

BEMIDJI CITY COUNCIL WORK SESSION AGENDA

Monday, March 10, 2025

**City Hall
317 4th Street NW
6:15 PM**

- 1. CALL TO ORDER/ROLL CALL**
- 2. TH 197 RAISE GRANT PROJECT UPDATE**
 - a) TH 197 Raise Grant Project
- 3. ADJOURN**

COUNCIL AGENDA ITEM



Meeting Date: March 10th, 2025 Work Session

Action Requested: Trunk Highway 197 Project – Project Funding Update

Prepared By: Samuel C. Anderson, P.E. City Engineer/DPW

Background:

Since approval of the 2025/2026 RAISE grant project in December, staff have been working with our design consultant to complete procurement of the required project easements and complete the design of Middle School Drive & Hannah Avenue to advertise and award a contract to begin construction in May. An attached Exhibit A provides an overview of project scope.

In February, staff were made aware that the federal RAISE grant funds had been “frozen” and no timetable for resolution was provided. As of writing this memo, there’s been no update on timeframe for if or when the RAISE grant funding will be authorized.

Both our city streets and MnDOT TH 197 are proposed to be funded primarily with the \$18 million RAISE grant and an additional \$5.2 million IIJA State Match grant obtained after the initial RAISE grant award. Unlike the federal RAISE grant funds, the IIJA State Match dollars are not affected by the federal freeze on discretionary grants and available for use today.

Discussion:

Upon notification of the frozen RAISE grant dollars, city and MnDOT staff have had numerous meetings to review options to keep the project moving forward. Two primary options have come to the forefront over the last few weeks:

Option 1 – Delay project 1-year

- Move city project back to 2026 and MnDOT to 2027 construction allowing time to determine status of RAISE grant funds.
- Allows for further preparation and advertising project in early 2026 for most competitive pricing. Some of that may be offset by standard inflation increases.
- If RAISE grant funding is unavailable, then no guarantee the IIJA State match funds will still be available. If IIJA State match funds can remain with project, details would still need to be worked out with MnDOT on what part of TH 197 they would cover (City match versus MnDOT match)
- If RAISE & IIJA State Match grant funding are both unavailable, then City may need cover the local match of TH 197 without the improvements to city streets.

Option 2 – Proceed with city street projects using IIJA State Match

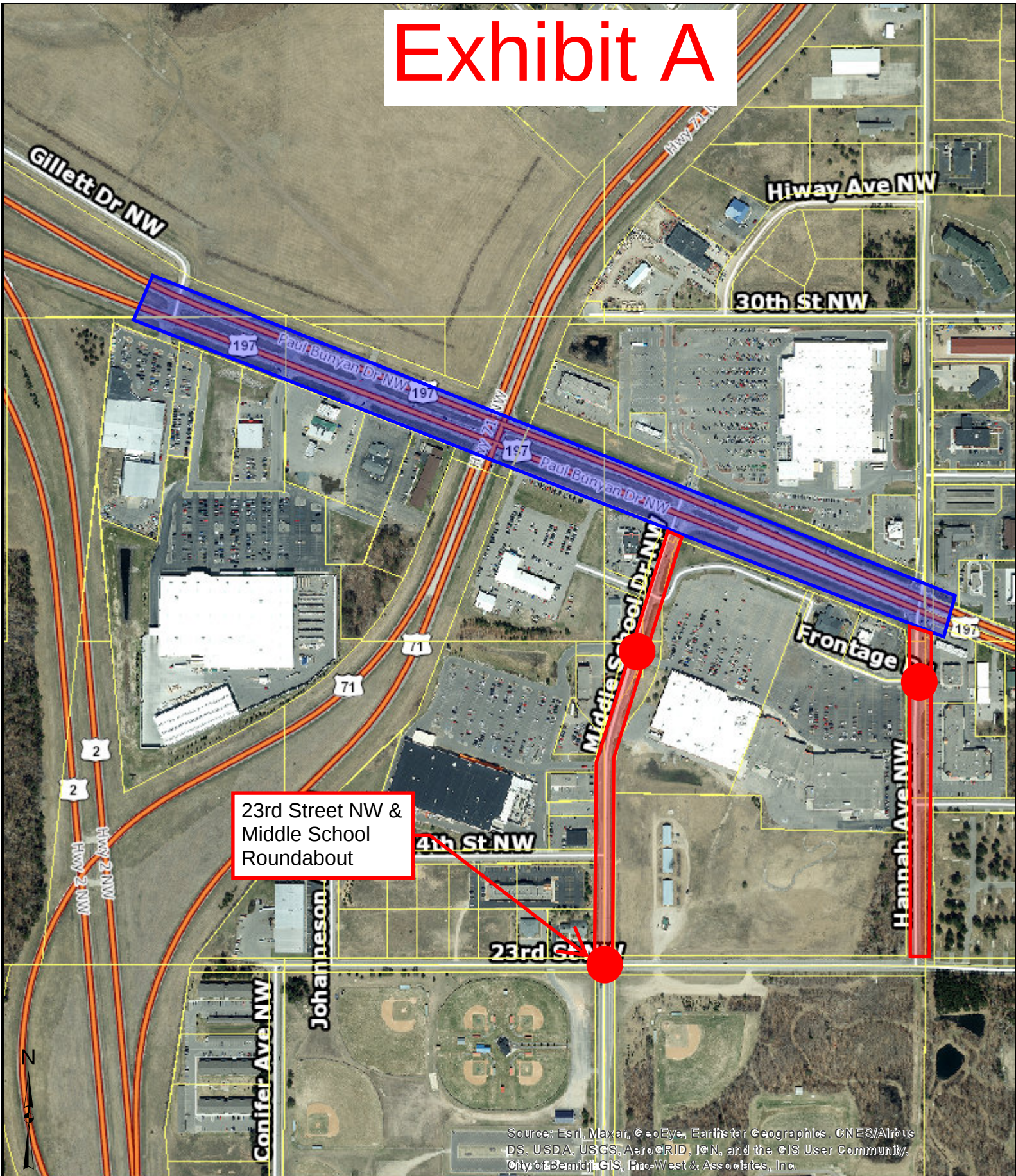
- MnDOT has stated they'd commit to the city the entire \$5.2 million in IIJA State match funding to begin our city street projects yet this year.
- If the city project begins and the RAISE grant funding is made available again, those RAISE dollars can be supplemented into the city project as originally planned.
- Once the IIJA State match funding is allocated to the city project, the funding is locked in and can't be taken away even if the RAISE grant is lost.
- City staff would use part of 2025 & 2026 construction seasons to complete the city project and lessen the impact to adjacent businesses. This would be in lieu of using one full construction season as originally planned.
- MnDOT will seek confirmation from the City, through an MOU, that the City will still commit to the TH 197 project even in the event the RAISE grant funding is taken away. This will involve covering the potential local share per the attached Good Faith Cost Participation Estimate Summary.

Summary

Staff feel there's an opportunity to use the available funding to proceed with improvements on our city system that would otherwise be difficult to fund without grant assistance. The City has already spent about \$1 million on easement acquisition and engineering. If the RAISE grant funding becomes available in the next 12 months or sooner, then things stay relatively on schedule with what's been programmed for the last few years and no anticipated cost to the City for either project. If the RAISE grant funding is taken away, there's a risk the IIJA State match funding disappears as well, and our city street improvements aren't completed. MnDOT is willing to use the available funding to assist the city in the short term, but wants to make sure the city is still committed to the overall project in the event the RAISE grant goes away. MnDOT understands the message through municipal consent was for a fully grant funded project and that could change for reasons outside of our control.

Due to the current project delays, staff respectfully request direction from Council tonight on which of the two options is preferred so that accommodations can be made accordingly.

Exhibit A



These data are provided on an "AS-IS" basis, without warranty of any type, expressed or implied, including but not limited to any warranty as to their performance, merchantability, or fitness for any particular purpose.

TH 197 Improvements	
 City Design (2025/26 or 2026 only Construction)	 MnDOT Design (2026 or 2027 Construction)
1:9,028	Date: 3/15/2022
This map is not a substitute for accurate field surveys or for locating actual property lines and any adjacent features.	

Good Faith Cost Participation Estimate Summary

S.P. 0416-55, Trunk Highway 197

The City of Bemidji's share of construction costs was estimated using MnDOT's cost participation policy and the [Cost Participation and Maintenance with Local Units of Government Manual](http://www.dot.state.mn.us/policy/financial/fm011.html) (PDF). You can find both the policy and the manual at <http://www.dot.state.mn.us/policy/financial/fm011.html>. This policy is used statewide to calculate participation of local units of government on MnDOT construction projects. The City of Bemidji's cost associated with the proposed construction as shown on the attached Final Geometric Layout is estimated to be **\$4,069,250.00**. Being that the City of Bemidji and MnDOT were successful in obtaining the RAISE Grant, the project team is working to manage the scope of the project in order to cover this cost with the grant dollars. This estimate could change if the layout changes or the city requests certain features. The City will be notified of any major changes in cost to the project. The major cost items and the cost splits are summarized below.

Trunk Highway 197

MnDOT would be responsible for 100% of the costs associated with the reconstruction of TH 197 through the City of Bemidji as is shown on the submitted Final Geometric Layout.

Roundabouts at Menard's, Middle School Drive, and Hannah Avenue

MnDOT will be responsible for the cost of the roundabout circle to the line defined by the outside edge of the pavement (up to the curb.) Beyond the outside edge of the pavement, the local road authority will be responsible for the construction of its leg(s.) The lighting, drainage, sidewalk, and shared use path costs are included in the cost splits. The costs associated with the City legs of the roundabouts are included in the total above. If the City desires vegetation other than MnDOT's typical vegetation the city is responsible for additional costs of vegetation above the standard estimated costs. Currently, the City and MnDOT are working to incorporate some of the landscaping elements into the plan that were proposed in May of 2024 to the City Council. Depending on where final costs land, those landscaping elements may increase or decrease in order to fit the budget.

Lighting

At this early design stage, it is anticipated that the lighting for this project will be laid out in a full corridor-wide approach. Given that arrangement, the cost split will be 50% City, 50% MnDOT. The City's cost for Lighting is included in the total above.

City Utilities

The City would have the opportunity to include municipal utility work into our construction plans if it falls within the construction corridor. The plans would be prepared by the City Engineer and incorporated into our plans before letting. Utility plans should be provided to MnDOT for review and verification by April 11th, 2025. The city will be responsible for 100% of the cost of municipal utility work.

Drainage Costs

MnDOT will pay for costs associated with perpetuating the existing drainage patterns as much as possible as outlined in our cost sharing policy. If the City or business wants to add additional flow to our system, the added cost would be 100% local for the added flow.

Associated Administration Costs

In addition to construction costs, the City is also responsible for construction contract administration which is calculated at 8% of their share or **\$325,540**. This would increase if additional city cost items are added such as city utilities. This cost is included in the total above.