



CITY COUNCIL MEETING

AGENDA ITEM

Prepared By: <i>Allie Polsfuss, City Administrator</i>	Meeting Date: <i>10/05/2026</i>	Item Name: <i>Thrane Drive Cost Share Agreement</i>
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BACKGROUND

At the City Council meeting on September 14, 2026, the City Council approved a Shared Road Services Agreement with Pelican Township establishing responsibilities for the maintenance and capital improvements of shared roads. Section 6, Capital Improvement Responsibilities, requires capital improvements to shared roads to be authorized through a mutual written agreement.

The proposed Thrane Drive Cost Share Agreement follows the cost-sharing formula established in the Shared Road Services Agreement and provides additional detail regarding the project's bidding, contracting, construction management, payment, and cost-tracking procedures.

OVERVIEW

Thrane Drive is a shared road with approximately 2,768 feet of shared roadway, while the remaining 5,750 feet is entirely within Breezy Point. Under the cost-sharing formula established in the Shared Road Services Agreement, Breezy Point is responsible for 83.7% of project costs and Pelican Township is responsible for 16.3%.

Other key items in the agreement:

- Project: Full-depth reconstruction of Thrane Drive.
- Design & bidding: Breezy Point and its engineer will handle design, specifications, bidding, and contractor selection, with Township review of the final design and bids.
- Construction: Breezy Point will serve as the project owner and manage the construction, including inspections, change orders, and final acceptance.
- Additional costs: Engineering, legal, or other costs resulting from disputes are also shared 83.7%/16.3%.
- Accounting: Breezy Point will provide pay applications/payment information and maintain tracking of project costs.
- Future maintenance: Maintenance of the shared roadway will follow the existing Public Works Services Joint Powers Agreement.

Breezy Point intends to keep Pelican Township representatives involved throughout the project and will provide updates to the City Council as the project progresses.

The Cost Share Agreement was drafted by City legal counsel and provided to Pelican Township for consideration. Because the Township Board will not consider the agreement until next week, staff is seeking Council direction to authorize execution of the agreement following Pelican Township's approval. If the Township proposes any significant changes, staff will bring the agreement back to the City Council for further discussion. If no significant changes are proposed, the appropriate parties will execute the agreement so the City can proceed with the project.



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FINANCIAL IMPACT

With the very preliminary, conservative project budget of \$400,000, the breakdown is estimated to be:

	Split	Estimated Cost
Breezy Point	83.70%	\$334,800
Pelican Township	16.30%	\$65,200
Total	100.00%	\$400,000

The 2027 Preliminary Levy includes these costs.

STAFF RECOMMENDATION

Authorize staff to execute the Thrane Drive Cost Share Agreement following approval of the agreement by the Pelican Township Board, provided there are no significant changes to the agreement. If significant changes are proposed, staff will return to the City Council for further direction.