



ARDEN HILLS
MEMORANDUM

DATE: June 6, 2013 (for June 17th work session)

TO: Honorable Mayor and City Councilmembers

FROM: Patrick Klaers, City Administrator

SUBJECT: Franchise Fees; Round Lake Road West; and other CIP Projects

There are a number of Capital Improvement Plan (CIP) projects and topics that I would like the City Council to review and discuss in some detail at the June 17th CIP work session. Depending on Council priorities, a few of these projects could take place in the next year or two.

First, I have not yet received any additional information from Xcel regarding a breakdown of the revenues generated from *franchise fees*. Accordingly, the Council discussion on franchise fees will have to take place using the information that is currently available. In this regard, attached is my memo from last week on this topic. I am looking for Council feedback and direction on how to proceed. I'm not sure if the Council wants to discuss franchise fees before, during, or after the review of the draft 2014-18 CIP.

Regarding specific improvement projects, the one project that really needs Council consideration at this time is Round Lake Road West. Please see the attached memo from Public Works Director Terry Maurer on this project. My general overview comments on this project are in the paragraph below.

Round Lake Road West

As previously discussed with the City Council, this improvement project can be financed with TIF District 2 funds and utility funds. It appears that this project would not require the use of City PIR funds or MSA funds or need to be assessed to benefitted property owners. The City is required to spend these TIF funds by 2015 or else amend the TIF plan. The District expires in 2015 and the City will have about \$1.5 million available for this project. (Please see the attached February 21, 2012, memo from Sue Iverson, Director of Finance and Administrative Services.)

Using the funds generated from this TIF District for an improvement in the District makes logical sense. On the other hand, the City (EDA) could amend the plan and spend the TIF funds on another eligible project/activity such as on any of the three projects listed in the next paragraph. It should be noted that the 2014-18 CIP shows a \$2.6 million Round Lake Road West project that uses \$500,000 in MSA funds and uses “only” \$1 million in TIF 2 funds. Based on

Council direction, these estimated sources of funds can be adjusted (i.e. \$1.5 million in TIF funds and zero in MSA funds).

Other Projects

The three other projects the Council should review are the: County Road E (B2 District) project, the County Road E Bridge replacement project, and the Snelling Avenue improvement (from CR E to 51) project. All three of these projects have previously been discussed by the Council and will require more City Council discussions before decisions can be made. These three projects are separate projects but are also directly related to each other. The timing of the Bridge project may impact the timing of both the B2/CR E and the Snelling projects. It should be noted that MSA funds can also be used for parts of all three projects.

The B2/CR E project was on the June 10th work session. The scope and timing of the project are two key issues that will be considered when the Feasibility Study comes to the City Council in the next month or so. Please note that the 2014-18 CIP shows this project taking place in two phases (in 2015 and in 2018) and using a lot of MSA funds and PIR funds. The CIP does not list any assessments or County contributions as revenue sources. Adjustments in this part of the CIP are anticipated before the document is adopted in December 2013.

The Council should also note that the Snelling Avenue project is not listed in the 2014-18 CIP. When the Snelling Avenue report was accepted by the Council in March 2012, it was stated that the project would be evaluated annually with the CIP. In brief, this reclamation project, without a trail, is about \$1 million and the bridge is about \$500,000.

The County Road E bridge project is scheduled for 2015. A sidewalk on one or both sides of the new bridge is the main City issue and funding consideration. Options for the bridge design are being worked on by MnDOT.

Attachments:

- Attachment A: Memo from Patrick Klaers, City Administrator, dated June 6, 2013, and Xcel Information
- Attachment B: Memo from Terry Maurer, Public Works Director, dated June 12, 2013
- Attachment C: Memo from Sue Iverson, Director of Finance and Administrative Services, dated February 21, 2012