



STAFF REPORT

DATE: December 4, 2018

TO: Ronald L. Olson, City Manager

FROM: David A. Olson, Executive Director of Public Works

SUBJECT: Ordinance establishing a Street Maintenance Fund and providing for the collection of street maintenance fees

BACKGROUND AND FINDINGS:

On October 23, 2018 the City Council re-engaged in a discussion surrounding the funding of street maintenance. City staff through the basis of both third party and in house studies developed the following departmental needs:

Category	FY 2019 Budget	Cost per Lane Mile	Recommended Adjustment	Cost per Lane Mile
Personnel Services	\$2,500,566	\$1,141	\$0	\$1,141
Materials & Supplies	629,727	287	0	287
Street Light Electricity	750,000	342	0	342
Pavement Treatments	330,000	151	1,639,402	899
Pavement Markings	92,311	42	0	42
Signals & Traffic Control	86,650	40	0	40
Total	\$4,389,254	\$2,003	\$1,639,402	\$2,751

After thorough discussion and consideration by City Council, staff was directed to provide an ordinance establishing a street maintenance fee to increase revenues as necessary to provide the recommended adjustment to the pavement treatment budget. This ordinance also establishes a special revenue fund, Street Maintenance Fund, to ensure the funds collected are used for street maintenance activities. Furthermore, it sets the recovery rate of the street maintenance fee at 26.35% of the current system cost or \$1.70 per month per single family equivalent.

While the ordinance will become effective immediately, the implementation phase will take approximately 6 months to properly integrate the new fee into the billing system. The collection of this fee will start in the July 2019 billing cycle.

THE ALTERNATIVES CONSIDERED:

The alternatives considered are as follows:

1. Reconsider the previous motion of direction regarding street maintenance funding and continue discussion on the topic.
2. Adopt the ordinance establishing a Street Maintenance Fund and Street Maintenance Fee.

Which alternative is recommended? Why?

Alternative 2 is recommended because this alternative was selected by a motion of direction during a City Council workshop on November 13, 2018.

CONFORMITY TO CITY POLICY:

This conforms to all state, federal, and local policies.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

This item is estimated to generate a revenue of \$1,639,402 annually.

Is this a one-time or recurring expenditure?

This is a recurring revenue.

Is this expenditure budgeted?

This revenue is not contained in the adopted budget.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

City staff recommends that the City Council approve the ordinance amending Chapter 25, Streets, Sidewalks, and Miscellaneous Public Places by establishing a Street Maintenance Fund and providing for collection of street maintenance fees.

DEPARTMENTAL CLEARANCES:

Public Works
Finance
City Attorney

ATTACHED SUPPORTING DOCUMENTS:

Ordinance