

1. Name of project: Owatonna-Medford Wastewater Treatment Regionalization

2. Request amount: \$26,500,000 (\$22,000,000 for Owatonna, \$4,500,000 for Medford)

3. Priority ranking: 1st

4. Project Summary:

The purpose of this project is to provide regionalized wastewater treatment for the Cities of Owatonna and Medford.

The City of Medford would decommission its existing wastewater treatment facility and pump wastewater to the City of Owatonna. Owatonna would expand and improve its wastewater treatment facility to accommodate its own growth and add capacity to accept wastewater from Medford.

5. Project description:

Owatonna needs to improve its wastewater treatment facility to accommodate additional growth and implement advanced treatment technology. Owatonna evaluated its future capacity and considered regional wastewater treatment for Medford due to their immediate need to resolve wastewater treatment issues. The project would construct a pump station and forcemain from Medford to the Owatonna collection system and increase a portion of the treatment plant capacity for the regionalization effort.

By combining the resources of the Cities of Owatonna and Medford, this project will maximize use of tax dollars by economy of scale, lower cost per gallon for treatment, better performance and reliability, staff efficiencies, and reduced permitting, sampling and testing tasks. The regionalization efforts will process all regional wastewater through a facility with advanced treatment technologies to produce a high-quality discharge to the Straight, Cannon, and Mississippi Rivers.

6. Project rationale:

Each community offers a different perspective regarding the need for this project. For Owatonna, this project provides an opportunity to be a great neighbor to Medford, improve the overall water quality discharged to the Straight River and reduce its users' rates through shared resources and economy of scale. The City of Medford will need to pursue one of two projects in the very near future to deal with their end-of-life wastewater treatment issues. Medford can either pursue a regionalization option with Owatonna or build a new wastewater treatment facility. A wastewater treatment facility would cost an additional \$7 Million more than the regionalization option. The regionalization option is the best solution as it's the most cost effective and eliminates the need for Medford to maintain a wastewater treatment facility.

The average user rates for the City of Owatonna are projected to increase 70% with the proposed treatment facility expansion. Bond dollars are needed to help continue affordable sewer rates

and help maintain an adequate fund balance to improve the City's aging and under-capacity wastewater system.

The City of Medford anticipates typical user rates in excess of \$180 per month per household if a new treatment plant is constructed and regionalization is not pursued. If regionalization is pursued and no bonding dollars are approved Medford is still facing a user rate of \$140. These user rates are above the Federally recognized affordable rate of \$100 per month based on 1.5% of the median household income. Bonding dollars and regionalization are needed to reduce Medford's user rates to a more affordable amount of \$100 per month.

7. Project timeline:

Design services and permitting will take approximately 9-12 months to complete. If funding is approved, construction is anticipated to be completed in two years.

8. Impact on state operating subsidies: None

10. Who will own, operate, use facility/etc.:

The treatment facility and collection system within Owatonna's City limits will be owned and maintained by the City of Owatonna. The lift station and force main from Medford to Owatonna will be owned and maintained by the City of Medford.

11. Public purpose:

Regional wastewater treatment for Medford and Owatonna will continue to serve as a model for other state-wide collaborative efforts to make best use of each community's resources. To meet the long-term financial and growth needs of both communities (30+ years), bond assistance from Minnesota is needed to ensure the long-term health and viability of both communities.

12. Description of previous appropriations (if any): None

13. Project funding sources: Both Medford and Owatonna will be financing their respective portions of the project. Additional state and federal funding sources are being pursued.

14. Funds already committed/pending contributions: None

15. Total Project Costs:

- a. **Total Project - \$81,000,000**
- b. Owatonna Treatment Plant Project Costs - \$70,000,000
 - a. Land acquisition- NA
 - b. Engineering and Admin fees: \$8,000,000
 - c. Construction: \$62,000,000
 - d. Relocation expenses: NA
 - e. One percent for Art: NA
 - f. Occupancy costs: NA

- g. Inflationary adjustment: NA
- c. Medford Capacity Charge, Pumping and Forcemain Project Costs - \$11,000,000
 - a. Land acquisition- NA
 - b. Engineering and Admin fees: \$1,000,000
 - c. Construction & Capacity charge: \$10,000,000
 - d. Relocation expenses: NA
 - e. One percent for Art: NA
 - f. Occupancy costs: NA
 - g. Inflationary adjustment: NA