

City of the Village of Minnetonka Beach

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February 28, 2023

Dear Residents,

I am writing to you today to share the status of our water treatment plant replacement.

I. Water Treatment Plant

The most essential service that a municipality provides residents is safe drinking water. In the future, access to clean and safe water will be a factor in defining a city's quality of life and property values. Western States are having difficulty securing water access. Statewide, municipalities are dealing with aging water infrastructure. Minnetonka Beach is no exception.

Today the city's water treatment plant continues to provide safe drinking water to residents. The 1958 built plant was evaluated by Stantec, the city's zoning and engineering services provider. Stantec prepared a Condition Evaluation Report in December of 2019. The Minnesota Department of Health re-inspected in 2021. Both reports identified that many of the plant's components have exceeded their expected useful life and require costly replacement in the near future.

II. Council's Action to Date

During the last three years, Council, Public Works, and the Finance Committee have done the heavy lifting of researching and evaluating construction costs and financing options including State funding. After much public discussion, due diligence, and recommendations from Public Works Superintendent Jason Hilgers and Stantec, Council made the decision that the best option for protecting the short- and long-term safety of our water was to replace the now 65-year-old water treatment plant. With proper maintenance, a new water treatment plant will have a shelf life of six to eight decades. Accordingly, Council took action in December of 2022, and authorized the engineering design services for a new water treatment plant located on the Public Works Site. Construction is projected to begin 2024 and be completed in 2025.

III. Funding the Water Treatment Plant

The current cost estimate for the plant is \$6,600,000 and will be paid back over 20-25 years. The city's Finance Committee recommended and Council approved that a combination of increases in water usage rates, water treatment plant fees and general obligation levy money be used to fund the plant. It is projected that the increases in water usage related charges and a tax levy will each provide roughly half of the debt service funding. The city will have a better grasp on the exact cost per household after the bonding and bidding processes are completed later this year. However, I can pass along that the home's property value and water usage will be used to calculate the cost per household. Ehler's (municipal advisor) has estimated that the average annual cost per household will be approximately \$2,300 by 2025. This is a meaningful cost for all of us. Beginning in 2023, quarterly utility bills will include a "Water Treatment Plant Fee". This year's fee is \$150 per quarter. Minnetonka Beach residents whose water is supplied by Orono, including Lafayette Ridge and Old Beach Road, are not subject to the "Water Treatment Plant Fee" but are subject to the tax levy. All estimates are subject to change.

The city is actively pursuing both State and Federal funding assistance. This is the city's second attempt at securing funding for a new water treatment plant. State Representative and former Minnetonka Beach resident Andrew Myers has introduced first step legislation that would provide funding assistance for the new water treatment plant. He also pointed out that competition for those funds is intense. Cities will have five minutes to present their case to the State's Capital Investment Committee. Our presentation is scheduled for March 1st.

I have discussed the water treatment plant with Congressman Dean Phillips. His local office shared that historically they are informed of the amount of Federal funding available in late April.

Providing residents safe drinking water remains a city priority.

Sincerely,



Joe Pagano
Mayor, City of Minnetonka Beach

House Representative Andrew Myers, 2.27.2023

"For almost 10 years, I lived and served on the City Council and Planning Commission in Minnetonka Beach. I have firsthand knowledge of the challenges related to the water treatment plant. Previous Mayor Jaci Lindstrom and new Mayor Joe Pagano have worked hard to address this problem, so that the residents can have clean, accessible, and safe drinking water. For that very reason, I was excited to chief author HF1087 to provide the needed funding of a new water treatment plant. I hope to work with all interested parties and across the aisle to accomplish this solution for Your Backyard."

Senator Kelly Morrison, 2.21.23

"The bonding bill for critical water infrastructure needs in Minnetonka Beach is particularly urgent, and I am advocating for their inclusion in a bonding bill this year."