



Capital Improvement Plan 2011 – 2015

Attachment A to Todd County Board Action #20110118-15

The Todd County Capital Improvement Plan (CIP) is a multi-year guide to the construction, improvement and maintenance needs of county facilities, acquisition of equipment and county roads. Through the preparation of this plan, the County is ensuring orderly maintenance of the County's facility and equipment needs. This CIP is intended as a planning tool and is not authorization of work or acquisition. 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 services facility, correctional facility, jail, law enforcement center, hospital, morgue, park, qualified indoor ice arena and roads and bridges."

The law requires that a Capital Improvement Plan be prepared which must cover at least the five-year period beginning with the date of the Plan adoption. The CIP 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 availability of 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.

Approval of the CIP and annual amendments must be approved by the County Board after a noticed public hearing. The Todd County Capital Improvement Plan has been created in accordance with the guidelines of Minnesota Statutes, Section 373.40. The CIP 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 CIP 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 CIP, as reflected in the findings under "CIP Policy Overview" and in the discussions of each project.

The CIP will be revised and updated on an annual basis as needed and used during the annual budget cycle. Revisions to the plan will only be done after a public hearing is held to take public comment. Changes to the priorities established in the plan should be expected. Changes can be caused by reductions in funding levels, opportunities for grants or other aids, delays in obtaining construction permits or necessary approvals, emergency needs or changes in community preferences.

Capital Improvement Policy Overview

In adopting the capital improvements program, 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 CIP 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 Todd County. Todd County will participate in shared facility options when such options are found to be either efficient or cost effective.
- The CIP is designed to make the most effective use of all financial resources available to the county, including 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 CIP 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 CIP, 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 CIP 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 2011 – 2015 CIP is: \$12,322,500

Impact on Operating Budgets

All capital equipment purchases in the plan have been approved by the County Board on the premise that there will be little or no impact on operating budgets. Funding for capital improvements projects, capital equipment and various repair projects is provided within the existing levy, and special levy outside of levy limits for debt service relating to capital improvements included in the five-year capital improvements plan or reserves.

Most CIP regular projects are repair/replacement and maintenance projects. These projects should help improve operating efficiencies and offset increased costs for operations and repairs. Replacing equipment on a scheduled basis also results in reduced maintenance costs of the old equipment and can provide enhanced performance due to new equipment technology. Completion of scheduled building maintenance improvements will extend the lives of the buildings. Providing funds for building improvements annually 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 CIP 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 market value (rather than net tax capacity, as all other options require).

Courthouse Bonds: Minnesota Statutes, Section 375.18

Allows general obligation bonds to be issued for courthouse improvements without a hearing or election up to .004030 times market value. In 2010 this was: \$9,414,403

Capital Improvement Plan/Bonds: Minnesota Statutes, Chapter 373.40

Allows counties to issue general obligation bonds for purposes defined in the Capital Improvement Plan. Once the CIP 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 taxable market value. Maximum 2010 debt service: \$2,803,296

Jail Bonds: Minnesota Statutes, Section 641.23

Allows the county to issue general obligation bonds authorized by Board resolution with project approval by the Commissioner of Corrections. These bonds may be issued for jail and other law enforcement facilities.

- Jail/law enforcement facility financing may also be accomplished under Minnesota Statutes, Section 641.24, with bonds of a city within the county or a county housing and redevelopment authority that are backed by a general obligation lease-purchase agreement. The city or authority enters into a lease purchase agreement with the county, and the county (as lessee) makes payments over a period of time to the lesser in an amount sufficient to cover the bond principle and interest. Annual rentals may not exceed one-tenth of one percent of market value.

Annual Appropriations Lease-Purchase Financing (HRA Bonds)

This form of financing requires a lease-purchase agreement between the county and the "lessor" who can be an HRA, and EDA, or other entity, which owns the facility during the time lease payments, are being made to

cover the principal and interest on the bonds. At the end of the payments, the county becomes the owner of the facility.

- This is considered “debt” for debt limit purposes if the principal amount is more than \$1,000,000, and does not require an election. Debt service levies are special levies under the category “bonds of another governmental unit” of an HRA or EDA is used. The bonds are not general obligations of the county but rather are subject to annual allocation.

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.

Dedicated Funds

Recorder’s Technology Fund

The Recorder’s Technology fund is allowed by Minnesota Statute – 357.182 Subd. 7 and was authorized by the County Board of Commissioners. Current fund balance as of November 2010 is: \$233,390

357.182 Subd. 7. Restriction on use of recording fees.

Notwithstanding any law to the contrary, for county budgets adopted after January 1, 2006, each county shall segregate the additional unallocated fee authorized by sections [357.18](#), [508.82](#), and [508A.82](#) from the application of the provisions of chapters 386, 507, 508, and 508A, in an appropriate account. This money is available as authorized by the Board of County Commissioners for supporting enhancements to the recording process, including electronic recording, to fund compliance efforts specified in subdivision 5 and for use in undertaking data integration and aggregation projects. Money remains in the account until expended for any of the authorized purposes set forth in this subdivision. This money must not be used to supplant the normal operating expenses for the office of county recorder or registrar of titles.

Recorder’s Compliance Fund

The Recorder’s Technology fund is allowed by Minnesota Statute – 357.18 Subd. 4 and was authorized by the County Board of Commissioners. Current fund balance as of November 2010 is: \$219,349

357.18 Subd. 4. Technology fund.

The \$10 fee collected under subdivision 1, clause (1), shall be deposited in a technology fund for obtaining, maintaining, and updating current technology and equipment to provide services from the record system. The fund shall be disbursed at the county recorder's discretion to provide modern information services from the records system. The fund is a supplemental fund and shall not be construed to diminish the duty of the county governing body to furnish funding for expenses and personnel necessary in the performance of the duties of the office pursuant to section [386.015, subdivision 6](#), paragraph (a), clause (2), and to comply with the requirements of section [357.182](#).

Building Improvement Fund

The Building Improvement fund was created by action of the County Board and has a current balance of: \$146,150.95

Statutory Debt Limit

Minnesota counties have a debt limit equal to 3% of the taxable market value (for obligations issued after June 30, 2008). This statutory limit applies to the following:

- 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 Todd County's debt limit is as follows:

- Taxable Market Value (2010) x 3% = Gross Debt Limit of \$70,082,403
- As of November 2010 Outstanding Bonds
 - Jail bonds – \$1,555,000

Organization of the CIP

The Todd County Capital Improvement Plan (CIP) is divided into three sections. The first section of the CIP is a 5-year projection of county facility needs and improvements. This section provides a general description of all county facilities, scheduled facility maintenance or improvements, estimates of improvement costs, general funding sources and projected year of construction. Included in this section is the proposed remodels of both the Courthouse Square and Historic Courthouse building projects to be completed during the coming 5-year period.

The second section of the CIP lists all capital equipment purchases proposed for the budget years included in this plan. The equipment needs are organized by year to facilitate review and authorization of the expenditures during the annual budget cycle. A brief description of the proposed equipment purchase is provided, notation of whether the equipment is an addition or replacement to the department asset list, and the estimate of the cost.

The next section lists the 5-year County Road Transportation Improvement Plan as prepared by the County Engineer and adopted by the County Board. Each road project listed contains a general description of the road improvement, engineer's estimate of costs, general funding sources and projected year of construction.

County Facilities

| Year | Project | Approximate Cost (\$) | Funding Source |
|-------------------------------------|---|----------------------------------|----------------------------|
| 2011 | Acquire Staples Office Space | 350,000 | CPA |
| 2011 | Renovation of Social Services/Public Health Buildings - shared entrance, open spaces, windows, necessary updates to heating and cooling systems, carpeting. | 250,000 | CPA GO Bonds, reserves, |
| 2011 | Renovate and Restore Historic Courthouse | 4,300,000 | grants |
| 2012 | Repainting - New Courthouse interior | 5,000 | CPA |
| 2012 | New Courthouse hallway upgrades - improve security | 10,000 | CPA |
| 2012 | Landscaping - Shrubbery, reinforcing rock wall, sidewalks, etc. | 10,000 | CPA |
| 2012 | Transition from paper towels to blow dryers in all buildings | 20,000 | CPA |
| 2012 | Jail Boilers | 40,000 | CPA |
| 2012 | Acquire materials necessary for 911 signing upgrade | 60,000 | CPA |
| 2012 | Northern Shop - Cold Storage Facility | 80,000 | CPA |
| 2012 | Peaked, Vented Roof on new courthouse, re-shingle current roof | 100,000 | CPA |
| 2012 | Updates to Solid Waste facility - traffic control in to the facility, efficiency updates | 200,000 | SW Reserves |
| 2012 | Renovation of Social Services/Public Health Buildings - shared entrance, open spaces, windows, necessary updates to heating and cooling systems, carpeting. | 500,000 | CPA |
| 2013 | Annex I Roof | 50,000 | CPA |
| 2013 | Long Prairie Shop - Parking Lot Overlay | 60,000 | CPA |
| Buildings Improvements Total | | \$ 6,035,000 | |

Capital Equipment

Technology Equipment

| Year | Project | Approximate Cost (\$) | Funding Source |
|--------------------------------------|--|----------------------------------|------------------------------------|
| 2011 | Technology upgrades - Flat screens, virtualized servers | 25,000 | CPA |
| 2011 | Scheduled Technology Upgrades - replacing systems in accordance with the County replacement policy | 45,000 | Levy Recorder's Funds |
| 2011 | E-Recording | 100,000 | Grant, Levy, E-911, Reserves |
| 2011 | 800 MHz Upgrade - ARMER System | 895,500 | Reserves |
| 2012 | Scheduled Technology Upgrades - replacing systems in accordance with the County replacement policy | 30,000 | Levy |
| 2013 | Scheduled Technology Upgrades - replacing systems in accordance with the County replacement policy | 26,000 | Levy |
| 2014 | Scheduled Technology Upgrades - replacing systems in accordance with the County replacement policy | 27,000 | Levy |
| 2015 | Scheduled Technology Upgrades - replacing systems in accordance with the County replacement policy | 28,000 | Levy |
| Technology Improvements Total | | \$ 1,176,500 | |

Heavy Equipment and Vehicles

| Year | Project | Approximate Cost (\$) | Funding Source |
|------------------------|--|----------------------------------|-----------------------|
| 2011 | Skid Loader | 15,000 | SW Equip Repl Fund |
| 2011 | Pickup Replacement | 30,000 | Lease |
| 2011 | Pickup Replacement | 30,000 | Lease |
| 2011 | Pickup Replacement | 30,000 | Lease |
| 2011 | Motor Pool - Vehicle Purchases (up to 4) | 40,000 | Levy |
| 2011 | Transfer Station Compactor | 40,000 | SW Equip Repl Fund |
| 2011 | Motorgrader Replacement | 175,000 | Lease |
| 2011 | Motorgrader Replacement | 175,000 | Lease |
| 2012 | Mower Replacement | 20,000 | Levy |
| 2012 | Mower Replacement | 20,000 | Levy |
| 2012 | Motor Pool - Vehicle Purchases (up to 4) | 40,000 | Levy |
| 2012 | Tractor Replacement | 75,000 | Levy |
| 2012 | Plowtruck Replacement | 195,000 | Lease |
| 2013 | Skid Loader | 16,000 | SW Equip Repl Fund |
| 2013 | Pickup Replacement | 35,000 | Lease |
| 2013 | Motor Pool - Vehicle Purchases (up to 4) | 40,000 | Levy |
| 2013 | One-Ton Truck Replacement | 65,000 | Lease |
| 2013 | Plowtruck Replacement | 200,000 | Levy |
| 2014 | Pickup Replacement | 30,000 | Levy |
| 2014 | Motor Pool - Vehicle Purchases (up to 4) | 40,000 | Levy |
| 2014 | Plowtruck Replacement | 200,000 | Levy |
| 2014 | Plowtruck Replacement | 205,000 | Levy |
| 2015 | Motor Pool - Vehicle Purchases (up to 4) | 40,000 | Levy |
| 2015 | Suburban Replacement | 40,000 | Levy |
| 2015 | Plowtruck Replacement | 205,000 | Levy |
| 2015 | Plowtruck Replacement | 210,000 | Levy |
| Equipment Total | | \$ 2,211,000 | |

County Road Projects

| Year | Project | Approximate Cost (\$) | Funding Source |
|--------------------------|---|----------------------------------|-----------------------|
| | County Road #55 - Mill & Bituminous Overlay | | |
| 2011 | Project | 80,000 | CPA |
| 2011 | County Road #57 - Bituminous Surfacing Project | 550,000 | CPA |
| 2012 | Various County Roads - Gravel Application Project | 200,000 | CPA |
| 2012 | County Road #94 - Bituminous Overlay Project | 400,000 | CPA |
| 2013 | County Road #63 - Bituminous Overlay Project | 130,000 | CPA |
| 2013 | County Road #62 - Bituminous Overlay Project | 180,000 | CPA |
| 2013 | County Road #64 - Bituminous Overlay Project | 180,000 | CPA |
| | County Road #76 - Bridge #89958 Bridge | | |
| 2014 | Replacement | 20,000 | CPA |
| 2014 | County Road #89 - Bituminous Overlay Project | 250,000 | CPA |
| 2014 | County Road #79 - Bituminous Overlay Project | 330,000 | CPA |
| 2015 | County Road #91 - Bituminous Overlay Project | 120,000 | CPA |
| 2015 | County Road #61 - Bituminous Overlay Project | 150,000 | CPA |
| 2015 | County Road #92 - Bituminous Overlay Project | 150,000 | CPA |
| 2015 | County Road #106 - Bituminous Overlay Project | 160,000 | CPA |
| County Road Total | | \$ 2,900,000 | |