



COTTAGE GROVE CITY COUNCIL

12800 RAVINE PARKWAY SOUTH
COTTAGE GROVE, MINNESOTA 55016

January 25, 2023

SPECIAL MEETING - 6:00 P.M.

Public Works - 8635 West Pt. Douglas Rd (Large Conference Room)

- 1 CALL TO ORDER
- 2 ROLL CALL
- 3 WORKSHOPS - OPEN TO PUBLIC
- 4 A Site Tour - Public Works Facility
Staff Recommendation: Tour the existing Public Works Facility.
B Utilities and Engineering Building Review
Staff Recommendation: Receive information on the Utilities and Engineering Division Building.
C Low Zone Water Treatment Plant.
Staff Recommendation: Receive information on the Low Zone Water Treatment Plant.
- 5 ADJOURNMENT



City Council Action Request

13A

Meeting Date	1/25/2023												
Department	Public Works												
Agenda Category	Workshops - Open to Public												
Title	Utilities and Engineering Building and Low Zone Water Treatment Plant Update												
Staff	Tour the existing Public Works Facility.												
Recommendation	Receive information on the Utilities and Engineering Division Building and the Low Zone Water Treatment Plant.												
Budget Implication	The Utilities and Engineering Building is estimated to cost \$14M. The City would be able to utilize a Utility Revenue Bond. The estimated cost for the treatment plant is \$24M fully funded by 3M Settlement.												
Attachments	<table><tr><td>Memo Utilities and Engineering Division Building.tif</td><td>2.88MB</td></tr><tr><td>Low Zone Water Treatment Plant Update.tif</td><td>1.81MB</td></tr><tr><td>City Council Meeting February 2020.tif</td><td>7.83MB</td></tr><tr><td>City Council Meeting August 2020.tif</td><td>3.7MB</td></tr><tr><td>City Council Meeting August 2021.tif</td><td>2.83MB</td></tr><tr><td>Utility & Engineering Facility Proposal.tif</td><td>1013.67KB</td></tr></table>	Memo Utilities and Engineering Division Building.tif	2.88MB	Low Zone Water Treatment Plant Update.tif	1.81MB	City Council Meeting February 2020.tif	7.83MB	City Council Meeting August 2020.tif	3.7MB	City Council Meeting August 2021.tif	2.83MB	Utility & Engineering Facility Proposal.tif	1013.67KB
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To: Honorable Mayor and City Council
Jennifer Levitt, City Administrator

From: Ryan Burfeind, P.E., Public Works Director

Date: January 20, 2023

Re: Utilities and Engineering Division Building

Background

For the past several years, Staff and Council have been discussing the space needs at the Public Works & Parks Maintenance Building. The first step in this process was development of a space needs study for Public Works and Parks Maintenance. A draft of this study was completed in 2019, which provided 15-year and 30-year build options on a new site, with costs of \$30 million and \$50 million respectively. Due to the high costs, an additional option was developed to do a major overhaul of the existing facility. This renovation project would have met the space needs for 15-years, at a total cost of \$15 million.

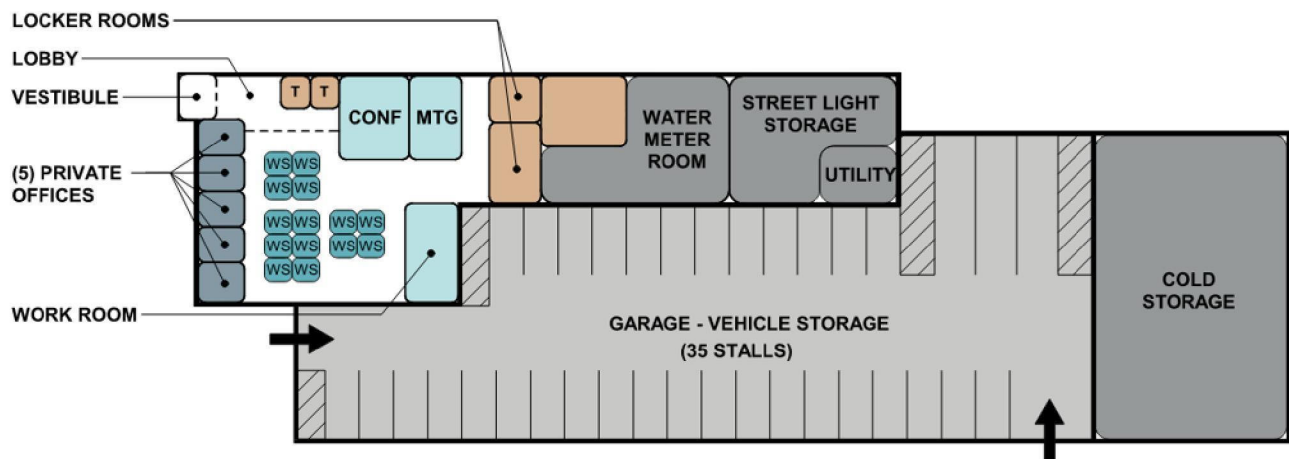
The final space needs study was presented to the City Council in February of 2020. A major point of discussion was where it should be located, as the City did not own land at time to build the facility. There was general agreement that placing the new facility in the proximity of 100th Street and Jamaica Ave would be the best long-term solution, based on similar uses in the business park. The 15-year renovation option on the existing site was not desirable, as the Council preferred to invest money in the permanent solution. It was discussed at this meeting that the future water treatment plants would add to our staffing, and that locating a treatment plant next to Public Works site would make sense. Ultimately, due to the high costs of building a new facility, and the lack of land, Staff was asked to review shorter term/lower cost options to continue to utilize the existing site while the permanent solution could continue to be reviewed.

The space needs was further reviewed at the 2021-2025 CIP Workshop in August of 2020. Staff presented a 5-10 year option to get by on the existing site, which included a \$2,000,000 heated metal building to add storage, and a \$500,000 remodel project to address the lack of space in the cafeteria and locker rooms. Thinking “outside the box”, Staff also looked into leasing space at CAPP Industries, however the lease price of that space was cost prohibitive. While it was discussed that the heated metal building could be moved to the new Public Works site in the future, it may not align with the site planning and would come with a high cost. The future site location was still unknown at this time, and questions on how the 3M Settlement Agreement could play into the situation remained. While this lower cost option was kept in the CIP, questions related to the 3M Settlement needed to play out to get a full picture. It was discussed that a focus could be on the utility division, as that would allow the use of utility revenue bonds, and not impact the General Levy.

In 2021, this topic was once again discussed at the 2022-2026 CIP Workshop in August. At this time the City was in the process of working with the State to purchase 29 acres of land from Gene Smallidge, south of 100th Street, which would provide space for the Low Zone Treatment Plant along with future Public Works & Parks offices. While the new heated metal storage building was still in the CIP, a utility division office building was also included. By moving utilities to the new site, it would mitigate the need to put money into the existing site and create efficiencies in locating the utilities staff by the treatment plant. Also, there would be cost savings by pairing the buildings together, as the 3M Settlement could cover a large portion of the site development costs. The CIP included design of the Utility Division Building in 2023, and construction in 2024.

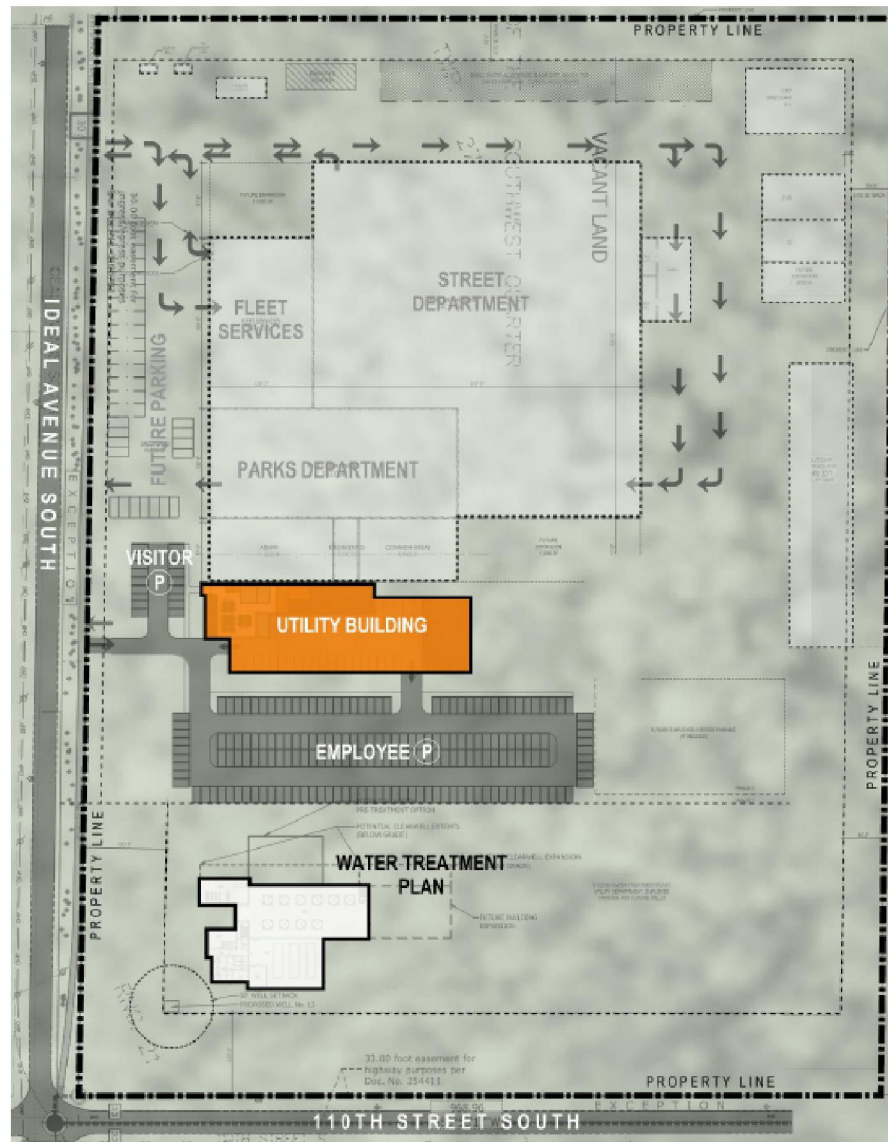
Discussion

In July of 2022, a workshop was held to provide greater details on a potential Utilities & Engineering Division building which could be constructed in conjunction with the Low Zone Water Treatment plant. This allowed the utility division to be near the plant and free up space to accommodate growth in the Streets, Parks, and Fleet Divisions at the existing site. The Engineering Division was included, as it would free up space at City Hall and provide room as the City continued to grow. Based on the previous space needs study that was completed in 2019, a concept layout of the proposed building was created, along with a cost estimate.



The building would be planned to accommodate the needs of the City at full buildout for both the utilities and engineering divisions. Upon initial construction, the building would house 15 Utility Division FTEs, 5 Engineering FTEs, and 3 seasonal employees. 3 Additional FTEs for Utility Billing could be located in the facility as well. As the facility was sized for full buildout of the City, off-season storage from Parks, Streets, and Facilities would be located here to further address the space needs at the existing facility, eliminating the immediate need for a heated metal storage building.

This building would be designed to fit with the future full Public Works/Parks Building by strategically placing the entrance, lobby and locker rooms. The proximity of the building to the water treatment plant will take into account the current and future space needs of the plant as well. Below is a concept figure of the overall site buildout.



The estimated cost to complete this building project was \$14,000,000, and the City would be able to utilize a Utility Revenue Bond to fund the construction of the facility. To fully understand the cost impacts of this bond to the water and sewer users of the City, Staff was directed to complete a water & sewer rate study. This was completed in the fall of 2022 and an additional workshop was held on November 16th to discuss the results. The bond for the building was split 75/25 between water & sewer, based on the staffing within the division. Looking at all aspects of the fund over the coming 5 years, the study determined only a 2.5% annual increase in water rates was required, with the utility division building included. A 3%

option was also included, which would allow a larger up front cash payment if the building moved forward. Both options equated to roughly a \$0.25/month increase for essential year-round water use in a typical household. For average irrigation users, it would amount to a \$0.75/month increase in the summer for the typical household. A 5% increase in sewer rates was required, however this was largely driven by increases in Met Council sewer charges to the City and not the 25% share of the potential Utility Revenue Bond. This amounted to a \$1.15 monthly increase for the typical household. All of these increases kept Cottage Grove at or near the bottom when comparing rates with our comparable cities. Based on a majority consensus of the City Council, a 3% increase in water rates was recommended to be included in the 2023 fee updates.

Recommendation

Receive the information on the Utilities and Engineering Division Building.



To: Honorable Mayor and City Council
Jennifer Levitt, City Administrator

From: Ryan Burfeind, P.E., Public Works Director

Date: January 20, 2023

Re: Low Zone Water Treatment Plant Update

Background

In August of 2021, the 3M Settlement Agreement Conceptual Drinking Water Supply Plan (CDWSP) was finalized, and the funding became available for the planned projects for mitigating the PFAS contamination in the East Metro. Cottage Grove received the initial grant for the Low Zone Water Treatment Plant design January 10, 2022. The treatment plant will be located at the northeast corner of Ideal Avenue South and 110th Street South.

Discussion

Design

The plant is being designed to utilize granulated activated carbon (GAC) filters for the PFAS removal, with a pretreatment process that will remove the iron and manganese in the water. Removing the iron prior to the water being filtered by the GAC significantly lengthens the life of the GAC. Iron clogs the GAC filters over a short period of time (1-1/2 to 2 years), at which time the GAC must be replaced. With pre-treatment removal of the iron, the life of the GAC is estimated to be up to 8 years.

The main level of the plant includes the filter room, pre-treatment room, pump room, chemical rooms, office and related functions. The lower level of the plant includes the back wash tank, the clearwell, pump chamber, pipe gallery, manifold gallery and other related functions. The access, circulation and parking for the plant is being designed to work with future expansion on the site.

This Low Zone plant will be the smaller of two permanent water treatment plants that are being built to remove PFAS from all City wells. The other plant will be located behind the Central Fire Station, near the ground storage tanks on 81st Street. Once complete, Cottage Grove will have the 25th largest water treatment system in the State of Minnesota. This will be a significant change, adding an entirely new functional group within the utility division. It is anticipated that three FTEs will be required to operate these plants, which will be funded by the 3M Settlement Agreement.

Approval Process

The first step in the approval process was the submittal of the Design Justification Report (DJR) to the MPCA/MDH. The report outlines and provides justification for the additional pre-treatment features required due to the iron in the water, which were not anticipated in the CDWSP. The DJR has been completed and is ready to be presented to the Co-Trustees for final approval. The project is approaching the 30% design milestone. As design approaches completion the MDH will be the final permitting agency.

Costs

The current estimate for the construction cost of the plant is \$24M. The construction cost identified in the CDWSP is \$8.1M. The additional costs over and above the CDWSP are due in the most part to the additional costs of the pre-treatment process, and inflation. Throughout the development process of the CDWSP, Cottage Grove continued to comment to the Co-Trustees that the high-level cost estimates were far too low. The State has been understanding of these costs, and what is driving them. Approval of the DJR by the Co-Trustees is anticipated in early February, at which time final design will commence.

Architecture

It is proposed that the building be constructed with pre-cast concrete panels, in accordance with the architectural standards of the industrial park. The colors and features will be complimentary with the City's existing buildings. See the following draft concept.



1 SOUTH WEST PERSPECTIVE



2 NORTH EAST PERSPECTIVE

CONCEPTUAL PERSPECTIVES

CITY OF COTTAGE GROVE, MN
WATER TREATMENTS

FIGURE 3

Schedule

Below is a schedule for the Low Zone Water Treatment Plant:

- February 2023: Co-Trustee approval of the DJR
- February-May 2023: Final Design
- April 2023: Neighborhood Meeting
- April 24, 2023: Planning Commission Site Plan Approval
- May 17, 2023: City Council Site Plan Approval
- June 2023: Bidding
- August 2023-April 2025: Construction
- May 2025: Plant Commissioning

Recommendation

Receive information on the Low Zone Water Treatment Plant.

Council Member Thiede stated tomorrow, February 20, the Historic John P. Furber Farm will be hosting a Winter Fest celebration with different games and beverages in the early evening hours. There is an entry fee.

Council Member Thiede stated on Saturday, February 29, the River Oaks Golf Course will be hosting a beer-tasting event, which should also be a good time.

Mayor Bailey stated regarding Community Center involvement, he put something on Facebook asking for anybody who wanted to be involved with the Community Center referendum; the City can put out information on it, but cannot be actively involved in endorsing that. There is a quick link on the City's website, cottagegrovemn.gov, to give the history and the most current update on where we're moving.

Mayor Bailey stated regarding the Fourth of July, the City of Cottage Grove does not fund that celebration; we've put aside some money, but it's a very small piece. The cost of the fireworks for a good 20-minute show is \$20,000. It's actually run by the Cottage Grove Lions, so they put everything together. We've had local businesses step forward for the last couple of years to provide funding. In the last week, we welcomed two new sponsors: Renewal by Andersen donated \$2,500 toward the fireworks; and Werner Electric President Ben Granley said they'd also be a sponsor. If you'd like to help sponsor this celebration, reach out to Mayor Bailey or any City Council Member. Council Member Olsen stated he's a Cottage Grove Lion. The fund balance at last night's meeting, prior to the donation from Renewal by Anderson, was \$1,900; that remained after last year's celebration, so fundraising is very important. The Lions' President is Ron Williams so you could always work with him or reach out to me or Director Koerner, and we'll get you to the right person. He thanked other members of the business community who have donated or are considering donating, as well as the general public, who may also contribute. Mayor Bailey stated we want to make sure that this event continues on year after year.

13. WORKSHOPS – OPEN TO PUBLIC

A. Public Works Storage Space Needs Study

Staff Recommendation: 1) Receiving and place on file the 2020 Cottage Grove Public Works Space Needs Study. 2) Provide staff direction for future planning of the Public Works facility.

Director Dockter stated tonight we're not looking for financial commitment or any concrete decisions, but are just looking for some guidance on the facility needs study that was done for Public Works. Public Works is not really a neighborhood-friendly facility, as we're loud, dusty, and noisy with the trucks. We operate 365/24, and need to have easy access and good roads to service Cottage Grove. The study revealed we have space needs, as we're currently storing equipment outside. We have another plow truck that will arrive soon, but there is not a stall for it; so, it will be parked in the middle of the drive lane in one of our buildings. Our cafeteria seating is already full, and we'll have summer workers being hired. Office space is filled to capacity; one office

contains five people. Director Burfeind stated he was working as the City Engineer throughout the time of the study so he had a different perspective. Having been in Public Works for a few months now, he's gotten to see all of the challenges for the crew with ongoing space issues.

Director Dockter stated the project consultant hired was Short Elliot Hendrickson, Inc. (SEH); he introduced Paul Ragozzino, the Project Architect, who would give tonight's presentation.

Mr. Ragozzino stated they performed a space needs study, developed a space relationship diagram of the current design, and then went into conceptual designs. They also were asked to do a site selection study, and they're down to three sites; they've prepared estimates of probable costs for the building.

Space Needs: The idea was to understand the amount of space, the types of spaces Public Works needs, as well as the size of the site, the building, and the square footage. The current site is quite tight; this is a 30-year expansion plan, so we want to leave enough space to make sure you accommodate future growth.

Mr. Ragozzino stated they met with all staff at Public Works and got into the details of their department needs and their estimated growth. They created an equipment list, and indicated the size and number of parking spaces; about 75% of the building is equipment storage. They got the number of spaces and determined the ideal size of the spaces for each of the trucks; that varied quite a bit so that generated a big portion of the square footage. The main building is estimated at approximately 200,000 square feet, with an unheated outbuilding of about 30,000 square feet. The main building would contain offices, support spaces, and the equipment storage; the outbuilding will be used for the equipment that they don't need heated.

He explained and reviewed the Building Space Requirements Diagram, the Site Space Relationship Diagram, the Building Conceptual Diagram, and the Site Conceptual Plan that they'd completed. The site will be ¼ mile by ¼ mile, which is 40 acres; they determined that you really needed about 30 acres, so the storage areas are a bit larger.

Site Selection Study: Mr. Ragozzino stated the City selected some adjacent sites and they gathered the site information, including utilities, size, current zoning, and future 2030 zoning. They developed 31 different criteria used for each of the sites, weighted each of them, and rated for each specific site to give them a total rank for each site.

Potential Sites: The existing site is Site D; Site A is on the north side; Site B is just south of the existing building; Site C is the site that's no longer a consideration.

Ratings: Site B rated the highest at 681; Site D rated at 615; and Site A rated at 584.

Mr. Ragozzino asked if there were any questions. Mayor Bailey confirmed Site A is located on Kimbro Avenue; Site B is 100th Street; Site C is no longer in the running; and Site D is the current site on West Point Douglas Road.

Council Member Thiede stated he did not see in the study the probability of developing the sites in terms of potential for tax revenue from a business; he asked if that was considered. Administrator Levitt stated that's actually one of the reasons why we removed Site C from the list because we felt that was going to be a viable, developable site given the water main extension that would be occurring this year. If everything else falls in line, including sanitary sewer, we anticipate Site C would most likely develop sooner and had the greatest development potential. The other site is far more removed from development and doesn't have anyone knocking at our door right now.

Finance Director Robin Roland stated they did some work regarding tax and taxable value of the properties involved; Economic Development Director Christine will give that information. Director Costello gave data on the sites: *Site A*: Kimbro Avenue is guided Agricultural per our 2040 Comprehensive Plan; the estimated value, just based on land values, is a little over \$600,000 with taxes at \$1,788, so is the lowest so far in the tax value. *Site B*: 100th and Jamaica Avenue, is property owned by 3M, is currently zoned Agricultural, but in our 2040 Comprehensive Plan it's guided Industrial; based on that square footage, there's an approximate value of \$13.8 million with taxes estimated at \$1.5. Because it's Industrial, with our track record, it's kind of a prime spot. *Site D*: The existing Public Works site is already tax exempt as a City property, so we looked at Acorn Mini Storage, next door, as a comparable commercial/industrial; it has an approximate value of \$5.2 million, with estimated taxes of \$200,000.

Mr. Ragozzino stated they'd provided aerial shots of each site. Council Member Thiede asked how much acreage is at Site B; Mr. Ragozzino stated that's 97 acres with the existing Public Works site at 11.5 acres.

Cost Estimates: Option 1: A 30-year plan, for 230,000 square feet, on a new site would be about \$50 million; Option 2: A 15-year plan, for 138,000 square feet, or 60% of the 30-year plan, on a new site, would be about \$30 million. Option 3: The existing site with remodel would be a 15-year plan at about \$15 million, and land acquisition costs, but those have probably changed. For Options 1 and 2, he stated you'd need to add some cupboard spaces, soft costs, contingency, and escalation, which is how you'd reach the quoted costs. For the existing building, we subtracted the existing building areas, which told us how much new area we needed to add; they extrapolated from there to get to the \$15 million.

Mayor Bailey asked if this was on our CIP; Director Roland stated it was not. Director Roland stated the CIP for 2020 to 2024 calls for the acquisition of land in the fifth year at the cost of approximately \$1.5 million. Mayor Bailey stated there are some immediate needs; even if we entertained Option 3, a 15-year plan for \$15 million, we can't even afford to do that until four-or-five years from now, which Director Roland confirmed. Mayor Bailey asked how we'd manage this in the interim.

Director Burfeind stated we could start parking the big trucks down the center; they wouldn't be staged outside, they'd be staged inside. When we have to haul some equipment outside to get those inside, by moving more equipment there's a chance for someone getting into an accident. We have storage down the center that we utilize for now. Director Dockter stated they've been creative with making space, and there are some other things they could do to get by for five years or so.

Council Member Thiede asked if we'd verified the asking price for the Majestic Ballroom property. Director Costello stated she'd have to verify it again, but it's approximately seven acres; the last time she looked it was under \$30,000. Council Member Thiede stated something he didn't see on the existing site plan was the fact that we own a fair amount of property right now to the east of Islay. With the Majestic property, if we had some extra land that we had to utilize, those are possibilities. Those have potential for development, but with the whole Langdon plan that whole area ideally would be consumed by developers. If we could use some of that space, if we had to, we could make it happen. Director Burfeind stated they'd looked at those sites as a very simple option for expansion using the existing site, without closing roads.

Mayor Bailey stated with the four potential sites, he felt development was going to be heading towards Kimbro Avenue, so Public Works would once again be surrounded by homes. The existing site is a redevelopment, but when looking at the space need of up to 40 acres, even if we tried to piecemeal things together, it's not a long-term solution. If we don't build something for five years, at the earliest, the price will increase. Director Dockter stated that he and Director Burfeind had talked, and they think 15 years is a conservative estimate; it's hard to know how development is going to continue.

Council Member Olsen asked what Director Dockter and Director Burfeind thought, as they deal with the equipment and personnel every day. Director Burfeind stated snowplowing operations are difficult with the roundabout location. Trying to get rid of asphalt, etc. that they're now storing takes up a lot of room, as now it's more difficult to get rid of that debris. Director Dockter stated obviously as the City grows, we need to grow, but Site D isn't growing.

Parks Superintendent Jim Fohrman stated the more traffic we have coming in and out, and the more bodies we employ is an accident waiting to happen; we have vehicles coming at each other as they're heading out of the building. It's not a good setup. Parks division has eight employees; with the superintendent having a vehicle, it will probably be stored outside because we only have room for eight vehicles. We have other vehicles sitting outside in the wintertime because we have vehicles that come inside for flooding operations, with hoses; so, snowplows and pickups sit outside. Council Member Olsen asked if they also had diesel vehicles. Superintendent Fohrman replied Parks doesn't, but the tractors are diesel; they sit in cold storage, plugged in. Again, you have a \$100,000 tractor that's going out to plow that's going out from cold storage; in terms of equipment being worked hard because of that, it's not an ideal setup to have those in cold storage or outside. Storing all of our snowplows outside is a

sore subject with the fleet maintenance division; they don't get washed off as much because if you wash them and put them outside, they'll freeze. In the summertime, there's nowhere to put them because we don't have any outbuildings anymore; we used to store them with the float and parade trucks, but they want them covered and want us to build something to cover them up so they're out of the elements during the summertime but there's nowhere to build any storage facility. It's just that the space is no longer big enough.

Council Member Thiede stated the common area is about 8,000 square feet, Parks is 45,000 square feet finished; he wondered what would happen if you separated Parks from Public Works right now and put Parks somewhere else. Director Dockter stated it could be done, as we share equipment with loaders and dump trucks; Council Member Thiede asked if that's done significantly, and he was told it was. Everybody plows, including Parks and Utilities. It's not that it couldn't be done; the logistics would have to be worked out a little bit more. With the shared equipment, it's doable. Director Burfeind added they also share support staff; they're technically under Public Works but they work for Parks as well. Council Member Thiede commented it sounds like it's not very feasible.

Mayor Bailey stated going back to the different sites, one is there's a significant dollar difference; he just hates to throw money at something that's a temporary fix because at some point you're going to have to come back and spend more money in the future. He's always liked the site off of Jamaica and 100th because there's eventually going to be a straight shot going up through CSAH 19, or to go the other way on Hadley to go down to Grey Cloud Island as development happens. A water treatment center might be somewhere over there, maybe as a part of this site. We're guiding that area for industrial use, but we know for as many years as 3M has been here, they have no desire to build anything over there; however, they might be a partner with us to do something as a Public Works facility and a water treatment facility. Mayor Bailey stated that's the way he looks at it; he's concerned about the short-term situation for the next five-to-ten years. He felt the right decision for the future of Cottage Grove and Public Works' need to expand has to be Site B. Council Member Olsen stated he agreed. Mayor Bailey stated he didn't see the site on Kimbro as a possibility, and he agreed with the removal of Site C as it's too far south. With all of the future planning we've been doing, it makes total sense.

Council Member Olsen stated with our track record for public facilities over the last 10-to-12 years, we've made decisions to do things right; those will serve us for 50 years. Public Works deserves the same ability to grow and expand with the City growth and expansion; this is obviously the right place.

Mayor Bailey stated the City of Woodbury just expanded their Public Works facility across the street; when speaking the former and current Mayor, they are landlocked, but they said at some point they'll have to build something somewhere else on the fringe. Administrator Levitt stated they'd talked about doing a satellite with Washington

County for their plow trucks, staging on the far eastern edge. Mayor Bailey stated he heard Woodbury was looking at doing something like that; he wondered as we looked to the future if there was an opportunity for us to coordinate with Washington County or somebody else, if they'd want to stage trucks. We'd build our facility and they'd have a satellite facility in proximity to us or within our facility; they'd help share costs.

Mr. Ragozzino stated when they took tours, they actually saw Washington County trucks in their facility; there were quite a few cities actually doing that. Mayor Bailey stated it would make sense. Council Member Olsen stated if there's a cost-sharing opportunity, that's a really good idea.

Council Member Olsen stated in terms of Public Works' access, they'd talked about the roundabout and how difficult it sometimes is to kind of get in and out, would this make sense and be helpful. Director Dockter and Director Burfeind stated they could pretty much get anywhere from that site.

Council Member Thiede stated on CSAH 19 there's a property 3M owns; he asked if there was a probability of that property developing into homes. Administrator Levitt stated the disposal site is technically in Woodbury, so we don't have any 3M land nearby. Council Member Thiede stated it borders Cottage Grove, which Administrator Levitt confirmed. Council Member Thiede stated if Woodbury's looking for a satellite and Washington County is looking for a south satellite site, and we're looking to put something in, Mayor Bailey brought up a good point in terms of sharing. Mayor Bailey stated he's just looking at that; Council Member Olsen stated the site's big enough that we could give them their own space and still do a water treatment facility and a Public Works facility. Mayor Bailey stated it would be cool to have the water treatment facility at a Public Works facility site.

Administrator Levitt stated one of the things to recognize if we moved these large water treatment plants, the amount of staffing that will come with that is going to be substantial to operate two-to-three significant water treatment plants. We're anticipating that's going to be the ultimate solution; so, our staffing is going to greatly increase. We need to be really aware of how we're going to staff in preparation for those changes. We need to keep that in the back of our minds. Director Burfeind stated that our current facility is very small and the Utility Department makes it work; when you get to the large scale, they operate 24/7 with certified plant operators. It's a little different operation we'd be getting into with that type of facility or facilities.

Mayor Bailey stated just to kind of put that out there, he asked if Administrator Levitt had set anything up on that yet; she stated no, none of that's been done, but that's set for March 11. Mayor Bailey stated we'll be meeting as a group with the PCA and the DNR to discuss the options; their early indications are a goal of having local water treatment is going to be the suggestion option. The challenges are after they do all this, they are going to run out of money; they'll get all the plants set up and running, and there will be a period of time where they'll be able to financially cover operations staff, but there will

be a point where it will be handed off to each city. There are other options, which he's discussed with federal Representatives Betty McCollum and Angie Craig, as well as State Senator Karla Bigham. There are always opportunities to go for additional funding. Some of it may also be covered under the original Consent Decree. Administrator Levitt stated right now they're project an Operations and Maintenance (O & M) for 20 years, which will give us time to get things established. She stated we'll also be advocating for softening of our water. The environmental impacts are very positive in doing this as a municipal level treatment and working with our municipal partners. The Metropolitan Council is supportive of that. Council Member Thiede stated it's important that we put as much autonomous automation into that building to limit the operational cost of it, if the money's going to eventually run out.

Mayor Bailey asked if there were any other comments on any of the proposed sites; Council Member Mills stated she struggles with hearing the immediate needs because that's also wear and tear on equipment and the possibility of accidents. Council Member Mills stated she doesn't want to do a piecemeal thing with the financing, but we also have to figure out how to make this work. If we put something down that we're going to do 10-to-15 years down the road, that's 15 or 30-year planning, we've got things to figure out for that; how do we do that? She confirmed that Public Works likes Site B, as there's room to grow and we don't want it near Kimbro, as that's too far away. Site B makes sense, and if we can also put the water treatment on there, that also makes sense. Her concern is making it work and where we're going to come up with all of the money. Director Roland stated she'll be retiring at some point, and the Council Members joked with her that she's got things to do before then.

Director Roland stated she did an estimate of what the \$15 million project would cost, and you could split it into a Utility Revenue Bond based on the amount of space that was attributable to the utilities; at this point, we estimated that at about 17% of the total space. So, you could take that portion out and support that with Utility Revenue Bonds, which would come directly out of the Utility Funds; that would be approximately \$220,000 a year for 15 years. The remaining balance of approximately \$12 million would then be funding like a CIP Bond; the debt service on that is another \$1 million a year. So, when you talk about planning, if we're talking about only the \$15 million project, you're still going to add about another \$1 million a year; she didn't even go to the \$30 million one, which would probably double those amounts. So, about \$2 million a year for a CIP Bond, and the space for the Utility Bonds would be double that, so, \$440,000 to \$450,000; that would be pulled out of water and sewer, probably not streetlights, maybe stormwater utility, but it would be really minor and you'd hit your water and sewer pretty hard. Director Roland confirmed with Mr. Ragozzino that those numbers do not include the price of the land.

Director Roland stated if you started levying \$1 million next year, we could just put it in the bank, but she didn't think Council would probably want to do that.

Director Dockter summarized that they want to keep the land acquisition in the five-year CIP with our team of staff to figure out what that number really needs to be for the site; we'll keep our ears tuned to the water treatment facility program over the next months. Between now and ten years, we'll have to come up with some sort of a plan to start thinking about a new Public Works facility; also, what do we do now to make things work.

Mayor Bailey stated if there's some opportunity with Washington County if they are truly looking for some land for a south service center for their Public Works, they could have a portion of the property, we'd have our portion, and the other piece of property would be used for water treatment; that way the full cost isn't being borne by the City. It would be nice to explore other funding revenue options for this facility.

Administrator Levitt stated they're meeting next with Washington County about places to relocate the compost site, as that site is highly desirable for development related to Airgas. In that whole theme of partnership, if we're moving the compost site, maybe it's something that's jointly done with Woodbury and Cottage Grove; maybe we need to take that into a broader perspective if we're looking for land acquisition that could facilitate all of those needs in one location.

Council Member Dennis stated he didn't have any feedback to share right now except consideration for financials; there are too many things up in the air right now, and we don't know what's going to be happening. We've got a lot of expenses from the other public facilities that we've built that need to be paid. He just felt we all needed to think about that.

Council Member Olsen stated we needed some additional insight on what they needed to do now and over the next few years on this property; clearly, we're not moving there for a while. Council Member Mills brought up a great point, as Public Works has some pretty significant concerns today. When we're talking about hydraulic equipment sitting outside in below-zero weather, we're asking for maintenance issues. He wondered what things we could implement soon; Mr. Ragozzino stated we need to know when we realistically can start thinking about a project like this, how many years? What do we do to make it work until then? Director Burfeind stated we could get together and discuss options and measures to get by in the meantime. Mayor Bailey stated as we look at future development that's coming along West Point Douglas Road, he wondered if we could lease some space there until we come up with a final solution. He encouraged everyone to think outside the box for all options.

Motion by Council Member Olsen to receive and place on file the 2020 Public Works Space Needs Study; second by Council Member Thiede. Motion carried: 5-0.

14. WORKSHOPS – CLOSED TO PUBLIC - None.

15. ADJOURNMENT

Motion by Council Member Thiede, second by Council Member Dennis, to adjourn the meeting at 8:50 p.m. Motion carried: 5-0.

Minutes prepared by Judy Graf and reviewed by Joe Fischbach, HR Manager/City Clerk.

reviews and updates versus an annual review; she wanted to ensure we were very well connected. Administrator Levitt was actually named at the Renewal by Andersen ribbon cutting yesterday where they commented on how great it was to work with her; there was a problem and she and the staff addressed it and solved it. He complimented her and thanked her for another great review; we're very happy with what she's doing.

Mayor Bailey stated there was an article in the St. Paul Pioneer Press today regarding the Cottage Grove Community Center. He wanted to mention two things: 1) We originally had talked about doing the Community Center referendum question this November; due to COVID-19 and the economic uncertainty, we're postponing that decision and specific discussion until after January, 2021, and it will be reassessed at that time. 2) In the article, the reporter had incorrect information regarding the referendum question, stating the cost of the Community Center was \$59 million; that is NOT the cost. We had different options we were looking at; the total cost of ALL options was combined and was reported as the cost. We reached out to them, and it may have already been fixed online; we wanted to let the public know the reporter made a mistake on the cost.

13. WORKSHOPS – OPEN TO PUBLIC

- A. Capital Improvements Program (CIP) 2021-2025
Staff Recommendation: 1) Review Draft CIP. 2) Discuss Equipment Replacement Plan. 3) Discuss Final Budget Direction.

Director Burfeind stated we'd first discuss public facilities, new parks, and improvements: **Public Facilities: 2021:** The compost site will remain in its current location; that land is very marketable and Economic Development is working on that, especially with its proximity to Airgas and the partnerships available with direct pipelines. The compost site may have to move; Washington County might have interest in partnering with us on that so we've discussed some options. **Public Works:** We had a space needs study done, prior to COVID-19; the options ranged from \$15 to \$50 million. At that time, the Council asked what was needed to meet the current needs and into the future, as it would be some time before we could build a new facility. One need is a metal storage building, placed behind our big bay, so it wouldn't really be visible from Highway 61; there's a smaller cold storage shed there now. The cost to tear that down and build a heated building of proper height for our larger equipment, with enough garage storage space with ventilation for any equipment running inside, would be approximately \$2 million. The Community Center might play into this, as if the referendum passes, maybe funding would have other priorities. Some of the site work could actually be done by our employees so we could lower some of the costs. The topic for discussion is what the bare minimum would be for the next 5 to 10 years for equipment storage. In 2023, we're planning an internal office remodel to rearrange and maximize the current space in the Public Works administration area for more offices. We're looking for Council feedback; we understand this will be further out, but there are significant costs. Questions and significant discussion followed regarding:

- Size of the proposed storage building and if any other vacant buildings could be used: Director Burfeind stated it would be about 10,000 square feet, and noted he'd spoken with KAPP Industries about leasing their space, which is very expensive; that was the only viable space in town. We hope to bring costs down by doing some of the work ourselves, but this also probably needs to be a somewhat long-term option; the bare minimum for a new Public Works facility is approximately \$30 million. We saw this as something that could get us by.

- Funding options: If prioritized, one option would be to use the Utility Fund instead of using General Levy funding or bonding.

- Specific needs: Director Burfeind confirmed that it was just a metal building, but because of its size, it would need to be specially engineered with beams, etc. We'd like to have it insulated, heated, and it would need ventilation so we could run equipment before it was operated. He confirmed that it was only equipment that would be stored inside; we'd like to have a little bit of growth into the future, but we need to get some equipment into storage, as winter is a tough environment for some of our equipment.

- Length of Use, 5 or 10 years? Director Burfeind noted we can always stretch things out further, as we have been, but it should be something that will last for a decent length of time. With a cost of \$2 million for a 10-year solution, we need to think about the return on our investment as ultimately, we'll need a different space. This might be an interim solution, but is it worth the price for that period of time; we might be better served using that \$2 million for the new facility.

- Ability for Relocation: Could the metal storage building be moved at a later date, once Public Works got a new facility in 5 or 10 years, and still be used? Director Burfeind stated he wasn't sure, but certainly many things are movable; that would make it more cost effective so we could look into that. If we make that large investment, we'd hope it could be used in another capacity somewhere else.

- Land Purchase/New Public Works Facility: We want to purchase land for the new Public Works facility in 2024 and 2025; that depends on if the referendum passes, but we need to plan for both scenarios. If it doesn't pass, Public Works' timeline would move up because those funds won't be dedicated to the Community Center. Maybe we should change our vision and start talking about the new Public Works site. Director Burfeind stated the space needs study consultant had a 15-year plan for using the existing Public Works site, which would be about \$1 million per year to set aside for the new building. The current Public Works property site could be more valuable if it was used for something else, so it makes sense to move Public Works. If we could reuse the metal storage building somehow, that would be more palatable; if Public Works builds a new facility in 10 years and we can keep using that metal building, that's better. Location: Does the storage building really need to be on the Public Works site?

There's a big convenience factor, but maybe it could be placed somewhere else, even closer to Hamlet Park; once Public Works is done using it, maybe it could be turned into some sort of indoor recreation facility. Other locations discussed were the parcel across from Airgas, at 100th and Jamaica, which belongs to 3M; we could potentially tie that land in with the land that we need for Public Works, but 3M doesn't respond to us very quickly. There's not much room for expansion there, with all the bedrock. The current fire station locale will eventually become commercial, as will the sites adjacent to Airgas

and the compost site. Right now Washington County doesn't seem to be aggressive in pursuing additional land; we could provide them with alternative, more rural land options in Cottage Grove that will still provide that service for our residents. The expandability of that site is very limited by the bedrock and it wouldn't be very cost effective. Another thing that's making this more complicated is the 3M Settlement; we would be angling for additional well and water treatment that we could put on site with a future Public Works facility. We'd like to see 3M provide the land versus us purchasing it out of the settlement dollars. Some of those things are on hold until the water supply is done and we can tell what that looks like. Director Burfeind stated they'd work to get some of those answers. *River Oaks Golf Course: 2024:* \$300,000 for replacement of the parking lot; should a bond be secured, however, that might be able to be included with another Pavement Management project and possibly done sooner.

New Parks & Improvements: **2021:** *Hamlet Park:* Last phase of the ball fields; we are building the ball fields right now and they take a whole season to grow. There is lighting and landscaping in 2021 for \$1.5 million. Mayor Bailey asked if that was lighting for the parking lot or the ball fields; Director Burfeind replied that was just for the parking lot. *Oakwood Park:* Parking lot & shelter replacement, \$850,000; land sale money, \$250,000 grant money, and \$50,000 from the Park Trust to finish and pay for that project. *Swanlund Park:* Summers Landing development, the park land is being graded out and we're setting the stage for that; cost is \$500,000, and we're collecting Park Trust money for that. *Arbor Meadows:* Pavement management project, which will be discussed a bit later, replacing parking lot and trails. *Highlands Park:* Replacing the basketball court, \$80,000. *Lamar Park:* Fencing & shelter replacement, \$75,000. **2022:** *Glacial Valley Park:* Total cost is \$2.8 million, ball fields and other amenities; this project will be phased and broken up, so \$520,000 in the first year, which will be touch-up grading, utility work, and begin work on the ball fields. *Lamar Park:* Fencing & shelter replacement: \$80,000. **2023:** *Hamlet Park:* Parking lot reconstruction on the north part, the existing park, \$80,000; it's a very specialized asphalt mix and requires specialized equipment. *Glacial Valley Park:* Phase 2, Mapping out the soccer field, parking lot improvements, and the building to open it: \$1,484,000. *Woodridge Park:* Trail paving, \$40,000. *Michaels Pointe:* Development driven; if we get the land, \$400,000. **2024:** *Hearthside Park:* Court replacement, \$50,000. *Oltman Middle School:* Ball fields, \$1 million; that's a need-based item based on demand. *Glacial Valley Park:* Phase 3, Adding the hockey rink, a free rink, and a ball field: \$861,000. **2025:** *Hamlet Park:* Expansion with the two remaining ball fields, \$4 million, should there be a need for them; so, that would be a total of nine ball fields at Hamlet Park.

-Council Member Thiede stated the Michaels Pointe Park cost was listed in 2020; Director Burfeind stated that was an error, which will be corrected for the final draft. Director Burfeind displayed photos of the existing field area at Hamlet Park and the shelters, what was completed in the first year, and the two ball fields currently being built, one larger than the other. We're building the road in with a parking lot to serve the ball fields; the building is part of that. The \$211,000 federal grant money obtained is really tied to that building; there's Native American research that needs to be done on the property and is due next year. Work can't start until that's completed.

each had to attend parties, and getting the gift bags for each party. Far too often lately we hear criticism of Public Safety professionals; he couldn't be more proud of our team as everybody was positive, enthusiastic, and energetic. He'd even heard 10-to-12 young kids say they wanted to be a firefighter or a police officer.

Mayor Bailey stated it was also fun to see the larger-than-normal crowds, as well as the number of backpacks and paper products that were collected. A photo was taken of those items being provided to the Friends in Need Food Shelf, and it will be on our Facebook page; it was the most he'd ever seen. He was riding with Public Safety Director Pete Koerner, and they'd gone to a new party that was overflowing with donated supplies. The generosity of our community is pretty amazing. He thanked everybody who participated in Night to Unite.

13. WORKSHOPS - OPEN TO PUBLIC - Training Room

A. 2022-2026 Five Year Capital Improvement Plan *Staff Recommendation: Review Five-Year CIP.*

Director Burfeind stated this is our once-a-year chance to talk about many projects. He said he'd be speaking about the five-year CIP, from 2022 to 2026, for Public Facilities, New Park Improvements, and Roadway and Utility projects.

Public Facilities: Previously, we've spoken about Public Works having space needs, and it'll be some time before we can actually build a new Public Works facility. We looked at smaller-scope options, either for storage or office space, to get us by for the next 10-to-15 years. Since that time, we've had the 3M Settlement Project, with a low zone water treatment plant that will be south of 100th Street; there's a potential to perhaps move the Utility Division there to build some new space in that location. There are State-funded parts of that project, and we could do a City-funded Utility Division building. We're showing a \$2M Public Works storage building, a moveable large metal building for cold storage. We also show a Utility Division building design. We're waiting for the final plan from the State this month; then, we can really dial in on what the water treatment plant will look like and see if it makes sense to move the Utility Division there.

2024: Public Works internal office remodel, at the same time as the Utility Division building construction. Should the building move forward, it would be funded out of the Utility Fund. At that time, we might make some changes at Public Works, once Utilities moves out of there, to maximize our space.

2024-2025: Ice Arena equipment work: A dehumidifier, and radiant heater replacement. Because it's more expensive, we've highlighted that on the CIP.

Compost Site land acquisition is shown in 2025; we're working with Washington County on this to see if they could be a partner to relocate the compost site. We don't want to lose that asset in town, but that's more development driven.

Council Member Thiede asked several questions about the storage building:

- 1) If any of this would be paid for by the 3M Settlement;

- 2) Without any other synergies, what would the storage building cost, as this is just the Utilities part of it;
- 3) The size of this storage building and its location;
- 4) Would it make sense to put the storage building out there even if Public Works doesn't have anything else out there yet?

Director Burfeind replied:

1) For the Utility Division building specifically, the 3M settlement can't pay for that, but our estimate is for a full building. We'd have synergies: Servicing, parking lots, stormwater, restrooms in a treatment plant anyway. We'd like to say we want to add on additional space, we'd like to have it be cost effective, as the State would have to pay for that anyway. We'd like to add onto that; that's where we have to dive into the details in August, as we see that treatment plant being one year later.

2) It is not part of the Streets, it's just the Utilities, and Streets would stay where it is; if Utilities were to move out, we'd gain space from a storage perspective. We don't gain as much as the new storage called for, so maybe it could be a smaller building to get us through the next 10-to-15 years. We'd do a small remodel just to maximize different staffing there.

3) The \$2 million building is 120 x 200, which is pretty sizeable; it would replace our existing cold storage metal building, which is 50 x 100, that's currently behind our big snowplow bay. So, that would be replaced, and this would be heated for the wintertime. If we can't relocate Utilities to the new building, we'd still gain storage space with their bay; so, it wouldn't need to be that size at that point.

4) The land that we are acquiring through the State is large enough to build a full future Public Works. Maybe it could be used for off-season storage, something that would protect it from the elements, but perhaps it doesn't need to be a brand-new facility. We've talked about building something additional down there that we wouldn't have to move in 15 years.

Council Member Thiede commented moving everything out of there and moving the whole building would be costly, and Director Burfeind agreed; he stated that's a big part of why it's slated for 2024.

Council Member Thiede asked Director Roland how we'd be paying for the \$3.8M; she replied you could do Utility Revenue bonds, as it's a utility facility, so you'd do the split in debt service for the 10 or 20 years out of the Water and Sewer Funds. Debt service on an annual basis might be \$400K, \$200K for each of the Water and Sewer Funds. She stated you could even use all four funds: Water, Sewer, Stormwater, and Streetlight.

Council Member Olsen asked Director Burfeind for a synopsis of the current conditions at Public Works.

Director Burfeind replied it's an older building, so our maintenance costs are increasing each year, but it's nothing major; it's mostly space constraints. The lunchroom and locker rooms are the current issues. If we could move out a division, that would help free up our space, especially for the locker rooms; we'd probably still have to look at the lunchroom if we're going to be there for a while. Storage space is

fine during the summer, but in the winter, we can't have equipment parked outside. Last year, we had trucks parked in the shop and also in the wash bay area. That's where the \$2M heated storage building came into play, but that's our biggest hurdle. We made it work last year, and if we can get this figured out with the treatment plant and can have some answers in the next few years, Director Dockter and I are pretty comfortable with that. It's not that roofs are leaking, etc.

Council Member Olsen thought the shop space looked pretty tight. Director Burfeind stated if we were there for another 10-to-15 years, we'd have to address the shop. With this other building, if we had another smaller, heated building, we talked about actually having a little wash bay in there. Right now, we have a pull-through wash bay; that wall is not a load-bearing wall so it could just come down in the shop. That would get us more shop space in a very cost-effective, easy way if needed in the future.

Council Member Olsen stated the longer we wait, the more expensive and challenging it's going to get. Our City is growing rapidly, and adding more streets, trails, and parks, and the infrastructure that we provide has to keep up; that might be manpower and/or equipment.

Mayor Bailey stated he and Administrator Levitt spoke about the compost site, as Washington County is looking at the current recycling center in Woodbury. So, we have an option out there; 2025 is more of a placeholder in the event that somebody came into town and said I want that spot. Mayor Bailey asked if we could do that and not have to spend \$420K.

Administrator Levitt replied absolutely, as the new opportunity at Manning and 70th Street, Gertens, provides the opportunity for all of the similar waste products that people can dispose of at Rumpca. We haven't been advertising it because we didn't want to take away anything from Rumpca, but Washington County is advertising. Washington County has aggressive plans; maybe they'll do some of that with their \$51M to further that land acquisition around their self-service center and the environmental center expansion. That would be a real full-service opportunity for residents to bring all of their waste products to one site.

New Parks and Improvements:

2022: Hearthside Park: Fencing, basketball court replacement/backstop; Hamlet Park: Soccer field and some restoration, and irrigation replacement; Glacial Valley Park, Phase 1: Park Trust Funds have been collected from the developments in that area, so will begin grading, utilities, and starting development of the soccer field; Belden Park: Backstop repair and curbing; Neighborhood Park: Located south of the NorthPoint development; we thought by now things would be a little further on, so you're seeing initial development costs in 2022, which might need to go into 2023. That development is paying for itself through Park Dedication funds. This is near Settlers Bluff.

Council Member Olsen stated the Parks Commission will actually be touring the Mississippi Dunes site on Monday evening, August 9, if anyone would like to join them.

Administrator Levitt noted we've gotten further along in the concept, so we know the acreage the DNR would like to acquire. We also know what resources they've identified



December 7, 2022

Ryan Burfeind, Public Works Director and City Engineer

City of Cottage Grove

8635 W. Point Douglas Road

Cottage Grove, Minnesota 55106

Re: New Public Works Utility Facility

Commission No. 222129

Dear Ryan:

We understand that from recent discussion, that the City Council is in favor of moving forward with design of the proposed Utility Facility that will be located at the new Public Works campus located on the south side of the City. Our previous work on the concept design would equate to 50% completion of Schematic Design as outlined in our previous fee proposal dated June 6, 2022. With support from Council, I would propose to complete the design effort as the next phase of development of this facility. Once we have consensus from the Council on this final design, we would trigger the next phase of development, which would include the Construction Documents portion of the work.

Utilizing the costs developed during the concept development phase, we would propose the following phases:

\$13.1 million (construction cost) - \$1.1 million (site development) = \$12 million (fee basis)

Architectural Fee Calculation:

\$12 million (adjusted construction cost) x 6% = \$720,000 Total Architectural Fee

Of this total fee, we have expended \$25,000 to get us to completion of concept design. Our remaining fee would be approved in phases as follows:

Concept Design	\$25,000	(Phase 1) (complete)
Final Design (Through Design Development)	\$225,000	(Phase 2)
Construction Documents	\$290,000	(Phase 3)
Bidding/ Construction Administration	<u>\$180,000</u>	(Phase 4)
Total Fixed Fee (Final Design through Construction)	\$695,000	

Reimbursable expenses would be in addition to this fixed fee and are estimated to be approximately \$15,000.

We are excluding site development design (civil engineering) for this project based on previous conversations. We understand that the design of this work will be done by Stantec as they will be developing the adjacent water treatment plant and close coordination with that design is needed.

Wold Architects and Engineers
332 Minnesota Street, Suite W2000
Saint Paul, MN 55101
woldae.com | 651 227 7773

**PLANNERS
ARCHITECTS
ENGINEERS**



We are excited to work with you on this important project and look forward to working with you and your team. We would propose the following schedule, which would allow for updates to the City Council and approval at each phase.

1. Final Design – January 2023 through March 2023.
2. Construction Documents – April 2023 through June 2023.
3. Bidding – July 2023.
4. Construction – August 2023 through Spring 2024.

Please call me if you have questions regarding this proposal.

Sincerely,

Wold Architects and Engineers

A handwritten signature in black ink, appearing to read "John McNamara", written over a horizontal line.

John McNamara | AIA, LEED AP
Partner

Phase 2 Fee Approval
City of Cottage Grove

Jennifer Levitt
City Administrator

Date

cc: Lee Mann, Stantec/ City of Cottage Grove
Jake Wollensak, Wold Architects and Engineers