

City of Shakopee
MEMORANDUM

TO: Bill Reynolds, City Administrator

Copy: Darin Nelson, Finance Director

FROM: Steve Lillehaug, City Engineer/Public Works Director

SUBJECT: Sewer Service Evaluation – 225 Sommerville Street

DATE: October 9, 2017

Introduction

This memorandum provides the background and information to evaluate options to provide sewer service to 225 Sommerville Street. It also provides information to evaluate the costs and potential financing.

Background

Sometime mid to late 2016, the single-family home at 225 Sommerville Street experienced a sanitary sewer backup. While it was assumed this property was hooked up to the city's sanitary sewer, it was investigated and discovered that it was not. It is apparent that this property exists with an individual sanitary sewer treatment system/holding tank that is owned by the property owner.

As early as April 2017, Franklin Haws had discussions with the city about connecting to the city's sanitary sewer for his property at 225 Sommerville Street. In most cases, it would have been expected that a typical sanitary sewer service for future connection would have been stubbed out to the property when the mainline sanitary sewer was installed in this neighborhood. However, not only is a service stub not present at this property, a city sewer line is also not within proximity to the property.

Other miscellaneous background information:

- Neighborhood sewer was installed in 1954.
- An assessment search resulted in no identified past or current assessments for any sanitary trunk, lateral or connection improvements.
- A building permit for a sanitary sewer repair in 2016 exists. It is assumed this was for the backup of the private system.
- Apparently and mistakenly, the city charged this property a monthly sanitary sewer utility fee between the period of April 22, 2009 to November 18, 2016. The change occurred upon a routine city audit where it was assumed this property was hooked up but was

not. A full refund in the amount of \$835.25 was provided recently to the property owner (see attached Sewer Charge Summary).

- Approximately 700-800 properties in Shakopee exist that are not connected to city sewer.

City Ordinance

In accordance with City Ordinance 52.08 (see Figure 1), the property is not required to hookup to City sewer at this time. However, in being a good steward and in consideration of the wellhead protection plan, it is recommended to eliminate all individual sanitary sewer treatment systems when a public system is available and when feasible to do so. Additionally, this parcel is within the city's municipal urban service area for sewer service, understanding that the intent and goal of establishing these areas are to provide full public sewer service to all within this area.

Figure 1. Shakopee Ordinance 52.08

§ 52.08 HOOK-UP REQUIRED.

Any property abutting a public street or alley in which sanitary sewer mains have been constructed, and any residential property abutting a public street or alley in which city water lines have been constructed, must be connected to said sewer mains and water line within 3 years or immediately upon a private system becoming defective, whichever occurs first. A system becomes defective when substantial repair is needed, such as replacement of drain field lines, pumping of tanks, or replacement of a well pump motor.

(2013 Code, § 3.10)

Assessment Policy

In general, the city's assessment policy indicates that the full project cost should be assessed to the benefitting property(s). In this instance, the only benefitting property would be 225 Sommerville Street.

However, within the financing section, there is indication for consideration to be made for unique areas that have developed without a sanitary sewer system where the City should find methods to provide these improvements without causing undue hardship on the individual property owner (see Figure 2). Within the general policy section, there is also indication that the City may contribute in unusual circumstance (see Figure 3).

Should the city proceed with a public improvement project to address this issue, it is recommended that we obtain a petition from the property outlining the proposed improvements, benefits, cost share agreement and a waiver of special assessment hearing.

SECTION V

FINANCING OF PUBLIC IMPROVEMENTS

The City of Shakopee encourages public improvement projects as the area(s) benefiting and needing such improvements develop. Examples of this policy can be seen through the subdivision regulations, zoning ordinance, and building codes. New areas are required to provide needed improvements and services before development, thereby not creating unexpected hardships on the property owners purchasing such property nor on the general public. However, it is recognized that certain areas of the City have developed without all needed public improvements (e.g. - parks, water, sewer, and street improvements) and that methods must be found to provide these improvements without causing undue hardships on the general public or the individual property owner.

6. Where the project cost of an improvement is not entirely attributable to the need for service to the area served by said improvement, or where unusual conditions beyond the control of the owners of the property in the area served by the improvement would result in an inequitable distribution of special assessments, the City, through the use of other funds, may pay such "City cost" which, in the opinion of the City Council, represents the excess cost not directly attributable to the area served.

In addition to special assessments for the improvements, additional sewer connection fees are required as follows:

- ### ***Other Sewer Projects...***

The following outlines several past projects and costs pertaining to sewer service.

Whispering Oaks Sewer Extension – The lateral connection charge per parcel for this project was established at \$4,168.06. These parcels are also required to pay all Sewer Connection Fees as indicated above, which totals an additional \$3,041 plus \$2,745/acre.

7380 CR 101 E. (Cargo Van-Go) – A public sewer extension project was completed 2014. Their total special assessment was \$6,363.04. This property exists with an equivalent 2 SACs. However, the City Council waived all sewer connection fees that would have amounted to an additional \$10,126.74

7480 CR 101 E. Tietjen Family Inc. (dba Ace Trailer Sales) – A public sewer extension project was completed 2014. Their total special assessment was \$11,668.84. This property exists with an equivalent 6 SACs. However, the City Council waived all sewer connection fees that would have amounted to an additional \$25,392.22

Hilldale Drive – A public street and utility project was completed in 2016 in the existing Hilldale Drive neighborhood that included roadway, watermain, sanitary sewer and storm sewer improvements. A special benefit consultation was performed with a valuation of a minimum amount of \$28k per property. The City Council put an assessment cap of \$28k per property for these improvements that also included all sewer and water connection fees within this cap, in essence waiving all sewer and water connection fees (sewer connection fees would have amounted to approximately \$5,800 per property).

Available Grants

The County has indicated that a possible grant (through the MPCA) that the County was awarded is available to the property owner in the amount of approximately \$6,000 and potentially more. This grant funding is available until August 31, 2018.

SPUC has indicated that there are no grants available at this time as part of their wellhead protection plan. They have indicated that they have no such initiative underway.

Property Valuation

The estimated property value within the city's DataLink system is \$127,200 (\$52,200 Building + \$75,000 Land). It should be noted that it is assumed this valuation assumes that the property exists with city sewer.

Proposed Sanitary Sewer Service Options

Options to provide sewer service to 225 Sommerville Street as follows:

1. Gravity – Based on the surrounding existing sanitary sewer, a gravity sewer line could be installed down the adjacent alley, easterly to connect into the existing city sewer located within Spencer Street. Preliminary estimates for this option amount to as much as \$46,000. The gravity sewer could be considered public through the alley, stubbing out a private service to the property line.

2. Grinder pump – A second option to install a private grinder pump that would pump to the city sanitary sewer was also evaluated with an estimated cost of \$45,000. It should also be understood that long term operation and maintenance costs would be significantly higher with a pump system, making this option less favorable. The grinder pump system should be considered a private system. It should also be noted that shallow lines should be insulated as warranted to protect the line from freezing.
3. No City involvement – A third option is for the property owner to proceed with the improvement work by permit with his own resources and no city involvement other than the required fees and inspection.

Other options existing such as direction drilling that could experience cost savings that should be evaluated as alternative contractor bids.