

Memo

To: City Council
From: Amy E. Gilson, P.E., Director of Public Works
Date: January 10, 2020
Re: Street Funding

In preparation for this meeting, I have been compiling some information regarding the funding of the City's roads as well as a history of the projects completed since 1995.

The City is falling behind in the maintenance and reconstruction of its streets due to the lack of adequate funding for projects and rising costs. Our revenues are not increasing at the same rate as inflation, and grants are harder to come by. We are at a point where our streets that are in marginal condition are ready to fall into a total reconstruction scenario, which is much more expensive than a rehabilitation project. While we are always actively pursuing grant money, most grants still require a minimum 20% match. Because we don't have the money to spend on rehabilitating our roads properly, the amount of maintenance required is increasing. The work just cannot be done properly with the current funding levels.

This situation is not unique to the City of Charlotte, but is very common in municipalities across the State.

SUMMARY OF FACTS

From 2006 to 2019, we have rehabilitated or reconstructed 10.75 miles of roads.

Total cost of the projects completed was approximately \$ 8.1 million.

The projects were paid for as follows: \$ 3.4 million grants and contributions by others
4.7 million City road and general funds

The City paid off the 2001 \$775,000 Transportation Bond in 2017.

The current cost to reconstruct 0.5 miles of road is approximately \$1,700,000.

Design engineering on 0.5 miles of road has been around \$48,000.

Construction engineering on 0.5 miles of road has been around \$60,000.

Road construction costs have risen more than the CPI over the last ten years.

The State has published its list of Small Urban funded projects through 2023, and the Charlotte projects funded are East Harris Street from Cochran to Lansing Road which will be constructed in 2021. West Harris is programmed for 2023, however a TIP amendment will be submitted to change that project to Hall/ Washington/ McClure Streets. The maximum grant amount is \$375,000 each. We will also be applying for additional grant funds for the Hall Street project, but they are not guaranteed.

Currently our road system has a total of 37.93 miles.

Of those 37.9 miles, just 3.2 miles were rated as an 8/9/10 (best) in the 2019 evaluation. That number was 3.7 miles in the 2013 study.

CITY OF CHARLOTTE
ROAD FUNDING BASICS

FUNDING

Act 51 Revenues are funds received from the State. They must be used for road related expenses. These revenues had remained constant or dropped up until 2017. The State passed an incremental increase in Act 51 funding that started in 2017 and peaks in 2021. The total estimated increase for Charlotte is \$ 389,713.57. Following is a breakdown of a typical year* in the street funds assuming no construction.

Annual revenues**	\$1,364,200
Administration	129,400
Street Repair and Maintenance	186,500
Street Sweeping	97,300
Winter Street Maintenance	88,700
Sidewalk	30,600
Storm Sewer	27,300

Estimated Yearly Balance \$ 804,400

* Based on FY 18/19

** Includes special assessments and the County millage that are not guaranteed year to year. It also includes transfers from the General Fund.

The estimated yearly balance is finally enough to accumulate year to year to build up enough money to build a project. If we have a particularly bad winter, an inordinate amount of potholes, or a minor catastrophe, the estimated balance can be used up in no time at all.