

**Princeton Township
Mille Lacs County, Minnesota**

Township Board Special Meeting

Tuesday, April 6, 2021

Minutes

The April 6 special meeting of the Princeton Township Board was called to order by Chairman Gene Stoeckel at 7:00 p.m. Supervisors attended the meeting in person at Township Hall. The meeting was open to limited in-person attendance, plus remote participation via GoToMeeting.

Supervisors attending: Thomas Duden, Dan Hiller, Gene Stoeckel, Bill Whitcomb, John Wilhelm

Also attending: Township Engineer Todd McLouth (remote), Clerk-Treasurer Doug Dahl

All attendees recited the Pledge of Allegiance.

Opening Comments

Chairman Gene Stoeckel reviewed the history of the Township levy, noting that the amount of the levy had stayed constant at \$340,195.00 since 2009, despite significant growth in the Township, increasing property values, and increasing costs, especially for road maintenance and improvement. Since 2009 inflation alone has taken away more than 20% of the levy's buying power.

Given the growth of the in the Township, an increase of 5% in the levy should result in no Township tax increase for residents. Based on that calculation, the Board is proposing these amounts for the 2022 levy:

Road & Bridge Fund	\$231,205.00
General Fund	\$ 80,000.00
Fire Fund	<u>\$ 58,000.00</u>
Total	\$369,205.00

2021 Brickton Road

Road Supervisor Bill Whitcomb reviewed the options for Brickton Road provided by the quote from Minnesota Paving & Materials:

- Overlay with or without widening, come to decision on bid and motion.
- Abandon culvert rather than bore new pipe which would have cost \$35K, cut costs down to \$7.5K, which is a savings of \$27.5K

Members agreed that there was no appreciable benefit to widening the road. The existing width handles the traffic adequately.

Mr. Duden moved to accept the quote for overlay only (\$60,889.00). Seconded by Mr. Whitcomb. Motion carried.

Mr. Hiller moved to abandon the culvert on Brickton Road. Seconded by Mr. Stoeckel. Motion carried. No further action was taken during the meeting.

Road Supervisor Presentation—Bill Whitcomb

Mr. Whitcomb offered a detailed presentation on the status of Township roads and plans for future repair and maintenance. The following is a synopsis of that presentation.

Princeton Township Board

Supervisor's Road Budget Discussion Road Manager Presentation Synopsis – April 6, 2021

(This synopsis is adapted as a brief record of the presentation only and is not verbatim or all inclusive.)

Gravel, 2022:

- Based on our Comprehensive Road Plan and as approved by Board.
- All roads on a 3-year cycle, broken into thirds:
 - SE-7.53 miles; N-7.81miles; SW-6.3 miles
- 2022 Focus - SW corner (6.3 miles, 3200 Cu. Yds. Approx. \$38K)

Dust Control, 2022:

- Recommendations based on matrix value and 2020 traffic counts, to reduce overall costs and improve outcomes.
- Continue to provide dust control for select higher Average Daily Traffic (ADT) roads (same as 2021).
- 4 Miles (Approx. \$12.0K).

Township Engineer's report, past and present

Bottom line... ignoring costs and roads like what was done in this Township for more than a decade does not make the challenge go away; it only gets more difficult to manage.

- Reviewed 2014 plan that Township Engineer Todd McLouth presented.
- Township now has a plan that addresses all roads, not just the gravel roads.
- Currently, if we stay on track, we can at least address the immediate needs for most of the Township's paved roads and address future needs in a fiscally responsible manner.
- We need to continue to inform the Township citizens so they can understand and support the Board in serving the public fairly, especially after the years of neglect.
- Developed and implemented road decision matrix:
 - Helps with budgeting and decision making – based on facts and data.

Pavement, 2022

- The Local Road Improvement Program (LRIP) is still up in the air on how to prioritize due to unknowns; should hear something by June.
- 40th Street, (CR102 to Baptist Church Rd N.) Reclaim and pave = \$161.6K.
- 33rd Street, (90th Ave. to CR4) Repair sinkhole, leveling course with 2-in overlay - \$67.0K, city portion = \$23.7K and the total for the project = \$90.7K.
- Continue with crack-filling and chip-sealing = \$50K.
- If preliminary plan is followed the total pavement budget would to be estimated at \$299.6K, by adjusting our budget amounts.

Short- and Long-Range Road Budget – Road Priorities

- Within these three years, from 2020-2022 if we stay with the plan, we will have addressed more than 90% of the immediate needs of the Township paved roads.
- After extensive analysis, I'm confident we can meet our obligations to the Township for roads and services if we move forward to support the correct decisions beginning now. I will be sharing the information to support this statement tonight.

Historical Key information.

We have learned that, since 2014, over 90% of the Township's paved roads had been ignored and essentially left to degrade instead of being maintained properly. I discovered that fact in late 2019, and at that time I began sharing this troubling information. I was gathering, analyzing, then publicly reporting, through multiple presentations at Board meetings, details of the state of our paved roads as they became available.

After being elected in March of 2019, I received very little information about road-maintenance and improvement plans and budgets. What I was given was, for the most part, actually misinformation. To fill the information void I have spent countless hours collecting data we did not have, but should have had, for the Township. As a result, we are now able to address our road issues much more thoroughly.

Further, we have had to correct significant misinformation. We have frequently discussed that paved roads can actually cost less when a certain threshold of use is reached, rather than trying to maintain them as gravel. That is contrary to the historical statements made by the previous Township Board, who used words like "unfair" and "unsustainable" to describe paved roads. I will show that is not the case; and it is the Township Board's responsibility to maintain and improve roads.

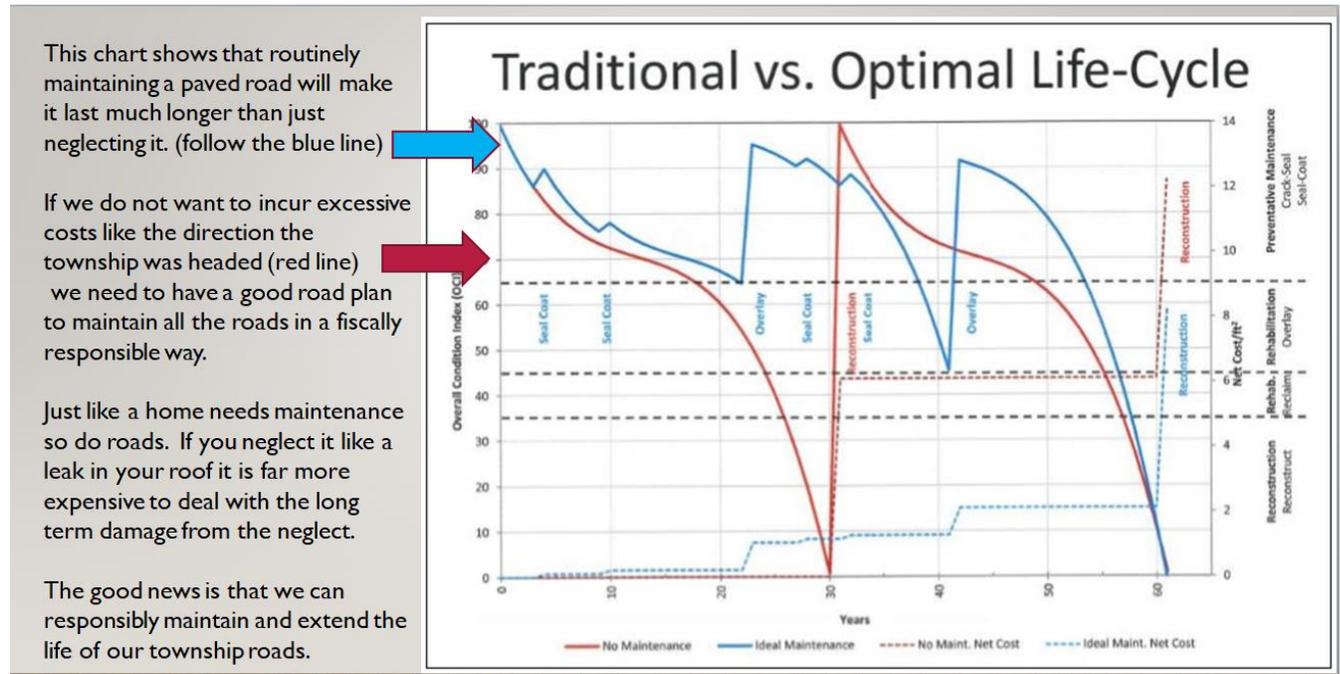
We now have to address a serious, multifaceted problem created by the way this Township had been run and mismanaged for many years.

Long Term - 45 years - if maintained: Background on roads and life cycle.

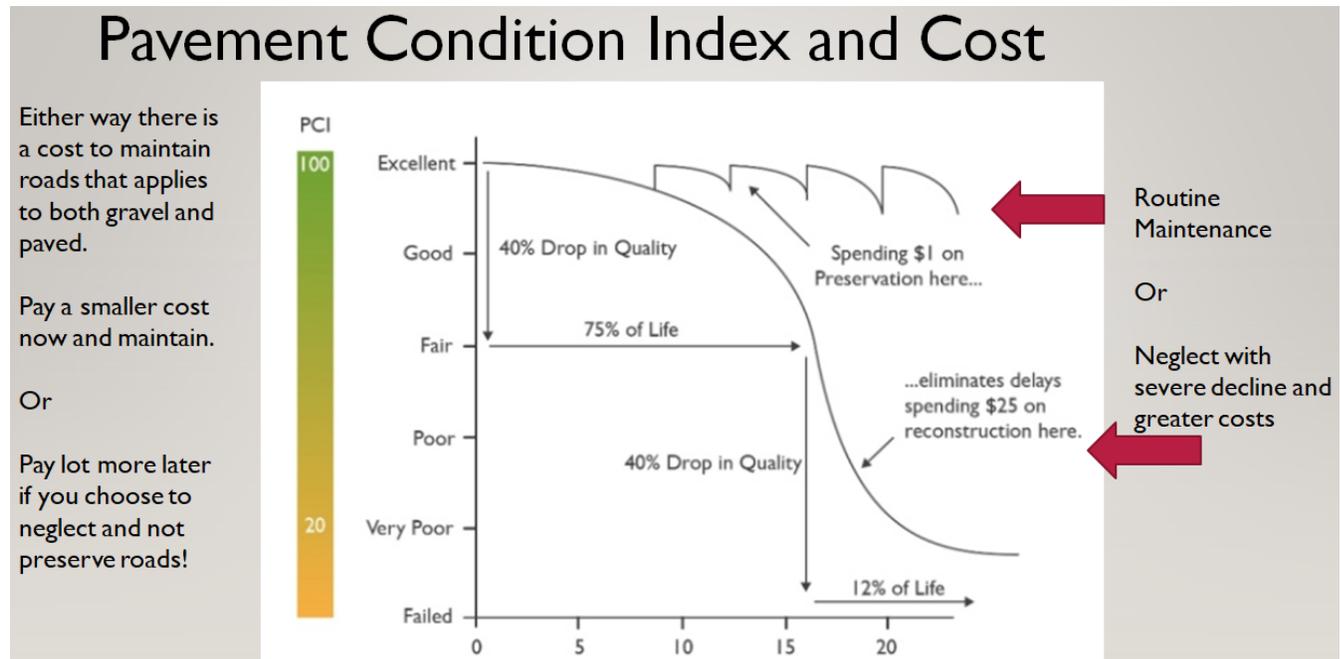
The following graphs depict how roads can last longer and cost less when properly maintained.

For this discussion, I have used a pavement life expectancy of 45 years for Princeton Township. Future life expectancy of new roads could be in the 50-to-60-year range when properly built and maintained. All roads have a life cycle, both gravel and paved roads; both can be shortened or lengthened by how they are maintained.

A) Example of maintenance timeline: This graph displays the timeframes and results:



B) Example of maintenance timeline: This shows more about the spending cost:



Besides not maintaining the paved Township roads properly for over a decade, there also was a serious lack of foresight and intentional negligence for assuring fiscal responsibility.

You will find in the minutes where it was publicly touted about not raising the levy for over a decade, but of course did not mention the neglect for their primary responsibility—the roads.

You are encouraged to read the past meeting minutes; they are all posted on our website back to 2013. <http://www.princetontownshipmn.us>

Here are a few excerpt examples from Annual Meetings:

From Annual Meeting minutes, Tuesday, March 13, 2007:

"Greg Anderson gave a brief road report. He explained that the Township had completed 40th Street. He also stated that they would be pulling in the reins this year and only doing what was necessary to catch up in the budget."

From Annual Meeting minutes, Tuesday, March 08, 2016:

"Greg Anderson gave a road report and explained that there was some brushing and graveling done throughout the year."

"John Roxbury, Jr. asked the Clerk how long it has been since the Township raised the levy. The Clerk stated she thought it was around 10 years."

From Annual Meeting minutes, Tuesday, March 14, 2017:

"Greg Anderson gave a road report and explained that there was some brushing and graveling done throughout the year."

"John Roxbury, Jr. also wanted to mention that the Township levy has not been raised in 9 years."

From Annual Meeting minutes, Tuesday, March 13, 2018:

"Greg Anderson gave a road report for the past year."

Alarming, our Township is still at the same levy, all these years later, in 2021.

The last time a road plan was visited was in 2014. This is one of the reasons we need to spend so much time trying to address the neglect and preparing for future needs based on data and facts. This is why we are going over this in detail so you can understand our difficult situation, and address the opportunity to meet the needs for the Township as stated above.

The truth is that every year the levy was not increased further compounded the challenges we are now facing. I will explain that fully in the presentation tonight.

Budgeting was distorted and misrepresented for years.

In 2008 the Road Repair Budget had been \$125,500; this was reduced to \$110,000 in 2009/10 and maintained through 2019 at that reduced level. Effectively \$15,500 less for 10 years = \$155,000 less. This reduced budgeting is the equivalent to more than 1 year of their annual Road Repair Budget being erased every 10 years! That is only one aspect of the issue.

Moreover, in 2008 the gravel budget was \$15,500; this also was reduced to \$10,000, effectively budgeting \$5,500 less annually. The gravel budget continued to be represented as \$10,000 per year. But now we know they were spending upwards of \$50,000 to \$60,000 on gravel annually. This constituted intentionally misrepresenting those excess gravel costs in the budgets given to citizens to make it appear gravel roads were much less expensive, and then hiding those excess costs to make it appear all roads were being addressed.

Also, they further compounded the neglect for roads by not spending the budgeted funds to maintain paved roads, instead rolling those dollars into the cash balance, and boasting this was a "well-earned reserve," further deceiving citizens. We now also know there are times when

roads should be improved and will actually cost less than trying to maintain them as gravel when they are high use. This was a major factor in the decision to pave 33rd St. and 82nd Ave.

Current Issues to consider for budgeting:

Due to the long-term mismanagement and fiscal shortfalls, we must consider reclaiming a few of the paved roads in the Township that are at the end of their life cycle, taking them back to gravel based on the decision matrix and levy analysis.

We have 3 roads to address, as they do not even support themselves as gravel. We can greatly reduce the annual deficit incurred by the Township if these 3 roads return to gravel when they fail in the next few years. **Their levy does NOT cover expenses as pavement, or even as gravel.**

- Baptist Church Road (south) (*note: Baptist Church road (south) was originally paved by MNDOT when the US169 bypass was constructed in 1978*)
- Baptist Church Road (west)
- 40th Street (west).

We do not have the financial resources, especially since the levy has been stagnant for 13-plus years. These 3 roads require substantial subsidies to maintain them. The scoring matrix does not support these 3 paved roads remaining paved.

BOTTOM LINE: for just these 3 roads to try to maintain them as pavement, the overall accrued deficit of **\$925.5K** within the next 24 years (24 years of inflation (\$1.5M)); or put another way it will be an average deficit of **\$38.6K** every year (24 years with inflation (\$63.2K)). By returning to gravel, we can reduce the deficit by \$23,657 annually (based on today's costs).

They still will not pay for themselves, but it is more manageable for our underfunded Township.

Short Term – 7 to 10 years

To further point out that a known funding and levy deficit was happening, we can look at...

Meeting minutes from Tuesday, May 21, 2013:

Greg Anderson asked Todd McLouth [the Township's Engineer] the correct procedure for putting some money aside for major road projects in the future. Todd stated that the Township would need to raise their road levy.

After I read those minutes, it had jogged my memory of the meeting I had with Todd McLouth back in 2019 when I had seen the lack of detail on his plan/tracking sheets. I called Todd a few days later to ask what the story was and express my concern when reading those minutes. I asked him about the background on that situation. He conveyed to me that on an afternoon late in 2014 or early 2015, he was called by the Chairman (at the time) and was essentially told that the Board had decided to take a position of "Don't call us; we'll call you." Therefore, due to those instructions expressed by the previous Board, there has been little communication about the roads between the Township and the Township Engineer since 2014. We've now lost 7 years since 2014 to fund and maintain our transportation infrastructure that the taxpayers have already invested in.

In those same meeting minutes, from 2014 thru 2018, it's mentioned several times how much developments cost and that the Township should not allow developments due to their cost and strain on Township resources. **I want to emphasize**, I'm not making an argument for or against developments. I only bring this up for clarity and truthfulness for the conversation about the **INACTION** of that Board towards having the appropriate levy for the Township's roads at that

time, that they were required to maintain and improve. Chapters 15-1 and 15-14 taken from the 2019 Minnesota Association of Townships *Manual on Town Government* explains this.

Meeting minutes from Oct. 2015

Mr. Riverblood stated that the Township Engineer presented the Board with a plan for road maintenance and every year there were projects that needed to be done, mostly in residential areas. In three years, the Board has not raised the levy. The Board was informed that the average price to maintain those roads was just over \$382,000, even though the road budget is only \$110,000. That is one of the reasons that led to this discussion.

Two things about his comment I'd like to mention: To make the statement that the maintenance needing to be done is "mostly in residential areas" is not true or is intentionally misleading. In fact, most of the paved roads in this Township are minor collector roads and not even in the developments. The residential areas only account for 36% of the paved roads (46% at the most). Otherwise, the majority, 64% (54%) of paved roads are non-residential, collector roads. They may be in a residential zoned area, but they're not residential *per se*. Also, at that time it had been at least 7 years since the levy had been raised, as I read earlier from the annual meeting minutes, not 3 years.

Again, for the record, the levy did NOT change, and hasn't been raised in at least 13 years.

As you can see, the previous Board had known about this challenge for years and did absolutely NOTHING about it, except to allow the Township to get farther and farther behind every year for 13 years. **This was a HUGE disservice to the Township!**

Since the Township Engineer's recommended plan was not followed as the plan should have been starting in 2015, we've lost 7 years of opportunity to fund and maintain our transportation infrastructure for the taxpayers. We've also lost 13-plus years of levy adjustments to help in that funding.

Between 2021 to 2028: (1995 + 26 years) select paved roads should be overlaid. (7 years left)

This yearly average is now higher due to the previous governing Board not properly budgeting over the past 13+ years. Instead of spreading the road cost out over 45 years, it's now reduced to only 26 years which is when most of our paved Township roads will need to be overlaid **and** reclaimed & paved.

It is important to note that we can recover with the proper management and appropriate levies. We are not talking any exorbitant increase amounts. This is something that should have been done and we would not have these issues to address, as I have documented.

Larger budget discussion items:

Many of our challenges are due directly to the neglect and cascading compounded shortfalls, which the Township now has to address and resolve. **To reiterate, the hard truth is not only have we lost funding by not maintaining a modest increase in our levy to cover basic expenses and inflation, but this was further compounded by purchasing unnecessary equipment.**

It's very apparent there was a lack of long-range strategic planning, and the historical approach was to live in the moment (the annual spring road review) and falsely present that a good job was being done but not fulfilling responsibilities for both current and future needs. To avoid

adding to these complex issues of the deficit and future Township obligations any further, we should evaluate if we should still require pavement for new developments by addressing our development ordinances and requirements. We need to assure we are not creating additional issues as analysis demonstrates that smaller residential lots (less than 2.5 acres) are fiscally solvent overall.

However, as stated earlier, using the matrix chart, the current paved areas are justified for more than 90% of the residential areas.

We all may have differing opinions about what a housing development costs the government, but if they do cost more overall, it is certainly not at the Township level. In summary, after years of neglect and mismanagement, our Township can recover with the appropriate levies and proper management, so we are both fiscally solvent and meeting our responsibilities. This is contrary to the narrative and actions that had been followed historically.

Final thoughts:

This Township is substantially underfunded at this point to meet its future needs. The Township's primary budgeting is to be used for roads. The current and same tax levy that the Township has had in place for the last 13 years doesn't even **cover the cost of fire coverage plus all of the Township roads even if ALL roads were gravel**. I recommend everyone have a better understanding of **what the Township is responsible for** (the primary areas are roads, elections, fire protection; we also have zoning, which most other townships do not.)

Check out your tax statement; and note the township levy portion of your taxes. Compare the Township levy to what people are paying in County taxes and the School levy over the years; you'll see where the biggest increase in taxes have happened. It's taken 13-14 years to get us into this mess. It will take us a few years to get us out of it, and some of the damage to the paved roads has already been done.

However, I cannot stress this enough: this Township can recover with the appropriate levies and proper management as I have demonstrated with all this information and data!

We have done a great deal of work to adjust our budgets and allocate more of the revenues to address the road and bridge budget mismanagement, reduce expenses, and use cost-effective approaches for services. We have come a long way during the last two years toward getting this Township back on track; and **we now have the data and results to prove it.**

Supporting documentation and analysis also referenced for this presentation is listed below:

- PDF. 1 Brickton Overlay Quote
- PDF. 3 Matrix
- Excel MasterProposedRoadMaintenance– 2022 tab
- EXCEL file LevyAndBudgeting
- PDF. 5 z – PT 2014 Road Improvement Plan– all sheets
- MN Auditor graph for 2019 w PT 2018 info
- Princeton Township Board Meeting Minutes
- Princeton Township Annual Meeting Minutes
- Princeton Township Invoices and Expenditures
- PDF. 2 Gravel
- Excel. 2020TrafficCounts
- PDF 2014 Engineer's plan
- MasterLevyTaxRecieved
- MasterPavedRoadsConditions
- Master_TS_Gravel
- 4 Year Gravel (graph)
- Princeton Township Budgets
- Annual Tax Statement

At the end of the presentation there was a statement made by the current chair that pointed out the intentions of the previous Board was to neglect the paved roads in Township developments to the point they all could just be reclaimed and turned back into gravel. Multiple people from the

audience, validated hearing this being stated publicly at several meetings over the years. It was agreed that those statements were made but never documented in the minutes. It certainly appears that both the actions and inactions taken by the previous Board were setting this up to occur.

Some important additional discussion that everyone needs to understand is that when a development is approved, the developer must pay for and install the paved road to our specifications, and also pay extra funds to cover costs for the first sealcoating. That means the first 13 years we are collecting taxes from every property and a significant portion of that should be set aside for maintaining those roads in the future. That is how a responsible township board governs.

Additionally, a resident attending the meeting shared feedback about how much better the graveled roads are the past couple of years; as well as the great job the snow removal company has done even with a difficult fall, as the shoulders are not all torn up.

This concludes the synopsis of Mr. Whitcomb's presentation.

Mr. Whitcomb moved to adjourn. Seconded by Mr. Hiller. Motion carried. Meeting adjourned at 8:50 p.m.

Respectfully submitted,

Doug Dahl, Clerk-Treasurer

Attendees: Eldon Johnson, Joel Minks, Nancy Moan, Steve Moan, Scott Moller

Video link to Princeton Town Board meetings:

https://www.youtube.com/playlist?list=PLQx8yJBV8ZWw1EV1cmDLJdoOTkW3F_coK