



CITY OF CHANHASSEEN ASSESSMENT POLICY

Last updated January 2022

The City of Chanhasseen's Assessment Policy is intended to provide general direction to City Staff and their consultants in preparation of assessment rolls to ensure fair and consistent treatment of all properties within the City that are subject to an assessment. This document will also be used to educate and explain to property owners about the Policy. All assessments shall follow the process outlined in Minnesota State Statues, Chapter 429, which gives the City the legal authority to assess property.

This Policy may not apply in all circumstances, at which time the City Council may direct staff to determine an alternate assessment methodology. All benefiting properties that currently have access, or may have future access, to the public street being reconstructed or rehabilitated shall be included in the assessment roll. This includes property with a shared driveway or private street access to the public street, except where said private street meets applicable criteria to allow for a reduced or no assessment. Applicable criteria includes whether the private street has standard street width, section, and turn-around.

There are various ways to calculate assessments, typically done based on the number of parcels, an area, or linear foot calculation. The City shall use the calculation method that creates a reasonable distribution of assessments across the entire roll. When more than one "neighborhood" is contained within the same project, the assessment shall be calculated per each neighborhood, rather than the total project. Public property, private associations, and non-profits will be included in the calculations. Commercial, Medium, and High Density Residential property shall be assessed based on a reasonable determination of vehicular traffic generated.

NEW CONSTRUCTION: 100% assessed to all benefitting properties. New construction is typically paid for by the development itself and therefore not formally assessed. In some instances, the City will undertake proactive installation of public utilities to unserved areas and then assess the benefitting properties for the added service. In other instances properties may petition the City directly for the installation of the public improvement.

Assessable Costs Include:

- Construction of a new public street, trail and/or sidewalk.
- Installation of public water main, storm sewer and/or sanitary sewer system, including appurtenances (structures, valves, hydrants, lift stations, etc.), where it did not previously exist.
- Indirect costs (design, legal, and administration fees).

Notes:

- Oversizing of streets and utilities beyond what is needed for the development itself, are paid for by the City and are typically not assessed.

RECONSTRUCTION/REHABILITATION: 40% assessed to all benefitting properties

Assessable Costs Include:

- Pavement associated with public streets, trails and/or sidewalks. This includes draitile, geotechnical (soil corrections, etc.), and other improvements needed to support the function of the pavement structure.
- Curb and gutter, including curb impacted solely by utility improvements.
- Driveway pavement directly affected by the project work.
- Multi-Modal improvements such as ADA ramps and actuated pedestrian crossings such as Rectangular Rapid-Flashing Beacons (RRFB's).

- Signing and stripping.
- Retaining walls required within the Right-of-Way.
- Tree removal and/or landscaping improvements directly affected by the project work.
- Applicable percentage of indirect costs (design, legal, and admin fees).

Notes:

- Rehabilitation is typically defined as mill and overlay and/or full depth reclamation activities.
- If a residential property benefits from a collector street, the assessment amount shall be based on an equitable formula compared to a typical local roadway, including normalizing to a 31-foot wide street, street section, and other applicable factors.
- Pavement projects on streets that provide direct access to Chanhassen property(s) that are being implemented by an adjacent municipality shall not be assessed to the Chanhassen property(s) unless the adjacent municipality is assessing the benefitting property in their jurisdiction as part of the project.
- Replacement or repair of existing public water main, storm sewer and/or sanitary sewer shall not be assessed. The City will pay 100% of these improvement costs out of the associated enterprise fund.

REGULAR MAINTENANCE: Benefiting properties are not assessed

- Activities Include: Pavement patching, pothole filling, crack sealing, chip sealing, sealcoating, and re-stripping.

ASSESSMENT PAYMENT OPTIONS

- Assessments can be paid in full up front with no charge, or added to annual property taxes with interest.
- If elected to be added to annual property taxes, the balance can be paid off at any time during the term if later requested by the property owner.
- Interest will be charged to property owners who choose to not pay their assessments in full by November 15th in the year the special assessment is levied. The interest rate will be equal to the average interest cost of the City's most recent bond issue plus 2%. If the City has not issued bonds in the past year, the City will use the current municipal bond index rate for AAA rated issuers at the time the special assessment is approved.
- Unless approved otherwise by the City Council, the maximum financing term for assessments shall be as follows:
 - \$0-\$500 1 year
 - \$501-\$2,500 5 years
 - \$2,501-\$5,000 8 years
 - \$5,001 and above 10 years

The City has developed a Frequently Asked Questions (FAQ) document addressing the most common questions concerning assessments. The FAQ document can be found on the City's website.



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.

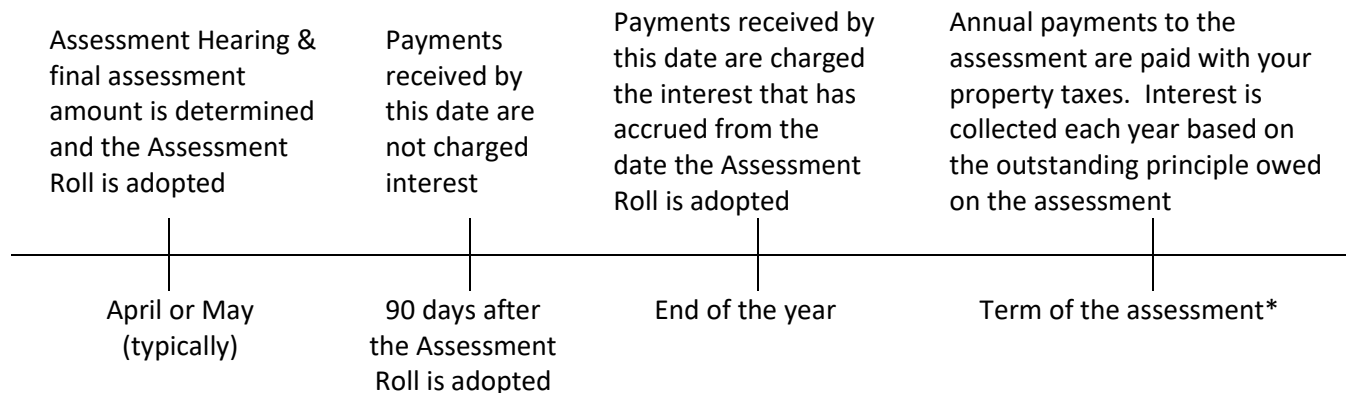
When is the assessment amount determined?

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.