

HF2655

Public Infrastructure and Street Reconstruction Project - \$5.2M

City of the Village of Minnetonka Beach A Small Town Addressing Big City Financial Challenges

Aged Infrastructure

Seven years ago Minnetonka Beach, a 130-year-old city, faced the reality of replacing the aged water and sewer systems. The components had already exceeded or were approaching the end of their useful life including:

- 1928 Water Tower
- 1930's Water Mains (33,000 feet)
- 1958 Water Treatment Plant and Two Wells
- 1970's Sewer System

Current State

Minnetonka Beach, a small town of 228 homes, is addressing the financial challenges of many larger cities. In 2019, the City began an aggressive and costly program to replace water and sewer infrastructure. To date, the water tower and 22,000 feet of water mains have been replaced. After consulting with the Minnesota Department of Health, it was determined that resident safety required that the water treatment plant include PFAS, iron and manganese treatment. Ground was broken on a new water treatment plant in 2024. The two City wells will be replaced this year. The projects were funded by the issuance of five bonds totaling ~\$18M. The bond debt service is being paid by a combination of increased water usage rates, a water treatment plant fee and a tax levy.

Since 2022,

- Debt Service increased 249% from \$373k to \$1.3M annually
- Water Usage Rates have increased 126% from \$5.92 to \$13.40 per 1000 gallons
- A Water Treatment Plant Fee of \$335 has been added to resident quarterly utility bills
- An Additional Tax Levy of \$1,700 will be included in resident property taxes starting in 2026

Starting next year and continuing through at least 2040, homeowners will be paying a staggering average of \$5,702 for water and sewer debt service. We have communicated this to residents. Many of them have been very vocal about the impact on their family budgets.

More Work to be Done

This past fall, our Public Works Superintendent and City Engineer, Stantec, inspected the remaining portions of the original water and sewer systems and prioritized replacements. There is much to be done, including the remaining water mains and key components of the sewer system. Using the efficient approach of "only touching the dirt once" they identified fourteen project locations at a cost of ~\$26M. **Our bonding request for ~\$5.2M includes seven of the top ten priorities** and is only for water and sewer system replacement and associated street repairs.

The Reality

Minnetonka Beach recognizes that our aggressive approach has placed a heavy burden on our residents. The burden will remain in place for at least another 15 years. **The reality is we have reached the limit of our ability to self-fund much needed infrastructure replacement.** Accordingly, we ask that the State partner with us by including HF 2655 in the 2025 Bonding Bill.

Minnetonka Beach Capital Improvement Project Priority List

Project No. 193805540

The City of the Village of Minnetonka Beach

12/1/2024

Project Name	Info	Map No.	Street Costs	Watermain Costs	Forcemain Costs	Soft Costs	2024 Estimated Total Project Costs
Arcola Lane Street and Utility Improvement Project	Street and utility replacement project from Shoreline Dr - Woodbridge Rd	9	\$760,810.35	\$308,890.00	\$0.00	\$588,335.19	\$1,658,035.54
Woodbridge Rd Street and Utility Improvement Project (Public Works)	Street and utility replacement project from Shoreline Dr - Arcola. Includes upsizing of watermain from WTP to Shoreline	10	\$602,995.20	\$122,130.00	\$0.00	\$398,818.86	\$1,123,944.06
Shoreline Drive Forcemain Project	Located in ditch along Shoreline Dr. This project would be a trenchless project such as HDD, pipe bursting or lining	11	\$0.00	\$90,850.00	\$302,000.00	\$216,067.50	\$608,917.50
Crystal Bay Force Main	Located in the front yard of the existing homes on Crystal Bay. This project will most likely be a trenchless utility replacement project such as pipe bursting, HDD or lining.	1	\$0.00	\$0.00	\$403,000.00	\$221,650.00	\$624,650.00
Westwood Street and Utility Improvement Project	Originally a part of the 2019 Infrastructure project, removed due to budget concerns	2	\$422,410.70	\$123,740.00	\$0.00	\$300,382.89	\$846,533.59
Brooks Lane Street and Utility Improvement Project	Portions of this project were included in the 2019 Infrastructure project, includes utility upgrades as well as street improvements	4&5	\$1,007,347.45	\$329,360.00	\$0.00	\$735,189.10	\$2,071,896.55
Northview Rd Street and Utility Project	This project includes replacement of existing 1930's water main as well as street reconstruction	3	\$513,488.10	\$179,400.00	\$0.00	\$381,088.46	\$1,073,976.56
Total Estimated 2024 Project Costs			\$3,307,051.80	\$1,154,370.00	\$705,000.00	\$2,841,531.99	\$8,007,953.79