Transportation Utility Creation Feasibility Study

For

The City of Clintonville

November, 2020

Prepared by:

Ehlers
raSmith

Transportation Utility Creation Feasibility Study
Table of Contents

Transportation Utility Creation Feasibility Study

Introduction

The City of Clintonville hired the project team of Ehlers and raSmith in summer, 2020 to prepare a Feasibility Analysis for the possible creation of a Transportation Utility. The City of Clintonville has historically relied upon General Obligation (GO) debt issuance and grants to fund road reconstruction and resurfacing projects due to State imposed levy limits. In addition, the City has largely relied upon State transportation aids to fund transportation operations expenses, however these aids have not been sufficient to fund all operating expenses that the City should be doing on an annual basis.

In more recent years the City has been successful in securing grants to aid in funding larger street reconstruction projects. Unfortunately, the City has needed to become increasingly reliant upon grant funding and less reliant upon borrowing for road projects. This is partially because the City currently has a tax rate for debt of $3.77 per thousand of equalized value, and the City's overall property tax levy is largely allocated to paying existing debt. That tax rate is held down in 2020 by $125,000 of existing reserves. The City trying to keep its tax rate for debt at or below a rate of $2.00 per thousand in future years while still getting necessary infrastructure projects completed. While the City has been successful in obtaining grant funding, the City may not always qualify for grants in future years, nor is there any guarantee of success in obtaining grants to fund road projects. As a result of this, the City is considering the implementation of a transportation utility as a method of providing a sustainable funding mechanism for future road projects and operations expenses while charging customers for this service in an equitable fashion.

In addition to providing a sustainable funding mechanism, the City also recognizes that it is substantially behind in performing road reconstruction projects. The City is currently on a 150-year replacement cycle which is well beyond the lifespan of any roadway in the City. The creation of a transportation utility would allow the City to be on a 50-75 year cycle for road reconstruction, with moderate grant success.

This study is a feasibility study in that it is intended to provide the Common Council with enough information to consider if it wants to move forward with the creation of a transportation utility. The study is intended to educate the Council on what a transportation utility is, including their history in the United States and Wisconsin, what preliminary user rates would look like for City users under several possible creation scenarios, the legality of creating a transportation utility in Wisconsin, and next steps the City will need to consider if the Council desires to create a transportation utility in the City of Clintonville.

Transportation Utility Explanation and History

A transportation utility is a funding mechanism for a municipality's transportation system that essentially equates the transportation system to a utility similar to the City's water and sewer utilities. User rates are calculated for properties within the municipality based on a property's use of the

transportation system. The method to measure system usage can vary by municipality, but the method that appears to be the most legally defendable is Trip Generation as published by the Institute for Transportation Engineers (ITE).

Trip Generation is a method for measuring traffic volume based upon trip ends generated by different land use types. The ITE publishes a Trip Generation Manual that measures traffic generation by land use type for 1,000's of potential land uses. The Trip Generation method and manual is widely accepted by those municipalities that have transportation utilities as a reliable method for determining daily traffic generation by land use type. This method measures a property's use of the transportation system much the same way a water meter measures a utility customer's water consumption.

The concept of a transportation utility is relatively new in the United States and very new to Wisconsin. According to a 2019 Master's Thesis completed by Andrew Eveland (*Clintonville Road Maintenance and Transportation Utility Fee, A Master Thesis. Andrew Robert Eveland. November, 2019. Page, 16*), the first transportation utility in the United States was created in Fort Collins, Colorado in 1984 followed by LaGrange, Oregon. The use of transportation utilities has been more prevalent in in the western portion of the United States to date.

In the early 2000's in Wisconsin, the City of Oconomowoc and the Village of North Fond du Lac both attempted to create transportation utilities. Recently we are aware of the City of Neenah and the Town of Buchanan as having created transportation utilities in Wisconsin. In addition, the City of Janesville, the City of Oshkosh and Village of Pewaukee are currently studying this option.

Legal Authority Issues

Transportation Utilities do not have direct enabling legislation in Wisconsin. In June, 2020 the League of Wisconsin Municipalities published a legal opinion on the creation of transportation utilities. In that opinion they concluded that municipalities can rely on their broad Home Rule authority under State Statutes or the Wisconsin Constitution to create such utilities. A copy of the opinion is included with this report as a reference.

The use of Home Rule authority is what a number of municipalities relied upon in the 1990's to create stormwater utilities prior to legislation being drafted to allow for their creation. The use of Home Rule authority, while broad in nature, does not mean that a municipality would not face a challenge for the validity of creating a transportation utility. In fact, it is reasonable to suggest that the City may face a legal challenge on the overall validity of creating a transportation utility.

The League of Municipalities' opinion includes a number of items that municipalities need to consider so that the transportation utility is construed as a user fee and not a tax, and furthermore defensible against a possible legal challenge. These include:

1. Transportation utility fees need to be reasonably based on the costs of the services provided. (i.e. fees must be cost based)
2. Fee should be related to a property owner's use of the street system.
3. Avoid using the fee to pay for snow plowing or street sweeping.
4. Place fees collected in a separate enterprise fund, used only for street rehabilitation costs.

5. Collect the fees in the same manner as other utility charges.
6. Any credit policy adopted should avoid exempting tax-exempt properties so as to not be construed as a tax.
7. To the extent possible, have a process for allowing properties that demonstrate reduced use of system to qualify for a lower fee.

Study Methodology and Results

City staff wanted to calculate preliminary transportation utility user rates under two different budget scenarios as described in detail below. Both user rate scenarios were based on the concept of Trip Generation and the number of daily trips that are estimated to be generated within the City. For this exercise, raSmith relied upon City property assessment data and other City parcel data to identify property type and then assign trips based upon the weekday average trip rate for each parcel type as identified in the ITE Trip Generation Manual. All single-family residential parcels have a uniform number of 9.44 trips per day assigned to them per the ITE Trip Generation manual. Non-residential parcels have trips assigned based upon land use classification, related Trip Generation rates and a scale factor (e.g. building size, site size, etc.). For the purpose of this feasibility analysis, raSmith has entered Trip Generation rates and developed a preliminary estimate of all daily Trips for all parcels within the City. The Trip Generation database for the City will continue to be refined if the City moves forward to create a Transportation Utility. The results of the Trip Generation analysis are shown on Table 1 and graphically below.

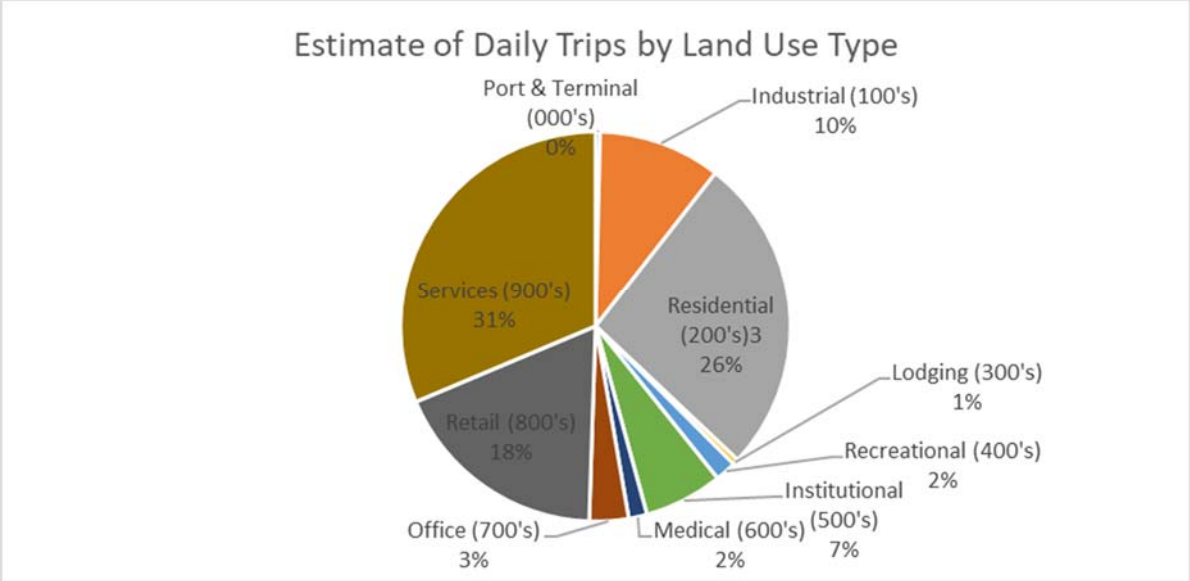


Table 1
Transportation Utility Breakdown of TRIPs by Land Use Category
City of Clintonville, WI

	Trip and Cost Breakdown by ITE Categories	
ITE Categories	**No. of Properties**	**No. of Trips (Daily**
Port & Terminal (000's)	3	275
Industrial (100's)	49	7,486
Residential (200's)[3]	1,692	19,485
Lodging (300's)	3	350
Recreational (400's)	22	1,286
Institutional (500's)	23	4,796
Medical (600's)	6	1,118
Office (700's)	41	2,388
Retail (800's)	34	13,353
Services (900's)	44	23,065
VAC/UTIL Properties	271	
Totals:	2,188	73,603

Notes:
1. Source: Trip generation database developed by RA Smith.
2. Number of Trips per land use category developed through property analysis completed by raSmith using the Institute of Traffic Engineers (ITA) Trip Generation Manual.
3. Residential class includes single-family, multi-family, and mobile-home park customers.

The two scenarios that City staff desired to have user rates developed for are summarized below. Both scenarios forecast preliminary estimated capital and operating costs through the year 2027.

	Capital Funding		Operations Funding			
Scenario 1	Transportation Utility	Grant Funding	Hard Costs	Management	Labor	Addtl Street Maint
Scenario 2	Transportation Utility	Grant Funding	Hard Costs	Management		

The scenarios generally revolve around whether the City funds 100% of transportation operations expenses through the Utility. Both scenarios assume the City will continue to be successful in securing grant funding for street reconstruction projects in future years. Under both scenarios, it is the plan that the City would cash fund street capital improvement projects through the Transportation Utility. The two capital improvement scenarios for analysis are shown in Tables 2 and 3.

Table 2
Transportation Utility Capital Improvement Plan - Scenario 1
City of Clintonville, WI

Projects	2021	2022	2023	2024	2025	2026	2027	Totals
W 14th Reconstruction - (13th to N. 12th)	217,903							217,903
W 13th Reconstruction - (N. 12th to end)	473,179							473,179
Paulina - (West side)	172,012							172,012
Shaw - (entire)	187,714							187,714
Bucholtz (b/w Shaw and Paulina)	11,924							11,924
E Madison - (Auto to E Mazie) LRIP program CO grant	65,000							65,000
16th Reconstruction - (Anne to Garfield) Section 1								0
Engineering (Design)		24,273						24,273
Engineering (Bid, CRS, inspect.) + Construction			308,672					308,672
16th Street - (Main to Ann) Section 2								0
Engineering (Design)		11,749						11,749
Engineering (Bid, CRS, inspect.) + Construction			149,416					149,416
Harriet Reconstruction - (Green Tree to 20th)								0
Engineering (Design)		22,241						22,241
Engineering (Bid, CRS, inspect.) + Construction			282,467					282,467
2023 Project Contingency			37,000					37,000
Dodge street LRIP CO grant		50,000						50,000
Memorial Circle (LRIP)				100,000				100,000
West St. (8th to Ruth)								0
Engineering (Design)				44,517				44,517
Engineering (Bid, CRS, inspect.) + Construction					566,111			566,111
S Clinton - (8th to Stewart)								0
Engineering (Design)				33,409				33,409
Engineering (Bid, CRS, inspect.) + Construction					424,840			424,840
7th Street - (Main to Lyons) LRIP program CO grant						100,000		100,000
Torrey St (N 12th to N Clinton Ave)								0
Engineering (Design)						41,635		41,635
Engineering (Bid, CRS, inspect.) + Construction							529,447	529,447
16th Street (Garfield Ave to Robert St)								0
Engineering (Design)						28,910		28,910
Engineering (Bid, CRS, inspect.) + Construction							367,638	367,638
Transportation Utility Study	25,000							25,000
Actual CIP Costs	**1,152,732**	**108,263**	**777,555**	**177,926**	**990,951**	**170,545**	**897,085**	**4,275,057**

Sources of Funding								
CDBG Grant	748,223	0	0	0	0	0	0	748,223
LRIP Grant	22,446							
User Fees	382,063	108,263	777,555	177,926	990,951	170,545	897,085	3,504,388
Total	**1,152,732**	**108,263**	**777,555**	**177,926**	**990,951**	**170,545**	**897,085**	**4,252,611**

Notes:
1. Source: City of Clintonville, July 2020.

Table 3
Transportation Utility Capital Improvement Plan - Scenario 2 (Addtl Grant Funding)
City of Clintonville, WI

Projects	2021	2022	2023	2024	2025	2026	2027	Totals
W 14th Reconstruction - (13th to N. 12th)	217,903							*217,903*
W 13th Reconstruction - (N. 12th to end)	473,179							*473,179*
Paulina - (West side)	172,012							*172,012*
Shaw - (entire)	187,714							*187,714*
Bucholtz (b/w Shaw and Paulina)	11,924							*11,924*
E Madison - (Auto to E Mazie) LRIP program CO grant	65,000							*65,000*
16th Reconstruction - (Anne to Garfield) Section 1								*0*
Engineering (Design)		24,273						*24,273*
Engineering (Bid, CRS, inspect.) + Construction			308,672					*308,672*
16th Street - (Main to Ann) Section 2								*0*
Engineering (Design)		11,749						*11,749*
Engineering (Bid, CRS, inspect.) + Construction			149,416					*149,416*
Harriet Reconstruction - (Green Tree to 20th)								*0*
Engineering (Design)		22,241						*22,241*
Engineering (Bid, CRS, inspect.) + Construction			282,467					*282,467*
2023 Project Contingency			37,000					*37,000*
Dodge street LRIP CO grant		50,000						*50,000*
Memorial Circle (LRIP)				100,000				*100,000*
West St. (8th to Ruth)								*0*
Engineering (Design)				44,517				*44,517*
Engineering (Bid, CRS, inspect.) + Construction					566,111			*566,111*
S Clinton - (8th to Stewart)								*0*
Engineering (Design)				33,409				*33,409*
Engineering (Bid, CRS, inspect.) + Construction					424,840			*424,840*
Road Resurfacing TBD					550,000	220,000	750,000	*1,520,000*
7th Street - (Main to Lyons) LRIP program CO grant						100,000		*100,000*
Torrey St (N 12th to N Clinton Ave)								*0*
Engineering (Design)						41,635		*41,635*
Engineering (Bid, CRS, inspect.) + Construction							529,447	*529,447*
16th Street (Garfield Ave to Robert St)								*0*
Engineering (Design)						28,910		*28,910*
Engineering (Bid, CRS, inspect.) + Construction							367,638	*367,638*
Transportation Utility Study	25,000							*25,000*
Actual CIP Costs	**1,152,732**	**108,263**	**777,555**	**177,926**	**1,540,951**	**390,545**	**1,647,085**	**5,795,057**

Sources of Funding								
CDBG Grant	748,223	0	0	0	870,000	0	800,000	*2,418,223*
LRIP Grant	22,446							*22,446*
User Fees	382,063	108,263	777,555	177,926	670,951	390,545	847,085	*3,354,388*
Total	**1,152,732**	**108,263**	**777,555**	**177,926**	**1,540,951**	**390,545**	**1,647,085**	**5,795,057**

Notes:
1. Source: City of Clintonville, July 2020.

Additional road project costs, assuming additional grant dollars are obtained.

The preliminary operating budgets are shown in Tables 4-5. Table 4 shows the preliminary operating budget for scenario 1, which assumes the City proceeds with funding all transportation operations expenses through the utility, including all hard costs such as billing services, street repair and maintenance expenses, management expenses, and labor expenses. The City may also incur some additional street maintenance costs in the later years of the planning period. The additional street maintenance costs would coincide with additional grant funding capital, in that the City would do additional street maintenance work in the years where grant money is received, and the City is undertaking additional street projects. These costs would be partially offset with transportation aids received and other miscellaneous revenue.

Table 5 shows the operating costs for budget scenario 2 which assumes the City would partially fund the transportation operations expenses of the City through the utility and keep the remaining portion on the tax levy. Under this scenario the labor, rent and miscellaneous costs shown in scenario 1 would remain on the tax levy. The applicable portion of transportation aids would also remain with the General Fund under this scenario.

Table 4
Transportation Utility Operating Budget - Scenario 1 (All In Costs)
City of Clintonville, WI

Line Item	2021	2022	2023	2024	2025	2026	2027	7-Year Average
Billing Services	15,000	8,500	8,670	8,843	9,020	9,201	9,477	9,816
Management (Asst. City Admin/PW Manager)	21,000	21,420	21,848	22,285	22,731	23,186	23,649	22,303
Street Maintenance (crack filling/seal coating)	75,000	76,500	78,030	79,591	81,182	82,806	84,462	79,653
Additional Street Maintenance with Grants	0	0	0	0	50,000	50,000	50,000	21,429
Street Repair (potholes, minor road repairs, curb/gutter)	70,000	71,400	72,828	74,285	75,770	77,286	78,831	74,343
Labor Costs (S&B)	201,612	205,644	209,757	213,952	218,231	222,596	227,048	214,120
Rent (to cover overhead costs and building space)	12,100	12,342	12,589	12,841	13,097	13,359	13,627	12,851
Misc. Op. Exp. (Fuel, supplies, insurance, equip. repairs, etc.)	20,000	20,400	20,808	21,224	21,649	22,082	22,523	21,241
Contingency	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000
Subtotal Operating Budget	**507,712**	**509,206**	**517,530**	**526,021**	**584,681**	**593,515**	**602,617**	**548,755**
Less: Transportation Aids (partial)	(201,612)	(205,644)	(209,757)	(213,952)	(218,231)	(222,596)	(227,048)	(214,120)
Less: Miscellaneous Revenues	(11,000)	(11,220)	(11,444)	(11,673)	(11,907)	(12,145)	(12,388)	(11,682)
Total Operating Budget Funded by User Rates	**295,100**	**292,342**	**296,329**	**300,395**	**354,543**	**358,774**	**363,182**	**322,952**

Additional street maintenance costs anticipated to occur in years where the City receives additional CDBG grant dollars and does additional capital work.

Notes:
1. Source: City of Clintonville City Administrator.

Table 5
Transportation Utility Operating Budget - Scenario 2 (Hard Costs & Management Only)
City of Clintonville, WI

Line Item	2021	2022	2023	2024	2025	2026	2027	7-Year Average
Billing Services	15,000	8,500	8,670	8,843	9,020	9,201	9,477	9,816
Management (Asst. City Admin/PW Manager)	10,000	10,200	10,404	10,612	10,824	11,041	11,262	10,620
Street Maintenance (crack filling/seal coating)	75,000	76,500	78,030	79,591	81,182	82,806	84,462	79,653
Street Repair (potholes, minor road repairs, curb/gutter)	70,000	71,400	72,828	74,285	75,770	77,286	78,831	74,343
Contingency	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Subtotal Operating Budget	**240,000**	**236,600**	**239,932**	**243,331**	**246,797**	**250,333**	**254,032**	**244,432**
Less: Transportation Aids (partial)	(50,000)	(52,500)	(55,125)	(57,881)	(60,775)	(63,814)	(67,005)	(58,157)
Less: Miscellaneous Revenues	(11,000)	(11,220)	(11,444)	(11,673)	(11,907)	(12,145)	(12,388)	(11,682)
Total Operating Budget Funded by User Rates	**179,000**	**172,880**	**173,363**	**173,776**	**174,115**	**174,374**	**174,639**	**174,592**

Notes:
1. Source: City of Clintonville City Administrator.

The revenue requirements for the two scenarios are shown on Table 6. The revenue requirement is simply defined as the amount of revenue that is needed to be generated through user rates. The revenue requirements for the two scenarios is allocated between a fixed customer charge component and a Trip Generation component, which is used for the calculation of the preliminary user rates shown on Table 7.

The preliminary user rate calculations for each scenario shown on Table 7 are broken down into two components: a fixed charge per customer and a Trip Rate that can then be applied to each land use type to calculate the annual utility charge. The costs allocated to the fixed customer charge are divided by the number of estimated customers to arrive at the annual fixed charge per customer. The costs allocated to Trip Generation are divided by estimated number of Trips shown on Table 1 for a rate per Trip. Table 8 shows the revenue check for each scenario to ensure that the user rates were calculated properly. Table 9 shows the summary of the preliminary user rates and charges by scenario (annual and monthly) for different sample property types.

Table 6
Transportation Utility Revenue Requirements by Scenario
City of Clintonville, WI

Scenario 1: All In

Line Item	Test Year Budget 2021	% Allocation to Function Fixed	% Allocation to Function Trip	$ Allocation to Function Fixed	$ Allocation to Function Trip
Billing Services	9,816	100%	0%	9,816	0
Management (Asst. City Admin/PW Manager)	22,303	100%	0%	22,303	0
Street Maintenance (crack filling/seal coating)	79,653	0%	100%	0	79,653
Additional Street Maintenance with Grants	21,429	0%	100%	0	21,429
Street Repair (potholes, minor road repairs, curb/gutter)	74,343	0%	100%	0	74,343
Labor Costs (S&B)	214,120	0%	100%	0	214,120
Rent (to cover overhead costs and building space)	12,851	100%	0%	12,851	0
Misc. Op. Exp. (Fuel, supplies, insurance, equip. repairs, etc.)	21,241	100%	0%	21,241	0
Contingency	23,250	100%	0%	23,250	0
Subtotal Operating Budget	**479,005**	**19%**	**81%**	**89,460**	**389,545**
Cash Funded Capital Improvement Projects (2021-2027 Avg)	**475,000**	**0%**	**100%**	**0**	**475,000**
Capital Contingency	**69,750**	**100%**	**0%**	**69,750**	**0**
Less:					
Transportation Aids	(214,120)	0%	100%	0	(214,120)
Miscellaneous Revenues	(11,682)	0%	100%	0	(11,682)
Total Scenario 1 Revenue Requirements	**797,952**	**20%**	**80%**	**159,210**	**638,742**

Scenario 2: Hard Costs & Management Only

Line Item	Test Year Budget 2021	% Allocation to Function Fixed	% Allocation to Function Trip	$ Allocation to Function Fixed	$ Allocation to Function Trip
Billing Services	15,000	100%	0%	15,000	0
Management (Asst. City Admin/PW Manager)	10,000	100%	0%	10,000	0
Street Maintenance (crack filling/seal coating)	75,000	0%	100%	0	75,000
Street Repair (potholes, minor road repairs, curb/gutter)	70,000	0%	100%	0	70,000
Contingency	17,500	100%	0%	17,500	0
Subtotal Operating Budget	**187,500**	**23%**	**77%**	**42,500**	**145,000**
Cash Funded Capital Improvement Projects (2021-2027 Avg)	**495,000**	**0%**	**100%**	**0**	**495,000**
Capital Contingency	**52,500**	**100%**	**0%**	**52,500**	**0**
Less:					
Transportation Aids	(58,157)	0%	100%	0	(58,157)
Miscellaneous Revenues	(11,682)	0%	100%	0	(11,682)
Total Scenario 2 Revenue Requirements	**665,160**	**14%**	**86%**	**95,000**	**570,160**

Table 7
Transportation Utility Rate Calculations by Scenario
City of Clintonville, WI

Scenario 1

Calculation of Fixed Charge	
Costs Allocated to Fixed Charge	$159,210
Customers	2,188
Annual Fixed Charge	$72.77

Calculation of Trip Charge	
Costs Allocated to Trip Charge	$638,742
Trips (Daily)	73,603
Cost per Trip (Annual)	$8.68

Scenario 2

Calculation of Fixed Charge	
Costs Allocated to Fixed Charge	$95,000
Customers	2,188
Annual Fixed Charge	$43.42

Calculation of Trip Charge	
Costs Allocated to Trip Charge	$570,160
Trips (Annual)	73,603
Cost per Trip (Annual)	$7.75

Table 8
Transportation Utility User Rate Revenue Check by Scenario
City of Clintonville, WI

Scenario 1

	Trip and Cost Breakdown by ITE Categories				
			Annual Charges		
ITE Categories	No. of Properties	No. of Trips (Daily)	Fixed	Rate	Total
Port & Terminal (000's)	3	275	$ 72.77	$ 8.678	$ 2,605
Industrial (100's)	49	7,486	$ 72.77	$ 8.678	$ 68,530
Residential (200's)	1,692	19,485	$ 72.77	$ 8.678	$ 292,215
Lodging (300's)	3	350	$ 72.77	$ 8.678	$ 3,255
Recreational (400's)	22	1,286	$ 72.77	$ 8.678	$ 12,763
Institutional (500's)	23	4,796	$ 72.77	$ 8.678	$ 43,292
Medical (600's)	6	1,118	$ 72.77	$ 8.678	$ 10,142
Office (700's)	41	2,388	$ 72.77	$ 8.678	$ 23,708
Retail (800's)	34	13,353	$ 72.77	$ 8.678	$ 118,358
Services (900's)	44	23,065	$ 72.77	$ 8.678	$ 203,365
VAC/UTIL Properties	271	-	$ 72.77	$ 8.678	$ 19,719
Totals:	2,188	73,603	800	95	$ 797,952

Total Revenue Requirement 797,952

Revenue Check -

Scenario 2

	Trip and Cost Breakdown by ITE Categories				
			Annual Charges		
ITE Categories	No. of Properties	No. of Trips (Daily)	Fixed	Rate	Total
Port & Terminal (000's)	3	275	$ 43.42	$ 7.746	$ 2,261
Industrial (100's)	49	7,486	$ 43.42	$ 7.746	$ 60,117
Residential (200's)	1,692	19,485	$ 43.42	$ 7.746	$ 224,404
Lodging (300's)	3	350	$ 43.42	$ 7.746	$ 2,841
Recreational (400's)	22	1,286	$ 43.42	$ 7.746	$ 10,919
Institutional (500's)	23	4,796	$ 43.42	$ 7.746	$ 38,149
Medical (600's)	6	1,118	$ 43.42	$ 7.746	$ 8,924
Office (700's)	41	2,388	$ 43.42	$ 7.746	$ 20,279
Retail (800's)	34	13,353	$ 43.42	$ 7.746	$ 104,917
Services (900's)	44	23,065	$ 43.42	$ 7.746	$ 180,582
VAC/UTIL Properties	271	-	$ 43.42	$ 7.746	$ 11,766
Totals:	2,188	73,603	478		665,160

Total Revenue Requirement 665,160

Revenue Check -

Table 9
Transportation Utility Summary of User Rates by Scenario
City of Clintonville, WI

Proposed Charges by Scenario for a Single-Family Home

	Annual Fixed Charge	Annual Trip Rate	Trips/Day	Annual Utility Charge	Monthly Utility Charge
Scenario 1	$72.77	$8.68	9.44	$154.69	$12.89
Scenario 2	$43.42	$7.75	9.44	$116.54	$9.71

Proposed Charges by Scenario for a Small Commercial Office Building

	Annual Fixed Charge	Annual Trip Rate	Trips/Day	Annual Utility Charge	Monthly Utility Charge
Scenario 1	$72.77	$8.68	16.19	$213.26	$17.77
Scenario 2	$43.42	$7.75	16.19	$168.83	$14.07

Proposed Charges by Scenario for Manufacturing Building

	Annual Fixed Charge	Annual Trip Rate	Trips/Day*	Annual Utility Charge	Monthly Utility Charge
Scenario 1	$72.77	$8.68	191.64	$1,735.85	$144.65
Scenario 2	$43.42	$7.75	191.64	$1,527.93	$127.33

*Based on a 10,000 square foot manufacturing facility.

Long Term Debt Analysis

As part of this study, future debt issuance scenarios were prepared to examine the amount of General Obligation (GO) borrowing estimated through future years with and without a transportation utility. The purpose of the analysis was to 1) examine the future tax rate for debt with and without the creation of a transportation utility; 2) examine the estimated amount of road and non-road projects that could be completed with and without the creation of a transportation utility; and 3) examine the impact of the potential borrowing scenarios on overall available GO debt capacity.

The City historically has borrowed once every three years for capital improvement projects. In addition, the City has historically amortized non-road debt issuances over a 6-year period. All four scenarios assume the City will continue both practices in the future, with the exception of a larger borrowing in scenario C planned for in 2022.

Scenario A assumes a transportation utility is not created. Under this scenario the City would continue to be reliant on Community Development Block Grant (CDBG) funding in order to complete major road projects. City staff believes this is the most realistic borrowing scenario if the Common Council does not proceed with the creation of a transportation utility. The projected debt sizing is shown in Table 10, and the estimated total principal and interest payments for this debt is summarized on Table 11. Table 12

shows the projected tax rate impact of the City's existing debt and projected debt issued for scenario A, and Table 13 shows the GO debt capacity analysis for the projected debt issued in scenario A.

Table 10
Transportation Utility - Borrowing Scenario A
No Transportation Utility
(City Receives CDBG Grants for Roads)

City of Clintonville, WI

	2021-2023 Projects	2024-2026 Projects
	2021 G.O. Notes	2024 G.O. Notes
Road Projects	2,035,050	1,339,422
Other City Projects	3,913,436	2,200,075
Less:		
CDBG Grant Funding	(2,000,000)	(1,000,000)
Other Funding	(1,948,187)	(1,039,497)
Net Borrowing Needs		
Roads	664,783	546,661
Other City Projects	1,335,516	953,339
Totals	2,000,299	1,500,000
Estimated Issuance Expenses	61,600	54,100
TOTAL TO BE FINANCED	2,061,899	1,554,100
Estimated Interest Earnings	0	
Rounding	3,101	900
NET ISSUE SIZE	2,065,000	1,555,000

Table 11
2021-2024 Issuances Projected
Total Debt Service - (Borrowing Scenario A)

City of Clintonville, WI

Year Ending	2021-2024 Debt Issuances Projected Principal & Interest		
	Principal	Interest	Total
2020	0	0	0
2021	0	0	0
2022	300,000	27,975	327,975
2023	315,000	15,711	330,711
2024	340,000	12,843	352,843
2025	375,000	44,384	419,384
2026	410,000	28,813	438,813
2027	605,000	23,053	628,053
2028	370,000	16,713	386,713
2029	450,000	10,655	460,655
2030	455,000	3,640	458,640
Total	3,620,000	183,785	3,803,785

Table 12
Financing Plan Tax Impact Scenario A
City of Clintonville, WI

Year Ending	Existing Debt: Net Tax Levy	Existing Debt: Equalized Value (TID OUT)	Existing Debt: Tax Rate Per $1,000	Proposed Debt: Scenario A 3,620,000 2021 & 2024 Issues Total Principal and Interest	Proposed Debt: Levy and Tax Rate: Total Net Debt Service Levy	Proposed Debt: Levy and Tax Rate: Total Tax Rate for Debt Service	Proposed Debt: Levy and Tax Rate: Levy Change from Prior Year	Proposed Debt: Levy and Tax Rate: Annual Taxes $100,000 Home	Year Ending
2020	875,357	232,337,100	$3.77	0	875,357	$3.77		$377	2020
2021	979,900	242,049,311	$4.05	0	979,900	$4.05	104,543	$405	2021
2022	780,434	252,167,514	$3.09	327,975	1,108,409	$4.40	128,509	$440	2022
2023	767,664	262,708,680	$2.92	330,711	1,098,376	$4.18	(10,034)	$418	2023
2024	750,270	273,690,491	$2.74	352,843	1,103,112	$4.03	4,737	$403	2024
2025	670,346	285,131,366	$2.35	419,384	1,089,730	$3.82	(13,383)	$382	2025
2026	661,266	297,050,495	$2.23	438,813	1,100,078	$3.70	10,348	$370	2026
Total	6,849,314								Total

Table 13
General Obligation Debt Capacity Analysis - Scenario A
City of Clintonville, WI

Existing Debt					Proposed Debt					
Year Ending	Projected Equalized Value (TID IN)	Debt Limit	Existing Principal Outstanding	% of Limit	2021 G.O. Notes	2024 G.O. Notes	Combined Principal Existing & Proposed	% of Limit	Residual Capacity	Year Ending
2019	234,782,100	11,739,105	6,265,846	**53%**			$6,265,846	**53%**	$5,473,259	2019
2020	236,819,131	11,840,957	5,395,594	**46%**			$5,395,594	**46%**	$6,445,363	2020
2021	238,873,836	11,943,692	4,528,217	**38%**	2,065,000		$6,593,217	**55%**	$5,350,475	2021
2022	240,946,368	12,047,318	3,843,539	**32%**	1,765,000		$5,608,539	**47%**	$6,438,780	2022
2023	243,036,882	12,151,844	3,156,611	**26%**	1,450,000		$4,606,611	**38%**	$7,545,233	2023
2024	245,145,533	12,257,277	2,460,819	**20%**	1,110,000	1,555,000	$5,125,819	**42%**	$7,131,458	2024
2025	247,272,480	12,363,624	1,857,517	**15%**	765,000	1,525,000	$4,147,517	**34%**	$8,216,107	2025
2026	249,417,881	12,470,894	1,246,608	**10%**	385,000	1,495,000	$3,126,608	**25%**	$9,344,286	2026
2027	251,581,896	12,579,095	843,035	**7%**	0	1,275,000	$2,118,035	**17%**	$10,461,060	2027
2028	253,764,687	12,688,234	431,681	**3%**	0	905,000	$1,336,681	**11%**	$11,351,553	2028
2029	255,966,416	12,798,321	352,403	**3%**	0	455,000	$807,403	**6%**	$11,990,918	2029
2030	258,187,247	12,909,362	270,179	**2%**	0	0	$270,179	**2%**	$12,639,184	2030

Scenario B also assumes that the City does not create a transportation utility but unfortunately is not successful in obtaining future CDBG funding for road projects. Under this scenario the City would complete far less road improvement projects compared to scenario A. The projected debt sizings from 2021-2026 are shown on Table 14 with the debt schedule, tax rate impact analysis and GO capacity analysis for this scenario shown on Tables 15-17.

Table 14
Transportation Utility - Borrowing Scenario B
No Transportation Utility
(City Receives NO CDBG Grants for Roads)

City of Clintonville, WI

	2021-2023 Projects	2024-2026 Projects
	2021 G.O. Notes	2024 G.O. Notes
Road Projects	257,495	348,471
Other City Projects	3,690,991	2,191,026
Less:		
CDBG Grant Funding	0	0
Other Funding	(1,948,187)	(1,039,497)
Net Borrowing Needs		
Roads	257,495	348,471
Other City Projects	1,742,804	1,151,529
Totals	2,000,299	1,500,000
Estimated Issuance Expenses	61,500	52,400
TOTAL TO BE FINANCED	2,061,799	1,552,400
Estimated Interest Earnings	0	
Rounding	3,201	2,600
NET ISSUE SIZE	2,065,000	1,555,000

Table 15
2021-2024 Issuances Projected
Total Debt Service - (Borrowing Scenario B)

City of Clintonville, WI

Year Ending	2021-2024 Debt Issuances Projected Principal & Interest		
	Principal	Interest	Total
2020	0	0	0
2021	0	0	0
2022	290,000	28,263	318,263
2023	300,000	16,020	316,020
2024	320,000	13,305	333,305
2025	395,000	44,730	439,730
2026	460,000	28,626	488,626
2027	555,000	22,998	577,998
2028	335,000	17,389	352,389
2029	480,000	11,360	491,360
2030	485,000	3,880	488,880
Total	3,620,000	186,570	3,806,570

Table 16
Financing Plan Tax Impact Scenario B

City of Clintonville, WI

Year Ending	Existing Debt: Net Tax Levy	Existing Debt: Equalized Value (TID OUT)	Existing Debt: Tax Rate Per $1,000	Proposed Debt: Scenario B 4,215,000 2021 & 2024 Issues Total Principal and Interest	Proposed Debt: Levy and Tax Rate: Total Net Debt Service Levy	Total Tax Rate for Debt Service	Levy Change from Prior Year	Annual Taxes $100,000 Home	Year Ending
2020	875,357	232,337,100	$3.77	0	875,357	$3.77		$377	2020
2021	979,900	242,049,311	$4.05	0	979,900	$4.05	104,543	$405	2021
2022	780,434	252,167,514	$3.09	318,263	1,098,697	$4.36	118,797	$436	2022
2023	767,664	262,708,680	$2.92	316,020	1,083,684	$4.13	(15,012)	$413	2023
2024	750,270	273,690,491	$2.74	333,305	1,083,575	$3.96	(109)	$396	2024
2025	670,346	285,131,366	$2.35	439,730	1,110,076	$3.89	26,501	$389	2025
2026	661,266	297,050,495	$2.23	488,626	1,149,892	$3.87	39,816	$387	2026
Total	6,849,314			3,806,570					Total

Table 17
General Obligation Debt Capacity Analysis - Scenario B
City of Clintonville, WI

Existing Debt					Proposed Debt					
Year Ending	Projected Equalized Value (TID IN)	Debt Limit	Existing Principal Outstanding	% of Limit	2021 G.O. Notes	2024 G.O. Notes	Combined Principal Existing & Proposed	% of Limit	Residual Capacity	Year Ending
2019	234,782,100	11,739,105	6,265,846	**53%**			$6,265,846	**53%**	$5,473,259	2019
2020	236,819,131	11,840,957	5,395,594	**46%**			$5,395,594	**46%**	$6,445,363	2020
2021	238,873,836	11,943,692	4,528,217	**38%**	2,065,000		$6,593,217	**55%**	$5,350,475	2021
2022	240,946,368	12,047,318	3,843,539	**32%**	1,775,000		$5,618,539	**47%**	$6,428,780	2022
2023	243,036,882	12,151,844	3,156,611	**26%**	1,475,000		$4,631,611	**38%**	$7,520,233	2023
2024	245,145,533	12,257,277	2,460,819	**20%**	1,155,000	1,555,000	$5,170,819	**42%**	$7,086,458	2024
2025	247,272,480	12,363,624	1,857,517	**15%**	845,000	1,470,000	$4,172,517	**34%**	$8,191,107	2025
2026	249,417,881	12,470,894	1,246,608	**10%**	470,000	1,385,000	$3,101,608	**25%**	$9,369,286	2026
2027	251,581,896	12,579,095	843,035	**7%**	0	1,300,000	$2,143,035	**17%**	$10,436,060	2027
2028	253,764,687	12,688,234	431,681	**3%**	0	965,000	$1,396,681	**11%**	$11,291,553	2028
2029	255,966,416	12,798,321	352,403	**3%**	0	485,000	$837,403	**7%**	$11,960,918	2029
2030	258,187,247	12,909,362	270,179	**2%**	0	0	$270,179	**2%**	$12,639,184	2030

Scenario C assumes the City would move forward with the creation of a transportation utility. Under this scenario the transportation utility (less any portion funded via grants) would cash fund the projected future road reconstruction projects and the City would need to borrow for the projected non-road project capital items. Scenario C assumes the City is successful in obtaining future CDBG grant funding. The debt sizing, debt schedule, tax rate impact analysis and GO debt capacity analysis for scenario C are shown on Tables 18-21.

Table 18
Transportation Utility - Borrowing Scenario C
Transportation Utility
(City Receives CDBG Grants for Roads)

City of Clintonville, WI

	2021 G.O. Notes	2022 G.O. Bonds	2024 G.O. Notes
Road Projects	2,013,550		2,109,422
Other City Projects	4,786,635	1,890,976	2,186,931
Less:			
CDBG Grant Funding	(2,000,000)		(1,000,000)
TUD Funding	(1,206,104)		(1,109,422)
Other Funding	(2,085,057)		(1,086,932)
Net Borrowing Needs			
Roads	0		0
Other City Projects	1,509,024	1,890,976	1,099,999
Totals	1,509,024	1,890,976	1,099,999
Estimated Issuance Expenses	56,650	60,100	44,900
TOTAL TO BE FINANCED	1,565,674	1,951,076	1,144,899
Estimated Interest Earnings			
Rounding	4,326	3,924	101
NET ISSUE SIZE	1,570,000	1,955,000	1,145,000

Table 19
2021-2024 Issuances Projected
Total Debt Service - (Borrowing Scenario C)

City of Clintonville, WI

Year Ending	2021-2027 Debt Issuances Projected Principal & Interest		
	Principal	Interest	Total
2020	0	0	0
2021	0	0	0
2022	175,000	22,164	197,164
2023	195,000	66,061	261,061
2024	215,000	46,568	261,568
2025	290,000	70,020	360,020
2026	330,000	58,146	388,146
2027	605,000	52,880	657,880
2028	250,000	47,610	297,610
2029	345,000	43,238	388,238
2030	450,000	37,106	487,106
2031	45,000	33,203	78,203
2032	45,000	32,516	77,516
2033	45,000	31,808	76,808
2034	160,000	30,128	190,128
2035	165,000	27,405	192,405
2036	170,000	24,515	194,515
2037	175,000	21,453	196,453
2038	180,000	18,213	198,213
2039	180,000	14,838	194,838
2040	200,000	11,178	211,178
2041	200,000	7,228	207,228
2042	255,000	2,614	257,614
Total	4,675,000	698,888	5,373,888

Table 20
Financing Plan Tax Impact Scenario C

City of Clintonville, WI

Year Ending	Existing Debt: Net Tax Levy	Existing Debt: Equalized Value (TID OUT)	Existing Debt: Tax Rate Per $1,000	Proposed Debt: Scenario C 4,670,000 2021 & 2024 Issues Total Principal and Interest	Proposed Debt: Levy and Tax Rate: Total Net Debt Service Levy	Total Tax Rate for Debt Service	Levy Change from Prior Year	Annual Taxes $100,000 Home	Year Ending
2020	875,357	232,337,100	$3.77	0	875,357	$3.77		$377	2020
2021	979,900	242,049,311	$4.05	0	979,900	$4.05	104,543	$405	2021
2022	780,434	252,167,514	$3.09	197,164	977,598	$3.88	(2,302)	$388	2022
2023	767,664	262,708,680	$2.92	261,061	1,028,726	$3.92	51,128	$392	2023
2024	750,270	273,690,491	$2.74	261,568	1,011,837	$3.70	(16,888)	$370	2024
2025	670,346	285,131,366	$2.35	360,020	1,030,366	$3.61	18,529	$361	2025
2026	661,266	297,050,495	$2.23	388,146	1,049,412	$3.53	19,046	$353	2026
Total	6,849,314			5,373,888					Total

Table 21
General Obligation Debt Capacity Analysis - Scenario C
City of Clintonville, WI

Existing Debt					Proposed Debt						
Year Ending	Projected Equalized Value (TID IN)	Debt Limit	Existing Principal Outstanding	% of Limit	2021 G.O. Notes	2022 G.O. Bonds	2024 G.O. Notes	Combined Principal Existing & Proposed	% of Limit	Residual Capacity	Year Ending
2019	234,782,100	11,739,105	6,265,846	**53%**				$6,265,846	**53%**	$5,473,259	2019
2020	236,819,131	11,840,957	5,395,594	**46%**				$5,395,594	**46%**	$6,445,363	2020
2021	238,873,836	11,943,692	4,528,217	**38%**	1,570,000			$6,098,217	**51%**	$5,845,475	2021
2022	240,946,368	12,047,318	3,843,539	**32%**	1,395,000	1,955,000		$7,193,539	**60%**	$4,853,780	2022
2023	243,036,882	12,151,844	3,156,611	**26%**	1,200,000	1,955,000		$6,311,611	**52%**	$5,840,233	2023
2024	245,145,533	12,257,277	2,460,819	**20%**	1,000,000	1,940,000	1,145,000	$6,545,819	**53%**	$5,711,458	2024
2025	247,272,480	12,363,624	1,857,517	**15%**	750,000	1,935,000	1,110,000	$5,652,517	**46%**	$6,711,107	2025
2026	249,417,881	12,470,894	1,246,608	**10%**	510,000	1,930,000	1,025,000	$4,711,608	**38%**	$7,759,286	2026
2027	251,581,896	12,579,095	843,035	**7%**	0	1,920,000	940,000	$3,703,035	**29%**	$8,876,060	2027
2028	253,764,687	12,688,234	431,681	**3%**		1,910,000	700,000	$3,041,681	**24%**	$9,646,553	2028
2029	255,966,416	12,798,321	352,403	**3%**		1,865,000	400,000	$2,617,403	**20%**	$10,180,918	2029
2030	258,187,247	12,909,362	270,179	**2%**		1,820,000	(5,000)	$2,085,179	**16%**	$10,824,184	2030
2031	260,427,348	13,021,367	220,042	**2%**		1,775,000		$1,995,042	**15%**	$11,026,326	2031
2032	262,686,884	13,134,344	168,047	**1%**		1,730,000		$1,898,047	**14%**	$11,236,297	2032
2033	264,966,024	13,248,301	114,081	**1%**		1,685,000		$1,799,081	**14%**	$11,449,221	2033
2034	267,264,938	13,363,247	58,090	**0%**		1,525,000		$1,583,090	**12%**	$11,780,157	2034
2035	269,583,799	13,479,190	(0)	**0%**		1,360,000		$1,360,000	**10%**	$12,119,190	2035
2036	271,922,779	13,596,139		**0%**		1,190,000		$1,190,000	**9%**	$12,406,139	2036
2037	274,282,052	13,714,103		**0%**		1,015,000		$1,015,000	**7%**	$12,699,103	2037
2038	276,661,795	13,833,090		**0%**		835,000		$835,000	**6%**	$12,998,090	2038
2039	279,062,185	13,953,109		**0%**		655,000		$655,000	**5%**	$13,298,109	2039
2040	281,483,402	14,074,170		**0%**		455,000		$455,000	**3%**	$13,619,170	2040
2041	283,925,626	14,196,281		**0%**		255,000		$255,000	**2%**	$13,941,281	2041
2042	286,389,039	14,319,452		**0%**		0		$0	**0%**	$14,319,452	2042

A final scenario (scenario D) was completed examining what would happen if the City did not create a transportation utility, was not successful in obtaining future grant funding for roads, but needed to complete the road projects listed in the capital improvement table (Table 2) through 2026, in addition to also needing to complete other non-road projects. This scenario would be a worst-case scenario for the City in terms of future borrowing needs and estimated tax rate for debt. The debt sizing, estimated amortization schedules, tax rate analysis and GO debt capacity analysis are shown in Tables 22-25.

Table 22
Transportation Utility - Borrowing Scenario D
No Transportation Utility
(City Receives NO CDBG Grants for Roads)
Worst Case Scenario

City of Clintonville, WI

	2021-2023 Projects	2024-2026 Projects
	2021 G.O. Notes	2024 G.O. Notes
Road Projects	1,267,881	1,339,422
Other City Projects	3,690,991	2,191,026
Less:		
CDBG Grant Funding	0	0
Other Funding	(1,948,187)	(1,039,497)
Net Borrowing Needs		
Roads	1,267,881	1,339,422
Other City Projects	1,742,804	1,151,529
Totals	3,010,685	2,490,951
Estimated Issuance Expenses	73,800	68,550
TOTAL TO BE FINANCED	3,084,485	2,559,501
Estimated Interest Earnings	0	
Rounding	515	499
NET ISSUE SIZE	3,085,000	2,560,000

Table 23
2021-2024 Issuances Projected
Total Debt Service - (Borrowing Scenario D)

City of Clintonville, WI

Year Ending	2021-2024 Debt Issuances Projected Principal & Interest		
	Principal	Interest	Total
2020	0	0	0
2021	0	0	0
2022	445,000	41,934	486,934
2023	455,000	23,649	478,649
2024	480,000	19,555	499,555
2025	910,000	67,531	977,531
2026	1,015,000	38,313	1,053,313
2027	1,025,000	26,228	1,051,228
2028	435,000	16,799	451,799
2029	435,000	10,383	445,383
2030	445,000	3,560	448,560
Total	5,645,000	247,950	5,892,950

Table 24
Financing Plan Tax Impact Scenario D

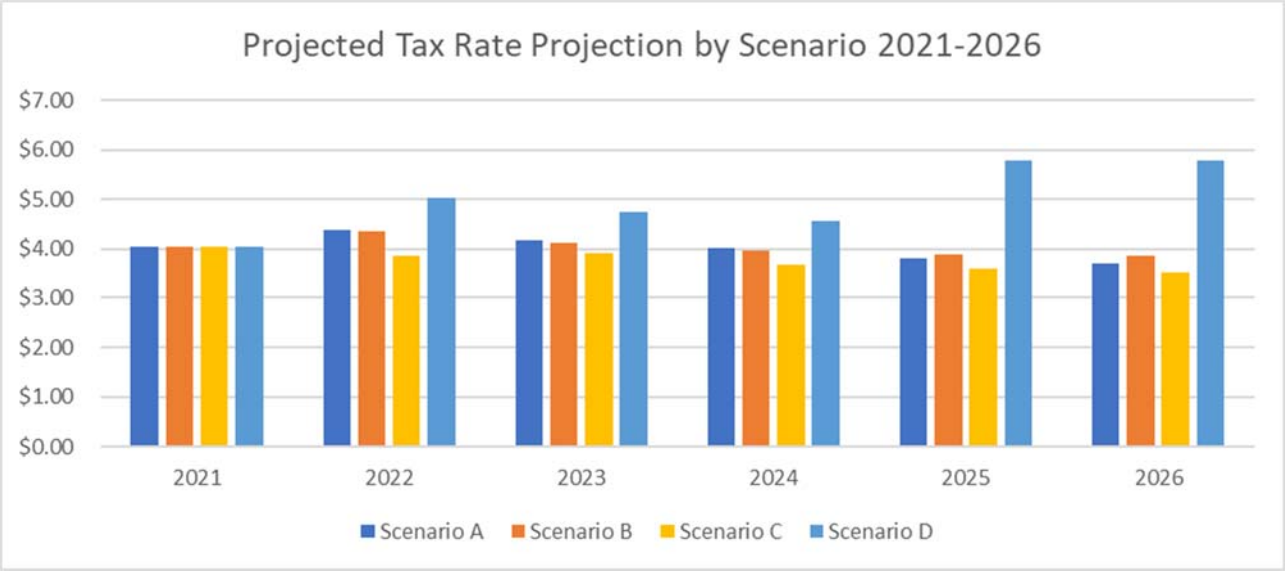
City of Clintonville, WI

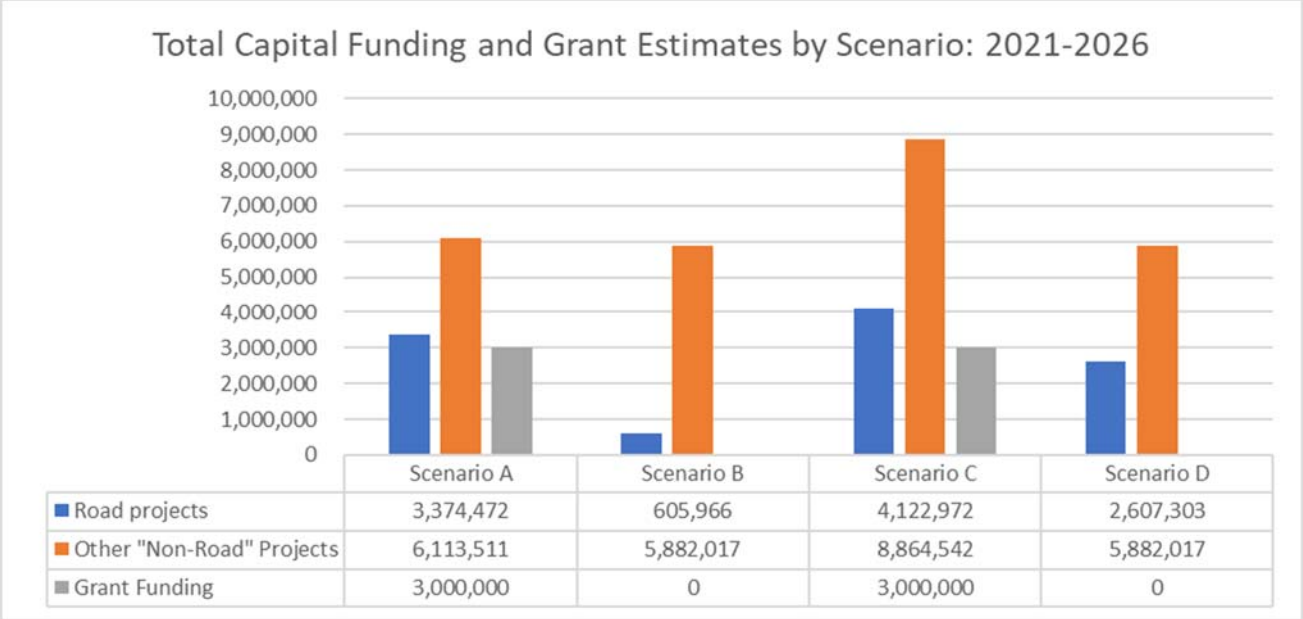
Year Ending	Existing Debt: Net Tax Levy	Existing Debt: Equalized Value (TID OUT)	Existing Debt: Tax Rate Per $1,000	Proposed Debt: Scenario D 5,645,000 2021 & 2024 Issues Total Principal and Interest	Levy and Tax Rate: Total Net Debt Service Levy	Levy and Tax Rate: Total Tax Rate for Debt Service	Levy and Tax Rate: Levy Change from Prior Year	Levy and Tax Rate: Annual Taxes $100,000 Home	Year Ending
2020	875,357	232,337,100	$3.77	0	875,357	$3.77		$377	2020
2021	979,900	242,049,311	$4.05	0	979,900	$4.05	104,543	$405	2021
2022	780,434	252,167,514	$3.09	486,934	1,267,368	$5.03	287,468	$503	2022
2023	767,664	262,708,680	$2.92	478,649	1,246,313	$4.74	(21,055)	$474	2023
2024	750,270	273,690,491	$2.74	499,555	1,249,825	$4.57	3,512	$457	2024
2025	670,346	285,131,366	$2.35	977,531	1,647,877	$5.78	398,052	$578	2025
2026	661,266	297,050,495	$2.23	1,053,313	1,714,578	$5.77	66,701	$577	2026
Total	6,849,314			5,892,950					Total

Table 25
General Obligation Debt Capacity Analysis - Scenario D
City of Clintonville, WI

Existing Debt					Proposed Debt					
Year Ending	Projected Equalized Value (TID IN)	Debt Limit	Existing Principal Outstanding	% of Limit	2021 G.O. Notes	2024 G.O. Notes	Combined Principal Existing & Proposed	% of Limit	Residual Capacity	Year Ending
2019	234,782,100	11,739,105	6,265,846	**53%**			$6,265,846	**53%**	$5,473,259	2019
2020	236,819,131	11,840,957	5,395,594	**46%**			$5,395,594	**46%**	$6,445,363	2020
2021	238,873,836	11,943,692	4,528,217	**38%**	3,085,000		$7,613,217	**64%**	$4,330,475	2021
2022	240,946,368	12,047,318	3,843,539	**32%**	2,640,000		$6,483,539	**54%**	$5,563,780	2022
2023	243,036,882	12,151,844	3,156,611	**26%**	2,185,000		$5,341,611	**44%**	$6,810,233	2023
2024	245,145,533	12,257,277	2,460,819	**20%**	1,705,000	2,560,000	$6,725,819	**55%**	$5,531,458	2024
2025	247,272,480	12,363,624	1,857,517	**15%**	1,195,000	2,160,000	$5,212,517	**42%**	$7,151,107	2025
2026	249,417,881	12,470,894	1,246,608	**10%**	600,000	1,740,000	$3,586,608	**29%**	$8,884,286	2026
2027	251,581,896	12,579,095	843,035	**7%**	0	1,315,000	$2,158,035	**17%**	$10,421,060	2027
2028	253,764,687	12,688,234	431,681	**3%**		880,000	$1,311,681	**10%**	$11,376,553	2028
2029	255,966,416	12,798,321	352,403	**3%**		445,000	$797,403	**6%**	$12,000,918	2029
2030	258,187,247	12,909,362	270,179	**2%**		0	$270,179	**2%**	$12,639,184	2030

Two summary charts for the debt scenarios are shown below. The first chart looks at the projected tax rates for debt under each scenario. The second scenario shows the total number of road and non-road capital improvement projects completed under each borrowing scenario.





	Scenario A	Scenario B	Scenario C	Scenario D
Road projects	3,374,472	605,966	4,122,972	2,607,303
Other "Non-Road" Projects	6,113,511	5,882,017	8,864,542	5,882,017
Grant Funding	3,000,000	0	3,000,000	0

Creation Ordinance and Credit Policy Considerations

If the Common Council decides to proceed with creating a transportation utility, there are several steps that the City will need to complete prior to the first utility bills being issued which are laid out in the next steps below. Among them, the City will need to create and adopt an ordinance creating the transportation utility. The ordinance will need to specify the purpose of the utility, the governance and oversight structure, definition of user rates, billing structure and timing, definition of any applicable

credit policy for reducing the number of Trips to a particular property, and how to handle billing disputes or bill appeals. It will be necessary for City staff to consider how the utility will be overseen, both at a staff level and at a Committee level. It will be important for the City to work with a qualified attorney to assist in preparing the utility ordinance.

The City will also need to consider whether it wants to adopt a credit policy for property owners. There are a number of possible credit policies the City could consider. One possible option for residential parcels is to consider a low-income rate reduction for applicable property owners. The City would need to consider how to administer this program and how property owners may qualify. In his 2019 Master's Thesis, Andrew Eveland suggested "one convenient option available to the City would be to tie the application of low-income TUF creation to a state-wide, home heating assistance program which serves a similar function in Clintonville and elsewhere throughout the State of Wisconsin." (*Clintonville Road Maintenance and Transportation Utility Fee, A Master Thesis. Andrew Robert Eveland. November, 2019. Page, 40*).

Summary of Key Findings

A summary of the key findings of the analysis are described below:

1. The user rates by scenario vary depending on whether the City funds 100% of the transportation operations expenses through the utility.
2. The funding of the transportation capital costs through the utility allow the City to complete the greatest level of capital improvements (both road and non-road projects) while keeping the tax rate for debt the lowest under all scenarios examined.
3. The user rate scenarios will have different outcomes for non-residential property owners depending on their level of Trip Generation.

Next Steps

This feasibility study attempts to provide the Common Council with enough information to consider if it wants to move forward with the creation of a transportation utility. Assuming the Council wishes to proceed with the creation of a transportation utility we identify the following steps to be taken:

1. The Council to decide on a budget and user rate scenario that it would like to proceed with.
2. Continue working on a public education outreach campaign on the transportation utility and engage in public outreach as needed on the utility.
3. Establish a formalized transportation utility budget to define total revenues and detailed expenses on an annual basis.
4. The Trip Generation database to be incorporated into the City's utility billing database so that the applicable user rates can be assigned to each parcel based on their individual Trip Generation rates.
5. A Transportation Utility Ordinance will need to be created specifying the governance structure of the utility, the frequency and method for billing and method for settling any disputes on charges and/or any applicable credit policy.

LEAGUE OF WISCONSIN MUNICIPALITIES
131 W. Wilson St., Suite 505
Madison, Wisconsin 53703
phone (608) 267-2380; (800) 991-5502
fax: (608) 267-0645
league@lwm-info.org; www.lwm-info.org

June 16, 2020

Funding Streets through Transportation Utility Fees

By: Curt Witynski, J.D., Deputy Executive Director
Claire Silverman, Legal Counsel
Maria Davis, Assistant Legal Counsel

Wisconsin municipalities are searching for alternative ways to pay for essential services like street maintenance and other transportation services. One reason is lack of adequate funding to pay for those services. Although Wisconsin municipalities' main source of revenue is the property tax, Wisconsin local governments have operated under the strictest property tax levy limits in the country for nearly a decade. Moreover, the State expressly prohibits municipalities from imposing other taxes such as a sales tax (with extremely limited exceptions) and local income taxes. At the same time, funding for state aid programs, such as shared revenue, has been flat or decreasing for years. State transportation aids currently cover, on average, sixteen percent (16%) of city and village transportation-related costs.

In addition to lack of funding, some municipal leaders have concluded that paying for street improvements through special assessments imposed on abutting property owners is inequitable and places a disproportionate burden on property owners for improvements that benefit the area or community in general. Substantial assessments can jeopardize the ability of some residents (e.g., those living on fixed or limited incomes) to remain in their homes.

As a result of these factors, some municipalities are turning to alternative revenue options like local vehicle registration fees and transportation utility fees to pay for street maintenance and other transportation services. Several League members have requested the League's legal opinion on whether Wisconsin municipalities may create transportation utilities and charge property owners transportation utility fees.

We conclude that a municipality may rely on its broad statutory and/or constitutional home rule powers to create a transportation utility and charge property owners transportation utility fees. Alternatively, a municipality may charge property owners a street maintenance user fee under Wis. Stat. § 66.0627. Any fee must be reasonably related to the cost of the services provided. The League suggests that a transportation utility fee is most defensible against challenge if the basis for the fee is closely related to property occupants' use of the local street network. It is the League's opinion that transportation utility fees with such a basis are accurately characterized as fees and not taxes. Such fees should be segregated and used only for street maintenance and other transportation services. To avoid needing to reduce the community's property tax levy under § 66.0602(2m)(b) of the levy limit law, municipalities should avoid using transportation utility fee revenue to pay for snow plowing or street sweeping.

Sources of Authority for Transportation Utility Fees

While no state statute expressly authorizes Wisconsin communities to create transportation utilities and charge transportation utility fees, Wisconsin municipalities have broad authority to create, manage, and finance utilities. Transportation utility fees are financing mechanisms that treat the community's street network and other transportation services like a utility. Residents and businesses are charged fees based on their use of the transportation system, analogous to how municipalities provide and pay for water, sewer, electric and stormwater services.

In the state's early years, no statutes existed expressly authorizing cities and villages to own and operate water, sewer, or other common municipal utilities. Instead, municipalities relied on non-specific, broad police power authority to create and fund such now-familiar utilities. Similarly, in the early 1990s, municipalities like Appleton, Glendale, and Eau Claire initially relied on their broad police power authority to create stormwater utilities and charge property owners stormwater fees based on the amount of impervious surface on the property. Cities over 10,000 in population began to charge such fees to help pay for the cost of complying with new state regulations requiring the removal of pollutants from stormwater. Only later did the Legislature add language to the predecessor of Wis. Stat. § 66.0681 expressly confirming municipal authority to create stormwater utilities and stormwater fees. See 1997 Wis. Act 53, which took effect January 9, 1998.

Notably, the Wisconsin Supreme Court determined fairly early that Wisconsin municipalities do not need explicit statutory authorization to create a municipally-owned utility. In 1895, the Court held that "it is not necessary to seek an expressed delegation of power to the city to build a water works and an electric lighting plant, because the power expressly granted to the city to pass ordinances for the preservation of the public health and general welfare includes the power to use the usual means of carrying out such powers, which includes municipal water and lighting services."[1] Similarly, a general grant of authority to act for the public health or general welfare is adequate legal authority today for Wisconsin cities and villages to create, operate, and finance through user charges, a transportation utility.

Statutory Home Rule Authority

Wisconsin cities and villages are vested by the state legislature with broad general police powers. The general city charter law, chapter 62, gives cities the "largest measure of self-government compatible with the constitution and general law." Wis. Stat. § 62.04. Wisconsin Stat. § 62.11(5), the general authority statute for city councils, provides:

> *Except as elsewhere in the statutes specifically provided, the council shall have the management and control of the city property, finances, highways, navigable waters, and the public service, and shall have power to act for the government and good order of the city, for its commercial benefit, and for the health, safety, and welfare of the public, and may carry out its powers by license, regulation, suppression, borrowing of money, tax levy, appropriation, fine, imprisonment, confiscation, and other necessary or convenient means. The powers hereby conferred shall be in addition to all other grants, and shall be limited only by express language.*

[1] *Ellinwood v. Reedsburg*, 91 Wis. 131 (1895).

The Legislature has directed courts to liberally construe this provision "in favor of the rights, powers and privileges of cities to promote the general welfare, peace, good order and prosperity of such cities and the inhabitants thereof." Wis. Stat. § 62.04.

A virtually identical grant of authority is provided to Wisconsin village boards by Wis. Stat. § 61.34(1). That authority is also to be liberally construed in favor of "the rights, powers and privileges of villages to promote the general welfare, peace, good order and prosperity of such villages and the inhabitants thereof" to give villages the largest measure of self government compatible with the Wisconsin constitution. Wis. Stat. § 61.34(5).

These grants of power to cities and villages are substantial and give the governing body of a city or village "all the powers that the legislature could by any possibility confer upon it." *Hack v. Mineral Point*, 203 Wis. 215, 219, 233 N.W. 82 (1931). These provisions are sufficient on their face to authorize city councils and village boards to create a municipal transportation utility and charge property owners transportation utility fees.

However, these broad powers are not absolute. Home rule powers granted by §§ 62.11(5) and 61.34(1) are constrained if the state has preempted municipal authority in a particular area. Statutory home rule powers may not be exercised if: the legislature has expressly withdrawn the power of municipalities to act; municipal action would logically conflict with state legislation; municipal action would defeat the purpose of state legislation; or, municipal action would go against the spirit of state legislation. See *Anchor Savings & Loan Ass'n v. Equal Opportunities Comm'n*, 120 Wis. 2d 391, 355 N.W.2d 234 (1984); *DeRosso Landfill Co. v. City of Oak Creek*, 200 Wis. 2d 642, 651, 547 N.W.2d 770 (1996). Nonetheless, municipalities may enact ordinances in the same field and on the same subject covered by state legislation where such ordinances do not conflict with, but rather complement, the state legislation. *Johnston v. City of Sheboygan*, 30 Wis. 2d 179, 184, 140 N.W.2d 247 (1966).

Municipalities are not preempted in the area of creating transportation utilities and charging transportation fees. In applying the above preemption tests to creating a transportation utility and charging transportation user fees, the State has not expressly prohibited communities from creating such a utility and imposing such fees. Indeed, the state has not entered the field of municipal transportation finance other than to explicitly authorize certain methods of funding transportation infrastructure improvements such as through the levying of special assessments under Wis. Stat. § 66.0703, imposing special charges for current services under Wis. Stat. § 66.0627, and charging local vehicle registration fees under Wis. Stat. § 341.35.[2]

The State has also created and funded several aid programs to assist local governments with transportation costs, including the General Transportation Aids and the Local Road Improvement programs. None of these grants of authority and financial assistance programs impliedly preempt municipal authority to create a transportation utility and charge property owners a transportation user fee. Indeed, the statute authorizing special charges for current services expressly provides "The authority under this section is in addition to any other method provided by law." Wis. Stat. § 66.0627(2). Similarly, the special assessment authority granted pursuant to § 66.0703 expressly

[2] Wis. Stat. § 66.1113 authorizes six cities and villages to impose a sales tax on tourism-related retail and requires that the revenue be used on infrastructure costs.

states that it is a "complete alternative" to other methods provided by law. Wis. Stat.§ 66.0703(1)(a). Likewise, we are not aware of any statutory provisions that creation of a transportation utility would logically conflict with, defeat the purpose of, or go against the spirit of. Although there is an argument that Wis. Stat. § 66.0907 preempts municipalities from using transportation utility fees to finance sidewalk construction and repair because it specifies certain ways in which municipalities *may* cover expenses associated with sidewalks, we believe the stronger argument is that municipalities can use alternative means for financing sidewalks, such as transportation utility fees, because the language in § 66.0907 regarding financing options is permissive rather than mandatory.

The exercise of home rule authority under §§ 62.11(5) or 61.34(5) must also serve a legitimate public purpose. This is usually not a significant bar to action because Wisconsin courts have adopted a very expansive view of public purpose. See *State ex rel. Hammermill Paper Co. v. La Plante*, 58 Wis. 2d 32, 55, 205 N.W.2d 784 (1973). ("Public purpose is not a static concept. The trend of both legislative enactments and judicial decisions is to extend the concept of public purposes in considering the demands upon municipal governments to provide for the needs of the citizens.") Examples of public purposes that may be served by creating a transportation utility and imposing a user fee include protecting the health, safety and general welfare of the public as well as acting for the municipality's commercial benefit by ensuring the fiscal ability to safely maintain municipal transportation systems and improve such systems to accommodate and facilitate economic growth. Funding and maintaining a transportation system is critically important to a community's economy, tourism, and ability to attract and retain people and jobs. A well-maintained street network is also vital to ensuring that municipal emergency services can quickly and efficiently access commercial buildings and residences throughout the community.

Constitutional Home Rule Authority

A city or village may also rely on its constitutional home rule authority to create a transportation utility and charge transportation user fees. This authority is found in Article XI, Sec. 3 of the Wisconsin Constitution, which provides:

> Cities and villages organized pursuant to state law may determine their local affairs and government, subject only to this constitution and to such enactments of the legislature of statewide concern as with uniformity shall affect every city or every village.

The method of exercising such authority is specified in Wis. Stat. § 66.0101 and requires enacting a charter ordinance.

A charter ordinance exercising home rule authority is preempted if it conflicts with an existing state law that applies to all cities and villages. *Black v. City of Milwaukee,* 2016 WI 47, 369 Wis. 2d 272, 882 N.W.2d 333. However, no state law prohibits municipalities from creating transportation utilities and imposing transportation utility fees. For example, there are no state laws requiring communities to fund local transportation systems in a specific and exclusive way, precluding other options, such as a user fee. Similarly, no statute limits the type of utilities a municipality may create or the types of user fees it may charge. Indeed, the Legislature has chosen not to prohibit communities from charging transportation utility fees even though several

municipalities, like the City of Neenah, Village of Harrison, and Village of Weston, along with the Town of Buchanan have implemented such fees in recent years.

Special Charges for Current Services

In addition to the statutory and constitutional home rule powers mentioned above, Wis. Stat. § 66.0627 provides authority for a municipality to charge property owners for municipal transportation-related services. Under § 66.0627(2), a municipal governing body may impose a special charge against real property for current services rendered by allocating all or part of the cost to the properties served. The statutory definition of "services" includes transportation maintenance activities like "street sprinkling, oiling, and tarring" and repair of sidewalks, curb and gutter. The definition of "services" is not an exclusive list. The examples given are not meant to limit its application in any way, but merely to highlight possible uses. *Rusk v. City of Milwaukee,* 2007 WI App 7, ¶ 17, 298 Wis. 2d 407, 727 N.W.2d 358.

Fees for current services are not invalidated merely because a property does not use the service. In *City of River Falls v. St. Bridget's Catholic Church*, 182 Wis.2d 436, 512 N.W.2d 673 (Ct. App. 1994), the Wisconsin court of appeals held that charging user fees for making water available for fire protection services was valid, even though the party charged the fee had not used the water. Services under § 66.0627 can be rendered within a district and need not be performed for specific, individual properties. In *Grace Episcopal Church v. City of Madison,* 129 Wis. 2d 331, 385 N.W.2d 200 (Ct. App. 1986), the court of appeals upheld service charges imposed under a predecessor to § 66.0627 (Wis. Stat. § 66.60(16)) on all properties within the State Street Mall and Capitol Concourse *district,* not just those abutting the pedestrian mall and concourse. The services the city provided to the district included lawn, tree, and shrub care, snow removal from walks and crosswalks, trash clean up and removal, and bus shelter and fixture maintenance. The city charged a portion of the annual cost of providing such services against property owners adjacent to or near the State Street Mall and Capitol Concourse. Municipalities may, therefore, rely on § 66.0627 to charge all property owners in a community a fee for current maintenance of the community's street network even though not all properties being charged actually abut the streets being reconstructed or maintained with the fee revenue at any one time. The fact that the entire transportation system is being maintained is sufficient to charge all property owners using the system a fee for current services rendered under § 66.0627.

Fees must Reasonably Relate to Costs

Whether a community relies on its broad statutory or constitutional home rule authority or § 66.0627, a transportation utility fee must bear a reasonable relationship to the service for which it is being charged. Wis. Stat. § 66.0628. That is, the fee amount that a community charges a property owner may not exceed the municipality's reasonable direct costs associated with activities the community takes related to the fee. Wis. Stat. § 66.0628(1).

In addition, the fee amount that any property owner pays should reasonably relate to how much the property's occupants use the transportation system. According to an expert on the use of transportation utility fees in the U.S., a transportation utility fee with a basis that is most closely related to actual use of the street network has the greatest chances of successful implementation

and withstanding critical scrutiny by a court or a tax appeals commission.[3] A transportation utility fee is most appropriate if its basis is closely related to property occupants' use of the local street network and is sensitive to local context and individual variation.[4] For example, a commercial business that generates a high amount of traffic may be charged a higher fee than a one-car household based on the different usage rates of a municipality's transportation system.

Generally, municipalities establish a more convincing link between transportation infrastructure usage and user fee charges when they base their transportation utility fee on the number of trips generated by the property. That is why, according to the U.S. Department of Transportation Federal Highway Administration, Center for Innovative Finance Support, most transportation utility fee programs in the United States use trip generation rates prepared by the Institute of Transportation Engineers (ITE).[5]

Fees v. Taxes.
Transportation utility fees are susceptible to challenge if the fees resemble an unauthorized tax. The primary difference between a tax and a fee is the source of the municipality's power and, more importantly, the municipality's purpose in imposing the payment requirement. The Wisconsin Court of Appeals explained the primary difference between a tax and fee as follows in ***Bentivenga v. City of Delavan***, 2014 WI App 118, ¶ 6, 358 Wis. 2d 610, 856 N.W.2d 546:

> A tax is an "enforced proportional contribution[ ] from persons and property" levied to support a government and its needs. *State ex rel. Bldg. Owners & Managers Ass'n v. Adamany,* 64 Wis.2d 280, 289, 219 N.W.2d 274 (1974) (citation omitted). The purpose, and not the name it is given, determines whether

---

[3] *A TUF Sell: Transportation Utility Fee as User Fees for Local Roads and Streets*, by Carole Turley Voulgaris, Public Works Management & Policy 2016 Vol. 4 pages 305-323 (2016).
[4] *Id*.
[5] See *Transportation Utility Fees*, Center for Innovative Finance Support, U.S. Department of Transportation Federal Highway Administration, *available at* https://www.fhwa.dot.gov/ipd/value_capture/defined/transportation_utility_fees.aspx#. For discussion of the pros and cons of basing transportation utility fees on trip generation rates for different classes of property, see the following sources:

1. *Transportation Utility Fees: Possibilities for the City of Milwaukee*, a 2007 research paper prepared by students at the Robert M. La Follette School of Public Affairs, UW Madison. https://lafollette.wisc.edu/images/publications/workshops/2007-tuf.pdf
2. *Clintonville Road Maintenance and Transportation Utility Fee,* Andrew Robert Eveland (2019) https://www.lwm-info.org/DocumentCenter/View/3516/Eveland-Clintonville-TUF-Final-Thesis
3. *A TUF Sell: Transportation Utility Fee as User Fees for Local Roads and Streets*, by Carole Turley Voulgaris, Public Works Management & Policy 2016 Vol. 4 pages 305-323 (2016). https://journals.sagepub.com/doi/pdf/10.1177/1087724X16629961?casa_token=RJ3FY9IWC7gAAAAA:uzmdZqQTPn5YPKej33W2pYmTkfy3rYOzxmAhw8otjF8gpthIKMQcpnA9fjsH2JGwTPhaTHXGDyKunQ

> a government charge constitutes a tax. *City of Milwaukee v. Milwaukee & Suburban Transp. Corp.,* 6 Wis.2d 299, 305-06, 94 N.W.2d 584 (1959). "[T]he primary purpose of a tax is to obtain revenue for the government" as opposed to covering the expense of providing certain services or regulation. *City of River Falls v. St. Bridget's Catholic Church of River Falls,* 182 Wis. 2d 436, 441-42, 513 N.W.2d 673 (Ct.App.1994). A "fee" imposed purely for revenue purposes is invalid absent permission from the state to the municipality to exact such a fee. *Milwaukee & Suburban Transp.,* 6 Wis. 2d at 306, 94 N.W.2d 584.

Municipal taxing power in Wisconsin is very limited. A municipality cannot impose a tax unless it is specifically authorized by the Legislature. Wisconsin municipalities are authorized to impose only property taxes and room taxes. (Six communities statewide are authorized to levy a sales tax on tourism-related retail sales under the Premier Resort Area tax laws. Wis. Stat. § 66.1113). In contrast, municipal fees are charged to cover the costs of specific services provided or the costs associated with regulating in a specific area.

As discussed above, a transportation utility fee would be imposed under a community's statutory or constitutional home rule powers or as a special charge for current services under § 66.0627. A transportation utility fee would not be implemented pursuant to a community's power to levy general property taxes under Wis. Stat. Chap. 70.

The Wisconsin Court of Appeals addressed service charges and their relation to general property taxes under the predecessor statute to Wis. Stat. § 66.0627 in *Grace Episcopal Church v. City of Madison,* 129 Wis. 2d 331, 385 N.W.2d 200 (Ct. App. 1986). The court held that since the services provided were authorized by the Legislature by the predecessor to Wis. Stat. § 66.0627, the service charges were not general property taxes and the property tax exemption provided to churches by Wis. Stat.§ 70.11(4) did not exempt the church from paying the fees. *Grace Episcopal,* 129 Wis. 2d at 335.

In contrast to the general property tax, the purpose of a transportation utility fee is exclusively to help pay for the cost of a specific governmental service, street maintenance.

A review of case law and scholarly literature on transportation utility fees suggests best practices that municipal officials can implement to avoid having a transportation utility fee ruled an illegal tax:

1. Place all transportation utility fee revenue in a separate fund used only on street maintenance and other transportation projects. *Emerson College v. City of Boston*, 462 N.E.2d 1098 (Mass. 1984).
2. Collect the transportation utility fee in the same manner as the community does other municipal utility fees by including the amounts on property owners' utility bills alongside sewer, water, and stormwater service charges.
3. Ensure the formula used to calculate fees is as accurate as possible. Over-generalization of fee-paying entities and ignoring real differences in their use of the street network or end-trip generation gives the fee strong tax-like characteristics. *Clintonville Road Maintenance and Transportation Utility Fee,* Andrew Robert Eveland (2019).

4. Transportation utility fee policies should avoid exempting tax-exempt properties as this gives the fee the appearance of being a tax. For the same reason, such policies should exempt undeveloped properties and vacant buildings. *Clintonville Road Maintenance and Transportation Utility Fee,* Andrew Robert Eveland (2019).
5. To the extent practicable, a transportation utility fee policy should include a process by which users are permitted to demonstrate reduced use of the street system to qualify for a lower fee. (e.g., Austin, Texas transportation utility fee ordinance allows residents who do not own or regularly use a motor vehicle to opt out of fee; Corpus Christi, Texas likewise has a process by which property applicants may appeal their fee level). *A TUF Sell: Transportation Utility Fee as User Fees for Local Roads and Streets*, by Carole Turley Voulgaris, Public Works Management & Policy 2016 Vol. 4.

Avoiding Levy Limit Consequences

The levy limit law requires a municipality to reduce its allowable levy by the estimated amount of fee revenue it collects for providing certain listed services, including snow plowing and street sweeping, if those services were funded in 2013 in part or whole by the property tax levy. Wis. Stat. § 66.0602(2m)(b). To avoid having this statute apply, a community that imposes a transportation utility fee to help pay for street maintenance and other transportation services, must not use the fee revenue to pay for snow plowing or street sweeping services.

Conclusion

Wisconsin cities and villages struggling to pay for the cost of maintaining quality streets and other transportation services residents and businesses demand, may rely on their broad statutory or constitutional home rule powers or, alternatively, Wis. Stat. § 66.0627, to charge property owners transportation utility fees. Such fees must be reasonably related to the cost of the services provided. Transportation utility fees are most defensible against a challenge if the basis for the fee is closely related to how much a property's occupants use the local street network. It is possible to design a transportation utility fee policy that is defensible against a challenge that the fee is more like an illegal tax. Finally, to avoid needing to reduce the community's property tax levy, municipalities should not use transportation utility fee revenue to pay for snow plowing or street sweeping.