



## Special Assessment Policy

City of North St. Paul

Adopted by the City Council on July 16, 2013



*An extraordinary small town in the Cities!*

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## **1.0 Policy Goals**

North St. Paul's special assessment policies are to:

- 1) Provide a comprehensive, well-constructed and well maintained infrastructure system for current and future users.
- 2) Provide a stable source of funding for infrastructure needs that is cost-effective for the City, and fair and consistent for all property owners.
- 3) Follow MN Statutes, Chapter 429 Local Improvements, Special Assessments

## **2.0 Introduction**

A special assessment is a levy on a property for a particular improvement that benefits the owner(s) of the property. The authority is provided to cities through MN Statutes, Chapter 429. Special assessments assign a portion of the cost of the improvement to those receiving a direct benefit from the public improvement, thereby reducing the reliance on the general tax levy.

Assessment amounts are based upon the cost of the particular improvement and are allocated by the Council as guided by this policy. The amount assessed against any particular parcel is required to be not greater than the increase in the market value of the property due to the improvement. This can be determined by appraisals completed prior to and after the public improvement. Even though the special assessment goals, policies, and procedures are identified in this document, the City Council has the authority to deviate from this policy as deemed appropriate by the Council or when the law requires such a deviation. When the City deviates from the policies identified in this document, it will attempt to identify the reasons for the deviation in the feasibility report or at the public hearings associated with the public improvement.

### **3.0 Policy Definitions**

**Adjacent or Abutting Property.** A property directly adjacent to or directly provided Access or served by public improvements

**Access:** Properties shall be considered to have access to public street improvements when they may enter onto the improvement from their own private driveway, private road, common driveway, shared easement, alley (improved or unimproved), or public street. Properties shall be considered to have access to underground or above ground utility improvements when they are within 150 feet of the utility. When distance is greater than 150 feet an administrative review will determine feasibility of access.

**Alleys:** Alleys are smaller or narrower passageways, often located mid-block, which provide access to city streets from rear or side yards for a limited number of properties, primarily for the owners of those properties. Alleys will be assessed if petitioned by 100% the residents to be improved, and the entire cost will be split between the residents benefitting from the project.

**Assessed Cost:** Those costs of public improvements that have been determined to benefit specific properties. The amounts included in these costs include, but are not limited to engineering, legal, finance charges, land acquisition, demolition, construction, and administration.

**Assessable Area:** The assessable area is the total front footage of all the benefiting properties, calculated by using the front footage method. Residential corner parcels with two sides abutting a public street will be assessed at half the front footage on the property line directly abutting an improvement at the time that either street is being improved.

**Assessment Rate:** The assessment rate is determined by the City Council. The Council adopts a front footage rate which is associated with a single building lot as defined by City Code. The commercial and multi-family rate is calculated by multiplying the residential footage rate by 1.5 times.

**Benefit:** The increase in property value as a result of the public improvement including, but not limited to a street, sidewalk, trail, curb and gutter, water main, sanitary sewer, storm sewer, park, or landscaping.

**Deferment:** A process of postponing the collection of the cost of a public improvement with the intention of collecting at a later date.

**Driveway Approach:** That area which lies between the existing pavement and the right-of-way line; curb cut to curb cut.

**Front Footage:** The distance measured along the right-of-way line that directly abuts an improvement.

**Public Improvement.** Improvements as allowed by state statute that provide a special benefit to properties, including but not limited to a street, sidewalk, trail, curb and gutter, water main, sanitary sewer, storm sewer, park, or landscaping improvements.

**Sidewalks:** Sidewalk construction will be considered in conjunction with street reconstruction, and will not be assessed for separately.

**Special Assessment:** A legal process whereby the benefited property is charged for all or a portion of the cost of public improvement.

**Storm Sewer:** Storm sewer improvements will be considered in conjunction with street reconstruction and will not be assessed separately. They are paid for out of the utility fund.

**Street:** All public ways designed as a means of access to the adjoining properties.

**Street Treatment Definitions:**

**Seal Coat:** Involves filling cracks with bituminous patch, spraying the road surface with oil and covering it with a layer of small rock. Seal coating will not be assessed.

**Mill and Overlay:** Consists of grinding off the upper layer of asphalt and replacing it with a new layer. This treatment can include partial repair/replacement of concrete curb and gutter and sidewalks as necessary.

**Roadway Reclamation:** Consists of grinding up the existing asphalt and mixing it with a portion of the gravel base. This combination is then used as the new upper road base. This treatment may include minor grading, minor storm, sewer, and water main improvements.

**Partial Reconstruction:** Includes complete pavement removal, subgrade correction as needed, sidewalk corrections, and partial repair/replacement of concrete curb and gutter and sidewalks/trails, and storm sewer repair. For the purposes of this policy, to be considered a partial reconstruction, more than 50% of existing concrete curb and gutter must be in good enough condition to remain in place without need for replacement.

**Full Reconstruction:** Includes complete pavement removal, subgrade corrections as necessary, new concrete curb and gutter and sidewalks. This is often done in conjunction with utility repairs/replacement.

**Water Service:** The provision of potable water to a property by the City. The City is responsible for all water service along the street, alley, or public utility easement, including the watermain, and water service up to and including the curb stop. The homeowner is responsible for everything beyond this point, from the curb stop to the home.

**Yard, Front:** A yard extending across the front of the lot between the side yard lines and lying between the front street line of the lot and the nearest line of the building.

**Yard, Rear:** an open space unoccupied, except for accessory buildings on the same lot, between the rear lines of the building and the rear line of the lot for the full width of the lot.

**Yard, Side:** an open, unoccupied space on the same lot with a building, and located between the building and the side line of the lot and extending from the front lot line to the rear of the back yard.

#### **4.0 Methods of Assessment**

All properties in North St. Paul will be assessed using a front-foot formula.

##### **Single-Family Front Footage Method:**

- 1) **Interior Lots:** will be assessed 100% of actual front footage.
- 2) **Corner Lots:** 50% of actual front footage is assessed for corner lots each time one of the streets abutting the property is improved.
- 3) **Cul-de-sac Lots:** 100% of the minimum front yard lot width per zoning ordinance requirements for lots within the same zoning district, or 100% of the actual front footage, whichever is greater.

**Commercial/Industrial/Multi-Family Front Footage Method:** this method is computed by taking the residential front-foot rate and multiplying it by 1.5 times.

Note: Public and private schools and churches will be charged the single family residential rate at 100% of actual frontage abutting the improvement.

Following the improvement hearing an assessment hearing will occur at a City Council meeting prior to the project commencing.

## **5.0 Assessment Rates**

### **Public Street Improvements:**

	<u>Residential (Front Foot)</u>	<u>Commercial/Multi-Family/Other (Front Foot)</u>
Full reconstruction:	\$64.00	\$96.00
Partial reconstruction:	\$49.00	\$73.50
Roadway reclamation:	\$35.00	\$52.50
Mill and overlay:	\$20.50	\$30.75

### **Other Improvement Assessments:**

	<u>Residential (lot)</u>	<u>Commercial/Multi-Family/Other(Varies)</u>
Water service to existing main:	\$2,600	Paid by developer
Sewer service to existing main:	\$2,925	Paid by developer
Alley improvements:	100% assessed	

Note: These assessment rates are shown for guidance purposes and may be altered if a City Council directed benefits appraisal determines that the increase in market value to properties in a public improvement project area is different than the rates shown above.

Note: Assessments for connection to water and sewer are charged at time of City Council approval of lot split. Previously split lots with deferred assessments for these improvements will become due at issuance of the building permit.

## **6.0 Assessment Considerations**

- 1) All properties benefiting from improvements are subject to the special assessment.
- 2) The project types to be assessed are not limited to those explicitly described in this policy. The City Council reserves the right to consider additional infrastructure improvements on a case by case basis for assessment, including but not limited to storm drainage improvements, street lights, walls, noise walls, boulevard trees, and sidewalks (both new and replaced).
- 3) Prior to assessment adoption the special assessment levy may be verified by an appraiser at the discretion of the City Council. The Council may consider assessing up to 100% of total project costs or proven benefit, whichever is less, when such cases are warranted.

## **7.0 Policy Review Schedule**

The City of North St. Paul will review this special assessment policy annually and make adjustments to assessment rates as deemed appropriate.

## **8.0 Payment of Assessments**

1) Assessments for single family residential and multi-family(four units and less) will be made payable on a 15 year repayment schedule or as determined by the City Council on a per project basis following public input at the improvement or assessment hearings. Interest rates vary based on project financing, but are set no more than 2% above the City's rate on the sale of bonds or prime if the project is financed with general fund dollars.

2) Assessments for commercial, institutional and multi-family(five-units or greater) property can be paid for up to 7 years as determined by the City Council on a per project basis through certification to property taxes as a special assessment. Interest rates vary, but are set no more than 2% above the City's rate on the sale of bonds or prime if the project is financed with general fund dollars.

3) Property owners can pay the entire assessment within 30 days following the adoption of the assessment roll with no interest charged. Property owners may also make an interest free partial payment within 30 days, but the minimum partial payment is 25%. All unpaid balances will be certified to Ramsey County for payment with property taxes after October 1 of the year in which the assessment hearing was conducted. Interest will start accruing on all unpaid amounts 30 days after the assessment hearing.

## **9.0 Deferred Assessments**

MN Statutes § 435.193 to 435.195 authorize City Councils to allow certain deferrals. All deferrals are subject to the interest as stated in Section 8.0 of this policy and become due upon the death of the owner (if the spouse is not otherwise eligible for the deferral); the sale, transfer or subdivision of any part of the property; loss of homestead status on the property; or the council's determination that immediate or partial payment would impose no hardship.

The City Council may, at its discretion, defer the payment of an assessment of any homestead property owned by a person for who it would be a hardship to make the payment if the owner is one of the following:

- A person who is 65 or older
- A person who is retired by virtue of a permanent and total disability
- A member of the Minnesota National Guard (or other military reserves) ordered into active military service
- A person unable to meet the payment obligations due to proven financial hardship

Determining a financial hardship shall be completed by the Finance Director's review of the applicant's income statement. A financial hardship deferral is automatically met if the household adjusted gross income is at or below 125% of the most recent Federal Poverty Line.