
MEMORANDUM

TO: STEVE GIESBRECHT, BOROUGH MANAGER
FROM: KARL HAGERMAN, PUBLIC WORKS DIRECTOR
SUBJECT: STREET PAVING LOCAL IMPROVEMENT DISTRICT CONCEPT
DATE: 12/12/2016

I've appreciated the Assembly's support of local street paving over the last year. The asphalt that has been put in place has made dramatic quality of life improvements for many of our citizens. The primary push for this work was to take advantage of the hot mix plant that was mobilized to Petersburg for the State's paving of South Nordic and Haugen Drive. Once this plant leaves Petersburg, the likelihood of another paving project in the next 10 years is low, unless the Borough pays the large amounts required for mobilization of plant and equipment.

However, SECON has recently passed on that their company has no immediate plans to move the plant from Petersburg and that it will be here and able to produce asphalt in the spring and possibly the summer of 2017. This offers Petersburg additional opportunity for street paving in the next year, but unfortunately comes at a time when all earmarked paving money has been expended. The only other option for Borough funding of a paving project would need to come from the General Fund – which is likely to be a short discussion due to State and Federal cuts that will put much greater pressure on the GF balance.

Alternatively, I would like to propose a funding option that would be driven by our residents who wish to organize and pay for street improvements through a special assessment. It would involve property owners in a neighborhood coming to agreement on their desire for a paved street and following through with a process to form a Local Improvement District (LID) to complete the work. LID's are used when residents desire infrastructure improvements to a subdivision or neighborhood and the Borough is not able to undertake the project. If 60% of the neighbors agree to pay for the project, agreements are made and repayment of actual project costs are made based on each property owner's frontage along the project street. Below is an outline of the process that would be needed.

LID Process

- PW drafts a resolution for Assembly consideration that initiates the process of soliciting petitions for local neighborhood paving.
- If resolution is passed, PW sends letters to identified neighborhood property owners that explains the paving opportunity and the LID petitioning process. The letter will also provide a deadline where petitions must be received. A resident or residents will need to survey the neighborhood and collect signatures from property owners in favor of defining the potential costs to participate in paving the street. A petition having 60% of the neighborhood's residents signing it will move forward in the process.
- For all neighborhoods that secure the necessary signatures by the deadline, a construction plan and cost estimate will be finalized by the Public Works department. The cost estimate will be used to calculate a tentative assessment cost for the neighborhood on a dollar per

linear foot of frontage basis. The plan and tentative assessment will be sent to the property owners for their information.

- A public hearing would then be held to explain the construction plan and the breakdown of the tentative assessments and to answer any questions from the interested residents.
- After the public hearing, a balloting process must occur so that the residents in the neighborhood can cast formal votes to move forward or not. 60% of neighborhood property owners must vote in favor of the project for it to move forward. It is important to note that if the balloting passes in favor of the project, 100% of the property owners in the neighborhood must participate in the project costs.
- If a 60% affirmation vote is received, the PW department will budget for the work. This will likely be included in a supplemental budget ordinance for development of a street paving capital project fund that would serve to initially fund the work.
- Simultaneously, an ordinance creating the LID would move forward. This ordinance would fix the terms and conditions of assessment and repayment for each separate neighborhood that has chosen to participate. Repayment may be a one-time fee or can be spread out over multiple years, with interest and penalties fixed in the ordinance language.
- Once the budget is approved in the third reading, the work is contracted and scheduled. The Borough must be willing to front the cost of the paving and accept reimbursement from the property owners according to the LID ordinance approved by the Assembly.
- After completion of the project, actual costs are used to calculate the final assessment for each applicable property owner and the payment agreements commence.

The roads that would be targeted by this effort are commonly viewed by many as a specific neighborhood. Many have cul-de-sac construction and serve the localized residents most of the time. Collector streets or main thoroughfares would likely not be good selections for an LID as non-local traffic is served to a greater degree and it is not fair to property owners along those roads to pay for improvements that have wider benefit to the community. Roads that are being considered for an initial list of LID neighborhoods include: Galveston St, Lake St, Valkyrie St, Rambler St, Odin/Queen St, Tango St, Unimak St, Vesta St, Pearl F St, Jenny Lane and Philbin Lane. Additional streets may be added if property owners are interested in this process and goal of paving their street.

This process does have the potential to be a lot of work for my office, and other Borough offices, but surely not all of the neighborhoods listed would come to agreement to proceed and maybe none of them will be interested. However, at least the Borough will have offered a way for the property owners to reduce fugitive dust and eliminate potholes in their neighborhoods during a financial time where the municipality doesn't have the dedicated funding to make it happen.

If you are supportive, please forward this concept to the Mayor and Assembly for their consideration to move forward as described. Thank you.