

## 2013 Street Maintenance Budget Allocation

**Question:** What was the source and use of the \$1,327,500 budgeted toward City street maintenance in 2013 and why wasn't that amount continued in the budget in 2014 and beyond?

**Answer:** In 2013, the amount of \$1,327,500 was budgeted under the General Fund (PW works department budget – line item 6488, Street Maintenance Contract).

Up until 2013, the City had routinely budgeted a total of \$500,000 for line item 6488.

The city was able to increase this line item by an additional \$827,500 for one year as a result of:

1. one-time funding from TIF 4 (district is now decertified) in the amount of \$275,000, and
2. elimination of the eight (8) staff positions in 2012 which had a 2012 salary and benefit total of approximately \$715,000. These 2 items totaled \$990,000.
  - Building Official
  - Assistant City Administrator
  - Marketing Manager
  - City Engineer/Director of Public Works
  - PT Building Maintenance
  - Police Officer
  - Fire Department Secretary
  - Deputy City Clerk

Of the \$1,327,500 budgeted in 2013, a total of \$454,910 was spent on sealcoat projects in 2013.

This left a balance in the account of \$872,590. These funds were transferred to the City's Road Reconstruction Fund and were not dispersed in 2013 per the excess year-end revenue policy. (Note: the normal policy distributes excess annual revenue over expenditures to the Equipment Revolving Fund, Facility Fund, Capital Maintenance Fund, and Public Improvement Revolving (PIR) Fund). The City's Road Reconstruction Fund was used to pay towards improvements on the 2015 - 2018 road projects such as new sidewalk, curb & gutter, and road widening for which road reconstruction bonds were not legally authorized. The remaining balance of these funds and remaining bond funds from the 2015 - 2018 bonded road projects were used to pay approximately \$698,000 of the 2019 street reconstruction projects (Chestnut Ridge & Wood Pond Hills and Ford Brook Estates).

In conclusion, the entire \$1,327,500 originally budgeted in 2013 went towards road projects as council directed.

The allocation of \$500,000 is the annual amount budgeted for routine preventive street maintenance such as crack-seal and sealcoating, both prior to and after 2013, and remains at \$500,000 in the 2020 General Fund budget under Public Works.

The 2013 budget only had the extra funds available due to one-time funding of TIF funds that are no longer available, and the reduction in staff. Thus, the 2013 budget for roads was not funded via a dedicated extra property tax levy in 2013.

In 2014, the reduced expenditures were used to keep the tax rate essentially the same as previous years, in spite of the decline of property values across the city and county during that timeframe (see below). No provision was made to increase the property tax to allow for an ongoing pavement management program at this higher level of funding. In the 2014 budget, a police officer, building inspector and 2 part-time admin/tech positions were staff positions included back in the budget, based upon Council's strategic priorities at the time. In late 2014, after much public discussion, the Council adopted the current street assessment policy, which was used along with bonding, to fund the pavement management program starting in 2015 until the present.

City of Ramsey

Tax Levies & Tax Rates

2011 Payable - 2020 Payable

	<u>Total</u> <u>Levy</u>	<u>Tax</u> <u>Capacity</u>	<u>Tax</u> <u>Rate</u>
2011	\$ 8,128,609	16,904,385	39.800% TIF 10 back into Tax Base (approx \$300,000 of tax capacity)
2012	\$ 8,413,798	15,747,629	44.172% MV Exclusion ends/TIF 1 Back into General Tax Base (approx \$780,000 of tax capacity)
2013	\$ 7,998,213	14,741,934	44.288% *See Note Below
2014	\$ 8,564,341	16,017,461	44.235% HRA levy last year/TIF 2 Back into General Tax Base (approx \$1.3M of tax cap from TIF 2)
2015	\$ 9,407,821	18,605,528	42.259% TIF 4 back into General Tax Base (about \$340,000 of tax capacity)
2016	\$ 9,971,075	19,609,016	43.315% **This was the first year of road debt
2017	\$ 10,479,058	20,779,674	42.455% 2nd bonding for road projects
2018	\$ 11,374,395	22,953,761	41.730% 3rd bonding for road projects
2019	\$ 11,831,336	24,849,839	40.354% 4th bonding for road projects
2020	\$ 12,509,232	26,803,568	39.592%

\*2013 was the only year that we had increased road funding in the General Fund from \$494,500 (we use \$500,000 now) to \$1,327,500 or a \$833,000 increase. Note: the overall levy went down \$415,585. Road funding was only able to be increased by all of the staff cuts we had in 2012. The levy increased in later years due to needing to bring staff back.