



# MUNICIPAL STATE AID SPECIAL ASSESSMENT POLICY CITY OF EDINA

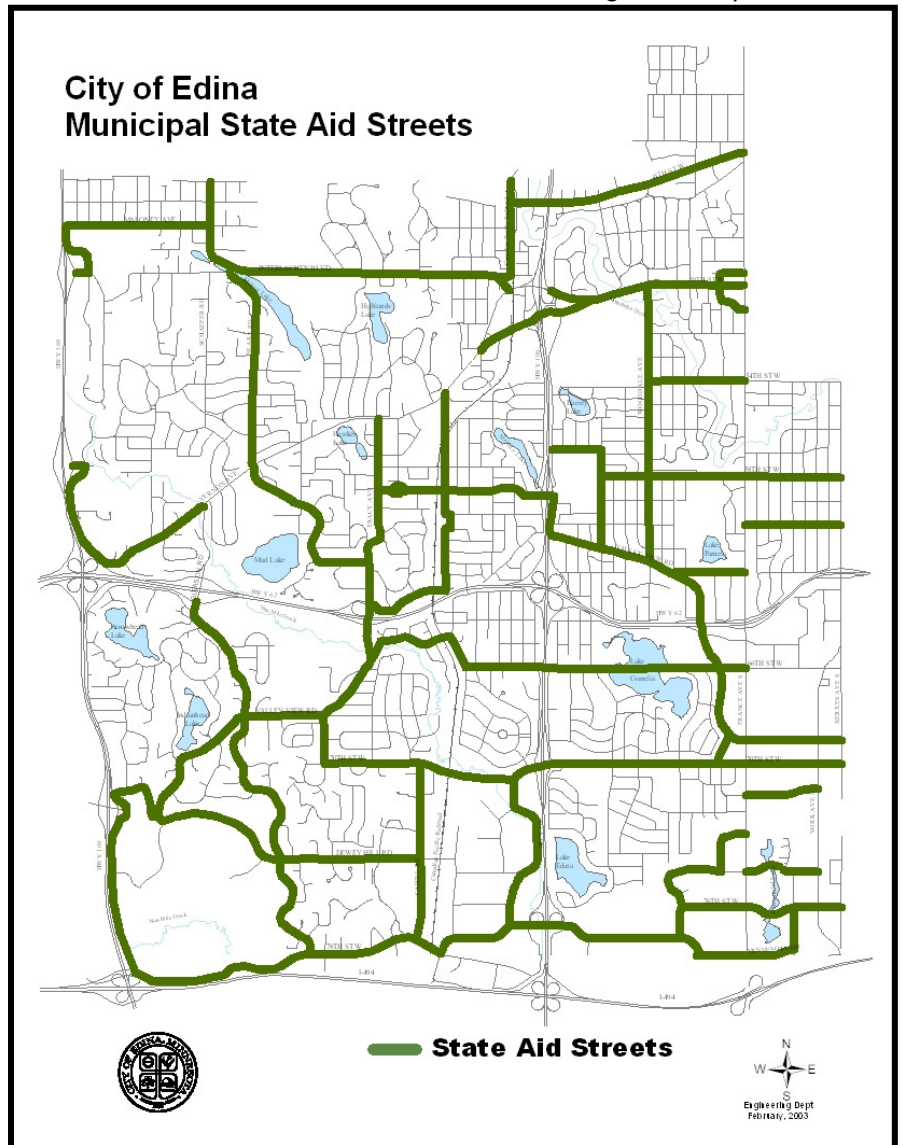
**Municipal State Aid Special Assessment Policy**  
**December 5, 2006 (Adopted by City Council)**

**PURPOSE:**

The City Council adopted a local roadway assessment policy in 2005. At that time the City Council requested that staff analyze our current practice of special assessments on Municipal State Aid Roadways. This report analyzes the existing practice of how the City applies special assessments for Municipal State Aid Roadway Reconstruction Projects and if this practice should be revised.

**HISTORY:**

The City of Edina currently has over 200 miles of roadways within our boundaries. 40 miles of these roadways are designated as Municipal State Aid (MSA) roadways. A MSA roadway is designated through the State of Minnesota under State Statute Chapter 162. Funds for the MSA system are appropriated from the State Gas Tax. The State of Minnesota through the Department of



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Transportation allocates funds and administers their requirements for the reconstruction of these designated roadways. The City of Edina is appropriated approximately 1.2 Million dollars per year to be used for reconstruction of MSA roadways. MSA roadways are typically functionally classified as collectors or above; meaning that these roadways carry more traffic than a local roadway would carry, see attached Existing Traffic Volumes. A typical residential local roadway carries around 1,000 vehicles per day or less. The City's designated MSA roadways are shown in the figure above.

In 2005 the City Council adopted a local roadway assessment policy to cover the non-MSA roadways, see attached policy. This policy includes the following synopsis:

1. Curb and gutter costs to be funded through the Stormwater Utility Fund.
2. Street reconstruction cost to be assessed at 100% of the cost.
3. Assessable unit shall be residential equivalent unit (REU) rather than front footage of lot.
4. Multiple assessments should never be more than 1 REU per lot.
5. Multiple assessments cannot be treated differently.
6. The term of the assessment should stay at 10 years.
7. Assessment interest rate should be 2% over a Aaa Bond rate.
8. Pre and partial payments shall be accepted on projects.
9. Payment schedule should remain at a level principal payment schedule.
10. The new policy shall not be retroactive.

Reconstruction of MSA roadways have been special assessed in the past and have been assessed based on assessable front footage. Prior to 2004 the MSA special assessments were assessed at a set front footage rate of \$20 per front foot for residential properties and \$45 per front foot for commercial properties. The special assessment percentage of construction cost for these projects ranged from 21 to 24%, see chart below.

<b>Project</b>	<b>From</b>	<b>To</b>	<b>% of MSA Cost</b>	<b>Cost per assessable lineal foot</b>
Maloney Avenue	Washington Avenue	Blake Road	22%	\$ 20.00
West 66th Street	TH100	Valley View Road	21%	\$ 20.00
West 77th Street	Pentagon Park	Parklawn Avenue	24%	\$ 45.00
Valley View Road	West 65th Street	Wooddale Avenue	20%	\$ 49.12
Wooddale Avenue	Valley View Road	West 56th Street	20%	\$ 32.90
West 58th Street	Concord Avenue	Wooddale Avenue	20%	\$ 67.91

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**POLICY BACKGROUND:** The assessments shown above indicate that approximately 20% of the MSA construction cost has been specially assessed back to the adjoining property. If this amount is increased, the additional monies can be utilized for additional MSA roadway projects. The table below shows the increase in monies available over a five-year period (our typical length of the Capital Improvement Program):

Year	Allocated Amount	Additional Funds Generated per Assessed Amount			
		25%	30%	35%	40%
2007	\$ 1,200,000	\$ 60,000	\$ 120,000	\$ 180,000	\$ 240,000
2008	\$ 1,200,000	\$ 60,000	\$ 120,000	\$ 180,000	\$ 240,000
2009	\$ 1,200,000	\$ 60,000	\$ 120,000	\$ 180,000	\$ 240,000
2010	\$ 1,200,000	\$ 60,000	\$ 120,000	\$ 180,000	\$ 240,000
2011	\$ 1,200,000	\$ 60,000	\$ 120,000	\$ 180,000	\$ 240,000
<b>Total 5-Year Extra Amount:</b>		\$ 300,000	\$ 600,000	\$ 900,000	\$ 1,200,000

Special assessments for MSA projects have been typically based on assessable front footage. Staff has analyzed using the REU methodology for assessing MSA projects. **Example 1** includes a typical two-lane roadway that includes a small City Park. The City Park was analyzed for equivalent build-able lots versus activities of the park (the greater REU was assigned). **Example 2** includes a typical two-lane roadway with a school campus along one side of the roadway. The school campus assessments were analyzed based on trips per day from the campus versus equivalent build-able lots. **Example 3** includes both residential and a small segment of commercial.

A typical 60-foot residential property is summarized below for both the existing practice of Assessable Front Footage analysis and proposed REU analysis:

EXAMPLE	COST PER % OF MSA COST (Based on LN FT)				
	20%*	25%	30%	35%	40%
<b>1</b>	\$ 1,643.40	\$ 2,054.40	\$ 2,464.80	\$ 2,875.80	\$ 3,286.80
<b>2</b>	\$ 1,945.80	\$ 2,431.80	\$ 2,918.40	\$ 3,405.00	\$ 3,891.60
<b>3</b>	\$ 1,974.00	\$ 2,467.20	\$ 2,961.00	\$ 3,454.20	\$ 3,948.00

\*Note: Existing percentage.

EXAMPLE	COST PER % OF MSA COST (Based on REU)				
	20%	25%	30%*	35%	40%
<b>1</b>	\$ 2,169.70	\$ 2,712.12	\$ 3,254.55	\$ 3,796.97	\$ 4,339.39
<b>2</b>	\$ 2,020.62	\$ 2,525.77	\$ 3,030.92	\$ 3,536.08	\$ 4,041.23
<b>3</b>	\$ 2,020.91	\$ 2,562.14	\$ 3,031.36	\$ 3,536.59	\$ 4,041.82

\*Note: Proposed Percentage.

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**Example 4** includes only commercial, see attached preliminary assessment role. In Example 4 staff applied the Residential Equivalent Unit Summary for the different types of land uses, see below. Access to the site was also considered in applying REU's. Staff recommends that this methodology be evaluated for each individual project where commercial or other mixed-use developments exist.

<b>Current Land Use Class</b>	<b>REU</b>	<b>Notes</b>
Residential - Single Family Dwelling	1.0	1
Residential - Two Family, Duplexes, Quads	0.8	1
Residential – Apartments, Condominiums, Cooperatives, Nurseries, Convalescent Homes	0.5	1
Industrial	0.5	2,3
Office/Retail/Financial Institutions	1.5	2
Public Buildings - City	0.9	2
Public Buildings - Schools	0.2	2
Churches	0.8	2

Notes: 1. Per Unit  
 2. Per Gross Floor Area 1000 SF  
 3. All uses allowed in Planned Industrial Development (PID) except offices and retail.

Type of Property	COST PER % OF MSA COST (USING LF & REU ANALYSIS)									
	20%		25%		30%		35%		40%	
	LF	REU	LF	REU	LF	REU	LF	REU	LF	REU
<b>Commercial - ~50,000 SF Bldg</b>	14,050	39,070	17,560	48,840	21,080	58,610	24,600	68,370	28,110	78,140
<b>Commercial - ~170,000 SF Bldg</b>	40,710	44,270	50,890	55,340	61,070	66,405	71,250	77,480	81,430	88,540

**PROPOSED POLICY:**

In accordance with State Statute 429, the amount of an assessment levied on a property may not exceed the benefits received. A cost benefit analysis would show that a certain benefit is realized by properties adjacent to MSA roadways. However, it is understood that due to the character of MSA roadways, adjacent properties should not fund 100 percent of these improvements. Traffic on MSA roadways, where single family residential properties exist, typically have on an average of over three times the amount Average Daily Trips (ADT) than on a local roadway.

The following is recommended to be included with this policy:

- 1. Cost of Municipal State Aid (MSA) Street Curb and Gutter will be financed by either MSA funds or by the Storm Water Utility Fund.**

- 2. Street Reconstruction Costs (excluding curb and gutter) on MSA streets should be assessed at 20 percent of the cost.**
- 3. The assessable unit for Municipal State Aid street projects shall be based on the residential equivalent unit (REU) per Lot rather than the front footage of the lot. REUs will be prorated to parcels based on trip generation for the land uses relative to the typical single-family residential land use. Non-single family or other mixed-use developments should be evaluated for each project based on the following factors – trip generation of the site, access to the site, unique trip generation or other special circumstances.**
- 4. If a corner lot is subject to multiple street reconstruction assessments over a period of years, the total assessable cost should be the equivalent to 1 residential equivalent unit.**
- 5. Multiple Assessments cannot be treated differently than areas with one assessment being incurred.**
- 6. The term of MSA roadway reconstruction assessments will be 10 years.**
- 7. Assessment Interest Rate – The interest rate of the assessment should be pegged to the assessment bonds that have been issued in the past 12 months or the 10-year Aaa bond rate plus 2%.**
- 8. The City will accept both partial pre-payments and full pre-payments on assessments before going to the County for tax rolls. For ease of administration, a minimum of 25% of the assessable cost must be applied for a partial payment.**
- 9. Payment Schedule – Currently, assessments are calculated on a level principal payment schedule. This results in a declining payment schedule, which is cheaper than a traditional amortized schedule, which would have equal payments over the life of the assessment. Staff recommends that the declining balance schedule continue to be used because of the lower total cost.**
- 10. The new policy will not be retroactive to projects that have already been assessed and/or where project assessments are pending.**

**ATTACHMENTS:**

1. Existing (1997) traffic volumes for Municipal State Aid Roadways.
2. Examples 1-4 of the preliminary assessment roles, which include the 20%, 25%, 30%, 35%, and 40% comparisons.
3. Current approved Local Special Assessment Policy
4. Current final assessment roles for local roadway projects.