

From Potholes to Progress

Options for Fixing Highland's Roads



THE PROBLEM



2017 Citizen Survey Results*

- 70% think improving roads should be a top priority
- 73% think roads should receive more funding
- 67% would support the city raising fees or taxes for roads

*N=1,074 with 95% confidence level with 3% margin of error

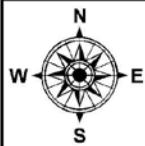
Current Road Activities

- Preservation Strategy
 - Crack Sealing & Surface Treatments
 - \$450,000 per year on road maintenance
- Combining Infrastructure and Road Projects – Cost saving
- Limited Budget for Rehabilitation of Failed Roads

Current Road Activities

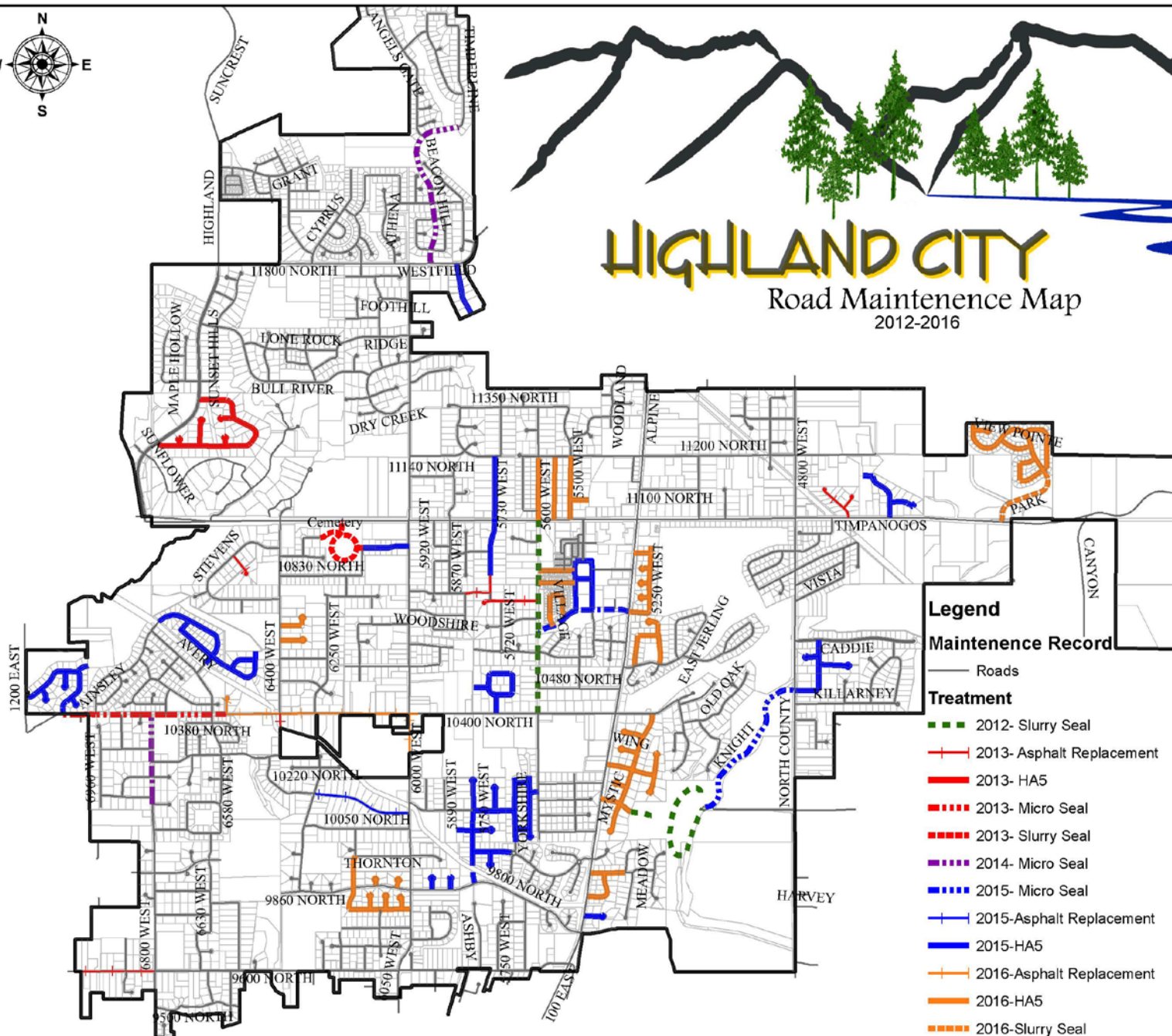
- Updated engineering standards, inspections of roads, etc.





HIGHLAND CITY

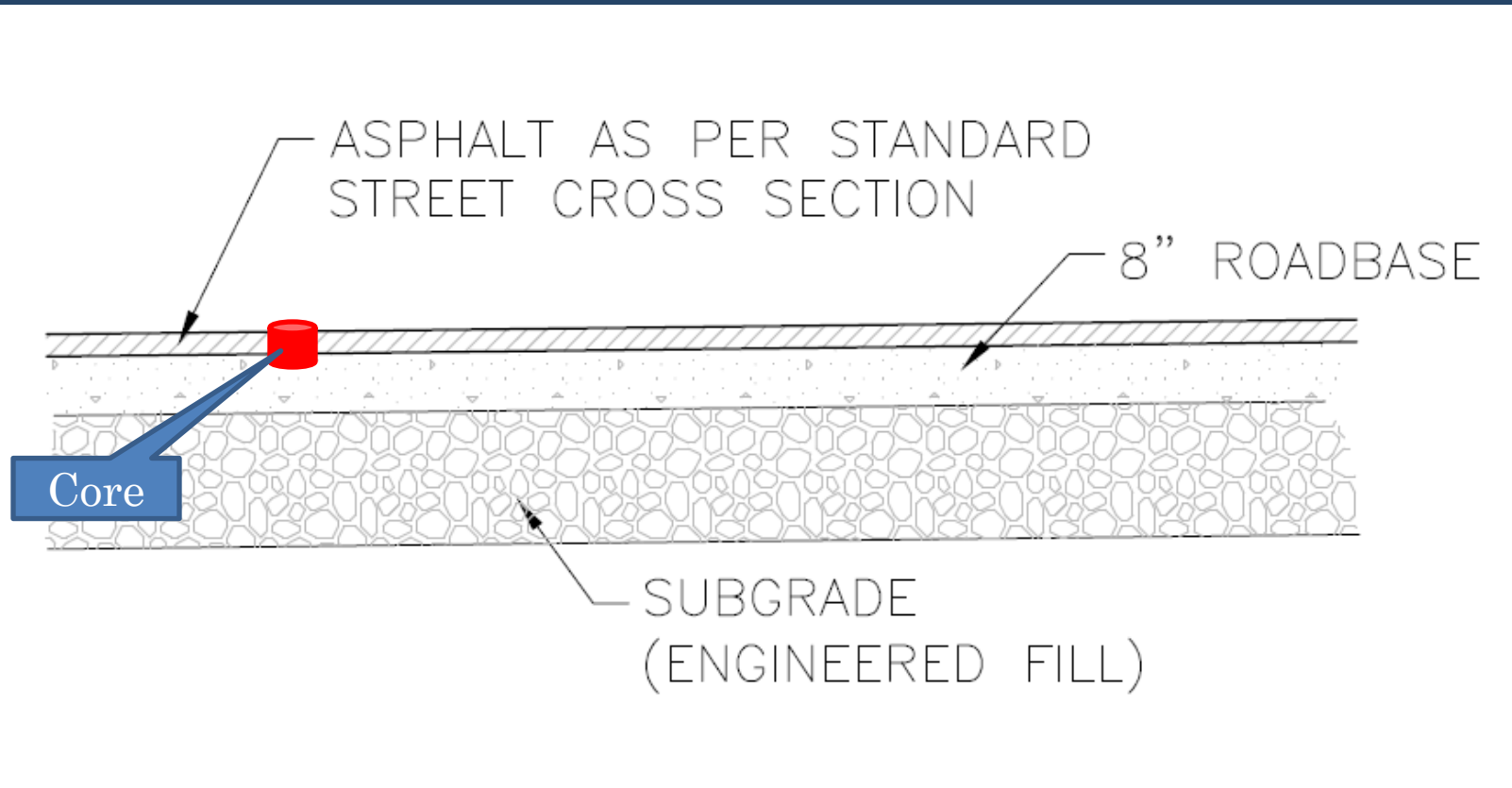
Road Maintenance Map 2012-2016



2017 Road Study Overview

- Inspection of each road segment, core samples, and subsurface testing of all roads

Road Cross Section





Ridge Road (59A)

- Good road
- Only seal coat needed

Westfield Road (1009A)

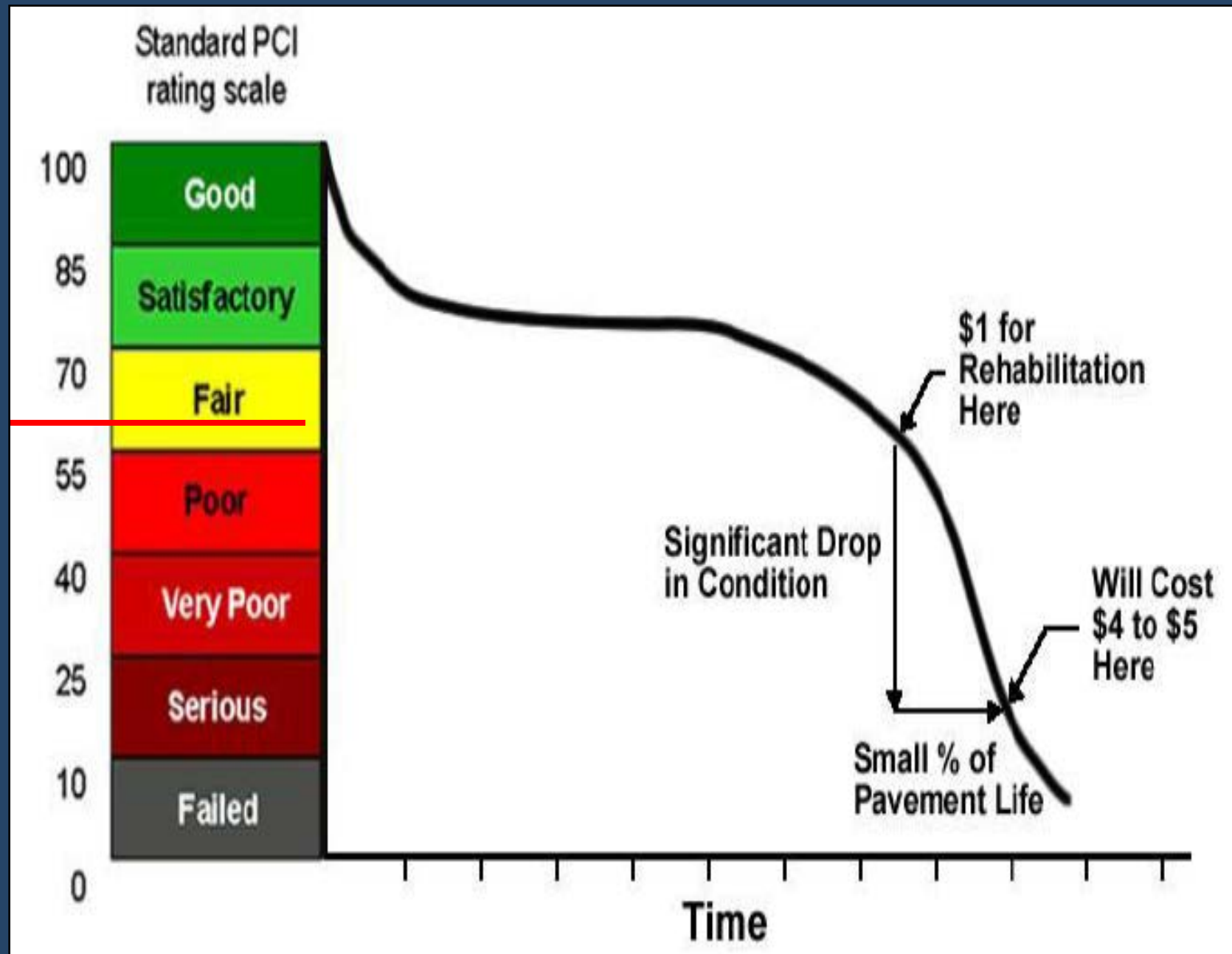
- Total asphalt is too thin for overlay
- Significant patching and surface replacement





10760 North (101B)

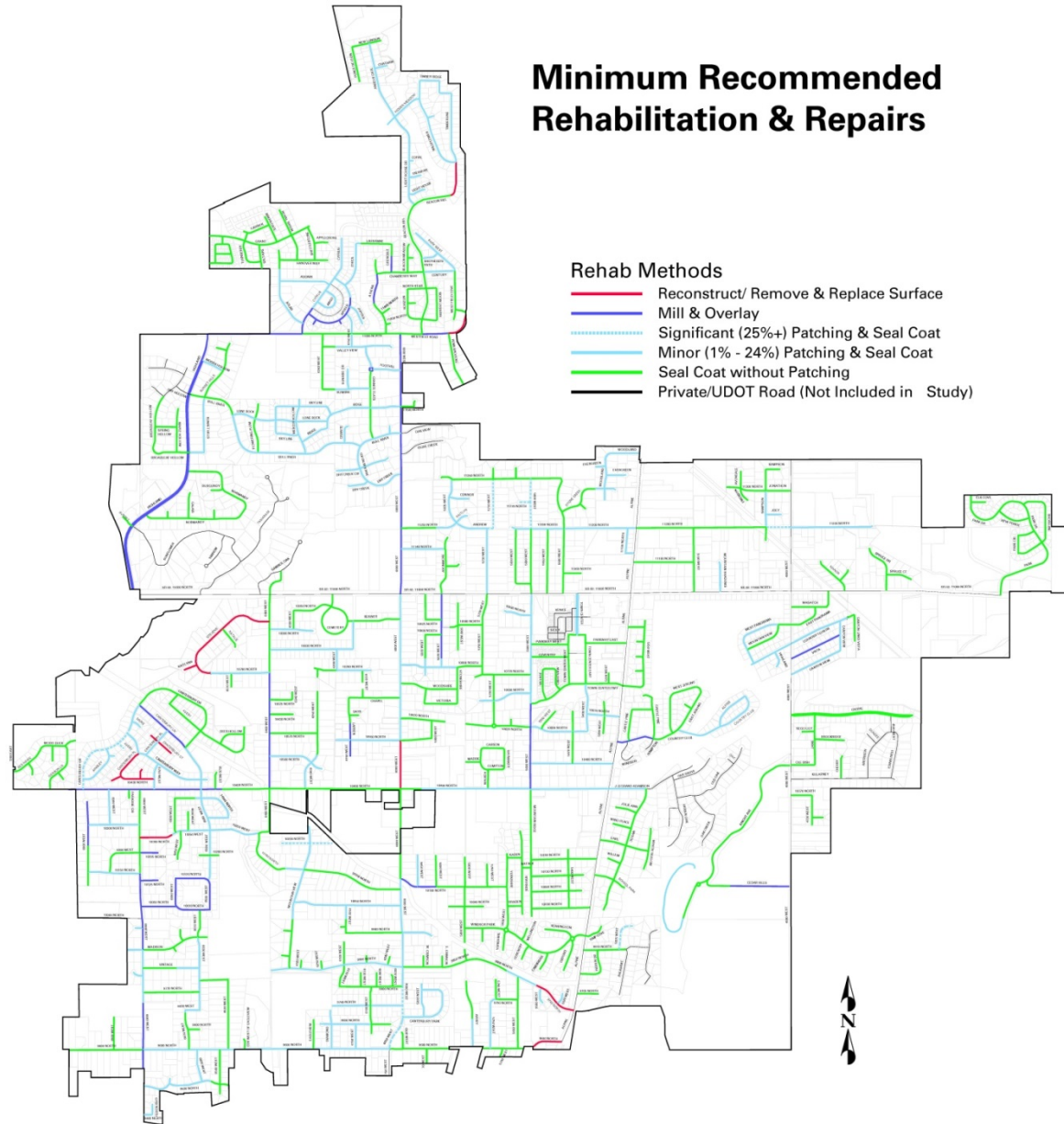
- Went from D&F classification to B
- Patching and seal coat only



Study Results

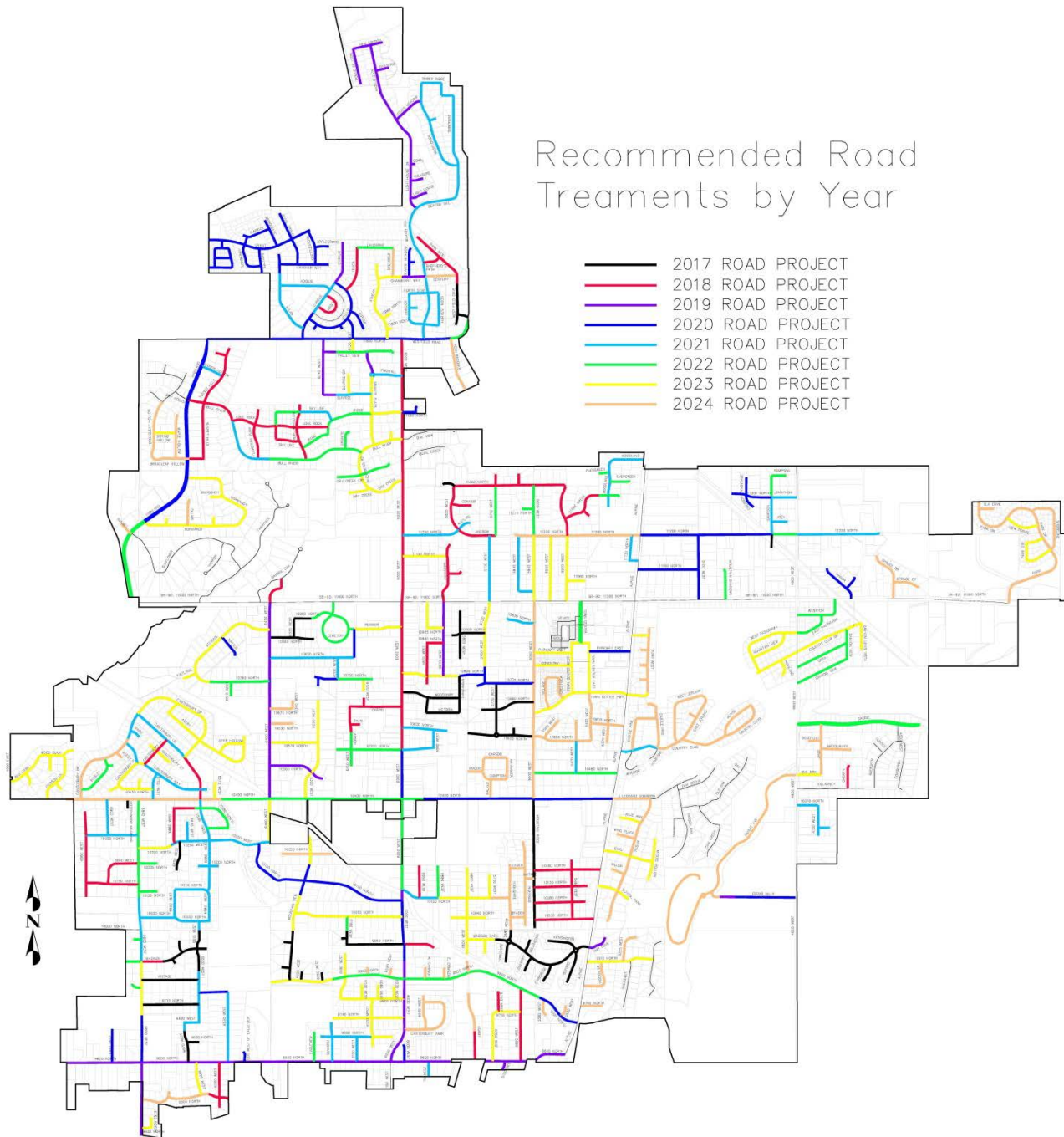
- \$500,000 per year in preservation
 - Maintenance cycle
 - Within current budget
 - Initial yearly maintenance costs
- \$7,140,510 total in rehabilitation
 - \$5,623,000 pavement repair (PEPG)
 - \$1,517,510 curb/gutter, drainage issues, etc. (staff)
 - Strategy is to do about \$1 million per year and complete projects in 7 years
 - Road cycle will continue

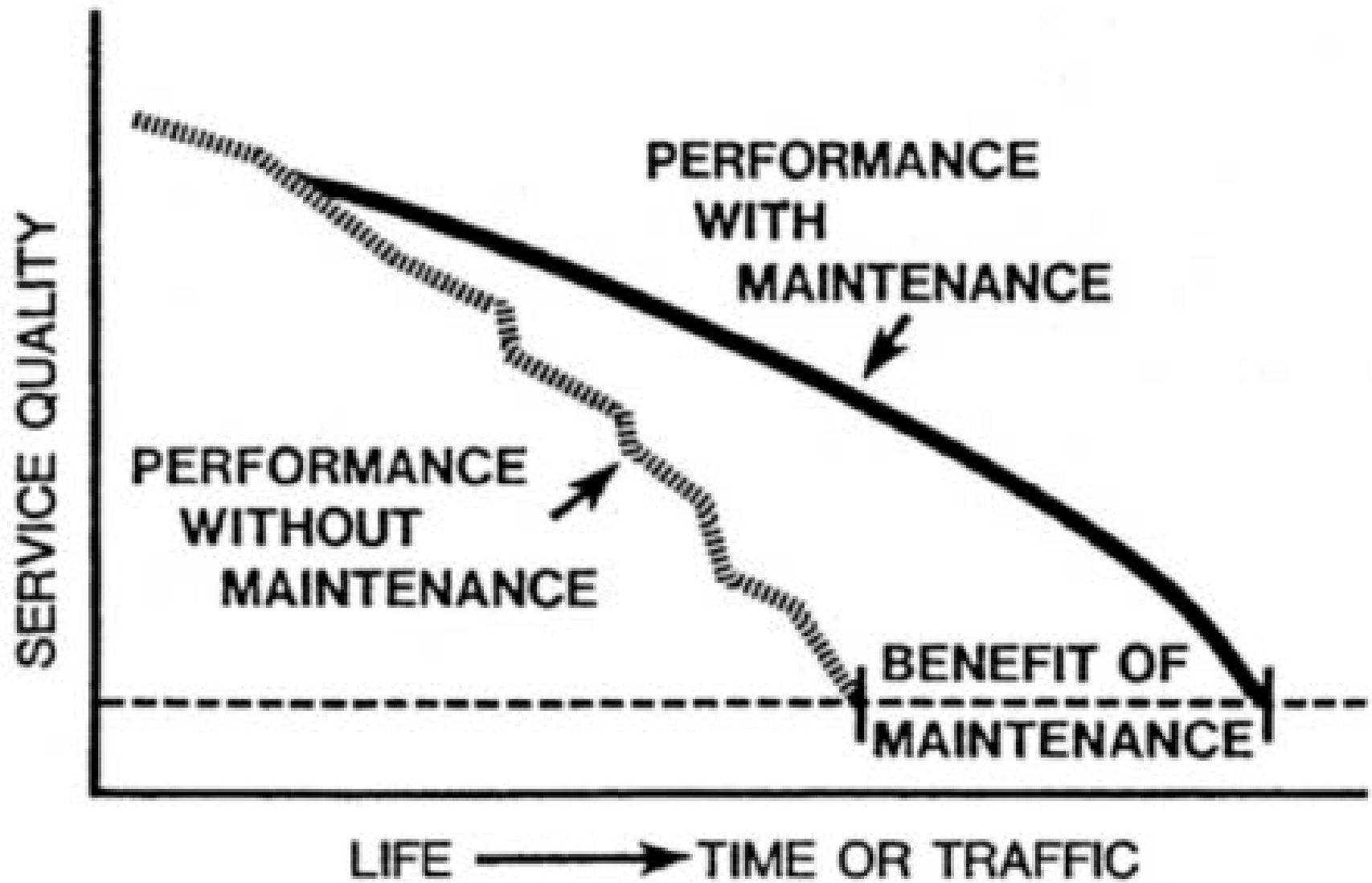
Minimum Recommended Rehabilitation & Repairs



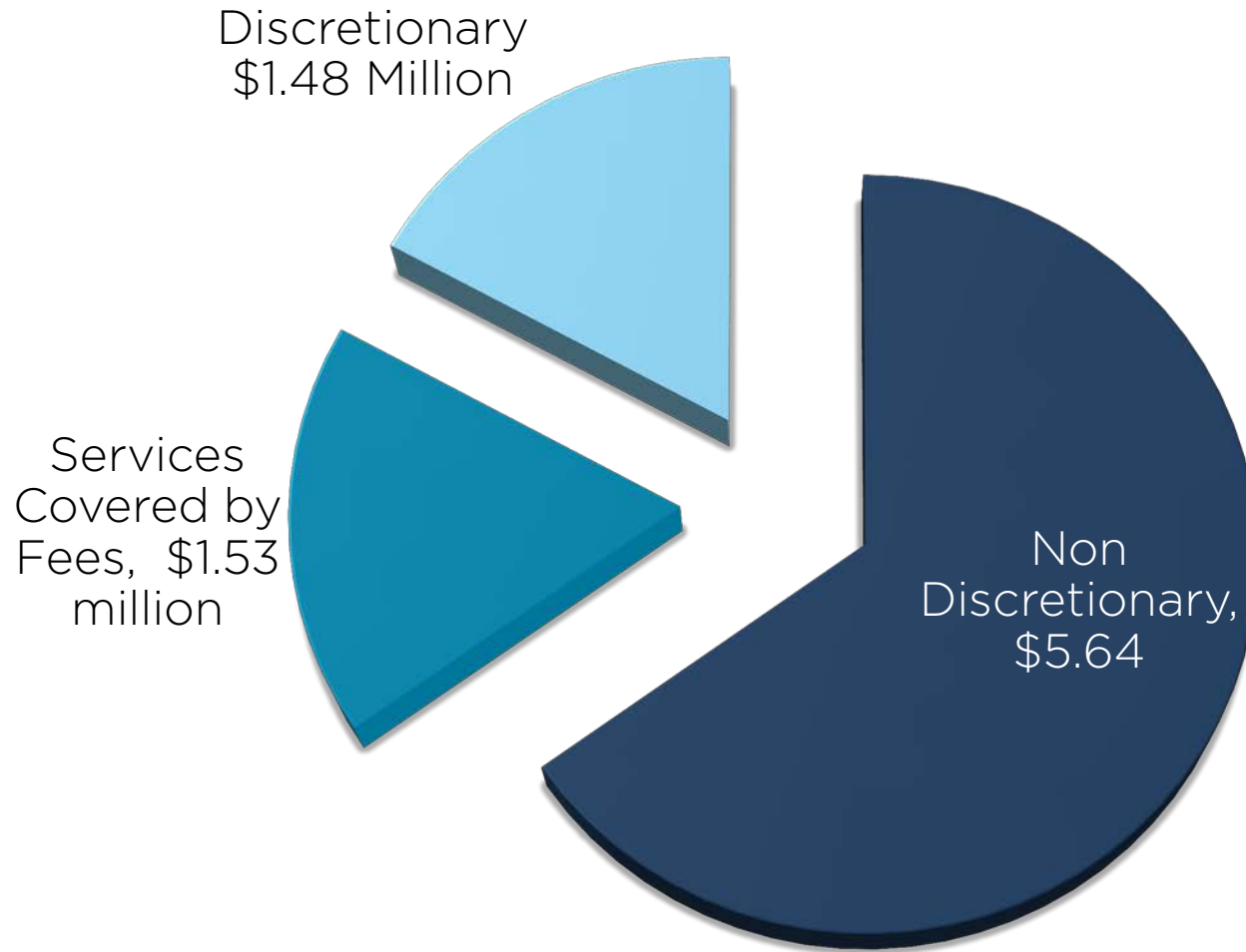
Formula to decide when road repair happens based on PCI, traffic count, and repair costs.

Recommended Road Treatments by Year





FY2018 General Fund Allocations



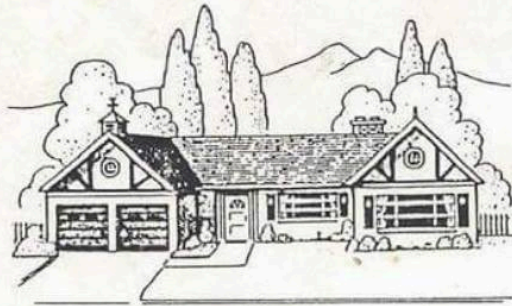
- Police, Fire, State Road Funds, Bond Payments, Capital Improvement, Library, etc.
- Garbage, Court, Building Inspection, Engineer, Planning and Zoning, Cemetery
- Parks, Administrative, Finance, Recorder, Community Events, City Council, etc.



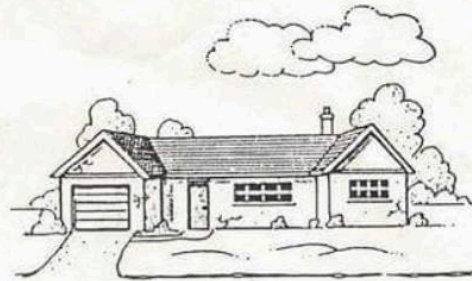
OPTIONS COUNCIL IS CONSIDERING TO INCREASE FUNDING

- 1 – Property Tax Increase or
- 2 – Road Fee

YOUR HOME AS SEEN BY



YOU



YOUR BUYER



YOUR LENDER



YOUR APPRAISER



YOUR TAX ASSESSOR

Property Tax Information

- Cities request a specified amount of property tax revenue every year
- County then determines the tax rate based on cities' requested amount
- If property values go up, the tax rate goes down so that the City obtains the same amount of revenue
- The only increase a City ever sees in property tax revenue is from new growth or if the City's request a revenue increase

1 – Property Tax History

- Increase in 2006
 - \$324,197
- Library tax added in 2007
 - \$200,000
- Decrease in 2010
 - \$67,900
- Proposed increase in 2012
 - \$900,000
 - Was referred to 2013 election and City Council chose to change tax back to original level so the increase did not go on the ballot

1 – Property Tax Increase

- \$20.31 per month on a \$466,900 home
 - City portion is 12% of entire property tax bill
 - 63% increase on General City portion of property taxes
 - Would be voted on by Council on August 1
- Allows all money to be gathered in November – January, projects bid in winter, construction in spring
- Tax deductible
- Not uniform
 - Individual increase based on home value
 - Tax Exempt Properties
- Monies go to General Fund

1 -Property Tax Increase

| Market Home Value | Monthly Property Tax Increase* | Yearly Property Tax Increase* |
|---|---------------------------------------|--------------------------------------|
| \$200,000 | \$8.70 | \$104.41 |
| \$300,000 | \$13.05 | \$156.61 |
| \$400,000 | \$17.40 | \$208.81 |
| \$466,900 <small>Average Highland Home Value</small> | \$20.31 | \$243.74 |
| \$500,000 | \$21.75 | \$261.02 |
| \$600,000 | \$26.10 | \$313.22 |
| \$700,000 | \$30.45 | \$365.42 |
| \$800,000 | \$34.80 | \$417.63 |
| \$900,000 | \$39.15 | \$469.83 |
| \$1,000,000 | \$43.50 | \$522.03 |

*Increase calculated with assessed value (55% of market value)

2 -Road Fee

- \$18.50 per month per home on utility bill
 - Would be voted on by Council May 16
- Uniform
- Tax Exempt Properties included
- Monies go to dedicated road fund
- Not tax deductible
- Utility bills increased last year
- Put \$15.42 per month fee on 2013 ballot by referendum and failed
 - 64% against, 36% for



OTHER CONSIDERATIONS

Why Not....

- Cut Budget
 - Only \$1.48 million in discretionary funds in the General Fund
 - Pays for parks, trails, administration, finance, office equipment, etc.
 - Need \$1 million for road rehabilitation
- Use Reserves
 - Only \$500,000 in it depending on time of year
 - Savings account for unexpected expenses

Why Not....

- Increase Economic Development
 - Need more than 3 times the number of existing businesses
 - Limited land, Limited interest, Some opposition
 - Takes time for projects to be built and to be successful
- Bond
 - Can't do all projects at once
 - Would still need increased funds for annual bond payments between \$520,000 and \$700,000
 - GO Bond - \$8.5 million and Sales Tax \$6.4 million
 - That money would be dedicated for 15 years
 - Total interest costs between \$1.5 and \$1.9 million

Why Not....

- Wait
 - Rehabilitation costs increase approximately 83% if roads fall to the next level of repair
 - Maintenance costs could also continue to increase
 - Continued degradation of already failing roads
- Speed Up the Process
 - 5 year rehabilitation plan would cost \$1,400,000 per year
 - Road fee would be \$25.90 per month
 - Property tax increase would be \$28.35 per month or 89% increase for average Highland home

Summary

- Spending \$1 million per year on rehabilitation through increased revenue and \$500,000 on maintenance through current budget would allow for appropriate road rehabilitation and maintenance.



QUESTIONS?