

MEMORANDUM

DATE: MARCH 28, 2015
 TO: PEAINE TOWNSHIP BOARD
 FROM: WILLIAM KOHLS
 RE: ROAD PAVING ESTIMATES

Estimates of the cost to pave certain roads in Peaine Township are attached to this memorandum and are summarized in Table #1. Please note that this memorandum is not a proposal; rather, it is a discussion outline intended to provide important information related to any future paving projects.

Given the contentious nature of the road paving issue, I suggest that:

- We review these estimates and answer related questions in an open meeting or meetings.
- We provide this memorandum to local media for publication.
- We conduct a survey to gauge support for paving projects. (Pete Plastrik has prepared a draft survey. While the survey is not statistically reliable and would not necessarily predict the outcome of any millage proposal, it should nonetheless provide a reasonable indication of sentiment.)
- The board should not commit to any paving project(s) without submitting the proposal for voter approval. (Given the required debt service, it is likely that voter approval of additional millage would be required.)

TABLE #1		# of miles	Width		Est. Cost
Road project	Roadway		Shoulder		
East Side Drive					
Kings Highway to Welke Airort	1.10	24'	2'		\$ 640,575
Sloptown Road					
Kings Highway to Township Airport	2.46	22'	2'		1,403,475
Paid Een Ogs Road					
Kings Highway to Township Airport	1.75	24'	2'		1,110,800
Barney's Lake (Darkeytown)					
Kings Highway to Eagle Hill Road	1.76	22'	2'		1,036,068
Total	7.07				\$4,190,918

Estimates prepared by James G. Vanek, CCRC Staff Engineer

IMPORTANT CONSIDERATIONS

- The estimates are contingent upon locating a local aggregate source for producing the needed aggregate base, (22A Aggregate), bituminous pavement along with the gravel shoulders. If those materials would have to be imported from off the island, the project costs would increase dramatically.

- Mobilization, the cost of getting equipment and supplies in place, is a significant portion of the estimated costs. Scheduling multiple projects may reduce such costs.
- Ditches as well as culverts and cross-culverts will be required to provide adequate drainage.
- Trees will need to be cleared to accommodate the roadway, shoulders and ditches.
- Clay sub-soil may need to be removed and replaced with sand/gravel to produce a stable road bed.

Estimated debt service for each segment of road, along with the required millage is set forth in Table #2.

TABLE #2			
Road project	Est. Pymt	Millage	% increase
East Side Drive			
Kings Highway to Welke Airort	\$ 78,977	1.16	14.3%
Sloptown Road			
Kings Highway to Township Airport	173,036	2.54	31.4%
Paid Een Ogs Road			
Kings Highway to Township Airport	136,952	2.01	24.9%
Barney's Lake (Darkeytown)			
Kings Highway to Eagle Hill Road	127,738	1.88	23.2%
Total	\$ 516,702	7.60	93.8%
Estimated cost financed at 4% over 10 years			

COMMENTS, OBSERVATIONS

The township's total tax levy in 2014 was approximately 8.1 mills, as set forth below. The required millage to fund these road paving projects represents an increase in township tax levies of 14.3% to 93.5%.

2014 millage (\$1 tax per each \$1,000 of taxable value)	
General operations	3.4000
Fire	0.9615
Waste Transfer	0.6631
BI Rural Health Center	1.7000
Roads	0.7000
Airport	0.6766
	8.1012

A mill is equal to \$1 per \$1,000 of taxable value. A taxpayer whose home has a \$200,000 taxable value would pay an additional \$1,520 in property taxes a year for ten years, if each of the projects were completed, as follows:

$$\text{\$200,000 times 7.60 divided by \$1,000 equals \$1,520}$$

An expenditure of \$4.2 million is equal to 6.2% of the township's \$68 million taxable value. If a property has a \$200,000 taxable value, the paving decision would create an implied obligation totaling \$12,400, as follows:

$\$4.2 \text{ million} \div \$68 \text{ million} \times \$200,000 = \$12,400$

A number of people have suggested that the township could reduce spending in other areas and direct the saving to road paving projects. Given the magnitude of the estimated paving costs, it is not realistic to expect that spending reductions could make a meaningful contribution toward road funding without drastic cuts in services.

As a result of the requisite improvements to the road bed (ditches, tree clearing, etc.) the fundamental nature of many stretches of these roads will change significantly. As a result, it's likely that some of our constituents will claim that some or all of the paving projects will impair the Island's scenic nature.

To the best of my knowledge, there are no likely off-Island sources of funding. Note that Kings Highway was re-paved in 2014 at a cost of \$1.75 million, funded by the County-wide Road Millage (a 15-year road millage passed in 2008.) Peaine residents have paid approximately \$420,000 pursuant to this tax and, accordingly, it seems unlikely that the County would commit to additional paving projects on the Island.

ATTACHMENTS

- Estimates prepared James G. Vanek, Charlevoix County Staff Engineer
- Survey prepared by Pete Plastrik
- Summary of road funding/financing costs

USEFUL LINKS

Taxpayers may find their taxable value at <http://www.charlevoixcounty.org/propertysearch.asp> or <https://is.bsasoftware.com/bsa.is/AssessingServices/ServiceAssessingSearch.aspx?i=1&appid=0&unit=742>