

# County Road and Bridge Funding

January 25, 2023  
Senate Transportation Committee



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## What is AMC?

A Voluntary Association of  
Minnesota's 87 Counties  
Since 1909

The Voice of County  
Government in Minnesota

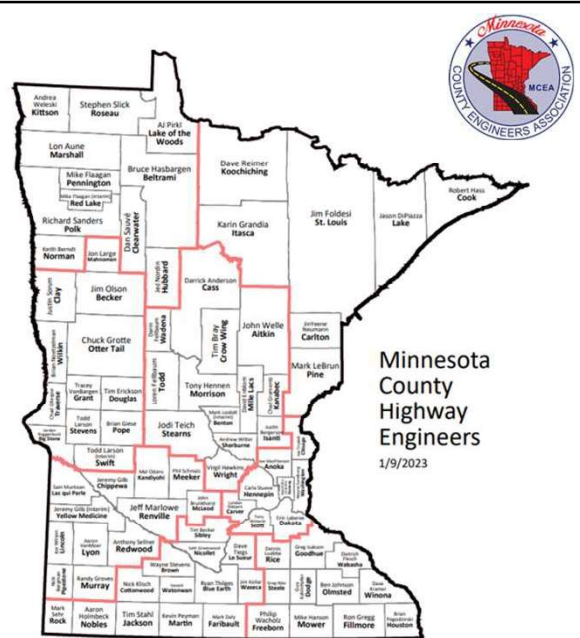
An Education, Training, &  
Research Resource for  
Counties and County  
Officials



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# What is MCEA?

- The Minnesota County Engineers Association (MCEA) is an association of the County Engineers in the state of Minnesota
- MCEA's membership includes county highway engineers from each of the 87 counties in Minnesota appointed by the local county board according to MN Statute 163.07
- MCEA is an affiliate of AMC



# 87 Counties

- 44,526 Miles Roads (31% of State Total)
  - 30,671 County State Aid Highway (CSAH)
  - 13,855 County Road (CR)
- 8,178 Bridges (41% of State Total)

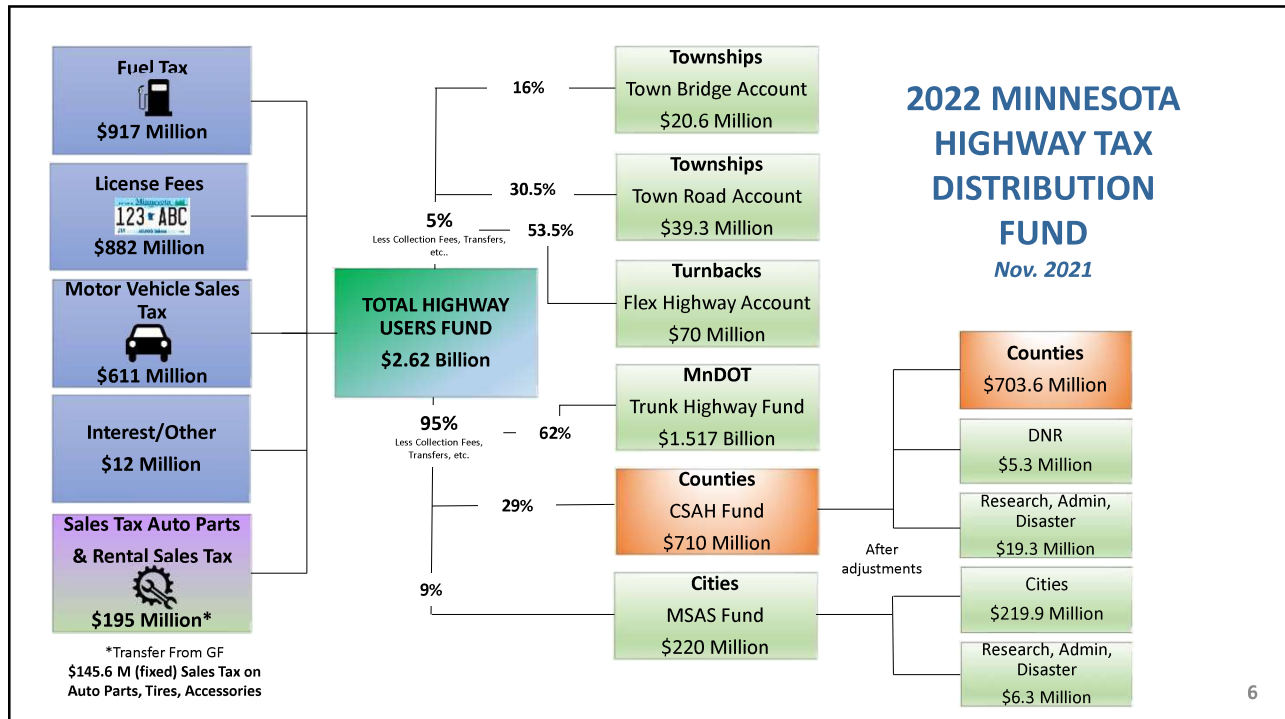




# Traditional County Funding Sources

- 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 -> IJJA
- 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.

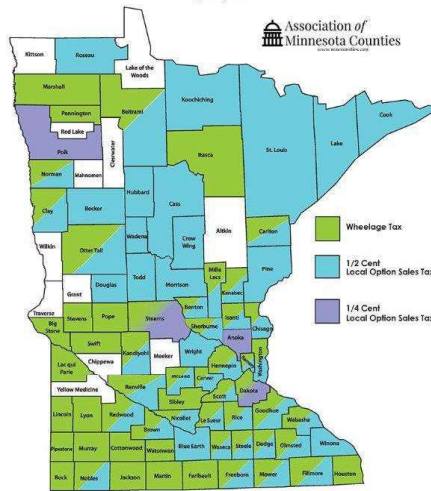
**How enacted:** By County Board approval

**55 counties have adopted**

- Green counties on map

**\$54 Million in 2020**

Local Option Taxes for Transportation  
January 2023



# Local Option Sales Tax

**Rate:** Up to 1/2 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

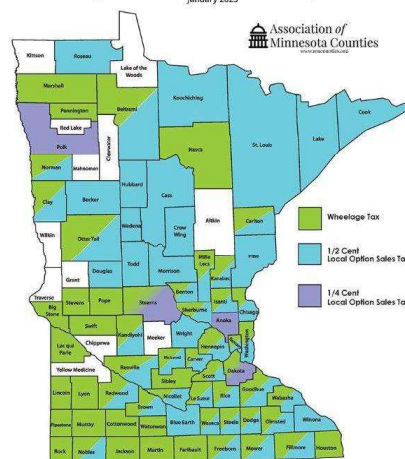
**55 counties have adopted**

- 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  
January 2023





# 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
- \$50 Million+/- in Local Match

	FY2023	ATP 1	ATP 2	ATP 3	ATP 4	ATP 6	ATP 7	ATP 8	Metro	Statewide	Total
<b>FY2023 ATP &amp; SALT STIP Targets</b>											
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			136,590,000
Other Adjustments								550,000			550,000
STBG (BROS)									6,200,000		6,200,000
STBG (On-Sys Bridge)**	570,000	330,000	810,000	410,000	670,000	460,000	360,000	4,300,000		6,200,000	7,970,000
SFP (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			1,100,000					2,350,000
3180P-TA Setaside	1,870,000	1,090,000	2,630,000	1,490,000	2,380,000	1,310,000	1,190,000	14,200,000		4,240,000	28,490,000
Carbon Reduction (b/d)**	1,117,500	432,500	1,995,000	717,500	1,392,500	842,500	537,500	6,242,500			15,387,500
PROTECT (b/d)											
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
CMAQ											31,990,000
<b>Total</b>	<b>15,067,500</b>	<b>8,162,500</b>	<b>24,185,000</b>	<b>10,897,500</b>	<b>19,152,500</b>	<b>12,182,500</b>	<b>9,477,500</b>	<b>149,602,500</b>	<b>24,130,000</b>		<b>272,857,500</b>

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

	FY2024	ATP 1	ATP 2	ATP 3	ATP 4	ATP 6	ATP 7	ATP 8	Metro	Statewide	Total
<b>Estimated Target (Final Targets in December 2022)</b>											
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 (BROS)									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		6,200,000	8,120,000
SFP (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	8,800,000			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 (b/d)**	1,127,500	442,500	1,955,000	727,500	1,412,500	852,500	547,500	6,342,500			15,407,500
PROTECT (b/d)											
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
CMAQ											32,220,000
<b>Total</b>	<b>17,117,500</b>	<b>8,292,500</b>	<b>25,855,000</b>	<b>11,077,500</b>	<b>18,352,500</b>	<b>12,392,500</b>	<b>10,258,150</b>	<b>160,485,500</b>	<b>24,270,000</b>		<b>288,101,150</b>

# 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

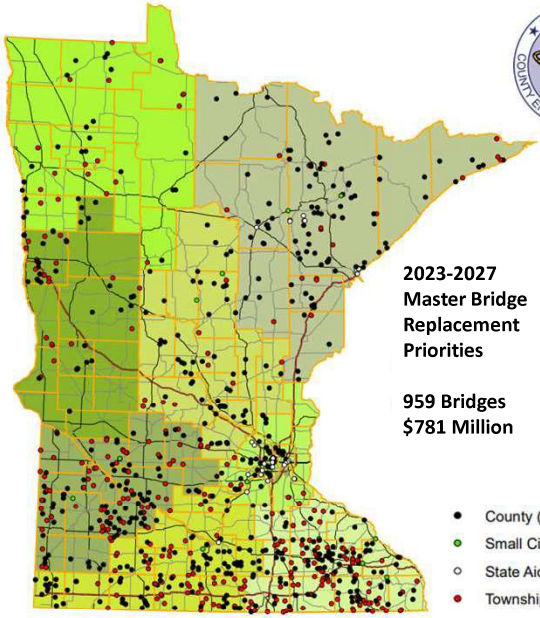
## Local Bridge Replacement Program (LBRP)


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





**2023-2027 Master Bridge Replacement Priorities**

**959 Bridges**  
**\$781 Million**

- County (586)
- Small City (14)
- State Aid City (34)
- Township (325)

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## Transportation Funding Needs

### County System Road and Bridge Needs Estimated \$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 in kind based on 2016-2020 costs
- \$800 Million per Year (+\$360 M for County Rds)
- Available from HUTDF \$422 Million, CSAH Only (60%)
- GAP \$378 Million (CSAH Only) (+Est \$250M for County Rds\*)
- Assume \$150 Million/Yr IJA - > **Total Gap \$478 Million/Yr.**



Minnesota Transportation Finance Advisory Committee  
Summary Report and Recommendations | 2012

20-Year Funding Needs to Achieve Desired Outcome (\$billions)

	Scenario 1	Scenario 2	Scenario 3
<b>System/Mode</b> <small>(Includes funding for bikes and pedestrian needs associated with highway projects)</small>	Anticipated transportation revenue for the next 20 years: Baseline	Increment added to baseline to maintain current performance for the next 20 years	Increment added to baseline to become economically competitive/world class system for the next 20 years
State Highway System*	\$18.0	\$5.0 <small>\$250 mil Annual Funding Gap: AFG</small>	\$10.0 - 12.0 <small>\$500 mil. - \$600 mil AFG</small>
County State Aid System	\$5.0	\$3.0 <small>\$150 mil AFG</small>	\$9.0 <small>\$450 mil AFG</small>
County System	TBD	\$4.0 <small>\$200 mil AFG</small>	\$9.0 <small>\$450 mil AFG</small>

**Recent inflation has grown this number** \* Assumes County Roads get resurfaced only, every 20yrs, \$180k per mile. Paid with levy, wheelage tax, LOST

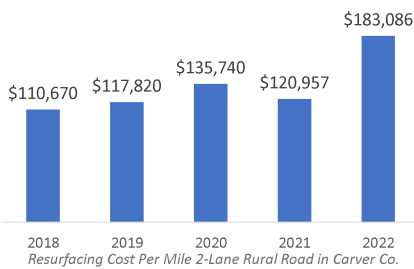
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# Inflation Impact to Counties



- 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



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# 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

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## 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	Cost /SF
2018	\$144
2019	\$146
2020	\$150
2021	\$181
2022	\$201

Bridge 57526, CSAHR over the Red Lake River, Thief River Falls, Hennington County

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## Inflation Impact to Counties

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

Year	Cost
2019	\$206,978
2020	\$205,154
2021	\$228,612
2022	\$275,000
2023	\$335,000

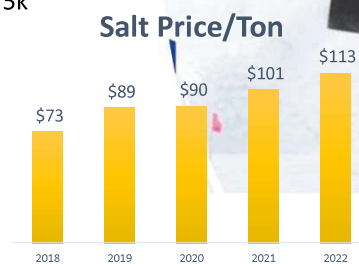
Traffic Signal System Costs in Anoka County

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## 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



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## 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

Index Fuel Tax (NHCCI). Using 8% CCI -> \$64 Million

- CSAH Increase \$18 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 \$8.2 Million

Increase EV Fees from \$75 to \$150 per vehicle - > \$?

New Retail Delivery Fee \$0.40 to \$0.50 per delivery. \$60-80 Million total ?

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## Sales Tax on Auto Parts & Repairs



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) - > \$40 M to CSAH
- 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*

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# General Fund Appropriation to CSAH



Nov. 2022 forecast down from Feb. by 2.5% or approx. \$18M

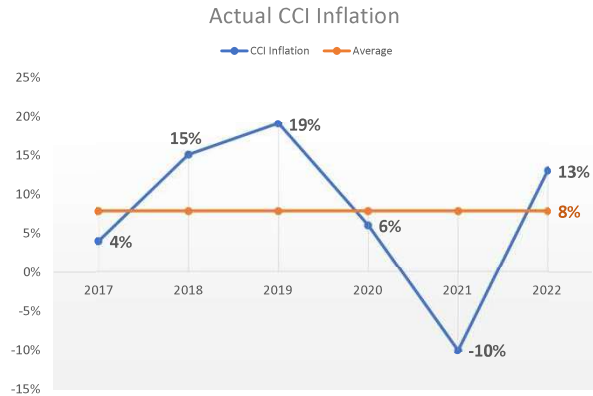
- County Budgets Set in September

Factor in inflation - > \$27M

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

IIJA Local Match -> 50M

Request: Increase CSAH fund by \$77 Million for FY2023 and FY 2024.



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 -> \$14-\$17 Million





# Base Funding for LRWRP

Annual General Fund  
Budget of \$6-\$8 Million

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# Thank-you



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