



## CITY OF LANESBORO

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### **Waste Water Treatment Facility**

#### **Introduction**

##### **Lanesboro is facing major decisions about the city sewer system**

The city is facing important decisions about this system. This process will involve the Public Utilities Commission (LPU), City Council, city public works and administrative staff and the public. The city will also get advice from government agencies and consulting engineers. The city will have to consider the need for a system that is both well functioning and affordable. Any system which is built must comply with MPCA rules and not pollute the Root River as measured by current applicable water quality standards.

##### **The sewer system is only one part of an extensive municipal infrastructure system that requires financing for operations as well as capital improvements.**

Residents of and visitors to Lanesboro still enjoy the benefits of many years of ongoing investments in infrastructure. Lanesboro owns and operates a municipal electric utility, two water towers and a water system, a sewer system (both collection pipes and WWTF) and 10+ miles of paved roads and alleys. Lanesboro operates and maintains an extensive park system, which includes two municipal campgrounds, a baseball field, basketball and tennis courts, playground, picnic shelters and a bathhouse. Lanesboro also operates and maintains public restrooms for visitors at the Lanesboro Visitor Center and a community center which includes a public library, kitchen, meeting rooms, gym and restrooms.

#### **How old is the Lanesboro sewer system?**

##### **1) Wastewater Treatment Facility (WWTF)**

The current WWTF was constructed in 1938. It is the oldest municipal sewage treatment facility in the state! Thanks to major upgrades in 1997 and other work in 2005 it is still functioning. (In 1997, the following components were constructed/installed: bar screen, trickling filter, secondary clarifier, chlorine contact tank, cold storage bio solids, drying beds, dechlorination. In 2005, two pumping stations were installed or improved.)

The existing treatment system is permitted to have a continuous discharge to the South Branch of the Root River and is designed to treat an average wet weather flow of 0.110 million gallons per day (mgd) , an average dry weather flow of 0.101 mgd

and a peak hourly wet weather flow of .245 mgd . The permit also includes specifications for instantaneous wet weather flow.

## 2) Collection system

Lanesboro's collection system totals six miles of pipes. 5.4 miles of pipes are over 50 years old. There is .6 mile of pipe that is less than 30 years old.

### **How does the age of the Lanesboro WWTF and collection system compare to that of other cities?**

A total of 588 municipalities in Minnesota have wastewater treatment facilities. 528 of those, like Lanesboro, discharge to surface water. Lanesboro discharges to the Root River.

The Minnesota Pollution Control Agency (MPCA) collects a wide variety of data from cities that have WWTF's, to monitor both permit compliance and ongoing financial needs for facility repairs or replacement.

The MPCA has created a composite score ranking system which takes into account the age of both city collection systems and WWTF's. Lanesboro's composite score as of the 2015 MPCA Wastewater Infrastructure Needs Survey was 10 out of a possible 100 points. This is not a good score. There are 31 other cities with scores of 15 or less. Minneapolis, Richfield, Roseville and St Louis Park are in this group as well as many small cities such as Harmony, Houston, Ostrander, Slayton and Minnesota Lake.

There are 19 cities in Minnesota other than Lanesboro which have WWTF's older than 50 years. The city of Austin WWTF is 71 years old. Only five cities have facilities which are 60 years old or older.

### **Does the Lanesboro WWTF need major repairs or replacement?**

Yes. Even though the WWTF is currently functioning, detailed planning for improvements cannot wait.

A Jan. 23, 2017 letter to the Lanesboro Utilities Superintendent from engineering firm Bolton & Menk stated: "Since Lanesboro's treatment facility is nearly 80 years old, much of the existing equipment and infrastructure is beyond its useful life and *susceptible to failure in the near future*". (emphasis added) It further stated "... the existing equipment and infrastructure ranges from poor to fair condition". The letter ended with two "recommended improvements". The first related to – in the short term - possible hiring of a contractor to handle bio-solids hauling. The second recommendation stated: "The City needs to complete a wastewater treatment Facility Plan to consider all alternatives in greater detail and determine a comprehensive approach for improvements/replacement of the wastewater treatment facility." Bolton & Menk's recommendations are based on an onsite walkthrough conducted Dec. 6, 2016.

### **What is the role of the Lanesboro Public Utilities Commission in making decisions about improvements to the Lanesboro Sewer System, including financing decisions?**

Lanesboro has a Public Utilities Commission, commonly referred to as the Lanesboro Public Utilities (LPU). It consists of three community members who are appointed by the City Council for three year terms. The current members are Tom Dybing, President; Jeff Boland and Don Bell. The Commission meets the third Tuesday of every month at 5:30 p.m. at the Community Center City Council Chambers. City administrator Michele Peterson, Utilities Director Jerod Wagner, and Utilities Technician Jeff Norby are the primary staff people for the LPU.

According to the city website, “the Public Utilities Commission oversees all administrative functions of the following utilities: water, sewer, electric, and garbage. ... The Utility Commission has all administrative authority over the day-to-day functions of the utilities as stated above.” The Utility Commission makes recommendations to the city regarding proposed capital improvements and financing thereof.

The City Council retains the authority to make all final decisions relating to the sewer system budget – both revenues and expenditures. This includes setting fees and rates and issuing bonded indebtedness. It also includes entering into contracts with service providers, consultants and engineers.

### **How are municipal sewer systems regulated in Minnesota?**

The Minnesota Pollution Control Agency (MPCA) is responsible for issuing permits to WWTF’s that discharge to surface water. These permits are issued in accordance with state and federal law under the National Pollutant Discharge Elimination System/State Disposal System (NPDES/SDS).

### **If the WWTF is replaced or the collection system upgraded, how will that affect Lanesboro sewer rates?**

Sewer rates will almost certainly increase. By how much is currently unknown.

It is impossible to answer the rate question until 1) Lanesboro has a detailed plan for improvements to the WWTF and the collection system and 2) Lanesboro knows what kinds of state or federal financial help – either loans or grants - is available and when the funds will be available. There are many cities ahead of Lanesboro on waiting lists for infrastructure funding assistance. A city cannot even get on a waiting list until it has detailed information about needs and plans.

### **What is an “affordable” sewer rate?**

The Minnesota Public Facilities Authority (PFA) has developed a rule of thumb to help allocate scarce public resources among the many municipalities that need help to replace aging infrastructure. The PFA uses 1.4% of median household income as

a wastewater costs affordability benchmark for Minnesota communities. This figure includes both capital and operation costs.

Many small communities in Minnesota have rates much higher than the 1.4% benchmark, primarily because of the lack of economies of scale in small towns.

Since Lanesboro's 2010 median household income was \$44,432, it appears that an average monthly sewer charge of about \$51.75 would be considered affordable, at least by government agencies which administer various infrastructure loans and grant programs.

**Has the city hired an engineering firm to assist in the creation of 1) a detailed wastewater treatment facility plan?**

In July 2014 Lanesboro received a \$30,000 grant from the USDA. Davy Engineering completed a Design Conditions Report and searched for possible locations for a new plant.

On September 27<sup>th</sup> 2018, the Lanesboro City Council and the Lanesboro Public Utilities Commission approved Bolton & Menk to complete a Wastewater Treatment Facility Design Plan.

**Does the state or federal government offer financial assistance for sewer system improvements? What loan or grant programs might be available to Lanesboro?**

Yes, both state and federal funding is available to assist municipalities with sewer system capital improvements.

The state of Minnesota has a Wastewater Infrastructure Funding (WIF) program which provides grants to municipalities, depending on priority ranking of the project (MPCA maintains a Project Priority List), readiness to proceed and eligibility and affordability criteria established by state statute. (Minn. Stat. 446A.072 Subd. 3 and 5(a).)

By statute, WIF recipients must establish a system replacement fund, with annual deposits of \$.050 per 1000 gallons of wastewater flow. The municipality holds the funds in a dedicated system replacement account.

The WIF program is administered by the Minnesota Public Facilities Authority. It is used in conjunction with two other programs – the Clean Water Revolving Fund (CWRF) loan program and the USDA Rural Development grant and loan program. It provides funds for rehab or replacement of both collection systems and WWTF's.

USDA Rural Development grants and loan program

This federally funded program is available to small rural communities with median household incomes below the non-metro state average, which was \$63,500 in FY 2016 according to the U.S. Dept. of Housing and Urban Development (HUD). It

appears that Lanesboro would likely be eligible for this program, as Lanesboro's median household income in 2010 was \$44,432. The city has already received a USDA planning grant of \$30,000.

Rehab or replacement projects eligible to receive a USDA grant may receive a WIF matching grant "for up to 65% of the grant eligible amount determined by USDA Rural Development". PFA 2016 Wastewater Infrastructure Fund Report, p. 3.

Report information gathered and written by Peggy Hanson, updated by Michele Peterson, City Administrator/Clerk.