



Special Assessment Task Force

The Special Assessment Task Force is scheduled to meet Wednesday, June 15, 2022, at 3:00 PM in the Meeting Room A at Bismarck Veterans Memorial Public Library, 515 N 5th St, Bismarck, ND 58501.

1. Welcome and Introductions
2. Approval of Minutes

Documents:

[SATF_Meeting_3.7.2022.pdf](#)

3. Memorandum of Recommended Direction to the Bismarck City Commission

Documents:

[Sub-Committee Language As of May 16th_05242022.pdf](#)

4. Rate Calculations and Rate Tier Structure

Documents:

[Street Utility Fee Key Assumptions.pdf](#)
[Example Commercial.pdf](#)
[Example Residential.pdf](#)

5. Street Utility Fee Revenue and Expense Projections

Documents:

[Street Utility Fee Revenue and Expense Projections.pdf](#)

*Phone: 701-355-1300 | 221 North 5th Street | P.O. Box 5503 | Bismarck, ND 58501
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Special Assessment Task Force

3/7/2022 - Minutes

1. Welcome And Introductions

2. Approval Of Minutes

Robb Sattler made a motion to approve the minutes as presented, Kate Herzog seconded. All voted aye, M/C.

3. Finish Ballot Discussion

City Attorney Jannelle Combs provided an overview of the Home Rule Charter (HRC), Ordinance, Commission Policy, and Staff Procedures related to implementing the Street Maintenance Utility Fee.

- The Home Rule Amendment provides more citizen control. It is the most difficult to change, focusing on policy. Home Rule Amendment requires 60% voter approval for any amendments.
- Staff Procedures and Commission Policies are easier to administer and make changes. The focus is on the process over policy.

The group's general consensus was to enact an ordinance that requires the Street Utility Policy to be reviewed annually by the Commission. The group discussed the policy requirement for a 3 - 5 year street maintenance schedule, which is communicated to the public as it is currently with the addition of more communication opportunities to the public outside of the budget process. Issues like a floating cap for inflation and ending fund balance can be addressed in the Street Utility Fee Policy. Since state law indicates the street utility fund is a restricted fund and can only be used for street maintenance and would be included in the HRC, detailed maintenance activities need only be included in the ordinance. The Commission would make the necessary cash management decisions through the financing transition period. There was no discussion of a process for rate changes by the Commission or granting the commission leeway if the "baseline rate" expressed in the ordinance doesn't work because there wasn't consensus on a formula or "baseline rate" to be expressed in the ordinance.

- <https://bismarcknd.gov/DocumentCenter/View/39975/Item-3-Additional-Information-PDF>

4. Review Residential Fee Framework With 3 Tiers Instead Of 6 Tiers

The group was presented with a 3 tier residential fee framework. Some members liked the 3 tiers better than the 6 tier framework. Other members didn't feel strongly one way or the other. So the consensus was to present both to the Commission with a recommendation to "tier the rates."

Dustin Gawrylow moved to recommend the Bismarck City Commission place the Home Rule Charter ballot language as suggested on the ballot and that staff provides multiple tiered options for the Commission to consider starting with the options that the task force has developed. Mike Schmitz seconded the motion. The motion passed unanimously.

- <https://bismarcknd.gov/DocumentCenter/View/39974/Residential-Tier-Comparison-PDF>

5. Discuss Recommendation To Commission

The group agreed the presentation format proposed in the agenda was good. They nominated Dustin Gawrylow to present the background and process used to arrive at our recommendation. He will work with staff to put together his presentation.

Kate Herzog motioned to have Dustin Gawrylow present the recommendations of the task force to the Commission on March 22, 2022. Brent Erickson will present if Gawrylow is unable to. Robb Sattler seconded the motion. The motion passed unanimously.

- A. Elect Representative To Present The Background And Process Used To Arrive At Our Recommendation
- B. Gabe Schell, City Engineer, To Present Rate Framework To Commission
- C. Jannelle Combs, City Attorney, To Present The Ballot Question To Commission

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Memorandum of Recommended Direction to the Bismarck City Commission

From: Bismarck Special Assessment Task Force Sub-Committee
To: Bismarck City Commissioners

Commissioners,

Attached you will find our suggested language for a Home Rule Charter Amendment enabling the City Commission to pursue a policy to replace the use of special assessments for street maintenance with a monthly street maintenance utility fee. This proposal is now five years in the making, and the details of the actual ordinance must be worked out before we can expect 60% of Bismarck's electors to approve such a change.

The Home Rule Charter Amendment contents are designed to allow this and future commissions the flexibility to transition away from special assessments for street maintenance and provide guardrails to protect property owners, taxpayers, and all residents in general. Our genuine hope is that this can be the first step to proving that city infrastructure can be financed with a more stable and sustainable monthly fee rather than the long-time practice of special assessments. With that said, we do understand no system is perfect, and the need to modify or even reverse this transition may be desired if economic conditions fluctuate such that the fee would exceed what an average person would call reasonable.

In addition to the proposed language for the actual amendment, which we have consensus agreement is a minimum level of detail and protection for both the city government and its citizens, we would like to make the following statements for the record as to the direction of the city commission should go in this process:

1. A draft ordinance and policy outline should be developed before asking voters to approve this Home Rule Charter Amendment. The city should be able to provide a well-defined model of what the voters can expect if they vote to approve this amendment.
2. There has been some ambiguity as to whether property owners could see special assessments for Arterial/Collector Roadways in addition to the Monthly Street Utility Infrastructure Fee. It is our strong preference that city policies be modified to eliminate the need for any future special assessments for street projects that would be considered "maintenance". Special consideration to widening or other work that may create a different designation. If Greenfield Specials are eliminated, and Street Maintenance Specials are replaced, it makes no sense to leave the possibility for specials for "Area Wide" Arterial/Collector Roads. If this is not possible, the city must develop a way to explain why this is ahead of time to avoid "bait and switch" complaints.
3. Upon approval by the voters, the city commission must facilitate public communications and public input beyond the bare minimum required by law. We would encourage the city to develop a calendar showing the public what they can expect as far as the timeline for development, discussion, debate, and implementation. We request that you as a commission commit to holding several stand-alone meetings (in addition to the legally required public hearings) where the public gets to have their voices heard and that serious and informed public input be incorporated into the revision process.

4. Expedite the discussion and decision on ending the policy of using the city's debt capacity for facilitating the financing of new "greenfield development." We believe that an approved plan, prior to a public vote on the home rule charter amendment, to phase out "greenfield" special assessments will be seen by the public as an act of good faith on the city's part.
5. The sub-committee was divided on how specific the policy regarding minimum and maximum ending fund balances should be addressed. We had a consensus on requiring that the city commission have some sort of policy in the ordinance. One discussed approach was as follows:

Alternative Subsection D.

Minimum and Maximum Ending Fund Balances: To ensure adequate funding and limit excess funding, the street utility fee shall be adjusted annually within the defined rate framework. A three-year projection of income and outflow will be calculated, and fees adjusted so the projected balance at the end of year three does not exceed 100% of the projected average annual outflow.

6. Work with city staff to facilitate a Citizen Inquiry process for residents to request a re-evaluation of street conditions in their neighborhood. The general consensus among subcommittee members was that this was a good idea, while staff indicated they essentially already do this. Legal counsel indicated there were dangers in placing such a process in the home rule charter as it created a new "right." A process greater than the current but less than a new "right" is desirable.
7. When determining how to assume the annual payments of existing specials, we recommend earmarking the ~\$8 million in sales tax revenue currently used to reduce special assessments generally. This way, the new street maintenance utility fee is not used to pay down existing balances. (No one's new fee should pay for other people's existing balances, having those dollars come from existing sales tax dollars is more tolerable.) As existing debt is retired and sales tax revenue is freed up, those unrestricted dollars should be used to offset increases commiserate with the minimum/maximum ending fund balance policy.

Sub-Committee Proposed Home Rule Charter Amendment (As Approved on May 23, 2022)

17. To levy and collect an infrastructure fee for street maintenance purposes.

- a. For the purposes of this fee, "street maintenance" shall be defined as "needed street maintenance projects" determined by the city commission and adopted "industry-accepted pavement management system." The city commission may temporarily expand this scope only with a unanimous roll call vote during the annual budget process.
- b. Upon implementation, the city commission shall remove street maintenance and arterial road reconstruction special assessment balances from the accounts of property owners.
- c. The city commission shall annually approve a non-binding preliminary draft outlining expected street projects for the next five (5) years as defined by the city commission's capital improvement plan criteria.
- d. Before full implementation, the city commission shall approve an ordinance defining the minimum ending fund balance and maximum ending fund balance.
- e. Implementation will commence upon the earlier of:
 - a) North Dakota Century Code allows the exemption of the infrastructure fee from tax-levy limitations for political subdivisions, or
 - b) Receipt of letters of support from both the Bismarck Public School District and Bismarck Parks and Recreation District.

Home Rule Charter Language "Footnotes of Intent"

The following is a brief line-by-line description of intent for the sub-committee approved Home Rule Charter language.

17. Enables the city to utilize statutory powers granted to Home Rule Charter cities.
 - a. After in-depth discussions, it was agreed to minimally define in the Home Rule Charter what would be covered by the new "street maintenance fee." The subcommittee intends that the ordinance list very specifically defines what the new fee would cover and requires annual unanimous approval of the city commission to go beyond that. The sub-committee will not oppose placing detail lists in the Home Rule Charter if the commission wishes to go that route.
 - b. This line assumes the city commission wishes to assume the existing street maintenance special assessment balances. This line can be redacted if the commission decides not to go down that road. The subcommittee would not oppose such action, but would like to make it clear that it would require even more transitional planning. There are no easy or right solutions to this particular piece of the equation.
 - c. The sub-committee placed this requirement in the Home Rule Language to ensure the public has a general idea of what to expect from the city on street maintenance in the near and mid-term.
 - d. The sub-committee agreed that there should be a requirement for policies limiting both minimum ending fund balance and maximum ending fund balance. We did not agree on approach or language but gave further suggestions in the attached "Memo."
 - e. To address concerns by the park district and school district, we recommend the city will advocate amending state law that affects them on implementing this new fee, OR that the city will negotiate with the schools and parks to find a solution. Burleigh County indicated impact can be absorbed by the general fund.

- Revenue Assumptions - Annual
 - \$13,000,000 in special assessment funded street improvements
 - \$7,000,000 in sales tax funded street improvements (to remain)
 - \$7,000,000 in existing special assessment debt repayment
 - (Includes \$500,000 in debt repayment for previous arterial road assessments. No fee revenue increase. Anticipated to be absorbed without rate increase.
 - \$27,000,000 total revenue requirement less \$7,000,000 in sales tax funding equals \$20,000,000 street utility fee revenue requirement
- Classes
 - Residential Class
 - 1 unit, 2 unit, 3 unit and residential condo building
 - Multi Family Class
 - Apartments, 4+ unit buildings
 - Manufactured Home Parks
 - Non-Residential (commercial) Class
 - Everything else
 - Exceptions - Bismarck Parks and Rec parcels without buildings (121 parcels, 40,774,359 SF)
- Revenue Split
 - 40% Residential/Multi-Family (\$8,000,000) & 60% Non-Residential (commercial) (\$12,000,000)
- Parcel Basis
 - All parcels would have a utility account created, even vacant parcels and those developed parcels without water/sewer.
 - Exceptions
 - Vacant residential single family and twin home parcels.
 - Graveyards (3 parcels)
 - Federal (11 parcels)
 - Condo properties were apportioned their estimated equivalent parcel SF of the larger common interest parcel. (ie 100,000 SF parcel with 10 equal owners were each assigned 10,000 SF parcel area)
 - Residential and Non-Residential (commercial) class use parcel SF as basis
 - 0.5X to 2X median parcel SF pays base fee.
 - Adjustments to smaller and larger parcels based on ratio to median parcel square foot similar to current special assessment policy.
 - Tiered system
 - Option to group non-residential (commercial) tiers
 - Caps on tiers
 - 3X median residential parcel SF (2X fee)
 - 6X median non-residential (commercial) parcel SF for exempt property (3X fee)

- 20X median non-residential commercial parcel SF for non-exempt property (10X fee)
- Multi-family class based on \$/dwelling unit (proposed \$7.00 dwelling unit)

PARCEL_ID	PROPERTY_ADDRESS	PROPERTY_OWNER	Approx Adjust Lot SF	% of Median	Capped Factor	Capped Monthly Revenue	Uncapped SF Monthly Revenue	no Min/6x median exempt max/20x median non-exempt max Calculated SF monthly revenue	.25x min/6x median except max/20x median non-exempt max Calculated SF monthly revenue	SQRT SF Adjusted Monthly Revenue
0001-052-015	110 N 3RD ST	KETTERLING, DARIN & JULIE	1,875	0.068	0.25	51	4	9	17	57
0001-112-053	309 N MANDAN ST 1	BLUE CHAMPAGNE ENTERPRISES INC	3,125	0.113	0.25	51	7	15	17	73
2020-001-151	3401 HAMILTON ST A	DAHL, MARK	2,671	0.097	0.25	51	6	13	17	68
0001-040-025	802 E MAIN AVE	VUE COMMUNITY CREDIT UNION	3,750	0.136	0.50	102	9	19	19	80
1125-001-005	3200 ROCK ISLAND PL 1	BJH OIL INC	4,536	0.164	0.50	102	10	22	22	88
0001-046-025	101 N 5TH ST	MORRIS, SUSAN MAE LIVING TRUST	9,750	0.353	0.75	153	22	48	48	129
0001-064-045	301 E THAYER AVE	DUEMELANDS OFFICE LLLP	10,520	0.381	0.75	153	24	52	52	134
0001-045-001	200 S 5TH ST	DAKOTA EYE INSTITUTE	26,250	0.952	1.00	204	60	130	130	212
0001-048-025	420 E MAIN AVE	PATTERSON PLACE LIMITED PARTN	15,800	0.573	1.00	204	36	78	78	164
0001-108-015	214 E THAYER AVE	FIRST PRES CH OF BISMARCK	52,500	1.903	1.00	204	119	259	259	300
0025-091-001	1030 N 6TH ST	MC CABE METHODIST CHURCH	80,750	2.928	1.50	306	183	399	399	371
0115-003-700	2422 E BOWEN AVE	CONLIN'S FURNITURE INC	56,317	2.042	1.50	306	128	278	278	310
0600-006-015	505 S 7TH ST	UNIVERSITY OF MARY	60,082	2.178	1.50	306	136	297	297	320
0926-003-200	1640 BURNT BOAT DR	BIS-MAN CHAMBER OF COMMERCE	86,489	3.136	2.00	408	196	427	427	384
2135-005-001	4100 SARATOGA AVE	CENTURY AMOCO LLC	83,422	3.024	2.00	408	189	412	412	378
0600-004-005	410 S 5TH ST	BISMARCK, CITY OF CIVIC CENTER	131,961	4.784	2.50	511	300	652	651	475
0600-006-060	805 S 7TH ST	REAL HARDWARE LLC	117,098	4.245	2.50	511	266	579	578	447
2195-001-150	201 TRANSPORT LN	MME INC	137,743	4.994	2.50	511	313	681	680	485
0906-001-100	3420 MIRIAM AVE	JEROME PROPERTIES LLP	174,253	6.317	3.50	715	396	861	860	546
1989-001-001	1608 N WASHINGTON ST	MISSOURI VALLEY YMCA INC	254,534	9.228	3.00	613	578	818	817	660
0601-001-001	600 S 7TH ST	TARGET CORPORATION	472,245	17.121	9.00	1,838	1,072	2,333	2,331	898
2302-005-001	4401 IVORY LN	BISMARCK PUBLIC SCHOOL DISTRI	535,946	19.430	3.00	613	1,217	818	817	957
0756-001-001	1401 W CENTURY AVE	LOWE'S HOME CENTERS, INC	609,110	22.083	10.00	2,042	1,383	2,726	2,723	1,020
1180-001-401	3225 N 14TH ST	EVANGEL ASSEMBLY OF GOD	943,225	34.196	3.00	613	2,142	818	817	1,270
0625-001-040	2700 STATE ST	GATEWAY FASHION MALL LLC	1,114,736	40.414	10.00	2,042	2,531	2,726	2,723	1,380
2001-001-100	500 ASH COULEE DR	BISMARCK PUBLIC SCHOOL DIST #	1,958,244	70.995	3.00	613	4,447	818	817	1,829
0600-004-061	600 S 5TH ST	KIRKWOOD MALL ACQUISITION LLC	2,103,654	76.266	10.00	2,042	4,777	2,726	2,723	1,896
1224-001-002	2000 SHILOH DR	BISMARCK PARK DISTRICT	4,293,245	155.648	3.00	613	9,749	818	817	2,709
1570-002-100	2111 NE 52ND ST	BISMARCK, CITY OF LANDFILL	20,124,544	729.600	3.00	613	45,697	818	817	5,865

Exempt Property Annual Revenue

No	9,371,860	4,711,626	9,232,715	9,228,679	8,103,491
Yes	2,628,140	7,288,374	2,767,285	2,771,321	3,896,509
Sum	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000

Annual \$/SF Cost \$ 0.027 \$ 0.059 \$ 0.059 \$ 15.688

Recommended by SATF Small Group on 6/13/22 for larger task force consideration

Residential/Condo/BPRD No Buildings

PARCEL_ID	PROPERTY_ADDRESS	PROPERTY_TYPE_DESC	Adjusted Parcel SF	% of Median	Capped Factor	6 Tiers Monthly Revenue	4 Tiers Monthly Revenue	Uncapped SF Calculated Monthly Revenue	4K SF min/36K SF max Calculated Monthly Revenue	SQRT SF Monthly Revenue
0923-009-031	1526 CIMARRON DR	Townhouse	874	0.10	0.25	7.00	13.99	2.11	6.50	8.52
0330-001-019	1120 N 12TH ST 8	Condominium	823	0.09	0.25	7.00	13.99	1.99	6.50	8.27
0785-005-010	3129 WINNIPEG DR	Townhouse	1,536	0.17	0.50	13.99	13.99	3.72	6.50	11.30
0604-015-026	107 BOISE AVE	Condominium	2,560	0.28	0.75	20.99	20.99	6.19	7.39	14.59
2020-001-007	3415 HAMILTON ST 6	Condominium	3,435	0.38	0.75	20.99	20.99	8.31	9.92	16.90
1585-002-074	829 CANADA AVE 12	Condominium	2,488	0.28	0.75	20.99	20.99	6.02	7.19	14.38
1245-011-017	908 LAMBTON AVE 2	Condominium	3,803	0.42	0.75	20.99	20.99	9.20	10.98	17.78
0497-022-013	310 W RENO AVE	Condominium	4,381	0.49	0.75	20.99	20.99	10.60	12.65	19.08
1035-007-050	3800 RENEE DR	Single-Family / Owner Occupied	9,000	1.00	1.00	27.99	27.99	21.77	25.99	27.35
0981-001-050	3225 EASTSIDE PL	Single-Family / Owner Occupied	13,488	1.50	1.00	27.99	27.99	32.62	38.95	33.48
1319-010-001	3609 VALLEY DR	Single-Family / Owner Occupied	17,920	1.99	1.00	27.99	27.99	43.34	51.74	38.59
1510-010-001	5100 BOULDER RIDGE RD	Single-Family / Owner Occupied	17,923	1.99	1.00	27.99	27.99	43.35	51.75	38.59
1436-001-015	5300 CORNICE DR	Single-Family / Owner Occupied	25,557	2.84	1.50	41.98	46.00	61.82	73.80	46.08
0588-008-005	1610 N 26TH ST	Single-Family / Owner Occupied	34,122	3.79	2.00	55.97	46.00	82.53	98.53	53.25
1600-004-001	3559 AUGUSTA PL	Single-Family / Owner Occupied	37,750	4.19	2.00	55.97	46.00	91.31	103.95	56.01
1410-001-100	416 FRAINE BARRACKS RD	Single-Family / Owner Occupied	44,799	4.98	2.00	55.97	46.00	108.36	103.95	61.01
0985-002-100	620 N 35TH ST	Public Use	47,532	5.28	2.00	55.97	46.00	114.97	103.95	62.85
0930-003-090	1857 SANTA GERTRUDIS DR	Single-Family / Owner Occupied	58,700	6.52	2.00	55.97	46.00	141.98	103.95	69.84
0045-016-001	320 E CUSTER PARK ST	Public Use	69,963	7.77	2.00	55.97	46.00	169.23	103.95	76.25
1169-001-001	2800 S 12TH ST	Public Use	7,042,074	782.453	2.00	55.97	46.00	17,033.37	103.95	764.98

Bis Parks No Buildings Annual Revenue

64,564	1,122,496	112,881	163,600
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Annual \$/SF Cost

\$	0.029	\$	0.035	\$	3.4592
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Recommended by SATF Small Group on 6/13/22 for larger task force consideration

SATF Sub-Committee
Street Utility Fee - Financial Projections

Street Utility Fee Revenue and Expense Projections (2% Inflation)

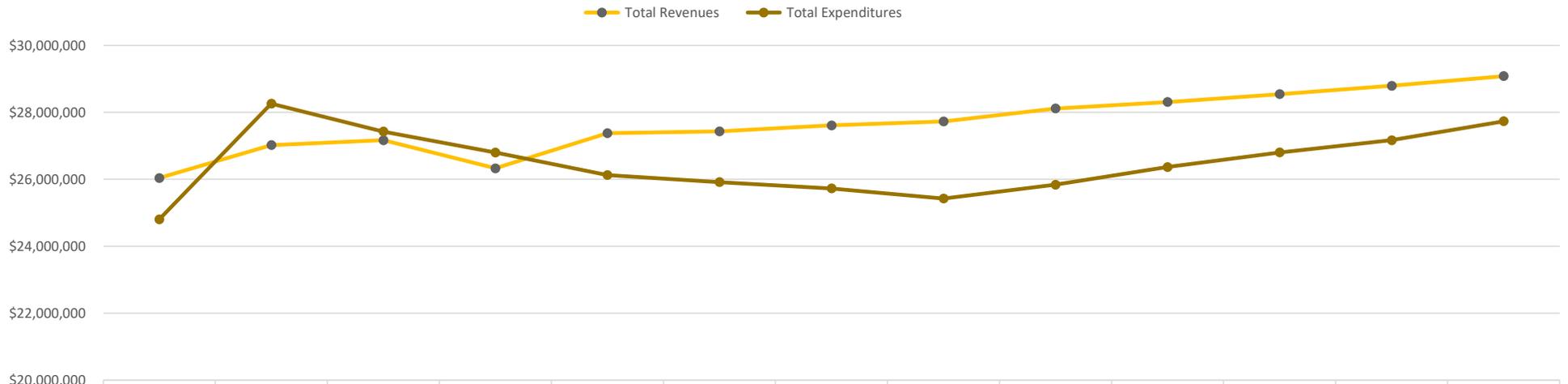
Street Utility Fee Revenue and Expense Projections (2% Inflation)



	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Revenues	26,041,000	27,020,600	27,170,750	26,331,200	27,307,430	27,288,430	27,392,066	27,432,647	27,729,086	27,837,586	27,981,168	28,135,630	28,321,367
Total Expenditures	24,806,356	28,261,359	27,427,466	26,802,357	25,929,301	25,510,463	25,107,632	24,575,086	24,751,421	25,026,685	25,202,289	25,294,034	25,572,218

Street Utility Fee Revenue and Expense Projections (3% Inflation)

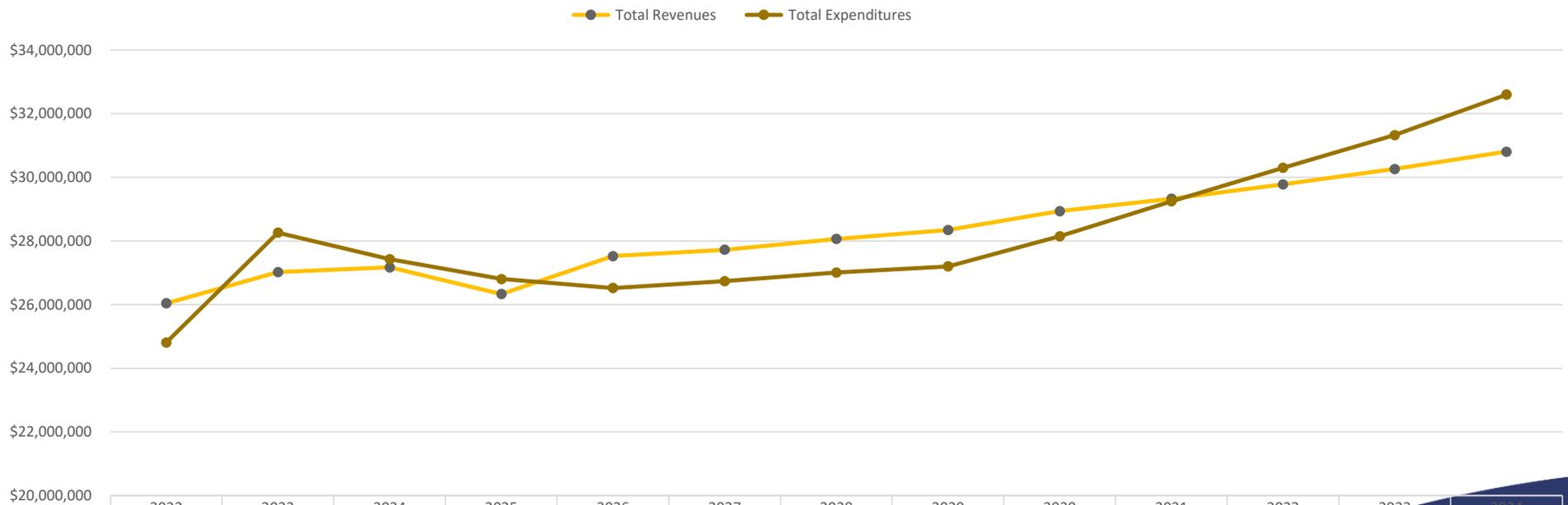
Street Utility Fee Revenue and Expense Projections



	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Revenues	26,041,000	27,020,600	27,170,750	26,331,200	27,379,071	27,432,041	27,611,618	27,728,438	28,115,464	28,310,069	28,545,271	28,796,048	29,085,068
Total Expenditures	24,806,356	28,261,359	27,427,466	26,802,357	26,126,498	25,914,716	25,729,176	25,424,542	25,839,814	26,365,450	26,803,292	27,169,584	27,735,082

Street Utility Fee Revenue and Expense Projections (5% Inflation)

Street Utility Fee Revenue and Expense Projections



	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Revenues	26,041,000	27,020,600	27,170,750	26,331,200	27,522,354	27,723,466	28,063,679	28,346,416	28,934,572	29,326,465	29,776,656	30,258,980	30,801,818
Total Expenditures	24,806,356	28,261,359	27,427,466	26,802,357	26,520,891	26,735,053	27,008,942	27,199,261	28,147,161	29,245,375	30,298,139	31,324,227	32,597,062

Street Utility Fee Revenue and Expense Projections (8% Inflation)

Street Utility Fee Revenue and Expense Projections

