City Council Item

April 13, 2026

Item	Market Boulevard Improvement Project: Assessment Hearing / Award Construction Contract / No Parking Resolution	
File No.	ENG 25-02	**Item No:** G.1
Agenda Section	**PUBLIC HEARINGS**	
Prepared By	Charlie Howley, Director of Public Works/City Engineer	
Reviewed By	Laurie Hokkanen	

SUGGESTED ACTION

"The Chanhassen City Council adopts a resolution accepting the bids and awarding the construction contract, adopts a resolution adopting the final assessment roll, and adopts a resolution establishing no parking areas for the Market Boulevard Improvement Project."

Motion Type	Simple Majority Vote of members present
Strategic Priority	Asset Management

SUMMARY

The City Council is asked to consider awarding the construction contract for the project, adopting the assessment role, and designating areas of no parking along the corridor.

If awarded, the construction is expected to begin in early May and be substantially complete by the end of October. It's planned to be constructed in phases to limit the impact to the local businesses affected by the street closures.

BACKGROUND

The project began conceptual design back in February of 2016, starting with a downtown traffic study and developing intersection layout options. After completion of a feasibility study, the project went dormant for a number of years.

In early 2021, the design was reignited with an LRIP grant funding application, which was unsuccessful.

In 2023, the project was added to the CIP with a targeted construction window, which essentially kicked off the design efforts of today's project.

Multiple concepts were developed over the next couple of years, and the project grew to include the downtown regional stormwater reuse scope. A previous corridor layout consisting of a single lane of traffic with multiple mini roundabouts was 'Ordered' and advanced to 60% final design before being put on hold in March 2025 for re-evaluation by the City Council.

On October 27, 2025, the City Council 'Ordered the Project', which outlined the currently designed layout.

Project information is available on the project page found on the city's website here:
https://www.chanhassenmn.gov/government/projects/street-projects/market-blvd-reconstruction-project

To subscribe to the project information distribution list, which will send out important project updates, go to this link:
https://www.chanhassenmn.gov/i-want-to/subscribe

DISCUSSION

The project as designed will improve public assets, improve transportation, and support other neighboring projects, including:

- Expanding the section of road at the railroad crossing to have two full travel lanes in each direction
- Adding a dedicated right turn lane for northbound Market Boulevard traffic at West 78th Street
- Enhancing the sidewalk/trail on the east side of Market Boulevard to provide adequate space for all modes, adding decorative paving, pedestrian scale lighting, and signage/pavement markings
- Installing the pumping station and forcemain needed for the regional stormwater reuse requirement for previously permitted projects. This pumping station will also have the ability to draw down the water level in the large wet pond at the NW corner of Highway 5 and Market Boulevard to provide for flood storage, proactively keeping Market Boulevard from potential inundation during extreme precipitation events. The reuse system will be the source of irrigation water for the entire Civic Campus and City Center Park ballfields. The regional system is also oversized and will have a bank of credits for purchase from future redevelopment projects along the Market Boulevard corridor.

Most of the corridor will remain relatively unchanged after the project other than new paving, lighting, and landscaping.

The Twin City and Western (TCW) Railroad will be reconstructing their railroad crossing signals and their other associated infrastructure as part of this project. That work will be part of Phase 2 which will begin right after the 4th of July holiday.

This project is using an incentive/penalty model for the construction phasing for the work. The city understands the importance of the local businesses which could be affected by road closures or other construction interference. Using this model should effectively keep the contractor on track with the

strict road closure requirements. The entire corridor will be open and useable for the July 4th timeframe to support the events at City Center Park.

The city will also be sponsoring multiple business support events during the construction in an effort to communicate that the downtown areas are fully open for customers during the construction.

Due to the nature of the roadway, it's appropriate to designate No Parking zones along the corridor. This must be accomplished by passage of a resolution by City Council, which is part of the requested action on this item. No parking already exists along Market Boulevard between Highway 5 and West 78th Street, so the request here is for the area north of West 78th Street to Chan View.

BUDGET

The project was bid on March 26, 2026, and received one bid. There are a number of reasons that may have contributed to the lack of bidders:

- High profile project, downtown next to other ongoing projects. Contractors sometimes avoid projects that could have a lot of eyes on it.
- The timeframe for bidding was very competitive, with a number of other projects bidding at the same time.
- There is a high number of specialty work items, i.e. pipe jacking, railroad coordination, reuse system/pump house, tight corridor for working, etc.
- Schedule requirements for completion/phasing

The bid received is from Valley Paving. They are a reputable contractor out of Shakopee that has successfully worked on multiple projects for the city in the past. The bid result based on funding source is shown in this table:

	PMP	Water	Sanitary Sewer	Stormwater	Total
Bid	$ 3,277,720	$ 257,027	$ 6,714	$ 2,582,186	$ 6,123,647
Engineers Estimate	$ 3,546,066	$ 394,581	$ 3,850	$ 1,719,511	$ 5,664,008

Technically speaking with only one bid, it cannot be considered 'competitive'. The bid was ~7.5% over the engineer's estimate, however due to the complexity of the project, staff and the consulting engineer feel the bid was fair for the work proposed and support moving ahead with an award. The consulting engineer's letter of award recommendation is attached to this report. There have already been discussions with the contractor about adjusting some design details to achieve cost savings.

The overall project budget has flexed over the last three years due to the changing scope of the project. This project has always been one that would react to the developed scope, rather than designing to a strict budget. That said, the following table shows the current overall project cost breakdown, with the budget numbers as shown in the 2026-2030 CIP. These numbers have assumptions for multiple items that could change, including the downtown entry monument sign, Xcel Energy lighting design and layout, schedule incentives/penalties, easements, etc. These numbers include soft costs (engineering, easements, etc.). The stormwater reuse system is being constructed with this project even though it is sized and is a permit requirement for previously completed city projects (Civic Campus and the 2024 Street Improvements). Stormwater funding was reserved with those projects, and the city received a resiliency grant from the MPCA for $1.1M to help cover the cost of the reuse system.

Market Boulevard is a designated Municipal State Aid (MSA) street, and therefore we can use MSA funds for the street portions of the project.

	PMP	Water	Sanitary Sewer	Stormwater	Total
As Bid	$ 4,921,135	$ 342,537	$ 10,342	$ 2,965,875	$ 8,239,889
Budget	$ 5,680,000	$ 320,000	$ 20,000	$ 1,880,000	$ 7,900,000

Similar to other city street rehabilitation projects, this project involves assessments to private property. The assessment map and associated amounts are attached to this report. The assessments needed to be broken down between the properties north of West 78th Street (non-MSA portion) and south of West 78th Street (MSA portion). Another unique circumstance for this project is a previous assessment agreement entered into with the developer of The Venue project back from 2018. That agreement stipulated that once Market Boulevard was improved, the property would be charged an assessment even though not directly adjacent to the street. The amount identified in the agreement is $2.1M but escalates with interest from the date it was executed. The assessments were calculated using a linear footage method, which proved to be the most equitable split for the properties rather than by area or by vehicle trips. The city owns three parcels on the corridor that are part of the assessment calculation.

RECOMMENDATION

Staff and recommends awarding the construction contract, adopting the assessment roll, and designating the no parking restrictions.

ATTACHMENTS

Resolution_2026-XX_Accept_Bids_and_Award_Contract_Market Blvd
Resolution_2026-XX_Adopt_Assessment_Roll_Market Blvd
Resolution_2026-XX_Market_Bouelvard_No_Parking
Assessments
EOR Bid Summary Letter
No Parking Exhibit
MARKET BLVD (25-02) ASSESSMENT ROLL - FINAL