

RESOLUTION NO. R24-21

A RESOLUTION OF THE CITY COUNCIL APPROVING A COMMITMENT OF FUNDING FOR THE COMPLETION OF THE WEST RAILROAD STREET PROJECT.

BE IT RESOLVED by the City Council of the City of Laurel, Montana,

Section 1: Approval. The Montana Department of Transportation Memorandum regarding estimated costs of completion for the West Railroad Street Project (hereinafter “the MDT Memorandum”), a copy attached hereto and incorporated herein, is hereby approved.

Section 2: Execution. The Mayor is hereby given authority to execute the MDT Memorandum on behalf of the City.

Section 3: City Obligations. The City hereby agrees that it will commit to a funding addition up to and including the amount of \$2,737,319.00 for the completion of this project. The City further understands and agrees that payment is not required until an estimated sixty days before bid letting.

Introduced at a regular meeting of the City Council on the 26th day of March, 2024, by Council Member Mackay.

PASSED and APPROVED by the City Council of the City of Laurel the 26th day of March, 2024.

APPROVED by the Mayor the 26th day of March, 2024.



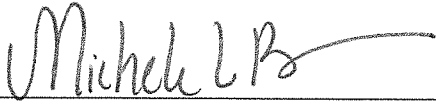
CITY OF LAUREL

Dave Waggoner, Mayor

ATTEST:

Kelly Strecker, Clerk-Treasurer

APPROVED AS TO FORM:

Handwritten signature of Michele L. Braukmann in black ink, featuring a stylized 'M' and 'B' with a long horizontal flourish extending to the right.

Michele L. Braukmann, Civil City Attorney



Memorandum

To: Laurel City Council Members

From: Thaddeus Lesnik, P.E.
Consultant Design Project Engineer

Date: February 29, 2024

Subject: STPU 6902(5)
West Railroad Street - Laurel
UPN 10121000

Summary

The estimated cost for the completion of this project including design, utility involvement, R/W involvement, construction, and construction administration is \$10,437,319. The project is currently funded to an estimated amount of \$7,700,000. A \$2,737,319 funding addition is necessary for the completion of this project. An agreement to show commitment to this amount is required, but payment is not required until an estimated sixty days before bid letting.

Preliminary Cost Estimate

Please see January 16, 2024 memo and January 25, 2024 update for original project cost table totaling \$10,437,319.

Sanderson Stewart prepared an estimate of project cost by dividing the project area into two regions: S. 8th Ave to S. 5th Ave. (west segment) and S. 5th Ave to S. 1st Ave. (east segment). To provide a cost of project splits for comparison, I am going to proportion cost of IC, and R/W based on the CN cost. These proportions are academic only, splits of MDT's urban funding are not actually anticipated and have not been explored.

Total Project Construction Cost:

West Railroad Street - S. 8th Ave. to S. 1st Ave. (0.5 miles) = \$5,846,000 (from January 16 memo)

Split Construction Costs (from Sanderson Stewart spreadsheet):

West Railroad Street - S. 8th Ave. to S. 5th Ave. (0.2 miles) = \$2,396,000

West Railroad Street - S. 5th Ave. to S. 1st Ave. (0.3 miles) = \$3,450,000

Calculating proportion, \$2,396,000 (west segment) divided by \$5,846,000 (total) equals 41% (rounded).

Preliminary Cost Estimate (with estimated division)

Costs			
	Complete	8th to 5th (west)	5th to 1st (east)
Project Engineering & Design (PE) **	\$1,400,000	\$574,000	\$826,000
Construction Cost (CN)	\$5,846,000	\$2,396,000	\$3,450,000
Administration during construction (CE)	\$672,000	\$275,000	\$397,000
Utility Relocation Costs (IC)	\$375,000	\$154,000	\$221,000
Right of Way (Temp, Easement, etc.) ***	\$50,000	\$21,000	\$29,000
Total of costs above:	\$8,343,000	\$3,420,000	\$4,923,000
Inflation (~10.2%)	\$848,017	\$347,687	\$500,330
MDT IDC (13.56%)	\$1,246,302	\$510,898	\$735,404
Total Costs	\$10,437,319	\$4,278,585	\$6,158,734

** The costs above noted with are estimated due to the current (early) development. Future funds may need to add effort for plan development currently not scoped between MDT and Sanderson Stewart.

*** The R/W phase cost may be unnecessary if no R/W, easements, or construction permit are required.

Laurel City Council Funding Discussion

STPU 6902(5), West Railroad Street - Laurel, UPN 10121000
EPS Project Manager: Thaddeus Lesnik

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The estimated 2026 STPU funds used for calculation will be \$5,200,000 (per January 16 memo). PE costs are being spent and reducing STPU so balance at time of letting will be reduced by the cost of PE; the available funds will cover CN, CE, IC, R/W, etc. because PE will not remain.

To spend money on paper and estimate the deficit, assume the project from S. 8th Ave. to S. 5th Ave. is funded using the currently committed Laurel funds of \$2,500,000 and STPU funds. Continuing the exercise, (west segment cost) subtract (current Laurel funds) equals (the amount of STPU fund to be used). The remaining STPU funds will be used for the east segment. Putting numbers to this, \$4,278,585 subtract \$2,500,000 = \$1,778,585 of STPU funds for the west segment. (Remaining STPU funds) equals (2026 STPU) subtract (used funds) = \$5,200,000 subtract \$1,778,585 = \$3,421,415

An amount of funding shortfall for the S. 5th Ave. to S. 1st Ave cost can be calculated as (east segment cost) subtract (Remaining STPU funds). Putting values to this, \$6,158,734 subtract \$3,421,415 = \$2,737,319 shortfall of completing the project.

STPU funds (up to five years of current allocation) can be borrowed against at time of letting, but not included to justify less than sufficient funding at time of planning/designing a project. Rounding up of the funding is suggested so borrowing against the STPU funds can be used for a stop-gap without exploring a funding amendment if contractor bids exceed this currently estimated value. Per the current funding and maintenance agreement local dollars are not expected until billed by MDT approximately sixty days before bid letting.

DRAFT