

Carlton County, Minnesota

Transportation Capital Improvement Plan (TCIP)

2020-2024

The Carlton County Transportation Capital Improvement Plan (TCIP) is a multi-year guide to the construction and/or improvement of county roads and transportation related facilities. Through the process of preparing and updating a capital improvements plan, the county meets the need for orderly maintenance of the physical assets of the county. This TCIP is intended to serve as a planning tool and is structured to present meaningful long-range perspective of the county's long-range capital needs. Minnesota Statutes, Section 373.40, allows counties to plan for and finance the "acquisition and betterment of public lands, buildings, and other improvements within the county for the purpose of a county courthouse, administrative building, health and social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, qualified indoor ice arena, road and bridges, public works facilities, fairground buildings, and records and data storage facilities, and the acquisition of development rights in the form of conservation easements."

The law requires that a capital improvements plan be prepared which must cover at least the five-year period beginning with the date of the plan adoption. The TCIP must set forth:

- The estimated schedule, timing and details of specific capital improvements;
- Estimated cost of the capital improvements identified;
- The need for the improvements; and
- The sources of revenues needed to pay for the improvements.

In preparing the plan, the County Board must consider for each project, and for the overall plan, the following factors:

- (1) the condition of the county's existing infrastructure, including the projected need for repair or replacement;
- (2) the likely demand for the improvement;
- (3) the estimated cost of the improvement;
- (4) the available public resources;
- (5) the level of overlapping debt in the county;
- (6) the relative benefits and costs of alternative uses of the funds;
- (7) operating costs of the proposed improvements; and
- (8) alternatives for providing services more efficiently through shared facilities with other counties or local government units.

The process for the five-year TCIP is as follows: The County Board authorizes the preparation of the TCIP. The County Engineer assembles all known capital projects necessary over the next five-year period. From this information, a preliminary TCIP is prepared. A public hearing is held to solicit input from citizens and other governmental units. Changes are made based on that input and a final project list is established. Amendments are presented to and approved by the County Board annually. Capital improvements are generally funded through these methods, alone or in combination: the county transportation sales tax, excise tax, wheelage tax, annual operating budget, use of fund balance, or borrowing.

The Carlton County TCIP has been created in accordance with the guidelines of Minnesota Statutes, Section 373.40. The TCIP covers all public improvement and building projects, with a useful life of five years or greater, currently anticipated to be undertaken by the county during the next five years. While cost estimates and proposed funding sources are identified for each general improvement area, the TCIP is not intended to provide a detailed or complete financing plan for each project. As the county prepares to undertake individual projects, the County Board will consider a specific finance program. The eight factors described above have been taken into consideration in preparing the TCIP, as reflected in the findings under “TCIP Policy Overview” and in the discussions of each project.

The TCIP will be revised and updated on an annual basis and used during the annual budget cycle. Changes to the priorities established in the plan should be expected. Changes can be caused by any number of things, including: changes in funding levels, opportunities for grants or other aids, delays in obtaining construction permits or necessary approvals, emergency needs or simply changes in community preferences.

TCIP Policy Overview

In adopting this TCIP, the county finds:

- The projects contained in the capital improvements plan are necessary to maintain the existing infrastructure of the county and to properly provide for the health, safety and general well-being of its residents.
- The proposed projects provide an adequate response to anticipated service demands in each area of operation.
- The county has considered the costs of the projects and the available financial resources and has determined that the projects are within the financial ability of the county. Further, the county has determined that failure to undertake the TCIP will create a greater financial burden through higher service cost alternatives and increase costs of future project options.

- The public improvement projects will result in lower operating costs by avoiding maintenance expense and by providing public services in a cost effective manner. The projects have been designed to keep operating costs at a minimum.
- The county has thoroughly reviewed the alternatives for undertaking the applicable projects through shared facilities with other counties or units of government. All of the proposed public facilities are an integral part of the services provided by Carlton County. Carlton County will participate in shared facility options when such options are found to be either efficient or cost effective.
- The TCIP is designed to make the most effective use of all financial resources available to the county, including county transportation sales tax, excise tax, wheelage tax, fund reserves, current budgeted revenue, grants, and borrowing. The county's goal is to strike a reasonable balance among all of its resources.
 - The debt proposed in the TCIP is within the statutory and financial capacity of the county. It will be impossible for the county to meet its public facility's needs in a timely manner without incurring debt.
 - The county will structure all necessary debt in a manner that makes the best use of its financial resources and minimizes the impacts on county residents.
- In preparing the TCIP, the county has considered the impacts on operating costs. Projects are designed to keep the increases in operating costs to a minimum. Increases in operating costs are balanced with the overall need to provide the improvement.
- The majority of the projects in the TCIP are financed without incurring debt. For those projects utilizing debt, borrowing is needed to provide the improvement in a timely manner and to spread the financial impacts over a period of years. These objectives outweigh the increase in county or overlapping indebtedness.
- The total estimated cost for the 2020 - 2024 TCIP is an estimated \$52,033,614. It is expected that the County will issue bonds in one or more series for the Barnum Maintenance Facility project included in the 2020 - 2024 TCIP in the amount of up to \$10,000,000.

Impact on Operating Budgets

Most TCIP projects are for transportation infrastructure, including repair, replacement and maintenance projects for roads and bridges, with periodic facility improvement and maintenance projects. Completion of scheduled improvements and maintenance will improve functionality and efficiencies. Providing funds will enable capital improvements to be scheduled as needed, over time, rather than waiting for an emergency situation which will cost more to correct.

Types of TCIP Long-Term Financing

General Obligation Bonds Authorized by Special Election: Minnesota Statutes, Chapter 475:

Allows general obligation bonds to be issued for building purposes in an amount up to the county's debt limit. This requires a vote of the public and must be approved by one vote more than 50% of those voting. The tax levy for debt service is spread on the basis of net tax capacity.

Capital Improvement Plan/Bonds: Minnesota Statutes, Chapter 373.40.

Allows counties to issue general obligation bonds for purposes defined in the Transportation Capital Improvement Plan. Once the TCIP has been approved, the county must hold a public hearing on its plans to issue bonds. The County Board must approve a sale of Capital Improvement Bonds by a 3/5th majority. The decision to issue capital improvement bonds is subject to “reverse referendum”. The county may issue the bonds unless a petition requesting a referendum signed by voters equal to 5% of the votes cast in the most recent general election is filed within the county auditor with 30 days following the public hearing.

The maximum annual debt service on all bonds issued under Section 373.40 cannot exceed .0012 times estimated market value.

Based on Proposed Payable 2020 Estimated Market Value:

$$2020 \text{ Maximum Annual Obligation} = .0012 \times \$3,176,301,100 = \$3,811,561$$

G.O. Capital Notes (M.S. Chapter 373)

Finance road construction, public safety, medical, and data processing equipment.

State Aid Bonds (M.S. Chapter 162).

State aid payments can be pledged to retire general obligation bonds sold to finance state aid road improvements.

Statutory Debt Limit

Minnesota counties have a debt limit equal to 3% of the estimated market value. This statutory limit applies to:

- General obligation bonds expected to be paid entirely from property taxes (not, for instance, to bonds which may have special assessments and/or revenues pledged to their payment)
- Lease purchase financing which is more than \$1,000,000 in size.

The calculation of Carlton County’s debt limit is as follows:

- Preliminary Estimated Market Value (Proposed Payable 2020)
 - $\$3,176,301,100 \times 3\% = \text{Gross Debt Limit of } \$95,289,033$
 - Less Outstanding Principal of G.O. Capital Improvement Refunding Bonds, Series 2016
= \$7,860,000

- Less Outstanding Principal of GO Capital Improvement Refunding Bonds, Series 2012
= \$1,105,000
- Total Net Debt Limit = \$86,324,033

See Attachment A for detailed information on the County’s outstanding debt.

Overlapping Debt

The level of overlapping debt to the County is approximately \$103,142,000 as of December 31, 2018.

See Attachment A for detailed information on the County’s overlapping debt.

Organization of the TCIP

The Carlton County Transportation Capital Improvement Plan (TCIP) lists the 5-year Transportation Improvement Plan as prepared by the County Engineer and adopted by the County Board. Each road project listed in the TIP contains a general description of the road improvement, engineer’s estimate of costs, and projected year of construction.

Financing County Road and Infrastructure Projects

Every year, the 5-year TCIP is reviewed for inclusion in the levy and budgeting process by the County Board.

The County is seeking to issue bonds for the following projects:

Year	Project	Total Estimated Cost
2020	Barnum Maintenance Facility	\$10,000,000

Estimated principal payments, term and debt payments related to the Barnum Maintenance Facility bond issuance are shown in Attachment B.

CARLTON COUNTY TRANSPORTATION CAPITAL IMPROVEMENT PLAN (TCIP) 2020 - 2024

2020 PROJECTS

1. Barnum Maintenance Facility \$10,000,000.00
2. CR 105, CSAH 5 to 1500' East, 0.28 miles Sealcoat & Striping
\$15,000.00
3. CR 107, CSAH 3 to Dead End, 0.4 miles, Sealcoat & Striping
\$20,000.00
4. CR 113, CR 114 to NCL, 1.5 miles, Grade/Drain \$1,135,500.00
5. CR 114, CSAH 9 to CR 113, 2.5 miles, Grade/Drain \$1,097,600.00
6. CR 114, CR 115 to CSAH 7, 0.5 miles, Sealcoat & Striping
\$26,000.00
7. CR 139, T 140 to CSAH 4, 2.5 miles, Culvert Repair, Sealcoat & Striping
\$112,000.00
8. CR 151, TH 210 to CSAH 61, 4.65 miles, FDR & Bituminous Surface
\$1,047,200.00

9. CSAH 1, Midway River, Bridge Replacement \$1,005,000.00
10. CSAH 1, TH 210 to Bridge 09504, 0.62 miles, Mill & Overlay
\$140,000.00
11. CSAH 4, TH 73 to I 35, 15.502 miles, Sealcoat & Striping
\$800,000.00
12. CSAH 4, I 35 to CSAH 5, 2.0 miles, Mill & Overlay \$403,200.00
13. CSAH 5, CSAH 4 to Nendick, 1.5 miles, Minor Grade Widening
\$535,500.00
14. CSAH 14, CSAH 5 to CSAH 7, 2.0 miles, Sealcoat & Striping
\$120,000.00
15. CSAH 21, TH 210 – South, 2.38 miles, Bituminous Surface
\$280,000.00
16. CSAH 27, CSAH 61 to CSAH 2, 2.0 miles, FDR \$616,000.00
17. CSAH 51, CSAH 3 to Wrenshall, 2.02 miles, Bituminous Surface
\$201,600.00
18. CR 696, TH 33 to CSAH 1, 4.2 miles, Bituminous Surface
\$470,400.00

2021 PROJECTS

1. CSAH 7, CSAH 4 to CR 115, 17.0 miles, Pavement Replacement
\$4,981,200.00
2. CR 113, CSAH 7 to NCL, 3.0 miles, FDR & Bituminous Pavement
\$1,276,800.00
3. CR 116, CR 119 to CSAH 1, 3.0 miles, Sealcoat & Striping
\$140,000.00
4. CR 117, TH 33 to NCL, 2.06 miles, Sealcoat & Striping
\$110,000.00

5. CR 119, CSAH 2 to NCL, 2.06 miles, Sealcoat & Striping

\$120,000.00

6. CR 144, Boundary Road to Town Hall Road, 1.4 miles, Sealcoat & Striping
\$155,000.00
7. CSAH 3, Tall Pine Lane to Cloquet Avenue, 1.51 miles, UG Utility & Streetscape
\$3,584,000.00
8. CSAH 5, CSAH 4 to Nendick, 1.5 miles, Bituminous Surfacing
\$588,000.00
9. CSAH 5, CSAH 14 to CSAH 7, 0.5 miles, Mill, FDR & Bituminous Surface
\$221,200.00
10. CSAH 6, Barnum City Limits to I 35, 0.95 miles, Sealcoat & Striping
\$85,000.00
11. CSAH 12, CR 132 to TH 27/73, 4.319 miles, Sealcoat & Striping
\$225,000.00
12. CSAH 13, I 35 to CSAH 6, 0.37 miles, Sealcoat & Striping
\$20,000.00
13. CSAH 52, CSAH 6 to CSAH 61, 0.32 miles, Sealcoat & Striping
\$25,000.00

2022 PROJECTS

1. CR 103, CSAH 6 to CSAH 4, 4.125 miles, Mill, FDR, Bit Surface
\$1,409,044.00
2. CR 114, CR 113 to Lockling Drive, 3.8 miles, Sealcoat & Striping
\$200,000.00
3. CR 121, TH 210 – South, 1.0 miles, Mill & Overlay \$246,400.00
4. CR 123, TH 73 - East, 1.0 miles, Grade/Stabilized Base
\$788,400.00
5. CR 128, TH 210 – South, 1.3 miles, Mill & Overlay \$347,200.00
6. CR 134, TH 27 – South, 3.0 miles, Sealcoat & Striping
\$150,000.00
7. CR 138, CSAH 8 to CSAH 61, 3.03 miles, Sealcoat & Striping
\$150,000.00
8. CR 142, CSAH 4 – North, 0.20 miles, Minor Grading
\$112,000.00
9. CR 152, CSAH 61 to CSAH 2, 2.0 miles, FDR & Bituminous Surface
\$616,000.00
10. CR 157, CSAH 6 to Miller Road, 3.5 miles, Sealcoat & Striping
\$180,000.00
11. CSAH 1, Wrenshall to Carlton, 2.11 miles, Sealcoat & Striping
\$105,000.00
12. CSAH 5, TH 210 to CSAH 26, 0.75 miles, Sealcoat & Striping
\$40,000.00
13. CSAH 6, Moose Horn River Bridge, Bridge 09503 Replacement
\$1,100,000.00
14. CSAH 61, Oja Road to ECL, 4.9 miles, 4 Lane, Culvert Replacement
\$800,000.00

2023 PROJECTS

1. CR 102, CSAH 4 – South, 0.95 miles, Cape Seal & Microsurface
\$80,000.00
2. CR 123, TH 73 – 1.7 miles SW, 1.7 miles, Sealcoat & Striping
\$90,000.00
3. CR 137, I 35 – East, 2.121 miles, Minor Grading \$112,000.00
4. CR 141, Old 61, 1.25 miles, Culvert repair, Mill & Overlay
\$291,200.00
5. CR 144, CSAH 61 to Boundary Road, 0.64 miles, Mill & Overlay
\$134,400.00
6. CSAH 2, TH 33 to CR 119, 1.85 miles, Sealcoat & Striping
\$95,000.00
7. CSAH 3, TH 45 to CSAH 26, 1.46 miles, Sealcoat & Striping
\$150,000.00
8. CSAH 4, TH 23 to ECL, 2.1 miles, Mill & Overlay \$425,600.00
9. CSAH 6, CSAH 5 to CSAH 3, 5.6 miles, Subgrade repair, Mill & Overlay
\$1,254,400.00
10. CSAH 8, CR 145 to McDowell Road, 3.42 miles, Sealcoat & Striping
\$180,000.00
11. CSAH 13, CASH 6 to CSAH 61, 2.04 miles, Sealcoat & Striping
\$90,000.00
12. CSAH 25, TH 210 to Magney Drive, 3.0 miles, Grade, Drain, Gravel Base
\$2,144,500.00
13. CSAH 55, Scanlon, 0.5 miles, Streetscaping \$504,000.00
14. CSAH 61, Oja Road to ECL, 4.9 miles, 4 Lane, Bituminous Surface
\$2,000,000.00

2024 PROJECTS

1. CR 118, CSAH 2 to NCL, 2.0 miles, Minor Grading/Bituminous Surface
\$1,785,000.00
2. CR 121, TH 210 – South, 1.0 miles, Sealcoat & Striping
\$65,000.00
3. CR 128, TH 210 – South, 1.3 miles, Sealcoat & Striping
\$75,000.00
4. CR 137, I 35 – East, 2.121 miles, FDR & Bituminous Surface
\$728,000.00
5. CR 152, CSAH 61 to CSAH 2, 2.0 miles, Sealcoat & Striping
\$100,000.00
6. CSAH 13, T 16 to CSAH 8, 1.2 miles, FDR & Stabilized Base
\$409,920.00
7. CSAH 13, CSAH 8 to I 35 Bridge, 3.2 miles, Mill & Overlay
\$645,120.00
8. CSAH 14, TH 33 to CSAH 45, 1.53 miles, Sealcoat & Striping
\$80,000.00
9. CSAH 25, TH 210 to Magney Drive, 3.0 miles, Bituminous Surface
\$1,176,000.00
10. CSAH 54, Scanlon, 0.63 miles, Grade, Storm Sewer, Streetscape
\$1,724,310.00
11. CSAH 61, Oja Road to ECL, 4.9 miles, 4 Lane, Sealcoat & Striping
\$493,920.00
12. CR 122, Cromwell, 1.0 miles, Grading \$200,000.00
13. CR 156, East of TH 73, 6.0 miles, Grading \$1,200,000.00

