

Project Overview for Local Units of Government Capital Budget Requests

Project Summary:

The City of Two Harbors is requesting a grant of up to \$1,000,000 to construct, furnish, and equip improvements to and renovation of the main lift station for wastewater treatment in the city of Two Harbors, including building repairs, replacement of the HVAC and electrical systems, site grading, and new pumps, pump drivers, valves, and influent grinder.

Project Description:

The scope of work for the project includes equipment replacement and building rehabilitation. Equipment replacements will replace original equipment from 1980 and consists of new pumps, pump drives, valves, influent grinder, motor control center and automatic transfer switch, process controls and instrumentation, and building ventilation and heating. Building rehabilitation includes replacement of the original roofing, painting and caulking of the building exterior, replacement of original metal doors and frames, and masonry repairs.

The building is a three story structure with outside dimensions of 26 feet by 43 feet. Two levels of the building are below grade. The ground floor level consists of approximately 1,100 square feet with an additional 2,000 square feet below grade (including tanks). Renovation of the building will consist of exterior improvements detailed in the previous paragraph.

The project was recently bid and awarded to the low bidder at \$1,603,000. With approximate engineering and legal fees including predesign elements the total project cost is approximately \$1,840,000.

Additional information on the project can be found in the attachment memorandum which provides a narrative on the project.

Project Rationale:

Due to the age of the facility recent equipment failures have led to failure of the lift station resulting in flooding and raw sewage discharges into nearby Skunk Creek and Lake Superior. Improvements to the lift station are imperative to protect the surrounding environment, public health, and drinking water supply.

Additional information on the project rationale can be found in the attachment memorandum which provides a narrative on the project.

Project Timeline:

The various project phases consist of predesign, design, and construction. Predesign was completed during January and February of 2017 with development of a Facility Plan for the Main Lift Station which was submitted to and approved by the Minnesota Pollution Control Agency.

After approval of the Facility Plan the project was designed from June 2017 through December 2017. The project was bid and awarded in February of 2018 and construction is planned to start in April of 2018 and be completed by February of 2019.

Other Considerations:

The rehabilitation of the Main Lift Station will also increase efficiency and decrease power consumption required for the facility. The facility has not been improved since its original construction in 1980 and the main pumping and controls equipment provide very inefficient operation of the facility in terms of power consumption. Factors that will increase efficiency include variable frequency drives for pumps, revised controls and operations that will decrease overall pump run hours, and installation of LED lighting.

Location of the lift station also makes this station particularly critical in terms of environmental and human health. The station is located adjacent to Skunk Creek which quickly flows past the City Campground and into Lake Superior. During past failures of the lift station a nearby beach at Burlington Bay on Lake Superior was required to close down due to elevated levels of E.Coli found after raw sewage overflowed from the station into Skunk Creek and Lake Superior. Additionally the Two Harbors Water Treatments Facility raw water intake is located a few hundred feet from Burlington Bay and failures of this lift station could also compromise the City's drinking water supply.

Who will own the facility?:

The City of Two Harbors will own the facility.

Who will operate the facility?:

The City of Two Harbors will operate the facility.

Who will use or occupy the facility?:

The City of Two Harbors will occupy the facility.

Public Purpose:

The purpose of this project is to provide reliable collection of wastewater and prevent failures of the station which lead to raw sewage discharges into Lake Superior.

Impact on State Operating Subsidies:

For local units of government, identify any new or additional state operating dollars that will be requested for this project. *(Required under M.S. 16A.11, subd. 5)*

The project has been approved for the Clean Water Revolving Fund by the Public Facilities Authority and the Minnesota Pollution Control Agency. Funding will consist of a low interest loan for the total project cost of approximately \$1,840,000. The project is not eligible for any

grants through the Clean Water Revolving Fund. Funds for payment of the 20-year loan will be collected by increased user fees for businesses and residences which are connected to the Two Harbors Wastewater System.

Description of Previous Appropriations:

The have been no other previous appropriations for this project.

Statutory Program Citation:

Funds Requested (Dollars In Thousands):

(\$ in thousands)

PROJECT FUNDING SOURCES				
Funding Source	Prior Years	FY 2018	FY 2020	FY 2022
<i>State Funds Requested</i>				
<i>General Obligation Bonds</i>		1,000		
<i>Funds Already Committed</i>				
<i>Pending Contributions</i>				
50% of total project TOTAL cost up to \$1,000,000				

Non-State Match:

The state share of a project must be no more than half the total cost of the project, including predesign, design, construction, furnishings, and equipment, except under very limited circumstances. Please provide detailed information about non-state match. *(Required under M.S. 16A.86, subd. 4.)*

The City of Two Harbors is committed to contribute significant funds to this project regardless of Grant Assistance from the State since the project is critical to the continued protection of public health and the environment. The City is prepared to fund the entire cost of the project if necessary, but is requesting a 50% grant up to \$1,000,000. The request of 50% up to \$1,000,000 is to account for potential unforeseen cost increases of the project during construction. The City is currently working on other upgrades to the wastewater treatment and collection system and the impact on user rates of all these projects will be significant. This grant will not only assist with the lift station project, but will ease the financial burden for the upcoming treatment facility project which is anticipated to be in excess of \$10,000,000.

Local Project Contact: *(Name, Title, Email, Phone)*

Dan Walker, City Administrator. dwalker@twoharborsmn.gov, 218-834-8803

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2018	FY 2020	FY 2022
Property Acquisition				
Predesign Fees	\$30,000			
Design Fees		\$110,000		
Project Management		\$100,000		
Construction		\$1,600,000		
Relocation Expenses				
One Percent for Art				
Occupancy Costs				
Inflationary Adjustment				
TOTAL		\$1,840,000		

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

1) Is this project exempt from legislative review? <i>(M.S. 16B.335 subd. 1a)</i>	Yes
Predesign Review: <i>(M.S. 16B.335 subd. 3)</i>	
Does this request including funding for predesign?	YES
Has the predesign been submitted to Dept. of Administration?	NA
Has the predesign been approved by the Dept. of Administration?	NA
2) Will the project design meet the Sustainable Building Guidelines? <i>(M.S. 16B.325)</i>	NA
3) Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources? <i>(M.S. 16B.335 subd. 4 and 16B.32)</i>	YES
4) Will the project meet public ownership requirements? <i>(M.S. 16A.695)</i>	YES
5) Will a use agreement be required? <i>(M.S. 16A.695 subd. 2)</i>	NO
6) Will program funding be reviewed and ensured? <i>(M.S. 16A.695 subd. 5)</i>	YES
7) Will the matching fund requirements be met? <i>(M.S. 16A.86 subd. 4)</i>	YES
8) Will the project be fully encumbered prior to the Cancellation Deadline of Dec. 31, 2022? <i>(M.S. 16A.642)</i>	YES
9) Full Funding Required <i>(M.S. 16A.502 and M.S. 16B.31)</i>	YES
10) Guideway Project <i>(M.S. 174.93)</i>	
Is this a Guideway Project?	NO
Is the required information included in this request?	NO
11) Has the governing body of the political subdivision passed a resolution of support, which indicates this project's priority number if the applicant is submitting multiple requests?	YES

Please return completed form to Suzy.Geroux@senate.mn.