

City of Birmingham
AD HOC UNIMPROVED STREETS COMMITTEE

Birmingham City Hall Commission Room
151 Martin, Birmingham, Michigan
Thursday, October 11, 2018

MINUTES

These are the minutes for the first meeting of the Ad Hoc Unimproved Streets Committee held on Thursday, October 11, 2018. The meeting was called to order at 8 a.m. by Chairman Scott Moore.

1. **ROLLCALL**

Present: Chairman Scott Moore
Pierre Boutros (arrived at 8:05 p.m.)
Jason Emerine
Michael Fenberg
Katie Schafer
Janelle Whipple-Boyce

Absent: Stuart Sherman

Administration: 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
Lauren Wood, Public Services Director

2. **APPROVAL OF AD HOC UNIMPROVED STREETS COMMITTEE
MINUTES OF SEPTEMBER 27, 2018**

Motion by Mr. to approve the Minutes of the Ad Hoc Unimproved Streets Committee of September 27, 2018 as amended.

Ms. Schafer added:

Page 4 - Add "and Ms. Schafer" after "Mr. Fenberg."

Motion carried, 5-0.

VOICE VOTE

Yeas: Fenberg, Emerine, Moore, Schafer, Whipple-Boyce

Nays: None

Absent: Sherman

3. STAFF PRESENTATION: SPECIAL ASSESSMENT DISTRICT POLICY
(INFORMATION ONLY)

Mr. O'Meara reported on the policy based on staff practice in order for a City unimproved street to be nominated for reconstruction into an improved street, and the creation of a Special Assessment District ("SAD"). This policy has been in effect since the 1990s. He highlighted each stage in the process of Special Assessment Petitioning:

1. Petition initiation
2. Information distribution
3. Project approval - determining necessity and confirming the roll
- 4A. Other considerations - type of pavement
- 4B. Other considerations - pavement width
- 4C. Other considerations - length of project
- 4D. Other considerations - special cost allocations

Mr. Valentine said this clarifies the policy by putting it in writing. Later on the Committee will talk about the City Code, the City Charter, and how they interrelate. That will help the group identify the areas where they want to have further discussion and consider possible changes in the future.

Mr. Fenberg received confirmation that churches are charged for assessments, so they are counted in the determination of whether a majority of owners are in favor.

4. STAFF PRESENTATION: SPECIAL ASSESSMENT DISTRICT -
COMPARISON OF CITY CODE, CITY CHARTER, AND CURRENT .
POLICY (INFORMATION ONLY)

Mr. O'Meara walked through a table that compares all elements of the City Charter, City Code, and Current Policy as they relate to establishment of an SAD. Current Policy has been modeled after the City Code as much as possible. Practices that have been followed lately and are not enumerated in the Ordinance include:

- Petitions are generally advanced to the City Commission only after over 50% of owners are in favor of SAD on a valid petition and after receipt of informational booklet, and invitation to a neighborhood meeting.
- Standard offering for a new street is 26 ft. wide concrete with curbs.

- Water and sewer system upgrades and assessments for service lateral replacements apply.
- Starting and ending points of project should be limited to appropriate points that are in the best interest of City and neighborhood in general.
- Corner properties receive 67% discount for long side frontages.

In the rare situation where a Special Assessment is contested in court, or declared invalid, it would have to be handled in accordance with the Code. Due to this not having been an issue for many years if ever, that is not referenced in the Policy.

The Ordinance says the City is supposed to bill soon after the SAD is declared. However, the City tends not to do that because they want the price to be accurate. The price won't be accurate until they have gone through the project and paid the bills. So the City typically does not start billing until after the project is completed.

It is good to have the opportunity between the Hearing of Necessity and the Confirmation of the Roll in case someone wants to come in and see what their billing will be.

Assuming a property split involves the sale of the property, current state law requires that the assessment be paid in full, so this issue no longer applies.

If there is a hardship and a resident cannot pay the assessment they can work with the City Treasurer and a deferment can be provided that puts off the assessment until the sale of the property or death of the property owner.

5. COMMITTEE DISCUSSION: SPECIAL ASSESSMENT PETITION PROCESS REFINEMENT

Mr. Valentine noted the topic for today is to decide what, if any, sections of the Ordinance or Policy the Committee wants to recommend amendments to that would better improve the process. Ms. Gunter has outlined the sections that are applicable for this discussion.

Mr. Fenberg wondered if there is some way to set aside the petition process and bring a City-wide referendum to the voters and ask if they would like the City to embark upon a long-term process to improve all of the unimproved streets. If a majority of voters are in favor, that gives the City Commission the direction to begin a long-term project to create a Special Assessment District ("SAD") and schedule the improvements. If the voters are not in favor of this, that also gives the City direction to maybe leave the petition process in place.

Ms. Schafer said she generally feels that the average voter is relatively uninformed on this process. On something specific as this she worries the voter turnout won't be good; or they will be making an uninformed decision. Therefore this may not be an accurate representation of what people actually want. The City Commission is elected by the citizens to help make such decisions.

It was brought out that there are 85 miles of roads in the City, 26 of which are unimproved. Those numbers do not include County or State roads.

Chairman Moore pointed out that if the voters say no, then the City Commission will feel really shy about initiating anything on their own. That concerns him, because the Commissioners are charged with the responsibility of maintaining the health, safety, and welfare of the community, and yet they would be gun shy.

Mr. Boutrous believed the decision should be made by staff and the City Commission. The residents can object at that time. He thinks it is too big a burden on the residents to be involved in such a petition.

Ms. Schafer provided personal examples of how the safety and welfare of the residents becomes in jeopardy with the petition process.

Ms. Whipple-Boyce said she would like to see the petition process remain in place because there may be an occasion where 70 or 80% of the residents want their street redone, but yet it is 10 years out on Engineering's list. She recommends maintaining the option of giving homeowners the ability to petition in favor of advancing their position within the ranking rather than eliminating the petition process altogether. Otherwise, still stick with the plan that the Engineering Dept. will determine which streets need to be done next.

Chairman Moore said to assume that the residents say no to improving their unimproved street because there is a recession and they are justifiably nervous. Ms. Whipple-Boyce noted that the people are already in place to do what should be done and the residents can't opt out when a road needs to be redone.

Mr. Valentine summarized the discussion to this point. This is more of a policy change than a petition change. What is being changed is not necessarily the petition process, but how the petition process is used. The way it is used is different in its application versus how it is applied today. So the intent would be to change the policy to say these unimproved streets would now be incorporated into the City's capital improvement planning for future improvements that would be specially assessed as they are now. However, if you want to petition to have your standing advanced in the ranking, the petition would be used in that application as opposed to being required to start the process. The City

Commission would then say whether they can financially go ahead with the project.

Chairman Moore said that as part of their budgeting process the City does a Five Year Capital Improvement Plan. Reconstructing these roads would become part of that calculation. Mr. Valentine explained that suggested actions contained in the Plan get amended every year, because of new things that come into play. He said staff can start working on something that would give a ballpark figure for say, interjecting two miles of roads every year or every other year, how long that would take, and what it would look like in terms of a schedule. In doing this they want to be as realistic as they can so as not to set an expectation that cannot be delivered.

Ms. Whipple-Boyce noted there are other ways to help pay for street improvements that the Committee definitely has to think about. Also it would be nice to understand whether the percentage the homeowner should pay, versus what the City pays are the right numbers to work with. Further, the Committee needs to deliberate on the payback time that residents are given. She would like to see what staff collectively recommends along with their reasons.

Mr. Valentine agreed that staff could come back with some draft language at the next meeting for Chapter X, sections 94.4 through 94.7 of the Birmingham City Ordinance. Also staff will provide a general high level outline of how to incorporate the 26 miles of streets into the City's future planning efforts.

Chairman Moore noted that going forward with the figures and framework, this will start to roll out in a very predictable manner.

6. REVISED DEFINITIONS

Mr. Fletcher provided the definitions that were developed by the Committee at the September 27, 2018 meeting to provide a greater understanding of both improved and unimproved streets:

Unimproved Street (def.), as used in the City of Birmingham

"An unimproved street is a street with a gravel surface that has been treated with a cape seal layer or layers. Typically, these streets do not have curbs, do not receive regular maintenance by the City and are not engineered to address drainage (i.e. limited number of catch basins or none at all). Property owners on these streets are subjected to special assessments for maintenance improvements (i.e. cape seal, etc...)."

Improved Street (def.), as used in the City of Birmingham

"An improved street is a street with a permanent pavement surface (either concrete or asphalt). These streets have a curb and gutter system, their maintenance is the responsibility of the City and they are engineered to address drainage within the corridor (i.e. catch basins are installed throughout the length of the street). Property owners are not subject to special assessments for improvements."

Ms. Whipple-Boyce thought the Committee should wait to finalize the definitions based on what they come up with.

7. PUBLIC COMMENT

Mr. Rob Levoie who lives on Lakeview said he thinks the idea of the City initiating the petition process is a step in the right direction. However he doesn't believe that will solve the problem, which is that there are a significant number of unimproved streets out there that need improvement. They are just going to continue to get worse. If they try to rely on the limited capital funds that the City has available to pave all of these streets, it is not going to happen.

He favored setting up some kind of a Special Assessment Referendum vote to go into the City in sectors over five or ten years. Do some kind of a program where the voters would have the opportunity to support moving forward. He thinks there is more support for a SAD than for an overall bond millage.

All of the communities that he has been involved with over the years do millage bonds and SADs. This petitioning process is a waste of the Committee's time.

Chairman Moore explained to Mr. Levoie that the Committee is doing away with the petitioning process. The City initiates the project and the neighborhood is informed about what is going to happen as well as their chance to object is at a public hearing. Then the negotiations start. As this Committee goes forward they will be talking about costs along with the different kinds of tools that can be used to raise money.

Mr. Boutros clarified for Mr. Levoie that Mr. Fenberg did not refer to the referendum as he understood it. Mr. Fenberg did not propose a referendum to increase millage. This Committee is not there yet. They don't know if that is the only way to accomplish things. Until the Committee really has a concept of what they are facing time wise and money wise, then they will have a clearer idea about how to proceed.

8. INFORMATIONAL REPORTS AND COMMUNICATIONS

- October 2, 2018 HRC Report: Water Main Priority Ranking List

9. NEXT MEETING

To be determined.

ADJOURNMENT

No further business being evident, the Chairman adjourned the meeting at 9:15 a.m.

City Engineer Paul O'Meara

Asst. City Manager Tiffany Gunter

AD HOC UNIMPROVED STREETS STUDY COMMITTEE

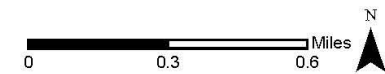
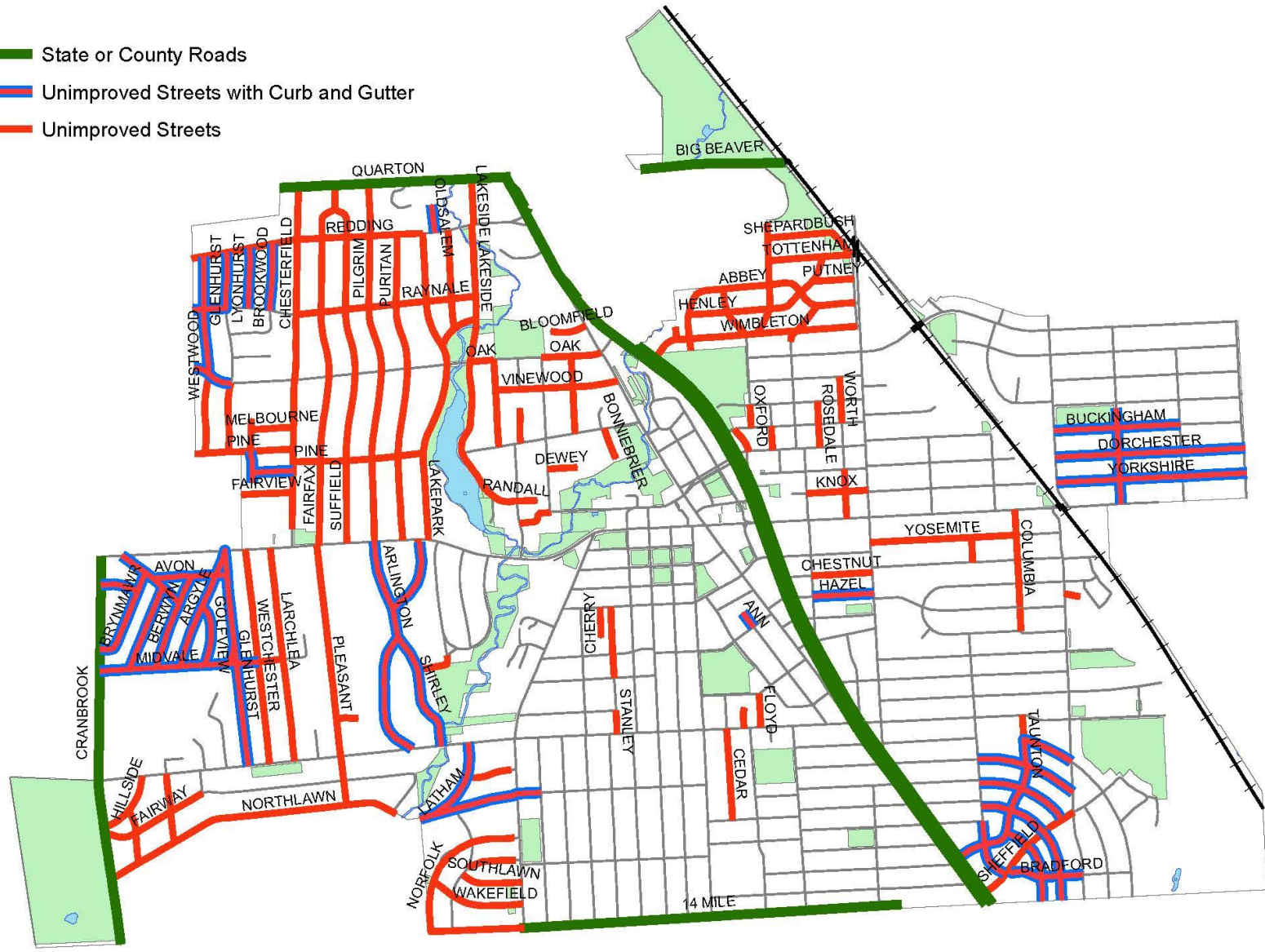
Committee Recap

April 4, 2019

MEETING OF JUNE 28, 2018


History and Evolution of Road System

- ▶ Funding for Road Projects
- ▶ Improved vs. Unimproved
- ▶ Street Paving Policy
- ▶ Road Paving & Maintenance History
Since WWII



MEETING OF JULY 19, 2018

Petition Process

- ▶ Initiation
 - ▶ Petition Form
 - ▶ Project Limits
 - ▶ Informational Booklet
 - ▶ City Commission Approval
 - ▶ Billing Procedure
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MEETING OF JULY 19, 2018

Pavement Surface Types – Asphalt vs. Concrete


- ▶ Short term & Long Term Maintenance

Cape Seal Program Overview

- ▶ Planning & Budgeting
 - ▶ Special Assessment District Procedure
 - ▶ Construction Process
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MEETING OF AUGUST 2, 2018

Street Paving Policies of Neighboring Communities

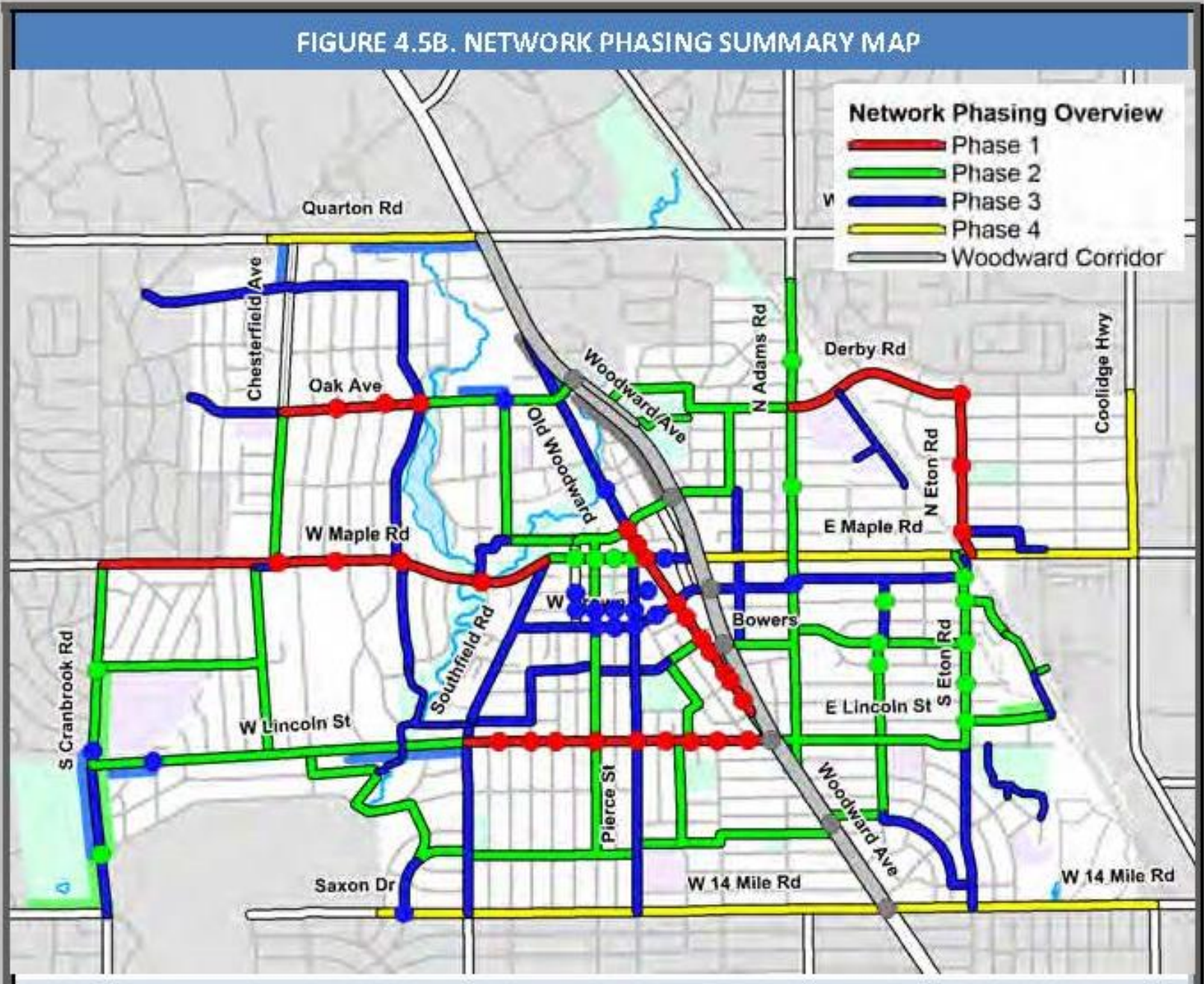
- ▶ Farmington Hills
 - ▶ Rochester Hills
 - ▶ Royal Oak
 - ▶ Road Commission for Oakland County
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MEETING OF AUGUST 2, 2018

Available Road Funding Source

- ▶ Act 51 (Federal & State Gas Taxes)
 - ▶ Property Taxes
 - ▶ Special Assessments
 - ▶ Grants
 - ▶ Bonds
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MEETINGS OF
SEPT. 13 &
SEPT. 27, 2018



MEETINGS OF
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Unimproved Streets - Surface Age

- 2010 and Earlier
- 2011-2014
- 2015-2018



MEETINGS OF SEPT. 13 & SEPT. 27, 2018

NAME	FROM	TO	PAVEMENT POINTS	SEWER POINTS	WATER POINTS	TOTAL PROJECT POINTS
Bennaville	Grant	Edgewood	60	69	38	167
Fairway Dr	Pleasant	Northlawn	30	63	70	163
Fairway Dr	Pleasant	Northlawn	30	63	70	163
Coolidge Rd	Buckingham	Windemere	70	54	38	162
Oak	N Glenhurst Dr	Chesterfield	60	71	30	161
Hamilton Row	Ferndale	Park	60	55	45	160
Hamilton Row	Park	Woodward Ave	60	55	45	160
Old Woodward Ave	Maple	E Merrill	70	51	34	155
Old Woodward Ave	E Merrill	Brown	70	51	34	155
W Maple Rd	Aspen	Hawthorne	70	49	35	154
W Maple Rd	Hawthorne	Baldwin	70	49	35	154
Coolidge Rd	Yorkshire	Dorchester	70	53	30	153
Coolidge Rd	Dorchester	Buckingham	70	53	30	153
W Maple Rd	Yarmouth	Waddington	60	73	20	153
W Maple Rd	Columbia	S Eton Rd	50	78	24	152
Windemere	N Eton Rd	Edenborough	50	70	30	150
Bowers	Hazel	Columbia	60	25	64	149
Mansfield	Bradford	Sheffield	50	56	42	148
Bowers	Elm	Adams Rd	80	13	54	147
Coolidge Rd	E Maple Rd	Yorkshire	70	35	42	147
Pembroke	Graefield Rd	N Eton Rd	70	44	33	147
Webster	Adams Rd	Torry	60	47	40	147
Holland	S Eton Rd		30	46	38	144
Oxford	Rivenoak	Kennesaw	70	26	48	144
W Maple Rd	Lake Park Dr	Linden	60	49	35	144
W Maple Rd	Linden	Waterfall Ln	60	49	35	144
W Maple Rd	Waterfall Ln	Aspen	60	49	35	144
Henrietta	W Southlawn	Northlawn	60	25	58	143
W Maple Rd	S Cranbrook Rd	Radnor Dr	50	73	20	143
W Maple Rd	Radnor Dr	Yarmouth	50	73	20	143
W Maple Rd	Waddington	Westwood Dr	50	73	20	143
W Maple Rd	Westwood Dr	S Glenhurst Dr	50	73	20	143
W Maple Rd	S Glenhurst Dr	N Glenhurst Dr	50	73	20	143
Redding Rd	Lake Park Dr	Old Salem Ct	70	48	24	142
Redding Rd	Old Salem Ct	Willow Ln	70	48	24	142
N Glenhurst Dr	Oak	Kenwood Ct	50	59	32	141
Oak	Fairfax	Suffield	60	61	20	141
Oak	Suffield	Pilgrim	60	61	20	141
Oak	Pilgrim	Puritan	60	61	20	141
Kenwood Ct	N Glenhurst Dr		50	48	42	140
Oak	Puritan	Lake Park Dr	60	60	20	140
Kennesaw	Oxford	Poppleton	70	38	30	138
Brookwood	N Glenhurst Dr	Raynale	60	35	42	137
Mohegan	Oxford	Poppleton	70	37	30	137
Chapin	Woodward Ave	Torry	60	31	44	135
Kennesaw	Poppleton	N Worth	70	35	30	135
Kennesaw	N Worth	N Adams Rd	70	35	30	135
W Brown	Watkins	Cherry Ct	60	66	9	135
Bird	Pierce	Edgewood	70	16	48	134
Redding Rd	Willow Ln	Lakeside	70	28	36	134
W Lincoln	Arden Ln	Woodlea	70	55	9	134
W Maple Rd	Rugby	Cambridge	40	70	24	134
W Maple Rd	Cambridge	Columbia	40	70	24	134

MEETINGS OF SEPT. 13 & SEPT. 27, 2018

TAXABLE VALUE INFORMATION

MILLAGE RATE	AVERAGE RESIDENTIAL PROPERTY TAXES AVERAGE RESIDENTIAL TV (\$210,900)	CITY-WIDE PROPERTY TAXES CITY TOTAL TV (\$2,359,367,180)
.2500	\$52.73	\$589,842
.5000	\$105.45	\$1,179,684
.7500	\$158.18	\$1,769,525
1.0000	\$210.90	\$2,359,367
1.2500	\$263.63	\$2,949,209
1.5000	\$316.35	\$3,539,051
1.7500	\$369.08	\$4,128,893
2.0000	\$421.80	\$4,718,734

For fiscal year 2018-2019, the City is currently contributing 2.1372 out of its 11.2099 operating millage for road maintenance and improvements. This is expected to increase to approximately 2.5667 mills in fiscal year 2019-2020.

MEETINGS OF SEPT. 13 & SEPT. 27, 2018

DEFINITIONS

Unimproved Street (def.) , as used in the City of Birmingham:

“An unimproved street is a street originally built with a gravel surface that has since been treated with a cape seal layer or layers in order to provide stability to the driving surface.”

Cape Seal (def.), as defined by the Federal Highway Administration:

“A cape seal is a thin surface treatment constructed by applying a slurry seal or microsurfacing to a newly constructed chip seal. It is designed to be an integrated system where the primary purpose of the slurry is to fill voids in the chip seal.”

Chip Seal (def.), as defined by the Michigan Dept. of Transportation:

“A chip seal is a surface treatment in which the pavement is sprayed with asphalt (generally emulsified) and then immediately covered with aggregate and rolled.”

Improved Street (def.), as used in the City of Birmingham:

“An improved street is a street with a permanent pavement, engineered to address drainage within the corridor.”

MEETINGS OF SEPT. 13 & SEPT. 27, 2018

POLICY COMPARISON CHART IMPROVED VS. UNIMPROVED STREETS

The following table compares improved streets to unimproved streets. The first section compares how a project to either build a new unimproved street compares with continuing to maintain an unimproved street. The second section speaks to various factors on these streets and how those factors are addressed.

	Improved Streets	Unimproved Streets
Project Factors	Paving from Unimproved to Improved Street	New Cape Seal Treatment on Unimproved Street
Initiation of Project	Requires 50%+ Petition by Owners	Initiated by maintenance cycle
Cost Allocation	85% Paid by Owners/ 15% Paid by City	85% Paid by Owners/ 15% Paid by City
Charge to Corner Lots (Long Side)	33% Paid by Owners/ 67% Paid by City	25% Paid by Owners/ 75% by City
Payback Period for Special Assessment Charge	10 Years (10% Due Annually + Interest on Remaining Balance)	30 Days Upon Receipt of Invoice. Assessment repeats every 7 – 10 years.
Other Factors		
Maintenance Frequency	20 Years (Asphalt) 40+ Years (Concrete)	7 – 10 Years (Cape Seal)
Water/Sewer Improvements	Upgraded when street improved.	No Upgrades
Drainage	Problems are Addressed	Problems are not Addressed
Leaf Pickup	Leaves picked up loose at curb	Leaves must be bagged



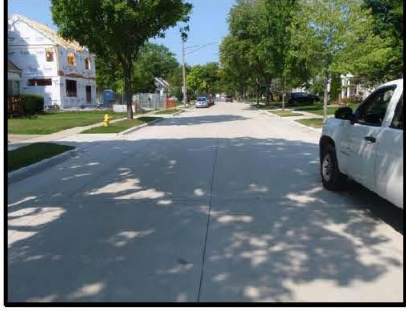
Unimproved Road



Unimproved Road with Gutter



Unimproved Road with Curbs



Improved Road

MEETINGS OF SEPT. 13 & SEPT. 27, 2018

AD HOC UNIMPROVED STREETS STUDY COMMITTEE POLICY CONSIDERATIONS

The Committee has been studying core issues to consider in significant detail since the first meeting took place on June 28, 2018. The following tables were created to provide a summary of these topics outlining general advantages and disadvantages to consider as the committee begins to develop a strategy for decision making.

ROAD PAVING OPTIONS

The existing local street system is currently comprised of the following pavement options. Information is provided relative to 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.

MEETINGS OF SEPT. 13 & SEPT. 27, 2018

PROJECT INITIATION PROCESS CONSIDERATIONS

	ADVANTAGES	DISADVANTAGES
PETITION PROCESS: Owners representing over 50% submit request for paving assessment district.	City Commission can declare district with knowledge that 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.	Residents wishing to improve street risk alienating themselves 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.

MEETINGS OF SEPT. 13 & SEPT. 27, 2018

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	<p>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.</p> <p>Operating Millage: Does not need vote of the citizens (unless Headlee override). Can be approved by the city commission.</p>	<p>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.</p> <p>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.</p>
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.
BONDS	Flexibility in how bonds are paid back: special assessment or debt millage. Water and sewer costs can be rolled into the bond. Does not use city's current resources to fund the projects. Currently, the city's outstanding debt is low.	Paying additional costs (interest and bond issuance). City has other bonding projects that it is reviewing which would drive the city's outstanding debt higher and may affect our bond rating. Bond would have to be approved by voters if it is being funded by a debt millage. Traditionally, all bond debt the city has issued has been voter approved regardless if it will be paid by taxes or other revenue.

QUESTIONS?

