



Legislation Text

File #: 18-245, **Version:** 1

City Council Meeting Date: May 1, 2018

To: Mayor and City Council
City Administrator

From: Sean Simonson, Engineering Manager
David Bennett, P.E., Public Works Director/City Engineer

Subject:

Public Hearing on Assessments for the 2018 Division Street and Seventh Street Reconstruction and the Washington Street Mill and Overlay

Action Requested:

The Northfield City Council holds a public hearing on assessments for the 2018 Division Street and Seventh Street Reconstruction and the Washington Street Mill and Overlay.

Summary Report:

The City Council is being asked to consider holding a public hearing regarding the assessments for the 2018 Division Street and Seventh Street Reconstruction and the Washington Street Mill and Overlay Project (2018STRT-A37). The purpose of the hearing is to provide an opportunity for public comment on the assessments associated with the project. A required 14-day notice for the assessment hearing was published in the Northfield News on April 11, 2018 and notices (Attachment 1) were sent to property owners abutting the project. Along with the hearing notice, a copy of the proposed assessment roll (Attachment 2) and a financial assistance letter (Attachment 3) were also included in the mailing.

The actions requested are required by Minnesota Statutes Chapter 429, which specifies the actions that must be taken to assess property owners for the cost of local improvements. The City Council has moved this project forward to this point with the actions shown in Attachment 4.

As noted on the project process, staff received authorization to bid the project on March 6, 2018 via Resolution 2018-025. City Council received the bids and awarded the contract on April 17, 2018 via Resolution 2018-042. Finally, City Council will be asked to adopt assessments via resolution at the May 15, 2018 City Council meeting.

No appeal may be taken as to the amount of any assessment adopted by the City Council unless written objection signed by the affected property owner is filed with the city clerk prior to the assessment hearing or presented to the mayor at the assessment hearing. All objections to the assessments not received by the City Clerk or the Mayor prior to or at the assessment hearing are waived. A property owner making a properly filed objection may appeal an assessment to district court pursuant to section 429.081 by serving notice of the appeal upon the Mayor or City Clerk within 30 days after the adoption of the assessment by the City Council.

The proposed street and utility improvements are eligible for assessment according to the City of Northfield’s Assessment Policy. All abutting properties are proposed to be assessed accordingly. A benefit appraisal was prepared as part of this improvement project, which took into account zoning and land use within the project area. Assessment rates calculated based on the Benefit Appraisal are detailed in the table below:

2018 STREET PROJECT ASSESSMENT RATES	
CONSTRUCTION METHOD	ASSESSMENT RATE
RECONSTRUCTION - RESIDENTIAL	\$70*
RECONSTRUCTION - COMMERCIAL	\$158
MILL AND OVERLAY - RESIDENTIAL	\$41
MILL AND OVERLAY - MULTI-FAMILY	\$59
MILL AND OVERLAY - COMMERCIAL	\$69

Due to the low number of residential properties located in the reconstruction portion of the project, Staff utilized the Residential Rate of \$70 per linear foot from the Woodley Street Project Benefit Appraisal completed in 2015.

There are currently three non-city owned tax-exempt properties on the project. These properties are located at 415 Washington Street, (All Saints Episcopal Church) 512 Washington Street, (Cannon Valley Friends Meeting) and 713 Division Street. (Moravian Church). These properties are proposed to be assessed as follows:

415 Washington Street (All Saints Episcopal Church) - Mill & Overlay Multi-Family Rate. This is due to the size of the property being larger than a single family property and zoned residential.

512 Washington Street (Cannon Valley Friends Meeting) - Mill & Overlay Commercial Rate. This is due to the property being zoned commercial.

713 Division Street (Moravian Church) - Reconstruction Residential. This property is smaller in size and compares more to a residential property.

Looking back at the 2015 Second Street Reconstruction, and the 2013 Maple Street Project, which also had similar exempt properties, those properties received residential rate assessments. At that time, staff requested benefit appraisal for residential property types for improvement and applied them to the exempt properties. Hindsight being 20/20, staff could have asked for a specific benefit for those property types from the appraiser.

Moving forward, Council could provide direction to staff to bring an alternative option using the residential rate for the Adopt Assessment Meeting May 15. This would be consistent with how these properties types have been previously assessed and a reasonable alternative.

Alternative Options:

1. City Council could delay the assessment hearing until a later date; however, costs for the construction will begin to accrue with the start of the project (estimated late-April).
2. City Council could adjust the non-city owned exempt properties located at 415 Washington Street, and

512 Washington Street to Residential Rates. This would adjust the assessments from \$7,788 to \$5,412 for 415 Washington Street and from \$4,554 to \$2,706.00 for 512 Washington Street.

Financial Impacts:

A summary of the project costs based on the lowest bid and the engineer’s estimate based funding is shown in the table below:

ESTIMATED TOTAL PROJECT COSTS		
PROJECT AWARD		
	ENGINEER'S ESTIMATE	AWARD BID COSTS
Street	\$2,913,098	\$3,042,277
Storm Sewer	\$256,025	\$357,468
Sanitary Sewer	\$273,843	\$130,526
Watermain	\$283,941	\$231,538
<i>Subtotal</i>	\$3,726,907	\$3,761,808
Contingency (10%)	\$372,691	\$376,181
<i>Construction Total</i>	\$4,099,598	\$4,137,989
<i>Overhead (12%)</i>	\$491,952	\$496,559
PROJECT COSTS	\$4,591,549	\$4,634,548

The project will be financed through a combination of enterprise funds, bonding, Municipal State-Aid (MSA) funds, and special assessments detailed in the table below:

TOTAL PROJECT FUNDING - AWARD		
PROJECT AWARD		
FUNDING SOURCE	ENGINEER'S ESTIMATE	AWARD BID FUNDING
Bonding	\$1,299,273	\$1,463,787
Assessments	\$408,132	\$391,822
Storm Fund	\$315,423	\$133,388
Sanitary Fund	\$337,375	\$160,808
Water Fund	\$349,816	\$285,255
MSA	\$1,881,530	\$2,199,489
TOTAL FUNDING	\$4,591,549	\$4,634,548

The proposed assessment roll (Attachment 2) shows the assessment for each of the abutting properties. Using the proposed rates from the benefit appraisal, the estimated assessment revenue is \$391,822.00, which excludes the assessment amounts calculated for City owned properties along the project corridor. The individual assessments range from a low of \$328.00 to a high of \$28,914.00.

Following the process required by Minnesota Statute Chapter 429 will allow the benefits of this project to be

assessed to the property owners, which aids in establishing overall project funding.

Tentative Timelines:

The attached project process (Attachment 4) details the actions taken to date as well as the upcoming actions that will be requested of Council.