



CITY OF CHANHASSEN

FAQs: ASSESSMENTS

What are assessments?

Assessments help to finance an improvement project. In Chanhassen and most metro area cities, assessments are used to help finance street reconstruction projects and street mill and overlay projects. Assessments are charged to property owners that benefit from the project. Minnesota State Statutes, Chapter 429, allows the City the authority to assess for projects.

Who is assessed for a street improvement project?

Properties with access to a street within the project area are assessed.

What is the City's assessment policy?

The City started assessing for street improvements in 1993. The City's *Assessment Practice* outlines how street improvement projects are funded. Properties are assessed for a portion of the street improvement cost if they directly benefit from the project, meaning the property has access from the street. For the construction of a new street, 100% of the cost is assessed to the benefitting properties. For an improvement project to an existing street, the City pays 60% of the street improvement cost and benefitting properties are assessed 40%. One hundred percent (100%) of the storm sewer, sanitary sewer and water main costs associated with the project are paid by the associated utility funds.

Why does the City assess for street improvement projects? Why doesn't the City pay 100% of the project cost?

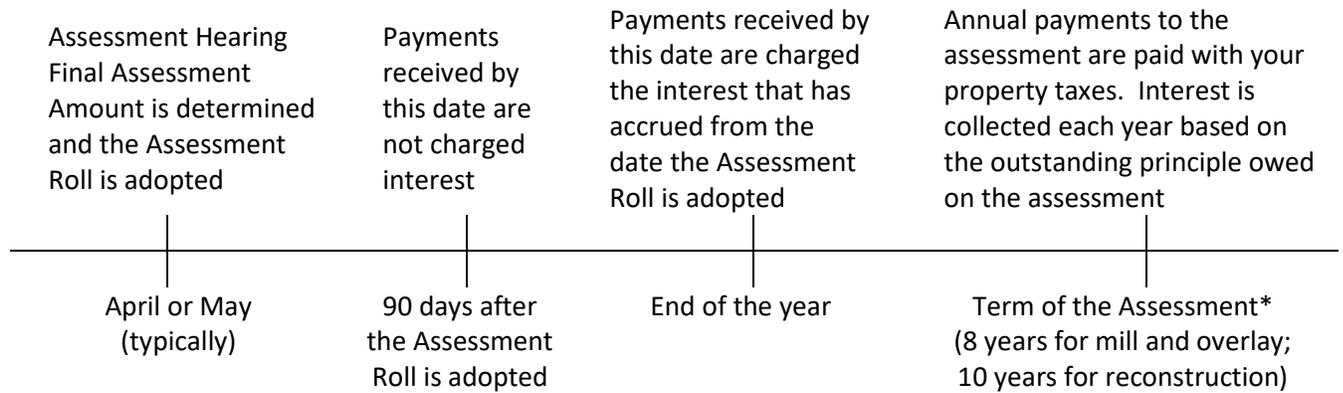
Public streets are part of the City's transportation system to provide access to all residents. The City acknowledges the system benefit of a street project by paying 60% of the project cost. Benefitting properties use the roads to get to and from their property on a daily basis, which is why they are assessed 40% of the street project cost. When someone buys a new home in a new subdivision, the cost to construct the street is incorporated into the purchase price of the home.

When is the assessment amount determined?

An estimate of the assessment is calculated with the Feasibility Study, which is typically completed six months before a project begins. The final assessment amount is based on the bid amount and is set by City Council at the assessment hearing, which typically occurs in April or May of the construction year. Properties being assessed for the project are notified of the assessment hearing.

What are the payment options for assessments?

Please refer to the timeline below for payment options. The City does not accept partial payments of the assessment.



*You can pay off an assessment after it has been certified to your property taxes. The City of Chanhassen Finance Department will calculate the payoff amount, which will include interest.

Why does the City charge interest on assessments?

The City finances the entire project cost until all the assessments have been paid. The interest charged on assessments is the prime rate plus 2% the date the bid is awarded.

Benefitting property owners are encouraged to consult financial institutions for terms and conditions of a loan or line of credit that can be used to pay off the assessment. This allows the property owner the ability to negotiate the term and interest rates within the competitive market and may have some tax advantages.