

Ramsey Long-Term Road Maintenance and Reconstruction Program Frequently Asked Questions

Why does Ramsey need a long-term road maintenance and reconstruction program?

Nearly half of Ramsey's 178 miles of roads were constructed during the city's population boom in the 1970s-1980s. Even with routine maintenance by Ramsey Public Works, the maximum life of these roads is 40 years. That means that between now and 2025, about \$90 million or more in road reconstruction will be necessary to repair or replace city streets. Currently, no budget exists for funding this wave of reconstruction, which will largely be the responsibility of local taxpayers. We realize that this is a staggering amount and that it is not realistic to think that all these roads will all be reconstructed within this timeframe, however, it does demonstrate the demand.

What will occur if we do not develop a long-term road maintenance program?

While the city's existing maintenance program is stretching the life of local roads, no roads can be built to last indefinitely. Without action, Ramsey's roads will be prone to more potholes, cracks and crumbling pavement – creating serious safety risks for pedestrians and motorists. Poor roads may affect property values and may hinder Ramsey's ability to attract new residents, businesses and jobs. Ultimately, reconstruction will be necessary and the city will need to utilize its current assessment program, which assesses the total cost of projects to property owners in the affected areas. This would place a significant short-term burden on property owners — a challenging option in the current economy.

What are the city's goals for a long-term maintenance and reconstruction program?

The city's goals are to:

- Ensure safety for pedestrians and drivers
- Reduce project delays and avoid higher costs to taxpayers
- Spread out the cost of road maintenance and reconstruction, and keep assessments low
- Maintain high-quality roads that will continue to attract new residents, businesses and jobs

How will a long-term approach benefit me?

Maintaining/rebuilding city streets is critical for ensuring safety and accessibility for residents, businesses and organizations in Ramsey. Crumbling roads can be dangerous for pedestrians and drivers. Businesses, schools and other organizations need roads that sufficiently handle customer and visitor demands. Well-maintained streets also keep our neighborhoods and business districts attractive, which helps protect property values and attract new residents, businesses and jobs. A long-term program also will help spread out the cost of street maintenance.

Where will the funding for a long-term program come from?

The level of work required to repair and reconstruct city streets is beyond the routine maintenance provided for in the city's budget. As a result, the additional cost of reconstruction will largely be the responsibility of city taxpayers. The city is considering the following three options to cover project costs:

1. **Do Nothing:** Use the city's current assessment policy (100% for reconstructions) of charging affected property owners — based on the lineal footage of their property — for the total project cost.
2. **Citywide Property Tax Increase:** Proportionally charge all city taxpayers based on their property values for the total cost of the long-term street maintenance and reconstruction program.
3. **Citywide Franchise Fee:** All utility customers pay an equal fee that covers the total cost of the program.

How would Option 1 (the current assessment policy) work?

An assessment would be charged to affected property owners based on the lineal footage of their property. For example, a quarter-acre lot may be assessed a total of \$9,000 or about \$75/month for 10 years. The assessment

for a two-acre lot could total \$27,000 or about \$225/month for 10 years. This option places a significant but short-term burden on affected property owners.

How would Option 2 (citywide property tax increase) work?

The increased tax would be based on property values. For example, the owner of an average \$150,000 home could owe an additional \$24/month for up to 40 years. In comparison, the owner of an average \$450,000 home could owe an additional \$51/month for up to 40 years. The increase would be added to property tax bills. This option would spread out the costs to all city taxpayers and helps keep assessments low.

How would Option 3 (city franchise fee) work?

Payable for 40 years, a citywide franchise fee charges all utility customers — including tax exempt properties — a monthly fee regardless of property size or value. In other words, the fee would be the same for a \$150,000 home and a \$450,000 home. The fee could equal as much as \$28/month for residential customers and \$54/month for Commercial customers. Option 3 spreads out the cost to everyone who will benefit from safer and well-maintained streets.

What is the most favored payment option so far?

Option 3 (a citywide franchise fee) is the most preferred option of 49% of city residents, according to a June 2011 public opinion survey conducted on behalf of the city.

Will the money collected as part of this program be dedicated only to road maintenance and reconstruction?

Yes. Regardless of the funding option chosen, funds will be used only for the long-term maintenance and reconstruction of city roads. The city will not divert road funds to fill budget gaps or for spending on other city initiatives.

Are there other sources of funding available for long-term street maintenance? What about money spent on The COR — Ramsey's downtown development?

No. Unfortunately, the cost of road reconstruction is so large that the city would need to dedicate its entire operating budget for nearly nine years to pay for necessary street maintenance and reconstruction. In fact, much of the city's operating budget — including economic development funds and back taxes used for The COR — is earmarked for specific city functions and could not be utilized for long-term road work. While about 20% of long-term street reconstruction costs are expected to qualify for state funding or funding from outside sources, the majority of the cost will be the responsibility of Ramsey city taxpayers.

When will a decision on the long-term road maintenance and reconstruction program be made?

The Ramsey City Council will continue to seek input from residents about the funding options through early 2012. The council is expected to review that input and establish a new policy and funding structure shortly thereafter. Funds will be collected starting in 2012 and are expected to deliver new road reconstruction projects in by next fall (2012).

Why did I get a flyer from Connexus regarding this new fee?

Connexus Energy is doing everything in its power to control costs just like the City of Ramsey. This fee will show up on your Connexus Energy bill as they intend on passing the costs to maintain the Right of Way to its customers. If you haven't received a flyer from Connexus, it will likely be sent in the near future.

How can I learn more, ask questions and provide feedback?

- Visit www.ci.ramsey.mn.us or www.facebook.com/CityofRamseyMN
- Public information and input sessions will be held on [date].
- Complete an online survey by going to [insert direct link].
- Contact your City Council member or Ramsey Public Works Director Brian Olson at BOlson@ci.ramsey.mn.us or 763-433-9825.
- In June, the city also conducted a telephone survey of 300 randomly selected residents in Ramsey. Their responses will be reviewed along with other resident input by city staff and council members.

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