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**CITY OF EUREKA SPRINGS
COUNCIL MEETING
TUESDAY, May 12, 1998**

**SPECIAL MEETING
8:30 A.M.**

1. Meeting with John Quinn from McClelland Engineering to discuss Rural Development Grant.

**PUBLIC HEARING
9:00 A.M.**

1. Waste Water Rates.

**IMMEDIATELY FOLLOWING PUBLIC HEARING
CITY COUNCIL MEETING**

AGENDA

CALL TO ORDER

ROLL CALL, ESTABLISHMENT OF QUORUM

PLEDGE OF ALLEGIANCE TO THE FLAG

APPROVAL OF THE AGENDA:

APPROVAL OF THE MINUTES: Regular meeting, April 14, 1998 Regular meeting, April 28, 1998

OLD BUSINESS:

1. Ordinance No. 1783A, increase water rates, (Third Reading 5/12/98)
2. Ordinance No. 1785, Request to vacate portion of The Boulevard in Block 28, Clayton Survey.
3. Ordinance No. 1784, Concerning Mopeds, (Third Reading 5/12/98) NEW BUSINESS:

1. Resolution No. 447, To designate the City Administrative Assistant as the City's representative on the Four County Regional Solid Wastes Management District.
2. Proclamation For National Preservation Week, May 10-16, 1998.
3. Permission requested for Public Works to assist the Parking Authority on the Main Street Parking Lot.

MAYORS COMMENTS:

ADMINISTRATIVE ASSISTANT'S REPORT:

DEPARTMENT HEADS COMMENTS:

COMMISSION, COMMITTEE, AND "AUTHORITY" REPORTS:

Vacancies:

Parks, Position 1, expires 5-02 -Appoint: Glen Strange

Parks Position 4, expires 5-00- Appoint: David Sisco

Planning Position 5, expires 1-1-01 Position 6, expires 1-1-00

PROJECTS ON HOLD:

McClelland Engineering, Sewer, Sidewalks, Parks, Grant Work in Progress

Ordinance No. 1782, amending the sign Ordinance to allow display of banners.
 Ordinance No. 1780, sidewalk Ordinance (Land use Attorney)
 Ordinance No. 1779, providing a pay back plan for private persons utilizing an
 existing water or sewer line(s) that was initially paid by a private person.

ADJOURNMENT

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The Special City Council Meeting was called to order by Mayor Barbara A. O'Harris at 8:30 a.m. on Tuesday, May 12, 1998, in the Courtroom of the Western District Court House. The meeting was called to discuss the Rural Development Grant.

PRESENT: Mayor O'Harris, and Alderpersons Watson, Zeller, Christman, Jeffrey and Freeland. Alderwoman Seratt was absent.

ALSO PRESENT: Robert White, Johnny Quinn,
 . Alan Long, David Dempsey, Earl Hyatt, Kirby Murray, Don Matt, Jack Van Cautill, Ray Rasor, Robert Miller, Nikki Salazar, Pat Matsukas, Kim Dickens, Jay Miner, and Clerk Lee.

Johnny Quinn said that he had brought Robert White, his technical expert, with him to answer any questions that may come up. He said he was going to try to keep it from being any more complicated than it already is. He said that collectively, we have embarked upon a plan to fund Phase 1 of the facility plan. The issue now is whether to fund all of Phase 1 of the plan initially through a revolving loan fund project which would be short term, or break up the Phase 1 project into some parts and defer part of the Phase 1 project, hopefully for two to three years, so that we possibly can take advantage of some Rural Development Grant money.

He would like to see the Council in agreement on whether to defer any of Phase 1, to try to get some grant money, and if so which parts of Phase 1. There are four or five components of Phase 1.

If the City is going to apply for a Rural Development Grant, he would encourage the Council to give consideration to putting some of Phase 2 in with the grant application. Two to three years down the road, we don't know what our economy will look like and how ready we will be to do some of the things, such as more unsewered areas, composting, treatment plant expansion, etc. Two to three years is a long time to wait if we don't apply for enough money and we have to go back and apply for more. Mr. Quinn has contacted Rural Development, Mr. Jerry Honey, in Harrison. He can't put anything in writing, but his words of encouragement were, if the City asks for more than we want or need, the City can pare it back, and tailor it to what we really need. It would affect the amount of dollars that are granted, but it can be worked out at the time that the grant package is offered. His concern is that the City does not lock itself into a bigger project if we get there in two or three years, and we don't need to do everything that we

thought we would or we can't afford to do it all. Mr. Quinn's questions were:

1. Do we want to defer any of Phase 1 into the Rural Development Grant, and if so, what parts?
2. Do we want to put any of Phase 2 into the same Grant application?

Mayor O'Harris asked if the City would be in trouble if Phase 1 were deferred for two to three more years to get the grant, and then we didn't get the grant?

Mr. Quinn said that we are perceived to be working seriously on this problem, and that the nitrate/nitrite problem is included in the Phase 1 part of this project. The nitrate/nitrite problem is mandatory. The consensus has been that it would be in the Phase 1 part of the project, and part of the money would come from

The Mayor voiced her concern that the City would have to move the Wastewater Treatment Plant to another location, because we are holding 'off on some things.

Mr. Quinn said that potential deferments would be any kind of work expanding the composting facility, unsewered area work, and interceptor work under Main St. The only other two components would be the treatment plant, which the City plans to do all of, and the infiltration/inflow problem. Since the City has no idea how large that problem is, they can't say whether to defer or not.

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The Mayor asked it that meant that the North Main St. paving would have to be on hold, and that is the case, because it would have to be torn up at a later time to replace the sewer line.

There was a discussion about what possibly would be included in the grant application for Phase 1 and what parts of Phase 2 might be included. There was a long discussion about that but no action was taken.

Mr. Quinn said it is his understanding that there is no deadline for filing the grant application. They accept them all year long. The decisions about who to fund are decided at the end of their fiscal which is basically September 30th. They know what Congress has allocated by that time. Alderman Freeland asked if we can have our grant application packet ready by September 30, 1998. The engineering company could foresee no problem. Mr. Quinn said the "rule of thumb" is to plan on a project like this taking two to three years to work its way up into the priority pecking order. It could take two years. If we wanted all loan money, it would only take one year. We don't know if Congress will be still extending this grant money in two to three years. There is no reason to think that they're not. This is 1998. The census numbers could change our eligibility status, but most probably the information wouldn't be available to affect this application.

Alderman Zeller asked about the paving plans that the State Highway Department is developing to do through town.

Mayor O'Harris said the work is going to be done. They will start with downtown, and work up

Planner Hill before they do North Main St. As far as a time table, the City has no idea just when they will start. It is very hard to get a company to do concrete work in the first place, and it is even harder when they will have to do it in small sections. The main problem is routing people around the areas where the work will be done. Also, they will not consider letting the City use our force account for the work.

Alderman Zeller said that in the ad hoc committee they discovered that if the City went for the PC&E loan, the amount of extra money the City would raise with sewer increases both this year and next would still be in shortfall of the amount needed to make monthly payments on the loan. That is why the idea was formed to break up the Phases into smaller parts. PC &E will not even loan the City money unless the first phase includes infiltration/inflow. If we do that, we have to increase the composting facility to accommodate the increased amount of sludge that will be collected. She then asked, if the City received money from a grant, and we didn't need to do a project, could we do something else on one of the other projects, or will we lose the money?

Mr. Quinn said it is a fuzzy area. Rural Development money is aimed at getting services to the rural areas. In his opinion, their money would be aimed more at sewerage the unsewered areas and that the treatment plant would be large enough to accommodate everyone that may discharge to it. They would have to do a reassessment if we decided to change the way we wanted to spend the money. If we qualified for the percentage of the larger amount of money, then we would be more apt to qualify for the lower amount. There is really no way to know until the City has the numbers for each project. Mr. Quinn said he feels that they would probably not be favorable to using the money any other way. They have other places that they can put the money.

Alderman Jeffrey said that as long as the unsewered areas remain unsewered, the City is missing out on revenue that would help pay for the project. Deferring that would defer income that would be realized. Before the City can even consider the unsewered areas. He felt that the City had postponed that project for such a long time, that we really cannot postpone it any longer.

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Alderman Freeland asked Kirby Murray about increasing the compost facility. He asked how much it would cost the City to haul sludge if we couldn't increase our facility.

Mr. Murray said that about three years ago, he did a study on the costs of hauling versus composting our sludge. Right now it costs the City about \$7000 annually to haul to the composting facility. It costs about \$21,000 annually to haul the sludge away. Then it adds to the landfill problem, which is critical. The price to haul sludge has doubled from one year to the next. In 1992 it cost \$12 a ton to get rid of it. Then it jumped to \$32 per ton, and 2 or 3 years ago, it was around \$42 to \$44. It has to be hauled to either Oklahoma or Kansas, so it gets more and more expensive. Composting does three things: It costs much less, it develops a product that everyone wants for their own use, and it cuts down on what is hauled to the landfills.

Mr. Murray said we cannot sell it. We produce quite a lot, but it is not enough to go through all the testing,

and every thing that has to be done, plus the liability, in order to sell it. There would have to be a label saying not to use it for food growing, just for flowers and shrubs. He explained the steps and the time involved to make a finished product, plus storage. Everything has to follow stringent codes imposed by the government. The cost would be prohibitive to prepare it for sale. He said 500 cubic yards of sludge at 30% solids is produced every year. Then, they add about 60% of solids to produce the compost and that is reduced during the composting process, so it is hard to say just what amount is produced every year.

Alderman Freeland said the composting facility could be deferred at not a very high cost. The North Main surface may be able to be a temporary black top surface for right now, until we could get to the sewer line under there. If we proceed on this Street today, we are looking at money lost in grant money, because we will have to do it with loan money. He said he hated to see us go ahead just because we started something some years ago.

Mayor O'Harris said that we have gone from dealings with the State when they would not do anything but blacktop in 1995, to now when they have agreed to do concrete the whole way. This means that the whole road has to be dug up and replaced because it has waited so long the ground is uneven in underneath. We are not insisting on pushing forward just because it has been started. We are doing what is necessary to have the road replaced with a brand new concrete roadway, and it has taken us years to get to this place.

Mr. Quinn said his recommendations are that the City not defer anything in Phase 1 and apply for the revolving fund loan. Then put Phase two in the Rural Development Grant. The reasons are that composting needs to be expanded, we could defer the unsewered area because that will be one of the main things that Rural Development will be interested in, and the Main Street interceptors should not be deferred because the citizens have been promised that it would be taken care of. He understands that the two rate increases are not going to cover everything, and that a third one will most probably be needed.

Alderwoman Zeller said she did not think that the money the City is collecting in rate increases would be enough to cover our loan payments. Alderman Jeffrey said he thought it would be close, but that there would be enough money. He said approximately \$220,000 would be collected in the first year, and approximately \$150,000 in the second year's rate increase. That is around \$370,000 to \$380,000. The City is getting a head start so that we can accumulate some money before the payments begin. For 3 1/2 million dollars, the service on that should be very close to the amount that we will have. He feels that what we have coming in would service the loan. The loan will be for ten years from the time we start using the money and the City will have almost three years of collections before we start making payments. He said it may be close, but he believes it will be enough.

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Mr. Quinn said in regard to any money that ADCP&E loans the City, under the revolving loan plan, Kirby has applied for and will be able to use the force account to do the work. Kirby has proven that in the past, anytime that he has used the force account, he has saved the City about

30%.

ADCP&E said, you can use our money. The Rural Development said no, you cannot use the force account. You need to put the job out for bids. The Council asked Kirby Murray what parts of the project the force account could do to save us money. He said that they could do all of the pipelines, piping related to the sewer plant renovation, and unsewered areas, and also do some of the work on the expansion of the compost facility. All that needs to be done there is to prepare the ground, and lay the concrete slab over it, and go from there.

At that time, the Mayor suggested that any more discussion be moved into the regular Council Meeting. She said there were people present who came to speak at the public hearing, which would begin as soon as this meeting was over.

Alderman Zeller made the motion to move the rest of the discussion and the vote to the regular meeting. Alderman Watson seconded. All were in favor, 5/0/0.

The motion was made and seconded to adjourned, and all were in favor, 5/0/0. The meeting was adjourned at 9:23 a.m.

APPROVED:

BARBARA A. OHARRIS, MAYOR
ATTEST:

MARY ANN LEE, CITY CLERK-TREASURER