ADA

Special Assessment Manual

City of Ada, Minnesota

2020

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I. Special Assessment Policy Goals

The goals of the City's special assessment policies and procedures are as follows:

1. In combination with federal, state, county, and other local financial resources available to the City, provide a ***stable and continuing source of funding within the financial capacity of the City*** to accommodate infrastructure needs for new development, redevelopment, and maintenance within the existing community in the most cost-effective manner.

2. ***Balance needs and costs for new and existing infrastructure*** to support and promote economic development and growth as well as maintenance within the existing community by providing for the equitable distribution of infrastructure costs to ensure that specific developments are financially self-supporting to the extent warranted.

3. To provide a comprehensive, well-constructed and well-maintained infrastructure system that provides service to individual properties and takes advantage of ***economies on a regional scale and flexibility in the timing of infrastructure development***.

4. To be ***responsive to community needs and desires*** for health, safety, welfare, accessibility, and mobility provided by new infrastructure and the maintenance of existing infrastructure.

5. To ***function in harmony with the City's comprehensive plan and growth area plans*** by providing the infrastructure and amenities associated with those plans thereby promoting orderly growth in areas where services are available or can be provided at the most reasonable cost.

6. Provide the City Council and staff with ***guidelines and methods to efficiently distribute infrastructure costs to benefiting properties*** in an equitable and consistent manner thereby enhancing the value of property by assigning a proportionate value of the improvements to the properties deriving benefit from the improvement.

7. To provide an effective tool for the management of municipal resources to support a ***highly functional and well-maintained system of infrastructure*** which promotes economic development and growth, fosters a sense of pride throughout the community, and facilitates the development and adoption of ***short- and long-range capital improvement plans*** by identifying the magnitude and sources of funding available.

The special assessment policy is intended to be a working document designed to guide the actions of the City Council and program activities of City staff. Although the special assessment policies and procedures are intended to provide for the equitable distribution of costs proportionate to the benefits accruing to

each improved property, the methods, in and of themselves, do not guarantee against challenges, successful or not, to the special assessments derived from them. The true measure of benefits resulting from public improvements is the increase in market value of land as a result of the improvement.

This special assessment policy is intended to guide the city in assessing project/improvement costs, which have been determined by the City Council to be specially assessed to benefiting property owners. To the extent permitted by the City's financial condition, the City will first apply any financial assistance received from the Federal Government, State of Minnesota or County or any cash contributions from city sources that the City Council determines to be available for the project to reduce the total cost of the project/improvement. The remaining cost of the project/improvement shall then be specially assessed in accordance with this special assessment policy and Chapter 429 of the Minnesota Statutes.

I. GENERAL

PURPOSE

A special assessment is a levy on a property to defray the cost of public improvements. Chapter 429 of the Minnesota Statutes Annotated (MSA 429) grants cities the authority to use special assessments as a mechanism to finance a broad range of public improvements including: 1) Street and sidewalk improvements; 2) Storm and sanitary sewer systems, 3) Street lighting systems; 4) waterworks systems; 5) parks, playgrounds and recreational facilities; 6) boulevard trees; 7) nuisance abatement; dikes and other flood control works and parking lots.

The primary purpose of special assessments is to have the properties that benefit from public improvements pay as much of the cost of the improvements as is reasonable, thereby reducing a city's reliance on general property taxes. MSA 429 limits the amount that may be assessed to the amount that a property actually benefits from the improvement. In practice, cities base assessments on a percentage of the cost of the actual improvements, and attempt to apportion the cost equitably to each of the benefiting properties. This can be a complex and contentious process. Public improvements may be constructed without using special assessments, however, cities have limited funding options, and it is generally not economically feasible under current statutes to avoid special assessments altogether.

The need for specific projects shall be determined based on engineering standards (e.g. – the existing condition represents a physical or structural hazard, or is no longer cost-effective to maintain, etc.) as determined by the City Engineer and approved by the City Council.

Projects having an uneven distribution of benefits may be subdivided into separate improvements using multiple assessment methods and rates to more equitably apportion the assessments.

SCOPE AND LIMITS

These assessment policies are designed to serve as a guide for the City Council in allocating special benefits to properties for the purpose of defraying the cost of installing public facilities.

The Council reserves the right to vary from these policies if the policies act to create obvious inequities, or where the assignment of special benefit to a particular property is difficult because of an extreme and unusual situation, or if such variance is deemed to be in the best interests of the City of Ada.

The Council may deviate from these policies if there is a written developer's agreement between the developer and the City that specifies how public improvements are to be paid and provided that the developer meets all the requirements of the subdivision ordinances of the City. The terms and conditions of the developer's agreement shall be determined by the City Council.

METHODS AND STANDARDS OF ASSESSMENT

Management of special assessment projects is a complex process and includes extensive work in engineering, design, construction, and administration of public improvements. Because of the importance of consistency with comprehensive planning and equity in assessing benefited properties, coordination is necessary among City agencies in various phases of development. In many instances, the City Engineer is engaged in the planning and design of the system and is mandated to supervise construction to assure conformity with the plans and specifications approved by the City Council. The assessment process not only addresses the feasibility of physical construction but must also deal with affordability of the improvements.

The assessment process addresses:

1. Determination of the assessable share of the cost based on the type of improvements; and
2. Equitable apportionment of the assessable cost among the benefited property owners.

CLASSIFICATION OF IMPROVEMENTS

In meeting these responsibilities, the City of Ada has established a classification system for public improvement projects based on the design capacity and the level of use. Cost apportionment is based on the extent of use of the improvement by the benefiting property

owners. City policies for street paving, curb, gutter, and sidewalk construction are a basic guide. The classification system groups improvements into the three categories listed below.

Type I improvements consist of projects that are mostly of benefit to the abutting properties, while **Type II improvements** consist of projects that benefit a larger, yet definable, area. Curb, gutter, water & sewer services and driveway improvements are always Type I improvements. Street construction, sidewalk, paving, storm sewer, sanitary sewer, and water mains may be Type I if solely designed to serve the abutting properties, but may also be Type II if the improvement benefits a larger area. For example, a local residential street is a Type I improvement, and therefore, the assessable cost should be wholly supported by the adjoining property owners. Major or minor collector or arterial streets, which are likely to be used by a broader segment of the public, should be proportionately assessed to a larger area.

Type III improvements consist of large-scale projects of benefit to the entire City regardless of location. The criteria for designation of any improvement as Type III is that such facilities serve areas larger than a definable neighborhood or those areas separated by major identifiable barriers, such as the river, railroad tracks, or arterial streets. Typically, Type III Improvements are financed through a combination of Federal and State appropriations with a local match from available City funds, however, special assessments may be needed to fully fund the project.

If financial assistance is received by the City from the Federal Government, from the State of Minnesota, the County, or any cash contributions from city sources that the City Council determines to be available for the project to reduce a portion of the costs of a given improvement, such aid will be used first to reduce the total cost of the project/improvement. The remaining cost of the project/improvement shall then be specially assessed in accordance with this special assessment policy and Chapter 429 of the Minnesota Statutes.

The assessment classifications are listed in Table 1 below. The City Council may from time to time adjust the classification of improvements to maintain the equitability of the assessment cost.

Table 1. Assessment Classification

Type I Improvements	Type II Improvements	Type III Improvements
Curb & Gutter	Trunk Sanitary Sewers (greater than 8” diameter)	Bridges
Sidewalks, 5 feet or less	Trunk Water Main (greater than 6” diameter) and Looped Water Main	Community Facilities Library Law Enforcement Fire Station
Sanitary Sewer Laterals (less than or equal to 8” diameter)	Collector/Arterial Streets	
Water Main (less than or equal to 6” diameter)	Sidewalks, greater than 5 feet	Collector Streets

Sewer & Water Services	Storm Drainage Improvements	Community Parks
Residential Streets/Alleys	Pumping Stations	Wastewater Treatment Facilities
Storm Drainage Improvements		Water Tower
		Water Treatment Plant
Other improvements mandated or authorized by law		

III. Definitions

1. Abutting Property: A property directly adjacent to public improvements.

2. Access: Properties shall be considered to have access to public street improvements when they may enter onto the improvement from their own private driveway, or when the street classification would allow the property to be granted driveway access. Properties shall be considered to have access to underground utility improvements when they directly abut and are within 150 feet of the utility.

3. Adjusted Area: An area of a benefiting property that has been modified by an adjustment factor to more accurately represent the true benefit that property receives from an improvement in comparison to other properties in the assessment area. The adjustment will be based on the improvement design parameters that are applicable to that parcel, as approved by the City Council. Design parameters that may be used to determine the adjustment factor include, but are not limited to, trip generation, stormwater runoff coefficients, water use and needed fire flow.

4. Assessable Cost: Those costs of public improvements that have been determined to benefit specific properties. The assessable cost will be equal to the project cost minus the City cost. Project costs eligible for assessment include all costs associated with the improvements, including, but not limited to, land acquisition, demolition, construction, administration, engineering, legal, financing and other costs as determined by the City Council. The financing charges include all costs of financing the project. These costs include, but are not limited to, financial consultant's fees, bond attorney's fees, and capitalized interest.

5. Assessable Footage: The assessable footage is the total front footage of all of the benefiting properties, calculated by using the front footage method .

6. Assessment Rate: The assessment rate is determined by dividing the assessable cost of an improvement by the total number of assessment units such as the total adjusted front footage or square footage, acreage, number of lots, or number of parcels.

7. Assessment Unit: Adjusted front foot, square foot, acre, lot, unit or a parcel of land.

8. Benefit: The increase in property value as a result of a public improvement such as a street, sidewalk, curb and gutter, water main, sewer, park, or street landscaping.

9. Deferment: A process of postponing the collection of the cost of public improvements and funding them as a system cost with the intention of assessing the cost at a later date.

10. Driveway Approach: That area which lies between the to the right-of-way line; curb cut to curb cut.

11. Front Footage: The distance measured along the right-of-way line that directly abuts an improvement, not counting Side-Lot Footage.

12. Green Acres: Owners of agricultural parcels meeting specific conditions established by State Statute may apply for "Green Acres" status. Parcels that have been determined to qualify as Green Acres are exempted from paying special assessments until they no longer qualify for Green Acres. Project costs that benefit Green Acres parcels may be determined to be assessable costs, and the City may defer those costs and assess them or otherwise charge them to the property after the Green Acres status no longer applies.

13. Limited Access Street: A street, such as a major or minor collector street, which because of its high volume of traffic has been designated by the City for controlled access, meaning the number of access points to the street will be limited.

14. Lot Definitions:

    a. Corner Lot: A lot located at a street intersection having both front and side-lot footage.

    b. Double frontage Lot: A lot with access to two separate non-intersecting or intersecting streets but not a corner lot.

    c. Irregularly Shaped Lot: Those lots abutting curved streets, cul-de-sacs, or other lots where there is more than five feet of difference in length between the front and back lot lines.

    d. Rectangular Lot: A lot with less than five feet of difference in length between the front and back lot lines.

16. Public Improvement: Capital improvements providing a special benefit to properties, including but not limited to streets, sidewalks, curb, gutter, sanitary sewer systems, storm sewer systems, water treatment and distribution systems, and other municipal facilities including offices, shops, athletic facilities, and meeting places for cultural and sport events.

17. Side-Lot Footage: Regardless of the address or the direction that the house faces, or the driveway location, for rectangular corner lots, the “frontage” shall be equal to the dimension of the smaller of the two sides of the lot abutting the improvement plus one-half of the dimension of the larger of said two sides. Provided that where the “long side” of a corner lot exceeds 150 feet, the entire excess over 150 feet shall be regarded as frontage.

18. Special Assessment: A legal process whereby the benefited property is charged for all or a portion of the cost of public improvements.

19. Standards for Surface Improvements: In all streets, prior to street construction, surfacing or resurfacing, utilities and utility service lines shall be installed to serve each known or assumed building location to the extent possible. Concrete curbing or curb and gutter, along with storm sewer as appropriate, shall be installed at the same time as street surfacing.

    a. Major or Minor Collector streets – shall be of 7-ton design or 9-ton design and 36 to 44 feet in width for anticipated usage.

    b. Residential streets – shall be of 5 ton design and 36 to 40 feet in width, measured between faces of curbs.

    c. Commercial streets – shall be of 7-ton design or 9-ton design and 40 to 44 feet in width, measured between faces of curbs.

    d. Alleys, in residential areas – shall be of 5-ton design. In commercial or industrial service areas, alleys shall be constructed to a 7-ton or a 9-ton design, based on the anticipated usage of the alley in question

20. Street: All public ways designed as means of access to the adjoining properties.

21. System Cost: That portion of the assessable cost that benefits properties whose assessments are deferred because they qualify for green acres status, are located outside of the City limits, or are unable to make full use of the improvements due to factors beyond their control. The City may reimburse itself for such system costs from the benefiting properties when the basis for the deferral is no longer valid.

IV. Methods of Assessment

The City of Ada has adopted the following three methods for assessment of public improvements:

1. Front Footage Method This method computes the assessable frontage for the project and for each property. The assessment rate is obtained by dividing the total

assessable cost by the assessable footage in an assessment district. The assessment for each parcel is then obtained by multiplying the assessment rate times the front footage for each property. Front footage is determined as follows:

a. For rectangular lots, the front footage shall be the same as the front footage at the right-of-way.

b. For irregularly shaped lots, the front footage will typically be calculated as the width of the lot at a 25-foot setback from the right-of-way line, although other methods may be used at the City's discretion (such as average lot width) if they are determined to be more equitable.

c. For a rectangular corner lot, street assessments, regardless of the orientation of the house, the "frontage" shall be equal to half of the entire distance of the short and long sides of the lot that abut the street.

d. For a rectangular corner lot, water and sewer assessments, regardless of the orientation of the house, half of the entire distance of the short and long sides of the lot that abut the street shall be considered to be the "frontage".

e. For irregularly shaped corner lots, the front footage shall be the shorter of the two abutting dimensions calculated in accordance with the policy for irregularly shaped lots.

f. Double frontage lots may be assessed for any street improvement that it has direct access to, if the lot is of such size that it could be split into two buildable lots. The front footage for each improvement will be determined in accordance with the above-described policies, whichever is appropriate.

2. Area Method

This method computes cost on a square foot or acreage basis. The assessment rate is determined by dividing the total assessable cost by the total benefiting area. A parcel's assessment is then determined by multiplying the assessment rate times the benefiting area of the parcel. When the benefiting area includes both platted and unplatted properties, the gross benefiting area will be used to apportion the benefit among the properties. An adjustment factor reflecting land use may be applied to a parcel's benefiting area in some cases. For example, for storm sewer design, the assumed rate of runoff per acre from a commercial lot is greater than the runoff rate from a residential lot. If all uses are the same in a project area (single family, multi-family, commercial, or industrial), the assessment rate is the same for all. Where there is variation in residential density or uses, the assessment rate may be adjusted to reflect the corresponding differences in benefit.

For the purpose of defining assessable areas, all properties included in the benefited area, including other governmental areas, churches, etc. shall be included in the assessable areas. The following items may not be included in area calculations: public right-of-ways, natural waterways, swamps and lakes or other wetlands designated by the MN/DNR.

3. "Unit" Method

This method computes the costs on the basis of individual assessment units. For example, sewer and water services, sidewalks, and driveway approaches are typically are considered independent units. The total project cost is divided by the total number of assessment units to calculate the fixed cost. Assessment units could be determined on a per lot or per unit basis, or any combination thereof. For lots that may be further subdivided, the City may determine the number of assessable units based on the number of equivalent lots that could be created from a particular parcel.

V. Determination of Assessable Cost, Rate and Term

WATER SYSTEM

1. Water System: The assessable cost for installing new watermain improvements shall be based on the level of service required by the property. **In residential areas, 100% of the cost of installing watermain that is 6-inches in diameter or less shall be assessed to the benefiting properties and In commercial areas, 100% of the cost of installing new watermain**, based on current design standards.

   The cost of oversizing or looping the watermain for general distribution purposes shall not be assessed. Where larger diameter watermains are required to serve commercial, industrial or institutional properties, the increased cost of watermain installation shall be assessed to those properties. Where improvements are designed to serve an area beyond that of direct benefit, the City may defer the assessment and fund the increased project cost as a system cost. The system cost shall be assessed to the newly developing area as a system charge together with direct benefits for other services.

Years After First Assessment Levied[1]	City Share[2]	Assessed Share[2]
0-20 years	100%	0%
20-40 years	80%	20%
Over 40 years	70%	30%

[1]First assessment refers to the original assessment for properties developed or platted at or before the time the improvement is constructed or to the deferred assessment for properties developed or platted some time after the improvement is constructed.
[2]Percentage based on project construction cost. The assessed share of the project cost, as listed in the above table, will be apportioned against the benefiting properties. The City Engineer will use standard procedures to determine the benefiting property for each specific project.

2. Water Services: The assessable cost for the construction or replacement of water services shall be 100% of the project cost.

SANITARY SEWER

1. Sanitary Sewer: Assessments shall be based on engineering design standards. The assessable cost for installing sanitary sewer improvements shall be based on the type of service required by the property. **In residential areas, 100% of the cost of installing new sanitary sewer that is 8-inches in diameter; and up to 30% for reconstruction, shall be assessed to the abutting properties**. The assessable cost for the construction or replacement of sewer and water services shall be 100% of the project cost.

   The cost of pumping stations, lift stations, force mains, and oversizing the sanitary sewer to provide service to properties that do not directly abut the improvements shall be proportionally assessed to the entire design service area. Where larger diameter sanitary sewers are required to serve commercial, industrial or institutional properties, the increased cost of installation shall be assessed to those properties. Where improvements are designed to serve an area beyond that of direct benefit, the City may defer that portion of the assessment and fund it as a system cost. The system cost shall be assessed or otherwise charged to the newly developing area as a system charge together with direct benefits for other services.

2. Sanitary Sewer Assessment Formula:

   Assessments to be levied against properties within the benefited area shall be distributed to those properties on the basis of the following provisions:

   a. Assessment Rate: The assessment rate shall be equal to the "assessable cost" of the improvement divided by the total number of assessable units benefited by the improvement. Projects having an uneven distribution of benefits may be subdivided into separate improvements using multiple assessment methods and rates to more equitably apportion the assessments.

   b. Assessable Units: The assessable units shall be determined as follows:

      i. *Lateral Sewers*. The assessable unit shall be the "front footage" of the property, unless otherwise specified by the Council.

      ii. *Trunk Sewer and Lift Station.* The assessable unit shall be the area (square foot or acre) of the benefited property, both present and future, as determined in the project design, unless otherwise specified by the Council.

      iii. *Sewer Services.* The assessable cost for the construction or replacement of sewer service lines shall be 100% of the project cost. The assessment shall be based on the number of sewer services installed for each individual property. This is the unit cost method of assessment.

c. Assessment Formula for Replacement: The following table shows the cost split for replacement of sanitary sewers (trunk sewers, lateral sewers, and lift stations), if they are to be assessed.

Years After First Assessment Levied[1]	City Share[2]	Assessed Share[2]
0-20 years	100%	0%
20-40 years	80%	20%
Over 40 years	70%	30%

[1]First assessment refers to the original assessment for properties developed or platted at or before the time the improvement is constructed or to the deferred assessment for properties developed or platted some time after the improvement is constructed.
[2]Percentage based on project construction cost. The assessed share of the project cost, as listed in the above table, will be apportioned against the benefiting properties. The City Engineer will use standard procedures to determine the benefiting property for each specific project.

d. Length of Assessment: The assessment period for sanitary sewer improvements, including new construction and replacement projects, is a maximum of twenty years.

STORM SEWER

1. Storm Sewer: Storm sewer improvements shall be classified to include all storm sewer, storm sewer pumping stations, culverts, ditches, street grading and any other improvement, which will facilitate drainage. The assessment for the construction of storm drainage improvements shall be based on the level of service required by the property.

2. Storm Sewer Assessment Formula: Assessments to be levied against properties within the benefited area shall be distributed to those properties on the basis of the following provisions:

   a. Assessment Rate: The assessment rate shall be equal to the “assessable cost” of the improvement divided by the total number of assessable units benefited by the improvement. Projects having an uneven distribution of benefits may be subdivided into separate improvements using multiple assessment methods and rates to more equitably apportion the assessments.

   b. Assessable Units: The assessable unit, unless otherwise specified by the Council, shall be the gross area (square foot or acre) of the benefited properties, both present and future, as determined in the project design.

c. Assessable Cost: The assessable cost shall be 100% of the total project cost for new or expanded storm drainage improvements, and up to ~~50%~~ 30% for reconstruction, based on the chart below.

Years After First Assessment Levied[1]	City Share[2]	Assessed Share[2]
0-20 years	100%	0%
20-40 years	80%	20%
Over 40 years	70%	30%

[1]First assessment refers to the original assessment for properties developed or platted at or before the time the improvement is constructed or to the deferred assessment for properties developed or platted some time after the improvement is constructed.
[2]Percentage based on project construction cost. The assessed share of the project cost, as listed in the above table, will be apportioned against the benefiting properties. The City Engineer will use standard procedures to determine the benefiting property for each specific project.

d. Assessment Formula for Replacement: The cost split for replacement of storm sewers, lift stations, and miscellaneous drainage improvements, if they are to be assessed, will be assessed in the same manner as sanitary sewer replacement, as shown above.

e. Length of Assessment: The assessment period for storm sewers, lift stations, and miscellaneous drainage improvements is a maximum of twenty years

STREET CONSTRUCTION

1. New Residential Street Construction:

The assessable cost of new street paving projects shall be 100% of the cost of constructing the street. The assessment rate for the construction of new residential streets shall be equal to the "assessable cost" of the improvement divided by the total front footage (both existing and future) benefited by the improvement, as determined in the project design. The paving of residential streets shall be assessed to the abutting properties on the basis of front footage, "unit" method, or as approved by the City Council.

2. New Collector & Arterial Street Construction:
The assessment rate for the construction of new arterial and collector streets shall be equal to the assessable cost of the improvement divided by the total gross benefiting area, as determined during design. New collector and arterial streets shall be assessed to a wider area on an adjusted front footage basis, with the benefiting area to be determined by the City and approved by the City Council. Parcels that have access to new collector and arterial streets may be assessed on the adjusted front footage basis for the cost of constructing a local street in addition to the area-wide assessment, as approved by the City Council.

Typically, the benefiting area will include all property within ¼ mile measured perpendicular to the street centerline. The assessment districts would be established so that no property would be included in the assessment area for more than one east-west and one north-south street. A portion of the assessable cost may be assessed by the front footage method to properties that have direct access from the arterial and collector streets in addition to the area-wide assessment.

STREET RECONSTRUCTION

1. Residential Street Reconstruction

   a. The maximum assessable cost of residential street reconstruction or rehabilitation projects shall be 30% of the total project cost necessary to construct a street within the public right-of-way to the current Standards for Surface Improvements for residential streets. The remaining cost shall be a City cost.

   b. The assessable cost of frontage roads will be the same as for residential streets, and should be assessed against the abutting properties using the area or front footage method, or a combination of both.

   c. The assessable cost of reconstructing a paved alley shall be 30% of the total project cost.

   d. The assessable cost of converting a gravel alley or gravel street to a paved alley or street shall be 100% of the total project cost.

2. Commercial Street Reconstruction The maximum assessable cost of commercial street reconstruction or rehabilitation projects shall be 30% of the total project cost necessary to construct a street within the public right-of-way to the current Standards for Surface Improvements for commercial streets. The remaining cost shall be a City cost.

3. Residential and Commercial Street Assessment Rate: The rate for reconstruction or rehabilitation of residential and commercial streets shall be calculated using the front footage method. The following table shows the cost split rehabilitation of local streets, if they are to be assessed.

STREETS, Curb & Gutter **Years After First Assessment Levied**	**City Share[2]**	**Assessed Share**
0-10 years	100%	0%

10-20 years	80%	20%
Over 20 years	70%	30%
STREET Overlays		
0-5 years	100%	0%
5-10 years	80%	20%
Over 10 years	70%	30%

4. Collector & Arterial Street Reconstruction/Rehabilitation:

This section of the policy only applies to Front St. and 13th St. E.

The reconstruction or rehabilitation of collector and arterial streets may be assessed using the area-wide or front footage method, or a combination of both. The front footage method will only be used for those properties that both abut and have direct access to the limited access streets. The maximum assessable cost of collector and arterial street reconstruction or rehabilitation projects, under the front footage method shall be 30% of the total project cost necessary to construct a street within the public right-of-way to the current Standards for Surface Improvements for residential streets.

For the area-method, 30% of the total project cost, regardless of street width and typical section, may be assessed to all properties that are located within the benefiting area. The City Engineer will determine the limits of the benefiting area for each arterial and collector street and recommend it for the Council's approval. The remaining cost shall be a City cost.

The benefiting area for area-wide assessments shall be established by Council Resolution for each collector or arterial street on a project specific basis as determined during the project design. In cases where properties have direct access to arterial and collector streets, those properties will also be assessed using the front footage method for the cost of a residential street in addition to the area assessment for collectors and arterials. Typically, the benefiting area will include all property within ¼ mile measured perpendicular to the street centerline. The assessment districts would be established so that no property would be included in the assessment area for more than one north-south street.

5. Curb and Gutter

   The assessable cost of curb and gutter installation shall be 100% for new construction, and up to 30% for reconstruction. The benefited property shall be assessed using front footage method.

6. Length of Assessment:
   The assessment period for street improvements is a maximum of twenty years.

SIDEWALKS

1. Sidewalk: The front footage or fixed cost method may be the basis for assessment. The assessable cost for sidewalk improvements shall be 100% for both new construction up to 5 feet, and reconstruction. Sidewalk reconstruction is the responsibility of the abutting property owner.

DRIVEWAY APPROACHES

1. Driveway Approaches: The assessable cost for driveway approaches, both new and reconstructed, shall be 100%.

VI. Deferred Assessments

1. Assessment Deferral Procedure for Green Acres Parcels: In cases where improvement projects are determined to benefit properties that have been certified to qualify for Green Acres exemption, the City will determine that portion of the project cost that benefits those properties, and finance that portion of the project cost as a system cost. During the period of deferral, the city Council can choose to handle the interest in one of the following ways: 1) The City can require that the interest be paid annually; 2) The City can add the accrued interest to the principal; or 3) The City can forgive the interest while the assessment is deferred. Once the benefiting properties no longer qualify for Green Acres status, the City may recover the system cost either through assessments (for utility projects) or connection charges (for street, curb, gutter and sidewalk improvements). The City Council may elect to continue deferral of assessments for underground utilities for properties that are not able to directly connect to the utilities. Connection charges for street, curb, gutter and sidewalk improvements would be applied immediately. These assessment procedures are subject to the stipulations contained in any Annexation Agreement or Developer's Agreement approved by the City. Assessments against Green Acres Parcels will be filed with the County Recorder.

2. Assessment Deferral Procedure for Property Located Outside City Limits: In cases where improvement projects are determined to benefit properties that are located outside City limits, the City will determine that portion of the project cost that benefits those properties, and finance that portion of the project cost as a system cost. During the period of deferral, the city Council can choose to handle the interest in one of the following ways: 1) The City can require that the interest be paid annually; 2) The City can add the accrued interest to the principal; or 3) The City can forgive the interest while the assessment is deferred. After the benefiting properties have been annexed, the City may recover the system cost either through assessments (for utility projects) or connection charges (for street, curb, gutter and sidewalk improvements), unless the property has been certified to qualify for the Green Acres exemption, in which case the Green Acres Deferral Procedure would apply. The City Council may elect to continue deferral of assessments for underground utilities for properties that are not able to directly connect to the utilities. Connection charges for street, curb, gutter and sidewalk improvements would be applied immediately. These assessment procedures are subject to the stipulations contained in any Annexation Agreement or Developer's Agreement approved by the City. Assessments against properties located outside the city limits will be filed with the County Recorder.

VII. Determination of Assessment Rate and Terms

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1. Interest Rate on Assessments: The City will charge interest on special assessments at a rate specified in the resolution approving the assessment roll. If bonds were sold to finance the improvement project, the interest rate shall be one and one-half percent (1.5%) more than the average rate of the bonds, rounded to the nearest quarter of a percent. If no bonds were sold, the interest rate shall be set using the same formula based on the current bond market.

2. Length of Assessment: The assessment period for all improvements is subject to the requirements of the bond market at the time of project financing and thus may vary in length from the time periods proposed.

VIII. Undeveloped Property

The City shall require the developer, owner or sub-divider of any property within the City's corporate limits desiring to install street, curb and gutter, sidewalk, sanitary sewer or watermain improvements to follow the City's Subdivision ordinance, in addition to the following:

1. Upon written request by a developer, the City Council shall give consideration to the preparation of a feasibility report to determine the feasibility of construction for the desired improvements. The developer

will prepare a plan and other such information, as the Council requires, to make a decision on the request.

2. The developer and/or the property owner are required to sign a Developer's Agreement and Consent to Assessment Agreement prior to awarding a contract. The Developer must provide the city with an irrevocable letter of credit equal to fifty percent of the cost of the proposed improvements, prior to the letting of the contracts for the proposed improvement. The letter of credit must be in a form approved by the city attorney. The developer is required to maintain the letter of credit until fifty percent of the area in a developed has been developed. If the project is not developed, the developer will be responsible for all costs incurred, including any engineering or legal costs.

3. At the completion of an improvement, all improvement costs will be recorded or certified to the County per the Developer's Agreement.