



STAFF REPORT

DATE: April 6, 2021

REGULAR

AGENDA ITEM: MPCA Grant for Watermain Extension to Whistling Valley Neighborhood

TO: Mayor and City Council

SUBMITTED BY: Kristina Handt, City Administrator

BACKGROUND:

In July 2020 the city submitted a number of expedited grant applications to extend water to neighborhoods within the Special Well Construction Area and where homes had well advisories due to PFAS. One of those projects included the extension of water main into the Whistling Valley neighborhood.

ISSUE BEFORE COUNCIL:

Should the Council approve the Grant Agreement with the MPCA for Watermain Extension to the Whistling Valley neighborhood?

PROPOSAL:

This project will extend clean drinking water to 44 existing platted properties (37 existing homes) located in the Whistling Valley subdivision in the City of Lake Elmo by extending the municipal water system into the neighborhood prior to reconstructing the neighborhood streets as scheduled for improvement in 2022 in the City's capital improvement plan. The project extends an 8-inch public watermain from 10th Street North (CSAH 10) into and throughout the Whistling Valley neighborhood along 10th Street Lane, Whistling Valley Road, and Whistling Valley Trail. Individual water service stubs will be installed to the edge of right-of-way at each of the 44 platted properties. Following the installation of the public watermain improvements, the public streets will be improved.

Private wells will be required to be sealed unless identified as a monitoring well by MPCA. Grant funds will reimburse property owners for the costs associated with connecting to city water and sealing their well. Staff would propose that the city assess properties (through the normal 429 assessment process) that do not hook up to city water in the allotted time in order to recoup those project costs that may not be covered by the grant due to non-compliance. At this time, staff estimates those assessments to be \$31,932 (water) and \$11,155 (streets).

One of the most significant updates to the grant agreements presented to council tonight compared to those previously approved is added language in the agreements related to stormwater costs. The state is concerned about covering the cost of stormwater components of the project if they are not related to water service. The state has committed to funding these project components through design but after that the city will need to get additional permission to have the construction costs covered by the grant. Language added to Section 4.1: Design costs associated with this project, including design costs to meet stormwater requirements, will be reimbursable expenses. Reimbursement of actual stormwater related project costs will require pre-approval by the MPCA. Depending upon whether or not the state fully funds the project, residents may face some

assessments for any uncovered project costs. More specifics will be known after the feasibility study is complete.

FISCAL IMPACT:

The grant provides for a reimbursement of up to \$3,660,000

OPTIONS:

- 1) Approve the Whistling Valley Grant Agreement with MPCA
- 2) Do not approve the Whistling Valley Grant Agreement with MPCA

RECOMMENDATION:

Motion to approve the Whistling Valley Grant Agreement #188422 with MPCA

ATTACHMENTS:

- None. Grant agreements are non-public data until executed by both parties. Council may review the grant agreements at city hall prior to the meeting. The language is the same as previous agreements with the exception noted in 4.1.