Town of Buchanan
Outagamie County, Wisconsin

Transportation System Financing Approach

Report

September 17, 2019

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Section 1: Introduction

This section describes the context and scope upon which the recommendations are based.

A. Background

In February 2018, the Town of Buchanan started evaluating the funding needs and options available for cost recovery related to the Town's transportation system reconstruction and maintenance.

The Town's transportation system is primarily supported by the following revenues sources:

1) Property Tax Levy
2) Road Maintenance Levy
3) Debt Proceeds
4) General Fund Revenue
5) General Transportation Aids

The primary issue facing the Town is the cost of maintaining and reconstructing the transportation system residents and visitors rely on daily has continued to increase, while the overall funding for these activities has not increased at a commensurate rate. At the same time, the Town has widespread stormwater drainage issues in the urbanized area of Town.

Within this study, a review of the current state is undertaken and different funding options are evaluated to address the ongoing local transportation needs for the community.

This report is an effort to provide a framework to align future Town activities with the Town of Buchanan Comprehensive Plan 2040 objective to "provide a well maintained transportation network."

B. Report Purpose

The general objectives of the study are to:

1) Ensure reliable and ongoing funding for the Town's transportation system.
2) Recover transportation system related costs in a manner that is equitable to all users.
3) Maintain fiscal discipline by being prudent stewards of all revenue sources.

Section 2. Policy Framework

This section summarizes the policy issues surrounding the local transportation system.

A. Policy Issues

The following policy issues have been considered as they relate to recovering the cost of local transportation needs:

- ✓ Debt Policy
- ✓ Existing Infrastructure Conditions
- ✓ Stormwater Drainage

1. Debt Policy

The Town of Buchanan Debt Policy was adopted by the Town Board on March 16, 2010. Contained within the Policy are five (5) general guidelines for issuing debt. Two (2) of the guidelines pertain to the maximum amount of debt the Town may issue, which are as follows:

a. "General obligation debt shall not exceed Wisconsin State statute limitations of 5% of equalized valuation. The Town shall also set a self-imposed limit of 75% of the statutory limit as the ceiling for general obligation debt."

Figure 1. 2018 Town Debt Limit Guidelines

Debt Limit Category	Wisconsin	Town
Benchmark (Limit)	5% of Equalized Value	75% of Wisconsin Debt Limit
Town Equalized Value	$ 684,363,800	$ 684,363,800
Debt Limit ($)	$ 34,218,190	$ 25,663,643
Town Debt ($)	$ 3,177,954	$ 3,177,954
Town Debt as % of Benchmark	0.5%	9%

Currently, the Town's legal margin of new debt is $31,040,236, or 4.5% of the Wisconsin limit and $22,485,689, or 65.7% of the Town limit. The high percentages of allowable debt remaining is a reflection of the minimal amount of debt. This is an indicator that the Town has been very cautious about utilizing debt as a funding strategy to complete capital projects.

b. "Total annual debt service payments on tax-supported debt of the Town will not exceed 25% of total general government operating revenue."

Figure 2. 2019 Debt Service as a Percent of Total General Government Operating Revenue

General Government Operating Revenue (GGOR)	$ 2,687,590
Debt Service Payment (DSP)	$ 452,990
DSP as % of GGOR	17%

Reviewing debt service as a percentage of operating revenues, using the 2018-2022 Capital Improvement Plan (CIP), it shows the Town would be out of compliance with this guideline starting in 2022 and would continue to be until 2026, assuming no additional

debt is issued post-2022., i.e., the Town would have to significantly decrease capital spending and rely on pay-go financing to fund projects, or identify another sustainable funding option.

Based on the prospect of not being compliant with the Town Debt Policy and having to potentially decrease capital projects the Town Board made a decision to investigate alternative funding options and review any other related conditions (i.e., road and stormwater drainage) that may need to be addressed as well. Simultaneously, the CIP was modified until such a time that projects and the funding of them eliminate the probability of violating the Debt Policy.

2. Existing Infrastructure Conditions

The Town of Buchanan local transportation system is 46 miles, or 92 lane miles, of subdivision streets, and collector and arterial roads. Approximately 15.5 miles (34%) are rural and 30.5 miles (66%) are urban. 30% of the Town road surfaces, or 14 miles, are 25 years or older. By 2029, another 14%, or 7 miles, will be 25 years or older. In sum, over the next 10 years, 44%, or 21 miles, of the local transportation system road surfaces will be 25 years or older.

Every two years the Town completes a Pavement Surface Evaluation and Rating (PASER) inspection. Using this evaluation as a component of pavement management, data is collected on the pavement condition, identifying if there are four common categories of distress: surface defects, surface deformation, cracks and patch/potholes. These conditions are usually caused by environmental and/or structural factors. Based on what is observed a rating is assigned to a road, ranging from 1 (failed) to 10 (excellent). Once all the roads have been inventoried and the condition ratings are

Rating system

Surface rating	*Visible distress**	*General condition/ treatment measures*
10 Excellent	None.	New construction.
9 Excellent	None.	Recent overlay. Like new.
8 Very Good	No longitudinal cracks except reflection of paving joints. Occasional transverse cracks, widely spaced (40' or greater). All cracks sealed or tight (open less than ¼").	Recent sealcoat or new cold mix. Little or no maintenance required.
7 Good	Very slight or no raveling, surface shows some traffic wear. Longitudinal cracks (open ¼") due to reflection or paving joints. Transverse cracks (open ¼") spaced 10' or more apart, little or slight crack raveling. No patching or very few patches in excellent condition.	First signs of aging. Maintain with routine crack filling.
6 Good	Slight raveling (loss of fines) and traffic wear. Longitudinal cracks (open ¼"– ½"). Transverse cracks (open ¼"– ½"), some spaced less than 10'. First sign of block cracking. Sight to moderate flushing or polishing. Occasional patching in good condition.	Shows signs of aging. Sound structural condition. Could extend life with sealcoat.
5 Fair	Moderate to severe raveling (loss of fine and coarse aggregate). Longitudinal and transverse cracks (open ½" or more) show first signs of slight raveling and secondary cracks. First signs of longitudinal cracks near pavement edge. Block cracking up to 50% of surface. Extensive to severe flushing or polishing. Some patching or edge wedging in good condition.	Surface aging. Sound structural condition. Needs sealcoat or thin non-structural overlay (less than 2")
4 Fair	Severe surface raveling. Multiple longitudinal and transverse cracking with slight raveling. Longitudinal cracking in wheel path. Block cracking (over 50% of surface). Patching in fair condition. Slight rutting or distortions (½" deep or less).	Significant aging and first signs of need for strengthening. Would benefit from a structural overlay (2" or more).
3 Poor	Closely spaced longitudinal and transverse cracks often showing raveling and crack erosion. Severe block cracking. Some alligator cracking (less than 25% of surface). Patches in fair to poor condition. Moderate rutting or distortion (greater than ½" but less than 2" deep). Occasional potholes.	Needs patching and repair prior to major overlay. Milling and removal of deterioration extends the life of overlay.
2 Very Poor	Alligator cracking (over 25% of surface). Severe rutting or distortions (2" or more deep). Extensive patching in poor condition. Potholes.	Severe deterioration. Needs reconstruction with extensive base repair. Pulverization of old pavement is effective.
1 Failed	Severe distress with extensive loss of surface integrity.	Failed. Needs total reconstruction.

** Individual pavements will not have all of the types of distress listed for any particular rating. They may have only one or two types.*

Figure 3. PASER Manual Rating System

analyzed Town staff determines by level of priority what roads need reconstruction and what roads need some type of maintenance treatment.

In 2019, this evaluation was completed and the following was found:

- 24 miles, representing 52% of the local transportation system, is rated Fair (5) to Very Poor (2)
- 15 miles, representing 32% of the local transportation system, is rated Good (6) to Very Good (8)
- 7 miles, representing 16% of the local transportation system, is rated Excellent (9 to 10)

These results are a cause for concern because, despite the Town making a concerted effort utilizing existing financial resources, the overall PASER Ratings continue to decline. To illustrate this point, in 2013, 58% of the roads were rated as a 6 or less. Fast forward six years to 2019, there has been a 9% increase in the amount of roads that fall into these ratings. Essentially, the Town is not making headway towards improving the conditions of the roads and is actually backsliding.

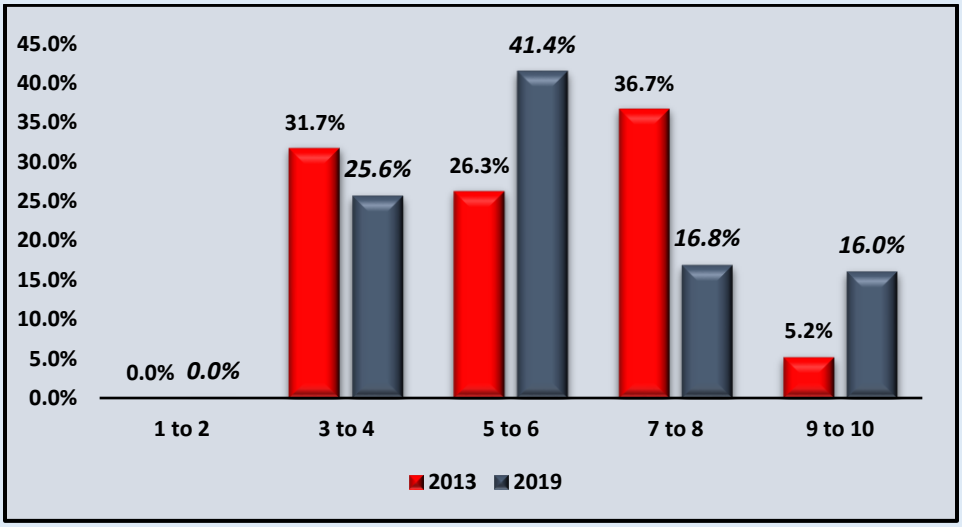


Figure 4. Comparison of 2013 & 2019 PASER Ratings

3. Stormwater Drainage

The Town of Buchanan has had widespread stormwater drainage issues for many years. This is the result of flat topography, poorly constructed culverts/drainage pipes, undersized culverts, property owners filling in ditches/not properly maintaining them/obstructions, i.e., berms or other landscaping, culverts heaving and a lack of rear yard drainage. Recognizing these conditions, the Town conducted a Comprehensive Drainage Study in 2011. The purpose of the study was to:

- Identify "Problem Areas" west of De Bruin Road – As previously stated; there are several areas within the Town that have stormwater drainage problems. The scope of this study does not include investigating the entire Town, but rather specific areas

based on Town records, general knowledge of the stormwater drainage in the Town, and resident complaints.
- Create a ranking system for stormwater drainage problems.
- Recommend a feasible solution to the problems.
- Preliminary costs estimate to provide a magnitude of cost.

The study areas were as follows:

- Springfield Drive Area (Subdivisions – Glenbrooke Estates, Lavender Downs, Pinecrest Estates, Country Breeze Estates, Kirk & Gosz)
- Hank Drive Area (Subdivisions – Van Handel Plat, B&R Plat, Homestead Subdivision)
- Hickory Park Area (Subdivision – Hickory Park Estates)

This area is roughly from Eisenhower Drive east to Main Street, Emons Road south to CTH KK; and CTH N east to State Park Road, Block Road south to CTH KK.

Upon inspecting all three areas each was found to have longitudinal ditch slopes less than 1.00%, which is not sufficient for grass lined ditches to properly function. To provide adequate stormwater drainage the report made a number of suggested alternatives with pros/cons and varying degrees of addressing the drainage issue. The alternatives discussed are below:

- Storm Sewers
- Mini Storm Sewers
- Ditch Lining
- Reditching

In the past 18 months, the Town Board has actively reviewed these three interrelated issues: (1) debt policy implications of continuing to borrow, at spending levels identified in the 2018-2022 CIP; (2) existing infrastructure conditions; and (3) the drainage difficulties facing the Town. The Board has responded by taking two major steps to be in a position to set a future roadmap. First, they have minimized the level of borrowing in 2018 and 2019 until a multi-faceted project and funding plan is adopted. Second, they have adopted the storm sewer alternative as part of the Town's road specifications for the "urban" area (east of CTH 55) of Town. Additionally, funding sources have been reviewed, which will be discussed in succeeding sections of this report.

Section 3. Transportation System Funding Options

This section provides a broad overview of the funding options relevant to municipal transportation programs in Wisconsin. For each option a brief overview will be given and an explanation of how the Town utilizes or may utilize the funding mechanism.

A. General Fund

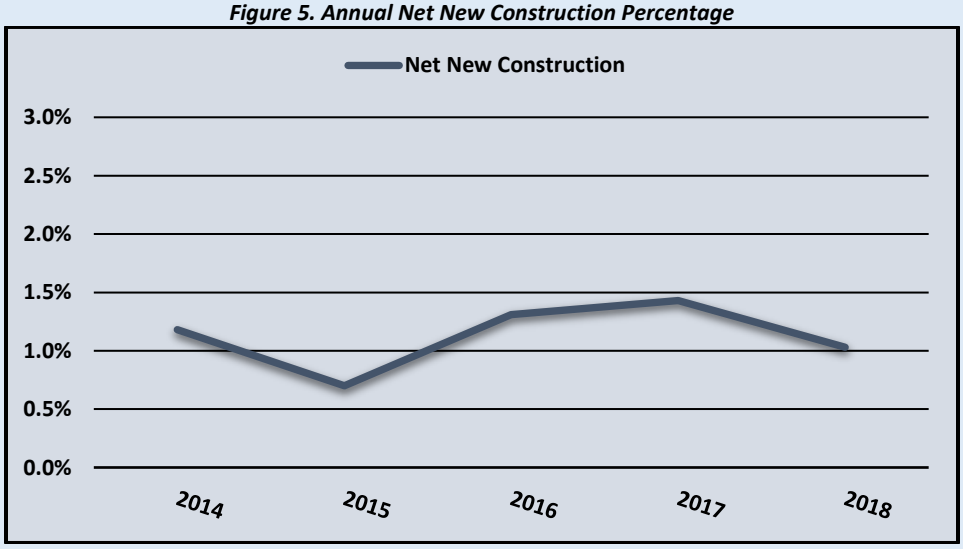
1. Property Tax Levy

The Property Tax Levy is the amount of taxes imposed for the support of governmental activities. The levy amount represents the total dollar amount of property taxes to be collected through real and personal property tax billings.

In the State of Wisconsin, there is a levy limit law that municipalities cannot increase their annual levy for operating costs, except for an amount equal to their percentage growth in new construction and/or an amount equal to their decrease in pre-2005 debt. The latter amount can be instituted in a lump sum or spread over a period determined by the governing body. The only other mechanism to increase the levy is a referendum.

The Town 2019 Property Tax Levy, which represents 54% of the 2019 General Fund Operating Budget, is $1,412,803. As previously stated, under Wisconsin State law, the Town is only able to increase this amount by the annual net percentage of new development in the community. Over the past five (5) years, the average amount of annual net new construction has been 1.11%, i.e., if there are higher percentage cost increases for services the Town can only increase the levy by 1.11%.

Figure 5. Annual Net New Construction Percentage



In 1978, American City & County Magazine developed a Municipal Cost Index (MCI) to show the effects of inflation on the cost of providing municipal services. Adjusting the property tax levy, according to the MCI, the Town has less funds available for operating expenses and capital projects than it did in 2014, see Figure 6 below. In other words, the Town is proactively taking actions to address the aging infrastructure challenges the community faces with less purchasing power than it had half a decade ago.

Figure 6. Municipal Cost Index (MCI) Inflation Adjusted Property Tax Lev

Year	Property Tax Levy	MCI Inflation Adjusted Property Tax Levy	Difference from 2019
2014	$ 1,350,825	$ 1,593,495	$ 174,806
2015	$ 1,362,747	$ 1,487,044	$ 68,355
2016	$ 1,385,270	$ 1,471,366	$ 52,677
2017	$ 1,410,579	$ 1,453,388	$ 34,699
2018	$ 1,412,803	$ 1,418,403	$ (286)
2019	$ 1,418,689	$ 1,418,689	$ -

Prior to 2013, the Town utilized general fund revenues, reserves and/or fund balance as the sole source to finance capital projects. This type of capital financing is called pay-as-you-go (Pay-Go). Pay-go financing has a number of pros and cons, which are listed below:

Pros:

- If there is no existing debt and only this approach is utilized, the debt service levy would be $0.00.
- Lower debt load to support
- No interest payments
- Potentially greater financial flexibility
- Decreased net project cost
- Dependable source of revenue

Cons:

- Ease of administration
- Lack of sufficient cash on hand for infrastructure
- Wait time for infrastructure
- Time value of money
- Not a dedicated source of transportation funding

Taken together, restricting the growth of half of the operating budget to the level of new development, decreasing purchasing power and cash-financing all capital projects, until recently, creates an environment where it is challenging to maintain existing essential services the community has come to expect and address aging infrastructure and stormwater conditions.

2. Road Maintenance Levy

As mentioned in the previous section about the property tax levy, one of the mechanisms to increase the levy beyond net new construction is to have a referendum asking the electorate to authorize the Town Electors to exceed the allowable levy. This occurred at the General Election on November 4, 2014 when voters were asked the following referendum question:

> Under State law, the increase in the levy of the Town of Buchanan for the tax to be imposed for the next fiscal year, 2015, is limited to 1.18% which results in a levy of $1,533,325 [includes both the property tax and debt service levy]. Shall the Town of Buchanan be allowed to exceed this limit by up to $350,000.00 per year (which for 2015 equals a total increase of 23%) which results in a levy of $1,883,325 for 2015 for the exclusive purpose of paying for road paving & maintenance in the Town of Buchanan?

A majority of voters replied, "Yes," to this question. As a result, the Town electors at the November 13, 2014 Special Meeting of the Electors approved an increase to the levy, exceeding the statutory limit by $350,000. While this amount of funding has been helpful in addressing infrastructure needs it has not provided enough financial capacity to make positive strides as seen by the decreasing PASER ratings.

B. Debt Proceeds

Many states and local governments borrow funds using the "full faith and credit" of their taxing authority. The proceeds from issuing debt are used for a variety of public purposes, e.g., land acquisition, building construction, road projects, water systems, sanitary sewer systems, wastewater treatment facilities, etc. This is an equitable funding strategy because it spreads the cost burden of repayment to existing and future users over the life of an asset. Debt financing has a number of pros and cons, which are listed below:

Pros:

- Infrastructure is completed when needed
- Cost is spread out over life of asset
- Beneficiaries pay for the project

Cons:

- Borrowing costs (interest rate)
- Generations have to pay
- High debt service payments could crowd out other public services
- Does not address structural budget deficiencies
- Not a dedicated funding source for transportation funding

Until 2013 the Town had not utilized debt financing as a mechanism to support capital projects. While not unheard of in the public sector, given the considerable needs and fiscal constraints, it places communities like Buchanan in a position where they likely have to wait for a prolonged period of time to address known concerns if pay-go financing is the principal financial tool. Moreover, this has the ability to compound the issue because the cost to complete a project (e.g., road project) continue to increase and the conditions likely continue to deteriorate as well.

This dilemma has played out in a very direct way for the Town. During and after the construction of STH 441, which was completed in September 1993, a sizable amount of development occurred in a relatively short period of time. As an example, over a four year period from 1998 to 2001, there were 451 residential units complete in the Town of Buchanan for an average of 113 a year. To put that into context, over the next 17 years from 2002 to 2018 there were an average of 15 residential units built per year. This historically high level of development created a high level of infrastructure being completed, which has led to a fairly significant amount of roads coming to end of life at the same time, as illustrated by existing and near-term PASER ratings and road surface ages. Hence, the Town pursuing the utilization of other funding mechanisms, such as debt financing, to address aging infrastructure and stormwater conditions.

It is estimated the Town will have $2,758,150 in debt as of December 31, 2019. See Section 2.1 Debt Policy to get a better understanding of the Town Debt Policy and its implications.

C. Special Assessments

Special assessments were first adopted in the State of Wisconsin in 1945. A special assessment is a charge levied by a local government on real property to offset the cost of a capital improvement that directly benefits the property. The following components of capital projects are commonly special assessed: street construction, curb and gutters, sidewalks, sanitary sewers, storm sewers, water main and facilities, street lights, wastewater treatment facilities and area-wide drainage projects. Wisconsin statute prescribes a procedure municipalities must utilize to special assess property owners.

The Town of Buchanan adopted a Special Assessment Policy (SAP) on January 15, 2008. Through this transportation system funding strategy discussion the SAP was updated on September 18, 2018 after multiple version were discussed over multiple meetings. The purpose of the Policy is to describe the policies and procedures which provide a fair and equitable sharing of the costs for public improvements or special services for those properties specially benefiting from the public improvements or services in accordance with statutory provisions and Town of Buchanan Ordinances.

In general, the amended policy adheres to the idea that benefiting parcels are only special assessed. In other words, the cost of a public improvement will be reasonably spread among the "benefiting" real property in proportion to the benefit each parcel receives from the project. A benefit may include grading, paving, resurfacing, rebuilding, installation of storm sewers, ditch modifications, landscaping, or other improvements. Following is how different facilities would be special assessed.

For road construction, the Town would pay 100%, up to the maximum width of the current road specifications. When a street is upgraded from its current design the portion of the public improvement above and beyond the Town Road Specs., (i.e., widening) shall be 100% assessed to the benefiting parcels. The assessable cost will be levied by a per lot method, i.e., the assessable cost is spread out evenly amongst the lots in the public improvement area.

For stormwater conveyance systems (ditches, storm sewer, mini-storm sewer), the property owners would pay 100%. When a stormwater conveyance facility is upgraded beyond a 24" storm sewer the portion of the public improvement above and beyond will be a Town cost. Similar to road construction, a per lot method will be used for assessable costs.

For driveway aprons, the property owners pays 100%.

For sidewalks, the Town pays 100% of the installation. The same is true for sidewalk replacement, repairs or maintenance.

Pros:

- Generally reliable source of revenue
- Means of cost recovery outside of debt financing and general property tax levy
- Means of levying public service charges to tax-exempt properties
- Reduce level of borrowing

Cons:

- Change
- Administration of special assessments
- Public's reaction is not usually favorable as a funding strategy
- Potential special assessment amount/parcel

D. Federal/State Grants and Aid Program

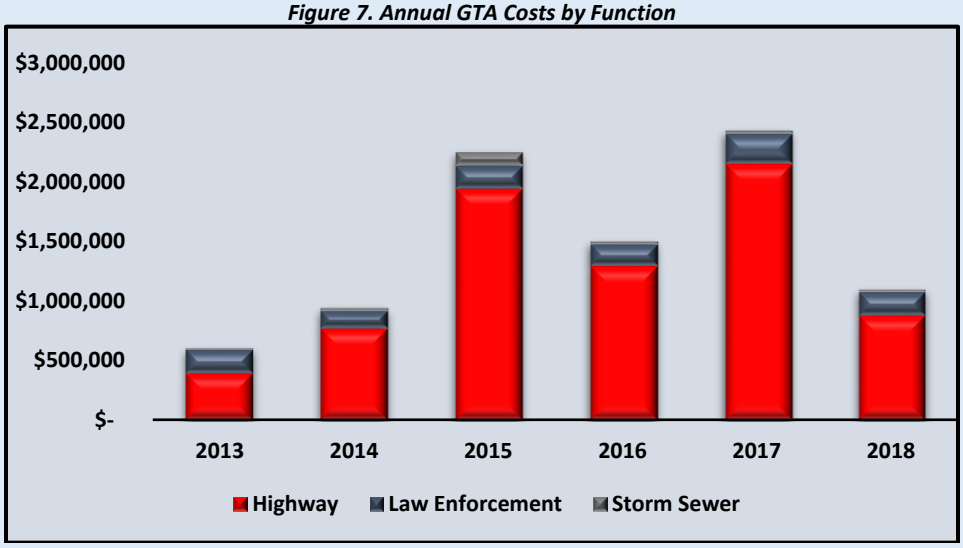
There are a number of Wisconsin Department of Transportation (WisDOT) road and bridge assistance programs where the State provides funds for needed improvement to municipalities at certain percentages for certain aspects of projects. For example, STP-Urban grants support 80% of the construction cost and the recipient has to pay the remaining 20%, along with other associated project costs not covered. A number of these programs, like STP-Urban, are Federal "pass-through" programs that assist municipalities. The following are some of the programs pertinent to the Town:

1. General Transportation Aids

This program annually provides local aid payments to counties and municipalities to offset the cost of road construction, maintenance, traffic and other transportation-related costs. WisDOT has a set program funding level, as defined in the State of Wisconsin biennial budget, to administer the program.

The Town's GTA is based on a rolling six year cost history. The input amounts are derived from the Town's Municipal Financial Report – Form C. The eligible costs for the six year average are the amounts spent on law enforcement, highways and storm sewers. Generally, the GTA costs are determined as 50% of the law enforcement costs, 60% of the storm sewer costs and 100% of the streets and related costs, net of any deductible revenues.

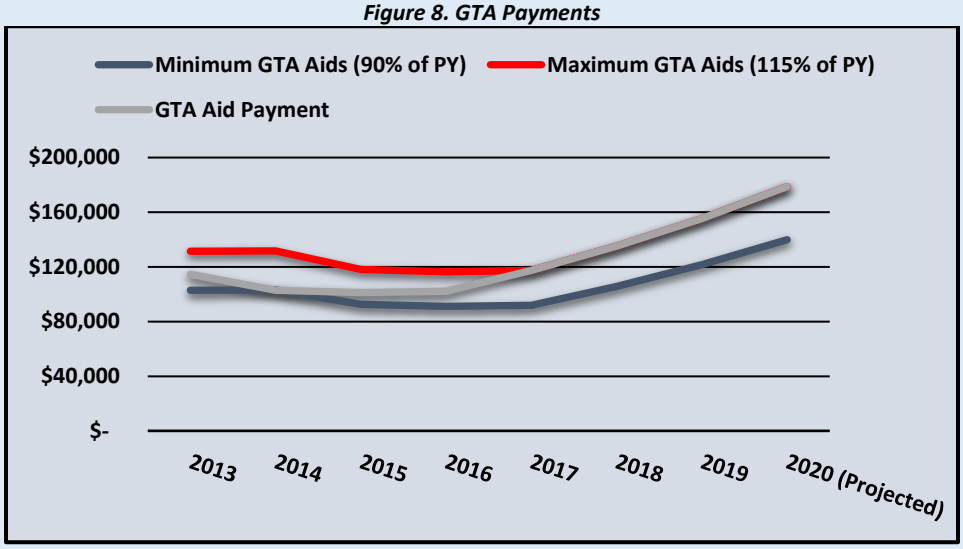
Figure 7. Annual GTA Costs by Function



In the case of Buchanan, the aid payment is distributed based on a five (5) step calculation, based on a share of costs (available GTA appropriation, net of rate per mile (RPM) payments divided by GTA costs of municipalities (Six Year Average) not receiving RPM Payments)

multiplied by the Six Year Average Costs. Also, in any given year, GTA aid payments cannot increase by greater than 15% or decrease by more than 10%.

Figure 8. GTA Payments



The Town's GTA payment will continue to increase at the maximum rate of 15% the next few years due to the level of eligible costs. Put another way, assuming the share of cost rate stays the same and the Town six year average continues to increase, the Town's GTA payment will increase at the maximum rate.

Pros:

- Dedicated source of transportation funding
- Encourage law enforcement, storm sewers and highway spending

Cons:

- Program funding allocation unknown
- Unreliable source of revenue
- Simple administration

- Local Bridge Improvement Assistance – This program allocates federal and state funds to help local governments rehabilitate and replace the most seriously deficient existing federal-aid-eligible local structures on Wisconsin's local highway systems.

  In 2019, the Town applied for two bridge improvement grants. One bridge is on New Road and the other is on Outagamie Road. In both cases, the existing bridge is structurally deficient and functionally obsolete. The bridge components have deteriorated beyond permanent repair and have partial failures on the deck.

- Local Roads Improvement Program (LRIP) – The LRIP assists local governments in improving seriously deteriorating county highways, town roads, and city and village streets. The program has three basic components: County Highway Improvement (CHI); Town Road Improvement (TRI); and Municipal Street Improvement (MSI). Three additional discretionary programs

(CHID, TRID and MSID) allow municipalities to apply for additional funds for high-cost road project.

- Surface Transportation Program - Urban (STP-U) – The STP-U allocates federal funds to complete a variety of improvements to federal-aid-eligible roads, streets and other projects in urban areas.

  In 2019, the Town accepted a $2,100,000 STP-U Grant to reconstruct Emons Road from Pinecrest Boulevard to CTH N in 2022.

- Transportation Alternatives Program (TAP) – The Transportation Alternatives Program (TAP) is a legislative program that was authorized in Fixing America's Surface Transportation Act (or "FAST Act"), the federal transportation act that was signed into law on December 4, 2015. With certain exceptions, projects that met eligibility criteria for the Safe Routes to School Program, Transportation Enhancements, and/or the Bicycle & Pedestrian Facilities Program are eligible TAP projects.

  In 2018, the Town applied for a TAP Grant to construct an 8-10 foot wide shared use path on the west side of Eisenhower Drive.

The Town will continue to apply for grants as the project cycle and eligible projects allow, however this should not be a source of funding the Town replies on.

Pros:

- Additional funding outside of fixed, annual revenue sources

Cons:

- One-time funding source
- Reporting and procedural requirements
- Lag time in grant acceptance and project construction

E. Vehicle Registration Fee

A vehicle registration fee is an annual payment in addition to the State registration fee paid for a vehicle. The fee amount can be set by a municipality and it usually applies to automobiles and trucks at 8,000 lbs. or less. As of January 1, 2019, the following jurisdictions have a local vehicle registration fee:

- Municipalities
  - Appleton (city; $20)
  - Arena (township; $20)
  - Beloit (city; $20)
  - Bellevue (village; $20)
  - Eden (village; $20)
  - Evansville (city; $20)
  - Fort Atkinson (city; $20)
  - Gillett (city; $20)
  - Green Bay (city; $20)
  - Iron Ridge (village: $10)
  - Janesville (city; $20)
  - Kaukauna (city; $10)
  - Lodi (city; $20)
  - Manitowoc (city; $20)
  - Milton (city; $30)
  - Milwaukee (city; $20)
  - Montello (city; $20)
  - New London (city; $20)

- Platteville (city; $20)
- Portage (city; $20)
- Prairie du Sac (village; $20)
- Rice Lake (city; $20)
- Sheboygan (city; $20)
- Tigerton (village; $10)
- Waterloo (city; $15)

- Counties
  - Chippewa County ($10)
  - Dane County ($28)
  - Eau Claire ($30)
  - Green County ($20)
  - Iowa County ($20)
  - Lincoln County ($20)
  - Marathon County ($25)
  - Milwaukee County ($30)
  - Portage County ($25)
  - Richland County ($20 beginning for September 2019 registrations)
  - St. Croix County ($10)

The Town of Buchanan does not currently have a vehicle registration fee. If one were being considered there are 5,912 eligible vehicles. Below is a revenue projection based on a flat fee, however the fee could be variable by vehicle type.

Figure 9. Estimated Total Annual Vehicle Registration Fee Funding

Vehicle Registration Fee	Vehicle Regisration Revenue
$ 20	$ 118,240
$ 30	$ 177,360
$ 40	$ 236,480
$ 50	$ 295,600
$ 100	$ 591,200

To achieve the cost recovery levels the Town is anticipating a vehicle registration fee would not be a fair and equitable funding mechanism. A component of equitable is property class cost sharing. Under this funding mechanism, tax-exempt, commercial, industrial and manufacturing properties, which contribute to traffic generation on the roads, would not be contributing.

In addition, the administration of a local vehicle registration fee would be complex and likely fall short of any revenue projections for the following reasons. First, a portion of Buchanan residents do not understand they live in the Township. A contributing factor, and larger complication, is that properties have Appleton (54915) and Kaukauna (54130) zip codes. Another challenge is people have to input the fee on the Wisconsin Title & License Plate Application, i.e., they have to take the time to understand what the fee is and check if the jurisdiction the vehicle is kept in has a local vehicle registration fee.

Pros:

- Dedicate funding source
- Fee can be increased and decreased dependent on financial need
- Reduces level of borrowing

Cons:

- Change
- Burdensome administration
- Disproportional effects residential properties; lacks equity
- May decrease as people consider multi-modal options

F. Transportation Utility Fee

Similar to a water or sewer utility, a transportation utility recovers a specific set of operating and/or capital costs by charging a fee to users. Since the same set of residences and businesses typically use the water, sewer, and transportation systems, the transportation utility fee is usually added to an existing utility bill.

The Town of Buchanan does not currently have a transportation utility fee. A transportation utility can be formed by the Town Board. If a transportation utility is created a utility fee would be a dedicated revenue for transportation needs. Fees generated by the utility can finance operating and capital costs directly.

To assist in identifying objective trip generation fee options for all developed parcels within the Town, the Institute of Transportation Engineers (ITE) Trip Generation Manual and Handbook was used to provide instruction and guidance on how to utilize trip generation data they have available. Since the early 1980's ITE has been compiling average trip generation rates from studies conducted throughout the United States and Canada. These average trip generation rates represent the weighted averages based on the day of the week and/or time of day (e.g., weekday, Friday, Saturday and Sunday; the weekday morning and evening peak hours of the generation; the weekday morning and evening peak hours that occur during the traditional commuting peak hours of the adjacent traffic; and the Saturday and Sunday peak hours of the generation). The amount of trips entering/exiting a parcel and the land use are the crucial pieces of information to form the trip generation estimate.

To identify one of the crucial pieces of information to form the trip generation estimate – land use, each of the approximately 2,400 Town parcels were categorized by ITE Land Use Code. On the following pages are all the ITE Land Uses for Town properties, along with the unit of measure (independent variable), time of day/weekday and weighted average number of trips generated by the unit of measure for each category. The unit of measure and time of day/weekday vary based on the data available.

Note: The primary unit of measure used was 1,000 square feet of gross area, and the time interval was Weekday or Weekday, PM Peak Hour of Generator. In each land use category the time interval was the same as much as practical. If the standard deviation was over 15 another time was chosen to decrease the variability.

Figure 10. ITE Land Use Categories for Town Parcel

ITE Land Use Code	Land Use	Unit of Measure (Independent Variable)	On a:	Weighted Average Number of Trips Ends Generated/Unit of Measure	Standard Deviation
110	General Light Industrial	1,000 sq. ft. GFA	Weekday	4.96	4.20
130	Industrial Park	1,000 sq. ft. GFA	Weekday	3.37	2.60
140	Manufacturing	1,000 sq. ft. GFA	Weekday	3.93	2.62
150	Warehousing	1,000 sq. ft. GFA	Weekday	1.74	1.55
151	Mini-Warehouse	1,000 sq. ft. GFA	Weekday	1.51	0.95
210	Single-Family Detached Housing	Dwelling Units	Weekday	9.44	2.10
220	Multifamily	Dwelling Units	Weekday	7.32	1.31
252	Senior Adult Housing - Attached	Dwelling Units	Weekday	3.70	0.53
254	Assisted Living	1,000 sq. ft. GFA	Weekday	4.19	2.94
430	Golf Course	Holes	Weekday, Peak Hour of Adjacent Street Traffic, One Hour between 7 to 9 a.m.	26.40	0.54
433	Batting Cages	Cages	Weekday	2.22	2.68
445	Multiplex Movie Theater	1,000 sq. ft. GFA	Saturday, Midway Peak Hour of Generator	70.50	1.02
453	Automobile Racetrack	Attendees	Saturday, Peak Hour of Generator	6.72	
460	Arena	1,000 sq. ft. GFA	Weekday	0.47	
492	Health/Fitness Club	1,000 sq. ft. GFA	Weekday, Peak Hour of Adjacent Street Traffic, One Hour between 7 to 9 a.m.	19.65	0.64
520	Elementary School	1,000 sq. ft. GFA	Weekday	19.52	5.19
560	Church	1,000 sq. ft. GFA	Weekday	6.95	2.98
565	Day Care Center	1,000 sq. ft. GFA	Weekday	47.62	29.78
566	Cemetary	Acres	Weekday	6.02	1.66
620	Nursing Home	1,000 sq. ft. GFA	Weekday	6.64	3.51
630	Clinic	1,000 sq. ft. GFA	Weekday	38.16	66.06
710	General Office Building	1,000 sq. ft. GFA	Weekday	9.74	5.15
712	Small Office Building	1,000 sq. ft. GFA	Weekday	7.98	4.91
714	Corporate Headquarters Building	1,000 sq. ft. GFA	Weekday	7.95	2.92
720	Medical-Dental Office Building	1,000 sq. ft. GFA	Weekday	34.80	9.79
730	Government Office Building	1,000 sq. ft. GFA	Weekday	22.59	17.03
810	Tractor Supply Store	1,000 sq. ft. GFA	Saturday, Peak Hour of Generator	47.55	0.83

ITE Land Use Code	Land Use	Unit of Measure (Independent Variable)	On a:	Weighted Average Number of Trips Ends Generated/Unit of Measure	Standard Deviation
812	Building and Materials and Lumber Store	1,000 sq. ft. GFA	Weekday	18.05	17.54
813	Free-Standing Discount Superstore	1,000 sq. ft. GFA	Weekday	50.70	12.83
815	Free-Standing Discount Store	1,000 sq. ft. GFA	Weekday	53.12	11.88
816	Hardware/Paint Store	1,000 sq. ft. GFA	Weekday	9.14	4.43
818	Nursery (Wholesale)	1,000 sq. ft. GFA	Weekday	39.00	
820	Shopping Center	1,000 sq. ft. GFA	Weekday	37.75	16.41
841	Automobile Sales (Used)	1,000 sq. ft. GFA	Weekday	27.06	17.91
842	Recreational Vehicle Sales	1,000 sq. ft. GFA	Weekday	5.00	4.47
843	Automobile Parts Sales	1,000 sq. ft. GFA	Weekday	55.34	21.57
850	Supermarket	1,000 sq. ft. GFA	Weekday	106.78	37.56
862	Home Improvement Superstore	1,000 sq. ft. GFA	Weekday	30.74	8.58
875	Department Store	1,000 sq. ft. GFA	Weekday	22.88	5.74
881	Pharmacy/Drugstore with Drive-Through Window	1,000 sq. ft. GFA	Weekday	109.16	38.33
912	Drive-In Bank	1,000 sq. ft. GFA	Weekday	100.03	61.61
918	Hair Salon	1,000 sq. ft. GFA	Weekday, Peak Hour of Adjacent Street Traffic, One Hour between 7 to 9 a.m.	18.15	
925	Drinking Place	1,000 sq. ft. GFA	Weekday, Peak Hour of Adjacent Street Traffic, One Hour Between 4 to 6 p.m.	170.40	7.81
932	High-Turnover (Sit-Down) Restaurant	1,000 sq. ft. GFA	Weekday	112.18	72.51
934	Fast-Food Restaurant with Drive-Through Window	1,000 sq. ft. GFA	Weekday	470.95	244.44
939	Bread/Donut/Bagel Shop without Drive-Through Window	1,000 sq. ft. GFA	Weekday, Peak Hour of Adjacent Street Traffic, One Hour Between 7 and 9 a.m.	28.00	
941	Quick Lubrication Vehicle Shop	1,000 sq. ft. GFA	Weekday	9.42	
942	Automobile Care Center	1,000 sq. ft. GFA	Weekday, Peak Hour of Adjacent Street Traffic, One Hour Between 7 and 9 a.m.	33.75	1.49
943	Automobile Parts and Service Center	1,000 sq. ft. GFA	Weekday	16.28	15.76
945	Gasonline/Service Station with Convenience Market	1,000 sq. ft. GFA	Weekday, Peak Hour of Adjacent Street Traffic, C	911.88	42.87
948	Automated Car Wash	1,000 sq. ft. GFA	Weekday, PM Peak Hour of Generator	174.90	

Once all the parcels were categorized, the average trip generation rate was able to be determined based on the unit of measure. From there, different methodologies can be utilized to identify a fair and equitable approach to structure a transportation utility fee. In total five (5) options were generated for consideration.

Option 1.

Step 1. Define Cost Recovery Amount and Utility Rate

Step 2. Unit Measure x Daily Trips x Utility Rate = Transportation Utility Fee per Parcel

Land Use Category	$	%
(100-199) Industrial	$ 36,566	4%
(200-299) Residential	$ 371,241	36%
(400-499) Recreational	$ 192,538	21%
(500-599) Institutional	$ 16,922	2%
(600-699) Medical	$ 36,520	4%
(700-799) Office	$ 25,788	3%
(800-899) Retail	$ 225,785	22%
(900-999) Service	$ 98,998	10%
Option 1 Total	$ 1,004,358	100%

Option 2.

Step 1. Define Cost Recovery Amount & Total Trips

Step 2. Cost Recovery Amount / Total Trips = Unit Rate

Step 3. Unit Rates x Average Trips per Parcel = Transportation Utility Fee per Parcel

Budget	$ 1,000,000
Total Trips	93,048.93
Unit Cost/Trip	$ 10.75

Land Use Category	$	%
(100-199) Industrial	$ 19,942	2.3%
(200-299) Residential	$ 253,701	72.0%
(400-499) Recreational	$ 71,599	3.5%
(500-599) Institutional	$ 20,858	0.8%
(600-699) Medical	$ 21,390	0.7%
(700-799) Office	$ 11,729	3.3%
(800-899) Retail	$ 369,154	9.3%
(900-999) Service	$ 233,704	8.1%
Option 2 Total	$ 1,002,077	100%

Option 3.

Step 1. Define Cost Recovery Amount & Total Trips

Step 2. Define Trips by Category

Step 3. Define Unit Count

Step 4. Trips by Category / Category Parcel Count = Average Trip Count by Category

Step 5. Cost Recovery Amount / Total Trips x Average Trip Counts by Category = Land Use Group Fee

Budget	$ 1,000,000
Total Trips	93,576.07

Land Use Category	Trips by Category	Unit Count	Average Trips by Category	Land Use Group Fee	Land Use Group Fee Total
Single Family	2,186,304	2,047	11	$ 114.14	$ 233,644.58
Multi-Family (Per Unit)	1,464	538	3	$ 29.08	$ 15,645.04
Nonresidential Group 1 (<100)	1,834	86	21	$ 227.93	$ 19,601.98
Nonresidential Group 2 (>101<500)	9,189	31	296	$ 3,167.54	$ 98,193.74
Nonresidential Group 3 (>501<1,000)	12,748	8	1,593	$ 17,028.31	$ 136,226.48
Nonresidential Group 4 (>1,001)	46,479	6	7,746	$ 82,782.26	$ 496,693.56
Option 2 Total	**2,258,017**	**2,716**			**$ 1,000,005.38**

Option 4.

Step 1. Define Cost Recovery Amount

Step 2. Set Residential Property Transportation Utility (RTUF) per Unit Fee based on Equalized Value Percentage of Property Class

Step 3. RTUF * Total Units = Remaining Cost Recovery Amount

Step 4. Remaining Cost Recovery Amount / Number of Non-Residential Properties = Non-Residential Property Transportation Utility (NRTUF) per Unit

Budget	$ 1,000,000
Residential Property TUF/Parcel (RTUF)	$ 342
Total Residential Units	2,585
RTUF Total	**$ 884,070**
Remaining Budget	$ 115,930
Non-Residential Property	138
Non-Residental Property TUF/Parcel (NRTUF)	$ 840.07
NRTUF Total	**$ 115,930**
Option 4 Total	**$ 1,000,000**

Option 5.

Step 1. Define Cost Recovery Amount

Step 2. Set Residential Property Transportation Utility per Parcel Base Fee (RTUF) Total

Step 3. Set Non-Residential Property Transportation Utility per Parcel Base Fee (NRTUF) Total

Step 4. RTUF Base Fee Total + NRTUF Base Fee Total = Base Fee Revenue

Step 5. Cost Recovery Amount – Base Fee Revenue = Remaining Cost Recovery Amount

Step 6. Remaining Cost Recovery Amount / Total Trips = Trip Generation Fee per Trip applied to each Parcel's Average Trips

Step 7. Base Fee + Trip Generation Fee = Total Transportation Utility Fee

Budget	**$**	**1,000,000**
Residential Base Fee (RBF)/Parcel	$	300
Residential Units		2184
RBF Total	**$**	**655,200**
Non-Residental Base Fee (NRBF)/Parcel	$	1,400
Non-Residential Units		138
NRBF Total	**$**	**193,200**
Total Based Fee Revenue	**$**	**848,400**
Remaining Budget	**$**	**151,600**
Total Trips	**$**	**93,576**
Trip Generation Fee/Trip	**$**	**1.62**

Some of these options are a flat fee, others are a fee based on trip generation. Option 5 has two components, a land use group base fee and a trip generation fee.

Below are some pros and cons to a Transportation Utility Fee.

Pros:

- Cost equity based on the trips generated by a property
- Reliable and dedicated funding source
- Accountability since funds are dedicated to transportation system
- Fee can be increased and decreased dependent on financial need
- Reduce the level of borrowing
- Simple administration

Cons:

- Change
- Initial effort
- Higher cost for some, however it is based on the type of property and how much trips are generated from it
- New charges for tax-exempt properties
- Cannot be used as tax deduction

Section 4. Revenue and Transportation Investment Benchmarks

A. Current Financial Status

The Town has a number of fixed revenue sources, below is the existing funding the Town has:

Revenue Source	$
Stormwater Utility	$ 72,000
Property Tax Levy	$ 136,275
General Transportation Aid	$ 178,725
Road Maintenance Levy	$ 350,000
Debt Proceeds	$ 475,000
Option 2 Total	**$ 1,212,000**

Figure 11. Annual Town Road Funding Level

This level of funding is not adequate for the existing transportation system. Over the past five years (2013-2017), on an annual basis, the Town has on average spent approximately $1,200,000 on capital projects. The Annual Transportation Investment Benchmark (the amount the Town would have to spend to properly maintain the road system) is approximately $2,000,000. Put another way, the Town would not be on pace to a state of good repair unless some actions were taken to annually allocate the amount of funds mentioned.

Figure 12. Annual Transportation Investment Benchmark

Asset	Estimated Quantity	Units	Unit Cost*	Item Cost	Reconstruction (Years)	Annual Reconstruction Cost
Road	46	Miles	$494,023	$22,725,067	25	$ 909,003
Ditch	46	Miles	$355,423	$16,349,467	25	$ 653,979
Driveway and Culvert Pipe Replacement	85500	LF	$ 117	$10,026,132	25	$ 401,045
				Total Annual Road Investment Benchmark		**$ 1,964,027**

NOTE: Unit Cost was based on the previous Town Road Specification Policy.

B. Transportation Investment Benchmark

To address the aging infrastructure and alleviate the drainage problem, the following outlines the annual funding level necessary:

Figure 13. Revised Annual Transportation Investment Benchmark

Asset	Estimated Quantity	Units	Unit Cost	Item Cost	Reconstruction (Years)	Annual Reconstruction Cost
Urban Road	30.5	Miles	$1,001,458	$30,544,457	35	$ 872,699
Rural Road	15.5	Miles	$ 893,350	$13,846,919	35	$ 395,626
Urban Storm Sewer	30.5	Miles	$ 713,856	$21,772,608	35	$ 622,075
Rural Storm Sewer	15.5	Miles	$ 679,536	$10,532,808	35	$ 300,937
Curb and Gutter	30.5	Miles	$ 337,709	$10,300,118	35	$ 294,289
Rural Ditch Landscaping	15.5	Miles	$ 144,144	$ 2,234,232	35	$ 63,835
					Total Annual Road Investment Benchmark	**$ 2,549,461**

NOTE: Unit Cost was based on the existing Town Road Specification Policy.

Section 5. Recommendations

The Town is facing a number of conditions that present a challenge to properly address an aging transportation system.

1. Continued debt issuances at levels in the millions of dollars will put the Town out of compliance with the Debt Policy.
    - "Total annual debt service payments on tax-supported debt of the Town will not exceed 25% of total general government operating revenue."
2. Road Conditions are continuing to deteriorate and age as seen by the PASER rating and road surface ages, respectively.
    - 24 miles, representing 52% of the local transportation system, is rated Fair (5) to Very Poor (2).
    - Over the next 10 years, 44%, or 21 miles, of the local transportation system road surfaces will be 25 years or older.
3. Drainage concerns are widespread in the urbanized area of Town.
4. 50% of the Town operating budget cannot grow by more than net new construction.
    - Over a five year period from 2014-2018 the average amount of annual net new construction was 1.11%.
5. Town has less purchasing power since property tax levy has not kept up with inflation.
    - Adjusted for the Municipal Cost Index, the Town has approximately $175,000 less than it did in 2014.
6. Town has not been able to invest in infrastructure at the Annual Transportation Investment Benchmark rate, which has further exasperated some of the conditions above, i.e., road conditions.

As a result, all available financial tools have been explored. The only viable options to be able to meet the Annual Transportation Investment Benchmark are Special Assessments and a Transportation Utility Fee. To review the impacts a project at a cost consistent with the Annual Transportation Investment Benchmark is identified below and the cost recovery options are shown (all costs are estimates and will likely be modified as a result of project conditions).

Figure 14. Breakdown of Estimated Project Cost

Estimate Opinion of Probable Cost 28' BB Curb & Gutter w/Storm Sewer (Assume Standard Road is 22' Asphalt) 7,000' Long, 12" Base and 3.5" Asphalt - Residential Road - 66' RW	
Roadway Cost Subtotal	**$777,530**
Curb & Gutter Cost Subtotal	**$363,090**
Storm Sewer Cost Subtotal	**$1,031,518**
Landscape Cost Subtotal	**$157,625**
Driveway Cost Subtotal	**$151,255**
Total Project Opinion of Probable Cost	**$2,481,018**

LEGEND
Town Cost
Property Owner Cost

Figure 15. Option #1: Special Assessments

Revenue	
Stormwater Utility	$72,000
Property Tax Levy	$136,275
General Transportation Aid	$178,725
Road Maintenance Levy	$350,000
Debt Proceeds	$475,000
Special Assessments	$1,269,743
Total Revenue for Road Projects	$2,481,743
Expenditure	
Total Road Cost - Assume there are 140 lots at 100 ft of front footage each lot	$2,481,018
Number of Households	140
Special Assessment	
Special Assessment per lot	$9,069.59

Figure 16. Option #2: Transportation Utility Fee

Revenue	
Stormwater Utility	$72,000
Property Tax Levy	$136,275
General Transportation Aid	$178,725
Road Maintenance Levy	$350,000
Debt Proceeds	$475,000
Transportation Utility Fee	$1,000,000
Total Revenue for Road Projects	$2,212,000
Expenditure	
Total Road Cost - Assume there are 140 lots at 100 ft of front footage each lot	$2,481,018
Transportation Utility Fee	
Residential	$315
Non-Residential	$331-$14,007

Figure 17. Option 3: Special Assessment & Transportation Utility Fee

Revenue	
Stormwater Utility	$72,000
Property Tax Levy	$136,275
General Transportation Aid	$178,725
Road Maintenance Levy	$350,000
Debt Proceeds	$475,000
Special Assessment	$385,000
Transportation Utility Fee	$875,000
Total Revenue for Road Projects	$2,472,000
Expenditure	
Total Road Cost - Assume there are 140 lots at 100 ft of front footage each lot	$2,481,018
Number of Households	140
Special Assessment	
Special Assessment per lot	$2,750
Transportation Utility Fee	
Residential	303
Non-Residential	$294-$9,200

Note: Transportation Utility Fee Option #5 was utilized to arrive at the figures presented.

Based on the advisory referendum results and the Town Board's interest in exploring a Transportation Utility Fee it was the primary option reviewed. The comparison below shows some of the differences as far as the fees go.

Figure 18. Comparison of TUF Options

	Option 1	Option 2	Option 3	Option 4	Option 5
Fee based on…	Land Use Category Trip Generation	Land Use Category Trip Generation	Land Use Group Trip Generation	Land Use Group Flat Fee	Base Fee + Land Use Group Trip Generation
Low Fee Amount	$ 57	$ 19	$ 29	$ 342	$ 315
High Fee Amount	$ 132,825	$ 83,631	$ 82,782	$ 1,834	$ 14,007
Average	$ 422	$ 422	$ 498	$ 462	$ 429
Parcels w/Fees between $2,000 to $4,999	32	23	29	0	34
Parcels w/Fees Greater Than $5,000	25	38	20	0	7
Single-Family Residential Transportation Utility Fee	$ 149	$ 101	$ 114	$ 342	$ 315

Each fee option has pros and cons. To put them into context there were two interrelated criteria identified to review them. The first is a business recruitment and retention concern and the second is how the Town would compare to other municipalities if a TUF were implemented. Concerning the businesses, Staff met with half a dozen businesses and went through each of the options contained within this report and sought their opinion about them. In each case the preferred option was number five (5). This was likely chosen because it contained a trip generation component, the fee amounts were generally reasonable and it did not disproportionately impact their property class. In an effort to show the impact of a TUF using option five (5), border properties were sampled comparing the combined property tax and TUF fee amount against a neighboring municipality's property tax amount.

Figure 19. Comparison of Town Property Taxes and Fees & Other Municipality Property Taxes (2018 Tax Rates)

Type of Property	Use	Assessed Value	Town Property Tax Total	TUF Total	Town Prop Tax & TUF	Other Municipality Property Tax Total
Industrial	Industrial Park	$ 319,100	$ 1,036	$ 1,405	$ 2,442	$ 2,323
Commercial	Mini-Warehouse	$ 321,400	$ 1,043	$ 1,420	$ 2,464	$ 2,944
Commercial	Automobile Care Center	$ 490,200	$ 1,591	$ 1,377	$ 2,968	$ 4,490
Commercial	Fast Food Restaurant with Drive Through	$ 920,400	$ 2,988	$ 2,113	$ 5,101	$ 6,701
Commercial	Sit-down Restaurant	$ 1,283,500	$ 4,167	$ 2,495	$ 6,662	$ 14,058
Commercial	Corporate Headquarters	$ 1,678,400	$ 5,449	$ 2,106	$ 7,556	$ 15,894
Commercial	Supermarket	$ 7,160,000	$ 23,246	$ 14,007	$ 37,253	$ 52,053
Commercial	Home Improvement Store	$ 6,398,000	$ 24,773	$ 8,841	$ 33,614	$ 58,414
Residential	Duplex	$ 350,000	$ 1,162	$ 331	$ 1,493	$ 3,315
						$ 3,206
						$ 2,545
Residential	Single-Family	$ 250,000	$ 830	$ 315	$ 1,145	$ 2,368
						$ 2,290
						$ 1,818

Taking equitability into consideration, along with the identified facts and challenges, Staff would recommend the Town Board:

1) Pursue Transportation Utility Fee option number five (5) and/or Special Assessments for implementation in 2020 as a dedicated transportation system funding mechanism.
2) If a Transportation Utility Fee is the only transportation system funding mechanism implemented, the Town should consider a cost recovery amount of $2,250,000 to begin.
3) The cost recovery amount should be adjusted annually for inflation, MCI or an equal amount each year to ultimately get to the Annual Transportation Investment Benchmark of $2,500,000.
4) Decrease the cost recovery amount if a fixed revenue source is identified.

Section 6. Review of Town Board Capital Improvement Funding Discussions

This section summarizes the discussions the Town Board had about this topic.

February 5, 2018: The Town Board and Staff discussed the current and near term road spending implications on the Town of Buchanan Debt Policy. As part of the discussion the road specifications, financing Capital Improvement Program (CIP) Projects and the State of Good Repair were reviewed. At this meeting a number of items were established.

- The Town should not move forward with the reconstruction of Van Handel drive because the residents and Town did not believe the Town Standard Road Specifications would address the drainage issues in the surrounding area. Further, the Town has widespread drainage problems, as outlined by 2011 Drainage Study.
- Based on a State of Good Repair preliminary analysis, the Town is not meeting an annual road project investment benchmark. In essence, this means the road system is continuing to age because the pace of reconstruction is not sufficient.
- General Guidelines, Section No. 4 of the Town of Buchanan Debt Policy would be violated if the Town fulfilled the 2018-2022 CIP. The Town would have exceeded 25% of total general government operating revenues in 2022 and not be in compliance until 2026, assuming no debt was issued after 2022.

As a result of these findings, the Town Board reviewed a number of funding options to alleviate the debt policy violation and establish a path to address a deferred infrastructure issue. The following ideas were discussed; 1) maintaining the status quo; 2) modifying the Debt Policy; 3) decreasing the level of projects in the CIP; 4) a binding referendum for a property tax levy increase; 5) establishing an annual vehicle registration fee; and 6) special assessments. Given the options the most viable one appeared to be special assessments, so the Town Board directed to investigate this option.

June 19, 2018: The Town Board reviewed a draft of a modified Special Assessment Policy. The proposal was based on a review of the existing 2008 Town Special Assessment Policy, a review of what 10 other municipalities do for special assessments, a review by the Town Attorney and Engineer and the unique circumstances in the Town of Buchanan. Based on feedback Staff was directed to modify the draft.

July 17, 2018: The Town Board reviewed the existing standard road specifications and alternative road specifications. Staff was directed to investigate a few options based on the Board feedback. Also, as part of the ongoing funding discussion, a binding referendum for the November 6, 2018 General Election was discussed. After much deliberation, a decision was made to not move forward with this option.

August 21, 2018: The Town Board reviewed the alternative road specifications and identified the options for adoption. In these options, the following was identified:

- East of STH 55: On residential streets catch basins would be installed in the ditch line, if necessary. In addition, storm sewers would be installed to connect to sump pump discharge pipes.

- West of STH 55: On a majority of streets catch basins, if necessary, curb and gutter, along with storm sewer would be installed to connect to sump pump discharge pipes. On collector, arterials and, likely, a few local road with major daily traffic volume sidewalks will be installed.

Special Assessments were discussed as well. The Board discussed different options for who would pay for what and how the costs would be allocated. Based on the feedback Staff was directed to modify the draft.

September 18, 2018: Another draft of the Special Assessment Policy was reviewed by the Town Board. At the conclusion of reviewing, deliberating and answering some policy questions the modified Special Assessment Policy was adopted by the Town Board. This included the following:

- Town Costs:
  - 100% of the road base and surface, up to the maximum width of the current road specifications
  - 100% of stormwater management facilities
  - 100% of stormwater conveyance facilities above 24”
  - 100% of sidewalk replacement, repair and maintenance
- Property Owner Cost
  - 100% of stormwater conveyance facilities up to 24”
  - 100% of driveway aprons
  - 100% of sidewalks in new developments or installations

October 16, 2018: The Town Board discussed curb face types to figure out what option is preferred. In the end, a mountable curb was approved for the road specifications.

4th Quarter 2018: There was an article in the Town newsletter about the adopted road specifications, along with a diagram.

January 22, 2019: The Town Board reviewed a transportation utility fee based on a trip-generation based approach. This model identifies trips generated by types of properties. It was determined this funding mechanism was a viable funding option to fill the road funding gap.

Since the Board identified three potential funding options (property levy increase, special assessment and/or transportation utility fee), they decided to ask residents via an advisory referendum for their opinion on what of them to further pursue. The question and description was as follows:

The Town of Buchanan roadway system is 45.97 miles. In 2017, 51.40% of the Town roads, or 23.63 miles, were rated fair to very poor. The largest local sources of revenue supporting transportation infrastructure expenses are the property and road maintenance tax levy. Due to State imposed financial constraints, these mechanisms do not provide adequate revenue to maintain and reconstruct the roadway system. The Town is limited to increasing the tax levy by the percentage of annual net new construction. In the past four years, the average increase in the tax levy to support Town services including street improvement projects has been 00.80%. To have the capacity to finance transportation infrastructure and maintain and improve road conditions additional funding is needed.

One option is Special Assessments, wherein a benefiting property owner in a street improvement project area pays for the cost of the storm sewer, driveway apron, ditching and/or curb and gutter. The individual special assessment amounts will vary, dependent on the project, and may cost up to $20,000 per parcel.

A second option is a Transportation Utility Fee, wherein a property owner is annually charged a fee based on the land use and the estimated number of trips generated. The estimated annual fee for a transportation utility charge ranges from a residential–single family fee of $210.00 per year to a commercial fee of $88,000.00 per year.

A third option is to ask the electorate for a Property Tax Levy Increase, wherein a binding referendum would be put on the ballot for a vote. An average assessed single family home value of $227,700.00 would see a $426.00, or 56%, increase in their Town taxes compared to 2018.

All three options would generate approximately $1,250,000 in revenue and provide sufficient funds to support street improvement projects.

Should the Town of Buchanan rely principally on Special Assessments, a Transportation Utility Fee or a Property Tax Levy Increase to supplement the cost of street improvement projects?

A. Special Assessments
B. Transportation Utility Fee
C. Property Tax Levy Increase

Explanatory statement and effect of vote:

If you answer “Special Assessments” to this question, you are indicating that you support the implementation of a Special Assessment Policy, where benefitting property owners in a project area are special assessed a portion of the cost for a street improvement project.

If you answer “Transportation Utility Fee” to this question, you are indicating that you support the establishment of a Transportation Utility, where all Town property owners are charged an annual fee based on an estimated number of trips generated to supplement the cost for street improvement projects.

If you answer “Property Tax Levy Increase” to this question, you are indicating that you support the increase of the Property Tax Levy, where all property owners would see an increase in their Town taxes to supplement the cost of street improvement projects.

1st Quarter 2019: There was a four-page insert in the Town newsletter discussing the Advisory Referendum.

March 21, 2019: The Town held a public information meeting with residents to discuss the Advisory Referendum.

April 2, 2019: Voters voted in the Spring General Election.

April 23, 2019: The Town Board reviewed the Advisory Referendum results, which are below:

Should the Town of Buchanan rely principally on Special Assessments, a Transportation Utility Fee or a Property Tax Levy Increase to aid in the cost of street improvement projects?

Funding Option	Votes	Percentage (%)
Transportation Utility Fee	899	57%
Property Tax Levy Increase	379	24%
Special Assessment	296	19%

The Town Board can take these results under advisement for how to proceed. Staff would like to make a few comment about the result:

- Out of 4,332 registered voters, 36% voted.
- Another way to view the results is through the lens of total registered voters.

Funding Option	Votes	Percentage (%)
Transportation Utility Fee	899	21%
Property Tax Levy Increase	379	9%
Special Assessment	296	7%

August 20, 2019: Town Board reviewed this report. Referred back to Staff for revisions.

Section 7. Reference Materials

- Town of Buchanan, *2019 PASER Ratings*,
- Town of Buchanan, *2019 Spring Election Referendum Question & Results*, April 2, 2019
- Cedar Corporation, *2011 Comprehensive Drainage Study*, Town of Buchanan, November 2011
- Town of Buchanan, *Debt Policy*, March 16, 2010
- Town of Buchanan, *Special Assessment Policy*, September 18, 2018
- Town of Buchanan, *Road Specifications*, August 21, 2018