



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

Date: November 9, 2010

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

Subject: **Nongovernmental Tax Exempt Parcel Street Maintenance Assessment – Public Hearing**

Recommendation:

Passage and summary publication of a Resolution adopting the special assessments for 2011, levying the assessment, adopting the assessment roll, and directing the City Clerk to transmit a certified copy of the assessment roll to the Hennepin County Auditor.

Previous Directives:

October 12, 2010 – Set public hearing for November 9, 2010
November 13, 2009 – Updated street light operations and street maintenance assessments on nongovernmental tax exempt parcels approved.

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Approved by:

Steven A. Kotke, P.E., City Engineer, Director of Public Works

Presenters: Brette Hjelle, Public Works Interagency Coordinator

Financial Impact

Special Assessments against benefited properties

Background/Supporting Information

Minneapolis has been assessing nongovernmental tax exempt parcels for street light operations and street maintenance services since 1974. In 2009, the City Council approved updates to these assessments. The update included the following changes:

1. Changing from front footage to the influence area method to determine assessable area.
2. Updating assessment rates to reflect current costs of street maintenance and street lighting services.
3. Updating list of eligible properties.

Methodology

The assessment is applied to properties via a uniform assessment rate using the influence area method. The influence area method calculates the assessable area and is expressed in terms of square footage. This is the method currently used for assessing street and street light capital construction projects.

The assessment rate is determined by dividing the street maintenance budget by the citywide assessable square footage.

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

The City Council directed the street maintenance assessment be phased in over three years. The rate applied to parcels for payable 2011 assessments is \$0.01305, or 2/3 the originally proposed rate.

The assessment for a single parcel is calculated by multiplying the parcel's assessable area, rounded to the nearest square foot, by the assessment rate, and rounding the result to the nearest whole dollar amount. The minimum assessment amount is \$1.00/year.

Assessment Results

There are 1,182 eligible parcels on the payable 2011 assessment roll. For street maintenance assessments, the median (middle value) assessment for these properties is \$137/year and the mean (average) assessment is \$280/year.

Public Hearing

Per the November 13, 2009 City Council action, the street maintenance assessment on nongovernmental tax exempt parcels is being phased in over three years. The payable 2010 assessment rate was 1/3 the proposed rate. The payable 2011 assessment rate is 2/3 the originally proposed rate. The increased rate means all eligible parcels received notices for the street maintenance assessment public hearing.

T&PW – Your Committee, having under consideration the Street Maintenance Assessment, Project 1337M for payable 2011 and all written and oral objections and statements regarding the assessments and having held a public hearing on November 9, 2010 in accordance with the provisions of Laws 1969, Ch. 499, as amended by Laws 1994, Ch. 587, Art. 9; Laws 1973, Ch. 393, as amended by Laws 1974, Ch. 153 and Laws 2008, Ch. 154; and the procedures set out at Minn. Stat. Section 429.061, now recommends that the proposed assessments in the amount of \$354,760 be adopted and levied, that the assessment roll filed by the City Engineer with the City Clerk (Petn No _____) be adopted and that the City Clerk be directed to transmit a certified copy of said assessment roll to the Hennepin County Auditor.