



Olmsted County Code of Ordinances

Chapter 3650 – 3654 Olmsted County Service Charges Ordinance

Olmsted County MN

Passed as Resolution No. 18-01

May 1, 2018

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ORDINANCE 18-01

AN ORDINANCE CREATING SECTIONS 3650-3654 OF THE OLMSTED COUNTY CODE OF ORDINANCES IMPOSING SERVICE CHARGES ON NEWLY DEVELOPED PARCELS IN THE LAKE ZUMBRO IMPROVEMENT DISTRICT WHICH WILL HELP OFFSET COSTS ASSOCIATED WITH DREDGING OF THE LAKE

WHEREAS, in order to meet the requirements to draw upon grant funding allocated by the State of Minnesota for the Lake Zumbro dredging project which requires proof of a local match, the Olmsted-Wabasha Lake Zumbro Joint Powers Board (hereinafter the "Joint Powers Board") secured these funds, and;

WHEREAS, the Joint Powers Board borrowed a sum of money which will equal the assessments to be collected from benefited property owners who reside in the Lake Zumbro Improvement District (\$1,617,000), the amount committed by Wabasha County to the project over a 5-year period (\$100,000), and the amount committed by Olmsted County to the project over a 5 year period (\$400,000), for a total of \$2,117,000, to make the sum available to meet the grant local match requirements, and;

WHEREAS, some parcels of real estate in the Lake Improvement District have been developed with buildings and other improvements while other parcels remain undeveloped, bare land. It is expected that once the lake has been dredged, some of the undeveloped parcels will become more attractive for residential and commercial development in the future. Current special assessments needed for the lake dredging project which will be due and payable over the next 10 years are only planned to be placed on the developed parcels. However, similar charges collected from the undeveloped parcels once developed will be needed to cover any current deferred or delinquent assessments on the developed parcels if supplemental ad valorem property taxes to cover these costs are to be avoided or minimized and will help cover ongoing costs to maintain the dredged areas of the lake once the project is completed, and

WHEREAS, the dredging of Lake Zumbro will commence once the required dredging engineering work and environmental analysis are completed and the required permits have been issued by federal and state authorities, and

WHEREAS, the Wabasha and Olmsted County Boards have adopted the necessary resolutions authorizing the Joint Powers Board to enter into this arrangement with Olmsted County and they have provided General Obligation Pledges to collect and transfer to Olmsted County on behalf of the Joint Powers Board, any future service charges on properties developed in the future, any service charges and any other ad valorem taxes which may need to be imposed upon the properties in the Lake Zumbro Improvement

District located in Wabasha and Olmsted counties necessary to make timely payments on the Promissory Note, and;

WHEREAS, it is necessary for Olmsted County and for Wabasha County to create the rules which will govern the imposition of service charges on undeveloped parcels in the Lake Improvement District and this ordinance is designed to create and impose those rules, and;

THE COUNTY BOARD OF THE COUNTY OF OLMSTED DOES ORDAIN:

Section 3650. Authorization. The JPB was created by the combined efforts of the Wabasha and Olmsted County Boards in part to coordinate management of the project to dredge portions of the Lake along with the Lake Zumbro Improvement District pursuant to Minnesota Statutes, Section 103B.525, 103B.551, and 103B.555.

Section 3651. Imposition of Service Charges by County or JPB. In the event the special assessments which have been imposed on the benefited properties in the District are insufficient to produce the necessary amounts needed to meet the required principal and interest payments owing on the Promissory Note or on any future bonds which may be issued to help finance any future improvement projects for the lake or to help maintain dredged areas of the lake once the dredging project has been completed, the County, or the JPB pursuant to authorization granted by the County, pursuant to Minn. Stat. Section 103B.555, shall dedicate all collections of future service charges or service charges on the previously undeveloped benefited properties in the District as necessary to meet the required payments on the Promissory Note or to help maintain dredged areas of the lake once the dredging project has been completed.

Section 3652. Service Charges on Newly Developed Benefited Parcels in the District.

a. **When Parcel is “Developed”** - For each undeveloped parcel located within the Lake Improvement District boundary in Olmsted County which benefitted from the lake dredging project, the property owner shall pay a service charge at the time when the property is developed. A property is considered “developed” when the owner seeks issuance of a building permit to erect a new dwelling or occupied commercial structure on the property, or when the owner seeks approval to plat or subdivide the property in order to sell off portions to others to erect a new dwelling or occupied commercial structure on the platted or subdivided property.

b. **Map of Benefited Properties** - This service charge is designed to equitably recover from newly developed benefited properties a contribution to the project designed to approximate the assessment which a similar developed benefited property previously paid using the approved District assessment methodology. A map of the properties which are considered “eligible newly developed benefited parcels” which have not been previously assessed in connection with the lake dredging project is attached

hereto as Exhibit A. The County Planning Department shall work with the County Property Records and Licensing Department to insure that each such property is “flagged” in the County’s GIS mapping system so that it is apparent when a property owner contacts the Planning Department in connection with development of the property. This map shall be updated continuously by County staff as parcels are developed and as parcel service charges are imposed and paid by benefited property owners. Updates made by each county to their respective maps shall be exchanged with the other county on at least an annual basis to permit a master map of the parcels on which service charges have been imposed and paid in the entire District to be maintained as needed.

c. **Computation of Service Charge** - The service charge for each eligible newly developed benefited property shall be determined using the formula set forth in the attached Exhibit B. The Rochester-Olmsted Planning Department shall calculate the service charge which is owed using this formula and if needed, the Planning Department may seek input on the proper calculation of the service charge owed from the County Environmental Resources Department or the professional engineering staff that provided the special assessment calculations for the lake dredging project.

d. **Commencement of Service Charge Collection** - These service charges shall be collected from newly developed benefited properties beginning on the day after the date the Joint Powers Board approves a resolution authorizing dredging project assessments on the currently developed benefited properties in the District until a period of 10 years has elapsed.

e. **Manner of Service Charge Payment** - These service charges shall be collected by the Rochester-Olmsted Planning Department for newly developed benefited properties in the Olmsted County portion of the District in one payment to be made at the time of development of the newly developed benefited properties.

f. **Remitting of Collected Service Charge Payments** - These contributions shall be transferred by the Rochester-Olmsted Planning Department to the Olmsted County Finance Department as fiscal agent for the Joint Powers Board. Service charges collected by Wabasha County for newly developed benefitted properties on its portion of Lake Zumbro shall be remitted to the Olmsted County Finance Department on at least an annual basis. Service charge funds shall first be applied toward any outstanding balance owed for principal and interest on the Promissory Note between the Joint Powers Board and Olmsted County. If the principal and interest payments which are due on the promissory note are current, collected services charges shall be placed into a maintenance fund by Olmsted County Finance to be used by the Lake Improvement District for future maintenance of the dredged areas of the lake.

g. **Duration of Service Charge Collection Period** - This obligation for owners of newly developed parcels in the Lake Improvement District to pay a service charge when the property becomes developed shall end 10 years after the date the Joint Powers Board approves a resolution authorizing dredging project assessments as it has

been determined that the benefits of the lake dredging project will have become sufficiently remote beyond a period of 10 years after completion of the project that it will no longer be equitable to collect service charges on newly developed properties and insure that the costs of the project which benefit certain property owners in the Lake Improvement District are shared equally.

h. **Objections to Service Charges** – In the event a property owner objects to the imposition of the service charge or the amount of the service charge, the following appeal process shall apply:

- 1) The owner shall serve the County Environmental Resources Department with a written notice of appeal outlining at a minimum the intended manner in which the owner intends to plat and/or subdivide the property and develop it.
- 2) The Environmental Resources Department shall send a copy of the notice of appeal to the Chair of the Joint Powers Board within five (5) business days of receipt. The Joint Powers Board shall then send the property owner a written Notice of Hearing which will state the date, time, and place of the Hearing before the Joint Powers Board. The purpose of the Hearing is for the JPB to hear and consider all objections to the proposed service charge, whether presented orally or in writing.
- 3) The Joint Powers Board shall issue a written set of findings and an order after receiving and reviewing all of the evidence. Before the Joint Powers Board adopts the service charge it may change, or amend the proposed service charges as to any parcel. In the event the Joint Powers Board decides that a challenged service charge should be modified or waived, the Board shall notify the County Auditor and the Planning Department for parcels located in Olmsted County so that those Departments may update their records concerning the actual service charge which is owed.
- 4) After the Service Charge Appeal Hearing has occurred, each property owner will be mailed a Notice for Payment of the service charges which are owed. Payment can be made within 30 days of the notice with no interest charges. After that period, it will accrue interest on the unpaid balance of 4% per annum until paid in full.

Section 3653. Violations - It shall be unlawful to intentionally develop a benefitted parcel located within the Lake Improvement District in Olmsted County and fail to pay the required service charge prior to development. This shall be a misdemeanor criminal offense punishable by up to ninety (90) days in jail, and/or a fine of up to \$1,000.

In lieu of issuance of a criminal citation, the County Environmental Resources Department or the Planning Department may issue a civil notice of violation pursuant to the Olmsted County Administrative Enforcement and Appeals Procedure Ordinance set forth in Chapter

4000 of the Olmsted County Code of Ordinances. Penalties for violation of this ordinance following issuance of a civil notice of violation pursuant to the Administrative Enforcement and Appeals Procedure Ordinance shall be as set forth in the current Administrative Penalty Schedule for the County's Environmental Resources Department.

The County may also pursue any other civil remedies it deems necessary to collect any unpaid service charges including injunctive relief and/or seeking a civil judgment against the property owner(s). The County Planning Department is also authorized to refuse to issue a building permit, certificate of occupancy or any other licenses or permits in connection with the property until any outstanding service charges for the parcel have been paid in full.

Section 3654. Effective Date - This ordinance shall take effect following its publication on the day after the date when the Joint Powers Board approves a resolution authorizing dredging project assessments on the benefited improved properties located in the Lake Improvement District as needed for the local match for the Lake Zumbro dredging project.

PASSED AND ADOPTED BY THE OLMSTED COUNTY BOARD OF COMMISSIONERS.

Dated this ____ day of May 2018 at Rochester, Minnesota.

OLMSTED COUNTY BOARD OF COMMISSIONERS

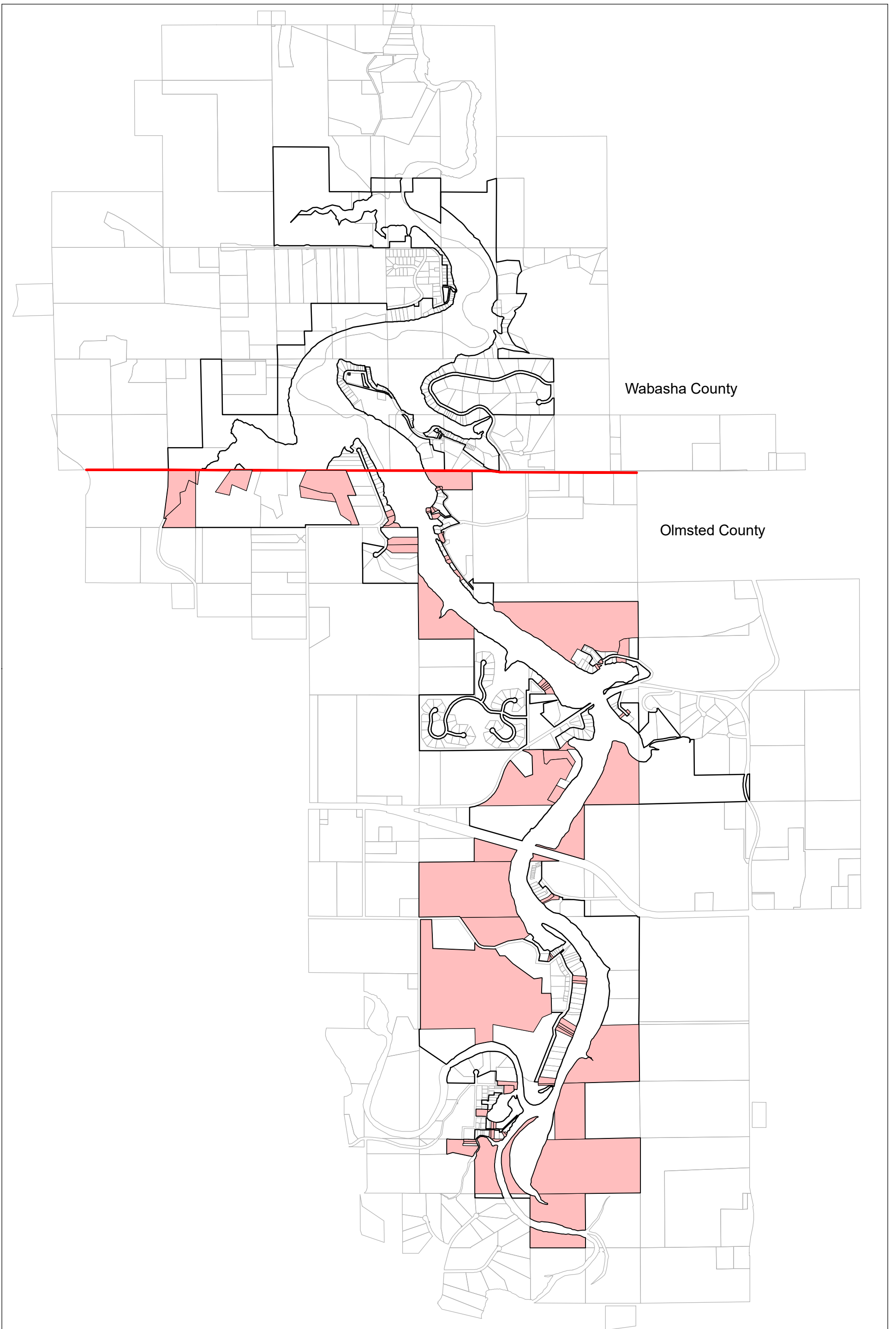
Sheila Kiscaden, Chair of the County Board

ATTEST:

Laura Blatti – Deputy Clerk of the Board

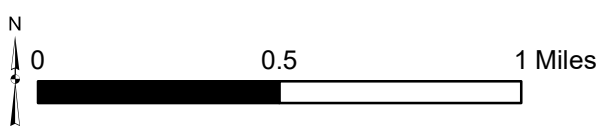
End of Olmsted County Ordinance Chapter 3650-3654

Exhibit A



Wabasha County

Olmsted County



Lake Zumbro Improvement District

Exhibit A

Eligible Newly Developed Benefited
Properties as of 7/28/17

Exhibit B - Lake Zumbro Service Charges

| Residential | | | | | | | | | |
|--------------------|--|-------------------------------|---|--|---|------|----------|----------------|---|
| Example | Parcel Location | Request | REUs | Example of Service Charge Calculation for Year 2018 REU Rate | | | | | When are Charges Payble |
| | | | | Lots, Units, Acres | Factor | REUs | Rate | Service Charge | |
| 1 | Abuts Lake | Building Permit | One REU | 1 Lot | multiplied by 1- REU/Lot | 1 | \$ 4,541 | \$ 4,541 | Issuance of Building Permit for new occupancy |
| 2 | Abuts Lake | Metes & Bounds (Lot Split) | One REU for Each Lot | 2 Lots | multiplied by 1- REU/Lot | 2 | \$ 4,541 | \$ 9,082 | Issuance of Building Permit for new occupancy |
| 3 | Abuts Lake | Plat or Replat | One REU for Each Lot that Abuts Lake | Assumed 5 Lots | multiplied by 1- REU/Lot | 5 | \$ 4,541 | \$ 22,705 | Plat/Replat Approval |
| 4 | Common Area Abuts lake | Plat or Replat | Total Number of Lots / 5 | Assumed 45 Lots | divided by 5 Lots / REU | 9 | \$ 4,541 | \$ 40,869 | Plat/Replat Approval |
| 5 | Common Area Abuts lake Plus Lots Abut Lake | Plat or Replat | Total Number of Lots / 5 Plus One REU for Each Lot that Abuts Lake | Assumed 45 Lots Assumed 5 lots | divided by 5 Lots / REU multiplied by 1- REU/Lot | 9 | \$ 4,541 | \$ 40,869 | Plat/Replat Approval |
| | | | | | | 5 | \$ 4,541 | \$ 22,705 | |
| 6 | Common Area Abuts Lake Residential Units | Plat or Replat | Total No. Of Residential Units / 5 Plus 0.5 REUs for Each Residential Unit | Assumed 15 Residential Units Assumed 15 Residential Units | divided by 5 multiplied by 0.5 REUs/Unit | 3 | \$ 4,541 | \$ 13,623 | Plat/Replat Approval |
| | | | | | | 7.5 | \$ 4,541 | \$ 34,058 | |
| | | | | | | 10.5 | \$ 4,541 | \$ 47,681 | |

| Commercial | | | | | | | | | |
|-------------------|---------------------------------------|-----------------|---|-----------------------------|------------------------------------|-----|----------|-----------|---|
| 1 | Abuts Lake Plus Adjacent Parcel(s) | Building Permit | One REU per 0.75 acres plus Adjacent Parcels for Commercial Use (Adjacent Parcel(s) do not have to Abut Lake) | Assumed 2.5 Assumed 2.0 | divided by 0.75 divided by 0.75 | 3.3 | \$ 4,541 | \$ 14,985 | Issuance of Building Permit for new occupancy |
| | | | | | | 2.7 | \$ 4,541 | \$ 12,261 | |
| | | | | | | 6.0 | \$ 4,541 | \$ 27,246 | |
| 2 | Abuts Lake Plus Adjacent Parcel(s) | Plat or Replat | One REU per 0.75 acres Plus Adjacent Parcels for Commercial Use (Adjacent Parcel(s) do not have to Abut Lake) | Assumed 4.0 Assumed 1.75 | divided by 0.75 divided by 0.75 | 5.3 | \$ 4,541 | \$ 24,067 | Plat/Replat Approval |
| | | | | | | 2.3 | \$ 4,541 | \$ 10,444 | |
| | | | | | | 7.6 | \$ 4,541 | \$ 34,512 | |

Notes: 1. The REUs will be reduced by the REUs previously paid against the parcel. If the REUs are less than the REUs previously paid no reimbursement will be made.

2. The REU rate used, will be the rate in effect in the year that the service charge is paid.

| REU Rates | |
|------------------|-------------|
| Year | Dredge Area |
| 2018 | \$ 4,541 |
| 2019 | \$ 4,723 |
| 2020 | \$ 4,912 |
| 2021 | \$ 5,108 |
| 2022 | \$ 5,312 |
| 2023 | \$ 5,525 |
| 2024 | \$ 5,746 |
| 2025 | \$ 5,976 |
| 2026 | \$ 6,215 |
| 2027 | \$ 6,463 |

Note: 1. Rates adjusted annually on January 1st of each year at 4%