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Capital Improvements Committee

VIRTUAL ZOOM MEETING
Tuesday, March 16, 2021
1:00 P.M.

Meeting Agenda - VIRTUAL

1. Welcome/Introductions/Call to Order. The Chair shall welcome members and call the meeting of the Capital Improvements Committee to order.
2. Meeting Summary. Members shall review a summary of the CIC meeting held February 16, 2021.
3. Cash Flow Schedule (revised). The Township's municipal finance advisors, Bendzinski & Co., have been requested to develop a revised cash flow schedule that is in-line with CIC member's discussions from last month, as well as supplemental input from the Township's sewer project working group. We expect the schedule to be available in advance of our meeting. Therefore, please be on the lookout for a supplement email packet.
4. Financial Mix Comparison – A Mock-Up. Staff is refining a dynamic xls worksheet that presents multiple financing scenarios. A preliminary draft has been prepared, and now awaits additional tweaking based upon the aforementioned Bendzinski Cash Flow Schedule. It is expected the Committee can discuss and propose different mixes of financing. By using this tool during discussions, members will be able to see visual representations and comparisons of the alternatives proposed & considered.
5. CIC Advisory Role. The Capital Improvements Committee is appointed by the Board to consider and advise the Board on capital improvements. Financing is typically a Board function. However, last year voters unexpectedly rejected the Board's intent to sell municipal bonds for capital infrastructure improvements. As a consequence, the Board is seeking guidance from CIC members to explore options and finance alternatives. Questions that CIC should consider include:
 - a. **Should normal roadway maintenance allocations be increased?** In recent years about \$500,000 in general revenue funds have been used to leverage offered RCKC "PAR" dollars towards maintenance of local roads. Through use of "PAR" about \$750,000 in roadway maintenance is invested. On an annualized basis (which includes restoration and end-of-life reconstruction) the Road Commission has indicated \$1.2 to \$1.4 million is an ideal target value when considering our total lane-miles.
 - b. **Should a Township-wide roadway millage be adopted?** By adopting a restricted-use roadway millage, the above described idealized maintenance can be approached without dipping deeper into general funds. Similarly, though use of a roadway millage, unrestricted general fund dollars can be freed-up for other public needs/priorities.
 - c. **Should the road construction costs of a sewer extension (or other projects) be budgeted as a roadway allocation?** About 1/3 the cost of a new public sewer extension is a roadway construction cost. It is currently estimated, through application of pavement asset management practices, that new roads would have a project 35-year life. Large portions of the USDA sewer project area has pavements that are at end-of-life.

- d. **Is it desirable to significantly reduce parcel sewer connection fees?** This can be done by using other revenues, such as a road millage, general revenue, or other dispersed revenues which are allowed to be applied towards sewer projects. Historic practice has been to have properties which benefit from sewer service to pay the major share of project costs through a parcel-based sewer connection fees & sewer service surcharges. An alternative strategy could recognize the public benefit to all residents by allocating other funds towards the road improvement, and general fund allocations towards protecting environmental health and critical groundwater resources. All residents will benefit from the health and safety benefits derived from sewers, and will benefit from well-maintained roads throughout the Township should a road millage be available.
- e. **Should the Board be advised to set a target-amount for a reasonable residential property sewer connection fee, and work outward from there to find alternate revenue sources to fund the remaining project costs?** The initial finance schedule for the USDA sewer projects presumed a "typical" (2019) \$11,500 residential connection fee. (The owner's private-side costs to complete the connection to the house is estimated to be \$3,000-\$8,000.)
- f. **If yes, would the CIC wish to recommend a desirable/appropriate cost range?** The CIC has previously discussed a target, cost-range for a typical residential sewer connection fee. Is this something the CIC wishes to recommend to the Board?
- g. **Is there a mix of revenue sources (and fractional share) that the CIC would encourage the Board use as an initial starting point for the Board's deliberations on this topic?** The initial (USAD project) finance schedule give rise to the following mix of revenue sources:
- connection fees (37%) – with Oshtemo offered financing, to be billed with winter taxes
 - sewer utility-service surcharge (39%) – assessed upon all sewer service users
 - general fund contribution (24%)
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- roadway millage [not initially available] (0%)
 - monthly capital-cost billing [effectively an alternate means of Oshtemo financing] (0%)
6. Capital Projects Update. Staff will briefly review current capital projects.
- Stadium Dr 6-ft Sidewalk, North Side, 8th to existing at Quail Run (DDA Project).
 - Green Meadow Rd, 6-ft Sidewalk, North Side, Round Hill Rd to Drake Rd.
 - Maple Hill Dr & Croyden Ave, 5-ft Sidewalk, east and south side from Kalamazoo 10 to Drake Rd.
 - KL Ave 10-ft Pathway, Cooper Beech Blvd to Drake Rd.
 - Water Main Ext & 9th St Hydrant at Village Square
 - SAW Maintenance Projects - 2021
7. Member Comments & Information Items.
8. Next Meeting. In consideration of the Board's work on capital project budgeting, and timely CIC review and input, CIC members are asked to reserve time to meet monthly for the foreseeable future. The next meeting of the Oshtemo Township Capital Improvements Committee (CIC) will be held on Tuesday, April 20, 2021 at 1:00 PM.