2018 Purdue Road School
Community Crossings - Funding Techniques
Indiana Roads, Highways & Bridges

Speakers:

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Former Legislative Lobbyist
City of Greenfield, Hancock County

Honorable Chuck Fewell, Mayor

• U.S. Marine Corp
• City of Shelbyville
  – Law Enforcement
• Indiana State Police
  – Trooper
  – Governors Office
  – Line Commander
• Govt Affairs Director
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  – Financial Reporting & Budgets
  – DLGF / SBOA Compliance
2018 Purdue Road School
Road Funding Techniques
Indiana Roads, Highways & Bridges

- Community Crossing’s Matching Grant Program
- Funding For Your “Asset Management Plan”
  - 2018 is the 3rd Year into this Program
  - Hopeful that this becomes an ongoing Road Funding Program with recent Indiana fuel tax increases
  - 50/50 MATCH PROGRAM - $1M Cap > 10k Population
  - 75/25 MATCH PROGRAM - $1M Cap < 10k Population
Philosophers of the Century...

~ John Glenn...

As I hurtled through space, one thought kept crossing my mind - every part of this rocket was supplied by the lowest bidder.
Municipal Revenue Model

**General Fund(s)**

**Tax Supported**

- **Property Tax Max Levy**
  - Levy Controlled Funds
  - Special Levies - Bonds/Leases
- **Local Income Tax (LIT)**
  - EDIT / Pub. Safety LIT / PTRC
  - CAGIT / COIT
- **LRS / MVH / Miscellaneous**
- **Impact Fees (Road / Park)**
- **Federal & State Resources**
  - INDOT Match Programs

**Utility Revenues**

**Revenue Requirements**

- **Utility Rates & Charges**
  - Revenue Requirements Drive Need for Rate Adjustments & Level of Monthly Charges
  - Most Municipal Utilities have opted out of IURC
  - **User Rates Set by City Council**
    - *Tax Revenues Controlled by State & County*
- **System Development Fees**
  - Connection & Capacity Fees
  - Cont. In Aid of Construction
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Municipal Revenue Model

• Property Taxes
• Local Option Income Taxes
  – COIT / CAGIT / CEDIT / P.S. LOIT
  – Local Income Tax – “LIT”
• Miscellaneous Revenue (Excise Taxes)
• LRS / MVH / CCD / CCI / Rainy Day / Riverboat
• Utilities / RDC / Bonds
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• **MVH / LRS**
  – **LIMITED RESOURCES**
  – MVH – LRS Distributions / Wheel Surtax
    • MVH - 50% Minimum for Street Construction Projects
    • LRS Distributions – 100% Construction Projects
  – **SPECIAL LOIT** (SB 67 Distributions made in 2016 – although many projects remain ongoing)
    – For infrastructure projects
      – 75% of Projects = Road Projects
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• Local Option Wheel Tax
  – COUNTY WHEEL TAX ($50 Cap)
    • > 50% Counties Have Implemented
  – LOCAL WHEEL TAX (> 5k Population, $25 Cap)
    • Only 12 of 118 eligible units
  – IMPLEMENTATION
  – POLITICAL CONCERNS @ LOCAL LEVEL

• RAINY DAY / RIVERBOAT / RACINO
  – By Special Appropriation
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• City of Greenfield
  – Completed Asset Management Plan
  – 2016 $987,000 Grant / 2017 $281,000 Grant
    • Resurfacing / ADA-Curb Ramps ($2.6M)
    • Before Program: 1 to 2 miles / year
    • With Program: Completed 10 miles / year (2 yr average)
  – 2018 & Beyond Plans
    • Plan to pursue further grants for reconstruction
    • Hopeful that new Gas Tax Increases will sustain this program for many years to come...

Continue Recapitalization of Roads / Curb Ramps / Etc.
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• Town of Fortville
  – 2016 Special LOIT $335,061
  – 2016 Crossroads Grant $254,988
  – 2017 Crossroads Award $436,500
  – MPO 80/20 Match ($9.7M Project In Progress)
    • $1.3M Bond Issue, $.5M StormWater Funds

– 2018 & Beyond Plans
  • Plan to pursue further grants for reconstruction
  • Hopeful that new Gas Tax Increases will sustain this program for many years to come...
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Lizton Indiana

• Using the Special LOIT Distribution in 2016 to Cover Crossroads Local Match:
  – Town received $36,667 in Special LOIT Distributions ($27,500 in Special LOIT and the balance went to Rainy Day).
  – Additional Rainy Day Funds that would qualify for the special INDOT matching grant program (approximately $20,000).
  – LRS Fund had $14,000 that could be transferred to Rainy Day Fund, along with $12,000 from EDIT and $15,000 from Riverboat Funds.
  – This will provide about $100,000 for the local match. Results in a $400,000 road project with INDOT’s 75% matching grant.
  – Project didn’t get funded in 2016, but expect funding this year.
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Lizton, Indiana

*Other Crossroads Match Funding Considerations*

- Dedicated Tax Rate for Bonds funded with EDIT & General Revenues
  - By shifting the General Fund and EDIT bonds to a dedicated property tax rate, may be able to leverage additional road projects by freeing up the General Fund & EDIT revenue streams (need to work around the 2% debt limit).
Churubusco, Indiana

- 2016 Community Crossroads Grant  N/A
- 2017 Community Crossroads Award $829,000
- MVH, LRS, EDIT & Rainy Day Funds
  - Small communities that get the 75 / 25 Marching Funds are trying to maximize their leverage on this Program
  - Using virtually all of the resources noted above (to date)
Road Funding Techniques
Town of Churubusco, Indiana

- **Community Crossroads Award 2017 Award - $829,000**
  - For complete reconstruction and storm improvements for roads surrounding the school and the park- N. Mulberry St, W. Washington St., W. Tulley St., Magers St., Liberty St., and Egolf St. all of which rated at a 4 or below on the PASER scale and no improvements have been made in at least 40 years on any of those streets.

- **Have not received grant money yet.  However, Town has saved for this project over the course of 3 years by transferring money into Rainy Day in 2014 & 2015 and raising the MVH tax rate in 2016 & 2017.**

- **Sources of Matching Funds for Crossroads Program Grant:**
  - Paid 100% of design engineering fees with cash on hand - $118,380
  - $30,000- Rainy Day Funds
  - $3,380- MVH Funds
  - $85,000- EDIT Funds

- **25% Matching Funds ($277,000 Total) coming from the following:**
  - $88,150- Rainy Day
  - $6,850- Special LOIT Distribution
  - $160,000- MVH
  - $22,000- Storm Water (it would have been more had we had more to contribute to the project)
Other Potential Ideas

• To the extent that City can justify the use of Storm Water Revenues for any of the road improvements, can explore SW Funds (including SW Revenue Bonds) as an additional resource.

• If the City or Town has a Municipal Water or Sewer Utility, Distribution or Collection System Projects that require pavement replacements could potentially be included as a local match (i.e. road crossings / main locations under roads).

• Timing has to be right to coordinate these options.

• PILOT Payments from Municipal Utilities to City or Town could be used for bond payments (General Revenue Bonds).
Utilities & TIF Programs

*Can Help Reduce Financial Burdens From the General Fund and Indirectly Provide Eligible Funds for the Crossroads Local Match*

- Infrastructure Projects within Existing Roadways Require Pavement Replacement (timing has to be just right)...

- PILOT appropriated for P&I on Road Bonds

- Transfer unexpended budget funds from General Fund to Rainy Day Fund, up to 10% of total budget
Town of Fortville
TIF District Expansion Map

Original TIF Area
Generating $130k/yr
Accumulated $650k
in TIF Fund balance

Expanded TIF Area
“Redevelopment Area”

New TIF Area

MPO Project Overlapping TIF Area
Municipal Utility Examples

- Utilities always play role in Development
- Storm Sewer Separation Projects (late 1990’s) –
  - Replaced / Improved Roads, Curbs & Sidewalks Downtown
- Water, Sewer & Storm Water – Growth Capacity
  - 50% remaining Water & Sewer capacity for future growth
- Fostered Residential Growth (late 1990’s – 2008)
- Advancing Industrial & Commercial Growth
- Extended Utility Service into Hamilton County
- Established TIF Program in 2002
Philosophers of the Century...

~ Arnold Schwarzenegger...

Having more money doesn't make you happier. I have 50 million dollars but I'm just as happy as when I had 48 million.
1 Minute Video...

What is the “Take-Away” For Government Officials?
1 Minute Video...

What is the “Take-Away” For Government Officials?

Salesman wanted to go the extra mile.

Wanted to provide a level of service that was beyond the customer’s expectation.

Giving the customer a gun turned out to be a bad idea.

Govt. Officials have to make complex decisions – for the good of citizenry

You want to go the extra mile. But, don’t shoot yourself in the foot...

Under-Promise and Over-Deliver...

Engage a seasoned team of Professionals

It pays to get it right the first time...
The Other Extreme Isn’t The Answer Either...
Hurdles Facing Cities & Towns Ability to Succeed

• Tax Caps:
  – Cities, Towns & Counties do not Collect their Authorized Levies
  – Some lose 40% to 50% of their Property Tax Levies
  – Need to find new revenue resources (LIT, Wheel Tax, Other)

• Annexation:
  – Rules No longer Favor Cities & Towns

• Utility Service Areas:
  – No More “Right to Serve” / Territory Barriers w/ REMC

• Net Assessed Value Appeals:
  – After Incentives Expire, Businesses become Adversaries

*These Represent Major Obstacles for Needed Resources to Fuel Economic Development & Redevelopment Initiatives*
Philosophers of the Century...

~ Prince Philip...

When a man opens a car door for his wife, it is either a new car or a new wife.
Questions / Clean Up Matters

Animal Management Can Play Important Role in Preserving Local Roads...
Roundtable Discussion

• What kinds of “unusual” funding techniques have your communities utilized to fund their “local match”?

• What worked in past that no longer works?

• Future strategies vs. past strategies?
Local Govt Finance – Show Me the Money!

EXTRA CREDIT SLIDES

Municipal Revenue Model
Key Terminology

- **Property Tax Levy**
  - Funds generated by applying the tax rate to each $100 of NAV (tax rate multiplied by NAV divided by 100)

- **Net Assessed Value (“NAV”)**
  - Assessed value of real and personal property after deductions – tax base

- **Property Tax Rate**
  - Property tax levy divided by NAV divided by 100

- **Maximum Levy Limit**
  - Maximum amount of tax levy that can be raised by a taxing unit as certified by DLGF. Increases annually by state-wide growth factor. (Debt Services levies are excluded.)

- **Controlled Levy**
  - Tax levy chargeable against (within) the maximum levy
  - Examples: Levies on General, MVH, and Park

- **Exempt Levy**
  - Tax levy outside the maximum levy (however, may not be exempt from Circuit Breaker caps)
  - Example: Debt Service levies

- **Excess Levy Appeal**
  - Petition to DLGF to increase maximum levy

- **Circuit Breaker Tax Credit**
  - Credit applied to tax bill if calculated tax liability exceeds caps
Technology Tips

Most People Don’t Realize That Apple’s MAC Laptops & PC’s Actually Can Support Windows...

Just not really Heavy Ones...

Apparently Mac supports Windows now.