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**DATE:** April 11, 2022

**TO:** Honorable Mayor and City Councilmembers  
David Perrault, City Administrator

**FROM:** David Swearingen, P.E. Public Works Director/City Engineer

**SUBJECT:** Snelling Avenue North Street and Utility Improvement Project –  
Special Assessment Hearing

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**Council Should Consider**

Motions to approve, table, or deny the following:

- Hold a Special Assessment Hearing for the Snelling Avenue North Street and Utility Improvement Project for public comment.

*All items need a simple majority for action unless otherwise noted.*

**Background/Discussion**

On February 14, 2022, the City Council adopted Resolution 2022-005 Approving the Plans and Specifications and Ordering the Advertisement for Bids. Bids were solicited and opened on Wednesday, March 9, 2022.

A portion of the costs for the Snelling Avenue North Street and Utility Improvement Project are proposed to be assessed against the benefitting properties according to the City’s Assessment Policy. In order to assess these costs, the City must follow the process outlined in State Statute 429. On March 14, 2022, after the bids were opened, the City Council adopted Resolution 2022-014 Declaring Costs to be Assessed and set today as the date for the assessment hearing. A public hearing prior to adopting the assessments is a requirement of State Statute 429. The proposed assessment area is shown on Attachment A.

The project is proposed to be assessed consistent with the City’s Assessment Policy and past practices, which states that 50% of the costs for roadway improvements will be assessed in residential areas, with the remaining portion financed by City funds. Financing for the project is

consistent with City policy and past practice and is summarized in the table below. The project costs include 27% engineering and overhead costs.

Also, the Council must establish the interest rate at tonight’s Council Meeting. Many cities set their interest rate for assessments at two (2) percentage points over the bond interest rate. The City’s assessment policy states that the interest rate used for the assessment shall be designated at the prime rate plus two (2) percentage points. For the 2021 PMP, the assessment interest rate was set at two (2) percentage points over the assumed bond interest rate which was based on current market conditions at the time, our AAA rating, plus 15 basis points. The result was an assessment interest rate of 3.15%. Our current assumed bond interest rate is 2.90% and the prime rate is 3.50%. Staff would recommend following the City’s assessment policy and setting the assessment rate at 5.50%.

Each of these total project costs were analyzed for the assessable cost. The calculation of the amount to be assessed as approved by Council Resolution 2022-014 is shown below.

- The assessments related to Snelling Avenue North is calculated following the residential equivalent unit explained on Page 21 in the Feasibility Report:

*Given the non-standard lot configuration and limited number of eligible properties along the Snelling Avenue corridor based on mailing addresses, assessments for Area 1 street improvements on Snelling Avenue were calculated by dividing 50 percent of street costs (trail costs not included) by the total length of roadway improvement frontage (8220-feet) to determine a cost per foot. This unit cost per foot was then multiplied by the minimum lot frontage for R1 zoned properties at 95 feet to arrive at a residential equivalent unit (REU) assessment rate.*

- Snelling Avenue North assessment rate of **\$3,905.00** per unit as compared to the Feasibility Report estimate of \$5,631.88.

**SNELLING AVENUE NORTH**

| Item                      | Calculation (REU)               | Result    |
|---------------------------|---------------------------------|-----------|
| Half of Construction Cost | \$531,978/2                     | \$265,989 |
| Add 27% Overhead          | \$265,989 x 1.27                | \$337,806 |
| REU Assessment Rate       | \$337,806/(8220-feet)x(95-feet) | \$3,905   |

- The assessments related to Cummings Lane are calculated in accordance with the City’s Assessment policy, is half of the street project cost for residential properties. Cummings Lane assessment rate of **\$3,886.00** per unit as compared to the Feasibility Report estimate of \$4,870.85.

**CUMMINGS LANE**

| Item                      | Calculation         | Result     |
|---------------------------|---------------------|------------|
| Half of Construction Cost | \$48,957/2          | \$24,478.5 |
| Add 27% Overhead          | \$115,639.06 x 1.27 | \$31,087   |
| Assessment Rate           | \$31,087/(8-units)  | \$3,886    |

The full detailed assessment roll is shown in Attachment B.

To date, no formal objections have been submitted in writing to City staff. Any written objection received prior to Monday evening will be provided to the City Council at the assessment hearing.

As provided for in State Statute, no appeal may be taken as to the amount of any assessment adopted unless a written objection signed by the affected property owner is filed with the City at or prior to the assessment hearing. After the adoption of the assessment roll, property owners who have submitted an objection in writing have 30 days to serve notice of an appeal to the City, and within 10 days after serving notice to file with the District Court.

### **Recommendation**

The Council should hold the Assessment Hearing first. After the Assessment Hearing is closed and as part of New Business, Council should consider adopting Resolution 2022-019 Adopting the Assessment Roll for the Snelling Avenue North Street and Utility Improvement Project with any changes they deem appropriate.

Following the assessment hearing, also under new business, staff will be recommending award of the contract to T.A. Schifsky & Sons, Inc. as the lowest responsible bidder.

### **Attachments**

Attachment A: Assessment Area Map

Attachment B: Assessment Roll

Attachment C: PowerPoint