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To: Alderman Weidner, Chairman  
Public Works & Services Committee

From: John C. Rooney, Asst. Commissioner of Public Works/Engineering *JCR*

RE: Item 11-6892

This item pertains to the request of the alderman of the 2<sup>nd</sup> District to explore sidewalk fees as an alternative to the existing program of issuing orders to property owners for sidewalk repairs. The current system consists of sidewalk inspections performed annually by an inspector working under the direction of the City Engineer's Office. The inspector reviews specific geographic areas of the city to ensure compliance with criteria for sidewalk specifications. The city is generally inspected over a 5~7 year period. The sidewalk inspector issues close to 2,000 orders a year, and this generates approximately \$50,000 in Engineering Department revenues to offset the cost of the inspectors, clerical, postage and engineering. This operating revenue makes the operating budget neutral, as does the assessments make the capital budget neutral.

A proposed alternate way to fund sidewalk repairs is through a sidewalk fee as proposed by the alderman. This could be set up as a Special Revenue Fund similar to Sanitary Sewer Maintenance. A sidewalk fee could be instituted for residential property (4 families or less), as well as non-residential property to pilot the new program. We used InfraPave pavement management software and the GIS to estimate the number of residential parcels that would meet the criteria for the charge. InfraPave has sidewalks listed in the database for one or both sides. Querying this data and using GIS parcel layer data; we have estimated 18.9% of parcels in the city to be without sidewalk. For discussion purposes, we rounded this value to 20%. We grouped parcels by land use using the definition that residential land use means 1-4 family which will receive an "equivalent sidewalk unit" (ESU) value of 1, while all other land uses will get a higher ESU at a rate greater than 1.

Therefore:

1. 80% sidewalk rate applied to the 23,456 Residential parcels = 18,765 residential parcels with sidewalk
2. 80% sidewalk rate applied to the 2,757 non-Residential parcels = 2,205 non-residential parcels with sidewalk

With an annual CIP budget ranging from \$400,000 ~ \$500,000 for Sidewalk Replacement via assessments, we assumed a \$20 fee per ESU. Realizing non-Residential properties zoned: Commercial, Industrial, Institutional, Education, etc. are larger with more frontage we assumed a factor of 2.5 for the non-residential ESU. Using an ESU charge of \$20 per year and a factor of 2.5 for non-residential (\$50 per year), we calculated the following:

$$(18,765 \times \$20) + (2,205 \times \$50) = \$375,300 + \$110,250 = \$485,550$$

A typical residential 40-foot parcel frontage might have 8-10 sidewalk squares (non-corner lots). At the current cost of \$125 per square replacement, that means \$1,000 - \$1,250 total sidewalk replacement cost. At \$20 per year per ESU, that equals a 50 to 62 year replacement cycle which may be equal to or longer than a concrete sidewalk should last. Therefore, \$20 per year per ESU relates to a reasonable engineer's estimate of service life.

The 2.5 factor for residential ESU to non-residential achieves a good discussion value. However, we should do some more GIS analysis to see what the "typical" non-residential frontage is versus a 40-foot residential parcel.

So the question is, "Are \$20 and 2.5 factor equal to \$50 real, defensible rates that can be sold as policy?"

Other items that need to be noted and considered under a Sidewalk Fee scenario:

1. The City Engineer's Office would prepare only one sidewalk contract annually. Currently, two sidewalk contracts, Phase 1 and Phase 2, are prepared. Phase 1 consists of all sidewalk orders issued and not permitted, from June 1<sup>st</sup> of prior year to February 1<sup>st</sup> of contract year. Phase 2 consists of all sidewalk orders issued and not permitted after February 1<sup>st</sup> of contract year. With one contract, the contract bidder's proposal would be based on estimated annual quantities to establish unit prices. The contractor would replace sidewalks marked in the prior year. A to-be-determined cut-off date in the contract year would establish the following year contract quantities. The benefit to staff is one less contract to administer. Lower bid prices would be expected as the quantity for one contract would increase, and the bids would be received in the winter when contractors have not committed to projects for the year. Lower bid prices mean more sidewalk replacement can be done for the same funding level.
2. The City Engineer's Office would no longer have to issue orders via certified mail. This would eliminate over \$10,000 in certified mailing costs. Instead of paying for mailing costs, these monies could be used to replace more sidewalks. The mailing costs would equate to approximately 80 additional squares of sidewalk that could be replaced. The process for issuing orders via certified mail is a very time consuming clerical task. The orders are mailed three times, and if delivery is unsuccessful the orders are transferred to the city contract. In addition, permits would no longer need to be issued, along with extensions for those who want to be permitted after the order date expires. The issuance of permits and extensions is another time consuming task.
3. City contracts also have 3 year warranties as well and the typical private contractor provides little or no warranty. The concrete material is tested to meet mix design specifications. Concrete placed by property owners or their agent, may or may not be tested. The inspection by the City Engineer's Office for permitted work only checks that forms have been set to proper line and grade, and that the depth of concrete is done per specification.

4. The sidewalk fee may eliminate a lot of work for small concrete contractors that perform work via private property owner permitting. This could hurt many small contractor businesses in the area.
5. The sidewalk fee would not be applicable to properties without sidewalk fronting their property. However, a smaller fee could be created to build a fund for extensions of future sidewalk. A \$5 ESU fee for non-sidewalk properties could also be considered. A \$5 residential fee with a 2.5 factor for non-residential could generate over \$30,000 annually. This could provide up to 1,200 lineal feet of new sidewalk installation annually. A discussion on when the sidewalk fee would be applicable to newly extended sidewalk would need to be addressed.
6. This program doesn't eliminate any current position within the City Engineer's Office. However, the salaries and fringes associated with the creation of a Sidewalk Maintenance Fund could be funded through the ESU fee. The City Engineer's Office operating budget could be reduced by nearly \$50,000 annually, even though this is offset by Engineering Department Revenues, it would reduce the levy.
7. I don't see a practical way to adjust fees for those property owners who recently replaced sidewalk. The difficulty is trying to determine how many sidewalk squares were replaced and how long ago it was done. This would be similar to enacting the fee based on laterals to fund the Sanitary Sewer Maintenance special revenue program, as property owners did have to pay for costly repairs in the calendar year prior to the program. No adjustments were made for those fees.
8. Lastly, this program would be to replace sidewalk based on the existing sidewalk specifications for replacement. That is, it is not a replacement program for aesthetic purposes. The City Engineer's Office will follow the exact same specifications for replacement, regardless of how the replacement is funded.

While this new fee may not appeal to those property owners that have recently paid for sidewalk replacement, it does provide a cost that can be budgeted for. It is an alternative to those costly, unexpected repairs once a sidewalk is marked and ordered for repair. With the cost of a permit fee of \$25 and one sidewalk square approximately \$125, the payback on the fee would be about 7.5 years, and a multiple of that for each additional square ordered for repair/replacement. In addition, it helps support funding for "complete streets" initiatives to accommodate all users of the right-of-way. That is, why should pedestrians and the disabled be forced to use the roadway with motor vehicles? Racine is an urbanized community with mostly urban section roadways. Urban section roadways can accommodate sidewalk installation quite easily. In areas where the city has rural section roadways, such as Georgetown, the section can be easily converted to urban and has been done recently with great success. Adding sidewalks in these areas embraces the complete streets philosophy.

In closing, there are efficiencies gained in going to sidewalk fee, insofar as administration of the program. The existing program is not one that staff considers dysfunctional, simply a program that is somewhat cumbersome to administer. The court-ordered program is required via a judgment back in the 1990's. The program must be maintained, this provides a different funding mechanism for it.