



Memorandum

To: Mayor Nelson and Members of the City Council

From: Daniel R. Buchholtz, MMC, Administrator, Clerk/Treasurer

Date: April 29, 2020

Subject: Municipal State Aid System Revisions for 81st Avenue

City Engineer Gravel did a good job explaining the situation regarding the fiscal impact of implementing the state aid designation change. I wanted to provide a fuller picture of the matter to assist the City Council in their decision making.

The 2014A GO Improvement Bond repayment is funded by three sources: special assessments, property tax levy and State Aid funds. The repayment was also assisted with \$400,000 in unused project funds, which were used to reduce the property tax levy.

	<u>Expense</u>	<u>Revenue</u>
Principal and Interest (bond repayments)	\$ 3,294,081	
Assessment Income		\$ 951,653
Investment Income		\$ 111,945
Project Fund Transfer (<i>excess project funds – 12/31/16</i>)		\$ 400,000
Municipal State Aid (<i>fulfilled as of 2/5/20</i>)		\$ 1,034,506
Property Tax Levy		<u>\$ 870,000</u>
Total	<u>\$ 3,294,081</u>	<u>\$ 3,368,104</u>
Anticipated Fund Surplus December 31, 2025		\$74,023

As of December 31, 2019, we have received the Municipal State Aid anticipated from the bond fund. This is due to the fact that there were other previous projects submitted to our MSA account that had not been previously reimbursed. As of 4/29/20, there is \$508,350 left to be disbursed over the next three years. If the City Council continued moving forward with Option 1, the City's remaining reimbursement would be reduced from \$508,350 to \$212,127. The foregone reimbursement does not go away. It will be available the next time we do a State Aid street project. If the City Council wishes to move forward with Option 2, we would need to adopt a new State Aid resolution (as referenced in Engineer Gravel's memo) and amend the weight restriction ordinance approved on April 16 to reduce the weight restricted area of 81st Avenue from University Avenue to Terrace Road.

If you have any questions, please don't hesitate to contact me at 763-784-6491.

(This page intentionally left blank)