

Reply to Common Council File No. 080034  
From DOA-Budget and Management Division

July 18, 2008

Ref: 08027

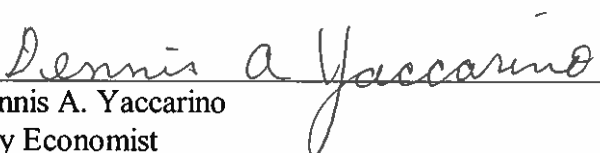
Common Council File 080034 contains an ordinance that establishes a vehicle registration fee of \$20 and eliminates the special assessment ratio for street and curbs while lowering the ratios for alleys and sidewalks. The purpose of the legislation is to address growing street reconstruction and resurfacing problems that face the city. The proposed ordinance would diversify funding for capital improvements. The elimination of special assessments for streets should ensure that the pavement program is implemented as scheduled, which will contribute to improved street condition.

The Administration is in agreement with the need to increase the street paving program to address the deteriorating street condition. However, under this proposal the funding for these changes would come almost completely from the residential sector. Special assessments allow for all benefiting properties to contribute to the cost of improvements. In addition, use of property tax levy funding or levy-supported debt finance allows for a distribution of costs to all taxable properties. Analysis of trip generation data indicates that commercial and non-profit land uses receive many of the benefits associated with street improvements. A mix of special assessments and property tax funding also results in non-resident property owners sharing in the costs of the paving program.

The Administration is proposing an alternative that will increase the level of paving but places the cost on the property tax bill. The proposal reduces the special assessment by 37%. The impact of the property tax increase to the average residential property will be \$5.12 by 2014 rather than a \$20 charge. Commercial, manufacturing and property tax exempt properties would pay a portion of the cost and not be given a free ride.

As an alternative to our recommendation, the Committee could place this item on hold until its September 11 meeting when it can consider this proposal in the context of other proposed revenue changes for the 2009 budget, and compare this proposal with the Administration's alternative.

**RECOMMENDATION: PLACE FILE 080034 ON FILE.**

  
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