



AGENDA ITEM #9.2

REPORT TO CITY COUNCIL

Report Prepared by: Nancy Malecha

Date: April 2, 2019

Subject: Comprehensive Road and Transit Funding Resolution

Report: In a recent bulletin from the League of Minnesota Cities, it was noted that the League is supporting an omnibus transportation funding bill which would increase dedicated state funding for city streets, including funding that can be used for non-municipal state aid city street maintenance, construction, and reconstruction. Please see the attached Fact Sheet for further information.

If the City Council agrees with the omnibus transportation funding bill, the attached resolution can be adopted and sent to our legislators informing them of the City's position.

Council Action Requested: Council motion adopting the attached resolution requesting comprehensive road and transit funding.

LEAGUE OF MINNESOTA CITIES

CITY ISSUE FACT SHEET

DEDICATED STREET FUNDING FOR ECONOMICALLY COMPETITIVE CITIES



PROBLEM:

Existing funding mechanisms for city street maintenance and reconstruction are inadequate. The bulk of city streets are not eligible for Municipal State Aid (MSA). Nearly 84 percent of city streets are funded only with property taxes and special assessments. Special assessments can be onerous to property owners and are difficult to implement in some cities.

Just as the state has fallen behind in making transportation investments, some cities faced with budget challenges have made the difficult decision to divert volatile property tax revenue to urgent needs such as public safety, water quality, and cost participation in state and county highway projects. Unfortunately, deferring maintenance results in more expensive projects later.

This maintenance requires a reliable dedicated funding source to support the mobility and economic vitality of our communities.

LEAGUE-SUPPORTED SOLUTION:

- HF 1228/SF 1269: \$10 surcharge on license tab fees and motor vehicle title transfers, which raises \$57 million annually to be split between the existing Small Cities Assistance Account and a new Larger Cities Assistance Account.
- HF 1095/SF 1271: Authority for cities to establish street improvement districts to fund street maintenance, construction, and reconstruction.
- HF 846/SF 1228: Creation of a Local Cost-Share Assistance Account within the Local Road Improvement Program to provide grants to local governments to help with the local share of some trunk highway projects.

DID YOU KNOW?

For every \$1 spent on maintenance, a road authority saves \$7 in repairs. Preventative maintenance projects can prolong the lifecycle of streets to 50 to 60 years. Without ongoing maintenance, the average life expectancy of local streets is approximately 25 to 30 years.



FOR MORE INFORMATION:

Anne Finn
Intergovernmental Relations Asst. Director
Phone: (651) 281-1263
Email: afinn@lmc.org

www.lmc.org/citystreetfacts

**CITY OF PEQUOT LAKES
RESOLUTION 19-__**

**RESOLUTION REQUESTING
COMPREHENSIVE ROAD AND TRANSIT FUNDING**

WHEREAS, all Minnesota communities benefit from a sound, efficient, and adequately funded transportation system that offers diverse modes of travel; and

WHEREAS, the integrity of Minnesota's transportation infrastructure is dependent upon long-term planning and ongoing maintenance, both of which require dedicated and sustainable revenue sources; and

WHEREAS, current funding for roads, bridges, and transit systems across all government levels in Minnesota is inadequate, and this under-investment diminishes quality of life for Minnesota residents and hinders Minnesota's progress as a national business, economic, and civic leader; and

WHEREAS, Minnesota's transportation system is failing to meet the capacity needs necessary to sustain population growth and promote economic development; and

WHEREAS, many rural roads are not built to modern safety standards and are not meeting the needs of industries that depend on the ability to transport heavy loads; and

WHEREAS, insufficient state funding has delayed regionally significant road construction and reconstruction projects across Minnesota; and

WHEREAS, transportation infrastructure maintenance and improvement costs significantly contribute to rising property taxes; and

WHEREAS, for every one dollar spent on maintenance, a road authority, and therefore taxpayers, save seven dollars in repairs; and

WHEREAS, Minnesota contains over 141,000 miles of roadway, and over 22,500 miles, or 16 percent, are owned and maintained by Minnesota's 853 cities; and

WHEREAS, almost 85 percent of all municipal streets are not eligible for dedicated Highway User Tax Distribution Fund dollars; and

WHEREAS, the more than 700 Minnesota cities with populations below 5,000 are ineligible for dedicated Highway User Tax Distribution Fund dollars, but have benefitted from the creation of the Small Cities Assistance Account; and

WHEREAS, city streets are a separate but integral piece of the network of roads supporting movement of people and goods; and

WHEREAS, existing funding mechanisms, such as Municipal State Aid (MSA), property taxes, and special assessments, have limited applications, leaving cities under-equipped to address growing needs; and

WHEREAS, city cost participation in state and county highway projects diverts resources from city-owned streets; and

WHEREAS, maintenance costs increase as road systems age, and no city, large or small, is spending enough on roadway capital improvements to maintain a 50-year lifecycle; and

WHEREAS, cities need greater resources, including an additional dedicated state funding source for transportation, and flexible policies to meet growing demands for street improvements and maintenance.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PEQUOT LAKES, MINNESOTA that this Council requests that the Minnesota Legislature pass and Governor Tim Walz sign a comprehensive and balanced transportation funding package that permanently increases dedicated funding for transportation; and

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF PEQUOT LAKES, MINNESOTA that this Council defines a comprehensive and balanced transportation funding package as an initiative that permanently increases dedicated funding for state and local road and transit systems in Greater Minnesota and the Metropolitan Area.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF PEQUOT LAKES, MINNESOTA that this Council requests an omnibus transportation funding bill that provides additional dedicated state funding for city streets, including funding that can be used for non-MSA city street maintenance, construction, and reconstruction.

Adopted by the City Council of the City of Pequot Lakes this 2nd day of April, 2019.

ATTEST:

James Tayloe
Mayor

Nancy Malecha
City Administrator