



# **Nongovernmental Tax Exempt Parcel Street Light Operations & Street Maintenance Assessments**

**Transportation and Public Works Committee**

**Tuesday, October 20, 2009**

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# History

- Special State Law created authority for street light and street maintenance special assessments on property tax exempt parcels.
- These assessments have been in place since 1974.
- Last rate adjustment was 1978.
- This process will update the assessment role (property list), assessment methodology, and assessment rates.

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# Background

- Eligible properties are all assessable nongovernmental tax exempt parcels.
  - Charitable Institutions
  - Churches
  - Some cemeteries
  - Private Schools and Colleges
  - Railroad Property
- This assessment does not apply to taxable, governmental, and non-assessable parcels.
  - Residential, commercial, and industrial property (taxable)
  - City of Minneapolis
  - University of Minnesota
  - Metropolitan Council
  - Some Cemeteries
  - Hennepin County
  - Minneapolis Park and Recreation Board
  - State of Minnesota
  - Minneapolis School District #1

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# Services



- **Street Maintenance**

- Annual budget of \$14,959,775 for street maintenance. This work includes pothole repair, seal coating, and snow plowing on the city's 1,500 miles of streets and alleys.



- **Street Lighting**

- Annual budget of \$5.5 million. Approximately \$3 million of this total pays for the operations of the street light system, namely electricity costs and light bulb replacement.

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# Rate Calculation

- The assessment rate is determined by dividing the street maintenance and street lighting budget by the citywide assessable square footage.
- The same rate is applied to all properties.

## Street Maintenance

- $\$14,959,775 / 764,437,240/\text{sqft} = \$0.01957/\text{sqft}.$

## Street Lighting

- $\$3,000,000 / 764,437,240/\text{sqft} = \$0.00392/\text{sqft}.$

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# Determining Assessable Area



- Uniform Methodology for all properties.
- Assessable area starts at Right of Way line.
- 165 foot setback line is established from the Right of Way line for each parcel.
- Area between Right of Way line and 165 foot setback line is assessable.
- Any area outside of the 165 foot setback is not included as assessable area.
- Most properties are 100% assessable, meaning all of the property is within the 165 foot setback.

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# Individual Property Calculation

- Assessment rate is multiplied by the assessable area of individual nongovernmental tax exempt parcels to determine annual assessments.



## 2901 38<sup>th</sup> Avenue South

Parcel Area 13,033 sq. ft.

Assessable Area 13,033 sq. ft.

### Street Light Assessment

$$13,033 \times \$0.00392 = \$51/\text{year}$$

### Street Maintenance Assessment

$$13,033 \times \$0.01957 = \$255/\text{year}$$

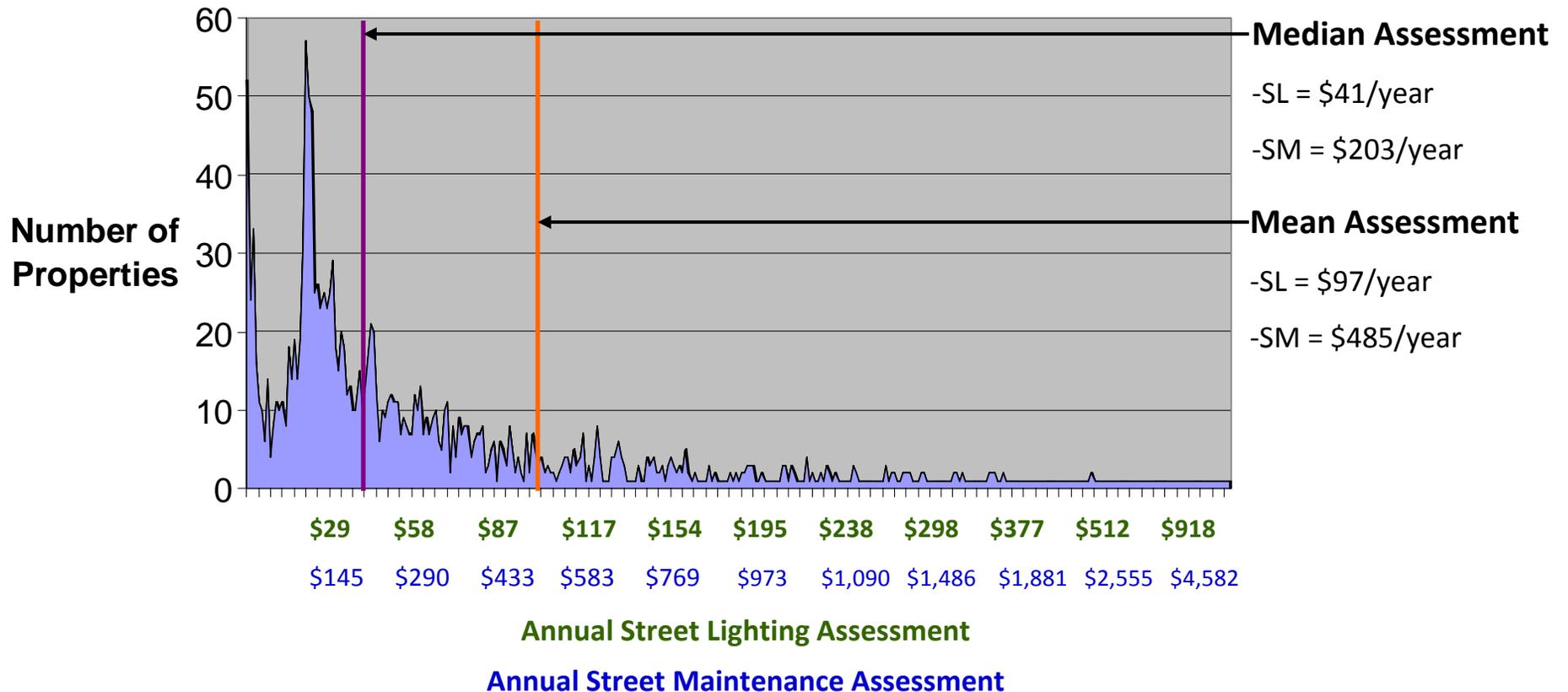
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# Yearly Assessment Distribution

## Assessment Distribution



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# Pre-Assessment Open Houses

- Pre-Assessment Open Houses were held on Wednesday, October 14 and Thursday, October 15.
- Purpose of the meetings was to provide easy access to the staff team and answer general questions about the assessments and/or specific questions about individual properties.
- Approximately 50 people attended from 15 organizations.
- Concerns raised by attendees included policy of charging tax exempt parcels, the amount of the assessment, and the cumulative effect of the various city fees on their properties.

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