

**CITY OF LAKE ELMO**  
**SPECIAL ASSESSMENT POLICIES**  
**AND PROCEDURES**  
**FOR**  
**PUBLIC IMPROVEMENTS**

| Amended by Resolution No. 2013-109 on: December 17, 2013  
Adopted by Resolution No. 2010-063 on: November 16, 2010

## **TABLE OF CONTENTS**

SECTION I: GENERAL POLICY STATEMENT .....	3
SECTION II: DEFINITION OF IMPROVEMENTS ELIGIBLE FOR SPECIAL ASSESSMENT ...	5
SECTION III: INITIATION OF PUBLIC IMPROVEMENT PROJECTS .....	7
SECTION IV: PUBLIC IMPROVEMENT PROCEDURES.....	8
SECTION V: GENERAL ASSESSMENT POLICIES .....	10
SECTION VI: METHODS OF ASSESSMENT .....	14
SECTION VII: POLICIES OF REASSESSMENT .....	17
SECTION VIII: DETERMINATION OF ASSESSABLE COSTS.....	18

**SECTION I.  
GENERAL POLICY STATEMENT**

A special assessment is a levy on a property to defray the cost of public improvements. Chapter 429 of the Minnesota Statutes grants cities the authority to use special assessments as a mechanism to finance a broad range of public improvements. The primary purpose of special assessments is to have the properties that benefit from the public improvements pay as much of the cost of the improvements as reasonable, thereby reducing a city's reliance on general property taxes. However, Chapter 429 of the Minnesota Statutes limits the amount that may be assessed to the increase in the market value of the property being assessed as a result of the public improvement.

The purpose of this Special Assessment Policy is to establish a fair and equitable manner of recovering and distributing the cost of public improvements. The procedures used by the City of Lake Elmo ("City") for levying special assessments are those specified by Minnesota Statutes § Chapter 429, which provides that "all or a part of the cost of improvements may be assessed against benefiting properties." This assessment policy is intended to serve as a general guide for a systematic assessment process in the City of Lake Elmo.

Special Assessments must meet the following criteria:

- A. The land must have received special benefit from the improvement.
- B. The amount of the assessment must not exceed the special benefit.
- C. The assessment must be uniform in relation to the same class of property within the assessment area.

It is important to recognize that the actual cost of extending an improvement past a particular parcel is not the determining factor in determining the amount to be assessed. However, in most cases the method for determining the value of the benefit received by the improvement, and therefore the amount to be assessed, shall be the cost of providing the improvement, as long as the cost does not exceed the increase in the market value of the property being assessed. The entire project shall be considered as a whole for the purpose of calculating and computing an assessment rate. In the event City staff has doubt as to whether or not the costs of the project

may exceed the special benefits to the property, the City Council may obtain such appraisals as may be necessary to support the proposed assessment.

The City must recover the expense of installing public improvements undertaken, while ensuring that each parcel pays its fair share of the project cost in accordance with these assessment guidelines. While there is no perfect assessment policy, it is important that assessments be implemented in a reasonable, consistent and fair manner. There may be exceptions to the policy or unique circumstances or situations that may require special consideration and discretion by City staff and the City Council.

**SECTION II.  
DEFINITION OF IMPROVEMENTS ELIGIBLE  
FOR SPECIAL ASSESSMENT**

This policy shall be applicable to those types of public improvements that are allowable under Minnesota Statutes §429.021. Generally the improvements include:

- A. **Street and sidewalk improvements:** Acquisition, construction, reconstruction, extension and major maintenance of any street and sidewalk and improvement of streets and sidewalks including base and subbase, pavement, gutters, curbs, and vehicle parking stripes, paver cross walks, pedestrian crossings, medians, beautification amenities, and street and sidewalk drainage systems.
- B. **Street lighting systems.** Installation, replacement, extension, and maintenance of street lights, street lighting systems, and special lighting systems.
- C. **Parks, trails, open space areas, playgrounds, and recreational facilities.** Acquisition and improvement of land, and purchase of equipment and facilities, and the construction, reconstruction, and extension of trails.
- D. **Street trees.** Planting, trimming, care, and removal.
- E. **Potable waterworks systems.** Construction, reconstruction, extension, and maintenance of water supply wells and pump houses, water treatment facilities, storage tanks, and all components of the watermain distribution system network and related appurtenances.
- F. **Sanitary sewer systems.** Acquisition, development, construction, reconstruction, extension, and maintenance of sanitary sewer conveyance and treatment systems. This may include sanitary sewers, interceptor mains, lift stations, treatment facilities and treatment systems, service connections, and other appurtenances of a sanitary sewer system.
- G. **Storm sewer and drainage systems.** Acquisition, development, construction, reconstruction, extension, and maintenance of storm water management facilities and storm sewer systems. This may include outlets, culverts, pipe systems, catch basins,

holding areas and ponds, infiltration basins, rain gardens, treatment plants, pumps, lift stations, service connections, and other appurtenances of a storm sewer system.

- H. **Nuisance abatement.** Includes, but is not limited to, draining and filling swamps, marshes, and ponds on public or private property.
- I. **Dikes and other flood control works.** Construction, reconstruction, extension, and maintenance.
- J. **Retaining and area walls, including highway noise barriers.** Acquisition, construction, reconstruction, improvement alteration, extension, and maintenance.
- K. **Malls, plazas, or courtyards.** Acquisition, construction, improvement, alteration, extension, operation, maintenance, and promotion of public malls, plazas, and courtyards.
- L. **Parking lots.** Acquisition or construction of parking facilities.

**SECTION III.  
INITIATION OF PUBLIC IMPROVEMENT PROJECTS**

Public improvement projects may be initiated in the following ways:

- A. A public improvement project may be initiated by petition of at least 35% of the affected property owners.
  
- B. Public improvements may be initiated by the City Council when, in its judgment, such action is required. A resolution ordering any Council initiated improvements requires a 4/5th vote, rather than a simple majority.

**SECTION IV.  
PUBLIC IMPROVEMENT PROCEDURES**

The following is the general procedure that will be followed by the City Council for all public improvement projects from initiation of such a project through certification of the assessment role to the County Auditor. The City Council reserves the right to alter the procedure on a case-by-case basis and within the context of Minnesota Statutes § Chapter 429.

Improvements of different kinds anywhere in the City may be included in a proceeding and conducted as one or more improvements. Thus, a single proceeding may encompass sidewalk, curb and gutter, and water and sewer mains installed anywhere in the City.

- A. Staff reviews petition for local improvements from property owners and submits the petition to the City Council, or the City Council passes a resolution ordering a Feasibility Report on the improvement.
- B. Council accepts or rejects the petition. If accepted, the Council orders the preparation of a Feasibility Report on the improvement. The Council may condition further action on the recovery of costs associated with the project and/or Feasibility Report.
- C. Staff prepares a Feasibility Report on the proposed improvements, or reviews the report submitted by another agency/representatives.
- D. Council accepts or rejects the Feasibility Report. If accepted, the Council orders a public hearing on the improvements.
- E. Staff publishes a hearing notice and mails notices to the affected property owners.
- F. Council conducts improvement hearing and adopts or rejects a resolution ordering the improvement and the preparation of plans and specifications. Bonds to finance project costs may be issued at any time after the improvements are ordered.
- G. Staff prepares final plans for Council approval. Council approves the plans and authorizes the advertisement of the improvements and the opening of Bids.

- H. Staff receives bids, prepares a bid tabulation, and makes a recommendation to the City Council for Award. Council rejects the bids or awards a contract based on the bids received.
- I. Performance of the work under contract is completed. Staff supervises construction, prepares payments, and completes the improvement project.
- J. Staff prepares an assessment roll and presents it to the Council.
- K. Council reviews the assessment schedule and orders an assessment hearing.
- L. Staff publishes a hearing notice, mails the notice of hearing date and the proposed assessments to the affected property owners.
- M. Council conducts assessment hearing, adopts, revises, or rejects the resolution adopting the assessment roll. If adopted, Council authorizes certification of the assessment to the County Auditor.
- N. Staff certifies the assessments to the County Auditor.

\* Note: At Council's discretion, Item G may be carried out in advance of the improvement hearing.

\* Note: At Council's discretion, Items J-N may be carried out in advance to Council award and constructing the improvements.

**SECTION V.  
GENERAL ASSESSMENT POLICIES**

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

- A. It is the general policy of the City of Lake Elmo to require future development in accordance with the City Comprehensive Plan and for new areas of development in an orderly manner, typically contiguous to existing development areas. It is also the general policy of the City of Lake Elmo to require all new development areas to provide for adequate public infrastructure at the Developer's sole expense, and in accordance with the City Comprehensive Plans and Design Standards.
- B. The use of special assessments will typically be employed by the City to finance needed public improvements (e.g. parks and trails, sidewalks, water, sewer, and street improvements) in certain areas that have previously been developed without all needed infrastructure, or to repair and/or replace aging infrastructure.
- C. The "project cost" of an improvement includes the costs of all necessary construction work required to accomplish the improvement, plus engineering, legal, administrative, financing, and other contingent costs, including acquisition of right-of-way, easements and other property. 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. When the project is started and funds are expended prior to receiving the proceeds from a bond sale, the project may be charged interest on the funds expended from the date of expenditure to the date the bond proceeds are received. The interest rate charged will be the average interest rate earned by the City's investments during the six months preceding the receipt of the bond proceeds. The interest charged to the project shall be included as financing charges.
- D. The "assessable cost" of an improvement is equal to the "project cost" minus the "City cost".
- E. The City of Lake Elmo will charge interest on Special Assessments at a rate specified in the resolution. If bonds were sold to finance the improvement project, the interest rate

shall be two percent (2%) more than the average coupon interest rate of the bonds, rounded to the nearest quarter of a percent. If no bonds were sold, the interest rate shall be set at the rate allowed by State law.

- F. *Pre-payment.* The City will certify each year's collection (principal and interest) to the County Auditor by November 30th. The owner of any property that is assessed may pay their assessment in full, interest free for a period of 30 days after the adoption of the assessment. After such period interest shall be computed from the date specified in the assessment resolution. The owner of any property that is assessed may also, at any time prior to certification of the assessment or the first installment thereof to the county auditor, pay the whole of the assessment on such property to the City, with interest accrued to the date of payment. In any subsequent year, the owner may at any time prior to November 15, prepay to the City, the whole assessment remaining due with interest accrued to December 31 of the year in which said prepayment is being made.
- G. Where an improvement is designed for service of an area beyond that of direct benefit, increased project costs due to such provisions for future service extensions may be paid for by the City. The City will levy assessments to cover this cost when a new improvement is installed as an extension of the existing improvement. As an alternative, the City may assess these costs to the area of future benefit immediately.
- H. Where the project cost of an improvement is not entirely attributable to the need for service to the area served by said 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, the City, through the use of other funds, may pay such "City cost" which, in the opinion of the City Council, represents the excess cost not directly attributable to the area served.
- I. If financial assistance is received by the City from the Federal Government, from 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 normal "City cost", the remainder of the aid will be applied according to the terms of the assistance program or at the Council's discretion.

- J. City-owned properties, including municipal building sites, parks and playgrounds, but not including public streets and alleys, shall be regarded as being assessable on the same basis as if such property was privately-owned.
- K. Improvements specifically designed for or shown to be of direct benefit to one or more properties may be constructed by the City. 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 of this would be utility service lines running from the main lines to the property.
- L. Benefit Appraisals: In the event that City staff has doubt as to whether or not the proposed assessments exceed the special benefits to the property in question (increased property value as defined by State law), the City Council may order benefit appraisals as deemed necessary to support the proposed assessments.
- M. A property owner may elect to offset Special Assessments against condemnation awards by executing a Net Assessment Agreement with the City Council.
- N. 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, interest shall be applied annually to the unpaid principal balance of the deferred amount at the rate established on the original special assessment, or as adopted by resolution of the City Council at the time the original assessment is adopted. Once the benefiting properties no longer qualify for Green Acres status, the City may recover the unpaid principal balance plus interest either through assessments or connection charges.
- O. Assessment Deferral for Hardships: The City Council will consider deferment for the payment of special assessments on any homestead property, owned by a person 65 years of age or older, or retired by virtue of permanent and total disability. A hardship may be deemed to exist when the annual principal installment of all assessments levied against the property exceeds two percent (2%) of the adjusted gross income of the applicant as evidenced by the applicant's most recent federal income tax return, and

total assets (excluding the homestead property) do not exceed six times the adjusted gross income.

The City Council may also determine, on a case by case basis, the existence of a hardship on the basis of exceptional and unusual circumstances not covered by these standards and guidelines, if done in a non-discriminatory manner and without giving the applicant an unreasonable preference or advantage over other property owners.

During the period of deferral, interest shall be applied annually to the unpaid principal balance at the rate established on the original special assessment, or as adopted by resolution of the City Council at the time the original assessment is adopted.

The deferment shall terminate and all principle and interest becomes due and payable upon the occurrence of any of the following events: (1) The death of the owner when there is no spouse whom is eligible for deferment, (2) The sale, transfer or subdivision of the property or any part thereof, (3) The property should lose its homestead status, (4) The City Council should determine that the hardship no longer exists. A review of the hardship will be conducted every three to five years.

**SECTION VI.  
METHODS OF ASSESSMENT**

**A. GENERAL POLICY STATEMENT**

The City of Lake Elmo has adopted the following three methods for assessment of public improvements: fixed cost unit, adjusted front footage, and by area method. For any particular project one of these methods will more adequately reflect the true benefits received in the assessment area than the other methods. The City Engineer, in his Feasibility Study to the Council, will recommend one or a combination of these methods for each project, based upon past practices and the method that would best reflect the benefit received for the area to be assessed. The City Council will select the preferred method of calculating the assessments at the time the project is ordered.

The general rule is to assess platted residential lots using the "unit" assessment basis; however, where platted residential lots do not reflect a general similar size and shape, consideration will be given to an adjusted front footage basis. Commercial, institutional, and industrial lots will be assessed on an adjusted front footage basis; however, consideration will be given to a "unit" assessment if the special benefit to the property in the district is essentially the same. The methods of assessment outlined within this policy are not intended to be an exhaustive list of acceptable approaches. The Council may adopt alternative approaches as they deem necessary to fairly and equitably allocate assessments for unique situations.

**B. ASSESSMENT METHODS**

The following methods of assessment, as described and defined below, are hereby established as the official methods of assessment in the City of Lake Elmo:

1. *Fixed Cost "Unit" Method of Assessment*

When it has been determined to assess by the "unit" method, all lots within the benefited area shall be assessed equally for the improvements.

The "fixed cost per unit" shall be defined as a quotient of the "assessable cost" divided by the total assessable lots or parcels benefiting from the improvement.

For the purpose of determining the "units" or "parcels", all parcels, including governmental agencies, shall be included in such calculations.

When large lots can be subdivided into more than one lot, the number of assessable lots attributed to that parcel will be determined from the number of potential future lots that could be obtained using current subdivision regulations.

For multi-family, commercial, industrial and institutional properties, the number of fixed units assigned to the property may be determined by an equivalent "residential" factor representing the properties use compared to a single family residential home (e.g. SAC units, WAC units, or standard traffic generation units).

2. *"Adjusted Front Footage" Method of Assessment*

When it has been determined to assess by the "Adjusted Front Footage" method, the "cost per adjusted front foot", or assessment rate, shall be defined as the quotient of the "assessable cost" divided by the total assessable frontage benefiting from the improvement. The assessment for each parcel is then obtained by multiplying the assessment rate times the adjusted front footage for each property. For the purpose of determining the "assessable frontage", all properties, including governmental agencies, shall have their frontages included in such calculation.

The actual physical dimensions of a parcel abutting an improvement (i.e., street, sewer, water, etc.) shall NOT be construed as the frontage utilized to calculate the assessment for a particular parcel. Rather, an "adjusted front footage" will be determined. In the Adjustment Front Footage method, odd shaped lots are adjusted to an average footage that would be the equivalent to the frontage of a rectangular shaped lot of the same area and depth. The purpose of this method is to equalize assessment calculations for lots of similar size.

3. *"Area" Method of Assessment*

When it has been determined to assess by the "area" method, the area shall be defined as the number of square feet or acres within the boundaries of the appropriate property lines of the areas benefiting from the project. The assessment rate (i.e. cost per square foot) shall be calculated by dividing the

total assessable cost by the total assessable area. The assessment for each parcel is then obtained by multiplying the assessment rate times the benefitting area of the parcel. On large lots, the City Engineer may determine that only a portion of the lot receives the benefit and may select a lot depth for the calculations equal to the benefit received.

For the purposes 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. The City Engineer will make the recommendation on the benefited area in the Feasibility Report.

**SECTION VII.  
POLICIES OF REASSESSMENT**

The City of Lake Elmo, in constructing or reconstructing any public improvement, shall design such improvement to last for a defined period. The life expectancy or service life shall be as stated in the policy statement of this section, or if different, shall be as stated in the Resolution ordering the improvement and preparation of plans. When such project needs renewing or replacement prematurely, the amount to be assessed against the property owner shall be limited to an amount determined by dividing the actual life of the original improvement by the expected service life of the original improvement.

**A. POLICY STATEMENT**

The following are hereby established as the "life expectancies" or "service lives" of public improvements unless otherwise stated in the Resolution ordering improvement and preparation of plans, in which case, the life set forth in the Resolution shall govern.

1. *Sidewalks and Trails - 15 years*
2. *Street Improvements, including surfacing and curb and gutter - 20 years*
3. *Street Lighting - 20 years*
4. *Water Mains and Appurtenances - 40 years*
5. *Sanitary Sewers and Appurtenances - 40 years*
6. *Storm Sewers and Appurtenances - 40 years*
7. *Mechanical and Electrical Systems, Pumps and Controls - 15 years*

**SECTION VIII.  
DETERMINATION OF ASSESSABLE COSTS**

**A. STREET IMPROVEMENTS**

Street Improvement assessments, including paving, curb and gutter, and related street drainage systems are normally levied over a 10-year period. Single family ~~Low-Density~~ residential properties will be assessed if the property has direct access to the improvement. High Density Residential, Commercial, and Industrial Properties will be assessed if the property abuts the improvement. Large lots and undeveloped properties may be assessed additional units in accordance with Section VI. B.

Corner Lots: A corner property having direct access to two public streets shall be assessed 50% of the per unit basis when each public street is improved. When one street is a collector street, the property shall be assessed 70% of the per unit basis for the higher class street.

1. *New Street Improvement Construction and Paving*

All new street improvements will be assessed 100% to the benefited properties when the improvement includes a “New” street. For new storm drainage systems, adding curb and gutter, and paving gravel roadways, the “New” improvement will be assessed 100%, while the base, subbase and other in place elements will be assessed as defined under Street Reconstructions.

2. *Local Street Improvements*

Local street improvements and paving shall be assessed based on the minimum City design standard detail and pavement section and will normally be assessed by the unit method; however, other methods may be considered. Oversizing costs which are incurred in excess of the above may be paid by: (1) State Aid Funds, (2) larger assessment rates to properties, (3) general obligation bonds, or (4) any other method or combination of methods authorized by the City Council

3. *Collector and Arterial Street Improvements*

In general, collector and arterial street improvements are considered a community wide benefit and will be paid for through various City funds such as

municipal state aid funds. Residential properties with private access to collector and arterial streets will be assessed for access benefit, equivalent to the cost for a local City standard street determined by removing street oversize costs and additional costs associated with higher traffic volumes.

All street-oversizing costs associated with collector streets will not be assessed directly to residential properties. Oversizing costs may be assessed to a broader property benefitting area with the area to be determined by the City and approved by the City Council.

4. *Street Reconstruction Improvements*

All residential street reconstructions shall be 30% assessed to the benefitting properties and will normally be assessed by the unit method. Street reconstruction improvements in Commercial, Business District, Institutional and Industrial areas shall be assessed 100% of the total project costs or determined on a project-by-project basis.

5. *Street Maintenance Overlays and Seal Coating*

Bituminous overlay projects, bituminous seal coats, patching, crack sealing, fog sealing, and filling potholes will not be assessed when completed as part of the street system's "life cycle" maintenance activities.

**B. SIDEWALKS, TRAILS, AND BIKEWAYS**

Assessments for sidewalk, trails and bikeway improvements are levied over a 10-year period. The City may install sidewalks, trails or bikeway improvements in accordance with the City Comprehensive Plan for the community, or for City Council directed purposes, in which case the City may not assess the improvements. At City Council discretion, sidewalk, trail and bikeway improvements may be fully or partially funded as part of a street construction/reconstruction assessment, through park dedication fees, using Municipal State Aid funding, Capital Infrastructure funding, or general tax levy funds.

1. *New Construction*

New sidewalks, trails, and bikeway improvements will be 100% assessed to the benefitting properties based upon the adjusted front footage.

2. *Reconstruction*

Replacement sidewalks, trails and bikeway improvements will be assessed 30% to the abutting residential properties and assessed 100% to the abutting commercial, industrial, and institutional properties.

**C. LANDSCAPING / STREET BOULEVARD TREES**

Landscaping and street boulevard tree improvements may be assessed as determined by the Council for each specific project.

**D. STREET LIGHT IMPROVEMENTS**

Street Light improvements may be assessed as determined by the Council for each specific project.

**E. TRANSPORTATION IMPROVEMENTS**

All costs associated with traffic and transportation related improvements, such as widening of a roadway for turn lanes, additional driving lanes, on-street parking, traffic calming, and traffic signalization may be assessed 100% to the benefitting properties.

**F. STORM SEWER AND DRAINAGE FACILITY IMPROVEMENTS**

Storm sewer and drainage facility improvements shall be considered and incorporated as part of street improvement projects and assessed as part of the project and levied over a 10-year period. Storm sewer and drainage facility improvements completed as independent projects will normally be assessed by the area method taking into account each parcels land use and rate of runoff as determined by the City Engineer.

1. *New Storm Sewer and Drainage Facility Improvements*

New storm sewer and drainage facility improvements installed in conjunction with new street construction where no storm sewer previously existed will be assessed 100% and be included in the street assessment to benefitting

properties. If the facilities are oversized to accommodate drainage from areas outside the street improvement assessment area, the additional costs may be assessed to the properties in the contributing area. Their assessment will be determined by the area method based on the contributing area of the parcel(s) taking into account the land use and rate of runoff.

2. *Replacement and Major Maintenance of Storm Sewer Improvements*

Any replacement costs or reconstruction of existing storm sewers and drainage facilities in conjunction with street reconstruction projects will be assessed 30% and be included in the street assessment to benefiting properties. If the facilities are oversized to accommodate drainage from areas outside the street improvement assessment area, the additional costs may be assessed to the properties in the contributing area. Their assessment will be determined by the area method based on the contributing area of the parcel(s) taking into account the land use and rate of runoff.

**G. SANITARY SEWER IMPROVEMENTS**

Assessments for sanitary sewer improvements shall be based upon the cost of construction of 8-inch sewer mains. Oversizing costs due to larger mains and larger appurtenances and/or extra depths required to service future development, and major trunk sewers or interceptors will not be assessed and will be “City system costs” funded out of the Sanitary Sewer Reserve Fund. Normally, sanitary sewers will be assessed using an adjusted per lot method; with the adjustment made using the Metropolitan Council calculation to establish a residential equivalent unit (REC). Normally, sanitary sewer system assessments are levied over a ~~1520~~-year period, or as otherwise set by the City Council.

Street improvements and major street maintenance that are completed as part of utility replacement projects and has effectively accelerated the replacement of the street before it's expected useful life, shall be funded through the Sanitary Sewer Reserve Fund in proportion to the remaining design life of the street.

1. *Interceptor Sewer System*

The Metropolitan Council Environmental Services (MCES) is responsible for the construction of the regional interceptor sewer system and for the wastewater treatment facility to treat the sewage generated in the City of Lake Elmo. The MCES has established a Sewer Availability Charge (SAC) that is collected from each unit connected to the sanitary sewer system. The current charge per residential equivalent unit (REC) is collected, in full, by the City at the time of connection or the issuance of the building permit as part of the City's Sewer Availability Charge. The City collects this charge and passes the required portion of this fee on to the MCES.

2. *Trunk Sanitary Sewer System*

The Trunk Sanitary Sewer System is constructed to serve the entire community or a larger service area and therefore is deemed to be of community-wide benefit. Trunk sanitary sewers, lift stations, and other trunk sewer system facilities shall be financed by a City Sewer Availability Charge (SAC) to be paid at the time of connection to the City system with a City trunk system component and a pass through component to the MCES.

The City portion of the Sewer Availability Charge (SAC) on units existing at the time of construction may be paid in normally not more than 15 annual installments of principal plus interest on the unpaid principal balance at an interest rate set by the City Council. The Sewer Availability Charge (SAC) on units built after the sewer construction should be paid in full at the time the building permit is issued.

3. *Lateral Sanitary Sewer System*

The costs for lateral sanitary sewers shall be fully assessed 100% to the benefiting properties. Commercial, institutional, industrial and multiple land uses and undeveloped lands are converted into equivalent residential units for assessment purposes. Any building unit which is served directly by an interceptor or trunk sewer and therefore requires no lateral sewer, is levied a lateral benefit assessment which is equal to the Sewer Lateral Benefit Charge as set in the latest adopted City Fee Schedule.

The replacement of existing sanitary sewer mains and service lines within the right-of-way will not be assessed, but rather financed from the Sanitary Sewer Reserve Fund or other funding sources identified by the City Council. Each property shall pay for the replacement of the service line on their private property, from the right-of-way to the building/home.

## H. WATERMAIN IMPROVEMENTS

Assessments for new water main improvements shall be based upon the cost of construction of 8-inch water mains. Oversizing costs due to larger mains and larger appurtenances will not be assessed and will be “City system costs” funded out of the Water Reserve Fund. Normally, water mains will be assessed using an adjusted per lot method; with the adjustment made using the Metropolitan Council sewer calculation to establish a residential equivalent unit (REC). Normally, water system assessments are levied over a 1520-year period, or as otherwise set by the City Council.

Street improvements and major street maintenance that is completed as part of utility replacement projects and has effectively accelerated the replacement of the street before it's expected useful life, shall be funded through the Water Reserve Fund in proportion to the remaining design life of the street.

### 1. *Trunk Water Mains, Supply, Storage, and Treatment Facilities*

The Trunk Water System Facilities are constructed to serve the entire community or a larger service area and therefore deemed to be of community-wide benefit. Trunk water mains, pump stations, wells, storage tanks, and treatment facilities shall be financed by a Water Availability Charge (WAC) to be paid at the time of connection to the City system.

Water Availability Charge (WAC) on units existing at the time of construction may be paid in normally not more than 15 annual installments of principal plus interest on the unpaid principal balance at an interest rate set by the City Council. Water Availability Charge (WAC) on units built after the water main construction should be paid in full at the time the building permit is issued.

2. *Lateral Water Mains*

The costs for lateral water mains shall be fully assessed 100% to the benefiting properties. Commercial, institutional, industrial and multiple land uses, and undeveloped lands are converted into equivalent residential units for assessment purposes. Any building unit which is served directly by a trunk water main and therefore requires no lateral water main, is levied a lateral benefit assessment which is equal to the Watermain Lateral Benefit Charge as set in the latest adopted City Fee Schedule.

The replacement of existing water mains and service lines within the right-of-way will not be assessed, but rather financed from the Water Reserve Fund or other funding sources identified by the City Council. Each property shall pay for the replacement of the service line on their private property, from the right-of-way to the building/home.