Memo to City Council, Staff and Public regarding Water Treatment Plant

From: Chad Beumer City Council Member for Ward 2

Council, Staff and Citizens of Northfield,

I have taken some time to review the plans and specs for the water treatment plant and have some notes that I feel prudent to bring to your attention especially now that we know the bids are roughly $20M over the projected costs for this phase of the project. Below are some observations I have made that could present an opportunity to save the city and the citizens some money. I will list them all first then give my recommendations at the end of this memo. The page number references are to the PDF page in the plan set.

Page 84 is the Restoration Planting pg. There are 361 ball and burlap (B&B) trees of a 2.5" diameter. These trees depending on species are $700-$1000 per tree planted.

Pages 85-89 Talks about a water feature and has a note about interpretive paving, this paving is spec'd to be stamped concrete. There is a large quantity of this scheduled to be done. Pg. 88 shows the sidewalk section details and spec's the stamped concrete in addition to sandblasted etching along with water feature details. As a note stamped concrete costs 2-3 times what standard concrete costs. Pg 89 shows details for a 2' tall concrete curb walls for public art.

Page 152 is the Code analysis plan and shows the general floor plan layout. It shows a meeting room at 1099 sq. ft. It also shows a training room of 512 sq. ft. along with an exercise room at 551 sq. ft. This plan also shows a parking garage at 14,482 sq. ft.

Total project costs were determined to be around $60M. The winning bid was $61,840,000.00, this bid does not include the entire project, the infrastructure work, the extension of Jefferson Parkway, the sanitary trunk line to the north and the RO membranes are not included. This project appears to be nearing the $83 million mark which is nearly $23M over the original projected project costs.

Staff is recommending we approve the bids, I have some major concerns with doing so.

1. The low bid was $61,840,00.00. The highest bid is $75,573,112.00 That is a $13,733,112.00 spread. This should be a red flag. What was missed?? How many change orders will we see for items that were not accounted for in the bid phase?? This is not a referendum project which would hold a price.
2. Per the report in our 1/21 packet Bakertilly is recommending that we raise the rates for FY's 2026 and 2027 to now 50% vs. the previously recommended 28.5%. This is substantial and now puts us at a projected higher rate than our comparable cities other than Robbinsdale.
3. We are now over what was projected as a total project cost by nearly $2M and we haven't bid out the entire project. What will these bids come back at? My assumption is that they will be higher to some extent.

I recommend a no vote for the approval of this project, not to kill it but to allow staff to regroup and find some cost savings. I feel this project best be taken in a phased approach instead of all at once. I also have some major concerns with security here and strongly feel that this building should not be built to create a public attraction or destination, but be built with the intent for it to do what it needs to do, treat our water. This building is in desperate need of having Bolton and Menk do some value engineering, this will cut out the wanted items and focus on the needed.

I also propose that we eliminate the RO treatment portion of the project and any building sq. footage and mechanicals involved with this portion of the building. Per Justin the primary reason for adding this is for water softening and just in case we need it in the future for PFAS. We do not currently have a PFAS problem we have a manganese problem which the gravity filtration will address. This will reduce the cost more than $11M. It is not the city's responsibility to soften the water for its residents. By eliminating this portion it will open the door down the road to gain more federal funding and may also allow the science of treating PFAS to come up with more effective ways to doing so. Maybe we get a more water friendly way to treat it without wasting 15-20% of the water used in the process.

I also propose that we reduce the size of the parking garage or eliminate it all together for now. We (the citizens and council) were sold on a parking garage to house the hydro-vac truck which is understandable. The garage as currently planned could house a fleet of them. The staff vehicles do not need to park inside, look in the city hall parking lot on any given day or just take a drive around town, cars and trucks park outside all the time.

I propose that the meeting room and the building portion is removed from the plans and that the lobby is shrunk massively. This shouldn't be a building where we have people visiting it. This should be secure with a controlled and limited access.

The exercise room must be eliminated, it is not the citizens responsibility to supply a workout facility for staff. If you eliminate this portion of the office space it will allow the training room to be combined with it to make a larger meeting/training room which should not be open to the public.

The stamped concrete with sandblasted etching along with the water feature and public art wall should also be eliminated. These items suggest this building should be open to the public in which it should not and are a very nice want but no a need.

Security seems to be lacking as well. Eliminating the above listed items is a start but there in my opinion should be a fence around the property with security cameras. This building should not be a public destination as some of the plan details would suggest. The entirety of the city's water will run through this facility. There is no easier way for someone wishing to do harm on a large scale to do so than through this building. Cyber security should also be applied if not already. We have fences around the waste treatment plant and I feel that it is even more important to do so here.

The façade of the building is another area where we could gain some cost savings. It looks fantastic as planned but that comes with a cost that is not necessary.

In short, I will not support accepting the bids for this project as planned ad doing so will place a huge burden on the already overburdened citizens of this city.

Sincerely,

Chad M. Beumer

City Council Ward 2 Representative

January 8, 2025

Dear Kathleen,
Dear Jessica,

I am voting 'no' on the 60M water treatment plant, but will vote for a 34M plant that uses gravity (or carbon) filtration to remove Manganese.

RO is expensive ($11M) The bids received reflect the consultant's decision to ask the bidders to bid on the first $6M of the installation, so presumably there is a second round of bids for the other 5M (membranes?). The cost is not just in installation but operational costs as the membranes are expensive.

There is also the matter of timing. If we do the RO now, it forecloses two benefits that I suspect we would all vote for:

> **Technological Advancements and 3M Settlement**
> PFAS now has national attention and given the number of US cities who will address (or are addressing) this very difficult problem, there will be technological advances (and cost-savings, perhaps?) that we could benefit from in the near future. The second benefit is that, should PFAS arrive here, Northfield can seek to participate in the 3M settlement that is helping other cities today (Cottage Grove & Hastings) in paying for their Water Treatment Plants. But if we have already paid for it, I doubt that the Settlement Trustee will give us any money.

As to community softening, we face two additional problems. The city staff advocates that residents who buy salt for their water softener spend $19 a month, and the city can do it for cheaper at $8 per month. We need to further research this; It's not what I am learning from householders, but it is also trying to change human behavior very quickly (including the argument they can dispose of their softeners, or do/do not have to worry about appliances which cannot accept completely softened water).

I have spoken to our State Rep who was the ED at Clean Rivers, and current ED Jennifer Tonko. Neither want to lobby the city for community softening.

Just two more points:

The staff wants the City to apply for a loan (at an attractive rate of 2 or 2.5 percent) from the Minnesota Public Facilities Authority. The increased water rates will pay off the loan in 20 years and for infrastructure in the NW quadrant. Shouldn't this also be discussed and voted upon by the Council?

Finally and most importantly, there's the impact on residents and businesses. Under the staff proposal, by mid-year 2028, the most conservative household user of water will pay $552 more per year for water than they did in 2024. Of that 552 dollars, $384 is for water and the other $168 is the increase for sewer and storm water. In other words, the most thrifty user of water will pay well over $1,000 a year – this becomes a significant part of the conservative householder's budget on par with property taxes.

Please correct me about anything in this letter or otherwise. I am open that we should do more, but 34M does accomplish the manganese removal.

Sincerely,

s/ *Peter*

Peter Dahlen

cc: City Clerk Lynette Peterson; City Administrator Martig

Dear Mayor and Councillors,

I have checked these numbers with city staff (as to their proposal) and updated it for the Baker Tilly proposal. I will ask for this memo to be placed into tomorrow night's minutes and/or on the city website.

Currently. . .

Northfield: Monthly Base Water Charge of $10 and 22 cents per 100 gallons
Faribault: Monthly Base Water Charge of $15 and 24 cents per 100 gallons
Lakeville: Monthly Base Water Charge of $10 and 15 cents per 100 gallons
Farmington: Monthly Base Water Charge of $17 and 18 cents per 100 gallons (after the first use of 10,000)

In late 2024, the City Administrator proposed a 28 percent increase for each of the next 4 years, which would cause the rates to increase from the current 22 cents per 100 gallons to:

year 1 (2025): 28 cents per 100 gallons
year 2 (2026): 36 cents per 100 gallons
year 3 (2027): 46 cents per 100 gallons
year 4 (2028): 59 cents per 100 gallons

The City Administrator then asked the Baker Tilly consultant to revise those numbers, to pay for a 83 Million Dollar plant. Their proposal is 28 percent in the first year (2025) then 50 percent in 2026 and another 50 percent in 2027, followed by a 15 percent increase in 2028. Those numbers would mean:

year 1 (2025): 28 cents per 100 gallons
year 2 (2026): 42 cents per 100 gallons
year 3 (2027): 63 cents per 100 gallons
year 4 (2028): 72 cents per 100 gallons

SECOND CHARGE: WATER METER comparison

As of late 2024, as to the cities near us (peer cities?) the comparison was (as also shown above):

Northfield: Monthly Base Water Charge of $10
Faribault: Monthly Base Water Charge of $15
Lakeville: Monthly Base Water Charge of $10
Farmington: Monthly Base Water Charge of $17

In the 2024 proposal, the City Administrator wanted the monthly base (also known as meter) charge to increase from the present $10.05 per month as follows . . .and with the Baker Tilly revision, those numbers change as well (Baker Tilly reflected numbers in bold):

year 1 (2025) : $ 12.86
year 2 (2026): $ 16.46 becomes $ **19.29**
year 3 (2027): $ 21.06 becomes $ **28.98**
year 4 (2028): $ 26.97 becomes $ **33.27**

EXAMPLE:

Take a conservative Nfld user of water who paid $18 per month for water ($216 per year) in 2024. By 2028, they will pay $60 per month ($720 per year).

The City staff also wants to have the same household user (by 2028) pay at least $7 more a month for sewer and $7 more a month for storm water for a total of $168 a year.

In total, our most conservative householder will have to find **an extra 672 dollars in their 2028** household budget to have city water.

The math is:

A household that paid $216 in 2024 will pay $720 for water in 2028. This is an increase of $504 for water base & usage. Add in the proposed increase of $168 a year (for sewer and storm water) and 504 + 168 = 672 dollars.

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