

City Council Agenda Summary Sheet (Non Purchases)

Agenda No: 2004-0469 Local Road Millage Initiative
Date: June 28, 2004
Prepared By: Ed Anzek
City File No:

Meeting Date: July 14, 2004

PURPOSE:

To approve a Resolution authorizing the City Attorney to draft ballot language to place on the November General Election a request for up to 3.2 mils over the next 10 years to be dedicated to the local street program to provide for the maintenance, repair, snow plowing, repaving and reconstruction of residential streets.

DISCUSSION:

For several years the City has been evaluating and analyzing the means to provide for a dedicated source of funds to maintain and reconstruct the City's 217 miles of local residential streets. As all of Council is aware, the City, when established in 1984, did not provide specific and dedicated revenue to support ongoing maintenance, repair and reconstruction costs associated with our local roads. Past efforts that the City has initiated in local street repair and reconstruction were funded by a combination of a small millage (now expired), Act 51 revenues, bonds, and transfers from the City's General Fund and Major Roads Fund.

The City currently receives about \$1.2 million in Act 51 revenues for local roads. The fact that our debt service (annual bond retirement payments) obligates the City to pay nearly \$800,000 leaves about \$400,000 to pay for the 1) Routine Maintenance (sealing, patching, shoulder repair, etc.); 2) Winter Maintenance (plowing and salting); 3) Traffic Services (signs, striping, ROW issues); and 4) Administration. The 2004 budgeted amount for these 4 "Functions" is \$3.6 million. The \$3.2 million shortfall is made up by fund balance transfers and subsidies from the General Fund and Major Road Funds.

To continue in the program of applying overlays to extend the life of the roads, reconstruct when necessary, and provide for the on-going operations of routine maintenance and winter plowing the City needs an estimated \$10 million annually. This dollar estimate is based on the objective of continued maintenance and improving all current substandard roads to a rating of "Good". About 1/3 of the millage being requested would be used to provide for ongoing and routine functions of the road crews. The remaining 2/3rds would be used for Construction (road reconstruction and overlay paving); the 5th "Function" of the Local Road Budget.

The City also conducted an independent review and analysis of the City's financial situation, road condition status, and projected need to remedy both immediate and near term problems with roads. This Study was completed by Rehmann-Robson and is attached. The Rehman Robson concluded that a millage of 2.9213 for a period of ten years was necessary. This millage was calculated based on a variety of assumptions dealing with growth, costs, inflation, projected Act 51 revenues, and the like. The objective of the study was to identify those roads that are rated in

Poor or Fair conditions and the costs to restore those roads to a Good rating; to identify any and all other possible funding means to support the residential street program; and to make a recommendation as to the means to finance the residential street needs. The Rehmann-Robson Report concluded that a dedicated millage of 2.9213 was necessary. The millage amount was also driven by the Administrative and Council direction that future subsidies from the City's General Fund and Major Road funds be eliminated since those funds are diminishing.

This issue has been under review and analysis by both the Financial Services and the Community Development and Viability Committees. These Committees met jointly on June 24, 2004 and recommended that the matter go forward to the City Council for beginning the process to place the question on the ballot. It must also be pointed out during the joint meetings of the two Committees the issue was raised that the financial model did not provide any potential funding for Special Assessments District improvement projects. This program was established to provide for the improvement of gravel roads to paved roads and the benefiting property owners would financially participate to a limited degree. A SAD requires a majority of property owners to petition the City to initiate the road improvements. Because of this potential costs to the residential streets program, several members of the Committees recommended that the millage request be increased to 3.2 mils to enable the SAD Program to continue should a group of interested residents request their gravel roads improved.

In those Committee discussions it was also determined that Ed Anzek would serve as the staff contact. I will be working closely with Mr. Roger Rousse, DPS Director, Paul Davis, City Engineer, and Julie Jenuwine, Finance Director, to answer any and all questions of the Council and the citizens.

FISCAL INFORMATION:

The cost to place this matter on the ballot is negligible.

RECOMMENDATION:

That the City Council approve the attached Resolution to place the question before the voters on the November 2004 General Election.

ATTACHMENTS:

Rehman-Robson Report

Department Authorization: Ed Anzek

Reviewed by:

Fiscal: *Jean Farris*

Clerks: *Susan Koliba-Galeczka*

Approved by: *Pat Somerville*

RESOLUTION

NEXT AGENDA ITEM

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