This is the presentation given at the Public Hearing on August 31, 2020. This version supersedes all previous drafts.

2021-2022 Street Project
Public Improvement Hearing
August 31, 2020

Agenda

- Background
- Proposed Improvements
- Estimated Costs
- Assessment Review
- Property Owner Rights
- Schedule
Background

• City Capital Improvement Plan (CIP)
  • Previous version (2018 – 2022)
    • 2018 Street and Alley Project
    • 2019 Street and Alley Project
  • Updated Draft 5-Year Plan (2020 – 2025).

• Special Assessment Policy
  • Adopted February 2017.
    • Amended Policy Adopted April 2018.

Background

• Lake County 5-Year Road and Bridge Plan (2020-2024)
  • Adopted by County Board May 26, 2020
  • Proposed 2021 Project:
    • 8th Street (CSAH 30): 4th Avenue to 7th Avenue
    • 4th Avenue (CSAH 35): 7th Street to 8th Street

• Provided opportunity for City to partner with County
  • Neighborhood Project
  • Economy of Scale
Proposed 2021-2022 Project

- Only Preliminary Investigation done so far.
  - Identified proposed work, but not all details figured out.

- If Project Proceeds, Final Design will be done Fall 2020.

- Construction would begin spring 2021.

- Additional Public Information Meetings would be held.

- City of Two Harbors not committed yet.
Feasibility Report

- First step of project development. Identifies:
  - Existing Conditions
  - Proposed Improvements
  - Estimated Costs
  - Financing

- Ordered: April 13, 2020  Accepted: August 10, 2020

- Available on City website and at City Hall for review.

Proposed Improvements

- What is under a typical street?
Proposed Improvements
City Avenues

- Water System
  - Complete replacement of water main.
  - Replacement of individual service lines.
    - Partial length – from main to shut off.
  - Temporary system will be used during construction.

- Sanitary Sewer
  - Complete replacement of mains and manholes.
  - Replacement of individual service lines.
    - Partial length – to same location as water shut off.

Proposed Improvements
City Avenues

- Storm Sewer
  - Replacement and updates.
    - Minimal amount on City Avenues.
  - Drain tile will be installed along avenues where possible.

- Sidewalk
  - Complete replacement of walks.
  - Reconnection to existing private walks at residences.
  - Upgrades to walks and pedestrian ramps at intersections.
    - ADA compliance.
Proposed Improvements
City Avenues

- Street
  - Complete reconstruction of structural section.
  - Complete replacement of concrete curb and gutter.

- Street Width
  - Existing varies 24-feet to 28-feet between curbs.
  - Recommend to reconstruct at 28-feet wide.
    - If 28-feet, could remove parking restriction.
    - 5th Avenue along school is 32-feet wide.

Proposed typical section:
6th Avenue – West of 8th Street

- Street
  - Existing gravel surface.
  - Proposed to upgrade to bituminous pavement.
  - Proposed 28-feet wide with concrete curb and gutter.

- Option for turnaround at end of street.

- Sidewalk
  - Currently exists north side only. Proposed to replace.
  - Option to add sidewalk along south side.

6th Avenue – West of 8th Street

- Optional turnaround
5th Avenue – 7th to 8th Street

- Existing road 32-feet wide.
  - ADA entrance to school located along this block.
- Base proposal to rebuild this block as-is.
- Option for enhanced school access:
  - Bus drop-off pad.
  - Angled parking along south side (6 stalls).
  - School would pay cost difference.

5th Avenue – 7th to 8th Street

- Optional bus drop-off and angled parking.
Proposed Improvements
County Segments – Storm Sewer

- Replace 8th Street main – Skunk Creek to 7th Avenue.
  - Add new inlets at 6th Avenue intersection.

- Extend storm sewer to 5th Avenue.
  - Add new inlets at the intersection.

- Drain tile will be installed in the street where possible.

- Existing box culvert at Skunk Creek will be left in place.
  - No replacements or upgrades planned.

Proposed Improvements
County Segments - Sidewalk

- Existing: Both sides of 4th Avenue and 8th Street.

- Proposed:
  - 4th Avenue from 7th to 8th Street: Both sides.
  - 8th Street
    - 4th Avenue to 5th Avenue: Both sides.
    - 5th Avenue to 7th Avenue: West side only.
      - Matches 8th Street north of 7th Ave.
      - Minimize impacts to properties.
Proposed Improvements
County Segments - Width

- 4th Avenue
  - Parking lane both sides. (North side for School events only.)
  - Overall footprint approx. 4-feet wider. All on school side.

- 8th Street
  - Wider shared-use lanes accommodate cars plus bicycles.
  - 4th Avenue to 5th Avenue: Parking on west side.
  - 5th Avenue to 7th Avenue: No parking.
  - Approximately matches existing footprint.

County Segment – 4th Avenue
County Segment – 8th Street (4th – 5th)

County Segment – 8th Street (5th – 7th)
Driveways

- Driveways impacted by work will be repaired.
- Material of repair will match existing material:
  - Concrete, bituminous, or gravel.
- Width of repair will match existing driveway width.
- Length of repair will be as necessary to achieve acceptable slope.

Trees

- Approach will be to preserve where possible.
- Trees impacted by work will be removed.
- Need to consider:
  - Long-term health of the tree.
  - Public safety.
  - Location of improvements, especially utility services.
  - Potential impacts on the public investment being made.
Trees

- Lake County plans to remove trees along their segments this fall in anticipation of the project next spring.
  - Likely between October 1st and December 15th.

- City has opportunity to partner with County to have trees along City Avenues removed this fall as well.

- Under review, decision expected in September.

Phasing

- Anticipated Project Phasing:
  - Phase 1: Area around School.
    - 4th Avenue, 8th Street (4th Ave to 5th Ave), 5th Avenue.
    - Pavement in place before start of 2021 school year.

  - Phase 2: 8th Street (CSAH).

  - Phase 3: Remainder of Project.
Phasing

- Utility Installation
  - Generally start at low end of system and work upstream.
  - Low end of utilities is east end of project (7th Street).
- Contract will specify certain requirements.
- Contractor can also propose ideas on schedule/phasing.

Phasing

- Project may take more than one construction season.
- One possible scenario:
  - 2021 Construction: 8th Street and Avenues east of 8th Street.
  - 2022 Construction: Avenues west of 8th Street.
Estimated Costs

- Detailed cost estimates are provided in Appendix B of the Feasibility Report.
  - By project segment.
  - By type of improvement.

- For this presentation, summary by segment is shown on the following table.

Estimated Cost – City Avenues Base Improvements

<table>
<thead>
<tr>
<th>Segment</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>4th Avenue: 7th St. to 8th St. – Utilities Only</td>
<td>$345,280</td>
</tr>
<tr>
<td>4th Avenue: West of 8th St.</td>
<td>$545,100</td>
</tr>
<tr>
<td>5th Avenue: 7th St. to 8th St.</td>
<td>$661,400</td>
</tr>
<tr>
<td>5th Avenue: West of 8th St.</td>
<td>$765,350</td>
</tr>
<tr>
<td>6th Avenue: 7th St. to 8th St.</td>
<td>$854,010</td>
</tr>
<tr>
<td>6th Avenue: West of 8th St.</td>
<td>$871,500</td>
</tr>
<tr>
<td>Total Estimated Costs – City Aves (Base Improvements)</td>
<td>$4,042,640</td>
</tr>
</tbody>
</table>
## Estimated Cost – City Avenues

### Optional Improvements

<table>
<thead>
<tr>
<th>Item</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>5th Avenue: West of 8th St. – 28-foot width</td>
<td>$16,570</td>
</tr>
<tr>
<td>6th Avenue: West of 8th St. – 28-foot width</td>
<td>$24,410</td>
</tr>
<tr>
<td>6th Avenue: 7th St. to 8th St. – 28-foot width</td>
<td>$19,350</td>
</tr>
<tr>
<td>6th Avenue: West of 8th St. – Turnaround</td>
<td>$20,500</td>
</tr>
<tr>
<td>6th Avenue: West of 8th St. – Sidewalk along south side</td>
<td>$22,990</td>
</tr>
<tr>
<td>5th Avenue: 7th St. to 8th St. – Bus drop off and angled parking</td>
<td>$35,330</td>
</tr>
<tr>
<td><strong>Total Estimated Costs – City (Optional Improvements)</strong></td>
<td><strong>$139,150</strong></td>
</tr>
</tbody>
</table>

## Estimated Cost – County Improvements

### County Improvements

<table>
<thead>
<tr>
<th>Item</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>4th Avenue: 7th Street to 8th Street</td>
<td>$418,936</td>
</tr>
<tr>
<td>8th Street: 4th Avenue to 7th Avenue</td>
<td>$1,016,508</td>
</tr>
<tr>
<td>7th Street: Pedestrian Ramp Improvements at 5th Avenue</td>
<td>$50,318</td>
</tr>
<tr>
<td><strong>Total Estimated Costs – County Improvements</strong></td>
<td><strong>$1,485,762</strong></td>
</tr>
</tbody>
</table>
Estimated Cost

Total Project

<table>
<thead>
<tr>
<th>Item</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Avenues – Base Improvements</td>
<td>$4,042,640</td>
</tr>
<tr>
<td>City Avenues – Optional Improvements</td>
<td>$139,150</td>
</tr>
<tr>
<td>Total Estimated Costs – City Improvements</td>
<td>$4,181,790</td>
</tr>
<tr>
<td>Total Estimated Costs – County Improvements</td>
<td>$1,485,762</td>
</tr>
<tr>
<td>Total Estimated Project Costs</td>
<td>$5,667,552</td>
</tr>
</tbody>
</table>

Financing

- County will use State Aid funds toward their segments.
  - CSAH = County State Aid Highway.

- City will finance entire cost of their improvements up front.
  - Combination of Bonds and Fund Reserves.

- City proposes to recover a portion of the project costs through assessments to benefitted properties.
  - Per Minnesota State Law, Statute Chapter 429.
  - Per adopted Two Harbors Special Assessment Policy.
Assessments
Cost

• Costs **NOT** being assessed:
  • Sanitary Sewer Main.
  • Water Main.
  • Water Services from main to shut off.
  • Storm Sewer.
  • Drain Tile.

Assessments
Cost

• Costs being assessed:
  • Street Improvements:  50% of cost.
  • Sidewalks: 50% of cost.
  • Sanitary Sewer services: 100% of cost to the property receiving the service.
  • Water services: 100% of cost to the property for portion past the shut off (if necessary).
Assessments

Cost

• Summary: Assessable costs = 42% of total project.

<table>
<thead>
<tr>
<th>Item</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Estimated Project Costs</td>
<td>$5,667,552</td>
</tr>
<tr>
<td>Less NON-Assessable Costs</td>
<td>$3,278,222</td>
</tr>
<tr>
<td>Total Estimated Assessable Project Costs</td>
<td>$2,389,330</td>
</tr>
</tbody>
</table>

Assessments

Parcels

• Properties proposed for assessment:
  • Adjacent to project segments.
  • Benefitting from the project.

• Method of assessment proposed:
  • Area method (cost per square foot).
  • Residential parcels categorized by size.
  • Unique parcels (school, commercial use) calculated separately.
Assessments
Residential Parcels

<table>
<thead>
<tr>
<th>Designation</th>
<th>Small</th>
<th>Average</th>
<th>Large</th>
<th>Extra Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area (SF)</td>
<td>0 to 5,250</td>
<td>5,251 to 8,749</td>
<td>8,750 to 10,500</td>
<td>10,501 +</td>
</tr>
<tr>
<td>Assessment</td>
<td>0.75</td>
<td>1.00</td>
<td>1.25</td>
<td>Actual area</td>
</tr>
</tbody>
</table>

- Parcels within the same category assigned the same assessment for street and sidewalk.

- Rate of 1.00 = Standard lot of 7,000 SF (50’ x 140’).

Assessments

- Complete mock assessment roll is provided in Appendix C of the Feasibility Report.
  - Lists parcels by Identification No., address, and owner.
  - Assessment by type of improvement for each property.
  - Total estimated assessment for each property.

- For this presentation, just a summary is shown.
Assessments Summary

Sanitary Sewer Services

| Assessment per Service (amount dependent upon length) | $2,725 to $5,790 |

Street and Sidewalk

<table>
<thead>
<tr>
<th>Type</th>
<th>Small</th>
<th>Average</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$8,558</td>
<td>$11,410</td>
<td>$14,263</td>
</tr>
<tr>
<td>Unique</td>
<td>$1,750</td>
<td>to $27,500</td>
<td></td>
</tr>
</tbody>
</table>

- Reference: Actual recent street and sidewalk assessments:
  2018 = $11,393  2019 = $11,390

Assessments Example Parcel

- Example: Residential parcel – Average category

<table>
<thead>
<tr>
<th>Residential Parcels Example Total Assessment¹</th>
<th>2021-2022</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street and Sidewalk</td>
<td>$11,410²</td>
<td>$11,390</td>
<td>$11,393</td>
</tr>
<tr>
<td>Sanitary Sewer Service</td>
<td>$4,420</td>
<td>$3,419</td>
<td>$2,489</td>
</tr>
<tr>
<td>Water Service</td>
<td>$0</td>
<td>$ 0</td>
<td>$ 0</td>
</tr>
<tr>
<td>Total Estimated Assessment</td>
<td>$15,830</td>
<td>$14,809</td>
<td>$13,882</td>
</tr>
</tbody>
</table>

¹ Amounts rounded to nearest dollar.
² Includes optional improvements.
**Assessments**

**Additional Information**

- Assessments are only preliminary estimates.
- City will take preliminary assessment roll under advisement.
  - Will consider if any modifications are appropriate.
  - Consideration of previous assessments.
- Any modifications directed by the City can be incorporated into the final assessment calculations.

- Assessments can be paid in installments.
  - Typical term is 15-years.
  - Interest rate TBD. Depends on rate paid by City.
- City policy allows for deferral of assessments.
  - Must meet criteria, apply, and be approved by City.
  - Deferral is **not** forgiveness.
  - Interest still accumulates.
Finance Summary

2021-2022 Street Improvement Project
Financing Summary¹

<table>
<thead>
<tr>
<th>Source</th>
<th>Estimated Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessments</td>
<td>$1,118,869</td>
<td>19.7%</td>
</tr>
<tr>
<td>City of Two Harbors</td>
<td>$3,212,921</td>
<td>56.7%</td>
</tr>
<tr>
<td>Lake County</td>
<td>$1,335,762</td>
<td>23.6%</td>
</tr>
<tr>
<td><strong>Total Project</strong></td>
<td><strong>$5,667,552</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

¹ – Amounts rounded to nearest dollar

Project Outline

- Brief outline of MN Statute Chapter 429 process:
  - Feasibility Report is ordered and prepared.
    - Identifies estimated assessments.
  - Public Improvement Hearing (tonight’s meeting).
  - Order project.
  - Solicit and receive bids.
  - Calculate final assessments.
  - Public Assessment Hearing (before or after construction).
  - Certify Assessment Roll.
Property Owner Rights

- Each property owner has rights under Chapter 429.

- Right to object to assessment.

- Objection must be filed in writing.
  - After final assessments are noticed.
  - Prior to closing of Public Assessment Hearing.
    (not tonight’s meeting)

Property Owner Rights

- Property owner who has objected to assessment may then proceed with formal appeal of assessment.
  - Appeal must be filed within 30-days of Assessment Hearing.

- Proposed assessment cannot exceed the increase in market value of the property due to the improvement.
### Project Schedule

- **August 31, 2020**: Public Improvement Hearing.
- **December 2020**: Approve Plans. Set Bid Date.
- **February 2021**: Open Bids.
- **April 2021**: Award Contract.
- **May/June 2021**: Start Construction.
- **October 2021**: Construction Substantially Complete (1st year).
- **September 30, 2022**: All Construction Substantially Complete.
- **October 2022**: Final Assessments / Public Hearing.

### Next Steps

- **Approve Feasibility Report.**
  - Can occur anytime after close of this Public Hearing.

- **Order Project.**
  - If ordered, City Council specify improvements included.
  - Detailed construction plans prepared for Council review.

- **Neighborhood Meetings**
  - **Fall 2020**: Information / update.
  - **Spring 2021**: Prior to start of construction.
Questions / Discussion