

HOSCH APPRAISAL & CONSULTING, INC
WORK FILE MEMORANDUM

DATE: February 16, 2022

TO: File #HAC21010-00 (2022 Street Reconstruction Projects)

FROM: Hosch Appraisal & Consulting, Inc.

RE: **Conclusions of Maximum Supportable Special Benefits and Broad Market Research for Various Street Reconstruction Projects in Saint Paul, Minnesota.**

SUMMARY

We have been retained to provide appraisal consulting services that explore the general impacts on market value for various property classifications and the reasonableness of proposed special assessments resulting from various proposed 2022 City of Saint Paul Public Improvement Projects. This work file memorandum documents the verbal reports of conclusions we communicated to Bruce Engelbrekt with the City of Saint Paul in a series of phone calls leading up to February 11, 2022. This memo also includes further documentation of our research as it pertains to project-specific ranges of benefit to market value. This file memorandum documents the final results and conclusions pertaining to this consulting assignment.

We have been asked to provide opinions of the maximum supportable special benefits, as measured by potential increases to real estate market values, resulting from the corresponding street reconstruction projects. The conclusions of this analysis refer to general property classifications only and are not intended to provide conclusions of market value impacts for any one property. Further information regarding the scope of work is outlined in the contract of engagement.

For purposes of this assignment we have relied upon the county assessor's estimated market values, and we have aggregated the assessed values for each property classification in order to determine the maximum supportable assessments for each property classification within a given project. According to the most recent available Twelve-Month Sales Ratio Study published by the Minnesota Department of Revenue the Ramsey County Assessor's Office has mean sales ratios ranging from 95.5 to 102.6 for the most common property types in St. Paul, Minnesota, indicating that on average properties in St. Paul are assessed at approximately 95.5% to 102.6% of actual sales prices. Median ratios for the same property types range from 94.6 to 99.9. Since the sales ratio study indicates that the assessor's estimated market values provide a reasonable measure of support for actual market values, we have determined that use of the assessor's market values is appropriate for this analysis. The aggregate pre-project market value indications used in these analyses are based on the Ramsey County Assessor's estimated market values as of January 2, 2021, for real estate taxes payable in 2022.

Project descriptions and tables for each project showing the concluded ranges of supportable project-specific benefits to market value and the aggregate maximum supportable special assessments as they relate to aggregate property value by property classification are provided on the following pages. The ranges of supportable benefit and maximum supportable special assessments that were shared with our client are not property-specific and are intended to provide broad direction as to the anticipated benefit that is generally supportable for each property classification based on our market research.

Wabasha Street (Kellogg to 7th) Reconstruction

The project seeks to improve a portion Wabasha Street from Kellogg Boulevard to 7th Street by reconstructing the pavement and improving the existing pedestrian facilities and adding on-street bicycle lanes. Street lighting will also be upgraded as part of the project.

This project will reconstruct a roadway with substandard pavement quality and poor sidewalks. Street improvements are anticipated consistent with current City standards including reconstruction of the street surface and subgrade, concrete curb and gutter, concrete driveway aprons, and boulevards landscaped with trees and streetscape. Concrete barrier curb and gutter will be added or replaced as necessary to substantially improve public safety by facilitating drainage, safe vehicular passage and separation of vehicles from pedestrians. Mainline sidewalk will be reconstructed or added as necessary to improve public safety by eliminating tripping hazards and pooling water, to meet ADA requirements, and to facilitate the separation of moving cars from pedestrians. On-street bicycle accommodations will be added in accordance with the Capital City Bikeway Plan. Appropriate storm and sanitary sewer main repairs will be made, lead water services in the right of way will be replaced, and sanitary sewer service repairs will be made at the request of property owners. The street lighting system will be updated to the standard City of Saint Paul ornamental lanterns. Elements not directly related to the road would be funded by non-road funding sources. New traffic signals will be installed.

SUMMARY OF PROPOSED ASSESSMENTS BY PROPERTY CLASSIFICATION			
Property Classification	Aggregate Pre-Project Market Value of Assessed Properties*	Maximum Special Benefit as Percentage of Pre-Project Market Value*	Aggregate Maximum Supportable Special Benefit
Multi-Family Residential	\$24,531,400	3.0%	\$735,942.00
Commercial/Retail	\$60,676,100	5.0%	\$3,033,805.00
Office	\$93,540,300	5.0%	\$4,677,015.00
Downtown Parking	\$41,546,800	2.0%	\$830,936.00
Institutional - Public Use	\$46,710,700	5.0%	\$2,335,535.00
Vacant Land - Public	\$1,522,400	Inconclusive	Inconclusive
Total	\$268,527,700	4.3%	\$11,613,233.00
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2021.			

Prior Avenue (University to St. Anthony) Reconstruction

The project seeks to improve Prior Avenue from University Avenue to St. Anthony Avenue by reconstructing the pavement and improving the existing pedestrian facilities and adding on-street bicycle lanes.

This project will reconstruct a roadway with substandard pavement quality and poor/non-existing sidewalks. Street improvements are anticipated consistent with current City standards including reconstruction of the street surface and subgrade, concrete curb and gutter, concrete driveway aprons and outwalks, and boulevards landscaped with trees, sod, and streetscape. Concrete barrier curb and gutter will be added or replaced as necessary to substantially improve public safety by facilitating drainage, safe vehicular passage and separation of vehicles from pedestrians. Mainline sidewalk will be reconstructed or added as necessary to improve public safety by eliminating tripping hazards and pooling water, to meet ADA requirements, and to facilitate the separation of moving cars from pedestrians. On-street bicycle accommodations will be added in accordance with the Bicycle Master Plan. Appropriate storm and sanitary sewer main repairs will be made, lead water services in the right of way will be replaced, and sanitary sewer service repairs will be made at the request of property owners. Street lighting will be added as necessary. Elements not directly related to the road would be funded by non-road funding sources. New traffic signals will be installed.

SUMMARY OF PROPOSED ASSESSMENTS BY PROPERTY CLASSIFICATION			
Property Classification	Aggregate Pre-Project Market Value of Assessed Properties*	Maximum Special Benefit as Percentage of Pre-Project Market Value*	Aggregate Maximum Supportable Special Benefit
Multi-Family Residential	\$1,283,600	2.0%	\$25,672.00
Mixed-Use Comm./Res.	\$1,445,300	2.5%	\$36,132.50
Commercial/Retail	\$2,867,000	3.0%	\$86,010.00
Office	\$4,951,600	4.0%	\$198,064.00
Industrial	\$31,680,100	2.0%	\$633,602.00
Vacant Land - Commercial	\$135,000	3.0%	\$4,050.00
Railroad Corridor	\$1,593,300	Inconclusive	Inconclusive
Total	\$43,955,900	2.2%	\$983,530.50
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2021.			

Edgumbe Road (St. Paul to Fairview) Reconstruction

The project seeks to improve a portion Edgumbe Road from St. Paul Avenue to Fairview Avenue by reconstructing the pavement and improving the existing pedestrian facilities and adding on-street bicycle lanes. Street lighting will also be upgraded as part of the project.

This project will reconstruct a roadway with substandard pavement quality, poor drainage, and a lack of sidewalks. Street improvements are anticipated consistent with current City standards including reconstruction of the bituminous street with concrete curb and gutter, concrete driveway aprons and outwalks, and boulevards landscaped with sod and trees. Concrete barrier curb and gutter will be added or replaced as necessary to substantially improve public safety by facilitating drainage, safe vehicular passage and separation of vehicles from pedestrians. Mainline sidewalk will be reconstructed or added as necessary to improve public safety by eliminating tripping hazards and pooling water, to meet ADA requirements, and to facilitate the separation of moving cars from pedestrians. On-street bicycle accommodations will be added in accordance with the Bicycle Master Plan. Appropriate storm and sanitary sewer main repairs will be made, lead water services in the right of way will be replaced, and sanitary sewer service repairs will be made at the request of property owners. The street lighting system will be updated to the standard City of Saint Paul ornamental lanterns. Elements not directly related to the road would be funded by non-road funding sources. Traffic signal revisions will be made at Edgumbe and St Paul Avenue.

SUMMARY OF PROPOSED ASSESSMENTS BY PROPERTY CLASSIFICATION			
Property Classification	Aggregate Pre-Project Market Value of Assessed Properties*	Maximum Special Benefit as Percentage of Pre-Project Market Value*	Aggregate Maximum Supportable Special Benefit
Single-Family Residential	\$16,065,100	3.0%	\$481,953.00
Multi-Family Residential	\$4,197,600	3.0%	\$125,928.00
Religious/Institutional	\$501,300	3.0%	\$15,039.00
Total	\$20,764,000	3.0%	\$622,920.00
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2021.			

Wheelock Parkway (Edgerton to Arcade) Reconstruction

The project seeks to improve Wheelock Parkway from east of Edgerton Street to Arcade Street by reconstructing the pavement and improving the existing pedestrian and non-motorized facilities. Street lighting will also be upgraded as part of the project.

This project will continue the progression of phased street reconstruction along Wheelock Parkway and will add/improve non-motorized facilities within the Grand Round system. Street improvements are anticipated consistent with current City standards including reconstruction of the bituminous street with concrete curb and gutter, concrete driveway aprons and outwalks, and boulevards landscaped with sod and trees. Concrete barrier curb and gutter will be added or replaced as necessary to substantially improve public safety by facilitating drainage, safe vehicular passage and separation of vehicles from pedestrians. Mainline sidewalk and/or trail will be reconstructed or added as necessary to improve public safety by eliminating tripping hazards and pooling water, to meet ADA requirements, and to facilitate the separation of moving cars from pedestrians. Appropriate storm and sanitary sewer main repairs will be made, lead water services in the right of way will be replaced, and sanitary sewer service repairs will be made at the request of property owners. The street lighting system will be updated to the standard City of Saint Paul ornamental lanterns. Elements not directly related to the road would be funded by non-road funding sources. Traffic signals will be evaluated for necessary modifications or replacement where applicable.

SUMMARY OF PROPOSED ASSESSMENTS BY PROPERTY CLASSIFICATION			
Property Classification	Aggregate Pre-Project Market Value of Assessed Properties*	Maximum Special Benefit as Percentage of Pre-Project Market Value*	Aggregate Maximum Supportable Special Benefit
Single-Family Residential	\$11,464,700	3.0%	\$343,941.00
Multi-Family Residential	\$378,100	2.5%	\$9,452.50
Commercial/Retail	\$250,400	3.0%	\$7,512.00
Office	\$600,000	3.0%	\$18,000.00
Vacant Land - Public	\$275,900	Inconclusive	Inconclusive
Total	\$12,969,100	2.9%	\$378,905.50
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2021.			

Curtice Street (Woodbury to Andrew) Reconstruction and Drainage Improvements

The project seeks to improve Curtice Street from Woodbury Street to Andrew Street by regrading the roadway, reconstructing the pavement and improving the existing pedestrian facilities.

This project is required to prevent rainwater runoff from the Belvidere Park slope from draining across the roadway into private residential properties. Currently there is no curb and gutter, and the street profile must be changed to mitigate property damage. The majority of work is on the north side of the street. Street improvements are anticipated consistent with current City standards including reconstruction of the bituminous street with concrete curb and gutter, concrete driveway aprons and outwalks, and boulevards landscaped with sod and trees. Concrete barrier curb and gutter will be added or replaced as necessary to substantially improve public safety by facilitating drainage, safe vehicular passage and separation of vehicles from pedestrians. Existing curb and gutter on the south side of the street may remain. Mainline sidewalk and/or trail will be reconstructed or added as necessary to improve public safety by eliminating tripping hazards and pooling water, to meet ADA requirements, and to facilitate the separation of moving cars from pedestrians. Appropriate storm and sanitary sewer main repairs will be made, lead water services in the right of way will be replaced, and sanitary sewer service repairs will be made at the request of property owners. Elements not directly related to the road would be funded by non-road funding sources. Traffic signals will be evaluated for necessary modifications or replacement where applicable.

SUMMARY OF PROPOSED ASSESSMENTS BY PROPERTY CLASSIFICATION			
Property Classification	Aggregate Pre-Project Market Value of Assessed Properties*	Maximum Special Benefit as Percentage of Pre-Project Market Value*	Aggregate Maximum Supportable Special Benefit
Single-Family Residential	\$3,449,000	3.0%	\$103,470.00
Institutional - Public Use	\$3,823,100	3.0%	\$114,693.00
Vacant Land - Public	\$66,300	Inconclusive	Inconclusive
Total	\$7,338,400	3.0%	\$218,163.00
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2021.			

Crocus Hill Street and Alley Improvement Project

The project seeks to improve a street and alley intersection along Crocus Hill due to ponding and ice buildup at the intersection.

This project is required to prevent rainwater and ice melt from ponding at the intersection of an alley and city street. The intersection has a history of draining water into private properties and must be mitigated. Street improvements are anticipated to be consistent with mill and overlay projects with some regrading taking place to alleviate the ponding and ice buildup issues at the intersection. Appropriate storm sewer improvements will also be made.

SUMMARY OF PROPOSED ASSESSMENTS BY PROPERTY CLASSIFICATION			
Property Classification	Aggregate Pre-Project Market Value of Assessed Properties*	Maximum Special Benefit as Percentage of Pre-Project Market Value*	Aggregate Maximum Supportable Special Benefit
Single-Family Residential	\$3,591,100	1.0%	\$35,911.00
Multi-Family Residential	\$5,273,400	0.0%	\$0.00
Total	\$8,864,500	0.4%	\$35,911.00
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2021.			

In addition to conclusions of maximum supportable special benefit by property classification for each of the street improvement projects we also provided conclusions of our broad market research as it pertains to specific property classifications in general. Outlined below are the concluded ranges of benefit as a percentage of market value for each property classification. The concluded ranges of benefit correspond to the maximum anticipated benefit as a percentage of market value that a typical property within a classification would receive from similar street reconstruction projects without adjusting for project-specific influences. These conclusions can be further analyzed and refined on project-by-project basis based on the existing conditions prior to reconstruction and the anticipated improvements and associated benefits resulting from each of the projects.

<u>Property Classification</u>	<u>Concluded Benefit Range As % of Market Value</u>
Single-Family	Up to 3.5%
Multi-Family	Up to 3.0%
Mixed-Use Comm./Residential	Up to 5.0%
Commercial/Retail	Up to 5.0%
Office	Up to 5.0%
Industrial	Up to 3.0%
Religious/Institutional	Up to 3.0%
Railroad Corridor	No Measurable Benefit
Vacant Land	Varies Depending On Use