

POLICY BRIEF

STREET MAINTENANCE FEE

Community Satisfaction Survey

- In April 2022, the City conducted a Community Satisfaction Survey. Street Maintenance scored the lowest of all City Services.
- Within the same survey, the community ranked Street Maintenance as the highest area requiring increased investment.

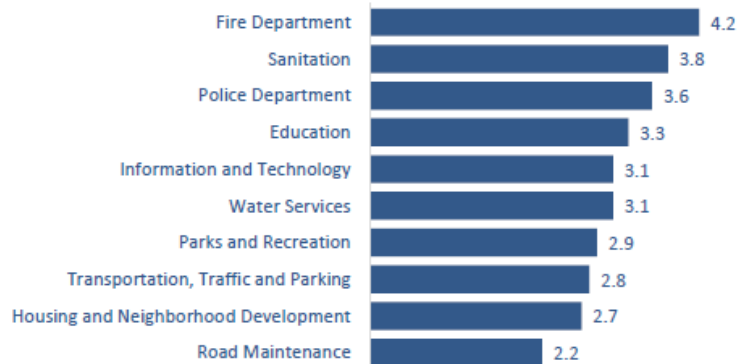


Figure 1: On a scale of 1-5 with 5 being the highest level of satisfaction

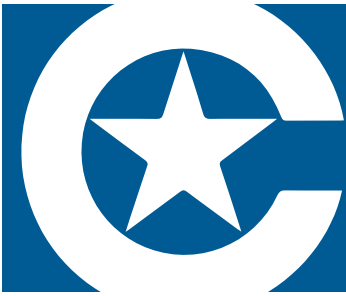
Tax vs Fee: Where to find the resources?

- If the City is going to increase the investment in Street Maintenance, the resources for this must either come from cutting the budget from other Departments/Services or from an additional resource base. Historically, municipalities use tax revenues to fund street maintenance activities. This funding model has proven to be ineffective over time, and the City’s tax rate is already high.
- According to The Tax Foundation, a leading tax policy advocacy group: “A tax has the primary purpose of raising revenue... a fee recoups the cost of providing a service from a beneficiary.”
 - The Tax Rate is NOT connected to the cost of providing a service. It is intended to raise general revenue that can be spent on a broad range of services.
 - A Fee is calculated based on the cost of providing a service.
 - A Tax is levied and paid regardless of whether you use the service or not (i.e. school property taxes).
 - A fee is charged only to the users, or the beneficiaries, of the service (i.e. water rates).
 - Revenues from taxes can be spent on any general service approved by the governing body.
 - Revenues from fees can only be spent on the services that generated the fees.

Who Pays the Fee?

- Residential & Multi-Family accounts will pay 60% of the annual cost recovery.
- Commercial & Non-Residential accounts will pay 40% of the annual cost recovery.
- Commercial & Non-Residential accounts that generate more traffic fall into a higher rate tier than those that generate less traffic.
- Traffic generation is estimated based on data from the Institute of Traffic Engineers (ITE) Trip Generation Manual and the type of use for each property.

Street Maintenance Fee - Rate Schedule		
CUSTOMER CLASS		
CLASS TIER	FEE	NOTE
Residential Utility Accounts		
Single-Family	\$ 5.00 per month	
Multi-Family	\$ 5.00 per unit per month	
Non-Residential Accounts		
Tier 1	\$ 15.00 per month	
Tier 2	\$ 25.00 per month	
Tier 3	\$ 35.00 per month	
Tier 4	\$ 45.00 per month	
Non-Residential Tiers are determined by the trip generation factor as determined by the ITE Trip Generation Manual for the land use for each account.		



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Maintenance vs Reconstruction

- Street Maintenance is routine work to improve, preserve, or repair the surface of a street section so that the street will have a longer expected life.
 - Street Maintenance costs will be recovered by the Street Maintenance Fee within each annual operating budget.
 - Street Reconstruction removes the existing street all the way down to the sub-grade and rebuilds the street.
 - Street Reconstruction will be funded by Bonds or Certificates of Obligation as available through the City's Interest & Sinking Property Tax Rate.
 - The following streets are already scheduled for reconstruction over the next few years:
 - Washington St (from Live Oak to Culver St)
 - Park St (from Maple St to Culver St)
 - Hickory St (from Chestnut to Maple St)
 - Sterling Hart (from FM 3218 to Oak Lane)
 - Oak Lane (from Hwy 11 to Sterling Hart)
 - Monroe St (from Culver St to Charity Rd)
 - Charity Rd (from Hwy 24 to Monroe St)
 - Charity Rd (from Monroe St to FM 3218)
 - Washington St (from Culver St to Charity Rd)
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What Happens Next?

- The City will work with their consulting engineers to develop a Street Maintenance Toolbox to decide which types of street maintenance activities will be done by city staff with city equipment and which types of activities will use third-party contractors.
 - The City will work with their consulting engineers to evaluate existing streets within each City quadrant (Section A, B, C, & D) to determine which streets need maintenance and which streets need reconstruction.
 - The City will produce a map to visually communicate the multi-year plan for both reconstruction and maintenance activities.
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When Will My Street Get Done?

- It is too soon to say with confidence, but the City will produce a map to visually communicate the multi-year plan for both reconstruction and maintenance activities.
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