



**SPECIAL CITY COUNCIL WORKSESSION
RICHFIELD MUNICIPAL CENTER, BARTHOLOMEW ROOM
APRIL 25, 2017
5:15 PM**

Call to order

1. Discussion of the preferred composition of the Board of Commissioners of the prospective Economic Development Authority.

Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.

CITY OF RICHFIELD, MINNESOTA
Office of City Manager

April 20, 2017

Council Memorandum No. 39

The Honorable Mayor
And
Members of the City Council

HRA Memorandum No. 11
Housing and Redevelopment
Authority Commissioners
City of Richfield

Subject: Further Information on the Formation of an Economic Development
Authority

Council Members:

Based on prior discussions during the 2016 Goal Setting and budgeting processes, City staff had recommended the consideration of the formation of an Economic Development Authority (EDA). Based on that recommendation, the City Council and Housing and Redevelopment Authority (HRA) held a joint Work Session on March 20, 2017 to discuss the topic.

At that meeting, there was general consensus that the formation of an EDA would provide both the authority and a funding mechanism (through an EDA levy) to provide beneficial economic development, business assistance and housing assistance programming. Staff was directed to take the necessary administrative steps in order to bring action steps to the City Council and/or HRA for formal consideration of the creation of an EDA.

Staff has since learned that, in order to impose an EDA levy in 2018, the City must form an EDA prior to July 1, 2017. The procedure for creation of an EDA calls for:

- Holding a Public Hearing to adopt an enabling resolution for the creation of an EDA (tentatively scheduled for May 9);
- An initial meeting of the EDA to create bylaws, elect officers, etc. and to request the City impose an EDA levy (not scheduled, but should take place in late May/early June), and;
- The City Council would approve the imposition of an EDA levy (tentatively scheduled for June 13).

One item that was not resolved at the March 20 Work Session was the preferred composition of an EDA. The two choices that were discussed were either having the membership be coincidental to HRA membership or coincidental to the City Council. In the legal notices that were required to be published for the May 9 Public Hearing, staff wrote, "The Authority will be governed by a five-member board of commissioners. At

least two commissioners shall be members of the City Council.” This would describe an EDA membership that reflected either the City Council or HRA.

A City Council Work Session has been scheduled for 5:15 p.m. on April 25 to discuss the preferred composition of the Board of Commissioners for the prospective EDA.

Respectfully submitted,

A handwritten signature in blue ink that reads "Steven L. Devich". The signature is fluid and cursive, with the first name "Steven" being more prominent than the last name "Devich".

Steven L. Devich
City Manager

SLD:jcs

Email: Assistant City Manager
Department Directors



**SPECIAL CONCURRENT CITY COUNCIL AND HOUSING AND REDEVELOPMENT
AUTHORITY WORKSESSION
RICHFIELD MUNICIPAL CENTER, BARTHOLOMEW ROOM
APRIL 25, 2017
5:30 PM**

Call to order

1. Presentation and discussion regarding affordable housing.

Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.

CITY OF RICHFIELD, MINNESOTA
Office of City Manager

April 20, 2017

Council Memorandum No. 44

The Honorable Mayor
and
Members of the City Council

HRA Memorandum No. 13
Housing and Redevelopment
Authority Commissioners
City of Richfield

Subject: Naturally-Occurring Affordable Housing Discussion

Council Members:

At the request of a Council Member, Christine Hart from CAPSH (Community Action Partnership of Suburban Hennepin) will be presenting information relating to the Twin Cities region's supply of naturally-occurring affordable rental housing at a work session next Tuesday, April 25th at 5:30 p.m.

Respectfully submitted,



Steven L. Devich
City Manager

SLD:kcb

Email: Assistant City Manager
Department Directors



**SPECIAL CITY COUNCIL WORKSESSION
RICHFIELD MUNICIPAL CENTER, FRED BABCOCK ROOM
APRIL 25, 2017
6:45 PM**

Call to order

1. Discussion of Transportation Commission appointment

Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.

CITY OF RICHFIELD, MINNESOTA
Office of City Manager

April 20, 2017

Council Memorandum No. 40

The Honorable Mayor
and
Members of the City Council

Subject: Transportation Commission Appointment Discussion

Council Members:

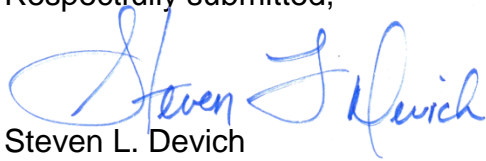
Discussion of appointment to the Transportation Commission is scheduled for **Tuesday, April 25, 2017, at 6:45 p.m. in the Fred Babcock Room**. You will need your badge to have access to the room.

The following materials are included for your review:

- Applicant list with preference(s) indicated
- Commission applications
 - **NOTE:** Only applicants not currently appointed and indicated a preference for the Transportation Commission. Staff contacted the applicants and confirmed they are still interested in serving on the Commission.

Approval of the appointment is scheduled for the April 25, 2017, Council meeting.

Respectfully submitted,



Steven L. Devich
City Manager

SLD:jjv

Attachments

Email: Assistant City Manager
Department Directors



**REGULAR CITY COUNCIL MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
APRIL 25, 2017
7:00 PM**

INTRODUCTORY PROCEEDINGS

Call to order

Open forum (15 minutes maximum)

Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the Council on items not on the agenda. Individuals who wish to address the Council must have registered prior to the meeting.

Pledge of Allegiance

Approval of the minutes of the Regular City Council Meeting of April 11, 2017.

PRESENTATIONS

1. Presentation by the Richfield STEM/Dual Language School combined 5th Grade Choir
2. Presentation of proclamation designating Earth Day/Arbor Month/Tree City USA
3. Presentation of the Richfield Tourism Promotion Board, Inc. audited financial report for year-end December 31, 2016

COUNCIL DISCUSSION

4. Hats Off to Hometown Hits

AGENDA APPROVAL

5. Approval of the Agenda
6. **Consent Calendar contains several separate items, which are acted upon by the City Council in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further Council action on these items is necessary. However, any Council Member may request that an item be removed from the Consent Calendar and placed on the regular agenda for Council discussion and action. All items listed on the Consent Calendar are recommended for approval.**
 - A. Consideration of the approval of resolutions for reimbursement of certain expenditures from the proceeds of reconstruction bonds to be issued by the City for the 66th Street Reconstruction and 6-Year Mill and Overlay projects.

Staff Report No. 69

7. Consideration of items, if any, removed from Consent Calendar

RESOLUTIONS

8. Consideration of the approval of a resolution directing Xcel Energy to underground overhead utilities along 66th Street between Xerxes Avenue and 16th Avenue and support the recovery of \$1,325,000 to Xcel Energy through a surcharge to the City's ratepayers.

Staff Report No. 70

CITY MANAGER'S REPORT

9. City Manager's Report

CLAIMS AND PAYROLLS

10. Claims and Payrolls

Open forum (15 minutes maximum)

Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the Council on items not on the agenda. Individuals who wish to address the Council must have registered prior to the meeting.

11. Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.



CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

Regular Meeting

April 11, 2017

CALL TO ORDER

The meeting was called to order by Mayor Elliott at 7:00 p.m. in the Council Chambers.

Council Members Present: Pat Elliott, Mayor; Edwina Garcia; Maria Regan Gonzalez; and Michael Howard.

Staff Present: Steven L. Devich, City Manager; Mary Tietjen, City Attorney; John Stark, Community Development Director; Jay Henthorne, Public Safety Director/Police Chief; Kristin Asher, Public Works Director; Melissa Poehlman, City Planner; and Jared Voto, Executive Aide/Analyst.

OPEN FORUM

Grace Verbrugge, 6708 Irving Ave S, spoke regarding the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW).

PLEDGE OF ALLEGIANCE

Mayor Elliott led the Pledge of Allegiance.

APPROVAL OF MINUTES

M/Garcia, S/Howard to approve the minutes of the: (1) Special Concurrent City Council and HRA Work Session of March 20, 2017; (2) Special City Council Work Session of March 27, 2017; (3) Special City Council Work Session of March 28, 2017; (4) Regular City Council Meeting of March 28, 2017; and (5) Special City Council Work Session of April 5, 2017.

Motion carried 4-0.

Item #1	PRESENTATION BY HENNEPIN COUNTY ATTORNEY MIKE FREEMAN
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Hennepin County Attorney Mike Freeman discussed multiple issues regarding criminal justice in the County and Richfield.

Council Members thanked him for attending and presenting the information.

Item #3	APPROVAL OF THE AGENDA
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M/Howard, S/Regan Gonzalez to approve the agenda.

Motion carried 4-0.

Item #2	COUNCIL DISCUSSION <ul style="list-style-type: none">Hats Off to Hometown Hits
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Council Member Garcia commented on the interviews for the Comprehensive Plan Advisory Committee and read the names of those selected for the Committee:

- Rich Jabs
- Barry LeBlanc
- Michele McGee
- Laurel Nightingale
- Kathryn Quam
- Candace Johnson
- Jennifer Lewis

Council Member Howard thanked the Richfield Bloomington Credit Union and Recreation Services staff for the Easter egg hunt held last Saturday; mentioned the 66th Street Reconstruction project; and a Holocaust Remembrance reading at Augsburg Library on April 24 from 4:00 to 8:00 p.m., with members of the community reading the entire book.

Council Member Regan Gonzalez echoed Council Member Garcia's comments on the interviews for the Comprehensive Plan Advisory Committee and discussed the Committee's first meeting held on April 10, and discussed Children Dental Services will be at the Richfield Health Clinic on April 20 from 8:30 a.m. to 5:00 p.m.

Mayor Elliott discussed he attended the Health Expo at the Richfield High School on April 8 and asked residents to support the Minnesota Magicians who made the playoffs and have games on Friday and Saturday (April 14/15).

Item #4	CONSENT CALENDAR
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City Manager Devich presented the Consent Calendar.

- A. Consideration of the approval of a resolution in support of the Convention on the Elimination of all Forms of Discrimination against Women. (S.R. NO. 62)

RESOLUTION NO. 11350
RESOLUTION SUPPORTING RESIDENTS FOR THE CONVENTION
ON THE ELIMINATION OF ALL FORMS OF DISCRIMINATION
AGAINST WOMEN (CEDAW) INITIATIVE

This resolution appears as Resolution No. 11350.

- B. Consideration of the approval of a resolution amending a Planned Unit Development, Conditional Use Permit, and Final Development Plan to allow construction of a new Panera Bread restaurant building with a drive-thru at The Shops at Lyndale. (S.R. NO. 63)

RESOLUTION NO. 11351
RESOLUTION APPROVING AN AMENDED FINAL DEVELOPMENT
PLAN AND CONDITIONAL USE PERMIT FOR THE SHOPS AT
LYNDALE PLANNED UNIT DEVELOPMENT

This resolution appears as Resolution No. 11351.

- C. Consideration of the approval of a contract in the amount of \$42,211 with Ron Kassa Construction, Inc. for the 2017 Alley Paving project. (S.R. NO. 64)
- D. Consideration of the approval of a resolution appointing election judges for the May 23, 2017, Special Election. (S.R. NO. 65)

RESOLUTION NO. 11352
RESOLUTION APPOINTING ELECTION JUDGES FOR THE MAY 23,
2017, SPECIAL ELECTION

This resolution appears as Resolution No. 11352.

- E. Consideration of the approval of a request for a new Therapeutic Massage Enterprise license for Concierge Spa, LLC, located at 7620 Penn Avenue South. (S.R. NO. 66)

M/Howard, S/Garcia to approve the consent calendar.

Motion carried 4-0.

Item #5	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM THE CONSENT CALENDAR
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None.

Item #6	CONSIDERATION OF THE APPROVAL OF ORDINANCE AMENDMENTS CREATING A CEDAR CORRIDOR OVERLAY DISTRICT AND CHANGE THE ZONING OF PROPERTIES WITH THE CEDAR CORRIDOR AREA (ROUGHLY 66TH STREET TO 77TH STREET, EAST OF 17TH AVENUE) TO MATCH THE DESIGNATIONS IN THE COMPREHENSIVE PLAN AND APPROVAL OF A RESOLUTION FOR SUMMARY PUBLICATION OF THE SAME. (S.R. NO. 67)
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Council Member Regan Gonzalez presented Staff Report No. 67. She then asked staff to provide additional information.

City Planner Poehlman responded by providing additional information regarding the overlay district and zoning changes in the corridor.

Council Member Howard asked about the website address of the Cedar Avenue Corridor Master Plan. Staff responded that it is www.cityofrichfield.org/cedar.

Council Member Regan Gonzalez commented on the importance of the plan and her excitement for future of the east side.

Mayor Elliott echoed his excitement for the east side.

M/Regan Gonzalez, S/Elliott to approve ordinance amendments creating a Cedar Avenue Corridor Overlay District, rezoning properties with the Cedar Avenue Corridor area, and making a number of administrative corrections to Appendix I of the City Code and approve a resolution for summary publication of the same.

RESOLUTION NO. 11353
RESOLUTION APPROVING SUMMARY PUBLICATION OF BILL NO.
2017-6

Motion carried 4-0. This resolution appears as Resolution No. 11353.

Item #7	CONSIDERATION OF THE APPROVAL OF A RESOLUTION GRANTING A SIX-MONTH INTERIM USE PERMIT, WITH STAFF DISCRETION TO ISSUE TWO THREE-MONTH EXTENSIONS, TO ALLOW THE CONTINUED USE OF 6529 PENN AVENUE FOR USED CAR SALES. (S.R. NO. 68)
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Council Member Howard presented Staff Report No. 68. He then asked staff if they had additional comments.

Community Development Director Stark commented about the discretionary extensions would be based on progress with the redevelopment. If there was not progress his choice would be not to issue a discretionary extension. It has to be based on progress on the new development.

Council Member Howard asked about any update on the site.

Community Development Director Stark responded that since the work session the feedback from the Dunkin Donuts franchisee was positive and they were moving forward with the project. He stated the property owner was in attendance and invited them to speak if they had an update.

Rick Hauser, property owner at 6529 Penn Avenue, stated they had not submitted applications at this time but they are working through them. They first needed to get an engineer hired to ensure the utility requirements and grade of the property work properly. Once that is complete they hope to submit applications in the next 30 to 60 days.

M/Howard, S/Elliott to approve a resolution granting a six-month interim use permit, with staff discretion to issue two three-month extensions, to allow the continued use of 6529 Penn Avenue for used car sales.

RESOLUTION NO. 11354
RESOLUTION APPROVING AN INTERIM USE PERMIT TO ALLOW
USED AUTO SALES BY INTERSTATE AUTO GROUP DBA CARHOP
AT 6529 PENN AVENUE

Motion carried 4-0. This resolution appears as Resolution No. 11354.

Item #8	CITY MANAGER'S REPORT
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City Manager Devich discussed the May 23, 2017, City Council meeting is scheduled the same date of the Special Election, and a meeting cannot be held on that day by State law. He asked Council to consider moving the meeting to Wednesday, May 24, at 7 p.m. and also have a special meeting on Friday, May 26, at 8:00 a.m. to canvass the election. Council Members all agreed those dates and times worked well for them. City Manager Devich stated he would take care of scheduling the meetings.

City Manager Devich discussed a vacancy on the Transportation Commission due to Sue Sandahl being appointed to the HRA on March 10. He asked if Council would like to have a 15 minute Work Session on April 25 to review applications of those not previously appointed. Mayor Elliott commented that he was in favor of the Work Session as it is the reason the Council asked to hold over the application from those who were not placed on a commission. Council Members discussed the process of appointing commissioners when vacancies happen mid-term. They agreed with the quality applicants that were interviewed earlier this year it made sense to appoint now, rather than wait and determine if there were more vacancies mid-year.

Council Members discussed a memorandum that was given to the Council and HRA Commissioners regarding the review of the transition of Concierge Apartments. Mayor Elliott asked the memo be posted on the website so it was accessible for citizens to review. Council Member Howard commented on having a Work Session to discuss this issue and "what we do next" to address these challenging issues. Mayor Elliott discussed talking to the management and owners of buildings that may be in line for acquisition to not ask for a seat at the table, as it's a private transaction, but to make them aware of the concerns of tenants and give lead time to accommodate the potential changes. Council Member Howard agreed and said it's a communication issue. Council Member Regan Gonzalez commented on inviting the School District to these discussions as they have a vested and shared interest in the topic. Council Member Garcia thanked Community Development Director Stark for the memo.

City Manager Devich discussed scheduling of a goal setting meeting and asked Council for their thoughts. Council Members agreed to schedule a date in late April or May.

Item #9	CLAIMS AND PAYROLLS
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M/Garcia, S/Elliott that the following claims and payrolls be approved:

U.S. Bank		04/11/17
A/P Checks: 257632 - 257912	\$	1,319,321.77
Payroll: 126711 - 127031		<u>595,100.83</u>
TOTAL	\$	1,914,422.60

Motion carried 4-0.

OPEN FORUM

None.

Item #10	ADJOURNMENT
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The City Council Meeting was adjourned by unanimous consent at 8:00 p.m.

Date Approved: April 25, 2017

Pat Elliott
Mayor

Jared Voto
Executive Aide/Analyst

Steven L. Devich
City Manager



STAFF REPORT NO. 69
CITY COUNCIL MEETING
4/25/2017

REPORT PREPARED BY: Mike Petersen, Utilities Engineer

DEPARTMENT DIRECTOR REVIEW: Kristin Asher, Public Works Director
4/19/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, City Manager
4/20/2017

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of resolutions for reimbursement of certain expenditures from the proceeds of reconstruction bonds to be issued by the City for the 66th Street Reconstruction and 6-Year Mill and Overlay projects.

EXECUTIVE SUMMARY:

On April 12, 2016, the City Council approved a 5-Year Street Reconstruction Plan and the use of street reconstruction bonds for 2017-2019 construction of the following projects:

- 66th Street Reconstruction
- 6-Year Mill and Overlay projects

Approval of the proposed resolutions will enable City staff to begin incurring construction costs for these projects. The resolution allows costs incurred up to 60 days prior to Council approval of the resolution to be reimbursed using the proceeds of the street reconstruction bonds.

RECOMMENDED ACTION:

By Motion:

- **Approve a resolution for reimbursement of certain expenditures from proceeds of street reconstruction bonds to be issued by the City for the 66th Street Reconstruction project.**
- **Approve a resolution for reimbursement of certain expenditures from proceeds of street reconstruction bonds to be issued by the City for the 6-Year Mill and Overlay project.**

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- At the March 22, 2016, City Council Worksession, the following projects were discussed as part of the 2017 5-Year Street Reconstruction Plan:
 - 77th Street Underpass (2017)
 - 66th Street Reconstruction (2017-2020)
 - 6-Year Mill and Overlay (2017-2020)
 - 65th Street Reconstruction (2020)
 - Penn Avenue Reconstruction (2021)
- At the April 12, 2016, City Council Meeting, the Council approved the 5-Year Street

Reconstruction Plan and adopted a resolution authorizing the issuance of street reconstruction bonds for the 2017-2019 construction projects.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- In order to utilize the Street Reconstruction Bonds, the following must and has occurred:
 - Creation of a 5-Year Street Reconstruction Plan (April 2016)
 - Public Hearing regarding the 5-Year Street Reconstruction Plan and Issuance of Bonds (April 12, 2016)
 - Adoption of a resolution approving the plan and giving preliminary approval of the issuance of bonds (April 12, 2016)
 - City Council approval of plan and issuance of bond by a vote of all members present at the meeting (April 12, 2016 - 5-0 vote)
 - 30 day period where voters may petition for a referendum, or vote, on the issuing of bonds (expired May 12, 2016)
- The 5-Year Street Reconstruction Plan is revised annually with the Capital Improvement Plan.

C. CRITICAL TIMING ISSUES:

- 66th Street is in dire need of reconstruction and the Mill and Overlay project is needed to maintain the integrity of Richfield's residential streets.
- The reimbursement resolutions are necessary to cover any project costs incurred prior to the sale of the bonds.

D. FINANCIAL IMPACT:

- Adoption of the proposed reimbursement resolution provides approval for City staff to incur costs for the 66th Street Reconstruction and Mill and Overlay projects.
- The current bond amounts for the projects are:
 - 66th Street Reconstruction \$15,200,000
 - 6 Year Mill and Overlay Project \$ 5,800,000
 - Total \$21,000,000

E. LEGAL CONSIDERATION:

- The City Attorney will be available to answer questions.

ALTERNATIVE RECOMMENDATION(S):

- None

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

Description	Type
❑ 66th St. Resolution	Resolution Letter
❑ Mill & Overlay Resolution	Resolution Letter
❑ Approved 5 Year Street Reconstruction Plan	Backup Material

RESOLUTION NO. _____

**DECLARING THE OFFICIAL INTENT OF THE CITY OF
RICHFIELD TO REIMBURSE CERTAIN EXPENDITURES
FROM THE PROCEEDS OF BONDS TO BE ISSUED BY
THE CITY WITH RESPECT TO THE 66th STREET
RECONSTRUCTION PROJECT**

WHEREAS, the Internal Revenue Service has issued Treas. Reg. § 1.150-2 (the “Reimbursement Regulations”) providing that proceeds of tax-exempt bonds used to reimburse prior expenditures will not be deemed spent unless certain requirements are met; and

WHEREAS, the City of Richfield, Minnesota (the “City”) expects to incur certain expenditures that may be financed temporarily from sources other than bonds, and reimbursed from the proceeds of tax-exempt bonds; and

WHEREAS, the City has determined to make this declaration of official intent (the “Declaration”) to reimburse certain costs from proceeds of bonds in accordance with the Reimbursement Regulations.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF RICHFIELD, MINNESOTA AS FOLLOWS:**

1. The City proposes to undertake the 66th Street Reconstruction Project within the City (the “Project”).
2. The City reasonably expects to reimburse the expenditures made for certain costs of the Project from the proceeds of bonds in an estimated maximum principal amount of \$15,200,000. All reimbursed expenditures will be capital expenditures, costs of issuance of the bonds, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Reimbursement Regulations.
3. This Declaration has been made not later than 60 days after payment of any original expenditure to be subject to a reimbursement allocation with respect to the proceeds of bonds, except for the following expenditures: (a) costs of issuance of bonds; (b) costs in an amount not in excess of \$100,000 or 5 percent of the proceeds of an issue; or (c) “preliminary expenditures” up to an amount not in excess of 20 percent of the aggregate issue price of the issue or issues that finance or are reasonably expected by the City to finance the Projects for which the preliminary expenditures were incurred. The term “preliminary expenditures” includes architectural, engineering, surveying, bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

4. This Declaration is an expression of the reasonable expectations of the City based on the facts and circumstances known to the City as of the date hereof. The anticipated original expenditures for the Projects and the principal amount of the bonds described in paragraph 2 are consistent with the City's budgetary and financial circumstances. No sources other than proceeds of bonds to be issued by the City are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside pursuant to the City's budget or financial policies to pay such Projects' expenditures.

5. This Declaration is intended to constitute a declaration of official intent for purposes of the Reimbursement Regulations.

The foregoing resolution was moved by Councilmember _____ and seconded by Councilmember _____.

The following voted in the affirmative: _____

The following voted against: _____

Councilmember _____ was absent.

Adopted by the City Council of the City of Richfield, Minnesota, this 25th day of April, 2017.

Pat Elliott, Mayor

ATTEST:

Elizabeth VanHoose, City Clerk

RESOLUTION NO. _____

**DECLARING THE OFFICIAL INTENT OF THE CITY OF
RICHFIELD TO REIMBURSE CERTAIN EXPENDITURES
FROM THE PROCEEDS OF BONDS TO BE ISSUED BY
THE CITY WITH RESPECT TO THE 6-YEAR MILL AND
OVERLAY PROJECT**

WHEREAS, the Internal Revenue Service has issued Treas. Reg. § 1.150-2 (the “Reimbursement Regulations”) providing that proceeds of tax-exempt bonds used to reimburse prior expenditures will not be deemed spent unless certain requirements are met; and

WHEREAS, the City of Richfield, Minnesota (the “City”) expects to incur certain expenditures that may be financed temporarily from sources other than bonds, and reimbursed from the proceeds of tax-exempt bonds; and

WHEREAS, the City has determined to make this declaration of official intent (the “Declaration”) to reimburse certain costs from proceeds of bonds in accordance with the Reimbursement Regulations.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF RICHFIELD, MINNESOTA AS FOLLOWS:**

1. The City proposes to undertake the 6-Year Mill and Overlay Project within the City (the “Project”).

2. The City reasonably expects to reimburse the expenditures made for certain costs of the Project from the proceeds of bonds in an estimated maximum principal amount of \$5,800,000. All reimbursed expenditures will be capital expenditures, costs of issuance of the bonds, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Reimbursement Regulations.

3. This Declaration has been made not later than 60 days after payment of any original expenditure to be subject to a reimbursement allocation with respect to the proceeds of bonds, except for the following expenditures: (a) costs of issuance of bonds; (b) costs in an amount not in excess of \$100,000 or 5 percent of the proceeds of an issue; or (c) “preliminary expenditures” up to an amount not in excess of 20 percent of the aggregate issue price of the issue or issues that finance or are reasonably expected by the City to finance the Projects for which the preliminary expenditures were incurred. The term “preliminary expenditures” includes architectural, engineering, surveying, bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

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The foregoing resolution was moved by Councilmember _____ and seconded by Councilmember _____.

The following voted in the affirmative: _____

The following voted against: _____

Councilmember _____ was absent.

Adopted by the City Council of the City of Richfield, Minnesota, this 25th day of April, 2017.

Pat Elliott, Mayor

ATTEST:

Elizabeth VanHoose, City Clerk

Five Year Street Reconstruction Plan (2017-2021)

Projected Funding Sources								
	77th Street Underpass	66th Street Reconstruction	6 Year Mill & Overlay**	66th Street Reconstruction	66th Street Reconstruction	66th Street Reconstruction	65th Street Reconstruction	Penn Avenue Reconstruction^^
Proposed Year	2017	2017	2018	2018	2019	2020	2020	2021
Street Reconstruction Bonds	\$ -	\$ 9,000,000	\$ 5,800,000	\$ 4,000,000	\$ 2,200,000	\$ -	\$ 6,000,000	\$ 5,000,000
Municipal State Aid	\$ -	\$ 1,500,000	\$ -	\$ 1,000,000	\$ 1,500,000	\$ 1,850,000	\$ 1,150,000	\$ -
City Bond	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Utility Funds								
Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sanitary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Storm	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants								
Federal	\$ -	\$ 9,632,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	\$ 12,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County	\$ 1,500,000	\$ 25,900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,000,000
Bloomington	\$ -	\$ 274,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other - unidentified	\$ 8,500,000	\$ 240,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Three Rivers Park District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Xcel Utility Rate Payers (CRFS)	\$ -	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CenterPoint Energy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HRA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 22,500,000	\$ 47,296,000	\$ 5,800,000	\$ 5,000,000	\$ 3,700,000	\$ 1,850,000	\$ 7,150,000	\$ 13,000,000

		w/o M&O	w/o Underpass	2017-2019
Total of Proposed Five Year Improvement	\$ 106,296,000	\$ 87,496,000	\$ 70,796,000	\$ 84,296,000
Proposed Bonding	\$ 32,000,000	\$ 26,200,000	\$ 32,000,000	\$ 21,000,000
% of Improvements Identified for Bonding	30.1%	29.9%	45.2%	24.9%

**Paid for with Franchise Fees

^^ Uncommitted, Requires Outside Funding



Five-Year Street Reconstruction Plan

2017 – 2021 Projects



77th Street Underpass (2017)

Construction of a new 77th Street underpass of T.H. 77. The Underpass will be the final piece of the 77th Street corridor, designed as an arterial reliever to I-494 in order to reduce congestion. The underpass will improve access to and from the Metro Transit South Garage, and provide direct access for cars, bicyclists, pedestrians and transit users from Richfield to MSP and the Mall of America.

66th Street (2017-2020)

Reconstruction of 66th Street (CR53) from Upton Avenue to Richfield Parkway. This project includes reconstruction of failing pavement, replacement of City utilities, undergrounding of parallel overhead utility lines, and improved bicycle and pedestrian accommodations. The project also addresses safety and traffic flow concerns through the use of additional medians and roundabouts.

Residential Mill & Overlay (2017-2020)

As part of a 6 year initiative to perform major maintenance to extend the life of the City's residential roads, originally constructed in the mid-70s, asphalt streets will receive a mill and overlay. To date, approximately 15 miles of the City's residential roads have been completed with the remaining 85 miles to be resurfaced over the course of the project. The project also includes catch basin and curb repairs, along with replacement of City utility manholes. The bonding required to complete the project will be financed through the increase in Franchise Fees effective April 2014.

65th Street Central (2020)

Reconstruction of 65th Street between Nicollet Avenue and 66th Street. This project will replace the failing concrete road surface with new asphalt. The project will also replace City utilities. Consistent with the City Complete Streets Policy, a public involvement process would be used to determine the future design of the roadway.

Penn Avenue Reconstruction (2021)

Reconstruction of Penn Avenue from 62nd Street to 75th Street. This project includes reconstruction of failing pavement, replacement of City utilities, and undergrounding of parallel overhead utility lines. Consistent with the City and County Complete Streets Policies, a public involvement process would be used to determine the future design of the roadway.



STAFF REPORT NO. 70
CITY COUNCIL MEETING
4/25/2017

REPORT PREPARED BY: Elizabeth Finnegan, Civil Engineer

DEPARTMENT DIRECTOR REVIEW: Kristin Asher, Public Works Director
4/19/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, City Manager
4/20/2017

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a resolution directing Xcel Energy to underground overhead utilities along 66th Street between Xerxes Avenue and 16th Avenue and support the recovery of \$1,325,000 to Xcel Energy through a surcharge to the City's ratepayers.

EXECUTIVE SUMMARY:

The City Council identified undergrounding of parallel private utilities within the City's right-of-way as a goal for the major roadways within Richfield. Xcel Energy has provided the City with a cost estimate that defines the difference between relocating their facilities from overhead to underground to be \$2,200,000 within the project limits.

Hennepin County will pay \$875,000 towards the cost of Xcel's undergrounding work, and the City will be responsible for the remainder of the cost, estimated at \$1,325,000. The City may pay Xcel Energy directly, or Xcel Energy may utilize a special facility recovery mechanism. The mechanism would place a surcharge on the ratepayers. In this instance, the surcharge would be \$2.33 per month per meter for residential customers. No provision has been made for the \$1,325,000 estimated cost within the project budget or the City's 2017 General Fund budget.

RECOMMENDED ACTION:

By Motion: Approve a resolution directing Xcel Energy to underground overhead utilities along 66th Street between Xerxes Avenue and 16th Avenue and support the recovery of \$1,325,000 to Xcel Energy through a surcharge to the City's ratepayers.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- Xcel Energy undergrounding fees have previously been recovered through the use of a special facility recovery mechanism, described in their tariff, which allows them to obtain funds through the City's ratepayers.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The City Council has identified undergrounding of public utilities in the right of way as a goal in the City's Comprehensive Plan (Goal 16 – 1997 Comprehensive Plan).

- Xcel Energy's tariff requires they recover the funds within a 36 month recovery period.

C. CRITICAL TIMING ISSUES:

- The City and County have directed Xcel Energy to have their overhead facilities put underground during the winter following each construction phase. The undergrounding from Xerxes Avenue to 35W and Portland Avenue to 16th Avenue will take place in the winter of 2017-2018, and the undergrounding from 35W to Portland Avenue will take place in the winter of 2018-2019.

D. FINANCIAL IMPACT:

- The estimated cost difference for the City of Richfield's share between relocating the poles and placing Xcel's facilities underground is \$1,325,000. The estimated cost is the highest possible cost and will not exceed this amount. Only actual costs will be recovered.
- If there are other project funds available at the close of the project, they may be used to pay the balance of the cost of undergrounding.
- Xcel Energy has the legal right to recover costs via a surcharge to City ratepayers. The \$1,325,000 cost can be recovered in 36 months time using the same rates as in the past (\$2.33/month/residential meter).

E. LEGAL CONSIDERATION:

- The City Attorney will be available to answer questions.

ALTERNATIVE RECOMMENDATION(S):

- The City Council may choose not to adopt the resolution at this time and direct staff on how to proceed.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

Description	Type
□ Resolution	Resolution Letter
□ Engineer's Estimate of Work	Backup Material

RESOLUTION NO.

RESOLUTION DIRECTING XCEL ENERGY TO UNDERGROUND OVERHEAD UTILITIES ALONG 66TH STREET BETWEEN XERXES AVENUE TO 16TH AVENUE

WHEREAS, the portion of the 2017-2019 roadway and boulevard improvements will be completed on 66th Street between Xerxes Avenue to 16th Avenue to provide for improved traffic safety; and

WHEREAS, the City seeks to improve safety along 66th Street by directing Xcel Energy to underground its electric utility facilities along the roadway; and

WHEREAS, Xcel Energy is expecting to recover the additional costs it will incur because of the undergrounding of facilities by implementing a surcharge on customers within the City; and

WHEREAS, the City is in receipt of an estimate for the requested undergrounding; and

WHEREAS, on January 14, 2015, Xcel Energy was notified at the 66th Street Project Coordination Meeting their facilities must be relocated underground. The relocation is anticipated to be completed no later than March 1, 2018, from Xerxes Avenue to I35W and Portland Avenue to 16th Avenue, and no later than March 1, 2019, from I35W to Portland Avenue.

NOW, THEREFORE, BE IT RESOLVED by the City Council that:

1. Xcel Energy is hereby requested and directed to relocate its overhead facilities underground along 66th Street between Xerxes Avenue to 16th Avenue;
2. The City agrees that it will not oppose a surcharge on customers of Xcel located within the City. The amount shall be Xcel's necessary, actual, and reasonably incurred costs of undergrounding less the costs Xcel would have incurred through relocation of its overhead lines along the project site because of the 66th Street Reconstruction Project; and
3. The City does not waive its right to verify, by legal means available, that the amount of the surcharge is necessary, actual, and a reasonable cost incurred.

Adopted by the City Council of the City of Richfield, Minnesota this 25th day of April, 2017.

Pat Elliott, Mayor

ATTEST:

Elizabeth VanHoose, City Clerk



March 22, 2017

Elizabeth Finnegan
City of Richfield
6700 Portland Avenue
Richfield, MN 55423

Re: Engineering Estimate to City for Special Facilities Project

Your city has requested information from Northern States Power Company, a Minnesota corporation ("Xcel Energy" or the "Company") regarding relocating existing parallel overhead facilities to underground facilities along the 66th Street corridor for rebuilding of 66th Street (CSAH 53). We have completed an Engineering Estimate of the cost of this project, which we have determined is a "special facilities" project. Section 5.3 of the rules and regulations in our Minnesota Electric Rate Book (tariff) contains the definition of standard and special facilities; the relevant tariff sections are provided in Attachment B to this letter.

Attachment A to this letter is an Engineering Estimate form, which provides the project scope, assumptions and estimated excess expenditures (i.e., the incremental costs above those for standard facilities) for this project. The estimated excess expenditure associated with this "special facilities" project is \$2,200,000. Xcel Energy can commence construction based on this engineering design; however, scope changes, field conditions, winter construction charges and other variables may impact the final "special facilities" project cost, and hence, the excess expenditures.

The Xcel Energy tariff allows Xcel Energy to recover or seek recovery of any excess expenditures associated with special facilities. The available methods of cost recovery depend on several factors. For example, if the project is distribution facility undergrounding ordered by a city, the cost recovery procedures in our City Requested Facilities Surcharge ("CRFS") Rider may apply (see Attachment B). The CRFS Rider may also apply if a City requests undergrounding and agrees to use the CRFS. This is a Minnesota Public Utilities Commission ("MPUC") approved surcharge on customers within your city only. If the "special facility" does not involve the undergrounding of a distribution facility pursuant to a city's police powers, or if the city and Xcel energy do not mutually agree to use the CRFS to recover the excess expenditures, there is no automatic

surcharge and Xcel Energy must propose a surcharge for approval by the Minnesota Public Utilities Commission.

Or, the city can choose to prepay or to otherwise arrange for payment of the excess expenditures.

The city has indicated that Hennepin County will pay \$875,000 toward this project. The balance of \$1,325,000 will be paid by the city via a CRFS. The \$875,000 payment must be made to Xcel Energy before construction commences.

If this project were to proceed and cost recovery were to occur under the CRFS Rider or similar surcharge, the following information is useful. Based on the projected excess expenditures associated with this Engineering Estimate and assuming the CRFS Rider is used to recover the costs, the estimated term of the surcharge is 36 months, and the estimated monthly surcharge amount per customer class is as shown below. However, the surcharge would reflect Xcel Energy's actual expenditures related to this project, so the term and/or total excess expenditures may be different than shown here.

<u>Customer Class</u>	<u>Monthly Surcharge</u>
Residential	\$2.33
Residential Low Income	\$1.00
Small C&I Non-demand Billed	\$2.33
Small C&I	\$6.99
Large C&I	\$9.32
Street Lighting	\$2.33
Sm Mun Pump Non-Demand	\$2.33
Sm Mun Pump	\$6.99
Large Mun Pump	\$9.32

Please note that your City will have the opportunity to challenge: (1) Xcel Energy's determination that a surcharge is necessary; (2) the amount of the surcharge; and (3) how the surcharge is distributed among Xcel Energy's customers in your City.

Next Steps

Please let us know if the City wishes to proceed with this project by returning a signed engineering estimate. If the project is to proceed, Xcel Energy will confirm that understanding in writing to the City.

If you have any questions, please feel free to contact me at 952 – 380 – 2604.

Sincerely,



Michelle Swanson

Cc: Steve Devich, City Manager
Kristin Asher, Director of Public Works

Attachment A: Project Engineering Estimate Form

Attachment B Xcel Energy MN Electric Rate Book, Rules and Regulations, Section 5.3
and the CRFS rider rate schedule.

ATTACHMENT A

SPECIAL FACILITIES ENGINEERING ESTIMATE

This “Engineering Estimate” provides estimated Excess Expenditures based on an engineered design for a requested or ordered non-standard installation (Special Facility). This estimate is only valid for the specific project information and assumptions as detailed in this form.

This Engineering Estimate is Xcel Energy’s best evaluation of the Excess Expenditures associated with this Special Facility. However, there will be many factors that influence actual costs, such as: those associated with permitting; inclement weather; winter construction costs; unexpected increases in material costs; unexpected increases or changes in labor charges; scheduling, availability, and/or mobilization; ability to schedule outages on the existing electric facilities of Xcel Energy or other electric companies; emergencies occurring on the electric systems of Xcel Energy or electric companies; and other factors not specifically identified herein but allowed as an incremental cost for recovery. The actual Excess Expenditures will be calculated using Xcel Energy’s actual costs, including all allowed overheads.

REQUESTOR INFORMATION

Requestor Name	City of Richfield
Address	1901 E 66 th St Richfield, MN 55423
Phone:	612-861-9170

PROJECT, PERMITTING AND SITING INFORMATION

Xcel Energy has relied on the Project Information, Project Assumptions and Permitting Requirements detailed below to produce this engineering estimate:

Project Information

Name	CSAH 53 Project 1011 Overhead to Underground
Location	66 th St; Xerxes Ave S to 16 th Ave S

Scope: This project requested by the City of Richfield includes the removal of the existing overhead distribution system and its replacement with a new equivalent underground distribution system in an area from Xerxes Ave S to 16th Ave S. Length of corridor scope is 17, 300’

Project Assumptions: The following is a 90% estimate:

Relocate existing parallel overhead facilities to underground facilities along the 66th St corridor for rebuilding of 66th St (CSAH 53). Work to commence in the summer of 2017 to be finished in late 2018/early 2019. The location of the cabinets will be under the direction of the City of Richfield and the underground cable running lines will be under the direction of Hennepin County for this project.

The project will be installed in 3 segments based on construction phasing. A) Xerxes Ave S to Humboldt Ave S B) 16th Ave S to Nicollet Ave S C) Lynwood Blvd to 35W.

Project estimate includes all costs associated with the removal of the existing overhead system and the installation of an equivalent underground distribution system, including all underground cables, new terminal poles (and other poles necessary to the project) and surface mounted electrical equipment.

This estimate **does not include:** Repair and/or replacement of privately owned sprinkler systems; additional costs incurred due to soil conditions (debris, rock or any other obstruction encountered in the soil that increase the cost of installation; restoration of existing ground cover (black soil, seed, sod) additional installations costs due to frost and/or winter construction charges; repair of customer owned underground facilities not located prior to construction; replacement of privately owned shrubbery located in public right-of-way or utility easements; any costs associated with the acquisition of additional right-of-way or easements necessary to install underground facilities.

Permitting Requirements/Siting Issues

Xcel Energy has reviewed the permitting requirements and siting issues that may be a factor for this project. These requirements must generally be satisfactorily resolved prior to starting any field construction.

Right-of-way and private easements: It will be the responsibility and at the expense of the City to acquire and record any additional easements necessary to accommodate the installation of new underground distribution facilities.

ADDITIONAL INFORMATION

Because costs increase over time, this Engineering Estimate may be considered valid for sixty (60) days from the date below. Unless otherwise agreed, the Requestor may be asked to prepay for Xcel Energy's costs to prepare any additional or revised Engineering Estimate necessary because of project scope changes, delays, or other factors beyond the control of Xcel Energy.

COST ESTIMATES FOR STANDARD AND SPECIAL FACILITIES AND EXCESS EXPENDITURES

Engineering Estimate of Total Excess Expenditures: **\$2,200,000.00**
(non-standard costs – standard costs + removal costs)

The city has indicated that Hennepin County will pay \$875,000 toward this project. The balance of \$1,325,000 will be paid by the city via a CRFS. The \$875,000 payment must be made to Xcel Energy before construction commences.

This estimate expires in 60 days.

Estimate Prepared by: Gregg M Wenzel Date March 22, 2017
(Print name)

Estimate Prepared by: 
(Signature)

The undersigned hereby requests and authorizes Northern States Power Company, a Minnesota corporation (“Xcel Energy”) to do the work described above.

City of Richfield

Print Full Name and Title

Print Full Name and Title (if applicable)

Signature

Signature

Northern States Power Company, a Minnesota corporation
 Minneapolis, Minnesota 55401
MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

CITY REQUESTED FACILITIES SURCHARGE RIDER

Section No. 5
 6th Revised Sheet No. 131

APPLICABILITY

Applicable to bills for electric service provided under the Company's retail rate schedules in a City ordering the installation of non-standard underground Distribution Facilities. The Excess Expenditure costs for these Special Facilities are to be collected from customers located within such City in accordance with the provisions in the General Rules and Regulations, Section 5.3, SPECIAL FACILITIES.

The Company will provide notice to the affected City of any miscellaneous rate filing by Company under Minn. Stat. §216.B16, Subd. 1 to establish a Special Facilities surcharge applicable to customers in such City.

RATE

In each applicable City, there shall be included in the monthly minimum billing on each customer's bill a separately itemized surcharge line item determined in accordance with this Rider entitled "City Req Fac Srchg". The City Requested Special Facilities Surcharge shall not be subject to current month billing adjustments or City surcharges and shall be subject to any applicable sales taxes.

DETERMINATION OF CITY REQUESTED FACILITIES SURCHARGE

The City Requested Special Facilities Surcharge for each applicable City project shall be calculated by determining a Class Facilities Surcharge to be applied to the Average Monthly Customers in the designated City such that the total Excess Expenditure plus carrying charges in the City Project Tracker Account are recovered over the designated Recovery Period.

Average Monthly Customers shall be the projected average number of active customers in each applicable customer classification located in the City for the designated Recovery Period.

Class Facilities Surcharge shall be the surcharge amount for each applicable customer classification determined in accordance with the Rules for Application.

City Project Tracker Account is a regulatory asset account representing the sum of the following:

- (1) The total Excess Expenditures for each Distribution Facilities undergrounding project in such City,
- (2) Monthly carrying charges on the under recovered or over recovered monthly balance in the City Project Tracker Account based on the overall rate of return from the Company's most recent electric general rate case decision,
- (3) Less the recovered project costs collected to date through the applicable City's Facilities Surcharge.

Recovery Period is the number of months the City Requested Special Facilities Surcharge shall be applied to bills for a designated City project determined in accordance with the Rules for Application.

Excess Expenditures shall be determined in accordance with the provisions in the General Rules and Regulations, Section 5.3.

(Continued on Sheet No. 5-132)

Date Filed:	11-04-13	By: Christopher B. Clark	Effective Date:	11-01-15
		President, Northern States Power Company, a Minnesota corporation		
Docket No.	E002/GR-13-868		Order Date:	08-31-15

CITY REQUESTED FACILITIES SURCHARGE RIDER
(Continued)

Section No. 5
5th Revised Sheet No. 132

RULES FOR APPLICATION

1. The Recovery Period shall not commence until the City Requested Facilities Surcharge to be applied to bills is at least \$0.25 per customer per month. A surcharge of \$0.25 up to and including \$1.00 per customer regardless of customer class may be applied for a Recovery Period of exactly one month (e.g., a one-time surcharge).
2. For a Recovery Period greater than one month, the Class Facilities Surcharge per month per customer in each non-residential customer class for any month in which a Residential Class Facilities Surcharge is applicable shall be as follows:
 - a. Commercial & Industrial (C&I), Street Lighting and Municipal – Non-Demand Billed: Equal to the Residential Class Facilities Surcharge.
 - b. Small C&I and Small Municipal – Demand Billed: Three times the Residential Class Facilities Surcharge.
 - c. Large C&I – Demand Billed (actual demand greater than 100 kW): Four times the Residential Class Facilities Surcharge.

However, whenever the Non-residential Class Facilities Surcharges to be billed exceed the Customer Charge applicable on a customer account, the Class Facilities Surcharge for that account shall be equal to such Customer Charge.

3. A Residential Class Facilities Surcharge of \$0.25 up to and including \$1.00 per Residential customer per month will be applied each month whenever the City Project Tracker Account balance to be collected allows for a Recovery Period of 36 months or less.
4. A Residential Class Facilities Surcharge of over \$1.00, up to and including \$5.00, per Residential customer per month will be applied each month for a Recovery Period of 36 months whenever the City Project Tracker Account balance is uncollectable at a Residential Class Facilities Surcharge level of \$1.00 or less, provided that the surcharge amount for any Residential class customer account receiving a Low Income Energy Discount shall not exceed \$1.00 per month.
5. A Residential Class Facilities Surcharge of \$5.00 per Residential customer per month for a Recovery Period of 36 months up to and including 60 months will be applied only when necessary to recover the City Project Tracker Account balance, provided a surcharge of \$5.00 may be collected pending Commission action on a Company petition or City complaint to modify the design of the rate surcharge for a specific project which cannot be recovered in 60 months.

(Continued on Sheet No. 5-133)

Date Filed:	11-04-13	By: Christopher B. Clark	Effective Date:	11-01-15
		President, Northern States Power Company, a Minnesota corporation		
Docket No.	E002/GR-13-868		Order Date:	08-31-15

Northern States Power Company, a Minnesota corporation
Minneapolis, Minnesota 55401

MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

**CITY REQUESTED FACILITIES SURCHARGE RIDER
(Continued)**

Section No. 5
5th Revised Sheet No. 133

RULES FOR APPLICATION (Continued)

6. The Class Facilities Surcharges may be adjusted annually and in the last 6 months of the Recovery Period to more closely recover the balance remaining in the City Project Tracker Account.
7. Subject to the limits on monthly surcharge amounts set forth above, the Class Facilities Surcharges may also be increased at any time and the Recovery Period may be updated, with notice as provided in Section 5.3 of the General Rules and Regulations, in order to recover Excess Expenditures associated with additional Distribution Facilities undergrounding projects requested or ordered by City.

Date Filed:	11-04-13	By: Christopher B. Clark	Effective Date:	11-01-15
		President, Northern States Power Company, a Minnesota corporation		
Docket No.	E002/GR-13-868		Order Date:	08-31-15

5.2 GENERAL EXTENSION (Continued)

Non-refundable payments will be in the amount determined by subtracting from the total estimated installation cost the product of three and one half (3.5) times the anticipated annual revenue, excluding the portion of the revenue representing fuel-cost recovery, as set forth in Section 5.1, STANDARD INSTALLATION. Additional refundable payments may be required where service is extended and where customer occupancy is expected to be delayed. In such cases, for each additional customer served directly from the original contracted extension within five years from the date of its completion, the person who made the advance payment will receive proportionate refunds as additional customers take occupancy. The total of such refunds will in no event exceed the total refundable advance payment. Refunds will be made only for line extensions on private property to a single customer served directly from the original contracted facilities.

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5.3 SPECIAL FACILITIES

A. Definitions

For the purposes of Section 5.3 and the City Requested Facilities Surcharge Rider, the following definitions apply:

1. "Distribution Facilities" are defined as all primary and secondary voltage wires, poles, insulators, transformers, fixtures, cables, trenches, ductlines, and other associated accessories and equipment, including substation equipment, rated 35kV class and below, whose express function and purpose is for the distribution of electrical power from the Company's distribution substation directly to residential, commercial, and/or industrial customers. Distribution Facilities exclude all facilities used primarily for the purpose of transferring electricity from a generator to a substation and/or from one substation to another substation. As such, Distribution Facilities serve only customers on the primary and secondary rates of the Company.
2. "Transmission Facilities" are defined as all poles, towers, wires, insulators, transformers, fixtures, cables, and other associated structures, accessories and equipment, including substation equipment, rated 25kV class and above, whose express function and purpose is the transmission of electricity from a generator to a substation or substations, and from one substation to another.
3. "Municipality" is defined as any one of the following entities: a county, a city, a township or other unit of local government.
4. "City" is defined as either a statutory city or a home rule charter city consistent with Minn. Stat. §410.015 and §216B.02, Subd. 9.

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(Continued on Sheet No. 6-27.1)

Date Filed:	08-11-10	By: Judy M. Pofert	Effective Date:	05-02-11
		President and CEO of Northern States Power Company, a Minnesota corporation		
Docket No.	E002/M-10-878		Order Date:	05-02-11

5.3 SPECIAL FACILITIES (Continued)

A. Definitions (Continued)

5. "Standard Facilities" are those facilities whose design or location constitute the reasonable and prudent, least-cost alternative that is consistent with the existing electric system configuration, will meet the needs of the Company's customers and will maintain system reliability and performance under the circumstances. In determining the design or location of a "Standard Facility", the Company shall use good utility practices and evaluate all of the circumstances surrounding the proposal, including (i) public and employee safety in the installation, operation and maintenance of the facility, (ii) compliance with the National Electrical Safety Code, other applicable engineering standards and electric utility norms and standards, (iii) electric system reliability requirements, (iv) the presence, age, condition and configuration of existing facilities in the affected area, (v) the presence and size of existing right-of-way in the affected area, (vi) existing topology, soil, spacing, and any environmental limitations in the specific area, (vii) existing and reasonably projected development in the affected area, (viii) installation, maintenance, useful life and replacement cost factors, and (ix) other relevant factors under the particular circumstances.
6. "Special Facilities" are non-standard facilities or the non-standard design or location of facilities as provided in Section 5.3(B).
7. "Excess Expenditure" is defined as the total reasonable incremental cost for construction of Special Facilities, including: the value of the un-depreciated life of existing facilities being removed and removal costs less salvage; the fully allocated incremental labor costs for design, surveying, engineering, construction, administration, operations or any other activity associated with said project; the incremental easement or other land costs incurred by the Company; the incremental costs of immediately required changes to associated electric facilities, including backup facilities, to ensure reliability, structural integrity and operational integrity of electric system; the incremental taxes associated with requested or ordered Special Facilities; the incremental cost represented by accelerated replacement cost if the Special Facility has a materially shorter life expectancy than the standard installation; the incremental material cost for all items associated with said construction, less salvage value of removed facilities, and any other prudent costs incurred by Company directly related to the applicable Special Facilities.

(Continued on Sheet No. 6-27.2)

Date Filed:	11-02-05	By: Cynthia L. Leshner	Effective Date:	02-01-07
		President and CEO of Northern States Power Company		
Docket No.	E002/GR-05-1428		Order Date:	09-01-06

5.3 SPECIAL FACILITIES (Continued)

B. General Rule

1. When the Company is requested by a customer, group of customers, developer, or Municipality to provide types of service that result in an expenditure in excess of the Company designated standard service installation as provided under Section 5.1, STANDARD INSTALLATION, or designated standard Distribution Facilities or Transmission Facilities under Section 5.3 (A)(5) the requesting customer, group of customers, developer, or Municipality will be responsible for such Excess Expenditure, unless otherwise required by law. Common examples of Special Facilities include duplicate service facilities, special switching equipment, special service voltage, three phase service where single phase service is adequate, excess capacity, capacity for intermittent equipment, trailer park distribution systems, underground installations to wood poles, conversion from overhead to underground service, specific area undergrounding, other special undergrounding, location and relocation or replacement of existing Company facilities.
2. When requested under Section 5.3 (B)(1) the Company will evaluate the circumstances and determine the Standard Facility(ies) that would be appropriate to the particular situation. From this evaluation, the Company will determine the facilities design/configuration for the proposed project that meets the definition of a Standard Facility. This design/configuration shall constitute the Standard Facility for purposes of determining the Excess Expenditure associated with any requested or ordered Special Facility, including a Special Facility subject to a City Requested Facilities Surcharge or other rate surcharge.
3. Subject to the requirements of applicable law, and subject to the Company's previously scheduled or emergency work, the Company will initially install Special Facilities or will replace, modify or relocate to a Company-approved location or route its existing Distribution Facilities or Transmission Facilities (a) upon the request of a customer, a group of customers, developer, or upon request or lawful order of a Municipality if the Company determines the requested or ordered Special Facilities will not adversely affect the reliability, structural integrity, ability to efficiently expand capacity or operational integrity of the Company's Distribution Facilities or Transmission Facilities; and (b) the requesting or ordering customer, group of customers, developer, or Municipality arranges for payment of the Excess Expenditures under Section 5.3(E)(1) or 5.3(E)(2), or a requesting or ordering City elects that the Excess Expenditures for undergrounding of Distribution Facilities be recovered by surcharge under Section 5.3(E)(3).

(Continued on Sheet No. 6-28)

Date Filed:	11-02-05	By: Cynthia L. Leshner	Effective Date:	02-01-07
		President and CEO of Northern States Power Company		
Docket No.	E002/GR-05-1428		Order Date:	09-01-06

5.3 SPECIAL FACILITIES (Continued)

C. Special Facilities In Public Right-Of-Way

1. Whenever a Municipality as a governing body of public right-of-way orders or requests the Company to replace, modify or relocate its existing Distribution Facilities or Transmission Facilities located by permit in said public right-of-way to the extent necessary to avoid interference with construction on said public right-of-way, such facilities will be replaced, modified or relocated at Company expense, provided the construction is the Standard Facility(ies) installation designated by the Company.
2. If the Municipality requests or orders a facility other than the standard facility(ies) determined under 5.3(C)(1), the Company will provide the Municipality notification of the Excess Expenditure compared to the Standard Facility. If the Municipality requests or orders a type of construction with cost in excess of the Company designated standard construction, recovery of such Excess Expenditures will be subject to Section 5.3(E).
3. Except in emergencies, the Company has no obligation to commence initial construction of new Special Facilities, or to commence construction for replacement, modification, reconstruction or relocation of existing facilities, until the Company receives a permit, or other written authorization, from the Municipality (or its designee) having jurisdiction over use of the applicable public right-of-way, authorizing the construction at a Company-approved reasonable location within the public right-of-way or at a location established by lawful order of the Municipality.
4. The Company reserves the right to require an order from a Municipality if the Company determines the requested Special Facilities constitute an improvement primarily for the benefit of a landowner or other group and only an incidental benefit to public use of the right-of-way. The Company also reserves the right to challenge the lawfulness of a Municipality's order.

D. Underground Facilities Requirements

The following provisions apply when replacing overhead facilities with underground facilities:

1. The customer, at customer's expense, must engage an electrician to adapt the customer's electrical facilities to accept service from Company underground facilities.
2. The Company will allow reasonable time for the customer to make the necessary alterations to their facilities, before removal of the existing overhead facilities. The customer, group of customers, developer or Municipality must provide Company reasonable notice of the undergrounding request so Company may efficiently plan and install such facilities.

(Continued on Sheet No. 6-29)

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5.3 SPECIAL FACILITIES (Continued)

D. Underground Facilities Requirements (Continued)

3. Perpetual easements will be granted Company at no cost to the Company whenever any portion of the underground distribution system is located on private land. Said private easements also will allow the Company access for inspection, maintenance, and repair of Company facilities.
4. The Company must receive, by franchise or permit, full access to its facilities installed underground for the purpose of inspection, maintenance, and repair of such facilities, such right of access to include the right to open public ways.
5. The Municipality will give sufficient notice and will allow the Company sufficient time to place its facilities beneath public ways while the same are torn up for resurfacing. The Municipality shall provide Company with access to the torn up public ways during such period so that Company will have unobstructed use of sufficiently large sections of the public ways to allow installation of the underground facilities in an economic manner.
6. Secondary voltage service supplied from an underground distribution lateral installation will require that the customer install, own, and maintain necessary conduits and secondary service conductors or bus duct to a point designated by Company within or adjacent to the secondary compartment of the transformer or vault. Company will make final connection of customer's secondary service conductors or bus duct to Company's facilities.
7. Secondary voltage service supplied from underground secondary service conductors require that the customer install, own, or maintain necessary conduits on private property to a point designated by the Company at or near the property line. The secondary service conductors usually will be installed by the customer in the customer's conduit, however, in some installations it may be preferred to have Company provide a continuous installation from the Company facilities through the customer conduit to the customer's service equipment. In these installations the customer must pay the total installed cost of the Company's cable installed on private property. The Company will make the final connection of customer's secondary service connectors to Company's facilities.
8. The customer, group of customers, developer or Municipality will be subject to any charges imposed as a result of the conditions set forth in Section 5.1, STANDARD INSTALLATION and charges for Special Facilities as provided in this Section 5.3.

(Continued on Sheet No. 6-29.1)

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5.3 SPECIAL FACILITIES (Continued)

E. Special Facilities Payments

1. Where the requesting or ordering party is required to prepay or agrees to prepay or arrange payment for Special Facilities, the requesting or ordering party shall execute an agreement or service form pertaining to the installation, operation and maintenance, and payment of the Special Facilities. Payments required will be made on a non-refundable basis and may be required in advance of construction unless other arrangements are agreed to in writing by the Company. The facilities installed by the Company shall be the property of the Company. Any payment by a requesting or ordering party shall not change the Company's ownership interest or rights.

Payment for Special Facilities may be required by either, or a combination, of the following methods as prescribed by the Company: a single charge for the costs incurred or to be incurred by the Company due to such a special installation or a monthly charge being one-twelfth of Company's annual fixed costs necessary to provide such a special installation. The monthly charge will be discontinued if the special facilities are removed or if the requester eventually qualifies for the originally requested Special Facilities.

2. Where Special Facilities are requested or ordered by a Municipality which is not a City, or in circumstances other than those addressed in Section 5.3(E)(3), and payment is not made or arranged by the Municipality, the Company may seek approval of the Commission to allow the Excess Expenditures to be the responsibility of the Company's customers residing within the Municipality and may seek approval by the Commission pursuant to Minn. Stat. §216B to allow recovery of such expenditures from those customers through a rate surcharge or other method.

The Company will provide notice to an affected Municipality of any miscellaneous rate filing by Company under Minn. Stat. §216B.16, Subd. 1, to establish a Special Facilities surcharge applicable to customers in such Municipality. Customers in the applicable Municipality will be notified of (a) the implementation of the Special Facilities surcharge through a bill message during the month preceding the month of implementation of such surcharge, and (b) any change in the surcharge.

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(Continued on Sheet No. 6-29.2)

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GENERAL RULES AND REGULATIONS (Continued)

Section No. 6
2nd Revised Sheet No. 29.2

SPECIAL FACILITIES (Continued)

E. Special Facilities Payments (Continued)

3. Where undergrounding of Distribution Facilities as a Special Facility is ordered by a City, and payment for excess expenditure is not made or arranged by the City, the Excess Expenditures will be recovered from the Company's customers located in the City through a rate surcharge set forth in Section 5.3 (F) and the City Requested Facilities Surcharge Rider subject to the following conditions:
 - a. The Company shall provide written notice to the City containing the following:
 - i. the estimated total excess expenditures required for the designated City undergrounding project and an estimate of the resulting surcharge;
 - ii. notice to the City Clerk that the City has sixty (60) days from its receipt of the notice to file with the Commission an objection to the proposed surcharge under Minn. Stat. §216B.17 or other applicable law. The notice shall contain a brief statement of facts and tariff or other legal authority on which the Company bases its right to surcharge the ratepayers located in the City.
 - b. Within the sixty (60) day period noticed by the Company, the City may give written notice to the Company of its intention to pay all, a portion or none of the estimated Excess Expenditures, or otherwise enter into an agreement with the Company regarding payment of any Excess Expenditures. If the City does not respond in writing within the sixty (60) days, it is deemed to have elected not to pay any portion of the Excess Expenditures and will have waived its right to object to the Company's right to surcharge ratepayers in the City for the Excess Expenditures. Such failure, however, is not a waiver of the City's right to object to the Company's Excess Expenditures surcharged to ratepayers in the City, which objection may be exercised pursuant to other applicable law.
 - c. A rate surcharge set forth in Section 5.3(F) and the City Requested Facilities Surcharge Rider may be used to recover the excess Expenditures of Distribution Facilities when such projects are initiated and controlled by a City even if the City does not act within its police powers to require the undergrounding project to be completed and the City and Company mutually agree in writing to using such a surcharge.

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(Continued on Sheet No. 6-29.3)

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GENERAL RULES AND REGULATIONS (Continued)

Section No. 6
2nd Revised Sheet No. 29.3

SPECIAL FACILITIES (Continued)

E. Special Facilities Payments (Continued)

- d. The City may bring its objection to the proposed surcharge to the Commission by filing a statement of objection with the Commission and serving the Company within sixty (60) days. An objection proceeding shall not halt or delay the project, except for good cause shown. Notice and implementation of the surcharge shall be stayed until the Commission or a court of competent jurisdiction issues a final order or judgment.
- e. Nothing in this tariff is intended to establish or limit the rights of a Company customer that is a member of the class of customers surcharged or proposed to be surcharged from pursuing its rights under applicable law.
- f. Customers in the applicable City will be notified of: (i) the implementation of a City Requested Facilities Surcharge through a bill message during the month preceding the month the surcharge is commenced; and (ii) any change in a preexisting surcharge. The Company shall provide the Department and City the proposed notice to customers no less than sixty (60) days prior to the first day of the month in which the Company intends to notify customers of the surcharge.

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(Continued on Sheet No. 6-29.4)

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SPECIAL FACILITIES (Continued)

F. Costs of Special Facilities Recovered by City Requested Facilities Surcharge

1. The Excess Expenditure required for any Special Facility undergrounding of Distribution Facilities requested or ordered by a City shall be subject to surcharge in accordance with the provisions of this section and the City Requested Facilities Surcharge (CRFS) Rider, if the City does not prepay or otherwise arrange payment. The surcharge shall commence on such date as determined by the Company, but no earlier than the first full billing month following at least 60 days notice to the applicable City of the planned implementation date of a surcharge.
2. City Project Tracker Account. The Company will establish a City Project Tracker Account for the applicable City in order to track project cost recovery through customer collections. The initial balance in the Tracker Account will be the Company-determined Excess Expenditure for the applicable Special Facilities. Excess Expenditures for subsequent, additional City requested or ordered Special Facilities may be added to the Tracker Account balance at any time to the extent additional Excess Expenditures are incurred by Company. The Tracker Account balance shall be determined as follows:
 - a. The total Excess Expenditure ("EE") for each City Special Facility undergrounding project to be recovered through a CRFS surcharge. The EE will be adjusted to reflect actual Company costs and any direct payments made by the City for the designated construction project;
 - b. Plus the Carrying Charge ("CC") on the unrecovered or over-recovered monthly balance in the Tracker Account based on the overall rate of return from the Company's most recent electric general rate case decision; and
 - c. Less the Recovered Project Costs ("RPC") equal to the actual monthly amounts billed to customers in the applicable city through the CRFS Rider, subject to subsequent reductions to account for uncollectibles, refunds and correction of erroneous billings.

(Continued on Sheet No. 6-29.5)

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Attachment B

Attachment B