



PUBLIC IMPROVEMENT AND SPECIAL ASSESSMENT POLICY

This policy sets forth a procedure for the funding of various public improvements which are constructed and installed by the City of Virginia.

City of Virginia
Street and Sewer Assessment Policy

1. INTRODUCTION

The purpose of this Public Improvement and Special Assessment Policy is to set forth a procedure for the funding of various public improvements which are constructed and installed by the City of Virginia. It is the intent and purpose of this policy to provide for an insure consistent, uniform, fair and equitable treatment, insofar as is practical, of all property owners within the City of Virginia.

While it is well documented within the real estate industry that streets and utilities that are in poor condition decrease the marketability and sale prices of homes, improvements to the streets and utilities do not automatically increase the taxes on the property. Property market valuations, as determined by the County Assessor, are based on the recent sale prices of comparable properties within the neighborhood. Following improvements to streets and utilities, the marketability of properties tends to increase, and the properties can demand a higher sale price. As years pass and the history of sale prices in the neighborhood show increases, the County Assessor will adjust the market valuation of properties to more closely reflect the price the property would sell for. If the market valuations in the neighborhood are increasing at a faster rate than the City, County, and School District averages, the property taxes will tend to increase over time.

Special assessments are a charge imposed on properties for an improvement that benefits the owners of that selected property. The authority to use special assessments originates in the state constitution which allows the state legislature to give cities and other local government units the authority “to levy and collect assessments for local improvements upon property benefitted hereby”. The legislature designates that authority to cities in Minnesota Statues Chapter 429.

A charter city such as Virginia may choose to use either Chapter 429 or provisions of the charter to assess for local improvements, however, even the state law requires that charter cities follow state law in certain steps of the proceedings.

Special Assessments have three distinct characteristics:

- They are a levy the City uses to finance, or partially finance, a public improvement program.
- The city levies the charge only against those parcels of property that receive some special benefit from the program.
- The amount of the charge bears a direct relationship to value of the benefits the property receives.

The City of Virginia, Minnesota finds it beneficial to fund portions or all the street and sewer capital plans using special assessments. Special assessment proceedings will follow the procedures as outlined in Minnesota Statute 429 and any modifications thereto.

2. SCOPE AND LIMITS

This policy is designed to serve only as a general guide for the City Council. The Council reserves the right to vary from this policy if it creates obvious inequities, or where the assignment of special benefits to a particular property or properties is difficult because of an unusual situation.

3. INITIATION OF AN IMPROVEMENT

A. By Petition from Property Owners

Per Minnesota Statute 429, if the council chooses to proceed with an improvement based on a petition, it must have the signatures of at least 35 percent in frontage of the property bordering the proposed improvements. If the council relies upon a petition as its basis for proceeding, it cannot make substantial change the improvement from what is asked for in the petition. The council must pass a resolution determining whether the petition is legally sufficient or not.

B. By Council Action

Per City of Virginia Charter, Section 2.08, in the first instance in which the council desires to levy a special assessment for an improvement, it shall require a two-thirds (2/3) vote of the members elect except in the case of sidewalks, in which a majority is sufficient.

4. ASSESSABLE IMPROVEMENTS

A. Developer New Construction

On projects where utilities and roadways are being constructed for the first time, the developer is responsible for installing the water main, sanitary sewer, grading, surfacing, storm sewers, and any other incidental features it sees fit. The city requires developers to construct all facilities to city standards and be approved by the City engineering department. While it is ultimately up to the developer to decide how the development costs incurred are recouped, the developer will typically split these costs to the number of parcels developed and recoup its cost through the sale price of the lots.

B. Petitioned New Construction

On projects where the city is petitioned to install the new improvements, the entire project cost being constructed is assessed to the abutting properties, as either by a per lot basis or by a front-foot basis.

C. Petitioned Reconstruction or Resurfacing

On projects where the city is petitioned to install the new improvements, the entire project cost being constructed is assessed to the abutting properties, as either by a per lot basis or by a front-foot basis.

D. Council Authorized Reconstruction or Resurfacing

1. Street Construction Overlays or Reconstructions

All costs including excavation/removal, street surface, Sidewalks curb and gutters, sod, lighting systems, etc.

- a. Local streets with Average Daily Traffic greater than 1000 shall be assessed 50% of project costs.
- b. Local streets with Average Daily Traffic of less than 1000 cars per day shall be assessed 75% of project costs.
- c. Municipal State Aid Streets shall be assessed by the following formula:

$$\text{Assessed Amount} = w/W \times 50\%$$

(Where w = street width if it were a local street and W = MSA required street width)

2. Alleys

75% of project costs will be assessed to abutting property owners

3. Sidewalks (completed as a separate project – not part of a Street Project)

0% of project costs will be assessed to abutting property owners

4. Sanitary Sewer, Water Mains, Storm Sewer

If utilities such as sanitary sewer, water mains, or storm sewers are being reconstructed along with the project, the cost of this work is not assessed, but rather is covered through user fees and rates set by council or public utilities commission.

5. ASSESSMENT METHODOLOGY

A. STREETS

Property facing those streets shall be assessed on a front footage basis with the defined on the footage of the block. (See Attachment A) Streets or portions thereof which function as “avenues” shall be treated as if they are an avenue.

B. AVENUES

Avenues receive the vehicle traffic from abutting streets and alleys thus shall be assessed in a manner of a triangle extending from the intersection of the intersecting street and then one-half of the distance of the block. (See Attachment B). With assessment based on the total number of square feet within the triangle and the prorated square footage cost of the improvement from each benefited property owner. Avenues or portions thereof which function as “streets” shall be treated as if they are a street. Those parcels which front on the avenue will be assessed on a front foot basis.

6. PROCEEDINGS

The City of Virginia has elected to utilize Minnesota Statute 429 for its assessment proceedings, as amended and incorporated by reference into this policy.

7. INTEREST RATES

The council determines the interest rate on the special assessments, along with any other repayment provisions. The interest rate is typically set by ensuring a reasonable relationship between the assessments interest rate and the bond interest rate if the city issued bonds for the project. If the city finances the project with funds on hand, the council will look at the interest rate the city would otherwise have earned on the funds.

8. PAYMENTS

Once the assessments have been adopted, property owners originally have numerous options for repayment:

- A. Pay the total amount of the assessment within 30 days after the council adopts the assessment rolls. This this situation, the city cannot charge interest; or
- B. Pay the assessments in annual installments (with interest) under the terms set by the council; or
- C. Pay the entire amount at any time after the 30 days, but before any certification to the county auditor. The property owner pays only the amount of interest accrued as of the date of payment; or
- D. At any time after certification to the County Auditor, the property owner may still pay the entire remaining unpaid amount to the County Treasurer. However, the property owner must pay the entire remaining unpaid amount of the assessment before November 15 of any year and must also pay all interest accrued until the end of that calendar year.

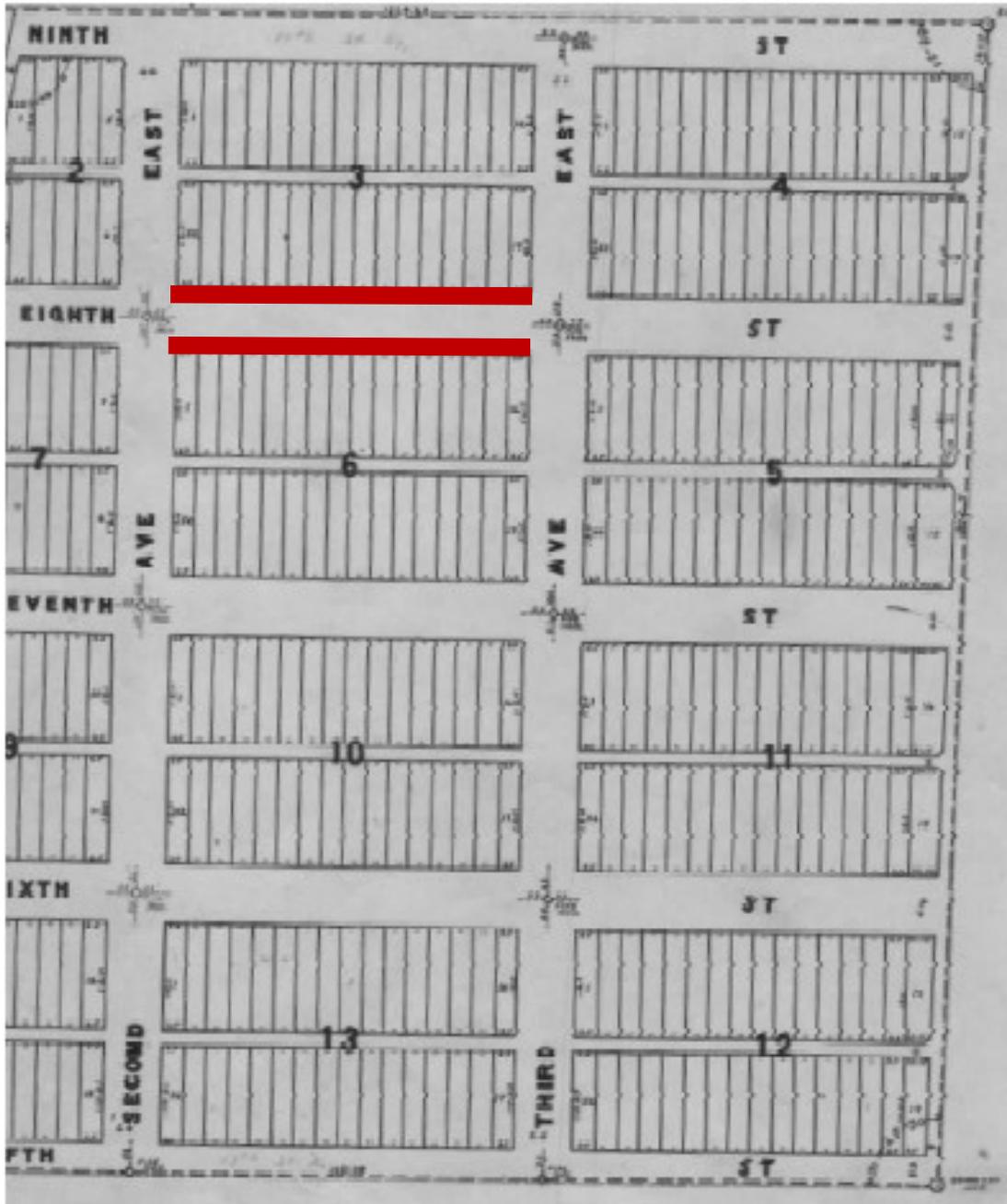
9. DEFERMENTS

The City Council has adopted policy which allows for assessment deferments for elderly person and for all other persons who fall within the economic hardship criteria. A deferred assessment is not forgiven but is postponed until such time that the property owner either elects to resume making the annual installments as certified, no longer meets the economic hardship criteria, or sells the property. Persons interested in deferring assessments must apply each year to have the following year assessment installment deferred. After 10 years, no further applications are necessary, and the deferred installments will remain permanently deferred without accrual of additional interest, until such time that the deferred assessment is voluntarily paid of the property is sold. The most current deferment criteria passed by council resolution can be requested from the City Clerk and a copy provided to the requestor.

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ATTACHMENT A

Street Assessment Methodology – Front Footage
Red Line = Area to be Assessed



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ATTACHMENT B

Avenue Assessment Methodology – Front Footage
Red Line = Area to be Assessed

