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CITY OF RAMSEY – WATER TREATMENT PLANT & TRUNK WATERMAIN

Purpose

The City of Ramsey, at the recommendation of the Minnesota Department of Health, has identified a need to construct a Water Treatment Plant. The facility would provide safe drinking water to the public by removing unsafe levels of manganese from the water supply. Since 2019, the city has made efforts to reduce the risks to the public but these efforts are not sustainable as a permanent solution. In March 2023, the City awarded a contract to construct the facility. This portion of the project is estimated at \$34,680,000 including indirect costs to finish the build. The second portion of the project is the construction of trunk watermain improvements needed to connect the facility to wells and distribution lines throughout the city. The Ramsey City Council awarded this construction contract on November 28, 2023 in the amount of \$6,671,414. Total combined project costs are estimated at \$42,019,905 including 10-percent indirect costs.

Financial Impact

- Original 2021 estimate of combined project costs was approximately \$32 million.
 - Late 2022 estimate increased to \$48 million following construction cost increases and supply chain delays.
 - **Dedicated funding in March 2023 was approximately \$29 million (cash on hand).**
 - This represented available funds for both construction costs and early operation costs.
 - Utility rate increases to cover increased construction costs.
 - 10% increase became effective July 2023.
 - 5% increase became effective January 1, 2024.
 - 10% increase became effective January 1, 2025
 - 2025 base sewer rate is \$96.42/qtr.
 - 2025 base water rate is \$54.89/qtr.
 - 5-10% assumed future increases required.

State Bonding Requests

- 2022 HF4732 & SF4440 introduced with a \$10 million request. No action taken.
- 2023 HF1177 & SF1197 requested \$20 million in State Bonding and a sales and use tax exemption (HF1177 & SF1197).
 - Higher request from previous year directly related to increased project costs.
 - Reduced request to \$10 million following approval of the facility construction contract.
 - Received \$3.2 million and a sales and use tax exemption approval.
 - Unfortunately, language was specific to the water treatment plant and did not encompass the entirety of the project, which includes necessary trunk watermain improvements.

*It is our mission to work together to responsibly grow our community,
and to provide quality, cost-effective, and efficient government services.*

2024 Legislative Request(s)

- \$6.8 million to fulfill the total \$10 million request in 2022 and 2023.
 - Bonding proceeds were not approved.
- Amendment or approval to allow both the bond proceeds and the sales and use tax exemption to apply to the trunk watermain project.
 - Language amendment for the bonding proceeds was approved.

2025 Legislative Request(s)

- HF2637/SF1467 \$6.8 million to fulfill the total \$10 million request.
- HF2638/SF1981 Amendment or approval to allow the sales and use tax exemption to apply to the trunk watermain project.

History

- 2019 – Minnesota Department of Health detected manganese concentrations above the recommended health guide in several of Ramsey’s wells. Since then:
 - Staff mailed notice to 5,600 Ramsey households (public water users).
 - Held public meeting to address public’s concerns and discuss local plan to address the safety concern.
 - Began utilizing select wells with lowest concentrations of manganese.
 - Utilize wells with higher levels only when water usage demand requires it.
 - Published ongoing information and steps being completed to address the safety concern.
 - Includes monthly testing results.
 - Water Treatment Plant design progress and project status.
 - Hired professional firms to conduct pilot test and prepare feasibility study for a Water Treatment Plant.
 - 2022 Legislative Session requested \$10 million in State Bonding (HF4732 & SF4440).
 - Early 2023, completed final plans and specifications for 10 MGD Water Treatment Plant. The project was advertised for bids late January 2023, with project awarded in March.
 - Late 2023, trunk watermain project bid with City Council approval November 2023.

Funding Alternatives

- Project is included on MDH Project Priority List and PFA Intended Use Plan as a priority project for PFA low interest loan funding.
 - It does not score high, likeliness of obtaining PFA funding is minimal.

Local Infrastructure Commitments

- 2015-2016 constructed \$3.8 million Fire Station
 - 100% locally funded
- 2021 constructed \$16 million Public Works Facility
 - 100% locally funded
- Planned \$38 million investment in pavement management improvements from 2023-2032
 - 100% locally funded
- \$4 million local funding commitment for Highway 10 improvements 2024-2025
 - Additional local infrastructure improvements surrounding the project to extend water and sewer services.