



# Updating MnDOT's Cost Participation Policy

MCEA Annual Conference  
January 2026

# MnDOT's Cost Participation Policy



- ❑ February 1, 2026 – Commissioner report due to chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy
- ❑ March 1, 2026 – Legislative action directed the Department of Transportation to update and adopt the Department's Cost Participation Policy
- ❑ Defines a local unit of government's funding participation necessary for portions of a MnDOT initiated trunk highway construction project
- ❑ Defines extent to which MnDOT may participate in a locally initiated project that affects the trunk highway system

# MnDOT's Cost Participation Policy



MnDOT participation is limited to TH purposes



Projects may be initiated by MnDOT or by a local government



Policy is for internal MnDOT purposes  
*(does not obligate local agencies and does not obligate MnDOT on locally initiated projects)*



# MnDOT's Cost Participation Policy

## **Policy**

Provides the framework to determine potential expenditures of TH funds on elements of cooperative construction projects and maintenance; and is limited to TH purposes

## **Manual**

Provides the details for applying the Policy to the projects, methods for computing cost shares and relevant procedures.

## Policy History

1985 - Established

2001 - Revision 1

2004 - Revision 2

2014 - Revision 3

2016 - Revision 4

# Local Agency Perspectives



"Does your stated values and vision match your policy?"



"Anything we pay more for is something else we do less of"



"Consistency is important, yet flexibility is valued"



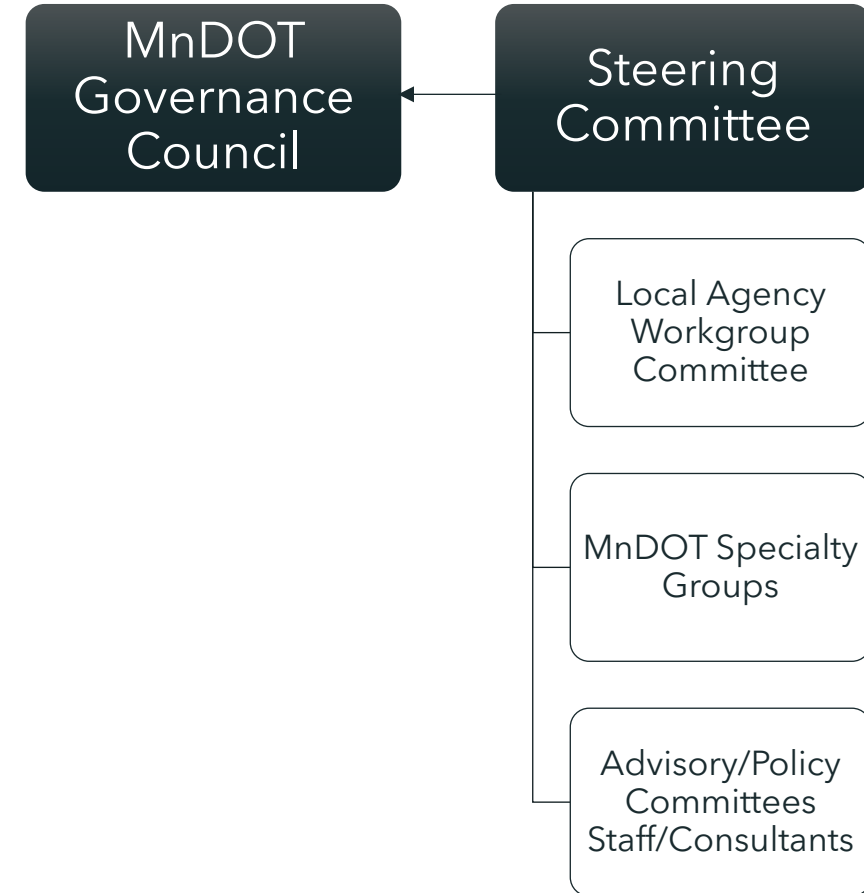
"Not every community is in the same place financially or in terms of capacity to maintain"



"The policy should support the strategic direction of the agency"

# MnDOT Policy Review Process

- ❑ May 2024 – Kickoff
- ❑ MnDOT Governance Council & Leadership
- ❑ Steering Committee
  - 50% State / 50% local government
  - 2 County, 3 City, 1 Township
- ❑ Local Agency Workgroup (CPP LAW) Committee
  - 7 County, 10 City, 1 Township
- ❑ MnDOT specialty groups



# Local Agency Workgroup Representation

## Liaisons to Steering Committee



**Tony Winiecki**  
Scott County



**Jim Foldesi**  
St. Louis County



**Madeline Cash**  
MN Association of  
Townships



**Bob Zimmerman**  
City of Moorhead



**Deb Heiser**  
City of St. Louis Park



**Julie Long**  
City of Bloomington

# Local Agency Workgroup Representation

## County Engineer Representation



**Darrick Anderson**  
Cass County



**Anthony Pirkl**  
Lake of the Woods County



**Brian Giese**  
Pope County



**Richard Sanders**  
Polk County



**Dave Kramer**  
Winona County

# Local Agency Workgroup Representation

## City Engineer Representation



**Kristin Asher**  
City of Richfield



**Steven Jahnke**  
City of Albert Lea



**Will Manchester**  
City of Minnetonka



**Jeni Hager**  
City of Minneapolis



**Michael Thompson**  
City of Plymouth



**Steven Bot**  
City of St. Michael



**Nick Peterson**  
City of St. Paul

# State Aid Support ~ Local Agency Workgroup



**Ted Schoenecker**  
State Aid Assistant Division  
Director



**Jay Owens**  
State Aid Office Director



**Mark Vizecky**  
State Aid Operations Engineer



**Todd Broadwell**  
District State Aid Engineer (D8)



**Andjela Tomovic**  
District State Aid Engineer (D3)



**Nathan Gannon**  
District State Aid Engineer (D4)

# Guiding Principles for CPP LAW



**Flexible Negotiation** - Consistent expectations framework that allow for flexibility for negotiating agreements



**Equitable Partnership** - Fair and equitable partnerships that recognize all agencies are fiscally constrained in M&O infrastructure



**MnDOT Investment** - MnDOT should be financially responsible for MnDOT required items within their ROW



**MnDOT Goals** - Required infrastructure investment to accommodate safe, multimodal transportation on TH systems should be borne by MnDOT



**TH Responsibility** - CPP LAW supports MnDOT fully funding TH system needs in accordance with state statute



**Transportation Funding** - CPP LAW will advocate for and support legislative increased transportation funding statewide for TH systems



**Shared Communities** - CPP LAW views communities as MnDOT's communities too that serve all the same people and should have shared responsibilities



**Zero Cost for Locals** - Work toward zero costs for locals throughout the policy

# Summary of All Topics Discussed

- De Minimis Clause
- Pedestrian Hybrid Beacons (PHBs) / Rectangular Rapid Flashing Beacons (RRFBs)
- Lighting
- Roundabout (RAB)
- Traffic Signals
- Active Transportation (AT)
- Ability to Pay
- Bridges & Interchanges
- Green Infrastructure
- Additional Functional Design Elements
- Aesthetics and Art
- Project Turn In and Detours
- Local Utility Relocation
- Greenhouse Gas (GHG) / Vehicle Miles Traveled (VMT) Offset
- Frontage Roads
- \*Drainage, Stormwater, and Wetlands
- \*Parking

**Bold denotes Recommendations Supported/Completed**

\*Ongoing Discussion/Pending

# De Minimis Clause

(NOT IN CURRENT POLICY BUT WAS IN PRIOR TO 2015)

*Cost	Project Initiated	Responsibility/ Originating Agency	Fund Source/ Eligibility
\$50,000 or less	MnDOT	**MnDOT	MnDOT <u>will</u> cover TH eligible costs
\$50,000 or less	Local	***Counties      ***SA Cities	MnDOT <u>will not</u> participate
\$10,000 or less	Local	***Non SA Cities, Twps, and Tribes	MnDOT <u>will not</u> participate

- \* Does not include items such as local utilities that are not TH eligible
- \*\* When no other non-trunk highway eligible local costs on the project
- \*\*\* Does not include items MnDOT is required to pay for such as detours

# Ability to Pay

## *Project Maximum Contribution*

*(rounded to nearest \$1,000) = Adjusted Net Tax Capacity (ANTC) (5-year average) X 0.008*

- ❑ **Local financial capacity considers financial equity across cities, counties and townships**
  - Applies to trunk highway eligible items on MnDOT-initiated projects
  - Maximum local contribution per project capped at 0.8% of the local agency's 5-year average adjusted net tax capacity (rounded to the nearest \$1,000)
  
- ❑ **De Minimis Clause Relationship**
  - If a project has no additional local cost, the De Minimis Clause may apply which could result in zero cost to the local agency

# Ability to Pay – Adjusted Net Tax Capacity

## Project Maximum Contribution

(rounded to nearest \$1,000) = Adjusted Net Tax Capacity (ANTC) (5-year average) X 0.008

Agency	5-Year Average ANTC	Maximum Per Project	Estimated Population
Two Harbors	\$4,480,816*	\$35,847	3,600
Lake of the Woods County	\$9,207,871**	\$73,663	3,800
Faribault	\$29,868,355*	\$238,947	25,000
Winona	\$30,543,354*	\$244,260	26,000
Moorhead	\$47,236,992*	\$377,896	45,000
Winona County	\$65,510,729**	\$524,086	50,000
Bloomington	\$224,935,470*	\$1,799,484	87,000
St. Louis County	\$281,483,036**	\$2,251,864	200,000
Scott County	\$304,078,701**	\$2,432,630	157,000

\*5-Year Average ANTC based on Study Year 2023

\*\*5-Year Average ANTC based on 2020-2024

# Bridges & Interchanges

Proposed changes/improvements to the Bridge Section of the CPP:

- Improved financial participation by MnDOT at New Local Road Interchanges or New Grade Separations on Expressways.
  - MnDOT begins participation at 50% of eligible construction costs for interchanges/grade separations that replace existing at-grade intersections and may increase that participation level to 100% depending on certain safety or operational improvements, which could mean little to no local cash outlay for major projects.
  - Examples where additional cost share (compared to existing) from MnDOT include:
    - Improvement in access management (e.g., reducing or consolidating local access points to the highway)
    - Elimination of high crash intersections, especially where serious or fatal crashes have occurred
    - Removal of traffic signals at interchanges, improving traffic flow and reducing collision points

# Bridges & Interchanges (Continued)

- ❑ Local governments will benefit from having a larger portion of structural reconstruction costs funded by MnDOT, especially when projects address state highway needs.
  - ❑ Under the proposed policy, MnDOT covers 100% of structural costs for MnDOT initiated projects tied to trunk highway needs – which equates to no local contribution for the main bridge replacement.
- ❑ Local governments can also benefit from the updated CPP for functional improvements (e.g., geometric updates).
  - ❑ Under the proposed policy, the local unit of government is responsible for at least 20% of additional bridge costs tied to functional changes. This is clearer for local agencies to plan, as it establishes a known minimum local share - compared to the current policy that leaves the local share more open ended.

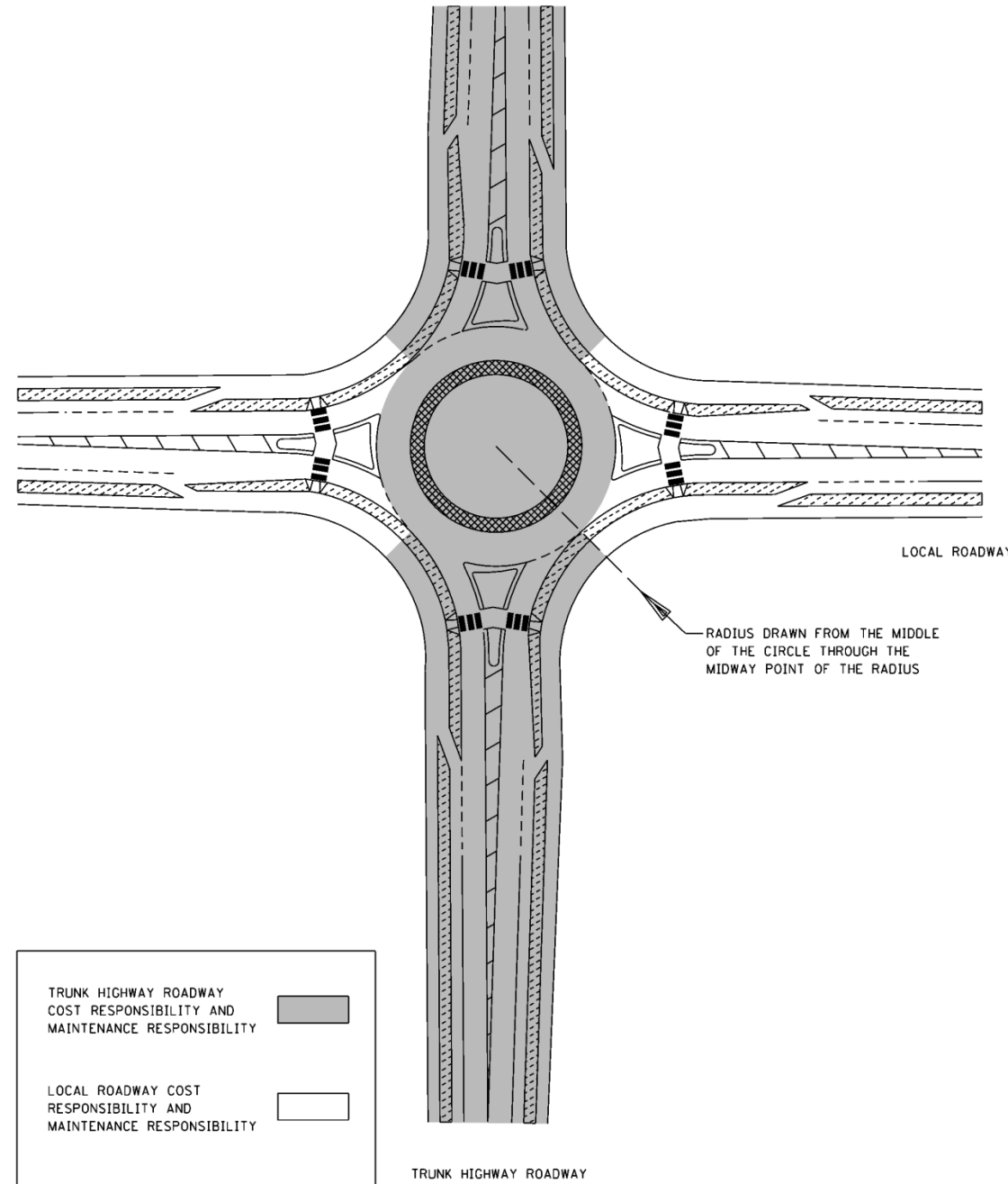
The proposed CPP helps differentiate between state driven needs and locally driven enhancements – which allows agencies a more structured framework to plan and negotiate projects.

# Roundabout (RAB)

## Fatal and Serious Injury Crash Rate Index (FAR Index)

Situation	Minimal Local Share Per Leg
FAR Index $\geq 1.5$	5%
FAR Index between 1.0 and 1.5	10% or standard guidance, whichever is less
FAR Index of at least 0.5 but less than 1.0, AND identified as a priority location in a district safety plan or adopted local safety plan	15% or standard guidance, whichever is less
All other intersections	Standard guidance

- ❑ If there is only one local leg in the intersection and it makes up 10% or less of the entering volume, Mn/DOT will cover that leg.



# Traffic Control Signals

- ❑ MnDOT covers local leg if:
  - No private entrance legs
  - Local leg <10% entering traffic volume as documented in approved traffic analysis
- ❑ If signal does not meet warrants but approved as exception; local pays 100%
- ❑ Capital Improvement Plan (CIP) Consideration:
  - MnDOT covers 50% of local share if notice given  $\geq 3$  years before construction
  - MnDOT covers 100% if notice given  $\leq 1$  year before construction
- ❑ The cost of a private leg will be shared by all other legs equally

# Lighting

- ❑ More cost participation, ownership and maintenance for MnDOT
- ❑ Increased MnDOT participation on cost share related to the following
  - Trail and sidewalk areas
  - Lighting systems initiated by a local agency
  - Lighting replacements
- ❑ Increased level of MnDOT maintenance responsibilities related to expressways
- ❑ Local agency related costs or responsibilities include community driven decorative lighting, and maintenance where there is accessibility from the local road

# Local Agency Utility Relocation

- ❑ Requires statutory language revision to allow MnDOT to pay for local agency utility relocation
  - MnDOT required to provide suggested language in the Final Report to the Legislature, which has been agreed upon by the CPP Steering Committee
- ❑ Define local agencies
  - “Local unit of government” means a statutory or home rule charter city, town, county, soil and water conservation district, watershed district, another special purpose district, and local or regional board. Will also include federally recognized tribes
- ❑ Define eligible utilities
  - Utility systems for supplying light, water, sanitary sewer service or storm sewer service
- ❑ Define remaining service life
  - To be determined by the commissioner in collaboration with local agencies
  - A framework has been agreed upon and will be finalized if the law is passed
- ❑ Cities are still responsible for relocations driven by local non-MnDOT-initiated projects

# Active Transportation (AT)

## Construction

- Expanded Scope to add pedestrian bridges and underpasses
- Sidewalks, Shared Use Paths, Bikeways
  - MnDOT covers up to 100% for new facilities necessary for safe operation
  - MnDOT may participate in frontage road facilities for access closure and/or consolidation
  - MnDOT may participate in wider and/or longer bridges for future facilities in adopted plans
  - Local pays 100% if facility is not necessary as determined by Mn/DOT
- Reconstruction participation for disturbed facilities and ADA compliance

## Maintenance

- Local responsible for sidewalks, shared use paths, pedestrian refuge islands
- Locals not responsible for winter maintenance for facilities at isolated intersections outside incorporated municipalities
- Local responsible if bikeway markings are other than MnDOT standard installed at local request
- Non-Routine Maintenance:
  - Adds panel replacement to list
  - Costs proportioned same ration as initial construction project unless agreement states otherwise
- Maintenance of pedestrian bridges and underpasses refer to Bridge Maintenance policy

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# Key Takeaways

## Cooperative Review Process



Numerous touch points by many. Transparent dialogue. Open to suggestions



Consistent policy, but flexible = District decision making, especially context level



Real effort to reduce local cost and create an Ability To Pay policy



Maintenance part of all topic discussions – Small wins, status quo



Could result in less MnDOT projects or ability to support local initiated projects (estimated at \$19M/year)

# Next Steps



**FEBRUARY 1**

Draft Policy  
To  
Legislature



**MARCH**

Legislative  
Deadline  
For Policy  
Adoption



**COMING SOON**

Trainings for  
Updated CPP



**FUTURE**

Statutory  
Changes



# Questions?

*Jim Foldesi, St. Louis County*

*Tony Winiecki, Scott County*

*Ted Schoenecker, State Aid*

# Thank You!

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