

**CITY OF PINE ISLAND  
250 SOUTH MAIN STREET  
PINE ISLAND, MN 55963**

**SPECIAL CITY COUNCIL MEETING  
Wednesday, February 3<sup>rd</sup>, 2021  
Second Floor – City Hall  
6:00 PM**

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. SANITARY DISTRICT PRESENTATION
  - Discussion
- XI. ADJOURN

All Council Meetings are audio tape-recorded. This meeting will not be live-streamed, but the recording will be posted to the website at a later date. For anyone wanting to attend the meeting, they will need to do so in person.

**Pine Island City Council Agenda is available online:**

City Council agendas and support documents available in electronic form and are posted on the Pine Island City Web Site [www.pineislandmn.com](http://www.pineislandmn.com) under [City Hall/City Council Agendas TAB](#) in .pdf file format.

If you need special accommodation to participate in the meeting, please contact City Hall at 507-356-4591 at least five (5) business days before the meeting.

# Sanitary District Informational Meeting

Goodhue, Mazeppa, Pine Island,  
Wanamingo, Zumbrota

February 3<sup>rd</sup>, 2021

# Agenda

- Call to Order
  - Welcome and Instructions
  - History/How We Got Here
  - What is a Sanitary District
  - Pros/Cons of a District
  - Community Background
  - Funding Discussion
  - Next Steps and Timeline
- Each City  
Pine Island  
Zumbrota/Goodhue  
MPCA  
Engineers  
Each City  
Engineers/MRWA  
Elizabeth Howard/Brian Grudem

# Welcome and Instructions

- Welcome
- Open Meeting – Meeting is being recorded
- Virtual Meeting Format and Rules
  - Mute unless speaking
  - Use chat feature for questions
  - Questions will be addressed at the end of each speaker

# History/How We Got Here

- In 2019 - Goodhue and Zumbrota staff met to consider Goodhue pumping to Zumbrota
- Learned others had similar issues
  - Added Pine Island, Wanamingo, and Mazeppa to the discussion
- Monthly meetings with staff started in August of 2020 to explore idea further

# What is a Sanitary District

- Governmental authority created to resolve a regional pollution problem by providing a system for collecting, conveying, pumping, treating, and disposing of domestic sewage, garbage, and industrial waste
- Created by: OAH, County Board, or Special Legislation
- Governed by a Board of Managers

# Sanitary District Considerations

- Economies of Scale/Cost Considerations
- Planning Considerations
- Permitting and Reporting
- Anti-Degradation, Environmental Review
- Local Examples
  - Dover/Eyota/St. Charles Area Sanitary District
  - Plainview-Elgin Sanitary District

# Pros/Cons of a Sanitary District

## Pros

- Larger facilities gain an economy of scale
  - Potentially lower cost per gallon for treatment
- Staff efficiencies and possibly better wastewater operator retention.
- Reduced sampling and testing quantity from one facility versus multiple facilities
- One single point of discharge into a public water
- Only one wastewater discharge permit to manage and comply with.
- Decreased long term financial pressure on each of the communities
  - Debt and bond capacity is associated with the sanitary sewer district and not the individual City.
- Larger project more likely to secure State bonding dollars.

## Cons

- Large initial capital cost
- Loss of existing asset – varies by City
- Potentially stricter discharge limits
- Industrial/Commercial/Residential allocation is controlled by District versus City, not as flexible
- Loss of local control



# Community Background

## City of Zumbrota

- Population (2020) = 3,500 / 6,700 P.E. w/DFA
- Estimated Population Equivalent (2040) = 4,400 w/o DFA
- Median Household Income (2010) = \$58,227
- Significant Industries = DFA (seeking own discharge)
- Plant upgrade needed = 10 years
- NPDES Permit limits - Influent
  - AWW Flow = 1.11 MGD, MWW Flow = 1.6 MGD
  - BOD = 3,800 lb/day, TSS = 1,875 lb/day
- Known issues = DFA seeking own discharge, expired NPDES permit (submitted)

# Community Background

## City of Goodhue

- Population (2020) = 1,260
- Estimated Population Equivalent (2040) = 1,650
- Median Household Income (2010) = \$53,304
- Significant Industries = None
- Plant upgrade needed = Replacement within 10 years
- NPDES Permit limits - Influent
  - AWW Flow = 0.099 MGD, PHWW Flow = 0.247 MGD
  - BOD = 272 lb/day, TSS Avg Month = 215 lb/day
  - Known issues = Aging plant, limited additional capacity, expired NPDES permit (submitted)

# Community Background

## City of Mazeppa

- Population (2020) = 900
- Estimated Population Equivalent (2040) = 1,021
- Median Household Income (2010) = \$52,273
- Significant Industries = None
- Plant upgrade needed = Within 5 years
- NPDES Permit limits - Influent
  - AWW Flow = 0.074 MGD, PHWW Flow = 0.190 MGD
  - CBOD = 173.1 lbs/day, TSS = 203.2 lbs/day
- Known issues = Aging trickling filter facility originally constructed in 1950's; lack of redundancy and operational flexibility

# Community Background

## City of Pine Island

- Population (2020) = 3,600 / 3,800 P.E. w/LOL
- Est. Population Equivalent (2040) = 4,500 / 5,100 w/ LOL
- Median Household Income (2010) = \$59,599
- Significant Industries = Land O'Lakes
- Plant upgrade needed = 5 to 7 years
- NPDES Permit limits
  - AWW Flow = 0.705 MGD, MWW Flow = 0.851 MGD
  - BOD = 1,352 lb/day, TSS = 1,472 lb/day
- Known issues = High flows (I/I) during rain or flood events, expired NPDES Permit (submitted), deteriorating facility, inadequate final clarification capacity, solids handling issues.

# Community Background

## City of Wanamingo

- Population (2020) = 1,080
- Estimated Population Equivalent (2040) = 1,345
- Median Household Income (2010) = \$50,345
- Significant Industries = None
- Plant upgrade needed = Replacement within 10 years
- NPDES Permit limits - Influent
  - AWW/MWW Flow = 0.458 MGD, actual peak flow = 0.73 MGD
  - BOD = 763 lb/day, TSS = 840 lb/day, operating at 25-30%
- Known issues = High I/I, past river flooding of plant, expired NPDES permit (submitted), excess capacity from old industry
  - reduce permitted capacity?, flow equalization might be needed

# Community Summary

	2040 P.E	AWW Flow	MWW Flow
Goodhue	1,650	0.099 MGD	0.247 MGD
Mazeppa	1,021	0.074 MGD	0.190 MGD
Pine Island	4,500*	0.705 MGD	0.851 MGD
Wanamingo	1,345	0.458 MGD	0.458 MGD
Zumbrota	4,400*	1.11 MGD	1.6 MGD

\* Doesn't include industry

# Funding Sources

- Capital Investment or “Bonding Bill”
- Clean Water Revolving Fund (CWRF)
- Water Infrastructure Financing (WIF)
- Point Source Implementation Grant (PSIG)
- Small Cities Development Program (SCDP)
- Business Development Public Infrastructure (BPDI)
- USDA Rural Development

# Funding Sources



## Capital Investment or “Bonding Bill”

- State of Minnesota uses proceeds from the sale of bonds to pay the cost of construction projects that are approved by the Legislature
- Bonding bills are generally in even years
- 50% local match requirement
- Strong local legislative support needed
- Important to have lobbying effort
- Often very competitive



# Funding Sources



## PFA Funding Options

- Clean Water Revolving Fund (CWRF)
  - Low Interest Loans or Grants
  - Projects must be on the Project Priority List (PPL) and Intended Use Plan (IUP)
- Water Infrastructure Financing (WIF)
  - Income based grant up to \$5M
  - Used when average costs exceeds 1.4% of MHI
  - Used in conjunction with CWRF or USDA RD
  - Projects must be on the PPL and IUP
- Point Source Implementation Grant (PSIG)
  - Effluent Limits Based Grant up to \$7M
  - 80/20 Match on eligible portions
  - Projects must be on the PPL/IUP

# Funding Sources



## **DEED Funding Option**

- Small Cities Development Program (SCDP)
  - Up to \$600K Grant
- Business Development Public Infrastructure (BDPI)
  - Up to \$2 Million Grant, 50% Match

# USDA RD

United States Department of Agriculture/ Rural Development

# Water and Waste Disposal Loan and Grant Program

- -Provides federal funding for clean drinking water systems, Sanitary Sewer Treatment Systems, Sanitary Solid Waste Disposal and Storm Water Drainage in Rural community areas (under 10,000 population)
- -offers long term /low interest loans
- -loans may be combined with a grant to keep user costs **affordable**
- -funds may be used for treatment, collection, transmission and disposal of wastewater
- -funds may also be used for land acquisition, permits, equipment, legal fees, engineering fees, initial start-up of plant operations and maintenance
- -loan terms may be up to 40 years
- -Interest Rate is a fixed rate that is based on the **need** for project and the MEDIAN household income of the area served.
  - Project Priority list
    - Immanent health threats: surfacing sewer, direct sewer/surface water connections
    - EPA / MPCA violations : breaking NPDES permit requirements
    - Required new standards : NEW NPDES permit requirements
    - Dilapidated sewer treatment facilities / infrastructure

# Loan / Grant Median Household income

- -Based off the state average of a non-metro median household income which is currently \$57,545
- -Grant availability and percentage of project total are calculated from this
- -Under \$46,500 is the Poverty Rate and generally receives 75% Grant and 25% Loan
- -Over \$61,000 Median Income ALL Loan
- -In-Between \$47,000 and \$58,000 is the Intermediate Rate that generally qualifies for 45% Grant and 55% Loan

# Sanitary Districts Median Household Income

- -Sanitary Districts are calculated differently
- -**Weighted** Average Median Household Income
- -The Median Income for EACH city is multiplied by its' population, the total is then divided by the combined populations total

- Example

City 1- 400 population x \$51,000= \$20.4 Million

City 2- 250 population X \$49,000=\$12.25 Million

City 3- 1200 population X \$ 58,000=\$69.6 Million

Total = \$102.25 Million

Total Pop= 1850

\$102.25 Million divided by 1850 Populations= **\$55,270 Weighted Averaged**

# Next Steps and Timeline

- Non-binding resolution of support – March 31st
- Set planning committee composition – March 31st
  - staff only/elected official?
- Prepare feasibility study scope and fee - April
  - provide fee range to planning committee
- Schedule Meeting with local State Senators and Representatives – April/May
  - Start bonding bill preparation for 2022 session
- Schedule Meeting with MPCA on limits and funding – April/May
- City Councils authorize contribution for feasibility study - May
- Complete and evaluate feasibility study – May/June
- Resolution of support to proceed – July/August
- Proceed with more in-depth facility plan - Fall

- Questions and Answers
- Adjourn

Thank you