



**CITY OF NEWPORT  
COUNCIL WORKSHOP MEETING  
NEWPORT CITY HALL  
MAY 16, 2013  
IMMEDIATELY FOLLOWING THE PUBLIC HEARING**

MAYOR:	Tim Geraghty	City Administrator:	Deb Hill
COUNCIL:	Tom Ingemann	Supt. of Public Works:	Bruce Hanson
	Bill Sumner	Chief of Police:	Curt Montgomery
	Tracy Rahm	Fire Chief:	Mark Mailand
	Steven Gallagher	Executive Analyst:	Renee Helm

**AGENDA**

1. ROLL CALL
2. DISCUSSION REGARDING THE LOCAL IMPROVEMENT GUIDE
3. ADJOURNMENT



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# MEMO

**To:** Mayor & City Council, City Administrator, and Newport Superintendent of PW

**From:** John Stewart, P.E. - City Engineer

**Subject:** City Council Work Session: Thursday May 16, 2013

**Date:** May 14, 2013

### INTRODUCTION:

The 2013 Street Improvement Project is moving quickly and updating the local improvement policy is integral to the final assessments for this project and for those in future years. We have made modification based on guidance from the meeting on March 15, 2013, but there are additional items to consider.

### 1. CITY COUNCIL QUESTIONS:

The latest draft of the Local Improvement Policy has been attached for your review and comment.

### 2. SEWER SERVICES:

Should the City charge a portion of the cost of the sewer televising to properties with “failed” service connections only, or to all properties within the project scope?

### 3. DRIVEWAYS:

- A. What should the maximum width be?
- B. How many allowed per lot?
- C. When should concrete driveway aprons be installed?
  - a. For all types of improvements
  - b. For all types of improvements, but only when concrete curb is placed?
  - c. Only for full depth reconstructions (FDR or full removal/replacement)

### 4. ASSESSMENT AMOUNTS:

The special benefit valuation report (benefit appraisal) concluded the following range of values for each street improvement type.

Proposed Assessment Rate Structure			
Improvement Category	Assessed Cost (Low)	Assessed Cost (High)	Notes
Street - Overlay Only	\$1,300	\$4,600	No aprons or curb
Street - Overlay With Curb	\$1,500	\$5,400	No aprons
Street - Mill & Overlay	\$1,300	\$4,600	No aprons or curb

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**MEMO**

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Street - Mill & Overlay With Curb	\$1,500	\$5,400	No aprons
Street - Full Depth Reclamation	\$2,300	\$6,800	No aprons or curb
Street - Full Street Reconstruction	\$2,500	\$6,800	Includes concrete curb/gutter, concrete aprons, includes utilities

Based on discussion from previous work sessions, feedback from property owners at neighborhood meetings, and consideration of assessment bonding limits, we recommend that the City Council consider the following per unit assessment rate for each improvement category.

<b>Assessment Rate Structure (for Council Consideration)</b>		
Improvement Category	Per Unit Assessments	Notes
Street - Overlay Only	\$2,400	No aprons or curb
Street - Overlay With Curb	\$2,900	No aprons
Street - Mill & Overlay	\$2,400	No aprons or curb
Street - Mill & Overlay With Curb	\$2,900	No aprons
Street - Full Depth Reclamation	\$4,500	Includes curb, no utilities
Street - Full Street Reconstruction	\$5,500	Includes concrete curb/gutter, concrete aprons, includes utilities

The benefit appraisal theorizes that there is an average of \$500 increase in property value with the addition of concrete curb and gutter. Note that the assessment amount above for “Street – Full Depth Reclamation” includes the additional \$500 for curb and gutter (Ford Road Assessment). For the Century Avenue assessment, the Council may want to consider reducing the assessment amount to \$4,000 because no concrete curb will be installed.

Based on the rate structure listed above for Council consideration, the percentage of cost assessed was determined to be the following.

<b>Estimated Financing Costs (Project Grouping)</b>					
Project	Equiv. Assessable Units	Project Cost	Total Assessment (Council)	Percentage of Cost	City Bond or Fund Contribution
2013	114	\$1,109,042	\$ 345,000	31%	\$ 764,042
2014	154	\$3,576,942	\$ 636,900	21%	\$2,940,042
2015	36	\$ 890,848	\$ 198,000	22%	\$ 692,848
<b>Total</b>	<b>310</b>	<b>\$5,576,832</b>	<b>\$ 1,179,900</b>	<b>23%</b>	<b>\$4,396,932</b>

**ATTACHMENT(S):**

- ❖ Draft local improvement policy

**ACTION(S) RECOMMENDED:**

- ❖ Consider draft local improvement policy, direct staff/engineer on revisions to include with final draft

## LOCAL IMPROVEMENT POLICY

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# LOCAL IMPROVEMENT POLICY CITY OF NEWPORT

**The City Council of the City of Newport, Minnesota hereby adopts the following policy relating to Local Improvements. Said policy superseding and replacing any and all previous versions:**

### INTRODUCTION:

The City of Newport has implemented a local improvement policy to provide a guide to the City Council for determining how assessments are to be allocated to properties benefitting from local improvement projects. The improvement policy has been in effect since 1999, and has been amended several times to reflect changes in state law and City policies.

The City, recognizing the reduction in property values, has amended the improvement guide to require at least a 20% contribution to reconstruction project costs through assessments, providing said assessments do not exceed the benefits accrued to properties. The City has implemented a per unit assessment approach to reconstruction projects, and has recognized the need for a separate unit assessment to reflect benefits received from several types of street improvement projects.

### SECTION 1 GENERAL POLICY STATEMENT

The purpose of this policy is to establish a fair and equitable manner of assessing the increase in market value (special benefit) associated with public improvement. The procedures used by the City for levying special assessments are those specified by Minnesota Statutes Chapter 429 which provides that all or a part of the cost of improvements may be assessed against benefiting properties.

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.
3. The assessment must be uniform in relation to the same class of property within the assessment area.

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 assigning the value of the benefit received by the improvement, and therefore the amount to be assessed, is the cost of providing the improvement. This shall be true provided the cost does not demonstrably exceed the increase in the market value of the property being assessed. The entire project shall be considered as a whole for the purpose

## LOCAL IMPROVEMENT POLICY

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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.

The assessment policy is intended to serve as a guide for a systematic assessment process in the City. There may be exceptions to the policy, unique circumstances, or situations which may require special consideration and discretion by City staff and the City Council

**DEFINITIONS.** For the purposes of this policy, the words below shall have the meanings given to them in this section.

Subd. 1. Assessable Front Footage Cost. The assessable front footage cost for properties benefiting from Class B improvements shall be the Total Project Cost, divided by the Total Front Footage. The total number of assessable units shall be the sum of: Residential Building Lots, Existing Residential Units, and Equivalent Residential Unit that are located in a Class C ~~or D or E~~ improvement. The determination of the total assessable units on a Class C ~~D or E~~ improvement shall be at the discretion of the City Council.

Subd. 2. Assessable Unit. An assessable unit shall be a lot located in a residential area which meets the requirement of a residential building lot, a tax lot of record the primary use of which is a single family residence, multifamily property, or equivalent residential unit having frontage on a Class B, C, ~~or D or E~~ improvement modified as described in Subd. 11.

Subd. 3. Construction of Served Properties. Construction of served properties shall mean a public improvement on land which has existing bituminous or concrete streets, and/or, existing City owned sewer and water utility services.

Subd. 4. Corner Lot. A lot situated at the intersection of two or more streets, or bounded on two or more adjacent sides by a public right-of-way containing a public street or planned for a public street.

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Subd. 5. Cost per Assessable Front Foot. The cost per assessable front foot shall be the cost of a Class B improvement which shall equal to the Total Project Cost divided by the number of Total Assessable Front Footage.

Subd. 6. Equivalent Residential Unit. An equivalent residential unit shall mean any residential building lot, or in the instance of non-residential property which consisting of 120 linear feet or less of frontage on a Class D ~~or E~~ improvement project. In the instance where the frontage of non-residential property exceeds multiples of 120 foot of frontage, additional or multiple thereof, a graduation equivalent residential unit shall be assigned as follows; for footage in excess of 120 feet or multiples thereof .25 of an Equivalent Residential Unit if the

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exceedance is 15 feet or greater but less than 51 feet; .50 of an Equivalent Residential Unit if the exceedance is 51 feet or greater but less than 86 feet; .75 of an Equivalent Residential Unit if the exceedance is 86 feet or greater but less than 120 feet . As modified herein each, corner lot, multifamily or nonresidential property, shall be adjusted by the appropriate factor to calculate the number of equivalent residential units attributable to a property. (e.g. a multifamily property containing six multifamily units shall be considered as 3 equivalent residential units).

- Subd.7. Existing Residential Unit. An existing residential unit shall mean any property or combination of properties with a separate Washington County PIN or combination of properties which by restrictive codicil recorded with the Washington County Register of Deeds is limited to a single family residential use.
- Subd. 8. Local Improvements. Local improvement shall mean a public improvement such as new construction or reconstruction of streets including, storm sewers, curb and gutters, construction or reconstruction of collector, non-collector or non-arterial streets, the construction or reconstruction of water mains, the construction of sanitary sewers, overlaying of bituminous pavement, slip-lining of water and sewer mains, and other similar projects.
- Subd. 9. Lot Double Frontage. Double frontage lot shall mean a lot where opposite lot lines abut two public or private roadway right-of-ways, which do not intersect at a corner of the lot, and in both instances the lot meets minimum frontage requirement in the zoning district the lot is located. Where a lot line abuts and/or straddles two zoning districts the most restrictive frontage requirement shall be applied.
- Subd. 10. Multi-family Property. A multi-family property shall be a property with a single P.I.N. as defined by the Washington County tax roll, the primary use of which is residential with more than one dwelling or apartment on the property.
- Subd. 11. Multi-Family Unit. A multi-family unit shall be each separate dwelling unit or apartment having discrete floor areas dedicated to cooking and toilet facilities which are located on a multi-family property. Each multi-family unit shall be equivalent to 50% of an existing residential unit.
- Subd. 12. New Construction. New construction shall mean a public improvement project where City streets and/or utilities are installed on land without existing bituminous or concrete streets or City owned sewer and water utility services.
- Subd. 13. Per Unit Charge. The per unit cost of a Class C, ~~or D, D, or E~~ improvement shall equal the total project cost divided by the number of total assessable units. (Also referred to as Basis).

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- Subd. 14. Per Unit Cost. The per unit cost shall be determined by the City Council and shall not be less than 20% of the per unit charge, or more than the amount of benefit to that Class of property as determined in the appraisal report.
- Subd. 15. Petition. Petition shall mean a written document presented to the City Council for purposes related to a local improvement. A petition shall contain a clear statement of its purposes on the top of each page upon which signatures appear purporting to validate the same. All signatures shall be accompanied by the address of the signator, the date of the signature and a printing of the signator's name.
- Subd. 16. Reconstruction. Reconstruction shall mean a public improvement on land which has existing City infrastructure, bituminous or concrete streets, and existing City owned sewer and water utility services that are deteriorated and require replacement to adequately service properties on the land to be improved.
- Subd. 17. Residential Building Lot. A residential building lot shall be any developed or undeveloped property which meets the City's requirements for issuance of a building permit for construction of a single family residence.
- Subd. 18. Total Front Footage. The total front footage on a Class B improvement shall be the sum of assessable footage for properties abutting or benefiting from the improvement.
- Subd. 19. Total Project Cost. The total project cost shall be the sum of all improvement costs including, costs of all items comprising the construction cost, engineering costs, legal costs, bonding costs, interest costs during construction, contingency costs, and other overhead, costs and fees which are directly attributable to completion of an improvement project. The total project cost shall be determined by the City Engineer.
- Subd. 20. Trunk or Arterial Roadway. A trunk or arterial roadway shall mean a roadway designed to provide access to local roadways. Trunk or arterial roadways shall be designed to have a width greater than 36 feet and shall be capable of sustaining traffic having an axel load of nine tons per axel or greater on a year round basis. Trunk or arterial roadways may be under the jurisdiction and/or ownership of City, County, State or Federal agencies.
- Subd. 21. Utility Assessment Rate. The utility assessment rate shall be established by the City Council but shall not be more than the amount of benefit to that Class of property as determined in the appraisal report.

### SECTION 2 INITIATION OF IMPROVEMENTS.

## LOCAL IMPROVEMENT POLICY

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- Subd. 1. Petition. A local improvement may be initiated by a petition of at least thirty-five percent (35%) of the benefited property owners. A benefited parcel can have only one signature. The petition shall be presented to the Clerk who shall place it on the agenda at the next available City Council meeting for its consideration. The City Council shall review the petition, as to its adequacy under this policy. If the City Council finds that it meets the criteria herein, it may adopt a resolution by affirmative vote of the majority of all City Council members to undertake the project.
- Subd. 2. Petition by 100% of Owners. A local improvement may be initiated by a petition of 100% of the benefited property owners. The benefited parcel can have only one signature. The petition shall be presented to the clerk, who shall place it on the agenda at the next available City Council meeting for its consideration. The City Council shall review the petition as to its adequacy under this policy. If the council finds that it meets the criteria herein, it may adopt a resolution by the affirmative vote of the City Council to undertake the project. The resolution ordering any improvements initiated by all owners of abutting property and assessing the entire cost against their property may be adopted without a public hearing.
- Subd. 3. City Council Resolution. As an alternative to the method prescribed in Subdivision 1 above, a local improvement may be initiated by a resolution adopted by a 4/5 affirmative vote of all City Council members being at least 4 of 5 in favor, and a statement of need from the City Engineer.
- Subd. 4. Report of City Engineer. When local improvements are initiated pursuant to either Subdivision 1, 2 or Subdivision 3 above, the City Council shall direct the City Engineer to undertake a study and make a report outlining the nature, scope and feasibility of the proposed improvements, a cost estimate, a recommendation regarding benefited property and any other information deemed necessary or appropriate by the City Council.
- Subd. 5. Report of Appraiser. Minn. Stat. §429.051 APPORTIONMENT OF COST states "*The cost of any improvement, or any part thereof, may be assessed upon property benefited by the improvement, based upon the benefits received*". To assist the City Council to determine the value of benefits that are received, the City Council shall direct an appraisal report of estimated benefits to be undertaken by an accredited real estate professional. The report shall: include the professional's opinion of the benefit the land receives from the improvement, and whether the assessment as proposed by the City Council for properties as a class, exceeds the special benefit measured by the increase in market value due to the improvement, and that the assessment is uniform as applied to all properties of the same Class. The accredited real estate professional who prepares the report shall present written or oral testimony at the assessment hearings on the increase in market value by Class as a result of the proposed improvements.

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Subd. 6. Hearing Regarding Proposed Improvements. Following receipt by the City Council of the Engineer's report described in Subdivision 3 above, the City Council shall set a public hearing on the proposed improvements in accordance with *Minnesota Statutes, Section 429.031*. A public hearing is not needed if one hundred percent (100%) of the affected property owners sign the petition requesting the improvement.

Subd. 7. Ordering Improvements and Advertising for Bids. At any time within six months following the hearing described in Subdivision 4 above, the City Council may by resolution order the improvements. If the improvements were initiated by petition, a majority vote of all council members to order the improvements is needed. In the absence of a petition containing at least 35% of the owners of benefiting property, a 4/5 majority vote of all council members is required to order the improvements.

When the proposed improvement is ordered by the City Council, the City Council may at any time within one year following the ordering of the improvement, let the contract for all or part of the work in accordance with *Minnesota Statutes, Section 429.041*, unless a different time limit is specifically stated in the Resolution ordering the improvement.

SECTION 3 APPORTIONMENT OF COST. The cost of improvements may be assessed where appropriate upon property benefited by the improvement, based upon benefits received, whether or not the property abuts the improvement, and whether or not any part of the cost of the improvement is funded by the City of Newport, Washington County funds, State Aid Highway Fund, Municipal State Aid Street Fund, or State or Federal Highway Funds in accordance with the rules described in Sections 5 through 14 of this policy.

SECTION 4 ASSESSMENT PROCEDURE. The City Council shall establish the interest rate and period of time over which the special assessment shall be paid. In general the interest rate shall be 1.25% higher than that of the funding bond issue. In addition to the provisions of this policy, assessments shall be made in compliance with the assessment procedures described in *Minnesota Statutes, Section 429.061* relating to the notice and conduct of assessment hearings, the adoption of proposed assessments, the transmission of certified assessment rolls to the County Auditor and other related matters.

SECTION 5 CLASSIFICATION OF LOCAL IMPROVEMENT PROJECTS.

In General, local improvements are divided into the five classes specified in the following subdivisions according to their respective benefits to the City as a whole and to property specially served by the improvement:

Class A. Class A improvements are those which are of general benefit to the City at-large, including, by way of illustration, (1) public buildings, except a building which is part of an improvement described in one of the following subdivisions; (2) public parks, playgrounds, or recreational facilities; (3) street lighting systems; (4) any improvement not described in

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*Minnesota Statutes, Section 429.021, Subdivision 1*; and (5) off-street parking facilities. Any such improvements shall be financed from general City funds and not from special assessments.

Class B. Class B improvements are those which are of both general benefit to the City at-large as well as special benefit to the abutting or nearby property. Class B improvements include new construction of water mains, sanitary sewer mains, collector, arterial or other local streets, storm sewers, and alleys. New construction; benefitting properties shall be assessed 100% of the total project cost.

Class C. Class C improvements are those which, in some part, benefit the property abutting or in the area of the improvement, said properties having some level of existing City infrastructure including improvement of properties which have existing bituminous or concrete streets, storm sewers, alleys and/or, existing City owned sewer and water utility services.

Class D. Class D improvements are those which, in some part, benefit the property abutting or in the area of the improvement, including, (1) the reconstruction of streets including storm sewers and curb and gutters; (2) the reconstruction of water mains; (3) the reconstruction of sanitary sewer mains; (4) the reconstruction of collector arterial or local streets or alleys; and

~~Class E. Class E improvements include extraordinary maintenance activities which, in some part, benefit the property abutting or in the area of the improvement, including, overlay or partial reconstruction and patching of thoroughfares or alleys and sidewalks, where said facilities are in a distressed condition such that extraordinary maintenance such as seal coating, patching, or overlaying with a new bituminous mat or concrete side walk, or slip lining sewer and water mains will extend the usable life of the Utility by more than 10 years, as certified by the City Engineer.~~

SECTION 6 FINANCING CLASS B, C, D AND E IMPROVEMENTS. It is the policy of the City of Newport to finance Class B, C, D and E improvements by the methods prescribed in Sections 7, 8, and 9 below. The apportionment of the cost between benefited property and the City at-large and the method of levying assessments prescribed in those Sections shall be followed in each case unless the City Council, by Resolution, finds that because of special circumstances stated in the Resolution, a different apportionment is necessary or desirable in the particular case. Any local improvement described in *Minnesota Statutes, Chapter 429* and not placed in Class A, B, C, ~~or D or E~~ by Section 5 above, shall be financed as the City Council determines to be most feasible and equitable in each case. In each case, the City Council shall examine the assessment roll before approval and adjust any assessment which exceeds the benefit received by the Class of property assessed, as determined by the Appraisers' evaluation of benefit.

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### SECTION 7 ASSESSMENT RULES FOR CLASS B IMPROVEMENTS.

- Subd. 1. Assessment for Class B new construction of properties fronting on Non-collector Streets. Properties with frontage on new non-collector streets shall be assessed on a frontage basis. The costs to be assessed shall be determined by the City Engineer and shall not exceed 100% of the amount sufficient to construct the non-collector Street. Assessments shall be based upon the front footage cost times the footage of the property benefiting from the Class B improvements. Corner Lots shall be addressed as described in Subd. 2.
- Subd. 2. Collector and Arterial Street Construction or Reconstruction. When a new arterial street, including any curb and gutter, sidewalk or new storm sewer is constructed, benefited property shall be assessed at a rate not to exceed 100% of the amount sufficient to construct a non-collector or non-arterial street which would include curb and gutter, sidewalk or new storm sewer as determined by the City Engineer and the assessed amount shall be calculated based on the basis of abutting frontage. Any improvement cost in excess of the amount sufficient to construct a non-collector or non-arterial street, if any, shall be paid from the general City funds. However, properties fronting on arterial or collector streets receiving benefit from the construction of city utilities shall be assessed for the costs of utility improvements as described in Subdivision 3 below. As to properties not fronting on collector or arterial streets, the costs of construction or reconstruction may be assessed on the basis of frontage on streets in the benefited area. The benefited area shall be defined by the City Engineer. Property containing multi-family residences shall be assessed at a rate one times the rate assessed single family residential property per multi family unit. Commercial property shall be assessed at residential rate per assessable footage. Corner lots with side yards abutting collector or arterial streets shall be assessed one hundred percent (100%) of the costs of collector or arterial street construction or reconstruction as determined on a linear foot basis measured against the abutting side yard. Corner lots with two sides abutting new construction shall be assessed one hundred and fifty percent of the costs of collector or arterial street construction, as determined on a linear foot basis measured against the *longest* side, irrespective of which side of the property is improved. In the event that an unimproved abutting side of the corner lot is improved after the greater of 15 years or the assessment period on the improved side the City council may elect to reassess the lot to recover any benefit accrued from the secondary improvement.
- Subd. 3. Water Mains and Sanitary Sewers and Trunk Facilities. One hundred percent (100%) of the cost of lateral water mains not exceeding six inches in diameter and

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of lateral sewer mains not exceeding eight inches in diameter shall be assessed against the abutting property on the basis of frontage. The cost of water mains includes hydrants and valves and any required appurtenances. The cost of sewer mains includes manholes and any required appurtenances. In the case of an assessment for a lateral water or sewer main, corner lots shall be assessed for the footage along the longest side of the lot. When new construction of water or sewer main is laid across or adjacent to a platted property, the City shall not defer the assessment against the unplatted property if the assessment would be made for such improvement in the case of platted property, but the City shall make the assessment at the time the assessment against other property is made, apportioning the assessment against the unplatted property on the basis of area. When a trunk sewer or water main is constructed and is to serve also as a lateral sewer or water main for abutting property, the abutting property shall be assessed for 100% of the total project cost of constructing a lateral eight inch sewer main or six inch water main, and equivalently sized appurtenances, plus the costs of its proportionate share of the cost of the excess capacity. Other property benefited by the trunk water or sewer main but unable to utilize it until a lateral connected to the trunk sewer or water main has been built to serve the property shall not be assessed for its portion of the cost of the trunk sewer or water main until the lateral is built. The assessment for the lateral shall then include the property's share of the trunk water or sewer main. The cost of the trunk sewer or water main in excess of the lateral assessment shall be assessed on the basis of area against all properties benefited as determined by the City Engineer. The cost of a lift station shall be assessed on the basis of design flow served against that flow generated by the property as determined by the City Engineer.

### SECTION 8 ASSESSMENT RULES FOR CLASS C IMPROVEMENTS.

Assessment of Class C improvements shall be as follows; new construction shall be assessed 100% of the street and or utility construction. Reconstruction of a street or utility included along with new construction shall be assessed as proscribed for Class D improvements.

There are basically three items that would be assessed in the condition where either Street, water or Sewer exists and moves the project from a Class B (all new construction) to a Class C (existence of at least one of three City owned facilities exist; (bituminous or concrete Street, Sewer, Water), for example:

- i. A **new street** would be treated like **Class B** assessments. (**100%** of cost of the new street on a **front foot basis**). A **new utility** (Sewer and/or Water) would be treated like **Class B** assessments. (**100%** of the cost of the new utility would be treated like **Class B** assessments.)

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- ii. Any existing facilities would be treated like Class D improvements (a 20% per unit cost for street reconstruction and/or Utility Assessment of established as \$500 per unit for the 2012 Street Improvements to upgrade or replace existing utilities like Class D.)
- iii. If a bituminous or concrete City Street exists and the petitioners want to reconstruct the existing street the assessment would be treated like a Class D improvement (a 20% per unit cost for street reconstruction.)
- iv. If there has never been a street but there is water and sewer then the street is assessed 100% and water and sewer would be assessed a utility assessment. If there is no water and sewer but the street is reconstructed then water and sewer is assessed at 100% and the street is assessed at as proscribed for Class D improvements.

### SECTION 9 ASSESSMENT RULES FOR CLASS D. & E. IMPROVEMENTS.

Subd. 1. Collector and Arterial Street Construction or Reconstruction. When a collector or arterial street, curb and gutter, sidewalk or new storm sewer is reconstructed, benefited property shall be assessed at a rate determined by the City Council. The rate shall not be less than 20% of the per unit charge (of an amount sufficient to construct a non-collector or non-arterial street), nor more than the benefit to that Class of property as determined in the appraisal report. The total project cost sufficient to construct a non-collector or non-arterial street shall be as determined by the City Engineer.

When a local street or alley is reconstructed the rate shall not be less than 20% of the per unit charges, or more than the benefit to that Class of property as determined in the appraisal report.

Sewer and water reconstruction may be financed in part by utility assessments.

All remaining costs of the improvements, if any, shall be paid from the general City funds or revenues from City Enterprise funds. However, properties fronting on arterial or collector streets shall be assessed for the costs of improvements as described in Subdivision 3 below.

As to properties not fronting on reconstructed collector, arterial streets, local streets or alleys, assessments shall be equal **to 20% of the per unit charge times the number of possible assessable units on that property.** The number of possible assessable units shall be defined by the City Engineer.

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Corner lots with side yards abutting local, collector, or arterial streets shall be assessed one hundred percent (100%) of the per unit cost of local, non-collector or non-arterial street reconstruction as determined on a per unit basis. If only one side of the corner lot is improved the side improved shall be assessed 100% of the per unit charge. If the second side of the corner lot is improved within the greater of 15 years from certification of the assessment roll or within the payment period of the assessment the second side shall be assessed 0% of the per unit charge as calculated for the latter project. In the event that an unimproved abutting side of the corner lot is improved after 15 year of certification of the assessment or after the payment period of the assessment has expired on the improved side the City Council may elect to reassess the lot.

- Subd. 2. Assessment for re-construction improvements benefiting properties fronting on arterial or Collector Streets shall be assessed on a **per unit** basis of a local, non-collector, Non-arterial Street. The per unit costs to be assessed shall be determined by the City Council, based upon input from the City engineer.
- Subd. 3. Trunk Water Mains and Sanitary Sewers. When reconstruction of water or sewer main is laid across or adjacent to a unplatted property, the City shall not defer the assessment against the unplatted property, but the City shall make the assessment at the time the property is developed, apportioning the assessment against the unplatted property on the basis of an estimate of benefiting units resulting from the development. When a trunk sewer or water main is constructed and is to serve also as a lateral sewer or water main for abutting property, the abutting property shall be cost equivalent to the cost of constructing an eight inch lateral sewer or an eight inch water main. Other property benefited by the trunk water or sewer main but unable to utilize it until a lateral is connected to the trunk sewer or water main has been built to serve the property shall not be assessed for its portion of the cost of the trunk sewer or water main until the lateral is built. The assessment for the lateral shall then include the property's share of the trunk water or sewer main. The cost of the trunk sewer or water main in excess of the lateral assessment shall be assessed on the basis of area served against all properties benefited as determined by the City Engineer. The cost of a lift station shall be assessed on the basis of area served against that property actually benefited by the lift station. Multi-unit residential property shall be assessed 50% of the single family residential rate per unit, times the number of multi-family units. Commercial property shall be assessed at the single family residential rate times the number of equivalent assessable units on the property.

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Subd. 4. Utility Assessment Rates. Properties benefiting from reconstruction of sewer or water mains shall be assessed based upon a per unit utility assessment rate times the number of assessable units attributed to the property. The per unit utility assessment rate shall be determined by the City Council after consideration of the costs of utility reconstruction and the appraiser's opinion of benefit. The per unit utility is an amount determined by the City Council which shall be less than or equal to the estimated benefit accruing from upgrade or replacement of the utility.

SECTION 10 FEDERAL, STATE AND COUNTY AID USE. If the City participates in a project which receives financial assistance from the Federal, State or County governments to defray a portion of the cost of a local improvement project, such aid shall be used first to reduce the share of the project cost which would be met from general City funds according to the assessment formula contained in this policy. If such aid is more than the amount of the improvement cost to be borne by the City, the remainder of the aid so received shall be used to reduce each individual assessment proportionately.

### SECTION 11 DEFERMENT OF SPECIAL ASSESSMENTS.

Subd.1. 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 Clerk is hereby authorized to record the deferment of special assessments where the following conditions are met:

1. The applicant must apply for the deferment not later than 90 days after the assessment is adopted by the City Council.
2. The applicant must be 65 years of age or older or retired by virtue of permanent and total disability.
3. The applicant must be the owner of the property.
4. The applicant must occupy the property as his principal place of residence.
5. The average annual payment for assessments levied against the subject property exceeds one percent (1%) of the adjusted gross income of the applicant as evidenced by the applicant's most recent federal income tax return. The average annual payment of an assessment shall be the total cost of the assessment divided by the number of years over which it is spread.

Subd. 2. The deferment shall be granted for as long a period of time as the hardship exists and the conditions aforementioned have been met. However, it shall be the duty of

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the applicant to notify the City Clerk of any change in his status that would affect eligibility for deferment.

Subd. 3. The entire amount of deferred special assessments shall be due within sixty (60) days after loss of eligibility by the applicant. If the special assessment is not paid within the sixty (60) days, the City Clerk shall add thereto interest at a per annum interest rate of two percent (2%) above the bond interest rate, 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 demonstrate 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 sixty (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 assessments.

Subd. 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:

1. The death of the owner when there is no spouse who is eligible for deferment.
2. The sale, transfer or subdivision of all or any part of the property.
3. Loss of homestead status on the property.
4. Determination by the Council for any reason that immediate or partial payment would impose no hardship.

**SECTION 12 DEFERRALS FOR GREEN ACRES.** That “green acres” law requires deferrals for certain agricultural or specialized use property (such as a nursery or greenhouse). To defer these assessments on agricultural property, the City must file a certificate with the County Recorder stating the legal description of the property, subject to deferred assessments in the amount of the deferred assessment. Such property must meet strict requirements to qualify for tax benefits as agricultural property. All deferrals shall be made pursuant to Minn. Stat. § 273.111, Subds. 3, 6, and 11, and Chapter 429 of Minnesota Statutes.

**SECTION 13 PARTIAL PREPAYMENT.** After the adoption by the City Council of the assessment roll in any local improvement proceeding, the owner of any property specially assessed in the proceeding may, prior to the certification of the assessment of the first installment to the County Auditor, pay the City Treasurer any portion of the assessment not

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less than \$500.00, or the property owner may pay the entire amount. The remaining unpaid balance shall be spread over the period of time established by the City Council for installment payment of the assessment.

**SECTION 14 CERTIFICATION OF ASSESSMENTS.** After adoption of any special assessment by the City Council, the Clerk shall transmit a certified duplicate or the assessment role with each installment, including interest, set forth separately to the County Auditor to be extended on the proper tax lists of the County. The assessment may be paid without interest within thirty (30) days after the adoption of the assessment policy, or until the assessment is filed at with the County Auditor.

**SECTION 15 ABANDONED IMPROVEMENTS.** If the City abandons a local improvement project before completion, the City must notify the County Auditor. Upon notification, the Auditor shall cancel collection of all payments of interest not already collected or in the process of collection. Once the City decides to abandon an improvement project, the City Clerk must notify all affected citizens of that fact. The notice shall describe the local improvement state that it has been abandoned and may provide information on refunds.

**SECTION 16 TAX EXEMPT PROPERTY.** The City shall mail notice to the owners of tax exempt or railroad property, so long as the property benefits from the improvement. The notice shall specify the amount payable under the assessment and the conditions for payment, including the number and the amount of each installment, and the rate of interest on the penalty for default. Interest does not accrue until thirty (30) days after mailed notice is given. If the assessment is not paid in a single installment, the City shall annually mail a payment reminder to the tax exempt owners. Such owners include railroads, utility right-of-way owner, or another governmental unit.

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**This Local Improvement Policy was adopted by Resolution of the City Council of the City of Newport on the \_\_\_\_\_ day of \_\_\_\_\_, 2013.**

Signed: \_\_\_\_\_ Timothy Tim Geraghty, Mayor

ATTEST: \_\_\_\_\_, City

~~Clerk/Treasurer/Administrator~~

City Seal

FOR CITY REVIEW