

City of Excelsior
City Council Work Session

Agenda

Monday, December 6, 2021

5:30 P.M.

(Please Note: Times Listed Are Approximate)

1. Call to Order/Roll Call
2. Agenda Approval
3. 2022 CIP Budget
4. Shorewood Sewer Cost Mediation
5. Adjournment

Note:

The purpose of a Work Session is for the Council to discuss matters informally and in greater detail than is allowed at formal Council meetings. All meetings of the Council including Work Sessions will be open to the public. While the privilege of participating in these discussions is generally limited to the Council, staff, and consultants, the Mayor may open a discussion from the floor.



MEMORANDUM

Re: Item 3-2022 CIP Budget

Date: December 6th, 2021

To: City Council

From: Jenny Palmer-Finance Director

As part of the 2022 budget process, the Council approves a Capital Improvement Plan for larger improvements and equipment to be purchased by the city. These items are not part of the operating budget due to the size or irregularity of purchases.

The Capital Improvement Budget comes out of the Capital Fund for General Fund purchases and out of the Capital Outlay for the Utility and Dock Funds.

Enclosed in this memo are the staff requests for 2022 and 2023 for Capital projects and equipment and maintenance requests by the Public Works Department.

Staff would also like to add \$10,000 to complete a Long-Term Financial Plan in 2022. One quote has been obtained and there is one more pending. This cost could be divided among the General Fund and Utility Funds.

Staff would also like to add \$33,500 for completion of the Style Guide for the City.

The General Fund levy does include a \$49,000 allocation to the Capital Fund for ongoing purchases.

Council Action: Review and Revise Capital Improvement Project (CIP) budget for approval with final budget document.

**CITY OF EXCELSIOR
CAPITAL IMPROVEMENT PLAN (CIP)**

2022-2029

Year	Project Number	Project	Department/Fund	Priority	Capital Improv Fund	Park Dept - Gen Fund	Water Fund	Sewer Fund	Storm Water Fund	Parking Lot Maint Fund	Street Light Fund	Dock Fund	Total
2022		Equipment/Minor Projects	Capital Projects	A	461,000	10,000	231,500	227,000	54,000	-	16,000	-	999,500
2022	2022-1	Replace 1978 Lift Station at Excelsior Blvd.	Sewer Fund/ARPA?	A				350,000					350,000
2022	2022-1	Replace Highway 7 Lift Station - MOVE TO 2023 -	Sewer Fund	A	-----	10,000	-----	200,000	-----	-----	16,000	-----	226,000
2022	2022-2	Sewer Lining	Sewer Fund	A	-	-	-	120,000	-	-	-	-	120,000
2022	2022-3	St. Albans Bridge-Planning and Design (placeholder)	Capital Improv.	B	225,000								225,000
2022	2022-4	Automate Iron Filters/WTP Improvements	Water Fund	A			200,000						200,000
2022	2022-5	MCES Project	Multi	A	Unknown			Unknown					Unknown
2022	2022-2	St. Albans Bridge Construction - MOVE TO 2022 -	Capital Improv.	B	500,000	-----	-----	-----	-----	-----	-----	-----	500,000
					686,000	10,000	431,500	697,000	54,000	-	16,000	-	1,894,500
2023		Equipment/Minor Projects	Capital Projects	A	354,000	-	72,500	27,500	15,000	-	6,000	-	475,000
2023	2023-1	Replace Highway 7 Lift Station	Sewer Fund	A				200,000			16,000		216,000
2023	2023-2	St. Albans Bridge-Construction	Capital Projects	B	500,000								500,000
2023	2023-3	Paint Ground Storage Tank	Water Fund	A	-	-	150,000	-	-	-	-	-	150,000
2023	2023-4	Sewer Lining	Sewer Fund	A	-	-	-	120,000	-	-	-	-	120,000
2023	2023-5	2023 Pavement Management - Area 4	Multi	A	1,282,000		429,000	601,000	284,000				2,596,000
2023	2023-6	Recondition Interior/Exterior Water Tower	Water Fund	A			325,000						325,000
					2,136,000	-	976,500	948,500	299,000	-	22,000	-	4,057,000

City of Excelsior

2020 - 2029 Equipment/Minor Projects

Year	Capital Item Description	Budget	Cap Improv.	Park Dept (Gen Fund)	Water	Sewer	StmWtr	Prk Lot Mnt	Park Cap Fund	Docks	Str Lgt	Total
2022	Replace Windows Water Plant	60,000			60,000							60,000
	Mower with Bagger Attachments (Replace 2013)	15,000	15,000									15,000
	1-Ton Pickup (Replace 2014 1-Ton)	80,000	80,000									80,000
	Salt Storage	75,000	75,000									75,000
	Pickup (replace 2012 Pickup)	50,000	50,000									50,000
	Resurface Floor in Water Plant	13,000			13,000							13,000
	Mower w/Snow Removal Attachment	60,000	60,000									60,000
	Asset Management Software/Cemetery GIS	30,000	7,000		7,000	7,000	5,000	4,000				30,000
	Mixer valve for Water Tower	16,000			16,000							16,000
	Water Tower Cleaning	12,000			12,000							12,000
	Street Sweeper	130,000	65,000				52,000	13,000				130,000
	Water Treatment Plant Condition Survey	30,000			30,000							30,000
	Water Meter Inventory Replacement	50,000			25,000	25,000						50,000
	Commons Beaches Buoy and Signage upgrades	6,000							6,000			6,000
	Main Pier Piling and Deck Replacement	15,000								15,000		15,000
	Dredging of Main Pier	20,000					10,000			10,000		20,000
	Recurring Annually:											-
	SCADA/Water Treatment Plant Upgrades	50,000			37,500	12,500						50,000
	Tree Maintenance	60,000	60,000									60,000
	Sidewalk Repairs and Replacement	30,000	30,000									30,000
	Television Sewer Lines	16,000				16,000						16,000
	Hydrant Replacement/Auto Flushers/Gate Valve Repairs	45,000			45,000							45,000
	Water Meter Inventory Replacement	50,000			50,000						6,000	56,000
	Street Lighting Conduit	6,000									4,000	4,000
	Minor Equipment and Projects	20,000	4,000		4,000	4,000	4,000					16,000
	Placeholders	80,000	15,000		25,000	25,000	15,000					160,000
		1,019,000	461,000	-	324,500	89,500	86,000	17,000	6,000	25,000	10,000	1,099,000

City of Excelsior

2020 - 2029 Equipment/Minor Projects

Year	Capital Item Description	Budget	Cap Improv.	Park Dept (Gen Fund)	Water	Sewer	StmWtr	Prk Lot Mnt	Park Cap Fund	Docks	Str Lgt	Total
20223												
	Tractor/Loader and Snowblower	150,000	150,000									-
	Ash Tree Injections	10,000		10,000								150,000
	Street Paint Striper	10,000	10,000									10,000
	Test Iron & Softener Media in tanks	2,500			2,500							10,000
	Freightliner Tandem	150,000	45,000		35,000	35,000	35,000					2,500
	Replace 1974 Sewer Generator	50,000				50,000						150,000
	Third Avenue Lift Station Upgrade	50,000				50,000						50,000
	Replace Control Panel Park Lift	22,000				22,000						50,000
	Hydrant Replacement/Auto Flushers	45,000			45,000							22,000
	Street Lighting Conduit	6,000									6,000	45,000
	Water Meter Inventory Replacement	50,000			25,000	25,000						6,000
	Sidewalk Repairs and Replacement	30,000	30,000									50,000
	Pre-Wetting Equip for Single Axle	10,000	10,000									30,000
	Recurring Annually:											10,000
	Tree Maintenance	60,000	60,000									-
	Sidewalk Repairs and Replacement	30,000	30,000									60,000
	Televise Sewer Lines	16,000				16,000						30,000
	Hydrant Replacement/Auto Flushers/Gate Valve Repairs	45,000			45,000							16,000
	Water Meter Inventory Replacement	50,000			50,000							45,000
	Street Lighting Conduit	6,000									6,000	50,000
	Minor Equipment and Projects	20,000	4,000		4,000	4,000	4,000				4,000	6,000
	Placeholders	80,000	15,000		25,000	25,000	15,000					20,000
		892,500	354,000	10,000	231,500	227,000	54,000	-	-	-	16,000	812,500

STAUNTONLAW MEMORANDUM

5277 lochloy drive
edina, minnesota 55436
(952) 836.1020

TO: Mayor and City Council

FROM: Kevin P. Staunton
City Attorney

RE: Shorewood Sewer Cost Mediation

DATE: December 2, 2021

For nearly two years, we have been attempting to resolve a dispute with the City of Shorewood regarding payments for sanitary sewer service Excelsior provides to some Shorewood residents. In November of 2020, you designated council member Kurschner and Mayor Carlson to work with staff in an effort to resolve the dispute. After months of unsuccessful discussions, the cities have agreed to engage in mediation. A mediation session is scheduled with former Minnesota Supreme Court Justice James Gilbert on December 21, 2021.

Attached is a Summary that provides a big picture overview of the historical context and the particular detail of the issue. Although any suggestions are certainly welcome, the goal of our discussion with you on Monday is not to determine a particular outcome that will be acceptable; any proposed resolution reached during the mediation session will need to come before the full council for approval. Instead, we want to ensure that you have a good understanding of the status of this issue and engage in a strategic discussion regarding the council's long-term goals for its relationship with the City of Shorewood.

As you know, we have a number of issues of mutual interest with Shorewood. In addition to this topic, we are approaching the last two years of our Police Joint Powers Agreement with Shorewood, Greenwood, and Tonka Bay. Shorewood is also partners with us on the Excelsior Fire District. We have mutual interests in potential future development in the part of Shorewood that borders West Lake Street. And, we have from time to time explored collaborations on delivery of city services like public works, planning, and finance. Your appetite for continuing to pursue these kinds of partnerships will inform our approach to resolving the Sanitary Sewer (and water service) issues.

cc: Kristi Luger

Summary
Shorewood/Excelsior Sewer & Water Dispute

History

Sanitary Sewer Service

- Excelsior has provided sanitary sewer service to some portions of Shorewood for at least 50 years
- The terms were originally governed by a 1971 Sewer Agreement
- That Agreement was superseded by 1991 Sewer Agreement (which was, in turn, terminated by Shorewood at the end of 2020)
- The 1991 Agreement included a three-part formula for billing –
 1. Total Formula Costs = Budgeted Collection Costs + Budgeted Capital Outlays + .24*Budgeted Admin/General Costs
 2. Cost per Million Gallons = Total Formula Costs/Excelsior's Total Sewer Flow
 3. Shorewood Annual Bill = Cost per Million Gallons * Shorewood's Calculated Sewer Flow into Excelsior
- Until 2020, the practice was to:
 1. Use Met Council Information to determine Shorewood's Calculated Flow into Excelsior (and disclose this to them with annual invoices sent to them)
 2. Use Depreciation Figures instead of Budgeted Capital Outlay Costs to calculate Total Formula Costs
- We have been providing sanitary sewer service to Shorewood without an agreement since Shorewood cancelled the Agreement effective 1/1/2020
- In 2019 and 2020, we received approximately \$50,000 in annual payments from Shorewood for Sanitary Sewer Service
- We have not yet received a payment for service provided in 2021

Water Service

- Has been governed by a skeletal Agreement since 1973 (Agreement provides very little detail)
- Excelsior staff has been making efforts since 2016 to negotiate new water agreement with Shorewood without success (Shorewood has basically not been responsive)
- We have reason to believe that the water meters measuring Shorewood consumption of Excelsior Water are either malfunctioning or not being read
- At a minimum, we would like a new Water Service Agreement to provide Excelsior with the ability to verify the accuracy of water consumption by Shorewood customers

Current Dispute

- February 2020 – Shorewood raised issues regarding parcels served by Glencoe Road (claimed that the 1971 Agreement precluded us charging for them) and parcels on Wood Duck Circle and County Road 19 (claimed their flow not using Excelsior sewer system)
- Excelsior investigated and discovered that we had been erroneously:
 1. Charging for properties on Wood Duck Circle and County Road 19 that were not using Excelsior's local sanitary sewer system (based on bad information given to us by Met Council); and
 2. using depreciation instead of "budgeted capital outlays" to calculate annual invoices to Shorewood.
- Shorewood calculates that the erroneous inclusion of the Wood Duck Circle and County Road 19 properties in the including flow from Wood Duck Circle and County Road 19 in the Shorewood's Calculated Flow into Excelsior figure resulted in overcharging of \$269,812.38 since 1991 (and has demanded that we credit them that amount plus interest (totaling \$328,958.75)
- Excelsior calculates that its use of depreciation rather than "budgeted capital outlays" to calculate annual invoices to Shorewood resulted in underbilling of \$242,222 since 2014 (even without the Wood Duck Circle/County Road 19 parcels)