



CITY OF WAUWATOSA
MEMO

To: **Transportation Affairs Committee**

From: **David Simpson, Director of Public Works & John Ruggini, Finance Director**

Date: **March 10, 2023**

Subject: **Overview and discussion of a draft ordinance creating a Transportation Utility**

A. Issue

The City of Wauwatosa annually faces a deficiency in funding for roadway, bicycle, public transit, and pedestrian improvements. Long term levy limits have led to increased borrowing for transportation projects. In order to ensure that the City remains within borrowing benchmarks, reduces exposure to increasing interest rates, decreases future debt service costs, and reduces its reliance on borrowing, the use of a Transportation Utility as a user charge funding source to support vehicular transportation infrastructure is being considered for potential implementation in 2024.

B. Background/Options

Recognizing previous decades of under-investment in City infrastructure, the City began implementing enhanced capital plans since 2012 and based on the 2023-2027 proposed capital plan, this rate of investment will continue. The adoption of the Tosa Streets Policy in 2017, which requires safe accommodations for multiple conventional travel modes in the right-of-way, and the continued implementation of the recommendations from the 2014 Bicycle and Pedestrian Facilities Plan have further stretched available funds.

As enhanced capital plans were to be largely debt financed, a debt policy was adopted to ensure that the City maintained a manageable level of debt. Recent initiatives are underway to cash finance more of the capital plan, but a majority of it is still based on borrowed funds. Options available to the City to provide more funding for transportation projects include adjusting its debt policy benchmark and increasing the levy needed for debt service, reduce capital spending, or reduce borrowing by using an alternative financing source. An alternative funding source was explored in 2018 in the form of a wheel tax, but the concept was ultimately not approved by the Common Council.

A Transportation Utility is established as an enterprise fund of the City, similar to the storm water, water, and sewer utilities, and can fund capital and operational expenses. In September of 2022 a Transportation Utility feasibility study was presented to the Transportation Affairs Committee and subsequently the Common Council authorized the 2023 budget which includes the necessary funds to complete the final steps toward potential implementation of a Transportation Utility.

The attached presentation reviews the work that has been done to date, introduces a draft ordinance for discussion, and describes the timeline of the project.

C. Strategic Plan (Area of Focus)

Priority 2: Public Safety; Goal 2. Proactively address pedestrian, bicycle, and vehicular safety.

Priority 2: Infrastructure; Goal 5. Increase alternative (non-property tax based) funding to support capital projects

D. Fiscal Impact

If the Common Council chooses to implement a Transportation Utility additional funding will be made available to the City for capital improvements to the City's transportation network as described on the attached presentation.

E. Recommendation

Discuss the attached draft Transportation Utility ordinance and implementation timeline and provide feedback to staff to utilize as the public outreach process expands with the goal of considering adoption of an ordinance in July of 2023 which would include billing beginning in January of 2024.