



MEMORANDUM

TO: City Council Members

CC: Special Assessment Board

FROM: Dave Montgomery
730-5039

DATE: May 12, 2017

RE: Developer Deposits and Credit Risk

Pursuant to Section 45-75 of the Duluth City Code, the SAB “may adopt such rules and regulations not inconsistent with the Charter nor with this Division such as the board shall deem advisable or necessary to give effect to this section. Upon adoption of any such rules or regulations by the board, notice of the adoption thereof along with copies thereof shall be transmitted to the city council for review. Unless the council shall, by resolution, vote to delay or overturn any such rule or regulation by the meeting next proceeding the meeting at which council receives notice thereof, said rules and regulations shall be deemed thereafter to be effective and shall thereafter govern the practices and procedures of and before the board.”

At its May 9, 2017 meeting the Special Assessment Board determined that it would be appropriate to clarify the procedures for Developer’s requesting to be special assessed for public improvements so that the city would be consistent between Developers. The only significant change with the policy is the requirement for Developer’s to complete an application. See the attached memo from the SAB meeting dated May 9, 2017 for the entire policy.



City of Duluth
DEPARTMENT OF PUBLIC WORKS/UTILITIES
Engineering Division
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TO: Dave Montgomery
CC: SAB
FROM: Cindy Voigt
730-5107
DATE: May 9, 2017
RE: Developer Deposits and Credit Risk

BACKGROUND

Developer requirements for special assessment projects are currently outlined in past policy, and include these items:

1. Developer to provide credit references (8/31/93)
2. Developer to provide 20% deposit (8/04/94)
3. Developer to pay engineering costs (1/16/01 and 3/09/04)

REASON FOR BOARD DISCUSSION

To clarify and update SAB policy on credit review and deposit requirements, as it relates to a Developer. I suggest that "Developer" requirements apply to anyone engaged in "development" of property as defined in city code section 50-41.4 which requires construction of a structure and grading, such development also requires the division of land or platting of property. I suggest that assessment projects that have existing homes or structures are not considered new development, and as such are not subject to the Developer requirements of the Special Assessment Policies referenced above.

We are bringing this up for SAB discussion because recently we have had individual property owner assessment requests where the ability to pay the assessment was questioned, as well as a new development inquiring about having the public improvements assessed to the property.

ACTION RECOMENDATATION

Adopt a policy that any assessment project with a property owner that has an existing structure on the parcel with a taxable value greater than the estimated project cost not be considered a "Developer" and will not be subject to an application. However, the city will complete a review of outstanding taxes or debts owed to the state, county, or city. This policy only applies to assessment projects that are petitioned.

For Developers, require that they complete the following prior to the council ordering in the project by resolution:

- Complete an application form that will be used to review the applicants' ability to deliver a successful project, and verify that there are no outstanding state, county or city taxes or fees associated with the property to be developed or the Developer.
- Submit the down payment based on the estimated project cost.

The down payment will be subtracted from the final project cost to be assessed. In the event that a down payment is submitted, and the city incurs costs, but subsequently the Developer withdraws the petition for assessment, the city incurred expenses will be deducted from the down payment amount prior to refund.

Clarify that the Developer has the option to hire a consulting engineer to provide design engineering services only, and that those costs are not eligible to be included with the assessment. The city or a consultant under contract by the city shall provide for full time construction engineering, inspection, and testing. If the Developer requests that the design services be included in the assessment, those costs will be in addition to the construction engineering and testing services included in the assessment.

Based on the application and the review of any outstanding fees or taxes, the deposit amount may be increased, based on the information provided on the application form, the city's perceived risk and any unfavorable past history with the Developer as determined by the engineering division, upon approval of the SAB. In addition, the SAB will have the authority to consider the application as part of the criteria for Recommending that a project move forward for city council consideration and approval.



City of Duluth

DEPARTMENT OF PUBLIC WORKS & UTILITIES

Engineering Division

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DEVELOPMENT ASSESSMENT APPLICATION

Property Parcel ID _____

Property Address _____

Property Legal Description Lot _____

(Attach a preliminary plat, site plan or location map.)

Block _____

Subdivision _____

General Description of Development (Total Length, Acres, Lots) _____

Developer Name _____

Mailing Address _____

Phone Number _____

Email _____

(over)

Development to Serve

Residential single family _____ lots

Residential multi family _____ units

Commercial or Industrial

Request to Special

Assess

(check all that apply)

Water Main

Sanitary Sewer

Storm Sewer

Streets

Street Lighting or Traffic Signal

Engineering Costs

Total Estimated Assessment Request

\$ _____
(Not to exceed 80% of project cost.)

List names of prior development projects in Duluth. If none, list projects in other cities, including references' contact information. Attach additional pages if necessary.

List any other pertinent information such as planning approvals required, easements or right of way. Attach additional pages if necessary.
