



ROADWAY SYSTEM: NOW AND INTO THE FUTURE



TOWN OF BUCHANAN, WI

IN THIS SECTION

Roadway Funding for Town Roads

The citizens of Buchanan rely and expect a safe dependable transportation network. The 46 mile roadway system is getting older and more expensive to maintain, preserve and replace. In 2017, 52% of the system, or 24 miles, were rated fair to very poor.

The roads are showing significant signs of distress. The current funding sources are not keeping up with the need and are not sufficient to make progress on improving these conditions. Without regular maintenance and reconstruction, the roads will continue to deteriorate and become even more expensive to address in the future.

For the last couple of years, the Town has been evaluating additional revenue options to close the structural funding gap. It has been determined that to maintain and/or improve the pavement conditions town-wide approximately \$2.5 million in funding is needed each year. Approximately \$1.25 million is currently available leaving a gap or shortfall of \$1.25 million. The proposed funding sources being considered to close the gap and generate approximately \$1.25 million are a transportation utility fee (TUF), special assessments and/or a property tax increase.

Table 1. Roadway Funding	
Existing Revenue Source	Amount
General Obligation Debt	\$ 400,000
Road Maintenance Levy	\$ 350,000
General Fund Levy	\$ 325,000
Buchanan Stormwater Utility	\$ 200,000
Total Revenues	\$ 1,275,000
Estimated Annual Expenditures	
	Amount
Urban (30.5 Miles)	
Roadway	\$ 872,699
Storm Sewer	\$ 622,075
Curb and Gutter	\$ 294,289
Rural (15.5 Miles)	
Roadway	\$ 395,626
Storm Sewer	\$ 300,937
Ditch Landscaping	\$ 63,835
Total Expenditures	\$ 2,549,461
Funding Gap for Transportation Projects	\$ (1,274,461)

To get public input, the Town is seeking your opinion about how to proceed! There is an ADVISORY REFERENDUM ON THE SPRING GENERAL ELECTION BALLOT ON TUESDAY, APRIL 2, 2019. See page 4 for a sample of what will be on the ballot. PLEASE VOTE TO MAKE SURE YOUR OPINION IS HEARD! Also, there will be a public information meeting (PIM) on Thursday, March 21st at 6 p.m.



Drainage, Drainage...

The article covers one of the main drivers for the existing road conditions. Page 2

Potential Road Funding Options...

Three options will be identified and explained to help assist in the understanding of each. Page 2-3

Advisory Referendum Description...

A description of what voters will see on the April 2, 2019 Ballot. Page 4

Town Debt Policy

Another issue that brought roadway funding to the fore was the Town Debt Policy. In February 2018 after reviewing debt service as a percentage of operating revenues using the 2018-2022 CIP it showed the Town would not be in compliance with Section No. 4 of the Debt Policy in 2022 and would not be again until 2026. As a result the Town has postponed any road-related debt issuance and began exploring road funding mechanisms to supplement existing revenue sources.

Drainage, Drainage, Drainage...it's a Problem!

One significant symptom of the road conditions is the severity of the stormwater drainage problem in the urbanized area of Town. Most of the stormwater treatment is through roadside ditches. However, a majority of them have less than a 1.00% longitudinal slope, i.e., the ground is flat.

As an illustration, in the 2011 Drainage Study, there were three study areas identified for field review and analysis after rainfall events. The locations were Springfield Drive, Hank Drive, and Hickory Park Drive. These locations were chosen for the following reasons:

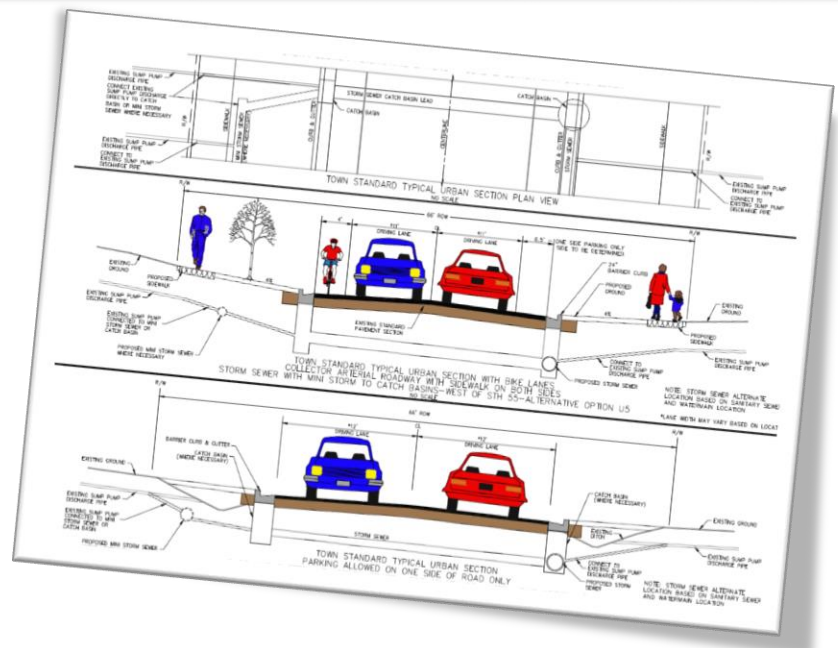
- ✓ Multiple sub-basins
- ✓ History of known drainage problems
- ✓ Resident complaints

For each location the existing drainage patterns, drainage problems and alternative solutions were identified. All three areas had ditch grades, for the most part, less than 1.00%. These grades are not suitable for

conveying stormwater in naturally grass lined ditches.

The Town Board has identified drainage as the most significant issue facing the Town. After evaluating a range of alternative solutions since February 2018, the Board determined it was best to modify the Town road specifications to include storm sewers to address the stormwater drainage problems.

Put another way, the roads west of CTH 55 will be urbanized, which will include curb & gutter and storm sewers.



DRAINAGE CONCERNS

Over a 5 year period from 2014 to 2018, the Town has seen a 223% increase in drainage concerns reported by residents.

What is a Special Assessment?

A special assessment is a charge levied by a local government against real property to raise the necessary funds for a specific service or public improvement. Generally, special assessments only apply to a property receiving a special benefit from said service or public improvement. Part or all of the project cost can be special assessed, with the balance being paid by a municipality through another revenue source. Typically, special assessments are used to defray the costs or impact to other services provided to residents. In essence, they provide the funding to make needed repairs and assist in maintaining other public services the community wants or needs.

TUF ADVANTAGES

- Reliable source of revenue
- Tax-exempt properties contribute

TUF DISADVANTAGES

- Complex administration
- Does not reduce level of borrowing
- Cannot be used as a tax deduction

Municipalities in Wisconsin have used this mechanism for over 100 years to finance local public improvement projects. Typically public improvement projects where special assessments are levied include street construction, paving, curb and gutter installation, sidewalk construction, sanitary and storm sewer installation, water mains and facility installations and street lights. But there are many other types of possible public improvements.

Unlike property taxes, special assessments are not subject to a vote of the electors. Instead, there is a prescribed process outlined in Wisconsin Statute. Once the special assessment roll is approved each property is billed on their property tax bill.

The Town has had a Special Assessment Policy since 2008. However, the Policy has never fully been implemented. As a first step to define the

funding options available to the Town the existing Special Assessment Policy was reviewed over the course of five (5) months. A modified version was adopted on September 8, 2018. The Policy outlines who will pay what and how for road projects. Broadly, the Town will continue to be responsible for 100% of the road base and surface to a max of the Town Road Specifications, 100% of storm sewers upgraded beyond 24 inches, 100% of stormwater management facilities (ponds) and 100% of sidewalks. Benefiting property owners would be responsible for 100% of stormwater conveyance facilities up to 24" storm sewers, 100% of driveway aprons and 100% of curb and gutters. The public improvements will be assessed on a lot or connection basis since each connection to sewers is receiving a similar benefit. The allocation is based on the assumption that every lot or every connection to the improvement receives the same benefit from the improvement regardless of the differences in the size or shape of the lot. On this basis, special assessment may be up to \$20,000.

What is a Transportation Utility Fee (TUF)?

COMMUNITY SOLUTION

This type of fee has been used in Harrison, Neenah & Weston, WI, along with a number of other municipalities in Colorado, Florida, Idaho, Montana, Oregon, Texas, and Washington, to name a few states.

A Transportation Utility Fee (TUF) is an annual fee based on use of the transportation system. Fees are typically, but not always, assigned proportionately to road usage based on land use generation, trip intensity, vehicle miles traveled (VMT) or, in some cases, a flat rate. Like any other public utility fee, it is collected from taxable and tax exempt property owners.

Sometimes known as a Street Maintenance Fee, Road User Fee, or Street Utility Fee, a TUF is imposed on a jurisdiction-wide basis and

continues in perpetuity, providing a dedicated and stable funding source to finance ongoing maintenance and operation of a locality's transportation system. This financing mechanism ensures that the users of the road system share the costs of the corrective and preventive maintenance needed to keep the transportation system operating at an adequate level.

Use of a TUF to fund road work has one compelling advantage over the usual reliance on general funds from property tax receipts for roadway maintenance and improvements. With a property tax, a significant percentage of roadway users and traffic generators pay nothing due to their tax-exempt status. By contrast, a TUF requires every local traffic generator to help support the local transportation system. Some inequity can

creep into a transportation utility fee schedule because road use usually is estimated rather than measured and because estimates are based on averages for entire classes of property. Still, this shortcoming may be less problematic than the exemption of entire classes of developed property from any financial contribution to road maintenance.

Because it is assessed on all transportation system users, transportation utility fees are a stable revenue source for backlogs, operations and maintenance.

In reviewing this funding option, the Town has determined on a trip generation basis a TUF may be roughly around \$210/single family home and up to \$88,000 for a commercial property. These figures are meant to give a general idea of what a TUF might be for property owners. The amounts identified are subject to refinement if the Town decides to adopt a TUF.

TUF ADVANTAGES

- **Cost equity.** Based on estimated trips generated by property.
- **Reliable and dedicated funding source**
- **Reduced level of borrowing**
- **Tax-exempt properties contribute**
- **Ease of Administration**

TUF DISADVANTAGES

- **Initial implementation**
- **Higher cost for some properties**
- **New charge for tax-exempt properties**
- **Cannot be used as a tax deduction**

What is a Property Tax Levy Increase?

A property tax levy increase happens when the governing body of a town, village or city determines how much money must be raised from property taxes and it exceeds the previous year. In Wisconsin, the town, village, or city treasurer collects property taxes for the municipality, the school district, the county, the state, and any utilities or special districts within the jurisdictional boundaries.

Under the 2017-2019 State budget a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction. This is what is commonly referred to as, the levy limits. If no net new construction occurred in your community, then your allowable levy increase is zero percent. For example, if the value of all new buildings and improvements to land minus the demolishing or destruction of buildings and removal of land improvements is not positive a community cannot raise the levy. However, there are a few exceptions to the State mandated levy limits.

There is a referendum option. A municipality may hold a referendum to exceed the levy limits only after it learns what its allowable levy increase is from Department of Revenue. The Department of Revenue staff has concluded that a community must know what its allowable levy increase is (i.e., the percentage increase in equalized value because of net new construction) before it can conduct a levy limit referendum. Communities won't learn the net new construction number until August 1 at the earliest.

In order to raise \$1.25M in levy funds, the Town property tax levy would have to be increased by 88% to approximately \$2.66M. The local Town tax rate would be approximately \$5.20. Below shows the cost of the tax levy increase to homeowners depended on the assessed value of their home.

Assessed Property Value	\$200,000	\$250,000	\$300,000	\$350,000	\$400,000	\$500,000
2018 Property Tax Levy	 \$376/Yr \$31.33/Mth	 \$470/Yr \$39.17/Mth	 \$564/Yr \$47/Mth	 \$658/Yr \$54.83/Mth	 \$752/Yr \$62.67/Mth	 \$940/Yr \$78.33/Mth

April 2, 2019 Advisory Referendum:

Ballot Question Background, Question and Explanatory Statement of Effect of Vote

Question Background:

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.

Question:

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 benefiting 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.

Quick Facts

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No. of Board Meetings Road Funding Discussed

51%

Roads Rated Fair to Very Poor

46

Miles in Roadway System

\$90M

35 Yr System Reconstruction Cost

\$2.5M

Road Funding Needed Annually to Improve Roads

\$1.25M

Road Funding Available