



**CITY OF MARSHALL
AGENDA ITEM REPORT**

Meeting Date:	Tuesday, September 14, 2021												
Category:	PUBLIC HEARING												
Type:	ACTION												
Subject:	Project Z76: South 1 st Street Reconstruction Project --1) Public Hearing on Assessment; 2) Consider Resolution Adopting 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>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>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. 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>	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
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Alternative/ Variations:	<ul style="list-style-type: none"> • Modify assessments to property owners, thereby modifying the attached proposed assessment. 												

	<ul style="list-style-type: none">• Amend the terms of the assessments.
Recommendation:	<p><u>Recommendation No. 1</u> that the Council close the public hearing on assessments for Project Z76: South 1st Street Reconstruction Project.</p> <p><u>Recommendation No. 2</u> that the Council adopt RESOLUTION NUMBER 21-067, which is the “Resolution Adopting Assessment” for Project Z76: South 1st Street Reconstruction Project.</p>

RESOLUTION NUMBER 21-067

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 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.

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 eight (8) years and shall bear interest at the rate of two and eighty-four one-hundredths percent (2.84%) 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 14th day of September, 2021.

Mayor

ATTEST:

City Clerk

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