

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

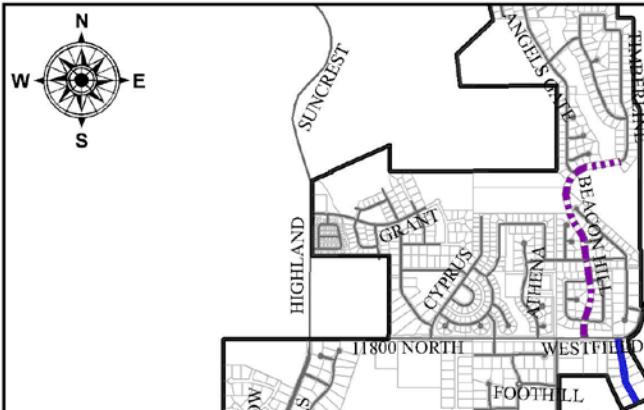
Current Road Activities

- 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

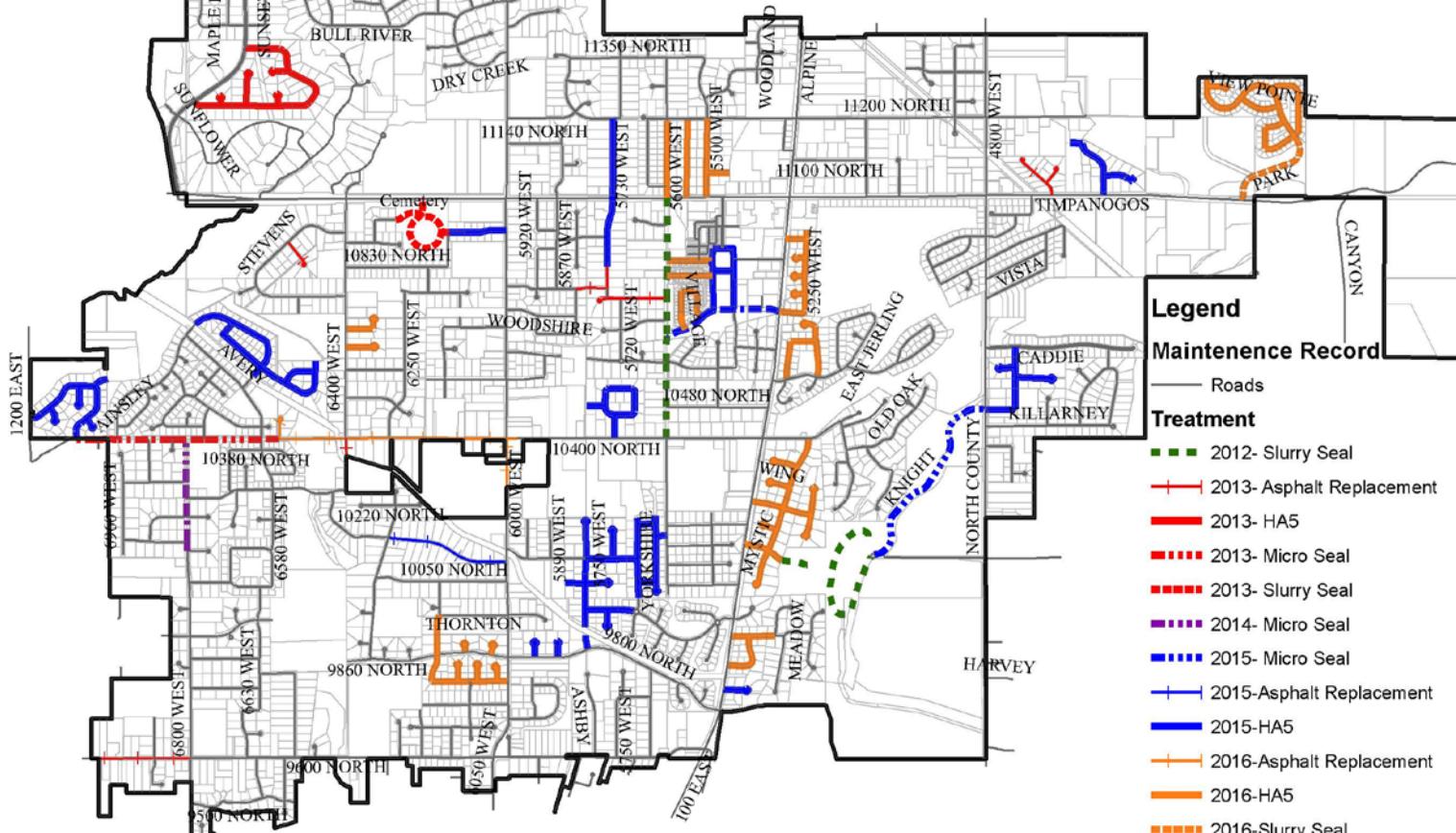
- Updated engineering standards, inspections of roads, etc.





HIGHLAND CITY

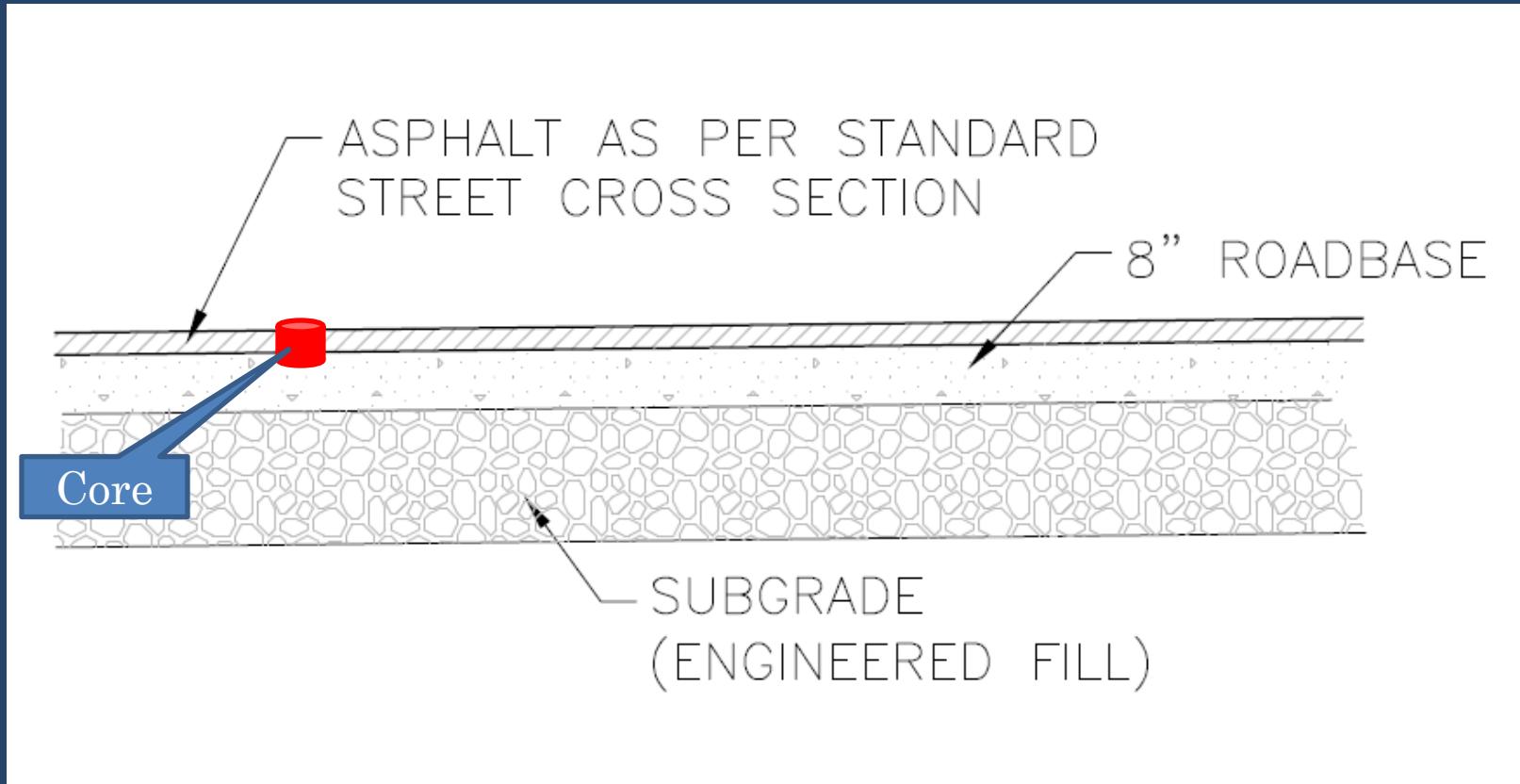
Road Maintenance Map
2012-2016



2017 Road Study Overview

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

Road Cross Section





Westfield Road (1009A)

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

Ridge Road (59A)

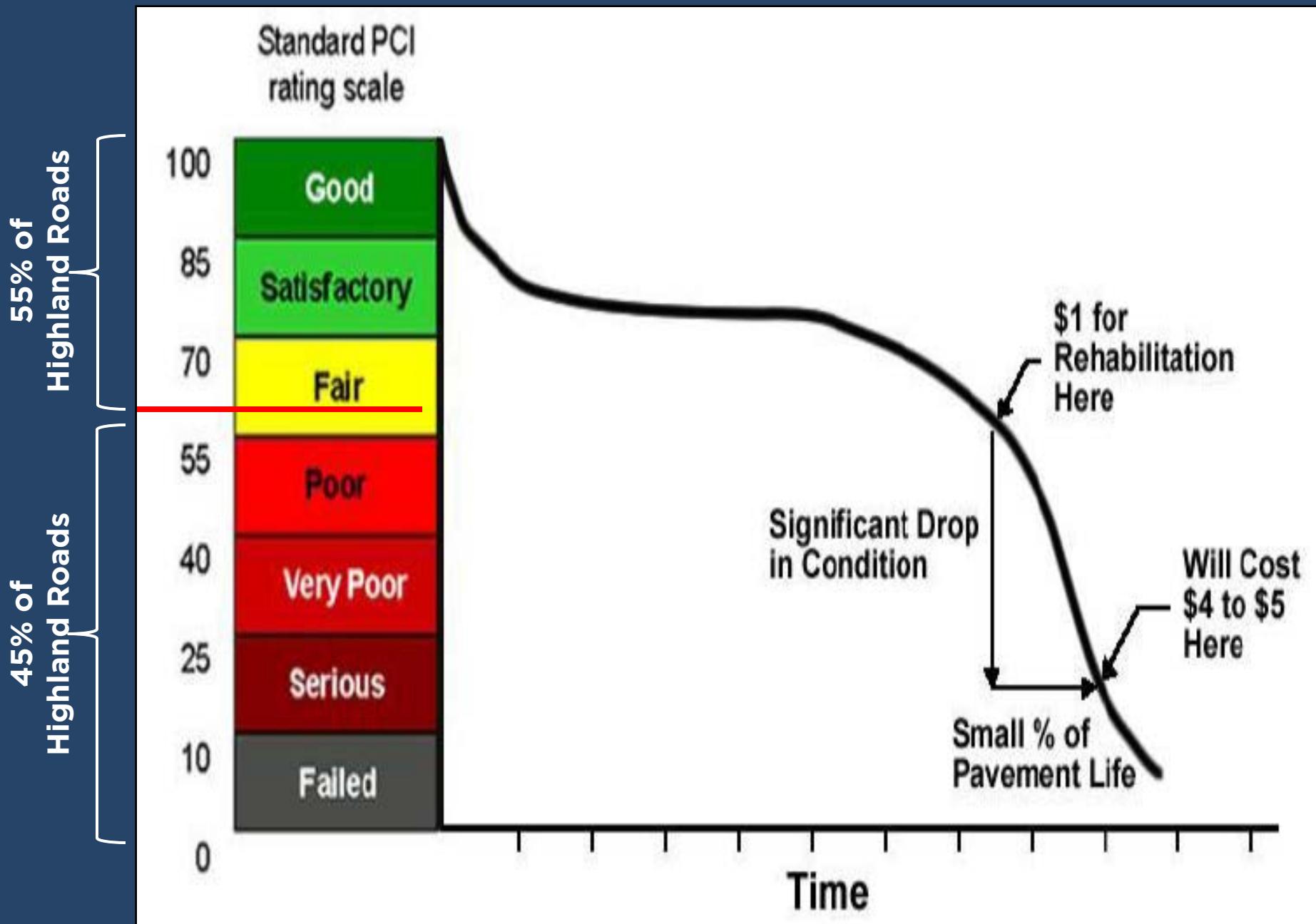
- Good road
- Only seal coat needed





10760 North (101B)

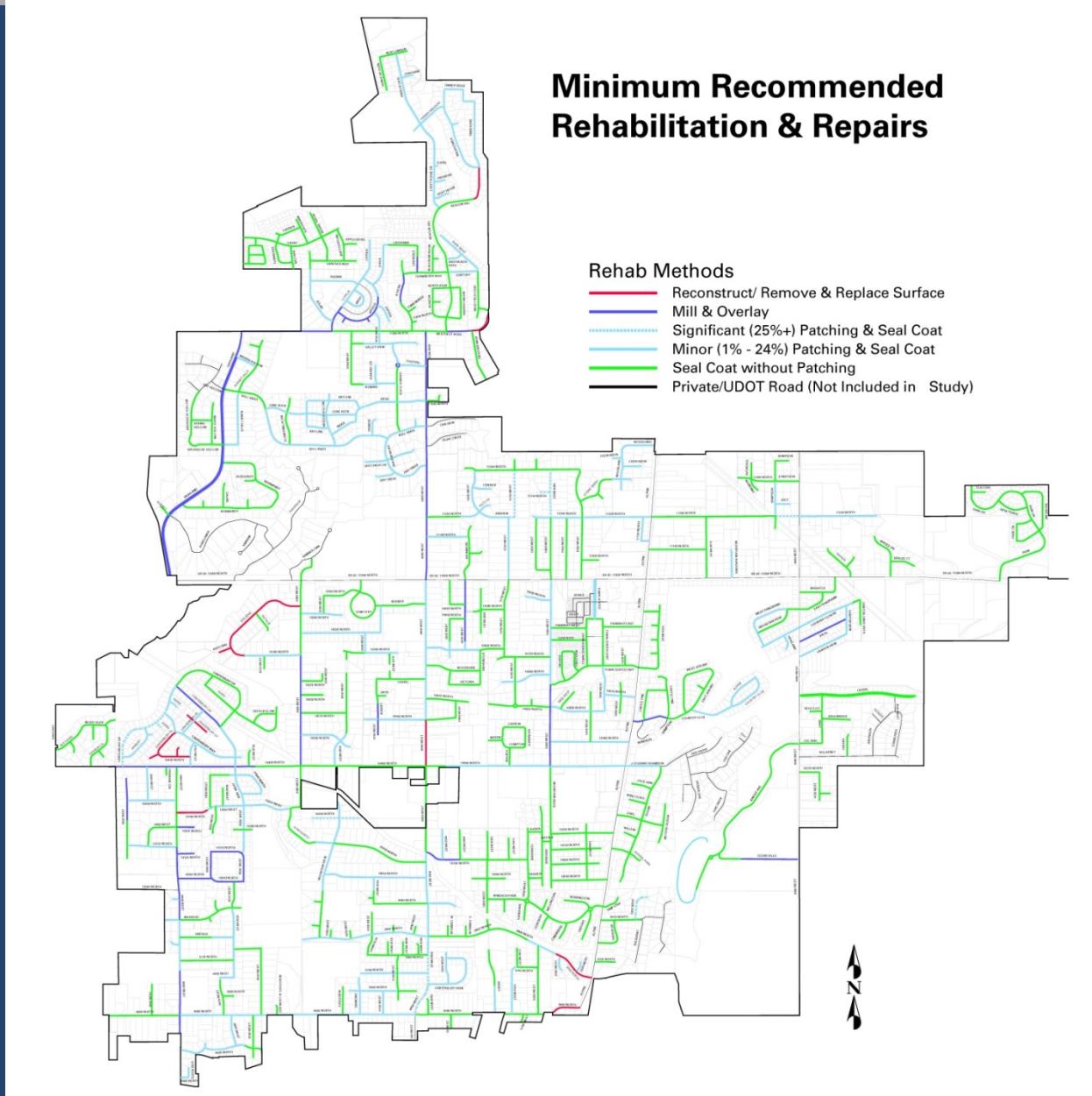
- Went from D&F classification to B
- Patching and seal coat only



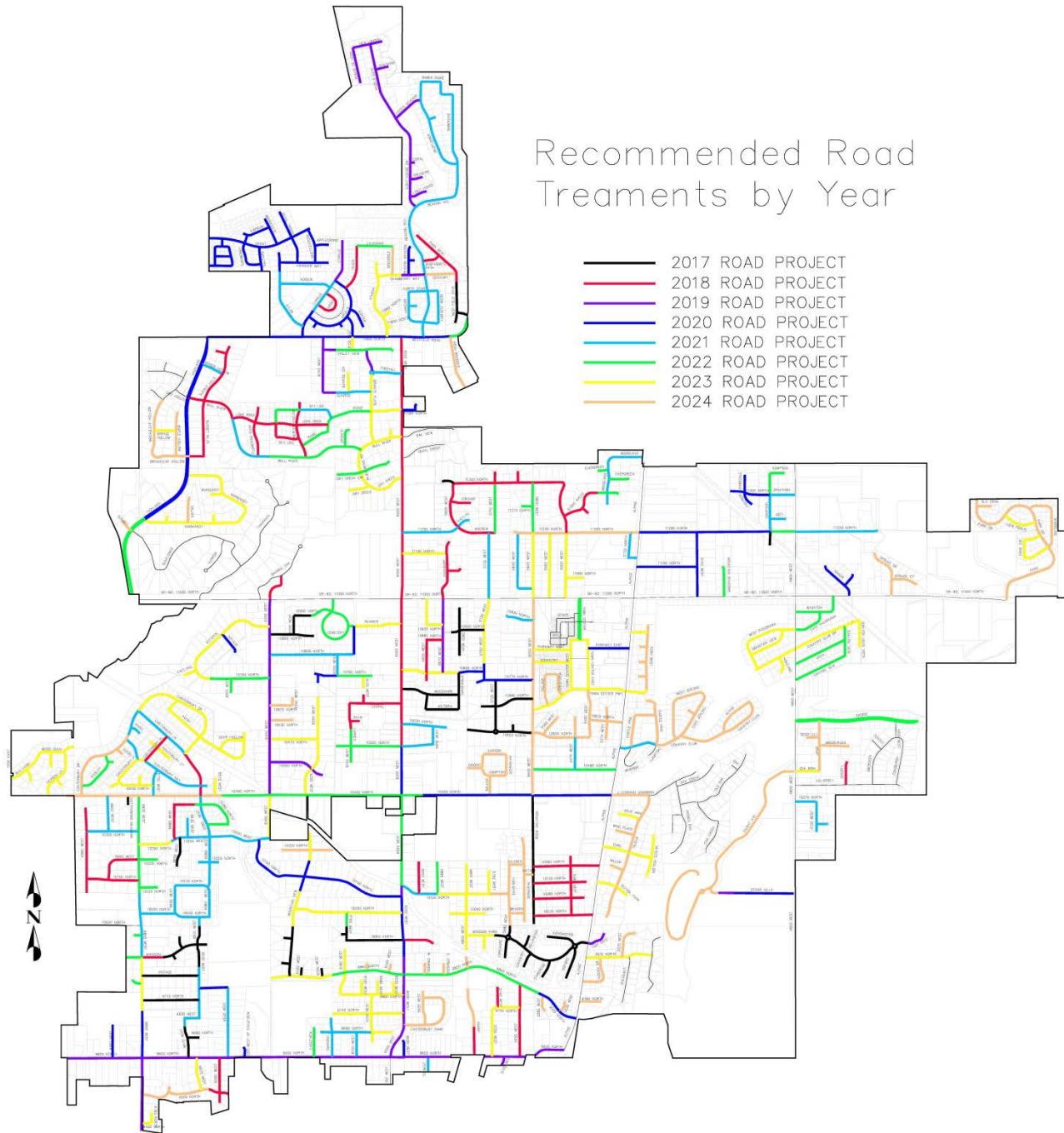
Study Results

- \$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.



SERVICE QUALITY

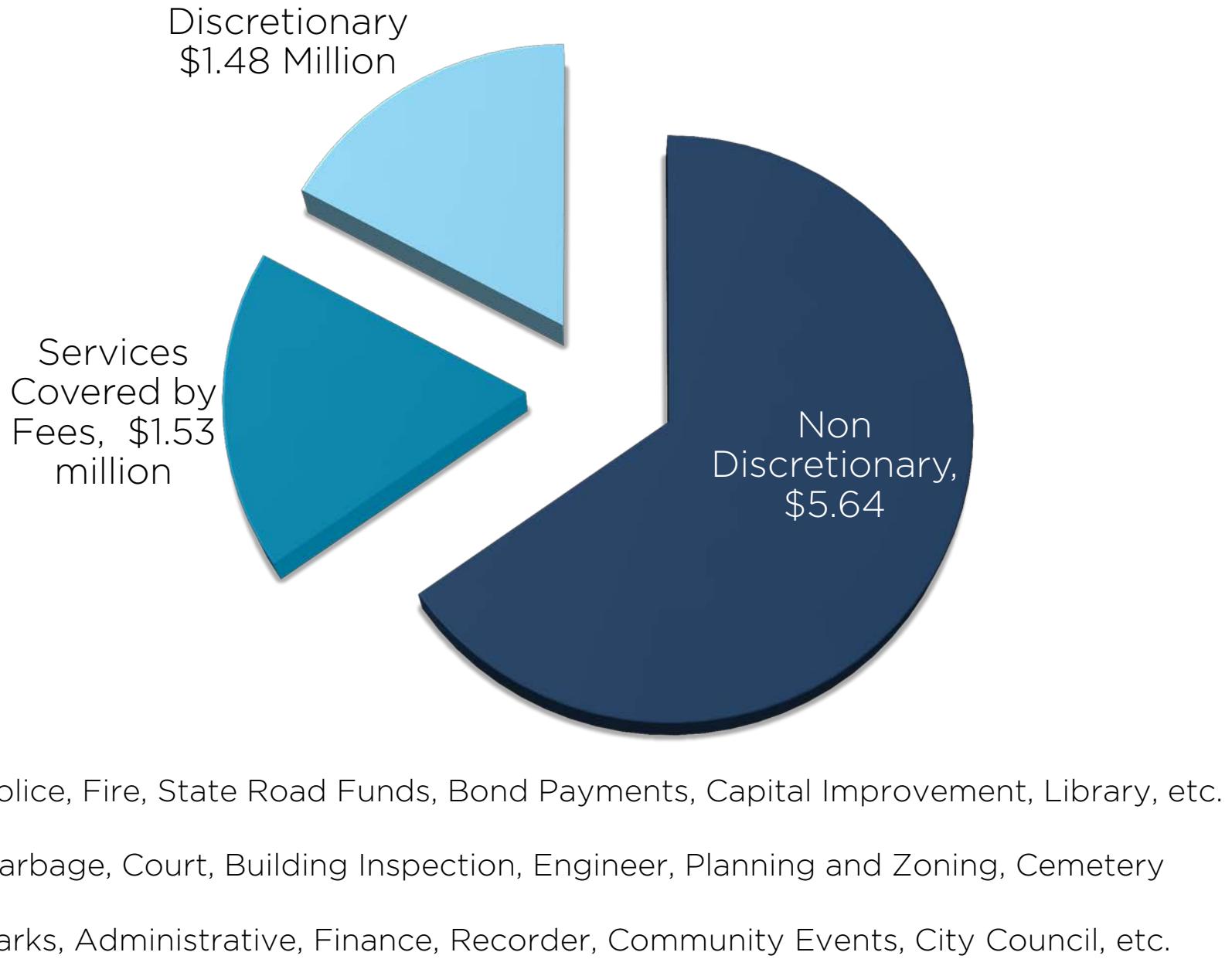
PERFORMANCE
WITHOUT
MAINTENANCE

PERFORMANCE
WITH
MAINTENANCE

BENEFIT OF
MAINTENANCE

LIFE → TIME OR TRAFFIC

FY2018 General Fund Allocations

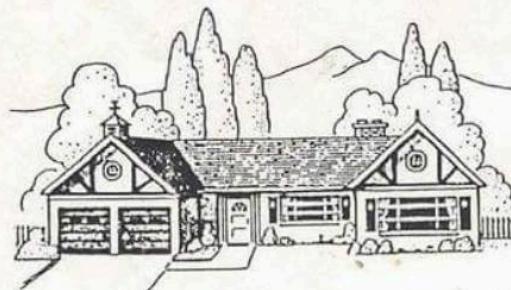




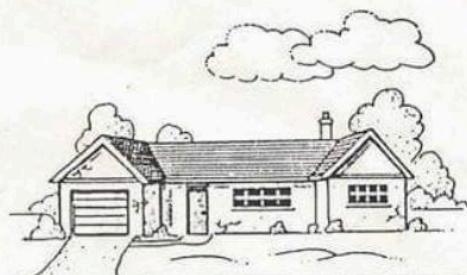
OPTIONS COUNCIL IS CONSIDERING TO INCREASE FUNDING

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

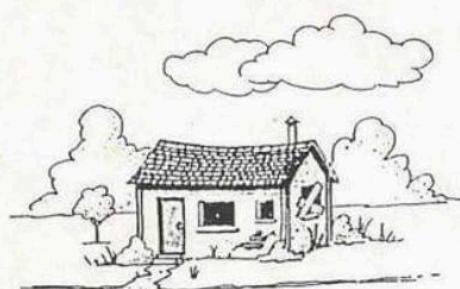
YOUR HOME AS SEEN BY



YOU



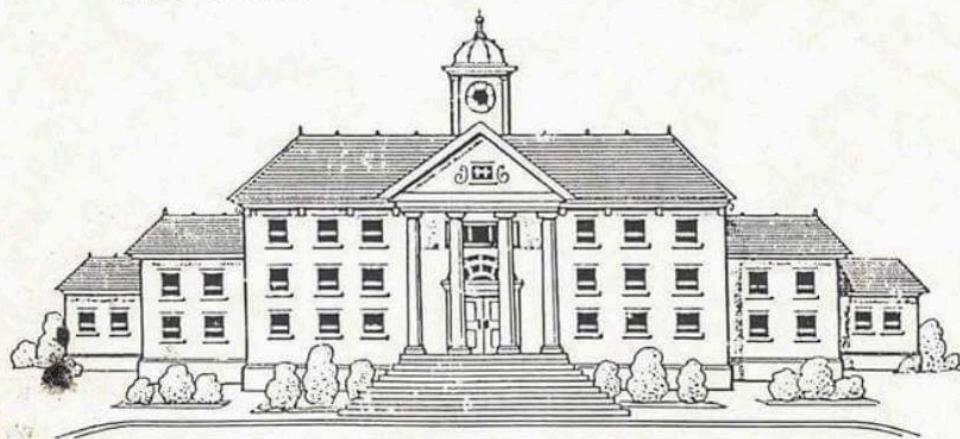
YOUR BUYER



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 Average Highland Home Value	\$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?