

What You Should Know About Street Improvements in Lake Ozark

City of Lake Ozark residents will vote April 7 on two ballot issues that would address the city's street improvement challenges. Residents will be asked to authorize the city to borrow up to \$6 million over the next several years to rebuild city streets; and will be asked to approve a Use Tax that would generate income to help pay the debt. Ballot language can be found at cityoflakeozark.net, under What's New.

What are the options for improving our streets?

There are four options:

1. Voter authorization for the city to borrow up to \$6 million to be used over the next several years to pay for construction and ancillary costs.
2. Voter approval of a Use Tax, which is applied ONLY to online out-of-state purchases.
3. Form a Transportation Development District mostly specific to Bagnell Dam Blvd.
4. Increase the property tax levy to raise additional funds to help pay for the debt.

What is the \$6 million debt issue?

Before the city can do anything toward improving the city's 90 miles of roads, it needs to have the authority to borrow up to \$6 million over the next several years. The city would not borrow the entire \$6 million up front but would issue general obligation bonds to help pay the debt incurred during the various street improvement projects. The city would implement a pay-as-you-go project that prioritizes streets. Each project would be designed and bid for construction

using the city's ability to borrow funds to pay for each of the projects.

Where did the \$6 million figure come from?

The city contracted with Cochran Engineering in 2018-19 to conduct a Street Assessment. The engineering firm estimates that to renovate all 90 miles of streets would cost between \$5 and \$7 million.

Does the total cost of street improvement include Bagnell Dam Blvd?

Yes. Renovating Bagnell Dam Blvd. from its intersection with Old Business 54 near Quality Inn to the dam would cost an estimated \$2.9 million. That project could be completed in phases as outlined in the Road Assessment, which is available on the city's website at cityoflakeozark.net.

What is a Use Tax?

A Use Tax is a sales tax imposed on the online purchase of goods by Lake Ozark residents from out-of-state vendors that don't have a presence in Missouri. It is not an addition to the sales tax charged by businesses in the city of Lake Ozark. If you buy a dress, or a bottle of wine, or trinket online from an out-of-state vendor that does not have a presence in Missouri, you would pay the Use Tax.

Does that include Amazon?

Now that Amazon has announced it will collect Missouri sales tax, only cities that have passed a local optional Use Tax can expect a revenue increase from Amazon sales. It's money the city of Lake Ozark will lose if voters do not approve the Use Tax issue on the April 7 ballot. Use Tax funds would help pay for street improvements over the next several years.

How much would the Use Tax be?

The Use Tax would be 2.75 percent – the same rate as the city charges now for purchases made within the city of Lake Ozark. On a \$100 purchase, the Use Tax would be \$2.75. That's money coming back to the city that it normally would not receive.

How much would a Use Tax generate?

Based on estimates from the Missouri Municipal League and Department of Revenue, the Use Tax would generate from \$120,000 to \$134,000 a year. That is new money that would help pay any debt incurred in renovating the streets. The amount would fluctuate from year to year based on online shopping.

Can Use Tax funds be used for anything other than street improvement and maintenance?

No. The ballot language specifically earmarks funds for transportation improvements.

Are boats, trailers, vehicles and other titled vehicles subject to the Use Tax?

No. The purchase of vehicles, trailers, boats and outboard motors are treated differently than other retail purchases. When Missouri residents buy a car at an auto dealership, no sales tax is paid on the purchase at that time. When the resident goes to license the vehicle, trailer, boat or outboard motor with the Missouri Department of Revenue, the local sales tax will be imposed based on the address of the registrant.

Would the Use Tax sunset?

No. Once the streets are improved and the debt paid, the funds would be used for on-going maintenance so the streets do not fall into disrepair.

What is a Transportation Development District?

A Transportation Development District (TDD) is a separate political subdivision of the state that may be created for the purpose of issuing bonds, levying taxes, and applying special assessments to finance transportation-related improvements. A TDD can impose a sales tax in increments of 1/8% up to 1%. TDD sales taxes have historically been collected by the district or local authority with those funds used to help pay any debt incurred for street improvements.

What are the boundaries of a TDD?

A TDD committee would set the boundaries of the district. Only businesses within the TDD would be subject to the additional sales tax. Funds generated would be used to help pay debt on street improvements and for ongoing maintenance.

Would there be an increase in property taxes?

Property taxes would be one of the sources of funds to pay off street improvement debt. Use Tax and TDD funds would be the two other sources to pay off debt. The more revenue generated by the Use Tax and TDD, the smaller the increase in the real estate levy.

How much would property taxes increase?

That won't be determined until the city knows how much is generated by both the Use Tax and TDD, and the amount of the debt. City officials hope to keep any increase to less than 12 percent. The more the Use Tax, TDD and other sources can generate to pay the debt, the smaller the increase in property tax would be.

Why can't the city use funds it has on hand to pay for street improvements?

The city of Lake Ozark is not flush with money, nor has it ever been. Revenues have remained flat for several years or have effectively only kept up with the rate of inflation. In the meantime, the cost of doing business for the city has continued to increase. The Transportation Fund, which is used for street maintenance and improvement, actually had a slight decrease in revenue from 2018-2019. The city's overall sales tax revenue increased only 1.29 percent from 2018-2019.

Can the Transportation Department help?

It does the best it can with limited resources. The Transportation Department only has a budget of about \$750,000 with overhead such as salaries and benefits, equipment, supplies, and other day-to-day costs accounting for most of the budgeted amount.

Does the city have other infrastructure needs?

The city is nearing completion of a multi-million-dollar sanitary sewer improvement project that incurred debt that will need to be repaid. The city also completed a major water line improvement that took more than a dozen years to pay off. With those major projects completed, the city hopes to address the other major infrastructure need – streets.

How do the area road districts figure into street improvement?

There are two road districts that encompass some of the city's streets – the Bagnell and Kaiser Road Districts. The city has no relationship with the two road districts, which collect money through a tax levy. The districts are not obligated to provide funds

to the city of Lake Ozark for road improvements. The Horseshoe Bend Road District does not maintain any city streets in its jurisdiction. •Voting **YES** would allow the city to have revenue generated from the Use Tax to pay off the debt as the streets are improved.

•Voting **YES** would allow the city to use revenue generated from a Transportation Development District to pay off the debt as the streets are improved •Voting **YES** would allow the city to have revenue generated from the Use Tax to pay off the debt as the streets are improved.

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Can the city withdraw from a road district?

The city cannot remove itself from either of the road districts. It can only be done legislatively. If the city was to be removed from a road district, it actually would pay a higher tax rate for roads and still would not see any benefit from taxes within the district. The road districts control how the money they generate is spent.

What did the Road Assessment report say?

Most of the city's street maintenance practices are preventative measures. Due to limited amount of budget and equipment, the city's maintenance is relatively limited. In past years, the city has performed crack seal and cold patching. City maintenance is also responsible for snow removal, mowing along the right-of-way, drainage repair and gravel road maintenance.



How does the Transportation Department help with street improvements?

The 2019 total transportation budget was \$753,000. The main source of income for the Transportation Department is transportation sales tax, which is 1/2 percent of the city's 2.75 percent city sales tax. The city's transportation budget funds the entire department and covers fixed costs, which leaves little room for capital improvements – especially the type of improvements needed to repair and renovate the city's 90 lane miles of streets.

When would construction begin if both ballot issues are approved?

The city needs multiple sources of revenue before major projects can begin. The estimated \$134,000 from the Use Tax would not go far in paying off any construction debt. At least one other revenue source – a TDD or property tax increase, or both – is needed before major projects are started. City officials are optimistic the other sources of revenue could be in place within in 2020.

How can you help improve the city's streets and make our community safer and more attractive?

Vote YES on both of the issues on the April 7 General Municipal Election ballot. That will give the city a jump-start on moving forward with meeting the city's needs.

For more information, go to the city's website: cityoflakeozark.net, then go to the What's New tab. The 2019 Road Assessment and the city's 2020 budget are available on the website under Reports.

