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- PROPOSED WORK AREA
PARTIAL OR FULL RECONSTRUCTION
 - PROPOSED WORK AREA
UTILITIES ONLY
 - COUNTY OR STATE HIGHWAY

2022 STREET & UTILITY IMPROVEMENTS

PUBLIC HEARING #2

VERNON CENTER, MINNESOTA

August 2, 2022



Building a Better World for All of Us®

PURPOSE OF TONIGHT'S MEETING

- Much of the City's infrastructure is failing and in need of replacement.
- The City of Vernon Center has been pursuing funding to complete the necessary improvements. Though funding has significantly been found through State grants, a portion of the cost will still be covered the City.
- As part of the Minnesota State Statutes, Chapter 429 authorizes local governments to use special assessments to help pay for local improvements based on the benefit the improvement gives the property.

PROJECT HISTORY

- Historically, flows through the sanitary sewer system have exceeded both capacity of both the collection and treatment system.
- Water breaks have regularly occurred water pressure is low in different parts of town.
- In 2008, a study determining the amount of I&I (Inflow and Infiltration) in the sanitary sewer system was completed.
- In 2014, a Capital Improvements Plan (CIP) was created to review existing streets and utilities and the determine the costs to improve them.



PROJECT HISTORY

- In 2015, the first street and utility project was completed. A new water tower was also installed.
- While improvements to I/I and water systems have improved, there is still a long way to go.
- In February of 2017, the city hired SEH to complete a Preliminary Engineering Report (PER). Due to volatility in the USDA-RD at that time, it was put on hold.
- Work resumed on the PER and the first Public Hearing was held on August 16, 2018.



PROJECT HISTORY

- The PER document was completed and an application for funding through USDA-RD was submitted in March of 2019.
- Once approved, the funding review showed a significant need for outside funding to offset loan amounts.
- Bonding bill money through the State Legislature was awarded in late 2020.
- Blue Earth County will participate in costs with State Aid.
- Funding secured in early 2021 through USDA-RD.
- Final Design started in March 2021.



All Projects

1. Street and Utility Improvements Project
(reviewed at tonight's meeting)
2. New Water Treatment Plant
(Improvements Not Assessed)
3. New Well
(Improvements Not Assessed)
4. Wastewater Treatment Facility Upgrades
(Improvements Not Assessed)



PROJECT BIDDING

- Projects were bid in May 2022
- Bid results were above available project funding.
- Bonding bill money will not be available until project funding meets or exceeds project costs.
- USDA-RD was consulted for additional funding. Determined not a viable option.
- Two bills have been written for the City in the MN legislature to either provide more funding or adjust bonding bill language to allow a street project.

CURRENT PROJECT POSITIONS

- All previous project bids were rejected.
- Projects utilizing bonding bill money cannot proceed until a new bill is considered.
- City intends to proceed with smaller project to utilize expiring DEED grant
- Project to be bid this fall for sanitary sewer and water main improvements only. Titled 2022 Sanitary Sewer and Water Main Improvements, “Phase 1”.
- Additional reductions to improvements possible to fit funding requirements. Assessments will only be on completed work.



2022 SANITARY SEWER AND WATER MAIN IMPROVEMENTS

- First phase of improvements identified in areas requiring sanitary sewer or water main improvements.
- Areas identified include:
 - Sanitary sewer located in alleys between Kendall Street and Centre Street
 - Sanitary sewer and water main located on Railroad Street and east end of Main Street/3rd Street
 - Water main on Hilltop Street
 - Sanitary sewer at end of Hilltop Street to WWTF
 - Most work will be trenchless (minimal excavation).



Public Involvement

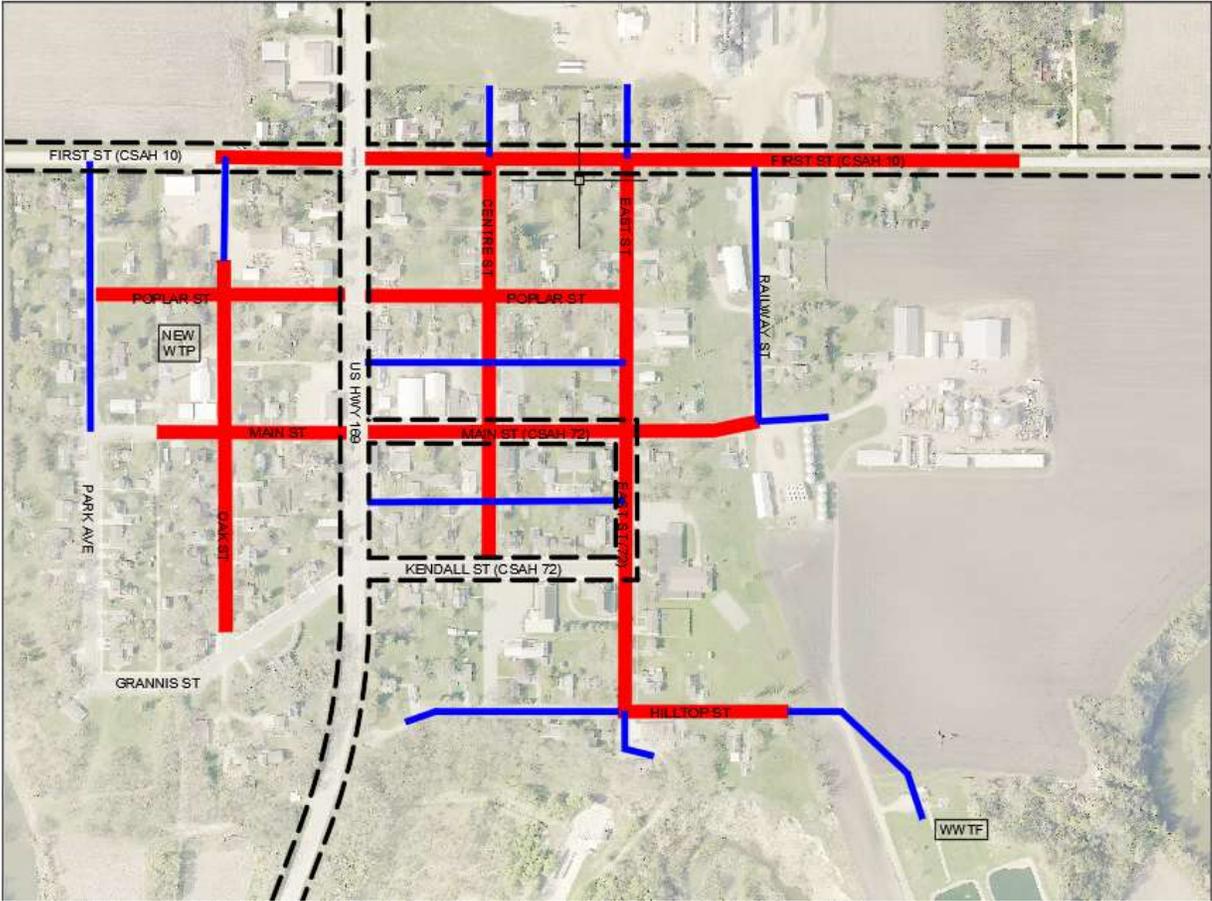
- Public Hearings on the Preliminary Engineer Report (PER) in Summer 2018 and Winter 2020
- Neighborhood Meeting in June 2021
- Main Street Property Owner's Meeting in July 2021
- Neighborhood Meetings (Project Walkthrough) in August 2021
- Public Hearing in November 2021
- Public Hearing Tonight

Future Meetings

- Neighborhood Meeting (Spring 2023 and Spring 2024)
- Assessment Hearing (s



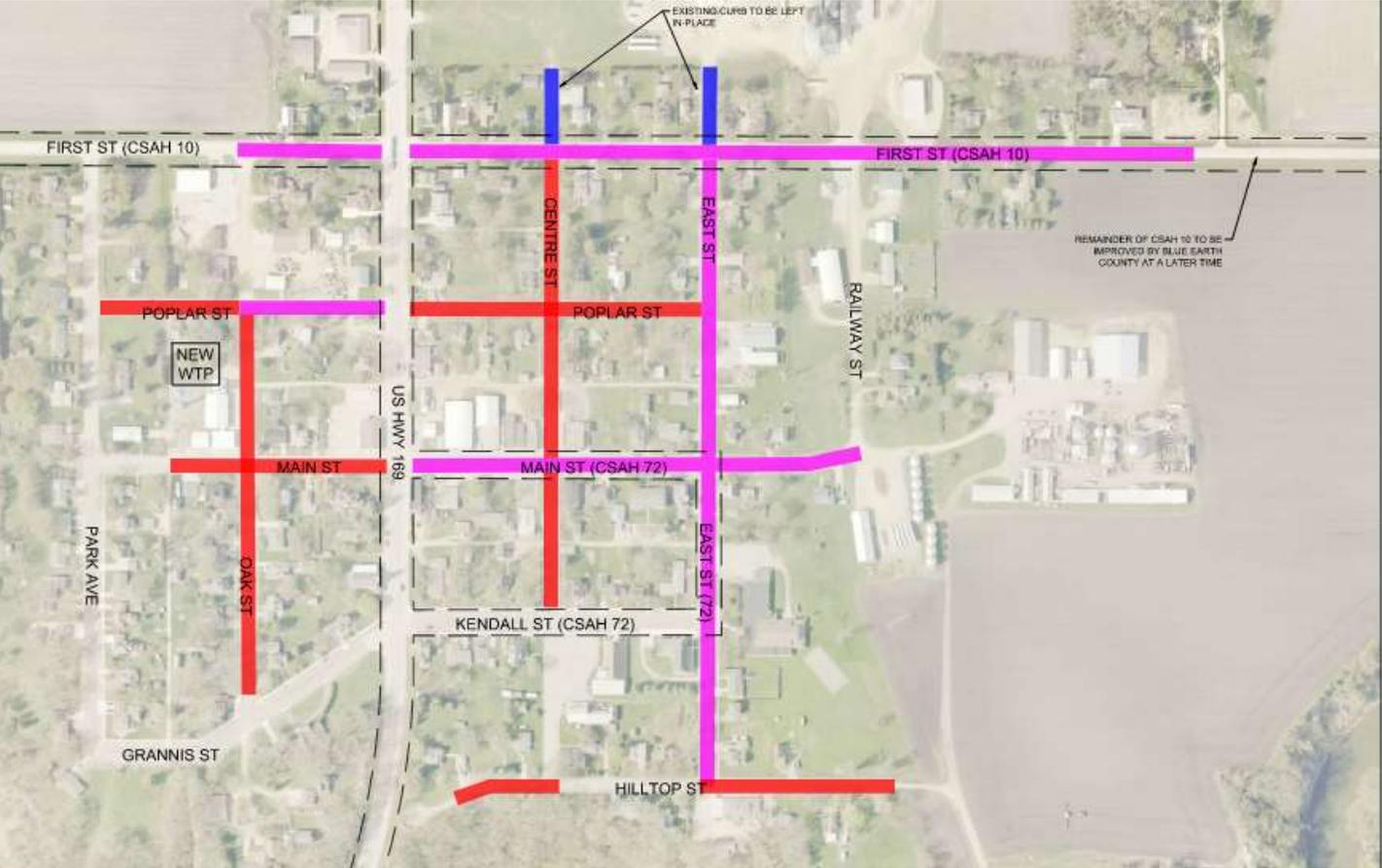
PROJECT MAP



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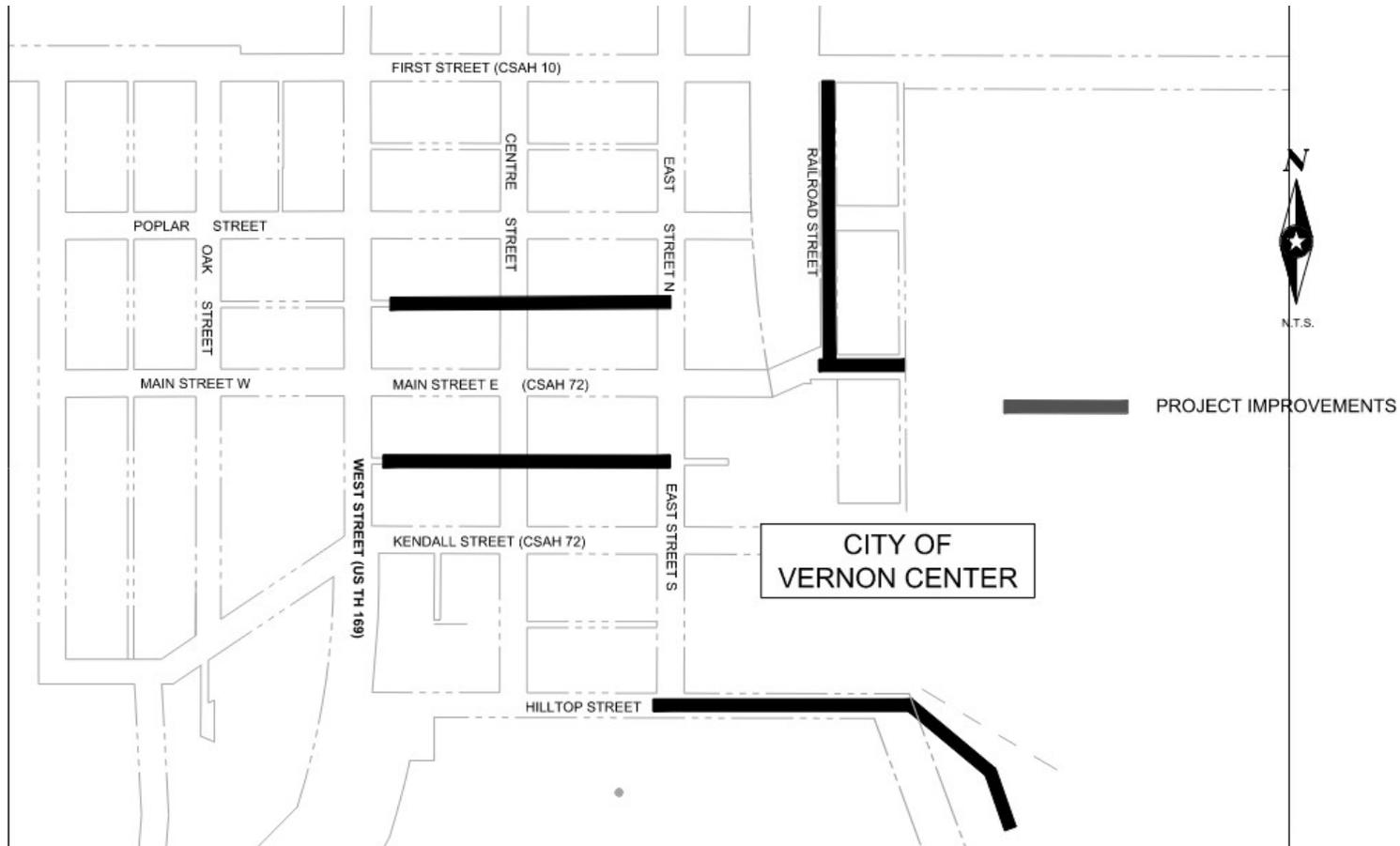
PROJECT MAP



- █ LOCAL ROAD STREET SECTION
- █ HEAVY STREET SECTION
- █ PARTIAL STREET SECTION
- COUNTY OR STATE HIGHWAY



2022 Sanitary Sewer and Water Main Improvements “Phase 1”



Infrastructure Conditions



PROPOSED IMPROVEMENTS

- Water Main and Services
- Sewer Main and Services
- Storm Sewer
- Sump Pump Drain Connections
- Street Reconstruction, new blacktop and aggregates
- Curb and Gutter
- Driveways and Sidewalks
- General Restoration
- Other Project: New WTP and WWTF upgrades



STREET IMPROVEMENTS

- Most city streets to be primarily reconstructed at their current location, with minimal changes. Usually around 35 feet.
- Gravel streets primarily planned to remain gravel.
- Improvements on CSAH 10 and CSAH 72 required to meet Blue Earth County design requirements and State Aid Cost eligibility requirements. Limitations on street width and driveway width.
- CSAH 10 (First Street) proposed to have curb and gutter extended to East.
- CSAH 72 (Main Street between US169 and East Street) proposed for narrowing. Approximately 9' to 10' narrower throughout.
- Some sidewalks replaced; others completely removed.



PROPOSED COSTS AND FUNDING (STREET AND UTILITY IMPROVEMENTS ONLY)

- Total Construction Cost Estimated at **\$9,180,000**
- “Phase 1” Construction costs estimated at **\$580,000**
Substantially funded through DEED Grant

Project scope may be adjusted based on legislative action

Street and Utility Improvements expected to be paid through State Bonding Bill, Blue Earth County State Aid, and USDA-RD Loans.



Project Cost Estimate

| PROJECT SUMMARY | |
|---|----------------------|
| Sanitary Sewer Eligible | \$ 2,181,000 |
| Water Main Eligible | \$ 1,946,000 |
| Storm Sewer Eligible | \$ 2,085,000 |
| Noneligible Costs | \$ 2,969,000 |
| Total Estimated Construction Costs | \$ 9,180,000 |
| Engineering Costs | \$ 1,053,000 |
| Legal and Administrative Costs | \$ 168,500 |
| Testing Costs | \$ 39,300 |
| Interim Interest Costs | \$ 241,800 |
| Total SUIP Project Costs | \$ 10,682,600 |

Project Funding

Typical Sources Include:

- General Levy – City-wide Property Taxes
- Fees – Sewer Utility Fund, Water Utility Fund. Typically paid on utility bills.
 - No User Fees proposed With the Project
- Special Assessments to Benefitting Properties
 - Proposed for Project
- Outside Funding. State and Federal Sources
 - \$7.983M Grant from MN Bonding Bill
 - \$1.693M Contribution from Blue Earth County (Agreement is higher)
 - \$580k Grant from DEED
 - \$1.764M USDA Loan and Grant.



PROJECT FUNDING

| Improvement | Estimated Cost |
|--|---------------------|
| Minnesota Department of Employment and Economic Development (DEED) | \$580,000 |
| MnDOT County State Aid Highway Fund | \$1,693,100 |
| USDA Rural Development Loan and Grant | \$1,764,570 |
| MN State Bonding Bill Grant | \$7,983,000 |
| Total Estimated Project Funding | \$12,020,670 |



ASSESSMENT POLICY FOR RECONSTRUCTION

- Storm Sewer – No Assessment
- Sanitary Sewer Main – No Assessment
- Sanitary Sewer Service within Right of Way – 100% of cost for pipe and fittings
- Sanitary Sewer Service outside Right of way – 100% of cost for pipe, fittings, and restoration
- Water Main – No Assessment
- Water Service within Right of Way – No Assessment
- Water Service outside Right of way – 100% of cost for pipe, fittings, and restoration



ASSESSMENT POLICY FOR RECONSTRUCTION

- Streets – 30% assessed to benefitting property base on assessable footage
- For interior lots, assessable footage includes footage abutting the project
- For corner lots, assessable footage includes 100% of the footage for the addressed side of the house and 1/3 of the footage for the other side(s) of the property abutting the improvements.
- Measurements are taken at the property line.

ASSESSMENT POLICY FOR RECONSTRUCTION

- Assessment rates are yet to be determined, to be based on actual bid cost. Rates are Estimated Below.

| Improvement | 2015 Assessment | Proposed Assessment |
|-----------------------------|-----------------------------------|---------------------|
| Pavement Construction | Not Applicable | \$35.00 per L.F. |
| Full Street Reconstruction | \$81.00 per LF | \$90.00 per LF |
| Sewer Service (within R/W) | \$1,315.90 each | \$1,470.00 each |
| Sewer Service (outside R/W) | Actual Cost (\$250 to \$3,300) | Actual Cost |
| Water Service (within R/W) | No Assessment | No Assessment |
| Water Service (outside R/W) | Not Applicable | Actual Cost |

Total Assessment Currently Estimated at \$1,344,000.



ASSESSMENT POLICY

- Assessment Hearing Date To Be Determined.
Assessments Payable interest free from night of adoption until end of October the year of the hearing)
- Unpaid assessments levied to County and payable with property taxes over 20 years with first payment due the year after adoption.
- Interest rate on assessments to be determined.
- Options for deferred assessments for Senior Citizens per city assessment policy.

PROJECT SCHEDULE

| | |
|----------------|---|
| Oct 2021 | Present Feasibility Report |
| Nov 2021 | Public Hearing #1, Order Project |
| August 2022 | Public Hearing #2, Order Phase 1 of Project Advertise Phase 1 of Project |
| September 2022 | Bid Opening |
| Oct/Nov 2022 | Construct Phase 1 of Project |
| Spring 2023 | Complete Phase 1 of Project (if not complete) |

Schedule for Remaining Work (Phase 2) to be determined

| | |
|------------|--------------------|
| March 2024 | Assessment Hearing |
|------------|--------------------|



Questions?



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