

**City of East Bethel**  
**City Council Agenda**  
Special Meeting – 6:30 PM  
Date: November 22, 2011



**Item**

- |         |            |  |
|---------|------------|--|
| 6:30 PM | <b>1.0</b> | <b>Call to Order</b>   |
| 6:31 PM | <b>2.0</b> | <b>Adopt Agenda</b>  |
| 6:33 PM | <b>3.0</b> | <b>Business Prospect Location</b>                            |
| 7:30 PM | <b>4.0</b> | <b>Our Saviour's Lutheran Church Water and Sewer Hook-up</b> |
| 8:00 PM | <b>5.0</b> | <b>Adjourn</b>   |

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# City of East Bethel City Council Agenda Information

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**Date:**

November 22, 2011

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**Agenda Item Number:**

3.0

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**Agenda Item:**

Business Location Proposal

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**Requested Action:**

Consider the approval of conditions of an offer to attract a service based business to the City

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**Background Information:**

Staff presented a proposal for a business prospect to City Council at their October 19, 2011 meeting. This business prospect has indicated that they will make a decision on the location of their facility by the no later than the end of December 2011. In order to make that decision this business needs all the information regarding fees and costs for the East Bethel site to compare to a site in Blaine. The following fixed City fees would be charged to the prospect:

1.) Park Dedication Fees (5% of the assessed value of the property not to exceed \$4,000/acre. The assessed market value of the 15.02 acre is \$117,000 for 2011. This project will utilize approximately 5 acres of the total site. Therefore, the Park Dedication Fee for a 5 acre site subdivided from this parcel would be \$1,947.40 ( 5/15.02 x 117,000 x 0.05). Any change in acreage would result in a different amount for the Park Dedication Fee; and

2.) Building Permit Fees (to be determined upon submission of plans).

It is projected that the facility that will be constructed by the prospect will be a service repair facility of 60,000 SF and initially employ approximately 60 employees. Based on this information and requirements listed in the MCES SAC Manual, this property would assigned 10 SAC (ERU's) units. The total cost for one (1) SAC (ERU) unit is \$17,000. The component costs for the individual SAC (ERU's) units for 2012 is:

MCES SAC fee	\$3,400
City SAC & WAC fees	\$5,600
Lateral Benefit Assessment	<u>\$8,000</u>
Total per unit SAC(ERU) charge	\$17,000

*It is recommended that this facility be granted a "business relocation credit" of \$13,400 which would be credited against City fees for this project. The "business relocation credit" would be based on and available to any existing business that moves to the City from a previous location outside of the City of East Bethel and adds a minimum of \$2,000,000 to the tax base.*

The costs for the SAC and WAC units would be as follows:

MCES SAC units, 10@ \$3,400	\$34,000
City SAC and WAC units, <u>10@ \$5,600</u>	<u>\$56,000</u>
Total SAC and WAC fees due upon issuance of a building permit	\$90,000

The other component of the City utility cost (SAC/ERU) is the lateral benefit assessment. Each SAC(ERU)unit is also charged \$8,000 per SAC unit for this cost. The cost to the prospect for this charge would be:

Lateral Benefit Assessment Charge, 10@ \$8,000	\$80,000
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Part of the Lateral Benefit Assessment Charge(LBAC) covers street restoration. The proposal the developer is presenting would require no street restoration as there is currently no paved or developed City street fronting the parcel to be developed for the prospect. The street would be built as part of the development plan to access the site and at the expense of the developer. The street restoration charge is 27% of the LBAC( total construction cost less the sewer and water trunk main costs of \$2,879,461/\$769,969 of street restoration costs). Therefore since no street restoration costs will be required for this portion of the project, it is proposed that the developer receive a credit of 27% of his total LBAC which would amount to:

Credit for deduct of street restoration costs from the LBAC ( \$80,000 X 0.27 = \$21,600 )	<\$21,600>
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The total City Fees for the developer would be as follows:

Park Dedication Fees (as described above)	\$ 1,947.40
MCES SAC units, 10@ \$3,400	\$34,000.00
City SAC and WAC units, <u>10@ \$5,600</u>	<u>\$56,000.00</u>
Lateral Benefit Assessment Charge, <u>10@ \$8,000</u>	<u>\$80,000.00</u>
<i>Business Relocation Credit</i>	<\$13,400>
Street restoration cost credit	< <u>\$21,600</u> >
Total City Fees Due (NIC building permit fees)	\$136,947.40

It is also recommended by staff that the type of business proposed by the prospect be permitted and is compatible under the current B-3 Zoning that affects this area.

The developer will have approximately 10 acres remaining for future development. It is recommended by staff that SAC assignments for future developments occurring on this property be completed based on the use of the property according to the MCES SAC Manual and fees for these charges be collected at the issuance of building permits for these developments.

**Attachment(s):**

1. Project Map
2. October 19, 2011 Work Session Minutes

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**Fiscal Impact:**

As noted above with the following additions:

1. Based on a minimum valuation of \$2,000,000 this business would pay \$17,000 annually in taxes to the city. The current tax liability on this site is approximately \$200 to the City;
2. This project would provide 10 ERU's that would be approximately 13% of 2013 minimum goal;
3. This project would provide an additional customer that would generate approximately 100,000 gallons of effluent and water use for our new system which is challenged for

customers. The addition of new connections is critical to meet our minimum flow requirements and avoid up to a \$150 surcharge on customers if minimum flow requirements can not be attained;

- 4. This project would have a multiplier effect on local business with the addition of a new employee base that could access services in the City; and;
- 5. The benefits to the City are in excess of the costs the City will forgo in granting SAC relief to the developer.

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**Recommendation(s):**

Staff recommends City Council consider granting the following to the developer as means to be competitive with the City of Blaine in the recruiting of a new business to East Bethel that will employ 60-75 persons and add a minimum of \$2,000,000 to the tax base:

- 1. Credit \$13,400 to the developer for a business relocation credit;
- 2. Credit \$21,600 to the developer on his lateral benefit assessment ;
- 3. Finance the balance of the lateral benefit assessment over a term of 10 to 20 years at an interest rate of 4.5 to 5.5 % through an assessment on the property with the terms and interest rates to be determined by City Council and payment commencing in 2013;
- 4. Consider the use of property as permissible in the B-3 Zone;
- 5. Require no payment of ERU charges on the remaining undeveloped portion of this parcel until such time that it is subdivided and/or developed;
- 6. Require that Ulysses Street, while built to *and meeting* City standards, only be extended to access the proposed site and the undeveloped lot north of Village Bank at the developers expense; and,
- 7. This offer shall expire in 90 days unless otherwise renewed by City Council.

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**City Council Action**

Motion by: \_\_\_\_\_

Second by: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Vote Yes: \_\_\_\_\_

Vote No: \_\_\_\_\_

No Action Required: \_\_\_\_\_



CITY OF EAST BETHEL  
Civicsight Map

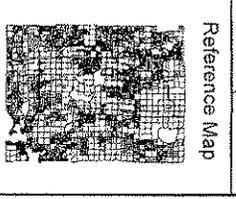
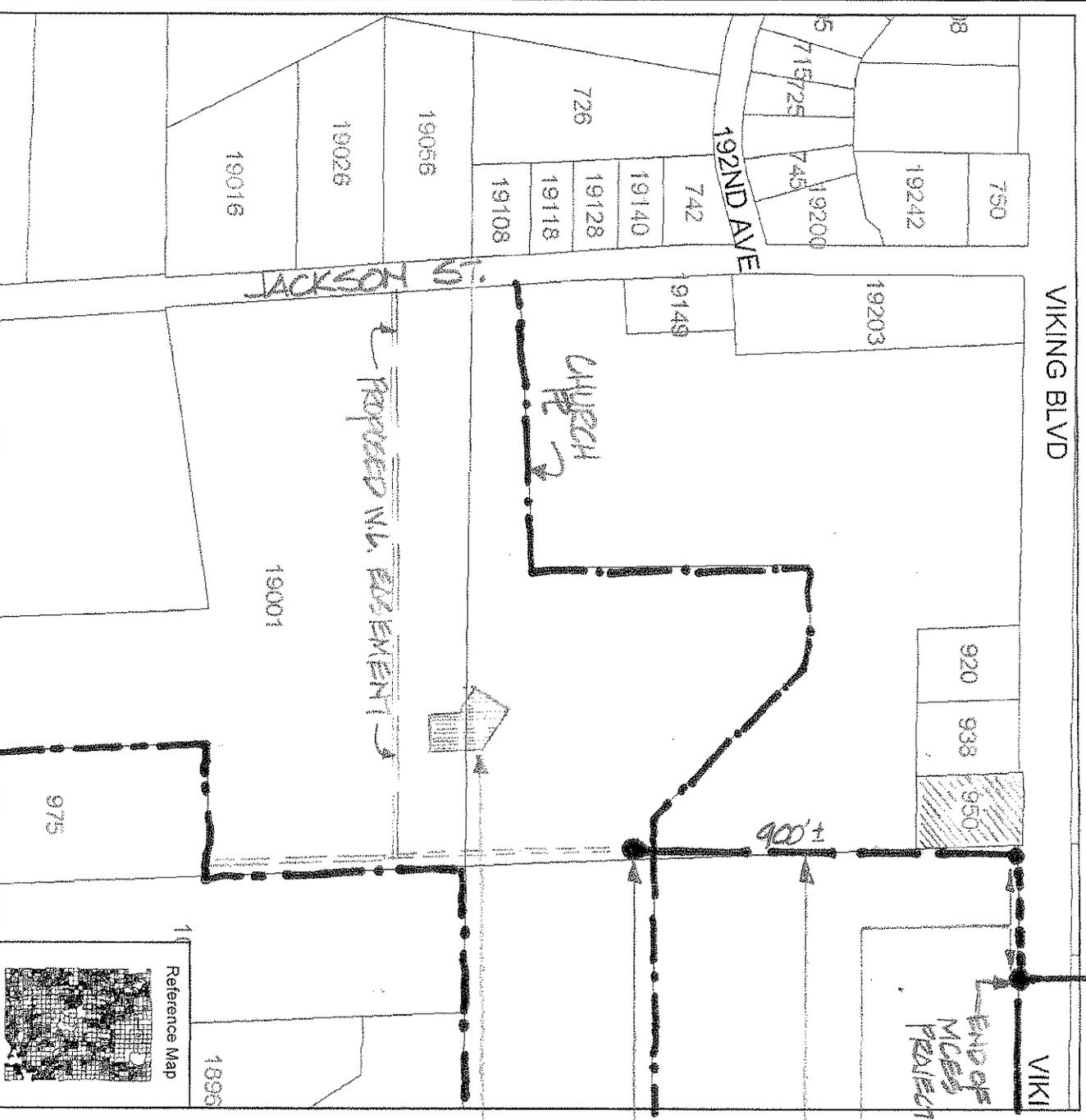
- MAP LEGEND:
- WATER
  - PARKS
  - PARCELS

*MUSE  
SEWER INTERCEPTOR  
PROPOSED SEWER  
LINE*

*WATER LINE*

*PROPOSED  
LIFT STATION/  
TERMINAL  
MANHOLE*

*OUR SAVIOUR'S  
LUTHERAN CHURCH*



Map Scale: 1 inch = 338 feet  
 Map Date: 11/17/2011  
 Data Date: June 24, 2011  
 Sources: EAST BETHEL GIS AND ANOKA COUNTY  
 Disclaimer:  
 Error: Map Disclaimer Here





# City of East Bethel City Council Agenda Information

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**Date:**

November 22, 2011

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**Agenda Item Number:**

4.0

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**Agenda Item:**

Our Saviors Lutheran Church Utilities Project

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**Requested Action:**

Consider approving an extension of water and sewer service to Our Saviors Lutheran Church at 19001 Jackson Street

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**Background Information:**

Our Saviors Lutheran Church (OSLC) has approached the City and has made a preliminary request to connect the City's water and sewer system. This extension would connect to the City system on Viking Boulevard and extend south along the GRE power line to a point inside the Church property just south of Crooked Brook (see attached site plan).

Staff has met with representatives from the Church and developed the following proposal for the connection:

- 1.) The Church would be assigned 7 ERU's based on the MCES determination;
- 2.) The cost of the extension (approximately 950' of water and gravity sewer) is estimated at \$271,052;
- 3.) The Church would be responsible for obtaining the necessary easements for the project at their expense; and,
- 4.) The Church would grant the City utility easement for the future construction of water line to service Jackson Street.

The cost for the project would be broken down as follows:

Construction Cost (see attached estimate)		\$271,052
MCES SAC fees, 7@\$3,400	\$ 23,800	
City SAC and WAC fees, 7 @\$5,600	\$ 39,200	
Lateral Benefit Assessment Charge, 7 @\$8,000	\$ 56,000	
Lateral Benefit Assessment Credit*	< \$15,120 >	
Subtotal Municipal Utilities Charges	\$103,880	<u>\$103,880</u>
Estimated Project Cost		\$374,932

\* 27% of the Lateral Benefit Assessment Charge is for street restoration. As there will be no street restoration costs associated with this project it is recommended that this portion of the charge be credited against the fees for the Church.

The Church has requested that the City finance the construction portion of the project in the amount of \$271,052. The balance of the 2010 A & B bonds of approximately 4 million dollars could be used to finance this extension. The Church has requested that this be financed over a 20 year period which also corresponds with the life of the bonds. The Church has also requested that the lateral benefit assessment charge of \$40,880 (\$56,000 less \$15,120) be financed over a term as approved by City Council. The following could be the financing plan for the project subject to Council approval:

<u>Fee</u>	<u>Term</u>	<u>Annual Cost</u>	<u>Total</u>
MCES SAC fees	Immediate	\$0	\$23,800
City SAC and WAC fees	Immediate	\$0	\$39,200
Lateral Benefit Assessment	10 yrs. @ 5%	\$5,294.15	\$53,378.27
Construction Costs	20 yrs. @ 5.5%	\$22,681.45	\$458,814.78

The above plan would require:

- 1.) The Church pay \$63,000 for all SAC and WAC fees upon issuance of a building permit for the project;
- 2.) The Church pay the Lateral Benefit Assessment of \$40,880 over a ten years at 5% or at other terms as approved by City Council, and\*
- 3.) The Church pay the estimated costs of construction of 271,052 over a 20 years at 5.5% or at other terms as approved by City Council\*.

This would require the Church to pay \$63,000 in upfront costs for fees and enable the Church to finance \$311,932 for the balance of the cost.

Financing terms for the City would only be offered if financing was not available from local banks. The rates and terms above are only a representation for discussion of this item.

There is one other component of the estimated construction cost that could affect the structure of the estimates. The 200' of 24" water and sewer main that is listed in the estimate will be an extension of the MCES system and at some point in the future be a part of the MCES trunk system. This extension is necessary for the Church to connect to the system at the most efficient intersection with an MCES terminal manhole. If the extension is not built the church would be required to obtain additional right of way, add two more manholes and install an unknown quantity of pipe. The City has submitted a request to MCES asking that MCES pay for this portion of the project. The total cost of the MCES portion of the project is approximately \$40,000. If MCES would pay for this extension then the construction cost estimate would be reduced to \$231,052 and amortization schedules would change accordingly. Fee costs would remain unchanged.

If MCES does not participate in paying for the extension an agreement should be completed with MCES that specifies that the City would be reimbursed/compensated for this section of the trunk line at that point in time when the MCES trunk line is extended. As of 1 PM on Monday, we have received no notice from MCES as to their intentions in this matter.

**Attachment(s):**

- Site Plans
- MCES ERU Worksheet
- Cost Estimates
- Amortization Schedules

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**Fiscal Impact:**

As noted above for the financing implications of the project. In addition the extension of water and sewer service to the Church would open up the potential for development for the 51.5 acre Church campus. The Church has plans for a 40-60 unit Senior Housing Project and there is the possibility of the expansion of existing Church building and the addition of an expanded preschool program and facilities which would add to the City's ability to meet its ERU mandates.

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**Recommendation(s):**

Staff recommends the approval of the extension of the water and gravity sewer service to Our Saviors Lutheran Church with financing sources, terms and conditions to be approved by City Council.

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**City Council Action**

Motion by: \_\_\_\_\_

Second by: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Vote Yes: \_\_\_\_\_

Vote No: \_\_\_\_\_

No Action Required: \_\_\_\_\_

**ENGINEER'S ESTIMATE - ALTERNATIVE NO. 3** - Gravity  
**SEWER AND WATER EXTENSION**  
**OUR SAVIOURS CHURCH**  
**CITY OF EAST BETHEL**

**Schedule "A" - Sanitary Sewer**

Item No.	Description	Unit	Unit Cost	Estimated Quantity	Estimated Cost
1	Connect to Existing Sanitary Sewer	EACH	\$1,000.00	1	\$1,000
2	48" Diameter Manhole	LIN FT	\$371.25	47	\$17,449
3	48" Diameter Manhole Buoyancy Collar	EACH	\$436.00	4	\$1,744
4	8" PVC SDR 26 Sewer Pipe (10-15')	LIN FT	\$48.00	550	\$26,400
5	8" PVC SDR 26 Sewer Pipe (15-20')	LIN FT	\$50.00	400	\$20,000
6	24" PVC SDR 26 Sewer Pipe (15-20')	LIN FT	\$75.00	200	\$15,000
7	8" X 6" PVC SDR 26 Wye	EACH	\$150.00	1	\$150
8	Dewatering	LIN FT	\$45.00	1,150	\$51,750
9	Sanitary Sewer Standard Casting	EACH	\$280.00	4	\$1,120
10	Chimney Seal	EACH	\$252.00	4	\$1,008
11	Manhole Marker Sign	EACH	\$57.00	3	\$171

**Total Schedule "A" - Sanitary Sewer** \$135,792

**Schedule "B" - Watermain**

Item No.	Description	Unit	Unit Cost	Estimated Quantity	Estimated Cost
1	Connect to Existing Watermain	EACH	\$1,000.00	1	\$1,000
2	8" PVC C900 DR 18 Watermain	LIN FT	\$28.00	970	\$27,160
3	24" PVC C905 DR 18 Watermain	LIN FT	\$65.00	200	\$13,000
4	6" PVC C900 DR 18 Hydrant Lead	LIN FT	\$22.00	20	\$440
5	6" Gate Valve and Box	EACH	\$1,100.00	2	\$2,200
6	8" Gate Valve and Box	EACH	\$1,500.00	2	\$3,000
7	Hydrant	EACH	\$3,320.00	2	\$6,640
8	Hydrant Extension	LIN FT	\$500.00	2	\$1,000
9	Watermain Fittings	POUND	\$9.00	2,000	\$18,000

**Total Schedule "B" - Watermain** \$72,440

**Schedule "C" - Erosion Control and Restoration**

Item No.	Description	Unit	Unit Cost	Estimated Quantity	Estimated Cost
1	Silt Fence, Type Machine Sliced	LIN FT	\$1.80	2,200	\$3,960
2	Rock Construction Entrance	EACH	\$1,100.00	1	\$1,100
3	Erosion Control Blanket Category 3	SQ YD	\$1.25	2,000	\$2,500
4	Turf Establishment	ACRE	\$1,500.00	0.70	\$1,050

**Total Schedule "C" - Erosion Control and Restoration** \$8,610

<b>Total Schedule "A" - Sanitary Sewer</b>	<b>\$135,792</b>
<b>Total Schedule "B" - Watermain</b>	<b>\$72,440</b>
<b>Total Schedule "C" - Erosion Control and Restoration</b>	<b>\$8,610</b>
<b>Total Estimated Construction Cost</b>	<b>\$216,842</b>
<b>Overhead &amp; Contingency (25%)</b>	<b>\$54,210</b>
<b>Total Estimated Project Cost</b>	<b><u>\$271,052</u></b>

**ENGINEER'S ESTIMATE - ALTERNATIVE NO. 4  
SEWER AND WATER EXTENSION  
OUR SAVIOURS CHURCH  
CITY OF EAST BETHEL**

*Forcemain -  
No lift station*

**Schedule "A" - Sanitary Sewer**

Item No.	Description	Unit	Unit Cost	Estimated Quantity	Estimated Cost
1	Connect to Existing Sanitary Sewer	EACH	\$1,000.00	1	\$1,000
2	48" Diameter Manhole	LIN FT	\$371.25	18	\$6,683
3	48" Diameter Air Relief Manhole	LIN FT	\$750.00	10	\$7,500
4	48" Diameter Manhole Buoyancy Collar	EACH	\$436.00	2	\$872
5	4" PVC Forcemain	LIN FT	\$20.00	950	\$19,000
6	24" PVC SDR 26 Sewer Pipe (15-20')	LIN FT	\$75.00	200	\$15,000
7	Dewatering	LIN FT	\$35.00	1,150	\$40,250
8	Sanitary Sewer Standard Casting	EACH	\$280.00	2	\$560
9	Chimney Seal	EACH	\$252.00	2	\$504
10	Manhole Marker Sign	EACH	\$57.00	1	\$57
<b>Total Schedule "A" - Sanitary Sewer</b>					<b>\$91,426</b>

**Schedule "B" - Watermain**

Item No.	Description	Unit	Unit Cost	Estimated Quantity	Estimated Cost
1	Connect to Existing Watermain	EACH	\$1,000.00	1	\$1,000
2	8" PVC C900 DR 18 Watermain	LIN FT	\$28.00	970	\$27,160
3	24" PVC C905 DR 18 Watermain	LIN FT	\$65.00	200	\$13,000
4	6" PVC C900 DR 18 Hydrant Lead	LIN FT	\$22.00	20	\$440
5	6" Gate Valve and Box	EACH	\$1,100.00	2	\$2,200
6	8" Gate Valve and Box	EACH	\$1,500.00	2	\$3,000
7	Hydrant	EACH	\$3,320.00	2	\$6,640
8	Hydrant Extension	LIN FT	\$500.00	2	\$1,000
9	Watermain Fittings	POUND	\$9.00	2,000	\$18,000
<b>Total Schedule "B" - Watermain</b>					<b>\$72,440</b>

**Schedule "C" - Erosion Control and Restoration**

Item No.	Description	Unit	Unit Cost	Estimated Quantity	Estimated Cost
1	Silt Fence, Type Machine Sliced	LIN FT	\$1.80	2,200	\$3,960
2	Rock Construction Entrance	EACH	\$1,100.00	1	\$1,100
3	Erosion Control Blanket Category 3	SQ YD	\$1.25	2,000	\$2,500
4	Turf Establishment	ACRE	\$1,500.00	0.70	\$1,050
<b>Total Schedule "C" - Erosion Control and Restoration</b>					<b>\$8,610</b>

<b>Total Schedule "A" - Sanitary Sewer</b>	<b>\$91,426</b>
<b>Total Schedule "B" - Watermain</b>	<b>\$72,440</b>
<b>Total Schedule "C" - Erosion Control and Restoration</b>	<b>\$8,610</b>
<b>Total Estimated Construction Cost</b>	<b>\$172,476</b>
<b>Overhead &amp; Contingency (25%)</b>	<b>\$43,119</b>
<b>Total Estimated Project Cost</b>	<b><u>\$215,594</u></b>



**ASSESSMENT SCHEDULE - Phase 1 Sewer and Water Project**

Project: \_\_\_\_\_ Name: \_\_\_\_\_  
 PIN: \_\_\_\_\_  
 LOT: \_\_\_\_\_  
 BLOCK: \_\_\_\_\_  
 Addition: \_\_\_\_\_

Interest Start Date: October 15, 2012  
 Repayment Period: 20 years  
 Interest Rate: 0.0550

Assessments:	Quantity	Unit	Unit Price	Amount
a. Method A	1.00	1.00	\$275,000.00	\$275,000.00
b. Method B	0.00	0.00		\$0.00

<b>Total Assessment ===&gt;</b>	<b>\$275,000.00</b>
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YEAR TAXES PAYABLE	Annual Payment On Tax Statement If Not Prepaid	PRINCIPAL PAYMENT	INTEREST PAYMENT	PRINCIPAL REMAINING 12-31-Year
2012				\$275,000.00
2013	\$26,244.01	\$7,886.82	\$18,357.19	\$267,113.18
2014	\$23,011.82	\$8,320.59	\$14,691.23	\$258,792.59
2015	\$23,011.82	\$8,778.22	\$14,233.59	\$250,014.37
2016	\$23,011.82	\$9,261.03	\$13,750.79	\$240,753.35
2017	\$23,011.82	\$9,770.38	\$13,241.43	\$230,982.96
2018	\$23,011.82	\$10,307.75	\$12,704.06	\$220,675.21
2019	\$23,011.82	\$10,874.68	\$12,137.14	\$209,800.53
2020	\$23,011.82	\$11,472.79	\$11,539.03	\$198,327.74
2021	\$23,011.82	\$12,103.79	\$10,908.03	\$186,223.96
2022	\$23,011.82	\$12,769.50	\$10,242.32	\$173,454.46
2023	\$23,011.82	\$13,471.82	\$9,540.00	\$159,982.64
2024	\$23,011.82	\$14,212.77	\$8,799.04	\$145,769.87
2025	\$23,011.82	\$14,994.47	\$8,017.34	\$130,775.39
2026	\$23,011.82	\$15,819.17	\$7,192.65	\$114,956.22
2027	\$23,011.82	\$16,689.22	\$6,322.59	\$98,267.00
2028	\$23,011.82	\$17,607.13	\$5,404.68	\$80,659.87
2029	\$23,011.82	\$18,575.52	\$4,436.29	\$62,084.35
2030	\$23,011.82	\$19,597.18	\$3,414.64	\$42,487.17
2031	\$23,011.82	\$20,675.02	\$2,336.79	\$21,812.15
2032	\$23,011.82	\$21,812.15	\$1,199.67	(\$0.00)
	<b>\$463,468.51</b>	<b>\$275,000.00</b>	<b>\$188,468.51</b>	
	Total Payment	Total Principal	Total Interest	