



CITY OF EDINA
SPECIAL ASSESSMENT POLICY
April-6 July 21, 2021

POLICY PURPOSE:

Establish a special assessment policy for public improvements for local and MSA roadways, alleys, sound walls, water service utility lines, sanitary sewer service utility lines, street lights, sump pump removal or redirection, garbage and debris removal, aquatic weeds, weed mowing, tree removals, and maintenance districts.

DEFINITIONS:

1. Municipal State Aid Roadway (MSA): MSA refers to roadways that are enrolled in the MSA system and is eligible for State Aid funding.
2. Local Roadway: All other roadways without an MSA designation.
3. Public Retaining Walls: Retaining walls installed by the City to support streets, alleys or sidewalks.
4. Subcut: Excavation and replacement of unsuitable subgrade soils under the proposed roadway pavement and aggregate base section with suitable load bearing soils.

POLICY:

Assessable Costs: Assessable costs shall be assessed to the benefitting properties of the public improvement, based on a Residential Equivalent Unit formula or an alternate methodology described below. Assessable costs include all project costs not allocated to other funding sources or otherwise excluded by this policy. Assessable costs include the following: mobilization, direct construction costs, construction finance costs, City and contracted engineering costs, scientific and technical consulting costs, printing and mailing, legal and other project related costs. Assessable costs do not include subcut or public retaining walls. Construction finance costs are the cost of funds used to finance the project construction until the adoption of the resolution imposing the special assessment. Costs are assessed as follows:

- ~~20~~ A percentage% of the costs for MSA roadways based on Table 1-
- ~~100~~ A percentage% of the costs for local roadways and alleys based on Table 2.
- 100% of the costs specific to a single benefitting property, elected to be assessed by the property owner for the following:
 - Sanitary Sewer Service Utility Line
 - Water Service Utility Line
 - Sump Pump Removal or Redirection
 - Tree Removal
- ~~100~~ A percentage% of the costs for alleys (rename Table 2 as "Estimated Assessment for Local Roadways and Alleys").
- 100% of the costs for streetlights.
- 100% of the costs for sound walls unless partially financed by another agency.
- 100% of the costs for designated Maintenance Districts.
- 100% of the costs for garbage and debris removal, aquatic weeds, and weed mowing.

Residential Equivalent Unit (REU): REU is an equivalency factor used to determine assessment amounts for MSA, local roadway and alley improvements. REU is based on traffic generation of one residential lot, regardless of lot size or amount of street frontage. REU's shall be calculated according to the following table:

Scenario	Land Use Class	REU Factor	Notes
A	Single Family Residential – Single Family Detached	1.0	1
B	Multi-Family Residential – Single Family Attached	0.8	1
C	Multi-Family Residential – Multi-Family	0.5	1,4
D	Industrial and Utility	0.5	2,3
E	Commercial – Office and Retail	1.5	2,4
F	Institutional – City Owned Buildings	0.9	2,5
G	Institutional – City Owned Open Space	See Note	2,6
H	Institutional – Schools – Public and Private	0.2	2
I	Institutional – Places of Worship	0.2	2
J	Mixed Use	See Note	4

- Notes:
1. Per Unit
 2. Per 1000 SF Gross Floor Area from the Assessing Department
 3. All uses allowed in Planned Industrial Development (PID) except offices and retail.
 4. Mixed Use Properties – A combination calculation by Land Use Class (generally mixes of C and E from data held in the Assessing Department).
 5. Facilities associated with the production or distribution of water, sanitary, or storm water shall not be assessed. These include, but are not limited to: parcels with well houses, lift stations, water towers, water treatment facilities.
 6. REU calculations shall be based on the placement of like-sized lot lines of nearby properties on developable space. These are for only the first layer of potential properties directly adjacent to the open space. Areas of wetlands, floodway, or other non-developable space will not be considered in the calculation.

REU for Corner Lots: If a corner lot is subject to multiple roadway assessments on adjacent streets, the total assessable cost shall be equal to one (1) REU after all streets are improved. A partial REU shall be determined by dividing the number of improved streets by the number of adjacent streets.

In a typical corner lot on the boundary of an improvement project, this will result in a 0.5 REU per street assessed in two separate projects, totaling 1 REU. Corner lots subject to a previous street reconstruction assessment under the previous corner lot methodology that paid a 2/3 REU will be assessed 1/3 REU.

Other Costs: Other costs are improvement costs paid for by other funding sources such as the Utility Fund, Pedestrian and Cyclist Safety Fund (PACS), MSA, taxes, or other funding sources described in an agreement. Other costs include the following public improvements:

- 80 A percentage % of the costs for MSA roadway based on Table 1.
- A percentage of costs for local roadways and alleys based on Table 2.
- The costs of curbs, gutters and other storm water management improvements are paid from the Utility Fund.

- The costs of the publicly-owned portions of underground water, sanitary sewer, or storm sewer utility lines are paid from the Utility Fund.
- The costs of sidewalks, trails, and pedestrian/cyclist related safety improvements are paid from PACS.

Payment and Interest: Assessment methodology, repayment, and interest are described in the table below, and are subject to the following provisions:

Project Type	Assessment Methodology	Payment Period	Interest Rate
MSA or Local Roadway	REU	15 years	Net Interest +1%
Sanitary Sewer Service Utility Line	Direct Costs	15 years	Net Interest +1% or 6.5%*
Water Service Utility Line	Direct Costs	15 years	Net Interest +1% or 6.5%*
Street Lighting	REU	5 years	Net Interest +1%
Alleys	REU	5 years	Net Interest +1%
Sound Wall	Benefit Determination	15 years	Net Interest +1%
Sump Pump Removal and Redirection	Direct Costs	5 years	6.5%
Maintenance District	Direct Costs	1 Year	6.5%
Garbage and Debris Removal	Direct Costs	1 Year	6.5%
Tree Removal under \$500	Direct Costs	1 Year	6.5%
Tree Removal \$500-\$1000	Direct Costs	2 Year	6.5%
Tree Removal over \$1000	Direct Costs	3 Year	6.5%

*6.5% if not done with roadway improvements.

1. **Assessment Interest Rate** – The interest rate for a special assessment shall be paid based on the “net interest” rate of the bonds to be issued for the project, plus an interest rate premium described in the table above. If a bond is not issued for a project then the net-interest rate shall be the net interest rate of the most recent bonds sold by the City prior to ordering the public improvement.
2. **Senior Deferral Program:** The City makes available an option for residents over age 65 or who have a permanent disability and meet eligibility standards to defer special assessment. The Senior Deferral Program is described in Resolution 2005-78 (Appendix 13).
3. **Prepayment:** The City will accept both partial pre-payments and full pre-payments on assessments before certifying the assessment to Hennepin County. A minimum of 25% of the assessable cost must be paid as a partial prepayment.
4. **Payment Periods:** Payment period vary depending on the purpose for which the assessment was levied. Payment periods and terms shall be amortized using a level annual payment schedule.

Background:

A. Special Assessment Policy dated April 6, 2021

~~A.B.~~ Special Assessment Policy dated December 4, 2018

~~B.C.~~ Special Assessment Policy dated June 7, 2016

~~C.D.~~ Special Assessment Policy dated August 6, 2012

- ~~D~~.E. Special Assessment Policy Background dated September 7, 2010
- ~~E~~.F. Special Assessment Policy Proposal dated August 16, 2005
- ~~F~~.G. Municipal State Aid Special Assessment Policy dated December 5, 2006
- ~~G~~.H. Municipal State Aid Special Assessment Policy dated December 21, 2010

Appendix:

- 1. Table 1: MSA Roadway Assessment Amount per Year
- 2. Table 2: Local Roadway and Alley Assessment Amount per Year
- ~~1~~.3. Senior Deferral Program Resolution 2005-78

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