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TO: Sunfish Lake Mayor and Councilmembers
FROM: Timothy J. Kuntz, City Attorney
DATE: October 26, 2016
RE: 2017-01 Street Improvement Project (Roanoke Road Overlay and Salem Church Road Reconstruction); November 1, 2016 City Council Meeting; Agenda Items 8(a)(1) though 8(a)(5)

Section 1. Background. At the October 4, 2016 Council meeting, the Council received and preliminarily approved the feasibility report prepared by Don Sterna of WSB & Associates for the 2017 street improvement projects involving the Roanoke Road overlay and the Salem Church Road reconstruction.

At the Council meeting on November 1, 2016, the Council will consider the following five resolutions:

1. Resolution Combining City Project No. 2016-02 (Roanoke Road) And City Project No. 2016-03 (Salem Church Road) Into One Project To Be Named: 2017-01 Street Improvement Project (Roanoke Road Overlay And Salem Church Road Reconstruction);
2. Resolution Receiving The Feasibility Report Of The Consulting Engineer And Calling For A Public Improvement Hearing Concerning The 2017-01 Street Improvement Project (Roanoke Road Overlay And Salem Church Road Reconstruction);
3. Resolution Appointing Don Sterna And WSB & Associates, Inc., Steve Apfelbacher And Ehlers And Associates, Inc. And Jenny Boulton And Kennedy & Graven To Assist The City With 2017-01 Street Improvement Project (Roanoke Road Overlay And Salem Church Road Reconstruction);

4. Resolution Approving a Preliminary Financing Plan In Order To Prepare A Public Hearing Notice For The 2017-01 Street Improvement Project (Roanoke Road Overlay And Salem Church Road Reconstruction);
5. Resolution Approving the Project Schedule For 2017-01 Street Improvement Project (Roanoke Road Overlay And Salem Church Road Reconstruction).

The five separate resolutions and accompanying materials are attached.

Section 2. Resolution Combining Projects. Minnesota Statute § 429.041, Subd. 1 allows a city to combine two or more improvements in a single set of plans and specifications or a single contract.

Minnesota Statute § 429.021, Subd. 2 further allows a city to combine two or more improvements in the same project and to consider the combined improvements in one project as a single proceeding under Chapter 429 of the Minnesota Statutes. Minnesota Statute § 429.021, Subd. 2 states:

Subd. 2. Combining Improvements. An improvement on two or more streets or two or more types of improvement in or on the same street or streets or different streets may be included in one proceeding and conducted as one improvement.

The City has been studying and evaluating City Project No. 2016-02 (Roanoke Road) and has ordered a feasibility report for this particular project. This project involves, among other things, a two inch overlay placed on top of the existing pavement.

The City has been studying and evaluating City Project No. 2016-03 (Salem Church Road) and has ordered a feasibility report for this particular project. This project involves, among other things, a full depth mill (bituminous reclamation) of the existing bituminous surface of Salem Church Road and placement of four inches of bituminous surfacing, shouldering, roadside swale grading, turf restoration, drainage and culvert improvements and appurtenances and driveway reconstruction.

The two projects identified above have similar elements and improvements and both projects are anticipated to be constructed in the 2017 construction season. Since both projects have similar improvements, it appears that cost savings can be achieved by combining both projects into a single public improvement under Chapter 429.

The attached resolution authorizes the City to combine the two projects and proceeds with one feasibility report, one public hearing to consider ordering the Project, one construction contract, one assessment roll (with different assessment amounts for different components of the Project) and one assessment hearing. There would be a different assessment amount for the overlay on Roanoke Road and a different assessment amount for the restoration on Salem Church Road. The name and title of the resultant single project would be: ***2017-01 Street Improvement Project (Roanoke Overlay and Salem Church Road Reconstruction)***.

Section 3. Resolution Receiving Feasibility Report. City Engineer Don Sterna has made a few revisions to the preliminary feasibility report that was circulated at the October Council meeting. The final revised feasibility report dated November 1, 2016 was provided to you by Don Sterna as part of his agenda materials for the November 1, 2016 Council meeting. The attached resolution receives the feasibility report and calls for a public hearing on February 7, 2017 to consider ordering the Project.

Section 4. Resolution Appointing Engineer, Fiscal Advisor and Bond Attorney. The City needs the assistance of consultants in three areas: engineering, fiscal advisor and bond counsel. Enclosed is a resolution that appoints Don Sterna and WSB & Associates as the engineer for the Project. The Resolution also appoints Steve Apfelbacher of Ehlers and Associates as fiscal advisor and Jenny Boulton and Kennedy & Graven as bond counsel. Steve Apfelbacher and Jenny Boulton worked closely with the City on the Acorn Drive Project, the Salem Church Road Project and the Windy Hill Road/Windy Hill Court project. The recommendation is to again appoint them to assist with the 2017-01 Street Improvement Project.

The estimate for Ehlers & Associates is approximately \$8,000. The number of meetings Ehlers & Associates need to attend will determine their final cost.

The estimate for Kennedy & Graven is \$3,500, depending on how the bonds are sold and how much work is involved in reviewing the Chapter 429 proceedings.

Section 5. Resolution Approving Preliminary Financing Plan.

The preliminary plan is to assess \$48,000 for Roanoke Road out of the cost of \$59,140.

The preliminary plan is to assess \$75,000 for Salem Church Road out of the cost of \$354,840.

The total assessments would be \$123,000 (or about 30%) out of a total cost of \$413,980 (say \$415,000).

The City would have to levy taxes to pay for the amount not assessed. I asked Ehlers and Associates to run a scenario to show the estimated taxes that will have to be levied to pay for the unassessed portion. The report shows that the City will have to tax levy \$36,000 to \$41,000 per year for 10 years to pay for the unassessed portion.

By way of background only, the history of the special assessments in the City is as follows:

YEAR	PROJECT	CITY PAYS	ASSESSMENTS PAY
1989	Angell and Sunnyside Project 89-02	20%	80%
1994	Charlton Road Street Improvements Project 1993-02	20%	80%
2000	Salem Church Road	78.7%	21.3%

	Pedestrian Trail Improvement Project 2000-01		
2006	Acorn Drive Project 2006-01	40%	60%
2009	Salem Church Road Project 2008-02	60%	40%
2014	Angell Road, Windy Hill Road and Windy Hill Court Project 2014-01	44%	56%

The Council needs to review and consider the attached financing plan and background memo prepared by Ehlers and Associates.

For purposes of financial analysis, we have estimated total project costs at \$413,980 (say \$415,000) based on the following:

\$47,310	– estimated construction cost for Roanoke Road per Feasibility Report (plus 10% construction contingency)
\$273,420	– estimated construction cost for Salem Church Road per Feasibility Report (plus 10% construction contingency)
\$11,830	– administrative, engineering, legal, bond counsel, capitalized interest, fiscal advisor, inspections, contingency for project management, publication and mailing (for Roanoke Road)
\$68,360	– administrative, engineering, legal, bond counsel, capitalized interest, fiscal advisor, inspections, contingency for project management, publication and mailing (for Salem Church Road)
\$13,060	– drainage components of Salem Church Road
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\$413,980	– TOTAL (say \$415,000)

In Summary:

- The estimated cost of Project 2017-01 is \$413,980 (say \$415,000).
- The Roanoke Road portion is estimated to cost \$59,140.
- The Salem Church Road portion is estimated to cost \$341,780, plus the drainage of

\$13,060 for a total of \$354,840.

- The preliminary financial plan is to assess \$48,000 for Roanoke Road which would be about 81% of the cost of Roanoke Road (\$59,140).
- The preliminary financial plan is to assess \$75,000 for Salem Church Road which would be about 22% of the cost of Salem Church Road (\$341,780).
- Total assessments for the Project are \$123,000 (\$48,000 plus \$75,000). Total assessments are about 30% of total project costs (\$413,980).
- Per projections by Ehlers, the City will have to tax levy about \$39,257 per year for 10 years to pay for the unassessed portion of the Project, plus interest. This is addressed in a separate memo and separate report from Ehlers, both of which are part of the Council packet for the November 1, 2016 meeting.

Section 6. Resolution Approving Project Schedule. The project schedule calls for a public hearing on Tuesday, February 7, 2017, to consider whether to order the Project; an award of the bid on May 2, 2017; construction in the summer of 2017; and a special assessment hearing on September 5, 2017 to levy the special assessments. A detailed project schedule is attached to the resolution approving the project schedule.

Section 7. Summary. At the November 1, 2016 Council meeting the Council will consider the attached five Resolutions related to the 2017-01 Street Improvement Project.

Attachments