

# Presentation to the Corpus Christi City Council: Funding of Residential Streets

United Corpus Christi Chamber of Commerce  
Ad Hoc Residential Street Committee  
February 27, 2018



**United Corpus Christi**  
CHAMBER of COMMERCE

**Alan Wilson, *Chair***

**Deven Bhakta**

**Eric Villarreal**

**Gabe Guerra**

**John Michael**

**Leah Olivarri**

**Tom Niskala**

# Mayor's Request



- For United Chamber to provide recommendations on funding of residential streets reconstruction (May 2017).
- Committee appointed by UCCC Board Chair began meeting in July.
- Substantial input and assistance from City Staff.
- Outside speaker – Toby Futrell.
- Review of work of previous committees and other information.

# Need & Committee Goal



- Estimated \$800 million (2015 dollars) to meet existing rehabilitation and reconstruction needs for residential streets.
- Committee set goal of *minimum* of \$20 million per year dedicated to this need .

- ➡ Looked at many different potential sources of funding including RTA, local fuel tax and number of others which will be reviewed.
- ➡ After much discussion developed recommendations that will be presented to you today.
- ➡ UCCC Infrastructure Committee and Board of Directors supports recommendations and has successful history of vocal support of voter approved City Bond and Sales Taxes initiatives.

# Recommendations



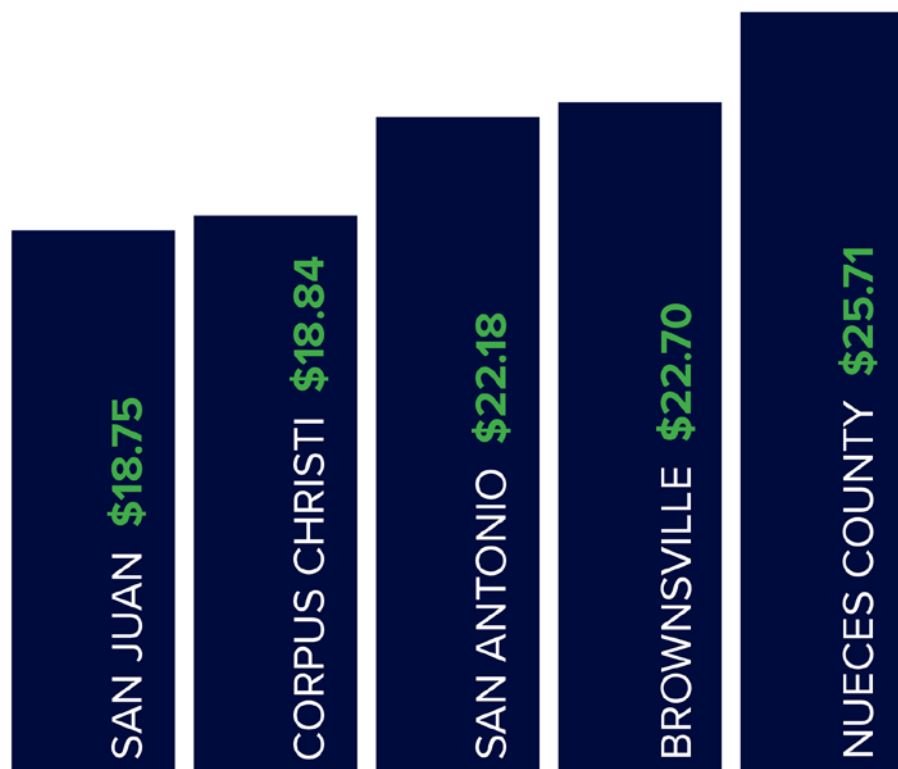
- Continue to utilize portion of Industrial District revenue (2021=\$541,000 annually).
- Implement voter approved 2¢+2¢+2¢ tax rate ↑
  - (= approximately \$3.4 M annually first year growing to \$10.2 M in 2021) – to the dedicated street fund).
- Include minimum of \$5.5 million annually in bond programs for residential streets.
- Increase residential Solid Waste Fees (\$2 in FY 2019 with another \$1 in FY 2020 and \$1 in FY 2021 for total of \$4.1 million annually).
- Total produced in FY 2021 = est. \$20.4 M annually.

# Residential Solid Waste Fees



- In terms of services provided with weekly pickup, recycling, disposal and brush/materials collection, solid waste is a “bargain” as compared to fees for other types of public and private services.
- Compared to other cities in Texas our rates are in the middle or on the low side

# Residential Solid Waste Fees



SOLID WASTE FEE COMPARISON 2015-2016

- Even with an increase of \$4, our fees would be equivalent to San Antonio & Brownsville*



# The Revenue Crunch



- In FY 1985 Police and Fire/Ambulance expenditures = All of General Fund (non-Debt Service) Property Tax Revenue + 17% of General Sales Tax.
- In FY 2018 Police and Fire/Ambulance expenditures (General Fund only):
  - All of Property Tax Revenues (\$72 million) ;
  - All Public Safety Service Revenues (\$14.5 million);
  - 83% of General Sales Tax (\$54 million);
  - Or 92% of all property and sales taxes (with Public Safety Revenues taken into account).

# The Revenue Crunch (Cont'd.)



- Other fees & revenues required to fund all types of activities (streets, parks, etc.) . Only \$10 million of General Property and Sales remains after funding of Public Safety.
- Crime Control Sales Tax and expenditures not included in above but provides additional funding for Police (FY 2018 - \$6.6M).
- Fire and Ambulance expenditures growing at 184% the increase in General Property Tax and Sales Tax revenues.
- Police budget also outpacing the increases at rate that is almost 100% greater than increase in General Property Tax and Sales Tax revenues.



# The Revenue Crunch (Cont'd.)



- The 2012/13 Street Finance Committee noted that over the last 30 years the increase in public safety funding was mirrored by a decrease in street repair/maintenance funding .
- Same trend is seen in many other cities.

# The Revenue Crunch (Cont'd.)



- **Meanwhile:**
  - Other costs increasing (insurance, etc.);
  - Over 65 exemptions and property tax freeze in place and increasing in terms of loss to property tax income;
    - ✓ Equivalent of +5.7 cents on property tax rate
  - Over 65 population up 50% from 1990 to 2010 and estimated to double from 1990 to 2020.

# Other Sources Considered



- **Previous Council Pledged General Fund Budget Dollars.**
- **Revised and Enhanced Assessment Program**
  - Might provide some funding or help with prioritization.
- **Sales Tax (Arena expires in 2025 & Seawall expires in 2026 )**
  - So even if voter approved some or all to streets, revenue would not be available for 9-10 years.
- **Rollback of Over 65 Exemption (now 10% of value with total exemption up to \$50,000 in addition to Homestead, Veteran, other).**

# Other Sources (Cont.)



- State approval of Local Fuel Tax – State Legislature must allow and state voters must approve.
- RTA increase – RTA contract with city for payment for wear and tear on streets which go to SPMP fund. Equates to approximately 9% of all sales tax received by RTA. (And, RTA also provides amount equal to another 1% to other cities served for wear and tear.)
  - Equal to \$2.7 M (2017) – with \$ going to arterials/collectors as legally required
  - RTA spends dollars for eligible sidewalks (\$485K in 2017).

# Addressing Streets – Steps Forward



- Have taken some major steps forward –
  - Street maintenance fee helps with maintenance of ALL streets as recommended by 2012/13 committee;
  - Additional sources of funding (Type B sales taxes) for collectors/arterials rehab;
  - Bond programs for streets every two years;
  - Seeing projects completed, underway and beginning;
  - Special funds (1041 & 1042) established to protect dedicated monies; and
  - Improved processes and policies to extend street life and address needs.

# Final Comments



- We are not alone - most cities facing similar challenges – ours maybe more acute than some.
- Looked at how staff approaching street repair/rehab challenges in terms of assessment, procedures, etc. - they have a good system that is being further refined.
- *Cannot* stop funding of arterials/collectors!
- As always, communication and discussion are key.

*TO DO NOTHING IS NOT AN OPTION*