



STAFF REPORT

DATE: November 19, 2019

REGULAR

AGENDA ITEM: Approve Resolution Receiving Feasibility Report and Calling Hearing on Improvement for the Stonegate Addition Street and Utility Improvements

SUBMITTED BY: Jack Griffin, City Engineer

REVIEWED BY: Kristina Handt, City Administrator
Sarah Sonsalla, City Attorney
Marty Powers, Public Works Director
Chad Isakson, Assistant City Engineer

ISSUE BEFORE COUNCIL: Should the City Council accept the Feasibility Report and call a public hearing for the Stonegate Addition Street and Utility Improvements to be held at the December 17, 2019 Council meeting?

BACKGROUND: On July 16, 2019, the City Council authorized the preparation of a feasibility report for the Stonegate Addition Street and Utility Improvements. The Stonegate neighborhood is located along the south side of 10th Street North, between Inwood Avenue (CSAH 13) and Keats Avenue (CSAH 19). The neighborhood was developed as large residential Rural Estate lots ranging in size from 2.5 to 5.0 acres. The residential properties are served by private wells and individual on-site wastewater treatment systems.

The public streets located in the Stonegate 2nd Addition, including Jewel Avenue North, Julep Avenue North, and Julep Court North have been identified in the street capital improvement plan (CIP) for improvement in the year 2020. The Stonegate 1st Addition streets were previously improved as part of the 2016 Street Improvements and each property was assessed for those improvements.

Also, the City of Lake Elmo was approved to receive grant funding from the Minnesota Pollution Control Agency (MPCA) under the 2018 3M Settlement Agreement as an expedited project to extend municipal water and connect each of the 65 homes in the Stonegate 1st and 2nd Additions. The grant is in the not to exceed amount of \$4,284,300. The terms of the grant are outlined in the Grant Agreement between the City of Lake Elmo and the MPCA dated October 2, 2019. The grant agreement was approved by the City Council on October 1, 2019. The neighborhood is located in a Special Well Construction Area (SWCA) as designated by the Minnesota Department of Health (MDH) after the discovery of PFAS groundwater contamination and many of the properties have received well advisories from the MDH and are currently having their water supply treated using GAC filters supplied by the State.

PROPOSAL DETAILS/ANALYSIS: The Stonegate Addition Street and Utility Improvement project will extend municipal water into the Stonegate 1st and 2nd Additions to provide clean drinking water to each of the 65 homes. The work will be completed prior to reclaiming the streets in the Stonegate 2nd Addition as part of the 2020 street Capital Improvement Plan (CIP).

As part of the Grant Agreement with the MPCA, all households in the development, regardless of Health Based Values (HBVs), are required to connect to municipal water and to have the private wells properly sealed and abandoned as part of the project and within the timeframe of the grant agreement. To implement these State requirements for the project the city intends to levy assessments for the public improvements in accordance with the city's Special Assessment Policy and current practices. Each property will be required to connect to city water and abandon all private wells, unless exempted by the MPCA as a monitoring well, within one year after water service is made available and following written notice from the city to connect. Once the private improvements are completed the public improvement assessments levied for this project

will be considered paid in full and removed from the property, including both the watermain assessments and the street and storm sewer assessments for the Stonegate 2nd Addition properties. This assessment relief does not apply to the Stonegate 1st Addition street and storm sewer assessments from the 2016 Street Improvement project.

In order to assess all or a portion of the improvements, the city must prepare a feasibility report as required by the statutory process for public improvements that are specially assessed. The feasibility report has been completed and provides the scope of recommended improvements; estimated project costs; identifies easement and right-of-way, permits and other requirements needed to implement the improvements; recommends whether the improvements should be best made as proposed or in connection with some other improvement; and advises that the improvements are necessary, cost effective, and feasible. The report also includes a preliminary assessment roll for each of the benefitting properties based upon the city's Special Assessment Policy for Local Improvements.

The total estimated project cost is \$4,284,300, with \$2,480,000 for the public watermain improvements, \$1,004,300 for the private water service connections/well abandonment work, and \$800,000 for street and storm sewer improvements within the Stonegate 2nd Addition. The proposed public watermain assessment is \$38,200 for each of the 65 residential properties in the Stonegate 1st and 2nd Additions, based on assessing 100% of the public watermain improvements on a per REC basis. The proposed street and storm sewer assessment is \$7,300 for each of the 33 residential properties in the Stonegate 2nd Additions, based on assessing 30% of the street and storm sewer costs on a per unit basis. Assessments for street and drainage improvements will be levied over a 15-year period. Assessments for new watermain improvements will be levied over a 20-year period. All assessments that are not waived and removed from the property will be charged an interest rate of 1% over the bond rate for the project.

FISCAL IMPACT: The total estimated project cost is \$4,284,300. The improvements will be funded through a grant from the MPCA under the 2018 3M Settlement Agreement as an expedited project, and in accordance with the MPCA-Lake Elmo Grant Agreement dated October 2, 2019.

The City will contract for the public improvements located within the public right-of-way, make payment to the contractors and submit invoices for reimbursement through the MPCA Grant. The City intends to use fund reserves for the public improvements to pay the up-front project costs and to cover any city cost participation. Project invoices will be periodically submitted to the MPCA for grant reimbursement in accordance with the terms of the grant agreement. The private water service connection and well sealing work will be contracted separately by each individual property owner. Eligible private property costs will be paid from the MPCA Grant on a reimbursement basis through the city. This reimbursement applies to the contractor costs to install the water service line from the right-of-way to the home connection, the costs to abandon the private well(s) on the property, and all permit fees including a \$3,000 Water Availability Charge (WAC), a \$1,000 Water Connection Charge, a \$1,040 Meter Fee, and a \$61 Plumbing Permit Fee. If the property currently has a granular activated carbon (GAC) treatment system, the removal of the system from the home will also be reimbursed.

RECOMMENDATION: Staff is recommending that the City Council approve a Resolution, receiving the Feasibility Report and calling a public hearing for the Stonegate Addition Street and Utility Improvements. The recommended motion for this action is as follows:

“Move to approve Resolution No. 2019-087, receiving the Feasibility Report and Calling a Public Hearing for the Stonegate Addition Street and Utility Improvements.”

ATTACHMENTS:

1. Resolution Receiving Report and Calling for Hearing on Improvements.
2. Notice of Hearing on Improvement.
3. Stonegate Addition Street and Utility Improvements – Location Map.
4. Stonegate Addition Street and Utility Improvements – Project Schedule.

Feasibility Report *(available for review at City Hall)*.

**CITY OF LAKE ELMO
WASHINGTON COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 2019-087

**A RESOLUTION RECEIVING A FEASIBILITY REPORT FOR THE
STONEGATE ADDITION STREET AND UTILITY IMPROVEMENTS
AND CALLING HEARING ON IMPROVEMENT**

WHEREAS, pursuant to City Council authorization, adopted on July 16, 2019, a feasibility report has been prepared by FOCUS Engineering, Inc. for the Stonegate Addition Street and Utility Improvements; and

WHEREAS, the feasibility report recommends that benefitting properties be assessed all or a portion of the cost of the improvements pursuant to the City's Special Assessment Policy and Minnesota Statutes, Chapter 429; and

WHEREAS, the feasibility report provides information regarding whether the proposed improvement is necessary, cost-effective, and feasible; whether it should best be made as proposed or in connection with some other improvement; the estimated cost of the improvements as recommended; and a description of the methodology used to calculate individual assessments for affected parcels.

NOW, THEREFORE, BE IT RESOLVED,

1. That the City Council will consider the improvements in accordance with the report and the assessments of the abutting properties for all or a portion of the cost of the improvements pursuant to Minnesota Statutes, Chapter 429 at an estimated total project cost of \$4,284,300.
2. A public hearing shall be held on such proposed improvements on the 17th day of December, 2019, in the council chambers of the City Hall at or approximately after 7:00 P.M. and the clerk shall give mailed and published notice of such hearing and improvement as required by law.

**ADOPTED BY THE LAKE ELMO CITY COUNCIL ON THE NINETEENTH DAY OF
NOVEMBER, 2019.**

CITY OF LAKE ELMO

By: _____
Mike Pearson
Mayor

(Seal)
ATTEST:

Julie Johnson
City Clerk

**CITY OF LAKE ELMO
NOTICE OF HEARING ON IMPROVEMENT
STONEGATE ADDITION STREET AND UTILITY IMPROVEMENTS**

Notice is hereby given that the City Council of Lake Elmo will meet in the council chambers of the city hall at or approximately after 7:00 P.M. on **Tuesday, December 17, 2019**, to consider the making of the following improvements, pursuant to Minnesota Statutes, Sections 429.011 to 429.111;

The extension of municipal water into the Stonegate 1st and 2nd Additions to provide clean drinking water to each of the 65 homes located in the neighborhood including a water service stub to the public right-of-way. Following the watermain installation the Stonegate 2nd Addition streets, including Julep Avenue North, from the Stonegate 1st Addition to Jewel Avenue; Julep Court North, from Julep Avenue to the end of cul-de-sac; and Jewel Avenue North, from 10th Street North to the end of cul-de-sac will be reclaimed with the installation of drain tile, a new bituminous surface and concrete curb and gutter.

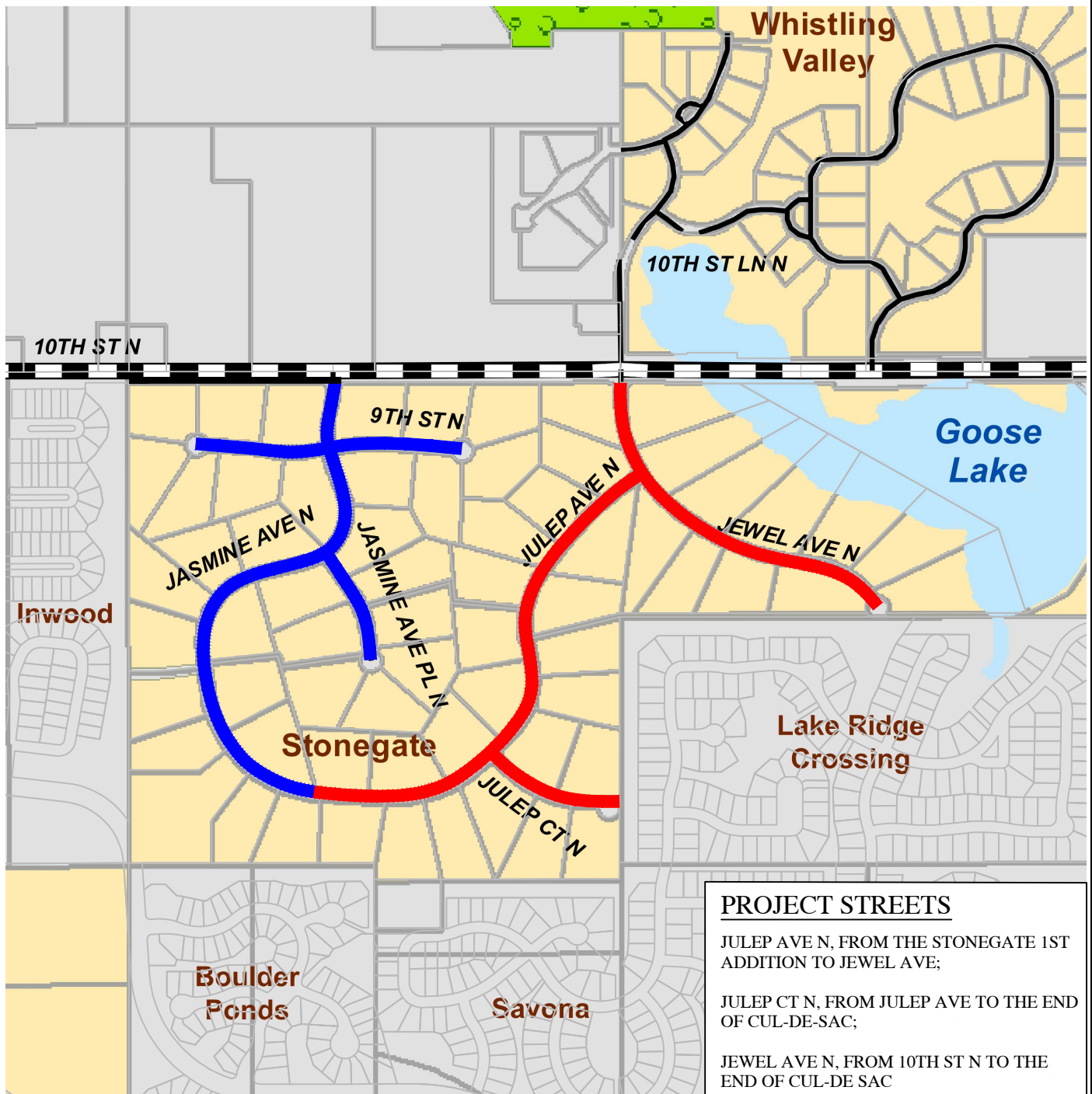
The area proposed to be assessed for the watermain improvements include all 65 properties located in the Stonegate 1st and 2nd Additions that will be receiving access to connect to city water, and the area proposed to be assessed for the street and storm sewer improvements include the properties that gain direct driveway access from the above referenced streets to be improved as part of this project. The estimated total cost for the project is \$4,284,300. A reasonable estimate of the impact of the assessments will be available at the hearing. Such persons as desiring to be heard with reference to the proposed improvements will be heard at this meeting.

DATED: November 19, 2019

BY ORDER OF THE LAKE ELMO CITY COUNCIL

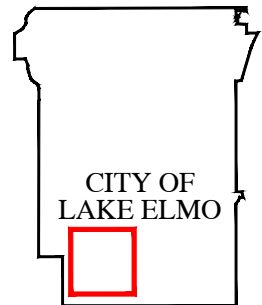
Mike Pearson, Mayor

(Published in the Stillwater Gazette on November 22, 2019 and November 29, 2019)



LEGEND

- █ STONEGATE 1ST ADDITION
- █ STONEGATE 2ND ADDITION



FOCUS
ENGINEERING, inc.

STONEGATE ADDITION
STREET AND UTILITY
IMPROVEMENTS
PROJECT NO. 2019.120

FIGURE NO. 1
LOCATION MAP
STONEGATE NEIGHBORHOOD

PROJECT SCHEDULE
CITY OF LAKE ELMO

FOCUS ENGINEERING, inc.

Cara Geheren, P.E. 651.300.4261
Jack Griffin, P.E. 651.300.4264
Ryan Stempksi, P.E. 651.300.4267
Chad Isakson, P.E. 651.300.4283

STONEGATE ADDITION STREET AND UTILITY IMPROVEMENTS
PROJECT NO. 2019.120

JULY 16, 2019	Council orders preparation of Feasibility Report.
OCTOBER 1, 2019	Council Approves MPCA Grant Agreement for Stonegate Watermain Project.
OCTOBER 15, 2019	Council Authorizes Topographic Survey and Final Design Services.
NOVEMBER 19, 2019	Presentation of Feasibility Report. Council accepts Report and calls for Improvement Hearing.
DECEMBER 17, 2019	Public Improvement Hearing. Council Orders the Improvement (4/5th Vote) and preparation of Plans and Specifications.
MARCH 3, 2020	Council approves Plans and Specifications and orders Advertisement for Bids.
APRIL 2, 2020	Project Bid Date: Receive contractor bids.
APRIL 21, 2020	Council accepts Bids and awards Contract.
MAY 19, 2020	Conduct Pre-Construction Meeting and issue Notice to Proceed. <ul style="list-style-type: none">• SEPTEMBER 25, 2020 Substantial Completion.• NOVEMBER 13, 2020 Final Completion.
SEPTEMBER 7, 2021	Declares Costs to be Assessed and Calls for Hearing on Assessment.
OCTOBER 5, 2021	Final Assessment Hearing. Council adopts the Final Assessment Roll.