

City of Birmingham
AD HOC UNIMPROVED STREETS COMMITTEE

Birmingham City Hall Commission Room
151 Martin, Birmingham, Michigan
Wednesday, August 2, 2018

MINUTES

These are the minutes for the first meeting of the Ad Hoc Unimproved Streets Committee held on Wednesday, August 2, 2018. The meeting was called to order at 8 a.m. by Chairman Scott Moore.

1. ROLLCALL

Present: Chairman Scott Moore
Pierre Boutros
Jason Emerine
Michael Fenberg
Stuart Sherman
Janelle Whipple-Boyce

Absent: Katie Schafer

Administration: Aaron Filipski, Public Services Manager for DPS
Austin Fletcher, Asst. City Engineer
Mark Gerber, Finance Director
Tiffany Gunter, Asst. City Manager
Paul O'Meara, City Engineer
Carole Salutes, Recording Secretary
Joe Valentine, City Manager

2. APPROVAL OF AD HOC UNIMPROVED STREETS COMMITTEE
MINUTES OF JULY 19, 2018

Chairman Moore made the following change:

Page 6, last paragraph - It is his understanding that the streets presently pay for 85% of an improvement and the minutes reflect that they pay 15%.

Mr. Sherman:

Page 6, third paragraph from the bottom - He was not sure what it meant.
(change last sentence to read: "Where it is possible and feasible and the road is not curved, the City pulverizes the road.")

Motion by Mr. Boutros to approve the Minutes of the Ad Hoc Unimproved Streets Committee of July 19, 2018 with the changes noted.

Motion carried, 6-0.

VOICE VOTE

Yeas: Boutros, Emerine, Fenberg, Moore, Sherman, Whipple-Boyce

Nays: None

Absent: Schafer

3. STAFF PRESENTATION: NEIGHBORING COMMUNITIES - STREET UPGRADE POLICIES

Mr. Filipski noted that as this Committee examines Birmingham's street improvement policies and explores potential changes, it may be useful to reference the policies of neighboring communities that have some quantity of unimproved roads and that have an improvement policy related to those roads. From that they can look at the various policy components that are common to all of them and then examine the differences.

The common components include a cost study, community support for a project, how assessment costs are shared, and the length of the payment term.

Birmingham stands out in its quantity of unimproved roads and the fact that chip seal maintenance is provided on them.

The following highlights noteworthy differences between Farmington Hills, Rochester Hills, Royal Oak, Troy, and the Oakland County Road Commission.

Farmington Hills: Among the cities examined, Farmington Hills is most similar to Birmingham in terms of unimproved street surface quantity. 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.

Farmington Hills also has a 'directed' road improvement policy and procedure. The 2015 policy considers regularly-updated road pavement condition assessments in determining eligibility and project prioritization. The policy applies to the reconstruction of existing improved surfaces as well as to unimproved streets.

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,. 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. 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 requests 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 seven of their unimproved streets since the 2015 millage.

Road Commission for Oakland County: 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.

Mr. Fenberg received confirmation that costs are always applied on the basis of linear front footage.

Chairman Moore explained that back in the '90's streets with 51% support of the residents did not necessarily get approved. That could turn neighbor against neighbor. The Commission took that into consideration in terms of any approval and were really looking at 60% support. It has to be kept in mind that there is a financial consequence to any decision or recommendation that is made.

Mr. Boutros asked the reason for the policy mandating 51% support if the City Commission may not approve the project. Mr. O'Meara clarified that threshold ensures only a hearing in front of the Commission; it doesn't guarantee that the project will happen.

Chairman Moore noted that part of the issue is how to make the process more transparent, easier, and more welcoming for a neighborhood to begin the process.

With regard to the annual 'call for projects' in Rochester Hills, Ms. Whipple-Boyce said many people in the community may not actually read it or know that it is there. It seems limiting to her in that way. Another negative, she feels, is that if the city were to get a lot of interest at one time it would be overwhelming.

Mr. Valentine advised that Birmingham does a five-year capital improvement planning process. If they were to integrate on an annual basis projects that were not planned or budgeted for, it would have an impact on that five-year project schedule. Or, it would increase the expenditures to a point that they would not be able to sustain them going forward. So, operationally he feels there are some negative consequences.

Ms. Whipple-Boyce thought maybe they need to take a step back and consider that the petition process may not be appropriate. She doesn't like pitting neighbor against neighbor. The community elected commissioners to help make these decisions. She feels it is a cop-out to ask people to take it on themselves. The real issue for this Committee is to come up with better ways to help pay for improvements.

Mr. Fenberg suggested setting up a regular maintenance program, knowing how the pavement will last. As far as petitioning, he wondered if they could get a certain number of residents as opposed to a percentage in order to get the project rolling.

Mr. Sherman noted the City could strongly suggest that certain streets have to be redone in order to deal with the water and sewer lines, and then rate them in order over the next two or three years.

Mr. O'Meara said there are certain areas that he would consider in prioritizing the roads for improvement. One is drainage and there is no way to fix that without lowering the road.

Ms. Whipple-Boyce noted these are all of the residents' streets. She wanted to know a little more about road millage.

Mr. Sherman commented that the City has a much higher maintenance burden after the first ten years on the asphalt roads than it does in the first 20 or 30 years on a concrete road. So maybe the City could bear a little more of the cost up front because there is not that maintenance with the new roads since they are required to be concrete. Doing that would reduce the cost a little closer to what was done with the asphalt.

Mr. Valentine said there needs to be an expectation of how much will be done in any given year, and a plan on how to take on 26 miles of roads without turning the whole city upside down. By adding a street or two a year, there would not be a significant impact on staff commitment.

Mr. Boutros thought it should be the City's decision on whether to improve a street. They are re-doing a street; this is why. Or, any resident has the right to submit a petition at any time and then the City considers whether or not the street needs to be done. If this is the direction the Committee decides to go forward with, then there should be more studies on what the 26 miles involve, how many streets, and how they are prioritized.

Mr. Valentine stated that going back to the priority concept and the idea for millage and trying to incentivize the program, the cost is a big deterrent. He suggested the City could invite residents to participate and if they turn a project down, at the next go around they would be considered at potentially a higher cost allocation. Then following that they would be subject to a still higher cost allocation. Therefore the incentive is to get it done early because it would be cheaper.

Mr. Valentine proposed as a next step that staff come back with a categorized list of issues that need to be considered, such as the cost component, the priority, and the petition process. All of these different elements warrant their own conversations and staff might want to allow the Committee the opportunity to spend time considering the pros and cons of each one.

Ms. Whipple-Boyce said that before the group can decide on the petition process they probably need to identify some of the funding mechanisms.

4. STAFF PRESENTATION: ROAD IMPROVEMENT FUNDING OPTIONS

Mr. Gerber advised there are generally four sources of funding for roads: Act 51 distributions from the Michigan Department of Transportation ("MDOT"); 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 funding 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.

Other Sources Of Road Funding could come through:

- Federal/State grants through MDOT - These are more restricted to major roads and bridges. A Transportation Alternatives Program grant ("TAP") is used for activities that enhance the intermodal transportation system and provide safe alternative transportation.
- Oakland County Tri-Party Funds - Can only be used on County roads and not a source of neighborhood road funding.
- Bonding - City has never bonded for roads before. Must go to a vote of the people. There may be reluctance to increase the City's debt capacity for this type of improvement.
- Act 51 - Funding comes from fuel tax, vehicle registrations, and State General Fund. 39% goes to State roads; 39% to County/Township roads; and 22% to City and Village roads.

Act 51 Funding - MDOT:

- City and village funding is distributed 75% to Major Street Fund and 25% to Local Streets.
- Distribution to individual communities is based 60% on population and 40% on equivalent road mileage.

Property Taxes - All taxpayers:

- Act 51 funding is insufficient to pay for road maintenance and improvements and the difference has to come from property taxes. Approximately 20% of General Fund property taxes goes for roads.

Special Assessments - only benefiting property owners:

- Special assessment billings: Roads - payment over 10 years; Cape seal - payment due within 60 days of billing.
- City acts like a bank and loans money to property owners.
- Typically the City will receive 50% of the special assessment back within the first year.

Road Expenditures:

- Administrative costs (Finance Dept.);
- Traffic controls and engineering;
- Street and bridge maintenance;
- Street trees;
- Street cleaning;
- Ice and snow removal;
- Capital improvements are projected out six years for long-range planning purposes.
- New improved roads will need to be put in the planning process to determine when funding is available.
- There are other considerations such as available funding in the water and sewer funds when requests for improved roads are made.

Chairman Moore took public comment at 9:15 a.m.

Mr. Rob Levoix, resident on Lakeview St., said he is a licensed civil engineer who has been a city engineer for over one-half dozen cities during his career. He submitted a few recommendations to the Committee:

There are policies that obstruct the petition process for receiving street improvements. For example, corner lots may have driveways off the side street. The residents have already paid for one street and they don't want to pay for another street, Therefore they are a definite "no" vote.

The larger we can make the construction contracts, the more savings there are. A basis for doing a special assessment or millage is to be able to come into a neighborhood and do several streets at a time. Going with a larger contract may save 20% right off the top than just doing one street. On average Birmingham has done only one street a year for the past 30 years.

Those economies of scale coupled with using asphalt pavement saves another 20%.

Perhaps a special assessment could be done to pick up some additional funds to help cover the necessary water and sewer improvements.

Mr. Levois asked the Committee to give strong consideration to utilizing a deep strength bituminous pavement on residential streets:

- It can be designed to withstand truck loading. Because of all the clays that exist in the City east of the river, flexible pavement (bituminous) is preferred.
- The cost is about 20% less than concrete.
- There is less inconvenience to the residents because of the short cure time.
- Bituminous pavement provides better ice and snow melting characteristics over concrete.
- Oil drippings from parked cars become unsightly on concrete.
- Concrete driveways, curbs and sidewalks will provide a good contrast for bituminous pavement.
- When concrete pavement is overlaid after 30 or 40 years, reflective cracking comes right through onto the new asphalt overlay. That is a long-term, more expensive cost to reconstruct the street.
- It is a bigger project to reconstruct a concrete street than to go in and mill off an inch or two of the asphalt surface and put down a new surface.

Chairman Moore thanked Mr. Levoix for his input.

6. MEETING OPEN FOR MATTERS NOT ON THE AGENDA (none)

7. NEXT MEETING

Thursday, September 13, 2018 at 8 a.m.

ADJOURNMENT

No further business being evident, the chairman adjourned the meeting at 9:24 a.m.

City Engineer Paul O'Meara

Asst. City Manager Tiffany Gunter