Road Improvements – A Holistic Session on Funding & Repayment Options

Tom Traciak
Principal

Andy Campbell, CPA
Manager
Overview

• Current Funding Options
• Recent Studies and Legislation
• Possible Funding Options
• Debt Issuance
• Community Examples
• Important Takeaways
Current Funding Options

• Cash
• Grants
• Act 51 Monies
• Current Millages
2006 SEMCOG Road Map
2016-17 SEMCOG Road Map
Recent Studies and Legislation

- 2015 Road Funding Package
  - $1.2 billion by 2021

- 2017 TRIP Report
  - $3.3 billion worth of transportation projects that lack funding

- 2017 American Society of Civil Engineers Report Card
  - 122,286 miles of public roads, 21% in poor condition

- March 2018 Supplemental Appropriation
- June 2018 Budget Appropriation
Possible Funding Options

• Special Assessments
• Increasing Millage inside Headlee limit
• Voted Millages
  – Voted charter amendment
  – Voted Headlee override
  – Voted bond issue
Special Assessments

• What is the Process?
  – Council/Board initiated
  – Property owner initiated

• Issuing Bonds Backed by the Special Assessments
  – Special Assessment District (SAD) Bonds
  – City/Village Share Bonds
Voted Millages

- Voted Charter Amendments
  - Duration up to 20 years
  - Cities must include this in their 20 mill cap
- Voted Headlee Override
- Voted Bond Issue
  - Unlimited Tax General Obligation (UTGO) Bonds
  - Millage levied outside of caps
  - 10% of SEV debt limit
Debt Issuance

• Voted UTGO Bond Issues
  – 10% of SEV debt limit

• LTGO Bond Issues
  – Capital Improvement Bonds
    • 10% and 5% of SEV debt limits
  – Michigan Transportation Fund (MTF) Bonds
    • 50% of Act 51 revenues test
  – Special Assessment
    • 12% overall and 3% yearly SEV debt limits
  – Tax Increment Financing
    • 10% of SEV debt limit
Community Examples

• City A – Council-Approved Millage Increase
• City B – Voted Charter Amendment
• City C – Voted Headlee Override
• City D – Voted Bond Issue
Important Takeaways

• There are Options to Fund Roads Out There
• No “One Size Fits All” Solution
• Holistic Capital Improvement Planning
  – Debt limits affecting bond issuance
• Every Issue is Unique
  – Method of sale may change
  – Type of bonds may change
• Professional Involvement Early
Questions?

Tom Traciak
Principal
traciak@umbaugh.com

Andy Campbell, CPA
Manager
campbell@umbaugh.com

517-321-0110