



Street and Sidewalk Funding Policy

(Pending Millage Approval)

BACKGROUND: Monies received from the Michigan Transportation Fund (“gas tax”) are the major outside sources of revenue in the City’s Major and Local Street Funds. However, gas tax funding is not keeping pace with rising costs of asphalt, salt and construction expenses. This revenue source is also unpredictable and has a history of fluctuating depending on the state economy, the amount of gasoline purchased and the politics of State budgeting.

Major and Local Street expenditures that are not covered by State funding are paid with transfers from the City’s General Fund. In 1997, the City Commission set a policy to transfer 1.33 mills of property tax funding to the Major and Local Street Funds for street capital projects. During this time, all of the street operational expenditures were covered by State funding. In fiscal year 2015, the City will transfer 1.71 mills (or \$1,000,000) to cover all street capital projects and a portion of the street operational expenditures. At our current funding levels, it would take 70 years to resurface all of our local roads.

Historically, the City has allocated \$75,000 per year towards sections of sidewalks that need replacing. When the program was originally started, it took 10 years to evaluate and repair all of the sidewalks in the City. With the most recent bid prices, it is predicted it will take 20 years to complete this evaluation and repair cycle due to the increased age of the sidewalks, older trees and the rising costs of construction.

DEDICATED STREET MILLAGE REQUEST: The City is proposing a millage of up to 2.0 mills for a period of not to exceed ten years to be levied on the first day of July 2015. A 2.0 dedicated street millage will generate approximately \$1,170,000 per year for improvements to the East Grand Rapids roadways and sidewalks. In addition, it will remain a City policy to transfer an amount of \$1,000,000 from the General Fund to the Street Funds each year.

If additional permanent Michigan Transportation Funds are allocated from the State, the amount of millage will be evaluated based on the funding needs in the Street Funds during the budget process when the millage rates are set by the City Commission.

Under this new policy, an additional \$125,000 (for a total of \$200,000) per year will be allocated towards the replacement of old and installation of new sidewalks.

CONDITION OF STREETS: PASER (Pavement Surface Evaluation and Rating) scale ratings grade each road segment on a scale of 1 to 10, in which a 10 corresponds to a newly reconstructed road and a rating of 1 is a road in the worst condition. The PASER scale is as follows: a rating of 8-10 is a road in good condition, a rating of 5-7 is a road in fair condition and a rating of 1-4 is a road in poor condition.

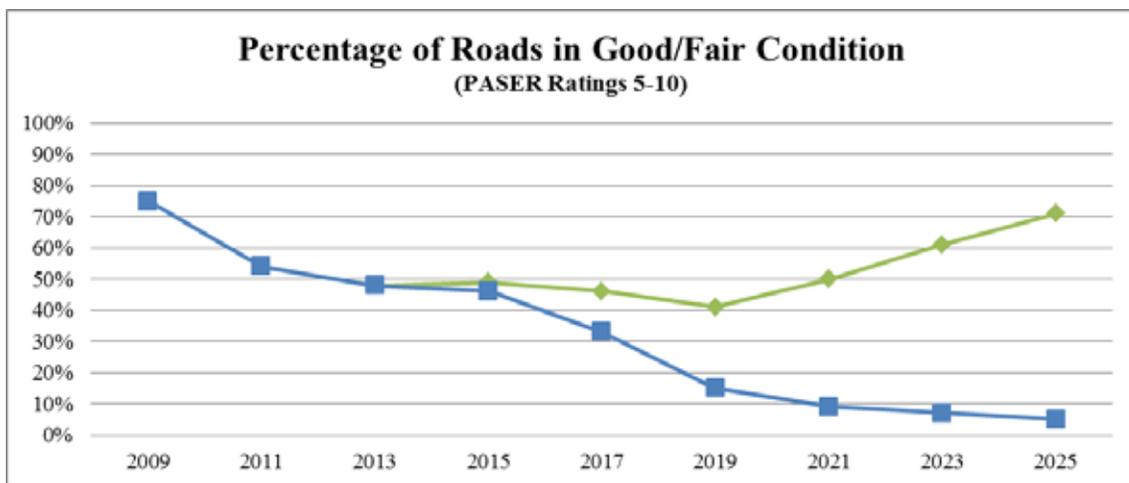
CONDITION OF STREETS (continued): The overall average rating for the City’s streets from the 2013 survey is 5.1. This is expected to decrease over the next 10 years to a rating of 2.3 based on current funding.

The City utilizes software called *Roadsoft* to predict road deterioration and help develop cost effective strategies for restoration and improving the condition of the street network. *Roadsoft* was used to analyze the known costs of various types of repairs to arrive at the total amount of capital improvements necessary to stabilize and improve road conditions.

An overall target PASER rating of 6.0 was determined to be the desired goal for the City road network. To reach this goal, an additional \$1,170,000 per year would be required to improve City streets. If the dedicated road millage is approved, the City expects to see improved conditions of its roads and the City can expect an overall good/fair rating of 70% within 10 years (green line).

If the millage is not approved and funding continues at the current levels, in 10 years the City would expect only 5% of our roads to be rated in the good/fair category (blue line), or an overall PASER rating of 2.3.

As shown below, the City had an overall good/fair rating of 75% in 2009.

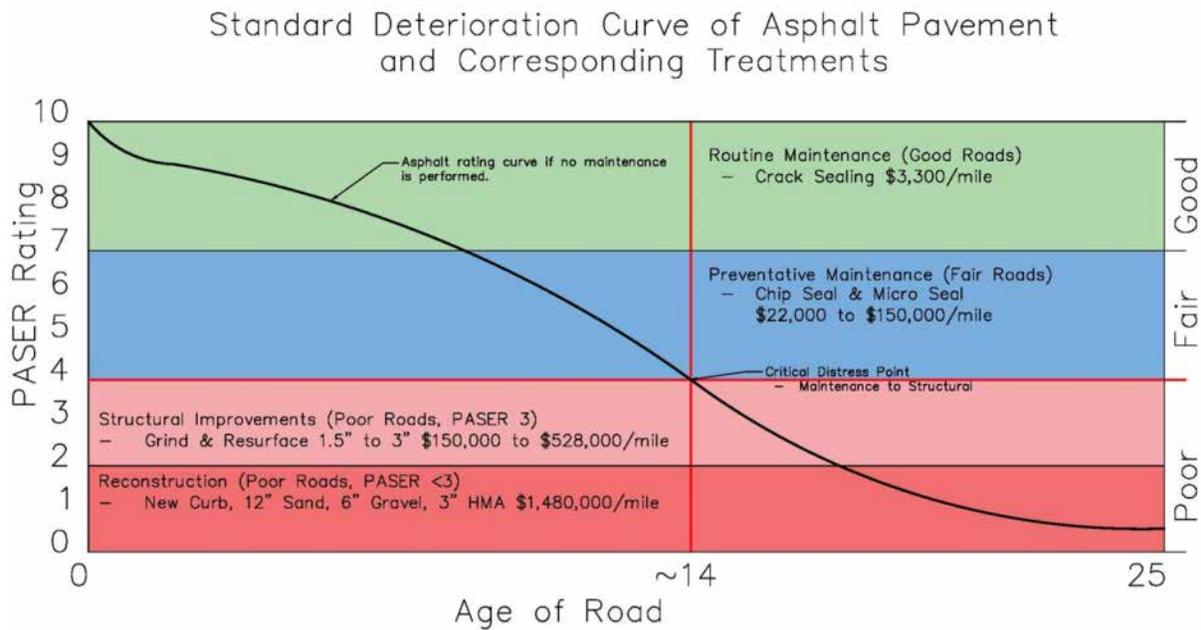


PROPOSED CONSTRUCTION METHODS: City engineering staff will regularly review and update the best and most cost effective methods and materials. The proposed program will utilize the construction and maintenance practices outlined in the table below.

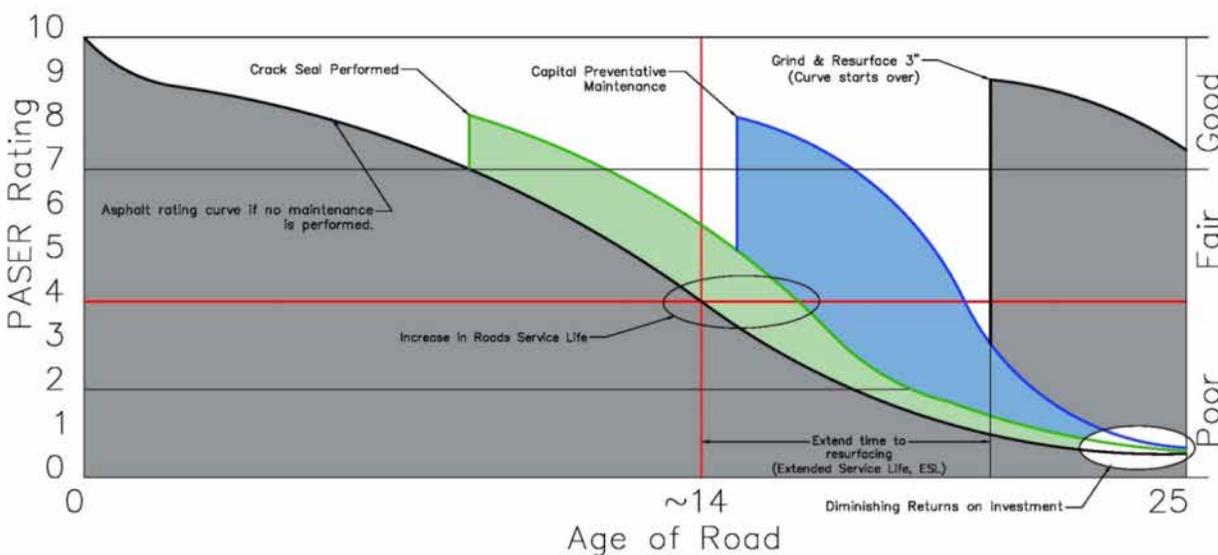
Routine & Preventative Maintenance Good/Fair Roads (7-4)	Routine Maintenance Poor Roads (4-1)	Structural Fixes Poor Roads (3-1)
Crack Sealing	Spray Patch	Mill and Resurface >1.5”
Slurry Seals	Skip Patch	Reconstruction
Micro Surface	Pot Hole Patching	
Chip Seals		
Thin HMA Overlays <1.5”		

PROPOSED CONSTRUCTION METHODS (continued): The City has outlined an overall improvement plan to be implemented if the dedicated road millage is approved. Factors used in the review included the existing road conditions and necessary types of repairs, as well as coordination with other planned utility work. The plan not only addresses the worst roads, but also maintains the existing roads that are in good to fair condition.

As shown in the chart below, it is more economical to sustain roads in the moderate condition over a full scale reconstruction.



In addition, applying maintenance at the correct time can increase the life and rating of a road as shown in the chart below.



OVERALL IMPROVEMENT PLAN: Based on the discussed construction methods, the City proposes the following improvement plan on the overall parameters of the whole road system. The actual allocation will be updated each year during the budget process based on the condition of the roads at that time and any significant increases in prices of materials needed to make improvements.

- Routine & Preventative Maintenance Major and Local Streets (Rated: 7-4) - The City plans to perform maintenance on streets that only require routine and preventative maintenance to increase the lifespan of streets that are currently in good condition. The amount allocated to this budget is \$ 35,000 to \$150,000 depending on the year and condition of the network.
- Routine Maintenance Major and Local Streets (Rated 4-1) – The City will continue to maintain streets in poor condition through pothole patching, spray patching and skip patching when and where appropriate. These activities will precede any resurface/reconstruction activities. The amount to be allocated to this budget is \$60,000.
- Mill and Resurface Major Streets (Rated: 3-1) – The City proposes to resurface an average of 0.5 miles of Major Streets per year. The total amount will be divided up into a 15-year resurfacing schedule. The City feels that a significant cost savings will be achieved by following pavement management protocols of addressing the better roads first by extending the life of those roads. The amount to be allocated to this budget is \$250,000.
- Mill and Resurface Local Streets (Rated: 3-1) – The City proposes to resurface an average of 2.0 miles of Local Streets per year. The total amount will be divided up into a 15-year resurfacing schedule. The City feels that a significant cost savings will be achieved by following pavement management protocols of addressing the better roads first by extending the life of those roads. The amount to be allocated to this budget is \$500,000 to \$700,000.
- Reconstruction Major Streets (Rated: 3-1) – The City proposes the complete removal and replacement on streets that have little to no service life remaining and require reconstruction. The amount allocated to this budget is dependent on Federal funding and the associated local match required. The amount allocated to this construction activity will affect the Major Street resurfacing schedule above and the amount allocated to that budget in any given year.
- Reconstruction Local Streets (Rated: 3-1) – The City proposes the complete removal and replacement on streets that have little to no service life remaining and require reconstruction. The total amount of reconstruction in this section will be determined by scheduled utility work. The amount allocated to this budget is \$500,000 and will vary year to year. The amount allocated to this construction activity will affect the Local Street resurfacing schedule above and the amount allocated to that budget in any given year.
- Traffic Signals – The City proposes replacing one intersection per year at \$65,000 as needed.
- Sidewalks – The City plan to allocate \$200,000 per year to new sidewalks and maintenance of existing sidewalks.
- Unimproved Streets – These streets will not be paved as part of this program; unimproved street paving is financed by special assessment to the adjacent property owners.