



Cost Participation Policy Update

House Transportation Finance and Policy Committee

February 25, 2026

Legislative Direction

By March 1, 2026, the commissioner, in consultation with representatives of local units of government, must update and adopt the department's cost participation policy.

The updated policy must identify the circumstances where local units of government will not be responsible for any trunk highway fund eligible construction project costs to deliver the project scope the department deems necessary.

The policy may consider a local unit of government's ability to pay as a factor in determining the amount of local contribution, if any.

Cost Participation Policy

- First adopted in 1985; last revised in 2016
- Provides framework and guidance to determine cooperative construction costs and maintenance responsibilities on projects that affect Trunk Highways
- Cost Participation and Maintenance with Local Units of Government Manual is an extension of the policy and provides details on application of the policy
- Policy and Manual help to ensure trunk highway funds are limited to trunk highway purposes

Steering Committee

MnDOT

- **Lynn Clarkowski**, Engineering Services
- **Josh Knatterud-Hubinger**, CFO
- **Nicki Bartelt**, Operations
- **Jeff Perkins**, Operations
- **Mike Ginnaty**, Operations
- **Ted Schoenecker**, State Aid
- **Jon Solberg**, Sustainability, Planning and Program Management

Local Agencies

- **Madeline Cash**, MN Association of Townships
- **Jim Foldesi**, St. Louis County
- **Deb Heiser**, St. Louis Park
- **Julie Long**, Bloomington
- **Tony Winiecki**, Scott County
- **Bob Zimmerman**, Moorhead

Local Agency Workgroup

Cities	Counties	Townships
• Steven Jahnke, Albert Lea • Julie Long, Bloomington • Will Manchester, Minnetonka • Jenifer Hager, Minneapolis • Bob Zimmerman, Moorhead • Michael Thompson, Plymouth • Kristin Asher, Richfield • Deb Heiser, St. Louis Park • Steve Bot, St. Michael • Nick Peterson, St. Paul	• Darrick Anderson, Cass County • AJ PirkI, Lake of the Woods County • Rich Sanders, Polk County • Brian Giese, Pope County • Tony Winiecki, Scott County • Jim Foldesi, St. Louis County • Dave Kramer, Winona County	• Madeline Cash, MN Association of Townships

Topics Discussed

- Ability to Pay
- Aesthetics
- Bridges and Interchanges
- De Minimis
- Drainage and Stormwater Management
- Frontage Roads
- Green Infrastructure
- Lighting
- Maintenance
- Parking
- Rectangular Rapid Flashing Beacons
- Roundabouts
- Sidewalks, Shared Use Paths, Bikeways and Pedestrian Bridges
- Traffic Signals

Ability to Pay

- Updated policy establishes an Individual Project Maximum
- Limits local responsibility for **Trunk Highway-eligible costs** on **MnDOT-initiated projects** for the **scope determined by MnDOT** to 0.8% of a community's 5-year average Adjusted Net Tax Capacity
- Non-Trunk Highway eligible items (e.g. local utilities) and any additional items a city, county or township may wish to add to a project scope would not count toward the maximum

Implementation

- Policy and manual are currently in final stages of review and approval
- Updated policy and manual will apply to projects beginning in SFY2027 (July 1, 2026)
- Training being developed for department and local agency staff as well as consultants

- Minnesota Laws 2025, 1st Special Session, Chapter 8, Article 2, Section 113, **Subd. 3 Report**.
 - The report must ...
 - (4) propose legislation to enable the department to cover the cost of relocating utilities owned by local units of government with remaining service life when necessitated by a trunk highway construction project led by the department.

Proposed Statutory Language

161.46 REIMBURSEMENT OF UTILITY

Subd. 2 Relocation of facilities; reimbursement.

(b) When a local unit of government, as defined in section 18B.01, subdivision 14a, or tribal government, as defined in section 10.65, subdivision 2, owns a utility system for supplying light, water, sanitary sewer service, or storm sewer service if such system be authorized by law to use a public highway for the location of its facility, the remaining service life of the utility will be determined by the commissioner and must be paid out of the trunk highway fund whenever the commissioner determines that a relocation of the system is necessitated by the construction of a project on the trunk highway system.

Questions

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