



CITY ENGINEERS ASSOCIATION OF MINNESOTA
Engineering Our Cities' Futures



The State of Transportation Infrastructure – Municipal Needs and Gaps

House Transportation Finance and Policy Committee
January 28, 2021

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About Minnesota's Cities



- 853 Cities across the state
- 139 are in the seven county metro area
- Of the 714 cities in Greater Minnesota, only 36 have a population over 10,000
- 495 cities have a population less than 1,000
- Bottom line: Minnesota's cities are diverse!



City Streets: The System



- **Municipal Streets** account for over **22,800 miles** of roadways in Minnesota (approximately 16 percent)
- City streets usually make up a good portion of the “last mile” of product delivery, employment centers, schools, and of course homes, and are critical to local and statewide economies

City Streets: Maintenance



- Maintenance of this system is essential if cities are to maximize investments
 - Every \$1 spent on maintenance saves \$7 in repairs/reconstruction (Source: USDOT)
 - Best time to do maintenance? When pavement condition is good



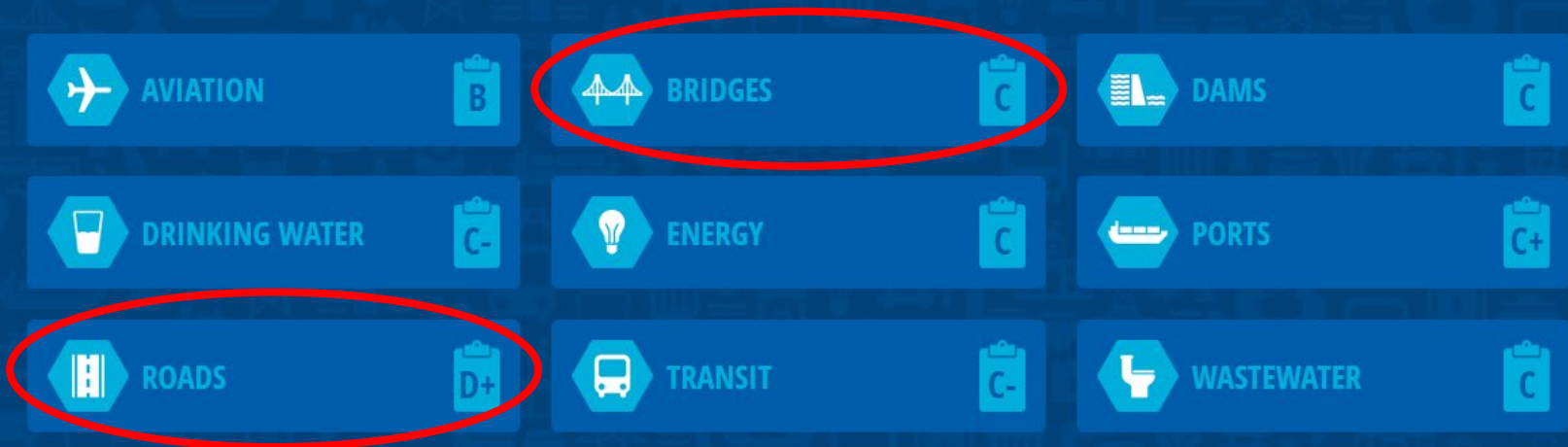




ASCE 2018 Report Card



Minnesota Infrastructure Grades



A: EXCEPTIONAL, B: GOOD, C: MEDIOCRE, D: POOR, F: FAILING

Each category was evaluated on the basis of capacity, condition, funding, future need, operation and maintenance, public safety, resilience, and innovation

City Streets: Funding



- **How do we fund street maintenance and construction?**
 - Municipal State Aid
 - Bonding programs (LRIP, LBRP) [competitive program]
 - Federal Funds [competitive program]
 - Property taxes
 - Special Assessments
 - Private Development where allowed by state law

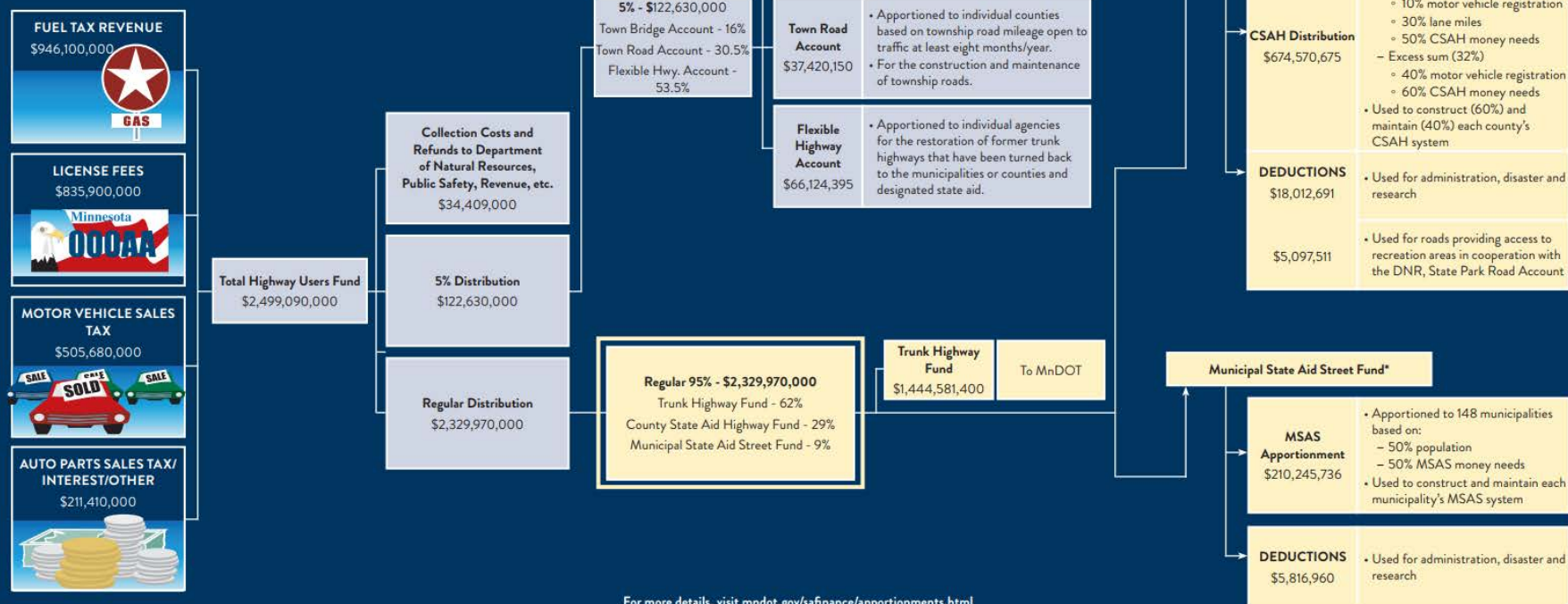
City Street Funding Challenges



- City budgets are strained
- Special assessments are unpopular, difficult to administer
- Tax exempt property does not pay
- Maintenance is affordable, but not always a priority
- No dedicated funding source for local streets (water and sewer utilities provide this for those items)

Minnesota Highway Users Tax Distribution Fund

2020



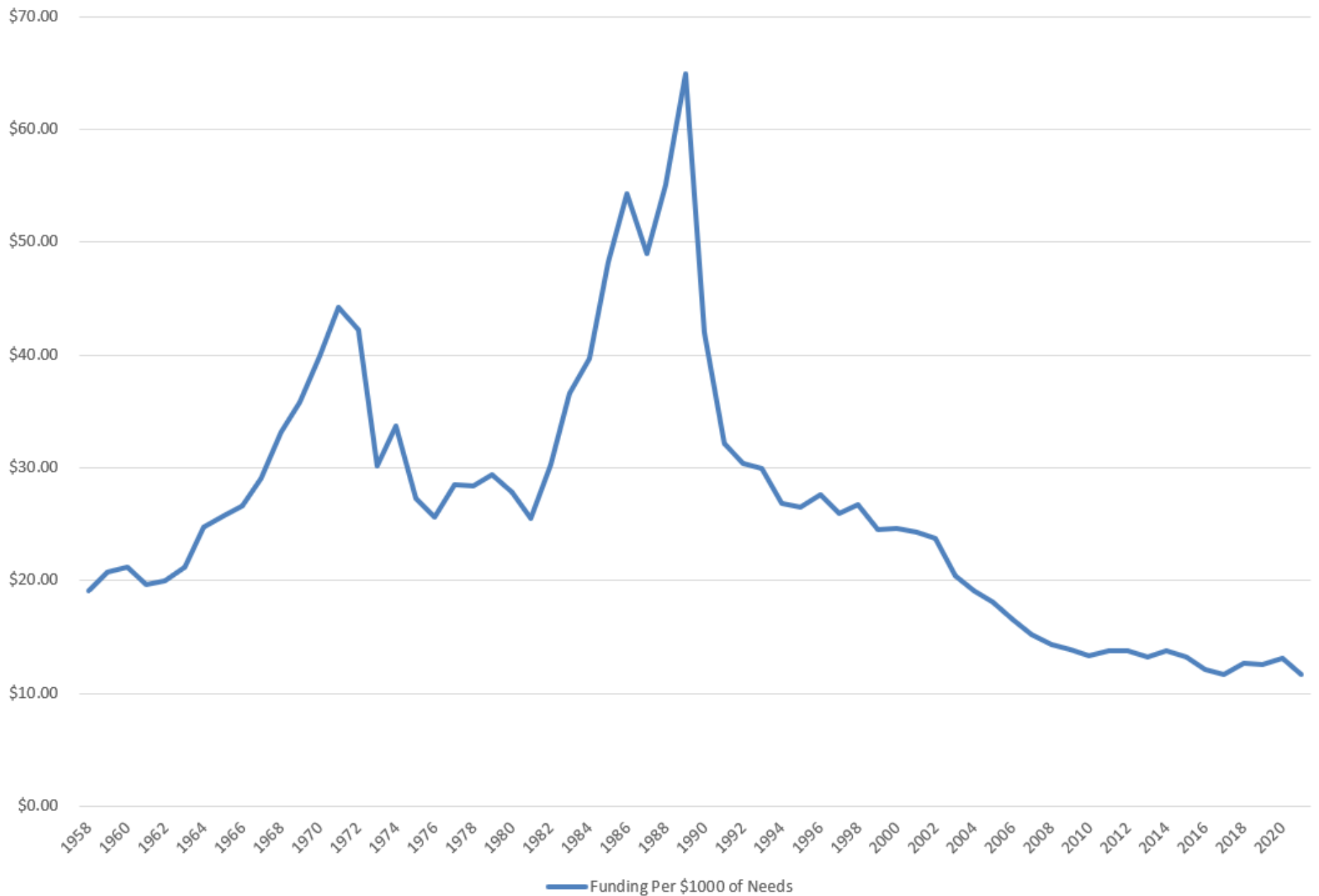
For more details, visit mndot.gov/safinance/apportionments.html

MSA Shortcomings



- Most Cities are ineligible for Municipal State Aid (only 148 of cities 853 cities)
- MSA funds are often exhausted by required cost participation on State and County projects
- Property taxes and special assessments end up supplementing MSA funds on MSA streets
- As cities grow, more cities added to MSA system. More miles of roadway funded. Less money per city and per mile of roadway.
 - ✦ In 1958 when State Aid system created, 58 MSA cities. Today 148 MSA cities.

MSA Funding Per \$1000 of Needs



City of Roseville Example



- **Need vs Funding**

- 119 miles of MSA and Local roads
- Over 35 year roadway life cycle nearly \$300 million in construction and maintenance needs
- MSA funds – currently \$1.5 million annually (construction and maintenance)
- Over 35 years with moderate 2% growth in MSA, expect \$87 million in MSA funds. \$21 million or more of MSA expected to be spent on State and County roadways (required local cost participation)
- Results in \$234 million in funding gap over 35 years
- In reality spending about \$2-4 million per year when we should be spending \$8-9 million per year

Need: Funding Gap



- **2012 MN Transportation Finance Advisory Committee (TFAC)**
 - Overall \$21 billion funding gap in transportation statewide over 20 years
 - Annual Funding Gap for Municipal State Aid Streets is \$100 million
 - Annual Funding Gap for non-MSA streets is between \$250 - \$400 million
 - Funding Gap is increased by Community demands and need for enhanced streets. Bike lanes, pathways, sidewalks, complete street elements, and transit accommodations.

What do Cities need to address this?



- We need dedicated, reliable sources of funding for all of our streets
 - ✦ More State Aid funds – increase HUTDF
 - ✦ Street Improvement District Authority – allow us to treat streets like a utility
- Funding for cities of all sizes:
 - ✦ Small Cities Assistant Account
 - ✦ Large Cities Assistant Account
- Bonding
 - ✦ Corridors of Commerce
 - ✦ Transportation Economic Development
 - ✦ Local Road Improvement Program
 - ✦ Local Bridge Account
 - ✦ Rail Safety Improvements





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THANK YOU!

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