

SPECIAL ASSESSMENT POLICY

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SECTION I. GENERAL.

A. The Philosophy of Special Assessments.

Special assessments are those charges levied against certain parcels of land for the cost of public improvements where the City Council has determined that the parcels being assessed will be specifically benefited by the improvements.

B. Special Assessment Uses.

Special assessments may be used to pay the cost of all or a portion of public improvement projects including the maintenance and/or repair of the City's infrastructure. Improvement projects include, but are not necessarily limited to, the construction and/or reconstruction of streets and sidewalks, storm and sanitary sewer mains and interceptors, steam heating mains, street lighting systems, waterworks systems, sewer and water treatment works and pump stations, parks and recreational facilities, street trees, nuisance abatement, dikes and other flood control works, retaining and area walls, pedestrian skyways and underground concourses, plazas or courtyards, district heating systems, fire protection systems, and highway sound barriers. Special assessments may also be used for the collection of certain special service charges as authorized by ordinance.

C. The Benefit Principle.

Special assessments may be levied only upon property receiving a special benefit from the improvement. The rate must be uniform and levied equally upon all property receiving special benefits. Assessments must be confined to property benefited, and the amount of the assessment must not exceed the benefit.

SECTION II. POLICY PURPOSE AND LIMITS.

A. Purpose.

The purpose of these Special Assessment Policies is to set forth the framework and procedures for the determination of benefit and the assessment of cost of the various public improvements that are constructed and installed by the City of Moose Lake pursuant to Minnesota State Statutes, the City Code, and the order of the City Council. These policies shall serve as a guide for this and future City Councils, and for all persons concerned with such matters. It is the intent and purpose of these policies to provide for and insure consistent, uniform, fair and equitable treatment, insofar as is practical, lawful, and possible, of all property owners in regard to the assessment of cost for benefits to property for the various improvements within the City of Moose Lake and to provide a stable, cost effective, and continuing source of funding within the financial capacity of the City to accommodate infrastructure needs for new development, redevelopment, and maintenance with the City.

B. Policy.

The City Council of the City of Moose Lake hereby declares that the Special Assessment Policies contained herein are the policies that the City of Moose Lake is dedicated to follow as nearly as possible and practical. All assessment costs for new improvements, whenever possible, are to be assessed in full against benefited property up to a 100% basis. In order to keep the City's share of the cost of improvements to a minimum, and to avoid deferred assessments, no improvements shall be made outside the City limits unless a petition for annexation of the property to the City is signed, or the assessments against the benefited property can be collected by a voluntarily negotiated contract.

C. Limits.

These assessment policies are designed to serve only as a general guide for the City Council in allocating benefits to properties for the purpose of defraying the cost of installing public facilities. The Council reserves the right to vary from these policies if the policies act to create obvious inequities, or where the assignment of benefit to a particular property is difficult because of an extreme and unusual situation, or if such variance is deemed to be in the best interest of the City of Moose Lake.

D. Definitions

- 1) Reconstruction of Street, Curb & Gutter – Street, curb, and gutter reconstruction is defined as the street, curb, and gutter improvements which cause existing streets, curb, and gutters to be reengineered to meet current design standards and require base or subsurface modifications or removal. Bituminous or concrete surfacing on existing unpaved street requiring base or subsurface improvements will be deemed a new street construction project.
- 2) Overlay of Street – Street overlays are defined as bituminous or concrete improvements that may involve milling, substantial repair and/or resurfacing, crack sealing of existing bituminous or concrete street surfaces.
- 3) New Storm Sewer – New storm sewer construction is defined as the construction of storm sewer improvements where no engineer designed storm sewer improvement have existed previously.

- 4) Storm Sewer Replacement - Storm sewer replacement is defined as the construction of storm sewer improvements that replace previously existing undersized, damaged, or otherwise inadequate lines.
- 5) New Water and/or Sanitary Sewer Mains - New water and/or sanitary sewer main lines are defined as the publically owned and maintained lines such as trunk lines, interceptors, mains, laterals, etc. that did not exist prior to the construction of the improvement in question.
- 6) Water and/or Sewer Main Replacement - Replacement of water and/or sewer main lines is defined as the replacement of publicly owned and maintained lines such as trunk lines, interceptors, mains, lateral, etc. that previously existed.
- 7) Alleys - defined as the secondary public access routes to commercial residential traffic.
- 8) New Sidewalk - defined as the construction of sidewalk where no sidewalk improvements have existed previously.
- 9) Reconstructed Sidewalk - defined as the construction of sidewalks that replace damaged or otherwise inadequate sidewalks.

SECTION III. SPECIFIC POLICIES RELATING TO SPECIAL ASSESSMENTS.

A. Assessments.

Special assessments for public improvement projects will be determined by taking into consideration total project costs, any financial assistance received from another government entity, and an assessment formula based on front footage, area or unit basis. The total amount of assessments will not exceed the project cost and must be apportioned equally among properties having the same general land use based on the benefit of the improvement(s). The total assessment against any parcel shall not exceed benefit of the improvement(s).

B. Assessment Period.

The standard term of assessment for public improvements shall be up to fifteen (15) years. The Council may, however, establish a shorter or longer term if it is determined to be in the best interest of the City.

C. Interest Rate.

The interest to be used for special assessments will be at a rate determined by Resolution of the City Council up to 2% above the interest rate of a 10 year General Obligation Bond rounded to the nearest one half of a percent. If General Obligation Bonds are used for the project, the City shall use an interest rate based on the rate of the bond issued plus up to 2%. The City Council shall set the rate in all cases not to exceed the legal maximum as stated in Minnesota Statutes Sections 429.061 and 475.55.

D. Project Cost Summary.

The City Engineer shall prepare a project cost summary upon completion of the project using information from the project cost data report prepared by the City Administrator's Office and with information available in the City Engineer's files. The summary will include all project expenses including, but not limited to:

1. Construction Costs Including Materials.
2. Publication Costs and Permit Fees.
3. Legal Fees.
4. Engineering Fees.
5. Miscellaneous Expenditures.
6. Administration Costs Including Audit/Appraisal Fees.
7. Capitalized Interest. Capitalized interest shall be computed at the rate of the bond sale from the date of the bond sale to the date the assessment roll is approved by the City Council, or at the rate specified in section C., above, in cases where bonds are not sold to finance a project. Any interest earned on investment of the bond proceeds shall be deducted from the above amount.
8. Bond Sale Expenses, including Bond Attorney Fees, Bond Consultant Fees, and Printing Costs.
9. Pavement Management Study Costs.
10. Comprehensive Sewer Study Costs.
11. Other Costs which are deemed necessary for the project.

E. Deferred Assessments.

Special assessments for senior citizens and retired disabled homeowners may be deferred pursuant to the Minnesota Statutes Sections 435.193 to 435.195 and subsequent City of Moose Lake resolution. In addition, it shall be the policy of the City of Moose Lake to defer assessments against those lands that qualify for deferment under the Minnesota Agricultural Property Tax Law ("Green Acres" law), Minnesota Statute Section 273.111, as amended. In all other cases, it is the policy of the City to allow no deferment of assessments for improvements within the City, unless circumstances warrant special consideration.

F. City Share of Project Costs for Oversizing

Generally speaking, the City will not participate in project costs for new developments. Exceptions to the rule will involve the installation of larger than normal water mains and/or sanitary and storm sewer mains for transmission purposes, or when a larger and stronger than normal street is required. In these instances, the City's participation will be limited to those costs directly attributable to the oversizing. Additionally, it can be expected that the City will be a participant if it owns property in the proposed project area, except as outlined in paragraph "I" of this section.

G. Driveway Pavement.

New driveway apron pavements are of benefit only to the affected property owner. These may be included in improvement projects and will be assessed to the affected property. Any driveway aprons disturbed by a street reconstruction project shall be repaired and/or replaced as a project cost and be assessed to the property owners subject to life expectancy conditions. Any driveway apron constructed or reconstructed on public right-of-way shall be improved to comply with City Standards.

H. Private Developer Projects.

Private developers may petition for improvement projects. No special assessments for such improvements shall be left pending, and the developer requesting the improvements shall be required to fund and pay the special assessment installments for projects benefiting any such properties. All developers shall be required to provide collateral in the form of cash, or approved letter of credit in the amount of at least 50% of the cost of the needed improvements, prior to award of bids by the City. All preliminary and final engineering work for these improvements will be paid for by the developer whether provided by the City or a consultant. The City may proceed with the project and special assess not more than 50% of the project cost to benefited property. The remaining project cost will be paid directly by the developer. A determination will be made by the City as to the suitability of each lot developed for building. Any lots determined to be of low suitability for building shall have the amount of any estimated special assessment paid in advance. The determination of suitability for building shall be at the sole discretion of the City and shall take into consideration, but not be limited to, such things as site slope, drainage, sewer service, water pressure and wetlands. OTHER OPTION IS TO REQUIRE DEVELOPER TO PAY 100% UPFRONT WITH NO ASSESSMENT PAYMENT.

I. Government Owned Properties.

Governmental property owners and railroads shall be responsible for assessments associated with new developments and/or reconstruction projects.

J. Frontage Roads.

Frontage roads along highways or other arterial streets are generally deemed to be of benefit only to properties served. Therefore, the entire cost of any such improvement may be assessed totally to the benefited property owners. The Council may consider special circumstances as appropriate to determine and adjust benefit and subsequent cost.

K. Deletion of Properties.

The City shall reserve the right to delete/postpone land within the improvement area from the assessment rolls if, in the opinion of the City, the land is not benefited.

L. Service Outside City Limits.

To the greatest extent possible and practical, it shall be the policy of the City to require annexation prior to the extension of any service or facility to any property outside the City limits. If the City installs facilities which benefit property which lies outside the corporate limits, that 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 owner of such property that will provide for payment to the City on the same basis, as if the property were within the City, and assessed for the improvement, as a prepayment upon completion of the project. No physical connection to the City's sanitary sewer, water mains, storm sewer, or streets, where practical, will be permitted until an agreement and contract, including satisfaction of costs or assessments, is executed.

M. Intersections.

The cost of all improvements in street and alley intersections shall be included as part of the total project and assessable costs.

N. Frontage Definitions.

For the purpose of special assessments using frontage as the basis for the assessments the following definitions shall apply:

1. **Rectangular Lots** - The frontage shall be equal to the dimension of the side of the lot abutting the improvement.
2. **Irregularly Shaped Lots** - The frontage shall be equal to the average width of the lot.
3. **Interior Lots Which Abut Two Parallel Streets** - The frontage for a given type of improvement shall be calculated on only one side of the lot.
4. **End Lots Which Abut Three Streets** - The frontage for a given type of improvement shall be calculated on the same basis as if such lot was a corner lot abutting the improvement on two sides only.
5. **Corner Lots** - A lot located at a street intersection having both front and side yard footage. The frontage for a street improvement assessment shall be 30% of the roadway cost for both front and side streets. The water and sewer assessments will be based on actual location of the services.
6. **Front Street Benefit**-Those properties, within the area of benefit for the project, which directly abut the improvement(s) are considered to have

“front street” benefit. Front street benefit for corner lots is determined by the front door or street address facing the improvement area.

O. Use of Connection Fees.

Connection fees shall be applied to properties that did not pay for their share of an improvement and, subsequently, want to connect to the water, sewer, storm sewer and streets. These situations usually occur when property is newly annexed or platted. Connection fees for all or a portion of the cost of such improvements will be levied at the time the property is annexed or platted or when the connections are made. The expected life of the improvement shall be considered when calculating each individual connection fee.

P. Tax Forfeited Properties.

Properties that have been forfeited for non-payment of taxes are subject to possible reassessment pursuant to Minnesota Statutes Section 429.071. The amount of special assessments subject to reassessment is determined by Council resolution following sale by the County of the tax-forfeited land. Following the sale of a tax forfeited property, the City may conduct an assessment hearing and re-assess the amount remaining unpaid on the original assessment. The assessment terms and conditions will be determined by the City Council. In re-assessing such property, the City will follow the same procedure as for an original assessment under Minnesota Statute 429.061, including advance notice and public hearing.

Q. Tax Exempt Properties.

Private cemeteries, churches, hospitals, schools, and similar institutions must pay special assessments. Railroads are also not exempt from special assessments.

R. Reapportionment.

Special assessments that have been levied against a tract of land that is subsequently subdivided may be reapportioned pursuant to Minnesota Statutes Section 429.071.

SECTION IV. PROCEDURES.

A. General.

The City of Moose Lake will follow the provisions set forth in Chapter 429 of the Minnesota Statutes that provides that all or a part of the cost of improvements may be assessed against benefiting properties.

SECTION V. METHODS OF DETERMINING ASSESSMENTS.

A. General Information.

It shall be the policy of the City to assess benefited property by frontage, area, or unit. The City may alter or change the method of assessment if such change is more equitable and appropriate. The following shall apply to new and reconstructed improvements.

1. ***Trunk Sanitary Sewer/Water Main*** - In the event oversized or trunk lines are not required to service a specific project area, but are necessary to provide adequate service and capacity for areas beyond the specific area in question, the oversized or trunk line share of the cost (the amount of in excess of lateral costs) shall not be assessed to the specific area in question except the pro rata portion attributable to the area in question. The City may create a special trunk line assessment district if deemed advisable and proper in any particular situation and assess one hundred percent (100%) of the cost to the trunk line assessment district. Oversized or trunk lines shall be defined as follows:
 - a. Sanitary Sewer 10" diameter or larger
 - b. Water Main 10" diameter or larger

2. ***Service Lines*** - Any service found to be defective, (Defective can mean one service lateral servicing two or more residences), based on the projected life, expectancy of the service line and/or inspections of the service line as part of a street reconstruction project shall be replaced as part of the project and the cost of replacement of the **service line will be assessed 100% to the benefitted property.**

3. ***Fire Demand/Commercial/Industrial Water Main Trunk*** - If a trunk or oversize line is required for fire demand, commercial or industrial purposes and is not required for distribution purposes, such trunk or oversized line cost shall be either assessed against benefited property as special benefits or otherwise financed by the City if the council deems it a benefit to the City.

4. ***Lift Stations*** - All properties contributing sanitary sewage or storm water runoff which must be elevated by a lift station in order to reach the Wastewater Treatment Plant or discharge point, shall be assessed for the cost of such improvement. Excess capacity designed into a lift station to provide service beyond the specific area in question will be handled in a fashion similar to Section V., paragraph A.1.

5. ***High-Capacity Water Service Or Fire Lines*** - Service lines benefiting properties requiring above-normal capacity shall be assessed one hundred percent (100%) of the cost, including those lines required or requested for fire protection purposes. Service and fire lines are subject to the same life expectancy as water mains.

6. Service lines that are replaced for the purpose of increasing size and capacity shall be the responsibility of benefited properties, including the cost of repairing and resurfacing any streets that may be disturbed in the process.
7. **Storm Sewer Trunk Mains** - Storm sewer trunk mains are defined as 25" and larger in diameter. Up to thirty percent 30% of the total cost of storm sewer trunk improvements shall be assessed against benefited property on an area basis. To determine the runoff contribution and assessments for storm sewer trunks in areas with multiple zoning, the City shall take into consideration the runoff characteristics of the property and shall also consider potential use of the property in determining runoff. The City may create a trunk sewer assessment district if deemed advisable and proper in any particular situation.

B. New Improvements.

All facilities that represent new service to areas previously without City service may be assessed at one hundred percent (100%) of the cost of installation subject to the limitations in paragraph 1 and 2, below. New pavement in a previously unpaved street, alley, or parking lot shall be considered new service.

1. **New Streets** - One hundred percent (100%) of the cost of street (paving or any other street improvement) and curb and gutter improvements shall be assessed against benefited property on a front foot basis, except as outlined hereafter. The cost of each improvement shall include costs of intersections and related drainage facilities. The number of front feet assigned to each property shall be in accordance with Section III, paragraph O.

It shall be the policy of the City of Moose Lake to assess residential properties only for the costs which would have been incurred had a standard residential street specification been utilized. The City of Moose Lake shall bear the responsibility for any cost exceeding that normal residential street cost, except that the City may assign all or a portion of its excess cost to non-residential properties abutting the street, if in the judgment of the City the existing or projected use of that property required the increased expenditure for the additional street construction requirements.

2. **New Sidewalks** - The City may install and assess for construction of additional sidewalks. The project costs shall be assessed to abutting properties on a front foot basis. The City shall assess the cost of new sidewalks as follows:

a.	New Constructed	100%
b.	Developed Areas	30%

In areas where new sidewalks are installed on only one side of the street, and it is not anticipated they will be installed on the other side at a later time, the

assessment shall be split 50/50 for the benefiting properties on both sides of the street.

C. Reconstruction/Rehabilitative Improvements.

The following policies shall apply in developed areas of the City where existing infrastructure is replaced, rehabilitated or maintained.

1. **General** - When the condition of a utility line or a street surface has deteriorated to the point where excessive maintenance cost is incurred or will be incurred by the City, or when abutting residents petition an improvement, the City Council may order a public hearing on proposed improvements for that street and or utility lines(s). If the City Council, following the hearing, decides that improvements are necessary, it may elect to completely or partially reconstruct the street and/or utility line(s) and assess abutting property owners. The cost of the improvement(s) shall be assessed against abutting and benefitting properties on a front footage basis with the front footage assigned to each property determined or calculated in accordance with Section III, Paragraph N.

It shall be the policy of the City of Moose Lake to assess residential properties only for the costs which would have been incurred had a standard residential street and/or utility line specification been utilized. A standard residential street section shall be as defined in the Engineering Standard Plates for the City of Moose Lake while the standard sized utility lines are identified in Section V of this policy manual. The City of Moose Lake shall bear the responsibility for any cost exceeding that of a standard street section and/or a standard utility line(s), except that the City may assign all or a portion of its excess cost to non-residential properties abutting the street if, in the judgment of the City, the existing or projected use of that property requires the additional expenditure for the increased street and utility line(s) construction requirements.

2. **Assessment Rates**-Effective upon passing of this policy, the Moose Lake City Council has adopted an assessment rate of 30% per front foot (ff) for street benefit, 30% per ff for storm sewer, 30% for water per ff, 30% per ff for sanitary sewer for full infrastructure replacement within the City's street right of way.

The front street benefit assessment rate may be adjusted annually by the Moose Lake City Council.

SECTION VI. WORK BY OTHERS.

A. Work by Private Developers.

Work by private developers shall occur only within the boundaries of private property. Any public utility or street construction work within a public right-of-way shall be done only after an agreement with the City is executed. Any damage in the right-of-way that is determined by the City Engineer to have been caused by a private property owner shall be assessed at one hundred 100% of the cost of repairs.

B. Work by Property Owners.

Property owners may not place or have placed any improvement in, nor in any way alter the public right-of-way, without approval of the City. A permit is required before any work is done in the public right-of-way.