



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

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## MEMORANDUM

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**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 2025 - SEH  
**DATE:** DECEMBER 19, 2024

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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, 2024 through December 31, 2024 with a contract amount of \$6,800. The contract amount for services in 2023 was also \$6,800.

The new proposal from SEH provides State Aid services from January 1, 2025 through December 31, 2025 in the amount of \$7,100 for routine services (\$300 increase from 2023 & 2024 which had not seen increases). For non-routine services, there is an additional \$1,500 not to exceed fee proposed for adjustments to the state aid system related to additional mileage coming onto the system from the new road stubs in the industrial park and the short extension of 1<sup>st</sup> Street SE near Scooters Coffee.

The 2025 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 (which was at \$124,361 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 was \$373,082 in 2024.

### **Staff Recommendation**

Staff recommends that the City Council approve the supplemental letter agreement for MSA Services with SEH as outlined in the January 6, 2025 proposal as attached.

### 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 8, 2009, this Supplemental Letter Agreement dated January 6, 2025 authorizes and describes the scope, schedule, and payment conditions for Consultant's work on the Project described as: MSAS Services.

**Client's Authorized Representative:** Ken Ondich  
**Address:** 118 Central Ave N, New Prague, Minnesota 56071, United States  
**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:

**Task 1.0: Routine MSAS Services**

The lump sum fee is \$7,100 including expenses and equipment.

**Task 2.0: Non-Routine MSAS Services**

The hourly not-to-exceed fee is \$1,500 including expenses and equipment.

**Schedule:** Work to be ongoing in 2025. Work pertaining to non-routine services likely in early spring.

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 established 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:   
Chris Knutson  
Title: Client Service Manager

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

**Exhibit A-1**  
**to Supplemental Letter Agreement**  
**Between City of New Prague (Client)**  
**and**  
**Short Elliott Hendrickson Inc. (Consultant)**  
**Dated January 6, 2025**

**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 January 6, 2025**

**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.



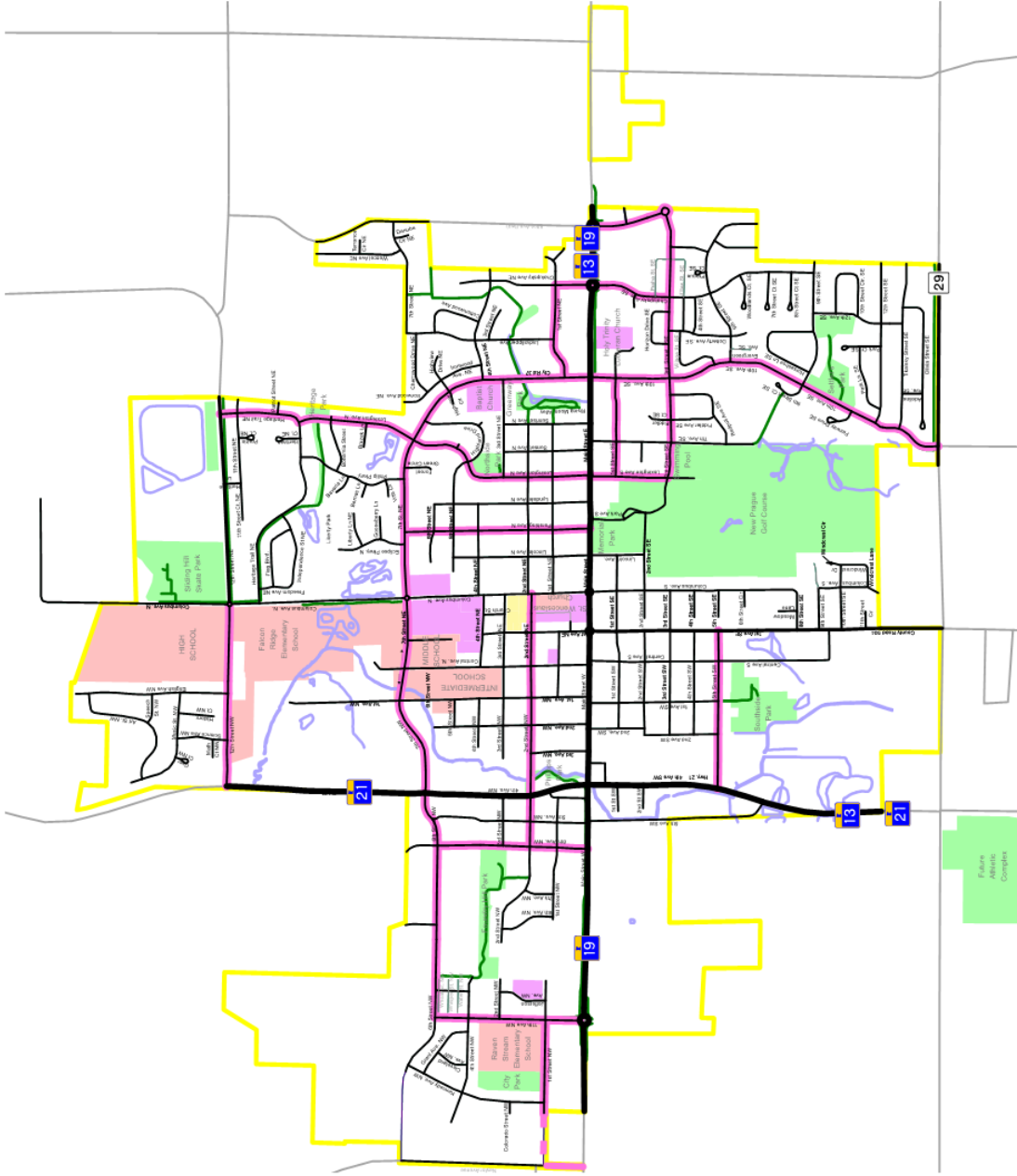
# City of New Prague Municipal State Aid System 2024

MSA Routes adopted by the New Prague  
City Council on 4/18/22

- 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



Current to: December 2024  
Prepared by: City of New Prague Engineering Department  
File: Z:\MSA\MSA\New Prague MSA Map 2024.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 where accuracy is required. 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 the map or the information it contains.



Supporting Minnesota's Vital System of Transportation



Eden Prairie Bridge (Bridge 27C71), City of Eden Prairie

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 143,000 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 2024, 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	11,698
County State Aid Highways <sup>1</sup>	30,679
Municipal State Aid Streets <sup>2</sup>	3,849
County Roads	13,855
Township Roads	55,140
Other Municipal Streets	19,550
Other Minor Systems	8,341

<sup>1</sup> In 87 counties

<sup>2</sup> In 155 cities of population greater than 5,000

Bridges

Trunk Highways	3,982
County Roads	8,130
City Streets	1,442
Township Roads	6,296
	19,850 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  
2024

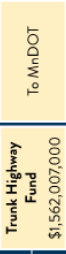
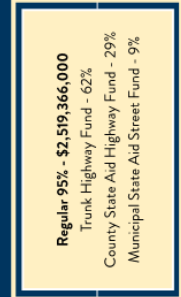
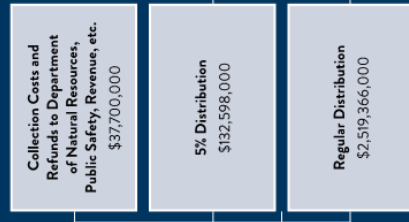


21st Street (MSAS 123), City of Moorhead

STATE AID FOR LOCAL TRANSPORTATION



# Minnesota Highway Users Tax Distribution Fund 2024



## County State Aid Highway Fund\*



## Municipal State Aid Street Fund\*



Numbers have been rounded to the nearest thousand.  
For more details, visit [mndot.gov/finance/apportionments.html](http://mndot.gov/finance/apportionments.html)

\*Net distribution after adjustments and deductions