



## Bassett Creek Watershed Management Commission

# MEMO

**Date:** November 12, 2014  
**From:** Laura Jester, Administrator  
**To:** Bassett Creek Watershed Management Commission

**SUBJECT: Recommendations for 2016 CIP Projects**

At the September, October and this November Commission meeting, you have reviewed and considered two large projects included in the 2016 CIP list: Northwood Lake Improvement Project (NL-1) and the Honeywell Pond Expansion Project (BC-4). CIP projects are added to the CIP list well before feasibility studies are developed. Hence, a ballpark "placeholder" dollar figure is included in the CIP table. Sometimes this figure is close to the "actual" project costs calculated in the feasibility study. Other times, calculated project costs are much higher but have still been fully funded by the Commission, sometimes using the Closed Project Account to cover higher than budgeted costs. (This was the case for the 2015 Main Stem project in Golden Valley, recently ordered and levied by the Commission. The feasibility study estimated total costs at \$1.3 - \$1.6M. The Commission levied \$1M and will use the Closed Project Account to cover up to \$503,000 of remaining costs.) The Closed Project Account has accumulated funds due to under budget construction costs (due to the recession) or projects that were levied but then abandoned for various reasons. Unfortunately, the Commission is now faced with another case of higher than budgeted projects with these two 2016 projects and the Closed Project Account no longer has extra funds to cover these higher costs.

As a reminder of previous discussions about the 2016 projects, the Commission took the following action on these feasibility studies:

- 9/19/14 regarding Northwood Lake Improvement Project: Motion to approve the draft feasibility report without any limitations but with Commission Engineer's comments incorporated and to request that the City of New Hope provide information on project funding to be supplied from other sources besides the Commission.
- 9/19/14 regarding Honeywell Pond Expansion Project: Motion to table this discussion until the Commission's October meeting and bring a revised feasibility study to October meeting.
- 10/16/14 regarding Honeywell Pond Expansion Project: Motion that the Commission commit to a preference for option 3 and that the Commission approves the feasibility study with the incorporation of the Engineer's comments.

The Commission Engineer and I recommend that the Commission choose Options A and C for the Northwood Lake Improvement Project (as noted in the Commission Engineer's memo in item 5A); and Option 3 (combination of options 1 & 2) for the Honeywell Pond Expansion Project (as preferred by the Commission at last month's meeting). Furthermore, we recommend that the Commission fund these

options with the amounts requested in the feasibility studies (i.e., full project costs less city contributions). Please see the attached proposed revisions to the 2016 – 2020 CIP table.

Basis for Recommendations:

- These are good projects that will provide important water quality improvements and water reuse practices.
- In addition to the relatively higher costs for stormwater reuse projects, another major reason for the higher costs of these projects is the rising costs of all construction projects. With the improvement in the economy, construction costs have increased dramatically in the past two years.
- As stated earlier, the figures used in the CIP table before the development of feasibility studies have historically been used as a placeholder, not as an absolute statement of Commission funding.
- Although portions of these projects can be implemented in the future (Option C for Northwood Lake and Options 2a/b for Honeywell Pond), costs are likely to increase in the future and remobilization in these areas would add to the total project costs (i.e., it's far less expensive to construct all phases of a project at once rather than coming back into the area for construction in the future.) We recommend completing these projects, in total, at this time.
- Grant funds have been sought for the Northwood Lake Improvement Project and will be sought for the Honeywell Pond Expansion Project. Any grant funds received by the city(s) would offset costs to the Commission, rather than offsetting city contributions.
- The cities have committed to contributing funds that their budgets will allow toward these projects. If the Commission fails to fund these projects, it's very likely they will not be constructed.
- The Commission has not used cost sharing formulas with CIP projects in the past (i.e., the Commission has not agreed to pay only a certain percentage of a project). Although cost sharing formulas are allowed by Commission policy, the use of cost sharing now would set precedence for all future CIP projects. We believe a more detailed Commission policy would be needed to carry out equitable and stable cost sharing formulas.
- Although practice has been to levy only up to \$1M per year, Commission policy and State Law allows for higher levy amounts. At their meeting last month, the Administrative Services Committee discussed higher construction and project costs and the likely need to levy more than \$1M per year in the future.

**Bassett Creek Watershed Management Commission**  
**Capital Improvement Program – with 2016 Cost Updates**  
**2016 - 2020**

Project Name	Project Location (City)	Project Number	2016	2017	2018	2019	2020	Totals
Water Quality Improvement Site, Main Stem Watershed	Minneapolis	BC-5	<del>\$160,000</del>					<del>\$160,000</del>
Honeywell Pond Expansion, Main Stem Watershed	Golden Valley	BC-4	<del>\$285,000</del> <u>\$752,000</u>					<del>\$285,000</del> <u>\$752,000</u>
Construct Pond NB 29A,B, and pond west of Northwood Lake, just east of Highway 169, Northwood Lake Watershed	New Hope	NL-1	<del>\$555,000</del> <u>\$673,000</u>	<del>\$40,000</del> <u>\$473,000</u>				<del>\$595,000</del> <u>\$1,146,000</u>
Main Stem Channel Restoration, Cedar Lake Road to Irving Ave	Minneapolis	2017CR-M		\$800,000				\$800,000
Plymouth Creek Restoration, from Annapolis Lane to 2,500 feet upstream (west) of Annapolis Lane	Plymouth	2017CR-P		\$160,000	\$399,000			\$559,000
Water Quality Improvement Site, Main Stem Watershed	Golden Valley	BC-3			\$601,000	\$499,000		\$1,100,000
Sandburg Rd and Louisiana Ave. Water Quality Improvement and Flood Reduction Project. Main Stem Watershed	Golden Valley	BC-2/BC-8				\$501,000		\$501,000
Medley Park Stormwater Treatment Facility	Golden Valley	ML-12					\$500,000	\$500,000
			<del>\$ 1,000,000</del> <u>\$1,425,000</u>	<del>\$ 1,000,000</del> <u>\$1,433,000</u>	\$ 1,000,000	\$ 1,000,000	\$500,000	<del>\$ 4,500,000</del> <u>\$5,358,000</u>