

Small Cities Assistance Program

Program Overview

The Small Cities Assistance Program was created in 2015 to provide funding for construction and maintenance of roadways in cities with a population less than 5,000. Minnesota Statute 162.145 provides details on the program. The program is administered by MnDOT's State Aid for Local Transportation Division with the funding distributed by the Minnesota Department of Revenue.



Program Guidance and Criteria

Guidance

Eligible local agencies include cities that do not receive municipal state aid under Statutes 162.09 to 162.14. This primarily includes all cities that have a population of 5,000 or less.

The Commissioner of Revenue distributes the funds to cities in the same manner as local government aid under chapter 477A. Generally, cities will receive 50% of the payment in July and 50% of the payment in December.

Criteria

The preliminary aid to each city is calculated as follows:

- 5% equally allocated to all cities
- 35% allocated based on each city's share of lane miles of municipal streets compared to the total municipal lane miles of all eligible cities
- 35% allocated based on each city's share of population compared to the total population of all eligible cities
- 25% allocated based on each city's share of the state aid adjustment factor compared to the sum of the state aid adjustment factor for all eligible cities
 - The state aid adjustment factor is the greater of zero or:
 - 0.005 minus
 - The number of lane miles of county state aid highway in a city compared to the total lane miles of county state aid highways in eligible cities

The final aid to each city is the lesser of:

- The preliminary aid or
- The maximum aid, which equals 3.5 multiplied by the unweighted average amount of assistance to a city in a year.

Use of Funds

The funding is for the construction and maintenance of roads located within the city and can include land acquisition, environmental analysis, design, engineering, construction, reconstruction and maintenance.

Timeline for Use of Funds

There is no specified timeline by when the cities need to use these funds. However, it is recommended that they be used within two years of receiving the initial payment.

Accounting of Funds

The cities are not required to submit a report on how the funds were expended. Each city is required to follow appropriate accounting practices to clearly show that the funds they received have been used on the eligible items listed above and in the statute. One recommendation is to establish a separate account for these funds and then reduce that account as eligible expenditures are incurred.

Funding Summary

| Calendar Year | 2015 | 2017 | 2018 |
|---------------------------|----------|--------|--------|
| Amount Appropriated | \$12.5 M | \$8.0M | \$8.0M |
| Number of Eligible Cities | 704 | 705 | TBD |

For More Information

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