

**COUNTY STATE AID CONSTRUCTION ACCOUNT  
ADVANCE GUIDELINES  
Regular & Municipal Accounts**

**State Aid Advances**

M.S. 162.08, Subd 5, 6 and 7 provide for counties to make advances from future year's allocations for the purpose of expediting construction. This process not only helps reduce the construction fund balance, but also allows counties to fund projects that may have been delayed due to funding shortages.

The formula used to determine if advances will be available is based on the current fund balance, expenditure trends, repayments and a \$40,000,000 recommended threshold. The threshold can be administratively adjusted by the State Aid Engineer and reported to the Screening Board at the next Screening Board meeting.

The process used for advancing is dependent on the code levels which are listed below. Code levels for the current year can be obtained from the SAF website.

**State Aid Advance Code Levels**

Guidelines for advances are determined by the following codes.

**SEVERE**

**Code RED - SEVERE** - Fund Balances too low. NO ADVANCES - NO EXCEPTIONS

**HIGH**

**Code ORANGE - HIGH** - Fund Balance below acceptable levels. Priority system in use. Advances approved thru DSAE and State Aid Engineer only. Resolution required. Approved projects automatically reserved.

**GUARDED**

**Code BLUE- GUARDED** - Fund balance low; balances reviewed monthly. Advances on first-come, first-serve basis. Resolution required. Reserve option available only prior to bid advertisement.

**LOW**

**Code GREEN - LOW** - Fund Balance acceptable level. Advances approved on first-come, first-serve basis while funds are available. Resolution required. High priority projects reserved; others optional.

**General Guidelines for State Aid & Federal Aid Advance Construction**

Advancing occurs once a counties account balance is zero. A County Board Resolution must be received by State Aid Finance before any funds will be advanced. Once the resolution is received by SAF, the approved amount will appear in the "Available to Advance" column on the counties Status Report in the State Aid Accounting System (SAAS).

Advances are not limited to the projects listed on the resolution. Project payments are processed in the order received by SAF until the maximum advance amount is reached. Resolutions are

good for year of submission only and can not be submitted for multiple years. Advances are repaid from next year's allocation until fully repaid.

Advance funding is not guaranteed. A 'Request to Reserve' funding form can be submitted to ensure funds will be available for your project. Once approved, a signed copy will be returned to the County.

A Sample Resolution and a Request to Reserve Funding form can be obtained from SAF website - <http://www.dot.state.mn.us/safinance>. Mail completed forms to Sandra Martinez in State Aid Finance. Check with your DSAE to see if they want a copy of the forms.

Questions related to advance funding can be directed to Sandra Martinez at 651-366-4880.

### **Priority System**

A Priority System can be required if the fund balances drop below an acceptable level (Red & Orange Level). This process starts the fall proceeding the advance year. Each county will be required to submit projects to their DSAE for prioritization within the district. The DSAE will submit the prioritized list to SALT for final prioritization.

Requests should include a negative impact statement if project had to be delayed or advance funding was not available. In addition, include the significance of the project.

Priority projects include, but are not limited to projects where agreements have mandated the county's participation, or projects with advanced federal aid. Small over-runs and funding shortfalls may be funded, but require State Aid approval.

### **Advance Limitations**

Statutory - None

Reference: M.S.162.08, Supd 5, 6 & 7.

State Aid Rules - None

Reference: State Aid Rules 8820.1500, Subp 5 & 8 thru 9

State Aid Guidelines

Advance is limited to counties last "construction" allotment. Advance amount will be reduced by any similar outstanding obligations and/or bond principle payments due. The limit can be administratively adjusted by the State Aid Engineer.

Limitation may be exceeded due to federal aid advance construction projects programmed by the ATP in the STIP where State Aid funds are used in lieu of federal funds. Repayment will be made at the time federal funds are converted. Should federal funds fail to be programmed, or the project (or a portion of the project) be declared federally ineligible, the local agency is required to pay back the advance under a payment plan mutually agreed to between State Aid and the County.