



Special Assessment Policy for Road Improvements/Reconstruction

I. The Basis of Special Assessments.

As a statutory city, Long Lake has the authority to levy special assessments under the provisions of the State Local Improvement Code (MSA chapter 429). Special assessments are levied by the City Council on particular parcels of property based upon the special benefit those parcels derive from the improvements as determined by the City Council. This policy attempts to assure that all persons are treated fairly and equitably in addition to assuring that the financial risk to the community is minimized.

Types of Road Improvements

- **Sealcoating:** Considered a maintenance activity to be funded through the City General Fund. Generally not assessed.
- **Overlay:** Considered an improvement of an existing road. Generally specially assessed.
- **Reconstruction:** Total reconstruction of roadway. Generally specially assessed.

Special Benefit. The general application of both law and court decisions holds that properties receive a special benefit from improvement projects. For example, public utilities brought to an area not served with sanitary sewer, water, road and drainage will result in the properties in question increasing in market value, as will the improvement/reconstruction of existing roadways. The costs of public improvements will be assessed on the basis of special benefit to the parcels within the improvement district.

General Benefit. The concept of general benefit holds that in some types of improvement projects the community at large derives a benefit distinct from the special benefit derived by the properties within the project boundaries. For this reason. City Council shall define and distinguish between the special benefits received by particular parcels of property within an improvement district, as compared to any general benefit derived by the community at large.

Apportionment of Project Costs

The parcels of property within an improvement district shall generally be assessed an amount equal to the special benefits received by those parcels. Utility maintenance and replacement improvements (water, sanitary sewer, storm sewer) shall generally be funded by the appropriate City utility fund, unless a special benefit can be shown

which would support a special assessment. The remaining portion of project costs that are considered to provide general benefit to the City at large shall generally be funded by City funds. Construction of new utilities which will serve new development or redevelopment shall generally be specially assessed to the benefiting properties at a rate of 100% of project costs.

II. Initiation of Public Improvement Projects.

Public improvement projects may be initiated by petition of the affected property owners or by the City Council when, in its judgment, such action is appropriate. Petitions for public improvements will be received by the Council and considered when received.

III. The Special Assessment Process

1. Initiation of Proceedings. Proceedings can be initiated by the City Council or by a petition of affected property owners.
2. Preparation of a Feasibility Report. The City Engineer must, when ordered by City Council, prepare a report on the proposed improvement and whether is it necessary, cost effective, and feasible. Council shall approve the feasibility report and call a public hearing on the improvement.
3. Hearing Notice. Staff will publish notice of the public hearing to consider the proposed improvements. It must be published twice with the notices appearing at least one week apart. At least three days must elapse between the last publication and the date of the hearing. The city must also mail notice to each property owner in the proposed assessment area at least 10 days prior to the hearing. The City is not required to include any assessment information at this time. Some cities include assessment information based on the City Engineer's project estimate in the feasibility report.
4. Public Hearing on the Improvement. At the hearing, the Council should give interested people a chance to voice their concerns, whether or not they are in the proposed assessment area. If the Council would like to proceed with the project, it must pass a resolution ordering the improvement by a 4/5 vote. After the vote is passed, the City Engineer shall begin the preparation of the plans and specifications for the improvements. Once the plans and specifications are prepared, the City Council shall approve them and issue a call for bids.
5. Receipt and Approval of Bids. The City Council shall receive the bids and, if acceptable, pass a resolution awarding the bid.
6. Preparation of the Proposed Assessment Roll. If an assessment roll has not been prepared, the City Engineer must calculate the proper amount to be assessed against each property. The assessment roll must be made available for inspection at City Hall.

7. Notice of the Public Hearing on the Proposed Assessment. The City must hold a public assessment hearing. The City must publish notice of the hearing on the City's official newspaper. The publication must occur at least once, not less than two weeks prior to the hearing. The City must also mail notice of the hearing to each property owner at least two weeks prior to the hearing date. The notice shall include the specific amount to be assessed.
8. Public Hearing on the Proposed Assessment. At the meeting the City shall present evidence showing that the market value of each parcel will increase as a result of the improvement. The increase must be equal to or in excess of the amount of the assessment. Affected property owners shall have an opportunity to express their concerns about the actual special assessment levy.
9. Approval and Certification of the Assessment Rolls. After the public hearing, the Council must approve the assessment roll in final form so that the clerk can certify them to the county auditor. If the adopted assessment differs from the proposed assessment, the Clerk must mail the property owner notice of the new amount.
10. Levying and Collecting Assessments. The Clerk must certify the assessments to the County Auditor. This may be done either by certifying the entire assessment role at once or by certifying each yearly amount annually.

IV. Assessment Method – Road Improvement/Reconstruction Projects

Assessable Parcels/Parcel Area: Road improvement/reconstruction project costs will generally be assessed based on parcel area per subdividable, buildable lot. An assessment rate per square foot of parcel area will be applied to benefiting properties up to a cap of 18,000 square feet per subdividable, buildable lot for residential properties. For the purposes of assessment, parcel areas will be as calculated by the City Engineer from platted information.

Corner Lots: Corner lots that have only one side abutting a road improvement/reconstruction project will be assessed one half (1/2) of the determined value for the current project by means of reducing the parcel square footage in half and multiplying the remaining area by the assessment rate. Future/subsequent projects abutting the other side of the lot would result in the property being assessed one-half (1/2) the determined value at the time of the future project. This practice will apply unless the lot was fully assessed under the policy in place at the time of a previous project and the useful life of that project has not yet been reached.

Calculation of Assessment Rate Per Square Foot: The assessment rate for a given project will be based on the increased market value of a parcel (i.e., special benefit) due to that improvement. The City will rely upon an appraisal of special benefit and other appropriate information/techniques in determining the assessment rate for a given project.

Example Calculations:

Example 1: Non-Corner Lot OR Corner Lot with Both Sides Abutting Project

Assumptions: 15,000 square feet of parcel area
Assessment rate = \$0.49 per square foot

Special Assessment = $15,000 \times \$0.49$
= \$7,350

Example 2: Corner Lot, One Side Abutting Project

Assumptions: 15,000 square feet of parcel area
Assessment rate = \$0.49 per square foot

Special Assessment = $15,000/2 \times 0.49$
= \$3,675

(Note: may be assessed again at a later time if a subsequent project abuts the other side o the parcel)

Example 3: Non-Corner Lot OR Corner Lot with Both Sides Abutting Project

Assumptions: 20,000 square feet of parcel area
Assessment rate = \$0.49 per square foot

Special Assessment = $18,000 \times \$0.49$
= \$8,820

(Note: parcel area capped at 18,000 square feet per City policy)

Example 4: Corner Lot, One Side Abutting Project

Assumptions: 20,000 square feet of parcel area
Assessment Rate = \$0.49 per square foot

Special Assessment = $18,000/2 \times \$0.49$
= \$4,410

(Note: parcel area capped at 18,000 square feet per City policy, may be assessed again at a later time if a subsequent project abuts the other side o the parcel)

Interest Rate for Financing of Special Assessments: The interest rate applied to special assessments shall equal the bond net effective rate for the project plus 150 basis points (1.5%). For example, if the anticipated bond net effective rate is 4.5%, the interest rate on the special assessment shall be 6.0%.

Assessment Period: Special assessments for street reconstruction shall generally be assessed over a 10 year period.

Deferrals: The City Council may, at its discretion, consider written deferral applications from benefiting property owners within a project area on a case by case basis at the time of the assessment public hearing.