

CDV and FSC Committees

Presentation on
Local Roads Funding Options Study

February 26, 2004



Primary Tasks in the Study

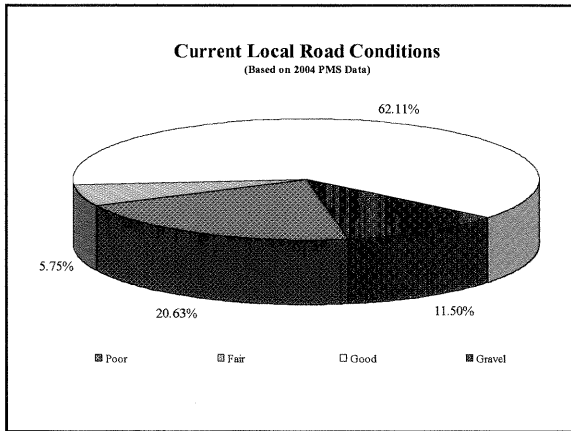
1. Evaluate roads conditions data.
2. Evaluate funding and operations.
3. Garner public input.
4. Determine specifics of recommended funding options.
5. Prepare final report.

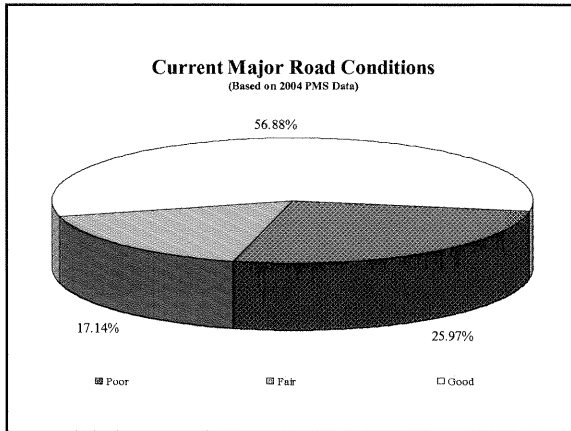


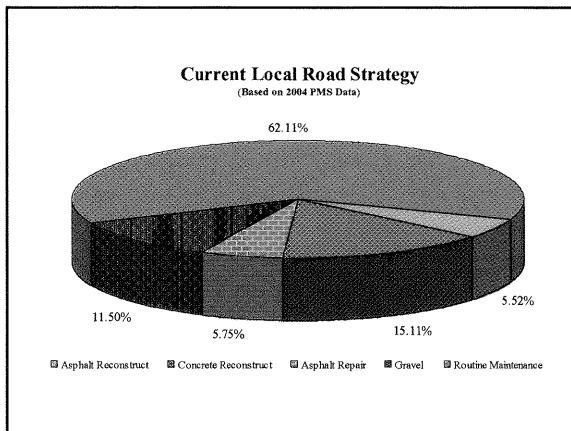
Task 1: Overview of the Road Conditions

- Note condition of current road system.
 - Give examples.
- Discuss criticality of doing something now.
 - Costs will mount if left unattended.

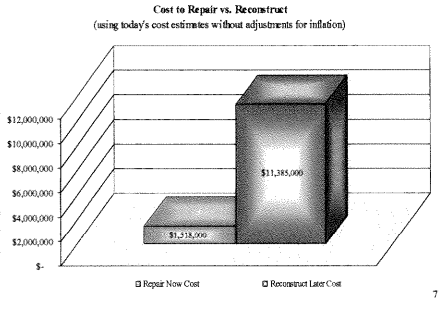








Why act now?

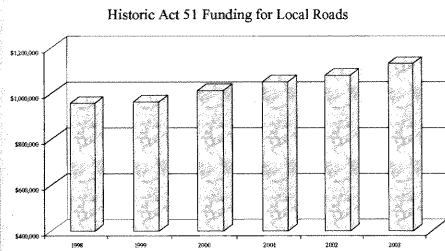


Task 2, Segment One: Overview of the Historic Funding Approaches

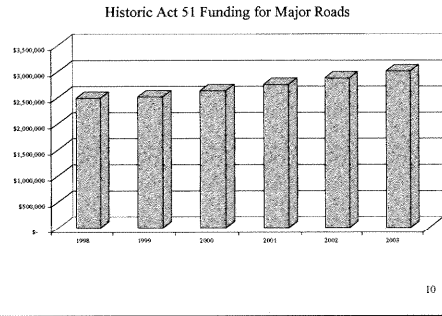
- A. Act 51 Local Roads Funding
- Note ongoing 25% transfer from Major Roads Fund and limited monies now in that fund.
 - Note amount dedicated to debt service – the balance is insufficient for maintenance needs.
 - Note lack of revenue growth from this state source.



Historic Act 51 Funding



Historic Act 51 Funding



Status of Local Roads Funding



Local Roads
(based on 2004 Budget)

Revenue		Expense		
Local Roads Act 51 Dollars	\$ 1,155,185	Routine Maintenance	\$ 1,787,985	
25% Transfer from Major	\$ 794,567	Winter Maintenance	\$ 673,800	Shortfall
	\$ 1,949,752		\$ 2,461,785	\$ (512,033)
GF Transfer	\$ 500,000	Traffic Maintenance	\$ 546,448	
All other Revenue *	\$ 326,845	Administration	\$ 585,213	
	\$ 826,845	Construction	\$ 306,870	
		Transfer Out (needy roads)	\$ 768,836	
			\$ 2,207,367	Shortfall
Total Revenues	\$ 2,776,597	Total Expenses	\$ 4,669,152	\$ (1,892,555)

Task 2, Segment One: Overview of the Historic Funding Approaches



- B. Special Assessment Districts (SAD)
- Previously a \$4,000 cap on residential portion. Now \$4,776 cap.
 - Despite shared approach – some residents refused SAD.
 - Doesn't provide money for maintenance or an overall strategy for road funding.

Task 2, Segment One:
Overview of the Historic Funding Approaches

C. General Fund Transfers

- Historically to both Major and Local.
- Also 25% transfer from Major to Local allowed by Act 51.
- Discuss current status of Major Roads Fund.
 - Cannot afford transfer.
- General Fund cannot continue to fund.
 - In light of Prop. A and State Revenue Sharing reductions.



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Status of Major Roads Fund Balance

Current Fund Balance \$ 12,821,169 * based on unaudited 2003 year end

Committed for Projects

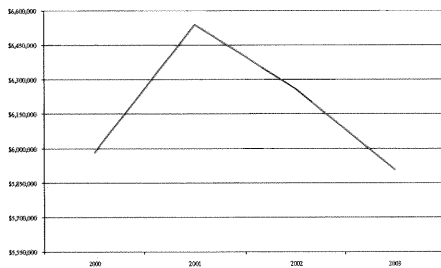
2004	\$	3,340,000
2005	\$	4,079,000
2006	\$	4,685,417
2007	\$	1,793,150
2008	\$	5,662,125
2009	\$	2,826,300
	\$	22,385,992

Shortfall \$ (9,564,823)



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State Revenue Sharing Trends



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Task 2, Segment Two:
New Options for Funding Considered

1. Additional Federal and State Funding

- Not available for local roads.
- Must meet extensive criteria.
- Highly competitive.
- Many are committed for years to come.
- Very prescribed uses.



Task 2, Segment Two:
New Options for Funding Considered

Examples:

- Federal
 - ☞ NHS – National Highway System
 - ☞ STP – Surface Transportation System *
 - ☞ CMAQ – Congestion Mitigation & Air Quality Improvement *
 - ☞ Critical Bridge



Task 2, Segment Two:
New Options for Funding Considered

Examples:

- State
 - ☞ TEDF – Transportation and Economic Development Fund
 - ✓ Category A – Economic Development Road Projects (Must support targeted industry)
 - ✓ Category C * – Urban Congestion Relief (traffic count over 10,000 or 25,000 and must be eligible for federal aid)
 - ✓ Category D – Secondary All Season Road (must have less than 5,000 population)
 - ✓ Category E – Forest Roads (only eligible counties)
 - ✓ Category F – Cities in Rural Counties (same as E)₁₈



Task 2, Segment Two:
New Options for Funding Considered

2. Expansion of SAD Program

- Money not available for matches.
- An uneven approach even if successful.
- Focus is only on rehabilitation.
 - Maintenance is key to minimizing continuing erosion.



Task 2, Segment Two:
New Options for Funding Considered

3. Local Roads Dedicated Levy

- Historically not a successful approach.
- Conditions have changed:
 - Rochester Hills now in maintenance mode - needs are greater.
 - Tax revenue growth is not as large as in past - so General Fund bailout is not an feasible option.
- Appears to be the only viable solution.



History of Attempted Millages

Election Date	Election Type	Proposal	Outcome
8/4/1988	primary	2 mills for 15 years to repair maintain and improve	failed by 66%
11/5/1996	general	3 mills for local road improvement	failed by 67%
8/4/1992	primary	1/2 mill for 9 years	failed by 65%
11/5/1991	general	1/4 mill for 10 years	failed by 50%
11/5/1991	general	Major Road Bond	failed by 55%
8/5/1996	primary	1 mill for 10 years	passed by 54%
11/2/1982	general	1/2 mill for 20 years	failed by 54%
8/7/1980	primary	1/2 mill for five years - chloride and repair & maintenance (renewal)	passed by 59%
8/7/1980	primary	1/2 mill for five years - chloride and repair & maintenance (new)	failed by 61%



Task 2: Preliminary Assessment

- The problem requires a dedicated funding source.
- A dedicated levy is the logical conclusion.
- Dedicated millages for roads are not uncommon:
 - 140 Cities & Villages currently have one.
- This option will be (rightfully) scrutinized.



Task 3: Garner Public Input

- Committee and public input will be used to weigh public support.
- Committee participation and schedule is being formulated.
- Our role: education and facilitation.



Task 4: Determine Specifics of Recommended Funding Options

- Assembled data will be used to guide discussions.
- Committee/public input will help define our recommended approach.



Task 5: Prepare Final Report

- Succinct presentation of findings.
- Recommended option(s) for funding.
- Outline of public education approach.



*Thank you for your
time and attention.*



Questions?