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ROADS:

Long Term Planning

PART 2

Tuesday April 27, 2021

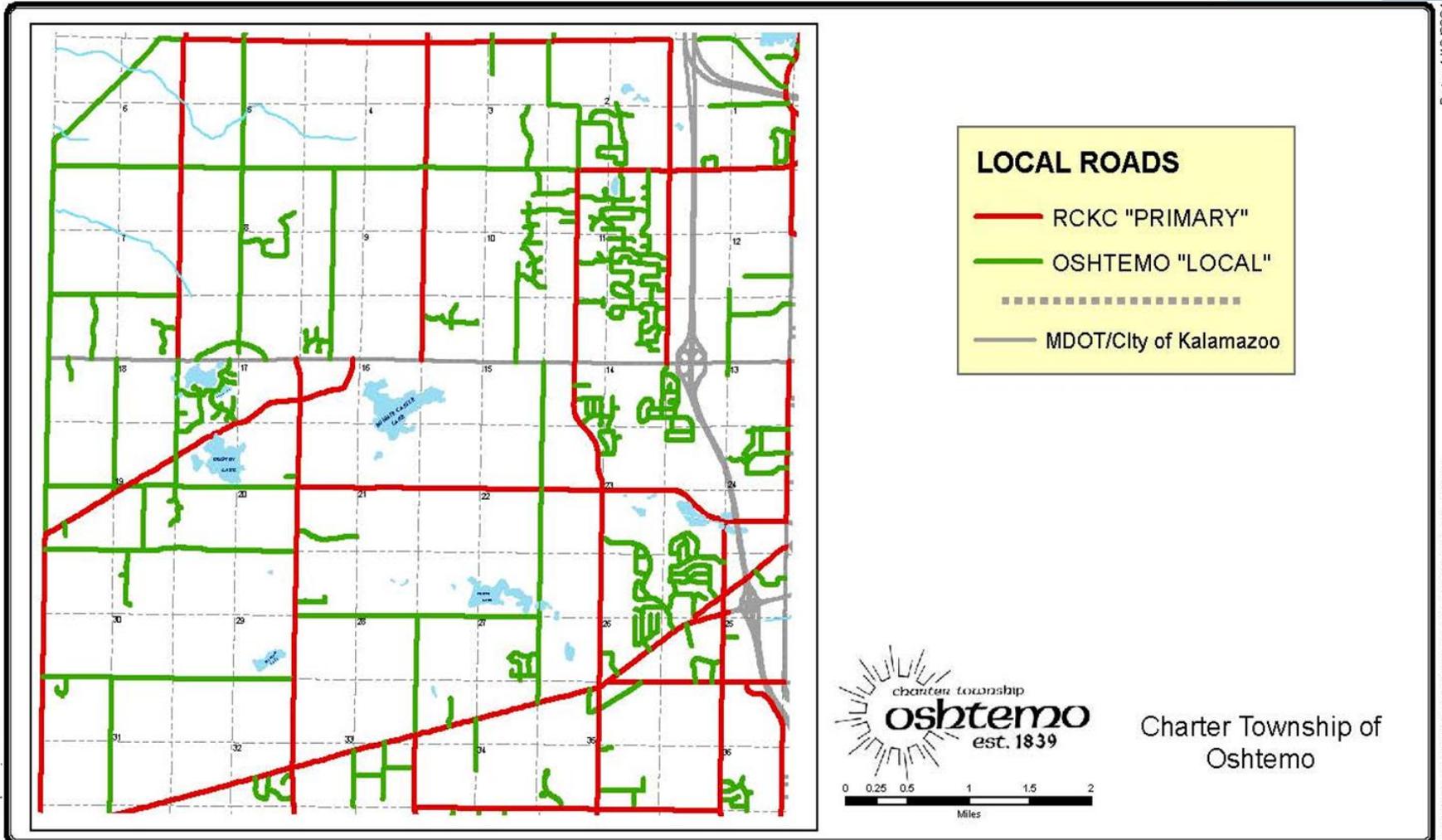
REFRESH

- ▶ Need to maintain LOCAL network
- ▶ Review long term needs, beyond useful life
- ▶ Using asset management to prioritize and plan
- ▶ Provides value, safety, good financial stewardship, level of service, active participation



LOCAL ROADS in Oshtemo

Township Responsibility (in partnership with RCKC)



Date: 4/12/2021

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OUTLINE

- ▶ What is the goal? What is the desired road condition?
- ▶ Past and current road assessment policies
- ▶ Level of Investment: Current and Projected
- ▶ Alternatives
 - ▶ Community Wide Special Assessment
 - ▶ Road Millage
- ▶ Implementation



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WHAT IS THE GOAL?

- ▶ Recommendation from CIC
- ▶ Average PASER of 8
 - ▶ Balance PASER 10-6
 - ▶ “Mix of fixes”
- ▶ No red/poor/PASER 1-4 roads

PREVIOUS POLICY: Special Assessment Districts 1988-2014



COST SHARE BETWEEN
TOWNSHIP &
RESIDENTS



NEIGHBORS WERE NOT
INITIATING



TOWNSHIP BUDGET
LIMITED - POTENTIAL
TO LACK APPROPRIATE
FUNDING TO
CONTRIBUTE



INEFFECTIVE



CURRENT POLICY: Adopted 12/12/2017

- ▶ Funding through Township General Funds and PAR funds (citizen-initiated SAD still supported)
- ▶ Incorporated utility work coordination requirement
- ▶ Not sustainable with current funding and roads will continue to deteriorate (and fail)
- ▶ Need increase in budget allocation to properly implement



LEVEL OF INVESTMENT:

Current Spending

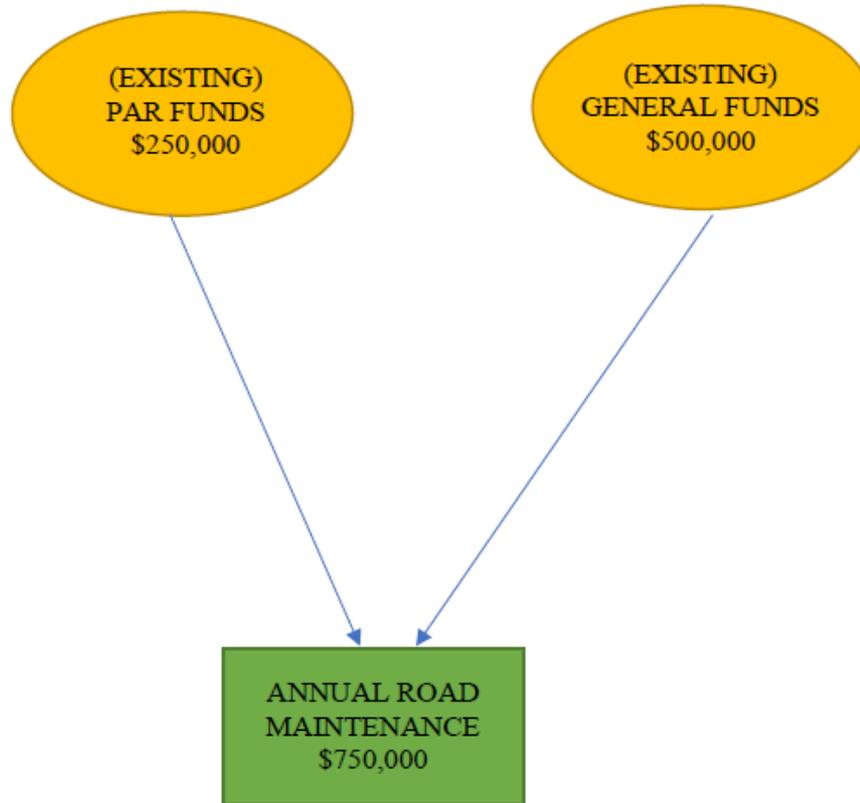
(preventive maintenance, not routine or operations)

- ▶ \$250,000 PAR FUNDS - RCKC from ACT 51 (Registration Fees, Gas Tax) based on miles of roads
- ▶ \$500,000 General Fund
- ▶ This was based on historical needs - what has changed?
 - ▶ Aging infrastructure → Heavier maintenance/rehab and reconstruction projects
 - ▶ Growth - more miles traveled on same amount of roads
 - ▶ Industry & material cost increases
 - ▶ More data collected, more planning tools



LEVEL OF INVESTMENT

Current Spending



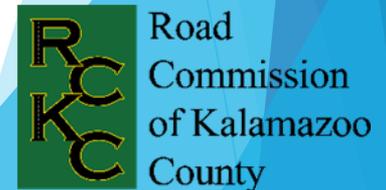
WHAT TO BUDGET?

- ▶ Estimate based on road life cycle (continuous)
- ▶ \$12,000 to \$14,000 per year per mile
 - ▶ range is for different road widths - Oshtemo has more platted roads so lean towards high end
- ▶ 77 miles of local paved roads
 - ▶ \$924,000 - \$1,078,000 annual investment
- ▶ 0.5 mile gravel \$2,000 = \$1,000 per year
- ▶ Initial reconstructions to repair poor/failed
- ▶ Approximately \$1,250,000 total recommended (baseline + catchup)



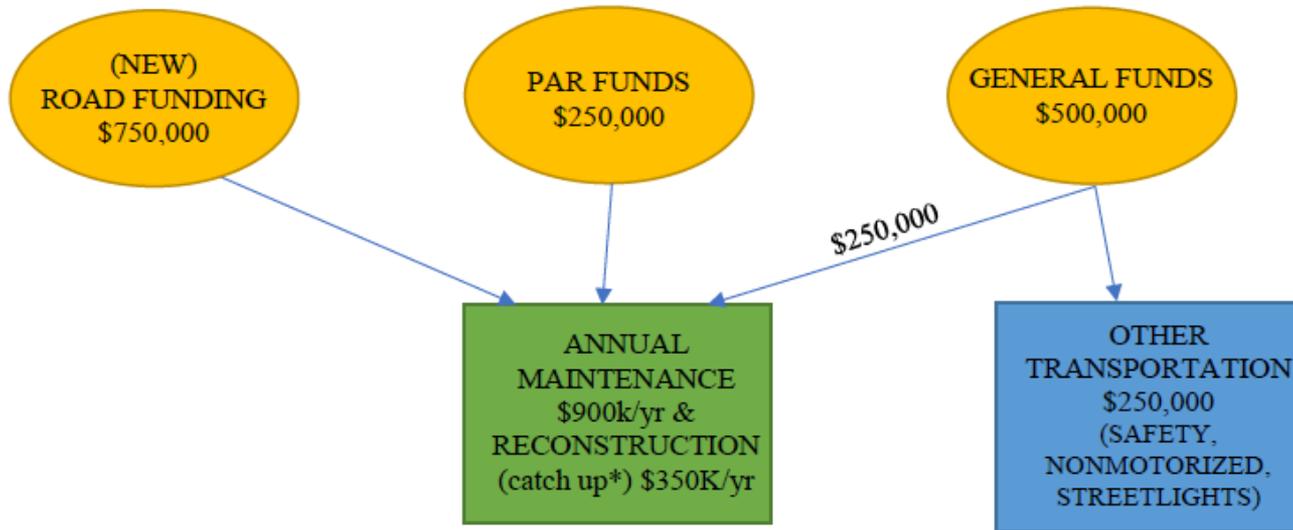
WAYS TO INCREASE REVENUE

- ▶ Road Millage
 - ▶ Based on taxable value
 - ▶ Commercial vs residential
 - ▶ Adjust with inflation
 - ▶ MCL 247.670 or voted
- ▶ Community wide SAD
 - ▶ Flat fee for every parcel
 - ▶ Set specific number of years
 - ▶ Township board w/ potential blocking petition

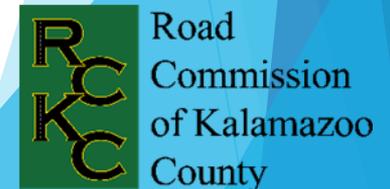


MIN. NEW REVENUE \$750,000

Minimum Additional Revenue \$750,000 – Option A

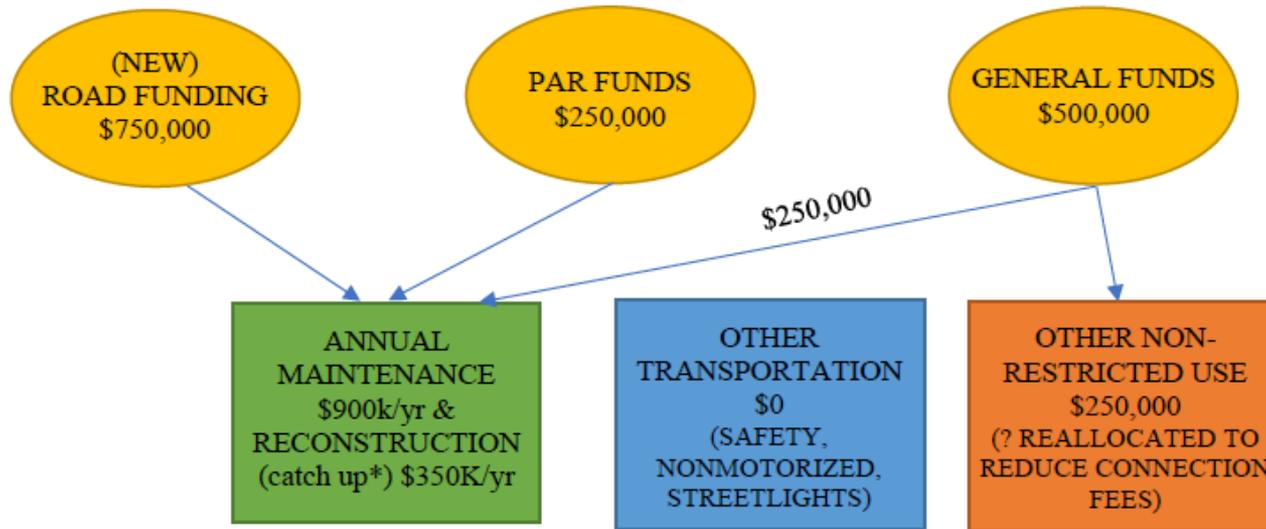


*Annual expenditures can be reduced when the average PASER desired is achieved



MIN. NEW REVENUE \$750,000

Minimum Additional Revenue \$750,000 – Option B



*Annual expenditures can be reduced when the average PASER desired is achieved

MIN. REVENUE \$750,000

Real	Total	Per Mil
	\$864,640,225	\$864,640
Personal Property	76,355,300	76,355
	<u>\$940,995,525</u>	<u>\$940,995</u>

Required Revenue: \$750,000

Alternatives for Additional Revenue:

Community Wide Special Assessment District

Total Parcels:	6,854		
SAD	$\$750,000 \div 6854$	= \$109 per parcel	Annual cost for any parcel in Township

Road Millage for Township Residents

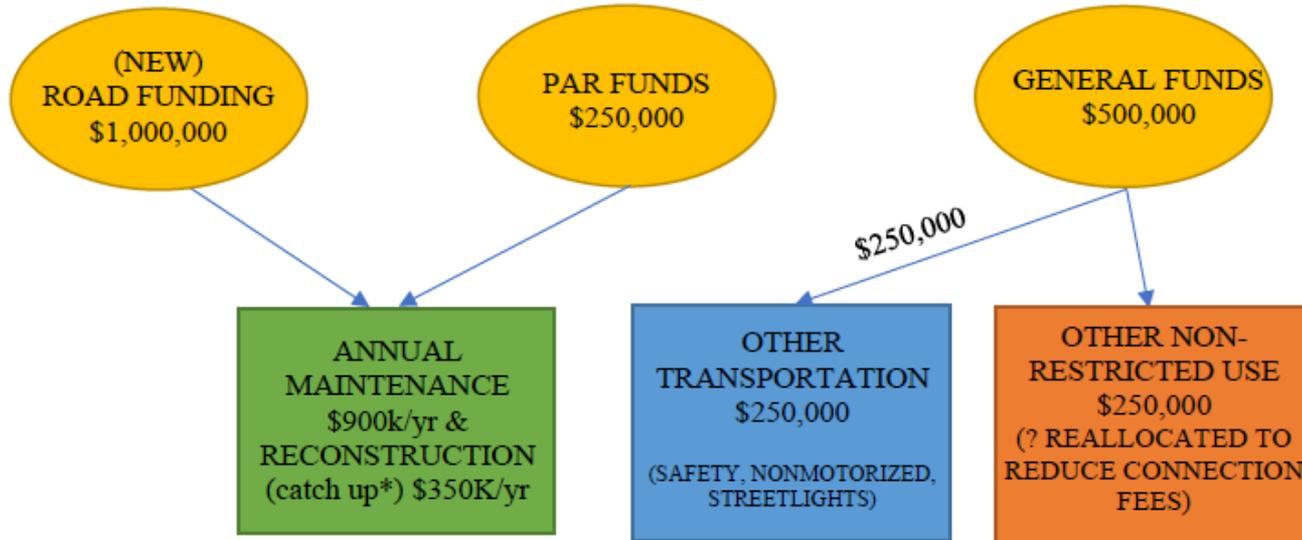
Millage	\$940,995	x	0.8	=	\$752,796	Revenue Generated
Average Home Taxable Value	\$105,000	@	0.8 mils	=	\$84	Annual cost for average residential home

Millage Breakdown by Tax Class:

		Total	Millage	Revenue	% of Revenue	SAD	Revenue	% of Revenue
419	COMM	279,837,896	0.8	223,869	30%	109	45,671	6%
65	IND	12,499,993	0.8	9,999	1.30%	109	7,085	0.90%
47	AG	2,777,782	0.8	2,221	0.40%	109	5,123	0.70%
6323	RES	569,524,554	0.8	455,619	60%	109	689,207	92%
	PP	76,355,300	0.8	61,089	8%	0	0	0
		940,995,525		\$ 752,797.00	100%		\$ 747,086.00	100%

MAX. NEW REVENUE \$1,000,000

Maximum Additional Revenue \$1,000,000



*Annual expenditures can be reduced when the average PASER desired is achieved

MAX REVENUE \$1,000,000

	Total	Per Mil
Real	\$864,640,225	\$864,640
Personal Property	76,355,300	76,355
	\$940,995,525	\$940,995

Required Revenue: \$1,000,000

Alternatives for Additional Revenue:

Community Wide Special Assessment District

Total Parcels: 6,854

SAD \$1,000,000 ÷ 6854 = \$146 per parcel Annual cost for any parcel in Township

Road Millage for Township Residents

Millage \$940,995 x 1.07 = \$1,006,864 Revenue Generated
 Average Home Taxable Value \$105,000 @ 1.07 mils = \$112 Annual cost for average residential home

Millage Breakdown by Tax Class:

		<u>Total</u>	<u>Millage</u>	<u>Revenue</u>	<u>% of Revenue</u>	<u>SAD</u>	<u>Revenue</u>	<u>% of Revenue</u>
419	COMM	279,837,896	1.07	299,425	30%	146	61,174	6%
65	IND	12,499,993	1.07	13,373	1.30%	146	9,490	0.90%
47	AG	2,777,782	1.07	3,626	0.40%	146	6,862	0.70%
6323	RES	569,524,554	1.07	609,390	60%	146	923,158	92%
	PP	76,355,300	1.07	81,699	8%	0	0	0