



## MEMORANDUM

DATE: July 10, 2018

To: Honorable Mayor & City Council

CC: Dave Bennett, City Engineer/Director of Public Works; Monte Nelson, Police Chief; Chris Heineman, Community Planning and Development Director; Deb Little, City Clerk; Michelle Mahowald, Communications & Human Resources Director; Teresa Jensen, Director of Library and Information Technology Resources; Chris Hood, City Attorney

From: Ben Martig, City Administrator

RE: "Supplemental Agenda Background Memo" for July 10, 2018 No.2.

---

### Summary Report:

The following is an update on agenda items as supplemental background agenda information made available on Monday, July 10, 2018.

#### Item #5 – Project Discussion and Consider Options for the Spring Creek Road Reconstruction

See attached updated maps illustrating the proposed options along with the Powerpoint for this evening.

#### Item #7 – Review Strategic Plan (2018-2020): Strategic Targets.

See attached strategic plan targets related to EDA and HRA. The others will be presented at the next meeting.

#### Item #8 – City Administrator's Update.

See attached City Administrator's Update memo including background information on a Powerpoint presentation to be delivered by City Administrator Martig and Director of Public Works/City Engineer Bennett.

# 2018 SPRING CREEK ROAD RECONSTRUCTION PROJECT



CITY COUNCIL MEETING

07/10/2018



# TONIGHT'S OUTLINE



- Project Location
- Project Update
- Typical Section Alternatives
- Pros & Cons
- Project Cost/Funding
- Questions and Comments

# PROJECT LOCATION

## Spring Creek Road



— Reconstruction



### 2018 Reconstruction Project

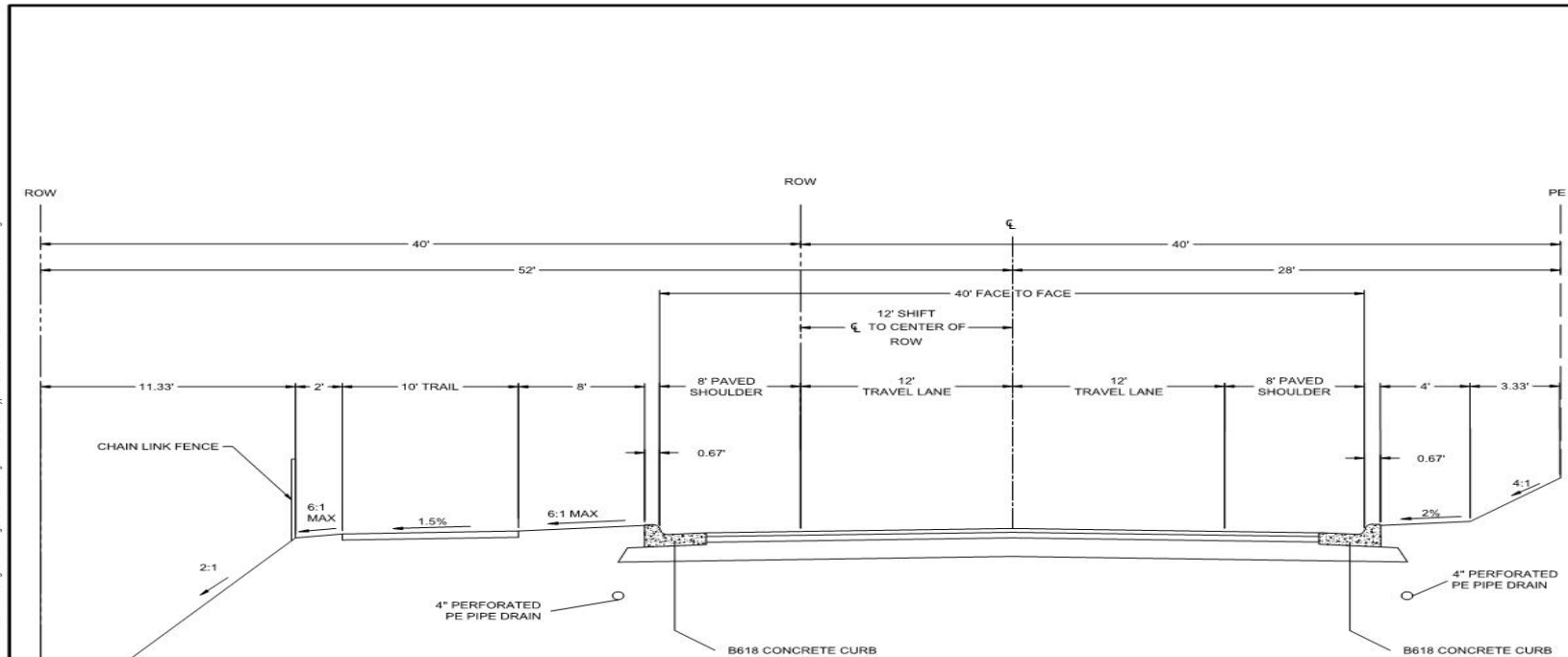
### Spring Creek Road



Engineering 4/9/2018

# TYPICAL SECTION – OPTION A

## Spring Creek Road



- NOTES:**
- OPTION GENERATED TO ELIMINATE RETAINING WALLS AND MINIMIZE GRADING ON WEST SIDE
  - 100% WALL REDUCTION
  - 100% CURB AND GUTTER INCREASE
  - CENTERLINE PROFILE UNCHANGED FROM CURRENT DESIGN
  - UNIT PRICES BASED ON 7TH AND DIVISION AVERAGE BID PRICES OR MNDOT AVERAGE BID PRICES

**ESTIMATED CONSTRUCTION COST: \$1,980,000**



PHONE: 952.912.2600  
10901 RED CIRCLE DRIVE,  
SUITE 300  
MINNETONKA, MN 55343  
www.sehinc.com

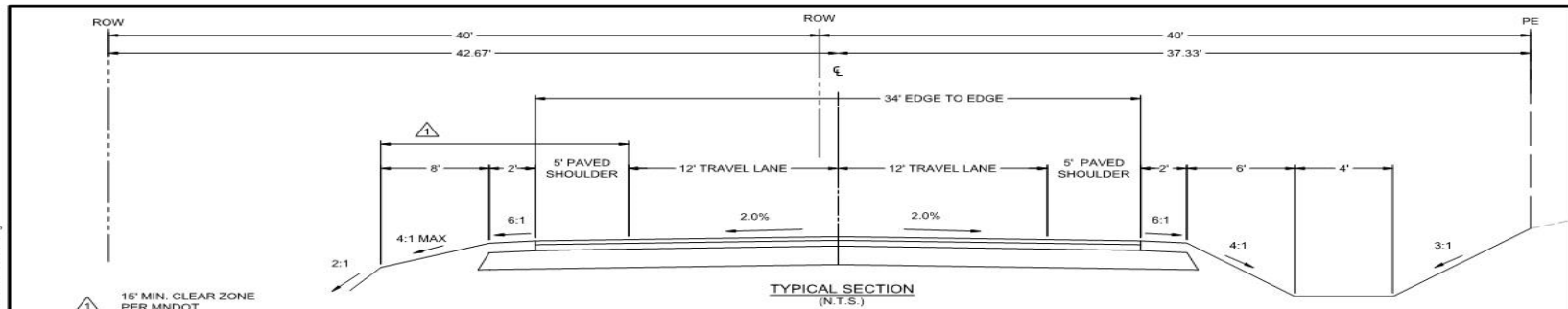
FILE NO.  
DATE:  
7/10/18

**SPRING CREEK ROAD  
TYPICAL SECTIONS - OPTION A  
FULL URBAN WITH CENTERLINE SHIFTED 12'**

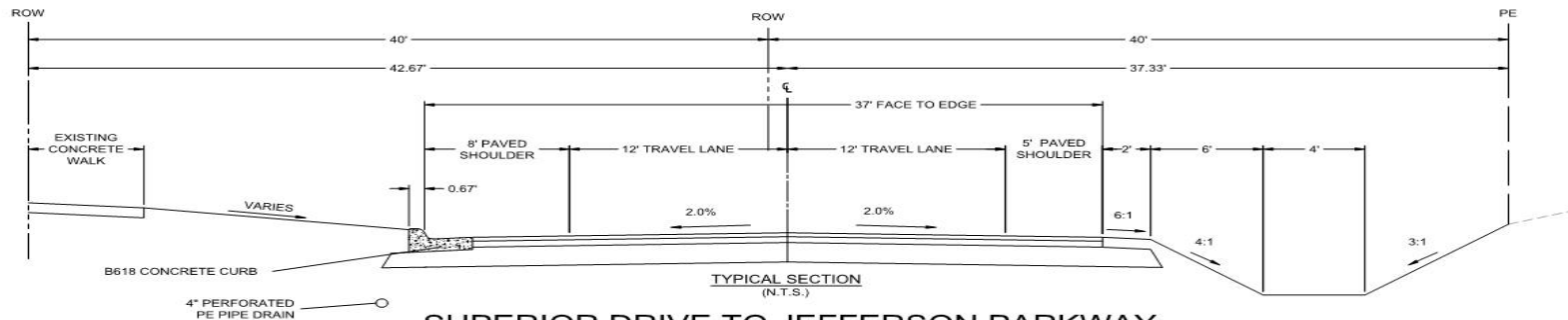
Save: 7/6/2018 10:28 AM \\share\p04\_7/6/2018 10:30 AM P:\MCONN\ell1426575-final.dgn\5-drawings\10-Civil\adag\adag\Revised Typical Section Alternatives\15-18.MNF-142657TY.dwg

# TYPICAL SECTION – OPTION B

## Spring Creek Road



JEFFERSON PARKWAY TO JUST NORTH OF HURON COURT



SUPERIOR DRIVE TO JEFFERSON PARKWAY

**NOTES:**

- 100% RETAINING WALL AND CHAIN LINK FENCE REDUCTION
- PROPOSED WATER MAIN AND SANITARY SEWER UNCHANGED
- CENTERLINE PROFILE UNCHANGED FROM CURRENT DESIGN
- UNIT PRICES BASED ON 7TH AND DIVISION BID PRICES OR MNDOT AVERAGE BID PRICES

ESTIMATED CONSTRUCTION COST: \$1,550,000



PHONE: 952.912.2600  
10901 RED CIRCLE DRIVE,  
SUITE 300  
MINNETONKA, MN 55343  
www.sehinc.com

FILE NO.

DATE:  
7/10/18

**SPRING CREEK ROAD  
TYPICAL SECTIONS - OPTION B  
FULL RURAL NORTH AND HALF URBAN SOUTH  
OF JEFFERSON PARKWAY**

S:\18\2018\10-28 AM\180218 10:29 AM\PI\NONN\143675-Final.dgn\15-Drawings\10-Civil\road\typical\Revised Typical Section Alternatives\15-89NF-143675.dwg

# TYPICAL SECTION - OPTION DIFFERENCES

Spring Creek Road



<b>Design Detail</b>	<b>Option</b>	
	<b>A</b>	<b>B</b>
Urban Design	Full	Minimal
Rural Design	None	Largely
Trail	Yes	No
Retaining Walls	None	None
Storm Sewer	Full	Minimal
Centerline Shift	12'	3'
Construction Costs	\$1.98M	\$1.55M

# TYPICAL SECTION OPTIONS – PROS AND CONS

## Spring Creek Road



### Option A – Pros

- Trail included in construction
- Curb and gutter included in construction.
- Ultimate storm sewer included in construction
- No retaining walls

### Option A – Cons

- Future concrete sidewalk will require additional easement acquisition on the east side.
- May not fit overall vision of the roadway due to significant roadway shift. Will require significant horizontal alignment shift to match proposed horizontal bridge location.
- Higher construction cost

### Option B – Pros

- Future concrete sidewalk will require easement acquisition
- Fit overall vision of the roadway. Will align well with proposed horizontal bridge location.
- Lower construction cost
- No retaining walls

### Option B – Cons

- Trail not included in construction.
- Curb and gutter not included in construction.
- Storm sewer not included in construction north of Jefferson Parkway. Will need to be added in the future.
- Future construction and costs necessary to reach ultimate design.



# PROJECT COST/FUNDING

## Spring Creek Road

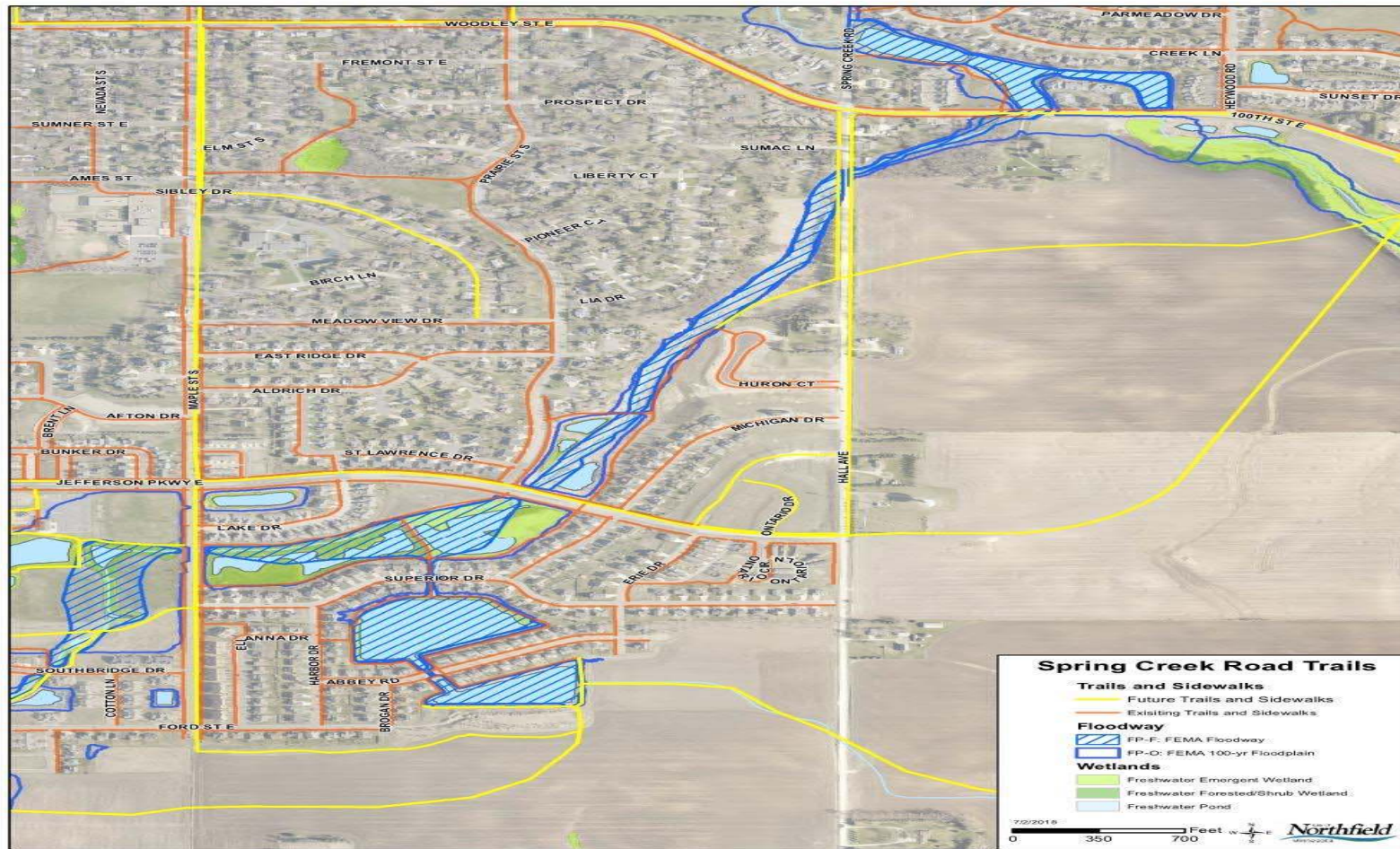


<b>ESTIMATED TOTAL PROJECT COSTS</b>				
	<b>FEASIBILITY REPORT</b>	<b>CURRENT ESTIMATE</b>	<b>OPTION "A" FULL URBAN</b>	<b>OPTION "B" RURAL</b>
Construction	\$1,322,775	\$2,643,533	\$1,980,000	\$1,550,000
Contingency (10%)	\$132,278	\$264,353	\$198,000	\$155,000
Construction Total	\$1,455,053	\$2,907,886	\$2,178,000	\$1,705,000
Overhead (20%)	\$218,258	\$436,183	\$435,600	\$435,600
<b>TOTAL PROJECT COSTS</b>	<b>\$1,673,310</b>	<b>\$3,344,069</b>	<b>\$2,613,600</b>	<b>\$2,140,600</b>

<b>TOTAL PROJECT FUNDING</b>				
<b>FUNDING SOURCE</b>	<b>FEASIBILITY REPORT</b>	<b>CURRENT ESTIMATE</b>	<b>OPTION "A" FULL URBAN</b>	<b>OPTION "B" RURAL</b>
Bonding	\$341,383	\$680,965	\$796,400	\$829,950
Storm Fund	\$113,698	\$109,869	\$118,800	\$105,600
Sanitary Fund	\$113,265	\$165,894	\$158,400	\$158,400
Water Fund	\$154,470	\$224,277	\$224,400	\$224,400
MSA(Street and Storm)	\$950,225	\$2,163,064	\$1,315,600	\$822,250
<b>TOTAL FUNDING</b>	<b>\$1,673,041</b>	<b>\$3,344,069</b>	<b>\$2,613,600</b>	<b>\$2,140,600</b>

# TRAILS AND SIDEWALK MAP

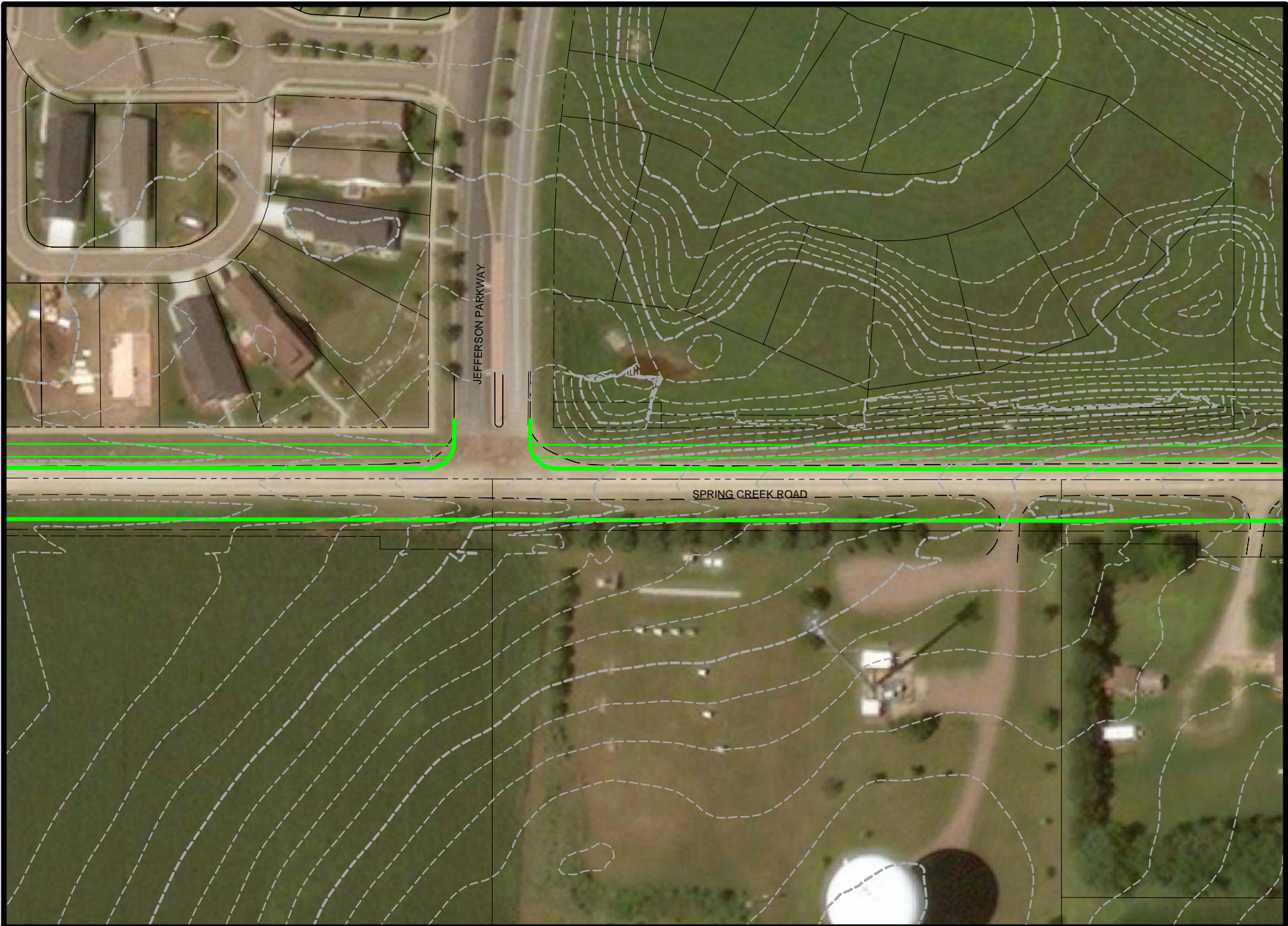
## Spring Creek Road



# Questions / Comments



Save: 7/10/2018 10:35 AM sgeraghty Plot: 7/10/2018 11:05 AM P:\KONN\file\1436575-final-dsgn\51-drawings\10-Civil\lead\dwg\exhibit\Revised Typical Section Alternatives\2.5.18\NF143657GM\_Option A.dwg



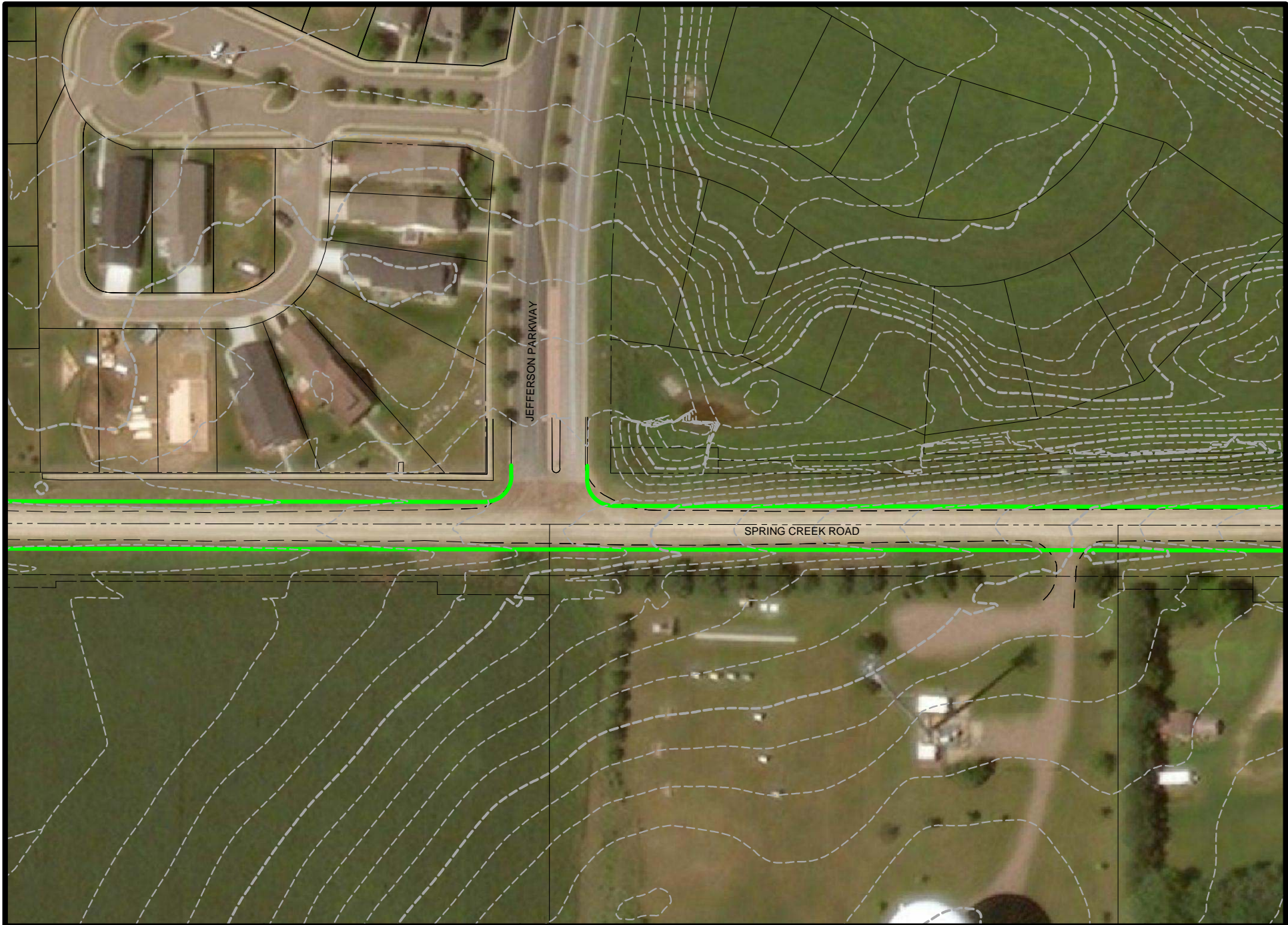
PHONE: 952.912.2600  
10901 RED CIRCLE DRIVE,  
SUITE 300  
MINNETONKA, MN 55343  
www.sehinc.com

City Of  
**Northfield**  
Minnesota

**SPRING CREEK ROAD  
OPTION A  
FULL URBAN WITH CENTERLINE SHIFTED 12'**

FILE NO.  
DATE:  
**7/10/18**

Save: 7/10/2018 10:50 AM sgeraghty Plot: 7/10/2018 11:02 AM P:\KONN\file\1436575-final.dgn\51-drawings\10-Civil\lead.dwg\exhibit\Revised Typical Section Alternatives\2.5.18\NF143657GM\_Option B.dwg



PHONE: 952.912.2600  
10901 RED CIRCLE DRIVE,  
SUITE 300  
MINNETONKA, MN 55343  
www.sehinc.com



**SPRING CREEK ROAD  
OPTION B  
FULL RURAL NORTH AND HALF URBAN SOUTH OF  
JEFFERSON PARKWAY**

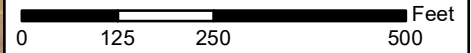
FILE NO.
DATE: 7/10/18

# Spring Creek Road

— 2ft Contours



Engineering 7/10/2018



# STRATEGIC PLAN (2018-2020) developing “targets”

**July 10, 2018**

**City Council Work Session**

**City of Northfield**



# Goal for “target” development

- Review and clarify the staff development of recommended targets for the Economic Development Authority and Housing Strategic Outcomes.
- Discuss, provide questions or seek alternative information on recommended targets.





# Strategic Plan (2018-2020)

## Economic Development

*A Community That's Economically Thriving*

## Affordable Housing

*A Community Where Everyone Can Afford to Live*

## Infrastructure

*A Community Where Infrastructure Supports Its Objectives*

## Diversity, Equity & Inclusion

*A Community that Welcomes Everyone*

## Operational Effectiveness

*A Community with a Government that Works*

## Climate Change Impacts

*A Community that's Resilient and Sustainable*



# ECONOMIC DEVELOPMENT

## *A Community that's Economically Thriving*

DESIRED OUTCOME	KEY OUTCOME INDICATOR	TARGET
Expanded commercial & industrial tax base	<ul style="list-style-type: none"><li>- Commercial EMV</li><li>- Industrial EMV</li></ul>	<ul style="list-style-type: none"><li>- Commercial and industrial tax value increased <u>10%</u> by 2020</li></ul>
Enhanced Tourism	<ul style="list-style-type: none"><li>- Lodging and sales tax</li><li>- Events attendance</li><li>- Pull Factors</li></ul>	<ul style="list-style-type: none"><li>- Increase of <u>87%</u> in lodging tax</li><li>- Increase of <u>5%</u> in sales tax-non-Northfield</li><li>- Increase total pull factor from <u>0.61 to 0.75 by 2020</u></li></ul>
Expanded Downtown	<ul style="list-style-type: none"><li>- Downtown Square Footage</li></ul>	<ul style="list-style-type: none"><li>- <u>70,000</u> additional square feet</li></ul>

# Commercial and industrial tax value: increased 10% by 2020

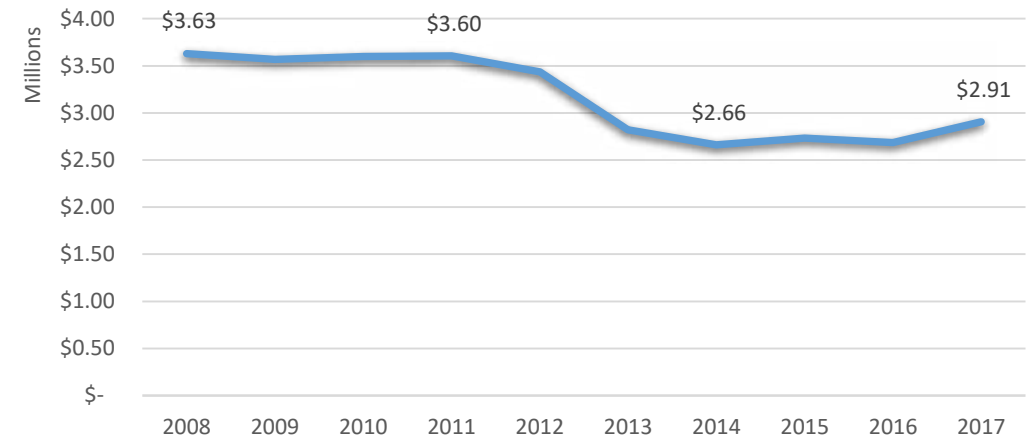
## 2018-20 EDA Strategic Plan

- Commercial and Industrial Net Tax Capacity Value increased by 10%
  - \$290,750 increase for Commercial
  - \$292,635 increase for Industrial

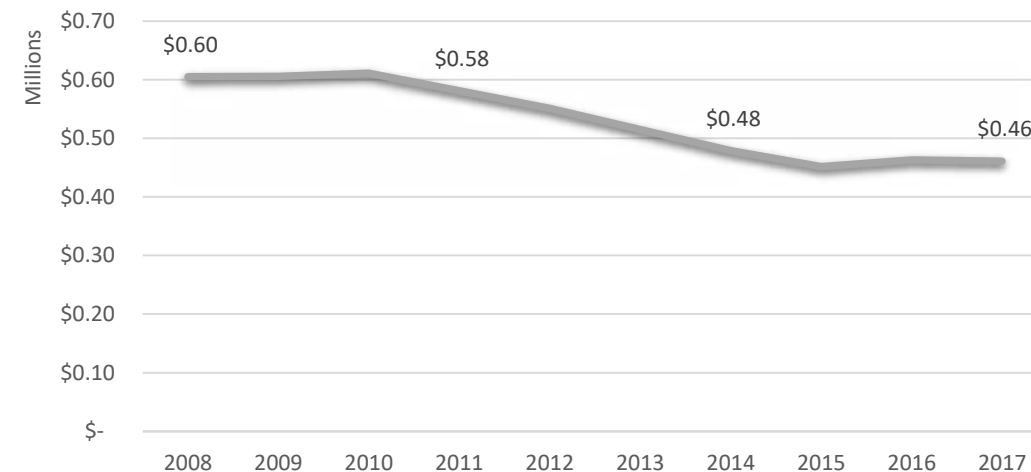
## Alternative Targets:

- Tax Capacity value by acreage
- More than 10% goal

Northfield Commercial NET Tax Capacity Values



Northfield Industrial NET Tax Capacity Values



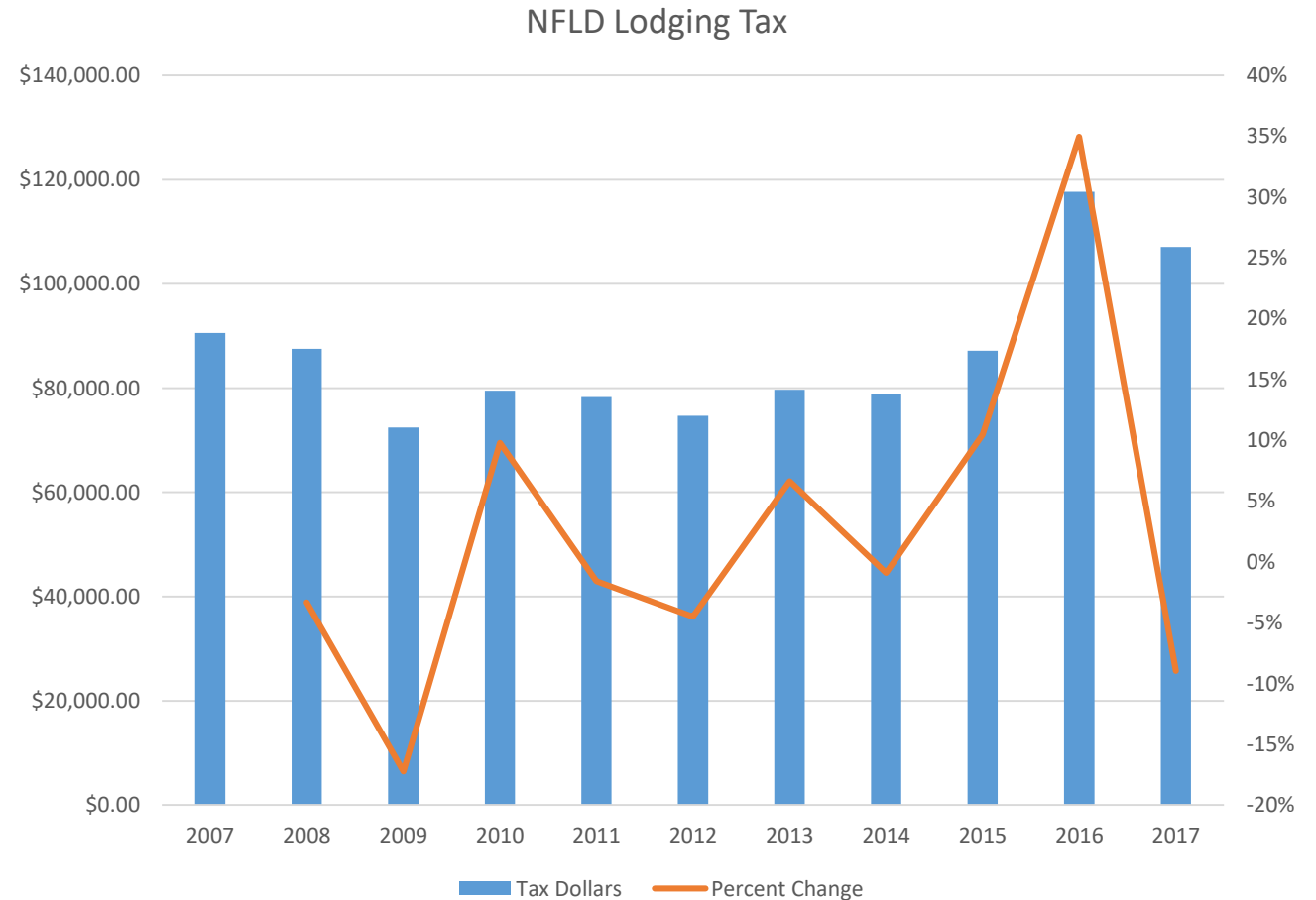
# Increase of 87% in lodging tax

- Current Lodging Tax

- \$107,088 lodging tax received in 2017
- Average lodging tax growth of 3% per year since 2007
- Anticipated new lodging tax collection of approximately \$90,000 per year with 80-unit Marriott Fairfield Inn & Suites hotel project.

- Potential Targets:

- By 2020, 87% growth (+\$92,912)
- Consider re-setting target after hotel is operational



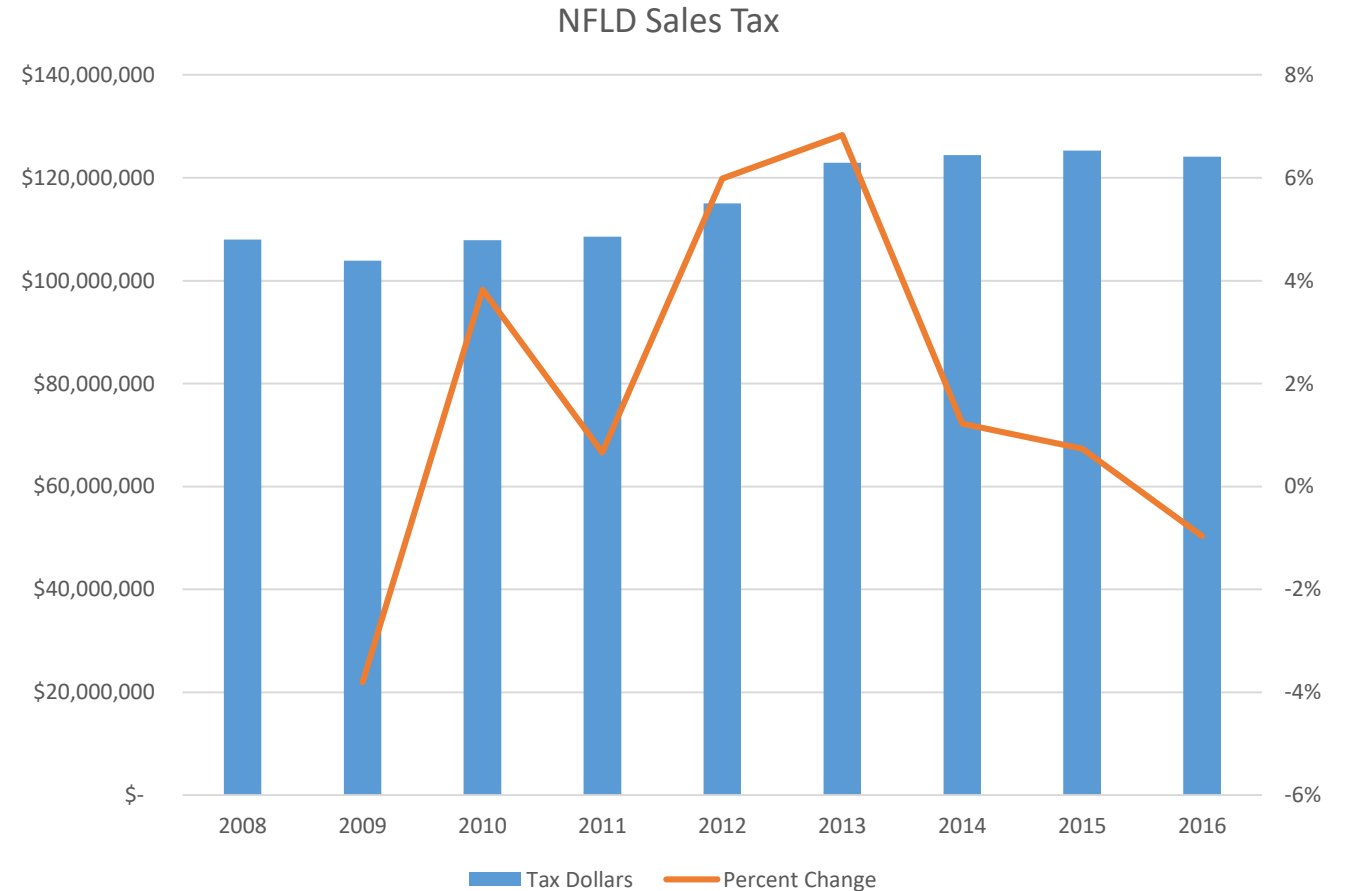
# Increase of 5% in sales tax-non-Northfield

## Current Sales tax

- \$124,111,586 sales tax in 2016
- Average annual sales tax growth of 1.8% since 2008

## Potential Targets by 2020

- 5% growth (+ \$6,205,579)
- 6% growth (+ \$7,446,695)
- 7.5% growth (+ \$9,308,368)



# Increase Total Pull Factor to 0.75

## Current Pull Factor

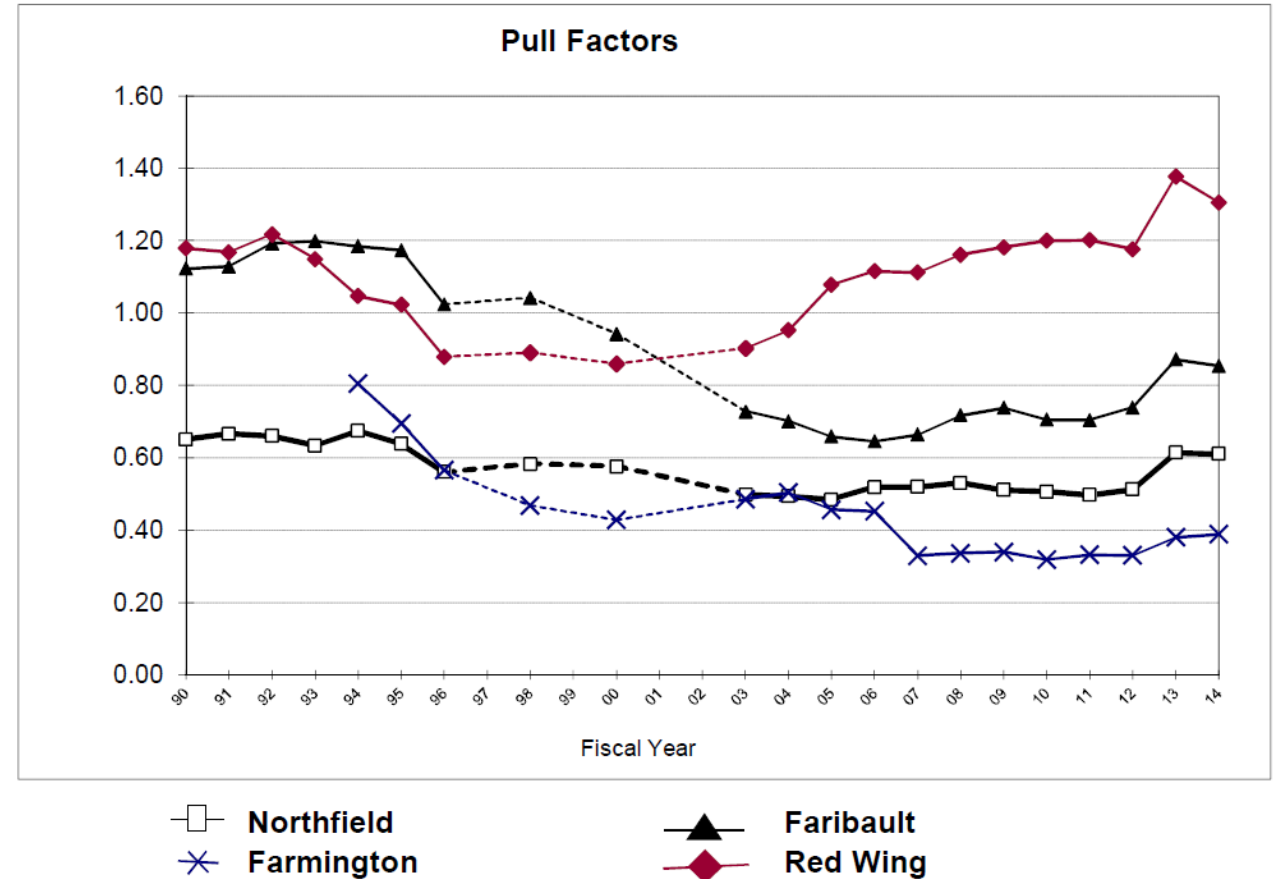
- 2014 Northfield Pull Factor: 0.61
- 2016 Pull Factor: Available in 2018

## Recommended Target:

- Target Pull Factor 0.75 (\$10 Million new taxable sales)

Comparison with Competing Trade Centers, 2014

Town	Population	Gross Sales (\$millions)	Taxable Sales (\$millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Northfield	20,313	\$541.58	\$108.82	371	\$5,357	0.61
Faribault	23,631	\$497.53	\$176.97	422	\$7,489	0.85
Farmington	22,386	\$164.21	\$76.44	242	\$3,415	0.39
Red Wing	16,505	\$627.91	\$189.09	407	\$11,457	1.31



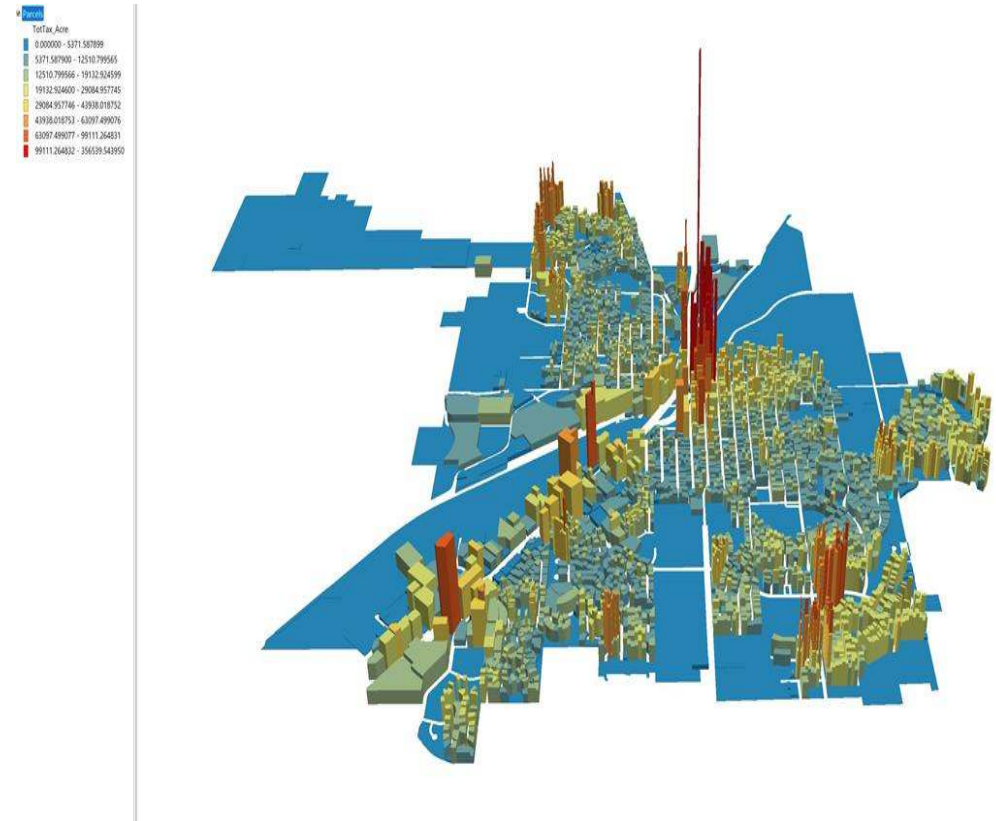
# Downtown SF: 70,000 Additional Square Feet

## Downtown Square Footage

- Increase new downtown buildings by 70,000 SF by 2020
- Examples:
  - Marriott Hotel: 61,088 SF
  - Municipal Liquor Store: 8-10,000 SF
  - Retail Development: 2-4,000 SF
  - Multi-Family Housing: 50-60,000 SF

## Alternatives:

- More than 2,000 SF goal
- Establish Total Tax Per Acre goal
- Additional car/bike parking goal



# AFFORDABLE HOUSING

*A Community Where Everyone Can Afford to Live*

DESIRED OUTCOME	KEY OUTCOME INDICATOR	TARGET
Grow & maintain affordable housing	<ul style="list-style-type: none"><li>- Affordable units</li><li>- Workforce units</li></ul>	# <u>40</u> total units by 2020
More senior units	Senior unit inventory	# <u>16</u> affordable senior units
Expanded supportive & emergency housing	<ul style="list-style-type: none"><li>- Supportive &amp; emergency housing units</li></ul>	# <u>8</u> new units



# Workforce & Affordable Workforce Housing

## Workforce Housing

- Households earning up to 120 percent of area median income (AMI)

*As defined by the Department of Housing & Urban Development (HUD).*

## Affordable Housing

- Households earning less than 80 percent of AMI

*As defined for eligibility to most HUD assistance programs.*

## Goal:

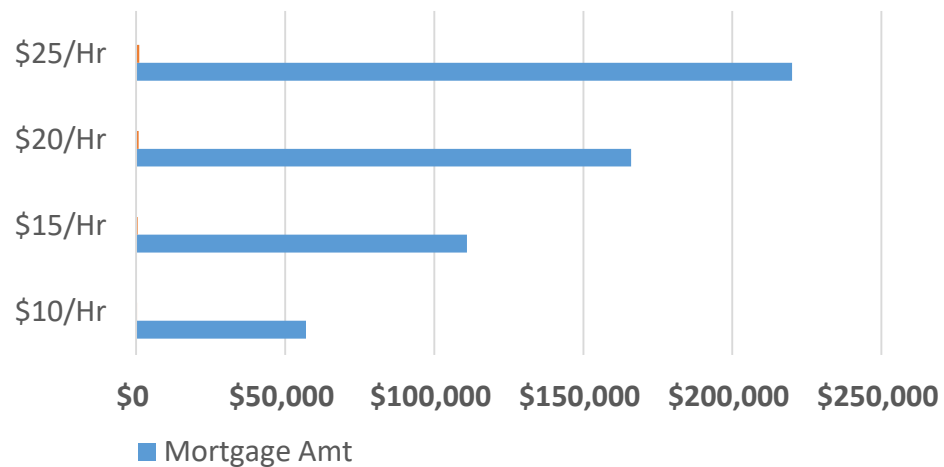
- **Add 120 workforce housing units by 2020**
  - **33% of new workforce housing to be affordable**
- 

# 60% of US workers make \$20/Hour or Less

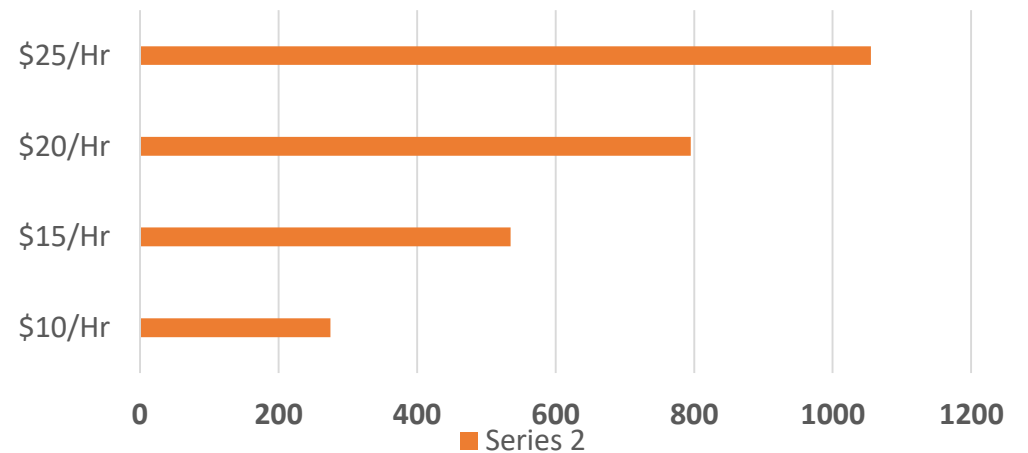
US Department of Labor Statistics

## Affordable

### Mortgage



### Monthly Rent



# Senior Housing

*Housing designed for seniors 55+ suitable for the needs of an aging population*

## Housing Types

- Independent Living – market rate and affordable
- Assisted Living
- Memory Care

Affordable - Affordable as defined by HUD=80% of AMI or less

## Goal:

- ***Add 177 senior housing units by December 2020.***
  - ***9% of new senior housing to be affordable***
- 

# Expanded supportive & emergency housing

Supportive housing is an evidence-based housing intervention that combines non-time-limited affordable housing assistance with wrap-around supportive services for people experiencing homelessness, as well as other people with disabilities. —*US Dept. of Housing & Urban Development*

Goal:

***Add 8 new units of supportive & emergency housing by 2020.***





**Date:** July 10, 2018  
**To:** Honorable Mayor & City Council  
**From:** Ben Martig, Northfield City Administrator  
**Subject:** **City Administrator's Report July 9, 2018**

**Action Requested:**  
None.

**Summary Report:**

Wastewater Treatment Plant: Update on July 3 Incident and Updates on January 8<sup>th</sup> (Flood) and May 29<sup>th</sup> (Fire) Events

Please see attached Powerpoint presentation for the Council meeting this evening. Public Works Director/City Engineer Bennett will be presenting this at the meeting under the City Administrator's Report agenda item.

Urban Land Institute (ULI) Navigating Your Competitive Future Workshop

ULI Minnesota has been engaged to conduct a "Navigating Your Competitive Future" workshop in Northfield on Wednesday, August 1. The NCF workshop will provide an opportunity for City leaders to interact with a panel of private sector and industry professionals regarding the current demographic trends, market preferences, and future growth opportunities in Northfield. Representatives from the City Council, Economic Development Authority, Housing & Redevelopment Authority, and Planning Commission will be invited to participate in the workshop. The event will take place on Wednesday, August 1 from 5:00 PM - 8:00 PM. The location for this event has not been finalized and will be determined in the next few days.

ULI Minnesota is a division of the Urban Land Institute (ULI), a nonprofit research and education organization with a mission of providing leadership in the responsible use of land and creating thriving and resilient communities. ULI MN advocates for progressive development practices focusing on sustainability, smart growth, compact development, place making, and workforce housing. The workshop aligns with the 2018-2020 EDA Strategic Plan as a way to improve communication between developers and elected/appointed officials of Northfield related to development opportunities.

Streets & Parks Supervisor Resignation

Streets & Parks Supervisor TJ Heinrich submitted a letter of resignation on June 27, 2018. July 11, 2018 was his last day. TJ has worked at the Streets & Parks Division in a variety of jobs for

over 20 years. We wish him all the best as the City of Le Sueur City Council approved his employment as Streets & Parks Manager on June 25, 2018.

### July 4<sup>th</sup> Fireworks

The 4<sup>th</sup> of July Fireworks were a success! We heard a number of positive comments regarding the show this year, particularly the spectacular finale. Thanks to public works and police department staff in particular for their work to make the event successful. Additionally, we thank the School District for the location that works very well.

### Special Referendum

Staff has prepared some updates on the pending special referendum related to Parks, Trails and Recreational Facilities as well as a new multi-purpose combination civic center and ice arena in Northfield.

### *Dundas Referendum*

The City of Dundas passed their resolution authorizing a special referendum this November at their meeting last evening

### *Supreme Court Impact on Local Sales Taxes for Online Sales*

See attached information from the League of Minnesota Cities related to the Supreme Court reversing decisions on taxation of online sales.

### *Excise Tax Clarifications*

There was a previous question related to whether the excise tax applied to leased vehicles. As explained in the Minnesota Department of Revenue Fact Sheet previously presented, a local option sales tax would apply to leased vehicles. However, the excise tax does not.

### *Excise Tax Estimates*

Staff is estimating that an excise tax of \$20 per motor vehicle in Dundas and Northfield would generate approximately \$45,000 per year. This is based on 2015-2017 averages for the cities of New Ulm, Hutchinson and Worthington that are somewhat comparable communities. This would be in addition to the estimated local option sales tax.

### *Estimated Total Sales Tax Assumptions*

See attached updated illustrations of a new multi-purpose combination civic center and ice arena in Northfield with different assumptions of sales tax growth. Additionally, we have subtotals of projections as well that relate to total local sales taxes that may be generated and how they would be allocated to each community. Staff will be using some of this information to prepare summary information for the public related to the pending referendum question.

### *Frequently Asked Questions*

City Administrator Martig is working on developing an informational page on the City website that includes factual information on the referendum, project scope, background information and frequently asked questions.

### **Alternative Options:**

Not applicable.

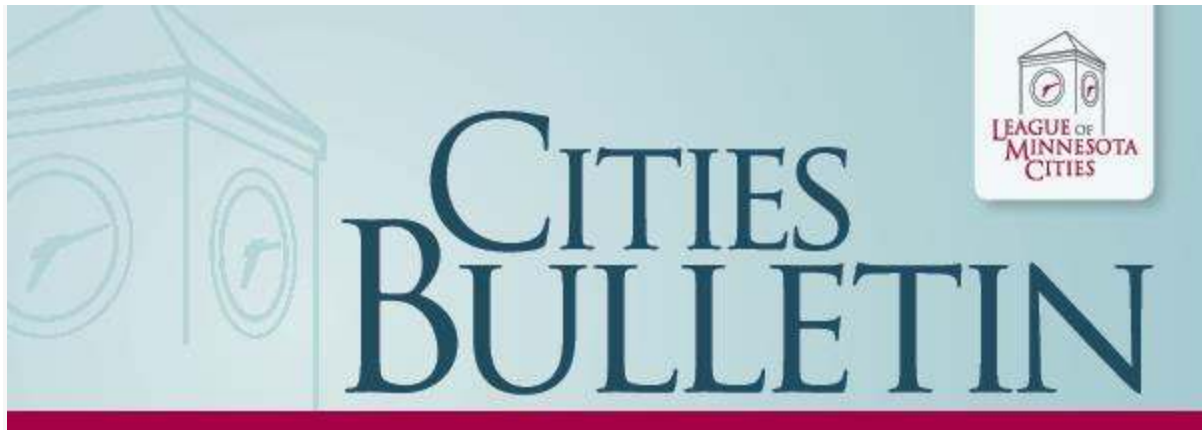
**Financial Impacts:**

Not applicable.

**Timelines:**

*Attachments:*

- *Timeline (pages 48-52)*



U.S. Supreme Court Reverses Decisions on Taxation of Online Sales

**Minnesota local governments with sales taxes should see positive financial impacts as a result of the decision.**

*(Published Jul 2, 2018)*

The U.S. Supreme Court handed down a major decision in [South Dakota v. Wayfair](#) on June 21, concluding that state and local governments can require remote retailers with no physical presence in a state to collect and remit sales taxes on purchases made by residents and businesses of that state. The decision reverses two previous decisions and will have a positive financial impact on states with sales and use taxes, including Minnesota, as well as Minnesota local units of government with local sales taxes. States and local governments that levy sales taxes have seen an erosion in the growth of sales tax collections as electronic commerce has rapidly expanded. Prior to the Wayfair decision, retailers that did not have a physical presence in a state could not be compelled to collect sales taxes from purchasers in that state.

In deciding the case, Justice Anthony Kennedy wrote the majority opinion and was joined by justices Ginsberg and Alito as well as Gorsuch and Thomas, who both filed concurring opinions. Kennedy's opinion suggested that the "physical presence" standard for retailers was both unsound and incorrect and that Wayfair, an e-commerce seller of home goods, maintained an extensive "virtual presence." He also suggested that the physical presence standard resulted in a "judicially created tax shelter" for some businesses.

Justice Roberts wrote the dissenting opinion and was joined by justices Breyer, Sotomayor, and Kagan. The dissent essentially suggests that the Court was wrong in reaching its conclusions under two earlier decisions, *National Bellas Hess v. Illinois* (1967) and *Quill v. North Dakota* (1992) but that Congress, not the Supreme Court, should act on the matter. The physical presence standard was initially established in *National Bellas Hess* and reaffirmed in the *Quill* decisions.

State preparations



Minnesota is well situated for the decision. Minnesota has been a participating member of the multi-state Streamlined Sales and Use Tax Project (SSUTP) and is one of 24 states that have enacted changes to our sales tax system to comply with the SSUTP standards. The SSUTP effort was initiated in direct response to the earlier U.S. Supreme Court decisions that cited “undue burden” on interstate commerce as the basis for preventing states from enforcing collection responsibility on retailers without a physical presence in a state.

In addition, in 2017 the Legislature enacted changes in Minnesota’s sales tax statutes that extended the duty to collect and remit sales tax to a much broader array of online retailers, remote sellers, and marketplace providers making retail sales to Minnesota individuals and businesses. The 2017 changes were scheduled to be effective July 1, 2019 or earlier if the Supreme Court or Congress allows for collection of sales tax on remote sellers.

#### Impact on Minnesota cities

Keep in mind that most city local option sales taxes are structured to fund a specific capital project and any increase in local sales tax collections will likely only complete the funding of that project earlier than expected, after which the current local sales tax would automatically sunset.

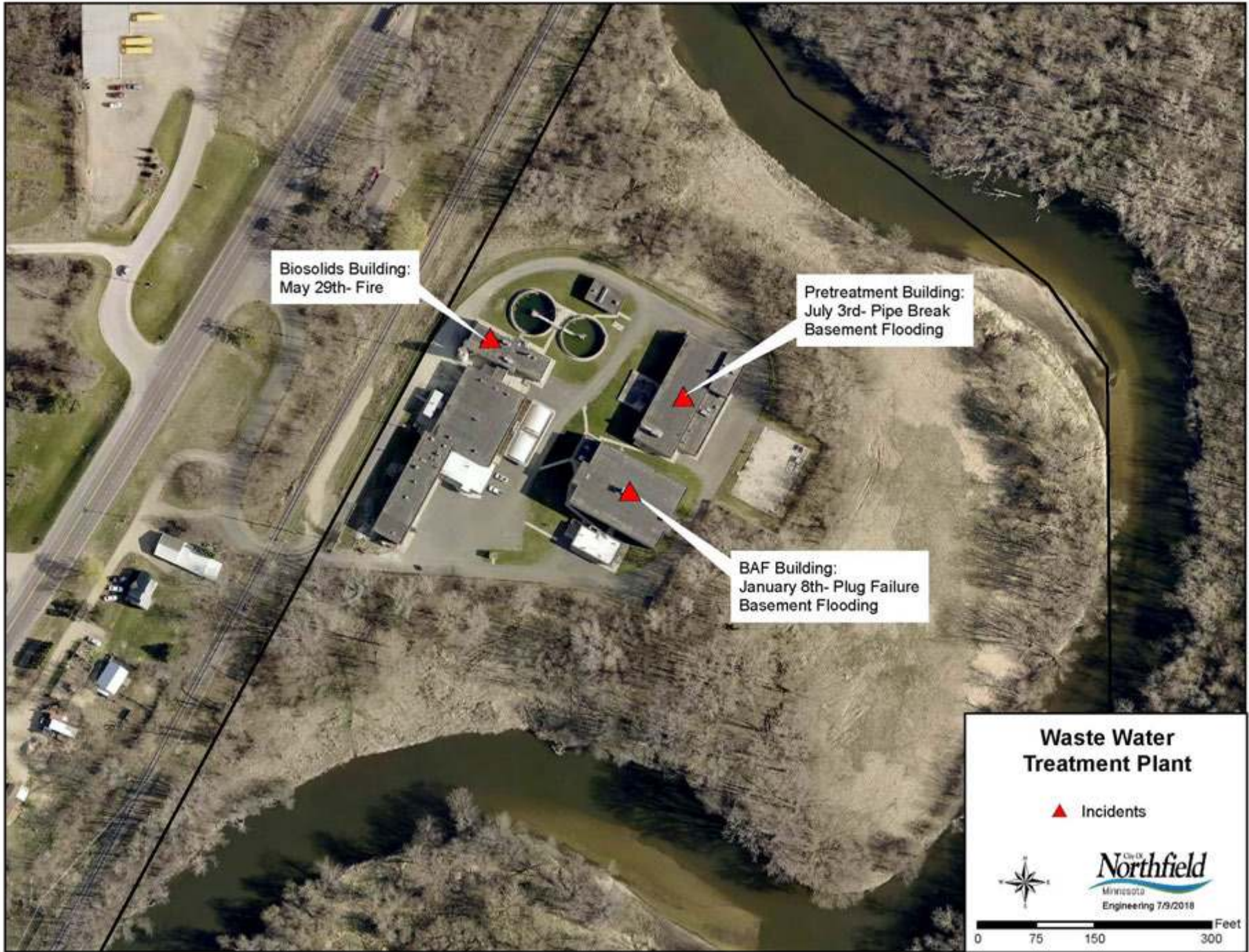
According to initial estimates prepared by the [Government Accounting Office](#), the decision will likely result in a roughly \$132 million to \$206 million increase in annual state and local revenues under the expanded tax collection responsibility to non-Minnesota retailers. That range of estimates suggests sales tax collections will increase by roughly 2.5 percent to 3.5 percent over current collections, which cities can use as a ballpark estimate of the local impact.

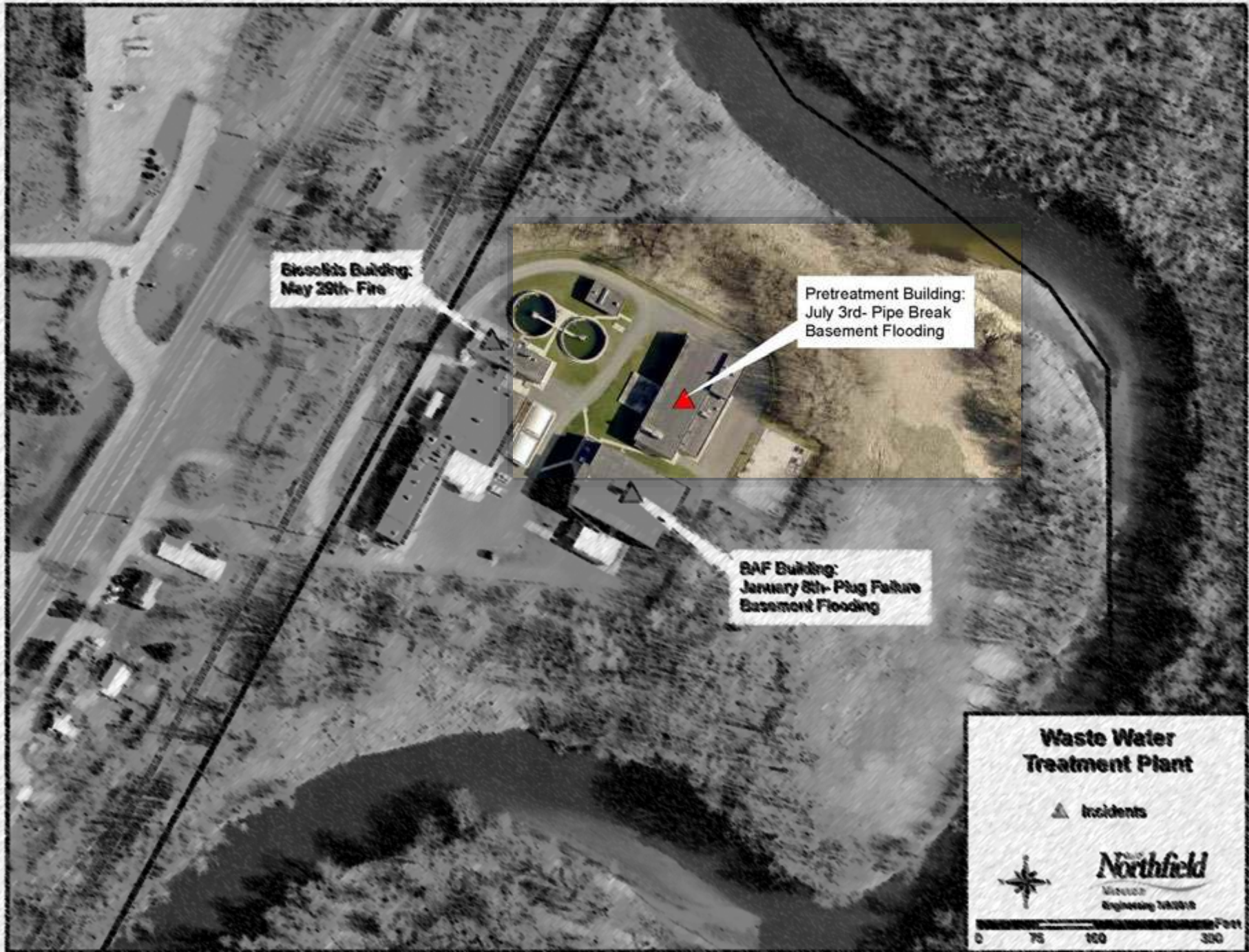
Technically, much of the projected increase in collections has been previously due but not paid as [use tax](#) by consumers. The state’s use tax is considered a complement to the sales tax when sales tax is not collected, however the consumer, as opposed to the retailer, is responsible for remitting the use tax. Now more use tax obligations will be collected as sales tax instead by sellers.

The Minnesota Department of Revenue is in the process of analyzing the Wayfair decision as well as the 2017 changes enacted by the Legislature in order to develop advice for online retailers, remote sellers, and marketplace providers. The department is directing retailers to the [Streamlined Sales Tax Registration System](#) that will allow a retailer to collect, report, and pay sales taxes to all 24 of the SSUTA-member states. At this point, it appears that the earliest the collection responsibility will be imposed on retailers will be Oct. 1, 2018.

# Wastewater Treatment Plant Incidents Update

July 10, 2018





# Pretreatment Building: Pipe Break 7-3-18



During



After

# Pretreatment Building: Pipe Break 7-3-18



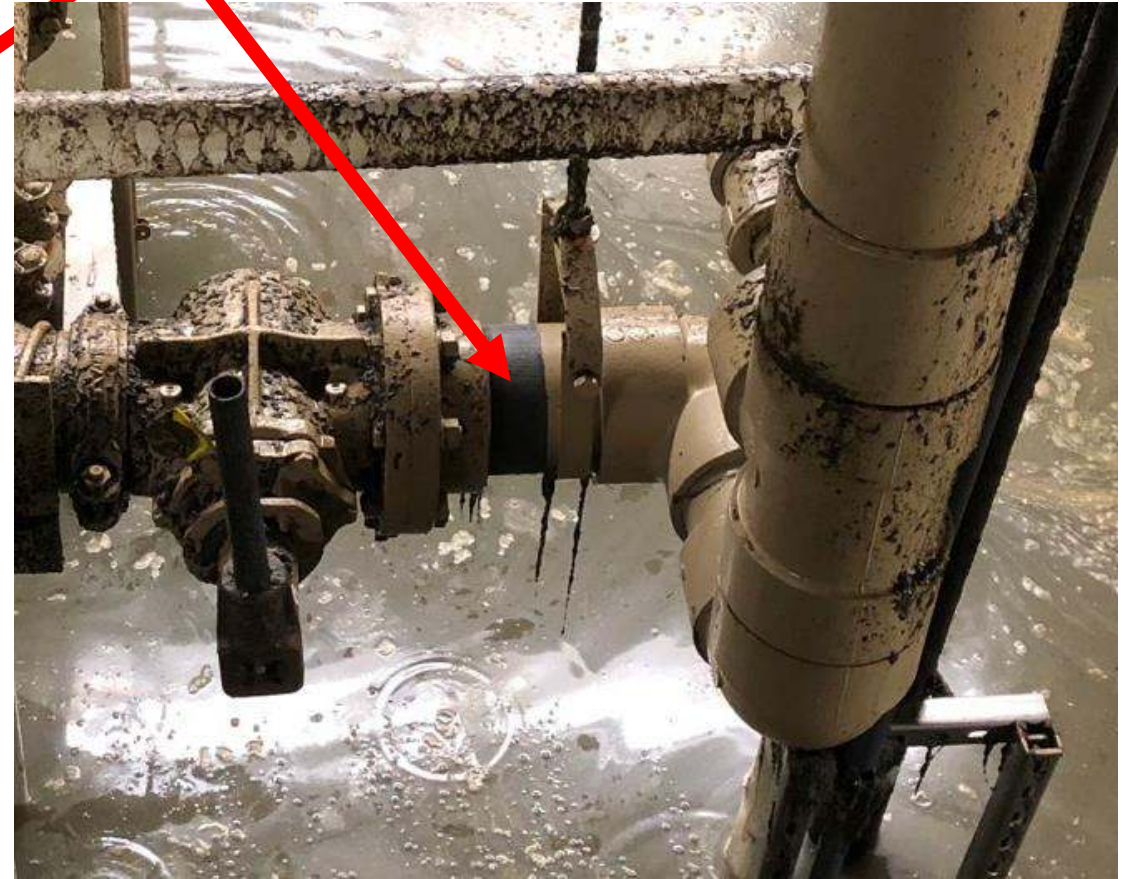
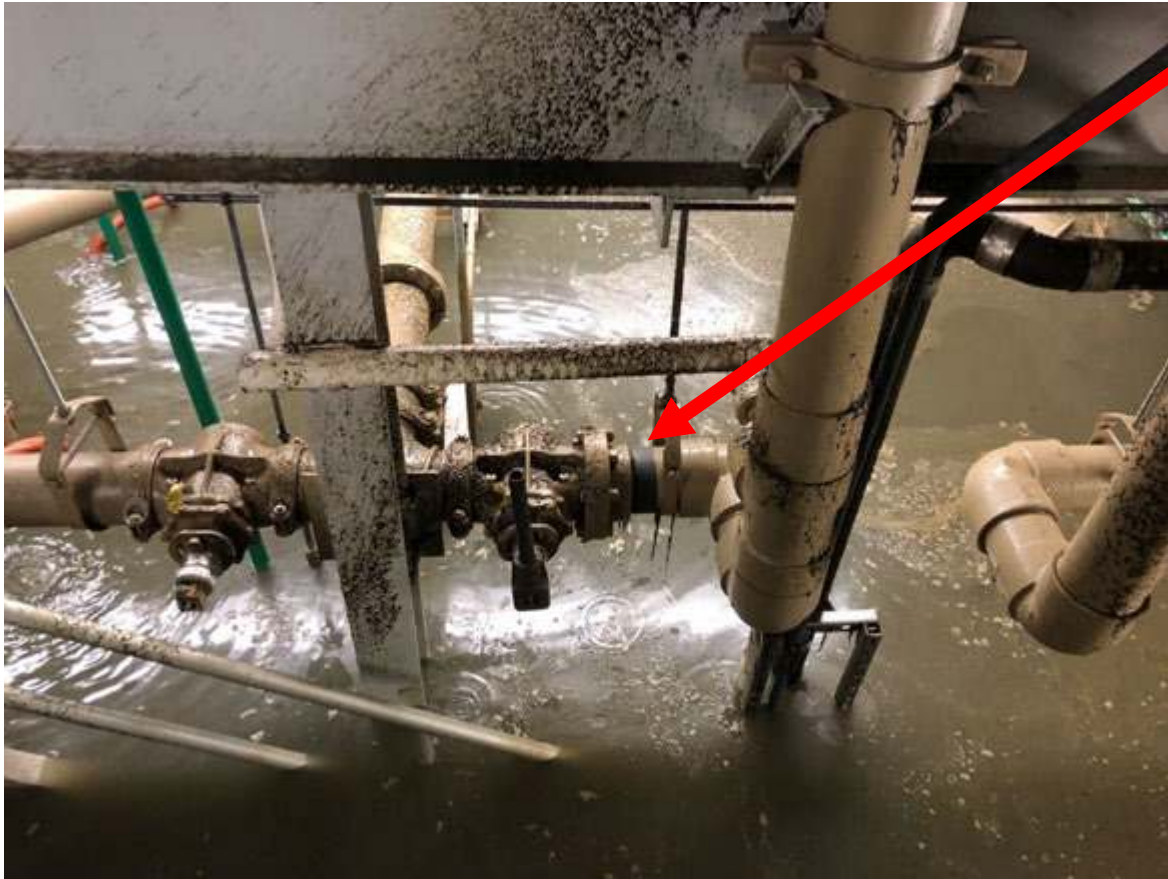
During



After

# Pretreatment Building: Pipe Break 7-3-18

Pipe Break – PVC Pipe Connection Joint



Same Image as on left - Closer view

# Pretreatment Building: Pipe Break 7-3-18



Same Image as on left - Closer view



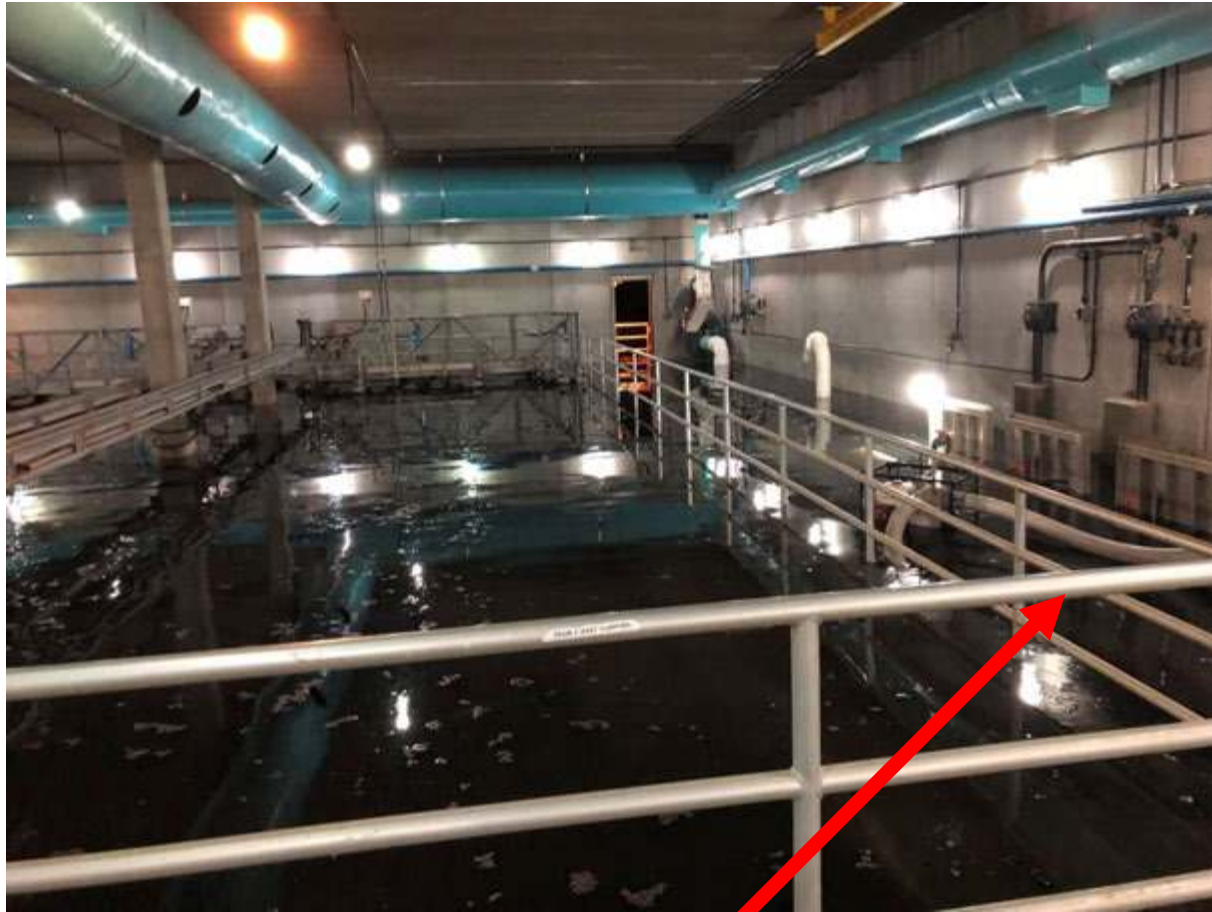
# Pretreatment Building: Pipe Break 7-3-18



Reinforcement Rods Installed Post-Event



# Pretreatment Building: Pipe Break 7-3-18



Location of 3 Submersible pumps



Submersible pump upon inspection

# Pretreatment Building: Pipe Break 7-3-18



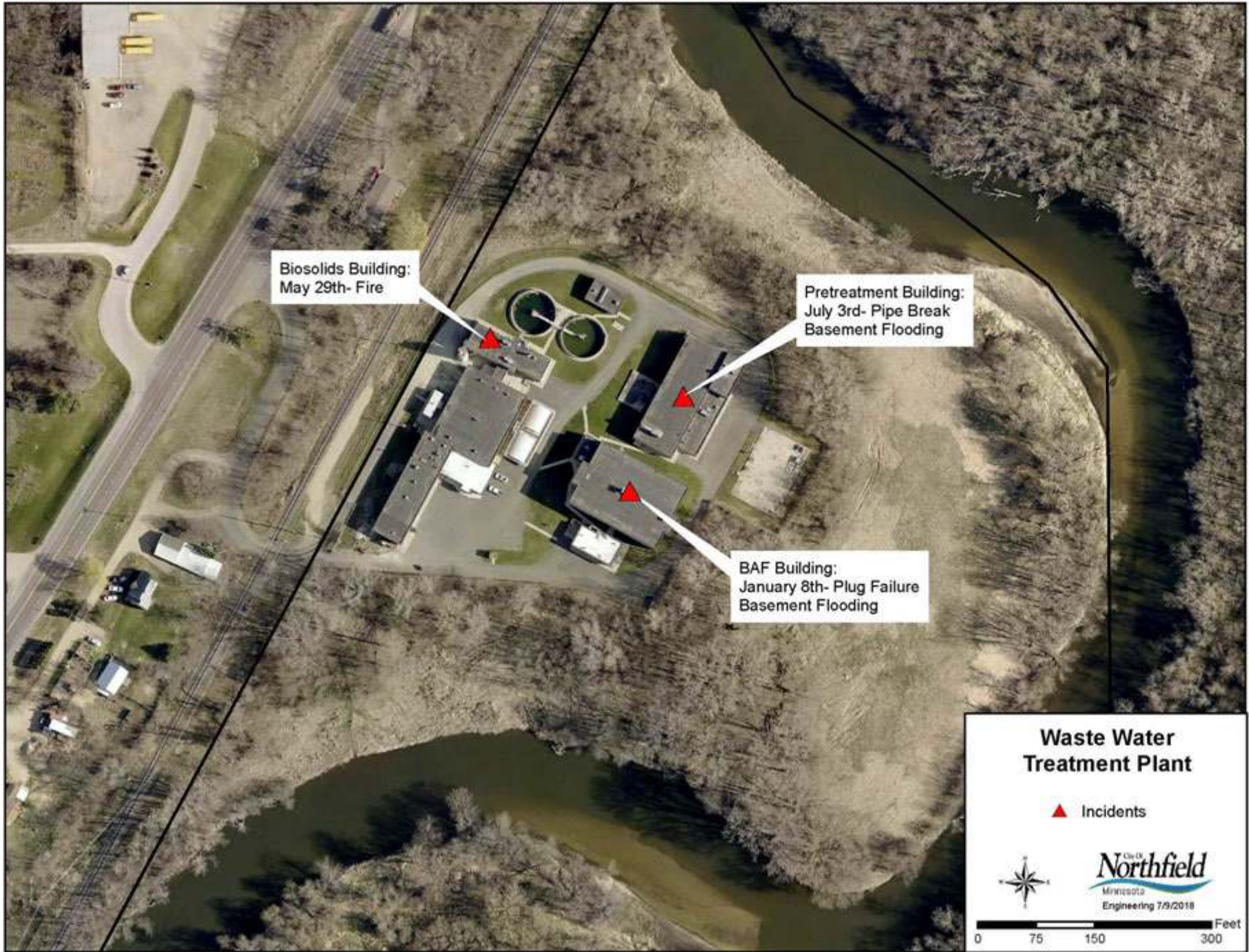
Electrical Panel Replacements  
(pre-installation)

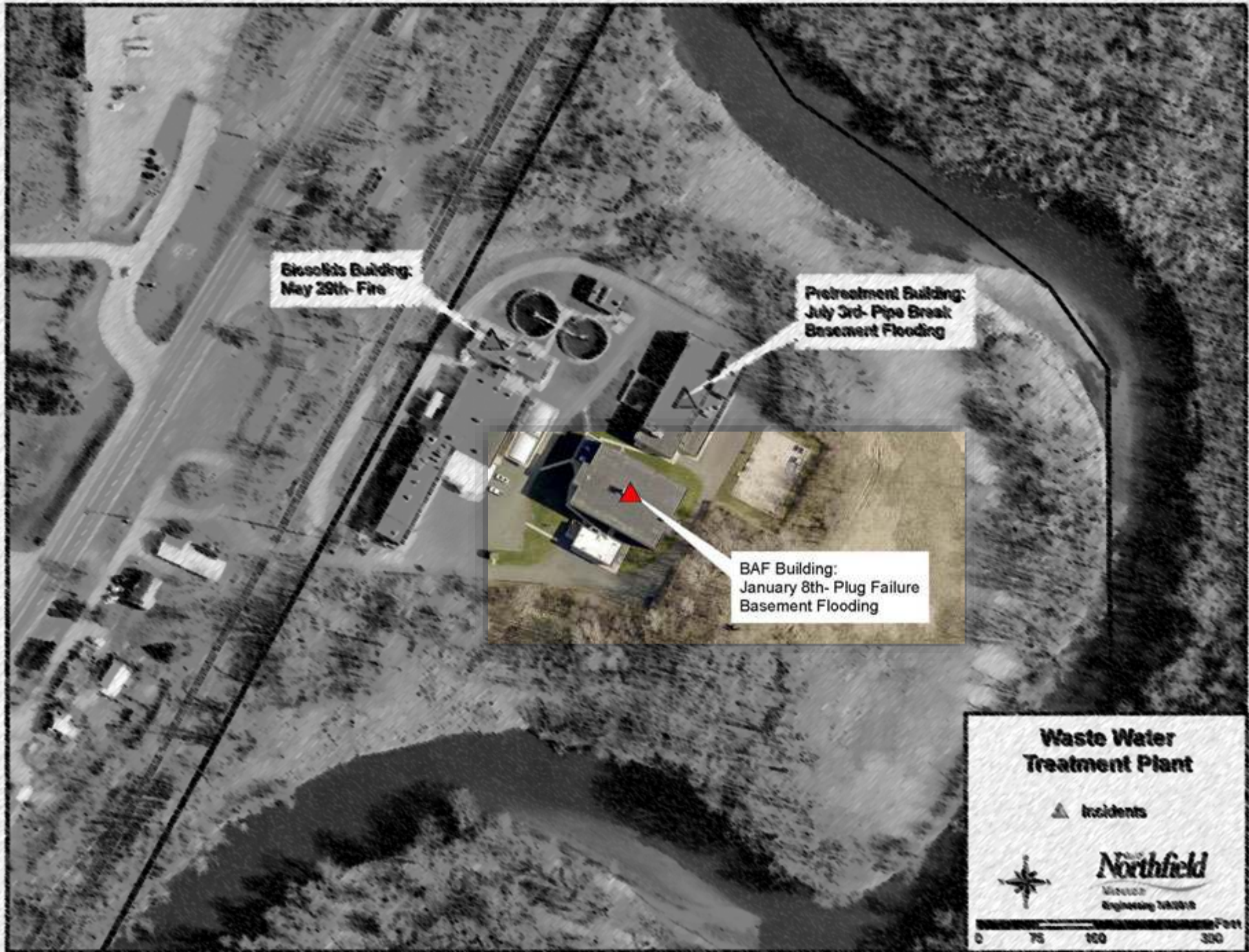
# Pretreatment Building: Pipe Break 7-3-18

- Repairs
  - 3 New Control Panels = \$15,000
  - Replace Electrical Wiring = rough estimate \$10,000-30,000
  - Reinforced pipe joints
    - concurrently reviewing the engineering of this system (old plan details and new review)
  - Engineering review of the pipe

# Pretreatment Building: Pipe Break 7-3-18

- Communications
  - MPCA
  - Political Jurisdictions (Dakota County, Goodhue County, Cities, Townships) Along Cannon River
  - Public Press Releases
- Environmental
  - Flow Rates
  - Testing





# BAF Building: Plug Failure 1-8-18

- Biologically Aerated Filtration (BAF) Building
- Pipe plug came out flooding room about 5' high
- During pumping operations the temporary pipe came loose causing some partially treated wastewater discharge overland (375 gallons).
- New plug was installed and back operating by 7 a.m. the next morning
- Total of 10 pressure transducers had been exposed and needed replacement.
- Emergency declaration made by Mayor and council to allow expedited repairs.
- Total original cost estimated 1-9-18 about \$200,000.
- Actual cost \$174,099 as of 7-9-18 insurance file pending closure.



# BAF Building: Plug Failure 1-8-18

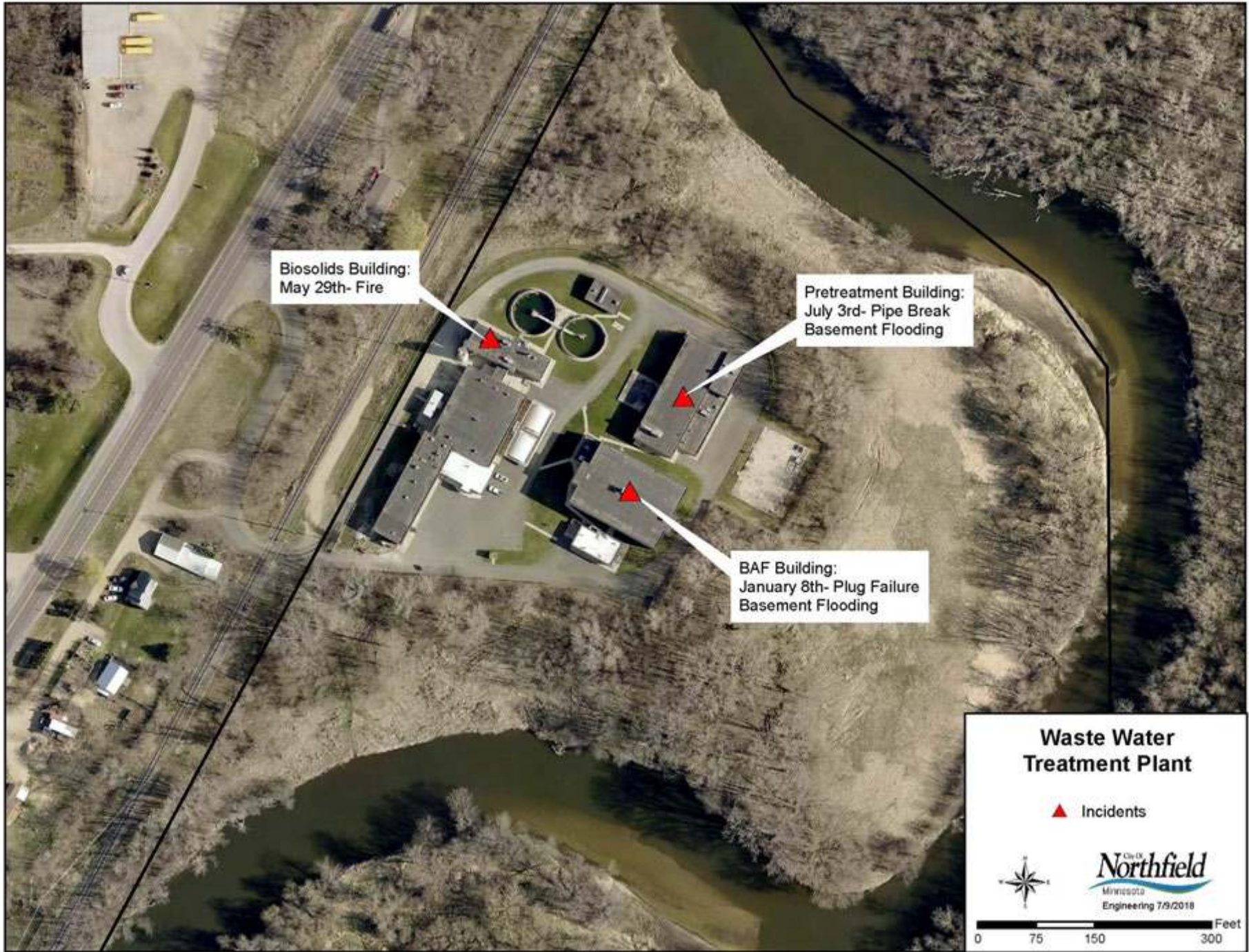
High Water Mark

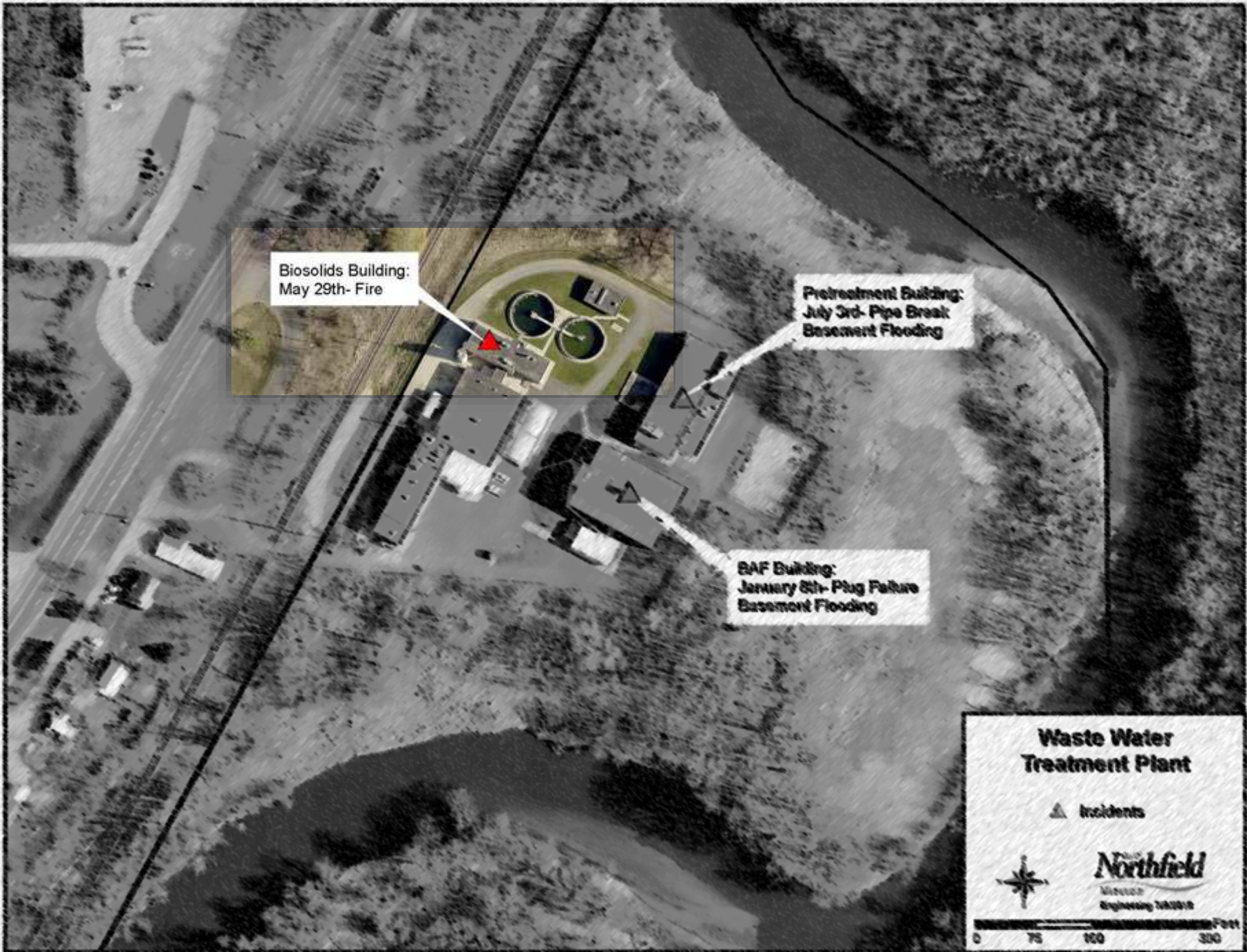


1-8-18 Event Photo



1-8-18 Photo





**Biosolids Building:**  
May 29th- Fire

**Pretreatment Building:**  
July 3rd- Pipe Break  
Basement Flooding

**BAF Building:**  
January 8th- Plug Failure  
Basement Flooding

**Waste Water  
Treatment Plant**

▲ Incidents



**Northfield**  
Norton  
Engineering 1888

0 75 100 300 Feet

# Biosolids Building: Fire 5-29-18

- Biosolids Operations Process Ended Late Afternoon
- City's Process alarm began around 9:30 p.m. for wastewater.
- Fire Department 9:39 p.m. dispatched and arrived 9:48 p.m.
- Building Power Shutdown around 10 PM Causing Ultraviolet (UV) Disinfection
- Process to be shutdown
- 10:45 UV was back online
- Notified Duty Officer-Pollution Control Agency
- Fire Department incident handed back to City and plant management at 11:25 p.m.



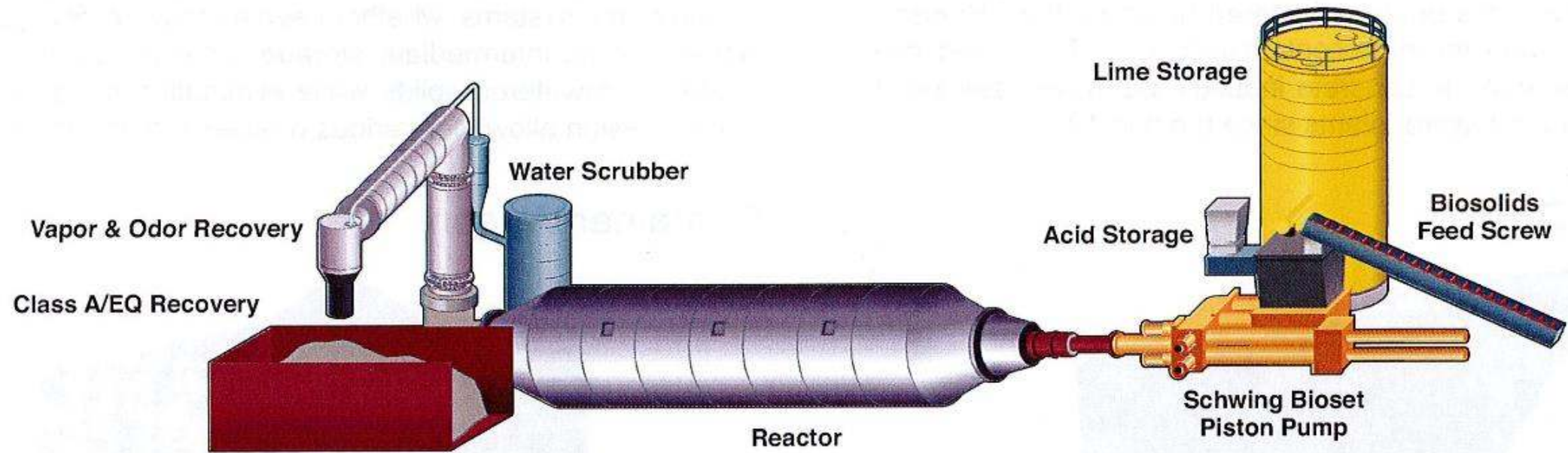
Image from June 5 Council Presentation

# Biosolids Building: Fire 5-29-18

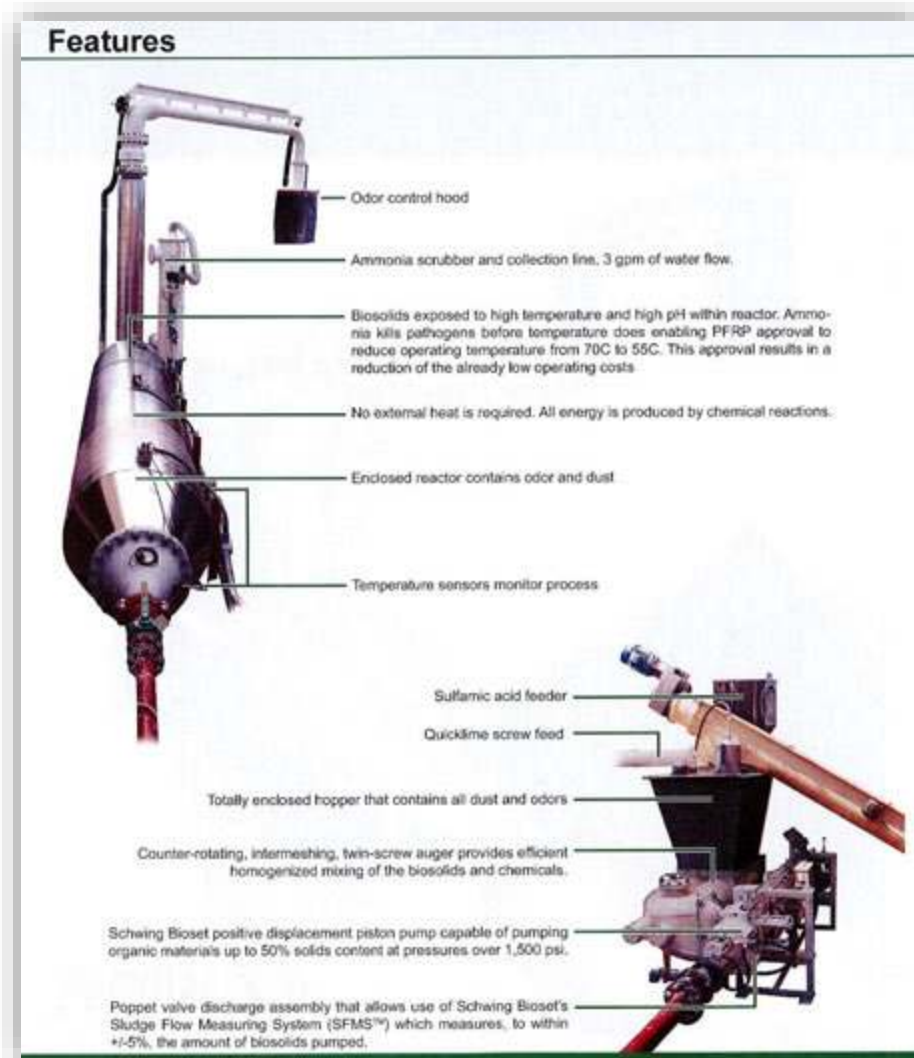


- Fire Marshall did not investigate as no indication of foul play.
- Insurance Fire Investigation Report under review.
- Presentation scheduled for City Council next week at regular meeting.
- Will explain alarm system in place and response as well as findings.
- There is no reason to believe there was any negligence from an operational standpoint related to the fire and procedures followed.

# Biosolids Building: Fire 5-29-18



# Biosolids Building: Fire 5-29-18



- There are 2 approaches, this is the superior one.
- Adds additional 20-year growth for city based on projections.
- Less staff operational time than current (estimated 18 hrs/wk versus 30 hrs/wk)
- Better for the Environment due to less energy – no heating elements.
- Has been ordered with delivery 4-7 Months
- <https://www.youtube.com/watch?v=4504McmT0-k>

# Biosolids Building: Fire 5-29-18

Description	Cost Current: new (\$)	Cost Existing System Compare (\$) for Insurance	Cost Facility Study 2015 Estimate (\$)
Biosolids Processing Equipment (including demolition)	4,225,320	4,125,095	3,025,000 <i>* Note \$3,478,750 for 2021 in current CIP</i>
Scrubber	315,000	315,000	Not in plan
Cleaning	77,115	77,115	Not in plan
Blower	53,770	53,770	Not in plan
Chemical Feed System	115,288	115,288	Not in plan
<u>Contingencies (10%)</u>	<u>44,588</u>	<u>44,588</u>	<u>Included in original above.</u>
<b>Total Cost</b>	<b>4,584,908</b>	<b>4,484,683</b>	<b>3,478,750</b>

*Note: The first column compares to just replacement of the existing system (that insurance uses to determine payout) and the last column to compare to our 5-year Capital Improvement Plan plus with inflation.*



# Cost and Source of Funding

Event Reference	Total Estimated Costs (\$)
Pretreatment Building: Pipe Break 7-3-18	25,000 - 45,000
BAF Building: Plug Failure 1-8-18	174,099
<u>Biosolids Building: Fire 5-29-18</u>	<u>5,000,000 - 6,000,000</u>
Total	<u>5,199,099 - 6,219,099</u>

Funding Summary	Dollars (\$)
City Cash “Out of Pocket” Costs	
Annual aggregate premium – Insurance Reserve Fund “cash”	100,000
<u>New process upgrade – Wastewater Fund “cash”</u>	<u>100,225</u>
Subtotal City “Out of Pocket” Costs	200,225
LMCIT Insurance	4,998,874 – 6,018,874

- *League of Minnesota Cities Insurance Trust policy = \$25,000 deductible per occurrence; \$100,000 annual aggregate deductible.*
- *There is no “experience modification” directly affecting the City of Northfield’s future premium.*

# Summary of Actions Resulting From Events

- Added engineering consultation in advance of maintenance project for added layer or review and contingency planning (related to January event).
- Will be evaluating fire monitoring, suppression and equipment standard operating and maintenance plans in preparation of the new equipment install (related to May fire event)
- Short-term fixes and engineering review of system design (related to July pipe break).
- Staff researching options for a Council recommendation for an independent operational study (separate from our current consultant) evaluating our wastewater plant policies, procedures and best practices related to treatment system.
- Staff researching options for a Council recommendation for proposed major update to the 2016 Facility Plan and prioritization in light of major replacement scheduled in 2021 being completed now with biosolids. Staff is exploring an added component with a focus on a risk assessment of existing system and potential solutions to mitigate potential issues.
- Other actions may be taken dependent on ongoing review and findings.

# Concluding Remarks

- These were separate and unrelated events as outlined in this presentation.
  - Despite this, these are serious incidents.
  - Staff is concerned and committed to eliminating a repeat action of these through specific actions based on these separate and unique events.
  - Staff is also committed to explore other potential risks to mitigate potential future issues by looking both at equipment, processes, and procedures.
- The incidents are not a result of inadequate staffing or management.
- The incidents have not been identified to be a result of any failure to follow any prescribed procedure or policies.
- Our facility is not in a substandard condition. However, we must continue to make investments.

# Next Council Updates

July 13

- Invitation small group tour of plant (Council/local media) . Will be limited public access due to security & operational concerns.

July 17

- Staff Council presentation on Fire Insurance Investigation Report and Alarm System Explanation & Timelines.
- Other related updates as available.



## **Navigating Your Competitive Future**

**A ULI Minnesota (ULI MN) public official education  
workshop**

ULI Minnesota initiated the Navigating the New Normal (now called “Navigating Your Competitive Future”) workshop series in the Fall of 2011. The underlying purpose of these workshops is to foster a meaningful dialogue between public and private sector leaders with respect to the challenges and opportunities of development and redevelopment created by today’s economic realities. In particular, Navigating Your Competitive Future workshops endeavor to:

- Connect a city’s demographic trends, market preferences and future growth patterns with the realities of the market place.
- Emphasize the critical importance of communication and partnerships between cities and the development community.
- Identify strategies to position cities to be competitive and sustainable by attracting the best possible (re)development.

Navigating Your Competitive Future workshops are two hour, interactive dialogues with city leaders and a panel of ULI Minnesota real estate industry professionals. City participants are typically the City Council, the Planning Commission and Community Development staff. Depending on the city’s structure, other participants include Housing and Redevelopment Authority boards, Economic Development Authority boards, Port Authorities, mortgage assistance boards, housing, parks and environmental sustainability committees. Since 2011, ULI Minnesota has conducted over 65 workshops in Minnesota communities including Minneapolis, St. Paul, Duluth, Austin, Brainerd and Rochester.



## ADVISORY SERVICES

### 2017 NAVIGATING YOUR COMPETITIVE FUTURE IMPACT REPORT

With trust in government at or near historic lows and the federal government pushing more responsibility down to the local level, **it is more challenging than ever for public officials to create thriving communities.** Cities are caught between a rock and a hard place—people mistrust government even as government is asked to do more. **ULI Minnesota's Advisory Services provide a way forward** by convening public officials and private sector partners to build civic trust and promote informed decision-making.

Navigating Your Competitive Future (NCF) workshops connect elected and appointed officials with a panel of industry leaders in housing/mixed-use development, commercial/industrial development, community development, planning, architecture, and public finance. Panelists offer a **fact-based, nonpartisan examination of real estate and development market challenges** tailored to fit each city.

These two hour workshops are an opportunity for **ULI MN's real estate industry professionals to contribute their time and talent meaningfully to build thriving Minnesota communities.** ULI Minnesota is able to offer NCF sessions free of charge to cities thanks to the generous funding support of Minnesota Housing, Metropolitan Council and Greater Minnesota Housing Fund.

### NUMBERS SINCE 2011

- 64 NCF WORKSHOPS** held with Minnesota cities and partner organizations.
- 2.5 MILLION** aggregate population of cities that have hosted NCF workshops.
- 7 CITIES** held a second workshop to inform new leaders and stay on top of trends.
- 83 REAL ESTATE LEADERS** have served as volunteer panelists.
- 1,600 VOLUNTEER HOURS** of time and talent contributed.
- \$250,000** estimated value of hours our members volunteered to NCF workshops.

### RESOURCES

- (Re)Development Ready Guide
- HousingCounts.org
- Annual Housing Summit
- Mixed Income Feasibility Calculator
- Technical Assistance Panels
- Product Councils

### WHAT CAN I DO? WHAT CAN WE DO TOGETHER?

81 South 9<sup>th</sup> Street  
Suite 310  
Minneapolis, MN 55402

612-338-1332  
minnesota.uli.org

# THEMES FROM OUR PANELISTS

**Strong, collaborative city leadership is critically important for attracting development.**

**Cities must develop a clear vision, react to opportunities, create innovative financial tools and leverage their key assets.**

**Strong policies to preserve the affordability and quality of existing housing stock should be incorporated into comprehensive plans.**

**More than ever, a full range of housing choices is integral to a city's economic development strategy because it helps employers attract and retain workers.**

**In many markets, construction of new multifamily housing is economically infeasible without local support.**

**Be flexible with land use and zoning, city fees, and financing sources to remove barriers that affect housing production.**

**Hold additional NCF workshops as leadership changes to continue helping public officials make informed decisions.**

# FEEDBACK FROM CITIES IN 2017

## ROSEVILLE

One panelist said that "Roseville is not on the 'radar screen' of the development community." **This was an important to hear and resonated with the Council.**

## WATERTOWN

**As a result of the NCF, we started a visioning process for a redevelopment of the Carver County site.** The takeaway from the workshop was the need for the City to be able to articulate a vision for this property.

## BELLE PLAINE

NCF provided an opportunity to discuss the advantages of allowing increased densities, the importance of better connections to the Minnesota River, the importance of workforce housing, and the importance of connectivity with sidewalks and trails. **A city-owned downtown redevelopment parcel has morphed into a bigger site with the possibility of higher densities as a result of the workshop.**

## WAYZATA

**The workshop helped the Council expand their thinking to a broader regional context.** It helped them think outside the box such as, what are the opportunities for higher density developments and housing in areas like Wayzata Blvd? This is a great program, and we would like to do it again as leadership changes.

## HUGO

**The workshop gave the Council a much better understanding of today's affordable housing products and dispelled some pre-conceived ideas.** The City decided to create a housing policy section as part of the implementation chapter of their comprehensive plan update with policies regarding affordable housing.

## VADNAIS HEIGHTS

**It was important for the Council to hear the thought process of the development industry when it comes to selecting a site/community for development, especially the importance of a community vision.** The workshop prompted discussions about diversifying the City's housing stock such as including high density housing in the City Center and the possibility of City financial participation in housing projects.

## 2017 NCFs

Belle Plaine

Brooklyn Park

Farmington

Fridley

Golden Valley

Hastings

Hugo

Lakeville

Roseville

Shoreview

Vadnais Heights

Watertown

Wayzata

# U.S. Supreme Court Reverses Decisions on Taxation of Online Sales

**Minnesota local governments with sales taxes should see positive financial impacts as a result of the decision.**

*(Published Jul 2, 2018)*

The U.S. Supreme Court handed down a major decision in *South Dakota v. Wayfair* (*Link to: [https://www.supremecourt.gov/opinions/17pdf/17-494\\_j4el.pdf?inline=true](https://www.supremecourt.gov/opinions/17pdf/17-494_j4el.pdf?inline=true)*) on June 21, concluding that state and local governments can require remote retailers with no physical presence in a state to collect and remit sales taxes on purchases made by residents and businesses of that state.

The decision reverses two previous decisions and will have a positive financial impact on states with sales and use taxes, including Minnesota, as well as Minnesota local units of government with local sales taxes. States and local governments that levy sales taxes have seen an erosion in the growth of sales tax collections as electronic commerce has rapidly expanded. Prior to the *Wayfair* decision, retailers that did not have a physical presence in a state could not be compelled to collect sales taxes from purchasers in that state.

In deciding the case, Justice Anthony Kennedy wrote the majority opinion and was joined by justices Ginsberg and Alito as well as Gorsuch and Thomas, who both filed concurring opinions. Kennedy's opinion suggested that the "physical presence" standard for retailers was both unsound and incorrect and that *Wayfair*, an e-commerce seller of home goods, maintained an extensive "virtual presence." He also suggested that the physical presence standard resulted in a "judicially created tax shelter" for some businesses.

Justice Roberts wrote the dissenting opinion and was joined by justices Breyer, Sotomayor, and Kagan. The dissent essentially suggests that the Court was wrong in reaching its conclusions under two earlier decisions, *National Bellas Hess v. Illinois* (1967) and *Quill v. North Dakota* (1992) but that Congress, not the Supreme Court, should act on the matter. The physical presence standard was initially established in *National Bellas Hess* and reaffirmed in the *Quill* decisions.

## State preparations

Minnesota is well situated for the decision. Minnesota has been a participating member of the multi-state Streamlined Sales and Use Tax Project (SSUTP) and is one of 24 states that have enacted changes to our sales tax system to comply with the SSUTP standards. The SSUTP effort was initiated in direct response to the earlier U.S. Supreme Court decisions that cited "undue burden" on interstate commerce as the basis for preventing states from enforcing collection responsibility on retailers without a physical presence in a state.

In addition, in 2017 the Legislature enacted changes in Minnesota's sales tax statutes that extended the duty to collect and remit sales tax to a much broader array of online retailers, remote sellers, and marketplace providers making retail sales to Minnesota individuals and businesses. The 2017 changes were scheduled to be effective July 1, 2019 or earlier if the Supreme Court or Congress allows for collection of sales tax on remote sellers.

## Impact on Minnesota cities

Keep in mind that most city local option sales taxes are structured to fund a specific capital project and any increase in local sales tax collections will likely only complete the funding of that project earlier than expected, after which the current local sales tax would automatically sunset.

According to initial estimates prepared by the Government Accounting Office (*Link to: <https://www.gao.gov/assets/690/688437.pdf?inline=true>*), the decision will likely result in a roughly \$132 million to \$206 million increase in annual state and local revenues under the expanded tax collection responsibility to non-Minnesota retailers. That range of estimates suggests sales tax collections will increase by roughly 2.5 percent to 3.5 percent over current collections, which cities can use as a ballpark estimate of the local impact.



Technically, much of the projected increase in collections has been previously due but not paid as use tax (*Link to: [http://www.revenue.state.mn.us/individuals/use\\_tax\\_individ/pages/individual\\_use\\_tax.aspx](http://www.revenue.state.mn.us/individuals/use_tax_individ/pages/individual_use_tax.aspx)*) by consumers. The state's use tax is considered a complement to the sales tax when sales tax is not collected, however the consumer, as opposed to the retailer, is responsible for remitting the use tax. Now more use tax obligations will be collected as sales tax instead by sellers.

The Minnesota Department of Revenue is in the process of analyzing the Wayfair decision as well as the 2017 changes enacted by the Legislature in order to develop advice for online retailers, remote sellers, and marketplace providers. The department is directing retailers to the Streamlined Sales Tax Registration System (*Link to: <https://www.sstregister.org/>*) that will allow a retailer to collect, report, and pay sales taxes to all 24 of the SSUTA-member states. At this point, it appears that the earliest the collection responsibility will be imposed on retailers will be Oct. 1, 2018.

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)

\* By posting you are agreeing to the LMC Comment Policy (*Link to: <http://www.lmc.org/page/1/comment-policy.jsp>*) .

0 Comments

MinnesotaCities

 Login ▾

 Recommend

 Share

Sort by Best ▾



Start the discussion...

LOG IN WITH

OR SIGN UP WITH DISQUS 

Name

Be the first to comment.

 Subscribe  Add Disqus to your siteAdd DisqusAdd  Disqus' Privacy PolicyPrivacy PolicyPrivacy

## Your LMC Resource

### Contact Gary Carlson

IGR Director

(651) 281-1255 or (800) 925-1122

[gcarlson@lmc.org](mailto:gcarlson@lmc.org) (*Link to: <mailto:gcarlson@lmc.org>*)

## Meet our city vendors!