



AGENDA ITEM # 9.4

REPORT TO CITY COUNCIL

Report Prepared by: Jason Gorr – Public Works Director

Date: November 5, 2019

Subject: Assessment Procedures and Policy

Report: Tim Houle led a series of three meetings with Council Member Swanson, the City Administrator, Public Work Director, and Zoning Specialist to review and update the City's Assessment Procedures & Policy. Attached is the amended Policy for Council consideration.

Council Action Requested: Council motion approving the amended Assessment Procedures & Policy for the City as presented.

**CITY OF PEQUOT LAKES, MINNESOTA
ASSESSMENT PROCEDURES & POLICY**

Adopted: February 7, 2006
Amended: November 5, 2019

INTRODUCTION:

Any project to be specially assessed will be done so in accordance with Minnesota Statutes, Chapter 429, Local Improvements, Special Assessments.

Following is a summary of steps in a Special Assessment Project per Minnesota Statute, Chapter 429. NOTE that the most current Statute takes precedence.

1. Initiation of proceedings. The possible improvement may be initiated by the Council or by a petition of affected property owners.
2. Preparation of a Feasibility Report. The City Engineer or other competent person must prepare a Report on the proposed improvement; such Report must include the estimated cost of the proposed improvement.
3. Notice of a public hearing on the proposed improvement. A preliminary assessment hearing must be held on the proposed improvement. The City must post notices in the newspaper as well as mail notices to individual property owners in the proposed special assessment area.
4. Improvement (Preliminary Assessment) hearing. At the hearing, the Council should give interested people a chance to be heard. Written comments are also acceptable. When a petition signed by 100 percent of the landowners requests the improvement, the Council may order the improvement without a hearing.
5. Ordering the preparation of plans. The *Council votes* on whether or not to have the City Engineer prepare the necessary plans and specifications.
6. Improvements are bid. The Council accepts the plans and calls for construction bids. The project is advertised, and bids are received and opened.
7. Final assessment hearing on the improvement. Based on the bid and other project costs, an assessment roll is prepared listing the amount assessed against each property that will benefit from the improvement. Following proper newspaper and individual notices, a hearing is held to allow people to comment on the special assessments. Written comments are also acceptable.
8. Approval and certification of the assessment roll. After the hearing, the *Council votes* on whether or not to approve the assessment roll. If they do, the City certifies it to the County Auditor.
9. Project is ordered, bid is accepted, and improvements are constructed. The Council can accept or reject the bid. If the bid is accepted, the improvement is constructed.

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This Assessment Policy is intended to serve as a guide for as consistent as possible assessment process. There may be exceptions to the process, unique circumstances, special situations, or interpretations on a project-by-project basis which may require special consideration and discretion by City Staff and the City Council.

A City Assessment Committee consisting of at least one City Council Member, the City Administrator, the City Public Works Director, the City Engineer, and other necessary staff members as determined by the City Administrator shall review the Feasibility Report before it is presented to the City Council.

PROPERTIES TO BE ASSESSED:

These are generally the benefiting, abutting properties to the improvement, but will be determined by the City Council.

DEFINITIONS:

Front footage shall be considered the narrow part of the parcel without regard to the orientation of the house or ownership boundaries.

Side lot footage shall be considered the longest part of the parcel without regard to the orientation of the house or ownership boundaries.

A Parcel will generally be the lot or lots owned by one owner with one structure that requires one sanitary sewer service line and one water service line. Parcels with multiple structures requiring service and undeveloped land will be split into an appropriate number of parcels on a project-by-project basis.

New Project shall be any improvement to an area where the proposed level of improvements did not exist prior to the proposed project.

Reconstructed Project shall be any improvement that replaces or upgrades a similar type of improvement already in place prior to the existing proposed project.

Residential property shall be single-family residential use only.

Non-residential property shall be all uses other than single-family (i.e. commercial, multi-family, industrial).

Service connection is generally one sanitary sewer service line (stub), or one water service line (stub), to each parcel / one structure.

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COSTS TO BE ASSESSED:

These will be determined by the City Council and will usually include construction, engineering, legal, easement/land acquisition, administrative, and funding costs.

Construction costs that are included can vary, but generally include – but are not limited to – erosion control, traffic control, pipe, manholes, wyes, service laterals/service pipe, service risers and tracing wire, valves, fittings, curb stops, hydrants, catch basins, riprap, swales, ditches, infiltration/treatment basins, grading, base, curb and gutter, sidewalks, surfacing, striping, signing, lighting, and landscaping.

The costs for NEW PROJECTS will be 100% assessed to the benefitting properties in accordance with the following methods:

<u>Type</u>	<u>Method</u>
Roadway	Front Foot
Drainage	Front Foot *
Sanitary Sewer	Per Service Connection
Watermain	Per Service Connection

* It is anticipated most Drainage projects will occur in conjunction with a Roadway project. However, if it is a “stand alone” Drainage project, another method equitable to the benefitting properties and that project will be developed.

The costs for RECONSTRUCTED PROJECTS will be assessed to the benefitting properties at an amount corresponding to the benefit as determined by the City Council with input of the City’s appraiser for the project.

STANDARD OR TYPICAL SIZES:

The standard or typical sizes of Roadway and Drainage improvements shall be as indicated in the City’s Guidelines for Road Standards / Specifications.

The standard or typical sizes of sanitary sewer and watermain improvements (both for Residential and Non-residential) shall be 8-inch diameter.

Construction of improvements larger, wider, or more extensive than the above standard or typical sizes shall be considered oversized. The portion of the costs attributed to oversizing shall not be specially assessed and shall be paid for by the City budget.

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PROCEDURES FOR SPREADING ASSESSMENTS:

Roadways

Residential property with a roadway improved on its side lot will be assessed one-quarter (1/4) of the side lot footage at the same rate as front footage.

Non-residential property side lot footage will be assessed at the same rate as front footage (i.e. no 1/4 side lot credit approach used).

Drainage

The City Council can prorate drainage improvements, or some components of the drainage system improvements, based on an overall drainage area that may extend beyond a specific project's limits (e.g. a portion of the cost of an infiltration/treatment basin that could serve future drainage areas).

Sanitary Sewer and Watermain

The City Council can prorate sanitary sewer lift station improvements that will provide future benefit to an area larger than that being assessed.

DETERMINATION OF FRONT FOOTAGE:

In many cases, the front footage of a lot is not immediately apparent. In such cases, it is necessary to determine an equivalent front footage that will, as much as possible, result in an equitable distribution of costs.

To equate to an "average" property width, front footage shall be measured at a point 30 feet from the Right-of-Way (R/W) line into the property – this 30 feet being termed a setback.

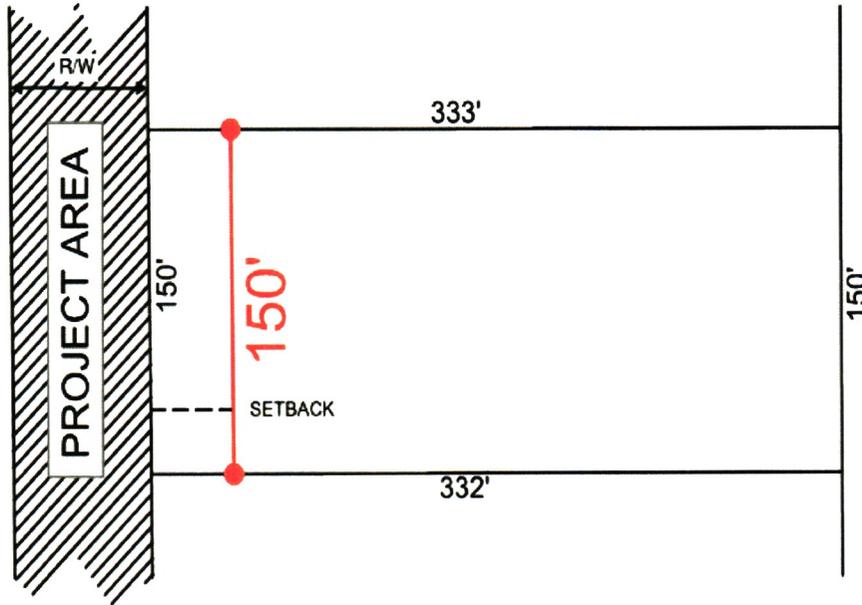
The examples on the following pages (cross hatching denoting the R/W) will be used to assist in determining an equivalent front footage.

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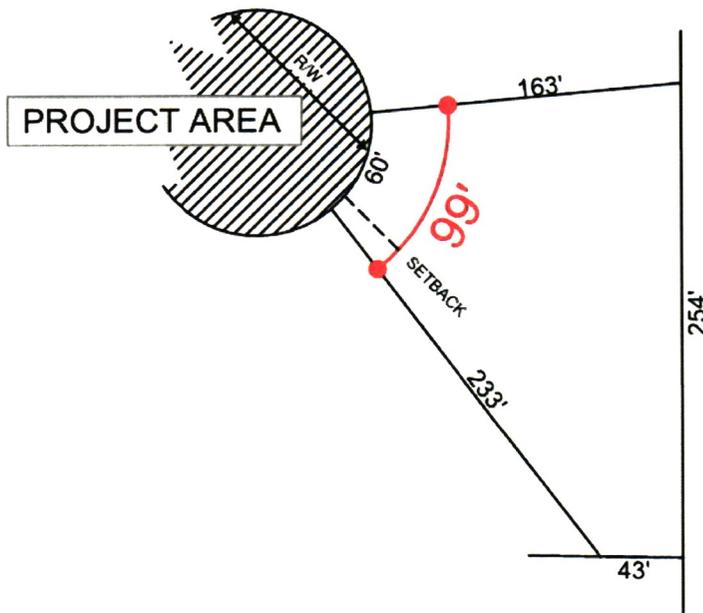
Amended: November 5, 2019

1. On all lots of a generally rectangular shape, straight front footage shall be used.



In the above example, front footage = 150 feet.

2. On cul-de-sacs, sharply curved streets, and other situations that result in non-rectangular lots, front footage shall be measured at the setback from the R/W line.

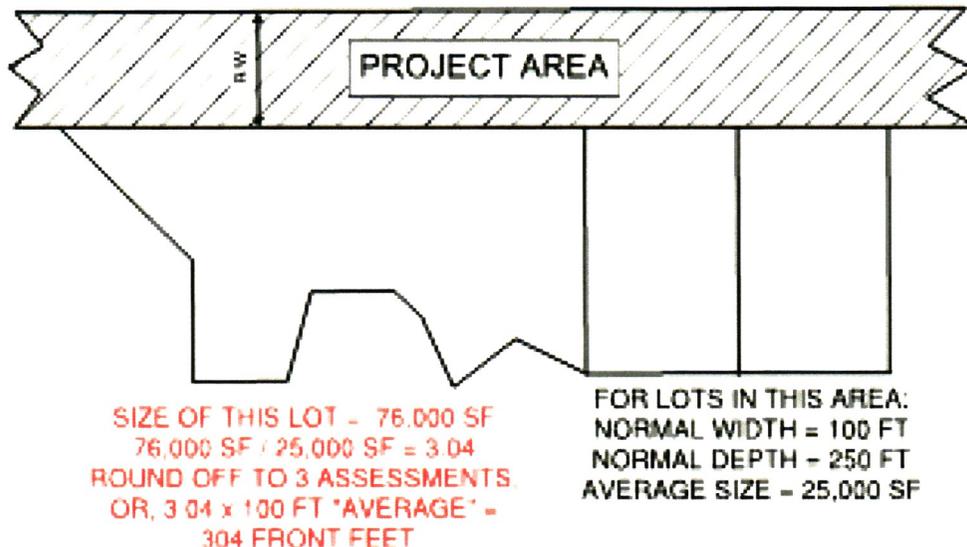


In the above example, front footage = 99 feet.

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3. For irregular shaped lots where other rules do not apply, equivalent front footage shall be calculated by dividing the square footage of the lot by the general lot depth of the subdivision or adjacent parcels, dividing the square footage of the lot by the average square footage of lots in the area, or as determined by the City Assessment Committee.



4. For shared roads with adjacent governmental entities, front footage will be calculated using guidance from the Public Works Services Joint Powers Agreement with that particular governmental entity.

EXPECTED SERVICE LIFE OF IMPROVEMENTS:

Roadways, drainage systems, sanitary sewer / wastewater, and water system improvements shall have expected service lives corresponding to the service lives in the City's Capital Assets Policy.

Reconstruction of assessed improvements that have reached or exceed the expected service life shall be eligible for new assessments.

Assessments for improvements which need reconstruction prior to reaching their expected service life shall include a credit – i.e. not be fully assessed. The credit will be determined by comparing the actual service life to the expected service life.

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For example, if an improvement has an expected service life of 20 years, but the improvement needs to be reconstructed at 15 years, assessments will include a 25% credit [(20 yrs expected – 15 yrs actual = 5 yrs remaining) / 20 yrs expected = 0.25 or 25% credit].

Such a credit shall be applied to the original principle amount of the assessment with no consideration for inflation or interest.

ASSESSMENT PERIOD:

This will be set by the City Council, with a guide that it not exceed a period one year less than either the expected service life or of the term of the financial instrument (e.g. bond) for the project.

INTEREST RATE:

This will be set by the City Council, with a guide of two percent (2.0) above the rate the City pays for financing of the improvements.