



Legislation Text

File #: Res. 2018-031, **Version:** 1

City Council Meeting Date: March 20, 2018

To: Mayor and City Council
City Administrator

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

Subject:

Consider Resolution Declaring Amount to be Assessed - 2018 Division Street and Seventh Street Reconstruction and Washington Street Mill and Overlay and Various City Parking Lots

Action Requested:

The Northfield City Council approves the attached Resolution declaring the cost to be assessed and ordering preparation of proposed assessment roll for the 2018 Division Street and Seventh Street Reconstruction and Washington Street Mill and Overlay and Various City Parking Lots (STRT2018-A37).

Note: This is the first of two actions related to the assessment hearing. The second item is a resolution, which will set the date of the hearing.

Summary Report:

The City Council is being asked to hold a public hearing on April 17, 2018 regarding the anticipated assessments as part of the 2018 Division Street and Seventh Street Reconstruction and Washington Street Mill and Overlay Project (STRT2018-A37). A required 14-day notice will be published in the Northfield News and notices will be sent to the abutting property owners within the project boundaries. Additionally, as part of this mailing a summary of the hardship policy and additional information from the Housing and Redevelopment Authority will be included. Staff will ask the City Council to adopt the assessment roll at the May 1, 2018 City Council meeting.

The actions requested are required by Minnesota Statutes Chapter 429, which specifies the steps 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 on the attached project process (Attachment 2).

The proposed street and utility improvements are eligible for assessments according to the City of Northfield's Assessment Policy. All abutting properties are proposed to be assessed according to the policy, with the exception of the City Parking Lot Rehabilitations. A benefit appraisal was prepared as part of this project, and took into account zoning and land use and construction method within the project area. The assessment rate cost per linear foot is as follows:

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

All rates except for the Reconstruction Residential rate were calculated based on the benefit appraisal for this project. The Reconstruction Residential rate from the Woodley Street Reconstruction project benefit appraisal performed in 2015 was the rate utilized for this project.

The assessment rate is a cost per linear foot of street frontage depending on the type of improvement and the zoning/land use. Individual lots were also categorized using the approved City Policy *Standards for Adjusting Front Footage for Special Assessment Purposes* to identify which of the eight methods each individual lot falls under. Attachment 3 shows the method used for each individual lot. Using the proposed rates listed above for each project area, the estimated assessment revenue is \$434,465. The individual assessments range from a low of \$295.00 to a high of \$29,704.00 for properties included in the project area. The proposed assessment roll is shown in Attachment 4.

Econofoods Site

A “larger parcel” rule was applied to this property, comprising six adjoining tax parcels under common ownership, which together form one commercial site as well as one city block. Since the six tax parcels form one commercial site, they are treated as one property in the valuation. The opinion of special benefit for this property is allocated among the six tax parcels based on the pro-rata share each parcel comprises of the total property. Therefore, a “per lot” method was used for assessment calculation for this site, versus the “linear foot” method, which was utilized on the remaining properties within the project corridor.

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. The resolution, assessment roll, and public hearing are a necessary part of that process. Staff is recommending the approval of the attached resolution.

Washington Street

As part of the benefit appraisal for the Washington Street overlay, the Chiropractor located at 516 Washington Street functions as both a commercial and residential property. Staff at this time has utilized the commercial rate for determining the assessment amount due to its commercial use. Staff is open to discussion on this item. If a residential rate was used it would be a saving for the property owner of \$1,188.

Alternative Options:

The Council could delay the adoption of this resolution, which would result in delaying the Assessment Hearing. However, since assessments are a necessary part of the project funding the hearing will need to be held at a future date.

Financial Impacts:

Below are the updated Total Project Costs and Total Project Funding.

ESTIMATED TOTAL PROJECT COSTS	
	ESTIMATED COSTS
Street	\$2,913,098
Storm Sewer	\$256,025
Sanitary Sewer	\$273,843
Watermain	\$283,941
<i>Subtotal</i>	<i>\$3,726,908</i>
Contingency (10%)	\$372,691
<i>Construction Total</i>	<i>\$4,099,599</i>
<i>Overhead (12%)</i>	<i>\$491,952</i>
PROJECT COSTS	\$4,591,551

Bonding for the parking lots would come from tax abatement bonds, similar to what was discussed with Spring Creek Road from Jefferson Parkway to Superior Drive.

TOTAL PROJECT FUNDING	
FUNDING SOURCE	ESTIMATED FUNDING
Bonding	\$1,272,942
Assessments	\$434,465
Storm Fund	\$315,423
Sanitary Fund	\$337,375
Water Fund	\$349,816
MSA	\$1,881,530
TOTAL FUNDING	\$4,591,551

Tentative Timelines:

The attached project process (Attachment 2) shows the next steps in moving this project forward.