

City of Ramsey
Agenda
City Council Work Session
Tuesday January 18, 2011
4:45 pm or immediately following HRA
Lake Itasca Room 7550 Sunwood Drive NW

0. Review Future Topics for Discussion
1. **Call to Order**
2. **Topics for Discussion**
 1. Discuss street reconstruction policy and consider public informational campaign
3. **Future Topics for Discussion - *See Attached Calendar***
4. **Mayor/Council/Staff Input**
5. **Adjournment**

CC Work Session

Item #: 0.

Date: 01/18/2011

By: Jo Thieling
Administrative Services

Information

Title:

Review Future Topics for Discussion

Background:

The calendar of future topics is attached for review.

Funding Source:

N/A

Council Action:

No Action Required.

Attachments

Work Session Calendar

Form Review

Inbox

Kurt Ulrich

Form Started By: Jo Thieling

Final Approval Date: 01/13/2011

Reviewed By

Jo Thieling

Date

01/13/2011 03:41 PM

Started On: 01/13/2011 02:47 PM

**Work Session Calendar
2011**

Month	Date	Topics for Discussion
Jan/Feb/March		<ol style="list-style-type: none"> 1) Review City Hunting Regulations (sometime in 1st quarter 2011) 2) Update Public Nuisance Ordinance (Jim Way) 3) Variolite Street Extension Discussion 4) Consider Financing Options for Road Reconstruction Policy
On List – No Date 2011		<ol style="list-style-type: none"> 1) Outside Storage in Industrial Areas (AM) 2) Community Center Planning (HN) 3) Discuss Joint Community Effort Regarding County Road Standards (Councilmember Wise) 4) Review Dangerous Dog Ordinance and Signage w/re to Dog Park 5) Excessive Use Ordinance – Councilmember Dehen 6) Parks Analysis/Possible Policy Change for Rechanneling Park Dedication Funding, etc. 7) Public Works Space Needs Analysis (BO)
		<p>Future HRA Items for Discussion Discuss TIF & Development 167th/Highway #47 – October 2010</p>

Date: 01/18/2011

By: Tim Himmer
Engineering/Public Works

Information

Title:

Discuss street reconstruction policy and consider public informational campaign

Background:

The concept of developing an assessment policy for street reconstruction has been talked about numerous times over the past couple of years. The discussions really escalated with the advancement of the Andrie Street/164th Lane Municipal State Aid (MSA) improvement project in 2009. The only existing City street assessment policy pertains specifically to the Street Maintenance Program (SMP); where overlays are assessed at a rate of 50% and sealcoats are being phased out through the year 2014, from a previous rate of 50% to the current rate of 22% in 2011.

A majority of the discussion related to this matter to date has leaned towards the use of additional revenues, and to get away from one time assessments. Doing so would most likely require the levying of additional taxes or the establishment of fees, but it could also eliminate or greatly reduce the amount of projects that are counter-petitioned due to cost factors (assessments) to the residents. Conversely, it could also result in a large amount of petitions requesting improvements. Advancement of this policy will establish a more concrete funding mechanism, and allow for more consistent resident interaction on future street improvement projects.

Utilizing the general fund alone to offset these costs led to a few concerns and topics of discussion:

- Tax exempt parcels would receive benefit without any contribution.
- The City would not be able to issue improvement bonds unless a minimum of 20% of the project is assessed, thereby eliminating a potential funding source.
- How would levy limits affect this process?
- The loss of \$300,000 per year in TIF money (in 2013) that is currently being used to offset the general fund contribution.

At a work session meeting in November of 2009 staff was directed to review what it would cost to continue with our standard street maintenance activities, and add reconstruction costs into the program in five year increments. Staff completed this analysis and then evaluated how much funding would be needed over the next ten years; since approximately 45% of the roadways in the City were constructed between 1975 and 1985 (a 40 year design life was assumed). This information was presented to the Council in work session on June 15, 2010. See attached information on the 5 year breakdown and a history of road construction in the City.

This analysis was done based upon an ideal maintenance schedule, and it is not realistic to assume that we would be able to generate the dollars necessary to fund such a program. Initially this matter was strictly dealing with a reconstruction policy, but we could not lose sight of the fact that we need to actively maintain our roadways (sealcoat and overlay) so they can reach this 40 year intended design life. The sealcoating assessment is being phased out over the next few years, and we continue to fall behind on maintenance activities due to funding constraints; we always seem to have more roads to maintain than available funding. We ultimately perform maintenance activities based upon available funding and the road rating performed by public works, with some improvements being extended into subsequent years. There are situations, however, that we must forego necessary repairs due to the counter-petition process, which eventually leads to increased costs in future years as the roadway may deteriorate faster. Therefore we needed to take a broader look at the overall longevity of our system to include both maintenance and reconstruction.

Observations:

In simple terms we have approximately 178 miles of roadway in the City. Taking out 36 miles of MSA roads that have their own funding source leaves 142 miles of local roads, but we are also underfunded with regard to our planned MSA needs. If we were to reconstruct the local roadways every 40 years we would need \$142M, or approximately \$3.5M annually. If you include sealcoating every 7 years at a price of \$25,000/mile and an overlay every 19 years (but only occurs once during the design life) at a price of \$105,000/mile we would need another \$500,000 and \$400,000 respectively, for a total of approximately \$4.4M of required funding each year for both maintenance and reconstruction. Currently the only revenue options we have to offset these costs are assessments, MSA, TIF, and the general fund.

Other issues that have been discussed with regard to the reconstruction policy include the following:

- What is the standard for reconstruction
 - utilities, cross-sections, trails/sidewalks, load limits, etc.
- How to address tax exempt parcels
- How to address residents that live on private or County roads
- Should it be a flat fee (tax), assessment, or combination
 - Affects of levy limits and potential bonding as a funding source
 - Impacts to funding when TIF closes in 2013 (\$300,000 reduction in SMP)
- A public participation process

At the September 21, 2010 Council work session discussions focused on a franchise fee and public participation campaign to educate the residents of the imminent need for roadway improvements, and solicit their feedback on the potential scenarios that exist for a long term sustainable funding source. Staff discussed this matter with Himle Horner, a consultant currently working on marketing for the COR, and requested a proposal to assist the City in completing a public participation program (see attached). Staff is now looking for input on implementation of such a program in an effort to advance this critical infrastructure funding dilemma.

Recommendation:

Staff recommends award of a Contract to Himle Horner for a cost not to exceed \$43,000 to assist with the public informational campaign and data gathering to initiate a street reconstruction policy.

Funding Source:

Since this is an activity that will directly benefit the street system and general state of repair for the street system, it would be appropriate that this money come from the street maintenance account. However, since that account is already being fully utilized for the 2011 Street Maintenance program, it would mean that we would have to eliminate a section of roadway to afford this effort. Staff recommends that this effort be funded from the Public Improvement Revolving fund which has an adequate fund balance and that this amount be reimbursed by the street reconstruction fund when that gets created.

Council Action:

Based upon discussion

Attachments

[Funding summary](#)

[Road construction history](#)

[Himle Horner proposal](#)

Form Review

Inbox	Reviewed By	Date
Brian Olson	Brian Olson	01/13/2011 01:44 PM
Diana Lund	Diana Lund	01/13/2011 02:29 PM
Kurt Ulrich	Kurt Ulrich	01/13/2011 02:56 PM
Form Started By: Tim Himmer		Started On: 01/13/2011 09:19 AM

RECONSTRUCTION					MAINTENANCE					
Period	Year Constructed	Total segments	Total Miles	Estimated Cost	Seal Coat Miles	Sealcoat Estimate	Overlay Miles	Overlay Estimate	Total	Cost/Year
2011-2015	1975 or older	13	3.05	\$ 3,599,000.00	100.40	\$ 2,640,554.00	31.42	\$ 3,348,649.00	\$ 9,588,203.00	\$ 1,917,640.60
2016-2020	1976-1980	278	45.37	\$ 53,536,600.00	52.76	\$ 1,439,627.00	80.38	\$ 7,836,676.00	\$ 62,812,903.00	\$ 12,562,580.60
2021-2025	1981-1985	186	34.44	\$ 40,639,200.00						
2026-2030	1986-1990	114	18.94	\$ 22,349,200.00						
2031-2035	1991-1995	213	23.52	\$ 27,753,600.00						
2036-2040	1996-2000	103	12.29	\$ 14,502,200.00						
2041-2045	2001-2005	163	20.66	\$ 24,378,800.00						
2046-2050	2006-2010	68	11.60	\$ 13,688,000.00						
Dirt Streets		17	3.77	\$ 4,448,600.00						

assume \$1,000,000 per mile for reconstruction
assume 40 year design life
assume \$1.56/sq. yd. for sealcoating
assume \$5.85/sq. yd. for overlays
assume 18% overhead

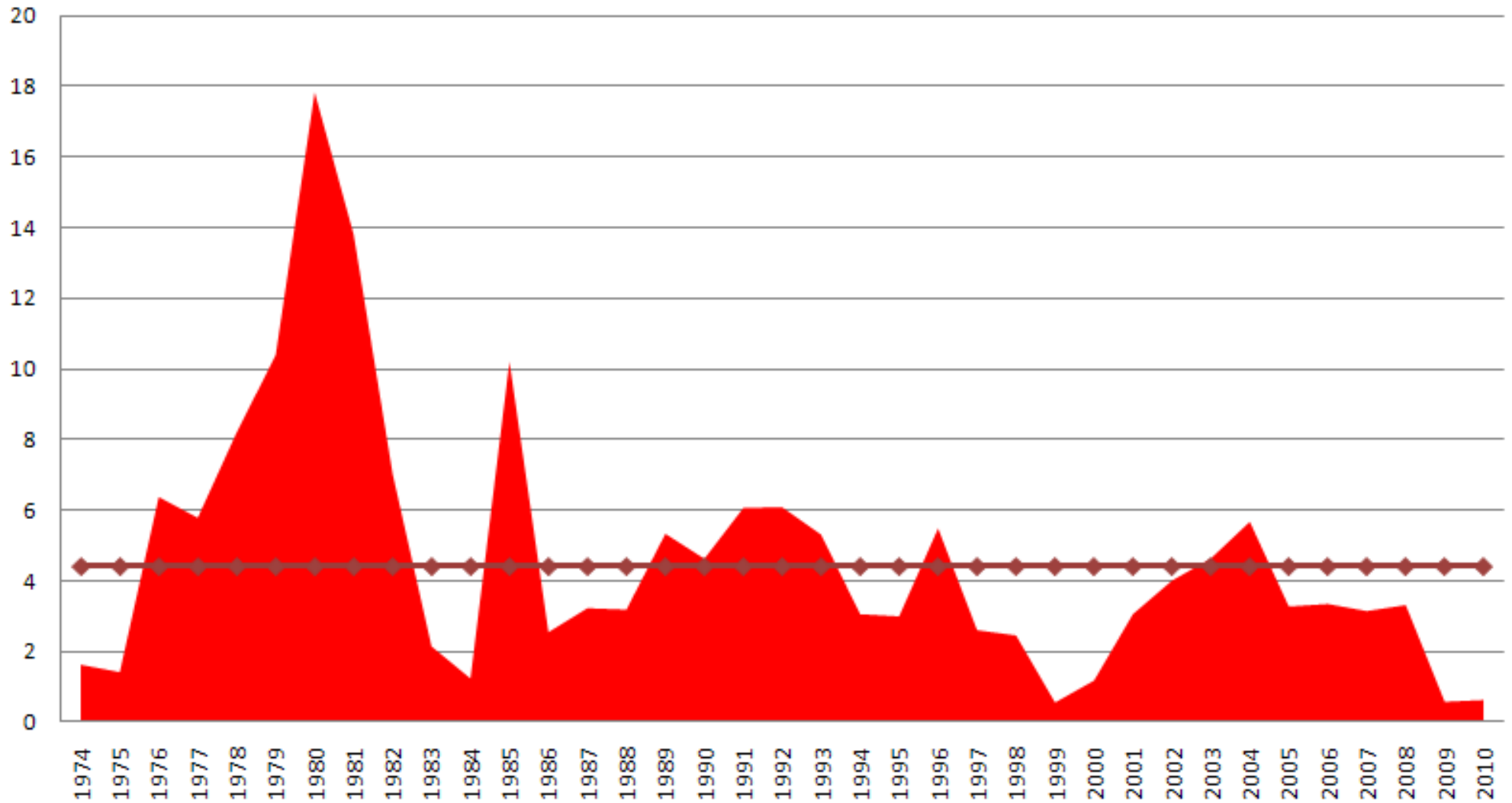
Next 5 Years (2011 - 2015)			
<u>Maintenance Cost</u>	<u>Recon Cost</u>	<u>Total</u>	<u>Avg Cost/Year</u>
\$ 5,989,203.00	\$ 3,599,000.00	\$ 9,588,203.00	\$ 1,917,640.60

Next 10 Years (2011 - 2020)			
<u>Maintenance Cost</u>	<u>Recon Cost</u>	<u>Total</u>	<u>Avg Cost/Year</u>
\$ 15,265,506.00	\$ 57,135,600.00	\$ 72,401,106.00	\$ 7,240,110.60

all based on 2009 dollars

Year of Construction

Miles of Construction per year Average Mileage per year



Public Information Proposal for City of Ramsey Long-Term Road Maintenance Program

Submitted by Himle Horner Inc. — November 19, 2010

Background

Roughly 45 percent of Ramsey's 174 miles of roads were constructed between 1976 and 1985. With routine maintenance, the average expected life of these roads is 40 years, which means that between 2016 and 2025, the City expects an estimated \$90 million or more in road reconstruction to be necessary to repair its aging streets. While approximately 20 percent of Ramsey's roadways would qualify for state aid, 80 percent will be the responsibility of local taxpayers. Currently, the City does not have a street reconstruction policy or a reliable funding source apart from costly individual property assessments.

Recently, the Ramsey City Council agreed to take a more proactive approach to street maintenance. It directed staff to develop a street reconstruction policy and a more balanced funding approach to this long-term issue. Specifically, the City hopes to establish a policy that:

- **Spreads the cost over time** so individual property owners are not surprised by burdensome multi-year assessments
- **More fairly distributes the cost** to all property owners who benefit from well-maintained roads
- **Removes roadblocks to maintenance** such as insufficient funds or property owner petitions against street repairs, which delay projects and ultimately increase costs
- **Better positions Ramsey for the future** by maintaining the high-quality streets necessary for motorist safety and to attract housing, commercial and other economic growth

The City has requested a proposal from Himle Horner, Inc. (HHI) for communications assistance with developing a plan to inform the public about the need for a policy; engage residents and property owners in a dialogue about funding options; and ultimately propose a new policy for City Council approval in late summer/early fall 2011.

However, several issues and environmental conditions should be considered, including:

- **A challenging economic environment** in which homeowners and business owners will find it difficult to support higher taxes, fees or other property costs
- **Currently well-maintained roads** that have not shown visible wear. This will make it difficult to communicate the need and urgency for a road maintenance policy.
- **A lack of public awareness** about the history and anticipated expense of maintaining the city's road system
- **Public sensitivity** to any increase in taxes or fees — as well as increased government spending.

Recommended Goals

To overcome these challenges, it will be important for the City to involve property owners and local opinion leaders in the policy's creation and implementation. Specifically, HHI recommends the City consider implementing a public information and engagement program through the end of 2011 to:

- Inform residents, businesses and other property owners about the long-term challenges that lie ahead for Ramsey's roads, and how the community will be impacted without a proactive approach
- Engage Ramsey property owners in a public discussion about potential policy and funding options
- Build public support for establishing a road reconstruction and long-term funding policy
- If a policy is approved, increase property owner awareness about the new policy and how it will affect them

Recommended Approach

To work toward accomplishing these goals, HHI recommends the following approach:

Step 1 — Research — Design research to identify:

- What residents know/perceive about the city's road maintenance needs and potential policy solutions
- Information gaps and what information residents need or want to make informed decisions
- How best to communicate that information to residents
- Also, test community attitudes/satisfaction with city services and other issues

Specifically, the research would include:

- Online/media scan of 3-4 other municipalities that have taken a similar long-term approach to road maintenance to learn from their successes, failures and messages
- Public opinion survey that involves a 30-question telephone survey among a randomly-selected sample of 300 adults in Ramsey. The sample would provide an accuracy rate of +/- 6.0% at the 95% confidence level. HHI would design, manage and analyze the public opinion research. We recommend working with Decision Resources, Ltd. to develop survey samples, conduct telephone interviews and tabulate data.
- Present public opinion results/analysis during a meeting in Ramsey (up to 2 hours) with City staff and/or council members.

Step 2 — Messaging and Public Information Plan — Based on the research, develop a plan for a public information and engagement program to be largely implemented by City staff and officials. The plan will include **goals, audiences, a strategic overview and key messages**, as well as outline **public information and engagement strategies and related tactics**. To accomplish this, HHI would:

- Draft a public information plan to include the sections outlined above for implementation during calendar year 2011; review and finalize plan in cooperation with Ramsey staff
- General talking points document, including information for specific stakeholder groups as needed

- Provide advice and counsel to city staff as needed
- Present plan recommendations during a two-hour meeting at the Ramsey Municipal Center

Step 3 — Implementation Assistance (Optional) — While HHI understands that primary responsibility for implementation of the plan will rest with City staff, it may be helpful for staff to involve HHI in the following:

- Materials development including up to 2 fact sheets (including content, in-house design and two rounds of edits), template PowerPoint presentation and other content necessary to introduce the policy's need and potential solutions to Ramsey property owners and opinion leaders, and to explain the policy once it is approved
- Series of earned media columns (up to 3) that may be submitted by City officials and/or interested third parties to local media to explain the need and potential policy solutions
- Template media release that may be used by staff to publicize a staff-planned series of public information meetings and/or public hearings about the proposed policy
- Implementation and media relations counsel to City staff as needed
- Assist with other tactics as agreed upon by City staff and HHI, budget permitting

Budget

Based on this approach, we estimate the following fees for a December 2010 – December 2011 contract:

Research (Step 1)		\$21,000 - \$24,500
<i>Decision Resources, Ltd.</i>	\$9,000 - \$10,500*	
<i>HHI Professional Fees</i>	\$12,000 - \$14,000	
Messaging and Public Information Plan (Step 2)		\$14,000 - \$16,000
Implementation Assistance (Step 3)		\$8,000 - \$10,000
Total		\$43,000 - \$50,500

Note: The budget is an estimate based on our current understanding of the potential engagement and can be adjusted depending on the desired scope of services from HHI. Should the client require additional services that are outside of the proposed or final budget, those services will be billed according to our standard hourly rates. HHI professional services and general office expenses, including but not limited to phone costs, photocopies, mail costs and mileage for up to two meetings in Ramsey are included in the above amounts. This budget also assumes that design, printing, mail house or other materials development vendor costs (except where noted above) will be the responsibility of the City and are not included in this estimate. HHI bills clients on a monthly basis for fees and expenses as they are incurred. Payment is due within 30 days of the invoice date.

*This fee estimate assumes that the City of Ramsey will be billed directly by Decision Resources, Ltd. If the City prefers that this work be billed through HHI, as part of HHI's overall work, a 15% mark-up will be added.