

**City of Oronoco**  
**Special City Council Public Hearing Meeting**  
**December 16, 2010**  
**7:00pm**  
**Grace Lutheran Church**

The Public Hearing was opened by Councilor Paul Briggs at 7:00pm.

- Proposed Phase II Water Distribution Improvements Public Hearing
- December 16, 2010
- Executive Summary
- Why are we here?
  - Inform public of proposed water distribution improvements and associated costs
  - Listen to public's concerns and answer questions
  - Fulfill requirements set forth in Mn Stat. 429
- Handout
- Project location map
- What We Will Discuss
- The need for proposed water distribution system improvements
- What is being proposed
- Estimated project costs
- Project funding & proposed assessments
- Next steps in project
- Address questions following presentation
- History of Water Supply System
- 2009-2010 Water System Project
  - Construction substantially complete and system operational
  - Project Cost ~ \$2.7 Million
  - Included distribution piping throughout the Phase I service area, well house #1 improvements, and 300,000 gallon ground storage reservoir.
- Phase II Water Distribution Improvements Feasibility Study – May 2010
  - Evaluated the proposed service area, funding, and associated costs for Phase II
- Why Expand the Municipal Water System?

- Health, environment, safety, and reliability
  - Some private wells within the Phase II area are a health concern
  - Many shallow wells are vulnerable to contamination
  - Small lots have insufficient area to provide required separation between well and septic system, they don't have the ability to correct the problem.
  - Setback / separation requirements hinder replacement of well or septic system when repairs are necessary or when property is sold
- Why Expand the Municipal Water System?
- Health, environment, safety, and reliability
  - Increased fire protection via Fire Hydrants
  - Regulated, clean, reliable, municipally owned source of potable water
  - Expand the existing system to serve residents on the west side of TH 52 and complete a loop of the existing trunk water mains,
  - Unique opportunity to secure low interest loan through PFA to fund project (significant interest savings) our project didn't score that high but with the economy the funding range was dropped. This may not be possible in the future. 20 year term loan may be about 1 ½ % bonds run about 4%
  - Proposed Water System Improvements Include:
- Municipal water distribution system that will provide potable water and fire protection to the Phase II project area.
- 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
- Construction of trunk water mains (12-inch diameter) that interconnect the existing distribution system, including wells and reservoir
- Form loop throughout City that can convey water in either direction
- Construction of fire hydrants, valves and fittings associated with the trunk water mains
- Lateral Water System Improvements Include
  - Construction of lateral water mains (6 & 8-inch diameter) that extend from the trunk water mains 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 water mains.
  - Restoration of Streets Driveways and Boulevards
  - Proposed water distribution improvements are to be constructed within boulevard areas and installed using trenchless technology to the greatest extent possible. When rock is encountered will have to be dug.
  - 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.
  - Estimated Project Costs for Proposed Water System Improvements

## Estimated Project Costs

### ■ Proposed Assessments

#### Basis of Assessment Calculation

- The City pay for all costs for trunk watermain crossing Lake Shady, TH 52 and the Zumbro River. These costs include erosion control, turf restoration, pipe, pipe casing, valves and manholes. 782000 to benefiting properties, approx 7100 per parcel. Range 6050 to 8175 project has not been bid yet
- City to pay all project traffic control, mobilization, trunk watermain valving and for connection to the existing trunk watermain.
- City to pay for all costs to construct the trunk watermain (12-inch diameter) over and above the cost to construct a 6-inch diameter lateral main within areas adjacent to developed parcels being served by the project.
- 75% of all remaining project costs are to be assessed to the benefiting property owners. City to bear remaining 25% of remaining project costs.

### ■ Proposed Assessment Terms

1. 20-year term at below market interest rate yields estimated payments of \$302 to \$409 per year plus interest. Assessment at today's rate
2. Assessment to appear on property taxes
3. If desired, assessments may be partially or fully prepaid without interest, within 30 days of adoption of the final assessment roll.
4. Initial assessment payments would be due with property taxes in 2012.
5. Proposed Project Funding

### ■ Project to be Funded through the Public Facilities Authority (PFA)

1. Below Market Loan over 20 year period
2. Current interest rates of ~1.5%
3. Project may not qualify for future PFA funding, first phase was able to receive ARRA funding.
4. Proposed Project Funding

### ■ \$1,726,837 Project Costs to be distributed over all benefiting properties by means of:

1. Assessments to 110 parcels totaling \$782,080
2. Monthly User Fee - Estimated at \$23.18/month
  - Approximately 15% of User Fee to pay for water system operation and maintenance (\$4,590 / year) pays operator, chemicals, electric, and maintenance as well as debt service.
  - Approximately 85% of User Fee to pay for debt service (\$26,007 / year) the remaining 15% goes to pay the
3. Funding through tax levy (assuming 1.5% interest over 20 years)
  - ~ \$29,000 per year (assumes all 110 users connected) the first five years that wouldn't be the case.

### ■ Private Water System Costs

### ■ Proposed Water System Improvements do not include work on private property including

- Abandonment of private wells
  - Connection of the water service from the property line to the home
2. Costs to complete work on private property is estimated at \$2,500 for a typical home.

3. Costs to complete work on private property is estimated at \$4,000 to \$6,000 for a homes that are set 250-400 feet off the roadway.
- 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.
    1. Recommended connection requirements 2-5 Years. May require phase II to connect within 3 years so it has the same end date as phase I .
    2. The connection requirement will be a condition of the City's PFA Loan application
    3. Assessment payment schedule not affected by resident connection schedule.
    4. Existing wells may be used for irrigation purposes if permitted through the Olmsted County.
  - Connection Requirements
  - All residents connected to the water system would be required to install a water meter furnished by the City of Oronoco
    1. Resident to pay for the cost of the water meter, permit and installation costs estimated to be \$400.
  - Next Steps
  - Evaluate feedback from the public
  - Continue pursuing PFA Funding
  - Initiate project final design and preparation of bidding documents
  - Next Steps
    - Public Hearing- December 16, 2010
    - Final Design/Plans and Specs- January-March 2011
    - Bidding- April 2011
    - Begin Construction- May 2011
    - Substantial Completion -September 2011
    - Assessment Hearing** - October 2011
    - Final Completion - October 2011

Public Comment: Gerry Steffens; questioned what the current operational mode being used is and what type of well head treating is being used. He has fish and can't use water with chemicals. City Engineer Joe Palen; fluoride and chlorine; you may be interested in maintaining your well. Gerry; what is the pressure maintained at? City Engineer Joe Palen; lower than what would normally be used as there are not as many users as needed; Right now between 40 and 90 lbs. Gerry; the pay off period for the assessment, can it be paid at other times? Attorney Fred Suhler; it can be paid at any time. Gerry; this will be splitting at least two multi party wells. How will that be handled? City Engineer Joe Palen; we looked at how to serve the most residents most effectively; those most in need. This is the scenario that will have the greatest benefit. We could expand that to include them or the well could remain active and those in the system would disconnect from the well. Gerry; the user fee of \$23; is there a gallon use charge? City Engineer Joe Palen; there is a base fee of \$10 and user fee of \$2.50 per 1000 gallons. Gerry; in calculating this how did you end up with the (lfr) levelized fixed charge rate? City Engineer Joe Palen; through the PFA process we will have to put detailed data calculations together. Gerry; wonder why this should happen and why is it a

good idea? What areas have contaminated wells? City Engineer Joe Palen; over the last 10 years the county has documented 8-10 wells with problems and the flooding may have increased this. Stolp's Cove is one area that has been affected. Olmsted County has documented that and would have the locations. Adam Schaeffer; question is that he is on the opposite site of the main what would he be responsible to pay? City Engineer Joe Palen; the city installs the service to the curb stop. Peter Sanders; lives on 12th Lane and want to know why the houses left of 12<sup>th</sup> Lane are left out? City Engineer Joe Palen; When the city applied for the funding they looked to looping the system; those are large lots and they can expand in the future. If there is a concern or issues they can ask to be included. Peter; the cost will be about three times what I pay now. Doug Gillard; thanks to City Council. The costs; can't the city apply and get grant money or legacy money? If the city is able to get 1½% and we are responsible for \$400 for the meter, \$2500 to cap the well, \$6000 to hook up there should be something available for residents. Todd Hinsch; it will be \$15,000 - \$20,000. City Engineer Joe Palen; I'd pursue grant money; we were fortunate to receive ARRA money in the first phase. I don't believe that this area would qualify as it was income based for phase I. We are pursuing funding through the PFA for low interest loans; which is significant. Collette Justin; estimate \$2500 for private work, I believe it is a low estimate. 7-8years ago when this came around the costs were about \$17,000; I don't want chemicals in the water. If it costs \$4000 where do we go to get that money? City Engineer Joe Palen; you can apply for low income financing. Collette most won't qualify for low income financing. Is it contracted through the city or on our own? City Engineer Joe Palen; you would be required to find a contractor you are comfortable with, there is income based help, or you could get together with neighbors and hire someone and get group rate. Collette; pressure is at 40 -90lbs; what is the future fix for water pressure. City Engineer Joe Palen; it depends on the elevation, in the downtown at the lower elevations we are recommending a pressure reducing valve. Collette; is there phase III in the works that the other areas will be included? City Engineer Joe Palen; there are some areas that may be contemplated but at this point it is not on the books for phase II. Gerry Steffens; sit in the same boat and well runs 85 – 90lbs insurance is a benefit with the fire hydrants. Jake DeGuise; the main line will split those on his well, we don't really need this, what do we have to do to voice our concern? City Engineer Joe Palen; that's what tonight is about or you can contact Council. Jake; how do you prefer how we voice our concern; we should've been given six months to a year notice. How do you want our views presented? Attorney Fred Suhler; there are two concepts; the process is mandated by law, you need to have written statement filed. You can try to convince council that this is a bad idea Councilor Kevin McDermott; you can speak now. Jake; it was my understanding that the only people that were included were the downtown area, 98% don't need this or want it. City Engineer Joe Palen; we have been working on this for some time and it has been discussed at a number of public meetings; it has not appeared overnight. Mark Johnson; I disagree with this, I prefer well water, development will not increase where he's at. If you're going to do this they should include the entire city. There are there other options for those affected; put in a chlorinator, the fire hydrant will not be enough of advantage. Why don't we have a low enough score? City Engineer Joe Palen; the formula looks at income, fire protection, and water quality; PFA has a formula for the scoring. Jeff Justin; has two questions on the criteria for phase II: if 8-10 people have issues, do they

meet some criteria? City Engineer Joe Palen; the health dept has water tests they have bacteria; some have been rectified, some have had on going issues over the last few years, it only those that have submitted for test. Jeff; are they in phase one or two? Why do we need to connect if we are not the contaminated wells? City Engineer Joe Palen; they are in phase II. Jeff; West Center Street there was one I know. It needs to be answered how many wells are actually bad. City Engineer Joe Palen; the water will be tested and monitored, the positives for this is there are some with bad wells and lots that are not large enough to upgrade septic. Jeff; 20% of the project is included in the things you said 80% are not. There should be a way to serve only those that need it. In these times it is a huge burden; would you spend your money? What are the hot spots? What is the percentage? Where is the real need? Councilor Kevin McDermott; we will have to get the parcels we don't have them in front of us now. Councilor Brian Breider; I want to make it clear that not just the 8 parcels, the overall goal is to get everyone on a municipal system. Jeff; I don't see the future in this, there isn't a phase 3; where is 3 and 4? Is this more of statement to service for People's? Councilor Brian Breider; Oronoco is the largest city in the state without a system. The tax base will grow and we are fortunate to have that they are moving here; they are paying for their costs. Attorney Fred Suhler; in Rochester northwest there were 8 houses; 4 wanted service and 4 didn't; there is no practical way to serve a house here and there. Gerry; show the threshold; is it 5% or 10%, there are some needs out there. Jeff; we need details to drive this. Insurance; on the south side of 12 there is a fire hydrant only 50 feet away from his house and his insurance company said the department has a rating and that's what the rate is based on. Mary Starin; how long have you known about phase 2? I had one month notice; I would have been long gone. City Engineer Joe Palen; City Council and the Water & Sewer Committee have had meetings and it has been contemplated for years. Phase 2 was considered and was publicly discussed; no notices were sent out. Mary; Government is going to what it wants to do. Joy Bertsinger; why aren't they including all the homes on the west? City Engineer Joe Palen; PFA funding will pay for looping, but to extend past that you need a rational for that; we developed the route by where could cross and where could loop into the south. We looked at where we could serve the most people; all the areas don't meet all the criteria. Joy; the water project has been going on since 2001, now that it's hit home to the west side; if this is going to be a municipal system, it should be a full municipal system. City Engineer Joe Palen; we can go back and could easily connect them later. Todd Hinsch; why not add them now? City Engineer Joe Palen; because of the PFA funding; if we had another funding could include them now. It would be nice to do everything at once; we came up with a strategy to serve the most residents. Joy; when did you become aware of the PFA funding? City Engineer Joe Palen; last May we submitted and at the end of September we found out. Councilor Brian Breider; that was a component; if it's feasible, there are some things to take into consideration, the revenue for community is only \$550,000, if you go down the road it will cost more. Costs are not going down and we don't see getting grant money with the economy. In phase I there was a window and we saved a lot of money and the situation is the same here. There has been a lot of discussion; look at past meeting minutes. Joy; in 2001 for water and sewer it was \$20,000. City Engineer Joe Palen; that wasn't hook up it was just assessments. Now it's at \$7000. Joy; my septic will go before my well and I realize that 52 is not going to be a divider for contamination. On 6<sup>th</sup> Street SW there is a

hill and that is all rock . City Engineer Joe Palen; we do anticipate running into some rock that they will encounter. Charles VanHouten; why push out to 12 and then not include Woodsvew which is an older neighborhood? City Engineer Joe Palen; because of the costs for crossing the river; we chose a location that wasn't extremely steep and to minimize the risk for the contractor. Gerry; question what do I do now where it's splitting a 6 people well and what course of action should I tell to the one person; I have one person remaining. City Engineer Joe Palen; if there are five of the six we could add the sixth and service them as well. The feasibility report is yet to come. Gerry; what should I do; tell the person and send a letter to the city? City Engineer Joe Palen; we would appreciate the information. Jake DeGuise; the map shows a part one and part two what is the meaning of that? City Engineer Joe Palen; part one and part was part of the initial PFA submission to break the project in two pieces as the feasibility report went forward it was found it needed to be one phase. Jake; no sewage issues listed with this project. Councilor Brian Breider; no just water only; there are ongoing sewer discussions. Adam Schaeffer; what is the advantage of looping the system? City Engineer Joe Palen; water can flow from the well to the reservoir and then to the residents in two different directions, also for fire flow and reliability. Todd Hinsch; to swallow this is difficult; need a better sales pitch for the \$15,000 to \$20,000 it will cost. You need to look at the overall cost effectiveness. You can't deal with just problem areas, just because 6 or 8 people have a problem it has to be cost effective for the majority. Randy Bartz; not affected by this but the highway and river seems to be a problem are you looking at the 12 or 6 inch main? How many options have been considered in this project? City Engineer Joe Palen; the city has one well and a second that is in litigation and one reservoir. Randy; can you split this and reduce the main size to 8 or 6 inch and have a well on the west side; the city continues to expand to the west; would that be cost effective? City Engineer Joe Palen; the cost of a well is a half million maybe more, the second well is in litigation, it is on the east side; the well we have is on the west side. For adequate flow we need the 12 inch main. Randy; so you have looked at options for costs. City Engineer Joe Palen; yes. Randy; representing the cheapest option for the city. City Engineer Joe Palen; not cheapest but most cost effective in the short term and that they'll be there in a hundred years; the city will continue to change and grow and will need to serve the community long term. There is a planning component. Jeff; when will we know the answers to the questions? What's the new deadline? City Engineer Joe Palen; we have all the information in the feasibility report; there is a list of the failed systems. It may not be public information of whose homes are failing. Attorney Fred Suhler will check into that. Jeff; all the info is within the feasibility report? City Engineer Joe Palen; city hall has the information from county and I'm not sure if the names are public or not. Jeff; you have to have legitimate reason for this; why don't you have a phase 3 or 4? They need to be included. City Engineer Joe Palen; an ultimate city boundary study was done. Jeff; as the city grows, is that in there? Councilor Brian Breider; it was built to a capacity with city growth. City Engineer Joe Palen; the city may double in size. Jeff; where is the limit? Does your company do septic as well? If that's the case; are we at risk with septic and now we will dig it all back up again? City Engineer Joe Palen; yes. The cost affects of the project at that time in 2001 were the \$22,000 and that didn't include abandonment; in today's dollars \$30,000 would be the assessment and we are proposing a \$7000 assessment. There are concerns with that but are you saying that a

\$30,000 assessment would be acceptable? Four or Five years ago there was a joint meeting looking at all the issues facing the city. There are significant issues on both sides; in 2002 looking at \$22,000 and the costs of the private side; the residents didn't have that. They took a look at sanitary sewer; the significant costs for the city or to regionalize with Pine Island or Rochester; Pine Island needed to expand with Elk Run. Rochester and Pine Island are growing towards Oronoco. In the near term the city needs to start making investments with their infrastructure. The city is taking steps towards that. The city can't take it on all at once. Allow "time" to work for the city and regionalize with Pine Island or Rochester when they move closer to the city boundaries. Oronoco has significant potential for growth; the city will change and grow. Do you want to embrace that? Then you need infrastructure. For People's to come here and other businesses; they wouldn't have come without the fire protection of having water. Jeff; it appears that it was thrown on us. You feel that this is the best solution and could be addressed with regionalization. I wanted to make sure there is a plan. City Engineer Joe Palen; we have had these discussions over a number of years. We are looking at an integrated process so it's not all at once for costs. Sure it would be nice to do this all at once, but the city can't afford it all at once. The lines for water and sewer need to be separated by 10 feet; they are using directional drilling and the disturbance is minimal. In the future when you do sanitary sewer there will be minimal impact to the watermain. Jeff; why is it just this part of the city? I don't understand why stop it here? City Engineer Joe Palen; it's not necessarily planned to stop. Councilor Brian Breider; in the future we can have the developers pay for this; it won't be a burden to the city, the developers will be responsible for the costs. There are a lot of things that play into this and you should join the sewer and water committee. Jeff; knows there developments that are not going to connect City Engineer Joe Palen; Zumbro Hills has infrastructure but it doesn't meet the required standards, River Wood Hills is connected already, those areas are a bit more of a challenge as the system degrades the city will look at adding that area. Jeff; Why not add more and more and more? City Engineer Joe Palen; there is an assessment and a cost to go along with that. The debt service would not be palatable. The disadvantage is that the lots are large and there is a lot of watermain footage, where as downtown the area is smaller they had a \$6200 assessment, the west \$7000 with two years of inflation. In the 70's it was estimated at 3 million for the whole city for sewer and water. Introductions: Councilor Paul Briggs, Councilor Brian Breider, Councilor Kevin McDermott, and Attorney Fred Suhler. Mark Johnson; prefer a rural community like how it is; moved here for quiet and rural. City Engineer Joe Palen; the city has some control on growth, this is a growth corridor. The density where you're at won't change. Joy; The \$22,000 figure came off the top of her head. The end result that was the city having there own municipal plant.

Councilor Kevin McDermott third and final call

Councilor Kevin McDermott closed the public hearing at 9:21pm.