



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, February 23, 2021
Category:	NEW BUSINESS
Type:	INFO
Subject:	Municipal State Aid Street System (MSAS) Update
Background Information:	<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 it 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.</p> <p>The purpose of this memorandum is to help explain our current MSAS account balance versus our projected MSAS funding need over the next decade-plus. We currently own a balance of (\$3,674,000); this means we have 'advanced' future years funding to complete projects in recent years. In early 2021, our yearly allocation will enter our account and our balance will be approximately (\$2,887,000). SALT will allow MSAS cities to 'advance' funds up to the lesser value of 5 times their annual allotment, or (\$4,000,000). There are currently 51 cities out of the 148 MSAS cities with a negative account balance.</p> <p>City staff is currently working through the approval process with SALT to execute a MSAS street construction plan as outlined in the included spreadsheet. To execute this plan, city staff is proposing to bond locally for MSAS street improvement projects that we've identified and submit to SALT an annual request for MSAS funds to make bond payments. By executing this plan, we can make necessary investments into our MSAS system without impacting the city property tax levy.</p> <p>How to read the spreadsheet:</p> <p>Gray: our projected yearly MSAS allocation. This is a conservative estimation; we are hopeful that we will see yearly increases in allocation.</p> <p>Blue: Running MSAS balance with no projects drawing funds.</p> <p>Green: City staff proposed projects with MSAS advance requests. This requires the city to bond for our projects and make annual bond payments with MSAS funds.</p> <p>Yellow: Project details. Identifies each project's cost and bonding scenario.</p>

	<p>Salmon: Projected annual project payments for each proposed construction project.</p> <p>A brief description of the MSAS projects that are being proposed:</p> <p>2021 MSAS Mill & Overlay: City staff is proposing to mill and overlay numerous routes this summer. Most routes are between 17 and 20 years old and require a surface treatment. A map is included with this memo that lists and visually identifies all routes currently being considered. This project carries an estimated price tag of \$1.9M.</p> <p>2022 SRTS Grant Match (RRFB Project): We have a \$339,840 federal grant project that requires local match. This project will install push button RRFB pedestrian crossings, school zone signage, and radar-indicated speed signage at the new elementary school, the middle school, Parkside school, and True Light school.</p> <p>Channel Parkway PCC: City staff would like to apply for Local Road Improvement Program (LRIP) grant funding for a concrete surfacing project for Channel Parkway. If awarded, the city would need to come up with funds to match the grant and cover project costs in excess of the maximum \$1.25M grant award. This project is on the agenda for the 2-23-2021 meeting; city staff is requesting Council support for a project grant application. This project is grant-dependent.</p> <p>2025 College Drive: The city will be required to cover our end of project costs for the 2025 College Drive project. At this point in time, it is estimated that the city's portion of project costs (street, storm sewer, and sidewalk) may be around \$1.1M. Staff is hopeful that we will receive some federal grant funds for these project costs and our spreadsheet indicates a MSAS expenditure of \$210,000 to cover the difference.</p> <p>2028 N 4th Street Reconstruction: N. 4th Street will require street and utility work and we will need to finance this project with MSAS funding.</p> <p>City staff is not asking for any specific action with this item. We are presenting a MSAS account update and offering our insight into the fund looking forward. It is the intent of city engineering staff to work with our City Council and the MnDOT SALT office to bring our balance up while also meeting the needs for street improvements on our MSAS system. At the 2-23-2021 City Council meeting, we will be asking the City Council for a Resolution of Support for the Channel Parkway concrete paving LRIP grant application. At the 3-9-2021 City Council meeting, city staff will likely bring forward a request for the 2021 MSAS Mill & Overlay project. If it is the will of the Council, we may soon be moving forward with executing this MSAS funding plan to locally bond for State Aid projects while making annual bond payments from our MSAS account.</p>
Fiscal Impact:	
Alternative/ Variations:	
Recommendation:	Informational.