

MN DEED/Community Finance  
1<sup>st</sup> National Bank Building  
332 Minnesota Street, Suite E200  
St. Paul, MN 55101-1351

To Whom It May Concern,

Please see the City of Princeton's attached preliminary application for funding through the Small Cities Development Programs. The City of Princeton has been working with Mille Lacs County, Princeton Public Utilities and WSB, the city engineer, to mitigate the issues and work on a plan for infrastructure reconstruction of 7<sup>th</sup> Ave North in Princeton. The sewer and water infrastructure in this area is in dire need of reconstruction to ensure compliance with health safety standards. The sewer piping, in particular, was installed in 1965 and is made of clay. In some segments the line is completely missing relying solely on the outside cavity to contain the sewer line, making way for septage leakage and contamination.

If you have questions or are in need of further information regarding this project please feel free to contact Michele McPherson, the City Administrator, at anytime via email at [mmchperson@princetonmn.org](mailto:mmchperson@princetonmn.org) or telephone at 763-389-2040. We appreciate your time and consideration of our request.

Kind regards,

Stephanie Hilleshiem  
Community Development Manager  
City of Princeton

# Small Cities Development Program (SCDP) 2022 Preliminary Proposal

## Public Facility Preliminary Proposal

### Submission Deadline

Wednesday, November 17, 2021 4:00 PM

***One original and one copy Preliminary Proposals must be received by DEED on or before 4:00 pm, Wednesday, November 17, 2021.***

***Faxed or e-mailed applications will not be accepted.***

**Small Cities Development Program (SCDP)** guidance must be downloaded from the DEED website (<https://mn.gov/deed/government/financial-assistance/community-funding/small-cities.jsp>). This application packet is only for a Public Facility Proposal. Other eligible program component applications are also available on the same website as the guidance.

- Funds are used to reconstruct failing, outdated, public infrastructure projects that pose a threat or hazard to the health and safety of residents
- Funds cannot be used for projects anticipating future population growth
- Funds should not be proposed for new construction, such as buildings to house treatment plants
- Funds can only pay for service connections where a permanent easement, housing rehabilitation activity occurs and housing quality standards are met (publically-owned service connections are allowable)
- Attach a map of the city or community limits.
  - If the project involves a specific benefitting area, map must indicate that area.
  - If residents outside the community limits will benefit, the map must indicate that area.
- Federal objective used for public facilities (municipal wastewater and water activities) is to benefit low and moderate income people on an area basis (LMA). A low and moderate income (LMI) person resides in households with household incomes that are up to 80% of the county median income. The federal objective can be met through U.S. Census data or conducting a community survey.
- A community survey must be conducted if City LMI is not at least 51%, LMI is over 51% but is not a city-wide project, or LMI is over 51% and residents outside of the city limits will benefit from the project. A sample community survey form is available on the DEED website

# Public Facility Preliminary Proposal

**Applicant Name:** City of Princeton, MN

**Project Description:**

**Provide a short description of project; include need and issues:**

The City of Princeton has a need to replace the sewer pipe and tiling along 7<sup>th</sup> Ave North due to continuous connection failures along the line as well as poor and aging pipe conditions. The sewer pipes along 7<sup>th</sup> Ave North are vitrified clay pipe installed in 1965. The City has worked to repair and maintain the sewer line as issues have arose, but continuing to repair in this manner is costly and the potential for severe issues including septage leakage is increasing. There have been identified segments along the line where pipe is completely missing. The road is also in need of repair, as well as substantial repairs to the watermain. The City has been working together with the County and the public utilities to prepare for this project and ready to move forward as soon as funding is available.

**Proposed budget and source of funding table**

If this is a comprehensive project, include budget for other SCDP projects into the grey cells, add more if needed. This is an overview budget page, detailed budget page will follow.

Budget Item/Activity	# of Population	Total SCDP	Program Income (if applicable)	Total Leveraged Sources	Source of Leveraged Funds (use "c" after source if committed)	Total Costs
7 <sup>th</sup> Ave Sewer/ Water/ Street Reconstruction	95	\$600,000	n/a	\$1,208,100	ARPA © Local ©	\$1,808,100
<b>Totals</b>		<b>\$600,000</b>		<b>\$1,208,100</b>		
<b>Total SCDP proposal</b>		<b>\$600,000</b>	n/a	<b>\$1,208,100</b>		<b>\$1,808,100</b>

**Community questions:**

<b>City/Project Area:</b>		city-wide <input checked="" type="checkbox"/>	
		specific area within the city <input type="checkbox"/>	
		city and residents outside of city <input type="checkbox"/>	
<b>Was the federal objective met through U.S. Census data or a community survey?</b>		U.S. Census Data	
<b>According to the U.S. Census, is the LMI for the community at least 51%?</b>		Y/N: Y Identify percentage LMI: 65.52%	
<b>If census data is below 51% and a community survey was conducted, was the LMI for the community at least 51%? Attach copies of the surveys and provide spreadsheet tabulation. <a href="https://mn.gov/deed/government/financial-assistance/community-funding/small-cities.jsp">https://mn.gov/deed/government/financial-assistance/community-funding/small-cities.jsp</a> (Apply Tab/SCDP Survey Results Spreadsheet – Example)</b>		Y/N: Identify percentage LMI:	
<b>If there was a community survey, describe how the surveys were conducted (door to door, mailed forms, online or other methods):</b>  Not applicable.			
<b>Provide the U.S. Census county and tract code of the proposed project.</b> <a href="http://www.ffiec.gov/Geocode/default.aspx">http://www.ffiec.gov/Geocode/default.aspx</a>			
<b>U.S. Census 3-digit county code:</b>			095
<b>Tract code (XXXX.XX):</b>			1707.00
<b>Does the project involve service connections to individual households and properties?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>If yes, how will the connections be paid for?</b>	
<b>Has a re-engineering report been completed?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<b>Is the proposed project on the state's Project Priority List?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Will the system primarily benefit residential users?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Have engineering services been procured by the city through a competitive process?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>If applicable, provide the number of homes outside of city limits using proposed system?</b>			Not applicable
<b>Provide the median household income of the community (U.S. Census data)</b>			\$65,913
<b>List proposed activities to be funded with SCDP funds (water lines, waste water lines, water tower etc.)</b>  The proposed activities to be funded with SCDP funds include wastewater lines.			

**Describe the physical need for the proposed project:**

The City of Princeton conducted a Comprehensive Sewer Study in 2020 to identify the largest areas of need and to identify the condition of the pipes throughout the City. The 7<sup>th</sup> Ave North line was identified as the line needing the most attention due to the continuous breakages along the sewer lines. After WSB conducted camera work in the line there was evidence that in some places the pipe had completely disintegrated and was missing in sections with the cavity doing the work for the pipe. The camera had to be relocated many times due to the inability of the camera to pass completely through the pipe.

**Age of facility:**

56 years

**Condition of facility:**

The collection system in the identified area is constructed of vitrified clay pipes that are in poor condition and in dire need of replacement. It is recommended to repair the entire line when replacing clay pipes to prevent additional stress on the existing clay pipes and the inability to seal the clay pipes to the new pipes. In some areas the pipes are no longer present, with the cavity where the pipe was laid doing the work of the pipe.

**Are there any critical health and/or safety issues? (sewer backups, high levels of contaminants, compliance/violations):**

Critical health and/or safety issues in the area of reconstruction include frequent sewer backups and the high potential for septage leakage due to clay piping disintegration and the need for repaired and improved tiling to remain in compliance with health and safety standards. In 2020 a pipe collapsed while a resident had COVID and was without access to sewer services for over a week without the opportunity to leave home. This kind of collapse has caused issues with connections at least annually for the past 8 years.

**Discuss the past history of actions taken to finance operation, maintenance, and repair including rate increases.**

Rates for sewer were increased in 2011 to \$10.50/per 1,000 gallons to help pay the debt service for the new state of the art wastewater treatment plant and continued maintenance on the collection system. The City is currently looking at rate increases in the coming years to help with the ongoing increased costs maintaining the aging collection system.

**Explain how the system's operation, maintenance, and repair will be financed over the life of the system.**

The system's ongoing operation, maintenance and repair will be financed through sewer fees, including development fees, taxes and other grant sources as they become available.

<b>Estimated Project Cost:</b>		
	Current	Estimated future
<b>Annual system debt service</b>	\$298,000	\$361,000
<b>Annual operating and maintenance cost (do not include depreciation)</b>	\$928,000	\$931,825
<b>Total</b>	\$1,226,000	\$1,292,825
<b>Number of residential households (billed individually)</b>		
• <b>Connections</b>	1,534	1,900
• <b>Equivalent residential unit (ERU)</b>	1,534	1,900
• <b>Percentage of system use:</b>	85%	87%
<b>Other residential (multi-family, other residential facilities)</b>		
• <b>Connections</b>		
• <b>Equivalent Residential Units (ERU)</b>		
• <b>Percentage of system use</b>	%	%
<b>Nonresidential</b>		
• <b>Connections</b>	258	280
• <b>Equivalent residential unit (ERU)</b>	516	560
• <b>Percentage of system use:</b>	15%	13%
<b>Total Users:</b>		
• <b>Connections</b>	1,792	2,180
• <b>Equivalent residential unit (ERU)</b>	2,050	4,080
• <b>Percentage of system use:</b>	100%	100%
<b>Average System Cost Per Household</b>		
• <b>Average user rates per household - annual</b>	\$569.4	\$582.48
• <b>Average user rates per household - monthly</b>	\$47.45	\$48.58

**Budget breakdown by funding source (apply Federal Davis-Bacon wage rates).**

	<b>SCDP</b>	<b>Rural Development</b>	<b>Public Facilities Authority</b>	<b>Local</b>	<b>Other</b>	<b>Total</b>
<b>Water distribution lines</b>	\$	\$	\$	\$462,700	\$	\$462,700
<b>Water tower/tank</b>	\$	\$	\$	\$	\$	\$
<b>Water plant (rehab only)</b>	\$	\$	\$	\$	\$	\$
<b>Wastewater ponds</b>	\$	\$	\$	\$	\$	\$
<b>Wastewater lines</b>	\$600,000	\$	\$	\$60,600	\$	\$660,600
<b>Wastewater plant (rehab only)</b>	\$	\$	\$	\$	\$	\$
<b>Lift station</b>	\$	\$	\$	\$	\$	\$
<b>Service connections</b>	\$ *restrictions apply	\$	\$	\$	\$	\$
<b>Streets</b>	\$ *restrictions apply	\$	\$	\$684,800	\$	\$684,800
<b>Storm sewer</b>	\$ *restrictions apply	\$	\$	\$	\$	\$
<b>Administration</b>	\$	\$	\$	\$	\$	\$
<b>Engineering (Planning Cost)</b>	<b>ineligible</b>	\$	\$	\$	\$	\$
<b>Engineering Cost during project construction (no more than 15% of project cost)</b>	\$	\$	\$	\$	\$	\$
<b>Other</b>	\$	\$	\$	\$	\$	\$
<b>Totals</b>	\$600,000	\$	\$	\$1,208,100	\$	\$1,808,100

**Proposed timeline**

<b>All engineering work completed:</b>	November/2022
<b>Does community have site control?</b>	X Yes/No - Date secured - 01/1965
<b>If the community does not have site control, when will it be secured?</b>	month/year
<b>All necessary permits obtained:</b>	June/2023
<b>Bid process begin:</b>	January/2023
<b>Award construction contract:</b>	March/2023
<b>Facility operational:</b>	October/2023
<b>All Construction (including turf restoration) complete:</b>	November/2023