



South St. Paul

JOINT WORKSESSION COUNCIL

Monday, April 27, 2020

7:00 pm

Please be advised that the regular meeting location is City Hall Training Room located at 125 3rd Ave. N., South St. Paul, but pursuant to Minn. Stat. 13D.021, under the current emergency declaration due to the COVID-19 health pandemic, some or all of the council members may participate in remote locations using WebEx. Please be advised that City Hall is closed to the public, therefore, any member of the public wishing to monitor the meeting may do so electronically by

logging in as follows:

WebEx Meeting

For the Public

Join by phone: 1-312-535-8110

Access Code: 803 361 065

AGENDA:

1. 380 Airport Road Lease
2. 1019 Concord Street North
3. Update on Odor Issues and Discussion of Proposed Revision to Odor Ordinance
4. Siedl's Lake Lift Station Update
5. Council Comments/Questions



COUNCIL WORKSESSION REPORT

DATE: APRIL 27, 2020

DEPARTMENT: ECONOMIC & COMMUNITY DEVELOPMENT

Prepared by: Ryan Garcia, Director of Economic & Community Development

ADMINISTRATOR: JRH

1

AGENDA ITEM: 380 Airport Road Lease

DESIRED MEETING OUTCOMES:

- Advise Council of delinquent rent payment by BRS
- Discuss BRS' current challenges related to COVID-19 and steps the company is taking
- Discuss potential City remedies/responses to delinquency

OVERVIEW:

Ballistic Recovery Systems, Inc. (BRS) is a manufacturer located at the northeast corner of the South St. Paul Airport, occupying all of a roughly 20,000 square foot industrial building at 380 Airport Road. The South St. Paul HRA financed approximately \$1.8 million for the construction of the building through tax-exempt airport revenue bonds in 2007, and owned the building from that time until 2017, when the City Council approved transferring ownership from the HRA to the City of South St. Paul (by paying off the original debt through a new City bond issue). In any event, BRS has occupied the building since 2007 as its sole tenant.

The company has experienced periods of financial instability over the course of its tenancy and the City has accommodated the company in down times through a series of lease amendments intended to temporarily lower BRS' monthly rent payment and "weather the storm". In 2018, the City and BRS renegotiated the lease such that BRS' lease payment (currently \$11,193 monthly) essentially covers the City's debt obligation related to (and over the term of) the bond issue.

In a late-March email from BRS' CEO, Fernando DeCaralt, staff was notified that BRS is experiencing financial difficulty related to the COVID-19 pandemic (evidently, orders have been suspended indefinitely) and may not be able to meet its monthly lease obligation for the foreseeable future. They have asked for the City to consider a 6-month deferral of their monthly lease payment. If instituted, a 6-month deferral would amount to a total of \$66,965 in lost (or at least, deferred) lease revenue at the building.

Staff responded to BRS that additional information would be needed to formally respond to this request. Specifically, we advised BRS of the Paycheck Protection Program (PPP), which is a SBA-backed credit facility that can be used to help cover small business' payroll, utilities, and real estate costs. In addition, we advised BRS of the SBA's Economic Injury Disaster Loan (EIDL) program – a SBA facility that companies can utilize for working capital needs in times of economic crisis and disasters. We advised that these programs may provide relief and we'd want to see that the company was working to find financing through these programs rather than simply opting to not meet its lease obligations. Nonetheless, BRS stopped payment on its April 1 ACH for rent, and we anticipate that they will do the same on May 1.

As of this writing, BRS has advised that an application for the PPP has been submitted and that they are awaiting formal approval and terms. While this is positive news, at this point, it provides no clarity as to whether, or when, BRS will resume paying rent.

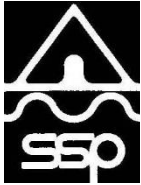
Staff acknowledges that the COVID-19 pandemic is introducing unprecedented strains across the economy and at every scale. Nonetheless, it would be irresponsible – particularly with this tenant – to shortcut the process of evaluating rent deferral as a responsible and reasonable solution to BRS’ current challenges (and for how long). At this point, our options are relatively straightforward: either agree to a deferral and repayment of deferred rent at this time, or pursue remedies found in the lease and Minnesota statute for failure to pay rent.

If the Council is willing to consider a deferral of rent due, Staff would recommend that we amend the existing lease to allow for a deferral period of no more than 6 months. Further, staff would suggest that any deferred rent would be repaid either in a “lump sum” at any time between the date of amendment and 12/31/2020, or through an amortized repayment plan (with interest) beginning 1/1/2021 (we would suggest a maximum 24-month term). Staff would request that the Council grant us the latitude to negotiate the amount to be deferred each month. While the tenant is requesting full deferral, we would suggest that even partial payment - $\frac{1}{4}$, $\frac{1}{2}$, whatever – would seem to be possible (and increase the likelihood of recovering deferred rent down the line). While this approach might introduce short-term strains on the City’s ability to pay its debt obligation related to the building, it would increase the business’ chances of retaining employees and remaining in operation for enough time to receive any SBA lending and hopefully re-establish its contract base.

Alternatively, if the Council feels that this request represents something of a “last straw” with this tenant (who has a history of lease deferral or altogether nonpayment); our option would be to abide by the Lease Agreement’s default process. This would involve notifying the tenant of default, providing them with 30 days to cure (pay the rent due and past due), and – if they do not cure – proceeding with the eviction process. It probably goes without saying, but eviction of this tenant would result in the City assuming all costs related to managing and maintaining the property. In addition, the City would likely want to try to market the property for sale (only the building can be sold, the land beneath it cannot) or lease. As a reminder, any occupant of the building would need to be “aviation-related”.

Recommendation

Staff recommends formally informing the tenant of its condition of default for failure to pay rent, but subsequently offering to amend the lease payment schedule to allow to defer collection of rent due between April 1, 2020 and September 30, 2020. We’d suggest that collection of the deferred rent be amortized (including interest) over a 24-month period beginning January 1, 2021. We feel it is important to have record of formally informing the tenant of a condition of default, even if further enforcement action is not pursued at this time.



COUNCIL WORKSESSION REPORT

DATE: APRIL 27, 2020

DEPARTMENT: ECONOMIC & COMMUNITY DEVELOPMENT

Prepared by: Ryan Garcia, Director of Economic & Community Development

ADMINISTRATOR: JRH

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AGENDA ITEM: 1019 Concord Street North

DESIRED MEETING OUTCOMES:

- Explore Council's interest in acquisition of property at 1019 Concord Street North

OVERVIEW:

As the Council will recall, staff has had ongoing dialogue with Erick Schmidt, owner of South Park Corporation (1019 Concord Street North), as he looks for a new facility for South Park. South Park is entering a period of growth and have determined that the facility on North Concord is not a sustainable solution for the efficient and effective operation of their business. While Mr. Schmidt was initially interested in pursuing new construction at the vacant EDA-owned property at 285 Hardman Avenue, he has at this point determined that he and his company would be better suited by purchasing the existing privately owned industrial facility at 205 Hardman Avenue South (former Holtkoetter building).

As the Council will recall, Mr. Schmidt previously sought to pursue acquisition of the EDA-owned property through a "swap" arrangement that would have seen the EDA acquire his property at 1019 Concord Street North along with the parking lot he owns at the corner of Concord Street and Bryant Avenue. While he is no longer interested in acquiring the EDA property, Mr. Schmidt has inquired as to whether the EDA is interested in acquisition of his real estate interests on North Concord Street through negotiated purchase. Mr. Schmidt has established that he'd sell the property for the Appraised Value of \$510,000. (The County's estimated market value for this property totals \$455,000.)

The property proposed for acquisition consists of four distinct tax parcels that are non-contiguous. Two of the parcels (totaling about 9,900 square feet) are improved with the South Park shop and office building, and two of the parcels (totaling about 6,600 square feet) are improved with a paved surface parking lot. These two pairs of parcels lie on either side of the "1009 Hall" building and property (at 1009 Concord, owned by a separate private party).

The existing building, built in the 1940s, measures at about 8,300 square feet total and is in fair condition. The building likely has limited utility to the City/EDA, but would likely have utility to a similar business (machine shop/general industrial), or general commercial users such as tradespersons, construction contractors and the like. It should be noted that given its current zoning designation of North Concord Mixed-Use, the property could not be used for industrial purposes outside the bounds of its existing "legally non-conforming" status (i.e., it could be reused as-is, but not modified or expanded).

The existing parking lot is utilized by South Park's employees and is also leased to Bugg's Bar (925 Concord Street North) for overflow parking. As the Council is aware, the owner of Bugg's Bar has expressed concern about the loss of parking associated with the Concord Street reconstruction, and has anecdotally stated that the existing leased parking lot is substandard. Conceivably, if the EDA were to acquire this site we could relieve at least some of the concerns about parking loss in this immediate area, at least in the near term.

As the attached map illustrates, the EDA owns quite a few properties in the vicinity of Bryant Avenue and Concord Street. This district, given its positioning at the entry point to Kaposia Landing, is undoubtedly an important land use node within the City that the HRA/EDA/City have sought to improve over time (thus the significant land acquisition efforts in the past). As such, Staff suggests that if acquisition of 1019 Concord is pursued, it should be understood as a complement to these assembly efforts and viewed as a component of a relatively long-term redevelopment effort for the Concord/Bryant node.

This corner of the City is in the early stages of transition and is still waiting to find its foothold and identity. The former Cenex campus is an enormous and symbolic presence on the corridor, and has been listed for sale for more than 15 months. Prospects for that site are generally not congruent with the City's mixed-use vision espoused in the comp plan nor with current mixed-use zoning. Other sites along the corridor lack synergy with one another and generally fail to capitalize on the proximity to the park or river. In short, while one could squint hard and dream big to see this site becoming a component part of a vibrant district, there is A LOT of heavy lifting to do in the surrounding area. The 1019 site is a relatively small piece of the puzzle – acquisition now won't significantly move the needle in the short-term.

Because opportunity only knocks every so often, Staff suggests that we should think critically about whether and how 1019 Concord fits into our development visions strategically. The critical questions before us as they relate to acquisition of 1019 Concord are:

- Is the existing use and condition of the site supportive of the City's best interests for the site and district?
- Are surrounding uses and property conditions supportive of the City's best interests for the site and district?
- Is redevelopment of this site and surrounding sites likely to occur by private market forces? If so, on what timeline? Are we content with that timeline?
- Is the City motivated to overpay for site assembly, to advance a different vision for the district?
- Can this site and immediately surrounding sites catalyze additional development in the district?

Obviously, none of these questions has definitive, absolute answers. They are really gut-check questions for us to ask as we consider this opportunity. There is absolutely plenty of upside to acquiring this site: potential to address short-term parking concerns in the district and potential to extend site control for future development most specifically. However, strategically the EDA's

efforts have (for better or worse) been focused at Concord/Grand in recent years. We have to acknowledge that there is only so much capacity in the market for mixed-use development in SSP, and especially in the near-term the market will be very cautious about pursuing mixed-use opportunities in our community. Acquiring 1019 – unless we shift priorities away from Concord/Grand and to the north (Concord/Bryant) – will most likely be a very long-term gamble, and one that carries at least some risk that it will not pay off as envisioned for a very long time.

FUNDING SOURCES AND OTHER FISCAL CONSIDERATIONS:

If the EDA were interested in pursuing acquisition of the properties currently controlled by South Park, the EDA has various unrestricted development funds that may be sourced for some or all of the acquisition, with the balance likely needing to come from the Concord Street TIF District fund balance.


ATTACHMENTS:

Orientation Map

1019 CONCORD STREET NORTH

2
4.27.2020



-  Schmidt Property
-  EDA-Owned Property



CITY COUNCIL WORKSESSION REPORT

DATE: APRIL 27, 2020

DEPARTMENT: Community Development-Planning

Prepared By: Michael Healy, City Planner/Zoning Administrator

ADMINISTRATOR: JRH

3

AGENDA ITEM: Update on Odor Issues and Discussion of Proposed Revision to Odor Ordinance

DESIRED OUTCOMES:

- Discuss status of odor issues in the community
- Discuss proposed revision to the odor ordinance
- Discuss potential for collaboration with MPCA
- Get Council feedback on Staff's proposed strategies.

OVERVIEW:

As a result of the shelter-in-place order, South St. Paul residents are spending a significant amount of time outdoors in the community. This has led to a major uptick in the number of odor complaints that are being submitted to the City. As is our current policy:

- These complaints are immediately forwarded to the businesses that are believed to be responsible for the odors. The hope is that they will take steps to address the issues.
- The City's odor consultants, SEH, receive an email notification when each complaint is submitted. If the complaint is received during business hours, they send a team member out to the site of the complaint to take readings and determine whether any odors are being generated that exceed "7 Odor Units" using their measurement tool. Per our Ordinance, any odors that exceed that "7 Odor Units" are considered a "verified odor complaint." If less than 7 units are detected, the complaint is considered unverified.
- SEH submits a report to City Staff regarding how many odor units were detected during each incident and these are kept for our records.

Brief Summary of Past Efforts

The City adopted an odor ordinance in 2014. The ordinance established the methodology for measuring odors and established that "7 Odor Units" is the threshold at which an odor is officially considered unacceptable. The ordinance also established a process for dealing with businesses that routinely exceed 7 odor units with their output.

Under the 2014 odor ordinance, a business that has more than seven (7) verified odor complaints in any 6-month period is labelled "a significant odor generator." Businesses that have received this designation are required to sit down with the City Engineer and develop an odor mitigation plan (the Code states 'City Engineer' even though it looks like the City Planner has traditionally been the lead staffer handling the odor ordinance). The business is then supposed to work collaboratively with the City to implement the agreed-upon odor mitigation plan. The existing

ordinance is quite generous about giving businesses ample time to reach compliance and states that even a non-compliant business that does not keep to its odor mitigation plan is still given a 12-month grace period after they are declared “non-compliant” before any administrative citations are issued.

In addition to the odor ordinance, the City also has a longstanding policy of requiring odor-generating businesses to commit to odor mitigation as a condition of City approvals whenever they plan an expansion. Some businesses have taken these odor mitigation requirements more seriously than others. The City has tightened the process for monitoring these mitigation improvements in recent years after issues with noncompliance.

Does the Existing Ordinance Work?

The existing ordinance does appear to have achieved some early positive results by creating a framework for the City to work with businesses that were interested in collaborating on odor mitigation. Several odor-generating businesses have made a good faith effort to work with the City and decrease their odors.

As previously stated, the existing ordinance is extremely generous and does not have very good “teeth” when it comes to dealing with any odor-generating businesses that are not willing to take a collaborative approach and work with the City. Unfortunately, not all of the odor-generating businesses in South St. Paul have been willing to make a good faith effort and collaborate.

Staff and the City Attorney believe that the odor ordinance, in its current state, is not an effective tool to deal with South St. Paul’s remaining odor issues. Residents have become increasingly frustrated with the status quo and Staff has heard many requests that the City “try something new” to attempt to make progress on this issue. Unfortunately, there does not appear to be any ‘silver bullet solution’ that can address the problem overnight. Staff has worked with the City Attorney and the odor consultants at SEH to come up with a two-pronged path forward that could potentially achieve some results.

Prong #1: Proposed Revision to the Odor Ordinance

Former City Planner Peter Hellegers and City Attorney Peter Mikhail worked on a revision to the odor ordinance in 2019 after receiving some preliminary direction from City Council. The revised ordinance was temporarily “lost in the shuffle” due to Mr. Hellegers’s departure but Staff became aware of its existence in early April and believes that it should still be implemented.

The proposed ordinance (which is still in draft form and needs additional refinement) would:

- Amend the Code to empower the City to start issuing administrative citations to a “significant odor generator” immediately for any violations that occur after the significant odor generator designation has been earned. *Remember, it takes seven (7) violations within a 6-month period before the “significant odor generator” label is applied. The designation is maintained until the business manages to go twelve (12) months without a verified odor complaint.*

- Clean up some language in the ordinance and add the City Administrator to the list of City personnel who can issue administrative fines.
- The City will still have the ability to use the “friendly” odor mitigation plan approach with any business that makes a good-faith effort to collaborate with the City. This new more punitive approach would only be used for businesses that decline to work with the City.

The goal of the proposed revision is to hold significant odor generators financially responsible for their negative impact on quality of life in the community and provide a strong incentive for businesses to mitigate their odors to avoid additional fines. The City’s administrative citations start at \$200 and double for each subsequent citation before maxing out at \$2,000 per violation. Per SEH, one of the businesses that generates significant odors in South St. Paul had seventeen (17) days between April 4, 2019 and September 11, 2019 where they generated foul odors in excess of “7 odor units.” If the new ordinance would have been in place, they would have been labeled a “significant odor generator” after the first 7 violations and then issued ten (10) administrative citations which would have totaled \$15,000 in fines.

Staff would note that the City takes on a significant expense each year in retaining the services of SEH to conduct odor monitoring. This expense is currently borne by the City’s taxpayers. By moving forward with issuing administrative citations, the City would shift some of that financial responsibility onto the offending businesses which is arguably where it belongs. If a business declines to pay down their citations, the fines will be added to their property taxes as an assessment.

Prong #2: Discussions with the MPCA Regarding Possible Collaboration

Staff and SEH have been in contact with the Minnesota Pollution Control Agency (MPCA) to inquire about whether there is any possibility of partnering with that agency in support of the City’s odor mitigation efforts. What Staff has learned is:

- The MPCA only regulates one (1) specific noxious odor. If a business is generating an excessive amount of Hydrogen Sulfide (H₂S), the MPCA will get involved. All other noxious odors are considered a local issue and the MPCA will not get involved.
- The MPCA may get involved if a business is expelling pollutants that could cause a health risk to residents. This has nothing to do with the odor of the pollutants, however, it solely pertains to the negative health effects of specific pollutants. The MPCA generally does not take odor into account when making determinations regarding health risks.

SEH believes that there is a possibility that at least one of the City’s significant odor generators is generating Hydrogen Sulfide in excess of the levels that are permitted by the State. It requires special equipment to test for Hydrogen Sulfide, equipment that SEH does not own but is able to rent. They rented this equipment in 2019 in an attempt to document a violation but were unsuccessful. Per SEH, the weather conditions were not favorable during the monitoring period in 2019 and that may have been the reason why a violation could not be documented.

SEH is proposing to rent the Hydrogen Sulfide monitoring equipment again to attempt to document a violation. If they are able to do so, this could be used to bring the MPCA in for a collaborative enforcement/mitigation effort. Staff and SEH will both continue to work the MPCA in regards to monitoring for any potential negative health effects relating to air pollution generated by the significant odor generators. Air pollution is handled by a different division of the MPCA than their Hydrogen Sulfide Odor Monitoring division so Staff will need to set up additional conference calls to collect more information.

GOAL OF THIS WORKSESSION DISCUSSION

Staff's primary goal in leading this discussion is to update the City Council regarding odor mitigation efforts in light of the recent uptick in complaints. Staff is also looking for feedback regarding whether the City Council is comfortable with Staff's proposed two-pronged approach:

1. Moving forward with the proposed odor ordinance revision (*understanding that it is still in draft format and may need additional refinement*)
2. Staff and SEH will continue discussions with the MPCA regarding possible collaboration.

SOURCE OF FUNDS: N/A

ATTACHMENTS

A- DRAFT ODOR ORDINANCE AMENDMENT

**ATTACHMENT A
DRAFT ODOR ORDINANCE AMENDMENT**

**City of South St. Paul
Dakota County, Minnesota**

Ordinance No. _____

**AN ORDINANCE AMENDING SOUTH ST. PAUL CITY CODE
SECTION 38-104 REGARDING AUTHORITY TO ISSUE COMPLIANCE LETTERS
AND ADMINISTRATIVE CITATIONS, SECTION 38-105(d) REGARDING
COMPLIANCE LETTERS, SECTION 110-144 REGARDING DESIGNATION AS A
SIGNIFICANT ODOR GENERATOR, SECTION 110-146 REGARDING ODOR
MANAGEMENT PLAN, SECTION 110-148 REGARDING NON-COMPLIANCE
AND SECTION 110-150 REGARDING PENALTIES**

The City Council of the City of South St. Paul does ordain:

SECTION 1. AMENDMENT. South St. Paul City Code Section 38-104 is hereby amended as follows:

Sec. 38-104. – Authority to issue compliance letters and administrative citations.

The following city employees and agents are authorized to issue compliance letters and administrative citations for violations of the City Code:

- (1) Licensed peace officers, police reserves, and community service officers of the South St. Paul Police Department.
- (2) Code enforcement officer;
- (3) Animal control officer;
- (4) City planner;
- (5) Building official;
- (6) City engineer;
- (7) City Clerk;
- (8) Fire chief; fire marshal, or fire inspector of the South Metro Fire Department;
- (9) City Administrator.

SECTION 2. AMENDMENT. South St. Paul City Code Section 38-105(d) is hereby amended as follows:

Sec. 38-105. – Compliance letter.

- (d) Exceptions to issuance of a compliance letter. For violations of any of the following sections, the city shall not be required to issue a compliance letter and may proceed directly to issuance of an administrative citation as provided in section 38-91.
 - (1) Repeat offender. If the same owner commits a subsequent violation within 12 months after a compliance letter has been issued for a same or similar offense, no compliance letter shall be required for the new violation.

- (2) License violations. For any license violation, including not having a license, no compliance letter shall be required.
- (3) Traffic or parking violations. For traffic or parking violations issued under chapter 58, no compliance letter shall be required.
- (4) Animal violations. For any violation of city code section 15-35 (Running at large) or city code chapter 15, article V. (Dangerous Dogs), no compliance letter shall be required.
- (5) Noise violations. For any violation of city code chapter 38, article III (making unnecessary noise), no compliance letter shall be required.
- (6) Obstruction of fire hydrants or fire lanes. For violations of city code subsection 54-1(c) (Obstructing of fire hydrants), or city code section 30-41 (Fire Prevention Code), no compliance letter shall be required.
- (7) Water sprinkling violations. For violations of City Code section 62-28 (water sprinkling ban), no compliance letter shall be required.
- (8) Odor violations. For violations of City Code section 110-142 (odor pollution) committed by a significant odor generator so designated under section 110-144, no compliance letter shall be required.

SECTION 3. AMENDMENT. South St. Paul City Code Section 110-144 is hereby amended as follows:

Sec. 110-144. – Designation as a significant odor generator.

After reviewing the results of odor testing, if the property produces odor emissions that generate seven verifiable odor complaints in a six-month period, the city engineer or city administrator may determine that a property shall be designated as a significant odor generator and shall notify the property owner of the designation.

SECTION 4. AMENDMENT. South St. Paul City Code Section 110-146 is hereby amended as follows:

Sec. 110-146. – Odor management plan.

If the property is designated as a significant odor generator, then within 90 days of notice of designation by the city engineer or city administrator, the property owner shall work with the city engineer or city administrator to develop an odor management plan using the best practicable odor control technology in order to mitigate and comply with this ordinance. The city engineer or city administrator may grant an extension for up to an additional 90 days to submit the odor management plan, upon sufficient evidence and cause for such extension. The odor management plan shall:

- (1) Identify and explain the odor source(s);
- (2) Describe the best practicable odor control technology to manage the odors generated;
- (3) Provide a detailed plan on any proposed operational changes to the existing odor control equipment in order to control and mitigate the odors being generated;
- (4) Establish a timeline for development and implementation of an engineer-approved treatment technology, which includes monitoring instrumentation and equipment to ensure future compliance.
- (5) Be kept on file with the city engineer or city administrator.

SECTION 5. AMENDMENT. South St. Paul City Code Section 110-148 is hereby amended as follows:

Sec. 110-148. – Non-compliance.

If the city engineer or city administrator determines after follow-up testing that the results at the property have not improved, or if odor complaints continue, the property owner shall be required to meet with the city engineer or city administrator on at least a quarterly basis to develop a new odor management plan. Such meetings and follow-up testing shall continue until the city engineer or city administrator determines that the results at the property have improved. If non-compliance continues for a period of 12 months, the city may impose penalties pursuant to section 110-150.

SECTION 6. AMENDMENT. South St. Paul City Code Section 110-150 is hereby amended as follows:

Sec. 110-150. – Penalty.

Failure to comply with the requirements in sections 110-143, 110-146, 110-147, 110-148 or failure to meet the obligations contained in the odor management plan, unless the failures are determined by the city engineer or city administrator to be beyond the control of the significant odor generator or the result of an accident or unexpected and unforeseen events, shall result in an administrative citation pursuant to sections 38-102—38-110. In addition, any follow-up testing required due to compliance failure shall be paid for by the property owner. Sections 110-144 to 110-150 are intended to foster compliance with the city code and are in addition to any other legal or equitable remedy available to the city for city code violations. Nothing in the sections 110-144 to 110-150 relieves a significant odor generator of its continuing obligation to comply with the city code. More specifically, nothing in sections 110-144 to 110-150 limits the city's power to issue administrative citations, initiate criminal charges, or pursue other legal or equitable remedies available to the city for any violation of section 110-142

SECTION 7. SUMMARY PUBLICATION. Pursuant to Minnesota Statutes Section 412.191, in the case of a lengthy ordinance, a summary may be published. While a copy of the entire ordinance is available without cost at the office of the City Clerk, the following summary is approved by the City Council and shall be published in lieu of publishing the entire ordinance:

These amendments allow the city to immediately issue administrative citations to significant odor generators for additional violations of the odor pollution code without having to issue compliance letters.

SECTION 8. EFFECTIVE DATE. This ordinance shall become effective upon publication.

Approved: _____

Published: _____

Christy Wilcox, City Clerk



COUNCIL WORKSESSION REPORT

DATE: APRIL 27, 2020

DEPARTMENT: ENGINEERING

Prepared by: Lee Elfering, Project Engineer

ADMINISTRATOR: JRH

AGENDA ITEM: SEIDL’S LAKE LIFT STATION/4TH STREET SOUTH UPDATE

ACTION TO BE CONSIDERED:

Information only: for input and discussion

OVERVIEW:

As the Council is aware the Seidl’s Lake Lift Station project is a joint project with Inver Grove Heights, and West St. Paul to install an outlet for Seidl’s Lake. Funding was sought from the legislature in 2018 for \$781,000 to fund what at that time was estimated as close to the project cost. As design progressed the overall cost was determined to be significantly more than the grant dollars received and the required additional funds were to be divided among the partner communities based on a cost sharing formula developed by the Lower Mississippi River Watershed Management Organization. The reconstruction of 4th Street was added to the project to capitalize on cost savings for the forcemain installation that could be captured to help pay for the street reconstruction while address all the needs along the roadway including pavement condition, watermain replacement, and sanitary repairs.

Bids were received for the above mentioned projects on April 16th, 2020. Two bids were received for the Seidl’s Lake Lift Station and four bids were received for the 4th Street Reconstruction project. A summary of the bids along with the Engineer’s estimate based on the final plans is shown below.

SEIDL’S LAKE LIFT STATION	
Contractor:	Bid:
Minger Construction Company, Inc.	\$1,652,607.00
PCI Roads, LLC.	\$2,563,098.75

** Engineer’s Estimate \$1,430,915.00*

4TH STREET RECONSTRUCTION	
Contractor:	Bid:
Veit & Company, Inc.	\$1,343,848.42
Northdale Construction Company	\$1,353,092.82
McNamara Contracting	\$1,474,413.20
Geislinger & Sons	\$1,493,459.28

** Engineer’s Estimate \$1,456,241.04*

The original Joint Powers Agreement did lay out potential methodologies for the sharing of the project costs that were not funded by grant dollars, but did not provide a definitive percentage split. Based on the calculation of the percentages by the Watershed District, it has been determined that South St. Paul is responsible for approximately 61% of the lift station and forcemain costs. This

is a larger percentage than was originally anticipated and additional dollars would need to be allocated to the project to cover the City's share of the cost.

While the low bid for the lift station appears to be competitive, it is over the Engineer's estimate and only two bids were received. The City's percentage of the lift station costs is also higher than originally budgeted and additional funds would need to be reallocated to cover the project costs. In discussing the bids with the other cities, Inver Grove Heights also had shortfalls in budgeted dollars for the project. We also discussed rejecting the bids to provide additional time to seek other funding sources.

RECOMMENDATION:

Given the current economic uncertainty and the lack of currently budgeted funds, we would recommend that the City Council reject all bids for the Seidl's Lake Lift Station and 4th Street Reconstruction projects at the May 4th Council Meeting. The current grant agreement for the \$781,000 does not expire until December of 2021 and we would recommend that staff investigate other grants and funding sources to decrease the amount of City contribution needed for the projects over the next several months.