

CIP Financing Approach – Transportation Utility Fee

Town Board Meeting

January 22, 2019

Existing Town Roads

Town of Buchanan Roads



The Town's PASER ratings system shows that 49% of the 46.10 miles of Town roads are in "good" condition or better, while 51% are rated "fair to poor."



Existing Annual Town Funds Available

Funding Source	Amount		
Buchanan	\$	200,000.00	
Stormwater Utility	Ą	200,000.00	
General Fund	۲	225 000 00	
Revenue	\$	325,000.00	
Road Maintenance	\$	350,000,00	
Levy		350,000.00	
Debt	\$	375,000.00	
TOTAL	\$1	L,250,000.00	



Road Network Cost

Infrastructure	Estimated Quantity	Units	Unit Cost	Item Cost	Reconstruction (Years)		Annual construction Cost (ARC)
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	1	Mile	\$ 3,770,052	\$ 89,231,142		\$	2,549,461
				ANNUAL	TOWN FUNDS AVAILABLE	\$	1,250,000
				ANNUAL TOWN FUNDING SHORTFALL \$ 1,299,46			1,299,461



Options for the Town to Fund GAP?

- Three (3) Alternative Funding Options
 - 1. Property Tax Levy Increase
 - 2. Special Assessments
 - 3. Transportation Utility Fee (TUF)



Alternative Funding – Property Tax Increase

- Increase property tax levy
- Binding Referendum
- Property owner of single-family home assessed at average home value of \$227,700 impact?
 - \$426 increase in property taxes/ year



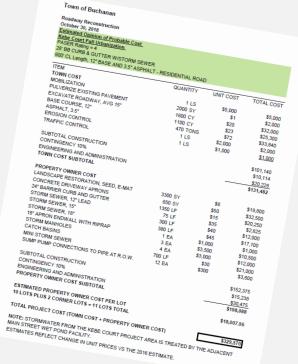
Alternative Funding – Special Assessments

- Modified Special Assessment Policy Adopted in September 2018
 - Town Pays
 - Road base and surface
 - Sidewalks
 - Stormwater management facilities (ponds)
 - Property Owner Pays
 - Driveway aprons
 - Stormwater conveyance facilities (storm sewers and/or ditches)



Alternative Funding – Special Assessments

- Special Assessments of up to \$20,000
 - Example: Kebe Court
 - Estimated assessment \$18,007





Alternative Funding – Transportation Utlity Fee (TUF)

- Transportation Utility Fee
 - A mechanism, allowed by state statute for the funding of a specific municipal service, in this case the transportation infrastructure and operating network within the Town of Buchanan
 - A special charge on improved property owners tax bill



- Pros
 - Cost equity
 - Reliable and dedicated funding source
 - Accountability
 - Reduce borrowing
 - Simple administration

- Cons
 - o Change
 - Initial effort
 - Higher cost for some
 - New charges for tax-exempt properties
 - Cannot be used as a tax deduction



- How is a TUF fee determined?
 - Number of approaches. Staff recommends a trip-generation based approach. Trips identified by property type use.

Calculation

Trip generation rate

X Transportation Utility Fee Unit

Annual Transportation Utility Fee for Property



Example: 20 unit apartment building

Calculation

Apartment Trip Generation Rate x Dwelling Units)

X Transportation Utility Fee Unit

Annual Transportation Utility Fee for Property

$$(0.62 \times 20) \times \$100 = \$1,240$$

20 unit apartment building would pay a TUF of \$1,240 a year



2,430 Improved Properties in the Town of Buchanan

General Breakdown of Improved Properties					
Zoning Designation	Amount				
Multi-Family	26				
Duplex	131				
Commercial	224				
Single-Family	2,049				
Total Pro	operties 2,430				

TUF at \$210, \$1,235,000 of TUF revenue generated



Potential Annual Town Funds Available

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General Fund	۲	225 000 00	
Revenue	\$	325,000.00	
Road Maintenance	۲	350,000,00	
Levy	\$	350,000.00	
Debt	\$	375,000.00	
Alternative	\$1,250,000.00		
Option(s)			
TOTAL	\$2	2,500,000.00	



QUESTIONS?

