INVER GROVE HEIGHTS CITY COUNCIL WORK SESSION
MONDAY, MARCH 7, 2022. 6:00 PM - 8150 BARBARA AVENUE

A. <u>CALL TO ORDER:</u> The City Council of Inver Grove Heights met in person for a Work Session on Monday, March 7, 2022. Mayor Bartholomew called the meeting to order at 6:00 p.m. The Pledge of Allegiance was recited.
Roll Call: <u>Present In-Person</u>: Mayor Bartholomew; Council Members; Piekarski Krech, Gliva, Dietrich; City Administrator Kris Wilson, City Clerk Rebecca Kiernan, City Attorney Bridget McCauley Nason, Public Works Director Brian Connolly, and Assistant City Engineer Steve Dodge.
<u>Absent</u>: Council Member Murphy

1. <u>Redistricting Overview</u>
City Clerk Rebecca Kiernan delivered the Redistricting Overview as follows:
- Happens every 10 years – In years ending in 2.
  - After the Census is complete.
- Redistricting is the process by which new Congressional and State Legislative District Boundaries are drawn.
  - Minnesota has 8 Congressional Districts and 201 State Legislative Districts (67 Senate; 134 House).
  - Constitutional and Statutory requirements include equal population as much as possible; convenient, contiguous territory, and single member Senate Districts with two House Districts within each Senate District.

A map was displayed showing the Congressional District Boundary – Metro for 2012 and what was adopted at the State in 2022. Inver Grove Heights did not move from one District to another, still remains in Congressional District #2.
Congressional and Legislative Changes:
- Congressional District – District 2 – no change
- 2012:
  - Legislative Senate District 52
  - Legislative House District 52B
- 2022:
  - Legislative Senate District 53
  - Legislative House District 53A and 53B

A map was shown of what the new Senate District 53 looks like. It used to go into Mendota Heights, now it goes into St. Paul Park in Washington County.
Maps of the new House Districts 53A and 53B were shown.
- 53A Splits new City Precincts 10 and 7 out from the normal full District.

Proposed Changes to Precinct Boundaries:
- Required to move Precinct lines to the new Legislative boundaries.
- Balance out Voter population sizes to accommodate areas of the city that are growing.
- Dakota County is willing to cover the costs of purchasing new Tabulators and ePollbooks.

Key Highlights:
- Prior Precinct boundaries did not always follow School District boundaries.

  - Requested by Dakota County for the city to follow School District boundaries.
- City is now in two Legislative House Districts:
  - Precincts 1 – 6, 8, 9, 11 & 12 (House District 53A)
  - Precincts 7 & 10 – (House District 53B)
- Some Polling place locations were located outside of Precinct boundaries.
  - Tried to accommodate and get Polling place locations inside Precincts.
- Planning for population growth.

Precinct Costs: Going from 10 to 12: (Estimated costs to be incurred with two additional Precincts):

- 2 Tabulators
  - Dakota County will cover the cost of the purchase
  - Yearly License Fee of approximately $1,600 additional added to the budget
    - Covers maintenance of electronics, hardware, and software
- 8 ePollbooks and 2 Wi-Fi Transmitters
  - Dakota County will cover the cost of the purchase (normally approximately $20,000)
  - Yearly License Fee of approximately $2,000 additional added to the budget
    - For software and hardware
- Additional Precinct materials:
  - Approximately $7,500 (20 booths, 4 Precinct Boards, etc.)
    - Sandwich boards, Flags that go into the new kits
- 20 Additional Election Judges needed (10 per Precinct)
  - To note: 12 were scheduled in 2020
    - There is a pool that may be big enough
    - Applications for Election Judges will be going out before the end of the month
  - 4 Head Judges; 16 Election/Student Judges
  - Approximately $5,000 in personnel costs per Election additional added to the budget

Polling Locations:

- Polling locations are not final until after the City Council adopts them via Resolution
- Existing Polling place locations were shown
- Proposed Polling place locations were shown
  - Waiting on responses from a couple of different places
  - Final numbers to come on which Polling locations would be used
  - To Note:
    - City Hall is no longer a Polling place
    - The reason: There is so much traffic going in and out on Election Day with Absentee materials
    - Looking to move that Precinct out of City Hall to provide calmness
    - There are some Polling places not in the Precinct location, but located within one mile (What State Statute requires)

Getting the word out: (How to notify residents that they would be having new Polling places):
Once Polling locations are final, and the Resolution has been signed, City Staff will educate the public on the changes that have been made by:

- State postcards will be mailed within 25 days of the Primary, advising Voters of their new Polling place (Usually green, white, or blue)

- Posting notices on the City's Website and Social Media site
- Insights Newsletter
- www.mnvotes.org

Registered Voters who find themselves in a new Precinct or with a new Polling place do not have to re-register to vote if their home address remains unchanged from the last time they voted.

Mayor Bartholomew referenced Precinct 4 as being shown in the VMCC Rooms 1 and 2. Those are not in Precinct 4 and should be the color green. City Clerk Kiernan replied she was moving Precinct 3 out of the VMCC and moving them into Fire Station #2. Precinct 4 was in City Hall and will be moved to VMCC Rooms 1 and 2. She mentioned that Precinct 5 was at Emanuel Lutheran Church. Those would be moved to Inver Hills Library or Grace Church of Nazarene.

Mayor Bartholomew said he misinterpreted the green color. He thought that showed out of Precinct. City Clerk Kiernan replied those were denoted with an asterisk.

Councilmember Dietrich inquired about the two new Tabulators and asked if those used the exact same software the city currently has. City Clerk Kiernan responded the Dominion Voting Company, which is where the equipment was purchased from, would be doing a firmware upgrade on everything before getting to the Primary this year. The company was approved at the State in December to go ahead and do a firmware update. This should relieve some of the issues they have had in the past.

Councilmember Piekarski Krech requested a map that could be enlarged to be able to see exactly where things are.

City Clerk Kiernan noted the major change is that the School District runs Precincts 12 and 2; School District 196. Precinct 12 has a small portion in District 199 only because it is where the Census block ended up. She said they were trying to eliminate the School Districts just in case they have a Ballot question. They want them to be able to have one Ballot at the Precinct, so they do not give out the wrong Ballot.

Mayor Bartholomew asked if this would be ready for the Council on Monday. City Clerk Kiernan responded she would have it ready on Monday.

2. 117th Street – Project & Funding Update

Public Works Director Brian Connolly, updated the Council on the 117th Street Reconstruction Project.
Project Overview:

- 117th Street is an essential transportation corridor for locals, commuters, and commercial traffic.
- Serves one of the largest hubs of industrial activity in the State.
  - Flint Hills Resources is located to the south
  - Two large Landfills
  - Commercial/Industrial businesses around the interchange
- The corridor serves major commercial activity with access to Highway 52.
- The roadway was constructed in 1960.
  - The Highway 52 interchange was constructed in 2004
  - It is 60 years old, in dire need for an upgrade

  - Rural section looking to upgrade to a more urban section that can handle some of the trucking traffic that exists on the roadway
- 117th is identified as a future corridor for the extension of Cliff Road.
  Located north of 117th Street and west of Rich Valley Boulevard

Project Background:

- August 2002: Dakota County did the Cliff Road Extension Study.
  - Done to time up with the anticipated work that was going to be happening at that time with 117th and 52
  - That interchange was installed in 2004
  - This study looked at an east/west connection that would tie another County Road from Highway 52 all the way across to Interstate 35W. Cliff Road all the way in Burnsville
- August 2016: Another study was commissioned by Dakota County in partnership with the cities of Inver Grove Heights and Rosemount to look at the Pine Bend area.
  - Called the Pine Bend Arterial Study. Focused on this specific corridor as well as other County Roads within the Region such as:
    - Akron
    - Cliff
    - Rich Valley Boulevard
    - County Road 42
- September 2020: Based on what was stated in the 2016 Study that looked at emphasizing that 117th Street would be turned back/upgraded from a City Road to a County Road.
  - That process took another step forward in 2020 when the City of Inver Grove Heights, with support from Dakota County, applied for a Minnesota Highway Freight Program Grant
- February 2021: Awarded that Grant.
  - Received a Grant for $8 million dollars to perform the upgrade of this roadway facility
- February 8, 2021: Entered into a JPA (Joint Powers Agreement) with the County to do Preliminary Design on 117th Street.
- April 12, 2021: Approved a Contract for Preliminary Design with Engineering Firm SRF.
  - SRF has been working with City and County Staff collecting data and doing a number of different preliminary design efforts
- July 22, 2021: Open House #1 (Virtual).
- December 16, 2021: Open House #2 (VMCC).
  - Both Open Houses included property owners and the general public to gather input on Preliminary Design

Tentative Project Schedule:

Public Works Director Connolly emphasized the importance of the Preliminary Design Phase:

- Preliminary Design:
  - Similar to the design effort that goes into Feasibility Reports when doing Pavement Management projects
  - The difference in a project like this on a transportation corridor with this type of funding is that there are a number of different timeframes that have status reports that have to be met, points in time during design

- Typically, on a transportation job there is 30% design, 60% design, and 90% in final. There are a number of extra steps
- At each one of those steps the design is vetted by MnDOT or the Federal Aid Office which is executing the design review because the Grant received is a Federal Grant
    - There is a process they need to go through including: Environmental Reviews and looking at different alignments and layouts
- Currently they are in the Preliminary Design Phase which is very similar in terms of what they are going to get to at the end of the design phase
    - There is a lot of time spent looking at different options during Preliminary Design
    - There is a lot of wiggle room in the design that can occur during this phase
    - It also has the most potential for scope and schedule as they are looking at a lot of different options
    - If looking at an option that gets eliminated, they would have to look at a different option. It can take time and effort to go through that process
- During this phase, this is the time they get soil borings, wetland delineation, all of the utility coordination
- Because this is Grant Funding, it is Federal money
    - They have Federal Highway Administration Submittals they have to put in and environmental documents
    - There is a lot of effort going on that most people do not see with respects to making sure the project still has merit as they go through the Preliminary Design phase
    - They are still working with MnDOT, the Federal Aid Office, and their Freight Office, as they do functional reviews on drainage and roadway alignments
    - They are also working with Railroads. He mentioned that anyone who has worked with railroads knows that it can sometimes take some time
    - They are making that effort now and will continue to do that through Preliminary Design
    - It will likely carry through to Final Design and eventually hopefully construction

He said it was definitely more exhaustive in detail than any effort typically seen with a typical street project. Highlights of where they are at:

- They are about 60% done with Preliminary Design.
- There is still most of the summer in which it would take to finish Preliminary Design and bring forth a Feasibility Study at the end of the summer, into the Fall.
- At that time, they would bring forward a Feasibility Study for the Council and request Council review that and schedule an Improvement Hearing.
- If the project is approved, move forward with Final Design, a Joint Powers Agreement with the County, and approve a Final Design Contract with a Consulting Firm to do the work.
- Final Design would likely extend from this winter through next summer/into next fall.
- Project Bidding next winter (2023 and 2024).
- Award Contact in February 2024.
- Construction in 2024/2025.

Currently very early in the process with a lot of road ahead before they get to Final Design.

Goals for Council Feedback:

- General Roadway Layout.
- Inclusion of Public Utility Extensions (Sanitary Sewer and Water).
- Potential use of Special Assessments (Recommending).
- An increase to our current Legislative Bonding Request.

Design Objectives to 117th Street:

- Enhance transportation efficiency and mobility throughout the corridor and for the greater region around 117th Street.
- Improve roadway safety and business access along 117th Street.
- Supportive of the phased development of an essential east/west transportation corridor (this is the First Phase of what is expected to be many phases in order to connect the roadway with Cliff Road).

Design Priorities include:

- 10-ton structural design strength standard.
  - Typical city collector streets are a 9-ton design standard
  - This road has heavier traffic/heavier vehicles
- Compliant with State Aid design.
- Intended to manage access points along 117th Street.
- Adding turn lanes where applicable.
  - They do not have a two-lane road if a vehicle wants to turn left, there is no way for anyone to get around them creating a safety issue
- Upgrading two existing railroad crossings.
  - Have not been touched for 60 years
  - Bringing them into compliance with current standards from a safety perspective is important as a part of this project

Background Layouts:

- A layout of what was proposed in 2016 was displayed with the Pine Bend Arterial Study.
  - At that time, a 4-lane divided roadway was proposed
  - Significantly wider than the 2-lane rural section there today
  - This was a high-level concept layout that did not have a lot of discussion with property owners about where their accesses are and what accesses were important
  - Has been updated since 2016
- In September 2020, applied for the Minnesota Highway Freight Program Grant
  - Awarded the $8 million dollars in February 2021
  - Included provisions to do pavement rehabilitation in the area of Highway 52
  - Interchange was constructed in 2004
  - By the time this reaches construction in 2024, it will have been 20 years
  - There has not been any real maintenance done on this area
  - As noted from past Pavement Management presentations, Staff typically looks to do overlays when roads reach 20 years of age
  - This roadway will be a candidate and have a PCI rating that will be in that range, mandating an overlay. (Something the County would like, is a typical request, would ask the same of the County if they were giving a road to the city). For example: This would

be the case with Old Argenta in the northwest area. That would be overlayed before the city takes ownership of it

- July 22, 2021 – Open House #1 Virtual
- December 16, 2021 – Open House #2 VMCC
    - Layout adjusted from 4-lane to 2-lane divided road
        - Traffic levels and access needs indicated that a 2-lane road would be sufficient and was actually better for the County and operations in the future
        - These efforts were shared with the general public along with modifying driveway and property accesses

A diagram of Cross-Sections was shown displaying:

- A Conceptual Cross-Section with turn lanes on a 2-lane road, divided by a median
- The other Cross-Section shown was what one would expect in an area where there are not any turn lanes
- A 14 foot through lane with a shoulder lane

To note: There was a trail shown on one side, the north side of the road. They are proposing to include a trail on that north side. It is part of the City's Comprehensive Transportation Plan and the County's Plan. At one time the County was talking about possibly having a trail on both sides. It was determined one side would be better. The north side was chosen because it has less impacts in terms of transmission poles and utilities.

- January/February 2022 Layout Revisions:
    - The west end will no longer be a "T" intersection with Rich Valley Boulevard. It is a longer radius curve
    - Updated property accesses based on conversations with property owners
    - Worked on the trail alignment on the north side to determine costs to put it in that location

Modifications During Preliminary Design:

To note: Even though Mill and Overlay was put into the Grant Application, it was not included in any previous cost estimates that were brought forth to the Council including the Joint Powers Agreement. He was unsure why it was not included in the Joint Powers Agreement since that was put together at the same time, they got the Freight Application. He felt that may be due to a miscommunication between City and County Staff with respects to what was put in that. He said they want to make sure that is included in any costs they are showing moving forward.

- There are some added costs for Right of Way and Easement Acquisition
    - Determined that when this roadway was built, there was not right of way there. It was basically built across existing property with prescriptive rights but no easement or right of way acquisition.
    - Typically have what is considered Prescriptive Right of Way. If the roadway has been there long enough, it becomes by rights, owned by the city even though it is not platted as such.
    - Because they are going to widen the roadway they are probably going to go beyond the prescriptive rights. Want to make sure to acquire and document the easement so the road is permitted to be within these property areas.

    - There are some areas that have been replatted, the road has been dedicated, but it is only 66 feet wide which is not enough to accommodate a widened roadway section as is being proposed.
    - There are utility easements in the area; electrical and gas, they need to be cognizant of.
        - If those facilities need to be relocated there are associated costs
        - Trying to design the best they can to avoid significant impacts
        - There will be some private utilities that are going to have to be relocated and be a project cost because they are already in an easement, they essentially control
        - The city would be required to pay for those costs

The following two items will be discussed further:

- Revised Alignment at Rich Valley Blvd (CR 71)
- Added Public Utilities (includes Water and Sanitary Sewer)

Alignment Adjustment at Rich Valley Boulevard:

- Biggest thing to change overall
- Will be explaining further:
    - Why this has been put in
    - Why this is the recommended alternative
    - Why City Staff agree this is the best way to go with respect to the way this roadway connects at Rich Valley Boulevard
- The overall intention is to connect this roadway to Cliff Road (north of the alignment)
    - The curve allows for the alignment more efficiently and effectively, whether now or in the future
    - The roadway would eventually turn to the north, connect to Cliff Road, and go west
    - Where that happens has been a source of debate and contention over the past 20+ years
    - Layouts have shown this to be west of Rich Valley Boulevard
    - New Right of Way
    - Alignments show it following Rich Valley Boulevard
    - There are a lot of things in play regarding alignment as it moves further west and into the future
    - Right in the middle of any potential alignment is Bituminous Roadways with their pit and facility they have for paving located on Rich Valley Boulevard
        - They anticipate being there for the next 30+ years
        - No likely situation where the County would go through their parcel of property that they are mining on until they have vacated or are done using the land
    - The County wants to make sure that anything put in here can be considered more. Although it may be interim, still function over the long term. It could be 20, 30, 40+ years

Mayor Bartholomew requested the location of Bituminous Roadways be shown on the diagram. He inquired about whether the proposal would have gone through the pit area. Public Works Director Connolly responded it would. The layout was looked at and determined they could continue to do the "T" intersection. There were a couple of different issues with just leaving it in that way for the next 20 or 30 years. Traffic data collected during the preliminary design effort indicated primary movements from the intersection are from the north, running south on Rich Valley Boulevard, and then turning east on

117th Street. The opposing movement is west on 117th Street and going north on Rich Valley Boulevard. That accounts for approximately 60% of the traffic. On a typical three-legged intersection like this, would see that roughly 50-60% of the traffic would be thru traffic, north/south on Rich Valley Boulevard with the remainder being turning movements. In this case the majority of traffic is the turning movements. The desire, from a safety and mobility standpoint, is to make that movement which is a majority of the traffic movement today and expected to be into the future, to be the main through movement. There does not have to be a stop condition and have that many vehicles stopping, turning, and trying to accelerate up a hill. This intersection of Rich Valley Boulevard is a low point in the roadway in any direction, it goes up hill. When at a stop condition, trying to accelerate up a hill in a bigger vehicle/truck can be a very slow process. Rich Valley Boulevard is a two-lane road, it can be a dangerous situation with rear end crashes and other types of accidents that could be impacted by a slow-moving vehicle. The desire is to maintain constant flow of traffic in that direction from Rich Valley Boulevard north to 117th Street to the east.

Public Works Director Connolly continued with the Alignment Adjustment:

- Cost Impact: $1,750,000 (estimate). Includes right of way acquisition, additional storm sewer needs, roadway costs above and beyond the "T" intersection.
- As a part of the JPA with the County, the County is paying for 85% of the costs of the roadway that are above and beyond anything that was covered by the Freight Grant.
- The city cost of this is $265,000 or 15%.
    - The County has changed their cost sharing agreement. It has been more in favor of cities like ours where they would cover 85% of those upgrade costs.

Councilmember Piekarski Krech asked if this would be a roundabout. She asked how one would go, for example, if coming from Rosemount and want to go all the way up to St. Patrick's Cemetery. Public Works Director Connolly responded Rich Valley Boulevard would come up and turn into a "T" intersection. It would be a smaller less traffic volume leg; they would turn left onto Rich Valley Boulevard.

Councilmember Piekarski Krech commented that they were taking out that section there now. Public Works Director Connolly replied yes. He referenced a diagram of the current layout and said Rich Valley Boulevard is skewed, 117th comes into it askew. That would be taken out. He said there were still questions they were discussing with the County from a safety standpoint, such as if they wanted to have that type of intersection on a curve. When having that type of intersection on a curve, there are better site lines looking in both directions because they would be both coming at you to a point, as opposed to being fully 180 degrees apart. There are better safety components with that. The County is still looking long term. He said their expectation was not necessarily that Rich Valley Boulevard south of here would still connect. It may connect somewhere further away or not at this specific location. They are trying to look at this with the long view of knowing they want to have this connect with Cliff. This makes the most sense to keep at a continuous route as opposed to having a couple of stop conditions and "T" intersections where people have to turn and make multiple turns to get to where they are going.

Councilmember Piekarski Krech mentioned this has gone through many iterations.

Public Works Director Connolly continued with Public Utility Considerations – Watermain:

- Currently there is a 16" Trunk Watermain that exists on 117th, extends from the interchange, and comes all the way down to the farther west railroad crossing.
    - West of the two Landfills (Pine Bend and Demolition Landfill), the watermain was previously extended north to connect to one of the buildings at the landfill
    - Within the last two years it has been extended across the open space to the Bituminous Roadways facility
    - Bituminous Roadways is doing an expansion of their facility and needed to have water for fire protection, they paid for the extension across
        - This is a project the City Council would receive at next week's meeting to finalize
- Council is specifically looking at the project on 117th.
    - There is a 16" watermain
    - Looking to extend the watermain around within the limits of the road project so they do not have to come back at a future date and dig the road up to extend it
    - As it currently stands, there is a desire from a fire flow perspective to loop it eventually to Bituminous Roadways
        - Want to close out the project with Bituminous Roadways at their location before engaging in negotiations to possibly extend in the future
        - This would be the corridor that makes the most sense for extending if deciding to loop the watermain system to the south part of the Eagan system at the southwest corner of the city where they are within the urban service area
        - This is something they would look at doing as a part of the project
        - Properties shown were not looking at getting water service and are outside of the current Municipal Urban Service Area
        - It makes sense logistically to extend that watermain at this time to ensure they can get it installed with the roadway so they do not run the risk of having to go back and install it underneath a new road, or in 20 or 30 years, an older road they would have to reconstruct
    - The cost for the watermain extension would be $220,000, funded through the Watermain Utility Fund
    - Potential to re-coop some of these costs in the future with extension and connection fees
    - Nothing is imminent, not something they would assume needs to be included as a part of the cost estimate because they would not expect to collect it in the near term

Public Utility Considerations – Sanitary:

- Sanitary Sewer has been extended to the eastern limits of the current project in the Flint Hills Administration Building, located on the south side of 117th Street
- Looking at extending the sanitary sewer to the end of where the watermain is presently, getting them within the MUSA (Municipal Urban Service Area) Boundary as defined by the Metropolitan Council. Shown in the 2020 Comprehensive Plan

He said the question may be asked about why they would need to extend sanitary sewer to a Landfill. There is not a house there or someone that has been asking for it. Staff has had conversations with the landfill owners, and they have something called "Leachate":

- Leachate is what you get when you get rainwater that percolates through a Landfill, collected at the bottom of a Landfill, and is full of whatever it passes through, which is trash. It is usually still a liquid but sometimes there are some suspended solids in there and run off the landfill. Landfills collect them in big holding tanks and then truck them to the Pigs Eye Wastewater Treatment Facility
- Generate and collect up to 80,000 gallons of leachate per day from those two Landfills.
  - This is the equivalent of about 550 single family homes
    - Not as big of an amount as could be seen in some industrial wastewater generators that exist in town
    - They are not using water; this is strictly what filters through the landfill and collected on average on a daily basis
    - Can be more if there is rain, or less if it is winter
- Landfill owners have asked the city to look into possibly connecting. Staff is still having discussions with them about what that looks like.
  - Staff has questions about the quantity of the material, the chemical composition, the solids, and what they are doing to filter those out on their end
  - What are the downstream sewer capabilities. Would have to connect at some point to other portions of the city sewer that they would have to pump to get to the main Metropolitan Council's interceptor before being taken to Pigs Eye
    - There are a number of things Staff is still looking at and working out as a part of the Preliminary Design process
    - It is something that has been requested of the city. Staff is doing their due diligence to see if it is feasible and if the property owners are willing to foot some, or most of the bill
- Cost for sanitary sewer extension on 117th Street to serve landfill areas:
  - Approximately $330,000
  - Due to sloping, a Lift Station would need to be placed at a cost of approximately: $800,000 to $1,000,000
  - Total of $1,330,000

Councilmember Piekarski Krech asked if it was known if the Rosemount part of the Refinery was hooked up to Rosemount sewer. Public Works Director Connolly responded he did not know. The administrative buildings are in our city, he was not sure of the Refinery component. He said there was another administrative building south of the Refinery that may be connected to Rosemount's facility.

Councilmember Piekarski Krech questioned where that went. Public Works Director Connolly replied it goes to the old Rosemount Sewage Treatment Plant, which is still there, but mostly a pump station that pumps it to Empire down in Vermillion.

Councilmember Piekarski Krech commented that there was talk prior to the Public Works Director coming to the city about a development that wanted to go down on 117th Street and was going to collect the filtered water from Empire.

Mayor Bartholomew asked if Leachate gets to a point that the chemical composition gets to be more than the Met Council had anticipated. He asked if there were pre-treatment facilities for the Leachate. Public Works Director Connolly responded there are recommendations. They do some pretreatment at the landfill facilities, particularly the Pine Bend one. They put it into a tank which would filter out solids and then take the liquid off the top. Currently they put a pump in and truck it every day. He said these were things Staff wanted to get more details on. The challenge with this is the location with these facilities is that it is pretty expensive to put it into a Lift Station and pump it. They need to make sure our system can handle it, have the right pipes, and not create an adverse impact. He mentioned that there are other landfill facilities in the Twin Cities such as Burnsville, that put their Leachate directly into the sewer system. In Burnsville it goes through less of the city system before it gets to the Met Council's interceptor. He said our city's interceptor is in the northeast portion of the city. Most of the Leachate has to work its way through this Lift Station, another Lift Station (Pine Bend), gets pumped a second time, put into a gravity system, and works its way to the Met Council interceptor. It is a long ways to go. Staff is working with our Consultant Engineers and Sanitary Consultant Engineers about what size system and if it could handle it from a system capacity standpoint.

Mayor Bartholomew asked if all of this would fit into the Benefit Analysis. Public Works Director Connolly responded yes.

Public Works Director Connolly discussed:
Special Assessments – Sanitary Sewer:

- Per City Policy, 100% of the cost for sanitary sewer (Gravity portion, 8" pipe) can be assessed to benefitting property owners.
  - This is a unique situation because unlike the development proposals seen in the northwest area where sanitary sewer lift station is needed for an entire development, it is usually the Developers paying for it. The city pays for the upsizing if there were more developments tying into it
  - There is not a lot of potential for development in the area
  - This is end of the line as it currently stands
  - Need to work out with landfill owners about what their cost share should be
  - As the Policy is written, it accounts for typical gravity sewer, it does not account for lift stations
  - There is not a Development Agreement they can reference and negotiate
  - There may be some room for updating the Assessment Policy and coordinating with the facility owners about how to best cover the cost
- Assessment for Lift Station and Forcemain may vary
- Total cost of sanitary improvements: $1,330,000
- Assessable costs may range from $500,000 to $1,250,000

To note: The two Landfills are the largest generators but do pass other facilities with this sewer before it gets to the landfill. Staff has to have conversations with them about what their penchant is for adding sewer service in the future.
Special Assessments – Street:

- Per City Policy, 35% of street and storm costs are assessed to benefitting properties for reconstruction.

- o Based on current road classification (Collector Street) and a 9-ton pavement design
- o Does not include "oversizing" costs (For example: widening, medians, trail, 10-ton pavement design, turn lanes)
- o A high-level cost was originally used to determine what the cost of a Collector Street would be:
  - ▪ It is 32' wide with curb and gutter. $4,250,000
  - ▪ 35% of that would be $1,487,500 for potential assessments
  - ▪ Estimated in the past at a possible lower value closer to $500,000.
    He stated that he has kept it at that figure for now, but does think there is the capability to increase that assessment value
  - ▪ It has been mentioned in some of the meetings that they are considering Assessments. This would be the first time Staff has had the chance to talk with Council and get input about whether or not to continue to go down that road of Special Assessments for roadway improvements
- o There are 6 Property Owners, most are Commercial or Industrial
- o There are 8 Business Operations
- o 13 Parcels
- o Actual Assessments are based on area, front footage, or trip generation. These are included in the Assessment Policy

High Level Estimate:
This was shown in the Joint Powers Agreement that came before the Council in February with respect to overall design, cost, and potential funding sources.
He stated that the Council approved this breakdown to put in the JPA (Joint Powers Agreement). It did not include a number of the following things:

- City Utility Costs
- Mill and Overlay at Highway 52
- Construction Administration
- Right of Way Acquisition for unplatted or prescriptive rights areas
- Inflation Factors

A cost estimate was put together based on the 2016 Study. It was tweaked it a bit for 2020. The JPA came out in 2021. They would not be constructing this road until 2024/2025. If considering inflation and the fact that it could be 3-5% year over year, they are looking at a cost increase from inflation alone at anywhere from 20-27%. He wanted to bring forward a cost estimate that includes inflation and gives a dollar value that can be seen at the time this project is constructed.
The total comes to $21,227,808
A comparison was shared with Current Costs, Pre-Design (JPA Costs), and the Difference. There are some things they are saving money on:

- Preliminary Design: $226,000
- Final Design: $54,000
- Utility Relocation; due to design considerations: $750,000

Costs that have increased:

- Right of Way: $600,000

- Construction: Road and Storm: $3,727,808. (This includes the increase due to the Mill and Overlay, work at the west end proposed with the realignment, general inflation).

Items not previously included:

- Construction Administration: $1,380,000 (Includes quality control, oversight, material testing, surveying). These are real costs that have to be accounted for in construction.
- Construction: City Utilities: $1,550,000

Staff wanted to bring this information forward now because they are in the process of working with our Lobbyist and looking towards Bonding opportunities. There have been other funding conversations had over the last couple of months. They are at a time now where there is flexibility to make determinations and still allow to proceed with the Preliminary Design and get to a Feasibility Study dollar value. There would still be flexibility on where they would appropriate some of these costs.

Current Cost/Budget Estimates:

- County's total:
  - County total goes up another $3,084,502
  - From what they were initially going to contribute ($4,500,000)
  - This brings their total to $7,584,502
- City Pavement Management Program:
  - Was: $2,000,000
  - Estimated to: $3,593,306
  - Cost difference: $1,593,306
- City Water and Sewer Utility Funds:
  - $1,550,000 (Assessments were not included in this total)
  - Original Assessment Level: $500,000 (There is the potential this could be slightly higher)
    - Keeping this the lowest will offset sewer and roadway costs

City Funding Options:

- Worst Case City Funding Scenario: Every cost noted previously would have to come out of some city source. There is no Legislative Bonding. Numbers shown include just the City and Dakota County. Nothing changes from a funding or Grant standpoint
  - $1.3 million dollars from Sewer/Utilities
  - $220,000 from Water Utility
  - $500,000 from Street Assessments
  - $3.6 million dollars from the Pavement Management Fund
- Best Case Scenario:
  - Still assuming Special Assessments with everything else covered by Legislative Bonding
  - This would increase the Bonding Request from $2 million dollars to about $5.1 million dollars
- City Funding Possible/Realistic Balance to consider (not actual numbers, room for discussion):
  - Estimated Special Assessments at $500,000 for Street
  - Estimated Special Assessments at $750,000 for Sewer
    - Sanitary sewer work is not going to proceed unless there is buy-in from the property owners who want it
    - It will not be put in for no reason

        - It does not have to be Petitioned for. Staff will work with them through the process to understand if they want to put it in and then work with them to nail down costs and what would be the most cost effective for everyone involved
    - The Balance: trunk sewer costs, watermain costs, and all roadway costs would be factored into the Legislative Bonding component at approximately $4.4 million dollars

Legislative Bonding Flexibility:

- Current request is $2,000,000. Very modest for Transportation Bonding Requests.
    - Have typically seen at the Legislature numbers closer to anywhere in between $10,000,000 to $25,000,000 for Bonding. Even more when you talk about Counties and State level funding
    - $5,000,000 would still be considered a modest request

He said the impression he gets talking with the Lobbyist, City Administrator, and the Finance Director is that it would not be that big of an ask. The big challenge is that the city has already put out $2,000,000 as a Draft. Staff would need to make sure to message that correctly and what that means.

- Bonding money can be used for any public improvement that remains owned by the public.
    - Includes roads, trails, right of way acquisition, public utilities
- Bonding money cannot be used for temporary easements, private utility relocation, or railroad crossings.
    - This is because the city, in the future, will not own those things
    - Grant money received from the Freight Grant can be used for these items
    - Balance and redundancy in funding allowances gives more flexibility
    - Gives more negotiating power as they work forward in this process with the County to determine what the best costs are for the city to cover versus what the County can cover

General Funding Flexibility:

- The City of Inver Grove Heights can amend the Bonding request. Will know the value by June 2022.
    - Will help inform the project team what items can/cannot be funded (For example: water or sanitary)
    - If an unsuccessful pursuit from a Bonding perspective, can still refine the scope and/or pursue alternate funding sources (Such as: ARPA, Grants, increased County Cost Sharing)
- Feasibility Study will be prepared during Summer 2022.
    - Refine final costs and funding sources
    - Continue to work with property owners to identify scope of improvements, particularly those involved around sanitary and watermain work
- Next opportunity for Council to vote on the project parameters would be when Staff presents the Feasibility Report in Fall, 2022.
    - Would request to schedule a Public Hearing to move forward with the project
    - If that is a successful pursuit and the Council wanted Staff to proceed, there would also be votes in regard to the next Joint Powers Agreement with the County for final design
    - Would go through the final design process and have final plan approval. This would take place towards the end of 2023

This is similar to the PMP (Pavement Management Program) process where they would bring a Feasibility Study before the Council. If the Council accepts, would schedule a Public Hearing, the Public Hearing is held, then Council decides to order the projects. He said that would be the same process with this extended design project, it is just a lot more time between steps.
Revisit: Goals for Council Feedback:

1. Is the altered layout as presented acceptable to the Council to allow Staff to proceed with this alternative and share with the general public?
2. Should Staff continue to plan for the inclusion of public utility extensions (Sanitary Sewer & Water) as a part of this project?
3. Should Staff continue to plan for the inclusion of Special Assessments as a part of this project?
4. Should the City increase our current Legislative Bonding Request and if so, to what amount?

Councilmember Piekarski Krech said she definitely believes the Bonding Request should be increased.

Mayor Bartholomew said the case could be made that this is a regional need, not just a city need. It is a County and Statewide need the commerce and connection to major thoroughfares of 35 and 52 eventually. His concern was the optics; the request was for $2,000,000 in the last couple of Bonding sessions, now they are up to $5,000,000. He mentioned that the Public Works Director makes a good point about preparation and the message that they bring to Legislators. He said he did not think that anybody would ask the question how they got to $5,000,000 as long as they have that in the narrative. He was unsure what the optics were and how that looks to our House and Senate Representatives. He said he was all for asking for it, he is in support of proceeding with the layout, utility, and Special Assessment. He commented they could always back if assessments become a problem. He shared that now was the time to do it.

Public Works Director Connolly mentioned there is a sunset on the Freight Grant. Just because they got the Freight Grant does not mean they have it forever.
Mayor Bartholomew commented they cannot give away $8 million dollars, they cannot lose it. He said this was solid thinking. He requested the presentation information given by Public Works Director Connolly be sent to the Council. Public Works Director Connolly agreed it would be shared.

Councilmember Gliva referenced the $21 million and asked if the $8 million Freight Grant would be a part of the funding. Public Works Director Connolly replied yes.
Councilmember Gliva asked if they would be going from a $2 million dollar ask to a $5 million dollar ask. Public Works Director Connolly responded in terms of value, that is where there is some flexibility. If asking for $5 million, that would include all of the utility work. There would not be any assessments for utility, which he does not believe was really fair. Staff also thought it was a big ask to jump from $2 million to $5 million dollars. That was why Staff put a potential balance together. They are still working the numbers and would work with the Lobbyist to determine the best number to target. Staff felt confident if they went for $4.4 million, they would be able to make up the difference with assessments. If the sewer does not go, they would actually end up with a surplus of Bonding money. They could negotiate with the County for them to cover some costs that were not covered through other means. For example, maybe they pay for more of the design costs or construction administration costs. He said the possible funding number assumes the city is paying for 15% of those fees. It is actually a bit more

because it includes the public utility work that we have. The city can negotiate with the County and request all of it be covered, that way the Bonding money can go straight to the roadway component and get into some of the soft costs.

Councilmember Gliva questioned if going to $4.4 million dollars also includes inflation. Public Works Director Connolly replied the contingency includes inflation. The city could get the Bonding money as soon as the end of this year and start spending it. They will not spend a majority of it until they get to construction. Just like the Grant money, it is whatever the dollar amount is on the day they give it to you, you do not get any interest or inflation on it.

Councilmember Gliva asked how they got to the $2 million dollar amount. She said this was a lot of detail and questioned if they did not have that before. Public Works Director Connolly replied they did not. Part of that was because with pre-design they did not have anything to estimate off of. They had a line on a piece of paper that was thrown out there saying what the average cost per foot of a roadway and construction costs. The last report was done in 2016 and then when the Grant Application was done. The $2 million dollars was anticipated to be what the city share of the Pavement Management Fund is, it came from the pre-design.

Mayor Bartholomew replied the sense was that a likelihood of an approval of a Bonding request was small. The logic was to put something in and at least get a placeholder so the next time it comes they would be familiar with the project and familiar with what we are asking for and flesh out more detail.

Councilmember Piekarski Krech stated last year, which was not a Bonding year, that was why they went with a lower number because it was not a Bonding year. There was a chance that they could give a little bit.

Councilmember Dietrich thanked Public Works Director Connolly for all of the information. She said it was the most she has seen on this project; it is a lot to digest right now. She felt they were certainly going to need more money.

City Administrator Wilson stated based on the feedback being heard from the Council, Staff proposes that she would have a consultation along with the Lobbyist and the Public Works Director in the coming days. Staff will ask the Council on the next Agenda, the 14th, to adopt an Amended Legislative Platform so that it is in the record that the Council is amending it's ask. Staff and the Lobbyist would work on how they would articulate that increased request and the reasons for it throughout the Legislative process. Staff anticipates having something on the Consent Agenda for next Monday night in the neighborhood of $4.4 million dollars. She said she does not anticipate that anything is going to change between now and next Monday night, but if it does, it would not be on the Consent Agenda, but placed on the regular Agenda.

Councilmember Dietrich asked that when these conversations take place, if Staff could find out if they took a good approach in having a placeholder or if there was a better way of going about that in the future.

Mayor Bartholomew said he believed there would be some receptivity toward this. There is a lot of money available, it is an Election year.

3. <u>2022 Pavement Management Program Update</u>
Public Works Director Connolly gave a brief update on a portion of the 2022 Pavement Management Project before handing the presentation off to Assistant City Engineer Steve Dodge. This update includes where things are at, where they are going to be next going into the summer, what they have made progress on, and what they are looking at with some projects. There are some things they want to make sure they are still carrying forward but want to make sure the Council is informed about where they stand in the program and what they are looking at doing in the future.

Assistant City Engineer Steve Dodge gave the following presentation on the Pavement Management Program. He stated that a presentation was done in the fall with the strategy to extend the life of the pavement with minimum investment. They want to make sure they are looking at the existing infrastructure and that it has value, whether it is curb, sewer, or water. The end goal is to extend the life of the pavement with cost effective rehabilitation methods.
Noted Challenges:

- Late project advancement in Fall, 2021.
- Transition in Public Works Director.
- Starting off with the Citizen Task Force to provide insight/guidance to the city's approach to project selection and assessments.
- Budget and project coordination with adjacent cities.
- COVID

Design Work Completed to Date:

- Council approved nine (9) projects last fall.
- Able to move ahead with five of those nine.
    - One of them is Carleda Way which was previously authorized and moving forward
- There are four other pavement rehabilitation projects.
    - Council has already received Feasibility Reports on these
- One project is scheduled for a Public Hearing on March 28th.
- Of the four projects left out of the nine, would complete the Feasibility Reports in 2022.
    - They will not make 2022 construction
- Update the Pavement Management Initiative Website (based off of Council feedback).

2022 Project Status:

- Carleda Way Area Improvements – Reconstruction
- Cahill Trunk Drainage Improvements
- Alison Way Area
- Tyne Lane Area
- Albano Trail and Albright Lane Area
- Akron Avenue and 50th Street Area

The above mentioned show they are doing mostly Mill and Overlay's, what are Full Depth Reclamation, or potential projects and some pavement replacement in the Mill and Overlays and Full Depth Reclamations.

- Would be able to do almost 12 lane miles of road.
- Total Project Cost: $5,657,596.

Projects Delayed to Future Capital Improvement Plan:

- Upper 55th Street.
- Carmen Avenue and Claude Way Area (border South St. Paul/Airport).
- Cheney Trail and the Coffman Path Area.
- Bolland Trail and the 62nd Street Area.

These were projects that had some complexity to them with the neighborhoods and unable to move forward yet. Want to have further engagement at the Staff level before moving forward.
A general location area map was shown:

- 3 projects are moving forward in the southwest area (Tyne Lane, Albano, Alison Way)
- Akron Avenue just received a Feasibility Report.
  - Public Hearing would take place on March 28th
- Carleda Way is located in the northeast corner.
- 4 projects are not moving forward for various reasons.

Dawn Way Progress Update:
He stated part of the presentation last fall was the direction given by Council to make sure Dawn Way is a 2023 project. Staff heard Council.

- The Feasibility Study was halted because Dawn Way was initially authorized as a reconstruction project. When the Citizen's Task Force was moved forward, Staff halted the Feasibility Study while they received feedback from the Citizen's Task Force.
- The Pavement Rehabilitation Initiative was re-evaluated.
  - Staff would like to move forward with the Dawn Way project and look into it as a rehabilitation initiative aspect. Staff believes it is necessary with the size/scope of the project to move it forward in order to get the Feasibility done early enough in 2022 to be able to bid the project and get it ready for fall/early winter for 2023 construction
- Staff is re-applying for a MPCA Grant for stormwater.
  - There are stormwater costs on a project that would be the city responsibility
  - This Grant that they are applying for would be like a bonus. If receiving the Grant, it would cover city costs that would already have to be incorporated
  - This Grant was applied for just last Friday. News would be shared in the next couple of months if receiving the Grant
  - The Grant was "retooled" based on new guidelines for project specific Grant. Last years Grant was a lump Grant of different within the city
  - Staff believes they may have a better chance of getting this project specific application that was just put in last Friday

Councilmember Dietrich asked if Staff or the Consultant wrote that Grant. Assistant City Engineer Dodge replied Staff worked with Barr Engineering, the city's Professional Water Resources Consultant, which does a lot of Grants. He said Barr knows this process very well.

Councilmember Dietrich questioned how much it cost to retool. Assistant City Engineer Dodge replied the time and effort to retool a Grant is literally hours. The cost is very minimal.

Assistant City Engineer Dodge stated Staff is proposing to move this feasibility forward based on Council guidance so it can be ready for the Feasibility Report ending in 2022. They would bid and construct in early 2023.
Complete Feasibility Reports:

- Along with Dawn Way, there are four other Rehabilitation Feasibility Reports that have not been finished yet for various reasons:
    - Coordinate with South St Paul border and the Airport
    - Schedule with ADA Funding that came in recently from the County

Staff wants to make sure to incorporate funding sources into these projects. As long as they are moving Dawn Way forward, they also continue with the four Feasibility Reports, finish them up this year, and get a Draft Report together.

- Staff communicate with and hold Open Houses with affected property owners and receive feedback
- Bring those Feasibility Reports back to Council in order to schedule and hold a Public Hearing
    - Council can decide at that time whether to order the project or not
- The plan is to move them forward unless there are complicating measure(s) that the Council would decide not to proceed

Councilmember Dietrich asked what type of rehabilitation would be required of Dawn Way due to the borings. Assistant City Engineer Dodge replied Staff would be bringing a proposal from a Geotechnical Firm to make those recommendations at the March 28th City Council Meeting. He mentioned that in the past, Staff potholed the area, identified the gravel, pavement, and subgrade conditions. That was a Conditions Report. It was not a report proposing/suggesting which rehabilitation method would be best. There would be a proposal coming before the Council on March 28th that would provide those type of recommendations so Staff can incorporate and move them forward in the Feasibility Report.

Assistant City Engineer Dodge turned the presentation over to Public Works Director Connolly.
Public Works Director Connolly stated as a part of this process Staff wanted to update the Council on a new effort that he, the City Administrator, and the Finance Director have developed about how they are being transparent and showing the Council what the Budgets are for projects. He would provide a high-level review of that process for Council's benefit. One would be coming before the Council on Monday. He was hopeful this would answer Council questions in a more direct and informal setting.

He stated historically budget costs for each project may not have always been clear, there have been challenges with transparency. Cost data is typically included in Feasibility Studies for approval, but not often rebalanced at the time they bid Contracts. Sometimes when bidding Contracts there is a list saying the Engineer's estimate is "X" and the Contract is 10% lower than that. It is unknown if the Engineers estimate is what was in the Feasibility Report or where it came from because it is usually not completely clear. Contract bidding does not always result in the same cost distributions that are shown in the Feasibility Report. The Feasibility Report may say it is coming from (for example, these four different funding sources), but if bidding it, it may end up being only three of those or maybe a fifth source that was not included in the Feasibility Report. He said Staff also wanted to make sure they are correctly itemizing costs. For example: How much street funding, how much sanitary storm, water. It is not always readily apparent to Council where there may be cost savings or cost over-runs if they have a budget item that comes in.

He stated this process changes that and helps to ensure better financial quality control on the front end and saves Staff time on the back end while also providing Council with transparency that would be expected from Staff when it comes to project awards. He mentioned what would be shown on the slides would be what the Council would see on the Consent Agenda. The intention would be to bring this forward on Consent Agendas when awarding Contracts at the time they are giving a Construction Contract. If the budget is at or below what was in the Feasibility Study, it would be on the Consent Agenda, if it is above what the Feasibility Study says, it would be a regular Agenda Item with discussion to explain why that might be.

Councilmember Dietrich commented that seems reasonable.

Public Works Director Connolly provided a visual example of what the Council may see in a
Sample Agenda Item and Resolution: Carleda Way Project:
Awarded to a Contractor at the last meeting. The Budget Summary was not ready at that time. Staff wanted to bring it forward and felt this was a good opportunity.
Some of what would be shown on the left side:

- Key Items on the Agenda:
  - Clear definition of what the Council actions are
  - In this case:
    - Two Resolutions. One for each Project Number. (There are two Project Numbers; one for Carleda Way and one for the drainage project that is with it).
  - Summary of the costs:
    - Showing clearly what the Feasibility estimate was
    - What the low bid award number is
    - What the Engineering, Legal, Administrative, and Finance costs are (LEAF Costs)
    - Contingency
      Clear appropriation of how they are divvied up and a clear summary of where they may be

Shown on the far-right side of the left item:

- What may be shown in red:
  - Anything shown in red is going to be below our estimate
  - Anything shown in black would-be something Staff would have to further explain
- Resolution: Simple Resolution that the Council is used to seeing.
  - This strictly shows the project costs and the funding sources
    Shown in Feasibility Presentations.

Shown on this slide:

- Construction bid cost: $1.3 million dollars
- Legal, Engineering, Administrative, and Finance (LEAF) costs: $459,000

- Construction Contingency. This is a budget contingency, contingency as a city. It is not our contractor's contingency

As a part of the Resolutions, Staff is requesting that the Public Works Director is authorized to direct the use of Contingency Funds during construction if necessary to cover unforeseen conditions or anything that comes up. The intention would be only to use those if not having the budget numbers or cost savings elsewhere. It does not replace a Change Order. A Change Order is still necessary to bring forth to Council if making a physical change to the Contract documents either schedule or actual Contract cost. It allows Staff a little bit more flexibility in the field in case Staff comes across some poor soils where they have excavation quantities but maybe need to do a little bit extra to keep the process moving. At the end of the project Staff would still do what the Council has typically seen which is a Resolution Change Order (Final Compensating Change Order). This changes the end cost of the project. Staff wants to make sure they are operating within the budget that is set forth with the project. This also allows gives the Finance Staff, upon approval, the authority to move this money out of the noted funding source buckets, put it into, and reserve it, for this project. It would stay in that project file until the project is done. When the Final Compensating Change Order is done, if there is any money left over, it would go back into the prospective funds for which it came and go back into the city's budget.

Councilmember Dietrich stated the Sample Agenda and the consistency it provides is fantastic. Councilmember Gliva agreed it looked great.

Mayor Bartholomew said this is going to be a question he has asked several times on many projects; to give him a recap of what was spent and where it went. He said this adds clarity, he appreciates that.

Mayor Bartholomew mentioned that his only concern and point is Dawn Way and whatever they can do to get that moving. He suggested the possibility of exploring ARPA (American Rescue Plan Act) on this project and have further discussion. He said he wants to leave every avenue open. Public Works Director Connolly replied the good news is that Council took an effort last year to fund more pavement management projects to be able to get more done. They are not reappropriating that money; they want to keep that in the Pavement Management Fund. They are being cognizant of bidding situations now and when it gets later in the season, they do not want to bid jobs late and end up overpaying for them. If able to carry some of those dollars forward and do more work next year, they would be in a better situation now that they have an entire year before they have to get there and they already know what projects they are going to push forward. They would jump on those Feasibility Reports sooner and try to get those out over the course of this summer instead of waiting until next fall.

Mayor Bartholomew thought the strategy was good and working in the right direction. He applauded those in the Pavement Management Task Force.

4. <u>Utility Rate Study – Consultant Selection (Verbal Update)</u>

City Administrator Kris Wilson provided an update on the Utility Rate Study stating that a few weeks back the Council approved the issuance of a Request for Proposals (RFP) seeking Consulting Firms interested in performing a Comprehensive Utility Rate Study for the city. The city received five proposals. She stated that Brian, Amy Hove, and herself have been reviewing them over the last few weeks. It has been more complex to arrive at a recommendation to the Council than Staff had anticipated. Prices and estimated hours the Consultants felt it would take to complete the work is quite varied. Staff completed meetings/interviews with Respondents #2 and #4 last week. Staff felt from the content of their proposal, the narrative, description of the work they have done of similar type work, and understanding of our project, those were the two strongest proposals provided.

She said it was time to make a decision. With Respondent #4 at $144,000 for a study seems like a pretty steep price. She wanted to put that into context and requested that Finance Director Hove give her the annual billing revenue for the three utilities.
The Utility Rate Study would look at the rates charged for all three (those being, Storm Water, Water, and Sewer). That comes to a total of $7,886,300. Staff is trying to make sure that dollar amount is the right amount and is distributed fairly amongst different types of property owners and customers.
The following information was presented:
Leading Candidates for the Project:

- Respondent #2:
  - Financial Services Firm partnering with an Engineering Firm to complete the project
  - Knowledge of the City of Inver Grove Heights, have established working relationships with both Staff and Council
  - Proposed to get this done in 290 hours. Fewer hours – faster, shorter review
  - Priced at $59,957 cost equals 0.76% of annual billing revenue
  - $59,957 cost averages out to $207.00 per hour
- Respondent #4:
  - Firm that specializes in Municipal Utilities – Engineering, Design, and Financing
  - No prior work has been done for the City of Inver Grove Heights. Would bring “fresh eyes” to review the city’s rates and charges
  - Proposed to dedicate significantly more hours to the project
  - Double the cost of Respondent #2, average cost per hour is lower
  - $144,000 cost equals 1.83% of annual billing revenue
  - $144,000 cost averages out to $154 per hour
  - While greater, it is still less than 2% of the annual revenue billed
  - The point of this study is to be sure they are getting that annual revenue done correctly
  - Need to get going on this project if wanting to have it done in time for setting 2023 rates
  - Staff intends to bring a recommendation forward to the Council at the next meeting

Staff wanted to provide this update and see if there was any feedback regarding this information.
For example:

- Would the Council prefer to go with a Firm that has worked in Inver Grove Heights previously, knows the city fairly well
- Interested in having that fresh set of eyes on the proposal
- Does it matter to go with a Firm that specializes in Municipal Utilities or one that specializes more in Municipal Finance all around from Bond Sales, TIF Districts, Utility Rates.

City Administrator Wilson stated these were some of the things Staff is trying to weigh in considering these proposals and are interested to see if Council has any reactions.

Councilmember Piekarski Krech referenced the last one where it says they bill them, she questioned if they had any idea about day-to-day operations and maintenance of things like that, how to keep up with them. If specializing in Engineering and Financing, financing in just creating that utility or long-term financing and longevity of what it takes for maintenance. She said that would be her question with both of them. She mentioned the first one says they are Financial Services; they may do more in day-to-day money operations. City Administrator Wilson replied Respondent #4 does do things like design water plants, or if outside the metro area, water treatment plants. Both figure out what is needed, find out how much it might cost, and methods for paying for the new Water Treatment Plant or Lift Stations. They do interact with public utility professionals that are trying to manage a system, not just build, expand, rehab a system, or reinvest in a system when it ages and needs new investment.

Councilmember Piekarski Krech would like to see someone look at the structure, infrastructure, what we have, what we are charging. She referenced when Ehlers did the Rate Study, they stated what it takes to maintain this system and what they need to charge. She said the city needs to look at if we are charging an equitable amount, charging too much, too little in different areas, and how that is put into a budget so there are not huge increases for people. She commented that this year was not the time to all of a sudden jump way up unless they have really good rationale.

City Administrator Wilson said the RFP includes having the Consultant, which ever one is hired, provide the city with a phasing-in plan to avoid significant jumps and give Council an idea. If finding as a result of this analysis, that we are a ways off from where we need to be, either across the board or in a particular category of our rates, how do we gradually move in the direction we need to go.

Councilmember Piekarski Krech asked which one the City Administrator thought has the expertise to do that type of analysis. Her only hesitancy about #4 is if they understand that side of it, or if they were more into the design, build, and finance to build.

Public Works Director Connolly stated what Councilmember Piekarski Krech is asking about is with respects to a Needs Analysis, of which he felt both Respondents have experience with. He said he would say Respondent #4 has a heavier emphasis on needs as opposed to the Financial Analysis. He said Respondent #2 probably has more of the Financial Component in terms of hours put forth and how they balance their proposal as opposed to the needs. He believed both were qualified to do what Councilmember Piekarski Krech is asking. That was something that the Review Team had kept in mind and wanted to make sure about. That was probably one of the reasons why some of the three were not included as finalists.

Councilmember Dietrich asked what the Review Teams choice was if there was just one. City Administrator Wilson replied that she believed the Review Team was leaning towards recommending spending the money on Respondent #4 because the Team liked the idea of the deep dive their hours would allow them to do. Speaking for herself, she liked the idea of a fresh set of eyes on what the city is doing. She stated that Respondent #4's line of business is publishing a Utility Rate Study of comparisons of other Municipalities on an annual basis.

Councilmember Gliva said she was for a fresh set of eyes, sometimes they get into a cycle of comfortability. She was concerned with how many more hours they were going to deep dive. She asked if it were possible, it could be skimmed down a bit, so they are not going from 60 to 144. She commented that it was three times as many hours, it seems excessive, but she is not the expert.

Councilmember Piekarski Krech asked if a breakdown was given of what they were doing for those hours. City Administrator Wilson replied that both Respondents #2 and #4 included a breakdown of how many of those hours were for an: Entry Level Engineer, Senior Engineer, Entry Financial Person, Senior Financial Person.

Mayor Bartholomew asked if both met the RFP Requirements. If they are paying for a learning curve with a substantial increase in hours because someone does not know who we (the city) are. He said if comfortable with the RFP being met, he would make the argument that $60,000 is reasonable if the RFP is met. If all of a sudden, they are adding something to the RFP and Respondent #4 is coming in with a little tweak to it, he said he can understand that they are expanding a portion of the RFP, but he does not want to be in a position that we are paying to educate some Firm. He said the recommendation from the Committee is going to be key. He requested seeing the bullet point on the recommendation and how Staff arrived at it.

Councilmember Piekarski Krech said when the hours go from 290 to 1,029, it seems out of skew.

City Administrator Wilson said Staff requested they provide a High-Level Needs Analysis in the RFP. She said this is not going through and saying they need to do the Carleda Way Stormwater Project and do this to a Lift Station; it is not project by project. Staff requested they look at the miles of pipes the city has, the age of the pipes, and the material of those pipes when they were installed. General information was requested like number of pumps, number of wells, to arrive at a big picture dollar amount that the City of Inver Grove Heights needs to be reinvesting into our system at a rate of approximately so much a year over the next 10 to 20 years. She said she believes different Firms have a different comfort level with estimating that. Some are willing to take you at your very literal word of a high level where some Firms say in order to really do that they need to dive down deeper.

Councilmember Dietrich said she would like to see a fresh set of eyes and that anything worth doing is worth doing well. Her vote would be for #4. She agrees with Councilmember Gliva regarding the hours, it never hurts to ask if they can be pared down. She said she trusts that the City Administrator has looked at all of the details on this.

City Administrator Wilson stated that was one of the reasons they were bringing it before the Council this evening, to get a sense. Staff does have a few days to go back even though they have interviewed these Firms. They could have a couple more phone conversations/emails to make sure they have a strong comfort level with the areas that are most important to Council. She stated Staff is very committed to getting this on the Council Agenda for Monday because they want to award this Contract so Staff can have the results for the Council in the fall.

Councilmember Piekarski Krech asked if the firms gave a timeline or if Staff gave them a timeline. City Administrator Wilson replied they were given benchmarks. When Respondents #2 and #4 were interviewed last week, Staff reconfirmed, even though we are a few weeks behind on our end, that Respondents #2 and #4 still felt they could meet those timelines.

Mayor Bartholomew referenced the Resolution and asked if it would be itemized, and the reasons bullet pointed as to why the recommendation is for Respondent #4. City Administrator Wilson responded Staff would provide that information.

City Administrator Wilson stated that Staff is seeking Council to hold a Special Meeting Closed Session for Attorney/Client Privilege starting at 5:00 a week from tonight. It was for a newer topic that would take a little bit more time. She asked if it worked for Council.

Mayor Bartholomew responded he was fine with the 5:00 timeframe. He asked if there was plenty of time to Notice that. City Administrator Wilson responded that City Clerk Kiernan would get it Noticed properly.

B. <u>Adjourn</u>:
Motion by Dietrich, second by Gliva, to adjourn the meeting at 7:47 p.m.

Ayes: 4
Nays: 0 Motion carried.

Minutes prepared by Recording Secretary Sheri Yourczek.