



CITY COUNCIL MEETING

AGENDA ITEM

Prepared By:

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of the Finance Committee

Meeting Date:

10/6/2025

Item Name:

Special Assessment Policy

BACKGROUND

The City Council has been discussing the special assessment policy over the last few months. The special assessment policy becomes more important at this time, because the streets committee will be recommending projects for 2026, and the special assessment policy may affect the level of funding for the projects.

The consensus of the Council on the overall policy is to:

1. Remove the “road age” threshold of 15 years for assessment determination
2. Maintain requirement that new road construction be assessment 100% to benefiting property owners.
3. Revise Section D.2

The Finance Committee met on September 17 and narrowed down the policy to two alternate policies for discussion.

OVERVIEW**Option 1- Special Benefit Appraisal Based on Project Type**How it would work:

- The City would engage a consultant to prepare a benefit analysis for upcoming projects (likely covering the next three-five years).
- The consultant would establish a range of benefit values by project type.
- The Council would then determine the assessment amount for each project type based on these findings.

Financial Impact: The cost for this benefit report would be \$5,500-\$7,000 every 3-5 years.

Example-

- Full Depth Reconstruction: \$7,000–\$10,000 per property
- Full Depth Reclamation: \$5,000–\$7,000 per property
- Street Rehabilitation (mill & overlay/inlay): \$1,500–\$3,000 per property
- To get an idea of what this report would look like, here is a link to Crosslake’s appraisal report for a recent road project.

Pros

Lowest potential for disputes with residents
Provides fairness and equity between properties
Ensure compliance with state law

Cons

Ongoing cost for appraisal (every 3-5yrs)

More difficult to pivot from in the future

Option 2: Percentage Split with Cap



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How it would work:

- The City Council would adopt a set percentage split between residents and the City for each type of project.
- A maximum assessment “cap” would be applied per property per project. The caps provided below are just examples. If the Council wishes to go with this option, the cap should be discussed.

Financial Impact: None

Example:

Full Depth Reconstruction= 50% Assessment, capped at \$10,000

Full Depth Reclamation= 50% Assessment, capped at \$7,000

Street rehabilitation= 25% Assessment, capped at \$4,000

Pros

Easier to predict future budgets
Provides residents with clear expectation
Simple and transparent policy
Easy to pivot from in future

Cons

Assessment could potentially exceed benefit to property
May increase potential challenge or disputes

STAFF RECOMMENDATION

Staff recommends the City Council discuss both options for special assessment policies and direct staff to draft policy language for approval in November.

SUPPORTING DOCUMENTS