

Lathrup Village Road Improvement Project Frequently Asked Questions (FAQ)

1. **Why do we need to repave our residential roads?**

We have 21 miles of residential roads in Lathrup Village. A simple drive through the neighborhood is all it takes to observe our crumbling roads that are laden with cracks and potholes. In addition, the degraded roads are unsightly and unattractive, which lead to lower property values. We regularly hear of damage to cars from the condition of our roads. Safety is also a concern on roads that are in such a degraded condition.

2. **How did the roads get to be in such a degraded state?**

The simple answer is money. Unfortunately, municipalities across the state have seen a dramatic decrease in revenue over the past few decades. As a result, we are currently only able to afford to repave about .4 miles of road per year. Because we can only afford to address such a small amount of roadway per year, the rate at which our roads are decaying is accelerating from year-to-year. With 21 miles of residential road, at the current repaving rate, it will take 53 years to repave our entire road system!

3. **What is included in this road improvement project?**

If this project is approved by the voters, 7.1 miles of residential roadway will be fully reconstructed, partially reconstructed or rehabilitated during a three-year project that will begin in the spring of 2021. In addition, the storm ditch system on the 7.1 miles of chosen road will be improved by rehabilitating and re-grading the ditch system, replacing non-functional culverts underneath driveway approaches and cleaning any obstructed culverts in the system.

4. **Will my concrete road be replaced with concrete or asphalt?**

Concrete roads will not be addressed by this proposal.

5. **What will happen to the small amount of gravel roads in the City? Will there be a shared assessment for those residing on the gravel roads?**

The City currently has 1.9 miles of gravel road. This project has budgeted to put about 2.8% of the total project cost toward dirt roads, which is enough to pave about ¼ mile of dirt road. During the November 2019 election, a number of residents on the interior dirt roads provided input against having their street paved. While all the dirt roads are eligible to be chosen for the ¼ mile of paving, based upon committee discussion, the chosen road will most likely be a dirt thoroughfare road or a main ingress dirt road.

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6. Who designed and proposed this project?

In March 2019, an Infrastructure Committee was created. This committee, led by Mayor Pro Tem Kantor, consisted of 5 residents. In addition, the City Engineer, City Planner, City Administrator and Councilman Siddiqi served as advisors to the committee. The committee approved this proposal and recommended it to City Council. City Council subsequently adopted the proposal and approved a resolution to place the road improvement project on the November 3rd ballot.

7. When will the project begin?

If approved, the project will begin in the spring of 2021. If the millage is approved by the voters on November 3, 2019, the project-related millage would be included in summer tax bills beginning in 2021.

8. When will my road get repaved?

Check the eligible road map on www.FixLVRoads.com. This map shows the 11 miles of roadway that is eligible to be repaired by this proposal. If approved, of the 11 miles of eligible roads, 7.1 miles will be repaired during the three-year project that would begin in the spring of 2021.

9. Will all roads be fully reconstructed?

Yes and no. As indicated above all roads will be either reconstructed, rehabilitated or resurfaced depending on the condition of the specific road. Roads that are in the worst shape will be fully reconstructed. This means the road surface (usually five inches of asphalt) is removed along with the substructure (about 10 inches of material below the asphalt). The entire road surface and substructure is then replaced. Roads with a good substructure but bad surface will be partially reconstructed by removing the five inches of asphalt and just replacing it. Roads that are in bad shape, but do not need partial reconstruction will be rehabilitated by cold milling off the top two inches of asphalt and replacing it.

10. What is a PASER rating and how is it used with respect to road repairs?

A PASER rating is standard system use to evaluate and rate the condition of road surfaces. The PASER scale goes from 1 to 10, where lower numbers indicated the worst roads and higher numbers indicate the best. The PASER rating along with core sample information is used by the City Engineer to determine whether a road needs to be fully reconstructed, partially reconstructed or rehabilitated

11. Will there be curbs on the new roads and will they have the same width?

Roads will be the same width and will not have curbs. Curbs are typically installed to funnel water to drains in the road. Our road system uses storm ditches, making curbs unnecessary.

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12. Why do the storm ditches and culverts need reconditioning, regrading and/or culvert replacement?

Our storm ditch system is designed so that water on the road flows into the storm ditches on the sides of the road. In turn, these ditches, which are on a slight angle, allow water to flow from one end of a street to the other. At the terminal end, the water enters a storm drain and gains entry into our storm water system. Once in this system, the water eventually flows out to the Rouge River. Unfortunately, a large number of streets in the City have one or more storm ditches that are either blocked or have a non-functional driveway culvert (the tube under the driveway approach that allows water to flow between the storm ditches on each side of a driveway). Blockages occur for many reasons including tree roots, accumulated sediment, debris, culverts that have heaved from seasonal temperature changes, items placed in the storm ditch, etc. In many cases, sediment that accumulates over time levels out a storm ditch so that it no longer has the required angle required for water to efficiently flow to the storm drain at the end of the street.

As a result of our degraded storm ditch system, water does not drain properly. In some cases, it takes weeks for the water to subside after a rain. The standing water attracts insects and rodents. In addition, water often fills the ditch until it overflows and backs up onto driveway approaches, sidewalks and lawns. Lawns and sidewalks get ruined over time from spending so much time underwater. In addition, the water that backs up over the sidewalk prevents residents from using the sidewalks, in some places for as long as a week or more. Water in the storm ditches can also indirectly lead to sewer backups into basements. Finally, the storm ditches are designed to move water away from the road. When water backs up and remains in the ditches, it will seep into the substructure of our roads and cause damage. This is one of the reasons why we typically do not get the full lifespan from our roads.

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13. Why repair the storm ditch system at the same time as the roads?

Repairing the storm ditch system simultaneously with road repaving will result in significant savings for residents. One of the more costly aspects of the storm ditch improvement process is the replacement of non-functional culverts. To do this, half of a resident's driveway approach needs to be cut out so that the culvert can be dug up and replaced. Once this is complete the portion of the driveway approach that was cut out is replaced with new concrete (or asphalt). Driveway approaches for many residents must also be cut out when their street is repaved- half of a resident's driveway approach may need to be removed and replaced to level it with the newly repaved street. By replacing the culvert when part of the driveway approach has already been cut and removed, the approach does not need to be removed and replaced twice, resulting in significant savings. The same is true for landscape repairs that are necessary for both projects.

14. How did our storm ditches get to be in such a non-functional state?

City ordinance requires that residents maintain their storm ditches and culverts so that storm water flows properly. Unfortunately, most residents are either unaware of this ordinance or choose to ignore it. Over the last couple of decades, the City could not afford the necessary code enforcement resources required to enforce this ordinance. Over time, this combination of residents failing to heed the ordinance and the City not aggressively enforcing it, led to an increasing number of inefficient and non-functional storm ditches and culverts.

15. Who will do the actual construction work?

The City will use a competitive bidding process to secure a contractor.

16. Who decides what streets will be repaired?

The infrastructure Committee will make a recommendation to City Council each winter before the subsequent construction season. City Council will then need to approve the recommendation.

17. How much will this project cost?

The estimated cost of this project including inflation and contingencies is \$5.845M. This includes the full reconstruction, partial reconstruction or rehabilitation of 7.1 miles of residential roadways in the City. The \$5.845M does NOT include the storm ditch repairs, which will be funded via a ten-year special assessment issued to the homeowners whose roads are repaired.

18. My road is on the eligible road list. Is there anything I can do to help increase the chance that my road will be chosen as one of the roads to repair during the three year project?

Because the special assessment project is time consuming and resource intensive, residents on an

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eligible street/block can be bumped up in priority by proactively submitting a petition to the City Clerk that shows the majority of the residents on your street/block will agree with the special assessment to repair the ditches associated with your street/block.

19. What happens if our road is selected for repair, but the residents on our street vote down the ditch special assessment?

A majority of affected residents can block any proposed special assessment by the City. If a street blocks the ditch special assessment, that street will be removed from the road repair project and another street will be selected in its place. Paving a street without a fully functional ditch system causes that road to deteriorate faster and it will lose about 10% of its expected life. Because taxpayer dollars will be spent on this project, if approved, the City will not irresponsibly spend them on a road that will not achieve its full lifespan.

20. What if my street is not on the eligible road list, but wants to get our ditch system repaired?

In this situation, the residents on that street can request that the City create a special assessment district for these repairs. Because equipment, staff and materials will already be mobilized on site during the three-year project, the cost for the ditch improvements would actually be less expensive than if they were done after the project is complete.

21. When will this proposal be on the ballot?

Residents will be asked to approve this project during the election on November 3, 2020.

<u>Street Improvements Bond Proposal</u>
Shall the City of Lathrup Village, County of Oakland, Michigan, borrow the principal sum of not to exceed Five Million Eight Hundred Forty-Five Thousand Dollars (\$5,845,000), and issue its unlimited tax general obligation bonds, payable in not to exceed ten (10) years from the date of issue, to pay the cost of constructing street improvements throughout the City, consisting of paving, repaving, resurfacing, reconstructing and improving streets? If approved, the estimated millage to be levied in 2021 is 3.9307 mills (\$3.93 per \$1,000 of taxable value) and the estimated simple average annual millage rate required to retire the bonds is 3.9176 mills (\$3.92 per \$1,000 of taxable value).
YES <input type="checkbox"/>
NO <input type="checkbox"/>

22. Prior questions pointed to a lack of money as a cause leading to less than adequate roads and storm ditches. Why do cities like Lathrup Village have significantly less revenue than 30 years ago when roads and ditches seemed to be better maintained?

There is a confluence of factors that have caused this significant reduction in revenue. One of the

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biggest factors was the real estate crash in 2008. The City lost \$75M in taxable revenue from the start of the crash in 2008 until 2014 when property values began to rise again. In turn, this loss of property value resulted in a revenue reduction for the City of over 40% during this period. Because Proposition A restricts a property's taxable values from rising by more than 5% per year, it will take a very long time for the City to return to pre-crash revenue levels. Assuming a growth rate of 5% or more every year (which is an unrealistic assumption), it will take the City until 2027 to get back to our 2007 revenue levels. Using a more realistic taxable growth assumption, our auditors estimate this will not happen until the early 2030's.

In addition, the amount of State Shared Revenue given to the City by the State of Michigan has dramatically decreased in the last two decades. The Michigan Municipal League estimates that since 2002, Lathrup Village has lost \$2M in shared revenue that the state was required to provide, but did not. This would have paid to rehabilitate over 4 miles of residential roadway! Currently, the City is receiving about \$200,000 less per year than it was in the late 90s. To find out more about this issue, please visit WWW.SAVEMICITY.COM.

Lastly, the Headlee Amendment requires that in years where a City's taxable value increases, the City must reduce its levied millage rate to ensure that the City's revenue remains at the prior year level (with an adjustment for inflation). This means that when the City experiences growth in its current tax base, the City does not benefit from that growth by receiving additional revenue. As a result of the Headlee Amendment, the only way to increase revenue is to add new buildings (homes and businesses). However, in a City like Lathrup Village that is mostly "built out," this is not a possibility. Therefore, even though property values are increasing, the Headlee Amendment does not allow the City revenue to benefit from that growth.

It is also important to note, that since 2003, the City Charter authorizes the city to levy a tax rate of 20 mills on the taxable value of a homeowner's property. However, due to the Headlee Amendment and other millage lowering factors, residents have consistently been under-taxed at rate lower than the city authorized 20 mills. As a result, since 2003, the average homeowner (the average homeowner in Lathrup Village has a taxable value of \$67,000) has benefitted by their tax bills being almost \$3,000 lower than maximum authorized. For the average homeowner, this savings effectively covers 5 ½ years of the tax increase associated with this road improvement proposal.

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23. Why do the residents have to pay for this project?

Unfortunately, there is no group that is going to give the city the money it needs to repair our roads and storm ditches. There are no federal dollars available for residential road projects. Likewise, there are no significant grants available for residential roads. The state does provide some money to Lathrup Village through ACT 51 funds for Major Roads, such as Southfield and 11 Mile. We then transfer some of that money to the Local (residential) Road Fund. However, the City currently still needs to add additional city funds from your taxes to the state money to be able to afford the .4 miles of road that we currently repair yearly.

24. What will this project cost the average homeowner?

The millage rate to repay this bond would be 3.9307 mills in year one with an average millage rate of 3.9176 mills over the life of the bonds. This millage is levied against the TAXABLE value of your home, NOT the actual value. Your taxable value can be found on the Notice of Assessment you receive each year from the City. To determine your actual cost, multiply your taxable value by the millage rate and divide the result by 1,000. In Lathrup Village, the average homeowner's taxable value is \$67,000. Based upon this average value, the cost to the average homeowner would be \$263 in year one with an average of \$262 per year over the life of the bond repayment terms. You can also determine what your cost would be by clicking the "View My Cost" button on the www.FixLVRoads.com website.

25. I already pay such high taxes—why doesn't the money I already pay cover the cost of maintaining and fixing the roads?

Lathrup Village residents definitely pay high taxes. However, there is a misconception about the summer and winter tax checks that you write out directly to the City. While you make your check payable to "The City of Lathrup Village," only a small portion of those checks are actually kept by the City. The City of Lathrup Village keeps only about 31% of the check you send to City Hall for general operating use. The remainder of the check goes for the schools (49%), county (8%), trash and recycling (5%), Oakland Community College (3%), region (2%), and the library (2%). This means that only 31% of what you send to the City in property taxes is used for operating all functions of the City, including repairing roads.

Further, once the City receives this 31% amount, half of it is allocated to Public Safety (police and fire protection). So only about 16% of the money you send to the City is actually used for general City operations, which includes funding the roads. Currently, the City can only afford to dedicate about 2% of your tax bill to funding the roads. As noted earlier, this, along with the ACT 51 money the City gets from the State provides funds that equates to about .4 miles of road paving per year.

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26. Is there anything I can do if I anticipate having difficulty paying this tax increase?

Yes. There are several financial assistance programs that may be available to you depending upon your income level and military service status. Under Michigan Law, you can apply to the Lathrup Village Board of Review for an income-based whole or partial property tax exemption. To apply for this program, go to the [Poverty Exemption Application](#) for more information. In addition, you may be eligible for a Michigan Homestead Property Tax Credit. The Homestead Property Tax Credit is a refundable credit available to eligible Michigan residents who pay high property taxes or rent in relation to their income. To learn more, go to the [Michigan Homestead Property Tax Credit Information Page](#). Lastly, there are property tax exemptions available for certain disabled military veterans. For more information, go to [Michigan Disabled Veterans Exemption](#). You can also talk to the City Treasurer for more information on these programs.

27. I thought the State of Michigan was working on a solution for Michigan roads—if the State enacts a solution, why does the City need its own project? Would it make sense to wait and see what the State implements before doing anything locally?

No. The plans that are being worked upon at the state level are for major roads and highways like I75, I696, M5, 12 Mile Road, etc. They are not looking to address local roads. At one point, there was some discussion of sending a very small funding increase to municipalities. In the unlikely event that occurs, that money can be used to pay off the bonds, which would lower the annual millage rate.

Also, it is important to note that the longer we delay this project, the more expensive it will be once a road improvement project is eventually implemented. This is because as the roads degrade, more road mileage moves from the rehabilitate to reconstruct category. Reconstruction is almost \$600,000 more expensive than rehabilitation per mile.

28. Do I pay more if my taxable value has been uncapped in the past several years (i.e., I recently bought my home)?

You pay the same millage rate on the taxable value of your property. However, if you purchased your home recently, your taxable value would most likely be higher than that of the prior owner. To determine your actual cost, multiply your taxable value by the millage rate and divide the result by 1,000. Alternatively, you can also determine what your cost would be by clicking the “View My Cost” button on the www.FixLVRoads.com website.

29. Who decides whether this project will take place?

You do! This project will be put to a vote of the residents on November 3, 2020.

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30. What happens if the project is not approved?

If this project is not approved, the City will continue to repair roads at a rate of .4 miles per year. Road degradation will continue to accelerate and our roads will continue to get substantially worse and deteriorate faster. In addition, the cost to fix our roads will escalate as more roads will deteriorate past the point where they can be rehabilitated and will subsequently need full reconstruction. Full reconstruction costs about \$600,000 more per mile than rehabilitation. Our storm ditch system will continue to experience backups. This will continue to degrade our road system from within, damage lawns and sidewalks, allow rodents and insects to thrive, contribute to basement backups, etc.

31. If approved, what can we do to protect this large investment and be assured that the dollars spent are fully maximized?

The recommendation asked that the City use code enforcement resources to begin aggressively assessing ditches and culverts on a regular basis. This will ensure that residents maintain their ditches and culverts as required by City ordinance. Keeping the ditches and culverts maintained will eliminate damaged lawns and sidewalks, stop rodents and insects from thriving, and deter storm water from erroneously seeping into the sewer system. More importantly, water will no longer seep underneath the roads and shorten road life.

32. What if I have a rain garden in my ditch? What about other objects in the ditches?

City ordinance does not allow anything other than vegetation in the storm ditch system. Other items like boulders, lawn art, signs, etc. will need to be removed by the homeowner so that ditching rehabilitation can commence. The City does understand that there are residents who have beautified their property and helped address storm water runoff issues by installing rain gardens. In fact, at one point many years ago, the City encouraged it. The Infrastructure Committee recognized this issue and felt it was a policy that needed to be decided administratively once the project begins. Additionally, this policy will need to be implemented somewhat on a case-by-case basis. This is because rain gardens that were correctly installed may not impede the flow of water, and therefore, will not require any repair. However, those storm ditches with rain gardens that were not installed correctly may require regrading.

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33. How can I find out more?

Go to www.FixLVRoads.com for more detailed information. If you have specific questions, please feel free to contact the Mayor Pro Tem, Bruce Kantor at BKantor@LathrupVillage.org.