

SPECIAL ASSESSMENT POLICY
FOR THE
CITY OF SPRINGFIELD, MINNESOTA

RESOLUTION NO.

03-02-18-01

Amended by Resolution Number

03-081903

PREPARED BY
BOLTON & MENK, INC.
Sleepy Eye, Minnesota

(Filename: N:\Spfd\General\SpldAssessmentPolicy.doc)

Adopted by City Council:

2-18-03

Amended by City Council:

8-19-03

SPECIAL ASSESSMENT POLICY
CITY OF SPRINGFIELD, MN

TABLE OF CONTENTS

<u>SECTION</u>	<u>CONTENTS</u>	<u>PAGE</u>
I.	Introduction	3
II.	Local Improvement Process	5
III.	Distribution of Assessments	7
IV.	Service Life of Improvements	8
V.	Special Considerations	9
VI.	Deferment of Assessments	9
VII.	Certification of Assessments	11
VIII.	Adoption of Policy	12

SPECIAL ASSESSMENT POLICY
CITY OF SPRINGFIELD, MN

I. **INTRODUCTION:**

Purpose

The purpose of these Special Assessment Policies is to set forth the policies 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 Springfield pursuant to law, charter, or order of the City Council. These policies shall serve as a guide for this and future City councils, for administrative personnel, and as a source of information 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 and possible, of all property owners in regard to the assessment of cost for benefits to property for the various improvements of streets and utilities within the City of Springfield.

General Statement of Policies

The City Council of the City of Springfield hereby declares that these assessment policies contained herein are the policies that the City of Springfield is dedicated to follow as nearly as possible and practical, and that all 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 in to the City, at which time the assessments shall be certified for collection as set forth in these policies.

Special assessment improvements shall be made in accordance with this Policy and the requirements of Minnesota Statutes Chapter 429.

Scope and Limits

These assessment policies are designed to serve as a 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 which is unlikely to occur in the future, or if such variance is deemed to be in the best interests of the City of Springfield.

Eligible Cost for Assessment Proceedings

The City Council shall determine the total cost of the improvement (Project Cost) by adding: the final amount of the contract cost; the cost of labor and materials furnished by the City if not contained in the 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; interest costs incurred by the City between the time money

SPECIAL ASSESSMENT POLICY
CITY OF SPRINGFIELD, MN

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.

In general, the cost for engineering, legal, fiscal, administration and interim interest shall be set at 25 percent of the final contract cost. City furnished materials and labor cost, land costs, easement acquisition costs and other special project costs shall be in addition to this amount.

Where the cost of an improvement is not entirely attributable to the area served by said improvement, or where unusual conditions beyond reasonable control or expectation would result in an inequitable distribution of special assessments, the City may pay such "unique costs" which in the opinion of the City Council, represent the excess cost not directly attributable to the area served. Examples of such costs may include: the increased cost to install trunk watermains and trunk sanitary sewer mains; the increased cost for the construction of a truck route pavement section through a residential area; the increased cost to install a sanitary sewer or storm sewer main at additional depth in order to provide service to other areas.

Impacts of Outside Financial Assistance

On occasion the City may receive grant assistance from various agencies for financing certain projects. The grant assistance shall apply first to reduce the non-assessment cost of the improvement. Should the grant assistance exceed the non-assessment cost of the improvement, assessments shall be made according to policy with any excess assessment revenue applied to the applicable City or utility funds. The Council reserves the right to modify the assessment rate schedule in order to maximize grant funding opportunities.

Allocation of Assessments

In general, assessments shall be allocated based on abutting lot frontage dimensions. City owned properties, including municipal buildings, parks, playgrounds and alleys, but not including public streets, shall be regarded as being subject to assessments on the same basis as private property. Certain properties, such as railroad right-of-way, county and state parks, cemeteries and other public land may under certain circumstances be exempt from assessments levied by the City. However, the abutting frontage of said properties shall be included in the assessment rate calculations.

Lot and Frontage Definition

The front lot frontage for interior lots shall be the platted or described dimension as measured along the right-of-way line.

The front lot frontage for corner lots shall be the smallest platted or described dimension as measured along the right-of-way line. The side lot frontage for corner lots shall be the largest platted or described dimension as measured along the right-of-way line.

SPECIAL ASSESSMENT POLICY
CITY OF SPRINGFIELD, MN

When the same party owns adjoining lots, the lot frontage shall be the sum of the dimensions of the individual lots.

Rate and Term of Assessments

The term of the assessment shall be determined by the City Council for each separate project. In general the term of the assessment shall be ten years.

The Council shall establish the interest rate to be paid on the unpaid balance of the assessment, but not less than the amount required to meet the bond principal and interest payments. In general, the assessment interest rate shall be not more than two (2) percent more than the bond rate.

II. LOCAL IMPROVEMENT PROCESS:

Initiation of Improvement Projects

Projects may be initiated either by City Council action or by petition made by the affected property owners. Projects initiated by petition require the signatures of owners having 35 percent or more of the frontage of real property abutting the proposed improvement.

Preliminary Engineering Report

The City Engineer or other competent person shall prepare a report on the proposed improvement. The report will indicate whether the proposed improvement is necessary, cost effective and feasible. The City Council will review the Preliminary Engineering Report and if accepted, will call for a public hearing on the proposed improvement. The public hearing may be omitted if the project is petitioned by 100% of affected property owners.

When an improvement is initiated by the City Council and the project does not proceed, the cost for the preparation of the Preliminary Engineering Report shall be the responsibility of the City.

When an improvement is initiated by petition and the project does not proceed, the cost for the preparation of the Preliminary Engineering Report shall be the responsibility of the petitioners. The City Council shall have the authority to require the petitioners to furnish to the City a cash payment or surety in an amount equal to the estimated cost for the preparation of the Preliminary Engineering Report prior to authorizing the preparation of the Report.

When an improvement is initiated by City Council action or by petition and the project proceeds, the cost for the preparation of the Preliminary Engineering Report shall be included in the Project Cost and assessed in accordance with policy.

Public Improvement Hearing

The purpose of the hearing is to give all interested parties the opportunity to comment on the proposed improvement. When a petition signed by 100 percent of the landowners benefiting

SPECIAL ASSESSMENT POLICY
CITY OF SPRINGFIELD, MN

from the improvement, the City Council may order the improvement without a hearing.

Notice of the Public Improvement Hearing must be published twice in the City's official newspaper with the notices appearing at least one week apart and at least three days must elapse between the last publication and the date of the hearing. The City must also mail a copy of the notice to each property owner in the proposed assessment area at least ten (10) days prior to the hearing.

Ordering the Improvement and Preparation of Plans

When the proposed improvement is initiated because of a petition signed by owners of at least thirty-five (35) percent of the property abutting the improvement, the City Council can pass a resolution to order the improvement with a majority vote. However, if the City Council initiates the proceedings, a four-fifths (4/5) majority vote of the Council is required to proceed with the improvement.

After the resolution is passed, the City Engineer shall prepare the necessary plans and specifications. Upon review and approval of the plans and specifications, the City Council may proceed to call for bids.

Awarding the Bid

When the City Council has completed all necessary review, the bid may be awarded to the lowest responsive bidder. Upon award of the bid and approval of the contract agreement, construction may begin.

Upon award of the contract the City Council will typically proceed with the issuance of obligation bonds to finance the improvements.

Preparation of the Proposed Assessment Roll

Upon completion or substantial completion of the work, the City Engineer and City Clerk shall calculate the proper amount to be specially assessed against each property that will benefit from the improvement. The proposed assessment roll will be available for public inspection at the office of the City Clerk.

Assessment Hearing

The assessment hearing shall allow affected property owners an opportunity to express their concerns regarding the actual special assessment levy. In addition, the hearing shall provide an opportunity for the City to present evidence showing that the market value of each parcel will increase as a result of the improvement. The increase must be equal to or in excess of the amount of the special assessment.

The City Clerk shall publish a notice of assessment hearing in the City's official newspaper. The publication must occur at least once, not less than two weeks prior to the hearing. The notification shall include the following information:

SPECIAL ASSESSMENT POLICY
CITY OF SPRINGFIELD, MN

1. The date, time and place of the assessment hearing.
2. Overall project description.
3. The total cost of the improvement.
4. The area to be assessed.
5. That the proposed assessment roll is on file at the office of the City Clerk.
6. That written or oral objections will be considered.
7. That an appeal to district court may be made by serving notice upon the Mayor or City Clerk within thirty (30) days after adoption of the assessment and filing such notice with the District Court within ten (10) days after service upon the Mayor or Clerk.
8. Whether the City has adopted any deferment ordinance or resolution, and the basic substance of that ordinance or resolution.

The City Clerk shall also mail notices of the hearing to each property owner not less than two weeks prior to the hearing date. An affidavit of mailed receipts shall be prepared. The mailed notice shall include the following information:

1. The amount of the proposed assessment for the individual parcels.
2. The right of the property owner to appeal the amount.
3. Possible prepayment options.
4. The interest rate of the assessment.

Approval and Certification of the Assessment Roll

After the public hearing, the City Council must approve the assessment roll such that the City Clerk can certify the assessment roll to the County Auditor. If the amount of the assessment adopted by the Council differs from the amount indicated in the mailed notice, the City Clerk must mail to the property owner a notice of the new assessment amount.

Partial or Full Prepayment of Assessments

Upon adoption of the assessment roll by the Council, the property owners to be specially assessed may, prior to certification of assessments to the County Auditor, pay to the City any portion of the assessment. The remaining unpaid balance shall be paid over the assessment period.

III. DISTRIBUTION OF ASSESSMENTS

Several methods exist for assessing property benefiting by local government projects. It is the policy of the City to use the method that most equitably distributes project costs.

SPECIAL ASSESSMENT POLICY
CITY OF SPRINGFIELD, MN

In general, the percentage of the total project cost to be assessed for various improvements shall be as follows:

IMPROVEMENT	NEW CONSTRUCTION	RECONSTRUCTION	REMARKS
Seal Coat	NA	0%	
Bituminous Overlay	NA	30% Assessed to Front Lots 15% Assessed to Side Lots	
Alleys (Bituminous)	100% Assessed	100% Assessed	
Street Surface	100% Assessed	30% Assessed to Front Lots 15% Assessed to Side Lots	
Curb & Gutter	100%	100%	1
Driveway Approach & Service Walk	100%	100%	2
Boulevard Walk	50%	50%	3,10
Storm Sewer	100%	0%	4
Sanitary Main	100%	30% Assessed to Front Lots 15% Assessed to Side Lots	5,6,7
Sanitary Service	100%	100%	8
Water Main	100%	30% Assessed on Front Lots 15% Assessed on Side Lots	5,6,7
Water Service	100%	100%	9
Street Landscaping	100%	Project Specific	
Electrical Service	0%	0%	
Street Lighting	0%	0%	
Dust Control	NA	NA	12
Alleys	100%	100%	11

1. When the improvement includes full removal and reconstruction of the street surfacing, curb and gutter removal shall be considered a part of the street surfacing cost. When the improvement primarily involves the spot removal and repair of the curb and gutter with minimal street surfacing construction, then the removal of the existing curb and gutter shall be assessed.
2. Aggregate driveway approaches generally are included as part of the street cost.

SPECIAL ASSESSMENT POLICY
CITY OF SPRINGFIELD, MN

3. Removal costs are included in the assessment.
4. Reconstruction of storm sewer may be assessed under certain circumstances.
5. Corner lots are assessed based on the side of the lot from which the service is connected.
6. Corner lots that have no service connection at the time of the improvement shall be assessed for sanitary sewer or water availability. If access to the sanitary sewer or watermain is available along the front and side of the lot, the assessment shall be based on the front lot only.
7. Interior lots that have no service connection at the time or the improvement shall be assessed for sanitary sewer or water availability.
8. Includes the wye branch, pipe, connection to the existing service and incidentals.
9. Includes the service saddle, corporation, pipe, curb stop, curb box, connection to the existing service and incidentals.
10. Sidewalks must be inspected by the City, and the City Council must order the improvement for replacement of and or construction of sidewalks due to age, condition, or necessity to facilitate off-street transportation. All other sidewalk improvements deemed not necessary for improvement by the City Council will be assessed at 100%.
11. Property owners may petition the city to improve alleyways. Improved alleys are defined as paved. The cost will be assessed 100% over a maximum of 10 years. Alleyway petitions may arrange an assessment allocation in a manner agreed upon by the abutting property owners. Petitions must be in writing and will only be accepted by the City Council when at least 51% of the abutting property owners sign the petition. The assessment will be based on a lineal, per foot basis. The City will make improvements based on City design standards. Reconstruction of improved alleys will be assessed at 100% after 10 years and reconstruction before 10 years will be assessed at 10% of the reconstruction cost per year. The City will not assess for maintenance or improvement of alleys for issues relating to drainage, grading and graveling.
12. Dust control will be assessed per lineal foot or lump sum divided by the benefiting property owners based on the request of such benefiting properties.

IV. SERVICE LIFE OF IMPROVEMENTS

Streets:

For the purpose of establishing a replacement policy for streets, concrete curb and gutter, boulevard walk, and driveway approach it is hereby determined that the estimated usable life of these improvements shall be twenty (20) years from the date of initial construction to the date of proposed reconstruction. No assessment shall be made for subsequent similar improvements made within the first ten (10) years following the improvement. Any improvements made within years 11 thru 20 subsequent to the improvement shall be assessed at a rate of ten (10) percent for

SPECIAL ASSESSMENT POLICY
CITY OF SPRINGFIELD, MN

each year proceeding year ten (10).

For the purpose of establishing a replacement policy for bituminous street overlays it is hereby determined that the estimated usable life of a bituminous overlay shall be seven (7) years from the date of initial construction to the date of proposed reconstruction. No assessment shall be made for subsequent similar improvements made within the seven (7) years following the improvement.

For purpose of this policy, street pavement patching for service line replacement shall be considered to have no service life.

Watermain and Sanitary Sewer Mains:

For purpose of establishing a replacement policy for watermains and sanitary sewer mains, it is hereby determined that the estimated usable life of watermains and sanitary sewer mains shall be forty (40) years from the date of initial construction to the date of proposed reconstruction. No assessment shall be made for improvements made within the first twenty (20) years following the improvement. Any improvements made within years 21 thru 40 subsequent to the improvement shall be assessed at rate of five (5) percent for each year proceeding year twenty (20).

Water and Sanitary Sewer Service Connections:

For purpose of establishing a replacement policy for water and sanitary sewer service connections, it is hereby determined that the estimated usable life of water and sanitary sewer service connections shall be twenty (20) years from the date of initial construction to the date of proposed reconstruction. No assessment shall be made for improvements made within the first ten (10) years following the improvement. Any improvements made within years 11 thru 20 subsequent to the improvement shall be assessed at a rate of ten (10) percent for each year proceeding year ten (10).

Obsolescence and Other Cause:

The Council may, at its discretion, change the formulas 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. A street or alley that 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 designation, through street modification, ect.).
2. The capacity of a utility facility has been reduce below the acceptable minimum standards because of changes in land use or service demands which could not be reasonably foreseen at the time of the original construction (e.g. new industry, school, ect.).

SPECIAL ASSESSMENT POLICY
CITY OF SPRINGFIELD, MN

3. Other cause as determined by the Council.

V. SPECIAL CONSIDERATIONS:

The City Council reserves the right to make adjustments to the assessment rates based upon special considerations of a particular project. Some examples of special considerations might be as follows:

- A. A sanitary sewer main may need to be installed at a deeper depth to accommodate future growth without the need for a lift station.
- B. The diameter of a sanitary sewer main or watermain may be upsized in order to provide service to other areas.
- C. A heavier pavement section than normally designed may be needed for a residential neighborhood to accommodate thru truck traffic.
- D. The street being improved may be a County State Aid Highway Route or Minnesota Trunk Highway Route; therefore the City incurs little or no cost for the surface improvements.

The City Council Reserves the right to alter the method of assessment costs distribution such as dividing and assessing the costs of sanitary sewer and water mains by the number of actual units served versus distribution by lot frontage. A cul-de-sac type residential housing development could be assessed using this distribution method.

VI. DEFERMENT OF ASSESSMENTS

Deferment of Special Assessments to Properties Outside of the Corporate Limits:

Any project that benefits land outside the corporate limits shall be subject to the same assessment procedure and rights as hereinbefore outlined. The land located outside the City limits shall be included in the public improvement hearing. The City shall assume the temporary responsibility for payment of the assessment cost. The City shall maintain a register on said property, and when the property is annexed, the City shall certify and file the assessment to the County Auditor for collection. In lieu of such assessments, the City at its discretion may require a cash payment in the amount of the principal and accrued interest 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 systems will be permitted until a utility agreement, including satisfaction of costs or assessments, is executed.

SPECIAL ASSESSMENT POLICY
CITY OF SPRINGFIELD, MN

Deferment of Special Assessment at the discretion of the City Council:

The City Council may elect to defer an assessment for undeveloped property receiving benefit from an improvement. When the property is developed, the City Council reserves the right to apply the previous assessment with interest to the newly developed property.

The City Council may also elect to defer an assessment that causes a financial hardship on the property owner. If a request is made of the Council to defer an assessment due to a hardship, the property owner shall provide the Council with written documentation including, but not limited to tax records, paycheck receipts, bank account balances, etc. which proves the hardship.

Deferment of Special Assessment for Senior Citizens:

In determining whether or not a senior citizen is eligible for deferral of special assessment installment payments, the following criteria are established:

1. Senior Citizens special assessment hardship deferral applies to special assessments levied after the date of the adoption of this Policy, providing the City Council adopts an ordinance to this effect.
2. Senior Citizens special assessment hardship deferral applies to qualifying special assessments against all properties classified as "homestead" pursuant to M.S. Chapter 273, where one or more of the owners of such property is 65 years of age or older and it would create a hardship for the owner or owners of the property to pay the special assessment installments as they become due.
3. It shall be presumed that a hardship exists if:
 - a. The annual assessment installment exceeds 3% of the previous year's total adjusted gross incomes, for Federal Income Tax purposes, for all owners of the property; in no event shall "total adjusted gross income" include Social Security Benefits, Railroad Retirement Benefits, retirement benefits attributable to employee contributions, disability benefits, personal injury awards or workmen's compensation payments.
 - b. All owners of the property verify, under oath, that they meet the criteria for establishing a hardship by completing an application provided by the City.
4. In cases where exceptional and unusual circumstances exist, the City Council may determine that a hardship exists despite the fact that the minimum income requirements of Section (3) (a) are not met. The Council will consider these cases on an individual basis.

SPECIAL ASSESSMENT POLICY
CITY OF SPRINGFIELD, MN

Interest: Interest shall be charged on any assessment deferred pursuant to this Policy at a rate equal to the rate charged on other assessments for the particular public improvement project the assessment is financing.

When Deferred: The deferment shall be granted upon a certification by the owner on a form prescribed by the county assessor supplemented by the City Clerk to establish the qualification of the owner for such a deferment. The request for deferment shall be made within thirty (30) days after the adoption of the assessment roll and shall be renewed each year upon the filing of a similar application not later than May 31st. The Council shall either grant or deny the deferment and, if it grants the deferment, it may require the payment of the interest due each year. If the Council grants the deferment, the Administrator shall notify the county auditor and the county assessor who shall, in accordance with Minnesota Statutes, Section 444.23 record a notice of the deferment with the register of deeds setting forth the amount of the assessment. When the Council grants a deferment of assessments, it shall be noted and made a part of the resolution adopting the Final Assessment Roll.

When Deferment Ends: The option to defer the payment of special assessments shall terminate and all amounts accumulated, plus applicable interest, shall become due upon the occurrence of any one of the following events:

- a. The death of the property owner providing the surviving owner is otherwise not eligible for deferment;
- b. The sale, transfer, or subdivision of all or any part of the property;
- c. Loss of homestead status on the property;
- d. Determination by the Council for any reason that there would be no hardship to require immediate or partial payment;
- e. Failure to file a renewal application within the time prescribed herein above; or
- f. At the request of the property owner.

Procedure for Termination: Upon the occurrence of one of the events specified herein above, the Council shall terminate the deferment. Thereupon, the City Clerk shall notify the county assessor and the county auditor of the termination, including the amounts accumulated on unpaid installments plus applicable interest due and payable as a result of the termination.

Publication: The Administrator shall publish notice in the official publication of the City, said notice to be published in the first week of April and the first week of May of each year. Said notice shall advise as to the availability and schedule of the deferment of payments on special assessments.

VII. CERTIFICATION OF ASSESSMENTS.

After the adoption of any special assessment by the Council, the Administrator shall transmit a

SPECIAL ASSESSMENT POLICY
CITY OF SPRINGFIELD, MN

certified duplicate of the assessment roll with each installment, including interest, set forth separately to the County Auditor to be extended on the proper tax lists of the County.

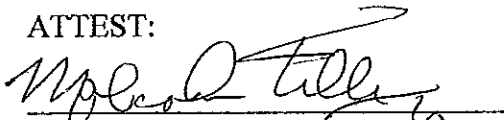
VII. ADOPTION OF POLICY.

Adopted by the City Council of the City of Springfield, Minnesota, this 18 day of February, 2003.


Mayor

2-18-03
Date:

ATTEST:


City Manager:

2-18-03
Date:


VIII. AMENDMENT OF POLICY.

Amended by the City Council of the City of Springfield, Minnesota, this 19 day of August, 2003.


Mayor

8-19-03
Date:

ATTEST:


City Manager:

8-19-03