

MEMO

TO: Mayor Halliday and the Board of Trustees

FROM: Matthew T. Fritz
Village Administrator

MEETING

DATE: February 22, 2017

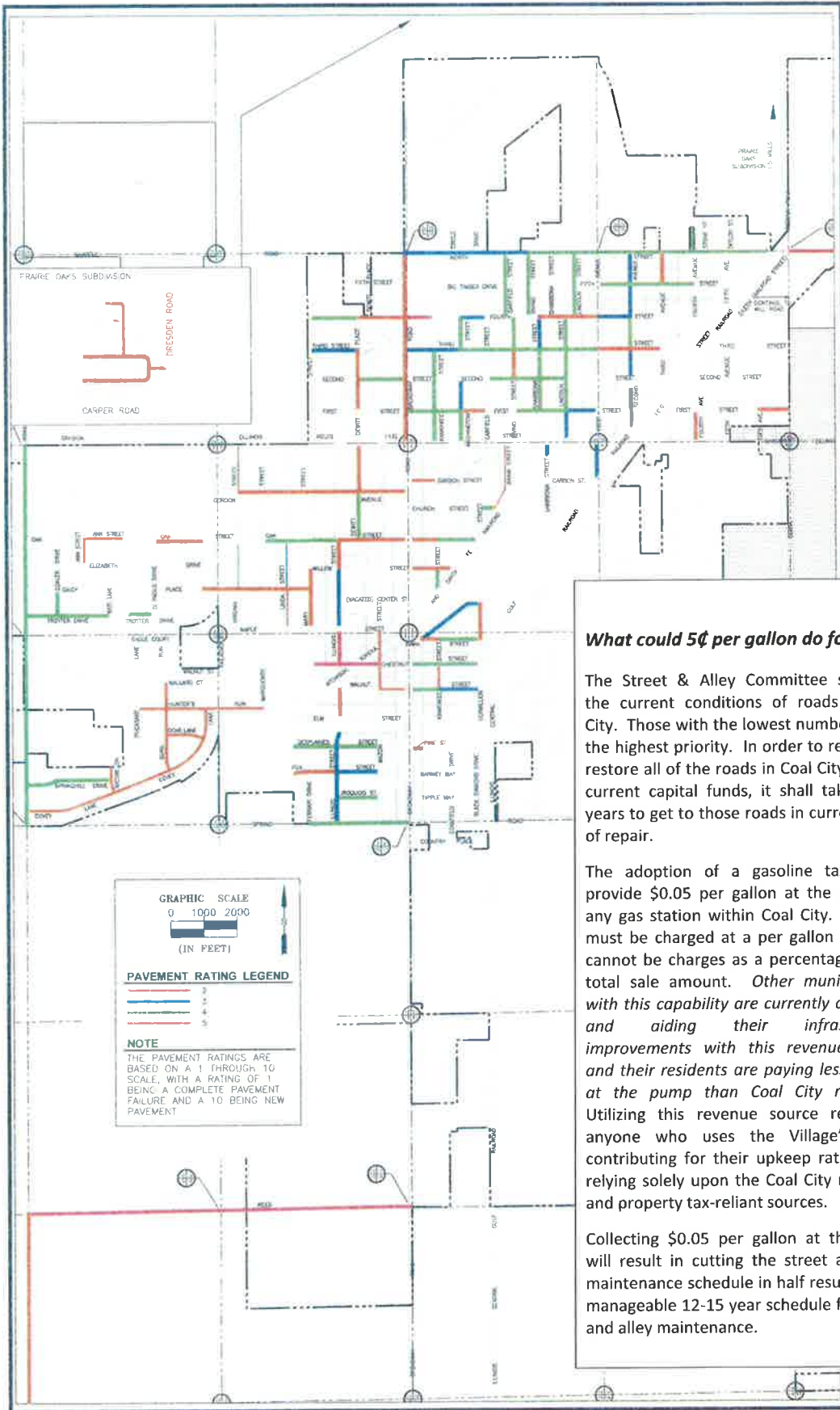
RE: ANNUAL STREET & ALLEY ROAD FUNDS

To assist the annual exercise of determining the best and worst roadways throughout the village and allocating necessary construction dollars for the restoration of certain areas, the Village Engineer completed a roads assessment in order to grade the street network being maintained by the Village. In short, the current funding stream that has been utilized by the Village Board, e.g. approximately \$300,000 per year, cannot maintain the current level of street durability as is present throughout the community; the need to spend approximately 25-30 years on the current roadwork inventory will result in further degradation of the existing roads prior to their timely restoration or replacement.

One of the solutions for solving this capital shortfall is often the release of short-term capital series bonds wherein a total portion of debt that is available is divided by the number of years in which the municipality plans to repay the debt, which is often 3-5 years and then short-term expiring bonds are released providing an injection of capital, which pays for necessary improvements. In Coal City's case, this option is not available due to current debt limits which resulted in the remaining capacity being utilized for the 6-22 Tornado Relief Project.

The Village Engineer ran a calculation as to the ability to replace roads more quickly with an annual increase of \$250,000 towards the street and alley projects. This type of funding would cut the term in half in which the road network could be replaced. Placing the network on a cycle in which the Grades 2-5 priority roads could be replaced within 12-15 years would allow for more full replacements and the ability to maintain the current network's durability.

The Street & Alley Committee recommends the utilization of a \$0.05/gallon gas tax to create this necessary revenue stream in order to provide the necessary capital to provide better roads for Coal City's residents. This tax would be available should the residents of Coal City provide home rule authority for the municipality. Much like the utilization of the Stormwater Drainage plan when bonds were sold in 2009, this road network maintenance plan displays those portions of road that could be completed more quickly with the collection of a nickel tax at the gas pump. In order to more effectively maintain and construct roads within the community, the Village Board would be able to levy a gas tax paid at the pump by all who utilize Coal City roads much like other surrounding home rule communities.



What could 5¢ per gallon do for you?

The Street & Alley Committee surveyed the current conditions of roads in Coal City. Those with the lowest numbering are the highest priority. In order to repair and restore all of the roads in Coal City with its current capital funds, it shall take 25-30 years to get to those roads in current need of repair.

The adoption of a gasoline tax would provide \$0.05 per gallon at the pump at any gas station within Coal City. This tax must be charged at a per gallon rate and cannot be charges as a percentage of the total sale amount. *Other municipalities with this capability are currently collecting and aiding their infrastructure improvements with this revenue source and their residents are paying less for gas at the pump than Coal City residents.* Utilizing this revenue source results in anyone who uses the Village's roads contributing for their upkeep rather than relying solely upon the Coal City residents and property tax-reliant sources.

Collecting \$0.05 per gallon at the pump will result in cutting the street and alley maintenance schedule in half resulting in a manageable 12-15 year schedule for street and alley maintenance.