



EDINA CITY COUNCIL POLICY

POLICY: Special Assessment Policy

DATE APPROVED BY COUNCIL: September 7, 2010

POLICY PURPOSE:

Establish an assessment policy for typical assessments that include local roadways, sidewalks, decorative street lighting, sound walls, garbage and debris removal, aquatic weeds, weed mowing, tree removals, and maintenance districts.

POLICY:

1. Cost of Non-State Aid Residential Street Curb and Gutter will be financed by the Storm Water Utility Fund.
2. Street Reconstruction Cost (excluding curb and gutter) should be assessed at 100% of the cost.
3. The assessable unit for non-state aid residential street projects should be the residential equivalent unit (REU) rather than the front footage of the lot.
4. If a corner lot is subject to multiple street reconstruction assessments, the total assessable cost should be the equivalent to 1 residential equivalent unit. The address of the lot shall determine if the corner lot is assessed at 1, 1/3, 2/3, or 0 REU's for that project:
 - If the address of the lot is on the roadway being reconstructed and no previous roadway assessments have been levied for that lot, the REU shall be 1 REU.
 - If the address of the lot is on the roadway being constructed and a roadway assessment has been levied previously for that lot, the REU shall be 2/3 REU.
 - If the address of the lot is not on the roadway being constructed, but the side or rear yard is and no previous roadway assessment has been levied for that lot, the REU shall be 1/3 REU.
 - If the address of the lot is not on the roadway being constructed, but the side or rear yard is and a roadway assessment has previously been levied for that lot of 1 REU, the REU shall be 0 REU.
5. Lots subject to multiple assessments cannot be treated differently than lots subject to a single assessment.
6. Capitalized interest, engineering costs, and other project related costs shall reflect the costs that have been incurred for that particular special assessment. All engineering costs and other project related costs shall be directly related to that particular special assessment. Capitalized interest is the cost of funds used to finance the project construction until the adoption of the resolution imposing the special assessment.
7. Payback of special assessments:
 - a. The term of special assessments are as follows:
 - i. Local roadway reconstruction - 10 years.
 - ii. Sidewalks (stand alone project) – 3 years.
 - iii. Decorative street lighting (stand alone project) – 3 years.

- iv. Sound walls – 15 years.
 - v. Garbage and debris removal, aquatic weeds, weed mowing, and, and maintenance districts – 1 year.
 - vi. Tree removals - 1 year if under \$500, 2 years if \$500 to \$1000, and 3 years if over \$1000.
- b. Assessment Interest Rate – The interest rate for a special assessment shall be 2% higher than the true interest “net interest” rate of the bonds that have been issued for the project. If a bond is not issued for a project then the interest rate shall be 2% higher than the true interest rate of the most recent bonds sold by the City prior to ordering the public improvement. The interest rates for 7.a.v. and 7.a.vi. above shall be 6.5%.
 - c. The City will accept both partial pre-payments and full pre-payments on assessments before certifying the assessment to the County. For ease of administration, a minimum of 25% of the assessable cost must be applied for a partial payment.
 - d. Senior Deferral Program will be accepted as a repayment.
 - e. Payments shall be amortized using a level principal declining total payment schedule.
8. The new policy will not be retroactive to projects that have already been assessed.

Background:

- A. Special Assessment Policy Background dated September 7, 2010
- B. Special Assessment Policy Proposal dated August 16, 2005