

**WEST ST. PAUL
PUBLIC IMPROVEMENT AND SPECIAL ASSESSMENT POLICY
APRIL 2018**

**SECTION I
GENERAL POLICY STATEMENT**

The purpose of this policy is to establish a fair and equitable manner of recovering and distributing the cost of public improvements, and for capital programming. The procedures used by the City of West St. Paul for levying special assessments are those specified by Minnesota Statutes, Chapter 429, which provides that “all or a part of the cost of improvements may be assessed against benefiting properties.” This assessment policy is intended to serve as a guide for the public improvement and special assessment process in the City of West St. Paul.

Special Assessments must meet the following criteria:

- A. The property assessed must receive a special benefit from the improvement.
- B. The amount of the assessment may not exceed the special benefit measured by an increase in market value due to the improvement.
- C. The assessment must be uniform as applied to the same class of property in the assessed area.

It is important to recognize that the actual cost of extending an improvement past a particular parcel is not the determining factor in identifying the amount to be assessed. However, in most cases the amount of the assessment will be the cost of providing the improvement, provided the cost does not 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.

The City must recover the expense of installing public improvements, while ensuring that each parcel pays its fair share of the project cost in accordance with these assessment guidelines. It is important that assessments be implemented in a reasonable, consistent, and fair manner. There may be exceptions to the policy or unique circumstances or situations that may require special consideration and discretion by City staff and the City Council.

**SECTION II
FINANCING OF PUBLIC IMPROVEMENTS**

- A. It is the general policy of the City to require future development to pay for itself; for it to occur in an orderly manner consistent with the City’s Comprehensive Plan and typically contiguous to existing development areas. It is also the general policy of the City to require all new development areas to provide for adequate public infrastructure at a developer’s sole expense, and in accordance with the City’s Comprehensive Plan and Ordinances.

- B. The use of special assessments will typically be employed by the City to finance needed public improvements in certain areas that have previously been developed without the necessary infrastructure, or to repair and/or replace aging infrastructure.
- C. The City may finance all or part of an Improvement as a Special Assessment. 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 may impose an undue burden on the property owner and likewise City costs and systems costs spread over a long period of time can produce an undue financial burden on the general public of the City.
- D. Once the City Council has determined that a certain public Improvement is necessary and desirable, the general success and acceptance of the Improvement is dependent upon levying the cost in an equitable and consistent method.
- E. The City generally agrees not to defer Special Assessments except in cases of hardship involving seniors, disabled persons or military persons. The authorization for these types of deferments, and the criteria for establishing eligibility, are set forth in Minnesota Statutes §§ 435.193 – 435.195. (See Appendix A) However, the City Council may elect to defer assessments until a designated year, until platting, until further development of the property, or until some other triggering event, and only in special, unique and rare circumstances. The terms and conditions of this type of deferral will be established on a project by project basis and must be approved by the City Council.

SECTION III DEFINITIONS

- A. “Assessable Cost” - The Assessable Cost of an Improvement is equal to the Project Costs minus any costs for City Oversizing.
- B. “City Oversizing” – City Oversizing is the excess cost, which in the opinion of the Council is not directly attributable to the area served or where unusual conditions beyond the control of the owners of the property in the area served by the Improvement would result in an inequitable distribution of special assessments and therefore should not be assessed against the properties in the project.
- C. “Feasibility Report” – A report authorized by the City Council advising it in a preliminary way as to whether the proposed Improvement is necessary, cost-effective, and feasible and as to whether it should best be made as proposed or should be done in connection with some other Improvement. The report includes the estimated cost of the Improvement, a reasonable estimate of the total amount to be assessed, and a description of the methodology used to calculate individual assessments for affected parcels.
- D. “Financing Charges” – Financing Charges include all costs of financing the project, including, but not limited to, financial consultant’s fees, bond attorney’s fees, and capitalized interest. Financing Charges are part of the Project Costs.

- E. “Improvement” or “Improvement Project” – Improvement or Improvement Project is a public improvement project for which the City is considering imposing Special Assessments pursuant to Minnesota Statutes §§429.011 – 429.101.
- F. “Project Costs” – The Project Costs of an Improvement include the costs of all necessary construction work required to accomplish the Improvement, plus engineering, legal, administrative, Financing Charges, and other contingent costs, including acquisition of rights-of-way and other property.

**SECTION IV
GENERAL ASSESSMENT POLICIES**

The cost of any Improvement shall be assessed upon property benefited by the Improvements, based upon the benefits received. The following general principles shall be used as a basis for the assessment.

- A. The City will hold an assessment hearing for adoption of the Special Assessments and thereafter, will certify the assessments to Dakota County by December 1st, unless excepted pursuant to an assessment waiver or otherwise as approved by the City Council. Property owners may pay all or a portion of their assessments, interest free, for a period of 30 days after the assessment hearing.
- B. The City may pay a portion of the cost of an Improvement from other City funds available for the purpose. The City may subsequently reimburse itself for all or a portion of the cost of a water, storm sewer, or sanitary sewer improvement so paid by levying additional assessments upon properties abutting the Improvement that were not previously assessed for the Improvement, after proper notice and hearing is provided.
- C. The City may pay for City Oversizing in a project.
- D. City-owned properties, including municipal building sites, parks and playgrounds, but not including public streets and alleys, shall fund their portion of the Project Cost through the debt service levy or other funding sources on the same basis as if such property was privately owned. City-owned properties will not be assessed.
- E. Improvements specifically designed for or shown to be of direct benefit to one or more properties may be constructed by the City. The costs for these Improvements will be assessed 100% directly to such properties and will not be included in the assessments for the remainder of the project. As an example, where utility service lines are run from the main line to the property line, that property may be assessed separately for that portion of the Improvement, which will be in addition to the overall Improvement project.
- F. Benefit Appraisals: For most Improvement Projects, the City will perform benefit appraisals to support the proposed assessments.

**SECTION V
METHODS OF ASSESSMENT**

A. POLICY STATEMENT

For any particular project, one or a combination of these methods of assessments may more adequately reflect the benefits received in the assessment area than the other methods. City staff, based on 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. As a general rule, single-family residential areas will be assessed on a Unit Method and all other properties will be assessed using the Per Foot Method. The City Council will select the preferred method of calculating the assessments at the time the project is ordered. The Council reserves the right to deviate from the policy in certain circumstances, as long as the City can comply with the Minnesota Statutes, Chapter 429 regarding the special benefit analysis.

B. The following methods of assessment, as described and defined below, are hereby established as the official methods of assessment in the City of West St. Paul:

1. *Unit Method of Assessment*

When it has been determined to calculate the assessment by the Unit Method, all parcels within the benefited area shall be assessed equally for the Improvements.

The “cost per unit” shall be defined as a quotient of the Assessable Cost divided by the total parcels benefiting from the Improvement. For the purpose of determining the “units,” all properties, including but not limited to governmental agencies, places of worship, and public and private schools, shall be included in such calculations.

When large parcels can be subdivided into more than one parcel, only the individual property will be assessed at that time, as long as the property owner executes a deferred assessment waiver at the time the project is ordered that states that if the property is subdivided or developed into additional parcels, the assessment for the additional parcel or parcels will be imposed at the time of the subdivision of the property. If the property owner refuses to execute a deferred assessment waiver, then the Assessable Cost shall include the total number of parcels into which the property could potentially be subdivided, according to the current City Ordinances at the time of the Improvement.

2. *Per Foot Method*

When it has been determined to calculate the assessment by the Per Foot Method, the “cost per foot” shall be defined as the quotient of the Assessable Cost divided by the total number of assessable feet in the Improvement Project. Then the cost per foot is multiplied by the benefited property’s assessable footage.

For the purpose of determining the assessable frontage, all properties, including but not limited to governmental agencies, places of worship, public and private schools shall have their frontages included in such calculation. Cul-de-sac properties will be assessed for the average of the length of their front and back property lines.

**SECTION VI
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 be interpreted to 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 surfacing, curb and gutter, drainage facilities, grading, signalization and other public improvements such as drainage ponds and facilities, parking lots, parks and playgrounds.

In all streets, prior to street construction and surfacing or resurfacing, all utilities and utility service lines (including sanitary sewers, storm sewers, and water lines) shall be installed to serve each known or assumed building location when practicable.

When practicable, no surface improvements to less than both sides of a full block of street shall be approved, except as necessary to complete the Improvements of a block which has previously been partially completed. Concrete curbing or curb and gutter shall be installed at the same time as street surfacing, except where a permanent “rural” street design is approved by the City Council.

Street improvements shall be constructed to meet the minimum City design standards unless the Feasibility Report identifies that the City standard is not practical for the area served, and an alternative design recommendation is reached.

B. SUBSURFACE IMPROVEMENTS

Subsurface improvements shall normally include such items as water distribution, sanitary sewer and storm sewer lines. For purposes of definition, main lines are defined as the publicly owned and maintained lines such as trunk lines, interceptors, mains, laterals, etc. The service lines are those privately owned service lines going from the main line to the property line.

Subsurface improvements shall be made to serve current and projected land use. All installation shall conform to City standards as established by those State and/or Federal Agencies having jurisdiction over the proposed installations.

Service lines from the lateral or trunk to the property line for each known or assumed building location shall be installed in conjunction with the construction of the mains.

**SECTION VII
ASSESSMENT PRACTICES AND COMPUTATIONS**

A. GENERAL ASSESSMENT PRACTICES

1. *Assessment Term*

The assessment terms will typically be levied over a 10-year period, unless otherwise approved by the City Council.

2. *Interest Rate*

If not paid within 30 days after the assessment hearing, the City will charge interest on Special Assessments at a rate specified in the resolution adopted for each Improvement Project. If bonds are sold to finance the Improvement Project, the interest rate shall be two percent (2%) more than the average interest rate of the bonds, rounded to the nearest quarter of a percent. If no bonds are sold, the interest rate shall be set by the City Council.

3. *Driveway Access*

Single-Family Residential properties will only be assessed if the parcel has direct access to the Improvement by a driveway, or if the property address is the street included in the Improvement, or if the property in some other way receives a special benefit from the Improvement. Corner lots abutting a street included in the Improvement will only be assessed if the parcel meets one of the aforementioned criteria.

Properties that abut and have access to a private street are responsible for 100% of the cost of the Improvements to their private street without any public funding.

B. PERCENTAGE OF ASSESSABLE COSTS

1. *New Construction*

For all new public streets, including curb and gutter, the benefited properties will be assessed 100% of the Assessable Cost. Street and curb and gutter improvements will normally be assessed by the Unit Method; however, other methods may be utilized if conditions warrant it.

2. *Reconstruction*

For all street reconstructions, the benefited properties shall be assessed 25% of the Assessable Cost.

3. *Gravel or Substandard Streets*

Upgrading an existing gravel or substandard street by adding or replacing pavement and/or curb and gutter shall be assessed the maximum amount practicable, as supported by the benefit appraisals, and as consistent with Minnesota Statutes Chapter 429. The City Council may elect to revise the assessed areas to establish additional assessment credits for rural collector roads that have little or no direct driveway access. Substandard streets are defined as streets not meeting the City's minimum design standards for a local street.

4. *Seal Coat and Crack Sealing*

Bituminous seal coat, patching, crack sealing and filling potholes will not be assessed.

5. *Bituminous Mill & Overlays*

Bituminous mill and overlay projects will be assessed at 35% of the Assessable Cost.

6. *Concrete Sidewalks*

New Construction

New sidewalks will be installed adjacent to City streets by the developer of the abutting properties if planned as part of a development project.

For the installation of new sidewalks, the benefited properties shall be assessed 100% of the Assessable Cost, whether the sidewalk is located on the benefited property or is on the opposite side of the street.

Replacement

All costs for replacement sidewalks installed as part of a street reconstruction project will be included in the overall Project Costs for the Improvement.

7. *Bituminous Trails*

The construction, replacement and maintenance of bituminous trails will not be assessed.

8. *Storm Sewer Improvements*

Storm sewer assessments shall typically be calculated using the Front Foot Method unless assessed with street improvements in which case they would be assessed by the Unit Method, or unless some other method is deemed appropriate by the City Council.

New Storm Sewer Construction

New storm sewer installed in conjunction with new street construction or where no storm sewer previously existed will be assessed 100% of the Assessable Cost.

Replacement of Storm Sewers

Replacement costs or reconstruction of existing storm sewers will not be assessed but will be funded 100% as City costs using Storm water Utility funds, unless the Improvements are being completed at the request of the benefiting properties to enhance drainage to private property, in which case, the benefited properties will be assessed 100% of the Assessable Cost.

9. *Sanitary Sewer Assessments*

New Sanitary Sewer Construction

For new sanitary sewer installed in conjunction with new street construction or where no sanitary sewer previously existed the benefiting properties will be assessed 100% of the Assessable Cost.

Replacement of Sanitary Sewers

The replacement costs or lining of existing sanitary sewers will not be assessed, but rather funded 100% as City costs using Sewer Utility funds, unless the Improvements are being completed at the request of the benefiting properties, in which case, the benefited properties will be assessed 100% of the Assessable Cost.

Lateral Sanitary Sewer System

For lateral sanitary sewers installed, the benefiting properties shall be assessed 100% of the Assessable Cost.

10. Alley Assessments

Alley reconstruction/overlay projects will be assessed at 90% of the Assessable Cost.

11. Streetlights

New Streetlights

New streetlights will be installed adjacent to City streets by the developer of the abutting properties if planned as part of a development project.

For the installation of new streetlights that are not part of a development project, the benefited properties shall be assessed 100% of the Assessable Cost, whether the streetlights are located on the benefited property or on the opposite side of the street.

Replacement Streetlights

All costs for replacement streetlights installed as part of a street reconstruction project will be included in the overall Project Costs for the Improvement.