

Process for Advancing Town Bridge Funds

Introduction and Purpose

State Aid Rule 8820.1500, Subpart 9a, allows the Commissioner to approve requests for advance funding for town bridge projects when the County requires funds in excess of their individual Town Bridge Account balance.

With the adequate availability of State Transportation Fund (bond fund) dollars in recent years, advances have not been used and the procedures have become outdated, as guidelines for other types of advances have been regularly updated. With the current shortage of State Transportation Fund dollars, the need for Town Bridge Account advances has redeveloped.

Guidelines

Advancing Local Funds for Town Bridge Funds

If at the time of the approval of a township bridge plan, there are insufficient funds available to advance the project to letting, the County may choose to advance the project using local funds which will later be repaid from future allocations to the County's Town Bridge Account. At the discretion of the State Aid Program Delivery Engineer, advances may also be repaid from future allocations to the Unallocated Town Bridge Account.

The following procedure will be used:

1. The County must notify the Program Delivery Engineer by written request (email or letter) that the County intends to advance the project using local funds. A County Board resolution is not necessary.
2. The Program Delivery Engineer will encumber any funds that are available, notify the County Engineer of that amount, and record that the project was advance funded.
3. The County must submit a payment request each year for the amount of their subsequent allocations that they wish to be released towards the advance.
4. At the discretion of the Program Delivery Engineer, Unallocated Town Bridge Funds may be used to liquidate the outstanding balance, if so requested by the County.
5. There is no limit to the amount that may be advanced using local funds.

Advancing Funds from the General Town Bridge Account

If at the time of the approval of a township bridge plan, there are insufficient funds available to advance the project to letting, the County may request to advance funds from the General Town Bridge Account. Advances will be repaid to the General Town Bridge Account from future allocations to the County's Town Bridge Account. At the discretion of the State Aid Program Delivery Engineer, advances may also be repaid from future allocations to the Unallocated Town Bridge Account.

The following procedure will be used:

1. The County must notify the Program Delivery Engineer that they wish to advance funds from the General Town Bridge Account. The request must be in the form of a resolution stating the amount of the advance and the terms for repayment (see example resolution attached).
2. In order to be considered for a general fund advance, the County must agree to let the project prior to the next Town Bridge Fund allocation.
3. Advances may be for no more than 3 times the previous years apportionment OR \$200,000, whichever is more, but not more than \$1 million total; AND the County must reasonably anticipate receiving a town bridge apportionment in the future (i.e. if a County is replacing their last deficient township bridge(s), they will not receive a future apportionment and therefore cannot advance funds).
4. Repayment shall be no longer than 3 years OR the minimum amount of time required to repay the advance using 100% of future allotments if that is more than 3 years. If the payback period is more than five years, prior approval must be obtained from the Program Delivery Engineer, who will use Unallocated Town Bridge Account funds to repay some or all of the advance. The repayment schedule must be in the resolution.
5. Requests to advance funds may be submitted at any time, but will not be acted upon prior to plan approval. Plans must still be approved prior to bid opening as required by State Aid rules, but the advance funding resolution need not be submitted until payment of advanced funds is requested.
6. Upon approval of the fund advance, the Program Delivery Engineer will encumber any funds that are available in the County's account or from other available funds and will reserve funds from the General Town Bridge Account. The County will be notified in writing of the amount of the approved advance.
7. Repayments will occur automatically each January following the annual apportionments.
8. At the discretion of the Program Delivery Engineer, Unallocated Town Bridge Funds may be used to liquidate the outstanding advance balance, if so requested by the County.
9. Advance funding requests will be granted on a first-come-first-served basis until the balance in the General Town Bridge Account reaches \$4 million. (The annual allotment is about \$7 million).
10. If necessary to increase the amount of the advance, the County may submit a resolution for a supplemental request to advance subject to the limitations above.
11. If after advanced funds have been reserved, a planned project letting is delayed until after the next allocation of funds, the County must notify the

Program Delivery Engineer of the delay so that funds may be released to other Counties.

Questions

For questions, please contact Patti Loken, State Aid Programs Engineer at patti.loken@state.mn.us or 651- 366-3803.