



118 Central Avenue North, New Prague, MN 56071
phone: 952-758-4401 fax: 952-758-1149

MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCIL
CC: JOSHUA M. TETZLAFF, CITY ADMINISTRATOR
FROM: KEN ONDICH, PLANNING / COMMUNITY DEVELOPMENT DIRECTOR
SUBJECT: MUNICIPAL STATE AID STREET (MSAS) ENGINEERING SERVICES PROPOSAL FOR 2024 - SEH
DATE: DECEMBER 20, 2023

In 2004, after the city's population reached 5,000 people, the City of New Prague became a designated state aid city. This designation allows the City access to the Highway Users Tax Distribution Fund (Gas Tax) for maintenance and construction of certain roadways within the City. The funds are a distribution of gas tax dollars allocated to municipalities and are distributed to state aid cities through MnDOT State Aid. The City is required to contract with a qualified engineering firm to complete the necessary services to benefit from the State Aid System dollars.

From 2004 through April 2009, the City contracted with Bonestroo, but since then has contracted with SEH. Most recently, the City contracted with SEH from January 1, 2023 through December 31, 2023 with a contract amount of \$6,800. The contract amount for services in 2022 was \$6,800.

The new proposal from SEH provides State Aid services from January 1, 2024 through December 31, 2024 in the amount of \$6,800 for routine services (No increase from the 2023 proposal). For non-routine services, there is an additional \$1,500 not to exceed fee proposed for adjustments to the state aid system related to possibly removing a portion of 1st Street SE from the state aid system and adding the mileage elsewhere.

The 2023 budget for engineering, including the specific MSA related work, is \$20,000. It should also be noted that the City's annual allotment of State Aid Maintenance Funds (estimated at \$114,490 in 2024) covers the entire cost of the engineering services required by the state aid program, so gas tax dollars pay for the engineering services, not the City's general tax dollars. It is also notable that the City's allotment of construction funds is estimated to be \$343,472 for 2024.

Staff Recommendation

Staff recommends that the City Council approve the proposal for MSA Services with SEH as outlined in the December 20, 2023 proposal as attached.



December 20, 2023

RE: City of New Prague
2024 MSAS Administration

Ken Ondich
Community Development Director
City of New Prague
118 Central Avenue North
New Prague, MN 56071

Dear Ken:

Attached is our proposal for engineering services as they relate to administration of the City's Municipal State Aid System (MSAS) during the 2024 calendar year.

BACKGROUND

The City of New Prague has been eligible to participate in the Municipal State Aid Street (MSAS) funding program since 2003 when the City's population first exceeded 5,000. The purpose of the MSAS system is to provide the community with financial resources from the Highway Users Tax Distribution Fund (State Gas Tax) for construction and maintenance of "highways and streets of interest" within the community.

As of July 28, 2023, the City had \$1,146,396 within the construction balance. The 2024 allocation is expected to be \$457,962 with \$343,472 (75%) going toward construction and \$114,490 (25%) toward maintenance. It is expected that much of the city's construction balance will be spent in 2024 and 2025 on planned capital improvements projects.

PROPOSED SERVICES AND FEES

The Municipal State Aid Street (MSAS) program of rules, procedures, and formulas (Needs) is set up and governed by representative City Engineers with oversight by the MnDOT Office of State Aid for Local Transportation, (SALT). The process was established to equitably apportion and distribute the municipal share of the State Aid Funding. The requirements of this program have not changed much over the years and we are able to split the services required to administer the program under routine and non-routine.

Task 1.0: Routine Services

These services relate to the routine services provided to the City related to the MSAS. This includes review and certification of mileage, mapping updates, annual review of the system MnDOT, Needs updates, attendance at Spring/Fall Board Meetings, and general discussions with staff regarding potential updates or changes. We propose to complete these services at a lump sum fee of \$6,800, the same as 2023.

Task 2.0: Non-Routine Services: Non-routine services might include any revisions to the designated state aid routes in the city. Changes are possible in 2024 as a portion of First Street SE has been discussed to be removed from the system and a different street segment added. This will require specific process to be followed for this modification. We propose to complete these services at an hourly not to exceed fee of \$1,500, only with prior approval by City staff.

Engineers | Architects | Planners | Scientists

Short Elliott Hendrickson Inc., 11 Civic Center Plaza, Suite 200, Mankato, MN 56001-7710

507.388.1989 | 877.316.7636 | 888.908.8166 fax | sehinc.com

SEH is 100% employee-owned | Affirmative Action–Equal Opportunity Employer

Ken Ondich
December 20, 2023
Page 2

Please contact me with any questions or comments.

Sincerely,
SHORT ELLIOTT HENDRICKSON INC.

A handwritten signature in black ink, appearing to read "Chris Knutson", written over a light gray dotted rectangular background.

Chris Knutson, PE (Lic. MN)
Project Manager / City Engineer

x:\ko\in\newpr\common\proposals\2024 msas\2023 msas proposal letter to ko.docx

Supplemental Letter Agreement

In accordance with the Master Agreement for Professional Services between City of New Prague ("Client"), and Short Elliott Hendrickson Inc. ("Consultant"), effective May 4, 2009, this Supplemental Letter Agreement dated December 20, 2023 authorizes and describes the scope, schedule, and payment conditions for Consultant's work on the Project described as: 2024 MSAS Administration.

Client's Authorized Representative: Ken Ondich
Address: 118 Central Ave N, New Prague, Minnesota, 56071
Telephone: 952.758.4401 **email:** kondich@ci.new-prague.mn.us

Project Manager: Chris Knutson
Address: 11 Civic Center Plaza, Suite 200, Mankato, Minnesota 56001
Telephone: 507.237.8383 **email:** cknutson@sehinc.com

Scope: The Services to be provided by Consultant: See attached letter dated Dec 20, 2023.

Schedule: Services to be completed in calendar year 2024.

Payment:

For Task 1.0, the lump sum fee is \$6,800 including expenses and equipment.


For Task 2.0, the fee is hourly estimated to be \$1,500 including expenses and equipment. Work under this task will not be started without prior notification to the city.

The payment method, basis, frequency and other special conditions are set forth in attached Exhibit A-1 and A-2. Additional work, if required, shall be compensated in accordance with the standard rate schedule.

Other Terms and Conditions: Other or additional terms contrary to the Master Agreement for Professional Services that apply solely to this project as specifically agreed to by signature of the Parties and set forth herein: None.

Short Elliott Hendrickson Inc.

City of New Prague

By: 
Full Name: _____
Title: Chris Knutson, CSM

By: _____
Full Name: _____
Title: _____

By: _____
Full Name: _____
Title: _____

**Exhibit A-1
to Supplemental Letter Agreement
Between City of New Prague (Client)
and
Short Elliott Hendrickson Inc. (Consultant)
Dated December 20, 2023**

**Payments to Consultant for Services and Expenses
Using the Hourly Basis Option**

The Agreement for Professional Services is amended and supplemented to include the following agreement of the parties:

A. Hourly Basis Option

The Client and Consultant select the hourly basis for payment for services provided by Consultant. Consultant shall be compensated monthly. Monthly charges for services shall be based on Consultant's current billing rates for applicable employees plus charges for expenses and equipment.

Consultant will provide an estimate of the costs for services in this Agreement. It is agreed that after 90% of the estimated compensation has been earned and if it appears that completion of the services cannot be accomplished within the remaining 10% of the estimated compensation, Consultant will notify the Client and confer with representatives of the Client to determine the basis for completing the work.

Compensation to Consultant based on the rates is conditioned on completion of the work within the effective period of the rates. Should the time required to complete the work be extended beyond this period, the rates shall be appropriately adjusted.

B. Expenses

The following items involve expenditures made by Consultant employees or professional consultants on behalf of the Client. Their costs are not included in the hourly charges made for services but instead are reimbursable expenses required in addition to hourly charges for services and shall be paid for as described in this Agreement:

1. Transportation and travel expenses.
2. Long distance services, dedicated data and communication services, teleconferences, Project Web sites, and extranets.
3. Lodging and meal expense connected with the Project.
4. Fees paid, in the name of the Client, for securing approval of authorities having jurisdiction over the Project.
5. Plots, Reports, plan and specification reproduction expenses.
6. Postage, handling and delivery.
7. Expense of overtime work requiring higher than regular rates, if authorized in advance by the Client.
8. Renderings, models, mock-ups, professional photography, and presentation materials requested by the Client.
9. All taxes levied on professional services and on reimbursable expenses.
10. Other special expenses required in connection with the Project.
11. The cost of special consultants or technical services as required. The cost of subconsultant services shall include actual expenditure plus 10% markup for the cost of administration and insurance.

The Client shall pay Consultant monthly for expenses.

C. Equipment Utilization

The utilization of specialized equipment, including automation equipment, is recognized as benefiting the Client. The Client, therefore, agrees to pay the cost for the use of such specialized equipment on the project. Consultant invoices to the Client will contain detailed information regarding the use of specialized equipment on the project and charges will be based on the standard rates for the equipment published by Consultant.

The Client shall pay Consultant monthly for equipment utilization.

**Exhibit A-2
to Supplemental Letter Agreement
Between City of New Prague (Client)
and
Short Elliott Hendrickson Inc. (Consultant)
Dated December 20, 2023**

**Payments to Consultant for Services and Expenses
Using the Lump Sum Basis Option**

The Agreement for Professional Services is amended and supplemented to include the following agreement of the parties:

A. Lump Sum Basis Option

The Client and Consultant select the Lump Sum Basis for Payment for services provided by Consultant. During the course of providing its services, Consultant shall be paid monthly based on Consultant's estimate of the percentage of the work completed. Necessary expenses and equipment are provided as a part of Consultant's services and are included in the initial Lump Sum amount for the agreed upon Scope of Work. Total payments to Consultant for work covered by the Lump Sum Agreement shall not exceed the Lump Sum amount without written authorization from the Client.

The Lump Sum amount includes compensation for Consultant's services and the services of Consultant's Consultants, if any for the agreed upon Scope of Work. Appropriate amounts have been incorporated in the initial Lump Sum to account for labor, overhead, profit, expenses and equipment charges. The Client agrees to pay for other additional services, equipment, and expenses that may become necessary by amendment to complete Consultant's services at their normal charge out rates as published by Consultant or as available commercially.

B. Expenses Not Included in the Lump Sum

The following items involve expenditures made by Consultant employees or professional consultants on behalf of the Client and shall be paid for as described in this Agreement.

1. Expense of overtime work requiring higher than regular rates, if authorized in advance by the Client.
2. Other special expenses required in connection with the Project.
3. The cost of special consultants or technical services as required. The cost of subconsultant services shall include actual expenditure plus 10% markup for the cost of administration and insurance.

The Client shall pay Consultant monthly for expenses not included in the Lump Sum amount.

City of New Prague

State Aid Construction Fund Balance Review

12/20/2022

| Year | Total Allocation | % Increase | Maintenance Allocation | Construction Allocation | Estimated Draws | Balance | Projects |
|------|------------------|------------|------------------------|-------------------------|-----------------|-------------|---|
| 2004 | \$ 114,081 | | \$ 28,520 | \$ 85,561 | \$ - | \$85,561 | |
| 2005 | \$ 159,621 | 39.9% | \$ 39,905 | \$ 119,716 | \$ - | \$205,277 | |
| 2006 | \$ 163,909 | 2.7% | \$ 40,977 | \$ 122,932 | \$ - | \$328,209 | |
| 2007 | \$ 169,669 | 3.5% | \$ 42,417 | \$ 127,252 | \$ - | \$455,461 | |
| 2008 | \$ 183,231 | 8.0% | \$ 45,808 | \$ 137,423 | \$ 223,536.63 | \$369,347 | TH 21 / 6th Street: \$63,071.46 ; TH 19 East Roundabouts: \$160,465.17 |
| 2009 | \$ 197,012 | 7.5% | \$ 49,253 | \$ 147,759 | \$ 514,024.79 | \$3,082 | 5th Street SW: \$200,000 ; TH 19 / 11th Avenue: \$314,024.79 |
| 2010 | \$ 197,929 | 0.5% | \$ 49,482 | \$ 148,447 | \$ - | \$151,529 | |
| 2011 | \$ 217,115 | 9.7% | \$ 54,279 | \$ 162,836 | \$ 90,040.54 | \$224,324 | 2nd St. Box Culvert, (Eligible: \$121,456.86 less \$31,416.32 excess in 2009) |
| 2012 | \$ 246,558 | 13.6% | \$ 61,640 | \$ 184,918 | \$ 1,223,242.00 | (\$814,000) | 2012 Allotment of \$184,918 + \$224,324 balance + Advance of \$814,000 = \$1,223,242 (Est. Eligible MSA > \$1.5M) |
| 2013 | \$ 262,570 | 6.5% | \$ 65,643 | \$ 196,927 | | (\$617,073) | |
| 2014 | \$ 272,531 | 3.8% | \$ 68,133 | \$ 204,398 | | (\$412,675) | |
| 2015 | \$ 289,914 | 6.4% | \$ 72,479 | \$ 217,435 | \$ 303,502.50 | (\$498,742) | Advance in 2015: \$303,502.50 |
| 2016 | \$ 293,383 | 1.2% | \$ 73,346 | \$ 220,037 | \$ 33,705.39 | (\$312,411) | Advance in 2016: \$33,705.39 |
| 2017 | \$ 292,951 | -0.1% | \$ 73,238 | \$ 219,713 | | (\$92,697) | |
| 2018 | \$ 329,839 | 12.6% | \$ 82,460 | \$ 247,379 | | \$154,682 | |
| 2019 | \$ 337,722 | 2.4% | \$ 84,431 | \$ 253,292 | | \$407,973 | |
| 2020 | \$ 391,225 | 15.8% | \$ 97,806 | \$ 293,419 | \$ 473,253.00 | \$228,139 | Off-system expenditure in 2020 for TH 19 project (95% request) |
| 2021 | \$ 389,983 | -0.3% | \$ 97,496 | \$ 292,487 | | \$520,626 | |
| 2022 | \$ 439,030 | 12.6% | \$ 109,758 | \$ 329,273 | | \$849,899 | |
| 2023 | \$ 420,762 | -4.2% | \$ 105,191 | \$ 315,572 | \$ 49,908.05 | \$1,115,562 | Off-system expenditure in 2020 for TH 19 project (5% balance). HSIP Costs ineligible and match. Expenditures for potential trail and sidewalk with AT grants not shown. |
| 2024 | \$ 424,970 | 1.0% | \$ 106,242 | \$ 318,727 | \$ 1,192,000.00 | \$242,290 | CIP Project (2024). Estimate to be updated.Schedule to be confirmed |
| 2025 | \$ 429,219 | 1.0% | \$ 107,305 | \$ 321,914 | \$ 870,000.00 | (\$305,796) | CIP Project (2025). Estimate to be updated.Schedule to be confirmed.Advanced. |
| 2026 | \$ 433,512 | 1.0% | \$ 108,378 | \$ 325,134 | | \$19,338 | Potential 10th Avenue SE mill and overlay. Costs not shown. Timing may shift later. |
| 2027 | \$ 437,847 | 1.0% | \$ 109,462 | \$ 328,385 | | \$347,723 | |
| 2028 | \$ 442,225 | 1.0% | \$ 110,556 | \$ 331,669 | | \$679,391 | |
| 2029 | \$ 446,647 | 1.0% | \$ 111,662 | \$ 334,986 | | \$1,014,377 | |
| 2030 | \$ 451,114 | 1.0% | \$ 112,778 | \$ 338,335 | | \$1,352,712 | |

2004 - 2022: \$ 4,948,274 \$ 1,237,070 \$ 3,711,204 \$ 2,861,305

\$1,115,562 <=== Estimated construction fund balance 2023

\$ 2,856,447

<===== According to SAAS Expenditure Detail (shows \$4,858.27 still encumbered for 237-104-001 on 6/22/2011)

Projected

2023 to 2030: \$ 3,486,295 \$ 871,574 \$ 2,614,721 \$ 2,111,908

= Estimated Values



 Municipal State Aid Streets
 Non-Existent Municipal State Aid Streets

-  Parks
-  Schools
-  Hospital
-  Church
-  Water
-  City Limits
-  Future Trail
-  Existing Trail
-  City Streets
-  County Roads
-  State Highways
-  Railroad



A horizontal scale bar with tick marks at 0, 0.25, and 0.5 Miles.

Current to: December 2022
Prepared by: New Prague Planning Department
File: Z:\MSA\MXD\New Prague MSA Map 2022.mxd

Disclaimer: This map was prepared using the City's GIS and is based on the County and City Street Data maintained by the County and City. While the City believes that the data is accurate, the City does not warrant that data in the GIS is error free and the City does not represent that the GIS data can be used for purposes such as navigation or any other purpose requiring the exact measurement of distance and direction or the precise depiction of geographic features. This disclaimer is pursuant to Minnesota Statutes 466.03 Subd. 21. The user of this map acknowledges that the City shall not be liable for any damages that may arise from this map or the information it contains.

Supporting Minnesota's Vital System of Transportation



Bridge 69A70, Duluth Township (St. Louis County)

Minnesota's economic strength and vitality depends on an effective transportation system. To support the state's system of streets, roads and bridges, the Minnesota Department of Transportation distributes funds for highway maintenance and construction to counties, cities and townships based on a formula determined by the legislature.

The department's State Aid for Local Transportation division works closely with local levels of government to ensure the state maintains a safe, effective and coordinated highway network.

Funding from the Minnesota Highway Users Tax Distribution Fund is used to support more than 142,000 miles of trunk highways, county state aid highways, municipal state aid streets and township roads.

The HUTDF is a dedicated funding source comprised primarily of fuel tax revenues, license fees, motor vehicle sales tax revenue and interest.

For fiscal year 2022, MnDOT distributed over \$1 billion to local governments from the HUTDF.

In addition to funding support, the SALT division provides technical assistance in highway and bridge design, construction and maintenance; authorizes grants for local road and bridge construction; coordinates local federally funded projects; and provides overall management of the state aid system.

SALT links MnDOT with city and county engineers to transfer technical expertise and determine ways to improve the state's transportation system.

Minnesota Roads

| | |
|--|---------|
| Trunk Highway | 11,703 |
| County State Aid Highways ¹ | 30,671 |
| Municipal State Aid Streets ² | 3,767 |
| County Roads | 13,855 |
| Township Roads | 55,548 |
| Other Municipal Streets | 19,382 |
| Other Minor Systems | 7,939 |
| | 142,865 |

¹ In 87 counties

² In 150 cities of population greater than 5,000

Bridges

| | |
|----------------|----------------|
| Trunk Highways | 3,988 |
| County Roads | 8,178 |
| City Streets | 1,413 |
| Township Roads | 6,250 |
| | 19,829 bridges |

Reported bridges are on state trunk highways, county roads, city streets, and township roads, and do not reflect number of bridges owned by each agency type.



Highway Users Tax Distribution Fund for local roads and bridges 2022



North Owasso Boulevard, City of Shoreview

mndot.gov/stateaid
651-366-3800
January 2022

STATE AID FOR LOCAL TRANSPORTATION

Minnesota Highway Users Tax Distribution Fund 2022



Total Highway Users Fund
\$2,615,149,000

**Collection Costs and
Refunds to Department
of Natural Resources,
Public Safety, Revenue, etc.**
\$39,079,753

5% Distribution
\$128,803,462

Regular Distribution
\$2,447,265,785

5% - \$128,803,462
Town Bridge Account - 16%
Town Road Account - 30.5%
Flexible Hwy. Account - 53.5%

**Town Bridge
Account**
\$20,964,775

- Apportioned to individual counties based on the needs of the deficient township bridges.
- Less unallocated account, which can be used by any county.
- For the replacement of deficient township bridges

**Town Road
Account**
\$51,964,101

- Apportioned to individual counties based on township road mileage open to traffic at least eight months/year.
- For the construction and maintenance of township roads.

**Flexible
Highway
Account***
\$70,100,964

- Apportioned to individual agencies for the restoration of former trunk highways that have been turned back to the municipalities or counties and designated state aid.

Regular 95% - \$2,447,265,785
Trunk Highway Fund - 62%
County State Aid Highway Fund - 29%
Municipal State Aid Street Fund - 9%

**Trunk Highway
Fund**
\$1,517,304,786

To MnDOT

County State Aid Highway Fund*

CSAH Distribution
\$703,627,826

- Distributed to 87 counties based on:
 - Apportionment Sum (68%)
 - + 10% equalization
 - + 10% motor vehicle registration
 - + 30% lane miles
 - + 50% CSAH money needs
 - Excess sum (32%)
 - + 40% motor vehicle registration
 - + 60% CSAH money needs
- Used to construct (60%) and maintain (40%) each county's CSAH system

DEDUCTIONS
\$19,371,913

- Used for administration, disaster and research

\$5,317,087

- Used for roads providing access to recreation areas in cooperation with the DNR, State Park Road Account

Municipal State Aid Street Fund*

**MSAS
Apportionment**
\$219,939,850

- Apportioned to 148 municipalities based on:
 - 50% population
 - 50% MSAS money needs
- Used to construct and maintain each municipality's MSAS system

DEDUCTIONS
\$6,297,656

- Used for administration, disaster and research

*Net distribution after adjustments and deductions

For more details, visit mndot.gov/safinance/apportionments.html