

# CITY OF STEWARTVILLE - ASSESSMENT POLICY

Revised 12/12/2006  
Revised 11/13/2007  
Revised 4/27/2010

## **I. Legislative Authority**

The procedures used by the City in levying the assessments conform to those specified in the Minnesota Statutes, Chapters 429, 444 and 475.

## **II. General Statement of Policies**

The City Council of the City of Stewartville hereby declares that these assessment policies contained herein are the policies that the City of Stewartville is dedicated to follow as nearly as possible and practical, and that improvement costs shall, whenever possible, be assessed against benefited property to the extent of benefits contributed to such property as set forth in these policy statements, and that any assessable share of cost against properties or lands outside the City limits shall be deferred until such area is annexed to the City and then the assessments shall be spread for collection as set forth in these policies. It is not intended that any property shall receive the benefits of improvements without paying for them.

## **III. Scope and 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, maintaining or reconstructing 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, which is unlikely to occur in the future, or if such variance is deemed to be in the best interest of the City of Stewartville.

## **IV. Eligible Cost for Assessment Proceedings**

The City Council shall determine the total cost of the improvement by adding:

- the amount of contract cost;
- the cost of labor and materials furnished by the City if not contained in contract costs;
- the cost of engineering, legal, fiscal, and administration services provided by the City staff or other parties;
- the cost of acquiring property or right of way required by the improvement;

- the interest costs incurred by the City between the time money is borrowed for the improvement and special assessments are levied for collection;
- and any other costs which in the opinion of the City Council should be included as part of the total project cost.

## **V. Rate and Terms of Assessments**

The terms of the assessment shall be determined by the City Council for each separate project. The maximum term of any assessment shall be 15 years, but the City Council may at its discretion designate a shorter term. The Council shall establish an interest rate to be paid on unpaid balances, equal to 1% higher than the interest rate of the bond as pursuant to Minnesota State Statutes, Chapter 429.

## **VI. Classification of Projects**

Public improvements are divided according to their respective benefit to the whole City and to property specially served.-

- Complete Reconstruction – All or a portion of streets, curb & gutters, sidewalks, water & sewer mains, utility hookups, sub-drains, storm sewer
- Partial Reconstruction (Overlay) – All or a portion of streets, curb & gutters, sidewalks, sub-drains
- Seal Coat Streets

One exception is off-street parking facilities. This improvement shall be considered to have both general and specific benefit to abutting or nearby property. Off-street parking improvements shall be financed on an apportioned basis as the Council determines to be most feasible and equitable in each case.

## **VII. General City Cost**

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

Examples of such City cost include:

1. Street construction in residential areas, beyond standard residential design required in order to accommodate arterial or collector traffic. City cost shall not include the expense of additional street design required of industrial or commercial districts.
2. Oversized sanitary sewer lines requested by the City and not required by the area assessed.
3. Oversized watermain or additional depth requirement requested by the City and not required by the area assessed.
4. Oversized storm sewer requested by the City and not required by the area assessed.
5. On a corner lot the City will be responsible for the total cost of the improvement of the long side.

### **VIII. Assessable Cost**

The "assessable cost" of an improvement shall be defined as those costs which, in the opinion of the City Council, are attributable to the need for service in the areas served by the improvement and are not in excess of the special benefit conveyed to the property by the improvements. Said assessable cost shall be equal to the project cost of the current project, minus City cost, minus other financial assistance applied to the project.

### **IX. Use of Other Funds**

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 will first be used 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 may be used to reduce the special assessments against the benefiting properties. Such reductions may be applied on a pro-rata basis.

### **X. City Property**

City owned property, 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.

## **XI. Outside City**

Any project which benefits lands outside the corporate limits shall be subject to the same assessment procedure as hereinbefore outlined unless statutory authority limits or prevents such assessment. The benefit and cost accruing to the land outside the City limits shall be included in the original public hearing. The City shall assume the temporary responsibility for payment of the allocable cost. The City shall maintain a register on that property outside the City limits, and when the property is annexed, the City shall file and certify the assessment to the County Auditor for collection.

In lieu of such assessments, the City at its discretion may require a cash payment for the original principal at the time a request for connection to the City's system is made. No physical connection to the City's sanitary sewer or watermain trunk line systems will be permitted until a utility agreement, including satisfaction of costs or assessments, is executed.

## **XII. ASSESSMENT COMPUTATIONS**

### **A. Original Improvements**

Original improvements as required under the City's subdivision ordinance shall be paid 100% by the developer or through 100% assessment of the benefited property, less City costs as described in Section VII.

### **B. Reconstruction of Improvements**

#### **1. Street and Storm Sewer Main Improvements**

When any street improvements and/or storm sewer main improvements of direct benefit to a specific property must be replaced or reconstructed, the distribution of cost shall be 75% City and 25% shall be paid by the benefiting property owners.

#### **2. Water and Sanitary Sewer Main Improvements**

When any utility improvements of direct benefit to a specific property must be replaced or reconstructed, the distribution of cost shall be 100% City and 0% shall be paid by the benefiting property owners.

### 3. Water or Sewer Connections

The definition of a connection is all fitting and labor necessary and needed to connect from the main to the building structure, which includes the Y and T fillings. When any utility connection of direct benefit to a specific property must be replaced or reconstructed, the distribution of cost shall be 50% City and 50% shall be paid by the benefiting property owners.

### 4. Sidewalks

The City pays 100% of the reconstruction of the sidewalk. All repairs or maintenance costs after the reconstruction will be the responsibility of the property owner under the conditions outlined in the City's Ordinance Section 800.07 and the City's Sidewalk Policy.

## **C. Overlay**

Distribution of costs for overlay resurfacing shall be 75% City cost and 25% paid by benefiting property owner.

## **D. Seal Coat**

Distribution of cost for seal coating (other than the original seal coat required by the City's subdivision ordinance) shall be 100% City cost and 0% paid by benefiting property owner.

## **E. Obsolescence - Causes**

The Council may, at its discretion, change the formula for assessing replacement costs when a facility's full useful life has not been available to the original benefited property if the Council determines that:

1. Streets - A street or alley no longer serves its original design use due to changes in traffic conditions, or has been subjected to conditions unforeseen at the time of the initial construction (e.g. installation of or replacement of utility line, truck route, through street, etc).

2. Sewer or Water - The capacity of a utility facility has been reduced below acceptable minimum standards because of changes in land use or service demand which could not be reasonably foreseen at the time of original construction (e.g. new industry, hospital, etc.)

#### Expected Useful Life Chart

Seal Coat	6 years
Overlay	20 years
Streets	30-40 years

### **XIII. Assessment Methods**

The assessable costs of the improvement shall be distributed among the affected property owners according to one of the Procedures outlined below:

- A. "Adjusted frontage" shall be expressed to the nearest foot.
- B. "Area" shall be defined as the gross area of the parcel or lot which is benefited, in terms of square feet or acres. All property within district boundaries is to be included. District boundaries shall be determined by the Director of Public Works or the City Engineer.
- C. "Unit" or "Lot": When the City Council determines that the assessable cost would be more equitably distributed on a "unit" basis, the assessable unit may be the "lot" (i.e., a uniform per lot assessment), REC (Residential Equivalent Connection), or other equitable unit adopted by the Council.
- D. "Measures" of dimension, distance, or size shall be based on recorded platting data, whenever possible.
- E. "Distribution methods" - several methods exist for assessing property benefited by local improvement projects. It is the policy of the City to use the method that most equitably distributes the project costs. A description of the methods generally used by the City appears in this section.

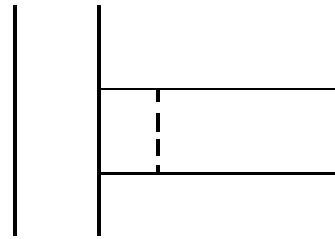
The City will choose from among the following methods to calculate which method best reflects the benefit received from the improvement.

**Adjusted front footage** - Improvement costs are commonly distributed according to the "adjusted front footage" of a parcel or lot. In this method, the City determines a rate of assessment per front foot. This rate applies to each parcel as follows:

$$\text{Assessment} = \text{Assessment rate per front foot} \times \text{Parcel's adjusted front footage.}$$

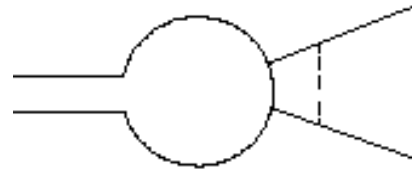
### Rectangular Interior Lots

For rectangular interior lots, the footage equals the dimension of the side of the lot abutting the improvement at the property line.



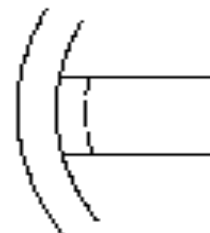
### Cul-de-sac lots

For cul-de-sac lots the footage equals the lot width at the property line



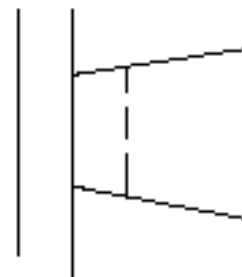
### Curved Frontage

For other lots with curved frontage the footage equals lot width at the property line



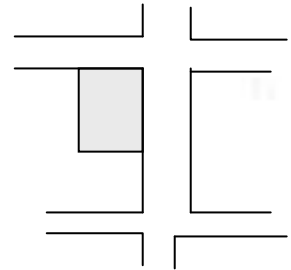
### Irregular Shaped Lots

For lots with irregular shaped Frontage the footage equals lot width at the property line



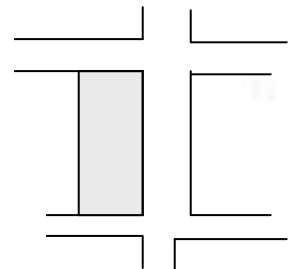
## Corner Lot

When improvements are made to both sides of a corner lot, frontage will be determined by the smaller side of the corner. The property owner will be assessed for the smaller side according to the assessment percentages and the City will be 100% responsible for the long side.



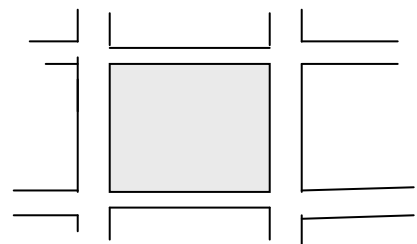
## Three Sided Lot

When improvements are made to three sided lot, frontage will be determined by the smaller side of the corner. The property owner will be assessed for the smaller side according to the assessment percentages and the City will be 100% responsible for the remaining sides.



## Four Sided Lot (whole block)

When improvements are made to a four sided lot, frontage will be determined by using the formula for a corner lot times 2. The property owner will be assessed for the smaller side (times 2) according to the assessment percentages and the City will be 100% responsible for the remaining sides.





**Area Method** - Assessments may be distributed according to the gross of the benefited lot or parcel. The assessable area shall be expressed in terms of the number of acres or the number of square feet subject to assessment.

Assessment = Area to be assessed (acres or square feet) X assessment rate per acre or square feet.

**Unit/Lot Method** - When the City Council determines that the assessable cost would be more equitably distributed on a unit basis, all lots in the area to be included will be assessed equally. This method shall be the basic method used for assessments when properties are initially developed by a single owner.

$$\text{Assessment} = \frac{\text{Assessable Cost}}{\text{Number of Lots}}$$

#### **XIV. DEFERMENT OF ASSESSMENT**

Under the provisions of Minnesota Statutes, Sections 435.193 to 435.195, the City may, at its discretion, defer the payment of assessments for any homestead property owned by a person 65 years of age or older for whom it would be hardship to make the payments.

The procedure for application for such a deferment has been set forth by Resolution and Policy adopted on October 11, 2005 by the City Council. (attached)