## Finance Committee Meeting March 24, 2022

**Informal Meeting Transcription: (From Clarkston Secrets by Susan Bisio-18 Pages)**

Smith said that they were going to go ahead and get started. Smith welcomed everyone to the budget meeting for March. As he'd mentioned in the last meeting, they were going to focus this meeting on addressing the question that Chet [Pardee] originally brought up, which was the possibility of road improvements, for sidewalk improvements, the use the SAD [Special Assessment District], or other funding mechanism, and his main focus was addressing the fact that two SADs are about to expire, mature, so those will be falling off of our books, resulting in a tax decrease for those residents in those Special Assessment Districts. So, today's meeting, we've invited Rana Emmons, our auditor, and the goal was just to focus on that sole problem today and address Pardee's questions, and others. He thinks they will all have questions about what our options might be for funding road improvements and sidewalk improvements if our operational budget is not capable of funding those. Smith asked Pardee before they started with Emmons if he missed anything in the focus of Pardee's question.

Pardee said that he did not. The other element that he was asking was really timing, and if in fact we were considering replacing millage with that which is expiring, what timing was required. Another question was when would the reduction be reflected in communications to citizens. Pardee would expect an assessor's communication, and what are the mechanics for approving a replacement millage and timing.

Smith said right, they will get into that. If that's the route we go, we will definitely get into the mechanics and the timing for sure.

Speaking to Emmons, Smith said that for her background, during COVID we shut down our parking kiosk, and as a result, we lost some revenue that we had been using in the last few years for road improvements, road paving, road upgrades, and sidewalks as well. The whole purpose, objective behind the parking fund was to use the revenue gained from parking to be used for roads, sidewalks, and parking lots. So, with that shut down, we lost a considerable amount of revenue, so we are a little behind the plan relative to our CIP [Capital Improvement Plan] as to road improvements. So, Pardee thought, and it's a valid thought, is it a possibility to take advantage of the fact that we have two SADs about to mature and fall off the books, if you will, to immediately replace those with a new SAD or other funding mechanism to fund the roads, and that would effectively offset, so residents wouldn't see an increase in taxes. They wouldn't see a decrease either. Maybe in round numbers, they would see it stay about the same as what they're paying today in their taxes, and it would give us some funds for road, sidewalk, and parking lot upgrades. So that's the focus, they just want to talk to Emmons about is that viable, what are the mechanisms, how would we get started, when would we get started, all those kinds of things.

Emmons said good morning to Pardee, and Pardee wished Emmons a good morning. Emmons said let's see what we can do as far as answering some of these questions. Pardee has made some very good points in the past. The whole thing is just a little bit tricky with the numbers, that's all, but Emmons thought that Pardee is on point with a lot of his questions so let's see if we can answer them and all get on the same page.

Emmons said that backing up for a minute, the two debt issues that you have outstanding currently, the 2007 and 2012, are not SADs, they are not Special Assessment Districts, they are on general obligation bonds. Just a technicality. You have a debt millage that is being levied in order to pay those off. Those are city-wide debts, not Special Assessment Districts. Smith repeated that they are city-wide. Emmons said the SADs were finished a couple of years ago. We had two that dropped off, and these are the two remaining, and they are general obligation debt. You have one last year, she believes 2022, the 2007 will drop off, you're about to make your last payment on that, and then in 2024, she believed that the 2012 one will drop off.

Greg Coté [treasurer] agreed and thought we finished the 2007. Emmons said so you've already made that payment, and Coté agreed. (Unintelligible) April 1st.

Emmons said currently how this works is the city isn't levying the maximum that you're allowed to levy on your operating millage. So that's the first thing, and she knows that a lot of that has to do with the district library, the city reduced your millage to accommodate for that, and that's fine, respectfully, she understands that, but legally, we do have what she calls tax margin available to us on the operating millage, and that tax margin is simply the difference between the maximum allowable, that we're allowed after Headlee rollbacks, and what we are currently levying. (Unintelligible discussion regarding the difference.) Haven asked if Headlee was the ceiling, and Emmons said it is. Emmons said that in 2021, and she doesn't have the 2022 yet, but it was .691 mills. Haven said that's library. Coté agreed. Emmons said that's the reduction of what we're doing for the library piece. Haven agreed. Emmons said legally, you are allowed to levy that, you're just not levying that because of the library. (Unintelligible crosstalk.)

Luginski said he remembered they initiated that whenever the library came in, so that had to be six years or so ago. Emmons said that's about right. Haven said that they were a bit tenuous at the moment, wanting to get their millage through for the district library. Luginski said that they [the library] needed a parking lot, they needed lots of different – Luginski asked what the cost of the .691 is in revenue annually, roughly? Coté said it was about $32,000, plus or minus. Luginski said OK. Emmons said we're not going to get a road done for that. Luginski agreed. Haven said crack fill. Luginski agreed. (Laughter.)

Emmons said there are a few options. So, we have that little piece that is legally available to us. If it's a big enough project, and it depends on the dollar amount that you are talking about on the road project, most communities would typically issue bonds for the street construction and then pay it back with a debt millage, just like you're doing – Smith interjected and said on the two that are about to expire. Luginski agreed and said if we were to replace them, we would do that with a new debt millage, not a SAD. Emmons said that was correct. And it's city-wide and it's based on everyone's taxable value.

Luginski asked what was the one that we just paid off for. Emmons said it was for water. Luginski asked what (unintelligible) that 2012. Smith asked if he was referring to the one that will roll off this year, and Luginski said yes. Coté said it was $242,000, $245,000 annually. Luginski said OK. Coté said that's a sliding scale based on taxable value. Haven said round number. Coté said let's just say $240,000. Luginski said OK. Coté said last year, to be more precise, was $242,008. Luginski said OK. Emmons said that the one that's just rolling off was $80,000 a year, the one that was just paid off. Coté said yes, but we've got two of them combined. Luginski asked if the $240,000 is the one that expires in 2024. Emmons said it was $80,000 plus $165,000. Luginski said so it is a total of $240,000. Coté agreed. Luginski said it was $80,000. Coté agreed.

Luginski said so technically, if we were to go down this path this year, the most we could do is $80,000, plus if we wanted, the $30,000, so we could do $110,000. [The "$30,000" refers to the library millage that the city council promised the taxpayers would be offset to induce the taxpayers to vote for the annual library millage.] Haven said $32,000. Luginski said that was right, if we were to combine them both. Emmons said that they would have to ask for that millage. Luginski said he understands, he's just trying to get an idea of what is the maximum revenue. The minimum revenue is zero. Haven said that the point is not raising taxes by staying under the – (interrupting Haven), Luginski agreed. (Haven made additional unintelligible comments.)

Smith asked so the $160,000 doesn't roll off until 2024? Emmons said that was correct. Emmons said it's probably the city's 2023 [tax] roll. Coté agreed. Emmons said that July 1, 2023 will be the last time you roll that. Coté said his projection for that roll coming up is going to be about 3.3. This term. As of 2022. Coté said again, it's just a projection, don't write it down because it's going to change. Luginski agreed. Emmons said that last year, with rolling both of them, 2007 and 2012, you're at 4.9766, so you a just under 5 mills for the debt. Luginski said OK.

Coté said he wanted to throw something out and make sure he understands it. So, with city being capped at 15 mills, and right now our operating budget is at 11.4231, that gives us an additional 3.5769 mathematically. Emmons agreed, plus or minus the (unintelligible). Coté agreed, but that would take the city over the 15-mill ceiling. Emmons agreed and said that the debt millage is above and beyond that. Coté agreed.

Luginski wanted to know what the 3 point whatever number equates to in dollars. Emmons ask if he meant the difference between the 15 and what we are currently collecting? Coté said about $163,000. Luginski said annually, OK. Coté said plus or minus. Luginski agreed. Coté said again, it's all based on the taxable value and he won't have that – Luginski said it's been going up. Coté said yes. Luginski said he knows. We all know.

Haven asked if Smith would know what would be a reasonable incremental annual investment in our roads. We have the study, the RAMP [Road Asset Management Plan] study, that gives us good, better, worse. Smith agreed. Haven said on an annual basis, if we said, picking a number out of a hat, $40,000 per year, into our roads, we begin to work it backwards, right? Smith said it would be more than that. He thought we were saying the average was about $80,000. Average. It depends on what road you're doing, so maybe one year it's $40,000, and another year it's $120,000, but on average, if you spend, if you set aside, earmark $80,000 a year, on average, that would keep your PASER [Pavement Surface Evaluation and Rating] rating steady. Haven said level. Smith said if your goal is to improve the PASER rating, so we're actually getting better ratings, then you have to put $90,000 or $100,000 on average set aside for roads. If we're OK with whatever our PASER rating was, and Smith didn't have the report with him – Pardee said it was 4.2 and you'd like to be a 10. Smith said right. Haven said sure. Smith said so, if we want to raise the overall status of our roads, then we'd have to put more than $80,000 a year aside.

Luginski said so the $80,000 per year is keeping us status quo is basically with what that debt load for now would cover, if we just added $80,000. Haven said yes. That would be a wash and wouldn't raise anybody's taxes – Haven said yes – (Luginski continued) and wouldn't see any increase cost. (Unintelligible.) As far as, you know, levying any more tax to people, tax dollars, no. (Unintelligible.) Coté said he wanted to step back if he could. The 15-mill ceiling, if they wanted to use the additional 3.5769, would that require a referendum [a vote of the taxpayers]? Emmons said yes, because you're reduced by rollback [Headlee rollback] right now. In 2021, your maximum allowable was 12.1141(?). Haven said correct, that's the number he remembered. Emmons said as your maximum, without (unintelligible). Coté said he wanted to be clear on that.

**Haven said we are just looking at our taxable means with this discussion.** Coté agreed. **We are not considering any other revenue streams which might be out there**, of course. For example, the $198,000 whatever coming from our – (interrupting Haven), Smith said $98,000. **Haven said $100,000 rounded up to begin with, and then opening up another parking lot or something** (unintelligible). **There are other options. Smith agreed.**

Smith said we do have these ARPA [American Rescue Plan Act] funds. We received the first half of it and will receive the second half in May. Those equate to right around $98,000, and the thought there was those would replace the lost revenue during COVID. [The award letter from the Treasury Department says the amount is $96,400, with 50% was distributed last October and 50% will be distributed next October.] One of the legitimate uses of ARPA funds is to kind of recoup the losses you had during COVID, and that's very close to what we did lose in parking revenue, having the parking lot closed for paid parking for a year. It was about $100,000. So that would be one possible use of our ARPA funds, is put it into roads. Smith would like to have some input from the community and is looking at various ways to gain that input, but that is one possible option of using the ARPA funds for roads. And that would kind of get us whole again, and then if these monies started flowing going forward, Smith thinks we would be in a position that for $80,000 a year, we would be able to improve our PASER ratings and get ahead of the curve instead of always clawing back, trying to get whole again. So, it would be nice to be ahead of the curve and getting some of these improvements done.

Luginski wanted to know what the cost of that $80,000 is per household. Is it based on their taxable value? Coté said yes. So, it would range from, any idea what the average would be? Coté didn't know.

Smith said that Avery is on the phone, he's on the call, so he's also a member of our finance committee. Smith told Avery to feel free to chime in if he had any questions.

Avery said that he had a couple of thoughts. $80,000 a year is all well and good, but we really can't do anything with $80,000 a year. If the thought is that we just raise our millage and collect that extra $80,000 and put it to the roads – if we were just maintaining them, then he would say yes, no big deal. But if you look at Depot Road, that needs to be, at a minimum, milled and filled or whatever they call it. Smith said yes. Those are substantial costs. **Avery said he was more leaning towards doing a bond. Let's get the money.** Let's fix the roads. And then we can address the maintenance of the roads, because a lot of these roads, his recollection was that they were beyond, you know, they were in poor condition. Fair to poor condition, so sprinkling $80,000 a year on them isn't going to improve them. He drives around town, and to him, it seems like a lot the roads, we need to do like we did on North Holcomb when we, you know, spent a serious amount of money on them.

Avery said that number two, he agrees with Smith as far as the ARPA funds. They really are to backfill what we lost on the income from the paid parking. Avery said that he knows that Smith has said in the past he kind of views them as possibly, you know, "found money," but he respectfully disagrees on that. Avery thinks that we need to immediately put that into parking fund and the maintenance of the roads, and parking lots, and sidewalks. It should be there. That's where we lost the money, so that's a good spot to put it. Smith agreed.

Smith said that he and Haven were just at the MML [Michigan Municipal League] Capital Conference and there were several discussions around this. The intent was made clear. The intent of the federal government was that these ARPA funds would be used for, and he couldn't find the word, kind of generation changing, but really impactful things that you can do in your community. But, you know, in the big scheme of things, $98,000 is not a lot of money when it comes to roadwork and a special project, like the river walkway out into Depot Park, a great project that would be highly visible and residents would love it, but $98,000 is hardly going to make a dent in that estimated $1-1.5 million project. We don't have any other obvious big, community improvement type projects that council has been made aware of. Smith said he is kind of leaning towards, as Avery said, using these funds, as one of the intentions was to replace lost revenue and use it in our road fund. Avery said that he just doesn't think that we are in the position to use that money on big, you know, wild projects. Do you know something where the state is going to start, you know, the revenue sharing is going to increase substantially so we can actually use state money to take care of our roads? We've got to get those fixed. Emmons said that they've had no discussion about that – (interrupting Emmons), Avery said they're (unintelligible) big ticket items.

Smith said going back to Avery's point, there are no big, expected improvements in the revenue-sharing fund. It goes both ways. They talk about some percentage increases, 10 maybe as high as 20 percent increase in it, but then Smith also hears that the reduction in sales tax on gasoline, for example, you start hitting sales tax and the local communities pay for that with their revenue-sharing. Sales tax is largely where our revenue-sharing money comes from. You start reducing the sales tax, and who's paying that bill? The local municipalities.

Avery said that the state has more money than they know what to do with right now and they're not giving it to the locals. Coté said communities. Avery said that we aren't going to have any more money for roads. Smith agreed.

Emmons said she was basically saying the same thing that Smith was saying on that. There has been no talk at the state level as far as state-shared revenue, or the gas tax, the local level street funds that you get the monthly revenue on. They haven't talked about any increases in any of that, other than the governor just said she's just not going to do away or reduce that gas and weight tax, because that's one of the things the legislature just recently proposed. Basically, that just cuts what comes to the local units as Smith said. The same way as the sales tax itself. Some communities, because they just did a census, they just now are going to start reflecting those numbers. Basically, they're going to use some of the money for the communities that lost population. They basically want to do a hold-harmless, so their state revenue-sharing doesn't reduce, it just keeps them stable. So, they are going to use some of the money for that.

Emmons said that going back to the bond issue for the roads, get the money up front, typically, that's what a lot of cities your size do, just that, but that does need to go to the voters for both the bond issue and the corresponding debt millage. It would be two questions, and they would have to approve both of them in order for that to work.

Avery said that he gets that. It's not an easy sell for sure, because you are asking people, but it's an easier sell because we're basically switching out [an old bond for a new bond], but it's still not an easy sell. Smith said offsetting would help; hopefully they don't feel an increase.

Pardee said he had three points. One, can Emmons and Coté explain exact timing. Last July, Pardee thinks he got a tax bill that was 4.91, and Pardee thinks we are saying that because of the 2007, it's going to be less. Will it be less in this July's tax bill? Coté said yes. Number two, will the advice that Pardee gets from the assessor in the next month or so reflect that reduction? Coté said he didn't think so. Emmons said that Oakland County has been seeing 2.97% increase in taxable values. Coté agreed. Emmons said the maximum is 5%, of course, but surrounding communities, that's what they've been seeing, the increase in taxable value for this July 1st tax bill.

Pardee said that he's separating two issues. One is millage. Last July, it was 4.91. Coté said that was for the debt. Pardee said the 2007 and 2012 combined. Coté agreed. Pardee asked what his millage will reflect on the July tax bill. Coté said that it's going to be approximately, and this is for the debt portion, about 3.3. Roughly. Pardee said OK, so the tax bill that he will get in July will reflect, on a millage basis, a reduction. Coté said for the debt portion. Pardee agreed. Pardee said he looks at 11.4 as operating and 4.91 is debt. Coté agreed. Pardee said that he thinks that the 4.91 is about to become 3.3. Coté agreed.

Pardee said that maybe the ship sailed already so he is trying to find out, doesn't he get a communication from the assessor telling him about his July tax bill? Emmons said that he should have gotten it in the last two weeks. Coté agreed and said that's for the personal property and the real estate portion. Pardee agreed and said that he's trying to find out if that's the communication to the public, the Clarkston public, that the tax bill millage has gone down. Emmons said that it doesn't have millage on that. That communication that they put out in the last couple of weeks is only from the assessor's office. Coté said that was correct. Emmons said that the city hasn't levied their millages – (interrupting Emmons), Pardee said on a millage basis, the first communication will come in with the July tax bill. Emmons said that June 1 will probably be the earliest that the city will finalize their calculations on the millages that will be on this July's tax bill. Coté agreed. Emmons said it's because they won't have the final numbers from the assessor, and they will do that as part of the budget adoption process, but it's probably not going to happen until early June. Coté agreed.

Pardee said that he was confused by what Emmons just said. Pardee is trying to figure out whether or not the ship sailed already in terms of trying to offset the 2000 general debt obligation in terms of communicating to the taxpaying public. Are we past that? Are we past being able to do anything? Emmons said other than increasing the operating millage, which is reduced currently because of the library, other than that, the ship has sailed. Smith said right because that would have to be a referendum in November. Emmons said no. Smith said if we did do a new general obligation bond, that would have to go. Emmons said that you would have to have that language in to the state by August to go on the November ballot, and then you could levy it next July, July 2023.

Pardee says that he withdraws his proposal of trying to treat these general debt obligation item renewals as a school levy, because the ship has sailed from a communications perspective.

Pardee said that the other thing that he believes and is recalling from three or four years ago when we were doing the PASER communication, Pardee was thinking that we told the state that we were going to be paying, spending, about $100,000 a year in an effort to keep the PASER rating where it was. Those were numbers that he (unintelligible) maybe we didn’t communicate, maybe our engineering community communicated them. Smith said that he thought it was closer to $80,000, but Pardee might be right, he doesn’t have the PASER report in front of him, but he can pull it out to see. Pardee said we haven’t gotten any kind of an update from the engineering folks, right, in four years? Smith said no. Pardee said the PASER has not been updated. Smith said no, but it is on the books to be done this May. Pardee and Smith said they are going to give us an update. Pardee said that’s good.

Pardee said that the other thing that he wanted to throw on the table is that beside roads, we’ve got sidewalks, that Pardee is thinking that it will have been three years at least, he doesn’t think that there is anything that is shovel-ready to be presented to council, plus we’ve got the paver issue to deal with, those seven sections of pavers, plus we’ve got the East Washington issue and the last number he heard was $19,000, so he takes $19,000 – Smith said storm drain – Pardee said he takes $19,000 for East Washington, and he takes $55,000 plus some contribution from DPW folks to do seven sections of paver, not in paver but in concrete he thinks– someone agreed – Pardee continued, saying or maybe blacktop, and there’s no established plan to do Miller Road as had been proposed in May of 2021. Smith said right, and obviously COVID has impacted the timeline of that, absolutely. Pardee agreed. (Unintelligible crosstalk.)

Avery said that it kind of goes back to what he said earlier, which is that he can see the $80,000 as being maintenance for sure, but when we talk about doing Miller Road and other roads, we’re not going to be able to do that by somehow saving money every year, that we need to use to spend just to maintain what we have, sidewalks and roads and that stuff, so he thinks the lump sum is probably (unintelligible).

Pardee said that he can recall a discussion with Haven when we were talking about how much was in front of them from a sidewalk cost repair perspective, and Pardee was thinking that Haven had suggested maybe $100,000. Pardee asked Smith if he had any idea how many sections remain to be repaired after the multi years that have gone by us, and $29,000 that we spent the last time we repaired them. Pardee is trying to figure out how much might be on the table to get the sidewalks compliant. Smith said no, he doesn't. We are going to have to do an inventory again this spring, because obviously, this is a moving target. Trees are lifting these flags every day, so we would have to do a new assessment this spring and see where we're at. Smith said that he would hope it would not be in that range of high $20,000; he would hope that it would be closer to $15,000 to kind of get things inside their criteria. Smith said that when he says "their criteria," his criteria for fixing sidewalks is slabs that are ½" or more between slabs, in fact, he thinks he used to use ¾". Trip hazards. Smith gets a lot of requests from homeowners saying that "my sidewalk is underwater when it rains," and yes, in an older community, a more mature community, that is not uncommon because the sod has grown essentially due to, you know, tree leaves and other debris. So, the sod raises, the sidewalk doesn't, and as a result, you have a dam on both sides of the sidewalk, and you have flooding. That, to Smith, is not a replacement criterion, because if he added that to his criteria, he would probably be looking at probably $120,000, or more.

Luginksi said he gets that, but the only problem with that, because he has that in front of his house, he has like six sections, and it's one thing when it's water, it's another thing when it freezes and it's ice. Smith agreed. Luginski said because now you've created a safety problem, and a hazard, right? Luginski said that when they walk around Mill Pond with their dog, and he will tell you that twenty homes, maybe more, have that exact same thing. Smith agreed. Luginski said people are walking on ice, and you don't even see it, there's snow on it. He's seen little kids fall. So, Luginski thinks this is a priority because it's a big safety hazard. When you start talking about that freezing in the winter, it becomes ice. He's out there all the time with salt, trying to keep it clean. He's talked to the mailman, and he said that Luginski is one of the few people that does that; he appreciates it. He said that there's a lot of ice on the sidewalks. Smith said that he understands.

**Avery said in reality, is what Smith said is that it would cost hundreds of thousands, we would have to lift probably half the sidewalks in town to get them up above the side level.** Avery said that his street up and down has that problem when they have a thaw and refreeze. **Luginski said that when people start falling, and suing, and he knows that at some point, we have to make a priority of what we do, right? Do you**

**want to have ice everywhere and people slipping and falling?** Luginski said that he's got a live umbrella policy for himself, but he just thinks it's, you know.

[See Clarkston Sunshine Comment.]

Smith said that's the criteria, when he says the criteria, this is kind of important, he backed into his criteria based on the monies available. No question about it. Smith will be completely honest with that. Smith said that ¾" gap between slabs, if he lowered it to a ½" or even ¼" and said that's his new criteria, the dollar amount just goes up significantly. If he adds the fact that the water is damming up the water on the sidewalk, which he agrees with Luginski is a safety risk, that will add that much more. So, the criteria is based on the amount of money that typically we have available in our operational budget. **If we do something like a millage or a general obligation bond, then that criteria can go out the window and we can say OK, we need to replace probably 50-70% would be his guess of the sidewalks in the city to get them up higher. It's not just raising the sidewalks. You have to remember that you have to raise the driveways, because you can't have a sidewalk that drops at the side of the driveway and then goes back up on the other side of the driveway.** So, it can be a rather costly endeavor. Smith said it's something we need to talk about. Luginski said he's not saying it's the first thing that he's noticed, he's just saying he doesn't want to just throw it away and say we don't have to worry about that. He totally agrees.

**Avery said** that he could tell them **on South Holcomb** that when they came through fifteen years ago and redid the road and all that, they raised the road, they raised everybody's driveway, but they turned them into a funnel because we're downhill on the east side. So, **we get tons of water on our sidewalks and our driveways** because of the fine engineering of the Oakland County Road Commission fifteen years ago. Avery doesn't know how you can fix that. **Smith** agreed and **said that they would have to have HRC** [Hubbell, Roth & Clark, the city's engineers] **put together an assessment for us as to what kind of money and effort we're talking about.** Avery agreed. **Smith said that would be sizable.** Pardee said he supported that.

Luginski said as a homeowner, if the homeowner wanted to do it on their own, could they do that, on the sidewalk? Smith said yes, and in fact the last time that they did do sidewalks, Smith had a couple of homeowners that came forward to him and said you know, if you'll split the cost with me, and the reason that these homeowners came forward is because in front of one of them he had flags spray painted, three of his twenty slabs, to be replaced, and he came back and said “how about if I pay for the other seventeen”? Smith said that was fine with him, and you’ll get Smith’s reduced pricing, his bulk rate pricing, and he said “done, let’s do it.” Smith said so he did replace all of his, and they raised it up for sure, and they kind of averaged it out at the two ends, but it can be done. Two other homeowners have approached Smith about doing the same thing, paying for it themselves. Other communities do it that way. Coté has told Smith that in Centerline, do the homeowners pay or is it 50/50? Coté said that the homeowner pays 100%. Smith said there are other things they can do along those lines to get that addressed.

Pardee said that the sidewalks in front of where he lives at Clarkston Village Place were holding water. They raised the sidewalks that led to their porches by using a hydraulic technique, and at the same time that they raised the walkways to their porches, they had them raise the sidewalk sections adjacent to the right of way in order that they wouldn’t hold water, and they did that. Pardee thought that Smith saw the technique that was used. Smith agreed. Pardee said that it may technically be a lower cost alternative than replacing slabs. It uses hydraulic, it uses somehow lava, it doesn’t use polyfoam. The folks that do it told Pardee that they guaranteed it for life. He asked if it was Pardee’s or his [life], and he said his. [Avery made an unintelligible comment.] Smith said that’s an option. He’s been told that mud-jacking and replacement are about on even cost, but when you get into volume, Smith thinks that mud-jacking actually becomes more advantageous.

Smith said it’s all about volume discounts. We can explore that. Smith said if the slabs are (interrupting Smith), Pardee said that the third point that he wanted to make was that he thinks that they will have a very difficult time, significant pushback, if we try to include the .691 library millage as a way of providing increased funds based on what Pardee had believed was a commitment that we made to the citizens that it was really an offset, and Pardee thinks that would be viewed as a take-away. Avery said right, and that’s the argument we have every year when we have this discussion. Smith agreed. Avery said that’s why they vote no every year. We just do. Smith agreed.

Smith said that the last numbers that he heard, and he thinks that Luginski threw it out there, if we take the $80,000 that’s about to roll off, $80,000 a year, and we add the $32,000 from the library, we would be at $112,000. But taking the library back would be a challenge. Luginski agreed. He didn’t think they could.

**Haven said he was interested in Avery's proposal for issuing bonds to fix the whole thing.** Let's just attack the elephant, you know, and then see what portion of the elephant we might be able to eat or something, some plan. Smith agreed. Haven asked what the tenure of the general obligation bonds are, is it thirty years? Emmons said that they typically don't go out that far. Luginski said he thought most were ten. Coté said ten to fifteen. Haven said it's shorter, so it would jack the price up. Emmons said well, twenty would probably be the max. Haven said it depends on your lender. Emmons agreed and said that it depends. You're going to get different rates, obviously. Emmons said that she typically sees ten or fifteen years. She has seen twenty years in some of those. Haven said that was interesting. Emmons said that the big ones are twenty years.

Avery said that his thought is whatever improvements we do to the roads, the longevity of the improvements kind of need to match how long we're paying for them. Haven and Coté agreed. Avery said if they just do a five-year mill and fill, well then, we don't need to be taking out a ten-year bond because in five years, we are going to have to go back and fix it again. Avery said that if we're going to spend the money on the couple three roads that need it, if it's going to be a fifteen-year improvement, then it needs to be a fifteen-year bond. That's kind of how he would (unintelligible).

Pardee asked if they should have bit of a philosophy discussion about the current debt obligation that exists that really is paying today for expenses incurred in the 2000s. Pardee thinks they are talking about the possibility of going after millage that will pay for today expenses to maintain (unintelligible). Avery said he didn't know what Pardee means. Pardee asked if it was confusing for Avery. Avery agreed. Pardee said we've got a bond that expiring, it's essentially expired, and we've got another one that will expire in 2023, and those bonds were providing funds for monies spent in the 2000s. Avery said on improvements, yes. Maintenance, whatever. Pardee said as opposed to inviting the residents to pay for the repair of streets and sidewalks on a current basis. Avery said he still wasn't following Pardee.

Avery said that one of the bonds, his understanding was to bring water down these streets and that sort of thing, correct? Coté agreed. Smith said that some of those have rolled off already. Coté agreed and said they were infrastructure repairs. Smith said that there were originally four bonds – Coté agreed – Smith continued and said that they did all of the sewer, water, and new roads. Coté agreed. Avery said that they weren't maintenance. Smith said it was back in the 2001 timeframe. Avery said maintenance in the broadest sense he supposed, but they were there to improve all of that stuff and improve the roads. That's kind of what we are thinking about doing now.

Avery said that he's with Pardee, he doesn't want to take out a bond to take money to maintain these roads. Avery is looking at the bond to give us the revenue, the one pot here to fix the roads on a more permanent basis. Smith agreed.

Pardee said he got cranked up when Coté shared with him the millage numbers and Pardee said son of a gun, I'm paying 1/3 of my tax millage to pay back repairs that had been done in the past. Essentially, he was paying 16 mills, 11.4 operating and 4.9 for these two bonds. Smith and Haven agreed. Luginski said yes, but you never really get away from that, because if they did a ten-, fifteen-, twenty-year bond today, people would say the exact same thing ten-twelve years from now, saying "I'm paying money for stuff that they did in 2022." You never get away from that, know what I mean? You're always going to be paying in arrears from what you loan. Avery agreed. Smith said that you could have a new resident that moves to town (interrupting Smith), Lugninski said yeah, a new resident that moves in, exactly. Smith said and says "what, I don't see anything." Luginski said eight years from today, ten years from today, say we took a fifteen-year bond out, someone comes in ten years from now and goes "wait a minute, I'm paying four points for something you guys did ten years ago, I didn't even live here, what do I care," so Luginski doesn't know how Pardee gets away from that. Coté said you don't, unless you pay up front in full. Avery said that they could save the money, which is not doable, or they would have to take out a loan and pay interest. Smith agreed.

Coté said that the other thing that he wants to throw out, and he asked Emmons to help him out because she has a lot more experience with this, what is the cost associated with a debt flotation? Coté understands that we are going into a rising rate environment, but he's talking about the bankers and HRC that has to come out and do the assessment. Coté wanted to know what's a ballpark figure for a community like ours. Maybe Emmons doesn't know that number, but there are various costs associated with that, correct? Emmons said yes, and it's really kind of a percentage of the bond issue itself, so a million dollar issue is different from a four million dollar issue. She's involved in one in another community, and they are doing a 3.8 million dollar bond. **All those costs, the financial advisors, the bond counsel, the engineers and all that**, it's just under $100,000 in those closing costs, if you will, issuance costs for that. (Someone agreed.) Emmons said not including a bond discount premium or anything like that. Coté agreed. **Emmons said that it's still probably $70,000 on a million-dollar bond issue.** Coté said OK. **Avery said it would be like 7%.**

Smith said that we would have to do some upfront research to even know what kind of a bond we want to pursue, what level, what size bond we want to pursue. **We would have to have HRC come out** – Emmons said exactly, it's an HRC issue – Smith continued and said **we would probably spend, you know, $10,000 with them just to say you need, between your roads and your sidewalks and your parking lots, you need one million or you need four million.** Coté agreed. Smith said he doesn't even know how to estimate what that number would be without HRC's help. Emmons said that however you stack it, some communities will do like a staggered bond issue type of thing. She had one community, their small city needs fifteen million dollars in roads, but they did a five-million-dollar bond issue every three years, so they spread it out a bit, but they were able to get work done, you know, five million dollars, spread that over three years for the road work. Smith thought that was interesting. Emmons said that's also an option though, but hopefully, we aren't anywhere near fifteen million here. Smith said no.

Luginski asked what they are trying to accomplish now. What's the end game of this discussion. Smith said that it was just to explore the feasibility of us going down this route. Coté said sourcing options. Smith said Avery is (interrupting Smith), **Avery asked if they could give them a number, if we kept the millage the same or whatever so it wouldn't really affect taxes**, and let's say ten-year, fifteen-year bond, how much that would raise, what would we be looking at, is it a million dollars, is it $500,000, is it ten million. Avery said he knows, sitting here, you'd have to get your calculator out he supposed and figure it out, but just ballpark. Emmons asked how big of a bond issue, one million, five million dollars. (Unintelligible crosstalk.) Avery said as far as a millage rate so that the residents don't pay any more, and if we do a ten or fifteen, how much would we raise from that.

Smith said that it may take a year to get this number together to be honest, get all the ducks in a row so we are ready to start this, and we know that we have to go to the November 2023 election, would be the soonest we could get this in front of the voters. Luginski said that they could still do it this year (unintelligible crosstalk). Smith said that his point is (interrupting Smith), Avery said that there's two numbers that have to come here, he thinks. One is how much can we raise, and two is how much is it going to cost. Smith said that where he was going with that is that we've got the 2007 bond that is rolling off. Coté said 2012. Smith said that then they have the 2012 that rolls off. Coté said 2023. Avery agreed. **Smith said that the $80,000 incremental amount from the 2007 bond isn't going to cut it. Smith thinks that they need a combination of the two. Avery said for sure.** Smith said that the 2012 bond is the bigger one of the two, we need the combination of those two, the offset of that, of both of those going away, and Smith thinks that's more realistic of what we want to replace it with. Smith said that we are just generalizing how much money we need here, we don't know yet.

Emmons said roughly, and it depends on the interest rates they are building into bonds, but she's looking at some of these debt schedules, **roughly $250,000 in replacement millage** that you are taking about, **you can probably get two or three million dollars in bond proceeds**, depending on the interest rates. Smith said and approximately keep the taxpayers whole. Emmons agreed. Smith said from what they are paying. Smith said that they might see, because 2007 is going to fall off before we can backfill it, so there might be a slight reduction and then they'll see it go back up, but today, versus say in 2028, whatever, in 2026, they'd be the same.

Luginski said he understands where Smith is going, so playing that out, if we didn't do anything until 2023 to get both of them together, and it's on the ballot in 2023, we wouldn't see that money until 2024, so they are talking two plus years from now before we would have any money to do anything. Luginski asked if that was right. **Smith** said he's with Luginski, and he **wondered would it be possible to get that referendum on the November 2022 election** and be ready to go in July 2023, because yes, waiting until July of 2024 before we can start any road work – Coté interjected and said that they have to think of the engineering work that needs to be done too, so timing that you alluded to earlier, that's probably about twelve-eighteen months before that's finished.

Avery said it sounds like a long time, but like Coté is saying, there's a lot of work that's got to be done. Coté said up front. Avery said **we've got to sell this to the voters to get them to agree to it** – Coté said he agreed – Avery continued we've got to figure out all the factors. What roads, how much, bid it, all that stuff. Smith agreed. Coté sees 2024 as a realistic expectation. You'll have the information in hand, you can disseminate it to the voters, and he thinks you could make a well-informed decision at that point in time. Smith said **it might very well take that long to get the story** and the numbers **together** after having all the engineering work done. There's a lot to be done. This is right in HRC's wheelhouse. Smith thinks that they could be really helpful in getting us to a point where we know what those numbers are, and we are confident. Haven said that they've been our engineers for a long time, and they've done the studies, so they could be further along than you think. Emmons said that's what she's wondering also. Smith said that this is their wheelhouse, roads.

Pardee said that his approach would be to try to do it in two steps from an effective standpoint. That's where he's been for the last year. Let this one disappear. Coté was telling us earlier that the two bond issues represent $240,000 of revenue. So, the question is how can we begin to generate revenue as soon as we can and not create an increase in taxes to taxpayers. (Unintelligible.) Pardee thinks Smith is right and we need to have something on the ballot in (someone said November) – Pardee continued and said that **they need to have something approved by the state in August**. Smith said this August. 2022. Pardee agreed.

Haven said that there certainly is an upward trend for interest rates, so we're going in a tenuous, and he thinks that the bankers are all thinking that too, they're guarding themselves. Emmons said right, and they may at that point recommend to you to go out a little further, maybe they're thinking fifteen to twenty then in that case, so they'll give you options. Haven said we could get better roadbeds made at twenty year – (interrupting Haven) Coté said he spent a lot of his life in that world, and that's what he would advise the client to do. **In a rising rate environment, you want to maybe take advantage of some longer-term financing right now**. Haven said if they will give it to you. Coté said right, that could be another catch. Smith agreed. Haven asked what the city's rating is, and Emmons said that it's kind of been a while since it's had a rating.

Pardee asked what the Capital Improvement Plan tells us in terms of what planning approved by council has aimed us at for the next five years on annual basis. Smith asked if Pardee meant the specific number. Pardee said yes. (Haven said something unintelligible about the number.) Pardee said that we've got a Master Plan, and then we've got a Capital Improvement Plan, and the Capital Improvement Plan is supposed to aim them at what are our funding requirements. Smith said that he doesn't disagree. He just doesn't have the number right in front of him. He didn't bring his Capital Improvement Plan with him. Pardee said that his guess is that it's $250,000 or $300,000. Smith said that he bets it's every penny of that, because what they did is they took the PASER ratings and we backfilled where necessary to keep them whole, so our road ratings don't go down. If anything, we were hoping they would go up just a notch or two. Smith said that he bets it is every penny of that.

Avery said (unintelligible) the big picture that **money that was roads for capital improvements would slide off of the general budget because they would be taken care of through the bond issue, which would free more money** to take care of whatever capital improvements that need to happen. Smith agreed and said in all likelihood, and Pardee has brought this up many times and he doesn't disagree with it, is **we can't afford to fund**

**the CIP [Capital Improvement Plan]**. Between the operational budget and the little bit of parking revenue, you can't afford the CIP. Smith said that he's said many times that there wasn't a hard connection between the two. The CIP is directional and yes, our mission is to get there, but in all likelihood, it's not going to be something that we can fund out of the operational budget and out of our parking. We're going to have to make some priorities, set some priorities, and make some tough decisions on what we spend money on from year to year, and maybe the CIP that we said was going to happen in 2023 doesn't happen because we can't fund it all, but we at least have a nice list of all the projects we want to work on and we make some prioritization and decisions based on that.

Pardee told Smith if he looked at the CIP for the last three years, each year, we've been throwing things out of the boat because we've recognized we aren't going to have the amount of revenue to support it. Smith agreed and said that they are taking the can and hitting it. Avery said that they had COVID this last year that did have an effect, so to the extent that it contributed to that. **Coté said that the CIP is a blueprint**, it's not an obligation. Haven said it's not in the operating budget for sure. **Coté said it's not an obligation, gentlemen, let's just remember that.**

Smith said that he mentioned all that because Avery made a good point. In all reality, we try to fund the CIP out of the operational budget, and a big part of the CIP is roads and sidewalks. It's just starving the operational side of the house, and that's not sustainable. **Smith likes where this discussion is going.** He thinks it's, in reality, this is something that they need to talk about. They'll put it in front of the voters, and if the voters say hell no, I'm not paying that, then we know our answer, then we're going to continue to limp along with some hot patch and some little mom and pop kind of level of improvements. If they say yes, then we know our answer is they want nice roads and nice sidewalks, and we'll make it happen. Haven said they'll look at it personally.

Emmons said that they could run numbers like you were saying earlier, the average per household, if they did this millage, how much an average household would participate. Haven said that would be very helpful. Emmons said that roughly, she thinks it's great that you don't want to increase the taxes, you want to do it in lieu of this debt millage that currently exists and you just kind of pick up there, so no one sees a big, you know, a tax increase.

**Smith said that we would have to put a very detailed story, a marketing plan essentially, together before the November election. Have public hearings, have public input sessions, where we**

**share with them the vision** that we've just talked about here today. And educate them [the taxpayers] on here's the reality, your roads, you might look at it today and think oh, it's got some potholes here and there and the center crack is eroding, but other than that, it's not in horrible shape. Well, here's the reality, Mr. Jones. Your road has got probably another three years before it looks like wherever, some of the roads in the township that are – Haven said north Glenbunrie – Smith said that these roads eventually would almost be better gravel because they've gotten so bad. Haven agreed and said they could get there. Smith said not to be a wet blanket on the discussion, but just to inform the public on the reality of what's coming with roads. They're not cheap to maintain.

**Avery** agrees. He said that he guessed his only other concern is that these bonds that are going off the books were for sewers and that sort of thing, water and sewer. **If we have some sort of substantial sewer, water issue that requires a large capital investment**, we're kind of tapped out because we used all this bandwidth we got here from the two bonds that fell off on the roads, we're locked into roads, and then in seven years we maybe need to take care of some sort of sewer upgrade, or whatever, major capital improvement with the sewers – (interrupting Avery), Smith said he hears him. Smith said that they would have to get those numbers together because again, there were four bonds back in 2001, roughly. Coté agreed. Smith said that two of them have rolled off so we've kind of forgotten about them, but Smith doesn't know of those four, what were roads, what were sewers, what were water mains, what were other things. We're not talking about replacing all four bonds, just two of the four. **So, we have a story that we would have to explain to our residents**, what's being used for what, so that if that scenario that Avery just identified, **if we did have a sewer main break five years from now and we have to put a million dollars into a sewer main repair**, going back to the residents and saying we know we just did those bonds for roads, but we didn't put any money in there for sewers, and so now we're coming back, it's not like we're double dipping, we're just saying now we have a new problem. We would have to make sure that we know the answer to that question in advance of going to the November election.

Haven said that they had a discussion three years ago with HRC, and we talked about some of this when we borrowed against some of those funds for this building, you know, to pay back. Technology has changed a ton in the last twenty years. We're camera-ing everything now and they're able to camera, so preventative maintenance is a lot more powerful than it was at one time. We're not guessing anymore about where the crack might be; we can go look at it, you know – Smith agreed – Haven continued and said in advance, and put some patch in there, so he's feeling better about, you know, kind of more confident – Smith said good point – Haven continued and said going forward. We need to ask those questions as part of the process, you know, how good is the forward look, you know, from some of these utilities and so on that have to live in those mains, you know, all the time. Are they feeling good about their infrastructure? Infrastructure is a big topic right now, you know, for sure. We're a small municipality, but **we also get influence cost-wise from the outside, just like we went through with the Macomb Interceptor.** You know, that's the other thing that we know that we're going to have more of that, you know, going forward, and Haven didn't know if anybody plotted those numbers, you know, but **we got off pretty easy with $117 for four months or so for billings for $100,000**, wasn't it, wasn't that the number? Smith said it was right around $100,000. **Haven said that was cheap** though. Of course, we're so small that by the time it trickles down to us, it's not a whole big impact, but we know that it's going to come again. So, let's just assess all of this stuff, let's do a ten-year view as best we can before we make these decisions and put it before the public that way, you know. Smith agreed.

Haven said it's real, it's life, but I mean, what quality of life do you want? You want to be tripping and falling on your sidewalks, or slipping and falling, or do you want them nice and smooth, you know. You want your roads fixed so they are not like the outskirts. That's one of the things that kept this village together, kept it afloat, was people cared about their roads, that's what the annexation of Middle Lake was, they wanted paved roads. That's the reason they wanted an annexation, and they weren't going to get it from the township, you know. So, we have that as a value, he thinks a common value here, in our town, **we love our town, we love the feel of our town, and our basic infrastructure is that feel.** Otherwise, it begins to crumble, and we don't feel so good about it anymore. Smith agreed.

Smith said those were good points on the sewer. The other thing relative to sewers and something that he has been talking to Dave McKee [Independence Township Department of Public Works director] about is the possibility of us of turning over our sewer billing to the township, just like we do water billing through the township. Haven said that's a service provision. Smith said that if we did that, and another (unintelligible) comes at us in 2025, another $100,000, and they are coming – (interrupting Smith), Coté said he thinks it's going to be here before 2025. Smith said that it might be. The (unintelligible) that we experienced, that interceptor drain was one of numerous possible areas needing repair, and there could be another significant (unintelligible) charge coming. But Smith's point is that if they turn over our sewer billing to the township, then if it's something that they can absorb, like this last (unintelligible), their residents didn't see – (interrupting Smith), Haven said that they wrote a check. Smith said that they wrote a check out of their rainy day fund, and they said we've got a very healthy balance in our rainy day fund, our sewer, and if we bring the city on board, yeah, if it happened a week later, after they took us on board, they'd still probably want some money from us, but if it happens a year or two years later, it's going to be something that they would just pay for out of their rainy day fund. Adding 540 homes isn't going to move the needle much for them. So, there are advantages.

Luginski said he wanted to play the other side of that though. He always cringes when they talk about giving more stuff to the township. The more we give, the less control we have, the more they have control, and that's a slippery slope of then why are we even a city. Luginski is telling them for lots of reasons, he's not a big fan of that, number one. Number two, and he's only one person, one vote, but the more we give control to the township, the less we have in the city, right? And then that question arises. Well, then why are we a city for, why are we doing this, the township is doing everything. Haven said that Luginski has to assess the tipping point, where is that. Luginski said that the more they keep doing it, the tipping point becomes more obvious, number one. Number two is if we did that, to Smith's point, to Smith's example, well, they could just cover it with a rainy-day fund. What if they didn't have a rainy-day fund, who controls what the costs would be to our citizens. The township, because they're running it? Smith said yes. Luginski said you know, as opposed to us?

Haven said we would have to hire another person in the office to (unintelligible crosstalk). Smith said we would have to weigh out all the pros and cons. He totally agrees with Luginski, and you know one of the cons would be, that's the big con, is that we lose some control. Luginski said he would rather have his own destiny in his control (unintelligible). Smith said but he would bring that story to council, and we won't do this over one meeting, we'll take it over a couple of meetings – Luginski said he understands – Smith continued and said so the council can think it through and Smith will put both the pros and the cons on the sheet of paper and you can see which outweighs the other, so we'll put that together. Smith just mentioned that in passing, but that's not the focus of today's meeting.

Smith asked where do we go from here. Is it something that he should start engaging with HRC to do, maybe they kind of dive into this pool in steps and just come in and give Smith a 50,000-foot level estimate of what it would take to do this together, what kind of money we're going to need to fix all of our roads and sidewalks? And then if it looks like OK, that's not as bad as he thought, keep going HRC, then they dive in a little bit deeper. Smith said he doesn't know that he just wants **to say to HRC do the full downtown**

**assessment** – Haven said no – Smith continued and said **that's probably $30,000 and have them start doing engineering drawings** of you know, here's the foundational, structural, base that you need to put in to repair East Church Street. Haven said to have them bid both ways, you know, they will give you a bid of whatever you want, you know. They're just looking at sheets. Luginski said that he thought that the next step was something like that, because then we aren't just shooting in the dark. Smith and Coté said that they don't know what it costs. Haven agreed. Coté said that HRC would be a starting point. Smith agreed.

Pardee said that it sounds like Smith has already got them started on a PASER update. Smith said he does. He thought it was a four-year update. They approached Smith and said it's time to do your PASER update. Pardee said that's information, and what Pardee hoped that what would come out of that is some opportunity to establish a priority of what it is that we might need to do when that's a roadmap. Smith agreed. Pardee asked if they would be including sidewalks in that update. Smith said that's not part of the PASER rating, but we could ask them to look at sidewalks. Smith said that if they are going to go forward with a bond, he would want to do both, and so we would need to get them engaged on what it takes to do a kind of a status to repair, tell us what it's going to take to repair our roads and our sidewalks. **Let's go for it, including the drainage problem that we're having on many of our sidewalks.**

Haven said that we like being a pedestrian community. And sidewalks is pedestrian, no question about it.

Smith said that it's going to change the look. He's had people say look, I don't want the sidewalks replaced because I like the old kind of characteristic sidewalks. Luginski asked even if the ice built up. (Unintelligible crosstalk.) Smith recalled tripping and falling on his ass back when he was a kid and doesn't want to do it again. Smith said no, they like the kind of the look of this old concrete. If we put in nice, it's going to be white and shiny and bright. It's going to change the look, but you can't have – (interrupting Smith), Haven asked if they could buy brown concrete. (Unintelligible.) Smith said it would probably cost more money.

To Pardee, Smith said that what he started to say is that Pardee brought up the aprons. Smith wants to do those aprons, millage or no millage, or bond or no bond, he wants to do those this summer with the help of MDOT [Michigan Department of Transportation] and piggyback on their repaving of Main Street this summer, so that's still Smith's goal. Smith said that they haven't selected their contractor yet to do the concrete portion of that work, and once they do that, they are going to let Smith know and he will reach out to them and get an estimate. In the meantime, Smith has been working with Melissa at HRC to kind of spec out what needs to happen in those seven aprons. Smith is working on that, and that's got to happen, he thinks. Either way, whatever comes out of this whole investigation, that's got to happen this year. It's just too big of a risk, and we've got to find the money. Even if we have to use the ARPA money. Avery said again, he sees the ARPA funds as a backfill to the parking revenue we lost, and if this is something that would have had to come out of there anyways, he guessed it can be used for that.

Pardee said that he would be helped if Smith would pass to him Smith's contacts at MDOT that he's dealing with to Pardee. Pardee said he sees Cass [?] is on the call too. Where Pardee and Cass live, they've got an issue with the drainage on M15 in front of their building to both of their driveways. The way they repaved it, and the way that they recorrected it, has made the problem worse so they end up with water coming in their driveways and puddling and creating a safety issue on the driveways. They fixed the sidewalks, but MDOT is creating issues for them in their driveways, so Pardee would be helped with those contacts. Smith said OK, but to be honest, Smith has to ask him if he's OK with putting his number out there for contact. Pardee said sure. (Unintelligible crosstalk.) Pardee said that he could pass to Smith the emails that he sent to them in 2016 and 2017. Pardee didn't know if the woman that led the project there is still part of their organization. Pardee would wake up at 3:00 in the morning, hear their equipment on the roadway, and go out and talk with their quality control people, and they say "no, we've got this under control." Well, not so. Smith said OK, he can ask, and he will get back to Pardee on that. Pardee thanked Smith.

Smith said that we scheduled this meeting from 10:00 to 11:30, so we are about approaching on their end time. Smith asked if there were any other aspects, Emmons, Pardee, anybody on the call, are there any other aspects of this discussion. **To wrap it up here, or to summarize, what Smith is hearing is that he needs to open a dialogue with HRC and have them come out and help him do an assessment on roads and sidewalks at kind of a high level to begin with and help us kind of guestimate how big of a bond we need**. **Is it a million, is it four million.** And then if council wants to move forward with this, then the next step would be to start getting the wording put together and we'll get more detail in our numbers for a referendum that's got to go in August to the state.

Pardee said that to him, we need to think about what the communication needs to be to citizens. He guessed that he learned today that his tax bill will be lower in millage in July, moving from around 4.9 to 3.3, and we ought to be telling, before people are celebrating oh sh*t it's gone down, we need to give them some indication of the story that's coming. Smith agrees. We can work on that, that's got to happen simultaneously. Emmons said at budget time.

Avery said that his only suggestion for Smith when he talks to HRC is in Avery's mind, we're not looking at just maintaining the roads, we're looking at, like he said before, if we're going to take out a bond for fifteen years, then we need solutions for the roads that are going to last in that ballpark. Smith said absolutely. (Haven made an unintelligible comment.) Smith said it would be a failure if we do all this roadwork and then something's not done and three, four years from now we're having to say well, we've got to do something to pay for this road. It's got to be made right and to sustain us for some window of time, Smith thinks at least for the length of the bond. If that's fifteen years, then that's fifteen years minimum. Avery agreed.

**Pardee said a significant part of our sidewalk repair/replace are the 37 sections on West Miller Road that are really between upper Mill Pond and lower Mill Pond and maybe that was what Luginski was talking about being covered with water in the winter.** The road sinks down, and then Smith has heard Pardee's concern before, and Jim Meloche's input that we need to connect those two Mill Ponds, the one with all sorts of algae in it with the one that Luginski is on that's very clean. Pardee thinks that as we do that, if we put that culvert through, that we change both waterways and literally connect them. Pardee said he thinks today what happens is the water gets from upper Mill Pond through the soil under the road and then into lower Mill Pond and they manage the water level there. Pardee said that he thinks we need some hydraulic engineering (unintelligible) engineering, and Pardee doesn't think that HRC did that previously. Smith said that they've looked at the culvert issue. Pardee agreed. Smith said that they would have to do some more digging on that. They've said that there are possible solutions to allow some controlling of the water level in the upper Mill Pond so that it doesn't just turn to muck, but we would have to do a lot more research on that, get cost estimates put together, and then have some public hearings on whether or not we want to pursue that.

**Haven said that was a definite benefit at that end of town politically** that they would see their properties again turned into lakefront as opposed to what they have now periodically which has always been sold to them in that way. **Haven thinks that the other part of this politically in the sense of approval and the citizen input. Middle Lake doesn't have sidewalks**, so they would have to be sort of community-minded in the sense of their approval of some of these infrastructure improvements, you know, **unless we put in sidewalks as part of this bond issue** right, that would be another (unintelligible) if we bump it but it would improve our overall community, you know, the process, and **they'd get something, an asset they've never had before**, you know. Luginski and Pardee said assuming they want sidewalks. Haven said he doesn't know. Luginski said that a lot of people like the fact that they don't – (interrupting Luginski), Haven said that they like the fact that they walk down the street and they like that, huh? Smith said that they don't have to shovel. Avery said that there's no traffic. It's like a sidewalk. Luginski said that he's not saying that would be true, but he thinks you'd have a mixed reaction, for sure. Haven said that was an interesting thought. Smith said that being younger roads down there, they're not as in bad shape. Overlook has got some problem areas, but Middle Lake is in pretty good shape. But we can't ignore them if this is going to be a – Haven said that they are part of our community – continuing, Smith said an obligation that affects the entire community, we'd have to look at that. Haven said that we won't know until we get the referendum in, but we want to do our homework.

Smith asked if there was anything else.

No additional comments. Smith thanked everyone, including Emmons, for coming out.