

CITY OF EXCELSIOR
Hennepin County, Minnesota

MINUTES

City Council Work Session

Monday, December 3, 2012

Mayor Ruehl administered the Oath of Office to new Councilmember, John Beattie.

1. Call to Order/Roll Call

Mayor Ruehl called the meeting to order at 6:05 p.m.

Councilmembers present: Beattie, Caron, Fulkerson, Miller (arrived at 6:20 p.m.), and Mayor Ruehl

Also Present: City Manager Luger, City Attorney Staunton, City Engineer Dawley, Public Works Superintendent Wisdorf, and City Clerk Johnson

2. Agenda Approval

Item 6, Reception for Outgoing Councilmembers was added to the agenda. Fulkerson moved, Beattie seconded, to approve the agenda as amended. Motion carried 4/0.

3. Metropolitan Council Forcemain Project

a. Shorewood Emergency Water Interconnect

Dawley said that he needs to get an answer from the City Council on the water interconnect. He said that the Greenwood City Council needs an answer from the Excelsior City Council regarding the emergency water interconnect. He said that the Greenwood Council only meets once a month and their last meeting of the year is tomorrow night. The Greenwood Council will be discussing this item at the meeting and hope to act on the water interconnect at that time.

Dawley said that the Council has already discussed the extension of watermain to previously unserved properties within Greenwood on Excelsior Boulevard and the possible watermain system emergency interconnect via Excelsior Boulevard in conjunction with the cities of Greenwood and Shorewood. The Council has two options to consider for the City of Excelsior to proceed with. Regardless of the option, the City of Greenwood believes that the water system should be owned and operated by the City of Excelsior.

The first option is to extend watermain to 21170 Excelsior Boulevard to serve the 12 properties that requested service in a resident petition. All costs would be assessed by Greenwood to benefiting properties. There would be

3. Metropolitan Council Forcemain Project

a. Shorewood Emergency Water Interconnect – (Continued)

no financial obligation on the part of Excelsior or the City of Shorewood, and there is no emergency interconnect for either Excelsior or Shorewood in this option.

The second option is to extend watermain through Greenwood to provide a connection between Excelsior and Greenwood, with services installed to all 22 Greenwood properties. All 22 properties on Excelsior Boulevard between Christmas Lake Road and Manor Road will be assessed for the cost of the water service stub. There would be six fire hydrants located in Greenwood and a prorated share will be assessed to the 22 properties in Greenwood. The amount per unit will need to be negotiated between Excelsior and Greenwood. There will also be two hydrants within Shorewood that Shorewood would pay for.

The cost difference for oversizing the pipe from 8" to 12", as well as interconnection improvements will be split evenly between Excelsior and Shorewood. The remaining costs are proposed to be split evenly between Excelsior, Greenwood, and Shorewood.

At the time of connection, each Greenwood resident will pay Excelsior a trunk fee of \$3,500. Within a negotiated time limit, possibly 10 years, or failure of a residential well, will trigger the requirement for all properties to connect to the system. Greenwood is willing to adopt an ordinance that would not permit the drilling of new residential wells within the project area. As an additional incentive for early connection, the trunk connection charge will accrue at an annual interest rate to be negotiated between Excelsior and Greenwood.

Dawley reviewed the cost and funding information, along with two breakeven analyses for the City of Excelsior's initial overall investment. He noted that the breakeven analyses make assumptions based on the number of Greenwood residents connecting each year and include water utility fund income from trunk connection charges accruing interest at an assumed rate of 3% per year. It also includes water availability charges and water utility billing at average current usage for Greenwood residents using current water rates.

Whichever option is chosen, the details would need to be formalized in agreements between Excelsior, Greenwood, and Shorewood.

Mayor Ruehl asked if all 22 properties would have up to 10 years to connect. If that is the case, the City will be making an investment not knowing if they can recoup their money.

3. Metropolitan Council Forcemain Project

a. Shorewood Emergency Water Interconnect – (Continued)

Dawley said he shared this with Greenwood and the Greenwood Council will need to have that discussion. He is willing to forward a recommended timeline from the Council. He had suggested 10 years, because a reasonable serviceable life of a well is about 10 or 15 years.

Mayor Ruehl said that if the City borrows money to make the improvements, the City will still be paying interest on that money if someone prepays. Caron said this could be one of the financial risks to the City of Excelsior.

Morgan said that Greenwood is also willing to adopt an ordinance that will require a property owner to connect to the watermain if their well fails.

Caron asked what this does to the City's water fund. Is the assumption that this will be rate neutral? Dawley said the analysis assumes the water availability fee and rates will not stay the same for the full 10 years.

Tumberg said that the Water Fund currently has approximately \$775,000 in cash.

Beattie asked if Excelsior could also charge an administrative service fee.

Tumberg said that even if a number of people prepaid the City, the City would have the option to invest that money.

Miller said if the City has the opportunity to borrow, it makes more sense with the low rates to bond for the improvements.

Caron asked what other costs the City would incur as part of the Met Council project. Dawley said there would be a line within the budget of \$250,000 for the interconnect, \$330,000 for streets, \$560,000 for water fund costs, and \$50,000 for storm sewer upgrades. Luger said that these are just the mandated items; the numbers do not include any costs for items that the City wants to upgrade or do in conjunction with the project.

Mayor Ruehl said that the City can borrow from the various funds and work from reserves so rates would not need to be increased.

Caron said she needs to know what the costs will be, where funding is coming from, how it is getting paid back, etc. There are some improvements that are necessary and then there are other items that are on a wish list. She does not feel like she's got the detail that is needed to make a decision. She is okay with adding the Greenwood residents to the City's system, but she is not sure that the interconnect is a priority. She asked if it was

3. Metropolitan Council Forcemain Project

a. Shorewood Emergency Water Interconnect – (Continued)

possible to relate to Greenwood that the City is okay in concept with this, but that the City still has some work to do on this before making a final decision.

Miller asked how much Excelsior has to upfront Greenwood; Dawley said about \$177,000. Miller said that is easy for the City to fund from the reserves and pay back. Even if the City had to borrow the money and make payments, it would not impact the City's budget. He would need assurance from Greenwood that the City of Excelsior will get a return on the money that they front. Ultimately, he would like to see what impact all of the items will have on the utility rates.

Caron said she is not comfortable spending \$177,000 of the City's reserves.

Beattie asked if the feasibility study that Greenwood undertakes can take into account option 1 and 2. Dawley said he is speculating, but he thinks Greenwood wants clear direction and costs for their residents. He noted that once a feasibility study is completed, the amounts become pending assessments to the benefiting properties.

Beattie suggested that the ordinance that Greenwood adopts includes a provision that the assessment needs to be paid off if the property changes hands. Staunton said he can look at this to see if it is possible.

The Council directed Dawley to suggest that Greenwood do a feasibility study on Option 2.

4. ADA Plan for City Council Chambers

Staunton said that earlier this year the City received an American with Disabilities Act (ADA) complaint regarding the City Council Chambers not being handicap accessible. He has drafted a resolution recapping the City's exploration of ways that the Council Chambers can be made accessible and expressing interest to move the Council Chambers to the portion currently housing the Hennepin County Library once the space is vacated. The resolution is intended to stimulate a discussion about moving the Council Chambers to a location that will comply with the ADA's public accessibility requirements and puts a policy in place for the City.

Miller said he thinks this is a good thing to do and it does not commit the City into doing anything.

The Council directed staff to place the adoption of the resolution on the consent agenda for the Council's December 17, 2012 meeting.

5. Maximize the City's Tax Capacity by Utilizing City-Owned Assets in Commercial Districts – City Hall/Library and West Parking Lot, East Parking Lot, and Old Police Building

The Council requested that this topic be continued to the next Council Work Session.

6. Reception for Outgoing Councilmembers

Luger suggested that a small reception with coffee and cake be scheduled for 6:00 p.m. on January 7, 2013. This will give people an opportunity to thank outgoing Councilmembers for their service and meet the new Councilmembers.

The Council agreed with the staff's suggestion.

7. Adjournment

Beattie moved, Caron seconded, to adjourn the meeting at 7:03 p.m.

Respectfully submitted,

Cheri Johnson
City Clerk