



CITY OF MARSHALL AGENDA ITEM REPORT

Presenter:	Jason Anderson												
Meeting Date:	Monday, August 12, 2024												
Category:	PUBLIC HEARING												
Type:	ACTION												
Subject:	Project ST-009: W Lyon St. / N 3rd St. Reconstruction Project -- 1) Continuation of July 9, 2024 public hearing for limited purpose of consideration of assessment of property for which Council previously received an objection identified as: Parcel# 27-677104-0; 2) Consider Resolution Adopting Assessment amount specific to property identified as Parcel# 27-677104-0 and acknowledgment that pursuant to Minn. Stat. 426.061, the assessment on those specific properties becomes a part of the assessment roll adopted on July 9, 2024												
Background Information:	<p>This project consisted of: reconstruction and utility replacement on West Lyon Street from East College Drive to North 5th Street, and North 3rd Street from West Main Street to West Redwood Street. All utilities were replaced, including watermain, sanitary sewer, and storm sewer on West Lyon and North 3rd Streets. Other items of work included in this project are pavement removal, aggregate base, concrete surfacing, sidewalks, curb and gutter, streetscaping, and other minor work.</p> <p>At the 07/09/2024 meeting, the City Council conducted a public hearing and heard proposed objections on the proposed assessment for the above-referenced project. One objection to the proposed assessment was received from Dereck Deutz regarding Parcel Number 27-677104-0.</p> <p>At said meeting, City Council passed the attached Resolution 24-065 and accepted the assessment roll minus the proposed assessment for the Deutz property and continued the assessment hearing to 08/12/2024. Pursuant to Minn. Stat. § 429.061, the Council may consider any objection to the amount of a proposed assessment as to a specific parcel of land at an adjourned hearing where it may hear further written or oral testimony on behalf of the objecting property owner and may consider further written or oral testimony from appropriate city officials and other witnesses as to the amount of the assessment.</p> <p>City staff's review and findings for this assessment are summarized in the attached Resolution. City staff is not recommending changes to the proposed assessment.</p>												
Fiscal Impact:	<p>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 \$4,381,637.</p> <table style="margin-left: 40px;"> <tr> <td>Wastewater Fund</td> <td style="text-align: right;">\$ 323,625</td> </tr> <tr> <td>MMU</td> <td style="text-align: right;">698,740</td> </tr> <tr> <td>Surface Water Management Utility</td> <td style="text-align: right;">925,434</td> </tr> <tr> <td>City Participation (Ad Valorem)</td> <td style="text-align: right;">1,909,939</td> </tr> <tr> <td>Assessed to Property Owners</td> <td style="text-align: right;"><u>523,899</u></td> </tr> <tr> <td>Total Project Amount</td> <td style="text-align: right;">\$4,381,637</td> </tr> </table> <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. Per City Finance Department, the 2023A Bonding had a True Interest Cost of 3.27% for the Street Improvements, plus 2%, results in a 5.27% interest rate for Special Assessments.</p>	Wastewater Fund	\$ 323,625	MMU	698,740	Surface Water Management Utility	925,434	City Participation (Ad Valorem)	1,909,939	Assessed to Property Owners	<u>523,899</u>	Total Project Amount	\$4,381,637
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	<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. If the assessment is substantially higher in cases such as commercial assessments, it may be appropriate to increase the assessment repayment term. 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 choose.</p>
<p>Alternative/ Variations:</p>	<ul style="list-style-type: none"> • Modify assessments to property owner, thereby modifying the attached proposed assessment. • Amend the terms of the assessment.
<p>Recommendations:</p>	<p><u>Recommendation No. 1</u> that the Council close the continued public hearing on assessments for Project ST-009: W Lyon St. / N 3rd St. Reconstruction Project for Parcel Number 27-677104-0.</p> <p><u>Recommendation No. 2</u> that the Council adopt RESOLUTION NUMBER 24-075, which is the “Resolution Adopting Assessment” for Project ST-009: W Lyon St. / N 3rd St. Reconstruction Project for Parcel Number 27-677104-0.</p>