



4646 Dakota Street SE
Prior Lake, MN 55372

CITY COUNCIL AGENDA REPORT

MEETING DATE: JANUARY 22, 2019
AGENDA #: 7A
PREPARED BY: JASON WEDEL, PUBLIC WORKS DIRECTOR/CITY ENGINEER
PRESENTED BY: JASON WEDEL

AGENDA ITEM: PUBLIC HEARING TO CONSIDER APPROVAL OF A RESOLUTION ORDERING THE IMPROVEMENTS FOR THE 2019 MILL AND OVERLAY IMPROVEMENT PROJECT, CITY PROJECT #PIR19-000001

GOAL AREA AND OBJECTIVE: Transportation & Mobility
1. Maintain quality local street system based on a financially stable plan that meets Overall Condition targets.

DISCUSSION: Introduction
The purpose of this agenda item is to receive comments on the 2019 Mill and Overlay Project and if appropriate order the improvements. Approval of the resolution ordering the improvements requires a 4/5th vote.

History

On November 5, 2018, the City Council ordered the preparation of a feasibility study for the 2019 Mill and Overlay Project (Street Project #PIR19-000001). The feasibility study was necessary because a portion of the funding for this project is proposed to come from special assessments. State Statutes dictate that a feasibility study can either be initiated by a petition of the affected property owners, or at the direction of City Council. This project was initiated at the direction of the City Council.

Identification of the areas proposed for mill and overlay in 2019 are a result of the City's ongoing Pavement Management Program. The program was implemented to maximize the useful life of the City's streets in a cost effective manner.

Based on the Pavement Management Program data and field reviews by City staff, the following streets were identified to be included in the 2019 Mill and Overlay Project.

Street	From	To
Pike Lake Trail	CSAH 42	Carriage Hills Parkway
Fountain Hill Drive	Pike Lake Trail	End
Fountain Hills Court	Fountain Hills Drive	End
Robin Road	Pike Lake Trail	Hummingbird Trail
Hummingbird Trail	Pike Lake Trail	Bluebird Trail
Bluebird Trail	Carriage Hills Parkway	End

Partridge Court	Bluebird Trail	End
Seagull Circle	Robin Road	End
Hummingbird Court	Hummingbird Trail	End
Regal Pass NW	Jeffer's Pass	End
Jeffer's Pass	CSAH 21	Fairway Height Road
Majestic Lane	Jeffers Pass	End

Maps of the proposed project area are included in the Feasibility Report.

At the December 17, 2018 City Council meeting, the Council accepted the feasibility report and scheduled the Public Hearing for January 22, 2019.

Current Circumstances

The 2019 Mill and Overlay Project affects approximately 2.84 miles of roadway throughout the City. The proposed work type for 2019 is slightly different that was has been done historically. In the past, the City has performed a mill and overlay where the bituminous pavement is edge milled and a layer of pavement, typically 1.5" thick, is placed. Unfortunately, the streets that are of age and needing an overlay are streets that were constructed in the 1990's, prior to the City's design requirements of including a two foot sand subgrade beneath the streets.

Since these streets do not have the sand subgrade they are more susceptible to movement due to the ground beneath them freezing and thawing which makes them crack. Therefore when the City completes a mill and overlay of the street the cracks reflect from beneath the street up through the new pavement. This has raised concerns from residents who are being assessed for a new street surface and they see cracks appear within a year of the mill and overlay being completed.

To address this concern, staff is recommending modifying the construction methods for 2019. Rather than doing an edge mill, a full width mill of the entire street from curb to curb will be completed. Then prior to paving the new bituminous surface a chip seal will be performed on the underlying pavement. The chip seal acts as an elastic buffer between the older pavement beneath and the new pavement above. This is called an underseal and has been used by a number of surrounding communities as well as Scott County. The City of Eden Prairie uses this method and they have seen great success in minimizing the amount of reflective cracking coming up through their mill and overlay projects.

Replacement of the curb and gutter will still occur where there is cracked or damaged curb and in locations to improve drainage. The feasibility report provides additional detail on the project and explores the necessity of rehabilitating the roadways as part of the City's ongoing Street Improvement program.

Conclusion

City Staff is prepared to discuss each of the concerns presented at the Public Hearing. If the Council deems the issues that have been brought up need to be addressed in the project plans and specifications, direction could be given to staff.

The purpose of this Public Hearing is to determine if the project should move forward . Completion of plans and specifications would be the next step. Once

they have been completed, they will be submitted to City Council for approval and authorization to advertise for bids. The Council could decide not to continue with the project upon receipt of the bids.

It is recommended to hold the Assessment Hearing in the fall so that property owners can see the results of the project prior to the assessment hearing. However, the proposed assessments have been established according to the City's 2019 Fee Schedule and are not dependent upon the actual construction costs nor will they cover the entire project cost. Therefore the assessment hearing could be held any time.

ISSUES:

This will be the third pavement mill and overlay project that will be completed under the revised City Assessment Policy. The City Council approved amendments to the Assessment Policy so that street reclamation and street overlay projects would be assessed at their regular meeting on May 23, 2016.

It was concluded by the City Council that the use of assessments for reclamation and mill and overlay projects was appropriate and provides a funding source that reduces the overall tax levy by distributing a portion of the costs to the benefitting property owners.

Per the Assessment Policy, the assessment rate in 2019 for street overlay projects is \$1,266 for single family and \$1,013 for multifamily (0.8 x \$1,266). Commercial and industrial parcels are assessed based on their Residential Equivalent Density (RED). The assessment period is 5-years.

Based on the age of the City's existing streets, the City is entering a time period where more streets are in need of timely mill and overlay projects to extend their useful lives. The previous method of funding these projects put pressure on the tax levy. Utilizing special assessments brings greater equity to the City's funding of transportation improvements.

**FINANCIAL
IMPACT:**

The 2019 Mill and Overlay Project is proposed to be financed by Special Assessments, tax levy and reserves of the Permanent Improvement Revolving (PIR) Fund

The 2019 adopted budget includes the issuance of \$490,000 in general obligation bonds to partially finance the 2019 overlay project. The bond repayment source is special assessments collected on the project and revenues of the PIR Fund. Minnesota Statutes, Section 429.091, Subd. 7a, authorizes the issuance of general obligation bonds secured by the revenues of a permanent improvement revolving fund (PIR Fund). This fund will allow the City more flexible use of revenues from special assessments. For the City's annual street mill and overlay projects, financed with PIR Bonds, the revenues can be used for any authorized purpose of the PIR Fund. For example, special assessments collected from a previous improvement could be used to provide upfront funding for the future improvement. PIR Fund Bonds are secured by revenues of the Fund and not solely by the special assessments of the financed improvements.

The 2019 budget anticipated a total cost of \$700,000. The project as shown in the feasibility study is estimated at \$800,000. The addition of the underseal added \$54,700 to the total cost.

Staff recommends moving forward with the project as presented. Once bids are received and the actual costs are known, street segments can be eliminated from the project to stay within the \$700,000 budget. The City Council can reduce the scope of the project at the time of award, but it is not possible to add street segments due to the notification requirements outlined in state statute 429.

ALTERNATIVES:

1. Conduct the public hearing and unless new substantive information is offered approve a Resolution Ordering the Improvements for the 2019 Mill and Overlay Improvement Project, City Project #PIR19-000001.
2. Deny this item for a specific reason and provide staff with direction.
3. Table this item until some date in the future.

RECOMMENDED MOTION:

A motion and a second for approval of Alternative #1. Approval of this agenda item requires a 4/5th vote.