

Special Meeting, Ethan Town Board, 9/10/09

The Town of Ethan board met in special session on September 10, 2009 at the Town Hall at 10:00 a.m. Members present were Nancy Schoenfelder, Terry Mathis and Chad McGuire. Members absent were Robert Fitzgerald and Josh Franks. Others present were Sonya Hespe, Brett Scott, Dan Schroeder, Lyle Schumeck and Robert Beatch.

Chairman Schoenfelder called the meeting to order at 10:02 am and led the pledge of allegiance. All motions were unanimously voted as aye unless stated otherwise.

Motion Mathis, second McGuire to approve the agenda.

NEW BUSINESS

Dan Schroeder from Hanson Rural Water, Lyle Schumeck from Bartlett & West and Robert Beatch, board member from Hanson Rural Water met with the Ethan Town Board to discuss the proposed amended contract between Ethan and Hanson Rural Water (hereafter listed as HRW). The amended contract would include an increased monthly minimum of \$423. This minimum is to pay Ethan's share of the loan for a joint water tower. The loan is from the State and is only listed as HRW being the owner because only one name can be listed on the loan as owner. The new tower project is estimated at \$840,000. The state approved a loan for the full amount with 70% forgiveness. That would leave the loan balance at \$252,000. The agreement with Ethan and HRW is that HRW will pay 70% of the loan and Ethan will pay 30% of the loan. The loan is for 20 years at 3% interest. Once the loan is paid off the additional \$423 that Ethan pays would be dropped. The other change in the contract is that Ethan will pay HRW \$0.30 per 1000 gallons which will be used solely for maintenance of this new tower. According to the average water usage by Ethan this would be about \$2,400 per year.

The existing water tower that Ethan has would need approximately \$58,500 in repairs. This is broken down by \$25,000 to sandblast and re-epoxy the interior, \$25,000 to wash and repaint the exterior and \$8,500 for roof repairs. The interior and roof repairs would need to be done very soon while the exterior would be able to be completed at a later date.

Discussion between the parties was pertaining to the maintenance fee, land lease, demolition of the existing Ethan water tower and the color and name of the new tower.

According to the engineer firm Bartlett & West, the maintenance fee is an average of about \$8,000 a year with inflation factored in. The 30% for Ethan's share would be \$2,400 per year which breaks down to \$0.30 per 1000 gallons when you look at the average water usage for Ethan versus the entire HRW system. If Ethan were to keep the existing structure this would equate to \$1.05 per 1000 gallons to pay the average \$8,000 maintenance fees per year.

Since the new tower would go on land that Ethan currently owns, the Ethan board thought that HRW should pay a lease for the tower. Pending the approval of the HRW board it was agreed they would pay \$200 a year for a perpetual lease.

The Ethan board asked why the project didn't include funds for the demolition of the existing water tower. HRW explained that if they had to help pay for the demolition of the Ethan tower they would then have to spread their share of costs throughout their entire system. If they did the same project with another location and paid for the demolition of that tower those costs would be spread to Ethan also. HRW didn't think it was fair for their other locations to have to pay for the Ethan tower. It was asked if the HRW board would consider a separate agreement for the demolition of the tower. They said it could be discussed at one of their board meetings. If the construction of the new tower would go under budget it was asked if the remaining funds could be used towards the demolition of the Ethan tower. This would have to be brought up to the state to see if they would allow the funding to be used in that manner.

The color of the tower and the name on the tower can be chosen by Ethan. HRW did not care what color it was and stated that if the Ethan board wanted "Ethan" put on the tower that was fine with them.

Motion Mathis, second McGuire to approve the amended contract with HRW as presented with a separate contract for a perpetual lease at \$200 per year, with the lease agreement contingent upon HRW board approval.

Motion Mathis, second McGuire to adjourn at 11:06 am.

Sonya Hespe
Finance Officer

Nancy Schoenfelder
Chairman

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