

TO: TOWN OF EXCELSIOR RESIDENTS

RE: Spring Referendum Regarding Borrowing Funds to Improve Reedsburg Road

At the 2017 Annual Town Meeting, Town residents voted to hold an advisory referendum to ask residents if they support having the Town Board borrow funds to improve Reedsburg Road at the intersection with Vogel Road. This letter is intended to summarize the need for the project and the need to borrow funds.

Traffic Safety Hazard

Reedsburg Road between the City of Reedsburg and STH 23 has three hills that create traffic safety hazards. Based on traffic accident data from the Wisconsin Department of Transportation, there have been several serious traffic accidents in this stretch of Reedsburg Road in recent years. Town residents who are familiar with Reedsburg Road are aware of the hazard, and the continued increase in traffic volume. The traffic count is expected to increase more in the future with the new elementary school being constructed on Reedsburg Road. The Town Board has identified this project as a priority that needs to be addressed.

Proposed Project & Cost

The Town has contracted with TEAM Engineering to prepare preliminary plans and cost estimates to improve the three hills and road segments between the hills. The cost to implement the entire project is estimated to be \$575,000. After evaluating funding options and alternatives, the Town Board is recommending the Town implement the project in phases. This approach will allow the Town to improve Reedsburg Road over time in a manner that has less impact on taxpayers. The Town Board is recommending the first phase include improving Reedsburg Road at the intersection at Vogel Road. This hill and intersection poses the greatest traffic hazard and has been identified as the top priority. The improvements will include the following:

- Lower the hill seven feet and lengthen the approaches to improve the sight distance,
- Eliminate the driveway on Reedsburg Road and relocate it to Vogel Road, and
- Modify the elevation of Vogel Road to improve the visibility at the intersection.

The estimated cost of the proposed project is \$200,000.

Why Does the Town Need to Borrow Funds?

The short answer is there simply is not enough money.

The longer answer is, the Town has 52 miles of roads to maintain. We spend \$130,000 per year for road maintenance, \$20,000 for culverts and bridge maintenance, \$30,000 for roadside mowing and tree removal and \$80,000 per year for snow removal.

The \$130,000 annual expenditure for road maintenance enables the Town to do maintenance improvements on approximately 4 miles per year. These improvements consist of crack filling, seal coating, and limited paving. At this level of investment, we have a 13 year maintenance cycle, which is already longer than it should be. If the Town uses the annual road maintenance funds to reconstruct Reedsburg Road, we will increase the road maintenance cycle by 4 to 5 years. That approach could significantly increase the long-term road maintenance costs because roads will need to be repaved instead of maintained by crack filling and seal coating.

What is the Impact on Taxes?

The referendum question authorizes borrowing up to a maximum of \$200,000. The amount represents the "worst case" cost. The Town plans to reduce the tax impact by using \$35,000 of reserve funds toward the project, plus \$25,000 of the 2018 road maintenance budget. Using this approach, the loan amount would be reduced from \$200,000 to \$140,000. The proposal is to take out a five-year loan. The annual debt service payment for a \$200,000 loan is estimated to be \$43,500, which would increase taxes by \$32.26 per \$100,000 of assessed value. The annual debt service payment for a \$140,000 loan is estimated to be \$30,450, which would increase taxes by \$22.58 per \$100,000 of assessed value.

More Information

If you have any questions, please feel free to contact a Town Board Supervisor.

Please provide your input by voting on April 3, 2018.

SINCERELY,

Ken Nolden, Town Board Chair