

**NEW YORK MILLS CITY COUNCIL
SPECIAL MEETING
June 30, 2015
3:30 p.m.**

CALL TO ORDER AND DETERMINATION OF A QUORUM

The special meeting of the New York Mills City Council was called to order at 3:36 p.m. in the Council Chambers of the City Hall Building at 28 Centennial 84 Drive West, New York Mills, Minnesota, all members of the Council having been notified of the meeting and the business to be transacted.

Members Present Gerber, Maki, Roder

Members Absent Oakland, Hoaby

Staff Present Deputy Clerk Jenny Geiser, Administrative Assistant Cheri Kopveiler, Public Works Director Kyle Mattson

Guests Present NYM Dispatch Reporter Connie Vandermay, Jon Pratt and Jade Berube of Apex

Call to Order The meeting was called to order at 3:36 p.m. A quorum was present.

Part-time summer help

Mike Pederson submitted a letter asking for help with some painting projects at park bathrooms and the outside of the pool building he has been unable to get to them. He is asking for permission to hire Bryce Mattson for summer help who would report to Pederson in the City Clerk department and time would be costed to the public works department.

A motion was made by Roder and seconded by Maki to hire Bryce Mattson for part-time summer help. The motion carried without a dissenting vote.

2015 Street Project

Jon Pratt of Apex Engineering discussed the pending 2015 street project. R.L. Larson had the low bid and Selin Bros. had the second low bid. The City is not eligible for grant funding so the project would be all loan dollars. The reason the City is not eligible appears to be due to an increase in the median household income. The project is eligible for low interest loans from PFA. The current funding package for consideration is clean water PFA funding of \$1,370,000, drinking water PFA funding \$1,300,000, and City financing (bonding) \$736,000. According to Steve LaFontaine at PFA, the interest rates would likely be 1.5 - 2 percent. There are four options to consider for the project. Option A- Award project and finance with PFA and City Bond. Option B – Award Base Project, don't award lighting replacement alternate and delete Cornwell Street. Deletion of these items would have to be by negotiation after the bid award and there is some uncertainty and risk relative to the realized value of the deleted work. Reduced project cost could make the project more financially feasible to the city. Option C- Rebid project with/without PFA funding. Rebid for potentially lower bids. Removing PFA funding and associated requirements such as prevailing wage may lower bid prices. Option D- Reject all bids and do nothing. There are some areas with infrastructure that is in very poor condition that would need to be addressed in the short term. Generally, construction costs do not go down.

David Drown discussed financial options. PFA funding is a good deal when you get grant funding. Low interest rates aren't that beneficial. Conventional bonds are now around 3.25 percent. PFA loans come with a lot of process including environmental studies, 10% higher construction costs, annual reporting, and audits to qualify for PFA funding. If we decide to rebid, Drown would encourage the council to bid without PFA funding. Drown also

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said it is probably not worth rebidding this project without PFA, but it is something to consider for next time. If the bids were close to equal he would not go the PFA route.

Drown said the City's assessments are large numbers. The consensus of the council members and Pratt and Berube is the initial hearing went well and there is good history with the assessment policy.

Roder commented it doesn't make sense to do nothing. She wonders if it is worth cutting parts out of the project. Drown will look at utility rates and do an analysis to see what the City would need to do to pay for the project. Maki asked if we would get better interest rates on bonds if the project size was reduced. Drown said the loans would all be governmental funding and the interest rate would be the same if the project was increased or decreased. Gerber commented the median household income won't change for next year. Pratt thinks the City got a good bid from R.L. Larson and doesn't think we will get better prices if the project is rebid. David Drown believes interest rates will be higher next year. Mattson asked if Drown has ever worked with a Rural Water mega loan. Drown stated a mega loan will produce the same results as PFA, but with less strings. Drown thinks Rural Water loans work really well for small projects. If the City needs more loan funding we should look at using Rural Water for that.

Adjournment

A motion was made by Maki and seconded by Roder to adjourn. The motion carried without a dissenting vote.

The meeting was adjourned at 4:16 p.m.

Respectfully submitted by,

Jenny Geiser
Deputy Clerk