

CHAPTER 7

FINANCING OF LOCAL IMPROVEMENTS

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SECTION 7.010 PURPOSE, SCOPE, AND LIMITS

Subd. 1. Purpose. The purpose of these special assessment policies is to set forth the policies and procedures for the determination of benefit and the assessment of cost of the various public improvements which are constructed and installed by the City of Eagle Lake pursuant to Minnesota Statutes, City Ordinances, and order of the City Council. These policies shall serve as a guide for this and future City Councils, for administrative personnel, and as a source of information for all persons concerned with such matters. It is the intent and purpose of these policies to provide for and insure consistent, uniform, fair, and equitable treatment, insofar as is practical and possible, of all property owners in regard to the assessment of cost for benefits to property for the various improvements of streets and utilities within the City.

Subd. 2. General Statement of Policy. The City Council of the City hereby declares that these assessment policies contained herein are the policies that the City is dedicated to follow as nearly as is possible and practical, and that all improvement costs shall, whenever possible, be assessed against benefited property as set forth in these policy statements.

Subd. 3. Scope and Limits. These assessment policies are designed to serve only as a general guide for the City Council in allocating benefits to properties for the purpose of defraying the cost of installing and improving public facilities. The Council reserves the right to vary from these policies if the policies act to create obvious inequalities, or where the assignment of benefit to a particular property is difficult because of an extreme or unusual situation, which is unlikely to occur in the future, or if such variance is deemed to be in the best interest of the City.

Subd. 4. Interpretation and Application. It is the intention of the Council, that in the event the literal application of the provisions outlined herein would result in an inequitable distribution of special assessments, the City Council reserves the right to adjust the policy so as to achieve a more equitable distribution, without formal amendment to the Code.

SECTION 7.020 DEFINITIONS

Subd. 1. Total Assessable Cost. For the purposes of this Chapter, Total Assessable Cost shall mean the portion of the total project cost that is to be financed through special assessments and shall be equal to the total project cost minus city cost.

Subd. 2. City. For the purposes of this Chapter, City shall mean the City of Eagle Lake.

Subd. 3. City Cost. For the purposes of this Chapter, City Cost shall mean the portion of the total project cost that is to be financed from sources other than special assessments and shall be equal to the total project cost minus total assessable cost.

Subd. 4. Assessable Frontage. For the purposes of this Chapter, Assessable Frontage shall mean the amount of frontage attributed to a property for assessment purposes and shall be based upon a formula set forth in this chapter.

Subd. 5. Benefited Property. For the purposes of this Chapter, Benefited Property shall mean any property that, in the opinion of the City Council and as a result of a given project receives some direct or indirect benefit, utility, value, or use.

Subd. 6. Undeveloped Areas. For the purposes of this Chapter, Undeveloped Areas shall mean any area that has not been subdivided.

Subd. 7. Arterial Streets. For the purposes of this Chapter, Arterial Streets shall mean a street which provides service to long and moderate trips and is used primarily for traffic to, from, and through the City.

Subd. 8. Collector Streets. For the purposes of this Chapter, Collector Streets shall mean any street which distributes trips from the arterial through the area to the ultimate destination which may or may not be on a local street.

Subd. 9. Residential Streets. For the purposes of this Chapter, Residential Streets shall mean any street which provides access to abutting properties from the higher order streets.

Subd. 10. Alleys. For the purposes of this Chapter, Alleys shall mean a public right-of-way primarily designed to serve as a secondary access to the side or rear of a property whose principal frontage is on some other street.

Subd. 11. Rural Streets. For the purposes of this Chapter, Rural Streets shall mean any road so designated by the City Council that is designed to serve areas that are not urban in nature and are not likely to become urban in nature during the normal life expectancy of the road.

Subd. 12. Trunk Line. For the purposes of this Chapter, Trunk Line shall mean a large diameter line which has the primary function of conveying water, sanitary sewer, storm sewer, or other utility for more than one property.

Subd. 13. Lateral. For the purposes of this Chapter, Lateral shall mean a small diameter line which has a primary function of conveying water, sanitary sewer, storm sewer or other utility between individual lots and the trunk lines.

Subd. 14. City Engineer. For the purposes of this Chapter, City Engineer shall mean a professional engineer as designated by the City Council.

SECTION 7.030 EXTENSIONS BEYOND CITY LIMITS

The City will only provide public improvements or extension of utility services beyond the city limits for the purpose of providing service to properties existing within the city limits. Properties located outside the city limits adjacent to the public improvements will be assessed for such improvements as described in Section 7.060, Subd. 5.10. Utility services will not be connected until the property has been annexed into the City.

SECTION 7.035 EXTENSIONS INTO UNDEVELOPED AREAS

The City will only provide public improvements or extension of utility service into undeveloped or non-platted areas for the purpose of providing service to adjacent developed properties. Properties in undeveloped or non-platted areas adjacent to the public improvements will be assessed for the improvements. Such properties will be included on the original assessment roll, for improvements as defined in Sections 7.080, 7.090, 7.100, 7.110, 7.120, 7.130, when such property is adjacent to the improvement area. Assessments on said properties will be filed with Blue Earth County Land Records and will be deferred as described in Section 7.060, Subd. 8 or in the alternative, the property owner may elect to pay the special assessment under the original terms of the amortization schedule so established for the project.

SECTION 7.040 SERVICE LIFE OF IMPROVEMENTS

Public Improvements are judged to have normal usable life expectancy. For the purpose of this policy statement, the life expectancy shall be as follows:

A. Surface Improvements

1. Grading and Graveling - no limit
2. Sidewalks - 30 years
3. Concrete Curb and Gutter - 30 years
4. Bituminous Pavement – 20 years
5. Concrete Pavement – 30 years

B. Subsurface Improvements

1. Sanitary Sewer - 40 years
2. Storm Sewer - 40 years
3. Sump Pump Lines - 40 Years
4. Watermain - 40 years

SECTION 7.050 STANDARDS FOR IMPROVEMENTS

Subd. 1. Streets.

- A. Prior to street construction, surfacing, or resurfacing, all utilities and utility service lines; including sanitary sewer, water lines, storm sewer and sump pump lines, and gas and electric services; shall be installed to serve each known or assumed building location.
- B. No surface improvements to less than both sides of a full block of street shall be approved except as necessary to complete the improvement of a block which has previously been partially completed.
- C. All streets shall be constructed according to minimum design standards as determined by the City Engineer:

Subd. 2. Curb and Gutter.

- A. Concrete curbing or curb and gutter shall be installed at the same time as street surfacing or resurfacing, except that curbs shall not be required where a permanent rural street design is approved by the City Council.
- B. All curb and gutter shall be constructed of concrete and shall meet the minimum specifications of the City Engineer.

Subd. 3. Sidewalks and Driveways. All sidewalks and driveways constructed within the right-of-way shall meet the minimum specifications of the City Engineer.

Subd. 4. Watermain - Trunk Lines and Laterals.

- A. Trunk watermain sizes shall be determined by the City's engineer.
- B. Service lines to each known or assumed building location shall be installed in conjunction with the construction of the trunk watermain.
- C. All watermain trunk lines and laterals shall meet the minimum specifications of the City's engineer.

Subd. 5. Sanitary Sewer - Trunk Lines and Laterals.

- A. Trunk sanitary sewer sizes shall be determined by the City's engineer.
- B. Service lines to each known or assumed building location shall be installed in conjunction with construction of the trunk sanitary sewer.
- C. All sanitary sewer trunk lines and laterals shall meet the minimum specifications of

the City's engineer.

Subd. 6. Storm Sewer - Trunk Lines and Sump Pump Lines.

- A. The installation of storm sewer, under drains, and sump pump lines shall be required for all new street construction or any street reconstruction.
- B. Trunk storm sewer and sump pump line sizes shall be determined by the City's engineer.
- C. All storm sewer trunk lines and sump pump lines shall meet the minimum specifications of the City's engineer.

SECTION 7.060 GENERAL ASSESSMENT POLICIES

Subd. 1. Calculation of Assessable Cost. The City Council shall determine the total assessable cost of the improvement by adding the cost of the contract cost; the cost of labor and materials furnished by the City if not contained in contract costs; the cost of engineering, legal, fiscal, and administrative services provided by the City staff or other parties; the cost of acquiring property or right-of-way required by the improvement; interest costs incurred by the City between the time money is borrowed for the improvement and special assessments are levied for collection; and any other costs which in the opinion of the City Council should be included as part of the total project cost.

Subd. 2. Public-Owned Property. City-owned properties, including municipal building sites, parks and playgrounds, but not including public streets and alleys, shall be regarded as being assessable on the same basis as if such property was privately owned.

Subd. 3. Determination of Assessable Frontage. The amount of assessable frontage assigned to each property shall be linear footage abutting or benefited by the street improvement, determined by measuring at the front of each property the distance between property lines.

- A. Irregular shaped lots shall be given an average width. This average width may be determined by dividing the square footage of the lot by the general lot depth.
- B. The front footage assigned to corner lots shall be the short side of the property. The assessable frontage for a corner lot shall be 100% of the frontage of the front of the lot plus 33% of the frontage of the first 150 feet of the side of the lot plus 100% of any frontage over 150 feet on the side of the lot.

Subd. 4. Application of Financial Assistance. If financial assistance is received from the federal government, from the State of Minnesota, or from any other source to defray a portion of the costs of a given improvement, such aid will first be used to reduce the City cost of the improvement. If the amount of assistance exceeds the amount of City cost, the excess assistance shall be used to reduce the assessable cost.

Subd. 5. Rate and Term of Assessments. The terms of the assessment shall be determined by the City Council for each separate project. The maximum term of any assessment shall be twenty (20) years, but the City Council may at its discretion designate a shorter term. The Council shall establish an interest rate to be paid on unpaid balances as may be necessary, but not less than the amount required to meet the bond principal and interest payments.

Subd. 5.01. Assessments for Properties Outside of the City Limits. Properties located outside the city limits will be included on the original project assessment roll, for such improvements as defined in Sections 7.080, 7.090, 7.100, 7.105, 7.110, 7.120, and 7.130, when such property is adjacent to the improvement area. Assessments on said properties will be filed with Blue Earth County Land Records and will be deferred until the property is annexed into the City. The city council shall establish an interest rate to be paid on deferments as may be necessary, but not less than the amount required to meet the bond principal and interest payments. Upon annexation, the special assessments will be immediately due and payable in full or in the alternative, the property owner may elect within sixty (60) days of the date of annexation to pay the special assessment under the original terms of the amortization schedule so established for the project.

Subd. 5.02. Water and Sewer Connection Fee. Properties located within the City and currently not connected to City water and/or sewer may connect upon payment of a connection fee. The connection fee for connecting to water and sewer services will be an amount equal to the assessment for such improvements to adjacent properties or in the alternative, based upon the cost of such improvements as determined by the City's engineer. Said connection fee will not be collected in the event the property has been assessed for such improvements. If utility service lines exist on the property as of the date of adoption of this ordinance, no connection fee for such service will be assessed against the property.

Subd. 6. Source of Funds - City Share. The City Council may, at its discretion, finance its share of costs for any improvement in one or more of the following methods or any combination:

A. Street and other Surface Improvements

1. Pay all or portions of the reconstruction costs with ad valorem City tax funds, municipal, State Aid Street funds, reserves, or other such funds which may be appropriate and available to the City from time to time.
2. For street reconstruction or repairs required due to a utility line relocation, repair, or replacement, the City shall require total cost sharing from the appropriate utility fund or whatever private utility company may be involved.

B. Water or Sewer Improvements

1. Pay all or portions of the project cost through an assessment of all properties which have contributed to the inadequacy of the original project and/or who are benefited by the project.
2. Require payment from utility revenues of the appropriate utility fund.
3. Levy an ad valorem tax to pay all or a portion of the City's share of any project or use such other funds as may be available to the City from time to time.

Subd. 7. Deferment of Assessments for Senior Citizens.

- A. The City Council may defer the payment of any special assessment on homestead property owned by a person who is 65 years of age or older and has an annual family income which is less than the 60% of the median income for Blue Earth County.
- B. The deferment shall be granted upon a certification by the owner on a form prescribed by the County Assessor supplemented by the City Clerk to establish the qualification of the owner for such assessment. The application shall be made within thirty (30) days after the adoption of the assessment roll by the City Council.
- C. The council shall either grant or deny the deferment and, if it grants the deferment, it may set a rate at which interest is accrued for the deferred balance and it may require payment of the interest due each year. At no time shall the interest accrue or be paid to an amount greater than if the assessment had been paid under the terms of the original amortization schedule.
- D. The option to defer the payment of special assessments shall terminate and all amounts accumulated plus applicable interest shall become due upon the occupant for any of the following events:
 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 the homestead status of the property; or
 4. Determination by the Council for any reason that there will be no hardship to require immediate or partial prepayments.

Subd. 8. Deferments in Existing Developments and Non-Developed Areas.

- A. The City Council, at its discretion, may grant a deferment for a period of up to ten (10) years for public improvements in existing subdivisions or non-platted land within the city limits under the following conditions:
 1. In the event the City Council determines it is in the best interest of the City to do so for the purpose of compromising and settling a disputed special assessment; and

2. The City Council may fix an interest rate or elect not to charge interest during the deferment period; and
3. In the event the property owner connects into the public improvement, the deferment period contemplated hereunder shall end and the special assessment will be immediately due and payable in full or the property owner may elect to pay the special assessment under the original terms of the amortization schedule so established for the project; and
4. In the event the ownership of all of the property is transferred, sold, or otherwise exchanged for any reason, the deferment period contemplated hereunder shall end and the special assessment shall then be immediately due and payable in full; and
5. In the event the ten (10) deferred years elapse, the special assessment will be immediately due and payable in full or the property owner may elect to pay the special assessment under original terms of the amortization schedule so established for the project.
6. In the event a part of any single parcel of land is transferred, sold or otherwise exchanged for any reason, then so much of the deferred special assessment shall be conclusively deemed to have ended and the special assessment allocated to such part shall become immediately due and payable and the amount of such special assessment shall be determined by the same method of calculating such special assessment as was used at the time of the original special assessment.

Subd. 9. Other Deferments.

- A. The City Council, at its discretion, may grant a deferment of up to three (3) years for the following improvements in new subdivisions: water and sanitary sewer facilities, storm sewer facilities, and curb and gutter construction.
- B. In the event that a deferment is granted under this subdivision, bituminous surfacing shall be required within one (1) year after installation of underground facilities, with no deferment provided on the bituminous surfacing.
- C. No interest will be charged during the 3-year deferment period for any deferment issued under this subdivision.
- D. In the event that a lot is sold or a building permit is issued, the deferred payment of the assessment no longer applies for that specific lot, and the improvements are immediately assessed against the benefiting property.

SECTION 7.065 ASSESSMENT FORMULAS

Subd. 1. Frontage Basis. On improvements that are to be assessed on a frontage basis, the assessment upon an individual property shall be calculated by multiplying the

property's assessable frontage by the quotient of the total project cost divided by the total project assessable frontage.

Subd. 2. Square Foot Basis. On improvements that are to be assessed on a square foot basis, the assessment upon an individual property shall be calculated by multiplying the property's square footage by the quotient of the total project cost divided by the total project square footage.

SECTION 7.070 INITIATION OF PUBLIC IMPROVEMENT PROJECTS

Subd. 1. Action by City Council. The City Council may initiate an improvement when, in its judgment, such action is required for the best interest of the City.

Subd. 2. Citizen Petition. Public improvement projects may be initiated by petition of no less than thirty-five percent (35%) of the affected property owners. Such petitions must be received by the City Administrator's office prior to May 1 of any year. If the petitioned project includes improvements to one or more of the following: sanitary sewer, storm sewer, sump pump lines, grading and graveling, or watermain, petitions must be received by the City Administrator's office prior to January 1 of any year. Petitions for improvements submitted after that date will be received and acted upon during that year only by special consent of the City Council or will be acted upon the following year.

SECTION 7.080 STREETS

Subd. 1. New Construction. One hundred percent (100%) of the cost of any improvement associated with the construction of new streets shall be assessed against benefited property on a frontage basis.

Subd. 2. Reconstruction. When conditions of existing streets have deteriorated to the point where excessive maintenance is incurred or where facilities are inadequate, the City Council may elect to replace the street facilities. The benefited property owners will be assessed, on a frontage basis, two-thirds (2/3's) of the cost for resurfacing the street(s) or at the discretion of the council.

Subd. 3. Overlay and Sealcoating. The City may resurface or overlay, or sealcoat the street in accordance with the recommendation of the City Engineer. In this event, the city shall assume 100% of the total cost associated with such minor improvement.

SECTION 7.090 CURB AND GUTTER

Subd. 1. New Construction. One hundred percent (100%) of the cost of new curb and gutter shall be assessed against the benefiting properties on a frontage basis.

Subd. 2. Replacement. When conditions of existing curb, gutter, or curb and gutter have deteriorated to the point where excessive maintenance is incurred or where facilities are inadequate, the City Council may elect to replace the curb and gutter facilities. At the

council's discretion, one hundred percent (100%) of the cost of such replacement shall be assessed to the benefiting property on a frontage basis.

SECTION 7.100 DRIVEWAYS

Subd. 1. New Construction. One hundred percent (100%) of the cost for installing driveway facilities within the right of way shall be assessed against benefiting properties.. It shall be the responsibility of the abutting property owner to keep driveway facilities in good condition, and if major repair or replacement of a section of driveway within the right of way shall become necessary, the City may cause the improvement to be made and shall assess all cost against the affected property owner.

SECTION 7.110 SIDEWALKS

Subd. 1. New Construction - New Developments. One hundred percent (100%) of the cost for installing sidewalks within a new development shall be assessed against benefiting properties on a frontage basis. It shall be the responsibility of the abutting property owner to keep sidewalk facilities in good condition, and if major repair or replacement of a section of sidewalk shall become necessary, the City may cause the improvement to be made and shall assess all cost against the affected property owner.

Subd. 2. New Construction - Existing Developments. Fifty percent (50%) of the cost for installing new sidewalks within existing developments shall be assessed against benefiting properties on a frontage basis and fifty percent (50%) of the cost shall be assumed by the City. It shall be the responsibility of the abutting property owner to keep sidewalk facilities in good condition, and if major repair or replacement of a section of sidewalk shall become necessary, the City may cause the improvement to be made and shall assess all cost against the affected property owner.

SECTION 7.120 WATERMAINS - TRUNK LINES AND LATERALS

Subd. 1. New Construction. One hundred percent (100%) of the cost of new trunk water lines and water service laterals shall be assessed against the benefiting properties on a frontage basis.

Subd. 2. Replacement. When condition of existing trunk water lines and/or existing water service laterals have deteriorated to the point where excessive maintenance is incurred or where facilities are inadequate, the City Council may elect to replace the water facilities. Fifty percent (50%) of the cost of replacement of trunk water lines shall be assessed to the benefiting property on a frontage basis and fifty percent (50%) shall be assumed by the City. One hundred percent (100%) of replacement of service laterals shall be assessed against the benefiting property.

Subd. 3. Oversized Lines. In the event that oversized trunk lines are required for the purpose of providing service to areas beyond the area or development under consideration, then the assessable cost shall be the cost for the installation of a standard

size line, as determined by the City's engineer. Any additional cost for the increase in line diameter shall be assumed by the City.

SECTION 7.130 SANITARY SEWER - TRUNK LINES AND LATERALS

Subd. 1. New Construction. One hundred percent (100%) of the cost of new trunk sewer lines and sewer service laterals shall be assessed against the benefiting properties on a frontage basis.

Subd. 2. Replacement. When condition of existing trunk sewer lines and/or existing sewer service laterals have deteriorated to the point where excessive maintenance is incurred or where facilities are inadequate, the City Council may elect to replace the sewer facilities. Fifty percent (50%) of the cost of replacement of trunk lines shall be assessed to the benefiting property on a frontage basis and fifty percent (50%) shall be assumed by the City. One hundred percent (100%) of replacement of service laterals shall be assessed against the benefiting property.

Subd. 3. Oversized Lines. In the event that oversized sewer trunk lines as determined by the City's engineer, required for the purpose of providing service to areas beyond the area or development under consideration, then the assessable cost shall be the cost for the installation of a standard sized line, as determined by the City's engineer. Any additional cost for the increase in line diameter shall be assumed by the City.

SECTION 7.140 STORM SEWER

Subd. 1. New Construction - New Developments. When Storm Sewer Facilities are installed in areas of new development, one hundred percent (100%) of the cost of new trunk storm sewer lines and sump pump lines shall be assessed against the benefiting properties on a frontage basis.

Subd. 2. New Construction - Developed Areas. When new Storm Sewer Facilities are installed in areas that have been previously developed, the City shall assume one hundred percent (100%) of the cost of such installation.

Subd. 3. Replacement. When condition of existing trunk storm sewer lines and/or existing sump pump lines have deteriorated to the point where excessive maintenance is incurred or where facilities are inadequate, the City Council may elect to replace the storm sewer facilities. One hundred percent (100%) of the cost of such replacement shall be assumed by the City.

Subd. 4. Oversized Lines. In the event that oversized sewer trunk lines, as determined by the City's engineer, are required for the purpose of providing service to areas beyond the area or development under consideration, then the assessable cost shall be the cost for the installation of a standard size line, as determined by the City's engineer. Any additional cost for the increase in line diameter shall be assumed by the City.

Subd. 5. Storm Water Retention Facilities. In the event that the anticipated storm water volume, in the opinion of the City Engineer, requires the construction of storm water retention facilities, the City may elect to construct such facilities. One hundred percent (100%) of the cost for such storm water retention facilities shall be assumed by the City, except that when storm water retention facilities are installed within a new development or as a result of a new development, the City shall assume a proportion of the cost based upon the ratio of square footage of benefiting land outside the development to the total amount of benefiting land. The remaining cost of such facility shall be assessed against the benefiting properties within the development on a square foot basis.

SECTION 7.150 STORM SEWER IMPROVEMENT DISTRICT

Subd. 1. Creation of Storm Sewer Improvement District. There is hereby created within the City, Minnesota, pursuant to Minnesota Statutes, Section 444.17, a Storm Sewer Improvement Tax District (herein referred to as the District) The area to be included within the District is all property within the corporate limits of the City.

Subd. 2. Statutory Provisions and Initial Improvements. The statutory provisions of Minnesota Statutes, Section 444.17 to Section 444.21 and Minnesota Statutes, Section 429.031 to Section 429.081 shall apply to the making of any improvement within the District pursuant to Minnesota Statute, Section 444.18. The initial improvement to be financed by the levy of ad valorem taxes on all taxable property in the District.