

County Road and Bridge Funding

House Transportation Finance and Policy Committee
February 14, 2023



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AMC

- A voluntary association of Minnesota’s 87 counties Since 1909
- The voice of county government in Minnesota
- An education, training, & research resource for counties and county officials

MCEA

- An association of the county highway engineers in the state of Minnesota. MCEA’s membership includes county highway engineers from each of the 87 counties.
- MCEA is an affiliate of AMC



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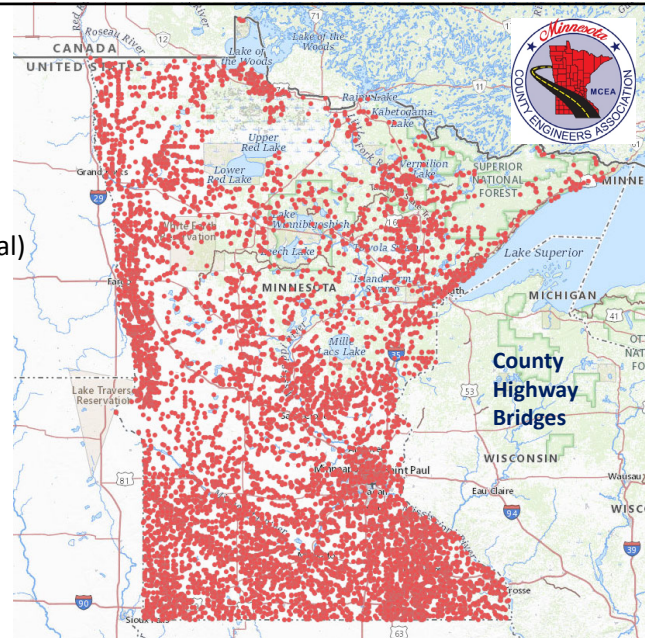
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County Road and Bridges

44,526 Miles County Highways (31% of State Total)

- 30,671 County State Aid Highway (CSAH)
- 13,855 County Road (CR)

8,178 Bridges (41% of State Total)



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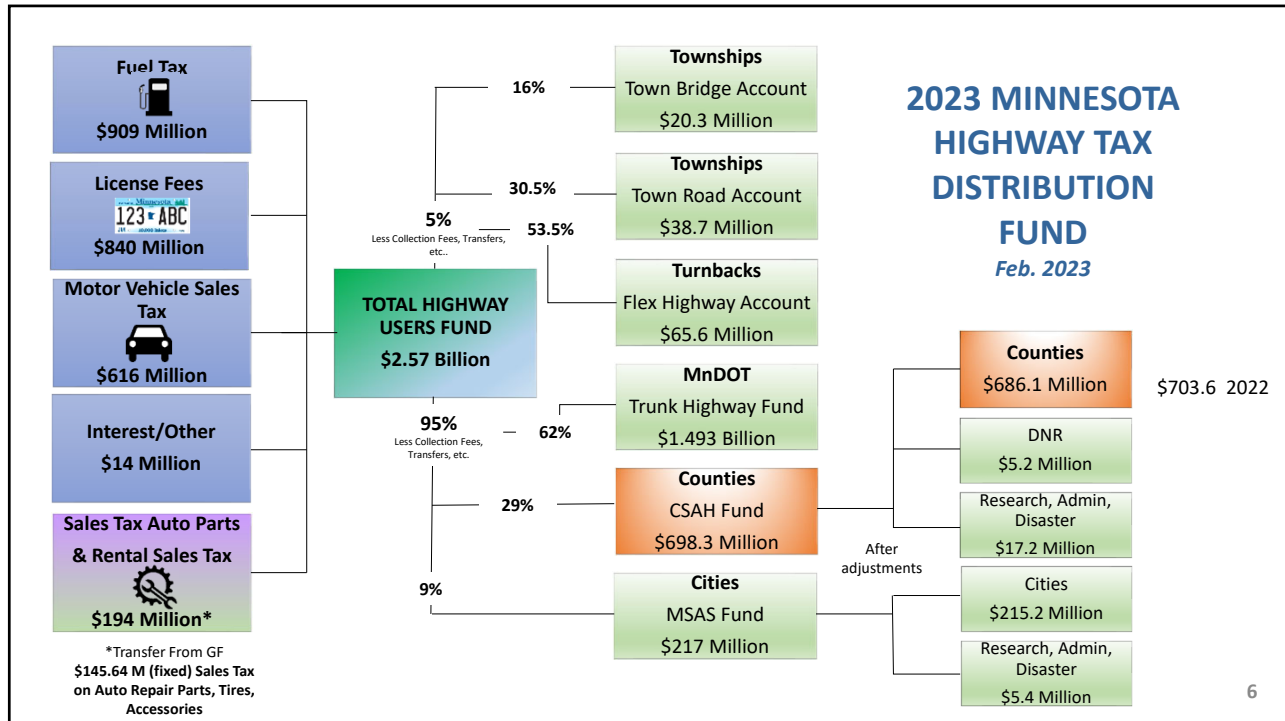
Traditional County Funding Sources

- HUTDF -> 29% of 95%
 - Fuel Tax, License Tab Fees, MVST, Sales Tax Auto Parts and Rentals, Misc.
- Wheelage Tax -> Up to \$20/vehicle
- Local Option Sales Tax -> Up to ½ %
- Federal Funds -> Competitive through MPOs/ATPs -> IJIA
- State Bonding for Local Bridges (LBRP)
- State Bonding for Local Roads (LRIP)
- State Bonding for Local Road Wetland Replacement (LRWRP)
- County Levy
- County GO Bonds



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Wheelage Tax

Rate: up to \$20 per vehicle charge on vehicles housed in the county

Collection: With annual tab fees

Use: Highway purposes; used for CRs or CSAHs, facilities.

How enacted: By County Board approval

55 counties have adopted

- Green counties on map

\$54 Million in 2020

Local Option Taxes for Transportation
January 2023

Association of Minnesota Counties
www.aomc.org

■ Wheelage Tax
■ 1/2 Cent Local Option Sales Tax
■ 1/4 Cent Local Option Sales Tax

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Local Option Sales Tax

Rate: Up to ½ of 1 percent on retail sales within the county

Use: A specific transportation project, transit capital expenditures as well as operating costs

How Enacted: by County Board approval

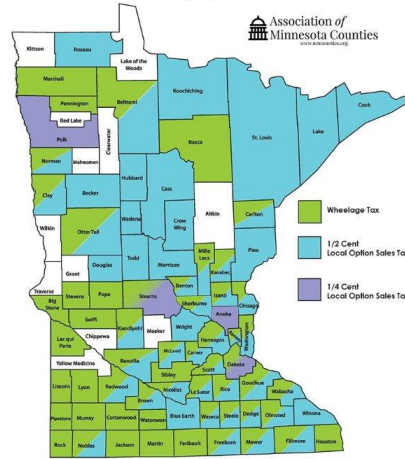
55 counties have adopted

- Blue/purple counties on the map

\$420 Million in 2021

- \$259 Million 8 Metro Counties, \$161 Million 43 GM Counties

Local Option Taxes for Transportation



Association of Minnesota Counties

Federal Funds IJA

Roads, Bridges, Transit, Bike-Ped, Safety

- ~33% Increase from FAST-ACT
- Competitive Through ATPs/Met Council/MnDOT
- Metro -> \$155 Million/Year
- GM -> \$101 Million/Year
- Statewide -> \$24 Million/Year
- **\$30 Million+/-in Local Match for County Road and Bridge Projects**



FY2023 ATP & SALT STIP Targets	ATP 1	ATP 2	ATP 3	ATP 4	ATP 6	ATP 7	ATP 8	Metro	Statewide	Total
FY2023										
ATP Managed STBGP	9,390,000	5,330,000	13,200,000	6,710,000	10,910,000	7,590,000	5,970,000	71,490,000		130,590,000
Other Adjustments								550,000		550,000
STBG (BRD)									6,200,000	6,200,000
STBG (On-Sys Bridge)**	570,000	330,000	810,000	410,000	670,000	460,000	360,000	4,360,000		7,970,000
BFF (Off-System)									11,510,000	11,510,000
Local NHS Pavement									4,200,000	4,200,000
TBI for Met Council	-	-	-	-	-	-	-	-	-	-
Local NHFP	-	-	1,250,000	-	1,390,000	-	-	-	-	2,650,000
STBGP-TA Setaside	1,870,000	1,060,000	2,630,000	1,340,000	2,180,000	1,510,000	1,190,000	14,260,000	2,220,000	28,360,000
Carbon Reduction (btd)*	1,117,500	432,500	1,905,000	717,500	1,392,500	842,500	537,500	8,342,500		15,187,500
PROTECT (btd)										
HSP (100% Oblig.)	2,120,000	1,010,000	4,390,000	1,720,000	2,900,000	1,780,000	1,420,000	14,310,000		29,650,000
Section 164 Penalty									4,800,000	4,800,000
CMAQ									31,590,000	31,590,000
Total	15,067,500	8,162,500	24,185,000	10,897,500	19,152,500	12,182,500	9,477,500	149,662,500	24,180,000	272,857,500

* Carbon Reduction Program distribution is for information purposes. The Climate Resiliency Workgroup recommendations have not been presented to FPAIC at this time.
 ** STBG (On-Sys Bridge) request to FHWA submitted on September 9, 2022

Estimated Target (Final Target in December 2022)	ATP 1	ATP 2	ATP 3	ATP 4	ATP 6	ATP 7	ATP 8	Metro	Statewide	Total
FY2024										
ATP Managed STBGP	9,530,000	5,410,000	13,410,000	6,810,000	11,080,000	7,710,000	6,060,000	72,580,000		132,590,000
Other Adjustments										
STBG (BRD)									6,200,000	6,200,000
STBG (On-Sys Bridge)	580,000	330,000	820,000	420,000	680,000	470,000	370,000	4,450,000		8,120,000
BFF (Off-System)									11,510,000	11,510,000
Local NHS Pavement									4,300,000	4,300,000
TBI for Met Council	-	-	-	-	-	-	-	-	-	-
Local NHFP	1,800,000	-	2,500,000	-	-	-	610,650	8,000,000	-	12,910,650
STBGP-TA Setaside	1,910,000	1,080,000	2,680,000	1,360,000	2,220,000	1,540,000	1,210,000	14,530,000	2,260,000	28,790,000
Carbon Reduction (btd)*	1,127,500	442,500	1,955,000	727,500	1,412,500	857,500	547,500	8,342,500		15,487,500
PROTECT (btd)										
HSP (100% Oblig.)	2,170,000	1,030,000	4,490,000	1,760,000	2,960,000	1,820,000	1,460,000	14,630,000		30,320,000
Section 164 Penalty									5,000,000	5,000,000
CMAQ									32,220,000	32,220,000
Total	17,117,500	8,292,500	25,855,000	11,077,500	18,352,500	12,392,500	10,258,150	160,485,500	24,270,000	288,101,150

Local Road Improvement Program (LRIP)



Grant program administered by Office of State Aid.

LRIP provides funding assistance to counties, cities, and townships for constructing or reconstructing local roads.

Projects are selected through a competitive solicitation process.

LRIP Advisory Committee provides recommendations as to which projects will be funded.

Awards are balanced by MnDOT District.

Year	Competitive LRIP		Earmarked LRIP	
	LRIP Funds (millions)	No. of Projects Funded	LRIP Funds (millions)	No. of Projects Funded
2014	\$54.4	3	-	-
2015	\$4.3	9	\$9.3	3
2016	\$0.0	n/a	-	-
2017*	\$25.3	45	\$90.6	11
2018*	\$35.0	53	\$75.4	16
2019	\$0.0	n/a	-	-
2020*	\$75.0	75	\$109.9	23
2021*	\$5.5	8	\$30.9	10
2022	\$0.0	n/a	-	-

*Competitive LRIP account is still open, so number of projects funded is subject to change

2020 Solicitation: 425 applicants requesting \$344 Million.

Unfunded: \$263.5 Million

Local Bridge Replacement Program (LBRP)



15,842 bridge structures on the local system.

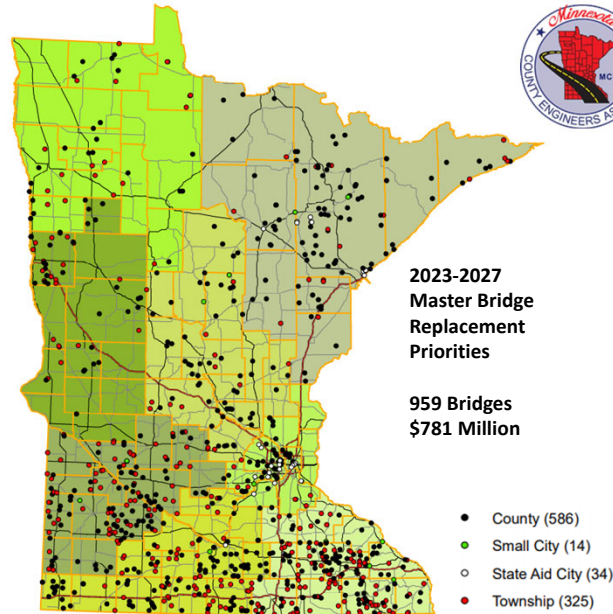
8,178 (41%) are on county system.

The LBRP provides local agencies transportation funding for the reconstruction, rehabilitation and/or removal of bridges.

Master Bridge Priority List: a compilation of all eligible local bridge projects identified by local bridge owners as priority for replacement or rehabilitation.

- 959 (\$781M) on list, 586 (\$462M) County

• **\$289 M LBRP Needed**



Transportation Funding Needs



County Road and Bridge Needs Estimated at \$1.2 Billion Per Year

TFAC Report (2012)-Annual Funding Gap (Scenario 3):

- \$450 Million CSAH
- \$450 Million County Roads

CSAH Needs Study

2022 Construction Needs

- \$20 Billion for 25 years (CSAH Only)
- Cost to replace system on 60-yr lifecycle.
- \$800 Million per Year (+\$360 M for County Rds)
- Available from HUTDF \$422 Million, CSAH Only (60%)
- GAP \$378 Million (CSAH) + (\$250M for County Rds*)
- Assume \$150 Million/Yr IJJA - > **Total Gap \$478 Million/Yr.**

Recent inflation has grown this number

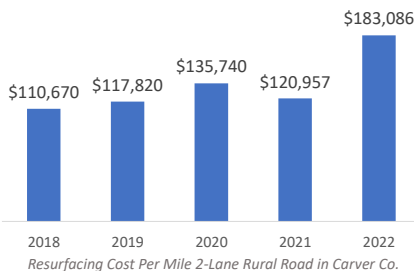


* Assumes County Roads get resurfaced only every 20yrs at \$180k per mile. Paid with levy, wheelage tax, LOST

Inflation Impact to Counties



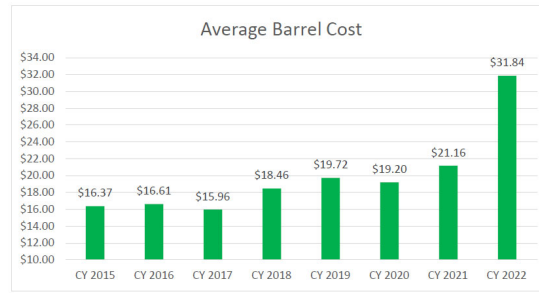
- Bituminous Road Resurfacing (2-lane rural)
 - 36% increase in one year
 - From \$120K per mile average to \$183K
 - \$2 Million Budget (Carver County)
 - 16.7 Miles per year (2018-2021) -> 17-year cycle
 - 11 Miles per year 2022 on - > 25-year cycle





Inflation Impacts to Counties

- Concrete Box Culverts
 - 50% increase in one year
 - Many old bridges are replaced with Concrete Box Culverts
 - 100 +/- installed each year
- Supply Issues – extended wait time. 9 months.



Avg Barrel Volume Cost: From MnDOT State Aid Bridge Office

Inflation Impacts to Counties

- Bridges
 - 25% Cost Increase in 2 years.
 - Locals build approximately 50 Bridges per year
 - 95% of County Bridges are Concrete
 - Prestressed Concrete Beams (PCB)
 - Cast-In-Place Concrete Slab (C-Slab)

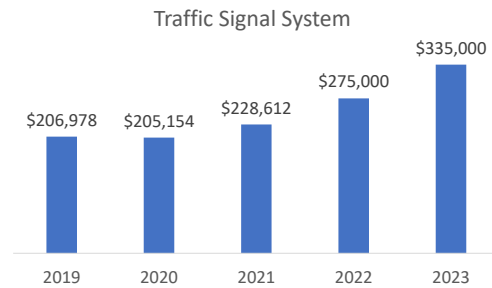
Year	Average Concrete Bridge Cost /SF (\$)
2018	\$144
2019	\$146
2020	\$150
2021	\$181
2022	\$201

Bridge 57526, CSAHB over the Red Lake River, Thief River Falls, Pennington County



Inflation Impact to Counties

- Traffic Signal System
 - 31% Increase in 2 years.

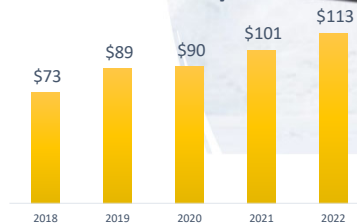


Traffic Signal System Costs in Anoka County

Inflation Impact to Counties

- Equipment Up 25% from 2020
 - Tandem Snowplow \$260k to \$340k
 - Mid Size Wheel Loader \$223k to \$280k
 - Mid Size Excavator \$232k to \$275k
 - Skid Steer \$54k to \$74k
- Salt up 20% from 2020
 - \$90/Ton to \$113/Ton
 - Up 35% from 2018

Salt Price/Ton



Transportation Funding Requests



- Increase Motor Fuel Tax, Registration Fees, MVST, Electric Vehicle Fees
- Dedicate 100% of Sales Tax on Auto Repair Parts to Transportation
- General Fund Appropriation to CSAH Fund for Revenue Loss and IJJA Local Match
- Bonding for Local Bridges (LBRP), Local Roads (LRIP)
- Bonding and Base Funding for Local Road Wetland Replacement Program (LRWRP)

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Fuel Tax, License Fees, MVST, EV Fees



Increase Fuel Tax by 5c/G - > \$160 Million (\$32M/c)

- **CSAH Increase \$44 Million**

Increase Tab Fees - > \$175 Million in FY 24 (Gov. Proposal)

- **CSAH Increase \$48 Million**

Increase MVST from 6.5% to 6.875% - > \$30 Million in FY 24

- **CSAH Increase \$8 Million**

Increase EV Fees (\$75 to \$150) or charge per KWH- > \$3.3 Million?

- **CSAH Increase \$1 Million**

New Retail Delivery Fee \$0.40 to \$0.50 per delivery -> \$67-77 Million
HUTDF

- **CSAH Increase \$18 Million**

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Sales Tax on Auto Repair Parts

Current law : \$145.6 Million to HUTDF -> Approx. 45.5%

- \$40 Million to CSAH

Request: All remaining revenue to Transportation - > +\$174 Million (FY 23)

- 100% to HUTDF -> Increase of **\$49.6 M to CSAH**

Alternative: New formula for all revenue -> \$320 Million (FY 23)

- 45.5% to HUTDF (Same as current)
 - 7% Small Cities -> \$22.4M
 - 7% Townships -> 22.4 M
 - 25% Transit -> \$80 M
 - **10.25% CSAH -> \$32.8 M**
 - 5.25% MSAS -> \$16.8 M
- > *Trunk Highway Fund - no new money (current amount remains the same: \$86M)*



General Fund Appropriation to CSAH

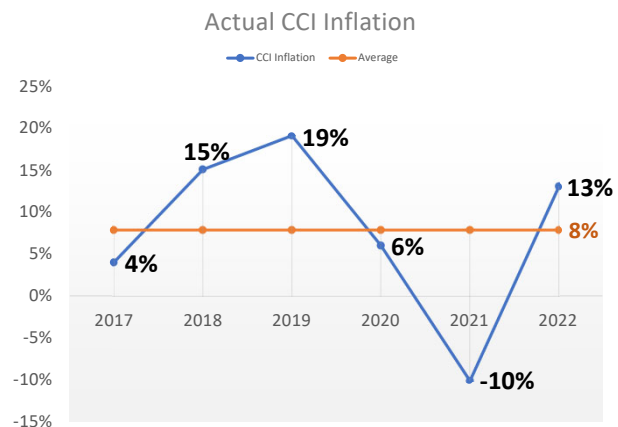
- 2022 CSAH Fund \$703.6M
- 2023 CSAH Fund \$686.1M

→ \$17.5M less

Factor in inflation → \$25.7M

- \$1 in 2018 has \$0.68 buying power in 2022

- CSAH Request \$25.7 Million FY 23
- IJA Local Match \$30 Million/Yr. FY23-26



From MnDOT Construction Inflation Report Oct 2022

Bonding

Local Bridge Replacement Program -> \$200 Million

Local Road Improvement Program -> \$200 Million

Local Road Wetland Replacement Program -> \$17 Million



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Base Funding for LRWRP

Annual General Fund Budget of \$7 Million

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County Road and Bridge Funding Request Summary



- 20% minimum increase from sustainable user-based fees to CSAH fund - > \$140 million per year
- One time GF appropriation to CSAH for revenue reduction, inflation - > \$25.7 million
- GF appropriation for IJA local match - > \$30 million per year 2023-2026
- Local Bridge Replacement Program - > \$200 million bonds
- Local Road Improvement Program - > \$200 million bonds
- Local Road Wetland Replacement Program - > \$17 million bonds + \$7 million annual base funding.

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Thank-you



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