



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

Date: August 8, 2006

To: Honorable Sandra Colvin Roy, Chair, Transportation and Public Works Committee

**Subject: Nicollet Avenue South Special Service District, Proposed Services and Service Charges for 2006: Public Hearings**

**Recommendation:** Hold the public hearing regarding the proposed services and potential charges as outlined in the following estimates and as stated in the notices mailed to property owners.

- A.) The special services and the cost estimates in the lump sum total amount of \$70,000 for 2006;
- B.) The service charges and the list of service charges in the lump sum total amount of \$147,722 for 2006;
- C.) Due to a miscalculation that was made in determining the service charge amount in (B), direct staff to make the updated calculations.
- D.) Close this public hearing after hearing any testimony.
- E.) Set a new public hearing for the proposed services and service charges for 2006 AND 2007 for the Nicollet Avenue South Special Service District to be held before the Transportation and Public Works Committee on September 26, 2006, and direct staff to give notice of the public hearing with the updated calculations for 2006, and proposed 2007.

**Previous Directives:** Transportation and Public Works Committee meeting of July 11, 2006 directing staff to give notice of public hearings to be held on August 8, 2006.

**Prepared by:** Suzette R. Hjermstad, Real Estate Investigator II, 673-2401

**Approved by:**

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Steven Kotke, P.E., Interim City Engineer/Director of Public Works

**Presenters:** Michael D. Kennedy, P.E. Director, Winter Operations

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)

  X   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

<input type="checkbox"/> Action provides increased revenue for appropriation increase <input type="checkbox"/> Action requires use of contingency or reserves <input checked="" type="checkbox"/> Other financial impact (Explain): Special assessment against benefited properties <input type="checkbox"/> Request provided to the Budget Office when provided to the Committee Coordinator
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**Community Impact**

**Neighborhood Notification:** Recalculated public hearing notices to be sent out

**City Goals:** Provide services as chosen by the SSD Advisory Board.

**Comprehensive Plan:** Consistent

**Zoning Code:** Not Applicable

**Background/Supporting Information Attached**

Each year, the Special Service District Advisory Boards recommend the services for the coming year for their business district along with the estimated costs for the elected services. The service charges are calculated according to the methods recommended by each Advisory Board. These service charges in this case will be collected on the 2007 real estate taxes in the same manner as special assessments (see Note below). There is no interest charge applied. Each affected property owner was mailed a notice of public hearing with the service charge amount 2 weeks in advance of the public hearing.

Recently, Public Works discovered that an error was made in determining the total service charges as described in recommendation (B). The total amount should have been \$99,777, rather than \$147,722, or a difference of \$47,945. The higher amount was used to calculate the respective charges per property in the notices that were mailed prior to this hearing, resulting in higher individual service charges. It is recommended that new updated notices be sent and a new public hearing be held regarding the correct service charge amounts

It is also recommended that, since we will be close to the time that action be taken for the 2007 fiscal year, the proposed 2007 services and service charges be proposed and notices be sent to property owners and both years recommendations be included in the September 26, 2006 public hearing.

**NICOLLET AVENUE SOUTH SPECIAL SERVICE DISTRICT**

The Nicollet Avenue South Special Service District Advisory Board has recommended the services for 2006 which along with the estimated costs for 2006 are as follows:

- |   |          |
|---|----------|
| 1. Banners.   | \$ 500   |
| 2. Decorative Lighting.                               | \$30,000 |
| 3. Streetscape Landscape Features Repair and Planting | \$10,000 |
| 4. Maintenance, Cleaning & Snow Removal               | \$13,000 |
| 5. Trash Removal.                                     | \$15,000 |
| 6. Management Services                                | \$1,500  |

TOTAL

\$70,000

The service charges are set up such that 100% of the cost of these services (\$70,000 estimated for 2006) are recovered from the affected properties. However, the service charges revenues through 2004 are less than the expenditures for services through 2004 by \$77,722. As provided for in Section 448.70 of the Minneapolis Code of Ordinances, the actual amount of service charges to be collected in 2007 is \$147,722 (\$70,000 plus \$77,722).

The service charges for 2006 have been calculated according to the method recommended by the Advisory Board that is a land area strip method (50 foot strip along the streets receiving the services).

If approved, the 2006 service charges of \$147,722 would be collected on the 2007 real estate tax statements in the same manner as special assessments. There is no interest charge applied. The amount of \$147,722 to be collected in 2007 is \$54,511 more than the amount of \$93,211 collected in 2005.

**Note:** Because we did not come forward with the 2006 proposed services and charges in 2005, this is out of sync with the normal progression of events. This public hearing was deferred from 2005 at the request of the Nicollet Avenue Advisory Board and recommendation from Public Works in order to answer questions from the Board. Public Works and the Board are now ready to move forward.

These service charges would normally have been collected in 2006, but because of this delay will be collected in 2007. Public Works recommends that we return with proposed services for 2007, to also be collected in 2007, as described above. This will result in the Service District paying for 2 years worth of assessments in 2007. The Nicollet Avenue Advisory Board is aware of this fact and recommends we move forward in this manner.

cc: Council Member Lisa Goodman