



## AGENDA ITEM #9.5

### REPORT TO CITY COUNCIL

**Report Prepared by: Nancy Malecha & Tim Houle**

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**Date:** September 3, 2019

**Subject:** Assessment Procedures & Policy Discussion

**Report:** At the August 6<sup>th</sup> Special City Council Meeting, a consensus of the Council agreed to look into the City's special assessment policy and put it on a future Council agenda for discussion. Attached is the City's current Assessment Procedures & Policy that was adopted in 2006 with assistance from Widseth Smith Nolting (WSN). In an effort to update the City's Policy, I would like to create a Committee consisting of myself, Tim Houle, Jason Gorr, Dawn Bittner, and a Council Member to draft a revised policy for Council consideration.

WSN can assist the City in updating its Assessment Procedures & Policy as outlined below.

- Meeting #1 - Review MN Statute, Chapter 429, Local Improvements, Special Assessments; familiarize ourselves with the City's current Assessment Policy; and look at policy examples from other cities.
- Meeting #2 - Facilitate what parts of the City's Policy needs updating.
- A rough draft of an updated policy will be created and distributed to the Committee.
- Meeting #3 - Review and finalize an assessment policy for presentation to the Council for approval.
- WSN will provide the above services at the three meetings and a completion of a draft and a final assessment policy at a cost of \$2,500.

Also for your information, the following is a summary of steps in an assessment project.

1. Initiation of proceedings.
2. Preparation of a feasibility report.
3. Notice of a public hearing on the proposed improvement.
4. Preliminary assessment (improvement) hearing.
5. Ordering the preparation of plans.
6. Improvements are bid.
7. Final assessment hearing on the improvement.
8. Approval and certification of the assessment roll.
9. Bid accepted and improvements are constructed.

**Council Action Requested:**

1. Council motion appointing an Assessment Policy Committee consisting of Nancy Malecha, Tim Houle, Jason Gorr, Dawn Bittner, and a Council Member.
2. Council motion accepting the quote from Widseth Smith Nolting in the amount of \$2,500 to assist with an assessment policy revision to be paid from the General Fund – Administration (50%) and Roads & Streets (50%) budgets.

**ASSESSMENT PROCEDURES & POLICY**  
City of Pequot Lakes, Minnesota  
Prepared with assistance by Widseth, Smith, Nolting  
Adopted February 7, 2006

**INTRODUCTION:**

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

Realizing that each project is unique, yet wanting to stay as consistent as possible, the City Council will apply this policy along with any project-specific modifications that may be called for on a project-by-project basis.

**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 platted lot without regards to the orientation of the house or ownership boundaries.

**Side lot footage** shall be considered the longest part of the platted lot 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.

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

**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.

These costs will be assessed to the properties in accordance with the following:

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<u>Type</u>	<u>Method</u>	<u>New Project Assessed</u>	<u>Reconstructed Project Assessed</u>
Roadway	Front Foot	100%	70%
Storm Sewer	Front Foot	100%	70%
Sanitary Sewer	Per Parcel	100%	70%
Watermain	Per Parcel	100%	70%

**STANDARD OR TYPICAL SIZES:**

The following shall be considered standard sizes.

Construction of improvements larger, wider, or more extensive than those listed shall be considered oversized. The oversized portion costs shall be paid for by the City “at large”.

<u>Type</u>	<u>Residential</u>	<u>Commercial</u>
Roadway	36 ft F-F urban	44 ft F-F urban
Storm Sewer	No Standard Size	No Standard Size
Sanitary Sewer	8-inch	8-inch
Watermain	8-inch	8-inch

**PROCEDURES FOR SPREADING ASSESSMENTS:**

**Roadways**

Costs include – but are not limited to - grading, curb and gutter, sidewalks, base, surfacing, striping, lighting, erosion control, traffic control, and landscaping.

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.

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

**Storm Sewer**

Costs include – but are not limited to - pipe, catch basins, riprap, swales, infiltration basins, erosion control, and landscaping.

The City Council can prorate storm sewer improvements or some components of the storm sewer 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 basin that could serve future drainage areas).

**Sanitary Sewer and Watermain**

Costs include – but are not limited to - pipe, manholes, wyes, service laterals/pipe, risers, valves, fittings, curb stops, hydrants, erosion control, and landscaping.

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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. The following rules will be used to determine an equivalent front footage:

1. On all lots of a generally rectangular shape, straight front footage shall be used.
2. On cul-de-sacs, sharply curved streets, and other situations that result in non-rectangular lots, front footage shall be measured at a point 30 feet from the R/W line into the property (trying to equate to an "average" property width).
3. On "pie shaped lots", and irregular shaped lots where other rules don't apply, equivalent front footage shall be calculated by dividing the square footage of the lot by the general lot depth of the subdivision.

**EXPECTED SERVICE LIFE OF IMPROVEMENTS:**

Roadways shall have an expected service life of 20 years. Sanitary sewer, watermain, and storm sewer shall have an expected service life of 30 years.

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 provide a credit to assessed properties which is prorated based on actual life as compared to expected service life and 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 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.

End of Policy