

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

13-031-O

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE ESTABLISHING A STREET IMPROVEMENT TRUST (SIT) FUND, PROVIDING FOR THE CREATION OF A CITY-WIDE STREET IMPROVEMENT PROGRAM AND CONDITIONALLY AUTHORIZING TRANSFERS OF FUNDS TO THE SIT FUND.

BY COUNCILOR STAUBER:

The city of Duluth does ordain:

Section 1. The city council finds as follows:

(a) The city created the community investment trust (CIT) fund for the improvement of infrastructure relying on revenues from the casino and other sources to fund, in part, city street improvements;

(b) The CIT program is no longer viable for a number of reasons;

(c) Street improvements are one of the top priorities for action in 2013 and deferring maintenance and improvements will increase overall costs of street improvements in the future;

(d) Improving infrastructure buried underneath streets such as water, sanitary sewer, and gas, cannot occur at a reasonable cost without the street being scheduled for improvement.

Section 2. There is hereby established a fund known as the street improvement trust (SIT) fund for the purpose of funding a program of street improvement within the city.

Section 3. That no later than January 1, 2014 and annually thereafter the city shall, by resolution, have adopted an annual program of city-wide street improvement (the "Program") for that year, which Program shall not include routine street maintenance such as pothole and crack repair.

Section 4. That in any year, funds in the SIT fund shall only be expended in conformance with the Program for that year or to pay principal and interest on outstanding bonds issued prior to the effective date of this ordinance, the proceeds of which were used to fund capital improvements to the streets, unless the expenditure of such funds for any other purpose is approved by a 7/9 vote of

the council.

Section 5. That, subject to the approval of the Program for the applicable year and to the granting of authorization for any such transfer in accordance with the requirements of the Charter and the Code at the time of the proposed transfer, the following transfers shall be made to the SIT fund from the following funds:

(a) All funds in the community investment trust fund at the time of the authorized transfer;

(b) A one-time transfer of \$2,000,000 from the general fund - unassigned fund balance;

(c) A one-time transfer of \$2,500,000 from the general fund;

(d) All tax revenues received by the city resulting from increases which have occurred since the last such transfer in the value of all taxable property of the city;

(f) 25% of the amount paid by the city's natural gas utility to the general fund in the preceding year as a payment in lieu of taxes (PILOT), up to \$1,000,000 per year;

(g) The amount by which local government aid received by the city from the state of Minnesota for state fiscal years 2013 through 2015 is increased over that amount to be received by the city for state fiscal year 2012;

(h) The amount raised by any increase in the levy in any year;

(i) That amount saved by reducing any expenses chargeable to the general fund in any year.

Section 6. Program costs shall be paid only from funds currently available in the SIT.

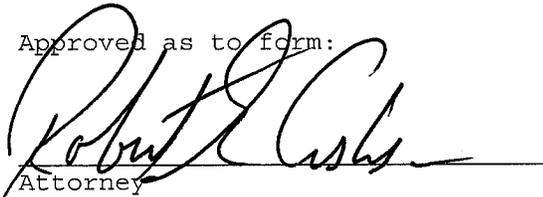
Section 7. That all properties to be assessed for improvements to streets made under the city's existing street improvement program or its successor program shall be assessed for the following portion of the cost of such improvements in the year in which they are so assessed, up to the amount of the benefits received by such properties as a result of such improvements:

- (a) In 2014: 30%;
- (b) In 2015: 35%;
- (c) In 2016: 40%;
- (d) In 2017: 45%;
- (e) In 2018 and thereafter: 50%.

Section 8. That the council hereby requests that the Charter commission approve an amendment repealing Section 54 (e) of the Charter.

Section 9. That this ordinance shall take effect 30 days after its passage and publication.

Approved as to form:



Robert J. Cash

Attorney

CCREQ/ATTY JS/REA:cjk 4/25/2013

STATEMENT OF PURPOSE: This ordinance establishes a street improvement trust fund for the purpose of funding and improving streets in the city of Duluth.