



Notice that the meeting of the Village of Bingham Farms **Roads Project Advisory Committee** will be held in Village Council Chambers at 24255 Thirteen Mile Road, Suite 190, Bingham Farms, Michigan, 48025, on Wednesday, April 24, 2024, beginning at 6:30 p.m.

AGENDA

- I. Call to Order – roll call**
- II. Approval of Agenda – M**
- III. Approval of 4-10-24 meeting minutes - M**
- IV. Public comments for items not on published agenda**
- V. Presentations**
 - a. Grinnan memo
 - b. Special assessment proposal
- Member comments**
- VI. Adjourn – M**

M = Motion

IN ACCORDANCE WITH PUBLIC ACT 267 (OPEN MEETINGS ACT)

The Village of Bingham Farms will provide necessary, reasonable auxiliary aids and services to individuals with disabilities requiring such services. All requests must be made to the Village Manager at least five business days before meeting. Contact the office in writing or by phone: 24255 Thirteen Mile, Suite 190, Bingham Farms MI 48025, 248-644-0044.



Meeting minutes of the Village of Bingham Farms **Roads Project Advisory Committee** held in Village Council Chambers at 24255 Thirteen Mile Road, Suite 190, Bingham Farms, Mi., on Wednesday, April 10, 2024, beginning at 6:30 p.m.

I. Call to Order: Marten called the roll at 6:30 p.m.

Committee members present: Maissan Almaskati, William Gollnitz, Antonia Grinnan, Kurt Jones, Eric McAlexander, D.E. Hagaman.

Absent: James Birley.

Staff present: Village manager Ken Marten, administrative assistant Yevgeniy Malkin.

Others present: Joe Hlavaty, Trustee Kathy Mechigian, Kathy Hagaman, Jeff DuComb, Michael Hedge.

II. Approval of Agenda: Motion by Jones to approve the amended agenda, second by Almaskati. Approved 6-0.

III. Approval of 3-27-24 Minutes: Motion by Grinnan, second by Almaskati, to approve minutes as presented. Approved 6-0.

IV. Public Comments not on published agenda: None.

V. Presentations:

- a. **Development Fund Presentation and Financing Proposal:** Almaskati presented his ideas regarding a Bingham Farms Development Fund and how it would work and operate.
- b. **Status Quo Option:** Trustee Jones presented his idea of what a “Status Quo” roads option would be.
- c. **Road Maintenance Option:** Trustee Jones presented this option, which is the same as the “Status Quo” but with road maintenance focused on road longevity while funds are accumulated for future projects.

VI. Member Comments: Some members made general comments.

VII. Adjourn: Motion to adjourn at 7:32 pm by Hagaman, second by McAlexander. Approved 6-0.

ANALYSIS OF EQUITIES AND POLITICAL REALITIES – March 27, 2024

As we all know, all residential properties in Bingham Farms, whether on Village roads or private roads, are taxed at the same rate.

Of all the homes in the Village, slightly more than half are on private roads. The chart below will show the differences in Village services received by residents on Village roads (a minority) versus those on private roads (a majority). (Homes on private roads include not only the condominium developments but also some 24 single family homes on several small private roads.)

	<u>Village Road Residents</u>	<u>Private Road Residents</u>
Fire and EMS Services	Yes	Yes
Police Protections	Full services	Limited Services*
Trash Collection	Yes	Yes
Road Maintenance/Repair	Yes	No**
Snow Removal	Yes	No***
Road Engineering Services	Yes	No

*No traffic enforcement is provided on private roads. If there is a problem with speeders, vehicles running stop signs, or blocking fire hydrants, these neighborhoods are without police protection.

**For one example, in Bingham Woods, from 2016 to 2023, the neighborhood spent \$350,000 on road repair. The cost to each residence for this comes to \$1832.

***For one example, Bingham Woods has spent \$80,000 per year over the last four years for snow removal. That is a cost to each residence there of \$418 per year.

It is indisputable that residents on private roads are paying the same tax rate, getting less services and having to pay out of pocket for services that the Village provides to Village road residents. This is clearly inequitable and unfair. It is also no one's fault. It is a situation that likely grew over a long period of time, as new development proposals came before the Council and were approved because they were generally good for the Village and consistent with its long term plans. Private roads likely seemed like a good thing for the Village initially. It is only after decades have passed, and a large number of private roads have been approved, that it becomes clear that the inequities created are not in the Village's long-term best interests. The Village is now at a point where it will be

difficult to persuade voters on private roads to support projects that provide them with no direct benefit. The time is now right for the Village to acknowledge and address these issues. The clear solution is to take steps now that will acknowledge and correct some of the inequities that have been created. Some ideas for doing that are described below.

Offer the Option of Conveying Private Roads to the Village

Before this can be considered, the Village would need to get an engineering study of any road whose residents are interested in the proposal. The engineers would need to determine the state of the road and then the Village would set a price for the conveyance. Since most roads represent financial liabilities, this would be a one-time price that the Village would charge the residents (or the HOA if there is one) to convert the road to a Village road. Once done, the road would be maintained and plowed by the Village thereafter and traffic enforcement would be provided.

Allow Private Road Maintenance/Repair Projects to be Folded In with Village Projects

We have learned that the most expensive road project is the small road project. That is to say, there are great advantages in the form of economies of scale when it comes to road work. When the Village undertakes a road project, offers could be made to private road residents/HOAs to add their compatible project to the Village's project, with the private road owners paying their pro rata share. This would result in substantial savings to private road residents as well as to the Village.

Provide Engineering Services

Shopping for road work is not a job for amateurs. In order to ascertain the level of work needed, evaluate competing bids, and oversee the work to be sure quality is delivered, the services of a road engineer are crucial. Individual neighborhoods are at a disadvantage in obtaining such services, not only for cost reasons but because their projects are usually small and they do not represent a source of return business for the engineering company. It would be a great benefit to private road residents if the Village could find a way to provide engineering services for private road projects.

Special Assessments for Village Roads

The use of Special Assessments for repair of Village roads for at least some portion of those costs should be considered. This would help equalize the contributions of private road and Village road residents.

These are some practical ways to address the road funding challenge that the Village now faces. Making the tax burden fall more fairly can be a big part of the solution. The current inequities only create division among residents and while it may not be possible to find a perfect fix, it is in the Village's long term best interests to both acknowledge and address these inequities now.

Proposal for a Bingham Farms Roads Project Using an Approach that Includes a Special Assessment

The Village desires its roads to have an overall average PASER rating of 5 - 6.

There are 26,985 feet of public roads in Bingham Farms or 5.11 miles. Most of these have PASER ratings of 3 to 4.

Bingham Road is the only road considered as a major road. Bingham Road is 5280 feet long or 1 mile. This is important because a portion of the Act 51 funds are restricted for use only on major roads. In the 2023 budget, the balance in the major road fund is \$842,068 and can **only** be used for work on Bingham Road.

The current balance in the Village fund that can be allocated to the roads is \$2,759,980. If we subtract the major road fund of \$842,068, the total currently available for all other Village local roads is \$1,917,912.

If we remove the length of Bingham Road (5280 feet) from the total length of the roads (26,985 feet) it leaves 21,705 of local roads.

Old Stage Road and Coachlight Road are the only concrete roads in the Village. Old Stage Road (concrete with PASER rating of 4 – 6) and Coachlight Road (concrete with PASER rating of 5) can both be bought up to a 5 or 6 PASER without a lot of expense. Also, Brooks Lane does not need much attention as it already has a PASER rating of 8. We can remove the length of these roads from the total. The length of these 3 roads combined is 2210 feet. Now leaving 19,495 feet of local roads.

Additionally, Timber Trail is designated to become a “path”. Suitable for walking and bike riding but not for motorized vehicles other than emergency vehicles. Assuming a grant and a lower cost option for a path, the cost for Timber Trails is \$140,847 and can be managed from general funds in the future. However, there is one house on a section of Timber Trail between Hickory Hollow Lane and Old Orchard Trail that has driveway access directly to Timber Trail. That smaller section cannot be a “path” as it must be used as access for the one home. Timber Trial is 2215 feet long. If we assume that small section is about 400 feet, then another 1815 feet can be removed for the total length of the roads leaving 17,680 feet of local roads.

Additionally, there is 100 feet at the end of Bristol Court that is deemed in good condition and does not need work. This leaves a total of **17,580 feet of roads** that need rehabilitation to bring them up to PASER ratings of 5 - 6.

With 17,580 feet of local roads and \$1,917,912 in available funds, we can allocate \$109.10 per foot of road with the money on hand.

If we model Bristol Lane, Sager Ct, Bristol Ct, and Britner Ct. as a Phase 1 SAD, there 6895 feet of roads. Allocating available funds based on road footage, this phase of the overall project would receive \$752,245 from these available funds.

Cost for selective rehab of these roads is:

Bristol Lane = \$ 950,845

Bristol Ct = \$ 352,711

Britner Ct = \$ 152,803

Sager Ct = \$ 193,160

Total = \$1,649,519

Less available funds of \$752,245 leaves \$897,274 to be financed.

Establish a Special Assessment District for just these roads as Phase 1 SAD. These roads were last resurfaced in 2005 and are the oldest of all roads in terms of when they were last resurfaced. Plan to begin construction in the spring of 2025 (or even the spring of 2026).

Calculating an assessment based on frontage will not work due to the huge variations in property frontage. The assessment will be modeled based on "per lot". There are 67 lots on these 4 streets.

It is very unlikely the residents will desire a one-time assessment to pay for the entire additional funds needed of \$897,274. That would be \$13,392 per lot. So, we can consider financing options.

There may be any number of ways to creatively finance, this but some options to consider:

1. In the current available funds for local roads (\$1,917,912), the Village has the money to fund the entire Phase 1 SAD of the project. The Village could decide to loan \$897,274 to this SAD. But this may not be fair when the next Phase comes, and the Village has no money left to help those residents.
2. SIB Loan assuming you can borrow up to \$2 million with a maximum term of 20 years. This Phase 1 SAD needs almost \$900,000 so it would fit into the parameters for an SIB loan. The payments are interest only for 20 years and then the entire principal of the loan of \$900,000 comes due. An SIB loan at 3.25% interest for 20 years looks like this in a total assessment for each of the 67 lots.
 - The interest on the SIB loan at 3.25% is \$29,250 per year or \$437 per lot per year.
 - The entire principal of \$900,000 comes due in Year 20 and will need funds to be raised each year in advance. This will require an additional \$45,000 per year or \$672 per lot per year.
 - $\$437 + \$672 = \$1109$ per year per lot or \$22,180 per lot over 20 years.
 - **Assessment per year per lot = \$1109**
3. Bond Issue. Repayment works very much like a mortgage. Each payment includes principal and interest. We will model a \$900,000 bond issue with 4.5% interest over 20 years.
 - Annual payment for principal and interest at 4.5% interest over 20 years = \$68,326 or \$1020 per lot per year or \$20,400 per lot over 20 years.
 - **Assessment per year = \$1020**

We will need to model the residents who live on Bingham Road, Bingham Lane, Hickory Hollow, Old Orchard Trail, Shagwood, Timber Trail, and Fromm in the same way.

Options for these roads could be:

1. Phase 2 SAD consisting of Bingham Road targeting 2027/2028 for rehabilitation
2. Phase 3 SAD with all the other roads targeting 2029/2030 for rehabilitation

The dates of rehabilitation used above approximate 20 years since their last resurfacing except for Bingham Road which was last resurfaced in 2003.

All the above assumes ZERO contributions from any resident in Bingham Farms who lives on a private road.

But is it fair to put the full burden of the costs for rehabilitating the roads directly on those who live on these roads even if they receive the direct benefit?

There are basically two “types” of private roads plus a few other exceptions:

- **Private roads that DO NOT intersect any of the local or major roads in the Village** (Bingham Woods, Outland Trails, Cardinal Lane, Pioneer Ave., and a few residents that have 13 Mile and 14 Mile addresses whose driveways directly access these County roads). In theory, none of these residents would ever have to travel on any of the Village local or major roads. Nor would any service provider or visitor to these residents need to use the Village roads. (There are approximately 208 residences that fall into this category)
- **Private roads that DO intersect with the one major road in the Village, Bingham Road, whose residents may be part of a future Phase 2 SAD** (Bingham Pointe, Woodlyn Drive and Bingham Court). These private road residents and any service provider or visitor must use the Village major road to get to their homes. (There are approximately 45 residences that fall into this category)
- **Residents who live on Village Roads who may not be part of any near-term SAD** (Fromm, Old Stage, Coachlight, Brooks Lane). There are approximately 40 residences that fall into this category)
- A total of 293 residences in these categories out of a total of 493 total Bingham Farms residences. Leaving 200 residences to pay for the local road rehabilitation.

One scenario to consider:

- Have the residents who live in the SAD, and who will receive the direct benefit of the road improvement, pay for 100% of the principal cost of the project above the allocation of funds from the Village.
- Through a millage increase, have everybody in the Village (including commercial properties) pay for the interest on any loans.
- In the model for Bristol Lane and its Courts, it looks like this:
 - Funds required to improve the roads after the allocation of funds from the Village is \$900,000. With 67 lots, that is \$45,000 per lot or \$672 per lot per year in a special assessment. (Versus \$1020 per year pay for the principal and interest).
 - The interest on a bond issue of \$900,000 at 4.5% interest over 20 years is a total of \$466,522 or \$23,326 per year. If a 1 mill increase in taxes brings in about \$200,000 per year, this is about 0.12 mill increase.

- Residents in the Phase 1 SAD would pay an assessment of \$672 per year plus a 0.12 millage increase (likely less than \$50 per year). About \$722 per year for 20 years.
- All other residents in the Village pay a millage increase of 0.12 per year for 20 years.
- This would have to be repeated with each SAD over time.

The result of this model for Bristol Road and its Courts is:

- Total cost of the project is \$2,116,437 (\$1,649,915 plus interest on a loan of \$466,522)
- Between allocated available funds (\$752,245) and a 0.12 millage increase for 20 years (\$466,522), the Village pays for \$1,218,767 of the total which is **57.6%**.
- Through an assessment, the residents pay \$897,670 which is **42.4%**.

If fairness is the question, this seems to be a fair outcome.

			Length (ft)	Short Term/PM	Cost per Foot	% of Total Feet	Last Resurfacing	PASER Rating	Year for Rehabilitation
Sager Ct	SAD Phase 1	Asphalt	695	\$ 193,160	\$ 278	4.0%	2005	3	2025
Britner Ct	SAD Phase 1	Asphalt	665	\$ 152,803	\$ 230	3.2%	2005	3	2025
Bristol Ct	SAD Phase 1	Asphalt	1535	\$ 352,711	\$ 230	7.3%	2005	3	2025
Bristol Lane	SAD Phase 1	Asphalt	4000	\$ 950,845	\$ 238	19.7%	2005	3 and 4	2025
Bingham Road	SAD Phase 2	Asphalt	5280	\$ 1,467,464	\$ 278	30.5%	2003	4	2026
Bingham Lane	SAD Phase 3	Asphalt	3730	\$ 493,033	\$ 132	10.2%	2008	4	2028
Old Orchard Trail	SAD Phase 3	Asphalt	2535	\$ 333,244	\$ 131	6.9%	2009	3	2029
Hickory Hollow	SAD Phase 3	Asphalt	880	\$ 201,326	\$ 229	4.2%	2005	3	2029
Shagwood	SAD Phase 3	Asphalt	1780	\$ 350,021	\$ 197	7.3%	2009	3	2029
Timber Trail	SAD Phase 3	Asphalt	400	\$ 102,000	\$ 255	2.1%	NEVER	1	2029
Fromm Ct	SAD Phase 3	Asphalt	1360	\$ 218,374	\$ 161	4.5%	2010	4	2030
			22860	\$ 4,814,981		100.0%			
Old Stage Rd		Concrete	845	\$ 218,100	\$ 258	4.5%	2005	4 and 6	
Coachlight Lane		Concrete	705	\$ 163,600	\$ 232	3.4%	2005	5	
Brooks Lane		Asphalt	660	\$ 113,100	\$ 171	2.3%	2013	8	

Old Stage, Coachlight and Brooks Lane have the highest PASER Ratings therefore are not a current priority for any short or long term rehab

Notes regarding Special Assessment Meeting

1. While it might be possible to do 1 SAD for all of the public roads the Village wants to reconstruct, our attorney advises that this is not a good option.
2. He believes a SAD based upon a “per lot” assessment is preferable to one based upon footage.
3. A special assessment can be enacted by either a vote of the Village Council or by a request from the property owners. There is not an option to let the residents vote for it.
4. If enacted, it would take about 6 to 9 months to get a special assessment district started.
5. Special assessments are not tax deductible.
6. While other Village funds can be mixed with special assessment fund to complete a project, special assessment funds must be used for the project for which they were assessed. It is possible to impose a special assessment on residents whose roads are being improved while at the same time having a general tax increase to improve the roads.
7. If an SAD is established for a roads repair project, the project must be started (at least engineering part of it) quickly. You can't, for example, have a special assessment project with payments over 4 years and not start the road improvements until after all the payments have been collected. Doing this could mean that residents who move might pay for improvements they would never benefit from – which is not allowed. To be clear, you can spread the special assessment payments over a period of years, but the project must start before that period ends.
8. Advisory votes are no longer allowed in Michigan. The council can't put on the ballot in November a question of whether the residents approve of any plan for special assessments or an increase in taxes to improve the roads. It could put on the ballot proposition to raise taxes specifically to raise taxes to pay for road improvements, but the results would be binding – if the proposal passed taxes would be increased by that amount.