

Citizens' Advisory Committee for Residential Street Funding

FINAL REPORT TO THE DALLAS CITY COUNCIL



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INTRODUCTION

Dallas residential streets have been neglected for years. The city has not had funds to repair all city streets, so it has been forced to limit expenditures of available resources almost exclusively to collector and arterial streets (collectors and arterials are considered main roads that are wider and carry more traffic). After a failed attempt to pass a Street Maintenance Fee in 2009, in June 2012 the City Council appointed a Citizen Involvement Committee (CAC) to examine the issue of funding residential street repair and maintenance. The initial meetings of the CAC were devoted to the current conditions of the streets, how condition is measured, what the existing funding looked like, and what were some potential funding mechanisms. The CAC then turned to a solution phase, the result of which is contained in this report.

KEY POINTS

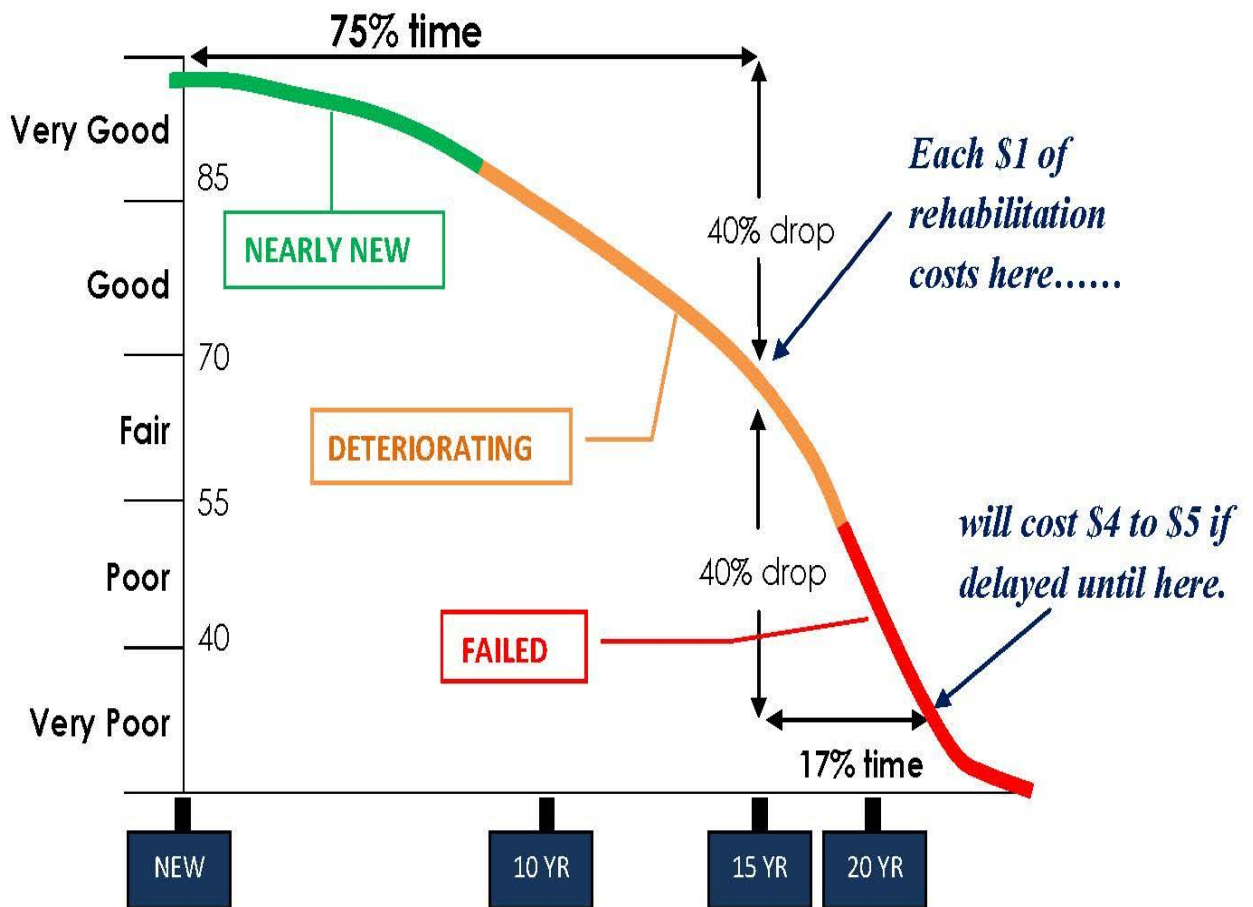
- **The City currently maintains 56+ miles of streets.**
- **The longer street maintenance is deferred, the more expensive repairs become.**
- **More than half of all City streets are below a PCI of 75. Of those streets, two-thirds are in poor or very poor condition.**
- **Revenue to maintain streets comes from state and federal sources, no General Fund monies are used. Current dedicated funding (gas tax) is projected to stay flat while costs go up.**
- **The City Council policy is to overlay Arterials and Collectors with available funds.**
- **The goal is to bring 90% of residential streets to good or very good condition.**

STREET CONDITIONS

The City Council set a goal for streets in Dallas: that 90% of the streets be in good or very good condition (that is a Pavement Condition Index or PCI of 70 or better). Currently, there are 56 miles of street in Dallas, and the current average PCI is approximately 65 (fair) based on 2009 data. This is an average condition of all streets in Dallas; some streets will be in almost new condition, some will be deteriorating and need some repairs, while some streets are so compromised that they will need major reconstruction.

PCI Range	Condition Description	Required Maintenance
85-100	Very Good	None
70-85	Good	Thin Overlay
55-70	Fair	Medium to Thick Overlay
40-55	Poor	Thick Overlay and Localized Reconstruction
0-40	Very Poor	Reconstruction

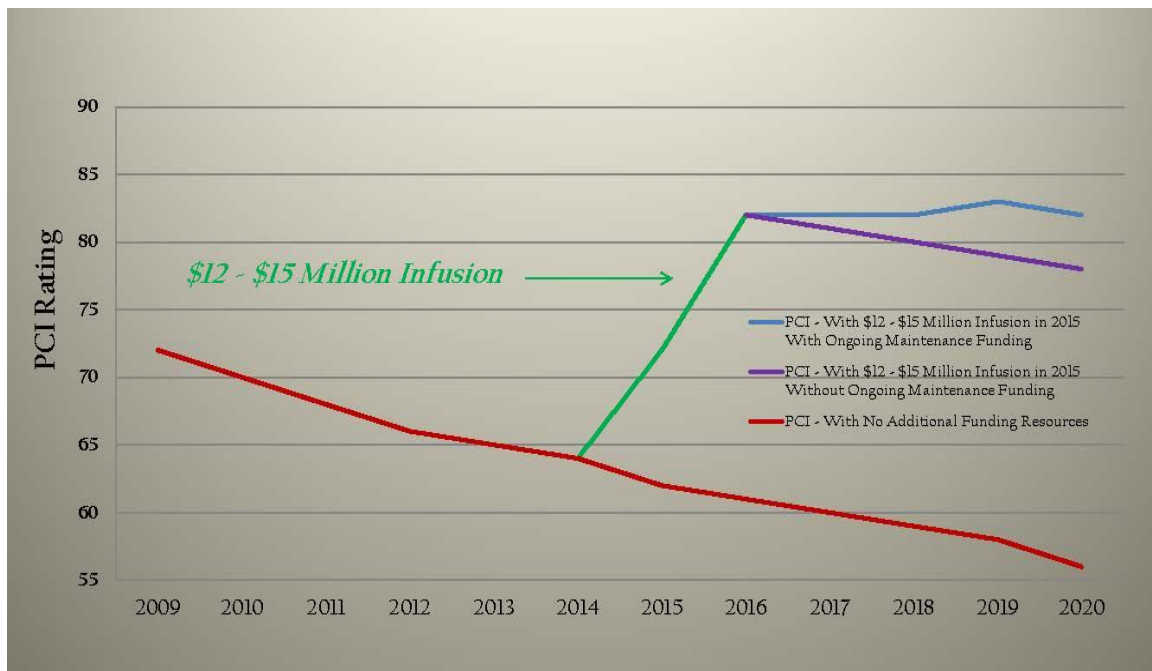
The life of a street goes through several stages from very good to very poor (see chart below). A new street will be in very good condition and will have a PCI near 100. Over the next 8 to 10 years, this paving will gradually show small amounts of wear but it will still be in a good to very good condition with a PCI from about 85 to 100, which we will refer to as “Nearly New”. Over the next few years, approximately 8 to 20 years, the paving will deteriorate faster and will need repairs from a light asphalt overlay to a thick overlay with a PCI from about 60 to 85, or a rating of fair to good, which we will refer to as “Deteriorating”. Note too that with ongoing maintenance any street will deteriorate much more slowly. Repairs at the “Deteriorating” stage are much less expensive (about 1/5 the cost of delayed repairs). If repairs are not made as the age of the street reaches 20 or more years, the condition continues to deteriorate, and the rating drops into the poor or very poor condition, a PCI below about 50. We will refer to this stage as “Failed”. Repairs at this stage are much more expensive, requiring at least a thick asphalt overlay, localized reconstruction, and possibly a complete reconstruction. See Appendix B for examples of streets in these various stages.



Deferred Maintenance

The effects of deferred maintenance are shown on the chart below. Currently, our PCI average is about 65, or a fair rating (based on 2009 data). If nothing is done, the streets will gradually deteriorate (the red line) and will continue to get worse with no repairs. If a source of funding can be found, and streets are repaired or rebuilt, the average condition of the streets will improve (the green line). If no further repairs are conducted, the streets will again decline (the purple line), roughly the same path as our original red line. However, if there are funds to maintain the streets that have been repaired, the streets will not deteriorate as fast (the blue line). Dallas needs to find funds for a major repair or rebuild of streets **and** funds for ongoing maintenance so that our streets will stay in good condition for a longer time to protect the investment.

DEFERRED MAINTENANCE SCENARIO COMPARISON



Collector and Arterial Streets

Our collector and arterial streets (which include state highways) experience the fastest wear because they carry the largest number of vehicles and the heaviest vehicles. The city is providing limited funds to maintain city collectors and arterials. The Oregon Department of Transportation (ODOT) is responsible for the maintenance of state highways, and the city has partnered with ODOT to overlay state highways in some cases in order to get more “bang for the buck” for roads that may not otherwise have been repaired. Residential streets in the city have generally not been repaired as funds are not available.

REPAIRING ALL STREETS

The approximate cost to repair residential streets is \$17.6 million. What would be the cost to repair **ALL** city streets? Staff revised its street condition estimate and determined the cost to repair all city streets would be approximately \$21.1million (see chart below).

	Residential Streets			Collectors			Arterials		
	Linear Feet	Cost/LF	Total	Linear Feet	Cost/LF	Total	Linear Feet	Cost/LF	Total
Reconstruction:	41,096	\$325	\$13,356,200	4,887	\$325	\$1,588,275	0	\$325	\$0
Thick OL	23,421	\$100	\$2,342,100	6,724	\$100	\$672,400	0	\$100	\$0
Medium OL	19,019	\$70	\$1,331,330	10,777	\$70	\$754,390	1,528	\$70	\$106,960
Thin OL	11,608	\$50	\$580,400	7,115	\$50	\$355,750	1,373	\$50	\$68,650
Total:	95,144		\$17,610,030	29,503		\$3,370,815	2,901		\$175,610
Combined Total:	Linear Feet: 127,548			Total Cost: \$21,156,455					

The tasks then, for this committee are first, to identify a major funding source for deferred maintenance issues and second, to suggest funding for ongoing maintenance of streets so that we protect our investment.

Options considered by the committee to generate funds and the amount of funds:

- Street Utility Fee \$300-500,000/yr, doesn't fix streets
- Street Bond (General Obligation) Amount approved by voters
- Special Levy (3-5 Years) Amount approved by voters
- Street Fund Savings Minimal, less than \$50,000/year
- General Fund Not available unless cutting existing service
- Local Improvement Districts (LIDs) Decided by individual streets/neighborhood

Options that are precluded or otherwise unfeasible:

- Local Gas Tax
- DMV Registration Surcharge
- Toll Roads
- Meals Tax

The committee found that only a General Obligation Bond would generate the amount of funding to address the deferred maintenance and make the necessary street repairs.

Based on this, the committee then studied several possible GO Bond scenarios issues that could address the deferred maintenance and would achieve the Council’s goal to have 90% of the residential streets in good or very good condition. The committee tried to balance the improvements needed in a bond issue, whether the resulting tax rate could be “affordable” to our citizens, and the likelihood our citizens would support a proposed levy.

Bond Scenarios

	Bond Issue	Approximate Cost/\$1,000 AV (AV = Assessed Value)	Positives	Negatives
A	\$21 Million for 20 Years Repair all Streets	\$1.20/\$1,000 AV	•All streets will be repaired	•Streets will not last 20 years •Possibly too expensive for voters to pass •Too long without ongoing maintenance
B	\$12-15 Million for 20 Years Repair as Much as Possible	\$.75-\$1.00/\$1,000 AV	•Repair as much as possible •Begin with deteriorating streets •Less expensive, may be more acceptable to voters	•Can't repair all streets; leave failed to last •Some voters may complain that their streets were not repaired •Streets will not last 20 years
C	\$12-15 Million for 10 Years Repair as Much as Possible	\$1.45-\$1.85/\$1,000 AV	•Repair as much as possible •Begin with deteriorating streets •Less expensive, may be more acceptable to voters •Could go for another bond after 10 years	•Possibly too expensive for voters to pass •Can't repair all streets; leave failed to last •Some voters may complain that their streets were not repaired
D	\$10 Million for 10 Years Repair as Much as Possible	\$1.35/\$1,000 AV	•Repair as much as possible •Less expensive, may be more acceptable to voters •Could go for another bond after 10 years	•Can't repair all streets; leave failed to last •Some voters may complain that their streets were not repaired
E	\$10 Million for 10 Years Thin Overlay on all Streets	\$1.35/\$1,000 AV	•All Streets get at least an overlay •Less expensive, may be more acceptable to voters •Could go for another bond after 10 years	•Failed streets may not hold up for 10 years
Ongoing Maintenance Funding				
\$500,000-\$700,000 per Year Any of the Bond Options will Work Will Work with Ongoing Maintenance Funding				•What source of funding? •Requires another vote to implement.

Recommendation No. 1:

That the City Council seek a General Obligation Bond in the amount of \$10 million for 10 years.

Rationale- A \$10 million bond will not repair all streets (\$21 million to repair all streets).

- Ten-year payoff of bond issue because a second bond issue will be needed to repair the streets not repaired in the first bond issue.
- While the committee would have liked to repair all streets now, they concluded that a \$10 million bond could be affordable for the citizens; a \$21 million bond would not be affordable.
- **Place the bond issue on the ballot as soon as possible. The longer we wait to put the bond issue on the ballot, the more expensive the cost of repairs.**
- Some persons in the community might suggest we should wait to improve our streets until: a) the economy gets better; b) we don't need the improvements now; c) the city should spend any bond issue proceeds on _____ (their favorite project); d) we can afford the street repair in the future better than now. While these are certainly valid considerations, the cost of street repair continues to grow and will only become even more expensive (remember the chart of the cost of repairing a "deteriorating" street is 1/5 the cost of rebuilding a "failed" street). Prudent use of taxpayer funds would seem to be to pick the option of street repair that will cost less than an option that will cost more.
- This would cost the owner of an average home (\$150,000 assessed value) approximately \$202/year.

NOTE: A \$10 million bond will not repair all streets (that would take \$21.1 million). Repair the deteriorating that need less repair to remain in good condition first. This will allow the most streets to be repaired and is the most cost effective approach. Once those streets are complete, then repair as many failed streets as funds allow. The streets that need reconstruction are very expensive to rebuild and since they are already failed, deterioration is not as much of an issue.

Recommendation No. 2:

Within five years of Bond approval, the City Council should seek a street maintenance fee, utility surcharge, local gas tax or other method to generate \$300,000 to \$500,000 per year (in addition to the current \$200,000 city funds for street maintenance) for ongoing street maintenance to protect the investment just made by taxpayers.

The second major problem is how to maintain streets once they are repaired. An ongoing maintenance fund is necessary to keep the repaired streets in good condition. There are minimal costs for street maintenance the first three years or so after repairs; then routine maintenance becomes very important to keep the streets in a good condition. Pay a small amount early to prevent damage rather than large amounts later for major repairs. A slogan

might be “Pay me now or pay me (much more) later” or getting a “bigger bang” for your street fund bucks.

The committee estimates \$500,000 to \$700,000 annually will be needed in ongoing maintenance funds. The city currently allocates about \$ 200,000 a year for maintenance (not nearly enough, and only for collector and arterial streets, not residential streets). So, about \$300,000 to \$500,000 in additional funding will be needed each year. Bond issues are not appropriate to fund maintenance; some form of fees on city services and/or utilities surcharge could provide these funds.

Additional information has been included in several appendices to this report.

- Appendix A Key Takeaways (Key Points) from earlier Street CAC meetings
- Appendix B Pictures illustrating various street conditions (PCI)
- Appendix C Survey tabulation from citizens hearing Street CAC presentations about streets
- Appendix D Possible citizen questions or statements regarding street repairs