

SIDEWALKS

Clawson's Sidewalk Program
2008-Present

Sidewalk Amounts

- The sidewalk fee program was approved by City Council in 2007 for six years and approved again in 2013 for an additional six years
- We have currently completed 10 sections of the City through the 2016-2017 season which means there are two years remaining on this program for the years 2018 and 2019
- All residential property owners are charged \$25 per year
- The \$25 fee began with the 2007 summer tax bill
- There are currently 4,475 residential parcels
- The Sidewalk Fund currently receives \$111,875 per year and all monies are spent only on sidewalk expenses

Sidewalk Costs

- Back in 2007, a flag (square) of sidewalk cost around \$80
- The estimated time to get completely through the City to replace sidewalks was 12-15 years
- Beginning in 2013 the cost of cement began to rise at an alarming rate
- When coupled with increases in labor cost the current cost of a flag of sidewalk is \$140
- With the increase in the cost of cement and the number of diseased trees we have had to remove, the annual fees received only go about half as far as they did before

How Far Have We Gone?

- After 10 years of the program by May 2017, we will have collected \$1,120,525 in fees and we have spent all the amounts collected for the sidewalk program
- At the current cost it is estimated that Clawson will need another \$1,675,000 to complete the first program through the entire City
- A resident living in Clawson since 2007 would have paid \$250 in the 10 years of the program that have been completed so far

How Far Have We Gone?

- In relative terms, the \$250 paid by a resident over 10 years would cover less than two flags (squares) of cement at today's cost
- Under the former sidewalk program, residents paid the full amount of sidewalk repair depending on the number of flags that were replaced
- Some residents with large or corner lots paid as much as \$2,000-\$3,000 under the former sidewalk replacement program
- Our Engineering firm estimates that we have completed sidewalks in about 40% of the City so far

What's Left to Do?

- The 60% of the City sidewalks remaining to be completed is estimated to cost \$1.675 million if we were able to complete it all at one time
- At the current rate of \$25 per year per residential household, it would likely take over 15 years to complete the sidewalk program throughout the rest of the City since prices will continue to rise.
- Obviously, all of the residents who have not had their sidewalks replaced yet, would like their sidewalks done now and would prefer not to wait up to another 15 years
- What options do we have to speed this program up?

What Are Our Options?

- The first option is to just continue on the same course collecting \$25 per year and do as much sidewalk and tree removal as \$111,875 will allow us each year
- A second option is to increase the annual fee to a higher amount and continue to complete as much sidewalk as the additional revenue would allow us to complete each year
- A third option is to divide the remaining 60% of the city that has not yet received sidewalk replacement into five sections and then borrow the money to complete each section over the next five years, which would be approximately \$336,000 for each section
- In order to pay off the borrowed debt the City would need to collect an annual fee of \$40 to pay off the loan and interest over 11 years

What Are Our Options?

- A fourth option would be to discontinue the collection of the \$25 annual fee after two more years of the program to complete the second six years currently approved by City Council and the City would then go back to the prior sidewalk program and bill the remaining residents in full for sidewalk flags that need to be replaced
- Unfortunately we would not be able to apply the amounts paid into the sidewalk fund as credits or refunds, since those collections have already been spent on sidewalks throughout the City that have already been completed
- This option would be the most unfair to the 60% of the City who have not yet had their sidewalks replaced

What's the Best Option?

- The City Council adopted this Sidewalk Program to help residents pay for a potential big-ticket item over a longer period of time at a potentially lower total cost
- As with many city services and infrastructure items that residents pay a share of there is no perfect solution to the replacement of sidewalks
- After reviewing all of the possible solutions, I believe the best and fairest option is to continue collecting an annual fee to make sure the program is completed throughout the entire City
- I would recommend that we go with the third option, which would complete the sidewalk program throughout the entire City over the next five years and would require a \$40 annual fee for 11 more years to cover the cost

What's the Best Option?

- The \$15 increase in the annual fee (from \$25 to \$40) equates to an average of \$1.25 more per month and a total of \$3.33 per month (\$40/year) for sidewalk replacement
- This also means there is a sunset provision on the program for payment of 11 more years and then payments would end
- The total maximum amount paid of a resident living in Clawson over the 21 years of the program would be \$690 which averages out to \$32.86 per year over the life of the sidewalk payment program
- At a rate of inflation of 2% over 20 years the cost of a square of sidewalk will be \$174 in 2028

What's the Best Option?

- This program still makes the average cost to a resident lower than the previous method of sidewalk replacement and equates a fair cost to the benefit received to most residents over the 21 years of payments
- The best part of this option is being able to complete the 60% of the City that has not yet received sidewalk replacement in five years rather than 15 years or longer
- I have prepared a map to show the proposed 5-Year plan and a spreadsheet to show the debt repayment schedule