

THE DEPOT PLANNING PROPOSAL

Purpose

The purpose of this report is to establish realistic funding, bidding, and construction timeline for The Depot based on completed site planning and the current preliminary construction estimate.

Staff recommend a phased approach that allows the DDA to preserve funding already identified for capital improvements, competitively bid Phase One in fall 2026, and complete construction over the FY 2026-27 and FY 2027-28 budget years. This approach will provide actual contractor pricing before the final FY 2027-28 appropriation is established and allow construction to proceed according to contractor availability and seasonal conditions.

Project Estimate

The July 29, 2026 preliminary estimate divides the project into two construction phases.

- Phase One – Pavilion and Site Improvements:** Phase One has an estimated construction cost of \$302,270, plus a 10% contingency of \$30,227, for a total of \$332,497. The detailed estimate is enclosed later in this packet.
- Phase Two – Playground:** Phase Two is estimated at \$193,072, including contingency, with approximately \$167,520 attributed to playground equipment and installation.

Staff recommend tentatively planning Phase Two for FY 2028-29, with construction targeted for summer 2028. This allows the DDA to focus resources on Phase One while providing time to pursue outside funding and competitively price the playground.

During this period, staff can pursue the DNR Recreation Passport Grant Program; solicit additional playground proposals; refine site and excavation costs; incorporate "What's to Come" signage illustrating the future locomotive-themed playground; and evaluate the MEDC Public Spaces Community Places crowdfunding program as a potential funding source once Phase One is complete and community awareness has grown.

FY 2026-27 Funding

Staff recommend preserving the following FY 2026-27 DDA capital appropriations for Phase One, subject to DDA approval and any necessary budget amendments:

Funding Source	Amount
248-537-970.008 (Capital Outlay – The Depot)	\$70,000
248-537-970.005 (Farmers Market Structures)	\$25,000
248-537-751.013 (Streetscape Enhancements/Inventory)	\$23,500
Total Potential Funding:	\$116,500

The Farmers Market pergola project is not anticipated to proceed this fiscal year. Similarly, the streetscape appropriation was established while exploring the conversion of a portion of 10th Street into green space, which is not anticipated to proceed at this time.

Based on the preliminary Phase One estimate, approximately \$215,997 would remain after applying the \$116,500 identified above. The actual FY 2027-28 funding requirement will not be known until competitive bids are received.

MACC Grant

The City has approximately \$21,000 in MACC grant funding associated with The Depot, with a current expenditure deadline of December 31, 2026. Given the project schedule, completion by that date is not possible.

Staff has contacted the grant administrator regarding a possible extension through September 2027. The grant may also assist with eligible engineering/design expenses. Until an extension is approved, staff recommends that the DDA not rely on these funds when determining the base funding necessary for Phase One.

Purchasing and Competitive Bidding

The City's Purchasing and Bidding Policy requires an RFP for purchases exceeding \$10,000. For expenditures exceeding \$50,000, the RFP must also be published in the Action News, with contracts generally awarded through sealed competitive bidding.

Staff proposes initiating the Phase One bidding process in September 2026. The bid package would solicit pricing for the complete Phase One scope rather than dividing the project into separate contracts based on fiscal year.

Bidding the complete phase provides an actual market price before establishing the FY 2027-28 appropriation, creates clear responsibility for project coordination and completion, and allows the contractor to establish an efficient construction sequence while the City controls expenditures through its appropriations and contract terms.

Proposed Construction and Funding Schedule

September–Fall 2026

- Finalize and advertise construction bid documents.
- Solicit and receive sealed competitive bids.
- Conduct a pre-bid meeting/site visit if appropriate.
- Evaluate bids and present a recommended contractor for approval.
- Establish the final Phase One contract amount and FY 2027-28 funding requirement.

Fall 2026–March 31, 2027

Following contract award, the contractor may perform work that can reasonably and efficiently occur before winter or fiscal year-end, potentially including excavation, grading, foundations, or utility preparation.

Total FY 2026-27 expenditures would not exceed the amount appropriated and authorized. Staff does not recommend performing work simply to exhaust current-year funding; construction sequencing should be based on sound construction practices, weather, contractor availability, and project efficiency.

FY 2027-28 / Spring 2027

The DDA would appropriate the remaining amount necessary to complete Phase One based on the accepted competitive bid. Full construction would begin or resume as weather permits in spring 2027, with completion targeted during the 2027 construction season.

Recommended Direction

Staff recommends that the DDA:

- Confirm Phase One as the immediate construction priority, with the playground planned separately for a future phase.
- Preserve approximately \$116,500 in identified FY 2026-27 funding for Phase One, subject to any necessary budget amendments.
- Authorize staff to prepare and solicit competitive bids for the complete Phase One scope, targeting September 2026.
- Establish the FY 2026-27 appropriation as the maximum expenditure prior to April 1, 2027, while allowing limited early construction when practical.
- Plan to appropriate the remaining Phase One cost in FY 2027-28 based on the accepted competitive bid.
- Continue pursuing an extension of the MACC grant and apply available proceeds toward eligible project costs.
- Target spring 2027 for full construction activity and completion during the 2027 construction season.
- Tentatively plan Phase Two/playground construction for summer 2028, allowing time to pursue grant funding, competitive proposals, and other funding opportunities.

Recommended Motion: Motion to approve the proposed phased funding, bidding, and construction plan for The Depot project as presented; to designate Phase One – Pavilion and Site Improvements as the immediate construction priority; to preserve approximately \$116,500 in identified FY 2026-27 DDA funding for Phase One; and to authorize staff to prepare and solicit competitive bids for the complete Phase One scope in accordance with the City's Purchasing and Bidding Policy.