

**WORKING SESSION MEETING
BOARD OF DIRECTORS**

Board room

June 4, 2015

5:30 p.m

AGENDA

1. Call to Order Mayor James Calhoun
2. Invocation
3. Discussion of Sales Tax Bundling Initiative
4. Adjournment

Sales Tax Initiative

Staff has provided the following information to help the Board address their desire to improve our street, drainage, and community development needs, as requested in the mini Board Retreat

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Developing a clear message of the problems we face and the solutions

- What needs to be maintained?
- What do we want to upgrade?
- How much does that cost?
- We must have community involvement

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Funding the project

- Staff used a 1% sales tax for a period of 10 years as a baseline for the purpose of conversation
- Staff projected a dollar amount for an overlay program based on recent budget numbers, these would need to be verified by an outside engineering source
- Garver Engineering has been asked to assist us with preparing a plan to address drainage issues
 - This would include reviewing previous studies

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Funding

- Current one cent sales tax provided \$1,884,000 in 2014
 - Economy has remained relatively flat
 - Staff is making the conservative assumption this number will hold steady over 10 years for the sake of this conversation

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Project Costs

- Overlay all city streets: \$9,208,547
 - This dollar amt is based on an asphalt contract price of \$85/ton installed (Walnut St state job was approx. \$100/ton).
- Milling costs must be included and are estimated at \$2.50/square yard (estimate from Garver Engineering)
 - 1/3 of our streets: \$821,114 + hauling/storing cost
 - All of our streets: \$2,463,125 + hauling/storing cost

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Project Costs

- Estimate does not include undercutting problems under the asphalt
- Estimate would allow for concrete street *repairs*, not overlaying them
 - Milling some concrete streets to smooth ride might be realistic option
- Estimate does not include manhole rings or water valve risers

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Project Costs

- Total estimated cost for 100% Street Improvements: \$11,671,672
 - \$9,208,547 for 100% overlay
 - \$2,463,125 for 100% milling (worst case)
- Estimate does not include any funding for curb/gutter and sidewalks
- Does not provide funding for Pine Street or any other state highway

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Sales tax division

- Street overlay represent 62% of the 1 cent tax, leaving \$7,168,328
- Community development would like about \$170,000 per year (\$1.7 million over 10 years), representing about 9%
- This would leave \$5,486,386 for drainage improvements, about 29%
- Funds are still needed for parks maintenance

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Drainage Costs

- In 2002, the Carter-Burgess study listed 35 culverts that needed to be replaced. Total estimated cost at the time: \$3.4 million
 - Did not include 8th Street bridge, 12th Street bridge, HSU bridge to maintenance facility, Walnut Street bridge, etc.

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Other Funding Options

- Cut other services
 - Once a week trash pick-up for example, would save over \$75,000 per year
- What other services would the Board like to consider cutting to fund this?

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Other Funding Options

- Storm Water Utility creation with fees to support the capital and O&M
 - An average of \$5 per meter for 4200 meters would provide \$21k per month, or \$252,000 per year.
 - This might be enough to hire 2 employees to work full-time on drainage issues and supply a modest amount of money for supplies
 - Many municipalities utilize fees to fund stormwater requirements (Hot Springs won in XXXX v. XXXXX)

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Sales Tax Initiative

- Best chance for approval is a general election, such as the next primary in March
- Second best chance, Special Election this summer (approx. \$6k)

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Addressing Citizen Needs

- I would suggest creating two advisory boards to recommend annual improvements and capital projects that will require bonding to complete
 - Streets
 - Drainage
- This will require one additional administrative staff personnel. An in-house Professional Engineer would be most appropriate

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Moving Forward

- Streets
- Drainage
- Community Development

Do we have a Board consensus that these are our needs?

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Moving Forward

Streets

- Street overlay
- Street milling
- Subsurface repairs
- Curb and gutter (requires drainage upgrades)
- Sidewalks
- New streets (16th Street connector?)
- Other

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Moving Forward

Drainage

- How to address?
 - Creation of Utility
 - Create Plan
- Buy out problems
- Permanent Utility needed
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Moving Forward

- Obstacles to passing tax
 - School millage
 - Bypass funding
 - *“Not being good stewards of funds now”*
 - *“Not taking care of my part of town”*
 - Anti-tax sentiment
 - Sales tax is unfair on poor

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Moving Forward

- What type of tax?
 - Forever
 - Sunset
 - How many years?
 - Bond out projects?
 - Exempt grocery sales?
- When to have election?
 - Primary election has best chance to pass tax, best voter turnout
 - Special election draws special interests, not whole community

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Where do we go from here?

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