



CITY ENGINEERS ASSOCIATION OF MINNESOTA  
*Engineering Our Cities' Futures*

# Programs to Address Funding Shortfalls due to COVID

- Coronavirus Response and Relief Supplemental Appropriations Act  
*Dan Erickson – MnDOT Metro District State Aid Engineer*
- Federal Funding Impact on Minnesota Cities: COVID-19 Relief and Infrastructure Funding  
*Daniel Lightfoot and Anne Finn – League of Minnesota Cities*



# Coronavirus Response and Relief Supplemental Appropriations Act

Dan Erickson, PE | MnDOT Metro District State Aid Engineer

# Coronavirus Response and Relief Supplemental Appropriations Act. CRRSAA

Title IV of the CRRSAA Act was enacted on December 27<sup>th</sup> 2020

Provide funding to address COVID-19 impacts

\$161 million was appropriated to Minnesota

To be used for highway construction projects

Special authority which included operational costs

Fiscal Years 2021- 2024

# CRRSAA Distribution

\$20 million to Metropolitan Council State Aid Cities and Counties

\$20 million to Greater Minnesota State Aid Cities and Counties

\$121 million to MnDOT

- District Risk Management Distribution – advance CHIP investments into STIP and fill funding gaps
- Capital Investment in Underserved Communities
- Statewide Performance Program Investments – pavement & bridges
- Statewide priorities in GM and Metro
- Metro Sustainability Mobility Investments

The loss in the Highway User Tax Distribution Fund was demonstrated and used as the basis of justification for the portion of funds going to Cities and Counties.

Funds were allocated to Cities and Counties based on current formula for the CSAH and MSAS accounts.

Streamlined

Flexible

Quick

# CRRSAA Allowable Expenses

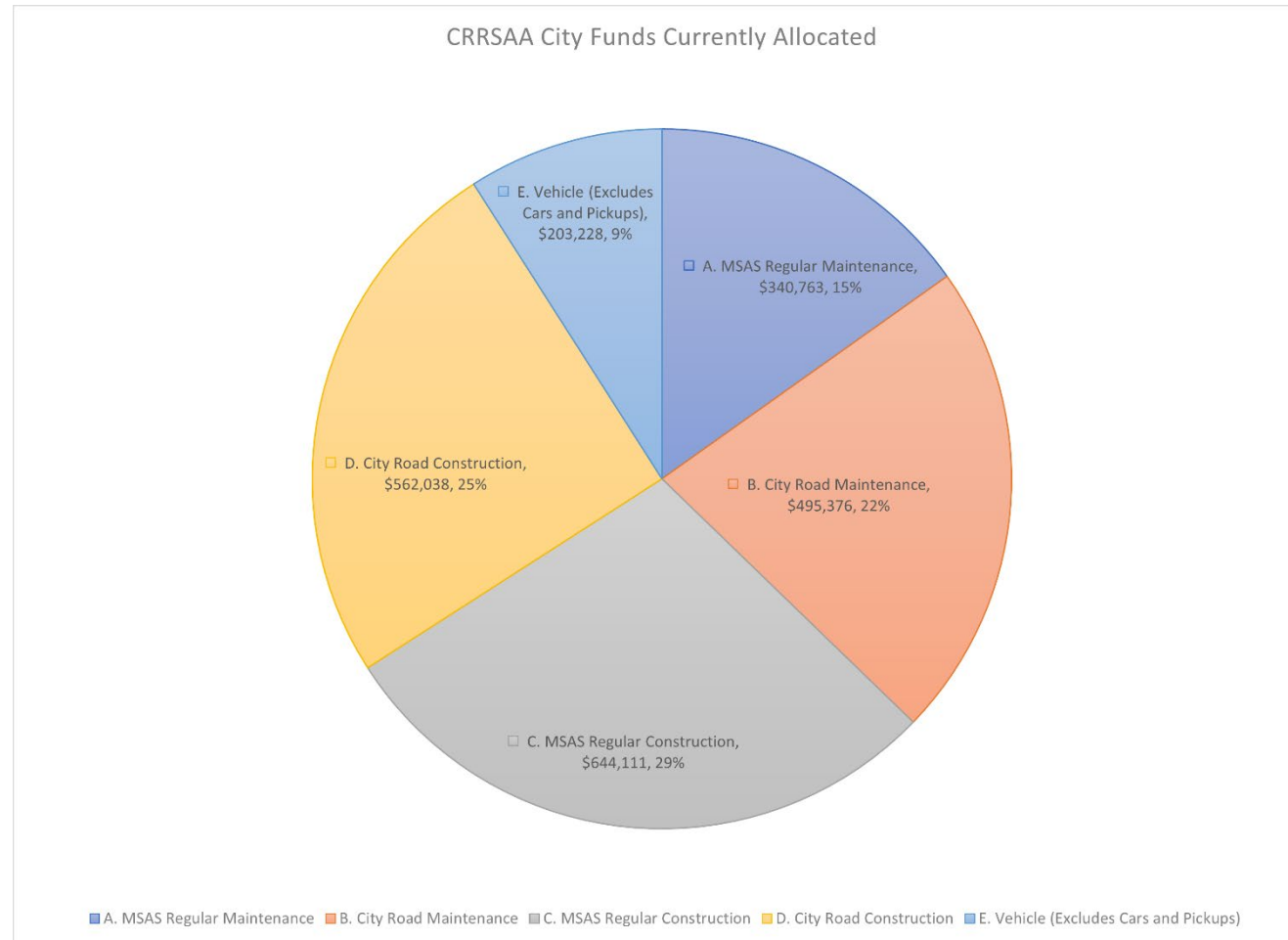
## City

- A. MSAS Regular Maintenance
- B. City Road Maintenance
- C. MSAS Regular Construction (includes state aid eligible costs on federal aid projects)
- D. City Road Construction
- E. Vehicle

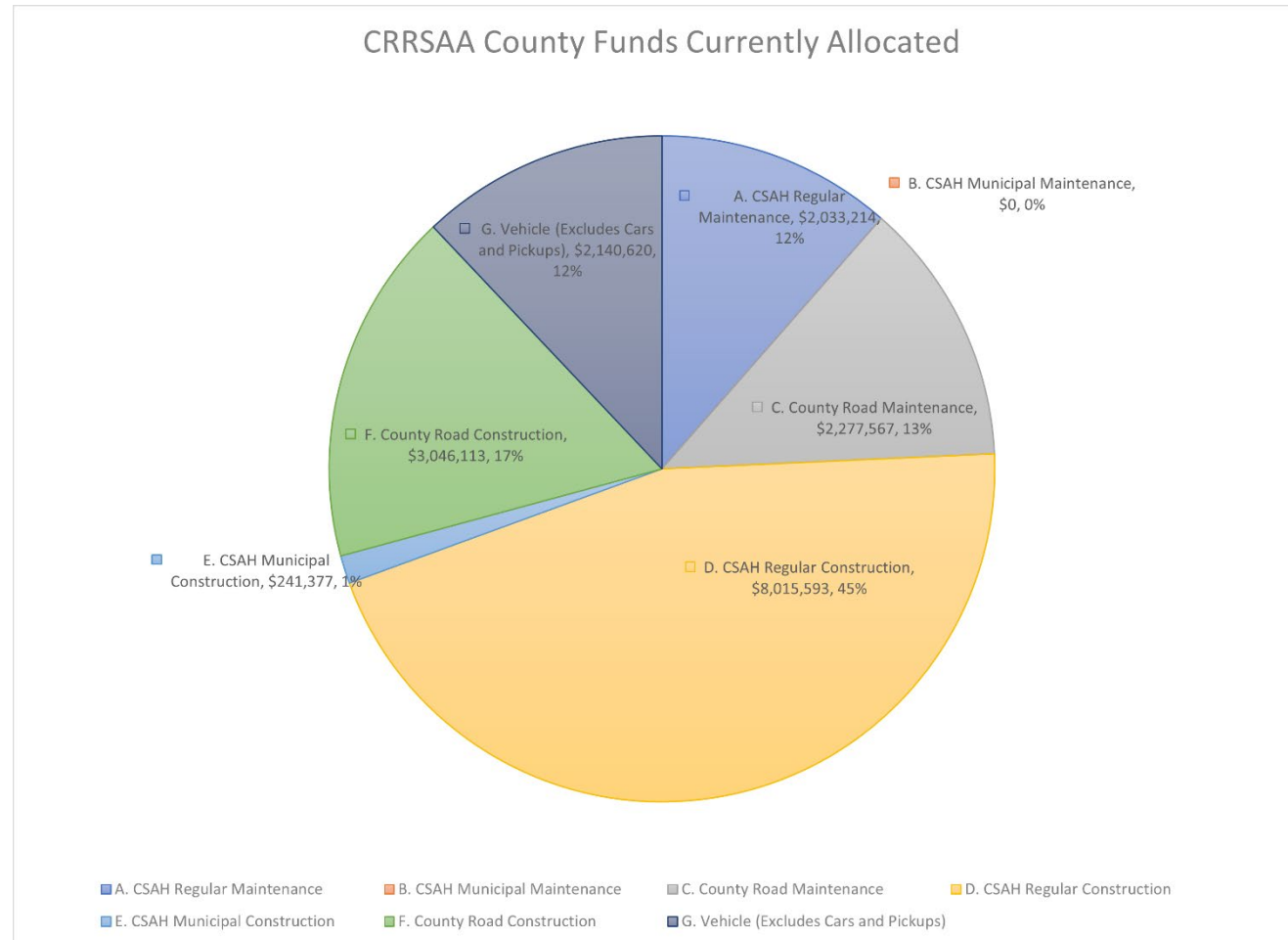
## County

- A. CSAH Regular Maintenance
- B. CSAH Municipal Maintenance
- C. County Road Maintenance
- D. CSAH Regular Construction (includes state aid eligible costs on federal aid projects)
- E. CSAH Municipal Construction (includes state aid eligible costs on federal aid projects)
- F. County Road Construction
- G. Vehicle

# Greater Minnesota Cities CRRSAA



# Greater Minnesota Counties CRRSAA





# Koochiching County





# Itasca County



Metropolitan Council Approved Distribution based on current formula of MSAS and CSAH accounts December 2021

Metro- Your Money is coming

Look for an email from Metro State Aid late this week or early next week with instructions on how to claim your piece of the pie!

# Thank You!

**Elisa Bottos, PE**

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# Federal Funding Impact on Minnesota Cities: COVID-19 Relief and Infrastructure Funding

Daniel Lightfoot, Intergovernmental Relations Representative

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# Your LMC Resources



Broadband  
Cable Franchising  
Housing  
Telecommunications &  
Information Technology  
Wireless Infrastructure  
Federal Advocacy

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Emergency Management  
Public Safety  
State Bonding  
Employment and Human Resources  
Transportation  
Preemption

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# COVID-19 Impact on Cities

- While we're still in it, important to remember the adversity cities have had to overcome to date
  - Vast majority of 19,000 cities in the U.S. experienced decrease in total general fund revenues on top of uptick in unbudgeted COVID-19 expenditures
  - Rapid job loss in Minnesota – net loss of 207,000 jobs between 2019 and 2020 with worst single-month job loss in April 2020 in state's history (-362,496)
  - Delayed capital projects, hiring freezes, and laid off or furloughed workers
  - Essential city employees worked overtime and risked their health and well-being to ensure city services were provided to struggling communities



# Federal COVID-19 Relief Packages

- Coronavirus Preparedness and Response Supplemental Appropriations Act (3/6/2020)
- Families First Coronavirus Response Act (March 18, 2020)
- Coronavirus Aid, Relief and Economic Security Act (CARES) (March 27, 2020)
- Paycheck Protection Program and Health Care Enhancement Act (April 24, 2020)
- Consolidated Appropriations Act, 2021 (December 27, 2020)
- American Rescue Plan Act (ARPA) (March 11, 2021)





# CARES Act



- \$2 trillion package to address COVID-19 response and provide resources to address economic impacts of COVID-19
- Established \$150 billion Coronavirus Relief Fund for States and Local Governments over 500,000 in population
  - Address unbudgeted expenditures necessary to respond to the COVID-19 public health emergency - specifically excluding revenue loss or budgeted costs
- Established Paycheck Protection Program

# CARES Act – Minnesota Impact



- Minnesota allocated \$2.187 billion in Coronavirus Relief Funds (CRF) based on population
  - Hennepin and Ramsey County received direct distributions of a combined \$317 million
  - Remaining \$1.87 billion deposited into state treasury in April of 2020
  - June 2020 – State opts to provide \$841 million of its federal CRF allotment to local governments to support COVID-19 mitigation and relief effort
  - \$370 million distributed on a modified per capita basis to 842 cities and 688 townships
    - Used for public health and safety payroll, assistance to small businesses, other personnel costs, public health and PPE expenses etc.

# American Rescue Plan Act



- \$1.9 trillion in federal funds to address negative impacts of COVID-19
  - \$350 billion Coronavirus State and Local Fiscal Recovery Fund (SLFRF) with \$65.1 billion allocated to cities
  - Funds can be used for:
    - 1. Responding to the Public Health Emergency and its negative economic impacts
    - 2. Responding to workers performing essential work during COVID-19 through premium pay to eligible workers
    - 3. Addressing loss of revenue and its impacts of government services
    - 4. Making necessary investments in water, sewer, or broadband infrastructure
  - Can't be used for: pension deposits, bolstering rainy day funds, debt service
  - Capital Projects Fund for enabling work, education, and health monitoring

# ARPA SLFRF – Impact on Minnesota Cities

- Minnesota received a total of \$2,833,294,345 in SLFRF
  - \$644,156,385 directly distributed to 21 “metropolitan cities”
  - \$376,932,399 made available to Minnesota Management and Budget for distribution to “non-entitlement units of local government”
  - 766 cities have received payments with 88 small cities and 448 township not requesting funds
  - Unrequested fund amounts of nearly \$12 million redistributed with cities receiving an additional \$9 million
- Legislature and Governor agreement – Use \$1.183 billion for revenue replacement, \$500 million for COVID-19 response and \$1.150 billion for 2022 legislative priorities
- State can access up to \$178,855,000 in Capital Projects funding – already accessing \$70 million for Border-to-Border Broadband Grant program
- \$3.505 billion in federal program-specific funds

# State and Local Fiscal Recovery Fund Final Rule

- Treasury published Interim Final Rule in May 2021 to guide eligible expenditures in spending categories outlined in ARPA
  - Non-exhaustive list of eligible expenditures but without clear direction on every category of spending including lost revenue
- After 1,500 comments, Final Rule released on January 6th – provides more direction, broader flexibility and greater transparency
  - Standard allowance for revenue loss of \$10 million (easier for NEUs)
  - Broadened eligibility for broadband, water, and sewer infrastructure investments
  - Streamlined options to provide premium pay
  - Clarified which capital expenditures are allowable

# Infrastructure Investment and Jobs Act (IIJA)

- \$1.2 trillion IIJA signed into law on November 15
- \$550 billion in new spending over 5 years to address transportation infrastructure, roads, bridges, transit, broadband and cybersecurity, water and wastewater infrastructure, and energy infrastructure
- Majority of funds will flow through state transportation departments
- Significant portion reserved for new discretionary grant programs administered by USDOT



# IIJA – Funding Provisions



- Broadband: \$65 billion – grants to states for broadband deployment and to improve digital equity
  - MN will get a minimum of \$100 million allocation
- Cybersecurity: \$42.7 billion – funding for cybersecurity to address cybersecurity threats to state and local information systems
  - MN will receive close to \$18 million over 4 years via formula with suballocations for local governments and rural areas



# IIJA – Funding Provisions Continued

- Water Infrastructure: \$55 billion – drinking water and wastewater infrastructure funding, lead service line replacement, PFAS mitigation
  - MN will receive close to \$680 million over five years to improve water infrastructure
- Electric Vehicle Charging: \$7.5 billion – build national network of EV chargers
  - MN will receive expected \$68 million over five years to support expansion of state EV charging network with opportunity to apply for additional funding
- Bridge Discretionary Grant Program: \$12.5 billion – improve state and local bridge and culvert condition
- Safe Streets and Roads: \$6 billion – only open to local governments



# IIJA Minnesota Impact – Policy

- Local Control – allows cities to apply design guide of their choice to federal-funded projects on locally-owned streets
- Streamlines NEPA reviews
- Ends prohibition on local hiring allowing recipients of federal transportation grants to implement local hiring preference for construction work
- Not in the bill but... limitations on state spending of federal funds due to continuing resolution restrictions



# IIJA and Federal Fund Impact - Legislature

- Federal funds will impact legislative discussions on bonding bill and other areas during 2022 session
  - \$6.8 billion in IIJA funding will impact size and scope of bonding proposal
  - Important to remember state and local matching requirements remain
  - \$1.150 billion of state's ARPA fiscal recovery funds reserved for 2022 supplemental budget
  - Will impact discussions on how to utilize \$7.7b surplus

