

**CITY OF PARK RAPIDS  
CITY COUNCIL SPECIAL MEETING  
OCTOBER 13, 2015, 5:00 PM  
Park Rapids Public Library-Lower Level  
Park Rapids, Minnesota**

**1. CALL TO ORDER:** Mayor Pat Mikesh called the City Council Special Meeting for October 13<sup>th</sup>, 2015 to order at 5:00 p.m.

**2. ROLL CALL:** Present: Mayor Pat Mikesh, Councilmembers Ryan Leckner, Rod Nordberg, Erika Randall and Paul Utke. Absent: None. Staff Present: Administrator John McKinney, Treasurer Angela Brumbaugh, Planner Ryan Mathisrud, Public Works Superintendent Scott Burlingame, and Clerk Margie Vik. Others Present: Apex Engineer Jon Olson, Evelyn Kako, Christine Horvath, Carol Wright, David Spengler, Mary Ann Bentler, Stephen Pritchard, Bonny Disselbrett, Michael and Nancy Newman, John and Catherine Fake, Sue Tomte, Randy and Terry Collette, Dan and Lauri Savoie, Bonita Semmler, and Dick Rutherford.

**3. PUBLIC HEARING FOR SPECIAL ASSESSMENTS FOR THE RIVERSIDE AREA-PHASE ONE AND NORTH MAIN AVENUE PROJECT:**

**3.1. Presentation of the Riverside Area-Phase One Street and Utility Reconstruction, North Main Avenue Rehabilitation Project Special Assessments:**

Jon Olson stated I am with Apex Engineering Group, and I have been the lead engineer on both North Main and the Riverside Projects. The assessment hearing is a requirement of Minnesota State Statutes, Chapter 429. It gives us the opportunity to present the estimated project costs versus the actual costs, and to review the assessments with you. It also gives us the opportunity to hear any comments and questions from the property owners. The hearings are beneficial not only for us but for the property owners as well.

Olson stated both these projects have been on the city's capital improvement plan for several years. Riverside was scheduled for 2014, but in the project development process we did postpone that until 2015. North Main was scheduled for 2015. North Main was identified as a need for the city for street improvements because the street was breaking up and the ride wasn't as nice as it should be. The Riverside Project was driven by the sanitary sewer portion. The underground utilities in that area were aged and were showing signs of poor condition.

Olson stated the Riverside Project area consisted of everything east of the river, south of Highway 34, down to Sixth Street. It encompassed quite a few streets within that segment. It was a fairly large project. The North Main Avenue Project area consists of Main Avenue from Highway 34 north to Highway 71. These were two fairly good sized projects for the city this year.

Olson stated we originally started talking about these projects a year and a half ago back in March of 2014. We added a few more road segments in May of 2014. At that time we were still thinking we'd shoot for construction in 2014 for the Riverside Area. We saw

that the construction market was getting saturated and the bids were coming in very high. We made a decision in June of 2014 to postpone the Riverside Project to 2015 in hopes of getting a better construction bid number. That also allowed us an opportunity to get the North Main Improvements caught up as far as the bidding and the timing and to realize an economy of scale. By putting these two projects together it would get us an even better bid number. We got the North Main Project caught up with the Riverside Project and we opened bids early in 2015, on February 5<sup>th</sup>. Our numbers were far better than we anticipated. We were very pleased with the numbers that came in. The construction started early this spring and just wrapped up recently. Now we are on the final stages of the project which are the assessments and the final few items of construction later this year and into next spring. We are nearing the end.

Olson stated the Riverside Area Improvements were a full reconstruction of underground utilities, with a few exceptions. We were able to save some PVC watermain on Riverside and Fifth Street. Those two areas did not get watermain, but they did get new service laterals for both the sanitary and the watermain, from the mains to the property line in the entire project area. Everybody got new services. There were a fair amount of storm sewer improvements throughout this entire area. We reconstructed all of the streets to an urban design, which means curb and gutter on both sides of the street. Following the curb and gutter, sidewalks were reconstructed as well.

Olson stated North Main was a rehabilitation project. There were some underground improvements for the sanitary sewer trunk lines and the watermains. The focus of the North Main Project was really the mill and overlay. That is removing a portion of the existing bituminous and installing a new layer to give it a nice smooth ride. We finished North Main off last week with the pavement markings. That project is about complete. There is very little left to do there.

Olson stated there are some tree plantings remaining to be done. Turf restoration is an ongoing battle with any project. It's starting to take a turn for the better. There are still several areas that are going to need a lot of attention this fall and into next spring so that's an item that we are really working on. The good news is that we have a contractor that has really taken ownership in the situation. He's doing a great job. He's in town at least a couple times a week to water. We're optimistic with the way that is going.

Olson stated the wear course paving is a major work item, that last lift of bituminous will be installed to bring it up flush with the curb. That will be completed next year. The reason that we hold off on that is a lot of these utilities were very deep and there is a possibility of some settlement or movement over the winter months. By leaving this off we're able to correct those areas and then come in with the wear course and then we won't have that correction seam. That will be completed next spring and some miscellaneous cleanup for the project. There will be pavement markings on Second Street and Third Street. There will be diagonal parking on both sides on the first block east of Highway 71 on both of those streets, and then diagonal parking on Third Street on the south side for the entire stretch from Highway 71 to Riverside. Those marking will be completed after the wear course paving.

Olson stated the estimated project costs for the Riverside Area were \$2.8 million. It was a very large project. We got the project designed. We took bids. We came in just under \$2.6 million, which we were very pleased with. The costs are broken down for each element of the project to calculate the assessment, such as streets and alleys, sidewalk, storm sewer, watermain, sanitary sewer, and services. The preliminary estimate for the

North Main Project back in December of 2014 was \$590,500.00. That project came in very reasonably. We got great bids. The way the contract was structured it really favored this project. It came in at \$436,781.00.

Olson stated once we had the actual construction dollar amounts figured out the next step is taking the city's assessment policy and seeing how it applies to this project. The policy says for standard sized watermain and sanitary sewer replacement it is assessed 100% to the property owner. That means anything over a 6 inch watermain, and anything over 8 inch sewer main, is a city cost. Those additional costs for the large mains would be the city's share. Those improvements are assessed by frontage. Services are 100% assessable. They are assessed by the "each". If you have two services, you were assessed for two services. Storm sewer is assessable at 90%, and is calculated by area, generally speaking, by your lot size. Sidewalk is assessable at 50% and it's by frontage. Streets and alleys are calculated by frontage as well. However, standard sized street and alleys are assessed at 60%, with 40% being city share. There were a lot of different sized streets in the Riverside project area and you'll see that reflected in your assessment worksheet.

Olson stated we applied those percentages to both the Riverside and North Main and came up with the assessable and city share amount for each project. Riverside, just under half the project is assessable according to the city's policy, and the other half being city's share. The North Main Avenue Project is far less assessable with the large percentage being city share. The reason for that is North Main is so wide. The oversizing of Main for the street improvements will be paid for by the city as well as all of the underground maintenance items, the water valve replacement and truck line sanitary sewers.

Olson stated now that we have the assessable dollar amounts for those two projects the last thing we need to do to determine the assessment rate is to determine the total amount of units. This is where we start looking at each individual parcel to determine how many units there are on the project, you take the total assessable dollar amount divided by the total assessable units to get the assessment rate. The assessment rate is what you have on your worksheet. This process is a little time consuming to get each individual parcel's numbers. There's a lot of different ways that these lots are viewed based on the assessment policy so we'll look at a few of the more common ones. An interior lot is pretty straight forward. If you are mid-block between two streets and you only have a street on one side, your frontage is the linear feet along the street. Your water, sanitary sewer, street, and sidewalk would all be assessed for that linear footage. Your services would be assessed to you by the "each", and your storm sewer would be by the area.

Olson stated once we get into a side lot it's viewed differently. There were several side lots on this project. If there are improvements on the long side only, your street assessment would get a credit. Your street assessment would be the long side, as known as the side lot, that length divided by two. That is applied to residential properties. If it's a commercial property it would be two-hundred and fifty feet. If it's at one-hundred and fifty you get credit for one hundred feet. Your sanitary sewer and watermain assessment is on the short side regardless of where the improvement is, even though we may have installed watermain and sanitary sewer on the long side, you are still assessed for the short side. When you get into an improvement on both sides of the lot, your watermain and sanitary sewer would still be your short side, your street and sidewalk would be the short side at

fifty feet, plus half of your long side. You would have an additional assessment on the street and sidewalk.

Olson stated once we go through all that we calculate the rates for all of the assessable units, then we are able to calculate the actual rates that everyone sees on their worksheets. Your actual parcel information is listed under the quantity. Under the surface improvements, the street, alley, and sidewalk, I broke those out into the front, which would be the short side, and the side lot, which would be the long side, just so you can see how those assessments were calculated for your parcel in the event you have a corner lot. The North Main worksheet is quite a bit shorter because that was just a mill and overlay.

Olson stated the assessments for average one hundred foot lots in the project area, with one service, very basic lots, for Riverside Avenue, was estimated at \$19,100.00. The final assessment is \$16,552.00. For a corner lot on Riverside as estimated was \$29,000.00, it's finalized as \$26,027.00. Washington Avenue estimated assessment was \$20,900.00. The final assessment is \$16,895.00. Estimated assessment for Fifth Street was \$15,900.00, with the final assessment at \$11,947.00. North Main Avenue estimated assessment was \$2,950.00. The final estimated is \$1,986.00.

Olson stated there are three options for paying your assessment. The most common one, especially for the larger assessments, allow it to be financed on your property taxes. You don't have to take any action yourself it will be put on there starting the first of the year. It's financed over the course of twenty years at 5% interest. The next option is to pay a portion of it by November 13<sup>th</sup>, 2015, to the city clerk, and then finance the remaining balance on your property taxes. The last option would be to pay it in full by November 13<sup>th</sup>, 2015, to the city clerk.

Mikesh requested comments or questions from the Council. There were none.

**3.2. Public Comments:** Mikesh stated we will start calling names using the sign in list for public comments, starting with the Riverside Project and then North Main. The questions should be limited to your assessments only. Any questions regarding the construction will be addressed after the public hearing.

**A. Riverside Project:** Evelyn Kako: I'm wondering how a person on a fixed income is supposed to pay for this.

Mikesh: They showed the options for payments. If you're on a fixed income you might have to look at putting it on your property taxes.

John McKinney: Do they have a county relief program?

Margie Vik: No.

Rod Nordberg: I thought they could be rolled over until the property is sold?

Vik: The city doesn't have that policy.

Angela Brumbaugh: Your special assessments are based on the bond itself. When you see that it's for twenty years that's how long the bond is. That's why the assessments are based on twenty years.

Christine Horvath: No questions.

Carol Wright: I don't have any questions.

David Spengler: No questions.

Mary Ann Bentler: I guess not.

Stephen Pritchard: I have a question for the other section, not about the assessments.

Randall: Is it regarding construction?

Pritchard: It's a safety issue. So I really don't know what category it falls into.

McKinney: We'll see you after the meeting.

Pritchard: It's nothing more than the sidewalk is bumpy. It's a traffic issue.

McKinney: Steve, make sure we talk to you about that.

Pritchard: Sure.

Bonny Disselbrett: I got this assessment in the mail and I was shocked at the price. It about blowed me over. What I was wondering did the State of Minnesota give any money for improving towns and cities and if not, or whatever, why do the residents of Park Rapids have to pay so much for improvements after they gave money to help improvements all over the State of Minnesota? Each county was allotted so much money. Wasn't Hubbard County allotted any money for improvements?

McKinney: You mean this year? To what are you referring?

Disselbrett: In the spring is when they said they were going to be giving money to the counties for improvements of the counties. Some were chosen as star cities too.

Olson: Do you think she is referring to some of that maintenance money?

McKinney: There was some maintenance money.

Randall: What about the county trunk highways?

Olson: There was some that came through for cities as well.

McKinney: That's \$57,000.00.

Nordberg: Well we haven't received all of it yet.

Randall: We talked about that for the 2016 budget didn't we?

McKinney: It's in the 2016 budget.

Nordberg: In other words we haven't received that money, which is much less than any of these assessments actually, the \$50,000.00 from the state that they allotted to many cities. That's all that we are expecting that we know about.

Olson: I can maybe speak to the first half of the question regarding the larger picture as far as other dollars available for these types of projects. That's something that we look at every time a project comes up. We know that these projects are very costly and we do look to see if these projects within the city do qualify for some outside funds. We struggle with these types of reconstruction projects within the City of Park Rapids. These programs, the city as being very financially sound, and unfortunately that's negative when it comes to receiving outside dollars. We look at the standard programs for these types of projects. The City of Park Rapids rarely qualifies.

Disselbrett: Why?

Olson: Because of the finances of the city. The median household income is high enough such that, I mean low enough that it isn't going to qualify for receiving funds.

Disselbrett: Okay. This bill sent me, the assessment. I'm in a kind of bad way too like she is. Because I got scammed to death. There went my money, \$130,000.00 in the County of Hubbard, and in Park Rapids. I didn't know I was being taken. So there went \$130,000.00 that I had saved since I was about twenty-five. Just a little here and there for seventy years. That about killed me. But then when I got this in the mail on top of trying to get over that, this was nearly \$14,000.00 I got an assessment for, and that's about killing me. So I'm hoping somehow, some way, well, let's see, then this cost if you could renovate it somehow its pretty high for me. I'm afraid of welfare. I'm afraid of the taxpayer getting high taxes every year. So I feel if I don't pay this every year it's going to climb, and it's between owing so much, every 5% on the money then there I'm going to be losing what little bit I'll have left. I don't know which way I'm going to go, but it says if this high cost keeps going

up I predict the middle class will get swallowed up and can't pay it. God help us all do justice and mercy, and that's about it, and I have a few questions to ask you privately afterwards about what you're naming it seems like double streets, double side properties and stuff. I want to know where that is. And, then is there any way at all that you can get the assessment down for me?

McKinney: No.

Disselbrett: Can you look at it and see if there was a mistake made?

Olson: I did look at your parcel and I do feel that it's prepared correctly as per policy. Any adjustments would need Council action. I applied your assessment as per policy.

Disselbrett: Okay then, Council action. What do you guys do then? How do you get the action?

McKinney: There's nothing that can be done with the cost of the project. It's done. It cost x number of dollars. Somebody's got to pay that bill. And the way the Council has directed that the bill be shared is the same for every project. And, you see the results of that policy. So if they reduce your assessment where do they get the money? Let's assume, so I can illustrate the point, they say you're a nice lady and we don't want you to have to pay anything so you just don't have to pay your bill. But the contractor still has to get paid the bill that we have for the street. So if you don't pay it, somebody else does. And so the overall equity of the situation says it's the benefit of the property not the property owner that's assessed, that's what the supreme court says. So the property did get that benefit and that was the cost of the benefit and that's all we can do.

Disselbrett: The benefit got assessed?

McKinney: Certainly. You have a new street. You have a new water and sewer, whatever it was that applied specifically to your property. I'm not sure what they did.

Disselbrett: Well. I guess I'll just have to keep working then. All right, thank you.

Brumbaugh: I don't have anyone else signed up for Riverside. Unless someone else has something.

Disselbrett: I'm 74.

McKinney: I'm 79 and I'm still working.

Disselbrett: There's nothing wrong with work.

McKinney: I'm sympathetic to your age but I think you have to understand that the project is for the city as a whole, and if you own property there are certain costs that go with owning the property. And unfortunately this is the year that those costs come to your particular property.

**B. North Main Project:** Michael and Nancy Newman: No.

John and Catherine Fake: No thank you.

Sue Tomte: No questions.

Randy and Terry Collette: No thank you.

Dan and Lori Savoie: No.

Bonita Semmler: No questions on the assessment, but I do have a question as to commercial use of the road on North Main. So do I direct that to you after the meeting?

Resident: We talked about this at the last meeting and it never went anywhere.

Olson: That would be an off line discussion.

Resident: That's the thing that a lot of us are concerned about. We brought it up at the last meeting and it was never addressed.

Randall: There was a brief discussion at several meetings ago. It was not brought up at the last meeting.

Resident: The public hearing that I attended last fall it was brought up by four different people. You were going to look into some weight limit signs for North Main. There aren't any signs up yet.

Utke: Jon, what is that road rated. Is it a nine ton?

Olson: It's actually designed more for a nine ton.

Utke: It's typically just local traffic, right, just deliveries?

Resident: Oh no, it's semi-trucks all the time.

Utke: There are going to be semis for local, but they're not just using that as a short cut coming off of Highway 71.

Resident: Yeah they do. We think their GPS tells them to veer off on Main Street as opposed to staying on the highway. Because we have huge tractor trailers coming down the street that have no business in a residential area.

McKinney: How do they enter it? Do you know? Coming down the west side?

Utke: They are probably as upset as you are when they get in there and start hitting the stop sign and stop lights. Then they'll go what am I doing here?

Resident: Why don't you put a sign back up saying no semis on Main? And they are not going 30 miles an hour.

McKinney: Why don't we finish up this part of the hearing, and then I'll get with you and Jon Olson and talk about it.

Mikesh: Does the Council have any questions?

There were no further questions or comments.

**A motion was made by Utke, seconded by Leckner, to close the public hearing at 5:30 p.m.**

**Further Discussion:** Bonnie Disselbrett: Do you know anything about the stop signs? I have one laying out in front of my sidewalk and I'm afraid somebody is going to trip on it.

Olson: I'll definitely follow up on that for you.

Disselbrett: How long is it usually before they put them up?

Olson: It's hard to say. It can get a little longer than you would like. But I'm glad you brought that to my attention.

Disselbrett: If somebody gets hurt whose fault would that be then? The city's or mine?

McKinney: It's not yours.

Olson: But we need to address it. I'll follow up.

**The vote was called.**

**The motion carried unanimously.**

### **3.3. Adopting the Assessment Rolls:**

**A. Resolution Adopting Assessment for the 2015 Riverside Area-Phase One Utility and Street Improvement Project in the City of Park Rapids:** A motion was made by Nordberg, seconded by Randall, and unanimously carried to approve Resolution #2015-138 Adopting Assessment for the 2015 Riverside Area-Phase One Utility and Street Improvement Project in the City of Park Rapids.

**B. Resolution Adopting Assessment for the 2015 North Main Avenue Rehabilitation Project in the City of Park Rapids:** A motion was made by Utke, seconded by Randall, and unanimously carried to approve Resolution #2015-139 Adopting Assessment for the 2015 North Main Avenue Rehabilitation Project in the City of Park Rapids.

**4. ADJOURNMENT:** A motion was made by Randall, seconded by Leckner, and unanimously carried to adjourn the special meeting at 5:35 p.m.

[seal]

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Mayor Pat Mikesch

ATTEST:

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Margie M. Vik  
City Clerk