



ITEM REPORT CITY COUNCIL

Agenda Date: 7/16/2024
Agenda Section: Consent Agenda

Department Origination: Public Works

Agenda Item: Approve the WSB Professional Services Contract in the Not to Exceed Amount of \$420,247 for the 2027 CSAH 48 (Highland Scenic Road) Trail Connections Project (federally funded) – SP 230-090-003 associated to SP 018-070-024

Approval Required: Simple Majority Vote

BACKGROUND

The City of Baxter was awarded two federal grants through the Highway Safety Improvement Program (HSIP) and Transportation Alternatives Program (TA) in the amounts of \$750,000 and \$306,629 for constructing two important trail connections on CSAH 48 (Highland Scenic Road) between Foley Road and Cedardale Lane and Knollwood Drive and Mapleton Road. These federally funded trail projects will make the connection to existing trail segments along the County Road and provide safe and equitable access to multimodal users utilizing the corridor. City staff requested WSB provide a proposal for services to bring these trail segments through preliminary and final design, geotechnical and wetland investigations, right of way acquisition, environmental documentation, construction documents (plans and specifications), project bidding and award, and eventual construction in 2027. Attached to this Item Report is a variety of exhibits related to this project, including the applications submitted to MnDOT for the HSIP and TA funding. Generally, the trail segment connections will utilize the Crow Wing County corridor and right of way to make connections of existing multi-modal infrastructure in the City of Baxter.

The TA funded trail segment will traverse the westerly side of Highland Scenic Road between Foley Road and Cedardale Lane. Preliminary design alternatives included in the TA Application included the incorporation of concrete median and RRFB's at the intersections of Foley Road and Parkwood Drive. WSB's scope includes RRFB justification reports and coordination with Crow Wing County related to project improvements for both trail segments.

The HSIP funded trail segment will generally traverse on the south side of Highland Scenic Road between Knollwood Drive to its final connection point at the trail on the west side of Mapleton Road.

Originally, Crow Wing County applied for the HSIP money on behalf of the City, and thus a County project number was generated by MnDOT for that segment of the project. WSB has worked with City staff to obtain project numbers through MnDOT for both the HSIP and TA funded segments and has coordinated with MnDOT to lock in the funding year for both funding mechanisms for the project, to be constructed in 2027. The projects are labeled as "Associated" in MnDOT terms, meaning that the plans and specifications will be only 1 document, rather than having two separate contract documents (plans and specifications) for each project. HSIP funds were appropriated for fiscal year 2026 and cannot be moved to a different construction year, thus needing the project to be approved by the June 30th, 2026, deadline so that HSIP funds can be encumbered for the project. TA funds were approved for funding year 2028, so the City will need to advance construct the TA improvements and apply for reimbursement when the funds become available.

WSB's scope of services encompass all work tasks to work through the federal process, including right of way acquisition services, for authorization by MnDOT in June 2026 and advertised for bidding in October/November, 2026. WSB's 9 work tasks are further defined in the letter proposal for services attached and are also outlined in WSB's standard form of agreement for professional services that has been reviewed by the City Attorney.

The 9 work tasks include the following:

- Task 1: Project Management
- Task 2: Geotechnical Exploration
- Task 3: Wetland Delineation and Permitting
- Task 4: Existing Right of Way Determination and Acquisition
- Task 5: Topographic Survey, Preliminary and Final Design, Plans, and Specifications
- Task 6: Categorical Exclusion Preparation
- Task 7: Final Cost Estimate
- Task 8: Project Bidding and Award
- Task 9: Construction Observation and Administration

Further definition of each task and deliverable is provided for in the attachments and draft agreement with the City and WSB.

The schedule provided in the letter proposal for services provides adequate time for design and production of construction documents. The critical path for the project is right of way acquisition and the environmental document. Right of way acquisition will need to be completed, and final right of way certificate delivered to MnDOT, before the June 30, 2026, deadline.

FINANCIAL IMPLICATIONS

With both funding programs, the City is responsible for all engineering costs associated with the projects. This financial implication is WSB's Fee not to Exceed Total of \$420,247. Per the attached HSIP Application and the cost estimate prepared at the time of application, The City's committed share of the construction costs was estimated at \$75,000 of the estimated \$825,000 total project estimated construction cost. Per the attached TA Application and the cost estimate prepared at the time of the application, the City's committed share of the construction costs was estimated at \$76,657.20 of the estimated \$383,286 estimated construction cost.

The total estimated construction project costs for the project, per the submitted applications, is \$1,208,286. The Engineering fees for the project were estimated at the standard 25%, which includes 22% for engineering and 3% for legal admin. For the City of Baxter, this number has been the standard for a typical Statute 429 assessed project for a municipal roadway reconstruction projects. The engineering fees estimated for the project utilizing this standard percentage, is \$299,453.37. WSB proposed professional services agreement equates to approximately 34.8% of the estimated construction costs. This overage of the standard 25% utilized in the grant applications can be attributed to multiple factors as seen below:

1. Right of way acquisition fees associated with appraisals, negotiating, and securing title to property are considered a special service and are not typically lumped into the 25% calculation. This engineering expense attributes \$96,972 in estimated hourly and reimbursable fees to the project cost and includes hourly time for and expenses for leading the City through the federal land acquisition process on an estimated 10 parcels along the trail corridor. With this task removed to for comparison purposes, WSB's fee is approximately 26.8% of estimated construction cost.
2. The total estimated project construction costs play a factor in driving up the engineering costs on a percentage basis. This project, consisting of a 10-foot separated trail, has a lower total construction cost than what a typical assessed 429 municipal street reconstruction project would have attributed to it.

Given the relative simplicity of a trail project and lower construction costs, but the engineering still having to go through the federal environmental documentation process, coordination with MnDOT on plan reviews and federal approvals, and administering the DCP process on behalf of the City, the lower construction cost of the trail project inflates the engineering expense percentage when comparing it to a standard assess 429 municipal reconstruction project, where it is typical to see higher project construction expenses, and therefore, helping to drive down the engineering fee on a percentage basis compared to overall construction costs.

3. It has been WSB's historical practice they utilize 28% engineering/legal/admin for federal trail projects of this nature due to detailed environmental documentation that must be provided through the categorical exclusion document, the coordination of the DCP process with MnDOT State Aid, and the additional construction observation and testing work that comes along with administering a federal construction project.

There are other nuances to engineering fee calculations on a percentage basis of total construction costs and what are considered basic services as a part of a standard engineering fee and what would be considered a special service above and beyond that basic service fee, however, these three items above are the major factors contributing to the higher than normal engineer costs associated with WSB's proposal for services and fee for this project.

Engineering and property acquisition are not eligible expenses for purposes of these funds or match. Currently, the estimated financial implications of the project are:

Cost Share HSIP Segment (10% Construction) - \$75,000

Cost Share TA Segment (20% Construction) - \$76,657.20

Engineering (Ineligible Federal Expense) - \$420,247

Land Acquisition (Ineligible Federal Expense) – Unknown until appraisals and negotiations ensue, however, the TA and HSIP applications had \$39,000 and \$32,000 for trail and a stormwater treatment basin estimated, respectively, for the project for a total of \$71,000.

Total City Estimated Commitment - $\$75,000 + \$76,657.20 + \$420,247 + \$71,000 = \$642,904.20$

STAFF RECOMMENDATIONS

Staff recommends approval of the Professional Services Agreement with WSB in the total, Not to Exceed amount of \$420,247 for the 2027 CSAH 48 (Highland Scenic Road) Trail Connections Project.

COUNCIL ACTION REQUESTED

MOTION to approve the WSB, LLC Professional Services Agreement in the not to exceed amount of \$420,247 for the 2027 CSAH 48 (Highland Scenic Road) Trail Connections Project.