

Renville County, Minnesota Capital Improvement Plan 2026-2031



I. Introduction

In 1988 the Minnesota State Legislature passed Minnesota Statutes 373.40, (the “Act”) which generally exempts county bonds issued under a Capital Improvement Plan (“CIP”) from the referendum requirements sometimes required for bonding projects.

Under the Act, Renville County can issue bonds in an amount such that annual principal and interest payments do not exceed 0.12% of that year’s estimated market value (EMV). For collections in 2026, Renville County’s EMV is \$7,522,225,100. Therefore, the annual debt service amount on all outstanding bonds issued pursuant to the Act and those to be issued as part of this CIP cannot exceed \$9,026,970 per year.

The County has specific capital improvements that are needed which will be described in this plan. Based on the capital needs and the opportunity to utilize the CIP program, 2026 is a favorable time to take advantage of the financing option the program offers.

II. Purpose

A capital improvement is a major expenditure of County funds for the improvement or acquisition of physical facilities that would have a life of 5 years or more, purchase of major equipment or for the improvement and maintenance of roads. A CIP is a document designed to outline major capital improvement projects and to project the time schedule in which County funds will be spent on these projects. Planning for these major expenditures allows the County to finance the projects in the most efficient and cost-effective method. A CIP also allows the matching of costs with anticipated revenue. As potential projects are reviewed, the County considers the benefits, costs, alternatives and impact of operating costs.

Renville County believes that completing the CIP is an important element of responsible fiscal management.

Since the CIP program provides a financing method that is exempt from certain borrowing requirements, the Act lists certain factors that must be considered in formulating the CIP. These factors are:

- 1) Condition of the county infrastructure and need for the projects;
- 2) Demand for the projects;
- 3) Estimated cost of the projects;
- 4) Availability of public resources;
- 5) Level of overlapping debt;
- 6) Cost/benefit of alternative uses of funds;
- 7) Operating costs of improvements; and
- 8) Alternative options for shared facilities with other counties or local governments.

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Condition of County Infrastructure and Need for the Projects

The County's road network has experienced significant deterioration due to age, weather, and traffic load. The County Engineer has identified approximately 14 miles of road in need of reconstruction, 125 miles requiring mill and overlay treatment, 14 miles of new grade paving, 9.5 miles of full depth reclaim and pave, and 26 bridge replacements as necessary to maintain safe and reliable transportation infrastructure across the County.

The road program will be carried out over the period from 2026 through 2031 and encompasses road reconstruction, mill and overlay, full depth reclaim and pave, grading, and bridge replacements, with the scope of work programmed by construction year and the specific projects planned for 2026 described in the project schedules attached as Exhibit A (Annual Project Summary) and Exhibit B (2026 Construction Projects) to this Plan.

The County's existing Public Works maintenance facility in Olivia suffers from a leaking roof, sewer backups during heavy rains, structural deterioration, and inadequate space for vehicles and equipment. The County Board has determined that replacement of the facility is necessary to maintain effective county operations.

The new Public Works maintenance facility will be located on an approximately 11-acre site the County Board has purchased near 330th Street and West Fairview Avenue in Olivia, is expected to be roughly 50,000 square feet, and will house offices and equipment storage for the Public Works department along with space for the Soil and Water Conservation District. Construction will proceed in phases, with design continuing through 2026, site work and bidding beginning in the fall, and building construction starting in spring 2027. The County will move operations from the Renville and Bird Island locations to the new Olivia facility. The Renville shop will be sold, and the Bird Island shop will be repurposed for other operations. The County will continue operating the Sacred Heart, Buffalo Lake, Franklin and Fairfax shops to serve outlying areas of the County.

Demand for the Projects

The road improvements are necessary to serve residents, agricultural operations, and commerce throughout the County. Deteriorating road conditions increase vehicle operating costs and pose safety risks to the traveling public. The new Public Works facility is needed to consolidate operations currently spread across multiple aging sites and to provide adequate space for the Public Works department and the Soil and Water Conservation District.

Estimated Cost of the Projects

The total estimated construction cost of the six-year road program is \$87,600,000, of which \$15,000,000 will be financed through CIP bonds under this Plan, with the remainder expected to be funded through state and federal sources. The \$15,000,000 in CIP bonds is intended to fund paving improvements programmed for 2026 through 2028. The estimated total cost of the Public Works facility is \$16,000,000, of which \$15,000,000 is proposed to be financed through CIP bonds, with the remainder funded from the County's capital reserve fund.

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Availability of Public Resources

Principal and interest on the CIP bonds will be paid from ad valorem taxes levied against all taxable property in the County over the term of the bonds. State and federal funding, including County State Aid Highway funds, is anticipated to provide a significant portion of road project costs. The County has identified capital reserve funds to contribute toward the cost of the Public Works facility. The overall plan of finance combines state and federal funding with local borrowing, with state and federal sources anticipated to provide a significant portion of total project costs over the life of the plan.

Level of Overlapping Debt

Issuance of the CIP bonds is not expected to affect the County's overlapping debt position in any significant way. The proposed bonds are well within the statutory debt limit under Minnesota Statutes, Chapter 475, and within the annual debt service limitation under the Act.

Relative Costs and Benefits of Alternative Uses of Funds

Deferral of the road improvements would result in further deterioration, increasing future reconstruction costs substantially. Timely investment preserves the County's infrastructure and reduces long-term maintenance expenses. Construction of a new Public Works facility consolidates operations from multiple ageing sites and is expected to reduce long-term operating costs compared to continued use of the existing deteriorating facilities.

Operating Costs of the Proposed Improvements

The road improvements are expected to reduce annual maintenance costs by extending pavement life and reducing the frequency of emergency repairs. The new Public Works facility is expected to reduce operating costs by consolidating functions currently spread across multiple locations and eliminating ongoing maintenance costs associated with the existing deteriorating structures.

Alternative Options for Shared Facilities with Other Counties or Local Governments

The County is solely responsible for maintaining its county road system; shared facility arrangements with other jurisdictions are not applicable to road construction and maintenance. The Public Works facility is designed to serve County operations specifically, and shared facility arrangements are not feasible for this purpose.

Once the CIP is approved by the Board, the County must hold a public hearing on the CIP and the issuance of bonds to finance the projects. The ability to issue capital improvement bonds is subject to a "reverse referendum." The County may issue the bonds unless a petition requesting a referendum is signed by voters equal to 5% of the votes cast in the most recent general election. This petition must be filed with the county auditor within 30 days of the public hearing.

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III. Project Summaries

The County's road and Public Works facility projects are described by statutory factors in Section II above. Detailed project schedules are attached as Exhibit A (Annual Project Summary) and Exhibit B (2026 Construction Projects).

IV. Financing of Capital Improvement Plan

The total amount of the road projects to be financed in 2026 is estimated to be \$15,000,000.

The County conducted its public hearing on October 27, 2026 at 8:30 a.m. regarding the financing of the road projects and passed a resolution approving the CIP and authorizing the issuance of general obligation CIP bonds for up to \$15,000,000.

Through the issuance of bonds to finance certain projects, the County will not exceed either of the two statutory limits that apply. First, the debt the County will incur from the road project, together with its other debt subject to the debt limit, is projected to be approximately \$29,760,000. This amount is well below the County's debt limit under Minnesota Statute Section 475.53, which is \$225,666,753.

Second, the annual debt service payment is expected to be approximately \$1,375,500 based on a 15-year term, as shown in the preliminary debt service schedule attached as Exhibit C. Again, this does not approach the limit set by the Act, which is \$9,026,970 or 0.12% of the County's EMV (\$7,522,225,100).

V. Oversight of the Capital Improvement Plan

The CIP will be reviewed annually by the County Board (the "Board"). The Board will review proposed projects and may add or remove projects based on priority decisions or as the County needs change. Furthermore, while following the CIP process on an annual basis, the Board can continue to provide necessary improvements while keeping spending and borrowing within reasonable limits.

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**EXHIBIT A
ANNUAL PROJECT SUMMARY**

The road program is organized by construction year. The scope of work planned for each year is summarized below.

Year	Planned Work
2026	1 mile grading/reconstruction; 20.5 miles paving; 7 bridge replacements
2027	32 miles paving; 5 bridge replacements
2028	9 miles grading/reconstruction; 24 miles paving; 5 bridge replacements
2029	29.5 miles paving; 6 bridge replacements
2030	4 miles grading/reconstruction; 11.5 miles paving; 2 bridge replacements
2031	31 miles paving; 1 bridge replacement

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EXHIBIT B 2026 CONSTRUCTION PROJECTS

The 2026 construction program represents the first year of the plan and includes road improvements and bridge replacements at multiple locations across the county. Projects include reconstruction of a one-mile segment through Beaver Falls on County State Aid Highway (CSAH) 2, mill and overlay work on CSAH 8, reclaim and pave work on CSAH 16, overlay work on an additional segment of CSAH 16, and mill and overlay work on CSAH 23 and CSAH 24. Seven bridge replacement projects are included, covering both county road bridges and township road bridges. The Minnesota Department of Transportation (MnDOT) is also scheduled to complete a reclaim and pave project on Trunk Highway 4 from Fairfax to Hector in 2026.

The full list of 2026 projects is shown below.

Project / Location	Type of Work
CSAH 2 – Reconstruct through Beaver Falls	Reconstruction – 1 mile
CSAH 8	Mill & Overlay – 5 miles
CSAH 16	Reclaim & Pave – 5.5 miles
CSAH 16	Overlay – 4 miles
CSAH 23	Mill & Overlay – 5.5 miles
CSAH 24	Mill & Overlay – 4 miles
CSAH 2 – Bridge 65517 over Beaver Creek	Slab Span Bridge Replacement
CSAH 11 – Bridge 65501 over Hawk Creek	Clearspan Beam Bridge Replacement
CSAH 15 – Bridge 94062 over Timms Creek	Precast Box Culvert Replacement
CSAH 22 – Bridge 94005 over Buffalo Creek	Precast Box Culvert Replacement
CSAH 22 – Bridge 94072 over JD-15	Precast Box Culvert Replacement
Bandon Township – Bridge L8466 on 680th Ave over CD 106A	Precast Box Culvert Replacement
Flora Township – Bridge L8664 on 740th Ave over Timms Creek	Precast Box Culvert Replacement
Sacred Heart Township – Bridge 65K12 on 800th Ave over CD 146	Precast Box Culvert Replacement
Sacred Heart Township – Bridge 65K18 on 800th Ave over CD 119	Precast Box Culvert Replacement
MnDOT Trunk Highway 4 – Fairfax to Hector	Reclaim & Pave (MnDOT Project)

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Projects to be included in the 2026 bond issue are as follows:

2026	CSAH 8 from Sibley County – US 212 (5-miles)	
	Leveling Course, bituminous Overlay, Aggregate Shouldering & Striping	\$ 1,500,000
2026	CSAH 16 from US 212 to Kandiyohi County (10-miles)	
	US 212 -CSAH 11: Stabilized Full Depth Reclaim, Aggregate Base, Bituminous Surfacing, Aggregate Shouldering & Striping	
	CSAH 11 – Kandiyohi County: 1.5” Overlay, Aggregate Shouldering & Striping	2,700,000
2026	CSAH 23 from Sibley County – US 212 (5-miles)	
	Mill Bituminous Overlay, Aggregate Shouldering & Striping	1,300,000
2026	CSAH 24 from Sibley County – US 212 (5-miles)	
	Leveling Course, Bituminous Overlay, Aggregate Shouldering & Striping	1,100,000

2026 Renville County Road Bonding – Subtotal \$ 6,600,000

2027	CR 55 from 810th Ave – US 212 (2-miles)	
	Mill, Bituminous Overlay, Aggregate Shouldering & Striping	\$ 600,000
2027	CR 61 from 820th Ave – US 212 (1-mile)	
	Leveling Course, Bituminous Overlay, Aggregate Shouldering & Striping	400,000
2027	CSAH 10 from US 212 – Chippewa County (8.5-miles)	
	Mill, Bituminous Overlay, Aggregate Shouldering & Striping	2,000,000
2027	CSAH 12 from US 212 - Chippewa County (7.5-miles)	
	Mill, Bituminous Overlay, Aggregate Shouldering & Striping	2,000,000
2027	CSAH 37 from CR 52 –Chippewa County (9.5-miles)	
	CR 52 – US 212: Leveling Course, Bituminous Overlay, Aggregate Shouldering & Striping	
	US 212 – Chippewa County: Mill, Bituminous Overlay, Aggregate Shouldering & Striping	2,000,000

2026 Renville County Road Bonding – Subtotal \$ 7,000,000

2028	CR 73 from MnDOT TH 19 – 660th Ave (0.75-miles)	
	Mill, Bituminous Overlay, Aggregate Shouldering & Striping	\$ 250,000
2028	CSAH 2 from CSAH 1 – US 71 (4-miles)	
	Mill, Bituminous Overlay, Aggregate Shouldering & Striping	1,150,000

2026 Renville County Road Bonding – Subtotal \$ 1,400,000

Total 2026 Renville County Road Bonding: \$15,000,000

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**EXHIBIT C
BOND DEBT SERVICE FOR ROAD PROJECTS**

Renville County, Minnesota
\$14,800,000* Capital Improvement Plan Bonds
Preliminary

<u>Period Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2/1/2028	\$ 640,000	\$ 737,252	\$ 1,377,252
2/1/2029	730,000	646,800	1,376,800
2/1/2030	765,000	610,300	1,375,300
2/1/2031	805,000	572,050	1,377,050
2/1/2032	845,000	531,800	1,376,800
2/1/2033	885,000	489,550	1,374,550
2/1/2034	930,000	445,300	1,375,300
2/1/2035	980,000	398,800	1,378,800
2/1/2036	1,025,000	349,800	1,374,800
2/1/2037	1,075,000	298,550	1,373,550
2/1/2038	1,130,000	244,800	1,374,800
2/1/2039	1,175,000	199,600	1,374,600
2/1/2040	1,225,000	152,600	1,377,600
2/1/2041	1,270,000	103,600	1,373,600
2/1/2042	<u>1,320,000</u>	<u>52,800</u>	<u>1,372,800</u>
	<u>\$ 14,800,000</u>	<u>\$ 5,833,602</u>	<u>\$ 20,633,602</u>

* Preliminary, subject to change.