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April 4, 2017

Special meeting of the City Council of the City of Two Harbors, Minnesota, held on Monday, April 4, 2017 at 5:30 p.m.

The meeting was called to order by President Erickson.

Members present, Councilors: Glaser, Woodruff, Jussila, Norberg,
Erickson. 5.

Members absent, Councilors: McQuade, Swanson. 2.

Others present: Administrator Walker
Finance Director Pietila
City Clerk Nordean
City Attorney Overom

President Erickson announced that the purpose of the meeting was to discuss the 2017 Capital Improvement Projects.

Administrator Walker addressed the Council reviewing the status of the proposed projects and assessments and indicating that the recommendation of administration is to move forward with the projects listed in the CIP for 2017. He noted that of the 75 proposed assessments, we have received three written and two oral dissents.

Councilor Norberg expressed his desire to remove alley improvements from the list of projects to be completed by contractors, indicating his belief that the alleys should be completed by City Public Works crews. He noted that he does not believe the engineer's estimate to be accurate.

Councilor Glaser inquired whether or not an estimate of what it would cost for City crews to do an alley has been established. Administrator Walker indicated that staff has estimated that this work would require four men for 10 days in ideal conditions to do one block, at a cost of approximately \$25,000. He reminded the Council to understand that we would have two alleys this year, six alleys in 2018, seven alleys in 2019 and six alleys in 2020. If we allow for two weeks per alley, we're talking about 12 to 14 weeks under ideal conditions where we'd have our crews wrapped up doing that work.

Norberg expressed his view that wages shouldn't be included in the cost since the City is paying these employees anyway. He noted that the cost to do two previous alleys in-house without manpower was right around \$1,000 per lot.

Councilor Jussila indicated that he isn't saying that our Public Works crew can't do the work, but he believes that they will run into problems removing some of the concrete and rebar that is in the alleys. He expressed concern with what would happen at that point.

Norberg noted that he has asked Public Works about that and was told that they could get the concrete out.

Councilor Woodruff expressed his feeling that he does not want to discredit Public Works, but he believes that contracting the work out would keep Public Works crews open to do other projects within the City.

Glaser noted that the Public Works Director had indicated that it would be necessary to rent equipment if City crews were asked to do the alley work. She was under the impression that these alleys were more than our crews could handle and that contracting the work out wouldn't mean that in future years, our crews couldn't do the work.

Norberg asked how the City could assess some and not others.

Glaser responded that the City is going to assess them all not matter what because that's the policy.

Norberg indicated that they wouldn't be assessed if City Crews did them in house.

Glaser responded that they would have to be assessed, because how else is the City going to pay for them?

It was noted that the blocks that have already been done have been paid for out of the General Fund, which was accomplished by raising property taxes.

Norberg argued that we are raising property taxes because of the CIP as well. He indicated that he is putting his position out there and is not going to change it.

President Erickson asked Attorney Overom if the City can assess a project if the work is done in-house. Overom indicated that in-house projects can be assessed.

Administrator Walker noted that having our crews do this work would be a burden to our crews who would not be available for other tasks for the entire summer. In addition, the administrative tasks associated with in-house assessment projects would be especially time-consuming and burdensome. The trade-off is that there is a cost to having our crews doing this kind of work. It's not that we don't think there is a value to that work, but there is a cost to having our crews doing it.

President Erickson asked Attorney Overom to explain the process used to determine the fairness of an assessment. Overom noted that there are steps in the process that provide for the monitoring of the validity of your actions. The assessment cannot exceed the

special benefit received by the property that is proposed to be assessed, and the assessment must be uniformly applied.

Norberg inquired about the potential for a suit or claim against the City if it was determined that such an assessment project actually reduced the value of a property and asked if the City could be in violation of any State law. Overom noted that he had not heard of an actual claim where there was a decrease in value as the result of an assessment project.

Erickson expressed her belief that the value of the property at the time just prior to the assessment would be considered, as opposed to the value of the alley at the time when original improvements to the alley were made. She indicated her feeling that it would be difficult to prove that it was not an improvement from the condition of the alley just prior to the improvement.

Councilor Norberg agreed with Erickson's statement.

Jussila noted his concern with the possibility of City Public Works equipment breaking down during this type of project and the potential costs associated with that.

Glaser indicated her belief that it would be better to bring the alleys to grade and let them settle for a couple of years and then allow residents to petition for blacktop. This would provide a better base with less of a chance for damage by garbage trucks.

Norberg stated that he is in agreement with Glaser on the blacktop, but he thinks it should be done in-house. He noted that if the bids come in close to the estimates, there is still an opportunity for change-orders, which would mean more money. He again informed the council of his intention to vote against action to include the alleys in the list of projects to be completed by contractors.

Motion by Woodruff and Glaser that the meeting adjourn. Carried.

Catherine A. Erickson, City Council President

Patricia D. Nordean, City Clerk