

City Council Agenda Memo

From: Charlie Richter, City Engineer

Council Meeting: March 14, 2023

Subject: Resolution 23-021: Determining the Necessity of Alley Assessment Project from 2nd Street South to 3rd Street South connecting 5th Avenue and 6th Avenue.

Person(s) Responsible: Charlie Richter, City Engineer

Summary:

The City received a petition to pave the alley from 2nd Street South to 3rd Street South connecting 5th Avenue and 6th Avenue. A required public hearing is the first step in the process. If the City Council adopts the resolution, following the public hearing, this will authorize the City to proceed with the design, bidding, and construction of the alley.

Background:

The City received a petition to pave the alley described above. The City follows the assessment process as outlined in Chapter 9, Section 43 of SDCL and the first step is a public hearing and approval of a resolution determining the necessity for the project. The property owners pay for the original construction of a public alley as a one-time cost and the City will perform future maintenance on the alley such as asphalt overlays and chip seals.

Item Details:

If this resolution passes, the alley will be bid with City's annual overlay project in the spring to secure pricing for homeowners. The petition for this alley was signed by 75% of the frontage owners, and the project costs are estimated to be \$161.14 per linear foot of alley, or \$80.57 per frontage foot per side of alley which includes a 6% engineering and administration fee. The estimated costs are based on 2022 City bid costs from street projects. The attached Resolution references the interest rate and assessment period of five-years, which is established by the City's Special Assessment Policy – Collection of Assessments.

Each property owner was mailed the attached Resolution with Notice of Hearing by receipt certified mail as required. The public may speak for or against the project at the public hearing. If the resolution is approved, the City Engineering Division will proceed with designing the alley and it will be bid for construction in 2023. The assessment costs will be based on actual final quantities at the bid costs plus the 6% engineering and administration fee.

Legal Consideration:

None.

Strategic Plan Consideration:

Fiscal Responsibility - Alley paving by special assessment improves alleys with little financial impact to the City. The interest rate charged will cover all lending fees and administrative costs for the City while also providing a service to residents who choose to borrow from the City.

Financial Consideration:

If this resolution passes, the City will bid this project for construction in 2023 with the City's Annual Overlay project. The homeowners abutting the alley will be assessed for the cost of the repairs. The repayment terms will be 5-years at an interest rate based on a formula as described in the City's Special Assessment Policy-Collection of Assessments on property owners' taxes.

Options and Recommendation:

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move the item to a work session
5. Discuss / take no action / table

Staff recommends approval of the resolution as presented.

Supporting Documentation:

Resolution

Legal Notice

Property Owner List

Map