



## REQUEST FOR ACTION CITY COUNCIL

Agenda Date: 4/1/2025  
Agenda Section: Consent Agenda

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**Department Origination:** Public Works

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**Agenda Item:** Adopt Resolution 2025-037 Authorizing Advancement of Municipal State Aid Funds for the 2022 TH 210/Inglewood Drive Road Improvement Project and the 2025 Design Road & TH 371 Stormwater Improvements Project

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**Approval Required:** Simple Majority Vote

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### **BACKGROUND**

Council Adopted Resolution 2025-018 at the February 4, 2025, Council Meeting. The request included an advancement request of \$1.4 million for the Design Road Project. After conversations with MnDOT, there are items that are Federally Eligible for the PROTECT Grant that are not eligible for State Aid which reduced the construction and engineering eligibility. The eligible amount for the project based on the Engineer's Estimate is \$938,133.59. Below is the updated information that was presented with Resolution 2025-018.

City staff is recommending using State Aid funds to help pay for the 2025 Design Road & TH 371 Stormwater Improvements Project, State Aid funds can be used to offset the City's costs on the project. In addition, the 2022 TH 210/Inglewood Drive Road Improvement Project is approaching project closeout which allows the last 5% of the construction cost to be released. The City's current State Aid Construction Account balance is \$276,042.78. Staff recommend advancing more than the anticipated balance in our account for 2025 as further broken down below under the respective projects. According to the Municipal State Aid Construction Account Guidelines, municipalities can advance up to five times the last construction allotment amount. Using the 2025 allotment value of \$636,992.00, the City could be eligible to advance up to \$3,184,960.

The attached resolution is required to secure the money in order for the City to seek reimbursement when eligible, the advancement is not a payment. At this time, state aid anticipates having enough money available to meet the advancement requests from all the municipalities and counties in 2025, however the advancements are on a first come basis, so it is important to reserve the anticipated advancement as early in the fiscal year as possible.

### **2022-TH 210/Inglewood Drive Road Improvement Project**

The project has 5% or \$5,711.64 of the requested state aid construction reimbursement cost eligible for payment after the project is closed out with MnDOT. In addition, the City should be eligible for \$54,016.86 dollars in additional engineering fees that are state aid eligible from increased construction costs for a total of \$59,728.50. This state aid payment has been submitted but has not been received so staff included it with the resolution for a comprehensive review of our account.

### **2025 Design Road & TH 371 Improvements Project**

State Aid allows municipalities to use state aid funds to pay for improvements associated with trunk highways such as TH 371. The scope of the project includes addressing stormwater from TH 371. Due to the size of the stormwater pipe, there are significant costs associated with relocating existing storm sewer pipe, sanitary sewer main, and water services. Though Design Road is not a state aid road, for the reasons above, the storm sewer pipe and associated costs for connecting TH 371 to Whiskey Creek is eligible for using state aid dollars to offset City costs.

The City has received significant grant money through the PROTECT Fund to aid in the stormwater costs but there is still City cost that can be paid from our State Aid Construction Account. The maximum eligibility based on the Engineer's estimate is \$938,133.59, this is what is included in the advancement request.

### **FINANCIAL IMPLICATIONS**

Staff have reviewed upcoming projects that have state aid eligibility to project how the City's state aid construction account balance will be impacted by this advancement. Based on the assumed consistent annual allotment of \$636,992, the City's account will be back to having a positive balance by 2028.

The total estimated disbursement amount for 2025 is \$997,862.09, as stated above, the City currently has a positive balance of \$276,042.78. Therefore, the actual deficit in the City's state aid account with the proposed advancement will be (\$721,819.31).

### **STAFF RECOMMENDATIONS**

Staff recommend adopting resolution 2025-037 securing the advancement for the projects above.

### **COUNCIL ACTION REQUESTED**

**MOTION** to adopt Resolution 2025-037 Authorizing Advancement of Municipal State Aid Funds for the 2022 TH 210/Inglewood Drive Road Improvement Project and the 2025 Design Road & TH 371 Stormwater Improvements Project.