



## Request for City Council Committee Action From the Department of Public Works

**Date:** September 26,, 2006  
**To:** Honorable Sandra Colvin Roy, Chair, Transportation & Public Works Committee  
**Referral to:** Honorable Paul Ostrow, Chair, Ways & Means/Budget Committee  
**Subject:** **2<sup>nd</sup> Street SE Sanitary Sewer, Sewer Project Number 4421 Project Approval and Assessment Public Hearing**

**Recommendation:**

- a) Order the City Engineer to proceed and do the work and adopt the special assessments in the total amount of \$91,450 for the 2<sup>nd</sup> Street SE Sanitary Sewer Project and approving City funding of \$11,962 from an existing appropriation in the Sewer Enterprise Fund in the Public Works Sewer Construction Capital Agency (7300-932-9322-SW001)
- b) Request the Board of Estimate and Taxation to issue and sell assessment bonds in the amount of \$91,450 for the 2<sup>nd</sup> Street SE Sanitary Sewer Project with the bonds to be paid for from the special assessments revenues
- c) Amend the 2006 capital appropriation resolution to increase appropriation for Public Works in the Sewer Enterprise Fund in the Public Works Sewer Construction Capital Agency for expenses related to the 2<sup>nd</sup> Street SE Sanitary Sewer Project by \$11,962 (7300-932-9322-SW001) funded from an increase to assessment bonds proceeds revenues in the amount of \$11,962 (7300-932-9322-Source 3880).

**Previous Directives:** Designation Resolution 2006R-453, passed September 1, 2006

**Prepared by:** Paul Chellsen, Engineering Services, 673-2406  
Suzette Hjermsstad, Management Services, 673-2401  
Rhonda Rae, P.E., Director of Engineering Services, 673-3627

**Approved by:** \_\_\_\_\_  
Steven A. Kotke, P. E., City Engineer, Director of Public Works

**Presenters:** Bo Spurrier, Water Resource Engineer

Permanent Review Committee (PRC)	Approval _____	Not applicable <u>  X  </u>
Policy Review Group	Approval _____	Not applicable <u>  X  </u>

**Financial Impact** (Check those that apply)

- No financial impact - or - Action is within current department budget.  
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain): Special assessment against benefited properties
- Request provided to the Budget Office when provided to the Committee Coordinator

## Community Impact

**Neighborhood Notification:** Public hearing notices sent out 2 weeks prior to public hearing

**City Goals:** the City's infrastructure will be well-maintained.

**Comprehensive Plan:** Consistent

**Zoning Code:** Not Applicable

## Background/Supporting Information:

Bluff Street Development, LLC has asked the City of Minneapolis to install a public sanitary sewer in 2<sup>nd</sup> Street SE from the intersection of 6<sup>th</sup> Av SE and extending approximately 240 feet northwesterly toward 5<sup>th</sup> Av SE. This section of 2<sup>nd</sup> Street SE has no public sanitary sewer system. The properties are instead served by a private sanitary sewer that was constructed to serve the property at 520 2<sup>nd</sup> Street SE. Some properties were allowed to connect to the private sewer, the rest were connected without recorded permission or permits to connect. We do not currently allow this situation in the city and are working to resolve the remaining private sewer issues. The development of the property at 520 and 521 2<sup>nd</sup> St SE (proposed Flour Sack Flats Condominium Phases I and II) is dependent upon access to public sanitary sewer.

The sanitary sewer installation work would be done by City forces. The Sewer Construction and Maintenance Engineer has advised that the construction could begin in the fall of 2006.

The cost estimate for the public sanitary sewer in 2<sup>nd</sup> Street SE is \$103,412.

Policy for assessing sanitary sewers 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 2<sup>nd</sup> Street SE.

A summary of the project funding rounded to whole dollars is as follows:

1. Special assessments portion	\$91,450
2. City portion	<u>\$11,962</u>
3. TOTAL PROJECT COST	\$103,412

Funds are available in the Sewer Enterprise Fund in the Public Works Sewer Construction Capital Agency (7300-932-9322-SW001) to pay for the City portion of \$11,962.

An appropriation increase of \$91,450 in the Sewer Enterprise Fund in the Public Works Sewer Construction Capital Agency (7300-932-9322-SW001) to front-end the assessed cost is recommended. The Sewer Enterprise Fund in the Public Works Sewer Construction Capital Agency would be reimbursed from bond sale proceeds. The revenues from the special assessments would be used to pay off the bonds.

Individual assessments would be collected over 20 years beginning on the 2008 real estate tax statements with the interest charged at the same rate as assessment bonds are sold. 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.

The City Council has passed Resolutions whereby a deferment of the special assessments may be obtained by showing hardship for any homestead property owned by a person 65 years of age or older or retired by virtue of permanent and total disability.

Attachment 1 - Bluff St Development Letter

Attachment 2 - Minneapolis City Charter, Chapter 9, Section 4, Chapter 10, Section 9

Attachment 3 – Allocation of Sewer Project Costs

C: Diane Hofstede, 3rd Ward Council Member  
Mike Abeln, Director, Capital and Debt Management  
Jack Qvale, Secretary, Board of Estimate and Taxation

## Attachment 1

November 8, 2005

Mr. Paul Chellsen  
Minneapolis Sewer Design  
309 – 2<sup>nd</sup> Avenue South  
Minneapolis, Minnesota 55401-2268

RE: Flour Sack Flats – Phase I and II  
Sanitary Sewer Service Request  
520 and 521 – 2<sup>nd</sup> Street Southeast

Dear Mr. Chellsen:

Bluff Street Development, LLC, is submitting this request for new sanitary sewer service to be provided for a proposed two-phase development located at 520 and 521 – 2<sup>nd</sup> Street Southeast (SE) in Minneapolis. The proposed development consists of two for-sale condominium buildings, one on the north side (Phase I) and one on the south side (Phase II) of 2<sup>nd</sup> Street SE. The address for Phase I is generally agreed to be 521 – 2<sup>nd</sup> Street SE (PID #23-029-24-41-0021); however, it has also been designated as 519 – 2<sup>nd</sup> Street for some previously existing utility connections. The address for Phase II is 520 – 2<sup>nd</sup> Street SE (PID #23-029-24-41-0030). Bluff Street Development, LLC, owns both properties.

Phase I of the project consists of up to 59 for-sale condominium units located within a 5-story building. Construction for the building is scheduled to begin as soon as pre-sale requirements have been met. Phase II of the project consists of approximately 50 for-sale condominiums to be constructed as soon as Phase I has been completed.

Based on our review of available information, the closest sanitary sewer connection location is a manhole located in the intersection of 2<sup>nd</sup> Street SE and 6<sup>th</sup> Avenue SE. Sanitary sewers depicted or described on outdated reference materials indicate that all sanitary sewers located to the west of this intersection are considered private. To accommodate the two projects, we envision a new sanitary sewer manhole located approximately 100 feet west of the intersection of 2<sup>nd</sup> Street and 6<sup>th</sup> Avenue on the south side of 2<sup>nd</sup> Street. New sanitary sewer piping would then be installed to connect this manhole to the manhole in the intersection. Both phases of the proposed construction would then tie into the new manhole.

We hope to begin construction of Phase I this winter with occupancy at the end of 2006. Please contact me with any questions or comments at (952) 888-2001. Thank you in advance for your assistance with this matter.

Sincerely,

Bluff Street Development, LLC

Jeffrey A. Ellerd, P.E.

## 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.

September 26, 2006

ATTACHMENT 3

ALLOCATION OF SEWER PROJECT COSTS

2<sup>nd</sup> STREET SE SANITARY SEWER  
SEWER PROJECT NUMBER 4421

<u>DESCRIPTION</u>	<u>FOOTAGE</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>
<u>ASSESSED PORTION</u>			
<u>PRIMARY ACCESS</u>			
521 2 <sup>nd</sup> St SE	198.0'	27.0%	\$27,518.40
129 6 <sup>th</sup> Av SE	66.0'	9.0%	\$ 9,172.80
520 ½ 2 <sup>nd</sup> St SE	66.0'	9.0%	\$ 9,172.80
520 2 <sup>nd</sup> St SE	41.8'	5.5%	\$ 5,809.44
110 5 <sup>th</sup> Av SE	196.2'	26.0%	\$27,268.23
204 5 <sup>th</sup> Av SE (corner lot)	90.0' (adj from 132')	12.0%	\$12,508.36
<u>ASSESSED PORTION</u>			
<u>SECONDARY ACCESS</u>			
None			
ASSESSED TOTAL	<u>658.0'</u>	<u>88.5%</u>	<u>\$91,450.03</u>
<u>CITY PORTION</u>			
City Charter, Chapter 9, Section 4: sewer construction across streets - intersection of 2 <sup>nd</sup> St SE and 6 <sup>th</sup> Av SE			
	40.0'	5.4%	\$ 5,589.86
City Charter, Chapter 10, Section 9: corner lot adjusted cost difference			
	42.0'	6.1%	\$ 6,372.44
CITY TOTAL	<u>82.0'</u>	<u>11.5%</u>	<u>\$11,962.30</u>
GRAND TOTAL	740.0'	100.00%	\$103,412.33