City of Medford
Special Meeting &
Council Workshop Agenda
September 23, 2019, 5:30 P.M.
City Hall

I. Call meeting to order
II. Main Street Reconstruction Project 2021
   A. Joe Duncan, City Engineer
III. Adjournment
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MEMORANDUM

TO: Council

FROM: Andy Welti
City Administrator

DATE: August 2019

RE: Main Street 2021 – Answers to various questions or comments received during the open house and first Council workshop for the Main Street Reconstruction Project

Background:

During the Main Street Reconstruction Project open house, the following comments or questions were received for which I have provided background information for Council’s review:

1. One property owner asked about accesses (driveway and curb cuts) for a commercial property. According to Medford City Code:

   “Access drives onto County roads shall require a review by the County Engineer. The County Engineer shall determine the appropriate location, size, and design of such access drives and may limit the number of access drives in the interest of public safety and efficient traffic flow.”

2. One resident asked if insurance money was available from a possible claim made against a former contractor that worked on a past Main Street project.

   If any funds were available, the funds would be included within the general fund. City audit and financial records that I have reviewed do not indicate any funds within the general fund were received from an insurance claim and were to be dedicated to a future infrastructure project.

3. The question of “Who Pays?” has been asked. The City’s assessment policy is included for your review. The assessment policy is written into City Code and explains which entities are responsible for the costs associated with new construction and reconstruction of infrastructure.

   The County will be paying for a portion of the project. The City and property owners will pay for the expenses not covered by the County as outlined in the assessment policy. In addition, I included the current cooperative agreement between the City of Medford and Steele County for this project.

   Once the final agreement is written between the County and City, the City Engineer will calculate the costs of the project and prepare an assessment role based upon the terms of the cooperative agreement and the City’s assessment policy.
Subdivision 4. Criteria for Repair. Not every imperfection in a street surface is necessarily considered to be a pothole in need of repair. The general criteria will a pothole that is 2 inches or more deep and over 5 inches in diameter. The Public Works Director, or his designated employee of the City, will have discretion to decide if a pothole is need of repair.

Subdivision 5. Priorities for Repair. The city has classified city streets based on the street function, traffic volume, and importance to the welfare of the community. The city will repair those streets first that are high volume and high speed routes that connect major sections of the city and provide access for emergency fire, police and medical services. The second priority streets are those streets providing access to schools and commercial businesses. The third priority streets are low volume residential streets. The fourth priority area is alleys and city parking lots.

Subdivision 6. Documentation. Workers will document all street repairs to potholes that are made under this Section. Records will not necessarily identify each individual pothole, but may how the general street location where repairs were made.

SECTION 8.03. ASSESSMENTS.

Subdivision 1. Improvements Eligible for Special Assessment. The following public improvements and related acquisition, construction, extension, and maintenance of such improvements, authorized by Minnesota Statutes Sections 429.021 and 459.14, are eligible for special assessment within the City:

a. Streets, sidewalks, trails, pavement, curbs and gutters.
b. Water works.
c. Sanitary sewer.
d. Storm sewer.
e. Street boulevard trees, landscaping and other city beautification projects.
f. Street lights.

Public improvements shall be specially assessed regardless of whether the City receives financial assistance from the Federal Government, the State of Minnesota, Steele County, or from any other source to defray a portion of the costs of the public improvement. Such aid shall be used first to reduce the city cost of the improvement (the amount of the total improvement expense the City will pay). If the financial assistance received is greater than the city cost, the remainder of the aid shall be placed in the Capital Improvement Fund to be applied towards other City projects.

Subdivision 2. Computation of Assessments. General assessable costs shall be for the following categories and calculated using not only the construction costs, but also the applicable portion of the engineering, legal and financing costs to construct those improvements. Assessments shall fall into these categories:

A. New Subdivisions. All costs incurred for the development of new infrastructure are assessable against the benefitted property 100% in accordance with the following guidelines for new construction. These costs shall include all costs for the engineering, legal, construction and financing of the actual improvements installed. These assessable costs include all costs for the streets, landscaping, water, sanitary sewer, storm sewer, and electrical distribution systems. These assessments may be financed through the annual payments of principal and interest.
B. Street Improvements.

1. **Method of Calculating Assessments.** All lots shall be assessed at 100% of the total lot frontage, save and except for the following:
   
   a. Lots that abut two or more streets, including corner lots, shall be assessed at two-thirds of the total lot frontage of the improved street.

   b. Odd shaped lots (where there is greater than 2.0 feet difference between the front and rear lot lines), including lots on cul-de-sacs, shall be assessed at one-half of the sum of the lot’s front and rear lot lines.

   c. Lots that do not abut a public improvement but which are serviced by the public improvement shall be assessed as if the lot line closest to the public improvement abuts the public improvement. Examples include a back lot that does not abut a street but is accessed by that street, and lots that do not abut a street but access water or sewer services from the trunk lines running under that street.

   Street assessments shall be based upon a maximum street width of 36 feet. Street widths greater than 36 feet shall be a city cost. Cost of construction of residential streets shall be based on six inches of granular base and 3 1/2 inches of flexible pavement; cost of construction of commercial and industrial streets shall be based on 8 inches of granular base and 4 inches of flexible pavement. Oversizing costs which are incurred in excess of the above may be paid by: State Funds, larger assessment rates to other benefitted properties, general obligation funds, or any other method or combination of methods authorized by the City Council.

2. **New Construction.** New streets shall be assessed 100% to the benefitted properties.

3. **Reconstruction and Overlays.** Street reconstructions and overlays shall be assessed 50% to the benefitted properties. New curb and gutter shall be assessed at 100%.

4. **Gravel streets.** Upgrading existing gravel streets by adding pavement, curb or gutter shall be considered new construction and all costs shall be assessed at 100%.

5. **Seal Coats.** Street maintenance costs for surface patching and seal coating shall not be assessed to abutting property owners.

6. **Alleys.** Upgrading existing gravel alleys by adding pavement shall be assessed at 100% to all lots abutting on the alley.

7. **Curb and gutter improvements.** New curb and gutter shall be assessed 100% to abutting property owners regardless of whether the street construction is new construction or reconstruction. The benefitted properties shall be assessed based upon actual lot frontage.

8. **Driveways.** Driveway construction and street repair for service installation shall be assessed 100% to the benefitted property owner. Driveways shall be extended one (1) foot beyond the edge of the bituminous pavement by the City as part of the street improvement in areas where no concrete curb and gutter exists. Driveways shall be replaced in kind (same surfacing) in areas where concrete curb and gutter exists or is installed.

C. **Sidewalks and Trails.**
1. **Sidewalk and Trail Defined.** A “sidewalk” shall be defined as a walkway that has a width of less than eight (8) feet. A “trail” shall be defined as a walkway that has a width of eight (8) feet or greater.

2. **Sidewalks.** New sidewalks on existing developed properties shall be assessed 50% to benefitted properties. Reconstruction of a sidewalk (the replacement of a long section of sidewalk greater than ten (10) feet in continuous length) shall be assessed 50% to the benefitted properties. For purposes of this paragraph, benefitted properties shall include properties on both side of the street, based on lot frontage.

3. **Trails.** New trails and reconstruction of trails shall not be assessed. This policy recognizes the benefit to the entire community resulting from a trail system.

D. **Storm Sewer Improvements.**

1. **New Construction.** Storm sewers in new subdivisions shall be assessed 100% to the developer. New storm sewers in existing subdivisions shall be assessed 100% to benefitted properties based upon the drainage area.

2. **Reconstruction.** Reconstructed storm sewer shall be assessed 50% to benefitted properties, based upon the drainage area.

E. **Sanitary Sewer Improvements.** Assessments for sanitary sewer in residential areas shall be based upon the cost of construction of 8 inch mains to a depth of no more than 25 feet. Assessments for sanitary sewers in commercial and industrial areas shall be based upon 12 inch mains.

1. **New Construction.** Sanitary sewers in new subdivisions shall be assessed 100% to the developer. New sanitary sewers in existing subdivisions shall be assessed 100% to benefitted properties, based upon actual lot frontage.

2. **Reconstruction.** The replacement of existing sanitary sewers shall be assessed 50% to benefitted properties, based upon actual lot frontage.

3. **Service Lines.** Individual service lines installed directly to specified properties shall be fully assessed directly to the benefitted properties. Any existing service lines found to be defective as part of a street reconstruction shall be replaced as part of the project and 100% assessed directly to the property.

4. **Trunk Improvements—** Oversizing cost of the sanitary sewer over and above a normal lateral sanitary sewer (12” and/or smaller) and extra depth of the sanitary sewer over and above a normal lateral sanitary sewer (25’ deep and/or shallower) shall be paid by the City. Also all improvement costs associated with wastewater treatment, river crossings, railroad crossings, Interstate Highway crossings, lift station and forcemain construction shall be considered Trunk Improvements.

F. **Watermain Assessments.** Assessments for watermains in residential areas shall be based upon the cost of construction of 8 inch mains. Assessments for watermains in commercial and industrial areas shall be based upon 12 inch mains.

1. **New Construction.** Watermains in new subdivisions shall be assessed 100% to the developer. New watermains in existing subdivisions shall be assessed 100% to benefitted properties, based upon actual lot frontage.

2. **Reconstruction.** The replacement of existing watermains shall be assessed 50% to benefitted properties, based upon actual lot frontage.
3. **Service Lines.** Individual service lines installed directly to specified properties shall be fully assessed directly to the benefitted properties. Any existing service lines found to be defective as part of a street reconstruction shall be replaced as part of the project and 100% assessed directly to the property.

4. **Trunk Improvements** – Oversizing cost of the watermain over and above a normal lateral watermain (8" and/or smaller) for residential properties and (12" and/or smaller) for commercial/industrial properties shall be paid by the City. Also, all improvement costs associated with water treatment, water storage, wells, pumping stations, river crossings, railroad crossings and Interstate Highway crossings shall be considered Trunk Improvements.

H. **Street Boulevard Trees and Landscaping.** All street boulevard trees and landscaping installed as part of new street constructions or in reconstructing any existing improvement shall be included as part of the overall project costs included in the assessment calculations.

I. **Street Lights.** All costs for new street lights installed as part of constructing new streets or street lights relocated as part of reconstructing streets shall be included in the overall project costs and included in the assessment calculations.

In new subdivisions, the city may require the developer to finance street light improvements rather than assessing the cost.

I. **Other Improvements.** Based on the City Council determination, any other improvements may be fully assessed or assessed in part.

J. **Additional Benefit.** Notwithstanding the methods of computation set forth in this Subdivision 2, the City may assess or impose an additional assessment on a property or a designated area of similarly situated properties in the event that the city determines that the property or designated area of similarly situated properties, due to location or use, receives a special benefit due to any improvement described in this Subdivision. Said property or designated area of similarly situated properties may be assessed even though they do not abut the public improvements to be assessed.

K. **Limitation on Assessment.** No property shall be specially assessed for a public improvement in excess of the special benefit received by the property due to the public improvement. The City shall have the discretion to place a cap on proposed special assessments to the extent it determines that a proposed assessment exceeds the special benefit. In applying this discretion, the City shall treat all similarly situated properties on a similar basis.

**Subdivision 3. Financing of Assessments.** The City Council may direct the certification of the assessment role for payment in annual installments of principal and interest in either substantially equal payments of principal and interest or a fixed amount of principal per year. Interest on the assessments shall be determined on a project by project basis, but will typically be one (1) to two (2) percent above the average coupon on the bonds issued to finance the improvements for which the assessments are certified. Assessments shall typically be financed over fifteen (15) to twenty (20) years.

A. **Deferred Assessments.** The Council may defer any assessments against a benefitted property by resolution. This deferment applies to homestead property owned by persons 65 years of age or older, or who is retired by virtue of permanent and total disability, for whom it would be a hardship to make payment. To apply for a deferment, interested applicants shall submit a form available from the City Clerk along with other information that the City Clerk may request in order to allow the City Council to make the determination that the applicant qualifies for this deferment. If the City Council grants deferment, the Clerk shall notify the County Auditor and County Assessor who shall in accordance with Minnesota Statutes Section 435.194 record a notice of the deferment with Steele County setting forth the amount of the assessment. Interest shall accrue during the period of deferment.

Said deferment shall terminate and all amounts accumulated plus applicable interest shall become due upon the occurrence of any one of the following:
1. The death of the owner provided that the spouse is not eligible for the deferment;

2. The sale, transfer, or subdivision of all or any part of the property;

3. The loss of homestead status on the property; or

4. The determination by the Council that payment or partial payment would not constitute undue hardship.

B. **Partial Pre-Payment.** After the adoption of the assessment role by the City Council, the owner of any property specially assessed in the proceeding may, prior to the certification of the assessment to the County Auditor, pay to the City Treasurer any portion of the assessment and the remaining unpaid balance shall be spread over the period of time established by the City Council for the payment of the assessment in installments.

**Subdivision 4. Additional New Development Fees.** In addition to the assessments set forth above, new developments shall incur the following additional fees which shall be set or modified by the City Council by the Master Fee Schedule set forth in Chapter 2, Section 2.65. New development shall be defined for purposes of this Section as any new development that changes the use of character of a property.

a. **Annexation Deposit.** At the time of application for annexation into the City the owner shall pay a deposit based upon acres to be annexed. The Annexation Deposit shall be applied toward engineering and legal costs. Unused portions shall be refunded to the Developer.

b. **Annexation Reimbursement.** At the time of application for annexation into the City the property owner shall reimburse the City for all compensation paid by the City to the township from which the land has been annexed.

c. **Water and Sewer Connections.** Each water and sewer connection shall incur a fee payable to the City at the time of application for building permits based upon the sizing of the connection.

d. **Trunk Fees.** All developments of property shall be required to pay trunk fees in relation to the use of the developed property and number of acres, lots, or units to be developed.

e. **Land Donation.** In addition to other fees payable for a new development, a landowner shall be required to dedicate percentage of the gross acreage of the property to the City as and for open space. At the discretion of the City, in lieu of a land donation the landowner may pay a percentage of the fair market value of the land to be developed, or some combination thereof.

f. **Engineering Fee.** All public improvements in new developments shall utilize the City Engineer. The Developer shall reimburse the City for its engineering costs as a percentage of the total cost of the public improvements.

g. **Administrative Fee.** All new developments shall be required to pay an administrative fee to the City based upon a percentage of the construction costs for the public improvements.

**Effective Date.** This Ordinance shall be in full force and effect from and after its passage and publication.

Amended and adopted this 16th day of December, 2013.
COOPERATIVE AGREEMENT
BETWEEN
STEELE COUNTY AND THE CITY OF MEDIORD
FOR
DESIGN AND CONSTRUCTION
OF
CSAH 45 (Main Street)

THIS AGREEMENT, made and entered into by and between the City of Medford, a municipal corporation, organized under the laws of the State of Minnesota, party of the first part, hereinafter referred to as “City”; and the County of Steele, Minnesota, a municipal corporation organized under the laws of the State of Minnesota, party of the second part, hereinafter referred to as “County”;

WITNESSETH:

WHEREAS, The County desires to reconstruct County State Aid Highway (CSAH) 45 from 5th Ave. SE to 2nd Ave. NW, and

WHEREAS. The City desires to construct utility improvements located within the CSAH 45 right of way, and

WHEREAS, It is in the best interest of the County and City that each agency’s infrastructure improvements be constructed concurrently, and

WHEREAS, CSAH 45 is under the jurisdiction of the County of Steele, for purposes of maintenance and improvements, and

WHEREAS, The County and the City desire to share the costs of the improvements and the County has adopted a Policy for the division of costs for improvements to County Highways within a municipality, said Policy being adopted by the Steele County Board of Commissioners on March 12, 2013, a copy of which is attached hereto (Exhibit A) and made a part hereof for reference, and

WHEREAS, It is the desire of both of the parties hereto to enter into a written agreement regarding the highway reconstruction & utility improvements of said portion of CSAH 45.

NOW, THEREFORE, Pursuant to Minnesota Statutes 471.59 and in consideration of the mutual covenants and promises hereinafter contained, it is agreed by and between the City of Medford and Steele County as follows

A. That this agreement shall apply only to the improvement of the portion of CSAH 45 from 5th Ave. SE to 2nd Ave. NW (hereafter referred to as the "Project").
B. The City of Medford shall perform the following with respect to the Project:

1) Prepare construction plans and specifications with an estimate of cost for the highway construction project, incorporating municipal designed utility improvements in the final plan set.

2) Act as the contracting agency for the Project in accordance with the competitive bidding requirements of Minnesota Statutes 471.345 and 375.21.

3) Provide the necessary surveying and construction inspection engineering services for the Project.

4) Obtain all permits and approvals required from other governmental agencies for the County and City improvements by signing appropriate forms supplied by the County and supplying information requested by the County which is in the City’s possession.

5) The City’s Engineer will prepare the construction plans and specifications and supervise the construction of all aspects of the Project. Said supervision shall include keeping adequate records to document the quality of construction and the substantiation of all pay quantities and in compliance with MnDOT State-Aid requirements.

6) Maintain the Project open to inspection by the County or their duly authorized representatives.

7) Obtain the written approval of the County for any change in work orders, change orders or supplemental agreements to the contract involving work in which the County is cost participating, prior to the performance of such work when feasible.

8) Address public concerns with the Project.

9) Acquire at its expense, if any, all necessary permanent and temporary rights-of-way, rights of entry, drainage easements and slope easements required for the construction of City utilities.

10) The City will be responsible for and liable for costs it incurs in performing its obligations under this Agreement.

C. Steele County shall perform the following with respect to the Project:

1) Obtain all permits and approvals required from other governmental agencies for the County highway improvements unable to be obtained directly by the City.
2) Acquire at its expense, if any, all necessary permanent and temporary rights-of-way, rights of entry, drainage easements and slope easements required for the construction of County and/or State-Aid eligible improvements.

3) Assist with work orders, change orders and supplemental agreements for the County highway improvements.

4) Provide the City with written consent or denial for any proposed work order, change order or supplemental agreement so the City can respond to the contractor in a timely fashion.

5) Assist the City in addressing concerns of the public relating to the County highway improvements.

6) Upon funds being made available by the State, complete and submit a MNDOT Local Road Improvement Program application in an attempt to secure grant funds for the Project.

7) The County shall be responsible for and liable for all costs it incurs in performing its obligations under this Agreement.

D. The City agrees to do all things necessary for the construction of said Project except as set forth in this agreement. Said Project on CSAH 45 is to be constructed, consistent with current City and County State Aid Highway Standards.

E. It is further agreed, that in applying its subdivision regulations to future development proposals abutting CSAH 45, the City will require direct access to CSAH 45 only via public street intersections unless otherwise approved by the County.

F. The method of financing the County highway improvement shall be the prerogative of Steele County and the City of Medford. Funding of the Project is subject to the following provisions:

1) COUNTY PAYMENT:

   a) Steele County will provide a payment of 90% of the County's share of Project costs upon the City Council of Medford awarding a contract,

   b) Upon completion and final acceptance of the Project and receipt of a detailed listing of the final actual construction and engineering costs, the County will reimburse the City with the final payment within thirty (30) days.

2) COST PARTICIPATION OF PROJECT DEVELOPMENT COSTS and CONSTRUCTION:
a) Preliminary Engineering Costs:

1. The following preliminary project engineering costs will be paid 50% by the County and 50% by the City:

   i. Preliminary Engineering Report & Construction Estimate
   
   ii. Downtown streetscape & beautification options
   
   iii. Public involvement

2. The following preliminary engineering costs will be paid 100% by the County:

   i. Intersection Control Evaluation (ICE) for the intersection of CSAH 45 & CSAH 12 (Main & Central)

b) Final Design Costs:

1. Upon completion of the preliminary engineering phase and receipt of the Preliminary Engineering Report by the City, the City and County shall amend this agreement to incorporate the scope of work identified in the report and cost split shall be determined at that time.

c) Construction Costs:

1. Steele County will pay 75%, and the City of Medford will pay 25%, of the following state aid eligible costs:

   i. Street section (excavation, aggregate base, pavement, curb and gutter), including driving and parking lane/shoulder, IAW State-Aid rules.

   ii. Turn Lanes.

   iii. Storm sewer piping & structures (State-Aid rules will determine the eligible percentage which will be 75/25, the remainder will be based on contributing flow).

   iv. Existing sidewalk.


   vi. Driveway entrances to the construction limits driven by highway/sidewalk construction.
vii. Clearing/grubbing to the construction limits driven by highway/sidewalk construction.

viii. Turf restoration to the construction limits driven by highway/sidewalk construction.

ix. Landscaping, IAW State-Aid rules.

x. Street Lighting, IAW State-Aid rules. Aesthetic improvements above utility provided lights will be 100% City cost. City pays power bill.

xi. Project development, IAW State-Aid rules, and upon the County’s review and agreement of a proposal and fee in advance for final design of the State-Aid project.

2. The City of Medford will pay 100% of water main and sanitary sewer main costs.

3. The City may specially assess Project costs to adjacent property owners as per City of Medford Assessment Policy. Nothing herein shall be interpreted to limit the City’s ability to specially assess the costs of the Project.

4. The items listed above represent known construction items. Additional items may include additional right-of-way, retaining wall, aesthetic components, mini-RAB, etc. that may be determined by future scoping but are not included at this time. The cost participation of these items will follow the 75%/25% cost share per County policy or will be negotiated between the County and City if not State-Aid eligible.

G. The City of Medford agrees to save, hold harmless and indemnify Steele County and the County’s officers, agents, employees, and volunteer workers against any and all claims, losses, damages, or law suits for damages arising from, allegedly arising from, or related to the provisions of the City’s services hereunder, and further the City agrees to defend at its own sole cost and expense any action for proceedings commenced for the purpose of asserting any claim of whatsoever character arising as a result of the provision of City’s services hereunder.

The County agrees to save, hold harmless and indemnify the City of Medford and the City’s officers, agents, employees, and volunteer workers against any and all claims, losses, or law suits for damages arising from, allegedly arising from, or related to the County’s provision of services hereunder, and further the County agrees to defend at its own sole cost and expense any action or proceedings commenced for the purpose of
asserting any claim of whatsoever character arising as a result of the County’s provision of services hereunder.

It is hereby understood and agreed that for the purpose of the Parties’ performance hereunder, neither Party’s employees shall be deemed employees of the other Party for any purpose and any and all claims made by third parties as a consequence of any act or omission on the part of a Party’s employee(s) while engaged in the performance of any of the provisions of services hereunder shall in no way be the obligation or responsibility of the other Party.

H. Each party shall be responsible for damages to or loss of its own equipment. Each party waives the right to sue any other party for any damages to or loss of its equipment, even if the damages or losses were caused wholly or partially by the negligence of any other party or its officers, employees, or volunteers.

I. Pursuant to Minnesota Statute 16C.05, Subd. 5, the City agrees that the County, the State Auditor, or any of their duly authorized representatives at any time during normal business hours and as often as they may reasonably deem necessary, shall have access to and the right to examine, audit, excerpt, and transcribe any books, documents, papers, records, etc., which are pertinent to the accounting practices and procedures of the County and involve transactions relating to this Agreement.

The City agrees to maintain these records for a period of six years from the date of termination of this Agreement.

J. Pursuant to Minnesota Statute 16C.05, Subd. 5, the County agrees that the City, the State Auditor, or any of their duly authorized representatives at any time during normal business hours and as often as they may reasonably deem necessary, shall have access to and the right to examine, audit, excerpt, and transcribe any books, documents, papers, records, etc., which are pertinent to the accounting practices and procedures of the County and involve transactions relating to this Agreement.

County agrees to maintain these records for a period of six years from the date of termination of this Agreement.

K. During the performance of this Agreement, the City and the County agree to the following:

No person shall, on the grounds of race, color, religion, age, sex, disability, marital status, public assistance status, criminal record, creed or national origin be excluded from full employment right in, participation in, be denied the benefits of or be otherwise subjected to discrimination under any and all applicable Federal and State laws against discrimination.
L. Each party to this agreement reserves the right to withdraw from and cancel this agreement within 30 days from the opening of bids for the project in the event either or both parties consider any or all bids unsatisfactory; the withdrawal from or cancellation of the agreement to be accomplished by either or both parties within 30 days of opening of bids by serving a written notice thereof upon the other, unless this right is waived by both parties in writing.

M. Each party agrees that any modification of this agreement will be in writing and will be signed by the parties hereto.

N. Each party understands a contract for this project is scheduled to be awarded in 2021. In the event the contract for this project is not awarded in 2021, this agreement shall be subject to renegotiation.
IN TESTIMONY WHEREOF, The parties hereto have caused these presents to be executed.

City of Medford, Minnesota

Mayor, City of Medford
Date: 10/23/18

Attest:
City Administrator
Date: 10/23/18

Steele County, Minnesota

Steele County Board Chair
Date: 11/27/18

County Administrator
Date: 11/28/18