

PUBLIC IMPROVEMENT SPECIAL ASSESSMENT POLICY

I. PURPOSE AND NEED FOR POLICY

City streets, utilities, and other infrastructure have a finite useful life. To provide continued or expanded service by these facilities, there must be a prescribed method of programming, constructing, maintaining, and financing needed public improvements. As part of the financing for improvement projects, special assessments may be used to share the cost with benefitting properties.

The City must have a standard method for applying its levied special assessments to benefitting properties within the City. Without a standard method and formula, special assessments may not be applied consistently, fairly, and uniformly and could result in an undue number of appeals. The City shall utilize this special assessment policy in accordance with Minnesota Statute 429.

The City shall utilize standard assessment rates to recognize that oversized public improvements benefit more than those properties that directly abut and benefit from the construction. The calculations set forth below recognize that there are greater impacts and use of public infrastructure by different land uses.

II. POLICY

All public streets under the jurisdiction of the City shall be inventoried and analyzed for the purpose of prioritizing the reconstruction, reclamation, rehabilitation, maintenance overlay, and preventative maintenance programs of the City. This inventory and analysis will be referred to as the Pavement Management Program or PMP. The PMP is a system whereby all streets are inventoried and analyzed using a deterioration model. This system takes into account factors such as structural and surface conditions, traffic volumes, ride-ability, age, and past maintenance experience.

In conjunction with the preparation of the budget and Capital Improvements Plan, the Public Works Department shall annually update the PMP, and utilizing this tool, formulate the reconstruction, reclamation, rehabilitation, maintenance overlay, and preventative maintenance programs for the following fiscal year.

A) For the purposes of this policy, the following definitions will apply:

- 1) **RECONSTRUCTION** - will be defined as a project whereby all meaningful elements of a street are analyzed for removal and replacement. These include curb and gutter, bituminous or concrete pavement, gravel base, subgrade replacement as necessary, and items appurtenant to these elements. Spot replacement of sidewalk and portions of driveways may be replaced with the project.
- 2) **RECLAMATION** - will be defined as a project whereby the pavement, gravel base and other roadway items are reclaimed or replaced. These elements include bituminous or concrete pavement, gravel base and subgrade replacement as necessary, spot replacement of concrete curb and gutter, sidewalk, and portions of driveways.
- 3) **REHABILITATION** - will be defined as a project in which one or more of the aforementioned elements are modified or supplemented in-place, to restore the serviceability of the entire street. This work generally involves spot repair of

sidewalk, concrete curb and gutter, and resurfacing of the pavement surface. This type of project will likely occur when extensive underground utility work and full depth pavement is not necessary, but resurfacing of the pavement is required.

- 4) **MAINTENANCE OVERLAY** – will be defined as resurfacing of residential streets previously reconstructed or reclaimed under the PMP. Residential streets are streets with primarily single family land use adjacent to them and are classified as “Local Roads” on the City’s Road Functional Classification Map. Streets where adjacent land use is primarily not single family residential or streets that are classified as “Collectors” or “Arterials” are not eligible for Maintenance Overlay.
 - 5) **PREVENTATIVE MAINTENANCE** - will be defined as work that involves a level of effort less than that involved in reconstruction, reclamation, or rehabilitation, the intent of which is to extend the life of the existing pavement. Preventative maintenance will include, but not be limited to, residential/local neighborhood maintenance overlays, crack sealing, seal coating, and patching. These activities are designed to extend the life of the pavement to prevent the need for premature reconstruction, reclamation, or rehabilitation projects.
 - 6) **SINGLE FAMILY (DETACHED)** – a stand-alone residence with a free-standing building that occupies its own lot and without shared walls or common land.
 - 7) **SINGLE FAMILY (ATTACHED)** – a single family residence that is built to the edge of the lot line next to another similar residence, such that the residences share a common wall. There are typically duplexes, three-plexes, and four-plexes where each structure is on its own lot and there is no shared common land.
- B) Maintenance Overlay and Preventative Maintenance, when recommended by the PMP, shall be funded entirely from the City’s Infrastructure Trust Fund and Street Revolving Fund except for storm sewer and sanitary sewer/watermain items that are affected by the preventative maintenance may be funded by those utility’s enterprise funds.
- C) Reconstruction, Reclamation, and Rehabilitation work may be financed by the use of special assessments and other sources such as ad valorem taxes (Infrastructure Trust Fund), enterprise funds, municipal state aid street funds, Tax Increment Funds (TIF), etc., as provided under MSA 429.
- D) When the reconstruction, reclamation or rehabilitation involves construction of a significant construction element that was not previously in place, such as storm sewer or concrete curb and gutter, the entire cost of this element may be levied as a special assessment in accordance with the other applicable City special assessment policies. In the case of concrete curb and gutter being added where none previously existed, the street assessment rate will be calculated as described within this policy, plus an additional amount which covers the cost of constructing new concrete curb and gutter. This curb and gutter rate will be applicable to all reconstruction or rehabilitation projects and will be levied on a specific project based upon actual bid costs for that particular element.
- E) Interest will be charged to customers who choose to not pay their assessments in full by November 15th in the year the special assessment is levied. The interest rate is determined by adding 2% to the cost the City encountered when most previously selling bonds for special assessments. The rate will be rounded up to the nearest 0.5%. Assessments may be deferred under state law (§435.193) and city ordinance (§1-9-1) upon application by the owner and approval of the Council.

- F) The length of time that assessments are to be paid varies according to the following table:

\$1.00 to \$199.99	1 year
\$200 to \$999.99	5 years
\$1000 to \$1999.99	10 years
\$2000 and over	15 years

- G) In situations where the land adjacent to the road being improved is common land owned by all property owners in a Home Owners Association ("HOA"), all property owners in the HOA will be assessed an equal share of the total assessment. In situations where there is no common land owned by all of the property owners in the HOA, the City will assess all properties that receive access from the street being improved even if not directly adjacent to the street being improved.

- H) Private hydrant owners who petition the City for installation of a STORZ adaptor or repair of a private hydrant shall have the following payment length for assessment:

\$1.00 to \$4,999.99	1 year
\$5,000.00 and over	5 years

III. PROCEDURE/CALCULATIONS

A) Reconstruction, Reclamation, and Rehabilitation

- 1) Summary: Parcels to be assessed for reconstruction, reclamation, or rehabilitation shall be assessed based upon land use classifications. An assessment rate shall be established for each construction method and for each land use classification. For single family residential (detached and attached), a per unit assessment will be calculated based upon the assessment rate and total assessable footage. For all other property types, the assessment rate shall be applied to the assessable footage for each individual property. Detailed procedures and calculations are set forth below.
- 2) Land Use Classifications: Land use classifications and corresponding street widths and pavement characteristics listed below. If the subject road is a lesser width, the rate shall be reduced proportionately. Street reconstruction, reclamation, or rehabilitation proceeding under the terms of this policy shall provide for the following minimum standards:
 - **Single Family Residential (detached and attached), Parks/Recreation and Open Space Land Uses - 30'** Face-to-Face, urban cross section, curb and gutter and 7-ton pavement.
 - **Multi-Family Residential (including townhomes, apartments, condominiums, and cooperatives) and Manufactured Housing Land Uses - 36'** Face-to-Face, urban cross section, with curb and gutter and 9-ton pavement.
 - **All Other Land Uses - 44'** Face-to-Face, urban cross section, curb and gutter and 9 or 10-ton pavement as determined by the City Engineer.
- 3) Assessment Rate: Work proceeding under the terms of this policy shall utilize special assessment rates as set forth with other rates and fees periodically adopted

by the City Council, usually at its annual organizational meeting. This rate is based upon 40% of the three year running average of actual street reconstruction, reclamation, and rehabilitation costs necessary to complete that width of street. This average construction cost shall be increased by 18% to recognize the engineering, legal, financing, and administration costs necessary to complete these projects. This shall be known as the "Three Year Average Rate."

- 4) **Special Assessment Verification:** Special assessments shall be checked to ensure that the total special assessment using the Three Year Average Rate is not greater than 40% of the actual street improvement costs. After opening of bids for the project each year, the City Staff shall recalculate the total assessable amount based upon the actual costs from bid prices submitted from the lowest responsible bidder plus 18% to recognize the engineering, legal, financing, and administration costs necessary to complete these projects. This shall be calculated for all reconstruction, reclamation, and rehabilitation projects to develop a special assessment cap for all three types of projects. If 40% of the total street improvement costs calculated based on the project bids + 18% is less than the total special assessment amount based upon the adopted Three Year Average rate for any of the three types of projects, the City Engineer shall reduce the assessment rate prior to notifying affected property owners of their final assessment amount and conducting the assessment hearing. For street improvement projects that have more than one project area, each separate project area shall be aggregated together by construction method to determine one rate for each construction method and each land use classification.
- 5) **Assessment Footage:** For street improvement projects, the assessments will generally be based on lineal footages of property abutting the street. The assessable footage is the lineal footage at the 30-foot setback line, measured perpendicular from the right of way. Single family (detached) and single family (attached) lots will have a per unit assessment based upon the assessable footage and all other property types will be assessed based upon the assessable frontage adjacent to the property.
- 6) **Single Family (Detached and Attached):** The single family (detached and attached) per-unit assessment calculation will be completed as follows:
 - a) The assessable frontage as determined by measuring the length at the 30-foot setback will be totaled for each construction method.
 - b) The Three Year Average Rate for single family properties will be applied to the total single family assessment per construction method.
 - c) Single family detached lots will each count as one unit and single family attached properties will each count as 0.6 units. This is based upon the 2019 Special Benefit Consultation in which the report estimated that single family attached properties benefited at 60% of what single family detached properties benefited from street improvement projects. The total units for each construction type will be totaled.
 - d) The total single family assessment will be divided by the total units for each construction method to provide the per unit assessment for each unit. Single family detached properties will be assessed for one unit and single family attached properties will be assessed for 0.6 units.

For single family (detached and attached) lots with more than one frontage, the lot will be included in the assessment roll only if they receive their access from the street being improved. If the lot has multiple accesses to multiple streets, the lot

will be included in the assessment roll for the street they are addressed from. In cases where the single family property does not have direct frontage to a street being improved, but gains access to that street, that property will be included in an assessment roll for an improvement project to the street utilized for access.

- 7) Exceptions: In situations in which the City Council determines to use a different methodology for apportioning assessments, the Council will direct the City engineer to evaluate as part of the feasibility report whether a departure from the standard policy is warranted and consider the expressed requests of the affected property owners, past departures from policy, and other factors. The deviation from standard policy will be noted in project documents and hearings.
- 8) Southwest Burnsville: Due to its unique aspects and historical treatment, public Improvements located in Southwest Burnsville shall be undertaken as determined in the Southwest Area Public Services Study and according to City Policy 5.035 - Street and Utility Improvements in the Southwest Area.

B) New Construction

Street, water main, storm drain facilities, and sanitary sewer assessments constructed under Chapter 429 shall be assessed at the construction contract cost plus engineering, legal, financing (including capitalized interest), and administration costs. If costs are to be spread to more than one property owner, the assessments shall be spread on the basis of assessable footage at the 30-foot setback line on the project unless a different methodology is agreed to through an assessment agreement with the City Council.

The City shall pay for oversizing of public facilities constructed by a developer where larger facilities are required for future development as determined by the City Engineer.

The City shall assess 100% of the Streetscape costs to any area of the City that requests and petitions for those improvements, except the streetlights which are covered under Policy 5.080 - Street Lighting. The additional operating and maintenance costs associated with streetscaping shall be negotiated with the petitioners. Operation and Maintenance of any associated street lighting shall be determined according to Policy 5.080.

IV. RESPONSIBILITY

The Public Works Department maintains the Pavement Management Program, updates this policy, and prepares the special assessments for consideration by the City Council. All minor issues and discrepancies shall be resolved by the City Engineer.

V. AUTHORITY

Administrative implementation of policy. Minnesota State Statute Chapter 429.

Submitted by:	Jen Desrude	Date:	06/02/2020
Reviewed by:	Ryan Peterson	Date:	06/02/2020

This policy replaces Policy 5.010 dated January 5, 2016.

This policy is effective on October 1, 2020. Policy 5.010 dated January 5, 2016 shall remain in effect until then.