

**CITY OF BIRMINGHAM
AD HOC UNIMPROVED STREETS
COMMITTEE
CITY COMMISSION ROOM
151 MARTIN ST., BIRMINGHAM, MI
(248) 530-1850
REGULAR MEETING AGENDA
FRIDAY, JUNE 19, 2020 @ 8:00 A.M.**

**Join Zoom Meeting
<https://zoom.us/j/96285603912>**

Meeting ID: 962 8560 3912

1. ROLL CALL
2. APPROVAL OF JANUARY 31, 2020
MEETING MINUTES
3. OVERVIEW OF UNIMPROVED
STREETS / COMMITTEE ACTIVITY
4. DRAFT POLICY DOCUMENT
DISCUSSION- FINALIZE
5. PUBLIC ENGAGEMENT STRATEGY -
DISCUSSION
6. PUBLIC COMMENT
7. NEXT MEETING: TBD
8. ADJOURN

Persons with disabilities that may require assistance for effective participation in this public meeting should contact the City Clerk's Office at the number (248) 530-1880, or (248) 644-5115 (for the hearing impaired) at least one day before the meeting to request help in mobility, visual, hearing, or other assistance.

Las personas con incapacidad que requieren algún tipo de ayuda para la participación en esta sesión pública deben ponerse en contacto con la oficina del escribano de la ciudad en el número (248) 530-1800 o al (248) 644-5115 (para las personas con incapacidad auditiva) por lo menos un día antes de la reunión para solicitar ayuda a la movilidad, visual, auditiva, o de otras asistencias. (Title VI of the Civil Rights Act of 1964).

CITY OF BIRMINGHAM
AD HOC UNIMPROVED STREETS STUDY COMMITTEE
SPECIAL MEETING
NOTICE OF VIRTUAL MEETING

NOTICE DATE: June 16, 2020
MEETING DATE/TIME: June 19, 2020 8:00 a.m.
MEETING PLACE: Virtual Meeting

PLEASE TAKE NOTICE that the regularly scheduled Advisory Parking Committee meeting for the City of Birmingham will be conducted virtually (online and/or by phone), due to health concerns surrounding Coronavirus/COVID-19 under the Governor of Michigan’s Executive Orders 2020-15 and 2020-21.

Topic: Ad Hoc Unimproved Streets Study Committee Overview
Time: Jun 19, 2020 08:00 AM Eastern Time (US and Canada)

Join Zoom Meeting
<https://zoom.us/j/96285603912>

Meeting ID: 962 8560 3912
One tap mobile
+13017158592,,96285603912# US (Germantown)
+13126266799,,96285603912# US (Chicago)

Dial by your location
+1 301 715 8592 US (Germantown)
+1 312 626 6799 US (Chicago)
+1 929 205 6099 US (New York)
+1 253 215 8782 US (Tacoma)
+1 346 248 7799 US (Houston)
+1 669 900 6833 US (San Jose)
877 853 5247 US Toll-free
888 788 0099 US Toll-free
Meeting ID: 962 8560 3912

Find your local number: <https://zoom.us/u/aEXMmjNfH> Find your local number:
<https://zoom.us/u/agBS5O1YM> Join Zoom Meeting

The agenda, agenda packet, and detailed instructions for viewing and participating in the meeting will be posted on the City of Birmingham's website by visiting: www.bhamgov.org/commissionagendas

Public comment will be handled by the virtual "raise hand" method as controlled by the participant. See instructions as posted on the City of Birmingham website: www.bhamgov.org/participate

NOTICE: Individuals requiring accommodations, such as mobility, visual, hearing, interpreter or other assistance, for effective participation in this meeting should contact the City Clerk's Office at (248) 530-1880 (voice), or (248) 644-5115 (TDD) at least one day in advance to request mobility, visual, hearing or other assistance.

Las personas que requieren alojamiento, tales como servicios de interpretación, la participación efectiva en esta reunión deben ponerse en contacto con la Oficina del Secretario Municipal al [\(248\) 530-1880](tel:(248)530-1880) por lo menos el día antes de la reunión pública. (Title VI of the Civil Rights Act of 1964).

Real time closed captioning can be viewed live when watching the meeting from the City of Birmingham's Vimeo channel: www.bhamgov.org/watch or the Birmingham Area Municipal Access local government cable channel. If participating in the meeting through the Zoom platform the user must select "view subtitles" in order to see the captions.

City Of Birmingham

AD HOC UNIMPROVED STREET STUDY COMMITTEE

Birmingham City Hall Commission Room
151 Martin, Birmingham, Michigan
Friday, January 31, 2020

Minutes of the Ad Hoc Unimproved Street Study Committee meeting held Friday, January 31, 2020. Chairman Scott Moore called the meeting to order at 8:30 a.m.

1) ROLLCALL

Present: Chairman Scott Moore
Pierre Boutros
Jason Emerine
Michael Fenberg
Katie Schafer (left 9:25 a.m.)
Stuart Sherman (arrived 8:34 a.m.)
Janelle Whipple-Boyce

Absent: None

Administration: Tiffany Gunter, Assistant City Manager
Mark Gerber, Finance Director
Theresa Bridges, Asst. City Engineer
Austin Fletcher, Asst. City Engineer
Laura Eichenhorn, Transcriptionist

2) APPROVAL OF AUGUST 22, 2019 MEETING MINUTES

Motion by Mr. Boutros

Seconded by Mr. Fenberg to approve the Minutes of the Ad Hoc Unimproved Streets Committee of August 22, 2019 as submitted.

Motion carried, 6-0.

VOICE VOTE

Yeas: Boutros, Fenberg, Emerine, Schafer, Sherman, Moore

Nays: None

Abstain: Whipple-Boyce

3. PRELIMINARY REVIEW: DRAFT POLICY DOCUMENT – UNIMPROVED STREETS

ACM Gunter commenced review of the item.

Ad Hoc Unimproved Street Study Committee
Minutes of January 31, 2020

Ms. Whipple-Boyce noted that even if the petition process is City-initiated in the future, disagreements among neighbors could still arise during the process. Working from the premise that the City only recommends streets for improvement when absolutely necessary, she asked what the benefit is of soliciting resident feedback on the process. Ms. Whipple-Boyce suggested removing neighborhood input would remove the source of potential contention between neighbors that could otherwise arise from the street improvement process.

Mr. Sherman concurred with Ms. Whipple-Boyce's comment.

Dr. Schafer said she thought the AHUSSC had agreed to maintain the petition process as one option for moving street improvement forward, while providing an alternative process that would be entirely City-initiated.

Mr. Boutros asked what the place of resident objections would be if a street improvement process were City-initiated.

ACM Gunter confirmed that the draft policy document did retain options for residents to express their objection to a street improvement.

Chairman Moore said that state law allows a council to initiate a street improvement without resident input if the improvement is necessary to maintain the health, safety, and welfare of residents. He said the City used that option to improve Wilits in the past. Chairman Moore stated that if residents objected to their street being improved they could register their protest with the City Commission, who could then decide to either postpone the street's improvement or to continue with the improvement if they found doing so imperative for safety.

Mr. Fenberg commented that the City should be able to initiate a street improvement based on a wider variety of factors than just where the street is on the cape seal rotation.

Mr. Sherman agreed with Mr. Fenberg's comment. He said he believed the AHUSSC sought an integrated ranking of roads' need for improvement based on the infrastructure and safety issues that former City Engineer O'Meara had laid out. That ranking would then be used to inform residents years in advance as to when their particular road would be improved. Then, motivated residents could opt to use the petition process to request that their road be considered for improvement sooner than the ranking suggested. He said that beyond that use of the petition process, the petition process would otherwise no longer be used by the City.

Ms. Whipple-Boyce and Chairman Moore agreed with Mr. Sherman's assessment of what the AHUSSC sought.

ACM Gunter requested confirmation that the AHUSSC was directing her to:

- Base street improvements solely on the Engineering Department's determination and to remove the use of the petition process for initiating street improvements.

- Clarify that residents who do not want their street improved could request that the City Commission delay the improvement, but only based on evidence that the street is in better condition than the Engineering Department found it to be.

The members of the AHUSSC confirmed that was their direction.

Ms. Whipple-Boyce said that she did not believe that the preference of the residents of a street should be the determining factor of whether concrete or asphalt is used to improve a street. She commented that all Birmingham residents contribute to road maintenance in the City, and accordingly roads should be improved for the benefit of all references. She said asphalt need not necessarily be eliminated, but that the Engineering Department should determine when asphalt is most appropriate.

In reply to Mr. Fenberg, Asst. City Engineer Fletcher said that a main road improved with one material would not dictate that all intersecting roads also use the same material. Asst. City Engineer Fletcher said there are locations within the City where concrete and asphalt intersect, but they just have to be logically determined places. He added that asphalt could be used appropriately on infrequently travelled roads in Birmingham, such as cul-de-sacs.

Dr. Schafer echoed Ms. Whipple-Boyce's comments, emphasizing that the decision to use concrete or asphalt should lie with the City engineers. She cautioned that resident input would largely stem from aesthetic preference, and not the cost-effectiveness or longevity of a material used for the City's streets.

Mr. Emerine stated that he designs roads in his professional life, and that both asphalt roads and concrete roads can be made to function well and withstand any kind of traffic with enough money. He said the determining factor for choosing one material or the other on most residential streets should ultimately be City policy and cost effectiveness. He said the City's more busy thoroughfares would benefit from concrete if they are travelled more often by large trucks. Mr. Emerine continued that what matters most is drainage and the aggregate base underneath, which can be well-constructed for both asphalt and concrete roads.

In reply to Mr. Fenberg, ACM Gunter clarified that concrete and asphalt will cost the same for a resident because the City will assess the resident for the more expensive concrete cost in either case, and reserve any surplus if asphalt is used to offset the additional future required maintenance costs of the road. She added that the bulk of the maintenance costs would be borne by the City in either case.

Mr. Sherman stated that his road, Stanley, was improved with asphalt 14 years prior. He said that even with the City adhering to the maintenance recommendations there are still higher rates of road deterioration on Stanley compared to roads that were finished with concrete around the same time. He concurred with the City's finding that the additional long term maintenance costs required for asphalt had to be factored into the initial cost assessed to the residents.

Ad Hoc Unimproved Street Study Committee
Minutes of January 31, 2020

Mr. Emerine stated that even though concrete needs to be replaced less frequently than asphalt, it is often significantly more disruptive and expensive than the repairs required for an asphalt road. He said also that it might benefit the City to choose one material moving forward to reduce the complications of maintaining and repairing the roads.

Asst. City Engineer Fletcher commented that during residential concrete road repair one side of the road can remain open while repairs occur on the other side, and then they can be switched to mitigate some of the disruption. He also said that new builds and sewer line replacements necessitate patches on asphalt roads which contribute to the increased rate of deterioration, whereas if the road is concrete the entire panel can be replaced resulting in a continuous road with no increased risk of deterioration stemming from the infrastructure repairs.

ACM Gunter said she was worried that, since there is an element of discretion to some road improvement material recommendations, the City could be perceived as demonstrating favoritism if one road receives a concrete recommendation and another, similar road receives an asphalt one.

Chairman Moore said the City's Engineering Department should determine whether they are equipped to make definitive, justifiable recommendations regarding whether to improve a given street with concrete or asphalt.

ACM Gunter said the process would need to be codified.

Chairman Moore concurred.

Mr. Sherman said there could be some roads that could be improved with concrete or asphalt according to the Engineering Department's findings. He suggested that in those cases, resident input should be sought, but that if there was no consensus among residents the road should be improved with concrete by default.

Finance Director Gerber presented the funding review portion of the draft policy document.

Ms. Whipple-Boyce said taking out bonds for water and sewer infrastructure repair could lead to the mistaken impression that some residents paid for the water and sewer updates on their street and are being asked to pay again, while in actuality residents have only ever directly covered their individual road improvement costs. Ms. Whipple-Boyce cautioned that the City would have to clarify the difference for residents.

ACM Gunter summarized that the Finance Department is being asked to explore:

- Bonding options for water and sewer improvements; and,
- How the City can manage its five-year capital improvement program to reflect a potential accelerated road improvement program in the event of a successful bond issue.

The AHUSSC confirmed that to be the case.

Chairman Moore drew the Committee's attention to the fact that the City's usual 85%-15% cost sharing split in a pavement assessment district was developed at a time in which Birmingham was more developed than the surrounding areas. He noted that since then the use of City roads has evolved to see more people travelling through Birmingham from one municipality to another, and more traffic within Birmingham as well. Chairman Moore stated that it is possible the cost sharing should be reconsidered in light of how heavily travelled a road is by people who do not live on that road.

Ms. Whipple-Boyce cautioned that some of the residential roads that are more heavily travelled may see a significant reduction in traffic once more traffic-calming measures are implemented. Since that might be the case, Ms. Whipple-Boyce said the City would have to be careful in determining which streets might be appropriate for having their cost sharing split reconsidered.

Mr. Fenberg said a reconsideration of cost sharing for certain streets should use vehicle counts as one objective metric.

ACM Gunter summarized that staff would further look into cost sharing considerations for certain roads and will return to the AHUSSC with ideas and suggestions. Staff will not revise the cost sharing part of the document until there has been further discussion and direction from the AHUSSC.

The AHUSSC confirmed that was their preference.

4. DOCUMENT REVIEW AND PUBLIC ENGAGEMENT APPROACH - DISCUSSION

ACM Gunter reviewed the item. She said she would share comments from the public with Committee members via email, and that Committee members could in return share their comments directly with her. She reminded Committee members not to reply-all on emails regarding Committee matters so as to remain in compliance with the Michigan Open Meetings Act.

5. PUBLIC COMMENT

Carl Genberg began his comments by thanking the AHUSSC and City staff for their professionalism and objectivity. He continued by noting that a 85%-15% cost sharing model might be prohibitive for some of Birmingham's lower- or fixed-income residents, and asked that the AHUSSC consider ways to address that issue.

Mr. Sherman confirmed for Mr. Genberg that all lines beneath a street, including lead lines, are updated when a street is improved.

Chairman Moore told Mr. Genberg that the 85% would be paid back over ten years, and that the City has programs that can help older residents on low or fixed incomes with such costs. Chairman Moore also said that the City should publicize the availability of those programs more in general.

Mr. Sherman and Chairman Moore confirmed for Mr. Genberg that utility lines in the rear of homes would not be addressed as part of this proposed project, and that the City has studied those lines separately.

Christina McKenna-Walton began by thanking the AHUSSC for their work on this matter, saying it was both a difficult and important one. She explained she has worked to get improvements for her street of residence, Lakeview, over the past four years and said there was some insight she wanted to offer the AHUSSC from that process. Ms. McKenna-Walton said:

- The AHUSSC and the City should not underestimate the importance of aesthetics when choosing between cement or asphalt. She asserted that many studies have shown that the most important factor for whether a neighborhood is aesthetically pleasing is not the homes or the individual landscaping, but the design, layout and quality of the streetscape. She said having an attractive streetscape is just as important to residents as having attractive parks and an attractive downtown.
- Assistant City Engineer Fletcher has been of inestimable help to the residents of Lakeview on their journey to improve their street. While that is granted, Ms. McKenna-Walton said it is not entirely appropriate to ask engineers to design streets that are aesthetically pleasing. For this reason, the City must go to other professionals as well when it comes to road design including landscape architects, city planners, and designers.
- She is a strong proponent of asphalt for Lakeview. Acknowledging that asphalt is more easily damaged than cement, Ms. McKenna-Walton continued that much of the damage to residential streets in Birmingham is done by large construction vehicles, and that residents should not have to subsidize the cost of damage done to the streets by those vehicles. She said that if damage to asphalt roads is a concern, the people employing those construction vehicles should be paying for the damage to the road.
- If asphalt had been an option on Lakeview all along, her efforts to improve the street would have been significantly less challenging. People in Birmingham largely prefer to use asphalt to improve their roads.

In response to Susan Randall, Chairman Moore said he would further look into the process of improving Saxon since the road continues into Beverly Hills from Birmingham.

Ms. Randall stated that improving Saxon had significant support, but that the way the cost was going to be divided ended up being prohibitive for a few homes. She said she would like to find a way forward for Saxon to be improved.

In reply to Paul Paskiewicz, Chairman Moore confirmed that lead pipes are updated when streets are improved. He also confirmed that City staff would do traffic counts all over the City to determine what areas are 'heavily trafficked' and therefore may be considered for a different cost sharing beyond the routine 85%-15% split if the City decides to pursue that possibility.

Dave Lurie said he was speaking in support of Ms. McKenna-Walton's comments. He said as a resident of Lakeview he opposed Ms. McKenna-Walton's efforts to improve the street since concrete was the only option provided at the time. He said that asphalt is not only necessary from an aesthetic standpoint, but from an auditory one as well since the joints in concrete roads cause a clicking sound when vehicles drive over them.

Chris Bidlake said that what pits neighbor against neighbor is not the petition process, but the result of the petition and the associated costs. Mr. Bidlake explained:

- That even if the City does away with the petition process, improving a street still goes to a vote which provides sufficient opportunity for contention.
- The option to pay over ten years results in a lien on one's home, which most residents would seek to avoid.
- Since the cost to each home is calculated by frontage, and not taxable home value, some residents with more frontage but less expensive homes would end up paying significantly more than residents with less frontage but more expensive homes. This places a significant, and potentially prohibitive, burden on many homeowners.
- Cost to homeowners to improve a street should take into account, then, the taxable home value of each home to determine what costs are possible and reasonable for residents to pay.

David Young explained that five years ago residents of Clark Street petitioned to improve their roads and went with concrete even though initially residents preferred asphalt. He noted that George Street, which was improved with asphalt approximately ten years ago, is now disintegrating. Mr. Young conceded that asphalt is more appealing at the outset, but that it changes significantly as the street ages.

Jason Braun explained that on his street of Banbury there are a number of rental homes, which means that the owners of those properties are either unresponsive to petitions since they are largely absent or vote no because they would have little to gain from improving the road. This has made it onerous to try and improve the street, and would be worth the AHUSSC noting as part of their consideration of the petition process. Mr. Braun also said that the trends of building on some roads should be considered in terms of which roads are improved first, because even if a given road was less damaged by construction up to this point, that same road may be now seeing increased construction which will deteriorate the road more rapidly.

Rodney Lockwood spoke as a resident of Lakeview and an engineer and agreed with Ms. McKenna-Walton's comment that engineers should not be tasked with designing the aesthetic experience of street. He said:

- Birmingham needs to think about its brand on a long-term basis vis-a-vis the road materials it selects. Birmingham has largely had chipseal which is closer to asphalt in terms of aesthetics and that should be maintained. He ventured that on Lakeview about 80% of the residents would prefer asphalt to concrete.
- The AHUSSC is correct that the petition process is damaging to neighbor relations and stressed that he is in support of the AHUSSC's efforts to fix that process.

- He was disappointed to hear that some members of the AHUSSC did not believe residents would be capable of making prudent decisions regarding the improvement of their streets if presented with all the relevant information.
- Asphalt roads should not fail quickly, and that if they do it means something was done wrong in the design or the construction.
- The City should consider applying Michigan's 'frost laws' to asphalt roads in order to reduce damage to asphalt streets in the spring. This would require construction vehicles to restrict their weights to about $\frac{3}{5}$ of a normal load, which would reduce or in some cases eliminate damage done to the streets.

Chairman Moore advised those present who were concerned about street aesthetics that the Multi-Modal Transportation Board reviews all plans for street improvements and is a Board made up of residents, not engineers, to better consider complete streets and street design. He recommended that residents look further into the MMTB's work in order to see if some of their concerns about street aesthetics are being addressed there.

6. NEXT MEETING: TBD

7. ADJOURN

No further business being evident, the Committee motioned to adjourn the meeting at 10:40 a.m.

Assistant City Manager Tiffany Gunter



MEMORANDUM

Office of the City Manager

DATE: June 19, 2020

TO: Ad Hoc Unimproved Streets Study Committee

FROM: Tiffany J. Gunter, Assistant City Manager

SUBJECT: Overview of Committee Activity

The purpose of the Ad Hoc Unimproved Street Study Committee is to conduct a city-wide study of unimproved streets and provide a recommendation to the City Commission outlining a long term plan for these streets. The first meeting of the Ad Hoc Unimproved Streets Committee was held June 2018. Since that time, the Committee has worked to develop a common understanding of 1) the history of unimproved roads in the City, 2) the City Charter and ordinance as they relate to unimproved streets, 3) special assessment districts, 4) pavement types and their associated life cycles, 5) the cape seal program, and 6) road funding fundamentals.

At the April 18, 2019 meeting of the Ad Hoc Unimproved Streets Committee, a staff presentation was made in response to the committee's request to explore potential funding scenarios as they began the process of considering alternatives for recommendation. The presentation was heard by the committee and it was understood that there would be a need for on-going discussion and further iterations of model inputs and subsequent outputs. It was assumed that further study of the universe of road design alternatives may ultimately result in either a shorter timeframe for completion and/or reduced overall cost.

As staff began working internally to establish revised assumptions to adjust the model, it was suggested that a more in-depth peer review of our neighboring communities and their experiences with improving streets would provide better data to support any adjustments to the model. Staff recommended that engaging an outside engineering firm to provide a broader perspective regarding the range of possible road design alternatives would enhance the quality of a future recommendation.

The decision of the committee regarding road design has provided critically important input to support any further iterations of model output. In July 2019, staff requested that the committee consider a recommendation to authorize an engineering firm to conduct the necessary research and information gathering to support assumptions being made regarding road materials and designs that would affect the cost model.

An Engineering Report completed by OHM, dated August 14, 2019, has been provided in your agenda package for reference. Staff reviewed the findings of OHM report and have incorporated that information together with the common themes and discussions that were held at the committee level to draft initial recommendations for consideration and discussion. It is important to note that staff did not draft the policy as a proposed recommendation for action. Rather, it was written in an attempt to interpret what the minutes of previous meetings indicated may be

the direction of the committee. It was presented on January 31, 2020 and reviewed as a baseline tool to enhance dialogue among committee members. The following paragraphs provide an overview of the three main issues that the committee indicated should be addressed in any final recommendation to the City Commission for consideration. Those issues are the:

- 1) initiation of the petition process,
- 2) road surface/design alternatives, and
- 3) funding to support a program of converting unimproved roads.

The contents of this memo were developed to assist the reader in understanding the process that was taken to develop the initial draft recommendations.

The draft policy document has not been revised to reflect the committee discussion held in January 2020. Instead, at the end of each section, there are comments provided that capture the proposed revision to the draft document. The Committee has not yet had the opportunity to review the document in its entirety. A revised draft will be provided for review and comment by the public, once all committee feedback is collected.

In order to collect feedback from the public, staff and the committee will engage in robust public engagement regarding all sections of the draft policy document prior to making a final recommendation to the City Commission.

1) Initiation of the Petition Process

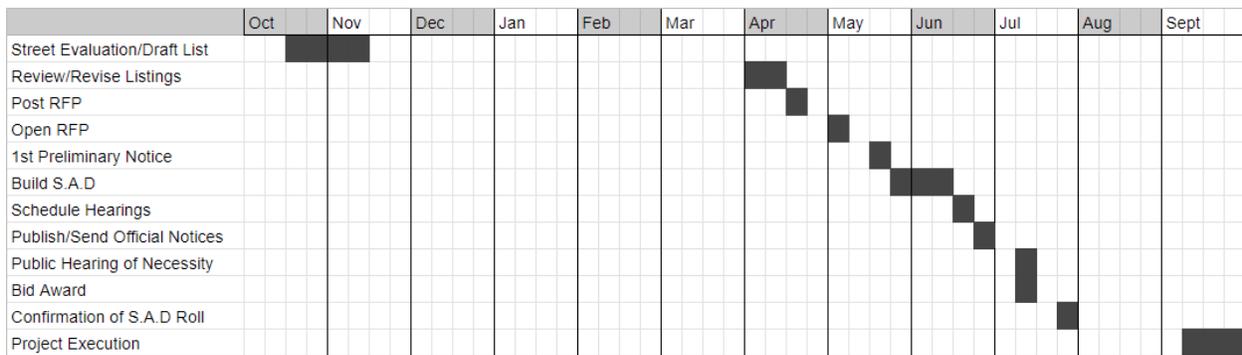
The current process for initiating a petition has historically begun when residents become dissatisfied relative to the condition of their street pavement often know little about why their street is in the condition it is. Frequent problems can include rough riding surface or drainage problems. A telephone call to City Hall will be directed to the Engineering Dept., where an explanation of the City's policies begins. Staff explains that a special assessment district must be created in order to raise the funds to pay for such a project. The City Commission has not been inclined to create such a district unless it has clear indication that the majority of property owners agree with the idea. In order to start the process, a petition needs to be created that demonstrates that a majority of the property owners are in favor. Staff offers to email a blank petition form prepared for the specific street being discussed, and also tries to provide the resident with the basic information needed in order to start conversations with neighbors about the idea. It is the responsibility of the neighbors to obtain a majority of signatures from homeowners in favor of improving the road before any official action can be considered by the City Commission.

The committee has discussed the difficulties associated with having homeowner's initiate a petition process to have their road improved. It has caused disputes and frustration and as a result, homeowners are less likely to initiate the process. The Committee has asked staff to explore the possibility of a City initiated process.

The City has routinely evaluated and prioritized streets as part of the on-going maintenance cycle for cape sealing of unimproved streets to ensure that they are adequately maintained.

The preparation of a cape seal maintenance project is significantly more involved than other types of contracted maintenance because it involves the creation of a special assessment district (SAD) for which there are statutory public hearings and notification requirements and other tasks that prolong the planning process. The required public hearings include a) the confirmation of necessity, at which the Department of Public Services presents the commission with the need for the proposed project and provides an opportunity for residents to provide input, and b) the confirmation of the assessment roll, which formally commits the subject properties to the special assessment.

The process is outlined in the chart below:



As the chart illustrates, cape seal project planning begins in late fall and involves assessing existing surface conditions on unimproved streets, resulting in a preliminary listing of potential candidate streets for future projects. Because seasonal weather can have a significant impact on street conditions, the Department of Public Services re-reviews the listings in the spring and makes revisions if necessary before publishing a request for proposals.

Subsequent to bid opening, the department is able to refine cost estimates, which are required for both the official publication of hearing notices and for the development of the special assessment district. At this stage, the department sends preliminary notices to properties subject to the cape seal project, including information on how to proceed with an improvement petition in lieu of cape seal (See Appendix A).

Feedback provided to and by the committee noted that the petition circulation process can be onerous, often requiring significant time investment on the part of petition circulators. The approximate six-week window between preliminary notification and the public hearing of necessity was intended to provide ample time for such work.

It is important to note that the sequence of steps illustrated above is not arbitrary. For example, the bid award must necessarily occur in July, as funds budgeted for the project cannot be authorized for use until the fiscal year in which they will be used. Additionally, the scope of any cape seal project cannot be accurately determined until the completion of the budget process which typically concludes in May. Thus, the ability to significantly change the sequence of steps in order to allow for additional time to circulate petitions is limited.

Recently, a result of this routine process taking place, two new street paving project discussions were initiated. When a street is nominated for cape sealing by the Dept. of Public Services, it is near the end of its current service life, and the need for maintenance of some sort is great. Owners with properties on such streets may be more inclined to support not only a cape sealing project, but perhaps a more substantial permanent paving project as well. Based on the discussions involving those two potential projects, staff developed and proposed a two-step initiation process that was presented below for committee consideration in January 2020:

Step 1 – Continue Maintenance Program for Cape Seal Process

Similar to today, a cape sealing program could be initiated by the Dept. of Public Services using the same procedures and decision-making tools that are used today, as outlined above. The list would be defined well in advance of the intended date to hold the public hearing of necessity.

Step 2 – Select Streets for Permanent Improvement from the Cape Seal Nomination List

At the Ad Hoc Unimproved Street Study Committee meeting of September 27, 2018, an "Infrastructure Ranking" methodology was presented for discussion. The method considered the existing conditions of the water and sewer systems, as well as the current condition of the pavement. In this two-step process, the current condition of the pavement could be removed, since all the streets that were nominated for cape sealing would be presumed to have a poor surface condition. A table depicting the current condition of the water and sewer system for each of the streets nominated would be developed, with those at the top then being considered for potential nomination to a paving project status. The decision to nominate a street or streets would depend on the impact to the budget. All final decisions to move a street up to full improvement status would then be made by the City Commission. Once authorized, the Engineering Dept. would then be responsible for preparing an informational booklet that would fully inform owners of the proposal, and the need to schedule a public hearing. It was recommended that the hearing be held in advance of the cape seal hearing, in the event the City Commission ultimately elects not to proceed with paving, at which time the street(s) could then be returned to the cape seal list.

At the January 31, 2020 meeting, the Committee directed staff to amend the draft policy language to allow for the City's Engineering department to continue with the two-step process for making the determination on which unimproved road would be selected for improvement, but without initiating a petition process with the homeowners. The decision to proceed will be left to the discretion of the Commission and based upon available funding to complete the project. The final draft of the policy document will be updated to reflect this direction once all comments have been received on the draft document.

2) Road Surface / Design Alternatives

The practice of the City has been to engineer new roads with concrete. The OHM report supports this approach as a best practice. Historically, concrete is the most expensive alternative to pursue initially and the savings are found in lower maintenance costs over the useful life of the road.

The Committee has asked staff to explore if there are other paving options that could potentially lower the costs to homeowners. The recommended policy began with the best practice of building the road with concrete material. The draft policy offered some flexibility for pavement materials with the exception of connector streets and streets that carry higher volumes of traffic (threshold to be defined).

These alternatives, as presented in the draft policy document, would only be considered where existing conditions were met on residential streets (e.g., traffic volume, speed, access to major thoroughfares, classification, etc.). These thresholds require more discussion with the committee for any alternative that would allow for a pavement type other than concrete.

At the January 2020 meeting, the committee agreed that the Engineering department is most qualified to determine the appropriate pavement type for each project given a set of conditions (i.e., costs, condition of water and sewer, etc.) on a case-by-case basis. The Engineering department was asked to develop the criteria and incorporate them into the draft policy document.

Funding

Reconstructing an unimproved street involves not only the road itself, but installation of new water mains and sanitary/storm drains. Therefore, funding for improving the streets must be examined in the context of how it will affect the general, local street, water, and sewer funds. It is estimated that the cost of reconstructing all the unimproved streets in the City would be in excess of \$100 million. In previous meetings with the committee, it was demonstrated that the City's current financial funding model could not support the reconstructing of unimproved streets at a pace that the committee would prefer while still providing the needed maintenance and replacement of improved roads already in existence and maintaining fund balance levels to support the City's AAA bond rating.

Alternative methods for funding unimproved streets were examined. These alternatives included a road millage, grants, bonding, a Headlee override and increases in user charges (water and sewer rates).

A road millage is not possible as the City has maxed out the number of mills it can levy under state law.

Grants are not available for neighborhood street projects as the grants are given to high traffic demand streets.

Bonding is a viable method for funding these kind of projects. Bonding can be financed through special assessments, property taxes, and/or user charges (water and sewer portions of the project).

A Headlee override to the City's millage rate could act like a road millage where a portion of the City's millage rate could be dedicated to provide funding for unimproved streets. This would require approval by the public in an election.

Increases in water and sewer rates could fund the portion of the projects related to water and sewer. Funding for water and sewer projects (whether from property taxes or rates) historically has been spread to all the taxpayers/rate payers and not to specific properties.

Based on prior committee discussions, it appeared that one possible approach to fund these projects would be through bonding. The design of a bonding program would need to be discussed further by the committee. The program would answer questions, such as:

- To what extent would the City bond for the project? For example, would it be just the street component or would it include water and sewer as well?
- How would the bond be financed (special assessment, water and sewer rates, property taxes)?
- What would be the term of the financing (10 years is the maximum allowed under the City's ordinance for special assessment)?
- How much should the City bond for and how often (generally with bond financing you want to complete the project within 2 to 3 years).

The other approach to finance these projects is to continue the way they are currently being addressed using a pay-as-you-go method. Future projects are put into the City's 6-year capital improvement schedule along with other projects and are completed when resources are available.

It will take a considerable amount of time before all of the unimproved streets in the City are addressed if the pay-as-you-go option is recommended by the Committee.

At the January 2020 meeting, the draft policy document made an initial recommendation that supported the pay-as-you-go option as the option to pursue. The committee wanted additional options citing that the pay-as-you-go option would take nearly two decades to complete provided funding was available.

Staff was asked to explore bonding options for water and sewer improvements; and, provide more information as to how the City can manage its five-year capital improvement program to reflect a potential accelerated road improvement program in the event of a successful bond issue.

The initial draft policy document is attached and does not include the revisions as referenced from the January 2020 meeting.

The purpose of today's special meeting is to review the staff and committee work done to date, gather additional feedback from the committee on the items that were not discussed in detail at the January meeting in order for the committee to receive public comment, and to discuss the plan to engage the public meaningfully while allowing for social distancing to provide feedback on the draft policy document.

APPENDIX A
CAPE SEAL PROCESS LETTER



Dear Property Owner,

As part of its ongoing street maintenance program, the Department of Public Services regularly reviews the city's unimproved roadways and coordinates routine cape seal treatment. Your street has been identified for inclusion in a maintenance program tentatively scheduled to begin in the summer of 2018 (see attached map). This will include a special assessment based on property frontage.

For those unfamiliar with the process, this letter seeks to explain what cape seal is, how and why it is assessed to property owners, and, importantly, what alternative options exist.

What is an 'unimproved' road?

An unimproved road is a gravel road, with or without curbs, that has been maintained with chip or cape seal to provide a relatively smooth and dust-free driving surface.

Why does Birmingham have so many unimproved streets?

Prior to 1930, when the majority of Birmingham's neighborhoods were subdivided and opened for development, local streets were built as gravel roads with little if any provision for storm drainage. Streets were constructed with engineered pavement and drainage only when a majority of residents petitioned the City for such an improvement, the costs of which were then paid for through a special assessment on adjacent properties.

Beginning in the late 1940s, all remaining gravel roads were chip sealed, and thereafter all subsequent maintenance treatments have been assessed to property owners.

What is cape seal treatment?

Cape seal is a two-stage roadway surface treatment that provides unimproved roads with a moisture-resistant seal and a smoother driving surface. The process involves rolling stone chips into a layer of asphalt, followed several days later by an application of a slurry micro-surface. Cape seal is not a permanent solution; average life expectancy is less than 10 years.

What is the maintenance cost?

Since 1948, the City policy for assessing street maintenance work on unimproved streets is conducted in accordance with the following:

- Eighty-five percent of the front-foot costs for improvement are assessed on all property fronting on the improvement.
- Twenty-five percent of the side-foot costs for improvement are assessed on all residential property siding on the improvement.
- Eighty-five percent of the side-foot costs for improvement are assessed on improved business property siding on the improvement.
- Twenty-five percent of side-foot costs for improvement are assessed on vacant business property siding on the improvement.

The balance of the cost, 15% and 75%, front footage and side footage respectively, is paid by the City.

For the most current project, estimated per-foot costs for each property range from \$13.25 - \$21.83, and vary depending on street dimensions and the required preparation materials. These estimates include the

costs associated with a federal requirement to upgrade crosswalk ramps in the project areas to new ADA standards. Assessments for cape seal are billed as a one-time installment.

What are the limitations of cape seal maintenance?

Unimproved streets are not engineered roadways. Engineered, or improved roads are professionally designed by engineering firms to include proper drainage, grade, base construction, and other structural considerations. Because cape seal is only a surface treatment on unimproved roads, longevity cannot be guaranteed and the streets remain subject to weather- and traffic-related wear. Issues related to standing water, drainage, grade, and profile cannot be remedied through cape seal maintenance.

It is important to remember that cape seal is not a fix-all. Bumps and dips (with the exception of potholes) are likely to remain after the project. Further, in some cases, new issues can arise as a result of the treatment. Additionally, as long as a street remains 'unimproved', residents can expect periodic maintenance assessments.

What if we want to install a better, more permanent pavement at this time?

The Engineering Department has an established process that begins with a petition request presented by interested property owners. If sufficient interest is demonstrated, staff will host an informational meeting with residents to answer questions and address concerns. If support remains, the proposed project will be subject to formal public hearings to determine necessity and to establish the special assessment tax roll.

The cost of installing a permanent pavement is substantially more than cape seal maintenance. As a result, such projects are only initiated after a petition has been received indicating that over half of the owners on a street are in favor.

Because the process of obtaining support from neighbors for a permanent improvement can be time consuming, interested property owners should initiate the petition process before the formal public hearing of necessity. Streets preliminarily identified for inclusion in any cape seal maintenance project can be removed from consideration with sufficient notice and support.

What are the cost differences between cape seal maintenance and a full improvement?

Assessment estimates for the most recent cape seal maintenance project averaged \$15.26/ft. and can be expected every 7-10 years as part of the ongoing maintenance cycle. By comparison, the 2016 Villa Avenue paving project cost homeowners \$165.86 per linear foot, plus an additional \$8.44/ft² for driveway approach removal and replacement. The one-time assessments for improved roads are payable over ten years (subject to interest), and subsequent maintenance costs are covered by the City.

What are the benefits of an improved road?

In addition to providing a smoother, cleaner, more durable, and properly draining roadway, residents living on improved streets enjoy the benefit of street-side leaf pickup during the months of October and November. More importantly, all subsequent maintenance costs including patching, crack sealing, and, eventually, resurfacing or complete reconstruction, are the responsibility of the City.

Who can I contact with additional questions?

For specific questions regarding the upcoming cape seal project contact Aaron Filipski, Public Services Manager, at 248.530.1701 or afilipski@bhamgov.org.

To obtain an improved street petition form, or for questions related to street improvement options, contact the Engineering Department at 248.530.1840. Additional resources and information are available at www.bhamgov.org/streets.

Ad Hoc Unimproved Street Study Committee: Draft Policy Document
Monday, January 20, 2020

Executive Summary

There are ninety (90) miles of existing roadway in the City of Birmingham. Approximately 30% (26 miles) of them are classified as “unimproved” streets. An unimproved road is a gravel road, with or without curbs, that has been maintained with chip or cape seal to provide a relatively smooth and dust-free driving surface. These unimproved streets exist due to the majority of neighborhoods in the City being subdivided and open for development prior to 1930. During this time local streets were built with gravel roads with no provision for storm drainage. Residents with unimproved roads often experience issues with flooding and deteriorating road surfaces as a more common occurrence than their neighbors with improved roads. Today, unimproved streets may be converted with engineered pavement and drainage only when a majority of residents on a residential block submit a petition the City for such an improvement. In order, to convert a road from unimproved to improved, residents must pay a percentage of the total cost via special assessment.

The City Commission heard an increasing number of complaints from residents over the past several years concerning issues with drainage and the condition of the road surface on unimproved streets. In response, the Commission passed a resolution creating an Ad Hoc Unimproved Street Study Committee (AHUSC). The charge of the committee is to conduct a City-Wide study of unimproved streets and provide a recommendation outlining a long-term plan for these streets.

The AHUSC held its first meeting in June 2018 and for several months received a series of education sessions and engages in dialogue regarding unimproved streets policy:

| | |
|----------------|--|
| June 2018 | – History /Evolution of City Road System |
| July 2018 | – Special Assessment Districts (Petition Initiation and Billing Process) – Local Street Surface Types (Pavement Methods and Policies) – Cape Seal/Chip Seal Program Overview |
| August 2018 | – Peer Review: Street Upgrade Policies in Neighboring Communities – Road Improvement Funding Options |
| September 2018 | – Comparative Analysis: Differences between Improved and Unimproved Streets – Document Review of Related City Policies – Establishing Priority Roads – Infrastructure Ranking Considerations |
| October 2018 | – Special Assessment District Process Evaluation and Refinement Discussion |
| April 2019 | – Financial Model Presentation: Funding Unimproved Road Conversions |
| May 2019 | – Consultant to Conduct Trade-Off Analysis of Road Design Options |
| August 2019 | – Trade-Off Analysis Completed: Road Design Options and Cost Presentation – Initial Draft Recommendations : Committee and Public Feedback |
| January 2020 | – First Draft of Policy Document Presented |

The substance of this document will provide additional detail regarding each of these items as presented in the preceding timeline of committee activities and followed by an actionable recommendation to adapt the City’s existing policy and procedures associated with converting a road from unimproved to improved. The Committee unanimously acknowledges that there are three key areas that should be the focus of the recommendation to either change or reaffirm. These include the 1) initiation of the petition process, 2) selection of the road surface and design alternatives, and 3) identification of funding sources that may allow the City to accelerate the conversion of unimproved roads.

1) Initiation of the Petition Process

The current process for initiating a petition has historically begun when residents become dissatisfied relative to the condition of their street pavement often know little about why their street is in the condition it is. Frequent problems can include rough riding surface or drainage problems. A telephone call to City Hall will be directed to the Engineering Dept., where an explanation of the City's policies begins. Staff explains that a special assessment district must be created in order to raise the funds to pay for such a project. The City Commission has not been inclined to create such a district unless it has clear indication that the majority of property owners agree with the idea. In order to start the process, a petition needs to be created that demonstrates that a majority of the property owners are in favor. Staff offers to email a blank petition form prepared for the specific street being discussed, and also tries to provide the resident with the basic information needed in order to start conversations with neighbors about the idea. It is the responsibility of the neighbors to obtain a majority of signatures from homeowners in favor of improving the road before any official action can be considered by the City Commission.

The committee has discussed the difficulties associated with having homeowner's initiate a petition process to have their road improved. It has caused disputes and frustration and as a result, homeowners are less likely to initiate the process. The Committee has asked staff to explore the possibility of a City initiated process.

The AHUSC recommends changing the initiation process so that it begins with the City and not the homeowners.

2) Selection of Road Surface and Design Alternatives

The practice of the City has been to engineer new roads with concrete. These has been feedback received from residents at the committee meetings that there should be another alternative to concrete. The Road Design Options report presented in August 2019 provides a recommendation for committee consideration to allow an asphalt option when doing a road conversion. The cost differential between the two alternatives over time may be non-existent depending on the cost structure recommendation made by the committee. However, providing an alternative would give residents the opportunity to select their preference when deciding on the road improvement.

The Committee recommends allowing to different road design alternatives for residents to choose from (either concrete or asphalt) with some minor exception for roads with higher traffic volumes.

3) Identification of Funding Sources

There are generally four sources of funding for roads: Act 51 distributions from the Michigan Department of Transportation, property taxes by way of transfers from the City's General Fund, special assessments from property owners directly benefiting from a road improvement, and road bonds. Currently, the City receives from funding from all of the sources except for road bonds. The source of funding used to support conversion of unimproved roads currently comes from a combination of special assessments and the general fund. Eighty-five percent (85%) is funded through special assessment, while fifteen percent (15%) is paid by the general fund. Special assessments are used as a funding source to offset a portion of the cost of a road where it is being upgraded to an improved road or when the road is being cape sealed. For these projects, the City will pay for the improvement in advance and bill the property owners. The payback from the property owners differs depending on the type of road improvement being

done. When a road is being improved, the special assessment is generally set for 10 years. When a road is being cape sealed, the special assessment is generally billed only once. City ordinance does not allow for special assessments greater than 10 years. Typically, the City collects approximately half of the total special assessment in the first year of a ten year assessment period and then smaller amounts the following years.

Capital improvements are projected out for six years to assist in long-range financial planning. When a neighborhood determines that they want an improved road, that project is then added to the long-range planning process to determine which budget year the City can afford to do the project. The City then must consider both funding for the road as well as funding for water and sewer improvements if those utilities need to be updated as part of the same project, which is often the case.

The AHUSC engaged in an on-going dialogue regarding opportunities to adjust the percentage share for residents or pursuing additional sources of funding to accelerate the program and more quickly convert unimproved roads. A review and discussion of the financial model is included in this report.

The Committee recommends maintaining the existing funding policy to support the program for converting unimproved roads.

DRAFT

**UNIMPROVED STREETS:
HISTORY/EVOLUTION**

DRAFT

gasoline would be distributed through the three-tiered system known as state highways, county road commissions, and local municipalities/villages. Like all other cities and road commissions, the cost of initial construction of a road is generally sourced by two means:

- a) By the developer of a property, as when a plot of land is subdivided into smaller lots for sale (in which case the price of the individual lots reflects the value of the newly constructed road).
- b) By the creation of a special assessment district, wherein the value of the construction can be distributed by a local formula as established by the local jurisdiction.

IMPROVED VS. UNIMPROVED

In Birmingham, prior to World War II, when a road was constructed for the first time, be it by the local jurisdiction or by a land developer, the expectation was that it would have a gravel surface. Most local roads were given rudimentary engineering, without much provision for drainage. Most of the early special assessment districts (in the 1920's) were actually for sanitary sewer improvements. Given that the construction of combined sewers was the norm, it appears that the first priority was the construction of sanitary sewers, so that individual septic systems could be abandoned. By sizing sewers larger, they could then take on the duty of storm water drainage as well.

Figure 2: Improved, Unimproved with Curb and Gutter, and Unimproved in Birmingham



Referring to **Figure 2**, local streets can be categorized into three main categories:

1. Unimproved – These streets represent streets that were originally constructed as a gravel surface. Starting in the late 1940's, a City program to oil and then later chip seal these streets eliminated gravel street conditions in Birmingham.
2. Improved – Streets that have been constructed with a permanent, engineered pavement, controlling drainage with the use of a curb and gutter system.
3. Unimproved Streets with Curb & Gutter – In many cases, the Village constructed a curb and gutter drainage system on local streets, while leaving the road surface gravel.

As can be observed by the map in Figure 2, the majority of remaining unimproved streets in the City are west of the Rouge River. While there may be various reasons for this, the one reason that seems apparent is the differing soil characteristics. East of the river, clay soils dominate. Drainage is poor, and storm water that is left standing along the side of the road can take a long time to absorb into the ground.

Unimproved roads in these conditions tend to be more difficult to maintain and would age faster. West of the river, sandier soils dominate. Storm water sitting along the edge of the streets absorbs relatively quickly, allowing these streets to drain faster and last longer. Since the decision to install a permanent pavement (as detailed below) tends to be most influenced by the majority of the property owners, drainage conditions along the edge of the road tend to be the most significant factor in determining whether a street will be paved or not.

LOCAL STREET PAVING POLICY

As noted above, in the State of Michigan, cities, villages, and townships have the right to construct a capital improvement project and assess a portion of that cost to the adjacent benefitting property owners. Each jurisdiction has the right to set its own policies as appropriate. The following is a brief summary of how a street paving project is currently initiated in the City of Birmingham:

1. A resident or group of residents approaches the Engineering Dept. to find out how their unimproved street could be scheduled for reconstruction. The policy is reviewed with them. If they wish to initiate the process, an official petition form is provided to them, at which time they are required to attempt to collect signatures from property owners adjacent to the street segment. Signatures would 1) represent owners that understand the relative cost of a special assessment and 2) indicate that they are in favor of the City proceeding with the creation of an assessment district and construction of a new permanent pavement.
2. If the resident(s) are successful in collecting valid signatures from over 50% of the owners on the street segment, the petition is returned to the Engineering Dept. If approved as being a valid representation of the majority, the Engineering Dept. prepares an informational booklet describing the assessment process, and the potential construction project. A neighborhood meeting is scheduled, and all owners within the group are mailed both the booklet, and an invitation to the meeting. Both of these efforts are intended to allow owners to be as educated as to what is happening as possible.
3. After the meeting is held, at least two weeks are allowed to pass to give owners a chance to change their minds, either for or against the project. Those changing their mind must do so in writing. If a majority still exists, a hearing of necessity is scheduled before the City Commission. If the petition has lost its majority, the consideration of the project dies.
4. All owners are invited to the public hearing. After the hearing, the City Commission decides whether to authorize the project or not. If authorized, the funds are typically budgeted in the next fiscal year, and then constructed by the City as soon as practical.

5. Owners are typically required to pay 85% of the construction, design, and administration costs of the project, while the City pays the rest. The cost of the assessment is apportioned based on the footage of each property along the side of the street being constructed. Once assessed, the cost can be paid off immediately, or one-tenth can be paid each year for a period of ten years, plus interest on the remaining balance. If an owner wishes to sell the property, the assessment must be paid off prior to closing the sale.
6. After the street has been constructed with a permanent pavement, future maintenance costs are borne by the City at-large. No further assessments for street improvements are to be levied.

HISTORY OF STREET IMPROVEMENTS - POST WORLD WAR II

Approximately 90% of residentially zoned areas within the City of Birmingham were subdivided prior to 1930. Since demand for new construction dropped to very little in the period between 1929 and 1945, many neighborhoods had a relatively small number of developed lots at the end of the war. It is assumed that most streets were relatively simple gravel construction, with little provision for drainage.

As demand for new housing jumped after the war, development in Birmingham picked up quickly. As streets became more populated, interest in addressing the problems inherent in gravel streets rose. According to Bob Kenning, former Dept. of Public Services Director and City Manager, groups of residents would pool their funds together and pay for the street to be oiled. An oiled street helped stabilize the gravel, and reduce dust during dry summer days.

Starting in 1948, the first special assessments were created by the City for “dustproofing,” a term likely applied to a form of oil treatment on the gravel surface in order to reduce airborne dust problems coming from gravel surfaces. About 1951, the City purchased equipment to allow the City to take a more active role in maintaining and improving its gravel streets, using City staff. Graders were purchased to scarify the compacted oiled surface, and regrade it again, to improve drainage and rideability. Bitumen (the black sticky material still used today in asphalt pavements) could be applied by a City owned truck, to also stabilize and dustproof the street. Such treatments would be done under a special assessment.

By 1960, the oil and bitumen surfaces had become so hard and compressed that the graders could no longer break it up to fix grade issues. The City purchased a pulverizer to break up road surfaces. Streets could then be regraded and treated again.

By the late 1970’s, the Dept. of Public Services ceased its efforts to seal and grade unimproved streets with its own staff. Since then, maintenance has consisted of pothole patching. Improved technology has led to better pavement treatments, including the current process known as cape sealing.

Interestingly, from what we can determine, other cities in the area that were developed in the same era such as Clawson, Royal Oak, Berkley, and Huntington Woods, took advantage of the pro-public works environment of the 1950’s, and routinely scheduled road paving special assessment districts, with the goal that the large majority, if not all, of its streets should be improved with a permanent, long lasting, well-draining pavement.

Such assessment districts were scheduled whether a majority of the owners were in favor or not. Mr. Kenning also recalled in the early 1950’s that the Birmingham City Commission took an interest in getting its streets paved, as the ongoing maintenance challenges and poor ride quality in now fully developed subdivisions were considered a detriment to the neighborhoods. Then, like now, requests for new pavements coming from residents were received, but only in small numbers, leaving a large number of

streets still unimproved. The Commission began to schedule some assessment districts on its own initiative, however, within a short time this was discontinued, in response to strong negative feedback from impacted property owners. Since that time, except in rare circumstances, it appears that street pavement projects have been initiated by residents asking for such a project.

No streets were paved between 2008 and 2014. Three streets have been constructed recently under a special assessment.

The Committee acknowledges that the current policy may prevent homeowners from initiating the process, which might explain why so few streets have been improved in recent years.

DRAFT

**SPECIAL ASSESSMENTS DISTRICTS/ CURRENT PETITION
PROCESS**

DRAFT

SPECIAL ASSESSMENT DISTRICTS

The City has the right to create a special assessment district for a variety of improvements. Recent assessment districts have included charges for:

- Engineered, permanent street pavement
- Cape Seal treatment (maintenance on unimproved roads)
- Water or sewer lateral replacement
- Improved sidewalk streetscape (within a commercial district)
- Public street lighting (within a commercial district)
- Public sidewalk (where none existed previously)

The City has 26 miles of unimproved streets. Constructing a permanent pavement on these streets is a substantial investment. The City has the opportunity to create a special assessment district to help defray the cost of the improvement. The creation of an assessment district requires that all parties within the potential district be notified by mail in advance of a public hearing before the City Commission. Rarely does staff initiate a project that would require a special assessment without positive input from a majority of the involved property owners. Exceptions generally involve streets where a majority or all of the properties involved are commercial in nature.

The following is a detailed description of the petitioning process for a typical, generally residentially zoned street.

INITIAL RESIDENT CONTACT

Residents become dissatisfied relative to the condition of their street pavement and often know little about why their street is in the condition it is. Frequent problems can include rough riding surface or drainage problems. A call to City Hall will be directed to the Engineering Dept., where an explanation of the City's policy begins. Staff explains that a special assessment district must be created in order to raise the funds to pay for such a project. The City Commission is not inclined to create such a district unless it has clear indication that the majority of property owners agree with the idea. In order to start the process, a petition needs to be created that demonstrates that a majority of the property owners are in favor. Staff offers to email a blank petition form prepared for the specific street being discussed, and also tries to provide the resident with the basic information needed in order to start conversations with neighbors about the idea.

PETITION PROCESS (INITIATION: PHASE I)

The petition format was originally developed with assistance from the City Attorney, and modified as needed over the years. The following describes the various parts of the petition form:

- a. The beginning language makes it clear to the signer that this is a citizen-initiated request for a public improvement, directed to the City Commission, the body that has the authority to declare a special assessment district.
- b. Most streets are constructed as described on this sample, that being a 26 ft. wide concrete pavement, measured from the face of the curbs, with parking allowed on both sides. Items of note include:
 - 1) The City's policy of building local streets at 26 ft. wide with parking on both sides has been in place since 1997.

- 2) The City has required concrete streets for its new special assessment districts since 2011.
 - 3) The new street width and grade will almost always be different than the current street, therefore, the project automatically includes the cost of new driveway aprons being installed between the sidewalk and the new edge of the street.
- c. The actual street being petitioned is typed in by the Engineering Dept., as well as the limits of the project.

The first paragraph preceding the signatures notifies the signers that a new pavement invokes a more detailed review of the current underground utilities, such as the water and sewer system. Often, the existing water and sewer systems are deemed past their prime and are slated for replacement as a part of the project.

Improvements to the public water or sewer systems are generally included in the construction contract, and are charged to the respective Water and Sewer Funds. That is, replacements within the public water and sewer system have no impact on the special assessment. The ongoing maintenance of the water and sewer laterals, that is, the individual pipes that connect each house to the public mains, however, is considered a private property owner expense. Until 2005, City streets were constructed with no active maintenance of these private lines. However, as the pipelines age, and as house replacements became more frequent, the need to cut open a new pavement to make repairs to these lines necessitated an evolution to the policy:

- 1) In 2005, the City implemented a voluntary process wherein property owners could agree to participate in the cost of the replacement of their sewer lateral, set at the cost the contractor was charging the City for the replacement (per foot). The cost was typically about 25% of what an owner would pay to have the sewer replaced if done on their own, and represented a great value. While some owners participated, the City determined that it would be in the best long term interest of the street pavement if all sewer laterals older than 50 years were replaced with new PVC pipe, as a separate special assessment district. The new forced assessment policy was instituted in 2007. Due to the low cost of this work (typically between \$1,000 and \$2,000 at the time), there has been very little protest against this policy.
 - 2) While water laterals tend to have a much longer service life, a related but different problem also caused additional cuts in the pavement. Most older homes currently are served by a ¾ inch diameter pipeline for fresh water supply. However, as part of a building permit, new homes must be serviced by a minimum 1 inch pipe. As a result, even though sewer laterals were being replaced, too many cuts in the pavement were still resulting as new homes get built. Therefore, starting in 2017, all water services less than 1 inch diameter must be removed and replaced with paving projects. All lead pipe, no matter what size, must also be replaced (a much less frequent issue). The cost of the water lateral replacement, generally set at the rate charged by the contractor to the City, is then passed along to the homeowner in the form of an assessment. The cost of the water lateral is typically 50% - 75% of the cost of the sewer lateral replacement. In 2017, only a small number of homes were charged with the water lateral replacement assessment to date.
- d. The petition carrier must then get at least one signature from each property within the district to count as a “yes” vote. Once the petition carrier is finished and turns the document over to the City, each signature is compared to the owner records at City Hall. Owners’ names that do not match a record of what is on file are rejected and not counted as “yes” votes. The petition carrier has the opportunity to review the signatures that were rejected, and if it is determined that a unique circumstance has occurred, such as new ownership, or a recent name change, written proof that can validate the signatures can change the status of a signature. Tenant signatures are never counted in favor of the project.

- e. On the last page, the petition carrier must have their own signature notarized, verifying that they witnessed the signatures, and attest that the document is a true representation of what is being stated.

After the signatures are checked for accuracy, if a simple majority in favor still exists, the petition moves to the next phase of the process.

PETITION PROCESS (INFORMATIONAL BOOKLET: PHASE II)

Over the course of the next several weeks, the Engineering Dept. will prepare a booklet specific to the suggested project at hand. The most recent project that went through the process and had a petition prepared was Villa Ave., from Adams Rd. to Columbia Ave. (2 blocks). The booklet that was prepared is attached for your reference in **Appendix XX**. Similar to the petition form itself, a detailed description of the various parts of the booklet can help the reader understand the level of involvement required by the petitioner to move the project through the necessary approval process:

- a. The booklet is mailed with an introductory cover letter, inviting residents to a neighborhood meeting. The meeting is typically held on a weeknight evening at City Hall. There is no formal agenda. Rather, the meeting is intended to give people an opportunity to find out more information, ask questions, and talk about the project with their neighbors. Often, less than 50% of the owners are represented.
- b. The introduction helps explain why the booklet was prepared and mailed out, which is important for those that were not contacted by the petition carrier.
- c. A thorough description of the intended project is spelled out.
- d. The multiple step approval process is outlined. By statute, the City Commission must hold a public hearing before making a decision about whether to proceed with the project or not.
- e. The construction section helps residents understand the various phases of the project, and how much access they will have during this period, should the project be approved.
- f. A chart helps explain how the typical property will be charged, and how the project costs can be financed over 10 years. Owners are charged for a paving improvement as follows:
 1. The City takes 15% of the total cost of the project to help reduce the charge to residents, and to show support for the process. The contribution can be justified given the reduced cost in maintenance that a new street pavement provides.
 2. The cost of the drive approaches is taken out of the base cost calculation. The remaining costs are divided by the total front footage of the project, considering both sides of the street. This provides a base price per foot, which is now estimated at \$190 per foot for a new concrete street.
 3. The cost of the drive approaches is based on actual measurements for each property, times the actual cost being charged by the contractor to the City.
 4. On corner properties, the City charges only 33% of the long side of the property (if that is the side being constructed). The other 67% is charged to the Local Street Fund.
 5. If there are City-owned properties along the street frontage, they are charged to the City as any other property would be so as to not change the cost per foot in a detrimental way to the property owners.
- g. Once the street is paved, residents will have the opportunity to rake their leaves into the new curb and gutter section. Bagging of leaves will no longer be required. The report also clarifies that once this assessment is paid, the City will not proceed with other assessments for pavement improvements in the future.

PETITION PROCESS (FINAL APPROVAL: PHASE III)

The tone of the neighborhood can often be gauged at the neighborhood meeting. If someone is working against the project, and people that signed want to change their mind, they must submit an email or letter to the Engineering Dept. to confirm their position, at which point they will be taken off the petition. Likewise, if there are owners that did not sign that wish to do so after the meeting, they may submit an email or letter to the Engineering Dept., and they will then be included in the final calculation.

A few weeks are allowed to pass intentionally to give people a final chance to decide their position. If a majority of owners (50%+) still remain on the petition, the issue will be moved forward to the City Commission. At the time the issue is presented to the Commission, a calculation based on front footage is also provided, with the expectation that that will also show support in excess of 50%. (The front footage calculation becomes important if there are varying sized properties. If a small number of larger properties are all voting in one direction, that can throw the percentage above or below 50%. Therefore, it is important for the Commissioners to know which owners are in favor and which ones are not. The topic will be introduced to the Commission, and a request will be made by staff to set a public hearing of necessity.

At least three weeks must pass to provide sufficient notice to the public. Postcards are mailed to all owners notifying them of the hearing date. The Commissioners hold the hearing at a regular meeting, and then decide whether to proceed or not. If they pass a motion approving the project, a second public hearing is then scheduled for the next meeting, to confirm the assessment roll. Owners have the opportunity to verify their estimated assessment with staff prior to the second hearing. If the roll is approved at the hearing, the assessment lien is then placed on all properties within the district.

The project design then begins, with construction generally scheduled for the next construction season. Invoices for the first annual payment are not sent out until the project is generally finished, giving the City an opportunity to determine final costs and billing accordingly.

PROJECT LIMITS

When first initiating a project, the question of the limits of the project can be an issue. The petition carrier often understands that they are starting a potentially difficult process, and in an effort to make it simpler, may be inclined to just want to seek signatures on their particular block. However, if the particular block would not make a logical project limit, then City staff will encourage them to look at the bigger picture.

Here are three situations that can come up that should be considered in a final policy:

1. If the subject street that is unimproved is two blocks long, and the middle intersection is a "T" intersection, stopping the paving at the "T" can be awkward. Stopping the project at its logical starting and ending is better for the long term viability of the street, and allows the entire length to have its long term paving needs addressed in one project.
2. In areas where long sections of street are unimproved, a street paving project could potentially extend as long as one mile. Contacting that many homeowners can seem like a daunting task. A potential solution would be to require projects of this sort to extend at least one-half mile. For example, if Pilgrim Ave. is being considered for paving, a viable project would be to build the section from Quarton Rd. to Oak St., or Oak St. to Maple Rd. Another example would be if Larchlea Dr. was being paved, the entire half mile would be appropriate, from Maple Rd. to Lincoln Ave., even though there is a logical stopping point in the middle.

3. If an adjacent side street will be potentially left unfinished, it should be included when a petition is received. For example, if a petition is received for Yosemite Blvd., the City should require that Yankee Ave. be paved as a part of the same project, so that it is not left unfinished well into the future.

When crafting a final policy recommendation, staff recommends that the Committee consider language that speaks to the need to create logical boundaries that are in the best long-term interests of both the City and the neighborhood at-large.

COMMITTEE RECOMMENDATION:

The Committee recommends revisions to the initiation process that will simplify that start of the process, increase awareness, and address the concerns with creating logical boundaries.

BILLING PROCEDURE

As described above, homeowners in a paving assessment district will be charged based on two factors:

1. The front footage of their property times the set rate per foot, which is calculated based on actual costs, minus 15%.
2. The square footage of their drive approach(es) times the actual cost per square foot that the contractor charges for a new concrete drive approach.

If the homeowner owns a house that is served by non-compliant water and sewer service laterals, then a separate assessment to cover those costs will also apply.

The following outlines unique circumstances, and how they are handled:

A. Corner Properties

Almost every corner lot has a long side and a short side. If the short side is the side being paved, the homeowner is charged the full length of that side, and is typically charged about the same as the other homeowners in the area. If the long side is being paved, the homeowner is charged 33% of the long side's length. The City pays the remaining 67%. This ratio typically works well in that the corner houses pay about the same as the other houses on the block that may actually face the street.

In the rare case that both streets are being paved as a part of the same assessment district, then the owner would be responsible for both sides at the same time, or about double what the typical charge is.

In determining the short or long side, the way that the house is facing, or the street that is used for the address are not determining factors. Only the measurements where one side is longer than the other is used.

The reduction factor is only applied to residential zoned properties. Commercial properties are billed at 100% of their frontage, even when located on a corner.

B. City-Owned Properties

If a project includes an intersection where a public right-of-way is being crossed, the width of the public right-of-way is not included in the footage charged for the project. The cost of that area is blended into the overall rate that is charged to all properties.

If a project has frontage on other City properties, such as park land, City buildings, etc., the City will pay the full 100% cost of that frontage. During the petitioning phase, the footage is taken out of the calculation so that it does not impact a determination relative to whether the majority of the owners are in favor or not.

C. Federal or Public School District Owned Properties

There is no expectation that the City will receive any funding from federal institutions, such as the U.S. Post Office, or Birmingham Public School District, when a special assessment is applied to their properties. As a result, the City typically pays the cost of these frontages. Since this is the case, for petitioning purposes, they are treated as neutral properties, similar to properties actually owned by the City, as described above in paragraph B.

D. Condominiums

Certain residential streets may be primarily single-family residential, but have one multi-family residential property on its frontage that is owned by many parties. For billing purposes, each owner gets an equal share of the cost, regardless of where they are situated on the property. For example, if the street being paved has a 200 ft. frontage adjacent to the condominium, and there are 10 owners, each owner will be charged for 20 ft., as well as 1/10 of the cost of the driveway approach. While some owners may have a unit located directly adjacent to the street being built, and others are relatively far away, that does not factor into the billing.

A condominium can sometimes have a high percentage of the owners on a residential block, but not necessarily that much frontage. As noted above, percentages in favor are calculated both by percentage of owners and percentage of front footage, to help understand that a true majority is reflected both ways.

This summarizes the petitioning and billing process established by the City for special assessment districts.

COMMITTEE RECOMMENDATION:

The Committee agrees that the billing process should remain unchanged.

PAVEMENT/ROAD SURFACE TYPE

DRAFT

PAVEMENT AND ROAD SURFACE TYPES

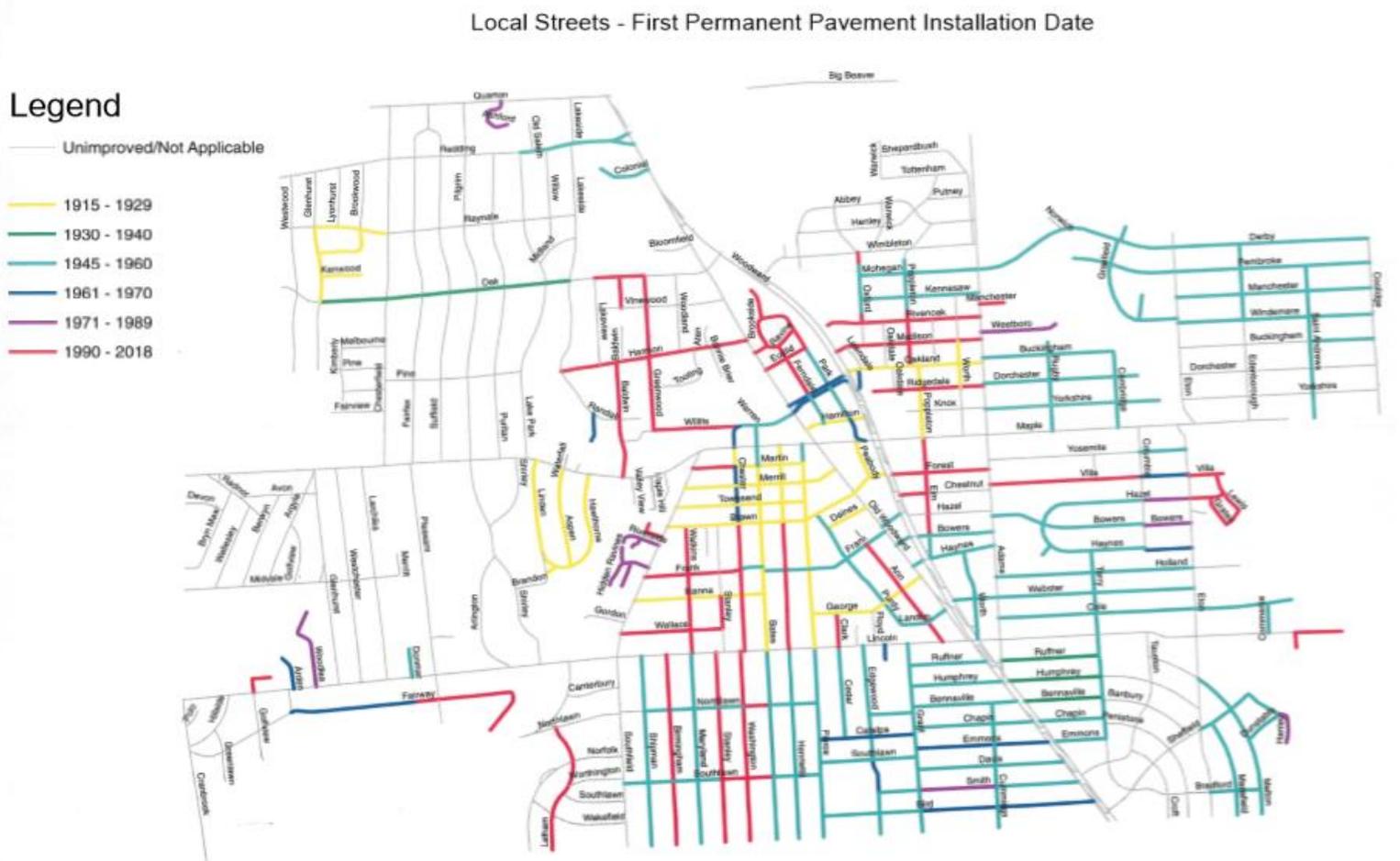
Like most road agencies, Birmingham has a variety of different types of pavements that have been installed over the years. The following is broken into two main categories. The first section attempts to explain the various permanent road surface types used in Birmingham. The second section attempts to explain the maintenance policies and how they differ from each other.

PAVEMENT SURFACE TYPES

Streets can be broken into the categories of improved, engineered pavements, and unimproved pavements. There is no clear indication in the Engineering files as to how a pavement surface type was selected. The following information is provided from general observations:

Figure 3, provides an illustration of the first permanent pavement installation date throughout the City, the map has been broken down into subcategories that help the reader understand the various phases of development within the City. For example, the 1915-1929 category (yellow) tends to be centered on streets located within the original square mile of the village of Birmingham. Even in this early era, a mixture of concrete and asphalt streets were installed. Some remnants of these oldest pavements still remain, although most have been completely rebuilt.

Figure 3: Pavement by Installation Dates



Only a small number of streets were paved between 1930-1940 (green) during which time asphalt was the pavement type of choice. These streets have all been reconstructed within the last 20 years.

After World War II, the City experienced a significant building boom, with many local streets being paved in the period of 1945-1960 (teal). In the earlier years of this period, or if a developer was involved, it appears that asphalt was the more common type used. Streets that were designed and built through the Engineering Dept. were generally concrete, likely paid for by special assessment. As most of the City was developed by 1960, not many streets were paved during the following three decades 1961-1989 (blue and purple). This time period also saw a tendency toward concrete, as most streets being paved would have been designed and built through the Engineering Dept.

In the late 1980's, the Engineering Dept. moved to construct streets with a deeper asphalt section. As demand for special assessment projects increased from 1990 through 2007, all streets were constructed of asphalt.

Figure 4: Asphalt vs. Concrete

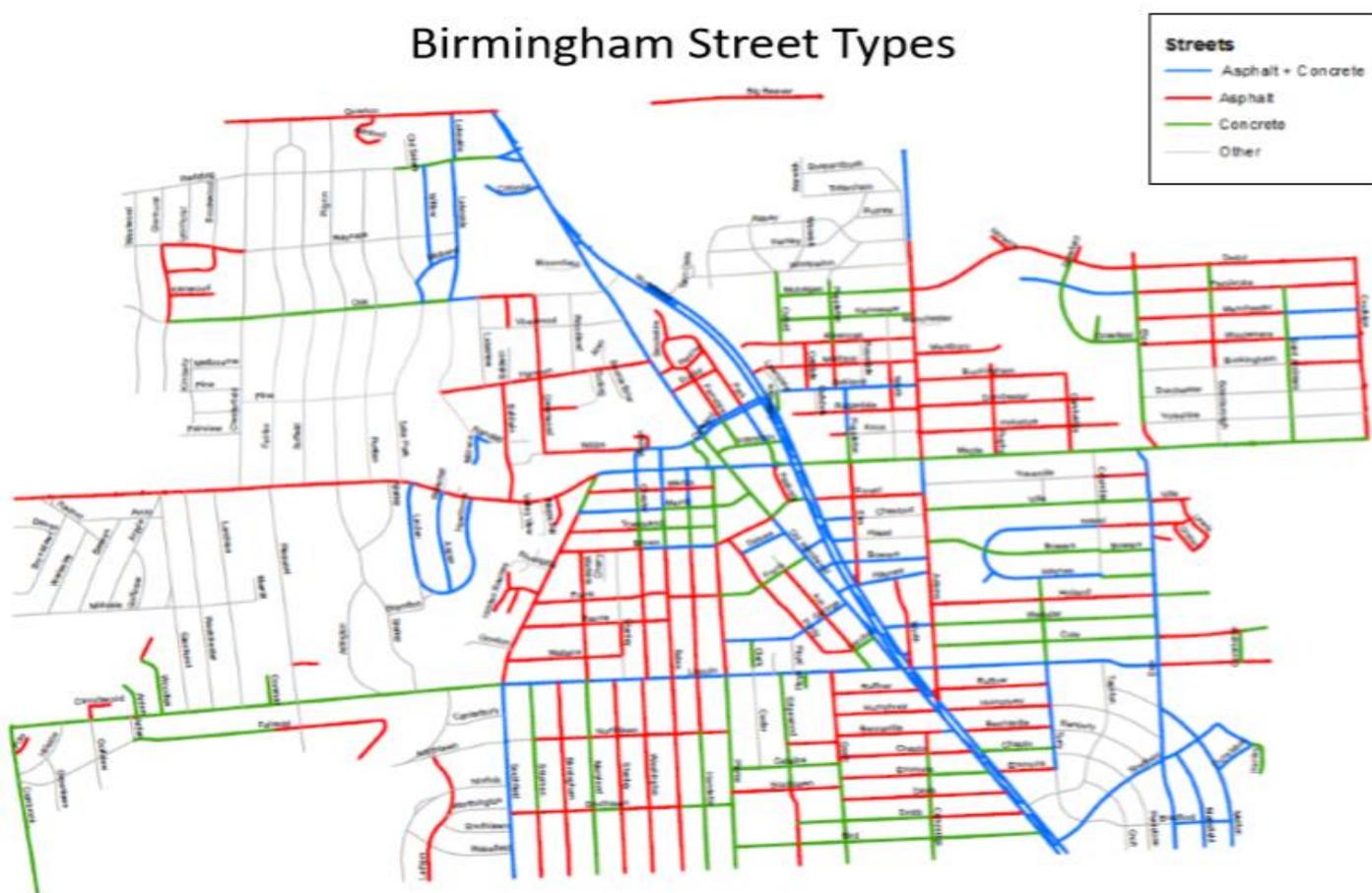


Figure 4, provides information pertaining to whether a permanent pavement was built with concrete or asphalt. As concrete gets older, it can sometimes be beneficial to overlay it with a thin asphalt pavement, and extend its life further. The following general observations can be made relative to both pavement types:

CONCRETE VS. ASPHALT

1. Concrete tends to be more expensive to install than asphalt. The cost to those in the assessment district has averaged about 25% more when concrete is installed. However, the service life is typically significantly longer, making the extra cost worthwhile, particularly since the City is fully responsible for long term maintenance.
2. Concrete streets are more difficult to construct, especially on occupied streets. An asphalt street would require a period of closing access to all driveways of less than 10 days. With concrete streets, it is about three to four weeks.
3. The installation of a concrete street can be considered a significant change in the look of the neighborhood that was used to a dark cape sealed surface historically. The number of residents that raise this issue are relatively few. Concrete can be colored to reduce the bright white look. The City has resisted these ideas, as it tends to fade back to its original white color with time, and it is impossible to match in the future as sections are removed and replaced.
4. The Engineering Dept. preferred installing concrete streets from the 1950's to 1980's. For reasons that are not clear, deep strength asphalt was used starting in the late 1980's. The City Commission in the 1990's indicated an informal preference to asphalt for aesthetic reasons. As the aging process on newer asphalt streets became more apparent, the Engineering Dept. began reconstructing local streets (those not being assessed) with concrete in 2009. All recent special assessment districts have been paved with concrete as well, given its preferred maintenance characteristics.

ROAD MAINTENANCE

Asphalt road maintenance in Birmingham currently takes the following steps:

1. When an asphalt road surface is first placed, the City hires a separate contractor that installs an "asphalt rejuvenator." This chemical compound is placed on the top of the new surface within weeks of finishing. It reactivates the asphalt materials to bond with each other again, creating a deep waterproofing sealer. We have found that it is a worthwhile expenditure in adding years to the service life.
2. Between years 5 and 10, the street is checked for its condition. If it is aging normally, it will be crack sealed and another coating of asphalt rejuvenator is applied.
3. Between years 10 and 20, if possible, the deteriorating spots should be removed and patched with asphalt. A thin layer less than 1 inch deep is milled at the concrete gutter pan, and cracks are sealed. A micro-layer of asphalt (less than 1 inch deep) is placed to cover the original top surface, and extend the life of the pavement.

The steps taken above are allowing streets to have their life extended. However, these processes take time and money and were not always implemented. On asphalt streets where they were not implemented, a more significant resurfacing project is needed between years 15 and 25, wherein 1.5 to 2.5 inches of asphalt are removed. Bad spots are patched full depth, cracks are sealed, and a new layer of 1.5 to 2.5 inches of asphalt are replaced.

The resurfacing process can continue again into the future, depending on how the street is aging. Some asphalt streets have been successful in having their life extended up to 70 years, although by doing so, the surface will have been rather poor for a considerable amount of time.

Concrete road maintenance in Birmingham currently takes the following steps:

1. As a part of the initial construction, the new pavement is sawcut and joints are sealed. No additional measures are taken unless a section cracks prematurely, which is addressed as warranty work.
2. Between years 25 and 40 – the joints are monitored and sealed if needed. Miscellaneous deteriorating concrete sections (usually few) are replaced as needed.
3. Between years 40 and 60 – Depending on the nature of the deterioration, the concrete can be:
 - a. Milled and overlaid with a thin asphalt layer, 1.5 to 2 inches thick. This is generally only done now on low traffic streets. It is then treated as an asphalt road for future maintenance cycles, but can be successful in extending the life of the concrete street another 25 years or more.
 - b. Concrete is spot patched as needed to extend the life of the street indefinitely.

The amount of effort and funds needed to extend the life of the pavement is more with respect to asphalt. There was a period in the late 1990's where concrete failed prematurely, but those mix design issues have been addressed and no longer seem to be prevalent.

COMMITTEE RECOMMENDATION:

The committee conducted a thorough review of surface type and road design options that will be discussed in the Trade-Off analysis section of this report. They agreed that providing a choice between concrete and asphalt that was cost neutral and based solely on preference was the proper avenue to pursue.

CAPE SEAL / CHIP SEAL PROGRAM

In the meantime, what does the City do to maintain unimproved roads?

Cape seal surface treatment is the primary maintenance method used by the Department of Public Services to maintain Birmingham's unimproved streets.

Cape seal is a *chip seal* street surface treatment that is followed by an application of a slurry or micro-surface. It can be applied to existing pavements in order to extend service life, or be applied to gravel roads in order to reduce dust and improve driveability.

The following report summarizes how treatment projects are administered and explains the cape seal process.

Project Administration

Cape seal projects, although performed by a contractor, require significant staff resources to plan and administer. Tasks include condition review, planning, budgeting, contract bidding, and communications, among other functions. The following provides a brief summary.

Condition Review

Cape seal projects begin with an informal review of existing street surface conditions on unimproved streets. The Department of Public Services examines street surface age, overall condition, and driveability in determining which streets to include in any potential maintenance project.

Planning and Budgeting

The scope of any cape seal project is necessarily limited to available resources – both in terms of staff and dollars. Although the majority of project costs are assessed to property owners, initial outlays are made from the major/local street funds, and the city is responsible for roughly 15% of costs. Once it has been determined that a cape seal project is warranted, rough costs are estimated and included as part of the regular budgeting process.

Contract Bidding

A request for proposals to perform chip seal maintenance is posted in advance of each project and seeks per-square-yard prices for double-chip seal, slurry seal, and optional surface pulverization. It also requests prices for optional spray patch surface preparation (per ton) and manhole adjustments (each).

Submitted bids are reviewed, and an award recommendation is presented to the City Commission.

Special Assessment District

Each property adjacent to a proposed cape seal project is identified in drafting a preliminary special assessment district parcel roll. This involves a parcel-by-parcel review of the project area, and the determination of each property's assessable footage.

Using property records, field measurements, and bid prices, improved cost and assessment estimates are produced for use in subsequent public hearings.

Public Hearing of Necessity & Confirmation of the Assessment Roll

The Public Hearing of Necessity is the first of two public hearings required for the establishment of a special assessment district. Typically held at a regular meeting of the city commission, the hearing

involves a presentation of the proposed project, a demonstration of its necessity, and preliminary cost estimates. Property owners have the opportunity to address the City Commission and express support or opposition to the project before it votes to determine necessity.

If the determination of necessity is affirmed, the listing of properties to be assessed is presented to Commission for confirmation at a subsequent meeting. Public input during this Confirmation of the Assessment roll is limited to matters related to the assessment roll.

Both hearings are subject to advance notification requirements including public announcements in locally-circulated newspapers, public postings, and notices mailed to each affected property owner.

Other Communications

In addition to the required hearing notifications, the Department of Public Services sends an informational mailing to affected properties well in advance of any project. The letter introduces the tentative project, answers many frequently asked questions, and provides guidance to owners interested in exploring the option of a full improvement.

The most recent cape seal project also featured a community meeting hosted by DPS and the Engineering Department. It shared project details, addressed questions and concerns, and again provided guidance to owners interested in a full improvement alternative.

Throughout the course of the project, schedule updates are provided on a designated web page – bhamgov.org/capeseal.

Assessment Methodology

Project costs are assessed to property owners based on the following method:

- 85% of front-foot costs for all property fronting the improvement;
- 25% of side-foot costs for all residential property siding the improvement;
- 85% of side-foot costs for all improved business property siding the improvement and;
- 25% of side-foot costs for all unimproved business property siding the improvement.

Cape seal assessments are required to be paid in one installment, and are otherwise subject to interest charges for unpaid balances.

Costs

Prices for double chip application and slurry seal have increased annually an average of 6% and 3% respectively between 2014 and 2017, as indicated by DPS bid award records.

Using the current project as an example, an average 80' lot fronting a street that will be pulverized and resealed will see an assessment of approximately \$850 - \$1000.

Work Processes

Cape seal field work typically spans the course of 3-4 weeks, depending on the size and scope of a project. Work is spread among three phases: preparation, chip, and slurry. Each phase requires approximately one day of work on each street segment.

Street-side parking restrictions are required during most work days, and are communicated via street signage and the city's other communication platforms.

Surface Preparation

Existing street surfaces are prepared through one of two methods: spot patching or surface pulverization. On streets with a relatively flat profile, hot- or cold-mix patch product is used to repair potholes and areas of significant deterioration. On streets with pronounced crowning, surface pulverization is the preferred preparation method. Crowning results from multiple chip seal applications over a number of maintenance cycles. Pulverization grinds the existing stone chip surface and redeposits it in place. The material is then graded to achieve a slight grade from the road center, and then roll-compacted. See figure 1.

Pulverization often results in the road gaining 1-2" of width, as the excess crown material is spread across the surface during grading. Although the process results in a flatter, more consistent surface, it can present challenges as well. Changing the existing profile of a street may remedy some water ponding issues, but has the potential to also create new ones.

The resulting surface is an untreated gravel street.

Chip Application

After surface preparation, heated asphalt-based binder is sprayed onto the gravel surface, followed immediately by a layer of evenly-distributed stone chips. A dump truck loaded with stone chips provides a supply of material to the spreader and roller follows closely, embedding the stones into the surface. See figure 2.

Typically, Birmingham cape seal projects specify a second application of chips, known as 'double-chip.' The second layer provides an additional seal, and helps to better blend irregularities in the road surface. Because contractor equipment is already on site, a second application is possible at a reduced cost.

Post application, the road is swept periodically to remove loose chips, and traffic is allowed to help set stones into the surface over the course of 1-2 weeks. The resulting surface represents a traditional 'chip seal.'

Slurry Application

After 1-2 weeks, a slurry coat is applied to the chip sealed surfaces. Slurry is a mix of water, crushed stones, asphalt emulsion, binders, and water. It has the consistency of pancake batter, and is applied using specialized sprayers. The application of slurry to a chip seal surface is what differentiates a chip seal from a cape seal.

Slurry provides an additional moisture seal, a skid resistant surface, and significantly reduces dust. Upon application, the material is brown in color, gradually turning gray or black over the following weeks and months. To the untrained eye, the surface can resemble an asphalt overlay.

Slurry application requires partial street closures, as the product requires 4-5 hours to cure. To achieve minimal traffic impact, streets are treated in block segments, ½ of the roadway (lengthwise) at a time. Residents affected by the partial closures are notified through informational door hangers, and street signage. Typically, streets are reopened for traffic the same day.

ADA Ramps

Prior to the 2015 project, chip/cape seal projects were exempt from an Americans with Disabilities Act requirement that sidewalk crossing ramps be upgraded to new construction standards as part of street improvements. Subsequently, the Federal Government determined chip/cape seals to be a significant 'improvement' and clarified the requirement to include ramp improvements, where not already compliant, as part of any such project.

The construction of ramps is administered as part of the Engineering Department's annual sidewalk replacement program. These costs are included in each property's special assessment, adding approximately \$2-3 per foot to assessments.



Ramp are not necessarily constructed in conjunction with the cape seal work, and may be completed prior to or after the project, depending on the scheduling.

Cape Seal Benefits and Challenges

Short of a full improvement, cape seal maintenance

remains the best option for unimproved streets. The alternative is to leave these streets as untreated gravel – a condition unlikely to be welcomed by residents. For the relatively low cost, cape seal provides the benefit of a cleaner road that has improved driveability over bare gravel roads. Its longevity is typically 7-10 years, but can vary depending on a number of factors including traffic and weather.

From an administrative perspective, cape seal presents a number of challenges. Among the greatest is managing residents' outcome expectations. Long-term residents who have been through several chip seal projects understand what to reasonably expect in terms of finished product. Newer residents, however, often describe the work in terms of 'rebuilding the road' which carries with it the expectation of precision work, and levels of improvement not typically possible (or expected) with cape seal maintenance.

The Committee recognizes an opportunity to adapt the initiation process to incorporate the cape seal nomination process as the introduction of a potential conversion project, instead of placing the initial responsibility on the homeowner.

DRAFT

**WHAT DO OUR NEIGHBORING COMMUNITIES DO WITH
THEIR UNIMPROVED ROADS?
PEER REVIEW/ANALYSIS**

DRAFT

PEER REVIEW OF NEIGHBORING COMMUNITITES

As the committee examined Birmingham’s street improvement policies and explored potential changes, they reviewed the policies of neighboring communities. The following summarizes policy differences between Farmington Hills, Rochester Hills, Royal Oak, Troy, and the Oakland County Road Commission.

The information was compiled primarily through conversation with relevant staff at these agencies. A standardized questionnaire was sent as well, with limited response. At the beginning of this process staff sought insights from the smaller southeast Oakland County communities that are most similar to Birmingham, such as Clawson, Berkley, Huntington Woods, and Pleasant Ridge. These communities have long had a fully-improved local road system that appears to date back to the 1950s, and current staff at these communities had few historical insights to share.

The policy examination revealed several key areas in which policies differ between communities. They include resident support thresholds for the instigation of a cost/viability study and final project approval, assessment cost sharing, and payment terms. It also considered current unimproved street mileage and maintenance practices. The following chart summarizes the information:

| | Miles of Unimproved Roads | Use of Chip Seal For Maintenance? | Cost Study/Informational Meeting Threshold | Project Approval Threshold | Based on | Front Footage Assessment Cost Share % (City/Owner) | Payment Term (Years) |
|-------------------|---------------------------|-----------------------------------|--|----------------------------|----------------|--|----------------------|
| Farmington Hills | 22 | No | 25% | 51% | Parcels | 20/80 | 10 |
| Rochester Hills | 20 | No | 60% | 61% | Parcels | 40/60 | 15 |
| Royal Oak | 3.6 | No | n/a | 50% | Footage | 50/50 | 15 |
| Troy | 10 | Yes | 50% | 50% | Footage | 50/50 | 10 |
| Birmingham | 26 | Yes | 50% | 50% | Footage | 15/85 | 10 |

The following sections highlight noteworthy differences among several of the studied communities.

Farmington Hills

Among the cities examined, Farmington Hills is most similar to Birmingham in terms of unimproved street surface quantity. It maintains 22 miles of unimproved gravel roads through frequent grading and the application of dust control measures. Unlike Birmingham, Farmington Hills’ unimproved streets are not chip sealed. An important difference from Birmingham is that even after a road is paved, it is not rehabilitated unless another assessment district is created.

The process to upgrade to a fully-improved street is petition-driven, although it only requires 25% interest from affected property owners to trigger a city-performed preliminary cost and viability study. The lower threshold makes it easier for interested petitioners to obtain preliminary cost estimates, but risks spending staff time and resources on projects that have a greater potential for rejection. Reducing this threshold can also give the appearance of staff ‘taking sides’ by encouraging discussion when there is not a majority in favor of exploring an improvement.

Farmington Hills also has a 'directed' road improvement policy and procedure. The 2015 policy notes:

"...in instances where road conditions have become seriously degraded and become an issue of safety and overall community appearance, it may become necessary for City Council to initiate a road reconstruction project without a petition. The objective of this policy is to establish a process for DPS staff to evaluate and recommend a directed road reconstruction special assessment district to the City Manager and City Council."

The policy considers regularly-updated road pavement condition assessments in determining eligibility and project prioritization. Note: the excerpt above uses the term reconstruction, implying that it only applies to the reconstruction of existing improved surfaces. Within the context of the full policy, however, it is clear that it also applies to unimproved streets. The full policy and other background information for each of the communities discussed here is included as [Appendix XX](#).

Rochester Hills

Rochester Hills publicizes an annual 'call for projects' during the months of September and October to gauge public interest in special assessment projects, including gravel street improvements. During the 60-day time frame, property owners desiring an improvement may submit an informal petition indicating at least 60% homeowner interest. Subsequent steps follow a defined schedule and process similar to Birmingham, including public meetings, circulation of official petitions, etc.

By limiting submissions to the defined time frame, the city can better plan for and schedule potential projects. Staff efforts on such initiatives can be more focused and the various tasks related to administering special assessment district related projects can be accomplished more efficiently.

Additionally, by publicizing the request regularly, the city is continually educating the public on their available options, which can have the effect of starting conversations among neighbors. One drawback is that if there is momentum and interest in pursuing an improvement outside of the designated time frame, it may wane if forced to wait a number of months before being able to proceed.

Through the process. It could also potentially strain staff if multiple request are received simultaneously.

Another noteworthy feature of Rochester Hills' street improvement policy is that it provides homeowners an inflation-indexed assessment cap.

Royal Oak

Royal Oak maintains relatively few unimproved roads – only 3.6 miles out of an approximate 200 miles. Within the past few years, Royal Oak has taken a more aggressive stance to encourage residents to submit petitions, hoping to eventually remove the remaining unimproved roads from their system.

In order to encourage resident support for street improvements, Royal Oak has extended a considerable discount to residents during the term of a local road millage. Typically assessed the full cost for an improvement, the incentive offers a 50% discount for property fronting an improvement, and 75% discount for side lots. Staff indicated that the incentive has largely been

successful, having upgraded 7 of unimproved streets since the 2015 millage.

Road Commission for Oakland County

Although not included in the table above, staff also spoke with the local roads manager for the Road Commission. In townships, maintenance of all public streets is the duty of the Road Commission. Unlike cities, the Road Commission has no legal authority to force a special assessment district. Roads that are paved are not invested in further, other than for patching holes and keeping them safe. Property owners must petition the Road Commission to get a rehabilitation project started, and owners must pay 100% of the assessment cost. Gravel roads must also be petitioned and paid for by assessment in order to be paved.

At times, roads get in such poor condition that the County has explored the idea of removing the old asphalt and making it a gravel road again. That too would involve a cost for which there is no source of funds. It also would be a setback for the road system, so to date, that has not yet occurred.

COMMITTEE RECOMMENDATION:

The Committee believes that the need to increase education and awareness will be beneficial and wish to pursue the approach in Rochester with a “call for projects” approach to initiate projects. The cape seal program is the most reliable mechanism to implement this idea.

DRAFT

**FIVE-YEAR CAPITAL IMPROVEMENT PLAN
DEVELOPMENT**

DRAFT

FIVE-YEAR CAPITAL IMPROVEMENT PLAN

How do road projects get planned and when?

As a part of the annual budget cycle, the Engineering Dept. updates its five-year capital improvement plan. This work is done in December of each year. Since this committee was considering a policy shift that would impact future budgets, staff expedited this process in 2019 to provide the committee with a better understanding of the ongoing fiscal responsibilities currently placed on the City's capital improvement budgets.

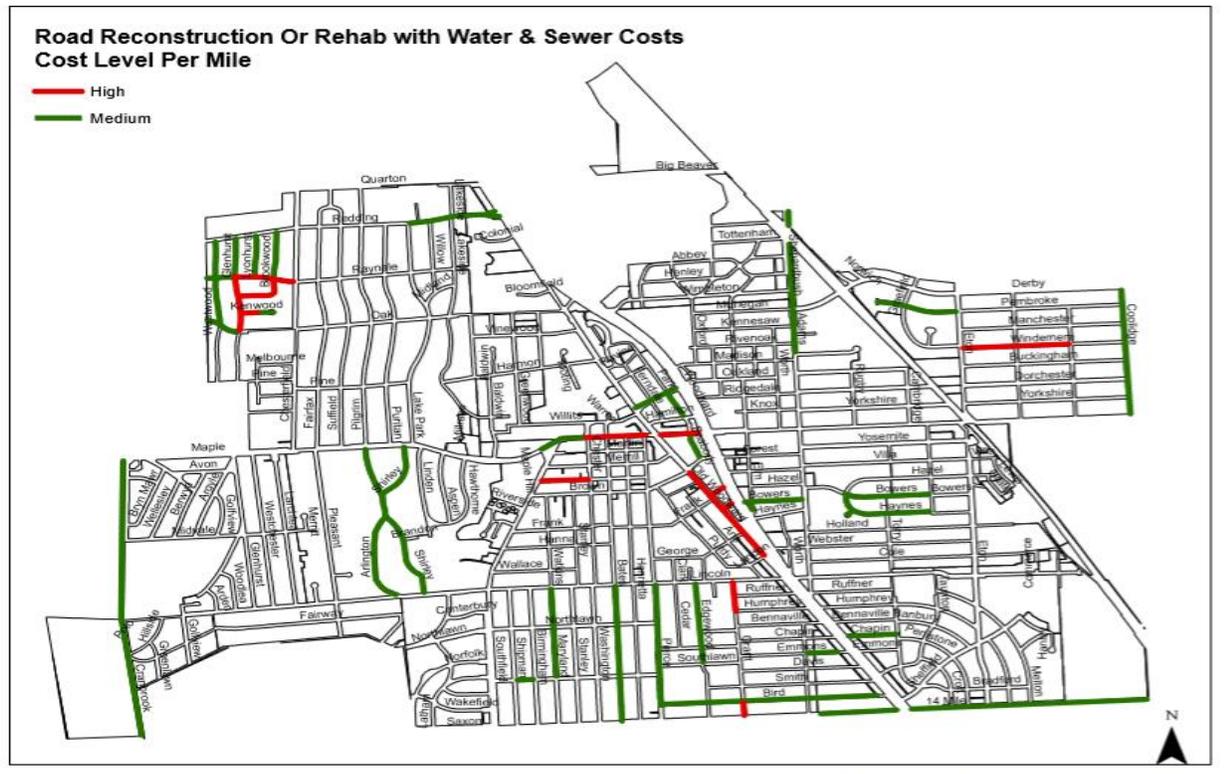
Since its inception, Birmingham has offered to maintain its improved streets at no cost to the adjacent property owners, provided an initial special assessment was paid by the property owner to cover the original cost of construction. As the street system ages, this policy results in the need to prioritize and invest in the street system each year in order to achieve an acceptable level of maintenance.

Capital improvement expenditures can be loosely categorized into two spending levels. For the purposes of this discussion, major projects are labeled as Road Reconstruction or Rehabilitation (with Water and Sewer Costs). Lower cost projects that tend to be geared toward maintenance are labeled as Maintenance Treatments. These two categories are explained in more detail below.

Road Reconstruction or Rehabilitation (with Water & Sewer Costs)

Birmingham has several improved streets with pavements that are nearing the end of their service lives. There are also several miles of sewers and water mains that are in need of repair and/or replacement. For the past several years, staff has been able to leverage spending more efficiently by prioritizing those streets that need work in all three areas. Many of the streets that were identified, as such, in the past have already been addressed. While the number of streets that need major work in all three categories is reducing, there are still many streets that need significant investment. As shown in Figure 5 on the following page, projects are broken into the subcategories of either a high or medium level cost per mile.

Figure 5: Medium or High Improvement Cost per Mile



1. High Cost per Mile

Due to efforts made in the past, the number of street miles that can be classified as needing a high level of cost per mile is relatively small. These are streets that typically have:

- Improved pavement that is at the end of its service life, needing full replacement.
- Water main that is in need of replacement, usually due to age and small diameter (compared to current standards).
- Sewers that are in poor or fair condition, and often in need of increased capacity.

Examples of projects placed in this category include:

Maple Rd. (Chester St. to Woodward Ave.) = \$10,000,000 per mile

Townsend St. (Southfield Rd. to Chester St.) = \$2,300,000 per mile

Both streets include complete removal of the existing pavement, and replacement with a new concrete street with curb and gutter. On a downtown street such as Maple Rd., extra costs include traffic management, traffic signal replacement, fiber optic system, and accelerated construction. Costs such as sidewalks, electrical system, landscaping, and street lighting come from sources other than the street fund.

The Maple Rd. example is not the norm. The one block project planned on Townsend St. is a more common project. The cost per mile includes complete pavement removal and replacement with new concrete and curb and gutter, replacement of drive approaches and adjacent lawn areas, and minor traffic

management. Streets selected for complete replacement were generally constructed in the 1920's to 1940's.

2. Medium Cost per Mile

Street rehabilitation at a medium level of cost per mile can fall into several subcategories.

- a. *Major Street Resurfacing* – There are currently several major street segments planned for resurfacing. Minimal underground improvements are planned, but the asphalt surface is in need of replacement. Asphalt work will tend to be at least 2 inches of asphalt removal and replacement. Traffic management on these streets require additional effort. Several of the currently planned projects will be completed with funding from outside sources, such as federal, county, or adjoining jurisdiction. The cost per mile shown reflects the entire expenditure.
- b. *Local Street Rehabilitation* - Many pavements built in the 1950's and 1960's are in need of water main replacements, and in some cases, sewer work. The curb and gutter systems are in relatively good condition, but the driving surface is poor to marginal. Since utility work is needed, the pavement can be removed, while the curb and gutter system is saved. This then saves the cost of drive approach and lawn replacements, and simplifies construction. Since the curb and gutter system is not being replaced, a lower cost asphalt pavement is justified. With its shorter service life, the entire street will age at a more consistent level.
- c. *Unimproved Street Utility Improvements* – As noted before, utility improvements on unimproved streets have not been prioritized, given the difficult task of attempting to completely rebuild a gravel street that has no drainage system. Unimproved streets that have curbs do not have this issue. Water and sewer improvements can be completed with the curbs left intact, and a new cape seal surface can be installed at a lower cost. Two neighborhoods are identified with such work in the near future, including the northwest corner of the city, where water mains and storm sewer work is planned on streets such as Westwood Dr. and N. Glenhurst Dr., as well as water main replacement on Arlington Rd. and Shirley Dr.

Sample estimated costs per mile:

- 2.a. Cranbrook Rd. (Maple Rd. to 14 Mile Rd.) = \$1,600,000 per mile ¹
- 2.b. Bowers St. (Hazel St. to Columbia Ave.) = \$1,830,000 per mile
- 2.c. Arlington Rd. (Maple Rd. to Lincoln Ave.) = \$140,000 per mile ²

Maintenance Treatments

An asphalt maintenance contract is typically conducted once per year, in an effort to provide relatively low cost treatments to asphalt streets needing attention. As can be seen on the map, there are several streets recommended for work at this time. In the six-year forecast, the total cost estimate for this work is \$990,000. In order to achieve this work, it is recommended that it be broken into three contracts paid for over three fiscal years, which will be reflected in upcoming capital improvement plans.

Subcategories are defined below:

¹ In this example, the City will be responsible for \$290,000. Other agencies contributing to the cost include the Road Commission for Oakland Co., Bloomfield Twp., and Oakland Co. general government.

² The “cost per mile” shown below is low as the majority of the work will be charged to the Sewer and Water Funds. Pavement restoration cost includes restoring and grading gravel surface, applying cape seal, and installing handicap ramps.

1. High Cost per Mile

Streets designated for a higher level of repairs will have the following work accomplished:

Subcategory 1 (Resurfacing)

- a. Milling top two inches of asphalt.
- b. Miscellaneous full depth asphalt patches where needed.
- c. Crack sealing.
- d. New 2 inch top layer of asphalt.
- e. Asphalt rejuvenator waterproofing treatment.

Subcategory 2 (Ultra-Thin Asphalt Overlay)

- a. Milling outer edges at curbs.
- b. Miscellaneous full depth asphalt patches where needed.
- c. Crack sealing.
- d. New ¾ inch overlay of asphalt.
- e. Asphalt rejuvenator waterproofing treatment.

Examples of streets in these categories are:

Latham Rd. (Northlawn Dr. to Saxon Rd.) = \$200,000 per mile (resurfacing)

Oakland Ave. (Woodward Ave. to Worth St.) = \$175,000 per mile (thin overlay)

2. Medium Cost per Mile

Subcategory 1 (Asphalt)

Asphalt streets designated for a medium level of repairs will have the following work accomplished:

- a. Localized patching or joint repairs.
- b. Crack sealing.
- c. Asphalt rejuvenator waterproofing treatment.

Subcategory 2 (Concrete)

Concrete street repairs involve joint or slab replacement as needed.

Examples of streets in this category are:

Harmon St. (Lakeside Dr. to N. Old Woodward Ave.) = \$100,000 per mile

Woodlea Ct. (North End to W. Lincoln Ave.) = \$80,000 per mile

3. Low Cost per Mile

Streets designated for a lower level of repairs will have the following work accomplished:

- a. Crack sealing.
- b. Asphalt rejuvenator waterproofing treatment.

An example of streets in this category include:

W. Brown St. (Chester St. to Pierce St.) = \$52,000 per mile

Five Year Capital Plan: Summary of Costs

The work summarized in the sample streets detailed above represent over \$5,000,000 of work each year over the next five years just in Street Funds.

DRAFT

FUNDING OVERVIEW

DRAFT

Overview of Road Funding

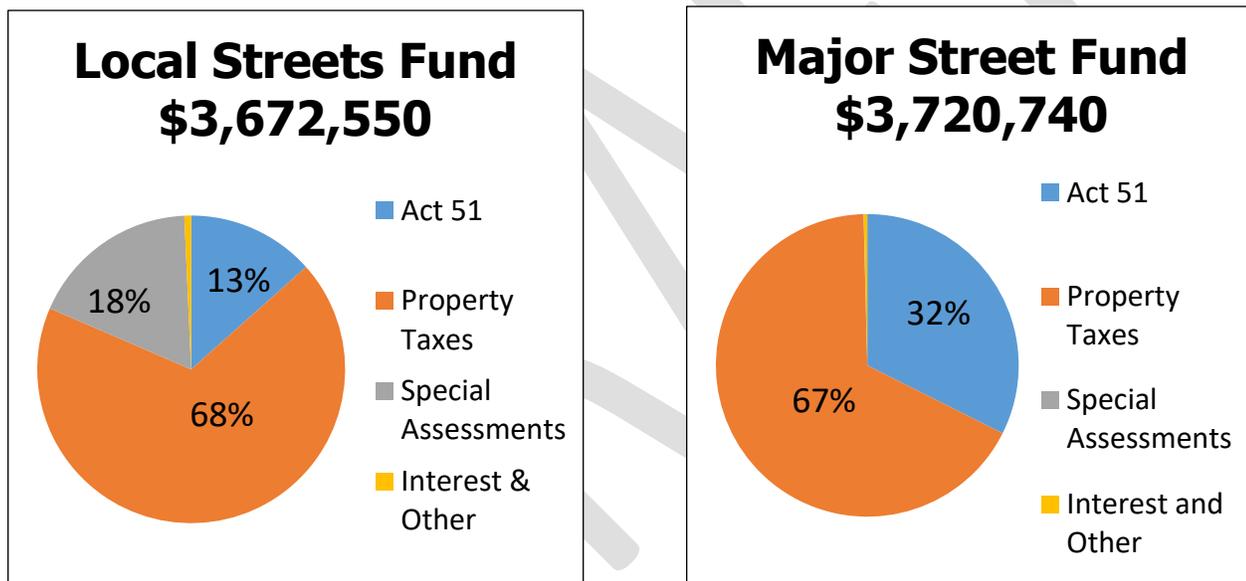
How does the City fund the projects identified in the Five-Year Capital plan?

There are generally four sources of funding for roads:

- Act 51 distributions from the Michigan Department of Transportation,
- Property taxes by way of transfers from the City's General Fund,
- Special assessments from property owners directly benefiting from a road improvement, and
- Road bonds.

Currently, the City receives from funding for roads from all of the sources except for road bonds.

For streets designated as major streets, almost all of the funding comes from property taxes and Act 51. This is because these streets are predominately improved streets. For streets designated as local streets, most of the funding comes from property taxes, with smaller contributions from Act 51 and special assessment revenue. The special assessment revenue is dependent on the number of roads either in the process of being improved or being cape sealed. Below is a comparison of the revenue budgets for fiscal year 2018-2019 for the major street fund and local street fund.



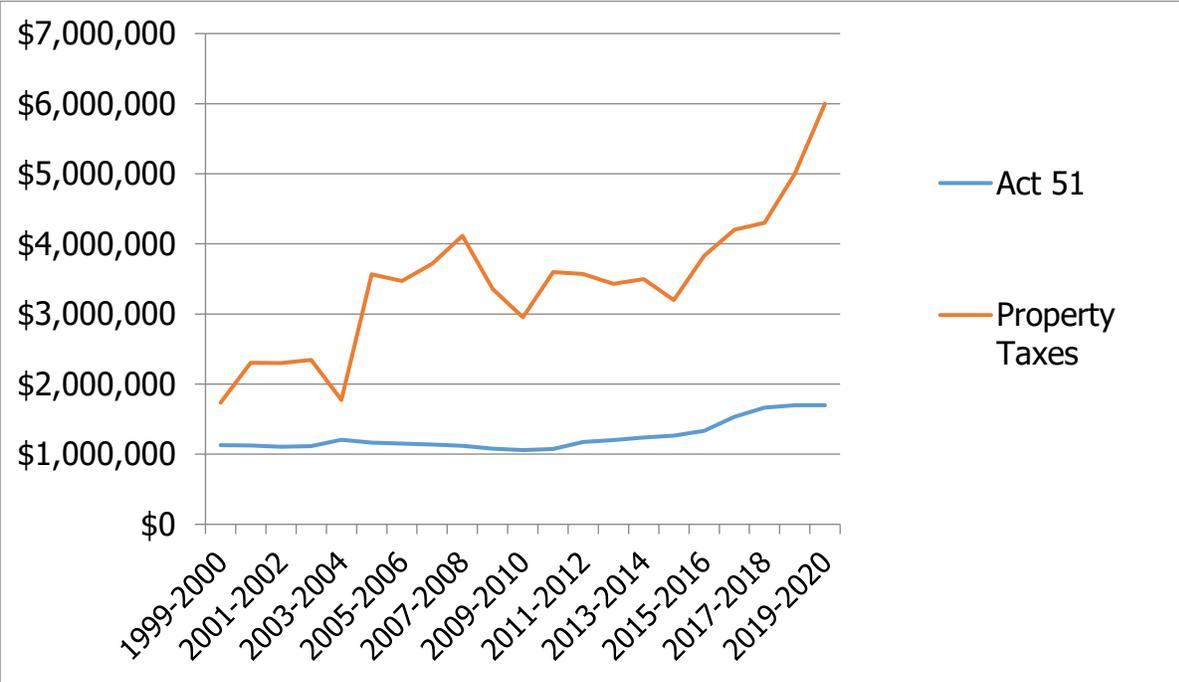
Act 51 Funding

Act 51 funding comes from the Michigan Department of Transportation. This funding is generated at the state level from receipts from fuel taxes, vehicle registrations, and contributions from the state's General Fund. 21.8% of the funds collected from these revenue sources are distributed to cities and villages. Of this amount, 75% is allocated to major streets and 25% is allocated to local streets. The amount distributed to each community is based 60% on population and 40% on the number of road miles.

Property Taxes

Act 51 funding is insufficient to fund street maintenance and improvements on a year-to-year basis. Therefore, funding from the City's general operating millage has to be used to supplement other funding. Historically, the City has used 15%-20% of the property taxes collected in the General Fund to provide road maintenance and improvements. Over the years, property taxes have become a greater contributor to road funding than from Act 51 funding as shown below:

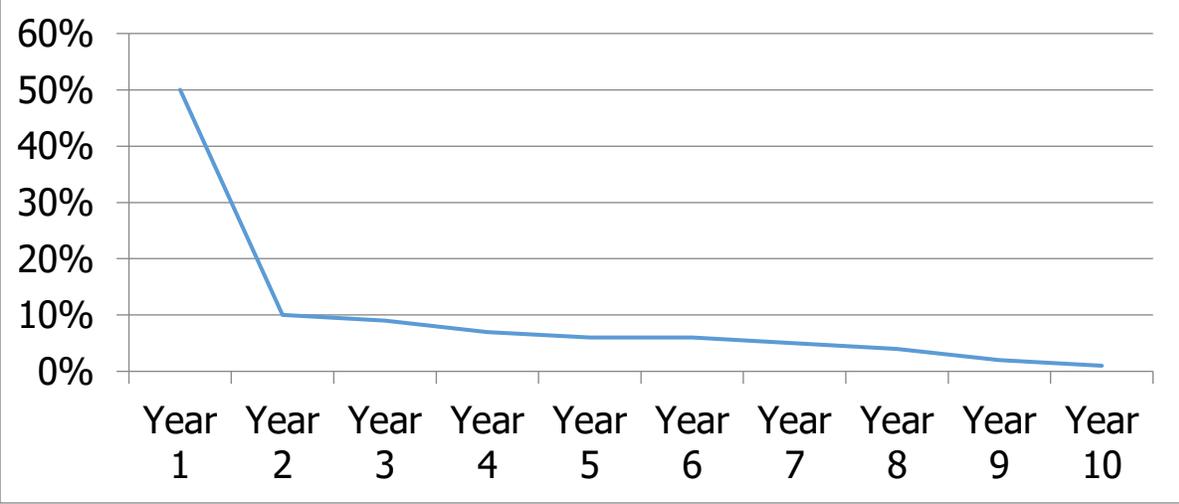
Act 51 and Property Tax Road Contributions 1999-2020



Special Assessments

Special assessments are used as a funding source to offset a portion of the cost of a road where it is being upgraded to an improved road or when the road is being cape sealed. For these projects, the City will pay for the improvement in advance and bill the property owners. The payback from the property owners differs depending on the type of road improvement being done. When a road is being improved, the special assessment is generally set for 10 years. When a road is being cape sealed, the special assessment is generally billed only once. City ordinance does not allow for special assessments greater than 10 years. Typically, the City collects approximately half of the total special assessment in the first year of a ten-year assessment period and then smaller amounts the following years as shown below:

Special Assessment Billing – 10 Year Period



Grants

Grants with the Michigan Department of Transportation (MDOT) are available but are generally restricted to roads that receive heavy use and therefore are not a likely source of revenue for unimproved streets. Examples of roads the City has received MDOT funding for include W. Maple Road and N. Old Woodward.

MDOT created the Transportation Alternatives Program (TAP) grants, which are used for activities that enhance the intermodal transportation system and provide safe alternative transportation options. The City has used these funds for traffic-calming and multi-modal enhancements. Again, it is unlikely that these funds would be available for unimproved streets because they wouldn't meet the eligibility requirements. Both of these grants require a local match and are awarded on a competitive basis, which means that the City's projects are compared to other projects from other municipalities and a governing board determines which projects will receive funding.

Additionally, there are Oakland County Tri-Party funds available. These funds may be used for road or traffic control system upgrades on county roads. The City is required to fund one third of the project with the other two thirds coming from Oakland County and the Oakland County Road Commission. A municipality may save up to 3 years of funding for a project. These funds are generally for small improvements and would not be enough to fund a complete street. Because of the restriction to county roads, this source of funding would not be applicable to the City's residential streets.

Bonding

The City could issue bonds for road improvements, although, looking through the City's records, it doesn't appear that this method has ever been used before. The debt service for the bonds would be paid from Act 51 funds, a special assessment, property taxes, or a combination of all three. It is unknown whether this funding source would be successful for unimproved streets as there may be some reluctance to use the City's debt capacity for this type of project or to bond for something specific to a neighborhood like a road unless the debt service was paid by special assessment only.

Road Expenditures

Road funding is used to pay for traffic controls & engineering; street and bridge maintenance; street tree maintenance; street cleaning; ice and snow control; and capital improvements. Currently, Act 51 funding is not sufficient to pay for the non-capital improvement expenditures.

Capital improvements are projected out for 5 years to assist in long-range financial planning. When a neighborhood determines that they want an improved road, that project has to be then added to the long-range planning process to determine which budget year the City can afford to do the project considering both funding for the road and funding for water and sewer improvements if those utilities need to be updated.

At the April 4, 2019 meeting of the committee, staff provided a refresher presentation that covered all of the subject matter regarding funding for road projects, pavement types, distinctions between improved

and unimproved roads, and a paving and maintenance history in the City regarding projects such as these. The purpose of the refresher was to prepare for further exploration regarding possible funding alternatives that would allow pursuit of a potentially more aggressive program for converting the remaining twenty-six miles of unimproved streets throughout the City to improved streets.

FINANCIAL MODEL DEVELOPMENT

To begin preparing inputs for the model, staff worked to update the five-year financial forecast and develop a draft budget for the City to cover the next three years. This prep work assisted in developing the most accurate framework for discussion that reflects the known financial obligations of the City. The challenge inherent in creating a sufficient financial tool for decision-making is that it has unavoidable limitations in the sense that there are a plethora of unknowns. The information from the model must be supplemented along with the history, experience, and knowledge of the Committee and staff to evaluate and consider the implications of any decision making holistically.

The baseline model was established with the known factors that exist today, staff then layered in the projected costs of the unimproved streets project into the model to determine the impact to the general fund and provide an idea with respect to the sensitivity of the general fund as it relates to this program. The outcomes presented were intended for discussion purposes only to help illustrate financial impacts for changes to the current funding approach used to support road conversions from unimproved to improved.

The following are the assumptions that support the model:

General Fund Projection Assumptions:

- 4% per year increase in taxable value
- Headlee maximum millage rate rollback factor of .982 per year
- Operating millage used for years 2021-2022 through 2029-2030 maintains a .25 mills gap between operating millage and Headlee maximum
- 3% per year increase in personnel costs
- 1.5%-2% per year for other costs
- 2.5% per year increase in transfers to Major and Local Street Funds

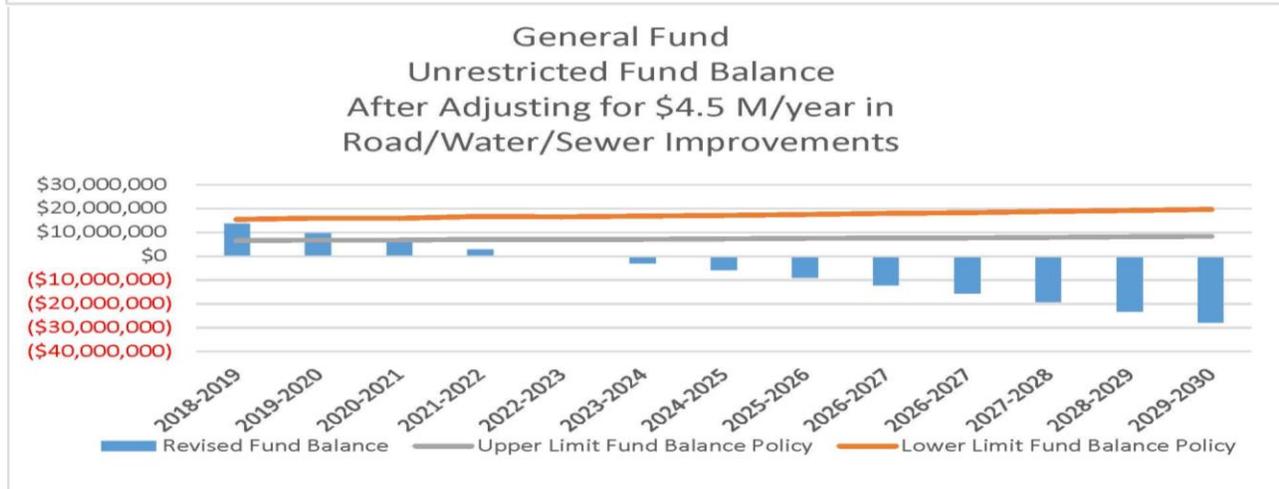
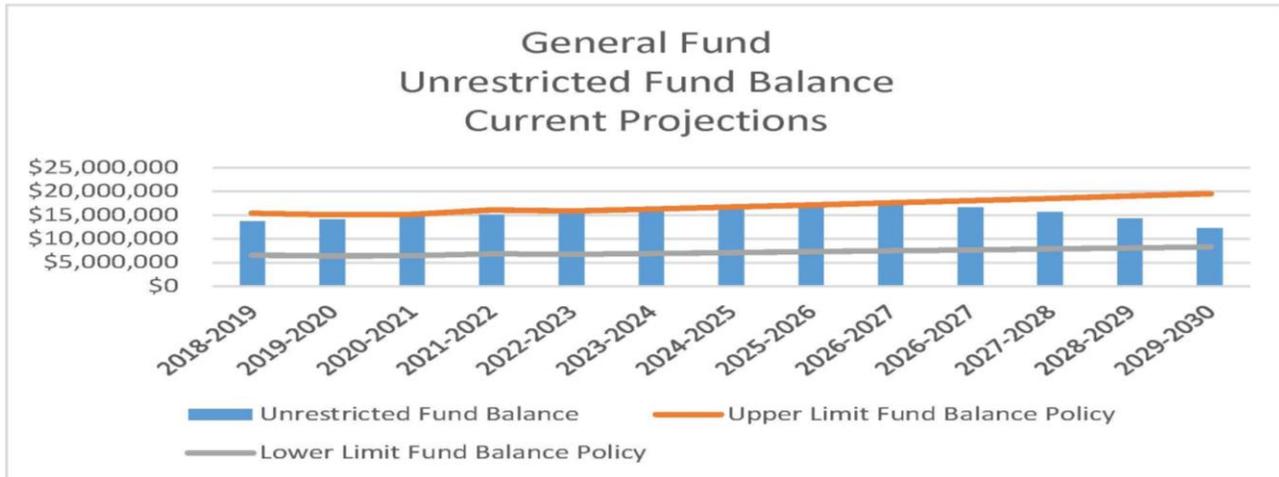
These assumptions regarding the general fund are consistent with the City's policies. The limitation of the model is that there are no major projects, currently envisioned, that are contemplated in the model. Therefore, all things would have to remain fairly equal for the model to behave as forecasted today.

Infrastructure Assumptions:

- 1 mile of roads improved per year
- \$2.3 M cost for road reconstruction per year
- \$1.1 M cost for water main improvements per year
- \$1.15 M cost for sewer improvements per year
- Costs were adjusted 2.5% per year for inflation
- Roads are improved with concrete, curb, and gutter.

The model assumes the worst case scenario for all 26 miles of roadway. It is anticipated that the need for sewer and water main improvements will not be needed for all projects.

The baseline projections for the general fund are stable and meet the City’s requirement with respect to fund balance policy. The policy states that the unassigned fund balance (funds not obligated for other projects or are restricted for other purposes) should remain in a range between 17% and 40% of the total. The impact to the general fund based on the assumptions outlined above for the infrastructure improvements at \$4.5 million per year to improve one mile of roadway would have significant negative impact to the general fund and the City could not sustain the program.



The funding gap that would need to be closed as a result would be over \$40,000,000 just through 2029-2030.

Since the City’s current resources cannot fund the level of improvement outlined in the assumptions above, the City is left with two fundamental funding options: 1) pay-as-you-go; or 2) bond financing.

Funding Options:

Pay-as-you-go

- Road improvements are scheduled as part of the City’s long-term capital improvement planning process and are initially financed from existing levels of transfers from the general fund to the local street fund. Property owners will be special assessed for the road and will reimburse the local street fund.
- Water and/or sewer improvements would be financed through current water/sewer rates or enhanced water/sewer rates which would include additionally funding for improvements.

Currently, a \$1 increase in either rate would generate approximately \$828,000 in revenues per year.

- A road millage is not available since the City is a 20-mill charter city. State law does not allow a City to have greater than 20-mills for operating/special millages unless specifically authorized by state law. A Headlee override to the City's existing operating millage would be the only way to create additional property tax revenues. This would require a vote of the citizens to approve.

These options do not require a vote of the citizens (City Commission makes funding available through the budget process), except for Headlee override, and does not add to City's total debt. However, these pay-as-you-go options would result in a slower improvement process (subject to availability of funds).

Bond financing

- Special Assessment Bonds (roads): Debt paid from special assessments to effected property owners.
- Water and/or Sewer Improvement Bonds: Debt paid from either property taxes or water-sewer rates.
- Capital Improvement Bonds (combination of the two above): Debt paid from multiple sources, such as special assessments and water and sewer rates.

Bond financing options allow for more improvements more quickly. However, the bonding alternative adds to City's total debt, are more expensive (interest costs plus bonding costs), and typically require a vote by the citizens.

RANKING SYSTEM FACTORS

Similar to the improved street ranking system, it is recommended that each street segment be provided a score based on several factors. The segments with the highest total score would be the ones most likely to be considered for reconstruction primarily funded by a special assessment district. A list of factors and suggested scales follows.

CITY OF BIRMINGHAM UNIMPROVED STREETS RANKING SYSTEM

1. Water System Score

The City has a ranking of every street segment within the City for its water system. The total score of 100 is based on the following system:

- Age (0-20)** – Water Mains are given a score based on their age, with 0 for a main up to 1 year old, up to 20 for a main that is 75 years or older (with 75 being considered the expected service life for the pipe).
- Size (0-20)** – In the past, many local water mains were sized at 4" or 6" in diameter. By current standards, no water mains should be less than 8" dia. Water mains at 4" or less were given a score of 20. Water mains sized at 6" were given a score of 10.
- Reinforcement (0-20)** – Birmingham's system has been modeled with a computer. The model finds areas where water pressures are lower than recommended, considering current measurements, as well as in areas where zoning would predict that larger, taller buildings will be built in certain areas in the future. Points are assigned based on double the change in size recommended in the model. For

example, if the model calculates that a 12" main is needed where a 6" main is currently in service, that street segment would receive 12 points under this factor.

- d. **Frequency of Breaks (0-40)** – The City has good records for water main breaks going back 55 years. Each break is given a score of 4 points, with up to a maximum of 40 points that can be earned on a block. Breaks receive a high priority due to the disruption, cost, and damage that they cause.

2. Sewer System Score

The City has a ranking of every street segment within the City for its sewer system, for those sewers located on improved streets. Unimproved street segments were not included for the purposes of the ranking system previously set up since it was not generally considered advisable to conduct major excavations on unimproved streets if those streets were going to remain in their unimproved state. With funding from a state grant, the City is currently cleaning and inspecting all sewers within its system that are over 20 years old. The effort is valued at about \$1.6 million, and will not be completed until near the end of 2019. At that time, a current ranking system for all streets within the City can then be completed that may be used to help develop and finalize this ranking system.

The ranking system used for the previous ranking system had a score of 100, and is based on the following system:

- a. **Structural Condition (0-30)** – Sewer segments with fractured pipe, cracks, voids, etc. are scored higher.
- b. **Operation and Maintenance Condition (0-20)** – Sewer segments that are known to require frequent cleanings due to slow flows, roots, etc., are scored higher.
- c. **Capacity Deficiency (0-40)** – Sewer segments that calculate as being too small for their service area are scored higher.
- d. **Relief Sewer (0-10)** – On those streets where a sewer is recommended to help drain not only the immediate area, but other areas upstream, such segments are scored with an additional 10 points.

3. Pavement Deterioration Score

Pavement deterioration is a factor in the longevity of the cape sealed street surface, which in turn causes ongoing maintenance and safety issues. Unimproved streets in certain areas of the City drain better than others due to factors such as underlying soils, slope, and grade relative to other features such as sidewalks and drive approaches. It is recommended that a scale be developed to rank each street segment between 1 and 10. All streets should be surveyed after a significant (0.5 inch or more) rainfall that would create standing water conditions. Factors and weighting are suggested below:

- a. **Poor Drainage, Street (0-25)** – Drainage of the street surface, as well as the street edge, will be scored for each block. Standing water shortens the life of the cape sealed surface, as well as degrades the use of the road, adjacent parking areas, drive approaches, and adjacent yards.
- b. **Poor Drainage, Sidewalk (0-25)** – While not directly related to the long term durability of the cape sealed surface, poor drainage on the sidewalk creates problems for pedestrians and homeowners charged with maintenance of the sidewalk.
- c. **Existing Grade (0-25)** – Certain cape sealed streets have excessive centerline crowns, meaning that the slope from the center of the road to the edge or gutter pan is excessive. Such slopes can lead to safety issues, drainage issues, and difficulty entering and exiting driveways.
- d. **Existing Cape Sealed Surface (0-25)** – The surface of the existing street will vary typically as a function of how long it has been since it was last resealed. Other factors such as daily traffic counts, base conditions, and drainage can also cause the street to deteriorate.

4. Average Daily Traffic (ADT)

The Police Dept. is in the process of collecting average daily traffic (ADT) counts on all streets in Birmingham. ADT will factor into the ranking system as suggested below:

- a. **High Traffic Counts** - A small number of unimproved streets carry much more than just traffic created by the adjacent properties. Such streets would be considered local collector streets that benefit the entire neighborhood, and sometimes others as well. If a street has an Average Daily Traffic (ADT) count of over 1,000, an additional score of 100 points should be added to its score. The two streets that would most easily qualify for this scoring would be Chesterfield Ave. and the unimproved segments of Oak St. Both of these streets are direct routes to Quarton Elementary School, and carry larger amounts of vehicles than most unimproved streets. The City would be able to improve the level of service to the entire area if these streets were improved.
- b. **Medium Traffic Counts** – Most streets in the system will be labeled as being in the medium category. The most common street segment condition is one that connects to other streets at both ends, generally serves the immediate properties, and has a small to medium amount of other traffic that is passing through. On these streets, traffic volume is not a factor, therefore, no score is added on these segments.
- c. **Low Traffic Counts** – Most Birmingham neighborhoods were designed on a grid system, wherein each block connects to other streets at its end, providing motorists (and others) the option of taking more than one street to get to their destination. The grid system helps spread the load of traffic that is passing through. Dead end and cul-de-sac streets in Birmingham are rare, but where they do exist, they will have lower than average ADT counts. Since a project on a dead end street or cul-de-sac only benefits the properties located directly on it, they could be considered a lower priority. The scoring on a dead end segment should lower its ranking. A score of -50 is recommended for any dead end or cul-de-sac.

5. Curb and Gutter System

The status of the curb and gutter system is suggested to impact the ranking as follows:

- a. **6" High Concrete Curb & Gutter** - Many streets in Birmingham were constructed with a strong 6" high concrete curb and gutter system that provides good drainage and a stable edge. Such streets not only would score low on the deterioration scale, they also tend to operate much more closely to improved streets. Homeowners may not be aware for several years (until their street is cape sealed) that their street is considered unimproved. The City may be in a more difficult position attempting to force a special assessment to reconstruct a street that is working so well. A score of -100 is recommended for any street that has a high, generally stable 6" concrete curb and gutter system.
- b. **Low Mountable Curb & Gutter** - Conversely, streets with a low, mountable curb and gutter system may have relatively good drainage, but do not provide a stable edge, and are subject to being driven on or over for parking needs. An example of this condition exists in the large neighborhood west of S. Eton Rd., and north of 14 Mile Rd. These streets are unique in that they have a relatively low level of service, more closely aligned to other unimproved streets that have no curbs. A score of 0 is recommended for any of these streets, to denote that the mountable curb no longer brings much, if any, benefits to the street segment. If the curb is also in poor condition, it will receive points toward its total under the deterioration scale.
- c. **No Curb & Gutter** – The majority of unimproved streets have no curbs. A score of 0 is recommended on these segments.

6. Streets with Side Frontages

Streets that partially or entirely service side frontages tend to be a lower priority to the adjoining property owners. While having the street paved may still be a benefit to the general neighborhood that uses the street, it may be considered a lower priority to the adjoining property owners that would be assessed. This pattern has been seen in neighborhoods where the side streets still remain unpaved, or were the last to be paved. If

one side of the street segment has single-family side frontages, a score of -15 is suggested. If both sides of the street have single-family side frontages, a score of -30 is suggested.

7. Non-contiguous Unimproved Streets

Certain street segments remain unimproved while all other streets in its immediate area are improved. Such segments leave an otherwise improved area unfinished. This can be a problem aesthetically. It can also drive up costs for maintenance. Unimproved streets tend to require higher maintenance for patching, cape sealing, etc. Maintaining an unimproved street that is discontinuous to others like it drives up maintenance costs. If one street segment is by itself with no other unimproved street segments, a score of 40 points is recommended. If two street segments are linked together but have no others like it in the immediate area, then each street segment would receive a score of 15 points.

COMMITTEE RECOMMENDATION:

The Committee recommends the pay as you go option to continue and that is consistent with existing practice. After much discussion, it was agreed that pursuing a city-wide funding mechanism would not receive the necessary support given that the benefits of road conversion would primarily benefit the homeowners on the road that receives the improvement. Additionally, the it was agreed to continue refining the ranking system model to support the cape seal nomination process.

DRAFT

POLICY CONSIDERATIONS

DRAFT

POLICY CONSIDERATIONS

After reviewing the history, mechanics, and funding associated with road conversion projects, the Committee began review of all the key issues associated with existing policies involving unimproved streets. As the policy discussion continued to evolve, road paving options, project initiation process, and funding were the three key issues that the committee agreed to place their emphasis. The following discussion and related tables provide a summary of these topics outlining general advantages and disadvantages to consider as the committee began to develop a strategy for developing a recommendation.

Review of Existing Plans

Multi-Modal Master Transportation Plan

In 2013, the City Commission approved the final draft of the Multi-Modal Transportation Plan. The plan was created by a consulting firm known as the Greenway Collaborative. The plan is posted on our website under the Planning Department's section known as "Master Planning Documents." The URL is: http://www.bhamgov.org/government/departments/planning/master_plan_and_guidelines/index.php.

The City has a Multi-Modal Transportation Board (MMTB) that meets regularly. One of the Board's ongoing tasks is to review all upcoming street projects as they relate to the Master Plan. While the plan gives general guidance, the Board reviews each street plan in detail to ensure that all relevant multi-modal improvements that should be included are implemented if possible.

The master plan distilled recommended projects down into four suggested phases. Most of the projects focus on major streets. Where an unimproved street is noted for a project location, they are typically part of a neighborhood connector bicycle route. These routes consist of signs and pavement markings denoting a suggested bike route through the City. The routes do not typically require any changes to a pavement as a part of their implementation. Parts of a neighborhood connector route have already been implemented on parts of unimproved streets as needed in order to make the route complete.

City Code & Charter

Provided as **Appendix XX** is Chapter 94 of the Birmingham City Code. The code spells out the procedure for the creation of a Special Assessment District.

Also provided as **Appendix XX** is Chapter 10 of the Birmingham City Charter, written at the time the City was formed. It gives the City Commission the right to create special assessment districts.

Petition Information Book

In the late 1990's, the special assessment procedure was modified to help put more facts in the hands of the property owners before a final decision is made. Now, whenever a valid petition is received with over 50% of the owners showing favor toward the project, an informational booklet is prepared and mailed to all owners within the suggested district. The owners are also invited to a neighborhood meeting where staff offers the chance to discuss the issue more. Once the meeting has been held, a few weeks is intentionally provided to give owners the opportunity to change their mind about the project, either for or against. If the petition remains above 50%, the City Commission is advised about the potential project.

All owners are then invited to a public hearing to consider if the project should move forward. If the petition has dropped below 50%, then the project is not moved forward to the Commission.

The most recent petition was distributed to the residents on an unimproved block of N. Glenhurst Dr. The neighborhood meeting was held. The petition started at 56% of the owners in favor. During the waiting period, four residents have asked to have their name removed, and one new resident asked to have their name added. The petition currently stands at 43%. The additional signatures required were not collected and this project did not move forward.

Special Assessment Roll

The last official roll that was prepared was for paving two blocks of Villa Ave., between Adams Rd. and Columbia Ave. The project was completed in 2016.

The petition for this project was received in August, 2015. An informational booklet was distributed, and a neighborhood meeting was held in September, 2015. The unit rate for the new pavement was set adjusted up to \$174.00 per foot based on the bids received in April, 2016. Construction started in June, and was completed in October, 2016.

The project went smoothly and efficiently, and the final cost of the paving assessment district was calculated at \$165.86, which allowed almost all homeowners to receive a bill reduced from what had been expected. A separate assessment roll was created for the replacement of sewer laterals in the right-of-way. The originally estimated price of \$55 was adjusted upward to \$77.07 per foot, based on the contractor's actual charge. Most homeowners received a bill higher than what was expected.

There was no water lateral replacement cost on this contract, as the City did not have the policy in place at that time that required the replacement of all undersized water services.

Life Cycle Cost Analysis

A comparison of costs being expended to maintain our concrete vs. asphalt permanent pavements is provided below. The costs and the suggested maintenance steps are meant to be averages. Some streets age faster than others, but as a general rule, more frequent and substantial projects need to be initiated

Figure 6: Life Cycle Cost Analysis (2018 Dollars)

| YEARS AFTER CONSTRUCTION | ASPHALT | COST PER MILE |
|--------------------------|------------------------------|---------------|
| 0 | Original Construction | \$2,000,000 |
| 7 | Crack Sealing & Rejuvenation | \$17,000 |
| 20 | Thin Overlay or Resurfacing | \$320,000 |
| 40 | Resurfacing | \$430,000 |
| 60 | Resurfacing | \$430,000 |
| 80 | End of Service Life | |
| TOTAL | | \$3,197,000 |
| COST PER YEAR PER MILE | | \$40,000 |

| YEARS AFTER CONSTRUCTION | CONCRETE | COST PER MILE |
|--------------------------|-------------------------------|---------------|
| 0 | Original Construction | \$2,400,000 |
| 30 | Joint Sealing | \$6,000 |
| 60 | Major Patching or Resurfacing | \$430,000 |
| 80 | Resurfacing | \$430,000 |
| 100 | End of Service Life | |
| TOTAL | | \$3,266,000 |
| COST PER YEAR PER MILE | | \$32,700 |

COST SAVINGS OF CONCRETE OVER 80 YEAR LIFE SPAN = \$584,000 PER MILE

on the asphalt streets in order to keep them in adequate condition. The overall cost difference, as shown, over the life of the pavement, is estimated at \$584,000 per mile over the 80 service life of an asphalt pavement.

ROAD PAVING OPTIONS

The existing local street system is currently comprised of the following pavement options. Information is provided relative to perceived advantages and disadvantages, and the policy and cost factors if such a street is built today:

| PAVEMENT TYPE | PROJECT INITIATION | ADVANTAGES | DISADVANTAGES | Cost per foot for Special Assessment |
|----------------------|---|--|--|--------------------------------------|
| Cape Seal (No Curbs) | Cape Seal streets are no longer accepted by City. New cape seal application is initiated by City staff. | Low construction cost. Rural appearance. Owners can add parking areas if desired. | Poor durability. Poor drainage. Rough riding surface. Regular maintenance cycles and assessments. Leaves must be bagged. Owners must be charged again for each assessment when cape sealed again. | \$11 - \$15 per foot. |
| Asphalt with Curbs | Not allowed by current City policy. | Lower construction cost. Drainage can be guaranteed. Leaf pickup provided. Owner not responsible for ongoing assessments. | Durability less than concrete. City general funds responsible for costs. | \$160 per foot. |
| Concrete with Curbs | Submittal of petition by +50% of owners. | Long term durability, low maintenance. Drainage can be guaranteed. Leaf pickup provided. Owner not responsible for ongoing assessments. | Higher initial construction cost. | \$195 per foot. |

PROJECT INITIATION PROCESS CONSIDERATIONS

| | ADVANTAGES | DISADVANTAGES |
|---|--|--|
| PETITION PROCESS: Owners representing over 50% submit | City Commission can declare district with knowledge that | Residents wishing to improve street risk alienating themselves |

| | | |
|--|---|--|
| request for paving assessment district. | over half of owners are in favor of project. City does not appear as though it is forcing costs on owners that are not supportive of action. | from other residents that do not support project. City rarely initiates projects, even when long term benefits of project outweigh overall costs. |
| COST ALLOCATION: All street paving costs, including design and inspection, are added together and charged to assessment district. City subsidizes by paying 15% of base cost. | Local street paving benefits immediate owners. General fund dollars from entire City are not directed to benefit a small number of owners. | Cost of assessment is greater than perceived benefit to many owners, reducing owner support. |
| SECONDARY ASSESSMENTS: Driveway approach(es) measured and charged separately. | Size and cost of driveway approaches can vary greatly. Cost is kept directly proportional to actual benefit. | None. |
| SECONDARY ASSESSMENTS: Water and sewer lateral replacements are charged by the foot to adjacent owners. | Needed pipe replacements can vary greatly. Cost is kept directly proportional to actual benefit. | Older homes are often owned by long time residents less inclined to support project. Water and sewer costs are more likely added to old homes, while newer homes are not billed. |
| CORNER LOT ASSESSMENTS: Long side of corner lot is billed at 33% of actual length; City pays for remaining balance. | Owners having side street paved are charged about the same amount as neighbors that are being billed on frontage. | Owners on corners have potential of having to pay two assessments concurrently. |
| PAYBACK PERIOD: City pays cost of project up front, and allows up to ten years to pay back, with interest at 1% above prime. | Assessment district cost appears more manageable if paid over 10 years. | City must advance pay cost of project, requiring Local Street Fund to carry costs long before revenues are received. |

FUNDING CONSIDERATIONS

| | ADVANTAGES | DISADVANTAGES |
|----------------------------|---|---|
| SPECIAL ASSESSMENTS | Cost is allocated to those who benefit specifically from the improvement. Does not need vote of the citizens. | Results in a high cost per property owner thereby making it difficult to getting road improved. |
| CITY MILLAGE | Road Millage: Cost of road improvement is spread over many individuals resulting in lower cost to property owners who receive the benefit of the improvement. | Road Millage: May be difficult to get road millage passed when some may not get benefit of improvements and/or others have previously been special assessed for their road. |

| | | |
|-------------------------|---|--|
| | Operating Millage: Does not need vote of the citizens (unless Headlee override). Can be approved by the city commission. | Operating Millage: City is already near its millage cap which is shrinking every year due to Headlee. Does not give city room to fund other projects or needs that may arise. May effect bond rating as the rating agencies look at millage capacity as a factor of a city's financial health. |
| BUDGET AMENDMENTS | Road projects are projected five years in advance. This provides clarity in the city's long-term financial planning process and enables the city to manage its millage rates. | There are usually no extra funds available for new projects which are not in the five-year projection. In order to move forward, other road projects would need to be rescheduled or the new project would need to wait five years. |
| GRANTS | Usually only require a small local share (20-25%) resulting in significant savings to the city. | Grants are not likely to be available for local road improvements. Grants are competitive and are difficult to obtain. |
| TAX INCREMENT FINANCING | Leverages property value growth to fund improvements. | No TIF legislation exists that the city may employ to pay for local road improvements. |

CODE, CHARTER, CURRENT POLICY COMPARISON

The following table compares all elements of the existing City Charter, City Code, and Current Policy as they relate to establishment of a Special Assessment District.

| CITY CHARTER | CITY CODE | CURRENT POLICY |
|--|---|-------------------------------|
| Commission has power to declare an SAD. Resolution shall state estimated cost, proportion that is to be charged to general fund, and specific properties involved. | Consistent with City Charter. | Consistent with City Charter. |
| Commission shall prescribe by ordinance complete special assessment procedures. | Chapter 94 of City Code was written to comply with Charter, with details. | Not applicable. |

| CITY CHARTER | CITY CODE | CURRENT POLICY |
|--|---|--------------------------------|
| Once roll is confirmed, full amount of assessment is a lien on property until paid. | Consistent with City Charter. | Consistent with City Charter. |
| No action may be instituted to contest the SAD unless within 30 days after confirmation, written notice is provided to the Commission. | Consistent with City Charter. | Not an issue stated in policy. |
| If a part or all of an SAD is declared invalid or defective, the Commission has the right to correct the problem and start a new SAD. | Consistent with City Charter. | Not an issue stated in policy. |
| | Commission may request a petition. | Not an issue stated in policy. |
| | Commission may consider a petition, but is not bound by it. Petition is advisory only. | Consistent with City Code. |
| | Petitions shall be made on form distributed by Engineer. | Consistent with City Code. |
| | Petition shall be verified by circulator by signed affidavit. | Consistent with City Code. |
| | Petition shall be filed with Engineer. | Consistent with City Code. |
| | Engineer shall provide petition to Manager. Manager shall confirm validity of signatures. | Consistent with City Code. |
| | Engineer shall prepare a report to Commission to describe nature of project, cost estimate, size of district, and any other pertinent info. | Consistent with City Code. |
| | If condemnation of property is required as a part of project, the cost may be included in the SAD. | Consistent with City Code. |
| | Commission shall hold a public hearing. All owners in district shall be notified that they must submit objection at hearing if they wish to later protest to Michigan Tax Tribunal. | Consistent with City Code. |

| CITY CHARTER | CITY CODE | CURRENT POLICY |
|--------------|--|----------------------------|
| | Commission may determine whether to proceed or modify the district. If modified, a new hearing shall be scheduled. | Consistent with City Code. |
| | If SAD is established, resolution shall include: <ol style="list-style-type: none"> 1. Approving plans and cost estimate. 2. Determining percentage to be paid by general fund. 3. Establishing boundaries of district. 4. Determining method or formula to calculate the cost. 5. Directing preparation of the roll. | Consistent with City Code. |
| | Commission may make modifications to district later, but must hold a new hearing if cost or scope has increased. | Consistent with City Code. |
| | No expenditures shall be made toward project other than preparing plans and cost estimate, prior to confirming the roll. | Consistent with City Code. |
| | Manager shall prepare assessment roll based on cost estimate of Engineer. | Consistent with City Code. |
| | Roll shall be filed with Clerk and Commission shall review it. | Consistent with City Code. |
| | Commission shall confirm assessment roll at a public hearing. | Consistent with City Code. |
| | Commission shall consider all objections, may correct roll, or direct for new roll to be prepared. | Consistent with City Code. |
| | If roll is approved, Commission shall direct Manager to spread the roll, and order roll to be on file at Clerk's office. | Consistent with City Code. |

| CITY CHARTER | CITY CODE | CURRENT POLICY |
|--------------|---|---|
| | Commission shall direct Treasurer to bill within 60 days, unless it is determined that collection shall be postponed until the construction of the improvement, wherein it shall be included in the resolution. | Resolution has not been stating that billing shall be postponed until after construction. However, this has been standard practice. |
| | Commission shall direct Treasurer to give notice to all owners by mail that roll has been confirmed. Notice shall state if assessment will be due in installments or all at one time. | Notice by mail has not been issued in recent years, but will be followed in future. |
| | Once roll is confirmed, it is final unless adjusted to reflect actual cost of construction. | Consistent with City Code. |
| | SAD proceedings are uncontestable unless an appeal to the Michigan Tax Tribunal is instituted within 30 days after confirmation. | Consistent with City Code. |
| | Failure of City to mail notice, or failure of owner to not receive notice, shall not invalidate roll. | Consistent with City Code. |
| | Hearings of necessity and confirmation of roll may be combined if all public notice requirements are met. | Consistent with City Code. Note: An attempt to combine hearings has not been made to our knowledge. |
| | Assessments shall be payable in annual installments, with interest on remaining balance, and penalties shall apply for nonpayment. | Consistent with City Code. |
| | If property is subdivided after assessment has been levied, but not collected in full, Manager shall proportionally split remaining balance onto the split properties accordingly. | In accordance with State law, assessments shall be paid before the land is sold to new owner. |
| | Funds collected for SAD shall be held in special account and used to pay expenses of project. If | Consistent with City Code. |

| CITY CHARTER | CITY CODE | CURRENT POLICY |
|--------------|--|----------------------------|
| | surplus remains after payments, owners shall get reimbursed. | |
| | Assessments shall be a lien against each property until fully paid. | Consistent with City Code. |
| | Treasurer shall certify on May 1 any delinquent assessments to the Commission, and it shall then be transferred with 15% penalty to City tax roll, collected in the same manner as taxes. | Consistent with City Code. |
| | If SAD surplus is in excess of expenses, but less than 5%, said excess shall be placed in the general fund. | Consistent with City Code. |
| | If SAD surplus is in excess of expenses greater than 5%, owners shall be issued a refund. Refunds may be applied to future installment payments, and shall not be made if there is any other evidence of debt outstanding by the assessment. | Consistent with City Code. |
| | If actual expenses of the SAD are more than 25% in excess of estimate, Commission shall hold a new hearing and confirm additional assessment, noticed in same manner as original assessment. | Consistent with City Code. |
| | If assessment is declared invalid, payments made shall be applied to reassessment, or refunds shall be made if overpayment exists. | Consistent with City Code. |
| | If assessment is declared invalid, lien shall remain if equitably charged or by regular billing if proceeding as described can be done so lawfully. | Consistent with City Code. |
| | If a SAD may apply to a district impacting only one property, said district shall be created by the Commission under the same terms as a regular SAD. | Consistent with City Code. |

| CITY CHARTER | CITY CODE | CURRENT POLICY |
|--------------|---|--|
| | <p>Deferral of payments is allowed by reason of hardship, as applied for by the Treasurer. Specific information is required in application. Criteria to allow approval of deferment is listed under specific terms. Deferment of payment can extend until death of owner or sale of property.</p> | <p>Consistent with City Code.</p> <p>Note: No owners have officially applied for deferment in past ten years. If application is received, it will be processed in accordance with the Code.</p> |
| | | <p>Petitions are generally advanced to the City Commission only after over 50% of owners are indicated in favor of SAD on a valid petition, and after receipt of informational booklet, and invitation to a neighborhood meeting. When determining majority, calculations are made both by owner and by front foot charged. City, school, or federal owned properties are not included in calculation.</p> |
| | | <p>Standard offering for a new street is 26 ft. wide concrete with curbs. Variations are discouraged.</p> |
| | | <p>Water and sewer system upgrades and assessments for service lateral replacements apply.</p> |
| | | <p>Starting and ending points of project should be limited to appropriate points that are in best interest of City and neighborhood in general.</p> |
| | | <p>Corner properties receive 67% discount for long side frontages.</p> |

CURRENT SPECIAL ASSESSMENT DISTRICT POLICY

The following is the written policy based on staff practice in order for a City unimproved street to be nominated for reconstruction into an improved street, with the creation of a special assessment district.

1. Petition Initiation

- a. An interested property owner contacts the Engineering Dept. to inquire about the process. After being advised verbally about the process, if the owner wishes to proceed, a petition form is prepared specifically for the block(s) that were discussed for a potential project. The petition form is emailed to the owner. The owner is encouraged to call back and ask questions as they arise. Important elements to discuss at the beginning conversation include:
 1. Procedure.
 2. Estimated cost per foot charged to residents.
 3. Requirement that water and sewer laterals are also replaced, at additional cost.
 4. Limits of project as envisioned.
 5. If corner discounted properties are within proposed district, how they are charged.
- b. If petition is not resubmitted to the City, the project goes no further.
- c. If petition is resubmitted to the City, Engineering Dept. reviews signatures to verify validity. Owners' names as signed must match City ownership records. If they do not, the petition carrier is notified in order to determine unique circumstances such as recent ownership change, recent name change, etc. Valid signatures must be presented that demonstrate that the ownership signed is over 50% both in total number of affected owners, as well as by front footage.³

2. Information Distribution

- a. The petition carrier cannot be relied upon to contact 100% of the owners. Also, they cannot be relied upon to give the same consistent or correct information to each of the owners that they are in contact with. Therefore, the Engineering Dept. creates an informational booklet specific to the suggested project, and mails it to each owner within the district. The informational booklet shall contain the following information:
 1. Existing conditions analysis, both above ground and underground.
 2. Proposed improvements, including pavement, water, and sewer work.
 3. Project approval process, including public hearings.
 4. Construction process.
 5. Costs, and how interest will be charged if the owner takes advantage of the payback period. If unique circumstances exist, such as corner or condominium properties, those need to be explained so all understand.
 6. Benefits that will arise from newly completed street.
- b. At the same time, all owners are invited to a neighborhood meeting typically located at the Municipal Building on a weeknight evening. The meeting is strictly optional, and no decisions are made. The meeting is offered as an opportunity for neighbors to discuss the pros and cons of the project idea, and to help get all questions answered.

³ See Section 4E for special cost and measurement allocations.

- c. If owners have changed their mind, they need to do so in writing. Owners wishing to have their name removed need to send a letter or an email confirming this. Owners wishing to add their name to the petition need to do likewise. Approximately two weeks are allowed to pass before any further movement is made on the matter. If there are still over 50% of the owners in favor of the project at that time, per the petition and any written correspondences received, staff will introduce the project proposal to the City Commission, and ask that a public hearing date be set.

3. Project Approval – Determining Necessity and Confirming the Roll

- a. Once a public hearing has been set, all owners are notified by postcard for both the Hearing of Necessity, and the Confirmation of the Roll (if needed). The date must be at least three weeks after the initial introduction to the City Commission, to allow time for an ad to be placed in the local newspaper.
- b. The City Engineer presents the details about the project at the Hearing of Necessity. After taking comments from the public, both written and in person, the City Commission decides whether to approve the project. Once the hearing has been held, the Commission is not bound in their decision based on what percentage of owners are currently in favor, either above or below 50%.
- c. If the Commission approves the project, a second public hearing is held, typically at the next meeting, to confirm the roll. During this time, owners may contact the Treasurer's office and verify what the estimated cost of the assessment will be for their individual property(ies). The City Treasurer presents the details at the Confirmation of the Roll. If approved, a lien is placed on each property at that time, requiring payoff of the assessment prior to the sale of the property. No invoices are mailed to property owners until after the project has been completed, and actual costs have been calculated. At that time, an invoice for each owner is mailed by the Treasurer, indicating that 1/10 of the total assessment is due at that time. Approximately one year later, a second invoice will be mailed, requesting another 1/10 of the total assessment, plus interest on the remaining balance. The interest rate is set at 1% above the prime rate as it exists at the time of the confirmation of the roll.
- d. The Engineering Dept. begins the task of designing the project, so that bids can be solicited at the appropriate time based on when the funding for the project will be available. Historically, special assessment districts are made a priority, such that if the petition process results in a successfully approved project no later than October of any given year, then the project can be designed, bid, and constructed to be completed by the end of the next construction season. The timing is subject to adjustment based on available funding in the budget, other pending projects already underway within the Engineering Dept., and any other important matters that may impact the appropriate timing of the project, as determined by the City.

4. Other Considerations –

- a. **Type of Pavement:** The standard pavement cross-section offered by the City of Birmingham is a 26 ft. wide concrete street with integral curb and gutter. Owners that wish to challenge this offering with variations are discouraged from doing so. The reasons for encouraging this particular cross-section are listed below. It can be difficult to get over 50% of the owners to agree on a project even when just one option is offered. If owners begin thinking that they can make several modifications, then it will become even more difficult to get a majority of owners to agree. Benefits to the standard cross-section include:

1. A concrete pavement with curb and gutter provides a durable pavement that will last several decades with little maintenance. Since the City promises to maintain the street at no further cost to the adjacent owners into the future, it is important that the City's preferred cross-section is as cost efficient as possible. The curb and gutter also provides a stable, long lasting edge that helps collect water from adjacent yards, sidewalks, and driveways, and direct it to storm sewers.
 2. Residents sometimes ask for design variations, such as improved drainage without curbs, curbs using colored concrete, curbs with differing shapes, etc. All such requests are discouraged unless the owners can demonstrate a unified desire for the variation, at which time they are reviewed on an individual basis. Certain variations, such as improved drainage without curbs, will clearly reduce the expected lifespan of the pavement. Such a variation should not be offered unless owners are willing to accept that the street would still be considered unimproved, and would be subject to future assessments for street maintenance into the future.
- b. Pavement Width
1. The 26 ft. wide standard width was recently affirmed by the City Commission by the approval of the City's Residential Street Width Policy. The 26 ft. width has been the City's standard for new improved pavements since 1997. The width allows for a parked car on both sides of the street, with just enough space left for one vehicle to pass through. The relatively narrow cross-section helps keep speeds down on residential streets, while leaving enough space for street trees between the sidewalk and the curb, on fifty foot or wider rights-of-way.
 2. Relatively few City streets measure less than 50 ft. wide. If they do, the City offers a 20 ft. wide pavement option, which requires parking to be banned on one side of the street.
- c. Length of Project (Logical Project Boundaries): Previous City Commissions have encouraged staff to provide petitions that have a logical beginning and ending point. A variety of considerations go into the logical starting and stopping point for a project.
1. If the entire street segment being paved is relatively short, such as less than 0.5 mile, the City should encourage completion of the entire length.
 2. The project ends should be at 4-way intersections if at all possible. Ending at a 3-way intersection is fine if the street being paved is the one ending at the intersection.
 3. Water and sewer system needs should be reviewed to ensure that completion of the project at the proposed limits does not result in much, if any, work beyond the proposed limits of the project.
 4. Grading, safety, and site distance issues that can be resolved depending on the limits of the project need to be considered.
 5. A project should not be arbitrarily ended at a location such as those noted above so as to meet the 50%+ threshold required on a petition.
 6. Petition limits should be extended if necessary in order to avoid leaving a small remnant block unimproved when every other street in the immediate area will now be improved.
 7. Other special circumstances not listed above should also be reviewed and considered before the limits of the project are finalized.
- d. Special Cost Allocations: Streets that have unique circumstances are considered as described below:

1. Corner Properties – If the longer of a corner property’s two sides is the one being paved, the total length is divided by 3. The owner will be charged for 1/3 of the length, and the City will pay the remaining 2/3. This policy generally works so that corner properties are typically charged about the same as other properties on the block. If the short side is being paved, the owner is charged 100%. The discount only applies to single-family houses.
2. If a condominium frontage is being assessed, the number of owners in the entire condominium is divided by the total front footage for the condominium property, and all owners are charged an equal share. Distinctions for location of the owner’s unit within the property, or the relative size of the units, is not considered. For purposes of determining if a majority exists, each owner has a “vote” on the ownership count, but only impacts the footage measurement proportionally to their frontage.
3. City-owned properties are not counted in the ownership count when determining whether a majority of owners are in favor of the project. If the project is approved, the City will pay 100% of its property frontage.
4. Public school and federally-owned properties are treated the same as City-owned properties. Their frontages are not included in the count, and if the district is approved, the City will have to pay for their frontage.
5. Non-taxable privately owned properties such as religious institutions are counted in the determination of whether a majority of owners are in favor. These properties are responsible for the cost of the special assessment, at 100% of their frontage.

COMMITTEE RECOMMENDATION:

The Committee received advice from the City Attorney and understand that the City Code and Charter provide sufficient capacity to adapt the policy document and there is no need to recommend amendments to them.

**TRADE OFF ANALYSIS: STUDY FINDINGS AND PRELIMINARY
RECOMMENDATIONS**

DRAFT

TRADE-OFF ANALYSIS: CONCRETE VS. ASPHALT

As staff began working internally to establish revised assumptions to adjust the financial model, it was suggested that a more in-depth peer review of our neighboring communities and their experiences with improving streets would provide better data to support any adjustments to the model. Staff recommended that engaging an outside engineering firm to provide a broader perspective regarding the range of possible road design alternatives would enhance the quality of future recommendations.

The decision of the committee regarding road design provides critically important input to support any further iterations of financial model output. Staff requested that the committee consider a recommendation to authorize an engineering firm to conduct the necessary research and information gathering and present a findings summary to the committee.

The work concluded with a findings summary that equipped the committee with the necessary background and understanding of the associated trade-offs with evaluating road design alternatives to assist in determining the best path forward, primarily with respect to funding options.

The Committee recognizes and discusses the importance of thorough evaluation of all elements of road design alternatives. The Committee seeks to understand the pros and cons of different road design options as they work to develop the most credible and feasible recommendation on how to proceed with the long term improvement program.

The complete findings summary is provided here as **Appendix XX**. The report findings, also referred to as the OHM report, are summarized here. The practice of the City has been to engineer new roads with concrete. The OHM report supports this approach as a best practice. However, OHM understood that concrete is the most expensive alternative to pursue initially and the savings are found in lower maintenance costs over the years. The Committee asked OHM to explore if there were other paving options that could potentially provide options to homeowners. The recommended policy, ideally, would begin with the best practice of building the road with concrete material. With the exception of connector streets and streets that carry higher volumes of traffic (threshold to be defined with further input), additional paving alternatives, such as asphalt with concrete curbs, could be allowed for the residents to consider. Page 6 of the findings report illustrates several road paving options and their associated costs to build and maintain.

The following options are intended to support the committee if there is a desire to allow some flexibility in the paving options, which will likely reduce the costs and may increase interest in residents desire to move forward with the road improvement project. The following table, taken from the OHM report summarizes the design life, initial construction cost, and anticipated maintenance cost for several local road paving options:

| Type | Design Life | Initial Cost ¹ | Avg. Maint ² |
|--|-------------|---------------------------|-------------------------|
| 6" Concrete w/curb | 30-40 years | \$380/foot | \$2.25/ft/year |
| 7" Concrete w/curb | 30-40 years | \$400/foot | \$2.25/ft/year |
| * 7" Concrete w/curb & 8" drainage layer | 40+ years | \$450/foot | \$1.75/ft/year |
| 3" Asphalt on 8" aggregate w/concrete curb | 15-20 years | \$325/foot | \$5.00/ft/year |
| * 4" Asphalt on 8" aggregate w/concrete curb | 15-20 years | \$340/foot | \$4.50/ft/year |

¹Initial construction cost including administration, sidewalk, driveways, utilities, etc.

²Anticipated total maintenance costs over the life divided by life to determine average.

It may prove beneficial to provide owners with the ability to help make the final decision of what materials would be used to pave the street. In some areas, concrete may be a preferred alternative, where in other areas, a majority of owners may prefer the look of asphalt.

Of the options listed in the table above, the OHM report indicated that typically 4" asphalt or 7" concrete pavement sections are utilized for local road paving throughout the region. They recommended that the asphalt section include at least 8" of aggregate base, concrete curb and gutter, and underdrains. The following are three potential alternatives that are consistent with committee discussions, to date.

- A) The City could consider the two options that are asterisked in the table above with concrete being the preferred option and an alternate lower cost asphalt option to improve the remaining unimproved streets throughout the City. The cost share would remain the same with the City paying 15% of the total.
- B) The second possible alternative would allow for the different pavement types, but to encourage, greater adoption of the concrete alternative, the City would increase the funding participation greater than 15% recognizing the costs for average maintenance would be lower over time. This alternative, depending on the funding mechanism recommended by the committee could impact the total length of roadway that may be completed within a certain timeframe.
- C) Finally, knowing that the City must fund all maintenance of the new street into the future, and knowing that financially a concrete street will prove to be less of a burden to the street fund over time, the City can provide further financial incentive to encourage concrete. For example, assuming the project is going to proceed, property owners can be given the opportunity to decide on the type of material used. The City could offer to subsidize the concrete option to a greater extent than the asphalt option, set at a rate such that the final assessment charged to the owners is approximately the same no matter what choice is made. Therefore, the decision of the owners would be based on aesthetics and personal preference only, not based on financial impact.

These alternatives could only be applied where existing conditions were met on residential streets (e.g., traffic volume, speed, access to major thoroughfares, classification, etc.). These thresholds would have to be discussed with the committee for any alternative that would allow for a pavement type other than concrete.

COMMITTEE RECOMMENDATIONS:

The committee recommends providing a cost neutral alternative as described on Option C above would be the best way to allow residents to choose an option that is based solely on preference.

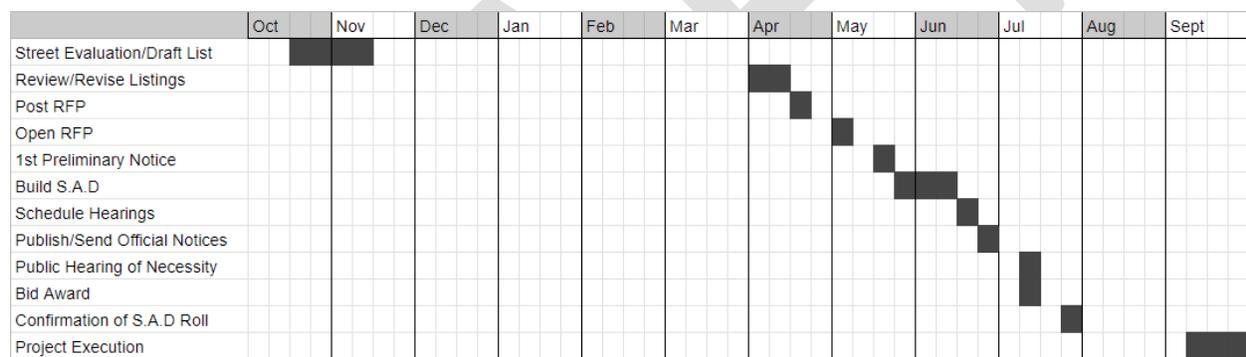
PROPOSED POLICY
PROPOSED UNIMPROVED STREETS POLICY

SPECIAL ASSESSMENT DISTRICT

Petition Initiation

The City has routinely evaluated and prioritized streets as part of the on-going maintenance cycle for cape sealing to ensure that they are adequately maintained. The preparation of a cape seal maintenance project is significantly more involved than other types of contracted maintenance because it involves the creation of a special assessment district (SAD) for which there are statutory public hearings and notification requirements and other tasks that prolong the planning process. The required public hearings include a) the confirmation of necessity, at which the Department of Public Services presents the commission with the need for the proposed project and provides an opportunity for residents to provide input, and b) the confirmation of the assessment roll, which formally commits the subject properties to the special assessment.

The current cape seal process is outlined in the chart below:



As the chart illustrates, cape seal project planning begins in late fall and involves assessing existing surface conditions on unimproved streets, resulting in a preliminary listing of potential candidate streets for future projects. Because seasonal weather can have a significant impact on street conditions, the Department of Public Services re-reviews the listings in the spring and makes revisions if necessary before publishing a request for proposals.

Subsequent to bid opening, the department is able to refine cost estimates, which are required for both the official publication of hearing notices and for the development of the special assessment district. At this stage, the department sends preliminary notices to properties subject to the cape seal project, including information on how to proceed with an improvement petition in lieu of cape seal.

Feedback provided to and by the committee noted that the petition circulation process can be onerous, often requiring significant time investment on the part of petition circulators. The approximate six-week window between preliminary notification and the public hearing of necessity was intended to provide ample time for such work.

It is important to note that the sequence of steps illustrated above is not arbitrary. For example, the bid award must necessarily occur in July, as funds budgeted for the project cannot be authorized for use

until the fiscal year in which they will be used. Additionally, the scope of any cape seal project cannot be accurately determined until the completion of the budget process which typically concludes in May. Thus, the ability to significantly change the sequence of steps in order to allow for additional time to circulate petitions is limited.

Interestingly, as a result of this routine process taking place over the past several months, two new street paving project discussions have been started. Obviously, when a street is nominated for cape sealing by the Dept. of Public Services, it is near the end of its current service life, and the need for maintenance of some sort is great. Owners with properties on such streets may be more inclined to support not only a cape sealing project, but perhaps a more substantial permanent paving project as well. A two-step initiation process is now the first step in the initiation process:

Step 1 – Continue Maintenance Program for Cape Seal Process

Similar to today, a cape sealing program would be initiated by the Dept. of Public Services using the same procedures and decision-making tools that are used today, as outlined above. The list could be defined well in advance of the intended date to hold the public hearing of necessity.

Step 2 – Select Streets for Permanent Improvement from the Cape Seal Nomination List

At the Ad Hoc Unimproved Street Study Committee meeting of September 27, 2018, an “Infrastructure Ranking” methodology was presented for discussion. The method considered the existing conditions of the water and sewer systems, as well as the current condition of the pavement. In this two-step process, the current condition of the pavement could be removed, since all the streets that were nominated for cape sealing would be presumed to have a poor surface condition. A table depicting the current condition of the water and sewer system for each of the streets nominated would be developed, with those at the top then being considered for potential nomination to a paving project status. The decision to nominate a street or streets would depend on the impact to the budget. The Engineering Dept. would then be responsible for preparing an informational booklet that would fully inform owners of the proposal and the need to schedule a public hearing. It is recommended that the hearing be held in advance of the cape seal hearing, in the event the City Commission ultimately elects to not proceed to paving, at which time the street(s) could then be added to the cape seal list.

At this point, instead of the interested property owner taking on the sole responsibility for a project to move forward, the Engineering department would prepare the information booklet to send to the homeowners within the boundaries of the projects being nominated with a road improvements education package. In the correspondence, it would be made clear that **the requirement to collect signatures from a majority of owners in order to proceed with the project has not changed. The Engineering Department will lead the effort to collect signatures.**

After the booklet is mailed, all owners will be invited to a neighborhood meeting typically located at the Municipal Building on a weeknight evening. The meeting is strictly optional, and no decisions are made. The meeting is offered as an opportunity for neighbors to discuss the pros and cons of the project idea, and to help get all questions answered. At the close of the meeting, staff will provide the opportunity for attendees to sign for or against the project using the petition document. Letters will be mailed to those who did not attend with a document that can be signed and returned stating their position.

If the petition does not receive the necessary support, the proposed project will not proceed and the street will be included for the cape seal program in the following fiscal year.

If petition does receive majority support, Engineering Dept. will review signatures to verify validity. Owners' names as signed must match City ownership records. If they do not, the petition carrier is notified in order to determine unique circumstances such as recent ownership change, recent name change, etc. Valid signatures must be presented that demonstrate that the ownership signed is over 50% both in total number of affected owners, as well as by front footage.

If owners change their mind within the designated timeframe, they need to do so in writing. Owners wishing to have their name removed need to send a letter or an email confirming this. Owners wishing to add their name to the petition need to do likewise. Approximately two weeks are allowed to pass before any further movement is made on the matter.

If there are still over 50% of the owners in favor of the project at that time, per the petition and any written correspondences received, staff will introduce the project proposal to the City Commission, and ask that a public hearing date be set. All final decisions to move a street up to full improvement status would ultimately be made by the City Commission.

Project Approval – Determining Necessity and Confirming the Roll

Once a public hearing has been set, all owners are notified by postcard for both the Hearing of Necessity, and the Confirmation of the Roll (if needed). The date must be at least three weeks after the initial introduction to the City Commission, to allow time for an ad to be placed in the local newspaper.

The City Engineer presents the details about the project at the Hearing of Necessity. After taking comments from the public, both written and in person, the City Commission decides whether to approve the project. Once the hearing has been held, the Commission is not bound in their decision based on what percentage of owners are currently in favor, either above or below 50%.

If the Commission approves the project, a second public hearing is held, typically at the next meeting, to confirm the roll. During this time, owners may contact the Treasurer's office and verify what the estimated cost of the assessment will be for their individual property(ies). The City Treasurer presents the details at the Confirmation of the Roll. If approved, a lien is placed on each property at that time, requiring payoff of the assessment prior to the sale of the property. No invoices are mailed to property owners until after the project has been completed, and actual costs have been calculated. At that time, an invoice for each owner is mailed by the Treasurer, indicating that 1/10 of the total assessment is due at that time. Approximately one year later, a second invoice will be mailed, requesting another 1/10 of the total assessment, plus interest on the remaining balance. The interest rate is set at 1% above the prime rate as it exists at the time of the confirmation of the roll.

The Engineering Dept. begins the task of designing the project, so that bids can be solicited at the appropriate time based on when the funding for the project will be available. Historically, special assessment districts are made a priority, such that if the petition process results in a successfully approved project no later than October of any given year, then the project can be designed, bid, and constructed to be completed by the end of the next construction season. The timing is subject to adjustment based on available funding in the budget, other pending projects already underway within the Engineering Dept., and any other important matters that may impact the appropriate timing of the project, as determined by the City.

ROAD DESIGN OPTIONS

Type of Pavement:

The City will continue to recommend the use of concrete material to convert unimproved roads as a preferred option due to its durability and low maintenance requirements. With the exception of connector streets and streets that carry higher volumes of traffic (threshold to be defined), additional paving alternatives, such as asphalt with concrete curbs, could be allowed for the residents to consider.

Of the options listed in the table below, the report indicated that typically 4" asphalt or 7" concrete pavement sections are utilized for local road paving throughout the region. They recommended that the asphalt section include at least 8" of aggregate base, concrete curb and gutter, and underdrains.

The City must fund all maintenance of the new street into the future, and knowing that financially a concrete street will prove to be less of a burden to the street fund over time, the City will provide further financial incentive to encourage concrete. Once the project is approved to proceed, property owners can be given the opportunity to decide on the type of material used. The City will offer to subsidize the concrete option to a greater extent than the asphalt option, set at a rate such that the final assessment charged to the owners is approximately the same no matter what choice is made. Therefore, the decision of the owners would be based on aesthetics and personal preference only, not based on financial impact.

These alternatives could only be applied where existing conditions were met on residential streets (e.g., traffic volume, speed, access to major thoroughfares, classification, etc.).

| Type | Design Life | Initial Cost ¹ | Avg. Maint ² |
|--|-------------|---------------------------|-------------------------|
| 6" Concrete w/curb | 30-40 years | \$380/foot | \$2.25/ft/year |
| 7" Concrete w/curb | 30-40 years | \$400/foot | \$2.25/ft/year |
| * 7" Concrete w/curb & 8" drainage layer | 40+ years | \$450/foot | \$1.75/ft/year |
| 3" Asphalt on 8" aggregate w/concrete curb | 15-20 years | \$325/foot | \$5.00/ft/year |
| * 4" Asphalt on 8" aggregate w/concrete curb | 15-20 years | \$340/foot | \$4.50/ft/year |

¹Initial construction cost including administration, sidewalk, driveways, utilities, etc.

²Anticipated total maintenance costs over the life divided by life to determine average.

Preferred Standard Concrete Cross Section:

The standard pavement cross-section offered by the City of Birmingham is a 26 ft. wide concrete street with integral curb and gutter.

The City will continue to promote the benefits to the standard concrete cross-section, described as a concrete pavement with curb and gutter that provides a durable pavement that will last several decades with little maintenance. Since the City promises to maintain the street at no further cost to the adjacent owners into the future, it is important that the City's preferred cross-section is as cost efficient as possible. The curb and gutter also provides a stable, long lasting edge that helps collect water from adjacent yards, sidewalks, and driveways, and direct it to storm sewers.

Residents sometimes ask for design variations, such as improved drainage without curbs, curbs using colored concrete, curbs with differing shapes, etc. Such a variation should not be offered unless owners

are willing to accept that the street would still be considered unimproved, and would be subject to future assessments for street maintenance into the future.

Pavement Width

The 26 ft. wide standard width was recently affirmed by the City Commission by the approval of the City's Residential Street Width Policy. The 26 ft. width has been the City's standard for new improved pavements since 1997. The width allows for a parked car on both sides of the street, with just enough space left for one vehicle to pass through. The relatively narrow cross-section helps keep speeds down on residential streets, while leaving enough space for street trees between the sidewalk and the curb, on fifty foot or wider rights-of-way. Relatively few City streets measure less than 20 ft. wide. If they do, the City offers a 20 ft. wide pavement option, which requires parking to be banned on one side of the street.

Logical Project Boundaries

Previous City Commissions have encouraged staff to provide petitions that have a logical beginning and ending point. A variety of considerations go into the logical starting and stopping point for a project. Given that the initiation process will define project boundaries based on ranking factors, the likelihood of having illogical boundaries is virtually eliminated. However, in circumstances where there is a question of appropriate boundaries, the following guidance should be followed:

If the entire street segment being paved is relatively short, such as less than 0.5 mile, the City should encourage completion of the entire length.

The project ends should be at 4-way intersections if at all possible. Ending at a 3-way intersection is fine if the street being paved is the one ending at the intersection.

Water and sewer system needs should be reviewed to ensure that completion of the project at the proposed limits does not result in much, if any, work beyond the proposed limits of the project.

Grading, safety, and site distance issues that can be resolved depending on the limits of the project need to be considered.

A project should not be arbitrarily ended at a location such as those noted above so as to meet the 50%+ threshold required on a petition.

Petition limits should be extended if necessary in order to avoid leaving a small remnant block unimproved when every other street in the immediate area will now be improved.

Other special circumstances not listed above should also be reviewed and considered before the limits of the project are finalized.

Project Funding

The source of funding used to support conversion of unimproved roads currently comes from a combination of special assessments and the general fund. Eighty-five percent (85%) is funded through special assessment, while fifteen percent (15%) is paid by the general fund.

Special assessments are used as a funding source to offset a portion of the cost of a road where it is being upgraded to an improved road or when the road is being cape sealed. For these projects, the City will pay for the improvement in advance and bill the property owners. The payback from the property owners

differs depending on the type of road improvement being done. When a road is being improved, the special assessment is generally set for 10 years.

In order to achieve cost neutrality, whether using concrete or asphalt, every proposed project will undergo the following competitive bid process:

- Independent Cost Estimate: Engage an industry professional that does not actively bid projects to provide general estimates of the work and establish a baseline estimate to use as a measure for evaluating actual cost proposals.
- Issue a solicitation requesting costs for both concrete and asphalt options.
- If the project is to proceed with asphalt and the cost for concrete is higher, a line item will be included in the budget identified as the “equalization” factor.” The equalization factor would add the cost differential back into the estimate for the asphalt project. The purpose of the equalization factor is to address *some* of the additional maintenance costs involved with an asphalt installation.
- If the project is to proceed with concrete, no equalization would be necessary.

Special Cost Allocations

Streets that have unique circumstances are considered as described below:

Corner Properties – If the longer of a corner property’s two sides is the one being paved, the total length is divided by 3. The owner will be charged for 1/3 of the length, and the City will pay the remaining 2/3. This policy generally works so that corner properties are typically charged about the same as other properties on the block. If the short side is being paved, the owner is charged 100%. The discount only applies to single-family houses.

If a condominium frontage is being assessed, the number of owners in the entire condominium is divided by the total front footage for the condominium property, and all owners are charged an equal share. Distinctions for location of the owner’s unit within the property, or the relative size of the units, is not considered. For purposes of determining if a majority exists, each owner has a “vote” on the ownership count, but only impacts the footage measurement proportionally to their frontage.

City-owned properties are not counted in the ownership count when determining whether a majority of owners are in favor of the project. If the project is approved, the City will pay 100% of its property frontage.

Public school and federally-owned properties are treated the same as City-owned properties. Their frontages are not included in the count, and if the district is approved, the City will have to pay for their frontage.

Non-taxable privately owned properties such as religious institutions are counted in the determination of whether a majority of owners are in favor. These properties are responsible for the cost of the special assessment, at 100% of their frontage.

APPENDICES TO BE ADDED

Appendix A – Information Booklet Sample: Villa Avenue Paving Project

Appendix B – Peer Review: Neighboring Communities

Appendix C – City Code: Chapter 94

Appendix D – City Charter: Chapter 10

Appendix E – OHM Report (Road Design Options)

DRAFT