



REQUEST FOR ACTION CITY COUNCIL

Agenda Date: 8/6/2025
Agenda Section: Consent Agenda

Department Origination: Public Works

Agenda Item: Return the \$324,896.00 in ATP-3 PROTECT Program Funds to MnDOT for the Southeast Baxter Stormwater Overflow Improvements Project and Direct Staff to Re-Apply for Fiscal Year 2029

Approval Required: Simple Majority Vote

BACKGROUND

On Monday, June 2, 2025, City staff met with MnDOT to discuss funding options for a proposed stormwater infrastructure project between the College Road/TH 371 stormwater basin and CSAH 48. In May 2024, the City applied for federal funding through the Promoting Resiliency Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT) Program. The project would complete the stormwater overflow system serving the southeast area of Baxter, including much of the Industrial Park.

The total estimated project cost is \$2.4 million. The proposed funding strategy included a \$600,000 PROTECT grant, a \$480,000 (20%) City match, and \$1,320,000 from either MnDOT discretionary PROTECT funds or local sources such as stormwater utility funds or special assessments.

On June 25, 2024, the City was notified that its PROTECT application had been approved by the Central Minnesota Area Transportation Partnership (ATP), but only \$324,896.00 in funding was awarded—\$275,104.00 less than requested.

During the June 2nd meeting, City staff asked MnDOT whether any additional discretionary PROTECT funds might be available to close the funding gap. MnDOT indicated that all available funds had already been committed to other projects.

Given the current lack of additional funding and the City's limited resources, staff informed MnDOT that the City would need to return the awarded funds and withdraw from the 2026 construction timeline. MnDOT confirmed the funds could be reallocated to other projects and encouraged the City to reapply in a future cycle. The City is now targeting a new funding application for a potential construction project in 2029.

FINANCIAL IMPLICATIONS

There are no immediate financial implications. The City has stopped work on the project and will hold the approximately \$125,769.66 in expenditures until the project can be fully funded. Wideseth is nearly complete with the Project Memorandum and has stopped work on all plan development.

STAFF RECOMMENDATIONS

Staff recommends stopping work on the project and returning the \$324,896.00 in ATP-3 PROTECT Funds to MnDOT and re-apply for fiscal year 2029.

COUNCIL ACTION REQUESTED

MOTION to return \$324,896.00 in ATP-3 PROTECT Program Funds to MnDOT for the Southeast Baxter Stormwater Overflow Improvements Project and Direct Staff to Re-Apply for Fiscal Year 2029.