



Public Works Committee

Date of Request: 8/27/21

Requestor: Joe Terry

Request/Referral: Review proposed Transportation Utility Ordinance and consider possible action

Background information: At the July 6 Public Works Committee meeting, action was taken to direct staff to finalize the draft Transportation Utility Ordinance. Staff met with Mayor Blaser and Attorney Schill over the course of the past two months to create a proposed final draft. A number of small changes were made for consistency with Statutes and clarity.

The goal of the City included three key objectives: 1) Reduce or eliminate special assessments for street/sidewalk reconstruction projects. 2) Reduce or eliminate borrowing for annual reconstruction projects. 3) Advance towards a sustainable transportation system. This ordinance, using the proposed transportation utility model, checks all three boxes.

As compared to the draft ordinance reviewed in July, a scope change is proposed to 51.10(3) for the Assessed Party Fee. Staff had initially recommend people fitting the definition of an Assessed Party would receive a 25% discount from the Transportation Utility Fee to recognize their burden of currently having a special assessment. Since their assessment covers 25% of the cost of the street a 25% reduction in the fee made logical sense and was recommended; however, the actual cost reduction is minimal. For example, if the Utility fee for a single family home as currently proposed is \$101.28/year, or \$8.44/month, a Assessed Party would only receive a \$2.11/month discount, or \$25.32/year. As a result, staff is now recommending an Assessed Party will receive a 100% credit of fees for the duration they are or could have been paying their special assessment. A credit maximizes the benefit to the Assessed Party, nearly eliminates the administration that would otherwise be required to track this for the next 15 years, and after it is initially applied all users are treated the same which is recommended in the Ehlers report.

While the topic of a transportation utility has been discussed regularly for the last 20+ months, staff is recommending a public comment agenda item for September and/or October Common Council meeting to formally request public input.

Chapter 2.3(d) allows an ordinance to be voted on and passed at its first reading if the vote is unanimous. Given the potential impact of this proposed ordinance and to insure at a minimum

it will be read at two Common Council meetings, staff recommends the Committee introduce this ordinance in September but not vote on it, then consider action in October.

Given the amount of coordination with Water Works and Lighting required to implement billing, if the ordinance is passed in October staff believes the utility could start billing in January of 2022. Staff will need at least two months after the ordinance is passed to evaluate some complicated parcels and finalize model. As a result, If the ordinance is not passed in October and is still being considered, staff recommends the utility start billing at the beginning of the quarter at least two months after the ordinance is approved.

If the Utility ordinance is approved, the City will need to bond for one year following the start of the Utility while the Utility grows its reserves sufficient to fund at least one year of Utility projects. For example, if the Utility begins collections Jan 1, 2022, the City would need to bond for routine reconstruction activities in 2022 but not 2023. If the Utility begins collections July 1, 2022, the City would need to bond for 2022 and half of 2023.

If the committee advances the ordinance, staff recommends dropping special assessments for any projects where preliminary resolutions have been made.

Options available: 1) Take action to advance the ordinance to the Common Council. 2) Take action to make changes to the proposed ordinance. 3) Take no action

Action you are requesting the committee take:

Make a motion to accept the proposed Transportation Utility Ordinance chapter 51 as read or amended.

Make a motion to introduce the Transportation Utility Ordinance at the September Common Council meeting and to consider action at the October Common Council meeting.

Make a motion to notice a specific public comment period at the September and/or October Common Council meetings.

Make a motion to eliminate special assessments for any projects where assessment hearings and final resolutions are outstanding at the time the transportation utility is approved.

How will the item be financed? Through the proposed transportation utility