

(5)TB, Lisa, Barb, Micaela,
Ben, Public

TO: Town Board

FROM: Lisa Potswald

RE: Dock Approach Repairs

DATE: April 10, 2020 and April 22, 2020 (Update)

The Town applied for funding from the state to fix the sink holes developing at the dock approach, however we did not receive funding. The sink holes continue to reappear despite the Public Works staff filling them on a regular basis, due to the high water undermining that area. Ben has researched the options and come up with the following:

OPTIONS

A. **Estimate– Blacktop.** Tear up the existing blacktop in an area of 6,900 square feet and blacktop to a thickness of 4 inches. Cost: ROUGH ESTIMATE provided by Northwoods Blacktop at \$38,300, plus the cost of Town labor/equipment to haul away the sawcut blacktop. This rough estimate does not include the cost of any work and materials needed to mitigate the water undermining the area. See next page, letter A. The work would have to be bid out.

B. **Change Order Estimate – Concrete.** Tear up and haul away blacktop, repair/correct undermining, prep for concrete for an area of 2,800 square feet. Cost: \$92,400 as estimated by Smith Group, if we have them do the two areas that have been discussed (a 36'x75' section extending from the ticket booth landward and the small area out near the proposed shelter). This does not include any engineering, permits or oversight/submittal review, etc. One thing we are uncertain about would be how much crushed rock, gravel base or sand would be required to fill the gaps, so this might be a variable cost depending on how many truckloads are needed. This could be done as a change order by Wren Works. See next page, letter B.

C. **Bid – Blacktop or Concrete.** The Town Board wondered if there might be others that want to bid on the project. Nelson Construction is interested in doing so. There will be extra expense in putting together the bid docs and managing the bid process (addition to SmithGroup contract), plus the work will have to be scheduled later in the summer.

D. **Leave as is and continue to fill holes as needed.**

ADDITIONAL INFORMATION

I asked SmithGroup Project Manager Chris Devick if adding the new dock lane will reduce the likelihood of undermining the dock approach area. Chris, who is a structural engineer, said that adding the lane will not make a difference with the undermining. The whole dock structure sits on sand, so undermining will continue regardless of the addition.

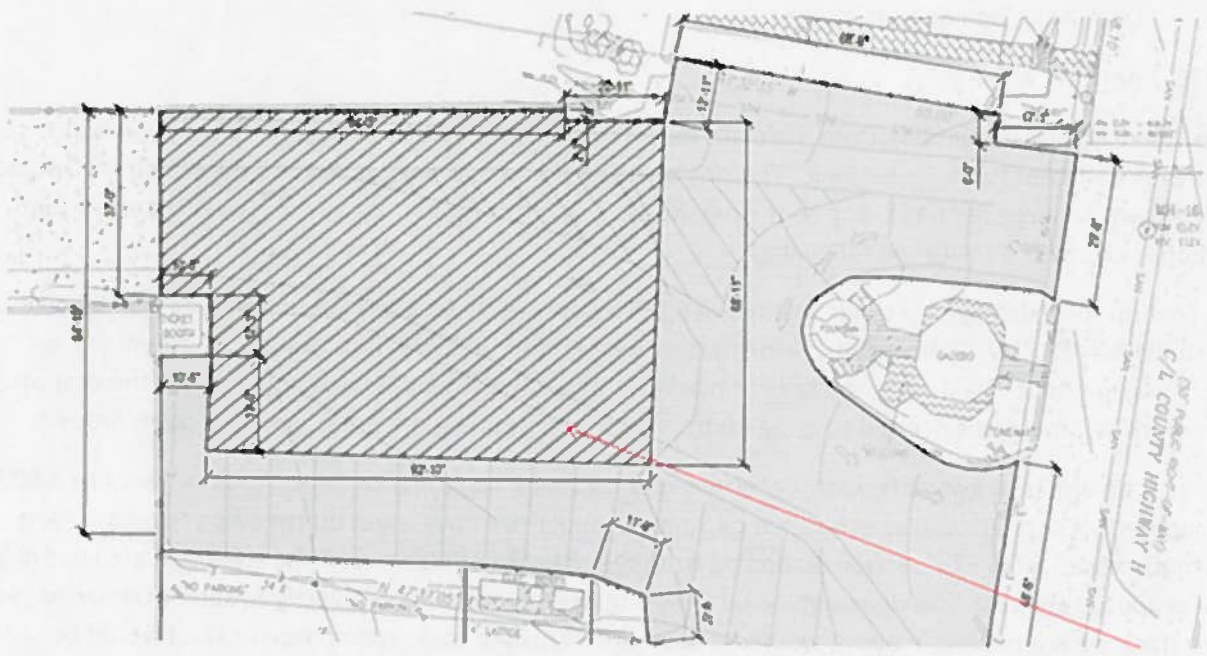
The Town Board requested budget information about where the funding could come from for this project. Barb will provide you with that information in a separate memo. This project is on the agenda for the Special Town Board meeting scheduled for **Thursday, April 23 at 5:15.**

RECEIVED

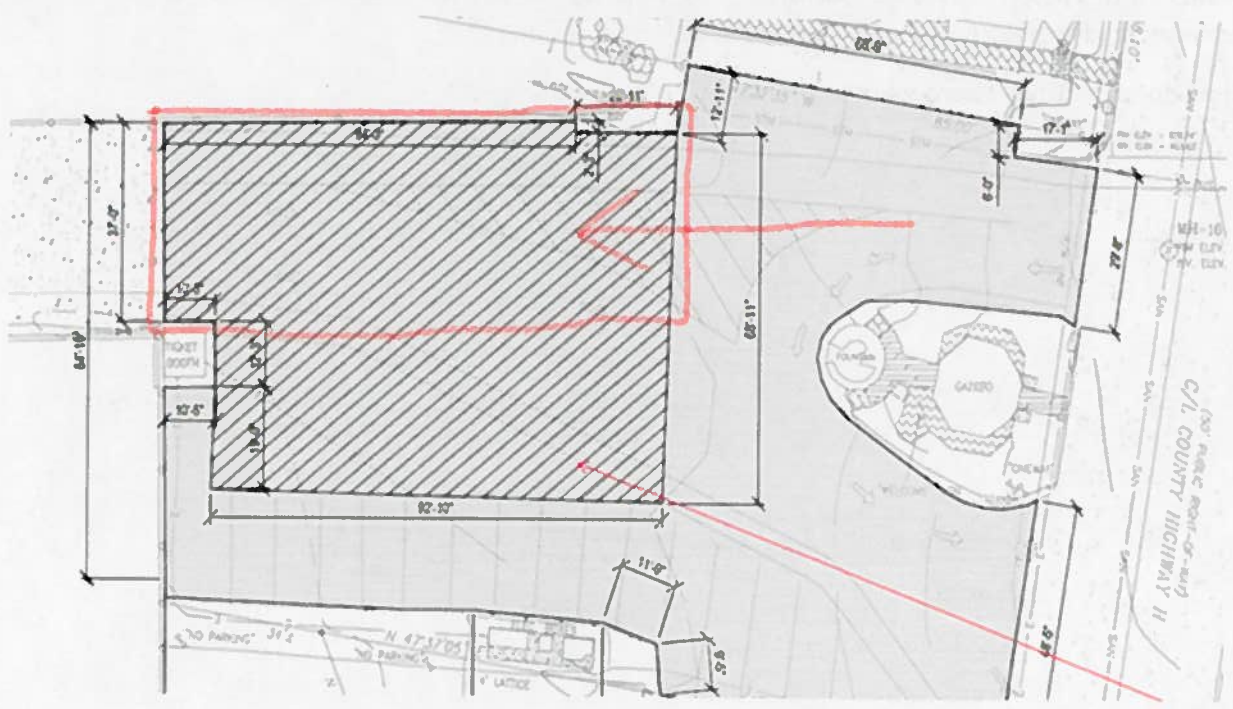
APR 22 2020

Initial: dg

A. Blacktopping area:



B. Concrete area:



Memo

To: Town Board Members
From: Barb Nelson, Accounting Administrator/Deputy Clerk
CC: Micaela Montagne, Town Clerk
Carol Neubauer, Town Treasurer
Lisa Potswald, Town Administrator
Date: Wednesday, April 22nd, 2020
Re: Borrowing/Debt Service

- The Town Board budgeted to borrow \$214,000 in 2020 to cover the projected 2019 expense of Big Arn's Road. The Debt Service schedule was for the estimated loan terms: 20 years @ 3.75%, repayment starting 2021 with an annual payment.
- Due to the Town Electors not approving a higher tax levy for 2019/2020, the Town Board voted to keep the 2020 budget as presented and add that tax levy reduction of \$79,563 into borrowing. The Debt Service schedule was for the estimated loan terms: 5 years @ 3.25%, 2021 repayment with an annual payment.
- The current 2020 budget also reflects borrowing for the Town Dock Improvement Project and the Emergency Services Building. Scheduled loans for both estimated at 20 year terms, @ 3.75% annual payments starting 2021.

The adjusted estimated summary of 2020 borrowing needed:

Big Arn's Road	\$ 214,000
Tax Levy reduction	\$ 79,563
Town Dock Project/HAP/Shelter	\$ 652,282 *
Emergency Services Bldg	\$2,359,338 **
<u>Town Dock Approach Apron</u>	<u>\$ 100,000 ***</u>
POSSIBLE BORROWING:	\$3,405,183

*Original budgeted borrowing included a contingency fund that hasn't been needed. This borrowing amount should be the final cost of the Town Dock Improvement Project + the estimated cost of the Passenger Shelter. The 2020 budget plan was to pay off the short-term line of credit and re-finance. The possible expenses contingency was included in borrowing revenue, so it doesn't provide any additional source of cash.

**Original budget borrowing of \$2,283,338 + additional Wendel of \$76,000 = \$2,359,338.

Once bids are received, this figure can hopefully change

***Waiting for expense information on proposals – engineering/construction bidding & management, gravel, permits.

The Town Board, at the April 14th, 2020 Town Board meeting, the asked for possible internal funding sources that could be applied to the Town Dock Approach Apron project. In reviewing the budget, there is approx.. \$38,400 in the 2020 that could be applied towards this project:

Legal fees	10,000
Smith Group	8,000
Ice Rd/Winter Trans	44,900
ESB 2019 insurance reimbursement	15,200
Unbudgeted expenditures, grant shares	-30,700
COVID-19 expenses/lost revenue	-10,600****
<u>Push back on staffing</u>	<u>1,600</u>
	\$38,400

****This assumes COVID-19 best case scenario; a mild loss of revenue (BBTP & rentals), slight increase of payroll & preparation expenses. It does not take into consideration any cash flow issues if Ashland County pushes back the August tax collection, or if they request changes to any of their funding for services payments to the Town.

I plan to put together a 2020 Budget Amendment #2 with these charges and the Town Dock Improvement Project updated figures, to verify possible available cash.

The Wisconsin Board of Commissioners of Public Lands (BCPL – also known as the State Trust Fund) interest rates:

	<u>11/25/2019</u>	<u>03/04/2020</u>	<u>03/27/2020</u>
2 years	3.25%	2.50%	2.50%
3 – 5 years	3.25%	2.50%	2.50%
6 – 10 years	3.25%	2.75%	3.00%
11 – 20 years (1)	3.75%	3.50%	4.00%

(1) Municipalities are limited by Statue to maximum 20-years terms for any General Obligation loan, regardless of lender.

From our question posed to the Wisconsin Towns Association earlier this month:

As for the interest rates, BCPL is expecting interest rates to go up even more. For the general public, this defies logic because of the federal fund rate, but that's a short-term rate and the supply of cash is very low. Few banks and others want to lock in for the terms that we typically use because they don't want cash locked up for 10 - 20 years due to low supply. Combine that with the inverted yield curve, BCPL and WTA feel government borrowing is going to get more expensive, potentially significantly so.

