

**PUBLIC IMPROVEMENT AND
SPECIAL ASSESSMENT
POLICY AND PROCEDURES**



CITY OF SAVAGE, MINNESOTA

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**SECTION I
GENERAL POLICY STATEMENT**

The purpose of this policy is to establish a fair and equitable manner of recovering and distributing the cost of public improvements, and for capital programming. The procedures used by the City of Savage (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 guide for the public improvement and special assessment process in the City of Savage.

Special Assessments must meet the following criteria:

- A. The property assessed must receive a special benefit from the improvement.
- B. The amount of the assessment may not exceed the special benefit measured by an increase in market value due to the improvement
- C. The assessment must be uniform as applied to the same class of property in the assessed area.

It is important to recognize that the actual cost of extending an improvement past a particular parcel is not the determining factor in identifying the amount to be assessed. However, in most cases the amount of the assessment will be the cost of providing the improvement, provided 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 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, 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

The following public improvements, authorized by Minnesota Statutes §429.021, are eligible for special assessment within the City of Savage:

1. *Street, sidewalk, alleys, curb, and gutter improvements.* Acquisition, opening and widening of any street and improvement of streets, alleys, sidewalks, or other public ways or any part thereof, by constructing, reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking strips of any material or by grading, graveling, or otherwise improving them. Included are charges for beautification, storm sewer, or other street drainage systems, and installation of connections from sewer, water, or similar mains to curb lines.
2. *Storm and sanitary sewer systems.* Acquisition, development, construction, reconstruction, extension and maintenance of storm and sanitary sewer systems. This may include outlets, holding areas and ponds, treatment plants, pumps, lift stations, service connections and other appurtenances of a sewer system within and outside the corporate limits.
3. *Street lighting systems.* Installation, replacement, extension, and maintenance of streetlights, street lighting systems and special lighting systems.
4. *Waterworks systems.* Construction, reconstruction, extension, and maintenance of waterworks systems. This includes all appurtenances of a waterworks system, even the treatment plant, whether inside or outside of the City.
5. *Parks, open space areas, playgrounds and recreational facilities.* Acquisition and improvement of land and purchase of equipment and facilities, either within or outside the corporate limits.
6. *Street trees.* Planting, trimming, care and removal.
7. *Dikes and other flood control works.* Construction, reconstruction, extension and maintenance.
8. *Retaining and area walls, including highway noise barriers.* Acquisition, construction, reconstruction, improvement alteration, extension and maintenance.
9. *Malls, plazas, or courtyards.* Acquisition, construction, improvement, alteration, extension, operation, maintenance and promotion of public malls, plazas and courtyards.
10. *Parking lots.* Acquisition or construction of parking facilities.
11. *Abating nuisances.* Includes draining and filling swamps, marshes, and ponds on public or private property.
12. *Underground pedestrian concourses.* Construction, reconstruction, maintenance, and promotion of tunnels, arcades, and plazas.
13. *Other improvements.* Such other improvements as are authorized under Minnesota Statutes Chapter 429.

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 signed by at least 35% in frontage of the owners of the real property abutting the streets named in the petition as the location of the improvement. If 100% of the affected property owners petition for the improvement, different public hearing requirements apply (see Section IV).

- B. Public improvements may be initiated by the City Council when, in its judgment, such action is required. However, for any improvement initiated by the City Council, rather than by petition, the vote to order the improvement requires a 4/5th vote of all members of the City Council, 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 roll to Scott County. 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 one or more proceeding and conducted as one or more improvements. Thus a single proceeding may encompass multiple types of improvements in multiple areas of 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 City Council may also direct City staff to hold a neighborhood meeting to review the public improvement process.
- C. Staff prepares a Feasibility Report or reviews a Feasibility Report submitted by another agency/representative on the proposed improvements in accordance with State and City standards. The need for any property acquisition will be addressed in the Report. If necessary, property and/or benefit appraisals may be included as part of the report preparation.
- D. Council accepts or rejects the Feasibility Report. If accepted, the Council orders a public hearing on the improvements. If 100% of the affected property owners petition for the improvement, the Council may adopt a resolution ordering the improvement without a public hearing.
- E. Staff publishes a hearing notice in the newspaper and mails notices to the affected property owners. A minimum of two publications are required, one week apart, with at least one being at least three days before the hearing. The mailed notice must go out not less than 10 days before the hearing.
- F. Council conducts improvement hearing and adopts or rejects a resolution ordering the improvement and the preparation of plans and specifications. If the resolution results from a petition by property owners, an aggrieved person may appeal to the district court the legality of the petition within 30 days after adoption and publication of the resolution. Bonds to finance project costs may be issued at any time after the improvements are ordered.
- G. Staff prepares final plans and specifications 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 tabulation of bids, and makes a recommendation to the City Council regarding award. Council rejects the bids or awards a contract based on the bids received.

- I. Performance of the work under contract is completed. Staff administers 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 at least one hearing notice in the newspaper and mails the notice of hearing date and the proposed assessments to the affected property owners. Publication and mailing must be no less than two weeks before the hearing.
- M. Council conducts assessment hearing, adopts, revises, or rejects the resolution adopting the assessment roll. If adopted, the City Clerk certifies the assessment roll to Scott County. Within 30 days of the adoption of an assessment, an aggrieved person may, subject to the limitations in Minnesota Statutes Section 429.081, appeal to the district court by serving notice upon the Mayor or City Clerk.
- N. Staff certifies the assessments to Scott County.

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 of Council award of the bid and constructing the improvements.

SECTION V
FINANCING OF PUBLIC IMPROVEMENTS

- A. It is the general policy of the City of Savage to require future development to pay for itself; for it to occur in an orderly manner consistent with the City Comprehensive Plan and typically contiguous to existing development areas. It is also the general policy of the City of Savage 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 in certain areas that have previously been developed without all the needed infrastructure, or to repair and/or replace aging infrastructure.
- C. The City may finance all or part of an improvement as a Special Assessment. Special Assessments are generally accepted as a means by which areas can obtain improvements or services; however, the method of financing these is a critical factor to both the City and the property owner. Full project costs spread over a very short term may impose an undue burden on the property owner and likewise City costs and systems costs spread over a long period of time can produce an undue financial burden on the general public of the City.
- D. Financing improvements can be done with Special Assessments. There is a distinct difference between taxes and Special Assessments. Although both are billed to the property owner along with real estate taxes, the real estate taxes are a function of the value of the real estate as determined by the Assessor, while Special Assessments are a direct function of the enhancement or benefit which a specific improvement gives to the property.
- E. Once the City Council has determined that a certain public improvement is necessary and desirable, the general success and acceptance of the improvement is dependent upon levying the cost in an equitable and consistent method.
- F. It is the policy of the City to not defer assessments except in cases where unusual hardship exists or senior citizens are involved. The authorization for deferment, and the criteria for establishing eligibility are set forth in the Savage City Code section 94.05 and Minnesota Statutes § 435.193 – 435.195.
- G. As stated previously, it is the policy of the City to not defer assessments; however, the City Council may elect to defer assessments on unimproved lands to a designated year, until platting, or until the construction of improvements on the property. Terms and conditions of this deferral will be established in the resolution adopting the assessments. If the property being assessed qualifies as "Green Acres" as decided by the County, the City Council may be required to defer assessments according to Minnesota Statutes § 273.111, subdivision 11. Property qualifying as "Green Acres" is typically land used for farming or for nursery or greenhouse purposes.

SECTION VI 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. 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 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 would 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.

The "assessable cost" of an improvement is equal to the "project costs" minus the "City oversizing".

- B. The City of Savage will charge interest on Special Assessments at a rate specified in the resolution. If bonds are sold to finance the improvement project, the interest rate shall be a minimum of two percent (2.0%) more than the average interest rate of the bonds, rounded to the nearest quarter of a percent. If no bonds are sold, the interest rate shall be set by the City Council.
- C. The City will certify the assessment roll to Scott County by November 30th. Property owners may pay all or a portion of their assessments, interest free, for a period of 30 days after the assessment hearing. The City Council may by ordinance authorize the partial prepayment of assessments, in such manner as the ordinance may provide, prior to certification of the assessment or the first installment thereof to the county.
- D. The City may pay a portion of the cost of an improvement from other city funds available for the purpose. The City may subsequently reimburse itself for all or a portion of the cost of a water, storm sewer, or sanitary sewer improvement so paid by levying additional assessments upon properties abutting on, but not previously assessed for, the improvement on notice and hearing as provided for the assessments initially made.
- E. 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 oversizing" which, in the opinion of the City Council, represents the excess cost not directly attributable to the area served.
- F. If funding is received by the City from the Federal Government, from the State of Minnesota, Scott 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 oversizing" cost of the

improvement. If the financial assistance received is greater than the normal “City oversizing” cost the remainder of the aid will be applied according to the terms of the assistance program or at the Council’s discretion.

- G. City-owned properties, including municipal building sites, parks and playgrounds, but not including public streets and alleys, shall fund their portion of the project cost through the debt service levy or other funding sources on the same basis as if such property was privately owned. City owned properties will not be assessed.
- H. 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. For example, where utility service lines are run from the main to a particular property, that property can be assessed separately and in addition to the main improvements.
- I. Benefit Appraisals: The City Council may order benefit appraisals as deemed necessary to support the proposed assessments.

**SECTION VII
METHODS OF ASSESSMENT**

A. GENERAL STATEMENT

There are different methods of assessment: per unit, area, and adjusted front foot. For any particular project, one or a combination of these methods may more adequately reflect the benefits received in the assessment area than the other methods. The City staff, based on the Feasibility Report, will recommend one or a combination of these methods for each project, based upon which method 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.

B. POLICY STATEMENT

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

The general rule is to calculate the assessment against platted residential lots, pieces or parcels of land (collectively referred to herein as "Parcel(s)") using the "unit" assessment basis; however, where residential Parcels do not reflect a general similar size and shape, consideration will be given to an adjusted front foot basis. Consideration will be given to a unit assessment if the special benefit to the property in the district is essentially the same.

1. *Unit Method of Assessment*

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

The "cost per unit" shall be defined as a quotient of the "assessable cost" divided by the total Parcels benefiting from the improvement. For the purpose of determining the of "units" all Parcels, including a Parcel of a governmental agency, shall be included in such calculations.

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

For the purpose of defining the number of assessable Parcels for Institutional Properties, the assessable units contributed to the property shall be determined by using 2.5 units per adjusted gross acre. Institutional Properties shall mean established places of worship and public and private school properties as defined by the City of Savage.

2. *Area Method of Assessment*

When it has been determined calculate the assessment 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. 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 but not limited to other governmental areas, established places of worship, public and private schools shall be included in the assessable areas. Area based assessments will use the adjusted gross acreage for each property. The following items may not be included in area calculations: public right-of-ways, bluff land as defined by the City of Savage Zoning Ordinance, natural waterways, wetlands, lakes or other areas not suitable for development. . The City Engineer will make the recommendation on the benefited area in the Feasibility Report.

3. *Adjusted Front Foot Method*

When it has been determined to calculate the assessment by the “Adjusted Front Foot” method, the “cost per adjusted front foot” shall be defined as the quotient of the “assessable cost” divided by the total assessable frontage benefiting from the improvement. For the purpose of determining the “assessable frontage”, all properties, including but not limited to governmental agencies, places of worship, public and private schools 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 Adjusted Front Foot method, odd shaped Parcels are adjusted to an average footage that would be the equivalent to the frontage of a rectangular shaped Parcel of the same area and depth. The purpose of this method is to equalize assessment calculations for Parcels of similar size.

**SECTION VIII
STANDARDS FOR PUBLIC IMPROVEMENT PROJECTS**

The following standards are hereby established by the City of Savage to provide a uniform guide for improvements within the City and also to be used by the City Engineer in differentiating “assessable costs” from “City oversizing” costs.

A. SURFACE IMPROVEMENTS

Surface improvements shall normally be interpreted to include all improvements visible on or above the ground within the right-of-way and includes, but is not limited to, trees, lighting, sidewalks, signing, street and accessory improvements such as surfacing, curb and gutter, drainage facilities, grading, signalization and other public improvements such as drainage ponds and facilities, parking lots, parks and playgrounds.

Policy Statement:

In all streets, prior to street construction and surfacing or resurfacing, all utilities and utility service lines (including sanitary sewers, storm sewers, and water lines) shall be installed to serve each known or assumed building location when practicable.

When practicable, no surface improvements to less than both sides of a full block of street shall be approved, except as necessary to complete the improvements of a block, which has previously been partially completed. Concrete curbing or curb and gutter shall be installed at the same time as street surfacing, except that where a permanent “rural” street design is approved by the City Council, curbs will not be required.

Street improvements shall be constructed to meet the minimum City design standards unless the Feasibility Report identifies that the City standard is not practical for the area served, and an alternative design recommendation is reached.

B. SUBSURFACE IMPROVEMENTS

Subsurface improvements shall normally include such items as water distribution, sanitary sewer and storm sewer lines. For purposes of definition, main lines are defined as the publicly owned and maintained lines such as trunk lines, interceptors, mains, laterals, etc. The service lines are those privately owned service lines going from the main line to the property line.

Policy Statement:

Subsurface improvements shall be made to serve current and projected land use. All installation shall conform to City standards as established by those State and/or Federal Agencies having jurisdiction over the proposed installations.

Service lines from the lateral or trunk to the property line for each known or assumed building location shall be installed in conjunction with the construction of the mains.

**SECTION IX
IMPROVEMENT SERVICE LIFE**

The City of Savage in constructing or reconstructing any public improvement shall design such improvement to last for a definite 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.

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 – 15 years
2. Streets including subgrade, aggregate base, surfacing, curb, and gutter – 30 years
3. Ornamental street lighting – 20 years
4. Watermains – 30 years
5. Sanitary Sewers – 30 years
6. Storm Sewers – 30 years

SECTION X
ASSESSMENT PRACTICE AND COMPUTATIONS

A. STREET AND CURB AND GUTTER IMPROVEMENTS

Street, curb, and gutter improvement assessments are typically levied over a 15-year period. Low Density residential properties will be assessed if the Parcel has direct access to the improvement by a driveway. Medium & High Density Residential, Commercial and Industrial Properties, and Institutional Properties will be assessed if the Parcel abuts or has primary access to the improvement by a driveway. Residential corner Parcels abutting street improvements will be assessed based on the location of the driveway access at the time of the improvement. A driveway shall be defined as a short road that provides ingress and egress to a house or property from a public road. For purposes of assessment, private streets that serve residential, commercial and industrial properties are not considered a driveway. Properties that abut and have access to the private street are responsible for 100% of the cost of the improvements to the private street with no public funding allocation provided.

1. *New Construction*

All new public streets, including curb and gutter, will be assessed 100% to the benefited properties. Street and curb and gutter improvements will normally be assessed by the Unit method; however, other methods may be utilized if conditions warrant it.

Cost of construction of streets shall be assessed based on the standard minor collector design, using the minimum City pavement section design standard. Oversizing costs which are incurred in excess of the above may be paid by: 1) State Aid Funds, 2) general obligation funds, and 3) any other method or combination of methods authorized by the City Council.

2. *Collector and Arterial Streets*

Collector and arterial streets will be assessed to the equivalent of minor collector street costs. All street-oversizing costs associated with collector and arterial streets will not be assessed. Street and curb and gutter improvements for collector and arterial streets will normally be assessed by the Area method; however, other methods may be utilized if conditions warrant it.

3. *Reconstruction*

All residential street reconstructions shall be assessed the maximum amount practicable, as supported by independent benefit appraisals consistent with Minnesota Statutes Chapter 429. Street reconstruction improvements in Commercial, Industrial and Commercial Business Districts shall be assessed 100% of the total project costs or determined on a project-by-project basis.

4. *Gravel or Substandard Streets*

Upgrading an existing gravel or substandard street by adding or replacing pavement and/or curb and gutter shall be assessed the maximum amount practicable, as supported by independent benefit appraisals consistent with Minnesota Statutes Chapter 429. The City Council may elect to revise the assessable areas to establish additional assessment credits for rural collector roads that have little or no direct driveway access. Substandard streets are defined as streets not meeting the City's minimum design standards for a local street.

5. *Seal Coat and Crack Sealing*

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

B. BITUMINOUS MILL & OVERLAYS

Bituminous overlays are levied over a 5-year period.

1. Bituminous overlay projects will be assessed by the Unit method and will be assessed at the rate per the City's Fee Schedule adopted by City Council, which is revised annually based on the Engineering News Record (ENR) Construction Cost Index.. Townhomes may be converted to a residential Parcel equivalent based on the amount of trips they generate according to the current Institute of Transportation Engineers Trip Generation Manual.

C. FULL DEPTH BITUMINOUS MILL & OVERLAYS

Full depth bituminous overlays are levied over a 15-year period.

1. Full depth bituminous overlay projects will be assessed by the Unit method and will be assessed at the rate per the City's Fee Schedule adopted by City Council, which is revised annually based on the Engineering News Record (ENR) Construction Cost Index.. Townhomes may be converted to a residential Parcel equivalent based on the amount of trips they generate according to the current Institute of Transportation Engineers Trip Generation Manual.

D. SIDEWALKS AND TRAILS

Sidewalk and bituminous trail assessments are levied over a 10-year period, unless constructed and assessed in conjunction with street improvements.

1. *New Construction*

New sidewalks and/or bituminous trails will be installed adjacent to City streets by the developer of the abutting properties if planned as part of the development project. If the City installs sidewalks or bituminous trails prior to development occurring, the City will collect a sidewalk fee as part of the development agreement for those properties when they develop to reimburse past City expenses.

If new sidewalks or bituminous trails are to be installed as part of a City improvement project or a petitioned project, the costs for installation will be included in the overall project cost for the improvement project. If installation of sidewalks or bituminous trails is by petition, all costs associated with installation shall be assessed to the adjacent property owners.

2. *Replacement*

Replacement of sidewalks and/or bituminous trails adjacent to City streets that are proposed for improvement will not be assessed separately from the road improvement project but instead the cost of the sidewalk or bituminous trail replacement will be included in the overall project cost for the improvement project.

E. STORM SEWER IMPROVEMENTS

Storm sewer assessments shall normally be by the Area method unless assessed together with street improvements in which case they would be assessed by the Unit method. Both methods are levied over a 15-year period.

1. *New Storm Sewer Construction*

New storm sewer 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 benefiting properties. If the facilities are oversized to accommodate drainage from areas outside the assessment area, the City will pay for the oversizing.

2. *Replacement of Storm Sewers*

Any replacement costs or reconstruction of existing storm sewers in conjunction with street reconstruction projects will be assessed as part of the street improvements. Stand-alone storm sewer replacement costs will not be assessed but rather funded 100% as City costs using Stormwater Utility Funds, unless the improvements are being completed at the request of the benefiting properties to enhance drainage to private property.

F. SANITARY SEWER ASSESSMENTS

Assessments for sanitary sewer shall be based upon the cost of construction of 8-inch diameter 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 oversizing” costs. Normally, sanitary sewers will be assessed using the Unit method. Sanitary sewer system assessments are levied over a 15-year period.

The replacement of existing sewers shall be assessed the maximum amount practicable, as supported by independent benefit appraisals consistent with Minnesota Statutes § Chapter 429.

1. *Interceptor Sewer System*

The Metropolitan Council Environmental Services (MCES) is responsible for the construction of the interceptor sewer system and for the wastewater treatment facility to treat the sewage generated in the City of Savage.

A Sewer Availability Charge (SAC) is determined by the MCES for 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. The City collects this charge and passes this fee 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. Trunk sanitary sewers, lift stations and other trunk sewer system facilities shall be financed by a Trunk Area assessment.

Trunk Area assessments may be paid in not more than fifteen (15) annual installments and at the rate adopted by City Council, which is increased annually based on the Engineering News Record (ENR) Construction Cost Index.

3. *Lateral Sanitary Sewer System*

The costs for lateral sanitary sewers shall be fully assessed (100%) to the benefiting properties. Commercial, industrial and multiple land uses and undeveloped lands are converted into 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 average cost of the most recent lateral construction in the City, indexed forward to present value costs.

G. WATERMAIN ASSESSMENTS

Assessments for new watermains shall be based upon the cost of construction of 8-inch mains. Oversizing costs due to larger mains and larger appurtenances will not be assessed and will be “City oversizing costs.” Normally, watermains will be assessed using the Unit method. Water system assessments are levied over a 15-year period.

The replacement of existing watermains shall be assessed the maximum amount practicable, as supported by independent benefit appraisals consistent with Minnesota Statutes Chapter 429. Individual services installed to specific properties will be fully assessed directly to the benefited property.

1. *Trunk Watermains, Supply, Storage and Treatment Facilities*

The trunk water system facilities are constructed to serve the entire community or a larger service area. Trunk watermains, pump stations, wells, storage tanks and treatment facilities shall be financed by a Trunk Area assessment.

Trunk Area assessments may be paid in not more than fifteen (15) annual installments and at the rate adopted by City Council, which is increased annually based on the Engineering News Record (ENR) Construction Cost Index.

2. *Lateral Watermains*

The costs of lateral watermains shall be fully assessed (100%) to the benefiting properties. Commercial, industrial and multiple land uses and the undeveloped lands are converted into residential units for assessment purposes. Any building unit which is served directly by a trunk watermain and therefore requires no lateral watermain, is levied a lateral benefit assessment which is equal to the average cost of the most recent lateral construction in the City, indexed forward to present value costs.

H. STREET BOULEVARD TREES

All street boulevard trees installed as part of new street construction or in reconstructing existing streets shall be included as part of the overall project costs and included in the assessment calculations.

I. STREETLIGHTS

All costs for new streetlights installed as part of constructing new streets, or streetlights relocated as part of reconstructing streets will be included in the overall project costs and in the assessment calculations. (See City Streetlight Policy)

J. TRANSPORTATION IMPROVEMENTS

Costs associated with improvements constructed, such as widening of a roadway for turn lanes, additional driving lanes, diagonal parking and traffic signalization shall be assessed 100% to the benefiting properties in commercial, industrial and institutional zoned areas.

