

CITY OF EXCELSIOR  
Hennepin County, Minnesota

MINUTES

City Council Work Session

Monday, December 17, 2012

**1. Call to Order/Roll Call**

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

Councilmembers present: Beattie, Fulkerson, Miller (arrived at 6:12 p.m.),  
and Mayor Ruehl

Councilmembers absent: Caron

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

**2. Agenda Approval**

Fulkerson moved, Beattie seconded, to approve the agenda. Motion carried  
4/0.

**3. Metropolitan Council Forcemain Project**

**a. Shorewood Emergency Water Interconnect**

Dawley reported that staff met with representatives from the cities of  
Greenwood and Shorewood regarding the extension of the watermain (Option  
1) in conjunction with the Metropolitan Council Environmental Services  
(MCES) Project and the possibility of an emergency watermain interconnect  
with the City of Shorewood along the same corridor. At this time, no  
updated information has been received from Shorewood regarding cost share  
arrangements for the interconnect (Option 2).

Dawley reported that Greenwood's City Council has discussed the preliminary  
cost share arrangements. Greenwood Mayor Kind had sent an email  
outlining Greenwood Council's discussions and a revised cost share proposal.  
He noted that Greenwood is willing to front their share of the extension and  
interconnect cost and handle all reimbursements, whether by special  
assessments or delayed trunk connection charges. The Greenwood Council  
believe that their City's cost for the interconnect should be less than  
Excelsior's or Shorewood's. Greenwood has proposed that their cost share  
be reduced by approximately \$46,000, and that the balance be split evenly  
between Excelsior and Shorewood. Excelsior's participation in this scenario  
changes from approximately \$153,500 to approximately \$176,500.

### **3. Metropolitan Council Forcemain Project**

#### **a. Shorewood Emergency Water Interconnect – (Continued)**

Dawley said that Greenwood would like to discuss and define specific items within the agreement with Excelsior for purposes of implementing either option. The intent is not to change or revise the current arrangement, but rather to attempt to define or clarify the existing arrangement for the benefit of future Councils and residents. The Greenwood Council is interested in meeting with the Council at an upcoming work session, along with the Shorewood City Council to help expedite the process.

Miller asked why Greenwood thinks they should pay less. Dawley said he asked Greenwood to provide that information and they did not. Mayor Ruehl said that what he read into that was that the ten properties were not interested in the interconnect and Greenwood is not sure it wants to front the cost.

Mayor Ruehl said wouldn't there be an incentive to connect. Dawley said it was brought up by Greenwood's City Engineer that if the interconnect is not done at this time, it likely won't happen until the next time the Excelsior Boulevard is considered for reconstruction, at least 20-25 years from now.

Fulkerson asked if the City water system has the capacity to do everything. Dawley said yes. The City did a study factoring in the brewery and a hotel and there was enough capacity to provide for residential water service to Greenwood.

Fulkerson said when the City had a large fire years ago, the City's well was drained. Dawley said that the study did take into account peak service, but not an emergency. He noted that an emergency such as that is when the interconnect would be beneficial.

Beattie asked if it makes sense to discuss this before a decision is made on what option will be pursued.

Mayor Ruehl said it makes sense to him for the City to spend the additional \$40,000 to do the interconnect now with the intent that the City will eventually recoup that money.

Beattie said it is almost like Greenwood is asking the City of Excelsior to pay the water availability charge for their residents.

Wisdorf explained the benefits the emergency interconnect would provide.

Dawley said that staff did an analysis on the payback for the capital outlay and it is estimated to take more than 10 years to pay back the \$177,000 investment.

### **3. Metropolitan Council Forcemain Project**

#### **a. Shorewood Emergency Water Interconnect – (Continued)**

Tumberg said the Council requested information regarding how the cost of the water interconnection will affect water rates. Two scenarios were incorporated into the Water Fund's long term financial plan. Scenario #1 includes a low-interest loan for the MPCA mandated water treatment facility updates, but it does not include the interconnect. Scenario #2 includes the interconnect, an Interfund loan, and a low interest loan for the MPCA mandated water treatment facility updates.

Tumberg said after analyzing the two scenarios it was determined water rates would not be significantly affected by the inclusion of the interconnection as long as the Water Fund receives an interfund loan. For purposes of the analysis water rates were kept flat in both scenarios. In Scenario #1, the fund would have a small amount of cash on hand beyond the minimum requirement with the exception of two years. In Scenario #2, the fund would have a fairly significant amount of cash beyond the minimum required each year until 2022. If the Council decides to move forward with the interconnect she would recommend doing an Interfund loan.

Mayor Ruehl asked if there are any other projects that may be coming up. Wisdorf said the only other major item would be to drill another well.

Miller said there would also be some payback based on water usage because out of city residents pay more.

Beattie said it sounded like Greenwood wanted to change how the rate is charged. Dawley said Greenwood wants to explore the rate structure for education purposes for future councils and their residents. Miller said it sounds like a negotiation tool. Dawley said that this is something that the city attorneys can discuss.

Beattie asked if there is any disproportionate value with regard to public safety with or without the interconnect. Mayor Ruehl said there is some value in having a system backup. Miller said that Excelsior has considerably more properties than Greenwood.

Luger and Dawley will convey to Greenwood what was discussed and see what they have to say.

#### **b. Assessment Policy**

Dawley presented preliminary assessment calculations using the City's Assessment Policy. This is a draft and subject to change. This was prepared to discuss and share with the Council what the assessments might be. This will be the City's third project with assessments.

**3. Metropolitan Council Forcemain Project**

**b. Assessment Policy – (Continued)**

Dawley said the blue line on the map identifies the improvements scheduled in 2013 and the red line is the 2014 improvements. The Council should look at this as one project versus two separate projects. It includes reconstruction of the roadway, providing additional width for turns, etc. Met Council's engineers and consultants provided the framework to be included in the project along with estimated costs. There are three different types of land use within the project area: residential, commercial/multi-family, and institutional. He explained how each land use is calculated based on the City's Assessment Policy.

Dawley said that the costs are consistent with what the City charged for reconstruction and mill and overlay projects the past couple of years. He reviewed what the estimated assessments would be for each type of property.

Dawley said the goal from a timing and work standpoint is to review each property and verify its use, hold public meetings with the properties in January, and then hold the public hearing and order the improvements in February. This is the same process that the City followed with the previous improvement projects.

Miller asked if the same methodology for figuring the assessments is what the City used previously. Dawley said yes.

Miller asked if all project costs are being used to calculate the estimated assessments, including what will be paid for by the Met Council. Dawley said yes and that this is consistent with the adopted Assessment Policy.

The Council agreed to move forward as suggested by staff. Dawley said he will get the invitation for the public meeting sent out so it can be held in early January.

**4. 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 decided to continue this agenda item to a future Work Session.

**5. Adjournment**

Fulkerson moved, Beattie seconded, to adjourn the meeting at 6:52 p.m.

Respectfully submitted,

Cheri Johnson  
City Clerk