



April 7, 2020

TO: Members of the Senate COVID-19 Response Working Group

RE: Continuity of Transportation Services

On behalf of the members of the Minnesota Transportation Alliance including local governments, the transportation industry, labor, transit systems and other organizations, thank you for your consideration of the impact of COVID-19 on transportation in Minnesota.

We greatly appreciate the recognition at both the state and federal levels of the importance of maintaining the transportation system. The Cybersecurity and Infrastructure Security Agency (CISA), charged with executing the Secretary of Homeland Security's authorities to secure critical infrastructure, included in its advisory list for "Essential Critical Infrastructure Workforce" workers supporting the maintenance and operation of highway infrastructure including roads, bridges and tunnels as well as mass transit workers, maritime workers, railroad employees and contractors and workers who support the inspection, operation and maintenance of essential public works facilities.

As noted by CISA, functioning critical infrastructure is imperative during the response to the COVID-19 emergency for both public health and safety as well as community well-being. Certain critical infrastructure industries have a special responsibility in these times to continue operations.

The construction industry in Minnesota is committed to implementing and maintaining safety practices on job sites in accordance with guidance from the CDC and OSHA to safeguard construction sites. Many members of the transportation industry are able to work remotely to support the work done in the field.

Most states around the country are continuing with construction of important transportation projects and in some cases are accelerating construction to take advantage of traffic volume reductions.

Transit systems in Minnesota are being hit hard by the shutdown of many institutions and businesses while still needing to provide critical services to people who need to access medical services, food, prescription drugs and essential workplaces.

Transit systems around the state are reporting dramatic ridership declines due to the closure of so many businesses and institutions. Ridership declines of 40-80% have been reported. Systems have had to furlough bus drivers and other staff. It is important to maintain these trained staff members and drivers with CDL licenses when service will need to ramp up again. As transit systems work to

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combat the spread of COVID-19, they are trying to obtain personal protective equipment (PPE), conduct more cleaning and promote social distancing. These measures increase costs for the systems.

Transit systems are being encouraged to not collect fares from riders in order to reduce interactions and support people in the community dealing with unemployment and other financial challenges so they can still access food and other necessities. As systems struggle to collect local funds, the state should consider relaxing the local match requirement to access dedicated transit funds.

We know that the dedicated revenue sources that our transportation system relies on will face significant reductions as the economic shutdown continues. With traffic volumes reduced by 40-60 percent, revenue from the motor fuel tax will not be collected as anticipated. With car dealerships restricting access to facilities we anticipate that revenue from the motor vehicle sales tax will decline. With reduced travel to the state, we expect that revenue from the sales tax on rental vehicles as well as leased vehicles will also be reduced and that local sales taxes dedicated to transportation purposes will decline significantly.

According to the American Association of State Highway and Transportation Officials (AASHTO), preliminary projections from state DOTs show at least a 30 percent decline in transportation revenue on average for the next 18 months.

Local governments will be facing many demands on local revenue related to dealing with the COVID-19 outbreak, making it that much harder to devote local revenue to the maintenance and construction of roads and bridges.

Investing in public infrastructure continues to be recognized - including by the President and Congressional leaders - as a proven strategy to stimulate economic activity and create jobs quickly while improving the safety and effectiveness of the infrastructure businesses and residents need. With interest rates at historically low levels, Minnesota can take action to help mitigate the negative impact of the COVID-19 outbreak by authorizing bond proceeds for ready-to-go local bridge and road projects along with projects for other modes of transportation.

Minnesota's transportation community continues to work to keep the system functioning – allowing for the delivery of critically needed supplies and the transportation of people who need to get to important destinations. We urge your support for the investments needed to continue to make progress as the state recovers from this current crisis.

Sincerely,

Margaret Donahoe
Executive Director