



STAFF REPORT
Public Hearing 5-19-22

AGENDA ITEM #: 22-58
COUNCIL MTG OF: May 4, 2022
FROM: Michael A. Fowler, P. E., Public Works Director
OFFERED BY: Michael A. Fowler, P. E., Public Works Director
PREPARED BY: Michael A. Fowler, P. E., Public Works Director
SUBJECT: Bond Authorization – Sunset Avenue and Franklin Street Culverts

PURPOSE

The purpose of this document is to seek Town Council approval to proceed to appropriate and raise funds for construction of three culverts located on Sunset Avenue (2) and Franklin Street.

TOWN ADMINISTRATOR COMMENTS

This project was discussed by the Council during the FY23 budget review process, and staff was directed to proceed with the formal approval process after the April 26 workshop. A public hearing is scheduled on the bond question for May 4 with formal Council action on May 19. Both the public hearing and adoption of the Supplemental Appropriation is scheduled for May 19.

BACKGROUND

DPW had identified the need to upgrade an existing metal pipe culvert in the vicinity of 28 Sunset Avenue (Sunset Avenue #1). The engineering consultant also identified a need to assess the hydraulic capacity of a second culvert located near the intersection of Windham Road and Sunset Avenue (Sunset Avenue #2). Proceeds from the designated Bridge Fund were utilized to initiate the engineering designs in 2021. Design and permitting for both Sunset Avenue culverts are 90% complete awaiting approval of the NHDES wetland permit, which is expected to be in hand by August 2022.

DPW had identified the need to upgrade an existing metal pipe culvert on Franklin Street at Cheryl Avenue. The culvert has had some settling which is indicative of future structural issues. The existing culvert is believed to have been installed in the 1970's. Preliminary borings were conducted in 2021 to initially explore the soil conditions and utilities present near the culvert. The Town's bridge design consultant had submitted a design cost of \$100,000 to design and permit the new precast concrete structure to replace the existing metal pipe. At the February 15, 2022 meeting, Town Council authorized use of \$100,000 from the Bridge Fund to initiate the engineering design. Design and permitting has begun for the Franklin Street culvert project.

This staff report addresses two Resolutions and processes necessary to fund and issue long term bonds for this project.

Resolution #2022-035 authorizes the issuance of \$1.6M in bonds to fund all project related costs. With guidance from bond counsel, the process to issue bonds requires a public hearing, scheduled for May 4 with notice given on April 27. State law requires a period of between 15-60 days between the public hearing and Council action on the bond, which has been scheduled for May 19.

Resolution #2022-037 begins the Supplemental Appropriation process for the project, which seeks \$1.6M to pay for the replacement of three culverts. Action on this resolution is scheduled for May 19.

DISCUSSION

The Town has replaced several culverts/bridges in the past 20 years using proceeds from the Bridge Fund, established and sustained by reimbursements from the NHDOT Bridge Aid program. All three culvert replacements will not qualify reimbursement as the NHDOT program funds are not sufficient to accept new projects. All three projects will be locally funded for both design and construction. Currently, the Bridge Fund has a balance of \$77,586.32, after the transfer of \$100,000 from the Bridge Fund to initiate design on the Franklin Street culvert. There are not sufficient funds to support construction costs and therefore, a bond issuance is necessary to fund these projects.

With design work on all three culverts scheduled to be completed in calendar year 2022, bids would be tendered in late 2022 for construction in Spring/Summer (FY 23) and Fall 2023 (FY 24). The FY 23 – FY 28 Capital Improvement Plan (CIP) includes the following entries:

Sunset Avenue #1 Construction	FY 2023	\$500,000
Sunset Avenue #2 Construction	FY 2024	\$500,000
Franklin Street Construction	FY 2024	\$600,000
TOTAL TO BE RAISED		<u>\$1,600,000</u>

FISCAL IMPACT

A bond would be sold through the NH Municipal Bond Bank (NHMBB) at an upcoming sale. Using a 10-year payback and an assumed maximum interest rate of 3%, the annual principal and interest payments will be approximately \$187,569 in FY24. FY23 costs are estimated at \$24,000.00. The exact interest rate will be determined upon the actual sale.

RECOMMENDED ACTION BY COUNCIL

It is recommended that Town Council approve the following bond authorization for the purpose of constructing two culverts on Sunset Avenue and a culvert on Franklin Street.

RECOMMENDED MOTION

May 19 meeting: Resolution #2022-035 – Bond Approval (2/3 vote of entire Council)
 Resolution #2022-037 – S.A. Approval (2/3 vote of entire Council)