

Chapter 6 Transportation Funding



Chapter 6: Transportation Funding Contents

Introduction2

Where Does Transportation Funding Come From?.....2

 Federal Transportation Funding2

 State Transportation Funding9

 State Discretionary Grant Programs 11

 Local Transportation Funding 12

Forecasting Transportation Revenues 12

Revenue Forecasts by Agency/Jurisdiction 14

 Benton County 14

 Sherburne County..... 15

 Stearns County 17

 City of Saint Cloud 19

 City of Saint Joseph 20

 City of Sartell 22

 City of Sauk Rapids..... 23

 City of Waite Park..... 24

 Minnesota Department of Transportation 26

 Saint Cloud Metro Bus..... 28

Funding the Future Surface Transportation Network 29

DRAFT

Introduction

In Chapter 4 we discussed the regional transportation vision for the APO's planning area. Along with that, we provided some implementing objectives and strategies that, if completed, will help the region make progress toward our desired future by 2050. One of the main ways APO member jurisdictions can implement the goals of the plan is through the construction (or reconstruction) of various roadway infrastructure projects.

Per federal regulations, metropolitan transportation plans, like Looking Ahead 2050, are required to demonstrate how they can be implemented. As such, this financial section dives into each member jurisdiction's historical revenue data and future revenue projections to determine a rough budget of anticipated revenues each entity can reasonably be expected to generate over the planning horizon. Once we have an anticipated budget established, we can begin the work of fiscally constraining roadway expansion/reconstruction projects. This will be further discussed in Chapter 7.

This chapter is broken down into several sections. The first section provides an overview of where transportation funding comes from at the Federal, state, and local levels. Next, we explore how the methodology for local revenue forecasting was developed. And finally, we close this section with projected revenue forecasts by each agency/jurisdiction within the APO's planning area.

It is important to note that future revenue projections for member jurisdictions included in this document do not take into account competitive grant opportunities provided by the federal and/or state government. Such grant opportunities are listed here, but because of their limited

dollar amounts and at times highly competitive nature, they cannot be reasonably relied upon as part of the budgeting process for member jurisdictions.

Where Does Transportation Funding Come From?

Funding for transportation projects comes from a variety of sources at various levels of government (federal, state, and/or local). Many transportation projects rely on funding from a combination of these funding sources in order to complete necessary infrastructure projects.

Federal Transportation Funding

Federal funding for transportation is authorized under the federal government's transportation reauthorization act – the Infrastructure Investment and Jobs Act (IIJA). Signed into law on Nov. 15, 2021, by President Joe Biden, this bill provided a significant influx of money for transportation-related projects nationwide between federal fiscal years (FFYs) 2022 through 2026 as compared to the preceding transportation authorization act – Fixing America's Surface Transportation (FAST) Act – passed in 2015. With the passage of IIJA, federal highway programs have been allocated approximately \$350 billion over five years. Federal funding for surface transportation programs has historically been funded through the federal gas tax (pooled into the Highway Trust Fund). However, due to the stagnation of the federal gas tax at 18.4 cents-per-gallon (last raised in 1993), funding distributed through the Highway Trust Fund has been unable to keep up with federal spending on transportation since 2008. As a result, federal funding for surface transportation has been transferred to the Highway Trust Fund from other funds including the Treasury Department unrestricted-use General Fund (\$200 billion). In addition, Congress has also supported financing infrastructure investments via a tax preference for state and

local government borrowing, federal loan programs, and the encouragement of public-private partnerships.

Most of the surface transportation funding available through the IIJA is distributed to the States through formula programs. These formula programs (to be covered below) provide predetermined funding based on several factors including state population and size. According to MnDOT, Minnesota has been provided about \$4.8 billion for highway funds over the duration of the IIJA. In addition to the historic surge of funding for legacy formula programs (developed and/or sustained under the FAST Act), the IIJA created several new formula programs to address new transportation issues/challenges including carbon reduction, climate resiliency, restorative justice, broadband, and electric vehicle infrastructure. It should be noted that most federal formula funding programs require some sort of local match commitment (typically 20%) to leverage the federal dollars.

The remaining IIJA funding is distributed through federal discretionary grant programs. These discretionary grant programs are not guaranteed, highly competitive, and funding distribution is often handled on the national level. While Minnesota and local entities including the APO and its member jurisdictions can apply for and be selected to receive funding through these programs, it is much more difficult to be successful.

Federal Formula Programs

Carbon Reduction Program (CRP)

The Carbon Reduction Program (CRP) is a new formula program created under the IIJA with the purpose of reducing carbon dioxide emissions from on-road highway sources. Funds distributed through this program must support the Carbon Reduction Strategy (CRS) developed by

each state. The Minnesota CRS prioritized projects eligible for CRP funding into three broad categories:

1. **Electrification:** Decarbonizing the vehicle fleet in Minnesota. Eligible projects include installing electric vehicle (EV) or zero-emission vehicle (ZEV) charging infrastructure; purchasing or leasing EVs or ZEVs; or supporting EV and ZEV adoption through outreach and education.
2. **Travel Options:** Reducing per-capita VMT. Eligible projects include: install and maintain infrastructure network improvements for walking, rolling, and biking; plan, design, and engineer infrastructure network improvements for walking, rolling, and biking; implement context sensitive design for travel options; add high-capacity transit options; add intercity and regional public transit options; and implement travel demand management.
3. **Low Carbon Infrastructure and System Management:** Reduce carbon emissions throughout the entire transportation process, from construction and maintenance of infrastructure to vehicle operations. Eligible projects include: optimize transportation systems management and operations; utilize low carbon methods for construction and maintenance of transportation infrastructure; and support renewable energy generation.

As an MPO, CRP funds are directly allocated to the Saint Cloud APO for use within the APO's Census-defined urbanized area. For projects located within the APO's planning area boundary but outside of the urban area, CRP funding is available through the Central Minnesota Area Transportation Partnership (ATP-3). All APO member jurisdictions/agencies can apply for and utilize CRP dollars. Any township or city with a population under 5,000 will

need a fiscal agent (typically a county) to sponsor the project and oversee project delivery.

Congestion Mitigation and Air Quality Improvement (CMAQ)

Congestion Mitigation and Air Quality Improvement (CMAQ) funds may be used for a transportation project or program that appears likely to contribute to the attainment or maintenance of national ambient air quality standards with a high level of effectiveness in reducing air pollution. The Saint Cloud MPA currently meets all air quality standards and does not qualify for CMAQ funding at the time this plan was drafted.

Highway Safety Improvement Program (HSIP)

Highway Safety Improvement Program (HSIP) funds are used for safety projects that are consistent with Minnesota's Strategic Highway Safety Plan (SHSP) and that correct or improve a hazardous road location or feature or address a highway safety problem. At the state level, the Minnesota program is structured to:

1. Encourage widespread deployment of safety countermeasures.
2. Engage local and state agencies.
3. Emphasize effective treatments.

Ideally, funds expended through the HSIP program should provide low-cost, high-benefit solutions to reducing fatalities and serious injuries on all public roadways.

While HSIP funds are typically awarded to counties for the deployment of countywide safety measures, cities within the APO's planning area are also eligible to apply for and receive HSIP dollars.

National Highway Freight Program (NHFP)

The National Highway Freight Program (NHFP) is focused on improving the condition and performance of the National

Highway Freight Network (NHFN) and ensuring the network provides the foundation for the United States to compete in the global economy. The goals of this formula program are:

- To invest in infrastructure improvements and operational improvements that strengthen economic competitiveness, reduce congestion, reduce the cost of freight transportation, improve reliability, and increase productivity.
- To improve the safety, security, efficiency, and resiliency of freight transportation in rural and urban areas.
- To improve the state of good repair of the NHFN.
- To use innovation and advance technology to improve the safety, efficiency, and reliability of the NHFN.
- To improve the efficiency and productivity of the NHFN.
- To improve the flexibility of States to support multi-State corridor planning and the creation of multi-State organizations to increase the ability of States to address highway freight connectivity.
- To reduce the environmental impacts of freight movements on the NHFN.

Within the APO's planning area, NHFN funds can only be utilized for improvements on I-94. As a result, MnDOT is the only eligible entity to receive funding through this program.

National Highway Performance Program (NHPP)

The National Highway Performance Program (NHPP) is focused on the condition, performance, and resiliency of the NHS. Funding distributed under the NHPP is used:

- To provide support for the condition and performance of the NHS.

- To provide support for the construction of new facilities on the NHS.
- To ensure that investments of federal-aid funds in highway construction are directed to support progress toward the achievement of performance targets established in an asset management plan of a State for the NHS.
- To provide support for activities to increase the resiliency of the NHS to mitigate the cost of damages from sea level rise, extreme weather events, flooding, wildfires, natural disasters, or cybersecurity threats.

Because NHPP funds can only be utilized on the NHS, funding within the MPA is reserved for MnDOT (improvements to US 10, MN 15, MN 23, and I-94) and Stearns County (for portions of CSAH 75 through the planning area).

Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT)

The Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) formula program is designed to help make surface transportation more resilient to natural hazards, including climate change, sea level rise, flooding, extreme weather events, and other natural disasters through support of planning activities, resilience improvements, community resilience and evacuation routes, and at-risk coastal infrastructure.

All APO member jurisdictions/agencies can apply for and utilize PROTECT dollars for projects meeting the eligibility requirements. Any township or city with a population under 5,000 will need a fiscal agent (typically a county) to sponsor the project and oversee project delivery.

Railway-Highway Crossings (Section 130/RRS)

The Railway-Highway Crossings (Section 130) Program provides funds for the elimination of hazards at railway-highway crossings. The Section 130 Program has been correlated with a significant decrease in fatalities at railway-highway grade crossings. The IIJA continues the annual set-aside from the HSIP apportionment for railway-highway crossing improvements.

Section 130 projects are solicited annually from local road authorities, railroads, and MnDOT districts in three project categories:

- Closures/Consolidations: Criteria include number of crossings closed, risk factors, and deficient geometry.
- Antiquated Equipment: Criteria include railroad priority, exposure, and cost participation over the required minimum of 10%.
- Grade Crossing Control: Criteria include local road authority funding priority, magnitude of clearing sight distance restriction, exposure, crossing density less than five per mile, and cost participation over the required minimum of 10%.

Funding received through this program is handled through the MnDOT Office of Freight and Commercial Vehicle Operations and is awarded based upon a cooperation between OFCVO and the respective rail authority (such as BNSF).

Surface Transportation Block Grant Program (STBGP)

Surface Transportation Block Grant Program (STBGP) provides flexible funding that may be used by states and localities for projects to preserve and improve the conditions and performance on any federal-aid highway, bridge and tunnel projects on any public road, pedestrian

and bicycle infrastructure, and transit capital projects, including intercity bus terminals.

All APO member jurisdictions/agencies can apply for and utilize STBGP dollars for projects meeting the eligibility requirements. Any township or city with a population under 5,000 will need a fiscal agent (typically a county) to sponsor the project and oversee project delivery.

Transportation Alternatives (TA) Program

Transportation Alternatives (TA) funds are a set-aside of STBGP funding for transportation alternatives such as active transportation infrastructure. This encompasses a variety of smaller-scale transportation projects such as pedestrian and bicycle facilities, recreational trails, safe routes to school projects, community improvements such as historic preservation and vegetation management, and environmental mitigation related to stormwater and habitat connectivity.

All APO member jurisdictions/agencies can apply for and utilize TA dollars for projects meeting the eligibility requirements. Any township, city with a population under 5,000, or school district will need a fiscal agent (typically a county) to sponsor the project and oversee project delivery.

Federal Discretionary Grant Programs

In addition to formula funding, the IIJA also included competitive grant funding that is available to states and localities through discretionary programs. However, given the competitive nature of these funding opportunities the funding sources listed below cannot be anticipated to be available to support transportation infrastructure projects identified in this plan. Yet, it is important to note the existence of these other funding sources in the event transportation infrastructure projects within the APO's planning area apply for and/or receive funding from these sources.

The following section details two of the more common types of federal discretionary grants the APO and its member jurisdictions have applied for. For a complete list of discretionary grants provided by the federal government, please see the [Competitive Grant Funding Matrix](#) (<http://tinyurl.com/urmr4hfr>) developed by FHWA.

Rebuilding American Infrastructure with Sustainability and Equity (RAISE)

The Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Discretionary Grant program provides an opportunity for US DOT to invest in road, rail, transit, and port projects that promise to achieve national objectives. The eligibility requirements of RAISE allow project sponsors at the State and local levels to obtain funding for multimodal, multi-jurisdictional projects that are more difficult to support through traditional DOT programs.

Since the development of this program back in 2009 (formerly known as both the Transportation Investment Generating Economic Recovery (TIGER) and Better Utilizing Investments to Leverage Development (BUILD)), Minnesota has received funding for 27 different projects totaling just over \$511 million. No RAISE funded projects have been completed within the APO's planning area.

Safe Streets and Roads for All (SS4A)

The Safe Streets and Roads for All (SS4A) is a new discretionary grant program developed under the IIJA to fund regional, local, and Tribal initiatives through grants to prevent roadway deaths and serious injuries. SS4A funding is broken down into two grants – 1) planning and demonstration grants, and 2) implementation grants. The planning and demonstration portion of the SS4A program provides federal funding to develop, complete, or supplement an Action Plan. The goal of this Action Plan is to develop a holistic, well-defined strategy to prevent roadway

fatalities and serious injuries. The second phase, the implementation grants, provide federal funds to implement projects and strategies identified in an Action Plan to address a roadway safety problem. These projects can be infrastructural, behavioral, and/or operational activities.

As of the drafting of this plan, the Saint Cloud APO was awarded \$120,000 in funding through SS4A to develop an Action Plan.

Other Federal Funding Opportunities

In addition to formula funding and discretionary grant programs, the U.S. Congress can direct federal monies to various projects, including transportation projects, through a process known as Congressionally Directed Spending (CDS). CDS dollars are used to promote economic development, education, health care initiatives, and other worthy investments across the country. Much like the discretionary grant programs, funding through CDS can be difficult to receive, however, it is important to note the existence of these funding sources in the event transportation infrastructure projects within the APO's planning area apply for and/or receive funding from these sources.

As of the drafting of this plan, the Saint Cloud APO and several of its member jurisdictions have been recipients of CDS funding for surface transportation infrastructure projects.

Federal Transit Administration Funding

In addition to the \$350 billion allocated for highways, the IIJA also authorized up to \$108 billion for public transit – making this the largest federal investment in public transportation in the nation's history.

Federal transit funding focuses on four key priorities:

1. **Safety:** Enhancing state safety oversight programs by strengthening rail inspection practices to protect transit workers and riders from injuries and ensure safe access to transit.
2. **Modernization:** Reducing the state of good repair investment backlog by repairing and upgrading aging transit infrastructure and modernizing bus and rail fleets.
3. **Climate:** Replacing thousands of transit vehicles, including buses and ferries, with cleaner, greener vehicles.
4. **Equity:** Improving transit service for communities that have historically had more limited access to transit and provide for substantial upgrades to station accessibility.

Similar to the highway programs, funding distributed by FTA is primarily provided through formulas. The remaining funding is distributed via discretionary grant programs.

More information on transit discretionary grant programs can be found on the [FTA's Grants Program webpage](http://tinyurl.com/32n9xt8j) (<http://tinyurl.com/32n9xt8j>).

The following is a list of FTA formula funding programs that are commonly used by transit agencies/entities within the APO's planning area.

Enhanced Mobility of Seniors & Individuals with Disabilities – Section 5310

The Enhanced Mobility of Seniors & Individuals with Disabilities (Section 5310) provides formula funding to states and designated recipients to meet the transportation needs of older adults and people with disabilities when the transportation service provided is unavailable, insufficient, or inappropriate to meeting these needs. This program aims to improve mobility for older adults and people with

disabilities by removing barriers to transportation service and expanding transportation mobility options.

Section 5310 funding can be used to fund:

- Buses and vans.
- Wheelchair lifts, ramps, and securement devices.
- Transit-related information technology systems, including scheduling/routing/one-call systems.
- Mobility management programs.
- Acquisition of transportation services under a contract, lease, or other arrangement.
- Travel training.
- Volunteer driver programs.
- Construction of an accessible path to a bus stop, including curb-cuts, sidewalks, accessible pedestrian signals or other accessible features.
- Improvements to signage or wayfinding technology.
- Incremental cost of providing same day service or door-to-door service.
- Purchase of vehicles to support new accessible taxi, ride sharing, and/or vanpooling programs.

Within the Saint Cloud MPA, WACOSA has historically been the primary agency applying for Section 5310 funding.

Formula Grants for Rural Areas – 5311

The Formula Grants for Rural Areas (Section 5311) program provides capital, planning, and operating assistance to states to support public transportation in rural areas with populations of less than 50,000, where many residents often rely on public transit to reach their destinations. Activities eligible under the 5311 program include planning, capital, operating, job access and reverse commute projects, and the acquisition of public transportation services.

Within the Saint Cloud MPA, Tri-CAP Transit Connection would be eligible for Section 5311 funding.

Grants for Buses and Bus Facilities Formula Program – 5339(a)

The Grants for buses and Bus Facilities Formula Program (5339(a)) provides funding to states and transit agencies through a statutory formula to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities. This program is not widely utilized within the APO's MPA, however, on occasion, Saint Cloud Metro Bus has received Section 5339 funding for vehicle replacements.

Urbanized Area Formula Program (Section 5307)

The Urbanized Area Formula Program (Section 5307) allocated federal funding to urbanized areas (i.e., areas with a population of 50,000 or more) for transit capital and operating assistance. Projects eligible for this funding include planning, engineering, design and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement, overhaul, and rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. In addition, associated transit improvements and certain expenses associated with mobility management programs are eligible under the program. All preventive maintenance and some Americans with Disabilities (ADA) complementary paratransit service costs are considered capital costs. For urbanized areas with populations less than 200,000 like the Saint Cloud MPA, operating assistance is an eligible expense.

Within the Saint Cloud MPA, Saint Cloud Metro Bus would be eligible for Section 5307 funding.

Federal Discretionary Grant Programs for Transit

In addition to transit formula funding, the IIJA also included competitive grant funding for transit agencies across the country. Like discretionary grant programs on the highway side, transit-related discretionary grant programs are highly competitive. As such, receiving funding through these nationwide grant solicitations cannot be guaranteed to support the transit related projects identified in this plan. However, it is important to note the existence of these other funding sources in the event transit projects within the APO's planning area apply for and/or receive funding from these sources.

For a more complete list of discretionary grants related to transit, please see the [Grants Program](https://www.transit.dot.gov/grants) (<https://www.transit.dot.gov/grants>) page developed by FTA.

State Transportation Funding

In addition to the federal formula funding, federal gas tax, and federal general funds, money for transportation also comes from state sources through the Minnesota Highway User Tax Distribution Fund. Money collected in the Highway User Tax Distribution Fund comes from four primary sources: the State Gas Tax, Motor Vehicle Registration Tax, Motor Vehicle Sales Tax, and General Fund Transfer Revenues.

Once in the Highway User Tax Distribution Fund, money is split between the locals – County State Aid Highways (CSAHs); Municipal State Aid Streets (MSASs); and the non-state highway network – and the State Trunk Highway Fund.

Minnesota State Gas Tax

Prior to 2023, the state gas tax of 28.5 cents-per-gallon was fixed – meaning it did not increase or decrease with the price of gasoline. However, after the 2023 legislative session, changes to the state's gasoline tax starting in 2024 will see the tax rate being tied to historical levels for MnDOT's construction cost index (CCI) – an index which tracks inflation for building roads and bridges. According to MnDOT, annual rate increases will be capped at 3% from 2026 onward (the annual average CCI growth rate has exceeded 4% over the long run). In short, additional funding for transportation infrastructure projects will now be made available through an automatic increase in the state gas tax based on growth in construction costs.

Motor Vehicle Registration Tax

Known as "tab fees," revenue growth through this process is based on the growing average vehicle prices and increase numbers of vehicles registered in the state. Tab renewal fees, based on initial vehicle pricing, provide an ongoing revenue boost. In addition, EVs also pay an additional \$75 surcharge in registration tax. According to MnDOT, motor vehicle registration tax is predicted to be the largest revenue source for the State Trunk Highway Fund by 2025. This is expected to hold, especially after the 2023 legislative session included adjustments to the registration tax rate as well as slowing the vehicle depreciation schedule over the lifetime of cars in trucks.

Motor Vehicle Sales Tax

Despite new vehicle sales slowing, higher vehicle prices are driving the growth of this revenue source. Based upon actions taken during the 2023 legislative session, the sales tax rate on motor vehicles will now be increasing from 6.5% to the state's sales tax rate of 6.875%. Even with this increase of 0.375%, MnDOT is forecasting the motor vehicle

sales tax contribution to the states' Trunk Highway Fund to remain the smallest share of constitutionally dedicated revenues.

General Fund Transfer Revenues

According to MnDOT, sales tax on auto parts, motor vehicle rental and sales tax, and motor vehicle lease sales tax were

transferred from Minnesota's General Fund to the Highway User Tax Distribution Fund by the state legislature in 2017. However, these taxes are different from the other three state revenue sources because they are not constitutionally dedicated to transportation and could be transferred back to the General Fund by the Minnesota Legislature.

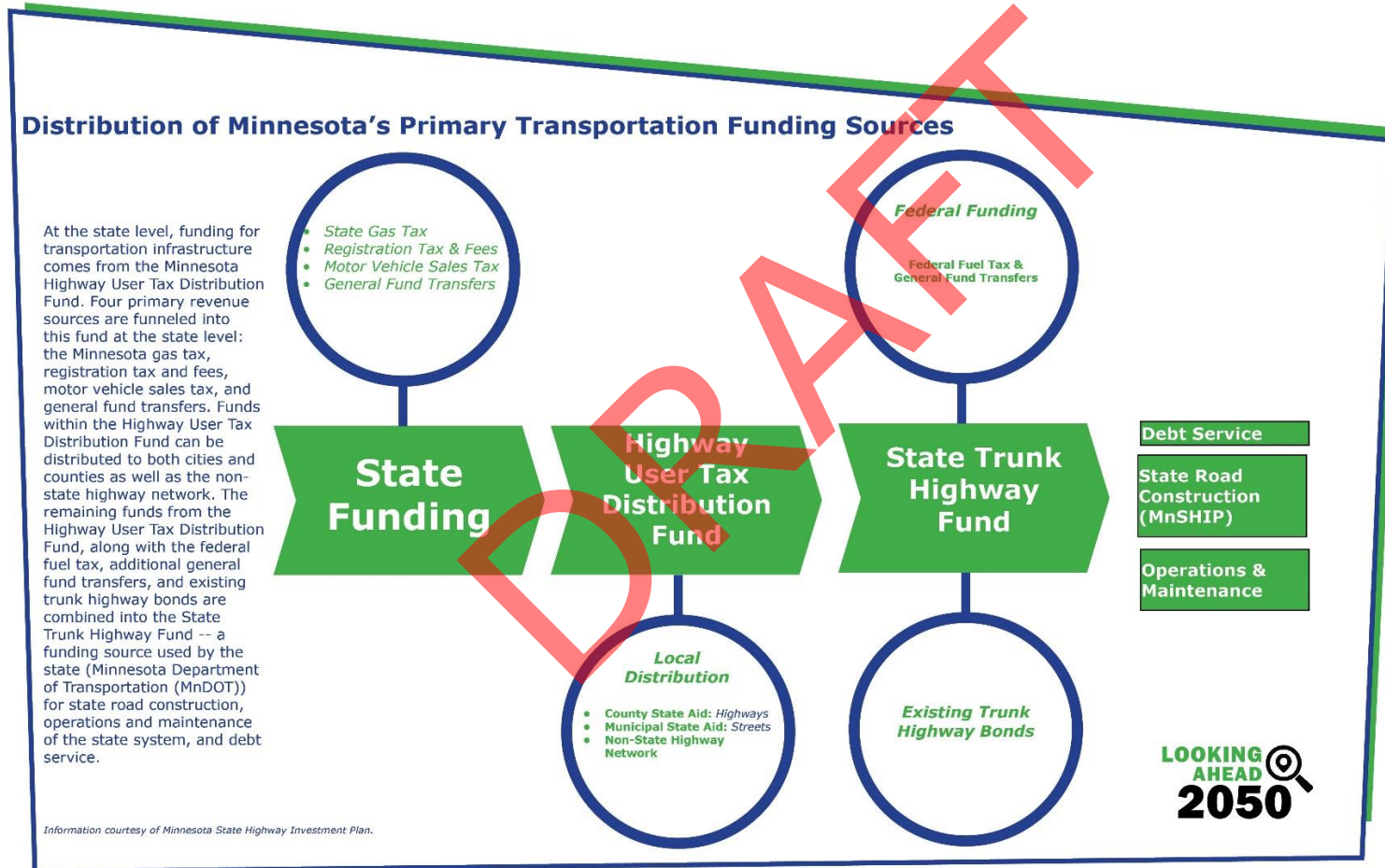


Figure 6.1: Infographic outlining the distribution of Minnesota transportation funding sources. Information courtesy of Minnesota State Highway Investment Plan (MnSHIP).

State Discretionary Grant Programs

In addition to traditional funding sources from the state, the Minnesota Legislature has developed several competitive grant programs for local and state entities to apply for. Like the federal discretionary grant programs, these funding opportunities are highly competitive in nature and funding for these programs can be inconsistent – as funding is directed from the state legislature. However, it is important to note the existence of these funding sources in the event APO member jurisdictions/agencies apply for and/or receive funding from these sources.

This list is not an exhaustive list of all programs available through the state. The grants opportunities listed below are some of the more commonly known grant programs available as of the drafting of Looking Ahead 2050.

Active Transportation Infrastructure Grants

The Minnesota Active Transportation (AT) Program was established by the Minnesota Legislature in 2017 with the intent to provide infrastructure funding for projects that serve a transportation purpose to connect communities and/or connect key destinations within a community. Eligible items under this grant program include:

- Pedestrian and bicycle crossing improvements: pedestrian curb ramps, intersections or midblock crossings, median refuges, raised crossings, raised intersections, speed humps, and curb extensions.
- Off-street bicycle and pedestrian facilities: exclusive multi-use bicycle and pedestrian trails, sidewalks, pedestrian bridges, pathways that are separated from a roadway.
- On-road facilities: bicycle lanes, bicycle boulevards, and cycle tracks.

- Traffic control and safety devices: signs, bicycle and pedestrian activated signals, flexible bollards, pavement markings, pedestrian-scaled lighting.
- Basic curb, roadway, or turf replacement due to removals required to install the improvements listed above.

Historically, funding provided through this program has not required a local match commitment for eligible construction activities. Funding is typically capped at a maximum request amount.

Corridors of Commerce (CoC)

The Minnesota Corridors of Commerce (CoC) program was created in 2013 by the Minnesota Legislature. The goal of the CoC program was to focus additional transportation investments in state highway projects that directly and indirectly foster economic growth for the state through the provisioning of construction jobs, enabling of goods to be transported through a commerce friendly network of corridors, and providing additional mobility to its citizens.

Projects eligible for funding must comply with the following requirements:

- Projects must be consistent with the Statewide Multimodal Transportation Plan (SMTP).
- Projects must be able to begin within four years of award of funding.
- Projects must be on the Interregional Corridor Network in Greater Minnesota or any state highway in the eight-county MnDOT Metropolitan District.
- Projects must either develop additional system capacity or demonstrate improvement for freight movement (reduce bottlenecks).
- The amount of Corridors of Commerce funding needed to construct the project (including

construction cost, right-of-way, engineering) cannot exceed the amount of funding available.

- A proposed project already listed in the State Transportation Improvement Program (STIP) is not eligible, unless the project was listed in the STIP as a result of receiving previous Corridors of Commerce funding.

As of the drafting of this plan, available funding from the legislature is split roughly between the Twin Cities metro and Greater Minnesota.

Safe Routes to School (SRTS) Infrastructure Grant

The Minnesota Safe Routes to School (SRTS) Infrastructure Grant was established by the Minnesota Legislature in 2012 with the intent to fund infrastructure projects that enable students to walk and bicycle to and from school. Eligible items under this grant program include:

- Pedestrian and bicycle crossing improvements: pedestrian curb ramps, intersections or midblock crossings, median refuges, raised crossings, raised intersections, speed humps, and curb extensions.
- Off-street bicycle and pedestrian facilities: exclusive multi-use bicycle and pedestrian trails, sidewalks, pedestrian bridges, pathways that are separated from a roadway.
- On-road facilities: bicycle lanes, bicycle boulevards, and cycle tracks.
- Traffic control and safety devices: signs, bicycle and pedestrian activated signals, flexible bollards, pavement markings, pedestrian-scaled lighting.
- Basic curb, roadway, or turf replacement due to removals required to install the improvements listed above.

Funding for this program cannot be used for projects that serve solely as a recreational or leisure purpose.

Historically, funding provided through this program has not required a local match commitment for eligible construction activities. Funding is typically capped at a maximum request amount.

Local Transportation Funding

Local funding comes from various sources of taxing and bonding abilities afforded to each jurisdiction. These can include property and sales taxes, special tax levies, special assessments for transportation, general funds, bonds, or other sources unique to local jurisdictions. These funds finance transportation improvements, as well as providing local match for federal transportation funds.

Forecasting Transportation Revenues

To develop revenue projections for Looking Ahead 2050, APO staff worked closely with member agencies and jurisdictions to develop assumptions to project future budgets over the life of the plan.

In order to develop a reasonable budget estimate, APO staff gathered historical transportation spending data from 2013 through 2022. The data, with the exception of Saint Cloud Metro Bus, was categorized into two sections: Capacity Expansion and System Preservation.

Capacity Expansion, or expansion, as defined by the APO and used throughout Looking Ahead 2050, pertains to any roadway project that either adds capacity to the existing roadway – through the addition of lanes – or the construction of a new roadway alignment that does not currently exist.

System Preservation, on the other hand, pertains to any and all activities used to preserve and maintain the existing

roadway network. This includes items as minor as pothole filling and snow removal to more major constructions such as mill and overlays and reconstructions. For the purposes of projects listed within the MTP, the APO has opted to only consider reconstruction projects as System Preservation projects, as those are typically the most complex and most likely to be, in part, federally funded.

Taken together, the historical look at these two pots of funding over the decade of 2013 through 2022 would provide APO staff a reasonable estimate as to what funding each agency and jurisdiction could reasonably expect to receive over the duration of this plan.

To extrapolate the data and extend it out to the 2050 planning horizon, APO staff averaged out the provided data and applied a year-over-year revenue increase of 3.1% to reasonably reflect regional growth and development along with generally rising revenues. This information was then vetted by agency and jurisdictional staff for accuracy/validity before being incorporated into the MTP.

In the case of Saint Cloud Metro Bus, the historical look back focused solely on the local funding history for transit related projects (funds generated through fare/other local funds and tax levies), to mirror the other jurisdictions/agencies reflected in this plan. Additional funding to support Metro Bus's operations and capital

investments comes from both state and federal funding sources which require some sort of local match component to leverage those funds. As local dollars are required to match those state and federal grants, APO staff had opted to exclusively focus on the local funding component.

However, while considering the local match component is important to understand if Saint Cloud Metro Bus can fully leverage the funds provided through state and federal grant opportunities, it is important to note that a sizeable portion of Metro Bus operations is supported through both state and federal dollars.

As part of the anticipated transit revenues analysis, Metro Bus's Director of Finance provided APO staffers with the anticipated transit revenues from all funding sources through planning horizon 2050 by year. Metro Bus was also able to split out the anticipated funding allocated to bus purchases, operations, and capital expenditures by year.

Revenue data was then separated into time bands: Short-Term (2025-2028); Mid-Term (2029-2034); and Long-Term (2035-2050).

Appendix P provides a full breakdown of financial information data and provides further details on the revenue anticipated by each agency and jurisdiction.

Revenue Forecasts by Agency/Jurisdiction

Benton County

Approximately 12% of Benton County's roadway network falls within the APO's planning area. Therefore, for the purposes of this analysis it was assumed that approximately 12% of the budgeted revenue would be allocated to the MPA.

However, for major expansion or preservation projects needing more than the assumed allocation of 12%, Benton County can redistribute resources from its overall transportation budget to expand, maintain, and/or operate its roadway network within the MPA.

Historical Financial Revenue Expenditures within the MPA

Over the 10-year period between 2013 and 2022, Benton County has expended approximately 66% of transportation funds that were assumed to be set aside for projects within the MPA (12% of the county's transportation budget) on capacity expansion projects. The remaining 34% has been spent on preserving the county's system within the planning area.

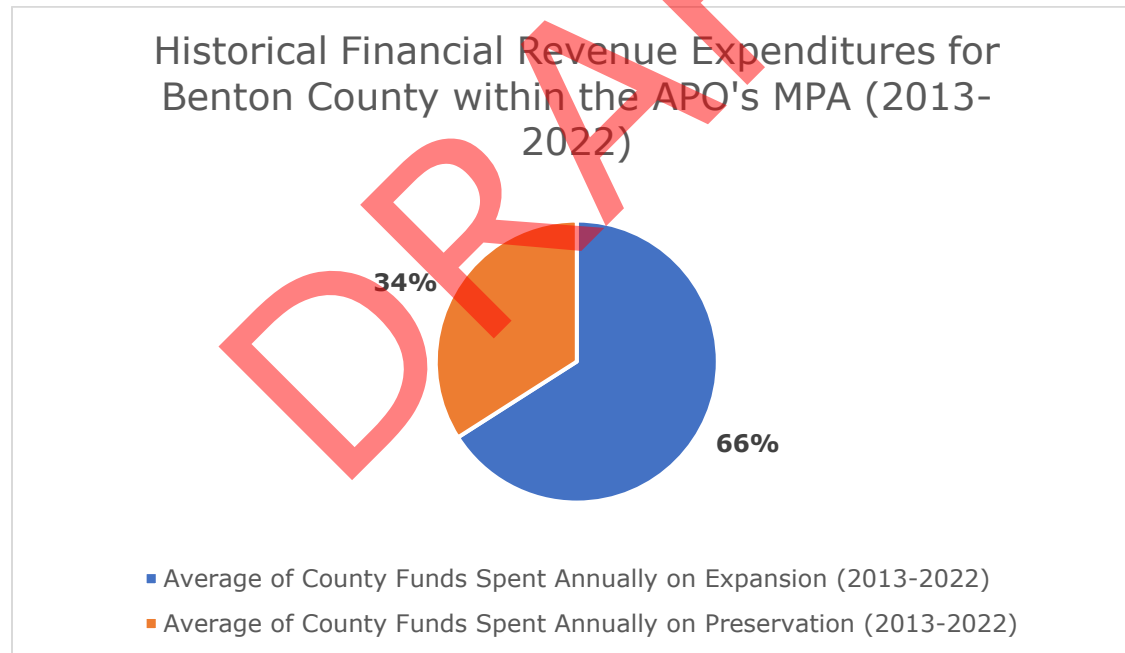


Figure 6.2: Historical financial revenue expenditures on transportation projects for the portion of Benton County within the APO's MPA. Data courtesy of Benton County Highway Department.

Future Financial Revenue Projections within the MPA

Using a similar approach to determining historical financial revenue expenditures for the portion of Benton County within the APO’s MPA, it can be reasonably assumed that approximately 12% of the entire county’s transportation budget will be expended within the MPA. Based upon the expenditure of transportation dollars between 2013 and 2022 (66% expended on expansion and 34% expended on preservation), it is assumed this spending trend will continue through 2050.

Based on a 3.1% year-over-year revenue growth assumption, the following funding allocations can reasonably be assumed through the duration of the Looking Ahead 2050 planning horizon based upon the historical expenditure split.

Funding Allocations	Short-Term (2025-2028)	Mid-Term (2029-2034)	Long-Term (2035-2050)	Total
System Preservation Budget	\$4,050,844	\$7,083,815	\$26,655,286	\$37,789,945
Capacity Expansion Budget	\$7,848,940	\$13,725,644	\$51,647,448	\$73,222,032
Total Budget	\$11,899,783	\$20,809,460	\$78,302,734	\$111,011,977

Figure 6.3: Projected county transportation revenue amounts through 2050 for the portion of Benton County within the APO’s planning area allocated by system preservation and expansion.

Sherburne County

Approximately 9% of Sherburne County’s roadway network falls within the APO’s planning area. Therefore, for the purposes of this analysis it was assumed that approximately 9% of the budgeted revenue would be allocated to the MPA.

However, for major expansion or preservation projects needing more than the assumed allocation of 9%, Sherburne County can redistribute resources from its overall transportation budget to expand, maintain, and/or operate its roadway network within the MPA.

Historical Financial Revenue Expenditures within the MPA

Over the 10-year period between 2013 and 2022, Sherburne County has expended its entire transportation budget that was set aside for projects within the MPA (9% of the county’s transportation budget) on system preservation related projects.

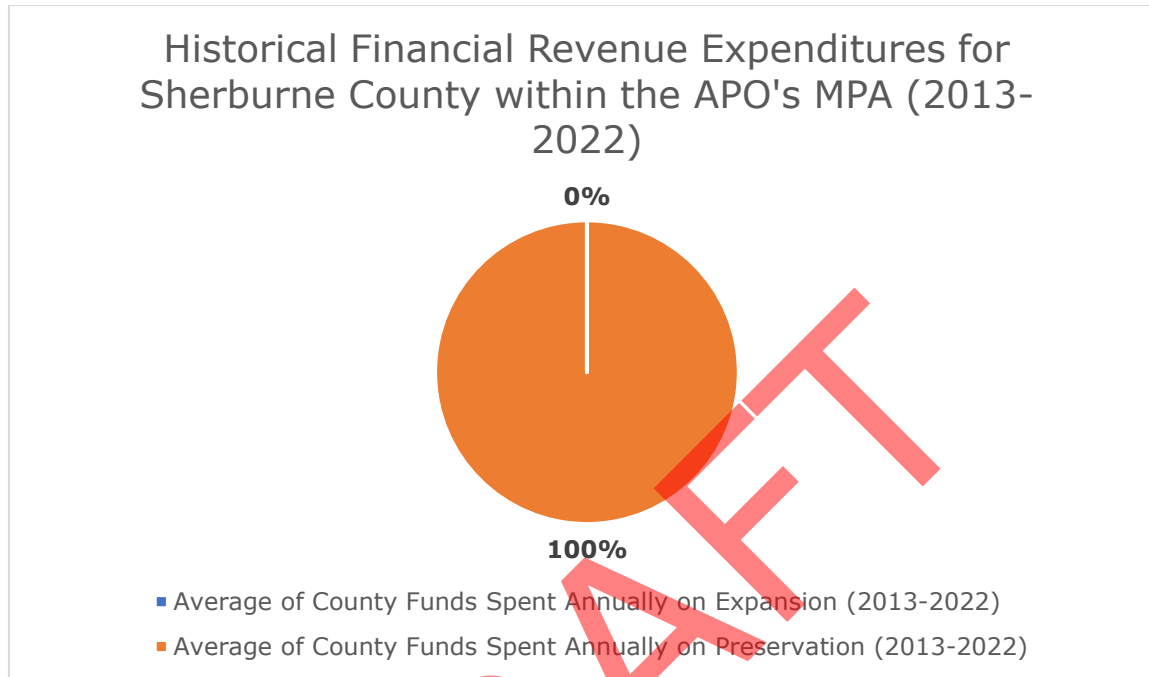


Figure 6.4: Historical financial revenue expenditures on transportation projects for the portion of Sherburne County within the APO's MPA. Data courtesy of Sherburne County Public Works Department.

Future Financial Revenue Projections within the MPA

Using a similar approach to determining historical financial revenue expenditures for the portion of Sherburne County within the APO's MPA, it can be reasonably assumed that approximately 9% of the entire county's transportation budget will be expended within the MPA.

Historically speaking, Sherburne County has not expended any of its transportation funding toward capacity expanding projects within the APO's planning area. However, it is assumed that this has the potential to change over the duration of this plan. Therefore, APO staff have split the anticipated revenues to account for the potential addition of a capacity expansion project. This split is reflected as 80% of the anticipated transportation revenues to be allocated to system preservation and the remaining 20% to be allocated for capacity expansion.

Based on a 3.1% year-over-year revenue growth assumption, the following funding allocations can reasonably be assumed through the duration of the Looking Ahead 2050 planning horizon.

Funding Allocations	Short-Term (2025-2028)	Mid-Term (2029-2034)	Long-Term (2035-2050)	Total
System Preservation Budget	\$6,250,936	\$10,931,175	\$41,132,296	\$58,314,407
Capacity Expansion Budget	\$1,562,733	\$2,732,792	\$10,283,068	\$14,578,593
Total Budget	\$7,813,669	\$13,663,967	\$51,415,364	\$72,893,000

Figure 6.5: Projected county transportation revenue amounts through 2050 for the portion of Sherburne County within the APO's planning area allocated by system preservation and expansion.

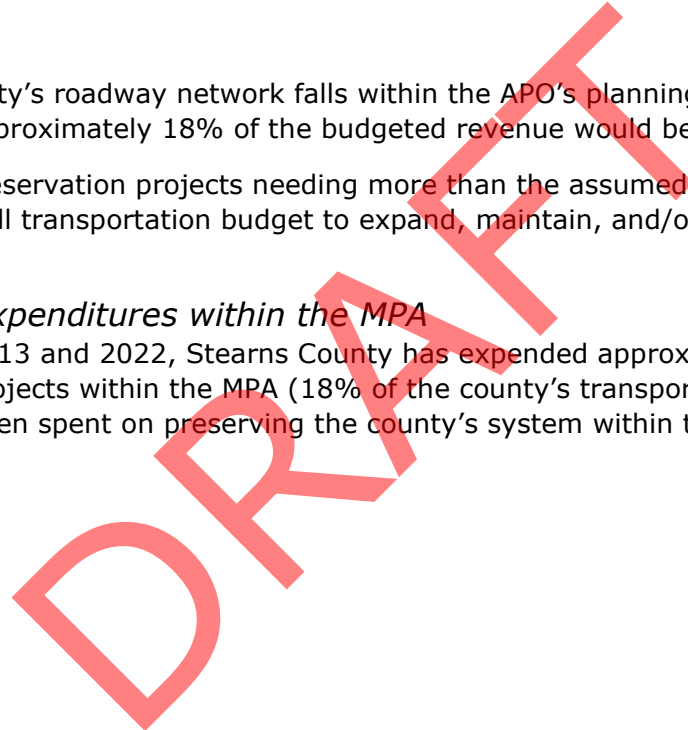
Stearns County

Approximately 18% of Stearns County's roadway network falls within the APO's planning area. Therefore, for the purposes of this analysis it was assumed that approximately 18% of the budgeted revenue would be allocated to the MPA.

However, for major expansion or preservation projects needing more than the assumed allocation of 18%, Stearns County can redistribute resources from its overall transportation budget to expand, maintain, and/or operate its roadway network within the MPA.

Historical Financial Revenue Expenditures within the MPA

Over the 10-year period between 2013 and 2022, Stearns County has expended approximately 6% of transportation funds that were assumed to be set aside for projects within the MPA (18% of the county's transportation budget) on capacity expansion projects. The remaining 94% has been spent on preserving the county's system within the planning area.



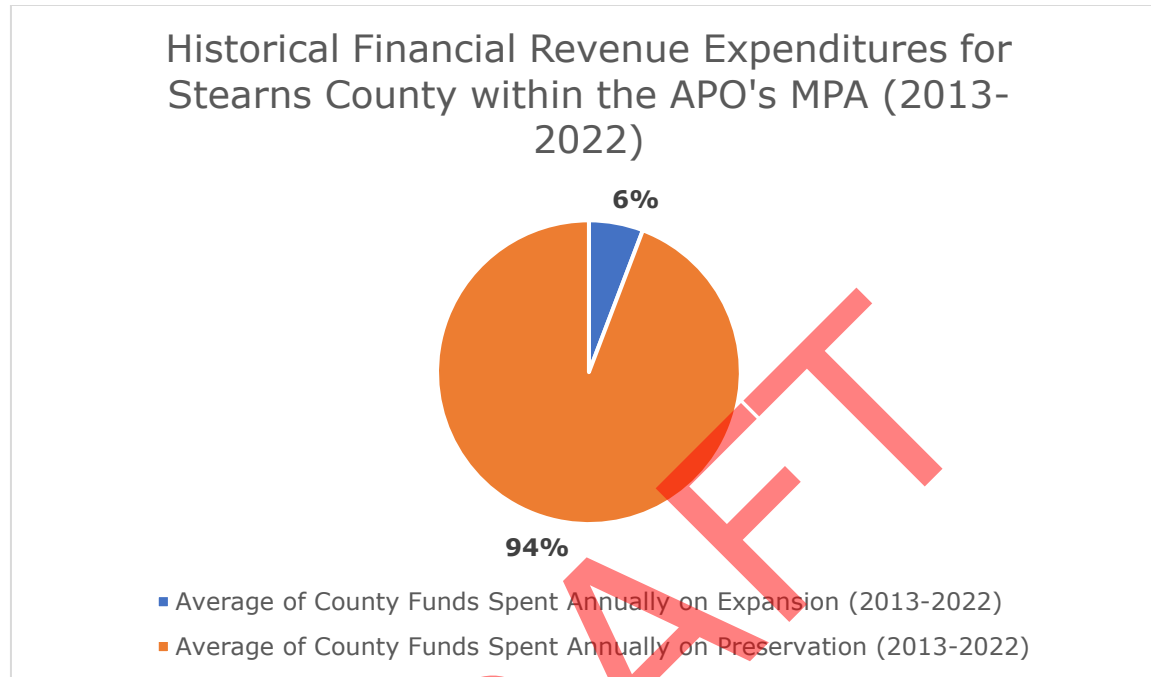


Figure 6.6: Historical financial revenue expenditures on transportation projects for the portion of Stearns County within the APO's MPA. Data courtesy of Stearns County Highway Department.

Future Financial Revenue Projections within the MPA

Using a similar approach to determining historical financial revenue expenditures for the portion of Stearns County within the APO's MPA, it can be reasonably assumed that approximately 18% of the entire county's transportation budget will be expended within the MPA.

Historically speaking, Stearns County has expended only 6% of its transportation budget within the MPA on capacity expanding projects within the APO's planning area. However, in conversations with Stearns County staff, this lower level of capacity expansion investment is not typical based on a longer-term historical analysis trend. Working in coordination with County staff, the APO has adjusted the future financial revenue split. This is reflected as 90% of the anticipated transportation revenues to be allocated to system preservation and the remaining 10% to be allocated for capacity expansion.

Based on a 3.1% year-over-year revenue growth assumption, the following funding allocations can reasonably be assumed through the duration of the Looking Ahead 2050 planning horizon based upon the historical expenditure split.

Funding Allocations	Short-Term (2025-2028)	Mid-Term (2029-2034)	Long-Term (2035-2050)	Total
System Preservation Budget	\$26,231,784	\$45,872,203	\$172,609,906	\$244,713,893
Capacity Expansion Budget	\$2,914,643	\$5,096,911	\$19,178,878	\$27,190,432
Total Budget	\$29,146,427	\$50,969,114	\$191,788,785	\$271,904,325

Figure 6.7: Projected county transportation revenue amounts through 2050 for the portion of Stearns County within the APO's planning area allocated by system preservation and expansion.

City of Saint Cloud

Historical Financial Revenue Expenditures

Over the 10-year period between 2013 and 2022, the City of Saint Cloud has expended approximately 19% of transportation funds on capacity expansion projects. The remaining 81% has been spent on preserving the city's transportation system.

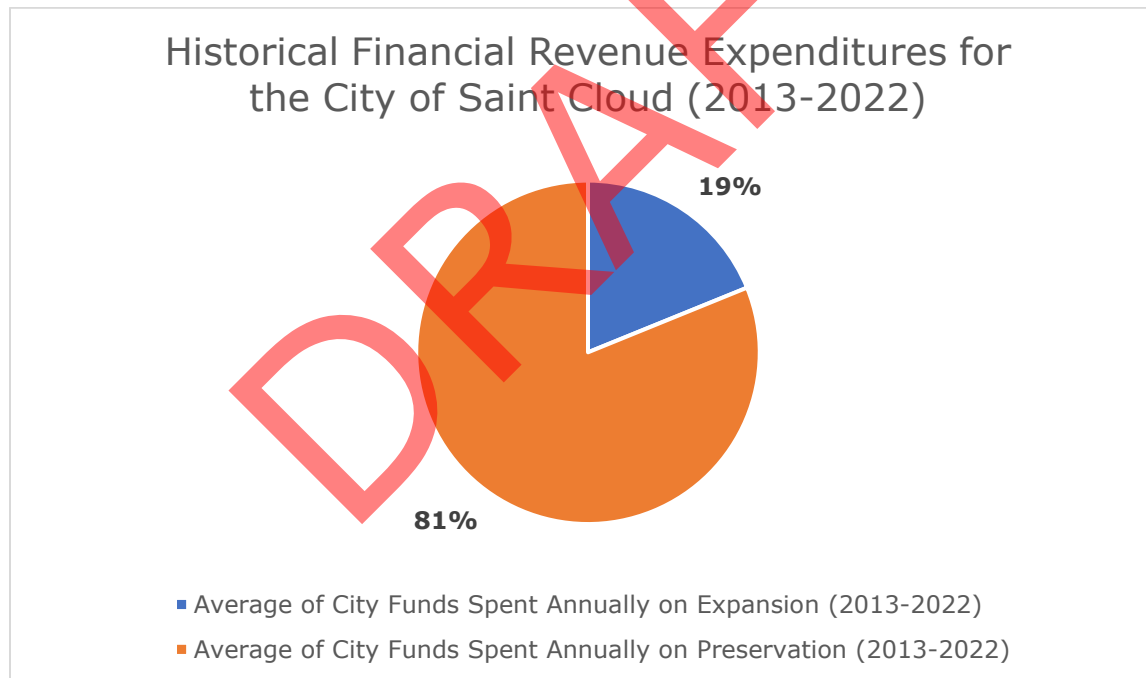


Figure 6.8: Historical financial revenue expenditures on transportation projects for the City of Saint Cloud. Data courtesy of City of Saint Cloud.

Future Financial Revenue Projections

Based upon the expenditure of transportation dollars between 2013 and 2022 (19% expended on expansion and 81% expended on preservation), it is assumed this spending trend will continue through 2050 for the City of Saint Cloud.

Based on a 3.1% year-over-year revenue growth assumption, the following funding allocations can reasonably be assumed through the duration of the Looking Ahead 2050 planning horizon based upon the historical expenditure split.

Funding Allocations	Short-Term (2025-2028)	Mid-Term (2029-2034)	Long-Term (2035-2050)	Total
System Preservation Budget	\$62,094,344	\$108,585,992	\$408,592,060	\$579,272,396
Capacity Expansion Budget	\$14,429,008	\$25,232,381	\$94,945,492	\$134,606,881
Total Budget	\$76,523,351	\$133,818,373	\$503,537,552	\$713,879,277

Figure 6.9: Projected transportation revenue amounts through 2050 for the City of Saint Cloud allocated by system preservation and expansion.

City of Saint Joseph

Historical Financial Revenue Expenditures

Over the 10-year period between 2013 and 2022, the City of Saint Joseph has expended approximately 27% of transportation funds on capacity expansion projects. The remaining 73% has been spent on preserving the city's transportation system.

DRAFT

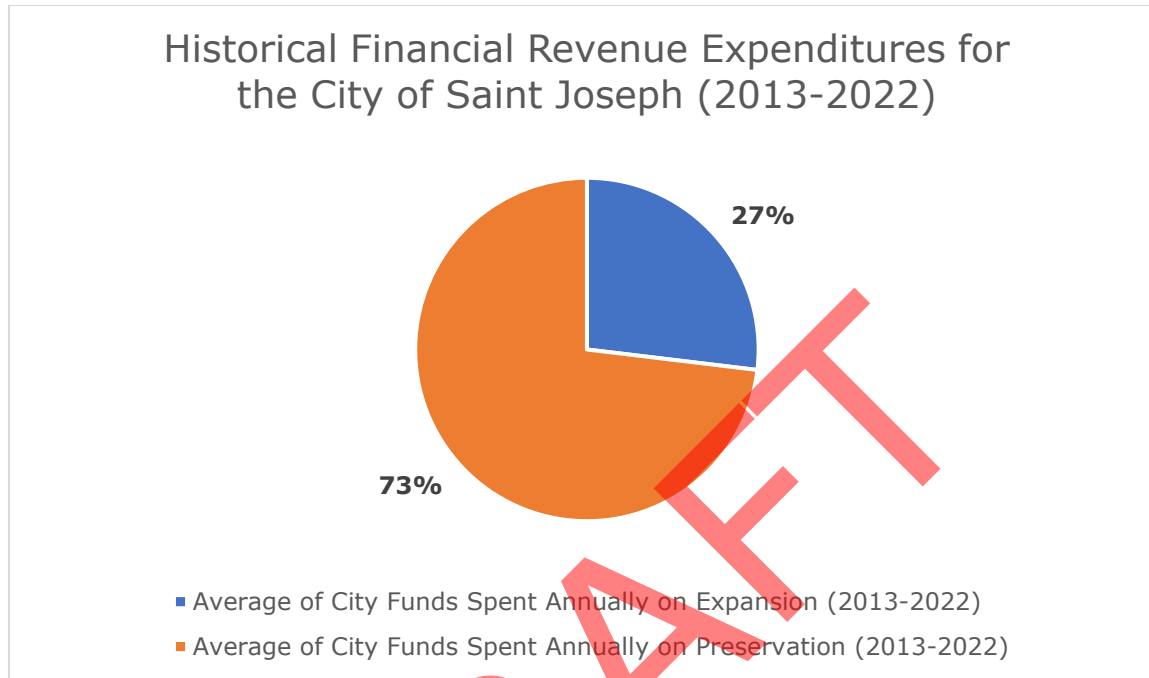


Figure 6.10: Historical financial revenue expenditures on transportation projects for the City of Saint Joseph. Data courtesy of City of Saint Joseph.

Future Financial Revenue Projections

Based upon the expenditure of transportation dollars between 2013 and 2022 (27% expended on expansion and 73% expended on preservation), it is assumed this spending trend will continue through 2050 for the City of Saint Joseph.

Based on a 3.1% year-over-year revenue growth assumption, the following funding allocations can reasonably be assumed through the duration of the Looking Ahead 2050 planning horizon based upon the historical expenditure split.

Funding Allocations	Short-Term (2025-2028)	Mid-Term (2029-2034)	Long-Term (2035-2050)	Total
System Preservation Budget	\$7,642,086	\$13,363,915	\$50,286,317	\$71,292,318
Capacity Expansion Budget	\$2,812,815	\$4,918,843	\$18,508,834	\$26,240,492
Total Budget	\$10,454,901	\$18,282,758	\$68,795,150	\$97,532,810

Figure 6.11: Projected transportation revenue amounts through 2050 for the City of Saint Joseph allocated by system preservation and expansion.

City of Sartell

Historical Financial Revenue Expenditures

Over the 10-year period between 2013 and 2022, the City of Sartell has expended approximately 64% of transportation funds on capacity expansion projects. The remaining 36% has been spent on preserving the city’s transportation system.

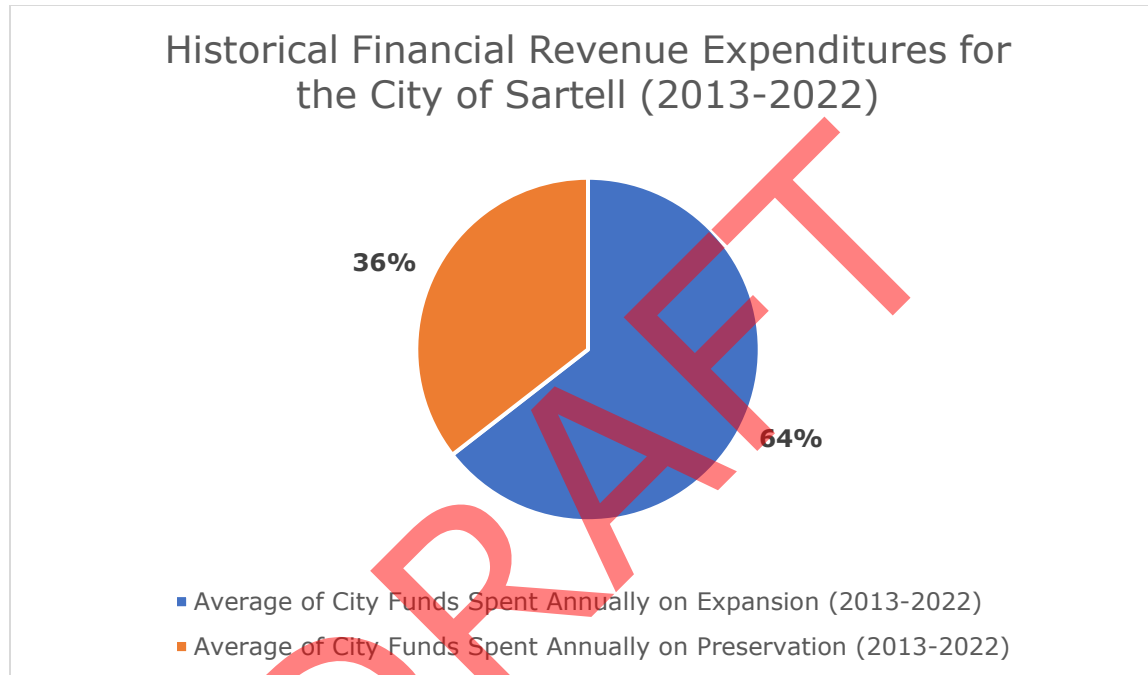


Figure 6.12: Historical financial revenue expenditures on transportation projects for the City of Sartell. Data courtesy of City of Sartell.

Future Financial Revenue Projections

Based upon the expenditure of transportation dollars between 2013 and 2022 (64% expended on expansion and 36% expended on preservation), it is assumed this spending trend will continue through 2050 for the City of Sartell.

Based on a 3.1% year-over-year revenue growth assumption, the following funding allocations can reasonably be assumed through the duration of the Looking Ahead 2050 planning horizon based upon the historical expenditure split.

Funding Allocations	Short-Term (2025-2028)	Mid-Term (2029-2034)	Long-Term (2035-2050)	Total
System Preservation Budget	\$9,165,588	\$16,028,101	\$60,311,232	\$85,504,921

Funding Allocations	Short-Term (2025-2028)	Mid-Term (2029-2034)	Long-Term (2035-2050)	Total
Capacity Expansion Budget	\$16,647,436	\$29,111,804	\$109,543,155	\$155,302,395
Total Budget	\$25,813,024	\$45,139,906	\$169,854,387	\$240,807,316

Figure 6.13: Projected transportation revenue amounts through 2050 for the City of Sartell allocated by system preservation and expansion.

City of Sauk Rapids

Historical Financial Revenue Expenditures

Over the 10-year period between 2013 and 2022, the City of Sauk Rapids has expended approximately 14% of transportation funds on capacity expansion projects. The remaining 86% has been spent on preserving the city's transportation system.

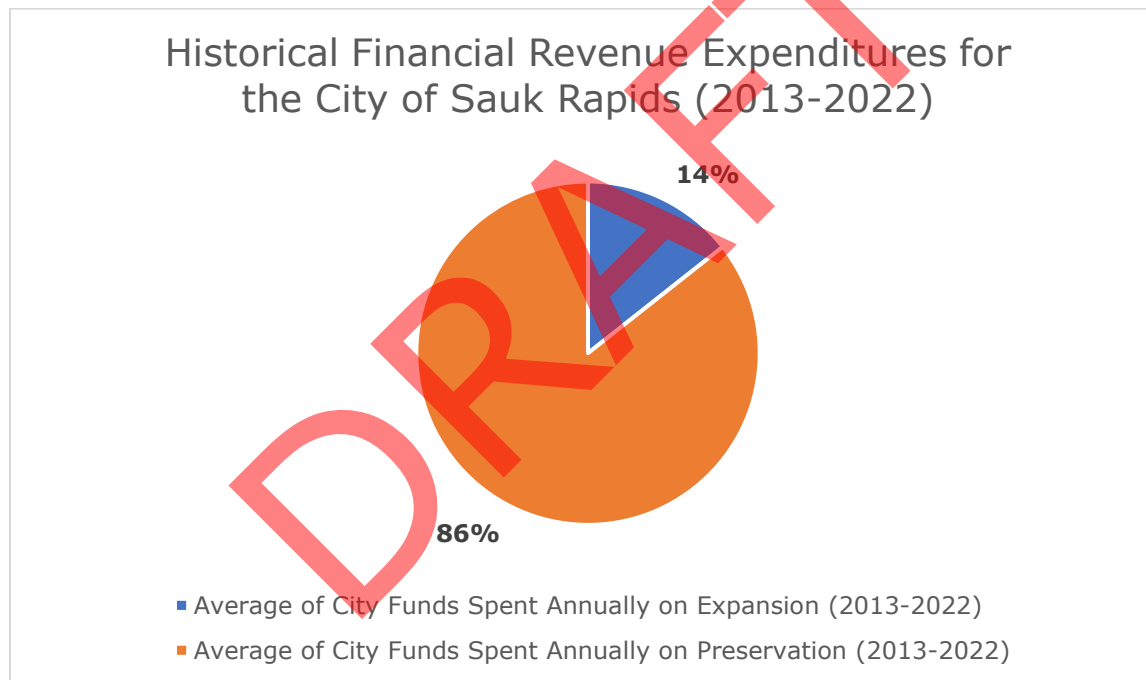


Figure 6.14: Historical financial revenue expenditures on transportation projects for the City of Sauk Rapids. Data courtesy of City of Sauk Rapids.

Future Financial Revenue Projections

Based upon the expenditure of transportation dollars between 2013 and 2022 (14% expended on expansion and 86% expended on preservation), it is assumed this spending trend will continue through 2050 for the City of Sauk Rapids.

Based on a 3.1% year-over-year revenue growth assumption, the following funding allocations can reasonably be assumed through the duration of the Looking Ahead 2050 planning horizon based upon the historical expenditure split.

Funding Allocations	Short-Term (2025-2028)	Mid-Term (2029-2034)	Long-Term (2035-2050)	Total
System Preservation Budget	\$10,698,240	\$18,708,291	\$70,396,365	\$99,802,896
Capacity Expansion Budget	\$1,795,144	\$3,139,215	\$11,812,373	\$16,746,732
Total Budget	\$12,493,384	\$21,847,506	\$82,208,738	\$116,549,628

Figure 6.15: Projected transportation revenue amounts through 2050 for the City of Sauk Rapids allocated by system preservation and expansion.

City of Waite Park

Historical Financial Revenue Expenditures

In discussions with staff at the City of Waite Park, it was determined that basing future financial revenue projections on past data would not garner an accurate picture of possible transportation revenue and transportation revenue allocations for the city. According to city staff, Waite Park had reconfigured the way it had allocated funds for transportation in 2018, therefore, basing our assumptions on years prior to 2018 would not be an accurate representation.

APO staff have been coordinating with Waite Park staffers to build a database like the historical transportation spending databases found with the other cities. It is the hope that ideally 10 years of data would be amassed prior to determining a consistent approximate split between the amount typically allocated to system preservation and that which is allocated to capacity expansion.

Below is the historical financial revenue expenditure for the City of Waite Park that was provided to APO staff. During this time, the city has not completed any capacity expanding projects.

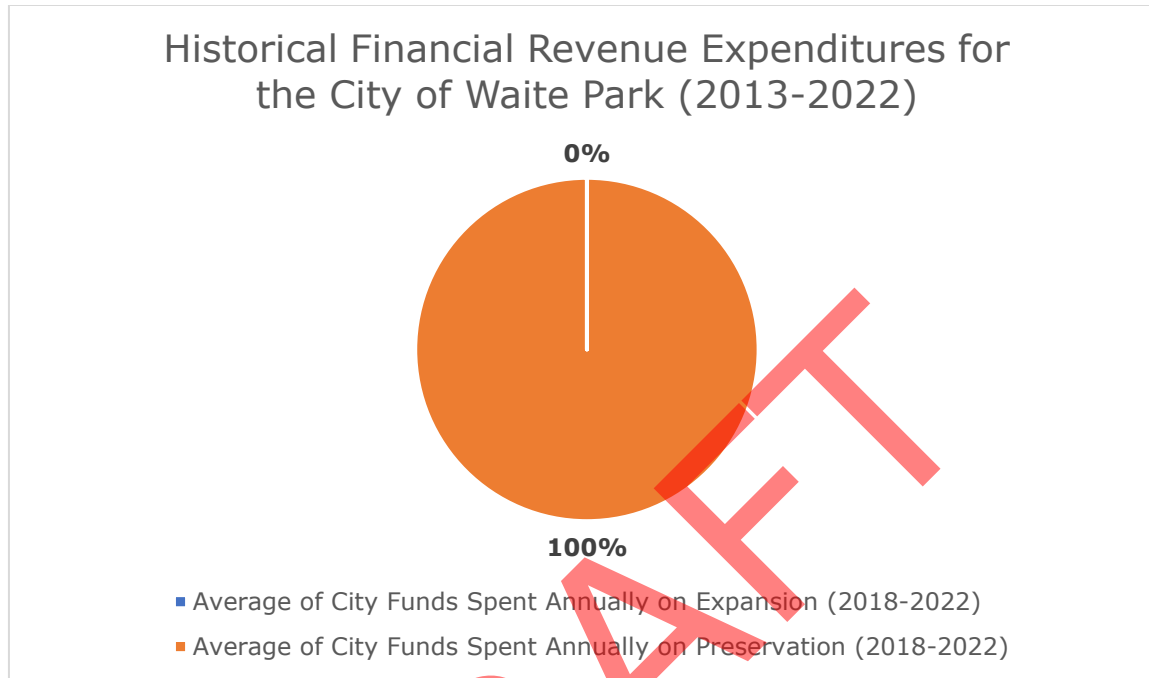


Figure 6.16: Historical financial revenue expenditures on transportation projects for the City of Waite Park. Data courtesy of City of Waite Park.

Future Financial Revenue Projections

Historically speaking, Waite Park has not expended any of its transportation funding toward capacity expanding projects. However, it is assumed that this has the potential to change over the duration of this plan. Therefore, APO staff have split the anticipated revenues to account for the potential addition of a capacity expansion project. This split is reflected as 80% of the anticipated transportation revenues to be allocated to system preservation and the remaining 20% to be allocated for capacity expansion.

Based on a 3.1% year-over-year revenue growth assumption, the following funding allocations can reasonably be assumed through the duration of the Looking Ahead 2050 planning horizon.

Funding Allocations	Short-Term (2025-2028)	Mid-Term (2029-2034)	Long-Term (2035-2050)	Total
System Preservation Budget	\$3,461,692	\$6,053,550	\$22,778,560	\$32,293,802
Capacity Expansion Budget	\$865,423	\$1,513,388	\$5,694,640	\$8,073,451

Funding Allocations	Short-Term (2025-2028)	Mid-Term (2029-2034)	Long-Term (2035-2050)	Total
Total Budget	\$4,327,115	\$7,566,938	\$28,473,200	\$40,367,253

Figure 6.17: Projected transportation revenue amounts through 2050 for the City of Waite Park allocated by system preservation and expansion.

Minnesota Department of Transportation

The Minnesota Department of Transportation District 3 encompasses a 13-county area comprised of the counties of Aitkin (portions of Aitkin County are served by District 3, the rest of the county falls under MnDOT District 1), Benton, Cass, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, Sherburne, Stearns, Todd, Wright, and Wadena. In total, MnDOT District 3 supports, among other items, 1,586 centerline miles of state, U.S., and interstate highways along with 426 bridges and eight transit systems.

The APO’s planning area is part of MnDOT District 3. Approximately 308 lane miles – a split between roughly 289 lane miles of rural roadway and just over 18 lane miles of urban roadway – within the APO’s planning area fall under the jurisdiction of MnDOT District 3. This is equal to roughly 7.7% of the district’s roadway network.

Like the counties – as described in the sections above – MnDOT District 3’s budget and expenditure must be considered in two ways.

The first is what would reasonably be expected to be budgeted and expended within the APO’s MPA. The MPA only accounts for approximately 7.7% of the district. Therefore, for the purposes of this analysis, it is assumed that approximately 7.7% of the budgeted revenue would be allocated to the MPA. Secondly, for major system preservation or capacity expansion projects needing more than the assumed allocation of 7.7%, MnDOT has the ability (like the counties) to redistribute resources from its overall transportation budget to maintain, operate, and expand its roadway network within the MPA.

Historical Financial Revenue Expenditures

Over the 10-year period between 2013 and 2022, MnDOT District 3 has expended approximately 1% of transportation funds on capacity expansion projects within the MPA. The remaining 99% has been spent on preserving the state transportation system.

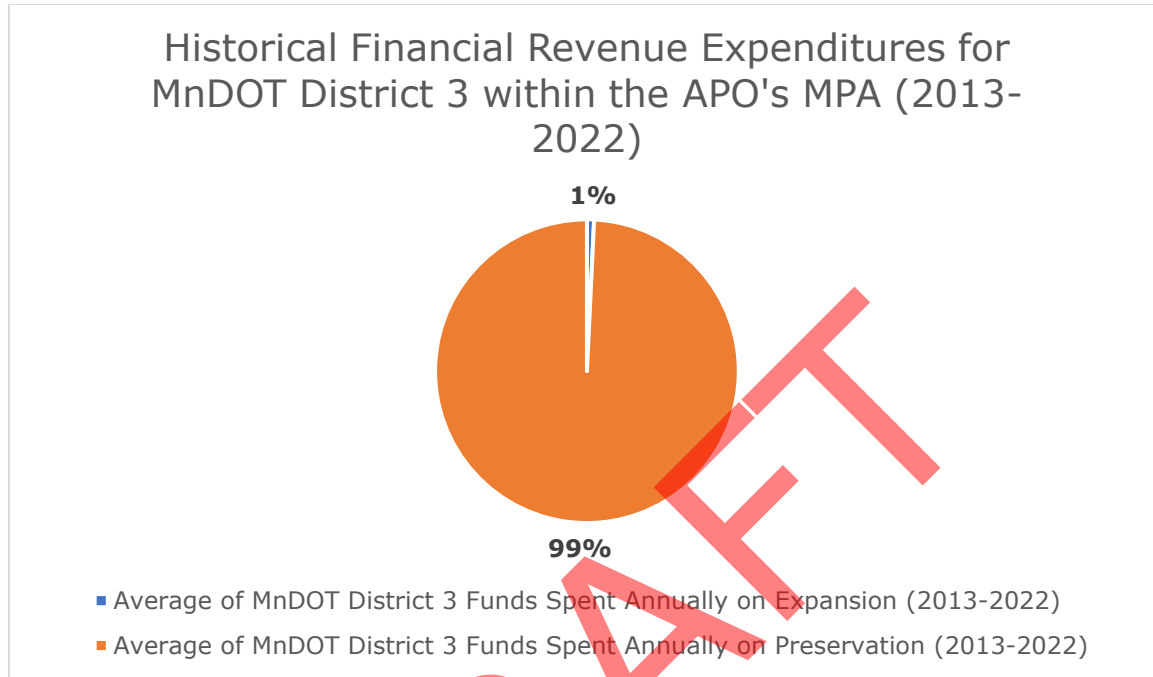


Figure 6.18: Historical financial revenue expenditures on transportation projects for the portion of MnDOT District 3 within the APO's MPA. Data courtesy of MnDOT District 3.

Future Financial Revenue Projections

Based upon the expenditure of transportation dollars between 2013 and 2022 (1% expended on expansion and 99% expended on preservation), it is assumed this spending trend will continue through 2050 for MnDOT District 3.

Based on a 3.1% year-over-year revenue growth assumption, the following funding allocations can reasonably be assumed through the duration of the Looking Ahead 2050 planning horizon based upon the historical expenditure split.

Funding Allocations	Short-Term (2025-2028)	Mid-Term (2029-2034)	Long-Term (2035-2050)	Total
System Preservation Budget	\$58,004,457	\$101,443,990	\$381,679,860	\$541,128,307
Capacity Expansion Budget	\$443,360	\$775,315	\$2,917,387	\$4,136,062
Total Budget	\$58,447,816	\$102,209,215	\$384,597,247	\$545,264,369

Figure 6.19: Projected transportation revenue amounts through 2050 for MnDOT District 3 allocated by system preservation and expansion.

Saint Cloud Metro Bus

Historical Financial Revenue

Saint Cloud Metro Bus has historically obtained local funding for transit related projects from fares/other local funds and tax levies. Additional funding to support Saint Cloud Metro Bus operations and capital investments comes from both state and federal funding sources. However, for the purposes of the APO's MTP, we have opted to focus on locally generated sources of revenue as these sources of revenue are required to match state and federal grant funding opportunities.

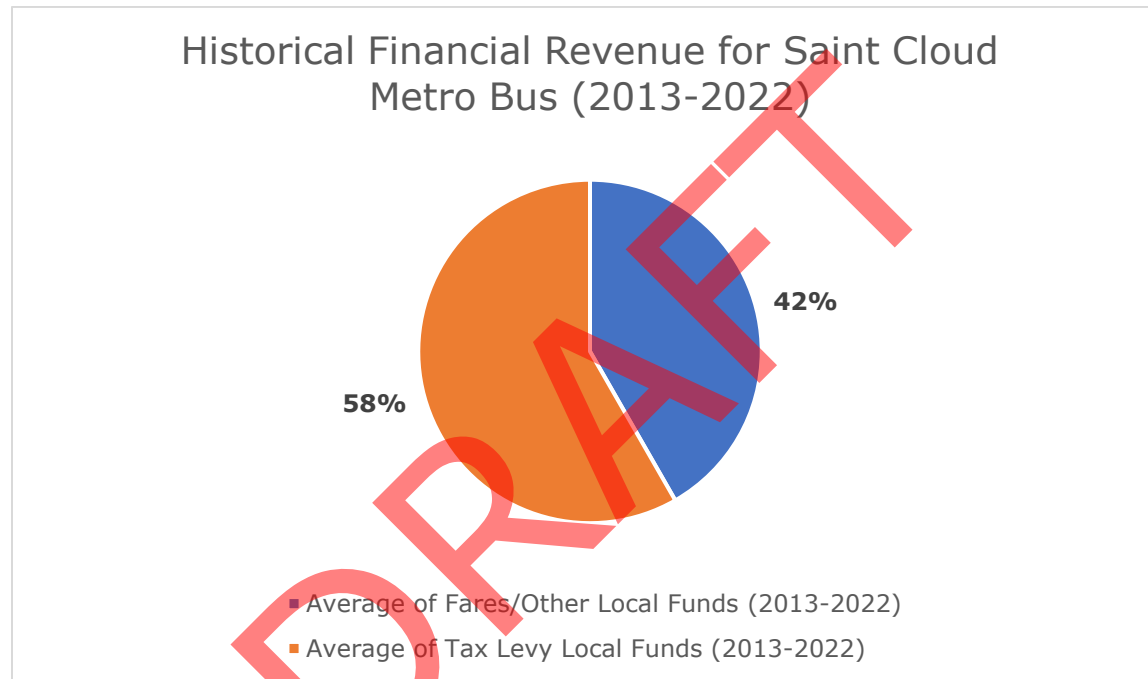


Figure 6.20: Historical financial revenue for Saint Cloud Metro Bus. Data courtesy of Saint Cloud Metro Bus.

Future Financial Revenue Projections

Working in coordination with Saint Cloud Metro Bus staff, APO staffers have developed future financial revenue projections for the transit commission. It is important to note that unlike the jurisdictional/agency financial analysis completed thus far, the future financial revenue projections for Saint Cloud Metro Bus include revenue the transit commission anticipates receiving from both federal and state sources. Because a sizeable portion of Metro Bus's budget is based on funds received from these two sources, to have a more complete picture of anticipated revenues for the commission, it is critical to account for these funding sources.

Note, Metro Bus has included 2024 as part of their budget projections. Therefore, the short-term time band is from 2024 through 2028.

Through planning horizon 2050, Saint Cloud Metro Bus is assuming the following information:

- **Tax Levy:** Starting in 2029, the tax levy funding will increase by 0.5% year-over-year.
- **Fares/Other Local:** Starting in 2029, this funding source will increase by 1% year-over-year.
- **Capital Reserve:** To account for additional expenses in the short-term, Metro Bus will need to utilize \$6.2 million of its capital reserve budget. This will occur in 2024 (\$100,000) and 2026 (\$6.1 million). Additional capital reserve funds are anticipated to be used in 2049 (\$900,000).
- **State Operating:** Operating funds will increase 5% per year through 2028; between 2029 and 2034 there will be a 3.5% annual increase; between 2035 and 2039 there will be a 3% annual increase; between 2040 and 2044 there will be a 2.5% annual increase; and between 2045 and 2050 there will be a 2% annual increase.
- **Federal Appropriations:** Beginning in 2029, there will be an estimated 0.15% increase every fifth year.

Transit Funding Source	Short-Term (2024-2028)	Mid-Term (2029-2034)	Long-Term (2035-2050)	Total
Fares/Other Local Funds	\$8,239,684	\$11,184,363	\$33,304,980	\$52,729,027
Tax-Levied Local Funds	\$18,950,000	\$25,339,401	\$71,398,774	\$115,688,175
Capital Reserves	\$6,420,000	\$0	\$900,000	\$7,320,000
State Operating Funds	\$82,127,632	\$122,919,427	\$467,182,282	\$672,229,341
State Capital Funds	\$11,917,200	\$5,526,589	\$22,480,364	\$39,924,153
Federal Appropriations	\$20,569,980	\$24,727,182	\$66,151,641	\$111,448,803
Total Budget	\$148,224,496	\$189,696,962	\$661,418,041	\$981,339,499

Figure 6.21: Projected local transportation revenue amounts through 2050 for Saint Cloud Metro Bus distributed by funding source.

Funding the Future Surface Transportation Network

As illustrated in Chapter 2: Existing Conditions and Chapter 4: 2050 Regional Vision, there is clearly no shortage of wants and needs when it comes to improving the future of our transportation network. However, one thing is for certain. Resources (i.e., money) are finite.

As stated at the beginning of this chapter, projects identified within Looking Ahead 2050 must be fiscally constrained. This means there needs to reasonably be enough funding available over the duration of this plan to be able to afford to do the

proposed implementation projects that are proposed. By diving into these revenue projections, we have laid the necessary groundwork to begin the process of fiscal constraint.

Informed by the region's travel demand model, public opinion, and future regional growth projections coupled with our budget constraints, the next section will identify infrastructure projects that we can reasonably assume will be constructed (or purchased in the case of transit) within the next 25 years.

DRAFT