October 7, 2021

Recently the Council has been discussing a number of things as we look to the future, including planning for debt, possible needs surrounding a referendum, and most recently a study to understand how a transportation utility might impact our community. Over the coming weeks, I’ll discus why each of these is being discussed but today I want to talk about the issue of transportation utility. Back in January the council authorized a study to examine the feasibility of a transportation utility in our community. Recently, consultants provided an update to the council on the progress of that study and I have received a number of questions from residents since that presentation that I’d like to share here.

What is a transportation utility? A transportation utility charges a monthly user fee to all property owners for the purpose of maintaining the community’s roadways and transportation infrastructure.

Why consider a Transportation Utility Fee? Equity is the primary reason to consider a change like this. The City of Waupun has a large percentage of tax-exempt properties, including the Department of Corrections, schools, the hospital and churches. These institutions are users of our roads but currently pay no property taxes that support road improvements. Under our current practice, the city is assuming long-term debt to fund roads and then applying a portion of the tax levy to pay our debt payments. A user fee reduces our dependence on long-term debt, and ensures that all those who use the roads pay a fair share of the improvement costs to maintain our transportation infrastructure.

How is the fee determined? The fee is based on trips generated from a property as determined by the Institute of Transportation Engineer’s Trip Generation Manual. This manual assigns a trip generation number to properties by their different land-use types.

Is this a tax? No, this is a user fee and all, not just some, users of the system would pay a fee based on their land-use classification. Fees collected would be placed in a separate fund and used only for street maintenance transportation projects. This functions much the same way as the city’s storm-water utility. As utility fees are collected, they would fund improvements and reduce the portion of future tax levies that would need to be collected to pay long-term debt payments associated with street reconstruction.

How much will this cost? Our initial presentation included some numbers based on different user types but they were examples only. There are a number of variables in this study that must be finalized before an accurate number can be provided, the first being how much revenue the utility would need to generate to support our community’s needs. Our annual costs for street maintenance is projected around $1 million. The City could choose to generate some or all of the needed revenue through the utility.

Why not continue to issue debt to pay for road improvements? The amount of capital required to meet all of our community’s varied needs over the next five to seven years – including streets, facilities and equipment replacement - totals more than $15 million. While we continue to search for alternatives to fund these varied needs, the city is constrained both by levy limits and borrowing capacity, which makes solely relying on borrowing an unsustainable method of funding a growing list of capital needs within the community.

Finally, I received the question as to when this will be enacted. It is very important that you understand that we have not adopted a transportation utility. We are only studying this issue along with a number of other approaches as we think about future needs of the community. As we finish up our 2022 budget in the coming month, staff will begin work on a long-term debt management plan, which is another piece of understanding how to finance the future needs of our community. We would anticipate that work to be complete in quarter one of 2022. When we have this information in hand, we will be in a much better place to have an informed discussion on the variety of things we’re discussing, including the transportation utility. For now, staff have been directed to continue working on this project, including completing the written report of findings from this study and coordinating public outreach to share our findings and increase dialogue with each of you. When the time presents itself, I hope you will join us to learn more about how this could work and ask questions to understand the impact a transportation utility would have on each of us and our future.

Thank you,

Julie Nickel

Mayor