

Special Maintenance Fee

8/28/2024

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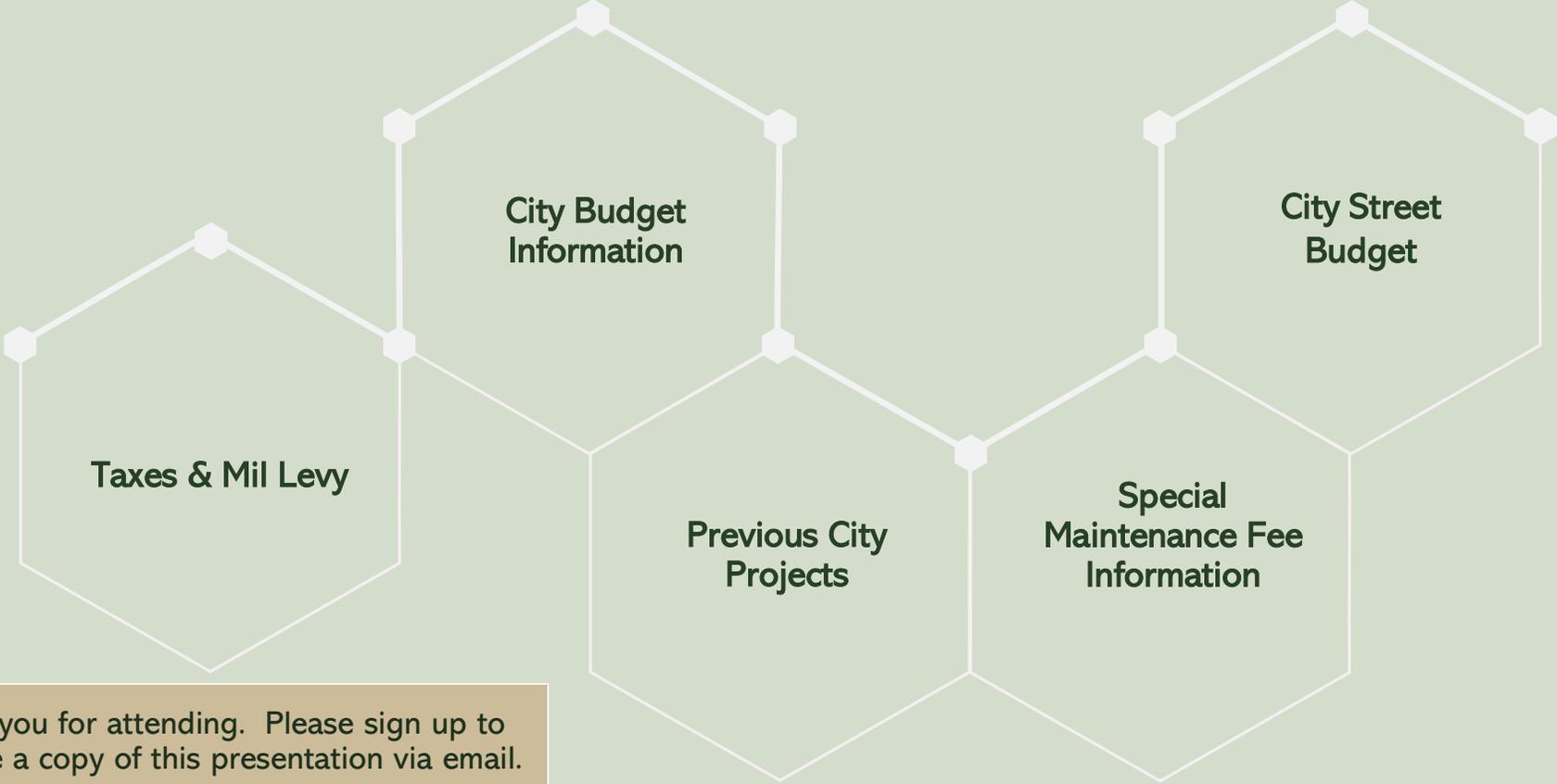
Lead City Hall
801 W. Main St, Lead SD



CITY OF LEAD



Agenda



Thank you for attending. Please sign up to receive a copy of this presentation via email.

Questions?

We will take questions at the end of the presentation. Paper and pens have been provided for your use.

Thank you.



*Glendale Drive Chip
Paving 2023*

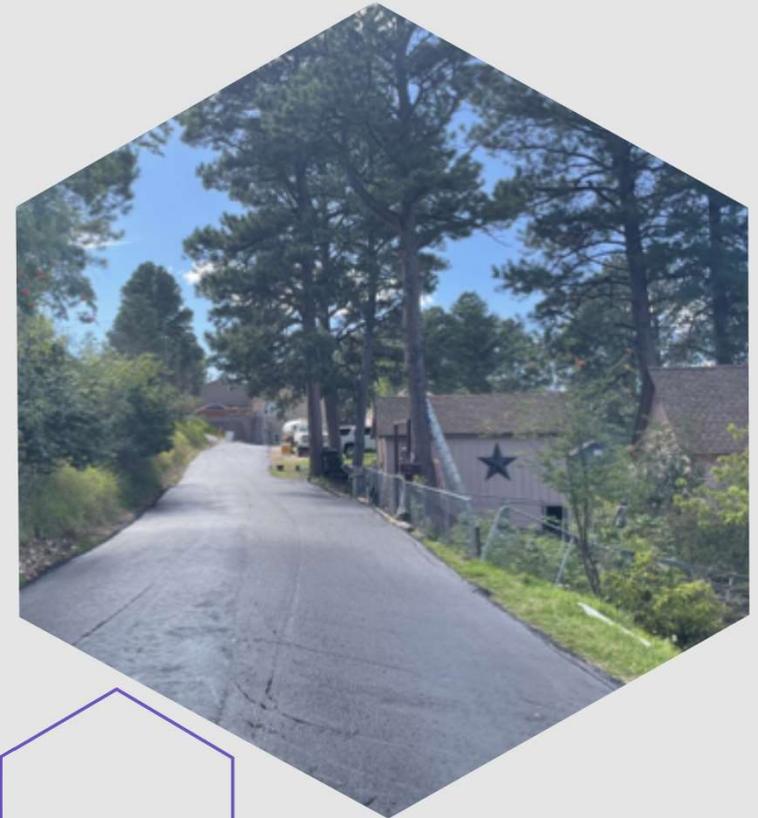
What is the need?

Why are we discussing implementing this fee?

Our goal: To make Lead better, safer and a more sustainable city.

Through:

Implementing a special fee to enhance annual road maintenance.



McClellan paving 2023



City of Lead Strategic Plan: 2024-2029

Funding is a limiting factor for the short and long-term goals of the City of Lead street department.

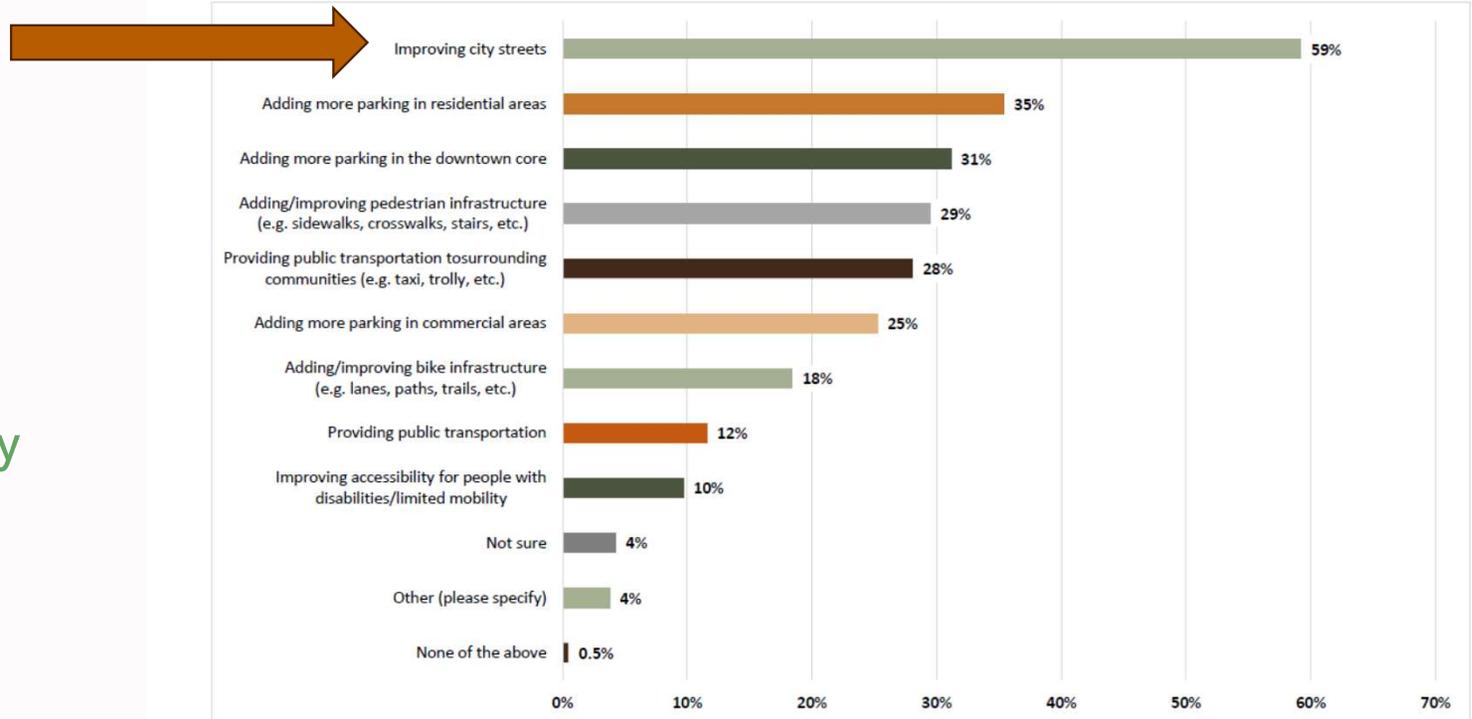


City of Lead Strategic Plan

The special maintenance fee is a solution to increase the annual street maintenance budget that will allow for more paving projects and maintenance projects to be completed.

Section 4: Transportation

12. Which of the following are more important as they relate to improving transportation in Lead? Check up to three (3) of the following:



Public Survey 2023

59% of residents rated improving city streets the top priority.

Total Respondents: 424

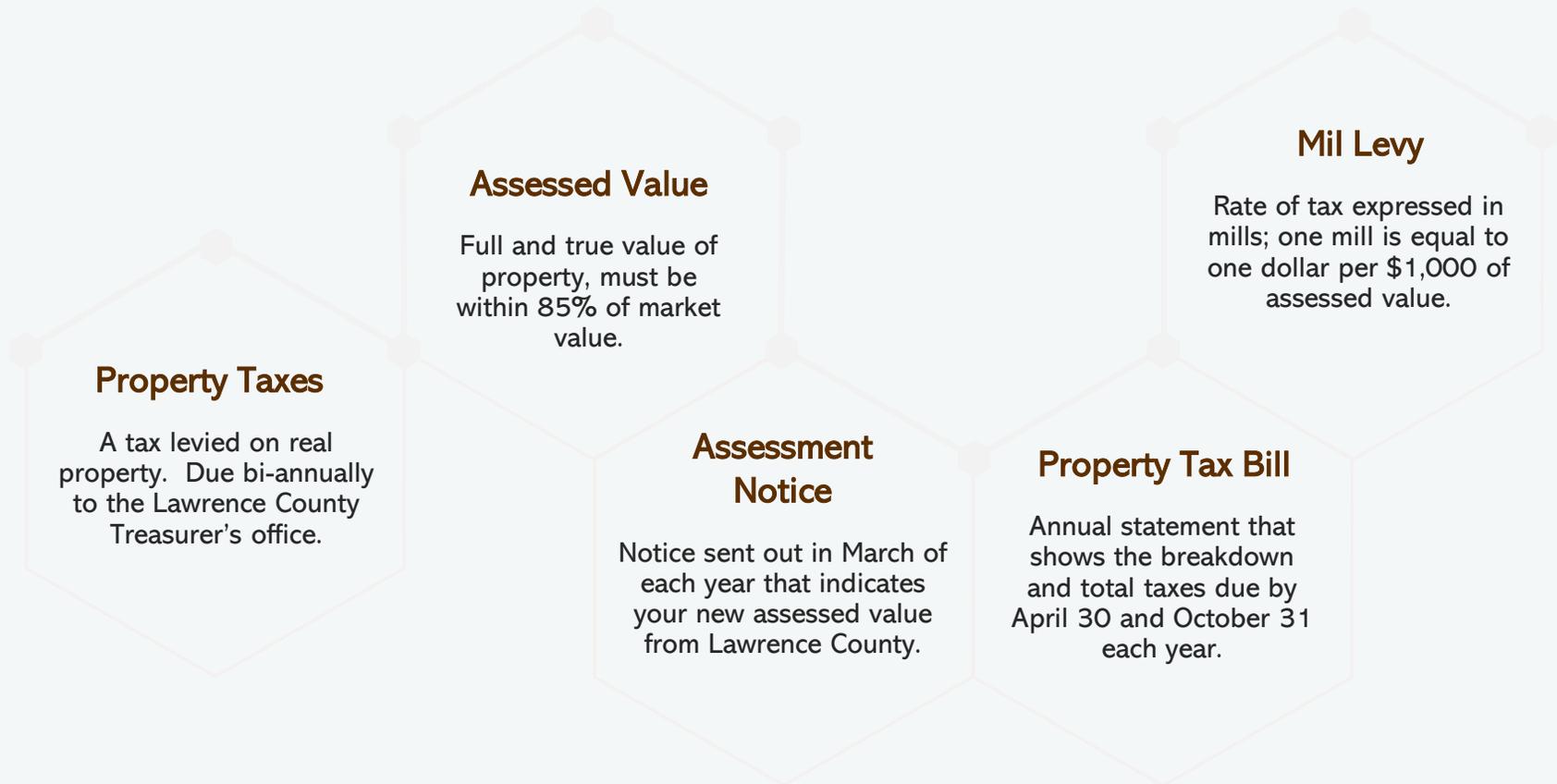
Assessed Values, Mil Levies & Property Taxes

The details on how these topics function
and assessing them.



*Prospect Avenue paving
2023*

Definitions:



Property Taxes & Assessed Value

Assessed value is determined by the Lawrence County Equalization Office.

Assessed value is set by state statute and must be within 85% of fair market value.

Assessed value has increased in Lead over the recent years due to market prices in our neighborhoods and town.

The mil levy is figured off the total tax request by the City.

SDCL limits city budget requests through property taxes; the request may only increase by CPI and growth each year. (CPI is 3% and the growth was 1.5% for 2024)

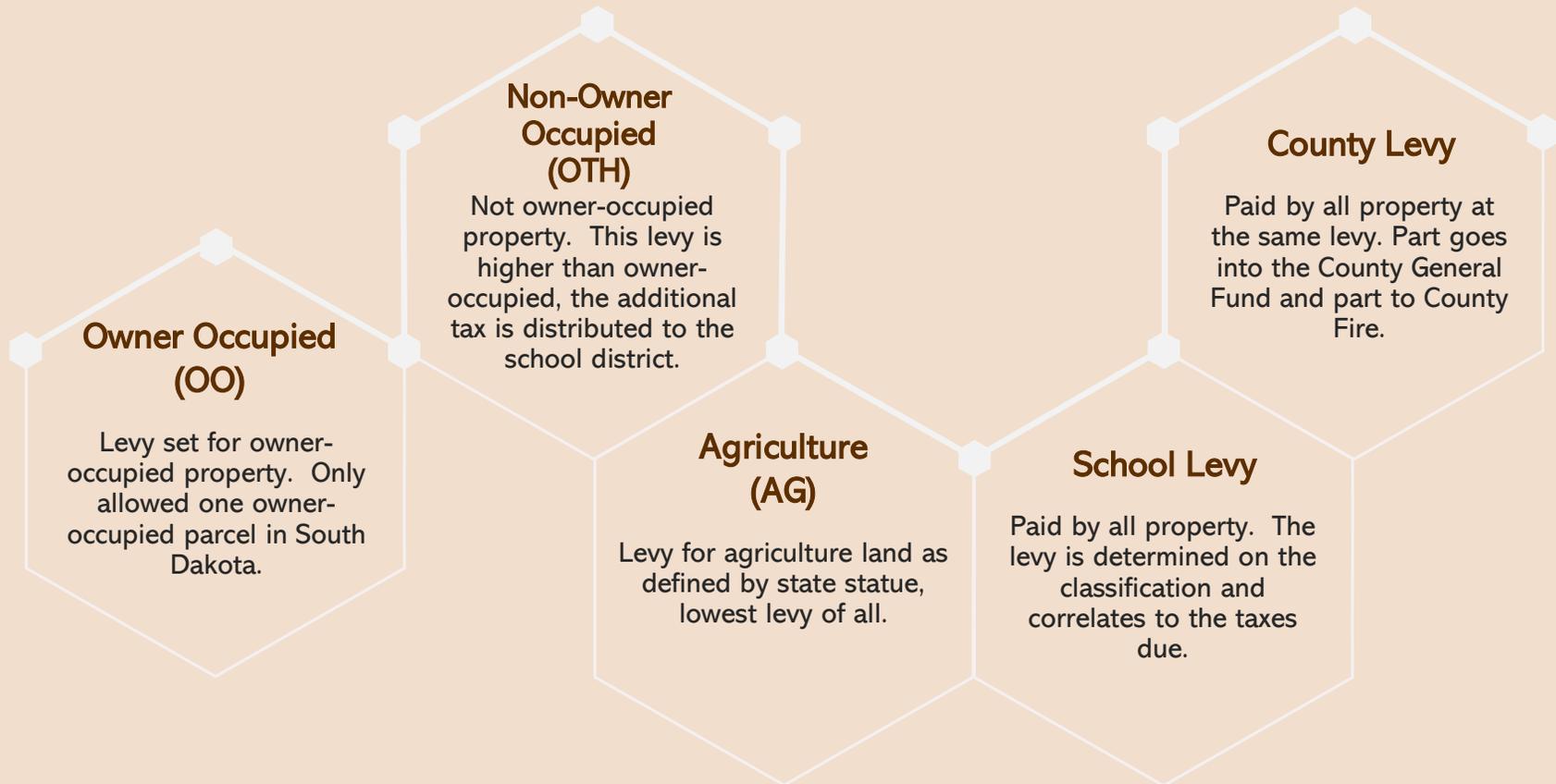
City of Lead Total Valuation

2019	\$143,715,870	
2020	\$147,814,870	2.8%
2021	\$150,333,000	1.7%
2022	\$188,272,416	25.2%
2023	\$216,784,345	15.1%
2024	\$258,902,350	19.4%

Total assessment value increase of 80.1%



Definitions:



Mil Levies in Lawrence County

Owner Occupied Total Levies

Deadwood: 13.208

Lead: 15.891

Spearfish: 11.793

Central City: 8.987

Whitewood: 15.418

St Onge: 11.266

(Taxes 2023 payable in 2024)

2023 TAXES PAYABLE 2024 LAWRENCE COUNTY TAX PER THOUSAND DOLLARS OF VALUE									
TAXABLE VALUATION \$4,404,186,899									
GOVERNMENT UNIT	SCHOOL DIST.#	SCHOOL LEVY	COUNTY LEVY	COUNTY FIRE LEVY	CITY/TWN LEVY	SAN LEVY	TOTAL TAX LEVY	CLASS	
LEAD	40-1	3.686 *	3.096	0.563	6.341	0.659	14.345	AG	
LEAD	40-1	5.232 *	3.096	0.563	6.341	0.659	15.891	OO	
LEAD	40-1	8.221 *	3.096	0.563	6.341	0.659	18.880	OTH	

2023 TAXES PAYABLE 2024 LAWRENCE COUNTY TAX PER THOUSAND DOLLARS OF VALUE
TAXABLE VALUATION \$4,404,186,899

GOVERNMENT UNIT	SCHOOL DIST.#	SCHOOL LEVY	COUNTY LEVY	COUNTY FIRE LEVY	CITY/TWN LEVY	SAN LEVY	TOTAL TAX LEVY	CLASS
DEADWOOD	40-1	3.686 *	3.096		4.221	0.659	11.662	AG
DEADWOOD	40-1	5.232 *	3.096		4.221	0.659	13.208	OO
DEADWOOD	40-1	8.221 *	3.096		4.221	0.659	16.197	OTH
LEAD	40-1	3.686 *	3.096	0.563	6.341	0.659	14.345	AG
LEAD	40-1	5.232 *	3.096	0.563	6.341	0.659	15.891	OO
LEAD	40-1	8.221 *	3.096	0.563	6.341	0.659	18.880	OTH
SPEARFISH	40-2	5.000 *	3.096		2.063		10.159	AG
SPEARFISH	40-2	6.634 *	3.096		2.063		11.793	OO
SPEARFISH	40-2	9.793 *	3.096		2.063		14.952	OTH
CENTRAL CITY	40-1	3.686 *	3.096			0.659	7.441	AG
CENTRAL CITY	40-1	5.232 *	3.096			0.659	8.987	OO
CENTRAL CITY	40-1	8.221 *	3.096			0.659	11.976	OTH
WHITEWOOD	46-1	4.971 *	3.096	0.381	4.801		13.749	AG
WHITEWOOD	46-1	6.640 *	3.096	0.381	4.801		15.418	OO
WHITEWOOD	46-1	9.866 *	3.096	0.381	4.801		18.644	OTH
ST.ONGE S-1/2	40-2	5.000 *	3.096	0.052	1.032	0.300	9.480	AG
ST.ONGE S-1/2	40-2	6.634 *	3.096	0.052	1.032	0.300	11.114	OO
ST.ONGE S-1/2	40-2	9.793 *	3.096	0.052	1.032	0.300	14.273	OTH
ST.ONGE N-1/2	9-1	5.136 *	3.096	0.052	1.032	0.300	9.616	AG
ST.ONGE N-1/2	9-1	6.786 *	3.096	0.052	1.032	0.300	11.266	OO
ST.ONGE N-1/2	9-1	9.976 *	3.096	0.052	1.032	0.300	14.456	OTH
SPEARFISH SCHOOL		5.000 *	3.096	0.052			8.148	AG
		6.634 *	3.096	0.052			9.782	OO
		9.793 *	3.096	0.052			12.941	OTH
LEAD-DEADWOOD SCHOOL		3.686 *	3.096	0.052			6.834	AG
		5.232 *	3.096	0.052			8.380	OO
		8.221 *	3.096	0.052			11.369	OTH
MEADE SCHOOL		4.971 *	3.096	0.052			8.119	AG
		6.640 *	3.096	0.052			9.788	OO
		9.866 *	3.096	0.052			13.014	OTH

COUNTY LEVY BREAKDOWN

COUNTY GENERAL	3.096
SNOW REMOVAL	
HIGHWAY & BRIDGE	
LAWRENCE COUNTY OF	-
TOTAL LEVY	3.096
FIRE PROTECTION	0.052 (property outside municipality)
TOTAL LEVY	3.148

SANITARY / WATER / FIRE PROTECTION LEVIES

Apple Springs Sanitary District	0.473
Powder House Pass	1.850
Spearfish Valley Sanitary District	0.041
Lead/Deadwood Sanitary District	0.659
Terry Trojan Water District	0.456
Rochford Fire Protection District	1.122
Whitewood Fire Protection District	0.881
Spearfish Canyon Fire Protection I	0.918
Lead Fire Protection Dist.	0.563
St.Onge Fire Protection Dist.	1.032
Spearfish Rural Fire Protection Di	0.337
Deer Mountain Sanitary District	2.438

(For property in a sanitary, water, community improvement, or fire district these levies must be added to the total levy.)

AG = AGRICULTURAL OTH = NON-AGRICULTURAL (OTHER) OO = OWNER OCCUPIED
*(SEE BACK FOR ADDITIONAL LEVY BREAKDOWN)

Assessed Value and Property Tax Due



City of Lead parcel example

Assessed value of
\$100,000
School OO \$523.20
(School NA \$822.10)
County \$309.60
Fire \$56.30
City of Lead \$634.10
LD San \$65.90
TOTAL \$1,589.10

Assessed value of
\$250,000
School OO \$1,308.00
(School NA \$2,055.50)
County \$774.00
Fire \$140.75
City of Lead \$1,585.25
LD San \$164.75
TOTAL \$3,972.75

2023 Payable 2024 Taxes

Property Taxes & Assessed Value Example

A parcel in Lead, for example:

Assessment Value	% Increase	Taxes	Tax Increase	Mil Levy
2019 - \$220,540				8.61
2020 - \$222,450	.8%	\$4,657		8.48
2021 - \$227,620	2.3%	\$4,503	3.3%	8.4
2022 - \$278,530	22.3%	\$4,501	0%	8.25
2023 - \$308,950	10.9%	\$4,778	6.1%	6.45
2024 - \$374,990	21.3%	\$4,910	2.7%	6.34

Assessment value increase of 70% and a tax increase of only 5.4%.



Hearst Subdivision, Lead SD

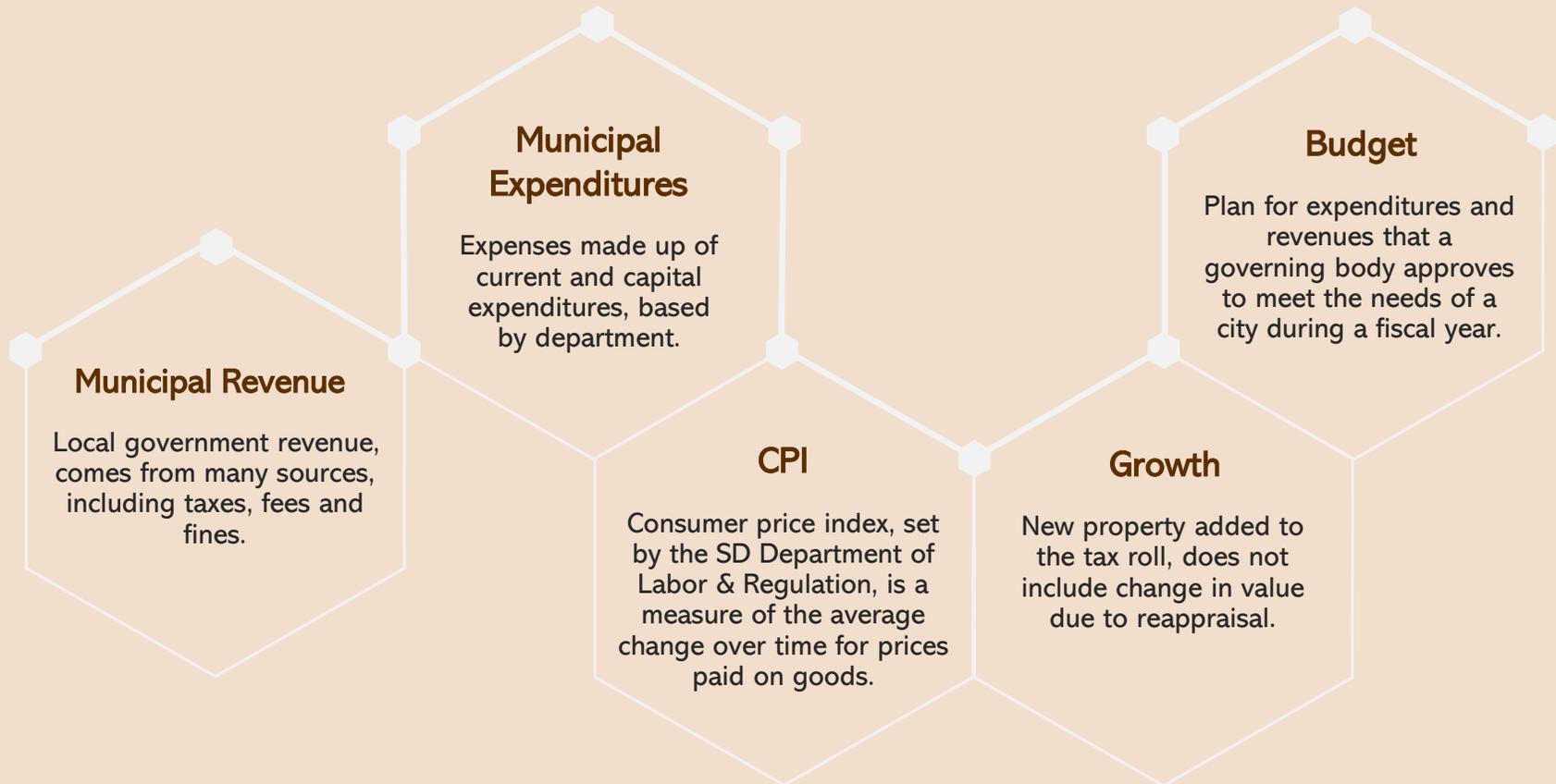
Municipal Budgets, Revenue, & Expenses

The details on how municipal budgets function.



Mill Street paving 2023

Definitions:



Municipal Budgets

- Municipal revenue is largely generated through property tax and sales tax.
- The property tax revenue request can only increase each year by CPI, (consumer price index, which is 3% and has been the last several years), and growth.
- Growth is only new construction; Lead's growth in 2023 was 1.5%.
- For 2025, the property tax request can only be increased by 4.5%.
- Sales tax is collected through the SD DOR and dispersed back to the City. The City does not set that amount.

City of Lead 2024 Budget Meetings

Meeting #1: July 29th @ 5pm

Meeting #2: August 5th after City Commission

Meeting #3: August 12th @ 5pm

Meeting #4: August 19th after City Commission

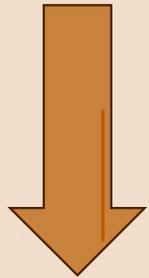
(August 26th was cancelled, originally schedule but not needed)

Meeting #5: 1st Reading Proposed – September 3rd

Meeting #6: 2nd Reading Proposed – September 16th



City of Lead 2025 Budget & Mil Levy



With the current proposed budget, the 2025 mil levy would drop to 5.743. This is down .6 mil from 6.341 in 2024.



For reference: The City of Lead Mil levy in 2001 was 14.90 and 34.49 total.



2024 Budget Revenue

\$3,070,480 Total

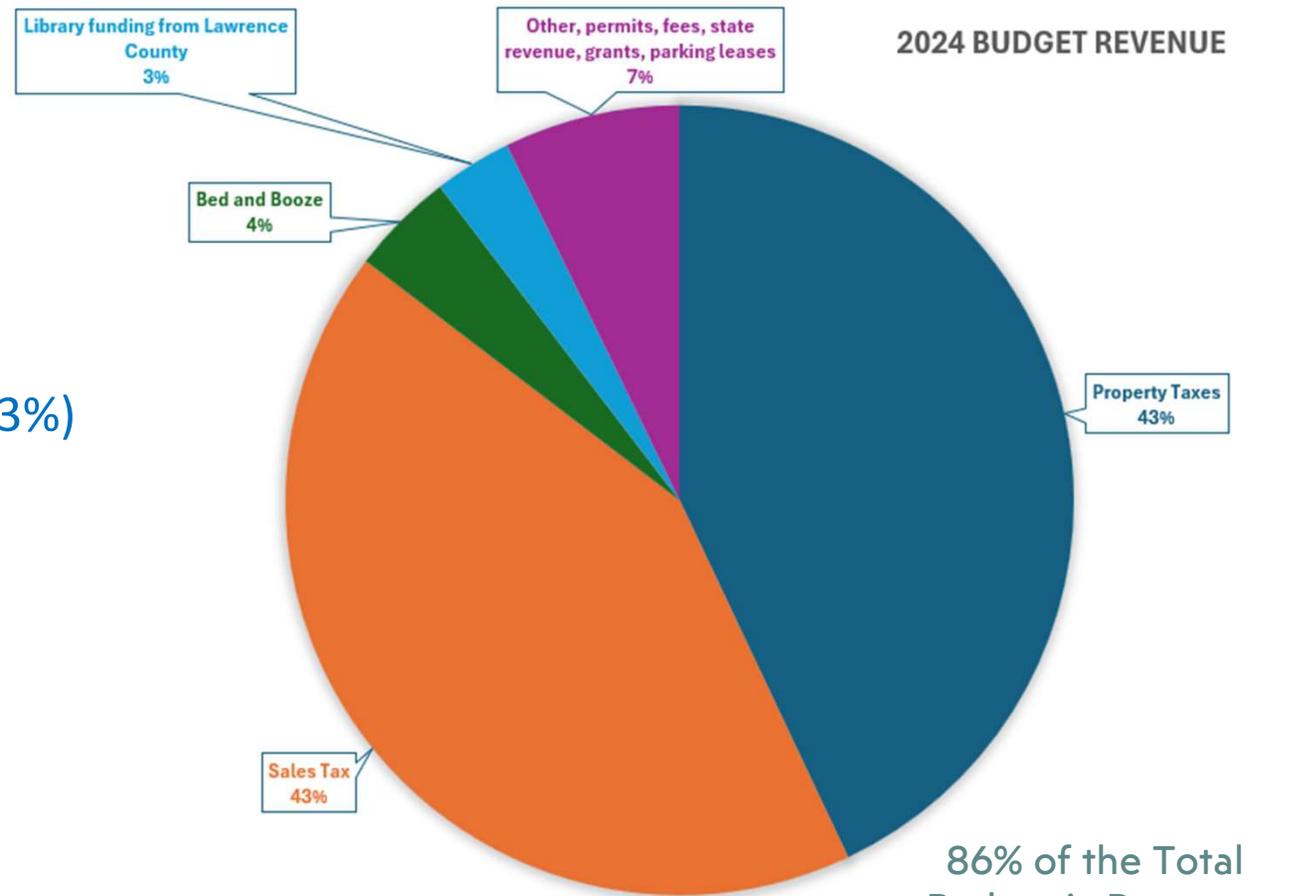
Property Taxes: \$1,319,348 (43%)

Sales Tax :\$1,301,500 (43%)

Bed & Booze: \$130,250 (4%)

Library Funding: \$97,866 (3%)

Other: \$221,516 (7%)
(Permits, fees, state revenue, grants, parking leases)



86% of the Total Budget is Property Taxes and Sales Tax

2024 Budget Expenses General Fund

\$3,418,896 Total

Streets and snow \$1,186,642 (35%)

Police \$822,949 (24%)

Finance \$412,649 (12%)

Parks \$325,037 (10%)

Health \$186,413 (5%)

Buildings \$122,900 (4%)

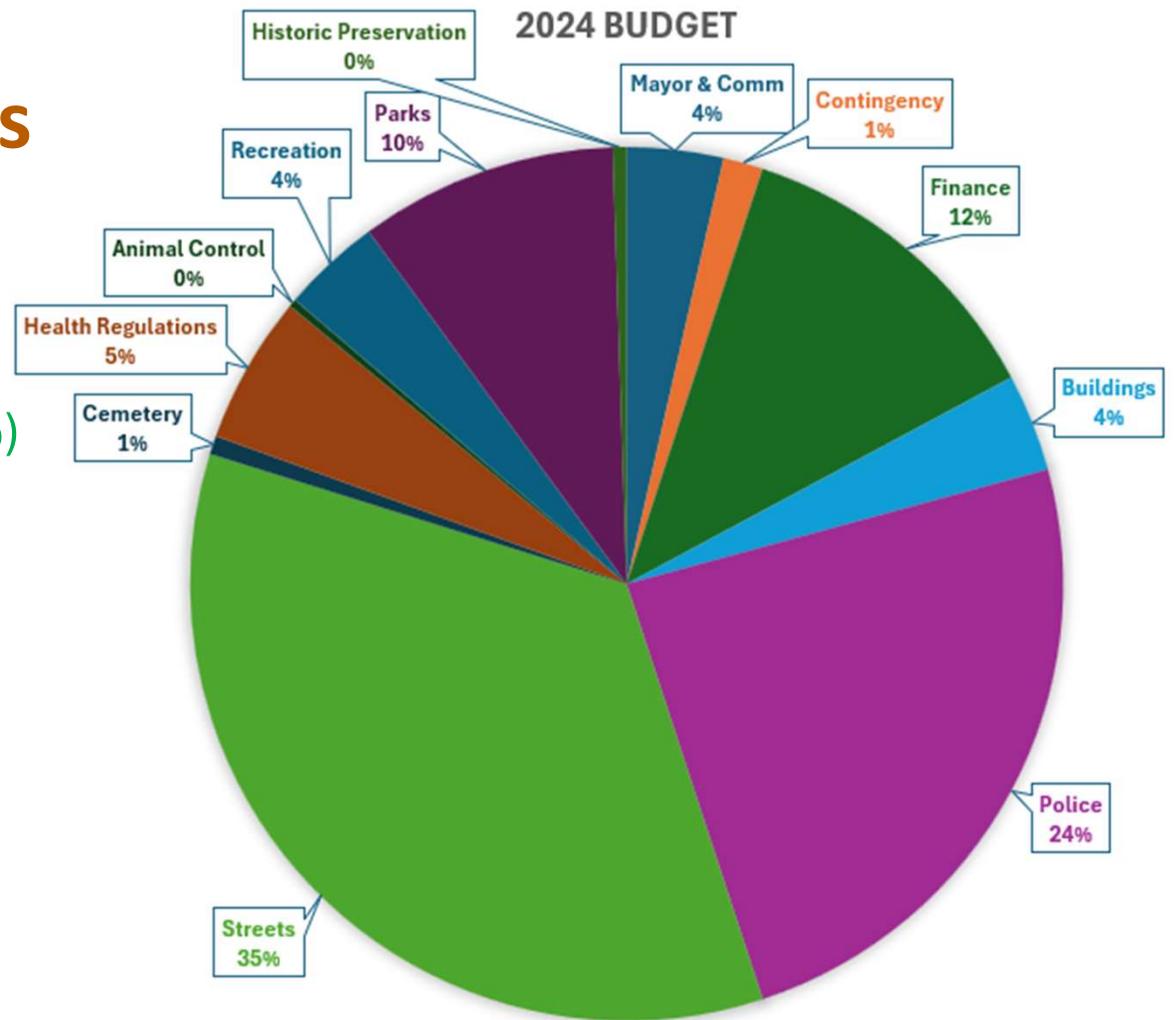
Recreation \$125,000 (4%)

Mayor & Comm \$121,607 (4%)

\$82,610 to non-profits

Other \$14,999 (1%)

Includes: Cemetery, Animal Control,
Historic Preservation & Contingency

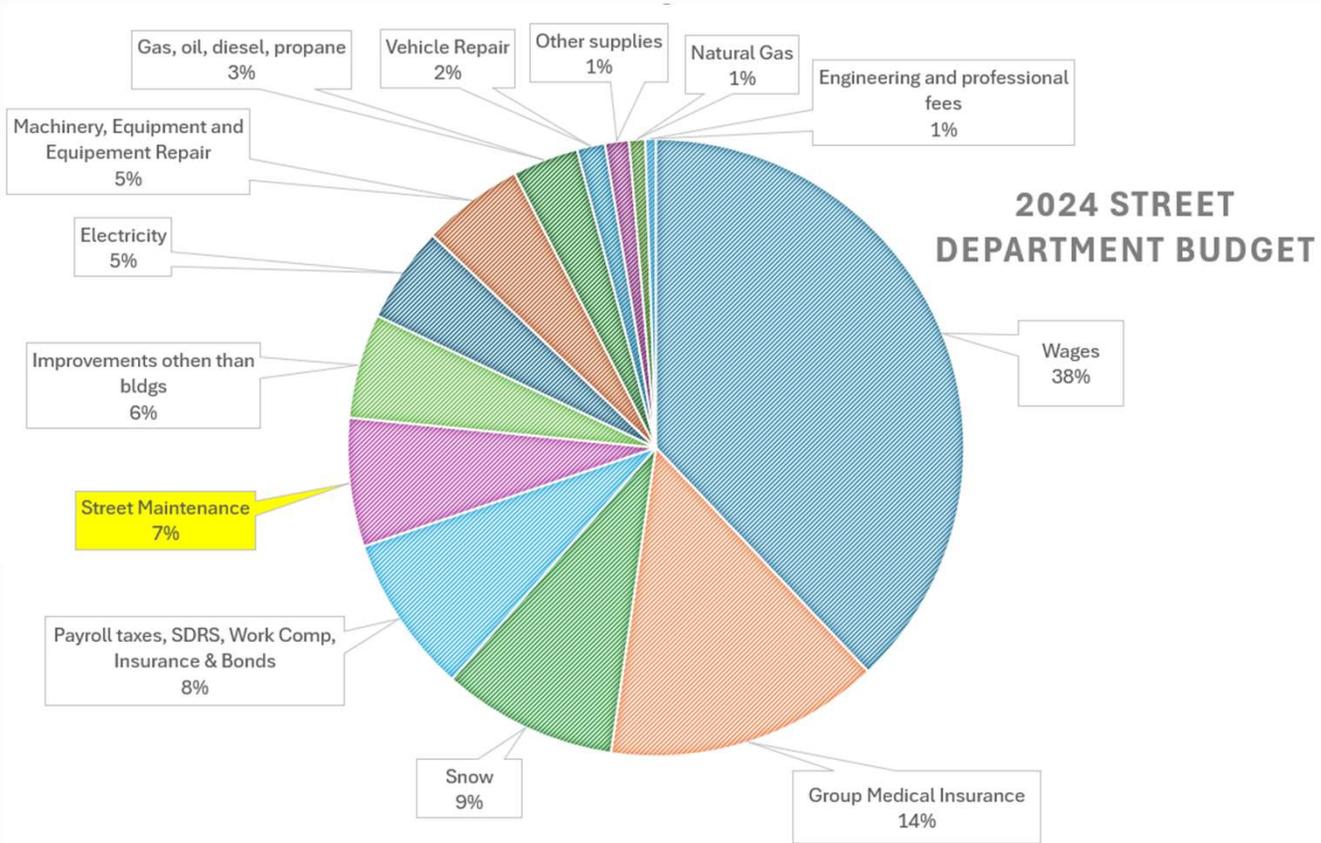


**59% of the total budget is the streets,
snow and police departments**

2024 Street Department Budget

\$1,186,642 Total Budget

Wages	\$449,898
Group Medical Insurance	\$171,121
Snow	\$108,800
Payroll taxes, SDRS, Work Comp, Insurance & Bonds	\$98,674
Street Maintenance	\$80,000
Improvements other than bldgs	\$65,000
Electricity	\$60,000
Machinery, Equipment and Equipment Repair	\$63,249
Gas, oil, diesel, propane	\$41,000
Vehicle Repair	\$17,500
Other supplies	\$14,900
Natural Gas	\$10,000
Engineering and professional fees	\$6,500
	\$1,186,642



Employee Wages 2025



- The City of Lead completed a wage study of other local governments, and it was determined Lead employees on average are paid \$5 an hour less than neighboring communities.
- For the 2025 budget, a 6% cost of living increase and a 7% raise to increase total wages for all departments to maintain competitiveness with city staff.
- The total cost of the 13% total wage increase is approximately \$225,000 which has been included into the 2025 budget with a slight property tax increase and departmental capital budget cuts, as it was determined by department heads that wages were the number one request this budget cycle.
- The 13% raise is an average of \$3 an hour but doesn't equal the wages to other local governments, especially after the other cost of living raises for 2024.

City of Lead Recent Park Projects



2024 Pickleball

Total Cost: \$130,000

- \$100,000 in private donations received
- \$30,000 out of Bed & Booze* (Limited by state statute, can only be spent on advertising and recreation)



2023 Walking Path

Total Cost: \$30,000

- \$20,000 Fermi Lab donation
- \$10,000 out of Bed and Booze*



2022 Skatepark

Total Cost: \$367,000

- \$281,000 from grants and private donations
- \$86,000 from City in 2 budget cycles plus in-kind donation work



2017 Splashpad

Total Cost: \$76,000 funded by grants



City of Lead Streets, Facility Plan, & Paving

Information on the City streets, past and present projects and the goal.

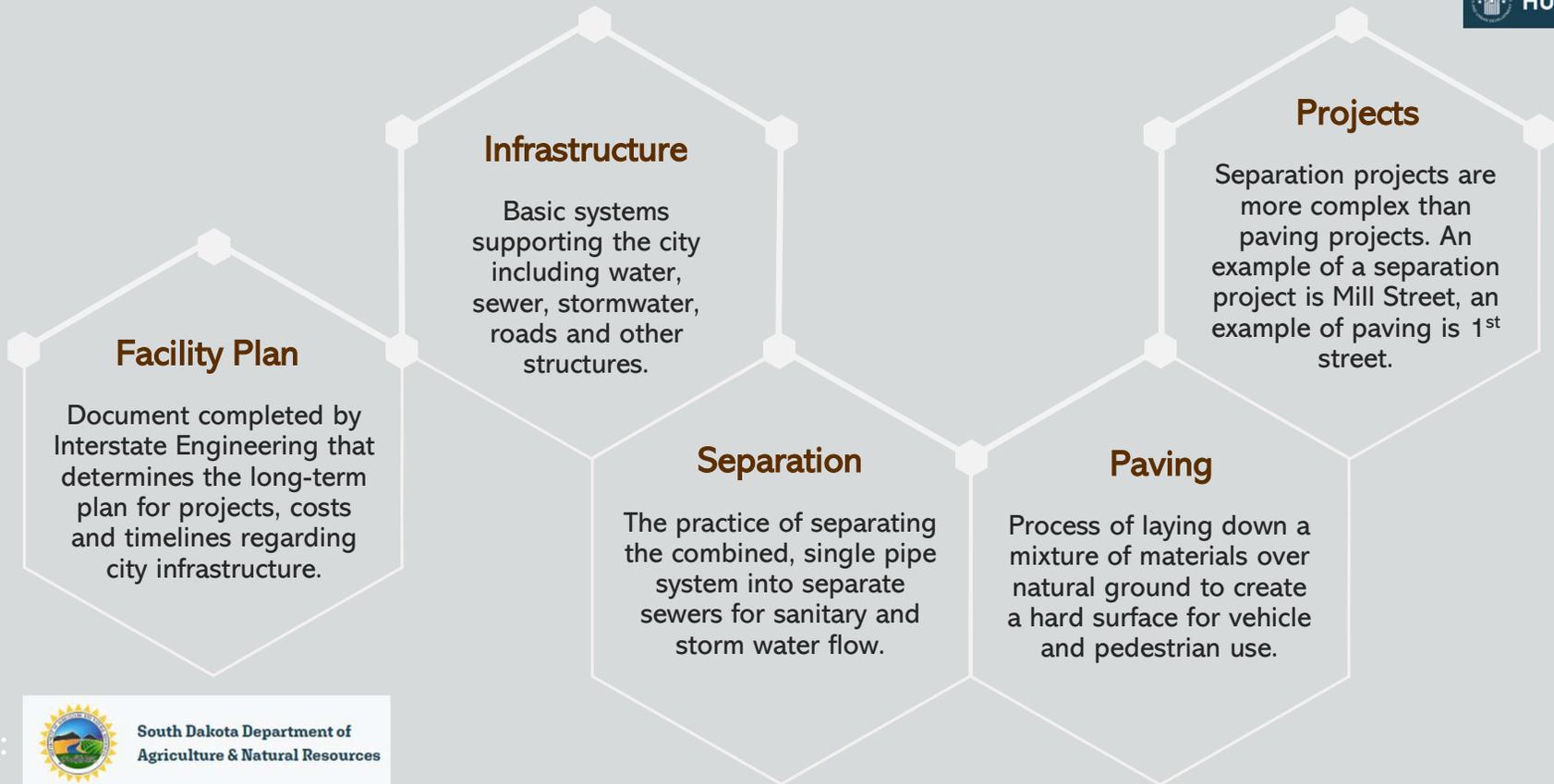


City of Lead



Definitions:

CDBG: Community Development Block Grant, administered through HUD Exchange, work with Black Hills Council of Local Government to apply for these grants



DANR:



Deferred Maintenance

Deferred street maintenance is when regular maintenance is delayed or postponed.

Street maintenance in Lead has been deferred due to lack of funding.

The current budget of approximately \$80,000 is for paving streets, filling potholes and sealing roads.

The City has been limited in the amount of street maintenance that can be done annually.

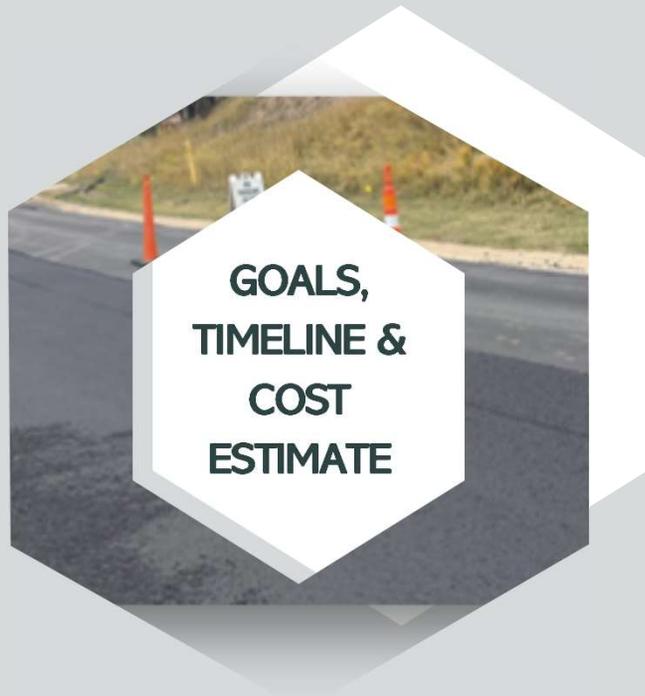


City of Lead - Facility Plan



The City of Lead took over the water distribution system from Homestake Mining Company in 1994. The water and sewer collection systems are more than 100 years old. The sewer system historically served as both a sanitary sewer collection and a storm sewer collection system. The City of Lead has been working to rehabilitate the water infrastructure and separate the storm water from the sanitary system since the 1980's. The City of Lead has had a Facility Plan in place since 1997 as a long-range plan for infrastructure projects. Recent projects have been a joint funding effort with the City of Lead and Community Block Development Grants. These projects often come at a high cost due to sewer system replacement and separation, water line replacement, and street replacement.

City of Lead - Facility Plan



Separation is required from DANR for ALL our infrastructure and must be worked toward completion.

The Strategic Plan water goals are:

- ✓ Ensure compliance with DANR regulations and standards while delivering high-quality services to residents. (Annually)
- ✓ Comply with the DANR separation audit planning implementing at least one separation project each year with the overall goal to separate all combined sewer infrastructure. (Annually)

Separation projects are usually planned 2-years in advance to meet engineering, grand requirements and the annual budget process.

Infrastructure Separation Projects

Green are completed:

1. Mill Street
2. Main Street
3. Julius Street
4. S. Main Street
5. Downtown area

Orange are future:

1. S. Main to Lewie's
2. Bleeker Street
3. Sawyer Street
4. Barclay Street
5. Hill Street
6. Gold Street
7. Mine Street



Previous Infrastructure Projects

Projects & Funding

1998: Street Repairs \$277,500 (100% CBDG)

2000: Hwy 85 Repair \$187,500 (100% CBDG)

2015 & 2016: Main Street was a SD DOT funded project; city covered costs of infrastructure

2016 & 2017: Prospect Ave Storm Sewer Project

2019 Houston Street \$1,025,385 (\$519,500 CBDG, DOT \$92,503.77, City \$413,381)

2022 Mountain View Water Line Loop and Lower Glendale Water Line & Hydrant

2023 Mill Street (\$770,000 CBDG, \$1.1 Million City)

Previous Paving Projects

Paving projects are done annually.

This year total paving cost will be approximately \$97,000 for half a mile (.5 mile) of paving by Johner & Sons.

A cost analysis was completed in 2024, and it was determined that outsourcing paving projects to professional contractors offers a slightly lower price estimate compared to paving in-house. Additionally, the professional work is expected to meet higher standards of sustainability and long-term durability, (15-20 years), ensuring better value and quality for our community.

The City of Lead maintains over 25 miles of streets! (Approximately 110 streets, avenues and alleys)



2025 Paving Projects: Cyanide Street, Searle Street, lower section of Washington

2017 Hearst Ave Resurface

2021 - Miners Ave, East Street, a small portion of Canyon, Highland Ave, and Dixon

2022 - 2nd, 3rd and White streets

2023 – Lower McClellan, Pioneer Lane, Prospect Ave, Glendale Drive (Hearst was also an emergency project)

2024 – 1st and Dwight

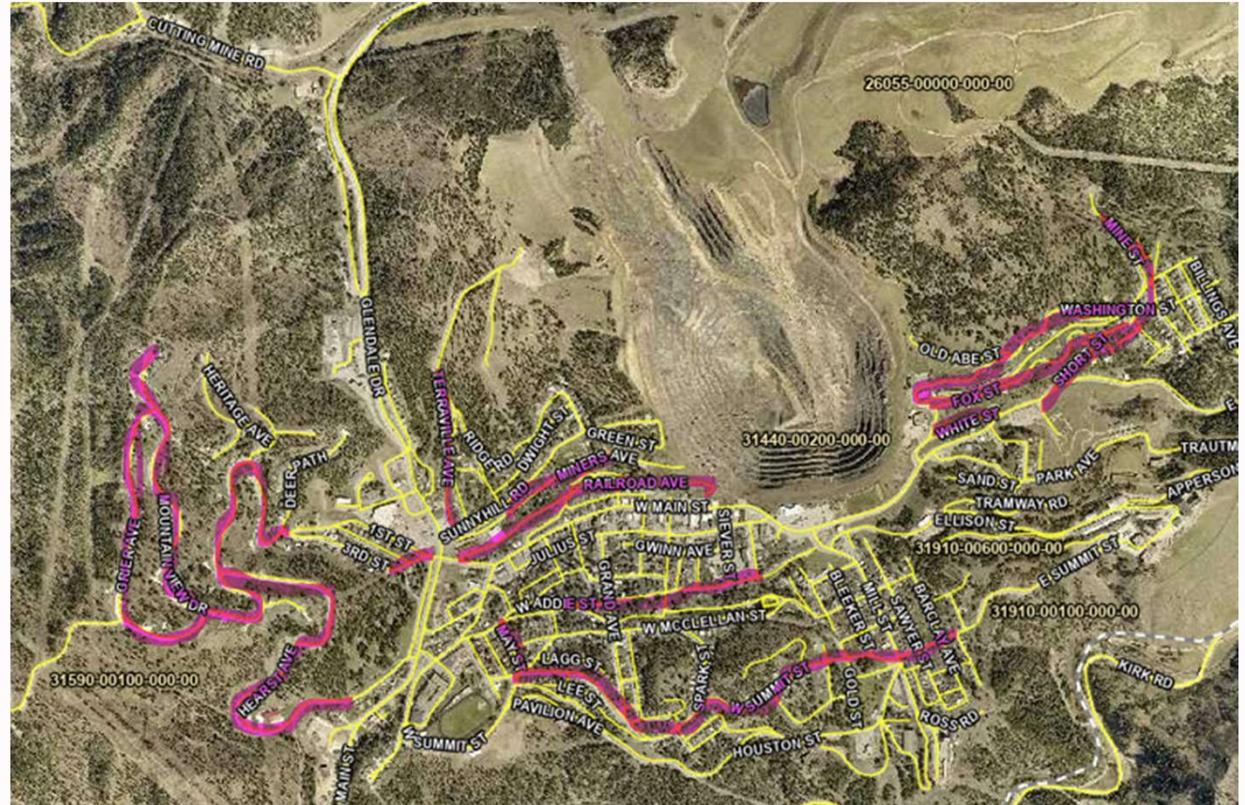
City of Lead Paving



Deferred maintenance on our city streets has taken a significant toll on the City of Lead and has been identified in the comprehensive plan as an action item. The 2023 public survey identified improving city streets as the #1 need. The strategic plan also has short-term and long-term goals that cannot be accomplished without additional funding.

Paving Projects

- Highlighted pink roads have been identified as needing resurfaced, among other streets within town.
- The goal will be to pave at least twice as many roads annually as previously done.
- A long-term paving plan is in place that incorporated roads assessed by condition and then prioritized.
- Roads that are scheduled to be separated in the short-term plan, will not be paved.



Cost estimate to pave W. Summit is \$200,000 at approximately 1 mile

Asphalt v. Concrete

Asphalt

- Less expensive
- More resilient to winter conditions
- Flexibility allows to contract and expand with temperature changes, resisting damage
- Less extensive to replace when working on utility emergencies
- Recommended by local contractors with decades experience with roads in our geographic areas

Concrete

- More expensive, on average twice the cost of asphalt
- Susceptible to frost heave due to porous nature
- Climate of Lead, freeze/thaw, is conducive to cracking and water intrusion
- Requires sealing maintenance

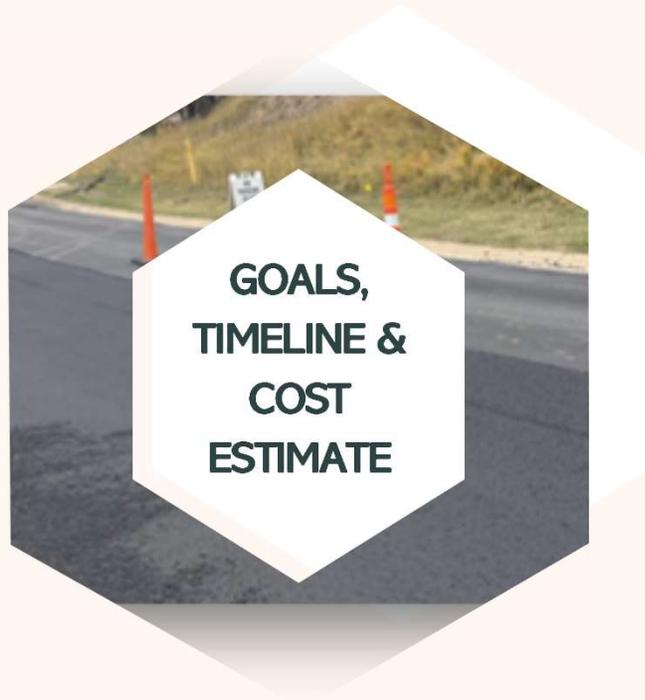
Overlaying a street with concrete isn't feasible. A 2-inch asphalt overlay can last 15-20 years, or more, but a 2-inch layer of concrete would break up almost immediately. Roadwork with concrete requires a minimum thickness of 6 inches, plus the added cost of rebar for reinforcement.

When a street is fully reconstructed, including the infrastructure, we could consider using concrete instead of asphalt. This would need to be budgeted for accordingly as it would significantly increase the cost of the project.



Hearst Avenue Paving 2023

Funding Gap



- The City of Lead has balanced the budget to meet the minimum needs of all departments.
- Municipal revenue largely comes from property taxes and sales tax.
- The special maintenance fee will allow the city to make gains in the future for street maintenance projects in a faster time frame.

Special Maintenance Fee

Information on the proposed
fee, timeline and goals.

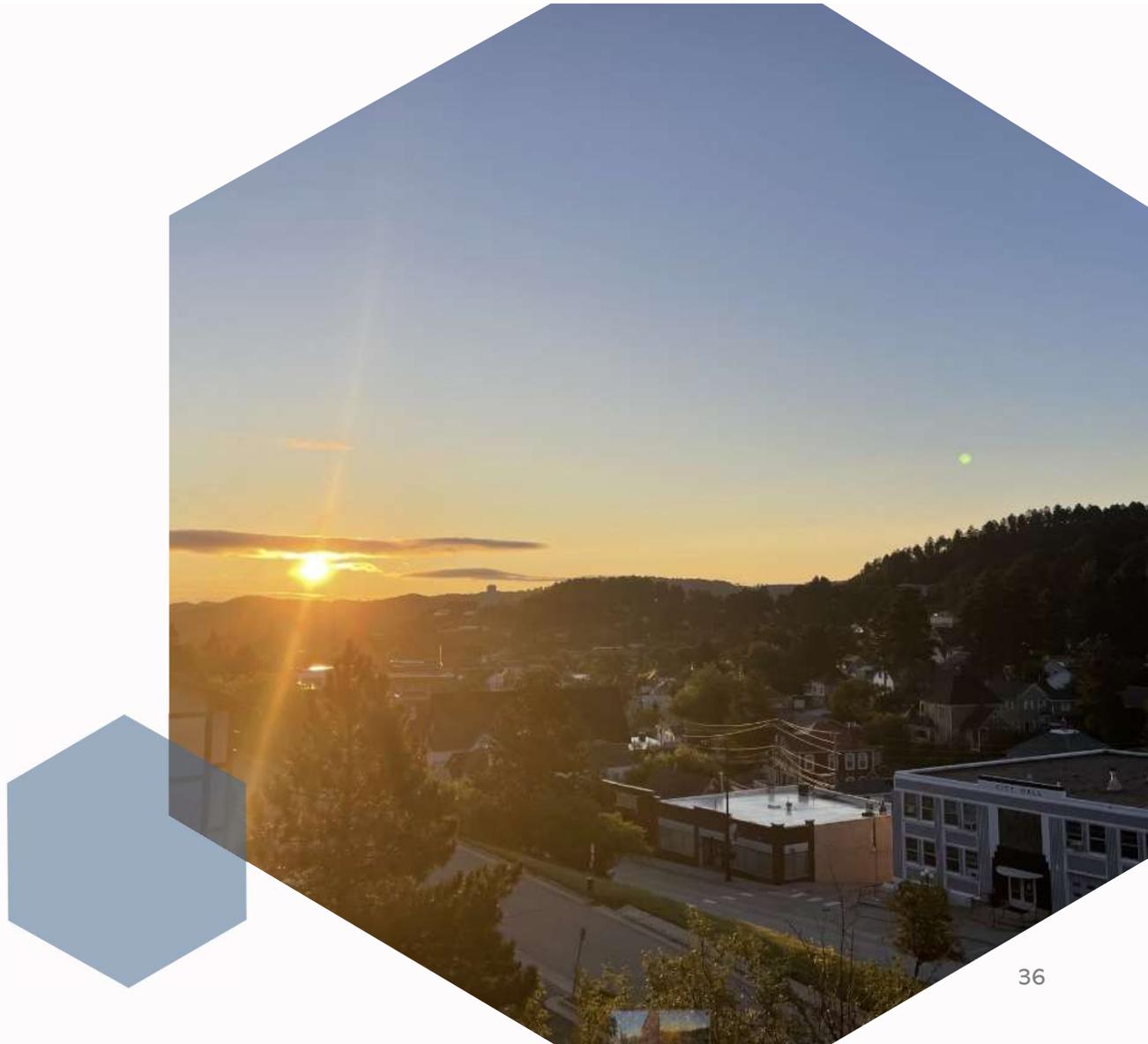


City of Lead



SDCL §9-43-138

Authorizes cities to levy, for the purpose of maintaining or repairing public improvements, an annual special maintenance fee upon the lots fronting and abutting any municipally maintained public improvements within the City of Lead.



STREET MAINTENANCE FEE

Street maintenance includes the following, in order of priority:

1. Resurfacing
2. Pothole maintenance
3. Sealing

Emergency Fund for:

1. Retaining walls



- Annual assessment collected with first half of taxes.
- Equitable and fair for all citizens to share in the cost of improving and maintaining all public infrastructure.
- Mechanism to add revenue to a dedicated fund for street maintenance to advance our current street facility plan.

Special Maintenance Fee Uses



SDCL limits what this fee can be used for:

- Street maintenance only
- Goes into its own fund
- Cannot be used for other city departments

Other Municipalities in South Dakota



Other municipalities, such as the City of Spearfish and City of Whitewood, successfully use this special maintenance fee to supplement their street budget. The City of Spearfish has been assessing this fee for over 23 years and it helps them complete projects around town, repair sections of asphalt, improve drainage, complete sealing projects, and marking pavement.

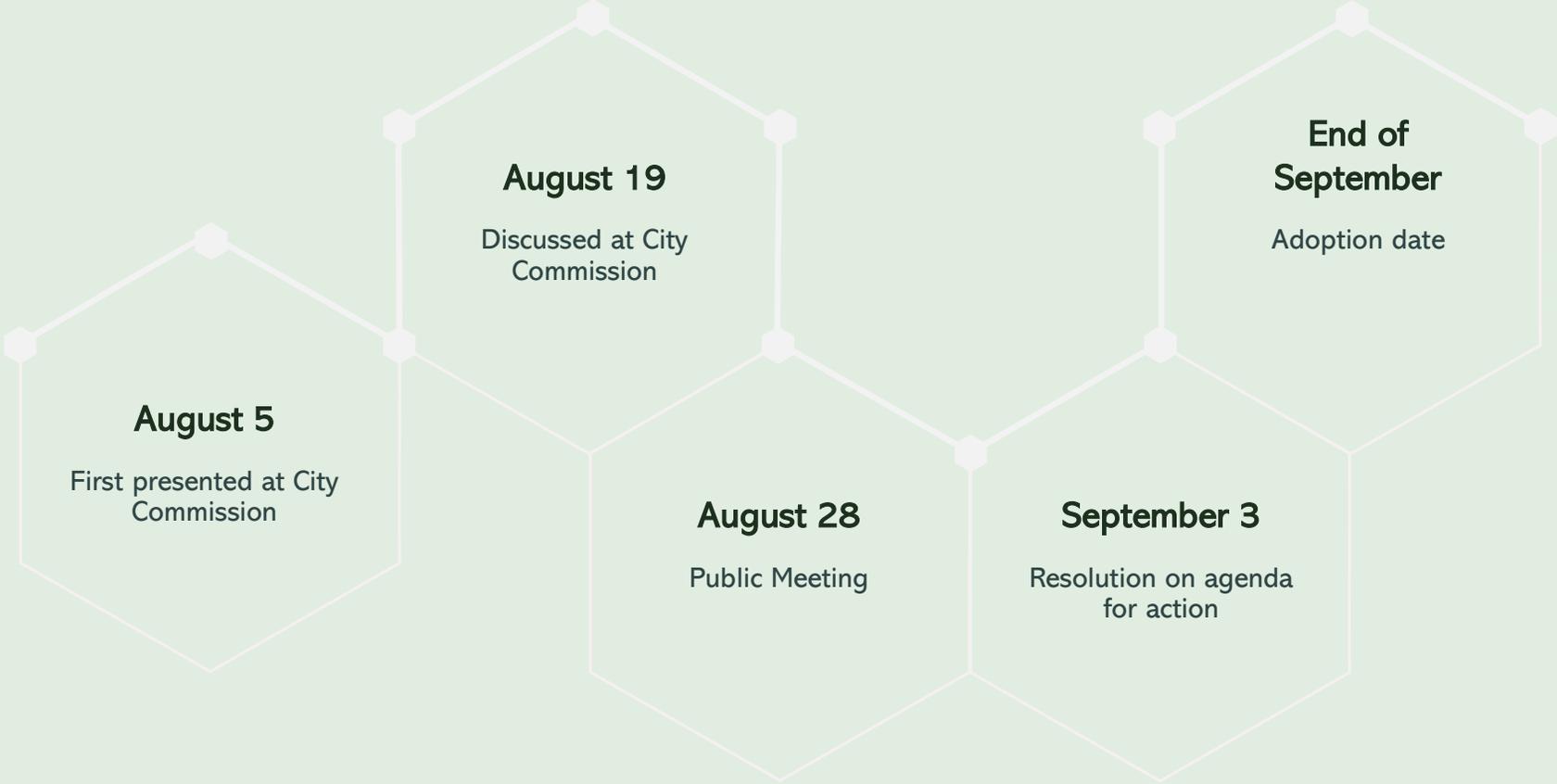
SD Municipal Special Maintenance Fees



Leola	\$ 0.35	no max
Yankton	\$ 0.50	assessed on streets and alleys
Gregory	\$ 0.60	Max of \$90
Wessington Springs	\$ 0.74	max of \$250 per parcel
Ft Pierre	\$ 0.80	
Baltic	\$ 0.90	no max
Alcester	\$ 1.00	for corner lots, only the front footage abutting the street to which the front door of the property faces shall be assessed.
Hartford	\$ 1.00	\$65 max
Lennox	\$ 1.00	no max
Madison	\$ 1.00	125 foot max per lot or lots constituting a single contiguous parcel
Pierre	\$ 1.00	no max
Salem	\$ 1.50	no max
Worthing	\$ 1.50	no max
Harrisburg	\$ 1.85	no max
Brandon	\$ 2.50	no max
Whitewood	\$ 40.00	per parcel
Crooks	\$130.00	per lot, flat amount

Special maintenance fees across SD vary according to City need, from \$0.35-\$2.50 a linear foot, (with or without a max), or by a set amount per parcel.

Timeline



Fee Collection

If passed at the September 3rd meeting:

- Fee would be on the tax assessment notice for taxpayers in 2025.
- Fee would be collected in 2026 with the first half of taxes.

This resolution must be done every year.

It is not renewed automatically.



City of Lead Special Maintenance Fee

\$180/yearly which equals \$15/month per parcel
1,937 parcels in City of Lead
\$348,660 in revenue generated

- This will allow substantial street improvements to be made within the City of Lead.
- Taxpayers will be able to see their tax dollars at work.
- This will improve our street facility plan and allow more projects to be completed.
- This funding approach will allow the City to make significant improvements to our streets.
- This could be a positive change in our community that will benefit everyone.



Dixon Avenue before paving 2021

Revenue Generation Examples



City of Lead

Possible funding options:

\$15/month	\$180/year	\$348,660 annually
\$10/month	\$120/year	\$232,440 annually
\$6.25/month	\$75/year	\$145,275 annually
\$4.16/month	\$50/year	\$96,850 annually

Street Paving

Using 2024 costs:

- Approximately .5 mile of paving is \$100,000
- City of Lead Roads – 25 miles
- To pave all the roads, it would cost \$5,000,000
- \$5 million divided into \$350,000, (if the fee is set at \$180/annually), it would take 14 years to pave all the roads in Lead.

The street department's goal would be to pave approximately 1.5 miles of roads annually.



The end goal.

This is about improving Lead in a way that balances affordability with the need for adequate funding.

We hope this presentation has been informative and that we have your support on implementing this fee. Our goal is to look back on this time 5-10 years from now and be proud we made the shift to start significantly improving our Lead streets.



McClellan paving 2023

Thank you

robinl@cityoflead.com

City Planner - City of Lead



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