



Legislation Text

File #: 19-0075R, **Version:** 1

RESOLUTION AUTHORIZING SETTLEMENT OF CLAIM AGAINST 2821 HAGBERG STREET IN THE AMOUNT OF \$11,464.95.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to accept the sum of \$11,464.95 from Ruth Dahl, the owner of the property located at 2821 Hagberg Street, Duluth, Minnesota, in settlement of all claims of the city arising out of the deferred assessment agreement bearing City Contract No. 53130, said sum payable to fund no. 325-030-4500 (special assessment fund, finance, special assessments).

STATEMENT OF PURPOSE: The purpose of this resolution is to authorize an agreement with Ruth Dahl to accept \$11,464.95 in settlement of all claims arising out of a deferred assessment agreement which deferred her obligation to pay the assessment against her home at 2821 Hagberg Street for a new sewer, which agreement was entered into in 2000.

As councilors are aware, when a public improvement like a new sewer is installed adjacent to a property not previously served by such an improvement, the property owners' fair share of the cost of that improvement is accessible against the benefitted property. Normally the property owner has the option of paying the entire amount immediately or of paying it in up to 15 annual installment at a rate of interest approved by the council. In either case, the payment obligation starts immediately with either the full amount or with the first installment.

However, under Section 45-83 of the City Code (which mirrors State statutory provisions), an owner who qualifies as being subject to hardship, which includes by definition an owner who is 65 years of age or older, a qualifying owner has the option of deferring payment of their assessment obligations until the happening of certain events which includes death of the owner, loss of homestead status of the property and sale of the property. The amount owed and interest accruing during the term of the deferral continue to bear interest.

In 1999, a new sanitary sewer was constructed adjacent to Mrs. Dahl's home at 2821 Hagberg Street and the City assessed her share of the cost of the improvement in the amount of \$7,653.80. The approved rate of interest established for that assessment was 6.5 percent. On July 27, 2000, Mrs. Dahl availed herself of the opportunity to defer payment of the assessment until such time as one of the events specified in the ordinance were to occur.

In the interim, she also entered into a reverse mortgage on the property.

Mrs. Dahl and her family are now in the process of selling the property which would trigger the requirement to pay off the assessment plus accrued interest which (as of the special assessment board meeting of December 11th) totaled \$16,945.42. Mrs. Dahl requested that the board agree to accept a lesser amount. Her representative at the board, Ms. Julie Carlson of Real Living Messina & Associates, requested the board reduce the amount owed to the amount of \$11,464.95, the sum of the annual assessment payments, if they had been timely made, if not for the deferral. The Board, having determined that it had no authority itself to reduce the amount owed to the city under the agreement, then approved a resolution recommending to the city council that it accept the offer of Mrs. Dahl's representative to settle all claims arising out of the assessment and the deferral agreement for the amount of \$11,464.95.