



Special Assessment Policy

City of North Mankato

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Special Assessment Policy

for

City of North Mankato

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I. INTRODUCTION

The intent of this assessment policy is to define the procedures and methodology that is to be used by the City of North Mankato for special assessments to ensure compliance with State Law, including Minnesota Statutes (M.S.) Chapter 429 and fair and equitable treatment of all properties within the City of North Mankato. In the event of discrepancies between this policy and the requirements of Minnesota Statutes (M.S.) Chapter 429, the Minnesota State Statutes will govern.

New development requires the expansion of the existing infrastructure system such as streets and public utilities. At the same time aging infrastructure must be repaired and replaced to meet the continued and changing needs of the community.

Infrastructure improvements have a recognized benefit (increase to market value) to the adjoining properties. Court rulings have clearly outlined that adjoining properties may be assessed and that the assessment to a parcel may not exceed the benefit (increase in market value) received by the property due to the project. This policy also acknowledges that there is a benefit to the City as a whole to do timely infrastructure improvements.

Cities have limited financial resources to apply to public improvements. The City Council has chosen to implement this policy to create a mix of individual property and City wide taxation to fund these public projects. The policy provides the flexibility to apply the assessments as appropriate to each project while at the same time ensuring equitable treatment to all assessed properties.

The assessment policy manual is intended to be a dynamic document and will be reviewed and updated as needed.

II. INTENT

This policy establishes a procedure and methodology for levying special assessments for public improvements pursuant to the requirements of Minnesota Statutes.

When a public improvement conveys special benefit to properties in a definable area, the City intends to levy special assessments on the benefited properties to finance such improvements.

It is the intent of the City that the amount of any assessment for public improvements not exceed the special benefit to the benefited property. The special benefit for purposes of this policy is defined as the increase in market value of the property.

Public improvements covered by this policy manual include the construction or reconstruction of streets, sidewalks, storm sewer, sanitary sewer, water works, street lighting, and other public improvements allowed by State Law.

III. GENERAL DEFINITIONS

1. Initiation of Improvements:

Improvements may be initiated either by the City Council or by petition of not less than 35% of the affected properties.

2. Project Cost:

The project cost shall be deemed to include all construction costs required to accomplish the improvement, plus expenses incurred or to be incurred in making the improvement, including engineering, legal, administrative, financing, right-of-way, and other contingent costs.

3. Assessable Cost:

The assessable cost of an improvement shall be defined as those costs which, in the opinion

of the City Council, are attributable to the need for service in the areas served by the improvement and are not in excess of the special benefit conveyed to the property by the improvements.

4. City Costs:

The City cost is defined as the portion of the project cost that, in the opinion of the City Council, exceeds the assessable cost and will be paid by the City using funds other than special assessments.

5. City Property:

City owned property, including building sites, parks, and playgrounds, but not public streets and alleys shall be regarded assessable on the same basis as if such property was privately owned.

6. Distribution of Assessments:

The assessable costs of the improvement shall be distributed among the affected property owners according to one of the procedures outlined in the following section -
DISTRIBUTION OF ASSESSMENTS.

7. Application of Policy:

In the event the literal application of the provisions outlined herein would result in an inequitable distribution of special assessments or would result in a special assessment amount that exceeds the benefit (increase to market value) to the properties as a result of the improvements, the City council reserves the right to adjust the individual assessments so as to achieve a more equitable distribution or to reduce or cap the special assessments as a whole to reduce the assessment to an amount equal to or less than the benefit (increase to market value). Such adjustment may be based on current or anticipated land use.

8. Time of Assessments:

Levying of assessments generally occurs in the current year of construction. In some cases where construction extends into two calendar years, the levying of assessments may be delayed until the following year.

9. Assessment Rate:

The assessable cost for each type of improvement divided by the assessable unit for each type of improvement (adjusted front footage, area, or unit/lot).

IV. DISTRIBUTION OF ASSESSMENTS

Several methods exist for assessing property benefited by local improvement projects. It is the policy of the City to use the method that most equitably distributes the project costs as determined by the City Council. A description of the common methods generally used by the City appears in this section. Other methods may be used if they are determined to be more equitable. How these methods will be used in relation to specific types of improvements will be described in later sections. The City may choose to use more than one of these methods for assessment on the same project.

1. Front Foot Method:

Improvement costs are commonly distributed according to the "adjusted front footage" of a parcel or lot. In this method, the City determines a rate of assessment per front foot. This rate applies to each parcel as follows:

Assessment = Assessment rate multiplied by the Parcel's adjusted front footage

The City will choose from among the following methods to calculate adjusted front footage based on which method best reflects the benefit it received from the improvement. In every case, measurements are based upon actual lot line measurements as shown on recorded platting data. In the absence of recorded plat data for a lot, County tax parcel data may be used.

- a) Rectangular Interior Lots: For rectangular interior lots, the footage equals the dimension of the side of the lots abutting the improvement.
- b) Cul-de-sac Lots: For cul-de-sac lots, the larger of the following shall apply:
 - 1) Footage equals the lot width at the building setback line; or,
 - 2) Footage equals the average of the front and rear lot lines.
- c) Curved Frontage: For other lots with curved frontage, the larger of the following shall apply:
 - 1) Frontage equals lot width at the building setback line; or
 - 2) Frontage equals lot width at the front lot line.
- d) Irregular Shaped Lots: For lots with irregular shapes frontage equals the average width of the lot, or a calculation determined by the City Council to be equitable.
- e) Corner or Through Lots: When improvements are made to a corner or through lot, including parcels abutting three streets, adjusted frontage will be determined by one of the following methods:
 - 1) 100% of lineal footage, if the side of the lot abutting the improvement is the short side of the lot
 - 2) 50% of the lineal footage if the side of the lot abutting the improvement is the long side of the lot
 - 3) 0% of rear yard lineal footage, unless there is an access from a street being improved with the project, in which case a 50% of rear yard lineal footage shall apply

2. Area Method:

Assessments may be distributed according to the gross area of the benefited lot or parcel. In this method, the City determines the rate of assessment per number of acres or the number of square feet. The rate applies to each parcel as follows:

Assessment = Assessment rate multiplied by the Parcel's area

Where appropriate, a reduction to the assessable area will be made for right-of-way:

3. Unit/Lot Method:

When the City Council determines that the assessable cost for items such as sewer or water laterals would be more equitably distributed on a unit basis, all lots in the area to be included will be assessed equally.

Assessment = Assessment rate multiplied by the number of Units or Lots

V. PAYMENT OF ASSESSMENT

Unless otherwise authorized by the City Council the following shall apply:

1. Pre- Payment:

After the adoption by the City Council of the assessment roll, the owner of any property specially assessed in the preceding, may pay to the City Treasurer all or any portion of the assessment. The full or partial pre-payment of the assessment shall be made within the timeframes specified in the assessment resolution adopted by the City Council and in the assessment notices. The remaining unpaid balance shall be spread over the period of time established by the Council for installment payment of the assessment. No interest shall be charged on the paid portion of the assessment.

2. Interest:

The City of North Mankato will charge interest on Special Assessments at a rate specified by resolution. If bonds were sold to finance the improvement project, the interest rate shall be two percent (2%) greater than the average coupon interest rate of the bonds, rounded to the nearest quarter of a percent. If no bonds were sold, the interest rate shall be set at the rate allowed by State law.

3. Length of Assessment:

Unless otherwise authorized by the City Council, assessment payments will be extended over a period of 15 years, unless a lesser term is requested by the property owner. Unless otherwise approved by the City Council, the length of the assessment will not exceed the term of the bond financing the improvement.

VI. WASTEWATER SYSTEM

Portions of the wastewater system provide for the collection of wastewater from individual parcels while other portions of the system provide collection, pumping and treatment for the entire system. In wastewater system assessments, the City Council will try to strike a balance between individual and system-wide benefits.

The wastewater system is divided into two types of improvements: primary and secondary. Primary improvements include major trunk sanitary sewers and the main lift stations including associated forcemains and other facilities. The secondary improvements include sanitary sewers systems and service lines that collect the wastewater from individual parcels or neighborhoods, and in some cases, neighborhood lift stations.

Primary Wastewater System Improvements:

Unless the City Council determines there is a direct benefit to individual parcels, the costs for improvements to the primary wastewater system as defined above will be paid for by the City through user fees.

Secondary Wastewater System Improvements:

1. Sanitary Sewer Systems:

Sanitary sewer systems are defined as sanitary sewer pipes, manholes and associated improvements necessary to collect wastewater from individual properties or neighborhoods for transporting to a treatment facility.

- a) The cost for installation of sanitary sewers to serve new developments is 100% assessable to the benefited properties.
- b) The cost of replacement, upgrading and/or rehabilitation of sanitary sewer systems is 40% assessable to the benefited properties.
- c) If the sanitary sewer is not constructed in conjunction with street reconstruction, the cost of any required restoration of the street, curb and gutter, sidewalk, sodded areas and other restoration items will be included in the assessable cost.
- d) When system oversizing is needed to accommodate growth, a greater share of the system cost may be borne by the City. When a system oversizing is needed due to the nature of an individual property, a greater share of the system cost may be borne by the individual property owner.

2. Sanitary Sewer Service Lines:

Sanitary sewer service lines are defined as the sewer system components that allow connection of individual properties to the wastewater system and include pipe extending from the sanitary sewer to the property line and associated fittings.

- a) The cost of a sanitary sewer services in new developments is 100% assessable to the benefited property.
- b) The cost of replacement/upgrading of sanitary sewer service lines as part of a City project is 100% assessable to the benefited property.
- c) If the sanitary sewer service is not constructed in conjunction with street reconstruction, the cost of any required restoration of the street, curb and gutter, sidewalk, sodded areas and other restoration items will be included in the assessable cost.
- d) Maintenance of service lines is the responsibility of the property owner. The cost of repair, maintenance or replacement of service lines shall be assessed to the property owner. The replacement/upgrading of sanitary sewer service that is not part of a larger City project shall be considered maintenance.

3. Lift Stations:

Wastewater lift stations are defined as facilities designed to move wastewater from lower to higher elevation, particularly where the elevation of the source is not sufficient for gravity flow and/or when the use of gravity conveyance will result in excessive excavation depths and high sewer construction costs.

- a) The cost for installation of lift stations to serve new development areas is 100% assessable to the benefited properties.
- b) Unless the City Council determines there is a direct benefit to individual parcels, the costs for replacement, upgrading and/or rehabilitation of existing lift stations will be paid for by the City through user fees.

4. Assessments:

Unless otherwise specified by the City Council:

- a) Assessable costs for sanitary sewer systems will be distributed to benefited property on a unit basis.
- b) Assessable costs for sanitary sewer services will be distributed to benefited property on a unit basis.
- c) Assessments for lift stations, if the City Council determines there is direct benefit to individual parcels, will be distributed to benefited property on a unit basis.
- d) Assessments will be levied at the same time against all benefited property in the area, even if some parcels do not connect to the system at the time of assessment.

VII. WATER SYSTEM

It is recognized that water distribution improvements benefit both the individual property and the entire water system. The improvements bring water service to individual parcels while also improving flow and pressure conditions at other locations. In distribution assessments, the City Council will try to strike a balance between individual and system-wide benefits.

Water systems improvements are divided into two types: primary and secondary. Primary improvements are those improvements attributable to water supply, treatment and storage, including wells, water towers, ground storage reservoirs, treatment facilities, etc. Secondary improvements are those improvements which are attributable to the distribution of water to the individual properties, including watermains, hydrants, valves, service lines, etc.

Primary Water System Improvements:

Unless the City Council determines there is a direct benefit to individual parcels, the costs for improvements to the primary water system as defined above will be paid for by the City through user fees.

Secondary Water System Improvements:

1. Watermain Systems:

- a) The cost for the installation of secondary water system improvements serve new developments is 100% assessable to the benefited properties.
- b) The cost of replacement/upgrading of secondary water system improvements is 40% assessable to the benefited properties.
- c) If the watermain improvements are not constructed in conjunction with street reconstruction, the cost of any required restoration of the street, curb and gutter, sidewalk, sodded areas and other restoration items will be included in the assessable cost.
- d) When system oversizing is needed to accommodate growth, a greater share of the system cost may be borne by the City. When a system oversizing is needed due to the nature of an individual property, a greater share of the system cost may be borne by the individual property owner.

2. Water Service Lines:

Water service lines are defined as the water system components that allow connection of individual properties to the water system and include water pipe extending from the watermain to the property line, valves, and associated fittings.

- a) The cost of installation of a new services lines in new developments is 100% assessable to the benefited property.

- b) The cost of replacement/upgrading of water service lines as part of a City project is 100% assessable to the benefited property.
 - c) If the water service is not constructed in conjunction with street reconstruction, the cost of any required restoration of the street, curb and gutter, sidewalk, sodded areas and other restoration items will be included in the assessable cost.
 - d) Maintenance of service lines is the responsibility of the property owner. The cost of repair, maintenance or replacement of service lines shall be assessed to the property owner. The replacement/upgrading of water service that is not part of a larger City project shall be considered maintenance.
3. Assessments:
- Unless otherwise specified by the City Council:
- a) Assessable costs for watermain improvements will be distributed to benefited property on a unit basis.
 - b) Assessable costs for water service lines will be distributed to benefited property on a unit basis.
 - c) All assessments will be levied at the same time against all benefited property in the area, even if some parcels do not connect to the system at the time of assessment.

VIII. STORM SEWER

Storm sewer systems are defined as storm sewer pipes, drain tile, catch basins, manholes, open drainage ways, wet and dry basin areas designed to provide for the control and quality treatment of storm water and ground water over a particular area.

Storm sewers serving private parcels or lots or new developments are 100% assessable to those properties. Exceptions to this are as follows:

- o When a system oversizing is needed to accommodate growth, a greater share of the system cost may be borne by the City.
- o When a system oversizing is needed due to the nature of an individual property, a greater share of the system cost may be borne by the individual property owner.

The City shall determine the area to be benefited by the storm sewer improvements.

Assessable costs for such improvements shall be distributed on an area or unit basis to benefited properties.

The City may adopt an ordinance creating a storm sewer improvement tax district, pursuant to the requirements of Minnesota Statutes 444.16 - 444.21 as it may be amended from time to time. The purpose of such a district will be to provide for the financing of storm sewer improvements.

1. Assessments:

Unless otherwise specified by the City Council:

 - a) The cost for storm sewer construction serving private parcels or new developments is 100% assessable to the benefited properties. Assessable costs for such improvements shall be distributed on an area or unit basis to benefited properties.
 - b) The cost of upsized, new, or repaired storm sewer in previously developed areas is 40% assessable to the benefited parcel(s). Unless otherwise specified by the Council, the assessable costs for storm sewer shall be included with the street improvement costs and distributed among benefited properties on an adjusted frontage basis.

- c) If the storm sewer is not constructed in conjunction with street reconstruction, the cost of any required restoration of the street, curb and gutter, sidewalk, sodded areas and other restoration items will be included in the assessable cost.
- d) In the case where the Council determines additional capacity is necessary, 100% of the cost of such additional capacity shall be borne by the parcel(s) that require such additional capacity.
- e) Assessments will be levied at the same time against all benefited property in the area, even if some parcels are not currently developed.

IX. STREETS

1. Street Construction and Reconstruction:

Street construction and reconstruction is defined as all necessary removals, grading, base, subsurface drainage, hard surfacing (such as bituminous or concrete), storm sewer (when not assessed separately), curb and gutter, driveways, restoration, signage, striping, and other miscellaneous work necessary to construct streets in new developments or to reconstruct existing deteriorated streets.

- a) No street construction shall be approved for less than both sides of a street except as necessary to complete the improvement of a block which has previous partial completion.
- b) Typical street design standards are as follows:
 - 1) Residential areas – in accordance with the standard residential street width and pavement section as determined by the City Administrator or his/her designee.
 - 2) Commercial and Industrial areas – Street width, pavement section and other design details will be as determined by the City Administrator or his/her designee for the anticipated types or volumes of traffic.
- c) Whenever possible new street construction will occur only after all utilities and utility service lines have been installed to the edge of right of way to serve each known and assumed location.

2. Street Overlays:

An overlay is defined as the construction of a new layer of pavement (typically bituminous) applied over an existing deteriorated street or roadway surface. On streets with curb and gutter, edge milling is done adjacent to the curb and gutter to maintain the current surface elevations and then a pavement overlay is placed. Isolated pavement patching and replacement of deteriorated curb and gutter may also be included with a street overlay project.

3. Bituminous Seal Coating:

A bituminous seal coat is defined as the application of bituminous material on the roadway followed by a coating of fine aggregate. This treatment method extends the life of the pavement by to minimizing the infiltration of water through the surface, reducing surface oxidation, and restoring skid resistance/surface roughness of the pavement.

4. Crack Filling:

A crack fill repair consists of routing out the crack to create a reservoir that is filled with a hot bituminous sealant. This procedure also extends the pavement life by reducing the infiltration of moisture and debris through the pavement surface and into the subgrade.

5. Assessments:

Unless otherwise specified by the City Council:

- a) The cost for street construction serving new developments is 100% assessable to the benefited properties.
- b) The reconstruction/upgrading of existing streets shall be assessed as follows:
 - 1) 40% of the costs of reconstructing existing streets shall be assessed to the benefiting property owners.
 - 2) Unless the City Council determines there is a direct benefit to adjacent parcels, the costs of constructing overlays on existing streets as defined above will be performed as routine street maintenance and will not be assessed to adjacent properties.
 - 3) Unless the City Council determines there is a direct benefit to adjacent parcels, the costs of crack filling and seal coats will be performed as routine street maintenance and will not be assessed to adjacent properties.
 - 4) Assessable costs for street reconstruction in residential areas will be based on the standard residential street section as determined by the City Administrator or his/her designee. In cases where the City Administrator or his/her designee determines additional width or pavement section is necessary, the additional costs thereof may be borne by the City, at the discretion of the City Council.
 - 5) Assessable costs for street reconstruction in commercial and industrial areas will be based on a street width and a design pavement section as determined to be required by the City Administrator or his/her designee based on the type and volume of traffic
- c) Alleys maintained by the City shall be assessed the same as public streets.
- d) For the purposes of determining assessable costs, no distinction will be made between City streets and streets designated as County Highways, County State-Aid Highways, Municipal State Aid Streets, or State Trunk Highways. The participating funds from the county or state will be applied to offset the City portion of the costs.
- e) Unless otherwise specified by the Council, the assessable costs for streets shall be distributed among benefited properties on an adjusted frontage basis.
- f) Assessments will be levied at the same time against all benefited property in the area, even if some parcels are not currently developed.

X. STREET LIGHTING

The City Council may assess benefited property owners for the cost of a street lighting system, including lighting units (poles, fixtures, outlets, accessories and foundations), underground electrical circuits (wiring, conduit, hand holes, etc.), overhead electrical lines, service panels, and other necessary system components.

1. Assessments:

- a) Unless otherwise specified by the City Council, 100% of the City costs for street lighting improvements along streets constructed to serve new developments shall be assessed to benefiting properties.
- b) Unless otherwise specified by the City Council, 40% of the City costs for street lighting improvements on streets that are reconstructed and/or rehabilitated shall be assessed to benefiting properties on unit basis. Unless otherwise specified by the Council, the assessable costs for street lighting shall be included with the street improvement costs

and distributed among benefited properties on an adjusted frontage basis.

2. The City may adopt an ordinance creating a street lighting district, pursuant to the requirements of Minnesota Statutes 444.16 - 444.21 as it may be amended from time to time. The purpose of such a district will be to provide for the financing of street lighting improvements. If a street lighting district is established, the assessable costs for street lighting improvements may be distributed to benefiting properties within the established district on an area or a unit basis.

XI. SIDEWALKS

Sidewalks are defined as a paved path (concrete or bituminous) parallel to the street for use by pedestrians and/or bicyclists.

New sidewalks shall be constructed to meet standards determined by the City Administrator or his/her designee.

1. Replacement:
 - a) Replacement is defined as the rehabilitation of an existing sidewalk which, for any reason, does not meet construction requirements outlined above and has become unsafe or a nuisance to the public as defined by local ordinance.
 - b) Replaced sidewalks shall meet the standards determined by the City Administrator or his/her designee.

2. Assessments:

Unless otherwise specified by the City Council:

- a) The cost of sidewalks in new developments shall be 100% assessed to the benefiting properties
- b) The reconstruction of existing sidewalks or the construction of new sidewalks along an existing street, either as a stand-alone project or as part of a street reconstruction project, shall be 40% assessed on a front foot basis. Unless otherwise specified by the Council, the assessable costs for sidewalks shall be included with the street improvement costs and distributed among benefited properties on an adjusted frontage basis.
- c) If sidewalk is constructed on only one side of the street, the sidewalk costs will be assessed against the adjusted front footages on both sides of the street.
- d) If the sidewalk is not constructed in conjunction with street reconstruction, the cost of any required restoration of the street, curb and gutter, sodded areas and other restoration items will be included in the assessable cost.

XII. HOOK UP FEES

If the City advances its own funds to pay for improvement costs benefiting a property whether abutting or non-abutting but not initially assessed for the improvement, the City may include all or any portion of the costs originally advanced into hookup charges which will be collected at such time when the property is connected to the improvements.

It is the intent of the City that the hook-up fees collected in combination with any assessments shall in no case exceed the total actual costs incurred by the City for construction of the improvements.

XIII. REDUCTIONS IN ASSESSMENT

1. Street, Sanitary Sewer, Watermain and Storm Sewer:

Credit will be given for assessments paid on previous street, sanitary sewer, watermain, and storm sewer rehabilitation projects that took place not more than 20 years prior to the start of the current project. A method determined by the City Council to be equitable will be used to calculate the applicable credit for each infrastructure element.

2. Sidewalks:

Credit will be given for the cost of reconstructing existing sidewalks less than five years old.

- a) This credit will be for 100% of assessed cost of sidewalks less than one year old and the credit will be reduced by 20% for each year of age.
- b) A building permit must have been taken out for the sidewalk and the age of the sidewalk will be based on the date stated on the building permit.

3. Assessment Cap:

If the City Council determines that the total assessment on a parcel or parcels on an improvement project as computed on the basis outlined herein results in a total assessment that do not reflect the benefit received by the property owner(s) for the improvements, the Council, at their sole discretion may adjust the assessment(s) to more closely represents the benefit received.

XIV. APPORTIONMENT OF ASSESSMENTS UPON LAND LATER SUBDIVIDED

If a special assessment is levied against a tract of land which is later subdivided, the installments remaining unpaid can be apportioned among the various lots and parcels in the tract upon a finding that such apportionment will not materially impair collection of the balance due.

This may be done upon application of the property owner or by the Council acting upon its own motion, but notice of such apportionment and of the right to appeal must be mailed to or personally served upon all owners of any part of the tract. If the action is requested by the property owner(s), all costs associated with public notice shall be paid by the property owner(s) making the request.

The Council may, and if the assessment has been pledged towards payment of improvement warrants the Council must, require the owner(s) to furnish a cash surety or letter of credit toward total payment of all assessments.

XV. SUPPLEMENTAL ASSESSMENT AND REASSESSMENT

The City Council may, subject to legal notice and hearing requirements, make supplemental assessments to correct errors or omissions related to the total cost of the improvement or any other particular item.

In addition, if an assessment is set aside by a Court for any reason or if the City Council finds that the assessment or any part of it is excessive or determines on advice of the City Attorney that it is or may be invalid for any reason, the City Council may upon notice and hearing as required for the original assessment, make a reassessment or a new assessment as to such parcel(s).

XVI. SPECIAL ASSESSMENT FOR CURRENT SERVICES

The City Council may provide for the collection of certain service charges as a special assessment against the property benefiting from the service. The City of North Mankato will charge interest on Special Assessments for Current Services at a rate set by the City Finance Director and specified by

resolution. Special charges that may be assessed include those for:

1. Snow, ice or rubbish removal from sidewalks, mowing or weed elimination from streets or private property.
2. Removal or elimination of public health or safety hazards from private property (except hazardous buildings as defined by M.S. 463.15 to 463.26).
3. Installation or repair of water or sanitary sewer service lines.
4. The trimming and care of trees and the removal of trees from any street and the treatment and removal of insect-infested or diseased trees on private property.

XVII. DEFERRED ASSESSMENTS

1. Outside City Limits:

- a) If the City installs utility facilities which benefit property which lies outside the corporate limits, that area and the allocable costs shall be included in the original public hearing for the improvement.
- b) The City may attempt to negotiate a contract with the property owner of the property lying outside the City which will provide for payment to the City on the same basis as if the property were within the City and to be assessed for the improvement as a prepayment upon completion of the project.
- c) If such a contract cannot be executed, the City will assume the temporary responsibility for payment of the cost allocable to the property lying outside the City limits. Upon annexation this property shall be assessed under the provisions provided in this policy. Unless otherwise determined by the City Council, interest on deferred assessments shall be included in the total cost to be assessed.
- d) When property lies outside the City limits, no physical connection to the City's utility or drainage system will be permitted until a utility agreement and contract, including satisfaction of costs or assessments, is executed.
- e) Termination of Deferment.

The option to defer the payment of special assessments pursuant to this Ordinance shall terminate and all installment amounts previously deferred, plus applicable interest, shall become due upon the occurrence of any of the following events:

- 1) Annexation of the property
- 2) Request of property owner;
- 3) Death of the eligible property owner, providing any surviving owner is otherwise not eligible for the deferral;
- 4) Sale, transfer or subdivision the property or any part thereof.
- 5) Period of deferment shall not exceed 20 years.

2. Unimproved Property Inside City Limits:

- a) The Minnesota Agriculture Property Tax Law (M.S. 273.111), commonly referred to as the Green Acres Law, was designed for the preservation of agricultural land should it be annexed by a municipality. This law delineates specific guidelines for deferment of taxes and assessments and states that real estate consisting of 10 acres or more shall be entitled to deferment of assessment under this section if it meets the classification of class 2a under M.S. 273.13 if it is primarily devoted to agricultural use as defined in Subdivision 3 of M.S. 273.111.

- b) The payment of special assessments levied under this policy for improvements benefiting this property together with any interest thereon shall, on timely application as provided in the Subdivision 8 of M.S. 273.111 shall be deferred as long as such property meets the conditions contained in M.S. 273.111.
3. Senior Citizens/Disabled Persons:
- a) 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 one or more of the owners of such property must meet the definition of a "disabled person" as defined by Section 223 of the Federal Social Security Act.
 - 3) The applicant must be the owner of the property.
 - 4) The applicant must occupy the property as his principal place of residence.
 - 5) In determining whether or not a senior citizen/disabled person is eligible for deferral of special assessment installment payments, the following criteria are established:
 - i. The average annual payment for assessments levied against the subject property exceed one percent of the adjusted gross income of the applicant as evidenced by the applicant's most recent federal income tax return.
 - ii. The average annual payment of an assessment shall be defined as the total cost of the assessment divided by the number of years over which it is spread.
- b) 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 the applicant to notify the City Clerk of any change in his status that would affect eligibility for deferment.
- c) The entire amount of deferred special assessments shall be due within sixty 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 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.
- d) 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.

- 5) Period of deferment shall not exceed 20 years unless, after 20 years the hardship as defined herein still exists and the deferment is extended.
4. Interest on Deferred Assessments.

Unless otherwise directed in this Policy or by the City Council, interest shall be charged on any assessment deferred pursuant to this Ordinance at a rate equal to the rate charged on other assessments for the particular public improvement project the assessment is financing. Such interest shall also be deferred.

XVIII. LOCAL IMPROVEMENT PROCESS

The North Mankato City Council has adopted the following process for the initiation, review, and assessment of local public improvement projects:

1. Project Initiation:

Projects may be initiated in two ways:

- a) Petition by 35% of the affected property owners; or
- b) By order of the City Council.
- c) Unless otherwise directed by the City Council, project for which petitions for improvements area accepted by the City Council by August 31st will be constructed in the following calendar year.

2. Petition Review:

If project is petitioned, the City Council must determine if the petition conforms to the guidelines of M.S. 429.035.

3. Feasibility Report:

The Council instructs the City Engineer to prepare a preliminary report on the proposed improvement. The report will indicate feasibility of proceeding with improvement and estimated total project costs.

4. Accept Feasibility Report/Call for Hearing:

The City Engineer will submit the feasibility report to the Council. The Council may then schedule a date for a public hearing on the improvement. The Council may hold a public hearing on the proposed improvement following two publications in the Official newspaper of a notice stating the time and place of the hearing, the general nature of the improvement, the estimated cost, and the area proposed to be assessed. The two publications shall be a week apart and the hearing shall be at least three days after the last publication. Not less than ten days before the hearing, notice thereof shall also be mailed to the owner of each parcel within the area proposed to be assessed, but failure to give mailed notice or any defects in the notice shall not invalidate the proceedings.

5. Public Hearing on Improvement:

The purpose of the hearing is to give all interested property owners a chance to make comment on the proposed improvement. If the project is petitioned by 100% of the affected property owners, then this step may be omitted, provided the City has secured the necessary waiver documents from all petitioning property owners. At its discretion, the Council may consider any objection to the amount of a proposed individual assessment at an adjourned meeting. The purpose of such additional inquiry is to determine objectively and in an adversary proceeding whether the amount of the assessment exceeds the benefit conveyed to the property. At such an adjourned meeting, both the City and the property owner will be given the opportunity to present oral and written testimony.

6. Assessment Hearing:

- a) Notification for the assessment hearing will be published in the official newspaper and shall include the following statements at a minimum:
 - 1) The date, time, and place of the assessment hearing;
 - 2) The general nature of the improvement;
 - 3) The area proposed to be assessed;
 - 4) The total amount of the proposed assessment (not the amount on each parcel);
 - 5) That the proposed assessment roll is on file with the Clerk;
 - 6) That written or oral objections will be considered;
 - 7) That no appeal may be taken as to the amount of any assessment unless a signed, written objection is filed with the Clerk prior to the hearing or presented to the presiding officer at the hearing;
 - 8) That an appeal to district court may be made by serving notice upon the Mayor or Clerk of the City within 30 days after adoption of the assessment and filing such notice with the District Court within ten days after service upon the Mayor or Clerk; and
 - 9) Whether the City has adopted any deferment ordinance or resolution and the basic substance of that ordinance or resolution.
- b) Affected property owners will also receive mailed notices which will include not only the nine items included in the published notice, but also the following information:
 - 1) The amount to be assessed against that particular lot, piece, or parcel of land;
 - 2) The right of the property owner to prepay the entire assessment and the person to whom prepayment must be made;
 - 3) Whether partial prepayment of the assessment has been authorized by ordinance;
 - 4) The time within which prepayment may be made without the assessment of interest; and
 - 5) The rate of interest to be accrued if the assessment is not prepaid within the required time period.
- c) In accordance with Minnesota State Law, the City Clerk will notify an affected property owner by mail if their adopted assessment differs from the proposed assessment as to any particular lot, piece or parcel of land. Property owners will also be notified by mail of any changes adopted by the Council in interest rates or prepayment requirements from those contained in the notice of the proposed assessment.

7. Adopting Assessment:

Upon determination of final assessment amounts, the Council shall adopt the assessment roll. Any property owner who has formally objected to the assessment has 30 days to appeal the assessment to District Court.

8. Awarding Bids:

When the City Council has completed all necessary review and hearings, it may award the bid to the lowest acceptable bidder.

9. Construction:

Once the City has entered into a contract with the successful bidder, construction of the improvement may begin.

10. Assessment Process:

In those cases where the City has not undertaken the appropriate assessment proceedings, the Council shall initiate the assessment process.

11. Certification of Assessments:

After the adopting of any special assessment by the Council, the City Clerk/Treasurer shall transmit a certified duplicate of the assessment roll with each installment, including interest, to the County Auditor to be extended on the County property tax lists.