Request for City Council Committee Action
From the Department of Public Works
and Department of Community Planning and Economic Development

Date: May 17, 2011

To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Honorable Lisa Goodman, Chair, Community Development Committee

Referral: Honorable Betsy Hodges, Chair, Ways & Means Committee

Subject: 25th Avenue SE (4th St SE to Cul-de-Sac / Proposed Granary Road) Street Construction, Sanitary Sewer and Water Main Project No 6734: Project Approval, Funding, and Assessment Public Hearing

Recommendation:

TPW Committee Actions:

A. Passage of a Resolution ordering the City Engineer to proceed with and do the work and adopting special assessments in the amount of $145,748.75 for the 25th Avenue SE Construction Project.

B. Passage of a Resolution requesting the Board of Estimate and Taxation to issue and sell assessment bonds in the amount of $145,750 for the 25th Avenue SE Construction Project with the bonds to be paid for from special assessments.

C. Passage of a Resolution ordering the City Engineer to proceed with and do the work and adopting special assessments in the amount of $101,308 for the 25th Avenue SE Sanitary Sewer Project.

D. Passage of a Resolution requesting the Board of Estimate and Taxation to issue and sell assessment bonds in the amount of $101,308 for the 25th Avenue SE Sanitary Sewer Project with the bonds to be paid for from special assessments.

E. Passage of a Resolution ordering the City Engineer to proceed with and do the work and adopting special assessments in the amount of $32,201 for the 25th Avenue SE Water Main Project.

F. Passage of a Resolution requesting the Board of Estimate and Taxation to issue and sell assessment bonds in the amount of $32,201 for the 25th Avenue SE Water Main Project with the bonds to be paid for from special assessments.

G. Passage of a Resolution ordering the City Engineer to abandon and remove any areaways which are located in the public right-of-way and which are in conflict with the 25th Avenue SE Construction Project.

CD and W&M Committees Actions:

H. Amend the 2011 General Appropriation Resolution by increasing the Community Planning and Economic Development agency Fund 01CS1 – SEMI Phase I (01CS1-8900320) appropriation by $900,000 from the available fund balance for roadway and utility construction purposes

These Resolutions may be authorized for summary publication.

Previous Directives:

- December 22nd, 2006: Resolution 2006R-621, adopting Modification No. 8 to SEMI Area Redevelopment Plan, Modification 1 to the SEMI Area Phase 1 Tax Increment Financing (TIF) Plan, Modification No. 2 to the SEMI Area Phase 2 TIF Plan, Modification No. 2 to the SEMI Area Phase 3 TIF Plan and Modification No. 1 to the SEMI Area Phase 5 TIF Plan to permit the pooling of tax increment revenues for public infrastructure in a Bioscience Subzone
- February 9th, 2007: Resolution 2007R-055, City Council accepted and appropriated a Minnesota Department of Employment and Economic Development (DEED) Bioscience Business Development Public Infrastructure Grant; increased the CPED appropriation & revenue budget by $1,000,000; and authorized execution of an agreement to implement the grant
- February 6, 2009: Resolution 2009R-038, authorizing City officers to pursue acquisition of portions of properties to be used for the 25th Avenue portion of the SEMI/University Research Park infrastructure and appropriated Fund 01CS1 funds for acquisition
- April 30, 2010 Council adoption of the T&PW Committee report approving the layout for 25th Avenue SE (4th Street to cul-de-sac / Proposed Granary Road)
- November 5, 2010: Resolution 2010R-533, authorizing City officers to pursue acquisition of portions of properties to be used for the 25th Avenue portion of the SEMI/University Research Park infrastructure
- March 10, 2011; Resolution 2011R-103 project designation

Prepared by: Suzette Hjermstad, RE Investigator II, TP & E, 673-2401
Jeff Handeland, P.E., Project Engineer, T P & E, 673-2363
Miles Mercer, Senior Project Coordinator, CPED-Business Development, x5043
Don Elwood, P.E., Director, Transportation Planning & Engineering, 673-3622

Approved by:

_____
Steven A. Kotke, P.E., City Engineer, Director of Public Works

_____
Charles T. Lutz, Deputy Director of CPED

_____
Catherine A. Polasky, Director of Economic Development

Presenters: Jeff Handeland, Project Engineer, Transportation Planning & Engineering
Miles Mercer, Senior Project Coordinator, CPED Business Development

CPED Funding Source and Appropriation Language Reviewed by Development Finance: _____

Reviews

Permanent Review Committee (PRC)	Approval __	Not applicable ___X
Civil Rights	Approval __	Not applicable ___X
Policy review Group (PRG)	Approval __	Not applicable ___X

Financial Impact

Special Assessments to Benefited Properties
Appropriation increase of prior-allocated funds restricted to infrastructure development in this area

Community Impact

Neighborhood Notification: The Southeast Economic Development (SEED) Committee has approved the SEMI Area Revised Master Plan that includes this roadway
City Goals: Jobs & Economic Vitality: Proactive business development in key growth areas; A City that Works: Infrastructure — streets, bridges, sidewalks, sewers, bike lanes & paths — well-managed and maintained
Comprehensive Plan: Consistent
Zoning Code: Not Applicable

Background/Supporting Information:
The purpose of this letter is to:

1. Pass resolutions ordering the 25th Avenue SE construction work to proceed, adopt the associated special assessments and sell the associated assessment bonds, and abandon any areaways.
2. Appropriate available tax increment revenue generated in the SEMI redevelopment project area intended for infrastructure development for construction of the 25th Avenue SE project

Background
Public Works and CPED plan to extend 25th Avenue SE (designated Municipal State Aid Route 446) northward to connect to a City-owned parcel and the right-of-way of the proposed Granary Road and install related sanitary sewer, water main, and storm water management utilities. This extension will provide better access to developable parcels and connect the street grid with a paved roadway.

The estimate of the total cost of the project, including right-of-way acquisition, is $2,500,000. Funding for the project comes from a public infrastructure grant from the Minnesota Department of Employment and Economic Development (DEED), assessment dollars, Municipal State Aid (MSA) funding, a grant from the Mississippi Watershed Management Organization (MWMO), and tax increment revenue in the Southeast Minneapolis Industrial (SEMI) area for the express purpose of infrastructure development in SEMI. The City has entered into purchase agreements for the needed right-of-way and construction is planned to begin this summer.

TPW Committee elements
On March 10, 2011, the City Council designated the location, streets and improvements proposed to be made in the 25th Av SE construction project. The 25th Av SE construction project is from 4th St SE north approximately 950 feet to its terminus.

Street Construction
The proposed roadway width is 48 feet and has one moving lane in each direction and parking on both sides. The layout for this segment of 25th Avenue SE was approved by City Council as noted in the previous directives section of this document.

The street construction would be paving with plant mix asphalt, concrete curb and gutters, all on a stabilized base and including other street paving related improvements as needed.

The street reconstruction special assessments were determined by applying the 2011 Uniform Assessment Rates to the land area of benefited parcels located within the street influence zone along the improved street. All of the parcels would be assessed at the 2011 reconstruction assessment rates as follows:

$2.05/sq ft – Non-Residential
$0.77/sq ft – Residential

The proposed total street construction assessment amount for 25th Av SE (4th St SE to cul-de-sac) is $145,748.75.

Sanitary Sewer and Water Main Construction

This section of 25th Av SE has no public sanitary sewer system. The water main serving this area has reached the end of its service life and needs to be replaced before the street is paved. The development of the property along this extension of 25th Av SE is dependent upon access to public sanitary sewer and water.

The cost estimate for the public sanitary sewer in 25th St SE is $500,000. The water main cost estimate is $150,000.

Policy for assessing sanitary sewers and water mains is to assess 100% of the costs. However, there are provisions in the Minneapolis City Charter that provide for adjustments. Practice has been to include these adjustments in the assessment calculations with the City paying the costs resulting from these adjustments. The assessment plan prepared by the Public Works Department included adjustments provided for in Chapter 9, Section 4 of the City Charter (see Attachments 3 and 4). The assessment rate is calculated on a front foot basis to benefited properties on 25th Av SE.

A summary of the allocation of the sanitary sewer and water main cost portions of the project funding rounded to whole dollars is as follows:

1. Special assessments portion	$101,308 – Sewer	$ 32,201 - Water
2. City portion	$398,692	$117,799
3. TOTAL ESTIMATED COST	$500,000	$150,000

DEED and matching SEMI TIF funds will be used to pay for the City portions of $398,692 and $117,799

Individual street construction assessments of more than $150 would be collected over 20 years beginning on the 2012 real estate tax statements with interest charged at the same rate as the City pays in interest for selling assessment bonds. Assessments of $150 or less would be collected in their entirety on the 2012 real estate tax statements with interest charged at the same rate as the City pays in interest for selling assessment bonds. Information has been provided in the Notices as to how persons may prepay the special assessments in full without interest charges if they so choose.

Abandonment and Removal of Conflicting Areaways

Section 95.90 of the Minneapolis Code of Ordinances provides a procedure for dealing with areaway encroachments that would interfere with public improvements being made in the public right-of-way such as street construction and street lighting projects. Before the City may abandon and remove conflicting areaways (upon the failure of the abutting property owner to

resolve or agree to resolve the conflict) and then later assess the costs, a public hearing must be held. In an effort to minimize delays and potential delay related costs to the project that conflicting areaways may pose, notices were given by the City Engineer that provided the initial notice required in Section 95.9-0 of the Minneapolis Code of Ordinances.

CD and W&M Committees Elements

The revenue from Fund 01CS1 represents available tax increment dollars generated from the SEMI Area Phase 1 Tax Increment Financing District located within the SEMI redevelopment project area for the express purpose of funding infrastructure development in the SEMI area. City Council previously appropriated revenue from Fund 01CS1 for the acquisition of right-of-way for the 25th Avenue SE project.

Appropriation is now needed for the construction of the project. This tax increment revenue will be one of multiple funding sources – including assessment dollars, MSA funds, and significant grants from both the Department of Employment and Economic Development and the Mississippi Watershed Management Organization.

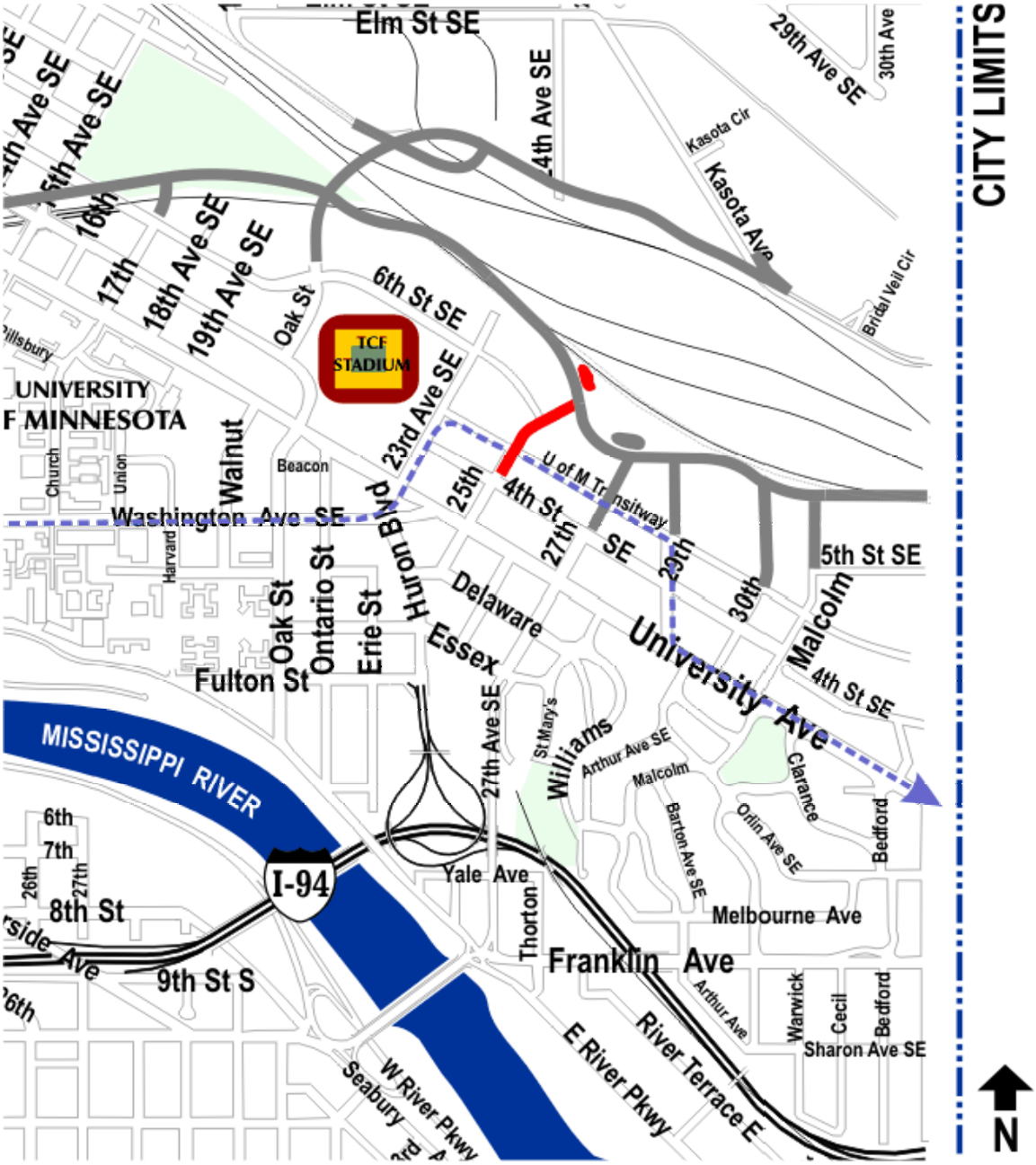
The reason for the broader investment in SEMI area infrastructure and this project in particular is improve access to and thus facilitate development on multiple underutilized parcels, thus increasing the tax base and spurring job growth.

Attachment 1 – Project Map
Attachment 2 – Minneapolis City Charter, Chapter 9, Section 4, Chapter 10, Section 9
Attachment 3 – Allocation of Sewer Project Costs
Attachment 4 – Allocation of Water Main Project Costs

Cc: Council Member Cam Gordon, Ward 2
Mike Abeln, Director, Capital and Debt Management
Jack Qvale, Secretary, Board of Estimate and Taxation

ATTACHMENT 1

PROJECT MAP



Project

Future LRT

Future SEMI (University Research Park) Projects

Attachment 2

Minneapolis City Charter*

CHAPTER 9. WATER WORKS

Section 4. Assessment for Sewers. The City Council may in like manner, whenever it shall deem it necessary, lay, relay or extend any sewer, through any street in said City, and levy and assess, and collect the cost thereof, not exceeding the estimated cost of a sewer two feet in diameter, including all necessary catch basins, manholes, lamp holes and flushing valves, by a special assessment upon the property on both sides of such street and abutting upon such improvement, of an equal sum per front foot without regard to a cash valuation. The cost not provided for by such assessment, including the increased cost of larger sewers and constructing the same across streets and against property which is by law exempt from such assessment, shall be paid out of the permanent improvement fund of said city. A sewer two feet in diameter is hereby declared to be an ordinary street sewer within the meaning of this act, for the drainage of abutting property.

CHAPTER 10. LOCAL IMPROVEMENTS – ASSESSMENTS*

Section 9. Discretion as to corner lots. The City Council may, in its discretion, in case where any lot fronting on two streets has been previously assessed and the assessment paid for laying any water main or sewer pipe upon a different street from the one through which such proposed improvement is to be extended, remit from the assessment of such corner lot such portion of such second assessment, not exceeding the amount of assessment for a frontage of sixty-six feet on such lot, as it may deem just under all the circumstances of the case, but the discretion of the City Council in such matter shall be final, and the refusal or failure of said Council to make such remission shall not be ground for setting aside such assessment in any court or proceeding.

May 17, 2011

ATTACHMENT 3

ALLOCATION OF SEWER PROJECT COSTS

25th AVENUE SE SANITARY SEWER
SEWER PROJECT NUMBER 6734

DESCRIPTION	FOOTAGE	PERCENTAGE	AMOUNT
1. A. ASSESSED PORTION PRIMARY ACCESS			
650 25th Av SE (US Dev LLC)	173.1'	11.6%	$58,067.00
1. B. ASSESSED PORTION SECONDARY ACCESS			
649 26th Av SE (Whitebox)	38.55' (adj from 77.1)	2.6%	$12,932.00
600 25th Av SE (Whitebox)	90.35' (adj from 180.7)	6.1%	$30,309.00
2. ASSESSED TOTAL (1A + 1B)	302.0'	20.3%	$101,308.00
B. CITY PORTION			
3. City Charter, Chapter 10, Section 9: adjusted cost difference			
649 26th Av SE (Whitebox)	(38.55')	2.6%	$12,932.00
600 25th Av SE (Whitebox)	(90.35')	6.1%	$30,309.00
2525 4th St SE (UMN)	(41.85')	2.8%	$14,039.00
4. 2001 6th St SE (UMN)	201.4'	13.5%	$67,561.00
2525 4th St SE (UMN)	41.85' (adj from 83.7)	2.8%	$14,039.00
530 25th Av SE (UP RR)	98.2'	6.6%	$32,942.00
670 25th Av SE (CPED)	275.8'	18.5%	$92,519.00
420 25th Av SE (BNSF RR)	142.3'	9.5%	$47,736.00
520 25th Av SE (UP RR)	258.2'	17.3%	$86,615.00
CITY TOTAL (3 + 4)	1188.5'	79.7%	$398,692.00
C. PROJECT TOTALS			
5. GRAND TOTALS	1490.5'	100.00%	$500,000.00

May 17, 2011

ATTACHMENT 4

ALLOCATION OF WATER MAIN PROJECT COSTS

25th AVENUE SE WATER MAIN
PROJECT NUMBER 6734

DESCRIPTION	FOOTAGE	PERCENTAGE	AMOUNT
1. A. ASSESSED PORTION PRIMARY ACCESS			
650 25th Av SE (US Dev LLC)	173.1'	12.3%	$18,457.00
1. B. ASSESSED PORTION SECONDARY ACCESS			
649 26th Av SE (Whitebox)	38.55' (adj from 77.1)	2.7%	$ 4,110.50
600 25th Av SE (Whitebox)	90.35' (adj from 180.7)	6.4%	$ 9,633.50
2. ASSESSED TOTAL (1A + 1B)	302.0'	21.4%	$32,201.00
B. CITY PORTION			
3. City Charter, Chapter 10, Section 9: adjusted cost difference			
649 26th Av SE	(38.55')	2.7%	$ 4,110.50
600 25th Av SE	(90.35')	6.4%	$ 9,633.50
4. 2001 6th St SE (UMN)	201.4'	14.3%	$21,474.00
530 25th Av SE (UP RR)	98.2'	7.0%	$10,471.00
670 25th Av SE (CPED)	275.8'	19.7%	$29,407.00
420 25th Av SE (BNSF RR)	142.3'	10.1%	$15,173.00
520 25th Av SE (UP RR)	258.2'	18.4%	$27,530.00
CITY TOTAL (3 + 4)	1104.8'	78.6%	$117,799.00
C. PROJECT TOTALS			
5. GRAND TOTALS	1406.8'	100.00%	$150,000.00