



CITY OF SPRING PARK
WORK SESSION AGENDA
NOVEMBER 15, 2021 – 5:00 PM
SPRING PARK CITY HALL

(Work Session discussion times are approximate)

1. 5:00 – Black Lake Road Update
2. 5:15 – Project Financing Discussion
 - a. Street Reconstruction Assessment Policy
 - b. Overhead to Underground Electric Policy
4. 5:50 – Adjourn

**SPECIAL ASSESSMENT POLICIES AND PROCEDURES
FOR PUBLIC IMPROVEMENTS AND MAINTENANCE
COSTS**



**CITY OF SPRING PARK
COUNTY OF HENNEPIN
STATE OF MINNESOTA**

**Effective: November 10, 2008
Amended: May 16, 2011**

**Spring Park City Council
Mayor Sarah Reinhardt**

Council Members

Gary Hughes

Tom Scanlon

Joanna Widmer

Bruce Williamson

**SPECIAL ASSESSMENT POLICIES AND PROCEDURES FOR PUBLIC IMPROVEMENTS
AND MAINTENANCE COSTS**

- SECTION 1. General Policy Statement.**
- SECTION 2. Improvements and Maintenance Costs Eligible for Special Assessment.**
- SECTION 3. Initiation of Public Improvement Projects.**
- SECTION 4. Public Improvement Procedures.**
- SECTION 5. Financing of Public Improvements.**
- SECTION 6. General Assessment Policies.**
- SECTION 7. Methods of Assessment.**
- SECTION 8. Standards for Public Improvement Projects.**
- SECTION 9. Assessment Computations.**
- APPENDIX Form of Petition.**

SECTION 1. GENERAL POLICY STATEMENT.

The purpose of this policy is to establish a fair and equitable manner of assessing the increase in market value (special benefit) associated with public improvements. The procedures used by the City of Spring Park ("City") for levying special assessments are those specified by Minnesota Statutes, Chapter 429 which provides that all or a part of public improvement and maintenance costs may be assessed against benefiting properties.

Three basic criteria must be satisfied before a particular parcel can be assessed. The criteria are as follows:

1. The land must have received special benefit from the improvement.
2. The amount of the assessment must not exceed the special benefit.
3. The assessment must be uniform in relation to the same class of property within the assessment area.

It is important to recognize that the actual cost of extending an improvement past a particular parcel is not the controlling factor in determining the amount to be assessed. However, in most cases the method for assigning the value of the benefit received by the improvement, and therefore the amount to be assessed, shall be the cost of providing the improvement. This shall be true provided the cost does not demonstrably exceed the increase in the market value of the property being assessed. The entire project shall be considered as a whole for the purpose of calculating and computing an assessment rate. In the event City staff has doubt as to whether or not the costs of the project may exceed the special benefits to the property, the City Council may obtain such appraisals as may be necessary to support the proposed assessment.

The assessment policy is intended to serve as a guide for a systematic assessment process in the City. There may be exceptions to the policy or unique circumstances or situations which may require special consideration and discretion by City staff and the City Council.

Subd. 1. Definitions

The following are unique terms used in the contents of these policies:

Availability Fee: A basic fee charged to vacant properties for adjacent, “available” utilities that are necessary for the development of that property. The basic fee is for the city’s ongoing costs for maintaining the utility and is billed on the same schedule as city utility bills.

Equalization Fee: A fee reimbursing the city for previous costs incurred for infrastructure improvements that were necessary to provide the utilities’ capacity and capability to service the development or redevelopment of the site. The fee is levied at the time an application is made for the associated permit.

User Fee: A fee charged for the use of city provided utilities and partially based on the amount of usage.

Trunk Line: An oversized, city owned utility pipeline often placed at an extra depth so that it has the capacity to serve an extended area.

Main Line: A city owned utility pipeline sized to meet the minimum standards of the city’s utility system and the needs of the parcels abutting the streets or easements in which it is located.

City Service Line: A city owned utility pipeline extending from the main line to an individual property, stopping at the property line.

Private Service Line: A privately owned utility pipeline extending from the city service line to a building.

Special Assessment: A compulsory charge on selected real estate properties for a particular improvement or service that benefits the owners of the selected properties.

SECTION 2. IMPROVEMENTS AND MAINTENANCE COSTS ELIGIBLE FOR SPECIAL ASSESSMENT.

Subd. 1. The following public improvements and related acquisition, construction, extension, and maintenance of such improvements, authorized by Minnesota Statutes, Sections 429.021 and 459.14, Subd. 7, are eligible for special assessment within the City:

1. Streets, alleys, sidewalks, pavement, curbs and gutters, including the beautification thereof.
2. Parking lots.
3. Water works systems and appurtenances, within and without the corporate limits.
4. Sanitary sewer and storm sewer systems including appurtenances, within and without the corporate limits. May include outlets, holding areas and ponds, treatment plants, pumps, lift stations, and service connections.
5. Street lights, street lighting systems and special lighting systems.
6. Retaining walls and area walls.
7. Burying overhead utility lines within the public right-of-way pursuant to sections 429.021 subdivision 1 (20) and 429.031, subdivision 3.

Subd. 2. The City is also authorized by ordinance adopted pursuant to Minnesota Statutes Section 429.101 to recover, through special assessment, the following maintenance costs:

1. Snow, ice, or rubbish removal from sidewalks.
2. Weed elimination from streets or private property.
3. Removal or elimination of public health or safety hazards from private property excluding any structure included under the provisions of Minnesota Statutes, sections 463.15 to 463.26.

4. Installation or repair of water service lines, street sprinkling, sweeping, or other dust treatment of streets.
5. The trimming and care of trees and the removal of unsound trees from any street.
6. The treatment and removal of insect infested or diseased trees on private property.
7. The repair of sidewalks and alleys.
8. The operation of a street lighting system.
9. The operation and maintenance of a fire protection or a pedestrian skyway system.
10. The recovery of unpaid water and sewer utility bills.
11. Re-inspections that find noncompliance after the due date for compliance with an order to correct a municipal housing maintenance code violation.
12. The recovery of payments to rehabilitate and/or maintain safe and habitable housing conditions over the useful life of a house or land—including payment of utility bills and other services, even if by a third party in rental situations.
13. Painting the exterior of a structure to remedy a municipal code violation.

SECTION 3. INITIATION OF PUBLIC IMPROVEMENT PROJECTS.

Public improvement projects can be initiated as provided in Minn. Stat. Chapter 429 in the following ways.

1. Public improvement projects may be initiated by petition of owners of the properties benefiting from the proposed improvement.
2. Public improvements also may be initiated by the City Council when, in its judgment, such action is required.
3. The Council may consider the request of a Developer to construct the associated public improvements and assess the cost to the project.

A resolution ordering any improvements initiated by the Council or by owners of less than 35% in frontage of the real property abutting on the streets named in the petition as the location of the improvement requires a four-fifth's majority vote of all members of the Council. A resolution ordering any improvements initiated by owners of not less than 35% in frontage of the real property abutting on the streets named in the petition as the location of the improvement requires a majority vote of all members of the Council. A resolution ordering any improvements initiated by all owners of the frontage of the real property abutting on the streets named in the petition as the location of the improvement, and assessing the entire cost against their property, may be adopted without a public hearing.

The properties benefiting will vary with the type of improvement. The City Engineer will review the type of improvement, determine the benefiting properties, and make recommendations to the Council.

SECTION 4. PUBLIC IMPROVEMENT PROCEDURE.

The following is the general procedure outlined by Minn. Stat. Chapter 429 that may be followed by the City Council for public improvement projects from initiation of such a project through certification of the assessment roll to the County Auditor.

1. Staff reviews petition or request for improvements for submission to Council.

2. Council accepts or rejects petition or request. If the petition or request is accepted, Council orders preparation of feasibility report.
3. Staff prepares feasibility report. The report shall evaluate whether the proposed improvement is necessary, cost-effective, and feasible and whether it should be made as proposed or in conjunction with another project. The report shall include an estimate of the cost of the improvement and the proposed method of financing the improvement.
4. Either before or after considering the feasibility report, Council orders public hearing on the improvements. Staff posts and publishes hearing notice and mails notices to affected property owners as provided in Minn. Stat. § 429.031(a). Council conducts public hearing.
5. Within six (6) months of the hearing date, Council considers resolution ordering improvements and preparation of plans for improvements followed by an advertisement for bids. If adopted, staff prepares final plans, advertises for and opens bids as provided in Minn. Stat. § 429.041, prepares bid tabulation, makes recommendation to City Council for award, and prepares proposed assessment roll. Bonds to finance project costs may be issued at any time after the improvements are ordered.
6. Benefit appraisals may be conducted to support the proposed assessments. The need and number of appraisals will be determined by the City Council.
7. Council reviews proposed assessment roll and orders assessment hearing. Staff publishes hearing notice, mails notice of hearing date and proposed assessments to the affected property owners as provided in Minn. Stat. § 429.061. Council conducts assessment hearing and adopts, revises, or rejects resolution determining the amount of the total expense the City will pay, if any, and establishing the assessment roll. If adopted, Council authorizes certification of the assessment to the County Auditor.
8. Council awards contract based on the bids received.
9. Staff certifies the assessment roll to the County Auditor.
10. At anytime after award of the contract, Staff supervises construction and prepares payments.

SECTION 5. FINANCING OF PUBLIC IMPROVEMENTS.

The City considers public improvement projects as may be needed or as the area (s) benefiting and needing such improvements develop. Examples of this policy can be seen through the subdivision regulations, zoning ordinance, and building codes. Developers are required to provide the needed improvements and services as development occurs. However, it is recognized that some areas of the City have developed without all needed public improvements (e.g. water, sewer, and street improvements) and that methods need to be considered by which to provide these improvements without causing undue hardships on the general public or the individual property owner.

Special assessments are generally accepted as a means by which areas can obtain improvements or services; however, the method of financing these is a critical factor to both the City and the property owner. Full project costs spread over a very short term can cause an undue hardship on the property owner and, likewise, city costs and systems costs spread over a long period of time can produce an undue hardship on the general public of the City. It is the policy of the City to not defer assessments.

SECTION 6. GENERAL ASSESSMENT POLICIES APPLICABLE TO ALL TYPES OF IMPROVEMENTS.

The cost of an improvement may be assessed upon properties based upon benefits received. The following general principles shall be used as a basis of the City's assessment policy:

1. Project Cost. The “project cost” of an improvement includes the costs of all necessary construction work required to accomplish the improvement, plus engineering, legal, administrative, financing and other contingent costs, including acquisition of right-of-way and other property. The finance charges include all costs of financing the project. These costs include but are not limited to financial consultant’s fees, bond rating agency fee, bond attorney’s fees, and capitalized interest. The interest charged to the project shall be included as financing charges.
2. City Cost. The “city cost” of an improvement is the amount of the total improvement expense the City will pay as determined by Council resolution.
3. Assessable Cost. The “assessable cost” of an improvement is equal to the “project cost” minus the “city cost.”
4. Interest. The interest rate to be set on a project by project basis by the Council with the intent that the interest rate would be two percent (2%) above the City’s cost of borrowing money. In projects where the City uses internal financing, the Council would estimate the interest rate based on what it would cost the City to borrow the money.
5. Prepayment. Property owners may pay their assessments in full interest free for a period of 30 days after the assessment hearing. After such period interest shall be computed from the date specified in the assessment resolution. The City will transmit a certified duplicate of the assessment roll with each installment, including interest, to the County Auditor, or in lieu of such certification, annually certify to the County Auditor by October 31 in each year, the total amount of installments of and interest on assessments on each parcel which are to become due in the following year. After the City has made the first certification of principal and interest to the County Auditor, prepayment will be accepted only for the total amount still owing and must be made prior to November 15 of any year. If a parcel has two or more separate special assessments, prepayment of the remaining principal balance may be made on one or more assessment totals.
6. Extensions. Where an improvement is designed for service of an area beyond that receiving the initial benefit, the City may finance the increased project costs due to such provisions for future service extensions. The City may then levy assessments to cover this cost in the future when the additional area gets the service.
7. Frontage Roads. Because frontage roads along highways or other arterial streets are deemed to be of benefit to commercial or industrial properties, the entire costs of any improvement on such frontage roads shall be assessable to the benefited properties, even if only those properties on one side of such frontage roads are benefited.
8. Project Assistance. If the City receives financial assistance from the Federal Government, the State of Minnesota, the County, or from any other source to defray a portion of the costs of a given improvement, such aid will be used first to reduce the total cost of the improvement. If the financial assistance received is greater than the total cost the remainder of the aid will be placed in the Capital Improvement Fund to be applied towards other City projects.
9. Assessable Property. Property owned by the City and other political subdivisions including municipal building sites, parks and playgrounds, but not including public streets, alleys, and right-of-way, shall be regarded as being assessable on the same basis as if such property was privately owned. Private right-of-way shall be assessable.
10. Individual Benefits. The costs for improvements designed for or shown to be of benefit solely to one or more properties will be assessed directly to such properties, and not included in the assessments for the remainder of the project. An example of this would be utility service lines running from the main lines to the property.
11. Benefit Appraisals. The City Council will order the number of benefit appraisals as deemed necessary to support the proposed assessments.

12. Condemnation Awards. A property owner may elect to offset special assessments against condemnation awards. In such case, the property owner must execute an agreement (Net Assessment Agreement) with the City Council.

SECTION 7. METHODS OF ASSESSMENT.

Subd. 1. General Statement. There are three typical methods of assessment: lot unit, adjusted front foot, and area. The feasibility report will recommend one or a combination of these methods for each project, based upon which method would best reflect the benefit received for the area to be assessed. The City Council will select the preferred method of calculating the assessments at the time the project is ordered.

Subd. 2. Policy Statement. The following methods of assessment, as described and defined below, are hereby established as methods of assessment in the City.

A. "Adjusted Front Footage" Method of Assessment.

The "cost per adjusted front foot" method of assessment shall be based on the quotient of the "assessable cost" divided by the total assessable frontage benefiting from the improvement. For the purpose of determining the "assessable frontage," all properties, including governmental agencies, shall have their frontages included in such calculation.

The actual physical dimensions of a parcel abutting an improvement (i.e., street, sewer, water, etc.) shall not be construed as the frontage utilized to calculate the assessment for a particular parcel. Rather, an "adjusted front footage" will be determined. The purpose of this method is to equalize assessment calculations for lots of similar size. Individual parcels by their very nature differ considerably in shape and area. The following procedures will apply when calculating adjusted front footage. The selection of the appropriate procedure will be determined by the specified configuration of the parcel. All measurements will be scaled from available plat and section maps and will be rounded down to the nearest foot dimension with any excess fraction deleted.

1. Rectangular Interior Lots. The rectangular lot is defined as having no more than 2.0 feet difference between the front and rear lot lines. The adjusted front footage is the actual front footage of the lot. For rectangular lots whose frontage is greater than its depth, the "odd shaped lot" method shall be used.
2. Odd Shaped Lots. For odd shaped lots such as exist on cul-de-sacs and curved streets where there is more than 20 feet of difference between the front and rear lot lines, and where the lots frontage is greater than its depth, the "odd shaped lot" method of determining the adjusted front footage shall be used. The adjusted front footage shall be computed by dividing the area of the lot average depth to determine the equivalent front footage on the parcel.
3. Corner Lot Adjustment. The short side will be assessed the actual front footage. The long side will be assessed one-fourth the actual side footage.
4. Corner Lots Which Abut Three Streets. The "Area" or "Per Lot Unit" method would be used.

B. "Area" Method of Assessment.

The "area" method of assessment shall be based on the number of square feet or acres within the boundaries of the appropriate property lines of the areas benefiting from the project. The assessment rate (i.e., cost per square foot) shall be calculated by dividing the total assessable cost by the total assessable area. On large lots, the City Engineer may determine that only a portion of the lots receives the benefit and may select a lot depth for the calculations equal to the benefit received.

All properties included in the benefited area, including other governmental areas, churches, etc., shall be assessable. The following items may not be included in area calculations: public right-of-ways, and natural waterways, swamps and lakes and other wetlands designated by the Minnesota Department of Natural Resources or City. The City Engineer will make a recommendation on the boundaries or parameters of the benefited area in the feasibility report.

C. "Per Lot Unit" Method of Assessment.

The "per lot" method of assessment shall be based on equal assessment of all lot units within the benefited area. The "assessment per lot units" shall be the quotient of the "assessable cost" divided by the total assessable lot units or parcels benefiting from the improvement. For the purpose of determining the "lot units" or "parcels" all parcels, including governmental agencies, shall be included in such calculations.

D. Street Reconstruction Project Assessment Allocation.

Street reconstruction costs are assessed 25% to the benefited area.

SECTION 8. STANDARDS FOR PUBLIC IMPROVEMENT PROJECTS.

The following standards are hereby established by the City to provide a uniform guide for improvements within the City.

A. Surface Improvements. Surface improvements shall normally include all improvements visible on or above the ground within the right-of-way, and includes, but is not limited to, trees, lighting, sidewalks, signing; street and accessory improvements such as drainage ponds and facilities, parking lots, alleys, parks and playgrounds.

Policy Statement. Prior to construction or completion of surface improvements, all utilities and utility service lines (including sanitary sewers, storm sewers, water lines, gas and electric service) shall be installed to all planned service locations such as residences or buildings.

When practicable, no surface improvements to less than both sides of a full block of street shall be approved except as necessary to complete partially completed improvements initiated previously. Concrete curbing or curb and gutter may be installed at the same time as street surfacing.

B. Sub-Surface Improvements. Subsurface improvements shall normally include such items as water distribution, sanitary sewer and storm sewer lines and electric and gas utilities.

Main lines are the publicly owned and maintained lines or facilities such as trunk lines, interceptors, mains, and laterals. Service lines are those lines or facilities extending from the main lines to the property line. Water service lines are publicly owned and maintained from the main line to the property

line, including the curb stop and box (shut off valve). Sewer service lines are privately owned and privately maintained from the main line to the property line.

Policy Statement. Sub-surface improvements shall be made to serve current and projected land use. All installations shall conform to applicable standards established by local, state and/or federal agencies of competent jurisdiction. All installations shall also comply, to the maximum extent feasible, with nationally recognized standards such as those of the American Insurance Association.

Service lines from the lateral or trunk to the property line of all planned service locations such as residences or buildings shall be installed in conjunction with the construction of the mains.

Homeowners are responsible for moving and replacing sprinkler heads and lines that are in the way of street or utility construction. In addition, the City will not repair or replace sprinkler heads or lines that are damaged due to street maintenance or street construction activities.

SECTION 9. ASSESSMENT COMPUTATIONS.

The following is the typical City assessment for various specified improvements.

A. Street and Curb and Gutter Improvements.

1. New Constructions. New streets are assessed 100% to the benefited areas or properties. Street and curb and gutter improvements will normally be assessed by the adjusted front foot method, however other methods may be utilized if conditions warrant. Cost of construction of streets shall be assessed based on the minimum design of 7-ton axle load in residential areas and 9-ton axle load in commercial and industrial areas. Oversizing costs which are incurred in excess of the above may be paid by: (1) State funds, (2) assessment rates to other benefited properties, (3) general obligation funds, or (4) any other method or combination of methods authorized by the City Council.
2. Reconstruction. Street reconstructions are assessed 25% to the benefited area.
3. Seal Coats. Seal coats will not be assessed against benefited properties.

B. Sidewalks and Trails.

1. New Construction. When requested by petition, new sidewalks are assessed 100% to the benefited area or property.

C. Storm Sewer Improvements. Storm sewers are assessed on a project-by-project basis. Storm sewers in new subdivisions are considered an assessable improvement on an area basis.

Oversizing costs due to larger mains and larger appurtenances are paid for by a combination of availability charges, user charges and/or trunk area assessment charges. Trunk area storm sewer charges are levied to re-plats that have not been charged trunk area charges when the land was originally platted, and to re-plats that have been charged trunk area charges when the land was originally platted but where the use is increasing.

Normally, storm sewers are assessed per linear front foot, but in certain situations the per lot method or adjusted front method may be utilized at the City Council's discretion.

The reconstruction of existing storm sewers systems is assessed 25% to the benefited area.

D. Sanitary Sewer Assessments. Assessments for sanitary sewer in residential areas are based upon the cost of construction of 8 inch mains, which is the smallest size installed in residential areas of the City. Assessments for sanitary sewers in commercial and industrial areas are based upon the cost of construction of an 8” main or the minimum size needed to service the area, whichever is greater.

Oversizing costs due to larger mains and larger appurtenances will be paid for by a combination of equalization charges, availability charges, user charges and/or trunk area assessment charges.

Normally, sanitary sewers are assessed on the per lot unit method, but in certain situations the area or adjusted front method may be utilized at the City Council’s discretion.

Lateral benefit from major trunk sewers or interceptors is assessed to the properties benefited by the sewer. Any oversizing cost is assessed as described above.

The replacement of existing sewers is not assessed.

100% of the cost of new sewer services will be assessed to the property owner or developer of the lot that receives the new sewer service. Services will be constructed from the main to the property line.

As part of a street and utility reconstruction project, the replacement of existing sewer services from the main to the property line and/or easement line is not assessed.

Lift Stations, force mains and appurtenances – All properties contributing sanitary sewage or storm water runoff which must be elevated by a lift station in order to reach a 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 the oversizing sanitary sewer and assessed as described above.

E. Watermain Assessments. Assessments for watermains in residential areas are based upon the cost of construction of 8 inch mains, which is the smallest size installed in residential areas of the City. Assessments for watermains in commercial and industrial areas are based upon the standard 8” main or the size main needed to service the area, whichever is larger.

Oversizing costs due to larger mains and larger appurtenance are paid for by a combination of equalization charges, availability charges, user charges and/or trunk area assessment charges.

Normally, watermains are assessed on a per lot unit basis, but in certain situations the area or adjusted front method may be utilized at the City Council’s discretion.

The replacement of existing watermains is not assessed.

100% of the cost of new water services will be assessed to the property owner or developer of the lot that receives the new water service. Services will be constructed from the main to the property line and include the curb stop and box.

As part of a street and utility reconstruction project, the replacement of existing water services from the main to the property line and/or easement line, including the curb stop and box, is not assessed.

**City of Spring Park
Petition For Local Improvement**

Spring Park, Minnesota _____, 2019.

To the City Council of Spring Park, Minnesota:

We the undersigned, owners of not less than 35 percent of the real property located at

_____.

hereby petition that such area be improved by _____

_____.

pursuant to Minnesota Statutes, Chapter 429.

Signature of Owner

Property Address

- | | |
|-----|-------|
| 1. | _____ |
| 2. | _____ |
| 3. | _____ |
| 4. | _____ |
| 5. | _____ |
| 6. | _____ |
| 7. | _____ |
| 8. | _____ |
| 9. | _____ |
| 10. | _____ |

Examined, checked, and found to be in proper form and to be signed by the required number of owners of property affected by the making of the improvement petitioned for.

City Clerk