



2. Palmer Southwest Utility Extension – Sewer \$1,000,000

WATER UTILITY

1. Palmer Steel Water Main Replacement, Phase IV \$ 735,000

2. Palmer Southwest Utility Extension – Water \$1,000,000

When asked about the Arctic Avenue project, Mr. Koch stated that the Arctic Avenue project has been funded and explained which lines are in need of replacement. Discussion ensued regarding roads that would be paved as a result of the utility upgrades.

Discussion ensued regarding reversing the order of priorities and the specificity of the grant funds.

Mr. Koch explained the Alaska Street project, the facilities serviced by the project and potential funding sources. He addressed the issue of storm drains on Gulkana and explained that the project is a low priority at this time.

**M/M** by Pippel to amend the primary amendment to reverse the priorities to list #2 in each category as #1.

**Seconded** by Erbey. Motion carried by 4 -2 (Pippel, Hanson) voice vote.

City Manager Healy explained that he will meet with the hospital on September 8, 2004, to discuss the project's accelerated schedule and related costs. He stated that a schedule will be developed to identify eligible costs and potential areas served by the improvement. He stated that a sunset clause as well as a mechanism to determine how the fees will be charged for properties that connect to the system will be developed. He explained the Levy Upon Connection process, the RCA statutes regarding lines running along properties and contributions in native construction.

Discussion ensued regarding recovery of funds from users, hook up and usage fees.

City Manager explained the distinction between the available grant funds and the funds contributed by the City. He stated that it is a matter of where the City places its priorities. He stated that the Southwest Utility Extension Project is a large scale project and explained the need to have as many funding sources available to ensure its success.

Mayor Cooper pointed out that typically an end user contributes all of the costs associated with utility connections.

Council Member's Pippel and Hanson expressed their dissatisfaction over the lack of receiving "a plan" which would indicate Triad's costs and responsibilities. Council Member Hanson stated that it is necessary for the council to understand the City's strategy for cost recuperation.

Council Member Combs explained that the City committed to build the line extension and stated that perhaps the other identified projects should be addressed next year.

Discussion ensued regarding bond cost recuperation methods, allowable grant recovery fees and other projects in needs of completion and funding.

VOTE ON MAIN MOTION:	Motion carried by 4 -2 (Pippel, Hanson) voice vote.
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**F. ADJOURNMENT**

With no further business before the Council, the meeting adjourned at 8:34 p.m.

**APPROVED THIS 28<sup>th</sup> day of September, 2004.**

\_\_\_\_\_/s/\_\_\_\_\_  
Jim Cooper, Mayor

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Janette M. Persinger, City Clerk