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Posted: May 16, 2014

**CRYSTAL CITY COUNCIL
FIRST WORK SESSION AGENDA**

**Tuesday, May 20, 2014
6:30 p.m.
Conference Room A**

Pursuant to due call and notice given in the manner prescribed by Section 3.01 of the City Charter, the first work session of the Crystal City Council was held at _____ p.m. on Tuesday, May 20, 2014 in Conference Room A located at 4141 Douglas Drive, Crystal, Minnesota.

I. Attendance

Council members

Staff

____ Peak

____ Norris

____ Selton

____ Therres

____ Adams

____ Revering

____ Budziszewski

____ Mathisen

____ Deshler

____ Gilchrist

____ Hoffmann

____ Serres

____ Libby

II. Agenda

The purpose of the work session is to continue discussion of financing for mill and overlay projects.

III. Adjournment

The work session adjourned at _____ p.m.



Memorandum

DATE: May 12, 2014

TO: Mayor and City Council

FROM: Anne Norris, City Manager *alw*
Tom Mathisen, Public Works Director

SUBJECT: Financing Mill and Overlay Projects

At its May 6 work session the Council discussed options for financing mill and overlay projects. Milling and overlays are required to maintain the reconstructed streets in good condition as long as possible. Council Resolution #2010-48 outlined a policy of specially assessing mill and overlay projects. At its work session, the Council discussed using a tax levy to pay for mill and overlay projects rather than using special assessments. The cost of the Phase 1 (Winnetka Hills neighborhood) mill and overlay project is approximately \$1 million. If taxes were used to pay for this and assuming all existing service levels are maintained, it would require a levy increase of approximately 11-12%. Depending on future mill and overlay project cost, some levy would have to be maintained in future years to continue to pay for future mill and overlay projects.

MSA funds are currently committed to the Street Reconstruction Fund through 2018 to continue to contribute to the remaining 3 phases of the street reconstruction program. After that date, the MSA funds are scheduled for the Street Maintenance Fund to contribute to the sealcoating projects for the reconstructed streets.

Mill and overlay projects assume at least one sealcoat at 7 years after the mill and overlay. The road condition will be re-evaluated at 14 years to determine whether a second sealcoat is appropriate. Mill and overlay projects are scheduled to last for at least 15 years, depending on subsurface soil conditions.

The cost of a mill and overlay assessment is estimated at \$2,000 for a residential lot. A 10 year assessment period would mean a payment of approximately \$300 each year.

The Council should continue its discussion of financing mill and overlay projects.

RESOLUTION NO. 2010 – 48

**ADOPTING ASSESSMENT POLICIES FOR 2010 36TH AVENUE
AND FUTURE STATE AID AND LOCAL STREET MILL
AND OVERLAY PROJECTS**

WHEREAS, due to normal wear and weather related deterioration, it has become necessary to perform a mill and overlay project on the State Aid Street 36th Avenue in the year 2010, and it is therefore necessary to develop a funding mechanism for said project, and it has been determined that a special assessment for a portion of that funding is appropriate; and

WHEREAS, the City has no previously established assessment policy for mill and overlay projects, however there are established policies for similar street related projects as shown in Exhibit A; and

WHEREAS, the affected properties in the 36th Avenue project have not previously been assessed for street reconstruction other than a minimal amount for curb and gutter and sidewalks in the early 1990's, yet all properties on the adjoining side streets have since been assessed for full street reconstruction, and therefore it is desirable to treat the 36th Avenue properties in a similar fashion; and

WHEREAS, in previous full street reconstruction projects, single family/duplex properties received an approximate 30% reduction in the assessment by using State Aid, Storm Drain Utility, and other funding sources, and corner lots abutting 36th Avenue have previously been assessed in the manner described in Exhibit A; and

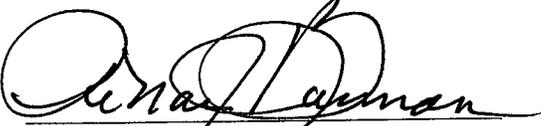
WHEREAS, it is desirable to develop a 36th Avenue assessment policy that can be modified to apply to future State Aid and local street mill and overlay projects.

NOW, THEREFORE, BE IT RESOLVED, by the Crystal City Council:

- 1) The properties abutting 36th Avenue shall be assessed in a manner similar to a full street reconstruction project, however such assessment shall be based on the lower actual cost for said mill and overlay project.
- 2) 36th Avenue corner single family/duplex properties with driveways on 36th Avenue shall be assessed at one-half the unit assessment rate because these properties have previously been assessed one-half a unit street reconstruction rate.
- 3) Similarly, 36th Avenue corner single family/duplex properties with driveways on the side street shall not be assessed for the 36th Avenue project because these properties have previously been assessed one full unit street reconstruction rate.

- 4) Commercial and non-profit properties shall be assessed for the full cost of the project based on a per front foot unit cost for the entire front footage abutting the project area.
- 5) The assessment policy for the 36th Avenue project shall be as described in Exhibit B.
- 6) The assessment policy for future mill and overlay projects on State Aid and local streets shall be as described in Exhibit C.
- 7) In the future, when it is necessary to either mill and overlay, or reconstruct portions of 36th Avenue, assessment rates for both commercial and non-profit, and single family/duplex properties shall be determined based on the most recent large mill and overlay or reconstruct projects respectively, adjusted for inflation, as if 36th Avenue were a standard 32 foot wide State Aid Street in the City.

Adopted by the Crystal City Council this 1st day of June, 2010.


ReNae J. Boyman, Mayor

ATTEST:


Janet Lewis, City Clerk

EXHIBIT A

CITY OF CRYSTAL SPECIAL ASSESSMENT POLICIES AS THEY RELATE TO STREET MAINTENANCE AND RECONSTRUCTION AND ALLEY RECONSTRUCTION

June 2010

Total construction cost includes contractor and material costs, plus feasibility, engineering design, legal, project management, bonding, levy, and other related costs. Front footage is measured at the property line. Front footage is a measurement based on both sides of the street, not street centerline footage.

Assessed Sealcoat

1. Non-corner single family/duplex properties are assessed on a per unit cost based on total project construction cost per front foot for the entire project. The total single family/duplex properties front footage times the cost per front foot divided by the number of net whole single family/duplex properties determines the cost per unit.
2. Single family/duplex corner properties are assessed at the same unit cost as for non-corner properties.
3. Commercial/non-profit properties (including churches) are assessed based on total project construction cost per front foot for the entire project times the number of front feet for a given parcel.
4. Commercial/non-profit corner properties are assessed based on the entire front footage of both sides of the property.

Alley Reconstruction

1. Alley reconstruction assessments are based on 60% of the total construction cost. The remaining 40% is paid by the Storm Drain Utility. This applies to single family/duplex and C/N-P properties alike.
2. Alley reconstruction is assessed in a manner similar to sealcoat. Non-corner single family/duplex properties are assessed on a per unit cost based on 60% of the total construction cost per front foot for the entire project. The total single family/duplex properties front footage times the cost per front foot divided by the number of net whole single family/duplex properties determines the cost per unit.
3. Single family/duplex corner properties are assessed at the same per unit cost.
4. C/N-P properties (including churches) are assessed based on 60% of the total project construction cost per front foot for the entire project times the number of front feet for a given parcel.
5. C/N-P corner properties are assessed based on the entire front footage of both sides of the property were there to be an alley project on two sides of a corner property.

Street Reconstruction

Street reconstruction projects have two assessment categories. The first is the street construction assessment, which is assessed in a manner similar to sealcoat assessments, i.e. a per unit basis for single family/duplex, and a per front foot basis for C/N-P properties. Street construction includes all construction work associated with the project, including storm drainage work, but not including curb and gutter work. The second category is the curb and gutter assessment which is assessed on a front foot basis at a rate based on the status of the existing or non-existing curb.

Single family/duplex properties receive a credit of approximately 30% of the actual street construction cost portion (per unit cost) of the assessment based on State Aid and Storm Drain Utility Funds that are distributed equally across said properties on a per unit basis.

1. Properties with frontage on a Municipal State Aid Street are assessed in the same manner as properties on non-State Aid municipal streets. For the purposes of this document, and unless differentiated otherwise, "local street" includes both State Aid and non-State Aid municipal street frontages.
2. Single family/duplex properties are assessed for the street reconstruction portion on a per unit cost based on total street construction cost per front foot for the entire project. The total single family/duplex properties front footage times the cost per front foot divided by the number of net whole single family/duplex properties determines the per unit cost.
3. Non-corner single family/duplex properties are assessed on a per unit cost basis for the street reconstruction portion, regardless of length of front footage. Curb and gutter is assessed on a total cost per front foot basis and the 30% reduction is not applicable.
4. C/N-P properties are assessed on a front foot basis for both street and curb and gutter assessments, and the 30% reduction does not apply.
5. A single family/duplex corner property that has its driveway on a county road is assessed one half of the unit street cost for local street reconstruction and the standard amount for curb and gutter.
6. A single family/duplex corner property that has its driveway on a local street with the other side on a county road is assessed at the full unit street cost and the standard amount for curb and gutter.
7. A single family/duplex corner property with both sides on a local street and within the project area, is assessed one full unit street cost, and for curb and gutter based on the full length of the short side (regardless of which way the front door faces), and one-third of the first 135 feet and 100% of any length beyond 135 feet on the long side.
8. A single family/duplex corner property with both sides on a local street, but only one side in the project area, is assessed one-half of the unit street cost and the standard amount for curb and gutter on the reconstructed side. The balance to be assessed when the other local street side is reconstructed.

9. All properties with any frontage on a county road are not assessed for the county road portion when the county road is rebuilt.
10. Three or more properties with frontage and driveways on an unimproved street will have the street built to local street standards and are assessed at the standard rates. If only two of the three properties have driveways on the unimproved street, the two properties may petition to have the street built to local street standards as part of the larger project, and be assessed accordingly. The third property would be a corner parcel and would be assessed accordingly. If there is no petition, then the private driveways in the right of way remain the responsibility of the property owners.
11. For the two or less unimproved street parcel situation, a corner parcel with frontage on an improved street, regardless of what side the driveway is on, is assessed one full unit street cost and the standard amount for curb and gutter. If the parcel has no improved street frontage, the parcel receives no assessment, however the private driveway located in the unimproved right of way is the responsibility of the property owner and is not improved as part of the project.
12. Non-corner single family/duplex parcels with frontages on two streets (front and back yard for example) are assessed in the same manner as a corner lot, including the long and short side curb and gutter policy.
13. There are three curb and gutter assessment rates that apply equally to single family/duplex and C/N-P properties:
 - Properties with no existing curb and gutter are assessed at the full curb and gutter rate.
 - Properties with the old “D” mountable style curb are assessed at 75% of the full rate.
 - Properties with the city standard “B618” curb are assessed at a “reincorporation” rate specific to each project based on estimated removal and replacement costs. This rate is approximately 25% of the full rate.

EXHIBIT B

CITY OF CRYSTAL SPECIAL ASSESSMENT POLICY FOR THE MILL AND OVERLAY OF STATE AID STREET 36TH AVENUE

June 2010

Total mill and overlay construction cost includes contractor and material costs for asphalt and curb and gutter and sidewalk repair, plus feasibility, engineering design, legal, project management, bonding, levy, and other related costs. Front footage is measured at the property line. Total project front footage is a measurement based on both sides of the street, not street centerline footage and includes single family/duplex corner lots with driveways on the side street even though those corner lot properties will not be assessed as part of the project. Total single family/duplex properties front footage is the total of all single family/duplex front footages, including those with driveways on the local side street.

Single family/duplex properties receive a credit of approximately 30% of the actual mill and overlay cost of the assessment based on State Aid Funds that are distributed equally across said properties on a per unit basis. The credit is due to this project being treated as a reconstruction and not a maintenance project.

1. Single family/duplex properties are assessed for mill and overlay on a per unit cost based on total construction cost per front foot for the entire project less approximately 30%. The total single family/duplex properties front footage times this revised cost per front foot divided by the number of net whole parcels of single family/duplex properties (excluding corner parcels with driveways on the side local street) determines the per unit cost.
2. Non-corner single family/duplex properties are assessed on this per unit cost basis for mill and overlay regardless of length of front footage.
3. Commercial/non-profit properties (including churches) are assessed based on total project construction cost per front foot for the entire project times the number of front feet for a given parcel. The 30% reduction does not apply.
4. Single family/duplex corner properties that have driveways on 36th Avenue are assessed one half of the unit mill and overlay cost. These properties have already been assessed for a one half unit of street reconstruction on the local street.
5. Single family/duplex corner properties that have driveways on a local street with the other side on 36th Avenue, have already paid a full street assessment. These properties will not be assessed for the 36th Avenue mill and overlay project. They will receive a full unit mill and overlay assessment when their respective local street is mill and overlaid.
6. In the future when it is necessary to mill and overlay 36th Avenue again, the assessment rates for both commercial and single family/duplex properties will be determined based on the most recent large overlay project that included a combination of local and state aid streets, adjusted for inflation.

- 7. In the future when it is necessary to do a total reconstruct of 36th Avenue, the assessment rates for both commercial and single family/duplex properties will be determined based on the most recent large total reconstruct project that included a combination of local and state aid streets, adjusted for inflation.**

EXHIBIT C

CITY OF CRYSTAL SPECIAL ASSESSMENT POLICY FOR THE MILL AND OVERLAY OF STATE AID AND LOCAL STREETS (EXCLUDING THE 2010 36TH AVENUE PROJECT)

June 2010

Total mill and overlay construction cost includes contractor and material costs for asphalt and curb and gutter and sidewalk repair, plus feasibility, engineering design, legal, project management, bonding, levy, and other related costs. Front footage is measured at the property line. Front footage is a measurement based on both sides of the street, not street centerline footage.

1. Non-corner single family/duplex properties are assessed on a per unit cost based on total project construction cost per front foot for the entire project. The total single family/duplex properties front footage times the cost per front foot divided by the number of net whole single family/duplex properties determines the cost per unit. In determining the cost per unit, corner lots with only one side being overlayed are counted as one-half unit, and corner lots with both sides being overlayed are counted as a full unit.
2. Single family/duplex corner properties are assessed at the same unit cost as for non-corner properties. These properties receive a full unit assessment if both sides are being overlayed, and one-half unit if only one side is being overlayed.
3. 36th Avenue Frontage Exceptions: Corner lots with driveways fronting on 36th Avenue are assessed at one-half of the side street rate when the side street is overlayed. Corner lots with driveways fronting on the side street are assessed one full unit when the side street is overlayed.
4. Commercial/non-profit properties (including churches) are assessed based on total project construction cost per front foot for the entire project times the number of front feet for a given parcel.
5. Commercial/non-profit corner properties are assessed based on the entire front footage of both sides of the property.

Fund: Street Reconstruction Fund
Fund Number: 415

DESCRIPTION OF ACTIVITY

The Street Reconstruction Fund accounts for the cost of reconstructing streets in the Crystal Local Street Reconstruction program.

City streets were divided into sixteen phases for reconstruction. A phase is reconstructed in most years, with an occasional pause for planning. Phases 1 through 13 were reconstructed between 1994 and 2013.

Generally speaking, each phase has balanced budget. However, special assessments and state aid revenues often are not received until several years after the project is completed. This will cause the Street Reconstruction Fund to show deficits until after all phases are completed and the lagging revenues are collected.

Five Year Capital Improvement Plan

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Funding Sources					
Special assessments	344,572	1,207,190	1,678,730	1,898,359	623,818
State aid for streets	320,000	600,000	600,000	600,000	100,000
Interest Income	25,398	38,020	40,442	56,440	34,658
Other city reimbursement	322,136	0	183,254	0	340,110
Utility reimbursement	0	474,591	657,025	987,514	0
Sale of bonds	0	2,535,498	4,022,355	4,019,689	0
Total Funding Sources	1,012,106	4,855,299	7,181,806	7,562,002	1,098,586
Capital Outlays					
Admin & pavement study	16,900	1,950	2,000	19,050	2,100
Phase 13, Becker Park	566,077				
Phase 14, Lions Park	221,335	4,884,481	1,187,919		
Phase 15, Twin Oaks		227,168	5,497,878	1,478,894	
Phase 16, Skyway		25,000	230,370	6,790,096	2,051,762
Total Capital Outlays	804,312	5,138,599	6,918,167	8,288,040	2,053,862
Surplus/ -Deficit	207,794	-283,300	263,639	-726,038	-955,276

Fund: Street Maintenance Fund
Fund Number: 410

DESCRIPTION OF ACTIVITY

The Street Maintenance Fund accounts for the cost of seal coating streets that have been reconstructed under the Crystal Local Street Reconstruction program.

A commitment was made to the citizens at the start of the street reconstruction program that they wouldn't be assessed for maintenance of the streets while they were still paying the assessment for street reconstruction. Seal coat projects will be assessed to property owners if they take place after the reconstruction assessments have been paid.

Pavement mill & overlay projects are an essential part of a long term street maintenance program. Overlays will be assessed to the property owners (street reconstruction assessments will be paid off by them).

In addition to seal coat projects, this fund also accounts for intensified maintenance that is needed Phases 1, 2 and 3 because this pavement is deteriorating faster than expected. Costs will continue until the phases undergo mill and overlay. The streets will also need more frequent seal coating until they undergo the mill and overlay.

Five Year Capital Improvement Plan

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Funding Sources					
Special assessments	30,364	499,084	451,581	392,361	536,936
Interest Income	18,461	15,759	12,532	0	7,306
Other city reimbursement			41,553	103,432	
State Aid Streets					528,000
General Fund transfer	72,800	74,984	77,234	79,551	81,937
Total Funding Sources	121,625	589,827	582,900	575,344	1,154,179
Capital Outlays					
Street Phase 1-3 patching	50,000	12,000			
Phases 4 & 8 sealcoat	277,106				
Phases 5 & 9 sealcoat			250,990		
Phases 10 sealcoat				226,399	
Phase 1 mill & overlay	802,938				
Phase 2 mill & overlay		1,001,845			
Phase 3 mill & overlay			1,061,333		
Phase 4 mill & overlay					776,973
Total Capital Outlays	1,130,044	1,013,845	1,312,323	226,399	776,973
Surplus/ -Deficit	-1,008,419	-424,018	-729,423	348,945	377,206