



Infrastructure Investment and Jobs Act Update

Minnesota Department of Transportation
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Presentation Outline

- Introduction to IIJA (Infrastructure Investment and Jobs Act)
- Highway Dedicated Funding
- Competitive Grant Funding
 - Summary of New Programs
 - Upcoming Opportunities
- Highway and Mass Transit Increased funding
- State Funding Match and Legislative Authority



Federal Funding and Surface Transportation Reauthorization History

- U.S. Congress provides federal funding through five-year reauthorization acts that provide program authorization and funding levels and annual appropriations that provide funding.
- The vast majority of federal funding for transportation is for capital construction, state administered, and provided through reimbursement once the work is completed. Most programs provide 80% federal with a 20% local match required.
- The FAST (Fixing America's Surface Transportation) Act was the surface transportation act preceding IIJA from December 2015 to November 2021.

Infrastructure Investment and Jobs Act (IIJA)

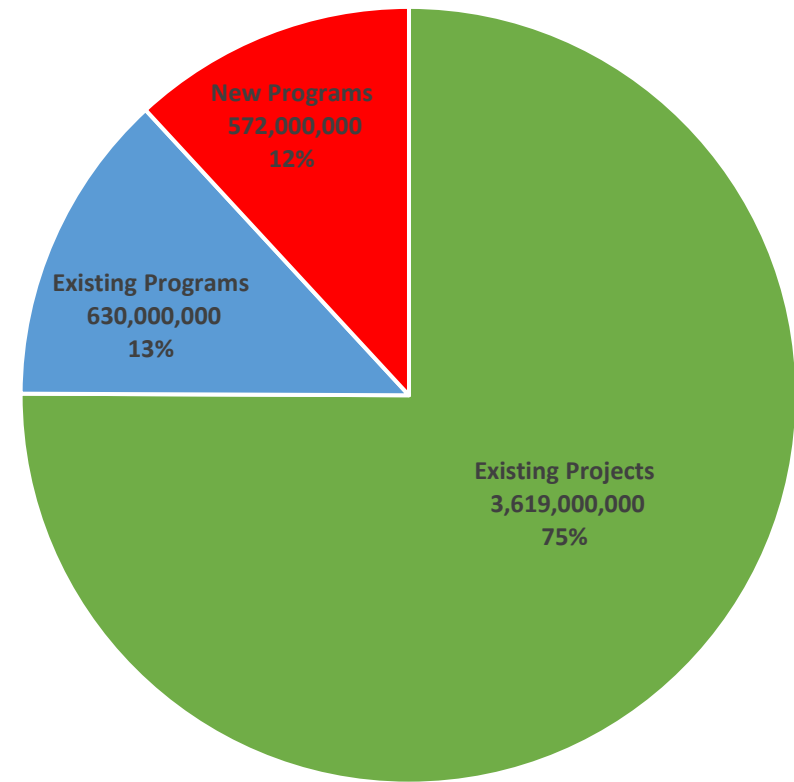
- IIJA, also known as the Bipartisan Infrastructure Act (BIL), includes a 5-year surface transportation authorization. It became law in November 2021.
- The new law expands the definition of surface transportation to include funding for broadband, ports, water infrastructure, energy and power infrastructure, electric vehicles and airports. It also provides first time formula funding for carbon reduction and climate resiliency.
- Unprecedented amount (\$100+ billion) in competitive grant funding available



\$4.8 Billion Highway Funding over 5 years

- \$3.6 Billion for EXISTING PROJECTS as shown in the STIP (FAST ACT Level Funding)
 - ~\$725 Million/Year
- \$630 Million additional for EXISTING PROGRAMS
 - ~\$25 Million/Year
- \$570 Million for NEW PROGRAMS
 - ~\$115 Million/Year

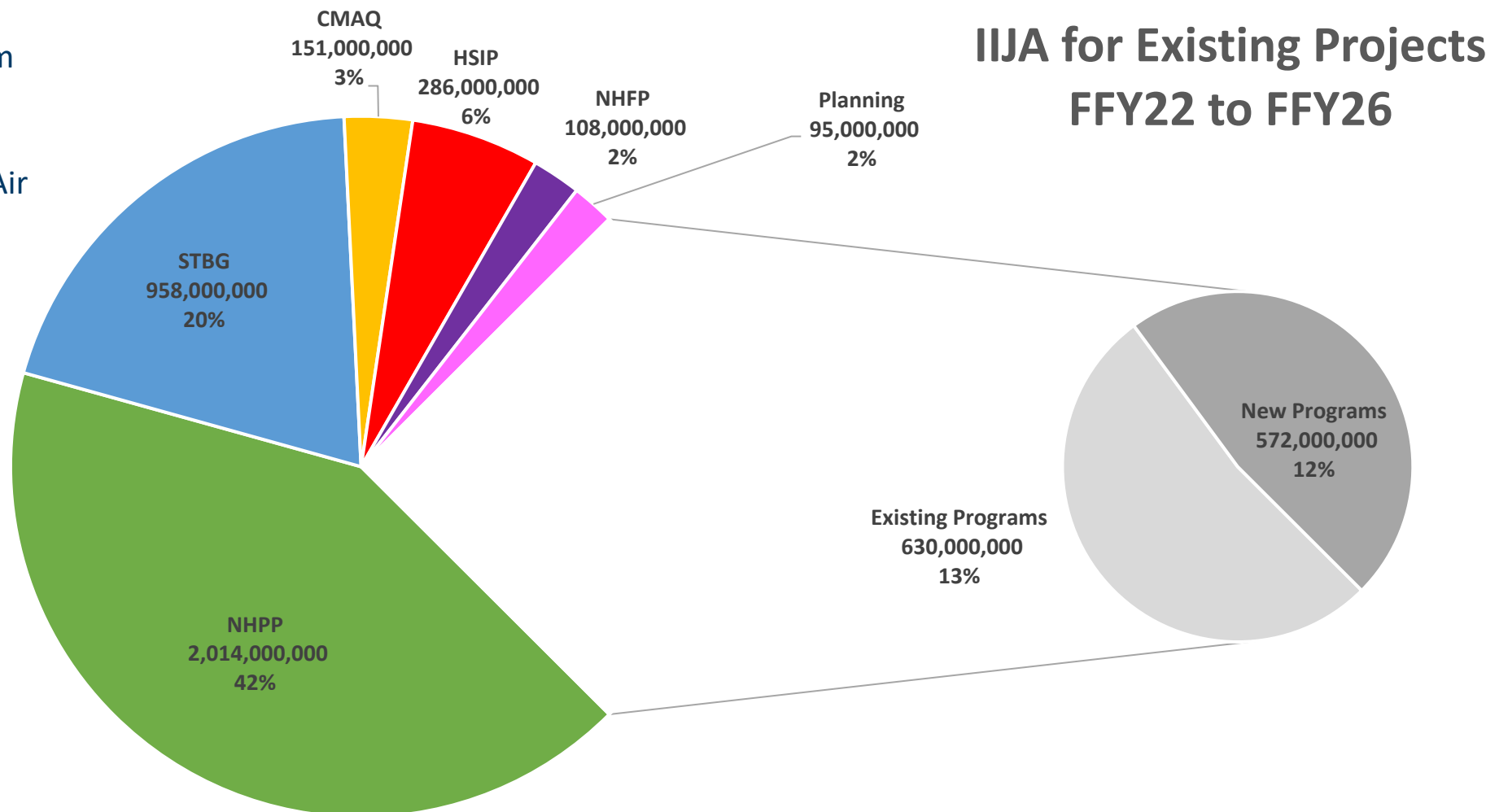
Estimated IJA Formula Funds to Minnesota
FFY22 to FFY26



\$3.6 Billion to Fund the Existing FY22-FY26 Program

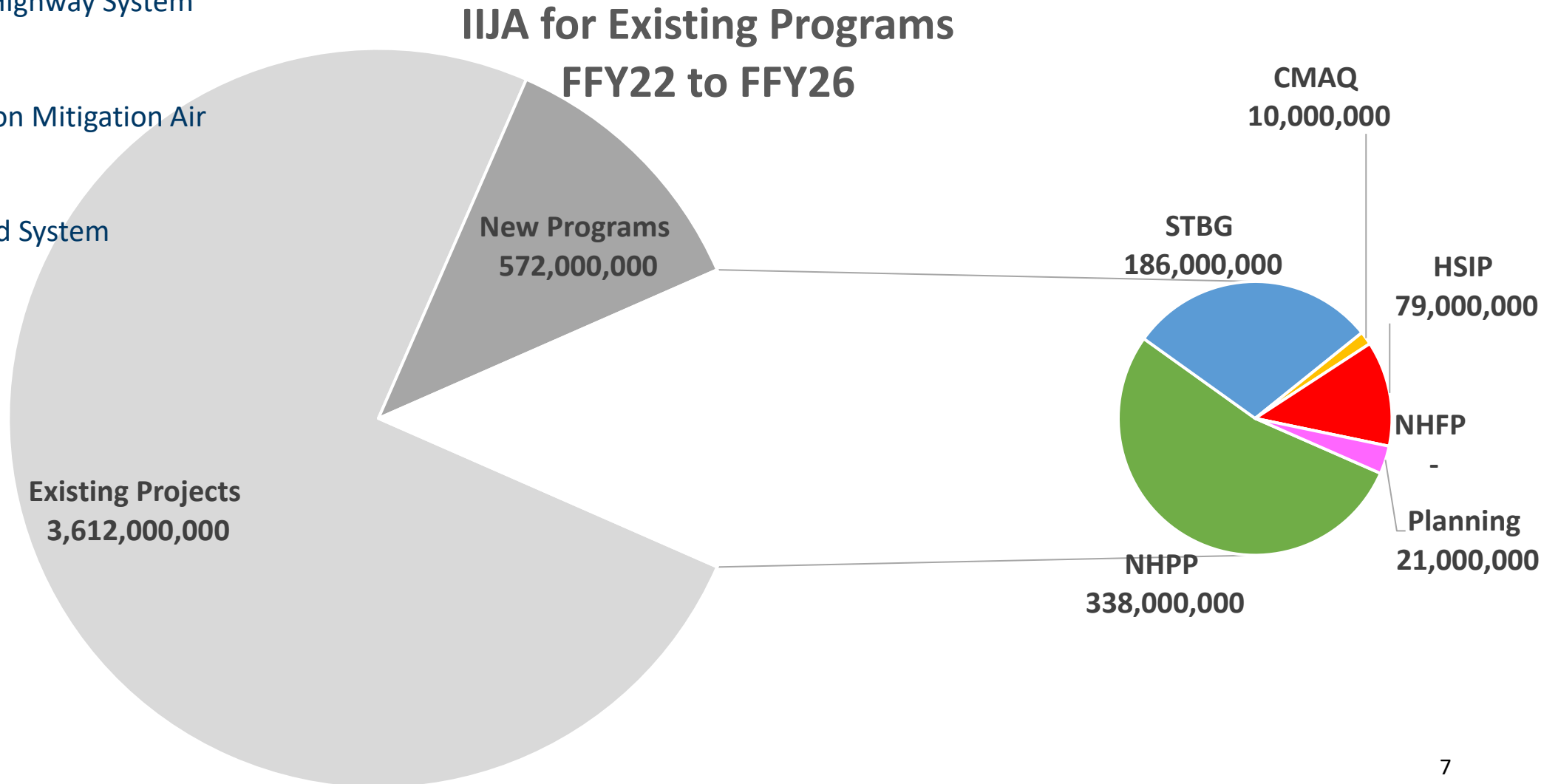
Current Distribution 70% MnDOT / 30% Local Federal-aid

- NHPP – National Highway System (NHS)
- CMAQ – Congestion Mitigation Air Quality
- STBG – Federal-Aid System
- HSIP – Safety
- NHFP – Freight



\$630 Million Additional for Existing Programs Continue 70% MnDOT / 30% Local Federal-Aid

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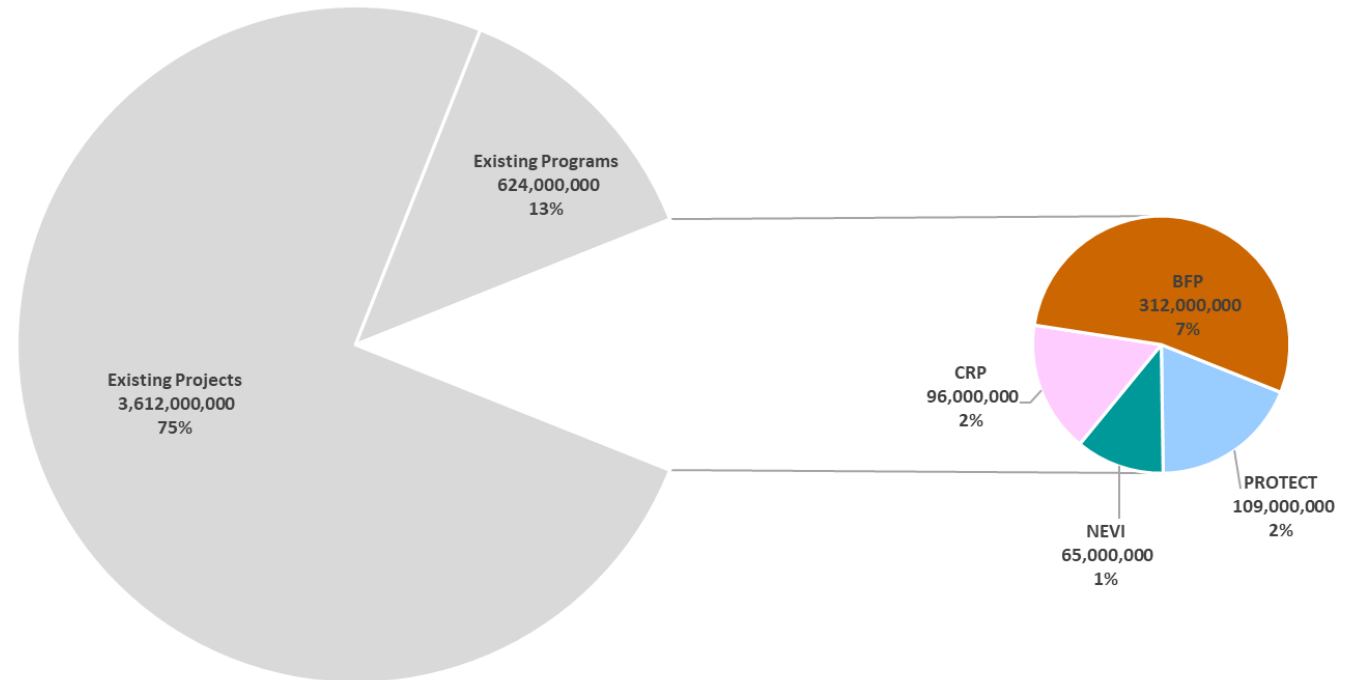


IIJA Dedicated Highway Funds – New Programs

- **Average \$115M / year**
 - Bridge Investments – \$65M
 - EV Charging Stations (NEVI) – \$13M
 - Carbon Reduction / Resiliency – \$37M

Bulk of new programs will be delivered after 2023

IIJA for New Programs
FFY22 to FFY26



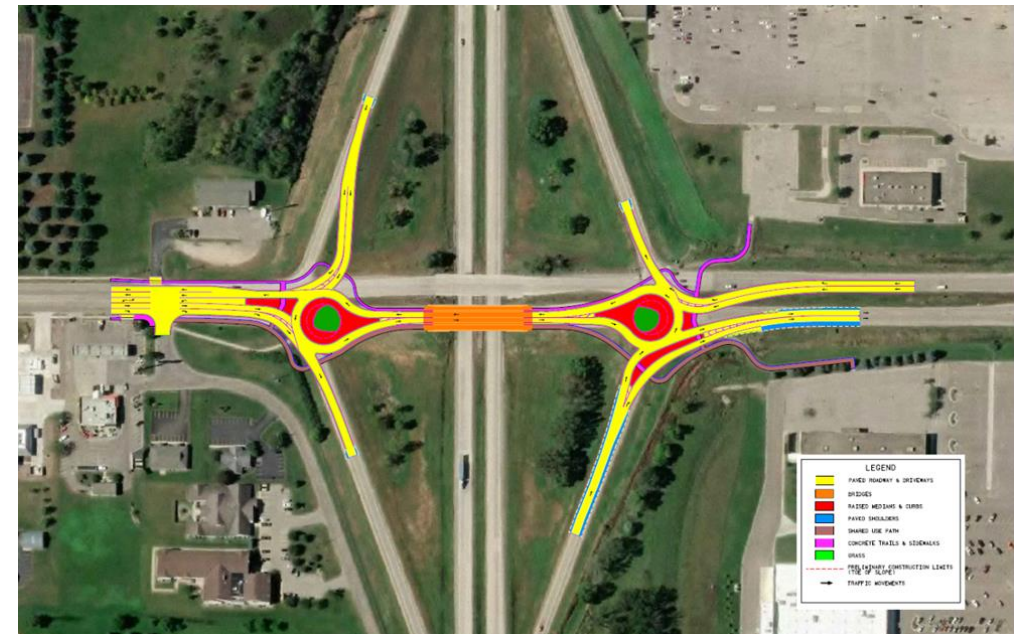
Pre-Existing IJA Competitive Grants w/ Five Year Funding

INFRA (Infrastructure for Rebuilding America) \$14 billion

- Highway or bridge mobility, intermodal or freight projects, and rail grade crossing separation
- Minnesota received \$35 million: Austin Bridges (\$25M), US 212 (\$10 M)

RAISE (Rebuilding American Infrastructure with Sustainability and Equity) \$7.5 billion

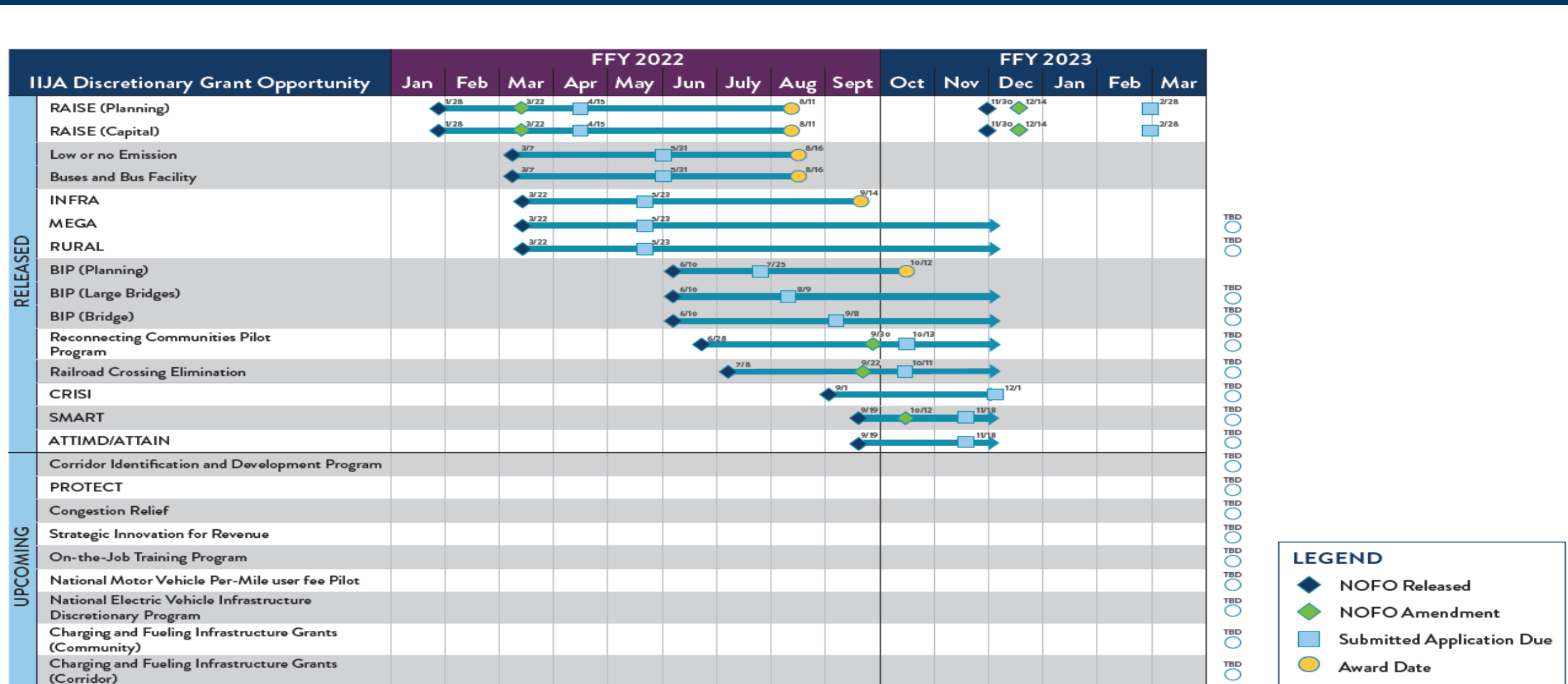
- Surface transportation projects of local or regional significance
- Minnesota received \$99 million: Duluth (\$25 M), Rochester 6th St Bridge (\$19.9M), Bemidji Highway 197 (\$18 M)



IJA Competitive Grants - New

- Bridge Investment Program (in addition to bridge formula program) **\$12.5 billion**
 - Projects to replace, rehabilitate, preserve bridges on the National Bridge Inventory.
- National Infrastructure Project Assistance (MEGAprojects) **\$5 billion**
 - Megaprojects that will generate national, regional, economic, mobility, or safety benefits.
- Safe Streets and Roads for All (vision zero) **\$5 billion**
 - City and County (no state) projects that support local initiatives to prevent death and serious injury on roads.
- Promoting Resilient Operations for Transformative, Efficient and Cost-Saving Transportation (PROTECT) Grants **\$1.4 billion** (Program details forthcoming)
 - Planning, resilience improvements, community resilience and evacuation routes
- Rural Surface Transportation Grant Program (RURAL) **\$1 billion**
 - Improve Infrastructure in rural areas to increase connectivity, safety and reliability.
 - Minnesota received \$26 million: Moorhead Grade Crossing (\$26 M)

IJA Competitive Grants Opportunities



New IIJA – Bridge Program

New \$27.5 billion formula-based FHWA bridge program with General Fund appropriations

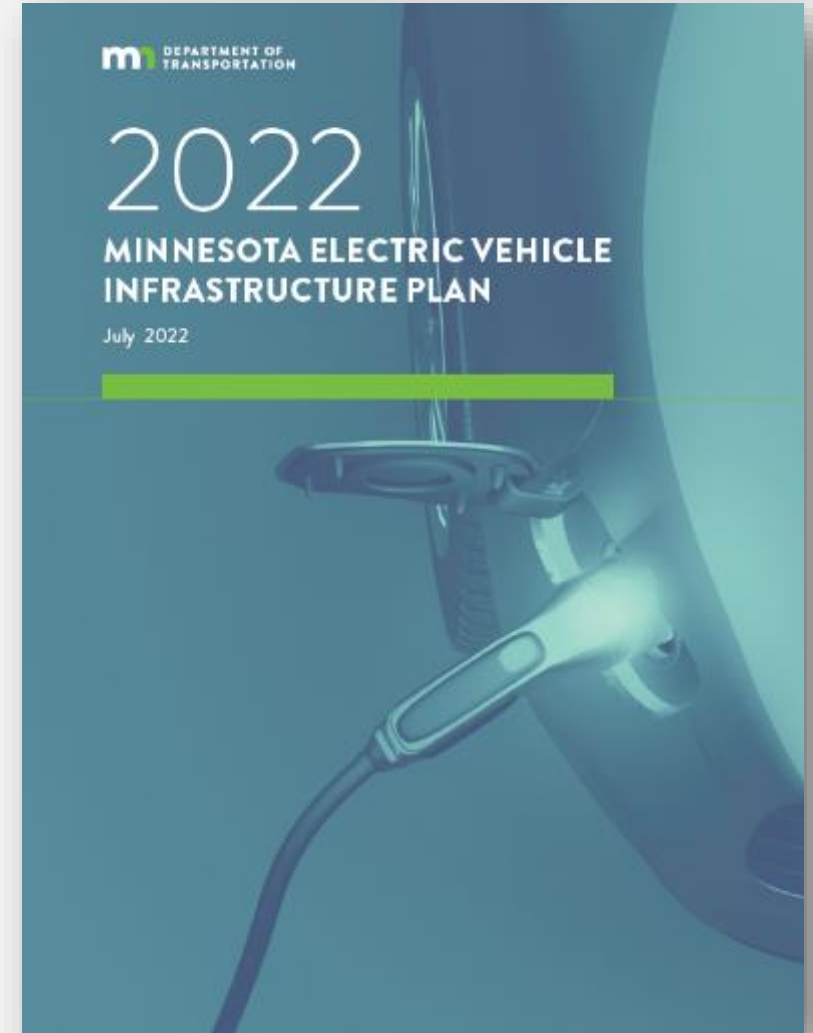
- Eligible uses include bridge replacement, rehabilitation, preservation, protection, or construction
- 15% per state for bridges off of the federal aid system at 100% federal share
- ~\$300 million for MN

New IJA Climate and Resiliency Programs

- New Highway formula programs:
 - Carbon reduction - \$107 million over 5 yrs.
 - New formula carbon reduction program to reduce transportation greenhouse gas emissions.
 - States must develop a carbon reduction strategy within two years.
- PROTECT (resiliency) - \$121 million over 5yrs.
 - There is also a national competitive grant program in addition to the formula funds to states

National Electric Vehicle Infrastructure Program

- Federal appropriation for Minnesota is \$68 million for federal FY 22 – 26
- 20% non-federal match and state legislative spending authorization required
- Request for Qualifications/Proposals Spring 2023
 - Phase 1 chargers installed by 2024
- Charging & Fueling Infrastructure Competitive Grants
 - Federal Highway Association guidance expected early 2023
 - Local governments and federally recognized Tribes eligible



IIJA Mass Transit Funding for Greater Minnesota

There are three Federal formula programs that support investment in operating and capital for Greater Minnesota Transit:

- Urbanized Area Formula Grants - 5307
- Rural Transit & Intercity Bus - Section 5311
- Bus and Bus Facilities - Section 5339

IIJA provides significant increases for each of these programs over the next 5 years:

| | | |
|------|------|--------------------|
| 2022 | +30% | (2021 as baseline) |
| 2023 | +2% | |
| 2024 | +3% | |
| 2025 | +2% | |
| 2026 | +3% | |

MnDOT - IJA State and Local Match (estimates)

All amounts in table below reflect rough estimates in millions:

| Program | Federal Funds/Year | State/Local Match |
|---------------------------------|---|----------------------|
| FHWA – MnDOT (@70%) | \$170M* | \$40M (@20%) |
| FHWA – Locals (@30%) | \$70M | \$20M (@20%) |
| FAA | \$60M | \$7M (@10%) |
| FTA – MnDOT portion only | \$13M | \$7M (@36%) |
| <i>Discretionary programs**</i> | <i>\$450M (@2% of total national funding)</i> | <i>\$112M (@20%)</i> |
| Grand Total | \$760M | \$185M |

****Need additional budget authority from state legislature via increased direct appropriations (unlike typical LAC process for federal funds)***

*****Estimates of Minnesota’s portion of the many new and expanded discretionary grant programs are for illustrative purposes only***

| Project and Program | Funding Source | Governor's <u>2022</u> Proposal |
|--|----------------|---------------------------------|
| High Priority Bridges | THB | \$80,000 |
| Local Bridge Replacement Program | GO | \$120,000 |
| Local Road Improvement Program | GO | \$90,000 |
| Highway Railroad Grade Crossing Warning Device Replacement | GO | \$5,000 |
| Port Development Assistance Program | GO | \$5,000 |
| Safe Routes to School Infrastructure Program | GO | \$1,500 |
| Active Transportation | GO/GF | \$5,000 |
| Truck Parking Improvements | TH | \$5,000 |
| Minnesota Rail Service Improvement Program | GO | \$2,000 |
| Greater Minnesota Transit Program | GO | \$1,000 |
| Facilities Capital Improvements | THB/TH | \$71,200 |
| Rail Corridor Capacity Improvements | GO | \$16,100 |
| General Obligation Bond (GO) Total | | \$244,600 |
| General Fund Cash (GF) Total | | \$1,000 |
| Trunk Highway Bonds (THB) Total | | \$149,000 |
| Trunk Highway Fund (TH) Total | | \$7,200 |
| Grand Total | | \$401,800 |

Trunk Highway Bonding

- Chapter 152 (2008): \$1.8 billion (\$600M for bridges)
- Chapter 36 (2009): \$40 million (interchanges)
- Chapter 388 (2010): \$100 million (\$70M interchanges)
- Chapter 117 (2013): \$300 million (Corridors of Commerce)
- Chapter 5 (SS 2015): \$140 million
- Chapter 3 (SS 2017): \$940 million (\$300M Corridors of Commerce)
- Chapter 214 (2018): \$400 million (Corridors of Commerce)
- Chapter 3 (SS 2020): \$300 million (\$110M rail grade crossings, \$84M state road construction, \$58M facilities, \$25M project development, \$23M flood)
- Chapter 5 (SS 2021): \$413 million (\$113M regional and community investment priorities, \$100M state road construction, \$200M corridors of commerce)

Trunk Highway Bonds Status

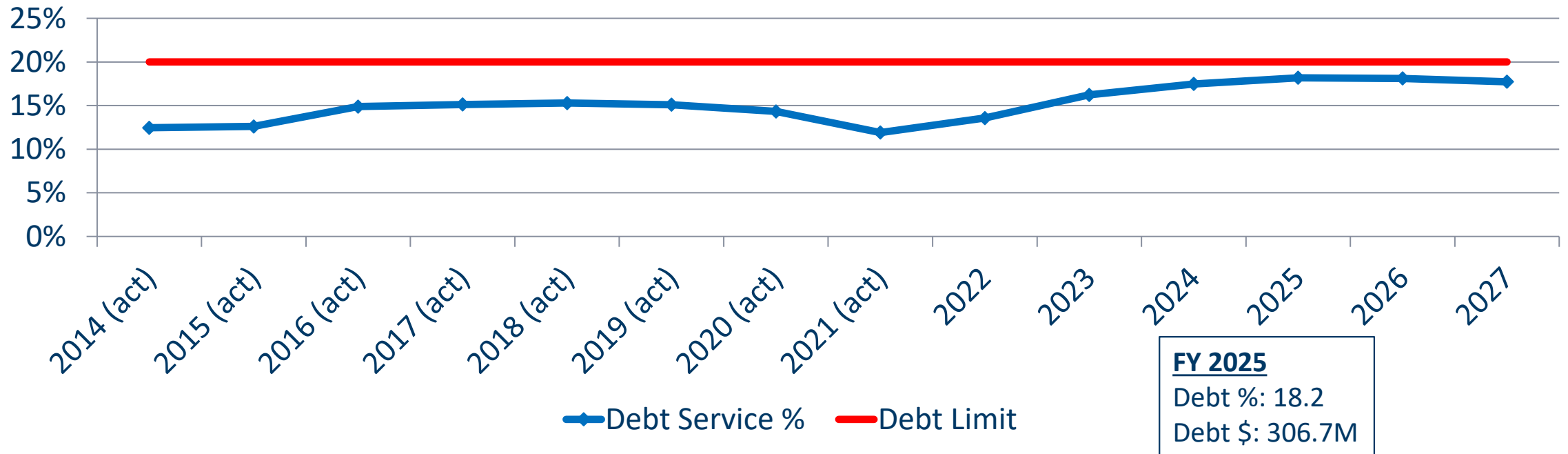
As of September 2022, the authorized and remaining amounts unissued (\$ in millions):

| Law Authorizing | Total Authorized | Remaining Amount | % Remaining |
|--------------------|------------------|------------------|-------------|
| 2008, CH 152 | \$1,781 | \$0 | 0% |
| 2012, CH 287 | \$18 | \$0 | 0% |
| 2013, CH 117 | \$300 | \$0 | 0% |
| 2015 SS, CH 5 | \$140 | \$0 | 0% |
| 2017 SS, CH 3* | \$941 | \$264 | 28% |
| 2018, CH 214* | \$417 | \$353 | 85% |
| 2020 SS, CH 3 | \$300 | \$232 | 77% |
| 2021 SS, CH 5* | \$413 | \$373 | 90% |
| Grand Total | \$4,310 | \$1,222 | 28% |

* Authorization Notes:

- **2017** spread over FYs 18-21;
- **2018** spread over FYs 22-24;
- **2021** spread over FYs 22-25

Trunk Highway Debt Service Policy



- MnDOT policy limits debt service repayment to 20% of state revenues in Trunk Highway Fund
- Current projected peak is 18.2% in state fiscal year 2025
- Estimated additional bonding capacity of ~\$305M