Final Report & Recommendations

The Ad-Hoc Committee on Funding for Local Street and Infrastructure

October 10, 2017
Background

The Committee was formed in the summer of 2017 to consider the street, sidewalk and other transportation infrastructure needs of the City of Sturgeon Bay.

The Committee is composed of a citizen member from each aldermanic district in the City and an alderman who serves as chair of the group. Members of the Committee include:

- Pat Blizel
- Dina Boettcher
- Cheri Chaudoir
- Mike Gilson
- James Schneider
- Tony Smith
- J. T. Wilson
- David Ward (Chair)

The Committee also got great support from City staff including:

- Val Clarizio
- Chad Shefchik
- Laurie Spittlemeister
- Josh VanLiesout

In addition, a citizen volunteer, Ben Coopman, aided the Committee with his experience as an engineer and highway commissioner for two counties in southern Wisconsin.

The Committee met 8 times with sessions that ran between 90 minutes and 3 hours. At its first meeting, the Committee reviewed a Committee Charge, a process to complete its work, and a rough timeline to finish its work. An outline of these items is shown in Appendix I. The Committee also developed a work plan that is shown in Appendix II.

Part of the work of the Committee included listening sessions for public input. Citizens had an opportunity to review the Committee’s work and to comment on issues that the committee was considering.

During the public comment sessions, the Committee heard (17) comments from the public and reviewed 5 pieces of correspondence from the public.
Recommendations

Ad Hoc Committee on Funding for Local Street and Infrastructure
City of Sturgeon Bay, Wisconsin

Recommendation #1

Consideration of Truck Traffic Issues

Problem to be solved: Heavy trucks are using City streets that are not designed for heavy loads. This heavy load traffic causes damage to City streets.

Policy Options Considered:

1. Recommend a designated truck route and enforcement of that truck route.
2. Recommend an on-going program to contact trucking companies that deliver loads to local companies to inform them of desired truck routes in the City.
3. Other possible recommendations including a load tax.

Committee Recommendation: The Committee recommends Option 2.

Recommend an on-going program that would include contacting trucking companies and local businesses that deliver and/or receive heavy truck loads to inform them of desired truck routes in the City. Program will be evaluated by Parking and Traffic Committee after three years, if program is not working, the Ad Hoc Committee on Funding for Local Street & Infrastructure recommends considering other options, which may include a truck route ordinance.

This option would focus on informing trucking companies through letters, social media and other means of desired truck routes. City staff would be responsible for implementing the notification program. The program would be on-going, meaning that it would be repeated on a regular interval.

The Committee feels that this approach is preferable to a designated truck route because of enforcement costs and time. However if the approach recommended in Option 2 doesn't work, then the Committee thinks that a truck route designation may be necessary.
Recommendation #2

Consideration of Resurfacing Cycle for Asphalt Roads

Problem to be solved: Current budget constraints are limiting the amount of dollars available for the City to resurface asphalt-covered streets. There are 67 miles of asphalt streets in Sturgeon Bay and the current budget for resurfacing the asphalt allows replacement of 1.2 miles of asphalt per year. That means that street resurfacing occurs every 55 years. As a result the general condition of City streets is declining and will continue to do so unless a solution is found to resurface roads on a more frequent schedule.

Policy Options Considered:

1. Leave the current 55-year resurfacing rate in place.
2. Recommend a 35-year resurfacing cycle to be achieved over a ten-year period.
3. Recommend a 30-year resurfacing cycle to be achieved over a ten-year period.
4. Recommend a 25-year resurfacing cycle to be achieved over a ten-year period.

Committee Recommendation: The Committee recommends Option 4

Recommend that the asphalt replacement paving cycle be targeted at 25 years throughout the City of Sturgeon Bay and that an evaluation be completed by the Board of Public Works at the five-year point in this program to make sure that the targeted 25-year cycle is still appropriate.

A 25-year resurfacing program would mean that the City would resurface approximately 2.7 miles of streets each year. The added cost to the City budget would be approximately $620,000 per year. The means for paying this increased cost are covered in recommendation #4.

The Committee believes that the City must improve the overall condition of City streets. City residents are expressing concerns over street condition. In addition, the City is increasing its tourism business and the appearance and condition of our streets matter to visitors. Finally, economic development and our growing business community need good road infrastructure.
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City of Sturgeon Bay, Wisconsin

Recommendation #3

Consideration of Spending for Road Maintenance to Extend Road Life

Problem to be solved: Current budgets for road maintenance that helps to extend road life is limited to $85,000 per year. That amount does not cover the road maintenance (such as slurry seal and crack filling) need that would extend road life of City streets reducing the need for resurfacing.

Policy Options Considered:

1. Continue to spend at current level of $85,000 for road maintenance that extends road life.
2. Recommend spending a total of $175,000 to $185,000 annually for road maintenance that extends road life.
3. Recommend spending $125,000 annually for road maintenance that extends road life.

Committee Recommendation: The Committee recommends Option 2.

Recommend spending a total of $185,000 annually for road maintenance that extends road life and that an evaluation to be completed by the Board of Public Works at the five year point to make sure this level of spending is still appropriate.

Extending road life through specific maintenance procedures is an efficient way to get more years out City investments in streets. The increase in budget of $90,000 to $100,000 per year will allow the City to catch-up on needed street maintenance which will extend the life of many miles of City street currently in good condition.
Ad Hoc Committee on Funding for Local Street and Infrastructure  
City of Sturgeon Bay, Wisconsin

Recommendation #4a

Consideration of Financing Options and Amounts for Local Streets

Problem to be solved: Implementing a 25-year resurfacing cycle for asphalt roads and increasing street life extending maintenance will cost approximately $720,000 more per year. State law freezes property tax levies and therefore-additional funds must come from sources other than the property tax.

Policy Options Considered:

1. A local motor vehicle registration fee (commonly called a wheel tax)  
2. An override referendum to exceed state imposed levy limits  
3. Premier Resort Area Tax – a sales tax on tourist-related expenditures  
4. Debt such a general obligation bonds  
5. Special assessments of property owners  
6. Special assessment Bonds  
7. Grants  
8. A load tax  
9. Budget reallocation  
10. Cut City spending on sidewalk maintenance & replacement that comes out of the street projects budget

Guiding Principles

1. Increase spending to achieve desired road replacement cycle  
2. Raise part of the increased road dollars from tourism and other user sources  
3. Consider a blended approach to financing that could include debt, sales tax, reallocation, and other sources  
4. Consider short range and long range approaches to road funding.  
5. Take advantage of current low interest rates to finance part of the need

Committee Recommendation: The Committee recommends Options 3 & 4.

Recommend that financing increased spending for resurfacing and extended life road maintenance be done through a combination of Options 3 and 4 – a Premier Resort Area Tax and issuance of debt, to support the 25-year replacement cycle.
The guiding principles shown above reflect the thinking of the Committee with respect to how to solve the problem of financing increased street expenditures. The Committee feels that streets are used by many people/businesses who are not City residents and therefore the cost of street resurfacing and maintenance should be shared.

Some options such as the wheel tax, an override referendum, and direct property assessments were rejected because the burden of costs is largely on City residents. Other options such as a load tax would be difficult to administer.

The Premier Resort Area Tax (PRAT) is being used by a number of resort area communities including Lake Delton and Rhinelander for street and street related infrastructure. The Committee believes that a PRAT would work for Sturgeon Bay and the State Department of Revenue has estimated that such a tax would raise approximately $800,000 per year in Sturgeon Bay. The tax would be a .5% sales tax on tourist-type expenditures. Local residents who bought items that are taxed under PRAT would also pay that tax.

A PRAT tax would need certain state approvals and may also be subject to local referendum. Therefore it would take some time to implement this option.

The Committee believes that the City would be able to start on a street improvement plan by borrowing a limited amount of money to jump-start the street improvement program. The current cost of money through various methods of financing is currently around 2%. The interest and principal would be an add-on to the local property tax over the period of financing.
Recommendation 4b

Contingency plan if the City of Sturgeon Bay is not able to establish a Premier Area Resort Tax.

Problem to be solved: If for whatever reason the PRAT is not implemented, the Committee feels strongly that something must be done to improve the condition of our local roads.

Committee Recommendation: The Committee recommends Options 1, 2 & 4 as the contingency plan.

Recommend that the contingency plan in the event the City of Sturgeon Bay is not able to establish a Premier Resort Area Tax, the recommendation is a combination of 1, 2 and 4 – local motor vehicle registration fee (wheel tax), override referendum to exceed state imposed levy limits and issuance of short term debt, to support the 25-year replacement cycle.

The Committee feels strongly that something needs to be done to improve the condition of local roads. The Committee’s preference is to find a method of financing that shares the cost burden with users, especially the tourist community. If that is not possible then we will need to consider the alternatives listed above.
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Recommendation #5

Consideration of Sidewalk and Pedestrian/Bicycle Paths

The Committee recommends the following:

1. Continue the City practice of repairing sidewalks as needed with funding budgeted in the annual City budget.
2. Dedicate some portion of new infrastructure revenue (for example PRAT revenue) to establish a reserve account for expanding City sidewalk system and continue current sidewalk assessment policy.
3. Include sidewalks along major commercial corridors and heavily traveled City streets. (In the Sturgeon Bay Comprehensive plan)
4. Recommend an expanded concept that provides pedestrian rights-of-ways (sidewalks, bike paths and trails) and seek grant funding to finance.

Maintaining and expanding the city sidewalk system is a desirable goal. The use of sidewalks/paths to connect neighborhoods and to improve pedestrian safety are the objectives of these recommendations.

The Committee recognizes that sidewalk expansion and maintenance is expensive and that doing so in the current environment that limits property taxes requires alternatives ways to finance sidewalk/pathways projects.
Appendix I

Special Ad Hoc Committee on Funding for Local Street and Infrastructure (The Road Funding Options Committee)

Committee Charge / Charter: to assess infrastructure needs for streets and sidewalks; to evaluate funding options if current funding doesn’t fund the need; to make recommendations to the Mayor and Common Council.

Process: a series of meetings to cover the following:
- Organization of the Committee and its work;
- Assessment of street and sidewalk condition; capital plans for the next five years; gaps and unfilled needs;
- Funding options (if needed) including property assessments; auto/light truck registration fee; debt; premier area resort sales tax; live with current funding level; other;
- Public forum(s) to gather public input and sentiment;
- Consideration of funding options and development of recommendations on funding and policy;
- Final report approval;
- Presentation to Council and Mayor.

Rough Outline of Timeframe for this Project: June-October

Resources available to Committee: City Administrator; City Engineer; City Treasurer; Staff to take notes and assist with committee organization; Wisconsin Taxpayers Alliance; UWEX;
Appendix II

Ad Hoc Committee On Funding for Local Street & Infrastructure Committee Work Plan

1. Presentations and background on street conditions; introduction to PASER and other tools to assess street condition.
2. Public input on street conditions and needs.
3. Discussion and recommendations as to level of street condition and the need for funding levels for street improvement projects.
4. Presentation and background on current funding approach for street improvements and repairs.
5. Presentation and background on options for additional revenue for street improvements and repairs.
6. Discussion and preliminary recommendations on policy related to funding approaches for future street improvements and repairs.
7. Public input on draft recommendations related to funding street improvements and repairs.
8. Presentations and background on sidewalk and other infrastructure needs.
9. Public input on sidewalk and other infrastructure needs and funding.
10. Discussions and recommendations on policy and funding for sidewalks and other infrastructure.
11. Final meeting to vote on recommendations to the Mayor and Council.

Anticipated number of meetings: 9-11

Meeting dates: June 13 and 27; July 11 and 25; August 15 and 29; September 12 and 26; October 10 and 24; November 14