



STAFF REPORT

DATE: September 21, 2021

CONSENT

AGENDA ITEM: Stonegate Street and Utility Improvements – Resolution Declaring Costs to be Assessed and Calling for Hearing on Proposed Assessment

SUBMITTED BY: Jack Griffin, City Engineer

REVIEWED BY: Kristina Handt, City Administrator
Sarah Sonsalla, City Attorney
Marty Powers, Public Works Director
Chad Isakson, Project Engineer

ISSUE BEFORE COUNCIL: Should the City Council call a final assessment hearing for the Stonegate Street and Utility Improvements project to be held on October 19, 2021?

BACKGROUND: The City of Lake Elmo was approved to receive grant funding from the Minnesota Pollution Control Agency (MPCA) under the 2018 3M Settlement Agreement as an expedited project to extend municipal water and connect each of the 65 homes in the Stonegate 1st and 2nd Additions. The terms of the grant are outlined in the Grant Agreement between the City of Lake Elmo and the MPCA dated October 2, 2019. The neighborhood is located in a Special Well Construction Area (SWCA) as designated by the Minnesota Department of Health (MDH) after the discovery of PFAS groundwater contamination and many of the properties have received well advisories from the MDH and are currently having their water supply treated using GAC filters supplied by the State.

As part of the Grant Agreement with the MPCA, all households in the development, regardless of Health Based Values (HBVs), are eligible to connect to municipal water and all households that connect to city water must have the private wells properly sealed and abandoned as part of the project and within the timeframe of the grant agreement. To implement these State requirements for the project the city intends to levy assessments for the public improvements in accordance with the city's Special Assessment Policy and current practices. Each property that connects to city water must abandon all private wells, unless exempted by the MPCA as a monitoring well, within one year after water service is made available and following written notice from the city to connect.

Once the private improvements are completed the public improvement assessments levied for this project will be considered paid in full and removed from the property, including both the watermain assessments and the street and storm sewer assessments for the Stonegate 2nd Addition properties.

Formal mailed notice, dated September 2, 2020 was sent to each property indicating that the public watermain was available for connection and that the property owner had one year to complete the water service connection and well abandonment work. The allocated one-year timeframe to meet this eligibility and to abate the public improvement assessments expired on September 2, 2021.

PROPOSAL DETAILS/ANALYSIS: Consistent with conditions outlined in the feasibility report and MPCA grant agreement, properties that opted not to connect to city water within the one-year timeframe outlined will have special assessments for the public improvements imposed against the benefiting properties. Special assessments are levied in accordance with Minnesota Statutes Chapter 429 and consistent with the City's Special Assessment Policy. As part of the assessment procedures, the Council

must declare the amount to be assessed against the benefitting properties and Call the Hearing on the Proposed Assessment for these improvements. The Assessment Hearing is proposed for October 19, 2021. The Final Assessment Roll must be certified to the County Auditor by November 30, 2021.

Staff has enclosed a proposed final assessment roll which has been calculated in accordance with the City's Special Assessment Policy. There were 55 properties that connected in the one-year timeframe which have been removed from the final assessment roll leaving 9 remaining properties that have not connected. The street and storm sewer improvements will be levied over a 15-year period and the watermain assessments will be levied over a 20-year period. Assessments would be charged an interest rate of 3.25%.

FISCAL IMPACT: The estimated total cost for the project is \$3,086,900; including \$803,000 for the street, drainage, and storm sewer improvements and \$2,283,900 for the water system improvements. Of these costs, \$331,400 will be specially assessed.

RECOMMENDATION: Staff is recommending that the City Council approve a Resolution Declaring Costs to be Assessed and Calling for the Hearing on the Proposed Assessment. The suggested motion, *if removed from the consent agenda*, to approve this action is as follows:

“Move to approve Resolution No. 2021-102; A Resolution Declaring Costs to be Assessed and Calling for the Hearing on the Proposed Assessment for the Stonegate Street and Utility Improvements.”

ATTACHMENTS:

1. Resolution Declaring Cost to be Assessed and Calling for Hearing on Proposed Assessment.
2. Notice of Hearing on Proposed Assessment.
3. Final Assessment Roll.

**CITY OF LAKE ELMO
WASHINGTON COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 2021-102

**A RESOLUTION DECLARING COST TO BE ASSESSED AND CALLING
HEARING ON PROPOSED ASSESSMENT FOR THE
STONEGATE STREET AND UTILITY IMPROVEMENTS**

WHEREAS, estimated total project costs have been calculated for the Stonegate Street and Utility Improvements including street and watermain improvements; and

WHEREAS, the total cost of the improvements will be \$3,086,900.

WHEREAS, the City Clerk and City Engineer have prepared the proposed assessment roll and will maintain said assessment roll on file in the City offices for public inspection.

NOW, THEREFORE, BE IT RESOLVED,

1. The portion of the cost of such street and drainage improvements to be covered by the City is hereby declared to be \$788,400 and the portion of the cost to be assessed against benefited property owners is declared to be \$14,600.
2. The portion of the cost of such watermain improvements to be covered by the City is hereby declared to be \$1,967,100 and the portion of the cost to be assessed against benefited property owners is declared to be \$316,800.
3. The City Clerk, with the assistance of the City Engineer, has calculated the proper amount to be specially assessed for such improvements against every assessable lot, piece or parcel of land to be benefited by the improvements, and the Clerk has filed a copy of such proposed assessment in the City offices for public inspection.
4. Assessments shall be payable in equal annual installments extending over 15 years for street and drainage improvements and 20 years for watermain improvements, the first of the installments to be payable on or before the first Monday in January, 2022 and shall bear interest at the rate of 3.25 percent per annum from the date of the adoption of the assessment resolution.
5. A public hearing shall be held on the 19th day of October, 2021, in the Council Chambers of the City Hall at or approximately after 7:00 P.M. to pass upon such proposed assessment. All persons owning property affected by such improvement will be given an opportunity to be heard with reference to such assessment.
6. The City Clerk is hereby directed to cause a notice of the hearing on the proposed assessment to be published once in the official newspaper at least two weeks prior to the hearing, and she shall state in the notice the total cost of the improvement. She shall also cause mailed notice to be given to the owner of each parcel described in the assessment roll not less than two weeks prior to the hearings.

7. The owner of any property so assessed may, at any time prior to certification of the assessment to the county auditor, pay the entire assessment on such property, with interest accrued to the date of payment, to the City Clerk. No interest shall be charged if the entire assessment is paid within 30 days from the adoption of this assessment. A property owner may at any time thereafter, pay to the City Clerk the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which such payment is made. Such payment must be made before November 15 or interest will be charged through December 31 of the succeeding year.

ADOPTED BY THE LAKE ELMO CITY COUNCIL ON THE TWENTY-FIRST DAY OF SEPTEMBER, 2021.

CITY OF LAKE ELMO

By: _____
Charles Cadenhead
Mayor

(Seal)
ATTEST:

Julie Johnson
City Clerk

CITY OF LAKE ELMO
NOTICE OF HEARING ON PROPOSED ASSESSMENT
STONEGATE STREET AND UTILITY IMPROVEMENTS

Notice is hereby given that the City Council of Lake Elmo will conduct a public hearing on **Tuesday October 19, 2021** at, or approximately after, 7:00 P.M. to consider, and possibly adopt, the proposed assessment against abutting properties for the Stonegate Street and Utility Improvements. Adoption by the Council of the proposed assessment may occur at the hearing. The following describes the area proposed to be assessed:

The extension of public watermain into the Stonegate 1st Addition to provide clean drinking water within the neighborhood, including a water service stub to the public right-of-way. The following properties are proposed to be assessed for the improvements:

- 9073, 9242, 9251, and 9386 9th Street North
- 790, 829, and 974 Jasmine Avenue North

The extension of public watermain into the Stonegate 2nd Addition to provide clean drinking water within the neighborhood, including a water service stub to the public right-of-way; a reconstructed street with new concrete curb and gutter; and repair or restoration of the existing street drainage system. The following properties are proposed to be assessed for the improvements:

- 483 Julep Avenue North
- 687 Jewel Avenue North

You may at any time prior to certification of the assessment to the county auditor on November 19, 2021, pay the entire assessment on such property to the City Clerk with interest accrued to the date of payment. No interest shall be charged if the entire assessment is paid to the City Clerk prior to November 18, 2021. You may at any time thereafter, pay to the City Clerk the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which such payment is made. Such payment must be made before November 15 (for the assessment to be certified to County Auditor) or interest will be charged through December 31 of the succeeding year. If you decide not to prepay the assessment before the date given above the rate of interest that will apply is 3.25 percent per year.

Once assessments are certified to the County, the assessments are payable in equal annual installments extending over a period of 15 years for street and drainage improvements and 20 years for watermain improvements, the first of the installments to be payable on or before the first Monday in January 2022 and will bear interest at the rate of 3.25 percent per annum from the date of adoption of the assessment resolution. To the first installment shall be added interest on the entire assessment from the date of the assessment resolution until December 31, 2021. To each subsequent installment when due shall be added interest for one year on all unpaid installments.

The proposed assessment roll is on file for public inspection at the City Clerk's office. The total amount of the proposed street improvement assessment is \$14,600. The total amount of the proposed watermain assessment is \$316,800. The total project costs for the public watermain and street reconstruction is \$3,086,900. Written or oral objections will be considered at the meeting. No appeal may be taken as to the amount of an assessment unless a written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing. The Council may upon such notice consider any objection to the amount of a proposed individual assessment at an adjourned meeting upon such further notice to the affected property owners as it deems advisable.

An owner may appeal an assessment to district court pursuant to Minnesota Statutes, Section 429.081 by serving notice of the appeal upon the Mayor or Clerk within 30 days after the adoption of the assessment and filing such notice with the district court within ten days after service upon the Mayor or Clerk.

The City Council is authorized in its discretion to defer the payment of an assessment for any homestead property owned by a person for whom it would be a hardship to make payment if the owner is 65 years of age or older and/or the owner is a person retired by virtue of a permanent and total disability or by a person who is a member of the Minnesota National Guard or other military reserves who is ordered into active military service, as defined in section 190.05 subdivision 5b or 5c, as stated in the person's military orders, for whom it would be a hardship to make the payments. The owner must request a deferment of the assessment at or before the public hearing at which the assessment is adopted and make application on forms prescribed by the City Clerk within 30 days after the adoption.

Notwithstanding the standards and guidelines established by the City for determining a hardship, a deferment of an assessment may be obtained pursuant to Minnesota Statutes Section 435.193.

DATED: September 21, 2021

BY ORDER OF THE LAKE ELMO CITY COUNCIL

Charles Cadenhead, Mayor

(Published in the Stillwater Gazette on September 24, 2021)

STONEGATE ADDITION STREET AND UTILITY IMPROVEMENTS
FINAL ASSESSMENT ROLL

NO.	NAME	ADDRESS			MAILING ADDRESS						PID	TOTAL ASSESSMENT	STREET & DRAINAGE ASSESSMENT	WATERMAIN ASSESSMENT
1	MILNAR GREGORY B & BEVERLY B	9073	9TH	ST N	9073	9TH	ST N	LAKE ELMO	MN	55042	3402921220005	\$35,200		\$35,200
2	YEMANEAB SEMHAR T & YOHANNA W	9242	9TH	ST N	11406	SAND CASTLE	DR	WOODBURY	MN	55129	3402921220012	\$35,200		\$35,200
3	MONICO GINO A & PEGGI A	9251	9TH	ST N	9251	9TH	ST N	LAKE ELMO	MN	55042	3402921210008	\$35,200		\$35,200
4	HILL AARON D	9386	9TH	ST N	9386	9TH	ST N	LAKE ELMO	MN	55042	3402921210005	\$35,200		\$35,200
5	SMITH MARK E & KARLEEN M	790	JASMINE	AVE N	790	JASMINE	AVE N	LAKE ELMO	MN	55042	3402921230016	\$35,200		\$35,200
6	INTIHAR KEVIN & WINDY	829	JASMINE	AVE N	829	JASMINE	AVE N	LAKE ELMO	MN	55042	3402921230006	\$35,200		\$35,200
7	YANG DAO G & NALY T	974	JASMINE	AVE N	974	JASMINE	AVE N	LAKE ELMO	MN	55042	3402921220001	\$35,200		\$35,200
8	ROSSOW CRAIG L	483	JULEP	AVE N		PO BOX 94		LAKE ELMO	MN	55042	3402921240007	\$42,500	\$7,300	\$35,200
9	POMEROY FRED W	687	JEWEL	AVE N	687	JEWEL	AVE N	LAKE ELMO	MN	55042	3402921110007	\$42,500	\$7,300	\$35,200
TOTALS												\$331,400	\$14,600	\$316,800