



**CITY COUNCIL
WORK SESSION AGENDA
LARGE CONFERENCE ROOM**

**Monday, June 29th, 2026
at 4:30 P.M.**

DISCUSSION ITEMS

1. Road Improvement Program/Assessment Policy
2. Financial Management Plan/2027 Preliminary Budget Discussions
3. Recess to July 6th, 2026 City Council Meeting

Handbook for the City of Hermantown		
X Policy Resolution 2019-106/2021-51		Procedure
Date Adopted 7/1/19	Title: Road Improvement Program Special Assessment Policy	Section: Public Works
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1.0 Purpose and Intent Statement

The purpose of this Special Assessment Policy is to set forth the policies and procedures outlined in accordance with Minnesota Statutes, Chapter 429 for the determination of special benefit and the assessment of cost of the various residential street improvements as part of the City’s Road Improvement Program which are constructed and installed by the City of Hermantown pursuant to law or order of the City Council. These policies should serve as a guideline for the City Council, City Staff, and the general public.

The City recognizes that city streets have a finite design life. The purpose and intent of these policies is to ensure consistent, uniform, fair, and equitable treatment when practical to all property owners in regards to the assessment of costs for special benefits to property from the City’s Road Improvement Plan.

2.0 Scope and Limits

- A. This policy will be limited to the City’s Road Improvement Plan when assessments are used as one of the methods to finance the improvements. This policy is not intended for the new street construction as part of new development and/or subdivision. This policy does not apply to water and sewer improvements even if those improvements may involve street reconstruction.
- B. The City Council reserves the right to vary from these policies if the policies act to create obvious inequities, or where the assignment of special benefit to a particular property is difficult because of an extreme or unusual situation, or if it is deemed to be in the best interest of the City.
- C. The Council may deviate from these policies if there is a written developer’s agreement between the developer and the City that specifies how the cost of public improvements are to be paid.

3.0 Definitions

Definitions adopted in Minnesota Statute 429.011 shall be applicable under this Policy.

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4.0 Project Initiation and Hearing Process

This section describes the initiation of improvement projects and the procedures to be followed to receive final City Council action, pursuant to the requirements of Minnesota Statutes Chapter 429.

4.1 Project Initiation

- A. By Council Action: If the Council determines that an improvement is in the best interest of the City, it can, without petition, initiate the improvement with a four-fifths vote of the Council (per chapter 429). The City of Hermantown five-member council requires a four-fifths vote of all of the members of the City Council for approval.

Generally, initiation will be based upon an inspection of City street conditions conducted by The City Engineer and City Staff. The result of the evaluation shall then be used by the City Administration to determine the priority of street improvements in the City's Five Year Capital Improvement Plan (CIP). The City will typically improve streets that have the highest priority first. However, circumstances may exist which would require deviation from this objective.

- B. By Petition: Citizen petition forms for initiating a street improvement will be provided by City staff upon request by property owner(s). Such petitions circulated by the affected property owners shall bear the signatures of property owners of not less than 35% of the affected frontage as measured on a lineal footage basis.

When projects are initiated through this process, the costs of doing engineering feasibility studies and associated project consideration costs may be required to be paid by the property owner(s) so petitioning. A deposit may be required of the petitioners prior to commencement of the study to cover the costs of same if construction does not proceed. If the project proceeds through construction and assessment, those costs will be considered project costs and any deposit made would be credited accordingly to the depositors.

The City may also, upon resolution of the City Council, determine to have the City pay the costs of feasibility studies and project consideration costs.

4.2 Neighborhood Meeting and Hearing Process

- A. Neighborhood Meeting: After the City Council initiates the project or a valid petition is filed and its adequacy determined, the City Engineer will prepare a Preliminary Feasibility Report. If it is determined necessary, Staff may hold a neighborhood meeting with the owners of the properties who would be benefited by the improvement. The purpose of the neighborhood meeting would be to gather information and feedback from residents that may not have been included in the feasibility report, or to answer any questions specific to the project or possible assessments.

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- B. Improvement Hearing: After reviewing the feasibility report, a public improvement hearing will be scheduled, notice will be published, and persons benefited by the project will be notified in writing in accordance with applicable State Statutes.

If after the improvement hearing, at which all persons are heard, the Council feels that the project is feasible, then the Council may authorize the preparation of necessary plans and specifications. Upon receipt and acceptance of those plans, the Council will authorize the advertisement for bids for the construction of the project. Following award of a contract, construction of the improvement will commence.

- C. Assessment Hearing: After the project is completed, a determination of the final costs will be calculated and the City will commence the assessment process. The purpose of the second hearing, commonly known as the assessment hearing, is to give property owners an opportunity to express concerns about the actual special assessment to be imposed on his/her property.

At least once, and at least two weeks, before the assessment hearing, the city must publish notice of the hearing in the City's official newspaper. At least two weeks before the hearing the city must also mail notice of the hearing to each affected property owner.

At the assessment hearing the council shall hear and consider all objections to the proposed assessment, whether presented orally or in writing. The Council has some flexibility before it adopts the assessment roll and may change, or amend, the proposed assessment as to any parcel. The Council must, by resolution, adopt the same as the special assessment against the lands named in the assessment roll. Once the assessment roll is adopted the assessments are set and become liens against the properties listed.

The City also has in place policies and procedures for considering objections to assessments as established by Resolution No. 82-52.

The assessment process must be completed before November 30 each year in order for the assessments to be certified by St Louis County to be payable with the real estate taxes for the succeeding year.

5.0 Financing

- A. The Council shall establish an interest rate of 4% to be paid on unpaid balances that may be necessary to cover bond administration, principal, and interest payments.

6.0 Term of the Assessment

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- A. The term of the assessments shall be determined by the Council for each project. Consideration shall be given to the size of the project, amount of the assessment per parcel, and any other financial factors in determining the length of the assessment terms. In no circumstances will the term be for less than 10 years.

- B. The City will only consider authorized deferred assessments as outlined in Minnesota Statute, Sections 435.193 to 435.195. Deferred assessments are allowed by Statute for the following cause:
 - I. Homesteads of a senior citizen (a person at least 65 years of age) for whom it would be a hardship to make payments on the assessment,
 - II. A person who is retired by virtue of permanent or total disability and for whom it would be hardship to make payments on the assessment.

 - III. A member of the Minnesota National Guard or military reserves ordered into active military service, as defined by Minnesota Statutes § 190.05, Subd, 5b and 5c, as stated in the person’s military orders for whom it would be a hardship to make the payments.

The process and application for deferred assessments is set forth in Hermantown Resolution 2010-99.

7.0 Eligible Costs

Where an improvement is constructed, which is of special benefit to properties within the project area, it is the intent of the City Council that special assessments be levied against the properties receiving the special benefit within that area to the extent of the special benefit.

In the event that city staff has questions as to whether or not the proposed assessments meet the special benefits to the properties in question, the City Council may, at its discretion, order benefit appraisals as deemed necessary to support the proposed assessments.

The City Council shall determine the total cost of the improvements in accordance with Minnesota Statutes, Chapter 429 and as stated below:

- A. The final construction costs;

- B. The cost of labor and materials furnished by the City if not contained in contract costs;

- C. The cost of engineering, legal, fiscal, and administrative services provided by City staff or other parties;

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- D. The cost of acquiring property or right-of-way required by the improvement;
- E. Interest cost incurred by the City between the time money is borrowed for the improvements and special assessments are levied for collection; and
- F. Any other costs which in the opinion of the City Council should be included as part of the total project cost.

8.0 Methods of Assessment

8.1 Per Lot Method

The City will utilize a “per lot” assessment methodology when it appears to result in more equitable treatment of affected properties with similar characteristics in a project area. This amount will be uniform across the project and provide a portion of the costs. The per lot assessment for the first five (5) years of the City’s Road Improvement Program will be \$9,750.

8.2 Residents special specific requests

If residents make a special specific request for an improvement that specifically benefits he/her/their individual property, then the resident will be assessed for the entire cost, including engineering costs of the specific request.

8.3 Exemptions:

Under certain circumstances, individual parcels may be exempt from the assessment, including:

- 8.3.1 parcels labeled as outlots on subdivision plat
- 8.3.2 Tax forfeited land
- 8.3.3 Land owned by the City

9.0 Minimum Standards for Public Improvements

The following standards are established by the City to provide a uniform guide for improvements within the City. These standards shall be consistent with past practice whenever practical and in accordance with all required local, state, and/or federal guidelines. The minimum standards must also be in accordance with the City’s Subdivision Ordinance and follow the guidelines outlined in the Standard Specifications

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and Construction Requirements Manual prepared by MSA Professional Services, June 2005.

9.1 Surface Improvements

- A.** Surface improvements shall normally include all improvements visible on or above the ground within the right-of-way or on City owned property and include, but not limited to, streets, sidewalks, alleys, trails, public parking lots, trees, signage, parks, and playgrounds.
- B.** Prior to construction or completion of surface improvements, and where applicable, all utilities and utility service lines shall be installed to all planned service locations such as residences or buildings.
- C.** Reconstructed streets, sidewalks and trails will be reconstructed to the existing width and class whenever feasible. Deviations to this will be considered by petition of residents or under advisement from the City Engineer and Public Works Superintendent.