

ALMA CITY COUNCIL
SPECIAL MEETING
July 30, 2009
6:00 p.m.

Mayor Maurice Baker called the Special Meeting of the Alma City Council to order at 6:00 p.m. with the following Council Members present: Pam Bales, Dan Deiter, Paul Gronquist, Gary Lesline and Chris Torrey. City representatives in attendance were City Clerk Sharon White, City Utility Superintendent Jon Bolinder and City Attorney Tom Barnes. Also in attendance were Jim Kohman, P.E. with EBH & Associates; Carol McCullough, CPA with Reese and Novelty, PA, CPAS; Rodney Geisler, P.E., Chief of Municipal Programs Section for Bureau of Water with Kansas Department of Health and Environment; Larry M. Molder II, P.E. with Kansas Department of Health and Environment; Richard Boyles, Area Director for USDA Rural Development; Dan Fischer, Area Specialist with USDA Rural Development; Kelly Guerrero, President of Midland Contractors, Inc.; and Krista Stafford, Vice President of Midland Contractors.

Jim Kohman, P.E. with EBH & Associates explained all of the events that have taken place, causing the Wastewater Renovation Project to be delayed. He explained that because the lowest bid was \$814,800.00 over the projected estimate of the project, it is not financially feasible for the City to move forward with the project. He explained that the City was looking for a solution; therefore, everyone involved with the project was asked to come together to discuss the City's options.

Dan Fischer, Area Specialist with USDA Rural Development, explained that there is stimulus money available to help fund the Wastewater Renovation Project. The City could be eligible for up to a 45% grant and a low interest loan. He explained that one of the criteria looked at by Rural Development for communities seeking to obtain the grant, is for the community's average residential sewer rates to be \$40.00 per month. The \$40.00 sewer rate requirement is on an average; therefore, the City could continue with the tier rates based on water usage. There was discussion about the need to replace parts of the collection system and the possibility of providing for these replacements, as a component of the project currently being considered, to maximize the 45% grant.

Rodney Geisler, P.E., Chief of Municipal Programs Section for Bureau of Water with Kansas Department of Health and Environment emphasized that KDHE is willing to loan the City the funds necessary to complete the improvements needed to bring the treatment plant into compliance with State and Federal regulations. He agreed that because the lowest bid came in so much higher than the engineer's estimate, the financial feasibility for the City to proceed could prove problematic. Accordingly, applying for a grant/loan from USDA Rural Development would appear to be a meaningful way for the City to fund the needed improvements. It was explained that the Kansas Department of Health and Environment could continue to finance the project and at the completion of the project USDA Rural Development could refinance the Kansas Department of Commerce debt. Discussion was also had concerning the compliance order issued to the City by the Kansas Department of Health and Environment. Mr. Geisler was very adamant that the City will have to be

in compliance by October 1, 2010 or a substantial fine could be assessed. He recommended that the City apply for an extension, pertaining to the Schedule of Compliance, once the City determines how they are going to proceed with the treatment plant improvements.

Carol McCullough, the city's CDBG Grant Administrator, explained that if the City was going to change the scope of the project, CDBG would need written notification explaining the reasons for the change. It was her opinion that if the modifications being considered did in fact occur, the Kansas Department of Commerce would require that the City rebid the project.

At 7:45 p.m. Carol McCullough, Rod Geisler, Larry Molder, Kelly Guerrero and Krista Stafford left the meeting.

At 7:55 p.m. Richard Boyles and Dan Fischer left the meeting.

Mayor Maurice Baker left the meeting at 8:00 p.m. and turned the meeting over to President Pam Bales.

There was discussion on all of the options that were presented pertaining to how to proceed with the Wastewater Renovation Project. It was decided to proceed with restructuring the project, separating it into two phases such that the CDBG Grant would not be jeopardized. The first phase will be to build the lagoon and update the aeration basin, utilizing the CDBG Grant and financing available through Kansas Department of Health and Environment. The second phase will be the pre-treatment and collection system, using the USDA Rural Development grant and loan options, while then refinancing the debt associated with the first phase. Jim Kohman will draft a letter to the Kansas Department of Commerce explaining the dividing of the project into two phases. City Attorney Tom Barnes requested that the bidding documents for phase one be completed within 60 days, because of the non-compliance issue with Kansas Department of Health and Environment.

At 8:30 p.m. Council Member Paul Gronquist moved to adjourn. Council Member Dan Deiter seconded this motion. Motion carried.

Meeting adjourned.

City Clerk