

Aitkin County Board of Commissioners
Request for County Board Action/Agenda Item Cover Sheet



To: Chairperson, Aitkin County Board of Commissioners Date: 3-6-2012

Via: Patrick Wussow, County Administrator

From: John Welle

Title of Item:

2012 – 2017 Capital Road Improvement Program

Requested Meeting Date: 3-13-12 Estimated Presentation Time: 45 minutes

Presenter: John Welle

Type of Action Requested (check all that apply)

- For info only, no action requested Approve under Routine Business
- For discussion only with possible future action Adopt Ordinance Revision
- Let/Award Bid or Quote (attach copy of basic bid/quote specs or summary of complex specs, each bid/quote received & bid/quote comparison)
- Approve/adopt proposal by motion Approve/adopt proposal by resolution (attach draft resolution)
- Authorize filling vacant staff position
- Request to schedule public hearing or sale Other (please list) _____
- Request by member of the public to be heard
- Item should be addressed in closed session under MN Statute _____

Fiscal Impact (check all that apply)

- Is this item in the current approved budget? Yes No (attach explanation)
- What type of expenditure is this? Operating Capital Other (attach explanation)
- Revenue line account # that funds this item is: 5001
- Expenditure line account # for this item is: 6600

Staffing Impact (Any yes answer requires a review by Human Resources Manager before going to the board)

- Duties of a department employee(s) may be materially affected. Yes No
- Applicable job description(s) may require revision. Yes No
- Item may impact a bargaining unit agreement or county work policy. Yes No
- Item may change the department's authorized staffing level. Yes No



Supporting Attachment(s)

- Memorandum Summary of Item
- Copy of applicable county policy and/or ordinance (excerpts acceptable)
- Copy of applicable state/federal statute/regulation (excerpts acceptable)
- Copy of applicable contract and/or agreement
- Original bid spec or quote request (excluding complex construction projects)
- Bids/quotes received (excluding complex construction projects, provide comparison worksheet)
- Bid/quote comparison worksheet
- Draft County Board resolution
- Plat approval check-list and supporting documents
- Copy of previous minutes related to this issue
- Other supporting document(s) (please list) List of Alternatives

AITKIN COUNTY COMMISSIONER'S MEMO

TO: Aitkin County Commissioners
Patrick Wussow, County Administrator

FROM: John Welle

DATE: March 6, 2012

REGULAR AGENDA ITEM: 2012-2016 Capital Road Improvement Program

At the February 7th Board Meeting, discussion was held regarding the development of the 2012-2017 Capital Road Improvement Program. The discussion identified an estimated \$7 million shortfall of funds available for projects that would likely be included in that 6-year program.

Attached is a summary of options to reduce this shortfall by both reducing costs and increasing available revenue. I would like to discuss each of these options with the Board to get direction on which options we would like to pursue in final development of the program.

Alternatives to Address \$7 million Shortfall of Construction Funds

1. Extend program without adding additional projects

The financial information that has been provided for development of the 2012-2017 Road Improvement Program includes state-aid revenue through calendar year 2017. If we were to extend the program for a year into 2018 without adding additional projects, we would reduce our revenue shortfall by approximately \$2,500,000.

Recommendation: While extending the program to 2018 would provide additional revenue, I hesitate to do it because it is simply programming funding commitments too far into the future.

2. Advance (Borrow) future state-aid construction apportionments

We have the option of requesting an advance payment on future state-aid apportionments through the MnDOT State-Aid Office. Essentially, this allows us the flexibility to construct and pay for projects sooner than would otherwise be possible.

Recommendation: Again, I hesitate to make a funding commitment so far into the future by borrowing against our apportionment for 2018 and beyond. I would rather use this option, as we currently do, as a short term financing tool to deliver projects up to a year early than funding would otherwise be available.

3. Delay previously programmed projects that don't involve bridge replacement or pavement rehabilitation

It has been previously discussed that perhaps we have been too aggressive in our program of reconstructing road segments and subsequently placing a bituminous driving surface on them. Listed below are the remaining projects from the 2007-2011 Program that involve grading and paving of existing gravel road segments. Note that the first two listed projects are planned for 2012 construction, so we would need to decide in the very near future if we want to delay these projects.

- a. CSAH 32 Grading - \$1,075,000
- b. CR 60 Paving - \$1,000,000
- c. CSAH 32 Paving - \$800,000
- d. CSAH 25 Grading - \$1,100,000
- e. CSAH 25 Paving - \$1,000,000
- f. CR 53 Grading - \$700,000
- g. CR 53 Paving - \$600,000

These project total \$6,275,000, so we could nearly eliminate our funding shortfall by delaying these projects beyond the 2012-2017 program. Note that although we are not

currently lacking local funds to construct the county road segments, we would be diverting funds generated locally by the \$607,000 construction levy for county road construction projects to cover the costs county state-aid highway projects.

If we consider delaying programmed projects beyond the 2012-2017 program, any of these projects would be candidates. However, the CSAH 32 projects, being initially programmed for 2005/2007 construction, have already been delayed much longer than projects on CR 53, CR 60, or CSAH 25. The CSAH 25 projects are particularly vulnerable to delays because they are the only other state-aid projects in the program.

Recommendation: To demonstrate our commitment to getting the CSAH 25 phased project done while realizing that we don't have the funding to do it, the two CSAH 25 projects could be listed as contingency projects in the event that revenue becomes available to construct them by 2017. With no cost listed, this will have the impact of reducing the cost of the construction program by \$2,100,000. The expectation would be that these projects would be constructed by 2017 if funding became available. Otherwise, they would be priority projects in the 2018+ program.

4. Reduce the scope of projects

The project costs listed in the previously distributed spreadsheets reflect the estimated costs of constructing projects with a 20-year expected life. Since this scope is not affordable, we could consider constructing lower-cost projects with a 12-15 year expected life. There are as many as 45 miles of pavements on CSAH 1, 2, 10, 12, 14, 16, and 36 for which this could possibly be an option. Potential cost savings of \$2,000,000 could be realized by taking this approach. Potential drawbacks are public resentment of taking a band-aid approach to pavement projects that result in new pavements that aren't as smooth as they otherwise might be had more money been spent on the projects.

Recommendation: If increasing construction revenue is not an option, we will have no choice but to construct lower-cost projects at an estimated short-term cost savings of approximately \$2,000,000.

5. Commit to continuing \$607,000 levy beyond 2015

During 2012 budget discussions, the decision was made to continue the \$607,000 levy to pay for programmed county road projects. During this discussion, it was also noted that this \$607,000 levy amount would need to be extended to the 2013, 2014, and 2015 budget years to complete the county road projects. An option to increase revenue available for state-aid projects is to continue this \$607,000 levy for the 2016 and 2017 budget years. This would not result in a levy increase in those years, since the levy of the same amount for county road projects would not be needed in those years.

Potential Impact: \$1,214,000 of additional revenue for state-aid projects

6. Levy additional money for engineering costs

Currently, we divert \$300,000 of state-aid construction funds each year to pay for engineering staff costs to deliver those projects. If this practice were discontinued, it would free up that money to be used toward the construction of state-aid projects. If this were done in each of the five years beginning in 2013, an additional \$1,500,000 would be available for construction costs. This would, however, raise the levy by \$300,000 in the first year, which would represent a 13% levy increase in that year.

Potential Impact: \$1,500,000 of additional revenue for state-aid projects

7. Additional use of general fund balance beyond \$2,260,00 committed in 2010

It will be the Board's decision whether additional fund balance from the various county funds will be dedicated to road construction.

Aitkin County Board of Commissioners
Request for County Board Action/Agenda Item Cover Sheet



To: Chairperson, Aitkin County Board of Commissioners Date: 1-31-12

Via: Patrick Wussow, County Administrator

From: John Welle

Title of Item:

2012-2016 Capital Road Improvement Program
Requested Meeting Date: 2-7-12 Estimated Presentation Time: 45 minutes

Presenter: John Welle

Type of Action Requested (check all that apply)

- For info only, no action requested
- For discussion only with possible future action
- Let/Award Bid or Quote (attach copy of basic bid/quote specs or summary of complex specs, each bid/quote received & bid/quote comparison)
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Supporting Attachment(s)

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- Bids/quotes received (excluding complex construction projects, provide comparison worksheet)
- Bid/quote comparison worksheet
- Draft County Board resolution
- Plat approval check-list and supporting documents
- Copy of previous minutes related to this issue
- Other supporting document(s) (please list) four (4) worksheets

Provide eleven (11) copies of supporting documentation NO LATER THAN Wednesday at 8:00am to make the Board's agenda for the following Tuesday. Items WILL NOT be placed on the Board agenda unless complete documentation is provided for mailing in the Board packets. (see reverse side for details)

AITKIN COUNTY COMMISSIONER'S MEMO

TO: Aitkin County Commissioners
Patrick Wussow, County Administrator

FROM: John Welle

DATE: February 1, 2012

REGULAR AGENDA ITEM: 2012-2016 Capital Road Improvement Program

As discussed frequently over the past year, we will need to implement a new 5-year capital road improvement program this year to replace the 2006-2011 that we had been working from. The challenge for the next program will be balance the desired projects with available revenues.

To begin the discussion, I am providing four attachments for your review. The first worksheet labeled Current Status of 2006-2011 Capital Road Improvement Program proves the completion status of all projects that were included in that 5-year program. The attachment labeled 2006-2011 Capital Road Improvement Program Notes provides a summary of the percentage of the program that has been completed, along with actual versus programmed cost data. From this worksheet, overall construction costs have been 52% higher than programmed, which is the primary reason that only 55% of the program has been completed.

The third attachment labeled Potential Projects for 2012-2016 Capital Road Improvement Program lists a starting point for the projects that may be included in the next 5-year program. These projects are divided into three categories: uncompleted projects from the 2006-2011 program, additional bridge replacement projects that need to be added, and existing pavements that will need an overlay by 2016. From the cost breakdown shown at the bottom of this sheet, after accounting for project-specific state and federal grants that are anticipated for the various projects, \$21.2 million is needed to deliver the state-aid project list and \$3.0 million is needed to deliver the county road project. The fourth attachment labeled Financial Analysis of Potential 2012-2016 Project List shows all revenue sources for the state-aid and county road projects as compared to the estimated costs of these projects. From this worksheet, the state-aid projects are estimated to be \$7.1 million short over the five-year period, while the county road projects will be fully funded if we continue to levy \$607,000 for 2013, 2014, and 2015.

My goal with this first session is simply to define the problem that we are going to have funding this next five-year program. For future sessions, I will provide options of dealing with this shortage of funds.

Current Status of 2006 - 2011 Capital Road Improvement Program

Orange highlight indicates project completed.

Green highlight indicates project not yet completed.

Yellow highlight indicates project that was in program contingent on special federal funding, but funding not currently available.

Project	Length	Location	Program Year	Programmed Cost Estimate	Completed?	Bid Cost
CSAH 32 Grading	3.3	CSAH 6 to CSAH 31	2005	\$ 600,000	no - 2012	
CSAH 10 Grading	6.8	CSAH 18 to 6.8 miles north	2007	\$ 1,875,000	yes - 2010	\$ 1,695,000
CSAH 26 Bridge Repl.	0.1	0.9 mile west of TH 65	2007	\$ 100,000	yes - 2008	\$ 101,000
CSAH 32 Paving	3	CSAH 31 to Carlton Co. Line	2007	\$ 357,000	yes - 2011	\$ 754,000
CSAH 32 Paving	3.3	CSAH 6 to CSAH 31	2007	\$ 393,000	no	
CR 62 Grading/Paving	1	TH 232 to 1 mile south	2007	\$ 200,000	yes - 2009/2010	\$ 426,000
CR 73 Bridge Repl.	0.1	1.0 mile south of CSAH 6	2007	\$ 100,000	yes - 2010	\$ 104,000
CR 241 Grading	0.6	US Hwy 169 to 0.6 mile east	2007	\$ 100,000	yes - 2011	\$ 185,000
CSAH 1 Grading/Paving	2.5	Mississippi River to CSAH 22	2008	\$ 825,000	yes - 2009	\$ 1,441,000
CSAH 5 Grading	1	TH 47 to 1 mile north	2008	\$ 120,000	no - 2012	
CSAH 10 Paving	8.2	TH 200 to 8.2 miles south	2008	\$ 750,000	yes-2011	\$ 1,427,000
CSAH 10 Paving	6.8	CSAH 18 to 6.8 miles north	2008	\$ 910,000	yes - 2010	\$ 1,691,000
CSAH 10 Grading	7.1	US Hwy 169 to TH 232	2008	\$ 1,930,000	no	
CSAH 14 Bridge Repl.	0.1	4 miles north of TH 65	2008	\$ 800,000	yes - 2010	\$ 1,288,000
CSAH 33 Paving	0.29	US Hwy 169 to 0.29 mile east	2008	\$ 60,000	yes - 2010	\$ 293,000
CSAH 38 Paving	6.1	CSAH 2 to Mille Lacs County Line	2008	\$ 650,000	yes - 2007	\$ 635,000
CR 241 Paving	0.6	US Hwy 169 to 0.6 mile east	2008	\$ 60,000	yes - 2011	\$ 115,000
CSAH 3 Bridge Repl.	0.1	2 miles east of US Hwy 169	2009	\$ 770,000	yes - 2011	\$ 1,271,000
CSAH 4 Paving	14.4	TH 47 to TH 65	2009	\$ 1,080,000	yes - 2008	\$ 2,611,000
CSAH 5 Paving	1	TH 47 to 1 mile north	2009	\$ 120,000	no - 2012	
CSAH 21 Grading	6.9	CSAH 1 to US Hwy 169	2009	\$ 1,995,000	no	
CSAH 25 Grading	3.3	Kanabec County Line to CSAH 23	2009	\$ 630,000	no	
CR 60 Grading	5.08	Kanabec County Line to TH 18	2009	\$ 850,000	yes - 2011	\$ 1,202,000
CR 77 Paving	0.54	US Hwy 169 to US Hwy 169	2009	\$ 35,000	no	
CSAH 1 Bridge Repl.	0.01	2 miles north of CSAH 22	2010	\$ 850,000	yes- 2010	\$ 953,000
CSAH 10 Paving	7.1	US Hwy 169 to TH 232	2010	\$ 1,010,000	no	
CSAH 14 Paving	2.3	TH 65 to 2.3 miles north	2010	\$ 250,000	no	
CSAH 21 Paving	6.9	CSAH 1 to US Hwy 169	2010	\$ 980,000	no	
CSAH 25 Paving	3.3	Kanabec County Line to CSAH 23	2010	\$ 430,000	no	
CSAH 36 Paving	1.6	CSAH 14 to 1.6 miles north	2010	\$ 150,000	no	
CR 53 Grading	2.3	1 mile north of CSAH 4 to CSAH 5	2010	\$ 460,000	no	
CR 60 Paving	5.08	Kanabec County Line to TH 18	2010	\$ 670,000	no - 2012	
CSAH 3 Paving	5.64	US Hwy 169 to TH 232	2011	\$ 590,000	no -2012	
CSAH 5 Paving	7.5	Th 210 to TH 232	2011	\$ 775,000	yes - 2009	\$ 680,000
CSAH 10 Paving	6.8	TH 232 to 6.8 miles north	2011	\$ 590,000	no	
CSAH 12 Grading/Paving	2	CSAH 39 (n. jct.) to TH 47	2011	\$ 750,000	no - 2012	
CSAH 12 Grading/Paving	2.4	Oriole Avenue to CSAH 39 (n. jct.)	2011	\$ 900,000	no	
CSAH 28 Bridge Repl.	1	1.5 mile north of US Hwy 169	2011	\$ 110,000	no	
CR 53 Paving	2.3	1 mile north of CSAH 4 to CSAH 5	2011	\$ 425,000	no	
CR 73 Bridge Repl.	1	0.5 mile north of TH 210			yes-2011	\$ 165,000
CSAH 6 Paving	7.9	TH 210 to 7.9 miles northwest			yes-2011	\$ 1,446,000

2006 -2011 Capital Road Improvement Program Notes

Percentage of Program Completed To Date:	55%
Percentage of Program Completed by end of 2012:	69%

Both of the above percentages are based on original programmed cost.

The reason that more of the program hasn't been delivered is primarily due to cost.

Programmed cost of 18 completed projects:	\$ 11,112,000	
Bid cost of 18 completed projects:	\$ 16,872,000	52% cost increase actual versus programmed

Financial Analysis of Potential 2012-2016 Project List

County State-aid Highways:

Estimated Revenues:

State-Aid Revenue available for construction:

2012	\$	-
2013	\$	2,250,000
2014	\$	2,300,000
2015	\$	2,350,000
2016	\$	2,400,000
2017	\$	2,450,000

Commitment to match Great River Road High Priority Funds with local funds:	\$	820,000
Remaining Commitment (of total \$2.26 million general fund transfer):	\$	1,510,000
Total:	\$	14,080,000

Estimated Expenditures:

From list of potential project for 2012-2016 Program:	\$	21,182,000
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Estimated Shortage of Funds:	\$	7,102,000
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County Roads:

Estimated Revenues:

Balance Available from previous year's \$607,000 annual levy:	\$	600,000
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County Levy:

2012	\$	607,000
2013	\$	607,000
2014	\$	607,000
2015	\$	607,000
2016	\$	-

Total:	\$	3,028,000
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Estimated Expenditures:

From list of potential project for 2012-2016 Program:	\$	2,975,000
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Estimated Surplus of Funds:	\$	53,000
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Potential Projects for 2012 - 2016 Capital Road Improvement Program

1. Remaining Projects from 2006 - 2011 Program:

Project	Length	Location	Current Cost		Additional Funds Needed		Notes
			Estimate	Grants Available	State-Aid Routes	County Road Routes	
County State-Aid Highway:							
CSAH 3 Paving	5.64	US Hwy 169 to TH 232	\$ 1,818,000	\$ 700,000	\$ 1,118,000		\$700,000 federal grant
CSAH 5 Grading/Paving	1	TH 47 to 1 mile north	\$ 616,000	\$ 250,000	\$ 366,000		\$250,000 state bond grant - transportation economic development
CSAH 10 Grading	7.1	US Hwy 169 to TH 232	\$ 2,100,000	\$ 1,680,000	\$ 420,000		\$1,680,000 federal high priority grant, \$420,000 GRR local commitment
CSAH 10 Paving	7.1	US Hwy 169 to TH 232	\$ 2,000,000	\$ 582,000	\$ 1,418,000		\$582,000 remaining federal high priority grant, \$400k GRR local commitment
CSAH 10 Paving	6.8	TH 232 to 6.8 miles north	\$ 1,100,000	\$	\$ 1,100,000		
CSAH 12 Grading/Paving	2	CSAH 39 to TH 47	\$ 1,400,000	\$	\$ 1,400,000		
CSAH 12 Grading/Paving	2.4	CSAH 39 to TH 47	\$	\$	\$		
CSAH 14 Paving	2.3	TH 65 to 2.3 miles north	\$ 500,000	\$	\$ 500,000		Pavement will be 20 years old in 2019 - delay beyond 2016.
CSAH 25 Grading	3.3	Kanabec County Line to CSAH 23	\$ 1,100,000	\$	\$ 1,100,000		
CSAH 25 Paving	3.3	Kanabec County Line to CSAH 23	\$ 1,000,000	\$	\$ 1,000,000		
CSAH 28 Bridge Repl.	0.1	CSAH 28 over Ripple River	\$ 150,000	\$ 75,000	\$ 75,000		Anticipated \$75,000 state bond grant - bridge replacement
CSAH 32 Grading	3.3	CSAH 6 to CSAH 31	\$ 1,075,000	\$	\$ 1,075,000		
CSAH 32 Paving	3.3	CSAH 6 to CSAH 31	\$ 800,000	\$	\$ 800,000		
CSAH 36 Paving	1.6	CSAH 14 to 1.6 miles north	\$ 300,000	\$	\$ 300,000		
County Road:							
CR 53 Grading	2.3	1 mile north of CSAH 4 to CSAH 5	\$ 700,000	\$	\$ 700,000		
CR 53 Paving	2.3	1 mile north of CSAH 4 to CSAH 5	\$ 600,000	\$	\$ 600,000		
CR 60 Paving	5.08	Kanabec County Line to TH 18	\$ 1,000,000	\$	\$ 1,000,000		
CR 77 Paving	0.54	US Hwy 169 to US Hwy 169	\$ 75,000	\$	\$ 75,000		

2. Bridges that need to be added to Program:

Project	Length	Location	Cost Estimate	Grants Available	State-Aid Routes	County Road Routes	Notes
County State-Aid Highway:							
CSAH 4 Bridge	0.1	CSAH 4 over Rice River	\$ 700,000	\$ 350,000	\$ 350,000		Anticipated \$350,000 state bond grant - bridge replacement
CSAH 14 Bridge	0.1	CSAH 14 over Savanna River	\$ 300,000	\$ 150,000	\$ 150,000		Anticipated \$150,000 state bond grant - bridge replacement
CSAH 15 Bridge	0.1	CSAH 15 over Cedar Brook	\$ 600,000	\$ 300,000	\$ 300,000		Anticipated \$300,000 state bond grant - bridge replacement
County Road:							
CR 54 Bridge	0.1	CR 54 over Sissabagamah River	\$ 200,000	\$ 150,000	\$	\$ 50,000	Anticipated \$150,000 state bond grant - bridge replacement

3. Existing Paved Roads that need to be added to Program:

Project	Length	Location	Cost Estimate	Grants Available	State-Aid Routes	County Road Routes	Notes
County State-Aid Highway:							
CSAH 1 Overlay	3.6	CSAH 22 to 3.6 miles north	\$ 700,000	\$	\$ 700,000		
CSAH 2 Overlay	12.4	TH 47 to TH 65	\$ 1,800,000	\$	\$ 1,800,000		
CSAH 6 Overlay	5.08	TH 65 to 5.08 mile east	\$ 1,000,000	\$	\$ 1,000,000		
CSAH 12 Overlay	0.6	TH 210/US Hwy 169 to TH 47	\$ 250,000	\$	\$ 250,000		
CSAH 12 Overlay	9.6	TH 47 in Glen to Oriole Avenue	\$ 1,500,000	\$	\$ 1,500,000		
CSAH 13 Overlay	5.5	TH 65 to CSAH 16	\$ 900,000	\$	\$ 900,000		
CSAH 15 Overlay	5.2	Crow Wing Co. Line to 7th Ave NW	\$ 1,100,000	\$	\$ 1,100,000		
CSAH 16 Overlay	8.9	CSAH 16 to TH 210	\$ 1,900,000	\$	\$ 1,300,000		
CSAH 28 Overlay	B	US Hwy 169 to TH 210	\$ 1,800,000	\$ 840,000	\$ 960,000		\$340,000 federal grant
CSAH 41 Overlay	1.08	TH 210 to TH 210	\$ 200,000	\$	\$ 200,000		
County Road:							
CR 54/CR 83 Overlay	1.1	TH 210 to end of pavement	\$ 300,000	\$	\$	\$ 300,000	
CR 66 Overlay	0.82	Water Street to US Hwy 169	\$ 75,000	\$	\$	\$ 75,000	
CR 82 Overlay	1.04	US Hwy 169 to 1.04 mile east	\$ 100,000	\$	\$	\$ 100,000	
CR 85 Overlay	1.15	US Hwy 169 to US Hwy 169	\$ 75,000	\$	\$	\$ 75,000	
Total:			\$ 29,234,000	\$ 5,077,000	\$ 21,182,000	\$ 2,975,000	