



STREET MAINTENANCE PROGRAM

Agenda

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- Work Group Acknowledgement & History
- Current ROW Overview
- Guiding Principles for a New Program
- Street Maintenance Program Options
- Sample Property Impacts
- Questions/Comments
- Next Steps

Work Group Acknowledgement & History

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- Departments
 - ▣ City Council, OFS, PW, CAO, Parks, Real Estate, and Outside Counsel
 - ▣ ROW Work Group Meeting since August 2016
 - ▣ Review Current Program
 - ▣ Set Goals and Guidelines for a New Program

Current ROW Overview

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- Services Provided
 - ▣ Sweeping, flushing, patching, and chip sealing streets and alleys.
 - ▣ Patching, blading and placing crushed rock on unimproved rights-of-way
 - ▣ Street overlays
 - ▣ Snow emergencies, vehicle tagging and towing, snow plowing, sanding, salting, snow removal, ice control
 - ▣ Boulevard tree trimming, repair and removal
 - ▣ Street lighting repair, replacement, painting and electricity
 - ▣ Installation, repair and replacement and removal of traffic signs
 - ▣ Pavement markings
 - ▣ Litter pick up
 - ▣ Ordinance enforcement
 - ▣ Emergency maintenance service

Current ROW Overview

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- Property owners are assessed based on their street class and property type

Type of Property	Definition
Residential	1-3 dwelling units, homestead and non-homestead (e.g., single-family homes, duplexes, double dwellings, triplexes) Condominiums and town homes
Tax-exempt	All non-taxable properties (e.g., schools, colleges and universities, clinics, government entities, non-profit organizations and religious institutions)
Commercial	All commercial and industrial property, including apartments of 4 or more units
Downtown	All commercial, tax-exempt and residential condominiums and town homes located within the downtown maintenance service area

Guiding Principles for a New Program

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- ❑ Continue to provide excellent services
 - ❑ Some service costs may be moved to General Fund
- ❑ SMP rate structure that is:
 - ❑ Fair/equitable
 - ❑ Reasonable
 - ❑ Uniform based on cost/level of service
 - Not type of street or class of property
 - ❑ Administratively manageable
 - ❑ Structurally balanced
- ❑ Program fees can be paid:
 - ❑ Upon receipt of invoice
 - ❑ Over time through assessments on property tax bills
- ❑ Collect same revenue differently
 - ❑ Balanced Approach

Street Maintenance Program Options

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- Street sweeping, flushing, and cleaning
 - ▣ Annual fee
 - ▣ 100% of costs
- Lighting
 - ▣ Annual fee
 - ▣ 100% of costs
- Street seal coating
 - ▣ Recurring fee
 - ▣ 100% of costs
 - ▣ Up to 8 year assessment
- Street surfacing/mill/overlay
 - ▣ As service occurs
 - ▣ 50% of cost
 - ▣ Up to 10 year assessment
- Sidewalks
 - ▣ As service occurs
 - ▣ 50% of cost
 - ▣ Up to 10 year assessment

Street Maintenance Program Options

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- Corner Property Options
- Mixed Use and 4+ Units = Commercial property
 - ▣ Option #1 – Status Quo
 - Commercial Properties – pay both sides
 - Residential Properties – long side subsidy
 - ▣ Option #2 – No Subsidy
 - All properties pay all costs
 - ▣ Option #3 – Least Service Subsidy
 - All properties pay for highest side costs
 - ▣ Option #4 – Short Side Subsidy
 - All properties pay for long side costs

Sample Property Impacts

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- Assumptions for Sample Property Rate Model
 - ▣ Sweeping – Annual Fee, 100%
 - ▣ Lighting – Annual Fee, 100%
 - ▣ Seal Coating – up to 8 year assessment, 100%
 - ▣ Mill/Overlay – up to 10 year assessment, 50%
 - ▣ Sidewalks – up to 10 year assessment, 50%
 - ▣ Corner Properties – Option #1 Status Quo
 - Commercial Properties – Pay both sides
 - Residential Properties – Long side subsidy

Sample Property Impacts

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- Sample Property Rate Model - Handouts
 - Street Maintenance Program Scenario
 - Sample Properties – 2017 Change in Fees
 - Sample Properties – 2018 Change in Fees

2017 Estimated Rates Per Front Foot

Street Type	Street Lighting	Street Sweeping	Seal Coating
Downtown	\$0.66	\$2.60	--
Arterial	\$0.66	\$0.98	--
Residential	\$0.66	\$0.43	\$3.21
Alleys	--	\$0.16	\$2.64

2017 Impact on Sample Residential Properties

Annual & Recurring Fees

Current Policy					2017 Scenario					Change from Current			
Address	Value	2017 Property Tax	2017 ROW	2017 Total	2017 Property Tax	Street Lighting Annual	Street Sweeping Annual	Seal Coating 8 Year	2017 Total	Property Tax Change	Fee Change	Total Change	% Change
788 Summit	\$808,800	\$3,790	\$422	\$4,211	\$3,790	\$53	\$91	\$26	\$3,960	\$0	-\$251	-\$251	-6.0%
1361 Highland	\$267,700	\$1,089	\$258	\$1,347	\$1,089	\$32	\$56	\$16	\$1,193	\$0	-\$154	-\$154	-11.4%
204 Granite	\$53,000	\$136	\$250	\$386	\$136	\$33	\$30	\$37	\$325	\$0	-\$150	-\$150	-39.0%
Median Value	\$161,200	\$592	\$200	\$792	\$592	\$26	\$24	\$29	\$672	\$0	-\$120	-\$120	-15.2%

2017 Impact on Sample Commercial Properties

Annual & Recurring Fees

Current Policy					2017 Scenario					Change from Current			
Property	Value	2017 Property Tax	2017 ROW	2017 Total	2017 Property Tax	Street Lighting Annual	Street Sweeping Annual	Seal Coating 8 Year	2017 Total	Property Tax Change	Fee Change	Total Change	% Change
U.S. Bank	\$21.0M	\$125,173	\$23,725	\$148,897	\$125,173	\$759	\$2,990	\$0	\$128,922	\$0	-\$19,976	-\$19,976	-13.4%
Traditions	\$813,500	\$4,632	\$1,788	\$6,419	\$4,632	\$258 *	\$109	\$60	\$5,059	\$0	-\$1,361	-\$1,361	-21.2%
Mama's Pizza	\$198,000	\$958	\$1,675	\$2,633	\$958	\$134 *	\$151	\$9	\$1,252	\$0	-\$1,381	-\$1,381	-52.5%

* Includes charge for Above Standard Lighting

2017 Impact on Sample Tax Exempt Properties

Annual & Recurring Fees

Current Policy					2017 Scenario					Change from Current			
Property	Value	2017 Property Tax	2017 ROW	2017 Total	2017 Property Tax	Street Lighting Annual	Street Sweeping Annual	Seal Coating 8 Year	2017 Total	Property Tax Change	Fee Change	Total Change	% Change
Regions Hospital	\$294.7M	\$0	\$30,945	\$30,945	\$0	\$990	\$3,900	\$0	\$4,890	\$0	-\$26,055	-\$26,055	-84.2%
College of St. Thomas	\$175.2M	\$0	\$22,552	\$22,552	\$0	\$3,474	\$4,487	\$490	\$8,450	\$0	-\$14,103	-\$14,103	-62.5%
Church of St. Mary	\$3.9M	\$0	\$7,324	\$7,324	\$0	\$234	\$923	\$0	\$1,157	\$0	-\$6,166	-\$6,166	-84.2%

2018 Impact on Sample Residential Properties

Annual & Recurring Fees

Current Policy					2018 Scenario					Change from Current			
Address	Value	2017 Property Tax	2017 ROW	2017 Total	2018 Property Tax	Street Lighting Annual	Street Sweeping Annual	Seal Coating 8 Year	2018 Total	Property Tax Change	Fee Change	Total Change	% Change
788 Summit	\$808,800	\$3,790	\$422	\$4,211	\$4,681	\$54	\$94	\$27	\$4,829	\$981	-\$273	\$618	14.7%
1361 Highland	\$267,700	\$1,089	\$258	\$1,347	\$1,345	\$33	\$58	\$17	\$1,436	\$256	-\$167	\$89	6.6%
204 Granite	\$53,000	\$136	\$250	\$386	\$168	\$34	\$30	\$38	\$232	\$32	-\$185	-\$153	-39.7%
Median Value	\$161,200	\$592	\$200	\$792	\$732	\$27	\$24	\$30	\$813	\$139	-\$118	\$21	2.7%

2018 Impact on Sample Commercial Properties

Annual & Recurring Fees

Current Policy		2018 Scenario								Change from Current			
Property	Value	2017 Property Tax	2017 ROW	2017 Total	2018 Property Tax	Street Lighting Annual	Street Sweeping Annual	Seal Coating 8 Year	2018 Total	Property Tax Change	Fee Change	Total Change	% Change
U.S. Bank	\$21.0M	\$125,173	\$23,725	\$148,897	\$154,599	\$782	\$3,080	\$0	\$158,461	\$29,426	-\$19,863	\$9,563	6.4%
Traditions	\$813,500	\$4,632	\$1,788	\$6,419	\$5,720	\$266 *	\$112	\$62	\$6,098	\$1,089	-\$1,410	-\$321	-5.0%
Mama’s Pizza	\$198,000	\$958	\$1,675	\$2,633	\$1,183	\$138 *	\$156	\$9	\$1,477	\$225	-\$1,381	-\$1,156	-43.9%

* Includes charge for Above Standard Lighting

2018 Impact on Sample Tax Exempt Properties

Annual & Periodic Fees

Current Policy					2018 Scenario					Change from Current			
Property	Value	2017 Property Tax	2017 ROW	2017 Total	2018 Property Tax	Street Lighting Annual	Street Sweeping Annual	Seal Coating 8 Year	2018 Total	Property Tax Change	Fee Change	Total Change	% Change
Regions Hospital	\$294.7M	\$0	\$30,945	\$30,945	\$0	\$1,020	\$4,017	\$0	\$5,037	\$0	-\$25,908	-\$25,908	-83.7%
College of St. Thomas	\$175.2M	\$0	\$22,552	\$22,552	\$0	\$3,578	\$4,621	\$504	\$8,199	\$0	-\$14,353	-\$14,353	-63.6%
Church of St. Mary	\$3.9M	\$0	\$7,324	\$7,324	\$0	\$241	\$951	\$0	\$1,192	\$0	-\$6,132	-\$6,132	-83.7%

Impact on Sample Residential Properties

Fees for Periodic Services

2017 Periodic Services

Address	Value	Mill and Overlay 10 Year Term	Sidewalks 10 Year Term	Total Periodic Services
788 Summit	\$808,800	--	\$86	\$86
1361 Highland	\$267,700	\$145	\$53	\$197
204 Granite	\$53,000	\$0	\$54	\$54
Median Value	\$161,200	\$0	\$43	\$43

Impact on Sample Commercial Properties

Fees for Periodic Services

2017 Periodic Services

Property	Value	Mill and Overlay 10 Year Term	Sidewalks 10 Year Term	Total Periodic Services
Holiday Inn	\$8,900,000	\$1,103 *	\$403	\$1,506
St. Patrick's Guild	\$410,000	\$208	\$43	\$251
Mama's Pizza	\$198,000	\$129	\$161	\$290
Hoa Bien	\$994,200	--	\$428	\$428

* Planned 2017 Mill and Overlay

Impact on Sample Tax Exempt Properties

Fees for Periodic Services

2017 Periodic Services

Property	Value	Mill and Overlay 10 Year Term	Sidewalks 10 Year Term	Total Periodic Services
Healthspan (United & Children's Hospital)	\$132,252,200	\$2,742 *	\$1,722	\$4,514
College of St. Thomas	\$175,212,600	--	\$5,645	\$5,645
Regions Hospital	\$294,700,000	--	\$1,609	\$1,609
Church of St. Mary	\$3,908,200	--	\$761	\$761

* Planned 2017 Mill and Overlay

Questions/Comments

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□ ???

Next Steps

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- March 8 Policy Session
 - ▣ Updated Financial Impact Information
 - ▣ Draft SMP Policy
 - ▣ 2017 Proposed budget amendment
- Potential Council Actions
 - ▣ Approving resolution(s)
 - ▣ Changes to existing Ordinance(s)
 - ▣ Changes to existing Charter
- Timeline