($ in Thousands)

Project Title	Agency Priority	Strategic Score	Funding Source	Agency Request 2004	Agency Request 2006	Agency Request 2008	Governor's Rec 2004	Governor's Planning Estimates 2006	Governor's Planning Estimates 2008
Analog to Digital Conversion	1	290	THF	$10,000	$5,000	$0	$3,000	$6,000	$6,000
Local Bridge Replacement Program	2	385	GO	30,000	70,000	70,000	28,000	28,000	28,000
Mankato Headquarters Building	3	270	THB	15,720	0	0	10,000	0	0
Local Road Improvement Grants	4	180	GO	10,000	20,000	20,000	10,000	10,000	10,000
Small Capital Projects	5	195	THF	9,862	0	0	3,800	0	0
Rail Service Improvement	6	310	GO	6,000	6,000	6,000	0	0	0
Port Development Assistance	7	205	GO	4,000	8,000	8,000	0	0	0
Soo Lock Funding	8	227	GF	6,600	0	0	0	0	0
Northstar Commuter Rail	GOV-1		GO	37,500	49,066	0	37,500	49,066	0
State Bridge Program			THB	0	70,000	70,000	0	0	0
Rochester Truck Station			THF	0	5,000	0	0	0	0
Arden Hills Training Center Addition			THF	0	4,600	0	0	0	0
Maple Grove Truck Station			THF	0	4,500	0	0	0	0
Golden Valley Shop Addition			THF	0	4,000	0	0	0	0
Willmar HQ Addition			THF	0	1,700	0	0	0	0
Duluth HQ Addition/Remodel			THF	0	1,250	0	0	0	0
Shakopee Truck Station			THF	0	0	3,000	0	0	0
Jordan Truck Station			THF	0	0	3,000	0	0	0
Plymouth Truck Station Addition			THF	0	0	3,000	0	0	0
Eden Prairie Truck Station			THF	0	0	2,000	0	0	0
Crookston Truck Station Addition			THF	0	0	1,000	0	0	0

	Agency Request 2004	Agency Request 2006	Agency Request 2008	Governor's Rec 2004	Governor's Planning Estimates 2006	Governor's Planning Estimates 2008
Project Total	$129,682	$249,116	$186,000	$92,300	$93,066	$44,000
General Obligation Bonding (GO)	$87,500	$153,066	$104,000	$75,500	$87,066	$38,000
General Fund Projects (GF)	$6,600	$0	$0	$0	$0	$0
Trunk Highway Fund (THF)	$19,862	$26,050	$12,000	$6,800	$6,000	$6,000
Trunk Hwy Fund Bonding (THB)	$15,720	$70,000	$70,000	$10,000	$0	$0

Funding Sources:			
	GF = General Fund	THF = Trunk Highway Fund	OTH = Other Funding Sources
	GO = General Obligation Bonds	THB = Trunk Highway Fund Bonding	UF = User Financed Bonding

Agency Profile At A Glance

FY 2004-05 Budget (000s)

Operating budget:	$ 928,232
Capital expenditure:	1,641,822
Grants:	1,523,417
Total:	$4,093,471

Mn/DOT's primary source of financing is the Trunk Highway fund, which is supported by motor fuel taxes, motor vehicle registration fees, and motor vehicle sales taxes. Other sources include federal funds and state airport funds. Less than 1% of the operating budget is from the General Fund.

Agency Purpose

The Minnesota Department of Transportation (Mn/DOT) was created by the state legislature in 1976. Its role is to develop and implement transportation policies, plans, and programs that enhance the quality of life for Minnesota citizens.

Meeting Minnesota's transportation needs, now and in the future, is one of the top policy goals of the Pawlenty-Molnau administration. Mn/DOT's work will be guided by the administration's governing principles of commitment to mission, focus on customers, simplify government, manage for results and improvement by innovation. fees and motor vehicle sales taxes.

Mn/DOT's vision affirms what citizens want for Minnesota: a coordinated transportation network that meets the needs of Minnesota citizens and businesses for safe, timely and predictable travel.

Mn/DOT's mission is to improve access to markets, jobs, goods and services and improve mobility by focusing on priority transportation improvements and investments that help Minnesotans travel safer, smarter and more efficiently.

Mn/DOT's strategic directions are to:
- ♦ safeguard what exists,
- ♦ make the transportation network operate better, and
- ♦ make Mn/DOT work better.

Mn/DOT's investment objectives are:
- ⇒ Building More - addressing congestion, supporting cost-effective investments and pursuing long-range funding.
- ⇒ Building Faster - accelerate construction, shorten construction time and accelerate funding for transit advantages.
- ⇒ Moving Better - focus on cost-effective investments that improve safety, reduce congestion and improve mobility.

Major Functions

State Roads - Includes the construction, operation, and maintenance of the state's 12,000-mile trunk highway system.

Local Roads - Includes the local financial resources for county and municipal roads generated by the constitutional funding sources.

Multimodal Systems. Includes supporting the use and development of cost-effective transportation modes -transit, air, railroads and waterways -owned and operated by local governments and private operators. This includes financial investments, technical assistance and operational reviews.

General Support - Includes general department-wide administrative functions (accounting, personnel, information resources), the commissioner's office, and the policy functions of the department. It also includes the construction and centrally directed maintenance of all the department's buildings.

Operations

Highways

Mn/DOT constructs, operates, and maintains the state trunk highway system that includes approximately 12,000 miles of roads and 5,700 bridges. This system carries about 61% of all travel for the entire 130,000-mile system of state and local roads.

Rail
Mn/DOT represents the state's interests in the movement of freight by railroads, administers highway/railroad construction projects, and manages investments in rail service improvements.

Freight
Mn/DOT facilitates the improvement of freight transportation services to the state on all transportation systems by studies, policies, and investments that increase freight productivity and safety.

Commercial Waterways
Mn/DOT represents the state's interests in the Federal Systems of Commercial Navigation on the Great Lakes/St. Lawrence Seaway and the Mississippi River Commercial Navigation system. Mn/DOT also manages investments in the public ports on the Minnesota portions of these systems.

Aeronautics
Mn/DOT promotes general and commercial aviation throughout the state and provides services including aircraft registration, airport development, aviation system planning, aviation education, and government aircraft services.

Transit
Mn/DOT provides statewide leadership in the development and implementation of transit systems, including management of state and federal funds for greater Minnesota public transit, commuter bus, passenger rail, and the construction of the Hiawatha LRT line.

Motor Carrier Services
Mn/DOT administers and enforces the state's for-hire and private motor carrier industry and safety regulations.

Budget

Mn/DOT's investment objectives focus on building more, building faster and moving better. Mn/DOT has used budget reallocation and innovative financing techniques totaling $825 million to advance critical road and bridge expansion, transit improvement and safety projects by more than a total of 65 years. The 2003 Pawlenty-Molnau transportation package authorizes Mn/DOT to issue $400 million in highway bonds and utilize $425 million in advance construction for 2004-2007. A long-term financing solution is needed to continue to make transportation improvements. Mn/DOT has prepared an activity-based budget for FY 2004-05 that reflects the actual products and services the agency delivers to customers and incorporates a comprehensive business planning process to support investment decisions and performance measurement.

Contact

For more information about Mn/DOT, contact: Bob McFarlin, Assistant to the Commissioner, at (651) 296-3099. The Mn/DOT web site at http://www.dot.state.mn.us provides transportation information to visitors including hot topics, news and views, road construction and maintenance information, tips for travelers, district information, doing business with Mn/DOT, career information, and more.

For information on how this agency measures whether it is meeting its statewide goals, please refer to http://www.departmentresults.state.mn.us.

At A Glance: Agency Long-Range Strategic Goals

- Safeguard what exists – operate, maintain, and preserve Minnesota's existing transportation systems and infrastructure.
- Make the transportation network operate better through balanced cost-effective statewide strategies.
- Make Minnesota Department of Transportation (Mn/DOT) work better by continuously improving service and efficiency in order to give citizens the best value for their tax dollars.

Trends, Policies and Other Issues Affecting the Demand for Services, Facilities, or Capital Programs

Distinct operating units have initiated the requests for projects in this budget document. The sections of this summary are explained separately by those operating units:

⇒ The Facilities Program addresses all Mn/DOT owned buildings, statewide, funded by direct appropriation from the trunk highway fund. Generally, building projects included in the capital budget cost $1 million or more. If projects are less than $1 million, they are requested in the biennial budget. If not acted upon, these smaller projects are requested in the capital budget.

⇒ State Aid for Local Transportation (State Aid) addresses the need for general obligation bonds to replace deficient local bridges and to complete local road and bridge projects with statewide or regional significance.

⇒ Office of Freight and Commercial Vehicle Operations addresses rail service improvement projects and port improvement needs, which are funded from general fund obligation bonds.

⇒ Office of Electronic Communications addresses a request for an upgrade of a portion of the agency's communication backbone from analog to digital.

Facilities Program

Facilities need to be routinely maintained, repaired, constructed, and/or upgraded to provide support for the Mn/DOT. Space is required for administration, vehicle storage and repairs, ancillary equipment, installed facility-supporting equipment, and office space. All at correct locations for operations so Mn/DOT employees can efficiently and promptly respond to the highway users needs. These facilities are constructed to program requirements; new equipment demands or is regulatory or building code driven.

Mn/DOT has continually upgraded its fleet and technological capabilities to be more efficient in constructing and maintaining the transportation infrastructure, while providing for the safety of the public and the Mn/DOT work force. This policy has impacted the ability to store, maintain and maneuver the equipment at many truck stations and district headquarters. As an example, trucks have gone from a single axle, 33-foot length, to a double axle, requiring 44 feet to park. Other equipment, attachments and technical enhancements also require larger storage capabilities and maneuvering space. Increased use of sophisticated hydraulic systems and computer technology require warm storage for the maximum efficient use and life cycle.

Retaining this large and diverse fleet greatly affects the space and air quality conditions of existing facilities: 1) Existing buildings require additional space to accommodate larger vehicles and support spaces; and 2) diesel engines emit fumes that are difficult to diffuse and require extensive mechanical retrofit.

While Mn/DOT was shifting to larger equipment, building codes and environmental regulations and Occupational Safety & Health Administration (OSHA) procedures also grew more complicated. Additional facilities systems such as fire sprinklers, Americans with Disabilities Act (ADA), along with asbestos removal have expanded facilities size and complexity. Some of these regulations have shifted field maintenance positions to design and compliance professionals, which require additional administrative and support spaces.

State Aid

In 1976, the legislature began a program of state bond funds to replace deficient bridges on the local roads system. It was recognized at that time that the number of aging bridges and the need for replacement was so great that the local agencies needed state assistance in addressing the needs.

The number of bridges becoming deficient in Minnesota is increasing as bridges built after World War II get older. Additionally, the increase in truck weights and the size of farm machinery directly affect the structural and functional condition of bridges.

In 2002, the legislature created a program to assist local agencies with the construction of road and bridge projects that are on the local system, but with statewide or regional significance or associated with trunk highway corridor improvements. A study completed for the legislature in January of 2002 identified several types of local transportation projects that are of importance to the state, but are beyond the means of local agencies to fund, and cannot reasonably be funded by existing state or federal programs.

Local agency transportation projects will compete on a statewide basis. Eligibility for funding will consider the significance and benefit of the project as well as the local agency's ability to provide partial funding.

Freight and Commercial Vehicle Operations
The Minnesota Rail Service Improvement (MRSI) Program was created in 1976. The MRSI program has received general fund appropriations totaling $14.5 million and general obligation bond appropriations totaling $25.5 million over the life of the program. These funds were granted or loaned to rail users and rail carriers to rehabilitate deteriorating rail lines, to improve rail-shipping opportunities, and to preserve and maintain abandoned rail corridors for future transportation use.

With the numerous changes in the railroad industry, particularly in the larger railroads, the need for shortline and regional railroads has increased significantly. The influx of mergers has created additional spin-off and abandoned rail lines. This has increased the demand for the MRSI Program. Rural communities in Minnesota depend on reliable rail service. With the entrance of longer and heavier trains, rail shippers must upgrade their rail spurs, storage facilities, and loading/unloading facilities to utilize rail as a transportation alternative.

In 1991, M.S. 457A established the Port Development Assistance Program, a program similar to the MRSI Program. Its purpose is to provide grants in partnership with local units of government and port authorities for port and terminal improvements that would improve shipping on Minnesota's commercial waterway system. Eligible projects include improvements, repairs, and construction of terminal buildings and equipment, railroad and roadway access, dock walls, piers, storage areas and dredging harbor sediment. Passenger boat facilities and commercial fishing terminal facilities are also eligible as well as freight terminals. Project locations must be on navigable portions of the Mississippi, the Minnesota, and the St. Croix rivers or on the North Shore of Lake Superior. Since 1996, $12.5 million has been appropriated for the Port Development Assistance Program.

Electronic Communications
Mn/DOT has the largest mobile vehicle fleet in state government. Because of the specialized public safety and public service functions of this fleet, most units are equipped with radios. The Office of Electronic Communications also serves the mobile communication needs of the departments of Public Safety and Natural Resources.

Each of these agencies operates its own radio communication system. These systems were designed and implemented in the 1970s. The overall technology used in all these systems (wideband analog) is not compatible with proposed Federal Communications Commission (FCC) changes. The state is faced with replacing all existing systems with independent digital narrowband systems or with implementing a single shared digital radio system. County and municipal governments are facing the same challenge.

Consistent with Mn/DOT's desire to consolidate systems and partner with other agencies at all levels, the department is a coordinated statewide network encompassing various technologies to meet the voice, data, and video communication needs of this agency and our partners.

Long-range strategic plans by program

Facilities Program
Long-Range goals of Mn/DOT regarding facilities are to safeguard what exists and make Mn/DOT work better. To meet those goals, the Facilities Program will:

⇒ **Provide facilities that**
- are functionally efficient;
- foster productivity by allowing employees to safely produce a maximum amount of output with a minimum amount of effort;
- use creative design elements to provide a distinctive and pleasing appearance economically;
- enable change to the interior organization, to reorganize work systems and processes with a minimum of cost and disruption;
- supports the ability to expand the facility footprint, or provide site enhancements with a minimum disruption of existing functions;
- provide safe, adequately sized heated storage space for snow and ice removal equipment;
- provide adequate training and meeting facilities, lunchrooms, and rest rooms for maintenance workers; and
- provide an office environment for employees using the most efficient and safe technology and ergonomics.

State Aid
One of Mn/DOT's goals is to make the transportation network operate better by maintaining the mobility of the traveling public. Bridges are critical links in the transportation network and replacing those, which are deficient, will help Mn/DOT to meet the goal of providing mobility for people and goods.

Mn/DOT State Aid Division's long range budget plan is to maintain a continuous adequate level of funding for a local bridge replacement program so that the number of deficient bridges can be reduced and maintained at an acceptable number, even as the number of bridges becoming deficient each year is increasing.

In addition to local bridges, there is a need for state assistance with certain local agency road and bridge projects that cannot be reasonably funded through existing programs. Mn/DOT State Aid's long-range goal is for a program using such funds as the legislature may allocate to construct these regionally beneficial projects.

Freight and Commercial Vehicle Operations
Mn/DOT's strategic plan reflects a commitment to operate, maintain, and preserve Minnesota's transportation systems and infrastructure. Federal TEA-21 language reinforces that direction by emphasizing the need for states to be more intermodal in their approach to addressing transportation solutions. Railroads and waterways are integral parts of Minnesota's transportation network.

Two of Mn/DOT's strategic directions are:
- safeguard what exists, and
- make the transportation network operate better.

Continued investment in the MRSI program and the Port Development program are critical elements of the transportation investment strategy to accomplish these important Mn/DOT directions.

Electronic Communications
The Office of Electronic Communications supports the overall goals of the agency, making the transportation network operate better and making Mn/DOT work better, by:

⇒ Providing a reliable communication system to meet the needs of Mn/DOT and its partners to improve the safety and mobility of the traveling public.
⇒ Creating partnerships with local governments to share resources to develop a statewide shared radio system.
⇒ Converting all existing analog systems to digital.

Provide a Self-Assessment of the Condition, Suitability, and Functionality of Present Facilities, Capital Projects, or Assets

Facilities Program
Mn/DOT has 1,050 facilities including headquarters facilities, truck stations, cold storage, salt storage, rest areas, weight stations, and radio/communications sites. Increases in equipment sizes, environmental regulations, building code changes and the lack of adequate administrative space are the primary justifications for recent facility projects. Of the 142 truck stations currently in the Mn/DOT inventory, 26 are considered functionally inadequate. Truck bays are too small, mechanical equipment inadequate, etc.

State Aid
Currently, 2,100 of approximately 15,000 bridges on the local road system are either structurally deficient or functionally obsolete. A structurally deficient bridge indicates poor condition of the structural elements of the bridge. A functionally obsolete bridge has such poor geometry, usually a narrow width, that it poses a safety hazard to the motorist.

Although the state provides state-aid for local roads and bridges, there are projects on the local system that are of importance to the state or region that cannot be reasonably funded through the existing state-aid system. Reasons why include the agency does not receive state-aid, the project is unique and too large for the formula to consider, or the need for the project comes from an external cause such as economic development or rapid growth.

These roads and bridges are critical links in the state's transportation system and must be serviceable to move people and goods where needed.

Freight and Commercial Vehicle Operations
Minnesota's rail and waterway systems are vital elements of the state transportation infrastructure and provide essential services for the competitive movement of bulk products in and out of Minnesota. Preservation and improvement of rail and waterway systems is crucial to the state's economy.

Some of Minnesota's shortlines and regional railroads need rehabilitation to provide competitive choices for shippers. Without assistance from the MRSI Program many of these railroads will be abandoned and shippers forced to either truck all their freight, relocate along a Class 1 railroad, go out of business, or leave the state.

Current needs for expensive rail replacement projects to accommodate heavier rail cars are an enormous burden on Minnesota's shortline and regional railroads. These railroads need access to low – or no-interest loans to rehabilitate their track and continue their economic viability. The Minnesota Rail Service Improvement Program was established to meet these needs.

The physical infrastructure of Minnesota's Mississippi River and Lake Superior ports need rebuilding and updating to keep Minnesota competitive with other waterway states. Some of the projects that need rebuilding are too large for the local port authorities to finance on their own. The Waterway Transportation System is a low cost, environmentally friendly freight mode that will keep Minnesota producers competitive in world markets (i.e. agriculture and taconite industries). The waterways will help reduce roadway congestion especially as our population and freight needs grow.

Aging, extensive use, and fluctuating lake and river levels increase the deterioration of dock walls, piers, and mooring cells. Without a funding program, our ports will continue to deteriorate to a point where it will be more costly later and possibly too late to respond to shippers' needs.

Electronic Communications
Mn/DOT maintains and supports over 10,000 mobile radios in vehicles ranging from snowplow trucks to state patrol vehicles to highway construction management vehicles, as well as over 800 fixed base stations and support facilities. These vehicles and their radio systems are essential to public safety and mobility. All these systems are in need of upgrade or replacement to accommodate increased message volume and maintain reliability, and to meet FCC requirements.

This request will support update of the links that connect these systems. Without funding, the radio systems will continue to decline.

Agency Process Used to Arrive at These Capital Requests

Facilities Program
Every two years, Mn/DOT performs a Facility Assessment of all Mn/DOT facilities. These assessments review nine, functional areas, uses a weighted scoring system and provides a comprehensive look at the facility condition, suitability and functionality. Mn/DOT recently adapted this assessment to provide the Facility Condition Audit information required annually by the legislature.

Annually, Mn/DOT uses the Facility Assessment and District meetings while in the building budget process, to determine, with building users and division staff, the deficiencies and needs for immediate and future building space and renewals. The assessment is then consolidated and prioritized by score. The top 10-15 projects are reviewed by the Facilities Program professional staff for consistency and need. Priorities are, developed, presented to the Districts for review, then to the commissioners staff for concurrence and approval. This process results in a comprehensive eight to 10 year construction plan.

This process also develops annual required maintenance and repair projects. Presently, the plan lists over 125 maintenance and repair projects scheduled for completion this year. Also listed are over 200 smaller ongoing projects waiting funding over the next four biennia, with an estimated cost of over $29 million. The plan also identifies 14 major projects, with an estimated cost of over $35 million.

State Aid
A 2000 legislative study to assess the demand for local bridge replacement funds concluded that the continuation of a substantial and regular replacement program is needed to address the large bridge reconstruction "wave" created by the increased number and larger deck size of bridges built in the post World War II era that are beginning to reach the end of their useful life. Capital requests are based upon a solicitation for candidate projects from cities and counties.

A 2002 legislative study identified causes for the need for an alternative funding source for local roads and estimated that need to be $50-100 million per biennium. Because this is the first year funding has been requested for this program, $10 million is requested to complete several pilot projects.

Freight and Commercial Vehicle Operations
The MRSI Program is based on analysis of rail user end rail carrier application. Those projects that are deemed economically viable and meet the Mn/DOT criteria established in the rules are funded on a priority basis as funds permit.

The Port Development Assistance Program for Minnesota is based on needs supplied by port authorities on the Mississippi River and Lake Superior and by Mn/DOT site inspections.

Electronic Communications
The Office of Electronic Communications (OEC) develops preliminary plans that lay out a conceptual statewide network including towers, and microwave equipment, and site development. The costs from prior equipment bids and site development projects were then applied to develop the full replacement cost.

Major Capital Projects Authorized in 2002 and 2003

Facilities Program
The 2003 legislature authorized the Thief River Falls Truck Station (Partnership with the Department of Natural Resources (DNR), Driver And Vehicle Services (DVS), the state patrol and Pennington County).

State Aid
In 2002 the legislature appropriated $45 million to replace or rehabilitate deficient local bridges. In 2003, the legislature appropriated $20 million for the Trunk Highway Corridor Projects Account to be used for loans.

Freight and Commercial Vehicle Operations
In 2003 the MRSI program was reduced by $6.4 million to help balance the general fund.

The Port Development Assistance program was authorized $2 million in 2003 along with $3.5 million for a specific grant to the city of Winona for freight access improvement.

Electronic Communications
In FY 2003 Phase 3 of the statewide public safety radio system was funded at $27 million. The OEC will be administering these funds through agreement with the Department of Public Safety as part of OEC's statewide plan.

For 2002 and 2003 there were no capital budget projects authorized for the Office of Electronic Communications.

Agency Contact Person, Title and Phone

Gordon Kordosky
Budget Director
395 John Ireland Boulevard, Mail Stop 225
St. Paul, Minnesota 55155
Phone: (651) 296-3225
Fax: (651) 296-8887
E-mail: Gordon.Kordosky@dot.state.mn.us

Analog to Digital Conversion

2004 STATE APPROPRIATION REQUEST: $10,000,000

AGENCY PROJECT PRIORITY: 1 of 8

PROJECT LOCATION: Statewide

Project At A Glance

- Analog to Digital Microwave Conversion (ADMC)
- Overall project projected at $18 million (multi-year)
- Requesting $10 million in FY 2004-05

Project Description

This project is the continuation of the conversion of the existing Minnesota Department of Transportation (Mn/DOT) analog microwave backbone equipment to digital equipment. The existing microwave system was implemented over 20 years ago. The equipment uses analog technology. Mn/DOT's microwave system has limited channel capacity that prohibits system growth. There have been no upgrades to the system since its initial installation. Due to technological improvements and operational advantages inherent to digital microwave equipment, the industry has slowly migrated users from analog to digital technology. In recent years manufacturers have stopped manufacturing analog equipment, and have also indicated that part supplies will only be carried for a limited period of time (approximately 2005). Additionally, the Federal Communications Commission (FCC) has reallocated the 2-GHz frequency band used by the current system. Mn/DOT has become a secondary user on the 2-GHz frequencies. Secondary status on these channels will ultimately result in the loss of the channels to the PCS or Satellite Services. State agencies have proposed projects and operational applications such as Mobile Data Computers (MDC's), Road Weather Information Systems (RWIS), and other Intelligent Transportation Systems (ITS) that use a digital format for communications. The present microwave system cannot support the proposed projects, and in some cases the current system cannot support the existing projects because of the use of a digital format. The system replacement will be designed and installed using existing staff resources. Ongoing maintenance will be provided out of existing operational budget from the Office of Electronic Communications.

Impact on Agency Operating Budgets (Facilities Notes)

None.

Previous Appropriations for this Project

None.

Other Considerations

⇒ Funding will be used to construct or improve communications towers and related facilities. This includes, but is not limited to: new towers, structural improvements to towers, new or replacement equipment shelters, new or replacement backup power generators, new microwave antenna's, new digital microwave radios.

⇒ The new digital microwave system will provide four times the current capacity to move towards the final goal of a coordinated network to support voice, data, and video needs of state customers. The new system is also capable of expansion to provide additional channel capacity as future needs arise. Upgrading the current system to digital technology, and changing to the 6-GHz band eliminated the "secondary status" situation and potential loss of the frequencies used for the microwave system. The replacement of the analog equipment with digital equipment will assure reliable operation of the radio systems used by the departments of Public Safety, Natural Resources, and Mn/DOT.

⇒ The measurement of success will be when 100% of all analog microwave stations have been replaced and the system is fully operational.

Project Contact Person

Andrew Terry, Director
Office of Electronic Communications
395 John Ireland Boulevard, Mail Stop 730
Phone: (651) 296-7402
Fax: (651) 297-5735
E-mail: andrew.terry@dot.state.mn.us

Governor's Recommendations

The Governor recommends a trunk highway fund appropriation of $3 million for this project. Also included are budget planning estimates of $6 million in 2006 and $6 million in 2008.

Analog to Digital Conversion | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	1,040	520	0	1,560
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	3,000	8,960	4,480	0	16,440
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	**3,000**	**10,000**	**5,000**	**0**	**18,000**

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
Trunk Highway Fund	0	10,000	5,000	0	15,000
State Funds Subtotal	0	10,000	5,000	0	15,000
Agency Operating Budget Funds	3,000	0	0	0	3,000
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**3,000**	**10,000**	**5,000**	**0**	**18,000**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	0	0%
User Financing	0	0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
Yes	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	40
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	105
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	20
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	290

Local Bridge Replacement Program

2004 STATE APPROPRIATION REQUEST: $30,000,000

AGENCY PROJECT PRIORITY: 2 of 8

PROJECT LOCATION: Statewide

Project At A Glance

- Replace 180 local deficient bridges during the FY 2004-06 construction seasons, maintaining our transportation infrastructure.
- Bridge projects requested in 85 counties and 19 cities across the state. Will be supplemented with $40 million of federal bridge replacement funds, state-aid funds, and local funds.

Project Description

This request for $30 million in state funds is to replace or rehabilitate deficient bridges owned by local governments throughout the state.

One of Minnesota Department of Transportation's (Mn/DOT's) priorities is to maintain and preserve Minnesota's existing transportation systems and infrastructure. Bridges are critical links in the transportation system and state financial assistance to local units of government is necessary because many structures are too costly to be replaced or rehabilitated with local funds alone.

State bridge replacement funds are used in two ways. The first way is to leverage or supplement other types of bridge replacement funding such as federal-aid, state-aid, and township bridge funds.

Federal-aid funds provide up to 80% of the bridge funding for eligible projects with the local governments responsible for providing the matching funds. Projects chosen for federal-aid are typically larger, more expensive projects, and even a 20% match is a significant cost for a local agency to bear. These funds provide the match.

On the state-aid system, these funds are used to share in the cost of bridge replacement. The high cost of bridges often makes it impractical to fund them completely with state-aid funds, and so these funds are used as a supplement. The cost split is usually 50/50.

On the township system, these funds are only used when a county has depleted its town bridge account. In those cases, these funds are used for 100% of the eligible construction costs.

The second way these funds are used is to provide funds for bridges that have no other source of federal-aid or state-aid funds. Bridges on the county road and city street systems are not eligible for state-aid or township bridge funds. Bridges less than 20 feet long are not eligible for federal-aid, and there are not sufficient federal-aid funds to replace all the bridges that are eligible. These funds are used for 100% of the eligible construction costs for county road and city street bridges.

Local government units share in the project by assuming all costs for design and construction engineering, right-of-way, bridge removal, and items not directly attributable to the bridge, such as approach grading and roadway surfacing costs. Whenever a bridge is replaced, it is required that the approach roadway meets current standards. The state-aid variance process is available when approach costs become unreasonable.

To be eligible for the program, a bridge must be deficient, either because it is structurally deficient or functionally obsolete. Criteria for deficiencies are based upon a system of codes used for the National Bridge Inventory System. Bridges that are structurally deficient will have poor deck surfaces, deteriorated beams or foundations, or severe load restrictions. Bridges that are functionally obsolete are narrow, too low, or have severe approach alignment problems that affect the function or safety of the bridge.

Other alternatives to replacing a bridge are always considered before funds are approved. Alternatives such as consolidating routes to eliminate a crossing, building a road in lieu of a bridge, and abandoning the road are common. Funds are made available, up to the cost of the equivalent replacement bridge, to make these alternative improvements practical and to remove a structure permanently from the bridge inventory.

The bridge replacement program concentrates on bridges at least 60 years old. On the local systems, there are 2,525 bridges built prior to 1942. Over the next 10 years, another 545 bridges will reach that age, with another 1,347 and 1,983 in each of the following 10 years after that.

The January 2000 Legislative Study of State Bridge Grant Funding for Local Bridges says that this impending wave means the state will need to implement a continuous local bridge funding program to maintain the rate of progress in the reduction of deficient local bridges that has been seen in past years. Furthermore, the demand for resources to replace and repair deficient local bridges will increase significantly due to this wave of aging bridges combined with the large deck sizes of the newer bridges.

Using age as an indicator, at the peak in 30 years, 600 bridges will become deficient per biennium. To avoid adding to that peak, the program must replace bridges at a rate that keeps pace with the number of bridges becoming deficient, as well as reduce the number of currently deficient bridges to an acceptable level. It is estimated that $50 million of state funds per biennium, in combination with at least current levels of federal, township, bridge, state-aid, and local funds, would allow the construction of about 430 bridge projects in the next biennium. This continued level of investment would reduce the number of deficient structures still in service to 5% in 10 years, and keep pace with the number of bridges becoming deficient over the next 20 years.

This request will replace, rehabilitate or remove about 180 deficient or obsolete bridges on local systems.

Impact on Agency Operating Budgets (Facilities Notes)

No impacts.

Previous Appropriations for this Project

In 2002, funds totaling $45 million were made available to this program and are projected to have participated in the replacement, rehabilitation, or removal of about 260 bridges. (Approximately 240 additional bridges will have been replaced in the biennium through the Town Bridge Account.)

Funding for the program was first provided in 1976. In 1977, Minnesota had 4,856 deficient bridges on the local road systems. Minnesota's bridges are aging and each year more become structurally deficient or functionally obsolete due to deterioration and increased traffic. Since 1977, 6,949 bridges have been replace or rehabilitated, of which 5,438 utilized $296 million of Local Bridge Replacement Program funds. As of December 2002, there were 2,454 deficient bridges in Minnesota, of which 2,100 are on the local road systems. Since 1976, the following total amount has been provided for the local bridge replacement and rehabilitation program from all sources:

State Funds	$296,406
Federal Aid	260,709
Local and State-Aid Funds	210,615
Total	**$767,730**

Project Contact Person

Mark Gieseke, Program Delivery Engineer
State Aid for Local Transportation Division
395 John Ireland Boulevard, Mail Stop 500
St. Paul, Minnesota 55155
Phone: (651) 296-7679
Fax: (651) 282-2727
E-mail: mark.gieseke@dot.state.mn.us

Governor's Recommendations

The Governor recommends general obligation bonding of $28 million for this project. Also included are budget planning estimates of $28 million in 2006 and 2008.

Local Bridge Replacement Program | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	767,730	70,000	135,000	135,000	1,107,730
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	**767,730**	**70,000**	**135,000**	**135,000**	**1,107,730**

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	0	0	0	0
G.O. Bonds/Transp	296,406	30,000	70,000	70,000	466,406
State Funds Subtotal	296,406	30,000	70,000	70,000	466,406
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	260,709	19,000	30,000	30,000	339,709
Local Government Funds	210,615	21,000	35,000	35,000	301,615
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**767,730**	**70,000**	**135,000**	**135,000**	**1,107,730**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	30,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	35
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	50
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	385

Mankato Headquarters Building

2004 STATE APPROPRIATION REQUEST: $15,720,000

AGENCY PROJECT PRIORITY: 3 of 8

PROJECT LOCATION: Mankato

Project At A Glance

- New building for Mankato District Headquarters including offices, shops, vehicle support and storage spaces
- Accommodates highway and bridge construction and maintenance services
- Provides space for Minnesota Department of Transportation (Mn/DOT) partners, the State Patrol and Division of Vehicle Services

Project Description

The project will consist of construction of a 163,000 square foot building with offices, materials testing laboratory, vehicle storage and maintenance shops, and specialty shops for bridge maintenance, radio, electrical services, signs and building maintenance. An inventory center will support all district functions. Cold storage buildings and a chemical storage facility will also be located at this site. This facility will also include shared, centralized conference rooms and reception area.

This project has been planned since predesign studies were completed in the mid-1980s as a key to providing transportation planning, design and construction for south and southwestern Minnesota, (District 7). For several reasons, emphasis has shifted from a major remodeling and rehabilitation project to new construction.

The original headquarters was constructed in 1963 and has become inadequate for current requirements. Increasing traveler needs, as well as to support the agencies long-range strategic goals, such as upgrading regional corridors, require that we provide a capable and adequately sized facility.

⇒ Preliminary remodeling and rehabilitation studies for the existing facilities show a very non-conforming, crowded site. Equipment storage, maintenance and personnel spaces, and ancillary storage facilities are required for support and maintenance of the District mission.

⇒ Today's cost estimates for a facility addition, remodeling and rehabilitation of existing spaces, and purchase of additional acreage for an enlarged site is between $10 and $12 million, or 76% of a new facility replacement cost.

⇒ Larger, more efficient and safer snowplows and highway equipment, has required facility infrastructure to grow, adapt and become more technology oriented. In order to accommodate Mn/DOT requirements, personnel have been placed in all available nooks remotely located from others performing similar work, taking advantage of every possible space. This site cannot absorb another facility addition or other structures without having major impacts on outside vehicle, materials, heating, ventilating and air conditioning, (HVAC), and equipment storage. Placing additional funding in an inadequate facility will not satisfy present requirements.

Constructing a new facility on a larger site will allow Mn/DOT to gain efficiencies of scale and management cohesion. We will be able to consolidate like functions, and build a facility of a size to accommodate our larger snowplows and other highway engineering equipment. We would take advantage of new construction methods, build to current codes, allow for future expansion, and update current technologies in construction, communication, energy management, and the health and welfare of our employees.

Impact on Agency Operating Budgets (Facilities Notes)

Utility costs will increase moderately in the new building. One additional custodian and one additional general repair worker would be added to the current staff.

Previous Appropriations for this Project

The site was purchased in 2000 for the sum of $404,000. Design fees of $517,000 have been expended. Design is currently at 98%, ready for bidding.

Other Considerations

The city of Mankato is highly interested in acquiring this site in order to vacate their current facility, allowing for public works expansion and development. Because of this, Mn/DOT has acquired the new site with a previous land appropriation, at a location that is mutually acceptable to Mn/DOT, Public Safety and the city of Mankato. The city of Mankato has contributed over $836,000 of site improvements, including utilities, curb and gutter, bituminous roads and site drainage work in support of this project.

We will provide better customer service through enhanced equipment availability and by prolonging the life-cycle use of taxpayer supported equipment. Mn/DOT will also partner with other state agencies in building and supporting like functions for taxpayer use by eliminating the crowded conditions of those seeking services, by providing a healthy and safe environment. This facility will support not only the Mn/DOT mission, but also those missions of our partners. The State Patrol and the Drivers License Examination functions of the Department of Public Safety. This site will also include a new Transportation Operations Communications Center, (TOCC), that will allow coordinated dispatching and incident management throughout the 10 counties in south and southwestern Minnesota. The TOCC will serve Mn/DOT, the State Patrol and Department of Natural Resources (DNR) Conservation Officers.

By deferring this project, Mn/DOT would lose the opportunity to sell the existing site to the city of Mankato for its highest potential use. Mn/DOT, the State Patrol and the Drivers License Examination Station would have to continue to work in crowded, inadequate conditions.

Project Contact Person

Richard L. Post A/A
Facilities Program Director
395 John Ireland Boulevard, Mail Stop 715
St. Paul, Minnesota 55155
Phone: (651) 297-3591
Fax: (651) 282-9904
E-mail: richardl.post@dot.state.mn.us

Governor's Recommendations

The Governor recommends trunk highway bonding of $10 million for this project. The Governor recommends that Mn/DOT sell the existing site at fair market value and the net proceeds from its sale be appropriated to Mn/DOT to supplement costs associated with the new project.

Mankato Headquarters Building — ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	404	0	0	0	404
2. Predesign Fees	0	0	0	0	0
3. Design Fees	841	0	0	0	841
4. Project Management	0	150	0	0	150
5. Construction Costs	0	15,210	0	0	15,210
6. One Percent for Art	0	60	0	0	60
7. Relocation Expenses	0	50	0	0	50
8. Occupancy	0	1,050	0	0	1,050
9. Inflation	0	0	0	0	0
TOTAL	**1,245**	**16,520**	**0**	**0**	**17,765**

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
Trunk Hwy Fund Bonding	0	15,720	0	0	15,720
State Funds Subtotal	0	15,720	0	0	15,720
Agency Operating Budget Funds	1,245	800	0	0	2,045
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**1,245**	**16,520**	**0**	**0**	**17,765**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	408	420	828
Building Repair and Replacement Expenses	0	252	255	507
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	660	675	1,335
Revenue Offsets	0	0	0	0
TOTAL	0	660	675	1,335
Change in F.T.E. Personnel	0.0	2.0	0.0	2.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	0	0%
User Financing	0	0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
Yes	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	20
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	270

Local Road Improvement Grants

2004 STATE APPROPRIATION REQUEST: $10,000,000

AGENCY PROJECT PRIORITY: 4 of 8

PROJECT LOCATION: Statewide

Project At A Glance

- Provide $10 million to assist cities, counties, or townships with local road projects with statewide or regional significance that cannot be funded through existing revenue sources.

Project Description

This request for $10 million in state funds is to provide funding assistance to local agencies for construction, reconstruction, or reconditioning projects of local roads with statewide or regional significance that cannot be reasonably funded through other sources.

One of Minnesota Department of Transportation's (Mn/DOT's) strategic directions is investing in and improving the system of interregional corridors that connect the state's regional trade centers. Another strategic direction is to address congestion by improving bottlenecks on the trunk highway system in the Twin Cities metro area or greater Minnesota.

Local roads provide critical connections to the states inter-regional corridors and other trunk highways from towns, shipping points, industries, farms, recreational areas, and other markets. A well-developed local system can also reduce congestion on trunk highways.

A study of local road funding conducted for the legislature in January 2002 found that there is a large and growing need for transportation system improvements and the existing funding mechanisms are not designed to handle all of the situations and types of projects that are of importance to the state of Minnesota.

State assistance is needed to supplement local effort and the highway user tax distribution fund in financing capital improvements to preserve and develop a balanced transportation system throughout the state. Such a system is a proper function and concern of state government and necessary to protect the safety and personal and economic welfare of all citizens (M.S. 174.50).

In 2002, the legislature created the Local Road Improvement Program (M.S. 174.52). The fund for this program has two accounts.

The Trunk Highway Corridor Projects Account provides funding assistance to local agencies with the local share of costs of improving trunk highways through their communities.

The Local Road Account for Routes of Regional Significance provides funding assistance to local agency road projects that are significant to the state or region. Such projects may support economic development, provide capacity or congestion relief, provide connections to inter-regional corridors or other major highways, or eliminate hazards.

This request is for $10 million for grants from the Local Road Account.

Impact on Agency Operating Budgets (Facilities Notes)

Administration of this program through the State Aid for Local Transportation Division will be completed using the existing organization and infrastructure and within existing budgets.

Previous Appropriations for this Project

In 2003, $20 million was placed in the Trunk Highway Corridor Projects Account for loans.

Project Contact Person

Rick Kjonaas, Deputy State Aid Engineer
State Aid for Local Transportation Division
395 John Ireland Boulevard, Mail Stop 500
St. Paul, Minnesota 55155
Phone: (651) 296-9875
Fax: (651) 282-2727
E-mail: rick.kjonaas@dot.state.mn.us

Governor's Recommendations

The Governor recommends general obligation bonding of $10 million for this program. This recommendation is to provide funding assistance to local agencies for construction, reconstruction, or reconditioning of local roads with statewide or regional significance that are directly associated with development of major state road projects. Also included are budget planning estimates of $10 million in 2006 and $10 million in 2008.

Local Road Improvement Grants | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	20,000	12,500	25,000	25,000	82,500
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	**20,000**	**12,500**	**25,000**	**25,000**	**82,500**

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	0	0	0	0
G.O. Bonds/Transp	20,000	10,000	20,000	20,000	70,000
State Funds Subtotal	20,000	10,000	20,000	20,000	70,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	2,500	5,000	5,000	12,500
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**20,000**	**12,500**	**25,000**	**25,000**	**82,500**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	10,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	0
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	35
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	20
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	180

2004 STATE APPROPRIATION REQUEST: $9,862,000

AGENCY PROJECT PRIORITY: 5 of 8

PROJECT LOCATION: Statewide

Project At A Glance

- Request for smaller, ongoing building projects normally requested in the biennial operating budget.
- Statewide projects consist of small truck stations, salt storage facilities and cold storage construction.

Project Description

Facilities need to be routinely maintained, repaired, constructed and/or upgraded to provide support for the Minnesota Department of Transportation (Mn/DOT). Space is required for administration, vehicle storage and repairs, ancillary equipment, installed facility-supporting equipment, and office space. All at correct locations for operations so Mn/DOT employees can efficiently and promptly respond to the highway users needs. These facilities are constructed to program requirements; new equipment demands or is regulatory or building code driven. Mn/DOT facilities are built and maintained to support and meet transportation system user needs, and to respond to environmental and safety concerns.

The following facilities, which rated highest in the 10-year plan, will be either be designed, repaired, remodeled and/or replaced. This work is being performed to bring these facilities back into a complete, useful and functional facility.

Truck Stations/Other Facilities — ***$7.845 million***
Sandstone Truck Station Replacement
Faribault Truck Station Remodel
Garrison Truck Station
Windom Warm Storage Addition
Mankato Headquarters Site Work
Baudette Truck Station
Fergus Falls Tech Center
Lake Benton Truck Station
Lakeville Truck Station
Central Office Warehouse

Design Fees — ***$510,000***
Sandstone Truck Station
Faribault Truck Station
Windom Warm Storage Addition
Fergus Falls Tech Center
Central Office Warehouse
Lakeville Truck Station
Rochester Truck Station

Salt Storage Facilities — ***$865,000***
Warren
Brainerd
Evansville
Wabasha
Mankato
Redwood Falls

Unheated Storage Facilities — ***$642,000***
Mankato (2)
Thief River Falls
Cedar Avenue
Arden Hills Training Center
Plymouth Drivers Exam

Impact On Agency Operating Budgets (Facilities Notes)

Older, inefficient buildings, such as those replacements scheduled above, are currently a drain on existing operating budgets. Higher funding levels than normal are required to maintain old equipment, upgrade existing systems to accept new equipment, to address new codes, regulatory, and facility requirements, (snow-plow trucks are larger and require a larger bay to store inside and keep the newer hydraulic equipment ready for emergency use).

Previous Appropriations for this Project

Mn/DOT received a previous biennial budget appropriation of $7.551 million in the FY 2000-01 biennium for Small Capital Projects, (those under $1 million)

Mn/DOT received a previous biennial budget appropriation of $7.716 million in the FY 2002-03 biennium for Small Capital Projects, (those under $1 million).

Mn/DOT intends to again request an additional small capital projects appropriation in the FY 2006-07 biennium as part of the biennial operating budget. This request addresses needs in the FY 2004-05 biennium.

Other Considerations

Replacement and modifications at Truck Stations will meet space needs, code-required updates, and technology upgrades at these locations.

Salt storage facility replacement is environmentally driven. Existing, older facilities are built of creosote and chromated copper arsenate (CCA), arsenic, treated materials presenting a problem when corrosive agents, (salt and water), elements leach the treated chemicals into the surrounding environment. Mn/DOT is actively replacing these older facilities with newer concrete and Teflon covered salt storage facilities.

Mn/DOT facilities provide support services for activities that maintain the road infrastructure. This includes the construction, maintenance and repair, vehicle and equipment storage, and administrative functions that facilities support.

Our direct customers are the employees of Mn/DOT, indirectly the citizens of the state of Minnesota.

Project Contact Person

Richard L. Post A/A
Facilities Program Director
395 John Ireland Boulevard, Mail Stop 715
St. Paul, Minnesota 55155
Phone: (651) 297-3591
Fax: (651) 282-9904
E-mail: richardl.post@dot.state.mn.us

Governor's Recommendations

The Governor recommends a trunk highway fund appropriation of $3.8 million for this project. This recommendation represents one year’s worth of projects. Mn/DOT should return to requesting a biennial appropriation in the FY 2006-07 operating budget cycle.

Small Capital Projects | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	510	0	0	510
4. Project Management	0	0	0	0	0
5. Construction Costs	0	9,327	0	0	9,327
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	25	0	0	25
9. Inflation	0	0	0	0	0
TOTAL	**0**	**9,862**	**0**	**0**	**9,862**

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
Trunk Highway Fund	0	9,862	0	0	9,862
State Funds Subtotal	0	9,862	0	0	9,862
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**0**	**9,862**	**0**	**0**	**9,862**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	0	0%
User Financing	0	0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	40
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	35
Agency Priority	0/25/50/75/100	50
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	20
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	195

2004 STATE APPROPRIATION REQUEST: $6,000,000

AGENCY PROJECT PRIORITY: 6 of 8

PROJECT LOCATION: Statewide

Project At A Glance

- Designed to preserve and improve rail-shipping opportunities in Minnesota
- Serves the freight community in Minnesota
- Provides loans and grants to regional railroad authorities, railroads, and shippers to improve rail facilities
- Typically, provides funding for approximately 20 Capital Improvement projects, two-three railbank projects and one-two rehabilitations each year

Project Description

The Office of Freight and Commercial Vehicle Operations addresses rail transportation needs in part through the Minnesota Rail Service Improvement (MRSI) Program to aid rail users for rail line and rolling stock improvements necessary to improve rail service or reduce the impact of discontinuance of rail service.

With the numerous changes in the railroad industry, particularly in the larger railroads such as Burlington Northern Santa Fe, Union Pacific, Canadian Pacific, and Canadian National, the need for shortline and regional railroads has increased significantly. The influx of mergers has created additional spin-offs and abandoned rail lines. This has increased the demand for the MRSI Program.

Some of Minnesota's shortlines and regional railroads are in need of rehabilitation to provide competitive choices for Minnesota's shippers. Without assistance from the MRSI Program, many of these railroads will be abandoned and shippers will be forced to truck all their freight, relocate along a Class 1 railroad, go out of business, or leave the state.

Minnesota shippers benefit from the MRSI Program through the Capital Improvement Loan Program, the Rail Line Rehabilitation Program and the Rail Bank Program.

Capital Improvement Loan Program:

⇒ The Rail Line Rehabilitation Improvement Loan Program provides interest-free loans to shippers along Minnesota's rail lines. These funds must be used to make capital improvements to increase rail shipping. Eligible projects include construction of rail spurs, building additional grain storage, and installation of new rail loading or unloading facilities.

Rail Line Rehabilitation Program:

⇒ The Rail Line Rehabilitation Program is a partnership program with the operating railroad, rail shippers, and Minnesota Department of Transportation (Mn/DOT). This program loans money to railroads to rehabilitate deteriorating rail lines. The program requires shipper financial participation and projects must meet Mn/DOT criteria to protect the investment of Minnesota's taxpayers.

Rail Bank Program:

⇒ The Rail Bank Program acquires and preserves abandoned rail lines and right-of-way for future public transportation use. Once acquired, Mn/DOT has a financial responsibility to maintain abandoned railroad property placed in the Rail Bank Program.

The MRSI Program was created in 1976. Funding for the MRSI Program was authorized in 1978. In 1982, a Constitutional Amendment provided for general fund obligation bonds to be used for the MRSI Program. The MRSI Program has received general fund appropriations totaling $14.5 million and general obligation bond appropriations totaling $25.5 million over the life of the program. These funds have been used for rail acquisition, rail rehabilitation and capital improvement purposes since 1978. The bond proceeds combined with federal grants and funding from railroads, shippers, and local units of government have driven project investments exceeding $114 million within the state of Minnesota.

Usually, MRSI investments are loans. Revenue from the repayment of these loans is placed in the Minnesota Rail Service Improvement account in the special revenue fund for future project investments. Past loans under this program have included capital improvements to build and improve rail spurs, build storage bins and improve loading into rail cars at rail shipping facilities. Rehabilitation funding is used to improve rail lines that are marginally operable with ties, ballast, drainage, or rail. Rehabilitation loans have included 24 major rehabilitation projects and assistance to rail authorities to purchase short lines or regional railroads within the state of Minnesota. There continues to be considerable interest on the part of shippers and railroads to participate in the MRSI Program.

Impact on Agency Operating Budgets (Facilities Notes)

This is a grant and loan program. There is no impact on state operating budgets.

Previous Appropriations for this Project

The Minnesota Legislature originally appropriated $3 million in general funds for this program in 1976. In 1977, an additional $3 million in general funds were appropriated. The legislature has appropriated funding in the following years: 1979, $3 million from the general fund; 1980, $13.5 million in bonds; 1981, $1 million from the general fund; 1984, $12 million in bonds; 2001 and 2002, $5 million and $1 million, respectively from the general fund. The 2003 legislature has reduced the amount of funding available to the MRSI Program by $6.4 million for FYs 2004 and 2005.

Other Considerations

Current needs for expensive rail replacement projects to accommodate heavier rail cars are an enormous burden on Minnesota's shortline and regional railroads. These railroads need to have access to low-or no-interest loans to rehabilitate their track and continue their economic viability.

With the entrance of longer and heavier trains, rail shippers must upgrade their rail spurs, storage facilities, and loading/unloading facilities to utilize rail as a transportation alternative.

We do not anticipate that private sector lending institutional will take an increased role in the area. Loans under this program, and the short line railroad business in general, are high-risk ventures. Our experience has been that private lending institutions are reluctant to participate.

Project Contact Person

Janelle Collier, Program Manager
Minnesota Department of Transportation
Office of Freight & Commercial Vehicle Operations
1110 Centre Pointe Curve, Mail Stop 420
Inver Grove Heights, Minnesota 55120
Phone: (651) 406-4794
Fax: (651) 406-4811
E-mail: Janelle.collier@dot.state.mn.us

Governor's Recommendations

The Governor does not recommend capital funds for this project.

Rail Service Improvement | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	106,210	8,033	11,300	10,002	135,545
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	**106,210**	**8,033**	**11,300**	**10,002**	**135,545**

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
G.O Bonds/State Bldgs	25,500	6,000	6,000	6,000	43,500
General Fund Projects	16,000	0	0	0	16,000
State Funds Subtotal	41,500	6,000	6,000	6,000	59,500
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	19,804	1,987	0	0	21,791
Local Government Funds	0	0	0	0	0
Private Funds	24,233	0	0	0	24,233
Other	20,673	46	5,300	4,002	30,021
TOTAL	**106,210**	**8,033**	**11,300**	**10,002**	**135,545**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	**Amount**	**Percent of Total**
General Fund	6,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
No	MS 16A.695: Public Ownership Required
Yes	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
No	MS 16A.642: Project Cancellation in 2009

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	35
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	50
User and Non-State Financing	0-100	25
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	310

2004 STATE APPROPRIATION REQUEST: $4,000,000

AGENCY PROJECT PRIORITY: 7 of 8

PROJECT LOCATION: Duluth, Minneapolis, St. Paul, Red Wing, Winona

Project At A Glance

- Project supports infrastructure needs of Minnesota's public ports on the Great Lakes and Inland River Navigation Systems.
- Partnership program up to (80% state, 20% local share) to improve freight handling efficiency on Minnesota's commercial waterway systems.

Project Description

The Port Development Assistance Program provides a funding source that facilitates compliance with tighter environmental and safety standards, helps to ensure the continued commercial effectiveness of lake and river navigation systems, and helps to offset the increases in the general cost of commercial shipping. Minnesota's public port facilities are located in Duluth, Minneapolis, St. Paul, Red Wing, and Winona.

Project proposals are prioritized based on need, employment generated and overall economic benefit. Minnesota Department of Transportation's (Mn/DOT's) Office of Freight and Commercial Vehicle Operations, working with the state's port authorities, have identified a list of potential terminal improvement projects for 2004 and beyond. Past projects include rehabilitating or improving rail and truck access, dock walls, building roofs, sprinkler and electrical systems, mobile handling equipment and adding warehouse capacity.

Impact on Agency Operating Budgets (Facilities Notes)

The funding of this program will have no impact on department operating budgets.

Previous Appropriations for this Project

The Minnesota Legislature originally appropriated $3 million in bonding funds for this program in 1996. In 1998 the legislature appropriated an additional $3 million in bonding funds and $1.5 million in general funds. In 2000 and 2001 the legislature appropriated an additional $2 million in general fund bonds and $1 million respectively in general funds. An additional $2 million was appropriated in 2003. To date total appropriations amount to $12.5 million.

The 2003 legislature also authorized $3.5 million specifically for Winona for freight access improvement.

Other Considerations

Neighboring states have had Port Development Assistance programs dating back to 1980 and have committed over $35 million to rehabilitating their port infrastructure projects similar to Minnesota. Their programs are on a grant basis only.

Minnesota is further from the Atlantic Ocean and the Gulf of Mexico than all of our neighboring waterway states. This puts Minnesota at a geographic disadvantage as well as costing Minnesota shippers more to get their products to international markets.

According to Minnesota law, Port Development Assistance funds cannot be added to other state sponsored port investments. Port Development funds can be used with federal and local dollars to complete projects that benefit a port. An example of this is the rehabilitation of Port Terminal Drive in Duluth. Federal and city funds were used with Port Development funds. This was an opportunity to leverage Port Development funds with federal, city and port authority funds to complete a total road project that would not have been possible without this partnership.

Project Contact Person

Dick Lambert
Director of Ports & Waterways
Office of Freight and Commercial Vehicle Operations
1110 Centre Pointe Curve, Mailstop 470
Mendota Heights, Minnesota 55120
Phone: (651) 406-4805
Fax: (651) 406-4811
E-mail: dick.lambert@dot.state.mn.us

Governor's Recommendations

The Governor does not recommend capital funds for this project.

Port Development Assistance — ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	15,599	5,000	10,000	10,000	40,599
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	**15,599**	**5,000**	**10,000**	**10,000**	**40,599**

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
G.O Bonds/State Bldgs	12,479	4,000	8,000	8,000	32,479
State Funds Subtotal	12,479	4,000	8,000	8,000	32,479
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	3,120	1,000	2,000	2,000	8,120
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**15,599**	**5,000**	**10,000**	**10,000**	**40,599**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	4,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
Yes	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	40
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	25
User and Non-State Financing	0-100	20
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	205

Soo Lock Funding

2004 STATE APPROPRIATION REQUEST: $6,600,000

AGENCY PROJECT PRIORITY: 8 of 8

PROJECT LOCATION: Sault Ste. Marie, Michigan

Project At A Glance

In 1968 the Corps of Engineers completed a large lock between Lakes Superior and Huron at Sault Ste. Marie, Michigan on the St. Mary's River. In 1985 the Corps conducted a feasibility study to build a second large lock to ensure the continued flow of freight. In 1986 Congress authorized the project. Congress also passed the Waterways Development Act, which stated that this type of construction would have to be cost shared by non-federal partners. It was determined that the eight Great Lake states would be the non-federal partners as they would benefit most from the second lock.

Project Description

The new large lock would cost $225 million and measure 1,200 feet long by 110 feet wide and 30 feet deep. The non-federal cost share of $54 million was to be divided between the eight Great Lakes states. Each state's participation was based on origin and destination of the freight tonnage passing through the lock. Minnesota's share, having the most tonnage was 33%. This amounted to $18.1 million, which could be paid out at the rate of $361,248.30 per year for 50 years. By setting aside a one-time authorization of $6.6 million and letting interest accrue; the total obligation would be reached in 50 years. Being that the project would be constructed outside of Minnesota, the authorization must be from the general fund.

Impact on Agency Operating Budgets (Facilities Notes)

The funding of this project will have no impact on department operating budgets.

Previous Appropriations for this Project

There has never been an appropriation for this lock from Minnesota state funds. Although in 2001, the Minnesota legislature passed a resolution that Minnesota would pay its share of the new Soo Lock.

Other Considerations

Minnesota is further from the Atlantic Ocean than any of its neighboring waterway states. After September 11th the project became a higher priority for the Corps of Engineers to complete as soon as possible. The last large lock in this system took six years to build after the funds were appropriated. The Corps will start construction when each of the eight Great Lakes states appropriates its share of the project. To date, Michigan, Illinois, and Pennsylvania have appropriated their shares of the lock project.

Minnesota is pivotal. If Minnesota does not make a commitment, The Great Lakes Commission feels that the project will not go forward.

Project Contact Person

Dick Lambert
Director, Ports & Waterways
Office of Freight and Commercial Vehicle Operations
1110 Centre Pointe Curve, Mail Stop 470
Mendota Heights, Minnesota 55120
Phone: (651) 406-4805
Fax: (651) 406-4811
E-mail: dick.lambert@dot.state.mn.us

Governor's Recommendations

The Governor does not recommend capital funds for this project. Consideration of this request more appropriately belongs in operating budget discussions.

Soo Lock Funding — ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	0	6,600	0	0	6,600
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	**0**	**6,600**	**0**	**0**	**6,600**

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
General Fund Projects	0	6,600	0	0	6,600
General	0	0	0	0	0
State Funds Subtotal	0	6,600	0	0	6,600
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**0**	**6,600**	**0**	**0**	**6,600**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	0	0%
User Financing	0	0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
No	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
No	MS 16A.642: Project Cancellation in 2009

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	40
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	25
User and Non-State Financing	0-100	92
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	0
Total	700 Maximum	227

2004 STATE APPROPRIATION REQUEST: $37,500,000

AGENCY PROJECT PRIORITY: 1 of 1 (Governor's Request)

PROJECT LOCATION: Big Lake to downtown Minneapolis

Project At A Glance

- Final design for a commuter rail line from Minneapolis to Big Lake
- Final design for an extension of Hiawatha Light Rail transit to connect it to the commuter rail
- Acquisition of land for stations, maintenance facilities, and park and rides.

Project Description

This request is for $37.5 million in state funds for final design of a commuter rail line serving Big Lake to downtown Minneapolis, a distance of 40 miles. Funding would also allow acquisition of land for stations, maintenance facilities and park & ride lots. Also included in this stage of the project is final design for an extension of the Hiawatha Light Rail Transit (LRT) line from its terminus in downtown Minneapolis at First Avenue North to a new terminus near Fifth Avenue North adjacent to the proposed downtown Minneapolis commuter rail station.

The Northstar Corridor Rail project will use an existing rail corridor to provide a high quality and cost-effective transportation option that will help address congestion in the Highway 10 corridor. The Northstar Corridor Development Authority (NCDA), a statutory Joint Powers Board consisting of more than 30 local units of government, has completed a number of the studies and other documentation for this project, in conjunction with Mn/DOT.

The capital costs for the commuter rail line from Minneapolis to Big Lake are estimated to be $265 million (in FY 2008 dollars); of which the extension of the Hiawatha LRT line is $32.4 million.

The project costs will be funded as follows. The Federal Transit Administration (FTA) is assumed to finance 50% of the total project costs. Of the remaining 50% non-Federal responsibility, the state of Minnesota will fund two-thirds, and local governments one-third.

Given the current capital cost estimate of $265 million (in FY2008 dollars), the proposed funding is as follows:

$ millions (FY2008)	Prior	2004	2006	Total	Percent
Federal	6.350	77.050	49.100	132.500	50.00%
State	1.767	37.500	49.066	88.333	33.33%
Local	0.283	37.500	6.384	44.167	16.67%
TOTAL	8.400	152.050	104.55	265.000	

This request in 2004 for $37.5 million in state funding, together with commitments of $37.5 million from local partners, is to seek FTA approval to move to final design.

Using the current cost estimate of $265 million, a further request for state funds in 2006 is anticipated for $49.066 million, together with an additional commitment of $6.384 million in 2006 from local governments. These funds would complete the non-Federal funding for the project and a full funding grant agreement would be submitted to FTA.

Following is the anticipated project timeline as of January 2004:

- Preliminary Engineering — Complete 2001
- Final Environmental Impact Statement — Complete 2002
- Environmental Record of Decision — Complete 2002
- Negotiations with BNSF — On-going
- Secure initial State and Local Funding — 2004
- FTA approval to proceed to final design* — 2004
- Value Engineering — 2004
- Final Design * — 2004-2005
- Secure final State and Local Funding — 2006
- Full Funding Grant Agreement* — 2006
- Construction/Procurement* — 2006-2008
- System Open* — 2008 to 2009

* Activities dependent on state and local funding commitment.

Impact on Agency Operating Budgets (Facilities Notes)

Based on information prepared for FTA in December, 2003, preliminary estimates for operating and maintenance costs will be $10.776 million per year (in FY 2008 dollars—approximately the first year of operations).

These costs are proposed to be funded from three sources: passenger revenue, FTA preventive maintenance grants, and contributions from state and local governments. New revenue forecasts are now in progress, to reflect changes in project scope as identified in December 2003 submission to FTA. Once revenue forecasts from riders and FTA preventive maintenance grants are finalized, the remaining funding is proposed to be financed 50% by local governments and 50% from the state of Minnesota.

Previous Appropriations for this Project
In 1998, $1.5 million was appropriated for commuter rail planning for the Northstar corridor. In addition, Mn/DOT has provided internal resources for project management and planning.

Project Contact Person

Mike Schadauer
Minnesota Department of Transportation
Office of Transit
395 John Ireland Boulevard, Mail Stop 430
St Paul, MN 55155
Phone: (651) 282-5366
Fax: (651) 297-7252
E-mail: mike.schadauer@dot.state.mn.us

Governor's Recommendations

The Governor recommends general obligation bonding of $37.5 million for this project in 2004, contingent on $37.5 million in local funding commitments in 2004, and approval from the Federal Transportation Administration to move to final design.

The Governor anticipates that the total cost of the project, currently $265 million, is likely to increase upon completion of final design and that will require further review by the Governor and the legislature.

Based on current cost estimates, budget planning estimates of $49.066 million in general obligation bonding in 2006 are also included, contingent on $6.384 million in additional local funding commitments in 2006, and on a full funding grant agreement being reached with the Federal Transit Administration.

Northstar Commuter Rail | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	7,958	0	0	7,958
2. Predesign Fees	450	0	0	0	450
3. Design Fees	6,002	14,574	912	0	21,488
4. Project Management	1,948	3,481	10,925	0	16,354
5. Construction Costs	0	16,590	196,920	0	213,510
6. One Percent for Art	0	0	227	0	227
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	5,013	0	5,013
9. Inflation	0	0	0	0	0
TOTAL	**8,400**	**42,603**	**213,997**	**0**	**265,000**

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
G.O. Bonds/Transp	1,500	37,500	49,066	0	88,066
State Funds Subtotal	1,500	37,500	49,066	0	88,066
Agency Operating Budget Funds	267	0	0	0	267
Federal Funds	6,350	77,050	49,100	0	132,500
Local Government Funds	283	37,500	6,384	0	44,167
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**8,400**	**152,050**	**104,550**	**0**	**265,000**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	21,552	21,552
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	21,552	21,552
Revenue Offsets	0	0	0	0
TOTAL	0	0	21,552	21,552
Change in F.T.E. Personnel	0.0	0.0	10.5	10.5

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	37,500	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
Yes	MS 16A.695 (2): Use Agreement Required
Yes	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	0
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	0
Agency Priority	0/25/50/75/100	0
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	0
Total	700 Maximum	0