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## *Memorandum:*

TO: Mayor Krachmer and City Council Members

FROM: Jesse Farrell, Director of Public Works / City Engineer

DATE: April 4, 2023

RE: Project Update 2023 Twin Lake Blvd Improvements

### **Background**

City Council held Public Improvement and Assessment Hearings and adopted the assessment roll and ordered the project at the March 7<sup>th</sup>, 2023 meeting. The only outstanding funding uncertainty was related to two grant application efforts. Unfortunately, both efforts were unsuccessful.

In December, we applied with MnDOT's Active Transportation Program to fund up to \$300,000 of estimated trail project costs. On March 24 we were notified that we did not receive grant funding. There were a large number of applications and 90% of applicants were not selected.

The city was also notified that we were not eligible to receive any future grant funding from Ramsey County's CDBG program. The grant that was awarded to Little Canada was determined to have already factored in benefits to Vadnais Heights' residents.

This left a funding gap of approximately \$400,000 for trail improvements. After discussing with Little Canada staff, the preferred funding solution is for Little Canada to split the \$506,000 of grants on the basis that the grants are intended to benefit properties in both cities. This solution leaves funding gap of \$169,763 for Vadnais Heights and \$186,925 for Little Canada. Both of these expenses are already approved for State Aid funding. If Little Canada approves splitting the grants, this project can proceed as planned.

If the preferred solution is not accepted, others idea are to eliminate a portion of the trail, or to not build the trail in Vadnais Heights. Eliminating either end of the trail is possible, one idea is to only build the eastern connection to Vadnais Blvd, and leave the western connection as a future alternative. This would accomplish approximately half of what the project originally envisioned. Both ideas, in comparison to a full connection, are generally undesirable due to reduced connectivity between both cities. I will be in attendance at the April 4, 2023 City Council workshop meeting, please contact me if you have any questions prior to the meeting.

### **Finance Comments**

Funding for this project is included in the 2023 Capital Improvement Plan (CIP) as shown below. Modified funding for the preferred approach includes actual bid information, reduced grant funds, and additional trail spending using State Aid (MSA Account) funds. The amounts below are for in Vadnais Heights only.

	Current 2023 CIP	Proposed Funding	Modified Funding
Capital Improvements Fund (if necessary)	\$ 0	\$ 0	\$ 0
Special Assessments	\$ 0	\$ 119,443	\$ 119,443
MSA Account	\$ 600,000	\$ 574,204	\$ 601,928
Potential Grants	\$ 0	\$ 400,996	\$ 253,000
Total Estimated Funding	\$ 700,000	\$1,196,280	\$ 1,102,412

The updated final projected cost of \$1,102,412 includes a 5% reserve contingency. For City contributions beyond the budgeted amount, we propose to utilize additional MSA funds, and potentially Capital Improvement Funds and utility reserves, if necessary. If the Little Canada does not split trail grants, the project can proceed without making those improvements, or other funding sources can be considered.

### **Schedule Update**

March 7 – Bids Received – Minnesota Paving is the low contractor

April 5 – Receiving Watershed Approval for Grading Permit & Permanent Wetland Impact

April 12 – Award Construction Contract – if needed can modify scope with bid award, or can modify scope via change order later

Late April – Receive Final SHPO Approval

May – Receive Final HUD Approval / Release of CDBG Funds

June – Begin Construction

September – Complete Construction