

CITY OF ROCKVILLE

SPECIAL ASSESSMENT FOR PUBLIC IMPROVEMENTS

SUBJECT: Policies and procedures for special assessments for public improvements.

DATE COUNCIL APPROVED: June 4, 2008

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SECTION 1. GENERAL POLICY STATEMENT

Purpose. The purpose of this assessment policy is to establish a fair and equitable manner to recover and distribute the cost of public improvements. 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 public facilities. Generally, the procedures used by the City of Rockville (“City”) for levying special assessments are those specified by Minnesota Statutes Chapter 429, which provides that all or a part of the cost of improvement may be assessed against benefiting properties.

- A. **Criteria for Assessing.** 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 (except in cases where the project is 100% petitioned by the property owners).
 - 3) The assessment must be uniform in relation to the same class of property within the assessment area.
- B. **Increase in Market Value.** 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 determining the value of the benefit received by the improvement, and therefore the amount to be assessed, shall be the cost to the City of providing the improvement. This shall be true 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. 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.
- C. **Cost to General Public.** The City must recover the expense of installing public improvements, while ensuring that each parcel pays its fair share of the City’s cost in accordance with these assessment guidelines. While there is no perfect assessment policy, 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 which may require special consideration and discretion by City staff and the City Council. The City Council reserves the right to vary from these policies if the policies act to create

obvious difficulty 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.

SECTION 2. STANDARDS FOR PUBLIC IMPROVEMENT PROJECTS

The following standards are hereby established by the City of Rockville to provide a uniform guide for improvements within the City and also to be used by the City Engineer in establishing "System Costs" as differentiated from "Assessable Costs" and "City costs."

- A. **Policy Statement.** In all streets, prior to street construction and surfacing, or prior to resurfacing, all utilities and utility service lines, (including but not limited to sanitary sewers, storm sewers and water lines) shall be installed to serve each known or assumed building location when practical.
- B. **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. For the sake of keeping a consistent appearance on both sides of a street and when practical, no Surface Improvements to less than both sides of a full block of street shall be approved except as necessary to complete the improvement of a block which has previously been partially completed. Curb and gutter shall be installed at the same time as street surfacing, except that where a permanent "rural" street design is approved by the City Council, curbs will not be required.
- C. **Policy Statement.** Subsurface Improvements shall be made to serve current and projected land use. All installations shall conform to City standards as established by those state and/or federal agencies having jurisdiction over the proposed installations.
- D. **Subsurface Improvements.** Subsurface Improvements shall normally include such public and private utilities such as: water distribution, sanitary sewer and storm sewer lines and electric, gas, cable and telephone utilities. 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. 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 3. IMPROVEMENTS ELIGIBLE FOR SPECIAL ASSESSMENT

- A. The following public improvements, authorized by Minnesota Statutes 429.021, are eligible for special assessment within the City of Rockville.
 - 1) Streets, sidewalks, alleys, and curbs and gutters
 - 2) Watermain systems
 - 3) Sanitary sewer and storm sewer systems
 - 4) Street boulevard trees – trimming, care, planting and removal
 - 5) Street lights
 - 6) Other improvements:
 - a. Acquisition and improvement of land and purchase of equipment for parks, open space areas, playgrounds, and recreational facilities
 - b. Acquisition and construction of parking lots
 - c. Construction, reconstruction, extension, and maintenance of dikes and other flood control works
 - d. Construction, reconstruction, extension, and maintenance of retaining walls and area walls
 - e. Abatement of nuisances and draining and filling of swamps, marshes and ponds on public and private property

B. The City of Rockville also retains authority to recover, through special assessment, the following maintenance costs:

- 1) Snow and ice removal from sidewalks
- 2) Repair of sidewalks
- 3) Rubbish removal and litter pick-up from streets and sidewalks
- 4) Weed elimination from private property and lawn maintenance
- 5) Water and/or sewer services provided by the City
- 6) Dust treatment, surfacing and patching
- 7) Removal of obstructions, signs, or vegetation within the sight triangles of intersections
- 8) Other current assessable services

SECTION 4. SCHEDULE OF COSTS

Each year, the City Engineer shall establish a Schedule of Costs for public improvements which shall set forth the assessment rates applicable to all public improvement projects, with the exception of assessments related to the development of newly platted undeveloped land. The Schedule of Costs shall set forth separate assessment rates for the reconstruction, reclaim and overlay of roadways, and shall provide for different rates for rural sections and urban sections of roadways. The costs of drainage facilities (i.e. storm sewer, ditches and ponding) shall be provided for within the roadway assessment rates. The Schedule of Costs shall also provide separate assessment rates for residential/agricultural properties and for commercial/industrial properties. The City Engineer shall update the Schedule of Costs annually. In the event that the Schedule of Costs does not provide an assessment rate for a public improvement, the assessment rate shall be proposed by the City Engineer as part of the feasibility study for the improvement project. The Schedule of Costs shall be based on the total anticipated costs of a project, regardless of whether any or all of those costs will be reimbursed by, obtained from, or assumed by other sources; or if the project, or any portion thereof, is performed by another entity.

SECTION 5. INITIATION OF PUBLIC IMPROVEMENT PROJECTS

Initiation of public improvement projects can be undertaken in any of the three following ways.

- A. Public improvement projects may be initiated by petition of at least 35% of the affected property owners. Alley improvements require 100% of the affected property owners signing the petition.
- B. Public improvements also may be initiated by the City Council when, in its judgment, such action is required. A resolution ordering any City Council initiated improvements requires an absolute majority (five affirmative votes) of the seven members of the City Council.
- C. A Developer of a proposed subdivision may petition the City Council to construct the improvements and assess them per the terms of the developer's agreement. The Developer must control 100% of the affected property and have the legal right to agree to assessment terms.

SECTION 6. PUBLIC IMPROVEMENT PROCEDURES

The following is the general procedure which will be followed by the City Council for all public improvement projects from initiation of such a project through certification of the assessment roll to the County Auditor. Formats for the various reports and resolutions referenced in this section are made a part of the policies and procedures of the City of Rockville. The procedure followed during Private Development Projects may vary somewhat from the procedures outlined below.

- 1) Staff reviews the petition and submits the petition with a recommendation to the City Council for action.
- 2) City Council accepts or rejects petition. If accepted, City Council orders preparation of feasibility report. Projects are initiated upon City Council's desire, citizen requests, or other agency's request.

- 3) City Engineer prepares feasibility report or reviews report submitted by other staff or agency. City Council could choose to send report to the Planning and Zoning Commission for comment.
- 4) City Council accepts or rejects feasibility report. If accepted, City Council orders public hearing on the improvements.
- 5) City Engineer and staff prepares preliminary assessment roll.
- 6) Staff posts and publishes hearing notice and mails notices to affected property owners as prescribed by law.
- 7) City Council conducts public hearing and adopts or rejects resolution ordering improvement to be constructed and advertisement of bids. Bonds to finance project costs may be issued at any time after the improvements are ordered.
- 8) Staff or City Engineer prepares final plans, advertises for and opens bids, prepares bid tabulation, makes recommendation to City Council for award or rejection of bids.
- 9) City Council awards contract based on the bids received.
- 10) City Engineer and staff supervise construction and prepare payment requests and final assessment roll.
- 11) City Council reviews assessment roll and orders assessment hearing.
- 12) Staff publishes hearing notice, mails notice of hearing date and proposed assessments to the affected property owners as prescribed by law.
- 13) City Council conducts assessment hearing, adopts, revises, or rejects resolution adopting the assessment roll. If adopted, City Council authorizes certification of the assessment to the County Auditor.
- 14) Staff certifies the assessment roll to the County Auditor.

SECTION 7. FINANCING OF PUBLIC IMPROVEMENTS

- A. The City of Rockville encourages public improvement projects 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. New areas are required to provide the needed improvements and services before development occurs, thereby not creating unexpected hardships on the property owners purchasing such property nor on the general public. However, it is recognized that certain areas of the City have developed without all needed public improvements (e.g. parks, water, sewer, and street improvements) and that methods must be found to provide these improvements without causing undue hardships on the general public or the individual property owner.
- B. 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.
- C. If financial assistance is received by the City from the Federal Government, the State of Minnesota, the County of Stearns, or from any other source to defray a portion of the costs of a given improvement, such aid will be used to reduce the total cost of the improvement project, with the assessed amount reflecting a pro rata share of the reduced cost. If the financial assistance received is greater than the cost of the improvement project, the remainder of the aid will be placed in the Future Capital Improvements fund to be applied towards other City improvement projects.
- D. The financing of the City's share of improvements will be determined by the Rockville City Council. The Council may determine to finance the City's share of an improvement in one or more of the following methods:

1) **Street, Curb, Gutter and Storm Sewer Improvements**

- a) Pay all or portions of the reconstruction cost with ad valorem City tax, funds, reserves, or such other funds which may be appropriate and available to the City from time to time.
- b) For street construction repairs required due to a utility line relocation, repair or replacement, the City shall require total cost sharing from whatever public or private utility company which may be involved.

2) **Water or Sewer Improvements**

- a) Sewer service revenues from the sewer utility.
- b) Water service revenues received from the water utility.
- c) Levy an ad valorem tax to pay a portion of the City's share of any project or use such other funds as may be available to the City from time to time.

SECTION 8. GENERAL ASSESSMENT POLICIES

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

A. **Definitions**

Adjusted Front Footage. The number of feet actually utilized in calculating an assessment for a particular property. This may differ from the actual front footage of the property.

Assessment. A dollar amount charged against a property receiving an improvement benefit.

Drainage District. An area defined by the City Engineer which shall form the physical boundaries where benefit exists within a storm sewer project. Property to be included within a district shall be all land which contributes to storm water runoff as well as land serving as a collector basin for storing such water. Natural geographical features normally form these boundaries.

Lateral. A lateral sewer is designed to collect the sewage from a project area for conveyance to a trunk facility. A water lateral is sized to provide water in sufficient volumes and pressure as required to serve a defined project area.

Nuisance Abatement. The elimination of a nuisance whereby the City acts on behalf of the property owner as authorized by ordinance or State Law to eliminate problems such as junk, weeds, dead trees, etc. The City may collect the charges for all or any part of the cost of eliminating any such nuisance by levying a special assessment against the property benefited.

Oversizing. A pipe which is designed and constructed larger and/or deeper than is necessary to serve a specific project area.

Local Improvement. A Public Improvement undertaken by the City under the authority granted in M.S.429.021 for the purpose of installation of improvements such as street, curb & gutter, sewer, water and related appurtenances; and at the request of a third party. Upon authorization and upon execution of a Subdivision Agreement, the City will proceed with construction and administration of the project.

Public Improvement. A project undertaken by the City under the authority granted in M.S.429.021 for the purpose of installation of improvements such as street, curb & gutter, sewer, water and related appurtenances. A public hearing shall be conducted to determine the feasibility of the project as it affects the community. Upon authorization, the City will proceed with construction and administration of the project.

Reclamation. The practice of reconstructing a road by reclaiming the pavement and resurfacing. Distinguish from total reconstruction.

Reconstruction. A roadway or utility which previously existed as a paved surface. Improvements not previously in place are considered new construction.

SAC – Sewer Access Charge. A charge which is imposed at the time a building permit is issued which covers the cost to make available sewer service to a given lot or parcel of property. Such costs include but are not limited to: Wastewater Treatment Plant capacity buy in, conveyance line construction, etc. Sometimes referred to as a **Sewer Connection Charge.** Also, sometimes referred to incorrectly as a **Sewer Availability Charge** (*see* Trunk Fee).

Trunk mains. Water and sewer lines that are large mains requiring greater size capacity and deeper pipe construction than the immediate surrounding area requires. However, trunk lines may also be used to provide lateral service as well.

Trunk Fee. A charge which is imposed at the time property is developed which covers the costs of major infrastructure, trunk mains, high capacity conveyance, treatment and other infrastructure costs not recovered through other charges. City imposes both a Sewer Trunk Fee and Water Trunk Fee. Also known as an **Availability Fee.** This is distinguished from SAC and WAC fees.

Utility Improvement. A defined area within which all area properties are deemed to have been served by an improvement project and are considered to receive a benefit.

WAC – Water Access Charge. A charge which is imposed at the time a building permit is issued which covers the cost to make available water service to a given lot or parcel of property. Such costs include but are not limited to: Water Storage Tank, conveyance lines over sizing construction, etc. Sometimes referred to as a **Water Connection Charge.** Also, sometimes referred to incorrectly as a **Water Availability Charge** (*see* Trunk Fee).

- B. **Assessable Project Costs.** 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. When the project is started and funds are expended prior to receiving the proceeds from a bond sale, the project will be charged interest on the funds expended from the date of expenditure to the date the bond proceeds are received.
- C. **Duration of Assessments.** Private Developments notwithstanding, special assessments shall be collected in equal installments of principal for a period of years as indicated for the following types of improvements. Except as provided herein, the term of any assessment will generally not exceed the term of a permanent bond duration, and may not exceed 30 years. Any assessment that is less than \$100.00 shall be prepaid or shall be certified as the entire amount payable in one installment in the upcoming year. Except for those road and drainage projects in the A-40 or SP-1 zoning districts, the following improvement projects shall have the assessment periods indicated unless cause exists for upward or downward duration.
- 1) Sidewalk Improvements

- a) New Construction – ten years.
- b) Replacement – one year.
- c) If part of larger project., same as primary project.
- 2) Street
 - a) Reconstruction – ten years.
 - b) New Construction – ten years.
 - c) Reclamation – seven years.
 - d) Overlay – one year.
 - e) New curb and gutter (when not part of road project) – ten years.
- 3) Alleys – seven years.
- 4) Sanitary Sewer & Water Laterals – ten years.
- 5) Major Water/Sewer system Improvement – twenty years.
- 6) Storm Sewer Improvements (when not part of road project) – ten years.
- 7) Nuisance Abatements – one year.
- 8) Delinquent Connection Fees, Utilities, Other Current Assessables – one year.

D. **Interest Rate.** The City of Rockville will charge interest on special assessments at a rate specified in the resolution approving the assessment roll. If bonds were sold to finance the improvement project, the interest rate shall be 1.5% more than the average interest rate of the bonds, rounded up to the nearest quarter of a percent. If no bonds were sold, the interest rate shall be set at the rate allowed by state law; and shall generally be 1.5% more than the average interest rate, rounded up to the nearest quarter of a percent, that a bond for that type of project would require at that time.

E. **Interest Charges and Prepayment.** Property owners may pay their assessments in full interest free for a period of 30 days after adoption of the assessment roll. After such 30-day period, interest shall be computed from the date the assessment is adopted., or as specified in the assessment resolution, through December 31st of the current year. The City will certify each year's new assessments and prepayments on previously levied assessments to the County Auditor by the deadline established by the Auditor. Prior to the first certification of principal and interest to the County Auditor, a property owner may make a partial prepayment of the principal to the City of Rockville. After the 30-day “interest free” period, interest will be charged back to the date of the assessment resolution, regardless if the payment was partial or total. If a parcel has two or more separate special assessments, prepayment of the principal balance may be made on one or more. The principal remaining after the partial prepayment will be paid in equal installments over the remaining term as certified with the special assessments. Interest on a deferred assessment shall be computed from the date the assessment is adopted, or as specified in the assessment resolution, and shall be incorporated into the assessment amount when it becomes payable.

F. **Payment Options.** The property owner has three available options when considering payment of assessments:

- 1) **Tax Payment** – If no action is undertaken by the property owner, then special assessment installments will appear annually on the individual’s property tax statement for the duration of the assessment term.
- 2) **Full Payment** – No interest will be charged if the entire assessment is paid off within 30 days from the date of the adoption of the assessment roll.
- 3) **Prepayment** – The property owner may at any time prior to November 15th of any year prepay the balance of the assessment with interest accrued to December 31st of that year. The City may allow prepayment later than November 15th in accordance with Stearns County policy, which will typically result in interest charges through December 31st of the *following* year. The

property owner may also choose to pay the remaining assessment balance at any time, with the exception of the current year's installment of principal and interest.

- G. **Appeal.** No appeal may be taken as to the amount of any assessment adopted unless a written objection signed by the affected property owner is filed with the City Administrator's office prior to the assessment hearing or presented to the presiding officer at the hearing. The property owner may appeal the assessment to District Court by serving notice of the appeal upon the Mayor and City Administrator within 30 days after the adoption of the assessment and filing such notice with the District Court within 30 days after the adoption of the assessment and filing such notice with the District Court within 10 days after service of the appeal upon the Mayor or City Administrator.
- H. **Subdivision and Apportionment.** When a tract of land against which a special assessment has been levied is subsequently divided or subdivided by a plat or otherwise, the City Council may, on application of the owner of any part of the tract or on its own motion, equitably apportion among the various lots or parcels in the tract all the installments of the assessment against the tract remaining unpaid and not then due if it determines that such apportionment will not materially impair collection of the unpaid balance of the original assessment against the tract. The City Council may require furnishing of a satisfactory surety bond in certain cases as specified in Minnesota Statutes Section 429.071, Subd. 3. Notice of the apportionment and of the right to appeal shall be mailed to or personally served upon all owners of any part of the tract. In most cases, dividing the assessment balance evenly on a unit or lot basis would result in an equitable apportionment. If equitable in a particular case, such a procedure would be most practical and administratively effective.
- I. **Delayed Assessments.** Where a sanitary or storm sewer or waterworks improvement is designed for service of an area beyond that of direct benefit, increased project costs due to such provisions for future service extensions may be paid for by the City. The City will levy assessments to cover this cost when a new improvement is installed as an extension of the existing improvement. As an alternative, the City may immediately assess these costs to the area of future benefit, or may be deferred by agreement between the property owner and City
- J. **Costs Without Benefit.** Where the project cost of an improvement is not entirely attributed to the need for service to the area served by said improvement, 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, the City, through the use of other funds, may pay such City Cost which, in the opinion of the City Council, represents the excess cost not directly attributable to the area served.
- K. **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.
- L. **Property Appraisal.** In the event that city staff has doubt as to whether or not the prepared assessments exceed the special benefits to the property in question (increased property value as defined by State Law), the City Council may order benefit appraisals as deemed necessary to support the proposed assessments. Such cost of appraisal will be billed as part of the improvement project cost unless it exceeds the benefit.
- M. **Net Assessment Agreement.** A property owner may elect to offset special assessments against condemnation awards by executing a Net Assessment Agreement with the City Council.

SECTION 9. METHODS OF ASSESSMENT

- A. **Application of Assessment Methods.** There are different methods of assessment: per lot, adjusted front foot, and area. The standard method of calculating assessments for most public improvements

shall be the Adjusted Front Foot basis, as provided in the Schedule of Costs, with the following general exceptions:

1. Assessments for trunk water main and sanitary sewer main shall be calculated on an area basis.
2. Assessments for storm sewer improvements shall be calculated on a per lot or area basis, when not constructed along with a street project.
3. Assessments for the installation of public improvements in most new developments shall be calculated in a per lot basis.

To the extent that the use of these default methods, as established in the Schedule of Costs, does not result in an equitable distribution of the assessments, the City shall employ alternative methods. In the event the City determines that the use of alternative methods will more adequately reflect the true benefits received in the assessment area, City staff will be responsible for developing a recommendation on the method(s) that will be employed for that particular Public Improvement. The City Engineer, in the feasibility study to the City Council, may also 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 shall *tentatively* endorse use of the appropriate method(s) when ordering the improvements. The method(s) actually enacted shall be determined by the City Council at the time the assessment roll is adopted. Every effort shall be made to determine the appropriate assessment method(s) for a particular project before providing estimates to the public.

B. **"Adjusted Front Footage" Method of Assessment.** 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. One of 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) **Odd Shaped Lots.** For odd shaped lots such as those existing on cul-de-sacs and curved streets where there is more than two feet of difference between the front and rear lot lines, and where the lot's 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 by 10,500 square feet to determine the equivalent number of front footage units in the parcel. The number of units multiplied by 75 feet will give the adjusted front footage.
- 2) **Irregularly Shaped Lots.** In many cases, unplatted parcels that are legally described by a metes and bounds description, are irregular and odd shaped. The adjusted front footage will be calculated by measuring the lot width at the 25-foot building setback line.
- 3) **Standard Lots.** In this instance, the adjusted front footage for rectangular lots will be the actual footage of the lot. The frontage measured shall be the lot width at the front lot line.
- 4) **Rectangular Variation Lots.** For a lot which is approximately rectangular and uniform in shape, the adjusted front footage is computed by averaging the front and back sides of the lot. This method is used only where the divergence between front and rear lot lines is two feet or less. If greater than 2 feet, use the irregularly shaped lot formula.

- 5) **Triangular Lots.** For a triangular shaped lot, the adjusted front footage is computed by averaging the front and back lot lines. The measurement at the back lot width shall not exceed a maximum distance in depth of 150 feet.
- 6) **Cul-de-sac Lots.** The adjusted front footage for those lots that exist on cul-de-sacs will be calculated at the midsection of the lot at the most reasonably defined and determinable position.
- 7) **Curved Lots.** In certain situations such as those where lots are located along meandering trail system streets, road patterns create curvilinear frontages. In such instance, the adjusted front footage will be the width off the lot measured at the midpoint of the shortest side lot line.
- 8) **Corner Lots.**
 - a) Residentially Zoned Corner Lots. A corner lot's front footage will be determined by the footage of the longer side of the lot and the property owner will not be assessed for the second side, the following provisions notwithstanding:
 - i) **Short Side First.** If only one street adjacent to a corner lot is reconstructed during a particular project, and that street is adjacent to the short side of that corner lot then the property shall be assessed for the length of that short side. Credit will be applied for the length of the short side when the street adjacent to the long side is reconstructed.
 - ii) **Long Side First.** If only one street adjacent to a corner lot is reconstructed during a particular project, and that street is adjacent to the long side of that corner lot then the property shall be assessed for the length of that long side. If the *property* was assessed for reconstruction work to the street on the short side of that corner lot and later the street adjacent to the long side is reconstructed, then the length of the long side for which the property is assessed shall be reduced by the length of that short side, provided that credit for that assessment on the short side has not been applied to a previous assessment for the long side.
 - iii) **Both Sides.** If both streets adjacent to a corner lot are reconstructed as part of the same project then the property shall be assessed for the long side only, with the cost for the short side to be borne by City revenue sources.
 - iv) **Stub Streets.** There are certain instances where a corner lot will have only one of the adjacent streets constructed, whether or not the second street is platted (right-of-way dedicated) at that time or not. In such cases, the property shall be assessed based upon the length of the side adjacent to the street initially constructed. When the second side is constructed, the cost shall be the responsibility of the developer in the case of Private Development or the City in all other cases.
 - v) **New Construction.** If initial construction of both streets adjacent to a particular lot are constructed as part of the same project then the full cost of construction shall be assessed against that property.
 - b) Commercial and Industrial Zoned Corner Lots. No allowance relief will be granted because of the higher inherent property value associated with improved traffic frontage and greater visibility along business district and industrial park intersection. The adjusted front footage calculation shall be the entire frontage measured along the setback line comprising the buildable area.
- 9) **Flag Lots.** Properties which utilize a narrow private easement or maintain ownership of such access to their property exceeding a minimum length of 125 feet, thereby having a small footage on a street, will be assigned an adjusted front footage of 75 feet. This dimension is consistent with the subdivision ordinance which prescribes such length as the minimum lot frontage along

a public roadway. The adjusted front footage for flag lots whose driveway access is under 125 feet will be measured at the building setback line from the access terminus.

10) **Double Frontage Lots.** If a parcel, other than a corner lot, comprises frontage on two streets and is eligible for subdivision, then an adjusted front footage assessment will be charged along each street. For double frontage lots lacking the necessary depth for subdivision, only a single adjusted front footage will be computed.

C. **"Area" Method of Assessment.** When it has been determined to assess by the "area" method, the area shall be defined as 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 lot receives the benefit and may select a lot depth for the calculations equal to the benefit received. For the purposes of defining assessable areas, all properties included in the benefited area, including other governmental areas, churches, etc., shall be included in the assessable areas. Statutory exemptions to special assessments include: (i.e., public cemeteries, land dedicated as private cemeteries and federally owned parcels.) The following items may not be included in area calculations: public right-of-ways, natural waterway, swamps and lakes and other wetlands designated by the MN/DNR or City. The City Engineer will make the recommendation on the benefited area in the feasibility report.

D. **"Per Lot" Method of Assessment.** When it has been determined to assess by the "per lot" method, all lots within the benefited area shall be assessed equally for the improvements. The "cost per lot" shall be defined as the quotient of the "assessable cost" divided by the total assessable lots or parcels benefiting from the improvement. For the purpose of determining the "lots" or "parcels" all parcels, including governmental agencies, shall be included in such calculations.

SECTION 10. ASSESSMENT COMPUTATIONS

A. **Street, Curb and Gutter and Storm Water Drainage Improvements.**

- 1) **New Construction.** All new streets will be assessed 100% to the abutting benefited 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 seven-ton axle load with 32-foot width in residential areas and nine-ton axle load in commercial and industrial areas. Oversizing costs which are incurred in excess of the above may be paid by: State funds, larger assessment rates to other benefited properties, general obligation funds, or any other method or combination of methods authorized by the City Council.
- 2) **Reconstruction, Reclamation and Overlay.** Except as provided in Section 10(A)(3) for county, state and federal roads and highways, if the City Council may elect to completely reconstruct, reclaim or overlay a street, 27% of the cost of such improvement, as provided in the Schedule of Costs, will be assessed against abutting property in the manner described in this assessment policy. The City Engineer shall determine if the proposed reconstruction is a total reconstruction, a reclamation, an overlay, or a combination, and the assessment shall be based on this determination.
- 3) **Reconstruction, Reclamation and Overlay (Non-City Roads).** That portion of roads and highways under the jurisdiction of another governmental entity that are within the City, shall be assessed only to the extent the City is responsible for the cost of any improvement. If the City is responsible for any costs, the project will be treated as if the City performed the improvement, and the non-City funder contributed to the cost. The costs will be reduced as provided in Section 7C. Notwithstanding, all property abutting a non-City road or highway will

be assessed for other assessable improvements, such as City-directed curb and gutter, storm and sanitary sewer and municipal water, in accordance with this policy..

- 4) **Gravel Streets; New Curb and Gutter.** Upgrading an existing gravel street by adding pavement, curb and gutter shall be considered new construction and will be assessed the full costs as set forth in the Schedule of Costs.
- 5) **Seal Coats and Crack Sealing.** Sealcoats and cracksealing will not be assessed.
- 6) **Alleys.** Generally, the City will upgrade existing alleys at the request of benefiting property owners.
 - a) Residential Areas. Alley improvements and reconstruction will be assessed 100% to the abutting properties in the block being improved.
 - b) Commercial/Industrial Areas. Alley improvements and reconstruction will be assessed at a one-to-one ratio between property and City cost share to the block being improved.
- 7) **Curb and Small Street Repairs.** Costs associated with curb restoration and street repairs will be assessed 100% to the benefiting properties when the repair work is requested by the property owner due to work that they have initiated. If done in conjunction with an overlay project initiated by the city, the cost will be shared at a 50/50 ratio between the benefiting property owners and the city.

B. Street Boulevard Trees, Lighting & Signage.

- 1) **Trees.** All street boulevard trees installed as part of new street construction or in reconstructing existing streets shall be included as part of the overall project costs included in the assessment calculations and will be assessed to the benefiting properties in the same manner and percentage as the street cost.
- 2) **Street lighting.** All costs for new street lighting installed as part of constructing new streets or street lighting relocated as part of reconstructing streets or street lighting determined by the City to be necessary for safety, shall be included in the overall project costs and included in the assessment calculations and shall be assessed to the benefiting properties in the same manner and percentage as the street costs.
- 3) **Street Signage.** All costs for street signs in a new subdivision shall be included in the overall project cost and further included in the assessment calculations.

C. Sidewalks.

- 1) **New Construction.** 100% of the costs of new sidewalks will be assessed, by allocating 50% of the full costs as set forth in the Schedule of Costs against properties on each side of the street in the block being improved.
- 2) **Repair and Replacement.** Sidewalks will be repaired or replaced in accordance with the sidewalk replacement policy in effect at the time. Annual inspection by the Public Works Director shall determine those sidewalks which are in not in compliance with City standards. If a portion of a sidewalk that requires repair only immediately abuts one or two properties, the property owner(s) shall be notified and allowed thirty days in which to make repairs. If the owner fails to do so, the City shall order the repairs to be made and shall certify the cost of the repairs as an assessment against the properties. If a larger portion of sidewalk is being repaired

or replaced during the same project, 54% of the costs of sidewalk replacement will be assessed by allocating 27% of the full costs as set forth in the Schedule of Costs against properties on each side of the street in the block being improved.

- 3) **Regional Trails.** Costs for trails that are designed by the City as part of a regional trail network, shall not be assessed against abutting properties, and may be paid for out of funds provided for by federal, state, or county authorities, of out of city general or park funds.

D. Storm Sewer Improvements.

When not part of a road project, or when storm sewer improvements are otherwise distinct, the following standards should be followed.

- 1) **New Construction.** The fundamental concept underlying a storm sewer assessment is that all land within a drainage area is considered to be benefited because all land contributes water runoff to the system. The City Engineer shall evaluate each development proposal to ensure that the necessary storm water improvements have been incorporated into the improvement plans. Assessment for new storm sewer costs shall be assessed against the benefiting parcel on an area basis at 100%.
- 2) **Replacement of Storm Sewers.** Replacement or reconstruction of storm sewer improvements not included in a street project will be assessed at 27% of the full costs as set forth in the Schedule of Costs. The City may, in the future, establish a storm water utility to fund all or part of storm sewer replacement and construction.
- 3) **Maintenance of Storm Sewer Systems.** All maintenance costs of storm sewers and those drainage ponds that are on public property or in the City's public easements will be maintained by the City, unless otherwise agreed.

E. Sanitary Sewer Assessments.

- 1) **New Construction.** All new sanitary sewer mains and sewer service connections will be assessed 100% to the benefited properties. Sanitary sewer improvements will normally be assessed by the per lot method, however, other methods may be utilized if conditions warrant it. Properties with existing sanitary services, but which do not have mainline sewer adjacent to, across or up to their property lines will pay 100% of the assessment rate for the new mainline sanitary sewer in addition to 100% of the cost associated with replacing service lines.
- 2) **Reconstruction and Replacement.** All existing sanitary sewer mains and service lines found to be defective will be assessed at 75% of the full costs as set forth in the Schedule of Costs. Sanitary sewer service connections which become necessary due to reconstruction of sewer mains, will be assessed 75% to the benefiting properties.
- 3) **Grinder Pumps.** Where, in the opinion of the engineers, it is necessary to install an individual grinder pump / lifting device for purposes of securing adequate flowage from a private property to the adjacent public sewer service, a property owner must provide the necessary grinder pump and related lines to transmit sewage to the adjacent public sewer system. The pump must be approved by the City and installation of said grinder pump / lifting device shall be done at the property owner's expense. The lifting device and discharge line shall be owned, maintained and operated at the expense of the property owner unless the City Council determines that it is in the best interest of the City to own, operate or maintain these systems.
- 4) **Oversizing and Trunk Lines.** In the event oversized or trunk lines in an area are necessary to provide adequate service and capacity for areas beyond the specific area in question, then and in this event, the oversize or trunk line additional cost shall be assumed by the City. This policy,

however, shall not prevent the City from assessing assessment districts if deemed advisable and proper in any particular situation.

- 5) **Lateral Benefit.** Lateral benefits from major trunk sewers or interceptors will be assessed to the properties benefited by the sewer. Any oversized will be assessed as described above. Service connections will be installed to serve each platted lot or at approximately every 75 feet in the instance that a lot frontage is sufficient for future subdivision.
- 6) **Short Extensions.** When an individual seeks an extension of a sewer main, such individual shall file an application through the Office of the Rockville City Administrator/Clerk. All sewer main extensions shall be constructed so that said sewer main extends the entire length of the lot or residential parcel which is to be served.
- 7) **Outside City.** The City of Rockville shall not extend sewer lines outside of its corporate limits except where, the extension of said lines is ordered by the State of Minnesota or its agencies for health and safety purposes. If so ordered, 100% of the cost of extension of mains and laterals shall be assessed against the benefited property.

F. **Water Main Assessments.**

- 1) **New Construction.** All new watermain lines and water service connections will be assessed 100% to the benefiting properties. Watermain improvements will normally be assessed by the per lot method, however, other methods may be utilized if conditions warrant it. Properties which have existing water service, but do not have mainline water mains adjacent to, across, or up to their property lines will pay 100% of the assessment rate for the new watermain in addition to 100% of the cost associated with replacing service lines.
- 2) **Reconstruction/Replacement.** Any existing water mains and service lines found to be defective will be assessed at 75% of the full costs as set forth in the Schedule of Costs. Water service connections which become necessary due to reconstruction of water mains, will be assessed 75% to the benefiting properties..
- 3) **Oversizing and Trunk Lines.** In the event oversized or trunk lines are required for general distribution purposes, as determined by the City and benefits for said trunk or oversized portion of the cost are applicable to more than the areas under consideration, then such oversized or trunk line share of this cost shall be assumed by the City. The amount of the excess share shall be determined by the City Engineer. Hydrants, valves, fittings and intersection costs are determined to be a cost against the total project. The exact method of assessment shall be determined by the City Engineer and presented to the Council for approval.
- 4) **Assessment Cost Basis.** Assessments for watermains in residential areas shall be based upon the cost of construction of eight (8) inch mains, the necessary hydrants, valves, fittings and intersection costs.
- 5) **Short Extensions.** When an individual seeks an extension of a water main, such individual shall file an application through the Office of the Rockville City Administrator/Clerk. All water main extensions shall be constructed so that said water main extends the entire length of the lot or residential parcel which is to be served.
- 6) **Outside City.** The City of Rockville shall not extend water lines outside of its corporate limits except where the extension of said lines is ordered by the State of Minnesota or its agencies for health and safety purposes. If so ordered, 100% of the cost of extension of mains and laterals shall be assessed against the benefited property.

- G. **Assessments for Properties Zoned SP-1.** For roadway reconstruction and reclaim projects, the assessments levied for properties zoned SP-1 will be limited to 200 Adjusted Front Feet for each building unit that may be constructed on the property (i.e. 200 front feet for each 40 acres). No limit will be made for overlay projects. For example, a 160 acre parcel zoned SP-1 with 2,000 feet of adjusted front footage shall have an assessment levied for 800 Adjusted Front Feet (200 feet for each 40 acres of the parcel). The purpose of this provision is to recognize the restricted development potential for property zoned SP-1 and therefore limit the assessment amounts to the benefits actually received. No additional assessments will be levied and/or deferred for the remaining front footage of SP-1 property.
- H. **Assessments for Properties Zoned A-40.** For roadway reconstruction and reclaim projects, the assessments levied for properties zoned A-40 will be limited to 200 Adjusted Front Feet for each building unit that may be constructed on the property (i.e. 200 front feet for each 40 acres). In addition, however, the property shall also have a deferred assessment for the remaining Adjusted Front Footage of the property in accordance with this Section 11(B). No limit or deferral will be provided for overlay projects. For example, a 160 acre parcel zoned A-40 with 2,000 feet of adjusted front footage shall have an assessment levied for 800 Adjusted Front Feet (200 feet for each 40 acres of the parcel) and shall have a deferred assessment for the remaining 1,200 adjusted front feet. The purpose of this provision is to recognize the future development potential for property zoned A-40 and account for the benefits actually received by the public improvements. The deferred assessments shall become payable upon the earlier occurrence of one of the following: (1) 20 years has passed from the date of the adoption of the assessment roll; or (2) the property is no longer classified as agricultural pursuant to the tax assessment classification system. The deferred assessments shall be payable at the duration provided in Section 8 (C), but must be paid in full within 30 years. The deferred assessments shall accrue interest from the date of the adoption of the assessment roll.

SECTION 11. DEFERMENT OF SPECIAL ASSESSMENTS

In addition to the method provided in Section 10(H) of this assessment policy, deferral of special assessments shall occur when; the property owner is a senior or disabled citizen meeting the applicable statutory provisions, the property is registered under the “Green Acres” program, or the property so assessed is not located within the corporate limits of Rockville.

A. Disabled or Senior Citizens

- 1) The procedure for deferral application for senior or disabled citizens is to request in writing to the City Council such request for deferral.
- 2) Deferral of special assessments must meet all criteria designated in MN Statute 435.193 and 435.195.
- 3) Item B. of this Section 11 notwithstanding, it is the policy of the City to not defer assessments except in cases where hardship to senior citizens 65 years of age or older or persons retired by virtue of a permanent and total disability would result.
- 4) The deferral shall be granted for as long a period of time as the hardship exists and the conditions according to MN Statute 435.193-195 have been met.
- 5) The entire amount of the deferred special assessments shall be due within sixty days after loss of eligibility by the applicant. Interest shall accrue on the deferred assessments at the same interest rate as was applied to the other assessments certified for that improvement project. Interest shall be calculated from the date that the assessments were adopted through December 31st of the year that eligibility for deferral is lost; interest charges shall also be deferred until eligibility is lost. The total amount of principal and interest shall be certified to the County

Auditor for collection with taxes the following year. In cases where eligibility for the deferral is lost prior to the expiration of the original term of the special assessments, should the property owner plead and prove to the satisfaction of the City Council that full repayment of the deferred special assessment would cause the property owner particular undue financial hardship, the City Council may order that the property owner pay within sixty days a sum equal to the total amount of the 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 assessments.

- 6) 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.
 - d) Determination by the City Council for any reason that there would be no hardship to require immediate or partial payment.
- 7) The City Administrator will be responsible for administering the application and the eligibility determining process for citizens seeking Deferment of Assessments.

B. Unincorporated Property

- 1) The City may assess property which is not located in the corporate limits of Rockville at the time that the assessments are adopted by deferring the amount of the assessment.
- 2) The City shall provide the usual notices and follow the procedures customarily followed in accordance with this special assessment policy for property owners who are within the corporate limits and who will be receiving an assessment.
- 3) At the time that the assessment roll is adopted, the amount so assessed shall be the principal amount of the assessment.
- 4) The deferment shall be granted for as long as the property remains unincorporated.
- 5) The entire amount of the deferred special assessments shall be due within sixty days after loss of eligibility by the property owner. The amount of the assessment shall be updated by the Stearns County Auditor's office. The total amount of updated assessment in current dollars shall be certified to the County Auditor for collection with taxes the following year. In cases where eligibility for the deferral is lost prior to the expiration of the original term of the special assessments, should the property owner plead and prove to the satisfaction of the City Council that full repayment of the deferred special assessment would cause the property owner particular undue financial hardship, the City Council may order that the property owner pay within sixty days a sum equal to the total amount of the 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 assessments.

SECTION 12. PUBLIC IMPROVEMENTS FOR PRIVATE DEVELOPMENT PROJECTS

In the case of a Private Development the same procedures outlined in this policy on special assessments shall generally govern, and the provisions of this Section 12 shall also apply. Although it is the intent for Development Agreements to be consistent with this Policy, in cases where the two are inconsistent the Development Agreement shall supersede.

- A. **Development Agreement.** All of the parties having an interest in the property being developed shall be required to execute a Development Agreement with the City, which shall be filed with the County Recorders office prior to ordering a feasibility report for the project that will be financed by the City or prior to awarding any contracts for those Private Development projects that do not involve City financing.
- B. **City Rights to Data.** In cases where the public improvements for a private development are financed by the Developer, they shall be responsible for ensuring that certain data is provided to the City relating to the construction or installation of any infrastructure contemplated in this policy; it shall make available to the City copies of any feasibility reports, plans and specifications, information related to the cost of the improvements (for depreciation purpose per GASB 34), and all record drawings. The information shall be provided in electronic and/or hard copy format at no cost to the City. When the public improvements are financed by the City, the City shall retain all necessary documentation as would ordinarily be the case in any public improvement.
- C. **Apportionment of Assessments.** In cases where the public improvements for a private development are financed by the City, the developer shall generally be given an opportunity to request the manner in which the total amount to be assessed is apportioned to each lot. It is in the City's interest to ensure that the distribution of these assessment amounts is done in an equitable manner; accordingly, the City Council shall have the final authority over the amount so assessed against each lot.
- D. **Payment Due Upon Sale.** The full amount of the assessment for a public improvement for a private development against a specific lot, including all accrued interest, shall be immediately due and payable to the City at such time that the lot is sold, whether outright, through a contract for deed or other instrument.
- E. **Insurance Provisions.** The developer shall provide evidence of Comprehensive General Liability and Broad Form Property Damage Insurance including contractual coverage in the amount not less than \$500,000 per occurrence and \$1,500,000 aggregate. The developer's insurance certificate shall be in a form approved by the City, and shall accompany this Development Agreement for its execution by the developers and the City. Such insurance shall remain in full force and effect during the life of the Development Agreement.
- F. **Duration of Assessments.** For all public improvements for a private development, the term of the assessments shall depend upon the magnitude of the cost of the project. The City Council retains the right to vary from the schedule which appears below.
- 1) Total project costs of up to \$250,000.00 shall be assessed over a four-year period.
 - 2) Total project costs of \$250,000.00 or greater but less than \$500,000 shall be assessed over a six-year period.
 - 3) Total project costs of \$500,000.00 or greater but less than \$750,000 shall be assessed over an eight-year period.
 - 4) Total project costs of \$750,000.00 or greater shall be assessed over a ten-year period.
- G. **Engineering.** In those cases where the public improvements for a private development are financed by the City, the engineering shall be conducted by the City Engineer. In cases where the public improvements are financed by the developer, the City's Engineer shall be responsible for reviewing project documents prior to construction and stipulating changes and providing limited oversight during construction; or the developer may contract with the firm appointed as City Engineer if written approval has been granted to the City Engineer by the City Council. All costs associated with the City Engineer's involvement shall be the responsibility of the Developer.