



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, March 26, 2019
Category:	PUBLIC HEARING
Type:	INFO/ACTION
Subject:	Project Z67: Michigan Road/Superior Road Reconstruction Project - 2) Consider Resolution Adopting Assessment
Background Information:	<p>At their meeting on September 25, 2018, the City Council voted to continue the public hearing at the regular Council meeting held on October 23, 2018. At the October 23, 2018 meeting, the City Council voted to continue the public hearing on assessment to March 26, 2019.</p> <p>One objection letter, as attached, has been received as of March 19, 2019. An owner may appeal an assessment to District Court pursuant to Minnesota Statutes Section 429.081 by serving notice of the appeal upon the Mayor or Clerk of the City within 30 days after the adoption of the assessment and filing such notice with the District Court within ten days after service upon the Mayor or Clerk.</p> <p>This project consists of the following: Reconstruction and utility replacement on Michigan Road between Superior Road and Hahn Road and on Superior Road from a point approximately 175 feet north of Ontario Road to Huron Road. All utilities will be replaced, including watermain, sanitary sewer, and storm sewer.</p> <p>The purpose of the continuation of the public hearing was to review and potentially revise the City's assessment procedure for commercial and industrial properties.</p> <p>City of Marshall staff (Administration, Engineering, Legal and Finance) have spent considerable time analyzing and reviewing special assessment policies for numerous municipalities within the State of Minnesota. The findings of that analysis have been reviewed with Ways & Means Committee members. In addition, Council Member Bayerkohler as Ways & Means Committee member has also conducted his own analysis and review of state municipality policies and procedures for calculation of special assessment amounts due for public improvement projects.</p> <p>The analysis of Minnesota Statutes, Minnesota case law and review of additional municipality procedures has led to the proposal for a new procedure to calculate special assessment amounts.</p> <p>The Minnesota Court stated as follows: "Any method resulting in a fair approximation of the increase in market value for each benefited parcel may be used. A method which on its face appears to be a fair approximation will be presumed valid with the burden resting upon the objector to show its invalidity."</p> <p>The result of this review was brought to the City Council on March 12, 2019 resulting in a revision of the 2019 Fee Schedule that established a maximum amount formula for commercial/industrial street assessments for reconstruction. In addition, this maximum is compared to actual costs and square footage and the minimum amount of the three methods is the recommended street assessment for the improvement for the property owners.</p>
Fiscal Impact:	The following table is a comparison of the proposed breakdown of the project funding. The costs shown below include 5% for contingencies and 16% for engineering and administrative costs, for a total project cost of \$1,245,316.82.

Fund	Hearing 09/25/2018 and 10/23/2018	Hearing 03/26/2019	Difference
Wastewater Fund	297,443	297,443	0
MMU	326,109	326,109	0
Surface Water Management Utility	65,912	65,912	0
City Participation (Ad Valorem)	3,689	205,242	201,553
Assessed to Property Owners	552,164	350,611	(201,553)
Total Project Amount	1,245,317	1,245,317	0

Per the current Special Assessment Policy, the assessment interest rate is calculated using the most recent bond interest rate and adding 2% for administrative costs. The 2018A GO Bond interest rate was 2.96%, plus 2%, results in a 4.96% assessment interest rate.

The term of the assessment repayment is proposed by staff to be ten (10) years. 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.

**Alternative/
Variations:**

- Modify assessments to property owners, thereby modifying the attached proposed assessment.
- Amend the terms of the assessments.
- Continue the public hearing to a specific date.

Recommendations:

2) that the Council adopt RESOLUTION NUMBER XXXX, SECOND SERIES, which is the "Resolution Adopting Assessment" for Project Z67: Michigan Road/Superior Road Reconstruction Project.

RESOLUTION NUMBER _____, SECOND SERIES

RESOLUTION ADOPTING ASSESSMENT

WHEREAS, pursuant to proper notice duly given as required by law, the City Council has met and heard and passed upon all objections to the proposed assessment for the following project:

PROJECT Z67: MICHIGAN ROAD/SUPERIOR ROAD RECONSTRUCTION PROJECT –

This project consists of the following: Reconstruction and utility replacement on Michigan Road between Superior Road and Hahn Road and on Superior Road from a point approximately 175 feet north of Ontario Road to Huron Road. All utilities will be replaced, including watermain, sanitary sewer, and storm sewer.

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

1. Such proposed assessment, a copy of which is attached hereto and made a part hereof, is hereby accepted and shall constitute the special assessment against the lands named therein, and each tract of land therein included is hereby found to be benefited by the proposed improvement in the amount of the assessment levied against it.
2. Such proposed assessment shall be payable in equal annual principal installments extending over a period of ten (10) years and shall bear interest at the rate of four and ninety-six one-hundredths percent (4.96%) per year.
3. After the adoption of the assessment, the clerk shall transmit a certified duplicate of the assessment roll with each installment, including interest, set forth separately to the county auditor of the county to be extended on the proper tax lists of the county; but in lieu of such certification, the council may in its discretion direct the clerk to file all assessment rolls in the clerk's office and to certify annually to the county auditor, on or before November 30 in each year, the total amount of installments of and interest on assessments on each parcel of land in the municipality which are to become due in the following year. If any installment and interest has not been so certified prior to the year when it is due, the clerk shall forthwith certify the same to the county auditor for collection in the then succeeding year; and if the municipality has issued improvement warrants to finance the improvement, it shall pay out of its general funds into the fund of the improvement interest on the then unpaid balance of the assessment for the year or years during which the collection of such installment is postponed. All assessments and interest thereon shall be collected and paid over in the same manner as other municipal taxes.
4. The owner of any property so assessed may, at any time prior to certification of the assessment or the first installment thereof to the county auditor, pay the whole of the assessment on such property, with interest accrued to the date of payment, to the municipal treasurer, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption thereof; and, except as hereinafter provided, the owner may at any time prior to November 15 of any year, prepay to the treasurer of the municipality having levied said assessments, the whole assessment remaining due with interest accrued to December 31 of the year in which said prepayment is made.
5. The right to partially prepay the assessment to the City Clerk according to Ordinance No. 364, Second Series, is available.
6. The City Clerk shall forthwith transmit a certified duplicate of this assessment to the County Auditor to be extended on property tax lists of the County. Such assessments shall be collected and paid over in the same manner as other municipal taxes.

Passed and adopted by the Council this 26th day of March, 2019.

Mayor

ATTEST:

City Clerk

This Instrument Drafted by: Glenn J. Olson, P.E.; Director of Public Works/City Engineer