

NEWS

## Cass County flood sales tax may be tougher sell now than in 2009

FARGO The last time a sales tax for flood protection was floated in Fargo, 90.7 percent of residents voted for it. But this isn't June 2009, and the city didn't just survive a record Red River crest that left flood-weary residents pleading for a ...

Written By: news@grandforksherald.com | Oct 11th 2010 - 7am.

FARGO

The last time a sales tax for flood protection was floated in Fargo, 90.7 percent of residents voted for it. But this isn't June 2009, and the city didn't just survive a record Red River crest that left flood-weary residents pleading for a permanent solution to the river's unpredictable ways.

Add the rest of Cass County voters into the mix, and proponents of a countywide half-cent sales tax to pay for the local share of a diversion channel and other flood control projects aren't counting on the Nov. 2 vote to be a slam dunk.

"Is it going to be 90.7? Probably not," Fargo Mayor Dennis Walaker said, adding that even with Fargo having two-thirds of the county's population, it will take a significant majority of the city's residents to vote "yes" to pass the measure.

"I still think if people look at the issue, they will still come with over 50 percent," he said.

A group that emerged last week hopes county residents will look at the tax and vote against it.

The No Blind Tax Committee contends the county is "flying blind" by planning to collect an estimated

\$11 million annually in sales tax with no approved project to spend it on.

The committee, which co-chairman and former Fargo mayor Jon Lindgren said has "several" members, highlighted the fact that the U.S. Army Corps of Engineers recently delayed the project's feasibility report by almost a year to study downstream impacts.

"There's way more questions than answers in all of this," said David Gust of Harwood, N.D., a committee co-chairman.

Tax would start earlier

If approved, the sales tax would take effect April 1, 2011, raising Fargo's sales tax to 7½ percent and West Fargo's to 6½ percent.

County Auditor Mike Montplaisir said officials originally wanted the tax to take effect July 1, 2012, to coincide with the expiration of Fargo's half-cent infrastructure tax. But they felt it was prudent to start collecting the tax earlier to amass funds to pay for upfront diversion costs such as land acquisition, engineering and infrastructure, he said.

The corps' estimate for the locally preferred North Dakota-side diversion is \$1.46 billion, with a non-federal share of \$626 million, including interest costs during construction.

Fargo and Cass County would likely pay for half of the non-federal, non-Minnesota share of the project, which would be roughly \$350 million to \$400 million, County Commission Chairman Darrell Vanyo said. The county sales tax would cover about half of that amount.

The mayors of Fargo and Moorhead signed agreements July 15 to be the project's local sponsors and to certify they'll be able to cover the local cost share.

A binding commitment to pay for the diversion channel will come when the corps requires the sponsors to sign a similar "self-certification" agreement prior to construction, said Craig Evans, project co-manager for the corps.

Vanyo and Walaker said local entities need a solid revenue stream in place when that time comes.

"We have to show good faith, and that's what this sales tax is all about," Walaker said.

If the tax measure fails and the diversion project is approved, Vanyo said the most likely options for raising the outstanding local share - expected to be \$150 million to \$200 million after proceeds from Fargo's city sales tax - are special assessments or another Fargo city sales tax. Both options would require voter approval.

Raising property taxes would be a less likely option because the mill levy increase would put taxes "way out of line" with the rest of the state, he said.

West Fargo a factor

West Fargo, which holds roughly half of the county's population outside of Fargo, could play a crucial role in whether the sales tax receives the simple majority needed to pass.

West Fargo Mayor Rich Mattern supports the tax, saying the metro area needs a solution, "and this kind of looks like it to me."

Mattern noted that "a ton" of West Fargo residents work in Fargo and stand to lose financially if Fargo floods. In 2008, 67.6 percent of workers living in West Fargo were employed in Fargo, according to U.S. Census Bureau data compiled by the North Dakota State Data Center.

"If you work in Fargo and your business during the flooding period is closed down for a week and you're out of a job and not getting paid for a week, that economic consequence on that person is going to be far greater than what he is going to pay in 20 years in sales tax," Mattern said.

However, Mattern said more West Fargo residents would support the sales tax if they knew the diversion's alignment would run a mile west of the city, protecting more land for future development.

"It's those unknowns that are, to me, problematic for people to vote for it," he said.

Mattern said West Fargo could benefit by tapping the sales tax proceeds to help pay for upgrades to the Sheyenne River Diversion, mostly south of I-94.

"From that standpoint alone, I think we could probably get a lot of our money back that we put into it," he said.

Tax, but no diversion?

It's not clear what will happen if the tax is approved but a diversion project doesn't materialize.

If voters approve the tax, county commissioners will have to pass an ordinance to put it into effect, Montplaisir said, adding he assumes that would happen soon after the vote.

"That would be before we know if a diversion project is approved and we don't know what shape that diversion will be," he stated in an e-mail. "However, we do know that we need to solve some flooding issues whether it be upstream storage or other flood control measures."

Fargo alone has identified \$800 million worth of flood projects, City Engineer Mark Bittner said last week.

Hypothetically, if the diversion plan dies and the county proceeds with other flood control projects but eventually wants to end the tax early, it would probably seek a public vote to cancel the tax, Montplaisir said. Otherwise, some residents, cities or townships may feel the tax ended before their flooding issues were solved, he said.

#### Public meetings set on half-cent sales tax

Cass County has slated four public meetings on the proposed half-cent sales tax for the diversion and other flood control projects.

Officials will give a brief update on the diversion project and discuss the local cost shares. Time will be provided for a question-and-answer period.

All meetings will begin at 7 p.m. Following are the dates and locations:

Thursday, Longfellow Elementary School multipurpose room, 20 29th Ave. N., Fargo.

Oct. 19, Bennett Elementary School multipurpose room, 2000 58th Ave. S., Fargo.

Oct. 21, Cheney Middle School theater, 825 17th Ave. E., West Fargo.

Oct. 25, Spirit of Life Center at St. Leo's Church, 211 Langer Ave., Casselton.

The Forum of Fargo-Moorhead and the Herald are Forum Communications Co. newspapers.