



CITY OF CHANHASSEN

ASSESSMENT POLICY

Date of Last City Council Adoption: May 5, 2025

The City of Chanhassen's Assessment Policy is intended to provide general direction to City Staff and their consultants in preparation of assessment rolls to establish fair and consistent treatment of all properties within the City that are subject to an assessment. This document can also be used to educate and explain to property owners about the Policy. All assessments shall follow the process outlined in Minnesota State Statutes, Chapter 429, which gives the City the legal authority to assess benefiting property for public improvements.

The strict interpretation of this Policy may not apply in all circumstances, it is intended to be a guide for a systematic process. The City Council may direct staff to use special consideration and discretion for the assessment methodology on projects.

WHICH PROPERTIES ARE TO BE ASSESSED

Determination about which properties are to be included in the assessment role generally fall into two (2) property types:

1. Type 1: Land use that generates a low level of vehicular traffic, such as low-density residential properties.
 - These properties shall be included in the assessment role for public street improvements that have their primary driveway access, or that it can be reasonably determined will have a future driveway access, to the street being rehabilitated. This includes property with a shared driveway or private street access to the public street, except where said private street meets applicable criteria to allow for a reduced or no assessment. The policy acknowledges that private streets are not maintained by the City and therefore all costs associated with the maintenance of them are borne by the property legally required to maintain them. Applicable criteria of private streets includes whether the street meets City Code requirements with respect to width, pavement section, and appropriate fire apparatus turn-around.
2. Other land use property types that generate increased levels of vehicular traffic, such as commercial, multi-family, or schools.
 - These properties shall be included in the assessment role for all adjacent public street improvement projects, regardless of which street their primary driveway takes access from, or the number of driveway access points; unless it can be reasonably determined that the use of the property does not have any traffic impact on the adjacent public street receiving the improvements.

ASSESSMENT METHODOLOGY

There are various ways to calculate assessments. The typical methodology is based on the number of parcels, an area, or linear foot calculation. Chanhassen has also developed a policy that utilizes a flat rate, meaning all parcels to be assessed receive the same assessment regardless of any particular property characteristic.

- For property type 1 listed above, the properties to be assessed will receive an assessment amount equal to the flat rate for which rehabilitation type the project is utilizing (mill and overlay, full depth reclamation, or reconstruction). The flat rate is established on the City's Fee Schedule, which is updated and approved by the City Council annually. The flat rate utilized for a project will be the rate that is in effect on the date the assessment role is adopted.
- For property type 2 listed above, the City shall use the calculation method that creates a reasonable distribution of assessments across the entire roll.

- Where reasonable to do so, when more than one “neighborhood” is contained within the same project, the assessment roll may be calculated per each neighborhood, rather than the total project. This would not apply to property type 1 as they would all receive a flat rate assessment.
- Unless otherwise exempt, public property, government land, private associations, schools, churches, and non-profit property uses shall be included in the assessment roll.
- Commercial property, and Medium and High-Density Residential property shall be assessed based on a reasonable determination of vehicular traffic generated.
- A duplex that is located on a single parcel, shall be considered two units. Generally, when traffic volumes are used as the assessment methodology, a Residential Equivalent Unit (REU) or similar other unit assessment relationship shall be used.

NEW CONSTRUCTION: 100% assessed to all benefitting properties.

New construction is typically paid for by the development itself and therefore not formally assessed. In some instances, the City will undertake proactive installation of public utilities to unserved areas and then assess the benefitting properties, or establish an improvement district/area with deferred access charges to cover the cost for the added service. In other instances, properties may petition the City directly for the installation of the public improvements in which case 100% of the costs are paid for by the benefitting properties.

Assessable Costs Include:

- Construction of a new public street, trail and/or sidewalk.
- Installation of public water main, storm sewer and/or sanitary sewer system, including appurtenances (structures, valves, hydrants, lift stations, etc.), where it did not previously exist.
- Indirect costs (design, legal, and administration fees).

Notes:

- Oversizing of streets and utilities beyond the city’s standard details, or what is needed for the development itself, are paid for by the city and are typically not assessed.

RECONSTRUCTION/REHABILITATION: 40% assessed to all benefitting properties, unless a flat rate methodology is utilized.

When determining the rehabilitation method to be used, the following decision matrix shall be used for planning purposes:

<u>Question</u>	<u>If Yes</u>	<u>If No</u>
<u>Does the street need to change its intended use; change to meet our current standard (width, thickness, C&G, drainage, etc.); and/or has it met its useful service life (~50 yrs)?</u>	<u>Plan for Reconstruction</u>	<u>Move to next question</u>
<u>Is the pavement condition OCI between 0 and 29?</u>	<u>Plan for Reconstruction</u>	<u>Move to next question</u>
<u>Is the pavement condition OCI between 30 and 59?</u>	<u>Plan for FDR</u>	<u>Move to next question</u>
<u>Is the pavement condition OCI greater than 60?</u>	<u>Plan for M&O</u>	<u>n/a</u>

Notes:

- Once a project is under design, an engineering analysis will be undertaken to determine the appropriate rehabilitation method.

- Two inches (2") shall be the standard depth for a mill and overlay unless particular circumstances exist. Under such circumstances, the flat rate will not be adjusted.

Assessable Costs Include:

- Pavement associated with public streets, trails and/or sidewalks. This includes draintile, geotechnical (soil corrections, etc.), and other improvements needed to support the function of the pavement structure.
 - In situations where there is no existing trail or sidewalk infrastructure, but such improvements are being added by the project, the costs associated with the addition shall not be assessed unless particular circumstances exist such as when the benefit of the new infrastructure is of primary benefit to the assessable properties only.
- Curb and gutter, including curb impacted solely by utility improvements.
- Driveway pavement and aprons directly affected by the project work.
- Storm Sewer and appurtenances associated with street drainage.
- Multi-Modal improvements such as ADA ramps and actuated pedestrian crossings such as Rectangular Rapid-Flashing Beacons (RRFB's).
- Signing and striping.
- Retaining walls required within the Right-of-Way.
- Tree removal and/or landscaping improvements directly affected by the project work.
- Applicable percentage of indirect costs (design, legal, and admin fees).

Notes:

- If a residential property has access from a collector or otherwise oversized street, the assessment amount shall be based on an equitable formula compared to a typical local roadway, including normalizing to a city standard width, typical street pavement section, typical lot width, and other applicable factors. This normalization does not apply to a flat rate assessment.
- Pavement projects on streets that provide direct access to Chanhassen property(s) that are being implemented by an adjacent municipality shall not be assessed to the Chanhassen property(s) unless the adjacent municipality is assessing the benefiting property in their jurisdiction as part of the project.
- Replacement, maintenance, or repair of existing public water main, sanitary sewer, and indirect stormwater management infrastructure shall not be assessed. The City will pay 100% of these improvement costs out of the associated enterprise fund.

REGULAR MAINTENANCE: Benefiting properties are not assessed.

- Activities Include: Pavement patching, pothole filling, crack sealing, chip sealing, sealcoating, sign maintenance, lighting, and pavement markings.

PAYMENT OPTIONS

- Assessments can be paid in full up-front with no finance charge, otherwise the assessment will be certified to the County and added to annual property taxes with interest.
- If elected to add to annual property taxes, the balance can be paid off at any time during the term if requested by the property owner.
- Interest will be charged to property owners who choose to not pay their assessments in full by November 15th in the year the special assessment is levied. The interest rate will be equal to the yield on the 7-year Treasury Note on the date the special assessment roll is adopted, plus 1.0%.

- Unless approved otherwise by the City Council, the maximum financing term for assessments shall be as follows:
 - \$0-\$500 1 year
 - \$501-\$2,500 5 years
 - \$2,501-\$5,000 8 years
 - \$5,001-\$15,000 10 years
 - \$15,001 and above 15 years

HARDSHIP ASSESSMENT DEFERL FOR SENIORS, DISABLED, OR MILITARY PERSONS

Minnesota Statute §435.193 allows a statutory city to establish standards and guidelines to defer special assessments. A deferment of a special assessment for a homesteaded property may be granted if:

- (1) The property is owned by a person 65 years of age or older or retired by virtue of a permanent and total disability* for whom it would be a hardship to make the payments; or
- (2) The property is owned by a person who is a member of the Minnesota National Guard or other military reserves who is ordered into active military service, as defined in Minnesota Statutes § 190.05, subdivision 5b or 5c, as stated in the person’s military orders, for whom it would be a hardship to make the payments.

The deferment is not an elimination of the assessment, but rather a temporary pause of paying the assessment until the hardship no longer exists. Interest on deferred assessments shall be subject to and charged at the interest rate set by the City Council on its resolution adopting the special assessment, and such interest shall accrue on said principal until the special assessment is paid in full.

The option of the property owner to defer the payment of special assessments shall terminate and all amounts accumulated plus accrued interest (compounded annually) shall become due and payable within sixty (60) days upon the occurrence of any of the following events:

- (1) The sale, transfer, or subdivision of the property or any part thereof, or the property is in any way conveyed to another person; or
- (2) The subject property loses its homestead status for any reason; or
- (3) The death of the owner qualified for deferral status unless a surviving spouse is eligible for benefits hereunder; or
- (4) If for any reason the City Council determines that there would be no hardship in requiring an immediate or partial payment of the deferred special assessment.

To request deferral of a special assessment, the property owner must request a deferment on the form prescribed by the City Clerk within thirty (30) days after the adoption of the improvement assessment by the City Council.

The applicant must submit a copy of the federal income tax return from the year prior to the assessment to verify that all sources of income do not exceed the very low-income limits for the Carver County area as established by the Department of Housing and Urban Development.

The property must be the applicant’s principal residence and classified on the real estate tax rolls as the applicant’s homestead.

City staff will review the application and if the applicant meets the standards and guidelines above, the deferment will be granted.

The City Council has the discretion to make the determination that a hardship exists based on exceptional and unusual circumstances not covered by the standards and guidelines where the determination is made in a

nondiscriminatory manner and does not give the applicant an unreasonable preference or advantage over other applicants.

**Permanent and total disability shall have the same definition for purposes of assessment deferral as is used for social security.*

FREQUENTLY ASKED QUESTIONS

A Frequently Asked Questions (FAQ) document addressing the most common questions concerning assessments is attached to this policy and can also be found on the City's website.