



St. Croix River Crossing Project

Estimated Cost Impacts to the City of Oak Park Heights

November 10th, 2011

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Section 1

Purpose of the Document

Section 1: Purpose of the Document

In June 2011 the City Council directed that there be a synopsis of costs prepared that endeavored to summarize the anticipated costs of various improvements related to the St. Croix River Crossing Project on the City of Oak Park Heights. This includes a summarization of costs in three methods, being as follows and is outlined in Section 3:

1. Direct up-front costs
2. Delayed - long-term costs -- Twenty Year Horizon
3. Direct Incurred Costs to Date

The values and amounts discussed herein are of course estimates based on discussed layouts and several years of communications.

This document does not in any way suggest that a specific policy track be followed, but rather to begin to enumerate costs should particular choices be made. Moreover, the data enclosed is based on estimated costs and until such time as the Project is specifically refined and agreements reached, the ability to determine more refined figures will remain elusive.

Ultimately, the City Council will be required to assess and compare potential City costs from the Project to the benefits to City residents, businesses, etc.

DISCLAIMER:

The City reserves the exclusive and specific right to revise, amend and/or append the information enclosed. If the data enclosed herein is in need of correction, please submit suggested corrections to the City in writing with alternative estimates and justifications for such corrections. This document refers to the St. Croix River Crossing Project simply as the "Project" and includes all general elements.

Section 2

Authorizing City Council Resolution – 11-06-18

**CITY OF OAK PARK HEIGHTS
WASHINGTON COUNTY, MINNESOTA**

**A RESOLUTION AUTHORIZING AND DIRECTING CITY STAFF TO PERFORM A
STUDY WITH REGARD TO THE COMPILATION AND FUNDING OF POTENTIAL
COSTS TO BE INCURRED BY THE CITY OF OAK PARK HEIGHTS, SHOULD THE
ST. CROIX RIVER WAY CROSSING PROJECT PROCEED**

WHEREAS, the City of Oak Park Heights is aware of efforts that have been advanced to legislatively allow the St. Croix River Crossing Project to proceed, notwithstanding current determinations within the federal courts and the impact of the Wild and Scenic Rivers Act, and,

WHEREAS, the City is aware of projected costs for construction and related enhancements that have been identified by the Minnesota Department of Transportation should the Project proceed, and,

WHEREAS, the City may be asked to participate in terms of sharing costs, to land acquisitions and right-of-way necessary to make the needed improvements all as a part of the Riverway Project and the Trunk Highway 36 improvements corridor improvements that would be associated with the Project, and,

WHEREAS, the City has made extensive and proactive efforts to communicate with State and Federal Legislators, local advocacy groups as well as Minnesota Department of Transportation staff to specifically allocate the required funding to ensure that the taxpayers of Oak Park Heights do not pay a disproportionate share of the costs for this Regional Project as compared to those who will substantially benefit from it, and,

WHEREAS, despite the aforementioned outreach the City has not, as of yet, identified a funding source to assist with regard to the Project, should it proceed, nor has a funding source been identified by the Department of Transportation or other agencies and entities supporting the Project that would alleviate the need for the City's taxpayers and rate payers to contribute to the Project for local improvements, utility replacements, right-of-way, acquisitions, signalization, stormwater, ponding, trails and/or related improvements and maintenance, and,

WHEREAS, the City previously did a study through the office of its Auditor, which is, in need of updating, and,

WHEREAS, it is in the best interest of the residents of the City of Oak Park Heights to plan and understand the impacts of this project and the potential costs that would be incurred therewith should the Project proceed and to look at internal funding sources and impacts within the city should the Project be allowed.

NOW, THEREFORE, BE IT RESOLVED, by the City Council for the City of Oak Park Heights that the office of the City Administrator is hereby authorized and directed to incur consulting expenses for preparation of contingency plans and studies with regard to anticipating costs that the City would be asked to share in, and to project funding sources and scenarios within the city which would have to bear those core costs and how they could be financed, should the River Crossing Project be allowed to proceed.

Passed by the City Council for the City of Oak Park Heights this _____ day of June, 2011.



David Beaudet, Mayor



Eric Johnson
City Administrator

Section 3

Summary of Total Anticipated Costs

City of Oak Park Heights

Summary of Total Anticipated Costs (Estimated)

	Using Low Range - Utility Costs - Scenario 1	Using Mid Range Utility Costs - Scenario 2	Using Hi Range Utility Costs - Scenario 3	Using full 80/20 Split - All Utilities would be replaced - Scenario 4
Direct up-front costs.				
Utility Relocations or Reconstruction	\$ 766,000	\$ 6,368,545	\$ 11,970,000	\$ 3,007,450
Signalization Costs	\$ 63,976	\$ 63,976	\$ 63,976	\$ 63,976
Subtotal	\$ 829,976	\$ 6,432,521	\$ 12,033,976	\$ 3,071,426
Delayed - long-term costs. - (Twenty Year Horizon)				
Signalization Maintenance	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Trail Maintenance	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Trail Replacements	\$ 358,497	\$ 358,497	\$ 358,497	\$ 358,497
Ponding Maintenance	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000
Ponding Clean-up and Rehabilitation	\$ 1,063,554	\$ 1,063,554	\$ 1,063,554	\$ 1,063,554
Frontage Roads	\$ 3,797,933	\$ 3,797,933	\$ 3,797,933	\$ 3,797,933
Subtotal	\$ 5,634,984	\$ 5,634,984	\$ 5,634,984	\$ 5,634,984
Direct Incurred Impacts to Date				
Lost Tax Base - \$1,624,197 in total lost Tax Capacity. ⁽¹⁾	\$ 487,259	\$ 487,259	\$ 487,259	\$ 487,259
Subtotal	\$ 487,259	\$ 487,259	\$ 487,259	\$ 487,259
Cost Impact Estimates	\$ 6,952,219	\$ 12,554,764	\$ 18,156,219	\$ 9,193,669

⁽¹⁾ Figures utilized are calculated by \$1,624,197 in lost TC TIMES an average Tax Rate of .30 - homes lost in Village Area

Undetermined Costs

1

In the mid-1990s MNDOT acquired certain lands for the Project in the Village area of the City, many of which were single family homes +/- 63 homes. Should these homes have remained, the City of Oak Park Heights could conceivably closer to receiving State Road Aids

2

While the SFERS - 2006 does briefly discuss economic impacts to the 5TH 36 corridor, it does not delve into meaningful detail as to business disruption during and additional data here may provide better information on possible tax base impacts

Section 4

Cost Breakdowns & Estimates: Update on Financial
Impact of St. Croix River Bridge Project
HLB Tautges-Redpath – Nov 8th, 2011.



November 8, 2011

To The Honorable Mayor and
 Members of the City Council
 City of Oak Park Heights, Minnesota

Re: Update on Financial Impact of St. Croix River Bridge Project

Pursuant to your request, we have updated a previous report prepared by our office regarding the financial impact of the State (MN DOT) construction projects for the new St. Croix River Bridge and planned improvements to State Highway 36.

The State construction project financially impacts the City of Oak Park Heights in the following three ways:

- 1) Loss of tax base due to parcels previously taken
- 2) Loss of tax base due to the acquisition of property for utility easement purposes
- 3) Utility relocation costs

Loss of Tax Base due to Parcels Previously Taken

Our 1995 report identified 98 parcels taken off the City's tax roll, due to MN DOT acquisitions. A summary is as follows:

	Total Market Value	Percentage of Total Market Value	Tax Capacity	Percentage of Total Tax Capacity
Property taken based on 1995 Plan	\$4,890,000	2.4%	\$69,300	1.1%

The above amounts are based on the City's 1994/95 Total Market Value and Tax Capacity.

The City has estimated that, based on a 5% annual Market Value growth rate, the 2010/2011 Market Value for these parcels would be \$7,585,995. Assuming that the Tax Capacity for these parcels grew at the same rate as the Market Value, the City has lost \$1,624,197 of Tax Capacity relating to these parcels from 1995-2011 as shown below:

Year	Total Market Value	Tax Capacity
1994/1995	\$4,890,000	\$69,300
1995/1996 ⁽¹⁾	5,134,500	72,765
1996/1997 ⁽¹⁾	5,391,225	76,403
1997/1998 ⁽¹⁾	5,660,786	80,223
1998/1999 ⁽¹⁾	5,943,826	84,235
1999/2000 ⁽¹⁾	6,241,017	88,446
2000/2001 ⁽¹⁾	6,553,068	92,869
2001/2002 ⁽¹⁾	6,880,721	97,512
2002/2003 ⁽¹⁾	7,224,757	102,388
2003/2004 ⁽¹⁾	7,585,995	107,507
2004/2005 ⁽¹⁾	7,585,995	107,507
2005/2006 ⁽²⁾	7,585,995	107,507
2006/2007 ⁽²⁾	7,585,995	107,507
2007/2008 ⁽²⁾	7,585,995	107,507
2008/2009 ⁽²⁾	7,585,995	107,507
2009/2010 ⁽²⁾	7,585,995	107,507
2010/2011 ⁽²⁾	7,585,995	107,507
Total		<u><u>\$1,624,197</u></u>

⁽¹⁾Estimated based on a 5% annual Market Value growth rate.
⁽²⁾Estimated based on no growth in Market Value.

The impact of reduced tax capacity (tax base) is that the City property tax levy is spread over fewer parcels, thus increasing the property tax of the remaining parcels.

Loss of Tax Base Due to Utility Easement Acquisition of Property

As stated above, our 1995 report identified 98 parcels affected by this project. If the Project will require the acquisition of utility easements, there will be a reduction in market value of the affected properties. The City's engineer has estimated an easement acquisition will affect fifty-three parcels and that a width of thirty feet is needed for easement purposes.

The lineal feet of the fifty-three parcels affected total 8,580. This results in 257,400 square feet of utility easement acquisition.

The City hired an appraisal firm to determine an estimated loss of market value resulting from the acquisition of a 30 foot wide utility easement. The appraisal firm selected six properties to review. The appraiser's report estimated the reduction in market value due to the utility easements to be in the range of \$1.50 to \$5.60 per square foot.

Based on the above information, the estimated loss in tax base is calculated as follows:

\$8,580	Lineal feet of utility easement needed
x 30	Width of utility easement
<hr/> 257,400	Total square feet of utility easement to be acquired
x 4.00	Estimate value per square foot
<hr/> <u>\$1,029,600</u>	Estimate reduction in market value tax base related to utility easement acquisition

This results in a loss of Market Value and Tax Capacity for the City of Oak Park Heights. A summary of the impact is as follows:

	<u>Total Market Value</u>	<u>Tax Capacity</u>
Reduction due to utility easement acquisition	\$1,029,600	\$20,592
Total for City (payable 2011)	\$669,938,700	\$10,427,300
Percentage to be taken	0.15%	0.19%

Utility Relocation Costs

The City's engineer issued a report on utility relocation costs dated September 9, 2011. The report outlined the design differences between the City Engineer's relocation study and the current MnDot design. The most significant difference between the two is the relocation of utilities lying between Oakgreen Avenue and Osgood Avenue. The current MnDot design does not include replacement of utilities lying between Oakgreen Avenue and Osgood Avenue.

The attached Appendix A outlines four construction scenarios of the utility relocation project. Each scenario includes an estimated cost split between the City and MnDot.

There are several potential financing options for the City portion of the project costs. If bonds are to be issued for the City's portion of the project. The debt service could be repaid by:

- a) Special assessments.
- b) Property tax levy.
- c) Water and sewer user charges.
- d) Combination of a), b) and c).

The attached Appendix A includes an estimated impact on property taxes and utility rates for each scenario.

The calculation of the tax levy impact for scenario 1 is:

	2011	2011 With Add'l Levy
2011 City tax levy	\$3,964,704	\$3,964,704
Additional levy (scenario 1)	-	94,400
Total tax levy	3,964,704	4,059,104
Less fiscal disparity distribution	(222,950)	(222,950)
Net tax levy	3,741,754	3,836,154
Divided by tax capacity	÷ 8,309,844	÷ 8,309,844
Equals tax rate	<u>45.028%</u>	<u>46.164%</u>
Market value of home	\$250,000	\$250,000
Times tax capacity rate	x 1.000%	x 1.000%
Equals tax capacity	2,500	2,500
Times City tax rate	x 45.028%	x 46.164%
Equals City tax	<u>\$1,125.70</u>	<u>\$1,154.10</u>
Tax increase		<u>\$28.00</u>

Respectfully submitted,

HLB TAUTGES REDPATH, LTD.



David J. Mol, CPA
 Partner

DJM:clc

SCRCF - Estimated Cost Impacts to the City of Oak Park Heights

Cost Components	Scenario 1			Scenario 2			Scenario 3			Scenario 4		
	Replacement of MNDOT stated utilities. MNDOT and the City would have an 80 - 20 Split on all MNDOT identified, non betterment, costs. Portions lying between Oakgreen and Osgood Ave. would remain as-is.			Replacement of MNDOT stated utilities. MNDOT and the City would have an 80 - 20 Split on all MNDOT identified, non betterment, costs. Portions lying between Oakgreen and Osgood Ave. would be rehabilitated / enhanced; all in current ROW paid by City			Full Replacement of utilities, including portions lying between Oakgreen and Osgood Ave. MNDOT and the City would have a 80 - 20 Split on all costs, except those Utilities lying between Oakgreen and Osgood Ave - those Being City Costs. Alone. All lines would be replaced and stay in current ROW			Full Replacement - MNDOT and the City would have a 80 - 20 Split on ALL costs. All utility lines would be replaced and stay in current ROW		
	MNDOT	City	Total	MNDOT	City	Total	MNDOT	City	Total	MNDOT	City	Total
MNDOT Stated Utility Replacement Costs ⁽¹⁾	\$ 2,453,503	\$ 613,376	\$ 3,066,879	\$ 2,453,503	\$ 613,376	\$ 3,066,879	\$ 2,453,503	\$ 613,376	\$ 3,066,879	\$ 2,453,503	\$ 613,376	\$ 3,066,879
Utility Replacement Costs - Between Oakgreen and Osgood Ave ^{1,2}	-	-	-	-	4,481,461	4,481,461	-	8,962,921	8,962,921	7,170,337	1,792,584	8,962,921
subtotal	2,453,503	613,376	3,066,879	2,453,503	5,094,837	7,548,340	2,453,503	9,576,297	12,029,800	9,623,840	2,405,960	12,029,800
Estimated Costs for Engineering, Administrative & Legal - 25%	613,376	153,344	766,720	613,376	1,273,709	1,887,085	613,376	2,394,074	3,007,450	2,405,960	601,490	3,007,450
TOTAL (does not include easement acquisition costs, if necessary)	\$ 3,066,879	\$ 766,720	\$ 3,833,599	\$ 3,066,879	\$ 6,368,546	\$ 9,435,425	\$ 3,066,879	\$ 11,970,371	\$ 15,037,250	\$ 12,029,800	\$ 3,007,450	\$ 15,037,250

Estimated City Annual 10 Year Debt Service Cost @ 3% (see note (3))	\$ 94,400	\$ 783,900	\$ 1,473,500	\$ 370,200
Total Debt Service	\$ 944,000	\$ 7,839,000	\$ 14,735,000	\$ 3,702,000
Total Interest payments	\$ 177,280	\$ 1,470,454	\$ 2,764,629	\$ 694,550

Estimated impact on property taxes and/or utility rates:				
Estimated annual increase in property tax on a \$250,000 Market Value home if debt service is paid exclusively by property taxes ⁽⁴⁾	\$ 28.00	\$ 235.00	\$ 443.00	\$ 111.00
Estimated annual increase in Utility rates if debt service is paid exclusively by Water and sewer user fees	7%	61%	114%	29%

(1) Bonestroo Report dated September 9, 2011

(2) The City portion of scenario 2 is an estimate assuming rehab cost is approximately 50% of replacement cost.

(3) Does not include cost of issuance or rounding.

(4) Based on 2011 tax levy and 2011 Tax Capacity

Costs for Acquiring Easements if Necessary	
Easement Costs (8,580 linear feet X 30' width X \$4.00*	1,029,600
Cost for Acquiring Easements	500,000
Total Cost for Acquiring Easements	1,529,600

* Source: BRKW Appraisals Inc. - Sept 3rd, 2011 Study

Correction for typographical error during early release of final documents; 29% and 114 % were swapped in the wrong column, now corrected.

Section 5

Cost Estimates: Stormwater Ponding, Trails,
Signalizations & Frontage Roads

City of Oak Park Heights

Possible Delayed Long-term Costs to Be Incurred By the City of Oak Park Heights - St. Croix River Crossing

Pond Clean-out & Restoration Costs

\$250,000 / per pond ⁽¹⁾ - 7 ponds = \$2,100,000 in 2011 Dollars and \$4,424,383 in twenty years @ 4% annual price inflation
 City Share - Estimated at 25% based on contributing flows (TBD): \$4,424,383 X .25 = \$1,063,554

Pond / Storm Pipe Maintenance

If the City is expected to perform any kind of routine maintenance on such ponds / piping. (7 ponds X \$5,000/year X 20 years) = \$700,000 X .25 (2011 dollars)
 Including: jetting of storm pipes, cleaning of ditches, garbage pickup around ponds, grass trimming, coordination of volunteers, etc.
 City Share - Estimated at 25% based on possible contributing flows TBD). (7 ponds X \$5,000/year X 20 years) X .25 = \$175,000 (2011 dollars)

Trail Maintenance & Reconstruction (+/- 5,000 linear feet of trailway -10 feet wide?)

\$10,000 / year - (Includes plowing, crackfilling, re-surfacing, trimming, signage, monitoring, etc.) -->
 Trail Reconstruction - \$136,000⁽²⁾ * + 25% for Admin, Legal, Eng. = \$170,158 in 2011 Dollars -->

Signalization

MNDOT Estimate for 2014 ⁽³⁾ - 5 signals plus other elements. \$319,878 to which a 80/20 split is applied. -->
 Annual Maintenance Costs - Over 20 years - \$2,000 per year ⁽⁴⁾ - City Costs Only - Not Inflation Adjusted. -->

Frontage Roads

Bonestroo Estimate over 30 year - life Cycle - Averages \$189,896 per year over 20 years per year when adjusted for inflation 4% ⁽⁵⁾

	Estimated Costs over 20 Years
\$	1,063,554
\$	175,000.00
\$	200,000
\$	358,497
\$	63,976
\$	40,000
\$	3,797,933
Possible Future Costs to City	\$ 5,698,959

(1) The estimated cost of each pond rehabilitation will vary by size, depth and functionality, note the City's cost to rehab Kern Center pond was over \$500,000 in 2005/2006

(2) Stantec, (City Engineer) has supplied a cost estimate for a trail reconstruction is based on this estimate

(3) MNDOT has supplied an estimated cost for 2014 of \$319,878 for City's share of Signalizations

(4) Per MNDOT, MNDOT would not be responsible for routine maintenance, a local jurisdiction would be responsible for electrical costs, re-lamping and other routine maintenance

(5) See Bonestroo Estimate - 30 year life cycle Report - Emailed to City_11/10/11 (does not include plowing or any other general maintenance)

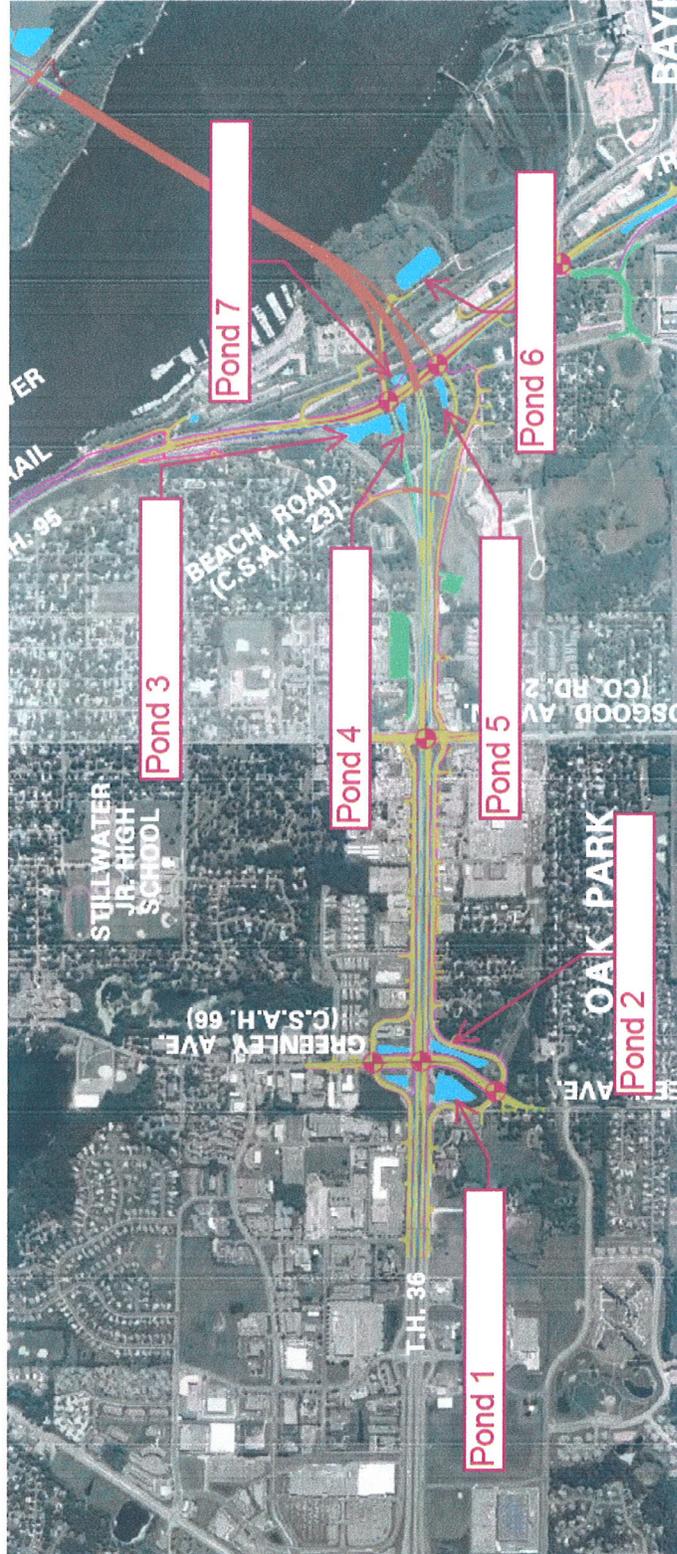
Rate of Price Inflation -->>

4.00%

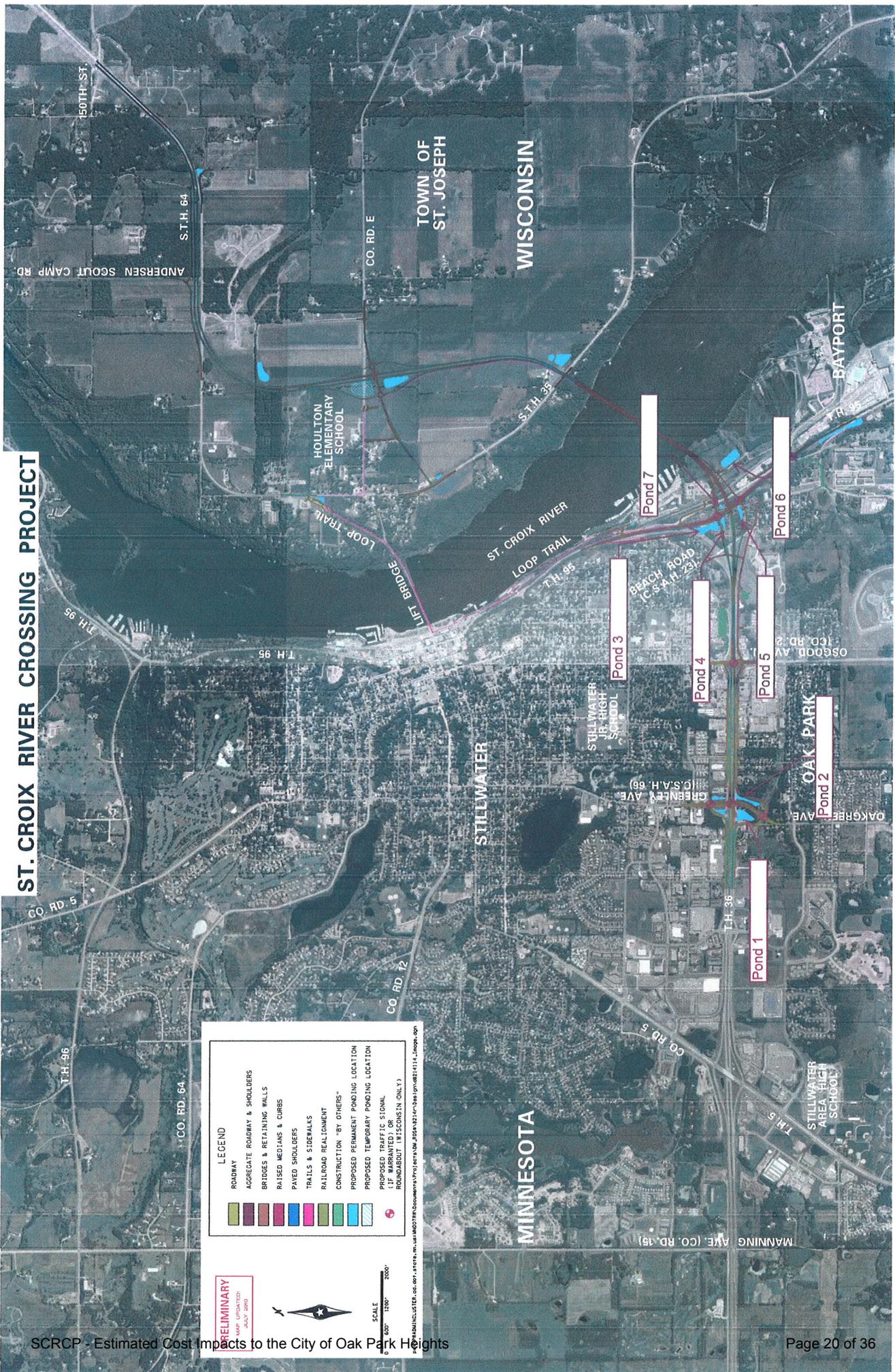
	<u>Pond Costs</u>	<u>Trail Reconstruction</u>	<u>Frontage Roads</u>
Year 1 (Base year)	\$ 2,100,000	\$ 170,158	\$ 1,802,660
Year 2	\$ 2,184,000	\$ 176,964	\$ 1,874,766
Year 3	\$ 2,271,360	\$ 184,043	\$ 1,949,757
Year 4	\$ 2,362,214	\$ 191,405	\$ 2,027,747
Year 5	\$ 2,456,703	\$ 199,061	\$ 2,108,857
Year 6	\$ 2,554,971	\$ 207,023	\$ 2,193,212
Year 7	\$ 2,657,170	\$ 215,304	\$ 2,280,940
Year 8	\$ 2,763,457	\$ 223,916	\$ 2,372,178
Year 9	\$ 2,873,995	\$ 232,873	\$ 2,467,065
Year 10	\$ 2,988,955	\$ 242,188	\$ 2,565,747
Year 11	\$ 3,108,513	\$ 251,875	\$ 2,668,377
Year 12	\$ 3,232,854	\$ 261,950	\$ 2,775,112
Year 13	\$ 3,362,168	\$ 272,428	\$ 2,886,117
Year 14	\$ 3,496,654	\$ 283,326	\$ 3,001,561
Year 15	\$ 3,636,521	\$ 294,659	\$ 3,121,624
Year 16	\$ 3,781,981	\$ 306,445	\$ 3,246,489
Year 17	\$ 3,933,261	\$ 318,703	\$ 3,376,348
Year 18	\$ 4,090,591	\$ 331,451	\$ 3,511,402
Year 19	\$ 4,254,215	\$ 344,709	\$ 3,651,858
Year 20	\$ 4,424,383	\$ 358,497	\$ 3,797,933

St. Croix River Crossing – Pond Locations in Oak Park Heights - Map Created 11-7-11

Proposed Pond Locations : Source <http://www.dot.state.mn.us/metro/projects/stcroix/pdfs/status/Projectlayout-on%20aerial-7a-10.pdf>



ST. CROIX RIVER CROSSING PROJECT



LEGEND

- ROADWAY
- AGGREGATE ROADWAY & SHOULDERS
- BRIDGES & RETAINING WALLS
- RAISED MEDIANS & CURBS
- PAVED SHOULDERS
- TRAILS & SIDEWALKS
- RAILROAD REALIGNMENT
- CONSTRUCTION "BY OTHERS"
- PROPOSED PERMANENT PONDING LOCATION
- PROPOSED TEMPORARY PONDING LOCATION
- PROPOSED TRAFFIC SIGNAL (IF WARRANTED) OR ROUNDABOUT (IN WISCONSIN ONLY)

PRELIMINARY
NOT TO BE USED FOR CONSTRUCTION

SCALE
 0' 600' 1200' 2400'

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Eric Johnson

From: Chris Long [Chris.Long@bonestroo.com]
Sent: Monday, November 07, 2011 11:28 AM
To: Eric Johnson
Cc: Andrew Kegley
Subject: Trail Construction Cost Estimate - 5,000' Trail

Eric,

As requested, I put together some preliminary costs for construction of a 5,000' bituminous trail. Assuming this trail would be along the frontage road of TH-36, I roughly estimated 30 pedestrian ramps. These costs do not include engineering, legal, administrative. See the preliminary construction cost estimate below:

Trail Section Details

Depth of Subgrade Exc./Granular Borrow (inches)	12
Depth of Aggregate Base, CL. 5 (inches)	6
Depth of Bituminous (inches)	2
Trail Length (feet)	5,000
Trail Width (feet)	10

Item	Unit	Quantity	Unit Price	Amount
Mobilization	LS	1	\$ 8,000.00	\$ 8,000.00
Site Grading, incl. common exc. & drainage grading	LS	1	\$ 12,000.00	\$ 12,000.00
Subgrade Excavation, assuming 20% required	CY	444	\$ 10.00	\$ 4,444.44
Granular Borrow, assuming 20% required	TN	880	\$ 7.00	\$ 6,160.00
Aggregate Base, CL. 5, 100% Crushed	TN	2200	\$ 14.00	\$ 30,800.00
Top Course Mixture, Trail	TN	639	\$ 70.00	\$ 44,722.22
Pedestrian Ramp	EA	30	\$ 1,000.00	\$ 30,000.00
Total				\$ 136,126.67

Let me know if you need anything else. Thanks!

Chris Long, PE
Bonestroo, now Stantec
Tel 651-604-4808
Cell 651-492-7747
christopher.long@stantec.com
stantec.com

Bonestroo has joined Stantec, a professional services consulting firm recognized for its leadership in sustainability, depth and diversity of talent, and technical expertise.

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 Please consider the environment before printing this email.

Eric Johnson

From: Chris Long [Chris.Long@bonestroo.com]
Sent: Thursday, November 10, 2011 9:22 AM
To: Eric Johnson
Subject: TH-36 Frontage Road Life Cycle Costs

FRONTAGE ROAD LIFECYCLE COSTS

Eric,

Please see the estimated calculations shown below in regards to the frontage road maintenance costs anticipated over a 30 year life cycle. These costs were assuming the life cycle of a new street, with curb and gutter, and acceptable subgrade and aggregate base materials. This estimate was based on using 2011 construction costs. Let me know if you have any questions. Thanks

Frontage Road Section	Approximate Length (ft)
West of Oakgreen (South of TH-36)	2,280
Between Oakgreen and Osgood (South of TH-36)	4,250
East of Osgood to Beach Rd. (South of TH-36)	2,550
Between Olene and Osgood (North of TH-36)	1,340
Total Frontage Road Length	10,420

Typical 30 Year Schedule of Improvements:

Activity	Years after Construction	Cost/ft	Total Length (ft)	Cost
Crack Fill, Seal Coat/Joint Seal & Patching	5	\$7.00	10,420	\$72,940
Crack Fill, Seal Coat/Joint Seal & Patching Mill & Overlay	10	\$7.00	10,420	\$72,940
Crack Fill, Seal Coat/Joint Seal & Patching	15	\$45.00	10,420	\$468,900
Crack Fill, Seal Coat/Joint Seal & Patching	20	\$7.00	10,420	\$72,940
Crack Fill, Seal Coat/Joint Seal & Patching	25	\$7.00	10,420	\$72,940
Reclaim/Replacement of Pavement	30	\$100.00	10,420	\$1,042,000
Total 30 Year Life Cycle Costs				\$1,802,660

2011 COSTS ONLY

Estimated Annual Frontage Road Maintenance Costs = \$60,089

Chris Long, PE
Bonestroo, now Stantec
Tel 651-604-4808

Section 6

Appendix:

1. Executive Summary - Appraisal – BRKW – September 3rd, 2011
2. MNDOT Cost Estimates – Updated 2009
3. Tautges – Redpath 2004 Cost Impact Report
4. Bonestroo (Stantec) Utility Cost Analysis – Sept 9th, 2011.

BRKW APPRAISALS, INC.
REAL ESTATE VALUATION SERVICES

September 7, 2011

City Of Oak Park Heights
ATTN: Eric Johnson
City Administrator
14168 Oak Park Boulevard
Oak Park Heights, MN 55082

RE: Preliminary Appraisal of 6 Sample Properties (5 Commercial And 1 Apartment)
Minimum Value Impact Of 30-Foot Utility Easement Acquisition
Highway 36 Utility Relocation – St. Croix River Crossing
Oak Park Heights, Minnesota

Dear Mr. Johnson:

In accordance with the request of the City of Oak Park Heights, I am providing you with a preliminary appraisal addressing six sample properties located within the State Highway 36 corridor in Oak Park Heights. This appraisal is presented in a Summary Report format.

It is my understanding that the City of Oak Park Heights is investigating the potential costs associated with relocating existing water and sanitary sewer utilities out of the State Highway 36 right of way, which is controlled by MnDOT. One of the potential costs would be for acquiring 30-foot-wide permanent utility easements along the edges of properties fronting the Highway 36 right of way. The easements would be used to construct new utility lines to replace those in the right of way.

The purpose of this preliminary appraisal is to provide, for each of the six subject properties, an opinion of the loss in market value resulting from the acquisition by the City of Oak Park Heights of a 30-foot-wide utility easement. The value opinions are as of September 3, 2011, the date on which the subject properties and neighborhood were viewed by the appraiser. The intended use of the appraisal is to assist City of Oak Park Heights officials in approximating the cost that would be incurred to compensate property owners along Highway 36 for the City's acquisition of a utility easement needed to relocate underground water and sewer utilities out of the State Highway 36 right of way. The intended users are officials of the City of Oak Park Heights, which is the client of the appraisal.

Given the preliminary nature of the valuation needs by the City, and the intent of the City to apply the results of this appraisal to numerous properties in the area beyond the six sample properties, the opinions of market value loss are expressed as a range, rather than as single-point values. Furthermore, **the opinions of market value loss reflect only the value impact of the actual easement rights acquisition; they do not include the potential impact on site improvements in the acquisition area, nor do they address potential severance damage to the properties as a result of the easement and associated utility construction activity.**

Given the limited scope of valuation described above, the acquisition of the utility easement rights has the potential to impact only the land component of the subject properties, not the improvements located thereon. Consequently, this appraisal involves the valuation of the only the land components of the properties.

Based on my investigation, I have formed the opinion that the subject property land values and the impact of the easement acquisition on those land values, as of September 3, 2011, are as follows:

Property/Tax Parcel I.D. No.	Summary of Value Opinions Pertaining to Area of Proposed Utility Easements					
	Value/SF Before Easmt.		Value/SF After Easmt.		Value Reduction/SF Due to Easmt.	
	Low	High	Low	High	Low	High
1. Oak Park Plaza Retail Center 04-029-20-21-0007	\$10.50	\$13.50	\$6.80	\$8.80	\$3.70	\$4.70
2. NAPA-Anchored Multitenant Cmcl. Bldg. 04-029-20-21-0039	\$10.50	\$13.50	\$6.80	\$8.80	\$3.70	\$4.70
3. McDonald's 04-029-20-12-0009	\$12.00	\$16.00	\$7.80	\$10.40	\$4.20	\$5.60
4. Pizza Hut 04-029-20-12-0010	\$12.00	\$16.00	\$7.80	\$10.40	\$4.20	\$5.60
5. Office Building 04-029-20-11-0004	\$9.00	\$12.00	\$5.80	\$7.80	\$3.20	\$4.20
6. 3-Building Apartment Complex 04-029-20-11-0003	\$4.25	\$5.75	\$2.75	\$3.75	\$1.50	\$2.00

This appraisal assignment was not based on a requested minimum valuation or a specific valuation for approval of a loan. The opinion of market value identified in this report was developed independent of any undue influence.

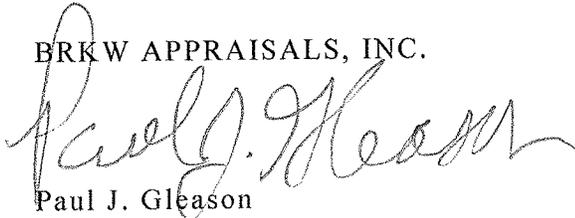
The value assumes all real estate taxes and special assessment balances, if any, have been paid in full. It is a gross value and no allowance was made for brokerage commissions, real estate taxes or other carrying costs associated with the property during the marketing period. No personal property is included in my opinion of market value.

This appraisal report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation.

The facts and information contained in this report were obtained from sources that are considered to be reliable and are true to the best of my knowledge and belief, but are not guaranteed. This appraisal report is contingent upon the assumptions and limiting conditions included within this report. Your attention is directed to the following report for the supporting data, analyses and conclusions that support the market value opinion.

Sincerely,

BRKW APPRAISALS, INC.



Paul J. Gleason

Certified General Real Property Appraiser

Minnesota License #4003073



Tautges Redpath, Ltd.

Certified Public Accountants and Consultants

~~2004~~
2004 STUDY

INDEPENDENT AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To The Honorable Mayor and
Members of the City Council
City of Oak Park Heights, Minnesota

We have performed the procedures enumerated below, which were agreed to by the City of Oak Park Heights, solely to determine the financial impact of the St. Croix River Bridge Project on the City of Oak Park Heights. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Determine loss of tax base due to parcels previously taken

Our previous reports (dated March 6, 1992 and June 2, 1995) identified specific parcels to be affected by this project. This was achieved by using specially prepared half-section maps containing the specific parcels with a "footprint" of the project.

Our 1995 report identified 98 parcels taken off the City's tax roll, due to MNDOT acquisitions. A summary is as follows:

	Total Market Value	Percentage of Total Market Value	Tax Capacity	Percentage of Total Tax Capacity
Property Taken Based on 1995 Plan	\$4,890,000	2.4%	\$69,300	1.1%

The above amounts are based on the City's 1994/95 total market value and tax capacity. The City has estimated that, based on a 5% annual market value growth rate, the 2004/2005 market value for these parcels would be \$7,585,994.

White Bear Lake Office: 4810 White Bear Parkway, White Bear Lake, Minnesota 55110, USA Telephone: 651 426 7000 Fax: 651 426 5004

Hastings Office: 1303 South Frontage Road, Suite 13, Hastings, MN 55033, USA Telephone: 651 480 4990 Fax: 651 426 5004

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Independent Auditor's Report on Applying Agreed-Upon Procedures
Page 2

Assuming that the tax capacity for these parcels grew at the same rate as the market value, the City has lost \$871,648 of tax capacity relating to these parcels from 1995-2005 as shown below:

<u>Year</u>	<u>Total Market Value</u>	<u>Tax Capacity ⁽¹⁾</u>
1994/1995	\$4,890,000	\$69,300
1995/1996 *	5,134,500	72,765
1996/1997 *	5,391,225	76,403
1997/1998 *	5,660,786	80,223
1998/1999 *	5,943,826	84,235
2000/2001 *	6,241,017	88,446
2001/2002 *	6,553,068	92,869
2002/2003 *	6,880,721	97,512
2003/2004 *	7,224,757	102,388
2004/2005 *	7,585,995	107,507
Cummulative loss of tax capacity - 1995-2005		<u>\$871,648</u>

* Estimated based on a 5% annual market value growth rate
⁽¹⁾ Based on 1994/1995 class rates



2. Determine loss of tax base due to proposed acquisition of additional parcels related to the planned improvement to State Highway 36.

The identification of specific parcels to be affected was based on maps containing the specific parcels with a "footprint" of the planned improvements to State Highway 36 (option F). Additionally, the impact on the City's tax base was determined using 2004/2005 market values as provided by the Washington County Auditor's office.

As stated above, our 1995 report identified 98 parcels affected by this project. Based on the planned improvements, an additional 200 parcels will be affected, either fully or partially. For purposes of this report, parcels that were partially affected were assumed to be fully taken from the tax base.

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The resulting loss in market value and tax capacity for the City of Oak Park Heights is as follows:

	Market Value	Tax Capacity
Property to be taken based on 2004 Plan ^{2010 Plan}	\$78,109,600	\$1,064,414
Total for City (payable 2004) ²⁰¹⁰	443,955,200	6,445,927
Percentage to be taken	17.594%	16.513%

City staff believe the acquisition of land by the state will not significantly affect the City's tax levy amount. However, the City's tax levy would be spread over a reduced tax base, which would increase the City's tax rate. An estimate of the change to the City's tax rate is as follows:

	Before State Acquisition of Property	After State Acquisition of Property
Tax capacity value (payable 2004):		
Real estate and personal property	\$6,445,927	\$5,360,752
Less: fiscal disparity contribution	(798,048)	(472,821)
Taxable value for local tax rate	<u>\$5,647,879</u>	<u>\$4,887,931</u>
Net tax levy:		
Gross tax levy - general	\$2,054,070	\$2,054,070
Less: fiscal disparity distribution	(112,203)	(112,203)
Net tax levy	<u>\$1,941,867</u>	<u>\$1,941,867</u>
Net tax levy	\$1,941,867	\$1,941,867
Divided by taxable value	<u>5,647,879</u>	<u>4,887,931</u>
Tax rate	<u>34.382%</u>	<u>39.728%</u>

Independent Auditor's Report on Applying Agreed-Upon Procedures
Page 4

Assuming the tax rates as presented above, a comparison of the City portion of property tax of various properties before and after the acquisition of parcels is as follows:

City Portion of Property Tax		
Property Type	Before State Acquisition of Property	After State Acquisition of Property
\$200,000 residential homestead	\$688	\$795
\$250,000 residential homestead	860	993
\$500,000 commercial	3,180	3,675
\$1,000,000 commercial	6,619	7,648

Note: Amounts are presented before reduction of state-paid credits.

3. Determine loss of connection charges on parcels proposed to be acquired.

The City has determined that 9 of the 200 parcels to be taken have future connection charges attributed to them. Because these properties will not be developed, the City will not collect connection charges on them. A summary of connection charges that would not be collected is as follows:

Type of Connection Charges	Amount
Water connection charges	\$167,825
Sewer connection charges	96,414
Storm water connection charges	212,521
Total connection charges	<u>\$476,760</u>

4. Determine utility relocation costs

Certain parcels being taken will require utilities located within them to be relocated. The cost of the relocation was estimated by the City's engineer and can be found in a separate document prepared by the City engineer.

5. How to fund such

as per 70% total.

Independent Auditor's Report on Applying Agreed-Upon Procedures
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Closing

The work performed by our firm is considered an "agreed-upon procedures" engagement under AICPA standards. In this type of engagement, our role is to perform procedures designed to determine the financial information requested by the City. The procedures we performed do not constitute an audit on the financial impact of the St. Croix River Bridge Project on the City of Oak Park Heights. Accordingly, we do not express such an opinion. Rather, we verified the financial information based on the procedures we performed. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Oak Park Heights and is not intended to be and should not be used by anyone other than those specified parties.

September 28, 2004

HLB Tautges Redpath, Ltd.

HLB TAUTGES REDPATH, LTD.
Certified Public Accountants



September 9, 2011

Mr. Eric Johnson
City of Oak Park Heights
14168 Oak Park Blvd. N.
P.O. Box 2007
Oak Park Heights, MN 55082

Re: Follow-up to meeting with MnDOT designers on 8/24/11
TH-36 Sanitary Sewer and Water Main Relocation (Outside MnDOT R.O.W.)
– Mapping and Cost Estimate Completed on 8/17/11
Bonestroo File No: 000055-11175-0

Dear Eric:

On August 24, 2011, a meeting was held at MnDOT's Waters Edge Building to discuss and compare the relocation study completed by Bonestroo on August 17, 2011, with the most current MnDOT design for the St. Croix River Crossing Project. Attendees included several MnDOT designers with Todd Clarkowski, along with Chris Long from Bonestroo.

The City of Oak Park Heights' sanitary sewer and water main utilities were reviewed along the TH-36 corridor during this meeting. The MnDOT designers provided several maps displaying the existing and proposed sanitary sewer and water main. The Bonestroo study was also provided and discussed.

Design Discrepancies

The distinct difference between the Bonestroo relocation study and the current MnDOT design was that not all the existing utilities within the MnDOT right of way were shown as being replaced or relocated in MnDOT's current design. Only utilities determined by MnDOT as impacted by the current design were shown as being relocated. The Bonestroo study identified relocating all existing utilities within a proposed City easement outside of MnDOT right of way.

Utility betterments were not included in the relocation study. The current MnDOT design does include betterments such as an additional water main crossing through TH-36. Utility betterments will need to be discussed further in the future as there appears to be differences in the location and sizing requirements for the betterments.

For the most part, the MnDOT right of way shown on the relocation study was consistent with MnDOT's maps. The only inaccuracy seen was the southern portion of the right of way shown on Figure 6 (northeast of Moelter Fly-Ash Site) of the relocation study. Although the right of way line in this location will need to be revised, the relocation study still accurately shows the proposed utilities outside the MnDOT right of way.

MnDOT's Proposed City Utility Relocation Areas

The proposed utility relocation areas by MnDOT were fairly consistent with the relocation study east of Osgood Avenue North, but only one relocation area has been determined required by MnDOT to the west. Key details to MnDOT's relocation areas are described below:

1. water main relocation at Oakgreen Avenue North - due to the required ponds for the proposed intersection layout
2. sanitary sewer east of Osgood Avenue North, and north of TH-36 - due to elevation changes to highway, the sanitary sewer needs to be lowered and relocated with a new crossing
3. water main east of Osgood Avenue North - due to elevation changes to the highway, all water main on the north and south side of TH-36 needs to be relocated
4. sanitary sewer east of Moelter Fly-Ash Site at Beach Road North - redirection of the sewer to the south and east of proposed highway and connection to the MCES interceptor
5. water main loop crossing the proposed highway and connecting to the Sunnyside Marina Area
6. sanitary sewer redirection on Lookout Trail North to the north and east with a connection to the Sunnyside Marina Area
7. water main relocation near the Beaudet Addition with a new crossing to the Sunnyside Marina Area

MnDOT's 2006 Cost Estimate vs. Relocation Study Estimate

Following the meeting, MnDOT provided cost estimates on August 29th from a 2006 study. The estimates were briefly reviewed and compared to determine any major deviations. Below shows the significant cost difference for the sanitary sewer and water main relocation:

Bonestroo Relocation Study (2011)	\$ 12,029,800
MnDOT's 2006 Cost Estimate (inflated by MnDOT to 2011)	\$ 1,766,525
Cost Difference	\$ 10,263,275

The primary difference in costs are due to the significant difference in the quantity of utilities being relocated. Since different methods of construction were assumed with different unit prices, it is difficult to compare both cost estimates. In efforts to compare "apples to apples", the percentage of MnDOT pipe was used to determine the costs with the type of construction the relocation study identified. .

Type of Pipe	Bonestroo Quantity (lineal feet)	MnDOT Quantity (lineal feet)	Percent of MnDOT Pipe	Bonestroo 2011 Cost Estimate	*Bonestroo Cost Estimate using MnDOT Quantity
Sanitary Sewer	14,490	3,310	23%	\$ 9,302,300	\$ 2,139,529
Water Main	17,150	5,795	34%	\$ 2,727,500	\$ 927,350
Total				\$ 12,029,800	\$ 3,066,879

Several other factors contributed to the cost difference as well:

- different pipe installation methods (open cut vs. tunneling, or ~\$35/ft vs.~ \$575/ft)
- no removals were considered or shown itemized in the cost estimate from the MnDOT study (the relocation study identified approximately \$550,000 for removals)
- water main jacking pipe quantity discrepancy (MnDOT showed 35% difference from relocation study)
- the reconnection to sanitary sewer and water services was not completed in the MnDOT cost estimate (the relocation study identified approximately \$200,000 for reconnections)

Recommendations and Comments

MnDOT needs to review in further detail the potential impacts the proposed highway and frontage roads will have on the existing utilities. It is recommended that MnDOT review and address the following items prior to considering which utilities are impacted and require relocation:

- 1. Aging Infrastructure** - the majority of the existing utilities within MnDOT right of way are approximately 30 to 40+ years old. Most of the water main is cast iron pipe (CIP) and the sanitary sewer is primarily reinforced concrete pipe (RCP). These utilities are more susceptible to additional maintenance or replacement in the future. Replacement or improvements (i.e., possibility of pipe lining where appropriate) to the infrastructure should be considered.
- 2. Utility Location Impacts** - for the most part, both the existing sanitary sewer and water main are located either beneath the frontage road, in the ditch section between the frontage road and TH-36, or in some areas below the edge or shoulder of the TH-36 roadway (sanitary sewer approximately 700' west of Oakgreen Avenue North). It is

MnDOT's policy to not leave any longitudinal utilities under any paved portion of the highway. These structures and pipe will be impacted during construction of the new roadway (i.e., possible pipe damage, stresses, or failures during compaction methods). Also, any maintenance or servicing in the future will be difficult if the utilities are not relocated.

- 3. Sustainable Infrastructure and Updating to Current Design Standards** - the infrastructure under the new roadways needs to be of durable materials and designed for a long service life with the current design standards. Future development needs should be discussed. The utilities need to be relatively free of routine maintenance and servicing due to the proximity to the highway.

The current MnDOT design adversely impacts the utilities within the MnDOT right of way. In considering the three items listed above with practical engineering economic practices, these utilities need to be relocated, replaced, or improved prior to placement of a new roadway constructed above and adjacent to these utilities.

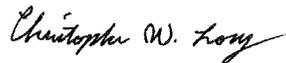
It is recommended that MnDOT review the above items and respond as to why the utilities are not planned to be relocated, replaced, or improved as part of their current design.

It should be the full intention of both parties to ensure the infrastructure is sustainable and will protect the large investment with the new roadways into the future. Additional discussions between MnDOT and the City need to occur in order to further understand the large discrepancy in utility relocation or replacement needs.

If you have any questions or require additional information, please feel free to contact me at (651) 604-4808.

Sincerely,

BONESTROO, INC.



Christopher W. Long, P.E.

Cc: Andy Kegley – Public Works Director, Betty Caruso - Finance Director, Mark Vierling – City Attorney; Bonestroo: Mark Hanson, Dave Hanson, Mike Nill, Mike Warner.