

City of Two Harbors Special Assessment Policy



Amended April 23, 2018

Acknowledgements

Mayor

Chris Swanson, Finance Committee

City Council Members

Miles Woodruff, City Council President, Ward 1

Cathy Erickson, Finance Committee, Ward 3

Jerry Norberg, Finance Committee, Councilor at Large

Robin Glaser, Councilor at Large

Frank McQuade, Ward 2

Craig Jussila, Ward 4

City Administrator

Dan Walker

Contributing Staff and Consultants

Miranda Pietila, Finance Director

Joe Rhein City Engineer-Bolton and Menk

Steve Overom, City Attorney- Maki & Overom

Memorandum

To: Mayor and City Council Members
From: Dan Walker, City Administrator
Date: April 23, 2018
Re: Special Assessment Policy

Attached within is the City of Two Harbors Special Assessment Policy. The policy was created using the guidance of other policies from communities across the state, the League of MN Cities Special Assessment Toolkit, as well as input from the City Administrator, Finance Director, City Engineer, and City Attorney. The policy was vetted through close work with the Finance Committee.

An assessment policy is the accompanying document to the CIP. The policy will encompass a wide variety of issues that generally arise during the 429 assessment process. The policy is intended to give the City Council, Staff, and the Community guidance on how the assessment process works, how the improvements will be financed, term of the assessments, eligible costs, methods of assessing, construction standards, and the assessment percentage formulas. The formulas used were based on the input of the financial plan created by Ehlers in the Summer of 2016, input from Staff, and also from typical formulas used by other communities. The formulas are seen as equitable and will ensure that we are able to remain financially stable as we move forward with the CIP projects.

Please note that this document, along with the CIP, will need to be modified as the scale and complexity of the projects move forward. It is intended to give us a starting point, and was intended to be a simple and straight forward document.

**City of Two Harbors
Special Assessment Policy
Adopted February 27, 2017
Revised April 23, 2018**

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 public improvements which are constructed and installed by the City of Two Harbors pursuant to law, charter, 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, utilities, and other City owned facilities 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 for various improvements of publicly owned facilities.

2.0 Scope and Limits

- A. 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.
- B. The Council may deviate from these policies if there is a written developer's agreement between the developer and the City that specifies how public improvements are to be paid and provided that the developer meets all the requirements of the subdivision ordinance.

3.0 Definitions

Definitions adopted in Minnesota Statute 429.011 shall be used under this chapter.

4.0 Project Initiation and Hearing Process

This section described the initiation of improvement projects and the administration required 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 Two Harbors seven member council requires a six-sevenths vote 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 evaluation shall then be used 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 of 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 borne 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.

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 that 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.

- 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 commence 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.

At least once and at least two weeks before the assessment hearing, the city must publish notice of the hearing in the Lake County News Chronicle. 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. 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 assessment process must be completed before November 30 each year in order for the assessments to be certified by Lake County.

5.0 Financing

- A. The Council shall establish an interest rate of the bond rate + 1% to be paid on unpaid balances that may be necessary to cover bond administration, principal, and interest payments.
- B. Dedicated yearly improvement funds or one time appropriations will be used first to defray City cost for the actual project. The remainder will be distributed across the total project cost whenever funding allows and only for projects completed within that year. Grant funding will be applied to comply with the parameters outlined within the grant fund limitations, and if possible, those costs will be used to defray the City share or distributed across the total project cost.

6.0 Term of the Assessment

- 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. The maximum term of assessments are outlined in Section 7.0.
- 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:
 - a. 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,
 - b. 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.
 - c. 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 included as Addendum A of this policy shall be as set forth in Two Harbors Resolution No. 4-124-18.

7.0 Maximum Term of Assessment for each improvement class

7.1 Surface Improvements

- A. Bituminous Street 15 Years
- B. Alley 15 Years
- C. Grading and Base 10 Years
- D. Sidewalks 5 Years if done independently- 15 Years if part of street reconstruction
- E. Concrete Curb and Gutter 15 Years
- F. Bituminous Overlays 10 Years
- G. Aggregate Surface Streets 10 Years

7.2 Sub-Surface Improvements

- A. Watermains 20 Years
- B. Sanitary Sewer 20 Years
- C. Sewer and Water Services 20 Years
- D. Storm Sewers 20 Years

8.0 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;
- 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.

9.0 Methods of Assessment

9.1 Adjusted Foot Frontage

Generally, assessments will be based on a per foot frontage calculation subject to modifications necessary to provide for minimum and maximum assessment for residential, commercial, and industrial lots.

9.2 Area Method

The area method of assessment shall be based on the number of square feet or acres within the boundaries of the appropriate property lines of the areas receiving special benefit from the project. The assessment rate (cost per square foot/acre) shall be calculated by dividing the total assessable cost by the total assessable area. On large lots, the City Engineer may determine that only a portion of the lot(s) receives the special benefit and may select a lot depth for the calculation equal to the special benefit received. All properties included in the area receiving special benefit, including other governmental areas, churches, etc. shall be assessable.

9.3 Per Lot Method

The City reserves the right at its sole discretion to 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. A “per lot” assessment will calculate assessable costs in the same manner as the “front foot” method. This amount will then be divided by the number of assessable lots within a project area to yield the assessment rate per lot. The ability to subdivide a parcel consistent with City zoning regulations will result in corresponding number of “per lot” assessable units.

9.4 Per Each Method

The “per each” method of assessment shall be utilized when a property receives the sole special benefit of the improvement. (Example: water services).

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

10.1 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.** All surface Street improvement standards are defined below:
 - 1.** Subdivision Policy and The Manual for Standard Specifications and Construction Requirement, June 2005 will be used for new construction projects.
 - 2.** 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.
 - 3.** Reconstructed Alleys shall be sub-cut and appropriate base layer and paved according to the Standard Specifications Manual.

10.2 Sub-Surface Improvements

- A.** Subsurface improvements shall normally include such items as water distribution, sanitary sewer, storm sewer, natural gas, or electrical lines.
- B.** Sub-surface improvements shall be made to serve current and projected land uses. All installations shall conform to applicable standards established by local, state, and/or federal agencies.

11.0 Assessment Formulas

The following is the typical City assessment for various specified improvements. This policy is in accordance with the provisions established in Resolution No. 9-134-93 adopted September 14, 1993 and amended by Resolution No. 7-112-03 adopted July 28, 2003 and by Resolution No. 4-123-18 adopted April 23, 2018 (Addendum B). The assessable portion of the affected property owners and based of the total project cost shall be determined as follows:

11.1 Street Improvements

- A. **New Construction.** 100% of the cost to improve the street by establishing the grade, installing road base, curb, gutter and pavement shall be the responsibility of the property owner or the developer.
- B. **Reconstruction.** Streets which have been improved but have deteriorated through age or other circumstances determined by the City Council to be beyond the control of the City, and require total reconstruction, will be on a cost share basis of one half (50%) to the City and one half (50%) to the property owner.
- C. **Overlays.** One half (50%) to the City and one half (50%) to the property owner.
- D. **Seal Coat/Maintenance.** Maintenance of improved streets is the sole responsibility of the City includes patching, repairs to curb and gutter. Property owners may petition for overlay of streets or alleys at their cost. If a majority of the affected property owners approve the City will follow the special assessment procedure and initiate the project.
- E. **City Street Sides (north/south)** Where the majority of parcels have their side lots adjacent to the street-eighty-five percent (85%) to the City and fifteen percent (15%) to the property owner.
- F. **Gravel Streets.** One half (50%) to the City and one half (50%) to the property owner.
- G. **Alleys.** One half (50%) to the City and one half (50%) to the property owner.

11.2 Sidewalks and Trails.

- A. **New Development** 100% of the cost to install new sidewalks or trails in newly developed areas shall be assessed to the properties abutting the improvement and in accordance with the Master Sidewalk and Trail Plan by developer or property owner.
- B. **New Construction in Developed Areas or Reconstruction.**
 - 1. One half (50%) to the City and one half (50%) to the property owner and in accordance with the Master Sidewalk and Trail Plan.
 - 2. On north/south streets eighty-five percent (85%) to the City, and fifteen percent (15%) to the property owner in accordance with the Master Sidewalk and Trail Plan.

11.3 Storm Sewer

- A. **New Development.** 100% of the cost to install all new storm sewer piping, pumping stations, culverts, ditches, storm water treatment facilities and any other

improvements which will facilitate storm water mitigation by developer or property owner.

B. Reconstruction. 100% City Share.

11.4 Sanitary Sewer

A. New Construction Main Lines. 100% of the cost to install all new by developer or property owner.

B. Reconstruction Main Lines 100% City Share.

C. Oversized or Trunk Lines 100% City Share.

D. Service Laterals 100% Property Owner.

11.5 Watermains

A. New Construction Main Lines and Service Laterals. 100% of the cost to install all new by developer or property owner.

B. Reconstruction Main Lines. 100% City Share.

C. Oversized or Looping 100% City Share.

D. Reconstructed Service Laterals. 100% City share, from the main through the curb stop.

ADDENDUM A

RESOLUTION NO. 4-124-18

RESOLUTION ESTABLISHING PROCEDURES FOR DEFERRAL OF ASSESSMENTS

WHEREAS, The City of Two Harbors ("City") desires to finance the construction of certain improvements in the City by specially assessing the property benefitted by such improvements following the procedures set forth in Chapter 429 of the Minnesota Statutes; and

WHEREAS, on occasion, assessments are levied against the homesteads of persons sixty-five (65) years of age or older or persons who are retired by virtue of a permanent and total disability, or certain members of the military ordered into active military service; and

WHEREAS, for some of these persons the payment of such assessment may cause a hardship; and

WHEREAS, Minnesota Statutes Sections §435.193 authorize the City Council to defer the payment of such assessments under procedures that shall be established by it; and

WHEREAS, the City Council of the City of Two Harbors believes it to be in the best interests of the City of Two Harbors to allow the deferral of payments of special assessments under the procedures set forth in this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Two Harbors, Minnesota, as follows:

1. The City Council of the City of Two Harbors may defer the payment of the principal on any special assessment when the following conditions are met:

1.1. The applicant must apply for the deferment no later than September 1st for the assessment to be paid in the subsequent year.

1.2. The applicant is either over the age of 65, retired by virtue of a permanent and total disability, or a member of the military service ordered to active military service as provided for in the City's Special Assessment Deferral Policy.

1.3. The applicant must be the owner of the property.

1.4. The applicant must occupy the property as his/her principal place of residence.

1.5. The applicant must claim the property as his/her homestead property

1.6. The City will prepare an amortization schedule related to the proposed assessment schedule that shows the annual payments of principal and interest that will be required to be made on the assessment against the property in accordance with the interest rate and payment terms contained in the Resolution Adopting the Assessment Roll for the property. The applicant will be deemed to have a hardship in making payments on the special assessment on his or her property if the annual payment for any assessment levied against the subject property exceeds two percent (2%) of the adjusted gross income of the applicant as evidenced by the applicant's most recent federal income tax return or equivalent documentation as determined by the City.

1.7. The amount deferred will be the principal portion of the payment shown on the amortization schedule prepared pursuant to Section 1.6

2. For purposes of this Resolution, a person is deemed to be retired by virtue of a permanent and total disability if such person is determined to be permanently and totally disabled by the Social Security Administration and such person is not working.

3. Any person desiring to defer the payment of principal on any assessment against his or her property shall make application for such deferral on a form prescribed by the City Clerk of the City of Two Harbors

4. For the purposes of this Resolution the burden of proving the existence of a hardship shall be the responsibility of the applicant for such deferral of any payment of the City's special assessment.

5. The application for deferral of any payment of an assessment shall be considered by City administration and a decision whether the applicant meets the applicable criteria for deferment shall be made and provided in-writing to the applicant within thirty (30) days of receipt of the application. Any applicant who has been denied a deferral, may appeal the denial to the City's Utility Committee. Such appeals shall be made by filing a written notice of appeal with the City Clerk within ten (10) days of the written notice of denial. The City's Utility Committee shall hear the appeal and affirm or reverse the denial at its first regular meeting following receipt of the appeal unless additional information is required by the Utility Committee. In such event, the Utility Committee shall affirm or reverse the denial at its first regular meeting following receipt of all information it requires to make its decision. Written notification of the decision of the Utility Committee shall be provided to the applicant.

6. Interest shall continue to accrue and be paid on any assessment for which a deferral of payment is requested, provided, however, that if the amount of annual interest exceeds 1% of the applicant's adjusted gross income then the applicant can pay an amount equal to the average annual interest that would be payable as set forth on the amortization schedule prepared in accordance with Section 1.6 during the term of the deferral.

7. The deferment shall be granted for as long a period of time as the hardship exists and the conditions, as set forth on Section 1, are met. It shall be the obligation of the applicant to notify the City Clerk of any change in his/her status that would affect eligibility for deferment. The City shall annually review each deferment in relation to the criteria established in Section 1 of this Resolution and determine if the applicant continues to be eligible for a deferral.

8. The deferral of the payment of a special assessment granted under this Resolution shall terminate and all payments that were deferred plus any accrued unpaid interest shall be due and payable upon the occurrence of any of the following events:

8.1. The death of the owner, unless the surviving spouse is eligible for a deferral under the terms of this Resolution.

8.2. The sale, transfer or subdivision of the property or any part thereof.

8.3. The loss of homestead status of the property for any reason.

8.4. If for any reason the City Council determines that there would be no hardship to require immediate or partial payments of any deferral payments.

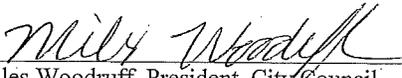
9. Following the termination of the deferral all payments of assessments that were not deferred shall be paid in the manner set forth in the Resolution adopting the Assessment Roll. The City will, upon the termination of the deferral of any assessment, prepare a new amortization schedule related to such assessment that reflects payments that have been made and shows the payments that will be required to be made with interest so that the full principal amount of the assessment and all interest is paid, unless sooner paid, in levied annual payments, including interest, over the remaining original term of the assessment.

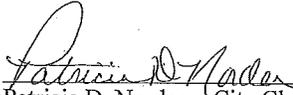
10. Upon the granting of any application for the deferral of payment of any assessment, the City Clerk shall forthwith notify the County Auditor of the deferral and shall further record a Certificate of Deferral of Special Assessment with the County Recorder or Registrar of Titles of Lake County with respect to the property.

11. If there are any inconsistencies between the provisions of this Resolution and the provisions of the City's Special Assessment Policy related to deferrals of assessments, then the terms of this Resolution shall govern.

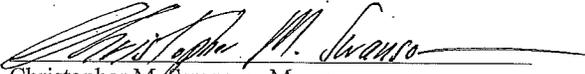
12. THIS RESOLUTION ONLY PROVIDES FOR THE DEFERRAL OF PAYMENTS OF ASSESSMENTS FOR THE REASONS SET FORTH IN THE RESOLUTION IF THE MAKING OF SUCH PAYMENTS IS A HARDSHIP ON THE PERSONS APPLYING FOR THE DEFERRAL. THIS RESOLUTION DOES NOT WAIVE OR RELEASE THE AMOUNT OF ANY ASSESSMENT OR THE OBLIGATION BY ANY PARTY TO PAY THE FULL AMOUNT OF THE ASSESSMENT, PLUS INTEREST, AS SET FORTH IN THE CITY RESOLUTION ADOPTING THE ASSESSMENT ROLL. THIS RESOLUTION AND THE CITY SPECIAL ASSESSMENT POLICY SHALL BE INTERPRETED AND ADMINISTERED IN A MANNER THAT IS CONSISTENT WITH THE STATEMENTS CONTAINED IN THIS SECTION 11 OF THIS RESOLUTION.

ADOPTED, this 23rd day of April A.D., 2018.


Miles Woodruff, President, City Council

ATTEST: 
Patricia D. Nordean, City Clerk

APPROVED, by the Mayor of the City of Two Harbors this 24th day of April, 2018.


Christopher M. Swanson, Mayor

ADDENDUM B

RESOLUTION NO. 4-123-18

APPROVING THE AMENDED SPECIAL ASSESSMENT POLICY

WHEREAS, by Resolution No. 2-76-17, the City of Two Harbors Special Assessment Policy was adopted, and

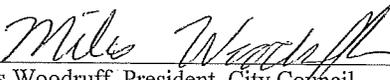
WHEREAS, amendments have been proposed as outlined in the attached EXHIBIT A, and

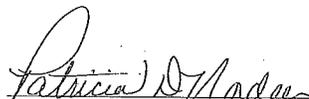
WHEREAS, the Amended Special Assessment Policy attached hereto as EXHIBIT B, has been recommended for approval by the City's Finance and Budget Committee, and

WHEREAS, the City Council believes it to be in the best interest to approve the Amended Special Assessment Policy, now therefore

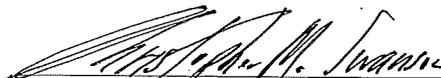
BE IT RESOLVED, by the City Council of the City of Two Harbors, that the Amended Special Assessment Policy attached hereto as EXHIBIT B is hereby approved and adopted effective April 24, 2018.

ADOPTED, this 23rd day of April A.D., 2018.


Miles Woodruff, President, City Council

ATTEST: 
Patricia D. Nordean, City Clerk

APPROVED, by the Mayor of the City of Two Harbors this 24th day of April, 2018.


Christopher M. Swanson, Mayor

RESOLUTION NO. 7-112-03

AMENDING THE POLICY FOR ASSESSMENT OF STREET IMPROVEMENT COSTS
BY INCREASING THE PROPERTY OWNER'S PARTICIPATION OF THE COSTS
TO 50%

WHEREAS, Resolution No. 9-134-93 re-established the policy for assessment of street improvement and utility extension costs, and provided that streets which have been improved but have deteriorated through age or other circumstances determined by the City Council to be beyond the control of the City, and require total reconstruction, will be on a cost share basis of two thirds (66 2/3 %) to the City and one third (33 1/3 %) to the property owner, and

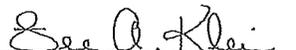
WHEREAS, the City Council believes it would be in the best interests of the City to amend said policy, now therefore

BE IT RESOLVED, by the City Council of the City of Two Harbors, that the Policy of Assessment of Street Improvement and Utility Extension Costs is hereby amended as follows:

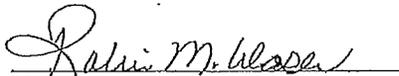
Streets which have been improved but have deteriorated through age or other circumstances determined by the City Council to be beyond the control of the City, and require total reconstruction, will be on a cost share basis of one half (50%) to the City and one half (50%) to the property owner.

ADOPTED, this 28th day of July, A.D., 2003.


President, City Council

ATTEST: 
Administrator

APPROVED, by the Mayor of the City of Two Harbors this 29th day of July, 2003.


Mayor

RESOLUTION NO. 9-134-93

RE-ESTABLISHING POLICY FOR ASSESSMENT
OF STREET IMPROVEMENT AND UTILITY EXTENSION COSTS

WHEREAS, the City Council of the City of Two Harbors believes the present street improvement assessment policy should be amended to provide for major reconstruction of a previously improved roadway, therefore

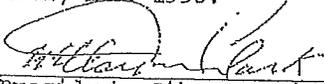
BE IT RESOLVED, that the present property assessment policy for street improvements be reconfirmed as follows:

- 1) Properties which abut previously unimproved streets be assessed one hundred percent (100%) of the cost to improve the street by establishing grade, installing road base, curb, gutter and pavement.
- 2) Maintenance of improved streets is the sole responsibility of the City and includes patching, repairs to curb and gutter and occasional overlay of existing pavement when City funds may be available. Property owners may petition for overlay of streets or alleys at their cost. If a majority of the affected property owners approve the City will follow the special assessment procedure and initiate the project.
- 3) Extension of water and sewer mains are assessed at one hundred percent (100%) cost to affected property owners. Existing water and sewer mains which are in need of repair or replacement will be done at cost to the City.

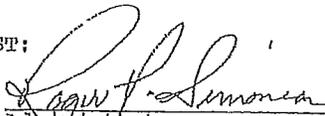
BE IT RESOLVED FURTHER, that this policy be amended to establish the following provision:

- 4) Streets which have been improved but have deteriorated through age or other circumstances determined by the City Council to be beyond the control of the City, and require total reconstruction, will be on a cost share basis of two thirds (66 2/3%) to the City and one third (33 1/3%) to the property owner. Total reconstruction is defined as replacement of existing pavement, curb and gutter and providing adequate road base.

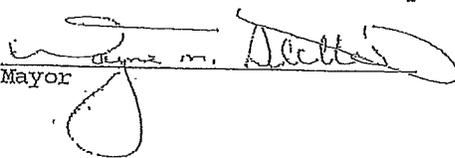
ADOPTED This 13th day of September, A.D. 1993.


President, City Council

ATTEST:


Administrator

APPROVED By the Mayor of the City of Two Harbors this 14th day of September, 1993.


Mayor