

Capital Improvement Plan 2021

City of Medicine Lake

- Vote to approve the City's Capital Improvement Project Plan
- Vote to approve the City's pursuit of State Bonding consideration
- Discuss next steps
 - Lift Station Engineering Design
 - Lateral/Street/Water Engineering Design

1) Approve CIP Plan

Capital Improvement Planning – Funding

	Infrastructure Item	Cost Est.
1	Sanitary Lift Station (Refurb or Replace)	\$1,157,000
2	Sewer Laterals (Install PVC Liner)	\$1,006,000
3	Road Construction (New Base & Surface)	\$1,312,000
	Storm Water Control (Culverts & Retention)	\$160,000
	Sewer Manholes (Install PVC Liner)	\$168,000
	City Water System (Hydrants & Curb Stops)	\$1,540,000
Total:		\$5,343,000

- Cost estimates are high-level & include 30% buffer
- Planning for full-cost but will negotiate bids for each project
- High-Level Funding Scenarios
 - \$.6M Cash from Maintenance Reserve
 - \$4.7M in loans via bonding programs
 - Explore grants & state-bonding support
 - Interest rates at all-time low - enabling impressive affordability
- Scenario A – \$180K Maintenance Reserve Budget
 - 30-year term
 - Must find \$1M in cost reductions (Borrow \$3.7M)
 - No increase in Maintenance Reserve needed
- Scenario B – \$230K Maintenance Reserve Budget
 - 30-year term
 - Supports full project (Borrow \$4.7M)
 - \$50K increase in Maintenance Reserve (~\$285 per household)

Buried Utilities project is currently regarded as Out of Scope, but can be considered again once key-project funding is finalized

Create a CIP Advisory Committee

During the next few months/years, the activity level for the CIP project is going to increase significantly. The project also takes on a new level of detail in engineering design and contractual review. As such, we'd like to form an Advisory Committee that enables Councilmember Chris Heim to gather support and resources.

Proposed Committee Members

- Chris Heim – Chair Councilmember
- Chris Klar – Public Works Superintendent
- Connie Schaffer – Councilmember
- Todd Polum – Citizen and certified engineer
- Therese Polum – Citizen and certified engineer
- Emily Kirven - Citizen

Background – The City of Medicine Lake roadway infrastructure is beyond it's useful life and is in need of replacement. The city is proceeding in a fiscally responsible manner and has begun the process of planning for the design and reconstruction of all the city's roadways. In conjunction with the reconstruction of these roadways, there is opportunity to reexamine the addition or modification of public and private utilities as well as consideration for improvements for safety.

Purpose – The purpose of the Medicine Lake Roadway Advisory Committee is to:

- Be an active participant in the planning and design process and seek to understand the various components and complexities of the project.
- Make recommendations and advice to the city council, the decision-making body, on various elements of the planning and design process where public and/or city input is needed.
- Be a communication conduit to fellow residents, sharing and receiving information and perspectives.
- Be a strong advocate for public participation to fellow residents during public meetings and other organized activities.
- Review consultant contracts to ensure reasonable and fair prices.

Addendums to Contract for CIP Study

The following are additional projects that extend the original SEH CIP Study Contract- \$26,100

- Lift Station Engineering Study - \$5,000 – Deep-dive analysis to determine if our lift station can be updated vs. being replaced. It is confirmed that we can do updates. Design proposal under review.
- Jevne Park Excavation Permit Process - \$6000 – Acquire permits from Bassett Creek & DNR to dig out the Jevne retention pond this summer. 3-Rivers determined it needs \$47K in mitigation fees to approve.
- I&I Grant Proposal - \$5,000 - Submit all information needed to be eligible for the grant money. Scope is laterals, manholes & relining lift station. Application deadline is April 16, 2021 – we are on track.
- DDA Engagement Letter - No fees, just a confirmation that Shannon Sweeney is approved to gather information to help our City prepare a funding strategy that includes municipal bonding, etc.

Vote to Approve Capital Improvement Project Plan

What are we voting on?

Approve the City's Capital Improvement Project – scope & funding strategy.

- Confirm that the CIP Study conducted by SEH covers the intended scope and priorities for the City's infrastructure.
- Confirm the \$5.3M financial scope long-term funding concepts that have been presented at the last 3 council meetings.
- Confirm that SEH will begin preparing design proposals in preparation for contractor bidding in the January 2022 timeframe.
- Confirm the creation of a CIP Advisory Committee to help with project scope, citizen feedback & contract reviews.
- Confirm the \$16K in addendum contracts to the CIP Study.

What isn't part of the vote?

We are not voting to trigger any specific spend of the \$5.3M CIP project.

- Each CIP sub-project (Lift Station, Sewer relining, Road, Water, etc.) will have its own design & contractor bid process.
- We are not confirming that all details of CIP are fully vetted. There are many details to be confirmed during design.

2) Approve Pursuit of State
Bonding

CAPITAL INVESTMENT/BONDING



BONDING SUCCESS FOR SEH CLIENTS IN 2020

- \$950,000 Voyager Country ATV
- \$1.8M International Falls Airport
- \$5.5M Thief River Falls Airport
- \$5M East Mesaba Joint Water
- \$7.45M City of Austin
- \$4M City of Deer River
- \$2M City of Floodwood
- \$3.5M City of Melrose
- \$7.984M City of Vernon Center
- \$858,000 City of Walford
- \$7.2M City of Mankato
- \$5.5M City of Sartell
- \$1.5M County Road J Project

2022 CAPITAL INVESTMENT: WHAT YOU NEED TO KNOW

- It is not too early for local political subdivisions of the state to begin planning for the next major bonding bill, which will likely be considered and passed in the 2022 legislative session.
- Minnesota Management & Budget (MMB) guides the process. They collect the requests and send them to the legislature and Governor. They also sell and manage the bonds.
- Bonding requests must be submitted to MMB in June 2021.
- Local governments need to plan: Identifying projects, matching non-state funds, timelines, engineering estimates, etc.

2022 CAPITAL INVESTMENT: WHAT YOU NEED TO KNOW

- Local government requests are entered into the Capital Budget System (CBS) and the users must be authorized by MMB. The CBS opens for submissions on May 1, 2021.
- **IMPORTANT:** Local projects submitted by political subdivisions of the state must prove they have a non-state financial match for the project. Non-state funds include federal, local property taxes, municipal bonding, etc.
- Full funding must be secured to complete the project.
- Generally, bonding must be spent within 4-years from approval.
- Eligible projects must be for a public purpose, must be publicly owned, and project activities must constitute capital expenditures, not operating expenses.



2022 CAPITAL INVESTMENT: WHAT YOU NEED TO KNOW

- Local units of government applying for bonding should engage with their State Senators and Representatives.
- Legislators will draft the bills for the project.
- Capital Investment Committee Members will tour projects.
- Local units of government should also pass resolutions of support for the projects and gather other supportive letters. They should also write to the Governor asking to be included in his Capital Bonding Request.

3) CIP Next Steps

Design Proposals

- SEH is preparing a design proposal for revitalizing the Lift Station
 - We intend on having that construction work completed yet this year
 - The full replacement was estimated at \$1.1M
 - Engineering studies suggest we can likely get this project done for under \$.8M
 - We anticipate this design proposal to be ready for approval by the May Council meeting
- SEH is preparing a design proposal for our Sewer Relining, Road Construction & Water System
 - Goal is to have the design work completed in 2021 & request contractor bids in early 2022
 - Doing full-city design, but plan to break this into two implementation phases
 - We anticipate this design proposal to be ready for approval by the May Council meeting

Public Works Garage Lease

City of Medicine Lake

