

8. Council reviews the proposed assessment roll and orders an assessment hearing.
9. Staff publishes a hearing notice and mails notice of the hearing date and proposed assessments to the affected property owners as provided in Minn. Stat. § 429.061.
10. Council conducts the assessment hearing and adopts, revises, or rejects the resolution determining the amount of the total expense the City will pay, if any, and establishing the assessment roll. If adopted, Council authorizes certification of the assessment to the County Auditor.
11. Council awards contracts based on the bids received.
12. Staff certifies the assessment roll to the County Auditor.
13. Staff supervises construction and prepares payments.

SECTION 5. FINANCING OF PUBLIC IMPROVEMENTS.

The City encourages public improvement projects when the area benefiting and needing such improvements develop. Examples of this policy can be seen through the subdivision regulations, zoning ordinance, and building codes. Developers are required to provide the needed improvements and services before development occurs, thereby avoiding unexpected hardships on the property owners purchasing such property and the general public. However, it is recognized that certain areas of the City have developed without all needed public improvements (e.g. parks, water, sewer, and street improvements) and that methods must be found to provide these improvements without causing undue hardships on the general public or the individual property owners.

Special assessments are generally accepted as a means by which areas can obtain improvements or services; however, the method of financing assessment is a critical factor to both the City and the property owner. Full project costs spread over a very short term can cause an undue hardship on the property owner and, likewise, city costs and systems costs spread over a long period of time can cause an undue hardship on the City.

It is the policy of the City to not defer assessments except in cases where hardship to senior citizens 65 years of age or older, or persons retired by virtue of a permanent and total disability, would result. Also, the City Council may elect to defer assessments on undeveloped land for a specified length of time or until the lands are developed. Terms and conditions of any such deferral will be established in the resolution adopting the assessments.

SECTION 6. GENERAL ASSESSMENT POLICIES APPLICABLE TO ALL TYPES OF IMPROVEMENTS.

The cost of any improvement shall be assessed based upon benefits received. The following general principles shall be used as a basis of the City's assessment policy:

1. **Project Cost.** The "project cost" of an improvement includes the costs of all necessary construction work required to accomplish the improvement (direct costs), plus engineering, legal, administrative, financing and other contingent costs, including acquisition of right-of-way and other property (indirect costs). The finance charges include all costs of financing the project. These costs include, but are not limited to, financial consultant's fees, bond rating agency fee, bond attorney's fees, and capitalized interest. The interest charged to the project shall be included as financing charges.

2. **City Cost.** The “city cost” of an improvement is the amount of the total improvement expense the City will pay as determined by Council resolution. Where the project cost of an improvement is not entirely attributed to the need for service to the area served by the improvement, or where unusual conditions beyond the control of the owners of the property in the area served by the improvement would result in an inequitable distribution of special assessments, or for any other reason determined by the City, the City, through the use of other funds, may pay such “city cost.”
3. **Assessable Cost.** The “assessable cost” of an improvement is equal to the “project cost” minus the “city cost.”
4. **Interest.** 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 equal to the interest rate of the bonds **plus 2% (2% above bond rate)**, rounded to the nearest quarter of a percent. If no bonds were sold, the interest rate shall be set at the U.S. Treasury rate **(10-year for 10 year assessment; 15-Year for 15 year assessment)** plus 2 percentage points.
5. **Prepayment.** Property owners may pay their assessments in full, interest free, for a period of 30 days after the assessment hearing. After such period interest shall be computed from the date specified in the assessment resolution. The City will transmit a certified duplicate of the assessment roll with each installment, including interest, to the County Auditor, or in lieu of such certification, annually certify to the County Auditor by November 30 in each year, the total amount of installments of and interest on assessments on each parcel that are to become due in the following year.
6. **Extensions.** Where an improvement is designed for service of an area beyond that receiving the initial benefit, the City may pay for increased project costs due to such provisions for future service extensions. The City will levy assessments to cover this cost when a new improvement is installed as an extension of the existing improvement upon identification of such additional amount in the notice of hearing for the extensions or new improvements. As an alternative, the City may assess these costs to the area of future extension immediately based on the value of benefit received.
7. **Project Assistance.** If the City receives financial assistance from the Federal Government, the State of Minnesota, the County, or from any other source to defray a portion of the costs of a given improvement, such aid will be used first to reduce the “city cost” of the improvement. If the financial assistance received is greater than the “city cost,” the remainder of the aid will be placed in the Public Improvement Revolving Fund to be applied towards other City projects.
8. **Assessable Property.** Property owned by the City and other political subdivisions including municipal building sites, parks and playgrounds, but not including public streets, alleys, and right-of-way, shall be regarded as being assessable on the same basis as if such property was privately owned. Private right-of-way shall be assessable.
9. **Individual Benefits.** The City may construct improvements specifically designed for or shown to be of benefit solely to one or more properties. The costs for these improvements will be assessed directly to such properties, and not included in the assessments for the remainder of the project. An example would be utility service lines running from the main lines to the property.
10. **Benefit Appraisals.** In the event that City staff has doubt as to whether the proposed assessments exceed the special benefits to the property(ies) in question, the City Council may order benefit appraisals or benefit appraisal consultations as deemed necessary to support the proposed assessments. As a general rule, benefit appraisals or benefit appraisal consultations may be ordered when the proposed assessment exceeds \$5,000 for a standard city street