

**WORK SESSION AGENDA
COMMITTEE-OF-THE-WHOLE
MARCH 4, 2024
CITY HALL COUNCIL CHAMBERS**

Following the Council Meeting:

1. Waste Water Treatment Plant Change Order Update #3 – Steven Lang
2. Oakland Avenue/1st Avenue SW Update – Steven Lang
3. Grow Austin Fund Standout Incentives Program – Craig Clark
4. Administrative Report
5. Open Discussion

City of Austin
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Austin, Minnesota 55912-3773



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Memorandum

To: Mayor & Council
From: Steven J. Lang, P.E.
Date: February 28, 2024
Subject: WWTP Expansion & Phosphorus Reduction Project
Change Order 003 Review

As we progress through the project, changes to the overall project scope and construction plans will come up from time to time. Many of these items are addressed without issue, but some result in a change to the project cost. These project cost changes can be both project savings and project expenses. In order to keep progress moving along on the project, these cost changes are addressed in a Work Change Directive (WCD). These are first reviewed by SEH as part of their construction inspection and administrative duties. Then the WCD is reviewed by both myself and Hormel for approval. I have simplified the process as I have described it above, but there is a great deal of back-and-forth communication and problem solving involved before a WCD is approved. Finally, once a few WCD have been developed a Change Order is drafted. The change order will be present to Council for official approval, the overall project budget is adjusted and the items are eligible for payment.

Attached for your review is a summary of Change Order 003.

- WCD 026, (\$1,068) DOLI Watermain Plumbing Mods
- WCD 029, \$11,746 Str 82 & 90 Cleanout Tees
- WCD 037, \$24,702 Industrial Flare Mods
- WCD 038, \$264,356 Wage Rate Schedule
- WCD 039, \$19,618 Str 01_10 Electric & Fiber
- WCD 040, \$21,420 Str 12_22_38_41 Misc Metals
- WCD 041, No Cost Str 68_69 Process & Sanitary Pipe Rerouting
- WCD 042, \$ 2,251 Pumps, Mixers, Screw Press
- WCD 043, \$41,518 Str 65 Control Chamber
- WCD 044, \$70,735 Str 03_30_31 Rock Excavation
- WCD 045rev, \$ 3,353 Str 31_67_69_82_90 Electric Upgrades
- WCD 046, \$18,592 Str 65 Soils Correction
- WCD 047, \$120,940 Str 61 Process Piping Mods
- WCD 048, \$ 4,198 Str 61 Replace Pneumatic w/ Manual Valve
- WCD 049, \$20,403 Str 65 Drain Piping & MH Demo
- WCD 050, \$54,363 Str 01_31_39_90 Precast Roof Topping

- WCD 051, \$132,181 Str 68 Liquid Sludge Process Piping Mods
- WCD 052, \$ 8,103 Asphalt Thickness
- WCD 053, \$ 7,370 Admin_ Grit Bypass Overtime
- WCD 054, \$26,820 Str 67_69 Conveyor Electrical Mods
- WCD 055, \$13,209 Str 31_90 Sump Pits

I would request approval of Change Order 003 in the amount of \$864,810.00, which includes 21 WCD's valuing a \$432,953.83 cost increase to the Domestic budget and a \$431,856.16 cost increase to the Industrial budget.

	Work Change Directive (WCD)	Domestic	Industrial
Change Order #1	SubTotal	\$ 31,154.16	\$ (273,541.16)
Change Order #2	SubTotal	\$ 361,462.13	\$ 113,175.87
Change Order #3	SubTotal	\$ 432,953.83	\$ 431,856.17
	Total Combined	\$ 825,570.11	\$ 271,490.89

	Work Change Directive (WCD)	100% Domestic	Combined		100% Industrial
			54.2% Domestic	45.8% Industrial	
Change Order #3	WCD-026		\$ (578.86)	\$ (489.14)	
	WCD-029				\$ 11,746.00
	WCD-037				\$ 24,702.00
	WCD-038		\$ 143,280.95	\$ 121,075.05	
	WCD-039		\$ 10,632.96	\$ 8,985.04	
	WCD-040	\$ 10,710.00	\$ 5,804.82	\$ 4,905.18	
	WCD-041	No Cost Change		No Cost Change	
	WCD-042		\$ 1,220.04	\$ 1,030.96	
	WCD-043		\$ 22,502.76	\$ 19,015.24	
	WCD-044		\$ 38,338.37	\$ 32,396.63	
	WCD-045rev		\$ 1,309.47	\$ 1,106.53	\$ 937.00
	WCD-046		\$ 10,076.86	\$ 8,515.14	
	WCD-047		\$ 65,549.48	\$ 55,390.52	
	WCD-048		\$ 2,275.32	\$ 1,922.68	
	WCD-049		\$ 11,058.43	\$ 9,344.57	
	WCD-050	\$ 5,861.00	\$ 10,547.86	\$ 8,913.14	\$ 29,041.00
	WCD-051		\$ 71,642.10	\$ 60,538.90	
	WCD-052		\$ 4,391.83	\$ 3,711.17	
	WCD-053				\$ 7,370.00
	WCD-054		\$ 14,536.44	\$ 12,283.56	
	WCD-055		\$ 3,794.00	\$ 3,206.00	\$ 6,209.00
	SubTotal	\$	432,953.83	\$	431,856.17

Oakland Avenue and 1st Avenue Proposed Traffic Modifications

Date: March 4, 2024 at 5:30pm

Austin City Council Chambers

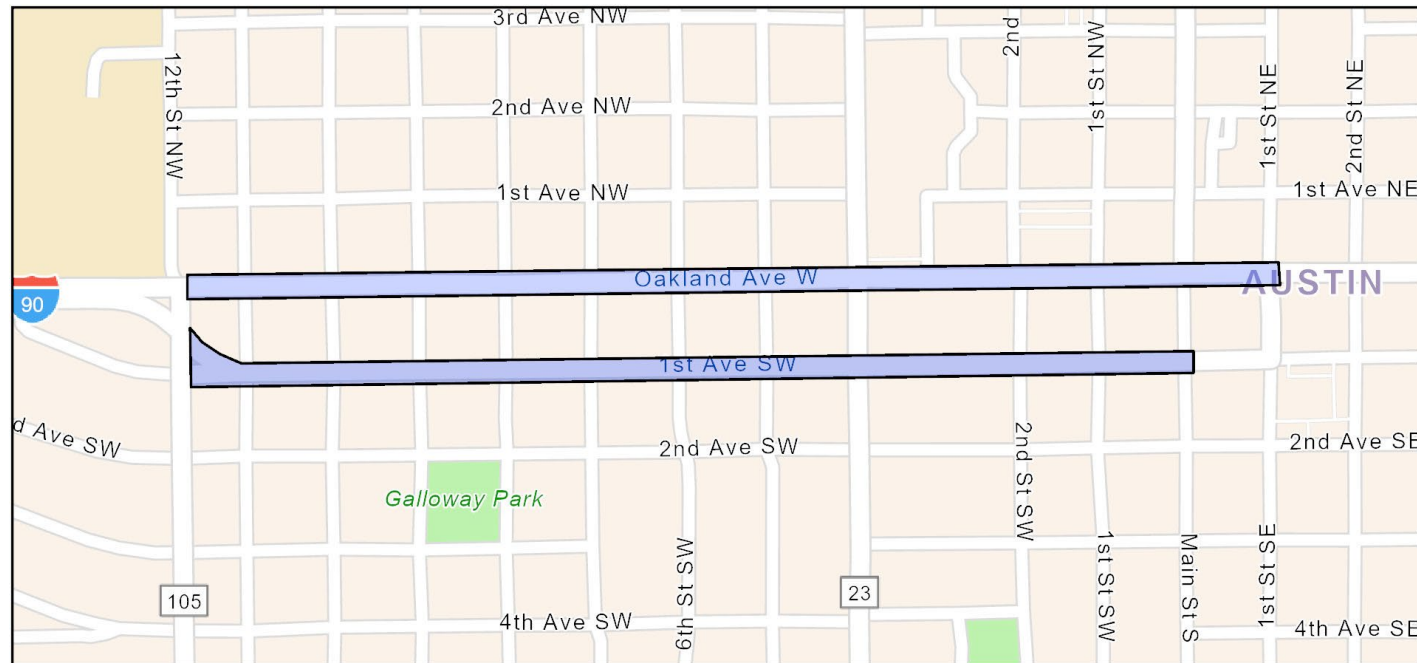
Presenter: Kyle Skov, P.E.

whks

engineers + planners + land surveyors



Project Extents



Oakland Avenue - 12th Street NW to 1st Street NE

1st Avenue SW - 12th Street SW to Main Street South

Traffic Analysis

- ▶ Signalized intersections evaluated for 2023 and 2043 traffic. 1% Annual growth factor.
- ▶ Capacity analysis of the intersection using *Highway Capacity Manual, 6th Edition* and Synchro Studio 11 modeling software.
- ▶ Level of service (LOS) using letter grade 'A' to 'F' based on delay experienced.
- ▶ 2023 Traffic volumes all signalized intersections perform at 'A' or 'B' LOS for peak hour traffic.
- ▶ 2043 traffic analysis shows level of service 'A' or 'B' for all intersections except afternoon for westbound traffic at Oakland and 4th, LOS 'C'.

Warrant Analysis

- ▶ Warrant analysis evaluates the suitability of a traffic signal based on Minnesota Manual of Uniform Traffic Control Devices (MN MUTCD). There are 9 traffic signal warrants.
- ▶ The analysis shows that signals are not warranted for any of the intersections for the 2043 traffic volumes.
 - ▶ Pedestrians were counted and volumes were not high enough to meet the signal warrants for pedestrians.
 - ▶ Eight-hour signal warrant is nearly met for Oakland and 4th in 2043.

Warrant 1, Eight-Hour Vehicular Volume.

Warrant 2, Four-Hour Vehicular Volume.

Warrant 3, Peak Hour.

Warrant 4, Pedestrian Volume.

Warrant 5, School Crossing.

Warrant 6, Coordinated Signal System.

Warrant 7, Crash Experience.

Warrant 8, Roadway Network.

Warrant 9, Intersection Near a Grade Crossing

Warrant Analysis - Continued

- ▶ 227 crashes in the past 10 years for the study area (includes signalized and non-signalized intersections).
- ▶ 89 angle crashes and 59 rear end crashes.
- ▶ Over 60% of all intersection crashes occurred at the intersections of Oakland/4th Street, 1st Avenue/4th Street, and Oakland/Main.



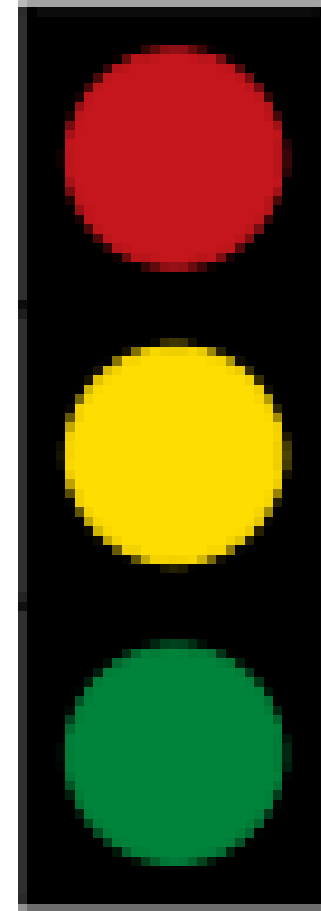
Warrant Analysis - Continued

- ▶ FHWA data shows that crashes can be reduced by removing unwarranted signals
- ▶ Four-way stops are better for pedestrians because they provide more opportunities for crossing and all vehicles are required to stop.



Factors to Consider in Removing Signals

- ▶ Safety
- ▶ Engineering judgement
- ▶ Previous traffic patterns and behavior
- ▶ Annual operational and future capital costs



Stop Control Analysis

Intersections were analyzed using the 2043 traffic volumes. Oakland/4th, Oakland/Main, and 1st Ave/4th were analyzed as all way control. Others were analyzed as two-way stop.

2043 Stop Control LOS Summary

2043													
		AM						PM					
		Oakland Avenue / 1st Street NE	Oakland Avenue / N Main Street	Oakland Avenue / 1st Street NW	Oakland Avenue / 4th Street NW	1st Avenue / S Main Street	1st Avenue / 4th Street SW	Oakland Avenue / 1st Street NE	Oakland Avenue / N Main Street	Oakland Avenue / 1st Street NW	Oakland Avenue / 4th Street NW	1st Avenue / S Main Street	1st Avenue / 4th Street SW
APPROACH	NB	A	C	B	B	C	B	B	C	C	C	C	B
	SB	B	B	B	B	C	B	B	C	B	C	D	C
	EB	A	-	-	-	A	C	A	-	-	-	A	C
	WB	A	A	A	B	-	-	A	C	A	E	-	-



Acceptable LOS



Degrading LOS



Failing LOS

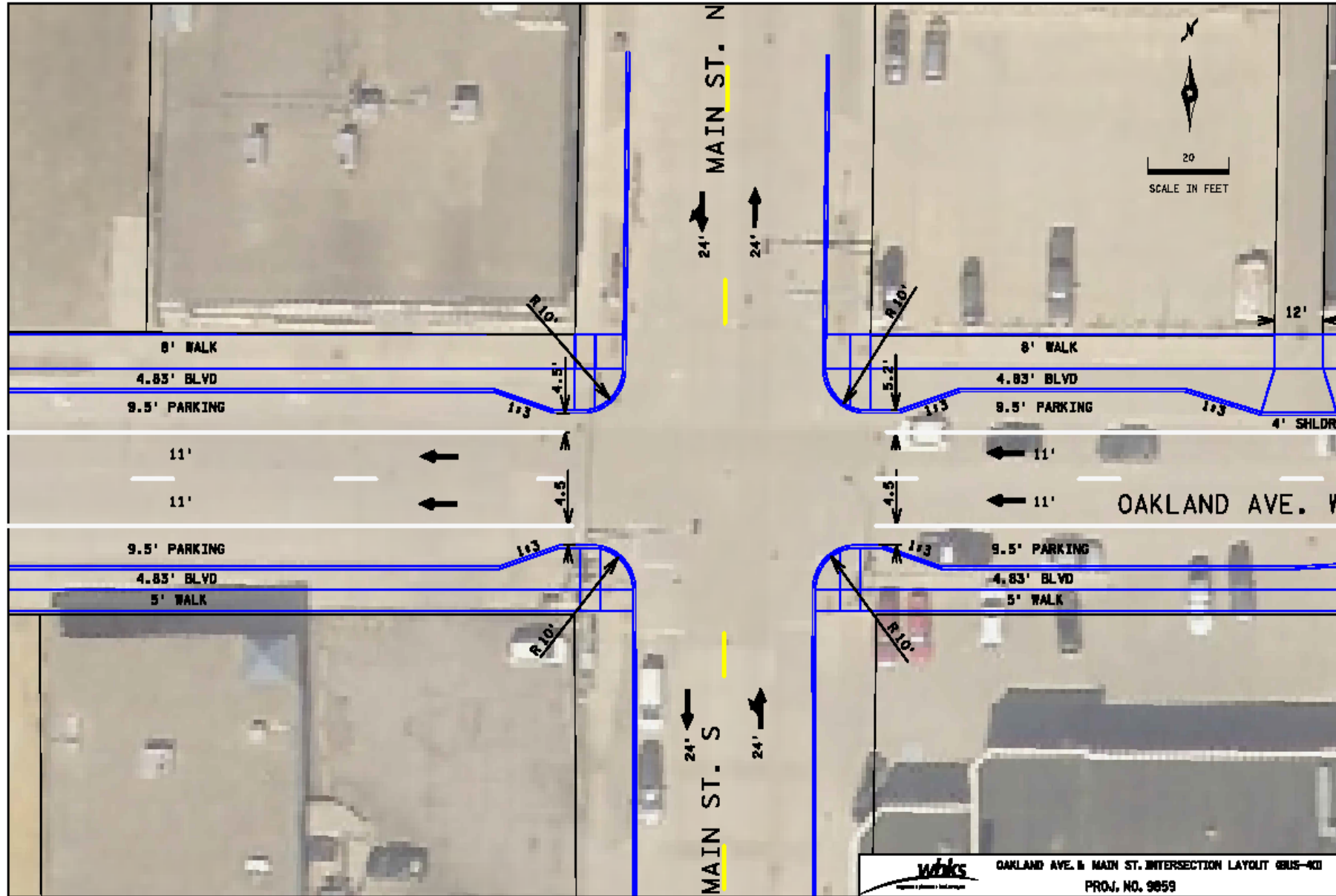
Recommendation

Location	Current	Proposed
Oakland/1 st Street NE	Signal	Two-Way Stop
Oakland/Main	Signal	Signal
Oakland/1 st Street NW	Signal	Two-Way Stop
Oakland/4 th Street NW	Signal	Signal
1 st Ave/S. Main	Signal	Signal
1 st Ave/4 th Street SW	Signal	Signal

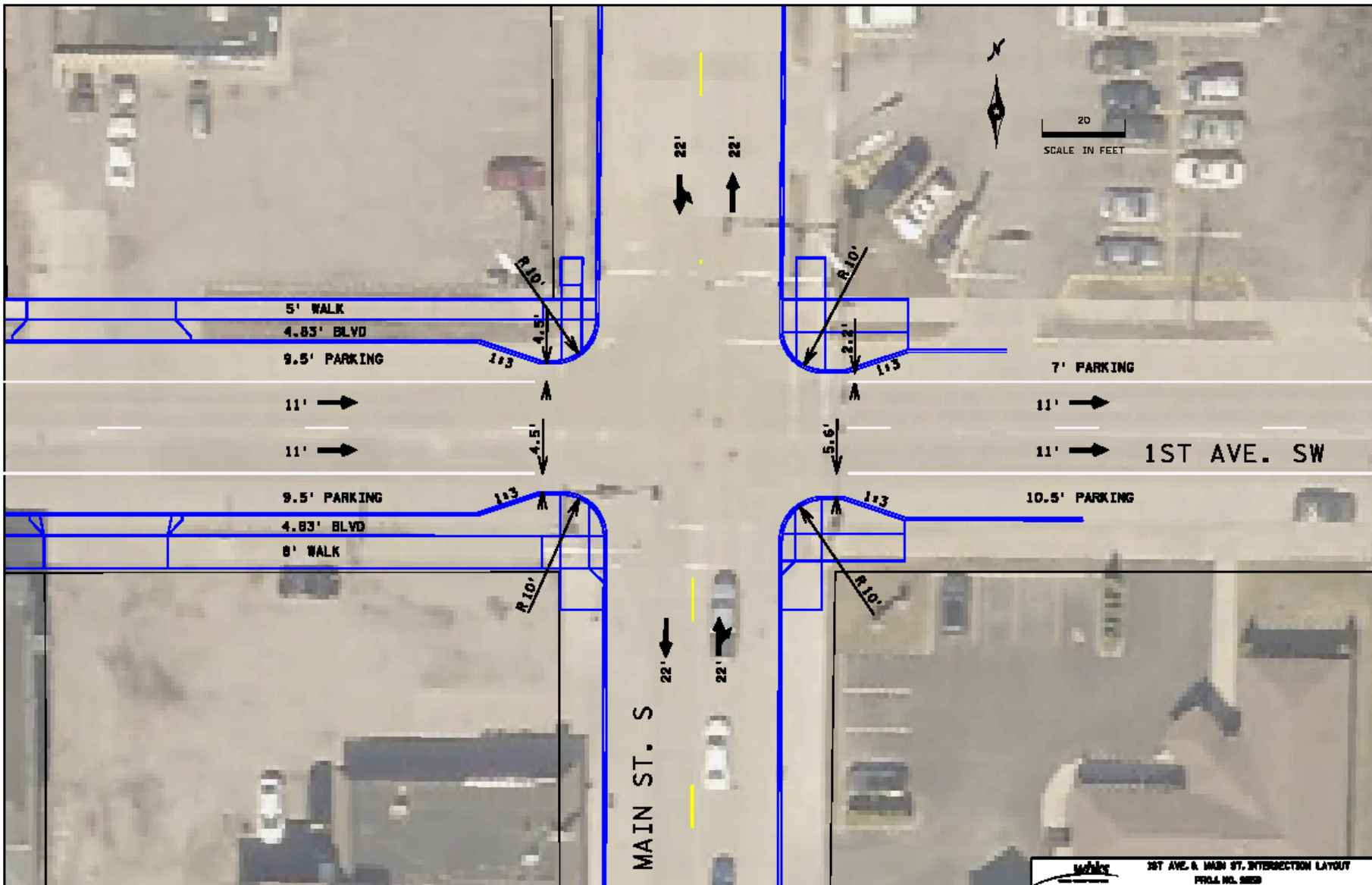
Estimated updating costs are \$50,000 per signal. Current replacement costs are approximately \$300,000.00 in 2024

Additional Items:

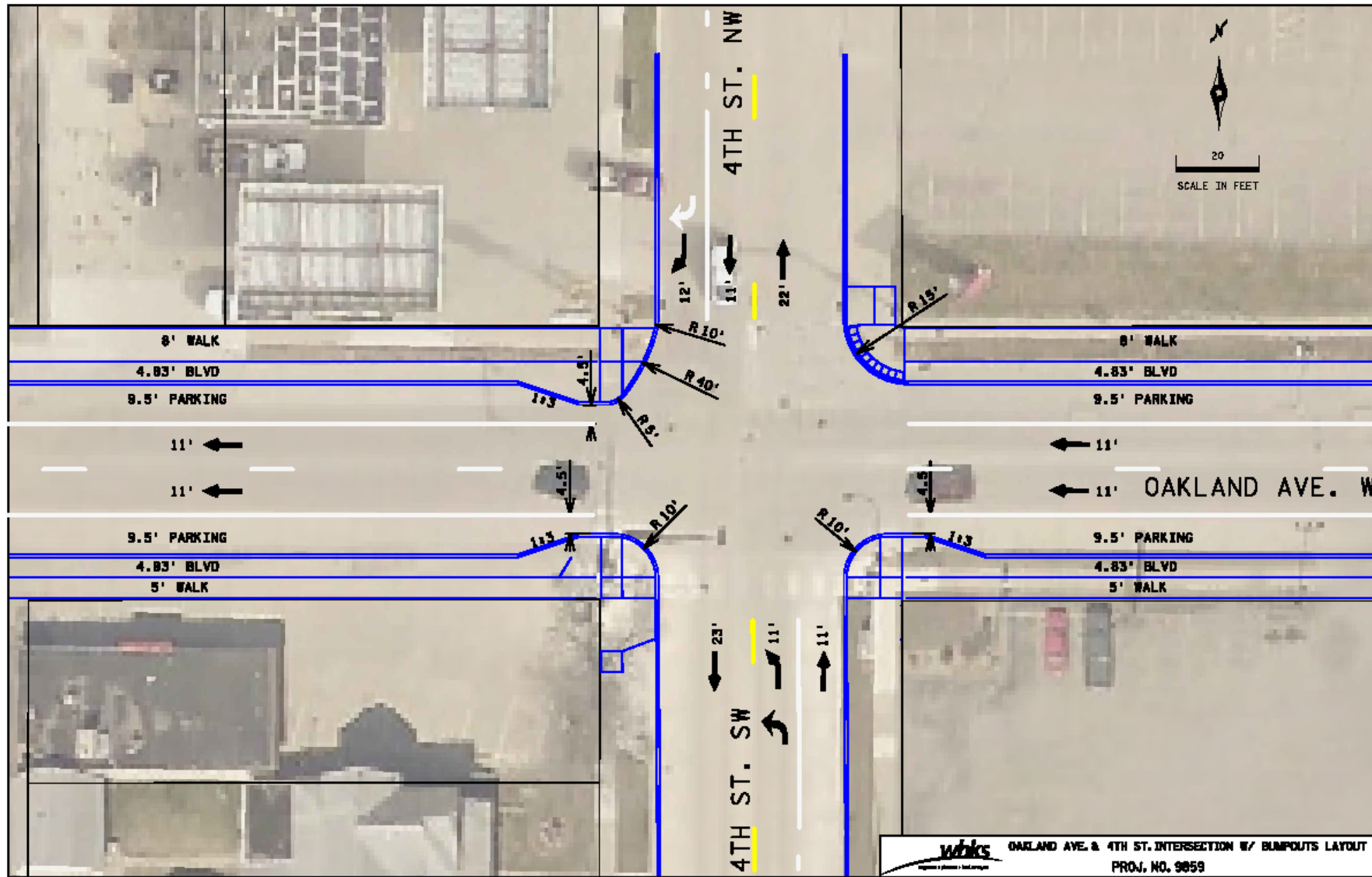
- ▶ Bumpouts
 - ▶ Oakland and Main
 - ▶ 1st and Main
 - ▶ Oakland and 4th
 - ▶ 1st and 4th
 - ▶ Oakland and 8th
 - ▶ 1st and 8th
- ▶ Two Way to One Way Conversion between Main and 1st Street NE
- ▶ West end of 1st Avenue at 12th Street SW
- ▶ Driveways



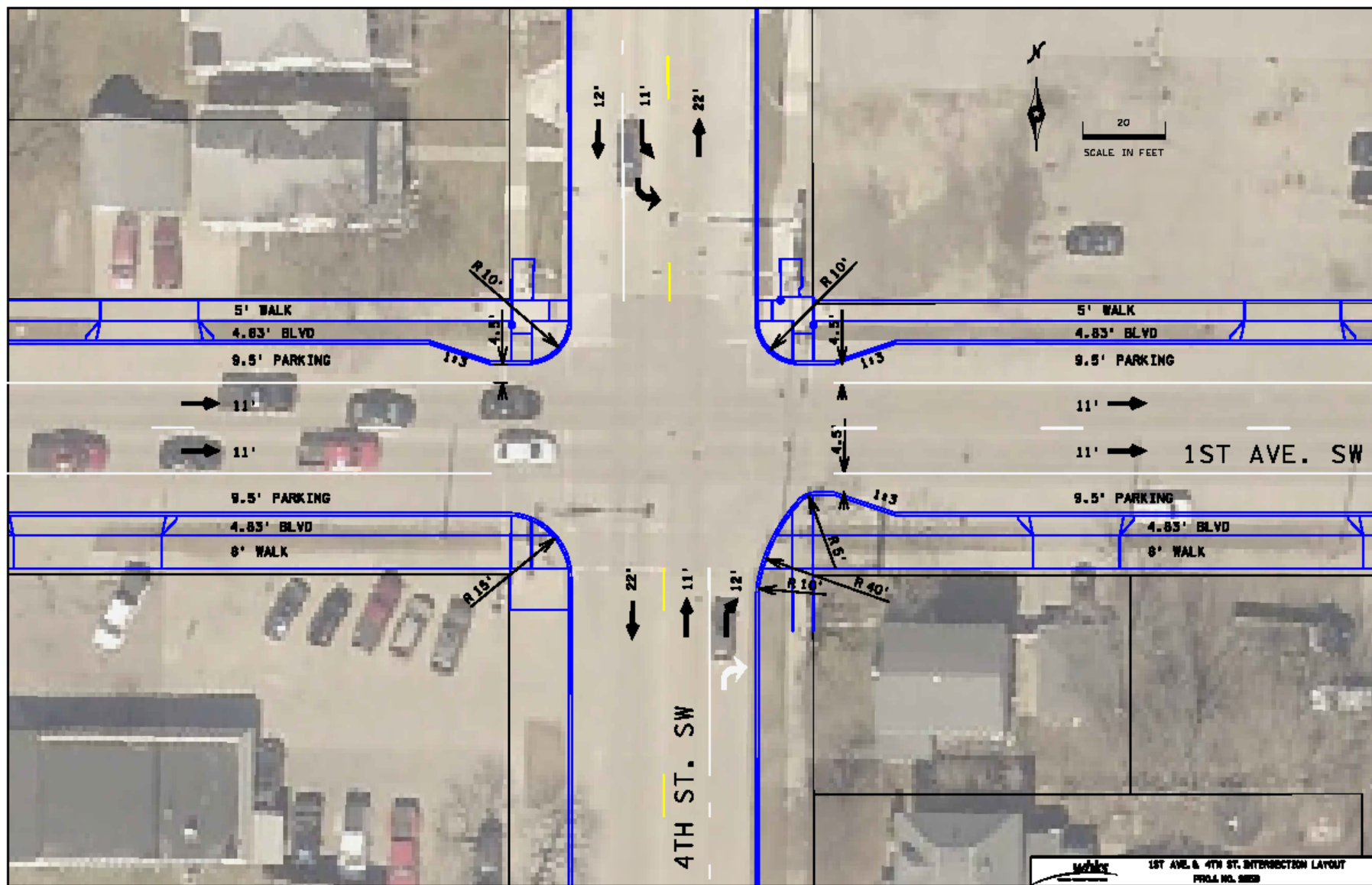
Proposed Layout - Oakland/Main



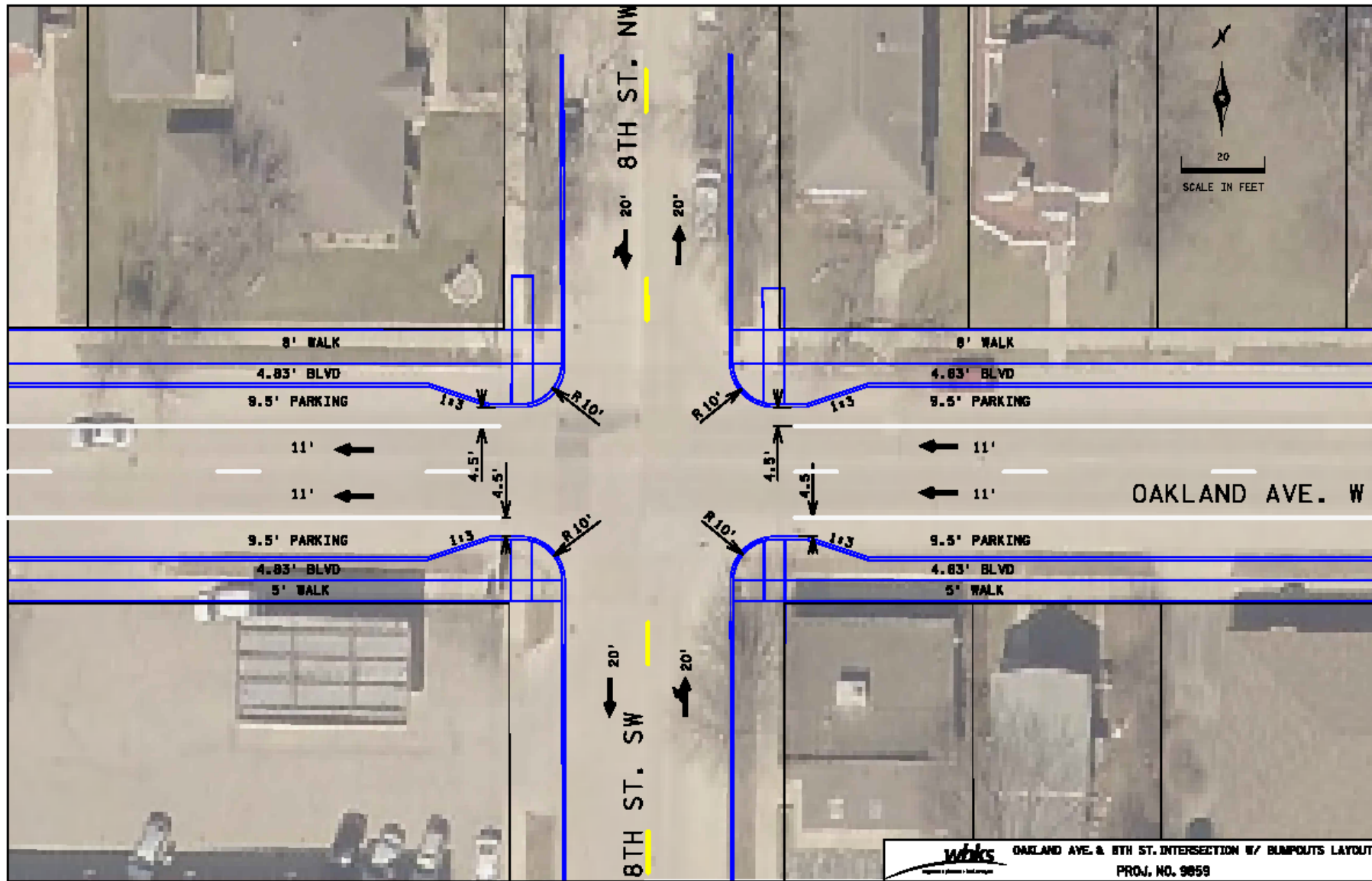
Proposed Layout - 1st Ave/Main



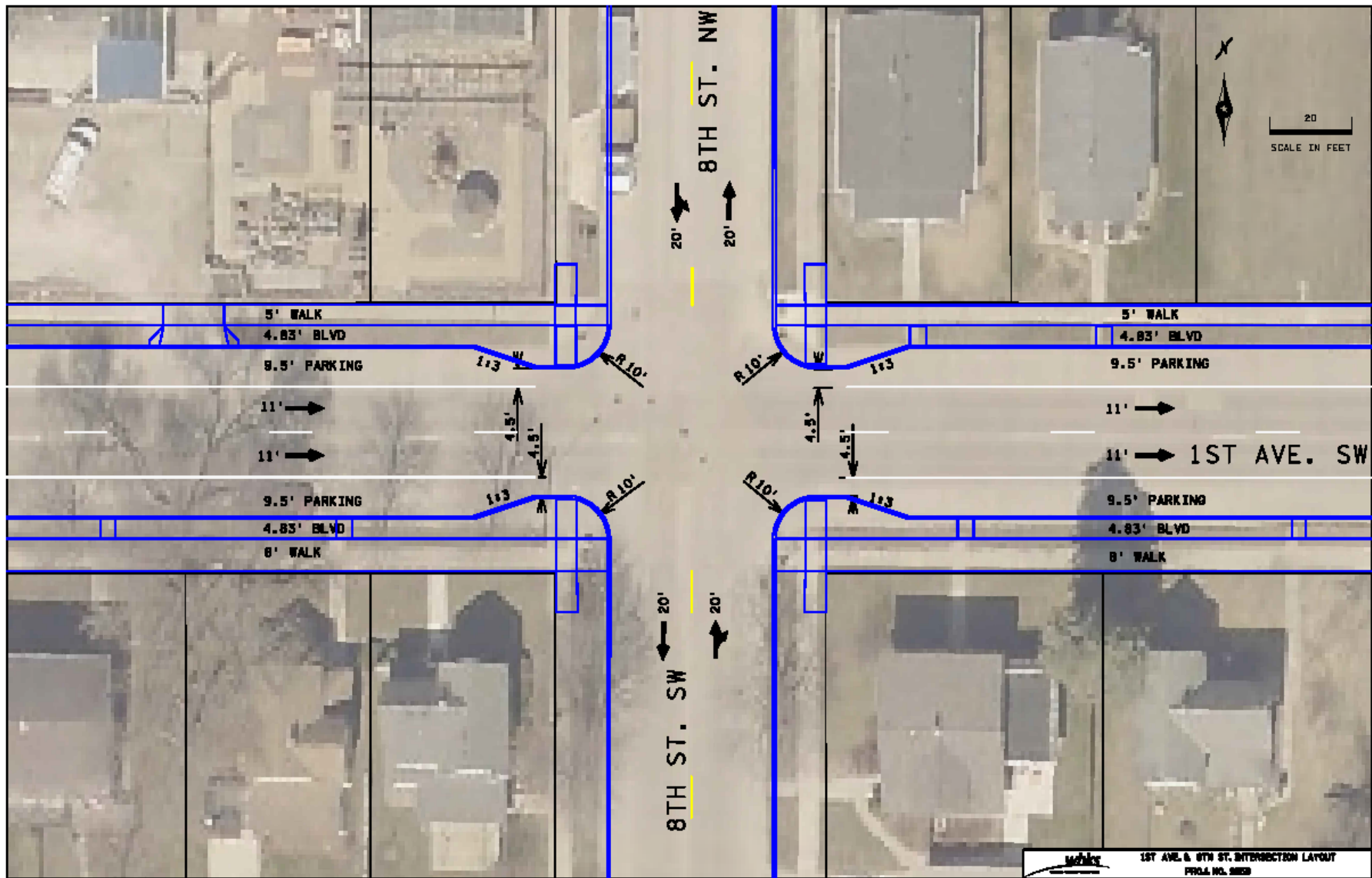
Proposed Layout - Oakland/4th



Proposed Layout - 1st Ave/4th Street SW

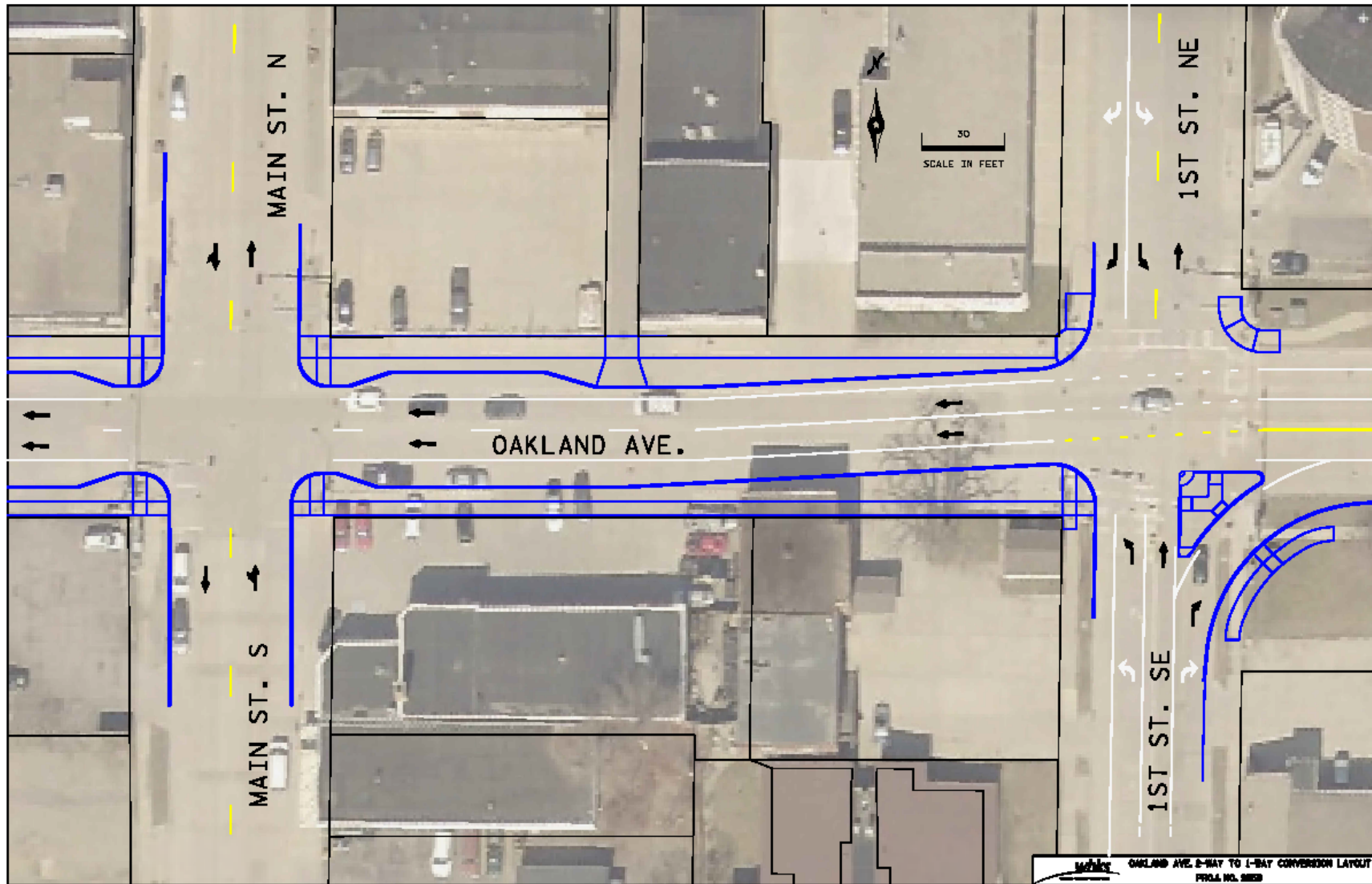


Proposed Layout - Oakland/8th

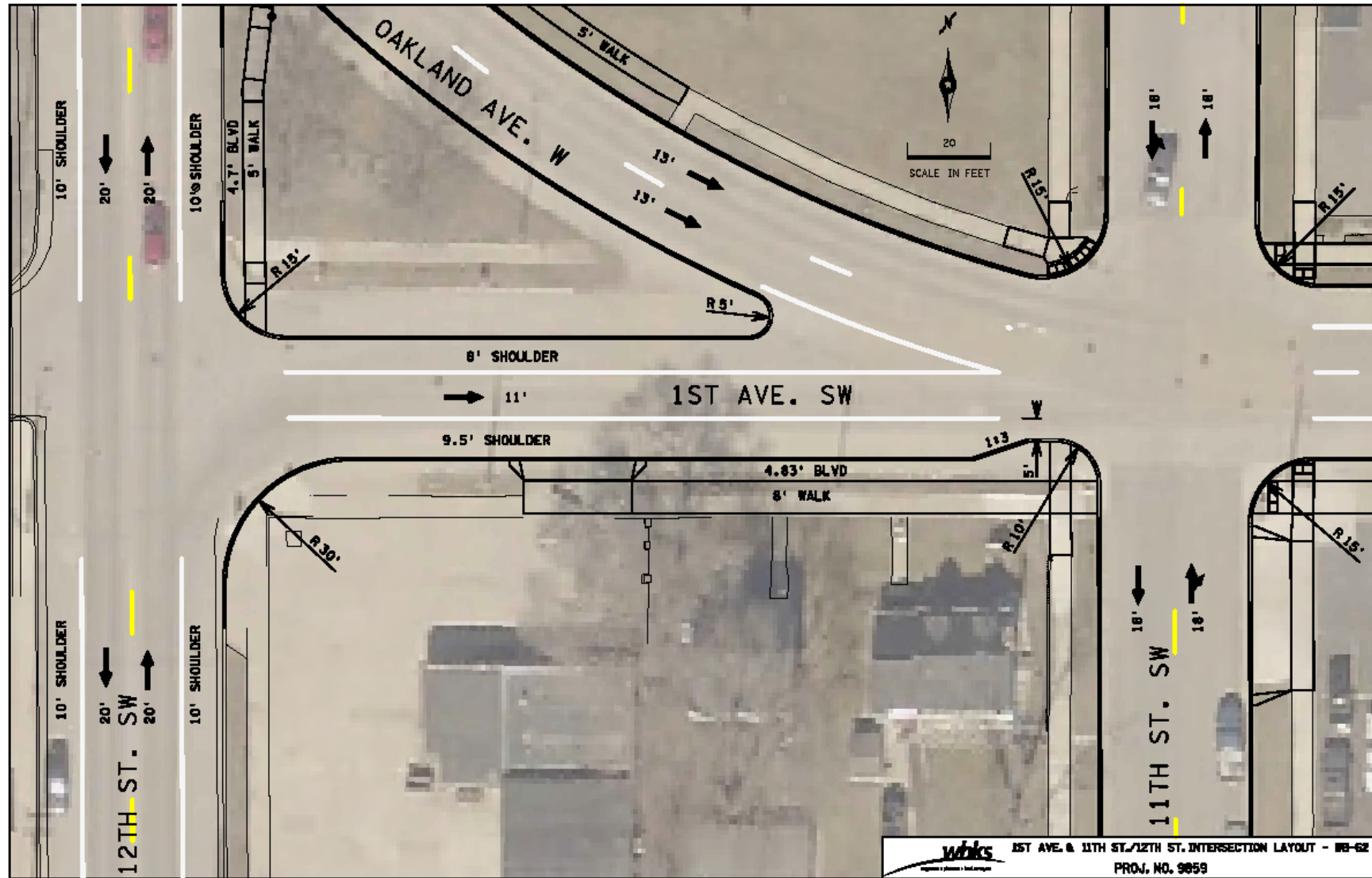


Proposed Layout - 1st Ave/8th Street SW

Two-Way to One-Way Conversion



West End of 1st Avenue at 12th Street SW



Driveways

- ▶ Working with property owners to optimize driveway numbers and location.





Questions and Answers

Thank you!

whks

City of Austin
Craig Clark,
City Administrator



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To: Honorable Mayor and Council
From: Craig D. Clark, Administrator
RE: Standout incentives program Grow Austin

The City Council previously approved moving forward an economic development program in 2016 with partnership of the DCA, Mower County and Austin Utilities. As time has evolved parties gathered to look to see if any updates needed to be taken. This discussion resulted in some proposed changes but the goal is much the same as before and include: building on DEED programs, differentiating Austin from other competitive communities for economic development projects, support quality job creation and grow our commercial tax base.

The program builds upon the State of Minnesota's Job Creation Fund and Capital Investment Rebate programs. Included as Exhibit 1 is the new outline of the program with strike edits to help you appreciate the changes from our current offering to what is proposed.

With an appreciation of the fluctuations of the job market of increasing compensation levels the group felt it would be appropriate to eliminate the bottom tier of incentives at 125% of poverty, decrease the 180% of poverty jobs from \$3,000 down to \$2,000 and establish a new level of 220% of poverty for the \$3,000 incentive level. In sum, the program would incentivize higher paying jobs than was previously the case and thereby adjusting the amount of compensation necessary to classify as a "quality job".

In addition, previous wage levels included any non-mandated benefits in the wage calculation. To simplify and recognize many employer benefits are increasingly prescribed we have suggested eliminating any benefits calculated in the formula as well. This would further increase the level of what true wages would have to be paid to earn the incentive.

Other items of smaller note are the elimination of the jobs training grant that was up to \$25,000 but which has been generally too complicated a state program so that many do not take advantage of it and warrants its removal. The capital investment rebate remains the same at 1% of the construction value with a maximum incentive of \$100,000.

Please let me know if you have any questions.

Council action is requested to approve proposed changes in Exhibit 1 thereby adopt this as a standing policy for the City of Austin.



Development Corporation of Austin

Proposed Grow Austin Fund Revision, February 2024

The Grow Austin Fund aims to support quality job growth, encourage capital investment and differentiate Austin as a business-friendly location. The program is based on the State of Minnesota Department of Employment and Economic Development (DEED) Job Creation Fund (JCF) capital investment and job creation criteria. Go to [DEED Job Creation webpage](#) for eligibility information.

Proposed Changes to Program

Grow Austin Fund Framework and Proposed 2024 Changes				
Baseline Data Poverty		Annual	Hourly	Percent
2023 family of 4 poverty hourly		\$30,000	\$14.42	100%
2024 family of 4 poverty		\$31,200	\$15.00	100%
Grow Austin 2023		Annual	Hourly*	percent
\$250		\$ 37,500	\$ 18.03	125% of poverty family of 4
\$1000		\$ 42,000	\$ 20.19	140%
\$3000		\$ 54,000	\$ 25.96	180%
1% of capital investment		Maximum capital investment rebate is \$100,000		
*Nonmandated benefits can count toward wage levels				
Grow Austin 2024 if no changes		Annual	Hourly*	percent
\$250		\$ 39,000	\$ 18.75	125%
\$1000		\$ 43,680	\$ 21.00	140%
\$3000		\$ 56,160	\$ 27.00	180%
1% of capital investment		Maximum capital investment rebate is \$100,000		
*Nonmandated benefits can count toward wage levels				
2024 changes		Annual	Hourly**	percent
\$1000		\$ 43,680	\$ 21.00	140%
\$2000		\$ 56,160	\$ 27.00	180%
\$3000		\$ 68,640	\$ 33.00	220%
1% of eligible capital investment		Maximum capital investment rebate is \$100,000		
**Benefits do not count toward wage levels				
Proposed Changes	✓ Eliminate \$250 level/125% of poverty for family of four			
	✓ Lower 180% award to \$2,000			
	✓ Create new 220% award of \$3,000			
	✓ Nonmandated benefits do not count toward wage levels			
	✓ Jobs must be in place for one-year (use DEED Definition)			
	✓ All partners will require 75% of jobs to be 140% of poverty for family of four			
	✓ Eliminate job training grant up to \$25,000 – too complicated			
Current Annual Commitments -- \$350,000 available annually from City (45%), County (45%) and DCA (10% up to \$25,000). DCA has yet to approve to proposed 2024 framework.				

Austin Utilities (AU) Incentive Minimum Monthly Electric Demand (increase)	\$ Per Qualified Job at 140% of poverty for a family of four
50 KW – 300 KW	\$200
300 KW – 1 MW	\$500
1 MW – 10 MW	\$1,000
10 MW or larger	\$1,500
<ul style="list-style-type: none"> • 75% of jobs must be at 140% of poverty for a family of four. • Poverty levels are updated annually by the US Dept of HHS. 	

To qualify for AU incentives:

- Business must be expanding or new.
- Businesses must use all three utilities from AU (natural gas, water and electricity).
- Wages are at least \$21/hr. (2024 140% Poverty family of 4, adjusted each January)
- Must be in operation for at least one year.
- Incentives based on full-time positions.
- Incentives are first applied to any customer utility extension costs.
- Subject to AU Board of Commissioners approval.

Grow Austin Specifics

- Grow Austin Fund awards are one-time awards for eligible capital investments and full-time positions. After commencing operations, the business may request payment of an award as early as 12 months and no later than 24 months.
- Businesses must have at least \$250,000 in eligible capital investments.
- Businesses must create at least 4 new full-time jobs to qualify for awards and 3 of these jobs (75%) must be above 140% of poverty for a family of four.

For complete qualifications and requirements for the Grow Austin Fund, contact John Garry with the Development Corporation of Austin at 507-433-9496 or jkgarry@austindca.org.

Additional Background Information (excerpted from DEED JCF FAQ)

General Questions

What is an eligible business type?

- Eligible business types including manufacturing, warehouse, distribution and some information technology operations. Businesses that are not eligible for the program include: retail, health clinics, lobbying, gambling, sports facilities, hospitality services and businesses that serve a direct community area (for example, local veterinarians, roofing contractors, trash haulers, etc.). Businesses shall be able to locate outside of Minnesota and be able to serve the same customers.

Can a project that started prior to designation receive JCF benefits?

- For JCF - No. Each application will require the business to certify that the project has not yet started and the business would not have the same project if not for JCF funds. Examples of a project commencement may include, but not limited to indicators such as building permits, construction bids, signed construction contracts, actual construction, site improvements, or architectural design contracts, etc. For Grow Austin – Businesses should discuss project timeline for capital investment and job creation as early as possible.

What happens if a business does not meet its goals?

- If the business does not make reasonable progress on the project within six months (e.g, building permits, construction contracts, etc.), meet the one-year capital investment goals or the two-year job creation goals will be removed from the program but may apply for future designation. If these initial goals are met but not in subsequent years, the only penalty is no JCF award and/or rebate for that year. For Grow Austin Fund – awards are based on performance (hiring, capital investment) after a minimum of one year.

When can a business request an award and/or rebate?

- A business may request payment of an award and/or rebate as soon as one year from date of designation so long as the minimum capital investment and job creation requirements outlined in their agreement have been met. For Grow Austin Fund – requests can be as soon as one year and no later than 18 months.

How will funds be provided to a JCF business?

- Once a project has been designated, the business will provide reports to DEED documenting performance. Once the goals as stated in the business subsidy agreement are met, additional documentation is submitted including payroll reports, invoices, sworn construction statements, among other documents. Once DEED has verified the performance, an award and/or rebate will be provided to the business.

How does DEED verify performance?

- DEED will review documents submitted by the local government and business. To verify performance, additional information sometimes may need to be submitted to DEED prior to payment authorization. DEED may also conduct on-site monitoring and examine documents relevant to the project.

Job Creation and Retention Questions

All jobs created through the program must be new permanent full-time jobs. What is a new permanent full-time job?

- A new permanent full-time job is a permanent position that requires an employee to work an expected 2,080 hours annually. The position may not be vacant (after being filled during the 12-month period) for more than 90 days to be counted toward the full-time job goal.

Does the business need to maintain its base employment?

- Yes. Only the jobs created that represent a net increase in full-time permanent positions in Minnesota and at the project site will be considered eligible for a job creation award.

What types of work are eligible for a job creation award?

- Any type of work created by the business are eligible for a job creation award. The workers must be new permanent full-time workers expected to work 2,080 hours annually. (Hours worked may include regular, overtime, PTO (Paid Time Off), Holiday, Vacation, Sick, Bereavement, Military Service, and Volunteer).

Are seasonal employees included in the full-time job creation goal?

- No. Only new permanent full-time employees expected to work 2,080 hours annually can be counted toward a job creation award.

Do contract workers, temp to hire, and/or workers who receive 1099s count toward JCF job goals?

- No. Only new permanent full-time jobs created and employed by the JCF business are counted toward JCF job goals.

Do new or retained full-time employees count toward JCF award need to be based in Minnesota?

- Since this is a program to benefit Minnesota, county and cities, the employees are expected to be based in Minnesota. Grow Austin – Austin based jobs.

Can a part-time worker that moves to full-time be counted as a new full-time job?

- Yes, but only if the part-time worker was working 1,040 or fewer hours annually for the business prior to employment as a permanent full-time employee.

How does a business demonstrate retained jobs?

- A business is required at the time of application to submit quarterly payroll reports for the previous year to demonstrate retained that will be located at a JCF project site.

How does a business demonstrate new permanent full-time jobs?

- A business will be asked to provide a payroll report annually and at the time of request for a job creation award. The payroll report should include all new permanent full-time jobs, hire dates, wages paid, voluntary benefits and any other information requested.

Capital Investment Questions

What types of expenditures are eligible for the capital investment rebate?

- Expenditures eligible for the capital investment rebate are expenditures used for the purpose of building or improving real fixed property where JCF employees will be located. They include construction materials, services and supplies. Land or property acquisition costs are not eligible.

What is the best way to identify real property?

- Real property includes land, buildings and various items that are integrated into the land and/or building. Examples may include: utility systems incorporated into a building, items that are not free-standing (i.e., permanently held in place by gravity and not constrained from moving), ponderous machinery and equipment used in a business that would be considered real property under common law. Equipment and machinery that could be moved with minimal effort is not considered real property.

What happens if the JCF business doesn't directly make the capital expenditures?

- If the JCF business and the developer/landlord can show capital expenditures on a lease or similar document, those may qualify once the JCF business reimburses the developer/landlord through monthly payments or similar periodic payment. The payments must be amortized over the life of a long-term lease.

How does a business demonstrate capital investment expenditures?

- To demonstrate qualifying capital expenditures, a business may be asked to provide items such as sworn construction statements, A1A contractor forms, invoices for costs, etc.

How does a business get a capital investment rebate if they lease a building?

- In order to remain eligible for the program, at least \$250,000 in real property improvements must be spent on the JCF business project within one year of JCF designation. In order to qualify for a capital investment rebate, the party that will receive the capital investment rebate must have directly expended the funds being rebated on. If the JCF business is the rebate recipient, tenant improvements that are built into the lease may not be counted until they have been paid to the landlord. JCF business may not receive any portion of the rebate until the program minimum has been reached in directly expended capital investment. Proof of expenditures are required, thus a business may need to work with the building developer to provide proof of expenditures with appropriate documentation. If a developer is constructing the building where a JCF business will be located, does the developer receive the capital investment rebate?
- The JCF business typically receives the rebate. However, the developer may receive the rebate if the JCF business is in agreement and the developer provides proof of the eligible real property improvements.

In a lease scenario, how does a business leasing a facility prove \$500,000 in real property improvements if the developer is building a new building?

- The developer and JCF business must work together to compile proof of expenditures. The developer must spend at least \$500,000 in the Twin Cities metropolitan area or \$250,000 in Targeted Population projects on the building within one year of the JCF designation date regardless of whether the minimum has been spent on the JCF business' leased space. This must occur within one year of JCF designation in order for the project to remain eligible for the program. Once the minimum eligible real property improvements have been made to the JCF business' leased space, a rebate may be provided based on eligible real property expenditures included in the tenant improvement costs outlined in the lease and other eligible expenditures the JCF business may have made directly.

Can a JCF business assign proceeds received from the program to a third party or lender?

- DEED's business subsidy agreement will not address these scenarios. It will be up to the business and third party to make their own agreement. In these cases, it is important to understand that JCF funds are not guaranteed and are based on actual performance.