

## City of Osseo Special Assessment Policy

**Policy Purpose:** To serve as a guide to be utilized by the City of Osseo Staff and City Council when preparing assessment rolls associated with Street & Utility Improvement Projects.

Three basic criteria must be satisfied before a particular parcel can be assessed. They are:

- 1) The land must have received Special Benefit from the improvement.
- 2) The amount of the assessment must not exceed the Special Benefit.
- 3) The assessment must be uniform in relation to the same class of property within the assessment area.

**Special Benefit Defined:** The increase in market value to a property because of the project or public improvements.

**Policy Procedure:** The City shall follow the procedures set forth in Minnesota Statutes Chapter 429. Chapter 429 describes the necessary steps Council and Staff must follow and the required timelines for issuing public notices and legal publications. The following is a brief summary of the Chapter 429 procedure:

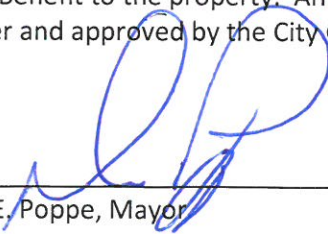
1. Initiation of Proceedings: Either a petition from affected property owners (at least 35% of adjacent property frontage) or the Council initiates Chapter 429 proceedings.
2. Feasibility Report: Whether initiated by petition or by Council, Chapter 429 requires that the city engineer, or another person with similar skills, prepare a feasibility report. (Bond attorneys also require a certified copy of a feasibility report before issuing bonds to finance a local improvement that is also utilizing special assessments.)
3. Notice of Public Hearing on Improvement: A public hearing must be held on the proposed improvement. The City must publish notice of the public hearing to consider the proposed improvement. The City must also mail notice to each of the property owners in the proposed assessment area.
4. Public Improvement Hearing: Interested persons may voice their comments and concerns regarding the project, whether or not they are in the proposed assessment area.
5. Ordering Improvement and Preparation of Plans: A resolution ordering the improvement may be adopted at any time within six months after the date of the improvement hearing. A four-fifths (4/5) vote is required of the Council to advance the project if the project was not initiated by a qualifying petition.
6. Competitive Bidding: Advertise, open, and tabulate bids.
7. Public Assessment Hearing: Prepare proposed assessment roll, publish notice of assessment hearing, and mail individual notices of assessment hearing, including the specific amount of each property assessment. At the public assessment hearing the Council shall hear and consider all objections to the proposed assessment. The Council must adopt the assessment roll by resolution.

**Special Assessment Policy:**

1. Cost of street improvements, including curb and gutter, shall be assessed at 50% of the total project cost (including administrative costs: legal, engineering, financing, etc.).

2. Cost of watermain, storm sewer, and sanitary sewer improvements shall be paid for by their respective enterprise funds and/or other City-secured funding source. In some cases, the City may want to consider assessing improvements to private utility service lines.
3. Residential properties, including single-family dwelling lots, duplexes, townhomes, row homes, and similar residential properties, shall be assessed on a PER UNIT basis.
4. Residential corner lots shall be assessed one unit when the street it fronts is reconstructed and 0.5 units for each adjacent street being improved. The street a home fronts shall be defined by that which its address is on.
5. Generally, single-family residential lots, townhome, and row home properties shall be assessed one unit and duplex properties shall be assessed two units. The Council, however, may apply multiples of or some fraction of a unit in order to address unique circumstances or to more equitably distribute assessable costs.
6. Multi-family Housing (e.g., apartment buildings), Institutional, Commercial, and Industrial Properties shall be assessed on the actual street frontage being improved, adjacent footage basis.
7. Payback period of special assessments shall be over a period of years as determined by the Council.
8. Assessment interest rate shall be 2% higher than the true interest cost (TIC) of the bonds.
9. The City will accept both partial pre-payments and full pre-payments on assessments before certifying the assessment roll to the County.
10. Special assessment deferments on homesteads are available for senior citizens and disabled persons for whom it would be a hardship to make payments. The assessment is still imposed, but deferred, for those that qualify until such time as:
  - 1) The property or any part thereof is sold, transferred, or subdivided.
  - 2) Death of the owner and the spouse not otherwise eligible for deferment.
  - 3) The property loses homestead status.
  - 4) The owner is no longer determined to be in a hardship category.

**Policy Modifications:** The Special Assessment Policy is to serve as a guide for a systematic assessment process. Assessment methodology shall be evaluated independently on each project to determine if any modifications need to be made. The Council may adjust the amount of an assessment calculated for a property or properties to address unique features or circumstances of the property or to more equitably distribute the assessable costs of a project, so long as the amount of the assessment does not exceed the Special Benefit to the property. Any such adjustment will only occur if it is recommended by the city engineer and approved by the City Council.

  
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Duane E. Poppe, Mayor

  
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Riley Grams, City Administrator