



Koochiching County – Local Option Sales Tax

NOVEMBER 2, 2021

6:00PM

KOOCHICHING COUNTY BOARD ROOM

Introductions:

- ▶ Elected Officials
- ▶ Highway Department Representatives

What is the County Highway Department?

- ▶ The County Highway Department's responsibility is to provide a high level of cost-effective service and maintenance to the Koochiching County roadways and bridges. Ensuring that all residents, visitors and businesses have access to a safe and functional transportation system.
- ▶ Koochiching County has (3) major road types totaling approx. 562 Miles:
 - ▶ County State Aid Highways (CSAH) – 252 Miles
 - ▶ County Roads (CR) – 180 Miles
 - ▶ Unorganized Township Roads (UT) – 130 Miles

Funding

- ▶ MNDOT State Aid provides \$5.5M for the maintenance and construction that takes place on CSAH roadways. This funding can only be used on those roads.
- ▶ All projects and maintenance for CR and UT road funding is provided by the County. These funds come from the local levy (property taxes), State Funds for tax forfeited lands, timber sales, etc. Annually the Highway Department receives approx. \$800K. In an effort not to increase the tax burden on property owners, this number has remained stagnant for 40 years, meaning this is the same amount we have received annually since 1980.
- ▶ Any Department budget shortfalls come from our fund balance (Department Savings Account). This account in the past has been supplemented by special projects, things like the additional upgrades we performed for the Great Northern Transmission Line.

What does this mean?

- ▶ Currently the Highway Department has no method of funding any local County or UT road projects without increasing the County levy.
- ▶ Presently there are no local County or UT projects scheduled for 2022 or beyond.
- ▶ Where do our local County Dollars get spent? Maintenance costs alone include – Labor, materials (gravel, culverts, sand/salt, fuel, signs), equipment.

Local Option Sales and Use Tax

- ▶ This is a County imposed sales tax used to fund Transportation Projects
- ▶ In 2013 Minnesota legislation passed a bill that provides County's with the option to collect a ½% local sales tax and use tax on non-essential purchases.
 - ▶ Items such as Cars, Trucks, Trailers, Food, Clothing, and other essential or tax-exempt items are not included in this tax.
- ▶ MN Statute 297A.993

Benefits of a Local Option Sales Tax

- ▶ Local Option Sales Tax:
 - ▶ It is estimated that the County would receive \$550,000/yr based on a MN Transportation Alliance study in 2020. This is equivalent to an approx 12% levy increase.
 - ▶ 42% of the revenue from this tax would be collected from persons outside the area.
 - ▶ 100% of the revenue is controlled by the County and directed towards the road improvement projects we have listed.
 - ▶ Reduces the property tax burden on property owners, while assisting with the funding gap.
 - ▶ ½% equates to \$.05 on a \$10.00 purchase.
 - ▶ Local Option Sales Tax is typically in place for a period of 10 years, or until the project list has been completed. Projects may only be removed or added via Board Resolution.

Project List

Priority	Roadway	Project Limits	Length	Improvement	Total Estimated Cost (2021)	Area	Plan:
2	CR 12	CSAH 6 Intersection to CSAH 25 Intersection	2.75	Aggregate Rehabilitation	\$147,889	Gemmel	6" aggregate lift
1	CR 13	UT 57 Intersection to CSAH 1 Intersection	13.6	Aggregate Rehabilitation with Realignment	\$931,378	Big Falls	6" aggregate lift, remove (2) 90 degree corners
2	CR 23	Hwy 65 Intersection to Littlefork River	0.5	Pavement Rehabilitation	\$112,500	Littlefork	2" mill and overlay
2	CR 27	Hwy 1 to 4.75 mi north	4.75	Aggregate Rehabilitation	\$255,444	Northome	6" aggregate lift
2	CR 61	Dinner Creek Crossing	0.1	Bridge Replacement	\$700,000	Mizpah	Replace with box culverts
3	CR 62	CSAH 5 to Lofgrin Road Intersection	4	Aggregate Rehabilitation	\$315,111	Craigville	6" aggregate lift with stabilization
1	CR 72	Hwy 65 to East 1.75 mi	1.75	Pavement Rehabilitation	\$848,750	Littlefork	2" Mill, FDR, 4" Overlay
2	CR 73	Hwy 65 to East 2.85 mi	2.85	Aggregate Rehabilitation	\$253,267	Littlefork	6" aggregate lift with stabilization
1	CR 76	Hwy 65 to East 1.5 mi	1.5	Pavement Rehabilitation	\$727,500	Littlefork	2" Mill, FDR, 4" Overlay
2	CR 82	Hwy 11 to South .9 mi	0.9	Pavement Rehabilitation	\$436,500	Loman	2" Mill, FDR, 4" Overlay
2	CR 82	Intersection with W. Black River	0.1	Bridge Replacement	\$1,200,000	Loman	Bridge Replacement
2	CR 88	West CR 4 Intersection to East CSAH 4 Intersection	7.11	Aggregate Rehabilitation	\$482,360	Birchdale	6" aggregate lift with stabilization
2	CR 90	CSAH 2 West Intersection to CSAH 2 East Intersection	2.98	Pavement Rehabilitation	\$1,445,300	International Falls	2" Mill, FDR, 4" Overlay
3	CR 97	4.65 mi South of TH 53 Intersection to 3.5 mi South of TH 53 Intersection	1.15	Pavement Overlay	\$500,250	Ericksburg	4" Overlay
2	CR 97	.7 mi West of CR 145 Intersection to TH 53 Intersection	1.75	Pavement Rehabilitation	\$393,750	Ericksburg	2" mill and overlay
2	CR 101	Black River Intersection	0.1	Bridge Replacement	\$800,000	Loman	Bridge Replacement
1	CR 109	1 mi South of Hwy 11 Intersection to 2.25 Mile South of Hwy 11 Intersection	1.25	Pavement Rehabilitation	\$606,250	International Falls	2" Mill, FDR, 4" Overlay
2	CR 117	CSAH 20 Intersection to .37 mile north	0.37	Pavement Rehabilitation	\$83,250	International Falls	2" mill and overlay
2	CR 125	CSAH 20 north intersection to CSAH 20 South intersection	0.31	Pavement Rehabilitation	\$150,350	International Falls	2" Mill, FDR, 4" Overlay
2	CR 126	CSAH 20 Intersection to UT 278 Intersection	0.17	Pavement Rehabilitation	\$38,250	International Falls	2" mill and overlay
2	CR 133	CSAH 94 Intersection to UT 275 Intersection	0.15	Reconstruction and Overlay	\$500,000	International Falls	Stabilize roadway, 4" overlay
3	CR 134	North of CSAH 94 Intersection 425' to 950'	0.1	Reconstruction - Drainage Improvement and Resurface	\$700,000	International Falls	Improve cross flow, 4" overlay
3	CR 135	CSAH 94 Intersection to 900' North	0.2	Reconstruction - Drainage improvement and Resurface	\$750,000	International Falls	Improve cross flow, 4" overlay
2	CR 145	Rat Root River Crossing	0.2	Bridge Replacement	\$1,700,000	Ericksburg	Bridge Replacement
1	CR 145	CR 97 Intersection to TH 53 Intersection	1	Pavement Rehabilitation	\$485,000	Ericksburg	2" Mill, FDR, 4" Overlay
2	CR 146	Hwy 65 Intersection to CR 23 Intersection	0.93	Pavement Rehabilitation	\$225,000	Littlefork	2" mill and overlay
2	UT 205	South of CR 90 Intersection to CR 90 Intersection	0.11	Pavement Rehabilitation	\$24,750	International Falls	2" mill and overlay
3	UT 213	Intersection with CSAH 24 to North .3 mi	0.3	Pavement Rehabilitation	\$67,500	International Falls	2" mill and overlay
1	UT 224	West of CR 109 Intersection .28 mi to Hwy 11 Intersection	0.8	Pavement Rehabilitation	\$388,000	International Falls	2" Mill, FDR, 4" Overlay
2	UT 278	CR126 Intersection to CSAH 20 Intersection	0.17	Pavement Rehabilitation	\$82,450	International Falls	2" Mill, FDR, 4" Overlay
3	UT 281	CSAH 24 Intersection to North .3 mi	0.3	Pavement Rehabilitation	\$67,500	International Falls	2" mill and overlay
3	UT 282	CSAH 24 Intersection to North .3 mi	0.3	Pavement Rehabilitation	\$67,500	International Falls	2" mill and overlay
3	UT 342	South UT 461 Intersection to North UT 461 Intersection	0.6	Reconstruction and Overlay	\$650,000	International Falls	Rebuild Roadway, 4" overlay
2	UT 346	.3 Miles East of CR 33 Intersection to .45 mi east of CR 33 Intersection	0.15	Reconstruction	\$124,200	Littlefork	Relocate road North away from slide area
2	UT 383	Valley Creek Crossing	0.1	Bridge Replacement	\$500,000	Silverdale	Replace with Box Culverts
3	UT 446	Hwy 11 Intersection to Rainy Lake	0.33	Pavement Rehabilitation	\$160,050	International Falls	2" Mill, FDR, 4" Overlay

Project Totals: \$16,920,049

How do we determine projects?

- ▶ Bridge Projects: Bridges are inspected on a 1,2,or 4 year basis depending on condition. Replacement schedules are based off condition ratings established by MNDOT Bridge Division.
- ▶ Paved Roadways: MNDOT provides a pavement inspection van to drive our roadways and determine condition. This occurs on a Bi-annual basis. Roadway age, visual and ride inspections by County employees. Public input is very important as well. Typical paved roadway requires resurfacing every 15-20 years.
- ▶ Gravel roadways: Maintenance cost, visual and ride inspections. Base and soils. Public input.

Future Steps:

- ▶ This meeting will serve as one form of public feedback. We encourage everyone to provide opinions on both the Local Option Sales Tax and the list of projects.
- ▶ County Board can choose to vote on a Resolution to implement the Local Option Sales Tax at a time designated after completion of this Public Hearing.
- ▶ In the event that the Local Option Sales Tax resolution were implemented, the County would be required to submit a list of projects and a notification letter to the Commissioner of Revenue.

Questions and/or Comments

- ▶ Please feel free to fill out one of the comment cards.
- ▶ Additional comments can be directed to either your local Commissioner, the County Administration Department, or the Highway Department.
 - ▶ Koochiching County Engineer: Dave Reimer - (218)283-1186
dave.reimer@co.koochiching.mn.us
 - ▶ Koochiching County Assistant Engineer: Trent Nicholson – (218)283-1187
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 - ▶ Koochiching County Administration Director: Jenny Herman - (218)283-1152
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