

INFRASTRUCTURE STUDY GROUP

CITY OF LATHRUP VILLAGE
27400 Southfield Road, Lathrup Village, Michigan 48076

ROAD RECOMMENDATION TO CITY COUNCIL

MONDAY, JULY 27, 2020

Infrastructure Committee Road Recommendation:

Goal: To rehabilitate portions of the local road system that are in degraded condition and to improve the function of the storm ditch system over a three year period. This three-year project would begin in the spring/summer of 2021.

Background: The last comprehensive residential road project in Lathrup Village took place 50 years ago in 1969. Over the last few decades, the effects of Proposal A, the Headlee Amendment, reduced State Shared Revenue and the real estate crash of 2008 have resulted in significantly reduced expenditures on residential road maintenance and upkeep. As a result, the degradation of our road system has accelerated dramatically. Residents are frustrated by the rough nature of the roads, lack of walkability, damage to their cars, poor street appearance, loss of property value, injury, etc.

Further, residents are very frustrated with the non-functional storm ditch system that runs parallel to the streets. Water continuously backs up, forming ditch-long standing pools of water that rise to cover the sidewalks and driveways, attract insects and other animals, degrade concrete sidewalks and driveways, etc. In addition, this issue shortens the life of the road system as water that should properly drain off of the roads does not do so and seeps into the road sub-structure, resulting in damage. This standing water also causes significant and unnecessary inflow and infiltration into our sewer pipes, something we are under EGLE mandate to correct. This forces significant amounts of errant water into the sewer system and ultimately to the sanitary retention tank. If the tank cannot handle this additional storm water, we either incur an illegal sanitary sewer overflow or allow basements to back up with sewage.

Road Recommendation: The Infrastructure Study Group recommends (via a 4 to 1 vote) that a three year project commence during the spring/summer of 2021 that would repair or replace approximately 7.1 miles of local roadway (27% of the local road system). The cost of this project would be \$5,845,000, which will equate to an average levy of 3.9176 mills on Lathrup Village residents and businesses over a ten year period. It is recommended that the City place a proposal for this project on the November 3rd ballot.

The Committee felt that based upon the defeat of the November 2019 road proposal (i.e. residents rejected repairing all roads and the high cost of that proposal) that it was not feasible to propose a solution that addresses all the roads that are in a degraded condition. The committee also felt that the highest millage rate that voters would accept would be in the neighborhood of 4 mills, which equates to approximately 7.1 miles of road repair, as configured below.

Due to higher cost of concrete work, the proposal recommends that only the asphalt roads be addressed at this time. In addition, with the money raised by the proposed millage, only a portion of the asphalt roads that are in need of repair will be addressed. The proposal recommends the following and understands that there could be some minor shifting between the categories as the specific roads are chosen:

- There are 3.93 miles of local asphalt roads that require method 1A full reconstruction, where 5 inches of asphalt is laid over 10 inches of new aggregate base. The recommendation is to address about 2.6 of these road miles, which equates to a cost of \$2,957,677.
- There are 1.066 miles of local asphalt roads that require method 1B full reconstruction, where 5 inches of asphalt is laid over the existing aggregate base. The recommendation is to address about .6 of these road miles, which equates to a cost of \$498,497.
- There are 4.441 miles of local asphalt roads that require method 1C rehabilitation, where 3 inches of cold milling occurs and 3.5 inches of new asphalt is laid upon this newly milled surface. The recommendation is to address approximately 3.7 of these local road miles, which equates to a cost of \$1,954,973.
- Based upon input from residents regarding our 1.7 miles of dirt road, the committee dramatically reduced the approach toward dirt roads relative to last November. Only \$163,648 has been allocated for dirt road conversion to asphalt.

The \$5,845,000 cost includes \$5,695,575 for the project (which includes a 15% contingency and an approximate \$120,000 in inflation costs over the three year project) and \$149,425 in bond financing and legal fees.

A list of all roads “eligible” for repair under each repair category is attached to this recommendation. Each year of this project, the Infrastructure Committee will assess the current road situation and make a recommendation to City Council regarding which specific roads from the eligible road list will be repaired in the upcoming road repair season.

The \$5,845,000 cost of this project would be born via a single bond issue for the full amount. A millage of 3.9307 mills in the first year with an annual average of 3.9176 mills over the 10 year bond issuance will be placed on the November 3rd ballot. The annual cost to the average Lathrup Village homeowner would be approximately \$263 in the first year with an average of \$262 per year over the life of the bond issuance. The cost per \$100,000 of taxable value would be \$393 per year in the first year with an average of \$392 per year over the life of the bond issuance. The bond issue would be structured, as required by state law, such that this general obligation debt never exceeds 10% of the city’s aggregate State Equalized Value

Because millage funds will be used to repay bond debt, the number of mills levied for this purpose does not apply toward the city’s chartered 20 mill maximum, the state law preventing millage levies from exceeding 2% of a city’s aggregate taxable values, nor the state law capping the total mills across all levies to 59 mills. A millage to repay a bond issuance is considered to be a separate, unrelated entity relative to these other regulations.

Ditch Recommendation: Unfortunately, repairing the ditch system is a complex issue and there is not a simple one-size-fits-all solution to repair it. However, without a properly functioning ditch system, our local roads will lose about 10% of their expected lifespan due to water damage. This means that 10% of the tax payer cost of repairing a road would be wasted without simultaneous ditch repair. As such, based upon resident input and committee review, it was felt every effort should be made to repair as much of the ditch system as possible that is directly associated with the specific 7.1 miles of road to be repaired by this proposal. Further, it was felt that due to the significant savings associated with simultaneous road and ditch repair, the systems should be repaired together to ensure residents reap the significant cost savings relative to a separate ditch project.

The road project cost noted above does not include the cost for ditch reconditioning. Based upon resident input, the Committee proposes that ditch repairs only occur on roads that are being repaired and that these costs be split evenly across the homes on the given road via a 10 year special assessment. This is an additional cost incurred only by the homes located on streets that undergo road repairs associated with this ballot proposal. The ditch improvement work would begin in the spring/summer of 2021 with the City fronting the cost via a bond or other funding mechanism. Any incurred fees associated with the financing will be a cost that is included as part of the special assessment. As the cost is split between the number of homes on a specific road, roads with more homes will have lower cost estimates than similar sized roads with fewer homes. The actual cost will vary depending upon the existing condition of the road's ditch system. Blocks with fully functional or nearly functional ditch systems will have no or very low cost, while blocks with non-functional ditches will experience higher costs.

The ditch improvements that are a part of this program will include grading the ditches so that water flows efficiently in the proper direction, jet cleaning functional culverts and extended culverts, and replacing non-functional culverts.

Each year, the Infrastructure Committee will propose the special assessment districts (SADs) that correspond to the chosen roads for repair and include them with their road and ditch recommendation to City Council. The Committee will make every effort to ensure as much of the ditch system as possible that is associated with the 7.1 miles in the road proposal is improved. However, due to prohibitive costs in some areas, some of these ditches will remain in their current state and will not be improved. In instances where the cost exceeds approximately \$400 per year (about 17% of eligible homeowners), SADs will not be recommended. The mean cost of the remaining 83% of homeowners is approximately \$223 per year for ditch repair over the 10 year assessment. The Committee will work to create SADs that maximize the amount of ditching improvement that occurs while also ensuring the cost of the SAD remains reasonable. In addition, because of the effort required to create SADs, the committee will strive to create as few SADs as possible. Lastly, in instances where an SAD would not be recommended due to exceeding the cost threshold, residents could still request a ditch repair SAD, if they so desire.

Because the ditch system will be fixed via special assessments, the Committee realizes the distinct possibility that the residents of a road slated for repair could conceivably block the ditch special assessment, and hence, the ditch repair portion of the project. Because the repair of the

ditch system is crucial to obtaining the maximum life of the road and most efficient use of tax dollars, the Committee recommends that a street that blocks the special assessment is removed from the paving program and substituted with a different street. Alternatively, because the SAD process can be arduous, it is also recommended that homeowners on repair-eligible roads that proactively provide a petition to the City Clerk indicating majority approval for an SAD be given increased priority in the selection process.

Individual homeowners who have placed items in the ditches that are not permitted via city ordinance (e.g., large rocks, boulders, decorative items, reflectors, etc.) will be responsible for removing these items before any work commences. The necessity to remove rain gardens will be made as an administrative decision on a case-by-case basis.

Individual city blocks with poorly performing ditch systems whose roads are not slated for repair and desire ditch improvements, are encouraged to work together as a neighborhood to request that a special assessment be created to repair their ditch system. The cost associated with such and improvement project will be lower during the 3 year road project, relative to a standalone ditch project at a later time, as there would be a reduction in fees due to the fact that equipment, labor and material is already on site.

This recommendation only focuses on improving ditches that are associated with the 7.1 miles of roads slated for repair. While the remaining ditches in the City will not be improved, it is recommended that the City use its new code enforcement resources to look for obvious defects (tree roots, blockages, items placed in the ditches that are blocking flow, non-functional driveway culverts, blocked culverts, etc.) and inform residents of the need for repair. If the noted repairs are not addressed in a timely manner, tickets should be issued. While this will not repair the ditches to their original condition, the use of code enforcement in this manner will help to make significant improvements to areas not slated for improvement. It is suggested that at least one quadrant of the City is reviewed each year moving forward.

The city engineering firm will do their best to coordinate planned water main replacements with this project. This will also result in significant savings by doing water system work simultaneously and also eliminate the need to remove the sides of newly repaved roads to later replace water main.

If this recommendation is approved by the City Council, the Infrastructure Committee will begin developing and conducting an education campaign for residents. This will include town halls, meet-and-greets, door-to-door campaigns and more. Education will focus on the project goals, illustrating the streets eligible for improvement, municipal finance, tax allocations, etc. The committee also feels that the primary goal of this campaign will be to educate residents as to why the roads are in the current state (lack of money due to reduced State Shared Revenue, property value loss in 2008, Proposal A, Headlee Amendment, etc.) and how our high taxes are currently allocated (i.e., only about 1/3 of the taxes the city collects is actually kept by the city).

Lastly, it is important to note that should this proposal be approved, the City's Major Act 51 monies will not be needed for this project (i.e., no transfer to the Local Road Fund will be necessary) and can be saved for three years for the funding of the upcoming Eleven Mile Road repaving project, which is estimated at approximately \$1.3M. Based upon past State distributions, the City's Local Act 51 monies should nearly cover most all of the City's non-maintenance costs (e.g., salt, snowplowing, road signs, pothole repair, etc.). This means the full amount raised by this millage would go directly toward repairing the local road system.

This recommendation is made by the following voting members of the Infrastructure Committee:



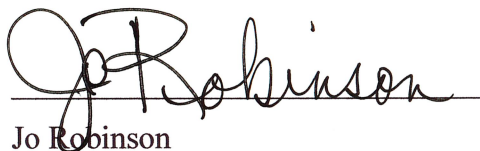
Bruce Kantor, Committee Chair
Mayor Pro Tem



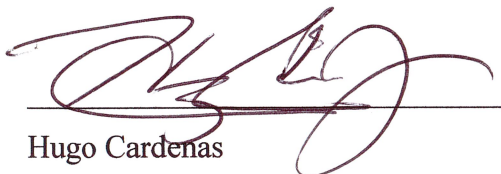
Michael Griffin



Mike Keenan



Jo Robinson



Hugo Cardenas