

SPECIAL ASSESSMENT FEES IN VARIOUS CITIES

This memorandum was requested to provide information on the special assessment fees charged in the 20 highest population cities in this state. The following table provides information regarding the types and amounts of special assessment fees charged by the 20 largest cities in the state and whether each city uses its own engineers or contracts for external engineering services. The information was derived from survey responses provided by the respective representatives of each city.

| City | Population ¹ | Annual Interest ² | Administrative Fee | Engineering Fee | Use of External or City Engineer | Other Fees |
|-------------|-------------------------|------------------------------|---|--|----------------------------------|--|
| Fargo | 122,359 | 1% | 6% | 11% for new construction, 6% for reconstruction, 4% oversight fee if an external engineer is used | Both | Actual costs of legal publishing, interim interest, legal fees, and quality testing |
| Bismarck | 72,865 | 1.5% | 4% on a 15-year bond, 2% on a 10-year bond, 1% on a 7-year bond | 10% if city engineers are used, 0% to 5% is added to the actual cost of the external engineering fee | Both | 3% interest is charged during the construction of a project; 2% fee is charged for special assessment commission costs and legal and notification fees |
| Grand Forks | 57,056 | 1% | 8% | 8% if city engineers are used; only the actual costs of an external engineer are charged, plus a 2% to 4% internal city fee | Both | 4% interest is added to cover carrying costs, 4% fee is charged for special assessment commission costs, legal fees, material testing fees, and postage |
| Minot | 47,822 | 1.5% | None | 8% on new construction | Both | None |
| West Fargo | 35,708 | 1% to 1.5% | 3% of construction costs | The actual costs and fees charged by the external engineer, generally 11%, is passed on by the city | External engineer | None |
| Williston | 25,586 | 1.5% | 20% | The engineering fee is included in the 20% administrative fee | Both | None |
| Mandan | 22,228 | 1.5% | 5% | Only the actual costs charged by external engineers are passed on by the city | External engineer | Only the actual costs for legal fees, advertisements, notices, testing, and inspection are passed on by the city, with the exception of bonding fees, which can range from 2% to 3% of the total project costs |
| Dickinson | 22,186 | 1% to 1.5% | None | None | City engineer | None |
| Jamestown | 15,387 | 1.5% | 2% of the actual project costs | 15% to 20% of the costs paid for the project | Both | None, and the city discounts 25% of the total project costs, which generally covers more than the administrative costs of a project |
| Wahpeton | 7,826 | 1.5% | 3% of construction costs on a case-by-case basis | No engineering fees are added if city engineers are used, and only the actual costs of external engineers are passed through by the city | Both | None |

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|-----------------------|-------------------------|------------------------------|---|---|----------------------------------|--|
| Devils Lake | 7,293 | 1% | 4% | 8% if city engineers are used | Both | None |
| Watford City | 6,523 | 1.5% | 10% of the cost of the assessment | 1% of the cost of the assessment | External engineer | None |
| Valley City | 6,447 | 1% to 1.5% | None | None | External engineer | Minimal attorney fees for legal documents, notices, and contract review, and \$300 per special assessment project for costs of the special assessment commission |
| Grafton | 4,224 | 1% to 1.5% | 2% of the cost of construction | The actual costs charged by external engineers are passed through by the city | External engineer | None |
| Lincoln | 3,730 | 1% to 1.5% | None | The actual costs charged by external engineers are passed through by the city | External engineer | None |
| Beulah | 3,266 | 1.5% | None | None | City engineer | Only the actual cost of legal fees are passed on by the city |
| Horace | 2,717 | 1.5% | Varies depending on the complexity of the project | Design engineering fees and construction engineering fees vary depending on the complexity of the project | External engineer | A percentage fee may be charged for contingencies and capitalized interest |
| Rugby | 2,703 | 1% to 1.5% | None | The actual fees charged by external engineers, generally 10% to 20%, are passed on by the city | External engineer | None |
| Stanley | 2,645 | 1.5% | None | The actual costs charged by external engineers are passed through by the city | External engineer | Legal fees not to exceed \$10,000 |
| New Town ³ | 2,528 | | | | | |

¹The 2017 population estimates were derived from the *Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2017*, United States Census Bureau, Population Division.

²Pursuant to North Dakota Century Code Section 40-24-02, a city may charge annual interest on unpaid special assessment installments in an amount not exceeding 1.5 percentage points above the net annual interest rate on the special assessment warrant or bond.

³The City of New Town does not use special assessments.