

SPECIAL MEETING OF THE CHAIRPERSON & BOARD OF TRUSTEES
OF FAIRMONT NEBRASKA

WEDNESDAY, OCTOBER 26, 2011

The Special Meeting of the Chairperson and Board of Trustees was convened in open and public session on Monday, October 26, 2011 at 7:00 p.m. at the Fairmont American Legion Hall, 525 F Street, Fairmont NE. Chairperson Donald A. Moses called the meeting to order. Board members present upon roll call were: William W. Pfenning, Jack D. Slocum, David R. Seggerman and Chairperson Moses. Absent: Trustee Gene R. Fischer. Clerk Linda Carroll recorded the minutes of the meeting. Chairperson Moses noted that a copy of the Open Meetings Act was posted on the east wall of the hall for public inspection and review. The purpose of the special meeting was to provide for an informational community street improvement meeting. Individuals who signed the register: Linda E. Marget-Hughes, Darlene Fischer, Bonnie & Jerry Gangstad, Ted Rabenberg, Jerry Johnson, Jerry Schreiner, Barb Smith, Bev Jacobsen, Gale & Marilyn Polage, James Jacobsen, Bobby Hoef, Jr, Jack & Kay Harris, Robert Burke, Jamey Pankoke, Larry Fleharty, Juanita Rice, Elizabeth Long, James Marget, Dave Bristol, Marvin Roper, Ron Schropfer, Skip Radke, Deanna Smith and 2 signatures were not legible. Speakers for the meeting were Corrinne Pedersen, Patt Lentfer, Steve Parr, John Trecek, Bill Abts, Charles Campbell and Randy Mierau.

Chairperson Moses stated that the village board had received a petition for creation of a paving district. The village board wanted to provide information on street improvements and see if there were additional property owners who might be interested in street improvements. With the completion of improvements to the main line of the village's storm sewer system; this would aid property owners if street improvements were to begin.

Corrinne Pederson, Community Development, NMPP Energy, facilitated the meeting.

Patt Lentfer, Fillmore County Development Corp. talked about the economic development in the Fairmont area with O'Malley Grain, Advanced Bio Energy, Thies Ag Services, Bill's Repair new building, reopening of the grocery store and the building for the receiving elevator and rail car siting west of Fairmont by Red Cloud Grain.

Village attorney Charles Campbell reviewed information for an overview of the legal proceedings for street improvements. 1) Two ways a street improvement district is created. 2) First and most common way is by the village board. The board passes a resolution to create the street improvement district which typically includes a number of streets. Notice is given to the property owners along the streets which are affected. The property owners have a right to object the creation of the districts. If more than 50% of the property owners (this is determined by front footage of the property) object to the creation of the specific district, then the district is defeated and it does not go through. 3) The second way is by the property owners and this is the case for the street improvement petition that was received by the board. If more than 60% of the property owners (again determined by front footage of the property) are in agreement, then the board passes an ordinance to create a street improvement district. 4) After the district is created by ordinance, the board contracts with the engineering firm for design and bid specifications then solicit bids for the project and selects the lowest responsible bidder. 5) Once project is completed

and costs are determined and finalized, a special meeting is held, notice is given for the meeting, property owners are invited to come and the board decides the cost to be assessed to each of the property owners in the street improvement district. 6) By statute the property owners will have 15 years to pay off the special assessment. 7) Any intersection that needs to be improved, those costs are paid by the village. 8) At this point the board has not passed the ordinance to create the district from the petition that has been received; however that is the next step in the process.

Steve Parr, JEO Consulting Group, Inc. (engineers) reviewed a map of the village which showed the streets which were hard surfaced and gravel surfaced. Steve also mentioned: 1) Improvements recently completed with storm sewer improvements paid by village and Upper Big Blue NRD. 2) Showed computer generated photos of what the street improvements would look like. 3) Storm sewer work which was completed and inlets were set up for future paving with 26' wide with curb as set up by the board when the storm sewer improvements first began. Although it was set up in the manner, it does not need to be constructed in that manner. 4) The paving, whether it be asphalt or concrete needs to be 22' wide to meet minimum design standards. If it is a curb section, then it must be 24' wide (driving surface must be 22' wide). 5) The advantage of a curb section is that you minimize the footprint of the street and also the drainage is better because the water will run in the gutter line, water will get into the storm sewer system quicker. The grade is controlled and it is easier to maintain as there would be no ditches and culverts to maintain. Ditches silt in overtime and drainage is decreased. 6) If it is a rural section road with no curb and ditches, the footprint (from outside edge of ditch to ditch) would be between 50'-58' wide because you need the roadway width of 22', a 6' earth shoulder on each side, and ditches would probably need to be a 4 to 1 slope so property owners would be able to mow. This comes up to 50'-58' wide. In areas where there are trees if the street would be improved with a ditched section of road, probably going to lose trees and anything in between the sidewalks would need to be removed. 7) Cost wise would not be that much difference because although you are paying for a wider street for paving, but don't have culverts and driveways and other issues to deal with. 8) In the design phase the engineers would have recommendations to the village board, but the village board ultimately decides the design. 8) Paving districts usually go back 1/2 block and the majority of the streets in Fairmont, go to the alley (1/2 block) so the property would receive the full assessment. If there was a street that had more than one property within that 1/2 block area, then the assessment is split up by percentage with typically the first property receiving the larger assessment and then subsequent property receiving a lesser assessment. 9) Reviewed costs for 26' wide paving area. This would include the paving, subgrade preparation, excavation and a portioned amount of the overhead costs (engineering, legal fees, fiscal fees, publication fees, etc.). If there would be a 10 – 12 block paving district (the larger the district the lower the cost) the cost would be about \$67/running foot-that would be on each side of the street. That is an estimate but it would depend on the bids. 10) Assessment- If someone had an 88' of front footage; the assessment would be \$6,000. If payment was made over a 15 year period at 5% interest, the assessment would be \$680 for the first year. Each year that amount decreases a small amount because as the principal is paid down, the interest cost is reduced. If it was a 10 year period it would be \$870 and then again decrease a small amount annually because of paying down the principal. 11) When the assessment are completed there is a time period that the assessment can be paid off entirely with no interest cost. 12) If a smaller paving district is created the price would be higher as if you can get additional streets you have more volume and the mobilization fees are less.

13) These figures are just an example. If there is genuine interest in paving districts than additional information would be available on the districts. 14) Bids can be put out as concrete, asphalt, curb and gutter. 15) The board's intent is that current hard surface roads (asphalt streets with ditches) would not be improved unless the property owners would be creating a district. 16) The current gravel roads being maintained are 22' wide. 17) An estimate for a one block street 26' wide with one intersection (in the 10-12 block paving district) would be approximately \$75,000. Based on the assessment of \$67 per running foot, about \$35,000 would be assessed to the property owners and \$40,000 would be a general obligation cost.

John Trecek and Bill Abts from Ameritas Investment Corp reviewed the financing component. 1) Projects which are created by petition- nothing is written until contracts are awarded and bids come in. If the bids are too high and property owners feel they cannot afford the assessments when the bids are received, then all bids could be rejected and the district is not improved. 2) If bid is accepted, the village would issue bond anticipation notes to cover the cost of construction for the district and once project is complete issue permanent bond financing. 3) Notice of assessments is sent to all property owners in the district and a hearing is conducted on the assessments. 4) At the hearing, a property owner would have a chance to correct any errors in the computation of the assessment. 5) After levy of assessments, any property that has been assessed has 50 days from the date of assessment to make all or any portion of the payment interest free. Property owners are encouraged to do that so you don't have to pay interest. Fewer bonds are needed to be issue for the permanent financing, which keeps bond costs down. 6) All bonds issues are general obligation bonds. If someone misses an assessment payment the village board will be required, as part of its bond levy, to levy a tax sufficient to make payment on all of the bonds. 7) Interest on special assessments are usually based on what the estimate of bond interest will be and the amount of collection fee charged by the county to collect the assessment. 8) There is a penalty for not paying your assessment on time, this is statutorily stated and it is 14% on the unpaid installment. 9) Bond rates are very favorable at this time which are around 3%. 10) Special assessments are considered a lien against a property.

Randy Mierau, CPA and village accountant reviewed village financial levy. 1) In the current year budget is at \$.85/\$100 valuation levy. 2) The current year budget has approximately \$130,000 that is set up for storm sewer improvements. 3) The budget is set up with funds for improvements such as the storm sewer and the board could use this improvement money to offset the village's portion of the bond payment with no a large increase in property taxes. 4) Fairmont does not meet the low to moderate income guidelines so no grant funds are available for assistance with this type of project.

Additional questions and answers followed. Village board encouraged property owners that if they are interested in a paving district to contact the village clerk to obtain a paving petition district form.

Seggerman moved and Slocum seconded to adjourn the meeting at 8:30 p.m. Voting aye: Seggerman, Slocum, Pfenning and Moses. Absent: Fischer. Motion carried.

DONALD A. MOSES, CHAIRPERSON

LINDA J CARROLL, CMC
CLERK/TREAS.

