



**CITY OF NEWPORT
COUNCIL WORKSHOP MEETING
NEWPORT CITY HALL
JANUARY 3, 2013
IMMEDIATELY FOLLOWING REGULAR CITY COUNCIL MEETING**

MAYOR: Tim Geraghty
COUNCIL: Tom Ingemann
Bill Sumner
Tracy Rahm
Steve Gallagher

City Administrator: Brian Anderson
Supt. of Public Works: Bruce Hanson
Chief of Police: Curt Montgomery
Fire Chief: Mark Mailand
Executive Analyst: Renee Helm

AGENDA

1. Roll call
2. Discussion Regarding the CIP Pavement Management and CIU Schedule
3. Adjournment



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MEMO

To: Brian Anderson, City Administrator – City Council City of Newport
From: John B. Stewart P.E.
Subject: CIP Pavement Management and CIU Schedule (WORK SESSION DISCUSSION)
Date: December 20, 2012

INTRODUCTION:

During the past 6-12 months MSA has been working with City staff to develop and implement a pavement management system that provides for the orderly maintenance and reconstruction of the City's street infrastructure. During the past 20 years Newport has tackled reconstruction and repair of over 50% of its streets upgrading oiled roads to a standard seven or nine ton city street section consisting of concrete curb and bituminous pavement.

There are several roadways that are in need of repair or major upgrade to preserve to City's investment in transportation infrastructure. These projects are included in the Capital Improvement and Project Funding Plan developed by City Staff but has recently been modified to include additional work to certain street sections such as storm sewer and curb. This memo lays out a proposed program and process to implement these projects.

PROJECT PROCESS:

The streets that were incorporated with the North Ravine Drainage Improvement project (Valley Road and a short section of 21st Street) provided a good example of the City's past process for street reconstruction, but also detailed several issues that need to be updated or changed to amend the process moving forward. Shortcomings of the present project process are as follows:

- ❖ The **Assessment Rate** of \$3,000/ benefitting property has remained unchanged since 1992. There have been significant changes in property values and in "determination of benefit" during this time period. The residential assessment rate is based upon a per unit assessment which remains a viable approach to reflect "benefit" but does not take account of new vs. conventional construction or in variations in the type of repair or reconstruction.

- ❖ **Types of Projects.** In the past street work involved totally removing the existing bituminous and gravel and its replacement with new "virgin material" modern

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construction techniques usually consists of harvesting existing bituminous and gravel and reusing the reclaimed material as aggregate base beneath a new blacktop surface. This is a less costly technique and allows for “saving existing curbing,” by milling a portion of the existing blacktop before applying an overlay allowing more flexibility to the “finished grades and strength of the street.” For the most part, modern techniques give the City more flexibility in controlling project costs and provide differing standards of “benefit” to a property; suggesting that there should be a graduated assessment rate based upon the construction technique used.

- ❖ **Determination of Benefit:** In the past most cities could unilaterally decide on what percentage of a project cost could be passed along as an assessment (30-50% was a common yardstick). As the economy evolved, court challenges have created a level of precedence requiring the City to base its assessment upon an Appraiser’s evaluation of “benefit”. Benefit is considered to be the increase in property value to the UNDERLYING LAND as accrued by the improvement project. (Note the underlying land is appraised, the structures and other improvements are not included in the evaluation of “benefit”). It is typical for cities to seek a “Benefit Appraisal” before establishing assessment rates: helping to providing a defensible process in the event of a property owner challenge.
- ❖ **Public Involvement:** It is common that cities provide an enhanced process for the public to participate in selecting the type and design of the improvements and to structure plan review and residents input into the final design, as well as conducting the statutorily required Preliminary Improvement and Assessment Hearings. (This has been incorporated into Newport’s process since 1992.)
- ❖ **Utility Improvements or Reconstruction:** There has also been a shift away from totally reconstructing sewer and water mains to slip lining and grouting to address pipe failure. Another change includes passing the total cost of utility reconstruction toward benefit accrued to the property. We have seen utility benefit appraised as \$400-\$800 per property whereas the reconstruction or slip lining can be several times this amount. In Newport, the water and sewer service lines from the main to the City main and up to the property right-of-way are owned by the property owner and are not included as a part of the City’s utility. Newport has a serious problem with sewer services having poor connections to the City’s main and poorly sealed pipe joints that allow for significant clear water infiltration and to root growth plugging the service lines. As with last years’ road improvement project on 21st and Valley, property owners were allowed to decide whether to take advantage of the much lesser cost associated with replacing their service while the street was being reconstructed. It will be interesting to determine from your legal counsel if this cost is over and above the utility benefit to the property.

CAPITOL IMPROVEMENT PLAN (CIP) SCHEDULE AND CONSTRUCTION TECHNIQUES: Attached exhibit B shows a preliminary CIP project schedule developed by City Staff.

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ASSESSMENT RATES:

As previously noted, the approach to base assessment rates on a benefit appraisal is the most defensible method of determining assessment rates. For your information we have noted the following range of assessment rates recently used by Minnesota communities.

IMPROVEMENT	ASSESSMENT RANGE PER UNIT
Total Reconstruction	\$3,000 to \$8,000
Mill and Overlay with Curb & Gutter	\$-0- to \$8,000
Mill and Overlay No C&G	\$-0- to \$3,500
Overlay	\$-0- to \$1,200

PROJECT COSTS AND ASSESSMENTS:

By using 2011 bid prices and allowing for a reasonable inflation in contractor cost we can estimate the following project costs per project segment: (Assumes Stable Oil Prices)

2013 PROJECTS	IMPROVEMENT	TOTAL PROJECT COST	ASSESSABLE
Joint Project With Woodbury on Century Avenue			
Military Rd to Wild Canyon	Full Depth Reconstruction	\$ 78,000.00	\$3000 to \$8,000
Hawkins St to Glen Rd	Full Depth Reconstruction	\$ 71,500.00	\$3000 to \$8,000
Glen Rd to Kalen Dr.	Full Depth Reconstruction	\$ 143,000.00	\$3000 to \$8,000
Storm Sewer	Full Depth Reconstruction	\$ 52,000.00	\$3000 to \$8,000
Total		\$ 344,500.00	
Ford Road	M&O with C & G	\$ 48,253.33	\$-0- to \$8,000
Circle	Overlay	\$ 18,661.07	\$-0- to \$3500
8th Avenue	M&O with C & G	\$ 165,752.89	\$-0- to \$8,000
10th Avenue	M&O with C & G	\$ 41,438.22	\$-0- to \$8,000
Larry Lane	Overlay	\$ 44,431.11	\$-0- to \$3,500
Barry Drive	M&O with C & G	\$ 86,643.56	\$-0- to \$8,000
21 st Street	M&O with C & G	\$ 48,972.44	\$-0- to \$8,000
Terrace	M&O with C & G	\$ 33,904.00	\$-0- to \$8,000
Ellen Court	M&O with C & G	\$ 26,369.78	\$-0- to \$8,000
Mark Court	M&O with C & G	\$ 33,904.00	\$-0- to \$8,000
Total		\$ 548,330.40	
2013 Total Project Cost		\$ 892,830.40	

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2014 PROJECTS	IMPROVEMENT	TOTAL PROJECT COST	ASSESSABLE
Woodbury Rd	M&O G&G For Drainage	\$ 31,546.67	\$3000 to \$8,000
Wild Ridge Tr.	Overlay	\$ 42,653.87	\$-0- to \$1200
Wildridge Court North	Overlay	\$ 11,329.93	\$-0- to \$1200
Wildridge Court South	Overlay	\$ 31,457.23	\$-0- to \$1200
Kloff Street	M&O C & G For Drainage	\$ 83,720.00	\$-0- to \$3500
Kloff Court	M&O C & G For Drainage	\$ 67,320.00	\$-0- to \$3500
Wildridge Court	M&O C & G For Drainage	\$ 24,266.67	\$-0- to \$3500
Oak Ridge Terrace	Mill & Overlay	\$ 66,213.33	\$-0- to \$8,000
14 th Street	Full Depth Reconstruction	\$ 515,764.47	\$3000 to \$8,000
15 th Street	Full Depth Reconstruction	\$ 816,626.54	\$3000 to \$8,000
10 th Avenue	Full Depth Reconstruction	\$ 212,737.83	\$3000 to \$8,000
15 th Street	Full Depth Reconstruction	\$ 147,587.27	\$3000 to \$8,000
2014 Total Project Cost		\$ 2,051,223.81	

2015 - 2020 PROJECTS	IMPROVEMENT	TOTAL PROJECT COST	ASSESSABLE
Unity Blvd	Full Depth Reconstruction C & G	\$ 414,833.39	\$3000 to \$8,000
2 nd Avenue			
3 rd Avenue			
3 rd Street	Full Depth Reconstruction C & G	\$ 99,978.67	\$3000 to \$8,000
2 nd Avenue	Full Depth Reconstruction C & G	\$ 694,270.28	\$3000 to \$8,000
2015 - 2020 Total Project Cost		\$ 1,209,082.33	

ACTIONS REQUIRED: As discussed we believe that the existing project process should be amended:

- a. Evaluate Cost Schedule and Financing to accept CIP recommendations.
- b. Update Assessment Policy to include Graduated Assessment Rates and include a requirement for Appraisal of Benefit.
- c. Obtain Appraisal of Benefit on differing property classes (Residential, Multi-Family, Commercial, etc.)

d. Schedule Neighborhood Meetings to get public input on projects.

PROJECT SCHEDULE: Should the City elect to proceed to implement its Capital Improvement Plan we suggest the following actions and schedule:

TASK	ACTION	DATE
1	Present memo to City Council discussing CIP and need to update assessment policy and standard of care that requires City obtain for appraisal report.	Jan. 3, 2013
2	Council Orders Appraisal Report of five to seven properties investigating "benefit" for Overlay, RIP Reconstruction (no Curb) and RIP reconstruct with curb.	Jan. 17, 2013
3	Council Reviews 1 st Draft of New Assessment Policy.	Jan. 17, 2013
4	Council Orders Feasibility Report all CIP projects (Preserves option to adjust scope before ordering preliminary hearing.)	Jan. 17, 2013
5	Council receives Feasibility Report and schedules 3 neighborhood meetings.	Feb. 21, 2013
6	Council Receives Appraisal Report and considers cost viability of CIP projects. For 2013 CIP Projects (based on Appraiser's estimate of Benefits)	Mar. 7, 2013
7	Council holds three Neighborhood Meetings to discuss projects, schedule, appraisal of benefits and assessments.	Mar. 14, 2013
8	Council determines scope of 2013 CIP improvements and orders Feasibility Hearing(s).	Mar. 21, 2013
9	Feasibility Hearings.	April 15-16, 2013
10	Council considers property owner input and if Appropriate Orders Project (requires 4/5 th vote), and plans and specifications (3/5 th vote).	April 18, 2013
11	Neighborhood Meetings to Review Plans with residents.	May 21, 2013
12	Council reviews construction plans and authorizes bidding.	May 23, 2013
13	Bid Openings: Construction and Bond sale.	June 12, 2013
14	Council Awards Construction Bid. Reviews Preliminary Assessment Roll and orders Assessment Hearing.	Jun 13, 2013
15	Construction Starts (after School is out).	July 1, 2013
16	Assessment Hearing.	July 16, 2013
17	Council Adopts Assessment Roll.	July 18, 2013
18	Construction Complete (depends on Project Scope).	Nov. 15, 2013
19	Assessment Roll Certified to Washington County Payable 2014 Taxes.	Nov. 21, 2013

We would be please to discuss and answer any questions you may have at a City Council Work Session.

LEGEND:

-  RECONSTRUCTION AND/OR RECLAMATION
-  MILL & OVERLAY
-  MILL & OVERLAY W/ CURB

LEGEND:

-  OVERLAY ONLY
-  OVERLAY W/ CURB
-  SEAL COAT
-  TRAILS (BITUMINOUS)

