



**TO:** Senator Jessica Bell  
**FROM:** Harold Stewart, City Manager  
**DATE:** March 30, 2021

Chairwoman Bell,

Thank you for seeking the City of Minot's position on the proposed language change to HB 1495 by Representative Bellew. Overall, the City of Minot is neutral on the proposed language but would respectfully ask the Committee to consider the following facts.

1. Even though the new hospital is currently under construction there is still a significant amount of public and taxpayer support that is being provided to the hospital. This includes street improvements, water and wastewater infrastructure, fire response, plan review and inspections. While the infrastructure improvements are not solely for the hospital and will serve further development, the relocation of the hospital did reprioritize the City's investment into them. Estimated costs subsidized by the public include:
  - a. Sewer Improvements - \$9.8 million
  - b. Water Improvements (including a new water tower to support the hospital's fire suppression system) - \$4.66 million
  - c. Street Improvements - \$6.7 million
  - d. Hours of Staff Plan Review – 1,200 hrs
  - e. Number of Inspections to date – 475 at approximately an hour each
  - f. Hours of Meetings and Communications – 250
  - g. Fire response to a propane tank fire on the construction site

As is illustrated above there is a significant amount of taxpayer funding utilized in hourly wages of City staff and infrastructure investment supporting the construction of the new hospital. While the hospital is a significant benefit to the community is it appropriate for the taxpayers to solely pay these costs, or should the hospital have some financial responsibility of paying taxes during construction?

Some of these costs are recouped through permit fees, but typically cities are doing well if they can garner 40-50% of the costs of plan reviews and inspections via the permit fee structure. Building of a hospital is highly complex, technical, and is a large volume project often requiring expertise and manpower the typical city does not have available, resulting in contracting out for services.

2. Assessments of the property for tax purposes are phased in over the construction, especially on multi-year build projects such as the hospital. Assessments are done once a year and only the actual completed work at the time of the assessment is used in the calculation, not the anticipated total value of the entire project. In Minot's case the assessments look like the following:

2020 assessment	
Land	\$2,841,000
Bldg	<u>\$34,390,000</u>
Total	\$37,231,000

Proposed 2021 assessment	
Land	\$2,841,000
Bldg	<u>\$100,660,000</u>
Total	\$103,501,000

The City of Minot understands the positive impacts the community will benefit by from having a new state-of-the-art public hospital, and wants to be a good community partner in helping it happen. At the same time, however, we have an obligation to be good stewards of the taxpayer money that has been entrusted to us. While Minot could absorb the impacts this proposed change would incur, it does have a significant financial impact on our community and organization. In addition, this change would not affect just Minot, but every other North Dakota community in a similar situation who may or may not be able to respond in like manner of Minot.

Thank you again for your diligence on this matter and providing an opportunity for the City of Minot to provide its response.