



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, August 10, 2021												
Category:	NEW BUSINESS												
Type:	ACTION												
Subject:	Project Z76: South 1 st Street Reconstruction Project - 1) Resolution Declaring Cost to Be Assessed and Ordering Preparation of Proposed Assessment. 2) Resolution for Hearing on Proposed Assessment.												
Background Information:	This project consisted of reconstruction and utility replacement on South 1 st Street generally between Southview Drive and George Street. Water, sanitary sewer, and storm sewer catch basins were replaced along South 1 st Street in this area. Sidewalk was added along the west side of the street to provide connection to existing sidewalk north of the project area on South 1 st Street and existing sidewalk at Southview Drive. This project also included new curb and gutter, driveway aprons, and water services. In addition to the utility replacement and street reconstruction on South 1 st Street, sanitary sewer force main improvements were made at the intersection of South 1 st Street and DeSchepper Street.												
Fiscal Impact:	<p>Attached please find a “Resolution Declaring Cost to be Assessed and Ordering the Preparation of the Proposed Assessment” for the project. The following is a breakdown of the proposed project funding. The costs shown below include 16% for engineering and administrative costs, for a total project cost of \$730,539.96. The following is a proposed breakdown of the project funding:</p> <table style="margin-left: 40px;"> <tr> <td>Wastewater Fund</td> <td style="text-align: right;">\$164,077</td> </tr> <tr> <td>MMU</td> <td style="text-align: right;">\$213,293</td> </tr> <tr> <td>Surface Water Management Utility</td> <td style="text-align: right;">\$73,850</td> </tr> <tr> <td>City Participation (Ad Valorem)</td> <td style="text-align: right;">\$170,292</td> </tr> <tr> <td>Assessed to Property Owners</td> <td style="text-align: right;"><u>\$109,028</u></td> </tr> <tr> <td>Total Project Amount</td> <td style="text-align: right;">\$730,540</td> </tr> </table> <p>Attached please find the “Resolution for Hearing on Proposed Assessment,” setting the hearing date for the proposed assessments on September 14, 2021 for the above-referenced project.</p> <p>Per the current Fee Schedule, the assessment interest rate is calculated using the most recent bond interest rate and adding 2% for administrative costs. The 2020 GO Bond interest rate was 0.84% plus 2% results in a 2.84% assessment interest rate.</p> <p>The term of the assessment repayment is proposed by staff to be 8 years. The City has no formal written policy on the term but has followed an administrative past practice to generally match the assessment repayment to the bond repayment term assuming a typical reconstruction project with assessments reaching near the maximum of the residential assessment rate. If the assessment is substantially higher in cases such as commercial assessments the term may be appropriate to increase.</p>	Wastewater Fund	\$164,077	MMU	\$213,293	Surface Water Management Utility	\$73,850	City Participation (Ad Valorem)	\$170,292	Assessed to Property Owners	<u>\$109,028</u>	Total Project Amount	\$730,540
Wastewater Fund	\$164,077												
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Assessed to Property Owners	<u>\$109,028</u>												
Total Project Amount	\$730,540												

	<p>Alternatively, on smaller assessment projects consideration could be made to shorten the assessment term. One other item to note is that if additional principal is paid each year the interest is recalculated annually to address the payments. Therefore, there is no penalty for individuals to repay on a more accelerated schedule if they so choose.</p>
Alternative/ Variations:	No alternative actions recommended.
Recommendation:	<p>that the Council adopt RESOLUTION NUMBER 21-056, which provides for the “Resolution Declaring Cost to be Assessed and Ordering the Preparation of the Proposed Assessment” for Project Z76: South 1st Street Reconstruction Project.</p> <p>that the Council adopt RESOLUTION NUMBER 21-057, which provides for the “Resolution for Hearing on Proposed Assessment” for Project Z76: South 1st Street Reconstruction Project setting the hearing date on the proposed assessments for September 14, 2021.</p>

RESOLUTION NUMBER 21-056

**RESOLUTION DECLARING COST TO BE ASSESSED,
AND ORDERING PREPARATION OF PROPOSED ASSESSMENT**

WHEREAS, costs have been determined for the following project:

PROJECT Z76: SOUTH 1ST STREET RECONSTRUCTION PROJECT - This project consisted of: reconstruction and utility replacement on South 1st Street generally between Southview Drive and George Street. Water, sanitary sewer, and storm sewer catch basins were replaced along South 1st Street in this area. In addition to the utility replacement and street reconstruction on South 1st Street, sanitary sewer force main improvements are proposed at the intersection of South 1st Street and DeSchepper Street.

AND WHEREAS, the price for such improvement is \$629,776, and the estimated expenses incurred in the making of such improvement amount to \$100,764, so that the total estimated cost of the improvement will be \$730,540.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MARSHALL, MINNESOTA:

1. The portion of the cost to be assessed against benefited property owners is declared to be approximately \$109,028. The portion of the cost to be paid by the Wastewater Fund is hereby declared to be approximately \$164,07. The portion of the cost of the project to be paid by MMU is hereby declared to be approximately \$213,293. The portion of the cost to be paid by the Surface Water Management Utility is hereby declared to be approximately \$73,850. The portion of the cost to be paid by the City (Ad Valorem) is hereby declared to be approximately \$170,292.
2. Assessments shall be payable in equal annual principal installments extending over a period of eight (8) years, the first of the installments to be payable on or before the first Monday in January, 2022, and shall bear interest at the rate of 2.84% per annum from the date of the adoption of the assessment resolution.
3. The City Clerk, with the assistance of the City Engineer, shall forthwith calculate the proper amount to be specially assessed for such improvement against every assessable lot, piece or parcel of land within the district affected, without regard to cash valuation, as provided by law, and he shall file a copy of such proposed assessment in his office for public inspection.
4. The City Clerk shall upon the completion of such proposed assessment, notify the City Council thereof.

Passed and adopted by the City Council this 10th day of August, 2021.

Mayor

ATTEST:

City Clerk

This Instrument Drafted by:
Jason R. Anderson, P.E.
Director of Public Works/City Engineer

RESOLUTION NUMBER 21-057

RESOLUTION FOR HEARING ON PROPOSED ASSESSMENT

WHEREAS, by a resolution passed by the Council on August 10, 2021, the City Clerk was directed to prepare a proposed assessment of the cost of the improvements for the following project:

PROJECT Z76: SOUTH 1ST STREET RECONSTRUCTION PROJECT - This project consisted of: reconstruction and utility replacement on South 1st Street generally between Southview Drive and George Street. Water, sanitary sewer, and storm sewer catch basins were replaced along South 1st Street in this area. In addition to the utility replacement and street reconstruction on South 1st Street, sanitary sewer force main improvements are proposed at the intersection of South 1st Street and DeSchepper Street.

AND WHEREAS, the City Clerk has notified the City Council that such proposed assessment has been completed and filed in his office for public inspection.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MARSHALL, MINNESOTA:

1. A hearing shall be held on the 14th day of September, 2021 in the Council Chambers of City Hall located at 344 West Main Street to pass upon such proposed assessment, and at such time and place all persons owning property affected by such improvement will be given an opportunity to be heard with reference to such assessment.
2. The City Clerk is hereby directed to cause a notice of the hearing on the proposed assessment to be published once in the official newspaper at least two weeks prior to the hearing, and he shall state in the notice the total cost of the improvement. He shall also cause mailed notice to be given to the owner of each parcel described in the assessment roll not less than two weeks prior to the hearing.
3. The owner of any property so assessed may, at any time prior to certification of the assessment to the County Auditor, pay the whole of the assessment on such property, with interest accrued to the date of payment to the City of Marshall, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption of the assessment. They may at any time thereafter, pay to the City of Marshall, the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which such payment is made. Such payment must be made before October 15 or interest will be charged through December 31 of the succeeding year.

Passed and adopted by the City Council this 10th day of August, 2021.

Mayor

ATTEST:

City Clerk

This Instrument Drafted by:
Jason R. Anderson, P.E.
Director of Public Works/City Engineer