

# **BOARD MEMO NO. 26 - 16**

**DATE:** April 13, 2026

**FROM:** Kevin Z. Gray  
County Administrator

James T. Foldesi  
Deputy County Administrator –  
Public Works & Transportation/Highway Engineer

**RE:** 2026 Federal Project Funding Solution

As per recent discussions at the County Board, the federal government continues its administrative prohibition of the use of project labor agreements (PLAs) on Federal Highway Administration (FHWA) transportation funded projects, placing at risk approximately \$6.5 million in federal funds on five projects in St. Louis County's 2026 road and bridge construction program. The Public Works Department has been working with the Minnesota Department of Transportation (Mn/DOT) on possible options to retain the funding as this FHWA policy continues to be reviewed.

After considerable outreach to federal and state agencies, Mn/DOT has agreed to a federal funding exchange whereby St. Louis County will assign Mn/DOT its 2026 federal funds in exchange for Mn/DOT's 2027 federal funds. This is a highly unusual occurrence that is being afforded to St. Louis County and will not be repeated in the future. This will extend the time frame for a PLA policy decision to be made by the federal government and the county, without the risk of losing the 2026 federal funding.

However, this does come at the cost of delaying three projects. The combined value of the three deferred projects (see below), including matching local funds, will reduce the county's 2026 construction program by over \$9 million.

In detail, the County State Aid Highway (CSAH) 91 (40<sup>th</sup> Avenue West) reconstruction project will be de-federalized and delivered in 2026 with State Aid funds due to its ties with the Blatnik Bridge project, the requisite traffic control signal work that is in the project and its use as a major traffic reliever once the Blatnik is closed. The \$2.8 million in federal funds from CSAH 91 will be divided between the CSAH 21 project and the CSAH 98 (Canosia Road) project and then both of these projects will be moved to 2027 along with the federal funds that were already assigned to them. In addition, the bridge replacement project on CSAH 84 utilizing \$600,000 in federal PROTECT funds, will be moved to 2027.

Finally, the county will deliver an FHWA emergency relief slide repair project on CSAH 88 (Grant McMahan Boulevard) in 2026 for approximately \$150,000. This project will utilize federal funds if bids come in under \$150,000 or will utilize county funds if it comes in over \$150,000 and requires a PLA.

The exchange of funding described above requires approval of the Mn/DOT District 1 Area Transportation Partnership (ATP). In a fortunate turn of events, an ATP meeting was conducted April 8, 2026 and a resolution was approved by the county's ATP partners to allow the funding moves to take place. Along with the approval, a warning was given that this was a one-time solution that would not be offered again, and if St. Louis County does not deliver on the projects in 2027, it would be setting up all of the partner agencies in the entire district for a major loss of federal funding.

Timing for the ATP decision was critical because this is the time of year where Mn/DOT is approving the draft State Transportation Improvement Program (STIP) and is incorporating all necessary changes in federal funding assignments for projects and the years in which they will be delivered.

Finally, in the event the FHWA approves PLAs on our 2026 projects, depending on when that occurs during this construction season, the projects would still have the possibility of being let and constructed as an "advanced construct" federal project. This means St. Louis County would retain the ability to deliver all the projects this year, but would have to finance them until the 2027 federal funds become available.

Public Works and County Administration will be implementing this solution, allowing St. Louis County to retain the federal funding on these projects immediately, and will be working with Mn/DOT and FHWA over the coming days to incorporate the changes into Mn/DOT's State Transportation Improvement Program. If you have any questions, concerns or comments, please contact Jim Foldesi, Deputy County Administrator – Public Works & Transportation/Highway Engineer at (218) 625-3840.