



## **STREET RECONSTRUCTION ASSESSMENT POLICY**

### **MINNESOTA LAW: M.S.A §429**

The cost of any improvement, or any part thereof, may be assessed upon property benefited by the improvement, based upon the benefits received. The law provides that a municipality has the power to make public improvements and assess the improvements to the benefitting property.

#### **I. General.**

##### **A. Purpose and Need for Policy.**

The City must have a standard method for applying its levied special assessments to lots and blocks or parcels 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.

##### **B. Special Cases.**

It is recognized that this policy cannot be applied indiscriminately and variations are permitted when strict adherence to the policy obviously violates the special benefit principle. When there is a need to deviate from the established policy, the matter will be referred to the Assessment Committee for consideration of possible changes or additions to the policies, or for determination of special benefits.

##### **C. Assessment Committee.**

The Assessment Committee will consist of the Director of Finance, Director of Public Services, City Engineer, City Attorney, Senior Engineering Technician, and the City Assessor. The City Manager shall participate as a member of the committee at such times as the City Manager deems appropriate.

##### **D. Change in Policy.**

A substantive change in this Assessment Policy will be submitted to the Council for approval prior to implementation of such change.

#### **II. Street Assessments.**

##### **A. Basis for Assessment.**

Assessments will be against abutting property on a front foot and/or per property basis. However; modifications may be necessary to provide for equity and minimum and maximum assessment for residential lots.

##### **B. Residential or Commercial Rates.**

Two basic assessment rates will be used, one for residences zoned or used as R-1 or R-2 (hereinafter referred to as "residential rate" or "residential property").

The second rate, for all other properties, including but not limited to four or more units residential, commercial, industrial, school, and church property (hereinafter referred to as “commercial rate” or “commercial property”).

1. Residential Property.

For residential properties zoned or used as R-1 and R-2, the assessment to be applied against each property shall consist of a \$4,820.00 unit street assessment and a \$25.00 front foot assessment. These fees will be adjusted annual within the Master Fee Schedule.

2. Other Properties.

For properties other than R-1 and R-2, the assessment to be applied against each property shall be twice that of the current residential rates.

The rationale for the different rates is that while all streets are constructed to residential standards, the heavier property uses generated by commercial property cause greater wear and tear upon the streets. As a result, the streets suffer a higher level of deterioration with the more intense land use.

3. Municipal State Aid Streets.

Benefiting properties abutting a State-Aid designated street shall be assessed in the same manner as those abutting other streets.

4. City-Owned Property.

The City will pay its share of an infrastructure improvement in the amount of a sum equal to the abutting footage of park, ponding, or City-owned property, times the appropriate residential or commercial rate. The following city-owned property shall be exempt from assessment:

- Green Haven Golf Course
- City Cemeteries
- City Parks

The classification of City-owned property will be reviewed on an “as-needed” basis to determine whether the use of the property has changed in such a manner as to warrant reconsideration of its classification for this purpose.

5. Special Cases – Residential Properties.

(a.) Corner Properties:

Corner properties will generally be assessed for the short side of the property only, regardless of the way the house faces, the address it bears, whether or not there is a second driveway, or whether or not the access is from the side street. Corner properties will be assessed for a minimum of 75 feet of frontage.

(b.) Streets on Three Sides:

If the property in question is bounded by streets on three sides, the corner property provisions will apply.

(c.) Streets Front and Back:

If a property faces on one street and backs onto another, it shall only be assessed for the street toward which the lot fronts. There shall be no assessment for the street at the rear of the property.

(d.) Higher Use Zoning:

If a residential property is located on property zoned for a higher use, the property will be assessed at the residential rate.

(e.) Commercial Property:

All properties, which are classified as other than residential, will be assessed for all abutting footage at the commercial rate. No corner lot or other allowance shall apply to these properties.

C. Types of Street Improvement Projects.

Three basic street improvements will be used to define the project as it relates to the repair, replace or upgrade of an existing City street and the associated infrastructure. Projects do not include construction of sanitary sewer, watermain, or trunk utility projects.

1. Reconstruction (full replacement).

Reconstruction projects are associated with the Street Renewal Program (SRP) that began in 2000.

SRP Project includes complete reconstruction of storm sewer, grade changes, major subgrade and base corrections as required, installation of concrete curb and gutter, sidewalks, driveway aprons, installation of new bituminous pavement, signage, street lighting along with electrical components, boulevard restoration/landscaping, and other miscellaneous work.

100% of Residential or Commercial Rates will apply to Reconstruction Projects.

2. Reconditioning (resurfacing).

Reconditioning projects are associated with the Street Surface Improvement Program (SSIP) that began in 2009.

SSIP Project includes removal or in place full depth recycling of existing pavement, minor subgrade and base corrections, replacement of damaged curb and gutter, sidewalk improvements, storm sewer drainage improvements only as necessary, installation of new bituminous pavement, and restoration as needed.

40% of Residential or Commercial Rates will apply to Reconditioning Projects.

The rationale for the lower rates is that while all streets are constructed to residential standards, the reconditioning is generally less than half the cost of reconstruction. As a result, a rate of 40% of the unit and front footage will be used.

3. Overlay (partial resurfacing).

Overlay projects are associated with the Street Overlay Program (SOP) that began in 2023.

SOP Projects includes milling of existing bituminous pavement surface, isolated pavement patching, and base layer repair, and installation of new layer of bituminous pavement. Minor pedestrian ramp repairs and/or deteriorated curb and gutter may also be included with the project.

20% of Residential or Commercial Unit Rate will apply to Overlay Projects.

The rationale for the lower rate is that bituminous replacement is generally less than half the cost of reconditioning. As a result, a rate of 20% of the unit and front footage will be used.

#### D. Street Life Expectancies.

The life expectancies of various street improvements of pavement procedures differ. If an additional improvement is needed to a street that has had a previously assessed street improvement, the new assessments shall be prorated by the percentage of years the previous improvement has lasted when compared to the life expectancies shown in the table below.

<b>PAVEMENT PROCEDURE</b>	<b>EXPECTED LIFE (YEARS)</b>
Reconstruction (full replacement)	25
Reconditioning (resurfacing)	20
Overlay (partial resurfacing)	10

### **III. Service Lateral Assessment.**

#### A. Basis for Assessment.

Assessments will be against property on per service lateral to the property basis. However; modifications may be necessary to provide for equity and minimum and maximum assessment for residential lots.

#### B. Residential or Commercial Rates.

Two basic assessment rates will be used, one for residences zoned or used as R-1 or R-2 (hereinafter referred to as "residential rate" or "residential property").

The second rate, for all other properties, including but not limited to multiple family residential, commercial, industrial, school, and church property (hereinafter referred to as "commercial rate" or "commercial property").

##### 1. Residential Property.

For residential properties zoned or used as R-1 or R-2 with less than four residential units, the assessment to be applied against each property shall consist of a \$1,610 unit sanitary sewer assessment and a \$1,750 unit water assessment. These fees will be adjusted annual within the Master Fee Schedule.

##### 2. Other Properties.

For properties other than R-1 and R-2, the water assessment(s) to be applied against each property shall be twice that of the current residential rates.

The rationale for the different water service rates is that non-residential property or a four or more unit residential property will require a larger service lateral with a gate valve.

#### C. Utility Service Lateral Age.

Utility unit assessments are only levied if the utility service is actually replaced and older than ten (10) years. When service age is brought up by a property owner and the service lateral is verified that it was replaced from the main to the right-of-way by city standards, the following will be applied to the service unit assessment(s):

- 0-5 years – no unit assessment
- 5-10 years – half of current unit assessment fee
- 10 years and older – full unit assessment fee

The rationale for the service lateral rate age adjustment is to keep the fairness and equity to property owners.

#### **IV. Rate Changes.**

Rates shall be adjusted effective each January to reflect any change in the cost of construction. The adjustment shall be based on the change in the Engineering News Record (ENR Index) derived from prices of construction materials, labor, and equipment for the Minneapolis area during the previous year. Said adjustments shall be made to the nearest half-dollar.

Interest on the amount assessed against the property will be determined and set by the City Council at the assessment hearing, with a minimum interest rate of 5%. The special assessment will be spread over ten (10) years on Reconstruction Projects and five (5) years for all other projects.

#### **V. Inequities.**

Where the results of applying the foregoing rules appear to result in an inequitable assessment, the comparative market values of the lots in the area shall be considered, the ultimate test being that the market value must increase by the amount of the assessment and all similarly situated property must be treated uniformly.

#### **VI. Authority.**

Administrative implementation of policy. Minnesota State Statute §429. Chapter 429 provides a municipality the authority "to levy and collect assessments for local improvements upon property benefitted thereby" for public improvements.

#### **Policy History**

Initially Adopted: October 1999

Revised: 12.04.2006

Revised: 11.03.2014

Revised: 12.02.2024