



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

Date: November 8, 2012

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 2013, 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:

September 25, 2012 – Set public hearing for November 8, 2012.
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, Director of Administration

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 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, 2010 through 2012. The rate applied to parcels for payable 2013 assessments is \$0.01957, the full amount of 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 1,265 eligible parcels on the payable 2013 assessment roll. For street maintenance assessments, the median (middle value) assessment for these properties is \$187/year and the mean (average) assessment is \$418/year.

Public Hearing

Per the November 13, 2009 City Council action, the street maintenance assessment on nongovernmental tax exempt parcels was phased in over three years. The payable 2012 assessment rate was the full originally proposed rate. The street maintenance assessment rate did not change from last year. Therefore, public hearing notices were only sent to properties that are either eligible for the assessment for the first time (i.e. the parcel was taxable last year and is tax exempt this year) or the parcel had property line changes in the past year that increased the assessable area and therefore increased the assessment.

56 nongovernmental tax exempt parcels received a public hearing notice for the street maintenance assessment public hearing.