SAINT PAUL STREETS ASSESSMENT POLICY

Overview

- □ Current Financing Source
- □ Key Points of Current Assessment Practices
- □ Problems with Current Financing Source and Practices
- □ Recommended Changes
- □ Proposed Timeline

Current Financing Source

Street Improvement Bonds (SIB)

■ Per state law, SIB require a minimum of 20% of the total cost be assessed to the benefitting property owner

Assessment Practices – Key Points

- Residential properties cannot be assessed twice in 20 years ("20 year rule")
- Adjustments to actual footage are made for residential and commercial irregular shaped lots (about 4,000 lots, or 5% of all properties)
- Current policy provides a subsidy to corner residential properties by charging only the "short side" frontage
- All other properties are assessed at the actual front footage of their property
- Rates are set by project
- City, state, and Ramsey County properties pay these assessments
- Federal buildings, the Met Council, and cemeteries do not pay these assessments

Problems with Current Financing Sources and Policy

Keeping a minimum 20% assessment requirement will lead to unreasonably high and unpredictable assessment rates for 2018 projects and beyond

<u>Project</u>	Assess 20% of Costs (65% growth vs. 2017)	2018 Proposed Rates
Rates per linear foot		
Woodlawn-Jefferson (Residential)	\$198.25	\$130.00
Change vs. 20% cost recovery		(\$68.25)
	*	410000
Wheelock: Danforth-Wstrn (Arterial)	\$233.44	\$138.00
Change vs. 20% cost recovery		(\$95.44)
Como Avenue - Cmnwlth-Brompton		
(Arterial)	\$233.44	\$138.00
Change vs. 20% cost recovery		(\$95.44)

Impact of Assessment Changes

Assessing less than 20-25% of project costs will increase the levy funding needed for street debt repayment

24% of Project Costs Assessed (Baseline)		12.59	12.5% of Project Costs Assessed (Proposed)				0% of Project Costs Assessed (100% levy funded)		
Levy Increase	Over 2018	Levy I	Levy Increase vs. 2018 baseline				Levy Increase vs. 2018 baseline		
<u>Year</u>	Increased Levy	<u>\</u>	<u>⁄ear</u>	Incr	eased Levy		<u>Year</u>	Increased Levy	
2019	\$0	2	019	(88,893		2019	\$185,768	
2020	\$0	2	.020	\$	160,580		2020	\$335,580	
2021	\$0	2	021	\$	232,268		2021	\$485,393	
2036	\$0	2	.036	\$1	,307,580		2036	\$2,732,580	
2037	\$0	2	037	\$1	,379,268		2037	\$2,882,393	
2038	\$0	2	.038	\$1	,450,955		2038	\$3,032,205	

^{*}Assumes borrowing \$15.5m in 2018 \$12.5m annually thereafter

Recommended Changes

Financing Source

- □ Change financing source for SPS projects from Street Improvement Bonds to Street Reconstruction Bonds/CIB Bonds
 - State law requires that the council adopt a 5 year street plan in order to use street reconstruction bonds
 - Street reconstruction bonds also have some limitations on the kind of work performed
 - For example, they cannot be used to add curbs and gutters where none previously existed (with some exceptions)
 - In rare cases where project work cannot be done with street reconstruction bonds, CIB bonds will be used

Recommended Changes

Assessment Policies

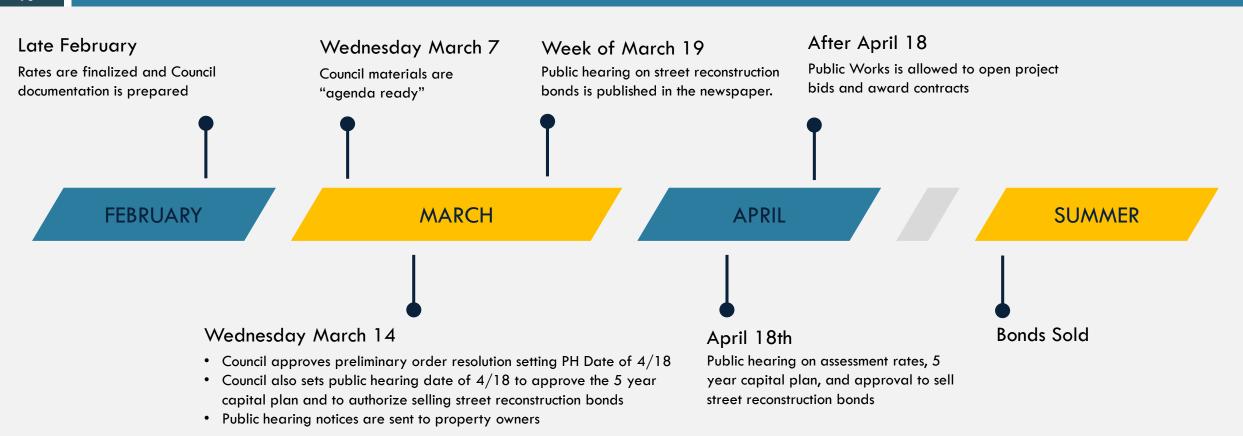
- Projects will be planned such that no property will be assessed twice in a 20 year period
- Assessments for corner residential properties
 - If work is completed on one side of the property during a project, the property would be assessed based on its short side frontage, regardless of which side the work is done on
 - If work is completed on both sides of the property during the project, the property would receive a 50% discount on both sides of their frontage
- Set a policy that increase rates by a somewhat predictable amount each year
 - The rate of growth would be reviewed each year by Public Works and OFS staff, and would be set after considering a variety of factors including inflation, growth in City project costs, project specific factors, special benefit received by properties, the current construction environment, feasibility and affordability
- Maintain current policy for irregular shaped lots, continue to set rates by project, and maintain policy of no corner subsidy for commercial properties

Recommended Changes

Intended Outcomes

■ These changes will increase predictability, uniformity, and affordability

Proposed Timeline



Questions?