

# TRANSPORTATION SOLUTIONS GROUP

## RURAL ROADS COMMITTEE

### Meeting Agenda

September 30, 2008

4:00 – 5:00 PM

Routt County Commissioners Hearing Room

#### **1. Introductions**

Nancy Stahoviak, Frank Roitsch, Dan Strnad, Paul Draper, Tom Sullivan, Doug Monger, Joe Kubala, Ron Roundtree, Steve Kuntz

Staff: Meagan Coates

#### **2. Dan Strnad – presentation and discussion of Routt County’s overall financial position (the document presented is available on the Chamber’s web page)**

The presented budget may change within the year, CR 14 is not included in the document. Property tax increase is 7%.. There is a 10% decrease in sales tax this year to date. Building-use tax shows a 25% decrease. The economy is slow in comparison to previous years.

The price of asphalt has increased 51% over last year; chip and seal costs are over by 36%. All of the fees and expenditures have increased, leaving little funding for additional or new road/bridge repairs and construction. Roads are chip and sealed every 5 years and after 20 years they get an overlay.

#### **3. Dan Strnad and Paul Draper – presentation and discussion of the Road and Bridge operations and maintenance budget; challenges in maintaining current levels of service and additional revenues needed to maintain the status quo**

An estimate of annual cost in the road and bridge budget shows increases for various products (cutting edges, culverts, tires, ice slicer, salt, sand, diesel, gas, mag chloride, chip seal and asphalt). For all products, an increase of between 3%-51% is shown between 2007-2008. Revenues are not increasing but costs are increasing dramatically.

Based on the projections, an additional annual amount to maintain the level of service would be around \$3.3M. One mill would generate just over \$1.1M for property tax and a 1% sales tax increase would generate over \$5M annually. 3 mills would be necessary to meet the demand.

The level of service needs to be maintained or improved with the growing population. Meeting the demands of citizens is imperative when considering a ballot issue. Recreational demands also lend themselves to additional plowing and road maintenance. A practical and tangible list of priorities should be presented to voters.

**4. Tom Sullivan – presentation of sales tax rates and property tax mill levies from similar counties and how they compare to Routt County (this document is available on the Chamber’s web page)**

Sales tax and property mill levy information for similar municipalities/counties was presented. The total sales tax including state tax ranges from 7.15 in Craig up to 8.9 in Winter Park. Steamboat is at 8.4 (along with Vail and Telluride). The development of RTAs has been a popular mechanism for addressing transportation issues and priorities are identified clearly along with funding mechanisms in advance.

**5. Review of updated Road Improvements list (this document is available on the Chamber’s web page)**

The list of projects that was originally identified two years ago by the county and a citizen group along with annual costs and total costs was presented. Priority roads were identified in a manner that covers the county rather than concentrating in one specific area. The roads listed are roads that are treated with a dust suppression chemical except for #22 near Catamount. Roads to State parks are listed with high amounts of average daily traffic. Phase 4 includes CR 14 south to Henderson Park Road. Federal funding is available for surfacing on roads in the Steamboat Springs air shed. For 60 miles of county roads to be improved, costs are projected to be over \$23M over six years.

**6. Dan Strnad and Paul Draper – presentation and discussion of bonding for road improvements in order to complete more projects each year, including cost of bonding and management of multiple projects (this information is available on the Chamber’s web page)**

-General obligation bonds: one ballot issue for the approval of property tax increase and issuing the debt, lowest interest rate.

-Sales tax revenue bond: one ballot issue to approve the sales tax increase, and another to approve the debt. Insurance coverage is required at approximately 125% to 150% of the debt service payment. There is a higher interest rate, approximately .15% or \$1500 per million of principal more than a general obligation bond. For a \$30M issue the total interest cost would be \$.9M for a twenty-year obligation.

-Property tax or sales tax/lease purchase: one ballot issue to increase the property or sales tax. Lease purchase requires collateral in the form of land or buildings, roads will not qualify, the collateral depends on appraisal. The interest is higher, approximately .2% or \$2000 per million of principal more than a general obligation bond. For a \$30M issue the total interest cost would be \$1.2M for a twenty-year obligation.

-By state statute, any property tax allocated to the County Road and Bridge Fund must be shared with incorporated municipalities; an amount equal to ½ the road and bridge property tax revenue collected within the municipality.

**7. Next meeting date and time**

*Tuesday, October 21<sup>st</sup> from 3-5:00 p.m.*