



## CITY OF MARSHALL AGENDA ITEM REPORT

<b>Meeting Date:</b>	Tuesday, March 9, 2021
<b>Category:</b>	NEW BUSINESS
<b>Type:</b>	ACTION
<b>Subject:</b>	Project Z88: 2021 State Aid Overlay Project - Consider Approval of Plans and Specifications and Ordering Advertisement for Bids.
<b>Background Information:</b>	<p>The Municipal State Aid Street (MSAS) program provides funding to assist municipalities with the construction and maintenance of community-interest streets on their state aid systems. The program is administered by MnDOT's State Aid for Local Transportation (SALT). A street may be designated as a MSAS route if it is projected to carry a relatively heavier traffic volume or is functionally classified as a collector or arterial, if is connected points of major interest, and if it provides an integrated and coordinated highway and street system.</p> <p>The City of Marshall receives an annual allotment of funds for our designated MSAS network. In calendar year 2019, we received \$794,804. In 2020, we received \$865,128. In 2021, we will receive \$787,027; the reduction is a direct result of the impacts of COVID-19 on transportation revenues. As discussed at the 2-23-2021 worksession, our current account balance is "advanced" by roughly \$2,887,000.</p> <p>To improve the current condition on a number of MSAS routes while also paying back our 'advances' with our annual allotment, City engineering staff is proposing to issue local bonds for this surfacing project with the intent to make bond payments with future MSAS Advances. City engineering staff has reviewed this proposal with SALT and we have their approval to execute this plan. Issuing local bonds and making bond payments with MSAS advances allows the city to slowly improve our MSAS account balance while also making improvements to our MSAS routes and not impacting our levy.</p>
<b>Fiscal Impact:</b>	The current cost project cost estimate is \$2,303,230. No proposed general fund impact. Bonds will be issued locally but coordinated with State Aid Finance. Our MSAS account will be responsible for making the bond payments. Due to our funds already being "advanced" \$2,887,000, we will need to make "advance requests" to SALT annually. It is possible that our "advance request" will be denied. In this event, staff will need to wait until MSAS funds become available to reimburse ourselves.
<b>Alternative/ Variations:</b>	No alternative actions recommended.
<b>Recommendation:</b>	that the Council approve the plans and specifications and authorize advertisement for bids for Project Z88: 2021 State Aid Overlay Project.