

# **SPECIAL ASSESSMENT POLICY**

**FOR**

**CITY OF MINNESOTA**

**RESOLUTION NO. 99-14**

**PREPARED BY**

**Printed: August, 2002**

**Adopted by City Council: FEBRUARY 16, 1999**

**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

**TABLE OF CONTENTS**

<b><u>SECTION</u></b>	<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
I.	Introduction	3
II.	Local Improvement Process	4
III.	Distribution of Assessments	9
IV.	Special Considerations	17
V.	Deferment of Assessments	18
VI.	Adoption of Policy	21

**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

**I. INTRODUCTION:**

**General Policy**

When an improvement is of special benefit to properties in a definable area, it is the intent of the City Policy to levy special assessments on the benefitted properties to finance such improvements. Improvement costs shall, whenever possible, be assessed in full against the benefitted property. All special assessment improvements shall be made in accordance with this Policy and the requirements of Minnesota Statutes Chapter 429.

**Assessment Policies Applicable to All Improvements**

Improvements for construction of water distribution lines, sewage lines, storm drainage, curb and gutter, street improvements, sidewalks, or other assessment improvements may be undertaken upon City Council initiation or petition of the affected property owners. If owners of 35 percent or more of frontage of the property abutting the proposed improvement petition for improvements, the Council may choose to begin proceedings for the project.

Where an improvement is of special benefit to properties in a definable area, it is the intent to levy special assessments to the benefitted properties. Improvement costs shall, whenever possible, be assessed in full against the benefitted property, thereby keeping the improvement costs chargeable to the City to a minimum. The following general principles shall be used as a basis of the City's assessment policy:

The "Project Cost" of an improvement shall be deemed to include the costs of all necessary construction work required to accomplish the improvement, plus engineering, surveying, legal, administrative, financing, right-of-ways and other contingent costs. The "Project Cost" shall also include the costs to prepare the Preliminary Engineering Report for the project.

Where the project cost of an improvement is not entirely attributable to the need for service to the area served by said improvement, or where unusual conditions beyond the control of the owners of the property in the area served by the improvement would result in an inequitable distribution of special assessments, the City, through the use of other funds, may pay such "city costs" which, in the opinion of the City Council, represents the excess cost not directly attributable to the area served.

If financial assistance is received from the federal government, from the State of Minnesota or from any other source to defray a portion of the cost of a given improvement, such aid, at the option of the City Council, will be used first to reduce the "city cost" of the improvement. If the financial assistance received is greater than the normal "city cost," the remainder of the aid will be used to reduce the special assessments against the benefitting properties, such a reduction to be applied on a pro rata basis.

**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

The "assessable cost" of an improvement shall be defined as being those costs which, in the opinion of the City Council, are attributable to the need for service in the area served by the improvement. Said "assessable cost" shall be equal to the "project cost" of the current project as defined above, minus "city cost" as defined above, minus other financial assistance credited as above described.

City-owned properties, including municipal building sites, parks and playgrounds, but not including public streets and alleys, shall be regarded as being assessable on the same basis as if such property was privately owned.

Assessments may be spread over such period of time as the Council shall approve.

In the event the literal application of the provisions outlined herein would result in an inequitable distribution of special assessments, the City Council reserves the right to adjust the policy so as to achieve a more equitable distribution.

**II. LOCAL IMPROVEMENT PROCESS:**

The City Council has adopted the following process for the initiation, review and assessment of local public improvement projects.

**STEP            ACTION**

**A. PROJECT INITIATION / REVIEW**

Projects may be initiated by: Petition of Affected Property Owners or the Council. If the project is petitioned, the Council, must determine if it conforms with State Statutes. Any City board or commission which proposes an improvement shall present the improvement to the City Council for consideration.

**NEW DEVELOPMENT BY PETITION**

Prior to the City authorizing the preliminary engineering report, the developer of an eligible project will be required to enter into a security agreement with the City. The agreement includes the stipulation that the developer furnish to the City of cash or other security in an amount equal to 30% of the developers assessable share for the installation of the utility or improvement. (based on engineers preliminary estimate)

**B. PRELIMINARY ENGINEERING REPORT / CALL FOR HEARING**

The Council instructs Staff or the Consulting Engineer to prepare a preliminary report on the proposed improvement. The report will indicate feasibility of proceeding with improvements and estimated costs. The Council will review the Preliminary Engineering Report and adopt a motion to set a public hearing to gather comments on the proposed

**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

improvement. The public hearing may be omitted if the project is petitioned by 100% of affected property owners. Notice of the public hearing shall be given pursuant to State Statute.

**C. PUBLIC IMPROVEMENT HEARING**

The purpose of the hearing is to give all interested property owners a chance to comment on the proposed improvement. If the improvement is to be bid and constructed prior to preparation of a final assessment roll, estimated assessment amounts for an average property owner shall be provided at the hearing. If the Council, after due input by the public, elects to proceed with the project, the improvement is ordered and, Staff, and/or the Consulting Engineer will be directed to prepare necessary project plans and specifications.

Notice of the Public Improvement Hearing must be published twice in the official newspaper. The two publications must be a week apart and at least three days must elapse between the last publication date and the date set for the hearing. Also, not less than 10 days before the hearing, notice must be mailed to the owner of each parcel within the area to be assessed. The notices must state the time and place of the hearing, the general nature of the improvement, the estimated cost, and the area proposed to be assessed.

**D. PLAN AND SPECIFICATIONS REVIEW / ADVERTISEMENT FOR BIDS**

Completed project plans and specifications shall be presented for consideration by the City Council. If approved, the Council shall direct the City Administrator to advertise for construction bids and set a date for bid opening.

An advertisement for bids is required only if the estimated cost exceeds \$25,000. If the estimated amount exceeds \$10,000 but is not over \$25,000, the contract may be made either upon sealed bids or by direct negotiation. For improvement under \$10,000, contracts may be let upon quotation or in the open market, in the discretion of the governing body. All other requirements of the uniform contracting law apply, such as the need to obtain two or more quotations where possible. If bids are advertised for, the advertisement must be published in the official paper but the length of time is left to the discretion of the council. However, at least 10 days must elapse between the first publication and the opening of the bids and three weeks if the estimated cost exceeds \$100,000. On projects of that magnitude, publication in a trade paper published in a first class city must also be made; a single publication at least three weeks before closing bids is sufficient. The newspaper usually used for this purpose is the Construction Bulletin which is located in Brooklyn Park, Mn.

**E. ACCEPTING BIDS / ASSESSMENT ROLL**

At the time and place previously established, the City Council shall open and review all sealed bids for the improvement. The City may accept and retain all or a portion of the

**SPECIAL ASSESSMENT POLICY**  
**CITY OF . . .**

bids. The City may also defer awarding the bid for a period of time not to exceed forty-five (45) days. The purpose of the delay is to allow staff time to review the bids and to allow for assessment hearings. The Council may declare costs to be assessed and order the Staff or the Consulting Engineer to prepare the assessment roll immediately or table assessment proceedings until the project has neared completion.

**F. AWARDING BIDS:**

The City Council "Owner" reserves the right to reject any or all bids and to waive any irregularities and informalities therein and to award the Contract to other than the lowest bidder if, in their discretion, the interest of the Owner would be best served thereby.

When the City Council has completed all necessary review and preliminary hearings, it may award the bid to the lowest acceptable bidder.

**G. CONSTRUCTION:**

Once the City has entered into a contract with the successful bidder, construction of the improvement may begin.

**H. ASSESSMENT PROCESS:**

The Council shall initiate appropriate assessment proceedings, if it has not done so prior to bid award of project construction. Normally, assessment proceedings will be conducted following substantial completion of the work.

**I. ASSESSMENT HEARING:**

The assessment hearing is held at this time only if the Council has determined the need to do so. A resolution shall be prepared by the City Administrator and approved by the Council which declares the costs to be assessed and orders the preparation of proposed assessments. A separate or combined resolution shall also be prepared by the City Administrator and approved by the Council setting the hearing date for the proposed assessment hearing. The purpose of the hearing is to give property owners the opportunity to object to the proposed assessment. Objections may be made at the hearing or submitted in writing prior to the hearing.

The City Administrator shall publish a notice of assessment hearing at least once in the official newspaper. The hearing must be fixed for a day at least two weeks after the publication of the notice. The notification for the assessment hearing shall include the following statements at a minimum:

1. The date, time and place of the assessment hearing.
2. The general nature of the improvement.
3. The area proposed to be assessed.
4. The total amount of the proposed assessment.

**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

5. That ~~the~~ proposed assessment roll is on file with the City Administrator.
6. That written or oral objections will be considered.
7. That no appeal may be taken as to the amount of any assessment unless a signed, written objection is filed with the Clerk prior to the hearing or presented to the presiding officer at the hearing.
8. That an appeal to district court may be made by serving notice upon the Mayor or Clerk of the City within thirty (30) days after adoption of the assessment and filing such notice with the District Court within ten (10) days after service upon the Mayor or Clerk.
9. Whether the City has adopted any deferment ordinance or resolution, and the basic substance of that ordinance or resolution

The City Administrator shall also notify affected property owners of the assessment hearing. Mailed notices shall be sent not less than two weeks prior to the date set for the hearing. An affidavit of mailed receipts shall be prepared and notarized, and the document shall be stored in and made a part of the project file. The mailed notification for the assessment hearing shall include not only the nine (9) items in the published notice, but also the following information:

1. The amount to be specially assessed against that particular lot, piece, or parcel of land.
2. The right of the property owner to prepay the entire assessment and the person to whom prepayment must be made.
3. Whether partial prepayment of the assessment has been authorized.
4. The time within which prepayment may be made without the assessment of interest.
5. The rate of interest to be accrued if the assessment is not prepaid within the required time period.

In accordance with Minnesota State Law, the City Administrator will notify an affected property owner by mail if their adopted assessment differs from the proposed assessment as to a particular lot, piece or parcel of land. Property owners will also be notified by mail of any changes adopted by the Council in interest rates or prepayment requirements from those contained in the notice of proposed assessment.

**J. ADOPTING ASSESSMENT ROLL:**

Upon determination of final assessment amounts, the Council shall adopt the assessment roll. Any property owner who has formally objected to the assessment has thirty (30) days to appeal the assessment to District Court.

**K. PARTIAL OR FULL PREPAYMENT:**

**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

After adoption of the assessment roll by the Council in any local improvement proceeding, the owner of specially assessed property may, prior to certification of assessments to the County Auditor, pay to the City Administrator / Finance Officer any portion of the assessment. The remaining unpaid balance shall be spread over the period of time established by the Council for installment payment of assessment.

**L. CERTIFICATION OF ASSESSMENTS**

After adoption of any special assessment by the Council, the City Administrator, or Finance Officer shall transmit a certified duplicate of the assessment roll, interest amount, term, and yearly installments as required to the County Auditor.

**III. DISTRIBUTION OF ASSESSMENTS**

Several methods exist for assessing property benefitted by local government projects. It is the policy of the City to use the method that most equitably distributes project costs.

In general, the percentage of costs to be assessed for street and utility infrastructure improvements shall be as follows:

<b><i>RESPONSIBILITY OF PAYMENT FOR IMPROVEMENTS</i></b>				
<b>IMPROVEMENT</b>	<b>NEW OR RECONSTRUCT</b>	<b>CITY COST SHARE</b>	<b>PROPERTY OWNER COST SHARE</b>	<b>REMARKS</b>
Preliminary Engineering Report	New or Reconstruct	50%	50%	With completed project.
Preliminary Engineering Report	New or Reconstruct	50%	50%	Initiated by petition, no project.
Preliminary Engineering Report	New or Reconstruct	100%	0%	Initiated by City, no project.
Street Surface	New	50%	50%	25% to each side.
Street Surface	Reconstruct	50%	50%	25% to each side.
Curb & Gutter	New	50%	50%	
Curb & Gutter	Reconstruct	50%	50%	
Driveway Approach & Service Sidewalk	New	50%	50%	
Driveway Approach & Service Sidewalk	Reconstruct - Private Project	0%	100%	Initiated by private property owner.



**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

Driveway Approach & Service Sidewalk	Reconstruct - City Project	50%	50%	Reconstructed as part of a City Project.
Boulevard Sidewalk	New	50%	50%	
Boulevard Sidewalk	Reconstruct	50%	50%	
Storm Sewer	New	100%	0%	
Storm Sewer	Reconstruct	100%	0%	
Sanitary Main	New	50%	50%	Based on 8" main.
Sanitary Main	Reconstruct	50%	50%	Based on 8" main.
Sanitary Service	New	0%	100%	
Sanitary Service	Reconstruct	0%	100%	
Water Main	New	50%	50%	Based on 8" main.
Water Main	Reconstruct	50%	50%	Based on 8" main.
Water Service	New	0%	100%	
Water Service	Reconstruct	0%	100%	
Electrical Service	Residential-New	50%	50%	City pays 100% on reconstruction
Electrical Service	Commercial- New	50%	50%	Up to \$50,000 project costs, then subject to PUC review. Reconstruction will be subject to PUC review

Specific details and examples of calculating the assessment for each item listed in the table are as follows:

**A. PRELIMINARY ENGINEERING REPORT:**

1. Preliminary Engineering Report - Initiated by Council or Petition and followed by completed project.

The costs to prepare the Preliminary Engineering Report shall be included in the assessments to the abutting property owners as a portion of the overall unit price for each improvement being assessed to the property owners. The costs will be distributed using the percentages and examples as shown in the following paragraphs.

2. Preliminary Engineering Report - Initiated by Petition and followed by no project.

**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

If the Council is petitioned by a developer or owner(s) to make an improvement and a Preliminary Engineering Report is provided, and an improvement project is not made, the costs to prepare the Preliminary Engineering Report shall be assessed at 50% to the developer or owner(s) who petitioned for the report or improvements. The assessed cost will be distributed in equal amounts to each owner(s) who signed the petition.

3. **Preliminary Engineering Report - Initiated by Council and followed by no project.**

If the Council initiates a project and a Preliminary Engineering Report is provided, and an improvement project is not made, the costs to prepare the Preliminary Engineering Report shall be 100% City costs and no assessments will be made.

**B. STREET SURFACE CONSTRUCTION & RECONSTRUCTION:**

1. **Distribution of Costs:**

New and reconstructed street surfaces will be assessed at a rate of 50% of the full street surface costs to the abutting properties whose front lot abuts the project. A rate of 25% of the full unit cost per foot of street surface constructed is to be assessed to the properties on each side of the street, therefore totaling 50% assessed amount.

Properties whose side or back lot abuts the improved street surface will be assessed at a rate of one-half the front lot rate or 12.5% of the full street surface cost.

The City pays for the costs of street surfaces through intersections, alleys, and along parks and other publicly owned property. The City pays for the remainder of all street surface costs not assessed. In general, the total amount assessed will be less than 50% of the total surface costs due to the fact that the City ends up paying for miscellaneous areas or properties such as street intersections, alleys, and parks, and also some properties are only assessed at side lot rates.

If the street surface improvement is paid by County State Aid Highway (CSAH) funds or MnDOT Highway funds, the Council may elect not to make assessment to abutting benefitted private property.

Street surface repairs such as bituminous patching, crack sealing, and seal coat work will be 100% paid by the City.

Repairs to street surfaces as necessary in conjunction with the repair of a sewer or water service line will be assessed at 100% to the property owner whose service line is being constructed or replaced.

2. **Street Surface Construction, Definition:**

Street surface construction and reconstruction is defined as the excavation, grading, graveling, and concrete or bituminous pavement surfacing performed to construct a street. It also includes the excavation, shaping, topsoiling, and seeding or sodding of the boulevards adjacent to the street being constructed or reconstructed. If edge drains are needed to help in draining the subgrade of excessive ground water, the costs for the edge drains shall be a part of the surface construction costs. Bituminous milling and overlaying performed to recondition and extend the useful life of the street surface is considered a part of street reconstruction costs. Curb and gutter is not included as part of the surface construction.

**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

3. Lot and Frontage Definitions:

**Rectangular Interior Lots:** For rectangular interior lots, the frontage equals the dimension of the side of the lot abutting the improvement.

**Cul-de-sac Lots:** For cul-de-sac lots, the assessable portion of the costs for the street improvements shall be divided equally among the lots of the development.

**Curved Frontage:** For other lots with curved frontage, the frontage equals the lot width at the front lot line.

**Irregular Shaped Lots:** For lots with irregular shape, the frontage equals the width of the side of the lot which abuts the improvement.

**Corner Lots:** When surface improvements are made to the street along a corner lot, the assessment rate and amount will vary as noted previously in paragraph A-1 depending if the improvement is made to the "Front" of the lot or to the "Side" of the lot.

**Front Lot:** Front lot is defined as the address side of the homes or property. The front lot side of a rectangular corner lot is usually the shortest side of the two sides.

**Side Lot:** Side lot is defined as the non-address side of the homes or property on corner lots. The side lot side of a rectangular corner lot is usually the longest side of the two sides.

4. Design Section, Residential versus Heavy (Truck Route) Design:

The Engineer will design the street section based on the Council's direction as to the classification or expected use of the street. Residential properties will be assessed based on the costs to construct a residential traffic designed street. Commercial and industrial properties will be assessed based on the costs to construct a heavier (Truck Route) designed street. Residential properties abutting a heavier (Truck Route) designed street will only be assessed based on a residential designed street.

**Example of New or Reconstruct Street Surface Assessment:**

Construction of Normal City Block = 300' private + 20' alley + 80' R-O-W = 400'

Total Surface Cost = \$40,000 (Includes Engineering, Construction, and Administration & Financing.)

Unit Cost = \$40,000 / 400' = \$100.00 per linear foot of street surface constructed

Assessment Rate(Front Lot) = \$100.00 x 25% = \$25.00 per linear foot of lot frontage

Assessment Rate(Side Lot) = \$100.00 x 12.5% = \$12.50 per linear foot of lot frontage

Cost for 100' long lot (Front Lot) = \$25.00 x 100' = \$2,500.00

Cost for 100' long lot (Side Lot) = \$12.50 x 100' = \$1,250.00

---

**C. CONCRETE CONSTRUCTION:**

This work includes curb and gutter, boulevard sidewalk, and driveway approach construction along City, County, and State roads or streets and within City, County, and State owned boulevards.

**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

**Curb and Gutter and Boulevard Sidewalk:** New or removal and replacement of curb and gutter is assessed at 50% to the abutting properties. The City pays 100% of the costs of curb and gutter and boulevard sidewalk construction around radii at intersections, and across alleys, parks and other publicly owned property. If the Boulevard sidewalk is located along the sidewalk route (see 1987 sidewalk map) the City pays 50% of the removal and 50% of the installation and/ or repair of the new or existing sidewalk. A sidewalk is required if a property owner abuts any portion of the sidewalk route. If a sidewalk is not located on the sidewalk route and it is determined that the sidewalk needs to be removed the City will pay for 50% of the removal; however, the property owner is not required to replace the sidewalk. But, if the sidewalk is replaced it is at a 100% cost to the property owner. (See also Resolution 99-79)

The removal, subgrade excavation and shaping, and gravel work related to the construction of new or reconstructed boulevard sidewalk and curb and gutter shall be included in the cost of the ~~tax~~ or curb and gutter. Service sidewalk, (sidewalk which is constructed perpendicular to the back of the curb and extends to the house or business) shall be assessed as described below.

**Driveway Approaches and Service Sidewalk:** The removal and replacement of gravel, bituminous, or concrete driveway approaches and service sidewalks within the City boulevards (from the back of curb to property line) which is initiated by the City as a part of a larger overall street project, shall be assessed at 50% to the property owner and the City will pay 50%. A new gravel, bituminous, or concrete driveway approaches and service sidewalks initiated by the property owner shall be paid 100% by property owner. All driveway, sidewalk, or curb and gutter improvements on private property is 100% assessable to the property owner.

**D. STORM SEWER CONSTRUCTION:**

All City owned storm sewer within public right-of-way or across City obtained easements through private property is paid for by the City. The City has adopted an ordinance providing for a general storm water utility fee. This fee is used to fund storm water improvements.

**E. SANITARY SEWER MAIN AND SEWER SERVICE CONSTRUCTION:**

**1. New or Reconstructed Sanitary Sewer Main:**

New or reconstructed sewer mains, including fittings, manholes, and castings is assessed at 50% to the property owner. This 50% assessed cost is obtained by assessing 25% to each side of the street or main. Costs shall be distributed by the linear foot of frontage property to properties that abut the sewer main. The City pays 100% of the costs for lift stations, force mains, and treatment facilities.

In new construction, when sanitary sewer abuts both sides of a corner lot, the shortest side of the corner lot will be used for the basis of the sewer main assessment. In reconstruction, the side of the lot which receives the sewer service will be the lot length used in the calculation of the assessment.

In general, the total amount assessed will be less than 50% of the total main costs due to the fact that the City ends up paying for miscellaneous areas or properties such as street intersections, alleys, and parks and also some properties may be serviced from the other side of their property such as on a corner lot. Also, the total cost to be assessed may be reduced due to increased pipe size to service future developments.

**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

An 8" pipe main system is considered to be the pipe size required for basic service. The costs for larger lines will first be reduced by the City to an equivalent 8" pipe cost and then the 8" equivalent costs assessed to the property owners at 50% (25% to each side of the street or main). The percent of total costs of larger pipe sizes to be applied are as follows:

<u>Pipe Size</u>	<u>(Percentage of Full Cost to be Applied)</u>
8" Pipe	100 %
10" Pipe	90 %
12" Pipe	80 %
15" Pipe	70 %
18" Pipe	60 %
21" Pipe	50 %
24" Pipe	40 %

Commercial properties may require a larger main than 8" diameter for production of a certain product. If this is the situation, 100% of the full cost for the larger required pipe size will be used and 50% of its cost assessed (25% to each side).

**Example of Sanitary Sewer Main Assessment:**

Const. of City Block of Sewer Main = 300' private + 20' alley + 80' R-O-W = 400'  
Total Sewer Main only Cost = \$18,000 for assumed 12" main. (Includes Engineering, Construction, and Administration & Financing.)  
Size Factor for 15" pipe = 70 % (from above)  
8 inch Pipe Equivalent Cost = \$18,000 x 70% = \$12,600  
Unit Cost (8 inch Equivalent Pipe) = \$12,600 / 400' = \$31.50 per linear foot of main  
Assessment Rate = \$31.50 x 25% = \$7.87 per linear foot of lot frontage  
(Applies to both sides of the street or main)  
Cost for 140' long private lot = \$7.87 x 140' = \$1,101.80

**2. New or Reconstructed Sanitary Sewer Services:**

**100%** of the cost of new or reconstructed sewer services will be paid by the developer or property owner of the lot that receives the new sewer service. The total costs shall be distributed equally by the unit to each lot served with a new sewer service. Services will be constructed from the mains to the property line.

**Example of Sanitary Sewer Service Assessment:**

Assume 2 lots on each side of street being serviced.  
Total number of lots = 2 x 2 sides = 4 lots or units  
Total Sewer Services only Cost = \$5,000 (Includes Engineering, Construction, and Administration & Financing.)  
Unit Cost = \$5,000 / 4 units = \$1,200.00 per unit serviced  
Assessment Rate = \$1,200.00 x 100% = \$1,200.00 per unit serviced

**Note:** If an existing sewer service pipe is considered to be new or in good condition, only the wye branch connection and a shorter service pipe length from the new wye branch to the existing good pipe will be assessed. The service pipe will be assessed by the linear foot and the wye branch assessed by the unit or each.

**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

**E. NEW OR RECONSTRUCTED WATER MAIN & WATER SERVICES:**

**1. New or Reconstructed Water Main:**

New or reconstructed water mains, including fittings, valves, hydrants, and other miscellaneous appurtenances is assessed at 50% to the property owner. This 50% assessed cost is obtained by assessing 25% to each side of the street or main. Costs shall be distributed by the linear foot of frontage property to properties that abut the water main. The City pays 100% of the costs for wells, towers, and treatment facilities.

In new construction, when water main abuts both sides of a corner lot, the shortest side of the corner lot will be used for the basis of the water main assessment. In reconstruction, the side of the lot which receives the water service will be the lot length used in the calculation of the assessment.

In general, the total amount assessed will be less than 50% of the total main costs due to the fact that the City ends up paying for miscellaneous areas or properties such as street intersections, alleys, and parks and also some properties may be serviced from the other side of their property such as on a corner lot. Also, the total cost to be assessed may be reduced due to increased pipe size to service future developments.

An 8" pipe main system is considered to be the pipe size required for basic service. The costs for larger lines will first be reduced by the City to an equivalent 8" pipe cost and then the 8" equivalent costs assessed to the property owners at 50% (25% to each side of the street or main). The percent of total costs of larger pipe sizes to be applied are as follows:

<u>Pipe Size</u>	<u>(Percentage of Full Cost to be Applied)</u>
6" Pipe	100 %
8" Pipe	100 %
10" Pipe	90 %
12" Pipe	80 %
15" Pipe	70 %
18" Pipe	60 %
21" Pipe	50 %

Commercial properties may require a larger main than 8" diameter for production of a certain product. If this is the situation, 100% of the full cost for the larger required pipe size will be used and 50% of its cost assessed.

**Example of Water Main Assessment:**

Const. of City Block of Water Main = 300' private + 20' alley + 80' R-O-W = 400'  
Total Water Main only Cost = \$14,000 for assumed 10" main. (Includes Engineering, Construction, and Administration & Financing.)  
Size Factor for 10" pipe = 90.00% (from above)  
8 inch Pipe Equivalent Cost = \$14,000 x 90.00% = \$12,600  
Unit Cost (8 inch Equivalent Pipe) = \$12,600 / 400' = \$31.50 per linear foot of main  
Assessment Rate = \$31.50 x 25% = \$7.88 per linear foot of lot frontage  
(Applies to both sides of the street or main)

**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

Cost for 140' long private lot =  $\$7.88 \times 140' = \$1,103.20$

**2. New Water Services:**

**100%** of the cost of the water services will be paid by the developer or property owner of the property that receives the new water service. The total costs shall be distributed equally to each unit served with a new water service. Services will be constructed from the mains to the property line.

**Water Service:**

Assume 2 lots on each side of street being serviced.

Total number of lots =  $2 \times 2 \text{ sides} = 4 \text{ lots or units}$

Total Sewer Services only Cost = \$4,000 (Includes Engineering, Construction, and Administration & Financing.)

Unit Cost =  $\$4,000 / 4 \text{ units} = \$1,000.00$  per unit serviced

Assessment Rate =  $\$1,000.00 \times 100\% = \$1,000.00$  per unit serviced

**Note:** If an existing water service pipe is considered to be new or in good condition, only the corporation stop and a shorter service pipe length from the new corporation stop to the existing good pipe will be assessed. The service pipe will be assessed by the linear foot and the corporation stop assessed by the unit or each.

**G. NEW OR RECONSTRUCTED ELECTRICAL SERVICES**

**1. New or Reconstructed Electrical Service for Residential Development:**

New electrical construction of residential development is assessed 50% of the total electrical project costs. These costs may include transformers, lines, pedestals, poles, meters, labor, and any other materials associated with providing electrical service to the lot. The City of \_\_\_\_\_ shall pay 50% of the project costs and the remaining 50% shall be assessed equally to each lot served with new electrical service. Reconstructed and/or repaired electrical services to the lot may be maintained at 100% cost to the City of \_\_\_\_\_

**Example of Electrical Service Assessment:**

Total Electrical Service Project Costs	\$50,000
City Share	\$25,000
Property Owners Share	\$25,000
Total Number of Lots	10
Cost per lot (property owners share / total number of lots)	\$ 2,500

**2. Reconstructed Electrical Service for Non-Residential Development:**

Reconstruction of electrical service of non-residential development will be reviewed, upon request by the property owner, to the \_\_\_\_\_ Public Utilities Commission and/or \_\_\_\_\_ City Council on an individual basis. Reconstruction costs may include: transformers, lines, poles, pedestals, labor, and any other materials associated with providing electrical service to the lot(s).

**3. New Electrical Service for Non-Residential Development:**

New electrical construction of non-residential development is assessed 50% of the total electrical project costs. These costs may include transformers, lines, poles, pedestals, meters, labor, and any other materials associated with

**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

providing electrical service to the lot(s). The City of \_\_\_\_\_ shall pay 50% of the project costs and the remaining 50% shall be assessed equally to each lot(s) served with new electrical service. Total project costs that exceed \$50,000 will be required to be reviewed by the \_\_\_\_\_ Public Utilities Commission and/or \_\_\_\_\_ City Council.

**Example of Electrical Service Assessment:**

Total Electrical Service Project Costs	\$50,000
City Share	\$25,000
Property Owners Share	\$25,000
Total Number of Lots	1
Cost per lot (property owners share / total number of lots)	\$25,000

**IV. SPECIAL CONSIDERATIONS:**

The City Council reserves the right to make adjustments to the assessment rates based upon special considerations of a particular project. Some examples of special considerations might be as follows:

- A. A sanitary sewer main may need to be installed at a deeper depth to accommodate future growth without the need for a lift station.
- B. A heavier designed street than normally designed may be needed for a residential neighborhood to accommodate thru truck traffic.
- C. The street being improved may be a County State Aid Highway Route or Minnesota Trunk Highway Route, therefore the City incurs little or no cost for the surface improvements.
- D. The City Council Reserves the right to alter the method of assessment costs distribution such as dividing and assessing the costs of sanitary sewer and water mains by the number of actual units served versus distribution by lot frontage. A cul-de-sac type residential housing development could be assessed using this distribution method.

**V. DEFERMENT OF ASSESSMENTS**

**A. Deferment of Special Assessments Outside of Corporate Limits.**

If the City installs utility facilities which benefit property which lies outside the corporate limits, the area and the allocable costs shall be included in the original public hearing for the improvement. The City may attempt to negotiate a contract with the property owner of the property lying outside the City which will provide for payment to the City on the same basis as if the property were within the City and to be assessed for the improvement as a prepayment upon completion of the project. If such a contract cannot be executed, the City will assume the temporary responsibility for payment of the cost allocable to the property lying outside the City limits. In that event, the original principal amount of the assessment, if it had been assessed, plus accumulated interest, may increase annually by a percentage to be determined by the Council. At the time of annexation of the property to the City, a subsequent public hearing may be held for that property and an assessment roll prepared, adopted and certified to the County Auditor, payable at



**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

the same rate and terms except for the total amount, as were applicable to other property owners included in the original assessment. The City shall reserve the right to delay the assessment of benefit for facilities previously installed, and to make such assessment at the same time it causes to be constructed other public improvements on the property following its annexation. When property lies outside the City limits, no physical connection to the City's utility or drainage system will be permitted until a utility agreement and contract, including satisfaction of costs or assessments, is executed.

**B. Deferment of Special Assessment at the discretion of the City Council**

The City Council may elect to defer an assessment for agricultural property or non-developable property along a project. When the property is developed, the City Council reserves the right to apply the previous assessment with interest to the newly developed property.

The City Council may also elect to defer an assessment which causes a gross financial burden or hardship on the property owner. If a request is made of the Council to defer an assessment due to a hardship, the property owner shall provide the Council with written documentation including, but not limited to tax records, paycheck receipts, bank account balances, etc. which proves the hardship.

**C. Deferment of Special Assessment for Senior Citizens.**

**Criteria.** In determining whether or not a senior citizen is eligible for deferral of special assessment installment payments, the following criteria are established:

- (1) Senior Citizens special assessment hardship deferral applies to special assessments levied after the date of the adoption of this Policy, providing the City Council adopts an ordinance to this effect.
- (2) Senior Citizens special assessment hardship deferral applies to qualifying special assessments against all properties classified as "homestead" pursuant to M.S. Chapter 273, where one or more of the owners of such property is 65 years of age or older and it would create a hardship for the owner or owners of the property to pay the special assessment installments as they become due.
- (3) It shall be presumed that a hardship exists if:
  - (a) The annual assessment installment exceeds 1% of the previous year's total adjusted gross incomes, for Federal Income Tax purposes, for all owners of the property; in no event shall "total adjusted gross income" include Social Security Benefits, Railroad Retirement Benefits, retirement benefits attributable to employee contributions, disability benefits, personal injury awards or workmen's compensation payments.
  - (b) All owners of the property verify, under oath, that they meet the criteria for establishing a hardship by completing an application provided by the City.
- (4) In cases where exceptional and unusual circumstances exist, the City Council may determine that a hardship exists despite the fact that the minimum income requirements of Section (3) (a) are not met; such cases shall be decided by the Council on a case by case basis.

**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

- D. Interest.** Interest shall be charged on any assessment deferred pursuant to this Policy at a rate equal to the rate charged on other assessments for the particular public improvement project the assessment is financing.
- E. When Deferred.** The deferment shall be granted upon a certification by the owner on a form prescribed by the county assessor supplemented by the Administrator to establish the qualification of the owner for such a deferment. The application shall be made within thirty (30) days after the adoption of the assessment roll by the Council and shall be renewed each following years upon the filing of a similar application not later than May 31st. The Council shall either grant or deny the deferment and, if it grants the deferment, it may require the payment of the interest due each year. If the Council grants the deferment, the Administrator shall notify the county auditor and the county assessor who shall, in accordance with Minnesota Statutes, Section 444.23 record a notice of the deferment with the register of deeds setting forth the amount of the assessment. When a deferment is allowed by the Council, it shall be noted and made a part of the resolution adopting the Final Assessment Roll.
- F. When Deferment Ends.** The option to defer the payment of special assessments shall terminate and all amounts accumulated, plus applicable interest, shall become due upon the occurrence of any one of the following events:
- (a) The death of the property owner 65 years of age or older, providing the surviving owner is otherwise not eligible for deferment;
  - (b) the sale, transfer, or subdivision of all or any part of the property;
  - (c) loss of homestead status on the property;
  - (d) determination by the Council for any reason that there would be no hardship to require immediate or partial payment;
  - (e) failure to file a renewal application within the time prescribed by Subd. B, herein above;  
or
  - (f) at the request of the property owner.
- G. Procedure for Termination.** Upon the occurrence of one of the events specified herein above, the Council shall terminate the deferment. Thereupon, the Clerk shall notify the county assessor and the county auditor of the termination, including the amounts accumulated on unpaid installments plus applicable interest which shall become due and payable as a result of the termination.
- H. Publication.** The Administrator shall publish notice in the official publication of the City, said notice to be published in the first week of April and the first week of May of each year. Said notice shall advise of the availability of the deferment of payments on special assessments and shall advise as to the deadline for filing of same.
- I. Partial Payment.** After the adoption by the Council of the assessment roll in any local improvement proceeding, the owner of any property specially assessed in the proceeding may, prior to the certification of the assessment or the first installment to the County Auditor, pay to the Administrator any portion of the assessment. The remaining unpaid balance shall be spread over the period of time established by the Council for installment payment of the assessment.

**SPECIAL ASSESSMENT POLICY**  
**CITY OF**

- J. Certification of Assessments.** After the adoption of any special assessment by the Council, the Administrator shall transmit a certified duplicate of the assessment roll with each installment, including interest, set forth separately to the County Auditor to be extended on the proper tax lists of the County.

**VI. ADOPTION OF POLICY.**

Passed and Adopted by the City Council of the City of                      his 16<sup>th</sup> day of February, 1999 A.D.

