



**City Council Workshop Meeting
Ash North and South Conference Rooms
August 16, 2023 | 6:30 p.m.**

This City Council Workshop meeting is taking place virtually and at Woodbury City Hall in the Ash North and South Conference Room. Members of the public may attend the meeting in person and may also join the meeting using a computer, tablet or smartphone and accessing the virtual meeting link at woodburymn.gov/VirtualMeetings

[Watch the Live Meeting](#)

Public comments will be accepted during the meeting both in person and virtually. Virtual questions should be submitted via the online Q&A feature within the virtual meeting link.

Questions regarding the meeting will be also taken between the hours of 8:00 a.m. to 4:30 p.m. at 651-714-3524 or at council@woodburymn.gov. Questions received after 4:30 p.m. will be responded to in the next three to seven business days.

Please note that all agenda times are estimates.

6:00 p.m. Dinner – Ash North and South Conference Rooms

Workshop Agenda

- | | | | |
|-----------|----|---|--------|
| 6:30 p.m. | 1. | Cannabis Law – Memorandums of Understanding and Liquor Store Sales | 23-180 |
| 7:30 p.m. | 2. | Break | |
| 7:40 p.m. | 2. | Drinking Water Strategic Initiative: Water Treatment Implementation | 23-181 |
| 9:20 p.m. | 3. | Administrator Comments and Updates ¹ | |
| 9:25 p.m. | 4. | Mayor and City Council Comments and Commission Liaison Updates ¹ | |
| 9:30 p.m. | 5. | Adjournment | |

¹ Items under comments and updates are intended to be informational or of brief inquiry. More substantial discussion of matters under comments and updates should be scheduled for a future agenda.

The City of Woodbury is subject to Title II of the Americans with Disabilities Act which prohibits discrimination on the basis of disability by public entities. The City is committed to full implementation of the Act to our services, programs, and activities. Information regarding the provision of the Americans with Disabilities Act is available from the City Administrator's office at (651) 714-3523. Auxiliary aids for disabled persons are available upon request at least 72 hours in advance of an event. Please call the ADA Coordinator, Clinton P. Gridley, at (651) 714-3523 (TDD (651) 714-3568)) to make arrangements.

**City of Woodbury, Minnesota
Office of City Administrator**

Council Workshop Letter 23-180

August 16, 2023

To: The Honorable Mayor and Members of the City Council

From: Clinton P. Gridley, City Administrator

Subject: Cannabis Law – Memorandums of Understanding and Liquor Store Sales

Summary

Resulting from the enactment of the 2023 MN Cannabis Law, legal sales may not commence until 2025. In the meantime, there are a variety of issues the Council will need to consider throughout 2023 and 2024. To ensure that the City had time to deliberate appropriately on the variety of issues, an Interim Ordinance was adopted on August 9 that freezes all hemp and cannabis businesses from starting before August 2024 and January 2025, respectively.

The City currently has three businesses selling cannabinoid products under special agreements due to their proximity to youth-oriented facilities. The future status of these agreements needs to be determined as they currently expire on August 31, 2023.

Additionally, the Council has indicated interest in further discussion related to allowing cannabinoid licensure to existing exclusive liquor stores. The City currently excludes such liquor stores from obtaining a cannabinoid product license. Amendments to the existing Cannabinoid Products Ordinance would provide consistency with state law and existing Woodbury liquor rules.

Recommendation

Staff recommends Council:

1. Direct staff to extend the three existing Memorandum of Understanding (MOU) agreements to sunset in January 2025, deposit the escrowed funds totaling \$30,600, and require each business to submit an additional \$10,200 unless they cease to operate prior to January 2025; and
2. Amend the existing Cannabinoid Products Ordinance to:
 - a. Strike the language prohibiting exclusive liquor stores from holding a cannabinoid products license
 - b. Align the proximity requirement of these business to the existing Woodbury Liquor Code requirements (500 feet from schools)
 - c. Ensure that there is no limitation of the number of licenses that meet the above criteria.
3. Provide staff direction on whether further ordinance research should occur relative to tobacco license holder sale of cannabinoids.

Council Workshop Letter 23-180

August 16, 2023

Page 2

Governance Mode

- Generative - identifying key questions, anticipating future challenges, framing of issues, and development of options.

Fiscal Implications

The escrowed funds for businesses operating under an MOU currently total \$30,600.

Policy

1. Minnesota Session Laws – 2023 Chapter 63, Article 1 – Regulation of Adult-Use Cannabis
2. Woodbury City Code Chapter 11 – Licenses, Permits and Miscellaneous Business Regulations, Article XV Cannabinoid Products.

Public Process

1. City Council Workshop on August 10, 2022
2. City Council Meeting on August 31, 2022 – Adoption of Cannabinoid Products Ordinance
3. City Council Meeting on November 9, 2022 – Authorization for Memorandums of Understanding for Cannabinoid Products_License Applicants Meeting Certain Criteria
4. City Council Workshop – July 19, 2023
5. City Council Meeting – August 9, 2023 – Adoption of Interim Ordinances, Limitation on the Number of Cannabinoid Licenses, and Public Use Restrictions
6. Regular Licensing Processes

Background

Existing MOUs

On August 9, Council approved an amendment to the existing Cannabinoid Products Ordinance that limited the number of cannabinoid product licenses to four. The City currently has three business that are legally selling cannabinoid products under an MOU agreement because their establishments were too close to existing youth-oriented facilities and thus ineligible for licensure while the City was awaiting additional state action. The 2023 MN Cannabis Law does not address whether cities can adopt regulations regarding distance requirements for hemp businesses, like lower-potency hemp retailers. In addition, it is yet unclear if cities will be able to limit the number of hemp businesses once state-licensing commences. Until the state provides further guidance related to lower-potency hemp retailer licensure, and due to possible state-level law changes during the 2024 session, there is currently ambiguity for the future cannabinoid businesses operating within 500 feet of a youth-oriented facility. The City has not yet evaluated its proximity requirements for license eligibility that initially triggered the MOU action.

There are three options available for Council to consider regarding the businesses operating under an MOU:

1. **Allow the existing MOUs to expire on August 31.**

If Council were to take no action, the existing MOU agreements would expire on August 31, and businesses operating under these agreements would be required to cease sales of cannabinoid products. Staff requests Council direction regarding the escrowed funds if this action is pursued.

2. Direct staff to extend the MOU agreements through 2025

To allow for additional discussion of proximity rules related to both cannabis and hemp businesses as intended by the August 9 Interim Ordinance, the Council could direct staff to continue the temporary MOU agreement with businesses until future decisions regarding proximity rules have been made. Extending the agreements to coincide with the Interim Ordinance would provide consistency for staff.

Each of the three business that has been operating under an MOU agreement has \$10,200 held in escrow by the City. If this option is pursued, staff recommends that Council consider amending the MOU agreements to require the businesses to pay the money held in escrow to the City before December 31, 2023 and require the businesses pay an additional \$10,200 to continue conducting cannabis sales through 2024. This will ensure that the businesses operating under MOU agreements have no advantage over licensed businesses. If a business ceases to sell cannabinoid products or moves prior to December 2024, staff recommends the agreement allow pro-rated funds to be returned to the establishment.

3. Pursue licensure of the businesses with MOU agreements

The intention of the MOU agreements was to allow businesses to continue to sell cannabinoid products until the eligibility criteria could be further evaluated. If Council is interested in pursuing licensure for the three businesses operating under an MOU, there are two steps:

- a. Amend the existing Cannabinoids Products Ordinance to increase the license limit to seven; and
- b. Issue licenses for the three existing businesses that hold MOUs and grandfather the three existing businesses in to be exempt from the proximity requirement. (The City has done this before in City Code Sec. 11-18 (k) – “E-cigarette vapor lounges issued a tobacco sales license prior to June 24, 2014 are exempt from this prohibition”). This could easily be replicated for the three businesses with MOU agreements.

Existing Limitations on Liquor Store Sales

The City’s existing Cannabinoid Products Ordinance prohibits exclusive liquor stores from obtaining a cannabinoid product license. As discussed at the August 9 Council meeting, liquor stores are more restrictive establishments and Council was interested in a further discussion on allowing licensure.

Staff recommends that if the Council were interested in allowing liquor stores to sell cannabinoid products, they align the eligibility criteria in the current Cannabinoid Products Ordinance to follow the eligibility criteria of the existing Liquor Licensing Ordinance, which is 500 feet (measured door to door) from an existing school. This would ensure that all licensed liquor stores could be eligible for a cannabinoid products license should they choose to apply.

Should the Council direct City Staff to propose an ordinance for City Council adoption, the Council has the option to restrict the additional licenses available to exclusive liquor stores currently licensed in the City. This would allow licenses above the four currently allowed to only be available to exclusive liquor stores. Future consideration of increasing the number of cannabinoid licenses for non-liquor stores (such as tobacco stores or specialty stores) would need further legal and administrative analysis.

Written By: Annie Coyle, Assistant to the City Administrator/Deputy Clerk
Approved Through: Kimberlee K. Blaeser, City Clerk
Kevin Sandstrom, City Attorney
Attachments: None

City of Woodbury, Minnesota
Office of City Administrator

Council Workshop Letter 23-181

August 16, 2023

To: The Honorable Mayor and Members of the City Council
From: Clinton P. Gridley, City Administrator
Subject: Drinking Water Strategic Initiative: Water Treatment Implementation

Summary

Following Council approval of design contracts and associated Minnesota Pollution Control Agency grants in Spring 2023, City staff and consultants are making progress with the design of the City's permanent water treatment plant (WTP), associated infrastructure, and additional interim treatment capacity as the highest priority. 100 percent design of the water treatment facility, well manifold pipe project, and 30 percent design of associated system wide raw and distribution pipeline projects, and temporary water treatment at three well sites are all in process.

The workshop agenda will cover two main topics:

- **30 percent design of the water treatment plant** - Council is asked to discuss and provide direction on staff recommendations related to 30 percent design of the WTP for design services to proceed to greater level of detail. Unfortunately, the financial impact¹ of the effort is still not fully defined due to ongoing negotiations with the 3M State of Minnesota Settlement Co-Trustees (the Co-Trustees). Any decision-making delays by the State or City will impact the WTP construction timeline, extending the final delivery date of system wide treated water to the community. The August 16 Workshop discussion is limited to the WTP and does not include the associated raw and distribution water pipelines. Pipeline design will be discussed at the November Council workshop.
- **2024 Water Rates** - Council is asked to discuss and provide direction on Audit and Investment Commission's recommendation related to the 2024 water and sewer rate. Over the last year, the Audit and Investment Commission has been working with staff and our water rate consultant on a two-phase water rate study. Phase I is relative to the current system without consideration of the coming water treatment plant and pipes extensions, and our ability to financial support operation, capital, and depreciation cost of the system. Phase II will commence next year once the project capital cost and funding gap with the 3M settlement is better known, and will apply to the 2025 rate proposal.

¹ All associated costs remain high-level estimates, and will continue to be refined as the design moves past the 30 percent milestone.

Recommendation

Staff recommends the following project direction:

1. WTP component:
 - a. Provide full site flexibility through building capital facility appurtenances² necessary to position the WTP to support future treatment technologies, such as pre-treatment and water softening in the future; and a plant operations building sufficient to support future pre-treatment and / or softening additions.
 - b. Provide a warm storage component as part the WTP (CDWSP funding eligibility yet to be determined).
 - c. Expand the warm storage garage at the WTP beyond what staff has submitted to the Co-Trustees for minimal needs for PFAS treatment to allow shifting additional utility vehicles and equipment to the site, increasing the Public Work's facility operational efficiencies, and delaying the need for warm storage expansion (previously planned for around 2030).
2. 2024 water rates:
 - a. At the June 23, 2023, meeting, the Audit and Commission recommended an 8 percent rate increase, or .16¢ / 1,000 gallons, (\$3.68 / quarterly bill), and consider an additional increase to prepare for future debt issuance.
 - b. Staff recommends Council a 12 percent rate increase, or 0.23¢ / 1,000 gallons, (\$5.29 / quarterly bill) to prepare for future debt issuance costs³.

Options

The level of investment to prepare future Councils for site treatment and operational flexibility. A table is attached outlining the differences in the following three options.

1. Full flexibility: Provides the greatest range of accommodations for flexibility to address future treatment technologies and emerging science on water quality.
2. Limited flexibility: Includes necessary design considerations, to ensure future treatment technologies and softening are supported if determined needed in the future, i.e., investments in underground utility and appropriately sized electrical and building footings needed.
3. No flexibility: Limited spending beyond state funding, does not invest in prudent design planning for such things as underground utility upsizing, electrical, and building mechanicals for future flexibility. Limited storage for site needs for PFAS treatment. Includes use of existing City assets to support water treatment operations. Not recommended.

² Electrical, mechanicals etc., excludes water softening building et al.

³ 10% = \$0.19 increase per 1,000 gallons, or a \$4.37 increase per quarter

Fiscal Implications

Level of Investment for Site and Operational Flexibility: Below are the anticipated City costs for the administrative space portion of the site⁴:

- City investment for full flexibility: \$3 - \$5 million
- City investment for limited flexibility: \$1 - \$2 million
- City investment for no flexibility: likely less than \$1 million

Expand Water Treatment Garage and Delay Public Works Garage Expansion: If the Co-Trustees approve funding the necessary garage space to run the facility, City costs would be approximately \$3 - \$5 million to expand the garage and delay the needed Public Works warm storage garage expansion. In the case the Co-Trustee's do not approve the necessary garage space to run the facility for PFAS treatment, City costs would range from \$4 - \$8 million; the higher end would be if the Council determines to also build the larger garage, the lower end would be for warm storage garage necessary for PFAS treatment operations.

2024 Water Rate Proposal: Analysis of fiscal implications will be ongoing throughout the rate model process. Fiscal impact will be partly dictated by funding decisions and funding sources for water treatment system infrastructure. See the attached table, 'Rate impact per million-dollar debt issuance,' which details estimated rate increases and bill impacts per million dollars bond proceeds.

Total City Funded Gap Estimate: At past Council workshop meetings, an early estimated City cost of approximately \$50 million has been shared. Having reached the 30 percent design milestone, City costs have been further refined and **lowered** to \$22-40 million. The \$22-\$40 million cost range includes costs to implement full flexibility in the administrative building and the expanded garage, delaying Public Works building expansion.

Background

On June 30, 2023, Woodbury staff and consultants AE2S and Jacobs Engineering, submitted water treatment plant 30 percent design documents to the Co-trustee on schedule. The key components of this design were included based on the Council direction on November 16, 2022, to design the building to 30 percent with the inclusion of softening.

The Co-trustees had until July 26, 2023, to provide comment on settlement eligibility of the plan to facilitate productive engagement and discussion at a July 12, 2023, and subsequent August 1, 2023, meetings between the City and Co-Trustees. The Co-Trustees continue to have funding eligibility questions on the 30 percent design. Staff are providing additional information on the following: the proposed warm storage garage, architectural treatments, site flexibility, B3 proposed sustainability elements, and inclusion of trails on the site. Here is a summary of funding unknowns:

1. Future MDH health index and EPA MCLs and treatment of four City wells (15, 18, 20, 21); if wells are not initially over or need additional data, the City may need to cover costs but could be re-imbursed at a later date. This includes pipe size and treatment at the plant.
2. Water treatment plant: administrative building, warm storage garage, architectural features, education spaces.

⁴ All figures are estimates, due to unknown state funding decisions, EPA and MDH proposed PFAS limit changes, and current design milestone of 30 percent.

3. Investment in sustainability and Co-Trustee's willingness to support B3 requirements. The CDWSP indicates the settlement will not fund any upgrades for sustainability. State funded projects are required to meet Minnesota B3 guidelines and include the need for many preferred sustainability approaches, ensuring the building is designed with best practices in environmental stewardship, largely funded by the settlement. More information can be found at www.b3mn.org.

Additional information related to warm storage: During the remodel and expansion of the Public Works building at 2301 Tower Drive, the warm storage garage space was reduced to keep the project within budget. At the time, it was recommended that an addition to the Public Works building be constructed a decade later, which would appear in next year's CIP for 2029. The estimated additional square footage of Public Works building space needed is 92,500 square feet (6,800 square feet for Utilities). The warm storage garage space in the WTP design is a little less than 15,000 square feet. This total space need was submitted to the Co-Trustees as 50 percent eligible for direct PFAS treatment support and 50 percent City funded for the additional Utility space needs. Assuming the past assumptions of linear relationship between population and space needs, the approximately 7,500 square footage addition to the WTP would serve the needs of the Utilities warm storage needs into the future. See attached June 28, 2023, memo to Clint Gridley, City Administrator for more information.

Staff recommends a larger warm storage space beyond PFAS treatment be built at the WTP, allowing some vehicle storage to be shifted from the Public Works building to the WTP site, delaying, and potentially reducing the planned growth of the Public Works building warm storage for approximately one decade. Benefits of this approach include capitalizing on economies of scale by incorporating some warm storage space beyond PFAS treatment as part of the WTP effort. This includes delaying, and/or minimizing anticipated disruption to Public Works daily operations during construction at the Public Works building and relief from construction impacts to the Public Works building adjacent neighborhoods. It is anticipated the warm storage expansion at the Public Works building can be delayed until after 2035, possibly until 2040.

The Co-Trustees have expressed concern with the settlement funding any garage space, this was not anticipated due to what is seen as justifiable operational needs for PFAS treatment support. Staff is working diligently to further prove and justify the need for the space to support PFAS treatment operations and its eligibility for funding.

Additional information related to 2024 Water Rate Recommendation: At the June 23, 2023, Audit and Investment Commission meeting, the rates proposed for 2024 were a "business as usual" approach. The updated rate model and Council approved Water and Sanitary Sewer Utility Capital Asset Funding Reserve Policy requirements were met. Cost impacts of water treatment plant and associated infrastructure were not taken into consideration; this will be a second phase of this work and will be evaluated for 2025 and future rates. To meet 2024 'business as usual' needs, an 8 percent rate increase was proposed to the Audit and Investment Commission. The Audit and Investment Commission supported the rate increase and requested Council consider a larger increase, to soften the impact of the coming increases needed to support the anticipated, yet unknown, debt issuances. See the attached table which details estimated rate increases and bill impacts per million dollars bond proceeds.

Council Workshop Letter 23-181

August 16, 2023

Page 5

Policy

Aligns with the 2019-2021 Strategic Initiative 19-01, Ensure Long-term Drinking Water Sustainability and 2022-2024 Strategic Initiative 22-01 Drinking Water Treatment Implementation.

Public Process

Due to the extensive length of public process items associated with these topics, only 2023 process are noted below. A list of previous public process can be found in past year's Council Workshop letters.

- February 8, 2023: Council Resolution Authorizing Acceptance of City of Woodbury Water Treatment Plant Design and Partial Pipeline Design Grant from MPCA in the amount of \$12,500,000 and Approval of Budget Amendment to the Water and Sewer Utility Fund
- March 22, 2023: Council Resolution Authorizing Acceptance of City of Woodbury Water Treatment Plant and Pipeline Design Project Grant Amendment #1, from Minnesota Pollution Control Agency in the Amount of \$3,888,543 and Approval of Budget Amendment to the Water and Sewer Utility Fund.
- April 12, 2023: Council Resolutions Authorizing the Mayor and City Administrator to Execute a Letter of Engagement with Advanced Engineering and Environmental Services, LLC (AE2S) as the City's Consultant and Engineering Firm for Wellhead Temporary Water Treatment
- April 12, 2023: Council Resolution Authorizing Acceptance of City of Woodbury Wellhead Temporary Water Treatment Grant Amendment from Minnesota Pollution Control Agency and approval of Budget Amendment to the Water Sewer Utility Fund
- May 24, 2023: Council Resolution Authorizing Acceptance of City of Woodbury Water Treatment Plant Property Acquisition Grant Amendment #1, Contract #188269 from Minnesota Pollution Control Agency
- June 23, 2023: Audit and Investment Commission Meeting Review of 2024 Utility Rates and Recommendation
- June 28, 2023: Council Workshop Discussion on the proposed Council Resolution regarding Water Supply and Growth Management
- July 19, 2023: Council Resolution Affirming the City of Woodbury's Continued Commitment to the Management of Growth and Water Supply
- July 19, 2023: Council Resolution Amending Council Directive CD-COMDEV-3.1 Phase 2 Growth Management Strategy
- August 9, 2023: Council Resolution Authorizing Acceptance of City of Woodbury Communications and Public Engagement Services Grant Amendment #1, Contract #211361 for up to \$128,400 from the Minnesota Pollution Control Agency to reimburse the City's expenses for Implementation of Communications and Public Engagement Plan for LTWTP Project and Approving a Budget Amendment to the Water and Sewer Utility Fund (Enterprise Fund)

Council Workshop Letter 23-181

August 16, 2023

Page 6

- August 9, 2023: Council Resolution Authorizing the Mayor and City Administrator to Execute a Letter of Engagement with Advanced Engineering and Environmental Services, LLC (AE2S) as the City's Consultant and Engineering Firm for continued Woodbury Water Treatment Plant Professional Services for Communications, Branding and Public Engagement

Governance Mode

- Fiduciary - Stewardship of tangible assets, oversees operations and ensures efficient and appropriate use of resources, legal compliance, and fiscal accountability.
- Generative - identifying key questions, anticipating future challenges, framing of issues, and development of options.

Written By:

Mary Hurliman, Public Works Director
Jim Westerman, Assistant Public Works Director

Approved Through:

Clinton P. Gridley, City Administrator

Attachments:

1. Level of Investment for Site Flexibility Table
2. Rate Impact per Million-Dollar Debt Issuance
3. June 23, 2023, Memo to Clint Gridley, City Administrator: "Review of Public Works Expansion – Future Needs"

Investment in Future Flexibility

To move past 30% design and maintain the project schedule, staff requires **direction on the level of administrative space flexibility for future treatment technologies.**

Staff have developed three options for Council's consideration. All options meet PFAS treatment to 2040 demand needs.

Option	Full Flexibility	Limited Flexibility	No Flexibility
Estimated City Cost Range	\$3-5 M	\$1-2 M	Less than \$1M
Includes building footprint to add administrative space to support future treatment technologies and possible 24/7 staffing model	<input checked="" type="checkbox"/>		
Two story building improves the overall aesthetic, fit to the neighborhood, and desirable architectural roof heights. Allows for control room to overlook treatment plant for improved operations.	<input checked="" type="checkbox"/>		
Larger maintenance shop and workshop spaces to improve Utility workflow and operations.	<input checked="" type="checkbox"/>		
Dedicated education space at the entrance of the facility	<input checked="" type="checkbox"/>		
Reduces future operation disruption and site/ neighborhood disturbance by limiting future site construction activities	<input checked="" type="checkbox"/>		
Building mechanics/electrical for future flexibility	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Building footings for future second story	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Flexibility to grow to 48 MGD PFAS Treatment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Meets PFAS treatment standards	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Meets staffing needs for 2040 plant capacity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Standard WTP features: control room, lab, training/ meeting room, operator's desks, supervisor's offices, support services, etc	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Restricts site flexibility for future technologies and administrative needs			<input checked="" type="checkbox"/>

Bonding Scenarios



The financial impact of the WTP and pipeline infrastructure are not fully defined due to ongoing negotiations with the 3M State of Minnesota Settlement Co-Trustees (the Co-Trustees) and pending Environmental Protection Agency and Minnesota Department of Health standards. To put in context the impact of future bond issuances, the

following table provides rate impacts of different bonding scenarios with a 25-year term. The data in the table represents rate adjustments needed in 2025-2028 (following an 8-percent rate increase in 2024) to support debt service payments. Rate estimates would be positively impacted if Council recommends a higher 2024 rate increase.

Total Bond Proceeds	Annual Debt Service	\$/kgal	Cumulative Rate Increase Needed	Quarterly Bill Impact for Typical Customer to Fully Fund Debt	Annualized 2025-2028
\$1,000,000	\$70,952	\$0.03	1.0%	\$0.57	0.3%
\$2,000,000	\$141,905	\$0.06	2.0%	\$1.14	0.5%
\$3,000,000	\$212,857	\$0.09	3.0%	\$1.71	0.8%
\$4,000,000	\$283,810	\$0.12	4.1%	\$2.28	1.0%
\$5,000,000	\$354,762	\$0.15	5.1%	\$2.85	1.2%
\$6,000,000	\$425,715	\$0.18	6.1%	\$3.41	1.5%
\$7,000,000	\$496,667	\$0.21	7.1%	\$3.98	1.7%
\$8,000,000	\$567,620	\$0.24	8.1%	\$4.55	2.0%
\$9,000,000	\$638,572	\$0.27	9.1%	\$5.12	2.2%
\$10,000,000	\$709,525	\$0.30	10.1%	\$5.69	2.4%
\$20,000,000	\$1,419,049	\$0.60	20.3%	\$11.38	4.7%
\$30,000,000	\$2,128,574	\$0.89	30.4%	\$17.07	6.9%
\$40,000,000	\$2,838,098	\$1.19	40.6%	\$22.76	8.9%
\$50,000,000	\$3,547,623	\$1.48	50.7%	\$28.46	10.8%
\$60,000,000	\$4,257,147	\$1.78	60.9%	\$34.15	12.6%

DEBT ASSUMPTIONS

Interest Rate: 5%

Term (years): 25

Starting Water Revenue: \$6,991,688

Date: June 28, 2023
To: Clint Gridley, City Administrator
Mary Hurliman, Public Works Director
From: Chris Hartzell, Engineering Director
Subject: Review of Public Works Expansion – Future Needs

At the June 26th, 2023, Water Treatment Steering Team Meeting, staff was requested to review the 2017 Public Works and Parks Facilities Building Assessment Report and the future expansion needs in terms of square footage, project costs, and timing. Staff has carefully reviewed the available information from the assessment report and the September 27, 2017, City Council Workshop.

In 2017, the city targeted an expansion to meet the 2027 needs, which assumed a population of 80,500 with an approximate space need of an additional 100,000 square feet.

It further identified a full build-out need of an additional 40,000 square feet of which 18,800 square feet was for warm storage for an ultimate population build-out of 87,800 by 2040 (See Figure 1 – Warm Storage Expansion – Full Build-Out).

Based on current staff estimates, the city has already exceeded the population projections at 82,000 and is quickly approaching the full build-out population projections developed in 2017.

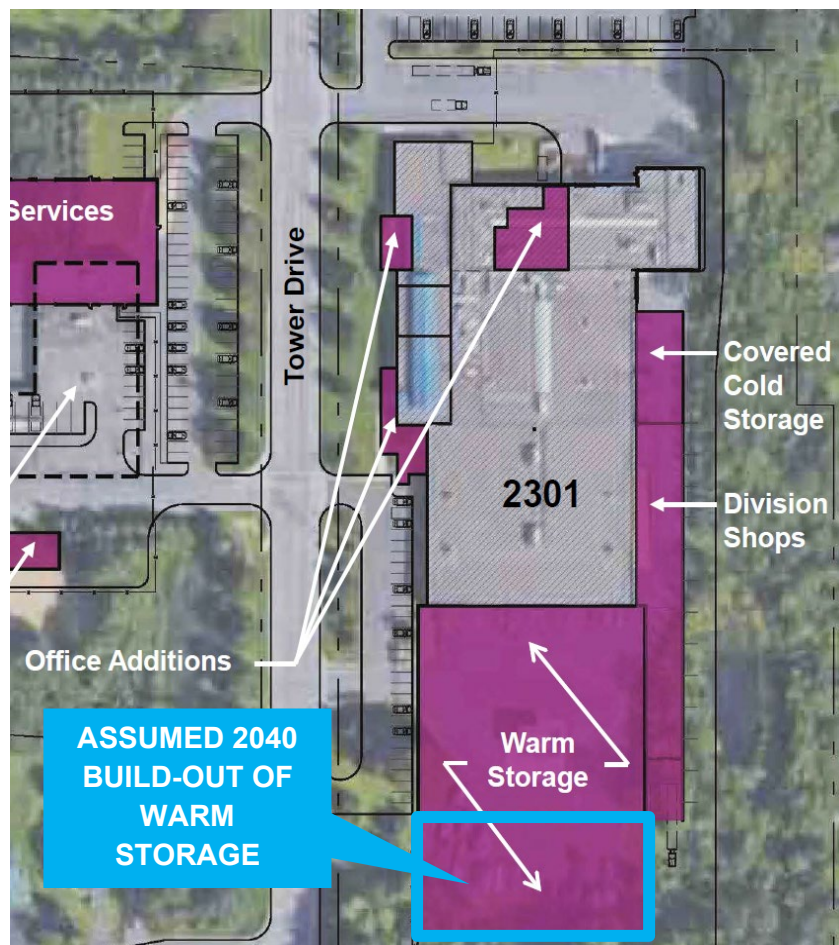


Figure 1 - Warm Storage Expansion - Full Build-Out

Staff currently estimates the City’s population will be approximately 97,385 by 2040. The estimated additional square feet of public works building space needs is approximately 92,500 (6,800 for Utilities) square feet assuming the past assumptions of a linear relationship between population and space needs (See table below).

Description	Projected Year	Population Projection ²	Additional SF Needed	2023 Costs
<i>2018 - Constructed</i>	<i>2027</i>	<i>80,500</i>	<i>100,000</i>	<i>N/A</i>
Current ¹	2023	82,000	+8,000	N/A
“Old” Full Build-Out	2040	87,800	+40,000	\$3.6M - \$4.7M
“New” Full Build-Out ¹	2040	97,385	+92,500	\$7.9 – \$10.3

1. Assumptions based on a linear relationship between population and space needs.

2. 2020 Census Data indicates a population of 75,102 in 2020 and 77,224 in 2022 with current Woodbury estimates near 82,000. The ultimate build-out assumed a population projection of 87,800. “new” estimates assume 97,385.

Staff was able to find limited preliminary schematic design information regarding anticipated costs for the additional 18,800 feet of warm storage as part of the full build-out. Costs have increased overall by approximately 42% since the original 2017 estimate based on the ENR Building Cost Index. The costs are shown inflated to 2023 costs in the table above along with an estimate to meet the “new” population estimates at full build-out. Staff further verified these costs with Kraus-Anderson based on recent estimates for public works buildings and warm storage in White Bear Lake and Oakdale.