



Item: Resolution 9746 to Levy and Assess Street Maintenance District
From: Judy Burg, Account Technician
Initiated By: Annual Assessment Process
Presented By: Martha Capps, Operations Supervisor
Action Requested: City Commission Conduct Public Hearing and Adopt Resolution 9746

Public Hearing:

1. Mayor conducts public hearing, calling three times each for opponents and proponents.
2. Mayor closes public hearing and asks the will of the Commission.

Suggested Motion:

1. Commissioner moves:
“I move the City Commission adopt or deny Resolution 9746.”
 2. Mayor calls for a second, discussion, and calls for the vote.
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Staff Recommendation: Staff recommends following the public hearing and barring sufficient protest, that the City Commission adopt Resolution 9746 to Levy and Assess Street Maintenance District.

Background: The Street Department maintains over 366 miles of streets and alleys within the city limits. Maintenance consists of pavement rehabilitation and restoration, street cleaning, snow and ice removal, alley maintenance, nuisance weed program and the Traffic Division which is responsible for the maintenance of all roadway signs and signals. The budget development process begins in January of each year when the Street Department receives their midyear financial reports. The midyear report is used to determine the current financial position of the Street Fund, which is the basis for projecting future earnings and expenditures. Information is gathered regarding the actual and anticipated expenses, future projects, goals and objectives of the department. Street Maintenance contracts with other local governmental agencies are reviewed and/or updated. After determining financial factors pertinent to the operation of the Street Department, an assessment amount for the next fiscal year is calculated, proposed and presented to the City Commissioners for approval.

The annual assessment resolution provides for the authorization of assessments, authorization to contract for maintenance of sections of City streets adjacent to land owned by other governments or their agencies, assessment option specification, total assessment amount and listing of assessed property.

As part of the annual budget development and adoption procedures the Street Maintenance Assessment Resolution must be submitted for City Commission action. A public notice and hearing is required prior to final passage of the assessment resolution.

Concurrences: Public Works staff is responsible for the operation expenses of the Street Department. Fiscal Services staff is responsible for assessing and collecting the Revenues necessary to carry out the operations. The City Commissioners have received information regarding the condition of the streets and the Street Fund operations during the annual budget process.

Fiscal Impact: Adoption of Resolution 9746 will allow the City to fund the costs of work, improvements, and maintenance required to be made each year in the street maintenance district. The current proposed budget will allow the City to continue its current maintenance and replacement activities, which are lower than the recommended level in terms of years between major updates. If more money were available, additional street work could be accomplished that would be more in line with recommended maintenance and replacement.

ASSESSMENT ANTICIPATED

The anticipated assessment amount for Street Maintenance funds for the next fiscal year is the amount projected through the Budget Development Process. For Fiscal Year 08/09 the assessment will increase by 10%, which is being recommended to finance increased costs related to street maintenance activities; anticipated collections will total \$2,888,858. This will result in an assessment of \$81.18 for an average size lot of 7,500 square feet, an increase of \$7.38 from Fiscal Year 07/08. (7,500 sq ft x 0.010824 factor = \$81.18.)

ASSESSMENT OPTION

Section 7-12-4425, MCA states: "...The council shall pass and finally adopt a resolution specifying the district assessment option and levying and assessing all the property within the several districts..." Section 7-12-4422, MCA provides for "assessable area" to be one of the options.

The Assessable Area method, defining assessable area by square footage caps, has proven to be the most equitable method of assessment. Assessment parameters are:

- a. Square footage caps per parcel of 12,000 square feet for residential property and properties categorized as non-profit/cemetery organizations 501(c)(13) as defined by the Internal Revenue Code.
- b. A 'mixed use' category which consists of property equal to or greater than 112,000 square feet but less than 50% commercially developed. For the 'mixed use' category, the Planning Department shall annually identify all property equal to or greater than 112,000 square feet which are 50% or less commercially

developed. Those properties shall be assessed 50% commercial and 50% at capped residential.

- c. 1 million square foot cap for all other property. The 1 million square foot cap for all other property encourages large green areas on some private properties within the City.
- d. An ‘interlocal contracted maintenance’ category that designates properties owned by other governments or their agencies adjacent to City streets that are maintained by the other government or their agencies. This category’s assessments include a 7.5% administrative fee as well as the annual contracted cost of maintenance. The maintenance cost portion is to be agreed upon by the City and the contracting entity.

Alternatives: The City Commission could choose to deny the adoption of Resolution 9746 to Levy and Assess Street Maintenance; however, the reduction in services to the community could be hazardous to the safety and welfare of the general public.

Attachments/Exhibits: Resolution 9746
Notice of Public Hearing
Proposed Street Maintenance Increase

Cc: Jim Turnbow, Street Supervisor

PROPOSED STREET MAINTENANCE INCREASE

- \$ 262,623

CORRESPONDING EXPENSE INCREASES

- \$ 45,000 Personnel Services
- \$ 70,000 Fuel
- \$ 22,500 Asphalt/Materials
- \$ 100,000 ST/SN Building Imp.
- \$ 36,500 Signal upgrades

TOTAL \$ 274,000

LEVELS OF STREET MAINTENANCE

IDEAL SCHEDULE

Chipseal - 23.66 miles per year
Overlays - 11.83 miles per year
Reconstruct - 5.68 miles per year

CURRENT SCHEDULE

Chipseal - 7.5 miles per year
Overlays - 5 miles per year
Reconstruct - 0 miles per year