

**To:** Taxation Committee  
**From:** Jerry Hjelmstad, North Dakota League of Cities  
**Date:** January 19, 2012  
**Re:** Developer Requirements for Special Assessment Projects

Questions presented:

1. Does your city require the developer to pay up-front costs for new development infrastructure (streets, water, sewer, etc.)?
2. If yes, at what amount?

Responses:

Yes, 100% by developer:

**Lincoln** – city requires the developer to cover costs of water/sewer and streets

**Williston** – city provides the service to the edge of the development; developer covers other costs

Yes, 50% by developer:

**Dickinson** - city involvement is capped at 50% or \$300,000 (whichever is less) for residential and 50% or \$600,000 for commercial/industrial; city portions are special assessed

**Fargo** – the developer is required to provide a letter of credit (LOC) equal to 50% of engineer's estimate of assessed costs. LOC stays in place until specials are paid or balance of specials on parcels without building permits is less than the LOC, then LOC is reduced dollar for dollar.

**Grand Forks** – the developer is responsible for 50% of costs; the remaining costs may be special assessed

**West Fargo** – developers are required to put up a promissory note for 50% of the costs, after the development is 75% filled out the note is released

Yes, some portion by developer:

**Bismarck** – developer pays 100% for grading, water/sewer, curb/gutter, and 40% for commercial/industrial streets; city special assesses residential streets; there is a deposit option for curb/gutter with costs assessed and deposit released when lots are sold or built upon

**Hazen** – the city requires a 30% deposit from the developer for projects which is held in case of a default on special assessment payments; if the developer puts in water/sewer the city will waive the deposit for streets and put them on special assessments

**Jamestown** – developer pays for water/sewer and storm sewer costs and brings streets to grade; special assessments may be levied for streets and curb and gutter

**Mandan** – developer pays for water/sewer; special assessments are levied for streets, curb and gutter

**Minot** – developer pays for water/sewer; special assessments are levied for streets, curb and gutter

No - all development infrastructure may be special assessed:

**Devils Lake** – the city has been paying 25% of infrastructure cost as an incentive and special assessing the remaining 75%

**Stanley** – in most recent development on the north side of town, 100% of infrastructure costs were special assessed

**Valley City** – last new development in 2005, city paid up-front costs with agreement that special assessments would be collected as lots sold

**Wahpeton** – developer may install improvements in accordance with city regulations, post a performance guarantee to ensure completion of improvements, or request special assessment method for improvements