

City of Dayton

Dayton Parkway Interchange

Improvement Hearing – July 23, 2019

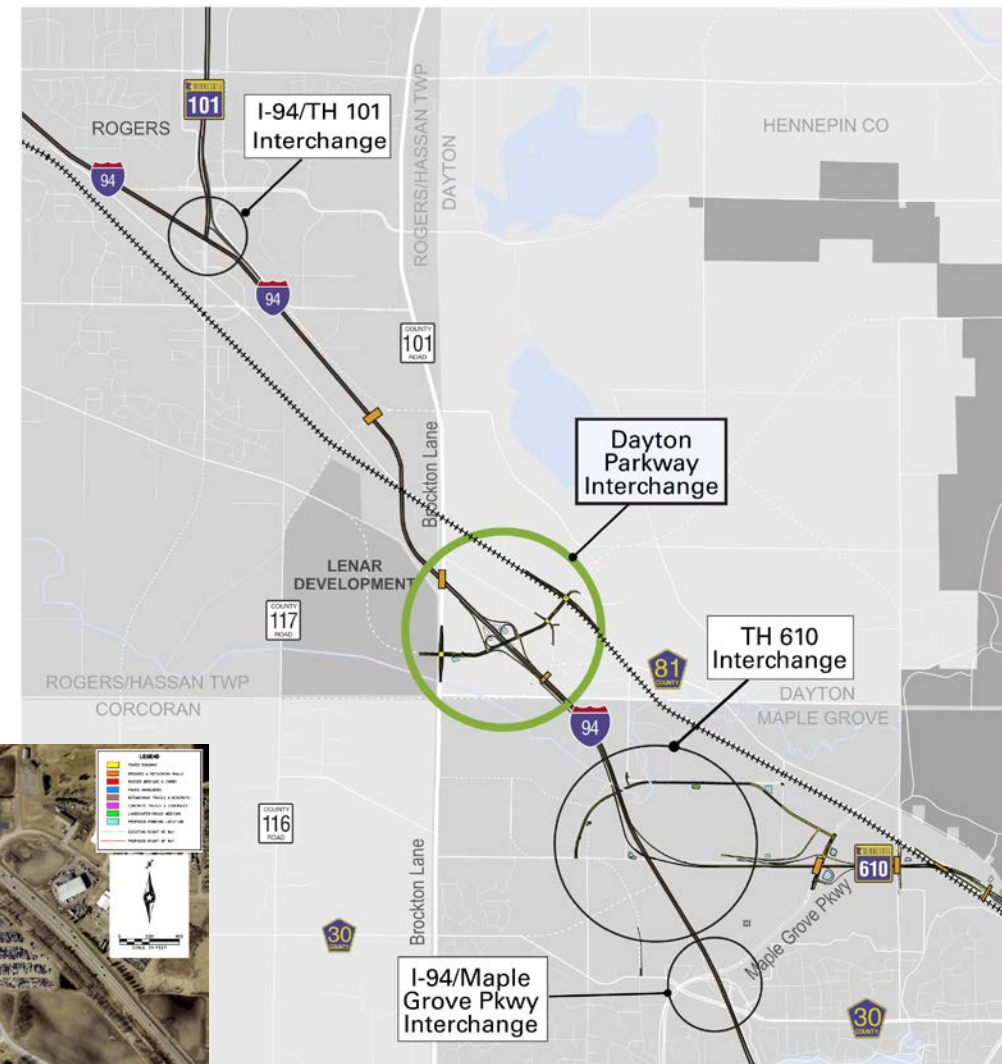
Improvement Hearing Goals

- Process changes since the Information Meeting (May 30)
- Interchange Project Overview
 - Benefits, Funding
- MN State Statute Chapter 429 – Special Assessment Overview
- Assessment Process and Findings
- Schedule
- Questions



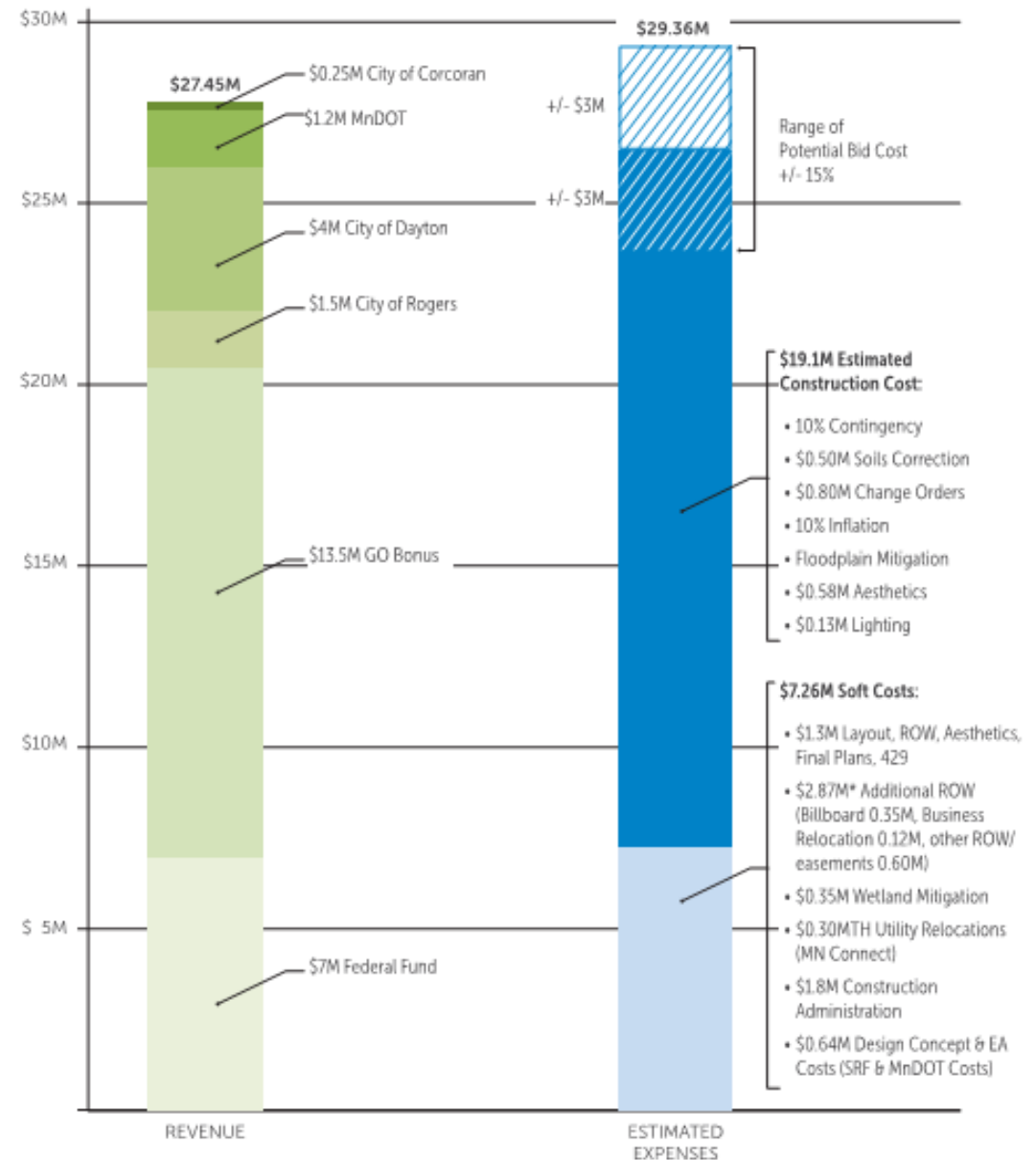
Interchange Benefits

- Distributes traffic better at I-94 Interchanges and on area arterials
- Improved safety and emergency response
- Supports economic development
- Increase in property values



Interchange Overview

- Construction 2020 to 2021
- Interchange Cost ~\$26M (+/- \$3M)
- Current Interchange Funding
 - City of Corcoran \$0.25M
 - City of Rogers \$1.5M
 - MnDOT \$1.2M
 - State GO Bonds \$13.5M
 - Federal Funds \$7M
 - City of Dayton \$4M
- Total Preliminary Assessment Amount - \$2M
 - Lowered by \$500,000 since the May 30 Meeting



MN State Statute Chapter 429 – Special Assessments

- Special Assessment Characteristics:
 - They are a levy a city uses to finance, or partially finance, a particular public improvement
 - The city levies the assessment only against those particular parcels of property that receive some special benefit from the improvement
 - The amount of the assessment bears a direct relationship to the value of the benefits the property receives
 - The assessment does not exceed the special benefit measured by increased market value due to the improvement
 - The assessment is uniform as applied to the same class of property in the assessed area

MN State Statute Chapter 429 – Special Assessments

- Why Utilize the 429 Assessment Process?
 - A number of parcels are expected to receive special benefit from the improvement (i.e. increase in property market value)
 - Funding provides the City financial flexibility during and after construction, particularly for other projects within the City
 - Lowers the cost to the community of bringing undeveloped land into an urban use
 - Minimizes the possibility that a property owner will reap a financial profit from the improvement at the expense of the general taxpayer

MN State Statute Chapter 429 – Special Assessments

- How does the 429 Assessment Process Work?
 - Council Authorizes Process and Orders Feasibility Report be Prepared
 - Includes project purpose/need, funding sources, cost estimate, and benefits
 - Can include improvement benefit area and the total assessment amount
 - [Interchange Feasibility Report Completed \(July 2, 2019\) – Includes Preliminary Assessments](#)
 - Public Hearings (2)
 - Improvement Hearing
 - Opportunity to voice concerns on the improvement, provides a reasonable estimate to be assessed, description of the methodology used to calculate the assessments
 - Assessment Hearing
 - Opportunity to object to the assessment (orally or written), Council adopts the assessment roll, resulting assessments become liens against the properties

MN State Statute Chapter 429 – Special Assessments

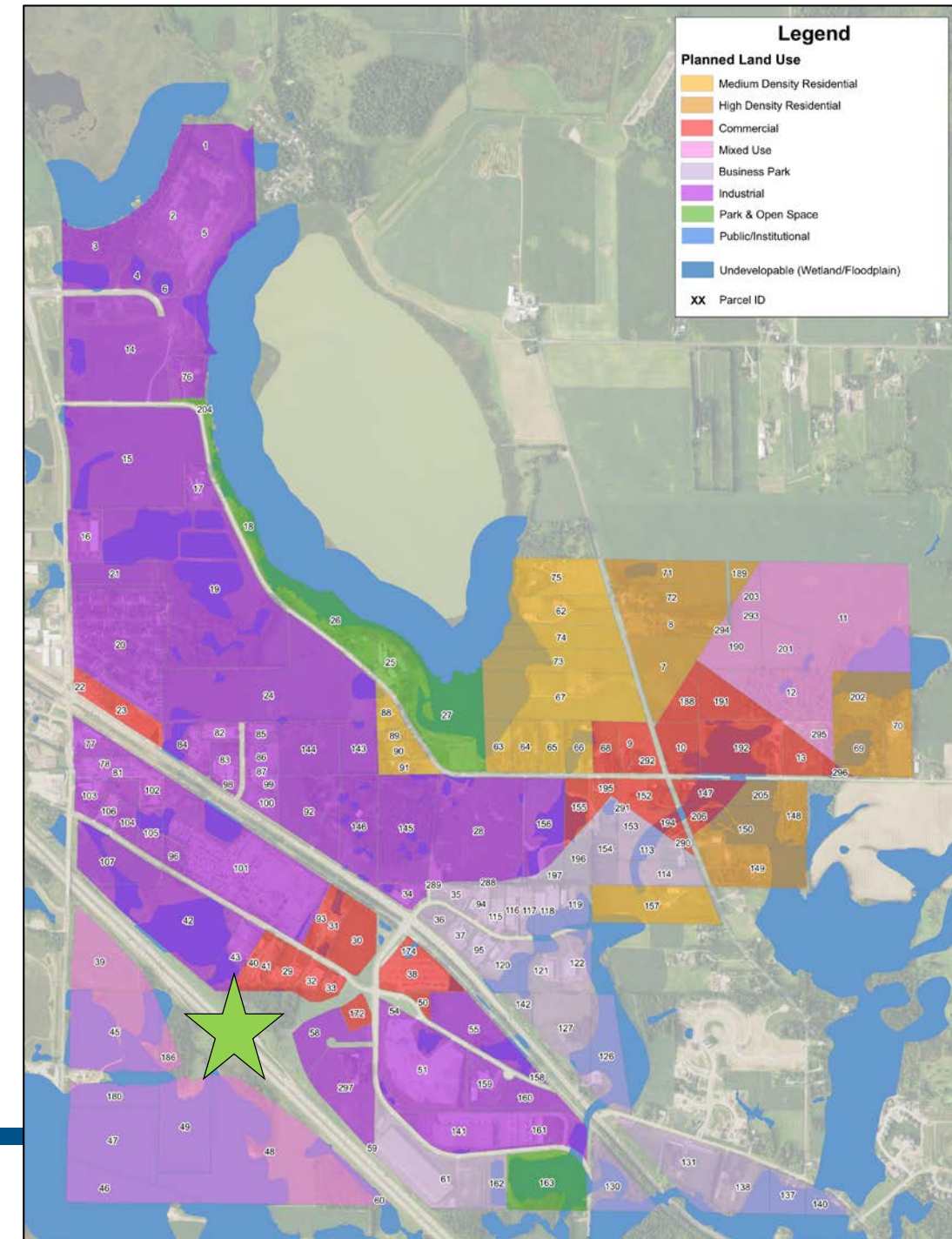
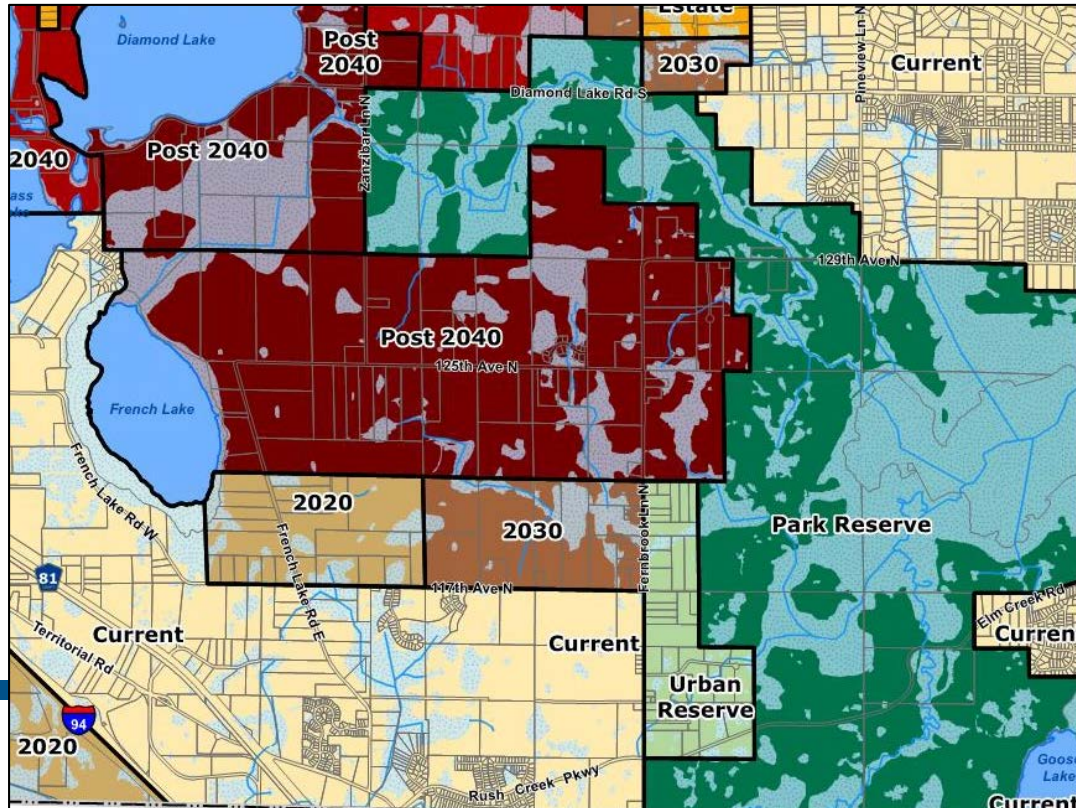
- Challenge Process
 - The law sets out distinct timelines and procedures for challenging a city assessment
 - Objections – must be raised at or before the Assessment Hearing to be able to proceed to the appeal process in district court
 - Objections – property owner must sign a written objection and file it with the city clerk prior to or at the Assessment Hearing.
 - District Court Appeals – Within 30-days of the assessment roll adoption, a property owner who properly objected to the assessment may appeal a special assessment to district court
 - Note that the party contesting the assessment must introduce evidence to overcome the Assessment Roll presumption.

MN State Statute Chapter 429 – Special Assessments

- Once Assessments are Levied – Now What?
 - Certified with Hennepin County (expected November 2019)
 - Assessment becomes a lien on the property
 - Potential deferral of assessments based on Minnesota statute guidelines and City special assessment policies:
 - Deferments available for Undeveloped Property, Senior Citizen/Permanent and Total Disability/Military Service, or Green Acres
 - City has adopted a resolution to allow deferments for under-developed properties
 - If deferment, the assessment will incur annual interest at a rate equal to the bond sale + 1%
 - The assessment may be paid over a 20-year period (unless otherwise identified), but will continue to incur annual interest at a rate equal to the bond sale + 1%
 - Max deferment is for 30-years

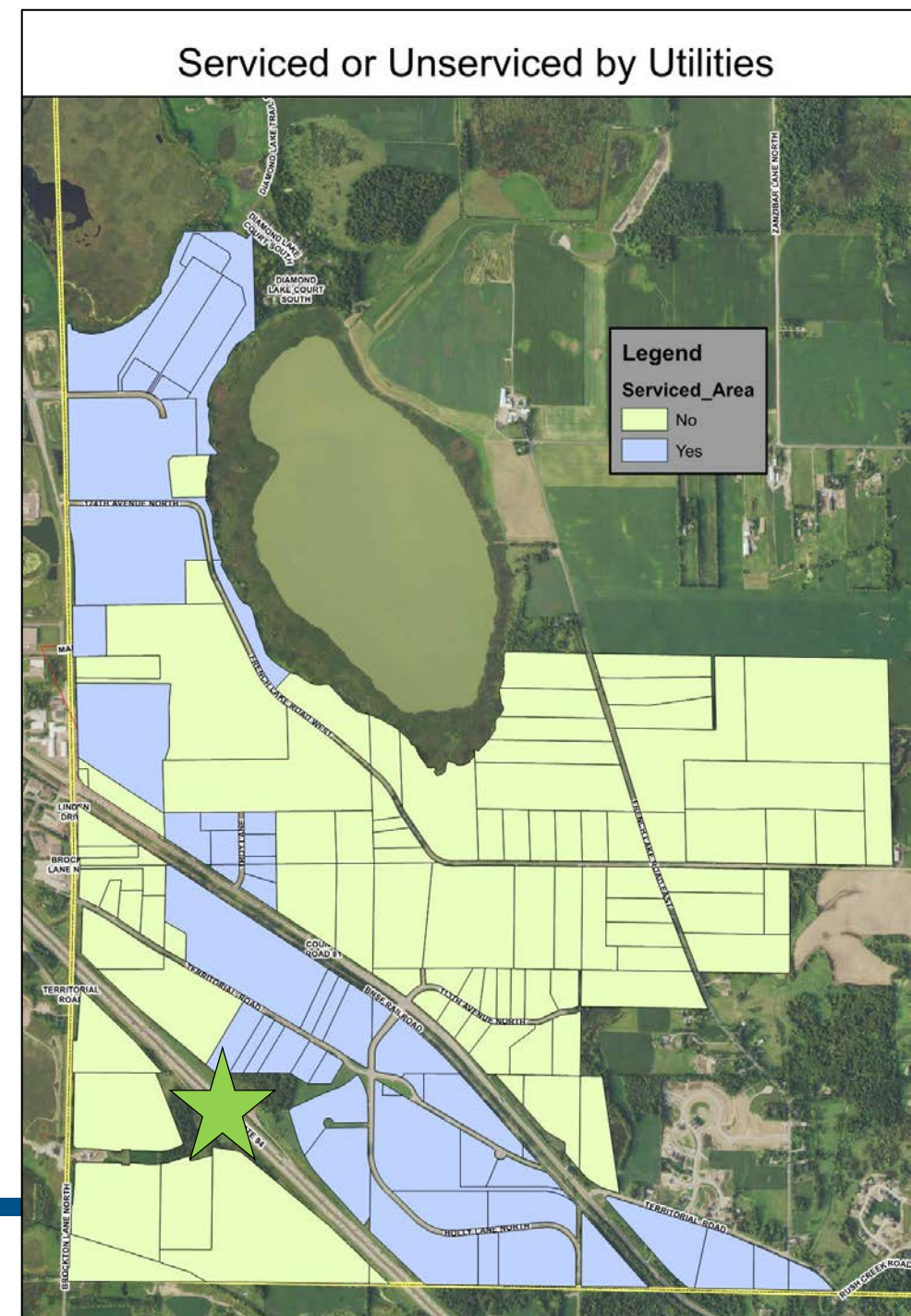
Assessment Area Development

- Key Considerations:
 - Who's Most Likely Using the Interchange
 - Existing Access and Roadways
 - Utility Staging Plans **and Current vs. Future Service**



Assessment Process Basis

- Focus on trip generation potential of each parcel and the proportional share of trips using the interchange (used to identify costs per developable square foot)
- Trip Generation Accounts for:
 - Future Land Use Guidance and City Ordinances
 - Developable Square Footage (excludes floodplains and wetlands)
 - Proximity to the Interchange and Access
 - Area Roadways and Travelshed
- Adjustment/Credit given for previous transportation assessments in overlap areas
- Excludes properties that already have development agreements that provide funding for the interchange
- Certified Appraiser Review
 - Used to identify special benefit limit



Preliminary Assessment Findings (subject to change)

- Example Assessment Calculation:

$(\text{Developable SF} \times \$/\text{SF}) - \text{Credits} = \text{Assessment Amount to be Certified}$

| Future Land Use | Ranges (\$/SF) |
|-----------------------------------|---------------------------|
| Industrial | \$0.02 to \$0.08 |
| Commercial | \$0.10 to \$0.35 |
| Business Park | \$0.05 to \$0.15 |
| Mixed Use | \$0.03 to \$0.09 |
| High Density Residential | \$0.0075 to \$0.03 |
| Medium Density Residential | \$0.0025 to \$0.02 |
| Public/Institutional | \$0.00 to \$0.01 |
| Park & Open Space | ---- |

- Range varies based on proximity to the interchange and other factors

429 Assessment Summary

- City of Dayton Interchange Funding Share ~ \$4M Total
- Estimated Amount to be Assessed ~ \$2.0M
(reduction of \$500K from May 30 Meeting)

Preliminary 429 Process Schedule

| Task | 2018 | 2019 | | | | | | | | | | | |
|--|------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| Study Refinement | | | | | | | | | | | | | |
| Preliminary Appraisal Review | | | | | | | | | | | | | |
| City Policy Work Sessions | | | | | | | | | | | | | |
| Info Meeting (May 30) | | | | | | | | | | | | | |
| Initiate 429 Process/Feasibility Study | | | | | | | | | | | | | |
| Improvement Hearing (July 23) | | | | | | | | | | | | | |
| Finalize Assessment Rolls | | | | | | | | | | | | | |
| Assessment Hearing (Sep. 24) | | | | | | | | | | | | | |
| Appeal Period (30-Days) | | | | | | | | | | | | | |
| Deferment Deadline (October 14) | | | | | | | | | | | | | |
| Certify Assessment Roll (Nov. 15) | | | | | | | | | | | | | |



We are here

