

# Minnesota and the Stimulus

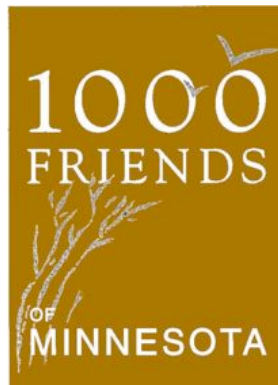
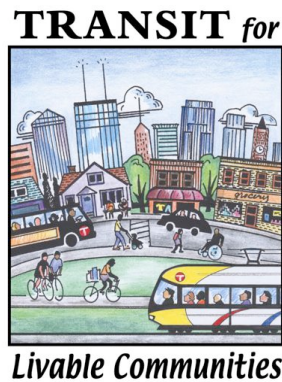


*Did Minnesota use the federal stimulus to create jobs, catch up on needed repair, and expand travel options?*

## Acknowledgments

This report was developed by Transit for Livable Communities, 1000 Friends of Minnesota, the Alliance for Metropolitan Stability, and Fresh Energy.

This report is released concurrently with *States and the Stimulus*, a national report by Smart Growth America (SGA). SGA is a coalition of national, state, and local organizations working to improve the ways towns, cities, and metropolitan areas are planned and built.



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# 1 Executive Summary

June 29, 2009 marks the 120-day deadline for states to commit at least 50% of their flexible transportation funding from the American Recovery and Reinvestment Act (ARRA). This deadline is a good time to examine how Minnesota is spending that money.

Minnesota made its decisions quickly having allocated all of its \$600 million in ARRA funding by June 29. The state's Department of Transportation (MnDOT) and the Metropolitan Council's Transportation Advisory Board (TAB) made the funding decisions.

The ARRA and federal officials identify nine goals for ARRA transportation funding:

1. create and save jobs
2. fix crumbling infrastructure
3. modernize the transportation system
4. promote long-term economic growth
5. improve public transportation
6. reduce energy dependence
7. cut greenhouse gas emissions
8. not contribute to additional sprawl
9. reduce commute times and congestion

ARRA provided states and metropolitan regions with great flexibility in use of ARRA funding to meet these goals. For most of the money, nearly any type of transportation capital project was eligible including construction and repair of roads, bridges, sidewalks, and trails; safety projects; transit projects including bus and rail; freight rail and other projects.

This report evaluates how Minnesota decided to spend its transportation stimulus funds. It describes Minnesota's transportation needs, the process used to allocate ARRA funding, and the projects selected. We found that:

- **There is attention to road and bridge repair in Greater Minnesota.** MnDOT used all its ARRA funding for Greater Minnesota to address a backlog of repair and safety projects.
- **Too much ARRA funding in the Metropolitan area will be spent on roadway expansion,** including a sprawl-inducing new highway.
- **More maintenance would have created more jobs.** Minnesota would likely have created 16% more jobs by spending more on road repair and less on expansion.
- **Transit needed a larger share.** Despite the state's growing transit ridership, increasing demand for transit, and the Twin Cities' smaller than average rail system, just slightly more than the ARRA's minimum amount was allocated to public transportation.
- **Opportunity to improve ADA access was missed.** Although many parts of the state are years behind on ADA requirements, only a tiny percentage of ARRA funds were used to retrofit the state's road system for compliance with requirements of the ADA.
- **There is strong investment in bicycling and walking.** Minnesota spent nearly 5% of its ARRA money, more than the minimum 3% required, on trail and sidewalk projects. In the Twin Cities metro

area, a number of communities submitted a bicycle and/or pedestrian project as their highest project priority.

- **Opportunities for public input were inadequate.** There was no public input on use of Stimulus funding in Greater Minnesota. In the metro area, the TAB reluctantly allowed public input at one meeting, but did not appear to discuss the input provided.

## 2 Minnesota's Transportation Needs

Minnesota's \$600 million in ARRA funding provided an opportunity to address identified, unfunded, and crucial needs on the state's road, transit, as well as bicycle and pedestrian systems.

### 2.1 Road Needs

Minnesota has a backlog of road and bridge maintenance projects on a larger than the average roadway system. Minnesota has nation's fifth largest public road system<sup>1</sup> and the Twin Cities' highway system is the 8th largest of the 25 most populous metro areas.

According to MnDOT, the state's road and bridges need billions in repair and replacement. MnDOT's Draft Statewide Transportation Plan 2009-2028, states: "Pavement preservation needs total \$3.6 billion over the next decade and \$6.5 billion over the next two decades."<sup>2</sup> In addition, "\$2.5 billion will be needed to rehabilitate or reconstruct 120 fracture-critical or structurally deficient bridges over the next decade and \$5.2 billion will be needed over the next two decades."<sup>3</sup>

<sup>1</sup> FHWA, Highway Statistics 2007, Table HM10.

<sup>2</sup> *Minnesota Statewide Transportation Plan 2009 - 2028 - DRAFT*, January, 2009, p. 8-9.

<sup>3</sup> *Minnesota Statewide Transportation Plan 2009 - 2028 - DRAFT*, January, 2009, p. 8-10.

While the state will make progress on bridge maintenance, pavement quality on state owned roads will continue to deteriorate despite increased transportation revenues provided through Minnesota Law 2008 Chapter 152 (which increased the state gas tax 8.5 cents and increased vehicle tab fees). According to MnDOT's draft Transportation Plan, state highway "miles with poor pavement condition are projected to triple, from about 600 miles today to more than 1,800 miles by 2018."<sup>4</sup> And, roads with a "poor" ride quality rating will increase each year. (See chart on next page.)

Information about pavement quality on county roads and city streets is not readily available. At a recent MnDOT meeting, a public works official from the City of St. Paul stated that due to declining revenues, roads in St. Paul are on an 80 year schedule for reconstruction and the city has not painted a street light or traffic pole since 2000.<sup>5</sup>

Rough roads are not just a matter of inconvenience. In Minnesota, they add an average of \$347 to the annual cost of owning a car.<sup>6</sup>

### 2.2 Public Transportation Needs

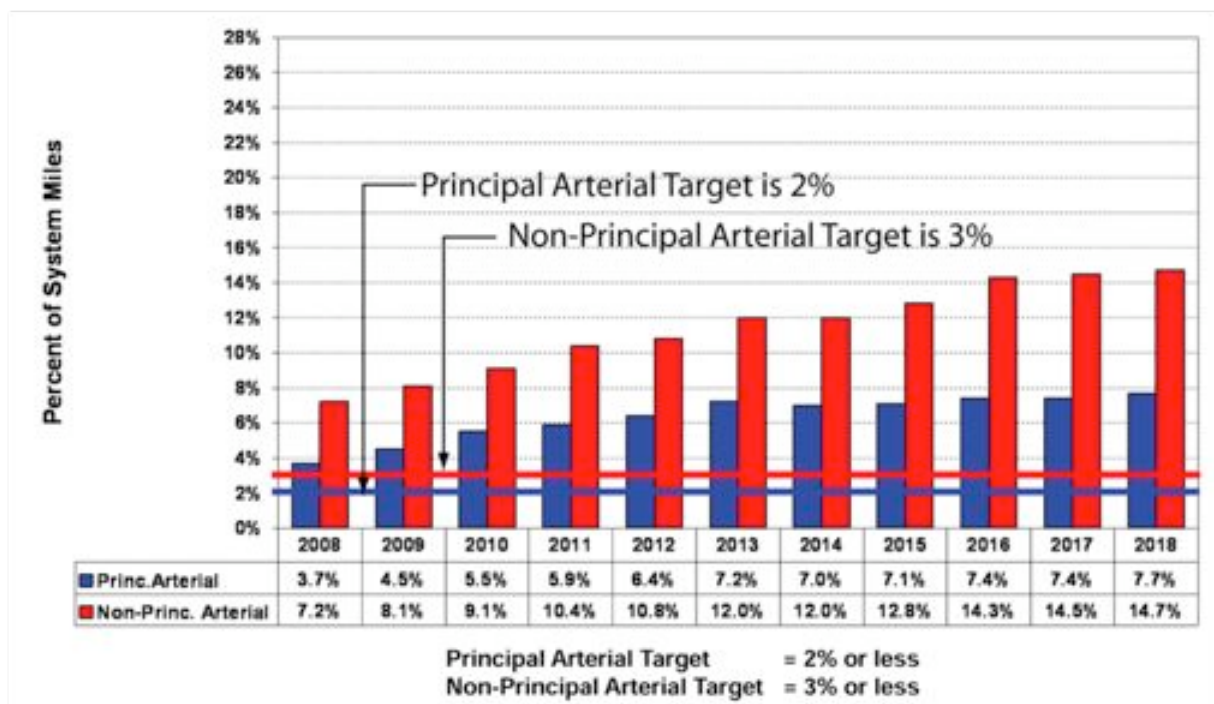
With Minnesota's aging population, especially in Greater Minnesota, there is a growing need for public transit. Transit service is not provided in five of Minnesota's 87 counties

<sup>4</sup> *Minnesota Statewide Transportation Plan 2009 - 2028 - DRAFT*, January, 2009, Chapter 8, pp. 8-28.

<sup>5</sup> Comments by St. Paul City engineer at meeting of MnDOT Technical Advisory Panel on Complete Streets, June 24.

<sup>6</sup> From AASHTO: *Rough Roads Ahead in The States and the Stimulus*, 2009; Smart Growth America, p. 16.

Minnesota's road conditions will continue to worsen



**Figure 8.9 Predicted Poor Ride Quality 2008-2018**

Source: Mn/DOT Office of Materials Services

Source for chart: MnDOT, Statewide Transportation Plan, Chapter 8, page 8-9.

and it is often severely limited in the Greater Minnesota counties that have service. In Duluth overcrowding is a problem on some bus routes and in Rochester and St. Cloud there is demand for additional service hours and routes. ARRA provided \$25 million for transit capital projects in Greater Minnesota while MnDOT's list of outstate transit needs totaled \$165 million.<sup>7</sup>

In the Twin Cities region, there is high demand and growing ridership on public transit (the Hiawatha line, the Twin Cities' first light rail line greatly exceeded ridership projections). Yet funding shortfalls since 2001 have shrunk the region's bus system by

10%.<sup>8</sup> With only 12 miles of light rail, the Twin Cities' region has one of the smallest rail systems compared to peer regions.

Given high demand and an undersized system, the Twin Cities region has significant unmet needs for public transit. The ARRA provided the Twin Cities region with a \$69 million for public transportation, but ARRA STP funding was also available for public transportation projects.

<sup>7</sup> MnDOT Office of Transit, January 29, 2009.

<sup>8</sup> Metropolitan Council, *2030 Transportation Policy Plan*, January 2009, page 97.

### **2.3 *Bicycle and Pedestrian Needs including ADA Accessibility***

Bicycling is popular across Minnesota. The state has a growing trail system and the City of Minneapolis is nationally recognized as a bicycle-friendly city. Despite the state's winter weather, six percent of trips in the Twin Cities metro area are made on foot (13 percent in the City of Minneapolis alone).<sup>9</sup>

Nevertheless, much of the state's trail system is in need of rehabilitation, sidewalk networks in nearly every city are incomplete, and roads across the state need to be retrofitted to increase accessibility for persons with disabilities.

### **2.4 *Unmet Needs for New Capacity***

Minnesota and its Metropolitan Planning Organizations (MPOs) choosing how to spend ARRA funds—and taxpayers providing the funds—need to think about how to resolve competing needs for expansion, especially in a context where repair needs for all systems are so substantial. What kinds of investments actually help to solve the multiple challenges of generating the most jobs, the greatest economic return, and positioning a region and the nation to be competitive over the long run? Which projects help address the other goals of energy security, climate mitigation, etc.? And how do those investments compare with the investments being made?

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<sup>9</sup> Metropolitan Council, *2000 Travel Behavior Inventory*, Table 34 and breakout information from Mark Filipi.

## 3 Accountability and transparency in the process for allocating the Stimulus

Accountability has been a central tenet of the ARRA. The Administration has made a commitment that public officials will be held accountable to the American people for the way they allocate and spend stimulus funds. Numerous statements by the President underline the focus on transparency and accountability.

Under ARRA, state departments of transportation are given discretion over 70% of the Surface Transportation Program (STP) funding and the other 30% of the funding is sub-allocated to large MPOs (In Minnesota, of our seven MPOs, only the Metropolitan Council qualifies). Furthermore, 3% of the funding overall must be spent for “Enhancements” which are typically bicycle and pedestrian projects. In the Twin Cities region, the MPO is the Metropolitan Council’s Transportation Advisory Board.

In the face of overwhelming needs, what process was used to allocate ARRA funding?

### **3.1 MnDOT Process**

The process used by MnDOT for allocation of \$168 million in ARRA money in Greater Minnesota provided few if any opportunities for public comment beyond asking local

governments to submit project ideas. Furthermore, MnDOT did not make it clear that funding from ARRA was not “highway” money, but money that could be spent for nearly any mode of transportation.

MnDOT held a public meeting in Blaine in February at which it described the types of projects that might get stimulus funding. MnDOT answered questions, but did not solicit public comment on priorities or projects.

### **3.2 Metropolitan Council/TAB Process**

In the Twin Cities region, the Metropolitan Council’s Transportation Advisory Board (TAB) is the decision making body for federal funding, including \$77 million in ARRA funding. The TAB also has to approve MnDOT’s ARRA spending plan for the metropolitan area. Because the region’s “2030 Transportation Policy Plan” does not provide clear prioritization of goals or projects, and because the TAB views itself as independent from the Metropolitan Council, the TAB’s allocation of federal spending often is not in good alignment with the regional plan.

A large collection of organizations, local officials, and individual residents appealed to the Metropolitan Council and the TAB for an opportunity to comment on the metro area stimulus. As a result, the Metropolitan Council allowed statements to be made as part of a regular Council meeting on April 8 and it asked the TAB to do the same. On April 15, the TAB did so, and testifiers and others packed the room to overflowing.



A room filled to overflowing for the April 15, 2009 meeting of the Transportation Advisory Board on flexible stimulus spending.



Joanne Wilshire from Minnesota Council on Disabilities addressing the TAB, April 15.

At the TAB meeting:

The City manager from Mound talked of rusted and toppling street lights that “have become a danger to our residents.”

The Mayor of the City of Minnetonka Beach pleaded with the TAB to build a pedestrian bridge over busy County Road 15, “before we need to name the bridge after someone who gets killed.”

Many testifiers were persons with disabilities. They asked MnDOT and TAB to begin to address the statewide backlog of compliance projects with ADA requirements. Minnesota has not yet developed an ADA compliance plan required by federal law in 1995. This foot-dragging, culminating in the TAB essentially ignoring the testimony of the impacts of that failure, has now led to the filing of two complaints with the U.S. Department of Justice.

Some TAB members used their membership on TAB to promote the highway project they

believed served their communities’ interests. Many members of TAB argued for funding a \$140 million expansion of the TH-169/I-494 interchange in southern Hennepin County. This project was listed in the region’s 2030 plan as a project that was being reassessed.<sup>10</sup>

Comments made by testifiers on April 15<sup>th</sup>, did not appear to influence the deliberations of the TAB at the April 15<sup>th</sup> or subsequent meetings.

### **3.3 Process for Allocating Dedicated Public Transportation Funding**

The Metropolitan Council does not appear to have solicited public comment on how to use the \$69 million in ARRA funding for public transportation.

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<sup>10</sup> Metropolitan Council, *2030 Regional Transportation Policy Plan*, 2009, page 83.

## 4 What projects were funded in Minnesota?

### 4.1. Money Available

The transportation Stimulus money allocated to Minnesota totaled nearly \$600 million, broken down in this way:

	<b>Millions</b>
<b>Surface Transportation Program</b> With 30% to Metropolitan Planning Organizations and local projects	\$487
<b>Transit</b>	\$94
<b>Enhancements</b> for bike/pedestrian (minimum 3% set aside)	\$15
<b>Total</b>	<b>\$ 596</b>

### 4.2 Greater Minnesota Roads & Bridges

In Greater Minnesota, MnDOT wisely used the state’s stimulus funding to address a backlog of repair projects. MnDOT committed nearly all of over \$250 million for road repair, bridge repair, and safety projects. A total of 109 projects were funded, the largest of which is a \$13.7 million overlay of concrete on Highway 7 near Montevideo and Clara City and the smallest project was and \$80,000 bridge repair activity in Marshall County. For a complete listing of Greater Minnesota roadway projects see the MnDOT web site.

### 4.3. Twin Cities Roads and Bridges

Given the identified need for roadway and bridge maintenance, and the fresh history of

an interstate bridge collapse, it was surprising how close the Twin Cities metropolitan area came to spending nearly all of its ARRA STP money on two highway expansion projects.

The most expensive project funded is a three-mile expansion of new TH-610 using \$66 million in stimulus funding and \$20 million in other funding. This project had been listed in the regional plan as an expansion project to be reassessed in an effort to reduce scope and cost.<sup>11</sup>

A primary justification offered by TAB members for the TH-610 project was the hope that the new highway will encourage Target Corporation and other employers to expand along the corridor. If that happens and the employment growth comes from locations within the state already better served by public transit, bicycling, and pedestrian connections, the net result to the state will be negative.



Future Trunk Highway 610 corridor. June 2009.

<sup>11</sup> Metropolitan Council *2030 Transportation Policy Plan*, January 2009, page 83.

In addition to the TH 610 expansion, MnDOT's Deputy Commissioner and members of the Transportation Advisory Board advocated that a \$140 million expansion of the Trunk Highway 169/I-494 interchange also be funded using Stimulus money from the MnDOT and MPO share. Advocacy for this project was surprising given that the project was listed in the region's draft policy plan as a project being "re-scoped"<sup>12</sup> and it was not one of the locations in the metro with the highest congestion or most severe type of crashes.<sup>13</sup>

In the end, the Federal Highway Administration did not fund the big interchange expansion project because of a technical ruling on the proposed design. This resulted in the TAB approving 73 smaller metro area projects, sponsored by MnDOT, counties, and cities to be funded.

Of the stimulus money available for the metropolitan area, nearly one-third was spent on roadway expansion. Given the already large size of the region's highway system and the region's backlog of pavement repair projects, 30% is a high percentage. In addition to highway TH-610, five other metro area roadway expansion projects were funded.

The list of local repair projects that will now be undertaken with Stimulus dollars includes:

- Replacement of the Lowry Avenue bridge over the Mississippi River which is rated fracture critical

- Replace rusted street lighting in Mound
- Mill and overlay with curb and gutter repair in Woodbury
- New intersection control at high school in Mendota Heights.

For a complete listing of metro projects go the Metropolitan Council's web site.



Rusted streetlights in Mound that will be replaced with stimulus dollars. June 2009.

#### **4.4 Bicycle and Pedestrian Projects**

The ARRA specified that no less than 3% of each state's Stimulus dollars were to be spent on "Enhancement projects" which are defined as bicycle, pedestrian, scenic, historic, or other such projects. Minnesota, with its growing reliance on bicycle transportation, saw a high demand from local cities for this Enhancement funding. In the metro area, a number of cities said a bicycle or pedestrian project was their top project overall. This priority helped result in bicycle and pedestrian projects comprising 5% of

<sup>12</sup> 2030 Metropolitan Council, *2030 Transportation Policy Plan*, January 2009, page 83.

<sup>13</sup> MnDOT crash data spreadsheet provided to TLC with data from 2005 - 2007. Congestion data from 2008 MnDOT Congestion report.

Stimulus transportation investments statewide. A few of the Stimulus funded projects include:

- Bicycle and pedestrian trail in Brooklyn Center along County 10
- Pedestrian bridge in Columbia Heights over TH 65
- Pedestrian medians and signals in Chaska at the location where an elderly man was hit and killed on his way to church in 2008

Limited revenue for transit operations was also mentioned as a reason not to use additional Stimulus dollars for transit expansion – which points to the need for the region to secure additional operating revenue for public transit.

#### **4.5 Public Transportation**

The ARRA gave Minnesota \$94 million for public transportation: \$69 million in the Twin Cities’ metro area and \$25 million in Greater Minnesota. The metro portion was used to address a shortfall in transit’s operating budget and to pay for bus replacement and preventative maintenance. No information is yet available on the public transportation projects that will be funded in Greater Minnesota.

Despite the growing demand for public transit in the state and the Twin Cities region’s smaller than average rail system, MnDOT and the TAB choose to fund only one additional transit project (\$2.3 million for bus shoulder lanes) from flexible STP Stimulus. Stimulus money that was used to pay for the TH 610 expansion project, could have been used to expand public transportation.

MPO staff complained that the Twin Cities had few “shovel ready” projects. This speaks to a need for the state and region to do a better job of teeing up projects – something they already do for highway projects.

## 5 Job Creation and the Stimulus

A primary goal of ARRA was putting Americans back to work. As of May 2009, Minnesota's unemployment rate of 8.2 percent was the highest in decades. Transportation projects are considerable generators of jobs that can put Minnesotan's back to work.

A growing body of research demonstrates that investments in public transportation and repair of roads and bridges generates more jobs than construction of new roads or expansion of existing roads. A recent study found that for the same money, repair and maintenance projects can generate as much as 16% more jobs; and public transportation projects 31% more jobs when compared to new road construction.<sup>14</sup>

In Minnesota, \$89 million was committed to roadway expansion projects. Using the job creation findings from Heintz *et al.* in the table below, \$89 million would generate

1,559 jobs. Had Minnesota chosen to spend all of these expansion dollars instead on repair, assumptions from the Heinz study show 1,813 jobs or 16 percent more jobs could have been created. Had Minnesota had more "shovel ready" transit projects, then even more jobs could have been created.

It is interesting that the national report *The States and the Stimulus* shows that at the 120 day mark, 11 states have adopted a "fix-it-first" strategy and have not allocated any stimulus money to new roadway capacity.<sup>15</sup> The report also finds that six states spent 10 to 20% of their flexible STP funding on public transit,<sup>16</sup> far more than the minimum required. MnDOT and the TAB funded only one transit project beyond the minimum – a \$2.3 million bus shoulder lane project.

While the job creation benefits of transit investments are critical, of equal importance is transit's role in providing affordable access to job opportunities and critical services like health care. As mentioned previously, Minnesota's public transportation system is smaller than average. This significantly limits the opportunities for low and moderate

Jobs Impacts per \$1 Billion in Infrastructure Spending		
Category	Direct and Indirect Jobs	Adding Induced Jobs
New Construction	12, 638	17, 472 (base)
Repair Work	14,790	20, 317 (16% more)
Public Transportation	17,784	22, 849 (31% more)

Source: Heintz, Pollin, and Garrett-Peltier (2009)

<sup>14</sup> Heintz, J., Pollin, and Garrett-Peltier, *How Infrastructure Investments Support the US Economy: Employment, Productivity and Growth*,

Political Economy Research Institute, University of Massachusetts at Amherst, 2009.

income communities and communities of color, many of whom are transit-dependent or have limited access to a motor vehicle.

These disparate impacts are further compounded by the growth of employment centers further away from the region's core and the limited availability of affordable housing near these new job centers.

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<sup>15</sup> *The States and the Stimulus*, Smart Growth America, 2009, p. 28.

<sup>16</sup> *Ibid.*

## 6 Conclusions and Recommendations

The most recent Minnesota Statewide Transportation Plan asks “How can the metropolitan area’s transportation authorities move more people for less cost?”<sup>17</sup> Minnesota’s stimulus money provided an opportunity to answer that question in a way that would have helped Minnesotans make a down payment on their transportation future. Instead, Minnesota spent too little on public transportation and too much on roadway expansion at a time when roadway maintenance needs and demand for transit are growing.

But for a late ruling by FHWA, MnDOT and the TAB were proposing to spend all of the Stimulus money for the Twin Cities metropolitan area on two large highway expansion projects. Any process that, in the face of enormous unfunded needs in safety, repair, and public transportation, would spend the metro portion of a Stimulus windfall on highway expansion is deeply flawed.

Economic and energy volatility, rising climate temperatures, an aging population, and uncertain transportation revenues call for new strategic directions in transportation. The lessons or of the stimulus decision making process require Minnesota to:

- Implement a transparent and accountable process for setting and implementing priorities.
- Insure that existing infrastructure is brought to a state of good repair and improved safety.
- Respond to the growing desire of residents and communities to having safe and accessible networks for walking and bicycling.
- Accelerate planning and development for an expanded statewide system of local, regional, and intercity transit and also high speed rail, so Minnesota won’t be caught flat-footed when new revenues, like the Stimulus, become available in the future.
- Ensure that transportation investments create jobs and build a transportation system that provides access to economic opportunities for everyone throughout the region.

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<sup>17</sup> *Minnesota Statewide Transportation Plan 2009 – 2028, Draft*, p. 7.6-2.