

City of Ramsey
Agenda
City Council Work Session
Tuesday March 19, 2013
Immediately Following Public Work Committee
Lake Itasca Room 7550 Sunwood Drive NW

- 1. Call to Order**
- 2. Topics for Discussion**
 - 1. Consider Implementation of Long Term Road Maintenance Policy**
- 3. Future Topics for Discussion**
- 4. Mayor/Council/Staff Input**
- 5. Adjournment**

CC Work Session**2. 1.****Meeting Date:** 03/19/2013**Submitted For:** Grant Riemer**By:** Grant Riemer, Engineering/Public Works

Title:

Consider Implementation of Long Term Road Maintenance Policy

Background:

The purpose of the program is to determine a funding source for long term road maintenance and reconstruction in the City of Ramsey. Transportation issues were recognized in our strategic planning sessions under Strategic Imperative II: A Connected Community. It is staff's desire to give a broad overview of the program tonight to refresh everyone's memory and get the new members of the council familiar with the topic. After Council is back up to speed, staff would propose breaking the overall program down into smaller segments and discussing funding mechanisms for the different components of the program. The long term road maintenance program consists of 3 major components which are seal coating, overlays and reclamation/reconstruction. Interim city engineer Shane Nelson will be provide insight into pavement maintenance programs that he has developed for other cities.

Former Public Works Director/Principal Engineer Brian Olson did extensive work on this policy and his CC case dated 2/14/2012 will be referenced for the discussion tonight. Brian's case follows:

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 improvement project in 2009 and have progressed a long ways, but the situation still remains unsettled.

Early on, in 2009, discussions revolved around the existing City street assessment policy which currently 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 15% in 2012.

Because there is not any money to fund the change in policy, discussions revolved around the revenue source, standards for reconstruction, specifications and generally about what should be included when a roadway is reconstructed.

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 based upon a concept that when a street turns 40 years old we reconstruct. Since approximately 45% of the roadways in the City were constructed between 1975 and 1985 (a 40 year design life was assumed), it amounted to approximately \$90 million to accomplish this program. Although we know that there is no way that there could be a program such as this afforded, it demonstrated the dire consequences and the drastic need for the improvement. This \$90 million dollar figure was used in all of the publications within the most recent communication plan and FAQ.

On June 15, 2010 this information was provided to the City Council. See attached information on the 5 year breakdown and a history of road construction in the City.

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 working on marketing for the COR, and requested a proposal to assist the City in completing a public participation program.

On January 18, 2011 the information in the proposal was presented, and following discussion it was the consensus of the Council to accept the proposal and execute a contract with Himle Horner in an amount not to exceed \$43,000

for advancement of this long term road maintenance initiative.

In order to formulate the questions on the 30 question survey, one of the first items included in the accepted proposal was to research other communities and find out what they have done and engage those communities to learn strategies on how to successfully implement programs of this nature. On April 19, 2011, the results of this research was presented to the City Council at a work session and Staff was given consensus to make changes to the 30 question survey to residents.

On May 17, 2011, the City Council gave Staff and Himle Horner approval of the script that was to be the 30 questions survey. and approval to go ahead with the survey.

In June of 2011, the 300 resident survey that was conducted by Himle Rapp, formerly known as Himle Horner. This survey first gathered information from the resident about the satisfaction that they have had with their overall quality of life within the City of Ramsey. An overwhelming 93% of the residents rated their quality of life in Ramsey as good or excellent. They also felt that the two largest issues facing the City over the upcoming years were the COR and maintaining an aging roadway system.

Additionally, the resident survey asked the residents to choose between 3 financing scenarios:

- Option 1: Raise the general fund levy to accommodate the need
- Option 2: Assess 100 % of the costs to the benefiting property owners
- Option 3: Implement a new revenue source (franchise fee)

In July of 2011, the City Council received a presentation by Himle Rapp and were given an opportunity to express their desires and or concerns about preparing a communication plan. Of the three funding scenarios, the one that got the most support was the implementation of the franchise fee for road reconstruction.

During August and September, Staff worked with the consultant to prepare a draft communication plan, FAQ, fact sheet, a draft website, an online survey form, etc.

On October 18, 2011, the City was given a Communication plan as well as distribution materials and the website was unveiled in Draft form. The following comments were provided:

- The Garnet Street project was shown as a project that we would provide an alternative funding source for so that we could move forward with surveying, design etc and therefore move forward next summer to show signs of a successful integration of the program. At the Public Works Committee in December, this item was removed due to lack of interest from the abutting residents at a subsequent meeting until a decision is made about the long term road maintenance initiative even though we told the residents that we would write in the feasibility study that we would match whatever funding scenario resulted from the decision.
- Council commented on the online survey. After much deliberation, it was the Council direction to allow for an online survey as long as the name and address fields were required for the comments to be registered.
- All meetings that will be held regarding this program will be done at the Ramsey Municipal Center and not "in the neighborhoods" at a neutral site per City Council direction.
- The meeting format will be similar to the Ramsey 3 process. A brief presentation and break into smaller groups to discuss agenda items that are generated by the group. (Open Space technology)
- The City Council wanted more interaction and graphical representation of the issue in the website. This is a funding issue but do not lose sight of the issue. Use the year of original construction map and generate a FAQ that is dynamic and updated frequently.
- The City Council direction was to provide a video on QCTV with the Mayor, Public Works Chair, Public Works Director and City Administrator. Included in this case is a FAQ that will be the primary dialog in preparation of this video.

On November 15, 2011, Chuck Tombarge from Himle Rapp was present and Staff specifically requested direction on the attached communication plan, attached fact sheet, public engagement survey, power point presentation, an FAQ prepared by Himle Horner relative the long term road maintenance program.

The direction at this meeting was to:

Tighten up the numbers so they are more realistic, make revisions to the communications plan by taking out the language about the costs being equivalent to a cup of coffee a day, and consider a franchise fee of \$14 per month per household to create a source to fully fund the issue without assessments. This significantly changed the communication plan to more manage the message rather than an information gathering plan.

On January 24, 2012, the City Council discussed the implementation of a program that would provide immediate benefit to the resident by funding 100% of the cost of seal coating and overlay improvements and continuing to assess 50% of any road way construction. There was much discussion about fully funding the program so as not to require any assessments, thereby gaining efficiency without going through an assessment process for every improvement. As mentioned early during the 300 resident survey, this would equate to \$28 per month with the use of a franchise fee.

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. The dollar amount that we were using per mile was \$750,000 per mile. This was derived from the above mentioned Andrie Street bids that we received in 2009 without the sidewalk. At the time we were assuming 2 years of construction increases since this was a bid that was opened in 2009. More realistically, the economy has slowed and therefore, we have revised the projected cost per mile by adding a 10% contingency and no construction cost increase. The recommended cost per mile is \$645,430.

Early on in the discussion there was multiple conversations and comments about the use of whatever revenue source that is defined by this program to be used for street maintenance as well. There is approximately \$495,000 that is allocated in the 2012 budget from TIF that is possible to continue until December 31, 2013, and in light of the discussions a few weeks ago about budget concerns in the 2013 gap year for the municipal center debt, Staff is recommending that the TIF financing continue to fund the street maintenance program until 2014. At that time, the franchise fee be used for the street maintenance program. Since Staff felt that the direction was to tighten up the numbers, we looked at the numbers from the overlay projects as well as the sealcoat projects.

We used the sealcoat bids for the last three years and an actual bid per square yard of \$5.85 for overlays. The average cost per mile for sealcoats is \$29,406 per mile and \$96,096 per mile for overlays.

If we were to reconstruct the 142 miles of local roadways every 40 years we would need approximately \$92M, or \$2.3M annually. If you include sealcoating at years 5,12,24,31 at a price of \$29,406/mile (4 times throughout the 40 year lifespan) and an overlay every 19 years (but only occurs once during the design life) at a price of \$96,096/mile we would need another \$417,565 and \$341,141 respectively, for a total of approximately \$3.06 M of required funding each year for both maintenance and reconstruction.

Utilizing \$14 per residential customer (split between 2 franchises, \$7 each), the amount available for use in the reconstruction efforts in 2012 and 2013 would be \$1.53 million annually. The only way to achieve a program that is fully funded is to require a 50% assessment for reconstruction. This does, however, take into account that there is no assessments for maintenance activities like sealcoats or overlays.

Notification:

N/A

Observations/Alternatives:

Following through with the direction provided at the January 24th work session:

The purpose of the case tonight is to receive direction on implementation of the program. Specifically, Staff would like direction on the following items:

- Proposal to "phase out" reconstruction assessments
- Commercial vs residential franchise fee
- Retroactivity for previous assessments levied
- Street standards
- Charter amendment changes
- Consideration and Schedule for franchise fee implementation

Phasing Out Assessments

After the meeting on January 24th, Staff received additional comments from City Council members about the ability to "phase out" assessments for reconstruction activities. This can be accomplished in a number of ways. Similar to how we phased out sealcoating assessments we could incrementally increase the amount being funded by the franchise fee, identify other cost saving measures, identify future land sales proceeds from the COR, or incrementally increase the tax levy to accommodate the assessable amount. All of these options are possible and will continue to be evaluated in the future. The discussion and or decision to be made tonight is whether you want there to be a phasing out of the assessment or do you feel comfortable with a 50% reconstruction assessment policy.

After much deliberation, Staff is recommending that initially we begin the franchise fee with a 50% reconstruction assessment, increasing the fee 5% each year for the first five years to ultimately get to an overall reconstruction assessment of 25%.

Commercial vs residential franchise fee

The projected amount that would be generated from a franchise with the Council directed limit includes \$7 per franchise per month for each residential customer and \$14 per franchise per month for each commercial or industrial customer. The estimated amount generated with this rate structure would be \$1.53 million (\$1.36 million - residential, \$165,144 - commercial/industrial) annually. There was discussion at the January 24th work session to look at the ramifications of charging each customer the same (\$7 per customer). As you can see there would be a reduction of \$82,572 of revenue to make the rate the same for commercial and residential. The rationale for making the change is that most of the major commercial and industrial customers are located on State, County and MSA roadways whereas residential lots are primarily located on the local roadways.

Staff recommends that all customers pay the same rate of \$7 per month per franchise.

Retroactivity for previous assessments levied

There has been much discussion about the policy of reimbursing properties that have been paid assessments over the last few years. The difficulty with paying back prior assessments for sealcoating and overlays is that there really is no way to draw a line. Property owners may either pay the assessment off without any interest or have the amount levied to their property taxes. When someone sells their house, the assessments are typically paid in full and therefore there may be a separate resident living in the house today than was there when the assessment was levied. If Council directs us to reimburse one year of back assessments, the resident that was billed 2 years ago will ask why not 2 years.

Since there hasn't been any reconstruction assessments (except Dysprosium Street whose residents were charged an amount equivalent to an overlay because they lived on a State Aid road), there should not be any concern for setting a precedent for the reconstruction activities.

Staff recommends that the City Council draw the line now and don't reimburse past assessments.

Street standards

There has been significant amounts of discussion revolving around the street standards. In 2009, we put together a project that met with our current Municipal State Aid (MSA) standard. This was a 9 ton design with curb and gutter on each side of the road without a sidewalk.

Our local street standard is a 7 ton design and includes 4 inches of Class 5 and 3 1/2 inches of bituminous constructed to a width of 32 feet with parking allowed on both sides of the road, 28 feet with parking restricted to one side or 24 feet wide with no parking allowed on the street. Any new subdivision has to abide by these standards. As mentioned on January 24th work session, the removal of concrete curb and gutter from this street standard would decrease the price approximately 15% but would have a significant affect on how long the roadways last. The concrete curb and gutter holds the edge of the pavement and helps to facilitate better drainage. Poor drainage is one of the primary cause of accelerated roadway deterioration.

Staff recommends that we stay with the 9 ton design (6 inches of Class 5 base, 4 inches of bituminous) at the street widths mentioned above and without a sidewalk. Obviously, this is a theoretical street section and will vary from street to street depending on the subgrade or the soil underneath this theoretical section.

Charter amendment changes

Another topic during the work session was the ability to counter petition road projects pursuant to the City Charter. It does create inefficiencies regarding the work that goes into a project but it preserves the property rights of the resident. Currently 35% of adjacent property owners can initiate a project by signing a petition for the creation of a feasibility study and then a project can be stopped if there is a petition that is signed by more than the amount originally signing for the feasibility or 50% whichever is greater. A suggestion was made to approach the Charter Commission to see if they are willing to require that at least 50% of the property owners sign a petition for initiating a project.

Staff is recommending that the Charter Commission consider an action that would require at least 50% of the adjacent property owners to sign a petition for a feasibility study to be prepared but the leave the ability to counter petition percentage to remain the same. (Note: this change was approved by the Charter Commission and Council in the fall of 2012)

Consideration and Schedule for franchise fee implementation

Attached to the case is a schedule to implement the franchise fee for the long term road maintenance initiative. As you can see, it would take until July 2012 to start to receive funds for this program. This is an aggressive schedule and takes into account a small window of time for communication with the individual franchises (Centerpoint, Connexus and Anoka Electric, etc.) The timing of this decision is critical in terms of how it ties into the 2012 Street Maintenance project. A case will be presented at the February Public Works Committee as to what Staff is recommending but generally we feel that the 2012 Street Maintenance program should consist of sealcoating only. As you can imagine, if a resident is faced with an overlay assessment and knowledge that there is a plan to eliminate assessments in the coming years, there will likely be a counter petition.

In closing, other cities are facing this very difficult decision. Please refer to the attached Star Tribune article that was written about the City of Edina. They have an assessment policy similar to our "do nothing" option which assesses 100% of the costs of their reconstruction projects. In their case it is even more critical since the City of Edina is almost entirely urban density which means the amount of roadway in front of each house is shorter than the mix of property densities within the City of Ramsey.

Staff recommends moving forward with the initiation of the Long Term Road Maintenance initiative as recommended above.

Recommendation:

Based on discussion

Funding Source:

N/A

Council Action:

Informational only

Attachments

Franchise fee calculations

franchise fee schedule

Edina article in Star Tribune

Road construction history

Q and A - Brian Draft - 10 Nov 11

Final Road survey

Fact Sheet

Funding summary

Form Review

Inbox

Kurt Ulrich

Reviewed By

Kurt Ulrich

Date

03/14/2013 12:29 PM

Form Started By: Grant Riemer

Started On: 03/13/2013

Final Approval Date: 03/14/2013

Franchise Fee Calculations
Based on Customer Data supplied by agencies

| Entire Year of Collections | | MONTHLY | FRANCHISE | FEE | | |
|--|-------|------------|------------|------------|------------|--------------|
| Monthly Fee-Residential (Fee On EACH Gas & Electric) | | \$ 1.00 | \$ 2.00 | \$ 3.00 | \$ 4.00 | \$ 5.00 |
| Monthly Fee-Commercial (Fee On EACH Gas & Electric) | | \$ 1.00 | \$ 2.00 | \$ 3.00 | \$ 4.00 | \$ 5.00 |
| Total Monthly Fee | | \$ 2.00 | \$ 4.00 | \$ 6.00 | \$ 8.00 | \$ 10.00 |
| Centerpoint Energy - Based on March 2011- February 2012 Data from Centerpoint | | | | | | |
| Customers Residential | 8057 | \$ 96,684 | \$ 193,368 | \$ 290,052 | \$ 386,736 | \$ 483,420 |
| Commercial | 507 | \$ 6,084 | \$ 12,168 | \$ 18,252 | \$ 24,336 | \$ 30,420 |
| Totals | 8,564 | \$ 102,768 | \$ 205,536 | \$ 308,304 | \$ 411,072 | \$ 513,840 |
| Connexus Energy | | | | | | |
| Customers Residential | 7983 | \$ 95,796 | \$ 191,592 | \$ 287,388 | \$ 383,184 | \$ 478,980 |
| Commercial | 409 | \$ 4,908 | \$ 9,816 | \$ 14,724 | \$ 19,632 | \$ 24,540 |
| Totals | 8,392 | \$ 100,704 | \$ 201,408 | \$ 302,112 | \$ 402,816 | \$ 503,520 |
| Anoka Electric | | | | | | |
| Customers Residential | 224 | \$ 2,688 | \$ 5,376 | \$ 8,064 | \$ 10,752 | \$ 13,440 |
| Commercial | 69 | \$ 828 | \$ 1,656 | \$ 2,484 | \$ 3,312 | \$ 4,140 |
| Totals | 293 | \$ 3,516 | \$ 7,032 | \$ 10,548 | \$ 14,064 | \$ 17,580 |
| Grand Total | | \$ 206,988 | \$ 413,976 | \$ 620,964 | \$ 827,952 | \$ 1,034,940 |

| | |
|-----|---------|
| PER | UTILITY |
|-----|---------|

| | | |
|--------------|--------------|--------------|
| \$ 6.00 | \$ 7.00 | \$ 8.00 |
| \$ 6.00 | \$ 7.00 | \$ 8.00 |
| \$ 12.00 | \$ 14.00 | \$ 16.00 |
| | | |
| \$ 580,104 | \$ 676,788 | \$ 773,472 |
| \$ 36,504 | \$ 42,588 | \$ 48,672 |
| \$ 616,608 | \$ 719,376 | \$ 822,144 |
| | | |
| \$ 574,776 | \$ 670,572 | \$ 766,368 |
| \$ 29,448 | \$ 34,356 | \$ 39,264 |
| \$ 604,224 | \$ 704,928 | \$ 805,632 |
| | | |
| \$ 16,128 | \$ 18,816 | \$ 21,504 |
| \$ 4,968 | \$ 5,796 | \$ 6,624 |
| \$ 21,096 | \$ 24,612 | \$ 28,128 |
| | | |
| \$ 1,241,928 | \$ 1,448,916 | \$ 1,655,904 |

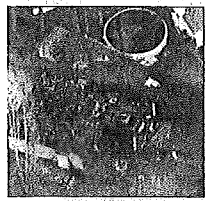
TENTATIVE SCHEDULE OF FRANCHISE FEE IMPLEMENTATION

| | |
|-------------------------|--|
| 2-28-2012 | Discussion of Ordinances and authorize Public Hearing. |
| 2-29 →3-23-2012 | Connexus Energy, City of Anoka, and Centerpoint Energy notified by certified mail of Public Hearing date. |
| 3-16-2012 | Posting of proposed Franchise Fee Ordinances in Anoka Union. |
| 3-20-2012 | Article explaining proposed franchise fee in Ramsey Resident.* |
| 3-27-2012 | Public Hearing and introduction of Franchise Fee Ordinances. |
| 3-27-2012- 4-10-2012 | Posting of Proposed Ordinances in City Hall. |
| 4-10-2012 | Franchise Fee Ordinances adopted. |
| 4-11-2012 | Connexus Energy, City of Anoka, and Centerpoint Energy notified by certified mail of adoption of Ordinances. |
| 4-13-2012 | Posting of adopted Ordinances in Anoka Union. |
| 5-13-2012 | Franchise Fee Ordinances become effective. |
| 5-14-2012- 6-30-2012 | Gas and Electric Utilities set up customer accounts with appropriate franchise fee. |
| July 2012 | 1 st Monthly franchise fee billing received by Ramsey residents. |

- Next Ramsey Resident

Doesn't think Israel is decided on an attack yet. A4

Last ends custody case



Had apparently kills himself, sons in saga that began with an's wife mysteriously vanishing. A3

Local news

Storm chaser dies in Oklahoma Minnesota man's dangerous career ended not in a tornado, but a crash. A7

Services set for ship's victims



White Bear Lake residents Gerald and Barbara Heil are among those hit when the Costa Concordia sank. A9

Business

Companies fight ironic problem as they push envelope on wound repair. D1

Online



FOR RESIDENTS, STREET WORK A FINANCIAL POTTHOLE



JEFF WHEELER • jeff.wheeler@startribune.com

Soon after Scott Strand and KK Thomson bought a starter home in Edina, they were handed a \$16,800 bill for street reconstruction.

● Edina homeowners cover 100% of the tab, a policy the city's rethinking amid huge bills.

By MARY JANE SMETANKA smetan@startribune.com

Newlyweds Scott Strand and KK Thomson were delighted to close last fall on a modest rambler in Edina, where they both grew up and wanted to live after they got married.

At the end of the year, though, the young couple got what Strand calls "a New Year's surprise" — a notice that they faced a \$16,800 bill for street reconstruction. "We were shocked," he said,

"If that assessment was known to us prior to buying the house, I don't know that we would have bought it."

After the couple and other upset Richmond Hills neighbors swarmed a City Council meeting last month, the city is

« THIS JUST FEELS LIKE A GAME CHANGER. »

Edina homeowner Scott Strand

considering revisiting its longstanding street-assessment policy. The policy, which even the mayor calls "brutal," has left some homeowners stuck with bills as high as \$22,900. "It's a thorny problem," Mayor Jim Hovland said, debating the fairness of changing the policy when so many have already paid full price. "I just can't see where the 100 percent assessment policy is sustainable over time. Things are not going to get cheaper."

Assess continues on A12 ►

'Brutal' policy puts onus on residents

◀ ASSESS FROM A1

Edina's policy of billing residents for the entire cost of street reconstruction is unusual among metro cities, but it's not the only city considering a change.

Wayzata, another affluent suburb, has the opposite problem. It has always borne the cost of street reconstructions, but is reconsidering, said public works Director Dave Dudinsky. "We just can't afford it anymore," he said.

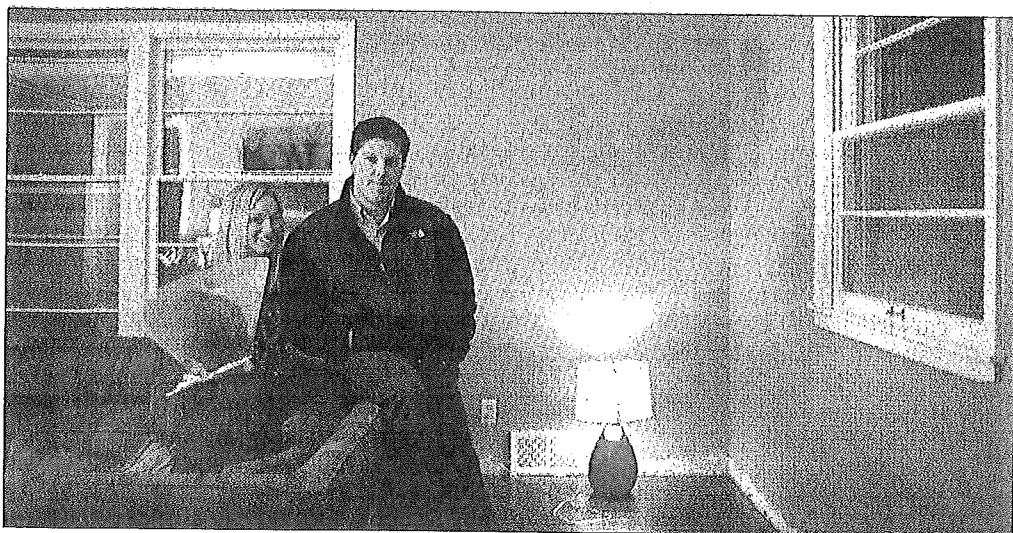
In Minnetonka and St. Louis Park, the cities pay all of the cost of residential street reconstruction, building the cost into their levy or fees. Homeowners in Bloomington pay 25 percent, in Golden Valley, 20 to 25 percent, and in Hopkins, 70 percent. But in Hopkins, costs to homeowners are capped and linked to the cost of previous projects to protect them from sudden price jumps. This year, Hopkins homeowners are paying \$4,100 to \$5,100 — 40 percent of project cost.

'A game changer'

Since 1998, 17 percent of Edina's 199 miles of local streets — streets where benefiting properties would have to pay for road work — have been redone. The highest street assessment was in 2008 in the Country Club neighborhood, where the cost reached nearly \$23,000 per household. As in Richmond Hills, that cost included new sanitary sewer connections to the city's main line.

But unlike Country Club, Richmond Hills is not filled with million-dollar homes. Residents include teachers and retirees, and the smaller homes are catnip to young couples who are just starting out — a demographic the aging city has tried hard to attract.

Strand and Thomson paid \$262,500 for their 1952 ram-



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Scott Strand and KK Thomson, shown with their dog, Ike, aren't sure they would have purchased their home in Edina if they'd know a \$16,800 bill for street repairs would soon follow. "Ideally, we'd like to save for retirement," Scott said, "and what about having kids?"

bler that in tax records is valued at half as much as the lot it sits on. Strand works in the financial field; his wife is an assistant at a clinic.

"This is our first home, a starter home," Thomson told the council. "We might as well have rented. ... This financially will put us in such a pinch, I don't know what we're going to do."

Strand later said the home was purchased from an estate. "We are putting a lot of work into this home," he said. "Ideally, we'd like to save for retirement, and what about having kids? This just feels like a game changer."

Martha Dover, who with her husband, Larry, is saving to send two teenage boys to college, said she was in shock over the assessment.

"I've lived in Edina since fifth grade," she said. "This is a hardship for our family. ... I don't know why they can't assess everyone in the city [for street reconstruction]."

In 2005, the city of Edina assumed responsibility for curb and gutter costs but backed

away from bigger road assessment changes for fear of being unfair to homeowners who had already paid. Now, with many streets still needing work and project costs soaring, Hovland said the policy seems "brutal."

Weighing options

At last month's council meeting, several council members wondered if the payback period for homeowners who choose to add the cost to their property taxes could be stretched from 10 to 15 years or even more. The city plans to notify homeowners of pending street work three years ahead of time, instead of two. But the council hasn't yet had a chance to talk more deeply about a new approach to paying for street reconstruction.

Hovland thought it might be good to set up a citizen task force led by people with "financial acumen" who could investigate new methods for street funding.

Among the questions to be answered: Could a new system be phased in over time?

What about capping the amount paid by residents? And could people who have already paid for their streets be exempted from any new payment system?

Susan Arenson is getting hit with a double-whammy. She and her husband moved to Richmond Hills when they downsized in 2009. Their last home was in Edina, too, and Arenson said they paid about \$7,000 a dozen years ago for street reconstruction in their old neighborhood. Before they moved, they checked at City Hall and thought streets in their new neighborhood weren't due for work until 2017.

"This threw us for a loop because we researched it and knew we needed to spend money on this fixer-upper," she said. "We're perplexed."

After paying twice for street reconstruction, Arenson isn't too excited about seeing the policy change.

"I'd hate to see us have this huge bill and then start paying for everyone else's," she said.

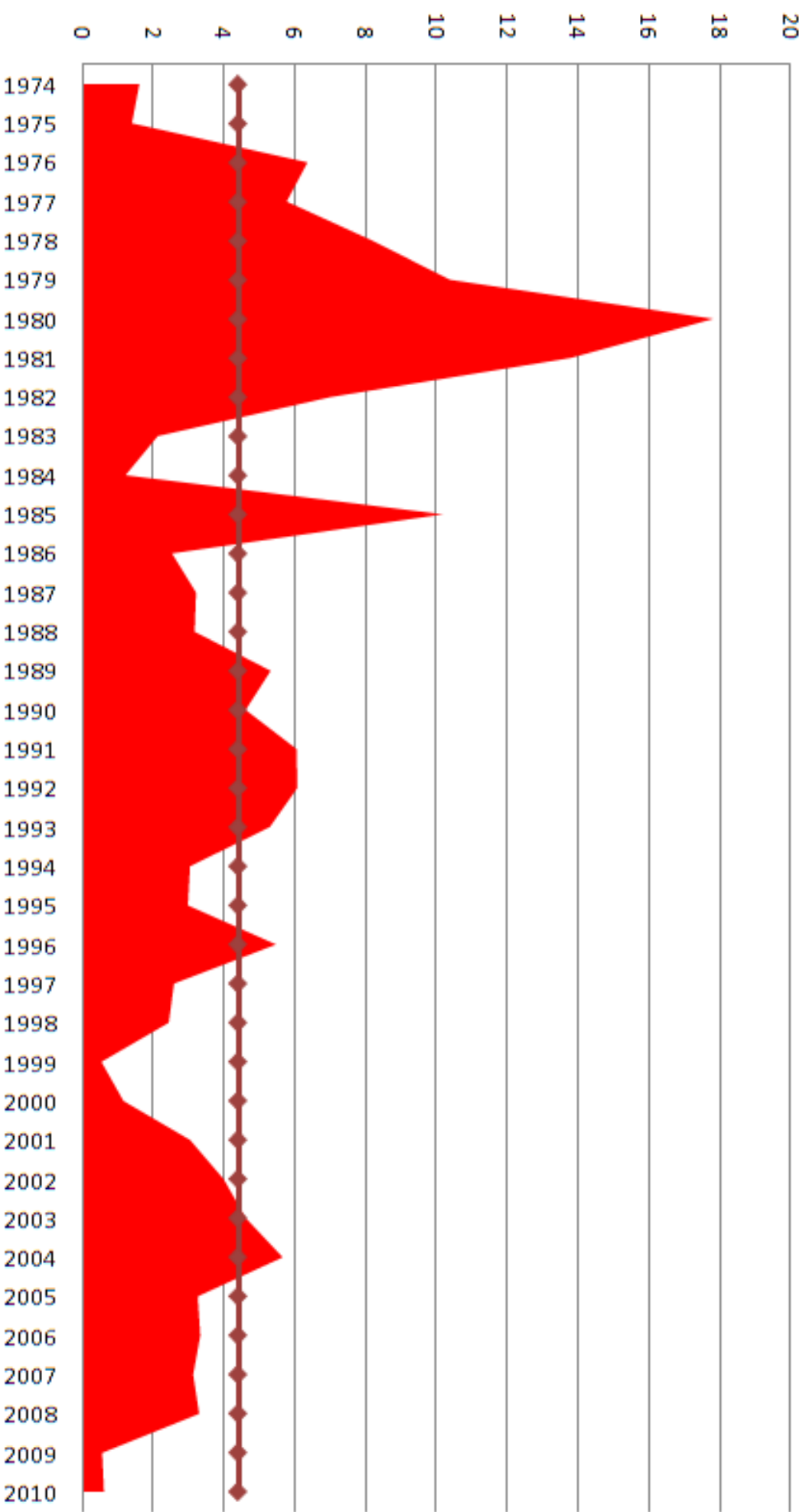


SEE A MAP of upcoming street projects in Edina at startribune.com/a1014

Mary Jane Smetanka • 612-673-7380
Twitter: @smetank

Year of Construction

Miles of Construction per year Average Mileage per year



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.

DRAFT

City of Ramsey Long-Term Road Maintenance Program Residential Survey Results – July 2011

- 1. More than 9 out of 10 respondents believe the quality of life in Ramsey is good or excellent, and a majority of participants believe they are receiving good value for their taxes.**
 - 21% rated the quality of life as “excellent” and 72% rated it as “good.”
 - When asked to consider the amount of taxes paid to the city and the quality of services received in return, 59% of respondents believe they receive good or excellent value.

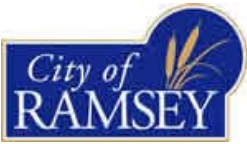
- 2. Majorities of respondents believe the city’s streets and roads currently are in good condition and well maintained, but they still consider road maintenance to be a significant issue for the city.**
 - When asked to rank Ramsey’s local streets and roads according to various characteristics, the following majorities gave rankings of excellent or good:
 - Road width (82%)
 - The city’s responsiveness to road maintenance and repair needs (62%)
 - The quality and condition of Ramsey’s roads compared to neighboring cities (57%)
 - Safety features such as lights, sidewalks and signs (55%)
 - The overall quality of streets and roads (54%)
 - Road maintenance and The COR (Ramsey’s downtown development project) were identified equally as the “most serious issue facing the city.”

- 3. Almost three out of four respondents believe Ramsey needs to develop a long-term street reconstruction and funding policy.**
 - After learning that reconstruction of nearly half of the city’s roads will be necessary between 2016 and 2025 and that the city’s current policy provides for funding reconstruction with assessments, 73% of respondents said the city should develop a new policy; 11% of those felt strongly about this.

- 4. Among three options presented for funding long-term road maintenance and reconstruction, a citywide franchise fee is more acceptable than a property assessment or citywide property tax.**
 - 49% of respondents favored a franchise fee, 47% opposed.
 - 39% favored a citywide property tax, 57% opposed.
 - 77% opposed – 27% strongly – a standard property assessment based on lineal footage.
 - When asked to choose among all three options, 44% favored the franchise fee (18% strongly).

- 5. Ensuring safety and spreading out the cost of long-term road maintenance and reconstruction are the most compelling reasons for supporting a new policy, according to respondents.**
 - 74% believe safety is an important reason to pursue a new policy; 39% of those felt strongly.
 - 69% of respondents believe spreading out the costs and keeping property owner assessments low is a compelling reason; 22% of those felt strongly.
 - Concern about the current economy was the most compelling reason tested in opposition to doing a long-term road maintenance and funding program.

Decision Resources, Ltd. conducted a telephone survey administered to 300 randomly selected adults living in the city of Ramsey. Professional interviewers conducted the survey June 7-21, 2011. The typical respondent took 11 minutes to complete the questionnaire. The results of this study are projectable to the universe of adult Ramsey residents within 6.0% in 95 out of 100 cases.



Long-Term Road Maintenance and Reconstruction Program: Investing in Our Neighborhoods, Property Values and Future

Nearly half of Ramsey's 178 roads were constructed in the early 1970s-1980s and are now reaching the end of their useful life. Between now and 2025, about \$90 million in road reconstruction will be necessary to replace city streets. Currently no budget exists to pay for this wave of construction, which will largely be the responsibility of Ramsey taxpayers. Without action, roads will be prone to more potholes, cracks and crumbling pavement — creating serious safety risks for pedestrians and motorists and impacting property values. To prepare, a majority of Ramsey residents agree the city proactively needs to establish a long-term road maintenance and funding program.



The city's goals for the roads program are to:

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

Which Funding Option Do You Prefer?

| OPTION 1 | OPTION 2 | OPTION 3 |
|--|---|---|
| <i>Current Assessment Policy</i> | <i>Citywide Property Tax Increase</i> | <i>Citywide Franchise Fee</i> |
| <ul style="list-style-type: none"> ▪ Assessed only to properties adjacent to the specific project ▪ Based on lineal footage of property <ul style="list-style-type: none"> – 1/4-acre lot: could cost \$9,000 or \$75/month for 10 years – 2-acre lot: could cost \$27,000 or \$225/month for 10 years ▪ Places significant but short-term burden on property owners — a challenging option in the current economy | <ul style="list-style-type: none"> ▪ Based on property value <ul style="list-style-type: none"> – Average \$150,000 home: could cost additional \$24/month for up to 40 years – Average \$450,000 home: could cost additional \$51/month for up to 40 years ▪ Spreads out costs to all taxpayers and keeps assessments low | <ul style="list-style-type: none"> ▪ Charges all utility customers, including tax exempt properties, a monthly fee regardless of property size or value <ul style="list-style-type: none"> – Residential customers: could cost \$28/month for 40 years – Commercial customers: could cost \$54/month for 40 years ▪ Spreads out cost to everyone who benefits from better roads ▪ Most preferred option by Ramsey residents (June 2011 public opinion survey) |

Provide Your Feedback:

Residents are invited to provide feedback on their preferred funding choice above. The City Council will review public input and establish a new long-term road maintenance and reconstruction policy in early 2012.



www.ci.ramsey.mn.us



www.facebook.com/CityofRamseyMN



Brian Olson, Ramsey Public Works Director
BOlson@ci.ramsey.mn.us / 763-433-9825

| 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