

RESOLUTION No. 18-179

WHEREAS, on July 30, 2018, County staff working on the Lake Zumbro dredging project opened bids for the project and determined that the lowest responsible bid was provided by J.F. Brennan Company, totaling \$8,871,265. The bid amount, compared to the amount of the project budget available for construction, \$6,771,200, results in a shortfall of approximately \$2,100,000.

WHEREAS, the project engineering staff, through discussions with the contractor, indicated potential savings of approximately \$1,000,000 may be achieved, thereby decreasing the budget shortfall amount to about \$1,100,000; and

WHEREAS, project staff will talk with project funders to determine if additional contributions may be made to the project budget, in the amount proportional to existing contributions; and

WHEREAS, based on the assumptions described above, the breakdown of additional funding sought is as follows:

Funder Sought	Current Amount	Percentage of Budget	Additional Amount
Local Assessments	\$1,617,000	46.2%	\$508,230
RPU	\$1,167,000	33.3%	\$366,793
Lake Zumbro Forever	\$216,000	6.2%	\$ 67,890
Olmsted County	\$400,000	11.4%	\$125,722
Wabasha County	\$100,000	2.9%	<u>\$ 31,430</u>
			<b>TOTAL:</b>

**\$1,100,000;** and

WHEREAS, since that time, County staff has continued to work to reduce the cost of the project and believes it may be possible to decrease the budget shortfall further, by approximately \$309,000, dependent upon the results of ongoing discussions with the contractor and potentially reducing the amount of dredging to be done. Also, Wabasha County has committed to providing an additional \$31,430 in project funding, contingent upon corresponding contributions from the other project funders, and Lake Zumbro Forever has committed to providing an additional \$67,890 in project funding. Finally, County staff has a meeting scheduled with Rochester Public Utilities (RPU) on August 28, concerning an additional contribution to the project; and

WHEREAS, County staff respectfully requests that the County Board authorize an additional contribution in the amount of \$125,722 to make more funding available for dredging; this amount is in addition to \$400,000 allocated toward the project through Resolution 15-065, plus \$640,000 allocated in early 2018 to acquire land near the lake to spread the dredged spoils. However, when the County acquired the land, the Lake Zumbro Joint Powers Board agreed to pay rent to the County for a period of 5 years for use of the land to dispose of dredged spoils. Typical farmland rental rates were applied and the County will also have an asset when the lease expires, one which may be resold for use as farmland allowing the County to recoup its original investment; and

WHEREAS, data provided by the Olmsted County Assessor's Office suggests residential housing values on Lake Zumbro have increased roughly 10% in the past 6-7 years. Investment in the lake dredging project is expected to make the lake more attractive

for recreational use and spur new residential housing construction on currently undeveloped areas around the lake. If this occurs, new property tax revenues would flow to both Olmsted County and Wabasha County, resulting in another potential return on this investment.

NOW, THEREFORE, BE IT RESOLVED, that the Olmsted County Board of Commissioners hereby allocates an additional \$125,722 toward the cost of the Lake Zumbro dredging project, beyond the original \$400,000 allocated through Resolution 15-065 and \$640,000 allocated in early 2018 for the cost of the land to spread the dredged spoils. The County Finance Department and the County Attorney's Office are authorized to take the necessary steps for the preparation and signing of the required documents to allow for the transfer of funds to the project budget, to be used by the Olmsted-Wabasha Joint Powers Board in connection with the project.

Dated at Rochester, Minnesota this 4<sup>th</sup> day of September, 2018.

OLMSTED COUNTY BOARD OF COMMISSIONERS



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Sheila Kiscaden, Chairperson

ATTEST:



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Laura Blatti, Deputy Clerk to the County Board