

CHAPTER 13

FINANCING PUBLIC IMPROVEMENTS BY SPECIAL ASSESSMENTS

SECTION 13.01 PURPOSE, SCOPE, AND LIMITS

Subdivision 1. Purpose

The purpose of the following 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 that are constructed and installed by the City of Paynesville. 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.

Subdivision 2. General Statement of Policy

The City Council hereby declares that these special assessment policies contained herein are the policies that the City is dedicated to follow as nearly as is possible and practical, and that improvement costs shall, whenever possible, be assessed against the benefited property as set forth below.

Subdivision 3. Scope and Limits

These special 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.

Subdivision 4. Interpretation and Application

It is the intention of the City 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 this Ordinance.

SECTION 13.02 DEFINITIONS

1. **“Alleys”** 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.

2. **“Arterial Streets”** a street that provides service to long and moderate trips and is used primarily for traffic to, from, and through the City.

3. **“Assessable Frontage”** the amount of frontage attributed to a property for special assessment purposes and shall be based upon a formula set forth in this Ordinance.

4. **“Benefited Property”** 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.

5. **“City”** the City of Paynesville.

6. **“City Cost”** that 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.

7. **“City Engineer”** a professional engineer as designated by the City Council.

8. **“Collector Streets”** 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.

9. **“Frontage Road”** minor streets that are parallel and adjacent to arterial streets and highways and provide access to abutting properties and protection from through traffic.

10. **“Infrastructure Improvements”** shall include improvements to streets, curb & gutter, water, sewer, storm sewer, sidewalks, and alleys.

11. **“Lateral”** a small diameter line which has a primary function of conveying water, sanitary sewer, storm sewer or other utilities between individual lots and the trunk lines.

12. **“Residential Streets”** any street which provides access to abutting properties from the higher order streets.

13. **“Rural Streets”** 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.

14. **“Total Assessable Cost”** the total project cost that is to be financed through special assessments and shall be equal to the total project cost minus city cost.

15. **“Trunk Line”** a large diameter line which has the primary function of conveying water, sanitary sewer, storm sewer, or other utility for more than one property.

16. **“Undeveloped Areas”** any area that has not been subdivided.

SECTION 13.03 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. Utility services will only be provided to properties located within the city limits.

SECTION 13.04 SERVICE LIFE OF IMPROVEMENTS

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

1. Surface Improvements
 - a. Grading and Graveling - no limit
 - b. Sidewalks - 30 years
 - c. Concrete Curb and Gutter - 30 years
 - d. Bituminous Surface on 6" Aggregate Base - 20 years
 - e. Full Depth Asphaltic Concrete - 30 years
2. Subsurface Improvements
 - a. Sanitary Sewer - 40 years
 - b. Storm Sewer - 40 years
 - c. Watermain - 40 years

SECTION 13.05 STANDARDS FOR IMPROVEMENTS

Subdivision 1. Streets

A. Prior to street construction, surfacing, or resurfacing, all utilities and utility service lines; including sanitary sewer, watermains, and storm sewer; 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 that has previously been partially completed.

C. All streets shall be constructed according to the following minimum design standards and any additional requirements as determined by the City:

1. Arterial Streets: All arterial streets shall be of a “9 ton” design and of adequate width to accommodate projected traffic volumes.

2. Collector Streets: All collector streets shall be a minimum of "7 ton" design and shall normally be 44 feet in width, measured between faces of curbs.

3. Residential Streets: All residential streets shall be of "5 ton" design, 36 feet in width, measured between faces of curb.

4. Alleys: Alleys shall be constructed of "5 ton" design in residential areas, "7 ton" design in commercial areas, and of "9 ton design" in industrial areas.

5. Frontage Road: Frontage roads constructed in a commercial or industrial zoning district shall be constructed of "9 ton" design.

Subdivision 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 curb shall not be required where a "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.

Subdivision 3. Sidewalks and Driveways

A. All sidewalks and driveways constructed within the right-of-way shall meet the minimum specifications of the City.

Subdivision 4. Watermain - Trunk Lines and Laterals

A. Trunk watermain 8" in diameter shall be considered standard for all residential areas.

B. Trunk watermain 12" in diameter shall be considered standard for all commercial areas.

C. The City's engineer and ultimately the City Council shall determine the standard watermain size for Light and Heavy Industrial areas.

D. Service lines to each known or assumed building location shall be installed in conjunction with the construction of the trunk watermain.

E. All watermain trunk lines and laterals shall meet the minimum specifications of the City.

F. The City Council may vary from the standard size for residential areas for the purpose of planning and considering future developments.

Subdivision 5. Sanitary Sewer - Trunk Lines and Laterals

A. Trunk sanitary sewer 8" in diameter shall be considered standard for all residential areas.

B. Trunk sanitary sewer 10" in diameter shall be considered standard for all commercial areas.

C. The City's engineer and ultimately the City Council shall determine the standard sanitary sewer size for Light and Heavy Industrial areas.

D. Service lines to each known or assumed building location shall be installed in conjunction with construction of the trunk sanitary sewer.

E. All sanitary sewer trunk lines and laterals shall meet the minimum specifications of the City.

F. The City Council may vary from the standard size for residential areas for the purpose of planning and considering future developments.

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

A. The installation of storm sewer, underdrains, and where applicable, sump pump lines shall be required for all new street construction or any street reconstruction.

B. Trunk storm sewer 15" in diameter shall be considered standard for all residential areas.

C. Trunk storm sewer 18" in diameter shall be considered standard for all commercial areas.

D. The City's engineer and ultimately the City Council shall determine the standard storm sewer size and on-site storm water retention/detention requirement for Light and Heavy Industrial areas.

E. All storm sewer trunk lines, underdrains, and sump pump lines shall meet the minimum specifications of the City.

F. The City Council may vary from the standard size for residential areas for the purpose of planning and considering future developments.

SECTION 13.06 GENERAL ASSESSMENT POLICIES

Subdivision 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.

Subdivision 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.

Subdivision 3. Determination of Assessable Frontage

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

A. Irregular shaped lots such as cul-de-sacs shall be given an average width. This average width shall be determined by adding the front and rear widths as measured between property lines and dividing by two.

B. The assessable frontage for a corner lot shall be fifty percent (50%) of the frontage of the long side of the lot and one hundred percent (100%) of the short side of the lot.

C. In the event a corner lot abuts three public streets, only two sides of said lot shall be assessable. The rear side of the lot shall not be assessable in these instances.

Subdivision 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".

Subdivision 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 15 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 or as required by law. The Council may set an interest rate up to two (2) percentage points above the average interest rate of the bonds sold for the project. At no time shall the interest rate be less than required by law.

Subdivision 6. Assessments for Properties Outside of the City Limits

A. Properties located outside the city limits will be included on the original project assessment roll, for such improvements as defined in Sections 13.09 through 13.14 of this ordinance, when such property is adjacent to the improvement area. Assessments on said properties will be recorded with Stearns County and will be deferred until such time that the property is annexed into the City.

B. The City Council, at its discretion, may reduce the special assessments for a property where the assessments have been deferred and the improvements (street, curb & gutter, and/or storm sewer) have depreciated since the initial installation and the actual annexation of said property. The City Council shall determine the level of depreciation by dividing the special assessment by the number of life expectancy years as defined in Section 13.04 for the improvement. This figure shall be multiplied by the number of years since installation of the improvements and the actual annexation. To determine the new special assessment this figure shall be subtracted from the original special assessment.

Subdivision 7. Water and Sewer Connection Fee

A. Properties located within the City and currently not connected to City water and/or sewer may connect upon payment of a connection fee as set from time to time by the City Council.

B. In the event utility service lines are installed to a property, whether inside or outside the city limits, and the property owner elects not to connect to said utilities at the time of installation, the City may special assess the improvements and defer the assessments until such time that the property owner connects.

Subdivision 8. 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 Storm Sewer Improvements

1. Pay all or portions of the reconstruction costs with City property tax funds, municipal state aid, street/sidewalk capital improvement funds, or other such funds that 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.

3. Sale of General Obligation Improvement Bonds or General Obligation Revenue Bonds.

B. Water or Sewer Improvements

1. Pay all or portions of the reconstruction costs with a city utility rate increase, utilize water/sewer capital improvement fund, or other such funds that may be appropriate and available to the City from time to time.

2. Sale of General Obligation Revenue Bonds.

Subdivision 9. Deferment of Assessments for Senior Citizens

Pursuant to Minn. Stat. 435.193 through 435.195 the City Council may defer special assessments for senior citizens and retired disabled homeowners for assessments levied against homestead property if the criteria set forth in items A through D of this section are met.

A. Eligibility. Any person 65 years of age or older or retired by virtue of a permanent and total disability (as determined by the Social Security Administration) for whom it may be a hardship to make the payments, may have special assessments levied against real property for public improvements deferred if the following conditions are met:

1. Ownership. The applicant must be the fee simple owner of the property or must be a contract vendee for fee simple ownership. An applicant must provide either a recorded deed or contract for deed with the application to establish a qualified ownership interest as required herein.

2. Homestead. The property must be the applicant's principal place of domicile and classified on the City's and County's real estate tax rolls as the applicant's homestead.

3. Net income. The applicant's net income and net income of all other joint tenants, tenants in common or contract vendedes in title to the property may not exceed the low income limit as established by the Department of Housing and Urban Development as used in determining the eligibility for Section 8 housing.

B. Interest on Deferred Assessment. All deferred special assessments shall be subject to and charged interest at a rate equivalent to the interest rate set for the original project assessment roll. Interest shall accrue until the assessment is satisfied or as set by the City Council.

C. Termination of Deferral Status. Special Assessments including any accrued interest deferred pursuant to the eligibility requirements set forth by this ordinance shall become payable upon the occurrence of one of the following events:

1. Sale of Property. The subject property is sold, transferred, subdivided, or in any way conveyed to another by the fee owner qualified for deferral status.

2. Death of Owner. The death of the fee owner qualified for deferral status unless a surviving joint tenant, tenant in common, or contract vendee is eligible for the deferral benefit provided hereunder.

3. Non-Homestead Property. The subject property loses its homestead status for any reason.

4. No Hardship. The City Council determines that there would be no hardship to require an immediate or partial payment of the deferred special assessment.

D. Filing for Deferral Status. An eligible applicant must apply for the deferment not later than ninety (90) days after the final special assessment roll is adopted by the City Council. The deferment shall be granted upon a certification by the applicant on a form prescribed by the County Assessor supplemented by the City to establish the qualification of the applicant for such deferment.

Subdivision 10. Other Deferment of Assessments

A. Deferments For New Subdivisions.

1. The City Council, at its discretion, may grant a deferment of up to five (5) years in new subdivisions.

2. In granting a deferment of special assessments in a new subdivision, the City Council may set a rate at which interest is accrued for the deferred balance and it may require a payment of the interest due each year.

3. In the event that a parcel within a new subdivision with regard to which an assessment has been deferred is sold or a building permit is issued on that parcel, the deferred payment of the assessment no longer applies for that specific parcel and the assessments for improvements thereon shall thereafter be paid in accordance with the original assessment.

B. Deferments For Unimproved Properties.

1. The City Council, in its discretion, may grant a deferral of special assessments levied on unimproved properties. The Council may grant the deferral until a designated future year or until the property is platted or until improvements are constructed on the property.

2. In granting a deferment of special assessments in a new subdivision, the City Council may set a rate at which interest is accrued for the deferred balance and it may require a payment of the interest due each year.

3. In the event that the parcel becomes improved, is platted or the designated future year arrives, then the deferral no longer applies and the assessments for the improvements shall take effect in accordance with the terms of the original assessment.

Source: Ordinance 77, 2nd Series
Effective Date: 11-04-2004

Subdivision 11. Partial Prepayment of Special Assessments

A. Partial prepayment of special assessments will be accepted only during the thirty (30) day period immediately following City Council approval of the final special assessment roll.

SECTION 13.07 ASSESSMENT FORMULAS

Subdivision 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.

Subdivision 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 13.08 INITIATION OF PUBLIC IMPROVEMENT PROJECTS

Subdivision 1. Action by City Council

The City Council may initiate an improvement when, in its judgement, such action is required in the best interest of the city

Subdivision 2. Citizen Petition

Public improvement projects may be initiated by petition of not less than thirty-five percent (35%) of the affected property owners.

SECTION 13.09 STREETS

Subdivision 1. New Construction

One hundred percent (100%) of the cost of any improvement associated with the construction of new streets shall be assessed against the benefited properties.

Subdivision 2. Overlaying/Reconstruction

When the condition of existing streets have deteriorated to the point where excessive maintenance is incurred or where facilities are inadequate, the City Council may elect to overlay or replace the street surface entirely. The full benefit conferred on each property shall be assessed up to fifty percent (50%) of the cost of such improvement/replacement.

Subdivision 3. Seal Coating

The City may seal coat a street in accordance with the recommendation of the City's Public Works Director. The City shall assume one hundred percent (100%) of the total cost associated with such improvement.

SECTION 13.10 CURB AND GUTTER

Subdivision 1. New Construction

One hundred percent (100%) of the cost of new curb and gutter shall be assessed against the benefiting properties.

Subdivision 2. Replacement

When condition 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.

The full benefit conferred on each property shall be assessed up to fifty percent (50%) of the cost of such improvement/replacement.

SECTION 13.11 SIDEWALKS

Subdivision 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.

Subdivision 2. New Construction - Existing Developments

One hundred percent (100%) of the cost for installing new sidewalks within existing developments shall be assumed by the City.

Subdivision 3. Replacement of Existing Sidewalk

One hundred percent (100%) of the cost for replacing existing sidewalk shall be assumed by the City.

SECTION 13.12 WATERMAINS - TRUNK LINES AND LATERALS

Subdivision 1. New Construction

A. One hundred percent (100%) of the cost of new trunk water lines and water service laterals shall be assessed against the benefiting properties.

B. Oversized Lines

In the event that oversized trunk lines, over 8" in diameter, is 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 line 8" in diameter. Any additional cost for the increase in line diameter shall be assumed by the City.

Subdivision 2. Replacement

When the 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. One hundred percent (100%) of the cost of replacement of trunk water lines shall be assumed by the City. One hundred percent (100%) of replacement of service laterals shall be assessed against the benefiting properties.

SECTION 13.13 SANITARY SEWER - TRUNK LINES AND LATERALS

Subdivision 1. New Construction

A. One hundred percent (100%) of the cost of new trunk sewer lines and sewer service laterals shall be assessed against the benefiting properties.

B. Oversized Lines

In the event that oversized sewer trunk lines, over 8" in diameter, is 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 line 8" in diameter. Any additional cost for the increase in line diameter shall be assumed by the City.

Subdivision 2. Replacement

When the 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. One hundred percent (100%) of the cost of replacement of trunk lines shall be assumed by the City. One hundred percent (100%) of replacement of service laterals shall be assessed against the benefiting properties.

SECTION 13.14 STORM SEWER

Subdivision 1. New Construction - New Developments

A. 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.

B. Oversized Lines

In the event that oversized storm sewer trunk lines are required for the purpose of providing service to areas beyond the area or development under consideration, then the additional cost for the increase in line diameter to service those areas outside the development shall be assumed by the City.

C. Storm Water Retention/Detention Facilities

In the event that the anticipated storm water volume, in the opinion of the City, requires the construction of storm water retention/detention facilities in a new development, the City may elect to require construction of such facilities. One hundred percent (100%) of the cost for such storm water retention/detention facilities shall be assessed against the benefiting properties.

Subdivision 2. New Construction - Developed Areas

When new storm sewer facilities are installed in areas that have been previously developed, the City shall assume fifty percent (50%) of the cost of such installation and fifty percent (50%) shall be assessed against the benefiting properties.

Subdivision 3. Replacement

When the condition of existing trunk storm sewer 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. The full benefit conferred on each property shall be assessed up to fifty percent (50%) of the cost of such improvement/replacement.

SECTION 13.15 SPECIAL ASSESSMENT DISTRIBUTIONS

In new subdivisions the developer(s) may request the special assessments to be distributed unevenly among the platted lots. At no time shall the total special assessments to be collected be less than the total project costs to be assessed for the improvements. All such requests shall be subject to City Council approval.

SECTION 13.99. VIOLATION A MISDEMEANOR

Every person who violates a section, subdivision, paragraph or provision of this Chapter when they perform an act thereby prohibited or declared unlawful, or fails to act when such failure is hereby prohibited or declared unlawful, or performs an act prohibited or declared unlawful, or fails to act when such failure is prohibited or declared unlawful by a code adopted in this Chapter, then upon conviction thereof, shall be punished as for a misdemeanor except as otherwise stated in a specific provision hereof.

Source: Ordinance 77, 2nd Series
Effective Date: 11-04-2004

Source: Ordinance No. 49, 2nd Series
Effective Date: 11-21-2002