

# VILLAGE OF ALLOUEZ

Allouez Village Hall • 1900 Libal Street • Green Bay, Wisconsin 54301-2453  
Phone No.: (920) 448-2800 • Fax No.: (920) 448-2850

## Department of Public Works

### FUNDING OPTIONS FOR INCREASED STREET MAINTENANCE PROJECTS

The following are some options for funding an increase in the Public Works annual operating budget for street repairs and maintenance. This does not include future borrowings for street and utility reconstruction projects.

#### Considerations:

1. A change to direct bill of the fire protection charge must be requested in the Water Utility rate case. Changes can be made after the rate request is submitted because it does not affect the water rate.
2. A budget increase in street maintenance funding from \$225,000 to \$500,000 per year can be a one-shot budget increase or phased over 2-3 years.
3. If an increase in the direct bill fire protection charge is phased another utility rate case can be submitted in 3 years to direct bill the balance. A rate case does cost \$10,000-\$15,000 to submit. The Purchased Water Clause provision in our rate structure, a rate increase based on a CBCWA purchased water rate increase, cannot be used for a fire protection charge change.
4. Direct bill of the fire protection charge does decrease the average annual bill to a resident by about \$4 per year (if the entire fire charge is direct billed) because there are more metered properties than taxable properties.
5. All municipalities in the Green Bay metro area direct bill the full fire protection charge to residential customers except:
  - a. Allouez presently bills one-half of the fire charge direct to residential customers
  - b. Howard direct bills all but \$51,451 of its charge
  - c. Howard bills all properties including those not provided with water service.

#### Options for consideration:

1. Direct bill the remaining fire protection charge of \$3.57 per residential ¾-inch water meter, retain the same tax levy, and budget for an additional \$275,000 per year for street maintenance.
2. Direct bill an additional \$2.00 of the remaining fire protection charge, and budget for an additional \$150,000 in the Public Works budget for street maintenance. Either make up for the needed balance (\$150,000) using a tax levy increase or other funds, or implement another rate case in 2-3 years for the balance.
3. Utilize a combination of an increase in the direct bill charge and other available funds (perhaps the stadium refund if this is possible).

Future utility rates for Allouez and other CBCWA municipalities. Note the following:

1. The CBCWA municipalities are at \$80 per month for the total water/sewer/storm/fire charges. Ledgeview is about \$5 lower and Bellevue is \$3 per month lower.

2. The GBMSD rate increase for 2016 will average about \$2 per month for all municipalities for the wastewater utilities. Allouez should be able to trim this increase because the 2017 debt service will decrease by \$200,000 per year (we will average the increase over two years).
3. The water rate will increase for all CBCWA municipalities because of the 3% rate increase. There will be additional 3% rate increases in 2017 and 2018 as well. This is to establish the future debt service for the CBCWA refinancing. The CBCWA members will be increasing rates to cover this cost.
4. Allouez will see about a 9.5% rate increase (preliminary estimate) for 2016 as a result of the rate case. This is about a \$3 per month increase. This is preliminary and may change when PSC does the rate analysis.

In summary, the CBCWA municipalities should remain at comparable rates to each other in 2016 with the sanitary rate increase and water rate increases.

The Allouez rates should be at about a \$4 per month increase (estimated) plus the added direct bill fire protection charge.

# Memo

To: Village Board  
Fr: Craig Berndt  
Re: Budgeting for Street Maintenance  
Date: August 12, 2015

The objective of this evaluation is to identify the Public Works operating budget funding level needed to repair and maintain village streets. While much street and utility reconstruction (via bond borrowing) has been completed recently, there remains considerable maintenance work (operating budget) to be done.

The Water Utility rate case filing provides one option for additional funding if the balance of the fire protection charge (\$3.57 per month) is changed to a direct bill, and the tax levy remains the same with the levied fire protection charge set aside for street maintenance. See the attached memo.

Note that this evaluation is for funding purposes only. It is not to be used for release to residents for scheduling street work. Further development of the schedule for the street work is necessary and will be completed based on the funding available.

The evaluation shows that the current funding level will result in delaying a large part of the maintenance work.

Increasing the funding level to \$500,000 per year will help to complete a large part of the needed maintenance in a ten year period. Note that this is maintenance work, not reconstruction work with includes underground utilities.

There may be other sources of funding besides the fire protection charge/tax levy.

## FIRE PROTECTION CHARGE AND PSC RATE CASE

The Allouez Water Utility rate case application will be submitted in mid to late August for consideration of a rate increase for 2016. Part of the rate case is continuing or making any change to the current Fire Protection Charge. Currently this charge is billed ½ direct bill to customers (\$3.57 per month) and the other half is on the tax levy. If a change is to be made to the second half of the fire protection charge it must be as part of the rate case.

Long-term it will be necessary for the village to increase the funding level for street maintenance and repairs. As the village has reconstructed streets and utilities, and as the street maintenance program has resurfaced many streets, it will be necessary to increase funding for continuing the maintenance program. Part of the reason the village was so far behind on the street maintenance program is the lack of funding (and therefore resurfacing projects) in the past. To maintain the new streets in the future additional funding is needed.

This is being brought up at this time because of the PSC rate case. This is a funding change that can be considered at this time.

With regard to street maintenance the village has over 50 miles of streets. At least one mile of street maintenance and resurfacing will be needed per year to keep up with the 50 miles of streets. This assumes that the street and utility reconstruction program continues as planned thru 2024 and the projects in plan are all completed. Even after 2024 there will still be reconstruction needed but the number of streets will be much less.

If the balance of the fire protection charge is changed to a direct bill (adding \$3.57 to the utility bill) and the tax levy remains as present, there will be an additional approximate \$275,000 for street maintenance. This would be used for reconstruction in the immediate future (as bonding options might be somewhat limited) and would help with the catch-up of poor streets. After perhaps 5 years this money will be focused on milling/overlay and reclaiming only. This is the long-term maintenance program.

This is brought up for consideration. This presents an opportunity to provide the street funding that will be needed in the future.

C. Berndt  
July 10, 2015

**SUMMARY OF RESIDENTIAL CHARGES ON UTILITY BILLS-July 1, 2015**

Charges(1)	Ashwaubenon	Green Bay	Municipality Bellevue	Hobart	Lawrence	Ledgeview	DePere	Allouez
Water, \$/month	\$23.21	\$18.13	\$35.20	\$29.58	\$33.26	\$38.68	\$34.68	\$34.84
Sewer, \$/month	\$26.82	\$17.37	\$29.20	\$33 (est)	\$40.69	\$30.07	\$30.08	\$34.58
Storm ERU, \$/mo	\$4.17	\$5.87	\$4.00	\$4.05	\$5.00	\$2.85	\$5.58	\$7.50
Fire Prot, \$/month	\$3.23	\$2.97	<del>\$8.58</del> \$1	\$7.00	\$2.51	\$3.24	\$9.27	\$3.57
Total	\$57.43	\$44.34	<del>\$76.95</del> \$77.21	\$73.62	\$81.46	\$74.84	\$79.61	\$80.49
Notes:	(1) All costs based on Allouez water use of 4,500 gals/month							

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## Department of Public Works

### FUNDING FOR STREET MAINTENANCE AND RECONSTRUCTION PROJECTS

This analysis evaluates the need for increased funding for long-term street maintenance of village streets. This is a cost evaluation to establish a reasonable funding level for street maintenance in the Public Works annual budget. This analysis is not intended to provide the exact schedule for individual street repairs (that is the next step).

The current Public Works street maintenance funding is \$225,000 per year.

The streets are presented based on the Paser survey from 2013 which rates streets based on pavement condition. The Paser survey is the road management program the state requires each municipality to use as part of state funding for roads. The costs in this analysis are from the Paser program, they are not engineering estimates so they are planning level only.

*Variation in the schedule for specific streets is expected as this plan is further developed. This analysis should not be used for conveying street repairs to the general public.*

The Street Maintenance and Reconstruction Plan include the following:

1. Street Reclaiming Projects: Streets Paser rated 4 or less require pavement removal, re-grade the base, repair curbs, and pave the street. These are streets in very poor/failed condition (potholes, alligator, gravel). Reclaiming generally provides 20 years plus service life.
2. Street Milling and Overlay: Streets Paser rated 5 or 6 benefit from milling the surface and paving with an asphalt overlay to provide an additional 15 years plus service life. The overlay results in a Paser rating of 10 (new pavement).
3. Reconstruction Projects: Required when both the street and underground utilities are in poor condition and should be replaced. These streets are from the 2010 Street and Utility Reconstruction plan. Note that some additional streets may be added to the reconstruction plan because of continued deterioration.
4. WisDOT Projects: These are the two WisDOT projects currently in planning phases. The initial reconstruction of Webster Avenue is also included.

The yellow lined areas represent a rough approximation of the streets that can be repaired at the current budget level of \$225,000 per year.

The projection shows that at least \$500,000 per year is required to increase the maintenance repairs to accomplish more of the needed projects. If additional funding is not provided many of the streets must be postponed to the future. This appears to double the time frame to repair these streets.

**STREET MAINTENANCE AND RECONSTRUCTION PROJECTS (Funding Estimation Only-Not for scheduling street work)**

**Street Reclaiming Projects (Mill/Grade/Pave 4" depth/Curb Repair)-Public Works Operating Budget.**

	Year 1-2016	Year 2-2017	Year 3-2018	Year 4-2019	Year 5-2020	Year 6-2021	Year 7-2022	Year 8-2023	Year 9-2024
(Paser 2)		(Paser 2)	(Paser 2)	(Paser 3)	(Paser 4)				
Brevort	St. Joseph	Park Drive	Ferrwood	Blackhawk	Brenner Pl	Chantilly Rue	Crescent	Ridgeview	Sunrise Ln
Vista Rd	Kalb	Jourdain			Brookridge	Custer Ct	Stanton	Briar Ln	Warren Ct
Stambaugh	Bernice	Arrowhead				Sunnyslope	Simonet	Whitney	
Miramar	Lazarre	Arbor Ln					Detrie	Woodrow	
		Bittersweet							
Cost	\$290,000	Funded in current Public Works \$100,000 operating budget.	\$255,000	\$255,000	\$295,000	275,000	\$238,000	\$282,000	\$310,000
		\$316,000	\$267,000						

**Street Mill and Overlay Maintenance--Public Works Operating Budget**

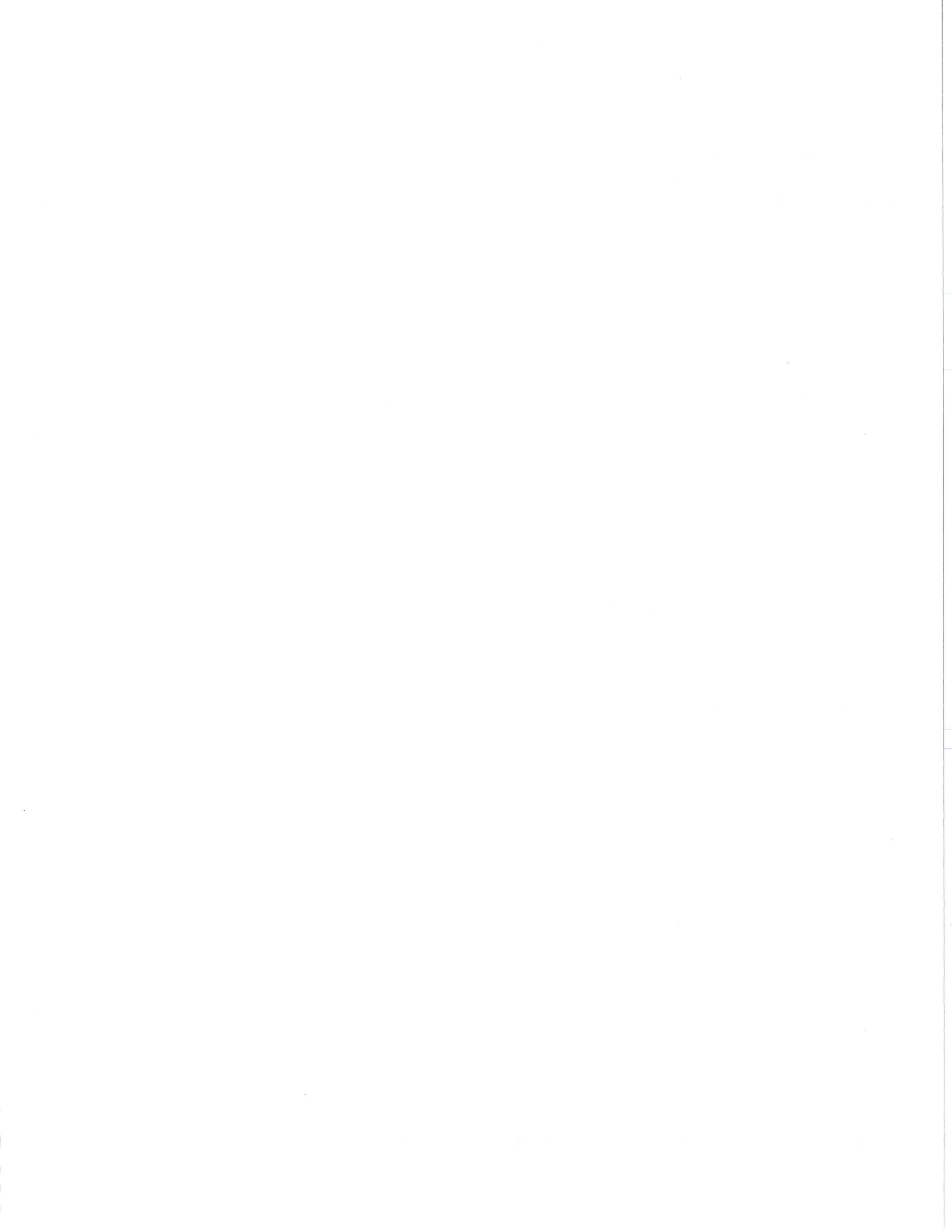
	(Paser 5)	(Paser 5)	(Paser 5)	(Paser 5)	(Paser 5)	(Paser 5)	(Paser 6)	(Paser 6)	(Paser 6)
Broadview	Jackson	Memory	Roselawn	St Francis	Terraview	Braebourne	Clay	E. Dauphin	Glenhaven
Capri Ct	Jourdain	Presque Isle	Longview	Tower View	Summit	Garland	E. River Dr	E. Dauphin	Grass
East River	Kennedy	Ridgeview		S. Van Buren	Briar Ln	Brookridge	Brookridge	Fairview	Greenwald
Grande Rue	Lazarre	Le Brun		Rustic Oaks	Woodrow	Cameo Ct	Chardonmay	Floral	Hickory Cr
Hilltop	Lola Dr					Chardonmay	Allouez Ter		Jackson
Jenkel Tr	Gwynn					Allouez Ter			Kalb
Cost	\$279,000	Funded in current Public Works \$125,000 operating budget.	\$320,000	\$270,000	\$205,000	\$252,000	\$297,000	\$264,000	
		\$285,000	\$260,000						

**Street and Utility Reconstruction Projects--Bond Financing.**

Bryan St (\$600k)				Oakwood (\$1,100k)			E. Greene (\$500k)		Beaumont (\$1,000k)
St. Joseph (\$300k)				Longview (\$900k)			Kalb (\$400k)		Delahaut (\$1,000k)
				Arrowhead (\$50k)					St. Mary's (\$500k)
									Karl (\$750k)
Cost	\$900,000	\$1,075,000	\$2,000,000	\$2,000,000	\$1,300,000	\$1,300,000	\$1,300,000	\$1,300,000	\$3,250,000

**WisDOT Projects--Allouez Cost Share and Utility Replacement--Bond Financing.**

Riverside Drive				Libal St			Webster Ave		
Utility Replace				Utility Replace			Reconstruct		
CSS Costs				Local Cost Share			Phase 1		
Libal St Design									
Cost	\$2,050,000	\$2,050,000	\$2,050,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$3,250,000
Borrowing (Bond)	\$900,000	\$900,000	\$900,000	\$5,000,000	\$5,000,000	\$5,000,000	\$2,300,000	\$2,300,000	0

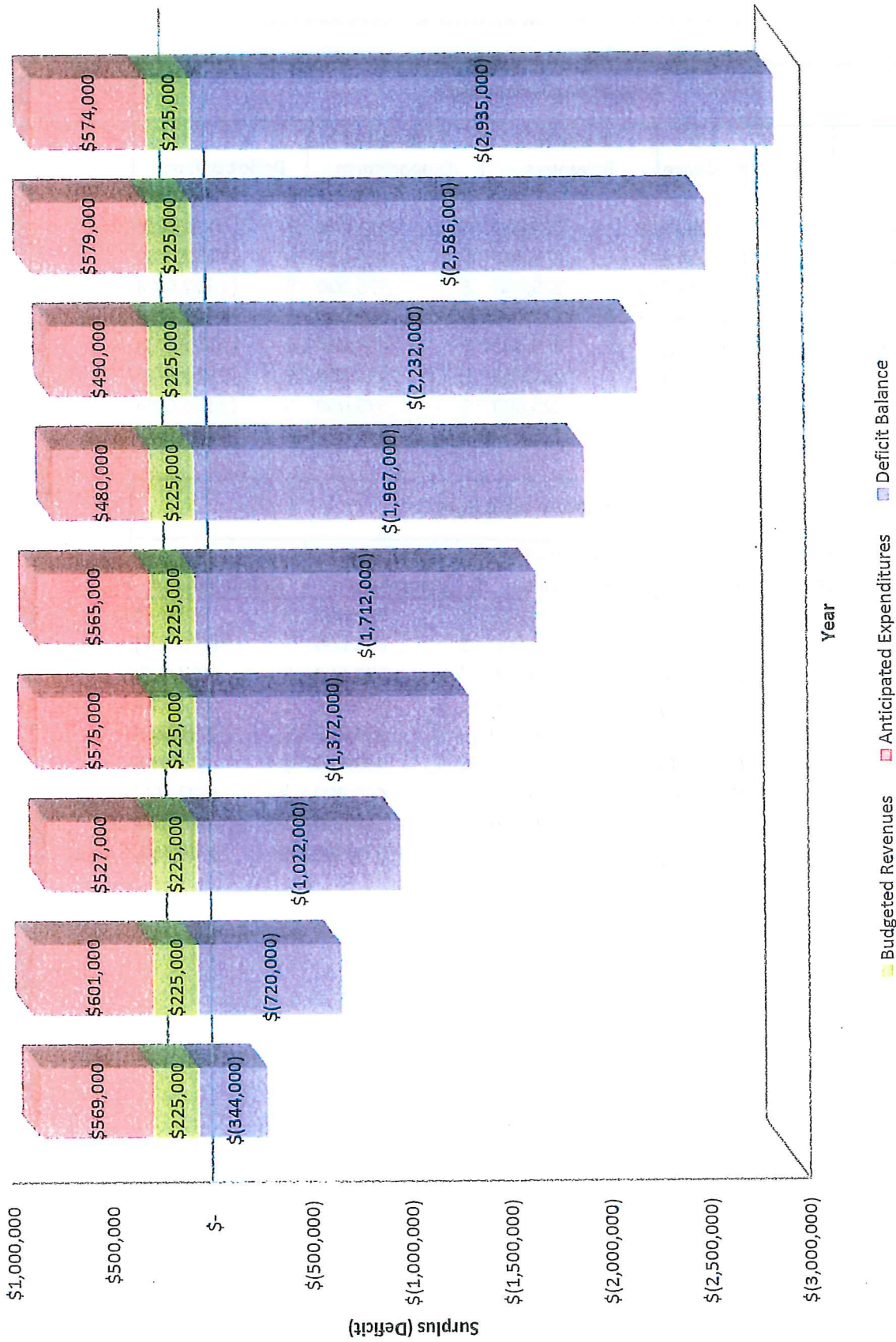




**Street Maintenance & Reconstruction Projects**  
**Projected Surplus (Deficit) from Current General Fund Budget Level**

<b>\$225,000 Annual Budget</b>				
<b>Year</b>	<b>Beginning Balance</b>	<b>Budgeted Revenues</b>	<b>Anticipated Expenditures</b>	<b>Deficit Balance</b>
2016	-	\$ 225,000	\$ 569,000	\$ (344,000)
2017	(344,000)	\$ 225,000	\$ 601,000	\$ (720,000)
2018	(720,000)	\$ 225,000	\$ 527,000	\$ (1,022,000)
2019	(1,022,000)	\$ 225,000	\$ 575,000	\$ (1,372,000)
2020	(1,372,000)	\$ 225,000	\$ 565,000	\$ (1,712,000)
2021	(1,712,000)	\$ 225,000	\$ 480,000	\$ (1,967,000)
2022	(1,967,000)	\$ 225,000	\$ 490,000	\$ (2,232,000)
2023	(2,232,000)	\$ 225,000	\$ 579,000	\$ (2,586,000)
2024	(2,586,000)	\$ 225,000	\$ 574,000	\$ (2,935,000)

<b>\$500,000 Annual Budget</b>				
<b>Year</b>	<b>Beginning Balance</b>	<b>Budgeted Revenues</b>	<b>Anticipated Expenditures</b>	<b>Deficit Balance</b>
2016	-	\$ 500,000	\$ 569,000	\$ (69,000)
2017	(69,000)	\$ 500,000	\$ 601,000	\$ (170,000)
2018	(170,000)	\$ 500,000	\$ 527,000	\$ (197,000)
2019	(197,000)	\$ 500,000	\$ 575,000	\$ (272,000)
2020	(272,000)	\$ 500,000	\$ 565,000	\$ (337,000)
2021	(337,000)	\$ 500,000	\$ 480,000	\$ (317,000)
2022	(317,000)	\$ 500,000	\$ 490,000	\$ (307,000)
2023	(307,000)	\$ 500,000	\$ 579,000	\$ (386,000)
2024	(386,000)	\$ 500,000	\$ 574,000	\$ (460,000)



Surplus (Deficit)

Year

■ Budgeted Revenues   
 ■ Anticipated Expenditures   
 ■ Deficit Balance

*Study from 2008 PSC rate case*

*Impact of tax exempt properties being billed*

EVALUATION OF METER EQUIVALENT CHARGE FOR PFP

Background Information

Public Fire Protection charge (PFP) is \$553,449.

5138 residential parcels in Allouez (most include homes).

147 mercantile parcels (include commercial businesses).

132 tax exempt parcels (schools, churches, cemetery, etc).

\$977,000,000 assessed valuation in Allouez; \$835,000,000 residential; \$129,840,000 mercantile.

6238 water meter equivalents in Allouez (includes tax exempts).

278 water meter equivalents in tax exempts.

A water meter equivalent is simply basing larger meters on the number of 3/4" meters for the same capacity. Then all calculations can be determined on the total meter equivalents.

PFP Charge if on Tax Levy

Average residential parcel value = \$835.6 million/5138 parcels = \$162,640 per residential parcel

Current PFP charge for parcels = (\$553,449)/(1000)/\$977 million = \$0.5665 per \$1000 valuation

Average residential parcel = (\$162,640)(\$0.5665)/(1000) = **\$92.14 per year** (taxable properties)

Charge if on Meter Basis Taxable Property Only

Average residential property = (\$553,449)/(6238-278) = **\$92.86 per year** (w/o tax exempt property)

This shows that either method of calculation (tax levy or meter equivalent) yields approximately the same annual charge.

Charge if on an all Meter Basis including Tax Exempt Properties

Average residential property = (\$553,449)/6238 meters = **\$88.72 per year**

This shows that on a meter equivalent basis including tax exempt properties, the average residential property will see a decrease of about \$4.50 per year.

Tax Exempt Revenue

The revenue resulting from the tax exempt properties on a meter equivalent billing basis is estimated to be (278)(\$88.72) = \$24,665 per year. But since the residential rate will decrease the total revenue to the water utility remains the same.

## Summary

This summary is based on the previous assumptions and calculations, and is a reasonable estimate of the PFP charges that will result.

Residential Property	<u>Current Charge on tax levy</u>	<u>50% on tax levy 50% direct bill</u>	<u>100% direct bill</u>
Low residential property (\$100,000)	\$56.65/yr	\$72.67/yr	\$88.72/yr
Median residential property (\$162,500)	\$92.14/yr	\$90.39/yr	\$88.72/yr
High residential property (\$300,000)	\$169.95/yr	\$129.34/yr	\$88.72/yr

## Conclusions

The summary shows that the lower value properties, which may also be lower income or retired persons, will get a \$12 annual PFP charge increase if half of the PFP charge is direct billed, or will be a \$32 annual increase if all direct billed.

The median residential property will get a slight decrease if direct billing of all PFP charges (about \$4 annually).

The higher value residential properties will see a significant annual savings based on the direct billing of all PFP charges.

On this basis it does not appear to be feasible to proceed with direct billing of the PFP charge on a direct customer charge without further investigation. The results of this evaluation show that a simple direct billing does not provide equitable charges to all the residents of the village.

## Recommendation

It is recommended that a more detailed evaluation of PFP billing methods be conducted with assistance from an accounting consultant, to determine the best assessment alternative to direct bill the PFP charge. The following need to be factored into this analysis:

1. Determine equitable billing for WDNR and cemetery properties with no water services.
2. Select the best billing method overall for the Village, which might be a combination of property footage and equivalent meters (Madison billing method).
3. Village properties will also need to be evaluated to determine if the PFP is assessed similar to private properties.

4. Consider a stepped property footage billing method similar to the storm water billing method. This places properties into categories and bills uniform for each category. This might use the customer meter size categories used by the PSC as well.
5. Establishing a new PFP billing method will require submittal to the PSC and approval.

It may be possible to complete this evaluation in 2008, but it is more likely to be 2009.

