I. PURPOSE

The purpose of these Special Assessment Policies is to set forth the policies and procedures for the determination of benefit and the assessment of cost of the various public improvements, which are constructed and installed by the City of Detroit Lakes pursuant to law, charter, or order of the City Council. These policies shall serve as a guide for this and future City Councils, for administrative personnel, and as a source of information for all persons concerned with such matters. It is the intent and purpose of these policies to provide for and insure consistent, uniform, fair and equitable treatment, insofar as is practical and possible, of all property owners in regard to the assessment of cost for benefits to property for the various improvements of streets and utilities within the City of Detroit Lakes.

II. GENERAL STATEMENT OF POLICIES

The City Council of the City of Detroit Lakes hereby declares that these assessment policies contained herein are the policies that the City of Detroit Lakes is dedicated to follow as nearly as possible and practical, and that all improvement costs shall, whenever possible, be assessed against benefited property as set forth in these policy statements, and that any assessable share of cost against properties or lands outside the City limits shall be postponed until such area is annexed to the City and then the assessments shall be spread for collection as set forth in these policies.

III. SCOPE AND LIMITS

These assessment policies are designed to serve only as a general guide for the City Council in allocating 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 benefit to a particular property is difficult because of an extreme and unusual situation, which is unlikely to occur in the future, or if such variance is deemed to be in the best interests of the City of Detroit Lakes.

IV. DEFINITIONS

**Governing Body** - “Governing Body” means the body of elected City officials having general legislative powers, the City Council.
Improvement - “Improvement” means any type of improvement made under authority granted by Section 429.021, and is limited to the construction, reconstruction, or improvement of any city street, alley, including curbs and gutters, sidewalks, storm sewers, and any construction or reconstruction of waterworks systems and sewer systems.

Municipality - “Municipality” means the City of Detroit Lakes.

Residential Street – “Residential Street” is a local street that feeds into a collector street and can be either urban or rural.

Sewer Systems - “Sewer Systems” means sewage treatment works, disposal systems, collection systems, and other facilities for disposing of sewage, industrial waste or other wastes.

Sewer System Improvements – “Sewer System Improvements” shall include acquisition, development, construction, reconstruction, extension and maintenance of sanitary sewer systems, including outlets, holding areas and ponds, treatment plants, pumps, lift stations, service connections and other appurtenances of a sewer system.

Special Assessment – “Special Assessments” are an indirect form of taxation, a compulsory levy charge on selected properties for a particular improvement or service that benefits the owners of the selected property.

Storm Sewer Systems - “Storm Sewer Systems” means mains, holding areas and ponds, and other appurtenances and related facilities for the collection and disposal of storm water. All storm sewer pumping stations, culverts, ditches, street grading and any other improvement that facilitates the drainage.

Storm Sewer System Improvements – “Storm Sewer System Improvements” shall include acquisition, development, construction, reconstruction, extension and maintenance of storm sewer systems, including outlets, holding areas and other appurtenances of a storm sewer system.

Streets, Alleys and Sidewalk Improvements - Acquisition, opening, widening of any street or alley and improvement of streets, alleys and sidewalks by constructing, reconstructing and maintaining sidewalks, pavements, gutters, curbs and vehicle parking strips of any material or by grading, graveling, oiling, or otherwise improving them.

Waterworks Systems - “Waterworks Systems” means water mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks, treatment plants and other appurtenances of a waterworks system.
V. SERVICE LIFE OF IMPROVEMENTS

A. Surface Improvements:
   1) Grading and base construction – 20 years
   2) Sidewalks – 20 years
   3) Concrete curb or curb and gutter – 20 years
   4) Streets – 20 years
   5) Bituminous Overlay – 10 years

B. Subsurface Improvements:
   1) Watermains – 40 years
   2) Sanitary sewers – 40 years
   3) Storm sewers – 40 years
   4) Sewer and water service – 40 years

When any existing improvement is ordered to be renewed or replaced, before the life expectancy of the improvement has expired, the cost will be prorated based on the life of the improvement as defined in this policy.

VI. ELIGIBLE COST FOR ASSESSMENT PROCEEDINGS

Where an improvement is constructed which is of special benefit to properties within the project area, it is the intent of the City Council that special assessments be levied against the benefited properties within that area to the extent that the project benefit the properties.

The City Council shall determine the “assessable cost” of the improvement by adding:

* The total, estimated or actual, construction costs;
* The cost of labor and materials furnished by the City if not contained in contract costs;
* The cost of engineering, legal, fiscal, permitting, and administrative services provided by City staff or other parties;
* The cost of acquiring property or right-of-way required by the improvement;

* Interest costs incurred by the City between the time money is borrowed for the improvement and special assessments are levied for collection;

* Any other costs which in the opinion of the City Council should be included as part of the total project cost.

VII. **SURFACE IMPROVEMENTS** – shall include grading and base construction, sidewalks, curb and gutter, surfacing, and resurfacing.

A. **Recommended Standards for Surface Improvements:**

In all streets, prior to street construction, surfacing, or resurfacing, utilities and utility services 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.

1) Arterial streets – shall be of 9-ton design and 44 feet in width to accommodate projected traffic volumes.

2) Collector streets – shall be of 7-ton design or 9-ton design and 40 feet in width for anticipated usage.

3) Residential streets - shall be of 5-ton design and 36 feet in width, measured between faces of curbs.

4) Rural streets – shall be of 5-ton design and bituminous surfaced at least 24 feet in width with adequate shoulders to accommodate anticipated usage.

5) 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.

B. **Assessment Formula for Surface Improvements:**

The assessment to be levied against properties within the project area shall be distributed to those properties on the basis of the following provisions:

1) The “assessment rate” to be applied against each individual property shall be equal to the “assessable cost” of the project divided by the total number of assessable units benefited by the improvement. The assessment rate calculation may include assessable units allocated to property adjacent to the improvement that is “unassessable” due to natural or physical barriers that limit the benefit of the improvement and restrict any reasonable
development of the property (e.g. wetlands, roadways, lakes). The cost of these “unassessable units” shall be assumed by the City.

2) Unless otherwise specified by the City Council, the assessable unit shall be as follows:

a. For rectangular interior lots, the “frontage” shall be equal to the dimensions of the side of the lot abutting the improvements.

b. 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, however, that where the “long side” of a corner lot exceeds 150 feet, the entire excess over 150 feet shall be regarded as frontage.

c. For irregularly shaped interior lots with only one side abutting an improvement, the “frontage” shall be equal to the average width of the lot.

d. For irregularly shaped corner lots, the “frontage” shall be equal to the average width of the lot, plus one-half of the average length of the lot. Provided, however, that where the average length of the lot exceeds 150 feet, the entire excess over 150 feet shall be regarded as frontage.

e. For interior lots less than 150 feet (residential) or 200 feet (commercial) in depth which abut two parallel streets, the “frontage” for a given type of surface improvement shall be calculated on only one side of the lot.

f. For end lots less than 150 feet (residential) or 200 feet (commercial) in depth which abut three streets, the “frontage” for a given type of surface improvement shall be calculated on the same basis as if such lot was a corner lot abutting the improvement on two sides only.

g. For lots greater than 150 feet (residential) or 200 feet (commercial) in depth, which abut, two parallel streets, the “frontage” for a surface improvement shall be calculated independently for each frontage.

3) The following general provisions shall be used in the costs of the surface improvement:
a. If the improvement is accomplished as required by the subdivision regulations of the City, the entire cost of the improvement shall be assessable against benefiting properties with the exception that in a residential area, the “City cost” shall be equal to the increased cost for constructing a street to arterial or collector design standards in lieu of to residential standards. In commercial or industrial subdivisions, the increased cost of constructing a street beyond a residential design shall be considered assessable.

b. The increased cost of constructing a street to a design standard higher than that required to serve the area shall be charged as “City cost”.

In cases where the City Council determines that the assessable costs would be more equitably distributed (including those instances where agreement can be reached between the City and the developer of a subdivision), the assessable unit may be the “lot” (i.e., a uniform “per lot” assessment).

C. Assessment of Surface Improvements:

1) **New Construction** - One Hundred Percent (100%) of the cost of street paving and curb and gutter improvements shall be assessed against benefited property. In the event the municipality constructs or develops roads in a newly platted area, the City Administrator shall keep a record of such expenditures and, when that area is improved by the construction of curb, gutter and paving, the cost of constructing the original street shall be included in and considered a part of the overall cost of the project and assessed back against the benefited property.

2) **Reconstruct** - If the condition of a previously constructed street surface has deteriorated to the point where the City incurs excessive maintenance cost, or a majority of abutting residents request an improvement or the street is being reconstructed due to the construction of underground utilities, the City Council may order a public hearing on proposed improvements for that street. If the City Council, following the hearing, decides that improvements are necessary, it may elect to completely reconstruct the street and assess 50% of the cost of such improvement against abutting property owners in the manner hereinbefore described.

3) **Reclamation** - As an alternate to 2, the City may reclaim and pave the street in accordance with the recommendation of the City Engineer. In this event, the City shall assume 50% of the total cost of such improvement, with the remaining 50% to be assessed to the abutting property owners in the manner hereinbefore described.
4) **Overlay** - As an alternate to 2, the City may resurface, or “overlay” the street in accordance with the recommendation of the City Engineer. In this event, the City shall assume 25% of the total cost of such minor improvement, with the remaining 75% to be assessed to the abutting property owners in the manner hereinbefore described.

5) **Municipal State Aid Streets** - The assessments for residential properties benefited by surface improvements along a Municipal State Aid route shall be assessed on the basis of a residential street. Commercial and industrial properties shall be assessed for the costs of the improvements, less any City share costs.

**D. Assessment of Sidewalk Improvements**

1) **New Construction** - One Hundred Percent (100%) of the cost for the initial installation for sidewalk facilities shall be assessed against abutting properties.

2) **Repair and/or Replacement** - Twenty five percent (25%) of all costs for residential sidewalk repair and/or replacement in residential areas shall be assessed against the abutting property owners. Fifty Percent (50%) of the cost for the replacement of sidewalk facilities in commercial or industrial areas shall be assessed against abutting properties. The Street Commissioner is charged with the responsibility of checking all sidewalks periodically to determine when and where such repairs and/or replacements shall be made. When it is determined that repairs and/or replacements are to be made, the City Council may order a public hearing on the matter and, following the hearing, order the improvements made. The costs of such improvements shall be assessed as hereinbefore described.

**VIII. SUBSURFACE IMPROVEMENTS** – Subsurface improvements shall include water distribution, sanitary sewer, and storm sewer infrastructure.

**A. Standards**

Subsurface improvements shall be made to serve current and projected land use. All installations shall conform to the minimum standards therefore as established by those state and/or federal agencies having jurisdiction over the proposed installations.

Service lines to each known, assumed, or potential building location shall be installed in conjunction with the construction of the mains.

**B. Assessment Formula for Subsurface Improvements**
The assessments to be levied against properties within an area benefited by subsurface improvements shall be distributed to those properties on the basis of the following provisions:

1) The “assessment rate” to be applied against all properties and against each individual property shall be equal to the “assessable cost” of the project divided by the total number of assessable units benefited by the improvements. The assessment rate calculation may include assessable units allocated to property adjacent to the improvement that is “unassessable” due to natural or physical barriers that limit the benefit of the improvement and restrict any reasonable development of the property (e.g. wetlands, roadways, lakes). The cost of these “unassessable units” shall be assumed by the City.

2) The assessable unit to be for water distribution lines and sanitary sewer lines, unless otherwise specified by the City Council, shall be determined by the “frontage” of the property, user benefit charges and/or an area assessment. The exact method shall be determined by the City Engineer and presented to the City Council for its approval. The Council reserves the right to choose whatever method would be most equitable to the benefited property owners. For subsurface improvements, such “frontage” shall be determined as follows:

   a. For rectangular interior lots: the “frontage” shall be equal to the dimension of the side of the lot abutting the improvement.

   b. For rectangular corner lots: the “frontage” shall be equal to the dimension of the smaller of the two sides of the lot abutting the streets, whether the improvement is made on the street abutting the short side of the lot, on the street abutting the long side of the lot, or on both streets.

   c. For irregularly shaped interior or corner lots, the “frontage” shall be equal to the average width of the lot.

   d. For interior lots less than 150 feet in depth which abut two parallel streets, and for end lots less than 150 feet in depth which abut three streets, the “frontage” for a given type of subsurface improvement shall be calculated on the same basis as if such lot abutting only one street. For interior lots greater than 150 feet in depth which abuts two parallel streets, the frontage shall be equal to the total frontage, on both of the two parallel streets. However, where the application of the City’s Zoning Ordinance or the application of the restrictive covenants filed with the plat for a subdivision limit the use of such lot to only one residence, the frontage shall be calculated on the same basis as if such lot abutted only one street.
e. In cases where the City Council determines that the assessable costs would be more equitably distributed (including those instances where agreement can be reached between the City and the developer of a subdivision), the assessable unit may be the “lot” (i.e., a uniform “per lot” assessment).

(1) The assessable unit to be used for water and sewer services is a “per lot” basis. A lot is considered to be a building site.

C. Assessment of Sanitary Sewer and Watermain – Mains and Laterals

1) New Construction - All water and sanitary sewer facilities, which represent new service to areas previously without City utility service, shall be assessed at the rate of 100% of their cost of installation against benefited property.

a. Sanitary Sewer - In the event oversized or trunk lines (larger than 8”) in an area are necessary to provide adequate service and capacity for areas beyond the specific area in question, then, and in this event, the oversize or trunk line additional cost shall be assumed by the City Sewer Fund. This policy, however, shall not prevent the City from assessing special benefits or creating special sanitary sewer trunk line assessment districts if deemed advisable and proper in any particular situation.

b. Watermain - In the event of oversized or trunk mains (larger than 8” diameter), which are used for general distribution purposes, then and in this event, 100% of the over sizing costs shall be assumed by the City Water Fund. If benefits of an oversize or trunk line is directly, wholly, or partially applicable to a specific user or property, the City Council may assess all or a portion of the cost of said mains to the benefited property.

2) Reconstruct - If at the end of 40 years, the condition of the utilities has deteriorated to where replacement is recommended by the City Engineer, or surface improvements are proposed, the City Council may order a public hearing on proposed utility improvements for that street. If the City Council, following the hearing, decides that utility improvements are necessary, it may elect to completely reconstruct the sanitary sewer and watermains and assess 75% of the cost of such improvement against abutting property owners in the manner hereinbefore described, with the remaining 25% to be assumed by the City Water and Sewer Fund.

3) Outside City - Any project, which benefits land outside the corporate limits, shall be subject to the same assessment procedure as hereinbefore
outlined. The benefit and cost accruing to the land outside the City limits shall be included in the original public hearing. The City shall assume the temporary responsibility for payment of the allocable cost. The City shall maintain a register on that property outside the City limits, and when the property is annexed, the City shall conduct an Assessment Hearing and notify property owners in accordance with Minnesota Statutes 429 and file and certify the assessment to the County Auditor for collection. In lieu of such assessments, the City at its discretion, may require a cash payment for the original principal at the time a request for connection to the City’s system is made. No physical connection to the City’s sanitary sewer or watermain trunk line system will be permitted until the property is annexed.

D. **Assessment of Water and Sewer Service Lines** - Water and sewer service lines shall be assessed 100% to the benefited properties.

E. **Assessment of Sanitary Sewer Pumping Stations and Force Mains** - Sanitary sewer pumping stations and forcemains, which represent new service to areas previously without City sanitary sewer service, shall be assessed 100% of the improvement cost on a square foot basis to all benefited properties. Future maintenance, reconstruction, and replacement of sanitary sewer pump stations and forcemains shall be paid from the City Sewer Fund.

F. **Assessment of Storm Sewers** - Storm sewer improvements shall be classified to include all storm sewer, storm sewer pumping stations, culverts, ditches, and any other improvement, which will facilitate the drainage. Curb and gutter shall not be considered a part of storm sewer improvements.

Storm sewer improvements to undeveloped property shall be assessed 50% of the improvement cost on a square foot basis to all benefited properties. Future maintenance and reconstruct of storm sewer improvements shall be paid from the City Stormwater Utility Fund.

IX. **CITY SHARE** - The City Council, may at its discretion, finance its share of any such improvement costs in one or more of the following methods, or any combination:

* Pay all or portions of the project cost with ad valorem City tax funds, revenues from City utilities, reserves, or such other funds, which may be appropriate and available to the City from time to time.

* Require whatever public or private utility company necessitating a street or utility line relocation, repair, or replacement to pay all or a portion of the costs.

* Require properties which have contributed to the inadequacy and/or those that would benefit from the upgrading of the facility to pay all or a portion of the costs for upgrading the affected street or utility lines through assessments.
X. **RATES AND TERMS** – The terms of the assessment shall be determined by the City Council for each separate project. The maximum term of any assessment shall be twenty (20) years, but the City Council may at its discretion designate a shorter term. The Council shall establish an interest rate to be paid on unpaid balances as may be necessary but not less than the amount required to meet the bond principal and interest payments.

XI. **NEW SUBDIVISIONS** - The City shall require the developer, owner, or sub-divider of any undeveloped property within the City’s corporate limits desiring to install street, curb and gutter, sidewalk, sanitary sewer or watermain improvements to prepay a portion of the cost for installation of these services as follows:

1. Upon written request by a developer and payment of the engineering cost, the Council shall give consideration to the preparation of a feasibility report to determine the feasibility of construction for the desired improvements. The developer will provide a plan and other such information, as the Council requires, to make a decision on the request.

2. Based upon the total estimated cost of the improvement contained in the engineer’s estimate, 25% of the assessable cost shall be prepaid for plats of less than 20 lots and 50% of the cost shall be prepaid for plats of 20 lots or more. These amounts shall be prepaid by the developer prior to the preparation of plans and specifications and calling for bids.

3. 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. If the project is not developed, the City will retain the prepaid assessment as compensation to cover the City’s engineering and miscellaneous costs. Any amount remaining after paying all City costs will be returned to the developer and any amount not covered by the prepaid assessment will be billed to the developer.

4. The developer may request a deferral of the assessments up to five (5) years or until the lot is sold or developed whichever comes first. If the assessments are approved for deferment, the term of said assessment will be for a maximum of fifteen (15) years.
**SPECIAL ASSESSMENT
RATES AND TERMS GUIDELINES**

The purpose of this attachment is to exhibit typical applications of the assessment policy. Actual application, rates, and terms may vary as provided by the City’s Special Assessment Policy.

**TYPICAL NEW SUBDIVISION**

<table>
<thead>
<tr>
<th>Type</th>
<th>Cost Share</th>
<th>Assessment Method*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface Improvements</td>
<td>100% Assessed</td>
<td>Frontage</td>
</tr>
<tr>
<td>Water/Sanitary Sewer Mains</td>
<td>100% Assessed</td>
<td>Frontage</td>
</tr>
<tr>
<td>Water/Sewer Service Lines</td>
<td>100% Assessed</td>
<td>Each</td>
</tr>
<tr>
<td>Lift Station / Force Mains</td>
<td>100% Assessed</td>
<td>Square Footage</td>
</tr>
<tr>
<td>Storm Sewer</td>
<td>50% Assessed</td>
<td>Square Footage</td>
</tr>
</tbody>
</table>

* In cases where the City Council determines that the assessable costs would be more equitably distributed (including those instances where agreement can be reached between the City and the developer of a subdivision), the assessable unit may be the “lot” (i.e., a uniform “per lot” assessment).

Term: Twenty (20) years or the developer may request a deferral of the assessments up to five (5) years or until the lot is sold or developed whichever comes first. If the assessments are approved for deferment, the term of said assessment will be for a maximum of fifteen (15) years.

**TYPICAL NEW CONSTRUCTION (extension of services into previously developed areas)**

<table>
<thead>
<tr>
<th>Type</th>
<th>Cost Share</th>
<th>Assessment Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface Improvements</td>
<td>50% Assessed</td>
<td>Frontage</td>
</tr>
<tr>
<td>Water/Sanitary Sewer Mains</td>
<td>100% Assessed</td>
<td>½ Frontage, ½ UBC*</td>
</tr>
<tr>
<td>Water/Sewer Service Lines</td>
<td>100% Assessed</td>
<td>Each</td>
</tr>
<tr>
<td>Lift Station / Force Mains</td>
<td>100% Assessed</td>
<td>Square Footage</td>
</tr>
<tr>
<td>Storm Sewer</td>
<td>0% Assessed</td>
<td>Square Footage</td>
</tr>
</tbody>
</table>

* User Benefit Charge (UBC) to be determined by taking fifty percent (50%) of the water/sanitary sewer main cost divided by the total number of service connections in the project.

Term: Twenty (20) years. Connection to the water/sewer utility is required within one year after the date the utility is located in a public right-of-way or an easement adjacent to the property unless when said property is served by an operable septic system that complies with applicable laws, codes, and regulations at the time that the connection would be required, then the property owner may delay sewer connection for a period of up to ten (10) years from the date on which the septic
system was installed or until the septic system fails to meet applicable laws, codes, and regulations whichever comes first. Said assessment will begin immediately regardless of connection.
Undeveloped property may qualify for a deferral of all assessments up to five (5) years or until the lot is developed (i.e. connected to city services) whichever comes first.
Undeveloped property may qualify for a deferral of the UBC and Service Line assessment for up to twenty (20) years or until the lot is developed (i.e. connected to city services) whichever comes first.

**TYPICAL RECONSTRUCTION**

<table>
<thead>
<tr>
<th>Type</th>
<th>Cost Share</th>
<th>Assessment Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface Improvements</td>
<td>50% Assessed</td>
<td>Frontage</td>
</tr>
<tr>
<td>Water/Sanitary Sewer Mains</td>
<td>75% Assessed</td>
<td>Frontage</td>
</tr>
<tr>
<td>Water/Sewer Service Lines</td>
<td>100% Assessed</td>
<td>Each</td>
</tr>
<tr>
<td>Lift Station / Force Mains</td>
<td>0% Assessed</td>
<td>Square Footage</td>
</tr>
<tr>
<td>Storm Sewer</td>
<td>0% Assessed</td>
<td>Square Footage</td>
</tr>
</tbody>
</table>

Term: Twenty (20) years.

**TYPICAL RECLAMATION**

<table>
<thead>
<tr>
<th>Type</th>
<th>Cost Share</th>
<th>Assessment Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface Improvements</td>
<td>50% Assessed</td>
<td>Frontage</td>
</tr>
</tbody>
</table>

Term: Seven (7) years.

**TYPICAL OVERLAY**

<table>
<thead>
<tr>
<th>Type</th>
<th>Cost Share</th>
<th>Assessment Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface Improvements</td>
<td>75% Assessed</td>
<td>Frontage</td>
</tr>
</tbody>
</table>

Term: Five (5) years.

**ASSESSMENT RATE**

The interest rate to be paid on unpaid special assessment balance will be two percent (2%) over the bond or financing rate for the project.