



# Public Works Street Fees



# Public Works Road Funding

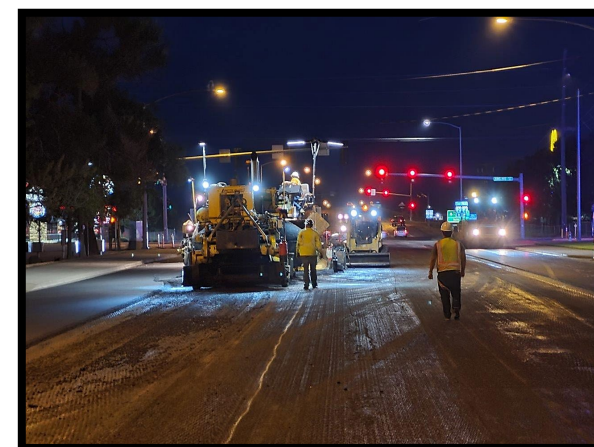
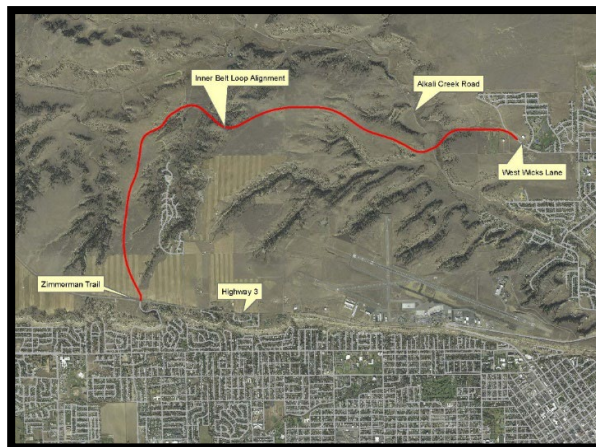
**Gas Tax**



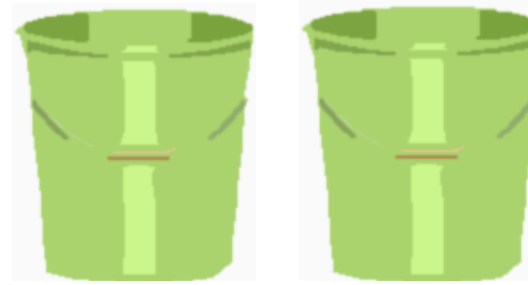
**Arterial**



**Street  
Maintenance  
Districts (SMDs)**

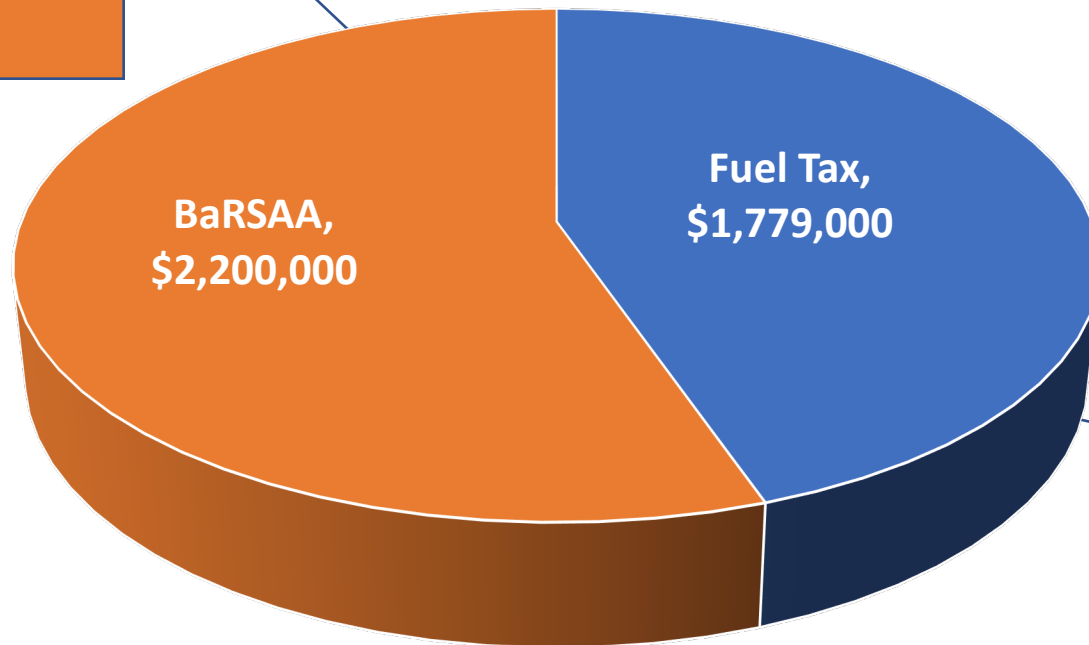


# Gas Tax



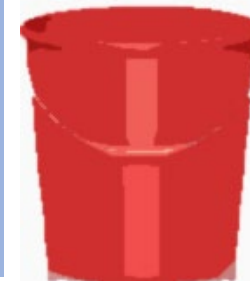
Annual amount  
Dependent on fuel sales

Can be used for construction, reconstruction,  
maintenance, and repair of city streets and alleys



Static amount:  
increases/decreases  
based on road mileage &  
population compared to  
other MT cities & counites

# Arterial Construction Fees



## Revenues from Arterial Fees

FY22	\$4,616,000
6% Increase	\$277,000
FY23	\$4,893,000

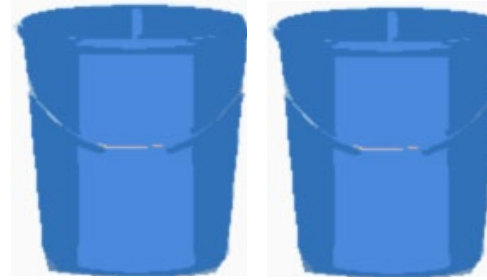
Can be used for construction, reconstruction, and replacement of arterial roads

## Current Arterial Fee Methodology & Rates

Assessment Methodology	Zoning and square footage
Residential SF Cap	9,600 SF
Vacant Rate	\$.0190
Vacant Cap	\$1,260
Residential Rate	\$.00560/sf
Assessment Relief Options	SFR not zoned as residential can petition for res. Rate & SF cap
Average Annual FY22 Residential Fee	\$53.76



# Street Maintenance District Fees



"Maintenance" includes but is not limited to sprinkling, graveling, oiling, chip sealing, seal coating, overlaying, treating, cleaning, sweeping, flushing, snow removal, leaf/debris removal, operation, maint, & repair of traffic signal systems, repair of traffic signs, placement & maintenance of pavement markings, curb & gutter repair, minor sidewalk repair that includes cracking, chipping, sinking, & replacement of not more than 6 feet of sidewalk in any 100-foot portion

## Revenues from SMDs

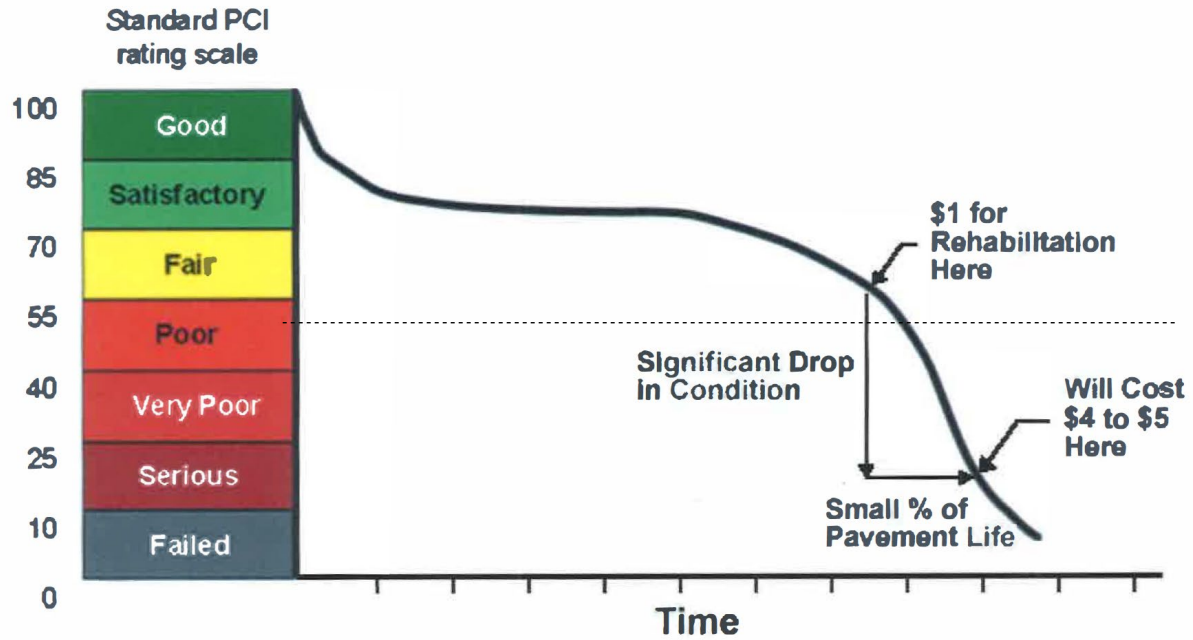
District	SMD 1	SMD 2
<b>Increase %</b>	<b>4.7%</b>	<b>5.9%</b>
FY22	\$316,000	\$9,050,000
Increase \$	\$15,000	\$537,000
FY23	\$331,000	\$9,587,000
Reduced Capital FY23		(\$336,000)
Total FY23		\$9,251,000
<b>Net Increase</b>		<b>\$201,000, 2.2%</b>

## Current SMD Fee Methodology & Rates

Assessment Methodology	Assessable Area/Zoning
Residential SF Cap	None
Vacant Rate	None
Vacant Cap	\$1,545
Residential Rate	\$.013397/sf
Assessment Relief Options	None
Average Annual FY22 Residential Fee	\$129.83

# PAVER Program Shortfall

	Funding Cycle	Recommended Cycle
Overlay	30 years	15 years
Chip Seal	25 years	8 years

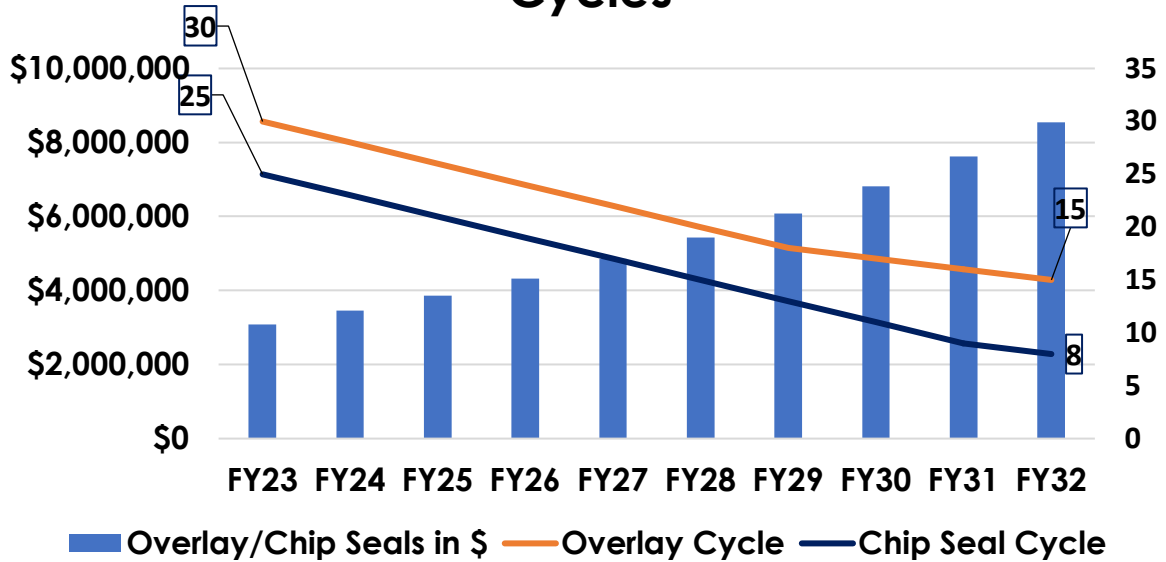


# PAVER Program Funding

Need to increase PAVER program by \$4M annually to meet recommended cycles.



PAVER Program 10-Year Funding Plan to Reach Recommended Funding Cycles

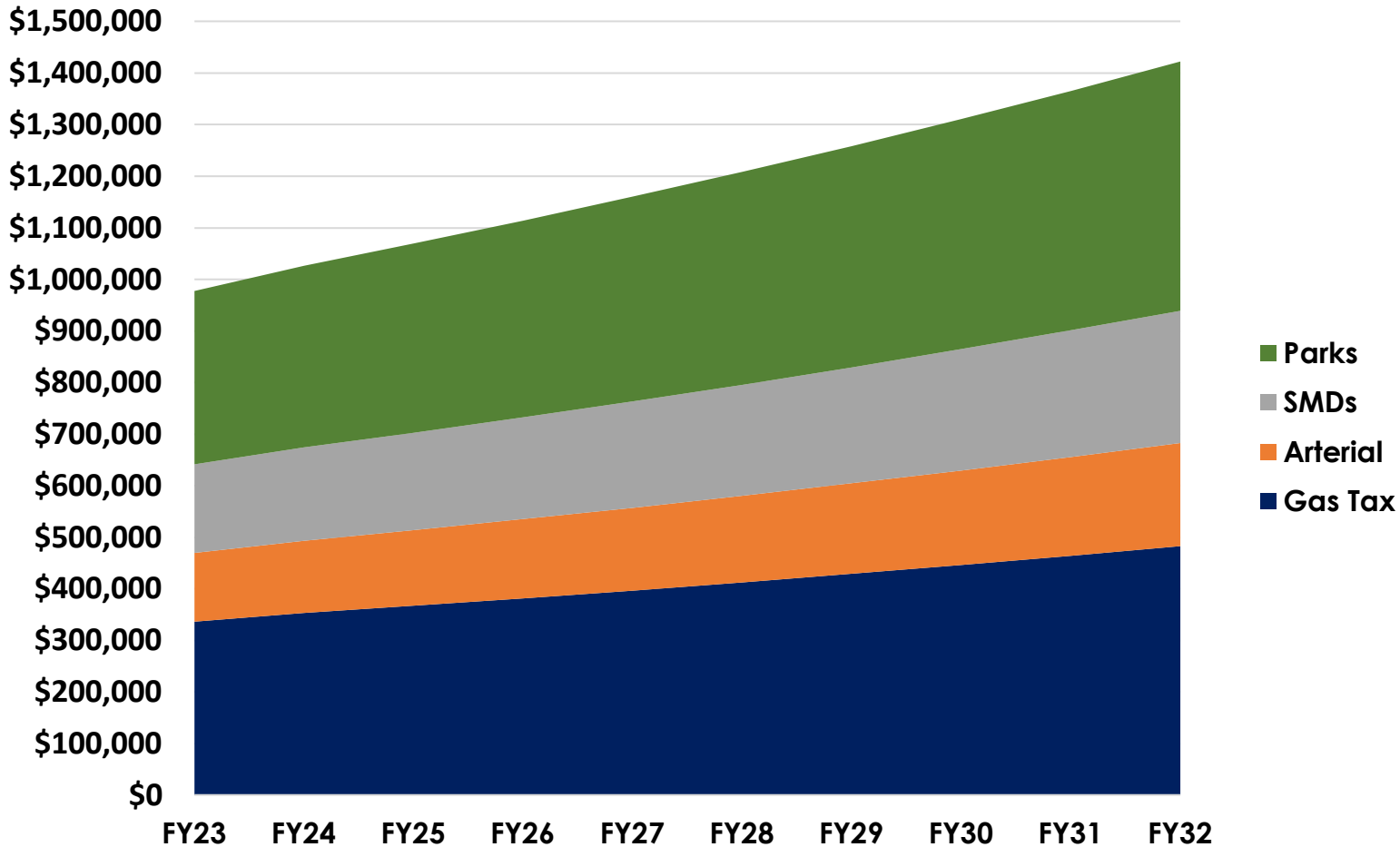


**An additional \$330,000 would be needed for FY23 (plus the \$336,000 that was removed in FY23).**

**This would be an estimated \$4.40 more per year for the average residential property owner in FY23.**

# Loss of Purchasing Power

## Annual Loss of Purchasing Power



## Cumulative Loss

**FY23**

• **\$996,000**

**5 Years  
FY23 – FY27**

• **\$7,045,000**

**10 Years  
FY23 – FY32**

• **\$12,460,000**



# Projects Funded by Gas Tax/ Arterial/SMDs

<b>FY23 – FY27 Annual Programs</b>	<b>\$25,209,000</b>
ADA Replacement	\$1,250,000
Gravel Street Reconstruction	\$2,750,000
Intersection/Traffic Improvements	\$4,248,000
PAVER Program	\$12,775,000
Pedestrian Crossing Improvements	\$536,000
Sidewalk Program	\$1,900,000
SIDs	\$250,000
Street Reconstruction	\$1,500,000

<b>FY23 – FY27 Other Road Projects</b>	<b>\$32,608,000</b>
32nd Street West - Widening/Signal improvements	\$12,200,000
36th - Central to Broadwater	\$2,900,000
6th Avenue North Multiuse Trail	\$250,000
Bike Boulevard	\$240,000
Broadwater - Vermillion to Shiloh	\$3,600,000
Downtown 2 Way Conversion	\$2,000,000
Hesper Road (West End Project)	\$2,000,000
Mullowney Road	\$3,643,000
Rimrock Road Widening Improvements	\$3,675,000
Wicks Lane - Main to Bitterroot	\$2,100,000

<b>Unfunded Projects</b>	<b>\$64,100,000</b>
Additional \$ Needed for 32nd St W widening	\$20,000,000
54th Street West--Grand to Rimrock Road	\$5,300,000
Alkali Creek Road--Senators to Skyway Drive	\$9,000,000
Bitterroot Drive-- Wicks Lane to Mary Street	\$5,300,000
Daniels Street --King Ave to Industrial Ave	\$5,900,000
Lincoln Lane--Liberty to Joyce Lane	\$2,000,000
Hawthorne--Yellowstone River Road to Wicks Lane	\$3,300,000
Monad Road--Daniels Street to Moore Lane	\$3,700,000
Rimrock Road--Clearview Drive to 54th Street West	\$3,300,000
Rimrock Road--54th Street West to 62nd Street West	\$5,800,000
Lewis Ave and 19th Street West Intersection Improvement	\$500,000

# Combined SMD 2 & Arterial Assessments

SMD 2	FY22
FY22 Arterial Fees	\$4,616,000
Arterial Increase	\$277,000
FY22 SMD 2 Fees	\$9,050,000
SMD 2 Increase	\$537,000
Reduced Capital FY23	(\$336,000)
<b>Target Combined Arterial/SMD Revenue</b>	<b>\$14,144,000</b>

	Arterial Fees	SMDs
Methodology	Zoning and SF	Assessable area
Rate Structure	Different rates per zone; low vacant rate	Same rate per SF for all properties
Caps	Residential – 9600 SF Vacant \$1260	Residential – none Vacant - \$1545
Vacant Cap	\$1,260.00	\$1,545.00



# SMD Assessment Methodology



Assessment Options

Assessable Area

Street Frontage

Equal

Taxable Value

Vehicle Trips/zoning

Any Combination of Assessment Options

Primary considerations for establishing rates

Methodology

Rate structure

Caps (max charges)

# SMD Assessment Methodology



City	Methodology	Rates	Caps	Other
Bozeman	Assessable area	Same rate per SF for all properties	Residential - 15,000 SF Commercial - no cap Vacant – 15,000 SF	Properties zoned Public charged for 25% of SF
Great Falls	Assessable area	Same rate per SF for all properties	Residential - 12,000 SF Commercial – 1M SF Vacant – no cap Non-profits – 12,000 SF	
Helena	Equal for residential & small commercial; Assessable area for large commercial	Small commercial 75% > residential	No caps	
Kalispell	Assessable area	Commercial 48% > residential	Residential - 2 acres Commercial -no cap Residential vacant – ½ acre	Parks and cemeteries exempt

# Scenario 1

## Assumptions

### Methodology

- Equal for residential and assessable area for commercial

### Rate Structure

- Vacant residential 50% of residential
- Same rate per SF for all commercial

### Caps

- Commercial vacant capped at 15,000 SF

Property Type	Square Footage	Zoning	Combined FY22		\$ Increase	% Increase
			Arterial & SMD 2 Fees	FY23 SMD 2 Fee		
Residential	7,000	N2	\$132.98	\$189.00	\$56.02	42%
Residential	9,600	N3	\$182.38	\$189.00	\$6.62	3.6%
Residential	15,000	N2	\$254.72	\$189.00	(\$65.72)	-26%
Multi-Family	12,260	NX2	\$501.24	\$564.14	\$62.90	12.5%
Commercial	100,766	CM1	\$2,691.16	\$2,776.10	\$84.94	3.2%
Park	435,600	P1	\$1,545.00	\$94.50	(\$1,450.50)	-93.9%
Vacant Residential	10,000	N3	\$152.22	\$94.50	(\$57.72)	-38%
Vacant Commercial	100,000	CX	\$1,554.58	\$413.25	(\$1,141.33)	-73%

# Scenario 2

## Assumptions

### Methodology

- Equal for residential and assessable area for commercial

### Rate Structure

- Commercial rate 50% > residential
- Vacant residential 50% of residential

### Caps

- Residential vacant capped at 7,000 SF
- Commercial vacant capped at 30,000 SF

Property Type	Square Footage	Zoning	Combined FY22			
			Arterial & SMD 2 Fees	FY23 SMD 2 Fee	\$ Increase	% Increase
Residential	7,000	N2	\$132.98	\$129.09	(\$3.89)	-2.9%
Residential	9,600	N3	\$182.38	\$177.03	(\$5.35)	-2.9%
Residential	15,000	N2	\$254.72	\$276.62	\$21.90	8.6%
Multi-Family	12,260	NX2	\$501.24	566.42	\$65.18	13%
Commercial	100,766	CM1	\$2,691.16	\$2,787.34	\$96.18	3.6%
Park	435,600	P1	\$1,545.00	\$129.09	(\$1,415.91)	-91.6%
Vacant Residential	10,000	N3	\$152.22	\$129.09	(\$23.13)	-15%
Vacant Commercial	100,000	CX	\$1,554.58	\$829.85	(\$724.73)	-47%

# Scenario 3

## Assumptions

### Methodology

- Assessable area

### Rate Structure

- Same rate per SF for all

### Caps

- Residential capped at 12,000 SF
- Residential vacant capped at 6,000 SF
- Commercial vacant capped at 15,000 SF

Property Type	Square Footage	Zoning	Combined FY22 Arterial & SMD 2			
			Fees	FY23 SMD 2 Fee	\$ Increase	% Increase
Residential	7,000	N2	\$132.98	\$172.42	\$39.44	29.7%
Residential	9,600	N3	\$182.38	\$236.46	\$54.08	29.7%
Residential	15,000	N2	\$254.72	\$295.57	\$40.85	16.0%
Multi-Family	12,260	NX2	\$501.24	\$504.37	\$3.13	0.6%
Commercial	100,766	CM1	\$2,691.16	\$2,481.97	(\$209.19)	-7.8%
Residential	435,600	P1	\$1,545.00	\$147.79	(\$1,397.21)	-90.4%
Vacant Residential	10,000	N3	\$152.22	\$147.79	(\$4.43)	-2.9%
Vacant Commercial	100,000	CX	\$1,554.58	\$369.47	(\$1,185.11)	-76%%

# Scenario 4

## Assumptions

### Methodology

- Assessable area

### Rate Structure

- Commercial rate per SF: 75% > residential
- Vacant rate per SF: 50% of residential

### Caps

- Vacant cap per parcel: \$1,000

Property Type	Square Footage	Zoning	Combined FY22		\$ Increase	% Increase
			Arterial & SMD 2 Fees	FY23 SMD 2 Fee		
Residential	7,000	N2	\$132.98	\$109.87	(\$23.11)	-17.4%
Residential	9,600	N3	\$182.38	\$150.67	(\$31.71)	-17.4%
Residential	15,000	N2	\$254.72	\$235.43	(\$19.29)	-7.6%
Multi-Family	12,260	NX2	\$501.24	\$562.43	\$61.19	12.2%
Commercial	100,766	CM1	\$2,691.16	\$2,767.66	\$76.50	2.8%
Park	435,600	P1	\$1,545.00	\$3,418.37	\$1,873.37	121.3%
Vacant Residential	10,000	N3	\$152.22	\$78.48	(\$73.74)	-48.4%
Vacant Commercial	100,000	CX	\$1,554.58	\$1,000	(\$554.58)	-35.7%



# Scenario 5

## Assumptions

### Methodology

- Assessable area

### Rate Structure

- Same rate per SF for all

### Caps

- Residential capped at 9600 SF
- Residential vacant capped at 6,000 SF
- Commercial vacant capped at 12,000 SF

Property Type	Square Footage	Zoning	Combined FY22		\$ Increase	% Increase
			Arterial & SMD 2 Fees	FY23 SMD 2 Fee		
Residential	7,000	N2	\$132.98	\$179.66	\$46.68	35.1%
Residential	9,600	N3	\$182.38	\$246.39	\$64.01	35.1%
Residential	15,000	N2	\$254.72	\$246.39	(\$8.33)	-3.3%
Multi-Family	12,260	NX2	\$501.24	\$525.56	\$24.32	4.9%
Commercial	100,766	CM1	\$2,691.16	\$2,586.26	(\$104.90)	-3.9%
Park	435,600	P1	\$1,545.00	\$154.00	(\$1,391.00)	-90%
Vacant Residential	10,000	N3	\$152.22	\$154.00	\$1.78	1.2%
Vacant Commercial	100,000	CX	\$1,554.58	\$307.99	(\$1,246.59)	-80.2%

# Scenario Comparison

<b>Property Type</b>	<b>Square Footage</b>	<b>Current</b>	<b>Scenario 1</b>	<b>Scenario 2</b>	<b>Scenario 3</b>	<b>Scenario 4</b>	<b>Scenario 5</b>
Residential	7,000	\$132.98	\$189.00	\$129.09	\$172.42	\$109.87	\$179.66
Residential	9,600	\$182.38	\$189.00	\$177.03	\$236.46	\$150.67	\$246.39
Residential	15,000	\$254.72	\$189.00	\$276.62	\$295.57	\$235.43	\$246.39
Multi-Family	12,260	\$501.24	\$564.14	566.42	\$504.37	\$562.43	\$525.56
Commercial	100,766	\$2,691.16	\$2,776.10	\$2,787.34	\$2,481.97	\$2,767.66	\$2,586.26
Park	435,600	\$1,545.00	\$94.50	\$129.09	\$147.79	\$3,418.37	\$154.00
Vacant Residential	10,000	\$152.22	\$94.50	\$129.09	\$147.79	\$78.48	\$154.00
Vacant Commercial	100,000	\$1,554.58	\$413.25	\$829.85	\$369.47	\$1,000	\$307.99

# Next Steps

Council discussion and direction

Approve rates at 8/8/22 Council meeting

Software programming changes and final calculation of assessments by 9/30/22





# Council Discussion

Property Type	Council Direction
Methodology	
Rate Structure	
Caps	
Other	

Staff Scenarios	
<b>Methodology</b>	Equal for residential and assessable area for commercial
	Assessable area
<b>Rate Structure</b>	Vacant residential 50% of residential
	Same rate per SF for all commercial
	Commercial rate per SF: 50% > residential
<b>Caps</b>	Commercial rate per SF: 75% > residential
	Commercial vacant capped at 15,000 SF
	Residential capped at 12,000 SF
	Residential vacant capped at 6,000 SF
	Vacant cap per parcel: \$1,000
	Residential capped at 9600 SF
Commercial vacant capped at 12,000 SF	