A ROAD MAP to BETTER STREETS

Road Maintenance and Rehabilitation

Mayor Jean Stothert    July 2019
PRIORITIES AND RESULTS

1- IMPROVE PUBLIC SAFETY

Increase # of Officers

Crime is down

Violent Crime Reduction Jan-Dec 2018
+12% Increase in Police Officers in 2018

2018 Crime Statistics Jan-Dec 2018

-27% Homicide
-2% Sexual Assault
-5% Aggravated Assault
-27% Robbery
-11% Burglary
-4% Theft
-11% Auto Theft

Crime is down by -34%
2- MANAGE THE BUDGET

“We are Financially Sound”

Since 2013, the City budget has grown, on average, 3.75%
3- JOB GROWTH & ECONOMIC DEVELOPMENT

Omaha Unemployment Rate 2.9%

United States Unemployment Rate 3.6%

Since 2013:

283,081 total building permits issued valued at $4.9 Billion

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Valuation - Millions (Not Inflation-Adjusted)</th>
</tr>
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<tbody>
<tr>
<td>2013</td>
<td>$7,056</td>
</tr>
<tr>
<td>2014</td>
<td>$631.8</td>
</tr>
<tr>
<td>2015</td>
<td>$653.5</td>
</tr>
<tr>
<td>2016</td>
<td>$716.0</td>
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<tr>
<td>2017</td>
<td>$875.2</td>
</tr>
<tr>
<td>2018</td>
<td>$1,005.4</td>
</tr>
<tr>
<td>2019</td>
<td>$851.8</td>
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</tbody>
</table>
PRIORITIES AND RESULTS

4- IMPROVE THE TAXPAYER EXPERIENCE

- REDESIGNED WEBSITES (Cityofomaha.org, Keepomahamoving.com, wasteline.org)
- EXPANDED USE OF SOCIAL MEDIA (Facebook, Twitter, Instagram)
- ADDED OPTIONS FOR MAYOR’S HOTLINE-Omahahotline.com
- DEVELOPING CITY OF OMAHA APP
- CITY CHECKBOOK ONLINE
- PARK OMAHA APP

BETTER ROADS ARE PART OF THE CUSTOMER EXPERIENCE

- WE HAVE PRIORITIZED RESURFACING & INCREASED SPENDING
- SINCE I HAVE BEEN MAYOR, (2013-PRESENT)WE HAVE RESURFACED 738 LANE MILES--THE DISTANCE BETWEEN OMAHA AND WACO, TX
- WE HAVE 5,000 LANE,MILES, NEED TO DO MORE.
THE GOAL

- CREATE AN ACTION PLAN FOR SUSTAINABLE ROAD MAINTENANCE AND REHABILITATION

Currently spend approximately $41 million annually on total road repair:

- Pavement Maintenance $21m
- Residential Street Rehab $5.8m
- Major Street Resurfacing $6.3m
- Residential Brick Street Repair $600,000
- Street Improvement Districts $820,000

Recommended Standard: spend $75 million annually based on value of current road infrastructure $1.5 billion (5% of total value)

$34 million annual shortfall

Source: 2018 Transportation Needs Analysis (HDR, Lamp Rynearson, Benesch, Olsson)
TOWN HALL OBJECTIVES

- The Problem: Road Maintenance, Repair and Rehabilitation
- What have we done about it? (2013-present)
- What is needed to improve maintenance and repair?
- Revenue needs and options
- Next Steps
THE PROBLEM

● EXISTING ROADS ARE AGING
  ○ 50 years behind in road maintenance and rehabilitation, underfunded for years
  ○ Potholes are a symptom, not the issue; the result of aging infrastructure
  ○ Omaha is not alone; this is a nationwide problem

● WE NEED TO MEET FUNDAMENTAL NEEDS OF CITIZENS & BUSINESSES
  ○ Get you from point A to point B safely and efficiently

● WE HAVE MORE NEEDS THAN MONEY
  ○ At the current rate of funding we will not catch up
  ○ To do more, we need more revenue
  ○ Restrictions on funds that can be spent on maintenance (fixing potholes)
    ■ Transportation Bond Funds - cannot be spent on maintenance
    ■ Lease Purchase Bonds (Riverfront) - cannot be spent on transportation
DEFINITIONS & EXAMPLES

- MAINTENANCE/REHABILITATION
  - Maintenance (pothole repair, crack sealing)
  - Rehabilitation (concrete panel replacement, mill and overlay)
● **RECONSTRUCTION/CAPITAL IMPROVEMENT**
  ○ Increase street network capacity - adding lanes, increasing strength
    ■ 156th Street-Pepperwood to Corby
    ■ 168th Street-Dodge to Maple
    ■ 42nd & Q Street Intersection
  ○ Replace or rehabilitate pavement that has reached the end of useful life
    ■ Crown Point-72nd to Blair High Road
    ■ 11th & Jones Street
  ○ Enhance the safety and functionality of streets
    ■ 132nd & W Center Road
    ■ 72nd & Maple
  ○ Facilitate redevelopment and economic vitality via expansion of the road network
    ■ Harney Street (8th to 10th) - Conagra Campus Redevelopment
    ■ Indiana Street (11th to 13th) - Millwork Commons Development
WE MUST MAINTAIN A BALANCED APPROACH

MAINTENANCE BUDGET

2019: $41 million

CONSTRUCTION/CAPITAL

2019: $66 million in the Capital Improvement Plan (CIP) for major road projects

Cannot include street maintenance

15-year life span
CAPITAL IMPROVEMENT PLAN

6-YEAR PLAN

(ONLY FIRST YEAR BUDGETED)

FUNDING SOURCES:

- Transportation Bonds (historically pass with highest percentage of voter support)
- Public Safety Bonds
- Parks & Recreation Bonds
- Public Facilities Bonds
- Environmental Bonds
- Federal Funds
CURRENT REVENUE SOURCES

- **FEDERAL**
  - **GAS TAX**
    - Surface Transportation Block Grant (STBG) - $8 million
    - Highway Safety Improvement Program (HSIP) - $1.7 million on average

- **STATE**
  - **GAS TAX**
    - Highway Allocation Fund - $46 million (2019) must be used for roads/related expenses

- **LOCAL**
  - **WHEEL TAX** - $23.6 million

- **CIP**
  - Total CIP Funding in 2019 - $66 million
  - Includes bonds and federal funding

*None of these funding sources can be used for anything other than transportation related expenses*

**Includes:**
- Pothole and snow removal
- Road resurfacing
- Bridge repair
- Major capital projects
- Traffic signals, lights, striping, etc.
Nebraska Transportation Financing

**MOTOR FUEL TAX**

<table>
<thead>
<tr>
<th>Fixed Tax</th>
<th>Incremental Tax</th>
<th>Total</th>
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<tbody>
<tr>
<td>NDOT</td>
<td>City/County</td>
<td>Total</td>
</tr>
<tr>
<td>7.5c</td>
<td>2.2c</td>
<td>9.7c</td>
</tr>
<tr>
<td>Subtotal</td>
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<td>10.8c</td>
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<tr>
<td>Variable Tax</td>
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<td>10.7c</td>
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<tr>
<td>Wholesale Tax</td>
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<td>10.7c</td>
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<tr>
<td>Total Tax</td>
<td>Effective 1-1-2019 thru 4-08-2019</td>
<td>29.4c</td>
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**MOTOR VEHICLE REGISTRATIONS**

$15.00 on Passenger Cars (Fees on other vehicles vary)

**STATE HIGHWAY TRUST FUND**

**HIGHWAY CASH FUND**

**HIGHWAY ALLOCATION FUND**

**MOTOR VEHICLE SALES TAX**

Based on purchase price of any vehicle required to be registered.

- 0.5% for Counties
- 5% for Cities

**MOTOR VEHICLE FEE FUND**

(Distributed based on the Highway Allocation Factors)

- 50% for Counties
- 50% for Cities

**BUILD NEBRASKA ACT**

1/2 of 1% of General Fund Sales Tax

**FEDERAL HIGHWAY TRUST FUND**

**FEDERAL MOTOR FUEL TAXES**

- 8.4c Gasoline
- 19.4c Diesel
- 24.4c Biodiesel

(2.8c - from Mass Transit Account)

**STATE HIGHWAY CAPITAL IMPROVEMENT FUND**

**TRANSPORTATION INFRASTRUCTURE BANK (TIB)**

**NDOT ROADS OPERATIONS CASH FUND**

- 85%

**RECREATION ROAD FUND**

- $1.50

**TRAIN MILE TAX**

**GRADE CROSSING FUND**

**STATE AID BRIDGE FUND**

(A) Adjusted semi-annually. 100% to NDOT.
(B) Adjusted semi-annually. 66% to NDOT
34% - Cities & Counties
(C) Increases 1.5c January 1 each year thru 2019. NDOT share 100% to TIB July 2016 thru June 2033.

January 2019
WHERE DOES YOUR PROPERTY TAX GO?

- Education: 61.53%
- Douglas County: 12.48%
- City County Building, Metro Area Transit, and N.R.D: 4.68%
- City of Omaha: 21.31%
## WHERE DOES YOUR PROPERTY TAX GO?

<table>
<thead>
<tr>
<th>Description</th>
<th>Cents per $100 Valuation</th>
<th>Percentage</th>
<th>Valuation</th>
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<tbody>
<tr>
<td>EDUCATION</td>
<td>1.38364</td>
<td>61.53%</td>
<td>$2,767.28</td>
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<tr>
<td>DOUGLAS COUNTY</td>
<td>0.28059</td>
<td>12.48%</td>
<td>$561.18</td>
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<tr>
<td>METRO TRANSIT</td>
<td>0.05247</td>
<td>2.33%</td>
<td>$104.94</td>
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<tr>
<td>NRD</td>
<td>0.03780</td>
<td>1.68%</td>
<td>$75.6</td>
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<tr>
<td>CITY/COUNTY BLDG</td>
<td>0.01500</td>
<td>0.67%</td>
<td>$30</td>
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<tr>
<td>CITY OF OMAHA</td>
<td>0.47922</td>
<td>21.31%</td>
<td>$958.44</td>
</tr>
</tbody>
</table>

Total Valuation: $4,497.44
PROPERTY TAX LEVY HISTORY

- **LEVY INCREASES**
  - 2002 - 2009: 43.387 Cents
  - 2010: 47.587 Cents (+9.68%)
  - 2011: 49.922 Cents (+4.91%)

- **LEVY REDUCTIONS**
  - 2015: 48.922 Cents (-2.00%)
  - 2017: 47.922 Cents (-2.04%)
Since 2013 the **Street Resurfacing** budget has increased every year:

- **2010**: $2.8 million
- **2013**: $6.6 million
- **2014**: $6.9 million
- **2015**: $7.3 million
- **2016**: $8.7 million
- **2017**: $10.7 million
- **2018**: $11.7 million
- **2019**: $12.2 million

**WHAT WE HAVE DONE TO FIX THE STREETS**
WHAT WE HAVE DONE TO FIX THE STREETS

JANUARY-JUNE 2019 EXPENSES

POTHOLE REPAIR: $13.25 million
   Estimated repairs (March 1-July) 67,508 potholes repaired with 9,437 tons of asphalt

This is a Band-Aid, a short-term fix

A long-term, sustainable maintenance and rehabilitation plan will reduce annual repair costs

SNOW & ICE REMOVAL: $7.55 million
We have approximately 5,000 lane miles to maintain
  ○ Includes approximately 350 lane miles of unimproved streets
Recommended standard suggests that we should spend $75 million annually on street maintenance and rehab (5% of total street infrastructure $1.5)
2019 Budget: $41 million (pothole repair, resurface, panel replacement, crack seal)
The Challenge: We need $34 million in additional annual maintenance and rehabilitation to achieve our recommended standard to resurface 250 lane miles annually. This standard ensures that every lane mile in Omaha is resurfaced over the course of its 20-year average lifespan
UNIMPROVED STREETS

- Streets built decades ago
- Asphalt streets that have deteriorated
- Appx 300 lane miles
- Cost: $325 million to update to current standards
- Cost-share policy SID/RMD
ANNEXATION POLICY

● Goals of annexation
  ○ Must be able to provide police and fire protection
  ○ Must be revenue-positive (assume assets and debt)
  ○ Eliminate islands

● Evaluation of all SIDs and their assets

● Benefits to city

● Bond raters: annexation & growth is a strength
H ow do we fix it?

- With current revenue streams, we cannot catch up, we need more revenue.
- Additional revenue allows for a long-term road maintenance & rehabilitation schedule.

- On average, we have resurfaced 125 lane miles each year.
- Should be 250 annually to meet the goal of resurfacing every street every 20 years.
  - On average, one lane-mile of asphalt surfacing costs $155,000.
  - One lane-mile of concrete construction costs $1.5 million.
HOW DO WE CLOSE THE GAP?

- Transportation Bond Issue (Requires vote of people)
  - 5-year bond authorization
  - $75 million bond
    - $15 million annually towards rehabilitation projects
    - Requires a $.013 mill levy increase, about $27 annually in property taxes
  - $150 million bond
    - $30 million annually towards rehabilitation projects
    - Requires a $.027 mill levy increase, about $53 annually
  - $200 million bond
    - $40 million annually towards rehabilitation projects
    - Requires a $.036 mill levy increase, about $71 annually in property taxes

Tax calculations based on a home valuation of $200,000
HOW DO WE CLOSE THE GAP?

● POTENTIAL FUNDING SOURCES
  ○ Bond Issue-Requires vote of people

● OTHER FUNDING OPTIONS (I don’t support or advocate for)
  ○ Wheel Tax Increase
  ○ Sales Tax Increase

● ADDITIONAL ALTERNATIVE
  ○ Occupation Tax Allocation
  ○ Legislative elimination of sales tax exemptions
OTHER FUNDING OPTIONS

- **WHEEL TAX INCREASE**  (I WILL NOT SUPPORT)
  - Originally authorized in 1917 - never designed to be a temporary funding source
    - $23.6 million in receipts budgeted in 2019
    - Basic wheel tax is $50
    - Wheel tax last adjusted in 2011, from $35
  - If the wheel tax were increased to the equivalent of the City of Lincoln’s tax ($74), receipts would increase to $34.9 million, an increase of $11 million
SALES TAX INCREASE (I WILL NOT SUPPORT)

- Current sales tax receipts exceed $168 million annually, 42% of the General Fund Budget
- For the City of Omaha to increase its sales tax authorization, a state law change would be required
- An increase in sales tax would immediately sunset the restaurant tax, which brings in $34 million annually
- Sales tax proceeds would finance transportation bonds
- A half-cent sales tax increase would bring in approximately $55 million in annual receipts
OTHER FUNDING OPTIONS

● OCCUPATION TAX AUTHORIZATION
  ○ In 2013, Omaha City Council passed the Tobacco Occupation Tax
  ○ $3.9 million in receipts are budgeted in 2019
  ○ The tax currently sunsets in 2023 and would have to be renewed by City Council
  ○ As written, the ordinance excludes vapor (vape) sales
OTHER FUNDING OPTIONS

● STATE LEGISLATION
  ○ There are a number of state sales tax exemptions that, if eliminated, would generate a significant funding increase for both the state and city.
  ○ Examples include:
    ■ Candy
    ■ Soda
    ■ Haircuts
    ■ Manicures
    ■ Dozens of others
  ○ The exact dollar amount would depend on the exemption package proposed, but even the removal of a few exemptions would be impactful.
NO ACTION ALTERNATIVE

- NO ADDITIONAL REVENUE SOURCES FOR ROAD MAINTENANCE AND REHABILITATION
  - I will continue to prioritize road infrastructure in our annual budget and further refine our strategy for maintenance and rehabilitation
  - Budget increases will be minimal
  - We will not be able to meet our recommended budget for road maintenance and rehabilitation
  - Improvements will not keep pace with the deterioration of our roads
  - We will fall further behind and the funding gap will increase
NEXT STEPS

● Solicit and Evaluate Public Feedback
  ○ Establish online feedback
    ■ Website-  [https://mayors-office.cityofomaha.org/](https://mayors-office.cityofomaha.org/)
    ■ Social media
    ■ Warple

● Create an Action Plan for Sustainable Road Maintenance and Rehabilitation

● Get to work
REFERENCES

CITY OF OMAHA PUBLIC WORKS

CITY OF OMAHA FINANCE

HDR

LAMP RYNEARSON

OLSSON

BENESCH