

CITY OF EXCELSIOR
Hennepin County, Minnesota

MINUTES

City Council Work Session

Tuesday, February 19, 2013

1. Call to Order/Roll Call

Mayor Gaylord called the meeting to order at 6:14 p.m.

Councilmembers present: Beattie, Caron (arrived at 6:53 p.m.), Fulkerson,
and Mayor Gaylord

Councilmembers Absent: Miller

Also Present: City Manager Luger, City Engineer Dawley, and
City Clerk Johnson

2. Agenda Approval

Fulkerson moved, Beattie seconded, to approve the agenda. Motion carried
3/0.

3. Assessment Methodology for Metropolitan Council Forcemain Project

Dawley said that this item was placed on the work session agenda to give the Council an opportunity to ask questions or review the methodology that was used to calculate individual assessments for the 2013/2014 project.

Dawley said there has been a minor change made to the assessment calculations since the completion of the Feasibility Report. The change was the result of a resident inquiry into whether two parcels were considered buildable lots per City Code. The City Attorney and City Planner reviewed the ordinance and determined that as long as the two properties were adjacent to each other and owned by the same person, the properties should be treated as one lot for building purposes. The assessment role was modified to reflect one versus two residential lots. Overall, the assessment amount did not change, but the amount per residential lot increased slightly.

The assessments were calculated based on the use, as stated in the City's Assessment Policy. Residential was calculated on a per unit basis, multiple dwelling and commercial were calculated on a per front foot basis, and institutional properties, such a government, nursing home, and churches without an educational facility were calculated on an adjusted area basis.

The estimated per unit and cost per foot rates are similar to what the City assessed properties for the 2010 and 2011 Street Improvement Projects when factoring in inflation costs.

3. Assessment Methodology for Metropolitan Council Forcemain Project – (Continued)

Dawley stated that condominiums are a little different as they are assessed like multiple dwelling units. There are multiple properties within a building, so each unit is assessed accordingly. There is some variation per unit, based on the property. In some cases, some owners receive two tax statements, one for the condominium unit and one for the garage. In this instance, each individual property unit number received only one assessment with no multiples for garage units.

Luger said that City staff held a public meeting in January with the property owners. Since the meeting, some of the property owners have raised questions about whether it is appropriate for the City to be including the Met Council amounts in the project costs for the assessments. Staff thought this would be a good opportunity to answer any questions that the Council may have in regard to this.

Beattie asked if this issue came up with the 2010 or 2011 Street Improvement Projects. Luger said no, because there was no public money.

Beattie asked Dawley how this is typically handled. Dawley said that the State Statute on assessments state that the assessment cannot exceed the increase in property value as a result of an improvement. It is independent of any type of cost sharing or funding source; but funding sources do need to be considered as part of the improvement hearing. The strict interpretation is that the overall cost of the project is what is used to apply the 15% to arrive at what the previous Council thought was a reasonable benefit to a property when the assessment policy was discussed and created.

Beattie asked how the Council arrived at the 15% amount for assessments. Dawley said he understands that there was a lot of discussion prior to the first project as to what would be an appropriate percentage and that is when the Council arrived at the 15%. The percentage is not written in the policy, but that has been the past practice.

Fulkerson said the unit price is higher than in the 2011 Street Improvement Project. Dawley said the cost is about \$186 more with this project than it was with the 2011 Street Improvement Project. He noted that the assessment was considerably less for the mill and overlay portion for the 2011 Street Improvement Project, but not the street reconstruction. This project will be a complete street reconstruct.

Fulkerson asked whether the funding that Met Council is contributing should be deducted. Dawley said he no. He speculated that had there been grant dollars for the prior street improvement projects, the grant money would not have been deducted from the calculations for those projects.

3. Assessment Methodology for Metropolitan Council Forcemain Project – (Continued)

Beattie asked how long the City has used the 15% for assessments. Dawley said the City charged a 15% assessment for the 2010 and 2011 Street Improvement Projects and for the Third Street Fire Lane Project.

Beattie asked how the 15% assessment amount compares to contiguous cities around the lake. Dawley said in his experience in the communities he works for, Chanhassen uses 40% for reconstruction and another city he works with uses a flat amount of \$6,000. In his opinion, the 15% is lower than other cities. He typically sees anywhere from \$2,500 to \$6,000 for street reconstruction assessments.

Fulkerson asked if the project has been bid yet. Dawley said no, what has been provided is only estimates. The actual costs will be calculated once the bids are received and then the assessment hearing will be held. During the regular Council meeting tonight, the Council will be asked to order the improvement and authorize the preparation of plans and specifications.

Beattie asked how can a small city afford such a low assessment for this kind of activity? Where does the money come from? Mayor Gaylord asked who pays the remaining 85%. Dawley said typically the City would pay the remaining 85%, but in this case it will be the City and Met Council.

Mayor Gaylord said that the remaining costs would then be distributed amongst all of the properties within the City through property taxes.

Luger said that part of the justification for the lower assessment is that in Excelsior most everyone will use the majority of the roads, where in larger cities more residents stay within their individual neighborhoods.

Fulkerson asked if bond rates are increasing. Luger and Dawley said not significantly; the bond rates are still competitive. Luger noted that the City of Excelsior has the best bond rating it can receive for a city its size.

Beattie said being that the City's assessment rate is so low, it makes sense that the City would take advantage of the grant money from Met Council and keep the costs down for all residents.

Bob Bolles, 229 George Street, said that at the end of the feasibility report the comments and objections that were made at the public meeting are listed. He said he thinks the City is taking advantage of the property owners along the project route. The City is getting a benefit and not giving the benefit to the adjacent property owners. The streets along the project route, with the exception of Beehrle Avenue, are identified as needing a mill and overlay; the assessment to the property owners is for a full reconstruct which is 3 times what it cost for a mill and overlay. He believes that property

3. Assessment Methodology for Metropolitan Council Forcemain Project – (Continued)

owners are paying twice for the same project because property owners have already paid a sewer availability fee to the Met Council for the system. There are always ways to interpret things. When he looked at the total costs for the project, he noticed that the City's portion shows a negative amount. This means that the City is actually making money on this project and it is on the backs of the property owners along the project route.

Beattie asked how much money the City is getting from the Met Council. Dawley said the preliminary estimates show that the total cost of the project will be about \$2.7 million dollars and the money from the Met Council will be about \$2.4 million dollars. He noted that the remainder of the costs will come from the street fund and estimated benefits from special assessments.

Bolles said when Hennepin County resurfaces Mill Street, which is a county road, the City will not be assessing property owners along Mill Street. In his opinion, it is unfair for the City to assessment property owners for the Mete Council project.

4. 2013 City Council Goals

Luger said that the City Council's 2013 goals have been updated and prioritized since the last Work Session. She asked the Council if anyone had any changes to the goals or prioritization.

Fulkerson questioned why Item #2, explore the possibility of funding from the Three Rivers Park District was placed under the Park and Recreation Commission's action items. She noted that Three Rivers Park District has already stated that they are not interested in partnering with the City of Excelsior.

The following changes were submitted. Objective #1, 2014 City Council action items, #4, change to explore options for City Hall and existing Library Site. Change "Explore" to "Look at" throughout the document. Objective #3, 2013 Planning Commission action items, delete Item #1.

Mayor Gaylord asked to change the headings from "Objective" to "Goal". He also asked if any of the goals or objectives will be placed in the Long Term Financial Plan. Luger said it depends on when they are scheduled to be completed.

Luger said that staff also provided a tentative schedule for City Council Work Sessions. She asked if the Council had any questions regarding the schedule.

4. 2013 City Council Goals – (Continued)

Beattie questioned if there is an advisory commission that the Council would like to meet with first. Mayor Gaylord said the meetings could probably be scheduled based on the commission's work load.

Beattie suggested that staff check with the Chair of each advisory commission to see when the commission would like to meet with the Council in case there is an advisory commission that would prefer to meet with the Council sooner than later.

5. Adjournment

Fulkerson moved, Beattie seconded, to adjourn the meeting at 6:57 p.m.
Motion carried 4/0.

Respectfully submitted,

Cheri Johnson
City Clerk