



WATERTOWN
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Watertown City Council
Work Session
October 25, 2022

Mayor Steve Washburn
Lindsay Guetzkow
Adam Pawelk
Michael Walters
Dan Schuette

1. Call To Order And Roll Call
2. New Business
 - 2.1. 2023 CIP

Documents:

[2023 CIP.PDF](#)

3. Adjournment

All minutes are available on the website or can be requested by contacting City Hall.

309 Lewis Avenue South; P.O. Box 279, Watertown, MN 55388

Watertown City Council

October 25, 2022

Agenda Item: 2023 CIP**Request for Action:** Direction on proposed 2023 CIP**Employee/Dept.:** Jake Foster, City Administrator**Background:**

As with every year, the City has a number of capital improvement project and purchases to maintain City services and infrastructure. The attached CIP has been prepared for City Council for review and direction for approval at a future regular City Council meeting. There are several items for which staff would like to draw City Council's attention. These items are as follows:

Staff is recommending that the City Council issue bonds for the significant street and trail projects that are forthcoming. Staff has included preliminary bonding numbers for 2023 and 2024 for totals of \$1.25 million each year. There is some flexibility for the timing and total of bond proceeds, especially in 2024 and beyond. Staff is presenting this schedule as a starting point for discussion and direction from the City Council. The breakdown of street and trail projects for 2023-2025 are as follows:

2023

Downtown parking lot resurfacing - \$320,000

Annual seal coating and crack sealing - \$125,000

Annual Mill and Overlay project (Arnica) - \$1,030,000

Fire Department and Water Treatment parking lots resurfacing and State Street - \$150,000

Total - \$1,625,000**2024**

Annual seal coating and crack sealing - \$129,000

Annual Mill and Overlay project (Landings) - \$650,000

Landings Trail connection project - \$470,000

Total - \$1,249,000**2025**

Annual seal coating and crack sealing - \$33,241

Annual Mill and Overlay project (Lewis) - \$900,000

South Lewis pedestrian improvements - \$123,000

Total - \$1,056,000

As illustrated in the CIP draft under various revenues and fund sources, staff is recommending increases for transfers to various funds in future years, and one fund balance transfer in 2023 from unallocated fund balance. Furthermore, staff is recommending increasing the fund transfers from the sanitary sewer fund to \$350,000 from \$200,000 starting in 2023 as revenues have continually and significantly surpassed budgeted projections for the last several years.

Staff would also like to include discussion on separating the Utilities Capital Fund to separate Water, Sanitary Sewer, and Strom Water Capital Funds as recommended by our financial advisor in the adopted utility rate study, and the City's auditors. A proposed draft of how funds will be allocated is attached.

Lastly, staff would like to start discussion on how the American Rescue Plan Act funds should be allocated. The City has \$494,000 of unallocated/unspent ARPA funds. ARPA funds could be allocated from CIP items, or additional items that have been identified by staff and have been included as a separate attachment. Some of these items have been included in the 2023 CIP draft, but other have not.

Budget Impact:

TBD

Funding Source:

General Fund

Enterprise Funds

Bond Proceeds

Local Government Aid

Various Grants

Requested Action/Motion:

N/A

Attachments:

2023 CIP Draft

Enterprise Capital Funds Future Allocation Draft

ARPA Potential Project List from Staff

City of Watertown, Minnesota

Capital Improvement Plan

2023 thru 2027

SOURCES AND USES OF FUNDS

Source	2023	2024	2025	2026	2027
Capital Improvement Fund					
Beginning Balance	431,914	621,819	935,956	406,446	(1,450,152)
Revenues and Other Fund Sources					
<i>Revenue</i>					
2023 Fund Balance Transfer	300,000	0	0	0	0
457 Bonds	1,250,000	1,250,000	0	0	1,605,000
General Fund Transfer	152,000	330,000	335,000	435,000	435,000
LGA	483,497	483,497	483,497	483,497	483,497
Municipal State Aid	0	0	160,000	160,000	160,000
Sale of Assets	0	60,000	0	0	0
WBIF Boardwalk Grant	160,000	0	0	0	0
WBIF Mullen Streambank Grant	90,000	0	0	0	0
<i>Total</i>	2,435,497	2,123,497	978,497	1,078,497	2,683,497
Total Revenues and Other Fund Sources	2,435,497	2,123,497	978,497	1,078,497	2,683,497
Total Funds Available	2,867,411	2,745,316	1,914,453	1,484,943	1,233,345
Expenditures and Uses					
<i>Capital Projects & Equipment</i>					
<u>General</u>					
Chevy 2500 - #2	CI006-2	0	0	(70,000)	0
Chevy 2500 - #2	CI007-2	0	0	(70,000)	0
Community Center Painting	CI015	0	0	0	(6,720)
Seal Coat	CI029	(125,592)	(129,360)	(133,241)	(141,355)
Street Mill & Overlay	CI030	(1,030,000)	(650,000)	(900,000)	(500,000)

Source		2023	2024	2025	2026	2027
Capital Improvement Fund						
Community Park Court Resurfacing	CI040	0	0	0	(97,857)	0
Melroe Bobcat Skidsteer	CI041	0	0	(60,000)	0	0
Skidder Snowblower	CI042	0	0	(7,600)	0	0
Skidder Broom	CI043	0	0	(6,333)	0	0
Skidder Snow Bucket	CI044	0	0	(2,533)	0	0
Skidder Leveling Bar	CI045	0	0	(3,166)	0	0
Paint Sprayer/Striper	CI049	0	0	(10,134)	0	0
Election Equipment	CI085	0	(10,000)	0	0	0
12" Tree Chipper	CI086	(85,000)	0	0	0	0
40' Bucket Truck (Used)	CI087	(60,000)	0	0	0	0
Evergreen Park Master Plan Development	CI093	0	0	0	(2,200,000)	0
Downtown Street Light Replacement	CI099	0	0	(200,000)	0	0
Community Center Chairs	CI101	0	(15,000)	0	0	0
Ice Rink Re-surfacer	CI103	0	(15,000)	0	0	0
100hp Tractor	CI104	0	(80,000)	0	0	0
Snowblower for 100hp Tractor	CI105	0	(10,000)	0	0	0
Asphalt Roller & Trailer	CI106	0	0	(25,000)	0	0
Tandem Dump Truck	CI108	0	0	0	0	(328,065)
Grove Street Rink Acrylic Surfacing	CI121	(30,000)	0	0	0	0
Accounting Software License	CI123	0	0	(20,000)	0	0
Community Center Tables	CI124	0	(40,000)	0	0	0
Riverpointe Shore Stabilization	CI125	(35,000)	0	0	0	0
Freemont Street Fence Coating	CI126	(40,000)	0	0	0	0
Downtown City Parking Lots Mill & Overlay	CI127	(320,000)	0	0	0	0
High Street Upgrade	CI128	0	0	0	0	(750,000)
Public Works Storage Building	CI129	0	(350,000)	0	0	0
Space Needs Analysis	CI130	(20,000)	0	0	0	0
Downtown Visioning Study	CI131	(15,000)	0	0	0	0
City Hall Flooring	CI132	(25,000)	0	0	0	0
Fiber build-out	CI133	0	(40,000)	0	0	0
FS South Parking, Water Treatment, State Street Pa	FC045	(150,000)	0	0	0	0

Source		2023	2024	2025	2026	2027
Capital Improvement Fund						
Repave Wildflower Basketball Court and Trail	PF054	(50,000)	0	0	0	0
Boardwalk Streambank Restoration	PF055	(160,000)	0	0	0	0
Mullen Property Streambank Restoration	PF056	(100,000)	0	0	0	0
	<i>Total</i>	(2,245,592)	(1,339,360)	(1,508,007)	(2,935,095)	(1,726,140)
Parks						
Landings Trail Connection	PF020	0	(470,000)	0	0	0
	<i>Total</i>	0	(470,000)	0	0	0
Total Expenditures and Uses		(2,245,592)	(1,809,360)	(1,508,007)	(2,935,095)	(1,726,140)
Change in Fund Balance		189,905	314,137	(529,510)	(1,856,598)	957,357
Ending Balance		621,819	935,956	406,446	(1,450,152)	(492,795)

Source	2023	2024	2025	2026	2027	
Fire Capital Fund						
Beginning Balance	(36,073)	131,315	222,867	509,517	(210,012)	
Revenues and Other Fund Sources						
<i>Revenue</i>						
Addtl Transfer from General Fund	0	50,000	100,000	150,000	200,000	
Fire Operating Fund	245,000	245,000	245,000	245,000	245,000	
LSU Trailer Reimbursement from Carver Co.	25,000	0	0	0	0	
<i>Total</i>	270,000	295,000	345,000	395,000	445,000	
Total Revenues and Other Fund Sources	270,000	295,000	345,000	395,000	445,000	
Total Funds Available	233,927	426,315	567,867	904,517	234,988	
Expenditures and Uses						
<i>Capital Projects & Equipment</i>						
<i>Fire</i>						
INT Tanker - T11 (1997)	FC005	0	0	0	(403,174)	
Ford Explorer-S11 (2014)	FC006	0	(90,000)	0	0	
Spartan Engine - E11 (2003)	FC007	0	0	(975,000)	0	
Cascade System	FC016	0	0	(53,045)	0	
Station Air Compressor	FC017	0	0	(5,305)	0	
Roof Top Air Conditioner #1	FC018	0	(18,448)	0	0	
Roof Top Airconditioner #2	FC019-2	0	0	(16,309)	0	
Overhead Door Replacement	FC020	0	0	0	(95,481)	
Extrication Tool #2	FC024	(59,702)	0	0	0	
Mobile Radios	FC028	0	(75,000)	0	0	
Thermal Imaging Camera #1	FC031	0	(10,000)	0	0	
Floor Scrubber	FC035	(17,910)	0	0	0	
Resuce 11 Heavy Maintenance	FC041	0	(10,000)	0	0	
Utility Truck (New)	FC042	0	0	(90,000)	0	
Pagers	FC044	0	0	(33,220)	0	
LSU Trailer	FC047	(25,000)	0	0	0	
<i>Total</i>		(102,612)	(203,448)	(58,350)	(1,114,529)	(498,655)

Source	2023	2024	2025	2026	2027
Fire Capital Fund					
Total Expenditures and Uses	(102,612)	(203,448)	(58,350)	(1,114,529)	(498,655)
Change in Fund Balance	167,388	91,552	286,650	(719,529)	(53,655)
Ending Balance	131,315	222,867	509,517	(210,012)	(263,667)

Source		2023	2024	2025	2026	2027
Parks Capital Fund						
Beginning Balance		212,443	87,443	3,443	(19,757)	(247,575)
Revenues and Other Fund Sources						
<i>Revenue</i>						
General Fund		65,000	100,000	100,000	100,000	100,000
	<i>Total</i>	65,000	100,000	100,000	100,000	100,000
Total Revenues and Other Fund Sources		65,000	100,000	100,000	100,000	100,000
Total Funds Available		277,443	187,443	103,443	80,243	(147,575)
Expenditures and Uses						
<i>Capital Projects & Equipment</i>						
<u>Parks</u>						
Park Shelter - Community Park	PF006	0	0	0	(327,818)	0
South Lewis Pedestrian Connection	PF043	0	0	(123,200)	0	0
Forest Hills 9th Park Improvement	PF049	0	(29,000)	0	0	0
Sugarbush Park Phase 2	PF050	(65,000)	0	0	0	0
Lights and Poles at Hockey Rink	PF052	0	(50,000)	0	0	0
Basketball Hoops at Hockey Rink	PF053	0	(15,000)	0	0	0
Turf for Soccer Goals	PF058	(20,000)	0	0	0	0
Way-finding Signs	PF059	0	(15,000)	0	0	0
Boardwalk Board Replacement	PF060	0	(75,000)	0	0	0
Highland Park Batter's Eye	PF061	(30,000)	0	0	0	0
Upgrade Highland Park Bathrooms and Press Boxes	PF062	(75,000)	0	0	0	0
	<i>Total</i>	(190,000)	(184,000)	(123,200)	(327,818)	0
Total Expenditures and Uses		(190,000)	(184,000)	(123,200)	(327,818)	0
Change in Fund Balance		(125,000)	(84,000)	(23,200)	(227,818)	100,000
Ending Balance		87,443	3,443	(19,757)	(247,575)	(147,575)

Source		2023	2024	2025	2026	2027
Utilities Capital Fund						
Beginning Balance		2,875,000	2,528,000	1,410,400	1,500,547	1,848,753
Revenues and Other Fund Sources						
<i>Revenue</i>						
Sewer Fund		350,000	350,000	350,000	350,000	350,000
Storm Water Fund		50,000	50,000	50,000	50,000	50,000
Water Fund		200,000	200,000	200,000	200,000	200,000
Water Tower Bond Proceeds		6,000,000	0	0	0	0
	<i>Total</i>	6,600,000	600,000	600,000	600,000	600,000
Total Revenues and Other Fund Sources		6,600,000	600,000	600,000	600,000	600,000
Total Funds Available		9,475,000	3,128,000	2,010,400	2,100,547	2,448,753
Expenditures and Uses						
<i>Capital Projects & Equipment</i>						
<u>Utilities</u>						
Sterling Jet Vac	UC001	0	0	0	0	(750,000)
Televising Camera	UC002	(250,000)	0	0	0	0
Utilities for Street Mill & Overlay	UC015	(42,000)	(42,000)	(29,000)	(45,667)	(47,037)
WTF/WWTF SCADA System	UC021	(140,000)	0	0	0	0
Water Tower 2	UC023	(6,000,000)	0	0	0	0
CIPP Lining of Sanitary Sewer	UC033	(150,000)	0	0	0	0
Water Tower Rehabilitation	UC035	0	0	(218,545)	0	0
Kubota RTV 1100 Replacement	UC037	(35,000)	0	0	0	0
Generator - Reo Rd Lift Station	UC041	(30,000)	0	0	0	0
Generator - Tuscany Lift Station	UC042	(25,000)	0	0	0	0
I&I Reduction Grant Program	UC045	0	(75,000)	(75,000)	(75,000)	(75,000)
4" Diesel Trailered Pump (New)	UC046	0	0	0	0	(52,700)
1/2 Ton Pick Up	UC051	0	(100,000)	0	0	0
Accounting Software Replacement	UC052	0	0	(60,000)	0	0
Well #3 Chemical Feed	UC053	(15,000)	0	0	0	0
Generator - Well #1/Watertower	UC055	0	(40,000)	0	0	0

Source		2023	2024	2025	2026	2027
Utilities Capital Fund						
Filtration Basin Riverpoint	UC057	(50,000)	0	0	0	0
Trunk Gravity Sewer Extension	UC058	0	(1,167,000)	0	0	0
Sanitary Sewer Manhole Rehabilitation	UC059	(80,000)	(82,400)	(84,872)	(87,418)	(90,041)
Eliminate Newton Avenue Lift Station	UC060	0	(100,000)	0	0	0
Track Skid Steer for Storm Sewers (New)	UC061	0	(70,000)	0	0	0
Pond/Storm Sewer Maintenance	UC063	(40,000)	(41,200)	(42,436)	(43,709)	(45,020)
Forest Hills Drainage Issues	UC064	(40,000)	0	0	0	0
Forest Hills Sanitary Access	UC065	(50,000)	0	0	0	0
	<i>Total</i>	(6,947,000)	(1,717,600)	(509,853)	(251,794)	(1,059,798)
Total Expenditures and Uses		(6,947,000)	(1,717,600)	(509,853)	(251,794)	(1,059,798)
Change in Fund Balance		(347,000)	(1,117,600)	90,147	348,206	(459,798)
Ending Balance		2,528,000	1,410,400	1,500,547	1,848,753	1,388,955

Sewer Fund	2023	2024	2025
Starting Balance - 2023	\$1,700,000.00	\$1,506,500.00	\$361,100.00
Revenue			
Sewer Fund Transfer	\$350,000.00	\$350,000.00	\$350,000.00
Bonds	\$0.00	\$0.00	\$0.00
Total Revenue	\$350,000.00	\$350,000.00	\$350,000.00
Expenditures			
Sterling Jet Vac	\$0.00	\$0.00	\$0.00
Televising Camera	\$250,000.00	\$0.00	\$0.00
Utilities for Street Mill & Overlay	\$21,000.00	\$21,000.00	\$14,500.00
WWTP SCADA system	\$70,000.00	\$0.00	\$0.00
Kubota RTV 1100 Replacement	\$17,500.00	\$0.00	\$0.00
Generator - Reo Road Lift Station	\$30,000.00	\$0.00	\$0.00
Generator - Tuscany Lift Station	\$25,000.00	\$0.00	\$0.00
I/I Reduction Grant Program	\$0.00	\$75,000.00	\$75,000.00
4" Diesel Trailered Pump (New)	\$0.00	\$0.00	\$0.00
1/2 Ton Pick Up	\$0.00	\$50,000.00	\$0.00
Accounting Software Replacement	\$0.00	\$0.00	\$30,000.00
Trunk Gravity Sewer Extension	\$0.00	\$1,167,000.00	\$0.00
Elimate Newton Ave Lift Station	\$0.00	\$100,000.00	\$0.00
Sanitary Sewer manhole rehabilitation	\$80,000.00	\$82,400.00	\$84,872.00
Forest Hills Sanitary Access	\$50,000.00	\$0.00	\$0.00
Total Expenditures	\$543,500.00	\$1,495,400.00	\$204,372.00
Ending Balance	\$1,506,500.00	\$361,100.00	\$506,728.00

2026	2027
\$506,728.00	\$671,476.50
\$350,000.00	\$350,000.00
\$0.00	\$0.00
\$350,000.00	\$350,000.00
\$0.00	\$750,000.00
\$0.00	\$0.00
\$22,833.50	\$23,518.50
\$0.00	\$0.00
\$0.00	\$0.00
\$0.00	\$0.00
\$0.00	\$0.00
\$75,000.00	\$75,000.00
\$0.00	\$52,700.00
\$0.00	\$0.00
\$0.00	\$0.00
\$0.00	\$0.00
\$0.00	\$0.00
\$87,418.00	\$90,041.00
\$0.00	\$0.00
\$185,251.50	\$991,259.50
\$671,476.50	\$30,217.00

Water Fund	2023	2024	2025	2026
Starting Balance - 2023	\$950,000.00	\$1,026,500.00	\$1,115,500.00	\$1,052,455.00
Revenue				
Water Fund Transfer	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00
Water Tower Bond	\$6,000,000.00	\$0.00	\$0.00	\$0.00
Total Revenues	\$6,200,000.00	\$200,000.00	\$200,000.00	\$200,000.00
Expenditures				
Utilities - Street Mill & Overlay	\$21,000.00	\$21,000.00	\$14,500.00	\$22,833.50
WTP - SCADA	\$70,000.00	\$0.00	\$0.00	\$0.00
Water Tower 2	\$6,000,000.00	\$0.00	\$0.00	\$0.00
Water Tower 1 - Rehab	\$0.00	\$0.00	\$218,545.00	\$0.00
Kubota TRV 1100 Replacement	\$17,500.00	\$0.00	\$0.00	\$0.00
1/2 ton pickup	\$0.00	\$50,000.00	\$0.00	\$0.00
Accounting Software Replacement	\$0.00	\$0.00	\$30,000.00	\$0.00
Well #3 Chemical Feed	\$15,000.00	\$0.00	\$0.00	\$0.00
Generator - Water Tower/Well #1	\$0.00	\$40,000.00	\$0.00	\$0.00
Total Expenditures	\$6,123,500.00	\$111,000.00	\$263,045.00	\$22,833.50
Ending Balance	\$1,026,500.00	\$1,115,500.00	\$1,052,455.00	\$1,229,621.50

2027

\$1,229,621.50

\$200,000.00

\$0.00

\$200,000.00

\$23,518.50

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

\$23,518.50

\$1,406,103.00

Sanitary Sewer Fund	2023	2024	2025
Starting Balance - 2023	\$225,000.00	\$145,000.00	\$83,800.00
Revenue			
Sewer Fund Transfer	\$50,000.00	\$50,000.00	\$50,000.00
Total Revenue	\$50,000.00	\$50,000.00	\$50,000.00
Expenditures			
Filtration Basin Riverpoint	\$50,000.00	\$0.00	\$0.00
Track Skid Stear for Storm Sewer (New)	\$0.00	\$70,000.00	\$0.00
Pond/Storm Sewer Maintenance	\$40,000.00	\$41,200.00	\$42,436.00
Forest Hills Drainage Issues	\$40,000.00	\$0.00	\$0.00
Total Expenditures	\$130,000.00	\$111,200.00	\$42,436.00
Ending Balance	\$145,000.00	\$83,800.00	\$91,364.00

2026	2027
\$91,364.00	\$97,655.00
\$50,000.00	\$50,000.00
\$50,000.00	\$50,000.00
\$0.00	\$0.00
\$0.00	\$0.00
\$43,709.00	\$45,020.00
\$0.00	\$0.00
\$43,709.00	\$45,020.00
\$97,655.00	\$102,635.00

Potential ARPA Funding Items

Fire

Turnout Gear (removed from general fund budget - not in CIP)	\$ 25,000.00
Offset ladder truck cost	TBD

Public Services

Robert and Krisit Street Lighting (not in CIP)	\$ 100,000.00
Bucket Truck	\$ 60,000.00
12" Tree Chipper	\$ 85,000.00
Storage Building	\$ 350,000.00

Utilities

Polaris Ranger	\$ 30,000.00
Bobcat Track Skid	\$ 70,000.00
Forest Hills Sanitary Access Road	\$ 50,000.00
Lift Station SCADA	\$ 140,000.00
Offset Trunk Gravity Sewer Extension	\$ 1,167,000.00