

City of Oronoco
Special City Council Meeting Agenda
Tuesday, October 6, 2009
7:30 pm

I. CALL TO ORDER

Meeting was called to order at 7:34pm.

II. ROLL CALL

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

III. Garbage Contract - update

Attorney Fred Suhler has spoken with Veolia and let them know they were in violation for charging for recycling and not picking recyclables up every week. They said the city is in violation because other haulers were in the city. They discussed how it is a tough business and they may be willing to end the contract if the city doesn't enter into a single hauler contract. The contract was entered for one year and then last year entered into a 3 year contract and the original contract in 2004 was set for 3 years. There isn't a 60 day opt out except at the end of the contract. We don't have the right to end the contract or may not be able to tell another resident that they have to use a certain contractor. Recyclables don't go to the county; they are taken to another place \$85 per ton for garbage or \$65 per ton to a place that takes recyclables. Attorney Fred Suhler would like council direction - **Mayor Scott Keigley motioned to have Attorney Fred Suhler draft a letter to ask we mutually agree to dissolve the contract because of the rate increases and lack of recycling and if not they need to live up to the contract, Councilor Kevin McDermott second;** Discussion: opt out at the end of the year. **All in favor, motion carried.**

IV. Pre - public Hearing Workshop

PowerPoint and handout with information about the project as put together by City Engineer Joe Palen. He made an assumption on how the additional funds would be divided out. Those assumptions can easily be changed as council chooses to amend. Mayor Scott Keigley will open up the meeting and then turn the presentation over to City Engineer Joe Palen. This is the hearing where most people care about the cost for them. It may be brought up that sewer is not being done at this time, but this has nothing to do with this project. Presentation:

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
- 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 watermains (~12-inch diameter) that interconnect the wells, reservoir and larger population centers
- Construction of fire hydrants, valves and fittings associated with the trunk watermains
- Review Map

Lateral Water System Improvements Include

- Construction of lateral watermains (~6 & 8-inch diameter) that extend from the trunk watermains 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 watermains.

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

Estimated Project Costs for Proposed Water System Improvements

Estimated Project Costs

Element	Project Costs	Assessed Portion	ARRA Funding (1)	City Borne / User Fee Portion
Trunk Water System Improvements	\$ 1,779,573	\$227,000 (2)	\$856,058	\$696,515
Lateral Water System Improvements	\$ 876,516	\$423,000 (3)	\$453,516	\$ 0
Water Meters and Contingencies	\$ 162,407			\$162,407 (4)
Total Project Cost	\$ 2,818,496	\$650,000	\$1,309,574	\$858,922

Estimated Project Costs for Water System Improvements: Continued Proposed Assessments

- In Area A – Subsidized lateral water system project costs (\$423,000) are to be assessed equally to the 141 benefiting property owners
 - The amended assessment is significantly less than 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.
- 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 equally to the 227 benefiting parcels
Discussion: There are no regulations in how the money is split out from the additional ARRA funding received; there are three scenarios put together by the auditor; with the example used (\$3000 per parcel in the Historic area) there are no general tax levy dollars required. Payments would be made by assessments and user fees. The figures make the assumption that the new development of 105 users will hook up right away and the downtown of 141 users 1/5 would hook on per year. The figures maybe conservative for those going on line; residents may hook up sooner with the lower rates, and council may recommend bringing up the time to within 3 years for the hook up. By leaving the five year limit it allows those with newer wells more time. Commercial development hasn't been figured into the added users. WAC and SAC funds are used for the first four years for repayment or the city could take a portion from the general tax levy. The city received a grant for approximately 50% of the project. Apply the 50% in two phases; going forward it will impact the assessment and property taxes. It will eliminate the need to levy the taxes; the subdivision residents benefit from that because their homes are worth more, so they are saving more in taxes. If reduce all assessments by 50% it will still leave enough to reduce future assessments at the same amount going forward. The city may not get this type of additional funding for future projects; the assessment part of the fee. It is very subjective. For fairness to both sides of town could cut everyone's by 50%. The additional funding was received because of the income survey and the downtown residents. **Councilor Paul Briggs motioned to reduce all assessments by 50% from the original proposed assessment, Councilor Brian Breider second;** Discussion: Downtown would be \$3108.21 and Subdivisions would be \$500. Should be looking at the benefit of the property, does the improvement match with the assessment amount? There was a windfall of money and it can be spread out equally. **All in favor, motion carried.**

Presentation continued:

Assessment Terms

- 20-year term at 2.0% interest rate yields payments of ~\$183 (Downtown) and ~\$61 per year (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.

Discussion: Lot splits would be the \$6216.43 for a connection fee plus interest probably at 2%; with a lot split there needs to set a fee by ordinance, create an availability fee. The numbers presented are for existing lots only. Deferring the new subdivision lots: they would be assessed at the time a building permit is issued; WAC and SAC fees are still being paid and the assessment would be the \$1000 not the \$500. The developer pays a WAC and SAC fee where a lot split would be a completely new service; there would also be interest. The property for the reservoir should be acquired by the weekend and the well connections will not happen until towards the end of the project. There is the private easement in River Park and pipe will be put in the right of ways; the wells won't be touched until next year.

Presentation continued:

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 minimal

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
 - Brochures available in back and City Hall

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.
 - 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.
 - 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.
 - Residents may also find list of City of Rochester licensed companies at:
http://www.rochestermn.gov/departments/cityclerk/licenses/2009_Sewer_and_Drain.pdf

Construction Coordination

- Project Engineer: Joe Palen P.E., Bonestroo
- City Construction Supervisor: Brett Grabau
 - 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 to be posted on the City of Oronoco website and distributed through resident notices.

V. Resolution Accepting Bids – Resolution 09-11

Mayor Scott Keigley motioned to adopt Resolution 9-11 accepting the bid, Councilor Paul Briggs second; Mayor Scott Keigley called for a voice vote: Ayes: Councilor Paul Briggs, Councilor Kevin McDermott, Mayor Scott Keigley, Councilor Brian Breider, Absent: Councilor Jackie Hall, motion passes. The contracts will be brought out for signature.

- VI. **Ellingson – pipe material adjustment** – there is an offer of a \$60,000 deduction for using a cheaper pipe; it has a shorter life span and it is a decreased size of pipe. City Engineer Joe Palen recommended not using the smaller pipe. There was not a motion made.

VII. Authorization of Property Acquisition Payment

Mayor Scott Keigley motioned to pay \$22,000 to acquire the title to the Rucker property, Councilor Paul Briggs second; all in favor, motion carried.

VIII. ADJOURNMENT

Mayor Scott Keigley motioned to adjourn at 9:05pm, Councilor Kevin McDermott second; all in favor, motion carried.

Respectfully Submitted,

Assistant City Clerk

Mayor