

A New Federal Partnership: Minnesota's Priorities for the New Surface Transportation Authorization Act



January, 2009

The Minnesota Transportation Alliance

This report and recommendations for the new surface transportation authorization act was developed by the Minnesota Transportation Alliance with input from its members and other transportation officials and advocates representing all modes and all geographical regions of the state. The Minnesota Transportation Alliance is a non-for-profit statewide coalition of organizations that are all involved in the development, design, construction and operation of Minnesota's transportation system. Alliance members represent both public sector and private sector organizations that are committed to working together to further policies that improve the safety and effectiveness of our transportation system. More information about the Alliance and its membership can be found at: www.transportationalliance.com



TABLE OF CONTENTS

Executive Summary 4

Introduction..... 13

What Are Our Priorities? 18

Move Minnesota Forward ... p. 18	Improve the Infrastructure... p 25	Enhance Our Quality of Life ...p 29
<ul style="list-style-type: none"> • Promote performance and accountability • Improve project delivery • Support research and innovation 	<ul style="list-style-type: none"> • Preserve the existing infrastructure • Support freight transportation improvements 	<ul style="list-style-type: none"> • Focus on safety • Improve metro area mobility and access • Increase access within and to Greater Minnesota • Improve the passenger rail network • Embrace sustainable solutions

Solutions and Options for Funding our Priorities 40

Prepare to Fund the Future System (Beyond 2015).....43

Executive Summary

Over the next few months, the United States Congress and the President will formulate and enact a new six year transportation authorization bill. The legislation will have a significant influence on Minnesota's ability to meet broad policy objectives that extend beyond the "traditional" transportation objectives. Minnesota's ability to grow out of the economic recession, to build a sustainable and vibrant economy for the future, to preserve our natural resources, and to maintain a high quality of life will all be affected by the priorities and funding levels established in the federal surface transportation reauthorization.

This executive summary lists specific recommendations for the federal reauthorization bill that have been developed and vetted by a wide range of public officials, transportation advocates, transportation providers, and other stakeholders. They are organized by key Minnesota priorities that reflect the national priorities outlined in the report of the National Surface Transportation Policy and Revenue Study Commission. These priorities are discussed in greater detail in the body of this report.

Our Priorities:

A) Move Minnesota Forward

Promote performance and accountability.

The new authorization legislation should reform the federal program by emphasizing performance evaluation and measurement of outcomes. A system that promotes accountability by providing a straightforward way for taxpayers and system users to track how funds are spent and evaluate the extent to which goals are met.

1. All states should implement performance measures to track progress in improving their transportation systems. Because all states transportation needs and systems are unique, any new performance metrics that are established should be done cooperatively by the states and local governments with direct involvement from local stakeholders. (The appropriate federal role is to frame broad performance categories based on national goals. Specific measures and benchmarks should be determined by individual states.)
2. A federal pilot program should be established in which states can voluntarily participate to gain incentives such as additional funding or reduced regulatory burdens when performance measures are achieved.
3. The federal government should conduct an assessment of performance measure "best practices" and acknowledge states that are at the forefront of program evaluation based on performance measurement.

Improve project delivery.

According to the National Surface Transportation Policy and Revenue Study Commission, major transportation projects often take from 10 to 15 years to complete – up to six years for the environmental process, and up to nine years or more for planning, design and construction.

Delay in delivering transportation projects costs significant taxpayer dollars as inflation increases the cost of projects.

1. Involve stakeholders and impacted communities earlier in the program and project delivery process.
2. Accelerate delivery time by permitting certain phases of the permitting process to be completed concurrently rather than sequentially.
3. Streamline the NEPA process by providing assurances that environmental decisions made in the planning process will be carried through into permitting decisions. Provide clear statutory authorization and encouragement for programmatic approaches (rather than project-by project reviews) and strategies that focus on integrated planning, ecological banking, and flexibility in environmental mitigation.
4. All project review criteria and processes should be consistent with respect to mode as much as reasonably possible.
5. The federal government should continue its efforts to further evaluate the review process for smaller projects whose environmental “footprints” are minimal.
6. Provide federal support to promote facilitation of negotiations between railroads and future passenger rail services.
7. Allow states, after certification by FHWA, to substitute state procedures for acquisition and relocation on federal projects to expedite project delivery.
8. Designate one lead US DOT agency to coordinate environmental review and permitting processes with multiple agency fund sources. Other impacted US DOT agencies can continue to comment as cooperating agencies.
9. Appoint a federally-funded ombudsman who would facilitate negotiations between project stakeholders with competing interests. The position could be housed in a new “Office of Project Acceleration”.
10. Provide one NEPA process for all federally funded projects no matter what mode.
11. “Fiscal constraint” requirements applied to the Statewide Transportation Improvement Program (STIP) and other local capital planning documents should be relaxed and refocused on public accountability rather than balance sheet accounting.
12. Development of the STIP and similar long range planning documents should allow projects to be included that anticipate leveraging alternative funding. For example, portions of large corridor projects should be allowed to move beyond the environmental review stage even when funding or project programming uncertainty exists for the entire corridor.

Support research and innovation.

New technologies are being developed to enhance transportation system performance, travel demand management, public transportation operations, electronic payment systems, freight management, commercial vehicle operations, emergency management, and advanced vehicle control and safety. Deployment of viable ITS will increase safety for transportation users, improve mobility, reduce congestion, facilitate interstate commerce, generate jobs, promote environmental protection, conserve energy, and facilitate intermodalism.

1. The Minnesota transportation community strongly supports local, state, and federal funding for transportation research and education, specifically for activities related to traffic safety research, development and technology.
2. Federal support is needed for university-based programs for long-term research in current and emerging transportation issue areas, including engineering, policy, planning, and technology.
3. The Alliance endorses the US Department of Transportation's goal of deploying basic Intelligent Transportation Systems for consumers of passenger and freight transportation across the nation.
4. The Alliance supports federal research that promotes fuel efficiency, alternative fuels, infrastructure innovations, and technology. Findings and best practices identified through federal research should be shared fully with all states in an unbiased, nonpartisan and scientific manner.
5. Provide adequate federal funding to support the research initiatives of the Transportation Engineering and Road Research Alliance in collaboration with Mn/DOT's research and innovation program, focusing specifically on expanding the utility of the MnROAD test facility.

B) Improve the Infrastructure

Preserve the existing infrastructure.

Minnesota's infrastructure is aging and deteriorating. Years of inadequate funding combined with increased demands on the system and steep increases in the cost of construction materials has made it difficult for the state and its local units of government to maintain the existing highway and bridge systems, let alone to address key capacity and expansion needs such as bottleneck removal, interregional corridors, and completion of a six lane metro beltway.

1. Restore the historic 45% federal share of highway capital funding to ensure that preservation of the existing system is adequately financed. To achieve that goal, the total package must provide roughly double funds provided by SAFETEA-LU, or \$550 billion over 6 years.
2. The new authorization should include a federal Bridge Account that is similar to legislation introduced by Congressman Jim Oberstar and Senator Amy Klobuchar. This account would assist in addressing the safety of our bridges based on prioritization and need.
3. Formula based funding programs intended to assist states in infrastructure preservation should provide equity provisions that reward states with higher maintenance and preservation costs due to weather, soils types, and other characteristics unique to the state or region.

Support freight transportation improvements.

To promote economic growth into the 21st century, Minnesota's transportation network must include a freight transportation system that supports rail, ports and waterways, and highways. Strong intermodal connections are necessary to facilitate the movement of products between

modes. These systems must all work cohesively to efficiently move commodities and people to keep our economy moving.

1. Authorize a state administered freight transportation program within the highway trust fund funded at \$18 billion for 6 years apportioned annually to the states.
2. Authorize an investment fund, funded with new revenues, for freight related projects on national freight corridors to total \$42 billion over 6 years, half of which would be apportioned to the states and half to fund projects of national significance on national freight corridors and administered by US DOT.
3. Develop a Midwest regional pilot program to test the suitability of “RoadRailer” technology, a “dual-mode” trailer system utilizing both rubber tires for highway use and rail wheels for rail use.
4. To encourage railroads to maintain and expand their capacity, the federal government should provide an infrastructure investment tax credit.
5. The federal government should provide incentives to states to explore methods of separating highway freight traffic from passenger traffic for the purposes of efficiently moving interstate commerce and enhancing public safety.
6. Establish an objective and effective protocol to measure benefits to the public that private railroads provide in the areas of road safety, wear and tear on roads, congestion mitigation, fuel conservation, and greenhouse gas reduction.
7. Assist communities with the cost of mitigating impacts (beyond safety) of freight corridors in urban areas.

C) Enhance Our Quality of Life

Focus on safety.

The federal government has also promoted transportation safety as evidenced by programs specifically targeting public safety such as Safe Routes to School, which provides funding for infrastructure and non-infrastructure (e.g. safety education, enforcement, evaluation) serving school children in grades kindergarten through 8th grade. A continued strong emphasis on safety programs from the federal government will be necessary if the state is to continue to make progress toward our safety goals.

1. Increase funding for safety related programs, in particular the Highway Improvement Safety Program (HSIP), commensurate with other core program funding increases and provide program flexibility that allows states to implement programs as prioritized in their Strategic Highway Safety Plan.
2. Consolidate National Highway Traffic Safety Administration funding and streamline the grant application process – especially for behavioral changes.
3. Funding should continue to be provided under the High Risk Rural Road Program and the Safe Routes to School Program in coordination with the state’s Strategic Highway Safety Improvement Plan.
4. Funding is needed for the further development of the National Highway Traffic Safety Administration State Data System with a standard framework nationwide. All states, including Minnesota, need access to timely, credible data to support safety analysis and to ultimately improve transportation safety.

5. Minnesota is a leader in Intelligent Transportation Systems (ITS) and needs continued support for innovation and funding for placement of ITS related features. ITS funding should be increased to advance technologies to enhance the safety of the transportation system.
6. Increase funding for ITS in Greater Minnesota Transit, for “location technologies” and other new technology.

Improve metro area mobility and access.

Minnesota’s transportation advocacy community recognizes that development of a mode-balanced” transportation network is absolutely critical to providing mobility and access throughout the metropolitan area. Developing new and expanded transit, bike, and pedestrian facilities has direct positive impacts on system users, the communities they serve, and the state economy as a whole. Individual system users benefit from the reduction in the “congestion tax” (time wasted sitting in traffic) and from the increased access to destinations through available alternative modes.

1. Continue to support the ability of the federal funding program to flex funds between highway and transit projects.
2. Put all transportation modes (transit, highway, walking, bicycling) on equal footing with respect to federal aid matching requirements.
3. Any provisions in the transportation reauthorization bill related to role of Metropolitan Planning Organizations (MPOs) should maintain or expand the MPOs’ historical planning and programming role involving the distribution of federal transportation funding, prohibit existing MPOs from “opting-out” of the federal guidelines, and requiring that any new MPO have a minimum population of 100,000.
4. Continue to provide additional funding for innovative mobility and access solutions such as congestion pricing and High Occupancy Toll (HOT) lanes.

Roads and Bridges

5. Provide sufficient federal funding to allow Mn/DOT, regional, and local governments to address its most critical metropolitan mobility and access needs, including the removal of critical metropolitan area bottlenecks and completion of highways including a 6-lane beltway around the Twin Cities Metropolitan Area.

Transit

6. Provide additional federal funding for new rail and bus transitways, including: the Central Corridor Light Rail Line, the Southwest Corridor, the Bottineau Corridor, Red Rock, Rush Line, I-94 East corridor, 394 Corridor, Central Ave/TH 65, and I-35W.
7. Provide federal support for four key metro area transit hubs: 1) the Hennepin County Intermodal Facility, 2) St. Paul Union Depot, 3) the Eden Prairie Transit Station, and 4) Twin Cities Metropolitan Airport Transit Hub.
8. The current Cost Effectiveness Index (CEI) should be regarded as only one element of the process of evaluating the merit of a transit project. Other factors, such as land use implications and economic development implications are equally important and should have as great an influence on project prioritization.
9. Continue federal funding to expand the use and placement of additional bus-only shoulders.

10. Minnesota's transit, bike, and pedestrian modes should be funded at a level sufficient to support the goal of achieving a shift of 10% of all trips from automobile to transit, bike or pedestrian by the year 2030. Achieving this goal will help mitigate the growth of metropolitan Twin Cities congestion while reducing traffic crashes, fuel consumption and harmful air emissions.

Increase access within and to Greater Minnesota.

A system of 10-ton roads is needed in Greater Minnesota to provide better access to markets and processing facilities. Our farm economy, in particular, is severely restricted by inadequate roads and bridges. A high fatality rate from automobile crashes is also a problem of specific concern in Greater Minnesota. Historically, roughly two of every three fatalities in Minnesota occur on 2-lane, rural roadways.

The inadequacy of existing transit service, including intercity service, is another deficiency that is especially severe in many rural areas across the state.

1. Continue to support the ability of the federal funding program to flex funds between highways and transit.
2. Put all transportation modes (transit, highway, non-motorized) on equal footing with respect to federal aid matching requirements.

Roads and Bridges

3. Provide additional funding for the Rural Road Safety program.
4. Provide additional funding for the federal bridge program.
5. Provide additional funding to improve the connectivity of economic centers throughout Greater Minnesota and connections to the Twin Cities by improving and expanding the network of Interregional Corridors (IRCs).
6. Require regular evaluation to review progress on congestion mitigation, and assess benefits of implementing new technologies, e.g. ITS.

Transit

7. Significantly increase funding for transit, including both capital and operating needs.
8. Double funding for rural transit in this authorization period.
9. Expand operating assistance eligibility for smaller transit systems in urbanized areas.
10. Provide federal support for supplemental capital needs that are essential to providing rural transit service, such as transit facilities, radio communications systems, and upgraded computer systems.

Improve the passenger rail network.

Intercity passenger rail has long been a staple of the transportation networks in Europe and Asia and the benefits of a modern high-speed rail system are well understood.

1. With further study and development, the Northstar commuter rail line should be extended beyond Big Lake.
2. Include \$5 billion nationwide per year in funding for planning and development of a vibrant intercity passenger rail network.
3. Support a national intercity rail network that includes high speed rail service from the Twin Cities to Chicago and the Northern Lights Express from the Twin Cities to Duluth.
4. Include a timeframe for funding both the Midwest High Speed Rail Initiative (involving segments in Minnesota, Wisconsin and Illinois) and the Northern Lights Express.
5. Federal support of passenger rail should be balanced with the needs of freight rail, accommodating the needs of both.
6. Federal programs in support of passenger rail should be flexible to allow funding for planning and development of intermodal connections at airports and other facilities that provide access to the central business districts and other popular destinations.

Embrace sustainable solutions.

Sustainable solutions will have an increasingly significant influence on the future of transportation in Minnesota. The “three pillars” of sustainability – environmental protection, social development and economic development – are components that are absolutely essential if Minnesota is to achieve its economic and quality of life objectives.

1. Provide increased funding for bicycling, transit, intercity passenger rail, ridesharing, and telecommuting
2. Provide federal support for sustainable practices, such as encouraging Leadership in Energy and Environmental Design (LEED) certification for intermodal facilities.
3. Support additional consideration of sustainability, such as Context Sensitive Solutions, in project evaluation.
4. Establish a forum to encourage federal, state, and local partnership to reduce greenhouse gas emissions. The existing Governor’s Task Force and legislative task forces could be used as models to develop efforts to achieve reductions in greenhouse gas emissions.
5. Support State and local efforts by increasing funding for joint initiatives to coordinate transportation and land use planning, and consider allowing a limited amount of transportation funds to be used to close “manageable” financing gaps on transit oriented development (TOD) or transit supportive development (TSD).
6. Continue the Federal Transportation Enhancement Program.
7. Provide direct financial incentives and support for creation of transit oriented development districts around corridor transit stations.
8. Create an Office of Livability within the U.S. DOT to support mode neutral project identification and funding process and to identify appropriate quality of life metrics for transportation.
9. Promote expanded use of more fuel efficient, cleaner burning transit vehicles.

Solutions and Options for Funding Our Priorities:

Increase Funding In this Reauthorization Period

The National Surface Transportation Policy and Revenue Study Commission found that an investment of \$225 billion annually from all sources would be required over the next 50 years to upgrade our existing system to a state of good repair and create a system able to sustain a strong economy. We are spending less than 40% of this amount today. We need to invest \$140 billion more each year.

1. To restore the historic 45% federal share of highway capital funding, the total package must provide roughly double the funds provided by SAFETEA-LU, or \$550 billion over 6 years.
2. The Transportation Alliance urges Congress to provide the funding level needed to maintain the current transportation system and to make needed improvements in safety and mobility. Many options are available that can be developed into a funding package to achieve the recommended funding level does not recommend any specific mix of new funding sources; rather we present a menu of options and their projected revenue levels for consideration. A menu of funding options and estimated revenue levels is included in a table in the funding section of this report.
3. A National Infrastructure Bank, similar to legislation introduced by Congressman Keith Ellison, should be created and capitalized to provide additional financing options that would encourage the leveraging of private investment for transportation infrastructure projects.
4. The new authorization legislation should create a “mega-projects program” – perhaps funded by a National Infrastructure and Transportation Bank – that uses federal funds to leverage state and private sector funds to finance some of the highest priority, high cost projects in major metropolitan areas.
5. New or modified allocation formulas should consider typical cost variations in different regions of the country in terms of the impact on weather and its effect on the cost to maintain a mile of roadway.
6. The Federal program should provide an incentive that rewards state spending increases on “maintenance of effort” grounds.
7. Minnesota’s transportation community is concerned about unfunded federal mandates and requests that any mandated outcomes be accompanied by adequate funding.
8. Congress should encourage greater use of congestion pricing in major metropolitan areas to help reduce congestion, provide options to users, and to help fund needed system improvements.
9. Congress should continue to support and expand value pricing demonstrations and urban partnerships to reduce congestion through re-authorization of the value Pricing Pilot Program.
10. Encourage the use of Public Private Partnerships (PPP), including private concessions to public entities, to finance highways and transit improvements with the following conditions:
 - a. Concessions or payments should not be used for non-transportation purposes but to improve and expand capacity or to provide additional transportation alternatives within the corridor;
 - b. There are no non-compete clauses that restrict improvements on adjacent facilities;

- c. Customers' interests are protected by capping the rate of increase in any tolls at the level of the rate of growth in the Consumer Price Index, minus an adjustment for productivity improvements;
- d. The condition and performance of the facility are adequately maintained over the life of the concession agreement which should not exceed a reasonable time period;
- e. If the private partner enters into bankruptcy, ownership of the facility reverts back to the state;
- f. The private sector financing should provide a better return on investment than if the concession were financed using public funds.

Prepare to Fund the Future System. (Beyond 2015)

In addition to the immediate funding needs required in the new authorization, the federal government should also use the opportunity to take a long-term view of the transportation finance system that will be required 20 to 30 years in the future.

1. Take appropriate action to assure that the Highway Account of the Highway Trust Fund remains solvent and keep highway investment levels from falling below levels guaranteed under SAFETEA-LU.
2. Consider implementation of a vehicle mileage fee for commercial vehicles.
3. Establish a timeline toward development of a mileage based tax on a national level.



Introduction

“The American economy works, in large measure, because shippers, manufacturers, and service providers have a transportation system that provides many ways to access labor and move raw materials and finished products. Individuals are able to travel to work places, shopping, educational institutions, recreation, medical care, and other locations critical to their quality of life.”

From “Transportation for Tomorrow”, a Report of the National Surface Transportation Policy and Revenue Study Commission, December 2007.

The development of the modern interstate highway system in America, authorized by the Federal Aid Highway Act of 1956 and championed by President Dwight D. Eisenhower, marks at least the symbolic origin of an era in this country in which federal transportation investments for highways, bridges, railroads, waterways and transit lines enjoyed broad support. These investments resulted in the development of a transportation network that provided a level of mobility and access that had never before been possible. This mobility and access gave Americans from all walks of life, all regions, and all social and economic strata greater opportunity and freedom to pursue their dreams and improve their lives.

In addition to the direct mobility and access benefits to system users, investments in transportation infrastructure are an essential component of a variety of broad public objectives. Investments in transportation infrastructure construction put people to work. **The Federal Highway Administration estimates that every \$1 billion spent on transportation infrastructure design and construction creates close to 35,000 jobs, and up to \$5 billion in additional gross domestic product.** Investments in transportation infrastructure provide the foundation for economic expansion by creating links to domestic and global markets. And investments in transportation infrastructure can reduce our dependence on foreign oil and promote sustainability and a cleaner environment.

In recent times, however, many factors have contributed to the gradual erosion of the once strong and vibrant surface transportation system. One factor has been the rapid growth in the demands that we place on the system. Population growth, heavier vehicles, ever increasing freight transportation needs – all increasing as the infrastructure is aging – are but a few of the key trends that have contributed to the weakening of the system. At the same time, the availability and stability of funding – from all levels – has grown both increasingly inconsistent and in many cases inadequate to meet the needs of citizens of Minnesota and the nation. The unfortunate result has been growing congestion, continued safety problems, and fewer options for moving people and products.

Our state and federal funding situation is especially dire. Economists have recently concluded that the nation is in the midst of a recession that is the most serious since the Great Depression. The accelerating weakness of the national economy is taking its toll on Minnesota’s state economy as evidenced by the recent economic forecast, which includes the dire projection of a budget shortfall of over \$5 billion.

In a time of such staggering economic difficulties, all policy leaders must recognize the benefit that public investments in the nation’s infrastructure can provide. **Immediate investments, such as those under consideration for the “economic stimulus” package will put people to work and give the economy an immediate “shot in the arm”. Over the long run, infrastructure investments will provide the foundation necessary for economic growth and prosperity.**

The Importance of Federal Funding to Minnesota

Of course, Minnesota relies on the federal government to support a substantial share of its transportation infrastructure needs, and Minnesota has benefited from steady, significant increases in federal funding in recent years. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), the federal transportation funding Act in place since 2003 and set to expire in September, 2009, provided significantly more in formula funding and dedicated High Priority Project funding than its predecessor, TEA-21¹. **Without support from federal funds, literally hundreds of projects across the state would not have been completed. Some of the higher profile projects include:**

The I-35W Bridge

The new I-35W bridge is truly a “state of the art” facility. The bridge was designed and constructed to meet the travel needs of this community for the next 100 years, including the potential to add light rail. Embedded within the spans of the new bridge are over 300 sensors that will collect data on how the bridge is reacting to loads and vibrations and how expansion and contraction is occurring due to Minnesota’s extreme climate changes.



I-694 “Unweave-the-Weave”

In 2008, construction was completed on the Unweave the Weave project in Little Canada and Vadnais Heights. The project rebuilt the interchanges of I-35E and I-694 along with the two interstates’ common section in Little Canada and Vadnais Heights. The project features widening a 3.2 mile segment of I-35E and a 2.8 mile segment of I-694 from 4 lanes to 6. The project also included construction of eight highway bridges, storm water ponds, noise walls and other aesthetic enhancements.

I-35W / Cedar Avenue Urban Partnership Agreement Program

In 2007 the U.S. Department of Transportation awarded Minnesota an Urban Partnership Agreement grant aimed at improving traffic and measurably reducing congestion in the Twin Cities on two main corridors: I-35W and TH 77 (Cedar Avenue). Transit enhancements, advanced technology and telecommuting are being employed in both corridors. In addition, road pricing will be used in the conversion of the high occupancy vehicle lane on I-35W to a high occupancy toll lane becoming the region's second MnPASS facility.



Funded by \$133.3 million in federal funds and \$55.2 million in matching state funds, this innovative partnership allows Minnesota to leverage federal dollars and keep project costs low while pioneering news ways to move traffic. Building the UPA will

¹ Source: Mn/DOT Executive Summary for Minnesota [for SAFETEA-LU]. <http://www.dot.state.mn.us/safetea-lu/docs/executivesummary.pdf>

create jobs and will ultimately increase safety on the road, move goods more efficiently, and improve the quality of life for motorists traveling a vital section of a national Interstate.

Hiawatha LRT

The Hiawatha line provided 9.1 million rides in 2006, an average of 27,000 per weekday. Current ridership is exceeding estimates for the year 2020 made prior to construction. The line has also proven to be a powerful catalyst for transit related development. Since 2000, nearly 7,700 new housing units have been built along the line, with another 8,100 units planned by 2010.



Highway 14 Reconstruction from Janesville to Owatonna

The four-lane expansion of TH 14 from Janesville to Waseca was completed in 2006. This expansion is presently continuing from Owatonna to Waseca with completion anticipated in 2012. The project will provide four-lane continuity from Mankato to Owatonna.

While the primary goal of the project is to enhance safety and mobility, improvements will also foster economic development along this key rural corridor and throughout the region.

TH 62 Crosstown reconstruction

This project will address congestion and safety concerns along one of the metro areas most severe bottlenecks. Improvements include reconstruction and additional capacity through the I-35W/Highway 62 Commons Area and placement of a High Occupancy Vehicle (HOV) lane between 46th Street in Minneapolis and I-494 in Richfield/Bloomington and a general purpose lane on I-35W between Highway 62 and 46th Street. The project also includes a



safer access to the mainline, including a ramp to westbound Highway 62 from Lyndale Avenue and closure of the existing access to westbound Highway 62 from Portland Avenue.

Highway 53 reconstruction from Virginia to Cook

TH 53, also known as the "Falls to Falls" corridor, is currently being expanded from two to four lanes from one mile north of the north junction of TH 169 in St. Louis County to the four miles south of TH 1. The next phase of expansion on TH 53 is anticipated to begin in 2012.

Once completed, TH 53 will provide four-lane continuity from Virginia to Cook.

The project is a key element of the "Falls-to-Falls Corridor" which was given the moniker because the long range vision for the corridor is to provide a four-lane highway extending from International Falls to Chippewa Falls, Wisconsin.

Highway 52 (ROC 52) Design-Build Best Value

This 12 mile long project is located in Rochester and extends from the junction of 85th Street to the junction of Highway 63. The project was Mn/DOT's first design-build highway project and Mn/DOT estimates that the ability to advance this project saved an estimated \$30 million in project costs. Additional savings will result by avoiding future right-of-way acquisition.



Looking Ahead

Unfortunately, even with these increased funding commitments, the state continues to struggle to address its most pressing transportation infrastructure needs. Mn/DOT has just released its 20-year State Highway Investment Plan (2009-2028), which reflects newly established statewide investment goals and priorities across all eight Mn/DOT districts and estimates total unfunded needs on the state highway system.

According to the Plan, Minnesota's total unfunded needs over the next 20 years - assuming no new revenue sources and flat to low growth in existing revenue sources – is estimated at \$65 billion for the 20 year period.

The projected level of unfunded needs continues to increase in spite of recent increases in dedicated transportation funding sources. A variety of factors contribute to the increase of unfunded needs, including the aging of the infrastructure, the recent rapid growth in construction costs, and recent downward adjustment to revenue projections.

As a result, Minnesota state and local transportation systems will continue to be reliant on federal support to meet these urgent needs. A partial list of the broad categories of unfunded needs around the state that will rely on greater support from the federal government includes the following:

- Completing the I-494/694 beltway around the Twin Cities Metropolitan Area;
- Expanding highways with high crash rates in Greater Minnesota;
- Continuing to Improve interregional corridors such as Interstate 94, I-35, I-90 and Highways 14, 23, 212, 169, 52, 10, 2, and 53;
- Building a transit network in the Twin Cities Metropolitan Area that includes Central Corridor Light Rail Line, the Southwest Corridor, the Bottineau Corridor, Red Rock, Rush Line, I-94 East corridor, 394 Corridor and Central Ave/TH 65;
- Expanding and enhancing transit service in Greater Minnesota to serve more people and enhance local economies;
- Improving the safety of Minnesota's transportation system.

For planning purposes, both MnDOT and the Metropolitan Council have assumed a certain level of federal funding in programming transportation projects. Without that level of federal funding, some projects will need to be deferred.

The national recession and its impact here in Minnesota will exacerbate these challenges. It is critical that President Obama and the Congress work together to pass a significant federal economic stimulus package that could rapidly provide hundreds of millions of dollars for state and local transportation infrastructure projects in the state, and create thousands of well paying jobs. MnDOT has identified over 300 projects on the state and local road systems that are “shovel-ready” with a value of over \$1 billion. That level of funding would create thousands of jobs here in Minnesota. The federal economic stimulus package will help jumpstart the state economy and will result in better roads, bridges and transit systems – all essential to a vibrant and growing economy – for years to come.

However, it is important that Congress recognize that the function of the economic stimulus is to provide a one-time “shot in the arm”. It does not represent the long-term solution to the nation's transportation infrastructure needs. Like all states, Minnesota is relying on Congress and the President to work on a parallel track to address ongoing transportation needs with the

development of a new six year surface transportation authorization bill that will occur in 2009. Minnesotans must convey to our federal partners the urgency of committing sufficient resources today to address these challenges rather than passing them on to future generations. In this report, we strive to identify our state's highest priorities for federal funding to achieve a multimodal transportation network that enhances safety, mobility, and access throughout the state.

New Authorization of Federal Transportation Funding

It is likely that the December 2007 report of the National Surface Transportation Policy and Revenue Study Commission called *Transportation for Tomorrow* will provide meaningful direction to the president and congress on the policies and provisions that will ultimately be included in the new authorization. For that reason, the Minnesota Transportation Alliance believes that using the 2007 *Transportation for Tomorrow* report as a baseline for its own recommendations is a sensible strategy.

At the most basic level, the Commission's report offers two fundamental recommendations, both of which the Minnesota strongly supports. First, the Commission flatly asserts that "a significant increase in public funding is needed to keep America competitive." Although Minnesota has benefited from steady, significant increases in federal funding in recent years, inaction for too many years has left our transportation system with a backlog of critical unfunded projects and growing needs. Dramatic construction cost increases, depleted dedicated fund balances, and escalating debt repayment costs have all contributed to a continuing struggle to maintain the existing system, to say nothing of meeting new and expanding needs.

Second, the Commission report emphasizes that the new authorization must include real reform that goes beyond SAFETEA-LU, asserting that the new reauthorization "must create a system where investment is subject to benefit-cost analysis and performance-based outcomes." The Minnesota Transportation Alliance agrees that future transportation investments will be more easily justified if the public is provided accurate and credible information on the benefits of past and planned transportation investments. The new authorization bill must include a strong, well-defined role for the federal government that incorporates performance and accountability into funding decisions.



As advocates of additional investments in a balanced federal transportation funding package and reform of the federal – state transportation financial relationship, we are optimistic that the new federal authorization of transportation funding can be the foundation of a mutually beneficial partnership with Minnesota that will provide significant new resources for the state's multimodal transportation needs while establishing improved accountability that will promote successful transportation outcomes.

What Are Our Priorities?

Move Minnesota Forward

Promote performance and accountability.



The transportation system would benefit from a reformed federal program that emphasizes performance evaluation and measurement of outcomes related to planning, programming, project delivery, operations, and system management. **The system needs to promote accountability by providing a straightforward way for taxpayers and system users to track how funds are spent and to evaluate the extent to which projects selected for funding meet identified goals and improve the safety and effectiveness of the transportation system.**

To their credit, many public and private transportation agencies including Mn/DOT the Twin Cities Metropolitan Council, local governments and transit providers have implemented performance measurement

processes that allow evaluation in transportation investments. Performance measures relating to traffic congestion, transit ridership, and road and bridge conditions are routinely monitored and used to evaluate the effectiveness of both past and potential transportation improvements. While Minnesota has made great strides and is a leader in performance measurement, there remains more that can be done to identify goals that better reflect the future challenges and opportunities that we face from realities such as the global economy, technological advances, demographic trends, and responding to climate change². The new federal authorization can set the tone for a more vigorous, meaningful performance based transportation program.

The National Context

- ✓ The report of the National Surface Transportation Policy and Revenue Study Commission recommends that federal surface transportation investments should be concentrated in 10 program areas, listed below. These programmatic themes are consistent with the state priorities around which this report is organized.

² Transportation Performance in the Twin Cities Region. Transit for Livable Communities; Minnesota Center for Environmental Advocacy; Surface Transportation Policy Partnership. August 1, 2008.

1. Rebuilding America: A National Asset Management System
2. Freight Transportation: A Program to Enhance U.S. Global Competitiveness
3. Congestion Relief: A program for Improved Metropolitan Mobility
4. Saving Lives: A National Safe Mobility Program
5. Connecting America: A National Access Program for Smaller Cities and Rural Areas
6. Intercity Passenger Rail: A Program to Serve High Growth Corridors by Rail
7. Environmental Stewardship: Transportation Investment Program to Support a Healthy Environment
8. Energy Security: A Program to Accelerate the Development of Environmentally-Friendly Replacement Fuels
9. Federal Lands: A Program for Providing Public Access
10. Research, Development and Technology: A Coherent Transportation Program for the Nation

Minnesota's Challenges and Opportunities

- ✓ Mn/DOT and its regional partners generally utilize standard performance measures to evaluate the needs on the transportation network. These performance measures are largely related to Mn/DOT's "strategic directions" as laid out in its 2003 Strategic plan, which are identified as:
 1. Safeguard what exists – Performance indicators include those related to bridge and roadway conditions;
 2. Make the transportation network operate better – Performance indicators include transit ridership, congestion and mobility metrics;
 3. Make Mn/DOT work better – Performance measures include projects utilizing innovative funding techniques, effectiveness at efficiently delivering projects
- ✓ As new priorities involving our transportation system are identified and developed, new performance indicators must also be developed to allow us to monitor progress toward achieving our state's priorities.

Recommendations for New Authorization

1. All states should implement performance measures to track progress in improving their transportation systems. Because all states' transportation needs and systems are unique, any new performance metrics that are established should be done cooperatively by the states and local governments with direct involvement from local stakeholders.
2. A federal pilot program should be established in which states can voluntarily participate to gain incentives such as additional funding or reduced regulatory burdens when performance measures are achieved.
3. The federal government should conduct an assessment of performance measure "best practices" and acknowledge states that are at the forefront of program evaluation based on performance measurement.

Improve project delivery.



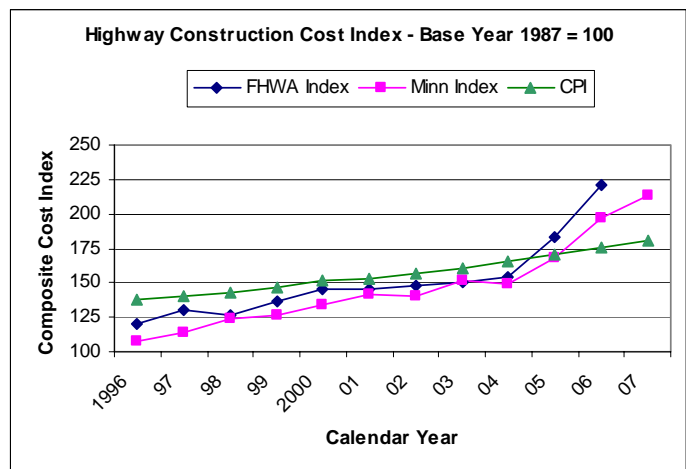
One of the most challenging problems in achieving Minnesota's transportation vision involves the efficiency and expediency of project delivery. Virtually everyone acknowledges that many projects take too long to get from the planning and project identification stage to the ultimate project construction stage. According to the National Surface Transportation Policy and Revenue Study Commission, **some major transportation projects can take from 10 to 15 years to complete—up to six years for the environmental process, and up to nine years or more for planning, design, and construction.**

These delays have significant adverse impacts for those who rely on the transportation facility. Inadequate and congested highways and insufficient transit systems cost Minnesotans thousands of hours of lost time, and cost businesses millions of dollars in lost productivity. Delayed transportation safety improvements may result in the ultimate cost: lives lost in crashes that could have been avoided.

As Minnesota state and local transportation departments work to deliver Federal-aid projects, they must negotiate a maze of legal, technical, and analytical requirements during every stage of the project development process. The new federal authorization must provide for the reform of the federal process and focus on methods to streamline project delivery.

The National Context

- ✓ Advancing project delivery by streamlining permitting requirements or other means is the equivalent of providing additional financial resources because project costs will be reduced.
- ✓ The FHWA index of construction cost trends indicates that construction costs nationwide have increased nearly 50% from 2003 to 2006, the last year that the FHWA collected price trend data.
- ✓ The rate of inflation for the cost of construction materials in recent years has far exceeded the consumer price index.



Minnesota's Challenges and Opportunities

- ✓ Many issues can contribute to project development delays, including planning requirements, separate and uncoordinated permitting tracks, and – in the most contentious cases – failure to reach a political consensus concerning what the project should be or where it should be built.
- ✓ Minnesota Construction Cost Index has closely shadowed the FHWA index, showing an increase from 2003 through 2007 of 40%.
- ✓ In Minnesota, 90% of highway and bridge projects fall into the Environmental Categorical Exclusion grouping and do not need to go through a detailed environmental impact review process.
- ✓ Contrary to conventional wisdom, the environmental review process is only responsible for a small portion of the total variation in length of the project development process.

Recommendations for New Authorization

1. Involve stakeholders and impacted communities earlier in the program and project delivery process.
2. Accelerate delivery time by allowing certain phases of the permitting process to be completed concurrently rather than sequentially.
3. Streamline the NEPA process by providing assurances that environmental decisions made in the planning process will be carried through into permitting decisions. Provide clear statutory authorization and encouragement for programmatic approaches (rather than project-by project reviews) and strategies that focus on integrated planning, ecological banking, and flexibility in environmental mitigation.
4. All project review criteria and processes should be consistent with respect to mode as much as reasonably possible.
5. The federal government should continue its efforts to further evaluate the review process for smaller projects whose environmental “footprints” are minimal.
6. Provide federal support to promote facilitation of negotiations between railroads and future passenger rail services.
7. Allow states, after certification by FHWA, to substitute state procedures for acquisition and relocation on federal projects to expedite project delivery.
8. Designate one lead US DOT agency to coordinate environmental review and permitting processes with multiple agency fund sources. Other impacted US DOT agencies can continue to comment as cooperating agencies.
9. Appoint a federally-funded ombudsman who would facilitate negotiations between project stakeholders with competing interests. The position could be housed in a new “Office of Project Acceleration”.
10. Provide one NEPA process for all federally funded projects no matter what mode.
11. “Fiscal constraint” requirements applied to the Statewide Transportation Improvement Program (STIP) and other local capital planning documents should be relaxed and refocused on public accountability rather than balance sheet accounting.
12. Development of the STIP and similar long range planning documents should allow projects to be included that anticipate leveraging alternative funding. For example, portions of large corridor projects should be allowed to move beyond the environmental review stage even when funding or project programming uncertainty exists for the entire corridor.

“Lessons Learned” from the I-35W Bridge Contract Decision and Environmental Review Process: Are They Applicable Elsewhere?

The praise for the rapid construction of the I-35W bridge has been nearly universal since it opened on September 18, 2008, less than 14 months after the tragic collapse. Only the most optimistic would have predicted that the bridge would be rebuilt and operational in such a short span of time, given the typical complexity of the bidding, financing, and environmental permitting processes usually required for a project of this scale.



Some observers were eager to apply the “lessons learned” from the project to other, “traditional” major projects. The reasoning seemed to be that if a project the scale of the I-35W bridge reconstruction could be done that fast, why can’t they all be done that fast?

A brand new FHWA report called “Meeting Environmental Requirements After a Bridge Collapse” suggests that the circumstances that contributed to the rapid reconstruction of the I-35W bridge are simply not present in more traditional major projects. The factors listed below – typically present in the case of an emergency project such as a bridge collapse – enable transportation officials to expedite the environmental review process and other processes that can cause major delays in traditional projects:

- o Willingness to provide sufficient funding quickly
- o A sense of urgency to solve the problem
- o Concurrence on solution by all local stakeholders
- o No organized opposition
- o Broad and vocal political support

A lack of adequate funding is often the major factor in project delays. The new federal authorization represents an opportunity to provide sufficient funding to allow more projects to be delivered more expeditiously.

Source: U.S. Department of Transportation Federal Highway Administration “Success in Stewardship” monthly newsletter, January 2009.

<http://environment.fhwa.dot.gov/strmlng/newsletters/jan09nl.asp>

Support research and innovation.



Transportation infrastructure technology is advancing at a breakneck pace. Longer lasting construction materials, new intelligent transportation systems, on-board geographic information systems, and high-tech freight security systems are becoming increasingly common. A number of organizations, including Mn/DOT, the University of Minnesota's Center for Transportation Studies, the State and Local Policy Project at the Humphrey Institute, Mn/DOT's Minnesota Guidestar, ITS Minnesota, and many others are conducting valuable research that is paving the way for Minnesota's future transportation system.

An example of Minnesota's research agenda that will pay benefits far beyond our own borders is in the area of

Intelligent Transportation Systems (ITS) development. New technologies are being developed to enhance transportation system performance, travel demand management, public transportation operations, electronic payment systems, freight management, commercial vehicle operations, emergency management, and advanced vehicle control and safety. Deployment of viable ITS will increase safety for transportation users, improve mobility, reduce congestion, facilitate interstate commerce, generate jobs, promote environmental protection, conserve energy, and facilitate intermodalism.

The federal reauthorization should continue to be the primary source of funding for transportation research, which clearly has national benefit.

National Context

- ✓ While much of the current research is conducted at the state level and at academic institutions, the new authorization provides an opportunity for national-based research at the federal level. The federal government could direct and oversee new research initiatives addressing the identification of transportation performance benchmarks and strategies to build capacity at the state and local level to implement equitable and consistent measurements.

Recommendations for New Authorization

1. The Minnesota transportation community strongly supports local, state, and federal funding for transportation research and education, specifically for activities related to traffic safety research, development and technology.
2. Federal support is needed for university-based programs for long-term research in current and emerging transportation issue areas, including engineering, policy, planning, and technology.
3. The Alliance endorses the US Department of Transportation's goal of deploying basic Intelligent Transportation Systems for consumers of passenger and freight transportation across the nation.
4. The Alliance supports federal research that promotes fuel efficiency, alternative fuels, infrastructure innovations, and technology. Findings and best practices identified through

federal research should be shared fully with all states in an unbiased, nonpartisan and scientific manner.

5. Provide adequate federal funding to support the research initiatives of the Transportation Engineering and Road Research Alliance in collaboration with Mn/DOT's research and innovation program, focusing specifically on expanding the utility of the MnROAD test facility.



Improve the Infrastructure

Preserve the existing infrastructure.



Minnesota's infrastructure is aging and deteriorating. Years of inadequate funding combined with increased demands on the system and steep increases in the cost of construction materials has made it difficult for the state and its local units of government to maintain the existing highway and bridge systems, let alone to address key capacity and expansion needs.

MnDOT has made it very clear that infrastructure preservation is a top priority and the 2008 Transportation Funding bill passed into law includes a renewed commitment to addressing preservation needs. At the local

level, infrastructure preservation is consuming increasing levels of local funds which has contributed to increased pressure on local property tax levies.

The National Context

- ✓ Over the past half century, the United States has invested in the Interstate Highway System, making it a trillion dollar asset. Public highway officials at all levels have come to recognize the importance of preserving the value of this asset.

Minnesota's Challenges and Opportunities

- ✓ Although the Minnesota Department of Transportation (MnDOT) has had a "preservation first" policy, the Minnesota office of the Legislative Auditor's February 2008 report concluded that over half of trunk highway construction spending since 2002 has gone toward system expansion, leaving important preservation needs unmet.
- ✓ Mn/DOT has long understood that a large number of bridges built in the 1940s and 1950s were approaching the end of their useful lives. Even before the collapse of the I-35W bridge, Mn/DOT had effectively programmed for rehabilitation many structurally deficient bridges and was reducing the backlog of dangerous bridges.

Recommendations for New Authorization

1. Restoration of the historic 45% federal share of highway capital funding will be necessary to ensure that preservation of the existing system is adequately financed. To achieve that goal, the total package must provide roughly double funds provided by SAFETEA-LU, or \$550 billion over 6 years.
2. The new authorization should include a federal Bridge Account that is similar to legislation introduced by Congressman Jim Oberstar and Senator Amy Klobuchar. This account would assist in addressing the safety of our bridges based on prioritization and need.
3. Formula based funding programs intended to assist states in infrastructure preservation should provide equity provisions that reward states with higher maintenance and preservation costs due to weather, soils types, and other characteristics unique to the state or region.

Support freight transportation improvements.



Minnesota has long been regarded as among the nation’s “most livable” states, a designation we have earned in large part due to our historically vibrant and diverse economy. The Minnesota Transportation Alliance believes that a multimodal transportation network that supports freight mobility is absolutely essential to enhancing our national and global competitiveness and to maintain and enhance the quality of life in Minnesota.

To promote economic growth into the 21st century, Minnesota’s transportation network must include a freight transportation system that supports rail, ports and waterways, and highways.

Strong intermodal connections are necessary to facilitate the movement of products between modes. These systems must all work cohesively to efficiently move commodities and people to keep our economy moving.

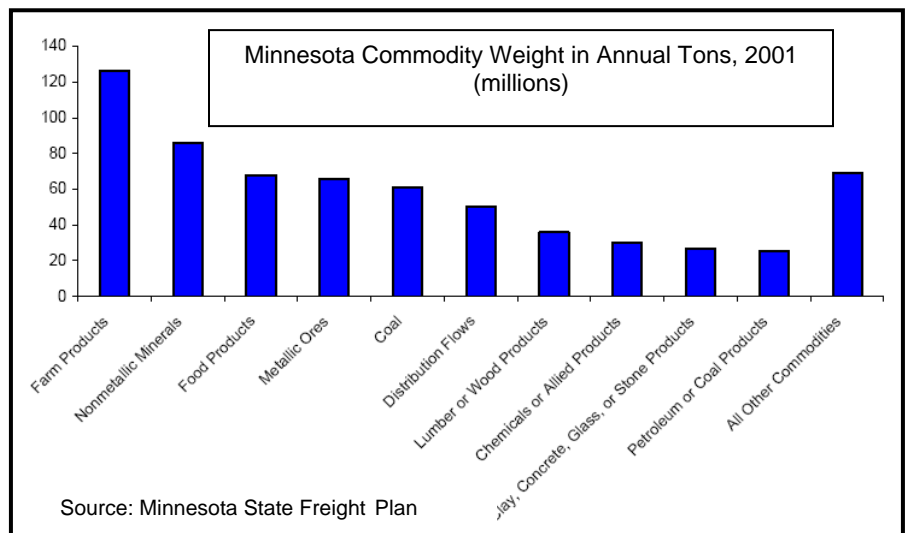
The increasingly common business practice of just-in-time manufacturing is one clear example of how an adequate freight transportation network reduces business costs and promotes economic growth. When the time it takes to move goods is longer than anticipated due to highway congestion, transportation and warehousing costs increase, which harms the competitiveness of businesses in many sectors, including manufacturing, retail, service, and agriculture.

The National Context

- ✓ The vast majority of the freight shipments in the U.S. travel by truck – approximately 92 % measured by value and 77 % measured by weight.
- ✓ The demand for freight transportation is projected to double by 2035.
- ✓ A major expansion of rail capacity is needed just to allow rail to maintain its current market share. That means that even if major investments in rail are made, a significant expansion of road capacity also is needed to accommodate projected increased in freight shipments.
- ✓ The Association of American Railroads estimates that an investment of \$148 billion in expansion of rail freight infrastructure is needed to keep pace with the volume of freight forecast for 2035.
- ✓ U.S. government investment in infrastructure has remained at 0.9% of GDP since 1982. By comparison, China spends about 9% of GDP on transportation infrastructure.
- ✓ According to Cambridge Systematics, investment in the freight-rail system would yield an estimated \$410 billion in benefits over a 20 year period — \$10 billion in reduced highway needs, \$238 billion in reduced highway user costs, and \$162 billion in reduced shipper costs

Minnesota's Challenges and Opportunities

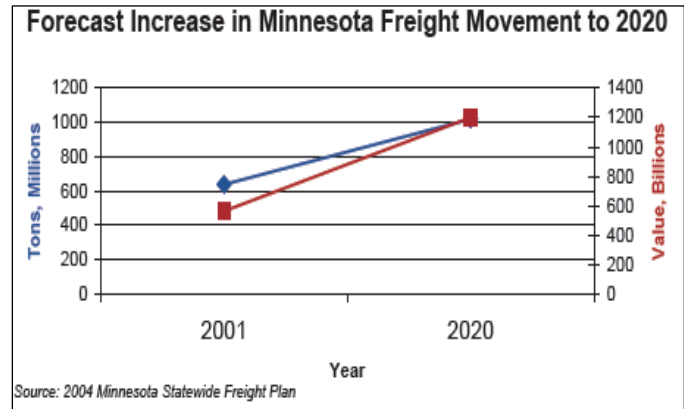
- ✓ Efficient freight movement is essential for Minnesota's 9,000 manufacturers, 28,000 retail stores, 15,000 wholesale trade companies and 3,000 agricultural businesses. These industries together employ nearly 50 percent of Minnesota workers.
- ✓ In 2001, more than 636 million tons of freight moved in and through Minnesota with a value of \$562 billion, an amount equivalent to 129 tons and \$114,000 per resident. This is projected to grow to 1.019 billion tons (60 percent increase) and \$1.171 trillion value (108 percent increase) by 2020.
- ✓ Too often, people forget the critical role of local roads, especially in Greater Minnesota, as a key link in the freight transportation system. City and county routes also provide important connections between intermodal freight facilities/major freight generators and the IRC System. These roadways must also be able to withstand heavy trucks, so development of a 10-ton network in Greater Minnesota is critical.
- ✓ The rail network in Minnesota is important for moving heavy bulk goods and a variety of commodities. Twenty-three railroad companies and three private industries haul rail freight in Minnesota on approximately 4,526 miles of track.
- ✓ The railroad industry has continuously grown since the 1980s, and rail lines continue as an increasingly important component of the region's freight system. The 7-County region has over 550 miles of class I railroads, and over 700 total miles of commercial freight railroad.
- ✓ Waterways and ports are also a critical component of Minnesota's economic viability. Minnesota is served by two waterway systems: the Mississippi and Minnesota River system and the Great Lakes/St. Lawrence Seaway. These bodies of water provide a low-cost, effective means of transporting bulk products over long distances.
- ✓ Minnesota's agricultural, building materials, aggregate, and other industries rely on more than one mode to transport goods, so access to ports, intermodal facilities, and distribution centers is critical.
- ✓ Minnesota's major trading partners for freight are the Midwest and Plains states, and major growth in trade is expected with Southern and Western states. Bottlenecks along important national trade corridors such as I-94 and I-35 must be remedied through coordination with other states to identify future needs.



Recommendations for New Authorization

1. Authorize a state administered freight transportation program within the highway trust fund funded at \$18 billion for 6 years apportioned annually to the states.
2. Authorize an investment fund, funded with new revenues, for freight related projects on national freight corridors to total \$42 billion over 6 years, half of which would be apportioned to the states and half to fund projects of national significance on national freight corridors and administered by US DOT.

3. Develop a Midwest regional pilot program to test the suitability of “RoadRailer” technology, a “dual-mode” trailer system utilizing both rubber tires for highway use and rail wheels for rail use.
4. To encourage railroads to maintain and expand their capacity, the federal government should provide an infrastructure investment tax credit.
5. The federal government should provide incentives to states to explore methods of separating highway freight traffic from passenger traffic for the purposes of efficiently moving interstate commerce and enhancing public safety.
6. Establish an objective and effective protocol to measure benefits to the public that private railroads provide in the areas of road safety, wear and tear on roads, congestion mitigation, fuel conservation, and greenhouse gas reduction.
7. Assist communities with the cost of mitigating impacts (beyond safety) of freight corridors in urban areas.



Mn/DOT’s Office of Freight and Commercial Vehicle Operations recently prepared an assessment of unfunded investment needs on the statewide freight transportation system. The table below highlights many of the most important rail, ports, and intermodal needs and associated cost estimates for the year 2010, and the total estimated need coinciding with the six year federal funding program (2010 – 2015).

Minnesota Freight System Funding Investment Needs 2010-2015 (\$ millions)		
	2010	2010 – 2015 Total
Ports and Waterways		
Minnesota Port Development Program	\$10	\$60
Port of Duluth Transshipment Facility	\$20	\$20
Rail		
Minnesota Rail Service Improvement Program	\$10	\$60
Shortline RR Bridge Replacement	\$5	\$30
MN Prairie Line Rehab	\$25	\$75
Highway/Rail Grade Separations	\$10	\$60
Midwest High Speed Rail Corridor Development	\$10	\$60
Highway/Rail Grade Crossing Safety	\$26	\$154
Freight Rail Relocation in St. Louis Park	\$30	\$30
Freight Rail Yard in Glencoe	\$4	\$4
Improve tracks through BNSF Northtown Yard	\$10	\$10
Improve Hoffman Interchange	\$30	\$30
Intermodal Roadway Access Connectors	\$10	\$60
TOTAL	\$200	\$653

Enhance Our Quality of Life

Focus on safety.



Minnesota has earned the right to be proud of its transportation safety record. Both public and private safety programs and initiatives such as Toward Zero Deaths, the Minnesota Strategic Highway Safety Plan, the Highway Safety Improvement Program, and programs encouraging safety among teen drivers are just some examples of the programs that have contributed to a recent reduction in roadway fatalities and injuries. The federal government has also promoted transportation safety as evidenced by programs specifically targeting public safety such as Safe Routes to School, which provides funding for infrastructure and non-infrastructure (e.g. safety education, enforcement, evaluation) serving school

children in grades kindergarten through 8th grade. A continued strong emphasis on safety programs from the federal government will be necessary if the state is to continue to make progress toward these safety goals.

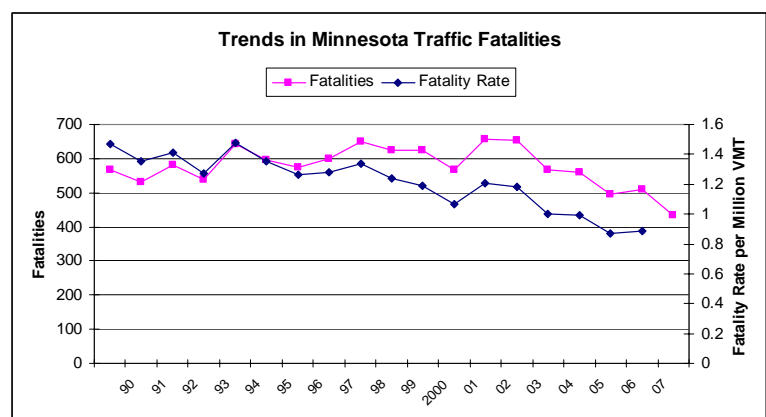
It is also important that we not overlook the contribution that improvements in our public transit infrastructure have on transportation safety. Investments in the bus and passenger rail networks encourages more people to get out of their cars, by far the most deadly mode of transportation, and onto other modes that have significantly fewer crashes per passenger mile.

The National Context

- ✓ Every year, approximately 42,000 deaths occur from crashes on our nation's highways.
- ✓ Accidents are the leading cause of death for Americans under 44 years of age.
- ✓ AASHTO has encouraged Congress to enact the national goal of reducing by 50% the number of fatalities within the next 20 years.

Minnesota's Challenges and Opportunities

- ✓ Thanks in large part to programs like Mn/DOT's Toward Zero Deaths and other transportation safety initiatives, fewer fatalities are occurring on Minnesota roadways in recent years. Nonetheless, there remains room for additional gains in lives saved, especially along the state's rural road system, where roughly two-thirds of the state's fatal crashes occur.



- ✓ The Minnesota Department of Public Safety reports that the total economic loss (as defined by National Safety Council) due to traffic crashes in 2007 was a staggering \$1.6 billion.
- ✓ A new Toward Zero Deaths safety goal has been set to further reduce the number of annual traffic fatalities in 2010 to 400.

Recommendations for New Authorization

1. Increase funding for safety related programs, in particular the Highway Improvement safety Program (HSIP), commensurate with other core program funding increases and provide program flexibility that allow states to implement programs as prioritized in their Strategic Highway Safety Plan.
2. Consolidate National Highway Traffic Safety Administration funding and streamline the grant application process – especially for behavioral changes.
3. Funding should continue to be provided under the High Risk Rural Road Program and the Safe Routes to School Program in coordination with the state’s Strategic Highway Safety Improvement Plan.
4. Funding is needed for the further development of the National Highway Traffic Safety Administration State Data System with a standard framework nationwide. All states, including Minnesota, need access to timely, credible data to support safety analysis and to ultimately improve transportation safety.
5. Minnesota is a leader in Intelligent Transportation Systems (ITS) and needs continued support for innovation and funding for placement of ITS related features. ITS funding should be increased to advance technologies to enhance the safety of the transportation system.
6. Increase funding for ITS in Greater Minnesota Transit, for “location technologies” and other new technology.

Improve metro area mobility and access.



A growing and aging population, statewide economic development and redevelopment needs, and the expansion of the metropolitan urban service area will all contribute significantly to greater demands on the metropolitan transportation network. The appropriate and necessary response to these increasing demands will require significant additional investments in traditional highway and bridge infrastructure (existing and new capacity), as well as investments in new rail and transit-based infrastructure. Federal support for these improvements in Minnesota's metropolitan areas is crucial if the state is to sustain and enhance our quality of life including economic growth and environmental protection.

Minnesota's transportation advocacy community recognizes that development of a mode-balanced" transportation network is absolutely critical to providing mobility and access throughout the metropolitan area. Developing new and expanded transit, bike, and pedestrian facilities has direct positive impacts on system users, the communities they serve, and the state economy as a whole. Individual system users benefit from the reduction in the "congestion tax" (time wasted sitting in traffic) and from the increased access to destinations through available alternative modes. Communities benefit because people choose to live, work, and play in areas that offer these expanded modal options. The state as a whole benefits because a mode-balanced network supports global economic competitiveness, energy independence, and environmental sustainability.

The National Context

- ✓ Congestion affects the economic well-being and quality of life for millions of commuters every day. The Texas Transportation Institute reports that, between 1982 and 2005, delay per traveler on the highway system in larger cities almost tripled – from 14 hours per traveler in 1982 to 38 hours in 2005.
- ✓ Altogether, this congestion consumes 4.2 billion hours of time nationwide, with costs (including delay and wasted time) of \$ 78 billion per year.

Minnesota's Challenges and Opportunities

- ✓ Growth is coming, and so we need to be ready. The Metropolitan Council estimates that the Twin Cities region will grow by three-quarters of a million new residents by 2030 – the equivalent of placing the entire population of San Francisco in the middle of the Twin Cities region. The population explosion will exacerbate traffic congestion and localized bottlenecks.
- ✓ Metropolitan Area Transit needs over \$110 million per year in additional funding. The motor vehicle sales tax has been dedicated to transportation and will make a big difference, but with a 5-year phase-in and only 40% of the revenue going to transit, that funding source alone will not meet the need. In addition, recent revenue forecasts for the Motor Vehicle Sales Tax and other sources of transportation funding have been reduced,

which will reduce funding for transit and other transportation needs in Greater Minnesota and across the state.

- ✓ Demographic trends point to greater demands for special needs transportation users, including the elderly, persons with disabilities, and economically disadvantaged persons. By 2025, an estimated 20 percent of the population – one in five people – will be over the age of 65.
- ✓ A growing transit need in Minnesota is to improve connections between the metro core cities and neighboring suburban and rural areas. Existing bus transit service from outer suburbs and collar areas to economic centers does not meet existing needs and those needs will grow in the future. A strict geographical split in transit funding programs between metropolitan and rural areas hinders optimal transit service.
- ✓ For all transit systems, whether located in the metropolitan area or in Greater Minnesota, better coordination with community-based providers is needed. Minnesota supports efforts to revise rules and provide needed funding to better utilize existing vehicles and services.
- ✓ Minnesota has demonstrated that innovative traffic congestion solutions can work, e.g. the I-394 HOT lanes. Other similar opportunities to enhance the system through development of these facilities is required.

Recommendations for New Authorization

1. Continue to support the ability of the federal funding program to flex funds between highway and transit projects.
2. Put all transportation modes (transit, highway, walking, bicycling) on equal footing with respect to federal aid matching requirements.
3. Any provisions in the transportation reauthorization bill related to role of Metropolitan Planning Organizations (MPOs) should maintain or expand the MPOs' historical planning and programming role involving the distribution of federal transportation funding, prohibit existing MPOs from "opting-out" of the federal guidelines, and requiring that any new MPO have a minimum population of 100,000.
4. Continue to provide additional funding for innovative mobility and access solutions such as congestion pricing and High Occupancy Toll (HOT) lanes.

Roads and Bridges

5. Provide sufficient federal funding to allow Mn/DOT, regional, and local governments to address its most critical metropolitan mobility and access needs, including the removal of critical metropolitan area bottlenecks and completion of key highways including a 6-lane beltway around the Twin Cities Metropolitan Area.

Transit

6. Provide additional federal funding for new rail and bus transitways, including: the Central Corridor Light Rail Line, the Southwest Corridor, the Bottineau Corridor, Red Rock, Rush Line, I-94 East corridor, 394 Corridor, Central Ave/TH 65, and I-35W.
7. Provide federal support for four key metro area transit hubs: 1) the Hennepin County Intermodal Facility, 2) St. Paul Union Depot, 3) the Eden Prairie Transit Station, and 4) Twin Cities Metropolitan Airport Transit Hub.
8. The current Cost Effectiveness Index (CEI) should be regarded as only one element of the process of evaluating the merit of a transit project. Other factors, such as land use

implications and economic development implications are equally important and should have as great an influence on project prioritization.

9. Continue federal funding to expand the use and placement of additional bus-only shoulders.
10. Minnesota's transit, bike, and pedestrian modes should be funded at a level sufficient to support the goal of achieving a shift of 10% of all trips from automobile to transit, bike or pedestrian by the year 2030. Achieving this goal will help mitigate the growth of metropolitan Twin Cities congestion while reducing traffic crashes, fuel consumption and harmful air emissions.

5 of 7 Twin Cities Metro Counties Demonstrate Commitment to Improving Transit Services by Enacting ¼ -cent Metro Sales Tax for Transit

With the continued support of federal funding provided in the new authorization, transit advocates in Minnesota are promoting the goal of achieving a 10% shift in the total number of trips from automobile to transit and non-motorized transportation. New federal funding dedicated to metro area transit is anticipated to supplement new and expanded transit service currently funded in part by the recently adopted ¼ cent sales tax by five metro area counties.



In 2008, the counties of Anoka, Dakota, Hennepin, Ramsey, and Washington approved the ¼-cent sales tax. All revenues are dedicated for operating and capital improvements to transitways in the metropolitan area, and projects selected for funding are determined by the Counties Transit Improvement Board (CTIB), a joint powers board comprised of representatives of each participating county and the Metropolitan Council. Major projects awarded funding in the October, 2008 distribution include Hiawatha LRT, I-35W BRT, Lakeville Express Bus service, Cedar Ave BRT,

Northstar Commuter Rail (including Fridley station) and a still to be determined project in Washington County.

Funding from the transit tax will be instrumental in leveraging additional federal funding. These projects will contribute significantly to developing a more mode-balanced and connected transportation network in the Twin Cities metropolitan area, enhancing access and mobility for decades to come.

Increase access in both urban and rural regions of Greater Minnesota.



Minnesota's agricultural and manufacturing industries are critical to the economic vitality of the whole state. Rural transportation advocates have been promoting the need to develop a more extensive system of 10-ton routes throughout Greater Minnesota to provide better access to markets and processing facilities. Our farm economy, in particular, is severely restricted by inadequate roads and bridges.

A high fatality rate from automobile crashes is also a problem of specific concern to transportation advocates in Greater Minnesota. Historically, roughly two of every three fatalities in Minnesota occur on 2-lane, rural roadways.

The inadequacy of existing transit service, including intercity service, is another deficiency that is especially severe in many rural areas across the state. We often hear of the challenges faced by many young people and elderly residents who rely on transit to get to work, school, the grocery store, the doctor, church, or to visit friends and family. Transit also promotes economic development in rural parts of the state because business benefits from enhanced mobility through the ability to recruit employees from a larger, better skilled, and more competitive labor pool.

The demand for better access and improved transportation infrastructure in Greater Minnesota is evidenced by the recent establishment of several new corridor coalitions (e.g, TH 15, TH 212, TH 23, TH 55) who are working to persuade federal and state lawmakers to increase multi-modal investments on these critical rural corridors.

National Context

- ✓ Lack of mobility confronting lower income working people in urban and rural areas is a serious barrier to economic progress. Without reliable, affordable transportation, individuals may be unable to gain access to education, training, and employment opportunities. These barriers thwart the potential success of welfare-to-work programs and frustrate individual's efforts to improve their lives economically.
- ✓ Congress recently approved \$13 billion over 5 years for passenger rail initiatives nationwide. Two potential lines that would be considered for funding include high speed rail from the Twin Cities to Duluth and another from the Twin Cities to Chicago.

Minnesota's Challenges and Opportunities

- ✓ Minnesota's rural economy is significantly hindered by an insufficient network of roads and bridges capable of carrying ten-ton loads year round. The lack of an adequate 10 ton road network is costly to farmers who must make extra trips.
- ✓ When load restrictions are ignored, public costs of reconstruction or increased maintenance needs go up substantially.
- ✓ Approximately two-thirds of all Minnesota traffic fatalities occur on two-lane rural roads in greater Minnesota.

- ✓ Demand for transit services in Greater Minnesota's economic centers (i.e. Rochester, Duluth, St. Cloud, and Mankato) exceeds the available capacity of local providers to meet commuter demands and other service needs.
- ✓ In Greater Minnesota, six counties provide no public transit service at all.
- ✓ Mn/DOT's 2001 transit Plan established a goal to meet 80% of the unmet transit needs in the 80 counties in Greater Minnesota. The 2010 target service hours of 1.4 million and it is projected that that level of service would result in 15.6 million passenger trips. The projected total operating costs of 1.4 million service hours is \$77 million per year and additional transit vehicles needed to meet this increased demand would result in total capital costs of \$18 million.
- ✓ Transit service in many areas of Greater Minnesota is severely limited due to insufficient resources. In most communities, transit service ends by late afternoon or early evening, and most operate only Monday through Friday.
- ✓ Transit service is often confined to political boundaries, such as city or county lines.

Recommendations for New Authorization

1. Continue to support the ability of the federal funding program to flex funds between highways and transit.
2. Put all transportation modes (transit, highway, non-motorized) on equal footing with respect to federal aid matching requirements.

Roads and Bridges

3. Provide additional funding for the Rural Road Safety program.
4. Provide additional funding for the federal bridge program.
5. Provide additional funding to improve the connectivity of economic centers throughout Greater Minnesota and connections to the Twin Cities by improving and expanding the network of Interregional Corridors (IRCs).
6. Require regular evaluation to review progress on congestion mitigation, and assess benefits of implementing new technologies, e.g. ITS.



Transit

7. Significantly increase funding for transit, including both capital and operating needs.
8. Double funding for rural transit in this authorization period.
9. Expand operating assistance eligibility under section 5307 for smaller transit systems in urbanized areas.
10. Provide federal support for supplemental capital needs that are essential to providing rural transit service, such as transit facilities, radio communications systems, and upgraded computer systems.

Improve the passenger rail network.



Interestingly, the U.S. transportation network of the future will very likely possess many of the characteristics of a simpler time in our history when the railroad was the predominant mode of long and medium distance travel. Intercity passenger rail has long been a staple of the transportation networks in Europe and Asia, and the benefits of a modern high speed rail system are well understood.

First, high speed rail would be very competitive with air travel – and much more desirable than the automobile – for trips up to 500 miles in terms of the personal benefits such as time savings, convenience, comfort, and cost. Rail is an extremely safe mode of travel. Its historic accident fatality rate per passenger mile is only four percent of that for automobile travel. New high-speed rail

facilities will also complement and encourage more local and regional passenger rail usage.

In addition to these direct user benefits, even those who don't utilize high speed rail on a regular basis will benefit by its development. Rail travel is much more environmentally sound than both airline travel and automobile travel, consuming significantly less energy and emitting much less carbon dioxide and greenhouse gases. Development of high speed passenger rail will spur economic development in much the same way as the development of the railroad did in the late 19th and early 20th centuries. For these reasons, development of this mode is worthy of broad public investment.

The National Context

- ✓ A bipartisan majority in Congress recently approved a \$13 billion measure for passenger rail initiatives nationwide. Two projects that would be candidates to receive federal funding are the Midwest High Speed Rail Initiative (Chicago to the Twin Cities) and the Northern Lights Express (Minneapolis to Duluth).
- ✓ The nationwide demand for rail travel is growing (Amtrak's passenger counts are exceeding records established in 2007), as passengers look for cheaper and more convenient transportation modes.
- ✓ The cost of the Minnesota segments of these two projects is estimated at about \$1 billion, so if the federal government were to support these initiatives with an 80% cost share, state matching requirements would be roughly \$200 million.

Minnesota's Challenges and Opportunities

- ✓ A broad coalition of Minnesota cities, counties and the Mille Lacs Band of Ojibwe have been responsible for early progress on planning for a high speed rail line from the Twin Cities to Duluth. A 2008 veto eliminated \$6 million in bonding authority for passenger rail projects in Minnesota.
- ✓ The Minnesota economy is suffering and would benefit by an infusion of funds to develop rail infrastructure. According to a project feasibility study prepared in 2007 by Transportation Economics & Management Systems, Inc, development of the proposed Northern Lights Express would result in over 13,000 new jobs, \$600 million in annual income, and \$1.8 billion in increased property values.

- ✓ According to a report by Minnesota 2020, a high speed rail line from the Twin Cities to Chicago would produce 1,570 new and permanent Minnesota jobs, \$31 million in additional annual household income, and up to \$180 million in higher property values and new development near stations in the Twin Cities, Red Wing, and Winona.³

Recommendations for New Authorization

1. With further study and development, the Northstar commuter rail line should be extended beyond Big Lake.
2. Include \$5 billion nationwide per year in funding for planning and development of a vibrant intercity passenger rail network.
3. Support a national intercity rail network that includes high speed rail service from the Twin Cities to Chicago and the Northern Lights Express from the Twin Cities to Duluth.
4. Include a timeframe for funding both the Midwest High Speed Rail Initiative (involving segments in Minnesota, Wisconsin and Illinois) and the Northern Lights Express.
5. Federal support of passenger rail should be balanced with the needs of freight rail, accommodating the needs of both.
6. Federal programs in support of passenger rail should be flexible to allow funding for planning and development of intermodal connections at airports and other facilities that provide access to the central business districts and other popular destinations.

“Passenger Rail” in Minnesota Comes in Different Shapes and Sizes

Not long ago, any passenger vehicle that ran on two fixed rails was simply called a train. These days, it can be difficult to keep straight all the names given to different kinds of passenger trains. Here’s a primer:

There are three kinds of passenger trains, each with its own particular features and operational purpose that serves a particular type of passenger.

Commuter rail passenger service is generally defined as passenger train service that operates on existing freight railroad tracks and typically runs during traditional commuter times. The typical commute for commuter rail is 20 miles or more, so stations are located far enough apart to make the average trip time competitive or superior to an automobile. In Minnesota, the best example of a commuter rail line is the soon-to-be-completed Northstar Corridor Commuter Rail Project which will provide service along a 40-mile corridor from downtown Minneapolis to Big Lake.

Light rail transit targets urban commuters so the lines are shorter and the distance between stations is much closer than commuter rail, typically just a half mile to a mile apart. Light Rail transit generally offers service for longer hours (20 hours per day) and at a higher frequency than commuter rail, so the trains are shorter because there is less ridership per trip. The popular Hiawatha Corridor LRT line is Minnesota’s first LRT segment, but in just a few years the Central Corridor LRT line will be added, connecting downtown Minneapolis and downtown St. Paul along University Avenue.

High-speed rail is the generic name applied to a variety of rail transportation technologies, both steel-wheel on rail and magnetic levitation (maglev) systems. High-speed rail is time-competitive with air and/or auto for travel markets in the approximate range of 100 to 500 miles. In Minnesota, the Midwest Regional Rail Initiative (MWRRI) is a cooperative, multi-agency effort that is working to develop a nine-state, 3000 mile regional passenger rail system that will include a segment in Minnesota that could accommodate high-speed trains. With the high speed rail line, Minnesotans will be able to travel from the Twin Cities to Chicago in a little more than five-and-half hours.

³ Minnesota 2020 “Reconnecting Minnesota”. October 2008. Original source is Midwest Regional Rail System brochure. <http://miprc.org/>

Embrace sustainable solutions.



By both choice and necessity, sustainable solutions will have an increasingly significant influence on the future of transportation in Minnesota. The “three pillars” of sustainability – environmental protection, social development, and economic development – are components that are absolutely essential if Minnesota is to achieve its economic and quality of life objectives.

Sustainable solutions encompass a range of strategies. Most often, when people think of sustainability, they think of technological advances that conserve energy (clean fuels, clean vehicles and “green” modes of transit). These

technologies will continue to be developed at a rapid rate and vehicles and systems utilizing these technologies will become increasingly commonplace.

But sustainability also encompasses objectives beyond energy and resource conservation. Sustainability in transportation infrastructure planning and development means promoting social goals such as providing better access to basic needs like housing, health care, jobs, education, and food. It should promote economic development, both on a micro-scale by providing individuals with the means to support themselves by access to employment and other basic needs, and also on a macro-scale by encouraging communities and regions to grow in a manner that optimizes global competitiveness.

Many of Minnesota’s local governments – who are the primary land use and transportation planning authorities – are increasing their efforts to develop policies and practices to link transportation and land use planning. In addition to resource and energy conservation, better coordination between transportation planning and regional land use planning has the added benefit of reducing a variety of public and private costs, including land acquisition, environmental externalities, and direct construction costs.

The National Context

- ✓ Federal funding can also be instrumental in assisting transit systems with the switch to vehicles that run on alternative fuels. As the country seeks to reduce its dependence on foreign oil, changing fleets, including transit system vehicles to run on electricity or other fuels will not only reduce our need to import oil but in the long-run will reduce operating costs for transit systems who face high fuel costs.

Minnesota’s Challenges and Opportunities

- ✓ In 2007, the Next Generation Energy Act was signed into law. The legislation is intended to promote energy efficiency, expand community-based energy development, and establish statewide Green House Gas emission reduction goals of 15% by 2015, 30% by 2025, and 80% by 2050, based on 2005 levels.
- ✓ Providing additional transit options is essential to addressing the state’s overall future access and mobility needs. Without broad expansion in transit service, the transportation system will fail.

Recommendations for New Authorization

1. Provide increased funding for bicycling, transit, intercity passenger rail, ridesharing, and telecommuting
2. Provide federal support for sustainable practices, such as encouraging Leadership in Energy and Environmental Design (LEED) certification for intermodal facilities.
3. Support additional consideration of sustainability, such as Context Sensitive Solutions, in project evaluation.
4. Establish a forum to encourage federal, state, and local partnership to reduce greenhouse gas emissions. The existing Governor’s Task Force and legislative task forces could be used as models to develop efforts to achieve reductions in greenhouse gas emissions.
5. Support State and local efforts by increasing funding for joint initiatives to coordinate transportation and land use planning, and consider allowing a limited amount of transportation funds to be used to close “manageable” financing gaps on transit oriented development (TOD) or transit supportive development (TSD).
6. Continue the Federal Transportation Enhancement Program.
7. Provide direct financial incentives and support for creation of transit oriented development districts around corridor transit stations.
8. Create an Office of Livability within the U.S. DOT to support mode neutral project identification and funding process and to identify appropriate quality of life metrics for transportation.
9. Promote expanded use of more fuel efficient, cleaner burning transit vehicles.

Solutions and Options for Funding our Priorities

Increase funding in this reauthorization period.



Since at least the mid-1990s, the level of investment in Minnesota's local, state, and federal transportation infrastructure has come under increasing criticism. Literally hundreds of credible reports have identified the perils of continuing to neglect the state's transportation infrastructure. Those who pay close attention to these reports can easily recite the most troubling of these statistics: Roughly 500 fatalities in the state per year; \$750 per commuter due to congestion; \$150 million in unfunded transit needs; 750,000 new residents in the Twin Cities by 2030.

The state has recently taken two positive steps to address Minnesota's declining transportation infrastructure. First, in 2006, the state's voters passed a Constitutional Amendment to dedicate all of the vehicle sales tax for roads, bridges, and transit purposes. Then

during the 2008 state legislative session, lawmakers passed a major, comprehensive transportation funding package. These new funding sources will provide substantial new revenue for investments to the state and local transportation infrastructure. With the recent reductions in auto sales and gas tax revenue, Minnesota will clearly need to continue to rely on its partnership with the federal government to address our most important transportation investment needs.

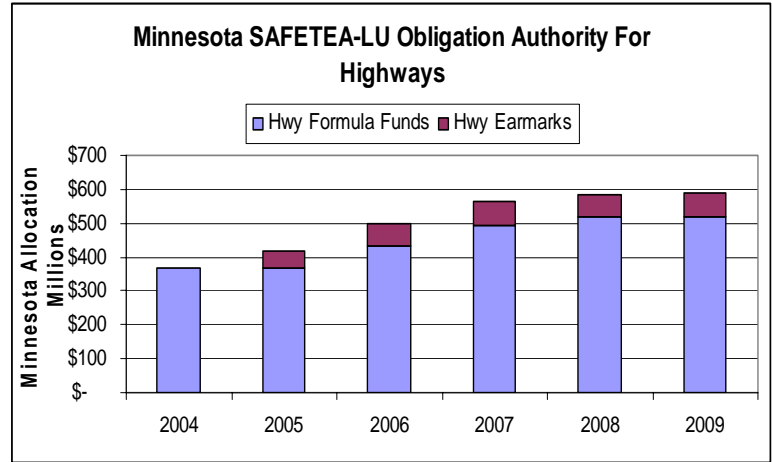
The National Context

- ✓ From the National Surface Transportation Policy and Revenue Study Commission report: An investment of at least \$225 billion annually from all sources would be required over the next 50 years to upgrade our existing system to a state of good repair and create a system able to sustain a strong economy.
- ✓ We are spending less than 40% of this amount today. We need to invest \$140 billion more each year.
- ✓ U.S. government investment in infrastructure has remained at 0.9% of GDP since 1982. By comparison, China spends about 9% of GDP on transportation infrastructure.
- ✓ The primary source of funding for the surface transportation program is the federal gas tax (18.4 cents per gallon), which has not been increased since 1993. That means that the 18.4 cent gas tax is now worth just 12.9 cents adjusted for inflation.
- ✓ Increased fuel efficiency and alternative-fueled vehicle use will further erode tax receipts.
- ✓ Whether federal programs are consolidated into 10 programs or some other number, the Minnesota transportation community believes that the overall level of funding, the flexibility and funding distribution by program, and the timely availability of funding is most critical. Efforts should be made to avoid delays in providing federal funds to the

states due to transitional issues such as creating rule changes and the need to provide additional administrative oversight.

Minnesota’s Challenges and Opportunities

- ✓ For planning purposes, MnDOT has estimated that the state will receive about \$530 million per year in formula highway funding under the new authorization bill.
- ✓ Under SAFETEA-LU, transit spending totaled \$557 million, including \$100 million in STP and CMAQ funding, \$260 million in formula funds, \$35 million in discretionary funds and \$162 million in New Starts.
- ✓ MnDOT and the Metropolitan Council are currently updating their long-range plans and estimating funding needs. The size of Minnesota’s allocation of federal funding should be large enough to ensure critical projects are programmed and completed promptly.



Recommendations for New Authorization

1. To restore the historic 45% federal share of highway capital funding, the total package must provide roughly double the funds provided by SAFETEA-LU, or \$550 billion over 6 years.
2. The Transportation Alliance urges Congress to provide the funding level needed to maintain the current transportation system and to make needed improvements in safety and mobility. Many options are available that can be developed into a funding package to achieve the recommended funding level does not recommend any specific mix of new funding sources; rather we present a menu of options and their projected revenue levels for consideration. A menu of funding options and estimated revenue levels is included in a table on page 45.
3. A National Infrastructure Bank, similar to legislation introduced by Congressman Keith Ellison, should be created and capitalized to provide additional financing options that would encourage the leveraging of private investment for transportation infrastructure projects.
4. The new authorization legislation should create a “mega-projects program” – perhaps funded by a National Infrastructure and Transportation Bank – that uses federal funds to leverage state and private sector funds to finance some of the highest priority, high cost projects in major metropolitan areas.
5. New or modified allocation formulas should consider typical cost variations in different regions of the country in terms of the impact on weather and its effect on the cost to maintain a mile of roadway.
6. The Federal program should provide an incentive that rewards state spending increases on “maintenance of effort” grounds.

7. Minnesota's transportation community is concerned about unfunded federal mandates and requests that any mandated outcomes be accompanied by adequate funding.
8. Congress should encourage greater use of congestion pricing to help reduce congestion, provide options to users, and to help fund needed system improvements.
9. Congress should continue to support and expand value pricing demonstrations and urban partnerships to reduce congestion through re-authorization of the value Pricing Pilot Program.
10. Encourage the use of Public Private Partnerships (PPP), including private concessions to public entities, to finance highways and transit improvements with the following conditions:
 - a. Concessions or payments should not be used for non-transportation purposes but to improve and expand capacity or to provide additional transportation alternatives within the corridor;
 - b. There are no non-compete clauses that restrict improvements on adjacent facilities;
 - c. Customers interests are protected by capping the rate of increase in any tolls at the level of the rate of growth in the Consumer Price Index, minus an adjustment for productivity improvements;
 - d. The condition and performance of the facility are adequately maintained over the life of the concession agreement which should not exceed a reasonable time period;
 - e. If the private partner enters into bankruptcy, ownership of the facility reverts back to the state;
 - f. The private sector financing should provide a better return on investment than if the concession were financed using public funds.

Prepare to fund the future system. (Beyond 2015)



In addition to the immediate funding needs required in the new authorization, the new federal program should also use the opportunity to take a long term view of the transportation finance system that will be required 20 or 30 years in the future. Minnesota's transportation system in 2030 will be radically different than it is today, in terms of the types of vehicles we see on our roads, the numbers of users and trips demanded, and new technology for mass transportation.

The population of the metropolitan area alone is expected to increase by three-quarters of a million people by 2030.

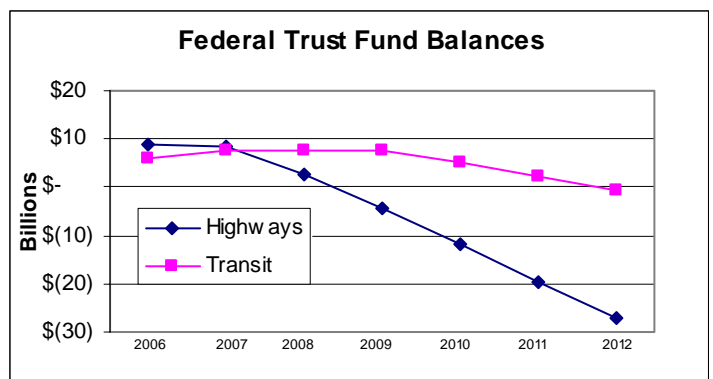
Minnesota's business sector will require a transportation network that allows them to successfully compete in the global economy. New technologies are being developed today that will enhance the mobility and safety of all users of the transportation system. All of these factors must guide the policy decisions that will determine the type of state we will become in the future.

In the future, automobiles powered by alternative fuels and higher mileage automobiles will be common, so the motor fuels tax is likely to become less effective in meeting the needs of the transportation network. Other financing options that more closely correlate to actual use of the roadway system need to be developed as an alternative or supplemental source of dedicated revenue. Options that are becoming technologically viable include mileage fees or other "value pricing" methods in which there is a more direct correlation between the costs and use of the system.

Unfortunately, the demands on the state's transportation network will continue to grow. Population increases, increasing freight movement on our highways, and ordinary wear and tear on the existing system will continue to generate significant new needs. Solving this problem will require taking a long range view – meaning 30, 50, and 100 years into the future, and not just to the next election cycle.

The National Context

- ✓ Balances in the Federal Highway Trust Fund are rapidly declining, especially in the Highway Account. The latest projections by the U.S. Department of the Treasury and the Congressional Budget Office indicate that the Highway Account of the Highway Trust Fund will be \$4 to \$5 billion in the red by the end of FY 2009 if no corrective action is taken.



- ✓ Briefly stated, three core factors are contributing to the erosion of motor fuel tax revenues. First, higher fuel prices are directly affecting the total vehicle miles traveled. Second, more consumers are seeking to limit fuel costs by driving lighter and more fuel-efficient vehicles. Third, a variety of factors including high fuel prices, an aging population, and development and redevelopment patterns that emphasize modal choice will ultimately reduce the amount of motor vehicle fuel sold.

Minnesota's Challenges and Opportunities

- ✓ Like all states, Minnesota's reliance on gas taxes and other non-stable sources of revenue threatens the long-term viability of transportation funding in Minnesota.

Recommendations for New Authorization

1. Take appropriate action to assure that the Highway Account of the Highway Trust Fund remains solvent and prevent highway investment levels from falling below levels guaranteed under SAFETEA-LU.
2. Consider implementation of a vehicle mileage fee for commercial vehicles.
3. Establish a timeline toward development of a mileage based tax on a national level.

Surface Transportation Funding Options Matrix – Source: AASHTO (Revenue Estimates in \$millions)				
Funding Mechanism	Per Unit Yield	Illustrative Rate	2010 Revenue	Est. Total Revenues 2010-2015
Federal Fuel Tax	1¢ = \$1,800	10¢	\$18,000	\$305,944
Index Fuel tax to CPI	N/A	N/A	\$800	\$2,500
Transit ticket tax	1% = \$130	1%	\$130	\$780
Highway Miles Traveled Fee	1¢ per VMT = \$32,447	1.5¢	\$48,671	\$300,000
Highway User Vehicle Fee	\$1 = \$263	\$1	\$263	\$1,652
Carbon Tax or Cap and Trade Auction Proceeds – all modes	1¢ per gallon or equivalent = \$277	10¢	\$2,771	\$17,283
Container Tax	\$1 per TCU = \$57	\$10	\$569	\$4,000
Diesel Tax increase plus Indexing	1¢ per gallon = \$411	13¢	\$5,337	\$35,856
Gas Tax increase plus Indexing	1¢ per gallon = \$1,380	10¢	\$13,796	\$90,489
General Fund support for intercity passenger rail	N/A	N/A	\$3,000	\$18,000
General Fund transfers for transit	N/A	N/A	\$3,167	\$19,000
Index existing Highway Trust Fund sources beginning in 2010	N/A	N/A	\$791	\$18,192
Index Heavy Vehicle Use Tax retroactive to 1997	N/A	N/A	\$411	\$3,217
Interest on Highway Trust Fund Balances	N/A	N/A	\$200	\$1,200
Motor Fuel Tax exemption reimbursement (retroactive and future)	N/A	N/A	\$1,057	\$6,593
Sales tax on Motor Fuels	1% of sales = \$6,136	2.5%	\$15,340	\$93,949
Share of US Customs Revenues	1% of receipts = \$314	5.0%	\$1,570	\$10,904
Tax Credit Bonds for Highways and Transit	N/A	N/A	\$8,333	\$50,000
Tax Credit Bonds for Intercity passenger rail	N/A	N/A	\$4,167	\$25,000
Ton Freight Charge – all modes	1¢ per ton = \$162	10¢	\$1,617	\$10,804
Ton Freight Charge – truck only	1¢ per ton = \$111	10¢	\$1,115	\$7,452
Ton-Mile Freight Charge – all modes	1¢ per ton-mile = \$42,763	1¢	\$4,276	\$28,579
Ton-Mile Freight Charge – truck only	1¢ per ton = \$12,516	1¢	\$1,252	\$8,365
US Freight Bill – all modes	1% of sales = \$7,708	1%	\$7,708	\$51,513
US Freight Bill – truck only	1% of sales = \$6,497	1%	\$6,497	\$43,420
Vehicle Sales tax on new passenger cars/light duty trucks	1% of sales = \$4,853	2%	\$9,707	\$64,870
Vehicle Sales tax on new passenger cars/light duty trucks	1% of sales = \$9,012	2%	\$18,024	\$120,461
TOTAL				\$1,340,023

Resources:

Minnesota's Transportation System: Our Future is Riding On It. The Minnesota Transportation Alliance. 2007.

Transportation for Tomorrow. National Surface Transportation Policy and Revenue Study Commission. 2007.

Minnesota Statewide Freight Plan. Mn/DOT. 2005.
http://www.dot.state.mn.us/ofrw/PDF/MN_SFP_Final_Report_05.pdf

Transportation – Invest In America. Cambridge Systematics
http://www.camsys.com/kb_cases_freightrail.htm

Public Transportation in Minnesota – An Assessment of Public Benefits, Unmet Service Needs and Funding Scenarios. Transportation Policy Institute

Greater Minnesota Public Transportation Plan, 2001.
http://www.dot.state.mn.us/transit/research/final_report.pdf

Reconnecting Minnesota – The Case for an Intercity Passenger Rail System. Minnesota 2020. October, 2008.

Transportation Performance in the Twin Cities Region. Transit for Livable Communities; Minnesota Center for Environmental Advocacy; Surface Transportation Policy Partnership. August 1, 2008.

Transportation and Regional Growth Study: Market Choices and Fair Prices – Research Suggests Surprising Answers to Regional Growth Dilemmas. 2003.

T4America Platform. Surface Transportation Program Authorization (Outreach Discussion Draft). July 2008.

Quarterly Memorandum on Minnesota Construction Cost Index. Prepared by Nancy Sannes, Mn/DOT Office of Technical Support. September 2, 2008.

Minnesota Statewide Highway Operation Plan. Mn/DOT. April, 2005.
<http://www.oim.dot.state.mn.us/Final-HSOP.pdf>

Minnesota Office of the Legislative Auditor. State Highways and Bridges. January, 2008.

U.S. Conference of Mayors. “Ready-to-Go” Jobs and Infrastructure Projects – America's mayor's Report to the Nation on Projects to Strengthen Metro Economies and Create Jobs Now. December, 2008.

Metropolitan Council Draft 2030 Transportation Policy Plan.

Economic Policy Institute Briefing Paper #217. Investing in U.S. Infrastructure – Promoting Economic Stimulus and Growth. John Irons.

http://www.the_coalition.org/statefed/transportation.htm#surfacetrans
Surface Transportation Federalism

U.S. Department of Transportation Federal Highway Administration “Success in Stewardship” monthly newsletter, January 2009.

<http://environment.fhwa.dot.gov/strmlng/newsletters/jan09nl.asp>