



**Joint Committee Meeting:
Highway and Finance & Budget
June 06, 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...

Decision

Points

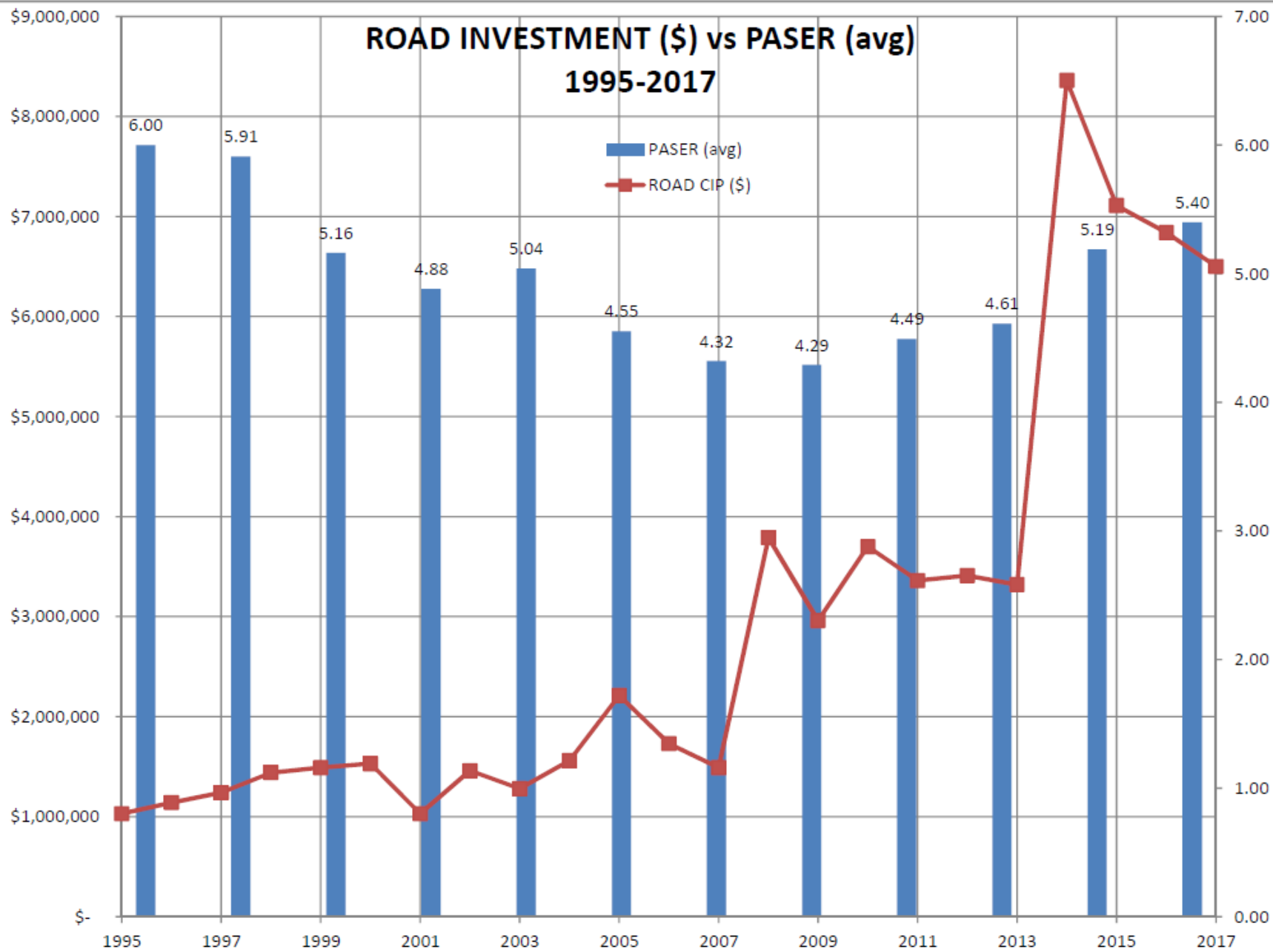
1. What is an acceptable PASER rating for Eau Claire County roads?
2. What is an acceptable investment into year over year investment?
3. What should be the source of funding?

PASER RATING

- Current average = 5.4.
- Capital Investment needed to retain 5.4 PASER rating is 4.9M.
- Current goal is an average of 6. Annual capital improvement to achieve this rating is 6.25M for 8-10 years depending.
- Shortfall of \$ 320,000 for maintenance.

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

ROAD INVESTMENT (\$) vs PASER (avg) 1995-2017



County Tax Levy & Bonding Comparison

County	Road Miles	Levy (millions)	LT Bonding	Debt Levy	Levy Funding per Road Mile	Total Funding per Road Mile
Pepin	155	\$ 1,120,000.00			\$ 7,225.81	\$ 7,225.81
Eau Claire	421	\$ 1,730,000.00	\$ 4,900,000.00		\$ 4,109.26	\$ 15,748.22
Trempealeau	292	\$ 1,900,000.00	\$ 800,000.00		\$ 6,506.85	\$ 9,246.58
Clark	301	\$ 2,090,000.00		\$ 800,000.00	\$ 6,943.52	\$ 9,601.33
Buffalo	318	\$ 2,420,000.00	\$ 1,500,000.00		\$ 7,610.06	\$ 12,327.04
Jackson	231	\$ 2,470,000.00			\$ 10,692.64	\$ 10,692.64
Taylor	248	\$ 2,520,000.00			\$ 10,161.29	\$ 10,161.29
Pierce	248	\$ 3,260,000.00			\$ 13,145.16	\$ 13,145.16
Chippewa	489	\$ 3,600,000.00			\$ 7,361.96	\$ 7,361.96
Dunn	425	\$ 5,100,000.00			\$ 12,000.00	\$ 12,000.00
St. Croix	350	\$ 5,830,000.00			\$ 16,657.14	\$ 16,657.14

WHAT THE DATA IS TELLING US

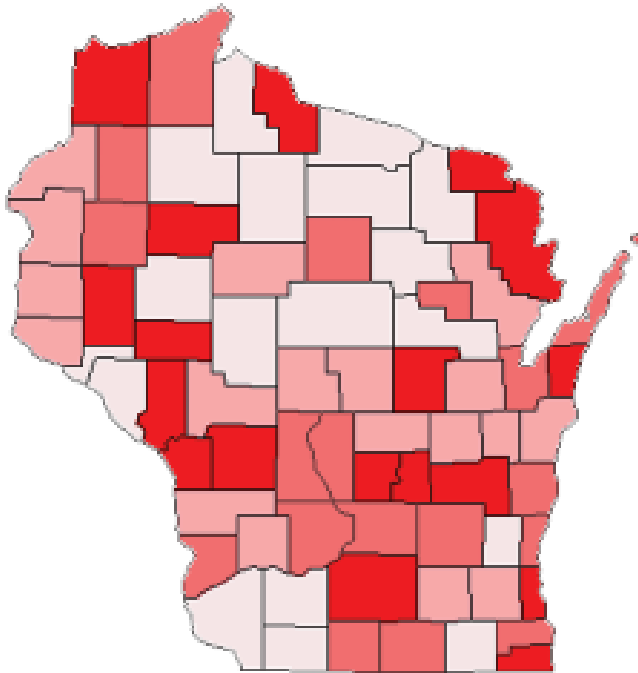
	Levy Funding per Road Mile	Total Funding per Road Mile
Mean	\$9,310.31	\$11,287.92
Median	\$7,610.06	\$10,692.64
ECC	\$4,109.26	\$15,748.22

- Other counties utilize significantly more levy (operational)

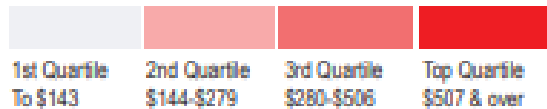
- **Issue statement: Current funding model is unsustainable for continued investment into highway infrastructure.**
- **Reliance on Debt**
 - Debt policy – 30%
 - Debt repayment schedule
 - Moody’s rating scale of debt: investment grade opinions of the relative credit risk of fixed-income obligations.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

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

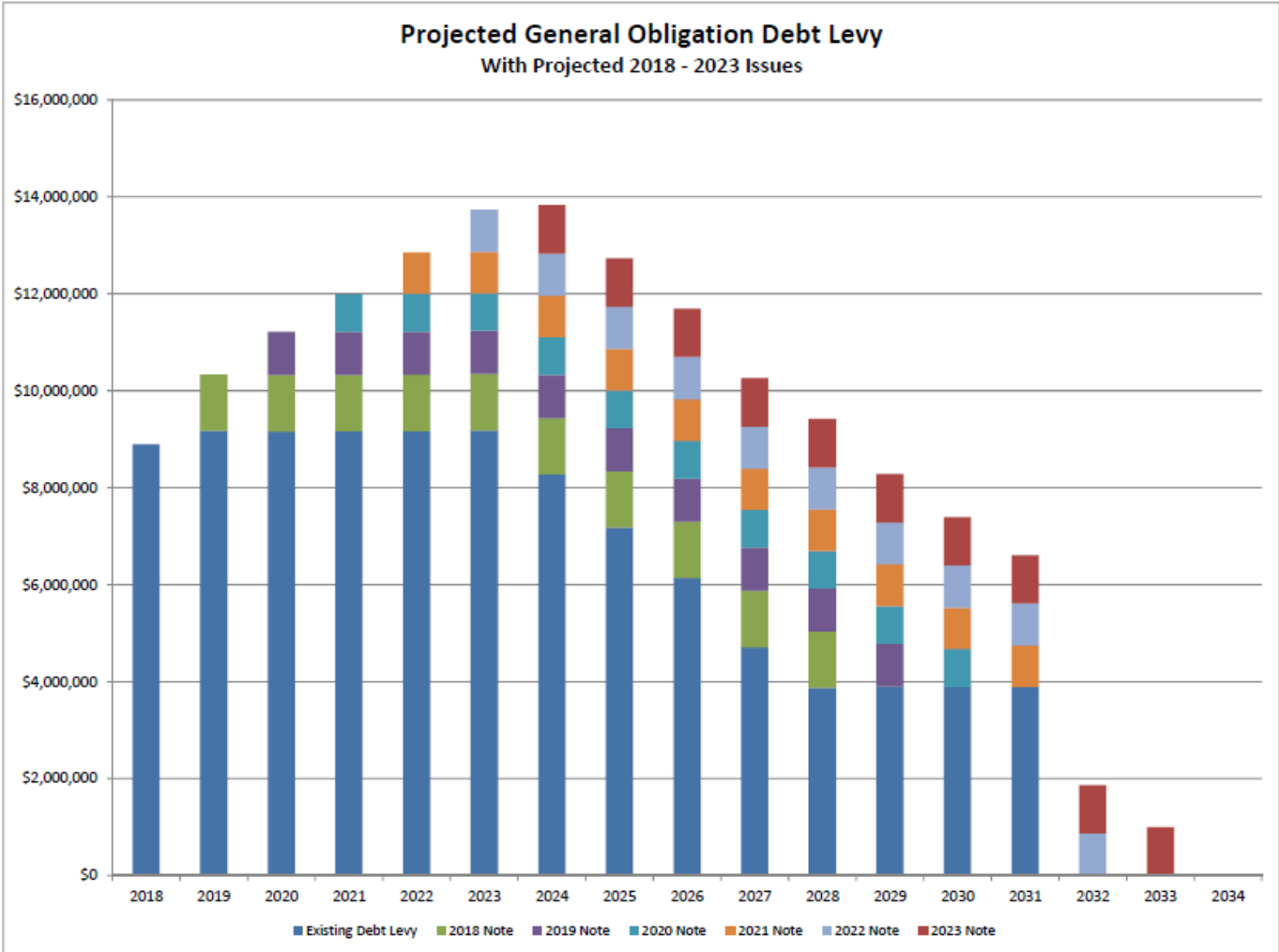
**** Est % Increase in
New Const. – 2%****

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
FUTURE DEBT SERVICE					
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					
Total Est Debt Service Pmt	10,324,943	11,807,779	12,587,017	13,421,756	14,350,478
Est Operating Levy	22,380,622	23,848,234	24,325,199	24,811,703	25,307,937
Total County Levy	33,705,565	35,656,013	36,912,216	38,233,456	39,658,415
Debt Service Levy %	30.63	33.12	34.10	35.10	36.19
Current Year Borrowing	13,121,845	6,798,500	7,266,000	7,363,500	8,453,500

DEBT – BASED ON CAPITAL PLAN

For Discussion Only



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

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
TOTALS:	\$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.

RECOMMENDATIONS