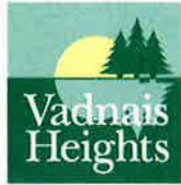


**Bob Sundberg**  
Finance Director



11B  
The City of Vadnais Heights  
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## *Memorandum:*

TO: Mayor Krachmer and Council Members

FROM: Bob Sundberg, Finance Director

DATE: May 2, 2023

SUBJECT: 2022 Street Project Funding

### **Recommended Council Action**

Approve the attached resolution finalizing funding for the 2022 Street project.

### **Background**

This project has reached a point where final costs and necessary budget amounts needed for completion were able to be determined by SEH. I have attached a spreadsheet showing Council action dates and expense estimates and the related budget amounts approved throughout the process. As the project is completed this year, no additional material variances are expected.

The ARPA funding source was discussed with Council in early 2022 in anticipation of difficulties expected with this project. Similarly, the potential need for General fund resources was discussed at the August 3, 2022 Council meeting.

### **Attachments:**

- Summary of prior Council activity related to the 2022 Street project
- Proposed resolution to finalize funding for the project
- February 15, 2022 Council work session memo from the City Administrator
- August 3, 2022 Council memo from the City Engineer

2022 Street Improvement Project

council action dates	10/19/21	4/19/22	6/7/2022	8/3/2022	5/2/2023	proposed amendments
Expenses:						
SEH contract - feasibility study	86,600.00	86,600.00	86,600.00	86,600.00	110,600.00	24,000.00
SEH contract - final design		88,100.00			102,800.00	14,700.00
SEH contract - field services				210,200.00	210,200.00	
Dresel contract				1,808,016.71	1,916,000.00	107,983.29
MAC					4,220.96	
MN BWSR					88.27	
Bridge Tower LLC					297.06	
				<u>2,104,816.71</u>	<u>2,344,206.29</u>	
Budget:						
Capital Improvement fund	300,000.00	300,000.00	360,900.00	500,000.00	500,000.00	
Water Utility fund	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00	
Sewer Utility fund				42,855.00	42,855.00	
Storm Sewer Utility fund	200,000.00	200,000.00	200,000.00	200,000.00	200,000.00	
Franchise fees	600,000.00	600,000.00	600,000.00	600,000.00	600,000.00	
Special assessments	150,000.00	174,100.00	174,100.00	174,100.00	174,100.00	
ARPA funds - parking lot					275,000.00	
General fund transfer					255,000.00	
	<u>1,550,000.00</u>	<u>1,574,100.00</u>	<u>1,635,000.00</u>	<u>1,816,955.00</u>	<u>2,346,955.00</u>	<u>530,000.00</u>

- Approve contract amendments for SEH
- Approve contract amendment for Dresel
- Approve budget increase of \$530,000

**CITY OF VADNAIS HEIGHTS  
COUNTY OF RAMSEY  
STATE OF MINNESOTA**

**RESOLUTION NO. 23-05-\_\_\_\_\_**

**A RESOLUTION APPROVING CONTRACT AND BUDGET AMENDMENTS RELATED TO THE  
2022 STREET IMPROVEMENT PROJECT**

**WHEREAS**, the City Council previously approved an \$86,600 contract with SEH for a feasibility study for the 2022 Street Improvement project; and

**WHEREAS**, the final contract as approved by staff for the feasibility study was \$110,600; and

**WHEREAS**, the City Council previously approved an \$88,100 contract with SEH for final design services for the 2022 Street Improvement project; and

**WHEREAS**, the final contract as approved by staff for design services was \$102,800; and

**WHEREAS**, the City Council previously approved a \$1,808,016.71 contract with Dresel Contracting for construction services for the 2022 Street Improvement project; and

**WHEREAS**, the final estimated actual cost for construction services is estimated to be \$1,916,000; and

**WHEREAS**, the project budget previously approved by the City Council was \$1,816,955; and

**WHEREAS**, the budget necessary to complete the project is estimated to be \$2,346,955.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VADNAIS HEIGHTS** that it approves the following contract/budget amendments:

Increase the SEH contract amount for the feasibility study from \$86,600 to \$110,600

Increase the SEH contract amount for final design services from \$88,100 to \$102,800

Increase the Dresel Contracting contract amount from \$1,808,016.71 to \$1,916,000

Approve an increase in the project budget amount from \$1,816,955 to \$2,346,955 and authorize the use of \$275,000 from ARPA funds and authorize a transfer of \$255,000 from the General fund to the Capital Improvements fund to finance the budget increase.

This Resolution was declared duly passed and adopted and was signed by the Mayor and attested to by the City Administrator this 2nd day of May, 2023.

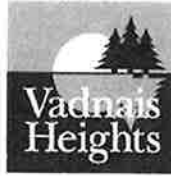
Attest:

\_\_\_\_\_  
Mike Krachmer, Mayor

\_\_\_\_\_  
Kevin Watson, City Administrator  
(SEAL)

**Kevin Watson**  
City Administrator

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**The City of Vadnais Heights**  
800 East County Road E  
Vadnais Heights, MN 55127

## *Memorandum:*

**TO:** Mayor Gunderson and City Council Members

**FROM:** Kevin Watson, City Administrator

**DATE:** February 15, 2022

**SUBJECT:** American Rescue Plan Act - Continued Discussion

### Background

At the February 2, 2022 City Council workshop, City Council had a high level discussion about potential uses for the \$743,500 the City received from the American Rescue Plan Act (ARPA). Additionally, we expect to receive around an additional \$750,000 in May 2022. See the attached memo from Bob Sundberg describing the background of the funds. The discussion revolved around using the funding for a new Community Park Shelter, a ladder fire truck and staff CPI costs related to current inflation. Below you will find staff's recommendation for allocation of the first and second ARPA allocations.

### Discussed items

- \$717,500 - Dedicate to the future purchase of the ladder fire truck for around \$1.5Million. This purchase is likely needed within the next five years and has been looming over our CIP budget for several years. ARPA is a windfall to help soften the impact of a purchase this large.*
- \$275,000 - The Community Park Shelter has seen a full life, and is now ready for replacement. As a reminder, this is a shelter that gets use through summer rentals, casual visitors, and serves the Lions and Vadnais Heights Fire Relief Association during Heritage Days. In total, including the removal of the existing structure, staff believes a successful project can be completed with an approximate funding level of \$275,000. It's also been recommended by the Park, Recreation and Trails Commission. All together, the park shelters at Community and Kohler Parks, totaled 42 rentals in 2021. Community Park alone was rented seven times through the year, even in its poor condition. It's assumed a new park shelter would solicit more use.*
- \$126,000 - In the 2022 budget, the staff salaries were budgeted for a 2.5% COLA increase. As we all have seen, inflation has been significant over the past several months resulting in a CPI of 7.9% in the Midwest – and likely going higher. Staff recognizes this percentage is for all items one could potentially purchase and may not necessarily reflect day-to-day costs of living. We believe bumping salary increase up to a 6% (2.5% + 3.5%) increase would maintain our staff's personal buying power as they go about their daily lives. This supports City Council's work plan of maintaining and attracting a talented staff. Each percentage increase is around \$36,000.*

### New Discussion Items

- \$50,000 - *Staff is recommending that Council consider using ARPA funds for a scheduled project at Berwood Park. As a part of (2022) Parks Dedication, Council approved funding for a reconstruct of the Berwood tennis courts. Currently, the Parks Dedication fund carries a balance of approximately \$300,000 and 2022 projects total about half that amount (including the Greenhaven playground project). Staff recommends using \$50,000 to subsidize the reconstruction project and further expand the footprint to include space for basketball. As a reminder, Berwood Park serves a high number of residents and the premier park on the south side of our community. This project is recommended by the Park, Recreation and Trails Commission. Using ARPA saves Park Dedication funds for a future use as it's a finite funding stream.*
- \$275,000 - *Replace Community Park Parking Lot. As discussed in the Feb. 15 workshop, the planned road improvement for South Oak Drive is become more complicated given the soils concerns related to former landfill and abutting wetland. As a result, the cost is likely higher than expected. In lieu of a road project, we are recommending banking the budgeted amount for the road project and combining with the 2023 funds. Using ARPA fund for a major parking lot that is in dire need of repair.*
- \$50,000 - *The City Council work plan includes the goal to “consider implementing a housing preservation program.” Discussion of potential policies and programs occurred in 2015 and 2019, but never materialized into any further action. In addition, the 2040 Comprehensive Plan includes several housing goals for implementation. Staff recommends the Council consider dedicating \$50,000 of ARPA funds to start a home improvement revolving loan fund. While that represents a relatively small amount based on the need, it would seed the initial program to be further funded with future resources if the program proves worthwhile. Many communities offer similar programs that fund a range of improvements, as a way to supplement other county and state incentives that can be restrictive based on income requirements. Staff would propose to limit the loans to exterior and energy efficient improvements (siding, roofing, furnace/AC, windows, etc.) to build the program to re-fund future loans. Loan amounts, terms, and eligibility would be determined if the Council has interest in pursuing this initiative. Staff has met with NeighborWorks Home Partners (<https://nwhomepartners.org/>) in the past to discuss administration of the program, as they provide similar services to several Ramsey County cities.*
- \$1,493,500 - *Total*

### Conclusion

Staff recommends the above approach for allocating these dollars. We believe this serves the community in manner that addresses a combination of immediate needs and future needs as well as support many of the City Council's goals from the 2021/22 work plan. Staff is reasonably certain we will be receiving an additional \$750,000 in future ARPA dollars in May 2022. If it's determined the amount will change, we will reassess the proposed allocation.

Jesse Farrell, PE  
City Engineer/Director of Public Works



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*Memorandum:*

TO: Mayor Gunderson and City Council  
FROM: Jesse Farrell, City Engineer/Director of Public Works  
DATE: August 3, 2022  
RE: Accepting Bids for the 2022-1 Street Improvement Project and Award Contract

**Requested Council Action**

Following receipt of the bids received for the 2022-1 Street Improvement Project, staff recommends the adoption of the prepared Resolution accepting the tabulation of bids and awarding the project to the lowest responsible bidder, Dresel Contracting, Inc. and authorize the City Administrator to enter into a construction agreement on behalf of the City upon approval of the Agreement by the City Attorney, and enter into agreement with S.E.H. for field construction services for Improvement 2022-1 at an estimated hourly cost not-to-exceed \$210,200.

**Background**

The Feasibility Study for Improvement 2022-1 was ordered by City Council Resolution #21-10-151 at its October 19, 2021 City Council meeting. This Feasibility Study outlined improvements on the three streets listed below:

- Oak Crest Drive (County Road F to 275 feet north of South Oak Drive);
- South Oak Drive (Oak Crest Drive to Clover Avenue); and
- South Oak Court (South Oak Drive to north cul-de-sac).

All of these streets serve residential properties and have been routinely maintained with crack sealing and pothole patching.

- The Feasibility Study for Improvement 2022-01 was ordered by City Council Resolution #21-10-151 at its October 19, 2021 City Council meeting.
- The Feasibility Study is dated April 19, 2022.
- Residents abutting the improvements were informed of this potential project in a memo from City staff dated November 18, 2021(Informal Meeting Invite) and April 21, 2022(Open House Invite).
- Public Open House meetings were held on December 1, 2021 and on May 11, 2022.
- Residents were sent communication on May 6, 2022 regarding the public hearing for the 2022-01 Street Improvement project to set the assessment amounts which was held at the June 7, 2022 City Council meeting.

Following testimony at the public hearing, the Council unanimously ordered the preparation of plans and specifications for the project.

Mayor Gunderson and City Council Members  
Page 2  
August 3, 2022

- The cost for the street improvements was estimated in the Engineers Estimate to be \$1,434,003.26.
- One bid was received on July 21, 2022 for a total of \$1,548,284.71 for the street and parking lot components of the project, or \$1,808,016.72 for the bid alternate that includes the trail and Bear Park boardwalk.
- Following receipt of bids, the total estimated project cost after adding a 15% contingency is \$2,079,219.22. With SEH services of \$210,200, the total estimated project cost is \$2,289,419.
- The amount to be assessed to the abutting and benefitting property owners in the project is \$174,100.

Should you choose to proceed with the project, it would also be appropriate for the City Council to formally award the construction project to Dresel Contracting, Inc.

Staff has also received a proposal from S.E.H., dated July 26<sup>th</sup>, 2022, for an hourly not-to-exceed amount of \$210,200. A copy of their proposal is attached.

I will be in attendance at the August 3, 2022 City Council meeting. Please contact me, if you have any questions prior to the meeting.

**Finance Director’s Comments**

Funding for this project is included in the 2022 Capital Improvement Plan (CIP) as shown below.

	<u>Current 2022 CIP</u>	<u>Revised</u>
Capital Improvements Fund	\$ 300,000	\$ 300,000
Street Replacement Annual – Special Assessments	\$ 150,000	\$ 174,100
Street Replacement Annual - Franchise Fees	\$ 600,000	\$ 600,000
Utility enterprise funds	\$ 500,000	\$ 542,855
Community Park Parking Lot – Capital Improvements Fund	\$ 200,000	\$ 200,000
 Total Budgeted Funding	 \$ 1,750,000	 \$ 1,816,955
 Potential budget increases:		
Capital Improvements Fund – Bear Park Boardwalk (Alternate Bid)	\$ 0	\$ 259,732
Capital Improvements Fund – Additional Project Cost	\$ 0	\$ 212,732
 Total revised funding	 \$ 0	 \$ 2,289,419

Funding for the Bear Park boardwalk and excess Community Park parking lot costs could come from General fund reserves. A 2021 positive variance of \$566,000 was realized. If approved, a fund transfer from the General fund to the Capital Improvements fund would be required to finance the project. The required transfer of \$472,464 is 12.1% of the 2021 year-end available General fund balance of \$3,892,241.

**Attachments:**

- Resolution Awarding the Project Contract to Dresel Contracting, Inc.
- July 26, 2022 Proposal from S.E.H. for Field Services
- July 21, 2022 Award Recommendation Letter and Bid Tabulation from S.E.H.