

**City of West St. Paul
Open Council Work Session Minutes
September 10, 2018**

1. Roll Call

Mayor Halverson called the meeting to order at 5:02 p.m.

Present: Mayor Halverson
Councilmembers Anthony Fernandez, Ed Iago, Dave Napier and
Dick Vitelli

Absent: Councilmembers John Bellows and Bob Pace had excused absences

Also Present: City Manager Ryan Schroeder
City Attorney Kori Land
Police Lieutenant Brian Sturgeon
Fire Chief Mike Pott
Parks & Public Works Director/City Engineer Ross Beckwith
Finance Director Char Stark
City Clerk Shirley Buecksler

2. Review and Approve the OCWS Agenda

Council approved the OCWS agenda, as presented.

3. Review the Regular Meeting Consent Agenda

Council approved the Consent Agenda, as presented.

4. Agenda Item(s)

A. Marie Avenue Sidewalk Discussion – Humboldt to Livingston

Beckwith provided an overview of Marie Avenue Sidewalk from Humboldt to Livingston. Currently, there is a trail on the south side of Marie Avenue from Delaware Avenue to Robert Street and a sidewalk on the west side of Humboldt Avenue which tees into Marie Avenue. There is no marked crosswalk (nor a proposed crosswalk) across Marie Avenue at Humboldt Avenue to get to the trail on the south side. Pedestrians heading south on Humboldt Avenue who want to head east to Livingston Avenue/Robert Street either walk in the grass, bike lane (wrong way) or jaunt across Marie Avenue to access the trail on the south. There is a missing piece of walk on the north side of Marie Avenue, which would connect Humboldt Avenue to Livingston Avenue.

The 2019 Street Improvements Project proposes installation of a new sidewalk on the east side of Livingston from Thompson Avenue to Mendota Road. This is adjacent to the missing piece of walk along Marie Avenue. This 435-foot missing pedestrian link could easily be incorporated to the 2019 Street Improvements Project. There is adequate existing right-of-way to construct a walk along this section of Marie Avenue.

The estimated total cost of this sidewalk is \$33,000. The City's current assessment policy states that new sidewalk be assessed 100% to the adjacent property owners on both sides of the roadway.

The properties along this stretch of Marie Avenue are part of the 2019 Street Improvements Project and assessment. These parcels were also assessed in 2015 for the Marie Avenue reconstruction project, and the north property was assessed in 2017 for the Humboldt Avenue project. Options for financing this section of sidewalk include:

1. Assess 100% cost to properties on both sides of Marie Avenue adjacent to new walk, per policy.
2. Reduce the amount assessed and fund the remaining with Park or Street funds.
3. Use Park or Street funds to pay for 100% of the cost of the walk.

Beckwith said that Staff is looking for Council direction on whether or not to include this piece of sidewalk as part of the 2019 Street Improvements Project and, if so, a recommended method of financing it.

Mayor Halverson said she thinks it should be included and that Street funds should be used to pay for the total cost. Councilmember Vitelli agreed.

Beckwith said property owners have seen assessments three times within the past four years. He added that, according to assessment policy, it would not be assessed 100% to property owners.

Councilmember Iago asked if townhomes were assessed on both sides of the street when the sidewalk/trail was installed on the south side. Beckwith said he didn't know for sure but that they probably paid 25% of the cost.

Council agreed to include it and use Street funds for the cost.

B. Rooftop Solar Installation Proposal

Schroeder provided an overview of the rooftop solar installation proposal for Council's consideration.

In the past, the City has received public encouragement to consider rooftop solar at City Hall facility (and other facilities.) Given the condition of the roof membrane at City Hall, we have not pursued such an installation. However, given that the City Hall roof is now a year old or newer and given that the Public Works roof is also of recent vintage, we have met with the vendor having the State Contract for solar panel installation, in order to understand if financial metrics might be sufficient to consider an array at either building.

On September 5, 2018, the Environmental Committee received a presentation from the potential vendor. The summary notes of their deliberation follows:

“At the September 5, 2018 Environmental Committee, members heard a presentation/proposal from Ideal Energies to install solar arrays at City Hall and the Maintenance Facility. The Committee unanimously agreed that now is a great time to add solar power to our buildings. They feel it is a great opportunity and could be very marketable to the residents of West St. Paul. Additionally, adding solar would fulfill one of the Greenstep Cities Best Practices actions for “Renewable Energy.” Some other comments from Committee members included:

- The importance of showing the percentage of energy saving, not just dollar savings;
- It is important to talk to other solar companies so the City gets the best possible deal;
- Looking at additional facilities that could accommodate solar panels; and
- Making sure residents are aware of the City’s pursuit of solar.

Members passed the following motion along to Council: They fully supported further research to provide solar power for City facilities.”

Proposed is a 40 kilowatt system on the City Hall rooftop and a 110 kilowatt system at Public Works. The City would not be anticipating a very significant savings in the total billing related to electric use in the short term (about \$1,000/year at City Hall and twice that at Public Works). Growth in savings occurs once the capital asset is fully amortized, about \$10,000 in year 14 at City Hall and \$22,000 in year 19 at Public Works. Essentially, the contractor is providing for all front-end expense (zero investment dollars by the City) and is paid back for that investment through tax credits and through a recovery of most of the electric billing savings, the City would otherwise receive. Once that investment is paid off, the City receives the entire benefit of electric billing savings. Further, for both systems, we would suggest early call dates within the contract so that if plans for either building changes, those plans are not unduly hindered by the solar installation. In an early call, we would buy out the remaining years of the capital lease. Maintenance is the obligation of the vendor until termination of the lease or exercise of a call.

Schroeder questioned what technology may look like in the future and said the answer seems to be what experts in the field suggest, that there have been a lot of enhancements in technology over the last ten years and that it is now flattening out. He also said that incentives from the State to do solar may sunset and there is no certainty that there will be future incentives.

Mayor Halverson said it makes sense to do this and it's not a large investment. She said it's not only dollar savings but also the percentage of energy savings.

Councilmember Napier asked if the units are stationary. Schroeder said yes and that they float on the roof. He said they are not ballasted by themselves so there is no negative impact on the roof.

Councilmember Napier said using less energy sends a good message to our residents. He said he likes the idea that it goes a long way at no cost to our taxpayers.

Councilmember Vitelli said that he thinks technology 14 years from now will be much different than today. Schroeder said his issue is that it could be faster than that, though he said the City can benefit from it in the meantime.

Councilmember Iago asked how many vendors are anticipated to submit bids. Schroeder said there are only two types of systems. He added that the reason why this particular one might make sense is because this vendor has a State contract.

Councilmember Iago asked about the warranty period after installation and the lifespan of the product. Schroeder said it's about 20 years. If one panel goes out, the contractor knows which panel went down and can replace it.

Councilmember Iago asked about snow accumulation on the panels. Schroeder said the panels do not need to be cleared off and that they are made so if one panel is completely covered by snow, they will be fine. The vendor prefers that we do not touch the panels.

Councilmember Iago asked if the panels are portable. Schroeder said yes and that, at the end of the contract or the call, the panels can be bought out. Prior to then, Schroeder said we could tell the vendor to pick them up or they may tell us we can keep them at no cost.

Councilmember Iago asked if there is any cost to the taxpayer. Schroeder said no. He said it is a tax credit. He said it will generate half the kilowatt hours the City would otherwise use. Schroeder also added there is a rule that, if they generate more than half, Xcel Energy is obligated to pay back for the generation that goes into the grid.

Councilmember Vitelli questioned if the power generated by the panels would go into City buildings rather than into the grid. Schroeder said this is correct.

Councilmember Fernandez asked if the vendor is selling the energy back. Schroeder said yes.

Councilmember Fernandez asked if there are any negative aspects to installing solar. Attorney Land said the City of Cottage Grove had solar panels that worked great, until they decided to sell City Hall and they had to do something with that property. She said the panels were not easy to move because they were an older system. Attorney Land said the City had to cover the cost of moving, which was out-of-pocket. She said, if the City moves from this building in the next 40 years, it will be something to consider. Schroeder said the City has an option for a seven or eight year call.

Councilmember Fernandez said other vendors should be considered. Schroeder said there is another vendor that will be submitting a bid. He also said the Environmental Commission talked about this item previously but it wasn't been brought up again until the roof was fixed.

Councilmember Vitelli asked if winds will pick up the panels and if the City is liable for them. Schroeder said the City would not be liable. He said the vendor is responsible for anything that happens to the panels.

Mayor Halverson said adding solar makes sense.

Councilmember Fernandez asked how much of the roof would be covered. Schroeder said it would be a larger footprint at Public Works than at City Hall but that it wouldn't cover the entire roof.

Council directed Staff to move forward with rooftop solar.

C. Wentworth Avenue Sanitary Sewer

Beckwith provided information on Wentworth Avenue sanitary sewer for Council consideration. This project analyzed the feasibility of installing new sanitary sewer main to service properties currently on septic. Two runs have been studied which include from Humboldt Avenue to 1,675 feet west and from Smith Avenue to 740 feet west. Attached are costs associated with the different runs, as well as the amount that could be assessed compared to the total cost to install.

New sanitary sewer from Humboldt Avenue to the west would be rather deep to install due to the increased change in grade as it heads west. In addition, the average distance for a sewer service to these homes is 400 feet. Some of these properties would need to pump their sewage as they are lower than the mainline pipe elevation and can't use a gravity service. Based on the size of the lots, future lot splits and/or small developments aren't out of the question. Having sewer in the road would be a critical part of any such land use changes.

From Smith Avenue to the west, there are a lot of challenges with existing underground utilities. There is a 30-inch and 8-inch watermain and a 6-way concrete duct bank which make installation difficult and expensive. It's unsure yet whether the sewer pipe could be installed by directional drilling (trenchless) or open trench. Property owners would still need to make the connection from their home to the property line, an average of 130 feet, but should all be able to have gravity services. Again, these are large lots and any future lot splits would require sanitary sewer.

Another option is to install about 560 feet of sanitary sewer main west from Humboldt Avenue where it would be stubbed outside the road core at the west end of Marthaler Park. This way, there would be sanitary sewer to hook up to at a future date should any of these large lots ever redevelop on the south side.

Assessments to properties for the street reconstruction will follow the newly adopted Public Improvement and Special Assessment Policy and assess 25% of the City's street reconstruction cost. In addition, new sanitary sewer main would be assessed 100% to the adjacent property owners. A special benefit appraisal capped sanitary sewer assessments at \$15,000 per residential lot.

The sanitary mainline from Humboldt to the west is estimated at \$17,000 per lot. Based on the special benefit appraisal this would leave an unfunded amount of \$22,000 for the \$187,000 installation cost of the mainline pipe.

The sanitary mainline from Smith Avenue to the west is estimated cost at \$20,000-\$28,000 per lot. This cost is depending on whether the mainline could be installed via open cut or would need to go in trenchless. Based on the special benefit appraisal, this would leave an unfunded amount of \$25-\$65k for the \$100-\$140k installation cost of the mainline pipe.

The option of installing sanitary sewer mainline to get to the west end of Marthaler Park would come at a cost of about \$70,000 to the City.

In order to complete the feasibility report and work through the 429 Assessment process, it is important that the sanitary sewer be decided upon at this time.

Councilmember Vitelli said he thinks it needs to go in the middle of the road. He said there is too much potential for development.

Councilmember Iago asked if this has been proposed to the neighborhood. Beckwith said it has been presented to the neighbors since day one.

Councilmember Iago questioned the estimated cost of \$15,000 per property. Beckwith said this is the amount the City would be allowed to assess but that the cost will be higher than that. He said there is a cost difference for all of the options.

Councilmember Iago asked what the estimated cost is for a particular property that includes everything (street, water and sewer). Beckwith said it is all based on a per foot cost. He said water is the same as sanitary. He also said that there are multiple watermains in the road, so property owners wouldn't be assessed for that.

Councilmember Vitelli asked Beckwith to provide an estimate on a property for street and sewer but that may not be hooking up. Beckwith said his estimate would be approximately \$23,000, which is \$15,000 for sewer plus \$8,000 for street.

Councilmember Iago asked if it is feasible for a property owner to have an assessment as high as \$50,000. Attorney Land said the Special Benefit Appraisal wouldn't support an assessment that high.

Councilmember Iago said he has heard that property owners don't want sanitary sewer. Beckwith said, since owners have started coming to the meetings, he has heard from more people that they want it.

Councilmember Napier said fixing a failed septic system could be \$16,000 at minimum and that, to not have City sewer available, it could be even higher. He added that some of the old systems could be out of code. With sewer available, he said it could be on the assessment rolls and would be an advantage for future resale. Councilmember Napier said he doesn't want to force people to do it but that it will increase their property value.

Councilmember Fernandez asked if people would be looking at a cost higher than \$15,000 to repair a failed septic system. Beckwith said yes.

Councilmember Fernandez asked how far down the sewer would be buried. Beckwith said sewer is buried about seven to eight feet down.

Councilmember Fernandez said this is a lot of expense to put on the homeowner. He said he would like to know which residents want it, since some properties may not be able to redevelop.

Mayor Halverson asked how this would benefit the apple orchard. Beckwith said it will help everyone for redevelopment.

Councilmember Napier stated that, if the City put the main down the road and an owner's septic system fails, the owner would have the option to connect.

Councilmember Napier said the option for an owner to add it to their taxes for assessment is a big bonus, compared to paying up front for something further down the road.

Mayor Halverson asked about other options.

Attorney Land said, if it is in the best interest, the City could offer a deferred assessment waiver which would defer the assessment until the owner sells and would be due at that time. She said it could be wrapped into the purchase price of the property. The City would front all of the cost and interest could accrue during that time, so it gives owners the incentive to pay up front. Stark said the rate is currently 2% over the debt borrowed that year. For this year, it would be 2% over the rate the City received. Attorney Land added that, if a property is subdivided, it would be in the cost of development.

Councilmember Napier said a deferred assessment can be deferred once they tap into the line. Attorney Land said it can be done in any way the Council prefers.

Councilmember Napier said he would strongly encourage people to stay away from deferred assessments.

Councilmember Iago asked if deferred assessments have been offered before. Attorney Land said yes, on Stassen Lane.

Councilmember Vitelli asked if there is a Sewer Access Charge (SAC) and Water Access Charge (WAC) when they hook up. Schroeder said yes.

Councilmember Vitelli said he thinks it should be put in.

Mayor Halverson agreed that it makes sense.

Councilmember Vitelli said it makes each lot more desirable and is good for the tax base.

Councilmember Iago said he would like to hear from the group of homeowners that this would impact.

Mayor Halverson said if this moves forward that these homeowners would have an opportunity to come in and speak on it.

Attorney Land suggested that the City negotiate it with property owners one-on-one before it comes forward on a Council agenda. She suggested that it all get resolved beforehand.

Councilmember Vitelli asked how many property owners this will impact. Beckwith said there are 16 properties.

Beckwith asked what will happen if the land is subdivided but we don't have sanitary sewer in the road. Mayor Halverson said the question for property owners is - what are you going to do if you plan to subdivide?

Councilmember Napier said a single homeowner trying to hook up cannot do it if the line isn't there.

Councilmember Iago said owners need to know their options for connection.

Councilmember Fernandez said it seems like the north side is the side open for subdivision and that the south side is really close. He said he would like to notify all of those residents and get a firm yes or no from them, as well as show them the options and get their feedback.

Attorney Land said that Cottage Grove needed temporary easements from owners and, along with the assessments for improvements, sometimes the cost balances. She said an easement may take money off of their assessment cost. Attorney Land suggested that the City have a group meeting to explain to homeowners how it can work, give them a packet specific to their property to take home and think about, followed up with one-on-one meetings to find out each homeowner's choice.

Council agreed to move forward on this item.

5. Adjourn

Motion was made by Councilmember Vitelli and seconded by Councilmember Napier to adjourn the meeting at 5:43 p.m.

All members present voted aye. Motion carried.



Jenny Halverson
Mayor
City of West St. Paul