

**LOWELL TOWN COUNCIL
WORK SESSION
WATER TOWER PROJECT
APRIL 27, 2015**

A work session of the Lowell Town Council was called to order on Monday, April 27, 2015 at 6:00 P.M. by President Christopher Salatas. Members present were Craig Earley, LeAnn Angerman, Donald Parker, Christopher Salatas, and Edgar Corns. Also present were Clerk-Treasurer Judith Walters, Town Attorney David Westland, Building Administrator Tom Trulley, Public Works Director Greg Shook, and SEH Representative Craig Hendrix.

President Salatas stated he would like to pursue the water tower project as it stands for Stage 1 at Freedom Park, and asked that Mr. Hendrix help to prioritize the project. Mr. Hendrix stated Stage 1 includes a new water tower that is ten PSI taller, plus the associated things that go along with the tank, treatment plant upgrades, some telemetry, starters, and a new well that includes electric and piping. The total for Stage 1 is \$4.5 million, which included in that is a 15% contingency and a 15% mark-up for engineering. The engineering will not be 15%, but that is what we put on it for planning purposes. Mr. Hendrix stated the water main is included to run up one side of Nichols Street since we are not sure where exactly it will go. Councilman Earley asked if the water main and the asphalt patching is included in the price. Mr. Hendrix stated it was, but he believed that should be paid by the developer since that is what was decided with the Plan Commission. Building Administrator Tom Trulley stated they are supposed to pay for that main once they reach the next phase of the subdivision. Discussion followed regarding the portion that the developer would pay for.

Mr. Hendrix stated the property at Freedom Park can be used for the water tower with no problem. He stated he has already discussed the area with the water tower company and they were in agreement that it could fit with some details that need to be worked out for the protection of the existing buildings. Mr. Hendrix stated with this extension we could service the four houses along the park, and then with the well there were some concerns about peak days. Public Works Director Greg Shook stated he would like to see the well go in as soon as possible. He stated, "A few weeks ago we were flushing hydrants, and the water plant was having issues keeping up, which forced us to stop flushing the hydrants. Because of this we were only able to get about half the town done. Last fall when we cleaned one of our wells, we were up to about seven hundred gallons per minute, but we have currently fallen to about five hundred and fifty gallons per minute. We do not have one particular well that has gone bad, it is a little bit of each. We were running both deep wells together and our fluoride levels were up to 3.7. When it got to that point we had to back off because EPA limit for fluoride is 4.0." Director Shook stated he is not sure how we can move forward with the well, but he would like to see it done soon. President Salatas asked if in Director Shook's opinion both the tower and the well were extremely needed. Director Shook stated that was correct, even though we had dropped down to five hundred and fifty gallons per minute, if we had that one million gallons of water in the air, we would have been able to use that. Councilman Earley asked how many hydrants were open when this happened. Director Shook stated they never have more than two open at a time. Councilman Earley asked if the existing funds were available to get started on the well. Clerk-Treasurer Judith Walters stated we had figured it would cost about \$250,000, which we could use from our existing improvement fund. Director Shook stated we had discussed using that last fall, which Mr. Guerrettaz had mentioned that it would lower the balance of that fund. Councilwoman Angerman asked if there were other projects that the money was needed for. Director Shook stated none that he could think of. Mr. Hendrix stated you could put that money back once the bond is issued for the project. Clerk-Treasurer Walters stated you could do that, but the project is \$4.5 million, which is all we are supposed to be borrowing with administrative costs included. Director Shook stated the 25% rate increase will give us \$4 million in construction and engineering costs. The other \$500,000 goes towards the other soft costs. Clerk-Treasurer Walters stated you would borrow \$4.5 million, but the soft costs would be paid out of the bond issue, which would leave us \$4 million for engineering and construction. Councilman Earley asked if any other funds from the improvement fund would be used towards this project. Clerk-Treasurer Walters stated per the Bond Ordinance, you have to hold two months worth of O&M costs, anything above that gets transferred in to your improvement fund. Director Shook stated another thing to keep in mind is that when you go to borrow money, the bank looks at how much money you have, which may or may not affect our interest rate on the bond. Clerk-Treasurer Walters stated we will also have to set aside about \$365,000 in to a reserve fund, which the bank makes you do, to cover the cost of the bond. Councilman Earley asked if all of this was included in the \$4.5 million. Mr. Hendrix stated the numbers in the study are rounded planning numbers until you can get the real numbers. He explained some areas where costs could be cheaper once the hard numbers are figured. Discussion followed regarding the possibility of the \$4.5 million not being enough for Stage 1.

Councilman Parker stated at some point in time we have to get in to the planning stage, we are looking at \$4.5 million total cost, so how do we get started. Councilman Earley stated the point is that we are trying to keep this at a 25% rate increase. Councilman Parker stated you have \$4 million to work with, the rest being administrative costs. Director Shook stated if we take the well out of the improvement fund, we would then have \$4.25 million. Clerk-Treasurer Walter stated other money may be able to be taken out of the improvement fund as well. Discussion followed. Mr. Hendrix stated we have \$4 million to work with and we will give you every bit of the project we can for \$4 million, and then we may have to pick and choose some smaller things to fit inside of that, but we will find the most economical project we can to deliver what you want within your budget. Attorney David Westland stated you have the \$800,000 in the improvement fund, and you do not want to take that down too far, but if you are \$100,000 to \$200,000 short, you could take it out of there. That is one of your options, going above a 25% increase is an option, not doing as much is an option, but you need to tell Mr. Hendrix which option you want to pursue. Councilman Parker stated based on the numbers and the presentation by Mr. Guerrettaz, you have \$4 million to play with and that is it. Mr. Hendrix stated he would like to put some of the Stage 2 improvements in the bid as well in case there is money left over. Discussion followed. Councilwoman Angerman stated it sounds like it would make sense to take the money for the well out of the improvement fund. Mr. Hendrix stated the well would still be listed in the bond so that if there is money left over, you can put that back in to the improvement fund. Councilman Parker asked what the next step for the bonding would be. Attorney Westland stated once you decide what to do, Mr. Guerrettaz and Mr. Shanahan can then start working. Discussion followed regarding the water pressure throughout town.

Councilman Parker stated we need to have the discussion of the rate increase as well before we can move forward. Mr. Guerrettaz had suggested a 25% increase on the water only, which is an average of \$11.38 for 6,000 gallons. Councilman Parker asked about the tiers that Clerk-Treasurer Walters had suggested and when that would be looked at. Clerk-Treasurer Walters stated that would be done once the bond is issued and then when the project is done. Councilman Earley stated that needs to be looked at to see what we can do to reduce the impact to the rate payers. Clerk-Treasurer Walters stated we discussed lowering the minimum usage and we could also look at increasing the water tap fee since it has not been increased in a number of years. Councilman Earley stated he believed they needed to move forward with the well immediately and continue to look at ways to offset the costs rather than put it all on the rate payers. He stated he was still not happy with the \$4.5 million and the 25% rate increase, so anything that can be done to decrease that would be better for the rate payers. He agreed there are things that need to be done, but we may not need to do all of it right now. Councilman Parker stated he believed we needed to "bite the bullet" and move forward with using the \$4 million figure and the 25% increase, recognizing that moving forward we will look at other ways of offsetting those costs. Councilman Earley stated a new well would help with the issue of pressure right there. Councilman Parker stated we also need storage.. The suggestion was made to move forward with the well immediately, move forward with planning Stage 1, and listing the well along with other Stage 2 improvements in to the bond in case there is money left. Councilman Earley asked what would happen if there was not enough money to complete Stage 1. Mr. Hendrix stated we would know that before you would bid the projects and would not let a project be bid if we did not have the money for it. Mr. Hendrix explained the process of the project and that the tower would not be complete until fall of 2016, but the well would only take about 3-4 months.

With no further questions or comments, President Salatas adjourned the meeting at 6:40 P.M.

Christopher Salatas, President

Attest:

Judith Walters, Clerk-Treasurer