

PUBLIC HEARING MINUTES
(As continued from October 28, 2015)
ON STREET RECONSTRUCTION PLAN
AND INTENT TO ISSUE GENERAL OBLIGATION
STREET RECONSTRUCTION BONDS THEREUNDER
November 18, 2015 – 6:00pm

A Public Hearing of the Harris Town Board was held on Wednesday, November 18, 2015. The public hearing was called to order at 6:00pm as posted and publiSEHd, at the Harris Town Hall, with the following officers present: Supervisors Gary Rosato, Dennis Kortekaas, Jim Kelley, Ken Haubrich and Burl Ives as well as Clerk Michele Smith and Treasurer Becky Adams. *Absent: None.*

Also in attendance were Paul Donna - from Robert W. Baird & Co., Glen Hodgson – SEH Road Engineer, and approximately 51 residents (*a copy of the sign in book will be attached to these minutes.*) ICTV was *not* able to cover this public hearing.

The purpose of the hearing was as follows, per posted and publiSEHd notice (Nov 8 and 15, 2015):

The Board of Supervisors of Harris Township (the “Municipality”) will meet at 6:00 p.m. on Wednesday, November 18, 2015, at Harris Town Hall, 21998 Airport Road, Grand Rapids, MN, to conduct a public hearing on the Municipality’s street reconstruction plan (the “Plan”) and the Municipality’s intention to issue its general obligation street reconstruction bonds (the “Bonds”) in an amount presently estimated not to exceed \$3,000,000, to finance the cost of a portion of the street reconstruction projects identified in the Plan. The Bonds will be issued pursuant to authority granted by Minnesota Statutes, Section 475.58, subdivision 3b.

1.Pledge to the flag

2.Opening remarks – Chairman, Gary Rosato

Chairman Rosato opened the public hearing, commenting that the purpose of tonight’s meeting was to continue the public hearing originally held on October 28th, 2015 which had very low turnout. Tonight, with over 50 people in attendance, the board hoped to get the resident’s feedback on the proposed five year road plan to be presented by Glen Hodgson, road engineer from SEH, and on the funding option to issue bonds for up to three million dollars, which would be presented by Paul Donna from Robert W. Baird & Company. Rosato added that apx 35 emails were also received, which will be made part of the public record.

3.Presentation of five-year road plan – Glen Hodgson, SEH road engineer

Hodgson explained that he would talk about a proposed five year road plan for paved roads in Harris Township which, if adopted, would be reviewed by the board each year and another year tacked on. Hodgson had five maps that he shared, one for each year, with the proposed road projects shown on each map. Hodgson described what a reclaim road project entails vs. what an overlay road project entails, as each road on the plan noted which one was being proposed. Overlay projects last apx 15 years while reclaimed roads last apx 25-30 years. The cost per mile to overlay was \$300,000/mile on average and the cost to reclaim was \$450,000/mile.

The five-year road plan was shared as follows:

- **2016 (3 roads)**

1. Sunny Beach Road – the complete length. There would be two types of improvements:
 - From Harris Town Road to Adair Road, would be an **overlay**. Within that area, there would be some major subgrade work near Woodtick Lake - by Sutherlands; there is a low spot in the road in this area. Also, at Woodtick crossing, the culvert would be replaced. In addition, at the corner of the first north-south segment, some drainage improvement was planned
 - The rest of the Sunny Beach Road, from Adair Road to Wendigo Road/Co 67, would be a **reclaim**. Due to this section’s poor condition, it would not support an overlay.

2. Isleview Road - reclaim
3. Birch Street - reclaim

The proposed cost estimate for the 2016 roads: \$3.057 million

○ **2017 (2 roads)**

1. Sunny Lane - reclaim
2. Gary Drive – reclaim

The proposed cost for the 2017 roads: **\$306,000**

● **2018 (2 roads)**

1. Fieldcrest Road - reclaim
2. Romans Road – reclaim

The proposed cost for the 2018 roads: **\$318,000**

● **2019 (3 roads)**

1. Mishawaka Shores Trail - overlay
2. Little Crystal Lane - overlay
3. Woodbine Lane - overlay

The proposed cost for the 2019 roads: **\$379,000**

● **2020 (3 roads)**

1. Alisha Place - overlay
2. Wesleyan Road - overlay
3. Tolerick Drive – overlay

The proposed cost for the 2020 roads: **\$383,000**

Hodgson recapped that the board had worked on the proposed work plan the past 8-10 months, and that consideration to approve the five year road plan was part of the purpose of tonight’s public hearing. He noted that it was just a *plan* – and that roads noted farther out were more speculative. Hodgson also commented that without bonding, the proposed Sunny Beach Road project would not occur in 2016; those two items would need to happen together. Bonding dollars would be used for 2016 road projects only; the subsequent roads could be done with the usual levy of \$300,000-\$400,000/yr for major road construction.

The township’s process for crack-filling roads was also explained by Hodgson. They seal transverse cracks the year following an overlay or reclaim and use a rubberized crack fill material so cracking doesn’t reopen after a freeze. They have also tried a new product on some larger cracks of other roads, called NuvoGap. Overall, the township is aggressive in crack filling roads to keep water out of the base to maintain the roads.

● **Public comments and responses by Hodgson or board:**

- Q: Are there any plans to widen Sunny Beach Road, take out the curves, or add a bike path?
- A: No – the road plan is just to improve the existing road where it currently lies.

- Q: On Isleview, how far will the road improvement go?
- A: The improvement is just for the township’s portion of Isleview, so it would stop where the “end of maintenance” sign is.

- Q: Does the City of Grand Rapids have plans to improve their portion of Isleview Road?
- A: The board has asked the city this same question informally, and they were not encouraged by the city’s response. However, it’s still being discussed.

- Q: Will any part of Sunny Beach Road be shut down during the reconstruction – such as when the area near Woodtick is done?

- A: There may be short term detours with the subgrade work. And yes, some inconveniences. However, it should only be for 2-3 days, if they take out the culvert.
- Q: What is the timetable for bids?
- A: If plan is adopted and bonding is approved, Hodgson would hope to bid in early spring, with work to be done the summer of 2016. The town board would advertise for bids, and contractors would prepare sealed bids for the board; bids would be opened publically. Hodgson clarified that SEH does not do the contracting – the town board does.
- Q: Why hasn't this road been repaired before? This is a bad time with the school board referendum still being discussed, and local businesses shutting down.
- A: The board has taken care of worse roads over the years - ones that they could afford with the levy. Now what's left is the long roads...and a large bill to get them repaired.
- Q: With the reclaim projects, will this affect the culverts under the driveways?
- A: SEH had not gotten that far into the planning yet; during some projects, they do replace driveway culverts and some they do not. However, they will look at each culvert as the project proceeds.
- Q: What is the township's annual road maintenance budget?
- A: \$300,000-\$400,000 for major construction/year; this is enough to cover roads noted for years 2 – 5.
- Q: What did the board find out from the borings that were done near Woodtick?
- A: They were worse than expected, and deeper. It will not be possible to remove all the bad material.
- Q: How did SEH come up with the figure of 3 million for the 2016 road projects?
- A: Glen explained the process, and that current prices were multiplied by the amount of bituminous needed, and added all up, plus a 10% contingency. It's an estimate only. The actual bids could come in lower.
- Q: Why didn't the board ask an actual construction company to provide a bid, rather than just get an estimate from SEH?
- A: It would be unlikely that any contractor would take the time to prepare an accurate bid without an approved plan.
- Q: Could the Sunny Beach Road project be split into segments and done over several years?
- A: Yes it could.
- Q: When was last time Sunny Beach was redone? And there is one part that never got touched.
- A: The records that the township has, shows that the northwest portion of Sunny Beach was overlaid in 2001; no records can be found of when the other section was worked on.
- Q: Per mile, what's cost for reclaim vs. overlay?
- A: \$300,000 per mile for an overlay and \$450,000 per mile for reclaim (which varies based on subgrade and drainage work).
- C: Comment that residents were leery to bond for 3 million dollars and that this may be a continuing way to fund road projects. They were fearful yet knew the township needed to do something to get Sunny Beach road repaired.
- C: Repairing the roads will either need to be paid via a bonding and payback each year, or by way of levy increases each year. If the entire length of Sunny Beach Road is done all at once, contractors would be more willing to bid aggressively.

- C: The cost of bonding for 3 million, will be 5 million over the time of loan.
- C: If Sunny Beach is repaired over 10 years that means it will be the only road that will get fixed.
- Q: Will the township be financially okay to work off operating levy to handle other roads?
- A: Yes
- Q: Current budget is apx \$350,000/year for major road construction; if the township bonds for 3 million dollars over 10 years, the payback amount is \$337,000. Will the levy need to be raised by that amount to cover the bond payback?
- A: That is one option; another option would be to raise the levy part of the way to cover the payback amount, and then deduct the levy as needed in other areas. However, the township will always need to have an operating levy.

4. Financing options with Q & A - Paul Donna, Robert W. Baird & Co.

Paul Donna, from Robert W. Baird & Company, explained that Minnesota State statues allow townships to issue road street reconstruction bonds as a way to fund road projects if approved by the board. He went on to explain that with general obligation bonds, the township would borrow money at the lowest interest rate available for this type of bond to fund the road projects as discussed, and levy a tax across the entire township to repay the loan through taxes.

If a petition is received within 30 days, the question would have to be put on ballot of the next election before the township could bond.

Chairman Rosato asked for clarification of what it means if the resolution passes, which the board would be considering later this evening. Donna explained that it would allow them to start the process of moving forward with issuing bonds. However, passing the resolution did not obligate the township to issue the bonds. In the board reviews the proposals of loan terms and finds that interest rates are too high, they can opt out of bonding. There will be another vote later in the process where the board will consider approving the loan terms and rates, and at that point the board can still vote no. Tonight's resolution only gives Baird & Company the okay to start the process to get proposals. After a 30 day window, if there is not a petition to put the bonding question on the ballot, the board will then move forward with the process. There are no costs incurred for Mr. Donna or the attorney, until closing on the loan.

Mr. Donna handed out and reviewed some scenario information, for \$2.5 or 3 million dollars, and for payback over 10 or 15 years. *(A copy will be included with these minutes)*. He noted that the first year to collect on the loan would be in 2017, but construction could start in 2016. The interest rates shown were as of Oct 6, 2015 and ranged from 2.4% for a 10 year payoff period to 2.9 % for 15 year payoff period. The effect of taxes on a home valued at \$100,000 was shown, and ranged from \$44/yr to \$73/yr depending on the amount of the bonds issued, and the payback period.

With regards to what the bond will cost the township, Mr. Donna referenced the at TIC line of the handout, or total interest costs. He noted there is an opportunity to refinance the loan throughout the life of the loan. 10 & 15 years options were choses as most street projects would have that as their useful life.

The tax impact was shown on the handout, based on a \$100,000 home; Mr. Donna said to adjust proportionately for higher home values.

Interest rates are currently very low; the lowest in about 30 years.

Mr. Donna clarified that general obligation bonds will have a separate line item in the levy. It's an option to include the payback in the current levy, or add the payback amount on top of it. But overall, the bond payback amount is a part of the levy total.

Public comments and responses by Mr. Donna or board:

- Q: Will interest rates be fixed?
- A: Yes

- Q: Does Harris Township have a bond rating?
- A: Not currently, and the handouts assumed they're *not* rated. If the township gets a rating, the interest rate could be lower, but Donna will investigate if the cost of getting rated is worth it.

- Q: Will the bonding portion of the levy be identified on the Itasca County property tax bill as a separate line item?
- A: No. Referendums do appear as a separate line item but township special levies would only be a separate line item within township's budget - not on the county tax bill. It would be identified in the annual report of the township.

- Q: If our road plan changes, could the amount of bonding be reduced?
- A: Yes, if determined before issuing the bonds. The town board cannot bond for over 3 million dollars, but it's acceptable to bond for less.

- Q: What is the Minnesota State Statute limit on general obligation bonds that is paid back through taxes?
- A: 3% of the township's total evaluation. Per Itasca County, Harris Township's estimated market value is \$371,887,600. 3% of that would be \$11.1 million so that's the maximum the township could borrow. A \$3 million dollar loan would be less than 1% of the township's total EMV.

5. Public input:

a. Hear all interested parties

- C: Looking to board to make right decision
- Q: What would the lifetime of road Sunny Beach Road be after reconstructed?
- A: The overlay section would be 15 years, and the reclaim section would be 25-30 years.

- Q: When would the question go on the ballot if a petition is received?
- A: The next township election, on the second Tuesday in March 2016.

- Q: If the question goes on the ballot, would the township still be able to bid and get projects done in 2016?
- A: Hodgson was not sure if it could be done or not.

- C: People living on the roads affected have nice houses, but have bad roads

- Q: What percentage of the total EMV of the township comes from those who live on Sunny Beach Road, Birch Street, and Isleview?
- A: No idea.

- C: The Township needs to keep the roads up or it opens us up for annexation.

- Q: How can the township prevent this from happening again down the road?
- A: Raise the levy every year, though it's difficult to levy for the high cost of the longer roads.

- C: There are 25.6 miles of paved road in the township. 10.3 miles have been rehabilitated since 2007. Another 10.3 miles are proposed for 2016. That would leave only 5 miles of paved roads that haven't been touched since 2007.

- Q: Can a show of hands be done, for those in favor of bonding and those opposed?
- A: Absolutely. The show of hands, as counted by Supervisor Ives: Yes=apx 30 and No=apx 14.

b. Read all emails received

Due to the quantity of emails received – apx 35 – they were made part of the record, but not read aloud. In counting the email views, 27 were in favor of bonding and 8 were opposed to bonding.

6.Board discussion and consideration of the matter

There was no additional discussion by the board. The resolution to move forward with the road plan and bonding was on the agenda for the P&D meeting, scheduled for 7:30pm this same night.

7.Adjourn

A motion was made by Supervisor Kelley, seconded by Supervisor Kortekaas, to adjourn tonight's public hearing at 7:26pm. Hearing adjourned.

Respectfully submitted

Michele Smith – Harris Township Clerk