

MEMORANDUM

To: Honorable Mayor & City Council

From: Toni Kunz, City Administrator

Date: August 25, 2026

Agenda Item: 5A TxDOT Transportation Alternatives (TA) Sidewalk Improvement for Main and Cherry Streets

Action Requested: Discussion and consideration of action

Overview and Background:

(G) TxDOT Transportation Alternatives (TA) Project 0291-05-054

Funded through TxDOT, Grant Management services provided by The Goodman Corporation

Original intent: Enhance pedestrian infrastructure by constructing 5' wide sidewalks on both sides of SH16 (Main St), extending from SH 173 (Sycamore St) to Cedar St. Installation of curbs, ADA compliant curb ramps, pedestrian islands, & reconstructed driveways to improve safety and accessibility.

Resolution 2025-022 approved May 20, 2025, authorizing the city to apply for the grant.

Resolution 2026-005 authorizing the execution of an Advance Funding Agreement (AFA) with the Texas Department of Transportation for Transportation of Transportation Alternatives – Sidewalk Improvements on SH 16 (Main St.). Tabled July 14, 2026, until we hear back from the EDC.

Project total: \$3,004,728 for which a grant of \$2,393,600 was received Nov 17, 2025, and requires a 20% match of \$598,400. When this was approved, the city council did not have a fund/plan for the match. The topic is pending discussion at an upcoming EDC meeting.

Highlights: When the funding is determined, a resolution will be brought to CC authorizing the Mayor to enter into the Advanced Funding Agreement with TxDOT. Signing the AFA will trigger the request for a Federal Project Authorization Agreement that will specify dates for each phase of work. A State Letter of Authority will then be issued allowing work to begin. Once triggered, first payment of \$93,860 is due within 30 days of AFA execution. \$504,540 due within 60 days prior to Construction bid advertisement as noted on page 21 of the AFA. Estimated to be 36-month project. City Council is planning to schedule a community town hall meeting. TxDOT is leading the project – their design team will hold a public meeting to request input from the community.

Timeline (Kirk Myer of The Goodman Corp as of 8/11/2026): One of the conditions in the AFA is that the project may be terminated if a construction contract has not been awarded or construction has not been initiated within three years after the date that the Commission or MPO selected the project or by a letting date determined by the state and agreed to by the Local Government.

Essentially, if the City proceeds with the resolution and enters negotiations with TxDOT to execute the AFA, part of the process is agreeing on the scheduled letting date. TxDOT has all the statewide TA annual allotments, and they have been moving projects around to their discretion, so even if our project is nearing the three-year period after award, it can be pushed back if TxDOT agrees. Deconflicting construction from the wastewater treatment plan is a valid reason to do so.

Staff Recommendation: Postpone this project until FY28 where \$300k to be paid at the end of FY28 and \$300k at the beginning of FY29, allowing the full amount to be paid within the 90days. The city and/or the EDC would partner to fund all or part of these payments. The wastewater relocation project will be far enough along in the planning and design phase to not impact construction phase of this grant.

As an alternative, in March, the city could seek funding opportunities to borrow the \$600K with a Tax Note with payments of about \$105K for 7 years where the payments would begin in FY28 and end in FY34. This would allow time to build a partnership and a plan with the EDC to assist in all or part of the payments. Downside is that with a loan, the grant match costs would approximately be an extra \$100k over the 7 years.