



CITY OF EDINA
SPECIAL ASSESSMENT POLICY
July 21, 2021

POLICY PURPOSE:

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

DEFINITIONS:

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

POLICY:

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

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

Residential Equivalent Unit (REU): REU is an equivalency factor used to determine assessment amounts for MSA, local roadway and alley improvements. REU is based on traffic generation of one residential lot,

regardless of lot size or amount of street frontage. REU's shall be calculated according to the following table:

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

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

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

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

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

- A percentage of the costs for MSA roadway based on Table 1.
- A percentage of costs for local roadways and alleys based on Table 2.
- The costs of curbs, gutters and other storm water management improvements are paid from the Utility Fund.
- The costs of the publicly-owned portions of underground water, sanitary sewer, or storm sewer utility lines are paid from the Utility Fund.

- The costs of sidewalks, trails, and pedestrian/cyclist related safety improvements are paid from PACS.

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

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

*6.5% if not done with roadway improvements.

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

Background:

- A. Special Assessment Policy dated April 6, 2021
- B. Special Assessment Policy dated December 4, 2018
- C. Special Assessment Policy dated June 7, 2016
- D. Special Assessment Policy dated August 6, 2012
- E. Special Assessment Policy Background dated September 7, 2010
- F. Special Assessment Policy Proposal dated August 16, 2005

- G. Municipal State Aid Special Assessment Policy dated December 5, 2006
- H. Municipal State Aid Special Assessment Policy dated December 21, 2010

Appendix:

1. Table 1: Municipal State Aid (MSA) Roadway Assessment Amount per Year
2. Table 2: Local Roadway and Alley Assessment Amount per Year
3. Senior Deferral Program Resolution 2005-78

Appendix

Table 1. Municipal State Aid (MSA) Roadway Assessment Amount per Year

Year	Construction Year	Assessment Year	Percentages			Sample Assessments During Transition		
			Reduction in Assessments per Year	Cumulative Reduction in Assessment per Year	Assessment per Year	\$5,000	\$7,500	\$10,000
0	2020	2021			20.00%	\$5,000	\$7,500	\$10,000
1	2021	2022	21.10%	21.10%	15.78%	\$3,945	\$5,918	\$7,890
2	2022	2023	5.26%	26.36%	14.73%	\$3,682	\$5,523	\$7,364
3	2023	2024	5.26%	31.62%	13.68%	\$3,419	\$5,129	\$6,838
4	2024	2025	5.26%	36.88%	12.62%	\$3,156	\$4,734	\$6,312
5	2025	2026	5.26%	42.14%	11.57%	\$2,893	\$4,340	\$5,786
6	2026	2027	5.26%	47.40%	10.52%	\$2,630	\$3,945	\$5,260
7	2027	2028	5.26%	52.66%	9.47%	\$2,367	\$3,551	\$4,734
8	2028	2029	5.26%	57.92%	8.42%	\$2,104	\$3,156	\$4,208
9	2029	2030	5.26%	63.18%	7.36%	\$1,841	\$2,762	\$3,682
10	2030	2031	5.26%	68.44%	6.31%	\$1,578	\$2,367	\$3,156
11	2031	2032	5.26%	73.70%	5.26%	\$1,315	\$1,973	\$2,630
12	2032	2033	5.26%	78.96%	4.21%	\$1,052	\$1,578	\$2,104
13	2033	2034	5.26%	84.22%	3.16%	\$789	\$1,184	\$1,578
14	2034	2035	5.26%	89.48%	2.10%	\$526	\$789	\$1,052
15	2035	2036	5.26%	94.74%	1.05%	\$263	\$395	\$526
16	2036	2037	5.26%	100.00%	0.00%	\$0	\$0	\$0

Table 2. Local Roadway and Alley Assessment Amount per Year

Year	Construction Year	Assessment Year	Percentages			Sample Assessments During Transition		
			Reduction in Assessments per Year	Cumulative Reduction in Assessment per Year	Assessment per Year	\$10,000	\$15,000	\$20,000
0	2020	2021				\$10,000	\$15,000	\$20,000
1	2021	2022	21.10%	21.10%	78.90%	\$7,890	\$11,835	\$15,780
2	2022	2023	5.26%	26.36%	73.64%	\$7,364	\$11,046	\$14,728
3	2023	2024	5.26%	31.62%	68.38%	\$6,838	\$10,257	\$13,676
4	2024	2025	5.26%	36.88%	63.12%	\$6,312	\$9,468	\$12,624
5	2025	2026	5.26%	42.14%	57.86%	\$5,786	\$8,679	\$11,572
6	2026	2027	5.26%	47.40%	52.60%	\$5,260	\$7,890	\$10,520
7	2027	2028	5.26%	52.66%	47.34%	\$4,734	\$7,101	\$9,468
8	2028	2029	5.26%	57.92%	42.08%	\$4,208	\$6,312	\$8,416
9	2029	2030	5.26%	63.18%	36.82%	\$3,682	\$5,523	\$7,364
10	2030	2031	5.26%	68.44%	31.56%	\$3,156	\$4,734	\$6,312
11	2031	2032	5.26%	73.70%	26.30%	\$2,630	\$3,945	\$5,260
12	2032	2033	5.26%	78.96%	21.04%	\$2,104	\$3,156	\$4,208
13	2033	2034	5.26%	84.22%	15.78%	\$1,578	\$2,367	\$3,156
14	2034	2035	5.26%	89.48%	10.52%	\$1,052	\$1,578	\$2,104
15	2035	2036	5.26%	94.74%	5.26%	\$526	\$789	\$1,052
16	2036	2037	5.26%	100.00%	0.00%	\$0	\$0	\$0



RESOLUTION NO. 2005-78

**AUTHORIZING SPECIAL ASSESSMENT
SENIOR DEFERRAL PROGRAM**

City of Edina

WHEREAS, by Minnesota Statutes, Sections 435.193 through 435.195, the City is authorized and empowered to defer the payment of special assessments against homestead property owned by a person 65 years of age or older or retired by virtue of a permanent and total disability for whom payment of such special assessment would be a hardship; and

WHEREAS, the City Council of the City of Edina deems it desirable and in the best interests of the City of Edina and its citizens to implement such authority and power by establishing standards, guidelines and procedures for the granting and processing of such deferments;

NOW, THEREFORE BE IT RESOLVED, that the following standards, guidelines and procedures are hereby established and adopted:

ELIGIBILITY STANDARDS

- The applicant must be 65 years of age or older or retired by virtue of a permanent and total disability, and
- The applicant must be the fee simple owner of the property or must be a contract vendee for fee simple ownership, and
- The property for which deferment is requested must be classified and taxed as homestead property by the City Assessor as of the date the application for deferment is made, and
- The first year's installment of the proposed special assessment must, either alone or in the aggregate with installments of other special assessments due against the property and payable in the first year of the proposed assessment, total more than two percent of the applicant's total household income as defined by Minnesota Statutes, Chapter 290A.

INTEREST RATE

- Any special assessment deferred pursuant to this policy shall bear interest at the prevailing interest rate applicable at the time the assessment was originally levied.

TERMINATION

- Special Assessment payments deferred pursuant to the eligibility requirements set forth by this policy shall become payable effective upon the occurrence of one of the following events:

- The subject property is sold, transferred, subdivided, or in any way conveyed to another by the fee owner qualified for deferral status.
- 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.
- The property loses its homestead status for any reason.
- The City council determines that there would be no hardship to require an immediate or partial payment of the deferred special assessment.

PROCEDURES

- The applicant for deferment must file a completed application and affidavit with the City Assessor on or before November 15th of the year preceding the year for which deferral status is requested in order to implement the deferral program for said year.
- All applications for deferment shall be made on forms prepared and supplied by Hennepin County and the City of Edina.
- The City Assessor shall include in any and all mailed notices of public hearings with respect to special assessments, a statement explaining the deferment policy hereby adopted.
- The City Assessor shall transmit all deferments granted pursuant to this policy to the Hennepin County Auditor for recording with the Office of the County Recorder, Hennepin County, Minnesota, so as to give notice of such deferment to all future owners and encumbrancers of the property for which a deferment has been granted.

BE IT FURTHER RESOLVED, that the City Council shall not be prohibited from determining that a hardship exists, and that a deferment should be granted on the above terms and conditions, even if the eligibility requirements are not met by an applicant, provided that the Council finds that:

- There are exceptional and unusual circumstances not covered by the foregoing standards and guidelines, and
- If granted, the deferment will have been made in a non-discriminatory manner, and
- The granting of the deferment will not give the applicant an unreasonable preference over other applicants.

BE IT FURTHER RESOLVED, that failure of the City to give notice pursuant to this policy or the granting or denial of any deferment shall not invalidate any special assessment otherwise made and levied by the City of Edina pursuant to applicable statutory requirements.

ATTEST: *Debra A. Manges*
City Clerk

[Signature]
Mayor

STATE OF MINNESOTA)
COUNTY OF HENNEPIN)SS
CITY OF EDINA)

CERTIFICATE OF CITY CLERK

I, the undersigned duly appointed and acting City Clerk for the City of Edina do hereby certify that the attached and foregoing Resolution was duly adopted by the Edina City Council at its Regular Meeting of September 6, 2005, and as recorded in the Minutes of said Regular Meeting.

WITNESS my hand and seal of said City this 7th day of Sept., 2005.

Debra A. Mergen
City Clerk