

PAVEMENT MANAGEMENT PROGRAM (PMP)

THE QUESTIONS AND THE ANSWERS

Last updated October 13, 2020

FUNDING

Q1. Identify how each component of the program is funded (ie, quarterly city bill, property taxes, etc). Highlight those in which a portion of the costs is covered by the homeowner assessment.

A: PMP funding comes from various sources. The street portion is funded with special assessment bonds and would require at least a minimum of 20 percent in assessment income in order to sell bonds. The City tries to aim a little higher due to costs associated with unplanned change orders, etc. Water, Sewer, and Storm Improvements are funded by through enterprise funds that charge for services (ie, water based on usage, etc).

Q2. What City regulations govern how much the homeowner is assessed?

A: Special Assessment Policy (www.goldenvalleymn.gov/budget/pdf/special-assessment-policy.pdf).

Q3. When does the homeowner learn the exact amount of the assessment?

A: Following the bid opening, assessment costs are established and property owners are notified.

Q4. What is the current estimate of the amount of the assessment for a homeowner?

A: See table on PMP web page under “PMP Street Width Consideration FAQs”:
www.goldenvalleymn.gov/streets/pmp

Q5. How is the homeowner assessment calculated?

A: Assessments are calculated on a per-unit basis and generally make up 20–25 percent of the street costs of the project. The remainder of the project (generally 75–80 percent) is financed by the City as a whole through general taxes.

Q6. What payment options are there? Can costs be included in property tax? If so, how?

A: An assessment is a charge added to a property tax. Golden Valley assesses properties for 10 years. Assessment amounts can be paid up front to avoid interest or at any point during the life of the assessment. Special assessments are often paid off as part of a property sale.

Q7. Can you give an example of how payments over a period of time are calculated? If you don't have an exact number for the assessment, can you use an example based on an assessment amount of \$10,000? This is to understand interest?

A: This example is for the 2019 PMP:
www.goldenvalleymn.gov/streets/pmp/payment-schedule.php

Q8. When lots are considered to be oversized, if the homeowner's assessment accounts for exactly 20 percent of cost, why would an oversized lot be assessed possibly even many years later when they are subdivided and sold?

A: A lot is oversized if it can be subdivided into two or more lots that comply with City Code requirements. The proceeds for deferred assessment represent the benefit received from the improvements. The newly subdivided lots receive a benefit of a street. Oversized lots are determined during preparation of the project feasibility report.

Q9. Are corner lots assessed the same amount as those that are not on the corner?

A: Corner lots are assessed on a per-unit basis, with one half of a unit assessed for each local street being reconstructed.

Q10. What if a house is on a corner and has one side in one PMP and one side in another PMP? When is the assessment made? Is the timing of the assessment based on where the driveway is located?

A: See answer to Q8.

Q11. How much is a homeowner assessed if on a corner and one side is on a County road and the other side is on City street? Does it matter if the driveway is on the County road or City street?

A: Corner lots on County roads are assessed a full unit at the time the local street is reconstructed.

Q12. Several of GV's '60s era homes have a concrete exit lip left on one side of the property due to former owners having a crushed rock turnaround in the front yard. Some homeowners have since removed the turnarounds, installed sod, and converted to just one concrete driveway leading to the garage, but the lip is still there from the extra exit to the street. Will the City remove that as they redo the curbs? Will there be an extra cost to homeowners for breaking up the additional concrete lip?

A: Yes, it will be removed at no charge.

Q13. Is there additional work and costs for properties that have a fire hydrant on their property?.

A: Excavation is required to replace the hydrant, but there is no additional cost to the property owner.

Q14. Are homeowners assessed for the sidewalks?

A: There is not a special assessment for sidewalks.

Q15. Is there any additional funding that Golden Valley can receive to fund the PMP? If so, what is it?

A: A city with a population greater than 5,000 is eligible to designate up to 20 percent of its street mileage as Municipal State Aid roadways. These streets are then eligible for funding from MnDOT for construction funding from gas tax revenues as outlined in State Statutes. There are no state aid streets within the remaining PMP projects.

Q16. How much has the City spent on the PMP over the last few years?

A: See below for PMP bonds issued and special assessments between 2003–2019.

Project Year	Bond Size for Street Portion Only	Assessment Totals	Percentage Assessed	Interest	Price Per Parcel	Miles
2003	\$11,085,000	\$2,341,476	21.12 %	7 %	\$2,900	8.5
2004						
2005	\$5,990,000	\$1,222,227	20.40 %	7 %	\$3,200	4.8
2006	\$7,320,000	\$1,673,000	22.86 %	7 %	\$3,500	5.2
2007	\$4,105,000	\$909,044	22.14 %	7 %	\$3,900	2.8
2008	\$6,680,000	\$1,339,635	20.05 %	7 %	\$4,400	4.0
2009	\$7,305,000	\$1,521,649	20.83 %	7 %	\$4,400	4.4
2010	\$3,845,000	\$884,851	23.01 %	7 %	\$4,900	2.7
2011	\$1,840,000	\$506,000	32.13 %	6 %	\$5,780	1.2
2012	\$1,575,000	\$477,050	30.29 %	6 %	\$5,750	1.6
2013	\$4,560,000	\$533,522	23.00 %	6 %	\$6,000	1.0
2014		\$502,041	23.00 %	6 %	\$6,000	1.2
2015	\$1,870,000	\$493,588	26.40 %	5 %	\$6,600	0.8
2016	\$1,290,000	\$343,200	26.60 %	5 %	\$6,600	0.5
2017	\$2,580,000	\$615,287	23.85 %	5 %	\$6,600	1.1
2018	\$2,950,000	\$621,839	21.08 %	5 %	\$6,900	1.2
(1) 2019	\$3,852,479	\$835,305	21.68 %	5 %	\$7,200	1.5

(1) The City lowered the debt issuance amount by using positive performance. The bond issue was \$1,770,000.