

SIDEWALKS

Clawson's Future Options

Sidewalk Fee History

- The sidewalk fee program was approved by City Council in 2007 for six years and approved again in 2013 for an additional six years
- All residential property owners paid \$25 per year through the 2016 summer tax bill
- Council requested a quicker option to complete the 60% of our sidewalks still needing to be replaced
- At the current annual sidewalk fee collection rate, it would take at least 17 more years to complete the 60% of the City still remaining to repair and replace sidewalks

Sidewalk Costs

- Therefore we have decided to no longer collect the \$25 annual sidewalk fee beginning in 2017
- Our Engineering firm has broken down the remaining areas of the City that still need sidewalk replacement
- Due to disruption of the neighborhood and the restricted mobility of cement contractors, they are recommending that we use a five-year plan to complete the sidewalks for the remainder of the City
- Our bond attorney has recommended that we issue Unlimited Tax General Obligation Bonds (UTGOB) in order to complete the sidewalk program

Funding Options

- If Council approves of this option a referendum to issue UTGO Bonds would be on the November 2017 ballot with all of the bond proceeds to be used to complete the sidewalk program
- City Council has also requested that we find a way to complete the sidewalk program with the least annual tax impact on the residents
- With that in mind, our bond advisors have prepared a repayment schedule to show that our overall debt levy for bond payments will actually continue to DECREASE over the repayment term of these UTGO bonds

Bonding Options

- The summary of the bond proposal has two separate bond series issues. One for \$1,275,000 in 2018 and another for \$850,000 in 2021 for a total of \$2,125,000
- The payments for the bond issue averages .61 mil over the eleven year repayment schedule
- The average taxable value in Clawson is about \$54,000, so the average annual tax amount would be \$32.94
- The remaining sidewalk program would be completed in five years starting in 2018 and ending in 2022
- This allows the sidewalk program to be completed without a tax increase for debt service

Bond Tax Impact

- The estimated added debt levy in the first two years is .30 mil and .33 mil respectively
- This allows the taxpayers to support the sidewalk bond sale without increasing their taxes since the debt millage dropped from 7.80 in 2016 to 7.65 for the upcoming 2017 summer tax bill. The 2018 debt levy is estimated to drop from 7.65 to 7.62 and then in the second year from 7.62 to 7.61, even with this added sidewalk bond issue
- The drops in overall debt millage rates from 2021 forward (7.61 down to 7.12) are much larger since existing debt begins to be paid in full in 2020
- The debt millage would continue to drop each year until the estimated millage in the final year of this bond repayment is 4.13 mills

Why should I support this?

- Completing the sidewalk program throughout the rest of the City is important to everyone who lives in Clawson.
- Completion of the program over the next five years is the most feasible option and makes sense both financially and logistically
- Since the sidewalk program will be completed through a bond sale, the remaining cost will be shared by commercial taxpayers as well as residents
- The best news is that this plan completes the sidewalk program through the remaining 60% of the City in 5 more years rather than 17 years
- After the sidewalk program is completed, we can then review the program and do whatever the City Council and the residents feel is the best plan going forward for sidewalk replacement

What are the Next Steps?

- Our bond attorney will draft ballot language and a resolution for Council to approve for the November 2017 ballot
- If the ballot proposal is approved, our bond attorney will prepare the documentation to sell the first of the two series of bonds in 2018 and then we will re-start the sidewalk program in the Spring of 2018
- Due to continuing payments to retire existing debt, the debt levy will not increase taxes for the taxpayers of Clawson
- Completing the program through a bond sale continues to be less expensive than the previous program of billing the property owner for the slabs located on each property

Council Direction

- The City Council adopted this Sidewalk Program to help residents pay for a potential big-ticket item over a longer period of time and likely at a lower total cost than the previous sidewalk program
- By selling bonds to complete the sidewalk program, this amount can be deducted for federal income tax purposes
- Council may direct Administration to request our bond attorney to prepare ballot language for the November 2017 ballot requesting the approval of the Clawson electorate to issue Sidewalk Improvement Bonds (UTGO) to complete the remaining sidewalks in the City
- This program will take five years to complete starting in 2018 and ending in 2022