



CITY OF BERKLEY MUNICIPAL INFRASTRUCTURE IMPROVEMENT CHALLENGES

Summary of Infrastructure Conditions

March 1, 2018

To ensure Berkley's future viability, city leaders authorized various surveys, studies and condition analysis of its infrastructure. The goal was to determine the existing condition of roads, sewers, water mains and municipal buildings, and to use that information to develop a strategic capital improvement plan for Berkley's future.

The information was shared with department heads and elected officials. Meetings were held to discuss the realities of the city's infrastructure. The following information is intended to help residents understand why these matters need to be addressed in the short term and how funds, that will be requested on the November 2018 ballot, will be used to address these needs.

Infrastructure

Roads: Every three years, a PASER Road Survey is completed to rank Berkley road conditions. A PASER number is assigned to each road and they are classified as good, fair or poor. In the 2016 PASER survey, about 30% of Berkley roads were considered to be in good condition. The remaining 70% were in fair-to-poor condition.

Water: The city is responsible for over 50 miles of water main pipe, 500 fire hydrants and 350 gate valves. The origin of the water distribution dates back to the 1920's. Water main breaks do occur, and service can be disrupted to residents and businesses, due to the age of this infrastructure. The age of the drinking water system can also have impacts on fire protection.

To begin the systematic replacement of municipal water assets, the city has developed a water main Asset Management Plan (AMP) and is currently building a complete water system GIS database. To coincide with the AMP, funding structure and rate methodology was analyzed. In fiscal year 2017-2018, utility rates were increased in fiscal year 2017-2018. The city now has designated funds to use for water capital replacement on a regular basis.

Sewer: The city has a longstanding practice of proactively maintaining its sewer system, investing up to \$300,000 per year on sewer structural lining. The city's sewer pipes are cleaned, inspected and monitored, on a routine basis, to ensure optimal functionality. The city has recently commissioned a sewer capacity study to assist in developing a comprehensive infrastructure improvement strategy and prepare for future climate change events and the increased occurrence of intense storms. A detailed report from the city engineering consultant is expected in April 2018. The information, along with the next steps, will be shared when it is available.

Buildings: In 2014, the city commissioned a Municipal Building Facility Condition Assessment, to obtain information and track facility conditions in all municipal buildings. The information, provided by Stantec, would allow the city to prioritize capital projects and expenditures for maintenance, repairs and replacement of building systems.

According to the Municipal Building Facility Condition Assessment:

- The Library is in the best condition of all facilities. The Public Safety and Public Works buildings are in fair condition.
- The Community Center is in poor condition and requires immediate attention. The Community Center shows signs of age including a leaky roof, a cracked wall with daylight showing through. The HVAC and ventilation is inefficient and inadequate to meet the demands. The facility is past the end of its useful life. The building does not meet ADA requirements.
- City Hall is in "good condition for its age," however the insulation is insufficient. The exterior wood cladding is deteriorating. There are signs of water damage on ceiling tiles in multiple locations. HVAC and lighting systems are functional but nearing the end of their useful life.

FREQUENTLY ASKED QUESTIONS ABOUT THE CITY OF BERKLEY

MUNICIPAL INFRASTRUCTURE IMPROVEMENT CHALLENGES & FINANCING OPTIONS

In November 2018, voters will be asked to consider three proposals that provide sustainable funding for roads, a new Community Center and renovation of City Hall. This document is intended to provide information and answer the most common questions about the capital projects, how funding for these projects is obtained and how the requested funds will be used.

1. What are the components of Berkley's infrastructure?	Infrastructure includes the city's road network and municipal buildings. There are approximately 50 miles of road, water and sewer infrastructure. Municipal buildings include Library, Public Safety, Public Works, Community Center, City Hall, various parking lots and parks.
2. How does the city pay for infrastructure maintenance?	Each year, during the budget planning process, funding requests are submitted by each department to cover operating costs, including maintenance and capital improvement projects. Requests are approved based on availability of funds.
3. What is a capital improvement plan?	Capital improvement plans (CIP) identify projects and equipment purchases valued at \$25,000 or more, and include an implementation and replacement schedule.
4. What is the city asking voters to consider?	The city will ask voters to approve a millage to establish a sustainable means to fund road network improvements and two separate bond initiatives for a new Community Center and the renovation of City Hall.
5. What is the difference between a special millage and a bond issue?	<p>Special millages and bond issues are among the ways cities can raise additional funds for specific purposes. Both are paid through property taxes. <u>Both require voter approval.</u></p> <p>A special millage is an additional annual tax levy the city will collect over a prescribed number of years. The funds can only be used for the specific purpose stated on the ballot.</p> <p>A bond issue is a means by which the city may borrow a sum of money for a specific purpose. The city must pay back the bond, with interest, over a prescribed term of years, through additional taxes levied to pay off the bonds.</p>
6. How much is the city asking for?	The city is asking for two mills for road network projects. The city is also proposing \$15.25 million for a new Community Center and \$4.5 million to renovate City Hall.
7. How long will taxpayers have to pay for the millage and bonds?	The road millage would be in effect for 10 years. The repayment period for the proposed bonds is 20 years.
8. Are these projects considered capital improvements?	Yes, they are considered capital improvements because the amount needed for the roads and buildings exceed \$25,000, respectively.

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9. How much money could the road millage generate?	The proposed road millage will generate roughly \$1.2 million per year, or \$12 million for the 10-year period.												
10. If voters approve all three projects, how much will the average Berkley home owner have to pay?	<p>If a home has a taxable value of \$75,000, the home owner would pay \$318.70 per year as follows:</p> <table><tr><td><u>Project</u></td><td><u>Annual Cost</u></td><td><u>Cost for life of millage/bond</u></td></tr><tr><td>Road millage</td><td>\$150.00</td><td>\$1,500</td></tr><tr><td>Community Center</td><td>\$130.00</td><td>\$2,601.00</td></tr><tr><td>City Hall Renovation</td><td>\$38.70</td><td>\$774.00</td></tr></table> <p><i>The average monthly cost is about \$26.56 or 87 cents per day.</i></p>	<u>Project</u>	<u>Annual Cost</u>	<u>Cost for life of millage/bond</u>	Road millage	\$150.00	\$1,500	Community Center	\$130.00	\$2,601.00	City Hall Renovation	\$38.70	\$774.00
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11. When will these capital improvement projects begin?	The timing of these projects will be determined after the November 2018 election, if voters approve the ballot proposals.												
12. What happens if voters don't approve the ballot proposals?	If voters don't approve the proposals, none of the projects will be implemented in the short term. Road network improvements cannot be implemented at the level needed. A new Community Center will not be built and City Hall will not be renovated as proposed.												
13. When will the cost for the millage and bonds be added to my property tax bill?	The first payment will be due on the annual winter tax bill, beginning in the winter of 2019.												
14. Does my current property tax bill include previously approved bonds? If so, when will they be paid off?	Currently, Berkley property bills include two bond payments. The millage rate for the 11 Mile Road project is .4927. It will mature (be paid off) in 2021. There is also a sanitation millage for the George Kuhn-Drain, 1.7806. It will mature in 2029.												
15. How does the 2 mills for infrastructure differ from the bonds for the buildings?	<p>The amount of a mil is based on the taxable value of a property. For example, a house that has market value of \$150,000 typically has a taxable value of \$75,000. If one mil was assessed, the amount of tax would be \$75,000 /1,000 x 1= \$75. A mil is also subject to a Headlee rollback and no interest is incurred.</p> <p>Bonds have a fixed value. The bond amount plus interest is paid over a set period of time, like a mortgage. Bonds are not affected by the Headlee rollback.</p>												
16. If voters approve all three ballot proposals, what will my tax bill look like?	Tax bills will provide an itemized listing for the infrastructure millage, Community Center bond and City Hall Renovation bond separately on the tax bill.												
17. Will the millage payment increase if property values increase													

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