

**CITY OF PARK RAPIDS
CITY COUNCIL SPECIAL MEETING
NOVEMBER 12, 2019, 5:00 PM
Park Rapids City Hall Council Chambers
Park Rapids, Minnesota**

1. CALL TO ORDER: The November 12th, 2019, Special Meeting of the Park Rapids City Council was called to order at 5:00 p.m. by Acting Mayor Erika Randall.

2. ROLL CALL: Present: Acting Mayor Erika Randall, Councilmembers Tom Conway, Liz Stone, and Robert Wills. Absent: Mayor Ryan Leckner. Staff Present: Administrator Ryan Mathisrud, Treasurer Angela Brumbaugh, Public Facilities Superintendent Chris Fieldsend, Public Works Superintendent Scott Burlingame, Liquor Store Manager Scott Olson, Police Officer Andrew McFarland, and Clerk Margie Vik. Others Present: Apex Engineer Jon Olson, Nancy Newman, Sue Tomte, Butch DeLaHunt, Jerry and Diane Cole, Bill Holzgrove, Kelvin Maninga, Jason Jalbert, Terrance Novak, and Robin Fish from the Enterprise.

3. PUBLIC HEARING FOR SPECIAL ASSESSMENTS FOR THE TRUNK HIGHWAY 71 SOUTH FRONTAGE ROADS AND ELEVENTH STREET UTILITY AND STREET IMPROVEMENT PROJECT:

A motion was made by Conway, seconded by Stone, and unanimously carried to open the public hearing at 5:01 p.m.

3.1. Presentation of the Trunk Highway 71 South Frontage Roads and Eleventh Street Utility and Street Improvement Project Special Assessments: Jon Olson, from Apex Engineering Group, stated I'm the city engineer and the city representative on this project. I have been involved from the city perspective through the development of this project. This hearing is two-fold. It is a requirement of Minnesota Statute 429. Any time a city assesses any improvements, the assessment hearing is necessary. It also does give us the opportunity to have some dialog if there are questions or comments as it relates to the project.

Olson stated the project location was on Highway 71 from south of the new roundabout to north up to Eighth Street. The improvements that applied to the city were the frontage roads on both sides of the highway, west and east, as well as Eleventh Street. The improvements that we are going to be discussing are isolated to that area.

Olson stated this was a joint cooperative project between the city, Hubbard County, and the State of Minnesota. MN DOT had the highway improvements and the roundabout. Hubbard County had the east and west legs of the roundabout. The city's main focus for improvements was the water and sewer replacement and extensions, and improvements to the frontage roads and Eleventh Street. The existing water and sewer within the corridor was quite limited. The majority of the properties were served with water and sewer prior to

this project from the backs of the property lines. The other properties were not served with water or sanitary sewer. The existing frontage roads were of rural design, meaning no curb and gutter. They did have ditches between the road and the highway for drainage collection and snow storage. The primary deficiencies were lack of definition between the adjacent parking and the driveway itself. It was very tough to discern where the actual roadway was in relation to the parking lots. We were also seeing lots of degradation with the asphalt surface being in that thirty-year age. Eleventh Street was fairly unimproved. The east block was pretty well established. On the west side of Main Avenue, it developed over time with the city maintaining it, but was just a gravel surface.

Olson stated of the improvements that were implemented, the water and sewer was pretty straight forward. We ran water and sewer to all of the unserved parcels. We did some looping improvements as an operational improvement for the system on the west frontage road connecting to Main so we didn't end up with a dead-end water main. We replaced an aged sanitary sewer crossing. Once the highway was open it was the time to get in there and do those improvements. Both the frontage road and Eleventh Street were upgraded to an urban design with curb and gutter on both sides. This provided the definition that we were hoping for to separate the drive lanes and the adjacent parking. It also provided dedicated access points. It's all drive over curb but we tried to identify certain access points for day to day type travel. With the curb and gutter we were able to lower the road pretty substantially which allowed us to get a lot of the adjacent properties to slope towards the roadway so we were able to improve some nuisance ponding on some private properties. The last surface improvement was the installation of sidewalk on the east side of the entire corridor from Eighth Street all the way down to the roundabout.

Olson stated the non-city related costs include the roundabout, the highway, some of the storm sewer, and the roundabout lighting and 50% of the corridor lighting. The bulk of the expenses were covered by the state and the county in this project. The city costs were the water/sewer extensions and replacements, some storm sewer on the new frontage road with the curb and gutter that was installed. The city is also responsible for 50% of the corridor lighting.

Olson stated the total city project costs are broken down by major work items. These are the same work items that show up on your assessment worksheets. The total city responsibility on this project is \$1,577,855.00. A portion of the city related expenses, according to the special assessment policy, states that 100% of the costs for the watermain and sanitary sewer main are assessable at 100% for the standard size. A six-inch watermain and an eight-inch sanitary sewer is considered standard. Anything larger than that are considered city costs, as well as the trunk line and looping costs. Anything that we did for operational reasons or for extending services beyond the adjacent parcels is city share. There was a fair amount of city share associated with the looping trunk line for the water and sewer. Storm sewer is traditionally assessed at 90% to the adjacent properties. When we developed the preliminary engineering report, we were under the assumption that the majority of the storm sewer was going to be oversized and a trunk line, which would have been city share. We did end up with a few more isolated areas of storm sewer that was assessable, but we did carry that same assumption through and did assume that to be city share on this project, given we started off with the message that we won't be assessing storm sewer. The street is 60% assessable, 40% city share. Sidewalks are typically assessed 50%. We have a bonus on this project. MN DOT picked up the

costs for the sidewalks since it was within their larger plans for ADA improvements. So, there is no sidewalk assessments for those properties on the east side where the sidewalk was installed. Lastly, per the city policy, 100% of the street lighting is city share.

Olson stated when we apply those percentages, we come up with the assessment rates. We have an assessable share of \$411,110.00, and a city share of \$1,166,745.00. It's roughly a 30% assessable, 70% city share. Typically, we see the assessable and city share closer to a 50/50. The reason this is a little more lopsided is the nature of the project with having frontage roads on both sides of the highway. Essentially, we built two roads to serve the properties that we generally serve one. When we applied the policy, we applied that in mind with the intent of trying to be fair for all the parcels on this project as similar projects that have taken place in the past and their assessment rates that they received at that time.

Olson stated the next step is breaking this down into assessment rates. We have the assessable share for each major work item. To get the per foot rate we take the total dollar amount for each major work item and divide it by the total assessable frontage, or units, to get the assessment rate that you see on your worksheets. The assessable units are water, sewer, and street frontage. For the water and sewer services it's by the each, so each service that was installed. Frontage is a little different when it comes to particularly corner lots and end lots. Generally, an interior lot your frontage is equal to the width of your parcel. If you are a corner lot, as it relates to streets, it's 100% assessable on your short side. If you are on Eleventh Street and had a corner lot, the short side, if the improvement was on Eleventh, the short side is assessed 100%. The long side, if your long side is on Eleventh, you're assessed half of that long side up to 150 feet if you are residential, and up to 200 feet if you are commercial. What that essentially results in is a 75-foot credit for residential properties with the long side on Eleventh. There are two residential properties where that was the case. They weren't quite 150-foot parcels so they were assessed at half. The commercial lots received a 100-foot credit for that Eleventh Street improvement. End lots are unique. The policy views them as irregularly shaped lots. The assessment policy states as irregularly shaped lots, that the average width of the parcel should be assessed. The theory is that irregularly shaped lots, whether they have lots of frontage and narrow in the back, or vice versa, they all generally receive the same benefit. If we have a large interior parcel with a driveway, it could be on the very north side of an interior lot, we still assess for the entire width. The same is true with water and sewer. It's common for us to extend water and sewer up into a parcel. We'll stop short at going all the way through. We'll extend it just enough to get the water and sewer into the parcel. We still do assess for that entire footage.

Olson stated there are three corner lots on this project, Building Supply, National Propane, and Faith Bridge Church. These are three of the larger parcels on the project. When we looked at the average width of these lots, the two on the north end are 300 feet, and Faith Bridge is far greater than the 300 feet. We didn't feel like it was necessarily a fair application of the average width in this particular situation as it related to an irregular lot. We looked at what is the average lot width for all of the parcels along the corridor to look at a fairness basis between all of the parcels. The average width for the parcels was 182 feet. After meeting with Ryan Mathisrud and Scott Burlingame we felt that a 150-foot assessment to those corner lots was a reasonable application of the assessment policy as it relates to this project.

Olson stated the final assessment rates for each major work unit came in very close to what we were originally anticipating back in March of 2018. The figures that we were reviewing then are similar to today. There were not a lot of substantial changes.

Olson stated the options for repayment are you can let these be financed on your property tax for a period of twenty years with 4.75% interest. You have the option to pay a portion of it in advance within the next thirty days, and then financing the balance over the next twenty years on your taxes. You also have the option to pay in full within the next thirty days.

Olson stated at this time I'll turn it back to the Mayor to field any questions or comments.

3.2. Public Comments: Randall stated I don't know what property owners are here today. I'll start with who signed in today and read those names in order.

Diane and Jerry Cole: We do not have property involved in this thing.

Randall: Nancy Newman. So, this wasn't necessarily for who wanted to speak.

Bill Holzgrove: I don't have anything to say yet.

Randall: This is the time for public comment on the assessments.

Holzgrove: Let's see what else comes up, I may have something later.

Butch DeLaHunt: I have a couple of questions. So, after we make that first payment, the letter indicated that the first Monday in January of 2020, then where would we see the annual bill? Is it going to be on our property tax statement?

Olson: That is correct. You get two statements a year, so on the first one when it comes out, it will have the first half of the 2020 assessment on it, and the second half will be on the second statement.

DeLaHunt: I know it was very long project. It really did have an impact on the chamber, the number of people that showed up. We anticipated that, but with the way the weather was and that I thank Jon and the city, county, and MN DOT were very, very good to us at the chamber and kept us informed of what was going on. So, as difficult as it was, it's done, and thank you for all of the hard work on it.

Randall: Thank you very much.

Kelvin Maninga: I don't have any questions. I'm with Faith Bridge.

Jason Jalbert: I'm good.

Terrance Novak: I guess I'd like to discuss a little bit about corner lots. I went out and measured. If you measure just the inside of the curb, it's 54 feet. If you actually square that off it's not even that, and yet, I'm going to get nailed for 150 feet. It really doesn't make a lot of sense to me. And then furthermore, the city is charging a storm sewer fee on my taxes yearly. Not taxes but on my statement from you guys. Where are we using that at? Because this is the perfect project. I know some of these business owners could use some of that. I know that my business wasn't as badly affected compared to Ford or some of these other guys. If you lose your small businesses in this town, you lose everything. It seems like the city wants to keep adding a tax and adding a tax thinking that's the way to get out of debt, if you're in debt, or whatever. But you're going to chase people away and lose businesses if you don't watch how you tax us. We just can't afford it. Wages are going up constantly. Other expenses are going up. There's just nothing left. At the end of the

year, there's nothing left. I'm really questioning some of the ways you guys go about your business.

Randall: Can you address the issue of the storm sewer fees?

Olson: Yeah, I can talk on both of those comments. The storm water fees, as I mention, typically storm water, we do have the fees for annual maintenance and repairs. That's what the fee is really intended for. This project we actually are looking at that storm water utility to help with some of the storm water improvements that did take place in this project. I mentioned that we started off the process assuming that it was going to be city share for the oversizing. We actually ended up having far more city catch basins piping on the frontage roads that we anticipated, but we viewed that being we started that discussion that we're going to assume that to be city share, those costs will be covered by the storm water utility for this project. So, there is a fair amount of improvements that took place that will be covered by that utility. Additionally, I mentioned that we were able to go back and your parcel was one of them that we were able to go back further and grab some drainage pockets that were there because of the existing infrastructure, we were able to lower the road and improve some of those. Those were the types of improvements that that utility also can help with. That's a prime example. I'll summarize the discussion on the end lots and how I looked at it. The policy is very clear. It states that irregularly shaped lots, that's how we have to view these because you don't have a full improvement adjacent to it. Its very clear that in those circumstances it should be the average width of your parcel. As I mentioned, that was in excess of 300 feet. Everybody else has access on the drives and so we feel that we applied the policy certainly within your best interests in relation to how we could have applied it.

Randall: Thank you Jon. Terry, do you have anything else?

Novak: Just one more question. Lighting, it seems like it's way behind.

Olson: That's a very true statement. It's something that we were worried about from the get go on this project. Lighting is always one item that does drag on and take more time than anybody would like. The roundabout is lite. They have some repair work to do if you've been around there, there's a pole that doesn't look straight anymore. But they are planning to finish the remaining corridor lighting this week. We should be lit by the weekend. They got the majority of the wire pulled and it's just time to get the poles set. They've had some issues getting their crews up here.

Novak: Is there, I don't know what the finish date on the project was. I think they have a lot of commercial stuff on the construction side of things quite often there are penalties for not hitting the finish date and there's also bonuses for getting done early. Were any of those in this project?

Olson: Yeah. MN DOT was the lead on this project. The city was a partner, so the MN DOT contract that was bid did include a number of working days and if they went beyond that number of working days, obviously taking rain days and things of that nature out, which unfortunately there were a lot of this year, if they went beyond that working days number, there were damages. I have not heard the final number of working days in relation to what the contract was, and if there are any concerns or damages related to that. I certainly can find that out if you'd like.

Novak: Yes, please. Like I said, sometimes you see a business or a contractor take on extra work when there isn't any damages but at the end of the day you can get a job done quicker if there are damages.

Jason Jalbert: Maintenance, as far as mowing grass on the medians, and also as far as snow removal, that type of thing, can you address that for me?

Olson: I may have to follow up on this topic. I know you mentioned it here.

Jalbert: We've been mowing that ditch forever. I don't know if that maintenance is our responsibility as far as doing that.

Olson: I think that's the city's hopes, that the adjacent property owners will assist with some of that maintenance.

Jalbert: That's fine as long as we know.

Olson: I think if the adjacent property owners are willing to help out the city, and we can count on that, I think that would be great. I know that their crews are stretched about as thin as they can get already. If you can help out in getting that clipped as you did in the past that would be awesome.

Jalbert: We'll be out there are day. I want to add one last thing. I know, I don't mean to throw anybody under the bus when I say what I'm about to. I want to say that the city and this project were very wide open and transparent with what was going to take place. We've had these meetings and conversations. Scott and the guys had come out and approached each one of our businesses to have a conversation about it, and presented us with a plan. We can agree that some of those things got changed, maybe less advantageous for some of the businesses. But all in all, the communication between the city and with me specifically, was fantastic. The opportunity for us to have weekly meetings on Thursday mornings to discuss concerns just like we have now with open dialog, conversations with the contractors was, it got to be too easy, and I will tell you there were some times when I didn't go to the meetings because it was fluid. It was if we had a concern or question the crew that was working on the roads was there to help out. I would highly recommend to hire them again if they were to do something for our city. They did a fantastic job. So, I appreciate handling the concerns. This all started about the communications. You guys did a fantastic job. And I'm looking forward to seeing what it looks like green.

Randall: Thank you. Any other questions or comments about the assessments for this project?

Butch DeLaHunt: Just one follow up, I'd love to see us now, let's focus on developing this corridor. This is going to be a fabulous gateway to our city. We need to focus on developing that corridor now. And it has to be a concerted effort with our Heartland Lakes Development, the county, anyway we can, we need to develop this corridor.

Randall: Terry, I just want to follow up with your concern about the lot size and how they came up with that. Jon has done all that he can to explain how they do that. There is an appeal process, and you, and everybody should have gotten information from the city about that. So, I would encourage you, if that's something that you need to pursue, I just want to make sure everybody knows that there is that option. And, if you need any information about that make sure you contact city hall, and we'll make sure we get that to you.

A motion was made by Conway, seconded by Stone, and unanimously carried to close the public hearing at 5:27 p.m.

3.3. Adopting the Assessment Rolls:

A. Resolution Adopting Assessment for the Trunk Highway 71 South Frontage Roads and Eleventh Street Utility and Street Improvement Project: A motion was made by Stone, seconded by Wills, and unanimously carried to approve Resolution #2019-195 Adopting Assessment for the Trunk Highway 71 South Frontage Roads and Eleventh Street Utility and Street Improvement Project.

4. ADJOURNMENT: A motion was made by Conway, seconded by Wills, and unanimously carried to adjourn the meeting at 5:28 p.m.

[seal]

Acting Mayor Erika Randall

ATTEST:

Margie M. Vik
City Clerk