

LRB RESEARCH AND ANALYSIS

JULY 27, 2009

ITEM 1, FILE 090333

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File # 090333 is a substitute resolution amending the 2009 Local Snow and Ice Removal Charge for the express purpose of cancelling \$2.7 million of debt incurred due to 2008 snow and ice operations that exceeded budgeted amounts.

Background

1. On November 9, 2007, the Common Council established the 2008 Local Snow and Ice Removal Charge at \$0.4811 per foot of street frontage (File#070859). The 2008 estimated revenue for the charge is \$4.3 million. On September 12, 2008, the Common Council amended the rate from \$0.4811 per foot of property frontage to \$0.6522 per foot (File #080483). The increase in the charge generated an additional \$1.8 million charge in 2008 revenues, for a total of \$6.3 million. The amended charge increased the impact on the owner of a property with 40 feet of frontage approximately \$6.85, from \$19.24 to \$26.09.
2. On November 7, 2008, the Common Council established the 2009 Local Snow and Ice Removal Charge at \$0.5283 per foot of street frontage (File#080779). The 2009 estimated revenue for the charge is \$4,965,204. The impact of the current charge on the owner of a property with 40 feet of frontage is approximately \$21.13. The 2009 Budget's estimated Local Snow and Ice Removal Charge revenue is \$4,965,204.
3. On June 16, 2009, the Common Council failed to adopt a resolution (#090044) that amended 2009 charge to \$0.7411 per foot of street frontage, an increase of \$0.2128 per foot of street frontage from the 2009 initially adopted charge of \$0.5283.
4. The table on page 2 shows the snow and ice control budgets and expenditures for 1998 through June 10, 2009.

Year	Funding	
	Budget	Actual
1998	6,011,324	4,149,443
1999	6,562,888	8,681,087
2000	6,423,219	10,727,038
2001	7,267,392	4,688,380
2002	7,731,934	3,682,140
2003	7,388,234	3,589,675
2004	5,990,847	4,649,565
2005	4,473,956	7,575,532
2006	4,923,626	3,873,753
2007	4,885,314	10,841,668
2008*	4,918,942	\$15,783,927
2009 to date	4,777,000	\$4,030,305

*2008 actuals include \$1,088,559 in costs charged to FEMA grant

- The City has a debt of \$2.7 million to cover the 2008 costs of snow and ice removal.

Discussion

- This resolution increases the 2009 Snow and Ice Control Fee from its current rate of \$0.5283 per foot of property frontage to \$0.8156 per foot of property frontage for purposes of generating \$2.7 million in additional revenue to offset costs related to 2008 snow and ice control expenditures.

Fiscal Impact

This resolution increases the 2009 Snow and Ice Control Fee to \$0.8156 per foot of property frontage. The Budget Office estimates the 2009 charge will generate approximately \$7.7 million or \$2.7 more than the current 2009 charge that will be used to offset the \$2.7 million debt related to 2008 snow and ice removal costs. The impact of the amended charge on the owner of a property with 40 feet of frontage is approximately \$32.62 or \$6.53 more than the impact of the 2008 amended charge of \$26.09.

In addition, the Budget Office estimates that adoption of this resolution will eliminate \$100,000 in total interest costs related to the \$2.7 million borrowing to cover 2008 snow and ice removal expenditures that will be required if resolution is not adopted.

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