

Long-Term Street Maintenance and Reconstruction Program Funding Source Pros & Cons

<u>Funding Source</u>	<u>Pros</u>	<u>Cons</u>
General Obligation (GO) Bonds	Dependable, but only as long as city maintains a good rating. Tax write-off.	Increased tax capacity rate. Counts against debt limit.
Franchise Fees	Constant, dependable and renewable funding source. Taxpayer transparency. Payment not reflective of residency, tax status, or ownership status. Reduces levy impacts due to bond interest.	
Special Assessments (State Statute Ch. 429)	Taxpayer transparency (cost versus benefit). Tax write-off.	Petitions can delay or derail projects. Proving benefit can be difficult and can add to project costs.
General Levy (MSA Fund)	City directly controls funds.	Not a constant, dependable or renewable funding source. Not transparent to taxpayers. Levy limit dependent.
MnDOT Municipal State Aid Annual Apportionment		Declining due to waning fuel tax revenues due to erosion by inflation, fewer vehicle miles driven per capita, and use of more fuel-efficient and alternate-fuel vehicles.
Tax Abatement Districts	Taxpayer transparency (cost versus benefit). Most benefitted properties pay.	\$200,000 annual limit. Proving benefit can be difficult and can add to project costs. New TAD created for each project.
Tax Increment Financing		Existing TIF's are soon expiring.
Special Legislation	TBD	TBD