

Gravel Road Paving - SAD Policy Review – 2/26/17

Prepared by Walter Johnson for the Public Safety & Infrastructure Review Committee

The city of RH has established a Local Roads Replacement Fund (the “LRRF”). Residents passed 3-Local Road millages that helped relieve the General Fund transfers for road maintenance and allowed for funding of this LRRF account. Currently City Counsel appropriates approximately \$5,000,000 per year to this fund. These millages are due to expire in FY 2020 and if not renewed the City will have to re-assess its ability to continue appropriating the same level of funding to this LRRF Account.

The intent of the SAD Policy review should be to:

- (A) Establish a funding source from an equitable sharing of the LRRF.
- (B) Establish an equitable sharing of the appropriated SAD Fund amongst all gravel road residents.
- (C) Attempt to encourage maximum resident participation through affordable SAD payments.

The replacement of all Local Roads due to age, use or other changing conditions beyond ordinary maintenance is under the purview of the DPS. The DPS has established a ranking system for the condition of paved roads that is used in determining which roads are replaced. The DPS does not have a ranking system for the condition of gravel roads, and therefore no consideration has been afforded these gravel roads for any appropriation of the LRRF balance. Consequently, it has primarily been left to resident initiative through the Gravel Road SAD petition process to seek improvements to a gravel road.

Residents on gravel roads should have an equitable right to a proportionate share of the LRRF for use to replace or enhance the condition of gravel roads. Residents are not required to repay the City for an appropriation of the LRRF monies for replacement or enhancement of their streets.

An “equitable share” of the LRRF annual appropriation should be a factor in the SAD Policy recommendation by the PS&ITRC. Although many factors come into play in the process of evaluating need and prioritizing the allocation of public funds, a primary factor discussed is the current ratio of local gravel road miles to total local road miles in the City, which is approximately 10%.

Based on the above, and discussions with DPS & Treasury staff, it is proposed that the SAD Policy review include an annual funding recommendation equal to 10% of the LRRF, currently \$500,000 per year, to be appropriated to an account to be titled the “Gravel Road SAD Fund” (the “GRSADF”).

The equitable sharing of this annual GRSADF appropriation among gravel road residents should be a component of the SAD Policy recommendation. Assuming that the primary objective of the SAD Policy is to encourage maximum resident participation; and assuming that most residents will opt for an annual payment plan, the primary factor for this sharing formula should be an annual maximum payment that is likely within an acceptable threshold to a majority of residents.

Based on the proposed sharing formula, residents will be assessed for a portion of the cost. The city will fund the entire amount of the project cost out of the available GRSADF. The residents’ annual assessed share will be recycled back to the GRSADF for use on other projects. In addition, Council could advance additional funding in a given year to accelerate project completion and reduce inflationary increases. These advances could be recovered from future reductions in the annual GRSADF appropriation.

Although the level of annual appropriation in relation to the potential need will result in a prolonged effort, it is at least a policy that may encourage residents to pursue paving of gravel roads.