

93.50
CITY OF LANESBORO
ASSESSMENT POLICY

A. Legislative Authority

The procedures used by the City of Lanesboro in levying the assessments conform to those specified in the Minnesota Statutes, Chapters 429, 444 and 475. However, these statutes do not establish how to measure benefit or how costs are to be apportioned. Therefore, this policy is intended to outline the method of determination and apportionment of the special benefit received by public improvements according to the philosophy and desires of the City Council.

B. 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, which are constructed or reconstructed and installed by the City of Lanesboro pursuant to law or order of the City Council.

C. General Statement of Policies

The City Council of the City of Lanesboro hereby declares that these assessment policies contained herein are the policies that the City of Lanesboro is dedicated to follow as nearly as possible and practical, and that 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. It is not intended that any property shall receive the benefits of improvements without paying for them.

D. Scope and Limits

These assessment policies are designed to serve only as a general guide for the City Council in allocating benefits to properties for the purpose of defraying the cost of installing, maintaining or reconstructing 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 interest of the City of Lanesboro.

E. Eligible Cost for Assessment Proceedings

The City Council shall determine the total cost of the improvement by adding: The amount of contract cost; the cost of labor and materials furnished by the City if not contained in 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 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.

F. Rate and Terms of Assessments

The terms of the assessment shall be determined by the City Council for each separate project. The maximum term of any assessment shall be 15 years, but the City Council may at its discretion designate a shorter term. The interest rate should be at least one point higher than the bond net effective rate. If bonds are not issued, the rate should be one point higher than the interest rate the City would have incurred if they had borrowed the funds.

G. General City Cost

Where the project cost of an improvement is not entirely attributable to the need for service to the areas served by said improvement, or where unusual conditions beyond the control of the property owners in the area served by the improvement would result in an inequitable distribution of special assessments, the City, through the use of other funds, may pay such "City costs" which, in the opinion of the City Council, represents those costs not directly attributable to the area served.

Examples of such City cost include, but are not limited too:

1. Street construction in residential areas, beyond standard residential design required in order to accommodate arterial or collector traffic. City cost shall not include the expense of additional street design required of industrial or commercial districts.
2. Oversized sanitary sewer lines or additional depth requirement requested by the City and not required by the area assessed.
3. Oversized water main or additional depth requirement requested by the City and not required by the area assessed.
4. Oversized storm sewer or additional depth requirement requested by the City and not required by the area assessed.
5. Any other improvement deemed necessary by the city council i.e., Lift Station, Sewer Treatment Facility, Storm Water Ponds, etc.

H. Use of Other Funds

If financial assistance is received from the federal government, from the State of Minnesota, or from any other source to defray a portion of the cost of a given improvement, such aid will first be used to reduce the city cost of the improvement. If the financial assistance received is greater than the City cost, the remainder of the aid may be used to reduce the special assessments against the benefiting properties.

I. City Property

City owned property, including municipal building sites, parks and playgrounds, but not including public streets and alleys shall be regarded as being assessable on the same basis as if such property was privately owned.

J. Original Improvements

Original improvements as required under the City's subdivision ordinance shall be paid 100% by the developer or through 100% assessment of the benefited property. In the event a developer wishes to use public financing, they will be required to sign a 100% Petition for Improvements document and agree to waive any claims for appealing the assessments.

K. Reconstruction of Improvements

Reconstruction is defined as: an entire block of a street, sanitary sewer, water or storm sewer line being replaced due to poor conditions. When any street improvements of direct benefit to a specific property must be replaced or reconstructed, the distribution of cost shall be 65% City and 35% paid by the benefiting property owners.

This is in contrast to a repair which is paid 100% by the City and defined as: a small section of a street, sanitary sewer, water or storm sewer line is replaced due to a break, leak, sag, or poor condition. An area must be less than one half of a block to be considered a repair.

Reconstruction of sidewalks is based upon commercial and residential:

1) Commercial: Any reconstruction of sidewalks in the commercial area is 100% the responsibility of the property owner. The sidewalk expenses can be assessed over a period time at an interest rate, both which shall be decided upon by the Council.

2) Residential: Any reconstruction of sidewalks in the residential area is 50% the responsibility of the property owner and 50% the responsibility of the city. The portion owed by the residential property can be assessed over the period of time decided upon by the Council.

For sidewalks damaged due to property owners' misuse or construction projects, the project owner is 100% responsible for damage repairs.

L. Improvement of existing streets, which does not include the original overlay required by the City's Subdivision Ordinance, falls into four categories:

1. Reconstruction. Pavement rehabilitation process that involves the complete rebuilding of the base of a roadway (grading) as well as the surface.
2. Mill and overlay. Pavement rehabilitation process that removes the top layer of bituminous pavement by the grinding action of a large machine called a "milling machine." The overlay part of the term refers to the placement of new bituminous pavement.
3. Reclamation. Pavement rehabilitation process that pulverizes old bituminous pavement and mixes it with the underlying aggregate, which prepares it for a new bituminous pavement. The process of reclaiming the existing pavement can also be used during a Reconstruction project as described above.
4. Seal Coating. The placement of sprayed oil to cover and seal the existing pavement.

The City shall assess improvements under this section according to recommendations of the engineer on the project, with council final approval, taking into account the statutory requirements that any assessment relate to the benefit bestowed on the benefited property.

M. Distribution of Assessments

The assessable costs of the improvement shall be distributed among the affected property owners according to one of the Procedures outlined below.

- A. "Adjusted frontage" shall be expressed to the nearest foot.
- B. "Area" shall be defined as the gross area of the parcel or lot which is benefited, in terms of square feet or acres. All property within district boundaries is to be included. District boundaries shall be determined by the Director of Public Works or the City Engineer.
- C. "Unit" or "Lot": When the City Council determines that the assessable cost would be more equitably distributed on a "unit" basis, the assessable unit may be the "lot" (i.e., a uniform per lot assessment), REC (Residential Equivalent Connection), or other equitable unit adopted by the Council.
- D. Measures of dimension, distance, or size shall be based on recorded platting data, whenever possible.
- E. Distribution methods - several methods exist for assessing property benefited by local improvement projects. It is the policy of the City to use the method that most equitably distributes the project costs. A description of the methods generally used by the City appears in this section
Front foot method: Improvement costs are commonly distributed according to the "adjusted front footage" of a parcel or lot. In this method, the City determines a rate of assessment per front foot. This rate applies to each parcel as follows:

Assessment = Assessment rate per front foot x Parcel's adjusted front footage.

The City will choose from among the following methods to calculate adjusted front footage based on which method best reflects the benefit received from the improvement.

Rectangular Interior Lots

For rectangular interior lots, the footage equals the dimension of the side of the lot abutting the improvement.

Cul-de-sac lots

For cul-de-sac lots, one of the following methods applies:
(1) Footage equals the lot width at the building setback line; or
(2) Footage equals the average of the front and rear lot lines.

Curved Frontage

For other lots with curved frontage, one of the following methods applies: (1) Frontage equals lot width at the building setback line; or, (2) Frontage equals lot width at the front line.

Irregular Shaped Lots

For lots with irregular shaped frontage equals the average width of the lot.

Corner Lots

When improvements are made to both sides of a corner lot, frontage will be determined by one of the following methods:

(1) For sanitary sewer and water main improvements – adjusted frontage equals the average front footage of both sides. $Frontage = \frac{x+y}{2}$

(2) For street and storm sewer Improvements - adjusted frontage equals the sum of both sides minus a side lot allowance of 50 feet. $Frontage = (x+z) - 50 ft.$

(3) For sidewalks - adjusted frontage equals the sum of both sides abutting the improvement, but not including the intersection.

$$\text{Frontage} = x+y$$

Area Method - Assessments may be distributed according to the gross of the benefited lot or parcel. The assessable area shall be expressed in terms of the number of acres or the number of square feet subject to assessment.

$$\text{Assessment} = \text{Area to be assessed (acres or square feet)} \times \text{assessment rate per acre or square feet.}$$

Unit/Lot Method - When the City Council determines that the assessable cost would be more equitably distributed on a unit basis, all lots in the area to be included will be assess equally. This method shall be the basic method used for assessments when properties are initially developed by a single owner.

$$\text{Assessment} = \frac{\text{Assessable Cost}}{\text{Number of Lots}}$$

N. Deferment of Assessments

The Council may defer the payment of any special assessment on homestead property owned by a person who is 65 years of age or older, or who is retired by virtue of permanent and total disability, and the City Administrator is hereby authorized to record the deferment of special assessments where the following conditions are met:

- A. The applicant must apply for the deferment not later than ninety days after the assessment is adopted by the Council.
 - B. The applicant must be 65 years of age, or older, or retired by virtue of permanent and total disability.
 - C. The applicant must be the owner of the property.
 - D. The applicant must occupy the property as his principal place of residence.
 - E. The applicant’s income from all sources shall not exceed the low income limit as established by the Department of Housing and Urban Development, as used in determining the eligibility for Section VIII housing.
2. The deferment shall be granted for as long a period of time as the hardship exists and the conditions, as aforementioned, have been met. However, it shall be the duty of the applicant to notify the City Administrator of any change in his status that would affect eligibility for deferment.
 3. The entire amount of deferred special assessments shall be due within 60 days after loss of eligibility by the applicant. If the special assessment is not paid within 60 days, the City Administrator shall add thereto interest at eight percent (8%) per annum from the due date through December 21 of the following year and the total amount of principal and interest shall be certified to the County Auditor for collection, with taxes the following year. Should the applicant plead and prove, to the satisfaction of the Council, that full repayment of the deferred special assessment would cause the applicant particular undue financial hardship, the Council may order that the applicant pay within 60 days a sum equal to the number of installments of deferred special assessments outstanding and unpaid to

date, (including principal and interest) with the balance thereafter paid according to the terms and conditions of the original special assessment.

4. 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:
 - A. The death of the owner when there is no spouse who is 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.

Approved: February 19, 2008