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## Capital Improvements Committee

*VIRTUAL ZOOM MEETING*

*Tuesday, April 20, 2021*

*1:00 P.M.*

### MEETING SUMMARY

A time-shifted meeting of Capital Improvement Committee of Oshtemo Township was held on Tuesday, April 20, 2021 at 12:00 PM. Due to Executive Order of the Governor to implement social distancing during the COVID-19 public health crisis, the meeting was conducted as a virtual meeting via Zoom. Persons in virtual attendance included Clare Buszka, Libby Heiny-Cogswell, Marc Elliott, Dick Hertzell, Bernie Mein, Dick Skalski, Tom Wheat, Anna Horner, Tim Mallet, and Mark Worden.

1. Call to Order. The March 13, 2021 meeting was rescheduled to meet one hour earlier to best accommodate member availabilities and known schedule conflicts. The meeting was called to order at approximately 12:00 PM by Supervisor Heiny-Cogswell.
2. Meeting Summary. Members reviewed a summary of the special CIC meeting held March 16, 2021. Upon motion of Mein and second by Heiny-Cogswell, the CIC meeting summary was approved.
3. Roadway Asset Management - 3/13/21 Board Presentation Recap. Oshtemo Public Works staff reviewed the presentation given to the board for the CIC and highlighted the questions and comments from board members. The group discussed the goal for local road conditions. Mark Worden, RCKC, clarified that saying “all roads green” wasn’t realistic practice for useful maintenance techniques and not fiscally advantageous. He recommended based on the groups feedback and desire was average PASER of 7-8.
4. Level of Investment. The projections of Oshtemo’s annual budget were given from life cycle cost analysis provided by RCKC. The data collected over years through preventative maintenance software applications used by RCKC show approximately \$12,000-\$14,000 per mile. The range reflects the various road widths throughout the County. Since Oshtemo has more platted roads, the higher end figure should be applied to the 77 miles of paved local roads for a total expenditure of \$1,078,000 annually.

Looking at roadway capital needs alone, the recommended annual budget for roadway maintenance and reconstruction is \$1,250,000. The rationale for this higher expenditure target is that many subdivision/plat roads are approaching or beyond the typical useful 35-year life of pavements—we have some catch-up to do. Equally notable is that many older neighbors also need public sewer extensions. Coordinated, simultaneous investment towards both of these critical infrastructure needs is a cost-effective, best management practice.

Public sanitary sewer extensions include the rehabilitation/reconstruction of the roadway asset over the sewer. Large public sewer extension projects have usually included a significant general fund contribution. That is, these projects have contained a public roadway asset expenditure which was not typically captured as a road expenditure for budgetary purposes. Additionally, the

general fund contribution towards sewer projects have been less than the real cost of roadway restoration associated with the project.

CIC members discussed the possibility of making this roadway expenditure with sewers explicit, and thereby better leverage available revenue resources which may be restricted to roads. In this way, roadway revenues could be applied towards the roadway component of needed sanitary sewer extensions into older (failed/failing) plat roads. In the same manner, loan payments for the proposed USDA-financed sewer projects could include capitalized-loan payments associated with the improved roadway assets. Engineers F&V have indicated that the road related work of the project is about 1/3 (approximately \$350,000 of the annual principal and interest payment of \$1,050,000) so a revised project budget could incorporate contributions from alternate revenue sources (e.g. a roadway stream).

Returning to the overall roadway funding need, the recommended annual expenditure is \$1,250,000, which could be raised through a new, dedicated roadway SAD/Millage. The minimum gap of additional revenue to reach this goal is \$475,000, provided (1) the current general fund budget towards roads continues, plus (2) the current general funds appropriation towards sewers remains at \$250,000 (i.e. an expenditure which partly funds the roadway cost component). An intermediate gap of additional revenue to reach the roadway finance goal is \$1,000,000, provided the current general funds appropriation towards sewers remains at \$250,000. Under this scenario, about \$500,000 in currently budgeted general funds towards roads could be allocated elsewhere (such as sanitary sewers). Some members expressed interest in allocating these relieved general funds towards other transportation-related efforts. One example considered was reallocating about one-half (\$250,000) of current roadway general fund obligations towards sidewalks and other non-motorized transportation infrastructure needs.

5. Budget Options Summarized.
  - a. No Funding Change: With the current (and previous) funding policy, the roads will continue to deteriorate, lowering the overall PASER rating in the Township and eventually have more failed roads. There is gap in revenue needed for either policy to be effective with current funding allocations.
  - b. Increased General Fund allocation towards road funding.
  - c. Increase funding in conjunction with increased revenues: various methods of additional revenue sources were discussed; vote millage on public ballot, statutory MCL authority by Township Board, and community wide special assessment. Tom Wheat expressed the demographics of Oshtemo to be more commercial and other neighboring Townships that use CW SAD.
6. Policy Recommendations. The CIC members wanted to see the visual breakdown of costs for different user types by commercial and industrial verse residential given the minimum and maximum funding gaps before making a recommendation. The CIC would give their feedback prior to next board presentation once accounting of was provided by staff.
7. Member Comments & Information Items. No additional comments or items were discussed.
8. Next Meeting. CIC members, having previously determined the need to meet monthly to better assist the new board in capital project budgeting, shall next meet on Tuesday, May 18, 2021 at 1:00 PM.