



CITY OF CHANHASSEN

FAQs: ASSESSMENTS

What are assessments?

Assessments are charges to benefiting properties utilized to help finance an improvement project. In Chanhassen and most metro area cities, assessments are used to help finance street reconstruction and rehabilitation projects. These projects are programmed via the Pavement Management Program (PMP). Minnesota State Statutes, Chapter 429, allows the City the authority to assess for projects.

Who is assessed for a street improvement project?

Owners of property that directly access a public street, or that have a private driveway that has access to a public street, or that have potential future access within the project area are assessed. These properties are determined to be “benefitting properties” and are assessed a cost based on the City’s Assessment Policy.

Does the City have an Assessment Policy?

Yes. It can be found on the City’s website at this location:

<https://www.ci.chanhassen.mn.us/432/Assessment-Policy>

The City started assessing for street improvements in 1993. The Policy was last updated in January 2022. For the construction of a new public streets or public utilities, 100% of the cost is assessed to the benefiting properties. For an improvement project of an existing street, 40% of the cost is assessed to the benefiting properties and the City pays 60% of the street improvement cost. 100% of the public storm sewer, sanitary sewer and water main costs associated with the project are paid by the associated utility enterprise funds and are not included in the cost assessed to the benefiting properties.

Why does the City assess for street improvement projects? Why doesn’t the City pay 100% of the project cost?

Public streets are part of the City’s Multi-Modal transportation system to provide access to all residents. The City acknowledges the system benefit of a street project by paying 60% of the project cost. Benefitting properties use the roads to get to and from their property on a daily basis, which is why they are assessed 40% of the street project cost. When someone buys a new home in a new subdivision, the cost to construct the new infrastructure was incorporated into the purchase price of the home and property by the Developer and thus was the initial assessment to the property.

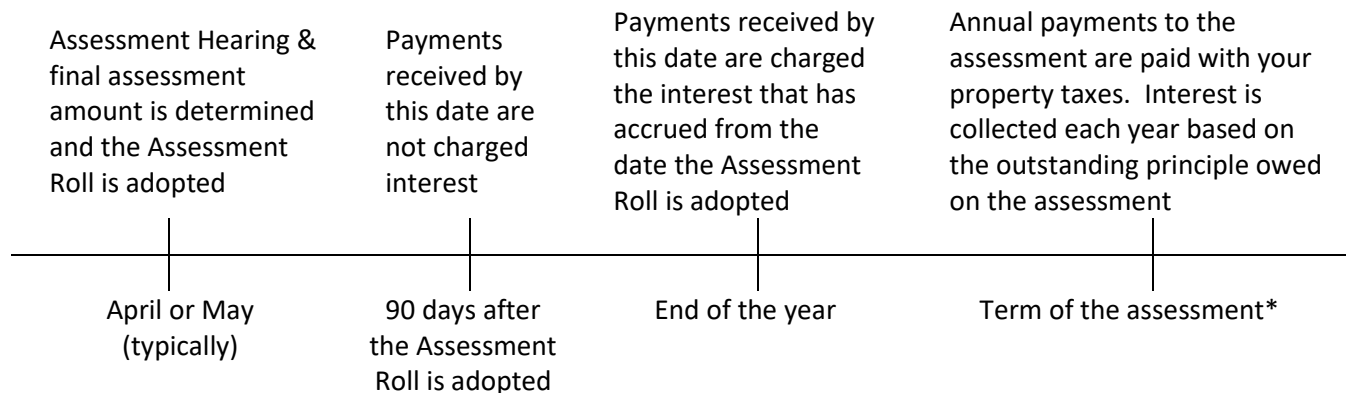
When is the assessment amount determined?

An estimate of the assessment is calculated with the Feasibility Study, which is typically completed six months to a year before a project begins. The final assessment amount is based on the lowest responsible bid amount and is set by City Council at the assessment hearing,

which typically occurs in April or May of the construction year. Properties being assessed for the project are notified of the assessment hearing formally by US mail, but the process is also communicated by the City via its website, public open houses, the Chanhassen Connection, social media, and at City Council meetings.

What are the payment options for assessments?

Please refer to the timeline below for payment options. The City does not accept partial payments of the assessment.



*You can pay off an assessment after it has been certified to your property taxes. The City of Chanhassen Finance Department will calculate the payoff amount, which will include the interest. The Term is based on a tiered amount found in the Policy.

Why does the City charge interest on assessments?

The City finances the entire project cost until all the assessments have been paid. The interest charged on assessments is the rate the City pays for the bonding (as of the date of the assessment) plus 2%. The interest charged is calculated as simple interest and not a compound interest. Benefitting property owners are encouraged to consult private financial institutions for other ways that can be used to pay off the assessment. This allows the property owner the ability to negotiate the term and interest rates within the competitive market and may have some tax advantages.

What does the Franchise Fees Pay for?

The Franchise Fees (passed in 2018) help pay for the City’s cost of the project. In lieu of Franchise Fees, the annual property tax levy would have to be adjusted to fund the overall Pavement Management Program (PMP).

How can I provide input on the project and the planned improvements?

A couple ways:

1. The City and their design consultants typically hold 2 public open houses during the project implementation process. You can attend one or both of these and verbally discuss the project or provide written comments on a comment card at those meetings.
2. Call the City’s Engineering Department at (952) 227-1160 and talk to one of the staff working on the project.
3. E-mail the City’s Engineering Department at Engineering@ci.chanhassen.mn.us and provide your comments or concerns.