



# Summary of Highway Funding Components June, 2018



Priority assigned by  
constituency (yearly budget  
survey):

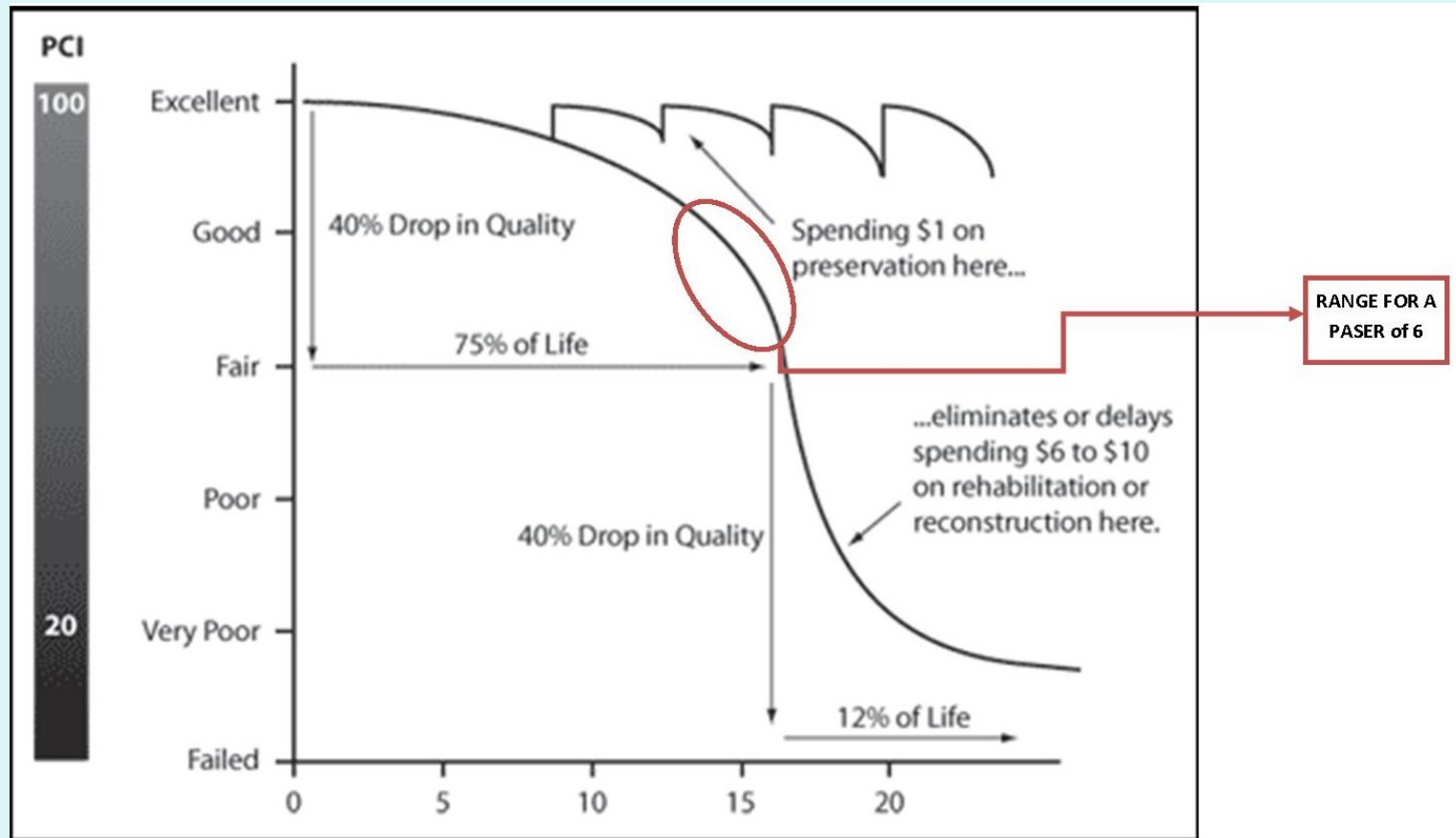
- Question: Importance of  
maintaining state and county  
highway system.
- The average rating is 4.41 (out  
of 5)
- Third priority of residents after  
operation of 911 and patrol  
and crime investigation.

... and the  
Survey says...

## PASER RATING

- Current average = 5.4.
- Current goal is an average of 6. Annual capital improvement to achieve this rating is 6.25M for 8-10 years depending.
- Comparative data: Paser rating of 5 - 8 indicates that the highway segment is a candidate for more efficient preventative maintenance efforts to extend pavement surface life.
- Capital Investment needed to retain 5.4 PASER rating is 4.9M per year.

# PREVENTATIVE MAINTENANCE PLANNING WHY DO IT?



- **Operations** (maintenance) – winter plowing and summer minor repair, mowing etc.

Current Maintenance Funding		Needed Maintenance Funding	
Levy	\$1.78	Winter	\$0.80
GTA	\$3	Summer	\$4.3
Total:	\$4.78	Total:	\$5.1

- Shortfall of \$ 320,000 for maintenance.
- **Capital investment** – large scale road reconstruction.
  - Tiered system based on use.
  - Adequate investment saves money in the long run.
  - Goal of 6 for PASER rating.

# Highway Funding

# Eau Claire County Highway Program Efficiencies

## Road Construction Costs



Performance is trending in a favorable direction



Trend is holding



Performance is trending in an unfavorable direction

Year	Commodity price – asphalt	Cost/Mile			Trend	Comments
2005	\$19.80	\$202,800.00			↔	
2006	\$31.80	\$292,000.00			↓	
2015	\$40.00	\$325,000.00			↓	
2016	\$42.67	\$220,000.00			↑	

**Our Mission - To provide quality, innovative and cost effective services that safeguard and enhance the well-being of residents and resources.**

DIGITAL COUNTIES – EXPLORATION OF ARTIFICIAL  
INTELLIGENCE: AUTOMATED WORKFLOWS

COUNTY LEAD ON THE CINC NETWORK – PUBLIC  
PRIVATE PARTNERSHIP MODEL IS ACKNOWLEDGED  
STATE-WIDE

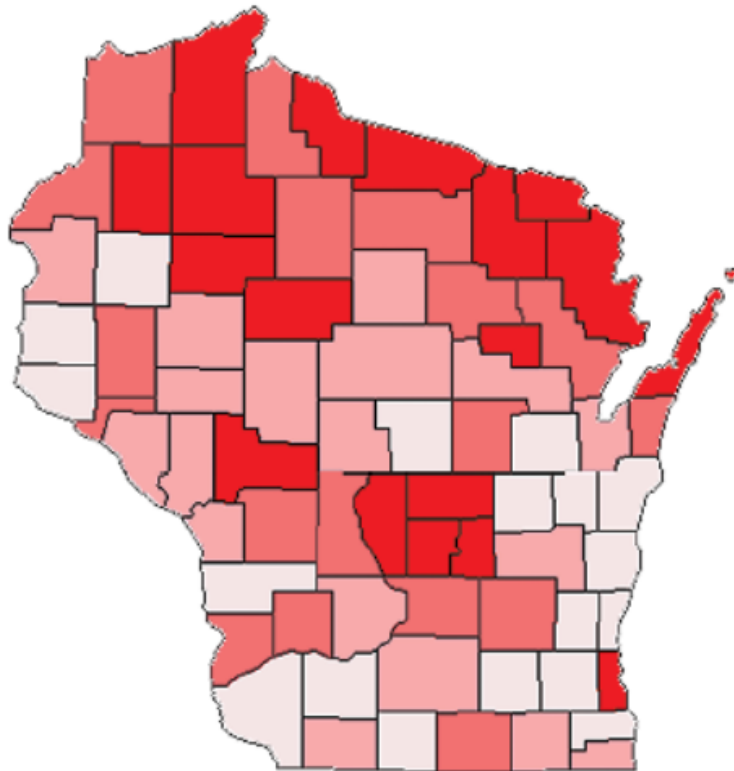
COMPREHENSIVE COMMUNITY SERVICE, MENTAL  
HEALTH CLINIC, TRAUMA INFORMED CARE

CRIMINAL JUSTICE COLLABORATION EVIDENCE  
BASED

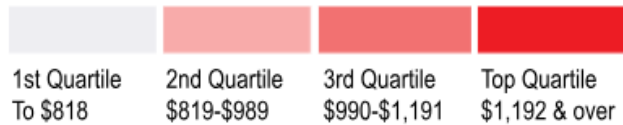
COUNTY-WIDE DISCUSSION ON ECONOMIC  
DEVELOPMENT

## Total County Expenditures Per Capita, 2015

Counties by Quartile, Low to High Amount



Expenditures: Low to High



Source: Wisconsin Department of Revenue: County and Municipal Revenues and Expenditures (CMRE), 2015

## Total County Expenditures Per Capita, 2015

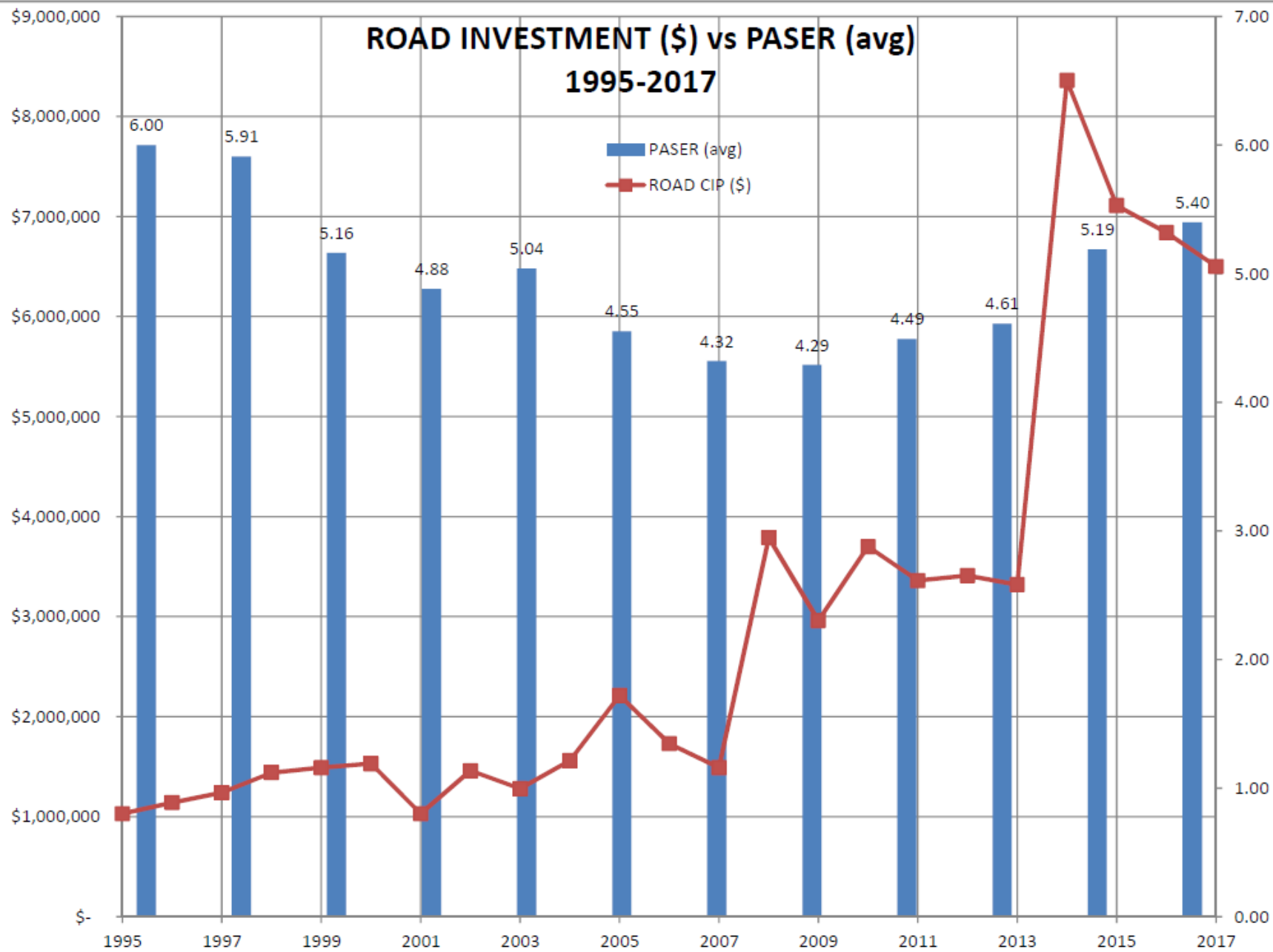
County	Total Exp.	County	Total Exp.
Adams	\$1,519	Marathon	\$821
Ashland	1,113	Marinette	1,230
Barron	948	Marquette	1,413
Bayfield	1,728	Menominee	2,611
Brown	863	Milwaukee	1,257
Buffalo	952	Monroe	1,048
Burnett	1,191	Oconto	1,122
Calumet	752	Oneida	1,129
Chippewa	765	Outagamie	615
Clark	915	Ozaukee	601
Columbia	1,016	Pepin	1,096
Crawford	1,053	Pierce	713
Dane	980	Polk	940
Dodge	1,153	Portage	810
Door	2,089	Price	1,185
Douglas	1,000	Racine	569
Dunn	1,057	Richland	1,112
Eau Claire	873	Rock	1,008
Florence	2,767	Rusk	1,576
Fond du Lac	964	St. Croix	735
Forest	1,432	Sauk	937
Grant	588	Sawyer	1,419
Green	759	Shawano	981
Green Lake	1,199	Sheboygan	818
Iowa	694	Taylor	1,339
Iron	1,992	Trempealeau	845
Jackson	1,197	Vernon	804
Jefferson	800	Vilas	1,221
Juneau	1,062	Walworth	884
Kenosha	965	Washburn	1,672
Kewaunee	1,032	Washington	601
La Crosse	920	Waukesha	548
Lafayette	964	Waupaca	1,088
Langlade	1,106	Waushara	1,262
Lincoln	943	Winnebago	650
Manitowoc	717	Wood	925

### Statewide Measures

Average	\$937	Median	\$990
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# ROAD INVESTMENT (\$) vs PASER (avg) 1995-2017



# WHAT THE DATA IS TELLING US

	Levy Funding per Road Mile	Total Funding per Road Mile
Mean	\$9,310.31	\$11,287.92
Median	\$7,610.06	\$10,692.64
ECC	\$4,109.26	\$15,748.22 <sup>(1)</sup>

(1) In 2011 a state-wide report indicated that Eau Claire County roads were the second worst in the state.

- Innovative practices have lowered the cost of roads
- Other counties utilize significantly more levy (operational)

- **Issue statement: Current funding model is unsustainable for continued investment into highway infrastructure.**
- **Reliance on Debt**
  - Debt policy – 30%
  - Debt repayment schedule
  - Moody’s rating scale of debt: investment grade opinions of the relative credit risk of fixed-income obligations.
  - Moody’s indicated that ECC needed to “*identify strategies to mitigate long-term reliance on debt.*”

## Operations



## Capital

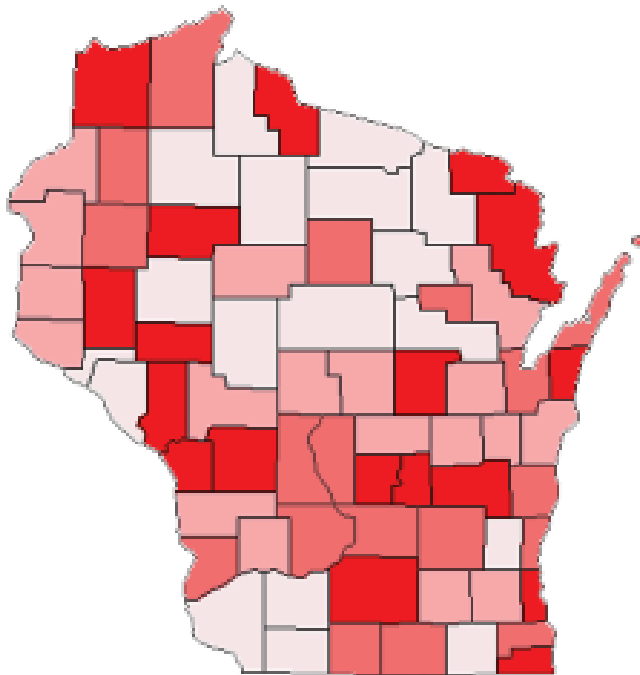
- **Uses:**
  - Day-to-day expenses
- **Funding Sources:**
  - Tax levy
  - Sales tax
  - Grants and Aids
  - Service Fees
- **Limits**
  - Percentage of net new construction or zero, whichever is greater

- **Uses:**
  - Long-term investment
  - Real property
  - Infrastructure
  - Major software systems
- **Funding Sources:**
  - Bonding (Debt)
  - Fund balance
- **Limits**
  - Policy Decision on taxpayers ability to pay and desired debt load

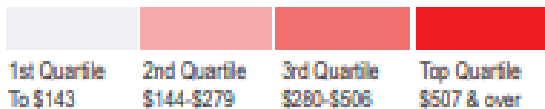
# SOURCES

# DEBT BENCHMARK

**General Obligation Debt Per Capita, 2015**  
Counties by Quartile, Low to High Amount



Debt: Low to High



Source: Wisconsin Department of Revenue

**General Obligation Debt Per Capita, 2015**

County	G.O. Debt	County	G.O. Debt
Adams	\$459	Marathon	\$100
Ashland	35	Marinette	671
Barron	371	Marquette	817
Bayfield	301	Menominee	391
Brown	489	Milwaukee	631
Buffalo	124	Monroe	602
Burnett	237	Oconto	262
Calumet	244	Oneida	12
Chippewa	135	Outagamie	216
Clark	86	Ozaukee	366
Columbia	493	Pepin	68
Crawford	408	Pierce	181
Dane	651	Polk	256
Dodge	401	Portage	145
Door	402	Price	89
Douglas	710	Racine	312
Dunn	919	Richland	229
Eau Claire	699	Rock	291
Florence	531	Rusk	873
Fond du Lac	621	St. Croix	257
Forest	143	Sauk	324
Grant	93	Sawyer	100
Green	283	Shawano	83
Green Lake	943	Sheboygan	335
Iowa	132	Taylor	262
Iron	507	Trempealeau	1,142
Jackson	207	Vernon	196
Jefferson	195	Vilas	61
Juneau	506	Walworth	76
Kenosha	704	Washburn	284
Kewaunee	733	Washington	94
La Crosse	676	Waukesha	201
Lafayette	129	Waupaca	664
Langlade	93	Waushara	188
Lincoln	367	Winnebago	205
Manitowoc	275	Wood	206

Eau Claire 699

**Statewide Measures**

Average \$413 Median \$279

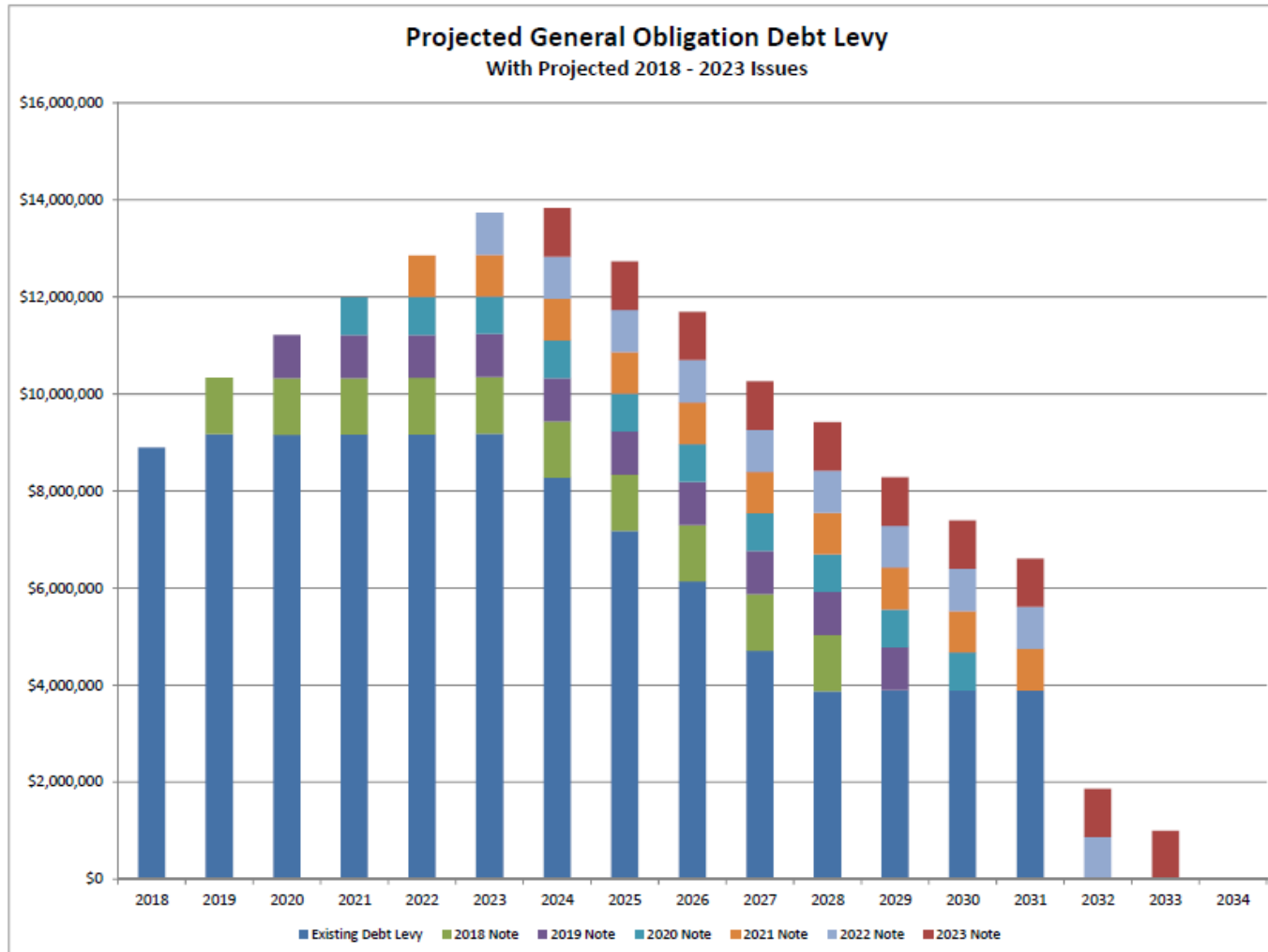
**\*\* Est % Increase in  
New Const. – 2%\*\***

# DEBT POLICY

	2019	2020	2021	2022	2023
Existing Debt Service	9,196,380	9,179,930	9,182,380	9,186,915	9,274,293
<b>FUTURE DEBT SERVICE</b>					
2018 Borrowing	1,128,562	1,128,562	1,128,562	1,128,562	1,128,562
2019 Borrowing		1,499,286	1,499,286	1,499,286	1,499,286
2020 Borrowing			776,788	776,788	776,788
2021 Borrowing				830,204	830,204
2022 Borrowing					841,344
2023 Borrowing					
<b>Total Est Debt Service Pmt</b>	<b>10,324,943</b>	<b>11,807,779</b>	<b>12,587,017</b>	<b>13,421,756</b>	<b>14,350,478</b>
<b>Est Operating Levy</b>	<b>22,380,622</b>	<b>23,848,234</b>	<b>24,325,199</b>	<b>24,811,703</b>	<b>25,307,937</b>
<b>Total County Levy</b>	<b>33,705,565</b>	<b>35,656,013</b>	<b>36,912,216</b>	<b>38,233,456</b>	<b>39,658,415</b>
<b>Debt Service Levy %</b>	<b>30.63</b>	<b>33.12</b>	<b>34.10</b>	<b>35.10</b>	<b>36.19</b>
<b>Current Year Borrowing</b>	<b>13,121,845</b>	<b>6,798,500</b>	<b>7,266,000</b>	<b>7,363,500</b>	<b>8,453,500</b>

# DEBT – BASED ON CAPITAL PLAN

For Discussion Only



# REVENUE SOURCE OPTIONS

## ■ Property Tax Realignment

- Internal adjustments to levy dollars will result in loss of other county services
- Levy funds for the Highway department are at the same now as they were in 1984
- Eau Claire County Highway has the lowest levy funding department in the region by road mile
- If realigned within Highway, road & bridge construction projects would take longer

## ■ Fund Balance Transfers

- Continuing to deplete General Fund Balance is not a viable long-term approach as it will negatively impact the County's bond rating score and decrease future cash flow options
  - Not a sustainable option—kicking the can down the road not planning for the future

## ■ Bonding/Borrowing

- County has transportation plan that relies completely on bonding for road & bridge improvements – Not a sustainable option
- Bonding amounts have gone from 6.8M in 2017 to 4.8M in 2018
- Eau Claire County has the highest bond issuance for highway improvements in the region making it the highest funding level per mile based on bonding



# REVENUE SOURCE OPTIONS CONTINUED...

## ■ Levy Referendum

- Increasing the Property Tax Levy would require a **binding levy referendum** approved by voters

## ■ Sales Tax

- Sales tax revenue be used for capital improvement

## ■ Local Vehicle Registration Fee

- Anticipated Revenue \$2,393,610 based on a \$30.00 user fee in Eau Claire County
  - Estimate based on 79787 vehicles registered within County
- DMV charges \$0.17/vehicle registration
- Most politically flexible option
- Requires 3 month implementation period (DMV)
- Provides an additional & reliable funding source
- Road users will pay more for using roads (direct correlation)
- Funds must be used for transportation

# CAPITAL PLAN - OPPORTUNITY COSTS

- We utilize capital debt for more than highway.
- Of the \$13 million requested for 2019, \$4.9 million is Highway.

	2019	2020	2021	2022	2023
<b>TOTALS:</b>	\$14,441,865	\$6,798,500	\$7,266,000	\$7,363,500	\$8,456,500
Estimated Annual Borrowing	\$13,124,845	\$6,798,500	\$7,266,000	\$7,363,500	\$8,456,500

- **Transitioning a portion (\$2.3 million) of highway to a source other than borrowing has a 10 year savings of \$3,827,850 in interest not paid, and issuance cost savings.**
  - \$2.3 million is based on \$30 vehicle registration fee.

# VEHICLE REGISTRATION FEE

PROVIDES AN ADDITIONAL & RELIABLE FUNDING SOURCE.

FAIREST RETURN OF THE TRANSPORTATION DOLLAR TO  
THE TRAVELING PUBLIC OF THOSE RESEARCHED.

HAS MINIMAL ADMINISTRATIVE EFFORT. (\$0.17/VEHICLE)

GOES DIRECTLY TO COUNTY CORE SERVICE.

STAYS IN THE LOCAL COMMUNITY/COUNTY.

NOT DILUTED BY OTHER DEMANDS AND COMPETITION FOR  
THE FUNDS.

RECOMMENDATION