**12. Resolution Declaring Cost to be Assessed, and Ordering Preparation of Proposed Assessment**

WHEREAS, a contract has been let (estimated costs have been calculated) for Improvement No. \_\_\_\_\_\_\_\_\_, the improvement of \_\_\_\_\_\_\_\_\_ Street between \_\_\_\_\_\_\_\_\_ line of \_\_\_\_\_\_\_\_\_ Street and the \_\_\_\_\_\_\_\_\_ line of \_\_\_\_\_\_\_\_\_ Street by \_\_\_\_\_\_\_\_\_ and the contract (bid) price (estimated cost) for such improvement is $\_\_\_\_\_\_\_\_\_,[[1]](#endnote-2) and the expenses[[2]](#endnote-3) incurred or to be incurred in the making of such improvement amount to $\_\_\_\_\_\_\_\_\_ so that the total cost of the improvement will be $\_\_\_\_\_\_\_\_\_.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF \_\_\_\_\_\_\_\_\_, MINNESOTA:

1. The portion of the cost of such improvement to be paid by the city is hereby declared to be $\_\_\_\_\_\_\_\_\_ and the portion of the cost to be assessed against benefited property owners is declared to be $\_\_\_\_\_\_\_\_\_.[[3]](#endnote-4)

2. Assessments shall be payable in equal annual installments extending over a period of \_\_\_\_\_ years, the first of the installments to be payable on or before the first Monday in January, (year),[[4]](#endnote-5) and shall bear interest at the rate of \_\_\_\_\_ percent per annum from the date of the adoption of the assessment resolution.[[5]](#endnote-6)

3. The city clerk, with the assistance of the city engineer (consulting engineer), shall forthwith calculate the proper amount to be specially assessed for such improvement against every assessable lot, piece or parcel of land within the district affected, without regard to cash valuation, as provided by law, and he/she shall file a copy of such proposed assessment in his/her office for public inspection.

4. The clerk shall upon the completion of such proposed assessment, notify the council thereof.

Adopted by the council this \_\_\_\_\_ day of (month) , (year) .

 Mayor

 \_\_\_\_\_\_\_\_\_\_\_

City Clerk

**END OF FORM**

1. Alternatively, where work is done by day labor, replace with the following:

“WHEREAS, the city engineer (street commissioner) has been directed to proceed with Improvement No. \_\_\_\_\_\_, the improvement of \_\_\_\_ Street between the \_\_\_\_ line of \_\_\_\_ Street and the \_\_\_\_ line of \_\_\_\_ Street by \_\_\_\_ and the cost thereof has been determined to be $\_\_\_\_\_ of which the city will pay $\_\_\_\_\_ as its share of the cost. [↑](#endnote-ref-2)
2. Minn. Stat. § 429.091, subd. 1, includes in expense every item of cost of the improvement from its inception to its completion and all fees and expenses incurred or to be incurred in connection therewith. [↑](#endnote-ref-3)
3. Under Minn. Stat. 429.051, the city may subsequently reimburse itself for all or any of the portion of the cost of a water, storm sewer, or sanitary improvement so paid by levying additional assessments upon any properties abutting on but not previously assessed for the improvement, on notice and hearing as provided for the assessments initially made. Section 429.052 provides similar authority for roads outside of the city’s jurisdiction which are later annexed. If separate assessments will be made, a paragraph for each item to be separately assessed would be added. [↑](#endnote-ref-4)
4. Minn. Stat. § 429.061, subd. 2, allows a departure from requiring assessments to be payable in equal annual installments, as specified in the resolution adopting the assessment (see also Forms 14 and 15), although the number of installments need not be uniform for all assessments in a single assessment roll if a uniform criterion for determining the number of installments is provided by the resolution adopting the assessment. If special payment options are to be made available, the city might want to consider stating these options in this resolution.

Some confusion has also arisen over what dates should be filled in the blank (year). According to Minn. Stat. § 429.061, subd. 2, all assessments shall be payable in equal annual installments extending over such period, not exceeding 30 years, as the resolution determines, payable on the first Monday in January in each year. For example, if the resolution were passed in October 2009, the first installment would be payable on the first Monday in January 2010, since this would be the first January following the adoption of the resolution.

The statute goes on to state that to the first installment of each assessment shall be added interest on the entire assessment from a date specified in the resolution levying the assessment, not earlier than the date of the resolution, until December 31 of the year in which the first installment is payable. In the example used above, the year in which the first installment is payable would be 2010, so this is the year to be filled in. [↑](#endnote-ref-5)
5. The notice of hearing on the special assessment must state the interest rate to be charged on assessments. (Minn. Stat. § 429.061, subd. 2.) Since the notice of hearing must contain the interest rate, the interest rate must be established by the council at an earlier point in the proceedings. The actual interest rate may not be known until bonds are issued, which in some cities won't be until after the appeal period. (The same problem exists, though, if the rate is set in the assessment resolution.) It would seem reasonable, therefore, to include the establishment of the interest rate and the period of years over which the assessment is payable as part of this resolution.

The rate of interest on deferred installments is fixed by the council. Some favorable margin over the interest that is required to be paid on the bonds seems justified in order to furnish protection against possible losses, but obviously the interest charged should not be used as a medium for increasing total revenues or creating surpluses in the debt service fund. If a municipality were able to borrow at about 6 percent a charge of about 8 percent on deferred installments would probably be considered a safe margin, although local factors may enter into determination of the proper interest rate in many instances. [↑](#endnote-ref-6)