Transportation, Department of | Project Funding Summary ($ in Thousands)

Project Title	Agency Priority	Funding Source	Agency Request 2006	Agency Request 2008	Agency Request 2010	Governor's Rec 2006	Governor's Planning Estimates 2008	Governor's Planning Estimates 2010
Mankato Headquarters Building	1	THB	$18,228	$0	$0	$18,228	$0	$0
Northstar Corridor Rail Project	2	GO	60,000	0	0	60,000	0	0
Local Bridge Replacement & Rehab	3	GO	70,000	70,000	70,000	30,000	30,000	30,000
Local Road Improvement Grants	4	GO	20,000	20,000	20,000	10,000	10,000	10,000
Chaska Truck Station	5	THB	6,949	0	0	6,949	0	0
Arden Hills Training Center Addition	6	THB	4,507	0	0	0	0	0
Maple Grove/Osseo Truck Station	7	THB	11,677	0	0	0	0	0
Minnesota Rail Service Improvement	8	GO	6,000	4,000	4,000	0	0	0
Port Development Assistance	9	GO	6,000	6,000	6,000	0	0	0
Soo Lock Funding		OTH	0	6,600	0	0	0	0
Rochester Truck Station Partnership		THB	0	9,800	0	0	0	0
Rochester Headquarters Remodeling		THB	0	7,000	0	0	0	0
Duluth Headquarters Remodeling		THB	0	2,000	0	0	0	0
Willmar Headquarters Addition		THB	0	2,000	0	0	0	0
Plymouth Truck Station		THB	0	0	4,500	0	0	0
Mendota Heights Truck Station		THB	0	0	4,000	0	0	0
Eden Prairie Truck Station		THB	0	0	3,500	0	0	0
Oakdale-State Patrol		THB	0	0	2,000	0	0	0

Project Total	$203,361	$127,400	$114,000	$125,177	$40,000	$40,000
General Obligation Bonding (GO)	$162,000	$100,000	$100,000	$100,000	$40,000	$40,000
General (OTH)	$0	$6,600	$0	$0	$0	$0
Trunk Hwy Fund Bonding (THB)	$41,361	$20,800	$14,000	$25,177	$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 2006-07 Budget (000s)

♦ Operating budget	$994,725
♦ Capital expenditure	1,495,599
♦ Grants	1,674,002
♦ Total	$4,164,326

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.

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 and shorten construction time for highway and bridge projects, and accelerate funding for transit advantages.
- ⇒ Moving Better – focus on cost-effective investments that improve safety, reduce congestion, and improve mobility.

Core Functions

State Roads – includes the construction, operation, and maintenance of the state's approximately 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 nearly 12,000 miles of roads and 4,714 bridges. This system carries about 61% of all travel for the entire 130,000-mile system of state and local roads.

Freight
Mn/DOT promotes the safe and efficient movement of freight by railroads, waterways, and motor carriers by managing investment programs, administering construction projects, ensuring compliance with statutes, and developing freight policies.

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, planning activities associated with bicycle and pedestrian systems, planning and construction of commuter rail, and the construction of the Hiawatha Light Rail Transit (LRT) line.

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 by accessing $425 million in advance federal funds for 2004-07. Long-term financing options can be considered to continue to make transportation improvements. Mn/DOT has prepared an activity-based budget for FY 2006-07 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.

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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.

⇒ 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.

⇒ The Metro District is responsible for implementing the Northstar Commuter Rail Project. The state of Minnesota's share of the project's capital costs is funded from general obligations bonds.

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 facilities must be at correct locations for operations so Mn/DOT employees can efficiently and promptly respond to the highway users' needs. These facilities are constructed to respond to program requirements, new equipment demands or may be 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 vehicle, 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 and Health Administration (OSHA) procedures also grew more complicated. Additional facilities systems such as fire sprinklers, Americans with Disabilities Act (ADA) requirements, along with asbestos removal requirements, have expanded facility size and complexity. Some of these regulations have required a shift from field maintenance positions to design and compliance professional positions, 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, and that have statewide or regional significance or are 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 $9.6 million and general obligation bond appropriations totaling $27.0 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 area,s 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, $14.5 million has been appropriated for the Port Development Assistance Program.

Northstar Commuter Rail

The 1997 legislature authorized Mn/DOT to study potential commuter rail corridors in the Twin Cities and in 1999 instructed Mn/DOT to develop a commuter rail system plan. Mn/DOT performed the required studies and identified the Northstar route from downtown Minneapolis to the northwest suburbs on the BNSF railroad mainline as the top priority for implementation. The 1999 legislature further placed responsibility for all aspects of commuter rail (planning, developing, constructing, operating, and maintaining) with Mn/DOT in M.S. 174.82.

The Northstar corridor's population has continued its rapid growth while the project has been refined with the Federal Transit Administration (FTA) New Starts program. The Northstar Commuter Rail project is a 40-mile commuter rail line that would serve the congested TH-10 corridor from Big Lake to downtown Minneapolis. With intermediate stations in Elk River, Anoka, Coon Rapids, and Fridley and a direct connection to the Hiawatha Light Rail Transit (LRT) line, the $289 million project would open in early 2009.

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 economically provide a distinctive and pleasing appearance;
- enable change to the interior organization, to reorganize work systems and processes with a minimum of cost and disruption;
- support 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. The Federal transportation authorization act (SAFETEA-LU) 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.

Northstar Commuter Rail
One of Mn/DOT's Strategic Directions is to "Make the transportation network operate better." Northstar will take advantage of existing railroad infrastructure running parallel to TH-10 and into downtown Minneapolis to make the highway network work better. It will provide an alternate route for an estimated 5,600 trips per day by 2025. In addition, Northstar is an important piece in the Metropolitan's Council's 2030 Regional Transportation Plan. It is identified as a Tier 1 Corridor Transit System Plan and, with Hiawatha LRT, forms a strong foundation for a network of future transitways.

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
As of October 2004, 2,049 of 14,583 bridges on the local road system were 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 MRSI 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.

Northstar Commuter Rail

In 2002 Mn/DOT conducted an Inter-Regional Corridor study of TH-10, the principal highway through the Northstar Corridor. It found that by 2025 congestion will extend from I-35W to Big Lake. Average travel speeds on the corridor will drop to 26 mph in a segment through Elk River and 29 mph through Ramsey and Anoka. Several construction projects were identified to improve the corridor, but only the Hanson Boulevard interchange is currently programmed.

Immediately parallel to TH-10 is the BNSF Railroad's mainline. It consists of double track for nearly the entire extent of the proposed Northstar project from Big Lake to downtown Minneapolis. With track and signal improvements to enable commuter trains to safely join freight and Amtrak trains, this offers an opportunity to cost effectively add travel capacity to the corridor.

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 318 maintenance and repair projects scheduled for completion this year. Also listed are over 60 smaller ongoing projects waiting funding over the next four biennia, with an estimated cost of over $32 million. The plan also identifies 14 major projects, with an estimated cost of over $50 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. $10 million was appropriated by the 2005 legislature to begin funding this program.

Freight and Commercial Vehicle Operations
The MRSI Program is based on analysis of rail user and rail carrier applications. 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.

Northstar Commuter Rail
As noted earlier, Mn/DOT conducted a study of potential commuter rail routes in the Twin Cities and developed a Commuter Rail System Plan as directed by the Minnesota Legislature. Northstar was identified as the top priority corridor for commuter rail development. Since then, Mn/DOT has worked with the Northstar Corridor Development Authority and Metropolitan Council to develop the Environmental Impact Statement and conduct preliminary engineering and advanced design. The Federal Transit Agency issued a record of decision completing the environmental process in 2002. The 2005 federal transportation funding bill-Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)-listed Northstar among the projects eligible for final design and construction.

Major Capital Projects Authorized in 2004 and 2005

Facilities Program
No major facilities projects were authorized by the legislature in 2004 or 2005. The 2005 legislature did authorize a $4 million base budget increase for small (under $1 million) buildings in the agency operating budget.

State Aid
In 2005 the legislature appropriated $40 million to replace or rehabilitate deficient local bridges. $10 million was also appropriated for the Local Road Improvement Program.

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 at $2 million in 2005; $2.5 million was authorized for the MSRI program in the 2005 session.

Northstar Commuter Rail
The Minnesota Legislature appropriated $1.5 million in bonding for Northstar planning work in 1998 and $37.5 million in bonding for property acquisition, final design, and a portion of future construction costs in 2005. This request for $60 million will be the final phase of state funding for the project and, combined with the Northstar Corridor Development Authority's commitment of approximately $45.5 million, and $2.5 million from the Metropolitan Council, will provide the final funding needed for the Federal Transit Administration to commit the federal New Starts share of $142 million.

Agency Contact Person, Title and Phone

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2006 STATE APPROPRIATION REQUEST: $18,228,000

AGENCY PROJECT PRIORITY: 1 of 9

PROJECT LOCATION: Intersection TH 14 and TH 22 East of Mankato

Project At A Glance

- A replacement Minnesota Department of Transportation (Mn/DOT) facility housing district offices, shops, vehicle support, and storage spaces.
- This facility also provides highway, bridge construction, and maintenance services for south and southwestern Minnesota.
- This facility provides space for Mn/DOT and our partners, the Department of Public Safety (DPS), (the State Patrol and Driver and Vehicle Services Divisions), and the city of Mankato, which will share in the use of a salt storage facility and vehicle wash bay.

Project Description

Since the present building was constructed, Mn/DOT has under-gone decentralization of services from St. Paul to the districts. Most of design, right of way, materials testing, signal maintenance, radio service repairs, signal/electrical repairs, heavy equipment maintenance, planning, transit coordination, and public affairs have all moved to district headquarters to be closer to the customers and better serve the public.

The existing 110,000 square foot facility located on a 17.2-acre parcel was built in 1963. At the time, it was located in rural surroundings and built to fit the equipment and codes available. In 1963, snowplow warm storage bays housed single axle plows and were approximately 32' long by 12' wide. Today, a double rear axle (tandem) truck plow with longer boxes, sanding and salting attachments requires 39' X 16' warm storage bays, with wider aisles for access and higher roofs for more clearance and air quality.

There were 39 warm storage bays provided in the 1963 constructed building and 78 warm storage bays are required today for snowplows, survey and other pieces of major equipment that are necessary to maintain the vastly expanded roadway system.

The present building does not meet today's codes for the number of personnel working in this facility. It does not have an adequate HVAC (heating, ventilating, air conditioning) system. The HVAC system has surpassed its life cycle design and does not operate economically and creates the opportunity for unhealthy conditions because of a lack of adequate fresh air ventilation. It does not address current security concerns.

It does not have the necessary conference room facilities and it does not provide the space needed to house the full construction staff. A temporary wooden structure was added in 1993 to office State Aid, Right of Way, Surveys, Traffic, and Planning because the office space available was totally inadequate to complete the work required. The testing lab facility is outdated and located directly beneath people occupied space, which is a health hazard due to cross ventilation contamination. Lavatory facilities need to be revised and updated.

The space needed by the Patrol has increased due to the complexity of their jobs changing and the need to have secure workspace for their troopers, secure evidence rooms, confidential interview room, secure storage space for impounded vehicles, and an area to receive the public. Further, the dispatch center is very crowded and does not meet Americans with Disabilities Act (ADA) or other space requirements.

The present site does not provide the necessary space to safely allow for maneuvering vehicles, storage of equipment, or delivery and operational use of materials. A larger salt storage facility is needed for winter snow and ice operations.

The existing site cannot absorb another facility addition or other structures without having major impacts on outside vehicle maneuvering, materials, HVAC, and equipment storage.

A justified plan was developed to start looking at remodeling the present facilities. A consultant generated cost estimate study of the total remodeling project versus new construction was performed. Issues concerning size, layout and location, future salt storage, and salt brine production provided a cost/benefit ratio that clearly determined a new facility, meeting the new standards and building codes, located on a larger site away from residential development, provided a facility that much better meets the current and future needs of District 7. 1998 cost estimates for a facility addition, remodeling, and rehabilitation of existing spaces were 76% of a new facility construction costs, in today's dollars, between $14 and $17 million.

This project will consist of construction of a 163,000 square foot building with office space for Mn/DOT's planning, design, right of way, traffic, construction, maintenance, and state aid to local governments, rural transit coordination, support services, and administration. Space is provided for a material testing laboratory, vehicle storage for maintenance trucks, survey equipment, and other weather sensitive equipment. Other specialty operations performed for this facility are bridge maintenance, radio dispatching (Traffic Operations Center), electrical services (radio and communications tower support for southern Minnesota), sign maintenance, building maintenance, and southern Minnesota signal and electrical repair units.

It further provides space for an inventory center supporting all district functions. Cold storage buildings and a chemical storage facility will also be located at this site.

This facility is the central support for District 7's 1,345 miles of state and federal highways, 146 miles of interstate roadways, 465 bridges, 4,131miles of county state aid system roadways, 10 safety rest areas and 20 truck stations located throughout the district and management of approximately 20,000 acres of land.

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 constructions, communications, energy management, and the health and welfare of our employees.

Impact On Agency Operating Budgets (Facilities Note):

The construction of an additional 80,000+ square feet will have an impact on the District Operating Budget. An additional two employees will be needed to keep this new facility clean and to perform needed maintenance and repairs. Additional utilities costs will also be incurred.

Other Considerations

When determination was made that a new facility, at a new location was the most economical and practical alternative, the process began for finding a new site and developing suitable plans.

In 2000, the legislature approved $404,000 to purchase a new site.

In 2001, the legislature approved funds for hiring an Architect/Engineer Consultant to fully develop construction plans and specifications. ($517,000)

As part of the process of moving to a new location, options for disposition of the existing site were evaluated. State statute provides that state property shall be offered to other government agencies prior to disposition to the general public.

Feelers were put out to other government agencies. Blue Earth County was not interested because they have an adequate facility within a few miles of this facility. Because the National Guard was well into their planning process and had already secured federal funds, the National Guard declined.

A $3.35 million commercial appraisal was completed 10-30-03.

The city of Mankato reviewed the present Mn/DOT facility and is highly interested in acquiring this site in order to vacate their multiple, deteriorating, facilities and consolidate their public works, parks and fire safety operations.

The city of Mankato has already contributed over $910,629 of site improvements, which include extended water and sewer services, curb and gutter, bituminous roads and site drainage work, and a retention pond in support of this project. With allowances for immediate improvements to safety and environmental concerns at the existing facility, some cash and other considerations, Mn/DOT will receive in excess of the full, appraised value from the city of Mankato.

By deferring this project, Mn/DOT would lose the opportunity to sell the site to the city of Mankato for its best and highest potential use. If not approved this session, the city of Mankato will have to begin the process of planning and construction of a new facility for their use.

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) which will allow coordinated dispatching and incident management throughout the ten counties in south and southwestern Minnesota. The TOCC will serve Mn/DOT, the State Patrol and Department of Natural Resource Conservation Officers. The city of Mankato will also share the chemical storage facility.

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Governor's Recommendations

The Governor recommends trunk highway bonding of $18.228 million for this project.

Mankato Headquarters Building — ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
1. Property Acquisition	404	0	0	0	404
2. Predesign Fees	0	0	0	0	0
3. Design Fees	1,143	0	0	0	1,143
4. Project Management	0	30	10	0	40
5. Construction Costs	0	10,190	6,390	0	16,580
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	910	698	0	1,608
TOTAL	**1,547**	**11,130**	**7,098**	**0**	**19,775**

CAPITAL FUNDING SOURCES	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
State Funds :					
Trunk Highway Fund	1,547	0	0	0	1,547
Trunk Hwy Fund Bonding	0	18,228	0	0	18,228
State Funds Subtotal	1,547	18,228	0	0	19,775
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	**1,547**	**18,228**	**0**	**0**	**19,775**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	225	450	675
Building Repair and Replacement Expenses	0	228	456	684
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	453	906	1,359
Revenue Offsets	0	0	0	0
TOTAL	0	453	906	1,359
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.	
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 2011

2006 STATE APPROPRIATION REQUEST: $60,000,000

AGENCY PROJECT PRIORITY: 2 of 9

PROJECT LOCATION: Big Lake-Minneapolis

Project At A Glance

This request is for $60 million in general obligation bonding in 2006 to complete the Northstar Commuter Rail project.

Project Description

The $289 million Northstar Corridor Rail Project includes a 40-mile, six-station commuter rail line serving Big Lake, Elk River, Anoka, Coon Rapids, Fridley, and Minneapolis and a four-block, one-station extension of the Hiawatha Light Rail Transit line from 1st Avenue North to the downtown Minneapolis commuter rail station near 5th Avenue North. The project includes a commuter rail maintenance facility in Big Lake. Project capital costs are split approximately 50% federal, 33% state, and 17% local. The Northstar Corridor Development Authority (NCDA) is providing most of the local share with the exception of $2.5 million already committed by the Metropolitan Council.

Impact on Agency Operating Budgets (Facilities Notes)

The Northstar Corridor Rail Project will require $3 million to $4 million per year in state operating assistance once it opens in FY 2009. The NCDA will provide matching operating assistance for commuter rail.

Previous Appropriations for this Project

The state of Minnesota appropriated $1.5 million for a major investment study and engineering in 1998 and $37.5 million for final design, property acquisition, and construction in 2005.

Project Contact Person

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Governor's Recommendations

The Governor recommends general obligation bonding of $60 million for this project.

Northstar Corridor Rail Project — ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
1. Property Acquisition	0	8,584	452	0	9,036
2. Predesign Fees	8,897	2,224	0	0	11,121
3. Design Fees	0	9,113	4,317	0	13,430
4. Project Management	2,087	4,433	5,630	0	12,150
5. Construction Costs	0	33,791	111,754	0	145,545
6. One Percent for Art	0	0	250	0	250
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	30,485	40,615	0	71,100
9. Inflation	0	9,306	17,117	0	26,423
TOTAL	**10,984**	**97,936**	**180,135**	**0**	**289,055**

CAPITAL FUNDING SOURCES	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
State Funds :					
G.O Bonds/State Bldgs	39,000	60,000	0	0	99,000
State Funds Subtotal	39,000	60,000	0	0	99,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	7,725	55,368	79,154	0	142,247
Local Government Funds	1,759	18,478	27,571	0	47,808
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**48,484**	**133,846**	**106,725**	**0**	**289,055**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	5,232	21,047	26,279
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	5,232	21,047	26,279
Revenue Offsets	0	<3,308>	<14,032>	<17,340>
TOTAL	0	1,924	7,015	8,939
Change in F.T.E. Personnel	0.0	8.0	8.0	16.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	60,000	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
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 2011

2006 STATE APPROPRIATION REQUEST: $70,000,000

AGENCY PROJECT PRIORITY: 3 of 9

PROJECT LOCATION: Statewide

Project At A Glance

- Replace 470 local deficient bridges during the 2006 construction season, maintaining our transportation infrastructure.
- Bridge projects requested in 87 counties and cities across the state.
- Will be supplemented with $90 million of federal bridge replacement funds, state-aid funds, and local funds.

Project Description

This request for $70 million in state funds is to replace or rehabilitate deficient bridges owned by local governments throughout the state.

One of Minnesota Department of Transportation (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.

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 2,515 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.

Impact On Agency Operating Budgets (Facilities Note)

No impacts.

Previous Appropriations for this Project

In 2005, $40 million was appropriated for this program and is projected to result in the replacement, rehabilitation, or removal of about 94 bridges. (Approximately 60 additional bridges will have been replaced 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 replaced or rehabilitated, of which 5,438 utilized $296 million of Local Bridge Replacement Program funds. As of October 2004, there were 2,049 deficient county, city, and township bridges in Minnesota.

Since 1976, the following total amount has been provided for the local bridge replacement and rehabilitation program from all sources:

State Funds (1=$1,000)	389,172
Federal Aid	309,047
Local and State-Aid Funds	341,552
Total:	1,039,771

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Governor's Recommendations

The Governor recommends general obligation bonding of $30 million for this project. Also included are budget planning estimates of $30 million in 2008 and $30 million in 2010.

Local Bridge Replacement & Rehab — ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	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	170,000	170,000	170,000	510,000
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**	**170,000**	**170,000**	**170,000**	**510,000**

CAPITAL FUNDING SOURCES	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
State Funds :					
G.O. Bonds/Transp	0	70,000	70,000	70,000	210,000
State Funds Subtotal	0	70,000	70,000	70,000	210,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	30,000	30,000	30,000	90,000
Local Government Funds	0	70,000	70,000	70,000	210,000
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**0**	**170,000**	**170,000**	**170,000**	**510,000**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2006-07	FY 2008-09	FY 2010-11	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	70,000	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 2011

2006 STATE APPROPRIATION REQUEST: $20,000,000

AGENCY PROJECT PRIORITY: 4 of 9

PROJECT LOCATION: Statewide

Project At A Glance

- Provide $5 million to assist impacted cities, counties, or townships with local cost shares of Trunk Highway corridor improvement projects.
- Provide $15 million to assist cities, counties, or townships with local road projects with statewide or regional significance and reduce traffic crashes, deaths, injuries, and property damage that cannot be funded through existing revenue sources.

Project Description

This request for $20 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 and projects on county state aid highways designed to improve safety by reducing traffic crashes, deaths, injuries, and property damage. These are local projects that cannot be reasonably funded through other sources.

Two of Minnesota Department of Transportation (Mn/DOT's) strategic directions are: investing in and improving the system of interregional corridors that connect the state's regional trade centers; and 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 is vital to the any solution for reducing 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. Existing funding mechanisms are limited in the ability to handle many of the situations and types of projects identified as important 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 three 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.

⇒ The Local Road Account for Rural Road Safety provides funding for projects on county state-aid highways intended to reduce traffic crashes, deaths, injuries, and property damage.

This request is for $5 million to be made available for grants from the Trunk Highway Corridor Projects Account, and $15 million for grants from the Local Road Account for Routes of Regional Significance and Rural Road Safety.

Impact On Agency Operating Budgets (Facilities Note)

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. An additional $5 million with the option to be used as grants is needed to provide assistance to those local agencies that do not have the ability to repay a loan. In 2005, $10 million was placed in the local Road Improvement Program divided equally between the Routes of Regional Significance and Rural Road Safety Accounts. The $10 million partially funded 40 of the 112 projects that were requested by local governments for the 2005 construction season.

Project Contact Person

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Governor's Recommendations

The Governor recommends general obligation bonding of $10 million for this project. Also included are budget planning estimates of $10 million in 2008 and $10 million in 2010.

Local Road Improvement Grants | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	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	20,000	20,000	20,000	60,000
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**	**20,000**	**20,000**	**20,000**	**60,000**

CAPITAL FUNDING SOURCES	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	20,000	20,000	20,000	60,000
State Funds Subtotal	0	20,000	20,000	20,000	60,000
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**	**20,000**	**20,000**	**20,000**	**60,000**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2006-07	FY 2008-09	FY 2010-11	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	20,000	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 2011

2006 STATE APPROPRIATION REQUEST: $6,949,000

AGENCY PROJECT PRIORITY: 5 of 9

PROJECT LOCATION: Carver County Road 147 and new Hwy 212

Project At A Glance

- A new Chaska/Carver County Truck Station
- Carver county will partner with Minnesota Department of Transportation (Mn/DOT) in the construction and operation of this truck station
- This approximate 49,000 square feet (SF) truck station facility will contain offices, shops, vehicle support, inventory space, storage spaces, and mechanics work bays. The site will also house salt storage, cold storage, and yard storage facilities
- This facility will accommodate the southwest metro area, primarily along the new Highway 212 corridor
- Located in the city of Chaska

Project Description

The project will consist of new construction of an approximate 22.3 acre site with an approximated 49,000 SF truck station building with offices, shops, and vehicle storage, and support areas. Cold storage and salt storage facilities will be included on the site. Part of the site is forested and will remain so.

Originally planned for construction in 2012-2014, this project has become a very high priority since the Highway 212 construction has moved to the top of the Mn/DOT priority list. The current undersized facility is located across the Minnesota River and many miles from the proposed location of Highway 212. Constructing a new facility on the correct side of the Minnesota River makes snowplow and highway operations more efficient, economic and timely.

Constructing on a larger site, in partnership with Carver County, 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 Mn/DOT employees.

Impact on Agency Operating Budgets (Facilities Notes)

Utility costs will increase moderately in this new facility. Current staff will be shifted from the existing facility to this facility.

Previous Appropriations for this Project

There have been no previous applications for this project.

Other Considerations

It is anticipated that Highway 212 will be in operation by 2008. In order to design, construct, and be ready and available for use prior to the opening of the highway, design and construction need to begin as soon as possible.

The increasing traveler needs, as well as the need to support the agencies' long-range strategic goals such as upgrading regional corridors, require that we provide a quality facility.

Carver County will be a Mn/DOT partner in this project and will occupy approximately 11% of the facility and will also share in the costs to construct and operate.

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 Carver County in building and supporting like functions by providing an efficient and economical facility, and a healthy and safe workplace for employees.

Once completed, a number of efficiencies can be accomplished. The Mn/DOT long-range plan is to move the current Jordan Truck Station occupants to the existing Shakopee Truck Station, which will have moved into the new Chaska/Carver County Truck Station. Jordan will then be disposed of according to statute.

Project Contact Person

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Governor's Recommendations

The Governor recommends trunk highway bonding of $6.949 million for this project.

Chaska Truck Station | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	284	56	0	340
4. Project Management	0	100	165	0	265
5. Construction Costs	0	2,589	3,150	0	5,739
6. One Percent for Art	0	0	10	0	10
7. Relocation Expenses	0	0	40	0	40
8. Occupancy	0	20	130	0	150
9. Inflation	0	153	252	0	405
TOTAL	**0**	**3,146**	**3,803**	**0**	**6,949**

CAPITAL FUNDING SOURCES	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
State Funds :					
Trunk Hwy Fund Bonding	0	6,949	0	0	6,949
State Funds Subtotal	0	6,949	0	0	6,949
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**	**6,949**	**0**	**0**	**6,949**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2006-07	FY 2008-09	FY 2010-11	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.	
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
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 2011

2006 STATE APPROPRIATION REQUEST: $4,507,000

AGENCY PROJECT PRIORITY: 6 of 9

PROJECT LOCATION: 1900 West County Rd I, Shoreview, Minnesota 55126

Project At A Glance

- A classroom addition to the Arden Hills Training Center.
- This 20,000 square feet (SF) classroom addition will allow Minnesota Department of Transportation (Mn/DOT) to host an additional six classes for approximately 40 students, with expandability up to a 200 person meeting space.

Project Description

The project will consist of new construction of an approximate 20,000 square foot classroom addition to an existing classroom training facility. This will allow a minimum six-classroom addition with moveable walls. This facility will further provide storage space for tables and chairs, and space for storage and distribution of catered meals, beverages, and snacks.

Six additional classrooms are needed to answer the growing demand for classroom instruction and technical certification training space. As a planning and flexibility tool, these six classrooms will have moveable walls to enlarge or rearrange space as needed for the type of class or training being taught. This facility will be equipped with the latest in audio/visual sound equipment and provide for closed circuit television (CCTV) learning environments.

This project includes the design, decontamination, and removal of an unused State Patrol pistol range on the Arden Hills Training Center site. Although located on the extreme north boundary of the former Arden Hills Army Ammunition Plant, this facility was built and operated by the State Patrol. No longer needed and unused for a number of years, the State Patrol continues to pay for permit fees and inspections. This facility needs to be decontaminated and removed. The recovered space will be used for site parking required by the addition of this classroom.

Impact on Agency Operating Budgets (Facilities Notes)

Utility costs will increase moderately in this new facility. An additional two FTE's will be required to support this facility. Costs of which should be recovered by rentals, when not in use by Mn/DOT.

Previous Appropriations for this Project

There have been no previous applications for this project.

Other Considerations

Other state owned classroom space with this type of flexibility or expandability is not readily available. There are large state owned classrooms available in the metro area, but cost, availability and flexibility are major concerns. MnDOT desires to avoid additional classroom rentals to minimize Mn/DOT costs.

The current capacity of three large (40 students) and three medium (25 students) classrooms and five small conference-type meeting rooms do not meet Mn/DOT training and classroom requirements. The present facility utilization is 94%. The number of requests has continually risen from 296 in 1996 to 837 in 2005. Approximately 80 requests for larger, more flexible space are turned away annually.

Technical training, technical certifications, and other training to deliver program delivery and replace the aging workforce, has not let up for Mn/DOT, local roads, and contractors.

One of Mn/DOT partners, the State Patrol is currently renting part of the Training Center for State Patrol classes and training sessions. The Patrol continues to have an aggressive ongoing training schedule with updating skills and homeland security even with the rookie school being held at Camp Ripley. The additional space would allow additional classes to be scheduled.

A twin cities training facility saves travel costs of 40% to 60% of Mn/DOT personnel, local roads, State Patrol, contractors, and would alleviate some of the scheduling pressure currently facing the successful centrally located classrooms at St. Cloud.

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 provide for the health and welfare of Mn/DOT employees.

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Governor's Recommendations

The Governor does not recommend capital funds for this project.

Arden Hills Training Center Addition | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	209	10	0	219
4. Project Management	0	90	170	0	260
5. Construction Costs	0	1,856	1,208	0	3,064
6. One Percent for Art	0	0	20	0	20
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	130	430	0	560
9. Inflation	0	197	187	0	384
TOTAL	**0**	**2,482**	**2,025**	**0**	**4,507**

CAPITAL FUNDING SOURCES	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
State Funds :					
Trunk Hwy Fund Bonding	0	4,507	0	0	4,507
State Funds Subtotal	0	4,507	0	0	4,507
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**	**4,507**	**0**	**0**	**4,507**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2006-07	FY 2008-09	FY 2010-11	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.	
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
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 2011

2006 STATE APPROPRIATION REQUEST: $11,677,000

AGENCY PROJECT PRIORITY: 7 of 9

PROJECT LOCATION: Intersection of Highway 81 and Hemlock Lane, Osseo

Project At A Glance

- A new Maple Grove/Osseo truck station and mechanics facility
- This approximate 85,000 square feet (SF) truck station facility will contain offices, shops, vehicle support, inventory space, storage spaces, and mechanics work bays
- The site will also house salt storage, cold storage, and yard storage facilities
- Located in the city of Osseo

Project Description

The project will consist of new construction on an approximate 30-acre site with an approximate 85,000 SF truck station and mechanics facility with offices, shops, mechanics repair bays, a welding shop and other vehicle storage, and support areas. Cold storage and salt storage facilities will be included on the site.

Minnesota Department of Transportation (Mn/DOT) plans to build a new Maple Grove truck station on the Osseo site removing this industrial facility from its current commercial development surroundings and allowing Mn/DOT to design and build a larger facility, to current building codes and environmental regulations, and capable of supporting the expanding Maple Grove mission.

During the same capital construction request year, Mn/DOT had also planned to build a new mechanics facility at the Mn/DOT Golden Valley Headquarters site. The current Golden Valley site is small and located in a residential area along Highway 100.

Review of the existing Golden Valley site for compatibility with the surrounding residential area with review to determine if the current site is adequate to support an additional facility led Mn/DOT to conclude construction on another site was preferable.

Economic savings of combining the two facilities, with the economics of construction scale and site availability led Mn/DOT to place both the truck station and the mechanics facility in one building at the Maple Grove/Osseo site.

Constructing on a larger site, combining two like facilities functions, 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 Mn/DOT employees.

Impact on Agency Operating Budgets (Facilities Notes)

Utility costs will increase moderately in this new facility. Current staff will be shifted from the existing facilities to this facility.

Previous Appropriations for this Project

There have been no previous applications for this project.

Other Considerations

The city of Maple Grove desires to purchase the old Maple Grove truck station and an ancillary pit site in Maple Grove. Appraisals were completed and valued at approximately $3.3 million. Negotiations with the city are currently underway.

This new facility will be located to effectively meet Mn/DOT's long-range goals as it is situated on future Interstate 610 Right of Way.

The increasing traveler needs, as well as the need to support the agency's long-range strategic goals such as upgrading regional corridors, require that we provide a quality facility.

We will provide better customer service through enhanced equipment availability and by prolonging the life cycle use of taxpayer supported equipment.

Mn/DOT will be providing an efficient and economical facility, and a healthy and safe workplace for employees.

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Governor's Recommendations

The Governor does not recommend capital funds for this project.

Maple Grove/Osseo Truck Station | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	595	119	0	714
4. Project Management	0	100	165	0	265
5. Construction Costs	0	4,237	4,703	0	8,940
6. One Percent for Art	0	0	10	0	10
7. Relocation Expenses	0	0	40	0	40
8. Occupancy	0	105	580	0	685
9. Inflation	0	433	590	0	1,023
TOTAL	**0**	**5,470**	**6,207**	**0**	**11,677**

CAPITAL FUNDING SOURCES	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
State Funds :					
Trunk Hwy Fund Bonding	0	11,677	0	0	11,677
State Funds Subtotal	0	11,677	0	0	11,677
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**	**11,677**	**0**	**0**	**11,677**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2006-07	FY 2008-09	FY 2010-11	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.	
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
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 2011

2006 STATE APPROPRIATION REQUEST: $6,000,000

AGENCY PROJECT PRIORITY: 8 of 9

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 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 MRSI 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 Note)

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. The 2003 legislature has reduced the amount of funding available to the MRSI Program by $6.4 million, with $3.2 million reduction July 2003 and an additional $3.2 million in July 2004.

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 institutions 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.

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Governor's Recommendations

The Governor does not recommend capital funds for this project.

Minnesota Rail Service Improvement — ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	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	6,000	4,000	4,000	14,000
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**	**6,000**	**4,000**	**4,000**	**14,000**

CAPITAL FUNDING SOURCES	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	6,000	4,000	4,000	14,000
State Funds Subtotal	0	6,000	4,000	4,000	14,000
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**	**6,000**	**4,000**	**4,000**	**14,000**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2006-07	FY 2008-09	FY 2010-11	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
No	MS 16A.695 (2): Use Agreement Required
Yes	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 2011

2006 STATE APPROPRIATION REQUEST: $6,000,000

AGENCY PROJECT PRIORITY: 9 of 9

PROJECT LOCATION: Statewide

Project At A Glance

The Port Development Assistance Program, M.S. Chapter 457A, was enacted in response to infrastructure needs of Minnesota's public ports on the Great Lakes and Inland River Navigation Systems. No federal funds are currently available for these types of projects. The program involves a state (up to 80%) and local (20%) partnership 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 (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 2006 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 and $1million respectively in General Funds. An additional $2 million was appropriated in 2003 and again in 2005. To date total appropriations amount to $14.5 million.

The 2003 legislature also authorized $3.5 million specifically for Winona for freight access improvements. Mn/DOT will administer these funds.

Other Considerations

Neighboring states have had Port Development Assistance programs dating back to 1980 and have committed over $50 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.

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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 2006-07	FY 2008-09	FY 2010-11	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	6,000	6,000	6,000	18,000
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**	**6,000**	**6,000**	**6,000**	**18,000**

CAPITAL FUNDING SOURCES	Prior Years	FY 2006-07	FY 2008-09	FY 2010-11	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	6,000	6,000	6,000	18,000
State Funds Subtotal	0	6,000	6,000	6,000	18,000
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**	**6,000**	**6,000**	**6,000**	**18,000**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2006-07	FY 2008-09	FY 2010-11	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.	
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)
No	MS 16A.695: Public Ownership Required
No	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 2011