

## Engineering Division of the Public Works Department

To: Chairperson Arnett and Commission Members  
From: Andrew Beyer, P.E., Public Works Director  
Date: April 23, 2026  
Subject: Public Works Commission Meeting of April 28, 2026

[Review and take possible action: Award Contract #11-26 Emmet Utility Extension Project to Forest Landscaping and Construction, Inc. for \\$1,472,309.25](#)

### Background

Per the intergovernmental agreement between the City of Watertown and the Town of Emmet, the final boundary adjustment area (Area 4), also known as the Highway 16 Residential Area, was attached to the City in 2024. Under the terms of the agreement, affected properties are required to connect to municipal water and sanitary sewer within a defined timeframe. In June 2024, the Public Works Commission reviewed servicing options for this area and directed staff to proceed with design and bidding of public utility extensions, with the intent of utilizing the special assessment process to recover project costs.

Following this direction, the Commission approved a design contract with SEH, Inc. in 2025. Design has since been completed for utility extensions within the boundary adjustment area, which includes Boulder Drive, Center Street, Prospect Street, and N. Second Street, extending to STH 16. In addition to water and sanitary sewer extensions, the project scope includes drainage improvements and roadway improvements due to existing infrastructure conditions.

The project was publicly bid in early 2026. Two bids were received. Forest Landscaping and Construction, Inc. is the lowest apparent bidder with a total project cost of \$1,472,309.25.

While funding was programmed for this project in 2026, available funds are not sufficient to cover the full project cost and front the construction expenses prior to the assessment process. As such, the Public Works Department met with the Mayor, City Attorney, and Finance Director to review options for advancing the project. In order to proceed with construction, it is anticipated that approximately \$1,100,000 will need to be borrowed to fund upfront construction costs. The Finance Director has initiated discussions with financial institutions regarding borrowing options. It is anticipated that borrowed funds would be placed in a separate account and replenished over time through special assessment payments. An eight-year assessment repayment period is being considered to be consistent with borrowing terms.

Consistent with current City practice, it is recommended that new improvements, including sanitary sewer, water main, and associated restoration, be assessed to benefiting property owners. It is recommended that existing roadway infrastructure and certain drainage improvements be funded through available City budgeted funds. This approach is consistent with past assessment practice and maintains consistency in how similar projects are administered.

In order to move the project forward, staff recommends award of Contract #11-26 to Forest Landscaping and Construction, Inc. contingent upon securing the necessary project funding.

Next steps include Finance Committee review of borrowing options, followed by Common Council consideration. Upon Council approval, the Public Works Department will proceed with the special assessment process.

## Financial Impact

A total of \$410,000 has been budgeted in 2026 to support portions of this project pertaining to replacement of existing infrastructure. This includes \$290,000 from the Annual Street Reserve and \$120,000 from the Stormwater Utility. These funds are intended to cover costs associated with existing improvements such as curb and gutter, pavement, storm sewer, and roadway ditches, consistent with current City practice.

It is recommended that new improvements, including the extension of sanitary sewer and water mains, associated restoration, and design costs for the sewer and water extensions, be assessed to benefiting property owners in accordance with current City assessment practice.

Due to the timing of construction relative to the assessment process, it is anticipated that approximately \$1.1 million will need to be borrowed to fund the project upfront. These borrowed funds would be repaid over time through special assessments. Staff will continue to work with the Finance Director to develop a recommended assessment term and interest rate, which will be brought back to the Public Works Commission following Finance Committee review and pending Common Council approval of the borrowing and final project award.

## Recommendation

The Public Works Department recommends awarding Contract #11-26 Emmet Utility Extension Project to Forest Landscaping and Construction, Inc. in the amount of \$1,472,309.25, contingent upon available funding.

Attachments:

- Bid Tab