



## CITY OF MARSHALL AGENDA ITEM REPORT

<b>Presenter:</b>	Jason Anderson
<b>Meeting Date:</b>	Tuesday, January 13, 2026
<b>Category:</b>	NEW BUSINESS
<b>Type:</b>	ACTION
<b>Subject:</b>	<p>Consider Resolution for 2026 Municipal State Aid Street (MSAS) Funds Advance:</p> <ul style="list-style-type: none"> <li>-Project Z88/SAP 139-103-004: 2021 State Aid Overlay Project Payment</li> <li>-Project PK-011/SAP 139-090-006: C Street/Southview Trail Improvements</li> <li>-Project ST-015/SAP 139-122-007, 139-111-007, 139-107-009, 139-115-005: College Drive Reconstruction</li> <li>-Project ST-025/SAP 139-110-008: South 4<sup>th</sup> Street Culvert Crossing Fence Replacement Project</li> <li>-2026 MSAS Mill &amp; Overlay/SAP 139-131-010-004, 139-124-006, 139-109-006, 139-139-001</li> <li>-Project PK-012/SAP 139-090-007: E Lyon Street Trail Project</li> </ul>
<b>Background Information:</b>	<p>The Municipal State Aid Street 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.</p> <p>The current MSAS construction account balance as of 1/7/2026 is (\$1,181,854). Because we have "advanced" future years of funding to finance past projects, we have a negative account balance. The total maximum MSAS advance, set by the Minnesota Commissioner of Transportation is the lesser of \$4,000,000 or five (5) times the City annual construction apportionment. The 2026 City of Marshall annual construction apportionment is estimated at \$979,100, which multiplied by five results in an amount of \$4,895,500. Therefore, the maximum amount of MSAS advance for the City is (\$4,000,000).</p> <p>The attached resolution is required to allow MSAS advance funding for the listed projects that meet MSAS funding eligibility criteria. The resolution identifies a request to advance funds for the following: 1) Z88 2021 State Aid Mill &amp; Overlay, 2) PK-011 C Street/Southview Trail Project, 3) ST-015 College Drive Reconstruction Project, 4) Project ST-025 South 4<sup>th</sup> Street Culvert Crossing Fencing Project, 5) 2026 MSAS Mill &amp; Overlay, and 6) Project PK-012 E Lyon St Trail Project. Descriptions for each project are included below.</p> <p><b>Project Z88 2021 State Aid Overly Project:</b> The project was substantially completed in 2021 with final completion in 2022. The project was financed through municipal bonds that were issued locally, with the intent of utilizing Municipal State Aid Street (MSAS) funds to make bond payments. This advance request will cover the cost of making the bond principal payment. Bond interest payment is already encumbered through our MSAS Maintenance Allocation. Advance request is \$250,000.</p> <p><b>Project PK-011:</b> The project includes a new 8-FT wide shared use path that improves connectivity in the City trail system. The new path alignment heads south from the intersection of C Street/Progress Drive and then east from Southview Drive/Southview Court to US 59/Main Street. The project has both Transportation Alternative grant funding (80-20 federal grant) and Active Transportation grant funding (state funds to cover the 20% TA match). This advance request will make MSAS funds available to cover engineering costs, as well as construction costs that exceed our grant awards. Advance request is \$75,000.</p> <p><b>Project ST-015 College Drive Reconstruction:</b> The project includes the complete reconstruction of College Drive from approximately 500-FT west of Marlene Street to S. Bruce Street, including Bruce Street for a few hundred feet in each direction. The project will be split into two phases and</p>

	<p>constructed over the 2025 and 2026 construction seasons. The City has received Local Road and Bridge Project funding and RAISE grant funding, both federal grants, totaling roughly \$2.9M. Sanitary sewer, water main, and storm water drainage infrastructure will be paid by each utility, and sanitary sewer service lines will be assessed to benefitting property owners. In 2025, we made an advance request to provide 95% of matching 20% funds for the LRBP grant, cover city engineering costs, and cover eligible construction costs that exceeded our grant awards. In 2026, this advance request will provide for the remaining 5% of MSAS eligible expenses on the project. Advance request is \$25,000.</p> <p>Project ST-025 South 4<sup>th</sup> Street Fencing: The project includes replacement of existing fencing at the S 4<sup>th</sup> Street culvert crossing near W College Drive. It is the intent to utilize Municipal State Aid Street (MSAS) funds for this fencing because the fence location is along a State Aid street. Advance request is \$25,000.</p> <p>2026 MSAS Mill &amp; Overlay: The project includes a 2” mill and overlay resurfacing of four segments of state aid streets. The streets include: S. 4<sup>th</sup> Street (MN 23 to Elaine), S. 6<sup>th</sup> Street (Kendall to Saratoga), Susan Drive intersection (US 59 to Walmart access), and Windstar Street (Saratoga to Scott). Advance request is \$500,000.</p> <p>Project PK-012 E Lyon Street Trail Project: The trail is proposed as 5” concrete over 4” class 5 granular base. The trail is proposed as 8-FT wide where a boulevard exists, and 10-FT wide where the trail abuts the street curb. Note that the trail parallels the north curb of E Lyon Street from Main Street to Kennedy Street. At this point, the trail crosses to the south side of E Lyon Street and parallels the south curb until the RRFB crossing of E Lyon Street near Parkside School. At this point, the trail crosses and follows the north curb line over to Jewett Street. Total construction cost estimate is \$761,078.75. The City has a Federal TA grant in the amount of \$605,276 and a State AT grant in the amount of \$155,802.75 to cover all construction costs. Engineering expenses and construction costs in excess of grant awards will be covered by MSAS. Advance request is \$125,000.</p>
<b>Fiscal Impact:</b>	Staff recommends a total of \$1,000,000 in 2026 MSAS disbursements, resulting in total State Aid advance in an amount up to \$1,202,754 required to be repaid in accordance with the regulations established by MnDOT from future MSAS disbursements.
<b>Alternative/ Variations:</b>	No alternative actions recommended.
<b>Recommendations:</b>	that the Council adopt RESOLUTION 26-007, which is the “Resolution for Municipal State Aid Street Funds Advance” requesting an advance of Municipal State Aid System (MSAS) funding in the amount of up to \$1,202,754.

**RESOLUTION NUMBER 26-007  
RESOLUTION FOR MUNICIPAL STATE AID STREET FUNDS ADVANCE**

WHEREAS, the Municipality of Marshall is planning to implement Municipal State Aid Street Project(s) in 2025 which will require State Aid funds in excess of those available in its State Aid Construction Account, and

WHEREAS, said municipality is prepared to proceed with the construction of said project(s) through the use of an advance from the Municipal State Aid Street Fund to supplement the available funds in their State Aid Construction Account, and

WHEREAS, the advance is based on the following determination of estimated expenditures:

Account Balance as of date <u>1/7/2026</u>	\$ <u>(1,181,854)</u>
Anticipated 2026 Construction Allotment (January 2026)	\$ <u>979,100</u>
Less estimated disbursements:	
Bond Principle (139-103-004)	\$ <u>(250,000)</u>
Project # <u>139-090-006</u>	\$ <u>(75,000)</u>
Project # <u>139-122-007</u>	\$ <u>(25,000)</u>
Project # <u>139-111-007</u>	
Project # <u>139-107-009</u>	
Project # <u>139-115-005</u>	
Project # <u>139-110-008</u>	\$ <u>(25,000)</u>
Project # <u>139-131-004</u>	\$ <u>(500,000)</u>
Project # <u>139-124-006</u>	
Project # <u>139-109-006</u>	
Project # <u>139-139-001</u>	
Project # <u>139-090-007</u>	\$ <u>(125,000)</u>
Project Finals (overruns-if any) \$ _____	
Other _____ \$ _____	
Total Estimated Disbursements	\$ <u>(1,000,000)</u>
Advance Amount (amount in excess of acct balance)	\$ <u>(1,202,754)</u>

WHEREAS, repayment of the funds so advanced will be made in accordance with the provisions of Minnesota Statutes 162.14, Subd. 6 and Minnesota Rules, Chapter 8820.1500, Subp. 10b, and

WHEREAS, the Municipality acknowledges advance funds are released on a first-come-first-serve basis and this resolution does not guarantee the availability of funds.

NOW, THEREFORE, Be It Resolved: That the Commissioner of Transportation be and is hereby requested to approve this advance for financing approved Municipal State Aid Street Project(s) of the Municipality of Marshall in an amount up to (\$1,202,754). I hereby authorize repayments from subsequent accruals to the Municipal State Aid Street Construction Account of said Municipality from future year allocations until fully repaid.

Passed and adopted by the Council this 13<sup>th</sup> day of January, 2026.

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Mayor

ATTEST:

\_\_\_\_\_  
City Clerk