



Request for City Council Committee Action From the Department of Public Works

Date: January 22, 2007

To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee

Subject: **Establish 2008 Uniform Assessment Rates for Street Construction and Renovation**

Recommendation:

Passage of a Resolution establishing the 2008 street construction and street renovation Uniform Assessment Rates.

Prepared by: Suzette R. Hjermsstad, RE Investigator II, 673-2401
Don Elwood, Director of Transportation Planning & Engineering

Approved by: _____
Steven A. Kotke, P.E., City Engineer, Director of Public Works

Presenters: Suzette R. Hjermsstad, RE Investigator II, 673-2401
Don Elwood, Director of Transportation Planning & Engineering

Permanent Review Committee (PRC)	Approval _____	Not applicable <u> X </u>
Policy review Group (PRG)	Approval _____	Not applicable <u> X </u>

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget (If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Business Plan: Action is within the plan. Action requires a change to plan.
- Other financial impact: Special Assessments against benefited properties
- Request provided to department's Finance Dept. contact when provided to the Committee Coordinator

Community Impact

Neighborhood Notification: n/a
Neighborhood Meetings: n/a
City Goals: Maintain the physical infrastructure to ensure a healthy, vital and safe city
Comprehensive Plan: Not Applicable
Zoning Code: Not Applicable

Background/Supporting Information:

The purpose of this letter is to establish the 2008 Uniform Assessment Rates for street construction and street renovation.

The Non-Residential Uniform Assessment Rate for 2007 was \$1.50 per square foot. In 2006, the rate was \$1.36 per square foot. The recommended 2008 Non-Residential Uniform Assessment rate is \$1.67 per square foot to be applied to the land area of benefited parcels located within the street influence zone along the improved street. This rate was developed in accordance with City Council Policy adopted October 31, 1980, establishing the assessment of similar improvements by yearly uniform rates. Additionally, City Council adopted policies May 22, 1998 and June 12, 1998 that established the method of assessing for Local and Other designated streets for Residential and Non-Residential use properties.

The Residential Uniform Assessment Rate for 2007 was \$0.57 per square foot. In 2006, the rate was \$0.52. The recommended 2008 Residential Uniform Assessment rate is \$0.64 per square foot to be applied to the land area of benefited parcels located within the street influence zone along the improved street. This rate was also developed in accordance with City Policies adopted October 31, 1980, May 22, 1998 and June 12, 1998.

The yearly uniform assessment rate policy has a goal to assess approximately 25% of project costs. Attachment No. 2 shows the rate comparisons used for the recommended rate increases.

The 2008 assessment rates are based on estimated 2008 unit prices that reflect the impacts to the cost of construction materials that occurred in 2007.

For calculating an assessment on a parcel that is designated as mixed-use property, such as a commercial storefront on street level with residential unit(s) above, we recommend that the method adopted by Council Resolution 2004R-057, on February 13, 2004, be continued. The mixed-use calculation uses both residential and non-residential rates based on the percentage of land market value for each classification. The City Assessor's land market value records are used because our assessment calculations are based on property square foot areas. See Attachment 1 for example.

The City has approximately 118,500 property tax parcels. Of these, approximately 635 are designated as mixed-use properties, or 0.5%. Of the one-half percent, 10% are an equal split between commercial and residential land use, 57% are commercial majority land use designated and 33% are residential majority land use designated. These mixed-use parcels are mostly found in the business districts of the City.

Attachment 1 - Mixed Use Property Calculation Example

Attachment 2 - Recommended 2008 Uniform Assessment Rates

Cc: Jack Qvale, Secretary, Board of Estimate and Taxation

Attachment 1

Mixed-Use Calculation Example

Property at 615 35th St W is a storefront with an apartment above it. The square footage of property in the influence zone is 2,419.2 sq ft.

Land MV

\$7,100 (Commercial) = 62% (of 2,419.2 sq ft) = 1,499.9 sq ft X \$1.67 (non-res rate) = \$2,504.83

\$4,400 (Residential) = 38% (of 2,419.2 sq ft) = 919.3 sq ft X \$.64 (res rate) = \$ 588.35

\$11,400 TOTAL =100% = \$2,093.18

The example above is based on the Street Construction assessment rate and would be payable over a 20-year period. Street Renovation rates are approximately one-half of the construction rates and are payable over a 10-year period.

RECOMMENDED 2008 UNIFORM ASSESSMENT RATES**STREET CONSTRUCTION AND STREET RENOVATION**

- Construction - street paving, curb and gutter and other street paving related improvements.
- Renovation - mill and overlay of street surface and selected curb and gutter and street construction as needed.
- Local - City only funding for street improvements.
- Other - City along with other(s) (e.g. C.S.A., M.S.A., T.H.) funding for street improvements.
- Rate Procedure - appropriate assessment rate from table below is applied to the land area of benefited parcels located within the street influence zone along the improved street.

<u>Improvement Category</u>	<u>Funding Category</u>	<u>Benefited Parcel Category</u>	<u>Recommended 2008 Rate Per Sq Ft</u>	<u>Comparative Rates</u>	
				<u>2007</u>	<u>2006</u>
				<u>Per Sq Ft</u>	
Construction	Local	Non-Residential	\$ 1.67	\$ 1.50	\$ 1.36
Construction	Other	Non-Residential	\$ 1.67	\$ 1.50	\$ 1.36
Construction	Local	Residential	\$ 0.64	\$ 0.57	\$ 0.52
Construction	Other	Residential	\$ 0.51	\$ 0.46	\$ 0.42
Renovation	Local	Non-Residential	\$ 0.84	\$ 0.75	\$ 0.68
Renovation	Other	Non-Residential	\$ 0.84	\$ 0.75	\$ 0.68
Renovation	Local	Residential	\$ 0.32	\$ 0.29	\$ 0.26
Renovation	Other	Residential	\$ 0.26	\$ 0.23	\$ 0.21