



S A I N T
LOUIS ❖
COUNTY
M I N N E S O T A



Greater MN Transportation Sales & Use Tax Public Hearing Presentation

21st Century Transportation Systems:
St. Louis County Challenges & Solutions

St. Louis County Board Meetings:

November 18, 2014, 9:30 a.m., Duluth Courthouse

November 25, 2014, 9:50 a.m., Hibbing City Hall

December 1, 2014, 5 p.m., Hermantown Public Safety Bldg.



Presentation Outline

1. Transportation Challenges For St. Louis County
2. Greater MN Transportation Sales & Use Tax
3. Transportation Sales Tax Investment Strategy
4. Final Thoughts



Transportation Challenges For St. Louis County

Transportation Infrastructure:

St. Louis County Highway Facts

Road Type	Paved Miles	Unpaved Miles	Total Miles
County State Aid Highway	1,105	273	1,378
County Roads	277	997	1,274
Unorganized Township Roads	74	241	315
Total Miles	1,456	1,511	2,967

St. Louis County has a total of 602 bridges that have a span of 10 feet or greater.



Transportation Challenges For St. Louis County

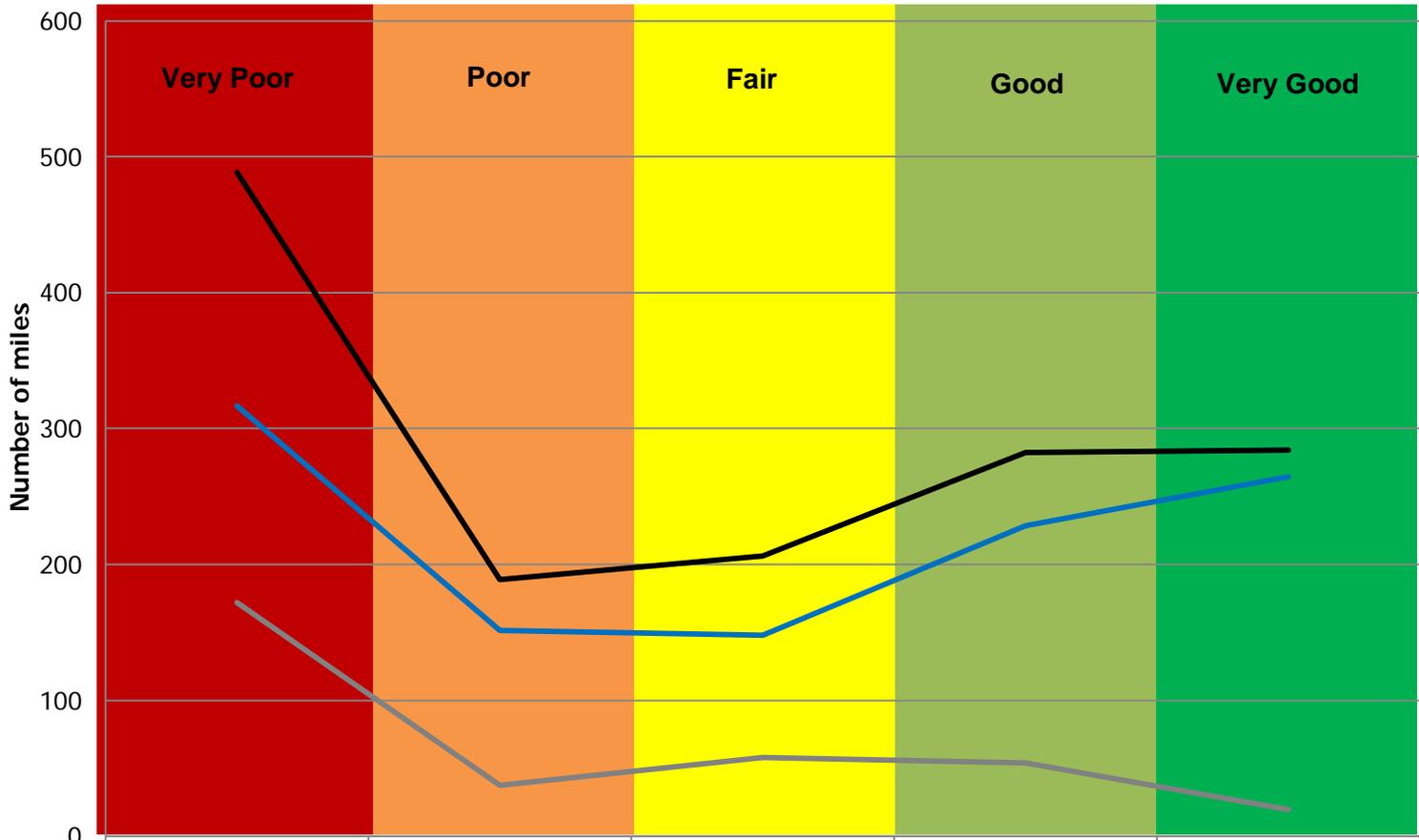
St. Louis County is Unique:

- State sized infrastructure run on a county sized budget
 - 4.5% of total County State Aid Highway mileage in MN
 - 12% of all county road mileage in MN
 - 8% of all county bridges in MN
 - Spread over 7,000 sq. mi., supported by a population of only 200,000 and in a county with 63% of the land in public ownership
- St. Louis County is a regional commercial center and a national tourist destination



Paved Roads

Pavement Quality Index Status



	0-2.4	2.5-2.8	2.9-3.2	3.3-3.6	3.7-4.5
— Total Miles	488.6	189.064	206.078	282.617	284.227
— CSAH Miles	316.508	151.639	148.185	228.451	264.589
— CR Miles	172.092	37.425	57.893	54.166	19.638



Current Pavement Conditions

Weighted Average Pavement Quality Index For All Mileage

- Weighted Average PQI For All Mileage
- Running Average
- 3 year average

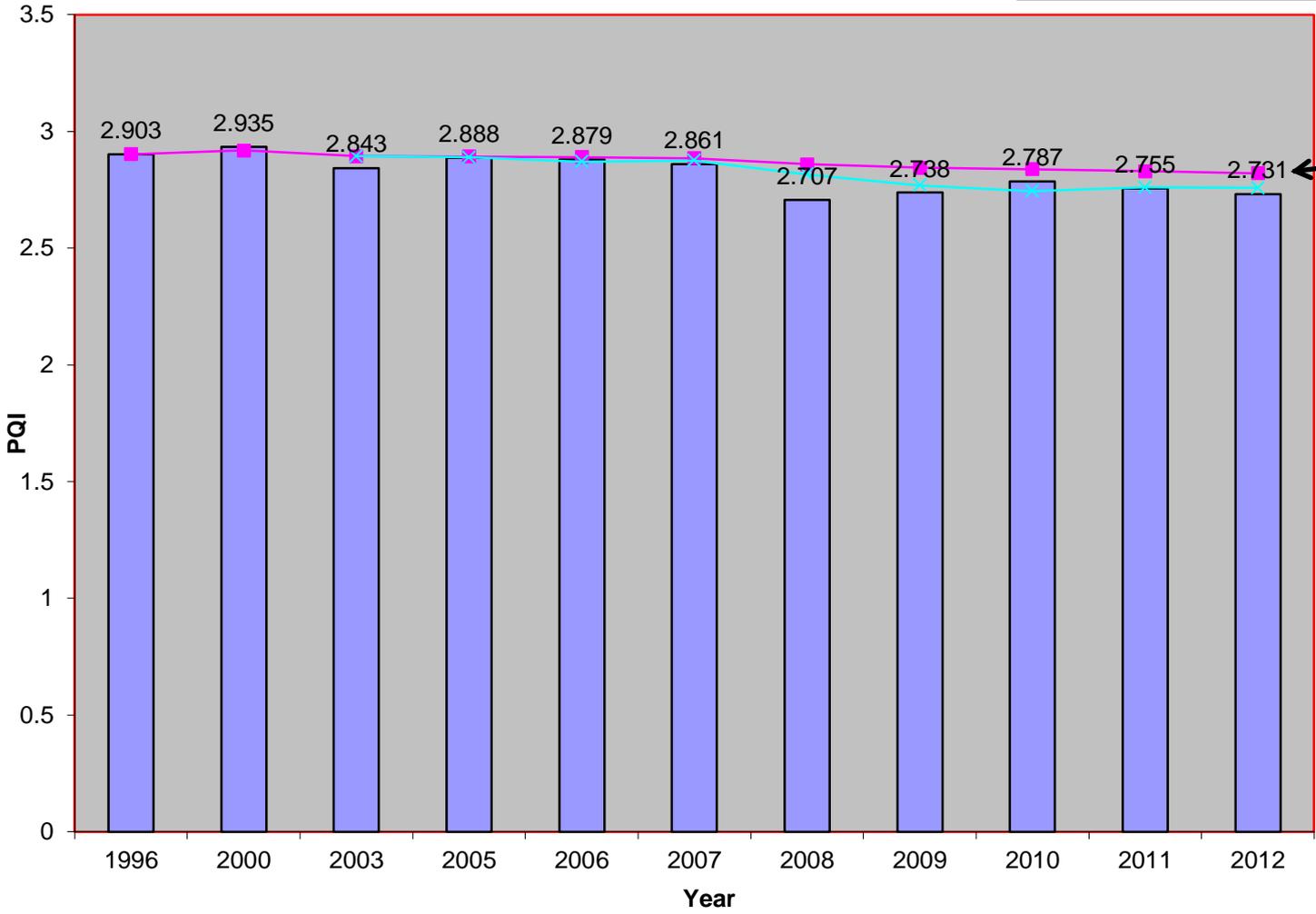


Chart depicts slow decline in condition with existing funding

PQI of 2.7 is in the poor range



Bridges



Bridges Are a Safety and Economic Priority

- Bridge safety is our highest priority
- Bridges are critically important for our commercial transportation system
- Each restricted bridge creates extra costs for local businesses by increasing haul distances and hinders our economic growth



Current State of the Bridge System

- Total number of bridges over 10' in SLC = 602
- 20% of SLC's bridges are deficient
- 14% of bridges are load posted
- The average age of all 602 bridges is 41 years
- Average age of all deficient bridges is 63 years
- Four fracture critical bridges left



Current State of the Bridge System

Timber bridges:

- The state is pushing an initiative to remove timber bridges from the inventory
- SLC has 143 timber bridges (24% of total inventory)
- Of the timber bridges, 43% are deficient
- Most require replacement after 40 years of age



The Looming Bridge Problem

- There was an unusual amount of bridges built in the late 1930s and early 1940s (WPA Era)
- In 1938, 32 bridges were built that are still in service
- These bridges are already past their prime and represent a bubble of projects due in the near future
- We have bridges closed to public travel today that are waiting for funding to replace them



Gravel Roads

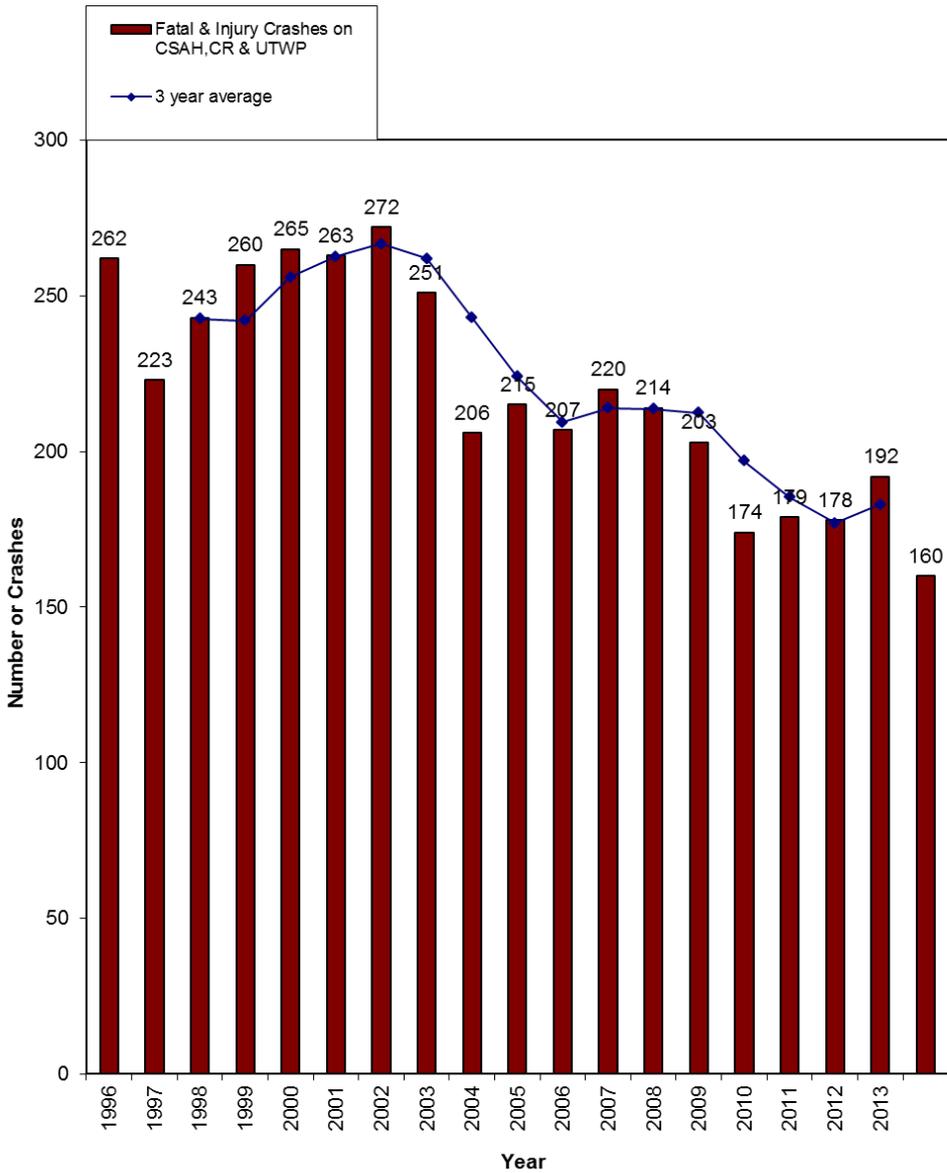
- 1500 miles (50% of the road system)
- Gravel is a non-renewable resource
- We need to stabilize our high traffic gravel roads to:
 - increase level of service
 - minimize gravel replacement needs
 - reduce dust



Transportation Safety



Fatal and Injury Crashes



While we have made great strides in accident reduction in our drive towards zero death, challenges still exist

← Target for 2014



Greater MN Transportation Sales & Use Tax

Background Information:

- Counties outside of the metropolitan transportation area may implement a local sales tax of up to 0.5%
- Counties may also implement a tax of \$20 per motor vehicle:
 - Applied one time at the point of sale
 - Applied in lieu of the 0.5% local sales tax
 - For new and used vehicles sold at retail
 - Applies to all vehicles licensed for road use (i.e. have license tabs) including cars, vans, pickups, trucks, truck tractors, trailers, motor homes and motorcycles



Greater MN Transportation Sales & Use Tax

Background Information:

- The 0.5% local sales tax is levied on anything that is currently subject to state sales and use tax
- Many items are exempt from state sales and use tax and would be exempt from this local sales tax:
 - Examples include food, clothing, baby products, pharmaceuticals, electricity, natural gas, farm machinery, fuel oil, wood, propane, LP gas, instruction materials, logging equipment and replacement parts, medical equipment, mill liners, grinding rods and grinding balls involved in mining, real property, water and many others



Greater MN Transportation Sales & Use Tax

Implementation Factors:

- The tax is project/improvement specific
- The tax is required to be used for the following purposes:
 1. Capital cost of a transportation project or improvement
 2. Costs of a transit project or improvement
 3. Capital costs of a Safe Routes to School program
 4. Transit operating costs
- The tax must terminate when revenues raised are sufficient to finance the project, except for taxes for operating costs of a transit project or improvement, or for transit operations



Greater MN Transportation Sales & Use Tax

Proposed Implementation Time Line:

- MN Department of Revenue sends notices and instructions to businesses to implement tax: January 2015
- Start of sales tax collections: April 1, 2015
- Start delivering projects: Summer 2015



Greater MN Transportation Sales & Use Tax

- Estimated \$10.5 million in annual revenue based on 0.5% sales tax rate for 12 months and the \$20 per motor vehicle excise tax
- Equivalent to a 9.3% local property tax levy increase, all borne by the county property tax payers
- St. Louis County can use the sales tax for transportation to capture revenue from road users who do not currently support the system through property taxes
- As a regional destination, it is estimated that 30-40% of revenue will be generated by non-county residents
- The revenues are raised in St. Louis County by people who make sales tax eligible purchases and the money stays in St. Louis County, unlike other taxes
- Money generated through the sales tax can be used on any portion of the county's transportation system, including roads not eligible for state aid



Transportation Sales Tax Investment Strategy:

Six Area of Emphasis For New Revenue:

- Improve the pavements in the poorest condition
- Replace critical bridge infrastructure
- Additional funding for the Gravel Road Investment Plan (GRIP)
- Implement cost effective safety improvements
- Provide multimodal improvements for non-motorized (bikes and peds) and motorized users
- Safe Routes to School projects



Transportation Sales Tax Investment Strategy:

St. Louis County Greater Minnesota Transportation Sales and Use Tax Transportation Improvement Plan Summary

Road Projects		Bridge Projects		GRIP Projects		Safety Projects		TOTALS		
Dollars	Miles	Dollars	Number	Dollars	Miles	Dollars	Number	Dollars	Miles	Number
\$384,509,942	670.31	\$177,992,172	79	\$56,954,350	477.69	\$13,505,000	75	\$632,961,464	1148	154
Construction Value (Road, Bridge, GRIP, Safety)			\$632,961,464							
Multimodal Improvements (Includes Motorized Trails)			\$8,000,000							
Safe Routes to School			\$1,250,000							
Total Transportation Improvement Plan Value			\$642,211,464							



Transportation Sales Tax Investment Strategy:

Estimated Annual TST Revenue: \$10,500,000

Potential Uses:

- \$7,000,000 Road Preservation
- \$2,000,000 Bridge Projects
- \$500,000 Gravel Road Investment Plan
- \$1,000,000 Safety, Multimodal, Safe Routes



Roads

- Additional funding of \$7,000,000 annually will be used in a concerted, expanded effort to recondition the worst roads using the latest pavement rehabilitation (preservation) options:
 - Cold Inplace Recycling
 - Hot Inplace Recycling
 - Stabilized Reclaim & Overlay
 - Thin Overlays
 - Selective use of reclaim & overlay and mill & overlay
- Focus will be on best return on investment
- The right fix for the right road

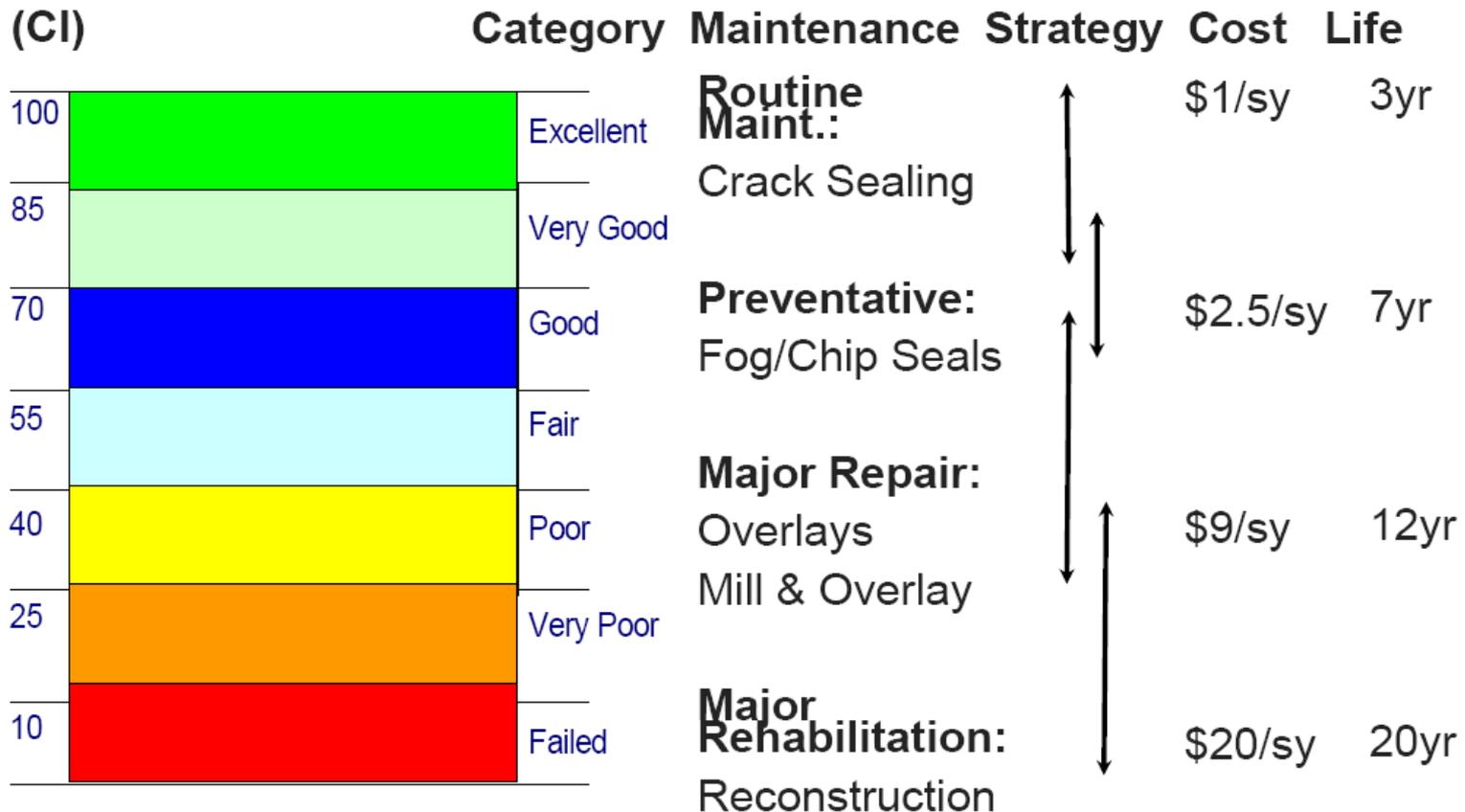


Roads

- We will expand the use of preventative maintenance solutions that extend the life of our good pavements, lowering overall life cycle costs:
 - Crack Sealing (new materials)
 - Chip Seals
 - Seal Coats
 - Fog Seals
 - Microsurfacing
 - NovaChip
- 10 to 15 year life extension
- Keep our good roads good
- Shift toward a greater emphasis on pavement preservation and preventative maintenance vs. reconstruction



System: Application Ranges, Unit Costs, Life Extensions

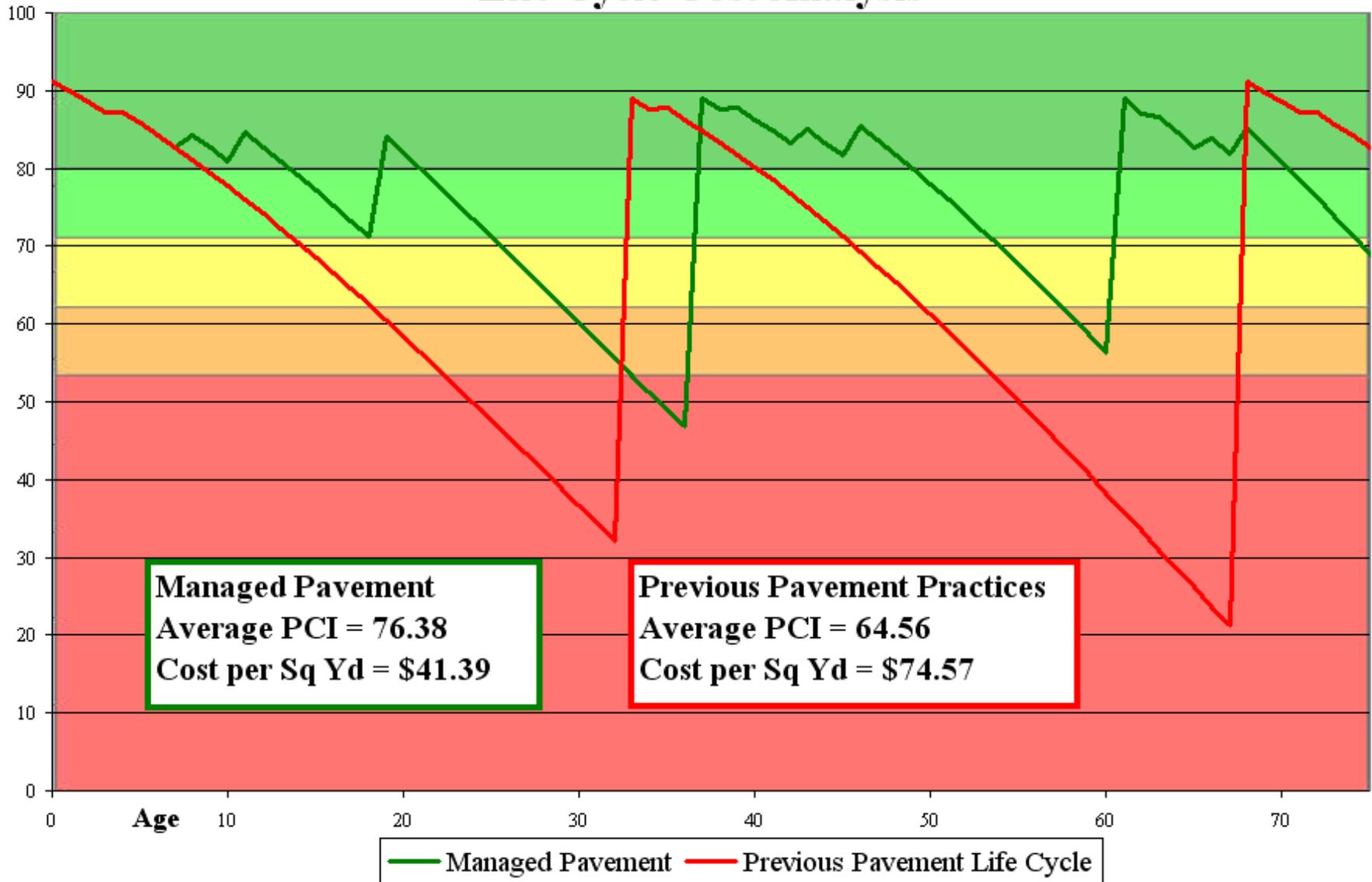


Variety of Costs



PCI

Life Cycle Cost Analysis



Life Cycle Cost Comparison



Bridges Are a Safety and Economic Priority

- Invest an additional \$2 million per year to replace the most critical structures in the system
- Focus on timber bridge replacements
- Address bridges that are on high profile commercial routes
- Decisions based on bridge asset management system



Gravel Road Investment Plan



Gravel Road Investment Plan

- Concentrate on roads with traffic greater than 200 cars per day
- Accelerate completion of 10-year gravel stabilization plan for high traffic gravel roads
- Use latest technologies and products to reduce maintenance and operations efforts

Safety Projects



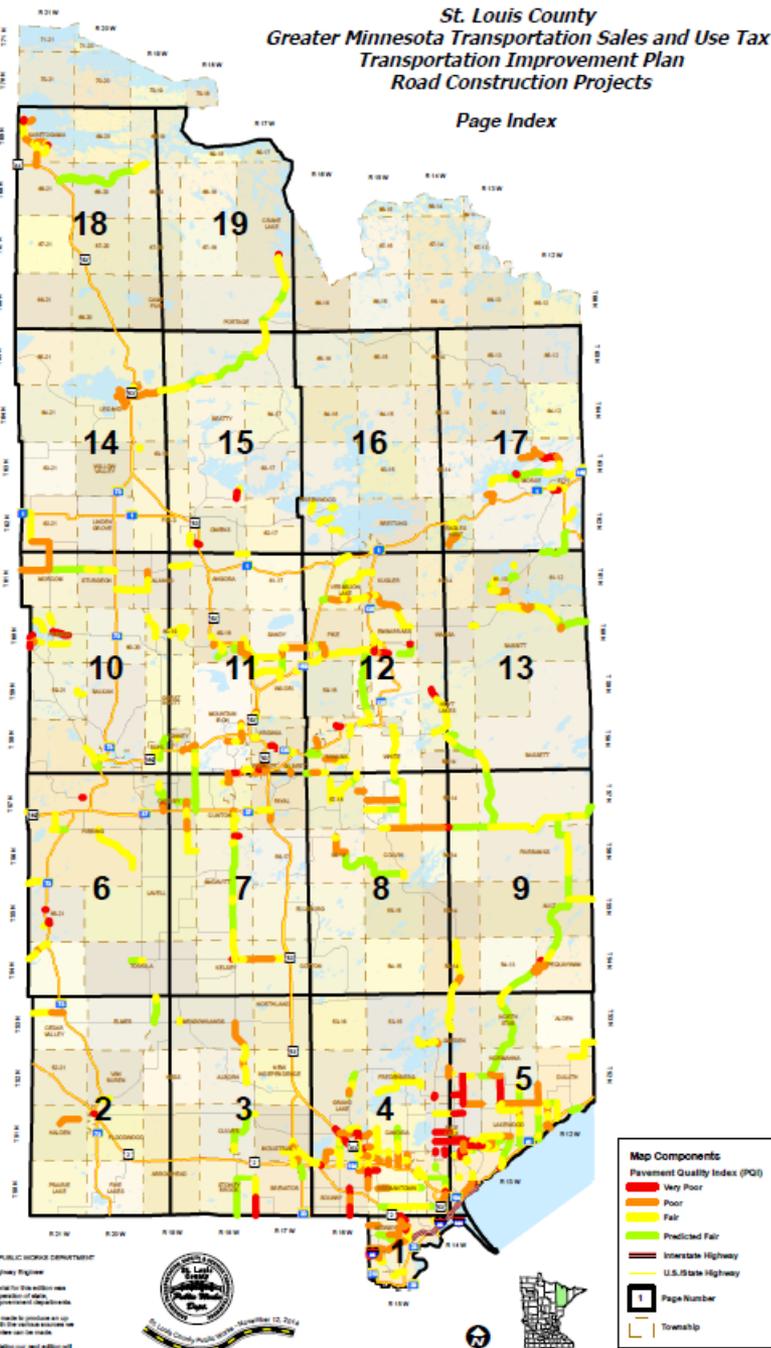
Safety Projects

- Accelerate the implementation of the County Highway Safety Plan
- Leverage Federal Highway Safety Improvement Project Funds
- Leverage RR Crossing Safety Funds
- Focus on intersection-related safety projects



St. Louis County
Greater Minnesota Transportation Sales and Use Tax
Transportation Improvement Plan
Road Construction Projects

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- Projects packaged for efficiency
- Concurrent investment in pavement preventative maintenance and preservation
- We will strive for equity in condition across the entire county transportation system



Transportation Sales Tax Investment Strategy:

Traditional Funding Sources:

- Existing property tax levy, state and federal funding will be invested in similar improvements, but will also focus on preventative maintenance measures to keep pavements in good condition longer and at a lower cost
- St. Louis County will continue to pursue all other funding sources and grant programs available to maximize the revenue intended for infrastructure investment



Final Thoughts

- Our annual transportation program will decline without this funding
 - \$45 million over the past two years with flood funding
 - \$30 to \$35 million in prior years with federal funds
 - \$25 million without local sales tax into the future (45% decrease)
- This revenue source will:
 - Accelerate the improvement of infrastructure
 - Keep our local contractors and trades people working
 - Keep our local economy moving
- Studies have shown that these funds would be recycled within our communities several times over



Final Thoughts

- St. Louis County has a long track record of:
 - managing our infrastructure in an efficient manner using asset management
 - delivering projects on time and on budget
- These funds, which are dedicated to transportation improvements, could:
 - provide an ongoing revenue stream that would be used for long term planning and project delivery
 - address needs across the entire county
- As a regional destination, it is estimated that 30-40% of this revenue will be generated by non-county residents, thereby reducing the burden on property tax payers
- With the proper investment plan in place, we can:
 - keep our good roads good through preventative maintenance
 - fix our worst pavement surfaces
 - replace aging bridge structures that currently impede industry
 - provide improved safety for all users of the system
 - improve transportation for all modes of travel



Thank You

