

Street Upgrade Sales Tax Proposal

The Gerald Board of Aldermen is considering a proposal submitted for placing a one cent city sales tax on the November 2011 ballot. The Board will be voting at the August meeting on whether to place this issue on the ballot. Citizen input is encouraged and welcome concerning this issue.

This proposal will allow the City to collect a one cent sales tax to be used only for street, curbing and guttering and storm drainage construction only. The proposal has a five year sunset provision, meaning we will collect this tax for the period January 1, 2012 through December 31, 2016 at which time the sales tax rate will return to the current level.

Upon voter approval, the City will begin in the spring of 2012 installing curbing, making necessary improvements to roadbeds and finishing with chip and seal on residential streets and asphalt on connector streets and main arteries. Some of our existing streets will require small improvements while others will require major improvements to soft roadbed conditions before finishing with chip and seal.

If approved, we intend to borrow \$300,000.00 from city reserves plus the first full year's receipts of the increased taxes to be used next year, allowing us to do the majority of these improvements in year one of this ambitious plan. We will start repaying city reserves (with interest) beginning in year two of this five year plan, while finishing up areas not completed in the first year.

Property owners will be responsible for paying for the curbing that fronts their property, as is governed by current city ordinances. We understand that family budgets are tight and some may not be able to make full payments up front. Arrangements can be made for these property owners to take up to 12 months to repay the city (interest free). Any unpaid balances will have liens attached to the property (also governed by city codes). Residents should realize that curbing and a good street in front improves the value of your property.

The facts are these: our current piecemeal approach to street improvements is not working, annual budgets for street improvements do not meet current needs. With limited annual resources available to do small annual improvements, we fall behind in other areas requiring even greater resources just to get back to even. Annual maintenance and snow removal expenditures reduce the amount of money available and do not allow for the upgrades to soft roadbed conditions that exist in some areas of city streets. Our intention is to try to get all streets up to specs at once and thereby reduce the costs of annual maintenance required to keep them that way.

We fully understand some residence will be opposed to this plan, no one likes to pay increased taxes. Currently we collect approximately \$70,000.00 annually from the current 1/2 cent sales tax and a portion of the county's road and bridge tax. We anticipate this new tax will generate approximately \$500,000.00 over the five years. Adding that amount to our current revenues will give us in excess of \$750,000.00 in five years with the bulk of the money used in the first year by borrowing from city reserves up front. We intend to hold public hearings prior to the November election to explain and educate the residents of Gerald of how this plan will be greatly beneficial to Gerald's growth going forward. This plan will add greatly to the uniformity, the property value the overall beauty of our city. This is an investment in our future and we can do this with your help. We encourage you to call your Aldermen and the Mayor and let us know your thoughts. We work for you, and we want your input either for or against.