

Spotlight On: New APWA-MN Board members



Kristin Asher, APWA-MN Director/Engineer-Manager, has been employed with the City of Richfield for the past seven years. Previously, she was assistant district traffic engineer with Mn/DOT District 6 and worked as a structural engineer with Parsons Brinckerhoff.

Kristin has been a member of the APWA/MN Chapter since 2004, and graduated from the first class of the APWA-MN Leadership Academy.

She has served as past president of WTS Minnesota, and on multiple professional committees, including Local Road Research Board, Storm Water Technical Advisory, and Minnesota Roundabout Conference Planning.

Kristin and her husband, Carl Osberg, who is a structural engineer at URS, live in south Minneapolis. Together, they enjoy gardening, kayaking, golfing, relaxing, entertaining, and experiencing life through the eyes of their 2 ½ year-old son, James.



In her free time, she is trying to develop her photography skills, does a little stained glass here and there, and stays active in the warm months by biking, walking, and chasing her son around the city parks.

If Kristin had a super power it would probably be her ability to “out fish” anyone, anytime, anywhere!



Judd Genereaux, APWA-MN Director/Vendor-Contractor, has been employed with MacQueen Equipment for 11 years.

He has been active in the APWA-MN Chapter for five years. He has participated

in the APWA-MN Golf Outing since 2006, attended the Spring and Fall conferences since 2004, and the APWA National Congress since 2002.

He is a 2000 graduate of UWEC School of Business, became a vice president at MacQueen Equipment in 2010, and received the Presidents Challenge Award in 2011 from Elgin/Vactor.

Judd has been married since 2000 and has two sons, ages 3 and 5 ½. He enjoys fishing snook and tarpon in Florida, smallies and muskies on the St. Croix, ice fishing for lake trout in Canada, bowhunting for whitetails, getting involved with youth sports and activities, and getting involved with activities and meeting new people around Hudson.

Judd’s middle name is Brule, after the famous river in northern Wisconsin. Following this tradition, his first son is named Franklin Croix, after the famous river that borders Wisconsin and Minnesota.

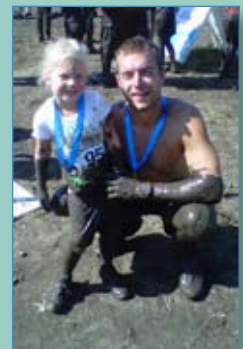
Chris Petree, APWA-MN Director/Superintendent, has been with the City of Lakeville for the past 2 ½ years. Previously, he was public works director with the City of Hugo for more than nine years and prior to that worked for the City of Apple Valley.

Chris has been involved with APWA-MN Chapter for almost 11 years. He has been a member of the Education and Training Committee and currently serves as vice chair. He has also served as liaison for the spring and fall maintenance expos.

He received the 2009 APWA National Award for Exceptional Performance Award for his role in responding to the tornado that hit Hugo in 2008.

Chris and his wife, Nora, have a 5 ½ year-old daughter, Greta, and a dog, Gus.

He enjoys coaching Greta in youth hockey and soccer, and participating in triathlons and multi-sport events. His big event for 2011 is Ironman Wisconsin in September.



Calendar of Events

March 29	Feed My Starving Children (Eagan, Chanhassen & Coon Rapids)
April 6	APWA Self-Assessment/ Accreditation Workshop (Shoreview)
April 12-13	Spring Expo (St. Cloud)
April 14	Executive Committee Meeting
April 14	Writing to Get Things Done Workshop (Woodbury)
April 28	Writing to Get Things Done Workshop (Minnetonka)
May 11-13	Spring Conference
May 15-21	National Public Works Week
July 7	Executive Committee Meeting
July 14	Summer Golf Outing

For the latest information or to register for training opportunities, visit the APWA-MN Chapter website at minnesota.apwa.net.

Join us at Grand View!



The Minnesota Chapter will hold its annual Spring Conference at Grand View Lodge in Nisswa on beautiful Gull Lake, May 11-13.

Based on feedback from the membership as part of our chapter survey last fall, this “management-focused” conference has been redesigned to better address the needs and desires of the public works community. The Conference Planning Committee has developed an agenda that will provide great training in an environment that is conducive to learning from each other and from the experts.

Our keynote speaker is former WCCO news anchor Don Shelby. Don will enlighten us on how to interact with the media, and share stories with us about his days in the television and radio business. We have also lined up local and state communication experts, as well as experts who will impart their knowledge with us on the state’s current political process and legislative initiatives. Thursday afternoon will be filled with opportunities to learn about central Minnesota’s outstanding water resources, trails, and other public improvements.

Please watch for more information about the conference that will be distributed electronically via the Chapter Administrators email in mid-March, and plan on joining us at Grand View!

Submitted by
Jeannine Clancy, APWA-MN Vice President
Bob Cockriel, Co-Chair, Conference Committee

Save the Dates:

The **Minnesota Spring Maintenance Training Expo** will be held April 12-13 at the Saint Cloud Civic Center. The Expo is presented by LTAP, and is sponsored by the Minnesota Chapter of APWA. It focuses on spring and summer roadway maintenance issues, including the latest practices, training, and technologies in Minnesota maintenance operations. For more information, visit www.mnltap.umn.edu/expo.

The Membership and Special Events Committee is working on a **Technical Tour of the Metrodome**, which will be held on either April 27 or 28. The tour will be from 12-2 p.m., and includes lunch in the Press Box. Find out what happened to the Metrodome roof and what is being done to prevent it from happening again. The tour will be limited to the first 100 registrants, so watch your e-mail for more information.

The **Summer Golf Outing** is changing based on your feedback to the recent survey. The outing will be held July 14 at Bunker Hills Golf Course in Coon Rapids. Tee off will be at 12:30 p.m. Check your e-mail for more information, and “Think Green(s)”!

Chalkline is a quarterly publication of the Minnesota Chapter of the American Public Works Association (APWA-Minnesota Chapter). Publication dates are March, June, September, and December. Articles for the Summer 2011 issue may be submitted for consideration by May 20 to *Kathy Warren* at kwarren@usinternet.com. Past issues of the *Chalkline* are available in PDF format on the APWA-MN website at minnesota.apwa.net.



APWA-MN
President
Mark Maloney

Message from the President

I have to confess that I'm still awestruck by the idea of being in a leadership position for this great organization. I'm blessed both personally and professionally to be able to address you as 2011 APWA-MN Chapter president. Thank you for this opportunity, and know that I'm excited to be part of maintaining the tradition of excellence for which this organization is well-known.

For the past few years I've been studying the things that define our Chapter's success. It starts with our core mission — to provide education and outreach for the public works industry. Our signature programs (e.g., Spring/Fall Conferences, Summer Golf Outing, Technical Tours, Underground Utility Inspector's School, etc.) remain true to this mission, and provide tremendous opportunities to keep us connected and up-to-date on issues and topics that are important to our function. In spite of the challenges of these economic times, we continue to enjoy great participation in and financial support for our events and educational programs.

The real strength of this Chapter is what you, the members, bring. Our 900+ members reflect the amazing diversity of the public works industry. State, county, and city organizations make up our public-sector membership. Specialized consultants, software developers, equipment sales and support are some of our private-sector members.

The Chapter's work program is accomplished through our highly-effective committee structure that relies on expertise from all the public works market sectors and membership demographics. I invite you to look into our many committees and find somewhere to plug in; we need your contributions!

The public works industry in this state has decades of demonstrated accountability and leadership that has contributed greatly to the quality of life that Minnesota is deservedly proud of. Over the past two years the Chapter has continued the high standard of leadership that we've come to expect. The MN2050 Initiative, led by 2009 Chapter President Dan Gage, brings APWA-MN Chapter into a partnership that is garnering much needed publicity to the future of public infrastructure in the state of Minnesota. 2010 Chapter President Dave Hutton continued the tradition of raising the bar by working hard to adapt our education and outreach efforts to the needs of our members.

My observation is that it's been preferable for us to do what we do, year in and year out, in an understated manner with little fanfare. Given the increasing pressure on financial resources, and the ensuing dialogue concerning the value of public services, it's more important than ever for us to help those we serve to understand what we do.

Fellow Minnesota Chapter members, I am repeatedly shown that you and your organizations are nationally recognized for innovation and excellence in public works. You've earned that recognition by the hard work and dedication of active members from all of the facets of our industry, and both public and private sectors. It would seem that we have an important story to share. Please help people understand who we are and what we do!

Again, thank you for your trust and confidence. I'm looking forward to working together to keep our profession in high regard and to usher in the exciting changes that lie ahead.

Mark Maloney, APWA-MN President

APWA-MN scholarship applications now available

Yes, it's free money for college. But it's not just about the money. It's about jump-starting a career.

Scholarship applications will be distributed in March to colleges and technical schools for the 2011-2012 school year. Applications are due June 10.

Each year, APWA-MN awards:

- One \$1,500+ college scholarship (Dewey Kasma Scholarship).
- Four \$1,000 college scholarships.
- Four \$750 technical school scholarships.

Applicants must be a junior or senior in a college's civil engineering or public works administration program; or going into their second year of a technical school's public works related program (i.e., forestry, water treatment, waste water treatment, fleet management, engineering technician, or surveying).



Students. Please specify if you need a college or technical school application. Preference will be given to APWA-MN members, their spouse, or dependents.

Employers. If you have an intern or student worker, please encourage them to apply.

To request an application, contact: Daniel Fick, Metropolitan Council Environmental Services, 390 Robert Street North, St. Paul, MN 55101-1805. Phone: (651) 602-1061. Email: daniel.fick@metc.state.mn.us.

Submitted by **Daniel Fick**
Chair, Scholarship Committee

Audit Committee members serve as stewards of Chapter finances

For many years, a small group of dedicated members of the organization have served as the Minnesota Chapter's Audit Committee. These members are stewards of the Chapter's fiscal resources as well as the Chapter's reputation. The purpose of the Audit Committee is to maintain the Minnesota Chapter's financial credibility and overall integrity. In addition, the Audit Committee serves as an advisor to the Chapter secretary/treasurer.



In the early part of each year, the Audit Committee convenes and reviews the work of the outgoing secretary/treasurer. They plow through invoices, receivables, IRS forms, and the Chapter budget. The work generally takes an entire morning of effort, and from time to time, requires some follow-up. The repercussions of failing to manage the Chapter's finances in an appropriate manner can result in loss of membership dues from the national organization, which is obviously a significant consequence.

According to **Mark Burch**, City of White Bear Lake and Audit Committee Chair, "The Committee has observed the ever-increasing sophistication of managing the Chapter's finances. At one point, the work could be contained in a small folder. Now the Chapter maintains most of its records on software programs maintained on the Chapter's laptop. In 2011, it will evolve again as the Chapter contracts with the APWA to perform bookkeeping tasks."

In addition to Mark, other members of the Audit Committee include **Mike Rardin**, City of St. Louis Park, and **John Sachi**, City of South St. Paul. All have served in excess of five years on the Committee.

Submitted by **Jeannine Clancy**
APWA-MN Vice President

Delegate's Report (February 2011)

Membership. APWA's overall membership count as of January 2011 is 27,979, a decrease of 3 percent compared to one year ago. However, the Minnesota Chapter has gained members (+0.67 percent) with a total of 908 members. The first-time member campaign will continue throughout 2011. Anyone who has not previously been a member can join APWA for \$70.

Leadership training. The 2011 APWA Chapter Leaders Training Workshop was held in Kansas City, Mo., Feb. 24-26. Minnesota sent three representatives. More than 90 chapter leaders were represented at the workshop.

Educational opportunities. There are many upcoming educational events sponsored by APWA. Please visit www.apwa.net/education for more information and to register for these educational offerings.

The APWA Sustainability in Public Works Conference will be held June 27-29 in Portland, Ore. The conference is designed to explore and promote the evolving role of public works professionals in the creation of sustainable communities.

The 2011 North American Snow Conference will be held in Spokane, Wash., April 10-13, 2011. Registration information is available on the APWA-MN website.

Legislative updates. APWA is collaborating with ASCE and ACEC to jointly develop a sustainable infrastructure project rating system. The rating system will provide guidance to engineers and public works practitioners as they plan and deliver infrastructure solutions that achieve higher levels of sustainable performance in the community and environment, while being responsible stewards of public and private spending.

The rating system will also include a comprehensive set of resources and guidance materials as well as project rating, system tools, and methodologies. The partnership between APWA, ASCE, and ACEC is a new non-profit organization called the Institute for Sustainable Infrastructure.

NLC, NACo, and NACE joined APWA in writing a letter to members of the House of Representatives, urging them to support transportation investment and reject a change in House rules that would end guaranteed funding. The letter was part of a broad national transportation stakeholder campaign to protect transportation funding and urge Congress to focus on completing a multi-year transportation reauthorization.

APWA filed comments with FHWA, EPA, and FEMA on three separate issues. APWA filed comments expressing concerns about the increasingly prescriptive nature of the MUTCD and its unfunded mandates. APWA also submitted comments that included a recommendation to EPA not to move forward with its proposed changes to the storm water program, and to FEMA with recommendations to improve the National Flood Insurance Program.

National Public Works Week. This year's celebration will be held May 15-21, with the theme of "Public Works: Serving You and Your Community." The week brings attention to the importance of public works and seeks to enhance the prestige of the often-unsung heroes of our society — the professionals who serve the public every day with quiet dedication. APWA encourages public works agencies and professionals to take the opportunity to make their stories known in their communities.

Submitted by **Angela Popenhagen**
APWA-MN Delegate

Welcome, new members!

The APWA-MN Chapter welcomes our newest members:

- **Charles Almhjeld**, City of Victoria
- **Steve Arndt**, City of Farmington
- **Charles Glossop**, Global Snow Solutions
- **Jeff Houle**, S E H Inc
- **Steven Kummer**, City of Maplewood
- **George Linngren**, City of Blaine
- **Colin Manson**, City of Apple Valley



- **Edward Matthiesen**, Wenck Associates Inc
- **Carolyn Nelson**, Global Snow Solutions
- **Stefan Nelson**, City of Fergus Falls
- **Beth Carolyn Peterson**, HD Supply
- **Jeremie Schossow**, City of Perham
- **Paul Thom**, HD Supply

Communications efforts continue to evolve

The Chapter Executive Committee knows that access to useful and current information is one of the Chapter's primary functions. The Communications Committee continues to work toward improving communication efforts with the membership in several different ways.

The *Chalkline* newsletter was completely redesigned in 2008 to add both color and content. We are proud of the improvements that have been made, as well as the savings we have incurred in printing and mailing costs by distributing the *Chalkline* electronically to most of our members.

However, we are also committed to continuing to improve the *Chalkline*. As part of that effort, we are proposing to enhance the connection between the newsletter and the website, and to also begin electronic only distribution by 2012. Similar to other APWA publications, this will allow members to be linked directly from their e-mail notification to the *Chalkline*, providing better access to articles and information.

We are always looking for content for the *Chalkline* and website that is useful to our members. In particular, we look for articles that share our member's knowledge or best practice with their peers as part of our Idea Center. We encourage a full page of 500 words and pictures to help explain your idea. If you would like additional information, or would like to submit an article, please contact John Rodeberg at jrodeberg@sehinc.com.

Our new Website Development Task Force began meeting in January, gathering input for developing a more useful and friendly web site. Over the next several months the Task Force will identify the character, content, and functions that they would like to see in our website. Once this effort is completed, the Task Force will work with the Executive, Communications, and other Chapter committees to determine our next steps.

APWA, which provides the Chapter website template, has noted their continuing commitment to serve the Chapter's needs, but the current template limitations have not allowed the Chapter to develop the website as we would like. We will continue to work closely with

APWA and our membership, and would appreciate your thoughts regarding features that you would like to see in the new site. The Website Task Force minutes are available on the website, and you can contact Task Force Chair **Charlie Wild** at cwild@ci.bloomington.mn. us with your thoughts or comments.



The Communications Committee is also evaluating the value and feasibility of other Social Media options (Twitter, Facebook, YouTube, LinkedIn, WeArePublicWorks.org, and others). We are moving ahead cautiously, as we know how much effort it takes to develop and sustain these efforts with a volunteer group.

The Executive Committee is proposing to start using electronic voting this year, and not paper ballots. This process has worked extremely well for many APWA chapters, as well as for CEAM. As with the *Chalkline*, this will allow the Chapter to increase the information provided and streamline our operations, while saving cost and effort.

Please support our communication efforts by updating your membership information on APWA's web site (apwa.net). Although the Chapter Administrator previously was able to update this information, it now needs to be updated personally by each member through their own account.

This requires members to go to the APWA site and login. Once you have logged in (which will require you to set up an ID and password if you have not already done so), you need to go to the "Manage Account" and then "Contact Information" link so you can check and update your contact information. You can also go to the "Communication Preferences" link to manage how you are contacted. Twelve percent of our 900 members currently don't list their e-mail addresses, thus they will not receive email list-serve notices about the *Chalkline*, events, elections, or other important information.

Thanks for your help in our communications efforts!

Submitted by John Rodeberg
Chair, Communications Committee

Remember to budget for APWA-MN training events

As we begin to prepare funding requests for our 2012 budgets, think about staff development, succession planning, and who will be your future public works leaders. In addition to spring and fall conferences, APWA-MN offers the following staff development opportunities:

Leadership Academy. The Leadership Academy is a mini-masters program that provides practical knowledge, tools, and skills that public works professionals need to manage effectively. The academy is partnered through Hamline University and provides 90 hours of training, meeting one and a half days a month for seven months. Class size is 25 students and targeted toward emerging and current leaders in the public works field. Detailed information is available at www.hamline.edu/business/graduate/mnwpa/index.html. The academy runs from October to May, allowing the program's \$2,600 cost to be spread across two budget years.

Public Works Certificate Program. The Public Works Certificate Program has been in existence for over 30 years. Partnering with North Hennepin Community College, the program provides future supervisors with the broader picture of public works and its interactions with other departments and agencies. It is a 22-credit program made up of four semesters of public works

classes and two semesters of English classes; a total of 320 hours of classroom instruction.

More information is available online at www.nhcc.edu/main/ProgramsAndMajors/ProgramsAndMajors/PublicWorks.aspx. Tuition is about \$180 per credit, or \$720 for each of the four-credit courses.



Underground Utility Inspector School. While Mn/DOT offers training and certification for roadway construction, there is a lack of available training for inspectors of underground utility construction. The Underground Utility Inspector School (UUIS) addresses this gap, along with providing training on project administration, communications, and record

keeping. The UUIS consists of eight half-day classes held once a month from October to May. Class size is limited to 25 students. Tuition cost is \$490 and includes a copy of the APWA construction inspection manual.

If you have questions or would like more information about these APWA-MN training programs, contact **Tom Montgomery**.

**Submitted by Tom Montgomery
Chair, Education & Training Committee**

Membership Committee offers networking opportunities

It all started with a typo.

The word was supposed to be “run-off”, a common word used in an engineering document, but it ended up as “fun-off”, and then staff’s wheels started turning.... just what is a fun-off?

They came up with a few ideas:

1. A really great time, a carnival atmosphere! (Summer Golf!)
2. To exit early, log off, i.e., “I’m going to fun-off early today” (gotta get to that MPWA tour).
3. A competitive comedic event; “How did you do at the fun-off last week?” (Can we get that hypnotist again?)
4. A downer, a person who is no fun, “Everything was fine until those engineers showed up, what a fun-off” (Fall MPWA bowling?!).

Just a reminder to all you serious hardworking types to stop and smell the roses, relax, look for those opportunities to see friends and join in the APWA-MN Membership Committee’s various activities in the upcoming year.

The committee plans to serve up the traditional fare and throw in some new ideas and events. We will be sure to have a lot of fun! Maybe even fit in a fun-off or two!



**Submitted by Sue Mason
APWA-MN Director-Consultant/Membership & Events Committee**

How to think like a developer, and act like a public works official

Cities across Minnesota own parcels of land they hope to sell for private development — sites in industrial parks, lots in single-family developments, and property waiting for redevelopment. Other cities have identified privately-owned sites they would like to see developed. The economic recession and real estate depression have left the commercial development business in turmoil. There are actions cities can take to make their sites marketable — and public works staff play a key role.

For the most part, the commercial development that will occur over the next two years will be “build-to-suits” — properties built specifically for the tenant or owner. Build-to-suit customers are usually on tight development schedules. They require land sellers to be able to act quickly, and local governments to provide timely approvals.

Don't wait until you have a prospect to sort through issues such as site access or environmental conditions. Get ready for your build-to-suit prospect and for when the real estate market turns.

Know your site. Information is worth time and money to a developer. Developers need to know:

Site access. If your site is on a county road or state highway, have conversations with your counterparts about what curb cuts will be allowed and how intersections may be controlled. What will the cost sharing arrangement be?

Environmental and geotechnical issues. Does your site require remediation or pose problems with bedrock or poor soils? Know the potential issues, and how will the developer be required to address them. Obtain a Phase I environmental study and seek grant funds to remediate the site if necessary.

Storm water requirements. Will retention ponds be publicly or privately owned? Who is responsible for building them?

Water and wastewater. Is service available or will lines need to be extended. Who pays for the trunks and laterals? Is oversizing required?

Make your site attractive. Development used to be a catalyst for making community improvements, such as removing substandard properties or streetscaping our boulevards. Now the reverse is true. Recently, a roundtable of five developers reviewed a commercial site and identified the “pretty ugly building” next door as a deterrent to future development. Developers and their build-to-suit customers want to invest in areas that are immediately appealing to their customers.

What can you do to make it more visually appealing? Can you encourage neighboring properties to add screening or a new coat of paint? At a minimum, you will want to remove buckthorn and weeds, keep it mowed and plowed, and pick up the litter.

Be prepared. The key to attracting development is to make your site “development ready” — without incurring significant costs. While many of these efforts may be spearheaded by city planners or the finance director, involvement from public works staff is essential.

Keep your fee ordinances up to date.

Developers need to calculate all city fees connected to the site at the beginning of the development process. The most significant development fees are usually for sewer and water hook-up and storm water.

Consider assessing fees and road improvements. Developers will want to know if the city is willing to assess connection charges, storm water area charges, and other infrastructure costs over a five- to 10-year period. Depending on how the city financed the improvements, assessing fees may be financially feasible.

Avoid taking actions that will limit future development and cost money. For example, do not install roads and utilities in an industrial park in advance of development. You will more often than not place the road just where the developer wants to put a building. You do, however, want to know how utilities will be brought to the site, how storm water will be handled, and whether you have capacity in your existing water and wastewater treatment facilities for future development.

Be responsive and flexible. It is very rare for land price to be the only consideration for a developer. As the land seller and local government that provides land use approvals, you must be highly responsive. You must know, sell, and prove to potential customers that you can close, and that they will be able to develop a site at the building costs they are projecting and under the timeline they need to meet. Uncertainty and surprises will kill a deal. You will need to convince buyers that there will be no major surprises if they select your site. If you know your site and get ready for development, you and your City Council will be able to make informed decisions quickly.



Submitted by Jessica Cook
Public Financial Advisor, Ehlers & Associates

Jon Erichson recognized as CEAM Engineer of the Year

Jon Erichson, Austin city engineer/director of public works and APWA-MN Board member, received the Engineer of the Year Award for 2010 from the City Engineers Association of Minnesota. The award was presented during the CEAM 2011 Annual Conference in late January.

As the CEAM Executive Committee reviewed the applications submitted for the Engineer of the Year Award, one application stood out. There was a recurring theme throughout the application and letters of recommendation of an engineer that is highly respected.

His city administrator says, "He has a way of taking the edge off of tense situations with his calm demeanor," and he is greatly respected among his colleagues and in the community.

As city engineer/director of public works, he has worked to serve the community where he was born and raised. During his 31 years of service, he has always worked keeping the best interest of the city and its residents in mind.

In his letter of recommendation, his current mayor states that Jon's recent accomplishments include a multi-phased flood mitigation project and a large annexation/sewer project. The city implemented a half-cent sales tax to help provide local funding for the flood mitigation project devised by Jon. He handles irate citizens and complaints in a very professional manner, and projects

would not have been accomplished at the level of satisfaction for those involved citizens if it had not been for Jon.

His former mayor shared that Jon is trusted by the people with whom he works, and is respected and listened to. He has helped move their city through crisis periods with authority and professionalism. She said he cares about his community and is one of the most talented, organized, enjoyable, and capable people with whom she has worked.

His State Representative says Jon sets a high standard for performance and professionalism. He has a sincere, respectful and forthright demeanor. He easily maneuvers through the maze of state and federal requirements, and is a great point person for the city and region.



Jon Erichson, City of Austin

The vice president of Hormel Foods says that Jon brings a blend of personal integrity, technical expertise, and community involvement to his position and is able to balance the needs of all stakeholders.

As State Rep. Jeanne Poppe said in her letter of recommendation, "Jon Erichson is the total package!"

Congratulations, Jon!

**Submitted by Jean Keely
President, CEAM**

Show your APWA-MN affiliation with style

Clothing that showcases the APWA-MN logo is now available from Lands' End.



To order your APWA-MN logo shirt, follow the instructions posted on the APWA-MN website.

See the "News" section under "Headlines" on the APWA-MN website at minnesota.apwa.net.

Idea Center: Financing water and sewer projects

Helping your city obtain favorable financing for drinking water or wastewater infrastructure can be a mysterious alphabet soup. We have the PFA, the USDA, MRWA, GOs, and BABs. What does it all mean?

Let's begin with a quick primer on bonds. A bond is simply an I.O.U. The city or county issues an I.O.U. (sells bonds) with the promise to repay the debt over a fixed term at fixed interest rates. For utility projects, the city pledges to repay the bonds with revenues from its water, wastewater, or storm water funds and often pledges its full faith and credit to provide a General Obligation (GO) bond. The interest on municipal debt is generally tax-exempt, allowing the municipality to borrow at lower rates than a privately-owned utility.

Because of the importance of safe drinking water and wastewater treatment to the public's health, the following programs are offered to make GO Bond financing even more affordable and accessible to municipal utilities.

PFA loans. The Minnesota Public Finance Authority provides low-interest loans for water and sewer projects. Technically, the city or county is issuing GO bonds, which the PFA purchases at below-market interest rates. The PFA loans provide both permanent and construction financing. The interest rate depends on the ranking of the project and the incomes of the residents. Eligible projects must be included on the Minnesota Pollution Control Agency's Project Priority List and the PFA's Intended Use Plan. Grants may also be available. www.positivelyminnesota.com/Government/Financial_Assistance/Infrastructure_Funding/index.aspx.

PFA Credit Enhancement Program. Administered by the Minnesota Public Facilities Authority, the program provides limited state bond guarantees, which result in higher credit ratings for cities or counties and lower interest rates on their GO bonds. If the city is unable to make a payment on the bonds, the state will make the payment, provided that funds are available in the state general fund. If the state pays part or all of a bond payment, the city's full-faith-and-credit pledge on the bonds automatically becomes a full-faith-and-credit pledge to repay the state, with interest. www.positivelyminnesota.com/Government/Public_Facilities_Authority/PFA_Infrastructure_Funds_Programs/Credit_Enhancement_Program.aspx.

Rural development loans. The U.S. Department of Agriculture provides loans and grants to greater Minnesota communities to finance water and sewer systems improvements. Once a project is approved, the USDA determines the portion of funding that will be a low-interest loan and the portion that will be a grant, based on their determination of what residents can afford to pay. www.rurdev.usda.gov/mn/cp.htm.

USDA loans only provide permanent financing so the municipality or utility will need to obtain a construction loan to finance the project. There are two primary sources for tax-exempt construction financing: the Rural Water Association of Minnesota has a bond pool and provides interim financing (www.mrwa.com/interimfinancing.htm); some projects can obtain favorable financing by having the city or county issue short-term GO bonds directly.

Minnesota Government Finance Agency Group (MGFAG). In association with the Minnesota Rural Water Association, the MGFAG will purchase a municipality's bonds at market rates. The program is a "one stop shop" and will provide financing with a AA- credit rating from Standard & Poor's. However, rates and terms are not necessarily better than what a municipality can obtain by issuing debt itself. The MGFAG is not a public entity like the PFA, and it does not subsidize the cost of funds. www.mrwa.com/flextermfinance.htm.

Build America Bonds (BABs). As part of the federal stimulus bill, Congress authorized a new class of bonds called Build America Bonds. The authority to issue BABs expires at the end of this year unless Congress extends it. When a municipality designates bonds as BABs, it will issue taxable bonds, but receive payments from the U.S. Treasury Department equal to 35 percent of the interest payment on the bonds. The potential advantage of BAB designation can be significant, but must be determined on a case-by-case basis considering market conditions, issuer credit quality, and willingness of the municipality to fulfill the extra reporting requirements.

It helps to talk to the utility's finance director or the city's financial advisor to sort out the various financing options. Most importantly, build time into the schedule to find the most favorable financing.

Submitted by Jessica Cook
Public Financial Advisor, Ehlers & Associates

News Around Town

Advanced Engineering and Environmental Services, Inc.



Scott Schaefer, PE, has been promoted to wastewater group manager. Originally from Brookings, S.D., Scott earned his bachelor's and a master's of science degrees in civil engineering from Iowa State University.

American Engineering Testing, Inc. (AET)

AET has named **Terry E. Swor** (pictured in photo on the right), PG, CEO / chairman of the Board, and **Daniel J. Larson** (pictured in the photo on the left), PE, president. The AET Board of Directors elected Larson based on his proven executive and leadership experience. A long-time AET employee and well-respected engineer, he succeeds Swor as AET's second president.



In his new position, Larson will continue to work with Swor and AET's leadership team in overseeing day-to-day operations of the company. He will also be responsible for guiding the implementation of AET's new five-year strategic plan.



David Masten joined AET in the fall of 2010. He brings 16 years of experience in materials/soils, surveys, construction, CADD management, GIS management, and computer programming for Mn/DOT. He has a bachelor of science degree in urban planning from University of North Dakota, Grand Forks, N.D.

HR Green, Inc.

Howard R. Green Company announced the acquisition of firms in Illinois and Texas in 2009. To culminate the integration of those firms into a unified organization, the company is moving forward under a single, simplified name. Effective immediately, the combined organization will begin operating as HR Green, Inc.

MFRA, Inc.

Marcus Hampton, LS, has been promoted as director of Surveying Services. With over 10 years of experience in the field of surveying, he holds an undergraduate degree in land surveying and mapping sciences from St. Cloud State University. Prior to joining MFRA in 2007, Hampton was a survey project coordinator with Schoell Madson. Hampton is also a member and past president of the Minnesota Society of Professional Surveyors, Metro Chapter.

Short Elliott Hendrickson

Karen Cavett, PE, and **Chuck Vermeersch**, PE, have been hired in the company's Mankato office. They will provide increased water, wastewater, and municipal engineering expertise. They both have degrees in civil engineering from the University of Minnesota.



Cavett for the past 20 years has designed, planned, and provided construction management services for the rehab and construction of water and wastewater treatment facilities. At SEH, Karen will play a lead role to bring more water and wastewater services to municipalities, counties, and industries in southern Minnesota.



Vermeersch has provided municipal engineering services to communities surrounding the Mankato area for the past five years. Prior to his work in the Mankato area, Chuck served as an engineer/project manager with the City of Maplewood and a water resources engineer with a consulting engineering firm.

WSB & Associates, Inc.

Anoka County has selected WSB to perform the design-build verification for the **CSAH 14 Design-Build Project**. The Anoka County CSAH 14 Design-Build Project is the first locally-lead transportation project in Minnesota to utilize the design-build process. Connecting TH 10 with I-35E, Anoka County's CSAH 14 is one of the few continuous east-west routes in the County, and is the only principal arterial. The end result will provide continuous four-lanes of traffic between two of the major highways along this corridor.



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