



March 19, 2024

Chair Lee and Members of the House Capital Investment Committee:

On behalf of the members of the Minnesota Transportation Alliance including local governments, the transportation industry, labor, transit systems and businesses, we appreciate this opportunity to comment on HF3582 requiring local governments to establish a replacement fund to maintain and replace capital projects that receive state funding.

Our members would like to stress that when it comes to programs like the Local Road Improvement Program and the Local Bridge Replacement program, **state dollars do leverage significant amounts of federal and local dollars**. In addition, not all expenses are bond eligible. Every project involves a combination of funding, thereby making state dollars stretch farther. Please consider these points:

- No roadway or bridge receives funding from these programs more than once. If state bond funds are used on certain improvements projects, those improvements are maintained by local governments.
- In 2023, 112 bridge projects on the city and county systems that received \$48.1 million in state bridge funds. These projects were able to leverage an additional \$75.0 million in local, state aid, and federal funds. Total construction cost was \$123.1M. State bridge funds made up 39% and other funds (local, state aid, federal, etc.) made up 61%.
- Engineering, right of way and construction administration are not included in these costs and are paid for by the local agencies.
- In 2020 and 2021, \$80.5M in state funds was allocated to 83 local road projects with a total estimated construction cost of \$261.1M. State funds made up approximately 24% of the estimated construction cost, with 76% from other funding sources.
- The 2023 solicitation provided \$103M appropriated from the 2023 legislature. MnDOT received 380 applications requesting approximately \$418M in state funds. The total construction cost for those projects is estimated at \$924M. The state funds make up approximately 45% of the construction cost with 55% coming from local, state aid, or federal funding sources.

Many local governments struggle to maintain existing roads and bridges so state dollars are extremely important for securing the funding necessary, especially for larger bridge projects. Once those projects are built, they are maintained by local governments for their citizens.

Sincerely,

Margaret Donahoe
Executive Director