

Special Assessment Policy

City of Dickinson, ND

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1.0 INTRODUCTION

1.1 PREFACE

Chapter 40 of the North Dakota Century Code authorizes cities in North Dakota to use special assessments as a method to fund public improvements, such as water supply systems, sewer systems, streets, flood protection, sidewalks, trees, storm sewers. According to N.D.C.C. 40-22-01.2, cities with a population exceeding 10,000 population shall adopt written policies which will be applied for cost allocation among properties benefitting by a special assessment project. This special assessment policy is intended to provide guidance to the City of Dickinson (City) Staff, Special Assessment Commission, and City Commission. In accordance with the N.D.C.C., the City will levy and apportion special assessments in a reasonable, equitable manner consistent with the procedural process and substantive case law governing the levy and apportionment of the special assessment as determined by the North Dakota Supreme Court.

The City utilizes special assessments as a method to pay for public improvements that affect benefiting properties. Improvements in the public right-of-way and dedicated public easements are considered public improvements if they meet the City's design standards. The costs of the improvements are allocated to the parcels/lots that benefit from these improvements.

1.2 PURPOSE AND RESPONSIBILITIES

The City recognizes that each and every special assessment district and the properties therein can have unique facts and circumstances and the methodologies set forth herein is intended to provide guidance to the City of Dickinson Staff, Special Assessment Commission, and City Commission.

1.3 USE OF THE SPECIAL ASSESSMENT POLICY

The special assessment policy is intended to be used for standardization of special improvement district creation and scope of work and cost allocation. As a result, the City of Dickinson Staff, Special Assessment Commission, and City Commission may deviate from this Special Assessment Policy if the facts and/or circumstances warrant such departures.

The project special assessment scopes of work that are included in the special assessments to the parcel/lot owners are: sidewalks along the parcel/lot frontage – both new and repair and/or replacements, driveway approaches to the right-of-way limits – both new and repair and/or replacements. Sidewalks and driveway approaches that are required to be removed and replacement due to the replacement of existing underground infrastructure is to be included. Settlements and/or heaves in sidewalks and driveway approaches are included in the special assessments.

The project special assessment scopes of work that are not included in the special assessments to the parcel/lot owners are: Americans with Disabilities Act (ADA) pedestrian ramps – including the required sloping to catch grade to the sidewalks and/or driveway approaches, where new

engineering attributes are being added such as: new storm drain mains and inlets, new water mains and appurtenances, new sanitary sewer mains and appurtenances.

Typically, projects eligible for Federal Highway Administration urban funding and/or urban regional funding have not utilized special assessments to the parcel/lot owners. These are roadways classified with as Collector, Minor Arterial, and Principal Arterial.

Where at the discretion of the City Engineer, some Collector streets that include large percentages of residential uses may be eligible to include the special assessments to the parcel/lot owner as described above.

Also, where at the discretion of the City Engineer, sidewalk installation is not feasible or deemed a sidewalk to nowhere are not to be mandated to be installed.

1.4 PROCEDURES

This special assessment policy is not intended to limit innovation or creativity, particularly when such efforts result in more efficient solutions. Departure from the required standards shall be determined by the City Engineer on a per project basis.

1. Interest Rate Determination
 - a. For all special assessment districts proposed for the following year's construction season, the average daily 10-year Treasury Yield interest rate for the month of September shall be calculated.
2. Order of Steps / Tasks
 - a. Project Engineering Report – N.D.C.C.
 - i. Benefits section to be reviewed by City Attorney annually
 - b. SID Project Engineering Report Determination at Special Assessment Commission - N.D.C.C.
 - i. Not a public hearing
 - c. Project Frequently Asked Questions document – Optional, but City typically prepares and delivers this.
 - d. Resolution to begin protest period at City Commission – N.D.C.C.
 - i. Not a public hearing
 - e. Legal advertisement for protest period – N.D.C.C.
 - f. SID letter with parcel/lot estimate – N.D.C.C.
 - g. SID Public Engagement Meeting – Optional, but the City provides this.
 - h. SID Public Hearing to Determine Protests at City Commission – N.D.C.C.
 - i. SID Protest Information – Parcel ID and Parcel/Lot acreage and totals
 - i. If SID is approved, the City Engineer is authorized to proceed with finalizing the project plans and specifications, and the project will be put out to bid.
 - j. SID Post Construction Actuals letter – Optional, but the City provides this.
 - k. SID Assessment Certification to Stark County – N.D.C.C.

- i. Due by October each year. The City of Dickinson must provide the prior year's construction season assessment certification by October of the following year after construction has concluded.

1.5 BENEFITS

The special assessment for each parcel/lot may not exceed the amount of benefit received by that particular parcel/lot.

Utility System Improvements

There are many benefits to a publicly operated water system for an urban community. The water treatment and distribution systems ensure a consistent, reliable supply of potable water to residential, commercial, and industrial properties, meeting the diverse needs of the population. The system is centrally maintained by municipal authorities, who are responsible for inspections, repairs, and upgrades, ensuring water quality and reducing the burden on individual property owners. Water distribution systems are designed to handle varying demand levels, making them scalable to accommodate population growth and future urban development. Additionally, they enhance public health and safety by providing a clean and safe water supply, crucial for drinking, sanitation, and fire protection services. A water distribution system thus increases property values and supports the economic growth of a community by offering dependable and long-term access to clean water, which is essential for both daily life and business operations.

The alternative to a municipal water distribution system is the use of individual wells. However, individual wells pose several challenges, particularly in urban areas. Wells require significant space for installation, making them impractical in densely populated neighborhoods. Moreover, the quality and quantity of water from individual wells can vary depending on local groundwater conditions, often requiring additional filtration systems or treatment to ensure safe drinking water. Wells also place the maintenance responsibility entirely on property owners, including costs related to water testing, pump maintenance, and potential repairs. Given these limitations, individual wells are not a practical solution within city limits, but they can be used as a cost benchmark for quantifying the expenses property owners would face in the absence of a water distribution system.

Owning and maintaining a well system over 25 years comes with a variety of expenses. These include:

- Installation Costs
- Pumping and Routine Maintenance
- Repairs and Component Replacement
- Electricity Costs
- System Failure or Well Replacement

The capital and maintenance costs of a well system would cost at least \$30,000 and upwards to \$100,000 depending on many variables.

A failed water main system can cause significant damage to properties, potentially resulting in structural damage and loss of personal belongings. It is important to note that the water distribution system costs within the Special Improvement District are not being assessed to property owners which further increases the benefits to the property owners.

Roadway Paving and Incidentals

Roadway pavement is essential to ensuring safe and efficient transportation within urban communities. A well-maintained paved road network improves vehicle and pedestrian safety by providing a smooth, stable surface that reduces the risk of accidents and vehicle damage caused by uneven or unpaved roads. Proper pavement also improves traffic flow, reducing congestion and travel time for residents and businesses, thereby enhancing overall quality of life. Additionally, paved roads are more durable and resilient to weather conditions, preventing issues like erosion, dust, and water pooling, which can degrade unpaved surfaces over time and lead to costly repairs.

Unpaved roads, while potentially less costly to install initially, are impractical in urban environments due to their high long-term maintenance costs, susceptibility to weather damage, and poor durability under heavy traffic. Unpaved roads require frequent grading to remain passable, and they deteriorate quickly in adverse weather, leading to erosion, dust, and potholes. These factors not only increase ongoing maintenance costs but also result in poor road conditions that can negatively impact property values, vehicle repair costs, and public safety. While unpaved roads are not a practical solution for urban areas, they serve as the only feasible alternative for comparison in evaluating the costs and benefits of paved road improvements within urban improvement districts. Unpaved roadways do not meet the International Fire Code within urban areas.

Unpaved roads require significant ongoing maintenance to keep them functional. Over a 25-year period, the costs of maintaining an unpaved roadway include regular grading, dust control, erosion management, and resurfacing. Below is a breakdown of key expenses: Initial Installation, Costs, Routine Maintenance, Grading, Dust Control, Resurfacing, Vehicle Damage, and Safety Implications. Additional costs to consider are related to delay time to the average use of the roadway.

Pavement preservation is a proactive approach that involves a series of low-cost, preventative maintenance treatments aimed at protecting our roadway network, extending pavement life, and meeting the needs of our citizens. While no pavement lasts forever, the timely application of these treatments can significantly extend the lifespan of the pavement, resulting in substantial cost savings.

The following pavement rehabilitation strategy is from the City of Dickinson's 2023 Pavement Management Report (MDS Technologies, Inc., February 1, 2024):

Rehabilitation Programs and Budget Analysis

Effective management of a pavement network involves understanding how pavements deteriorate over time and applying appropriate maintenance and rehabilitation treatments at critical times in the life of a pavement to minimize the long-term cost of maintaining the network at a desirable condition level. The concept of pavement management is illustrated in Figure 4 below. Figure 4 shows that pavements typically do not deteriorate linearly. A pavement may experience only a 40 percent drop in quality over the first 70 percent of its life. During this time the life of a pavement may be extended significantly through the periodic application of relatively low-cost maintenance treatments. This is represented by the “shark-fin” shaped curve in the upper-right of the figure.

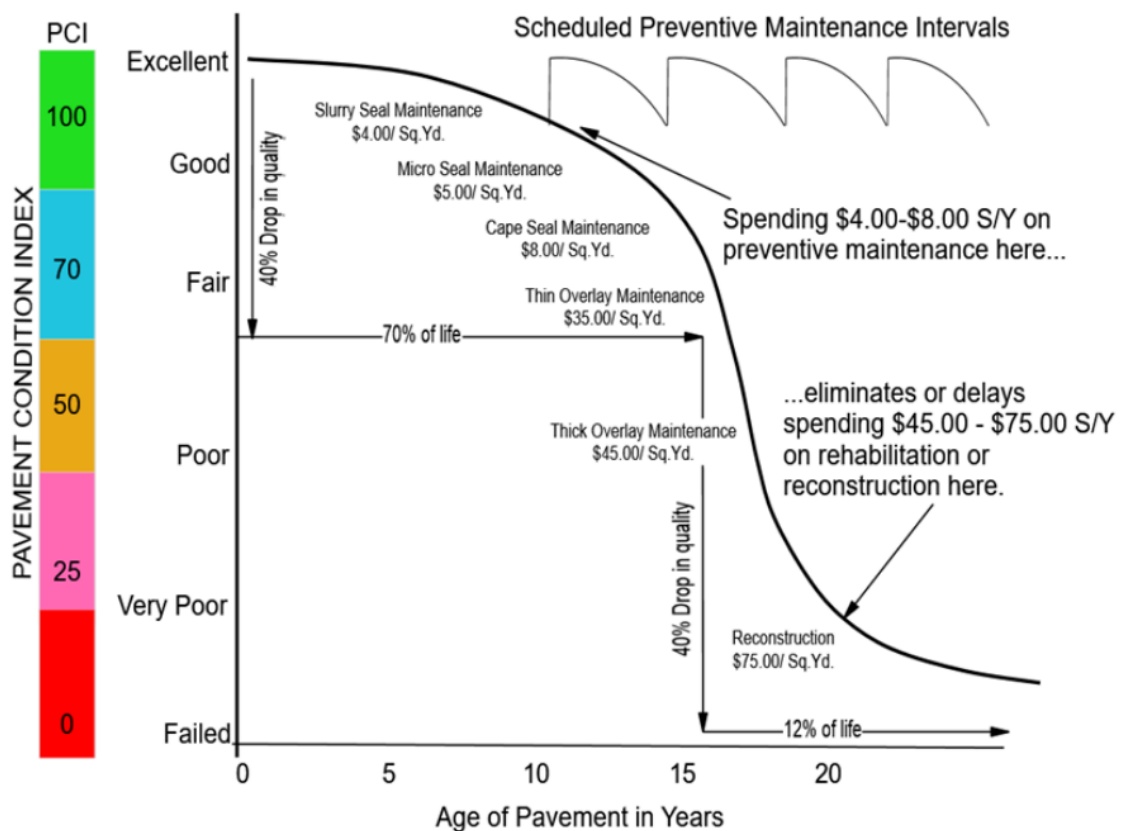


Figure 4: Pavement Management Concept and Effect of Timely Maintenance

A failed roadway system not only requires costly repairs but also lead to indirect expenses for road users, including vehicle damage, increased fuel consumption, and more frequent maintenance needs. By implementing timely pavement preservation projects, smoother road surfaces are maintained, reducing these additional costs for the adjacent landowners. The pavement within the Special Improvement District existed prior to this project. However, the

improvements are necessary due to required water system improvements. It is important to note that the surface costs within the Special Improvement District are not being assessed to property owners which further increases the benefits to the property owners.