

City of Minot Special Assessment Policy

12/21/2020



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Governing Law and Power to Create Special Assessment Districts

The City of Minot has the ability to defray expenses of improvements by special assessment. This power is given by North Dakota Century Code (NDCC) Chapter 40-22. The City of Minot follows the requirements of Chapter 40-22 in the creation of special assessment districts.

Special Assessment District Types

NDCC Section 40-22-01 describes the types of improvements that can be special assessed. The City of Minot defines the district types by the type of improvement that is being constructed. The district types are as follows:

1. Water District
2. Sewer District
3. Water and Sewer District
4. Storm Sewer District
5. Paving District
6. Street Lighting District
7. Parking District
8. Any combination of the above district types or work descriptions to accurately reflect the improvement type such as: Paving and Utility District, Water and Paving District, etc.

Governing City Council Policies

Assessment Time Period: Generally, special assessments will be spread over a time period of 10 years from the date of certification by Ward County Auditor. However, the city finance director can suggest a greater period if it is in the best interest of the city, and as approved by City Council.

City Contribution for Classified Street Assessment Districts: At the discretion of the City Council and the availability of funds, the City of Minot will fund 50% of the special assessment cost for classified streets as identified in the Special Assessment Policy. The remaining 50% of the special assessment cost will be spread to the benefiting properties.

Special Assessment Pre-Payment Policy for Private Developers:

For private developer (non-government entity) driven projects, there is a 5% pre-payment required for engineering costs up front before the special assessment district is created. The pre-payment is refundable up to the amount needed to pay for engineering costs associated with producing the engineer's report and for notification and mailing costs.

Definitions

Local Street: Any non-classified roadway that is within dedicated public right of way.

Alley: A smaller roadway intended to provide access to adjacent properties within dedicated public right of way.

Classified Street: An existing or future roadway identified by the City of Minot and the North Dakota Department of Transportation as a functionally classified street. The classification types are Principal Arterial, Minor Arterial, and collector roadway.

Local Watermain: A distribution watermain that is 10" or less in diameter.

Trunk Watermain: A distribution or transmission watermain that is 12" or larger in diameter.

Local Sanitary Sewermain: A sanitary sewermain that is 10" or less in diameter.

Trunk Sanitary Sewermain: A sanitary sewermain that is 12" or larger in diameter.

Local Storm Sewermain: A storm sewermain that is 24" or less in diameter.

Trunk Storm Sewermain: A storm sewermain that is 27" or larger in diameter.

Local Lift Station: A storm or sanitary sewer lift station that has not been identified by the City of Minot as a regional or trunk lift station.

Regional Lift Station: A storm or sanitary sewer lift station that is identified by the City of Minot as serving in a regional and trunk capacity.

Frontage: Generally the short lot line of a parcel adjacent to the street.

Sideage: Generally, the long lot line of a parcel adjacent to the street. Unless the lot is substantially longer than the frontage, and should be considered the front portion of the lot to better reflect the benefit to the property.

Rearage: The lot line of a parcel that is neither frontage nor sideage that is adjacent to a street.

Special Assessment District Creation to Completion

The process described below is the general process for creating special assessment districts in the City of Minot. The City Engineer should be consulted for all special assessment districts in the event the process needs to be modified.

1. The engineer for the proposed district shall meet with city staff to determine the district type, size of the district, parcels to be included in the district, and other required information.
2. If a private developer is using a consulting engineer for a special assessment district, an amount equal to 5% of the engineering costs for the district must be provided prior to the preparation of the engineer's report for the project.
3. The engineer shall create an engineer's report per the requirements listed in the Engineer's Report Section. The report shall be approved by the City Engineer, and sent to the City Council for discussion.
4. Notice shall be sent to all property owners within the district notifying them of the council meeting where the engineer's report shall be considered. The notice shall be sent to the mailing address on file at the City.
5. At the City Council's discretion, the district can be created.
6. A resolution of necessity shall be subject to NDCC 40-22-15.
7. If required, a public hearing shall be scheduled and a 30 day protest period shall

begin. If insufficient protests are received in writing, the district can proceed.

8. An engineering services agreement must be signed by the City and the engineer before any design work can begin.
9. The project must be publicly bid according to NDCC 40-22-19 and City of Minot bidding procedures. According to NDCC, the lowest and best bid cannot be 40% or greater than the engineer's opinion of probable cost as stated in the engineer's report.
10. If acceptable bids are received the project can begin construction once contracts are signed.
11. Once construction is complete and final payments have been made to contractors and consultants, the project can be referred to the Special Assessment Commission for assessment of benefits.

Engineer's Report

All special assessment districts shall require an engineer's report to be created as specified in NDCC Section 40-22-10. The professional engineer, registered in North Dakota, creating the report shall follow the City of Minot Engineer's Report format in Appendix A. The report shall be signed by the engineer creating the report and signed by the City Engineer for approval.

Water District

Currently, the City of Minot's policy has been to only allow water districts to be created if there is a public health threat and/or there are existing structures on parcels that request City of Minot water service. This district does not require a resolution of necessity hearing. The City of Minot can order a water district to be created.

Properties that request a water district must annex into the City limits if contiguous. If not contiguous, each parcel's property owner in the district must sign a non-protest of annexation agreement with the City of Minot. When the City limits become contiguous, the properties within the district must annex into the City of Minot.

Sewer District

Currently, the City of Minot's policy has been to only allow sewer districts to be created if there is a public health threat and/or there are existing structures on parcels that request City of Minot sewer service. This district does not require a resolution of necessity hearing. The City of Minot can order a sewer district to be created.

Properties that request a sewer district must annex into the City limits if contiguous. If not contiguous, each parcel's property owner in the district must sign a non-protest of annexation agreement with the City of Minot. When the City limits become contiguous, the properties within the district must annex into the City of Minot.

Water and Sewer District

Water and sewer districts are created to provide both water and sewer service to parcels. The requirements of water districts and sewer districts listed above apply to this type of

district. This district does not require a resolution of necessity hearing. The City of Minot can order a water and sewer district to be created.

Storm Sewer District

A storm sewer district can be created by the City Council and does not require a resolution of necessity hearing. A storm sewer district can also be created by property owners petitioning to the City Council for creation of a district.

The City of Minot's policy is that a petitioned storm sewer districts must have a majority of the land area in the district boundary in support of the district to move forward. A resolution of necessity hearing is required if there is not a majority of land area in support of the district. The outcome of creating the district is subject to NDCC 40-22-15, 17, 18. The principal of this policy is that a developer or significant property owner cannot force other parcels into a district without having the majority of the land area in support of the project.

Paving Districts

A paving district can be created by the City Council or by petition. A paving district cannot be ordered in by the City Council and must have a majority of the land area within the district boundary in support of the project. A resolution of necessity hearing is required if less than the majority of the land area within the boundary has petitioned for the project.

Street Lighting District

A street lighting district can be created by the City Council or by petition. A street lighting district cannot be ordered in by the City Council and must have a majority of the land area within the district boundary in support of the project. A resolution of necessity hearing is required if less than the majority of the land area within the boundary has petitioned for the project.

Parking District

A parking district can be created by the City Council or by petition. A parking district cannot be ordered in by the City Council and must have a majority of the land area within the district boundary in support of the project. A resolution of necessity hearing is required if less than the majority of the land area within the boundary has petitioned for the project.

Combination Districts

A district can be created by the City Council or by petition that includes district types as allowed by NDCC. The district shall be designated by a name appropriate to the type of improvement being made. The requirements for a resolution of necessity hearing must follow NDCC 40-22-15.

District Boundaries

In General:

- District boundaries are set by the City Council and this policy document can be interpolated by City Council as required to recognize non-traditional layouts and funding policies.
- When drawing boundaries, if a portion of a parcel appears to have benefit the whole parcel will be included in the district.
- If an area is in doubt as to the inclusion in a district, it will generally be added to allow the special assessment commission's discretion in assigning benefits.

Local Streets

Boundaries are generally set to include parcels that are adjacent to the improvement.

Alleys

Boundaries are generally set to include all adjacent parcels to the improvement.

Classified Streets

Boundaries are generally set such that all properties less than or equal to a distance midway between the classified street project and the next classified street are included in the district. The expanded boundaries are an attempt to generally recognize the community benefit of a classified street in which direct access is generally restricted in order to provide greater ability to move traffic.

Under this policy, each parcel would be included in one north-south classified street, and one east-west classified street. The assessment boundaries for classified streets are found in Appendix B & C.

Developers that must build classified street as part of the development may increase the boundary normally set for classified streets to encompass their development's parcels which may lie outside of the assessment bands.

Sanitary Sewer

Local sanitary sewer boundaries are generally set such that all parcels served by the segment of sewer would be included in the district.

Trunk sanitary sewer boundaries are generally set such that the contributing area in the segment would be included in the district.

Watermain

Local watermain boundaries are generally set such that all parcels served by the segment of watermain would be included in the district.

Trunk watermain boundaries are generally set such that the contributing area in the segment would be included in the district.

Storm Sewer

Local storm sewer boundaries are generally set such that all parcels served by the segment of storm sewer would be included in the district.

Trunk storm sewer boundaries are generally set such that the contributing area in the segment would be included in the district.

Street Lighting

Boundaries are generally set such that all parcels which will be served by the street lighting will be included in the district.

Parking

Boundaries are generally set such that the parcel on which the public parking lot exists would be included in the district boundary.

Distribution of Benefit

In General:

- The determination of benefit is the jurisdiction of the special assessment commission. The benefit described in the engineer's report is subject to change by the special assessment commission.
- Effective front footage is used for irregularly shaped lots. The City Assessor determines the effective front footage.
- The special assessment commission can identify areas for future special assessment if it is generally recognized that there will be a need to provide assessable properties for that future project.
- The methods of distribution below indicate a typical distribution of benefit. There may be additional methods that can be applied to a project to distribute the benefit if needed.

Local Streets

Each parcel is generally recognized to have a frontage. Some parcels may have a sideage in addition to a frontage. Some parcels may have a rearage. Typical benefit allocations are 1.0 for frontage, 0.5 for sideage, and variable for rearage. Benefits are typically distributed by the front foot. Square foot allocation of benefit may be needed if several parcels do not have direct frontage and square foot allocation of benefit would be a more accurate way to distribute benefit.

Alleys

Each parcel is generally recognized to have a frontage and possibly a rearage benefit. Typical benefit allocations are 1.0 for frontage, and variable for rearage. Benefits are typically distributed by the front foot.

Classified Streets

Benefits are generally based upon the square footage of the parcel. Typical benefit allocations are 1.0 for a lot fronting on the street (up to 300 feet in depth, then 0.25 for the remaining depth). For non-fronting property, the typical benefit allocations are 0.25.

Local Sanitary Sewer

Each parcel is generally recognized to have a frontage. Some parcels may have a sideage in addition to a frontage. Exceptionally large parcels may have a rearage. Typical benefit allocations are 1.0 for frontage, 0.5 for sideage, and variable for rearage. Benefits are typically distributed by the front foot.

Local Watermain

Each parcel is generally recognized to have a frontage. Some parcels may have a sideage in addition to a frontage. Exceptionally large parcels may have a rearage. Typical benefit allocations are 1.0 for frontage 0.5 for sideage, and variable for rearage. Benefits are typically distributed by the front foot.

Local and Trunk Storm Sewer

Storm sewer benefit is distributed by the square foot of area within the district boundary. Each parcel is divided into 8,500 square foot units. The number of units for each parcel is then modified with a zone adjustment factor. The factors are as follows:

Single Family, Duplex 1.0

Agriculture, 1.0

Townhome, Attached and Detached 1.5

Multifamily 2.0

Commercial 2.0

Industrial 2.0

Public 1.0 – 2.0 (consideration given to the amount of impervious surface)

In general, factors greater than 1.0 are to take into account the increase in impervious area as density increases.

The benefit is the product of the parcel's zone adjusted units and the unit cost of the project. The unit cost of the project is the project cost divided by the total zone adjusted units in the district.

Subdivision Responsibility

If a street or utility is extended in front a parent parcel that is to be subdivided in the future, the initial benefit will be given to the parent parcel in the manner described for the type of infrastructure installed. Upon subdivision of the parent parcel, the benefit will be distributed by the square foot with a benefit of 1.0 given to fronting parcels on the improvement and 0.25 given to parcels not fronting on the improvement. Lot area may also be considered in the distribution of benefit.

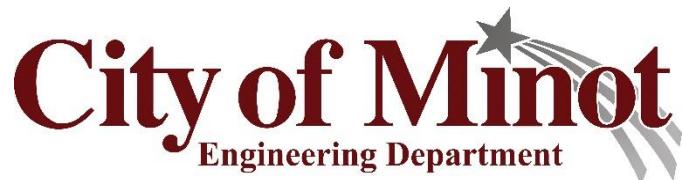
Benefitting Properties Outside of City Limits

North Dakota statutory law does not give cities the authority to special assess outside of the corporate limits. However, there is a process whereby areas of land that are annexed in the future may be assessed for the benefit of a project once that land is annexed into the city.

For a parcel/s to be special assessed when annexed to the city, the following procedure must be followed:

1. A special assessment district must be established and the approval of resolution of necessity is required unless it can be waived, an engineer's report must be approved, and a map created showing the district boundary with parcels inside the city limits.
2. Where a project would benefit areas outside of the city limits, the special assessment commission is to prepare and file with the city auditor a list of estimate future assessments on the property located outside the city when the special assessment commission determines that the property is potentially benefitted by the improvement and is likely to be annexed into the city in the future.
3. At such time that the property is annexed into the city, the procedures of NDCC 40-23-17 through 40-23-21 should be followed to subsequently levy special assessments. A new special assessment district is created for the area that was outside of city limits but has now been annexed. The adoption of a resolution of necessity and advertising and award of a contract for the improvement is not necessary.

Appendix A: Engineer's Report



ENGINEER'S REPORT
DISTRICT TYPE DISTRICT NUMBER
CITY PROJECT XXXX

Project Background

[State whether this is a petition project (petition percentage) or council ordered project. Background on why project is needed.]

Proposed Improvements

[Give a detailed description of proposed improvements, construction methods and materials. Detail potential design and construction issues.]

Project Justification and Benefits

[Give details as to why the project is needed and describe the proposed benefits.]

Cost Estimate

[Insert tables, charts, and descriptions for cost estimate.]

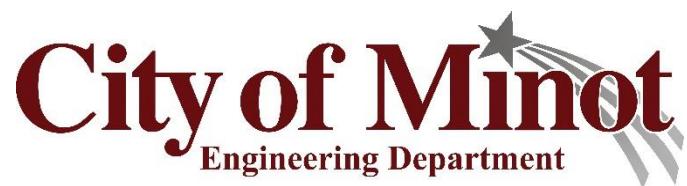
Recommendation

It is recommended that the City Council adopt the following resolutions: [use those appropriate]

1. Create [District Type] No. [#].
2. Direct preparation of the Engineer's Report.
3. Approve the Engineer's Report.
4. Approve the resolution of necessity and call for a public hearing. (if applicable)
5. Approve the request of the petitioner to have XYZ perform the necessary engineering services for this project and authorize the mayor to sign the contract.
6. Direct preparation of Plans and Specifications.
7. Approve Plans and Specifications.
8. Authorize a Call for Bids.

Prepared By:

Approved By:



Attachments

1. Map of the District
2. Petition for Improvements
3. Engineer's Opinion of Cost
4. Schedule
5. Preliminary Assessment Roll

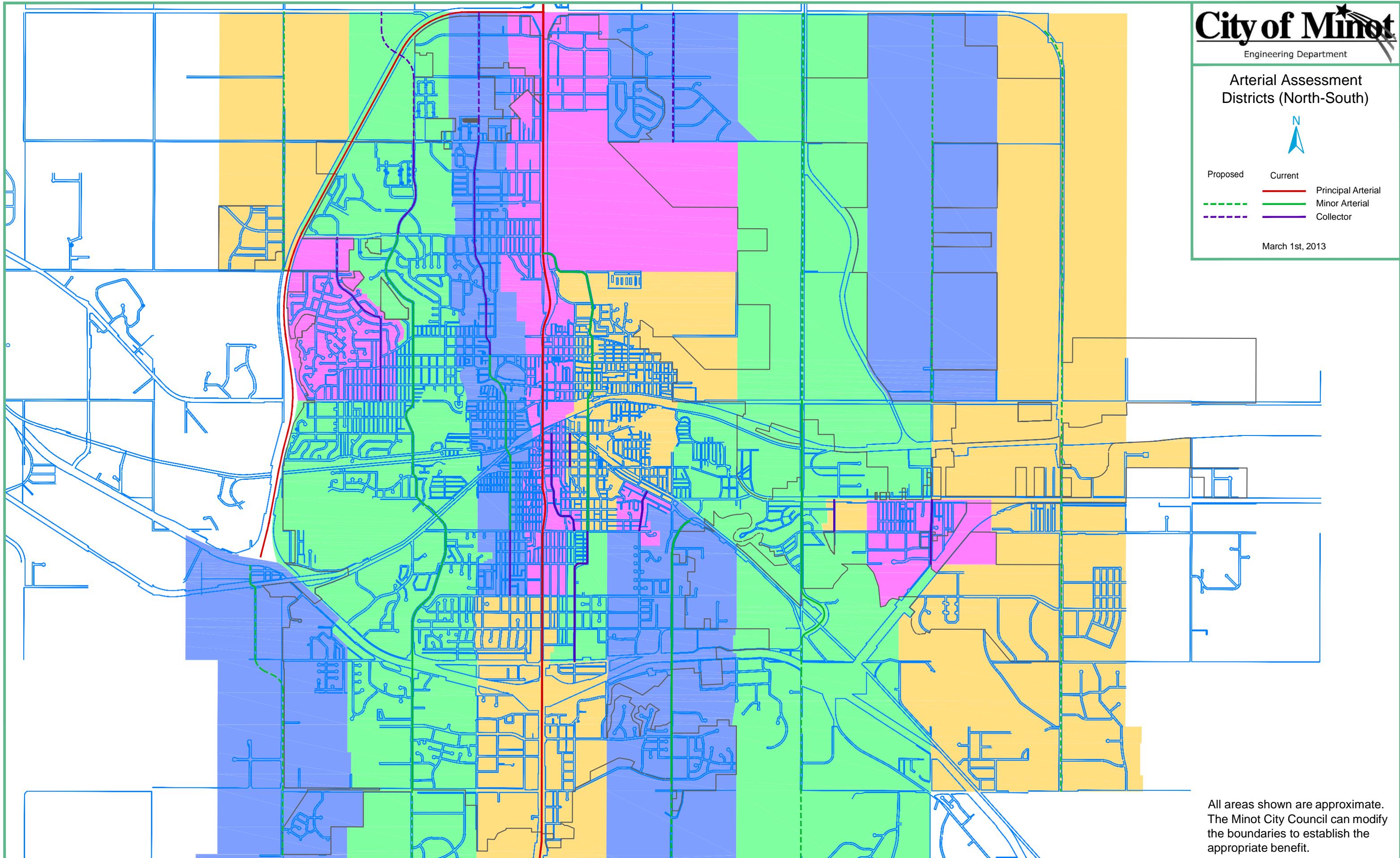
Appendix B: North – South Assessment Bands

Arterial Assessment Districts (North-South)



Proposed Current
— Principal Arterial
- - - Minor Arterial
- - - Collector

March 1st, 2013



Appendix C: East – West Assessment Bands

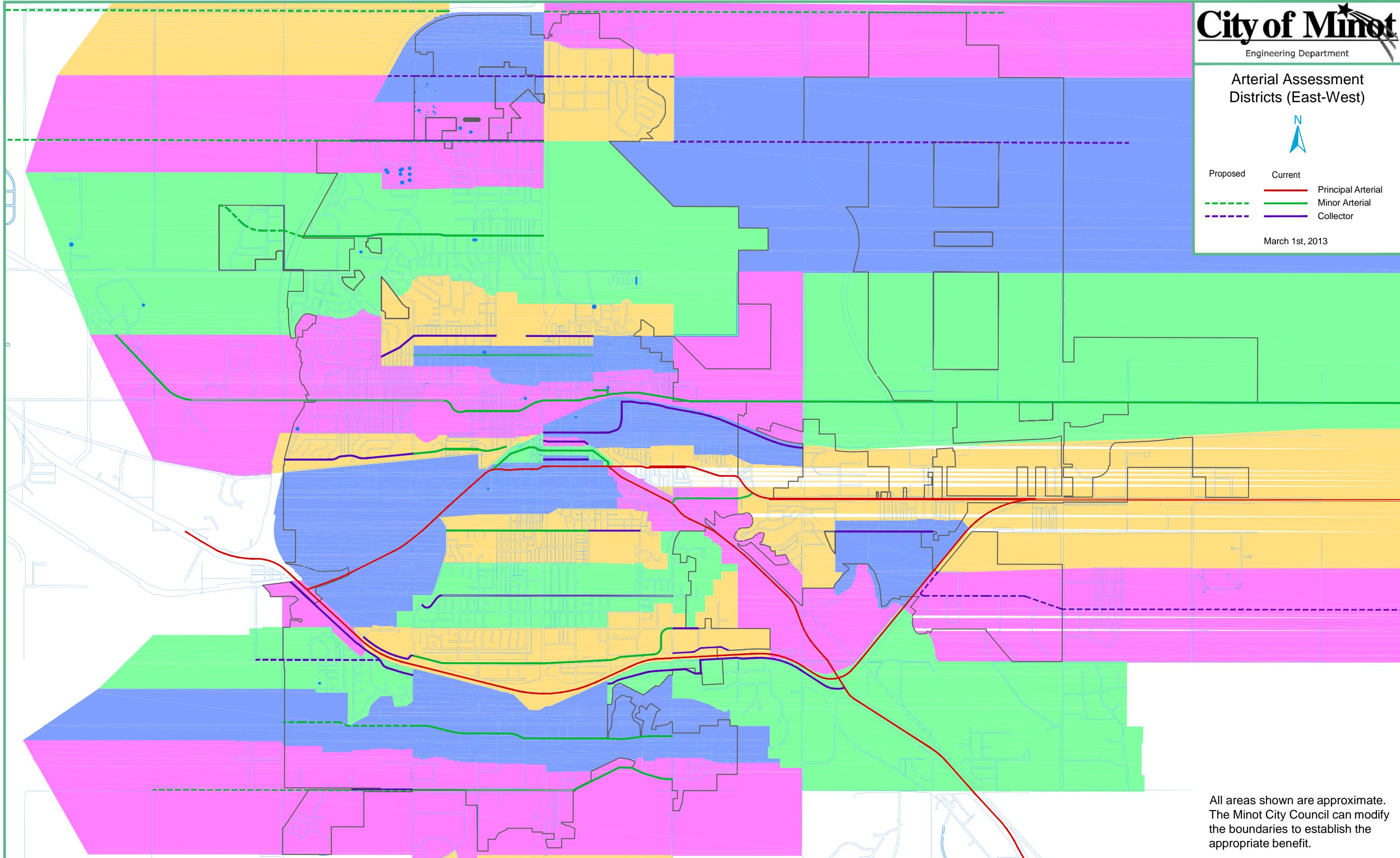
Arterial Assessment Districts (East-West)



Proposed Current
— Principal Arterial
— Minor Arterial
— Collector

March 1st, 2013

All areas shown are approximate.
The Minot City Council can modify
the boundaries to establish the
appropriate benefit.



Appendix D: 2004 NDDOT Functional Classification Map

