

Local Road Improvement Fund Grants

AT A GLANCE

2022 Request Amount:	\$150,000
Priority Ranking:	3
Project Summary:	\$150 million in state funds for rural road safety projects, routes of regional significance projects, and the local share of trunk highway improvements.

Project Description

This capital request will provide funding assistance to local agencies for construction, reconstruction, or reconditioning projects. This includes:

- Assistance for counties with rural road safety projects to reduce traffic crashes resulting in deaths, injuries, and property damage.
- Assistance for cities, counties, or townships with local road projects with statewide or regional significance and reduce traffic crashes, deaths, injuries, and property damage. Projects may support economic development, provide capacity or congestion relief, provide connections to interregional corridors, other major highways, and eliminate hazards.
- Assistance for local agencies to pay for their share of local road improvements impacted by trunk highway projects.

Project Rationale

Local roads provide critical connections to the state’s interregional corridors and other trunk highways from towns, shipping points, industries, farms, recreational areas, and other markets. A well-developed local system is vital to the communities and solutions for reducing congestion on trunk highways.

State assistance is needed to supplement local efforts and the Highway User Tax Distribution (HUTD) Fund in financing capital improvements to preserve and develop a balanced transportation system throughout the state. In 2002, the legislature created the Local Road Improvement Program (Minn. Stat. 174.52) to help local communities finance transportation improvements on township, city, and county roads that meet the eligibility criteria of being regionally significant.

The most recent solicitation was completed in May of 2021 for \$75 million of funding appropriated by the legislature in the Minnesota Laws of 2020, 5th Special Session, Chapter 3. This resulted in the submittal of 425 applications for the program funding. The requested need for those applications was over \$344 million with a total project cost of \$835 million. Bond funds from the current request will be used in combination with local sources to fully fund the projects. The \$75 million awarded in 2021 will fund 75 local road projects throughout the state. This current request for \$150 million will be used to fund additional local road projects. These projects could be selected from the 350 remaining

unfunded applications submitted in the 2021 solicitation, through a future solicitation for new applications, or a combination of both.

Project Timeline

The Local Road Improvement Program is managed by an open solicitation for projects after an appropriation has been signed into law. The exception is projects identified and selected by the legislature as specified in the law. Local agencies apply for the funding through a solicitation process administered by MnDOT State Aid for Local Transportation Division. The process includes project selection, developing plans for state aid approval, and awarding a construction contract which results in the construction of a local road improvement. The design and construction process takes approximately two to three years to complete depending on the size and complexity of the improvement.

Other Considerations

MnDOT manages several capital programs that widely impact traveler safety, critical connections, and asset management across the state. There is an existing demand to improve the safety and mobility for rural roads, routes of regional significance, and fund the local share of trunk highway improvements.

Impact on Agency Operating Budgets

Administration of this program is funded with existing budgets within MnDOT's State Aid for Local Transportation Division.

Description of Previous Appropriations

2015: \$8.9 million GO Bond

2016: \$0

2017: \$115.932 million GO Bond

- \$90.63 million for projects identified in legislation
- \$25.3 million for Local Road Improvement Program open solicitation

2018: \$78.6 million GO Bond

- \$43.6 million for projects identified in legislation
- \$35 million for Local Road Improvement Program open solicitation

2019: \$0

2020: \$148.959 million GO Bond

- \$73.959 million for projects identified in legislation
- \$75 million for Local Road Improvement Program open solicitation

2021: \$5.5 million General Funds

Project Contact Person

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Governor's Recommendation

The Governor recommends \$90 million in general obligation bonds for this request. Also included are budget estimates of \$90 million for each planning period for 2024 and 2026.

Transportation

Project Detail

(\$ in thousands)

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PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2022	FY 2024	FY 2026
State Funds Requested				
General Obligation Bonds	\$ 343,491	\$ 150,000	\$ 150,000	\$ 150,000
General Fund Cash	\$ 5,500	\$ 0	\$ 0	\$ 0
Funds Already Committed				
Pending Contributions				
TOTAL	\$ 348,991	\$ 150,000	\$ 150,000	\$ 150,000

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2022	FY 2024	FY 2026
Property Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 0	\$ 0	\$ 0
Project Management	\$ 0	\$ 0	\$ 0	\$ 0
Construction	\$ 348,991	\$ 150,000	\$ 150,000	\$ 150,000
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 348,991	\$ 150,000	\$ 150,000	\$ 150,000

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2022	FY 2024	FY 2026
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 150,000	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	Yes
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	N/A
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	N/A
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6)?	N/A
Will the project comply with the targeted group purchasing requirement (M.S. 16C.16 subd. 13)?	Yes
Will the project meet public ownership requirements (M.S. 16A.695)?	Yes
Will a use agreement be required (M.S. 16A.695 subd. 2)?	No
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	N/A
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	Yes
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2026?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 473.4485: Guideway Project	
Is this a Guideway Project?	No
Is the required information included in this request?	N/A