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Posted: July 3, 2014

**CRYSTAL CITY COUNCIL  
WORK SESSION AGENDA**

**Thursday July 10, 2014  
7:00 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 work session of the Crystal City Council was held at \_\_\_\_\_ p.m. on Thursday, July 10, 2014 in Conference Room A located at 4141 Douglas Drive, Crystal, Minnesota.

**I. Attendance**

Council members

Staff

\_\_\_ Adams

\_\_\_ Norris

\_\_\_ Budziszewski

\_\_\_ Therres

\_\_\_ Deshler

\_\_\_ Hansen

\_\_\_ Hoffmann

\_\_\_ Mathisen

\_\_\_ Libby

\_\_\_ Peters

\_\_\_ Peak

\_\_\_ Norton

\_\_\_ Selton

**II. Agenda**

The purpose of the work session is to discuss the following agenda items:

- Financing mill and overlay projects
- Replenishing Major Building Replacement Fund

**III. Adjournment**

The work session adjourned at \_\_\_\_\_ p.m.

*Auxiliary aids are available upon request to individuals with disabilities by calling the City Clerk at (763) 531-1145 at least 96 hours in advance. TTY users may call Minnesota Relay at 711 or 1-800-627-3529.*



## Memorandum

DATE: July 8, 2014

TO: Mayor and City Council

FROM: Anne Norris, City Manager  
Charles Hansen, Finance Director

SUBJECT: Financing Mill and Overlay Projects

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Phase 1 (Winnetka Hills neighborhood) of the Street Reconstruction Program was completed in 1997. Milling and overlays are required to maintain the reconstructed streets in good condition as long as possible. Council Resolution #2010-48 outlines a policy of specially assessing mill and overlay projects.

At recent work sessions, the Council discussed increasing the tax levy to pay for mill and overlay projects rather than using special assessments. The cost of the Phase 1 mill and overlay project is approximately \$1 million.

At its July 1 work session, the Council requested additional information showing:

- The three options included in the July 1 work session packet with additional information on what the tax levies and special assessments will look like in future years allowing for inflation;
- What assessments for seal coat projects would look like over time (Schedule D);

### Schedule A – Assess 100% of Mill and Overlay Projects to benefited properties:

Schedule A1. This is the financial overview of the Street Maintenance Fund under the 100% assessment model as it was presented at the July 1 work session.

Schedule A2. This shows how the assessment per house assessment will increase over time using a steady 3% annual increase in construction costs. The assessment per house starts out at \$2,000 for the 2014 project and gradually increases to \$2,864 for the 2027 project. Annual principal and interest payments for the ten year term of the assessment are also shown. After a property owner has paid off the special assessment, there presumably will be ten years without a mill & overlay assessment. However, there most likely will be a smaller assessment for a seal coat project.

## Schedule B – Levy 100% of Mill and Overlay Projects to the Property Tax:

Schedule B1. This is the financial overview of the Street Maintenance Fund under the 100% property tax levy model as it was presented at the July 1 work session.

Schedule B2. This shows the additional property tax levy and the impact it will have on the median value home. This is \$66.57 in 2015. Higher value homes will have a larger property tax increase and lower value homes will have a smaller property tax increase than the median home.

Every property will pay the increased tax every year even if a mill & overlay project isn't being done on their street and may not be done until many years in the future.

Inflation is included in the project costs shown on the right side of Schedule B1. There are variations in the pace and size of projects. Sometimes there is one every year for several years in a row and then no project for several years.

There are also variations in the collection of other revenues such as MSA reimbursements and seal coat special assessments. The tax levy fills the gap between project costs and the other revenues. The tax levy doesn't increase with inflation since it fills the gap between project costs and the other revenues.

## Schedule C – Special assess 60% of the Mill and Overlay projects and Levy 40% to the Property Tax

Schedule C1. This is the financial overview of the Street Maintenance Fund under the 60% special assessment and 40% property tax levy model as it was presented at the July 1 work session.

Schedule C2. This shows how the assessment per house will increase over time using a steady 3% annual increase in construction costs. The assessment per house starts out at \$1,200 for the 2014 project and gradually increases to \$1,762 for the 2027 project. Annual principal and interest payments for the ten year term of the assessment are also shown. After a property owner has paid off the special assessment, there presumably will be ten years without a mill & overlay assessment. However, there most likely will be a smaller assessment for a seal coat project. A term of less than ten years could be considered since the special assessment is \$1,200 rather than \$2,000.

Schedule C3. This shows the additional property tax levy and the impact it will have on the median value home. This is \$53.26 in 2015. Higher value homes will have a larger property tax increase and lower value homes will have a smaller property tax increase than the median home. The property tax levy may only be needed for three years since there is less of a cash flow problem with only 60% of the cost being assessed rather than 100% of the costs. This assumes that MSA reimbursements and investment earnings will take the place of the property tax. Every property will pay the increased tax every year even if a mill & overlay isn't being done on their street and may not be done until many years in the future.

#### Schedule D – Assess 100% of Seal Coat Projects to benefited properties:

This shows how the assessment per house will increase over time using a steady 3% annual increase in construction costs. The assessment per house starts out at \$255 for the 2014 project and gradually increases to \$374 for the 2027 project. Annual principal and interest payments for the three year term of the assessment are also shown. We didn't attempt to show which street phase would receive a seal coat in any given year.

#### Rebates for overlapping reconstruction and mill/overlay assessments

At the June 3 work session, there was discussion regarding some sort of "rebate" for property owners still paying special assessments for a street reconstruction project if mill and overlays are paid for with a general tax levy. This would be very challenging to administer and the City Attorney is researching whether it is possible.

If this year's mill and overlay project is to proceed this year, the Council needs to either reaffirm the policy outlined in Resolution #2010-48 or establish a different form of financing so the bids can be awarded for this year's project at the July 15 meeting. The notice to residents regarding the June 17 public hearing on the Phase 1 mill and overlay project assumed the use of special assessments. A typical assessment would be approximately \$2,000 paid over 10 years.

Attach: Schedules A, B, C and D  
Resolution #2010-48

SCHEDULE A1

CITY OF CRYSTAL  
STREET MAINTENANCE FUND ANALYSIS  
Assess 100% of mill & overlay costs to benefited properties

Assessments will pay off over 10 years and 5% interest will be charged. Street Maintenance fund will pay for the third seal coat since there will still be 3 years to pay on the mill & overlay assessment. Assumes 20% of properties prepay special assessments.

Year	Gen FD Contrib.	Overlay Special Assmt.	Sealcoat Special Assmt.	M.S.A.	Other City Reimb.	Invest Earnings	Business Unit 5865		5867 Patch Ph 1 - 3	Business Unit 5866		Ending Fund Balance
							First Sealcoat Phase	Costs		Second Sealcoat Phase	Costs	
2010	65,300	53,460			272,773	55,419	1	101,366		36th Ave	752,012	1,989,992
2011	167,250	34,992			9,425	47,107	2&3	289,528	8,738	36th Ave	41,862	1,908,638
2012	69,300	37,387				23,159			7,025	36th Ave	84	1,872,925
2013	71,400	45,904	0	20,726		3,815			45,626		79	1,854,710
2014	72,800	213,422		46,938		18,547	4	120,717	40,000	1	962,228	927,083
2015	74,300	404,362	0	116,837		9,271	5	92,948	40,000	2	1,269,680	222,172
2016	76,529	340,406	18,590			3,333	6	158,450	20,000	3	1,365,526	-975,486
2017	78,825	485,632	45,359			-19,510	7	226,399		4	903,402	-1,514,982
2018	81,190	416,717	35,469	528,000		-37,875	8	192,339		5	760,000	-491,481
2019	83,625	371,558	39,039	97,788		-14,744	9	194,371				-233,473
2020	86,134	481,794	119,176	304,178		-7,004	10	278,443				-312,814
2021	88,718	412,736	171,322	361,025	151,127	-9,384	11	124,064	1	1	336,945	182,318
2022	91,380	364,360	139,504	318,428		5,470	12	184,011	2	2	409,956	646,689
2023	94,121	319,255	112,271	61,937		19,401	13	195,940	3	3	456,512	602,791
2024	96,945	274,310	150,542			18,084	14	191,381	4	4	324,466	348,381
2025	99,853	515,156	210,052	221,992	8,122	10,451	15	202,223	5	5	513,808	-183,251
2026	102,849	539,395	136,770	337,400	153,364	-5,498	16	242,596				-252,515
2027	105,934	753,624	119,722	287,208	109,139	-7,575						-1,198,483
2028	109,112	608,262	168,665			-35,954						-590,995
2029	112,385	840,372	134,556	164,538	97,504	-17,730						-1,090,883
2030	115,757	1,125,405	117,599	527,252	235,380	-32,727						-1,280,698
2031	119,230	934,102	139,034			-38,421						-362,128
2032	122,807	1,065,502	114,863	0	76,579	-10,864						-813,655
2033	126,491	1,259,958		596,719	168,042	-24,410						-1,111,221
2034	130,285	1,463,205		480,393	21,194	-33,337						-1,509,315
2035	134,194	1,583,407		338,359	170,999	-45,279						-1,441,496
2036	138,220	1,306,215				-43,245						-593,689
2037	142,366	1,501,242		358,965		-17,811						-1,302,831
2038	146,637	1,661,166		270,343	99,391	-39,085						-1,398,686
2039	151,037	1,424,613				-41,961						-299,399
2040		1,192,139				-8,982						249,227
2041		969,675				7,477						543,017
	5,154,852	22,999,731	1,972,531	5,254,525	1,762,826	412,101		2,986,833	6,563,865	161,389	25,056,901	

SCHEDULE A2

CITY OF CRYSTAL  
STREET MAINTENANCE FUND ANALYSIS

Assess 100% of mill & overlay costs to benefited properties with 5% interest  
Construction costs are assumed to increase 3% per year

	Mill & overlay constructed and special assessment levied in year:													
	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5			Phase 6	Phase 7	Phase 8				
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total assessment per home	2,000	2,060	2,122	2,186			2,320					2,700	2,781	2,864
Payments by year														
2015	300													
2016	290	303												
2017	280	299	318											
2018	270	288	307	328										
2019	260	278	297	317										
2020	250	268	286	306										
2021	240	257	276	295			348							
2022	230	247	265	284			336							
2023	220	237	254	274			325							
2024	210	227	244	263			313							
2025		216	233	252			302					405		
2026			223	241			290					392	417	
2027				230			278					378	403	429
2028							267					364	389	415
2029							255					351	375	400
2030							244					337	361	386
2031												324	348	372
2032												311	334	358
2033												297	320	343
2034												284	306	329
2035													292	315
2036														300
2037														
2038														
2039														
2040														
Total payments	2,550	2,620	2,703	2,790	0	0	2,958	0	0	0	0	3,443	3,545	3,647

SCHEDULE B1

CITY OF CRYSTAL  
STREET MAINTENANCE FUND ANALYSIS  
Levy 100% of the mill & overlay costs to the property tax

Second and third seal coat assessments will pay off over 3 years and 5% interest will be charged. Assumes 20% of properties will prepay special assessments.

Year	Gen FD Contrib.	Property Tax Levy	Sealcoat Special Assmt.	M.S.A.	Other City Reimb.	Invest Earnings	Business Unit 5865		5867 Patch Ph 1 - 3	Business Unit 5866		Ending Fund Balance	
							First Sealcoat Phase	Second Sealcoat Phase		Third Sealcoat Phase	Mill & Overlay Phase		
2010	65,300				272,773	55,419			8,738	36th Ave	752,012	1,936,532	
2011	167,250				9,425	47,107			7,025	36th Ave	41,862	1,820,186	
2012	69,300				20,726	23,159			45,626	36th Ave	84	1,747,086	
2013	71,400				46,938	3,815			40,000		79	1,682,967	
2014	72,800				116,837	16,830			40,000	1	962,228	540,201	
2015	74,300	1,000,000				5,402			20,000	2	1,269,680	427,059	
2016	76,529	1,100,000	18,590			6,406				3	1,365,526	-7,932	
2017	78,825	1,050,000	44,615			-159				4	903,402	35,548	
2018		250,000	35,134	528,000		889						849,571	
2019		250,000	39,039	97,788		25,487						942,628	
2020		250,000	117,614	304,178		28,279				5	716,927	622,153	
2021		250,000	237,051	361,025		18,665				1	336,945	959,610	
2022		250,000	381,259	318,428	151,127	28,788				2	409,956	1,483,315	
2023		250,000	527,025	61,937		44,499				3	456,512	1,715,893	
2024		250,000	587,969			51,477				4	324,466	1,811,050	
2025		250,000	535,430	221,992	8,122	54,331						1,283,667	
2026		250,000	258,416	337,400	153,364	38,510						987,813	
2027		750,000	118,502	287,208	109,139	29,634				5	513,808	-31,725	
2028		750,000	166,305			-952						641,032	
2029		1,000,000	133,742	164,538	97,504	19,231						224,533	
2030		1,000,000	115,671	527,252	235,380	6,736						-168,909	
2031		900,000	138,166			-5,067						628,815	
2032		1,000,000	227,348	0	76,579	18,864						131,193	
2033		1,200,000	339,237	596,719	168,042	3,936						14,760	
2034		1,200,000	480,630	480,393	21,194	443						-262,414	
2035		1,200,000	384,142	338,359	170,999	-7,872						-290,647	
2036		1,200,000	316,810			-8,719						664,061	
2037		1,200,000	265,624	358,965		19,922						-185,332	
2038		1,400,000	364,291	270,343	99,391	-5,560						-291,174	
2039		200,000	459,150			-8,735						-75,161	
2040		100,000	628,582			-2,255						16,635	
2041		100,000	605,451			499						39,223	
							2,675,582	18,600,000	7,525,795	5,254,525	1,762,826	1,190,972	25,013,828
									2,986,833	6,563,865	161,389		
									2,244,562				

CITY OF CRYSTAL  
 STREET MAINTENANCE FUND ANALYSIS  
 Levy 100% of the mill & overlay costs to the property tax  
 Construction costs are assumed to increase 3% per year

		Percent Increase over	Dollar Increase on
	Tax <u>Levy</u>	9,009,153 <u>levy</u>	599.76 <u>levy</u>
2015	1,000,000	11.10%	66.57
2016	1,100,000	12.21%	73.23
2017	1,050,000	11.65%	69.90
2018	250,000	2.77%	16.64
2019	250,000	2.77%	16.64
2020	250,000	2.77%	16.64
2021	250,000	2.77%	16.64
2022	250,000	2.77%	16.64
2023	250,000	2.77%	16.64
2024	250,000	2.77%	16.64
2025	250,000	2.77%	16.64
2026	250,000	2.77%	16.64
2027	750,000	8.32%	49.93
2028	750,000	8.32%	49.93
2029	1,000,000	11.10%	66.57
2030	1,000,000	11.10%	66.57
2031	900,000	9.99%	59.92
2032	1,000,000	11.10%	66.57
2033	1,200,000	13.32%	79.89
2034	1,200,000	13.32%	79.89
2035	1,200,000	13.32%	79.89
2036	1,200,000	13.32%	79.89
2037	1,200,000	13.32%	79.89
2038	1,400,000	15.54%	93.20
2039	200,000	2.22%	13.31
2040	100,000	1.11%	6.66



SCHEDULE C2

CITY OF CRYSTAL  
STREET MAINTENANCE FUND ANALYSIS

Special assess 60% of the mill and overlay costs. Levy 40% to the property tax.  
Construction costs are assumed to increase 3% per year

	Mill & overlay constructed and special assessment levied in year:													
	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5			Phase 6	Phase 7	Phase 8				
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total assessment per home	1,200	1,236	1,273	1,311			1,433					1,661	1,711	1,762
Payments by year														
2015	180													
2016	174	186												
2017	168	180	191											
2018	162	174	185	197										
2019	156	168	178	190										
2020	150	161	172	184										
2021	144	155	165	177			215							
2022	138	149	159	171			208							
2023	132	143	146	164			201							
2024	126	136	140	157			193							
2025		130	133	151			186					249		
2026			223	144			179					241	256	
2027				138			172					232	247	264
2028							165					224	239	255
2029							157					216	231	246
2030							150					207	222	238
2031												199	213	229
2032												191	205	220
2033												183	196	211
2034												174	188	202
2035													180	194
2036														185
2037														
2038														
2039														
2040														
Total payments	1,530	1,582	1,692	1,673	0	0	1,826	0	0	0	0	2,116	2,177	2,244

CITY OF CRYSTAL  
 STREET MAINTENANCE FUND ANALYSIS  
 Special assess 60% of the mill and overlay costs.  
 Levy 40% to the property tax.

Construction costs are assumed to increase 3% per year

		Percent Increase over	Dollar Increase on
	Tax	9,009,153	599.76
	<u>Levy</u>	<u>Levy</u>	<u>Levy</u>
2015	800,000	8.88%	53.26
2016	800,000	8.88%	53.26
2017	600,000	6.66%	39.94
2018		0.00%	0.00
2019		0.00%	0.00
2020		0.00%	0.00
2021		0.00%	0.00
2022		0.00%	0.00
2023		0.00%	0.00
2024		0.00%	0.00
2025		0.00%	0.00
2026		0.00%	0.00
2027		0.00%	0.00
2028		0.00%	0.00
2029		0.00%	0.00
2030		0.00%	0.00
2031		0.00%	0.00
2032		0.00%	0.00
2033		0.00%	0.00
2034		0.00%	0.00
2035		0.00%	0.00
2036		0.00%	0.00
2037		0.00%	0.00
2038		0.00%	0.00
2039		0.00%	0.00
2040		0.00%	0.00

SCHEDULE D

CITY OF CRYSTAL  
STREET MAINTENANCE FUND ANALYSIS  
Assess 100% of seal coat costs to benefited properties with 5% interest  
Construction costs are assumed to increase 3% per year

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total assessment per home	255	263	271	279	287	296	304	314	323	333	343	353	364	374
Payments by year	98	101	104	107	110	114	116	121	124	128	131	136	139	144
2015		97			109	112	115	119	122	126	130	134	127	142
2016		100	104	106	107	111	113	118	121	125	128	132	135	140
2017		98	101	104	107	110	113	116	121	124	128	132	135	140
2018														
2019														
2020														
2021														
2022														
2023														
2024														
2025														
2026														
2027														
2028														
2029														
2030														
2031														
2032														
2033														
2034														
2035														
2036														
2037														
2038														
2039														
2040														
Total payments	291	299	307	317	326	337	344	358	367	379	389	402	401	426

**RESOLUTION NO. 2010 – 48**

**ADOPTING ASSESSMENT POLICIES FOR 2010 36<sup>TH</sup> 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 36<sup>th</sup> 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 36<sup>th</sup> 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 36<sup>th</sup> 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 36<sup>th</sup> Avenue have previously been assessed in the manner described in Exhibit A; and

WHEREAS, it is desirable to develop a 36<sup>th</sup> 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:

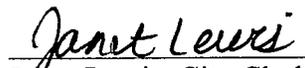
- 1) The properties abutting 36<sup>th</sup> Avenue shall be assessed in a manner similar to a full street reconstruction project, however such assessment shall be based on the lower actual cost for said mill and overlay project.
- 2) 36<sup>th</sup> Avenue corner single family/duplex properties with driveways on 36<sup>th</sup> 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, 36<sup>th</sup> Avenue corner single family/duplex properties with driveways on the side street shall not be assessed for the 36<sup>th</sup> 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 36<sup>th</sup> 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 36<sup>th</sup> 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 36<sup>th</sup> Avenue were a standard 32 foot wide State Aid Street in the City.

Adopted by the Crystal City Council this 1<sup>st</sup> 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 36<sup>TH</sup> 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 36<sup>th</sup> 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 36<sup>th</sup> Avenue, have already paid a full street assessment. These properties will not be assessed for the 36<sup>th</sup> 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 36<sup>th</sup> 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 36<sup>th</sup> 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 36<sup>TH</sup> 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. 36<sup>th</sup> Avenue Frontage Exceptions: Corner lots with driveways fronting on 36<sup>th</sup> 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.



## Memorandum

DATE: July 8, 2014

TO: Mayor and City Council

FROM: Anne Norris, City Manager  
Charles Hansen, Finance Director

SUBJECT: Replenishing the Major Building Replacement Fund

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At last week's work session discussion of replenishing the Major Building Replacement Fund (MBRF), the Council requested information regarding how funding the Public Works Facility with a combination of cash and bonding would look and what the MBRF budget looks like over 10 years. Attached are two schedules showing the MBRF extended out 10 years to include the Public Works Facility and best estimate for a Police facility in 2020 – 2021.

Schedule 1 shows the MBRF projects on a cash basis, without the use of bonds. The assumptions of this schedule are:

- Public Works Facility constructed in 2014/2015. Total cost estimated at \$14,000,000.
- Police Station constructed in 2020/2021. Total cost estimated at \$7,500,000.
- Tax levy from County Highway 81 project is redirected to MBRF for at least 2015 through 2017 to cover gap in funding Public Works Facility.
- Tax levy from County Highway 81 project is continued after 2017 to rebuild MBRF.
- Cash balance in MBRF only recovers to about \$1,200,000 before Police Station project begins in 2020. Additional funding sources will be needed for the Police Station.

Schedule 2 shows the MBRF projects using bond sales in 2015 and 2020 to finance a portion of the projects. The assumptions of this schedule are:

- Public Works Facility constructed in 2014/2015. Total cost estimated at \$14,000,000.
- Police Station constructed in 2020/2021. Total cost estimated at \$7,500,000.
- A \$5,000,000 bond with a ten year term is sold in 2014 to help fund the Public Works Facility construction. This bond could be as little as \$3,000,000 and still

maintain a positive balance in the fund. Term of the bond could be less than 10 years in this case.

- A \$4,000,000 bond is sold in 2020 to help fund the Police Station. If the 2014 bond is less than \$5,000,000, then the 2020 bond will need to be more than \$4,000,000.
- Tax levy from County Highway 81 project is redirected to the debt service fund for the bonds. Debt service payments may be needed simultaneously on both bonds in the years 2021 through 2025. In this case, the total tax levy would be something like \$1,000,000 per year instead of \$563,153 redirected from the County Highway 81 tax levy.

Replenishing the MBRF is a worthy goal and the Council needs to first determine how to finance the Public Works facility. Finance Director Charles Hansen and I will be at the July 10 work session to answer questions.

Attach:



