

REPORT / RECOMMENDATION



To: MAYOR AND COUNCIL

Agenda Item #: VIII. B.

From: Wayne D. Houle, PE, Director of Engineering

Action

Discussion

Date: March 5, 2013

Information

Subject: Resolution No. 2013-27 Supporting Legislation For Street Improvement Districts

Action Requested:

Approve resolution supporting legislation for street improvement districts.

Information / Background:

Attached is an email from the League of Minnesota Cities describing the bills that have been introduced into the House and Senate regarding legislation that would allow cities to establish street improvement districts. The original versions of the submitted bills are also attached.

Attachments:

- Resolution No. 2013-27 Supporting Legislation for Street Improvement District
- Email from APWA-Minnesota Chapter regarding Street Improvement Districts
- House File 745
- Senate File 607



**RESOLUTION NO. 2013-27
SUPPORTING LEGISLATION
FOR STREET IMPROVEMENT DISTRICT**

WHEREAS, the Minnesota Legislature has introduced legislation, House File No. 745 and Senate File No. 607, that will allow cities to establish street improvement districts; and

WHEREAS, the City of Edina supports the passage of this enabling legislation that would create a tool that the City could utilize to offset its future roadway costs;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Edina that urges the Minnesota legislature to pass House File No. 745 and Senate File No 607.

Dated: March 5, 2013

Attest: _____
Debra A. Mangen, City Clerk

James B. Hovland, Mayor

STATE OF MINNESOTA)
COUNTY OF HENNEPIN) SS
CITY OF EDINA)

CERTIFICATE OF CITY CLERK

I, the undersigned duly appointed and acting City Clerk for the City of Edina do hereby certify that the attached and foregoing Resolution was duly adopted by the Edina City Council at its Regular Meeting of March 5, 2013, and as recorded in the Minutes of said Regular Meeting.

WITNESS my hand and seal of said City this _____ day of _____, 20____.

City Clerk

ENGINEERING DEPARTMENT

7450 Metro Boulevard • Edina, Minnesota 55439
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Wayne Houle

From: APWA MN <apwaminnesota@gmail.com>
Sent: Monday, February 25, 2013 8:23 PM
Subject: Street Improvement District Bill Introduced

Fellow colleagues:

There is currently legislation being proposed that would allow cities to create street improvement districts. The legislation being proposed is enabling legislation which means cities can decide whether or not they would like to use this type of funding mechanism. This type of legislation has been supported by our association, as well as the city engineers association, for many years as a means to provide us another tool in our street funding toolbox.

The information below provides a great summary of the legislation, and as public works advocates, what we need to do to help get this legislation passed. I would urge you to take the time to review this legislation with your city managers, and develop a plan for making certain your local legislators know you support this legislation.

I truly feel that this legislation has a good chance of passing if we can pull together, and get the word out that we support it! If you have any questions, please contact Anne Finn as mentioned below.

Thanks for your interest.

Lee Gustafson

President, APWA-MN

Lee Gustafson, P.E.

Director of Engineering

City of Minnetonka/14600 Minnetonka Blvd./Minnetonka, MN 55345

Phone [952.939.8239](tel:952.939.8239)/ Email: lgustafson@eminnetonka.com

A League initiative that would allow cities to create street improvement districts was introduced in the House and Senate this week.

(Published Feb 22, 2013)

A League initiative that would allow cities to create street improvement districts was introduced in the House on Feb. 20 and in the Senate on Feb. 21. **HF 745** (Erhardt, DFL-Edina) and **SF 607** (Carlson, DFL-Eagan) would allow cities to collect fees from property owners within a district to fund municipal street maintenance, construction, reconstruction, and facility upgrades. If enacted, this legislation would provide cities with an additional tool to build and maintain city streets.

The street improvement district initiative has been a high legislative priority for the League in recent years, and it may have renewed momentum in 2013 due to its endorsement by the **Governor's Transportation Finance Advisory Committee** and the growing likelihood of passage of a meaningful transportation funding package this year.

The House bill has been referred to the **Government Operations Committee** and the Senate companion has been referred to the **State and Local Government Committee**. Both bills have a mix of Republican and Democratic-Farmer-Labor (DFL) co-authors. If the bills pass through initial committees, they are expected to travel to transportation committees in both bodies.

We need your help

The League is encouraging city officials to ask their legislators to support this initiative as it moves through the committee process. League policies LE-6 and LE-30 (pages 46 and 62 in **2013 City Policies**) reference the League's support for this tool.

Access contact information for your legislator here. In advocating for this tool, the League is stressing the following points:

- This is enabling legislation. No city would be required to create a municipal street improvement district.
- The street improvement district authority legislation is modeled after Minn. Stat. 435.44, which allows cities to establish sidewalk improvement districts.
- This authority would provide a funding mechanism that is fair. It establishes a clear relationship between who pays fees and where projects occur, but stops short of the benefit test that sometimes makes special assessments vulnerable to legal challenges. It also does not prohibit cities from collecting fees from tax exempt properties within a district.
- This tool allows cities to perform maintenance and reconstruction on schedule. Timely maintenance is essential to preserving streets and thereby protecting taxpayer investments.
- This tool would allow property owners to fund expensive projects by paying relatively small fees over time. The tool could be used to mitigate or eliminate the need for special assessments.

Questions? Contact Anne Finn at [\(651\) 281-1263](tel:(651)281-1263) or afinn@lmc.org.

Anne Finn | Assistant Intergovernmental Relations Director

League of Minnesota Cities

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KEY: ~~stricken~~ = removed, old language. underscored = added, new language.

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H.F. No. 745, as introduced - 88th Legislative Session (2013-2014) Posted on Feb 20, 2013

- 1.1 A bill for an act
- 1.2 relating to municipalities; authorizing municipalities to establish street
- 1.3 improvement districts and apportion street improvement fees within districts;
- 1.4 requiring adoption of street improvement plan; authorizing collection of fees;
- 1.5 proposing coding for new law in Minnesota Statutes, chapter 435.
- 1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.7 Section 1. [435.39] MUNICIPAL STREET IMPROVEMENT DISTRICTS.
- 1.8 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms
- 1.9 have the meanings given them.
- 1.10 (b) "Governing body" means the city council of a municipality.
- 1.11 (c) "Improvements" means construction, reconstruction, and facility upgrades
- 1.12 involving: right-of-way acquisition; paving; curbs and gutters; bridges and culverts and
- 1.13 their repair; milling; overlaying; drainage and storm sewers; excavation; base work;
- 1.14 subgrade corrections; street lighting; traffic signals; signage; sidewalks; pavement
- 1.15 markings; boulevard and easement restoration; impact mitigation; connection and
- 1.16 reconnection of utilities; turn lanes; medians; street and alley returns; retaining walls;
- 1.17 fences; lane additions; and fixed transit infrastructure, trails, or pathways. "Fixed transit
- 1.18 infrastructure" does not include commuter rail rolling stock, light rail vehicles, or
- 1.19 transit way buses; capital costs for park-and-ride facilities; feasibility studies, planning,
- 1.20 alternative analyses, environmental studies, engineering, or construction of transit ways;
- 1.21 or operating assistance for transit ways.
- 1.22 (d) "Maintenance" means striping, seal coating, crack sealing, pavement repair,
- 1.23 sidewalk maintenance, signal maintenance, street light maintenance, and signage.
- 1.24 (e) "Municipal street" means a street, alley, or public way in which the municipality
- 1.25 is the road authority with powers conferred by section 429.021.
- 2.1 (f) "Municipality" means a home rule charter or statutory city.
- 2.2 (g) "Street improvement district" means a geographic area designated by a
- 2.3 municipality and located within the municipality within which street improvements and
- 2.4 maintenance may be undertaken and financed according to this section.
- 2.5 Subd. 2. Authorization. A municipality may establish by ordinance municipal
- 2.6 street improvement districts and may defray all or part of the total costs of municipal
- 2.7 street improvements and maintenance by apportioning street improvement fees to all of
- 2.8 the parcels located in the district.
- 2.9 Subd. 3. Uniformity. The total costs of municipal street improvements and
- 2.10 maintenance must be apportioned to all parcels or tracts of land located in the established
- 2.11 street improvement district on a uniform basis within each classification of real estate.
- 2.12 Subd. 4. Adoption of plan. Before establishing a municipal street improvement
- 2.13 district or authorizing a street improvement fee, a municipality must propose and adopt a
- 2.14 street improvement plan that identifies the location of the municipal street improvement
- 2.15 district and identifies and estimates the costs of the proposed improvements during the
- 2.16 proposed period of collection of municipal street improvement fees, which must be for

a period of at least five years and at most 20 years. Notice of a public hearing on the proposed plan must be given by mail to all affected landowners at least ten days before the hearing and posted for at least ten days before the hearing. At the public hearing, the governing body must present the plan and all affected landowners in attendance must have the opportunity to comment before the governing body considers adoption of the plan.

Subd. 5. **Citywide districts.** A municipality that establishes a street improvement district that encompasses the entire political jurisdiction may adjust the fees annually as part of the annual budget process, utilizing truth in taxation notices and hearings to satisfy the notice and hearing requirements in this section. A citywide district may be renewed annually for an indefinite period.

Subd. 6. **Use of fees.** Revenues from street improvement fees must be placed in a separate account and used only for projects located within the district and identified in the municipal street improvement plan.

Subd. 7. **Collection; up to 20 years.** (a) An ordinance adopted under this section must provide for billing and payment of the fee on a monthly, quarterly, or other basis as directed by the governing body. The governing body may collect municipal street improvement fees within a street improvement district for a maximum of 20 years.

(b) Fees that, as of October 15 of each year, have remained unpaid for at least 30 days may be certified to the county auditor for collection as a special assessment payable in the following calendar year against the affected property.

Subd. 8. **Notice; hearings.** A municipality may impose a municipal street improvement fee by ordinance. The ordinance must not be voted on or adopted until after a public hearing has been held on the question.

Subd. 9. **Not exclusive means of financing improvements.** The use of the municipal street improvement fee by a municipality does not restrict the municipality from imposing other measures to pay the costs of local street improvements or maintenance, except that a municipality must not impose special assessments for projects funded with street improvement fees.

EFFECTIVE DATE. This section is effective July 1, 2013.

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last updated: 04/18/2012

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[Authors and Status](#)

[List versions](#)



S.F. No. 607, as introduced - 88th Legislative Session (2013-2014) Posted on Feb 19, 2013

- 1.1 A bill for an act
- 1.2 relating to municipalities; authorizing municipalities to establish street
- 1.3 improvement districts and apportion street improvement fees within districts;
- 1.4 requiring adoption of street improvement plan; authorizing collection of fees;
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- 1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
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