



Request for City Council Committee Action From the Department of Public Works

Date: December 2, 2008

To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee

Referral to: Honorable Paul Ostrow, Chair Ways & Means/Budget Committee

Subject: **State of Minnesota, Department of Transportation (MnDOT) and the City of Minneapolis Routine Maintenance Agreement No. 91446**

Recommendation:

That the City Council pass a resolution authorizing the proper City Officials to sign and execute Agreement No. 91446 for the Biennial Routine Maintenance Agreement between the State of Minnesota, Department of Transportation and the City of Minneapolis, effective, July 1, 2007 through June 30, 2009.

Previous Directives:

- June 6, 2006: City Council authorized the proper City Officer to sign and execute an interim agreement, extending the Biennial Routine Maintenance Agreement (No. 84594) between the State of Minnesota, Department of Transportation and the City of Minneapolis, effective July 1, 2005 through June 30, 2007.
- December 15, 2003: Resolution 2003R-598 (Enter into an Agreement with the State of Minnesota Department of Transportation (MnDOT) to perform routine maintenance activities on State Trunk Highways in the City of Minneapolis, effective July 1, 2003 through June 30, 2005)

Prepared by: Paul W. Ogren, Public Works, (612) 673-2456

Approved by:

Steven A. Kotke, P.E., Director of Public Works, City Engineer

Presenters: Paul W. Ogren, Public Works

Reviews:

Permanent Review Committee (PRC):	Not Applicable
Civil Rights Affirmative Action Plan:	Not Applicable
Policy review Group (PRG):	Not Applicable

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget (If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Business Plan: Action is within the plan. Action requires a change to plan.
- Other financial impact (Explain):
- Request provided to department's Finance Dept. contact when provided to the Committee Coordinator

Background/Supporting Information

As afforded the opportunity by State Statute Section 471.59, MnDOT is given the authority to enter into agreements with the Cities of the First Class, for the routine maintenance of the State Trunk Highways within the City limits of these specific cities. The Cities of the First Class are Duluth, St. Paul, and Minneapolis.

Historically, the State of Minnesota and the City of Minneapolis have entered into Biennial Routine Maintenance Agreements in regard to the routine maintenance of certain portions of State Trunk Highways and Bridges within the corporate limits of the City of Minneapolis. As dictated by these agreements, the State of Minnesota is responsible for any extraordinary maintenance, betterments, construction, or reconstruction of the state trunk highways.

The previous agreement expired on June 30, 2007. Since before that time, the City of Minneapolis, in concert with the City of St. Paul, continued to negotiate with MnDOT for a more encompassing agreement to cover the State fiscal biennium. It is apparent to all the parties that there is a gap between what the two Cities expend performing routine maintenance on State Trunk Highways, and what the State has historically been paying for those services. There have been discussions regarding the history and actual service activities, level of service, long term targets, definitions, and options to the respective scopes of work. All the parties have also been gathering historical information regarding costs and expenditures and how that relates to the level of service provided.

The City of Saint Paul has a similar history of entering into biennium routine maintenance agreements with the State. In our discussions with Saint Paul staff, they have indicated that they recover the same costs per lane mile that Minneapolis does and agree that they also expend considerably more resources than the amount reimbursed.

From our dual negotiation with MnDOT, the following progress has been made to implementing changes to previous agreements:

- A Level of Service Long Term Target matrix has been completed, for both the City's and MnDOT, based on the standard MnDOT's Product and Services template.
- The City of St. Paul and Minneapolis have mutually agreed upon units of measure and actual unit costs for services.
- Virtually all signal and lighting electrical reference has been taken out of this agreement and will become a separate agreement currently under negotiation.
- Significant increase in reimbursement relative to previous agreements (past years shown below for reference) have been achieved :

- 2003 – 2004 = \$425,752.80
 - 2004 – 2005 = \$425,752.80
 - 2005 – 2006 = \$362,055.40
 - 2006 – 2007 = \$362,055.40
 - 2007 – 2008 = \$624,000.00
 - 2008 – 2009 = \$702,000.00
- A recognition by all the parties that the reimbursement does not match the City Level of Service Long Term Target, but that the State and City will continue to work toward a system where the amount of payment fully funds the jointly agreed upon Level of Service

Public Works recommends that MnDOT Agreement Number 91446, be executed in order for City forces to be paid for work to date and continue to provide routine maintenance services on State Trunks Highways in Minneapolis. This agreement shall remain in effect until a new agreement is negotiated to replace it, or until it expires on June 30, 2009. During the interim, the City's (both Minneapolis and St. Paul) staff and MnDOT will continue to pursue discussions regarding service, resources, method of determining adequate payment, cost reporting format, and continue to build off the progress made to date.

Cc: Steve Kotke
Heidi Hamilton
Dick Smith
Mike Kennedy
Jon Wertjes
Lynn Gustafson

Colvin Roy and Ostrow

Resolved by the City Council of the City of Minneapolis:

That the City of Minneapolis enters into MnDOT Agreement No. 91446 with the State of Minnesota, Department of Transportation to provide routine maintenance by the City on State Trunk Highways, Bridges, and the Hiawatha Tunnel, as defined in said Agreement.

Be it Further Resolved that the Director of Public Works/City Engineer and the Finance Officer are authorized to execute the Agreement.