

Exhibit A

Special Assessment Policy for The City of Golden Valley January 17, 1995

Amended February 21, 1995

Amended June 7, 2005

Amended July 18, 2006

Amended January 20, 2009

General

Minnesota State Law, Chapters 429.010 to 429.11, provides municipalities the ability to make public improvements such as installation of sanitary sewer, water, storm sewer, sidewalks, and street improvements (including grading, curb and gutter, surfacing, and lighting). The procedures that Cities must follow, including reports, notices, and public hearings, are well defined within the laws.

The Statute allows municipalities to assess all or portions of the costs of any improvements to property owners based on the benefits received from the project. The Statute is not specific regarding the determination of benefits to a property, or how to apportion the costs to the benefiting properties. Rather, the law makes the municipality responsible for developing an equitable method of cost sharing among the benefiting property owners.

The purpose of this special assessment policy is to provide a guide, to be used by City Staff, for preparing assessment rolls for approval by the City Council. This policy is meant to assure uniform and consistent treatment to all properties within the City as improvements occur.

The special assessment policy will not cover all possible assessment situations. Special cases and variations of standard cases that are not specifically discussed under this policy will be evaluated during preliminary project studies, and assessments will be determined that do not violate the benefit principles as required by Statute.

No special assessments will be levied against designated floodplains, municipal storm water ponds or wetland areas on private property as determined by criteria in the Wetland Conservation Act of 1991 and the Minnesota Department of Natural Resources. The limits of wetlands will be determined by the City on a case-by-case basis at the time of preliminary project design and feasibility report preparation.

No special assessments will be levied against railroad, county highway or state highway rights-of-way. Properties fronting County Roads and County Highways will be subject to special assessments for reconstruction projects based upon this policy.

Special assessments levied by the City will include an administrative fee, to be established annually by ordinance, to finance indirect costs associated with the assessment that are incurred by the City.

Sanitary Sewer and Water Main Assessments

Reconstruction and Repairs

No special assessments will be levied for repair and reconstruction of existing sanitary sewer and water main systems, except for properties that have not been previously assessed for these utilities.

For properties not previously assessed that are adjacent to sanitary sewer or water main reconstruction projects, the amount of special assessments will be calculated on a case-by-case basis at the time of preliminary design and feasibility report preparation.

Property owners are responsible for maintenance, repair and replacement of sanitary sewer services from, and including the connection to the main, and the building being served. Pavement Management street reconstruction projects will include an opportunity for property owners to reconstruct or repair their sanitary sewer services. All costs, including construction, administration and other indirect costs, will be specially assessed to the property being served by the sanitary sewer service.

The City is responsible for maintenance, repair and replacement of water services from the connection to the water main up to and including the curb stop or valve on the service line. The property owner is responsible for maintenance, repair and replacement of the water service from the connection of the service pipe to the valve or curb stop, to the building being served.

New Construction

In instances where property is developing or redeveloping, public sanitary sewer and water main may need to be installed. The construction of City sanitary sewer, water mains and storm sewer to serve these properties will be constructed as public improvement projects, unless the City opts to have the developer design and construct the improvements. The developer of such properties will be responsible for the entire cost of public utilities, including construction, administration and other indirect costs, whether construction is performed as a City Improvement Project or by the developer.

At the time such a development project is proposed, the Public Works Department will determine if the project is to be constructed publicly or privately. If the utility installation is to be constructed privately, the developer will be responsible for preparing construction plans and specifications consistent with City standards. These construction plans and specifications must be reviewed and approved by

the Public Works Department. The utility installation must also be inspected by the Public Works Department during construction. The developer will be responsible for 100% of the costs of City construction observation and plan review, which will be billed directly to the developer. Any unpaid costs incurred for these services will be assessed against the developing properties. An irrevocable letter of credit must be posted by the developer in an amount equal to 150% of the estimated construction costs to ensure timely completion of the project.

If a public sanitary sewer or water main project is to be installed as a City Improvement Project, the developer will be responsible for 100% of the direct and indirect costs incurred by the City. These costs may include, but are not limited to: feasibility report preparation, preliminary survey, preliminary design, final design, construction staking, construction observation, as-built surveying and drafting, and administrative and legal costs. The developer may elect to have these costs assessed against the property being developed or pay the costs directly to the City.

Storm Water Drainage

Street Storm Sewer

No special assessments will be levied for construction or reconstruction of storm sewer systems within the City right-of-way as part of the Pavement Management Program. However, in instances where storm sewer construction is incorporated into Pavement Management Projects to resolve rear yard drainage issues, as discussed in this policy, the costs associated with these improvements will be specially assessed to the benefiting property owners.

In instances where storm sewer installation is required for development and redevelopment projects, it shall be specially assessed to the property being developed according to the Sanitary Sewer and Water Main Assessments section of this policy.

Rear Yard Storm Sewer

In certain instances, storm sewer is necessary in rear yard areas to correct existing drainage problems. City staff will visit such problem areas at the request of a homeowner to evaluate the situation and provide engineering assistance to encourage property owners to remedy the drainage problems without City involvement.

If a property owner or owners cannot remedy the rear yard drainage problems, they may petition the City for installation of storm sewer. Upon receiving a request for petition for rear yard storm sewer, engineering staff will determine the properties that contribute storm water runoff to the problem area. The petitioner must then circulate the petition to the contributing property owners for signatures. Each contributing property owner must be made aware that special assessments will be levied against their property for the corrective storm sewer work. A

minimum of 35% of the contributing property owners must sign the petition for the City Council to consider the project. Upon receipt of the petition and after a public hearing, the City Council may either deny the request or order the storm sewer improvements. If the improvements are ordered, the contributing property owners will be assessed for 100% of the construction and indirect costs for the storm sewer installation. The method of assessment and the pro-ration of costs will be determined on a project-specific basis.

Affected property owners in rear yard drainage projects will also be required to dedicate all drainage and utility easements for the installation of the storm sewer at no cost to the City. If the City must purchase or condemn in order to obtain the easements, the entire acquisition costs will be included in the project costs for assessment or the City may decline to undertake the project.

Street Improvements

Development/Redevelopment Projects

When property is developed or redeveloped that has street frontage on roadways that are scheduled for construction or reconstruction, the development will be required to pay an escrow for the future street rehabilitation. The escrow shall be based upon the assessment methods and land uses contained in this policy, and shall be based on the assessment rates in effect at the time the development is approved. The property or properties within the development will not be specially assessed at the time street rehabilitation occurs.

Sidewalks

No special assessments will be levied for sidewalk construction that is in accordance with the goals and recommendations of the City of Golden Valley Sidewalk Committee. Requests for sidewalks that are not on the current Sidewalk and Trail Plan will be forwarded to the Sidewalk Committee for consideration. The Sidewalk Committee will forward its recommendations for the requested sidewalks to the City Council, which will determine if the proposal should be included in the Sidewalk Plan.

Street Lighting

Street lighting is available to the residents of Golden Valley on a petition basis according to the Street Lighting Policy.

New Street Construction

As property within the City develops or redevelops, it may be necessary to install public streets. The Public Works Department will determine if the project is to be installed publicly or privately. The procedures, policies, and requirements for street construction will be the same as discussed for new sanitary sewer installations.

Sealcoating

No special assessments will be levied for street sealcoating.

Bituminous Milling and Overlays

No special assessments will be levied for bituminous milling and overlays.

Street Reconstruction

Special assessments for street reconstruction projects will be in accordance with this policy and Minnesota Statutes, Chapter 429. The total amount of the special assessments will be a minimum of 20% of the street reconstruction costs not to exceed the benefit received by each property. Special assessment rates for all land uses and street classifications will be determined annually by ordinance.

Local Streets

1. Properties with residential and duplex residential land use, parks and other City-owned properties subject to reconstruction will be assessed on a per-unit basis, with one unit assessed to each property unless the property has the potential to be further subdivided into two or more lots that each meets City subdivision ordinance requirements. Such lots that may be so subdivided shall be assessed for the number of units that equals the number of such lots that the property may be subdivided into. However, residential properties that are subject to multiple unit assessments will have all but one of such unit assessments deferred at the time of the initial assessment. Such deferral will be made each year until such time as the property is subdivided. At that time, the deferred unit assessments shall be due.
2. Special assessments against properties with Multiple Dwelling land use will be on a front-foot basis, with 100% of the frontage being improved subject to assessment.
3. Properties with church, school and other tax exempt land uses will be assessed on a front-foot basis, with 100% of the frontage being improved subject to assessment.
4. All other land uses, including commercial, industrial, business and offices will be assessed on a front-foot basis, with 100% of the frontage being improved subject to assessment.
5. Residential properties adjacent to local streets being reconstructed may participate in voluntary programs to have their driveways reconstructed and sanitary sewer service repaired or reconstructed at contract unit prices. Residents will be notified of these programs at informational meetings for each street project. If a resident participates in these programs, staff will coordinate construction with the contractor and will measure the quantities installed. The construction costs, along with an administrative fee, established annually by ordinance, will be assessed to the property owner.

6. When a corner residential lot has frontage on two local streets, it will be assessed for one-half unit assessment for each street subject to reconstruction. No more than one total unit assessment will be charged against a parcel for street reconstruction. Corner properties adjacent to State Aid and local streets will be charged one-half of the appropriate unit assessment at the time of reconstruction of each street.
7. Corner residential properties adjacent to a local street and a state or county roadway will not be subject to special assessments by the City for state highway or county road reconstruction. However, these properties will be assessed the appropriate number of unit assessments for the entire frontage along the local streets when reconstruction occurs on the local street.
8. Residential properties adjacent to frontage roads of state highways will be considered to be on local or Municipal State Aid streets and will be assessed consistent with this policy.
9. Special Assessments for properties not specifically covered in any of the above cases will be addressed on a parcel-specific basis at the time of the feasibility report.

State Aid Streets

1. Properties with residential and duplex residential land uses that have frontage on a Municipal State Aid Street will be assessed on a per-unit basis. The per-unit assessment rate will be approximately 25% of the standard residential rate for properties on local streets. Assessments for oversized parcels with the potential for subdivision are to be consistent with the previously discussed policy for local streets.
2. Properties with Multiple Dwelling land use that front on a Municipal State Aid Street will be assessed on a front-foot basis for the frontage being improved.

Properties with church, school, and other tax-exempt land uses that front on a Municipal State Aid Street will be assessed on a front-foot basis for the frontage being improved.

All other land uses, including commercial, industrial, business and offices that front on a Municipal State Aid Street will be assessed on a front-foot basis for the frontage being improved.

3. Special assessments for properties not specifically covered in any of the above cases will be addressed on a parcel-specific basis at the time of the feasibility report.
4. Residential properties adjacent to State Aid streets being reconstructed will be given the option of having their driveways and sanitary sewer services repaired or

reconstructed under the same terms discussed in the local street reconstruction portion of this policy.

County Roads

1. Properties with residential and duplex residential land uses adjacent to county roads will be assessed according to the previously discussed methods for local streets, except for corner lots with local streets, which will be assessed in full at the time the intersecting local street is reconstructed. Special assessments to residential properties will be at State Aid street rates.
2. All other land uses, including commercial, industrial, business, and tax-exempt uses will be assessed on a front-foot basis, with 100% of the frontage being improved subject to assessment. The assessment rate shall be the rates used for State Aid streets as established by ordinance.

Low Income Senior Citizen and Disability Deferments

As required by Minnesota Statute, the City has a special assessment deferral policy for low income senior citizens and disabled persons meeting all of the following criteria:

1. The property upon which the assessment is deferred must be homesteaded;
2. The property is owned by a person at least 65 years of age on January 1st of the year in which payment of the first installment of the subject assessment is due; or is owned by a person who is retired due to permanent and total disability.
3. The applicant must have a "financial hardship" defined as:
 - a) An annual income at or below a level established annually by ordinance and;
 - b) The aggregate total of all special assessments levies will exceed one and one-half percent (1-1/2%) of the applicant's annual income.

More information is available at General Services Office (763.593.8020).

Street Reconstruction Special Assessment Rates

Special assessment rates as discussed in this policy will be established yearly with the Annual Fee Resolution. The rates will be based on the percentages of construction and indirect costs as discussed above. Indirect costs are estimated to be 30% of the construction costs and include administration, engineering, construction observation, and legal fees. These rates will be subject to revision each year based on the actual construction costs in the City from the previous year and for inflation based upon the ENR Index for construction costs.