



Transportation Day at the Capitol – IIJA Impacts

March 31, 2022

MnDOT Interim Commissioner Nancy Daubenberger, P.E.

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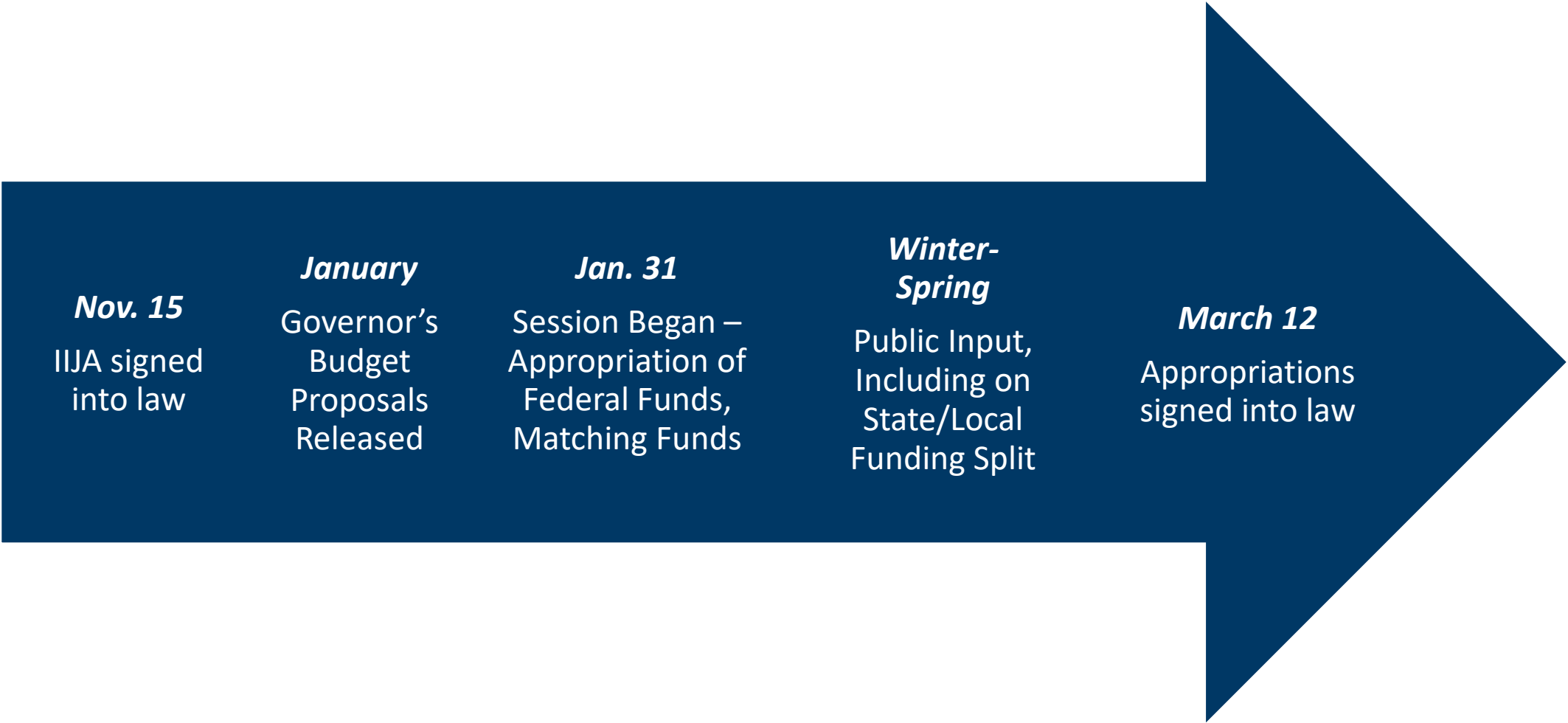
Josh Root, Senior Legal Counsel

IIJA Overview

- Nov. 15, 2021: Bipartisan Infrastructure Investment and Jobs Act (IIJA) signed into law
- **New emphasis areas:**
 - Sustainability
 - Equity
 - Big funding increase for Competitive Grants
- Includes funding for new infrastructure programs such as clean water and broadband (*Note: Other agencies will administer this funding*)



IIJA – Minnesota Timeline



IJA Overview (FY2022 Appropriations)

- **March 11:** Congress passed full year FY22 appropriations
- **March 12:** Appropriations signed into law
 - Appropriations now consistent with IJA provisions, plus \$3.5B in additional funding for the Transportation-Housing Subcommittee
 - Earmarks: \$1.45B, \$847M for FHWA
 - Additional Funding for Highways: \$1.1B extra for formula-based bridge program
 - Additional funding for Grant Programs:
 - Adds \$775M to FY2022 RAISE Grant program of \$1.5B for new total of \$2.25B
 - \$250M for competitive resilience grants under the new PROTECT program

Distribution of IIJA Funds

- Since the end of SAFETEA-LU, MnDOT has relied on the Programming Update Workgroup (PUW) to develop recommendation for distributing federal funds.
- With the passage of IIJA, MnDOT felt it was an ideal time to do a review of the PUW to see if any changes or adjustments in the process were necessary.
 - New Non-Traditional Programs
 - PUW Membership Changes
 - Brian Gage and Patrick Weidemann from MnDOT's Office of Transportation System Management facilitate

New Non-Traditional Programs from IIJA

- A new workgroup called the Climate & Resiliency Workgroup (CRW) has been developed to provide programming recommendations for the new non-traditional programs coming from IIJA.
- The CRW has both traditional partners and non-traditional stakeholders on it to help provide a broad range of perspective for these new programs.
- Facilitator for the CRW is currently Tim Sexton, MnDOT's Assistant Commissioner for Sustainability and Public Health.

Impacts to the 2022 Construction Season

- Late Start:
 - Late passage of the IIJA FFY2022 Appropriations (March 11, 2022)
 - Requires passage of State Legislative Spending Authority (est. May 2022)
- Impacts:
 - IIJA passage means the planned construction program will not be interrupted.
 - MnDOT and Local agencies will begin advancing projects for late summer, early fall awards, with construction beginning in 2023.
 - Project development for new projects will start / new projects will be identified.
 - Some projects, impacted by inflation, will receive full funding.

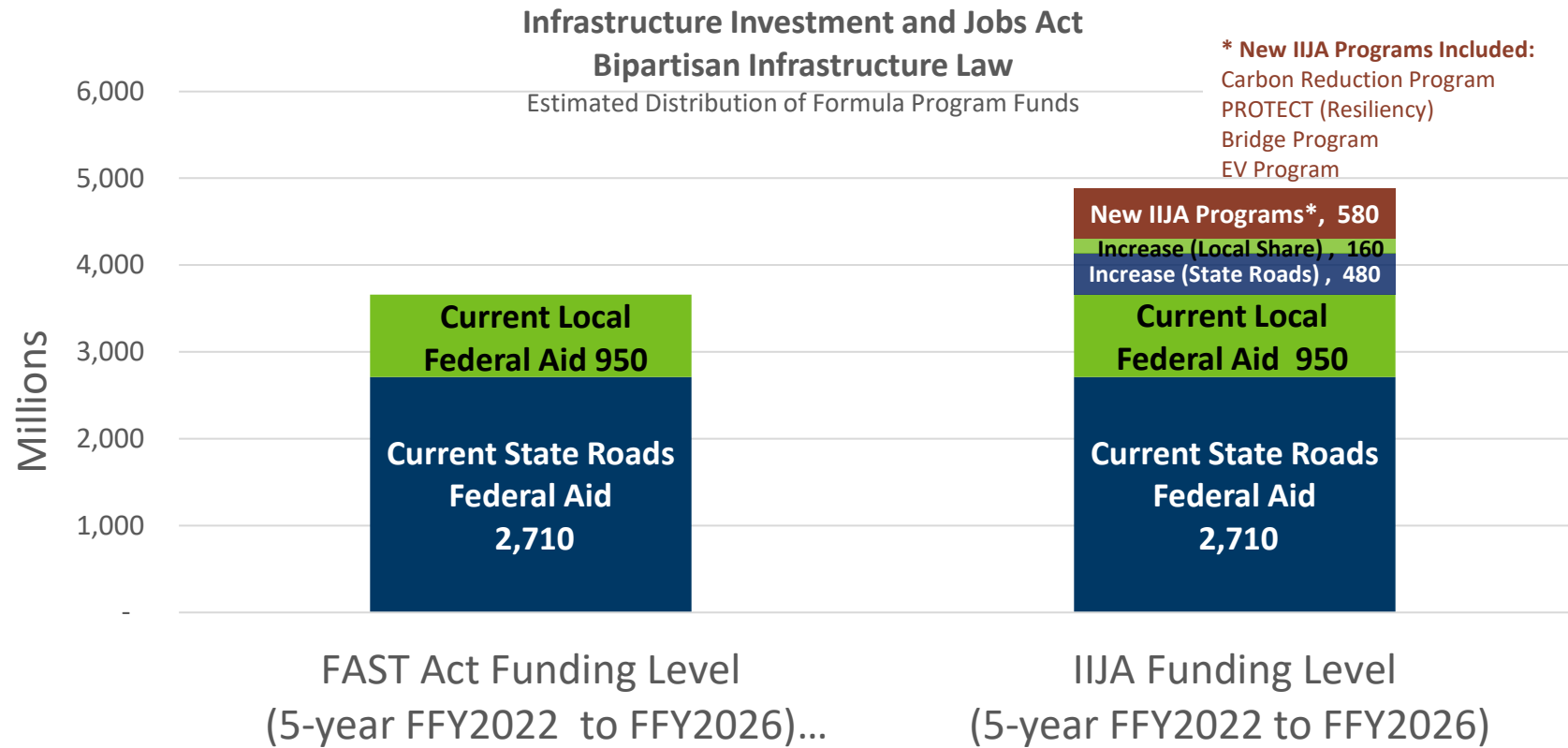
Impacts to the 2023 Construction Season

- Additional projects, advanced from 2024, 2025, and 2026 will start construction.
- Project selection and project development continuous as the annual construction program adjusts to the new higher funding levels.
- Project development continues for projects receiving discretionary grants.
- Projects for new programs (Carbon Reduction, PROTECT) will be identified.

- All funding figures are estimates
- State / local funding split estimates are based on historic average
 - *70 state / 30 locals*



Comparison of FAST Act and IIJA Formula Program Funds



IIJA State and Local Match (current estimates)

- **Formula funds for road and bridges**

- \$240M/year of additional federal funds (approx. +35%). Based on historical precedent (70% state, 30% locals):
 - Additional \$170M/year to MnDOT for trunk highway system
 - Additional \$70M/year to local partners for local roads and bridges
- Match requirements (@ 20%)
 - \$40M/year for MnDOT for trunk highway system
 - \$20M/year for local partners for local roads and bridges



IJA State and Local Match (current estimates)

All amounts in table below reflect rough estimates in millions:

Program	Federal Funds/Year	State/Local Match
FHWA – MnDOT (@70%)	\$170M	\$40M (@20%)
FHWA – Locals (@30%)	\$70M	\$20M (@20%)
FAA	\$60M	\$7M (@10%)
FTA – MnDOT portion only	\$13M	\$7M (@36%)
<i>Discretionary programs*</i>	<i>\$450M (@2% of total)</i>	<i>\$112M (@20%)</i>
Grand Total	\$760M	\$185M

****Estimates of Minnesota's portion of the many new and expanded discretionary grant programs are for illustrative purposes only***

Governor's Transportation Bonding Recommendations

- \$120M Local Bridge Replacement Program
- \$90M Local Road Improvement Program
- \$80M Trunk Highway Bridges
- \$71M MnDOT Facilities
- \$16.1M Duluth-Minneapolis Rail Corridor
- \$5M Rail Crossing Device Replacement
- \$5M Freight Safety Improvements
- \$5M Port Development Assistance Program
- \$5M Active Transportation
- \$2M Minnesota Rail Service Improvement Program
- \$1.5M Safe Routes to School
- \$1M Greater Minnesota Transit Capital

Governor's Transportation Budget Recommendations

- \$100M+ per year transfer from general fund to highway user tax distribution fund
 - trunk highways, county state aid highways, municipal state aid streets
- \$50M per year flexible fund
 - \$13M for grant matches
 - \$10M cities under 5,000
 - \$10M Metro Transit
 - \$7M Greater Minnesota transit
 - \$6.5M aeronautics
 - \$3.4M electric vehicle charging

IIJA Discretionary Grants

US DOT Discretionary Funding (Five-year funding totals):

- New: Bridge Investment Program (in addition to bridge formula program) \$12.5 billion
- Existing: INFRA \$14 billion
- Existing: Local and Regional Project Assistance Program (old RAISE/BUILD/TIGER) \$7.5 billion
- New: National Infrastructure Project Assistance (megaprojects) \$5 billion
- New: Safe Streets and Roads for All (vision zero) \$5 billion
- New: Charging and Fueling Infrastructure \$2.5 billion
- New: Rural Surface Transportation Grants \$2 billion

IJA Discretionary Grants Release Schedule (Due date May 23)

- (March 2022 - \$1.55 billion available) “INFRA”(Infrastructure for Rebuilding America)
 - Focus: Freight Mobility, Mitigating supply chain bottlenecks
 - Highway and bridges on NHFN or NHS, Freight intermodal, freight rail, highway-RR grade crossing or grade separation, marine corridor, wildlife crossing
- (March 2022 - \$1 billion available) “Mega” Infrastructure Project Assistance Program
 - Focus: Big Projects that states alone cannot fund
 - Eligible: Highway and bridge on NHFN, NMFN or NHS, Freight Intermodal, Freight Rail, Highway-RR grade crossing or grade separation, intercity passenger rail, limited Transit
- (March 2022 - \$300 million available) “Rural” Rural Surface Transportation Grants:
 - Focus: Rural projects from formula highway programs, and Tribal Trans. Program
 - Eligible: highway and bridge in NHPP, STBGP, HSIP & Tribal Transportation Program
 - ≤10% for grants to small projects (<\$25M); 25% for designated routes of the ADHS; and 15% for projects in States with higher than average rural roadway lane departure fatalities

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IJA Discretionary Grants

- (New - End of April Release) Bridge investment program:
 - At least 50% of funding reserved for certain large projects
 - Different process for funding projects \leq \$100 M cost
 - Sets aside \$40M per FY for Tribal transportation bridges
- (New) Safe Streets and Roads for All: Supports TZD in Minnesota
 - Comprehensive safety action plan (planning grants)
 - Planning, design, and development activities for projects identified in a comprehensive safety action plan
- (New) Charging and Fueling Infrastructure: Define alternative fuel corridors and establish a process to regularly redesignate them
 - Set-aside (50%) to install EV charging and alternative fueling infrastructure

IJA Freight Highlights

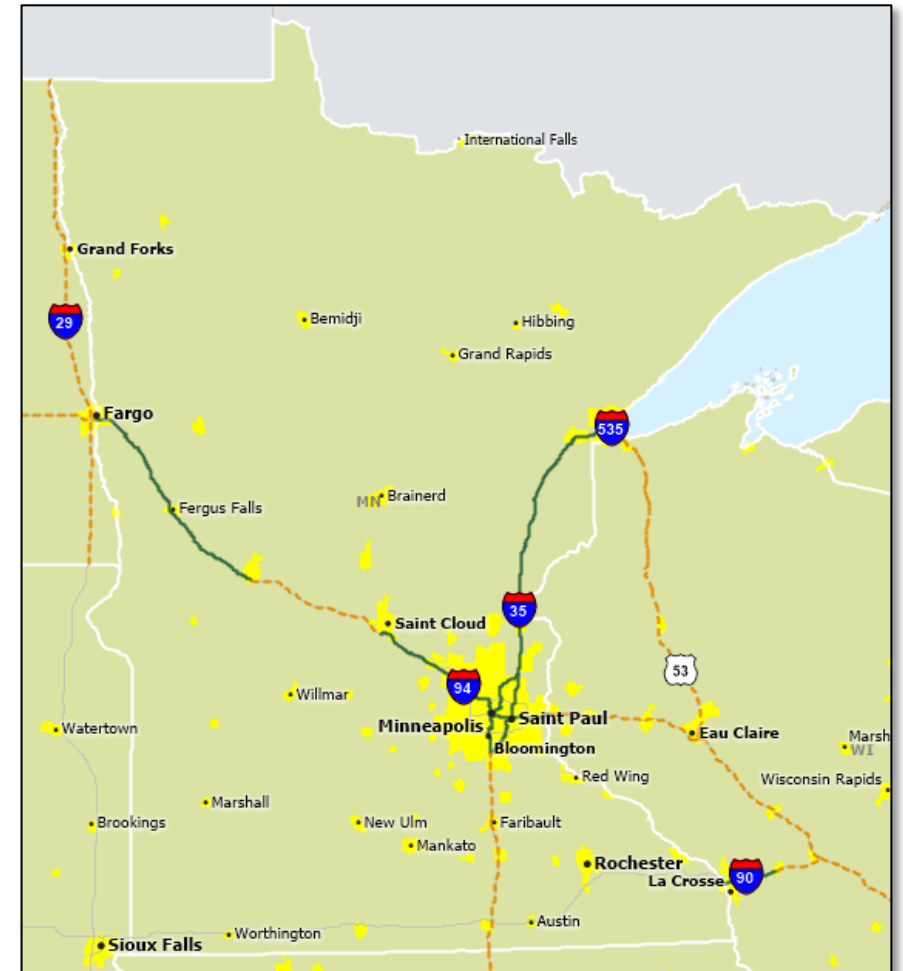
- The National Freight Strategic Plan is updated to include best practices for reducing environmental impacts, potential impacts of the freight system on rural and historically disadvantaged communities, and strategies for decarbonization.
- Allows the designation of more miles as critical rural freight corridors and critical urban freight corridors.
- State may use $\leq 30\%$ (10% under current law) of NHFP funding on freight intermodal or freight rail projects, subject to certain restrictions

Alternative Fuel Corridors

National EV Infrastructure (NEVI) Formula program – \$68 million for Minnesota, *guidance Feb 10, 2022*

- Chargers using formula funds must be along designated Alternative Fuel Corridor (<50 miles apart, <1 mile from roadway)
- 4 150 kW fast chargers at each location, open payment system
- Focus: privately owned chargers on private property
- Start with I-94 and I-35 and build out from there.
- Funds must be directly related to EV charging.
- Risk losing funds if state plan not submitted by Aug 1.

EV charging eligible for 15 other federal funding programs



New IJA Climate and Resiliency Programs

- New Highway formula programs:
 - Carbon reduction - \$20 million/yr for 5 yrs.
 - New formula carbon reduction program to reduce transportation greenhouse gas emissions 65% suballocated by population. States must develop a carbon reduction strategy within two years. Includes traffic monitoring, congestion strategies, ITS, V2I
 - PROTECT (resiliency) - \$23 million/yr for 5yrs. Also has grant programs.
 - Healthy Street Program: grants for cool and porous pavements,
 - Reconnecting Communities Program: planning grants up to \$2 million and capital construction grants up to \$5 million to redress historic inequities.

FHWA Justice 40 Initiative

- On January 27, 2021, President Biden signed Executive Order (EO) 14008, *Tackling the Climate Crisis at Home and Abroad*, creating the government-wide Justice40 Initiative.
- On July 20, 2021, the Office of Management and Budget (OMB) released [*Interim Implementation Guidance for the Justice40 Initiative \(M-21-28\)*](#)
 - From this guidance, DOT's interim definition of Disadvantaged Communities (DACs) includes (a) certain qualifying census tracts, (b) any Tribal land, or (c) any territory or possession of the United States.

IJA and Statewide Planning

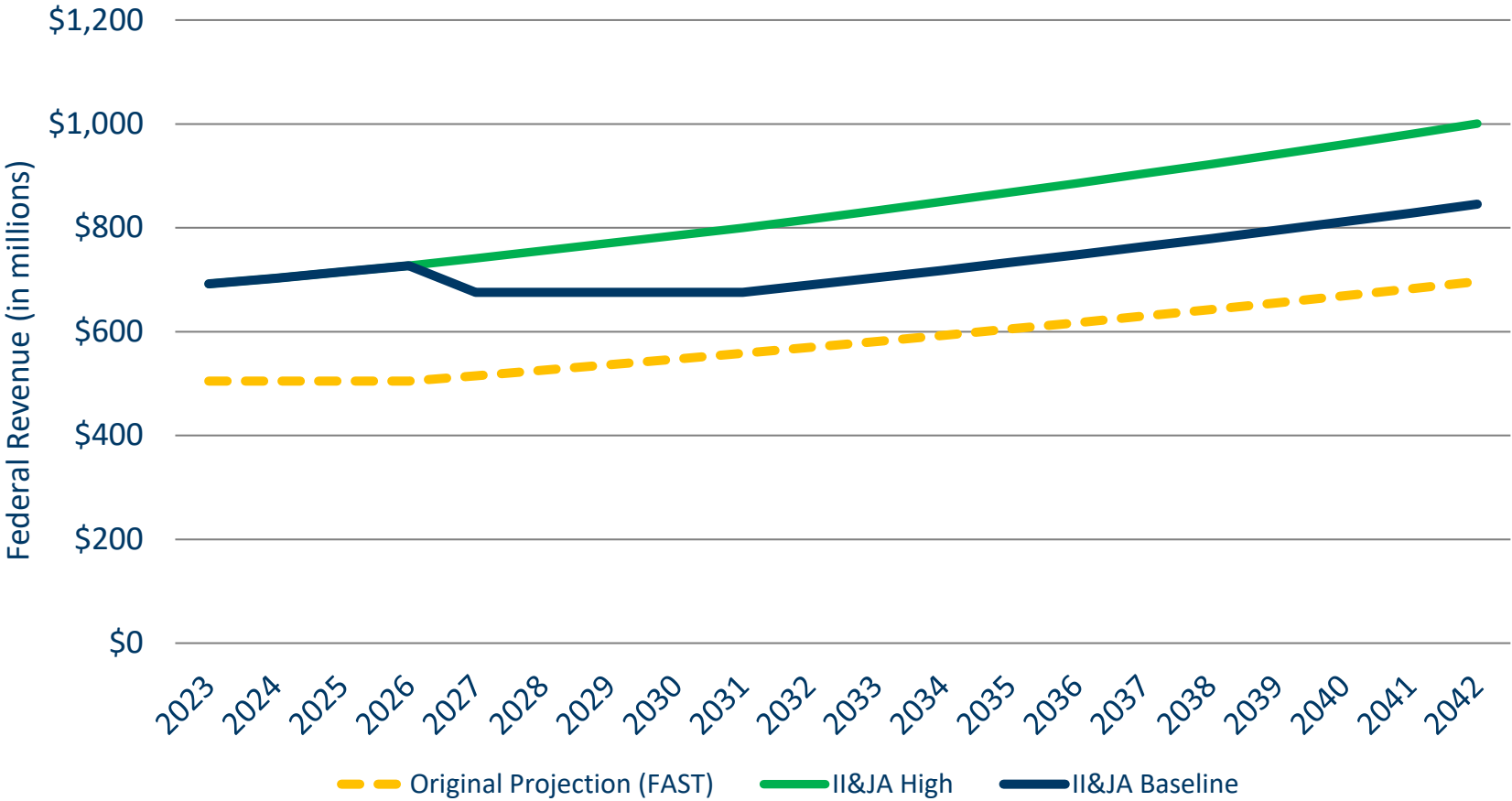
- Requirements for new plans
 - EV Charging Plan
 - Resilience Plan
 - Carbon Reduction strategy
- Dedicated funding for Statewide Multimodal Transportation Plan priorities
 - Safety/Vision Zero
 - Carbon reduction/electrification
 - Resilience
 - Bridge maintenance and repair
 - Equity/reconnecting communities
 - Transportation demand management
 - Many more!

IIJA and 20 Year State Highway Investment Plan

- Primary Implications of IIJA for MnSHIP:
 - Increases overall funding
 - Create new funding programs, uses and priorities
 - Dramatic increase in discretionary grant programs
 - Included matching funds in investment direction

20-Year Federal Formula Funds for State Highway Capital

Federal Formula Funds for State Road Construction (SRC)



- IJJA covers 2022-2026
- Next update of MnSHIP will cover 2023-2042
- 20-Year Federal Revenue Comparison
 - \$11.6 billion - Original projections (FAST ACT)
 - **\$14.6 billion – New baseline (+\$3B)**
 - \$16.7 billion – High IJJA scenario (+\$5.1B)

**Does not include Discretionary Grants or Carbon Reduction and EV programs*

Questions

IJA Outreach – MentiMeter Exercise

1. What assistance would be most useful and effective for MnDOT to provide other transportation agency partners related to grant applications?
2. What aspect of the new resiliency program (PROTECT) would be most critical to your community?
3. The new programs for carbon reduction, PROTECT, and Electric Vehicles require investment plans. How should MnDOT further engage stakeholder in the develop of these plans?
4. What aspect of the new carbon reduction program would be most critical to your community?
5. Do you have staff capacity to support an increase to current multiyear construction plans/programs?
6. On what IJA information would you like to be provided more detail in future presentations?
7. How familiar is your organization with the Justice40 initiative?
8. How have your employee recruitment / retention practices changed in the last year?
9. As of today, at what point in the project development process are you engaging with stakeholders in comparison with the timing of engagement pre-pandemic? Please share details

Thank you

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