

Street Maintenance Service Program Policy

March 15, 2017

Background

In 2016 the City Council (RES PH 16-304) recommended city staff from the Office of Financial Services, Department of Public Works, Department of Parks and Recreation, and City Council evaluate alternatives to the current funding structure for City's Right-of-Way Maintenance Program. The workgroup evaluated the program, looking for alternatives based on the principles listed below;

- Continue to provide excellent services
- Fees are -
 - Reasonable, fair and equitable
 - Uniform based on cost and level of service
- Fees are charged for the cost of service delivered
- Administratively manageable
- Structurally Balanced

Recommendation

The work group recommended eliminating the Right of Way special assessment and replacing it with a fee based program. The new program charges actual costs of the services to properties that benefit from the services delivered.

The new program is called the Street Maintenance Service Program and includes;

- Street Lighting
- Sweeping
- Seal Coating
- Mill and Overlay
- Sidewalks

I. Program Overview and Establishing Service Rates

The 2017 program is based on the recommendations from the workgroup, details are listed below.

Street Lighting- 100% of the costs of operating the City's street lighting system, including installation, maintenance, repair, replacement, and costs of electricity, will be charged to the properties benefited from this service. Property owners will be charged a yearly fee and, if unpaid, the fee may be levied as an assessment payable over one year.

- All properties are billed a uniform per front foot rate for costs of citywide lighting operations. Above standard lighting is assessed separately at current rates.
- Properties on streets with no lights are not charged a street lighting fee.
- Bridges and other streets with no billable properties are funded through the general revenues.

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Street Sweeping- 100% of the costs for street sweeping, flushing, and cleaning is based on the actual number of times the service is provided to the property. Property owners will be charged a yearly fee and, if unpaid, the fee may be levied as an assessment payable over one year.

- All properties are billed a uniform per front foot rate based on the number of times streets are swept per year:
 - Downtown – 64 sweeps per year - \$2.60 per foot*
 - Commercial/Arterial – 8 sweeps per year - \$0.95 per foot*
 - Residential – 2 sweeps per year - \$0.43 per foot*
 - Alleys – 1 sweep per year - \$0.15 per foot*
- *2017 rates are estimates and will be final later in the year*

Seal Coating-When streets are seal coated; properties will be charged a fee for the cost of service. Property owners will be charged a fee for seal coating and, if unpaid, the fee may be levied as an assessment payable up to 8 years.

- Seal coating will be performed on only residential streets and alleys on an 8-year cycle.
 - All properties receiving seal coating services in a given year will be billed a uniform per front foot rate.
2017 rates are;
 - Residential \$3.20 per foot*
 - Alleys \$2.65 per foot*
- *2017 rates are estimates and will be final later in the year.*

Mill and Overlay- When streets are resurfaced, properties will be charged 50% of the cost of service and property owners will be charged a fee for mill and overlay and, if unpaid, the fee may be levied as an assessment payable up to 10 years. All properties receiving mill and overlay in a given year will be billed a uniform per front foot rate, based on the individual project cost.

- Benefitting properties are billed half (50%) of total cost of mill and overlay project, the remaining half is covered by general revenues.
- Service only applies to properties on collector and arterial streets.

Sidewalks- When existing sidewalks are repaired or replaced, properties will be charged 50% of the cost of service and property owners will be charged a fee for sidewalk repair or replacement and, if unpaid, the fee may be levied as an assessment, payable up to 10 years.

- All properties receiving sidewalk panel replacement services will be billed a uniform per panel rate to cover half (50%) of the total cost, the remaining half is covered by general revenues.
- If a sidewalk panel crosses property line, each owner will be responsible for the expense. The property owner expense will be based on the footage of sidewalk directly abutting their property.

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II. Calculating Frontage

The basic formula for calculating a property's Street Maintenance Service Program fee is "Frontage times service unit rate." This section sets forth city policies with respect to frontage.

Frontage generally is the same as the actual lineal footage that a property borders along public right-of-way. Frontage is used as the primary basis for calculating the Street Maintenance Service Program fee because:

- It demonstrates that the service fee is equal to the costs of the service rendered;
 - The greater frontage, the greater service received and the higher the cost.

Calculation of Frontage by Property Type

Types of Property (based on Ramsey County Land Use Code classifications):

Residential

- 1-4 dwelling units, 4 unit apartments, homestead and non-homestead (e.g., single-family homes, duplexes, double dwellings, triplexes)
- Condominiums and town homes

Residential Policy: For properties with multiple street frontages (e.g., corner properties), measure full frontage on all sides abutting street right-of-way, the total fee will be divided by half (50%). Alley frontage will be determined by measuring the full frontage on the alley right of way.

Tax-exempt – all non-taxable properties (e.g., schools, colleges and universities, clinics, government entities, non-profit organizations and religious institutions)

Tax-Exempt Policy: Measure full frontage on all sides abutting street and alley right-of-way.

Commercial – all commercial and industrial property, including apartments of 5 or more units

Commercial Policy: Measure full frontage on all sides abutting street and alley right-of-way.

Multiple Commercial - contiguous properties in a single complex (e.g., Town Square)

Multiple Commercial Policy: Measure full frontage on all sides abutting street and alley right-of-way. Allocate the frontage to each property within the complex based on its share of the combined square footage of all properties.

III. Exemptions-

Accessibility to right-of-way - Property abutting either improved or unimproved right-of-way where the grade difference between property and right-of-way is so substantial that the right-of-way can provide no practical access to the property. If the right-of-way is still reasonably accessible but the property owner chooses not to use it to access the property, the frontage abutting the right-of-way is still subject to the assessment. Final determination of accessibility is made by the Public Works Street Maintenance Engineer.

Policy: Do not charge for service.

IV. Street Maintenance Service Program Policies and Fee Procedures

1. Property owners are responsible for the street maintenance costs for services that benefit their property; there is not an option to “opt” out.
2. The Real Estate Section of the Office of Financial Services will receive actual costs from the Department of Public Works for services before billing property owners in October. Office of Financial Services will review service unit costs; if they identify any charge adjustments (e.g., service changes, parcel divisions, select reviews, and responses to property owner inquiries) they will be submitted to Public Works and OFS for review and director approval. Any adjustments resulting in decreases will be applied immediately, as will adjustments due to parcel divisions from Ramsey County.
3. The Street Maintenance Service Program will be invoiced in the fall for services performed in the current year. Property owners can pay the fee within 30 days, if unpaid the fee may be levied as an assessment payable the on property tax bill. Assessments can be spread out up to eight years on seal coating projects and up to 10 years for mill & overlay or sidewalks, in accordance with Minn. Stat. § 429.101.
4. The policy set forth in the calculation by property type section above will apply to all the services in the Street Maintenance Service Program, meaning that a Residential corner property will be charged for 50% of its calculated service charge based on their total full frontage on all sides abutting street right-of-way for Street Lighting, Street Sweeping, Seal Coating, Mill and Overlay, and Sidewalks.