



Road Funding Mechanisms

RAMS GROUP

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Research Question:

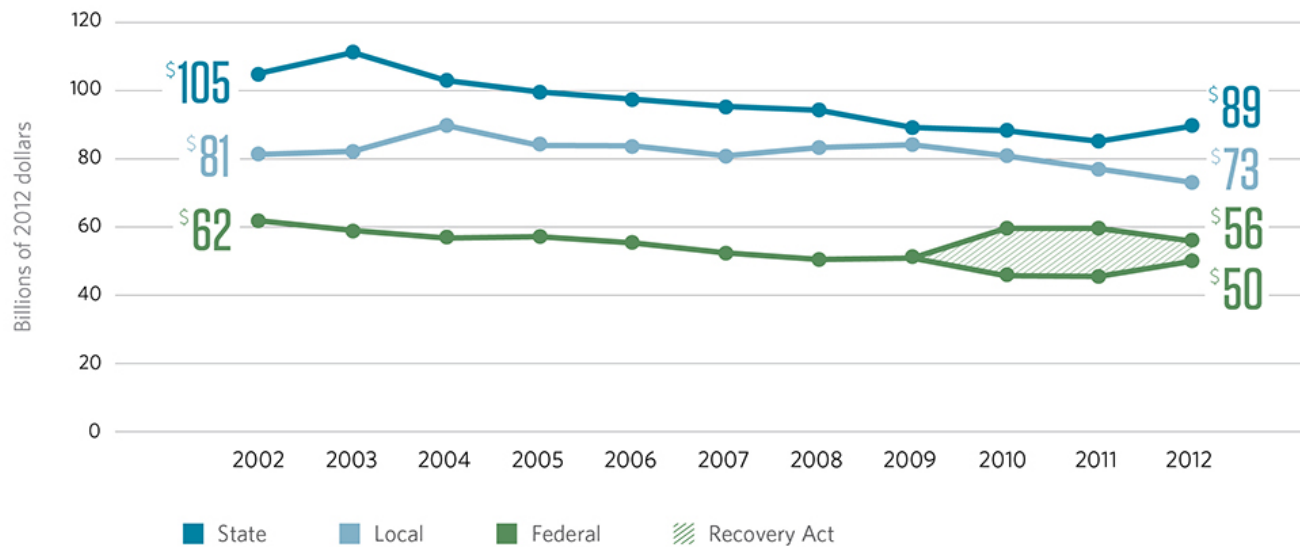
What are the best road maintenance funding mechanisms for small suburban cities in the 7-County Metro area?

CLIENT: CITY OF RAMSEY

National Road Funding Outlook:

Surface Transportation Investment Is Declining

Highway and transit spending by level of government, adjusted for inflation, 2002-12



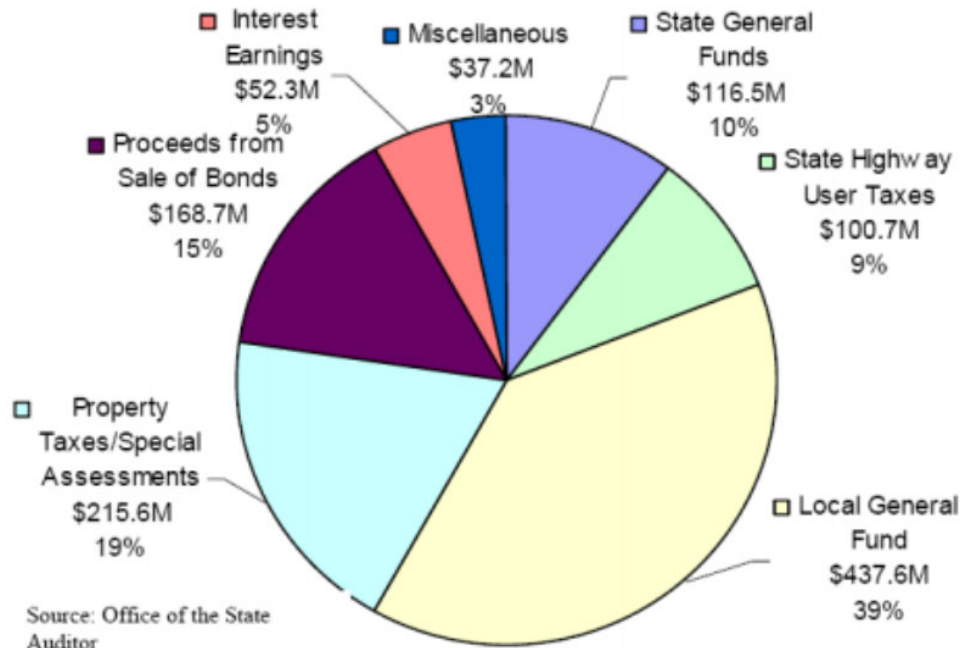
Notes: Inflation-adjusted using Bureau of Economic Analysis' price index for state and local government investment in structures (Table 3.9.4, Line 36). Years are in state fiscal years. Excludes federal spending directly on projects.

Sources: Pew's analysis of U.S. Census Bureau's Annual Survey of State and Local Government Finances, 2002-12; Recovery.gov agency-reported data, 2009-12

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State Road Funding:

Funding for local roads (MN)

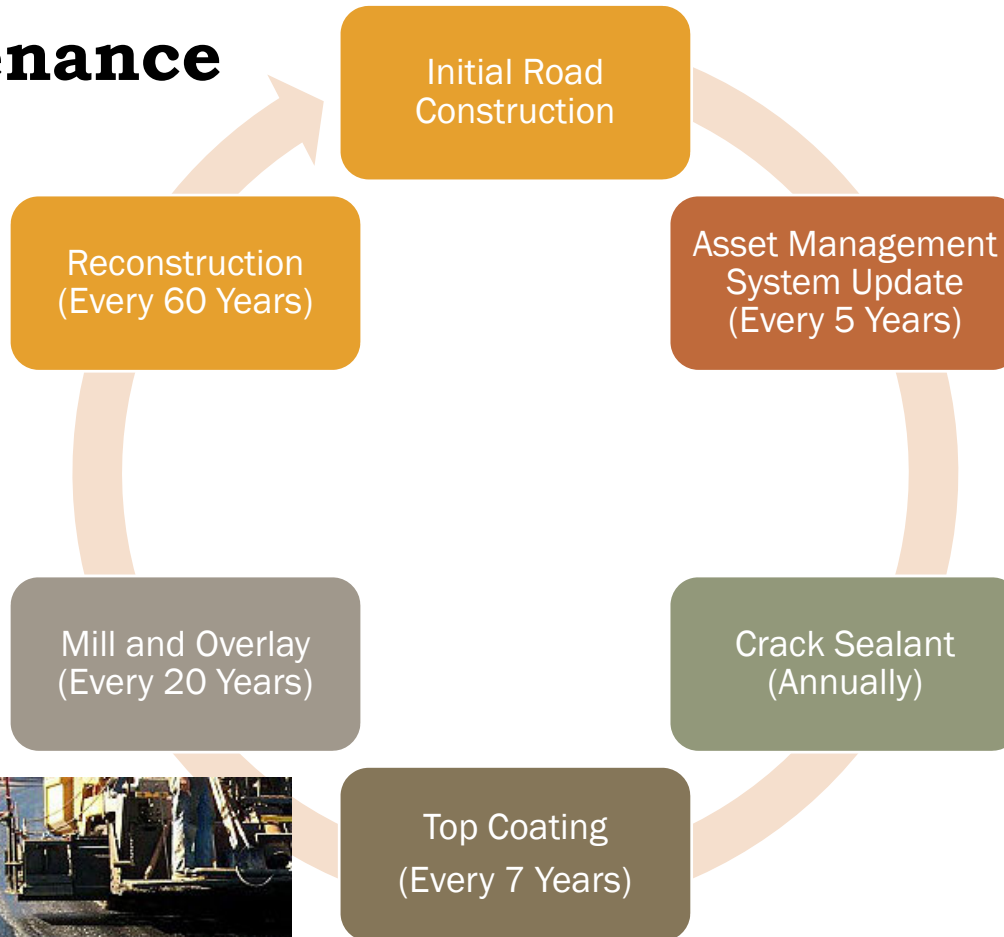


Only 19% of local road funding is from the state

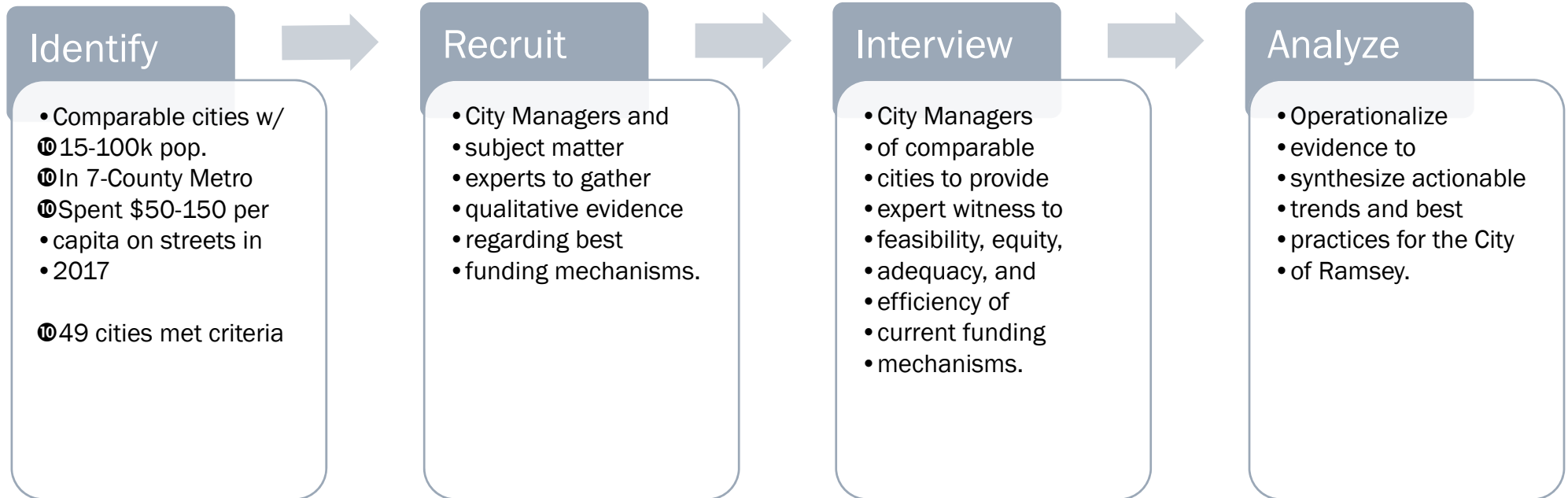
Local Funding Mechanisms:

General Fund	<ul style="list-style-type: none">• City pays for road through property tax, sales tax, and other general revenue.
Special Assessments	<ul style="list-style-type: none">• City assesses all or part of road costs to benefiting property owners.
Franchise Fees	<ul style="list-style-type: none">• A fee on utility companies for use of city infrastructure; cost passed to customers.
Capital Bond	<ul style="list-style-type: none">• City can issue bonds to raise capital. Bond require repayment with interest.
Other Sources	<ul style="list-style-type: none">• State funding, federal grants, landfill host community fee, and novel approaches

Road Maintenance Definition:



Research Design:



Research Skills:

Challenges

Solutions

Scope

- Group decision: empirical, verifiable criteria

Recruitment

- Ramsey City Manager (CM) sent invites to 13 CMs; one interview
- Google Forms survey created; modeled off interview guide
- Second set of personal invites sent to 14 CMs w/ survey option; one interviews conducted and four surveys completed
- Four cold calls; one interview
- Two SME interviews; snowballed into one more CM interview

Interview

- Flexibility: interview platform and date/time
- Triangulation: everyone coded everything in Atlas

Research Analysis:

General Fund

- Common. To be adequate, effective, and efficient, property tax rate must be high, which impacts feasibility; generally equitable

Special Assessments

- Common. Expensive. To be adequate, assessments must be very high, which impacts equity, effectiveness, efficiency, and feasibility.

Capital Bond

- Common. Expensive, inadequate. inequitable and inefficient in long-term. Inconclusive effectiveness and feasibility.

Other Sources

- Rare to be able to fund roads primarily from “other sources.” When possible, it is due to unique position (e.g. landfill, majority state roads)

Franchise Fees

- Increasingly common. At correct level, are adequate, effective, and efficiency.
- Feasibility impacted by political will and public opinion.
- Equity impact is inconclusive.

Extension:

Explore Novel Funding Types:

- Street improvement districts
- Street utility fees
- City wheelage fees

Apply Lessons to Ramsey Context:

- Explore political support franchise fee
- Explore public engagement plan

Questions?

