



REQUEST FOR ACTION CITY COUNCIL

Agenda Date: 8/6/2025
Agenda Section: Other Business

Department Origination: Public Works

Agenda Item: Adopt Resolution No. 2025-062 Ordering Improvement and Preparation of Plans for the 2026 Clearwater Road, North Lynndale Area, and Brentwood Circle Street and Utility Improvements Project, Municipal Project No. 4068

Approval Required: 4/5 Vote

BACKGROUND

Background on Minnesota Statute 429 Process

Per Minnesota Statutes Chapter 429, municipalities are authorized to levy special assessments to benefiting properties for improvements including streets, water, and sanitary sewer infrastructure. As part of the statutory requirements, a formal feasibility report, public notices, and public hearings must be completed and documented prior to ordering such improvements.

On March 18, 2025, the Baxter City Council awarded a contract to Short Elliott Hendrickson Inc. (SEH) to prepare a consolidated feasibility report. This report combined the scope of multiple previously approved projects (Clearwater Road, North Lynndale Area, and Brentwood Circle), which had initially been developed under two separate feasibility reports, into one unified project to be constructed in 2026. The purpose of consolidating these projects under one Chapter 429 assessment process was to streamline planning, public communication, and construction coordination.

Public Engagement and Feasibility Review Process

A Neighborhood Information Meeting was held on June 24, 2025, to share preliminary project information with residents and receive input prior to finalizing the feasibility report. Following this meeting, SEH finalized the Feasibility Report for the project and formally presented it to the City Council on July 1, 2025.

At the July 1 meeting, the City Council adopted Resolution No. 2025-057, formally receiving the feasibility report and calling for a public hearing on the proposed improvements. The hearing was held on July 17, 2025, at 6:00 p.m., in accordance with statutory notice requirements.

At the July 17, 2025 Public Improvement Hearing, the City Council heard public testimony related to the project. A total of 39 residents representing 30 properties within the project area attended the hearing. Testimony included both support and opposition to the proposed improvements. Key themes from the discussion included:

- Concerns about project timing, communication history, and long-term planning
- The financial burden of assessments and out-of-pocket hookup costs
- Equity concerns from residents with recently installed septic systems
- Questions about fairness, project funding sources, and financing tools
- Requests for greater transparency and consideration of alternative options

Some residents expressed support for the project, citing failing septic systems, declining well performance, and roadway conditions as justification for moving forward with improvements.

Project Overview

The proposed infrastructure improvements include the extension of sanitary sewer and municipal water to unserved areas of Baxter, as well as associated street reconstruction and trail improvements. The project scope includes approximately 72 parcels, representing 97 Equivalent Residential Units (ERUs), located along the following road segments:

- Clearwater Road (from Whipple Beach to Memorywood Drive)
- Lynndale Drive
- Lynndale Lane
- Lynndale Court
- Brentwood Circle (north of Brentwood Drive)

Most properties in the project area are currently served by private wells and individual septic systems, with the exception of Brentwood Circle, which has existing City water services, but homes are served with private septic systems.

Planned improvements include:

- Installation of sanitary sewer and water mains within the public right-of-way
- Reconstruction of impacted street surfaces
- Roadway construction to rural sections with ditches for stormwater storage
- Replacement of the existing bituminous trail along Clearwater Road
- Construction of a new sanitary sewer lift station on City-owned property at the northwest quadrant of Clearwater Road and Welton Road

This project will enhance the City's long-term utility service network, provide increased reliability, and contribute to regional water quality improvements by phasing out individual septic systems over time.

Special Assessment Considerations

The City intends to finance a portion of the project through special assessments to benefiting properties in accordance with Chapter 429 and the City of Baxter's Special Assessment Policy. It is anticipated that approximately 25% of total project costs will be assessed, with the remaining portion funded by the City through utility revenues, bonding, and other capital funding sources.

The feasibility report includes cost scenarios related to a potential annexation parcel located on the north end of the North Lynndale Area neighborhood. City Staff has consulted with the City Attorney and has received guidance to proceed with mailing required notices to this parcel, though it is not currently within city limits. Two financial scenarios are considered for this parcel in the report:

1. If the parcel is annexed, it would be assessed based on the City's assessment policy.
2. If the parcel remains outside the City, a future connection charge would be levied when it ultimately connects to City services.

For the purposes of this council action, financial assumptions are based on the annexation and assessment of this parcel.

In accordance with Minnesota Statutes Chapter 429, and following the completion of the required public hearing, City Council is now asked to adopt the enclosed Resolution. Adoption of this resolution will serve to:

1. Order the improvements for Municipal Project No. 4068 as defined in the feasibility report.

2. Authorize SEH and City Staff to begin preparation of final plans and specifications for the proposed project.

Ordering the improvements at this stage is necessary to maintain the project schedule and meet construction timelines for the 2026 construction season.

FINANCIAL IMPLICATIONS

Enclosed with this RCA is the proposed estimated financial projections for the project, including the funding uses related to each asset class in the City and funding sources the City anticipates utilizing for the proposed improvement project. A summary is provided below.

Funding Sources:

Sewer Fund:	\$543,494
Water Fund:	\$456,071
Stormwater Fund:	\$42,816
Collector Street:	\$400,000
Special Assessments:	\$1,704,855
Debt Service Levy:	\$1,393,037
Sales Tax Revenue:	\$2,900,000
Total:	\$7,440,273

Funding Uses:

Water:	\$1,863,041
Sanitary Sewer:	\$2,815,309
Storm Sewer:	\$142,816
Street:	\$2,265,408
Trail:	\$273,899
SAC/WAC:	\$79,800
Total:	\$7,440,273

The total estimated assessable portion of the project cost is \$1,704,855, representing 23% of the overall project cost. The remaining share, estimated at \$5,735,418 or 77.0% of the total, is the responsibility of the City. In order to issue local improvement bonds without holding an election, state law requires that at least 20% of the total project cost be funded through special assessments.

STAFF RECOMMENDATIONS

Staff recommends adopting the resolution ordering the improvement and preparation of plans for the 2026 Clearwater Road, North Lynndale Area, and Brentwood Circle Street and Utility Improvements Project, Municipal Project No. 4068.

COUNCIL ACTION REQUESTED

Adopt Resolution No. 2025-062 Ordering Improvement and Preparation of Plans for the 2026 Clearwater Road, North Lynndale Area, and Brentwood Circle Street and Utility Improvements Project, Municipal Project No. 4068.