



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

Date: June 6, 2006
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Referral to: Honorable Paul Ostrow, Chair Ways & Means/Budget Committee

Subject: Amendment to State of Minnesota, Department of Transportation (MnDOT) and the City of Minneapolis Routine Maintenance Agreement No. 84594

Recommendation:

a.) That the City Council authorize the proper City Officials to sign and execute the Amendment to Agreement No. 84594 for the Biennial Routine Maintenance Agreement between the State of Minnesota, Department of Transportation and the City of Minneapolis, effective, July 1, 2005 through June 30, 2007.

Previous Directives:

- 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, Director, Field Services, (612) 673-2456

Approved by:

Steven A. Kotke, Acting City Engineer/Director of Public Works

Presenters: Paul W. Ogren, Director, Field Services

Permanent Review Committee (PRC) Approval _____ Not applicable X

Policy review Group (PRG) Approval _____ Not applicable X

Financial Impact (Check those that apply)

 X 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

Under the authority of State Statute section 471.59, MnDOT enters into agreements with cities of the first class for routine maintenance of the state trunk highways within the city limits. The cities of the first class are Minneapolis, St. Paul, and Duluth.

Historically the State of Minnesota and the City of Minneapolis have entered into biennial routine maintenance agreements for 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, 2005. Early in 2005 the City and State initiated negotiations for an agreement to cover the current State fiscal biennium. It is apparent that there is a gap between what the City expends performing routine maintenance on State trunk Highways, and what the State has been paying for those services. Because both parties were unable to agree to new terms immediately, a new agreement has not yet been executed. The negotiations between the State and the City have included history and actual service activities, level of service definitions and options to respective scopes of work. Both parties have also been gathering historical information regarding costs and expenditures.

We agree with MnDOT that routine maintenance should continue under an interim agreement. This interim agreement would allow MnDOT to continue to provide payment to the City at the previous rates while negotiations and discussions continued. MnDOT has requested that this interim agreement be executed prior to the end of their fiscal year that ends June 30, 2006, so that the first year payments are made during the first year.

While our interim negotiations have been taking place with the State, we are planning for the next biennial agreement. We intend to partner with the City of St. Paul, which has a similar history of entering into routine maintenance agreements with the State. In our discussions with St. Paul staff, they indicate that they recover the same costs per lane mile that Minneapolis does and agree that they also expend considerably more than that amount. They have executed a 2005 – 2007 agreement at the previous rates, but are interested in collaborating with Minneapolis to identify more equitable reimbursements and rates, and are willing to pursue simultaneous negotiations in the future.

Public Works recommends that an interim agreement in the form of the amendment to Agreement No. 84594, be executed in order for City forces to be paid for work to date and continue to provide routine maintenance services on State trunk Highways in Minneapolis, at levels that more closely match the contract payment amounts. This interim agreement shall remain in effect until a new agreement is negotiated to replace it, or until it expires on June 30, 2007. During the term of this interim agreement, City staff will continue to negotiate with MnDOT to identify service activities as well as appropriate service level descriptions, and fair and reasonable methodology for payment of services rendered.

Att.: Amendment No. 1 to MnDOT Contract No. # 84594

Cc: Steve Kotke, Public Works
Dick Smith, Public Works
Paul Ogren, Public Works
Mike Kennedy, Public Works
Jon Wertjes, Public Works
Sue Hartman, Public Works