

CITY COUNCIL WORK SESSION AGENDA

AFTON CITY COUNCIL CHAMBERS

3033 St. Croix Trail South

(Council member Ross will participate in the meeting remotely by interactive television from the following location: 11198 Vista Del Cielo, Gold Canyon, Az. 85118)

Monday, February 11, 2019

At 5:00 p.m.

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF AGENDA – February 11, 2019 Council Work Session**
- 4. CITY COUNCIL BUSINESS**
 - A. River Road Sanitary Sewer System
 - 1) River Road Sanitary Sewer System and the Downtown Improvement Project
 - 2) Options for Replacing River Road Sewer Lines
 - B. Downtown Improvement Project Financial Update
 - C. Thorn Butler Drainage Concerns at 15945 35th Street
 - D. Options for the Use of the House on the Wastewater Treatment Site
 - E. Preparation for 2019 Goal Setting
 - F. 3M Settlement Update
 - G. Public Works Update
 - H. City Administrator Update
- 5. Adjourn**

A quorum of one or more City commissions or committees may be present to receive information at this meeting

City of Afton
3033 St. Croix Trl, P.O. Box 219
Afton, MN 55001

Meeting Date Feb. 11, 2019

Council Memo

To: Mayor Palmquist and Members of the City Council
From: Ron Moorse, City Administrator
Date: February 6, 2019
Re: River Road Sanitary Sewer System

River Road 201 Sewer System and the Downtown Improvement Project

The Council had questioned how and why the replacement of the River Road sanitary sewer lines was excluded from the Downtown Improvement Project, and had requested staff to address this question. The attached report from the City Engineer outlines and explains the reasons the decision was made to exclude the River Road sewer lines from the Downtown Improvement Project. City Engineers Todd Hubmer and Nick Guilliams will attend the work session to present their report and address questions from the Council.

Options for Replacing the River Road Sewer Lines

Based on the televising of the River Road gravity sewer lines, the lines were found to be in poor condition and needing replacement. As requested by the Council, the City Engineer, Nick Guilliams, has identified potential options for replacing the River Road sewer lines. The attached report outlines potential options and costs. Nick Guilliams will attend the work session to explain the current condition of the sewer lines and the options for replacement of the lines.



Memorandum

To: Ron Moose, City of Afton

From: Nick Guilliams, City Engineer
Todd Hubmer, Vice President

Date: February 11, 2019

Re: River Road Sanitary Sewer

The City Council has requested further information on the River Road Sanitary Sewer in relation to the Downtown Village Improvement Project. The following provides some background on why the sanitary sewer replacement of River Road was excluded from the Downtown Village Improvements Project:

- WSB recommended the replacement of the sanitary sewer on River Road as part of Feasibility Study that was presented to the City Council on April 11, 2014
- The cost associated for this work was not grant eligible. Grant funds were not eligible for the replacement of existing sanitary sewer collection systems, this is considered maintenance.
- The cost to replace the system and upsize the pipes was significant. The availability of funds to pay for this work was in question as was funding for the remainder of the project.
- City Council concerns about construction impacts on River Road may significantly increase the construction costs.

In early September of 2018, a blockage was discovered in the gravity section of sanitary sewer on River Road. Public works hired a company to remove the blockage and have the lines televised. Public Works asked the City Engineer to review televising tapes of the gravity section of River Road. After review of the tapes, it was determined:

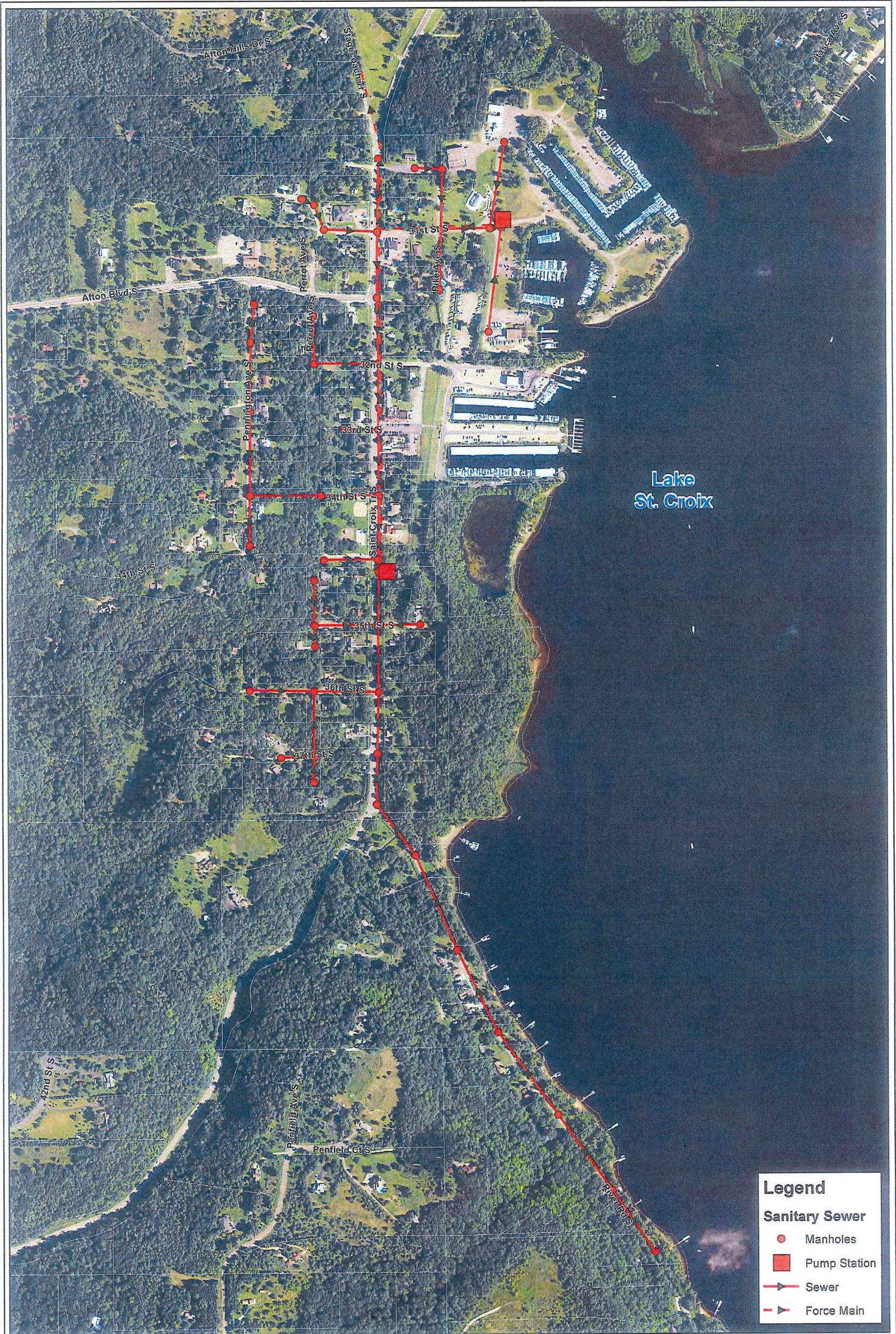
- 2,023 feet of 4-inch pvc sanitary sewer is in poor condition with significant pipe corrosion, disconnected pipe joints, and cracking.
- The condition of the 612-feet of 2-inch forcemain is unknown since it is not possible to televise this 2" line.
- Public works has not experienced any issues with the 2" forcemain.
- Given that the 2" forcemain line is only serving a few homes, upsizing to a 4" line is not necessary.
- We are not recommending that this section be replaced at this time as no recorded issues have occurred, and any issues that may occur can be quickly addressed due to the limited amount of users served by the forcemain.

At the November City Council work session, the Council directed the City Engineer to develop replacement options including an approximate cost. We have consulted with several contractors and identified the following options:

Construction Method	Cost	Advantage	Disadvantage
Open Cut	\$450,000	Less risk for construction overruns	Impact to river road and associated restoration cost of pavement replacement
Directional Drill	\$500,000	Quicker construction schedule and less impact to River Road.	More difficult construction operation and higher risk of cost over runs due to encountering rock.
Pipe Bursting	\$300,000	Most cost effective and limits river road impacts Less risk as directional drilling as the pipe will be laid in the same alignment as the existing pipe.	More difficult construction operation and higher risk of cost over runs if issues with rock occur.

WSB anticipates indirect costs between 10% and 15% of the total construction cost would be needed to prepare bid documents, administer the construction contract, and observe construction operations.

Based on our review we have determined that pipe bursting is the most cost effective and least impactful construction method to replace the lines. Since the construction estimate exceeds \$175,000 this work must follow the state rules for public bidding.



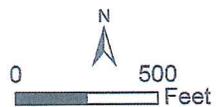
Legend

Sanitary Sewer

- Manholes
- Pump Station
- Sewer
- ▲ Force Main

*Task Force Recommendations
for Infrastructure Improvements
in the Old Village*

Figure 5: Sanitary System Concept



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Meeting Date Feb. 11, 2019

Council Memo

To: Mayor Palmquist and Members of the City Council
 From: Ron Moorse, City Administrator
 Date: February 5, 2019
 Re: Downtown Improvement Project Financial Update

Funding Gap

At the January 15, 2019 Council meeting, the City Accountant provided a financial update regarding the Downtown Improvement Project that appeared to indicate a project funding gap larger than previously estimated. To clarify the funding gap, the City Accountant and City Administrator met with the City Engineer to review the financial status of the project and confirm the funding gap. The review resulted in the confirmation that the overall project funding gap is \$600,000. The spreadsheet on which the calculation of the funding gap is based is attached. Todd Hubmer and Nick Guilliams - City Engineers and Tom Niedzwiecki - City Accountant, will attend the work session to walk through the spreadsheet and address questions from the Council.

Cash Flow Shortfall for the Repayment of Temporary Bonds

The City has used \$1.98 million of temporary bond funding to provide necessary cash flow for the Downtown Project. The repayment date for the temporary bonds is April 1, 2020. However, the scheduled receipt of nearly \$490,000 of project revenues does not occur until after April 1 of 2020. These revenues are the \$95,000 annual levy for the City's match of the DNR grant funds and the \$50,000 annual grant payment from the Valley Branch Watershed District. The timing of these project revenues is listed below. These revenues are also shown on the attached spreadsheet. The timing of these revenues, in addition to the overall project funding gap referenced above, results in a projected \$1 million cash flow shortfall for the repayment of the temporary bonds.

Necessary Borrowing. The result of the cash flow shortfall is that the repayment of the temporary bonds will require a borrowing of \$1 million, nearly half of which will be repaid by the \$490,000 of revenues to be received in the coming six years. The remainder will be repaid by two existing annual levies totaling \$107,000. One is a \$37,000 levy for the annual interest payments on the temporary bonds, which will no longer be needed. The other is a \$70,000 levy that was put in place in case of the need to supplement the special assessment revenue to pay the debt service on the PFA low interest loans. This levy is not needed for the PFA loans.

Loan Amortization Schedules. Doug Green, the City's Bond Consultant/Financial Advisor, has prepared the attached two amortization schedules for the \$1 million borrowing. Option 1 includes new levies of \$10,000 in 2021, \$20,000 in 2022 and \$30,000 in 2023, in order to be able to reduce the PFA Debt Levy from \$107,000 to \$45,000 in 2026. Option 2 does not require any new levies. Both of the amortization schedules would enable the borrowing to be repaid in six years.

Timing of Future Project Revenues

2020: \$95,000 levy and \$50,000 VBWD grant payment
 2021: \$95,000 levy and \$50,000 VBWD grant payment
 2022: \$50,000 VBWD grant payment
 2023: \$50,000 VBWD grant payment
 2024: \$50,000 VBWD grant payment
 2025: \$50,000 VBWD grant payment

City of Afton, Minnesota
GO Improvement Bonds, Series 2020A

Issue Details:
 Project Cost \$1,000,000
 Financing Cost \$50,000
 Par Amount \$1,050,000
 Issue Date 2/1/2020
 First Interest 8/1/2020

Option 1: New Levy to Expedite Payoff

Date	Principal	Coupon	Semi-Annual Interest	Semi-Annual P&I	Annual Total	Capital Infr Fund Levy	VBWD Contribution	PFA Debt Levy	New Debt Levy	Total Revenues	Annual Balance/(Shortfall)	Cumulative Balance	Cumulative Coverage
02/01/2020	-												
08/01/2020	-		11,116.25	11,116.25									
02/01/2021	230,000.00	2.00%	11,116.25	241,116.25	252,232.50	95,000.00	50,000.00	107,000.00	10,000.00	262,000.00	9,767.50	9,767.50	1.08
08/01/2021	-		8,816.25	8,816.25									
02/01/2022	250,000.00	2.05%	8,816.25	258,816.25	267,632.50	95,000.00	50,000.00	107,000.00	20,000.00	272,000.00	4,367.50	14,135.00	1.07
08/01/2022	-		6,253.75	6,253.75									
02/01/2023	175,000.00	2.10%	6,253.75	181,253.75	187,507.50	0.00	50,000.00	107,000.00	30,000.00	187,000.00	(507.50)	13,627.50	1.07
08/01/2023	-		4,416.25	4,416.25									
02/01/2024	150,000.00	2.15%	4,416.25	154,416.25	158,832.50	0.00	50,000.00	107,000.00	0.00	157,000.00	(1,832.50)	11,795.00	1.06
08/01/2024	-		2,803.75	2,803.75									
02/01/2025	150,000.00	2.25%	2,803.75	152,803.75	155,607.50	0.00	50,000.00	107,000.00	0.00	157,000.00	1,392.50	13,187.50	1.09
08/01/2025	-		1,116.25	1,116.25									
02/01/2026	95,000.00	2.35%	1,116.25	96,116.25	97,232.50	0.00	50,000.00	45,000.00	0.00	95,000.00	(2,232.50)	10,955.00	1.09
Total	1,050,000.00		69,045.00	1,119,045.00	1,119,045.00	190,000.00	300,000.00	580,000.00	60,000.00	1,130,000.00	10,955.00		

Option 2: No New Levy

Date	Principal	Coupon	Semi-Annual Interest	Semi-Annual P&I	Annual Total	Capital Infr Fund Levy	VBWD Contribution	PFA Debt Levy	New Debt Levy	Total Revenues	Annual Balance/(Shortfall)	Cumulative Balance	Cumulative Coverage
02/01/2020	-												
08/01/2020	-		11,200.00	11,200.00									
02/01/2021	225,000.00	2.00%	11,200.00	236,200.00	247,400.00	95,000.00	50,000.00	107,000.00	0.00	252,000.00	4,600.00	4,600.00	1.04
08/01/2021	-		8,950.00	8,950.00									
02/01/2022	225,000.00	2.05%	8,950.00	233,950.00	242,900.00	95,000.00	50,000.00	107,000.00	0.00	252,000.00	9,100.00	13,700.00	1.09
08/01/2022	-		6,643.75	6,643.75									
02/01/2023	145,000.00	2.10%	6,643.75	151,643.75	158,287.50	0.00	50,000.00	107,000.00	0.00	157,000.00	(1,287.50)	12,412.50	1.07
08/01/2023	-		5,121.25	5,121.25									
02/01/2024	150,000.00	2.15%	5,121.25	155,121.25	160,242.50	0.00	50,000.00	107,000.00	0.00	157,000.00	(3,242.50)	9,170.00	1.04
08/01/2024	-		3,508.75	3,508.75									
02/01/2025	150,000.00	2.25%	3,508.75	153,508.75	157,017.50	0.00	50,000.00	107,000.00	0.00	157,000.00	(17.50)	9,152.50	1.06
08/01/2025	-		1,821.25	1,821.25									
02/01/2026	155,000.00	2.35%	1,821.25	156,821.25	158,642.50	0.00	50,000.00	107,000.00	0.00	157,000.00	(1,642.50)	7,510.00	1.04
Total	1,050,000.00		74,490.00	1,124,490.00	1,124,490.00	190,000.00	300,000.00	642,000.00	0.00	1,132,000.00	7,510.00		



Memorandum

To: Ron Moorse, City of Afton

From: Nick Guilliams, City Engineer
Todd Hubmer, Vice President

Date: February 11, 2019

Re: 15945 35th Street S Drainage Concerns

This memo is being provided to address drainage concerns from the property owner at 15945 35th Street South. The property owner has expressed concerns that the Downtown Village Improvement Project has created adverse drainage impacts to the property and that those drainage impacts are due to the construction of the retaining wall at 3561 Saint Croix Trail (Gehrke Property) directly south of 15945 35th Street South.

The property owner specifically mentioned water and mud intrusion into the crawl space of the home during the December 18, 2019 City Council meeting.

We have reviewed the before and after construction conditions and attached figures showing the grading and survey for both. Based on this review the following observations can be made:

- The pre-construction drainage area to the rear lot of 15945 35th Street South was approximately 16,000 sf and the post-construction drainage area to the same location is approximately 10,500 sf, effectively reducing the contributing drainage area by 5,500 sf.
- The Downtown Village Improvement Project improved the drainage swale (shallow ditch) to the east of the property. This improvement removed a previous high spot in the swale and directs water away from 15945 35th Street S to the storm water collection area and lift station.
- The City obtained an 11-foot temporary easement on 15945 35th Street South from the property owner (Dickinson) to replace the pre-construction retaining wall that straddled the property line, with a new rock retaining wall wholly contained on the Gehrke parcel at the elevations required with the levee.
- The elevation of Saint Croix Trail was raised to become the southern terminus of the new levee. The retaining wall was necessary to accommodate this improvement at Kelle's Creek and Saint Croix Trail.
- The City agreement with the Gehrke's required the grading of a new building pad so that the Gehrke's could construct a new home upon completion of the Downtown Village Improvement Project. This achieved the City's goal of the voluntary purchase of homes.
- As a requirement of the building permit for the Gehrke Parcel, the applicant will be required to demonstrate that drainage from the property is not directed onto the 15945 35th Street South property. It may be directed to Kelle's Creek or to the swale in the north-east corner of the Gehrke property.

Based on our analysis and review of the information available, we have concluded that the City's project has not created nor increased any existing drainage issues observed on the property at 15945 35th Street South. Although we have reached this conclusion, there are some improvements that may be made by the property owner to improve drainage conditions on the property:

1. The existing structure has nearly no eaves, which allows water to fall from the roof next to the crawl space. It is common that over time these areas that settle next to a house will need improvement. The addition of gutters or raising of the landscaping near the foundation will direct water to the rear yard area away from the house and crawl space.
2. Improve the access to the levee drainage swale at the south-east corner of the lot. This can be accomplished by extending the swale further to the west by performing some minor grading. This can be done by the property owner, or with the homeowner's approval, the City's assistance.



Before

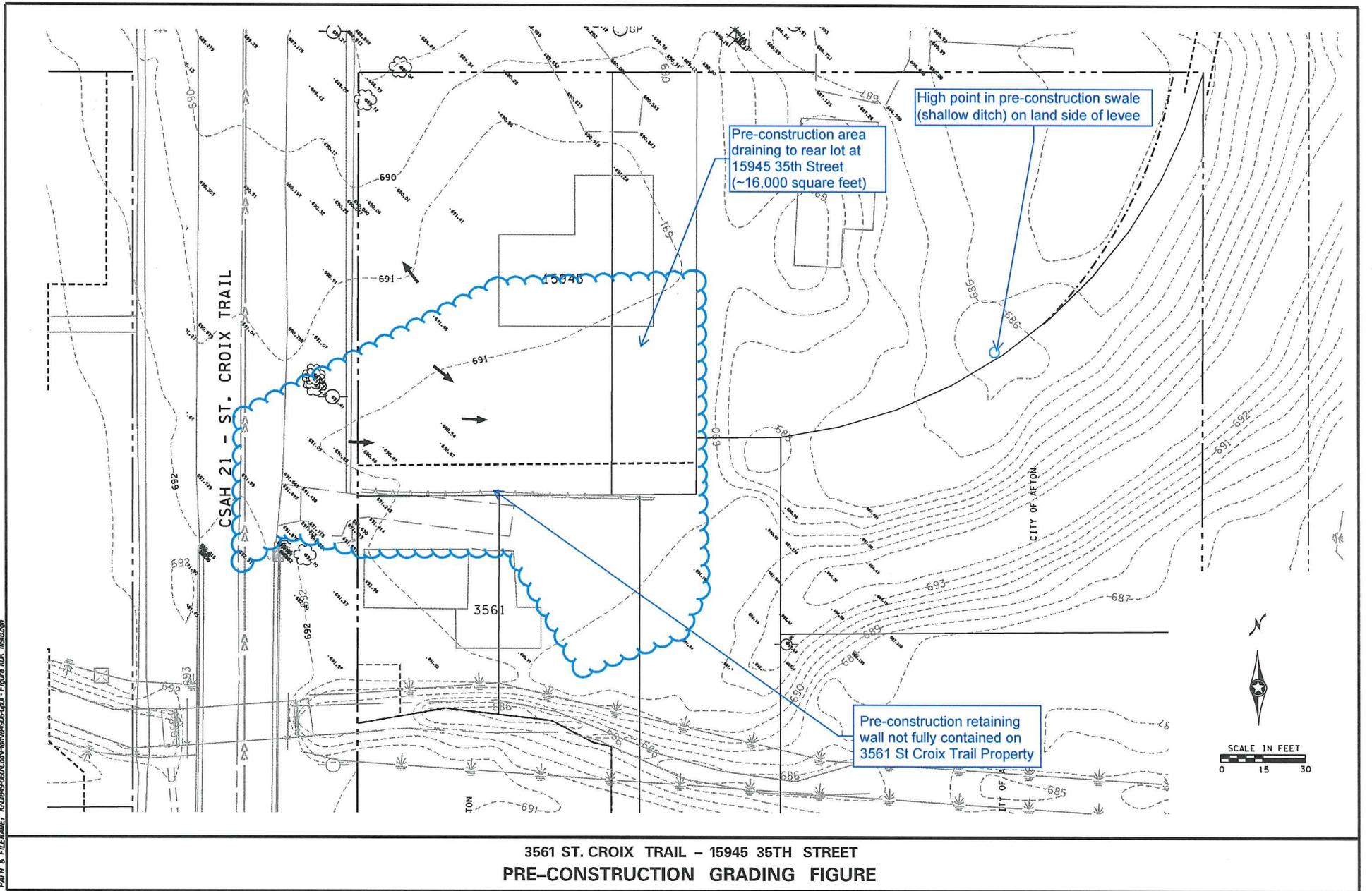


Pre-Existing Retaining Wall



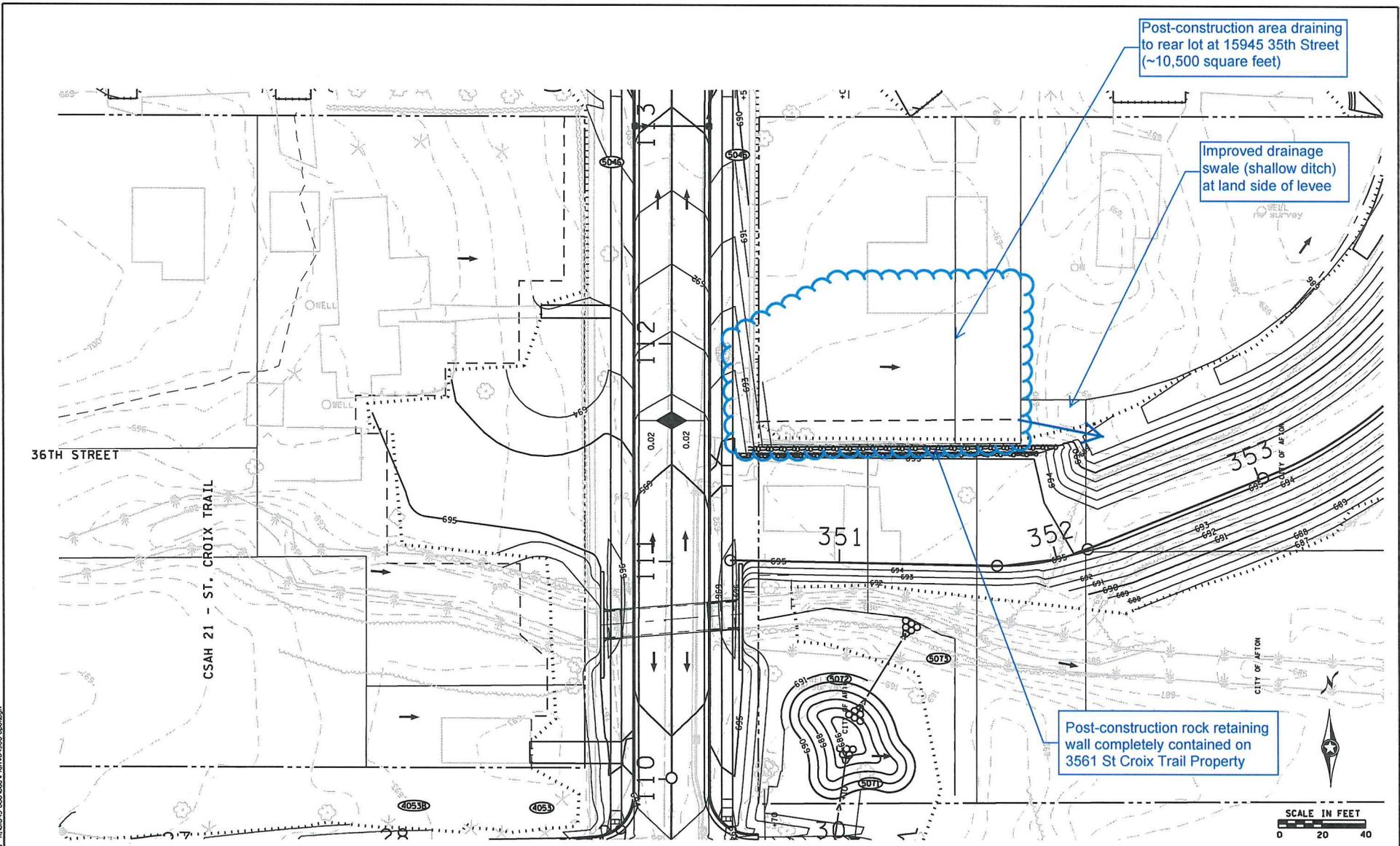
After

DATE: 11/02/2008 12:55:35 PM
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3561 ST. CROIX TRAIL - 15945 35TH STREET
PRE-CONSTRUCTION GRADING FIGURE

DATE: 7/18/2017
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NO.	DATE	BY	CHK	REVISIONS

Design By: THG
 Plan By: MWM
 Checked By: DWS
 Approved By: SDD

DATE: 08-2-2016 LIC. NO. 49914

John DeMore
 JOHN DEMORE, P.E.

WE BARELY CERTIFY THAT THIS PLAN WAS PREPARED BY US OR UNDER MY DIRECT SUPERVISION AND THAT I AM A PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MINNESOTA.

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 Minneapolis, MN 55416
 (763) 541-8800 | wasberg.com

City of Afton
Washington County

St. Croix Trail and Downtown Village Improvements
City of Afton
Washington County, Minnesota

WASHINGTON COUNTY, MINNESOTA
 GEHRKE AND WEED PARCELS
GRADING PLAN
 SP 011-677-013 / SP 011-677-014 / SP 011-090-004

SHEET 255 OF 397 SHEETS

City of Afton
3033 St. Croix Trl, P.O. Box 219
Afton, MN 55001

Meeting Date Feb. 11, 2019

Council Memo

To: Mayor Palmquist and Members of the City Council
From: Ron Moore, City Administrator
Date: February 7, 2019
Re: Options for the Use of the House on the Wastewater Treatment Site

The Council had directed staff to determine the value of a potential 5-acre lot that includes the house at the wastewater treatment site, and to determine whether Belwin would be interested in leasing the house and adjacent land for educational purposes or other purposes.

Value of Lot

Based on a review of the selling prices of 5-acre lots recently sold in Afton, it appears the value of the five acre lot would be approximately \$200,000.

Belwin

Staff has provided information about the house and land to Katie Bloome, Belwin's Executive Director, and has asked if Belwin would be interested in leasing the house and adjacent land for use as part of its programming. Katie has not had an opportunity to review this question with her Board, but indicated preliminarily that Belwin does not have a programmatic use for the house and parcel and generally prefers to purchase and preserve land vs. leasing land. She probably will not have an opportunity to meet with her Board for direction on this until early March.

Impact of Sale of the Lot on Grant Funding

The City Engineer has indicated that, because the 25 acre wastewater treatment site was purchased with funding from both the DNR and the PFA, the sale of the lot may require repayment of a portion of the funding. The City Engineer can provide more detailed information regarding the grant funding impact at the work session.

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Meeting Date Feb. 11, 2019

Council Memo

To: Mayor Palmquist and Members of the City Council
From: Ron Moorse, City Administrator
Date: February 5, 2019
Re: Preparation for the 2019 Goal Setting Process.

In past years, the Council's annual goal setting process has involved a review of the goals from the previous year including those accomplished and those not completed, and the identification and prioritization of goals for the new year. One method used to identify and prioritize goals was that each Council member submitted the top 3-5 goals they wanted to accomplish during the year. The lists of goals were then discussed to determine if there were common goals and to develop a consensus on the top priority goals.

Another option used by other cities is a goal setting process that combines short term goal setting with longer range planning. The benefit of this process is that it facilitates a broader and longer term perspective that then informs the shorter term goal setting. In other words it helps to prevent missing the forest for the trees. Using this process, the first step is to think about the major issues the City will have to address during the next 5, 10, 15 or 20 years. These issues could include both potential threats to be avoided or prevented and potential opportunities to take advantage of. Once the longer range issues are identified, the next step is to determine if there are any efforts the City should undertake in 2019 to begin to position itself to effectively address these longer range issues. These efforts can be added to the list of goals for 2019.

The Council members may have participated in other types of goal setting processes that they found to be effective. The Council may want to discuss process options.

Homework for the Goal Setting Session

Regardless of the goal setting process selected, homework in advance of the goal setting session can make the session both more effective and more time efficient. This could involve the Council members identifying their priority goals in advance of the goal setting session, so that staff can provide them to the full Council as part of the session packet and have them printed in a larger format for group discussion and prioritization. Seeing the goals of other members prior to the session can also provide new perspectives and spark new ideas.

If the Council was to choose to include a longer range planning element, the homework could include the Council members taking time, using their knowledge of the City and their perspective regarding its long-range future, to speculate about the major issues it will be important for the City to address in the next 5, 10, 15 or 20 years. The Council members could then make a list of these issues, including how they think the City should begin preparing to deal with them.

List of 2018 Goals

Attached is the list of goals for 2018 with the completed goals shown in **bold**.

Goals for 2018

(Completed goals are shown in **bold**)

Downtown Improvement Projects

- **Determine the optimal solution for the Pennington Avenue sewer connections**
- **Manage the final stage of construction of the downtown improvement projects in 2018 in a way that minimizes impacts to businesses and residents and ensures the project costs remain within the budgeted amount**
- Work with the City Attorney to complete the eminent domain process for the acquisition of required easements in a way that results in acquisition costs at or near the City's final offers
- Resolve remaining assessment appeals

Groundwater Management:

- **Effectively participate in the process to determine the use of the \$850 million 3M settlement funds, with the goal of ensuring Afton's drinking water is PFC-free (on-going)**
- Ensure effective involvement with local and regional groundwater organizations to ensure Afton's interests regarding the protection of groundwater are represented and protected.
 - Washington County Groundwater Consortium
 - Washington County Municipal Water Coalition
 - DNR
 - Met Council

Land Use Planning

Comprehensive Plan Update

- **Finalize the update to the Comprehensive Plan** and complete the process required for the adoption of the updated Comprehensive Plan

Planning and Zoning

- **Update the Industrial zone ordinance regarding allowed uses and landscaping and architectural design standards**
- Facilitate improved communication between the City Council and the Commissions/Committees
- **Develop procedures to fully and clearly communicate Afton's zoning requirements to developers at the administrative level, and improve early administrative zoning review**

Proactive Planning

- Proactively identify high quality natural resources, natural features and open space corridors for protection and future connections

Natural Resources Inventory

- Update the City's Natural Resources Inventory to enable it to be more practical and useful for planning activities related to land use and the protection of natural resources, including providing mapping capabilities.

High Speed Internet Access:

- Resolve the lack of service to properties along Valley Creek Trail
 - **CenturyLink is in the process of installing the infrastructure necessary to provide service at the required speed.**

Administrative:

- **Complete an RFP process for the annual audit and for building inspection services**
 - **The Building Inspection Services contract with the current building inspector was extended for a three year period.**
 - **With the current City Accountant announcing his retirement in April of 2019, an RFP process for Accounting Services is currently in-process.**
- Complete the implementation of the Laserfiche system
 - **Scan all property files for input into the Laserfiche system**
 - **Finalize the file structure for all city documents**
 - **Begin to scan all new documents into the Laserfiche system**
- Install and implement a shared calendaring system to track tasks/projects
 - **Set up email accounts to enable Outlook to be used to track tasks, etc.**
- **Administer the 2018 General Election process**

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Meeting Date Feb. 11, 2019

Council Memo

To: Mayor Palmquist and Members of the City Council
From: Ron Moose, City Administrator
Date: February 7, 2019
Re: Updates

The work session agenda includes updates regarding the 3M Settlement Working Group Process and Public Works, as well as a City Administrator Update. At the time the agenda packet was prepared, there were no updates to provide. Updates may be provided at the work session.