



STAFF REPORT

DATE: May 4, 2021
REGULAR #14

AGENDA ITEM: Approve Resolution Receiving Feasibility Report and Calling Hearing on Improvement for 38th-39th Street Neighborhood: Street & Utility Improvements

SUBMITTED BY: Jack Griffin, City Engineer

REVIEWED BY: Kristina Handt, City Administrator
Marty Powers, Public Works Director
Chad Isakson, Project Engineer

ISSUE BEFORE COUNCIL: Should the City Council accept the Feasibility Report and call a public hearing for the 38th-39th Street Neighborhood: Street and Utility Improvements to be held at the June 1, 2021 Council meeting?

BACKGROUND: On October 20, 2020, the City Council authorized the preparation of a feasibility report and the preparation of plans and specifications for the 38th-39th Street Neighborhood: Street and Utility Improvements. The plans and specifications were approved by the city council on April 6, 2021 and a bid date has been set for May 20, 2021. The project area includes the Bordners Garner Farmettes subdivision, located east of Ideal Avenue (CSAH 13), just south of the intersection of Lake Jane Trail and Ideal Avenue. The neighborhood was developed as residential Rural Estate lots ranging in size from 1.0 to 3.7 acres. The residential properties are served by private wells and individual on-site wastewater treatment systems. 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 five (5) well advisories have been issued.

The public streets located in the subdivision, including 38th Street North, 39th Street North, and Innsdale Avenue 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 49 properties.

PROPOSAL DETAILS/ANALYSIS: The 38th-39th Street Neighborhood: Street & Utility Improvement project will extend municipal water along 38th Street North, 39th Street North, Innsdale Avenue North, and Ideal Avenue to provide clean drinking water to each of the 49 homes adjacent to the new public watermain, including a water service stub to the public right-of-way. Following the watermain installation, street and drainage improvements will be completed including a full depth bituminous street reconstruction with new concrete curb and gutter along 38th Street North, 39th Street North, and Innsdale Avenue North.

As part of the Grant Agreement with the MPCA, all households in the development, regardless of Health Based Values (HBVs), are eligible to connect to municipal water and all households that connect to city water must 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 the street and storm sewer improvements in accordance with the city's Special Assessment Policy and current practices. Each property that connects to city water must 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.

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 \$3,743,000. This includes \$1,127,000 for the public watermain improvements, \$1,921,000 for the street and drainage improvements, and \$695,000 for the private water service connections/well sealing improvements. The proposed public watermain assessment is \$20,800 for each of the 48 residential properties based on assessing 100% of the public watermain improvements on a per REC basis, plus 1 property that will be assessed a \$5,800 Lateral Benefit Charge for connecting to an existing watermain. The proposed street and storm sewer assessment is \$12,300 for each of the 47 residential properties with direct access to the improved roadways. This unit assessment is 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 improvement is attached and outlines the implementation timeframe necessary to ready the improvement for construction in 2021. The proposed schedule provides necessary time to conduct neighborhood meetings and address public involvement, acquire project related easements, acquire field survey and complete detailed design, and to receive contractor bids early in May of 2021. Construction is scheduled to begin in July and the watermain will be tested, operational and ready for connection to the individual properties in October 2021.

FISCAL IMPACT: The total estimated project cost is \$3,743,000. The improvements will be funded primarily through a grant from the MPCA under the 2018 3M Settlement Agreement, in the amount of \$3,984,000, and in accordance with the terms of the MPCA-Lake Elmo Grant Agreement dated October 4, 2020 and Amended January 28, 2021. Special assessments will be levied, and general city funds will be considered to cover costs incurred outside the grant agreement terms.

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 38th-39th Street Neighborhood: Street and Utility Improvements. The recommended motion for this action is as follows:

“Move to approve Resolution No. 2021-056, receiving the Feasibility Report and Calling a Public Hearing for the 38th-39th Street Neighborhood: Street and Utility Improvements.”

ATTACHMENTS:

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

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

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

**RESOLUTION NO. 2021-056
A RESOLUTION RECEIVING A FEASIBILITY REPORT FOR THE
38TH-39TH STREET NEIGHBORHOOD: STREET AND UTILITY IMPROVEMENTS
AND CALLING HEARING ON IMPROVEMENT**

WHEREAS, pursuant to a resolution passed by the City Council on the 20th day of October 2020, a feasibility report has been prepared by FOCUS Engineering, Inc. for the 38th-39th Street Neighborhood: 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 \$3,743,000.
2. A public hearing shall be held on such proposed improvements on the 1st day of June, 2021, in the council chambers of City Hall 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 FOURTH DAY OF MAY, 2021.

CITY OF LAKE ELMO

(Seal)
ATTEST:

By: _____
Charles Cadenhead
Mayor

Julie Johnson
City Clerk

**CITY OF LAKE ELMO
NOTICE OF HEARING ON IMPROVEMENT
38TH-39TH STREET NEIGHBORHOOD
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 during a regularly scheduled City Council meeting, at or approximately after 7:00 P.M. on **Tuesday, June 1, 2021**, 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 Bordners Garner Farmettes subdivision to replace individual private wells along 38th Street North, 39th Street North, Innsdale Avenue North, and Ideal Avenue to provide clean drinking water to each of the 49 homes adjacent to the new watermain, including a water service stub to the public right-of-way. Following the watermain installation, street and drainage improvements will be completed including a full depth bituminous street reconstruction with new concrete curb and gutter, including the following public streets:

- 38th Street North, from Ideal Avenue North to Innsdale Avenue North.
- 39th Street North, from Ideal Avenue North to Innsdale Avenue North.
- Innsdale Avenue North, from 38th Street North to 39th Street North.

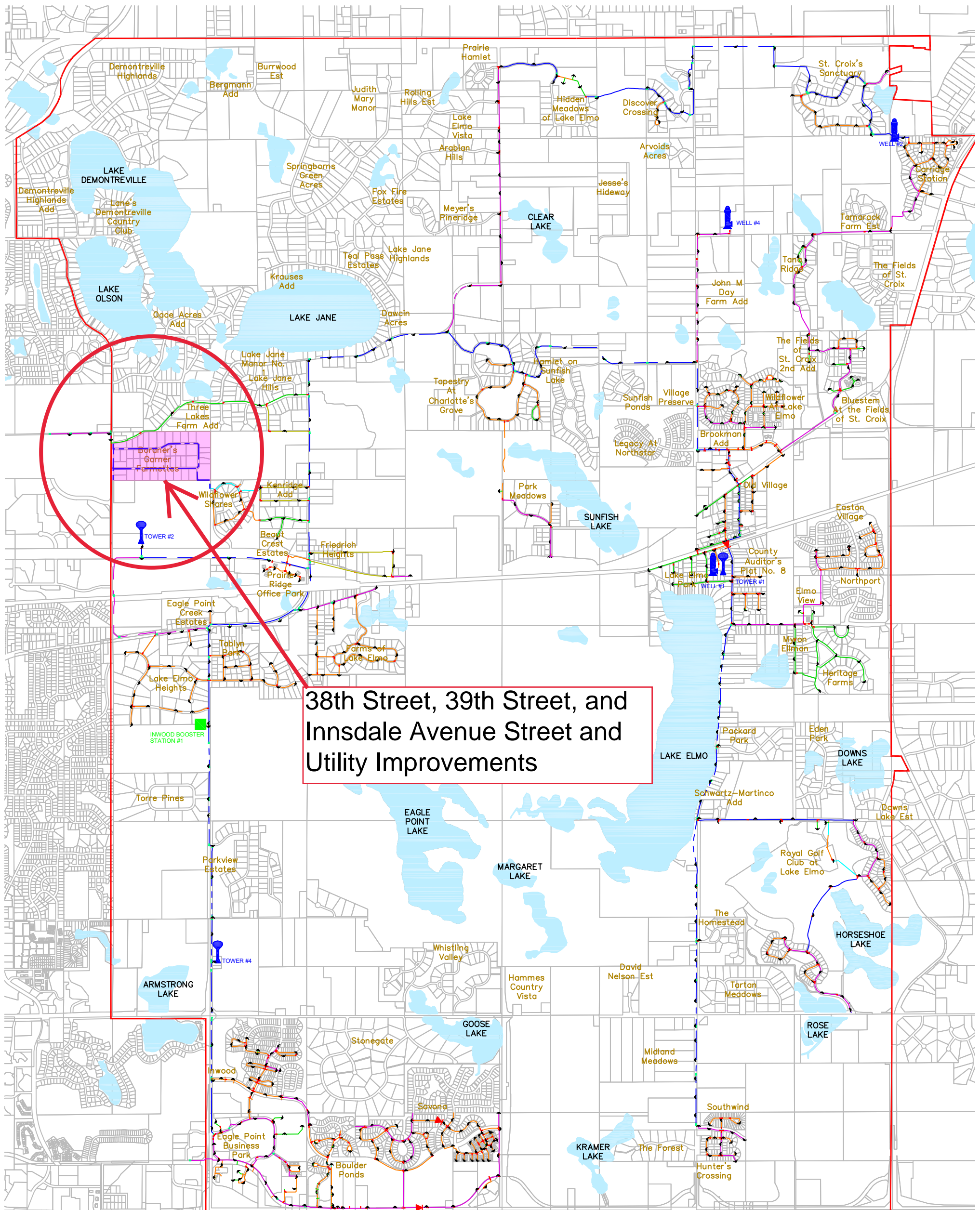
The area proposed to be assessed for the watermain improvements include each of the 49 properties located along 38th Street North, 39th Street North, Innsdale Avenue North, and Ideal Avenue that will be receiving access to connect to city water; and the area proposed to be assessed for the street and storm sewer improvements include each of the 47 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 \$3,743,000; consisting of \$1,127,000 for the public watermain improvements, \$1,921,000 for the street and drainage improvements, and \$695,000 for the private water service connections/well sealing improvements. A reasonable estimate of the impact of the assessment 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: May 4, 2021





















**BY ORDER OF THE LAKE ELMO CITY COUNCIL
Charles Cadenhead, Mayor**

(Published in the Stillwater Gazette on May 7, 2021 and May 14, 2021)

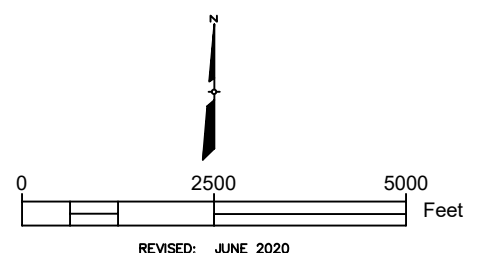
CITY OF LAKE ELMO



38th Street, 39th Street, and Innsdale Avenue Street and Utility Improvements

- | LEGEND | | |
|---|-----------------|------------------------|
|  | 4" | DIP WATERMAIN |
|  | 6" | DIP WATERMAIN |
|  | 8" | DIP WATERMAIN |
|  | 8" | HOPE DR17 WATERMAIN |
|  | 8" | HOPE DR11 WATERMAIN |
|  | 10" | DIP WATERMAIN |
|  | 12" | DIP WATERMAIN |
|  | 12" | HOPE DR17 WATERMAIN |
|  | 12" | HOPE DR11 WATERMAIN |
|  | 16" | DIP WATERMAIN |
|  | 16" | HOPE DR 17 WATERMAIN |
|  | 16" | HOPE DR 11 WATERMAIN |
|  | | BUTTERFLY VALVE |
|  | | GATE VALVE |
|  | | HYDRANT |
|  | | REDUCTION STATION |
|  | WELL | ACTIVE WELL |
|  | TOWER | ACTIVE WATER TOWER |
|  | BOOSTER STATION | ACTIVE BOOSTER STATION |
|  | | REDUCER |

EXPEDITED PROJECT FUNDING APPLICATION



PROJECT SCHEDULE CITY OF LAKE ELMO

38TH-39TH STREET NEIGHBORHOOD
STREET & UTILITY IMPROVEMENTS
PROJECT NO. 2020.120
REVISED April 2021

FOCUS ENGINEERING, inc.

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

OCTOBER 20, 2020	Council Approves MPCA Grant Agreement. Council orders preparation of Feasibility Report and Design Phase Services.
APRIL 6, 2021	Council approves Plans and Specifications and orders Advertisement for Bids.
MAY 4, 2021	Presentation of Feasibility Report. Council accepts Report and calls for Improvement Hearing.
MAY 20, 2021	Project Bid Date: Receive contractor bids.
JUNE 1, 2021	Public Improvement Hearing. Council Orders the Improvement (4/5th Vote). Council accepts Bids and awards Contract.
JUNE 28, 2021	Conduct Pre-Construction Meeting and issue Notice to Proceed. <ul style="list-style-type: none">OCTOBER 29, 2021 Substantial Completion.JULY 22, 2022 Final Completion.

**Final Assessment Hearing Schedule TBD*