



STAFF REPORT

DATE: April 21, 2020

REGULAR

AGENDA ITEM: Approve Resolution Receiving Feasibility Report and Calling Hearing on Improvement for the Hamlet on Sunfish Lake 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 Hamlet on Sunfish Lake Street and Utility Improvements to be held at the May 19, 2020 Council meeting?

BACKGROUND: On February 18, 2020, the City Council authorized the preparation of a feasibility report for the Hamlet on Sunfish Lake Street and Utility Improvements. The Hamlet on Sunfish Lake neighborhood is located along the west side of the Old Village MUSA at the intersection of Kindred Way North and 43rd Street North. The subdivision was constructed in 1998 as a cluster open space development consisting of 41 residential properties. Each property is served by a private water supply well and a shared sanitary sewer conveyance system and community wastewater treatment system.

The public streets located in the Hamlet on Sunfish Lake subdivision, including Kindred Way North and Kindred Court North have been identified in the street capital improvement plan (CIP) for improvement in the year 2021. In addition, 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 41 homes. The grant is in the not to exceed amount of \$2,712,200. The terms of the grant are outlined in the Grant Agreement between the City of Lake Elmo and the MPCA dated February 4, 2020. 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 Hamlet on Sunfish Lake Street and Utility Improvement project will extend municipal water into the neighborhood to provide clean drinking water to each of the 41 homes. Sanitary sewer repair and replacement work will also be incorporated into the project prior to reconstructing the public streets. Sewer repair and replacement work was identified to be completed after cleaning and televising the full length of the existing HOA owned and operated sanitary sewer system in anticipation of the city assuming ownership and maintenance. Following the watermain installation and sanitary sewer work, the public streets will be reconstructed together with the installation of drain tile and concrete curb and gutter.

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 watermain and

street and storm sewer 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 watermain, and street and storm sewer improvement assessments levied for this project will be fully or partially reduced based on the grant amount applied by the state. This assessment relief does not apply to the sanitary sewer repair and replacement work.

The sanitary sewer repair and correction work will also be assessed against each property in the Hamlet on Sunfish Lake subdivision, however the cost for these improvements and associated assessments will be addressed as part of a separate project; or the Hamlet on Sunfish Lake Sanitary Sewer Extension. The sanitary sewer assessments are not grant eligible and therefore will be payable over 20 years.

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 \$3,970,600. This includes \$921,000 for the public watermain improvements, \$775,000 (or \$620,000 option1) for the sanitary sewer repair and replacement, \$1,740,000 for the street and drainage improvements, and \$534,600 for the private water service connections/well sealing improvements. The proposed public watermain assessment is \$22,500 for each of the 41 residential properties based on assessing 100% of the public watermain improvements on a per REC basis. The proposed street and storm sewer assessment is \$12,800 for each of the 41 residential properties 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.

A project schedule for the Hamlet on Sunfish Lake Street and Utility Improvements is attached and outlines the implementation timeframe necessary to ready the improvements for construction in 2021. The proposed schedule provides necessary time to address public involvement, acquire project related easements, acquire field survey, and to receive contractor bids early in 2021 to promote a competitive bid environment.

FISCAL IMPACT: The total estimated project cost is \$3,970,600. This includes \$921,000 for the public watermain improvements, \$775,000 (or \$620,000 option1) for the sanitary sewer repair and replacement, \$1,740,000 for the street and drainage improvements, and \$534,600 for the private water service connections/well sealing improvements.

The improvements will be primarily 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 February 4, 2020. The grant is intended to fully fund the required improvements and the MPCA acknowledges that the grant amount is based upon preliminary project estimates. If, after receiving contractor bids, the post bid estimates of costs exceed the grant amount the city will need to apply for a grant amendment for increased funding. The sanitary sewer repair and replacement work is being assessed 100% to the 41 properties in the Hamlet on Sunfish Lake subdivision and is not grant eligible.

The city will contract for the public watermain, and street and storm sewer 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 \$430 Meter Fee, and a \$60 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 Hamlet on Sunfish Lake Street and Utility Improvements. The recommended motion for this action is as follows:

“Move to approve Resolution No. 2020-039, receiving the Feasibility Report and Calling a Public Hearing for the Hamlet on Sunfish Lake Street and Utility Improvements.”

ATTACHMENTS:

1. Resolution Receiving Report and Calling for Hearing on Improvements.
2. Notice of Hearing on Improvement.
3. Hamlet on Sunfish Lake Street and Utility Improvements – Location Map.
4. Hamlet on Sunfish Lake 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. 2020-039
A RESOLUTION RECEIVING A FEASIBILITY REPORT FOR THE
HAMLET ON SUNFISH LAKE STREET AND UTILITY IMPROVEMENTS
AND CALLING HEARING ON IMPROVEMENT**

WHEREAS, pursuant to City Council authorization, adopted on February 18, 2020, a feasibility report has been prepared by FOCUS Engineering, Inc. for the Hamlet on Sunfish Lake 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 \$3,970,600.
2. A public hearing shall be held on such proposed improvements on the 19th day of May, 2020 and conducted by electronic means pursuant to Minnesota Statutes Section 13D.021 because of the COVID-19 pandemic during a regularly scheduled City Council meeting, 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 TWENTY-FIRST DAY OF APRIL, 2020.

CITY OF LAKE ELMO

By: _____
Mike Pearson
Mayor

(Seal)
ATTEST:

Julie Johnson
City Clerk

**CITY OF LAKE ELMO
NOTICE OF HEARING ON IMPROVEMENT
HAMLET ON SUNFISH LAKE STREET AND UTILITY IMPROVEMENTS**

Notice is hereby given that the City Council of Lake Elmo will conduct a public hearing on **Tuesday, May 19, 2020**, at or approximately after 7:00 P.M. 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 Hamlet on Sunfish Lake subdivision to provide clean drinking water to each of the 41 homes located in the neighborhood including a water service stub to the public right-of-way, and repair and replacement work to the HOA sanitary sewer collection system. Following the watermain and sanitary sewer utility work, the public streets in the neighborhood, including Kindred Way North and Kindred Court North will be reconstructed with the installation of drain tile, a new bituminous surface and concrete curb and gutter.

The hearing will be conducted by electronic means pursuant to Minnesota Statutes Section 13D.021 because of the COVID-19 pandemic. The meeting can be viewed online by going to the City's website (<http://www.lakeelmo.org>). Instructions for participating in the meeting via computer will be posted on the City's website prior to the meeting. During the meeting the city will also be accepting call-ins at 213.929.4212, access code 569-187-751. Comments can also be provided prior to the meeting which will be presented to the council. Written comments prior to the meeting must be sent to Julie Johnson, City Clerk (jjohnson@lakeelmo.org) or voicemails left at (651.747.3914) prior to the meeting.

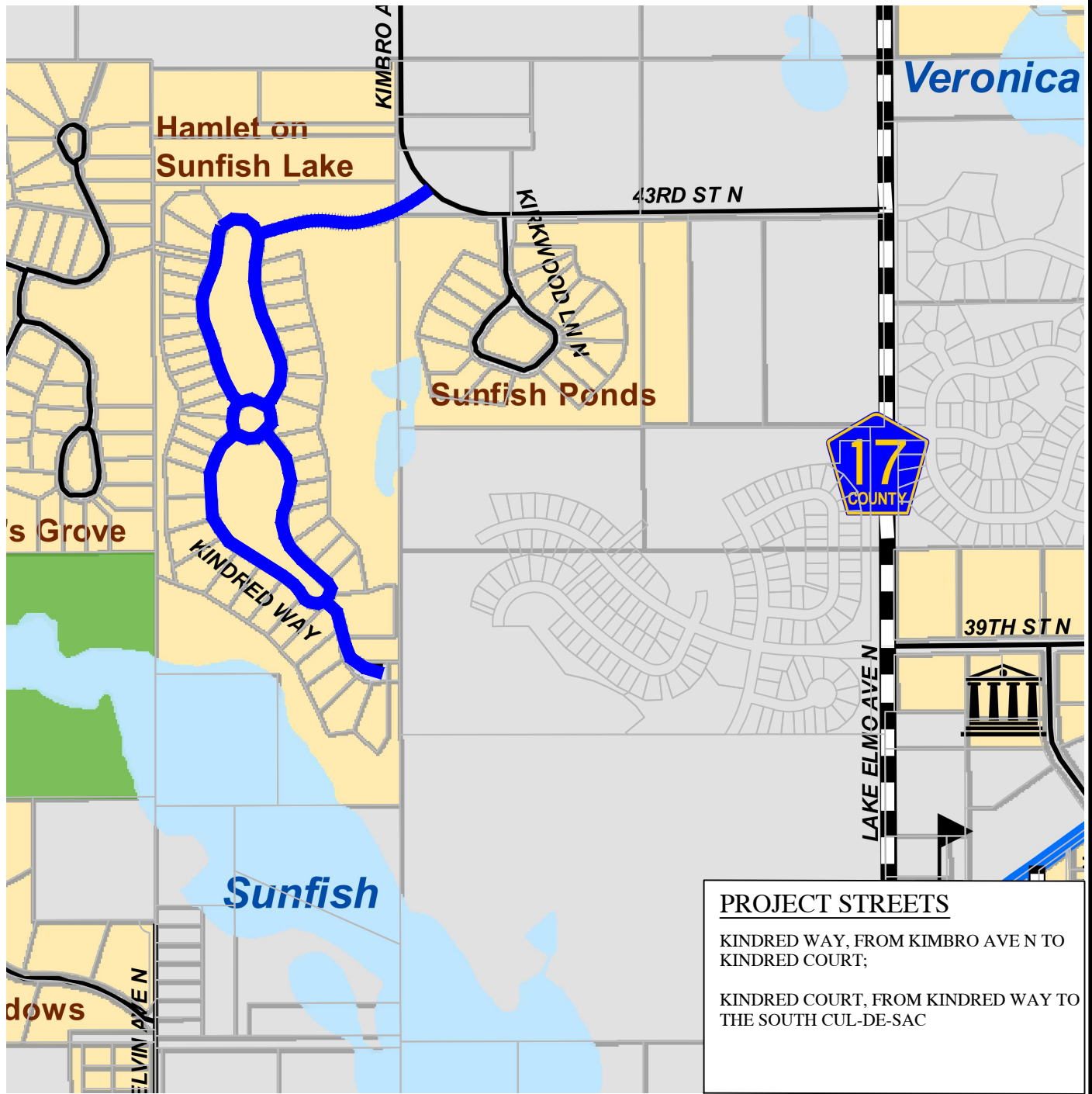
The area proposed to be assessed for the watermain improvements include each of the 41 properties located in the Hamlet on Sunfish subdivision that will be receiving access to connect to city water, and the area proposed to be assessed for the street and storm sewer improvements include each of the 41 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 \$3,970,600. 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: April 21, 2020

BY ORDER OF THE LAKE ELMO CITY COUNCIL

Mike Pearson, Mayor

(Published in the Oakdale-Lake Elmo Review on April 24, 2020 and May 1, 2020)



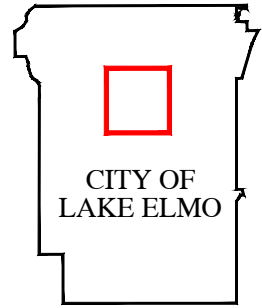
PROJECT STREETS

KINDRED WAY, FROM KIMBRO AVE N TO KINDRED COURT;

KINDRED COURT, FROM KINDRED WAY TO THE SOUTH CUL-DE-SAC

LEGEND

 HAMLET ON SUNFISH LAKE



FOCUS
ENGINEERING, inc.

HAMLET ON SUNFISH LAKE
STREET AND UTILITY
IMPROVEMENTS
PROJECT NO. 2019.125

FIGURE NO. 1
LOCATION MAP
HAMLET ON SUNFISH NEIGHBORHOOD

PROJECT SCHEDULE
CITY OF LAKE ELMO

FOCUS ENGINEERING, inc.

HAMLET ON SUNFISH LAKE STREET AND UTILITY IMPROVEMENTS
PROJECT NO. 2019.125

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

FEBRUARY 4, 2020	Council Approves MPCA Grant Agreement for Hamlet on Sunfish Lake Extension of Muncipal Water.
FEBRUARY 18, 2020	Council orders preparation of Feasibility Report.
APRIL 21, 2020	Presentation of Feasibility Report. Council accepts Report and calls for Improvement Hearing.
MAY 19, 2020	Public Improvement Hearing. Council Orders the Improvement (4/5th Vote) and preparation of Plans and Specifications.
MARCH 2, 2021	Council approves Plans and Specifications and orders Advertisement for Bids.
APRIL 7, 2021	Project Bid Date: Receive contractor bids.
APRIL 20, 2021	Council accepts Bids and awards Contract.
MAY 25, 2021	Conduct Pre-Construction Meeting and issue Notice to Proceed. <ul style="list-style-type: none">• NOVEMBER 12, 2021 Substantial Completion.• DECEMBER 17, 2021 Final Completion.
MARCH 7, 2023	Declare Costs to be Assessed and Call for Hearing on Assessment.
APRIL 4, 2023	Final Assessment Hearing. Council adopts the Final Assessment Roll.