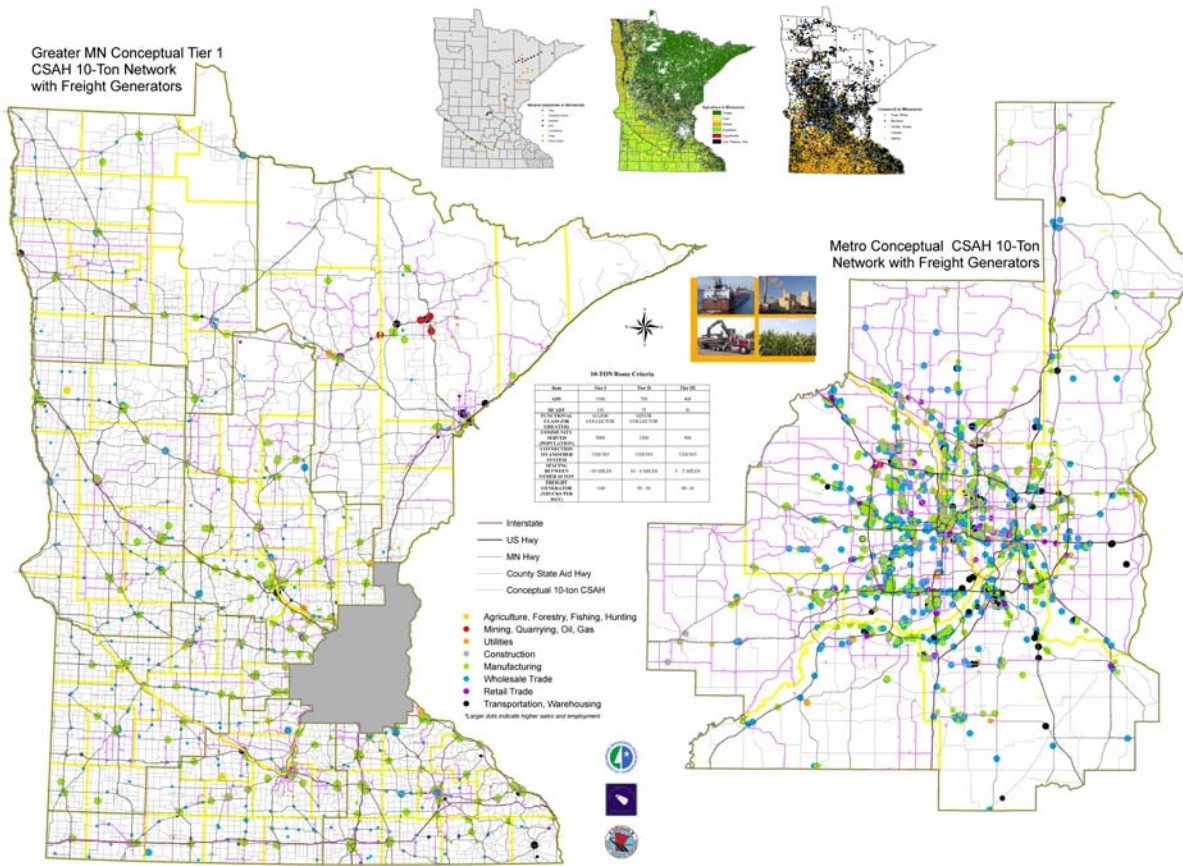


## Businesses and Industries Need Stronger Roads and Bridges



Minnesota Conceptual 10-Ton CSAH System



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## Transportation: Our Economy is Riding on It

### Transportation and Our Economy

A healthy economy requires the movement of people and goods. Commodities need to get to markets, workers need to get to their jobs and consumers need access to goods and services. Our transportation infrastructure allows economic activity by connecting people, businesses and resources.



Today, Minnesota is facing a serious economic downturn with thousands of residents unemployed. As the legislature works to develop policies and investment strategies that will put Minnesotans back to work and encourage economic activity, investments in the state's transportation infrastructure need to be part of the road to recovery.

#### Investing in our transportation system will:

- Put people back to work in construction, engineering and maintenance positions; retaining highly skilled members of the workforce who earn family-wage salaries;
- Address growing safety and mobility needs on our aging transportation infrastructure that continue to grow and become more expensive each year;
- Maintain the value of the transportation assets that state and local governments own thanks to the investments made by taxpayers in the past;
- Provide the quality transportation network that businesses and industries require in order to compete effectively and thrive in our state.

### Public Infrastructure Investments Work

Historically, the government has turned to an important tool during economic downturns – investing in public works or public infrastructure. There has long been a clear role for government in the provision of transportation infrastructure in our state. While government involvement in some areas of the economy may spur considerable debate, there is no debate about the fact that government has a responsibility to ensure safe and adequate roads, bridges, ports, rail, transit and other transportation infrastructure is available to the public and the businesses that rely on our transportation system.



**Not only will investments in transportation infrastructure put Minnesotans to work, it will put them to work building what Minnesota's businesses and industries need** – an integrated transportation network that moves people and products safely and efficiently to they can compete in a global economy.

The capital bonding bill should direct resources to long-term investments that will benefit businesses and residents across the state.

**Everyone in the State of Minnesota relies on the transportation system.** Whether someone drives, takes the bus, runs a business or simply needs products delivered to the local pharmacy and grocery store, we all need a safe, integrated transportation network to get around and live our lives.

**Now is the time to make strategic investments in public infrastructure:**

- Bids are coming in significantly lower than original engineer's estimates
- Interest rates are low

State investments in transportation projects also leverage substantial amounts of federal and local funds.

Traditionally, the capital bonding bill has provided general obligation funding for:

- Local Roads and Bridges
- Transitways
- Transit Facilities
- Rail Improvements
- Port and Waterway Improvements

General obligation bond proceeds cannot be used on the trunk highway system and conversely, trunk highway bond funds cannot be used to improve local roads and bridges.



### **Local Road Improvement Program**

The legislature created the Local Road Improvement Program to fill the gaps in existing state transportation assistance programs. This program serves the broad interests of local transportation providers all over the State of Minnesota, yet can focus on specific transportation system goals. Bond funding has been provided for this program by the legislature in 2002, 2003, 2005, 2006 and 2008.

As county, city and township roads age and deteriorate, funding from the Highway User Tax Distribution Fund has not been able to keep up with demands. The estimated unmet need to maintain existing county highways on a 50-year life cycle basis is approximately \$325 million per

## **Transitways**



Investments in public transit provide both short-term job creation benefits and longer-term cost savings to the economy. In a report prepared for the American Public Transportation Association entitled Economic Impact of Public Transportation Investment, researchers found that capital investment in public transportation including the purchase of vehicles is a significant source of jobs in the United States. **On a national level, nearly 24,000 jobs are supported for a year for every one billion in spending on public transportation capital.** For transit operations, over 41,000 jobs are supported for a year for each one billion in annual spending.

Other economic benefits include:

- travel and vehicle ownership cost savings,
  - reduced traffic congestion delays,
  - higher worker reliability,
- business productivity gained from access to a broader labor market

The results show that, per \$1 billion of annual investment in public transportation can lead to more than \$1.7 billion of net annual additional GDP due to cost savings.

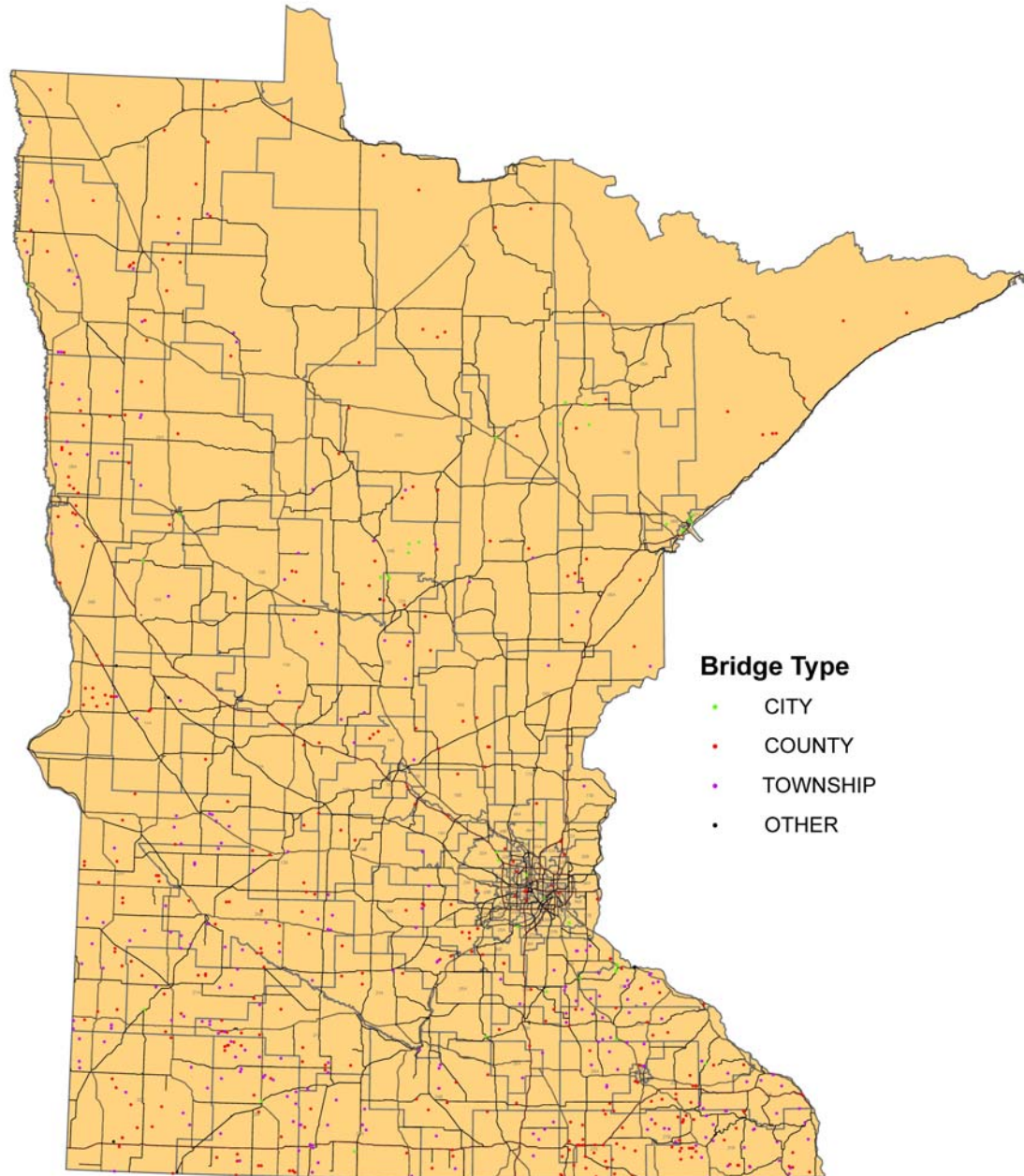
Here in Minnesota, our experience with the Hiawatha Light Rail Line indicates that rail investments can have a beneficial impact on residential property values.

According to a report published by the Center For Transportation Studies at the University of Minnesota, residential property value has been impacted by the Hiawatha Light Rail Line, which opened in 2004, running between downtown Minneapolis and the Mall of America in Bloomington. After 2004, single family homes within station areas sold for 4.2 percent more than homes in the comparison area. **Overall, the completion of LRT has generated \$18,374,284 worth of housing premium for single-family homes or \$5,229 per single family home and \$6,900,598 for multifamily homes.**

**For the 2010 Capitol Bonding bill, project needs of \$50 million have been identified. This funding would allow transitway projects in the Twin Cities Metropolitan Area to move ahead as well as work to extend the Northstar Commuter Rail line to St. Cloud.**

**For Greater Minnesota transit, transit facility needs total \$29.14 million and include funding for facilities in Mankato, Rochester, Northfield, Duluth and Stewartville.**

# 2010/2011 Master Bridge Replacement Priority List



MnDOT State Aid for Local Transportation, Jan 2010

year. The burden on local property taxes to meet these needs will only grow without additional state assistance.

The Local Road Improvement Program consists of three accounts:

**Trunk Highway Corridor Account** – This account was designed to assist local governments in paying the local share of trunk highway projects that have local costs directly or partially related to a trunk highway improvement.

**Routes of Regional Significance** – Funds in this account are to be used in paying the costs of constructing or reconstructing city streets, town roads or county highways with statewide or regional significance.

**Rural Road Safety Account** – This account is to assist in paying the costs of capital improvement projects on the county state-aid highways that are intended primarily to reduce traffic crashes, deaths, injuries and property damage.

The following funding in the capital bonding bill is needed to create jobs and complete identified projects. Local Road Improvement Program:

- Trunk Highway Corridor Account - \$20M
- Routes of Regional Significance Account - \$40M
- Rural Road Safety Account - \$40M

Projects that can be let for construction quickly have been identified by engineers all across the state. While the American Recovery and Reinvestment Act, passed by Congress in February of 2009, provided some funding for local highway projects, many projects submitted for funding were not funded due to the lack of enough funding to meet the needs and continue to languish while workers wait for projects and jobs.

## **Freight Corridors**

While freight volumes by tonnage are projected to double in Minnesota by 2035, freight traffic in southwestern Minnesota will potentially grow by 200 percent by 2030. The result is more agricultural freight traffic, particularly truck traffic. The transportation system is absolutely essential to maintaining the region's economic health.



In addition to more trucks on the roadways, the use of larger farm equipment is increasing, placing heavier loads on local roadways. Tractors, combines, grain carts and semi trucks can pose problems on public roads including “rolling roadblocks” and shoulder damage on rural two-lane roads. Stronger roads would accommodate these heavier loads without the damage we see on roadways today. Safety is also a major concern for large farm equipment as many rural roads have narrow lanes, limited shoulder widths and steep embankments that make them subject to rollovers and lane-departure crashes.

In addition to local government associations including the **Association of Minnesota Counties, League of Minnesota Cities, Minnesota Inter-County Association, Rural County Caucus, Coalition of Greater Minnesota Cities, Minnesota Association of Townships and Metro Cities**, these groups are supportive of the inclusion of funding in the capital bonding bill for the Local Road Improvement Program:

- Broiler and Egg Association of Minnesota
- Minnesota Farmers Union
- Minnesota Farm Bureau Federation
- Minnesota Agri-Growth Council, Inc.
- Minnesota Chamber of Commerce
- Minnesota Corn Growers Association
- Minnesota Grain and Feed Association
- Minnesota Association of Cooperatives
- Minnesota Association of Wheat Growers
- Minnesota Milk Producers Association
- Minnesota Soybean Growers Association
- Minnesota Trucking Association
- Minnesota Turkey Growers Association
- Red River Valley Sugarbeet Growers Association



The need for improvements in local roadways is very real for companies and industries in Minnesota. The following is a brief description of specific needs in the state.

#### **Central Minnesota**

In the central part of the state, a variety of products and commodities flow in and out of the area including nonmetallic minerals, coal, pulp and paper and farm products. This part of the state represents the crossroads for many freight shipments.

Like other parts of the state, the local road and bridge system needs to be strengthened to accommodate the heavy loads of commodities and equipment moving on the roadways.

#### **Northeastern Minnesota**

In the northeastern portion of the state, freight flows consist mainly of metallic ores and lumber of wood products with smaller shipments of non-metallic minerals, farm products and waste or scrap materials. Freight in this part of the state moves by roadway, rail, waterways – most notably the Duluth Seaway Port Authority – air, and pipelines.

The Mesabi Iron Range provides more than 80 percent of all iron ore mined in the US today. In addition, there are plans to construct an integrated steel plant on the western edge of the Mesabi iron range with an annual capacity of 1.5 million tons of annual slab steel-making capacity.

Another major product for the region is timber and paper manufacturing. Raw pulpwood needs to be trucked from area forests and Canada, generating a significant amount of freight traffic.

#### St. Paul Port Authority

Barge Terminal #1 Lower Dock Wall Rehabilitation	\$3M
Rehabilitation of Port Authority Buildings	\$3M
Stormwater Management	\$1M
River Terminal Dock Wall Rehabilitation	\$2M
Replacement of Railroad Crossing at BT #1	\$100,000

#### Winona Port Authority

Salt Storage Warehouse	\$1.1M
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#### Duluth Seaway Port Authority

Gantry Crane Dock Rebuild	\$500,000
Dock #7 Rehabilitation	\$3.5M
Azcon and Dock C Combining	\$6M

TOTAL      \$22.775M

### **Local Bridge Program**

The Local Bridge Program has been in existence since 1977, with funding included for this program in almost every capital bonding bill passed by the legislature since then. Over 6,500 bridges have been replaced and over 1500 bridges have been removed altogether.

The Local Bridge Program has been instrumental in reducing the number of deficient bridges on the local system. State bond dollars, combined with federal and/or local funds have allowed counties, cities and townships to repair and replace thousands of unsafe or outdated bridges that residents and businesses rely on everyday.

**State bond funds leverage substantial local and federal dollars – over one dollar for each state dollar.**

**At least \$75 million in bond proceeds is needed to meet the growing list of bridge projects waiting to be let for construction.** Deficient bridges have been identified all across the state and local governments have worked to get these projects ready for construction.

During the 2009 Legislative session, the capital investment bill included \$10 million for the Local Bridge Program while the 2008 bonding bill included \$50 million for local bridges.



Local roadways play a critical role in the movement of agricultural commodities, timber and minerals, and manufactured products. Increasingly, agricultural interests and businesses seek to move heavier loads in order to reduce the number of shipments and improve productivity. While state highways can generally handle heavier loads, county, municipal and township roads were often not designed to meet today's demands on the local system.

**Minnesota needs a network of stronger roadways connecting to the state trunk highway system that can serve as freight corridors for our businesses and industries**

## Ports and Waterways

The physical infrastructure of Minnesota's River and Lake Superior public commercial ports have been in need of rebuilding and updating to keep Minnesota competitive with other port states. Some of the projects are too large for the local port authorities to finance on their own.



Recognizing this need, the 1996 Minnesota Legislature began funding the Port Development Assistance Program. The Program involves a maximum State match of 80 percent and local minimum match of 20 percent for these port improvements.

As of December 2007, the State of Minnesota has appropriated a total of \$17.5 million toward this program. The program includes such projects as dredging in the dock area, dock wall reconstruction, building rehabilitation and bringing facilities up to safety code. The program will aid private sector operators of these public facilities.

## **Priority List of Ready-to-go projects**

### Red Wing Port Authority

Bulkhead Wall Repair	\$75,000
Upper Harbor Wall Construction	\$2.5M

Wind generation equipment shipments are also increasing as wind farms are developed in western Minnesota and surrounding states. The need to ship oversize and overweight wind turbine components on our roadways poses new challenges for the state.



The Minnesota Department of Transportation has studied the freight needs of the region and developed a freight plan. The plan

The plan recognizes the important role that local roadways play in freight movement as many shipments either begin or end on the local system. Mn/DOT's freight plan notes that current 10-ton paved local roads in the study area do not consistently connect with one another, a situation that is worsened by extended spring thaw restrictions in the north. The low weight capacity of many local roadways limits the ability to efficiently move freight. The plan recognizes that an expanded year-round 10-ton system would better serve freight movements throughout the region and state.

Existing businesses and businesses seeking to locate in Northern Minnesota are requesting improvements to local roadways. **In Aitkin County, American Peat Technology, LLC would like to see County State Aid Highway 5 from Highway 47 to Rossburg upgraded to accommodate an increase in business.** APT has been located in Rossburg for over five years and has grown each year with a corresponding increase in trucks, equipment and employees driving on local roads. The company ships out 10,000,000 pounds per year of peat product over CSAH 5 and will bring in 7,000 tons of biomass. However, this road is currently only a seasonal 10-ton road. According to APT, upgrading to a year-round 10-ton road will greatly improve the company's ability to do business in the area.

**Another company – ABEPCO/Everwood – would like to locate a new facility in Rossburg and is also requesting that CSAH 5 be upgraded.** The company would like to locate a wood biomass cogeneration facility and a plastic drinking bottle recycling plant. The biomass cogeneration facility will consume 100,000 tons of woody biomass fuel per year while the recycling plant will process up to 35 million pounds of soda and water bottles per year, generating significant truck traffic. These businesses will create over new 100 jobs and expand the economy of the area.

### ***Western Minnesota***

Minnesota is the largest sugar beet producer in the world and most of the tonnage is produced in Western Minnesota. Each year over 10 million tons of beets are shipped to market. The economic impact of the sugar industry is over \$3 billion including over 2500 jobs that are directly created by the industry and an additional 30,000 secondary jobs. A typical beet stack received at a processing plant weighs roughly 40,000 tons and produces 6,000 tons of sugar.

According to the **Red River Valley Sugarbeet Growers Association**, "The roads in this area are the lifelines to our growers who are trying to get their beets to the delivery stations. They need modern, well maintained roads and bridges so they are able to safely transport this crop."



**The American Crystal Sugar Company**, a major industry in the region, relies heavily on the highways and roadways in western Minnesota to get sugar beets from the fields to processing plants and is supportive of additional funding to upgrade the road system in the region.

Wheat is another major commodity in Western Minnesota where 104 million bushels of wheat were harvested in 2008 in Kittson, Roseau, Marshall and Polk counties. There are approximately 8,000 farms in the state that raise wheat. These farms contribute about \$437 million in direct economic impact to the state and another \$861 million in secondary impacts with about 14,500 full-time equivalent secondary jobs created by the wheat industry.

Northwestern Minnesota is also home to some major manufacturers and parts providers to snowmobiles and all terrain vehicles. These companies include: **Arctic Cat, Polaris, BTD, and Team Industries**. These companies and their employees rely heavily on area roads for parts shipments and product shipment.

#### ***Southeastern Minnesota***

Southeast Minnesota is home to large, international corporations as well as small, innovative companies conducting cutting-edge work in the fields of medicine, technology and biology. Home to the Mayo Clinic, this part of the state generates traffic from people as well as products. Like other parts of the state, agriculture constitutes an important segment of the local economy as well as manufacturing.

**Investments in the transportation infrastructure near Pine Island have been proposed to facilitate the development of a major biotechnology campus.** This new facility would generate a significant number of new jobs and economic development and the transportation system needs to be ready to handle the growth in demand on the system.

#### ***Southwestern Minnesota***

The vast majority of available land in this area is under cultivation. The quality of the soil produces high crop yields per farm. This area is considered to be one of the most productive farm regions in the nation producing significant amounts of corn and one-half of Minnesota's total hog production along with one-half of the state's ethanol production. Other notable commodities include sand, clay, aggregate, concrete and construction materials and some manufactured goods.

According to Mn/DOT, about 96 percent of the inbound freight movement in this area and 89 percent of outbound freight are transported by truck. Shipments to ethanol plants continue to increase, supporting an industry that adds an estimated \$1 billion to the area economy and up to \$5 billion directly and indirectly to Minnesota's economy.

#### ***Twin Cities Area***

The Twin Cities metropolitan Area continues to be a bottleneck for freight movement. With most of the state's population and much of the manufacturing and businesses activity, the Twin Cities is often the destination or pass-through point for much of the state's freight.

In many studies, local roads accessing major freight generating facilities have been identified as potential obstacles to the seamless movement of cargo needed to support businesses and economic development. One study, the Twin Cities Metro Area Freight Connector Study, was undertaken to address design and capacity issues on local roadways that provide access to major freight generating facilities. The study focused on three freight intensive areas, or "freight clusters" in the Twin Cities Metropolitan Area: Shoreham/NE Minneapolis, Eagan and Rosemount.

- The Shoreham / NE Minneapolis freight cluster contained 86 warehouse and manufacturing facilities that produced approximately 635,000 tons of freight in 2002. These 86 firms were responsible for over 10,000 jobs in the cluster. The top commodities by tonnage in the cluster were Petroleum and Coal Products, and Clay, Concrete, Glass, and Stone.
- The Eagan freight cluster contained 83 manufacturing and warehouse facilities that produced in excess of 1.5 million tons of freight in 2002. The Clay, Concrete, Glass, or Stone commodity group lead the cluster in tonnage production accounting for nearly one-third of the estimated tonnage. Businesses producing Printed Matter account for nearly half of the manufacturing and warehouse jobs in the cluster, while producing just 3 percent of the cluster's tonnage.
- The Rosemount freight cluster contained nine manufacturing and warehouse facilities that produced in excess of 750,000 tons of freight in 2003. The Chemicals commodity group dominates the cluster in tonnage production accounting for nearly one-third of the estimated tonnage.

Ensuring adequate local connections to major freight generators in the Twin Cities area will have a major impact on the ability of the region to handle increased economic activity.

