

City of Oronoco
Special City Council Meeting Agenda
Wednesday, October 7, 2009
7:00 pm

I. CALL TO ORDER

Meeting was called to order at 7:00pm.

II. ROLL CALL

Members present: Mayor Scott Keigley, Councilor Brian Breider, Councilor Kevin McDermott, Councilor Jackie Hall, Councilor Paul Briggs, Clerk Sandy Jessen, Attorney Fred Suhler, and City Engineer Joe Palen

III. Public Hearing

- IV.** Mayor Scott Keigley: please hold all comments until the end of the presentation and be mindful that we are in a church.
City Engineer Joe Palen: thank you to the church for allowing us to give the assessment hearing here. City Engineer Joe Palen gave the presentation on the 2009 Water System Improvement Project: There is a two page hand out to look at and follow along with the presentation.

Oronoco Water System

Assessment Hearing

October 7, 2009

Executive Summary

- Why are we here?
 - Inform public of water system improvements and associated costs
 - Fulfill requirements set forth in Mn Stat. 429
 - Listen to the public and answer questions
- Handout with project location map
- Address questions following presentation

What We Will Discuss

- The proposed water system improvements
- Estimated project costs
- Project funding & assessments
- Project construction and impacts

Proposed Water System Improvements Include:

- A municipal water supply and distribution system that will provide potable water and fire protection
- Water system can be expanded to serve other developed and undeveloped parcels within the City's Urban Service Limits
- Water system improvements can be broken down into the following two elements – Trunk Water Facilities and Lateral Water Facilities.

Trunk Water System Improvements Include:

- Upgrading two existing wells that have been sized for municipal use and are located within the River Park and River Wood Hills Subdivisions
- Construction of a 300,000 gallon ground storage reservoir north of Downtown Oronoco
- Construction of trunk watermain (~12-inch diameter) that interconnect the wells, reservoir and larger population centers
- Construction of fire hydrants, valves and fittings associated with the trunk watermain
- Review Map

Lateral Water System Improvements Include

- Construction of lateral watermain (~6 & 8-inch diameter) that extend from the trunk watermain and distribute water within developed areas
- Construction of water service pipes (1 to 2 inch diameter) that extend from the watermain to the property line of each parcel to be served
- Construction of fire hydrants, valves and fittings associated with the lateral watermain.

Restoration of Streets Driveways and Boulevards

- Proposed watermain improvements are to be primarily constructed within boulevard areas and installed using trenchless technology to the greatest extent possible.
- All roadways, driveways, landscaping disturbed by construction will be reconstructed to match pre-construction conditions.
- Lawns will be reestablished using hydro-seed and hydro-mulch.

Tentative Water System Construction Schedule

- Begin construction October 2009
- Contractor – Ellingson Drainage Inc.
- Reservoir, well and water distribution system construction substantially complete in July 2010.
- Water system operational and ready for individual hookups in August 2010.

Estimated Project Costs for Proposed Water System Improvements

Estimated Project Costs

Estimated Project Costs for Water System Improvements: Continued

Proposed Assessments

- In Area A – Subsidized lateral water system project costs (\$438,2580) are to be assessed equally to the 141 benefiting property owners
 - The amended assessment is half of the \$6,216.43 that was mailed to property owners in the Assessment Hearing notice. This amendment is due to the recently secured increase in ARRA funding.

Proposed Assessments

- In Area B – Approximately 60% of the costs to extend trunk watermain to serve the Riverwood Hills and Cedar Woodlands Subdivisions are to be assessed to the 226 benefiting parcels.
 - The amended assessment on developed parcels is half of the \$1,000 that was mailed to property owners in the Assessment Hearing. This amendment is due to the recently secured increase in ARRA funding.
 - Assessments on undeveloped parcels remains unchanged at \$1,000 per parcel.

Assessment Terms

- 20-year term at 2.0% interest rate yields monthly payments of ~\$15.72 (Downtown) and ~\$2.53 (Developed Subdivisions).
- Assessment to appear on property taxes.

- If desired, assessments may be partially or fully prepaid without interest, within 30 days of adoption of the final assessment roll.
- Initial assessment payments are due with property taxes in 2010.
- Assessments for undeveloped lots within River Park, Riverwood Hills 1-4 and Cedar Woodlands would be deferred until development. Deferred assessments due in full including interest accumulating at 2.0%.

The Assessment Process

1. An assessment must not exceed the increase in market value provided by the improvements.
2. Objections to the proposed assessments will be considered at the tonight's meeting.
3. No appeal to district court may be taken as to the amount of an assessment unless a written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing.
4. An owner may appeal an assessment to district court pursuant to Minn. Stat. § 429.081 by serving notice of the appeal upon the mayor or clerk of the city within 30 days after the adoption of the assessment and filing such notice with the district court within ten days after service upon the mayor or clerk.

Project Funding

- Project Costs to be distributed over all benefiting properties by means of:
 - Assessments
 - Monthly User Fee - Estimated at \$22.50/month
 - User fee consists of \$10.00 base charge + \$2.50 per 1,000 gallons
 - Approximately half of User Fee to pay for water system operation and maintenance
 - Approximately half of User Fee to pay for debt service
 - New Development water availability charges (WAC)
 - \$2,000 per acre to reimburse City for Trunk Water Facilities
 - Property tax impact
 - Estimated to be near zero

Private Water System Costs

- Water System Improvements do not include work on private property including
 - Abandonment of existing private wells
 - Connection of the water service from the property line to the home
- Costs to complete work on private property is estimated at \$2,100 for a typical home
- Two programs available to help fund these costs for people with low or low / moderate income
 - Rural Development Section 504 loan & grant program
 - OCHRA – Emergency Loan Program

A grant or a loan could be gotten and after a specific period of time the loan may be forgiven

- Brochures available in back

Connection Requirements

- Residents would be required to connect to the proposed water system improvements within a reasonable time period set forth by the City Council
 - The recommended connection requirements is 2-5 Years after Water System construction
 - The connection requirement is a condition of the City's PFA Loan
 - Assessment payment schedule is not affected by resident connection schedule, assessment would be on the 2010 taxes.
 - Existing wells may be used for irrigation purposes if permitted through the DNR

Connection Requirements

- Residents within the new subdivisions will be connected to the water system immediately upon its completion and establishment of service.
 - No private water service improvements required.
- All residents connected to the water system shall be required to install a water meter furnished by the City of Oronoco.
 - Resident to pay for the cost of the water meter and installation. Water meter costs estimated to be \$210 – 1" Typical residential; \$310 – 2" Commercial.
 - Recommend pressure reducing valve for residents within lowest elevation streets of East Center Street and 1st Street SE.

Construction Coordination

- Project Contractor: Ellingson Drainage Inc.
- Vice President: Kevin Ellingson
- Project Manager: Dean Sammon
 - Ellingson Drainage is interested in working with home owners to complete private service connections. Contact information and letter from Ellingson Drainage available in back of Church. May be able to save money to have them continue on while they are working in the area.
 - Residents may also find list of City of Rochester licensed companies at: http://www.rochestermn.gov/departments/cityclerk/licenses/2009_Sewer_and_Drain.pdf to contact a few contractors to get estimates for their services.

Construction Coordination

- Project Engineer: Joe Palen P.E., Bonestroo
- City Construction Supervisor: Brett Grabau – Phone No. 529-6730
 - Bonestroo Staff will be contacting residents individually within the downtown project area to determine the best location for the water service to be stubbed to your lot.
 - Please call Brett with any question or concerns that arise from the project.
 - Future project construction information will be posted on the City of Oronoco website and distributed through resident notices.
 - There will be some disturbances and some inconvenience, please try to bear with the contractor and Bonestroo will be overseeing the project.

Questions and Comments:

Lynn Quandt, 4th Street NW; questioned how the determination of the assessment is made. City Engineer Joe Palen; it is based on the actual cost of the improvement; the table shows the cost of the lateral main improvements at \$876,516 and it serves 141 residents and divide that out, it comes to \$6216.43, with the additional ARRA stimulus funding the amount was able to subsidize the assessment by half which it would have been about \$6300 and now it will be \$3108.22. Lynn; why is hers \$3100 and the others are \$500? City Engineer Joe Palen; there are no lateral water main lines in your area but there are lines located in the new subdivisions; there are traditional water services coming in to each lot. Lynn; if she had a small lot why will she be billed the same as a bigger lot. City Engineer Joe Palen; can be done on a per lot basis or per frontage square foot basis, but both will benefit similarly; if you have a large lot and split it at a later time the city would then charge the approximately \$6300 for that second lot and home. Lynn; why are they not doing the piping for the sewer at the same time? City Engineer Joe Palen; the city has looked at this. The cost was 20 million and decided to do an incremental approach; it would be better and more affordable. The water allows residents to improve their septic in the interim to get by. On the sewer side of things the city needs more than just a collection system; the city also needs a treatment facility. They would need to build their own or go with Rochester or Pine Island; it may be more fruitful to hook into an existing facility. The city can't put the sewer and water in the same trench; there was not enough rock to allow that. Lynn; did you look into hooking into Pine Island? City Engineer Joe Palen; water is much easier than sewer; it is more effective the way it was done as opposed to putting in a mile of pipe.

Dick Nelson, 155 2nd Ave. NW; why is half the city being left out of the project? City Engineer Joe Palen; because of the cost of the project. Dick; questioned if there are any other cities that have put in only a portion of a city's water service. City Engineer Joe Palen; Stockton is in the process. Dick; if this is phase one what is phase two? City Engineer Joe Palen; there are three phases. Dick; phase 1 is paying for the reservoir. Who sets the timeline for hook up? City Engineer Joe Palen; that's up to the City Council; PFA is providing money and want hook up within a reasonable amount of time Dick; the money was a grant or a loan? City Engineer Joe Palen; it is a grant, but it is called principal forgiveness and the city received a low interest loan of 1%. Dick; so we don't have to pay that back. City Engineer Joe Palen; not unless the city doesn't follow the conditions set. Dick; what if the state mandates people to put in new septic and you can only put in a mound

system for \$15,000. City Engineer Joe Palen; he can't speak for the MPCA. Dick; they have looked the other way since the city has been looking at doing water and sewer and now that the water will be done, will they be mandated in to putting in new septic. City Engineer Joe Palen; we are on the PFA priority list for sewer; we score high enough to be in the fundable range. They will look at the areas with the most need. Dick; it ties in with water; sewer needs to be addressed with this because there are failed systems. City Engineer Joe Palen; we have had meetings with the PCA and City Council may chose to explore it this winter. Councilor Brian Breider; appreciates the concerns but the city has not been given the indication that that will happen. Dick; there should an exception; he has with both a good well and septic. To hook up will be almost impossible because his well is in the house. He doesn't like the 2-5 years where there are strings tied to the financing. He is starting a citizens committee and invited others to join him. Oronoco has a shovel ready project and would like the city to get more funding; Elk Run and Rochester received funding. He would like the pressure put on Representatives to help the city. He has been in contact with Tim Walz. He would like to put a committee together to try and go and get some money.

Virginia Wimmer, 15 2nd Ave. SW; owns two lots, will she have two assessments? City Engineer Joe Palen; there will be one assessment unless the other lot is developed and that would be \$6216.44. Virginia; questioned why it wouldn't be the \$1000 with the lines in place like the subdivisions. Mayor Scott Keigley; developers pay a WAC and SAC fee on each lot.

Dan Ondler 135 1st Ave. NW; questioned if the maintenance costs are they factored in and will the city have to hire someone to maintain the system. Mayor Scott Keigley; council has discussed this and will probably have to hire a part time person, the maintenance person may take that over, and may have the part time clerk become full time. Dan: questioned if it is known where lines would run for the hook up and about doing some of the work himself. City Engineer Joe Palen; yes, they know where all the main lines are going and they will be able to tell by looking at the map where the lines will be and a representative will talk with residents to show where the lines will go. Mayor Scott Keigley; require a licensed plumber to hook up, but he can do his own digging. Dan; questioned if there were background check s on the contractor. City Engineer Joe Palen; yes, the contractor is bonded and insured. There is a two year warranty.

Matt Tupper, 205 4th Street; questioned if he pays in full within the month, if there are overruns could he be assessed more. Attorney Fred Suhler; Council could have waited until end of the project to assess properties, but if there is a significant overrun they could reassess if necessary, but that is not the plan and it is not likely to have a significant increase. Mayor Scott Keigley; would have a problem with reassessing, but there's no guarantee that it can't happen.

Steve Jech with River Park Subdivision entered an objection with a many of the residents signatures.

Chuck Rupkalvis; ask if he would be assessed on his vacant lot. City Engineer Joe Palen; no.

Guy Griesman; trunk water system improvements are paid with the city borne and user fee portion, does that include taxes? City Engineer Joe Palen; it may go on the tax levy if needed but it is projected not to need to go on taxes, the people using water will still be paying for part of this. The trunk will serve the entire community eventually and residents will be served off of those lines.

V. Resolution 09-13 Adopting Assessment

Mayor Scott Keigley motioned to adopt Resolution 09-13 adopting the assessment for the 2009 Water System Improvements, Councilor Paul Briggs second; Voice Vote: Ayes: Councilor Paul Briggs, Mayor Scott Keigley, Councilor Jackie Hall, Councilor Kevin McDermott, Councilor Brian Breider, all in favor, motion passes.

VI. Resolution 09-14 Authorizing note and execution of the loan.

Mayor Scott Keigley motioned to adopt Resolution 09-14, Councilor Jackie Hall second; resolution accepting the offer of the Minnesota Public Facilities Authority to purchase a \$1,508,922 general obligation water improvement note of 2009, providing for its issuance and authorizing execution of a bond purchase and project loan agreement. Voice Vote: Ayes: Councilor Paul Briggs, Mayor Scott Keigley, Councilor Jackie Hall, Councilor Kevin McDermott, Councilor Brian Breider, motion passes.

VII. ADJOURNMENT

Councilor Jackie Hall motioned to adjourn at 8:15pm, Councilor Brian Breider second; all in favor, motion carried.

Respectfully Submitted,

Assistant City Clerk

Mayor