

October 19, 2017

To: Municipal Engineers

From: Bill Lanoux
Municipal State Aid Needs Manager

Subject: Maintenance Requests, Interest on Bonds

2018 MSAS MAINTENANCE ALLOCATIONS:

If a change is to be made to the amount or percentage that a city receives for its 2018 maintenance allocation, the municipality must submit a written request to Bill Lanoux at william.lanoux@state.mn.us prior to December 16, 2017. (Emailing requests is acceptable.)

Please Note: **a request is only necessary if the city desires to change the request on file.**

A city may submit a request to cover future maintenance allocations by specifying a fixed amount which is greater than \$1,500/improved mile and less than 35% of the Total Allotment. A city may also specify that a percentage of either 25% or 35% of the city's Total Allotment be allocated to the city's Maintenance Allotment. (The remainder is then allocated to the city's Construction Allotment.)

The following wording may be used in the request to cover future Maintenance Allotments:

The city of _____ hereby notifies the Commissioner of Transportation that all future maintenance allotments are to be calculated at _____ percent of the total or an amount of _____ plus bond interest (if any) until the City notifies the Department otherwise.

State Aid Rules (Chapter 8820.1400 Subp. 3) allows cities to receive up to 25% of the total allotment for maintenance without submitting an *Annual Summary of Street Information*. Requests for 35%, or lump sum amounts greater than 25%, require that an *Annual Summary of Street Information* be completed after the 2018 maintenance year. A city may only exceed the 35% maximum Maintenance Allotment to accommodate bond interest.

The document "*Annual Summary of Street Information*" is available at the following website:
(under the header *MSAS Forms*)

<http://www.dot.state.mn.us/safinance/formsandresolutions.html>

If the documented expenditures do not cover the amount received, maintenance monies will be transferred back into the city's construction account. A detailed expenditure report is not required for a general maintenance allocation of 25% or less.

MUNICIPAL INTEREST PAYMENTS ON BOND ISSUES

Minnesota Statutes 162.18 Bonds, Municipal Subdivision 1, states in part "All interest on the obligations shall be paid out of the municipality's normal maintenance account in the municipal state aid street fund."

To satisfy the requirements of the statutes and rules the following guidelines will be used in determining the amount for maintenance.

CITIES THAT DO NOT SUBMIT A REQUEST

For cities that do not submit a request prior to December 16th, the maintenance request that is on file will be used. Cities that do not have a request on file will be adjusted by allowing \$1500 per improved mile as the minimum allocation for general maintenance. We will add bond interest payments due.

CITIES THAT DO SUBMIT A REQUEST

Cities that submit a written request prior to December 16th, can change the request that is on file. Cities can request a lump sum payment of greater than \$1,500/mile and up to 25% of the total allotment (plus bond interest) without having to fill out a summary of street information. Requests of 35%, or lump sum requests that end up being greater than 25%, will require that the *Annual Summary of Street Information* be completed at the end of the maintenance year.

CITIES COVERING BOND INTEREST WITH LOCAL FUNDS

SALT requests that a city notify this office in writing prior to December 16, 2017 and submit a Council Resolution by January 1, 2018 if the present and past interest due will be covered by funds other than State Aid funds.

These instructions can also be found on the MSAS website at

<http://www.dot.state.mn.us/stateaid/msas.html>