

PLAN OUTLINE

BACKGROUND

In February of 2021, the City Council authorized an expansive engineered road study to draw conclusions on the state of our roads. The study examined 41 miles of city streets and aimed to do the following:

- o Establish life cycle on roads and determine current life phase.
- o Compile available data on work performed previously.
- o Establish anticipated repair or reconstruct costs based on conditions.
- o Establish efficacy of current road repair model, fixes performed, and where we might be headed.

In addition to that study, New Baltimore has implemented the Pavement Surface Evaluation and Rating (PASER) system to better understand road conditions on an ongoing basis. Each year, the evaluation is performed on all city streets by our engineer and a certified team from our Department of Public Service. The rating system is on a 1 to 10 scale, with 1 being the worst and 10 being brand new. We use this system to select projects and to project what fixes are likely needed in the future.

THE CHALLENGE

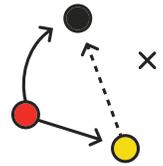
Over the next twenty years our city is projected to need tens of millions of dollars to conduct road repair and reconstruction across New Baltimore. In that same time, our road assets in good condition will require the right maintenance to protect and extend their lifespan.

Our state's funding model for local governments is no match for the scale of this challenge. On average, the city nets just \$600,000/ year from state revenue share after seasonal maintenance is factored in, leaving very little for either proactive or even reactive work. Under these conditions, the city operates from scarcity, meaning we often can't match fixes with what we know is needed.

THE PLAN

Using available data, the Roadway Future Fund Initiative was created. It is the City of New Baltimore's proposed solution to fixing our city roads. It's a \$30,000,000 20-year bond proposal, drawn and paid over time, to plan and conduct road repairs across the city. Based on projections, an average millage rate of 2.6412 will need to be levied to repay the balance of the bond. The first year (2023) projected rate is 2.4317.

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THE PLAN: HOW IT WOULD WORK

Voters are asked to authorize the City to borrow (bond) up to \$30,000,000. That money can only be used for the purpose authorized by voters - to fix roads, bridges, etc.

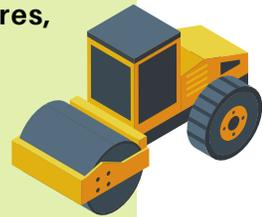
If approved, the City Council would later authorize what are called draws on that bonded amount. Each time the money is drawn, a dollar amount must be designated, the projects must be identified, and the proposed work must be good for the life of the bond.

The city's Roads & Public Utilities Committee has recommended drawing on the bond 3 times over a 12-year period. A year for assessing conditions, planning expenditures, determining the scope of work, and bidding is built in between each draw:

First- \$10,000,000 to be borrowed in 2023 and spent by 2026.

Second- \$10,000,000 to be borrowed in 2028 and spent by 2031.

Third- \$10,000,000 to be borrowed in 2032 and spent by 2035.



Each time money is drawn, the 20-year payback period begins and mills are levied on your home's taxable value, which is different than your cash value, to pay for the amount borrowed.

The borrowed money acts as an infusion for the city's effort to get ahead and stay ahead on our roads. It also means that our state share revenue can be put to better use focusing on regular road maintenance and lifespan extending work, not reconstruction.

PLAN OBJECTIVES

- ✓ Eliminate all roads rated poor or failing in the first draw.
- ✓ Raise and maintain an average road rating to 7 (Good) on the PASER scale.
- ✓ Create room in budget to use maintenance funds for proactive maintenance,





Bond Proposal FAQs

Q: WHAT IS A BOND?

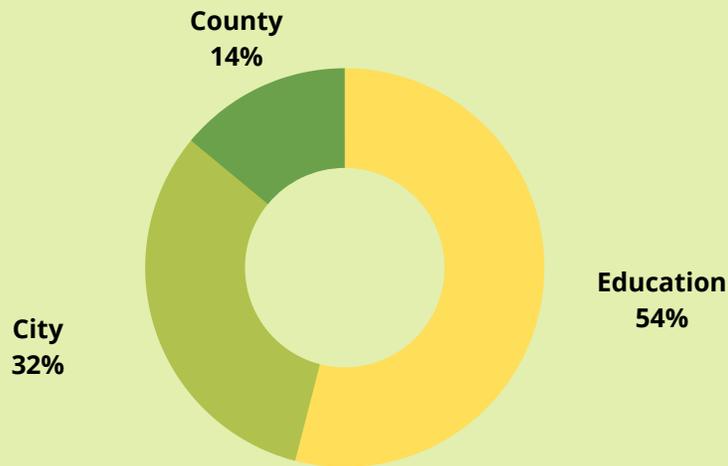
A bond is basically a loan from an investor. Bonds are regularly used by governments to borrow money for large projects. Investors purchase those bonds and make money on the interest from the borrower’s payments. In order to make payments on the bond, governments levy a millage on a home’s taxable value, collect during tax time, and pay the balance of the bond.

Q: WHY ARE WE SEEING THIS NOW?

By 2023 the city will have repaid all previous road bonds from the early 2000’s. You may have noticed those dropping off your tax bill in 2021, with the final dropping off in 2022. The city has waited to repay our debt and it’s clear our roads are in need of more than we can currently provide, and that’s not likely to change.

Q: WHERE DOES ALL THE MONEY I ALREADY PAY GO?

Your city collects property taxes for many other taxing entities. Those entities include Macomb County, Anchor Bay School District, the State of Michigan, and other regional entities. Just about a third goes straight to the City of New Baltimore, which provides full service to our residents (police, fire, library, parks, roads, public works, water, and wastewater).



Q: WILL MY ROAD SEE WORK DONE?

The short answer is yes. However, the degree to which work is performed entirely depends on the condition of the road and what it needs. In general, those with lower PASER ratings (available on our city website) will see work done first and would require more extensive repair. However, an objective of this program is also to free more resources for life extending maintenance work on roads with higher PASER ratings. The city intends to take time before each bond issue to thoughtfully select projects. Those projects will be announced at the time money is borrowed and have to be approved by your City Council.



Q: HOW ARE ROADS PICKED FOR WORK?

Roads are assessed by our engineers and a certified team annually using the PASER system to determine present road conditions. Generally, a lower PASER rating will mean the road is closer to the front of the line when road projects are selected. The Roads, Bridges & Public Utilities Committee will use that information and balance that against planned projects for water and wastewater, if heavy neighborhood construction is ongoing, and what is known about usable road lifespan to pick the timing of projects. In the meantime, roads in higher condition will be able to see more funds dedicated to maintaining them so they stay in better condition for longer.

Q: HOW DO I FIGURE OUT THE COST TO ME?

Each homeowner’s property is assigned a unique taxable value, which is different than your home’s stated cash value. That taxable value is multiplied against the millage rate to determine your tax payment. You can find your home’s taxable value in one of three ways:

1. In the upper left hand of your printed tax bill.
2. By contacting the City Treasurer’s office.
3. Online through the BS&A system.

Once your rate is determined, you divide the taxable value by 1,000 and then multiply that number by the millage rate to determine your cost. Below is a helpful chart with some possible scenarios:

Annual cost per household

True Cash Value	Taxable Value	0.5	1	1.25	1.5	2	2.5	3	3.5	4	4.5
\$ 158,400.00	\$ 79,200.00	\$ 39.60	\$ 79.20	\$ 99.00	\$ 118.80	\$ 158.40	\$ 198.00	\$ 237.60	\$ 277.20	\$ 316.80	\$ 356.40
\$ 235,400.00	\$ 117,700.00	\$ 58.85	\$ 117.70	\$ 147.13	\$ 176.55	\$ 235.40	\$ 294.25	\$ 353.10	\$ 411.95	\$ 470.80	\$ 529.65
\$ 250,000.00	\$ 125,000.00	\$ 62.50	\$ 125.00	\$ 156.25	\$ 187.50	\$ 250.00	\$ 312.50	\$ 375.00	\$ 437.50	\$ 500.00	\$ 562.50
\$ 300,000.00	\$ 150,000.00	\$ 75.00	\$ 150.00	\$ 187.50	\$ 225.00	\$ 300.00	\$ 375.00	\$ 450.00	\$ 525.00	\$ 600.00	\$ 675.00

Q: WHEN WILL WE START SEEING RESULTS AND WHEN DO I START PAYING?

Under this plan the city will begin borrowing funds in 2023. The summer tax bill in 2023 will be the first year a millage rate will be levied for this initiative. Project outlines will be drawn up in 2022 and projects under the first bond will begin in 2023. In the meantime, the city will continue conducting maintenance and other road life extending work.

