



## STAFF REPORT

**DATE:** September 7, 2021

**TO:** Kent Cagle, City Manager

**FROM:** Jonathan Locke, Executive Director of Finance

**SUBJECT:** Ordinance amending street maintenance fees

### **BACKGROUND AND FINDINGS:**

The City maintains 539 centerline miles, or 2,191 lane miles, of paved roadways with a total replacement value of \$840 million. To better address street maintenance needs, City Council adopted an ordinance in December 2018 for the collection of street maintenance fees. The ordinance established the street maintenance fee at \$1.70 per single-family equivalent.

A street condition assessment was initiated in 2019. The assessment found that there are an estimated \$120 million in streets that are past the point of maintenance and require reconstruction. That number increased significantly following Winter Storm Uri. The winter storm added an estimated \$40 million of streets that require reconstruction.

The assessment also recommended an annual street maintenance budget of \$4.3 million. This is the annual amount of street maintenance needed to maintain streets at their current condition. The current annual street maintenance budget is approximately \$1.7 million.

City Council received a briefing on July 17, 2021, that included different funding options to address street reconstruction and street maintenance. After several meetings and further discussion, City Council decided to move forward with a \$10 monthly single-family equivalent fee. The \$10 monthly single-family equivalent fee is expected to generate \$9.6 million annually.

Staff evaluated the methodology used to calculate the single-family equivalent and have updated the calculations to account for diverted trips in order to more accurately reflect the impact each land use will have on the City's transportation system. Diverted trips occur when a vehicle diverts from the original path of travel to stop at another location. An example of this is when a vehicle is traveling from work to home, but diverges from the direct travel path to stop at a convenience store. With the updated methodology, the convenience store is not charged for an additional trip, since it is a diversion from the original intended trip. This method was developed by the Institute of Transportation Engineers.

With alteration or reconstruction projects, the Americans with Disability Act (ADA) will require that the roadway be brought into compliance with ADA standards, in an amount not to exceed 20% of the project budget. This may require adjustments and repairs to sidewalks and curb ramps along the project length. The ordinance amendment also makes these costs eligible to be paid with the street maintenance fee when in conjunction with an alteration or reconstruction project.

The additional revenue from the street maintenance fee will be used for three purposes, street maintenance, street reconstruction, and to repay a bond issue for street reconstruction. The annual street maintenance budget will increase approximately \$2.6 million, from \$1.7 million to the recommended \$4.3 million. Approximately \$4 million annually will be used to cash fund street reconstruction and associated costs. Finally, a \$24 million bond issue will expedite street reconstruction, and street maintenance fees will repay the bonds. The ordinance has been updated to reflect these eligible expenses.

### **THE ALTERNATIVES CONSIDERED:**

Two alternatives were considered:

1. Do not amend street maintenance fees and continue using current rates; and
2. Amend street maintenance fees.

### **Which alternative is recommended? Why?**

Option 2 is recommended. This alternative provides the needed revenue to adequately maintain the City's street infrastructure. If street maintenance fees are not amended, street conditions will continue to deteriorate.

### **CONFORMITY TO CITY POLICY:**

The proposed ordinance conforms to applicable City policy.

### **FINANCIAL IMPACT:**

**What is the amount of the expenditure in the current fiscal year? For future years?**

N/A

**Is this a one-time or recurring expenditure?**

N/A

**Is this expenditure budgeted?**

N/A

**If not, where will the money come from?**

N/A

**Is there a sufficient amount in the budgeted line-item for this expenditure?**

N/A

### **RECOMMENDATION:**

City Council approve the ordinance amending Chapter 25, Streets, Sidewalks, and Miscellaneous Public Places, of the Code of Ordinances, to amend street maintenance fees.

**DEPARTMENTAL CLEARANCES:**

Public Works

Finance

Legal

**ATTACHED SUPPORTING DOCUMENTS:**

Ordinance