

## FIGURE 2

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

<u>Funding Source</u>	<u>Pros</u>	<u>Cons</u>
<b>General Obligation (GO) Bonds</b>	Dependable, but only as long as city maintains a good rating.  Tax write-off.	Increased tax capacity rate.  Counts against debt limit.
<b>Franchise Fees</b>	Constant, dependable and renewable funding source.  Provides taxpayer transparency.  Payment not reflective of residency, tax status, or ownership status.  Small monthly payments easier for taxpayers than one large assessment.  Reduces levy impacts due to bond interest.	Requires public outreach effort.
<b>Special Assessments (State Statute Ch. 429)</b>	Provides taxpayer transparency (cost versus benefit).  Accepted process.  Tax write-off.	Petitions easily delay or derail projects.  Proving benefit can be difficult and add to project costs.  Large assessments are hard to pay.
<b>General Levy (MSA Fund)</b>	City directly controls funds.	Not a constant, dependable or renewable funding source.  Not transparent to taxpayers.  Levy limit dependent.
<b>MnDOT Municipal State Aid Annual Apportionment</b>		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.
<b>Tax Abatement Districts</b>	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.
<b>Tax Increment Financing</b>		Existing TIF's are soon expiring.
<b>Special Legislation</b>	Unknown...TBD	Unknown...TBD