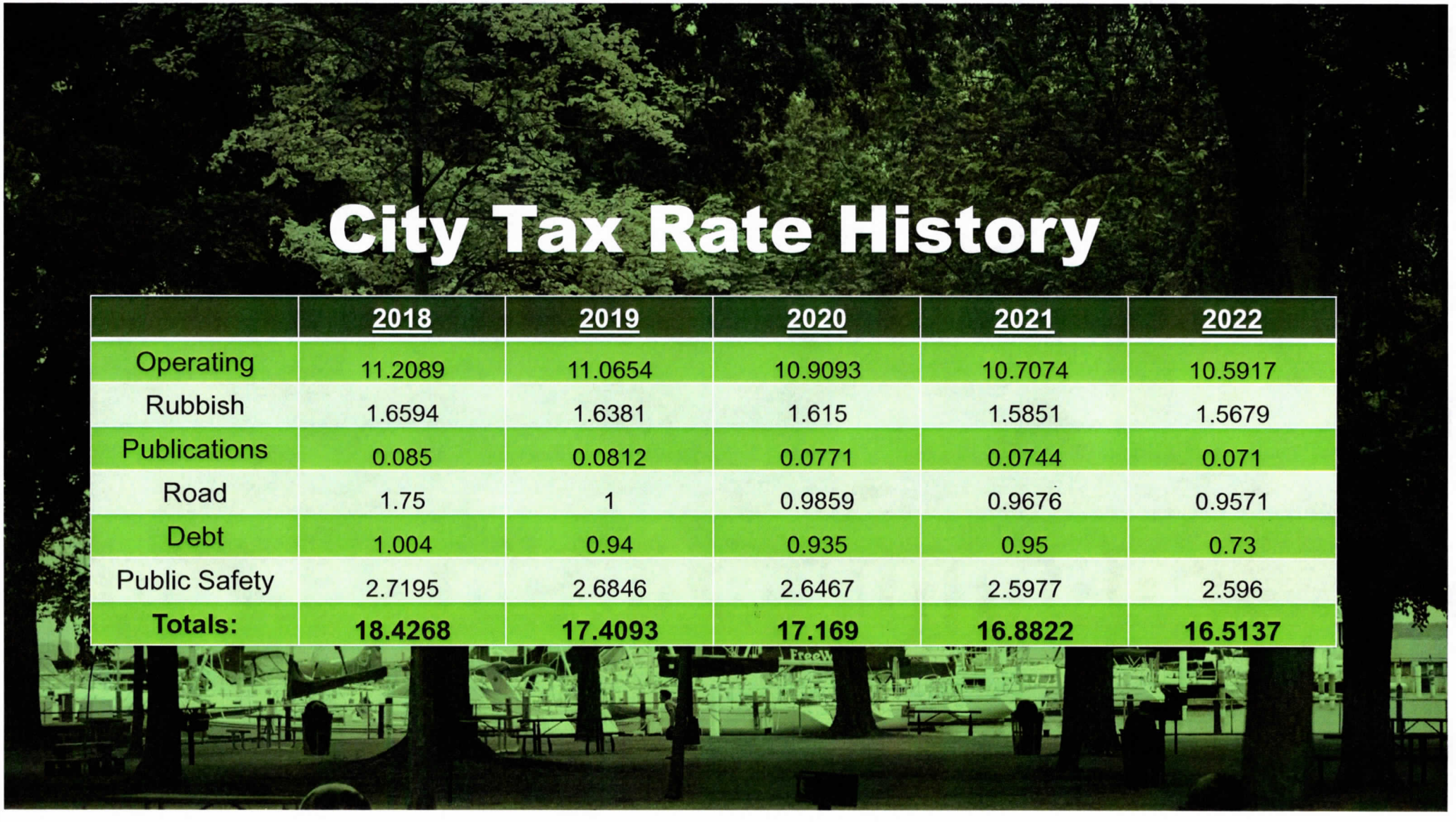
Infrastructure Millage

07/18/2022 Council Meeting

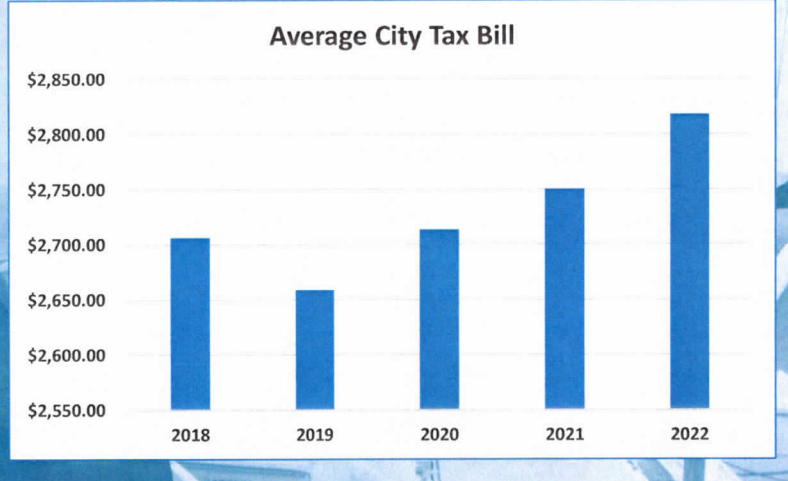


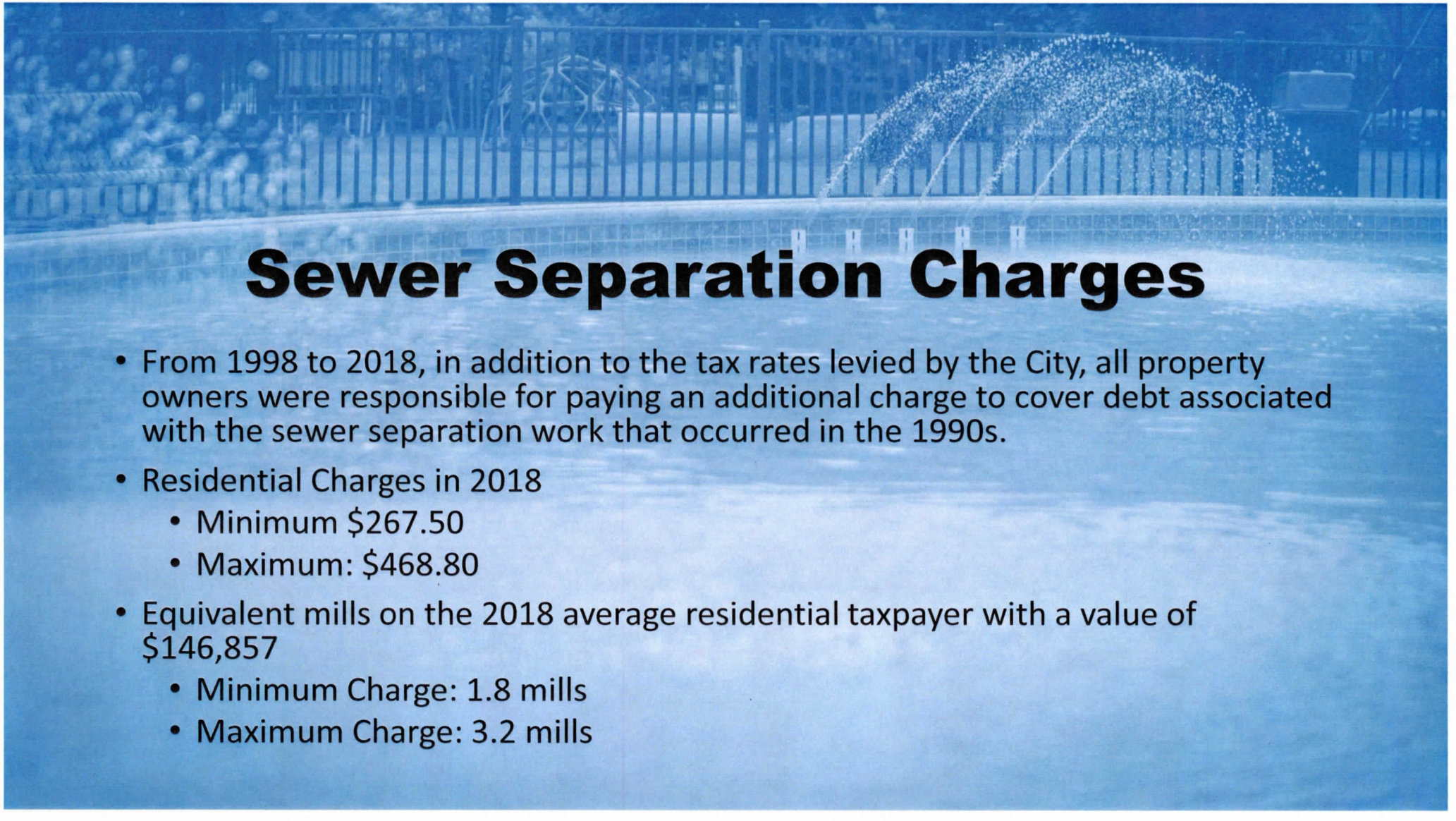
City Tax Rate History

	2018	2019	2020	2021	2022
Operating	11.2089	11.0654	10.9093	10.7074	10.5917
Rubbish	1.6594	1.6381	1.615	1.5851	1.5679
Publications	0.085	0.0812	0.0771	0.0744	0.071
Road	1.75	1	0.9859	0.9676	0.9571
Debt	1.004	0.94	0.935	0.95	0.73
Public Safety	2.7195	2.6846	2.6467	2.5977	2.596
Totals:	**18.4268**	**17.4093**	**17.169**	**16.8822**	**16.5137**

Average Residential City Tax Bill

	2018	2019	2020	2021	2022
Average Taxable Value:	$146,857.43	$152,713.48	$158,031.57	$162,912.37	$170,650.00
City Millage Rate:	18.4268	17.4093	17.169	16.8822	16.5137
Average City Tax Bill:	**$2,706.11**	**$ 2,658.63**	**$ 2,713.24**	**$ 2,750.32**	**$ 2,818.06**

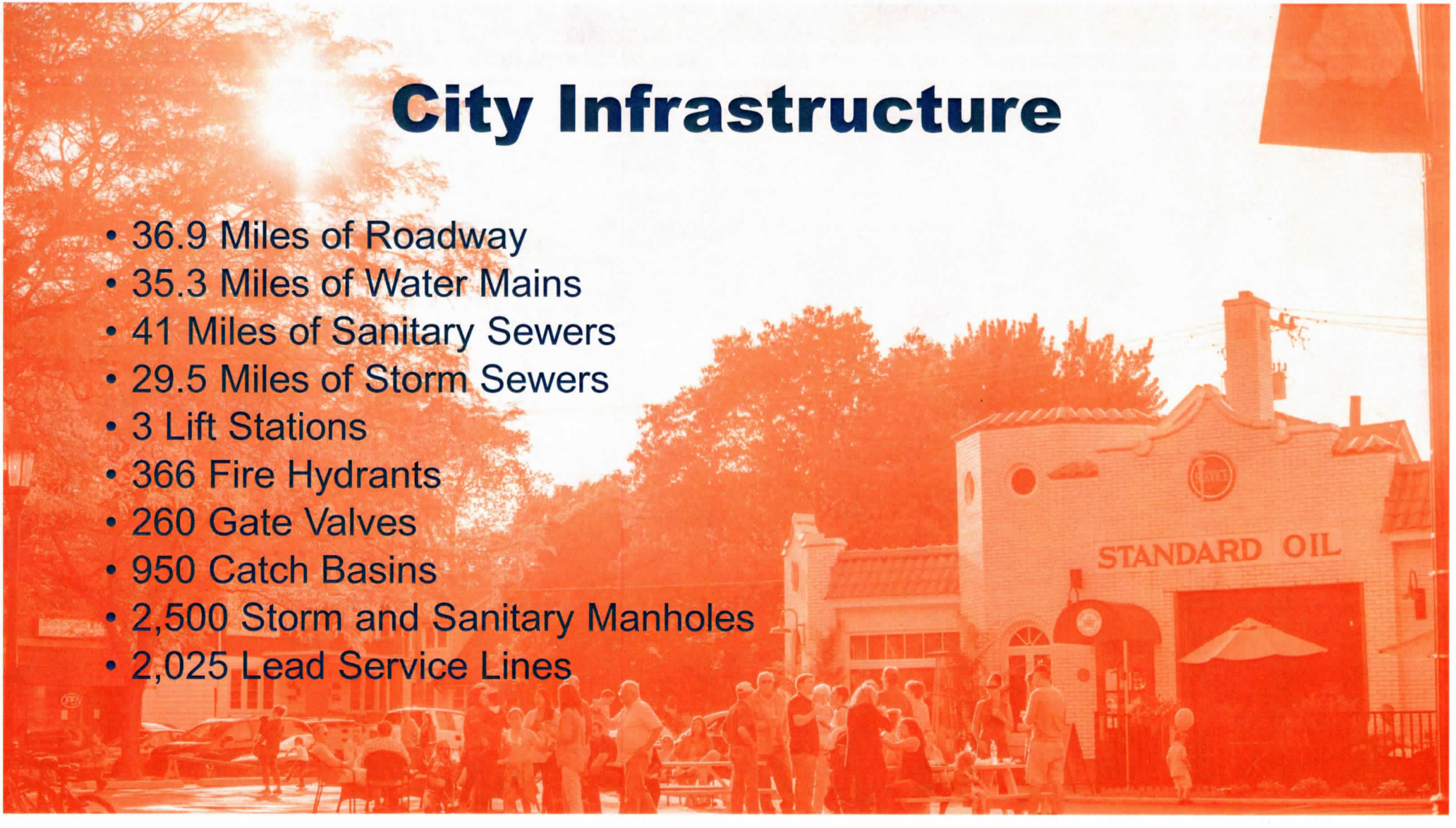




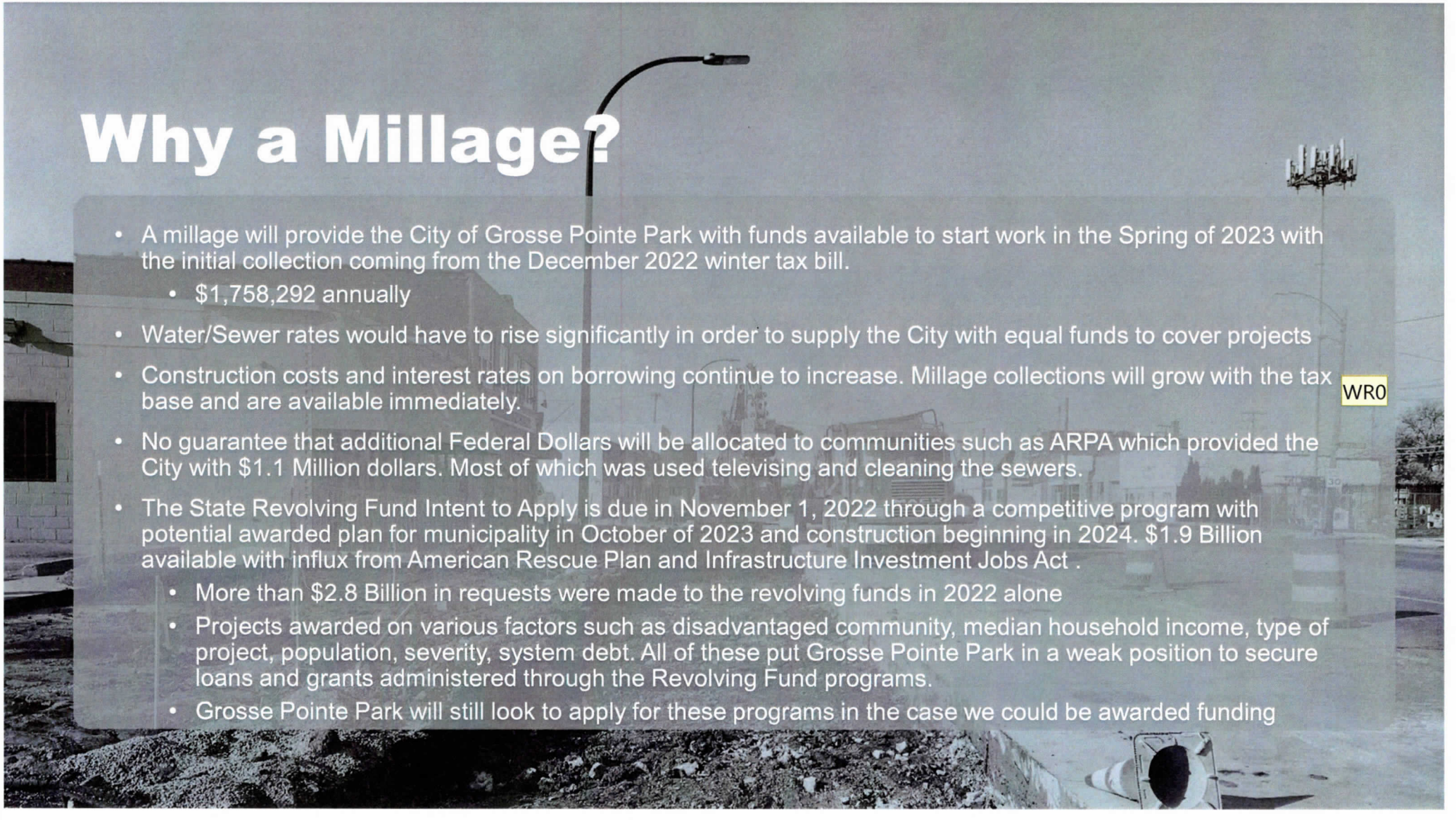
Sewer Separation Charges

- From 1998 to 2018, in addition to the tax rates levied by the City, all property owners were responsible for paying an additional charge to cover debt associated with the sewer separation work that occurred in the 1990s.
- Residential Charges in 2018
  - Minimum $267.50
  - Maximum: $468.80
- Equivalent mills on the 2018 average residential taxpayer with a value of $146,857
  - Minimum Charge: 1.8 mills
  - Maximum Charge: 3.2 mills

City Infrastructure



- 36.9 Miles of Roadway
- 35.3 Miles of Water Mains
- 41 Miles of Sanitary Sewers
- 29.5 Miles of Storm Sewers
- 3 Lift Stations
- 366 Fire Hydrants
- 260 Gate Valves
- 950 Catch Basins
- 2,500 Storm and Sanitary Manholes
- 2,025 Lead Service Lines



Why a Millage?

- A millage will provide the City of Grosse Pointe Park with funds available to start work in the Spring of 2023 with the initial collection coming from the December 2022 winter tax bill.
  - $1,758,292 annually
- Water/Sewer rates would have to rise significantly in order to supply the City with equal funds to cover projects
- Construction costs and interest rates on borrowing continue to increase. Millage collections will grow with the tax base and are available immediately.
- No guarantee that additional Federal Dollars will be allocated to communities such as ARPA which provided the City with $1.1 Million dollars. Most of which was used televising and cleaning the sewers.
- The State Revolving Fund Intent to Apply is due in November 1, 2022 through a competitive program with potential awarded plan for municipality in October of 2023 and construction beginning in 2024. $1.9 Billion available with influx from American Rescue Plan and Infrastructure Investment Jobs Act .
  - More than $2.8 Billion in requests were made to the revolving funds in 2022 alone
  - Projects awarded on various factors such as disadvantaged community, median household income, type of project, population, severity, system debt. All of these put Grosse Pointe Park in a weak position to secure loans and grants administered through the Revolving Fund programs.
  - Grosse Pointe Park will still look to apply for these programs in the case we could be awarded funding

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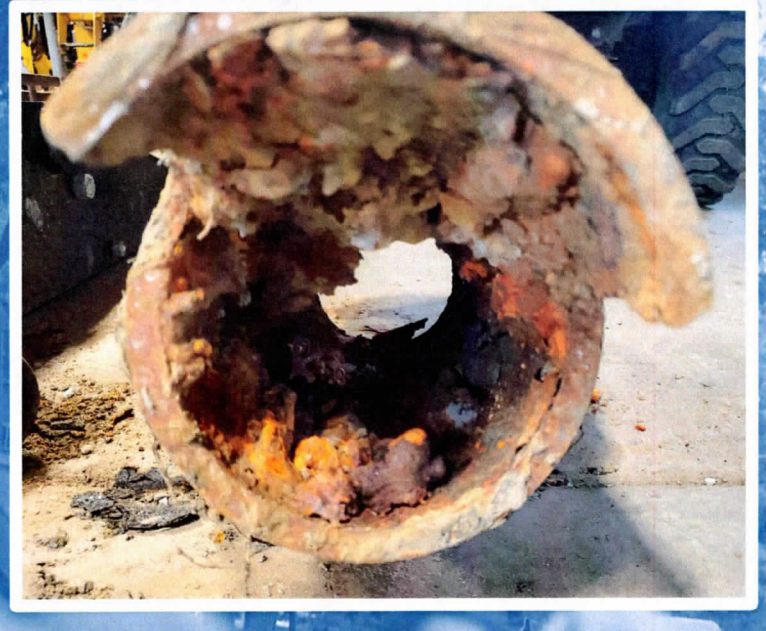
Infrastructure Challenges

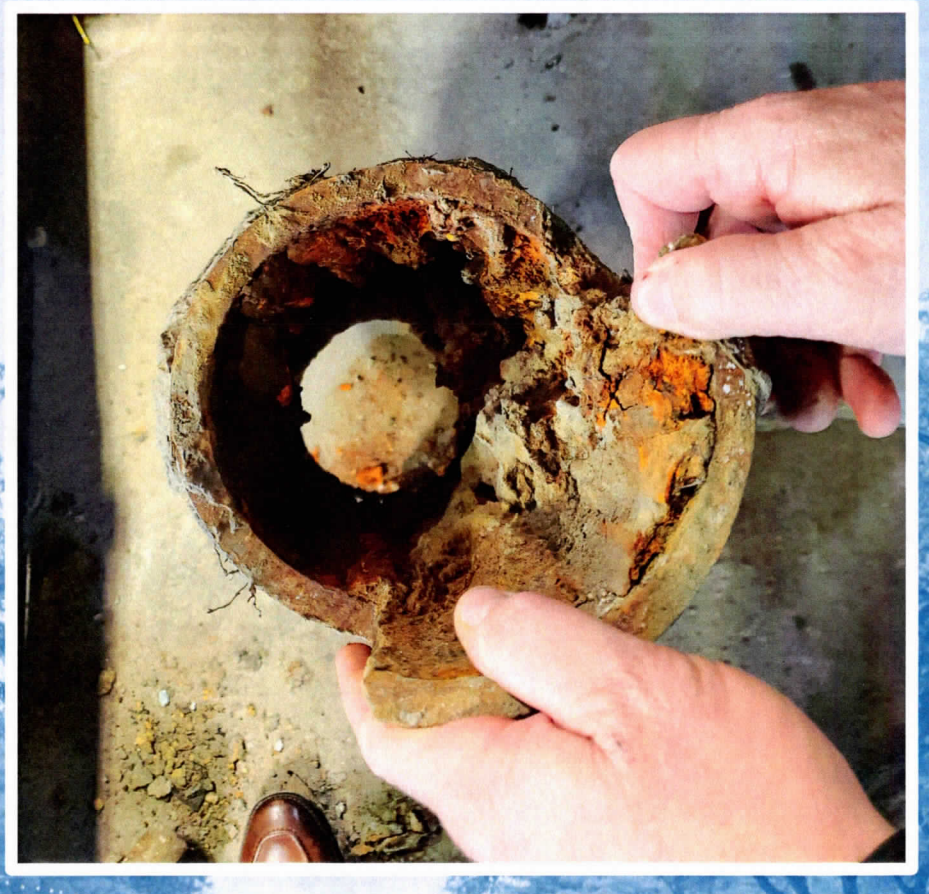
- State of Michigan mandate to replace all lead service lines
  - Required to Start in 2021
  - Due to the age of the water distribution system, the City contains approximately 2,025 lead service lines, as well as seven locations with galvanized piping at the connection of the lead service line to the City main
- 100-Year-Old Water Mains
  - The City's water distribution system is made up of water main ranging from 2-inches to 16-inches in diameter with approximately 186,260 feet or 35.3 miles of total water main. Over 90 percent of the water main is 8-inches or smaller. The 6-inch water main accounts for 66% of all the water main in the City's system. The 2-inch water main is less than 1% of the system. 1920's, cast iron
- 328 Water main breaks in last 20 years. 2022-2021- 35 2017-2020-65, 2011-2016- 45, 183 before 2011
  - Emergency repair of these breaks is the largest contributor to the City's operation and maintenance (O&M) costs for the water system. Additionally, most of the system is believed to consist of cast iron pipe due to the age of the infrastructure and visual observation during water main break repairs. Much of this pipe is old and prone to tuberculation. Replacing old, tuberculated, break-prone water mains will improve transmission capacity and reduce frequency and cost of emergency system repairs and increase available fire flow.
  - According to 2020 Water Asset Management FWR0over the last 10 years, the City experienced 103 water main breaks, for an average of 0.28 breaks per mile per year. The City also estimates that each break results in an average water loss of 3.6 million gallons for a total of 46.7 million gallons per year

Infrastructure Challenges

- Grosse Pointe Park has experienced 4 significant storm events since 2016 ranging from a 100 Year to a 1,000-year storm event in 2021
  - According to SEMCOG rainfall studies estimate that the 100-year event of today may be the equivalent of the 10-year event by 2050
- Sewer inflow and infiltration to city system, lining and additional disconnection needed to prevent infiltration into City system
- Enhancements to Patterson and Jefferson stations needed to continue level of service with rise of significant storms in the region
- Relief of City-wide sewer system in the case of Extreme Storm Events
- Water/Sewer rates alone will take a significant amount of time to raise funds for capital and maintenance projects whereas a millage will provide funds upfront while the City continues to build and manage how water and sewer rates in the future are determined through assistance with Baker Tilly

Sample City Water Main





Sample City Sewer Mains

Cleaning in progress with Pipetek

Proposed Millage Costs

- 2.5 mills generates $1,758,292 annually.
- All taxpayers are paying 1.9 mills less than they did in 2018 in city taxes. After factoring in the rise in taxable values and the *minimum* sewer separation charge, they are still paying the equivalent of 3.5 mills less in city taxes than in 2018.
- In 2022, 2.5 mills would cost the average homeowner an additional $426 per year, or $1.16/day.

How will we spend it?

- Identify projects using a proactive 6-year capital improvement plan.
- What can we fix with $1,758,292 each year?
  - Replace ½ mile of water main per year ($730,000)
  - Fund our annual requirement for removing all lead service lines by 2041 ($820,000)
    - This timeframe for this can be adjusted by EGLE upon submitting a muti-year replacement schedule. This likely will only be approved if we have a guaranteed funding source in place, such as the proposed millage.
    - Some of the costs of lead service line removal could be included in the water main replacement category depending on presence of lead lines on the chosen main.
  - Line/rehabilitate 2/3 of a mile of sewer main per year ($208,292)
- Locations of water/sewer main improvements will be identified ahead of time. Design engineering can occur in year prior to construction. Having a dedicated funding source could lead to awarding 2-year construction contracts that lock in prices ahead of time.

Capital Improvement Plan Process

- Asset Management Plan
  - Develop database of existing assets, age and condition
  - Identify Critical Assets based on use, streets, and level of service
  - Elevate assets where failures would result in the greatest impact to the Community
  - Water AMP Completed, Sewer AMP in Progress
- Project Development
  - Identify priority project areas by considering multiple factors (probability of failure, budgets, project delivery and geographic equity)
  - Develop schedule for work based on availability of funding
- Reporting and Program Development
  - Annual reporting of completed items and project metrics.
  - Refining project development based on lessons learned and best practices.

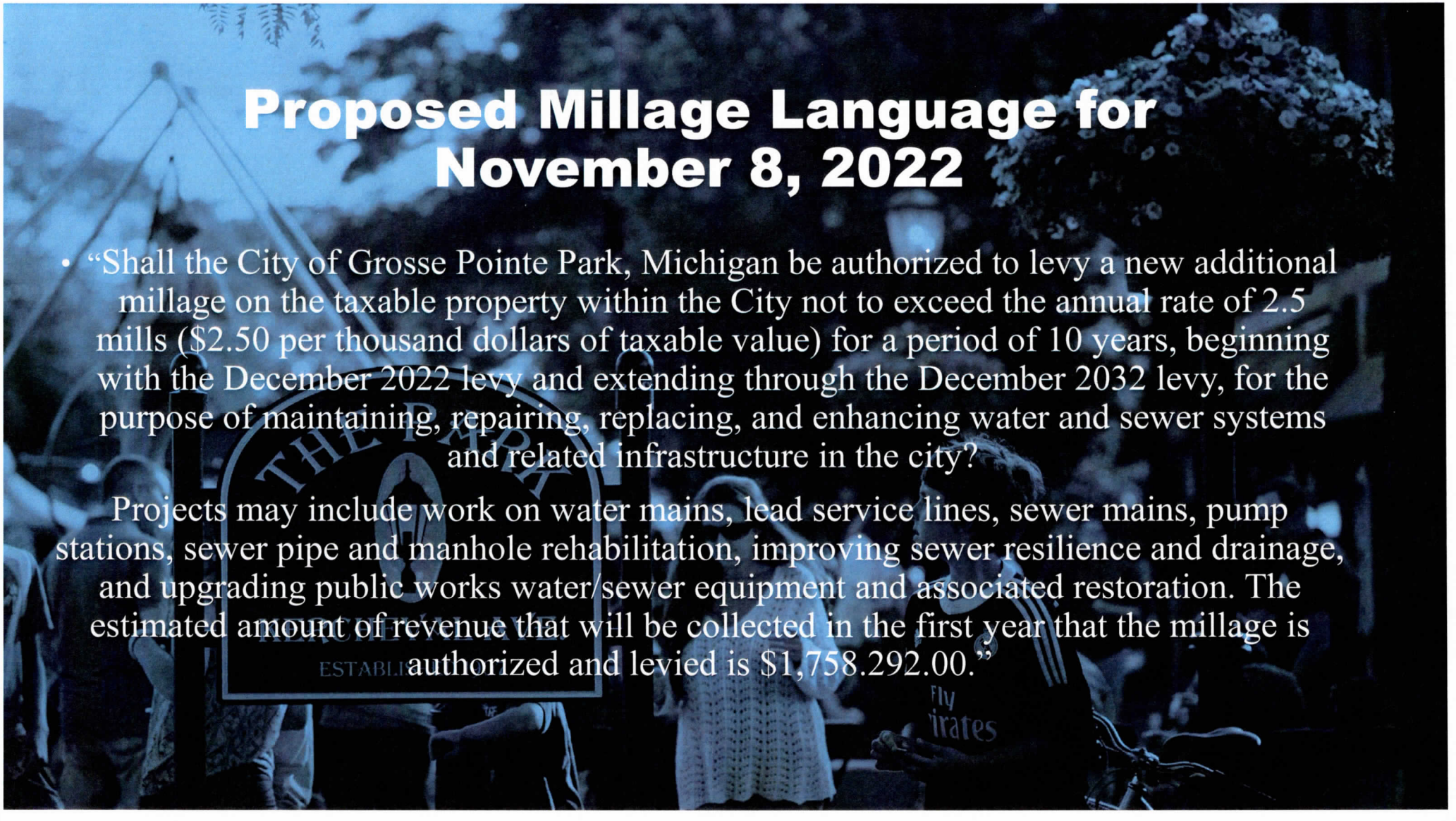
Initial Projects

The following is a list of immediate projects subject to change depending on priority

- Mack/Cadieux Water Main Replacement
- Root Treatment of City Sewers
- Separate sewers on Jefferson Avenue near City Hall
- Relief Sewers and Optimization Projects
- Sewer Maintenance and Lining
- Disconnection of Alleys
- Lead Service Line Replacement
- Replacement of Sewer Jet Truck

Millage Benefits

- Increased system pressure and reliability of City Water Mains
- Replace end of life-cycle water mains
- Help reduce impacts to the community from unanticipated water main breaks and sewer collapses.
- Reduce the amount of funds lost annually for reactive and costly emergency system repairs.
- A millage requires the city to spend the dollars on activities included in the millage language only and increases transparency of how the city is spending tax dollars
- Less regulation due to no state or federal requirements that come with loan and grant programs. These requirements add to the cost of engineering fees and administrative staff time
- No interest costs as compared to a private bond or state loan program
- First initial construction projects with December 2022 collection would allow Grosse Pointe Park to start construction in Spring of 2023



Proposed Millage Language for November 8, 2022

- "Shall the City of Grosse Pointe Park, Michigan be authorized to levy a new additional millage on the taxable property within the City not to exceed the annual rate of 2.5 mills ($2.50 per thousand dollars of taxable value) for a period of 10 years, beginning with the December 2022 levy and extending through the December 2032 levy, for the purpose of maintaining, repairing, replacing, and enhancing water and sewer systems and related infrastructure in the city?

Projects may include work on water mains, lead service lines, sewer mains, pump stations, sewer pipe and manhole rehabilitation, improving sewer resilience and drainage, and upgrading public works water/sewer equipment and associated restoration. The estimated amount of revenue that will be collected in the first year that the millage is authorized and levied is $1,758.292.00."