



Chris Jenkins, Director
Justin Messer, Assistant Director
PUBLIC WORKS DIVISION
Cemetery Department
Jody Gonzales, *Superintendent*
Engineering Services
Aaron Carroll, Director
Solid Waste Collections Department
Tim Garrett, *Director*
Solid Waste Processing & Disposal Department
Lee Stone, *Director*
Public Works Vehicle Maintenance Department
Joe Krinke, *Superintendent*
Streets & Drainage Department
Chad Hampton, *Director*

PUBLIC WORKS AND TRANSIT COMMITTEE
AND
TRAFFIC COMMISSION

CALLED MEETING
September 17, 2021, 9:00 a.m.
Sam King Room - 601 Broad Street

PRESENT: Commissioner Mark Cochran
Commissioner Bill Collins
Commissioner Bony Askew
Mayor Craig McDaniel
Commissioner Jamie Doss
Commissioner Wendy Davis
Commissioner Randy Quick
Mr. Sammy Rich, City Manager
Ms. Meredith Ulmer, Assistant City Manager
Mr. Chris Jenkins, Public Works Director
Mr. Justin Messer, Assistant Public Works Director
Mr. Aaron Carroll, Engineering Services Director
Mr. Art Newall, Planning Director
Mr. Doug Walker, Public Information Officer

GUEST: Bill Camp, Raymond, James & Associates

CALL TO ORDER

Commissioner Cochran called the meeting to order.

OLD BUSINESS

Citywide Paving

Commissioner Cochran stated the reason for this meeting is to determine whether or not we want to pursue going after a general obligation bond to fund paving for the whole City, and if not, whether we would like to do a portion of it. The reason for expediting this issue is because if approved, we must have the recommendation it to the Elections Office five weeks prior to the vote.

Commissioner Cochran noted that we have 235 miles of City streets and we can pave a mile for approximately \$100,000. We get approximately \$500,000 in funding from the State LMIG grant, which allows us to pave 4 to 5 miles of road each year. At this rate, it would take us about 47 years to pave 235 miles. The City of Dalton recently paved every single city street, which freed up their public works to focus on other issues. He proposed taking out a bond to pave every road in the City over the next five years using a commercial paver such as C.W. Mathews or North Georgia Paving, noting that bond rates are extremely low right now. He presented 10 and 20-year payback scenarios with AA and AAA rated \$25 million bonds and a \$45 million scenario AA rated bond. Commissioner Collins noted that all roads eventually wear out and when they do we may have to go back to the current system, which might no longer be available.

Commissioner Askew asked for the life expectancy of a newly paved road. Mr. Jenkins noted it depends on the road and its traffic volume, but the average life is 10 to 15 years. He added that we have some roads that haven't been paved in 30 years noting that weather is also a contributing factor to deterioration of the pavement.

Commissioner Collins appreciated Mr. Cochran presenting this idea but cautioned that the City has taken out a \$50 million bond for water and sewer infrastructure in the past that nearly crippled us. He expressed concern that this would jeopardize receiving funds from the state LMIG program. Mr. Jenkins said it would not. Commissioner Collins added that we don't have all the facts on the Dalton example which is troubling when we are pressed up against a timeline. He noted that he would like input from Mr. Rich and Mr. Jenkins who have experience with paving. He asked Mr. Rich if other communities are doing the City-wide paving. Mr. Rich said some others have approved a T-SPLOST and without knowing the particulars, he assumes Dalton would have accomplished the paving in phases. He added that much of our perceptions of the road condition is based on the Atlanta Gas project, but in reality, not all of our roads require paving.

Mr. Jenkins reported the majority of resident complaints we receive about road conditions are concerning state routes which are under GDOT's jurisdiction. Fortunately, the State is currently paving Loop 1 and will be paving Hwy 20 from Coosa to Hwy 100 and all the way in to Floyd Medical Center. In November next year, they will also pave from Six Mile Road through the Ledbetter Interchange and up Cooper Drive. This will make a huge difference to our residents and to the overall perception of our roads. Another big issue

with the public is utility cut-ins, which are unavoidable. The Water Dept has five crews, three construction crews and two service crews that are out five days a week every week digging up the street. There are only five Street Department employees designated to patch water cut-ins, that are also assigned a variety of other duties so we can only get about one day of patching to every ten days of the Water Dept. digging up the road. We can't keep up with that pace and we will find ourselves in the same situation in two or three years. Additionally, we have the cable company, AT&T, Atlanta Gas and Georgia Power all cutting in to the roads. If we are able to pave the entire city, he noted we will have utilities digging up the road the very next day. We have to devise a better way to address cut-ins and must add more people to the patching crews in order to keep up. He recommended adding five more people designated to patching cut-ins. Commissioner Cochran thanked Mr. Jenkins for this information.

Commissioner Cochran presented three revenue streams scenarios for review. The 10 and 15-year scenarios assume an annual City pledge to pay \$600,000 annually towards the bond and the 20-year scenario assumed a \$750,000 annual bond payment. The County would also pay \$600,000 to cover the cost of paving their cut-ins at \$500,000, \$100,00 and \$400,00 for each of the three scenarios. The Maintenance Reduction Cost represents the cost savings from reducing the maintenance required and could be used to pay down the bond. He presented the total revenue stream with and without inflation for each scenario.

His assumptions included:

- Inflation based on a 10-year break-even inflation rate
- LMIG not being used until year 11.
- The contractor would provide a 10-year warranty on the work.
- The county pays annual inter-governmental transfers in lieu of paving labor.
- Maintenance reduction is based on time, material and equipment to repair potholes saved during 15-year repair life.

Commissioner Collins asked what the actual cost of paving would be on the 10-year plan. Mr. Rich said before we would put out a bid package we would have to consider how a warranty would be valued and we would need that figure to get a true cost. Commissioner Collins expressed concern that if we sever our relationship with the County and need to fall back on that arrangement in the future, it might not be available to us. Commissioner Cochran noted in the 10-year plan, with the 15-year life of pavement we would have five years to put money aside for repairing streets.

Commissioner Askew asked if we don't use the LMIG money for 10 years will they allow us to get the funding again after 10 years. Mr. Jenkins said that we submit the specific project list of roads we want to pave or sidewalk we want to repair to the State and then they approve what they will fund.

Commissioner Davis commented that we need to do better than taking 47 years to pave all city streets. This is an exciting opportunity keeping in mind that everything having to

do with roads and bridges is about to explode in America in terms of Federal money that has been allocated and approved by the Senate and is expected to be approved at the House. It would be smart to get ahead of the game getting contractors lined up because they will be unavailable soon. It has never been a better time for a City to borrow money.

Commissioner Askew asked if we can do this without borrowing money. Mr. Rich said that he is reluctant to borrow money and wants to consider other options as well. When we issue a bond, we are guaranteeing that we will do whatever it takes to pay that debt off - including raising taxes. He considered setting aside \$3 to \$5 million, while all else remains the same; the County continues to pave; we receive LMIG funding; we receive \$1 million per year in SPLOST, and we have the Capital funding we typically set aside. Then Public Works can evaluate the roads and come up with a list to pave and we bid that out to get a price on it. This would make residents feel better immediately. He added that doing this wouldn't preclude us doing anything else.

Commissioner Cochran added that as long as inflation stays at 2.35%, our property taxes will increase every year. If we borrow money to fix a problem immediately at 1.3 to 1.4% we would be borrowing money cheaper now to fix a problem that will cost more in the future.

Commissioner Quick stated that borrowing money will give us a 10-year debt. If we have the same scenarios with utility cut-ins, without the ability to quickly address them, the taxpayers will experience their taxes have increased while the problem still exists.

Mayor McDaniel stated you can't borrow your way out of debt. He does not think this situation is critical enough to borrow money. With the pandemic continuing, our revenue stream will change and no one can forecast what the next few years will bring. He recommended we try to do this internally if we can. He recommended referring this back to Mr. Rich and staff.

Commissioner Doss stated that rushing to meet a deadline is a yellow flag for him. If we do approve a referendum and for some reason it fails, that will be a set-back. He would prefer we make transportation and roads a priority with a SPLOST. He added that with a SPLOST, much of the money comes from people who don't live in Rome. He appreciates that we are thinking outside the box, but is concerned it is so close to the deadline. Commissioner Collins likes the idea of challenging the staff to come up with a solution if this committee does not decide to do this. He added that although he doesn't like to borrow money, it makes sense to let the citizens have the opportunity to decide.

Mr. Carroll noted it's difficult to anticipate the effects of weather and traffic on the life of the asphalt and in many cases the subsurface material is not ideal. It's a challenge in our area to determine the correct fix for our roadways.

Commissioner Collins asked what our deadline is to get this to ballot. Mr. Rich said the ballots have already been sent to the printer but have put a hold on the printing pending

this conversation. Commissioner Cochran said the day before five weeks before the November election is September 27th. Mr. Rich said we would have to take this up at a called meeting.

Commissioner Collins and Mayor McDaniel agreed they couldn't make a motion on this without actual figures. Mayor McDaniel added that we continue to look into a way to increase paving without borrowing money. Mr. Rich said he could easily put an aggressive package in the budget for paving.

Mr. Rich presented figures supplied by the City's financial advisor, Bill Kemp, of Raymond James and Associates, who joined the meeting via Zoom. Mr. Kemp has been looking at a \$30 million bond and assumed 1.5% cost of issuance, noting there are some fees associated with issuing a bond. He explained the bond yield is the average rate of return over the period of the bond. The AIC (*all-in cost*) includes interest expense and cost issuance. A 10-year bond has a lower interest rate and AIC than 20 and 30-year bonds. In the case of a 10-year based on AA rating the AIC was about 1.07% and for a 20-year bond it would be 2.09% and 30-year it was 2.62%. He noted interest rates in the bond market today are very low. There are less bonds being issued than usual so there are more prior bonds being paid off and fewer new bonds being issued at this time. Investors are driving the prices up and yields down in municipal bonds. This is good for borrowers but not so good for reinvestment rates. He added that the weighted average maturity is how rapidly on average the debt can be paved off. On a 10-year bond we assumed a weighted average maturity of 6.4 8 years. It's important to consider shorter term financing.

Commissioner Doss asked if we considered looking at a smaller bond amount. He replied that he has considered that but noted the cost of bonds may not be this low for long. Mr. Kemp cautioned that we will not be able to reinvest the money for what the bonds are costing us right now. It may be prudent to look at what could actually be spent over a period of time and only borrow that amount.

Commissioner Collins moved to take the 10-year bond scenario to the next full Commission meeting for discussion. Commissioner Askew seconded. The motion carried.

ADJOURN

There being no further business, the meeting was adjourned.

Respectfully Submitted,

~~P djduwK robjzruk~~

Margaret W. Hollingsworth, Secretary