

# SAINT PAUL STREETS ASSESSMENT POLICY

2/21/18

# Overview

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

# Current Financing Source

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## 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

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- ▣ 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

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

<u>Project</u>	<u>Assess 20% of Costs (65% growth vs. 2017)</u>	<u>2018 Proposed Rates</u>
Rates per linear foot		
Woodlawn-Jefferson (Residential)	\$198.25	\$130.00
Change vs. 20% cost recovery		(\$68.25)
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

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

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

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

# Recommended Changes

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## **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

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## **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

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## **Intended Outcomes**

- ▣ These changes will increase predictability, uniformity, and affordability

# Proposed Timeline

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Late February

Rates are finalized and Council documentation is prepared

Wednesday March 7

Council materials are "agenda ready"

Week of March 19

Public hearing on street reconstruction bonds is published in the newspaper.

After April 18

Public Works is allowed to open project bids and award contracts

FEBRUARY

MARCH

APRIL

SUMMER

Wednesday March 14

- Council approves preliminary order resolution setting PH Date of 4/18
- Council also sets public hearing date of 4/18 to approve the 5 year capital plan and to authorize selling street reconstruction bonds
- Public hearing notices are sent to property owners

April 18th

Public hearing on assessment rates, 5 year capital plan, and approval to sell street reconstruction bonds

Bonds Sold

# Questions?