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MEMORANDUM

TO: MAYOR AND CITY COUNCIL
JOSHUA TETZLAFF, CITY ADMINISTRATOR

CC: MATT RYNDA, PUBLIC WORKS DIRECTOR

FROM: CHRIS KNUTSON, PE (Lic. MN)

DATE: FEBRUARY 10, 2026

RE: 2026 STREET AND UTILITY IMPROVEMENT PROJECT
RESOLUTION: REQUESTING ADVANCEMENT OF MUNICIPAL STATE AID STREET
CONSTRUCTION FUNDS
SEH No. NEWPR 188030

ADVANCEMENT OF FUNDS

The 2026 Street Improvement Project primarily includes pavement rehabilitation of 10th Avenue SE, which is located on the Municipal State Aid System (MSAS). As an MSAS route, New Prague can utilize construction funding from MnDOT State Aid toward its improvement. The City currently receives approximately \$410,000 per year toward its construction fund balance, which is managed by MnDOT and dispersed as projects are built. This year's construction project will be the third consecutive year that State Aid funding has been used toward the street improvement project, which has significantly drawn down its balance. During the Feasibility phase of this project, the total funding to come from State Aid was estimated at \$881,000. As this exceeds the current balance in the City's construction fund (\$479,683.06), it is recommended that the City request an advancement of State Aid funds to cover the additional funding. This advancement would be paid back using future allocations of State Aid funding. This request would not affect annual State Aid funding that is allocated toward maintenance (approximately \$135,000 per year).

As noted above, the estimated funding State Aid for the 2026 project is \$881,000. It is recommended that the City request \$950,000 of funding for this project to provide additional contingency. Remaining funds not encumbered by the Project will be released back to MnDOT, decreasing the City's repayment from future allotments. It is also possible that if grant funding is received from the Local Road Improvement Program, that the amount needed from the MSAS construction fund will be reduced. To complete this advancement request, a resolution is required from City Council.

STAFF/ENGINEER RECOMMENDATION

Staff and SEH recommend that the City Council approve the attached Resolution REQUESTING ADVANCEMENT OF MUNICIPAL STATE AID STREET CONSTRUCTION FUNDS for the 2026 Street and Utility Improvement Project.

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Engineers | Architects | Planners | Scientists

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