
City of Grand Island



Tuesday, November 19, 2013
Study Session Packet

City Council:

Linna Dee Donaldson
John Gericke
Peg Gilbert
Chuck Haase
Julie Hehnke
Vaughn Minton
Mitchell Nickerson
Bob Niemann
Mike Paulick

Mayor:

Jay Vavricek

City Administrator:

Mary Lou Brown

City Clerk:

RaNae Edwards

7:00 PM
Council Chambers - City Hall
100 East 1st Street

Call to Order

This is an open meeting of the Grand Island City Council. The City of Grand Island abides by the Open Meetings Act in conducting business. A copy of the Open Meetings Act is displayed in the back of this room as required by state law.

The City Council may vote to go into Closed Session on any agenda item as allowed by state law.

Invocation

Pledge of Allegiance

Roll Call

A - SUBMITTAL OF REQUESTS FOR FUTURE ITEMS

Individuals who have appropriate items for City Council consideration should complete the Request for Future Agenda Items form located at the Information Booth. If the issue can be handled administratively without Council action, notification will be provided. If the item is scheduled for a meeting or study session, notification of the date will be given.

B - RESERVE TIME TO SPEAK ON AGENDA ITEMS

This is an opportunity for individuals wishing to provide input on any of tonight's agenda items to reserve time to speak. Please come forward, state your name and address, and the Agenda topic on which you will be speaking.



City of Grand Island

Tuesday, November 19, 2013

Study Session

Item -1

Discussion on Street Assessment Methodology

Staff Contact: John Collins, P.E. - Public Works Director

Council Agenda Memo

From: John Collins PE, Public Works Director

Meeting: November 19, 2013

Subject: Discussion on Street Assessment Methodology

Item #'s: 1

Presenter(s): John Collins PE, Public Works Director

Background

The City's policy and practice has been to assess adjacent property owners for the cost of street & drainage improvements.

Council has expressed interest in reviewing the method of assessment.

Discussion

The method of assessing has been in place for several decades, changing very little during this time. Some steps are defined by law and cannot change, but others are somewhat flexible. Areas where changes may be considered are highlighted in the presentation.

Attached are copies of the Special Assessment Manual and the Street Assessment Methodology.

Conclusion

This item is presented to the City Council in a Study Session to allow for any questions to be answered and to create a greater understanding of the issue at hand.

It is the intent of City Administration to use Council suggestions to alter the method of assessment and to publish the revised policy & procedure on the City's website.

DISTRICT CREATION PROCESS

Step 1 – Public Works Administration receives petition from property owner(s) requesting district creation.

Step 2 – Public Works Administration determines a suitable boundary for requested district and prepares a plat showing the district boundary. A request is then presented to City Council for district creation.

Step 3 – After the Ordinance creating the district is passed by City Council it is published in the Grand Island Independent the following Monday and the Notice of the creation of the district is published the next day (Tuesday). Letters are then mailed to the affected property owners, after the Notice of the Creation is published, notifying citizens of the protest period, providing a copy of the newspaper clipping of the Notice published in the newspaper, and a copy of the Ordinance with plat of district attached.

Step 4 – Property owners have 30 calendar days, from publication of the notice, to protest formation of the district. A protest must be submitted to Public Works Administration in written form.

Step 5 – When protest period is over, the percentage of property owners that protested is calculated. If more than 50 percent of property owners in the district protest, the district is dissolved. If 50 percent or less protest, the district is presented to City Council for continuation.

Step 6 – Once district continuation is approved by City Council plans and specifications are prepared a bid opening date is set. Notice to Bidders is advertised and plans and specifications are mailed to prospective bidders.

Step 7 – The lowest, responsible bid is presented to City Council for award of a contract to complete the necessary work for the district. Upon City Council approval the City and contractor enter into a formal, written contract.

Step 8 – Upon completion of the work the Certificate of Final Completion, which shows assessable amount per lot, is presented to the City Council for acceptance.

Step 9 - Approximately one month from City acceptance the City Council will sit as a Board of Equalization and verify assessments to each lot for said district. Affected property owners are mailed a copy of the Notice of Board of Equalization, Mailing Affidavit, City Council Resolution and Ordinance.

Step 10 – The City's Finance Department is notified of the amount assessed per lot and handles the billing and collection of assessments.

GENERAL

These assessment methods and procedures are presented as guidelines for determining special assessments on street improvement districts in the City of Grand Island in accordance with all appropriate State Statutes. No attempt will be made herein to define all procedures for the establishment of improvement district through the issuance of bonds, but instead we are concerned here chiefly with the mathematical procedure involved in the computation of individual assessments.

STATUTORY REQUIREMENTS FOR MAKING ASSESSMENTS

Section 16-622 **Improvements; assessments; how levied; when delinquent; interest; collection; procedure.**

The cost of making such improvements of the streets and alleys within any street improvement district shall be assessed upon the lots and lands in such districts specially benefited thereby in proportion to such benefits. The amounts thereof shall, except as provided in sections [19-2428](#) to [19-2431](#), be determined by the mayor and council under the provisions of section [16-615](#). The assessment of the special tax for the cost of such improvements, except as provided in this section, shall be levied at one time and shall become delinquent in equal annual installments over such period of years, not to exceed twenty, as the mayor and city council may determine at the time of making the levy, the first such installment to become delinquent in fifty days after the date of such levy. Each of said installments, including those for graveling and the construction and replacement of pedestrian walks, plazas, malls, landscaping, lighting systems, and permanent facilities used in connection therewith as hereinafter provided, except the first, shall draw interest at a rate established by the mayor and council not exceeding the rate of interest specified in section [45-104.01](#), as such rate may from time to time be adjusted by the Legislature, from the time of levy until the same shall become delinquent. After the same shall become delinquent, interest at the rate specified in section [45-104.01](#), as such rate may from time to time be adjusted by the Legislature, shall be paid thereon. Should there be three or more of said installments delinquent and unpaid on the same property the mayor and city council may by resolution declare all future installments on such delinquent property to be due on a future fixed date. The resolution shall set forth the description of the property and the names of its record title owners and shall provide that all future installments shall become delinquent upon the date fixed. A copy of such resolution shall be published one time each week for not less than twenty days in a legal newspaper of general circulation published in the city and after the fixed date such future installments shall be deemed to be delinquent and the city may proceed to enforce and collect the total amount due and all future installments. As to assessments for graveling alone and without guttering or curbing, one-third of the total amount assessed against each lot or parcel of land shall become delinquent in fifty days after the date of the levy of the same, one-third in one year, and one-third in two years.

Section 16-635 **Improvements; terms, defined; depth to which assessable.**

The word lot as used herein shall be taken to mean lot as described and designated upon the record plat of any such city, or within a county industrial area as defined in section [13-1111](#) contiguous to such city; and in case there is no recorded plat of any such city or county industrial area, it shall mean a lot as described and designated upon any generally

recognized map of any such city or county industrial area. The word land shall mean any subdivided or unplatted real estate in such city or county industrial area; *Provided*, if the lots and real estate abutting upon that part of the street ordered improved, as shown upon any recorded plat or map, are not of uniform depth, or, if for any reason, it shall appear just and proper to the mayor and council, they are authorized and empowered to determine and establish the depth to which such real estate shall be charged and assessed with the costs of the improvement, which shall be determined and established according to the benefits accruing to the property by reason of such improvements. Real estate may be so charged and assessed to a greater depth than lots as shown on any such plat or map.

According to the above provisions it is the duty of the City Council to determine the extent of the area to be assessed and the benefits, or special assessments, which the various tracts receive. Normal procedure, however, is for the City Engineer to define the assessable area and to calculate the special assessments (benefits) with these then being reviewed and approved by the City Council.

CRITERIA FOR DETERMINING BENEFITS TO PROPERTY

Although each district must be reviewed individually, the same basic principles are generally used in each case. The assessable area, or district boundary, is usually established by including all property which extends back from the improved street half way to the next parallel street. Recognizing that it is difficult to show benefit to property a great distance back from the street it is our policy to use 300 feet as the maximum limit for the distance.

The theory of assessing each individual lot or tract is that the cost will be spread according to the frontage on the improved street and that the benefits or assessments will decrease as the distance of the land from the street increases. Such a variance in proportion to the distance back should decrease for every increment of distance and the benefits from property nearer the street should be proportionately greater than those for property further away. To make this workable it is necessary to develop a curve which will indicate the relative benefits for all property involved.

In order to develop such a curve various methods used by other engineers were studied, including that previous method used in Grand Island. This previous method utilized a "zone" system whereby, for example, the 11 feet of a property nearest the street would be assessed the same amount as the 11 feet, provided the frontage was identical. Since the assessment is equal to benefit it is difficult to prove that property further away from the street receives the same benefit as the close property. Therefore, for comparison purposes, the previous method was converted to curve form. All of these various methods were then plotted against the relative benefits. From this it was obvious that the previous method used in Grand Island varied considerable from all other methods, the main difference being that a greater proportion of the benefits were allotted to property further away from the street. To develop a new curve for reasonable benefits it was decided that it should be based on the assessment being cut in half for each 60- foot increment back from the improved street. This translated into an equation becomes:

$$F = 2 - 2^{**}a;$$

$$\text{Where } a = (60 - Y)/60$$

Where Y = the perpendicular distance from the improved street to the property boundary line;

And where F = the assessment factor for Y depth.

The percentage value is then determined by assuming that the assessment factor for y = 300 is 100 percent.

This equation (using percentage instead of actual assessment factor) in graph form is presented on Plate I and in tabular form on Plate II. The values in the tabular form were actually calculated and were not merely extracted from the graph. The actual assessment calculations are made as follows:

1. To determine the assessment factor (percentage) for a rectangular lot abutting on the street, select the percentage value corresponding to the lot depth (distance), interpolating, when necessary.
2. To determine the assessment factor (percentage) for a rectangular lot not abutting on the street, subtract the percentage value for the intervening depth, from the improved street.
3. Multiply the assessment factor obtained by the frontage of the property, which will result in a certain number of "points" for the selected property.
4. When the "points" for each tract of land in the assessment district have been determined, add them all together to determine the total number of points in the district.
5. The cost of the improvements is then divided by the total number of "points" to obtain the value per point, which is then spread back over each individual property.

In the case of irregular lots it is necessary to divide the area into rectangles or triangles requiring several computations to determine the full assessment. There are four possible positions for triangular figures:

1. With the base along the street.
2. With the base toward the street but at some distance from the street.
3. With the vertex on the street.
4. With the vertex toward but at some distance from the street.

In the first two cases, the parcels are considered as rectangles with the same depth as for the triangular figure, but with a frontage equal to two-thirds the length of the original base. In cases 3 and 4, the parcels are considered as rectangles with the same depths as the triangular parcels but with the base to be assessed as frontage equal to one-third the length of the original base. These methods are illustrated on Plate III.

Plates IV and V are included to illustrate an assessment problem.

DEVIATIONS FROM STANDARD METHOD

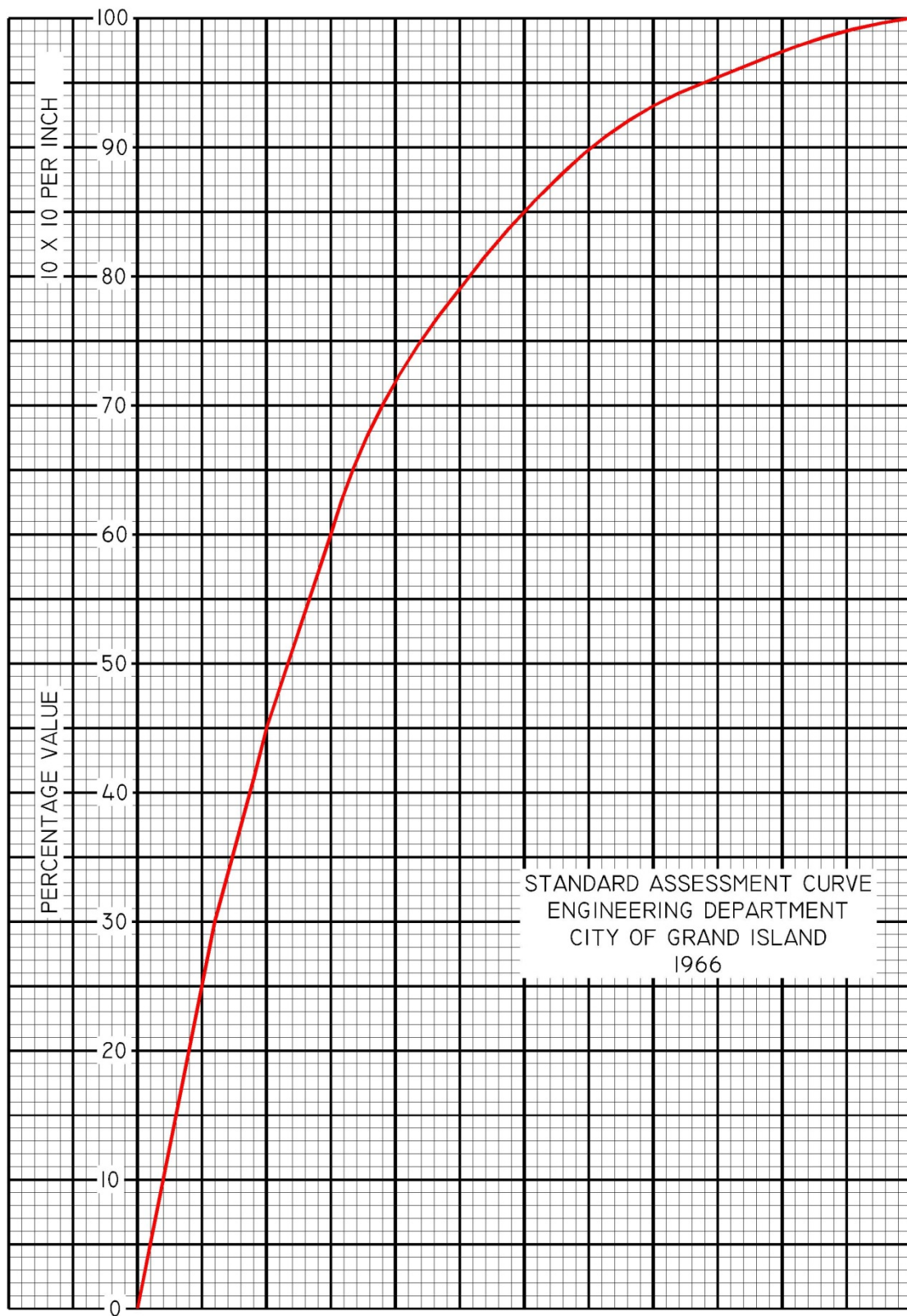
While the standard method described above can be used in most instances, there are certain cases where deviation may be appropriate. The assessments arrived at by the standard method must still be reviewed by the engineer to satisfy himself that similar properties have similar assessments and that properties that are dissimilar nevertheless have assessments that are reasonably in proportion. When this test is not satisfied, the method must be adjusted until fair assessments and proper benefits are derived.

In cases where a tier of lots of equal depth abut upon the improved street and make up the entire district, assessments may be computed using frontage only since there is no purpose in computing "points". This can also be done where the variance in depth on each side of the street is not great and it can be assumed that half the cost is attributable to each side of the street.

When the calculated benefits do not appear to be reasonable it is also possible to spread a portion of the costs to front footage and the remainder to area. Usually the assessments are calculated with 50 percent based on area and 50 percent on frontage, but this may be varied to arrive at a reasonable schedule.

CONCLUSIONS

Each street improvement district is usually different in some way from previous districts. For this reason it is difficult to set one rule for all assessments and never allow deviation. Properties must be assessed according to benefits derived and this fact must not be ignored just to satisfy a mathematical procedure. We can only use our best judgment and experience to spread assessments and we must always satisfy ourselves that the benefits exist. Even when this is done it will still be necessary for us to justify the assessments and to explain these methods.



Street Assessment Methodology Study Session

Statute

- Section 16-622 Authorizes Mayor and Council to determine where and when to assess.
- Section 16-635 defines terms and depths of assessment (i.e. how)
- Sections 19-2428, 19-2431, 16-615, 45-104.01 and 13-1111 provide instructions for interest rates, and handling special cases for agriculture and industrial tracts.

Process – Creating an Assessment District

1. Petition from adjacent property owners requesting improvement(s) submitted to Public Works Administration
2. Ordinance from Council creating district
3. Ordinance published & notification mailed directly to affected property owners
4. If owners representing more than 50% of the property protest, during the 30 day protest period, the district is not continued
5. Otherwise the Council may continue the district

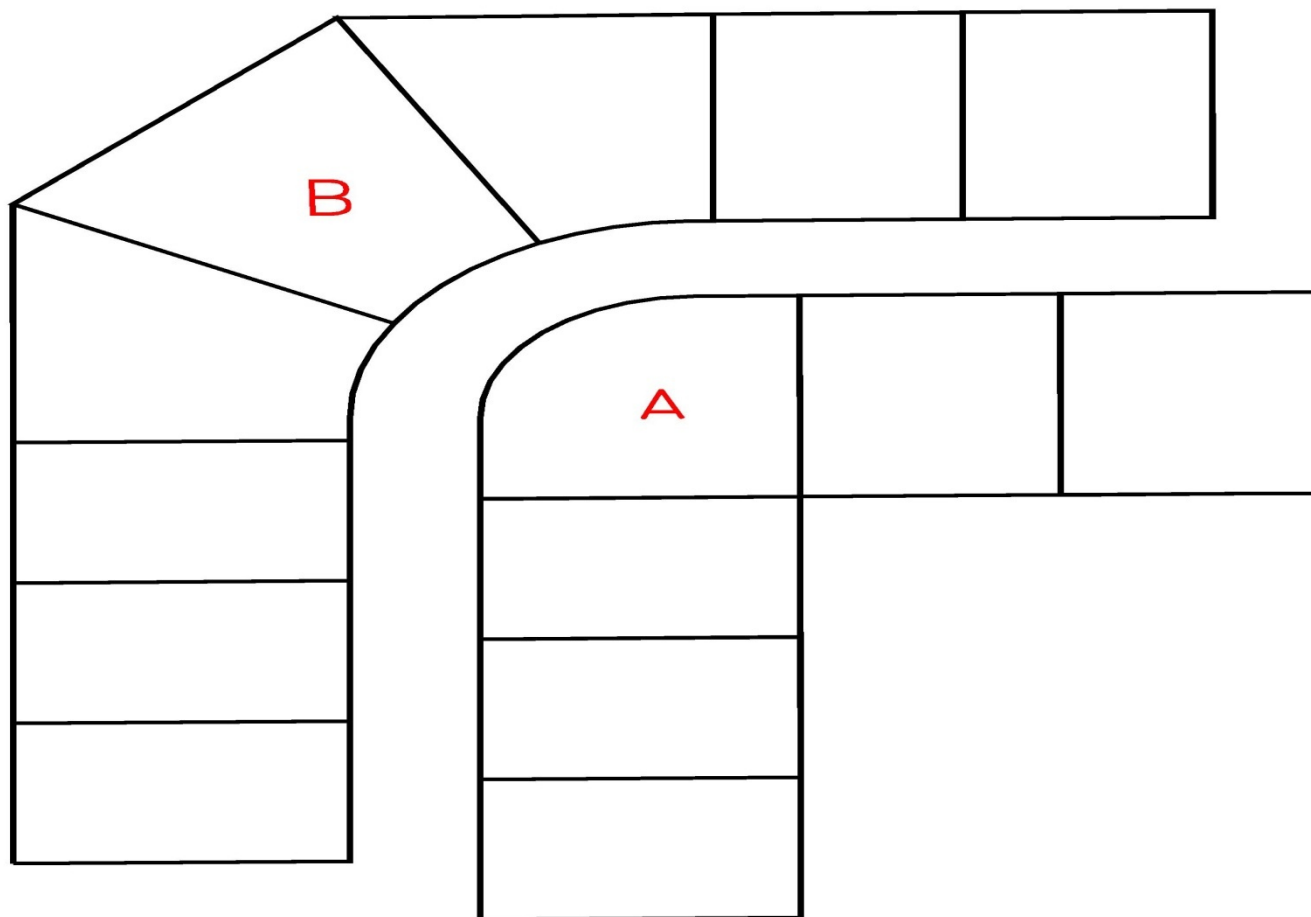
Process – to Completion of the District

6. Design of the improvement(s) begins
7. Final Payment made after construction is completed
8. Assessment distribution is calculated
9. Notice of the assessment is published 3 consecutive weeks days in advance of the Council meeting
10. Total cost and recommended assessments are presented to the Board of Equalization (i.e. Council) for approval
11. Assessments are collected

Assessment Factors

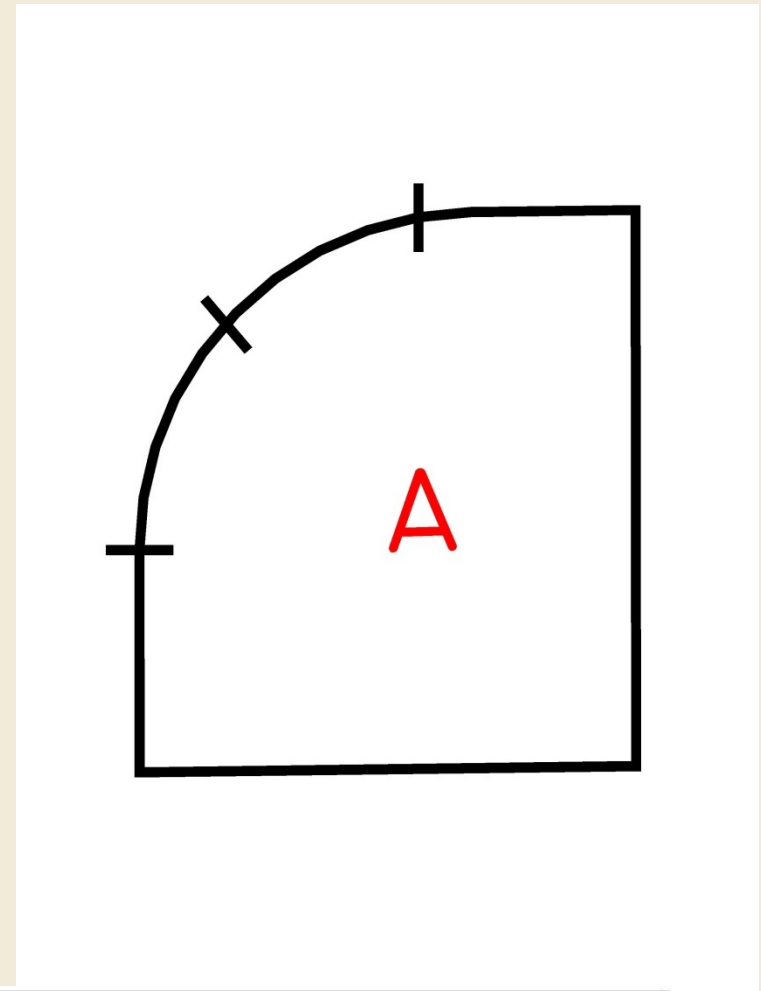
- Frontage – linear feet of property adjacent to the road.
- Depth – used in areas where the depth of property is inconsistent and some is less than 300 feet deep.
- Frontage equivalency- used for properties on corners with very large or very small frontage relative to their total area.

Note at times the City has assessed only 37' and paid for any additional width; and has done the same for drainage over 30"



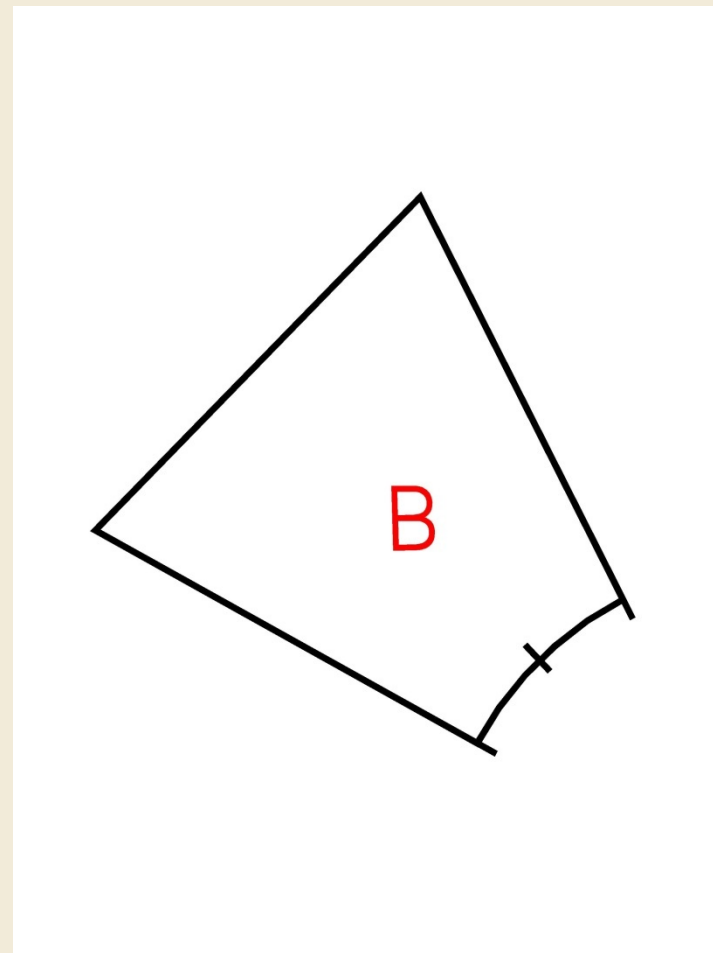
Frontage for Property A

The portions in the curve are considered an intersection, and not assessed, reducing the assessed frontage to an amount similar to other properties.



Frontage for Property B

The assessed amount is the average (i.e. mean) of the front and back lengths of the property.

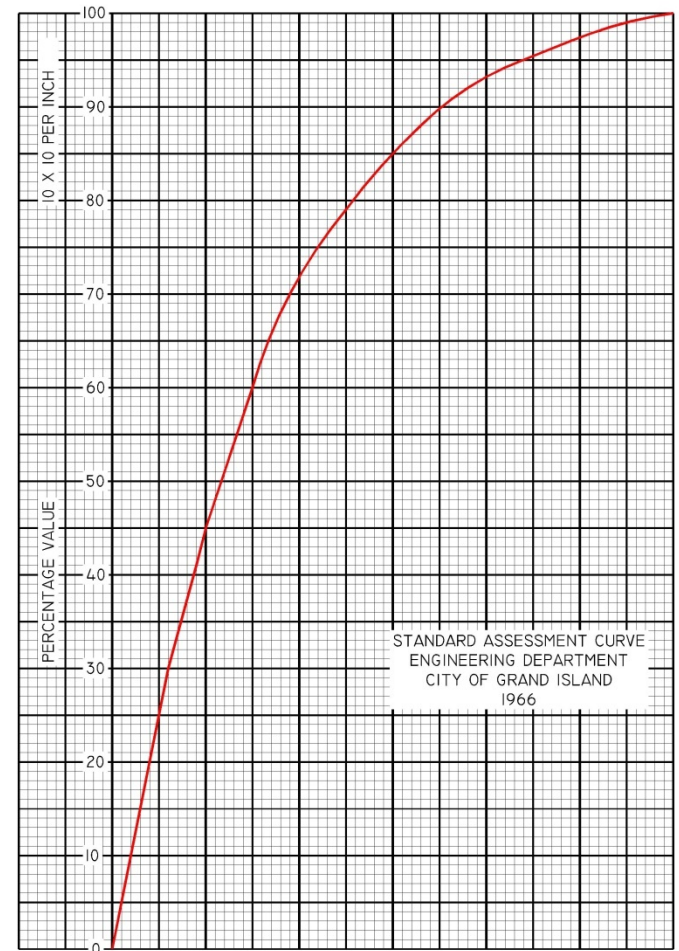


Calculating the Assessment - Depth

- 🌊 The City has used a depth of 300' to create the uniform depth mentioned in Section 16-635 beginning some time prior to 1967.
- 🌊 This is authority to differentiate by depth, not a requirement.

Depth

- Property nearer the road is considered to benefit more than that further away.
- Only the 1st 300 feet is assessed.



Limits of Choice

- It is the Council's option to create Assessment Districts, but once created, there is an obligation to follow through with the assessment.
- The project details may change as the design progresses.
- Total cost will not be known until completion of the project.

Potential Changes

- Calculating the percentage of cost allocation when the district is created rather than after the project is complete.
- Changing or eliminating the depth portion of the calculation.
- Differentiating assessment methodology with property type.
- Reducing or eliminating assessments for collectors and above.

Allocating Costs ASAP

- 🌊 The percentage of cost allocated to each property would be known when the district is created.
- 🌊 Substantial work would be performed that will not be necessary if the district does not move forward.
- 🌊 The size of the district may change, nullifying the calculations.

Depth

- The Depth factor was added at a time when city blocks of around 600' were the norm.
- Malls and large stores (Wal-Mart, Target, etc.) are not usually in the first 300'
- Commercial value is derived from access to the road and visibility from the road.
- Residential property has greater value from access to the road, but more access does not increase value.

Property Type

- Industrial and Commercial property gains value from road access, often increasing in value with more access.
- Commercial property gains value with visibility.
- Residential property has greater value from access to the road, but more access does not increase value.

Note that land use changes, value is added only to the raw property.

Higher Function Streets

- Some roads are primarily used for through traffic, serving adjacent property as a secondary function.
- Some roads are wider to allow for more traffic, even though they serve adjacent property as a primary function.

Improving from County to City

Existing 24' pavement with open ditches (county section) - Improving to 37' pavement with storm drains (city section).

Should there be an assessment?

If so, should credit be given for existing pavement?