

### **MEMORANDUM**

TO: MAYOR AND CITY COUNCIL

JOSHUA TETZLAFF, CITY ADMINISTRATOR

CC: MATT RYNDA, PUBLIC WORKS DIRECTOR

BRUCE REIMERS, UTILITIES GNERAL MANAGER

FROM: CHRIS KNUTSON, PE (Lic. MN)

DATE: SEPTEMBER 18, 2023

RE: 2023 STREET AND UTILITY IMPROVEMENT PROJECT

RESOLUTION: DECLARING COST TO BE ASSESSED, ORDERING PREPARTION OF PROPOSED ASSESSMENT AND CALLING FOR HEARING ON PROPOSED

**ASSESSMENT** 

SEH No. NEWPR 167774

#### PROPOSED ASSESSMENTS

The 2023 Street and Utility Improvements Project is now substantially complete. While exact final construction contract costs will not be known until closer to project closeout in 2024, the projected final construction costs are projected to be at or below the Contract Cost of \$3,717,767.95. With associated engineering and testing costs included, the overall project cost is projected at \$4,395,512.95. This includes improvements at both the reconstruction areas of the project and the new Business Park streets.

During the Feasibility phase of this project, a 5% increase to assessment rates was incorporated into the report due to expected construction costs from high inflation. As that increase in construction costs was not realized from the low bid, it is proposed that the rates on the 2022 Street and Utility Improvement project be carried over to this 2023 project. This will result in lower assessments for property owners on the 2023 project than was previously estimated.

The next step in the public improvement process (under MN Statute 429) is to prepare the assessment roll and order the public assessment hearing. The assessment roll has been prepared based on the City of New Prague assessment policy and the project specific assessment methodology presented in the Feasibility Study as well as at public hearings. The Assessment Hearing is proposed to be held as **6:00 p.m. on Monday, October 16, 2023.** 

Notices of the public hearing will be published in the New Prague Times, and will be sent in the mail to the affected property owners, all in accordance with Minnesota Statutes 429.

Attached for City Council information and reference are the following:

- 1. Copy of an informational cover letter to be sent with the assessment notice.
- 2. Sample copy of the Notice of Hearing on Proposed Assessment to be mailed.

# 2023 STREET AND UTILITY IMPROVEMENT PROJECT SEPTEMBER 18, 2023 Page 2

- 3. Copy of the Proposed Assessment Roll (Draft until adoption).
- 4. Resolution.

#### STAFF/ENGINEER RECOMMENDATION

Staff and SEH recommend that the City Council approve the attached Resolution DECLARING COST TO BE ASSESSED, ORDERING PREPARTION OF PROPOSED ASSESSMENT, AND CALLING FOR HEARING ON PROPOSED ASSESSMENT for the 2023 Street and Utility Improvement Project.

The Assessment Hearing is proposed to be held at 6:00 p.m. on Monday, October 16, 2023.

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September 25, 2023

RE: City of New Prague, Minnesota

2023 Street and Utility Improvement

Project

Proposed Assessments and

Assessment Hearing

SEH No. NEWPR 167774 5.00

#### TO RESIDENT/PROPERTY OWNER:

Enclosed is information regarding the proposed assessments on this project, as well as the official notice of the assessment hearing, scheduled for the date and time listed in the Notice of Hearing.

The assessment hearing is the final step in the public improvement process (Minnesota Statutes Chapter 429).

#### **PROJECT STATUS**

The project is substantially complete with final inspections and some punch list and warranty work being done this fall. A spring warranty inspection will also be completed next year.

#### **ASSESSMENTS**

The information you will need to know about your proposed assessment is described in the enclosed Notice of Hearing on Proposed Assessment.

In short, the amount you owe is shown in the Notice of Hearing on Proposed Assessment. If the assessments are approved by the city council, you may make full payment during the 30 days following the assessment hearing without paying interest. If unpaid after the 30 days, interest on the assessment will accrue at the listed annual percentage rate beginning from the date of the assessment hearing. The unpaid assessment will then be certified to the county and be payable with your property taxes for the period of years listed on the notice.

#### Some commonly asked questions about assessments:

<u>"Can I pay off the assessment early?"</u> Certainly! You may at any time prior to certification of the assessment to the county auditor, pay the **entire assessment** on such property to the office of the city administrator. No interest will be charged if the entire assessment is paid within 30 days from the adoption of the assessment. You may at any time thereafter, pay to the county auditor the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which such payment is made. As **partial payment**, the City will accept no more than one (1) payment of at least \$500.00, before the City's certification deadline for the assessment. The remaining assessment balance shall be paid with interest over the term as established by the City Council.

<u>"What happens to the assessment if I choose to sell my house?"</u> Assessments are typically settled at the time of the sale. Settlement of the assessment obligation is usually part of the negotiation process between the buyer and the seller.

Resident/Property Owner September 25, 2023 Page 2

#### "Why are we being assessed, don't my property taxes pay for this?"

The assessments only pay for a percentage of the cost of the project. Other funding from the city pays for the greatest share of the project cost. The benefiting property owners in a neighborhood all come together along with the city to "chip-in" and help fund a neighborhood project such as this.

Property taxes do not cover all capital improvement needs in the city. Assessments are a form of tax, but a tax where the payer actually receives a direct benefit from the money spent. Assessments also do not discriminate based on property value. The amount of an assessment, unlike property taxes, is not determined by property value, rather is distributed equally among all residents and equally throughout the city. The assessment rates used for this type of project are the same throughout the city based on property use.

"How are the assessment amounts determined?" New Prague's assessment rates were established based on the assessments funding approximately 25% to 35% of average historical project costs for this type of project. A flat rate "Unit" assessment method was adopted so that every property is treated the same from project to project, from year to year. Again, assessments only pay for a percentage of the cost of the project. Funding from other city sources pays for the greatest share of the project cost.

"Are there provisions for deferment of the assessment?" Yes, the City of new Prague has adopted Resolution 12-10-22-02 pursuant to Minnesota Statutes Sections 435.193 to 435.195, wherein the council may, in its discretion, defer the payment of this special assessment for any homestead property owned by a person 65 years of age or older, one retired by virtue of a permanent and total disability, or a member of the National Guard or other reserves ordered to active military service for whom it would be a hardship to make the payments. As to a deferment based upon age or disability, the applicant must apply for the deferment not later than 14 days after the assessment is adopted by the City Council. Note: A deferment does not excuse an assessment nor the interest, it only defers the payment of the assessment until a later date or when a property is sold.

If you have any questions related to the project or about how the assessments were calculated, please contact me at 507.237.8383 or <a href="mailto:ccm">cknutson@sehinc.com</a>. If you have questions related to the payment of the assessment, please call the City of New Prague at 952.758.4401 and speak with Joshua Tetzlaff, City Administrator.

Sincerely,

SHORT ELLIOTT HENDRICKSON INC.

Chris Knutson, PE Project Manager

(Lic. MN)

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Enclosure

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#### NOTICE OF HEARING ON PROPOSED ASSESSMENT

PROPERTY OWNER NAME PROPERTY ADDRESS NEW PRAGUE. MN 56071

Notice is hereby given that the New Prague City Council will meet at **6:00 p.m. on Monday, October 16, 2023**, at New Prague City Hall, 118 Central Avenue North, to consider, and possibly adopt, the proposed assessment for the **2023 Street and Utility Improvement Project,** which includes improvements on the following streets:

- Sunrise Avenue N from Main Street to 3rd Street NE
- Sunset Avenue N from Main Street to 2nd Street NE
- First Street NE from Lexington Avenue N east to Greenway Park
- Second Street NE from Sunset Avenue N east to Greenway Park
- Third Street NE from Sunrise Avenue N to 10th Avenue NE
- Trail improvements in Greenway Park
- 6<sup>th</sup> Avenue NW Street Extension
- 8th Avenue NW Street Extension

by construction of pavement replacement, partial and complete street reconstruction; sanitary sewer, water main, storm sewer, concrete curb and gutter, aggregate base, bituminous street surfacing, concrete walk, turf restoration, and miscellaneous items required to properly complete the improvements. Adoption by the council of the proposed assessment may occur at the hearing. The area proposed to be assessed for such improvements includes properties abutting such improvements.

The amount to be specially assessed against your particular lot, piece, or parcel of land, described as:

#### PARCEL NUMBER ABBREVIATED PROPERTY LEGAL DESCRIPTION

has been calculated as follows:

Residential Water Service	1.0 Unit @	\$3,350.00	=	\$3,350.00
Sanitary Sewer Service	1.0 Unit @			
SF Residential Reconstructed Street	1.0 Unit @	\$9,190.00	=	\$9,190.00
Commercial-Institutional-MF Reconstructed Street	0.00 L.F. @	\$159.30	=	\$0.00
TOTAL ASSESSMENT	_			\$15,030,00

Such assessment is proposed to be payable in equal annual installments extending over a period of 15 years, the first of the installments to be payable on or before the first Monday in January 2024, and will bear interest at a rate of X.XX percent per annum from the date of the adoption of the assessment resolution. To the first installment shall be added interest on the entire assessment from the date of the assessment resolution until December 31, 2024. To each subsequent installment when due shall be added interest for one year on all unpaid installments.

You may at any time prior to certification of the assessment to the county auditor, pay the entire assessment on such property to the office of the city administrator. No interest shall be charged if the entire assessment is paid within 30 days from the adoption of this assessment. You may at any time thereafter, pay to the county auditor 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 November 15 or interest will be charged through December 31 of the succeeding year. If you decide not to prepay the assessment before the date given above the rate of interest that will apply is X.XX percent per year.

The proposed assessment roll is on file for public inspection at the city administrator's office. The total cost of the project is \$4,395,512.95. The total amount of the proposed assessment is \$694,913.02. Written or oral objections will be considered at the meeting. No appeal may be taken as to the amount of an assessment unless a written objection signed by the affected property owner is filed with the city administrator prior to the assessment hearing or presented to the presiding officer at the hearing. The council may upon such notice consider any objection to

the amount of a proposed individual assessment at an adjourned meeting upon such further notice to the affected property owners as it deems advisable.

The city has adopted Resolution 12-10-22-02 pursuant to Minnesota Statutes Sections 435.193 to 435.195, wherein the council may, in its discretion, defer the payment of this special assessment for any homestead property owned by a person 65 years of age or older, one retired by virtue of a permanent and total disability, or a member of the National Guard or other reserves ordered to active military service for whom it would be a hardship to make the payments. As to a deferment based upon age or disability, the applicant must apply for the deferment not later than 14 days after the assessment is adopted by the City Council.

If an assessment is contested or there is an adjourned hearing, the following procedure may be followed:

- 1. The city will present its case first by calling witnesses who may testify by narrative or by examination, and by the introduction of exhibits. After each witness has testified, the contesting party will be allowed to ask questions. This procedure will be repeated with each witness until neither side has further questions.
- 2. After the city has presented all its evidence, the objector may call witnesses or present such testimony as the objector desires. The same procedure for questioning of the city's witnesses will be followed with the objector's witnesses.
- 3. The objector may be represented by counsel.
- 4. Minnesota rules of evidence will not be strictly applied; however, they may be considered and argued to the council as to the weight of items of evidence or testimony presented to the council.
- 5. At the close of presentation of evidence, the objector may make a final presentation to the council based on the evidence and the law. No new evidence may be presented at this point.
- 6. The council may adopt the proposed assessment at the hearing.

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 and city administrator 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 administrator.

Joshua M. Tetzlaff City Administrator

## **DRAFT**

Parcel No.	Name	PropertyAddress	Residential Water Service Unit	Residential Water Service Assess.	Sanitary Sewer Service Unit	Sanitary Sewer Service Assess.	Residential Reconstructed Street Unit	Residential Reconstructed Street Assess.	Commercial- Institutional Reconstructed Street Footage	Commercial- Institutional Reconstructed Street Assess.	Total Assessment
240080320	Cynthia Giles		0		0		0.5	\$4,595.00	0		\$4,595.00
240080160	Neng Xi Zhang	104 Sunset Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240080150	Jennifer A Kajer	106 Sunset Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240080140	Brandon Johnson	108 Sunset Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240080130	Philip A & Karen Kallal	110 Sunset Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240090040	Nicholas S Folkerts	703 1st St NE	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240090030	Angela Frances Speltz	206 Sunset Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240090020	Dean E & Ana D Podratz	208 Sunset Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240090010	Milton H & Denise Tikalsky	210 Sunset Ave N	1	\$3,350.00	1	\$2,490.00	0.5	\$4,595.00	0	\$0.00	\$10,435.00
240080260	Nicholas Johnson	801 Main St E	0	\$0.00	1	\$2,490.00	0.5	\$4,595.00	0	\$0.00	\$7,085.00
240080190	Mark S Carlson	105 Sunset Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240080180	Michael Patrick Timmons	107 Sunset Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240080170	Steven Widdicombe	109 Sunset Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240090080	Lynn D Angell	801 1st St NE	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240090070	Edmund R Pint	203 Sunset Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240090060	Francis G Pumper	205 Sunset Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240090050	Pamela Sue Hallum	207 Sunset Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240080240	Mahowald Trust	100 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	0.5	\$4,595.00	0	\$0.00	\$10,435.00
240080230	Michael J & Jamie Bisek	104 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240080220	Jared & Ashley Tinny	106 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240080210	Sharon M Chromy	108 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240080200	Michael P Busch	110 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240090110	Nicholas Olson	803 1st St NE	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240090100	Jacob Kartak	206 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240090090	Susan M Martin	210 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240110120	Douglas L & Mary S Amundsen	803 2nd St NE	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00

## **DRAFT**

Parcel No.	Name	PropertyAddress	Residential Water Service Unit	Residential Water Service Assess.	Sanitary Sewer Service Unit	Sanitary Sewer Service Assess.	Residential Reconstructed Street Unit	Residential Reconstructed Street Assess.	Commercial- Institutional Reconstructed Street Footage	Commercial- Institutional Reconstructed Street Assess.	Total Assessment
240110110	Cam J & Gwen E Case	302 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240110100	James S Hurt	304 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240110090	Steven Gregory	306 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	0.5	\$4,595.00	0	\$0.00	\$10,435.00
240080310	Kristi Millsap	101 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	0.5	\$4,595.00	0	\$0.00	\$10,435.00
240080300	Kenneth R & Annie V Mushitz	105 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240080290	Susan E Kennedy	107 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240080280	Eric Eide	109 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240080270	Colton A Devine	111 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240090140	Michael A Zanovec	201 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240090130	Robert J Bednar	205 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240090120	Barbara J Kavan	209 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240110150	Darlene M Witt Irrevocable Trust	301 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240110140	Stuart Schatz	303 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240110130	Jean A Bartusek	305 Sunrise Ave N	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240140070	Michael C Marzinske	901 3rd St NE	1	\$3,350.00	1	\$2,490.00	1	\$9,190.00	0	\$0.00	\$15,030.00
240330020	Community Baptist Church		0	\$0.00	0	\$0.00	0	\$0.00	378.55	\$60,303.02	\$60,303.02
240370010	Wallace J Kubes	1002 3rd St NE	0	\$0.00	0	\$0.00	1	\$9,190.00	0	\$0.00	\$9,190.00
240370020	Keith D & Ann M Johnson	1004 3rd St NE	0	\$0.00	0	\$0.00	1	\$9,190.00	0	\$0.00	\$9,190.00
240370030	Duane J & Amy J Jirik	1006 3rd St NE	0	\$0.00	0	\$0.00	1	\$9,190.00	0	\$0.00	\$9,190.00
240370040	Tyler Yearby	1008 3rd St NE	0	\$0.00	0	\$0.00	1	\$9,190.00	0	\$0.00	\$9,190.00
240370050	Angel Cortes-Rojas	1010 3rd St NE	0	\$0.00	0	\$0.00	0.5	\$4,595.00	0	\$0.00	\$4,595.00
240110080	Thomas J Musil	801 2nd St NE	0	\$0.00	0	\$0.00	0.5	\$4,595.00	0	\$0.00	\$4,595.00
240370070	City of New Prague	Greenway Park	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	\$0.00
240080080	Tess Marlys Magdalena Baker	701 1st ST NE	0	\$0.00	0	\$0.00	0.5	\$4,595.00	0	\$0.00	\$4,595.00
240080090	Jeffery L Johnson	117 Lexington Ave N	0	\$0.00	0	\$0.00	0.5	\$4,595.00	0	\$0.00	\$4,595.00
240370060	Whitney C Larson	300 10th Ave NE	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	\$0.00
	TOTAL		39	\$130,650.00	40	\$99,600.00	44	\$404,360.00	378.55	\$60,303.02	\$694,913.02