

Special Assessment Policy

City of Silver Bay, Minnesota

I. PURPOSE AND NEED FOR POLICY

City streets and utilities have a finite useful service life. For these facilities to provide continued service, there must be a prescribed method of programming, financing, and constructing needed ongoing maintenance and replacement projects within the city. As part of the financing for improvement projects, special assessments may be used to share the cost with benefiting properties.

The city must have a standard method for applying its levied special assessments to benefiting properties within the city. It is the goal of this policy to apply special assessments fairly, and uniformly for properties within the City of Silver Bay. The city shall utilize this special assessment policy in accordance with Minnesota Statutes Chapter 429.

II. POLICY

PUBLIC IMPROVEMENT:

All public streets under the jurisdiction of the City shall be inventoried and analyzed for the purpose of prioritizing the reconstruction, reclamation/rehabilitation, mill/overlay, and preventative maintenance programs of the City.

- A) For the purposes of this policy, the following definitions will apply:
- 1) **RECONSTRUCTION** - will be defined as a project whereby all meaningful elements of a street are analyzed for removal and replacement. These include curb and gutter, bituminous or concrete pavement, gravel base, subgrade replacement as necessary and items appurtenant to these elements. These projects will be assessed at a rate adopted in the current Fee Schedule.
 - 2) **RECLAMATION/REHABILITATION** – will be defined as a project whereby the pavement, gravel base and other roadway items are reclaimed or replaced. These elements include bituminous or concrete pavement, gravel base and subgrade replacement as necessary, spot replacement of concrete curb and gutter and driveways. Will be assessed at 40% of the street project costs.
 - 3) **MILL/OVERLAY** - This work generally involves spot repair of sidewalk, concrete curb and gutter, and resurfacing of the pavement surface. This type of project will likely occur when extensive underground utility work and full depth pavement is not necessary but resurfacing of the pavement is required. Will be assessed at 40% of the street project costs.
 - 4) **PREVENTATIVE MAINTENANCE** - will be defined as work that involves a level of effort less than that involved in reconstruction, reclamation or rehabilitation, the intent of which is to extend the life of the existing pavement. Preventative maintenance will include, but not be limited to crack sealing, seal coating, and patching. These activities are designed to extend the life of the pavement.

5) **SURFACE IMPROVEMENTS** - will be defined to include all components of a road, including but not limited to the curb/gutter, filter fabric, sand base, aggregate base, and paving.

- B) Preventative maintenance shall be funded entirely by ad valorem taxes except for utility maintenance items that are affected by the preventative maintenance may be funded by those revenue funds.
- C) Reconstruction, Reclamation/Rehabilitation, and Mill/Overlay work may be financed using special assessments and other sources such as ad valorem taxes, enterprise funds, Tax Increment Funds (TIF), etc., as provided under Minnesota Statutes Chapter 429.
- D) Interest will be charged for special assessments. Assessments may be deferred under state law (Minn. Stat. § 435.193) upon application by the owner and approval of the Council. The interest rate is determined by adding 2% to the net interest cost of the most recent bond issue sold by the City.
- E) The length of time that assessments are to be paid:

Mill/Overlay	5 years
Reconstruction/Reclamation/Rehabilitation	15 years

III. PROCEDURE/CALCULATIONS

A) Assessment Determination

Assessments will be determined on an equivalent residential unit (ERU) basis.

One ERU is equal to one single-family residential unit.

The per ERU assessment rate will be set at least annually by the City Council with the adoption of the annual fee resolution.

Single-family corner lots shall be assessed only for the street on which the property is addressed.

The number of ERUs per property type shall be as follows, subject to adjustment by the Council for any inequities arising from the specific situation of a given project and assessment:

Residential Equivalency Units (ERU)	
Single-Family	1 ERU *
Multi-Family (Duplexes, townhomes, etc.)	1 ERU **
Apartment	0.5 ERU per unit
Commercial (Small Area < 1.0 acre)	2.5 ERUs
Commercial (Medium Area 1.0 to 3.0 acre)	3.5 ERUs
Commercial (Large Area > 3.0 acre)	5 ERUs

* Single-family properties shall include all lot(s) which are covered by a residential home. Vacant platted residential lots which are buildable shall be assigned an appropriate ERU factor for purposes of being specially assessed. For vacant platted residential lots which are buildable, property owners will be given the option to execute and record a restrictive development covenant for a period of 15-years in-lieu of being specially assessed. The deed restriction will outline terms and conditions under which an owner may make application to improve said property prior to the expiration of a 15-year period including but not limited to the payment an assessment amount in-place at the date of the agreement plus a 3% annual inflationary factor.

** 1 ERU shall be applied to each individual living unit.

Assessments for all other property types will be determined on a project-by-project basis in accordance with Minnesota Statute Chapter 429.

B) New Construction

New development and construction of streets, water main, storm drain facilities, and sanitary sewer facilities shall be assessed in accordance with Minnesota Statute Chapter 429. Assessments shall be based on the construction cost plus engineering, legal, financing (including capitalized interest), and administration costs.

IV. AUTHORITY

Administrative implementation of policy. Minnesota State Statute 429.101.