

# Exhibit B

City of Saint Paul – Office of Financial Services  
**Saint Paul Streets Program Policies**  
*Updated February 2018*

## I. **Financing Street Projects**

In the City of Saint Paul, street reconstruction projects within the Saint Paul Streets program are generally financed using multiple funding sources. Each year, these sources can include:

- General obligation tax-exempt bonds issued by the City
- Funds from other government agencies (federal, state, county)
- Other non-bonded city funds (water or sewer revenues)

Beginning in 2018, the City will use Street Reconstruction Bonds as the primary funding source for street reconstruction projects.

## II. **Cost of Street Projects**

The City's cost of undertaking a street reconstruction project – the "Project Cost" – depends on the type of project and the extent of the improvements made. The Department of Public Works calculates all costs for street projects.

The "City Cost" of a street project is a component of the total Project Cost. The City Cost is the amount of the Project Cost that the City will pay for the street work only. The City Cost is often less than the Project Cost because other non-street construction funding sources are applied to the project (e.g., sewer utility, water utility). The City Cost is generally financed with city-issued bonds, but also may include Municipal State Aid, other city funds, or outside government agency funds.

Repayment of the bonds issued by the City for street projects is typically funded with a mix of property tax revenue and special assessments on property owners benefiting from the project.

## III. **Street Project Procedures**

St. Paul Streets projects are initiated by the Department of Public Works based on a 5-year plan prepared by the department. When the City chooses to use street reconstruction bonds as financing source, this 5-year plan must be approved by the City Council annually (Minn. Stat § 475.58, subd. 3b (a)(1)). The 5-year plan must describe the street reconstruction or overlay to be financed, the estimated costs, and any planned reconstruction or overlay of other streets in the City over the next 5 years.

A project begins with a Summary of Engineering Recommendations submitted to the Office of Financial Services-Real Estate Section. Real Estate prepares a Preliminary Order assessment resolution for City Council approval to set the date of a public hearing on the Final Order for project assessments. These resolutions are considered each year for each project.

Property owners will be notified by mail and notice will be published at least 10 but not more than 28 days before the public hearing to approve the 5-year plan. Property owners will also be notified of the public hearing to consider the Final Order for assessments. Property owners may offer testimony at the public hearings. The City Council resolution authorizing the sale of street reconstruction bonds and approving the 5-year plan (following a public hearing) will be approved by the City Council around the time that the Final Order is considered.

When the Final Order is adopted and the 5-year plan is approved, the project is authorized to commence.

#### **IV. Work Included in Street Projects**

##### **A. Classification of Projects**

There are three kinds of street projects that can be completed as part of the Saint Paul Streets program.

- Street Reconstruction / Paving and Lighting – on residential, arterial/commercial and downtown streets
- Street Reconstruction / Paving Only – on residential, arterial/commercial and downtown streets
- New Street Construction / Paving and Lighting – on new residential, arterial/commercial or downtown streets

##### **B. Project Improvements**

The types of improvements that can be made within a Saint Paul Streets project include:

- Constructing new bituminous surfaced streets with concrete curb and gutter, concrete driveway aprons and outwalks, and boulevards landscaped with sod and trees
- Replacing existing wood pole lights with a lantern style street lighting system
- Repairing or replacing storm and sanitary sewer mains and water mains, as needed
- Replacing lead water services in the right-of-way, as needed

- Repairing or replacing sanitary sewer service lines and water service, at the request of property owners
- Bringing existing pedestrian ramps up to current ADA standards
- Installing and improving sidewalks
- Improvements to bike trails, pavement markings and signage
- Installing public art (1.0% of eligible project costs) per the City’s Public Art Ordinance

**V. Methods of Assessment**

The special assessments levied against benefiting properties for street projects are calculated by multiplying a property’s street frontage by a per-foot assessment rate.

**A. Street Frontage**

Street frontage used in the assessment calculation is generally defined as a property’s actual lineal footage that borders a street reconstruction project. This applies to all properties being assessed through the SPS program. For condominium and townhome associations, the frontage assigned to each unit is the total association street frontage divided by the number of dwelling units.

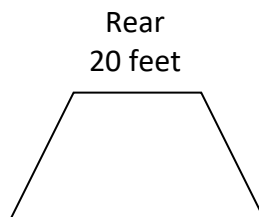
Generally, a property’s frontage will be equal to the actual lineal footage of the property. There are a few exceptions to using actual lineal footage to calculate a property’s assessment, as noted below:

**Exception 1: Irregularly-Shaped Properties**

Irregularly-shaped properties present a special challenge for determining how to fairly assess. The measured frontage of an irregularly-shaped property could differ significantly from the measured frontage of a rectangular-shaped property that is identical in area. Irregular-shaped properties will be mathematically “adjusted” to determine the comparable frontage for a more rectangular-shaped property. The following formulas adjust frontages for the most common types of irregularly-shaped properties, and will apply to all property types. These formulas are intended to establish as much uniformity as possible among property types.

**1. Properties with wider front than rear**

Policy: Measure rear lot dimension plus 60% of difference between street frontage and rear dimension



Front  
40 feet  
(Street)

Example:  $20 + (40 \text{ feet} - 20 \text{ feet}) \times .60 =$   
 $20 + 12 = 32 \text{ feet of frontage}$

2. Properties with wider rear than front

Policy: Measure street frontage plus 20% of difference between front and rear lot dimension

Rear  
40 feet

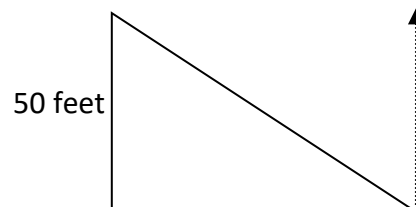


Front  
20 feet  
(Street)

Example:  $20 + (40 \text{ feet} - 20 \text{ feet}) \times .20 =$   
 $20 \text{ feet} + 4 \text{ feet} = 24 \text{ feet of frontage}$

3. Properties with right-angled triangular shape

Policy: Extend lot lines to a square corner and use corner lot policy (short side plus 0% of first 150' of long side).



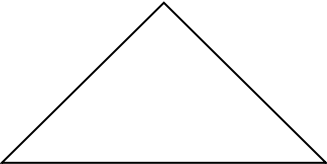
Front  
125 feet  
(Street)

Example:

Short side = 50 feet of frontage

4. Properties with acute-angled triangular shape

Policy: Multiply street frontage by 60% of same frontage



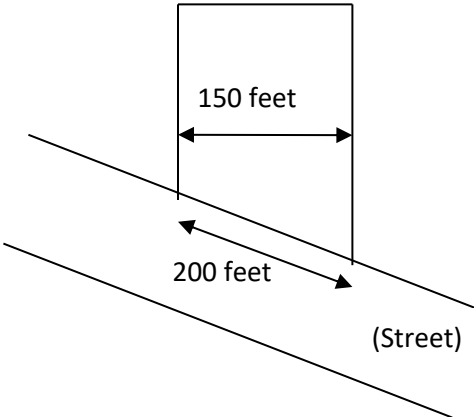
Front  
50 feet  
(Street)

Example:

50 feet x .60 = 30 feet of frontage

5. Properties with slanted street frontage at least 10% greater than lot width measured perpendicular to the property sides

Policy: Assessment calculated based on perpendicular lot width.



Example:

Slanted street frontage = 200 feet

Perpendicular lot width = 150 feet

Perpendicular lot width + 10% = 150 ft + (150 ft x 0.1) = 150 ft + 15 ft = 165 ft  
200 feet > 165 feet; therefore

Assessment = 150 feet of frontage

Note: In a special circumstance where an irregularly-shaped property or a multi-ownership property does not conform to one of the above policies, the city Real Estate Manager may determine an appropriate assessment. If, from time to time, policy changes or additions are needed, the Office of Financial Services must submit policy recommendations to the Mayor for review and approval.

**Exception 2: Residential Properties with Multiple Frontages**

Residential properties 1-4 units with multiple street frontages (generally corner properties) are assessed differently than other similar properties with only one street frontage. The basis for determining if a property is residential 1-4 units is the “Land Use Code” assigned to each property by the Ramsey County Department of Property Records and Revenue. If the project improves one of the abutting streets, the frontage used in the assessment calculation is the property’s short side. If the project improves two or more abutting streets, the frontage used in the assessment calculation is 50% of each side being improved.

**Exception 3: Previously-assessed (“20-year rule”)**

For residential properties 1-4 units with multiple street frontages, if a previous street reconstruction project improved one of the abutting streets and the property was assessed for that improvement, the property will not be assessed again under a later project that improves a different abutting street if the new assessment occurs within 20 years after approval of the previous assessment.

Beginning in 2018, Public Works will plan Saint Paul Streets projects such that no property will be part of a Saint Paul Streets project area more than once within a 20-year period.

Properties with a split residential/ commercial use are not eligible for the above exceptions.

**B. Assessed Costs**

Each year, the City will identify the portion of the City Cost of each Saint Paul Streets project that will be assessed to benefiting properties within each project area. The portion to be assessed will be finalized after considering a variety of factors including inflation, growth in City project costs, project specific factors, benefit

received by properties, the current construction environment, feasibility and affordability.

To allocate the assessed costs to each property within each Saint Paul Streets project, a per-foot assessment rate will be annually established by dividing the assessed costs by the property frontage in the project area. This rate will be used to determine the assessment cost for each individual benefiting property, and will be applied uniformly by class to all properties within the project area. A property's identified frontage (either actual frontage or mathematically adjusted frontage) will be multiplied by the rate to determine each property's assessment.

Rates will be set by project, and the annual growth in assessed costs will be reviewed each year by Public Works, the City Attorney's Office, and the Office of Financial Services. Final assessed amounts will be subject to Council approval.

## **VI. Properties NOT Assessed for SPS Projects**

Certain properties abutting streets within SPS project areas are not assessed based on their property type, proximity and accessibility to the street, and status as a "legally-exempt" property:

### **A. Property Type**

1. Storage units associated with condominiums or town homes
2. Garage units associated with condominiums or town homes
3. Platted outlots

### **B. Proximity**

1. Land-locked parcels (not abutting street right-of-way) with no physical access to street
2. Parcels abutting unimproved right-of-way, if the right-of-way is not used to access abutting properties

### **C. Accessibility**

Properties abutting either improved or unimproved right-of-way where the grade difference between property and right-of-way is so substantial that the right-of-way can provide no practical access are not subject to the SPS assessments. If the right-of-way is still reasonably accessible but property owners choose not to use it to access their properties, the frontage abutting the right-of-way is still subject to the SPS assessment.

### **D. Legally Exempt**

Properties owned by the federal government are generally exempt by federal law from paying local assessments. Certain other properties under public ownership and certain cemeteries are also exempt by state law from paying local assessments; these are evaluated on a case-by-case basis in consultation with the city attorney.

#### **VII. Payment of Assessments**

When the City Council approves a street assessment, property owners are allowed 30 days to pay the charge in full without interest. Any unpaid balance will be collected with the owner's property taxes over 20 years, plus interest and a flat fee for administration.

#### **VIII. Assessment Appeals**

As authorized by the Saint Paul City Charter, property owners may appeal City Council-adopted assessments in Ramsey County District Court. Property owners must file a notice stating the grounds for the appeal with the City Clerk within 20 days after the order adopting the assessment. Property owners must file the same notice with the Clerk of District Court within 10 days after filing with the City Clerk.

(Note: Please refer to Sec. 14.01.4 of the Charter for full details.)

#### **IX. Deferment of Assessments**

As authorized by city ordinance, homesteading property owners at least 65 years old or permanently disabled may qualify for deferred payment of special assessments for SPS projects after the assessments are ratified by the City Council. This is not a forgiveness of payment. It is a deferred payment plan in which interest continues to accrue. The deferment may not exceed the term of the assessment.

(Note: Please refer to Sec. 64.07 of the Saint Paul Administrative Code for full details.)

#### **X. Reassessments**

As authorized by the Saint Paul City Charter, if the City Council finds an assessment or part of an assessment to be defective, inadequate or invalid, the Council may notify the affected property owner(s) and, upon a subsequent public hearing, make a reassessment or a new assessment or a supplemental assessment.

(Note: Please refer to Sec. 14.01.3 of the Charter for full details.)