



DATE: April 25, 2022

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

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

SUBJECT: Arden Oaks Street Improvement Project – Special Assessment Hearing

Council Should Consider

Motions to approve, table, or deny the following:

- Hold a Special Assessment Hearing for the Arden Oaks Street 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 for the Arden Oaks Street Improvement Project located within the Arden Oaks residential neighborhood. Bids were solicited and opened on Wednesday, March 9, 2022.

A portion of the costs for the Arden Oaks Street 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 21, 2022, after the bids were opened, the City Council adopted Resolution 2022-013 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%.

The total project costs were analyzed for the assessable cost. The calculation of the amount to be assessed as approved by Council Resolution 2022-013 is shown below.

- The assessments related to the project are calculated in accordance with the City’s Assessment policy, is half of the street project cost for residential properties. The assessment rate is **\$5,834.34** per unit as compared to the Engineer’s estimate of \$6,131.10.

Arden Oaks Streets

Item	Calculation	Result
Construction Cost X 27% Overhead	\$367,517.20	\$466,746.84
50% of Construction Cost	\$466,746.84 / 2	\$233,373.42
Assessment Rate	\$233,373.42/(40-units)	\$5,834.34

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 2022-023 Adopting the Assessment Roll for the Arden Oaks Street 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 Astech Corporation as the lowest responsible bidder.

Attachments

- Attachment A: Assessment Area Map
- Attachment B: Assessment Roll
- Attachment C: PowerPoint