May 7, 2019

Senator Newman
Senator Jasinski
Senator Hall
Senator Dibble
Senator Rarick

Representative Hornstein
Representative Koegel
Representative Tabke
Representative Richardson
Representative Torkelson

Dear Members of the Omnibus Transportation Conference Committee:

I am writing on behalf of the Hennepin County Board of Commissioners to express our position on provisions in the House and Senate Omnibus Transportation Bills. We greatly appreciate your efforts this session and your work ahead to negotiate a compromise.

Minnesotans agree that the state’s transportation system needs significant, sustainable revenue to provide a modern and well-maintained system for the economic strength of our state and the quality of life for our residents. Declining revenues and increasing costs are driving Minnesota’s current transportation funding gap. For the 87 county transportation systems alone, the total annual need is $1.1 billion to maintain the current level of county highways. The funding gap has resulted in deferred basic maintenance, delayed expansion projects, and increased reliance on property taxes.

Counties are responsible for constructing and maintaining key components of the state and regional transportation system, making up a total of 30 percent of the state’s roadways. Hennepin County, like all 87 counties in Minnesota, relies heavily on state funding to maintain and improve the County’s roads and bridges. Hennepin County maintains the largest roadway system of any county in the state with 2,200 lane miles of roadways, 181 bridges, 750 miles of bikeways and 370 miles of sidewalks. This infrastructure serves twice as many users, more than 2.1 billion vehicle miles, as any other metro county and our maintenance needs far exceed any other metro county. In fact, 40% of our roadways and 30% of our bridges exceed the standard 50-year service life.

Funding our metro transit system is equally vital to the economic competitiveness of our state. Hennepin County is committed to partnering with the state and metro communities to build out and operate key transitways. The Southwest and Bottineau Light Rail lines will be the two largest infrastructure projects in the state’s history and will create tens of thousands of jobs. We are committed to fund the non-federal share of $1.01 billion for Southwest and $767 million for Bottineau, which will leverage $1.68 billion in federal funds. But new state investments are needed in metro transit services, to meet the growing demand of metro mobility, equitably serve communities and accommodate future population growth. If we do not make these investments, businesses, jobs, and talent will choose to move to our peer regions.

marion.greene@hennepin.us

www.hennepin.us/greene
Extend Bottineau LRT Liability and Insurance Provisions

The Bottineau Light Rail Transit (Blue-line extension) is the next link in building a world-class, modern transit system critical to help Minnesota meet the needs of our workforce and business owners. It will connect underserved Northwestern metro communities with both downtowns, the MSP airport, the Mall of America and hundreds of thousands of jobs. The $1.5 billion construction project will employ 6,500 construction workers from all over the state with an estimated payroll of $300 million and spur new investment along the corridor.

Like Southwest LRT, the Bottineau light rail line will operate in a rail corridor containing an active freight rail line. In order for the two rail lines to coexist in the same corridor, a balance of the interests of light rail users, the freight companies, and the general public is required. For Southwest LRT and Northstar, as well as transportation projects across the country, achieving this balance required providing insurance against any possible accident and ensuring that the presence of light rail in the corridor does not expose the freight carriers to new liabilities. We support the House Transportation Bill’s modification to extend this language to Bottineau LRT.

Fix the Motor Vehicle Lease Sales Tax (MVLST) Distribution

Minnesota’s general sales tax applies to motor vehicle leases, and the state distributes the revenue to transportation purposes. Hennepin County residents contribute at least $20 million annually in revenue to the MVLST but the County is excluded from receiving funding from the metro county distribution for roads and bridges. The rationale to exclude Hennepin and Ramsey counties has ceased to exist.

We support the House Transportation Bill’s modification to the distribution of revenue to the seven-county Twin Cities metropolitan area, to include Hennepin and Ramsey counties using a percentage of each of the county’s population.

Do Not Prohibit Use of State Funds for Future Light Rail Operations and Maintenance

Hennepin County and the Hennepin County Regional Railroad Authority are committed to transit investments that serve the metro’s residents and businesses by providing convenient access to jobs, schools, medical facilities and entertainment areas. We have made significant investments in the Metro Blue Line, Green Line, and Northstar and currently spend $23 million annually to help operate these lines.

Current law requires that the state is responsible for half of operating costs for light rail transit lines after operating revenue and federal funds are used, excluding operating costs and ongoing capital maintenance for Southwest Light Rail. State funds are critical for the success of our metro transit system and to equitably fund these regional and state assets. We oppose the Senate Transportation Bill’s prohibition of state funds on operating and maintaining future light rail transit lines.
Restore the Met Council’s Borrowing Authority

When the federal government funds a transit project, it disburses the funds over a period of years that can extend beyond project construction. As a result, transit agencies generally borrow against the federal commitment so that money is immediately available for project construction. The financing is typically done through “Grant Anticipation Notes” or “GANs,” a simple, relatively low-risk and low-cost financing vehicle. But in 2017, the Legislature inadvertently restricted the Met Council’s ability to use GANs to cash-flow federal funds for transit projects. Without the ability to finance with GANs, the Council will be forced to use more cumbersome forms of borrowing, increasing costs and administrative burdens.

*We support the House Transportation Bill’s inclusion of the technical fix to restore the Met Council’s ability to use GANs to cash-flow federal funds, saving money and administrative burden.* This fix maintains the original intent of the Legislature to prohibit the use of the Council’s general obligation bonds for light rail transit construction and was included in the 2018 Omnibus Tax Bill that was vetoed by the Governor for unrelated reasons.

Thank you for your time and consideration, and if you have any questions about our requests, please do not hesitate to contact us.

Sincerely,

[Signature]

Marion Greene
Chair, Hennepin County Board of Commissioners