



# Special Assessment Task Force Recommendation to the City Commission

March 22, 2022

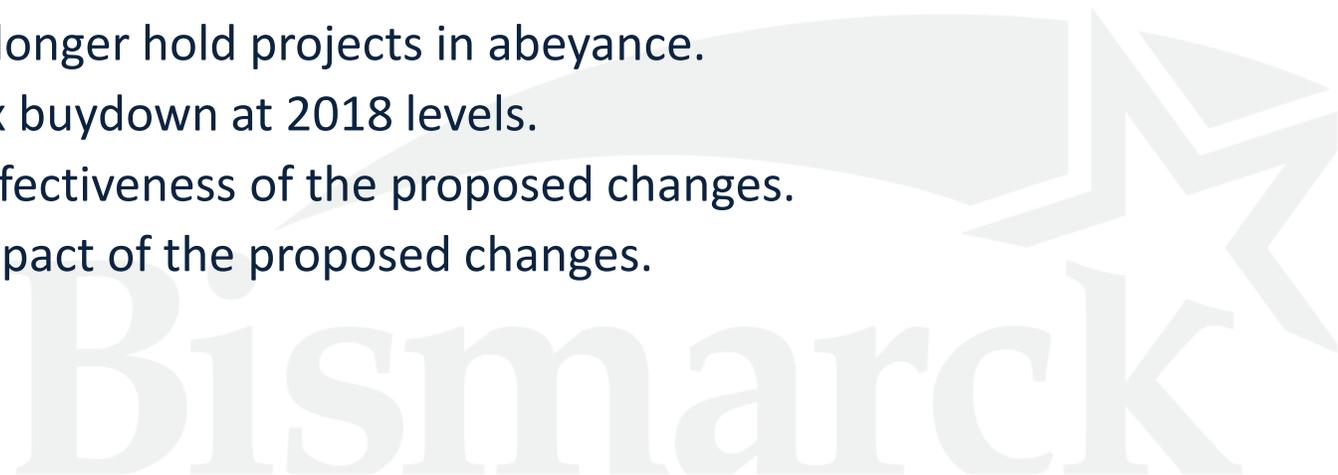
# History: How Did We Get Here?

- The Infrastructure Task Force (ITF) met from November 2016 through April 2017.
- Recommendation to the City Commission:
  - Cap use of sales tax for property tax buydown by ballot in June 2018 election
  - Divert use of sales tax subsidizing road maintenance for use to develop a list of arterial streets
  - Reassess other funding options for arterial development after June 2018 election



# History: How Did We Get Here?

- The Special Assessment Task Force (SATF) met April 2017 through July 2017
  - Recommendation to the City Commission:
    - No special assessments for new construction or development
    - Formation of a monthly street maintenance fee to eliminate special assessments for street maintenance projects on local and arterial streets.
    - An additional sales tax, not to exceed  $\frac{3}{4}$  percent, for the construction of expanded arterial roadways identified by the ITF.
    - Revamp stormwater program to no longer hold projects in abeyance.
    - Cap the sales tax 25 mil property tax buydown at 2018 levels.
    - 5-year check-in to determine the effectiveness of the proposed changes.
    - 10-year sunset to reconsider the impact of the proposed changes.



# History: How Did We Get Here?

- ITF and SATF were combined to work out the logistics of implementing the recommendations of both task forces.
  - Met October 2017 through March 2018
  - 2017 legislation precluded Street Utility Fee
  - Recommended the City Commission ask voters to:
    - Cap the 25-mill property tax buy-down at the 2018 rate
    - Approve an additional ½-cent sales tax with a 10-year sunset
    - Both measures passed in the June 2018 election



# History: How Did We Get Here?

- A Street Utility Fee bill was introduced in the 2019 legislative session and was turned into an interim study.
- The City of Bismarck commissioned a study document to show legislative committee members how a fee framework might work for Bismarck.
- Another Street Utility Fee bill was introduced in the 2021 legislative session and passed.



# 2021 Legislature: House Bill 1419

- City authorized to levy an infrastructure fee in lieu of special assessments
- The fee replaces special assessments for infrastructure maintenance costs through a utility bill
- Fees may only be used for infrastructure maintenance costs



# Reconvened Special Assessment Task Force

- The City Commission directed the SATF to reconvene July, 2021
- Membership of the SATF reflected stakeholder groups and residents of the city
- Mission:
  - Recommend a residential and commercial fee structure
  - Request ballot question verbiage approving the street utility fee concept
  - Recommend timing of the ballot question



# Acknowledgement of Task Force Members

## Name

Commissioner Nancy Guy

Commissioner Mark Splonskowski

Jamie Schmidt

Bill Dean

Mike Schmitz

Kevin Strege

Robb Sattler

Dustin Gawrylow

Tom Erie

Jeremy Petron

Kate Herzog

John Lundby

Kassy Landis

Brent Erickson

Vicki Laraway

Jack Lindvig

## Representing

City of Bismarck

City of Bismarck

Homebuilders Association

Board of Realtors

ChamberEDC

Chamber EDC

Residential Developer

Manufactured Home Park/Apartment Resident

Manufactured Home Park Owner/Operator

Apartment Association

Downtowners

Special Assessment Commission

Mortgage Lender

North Bismarck Resident

Central Bismarck Resident

South Bismarck Resident



# Issues Discussed

- Revenue Requirement
- Revenue split between residential and commercial properties
- Single fee vs. fees arranged in tiers
- Rates for apartments and manufactured homes
- Consideration for previously paid special assessments
- Street Utility Fee policy similar to current Special Assessment policy
- All parcels to pay a Street Utility Fee

# Local Political Subdivision Issues

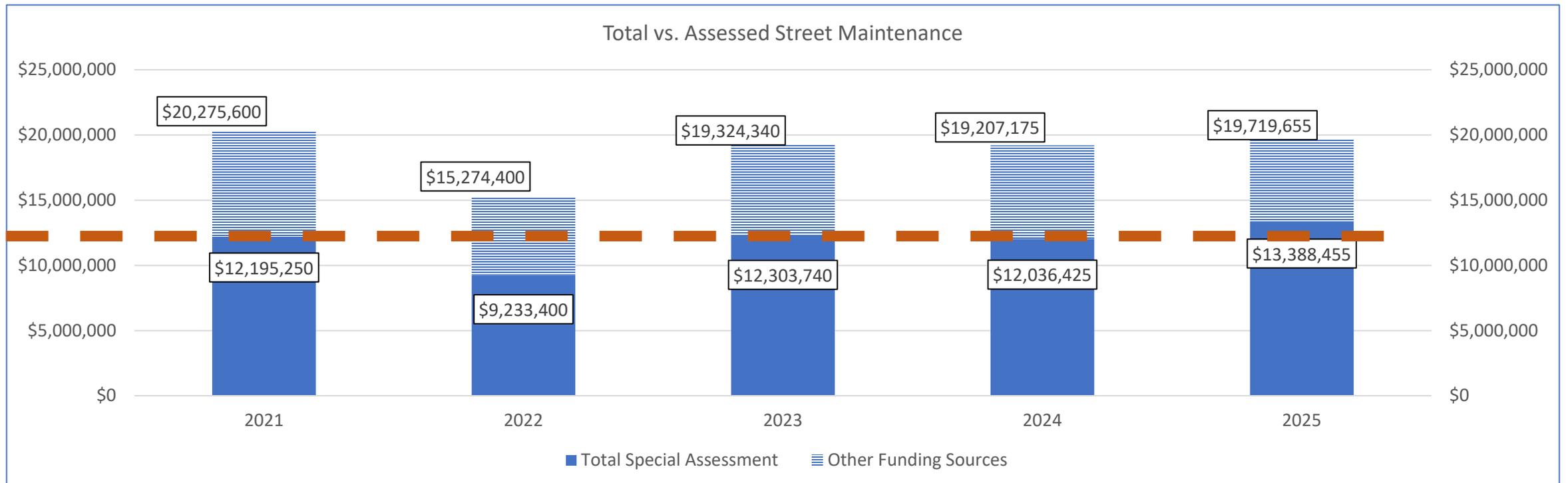
- Three local political subdivisions
  - Burleigh County
  - Bismarck Public Schools (BPS)
  - Bismarck Parks & Recreation Department (BPRD)
- No objection to paying the street utility fee but it can't be paid with a special mill levy like current special assessments
- Need further legislation to facilitate street utility fee payments for BPS and BPRD
- No immediate need for a separate mill levy for Burleigh County



# Rate Design

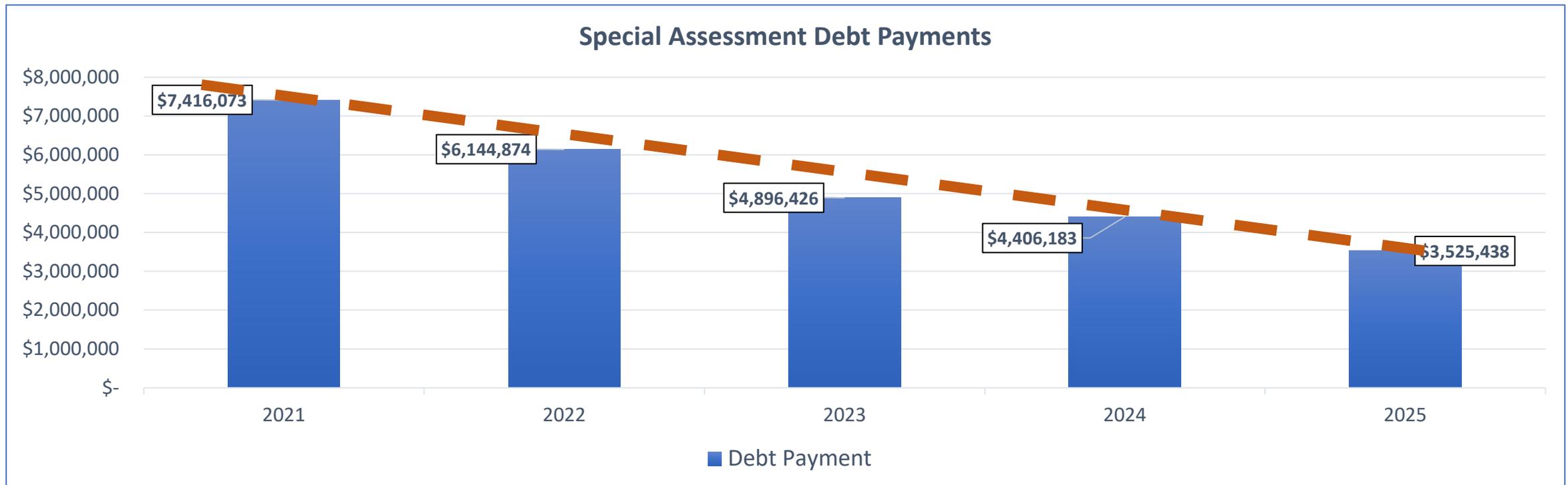
# Revenue Requirements

- Future Capital Improvements
  - Maintains other funding sources
- Existing Special Assessment Debt



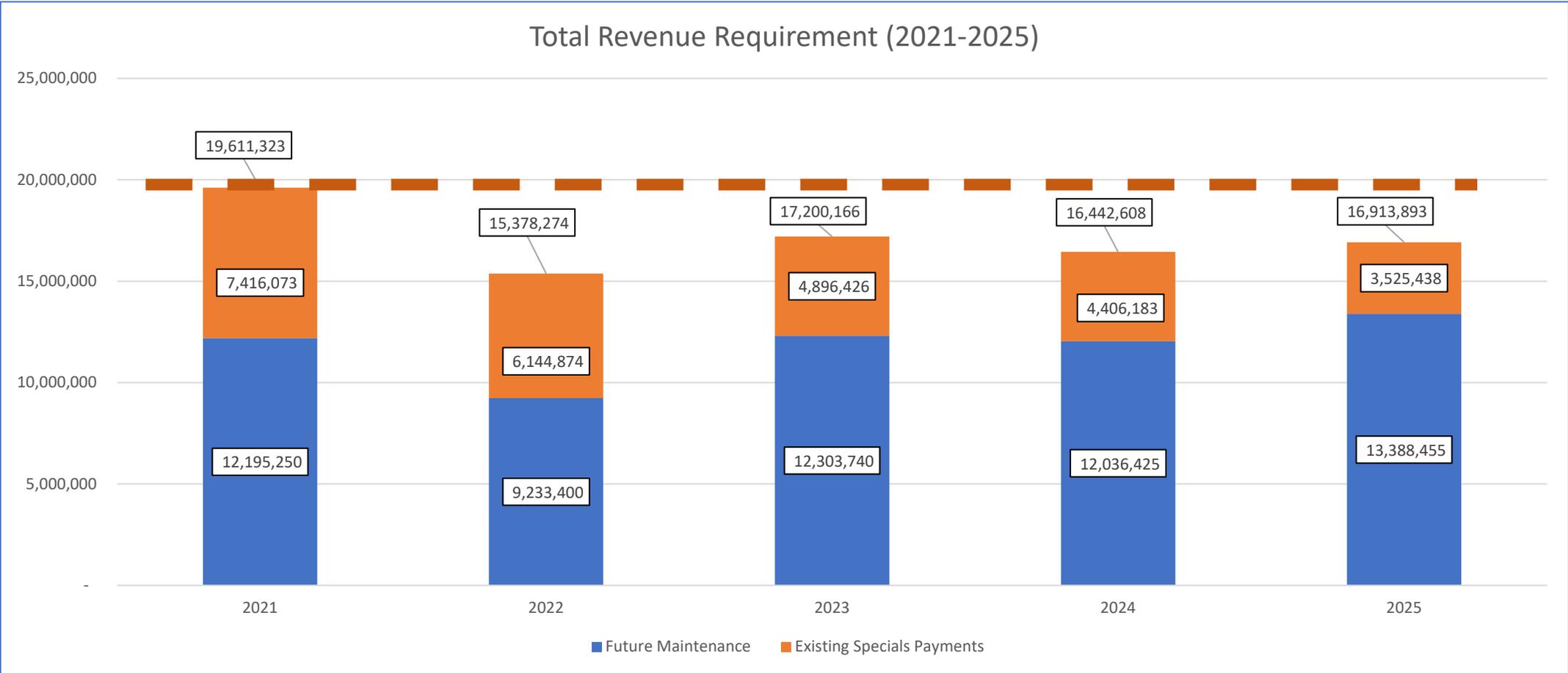
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# Revenue Requirements

- \$20,000,000 Revenue Requirement
- Future Capital Improvements & Existing Special Assessment Debt



# Fee Philosophy – How to Differentiate

- Balance between equity/fairness and ease of implementation/understanding
- Should all utility accounts pay a flat fee?
- Different Fees for Residential and Non-Residential Properties?
- How to categorize multi-family and manufactured home properties?



# Parcel Data Summary

- Residential Class
  - 1 unit, 2 unit, 3 unit, and condo building improved parcels
- Multi-Family Class
  - Apartments, 4+ unit
  - Manufactured Home Park
- Non-Residential (Commercial) Class
  - Everything Else



# Fee Frameworks Discussed

- ITE Trip Generation
- Zoning and land usage category
- Parcel square footage
- Parcel square footage + building square footage
- Square root of parcel square footage



# Proposed Basis

- Applying concepts from the current special assessment policy into a rate structure applied to all parcels within the City
- Requires utility account to be established for all parcels (including vacant)
- Primary basis of revenue is parcel square foot (SF)
  - Consistent with current special assessment policy
  - Legal basis defended previously with special assessment case law
  - Data availability for all parcels

# Proposed Basis

- Median Parcel Square Foot – Residential and Commercial
- Adjustments to smaller and larger parcels
- Caps on maximum fee
  - Residential
  - Non-residential (commercial)
  - Non-residential (commercial) tax-exempt/political subdivisions
- Revenue Split
  - 40% Residential/Multi-Family & 60% Commercial



# Rate Design

Parcel Class	Parcel Count	Adjusted Parcel Square Foot	% Parcel SF of Total	% of Revenue	Total Annual Revenue	Base Monthly Fee
Residential/Condo	21,255	243,371,322	33.45%	35.32%	7,064,000	27.99/parcel
Apartment	524	19,919,941	2.74%	3.56%	712,554	7.00/unit
Manufactured Home Park	36	23,977,031	3.30%	1.12%	224,756	7.00/unit
Non-Residential (commercial)	3,225	440,388,883	60.52%	60.00%	12,000,000	204.21/parcel
Total	25,040	727,657,177		100%	20,001,311	

# Rate Design - Residential

Factor of Median Parcel		Min parcel Size (SF)	Max parcel Size (SF)	Total Parcels	Monthly Fee			
					1 Tier	3 Tier	4 Tier	6 Tier
0	0.125	0	1,125	27.70	14.00	13.99	7.00	
0.125	0.25	1,125	2,250			1,072	13.99	
0.25	0.5	2,250	4,500		1,325	20.99	20.99	
0.5	2	4,500	18,000		17,819	27.99	27.99	
2	3	18,000	27,000		687	55.98	41.99	41.98
3	Max	27,000	Max		324			55.97

# Rate Design - Multi-Family

- Apartment / Manufactured Home Park
  - Basis is dwelling unit
  - Treat the apartment/manufactured home park dwelling unit identical to the smallest condo parcel
  - 0.25X base residential fee

Multi-Family Class - Street Utility Fee			
Customer Class	Basis	Monthly Fee	Annual Fee
Apartment	Dwelling Unit	7.00	83.96
Manufactured Home Park	Dwelling Unit	7.00	83.96

# Rate Design – Non-Residential (Commercial)

Commercial Class Rate Relationship								
Factor of Median Parcel		Min parcel Size (SF)	Max parcel Size (SF)	Fee Multiplier	Fee	Annual Fee	Total Parcels	Annual Revenue
0	0.125	-	3,448	0.25	51.05	612.62	147	90,055
0.125	0.25	3,448	6,896	0.5	102.10	1,225.24	458	561,160
0.25	0.5	6,896	13,792	0.75	153.15	1,837.86	413	759,036
0.5	2	13,792	55,166	1	204.21	2,450.48	1159	2,840,106
2	3	55,166	82,749	1.5	306.31	3,675.72	324	1,190,933
3	4	82,749	110,332	2	408.41	4,900.96	177	867,470
4	5	110,332	137,915	2.5	510.52	6,126.20	92	563,610
5	6	137,915	165,498	3	612.62	7,351.44	232	1,705,534
6	7	165,498	193,081	3.5	714.72	8,576.68	37	317,337
7	8	193,081	220,664	4	816.83	9,801.92	29	284,256
8	9	220,664	248,247	4.5	918.93	11,027.16	24	264,652
9	10	248,247	275,830	5	1,021.03	12,252.40	15	183,786
10	11	275,830	303,413	5.5	1,123.14	13,477.64	17	229,120
11	12	303,413	330,996	6	1,225.24	14,702.88	8	117,623
12	13	330,996	358,579	6.5	1,327.34	15,928.12	9	143,353
13	14	358,579	386,162	7	1,429.45	17,153.36	11	188,687
14	15	386,162	413,745	7.5	1,531.55	18,378.60	4	73,514
15	16	413,745	441,328	8	1,633.65	19,603.84	7	137,227
16	17	441,328	468,911	8.5	1,735.76	20,829.08	3	62,487
17	18	468,911	496,494	9	1,837.86	22,054.32	8	176,435
18	19	496,494	524,077	9.5	1,939.96	23,279.56	5	116,398
19	20	524,077	Max	10	2,042.07	24,504.80	46	1,127,221
Median Parcel SF	27,583					Sum	3,225	12,000,000

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0.25	0.5	6,896	13,792	0.75	153.15	1,837.86	413	759,036
0.5	2	13,792	55,166	1	204.21	2,450.48	1159	2,840,106
2	3	55,166	82,749	1.5	306.31	3,675.72	324	1,190,933
3	4	82,749	110,332	2	408.41	4,900.96	177	867,470
4	5	110,332	137,915	2.5	510.52	6,126.20	92	563,610
5	6	137,915	165,498	3	612.62	7,351.44	232	1,705,534
6	10	165,498	275,830	4	816.83	9,801.92	105	1,029,202
10	19	275,830	524,077	7	1,429.45	17,153.36	72	1,235,042
19	Max	524,077	Max	10	2,042.07	24,504.80	46	1,127,221
Median Parcel SF	27,583				Sum		3,225	11,969,369

# Compared to Street Maintenance Special Assessments

Customer Class	2021 Assessment Installment	Proposed Street Utility Annual Fee
Median Residential Parcel	364.15	335.83
10 Unit Apartment	843.19	840.00
67 Unit Apartment	9,912.16	5,628.00
193 Unit Manufactured Home Park	22,699.18	16,212.00
14 Unit Manufactured Home Park	2,945.92	1,176.00
22,500 SF Non-Residential Parcel	1,280.14	2,450.48
26,625 SF Non-Residential Parcel	941.62	2,450.48
69,859 SF Non-Residential Parcel	3,422.90	3,675.72
273,196 SF Non-Residential Parcel	10,546.14	12,252.40
2,103,654 SF Non-Residential Parcel	-	24,504.80

# Revenue Requirement Sensitivity

- \$7,000,000 included to pay off existing street maintenance special assessments
- \$13,000,000 Revenue requirement (\$5.2 mil res/\$7.8 mil non-res)

Customer Class	Basis	Revenue Requirement \$20,000,000		Revenue Requirement \$13,000,000	
		Base Annual Fee	Base Monthly Fee	Base Annual Fee	Base Monthly Fee
Residential	Parcel	335.83	27.99	218.29	18.19
Apartment	Dwelling Unit	83.96	7.00	54.57	4.55
Manufactured Home Park	Dwelling Unit	83.96	7.00	54.57	4.55
Commercial	Parcel	2,450.48	204.21	1,592.81	132.73



# Proposed Change to Home Rule Charter

# Decisions on how to propose to enact

- Citizen vote options:

- Home rule charter amendment (like a constitution) – 60% vote to approve; cannot be changed at all without another vote
- Advisory ordinance approval – not binding on commission but citizens can't refer for vote for 5 years after

\* Citizen-initiated ordinance not really an option with timeframes in this instance.

Home rule  
amendment

- \*Most citizen control
- \*Hardest to change
- \*Most about policy

Ordinance

Commission policy

- \*Easiest administration
- \*Easiest to change
- \*More about process

Staff procedures

Ballot Question I (provide authority to impose a street infrastructure fee)

16. To impose registration fees on motor vehicles, or sales and use taxes in addition to any other taxes imposed by law.

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

187. Sales, Use and Gross Receipts Tax.

General Policy Consensus

Final Recommendations

The bottom of the slide features a decorative graphic consisting of several overlapping, wavy, horizontal bands. The colors transition from a light cream or off-white at the top to a dark, deep blue at the bottom, creating a sense of depth and movement.

# General Policy Consensus

- Fees should be tiered
- Fees should be based on parcel square footage
- Revenue split: 40% Residential & 60% Commercial
- Per dwelling rate for apartments and manufactured homes
- No lookback or allowance for special assessments previously paid
- Street Utility Fee policy to follow current Special Assessment policy
- All parcels should pay Street Utility Fee
- Fee framework should include paying off current special assessments

# Final Recommendation to City Commission

1. Home Rule Charter ballot question to replace street maintenance special assessments with an infrastructure fee.
2. Consider starting with the multi-tier fee framework options developed by City staff.



Questions

Discussion

The bottom of the slide features a decorative graphic consisting of several overlapping, wavy, horizontal bands. The colors transition from a dark blue at the top to a lighter, medium blue at the bottom, with a white band in the middle. The waves are smooth and flow from left to right.