M to meet chloride compliance in next 10 years.
 - All coming after big expenditures on water infrastructure.
- Water limitations with which they must deal -
 - Discharge into Rum River – Outstanding water resource.
 - City knows its aquifer will run out in the near future.
- Workforce
 - Moving from a Class C to a Class A facility means need much greater expertise.
 - Training is an issue – not enough time to train to level of Class A.

Northfield

(Current St. Louis Park WWTP operator formerly worked in Northfield)

- Nutrient trading
 - Northfield had P credits to sell.
 - Also knew of potential buyers.
 - No way to make the transaction.

Golden Valley/ Rep. Mike Frieberg (District 45B) – formerly on Golden Valley City Council

- I and I
 - City passed an aggressive point-of-sale program for this recently.
 - Controversial but is providing the needed funds.
- Residential building sewer connection
 - Met Council grants helped homeowners repair their home-to-street pipes.
 - Funding is now gone, so need remains.
 - Could this Met Council program be brought back?
 - Freeman notes that recent federal law changes has opened the door to address residential lateral hookups – could use existing PFA programs to address.

Rep. Jean Wagenius (District 63B)

- Water source protection – an EQUITY issue
 - Minneapolis sources from Mississippi River and city residents “pay a lot to clean up water” – source protection upstream would help.
 - City has no control over source protection for its water supply.
 - Private wells also need source water protection/ wellhead protection.
 - Lincoln/Pipestone just got \$1.5 M recommended funding from LCCMR to purchase 250+ acres for wellhead protection.
 - “What about other communities that need wellhead protection?”

- Pesticides in drinking water
 - Some areas of MN have large pesticide in DW problems.
 - New York state/city – now regulating some pesticides?

Commissioner Stine on flex water credits/ nutrient trading:

“We are seeing increasing levels of nitrate in surface water. Some cities are going to have to double or triple their investment in water infrastructure to meet their P load levels, and the P is not from them, it’s from the landscape.”

Hastings

Dec. 15, 2015

Attendance: 20+

Communities: 7

Hastings

- New facility (nitrate removal plant) at cost of \$6.8 million in 2008.
- Six wells.
- Nitrates are a concern.
- “We’ve got some 100 year old water mains out there yet.”

Mendota Heights

- Moving to St. Paul water after 1/1/16.
- Maintenance costs are high, too: \$1.2 million to repaint our water tower.
- Sanitary System is aging, I & I violation. They are on a “280 year plan” to replace lines. Now replacing line at rate of .25 mile per year, due to cost. 70 miles of line.
- Rates have not increased in 15 years.

Eagan

- Source water concerns with both quality and quantity.
- How will we deal with predicted deficiencies in drinking water?
- We are shifting to “hold water as long as you can” model.
- Asset management not an issue – we have plans and can prepare 10-20 years ahead for big project.
- I & I: had a penalty against the city in 2007, sump pumps were the issue. Fixed now.
- Rates: \$27/month water and sewer “the 3rd lowest in the metro area.”
- Education: “The public takes water for granted in this state.”
- Reuse: Feasibility study of use of water out of Seneca Plant for irrigation.
- Water Security: “If someone knew what they were doing, a terror attack or contamination would not be hard.”

Met Council

- Aging infrastructure is an issue – it’s why rates have increased.
- Met Council has \$1.3 billion in outstanding debt right now.
- “Climate change is really a water issue.”
- Private I & I is major concern with increasing severe weather.
- Spend \$75M - \$150M per year on water infrastructure fixes/problems.
- “Water is an economic advantage in the Twin Cities. It attracts industry.”
- Economic cluster of water innovation should be boosted.
- Conservation: Overall use of water in MC area has decreased in the last 20 years from 100 billion gallons a year to 80 billion gallons.
- Workforce: Looming issue. Average age of 650 employees is 55.
- Post retirement option – could we change statutes so folks who retire at an earlier age can come back on contract basis – helps keep institutional knowledge.

St. Paul Regional Water

- Source water quality is huge issue. “Our source is all along the Mississippi River up to Itasca.” We’ve tried to address source water protection but there isn’t much we can do.
- Aging infrastructure: More than 50% of the St. Paul system is 80-100 years old

- Blue-green algae is a problem. “We’re monitoring for things we’ve never monitored for before – nutrients.”
- Cost: Over the next 10 years we need to spend \$300M for improvements in treatment and distribution of water. Right now we are financing only about \$40M. “Financing rates are low, but people can only take so much increase in water bills at a time.”
- Just replaced all 90,000 meters in the system.
- Treatment plant has excess capacity: At 41 million gallons a day now, capacity is 120 million gallons a day peak.
- Workforce: 250 employees, 40% new in the last 5 years. “Retaining new hires and keeping them challenged is hard. The younger set wants flexibility, new challenges.”

West St. Paul

- Focus on prevention – look at agriculture, make them reduce nutrient loading.
- Promote resilient water infrastructure.
- Encourage cities to continually upgrade and ensure best practices in maintenance.
- Current water management is not effective. “What do we do when communities deplete their water source?”