Transportation, Department of

Project Funding Summary

($ in Thousands)

Project Title	Agency Priority	Funding Source	Agency Request 2014	Agency Request 2016	Agency Request 2018	Governor's Rec 2014	Governor's Planning Estimates 2016	Governor's Planning Estimates 2018
Local Bridge Replacement Program	1	GO	$75,000	$75,000	$75,000	$30,000	$30,000	$30,000
Local Road Improvement Fund Grants	2	GO	100,000	100,000	100,000	10,000	10,000	10,000
Greater Minnesota Transit	3	GO	1,130	5,000	5,000	1,130	0	0
Highway/Rail Grade Crossing Warning System	4	GO	10,000	10,000	10,000	2,000	2,000	2,000
Willmar Headquarters Supplemental Funding	5	THF	4,370	0	0	4,370	0	0
Little Falls Truck Station Supplemental Funding	6	THF	3,580	0	0	3,580	0	0
Safe Routes to School	7	GO	3,200	6,000	6,000	2,000	2,000	2,000
Rail Service Improvements	8	GO	10,000	10,000	10,000	0	0	0
Port Development Assistance	9	GO	10,000	10,000	10,000	400	0	0
High Speed Rail Corridor State Match	10	GO	27,000	27,200	27,200	0	0	0
Supplemental Funding for Turnbacks	11	GO	100,000	100,000	100,000	0	0	0

Project Total	$344,280	$343,200	$343,200	$53,480	$44,000	$44,000
General Obligation Bonding (GO)	$336,330	$343,200	$343,200	$45,530	$44,000	$44,000
Trunk Highway Fund (THF)	$7,950	$0	$0	$7,950	$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

Mission

The Minnesota Department of Transportation's (MnDOT's) mission is to provide the highest quality, dependable, multi-modal transportation system through ingenuity, integrity, alliance and accountability.

Statewide Outcome(s)

Transportation supports the following statewide outcome(s).

Sustainable options to safely move people, goods, services and information.

Context

MnDOT exists to develop and implement transportation policies, plans and programs that enhance the quality of life for Minnesota citizens and promote the safety of the traveling public. In additional to quality of life, economic development is dependent on the ability of citizens to efficiently and economically transport goods and services. MnDOT was created to build and maintain the state's transportation network.

MnDOT's vision is to be a global leader in transportation, committed to upholding public needs and collaboration with internal and external partners to create a safe, efficient and sustainable transportation system for the future.

MnDOT's strategic objectives are:

- Safety – Promote and maintain a safe, reliable and modern transportation system
- Mobility – Improve access and enhance the movement of people and freight
- Innovation – Promote a culture of innovation in the organization
- Leadership – Become the transportation leader and employer of choice for Minnesota's diverse population
- Transparency – Build public trust in MnDOT

MnDOT's investment objectives are:

- Preserve Existing Infrastructure – Preserve the state's assets and implement effective improvements that maintain the roads and bridges on the trunk highway system in a safe and sound condition.
- Improve Safety – Implement the Strategic Highway Safety Plan by investing in proactive strategies that reduce transportation-related fatalities and injuries through the use of new and improved technology and safety measures.
- Improve Mobility - Engineer solutions that reduce congestion and improve mobility. Expand multimodal transportation to create alternative means of travel.
- Regional and Community Investment Priorities – Investments that respond to regional concerns and collaboration opportunities, beyond the performance based needs of the system, in order to support economic competitiveness and the quality of life in Minnesota.

MnDOT's funding is organized across four programs with 13 budget activities, as follows:

Multimodal Systems Program
- Aeronautics
- Transit
- Freight
- Passenger Rail

Local Roads Program
- Country State Aid Roads
- Municipal State Aid Roads

State Roads Program
- Program Planning and Delivery
- Operations and Maintenance
- Electronic Communications
- Debt Service
- State Road Construction

Agency Management Program
- Agency Management
- Buildings

MnDOT's primary source of funding comes from the Trunk Highway Fund which is supported by motor fuel excise taxes, motor vehicle registration tax, and motor vehicle sales taxes. Other sources of department funding include Federal Funds, the Transit Assistance Fund, the State Airports Fund, the County State Aid Highway Fund and the Municipal State Aid Street Fund. Currently less than one percent of the operating budget is from the general fund.

Strategies

Stakeholder Involvement and Customer Research
MnDOT engages a wide variety of key partners, including internal staff, the public, other state agency staff, local communities, cultural groups, professional organizations, the media, vendors, and consultants. MnDOT collaboratively works with partners and stakeholders to meet the needs of customers, the traveling public.

Over the past three years, MnDOT has managed an Online Customer Community, consisting of 400 customers serving as "citizen advisors" to MnDOT. Community members participate in weekly online discussions and surveys, on a multitude of transportation issues. In addition, MnDOT conducts an annual Omnibus survey designed to gather longitudinal data that monitors citizen feedback of services provided (snow plowing, smooth roads, signage, etc.). MnDOT uses the information captured in both of these programs to understand the needs of the public and works to incorporate that into the level of service provided. Over the past two years MnDOT has also studied what Quality of Life (QOL) means to its citizens. This study identified what QOL is and how transportation fits as one of the 11 factors contributing to Minnesotans' quality of life. This study also identified those transportation services that contribute to the QOL of Minnesotans and the satisfaction scores for each. This information is being used to inform our service delivery and future investment decisions.

Enterprise Risk Management (ERM)
To address a number of key agency issues, MnDOT recently adopted an approach to Enterprise Risk Management (ERM) that is designed to enable decision-making at all levels. The ERM framework assists in setting priorities across the agency and provides the policy, process, and accountability structure through which risks are identified and managed to accomplish the agency's vision, mission, and business objectives.

Innovation
MnDOT is committed to creating and maintaining a culture that invites innovation and rapid adoption of new practices that improve overall efficiency and service delivery.

Multimodal Planning
MnDOT has recently led the development of a 50-year multimodal vision for transportation in Minnesota. Moving forward, MnDOT is committed to being a leader in the planning for and investing in an efficient, and dependable multimodal transportation system that maximizes the health of people, the environment, and our economy, now and for future generations.

Complete Streets
MnDOT remains committed to a Complete Street (CS) vision for our trunk highway system. The goal of CS is to develop a balanced system that integrates all modes and uses integrated planning and design to enable safe access for all users including pedestrians, bicyclists, motorists and bus riders of all ages and abilities. MnDOT continues to meet with an External Advisory Group and work on revising our processes and guidance documents.

Measuring Success

The success of these strategies is reflected in the customer research data and corroborated through ongoing communications with MnDOT customers, who voice that they see the alignment between their feedback and the services we deliver. For example:

- Stakeholder perception of transportation leadership – 80 percent favorable partner average on their level of agreement of responding county engineers, city engineers, and metropolitan planning organizations (MPO)/regional development commissions (RDC) with the following statement: "MnDOT is respected and credible as a transportation leader in our state."

- Stakeholder perception of innovation – 77 percent favorable partner average on their level of agreement of responding county engineers, city engineers, and MPOs/RDCs with: "MnDOT is a valued, innovative technical resource..."

- Public perception of MnDOT delivering the transportation system – 84 percent of Minnesotans agree that MnDOT can be relied on to deliver Minnesota's transportation system.

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 the Minnesota Department of Transportation (MnDOT) 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 initiated requests for projects in this budget document. The sections of this summary are explained separately by those operating units:

- The Facilities Program addresses all Minnesota Department of Transportation (MnDOT) owned buildings. Generally, building projects included in the capital budget cost $1.5 million or more. If projects are less than $1.5 million, they are typically included in the biennial operating budget.
- State Aid for Local Transportation (State Aid) addresses the need for general obligation bonds for the replacement of deficient local bridges, safety improvements on local roads, and the reconstruction of aging local roads with statewide or regional significance. Funding grants in these local transportation programs provide assistance to local units of government to leverage and supplement local, state-aid, and federal funds planned for transportation improvements. Turnback funding addresses the desire of local agencies to accelerate the back log of projects identified and will enable negotiations for future turnbacks to proceed. A turnback is a state highway where the jurisdiction has been assigned to a local unit of government.
- The Office of Freight and Commercial Vehicle Operations addresses rail service improvement projects, port improvement needs and the replacement of aging grade crossing warning devices, which are funded from general obligation bonds.
- The Office of Transit is responsible for providing grants for operating and capital assistance to Greater Minnesota public transit systems. Capital assistance for transit facilities is funded from general obligation bonds. In addition, the Bicycle and Pedestrian Section in the Office of Transit is responsible for coordinating the Safe Routes to School (SRST) program, which provides grants for education, planning and infrastructure to local jurisdictions. MnDOT is seeking general obligation bonds to fund the infrastructure grant program.
- The Passenger Rail Office provides improved transportation options for Minnesota residents through developing an intrastate passenger rail system that connects regional centers and enhances Minnesota's connection to the expanding national passenger rail system.

Facilities Program

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

MnDOT has continually upgraded its fleet and technological capabilities to be more efficient in constructing and maintaining its building infrastructure, while providing for the safety of the public and the MnDOT workforce. 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 vehicle that's 33 feet long to a double axle vehicle that is 44 feet long. 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:

- Existing buildings require additional space to accommodate larger vehicles and support spaces
- Diesel engines emit fumes that are difficult to diffuse and require extensive mechanical retrofit.

While MnDOT shifts to larger equipment, building codes and environmental regulations, such as Occupational Safety and Health Administration procedures grow more complicated. Additional facilities systems such as fire sprinklers, Americans with Disabilities Act (ADA) requirements, and asbestos removal requirements, have expanded facility size and complexity. Some of these regulations require 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 increases as bridges on the local system 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 constructing road and bridge projects on the local system, that have statewide or regional significance or are associated with trunk highway corridor improvements. A study completed for the Legislature in January 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 road and bridge projects 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 resources to construct and maintain the transportation capital improvements.

Freight and Commercial Vehicle Operations

The Minnesota Rail Service Improvement (MRSI) Program was created in 1976 and has received general fund appropriations and general obligation bond appropriations over the life of the program. These funds were granted or loaned to rail users and rail carriers for capital improvements to rehabilitate deteriorating rail lines, improve rail-shipping opportunities and purchase, 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. Minnesota short lines and regional railroads must continue to provide reliable and competitive choices for shippers by rehabilitating and improving their rights-of-way and other rail facilities.

The Port Development Assistance Program was created in 1991 (MS 457A). The purpose of the program is to provide grants in partnership with local units of government and port authorities for port and terminal improvements for shipping on Minnesota's commercial waterway system. Eligible projects include improvements, repairs and constructing terminal buildings and equipment, railroad and roadway access, dock walls, piers, storage areas and dredging harbor sediment. Project locations must be on navigable portions of the Mississippi, Minnesota or St. Croix rivers or on the North Shore of Lake Superior. Since 1996, $25 million has been appropriated for the Port Development Assistance Program.

The purpose of MnDOT's Highway – Rail Grade Crossing Safety Equipment Replacement program is to replace aging grade crossing warning devices. The reliability and credibility of grade crossing warning devices is of utmost importance to the traveling public. Since older signal systems tend to experience more problems with malfunctioning equipment, signal modernizations need to be an integral component of MnDOT's efforts to maintain safety at railroad - highway grade crossings.

Transit
There is an increasing need and demand in Greater Minnesota for transportation alternatives. Providing the state funding match for transit facilities assists providers in getting the longest possible life from their vehicles. This aligns with MnDOT's strategic objective to preserve the state's transportation assets and corresponds to the measure that seeks to improve the overall condition of the Greater Minnesota public transit fleet.

MnDOT partners with public transit systems in greater Minnesota to provide efficient and economical facilities and a healthy and safe workplace for employees.

Safe Routes to School was initially a federal program through which funds were granted to local jurisdictions to provide infrastructure enabling students to safely walk and bike to school, thus improving their health. The most recent federal transportation law, Moving Ahead for Progress in the 21st Century (MAP-21) does not specifically provide funds for Safe Routes to School. Instead it is grouped with several other former independent programs under the new Transportation Alternatives program. That new program has less funding available than the independent programs formerly had collectively, so there will likely be fewer federal funds available for Safe Routes to School. This request for state capital funds is intended to keep this valuable partnership between state and local jurisdictions intact as well as to continue leveraging other agency investments in the program.

Passenger Rail
The 2009 Minnesota Legislature (Laws of Minnesota, Chapter 93, subdivision 5) appropriated $26 million in general obligation bonds to implement capital improvements and betterments for intercity passenger rail projects identified in the statewide freight and passenger rail plan. The funds have been used to match federal passenger rail development program funding and capital investments that benefit current/future passenger rail corridors. MnDOT partners with railroad authorities and other state transportation departments to pursue funds for developing intra- and intercity passenger rail corridors.

Long-range strategic plans by program

Facilities Program
Long-range MnDOT goals regarding facilities are to safeguard what exists and make MnDOT work better. To meet those goals, the Facilities Program will provide facilities that meet the following goals and criteria:

- **Functionally and energy efficient:**
  - Foster productivity by allowing employees to safely produce a maximum amount of output with a minimum amount of effort
- **Flexible:**
  - Enable change to the interior organization, to reorganize work systems and processes with minimum cost and disruption.
  - Support the ability to expand the footprint or provide site enhancements with a minimum disruption of existing functions.
- **Perform to standards:**
  - 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.
- **Require minimum maintenance:**
  - Provide materials, equipment, and functional spaces which are durable, sustainable, and user friendly.
- **Pleasing to the eye and complement the surrounding environment:**
  - Use creative design elements to economically provide a distinctive and pleasing appearance.
- **Sustainable:**
  - Provide an office environment for employees using the most efficient and safe technology and ergonomics.

State Aid
One of MnDOT's goals is to make the transportation network operate better by maintaining mobility for the traveling public. Bridges are critical links in the

transportation network and replacing or rehabilitating those that are deficient will help MnDOT meet the goal of providing mobility for people and goods.

The MnDOT State Aid Division's long range budget plan is to maintain a continuous adequate level of funding for a local bridge replacement program. Through this, the number of deficient bridges can be reduced and maintained at an acceptable number, even as the number of deficient bridges increases annually. The local road system in Minnesota consists of approximately 123,000 miles. Three of the largest local road networks receive no form of state transportation funding assistance. These include all city streets not designated on the municipal state aid system, all city and county roads not designated on the state aid system, and township roads. Roads identified on the municipal and county state aid systems lack sufficient funding provided through the Highway User Tax Distribution Fund (HUTDF) fund to meet all the preservation and expansion needs. The Local Road Improvement Program was created to assist local agencies in filling the transportation funding gaps and shortages on routes with statewide and regional significance. The HUTDF Flexible Highway Account, which currently funds turnback projects, also lacks sufficient funding to meet the needs. The backlog of turnback projects identified on trunk highways and local county and city roads exceeds an estimated $300 million.

Transit

Long range transit program planning is derived from the 2011 Greater Minnesota Transit Investment Plan. MS 174.24 directed MnDOT to determine the level of funding required to meet at least 80 percent of total transit service needs in Greater Minnesota by July 1, 2015 (or 1.6 million service hours), and at least 90 percent by July 1, 2025 (or 1.8 million service hours). In 2012 Greater Minnesota Transit providers delivered 1,076,000 hours of service. An additional 500,000 service hours will be needed to meet the 2015 goal, MnDOT will be able to add some additional service hours as a result of increases in motor vehicle sales tax (MVST) revenues, a temporary, two-year increase in share of leased MVST decided in the 2013 legislative session, and increased federal funds under MAP-21. However MAP-21 reduced federal funds available for capital, so some state funds will have to fill the gap to keep the bus fleet in a state of good repair.

MnDOT Greater Minnesota Transit funding priorities remain consistent with those stated in the 2011 Investment Plan: 1) preservation of the existing public transit system operations, 2) vehicle capital replacements 3) program expansion when permitted by available funding.

The purpose of the Safe Routes to School program is to improve safety on walking and bicycling routes to school and to encourage children and families to travel between home and school using these modes. This is expected to provide long term improvements in children's health and safety while bringing communities together as they plan projects.

Freight and Commercial Vehicle Operations

MnDOT's strategic plan reflects a commitment to operate, maintain, and preserve Minnesota's transportation systems and infrastructure. The federal transportation authorization act (MAP21) 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 MnDOT's strategic directions are:

- safeguard what exists, and
- make the transportation network operate better.

Continued investment in the MRSI Program, the Port Development Program and the Highway – Rail Grade Crossing Safety Equipment Replacement Program are critical elements of the transportation investment strategy to accomplish these important MnDOT directions.

Passenger Rail

MnDOT is charged with planning, design, development and construction of passenger rail services in Minnesota (MS 174.632). The 2010 Minnesota Statewide Freight and Passenger Rail Plan states that MnDOT will lead in the development of passenger rail services and coordinate with Midwest Regional Rail Initiative states to develop a multi-state passenger rail system in the upper Midwest.

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

Facilities Program
MnDOT has 1,061 facilities with approximately 5.6 – 5.9 million square feet at over 300 locations. These facilities include headquarters buildings, 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 141 truck stations currently in the MnDOT inventory, 27 are considered functionally inadequate. "Functionally inadequate" means truck bays are too small, mechanical equipment inadequate or buildings have other problems that prevent them from fully carrying out their intended function.

State Aid
As of August 2013, 1,456 of 14,752 bridges on the local road system were either structurally deficient or functionally obsolete. This number fluctuates as local units of government replace, rehabilitate or remove bridges from the local system. 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.

These roads and bridges are critical links in the state's transportation system and must be serviceable to move people and goods where needed. MnDOT, in collaboration with local units of government is leading a study with a focus on evaluating system-wide jurisdictions (right road on right system). Additional turn back opportunities will be an outcome of the study.

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 are crucial to the state's economy.

Some of Minnesota's shortlines and regional railroads need improvements and rehabilitation to continue providing reliable competitive choices for shippers and efficient movement of goods. Without assistance from the MRSI Program, many of these railroads will deteriorate or 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 congestion, heavier rail cars and deteriorating infrastructure, such as bridges, are an enormous burden on Minnesota's shortline and regional railroads. These railroads need access to low- or no-interest loans to improve or rehabilitate their tracks 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). Water borne freight transportation helps 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 stable 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.

There are approximately 1,400 railroad- highway grade crossings signals in the state. The normal life cycle for railroad- highway grade crossings signals is 20 years. These signal systems need to be replaced as they approach the end of their design life. MnDOT estimates it would cost approximately $17.5 million per year (70 crossings per year x $250,000) to fully address the state's railroad – highway grade crossing signal modernization needs.

Transit
Present bus storage and maintenance facilities exhibit a variety of conditions, suitability and functionality. Some Greater Minnesota transit systems are forced to lease space configured for other uses. Others have no option but to park buses outside, even in the winter months. Some communities may

receive less competitive bids on contracted transit service because they cannot offer a facility for use by the best bidder. Availability of appropriate space for vehicle storage and maintenance is important to preserve critical community assets and services.

The condition or even presence of walking and bicycling facilities leading to schools also varies greatly. The evaluation process for the Safe Routes to School program ensures investments are made in communities that exhibit a need and have carefully planned how to fill that need.

Passenger Rail
The existing freight rail system in Minnesota will serve as the basis for potential passenger rail corridors. There may be new "green field" alignments on some corridors, but the vast majority of passenger rail alignments will use existing track and facilities with necessary signals, switches, sidings, etc., constructed to ensure compatible freight/passenger rail operations.

The Twin Cities metro area has benefited from investments in passenger rail facilities at St. Paul Union Depot and at the Transportation Interchange in downtown Minneapolis. Amtrak service will return to Union Depot the fall of 2013 and the Interchange will have preserved right of way for future passenger rail services.

Agency Process Used to Arrive at These Capital Requests

Facilities Program
Every two years, MnDOT performs a Facility Assessment of all MnDOT facilities. These assessments review nine functional areas, use a weighted scoring system and provide a comprehensive look at the facility condition, suitability and functionality. MnDOT recently adapted this assessment to provide the Facility Condition Audit information required annually by the Legislature. The Facilities Program now assesses salt storage structures and is working with the MnDOT Office of Technical Support to develop a baseline assessment of all rest areas, which will include Americans with Disabilities (ADA) Act requirements.

Annually, MnDOT uses the Facility Assessment and district meetings in the building budget process to determine, along with building users and division staff, the deficiencies and needs for immediate and future building space and renewals. MnDOT consolidates and prioritizes each assessment by score. The Facilities Program professional staff reviews the top 10-15 projects for consistency and need, then develop priorities and present them to the Districts for review. The commissioner's staff gives 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 nearly 300 maintenance and repair projects scheduled for completion this year. Also listed are over 50 smaller capital projects over the next four biennia that are currently not funded, with an estimated cost of more than $50 million. The plan also identifies 11 major projects, with an estimated cost of more than $96 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. It would address the large bridge reconstruction "wave" created by the increased number and larger deck size of local bridges built in the post-World War II era that are beginning to reach the end of their useful life. Capital requests are based on 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. The 2002 Legislature established the Local Road Improvement Fund for this purpose.

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 MnDOT 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 identified by port authorities on the Mississippi River and Lake Superior and on MnDOT site inspections.

Projects to replace aging grade crossing warning devices are prioritized and submitted as candidate projects by each operating railroad. MnDOT then selects projects based on a number of factors, including roadway traffic volumes, train counts/speeds, crash history and safety concerns.

Transit
MnDOT developed a Facility Guidebook to provide a clear, consistent and streamlined process for documenting the need for a new or renovated transit facility and clarify the steps required to request project funding through MnDOT. The Guidebook also established a uniform process for MnDOT to use when evaluating funding requests.

Greater Minnesota transit systems annually submit facility applications to MnDOT. All projects that are determined to be program eligible and fiscally viable are included in the MnDOT approved 10-year capital plans and are a part of the annual review for funding. Using the process outlined in the Facility Guidebook, MnDOT determines the cost effectiveness of each proposal and determines whether or not the project is viable. The projects that are determined to be viable are ranked and the highest ranked projects receive funding.

MnDOT periodically solicits applications for Safe Routes to School infrastructure projects. The applications are scored base on the following criteria:

- Comprehensive approach – understanding the current condition and using assessment tools to identify the problems
- Engineering strategy – addressing identified problems through supported and proven measures
- Community support for the SRTS program and the project

Passenger Rail
Specific assessment of existing infrastructure and future capital needs will be determined on a corridor by corridor basis in partnership with the freight railroads and local regional railroad authorities as the implementation of the state rail plan occurs.

Major Capital Projects Authorized in 2012

Facilities Program
The 2012 legislature authorized $16.1 million for the Rochester Maintenance Facility using Trunk Highway bonds. Trunk Highway fund cash was used to fund the following projects:
$7.5 million – Willmar District Headquarters
$5.6 million – Plymouth Truck Station
$3.3 million – Cambridge Truck Station
$1.1 million – Crookston, Eden Prairie and Mendota Truck Station Design

State Aid
The 2012 legislature authorized $30 million for local bridge replacement and rehabilitation and $10 million for Local Road Improvement Fund Grants.

Transit
In 2012, the legislature appropriated $6.4 million for Greater Minnesota Transit for capital assistance for publicly owned greater Minnesota transit systems. These funds were directed to a multimodal facility being constructed in downtown Duluth.

To date, the State of Minnesota has not provided capital funds for Safe Routes to School infrastructure. Previous capital funds all came from the Federal Highway Administration Safe Routes to School program.

Freight and Commercial Vehicle Operations
The 2012 Legislature appropriated $2.0 million to replace railroad grade warning devices and $1.0 million for Port Development Assistance.

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Local Bridge Replacement Program

2014 STATE APPROPRIATION REQUEST: $75,000,000

AGENCY PROJECT PRIORITY: 1 of 11

Project At A Glance

- There are 1760 structurally deficient or functionally obsolete local bridges with a sufficiency of rating of 80 or less. Average cost to replace a bridge in 2013 was $497,000.
- Local bridge projects across the state will be supplemented with approximately $125 million of federal, state-aid, and local funds.

Project Description

This request for $75 million in state funds is to replace or rehabilitate deficient bridges owned by local governments throughout the state.

Preserving the structural integrity of Minnesota's bridges is a top priority for the Minnesota Department of Transportation (MnDOT) and local agencies. Bridges are critical links in the state's transportation system. State financial assistance to local units of government is necessary because of the significant number of bridges and because the replacement cost is too much for local agency transportation budgets to bear 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. Bond funds can also be used for local bridges that have no other funding source. In these cases, the bond funds pay 100% of the eligible construction cost

A small percentage of local bridges may compete for Federal bridge replacement funds. These projects require matching funds. Projects chosen for federal aid are typically larger more expensive projects, and are the first priority for bond funds.

To qualify for this state funding on township bridges, the county must have depleted its town bridge account. When that occurs, the state funds pay up to 100 percent of eligible construction costs.

Local governments assume 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.

Alternatives to replacing a bridge are considered before funds are approved, such as consolidating routes to eliminate a crossing, building a road in lieu of a bridge, and abandoning the road. Funds may be approved up to the cost of the equivalent replacement bridge, for practical alternative improvements and/or to remove a structure permanently from the bridge inventory.

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 budget.

Previous Appropriations for this Project

The legislature appropriated $33 million in 2011 and $30 million in 2012. In 2012 the locals replaced 267 bridges for a total cost of $ 96.5 million. As of September 2013, locals have replaced 154 bridges for a total cost of $ 72 million. Over the last biennium $ 74 million of bridge bond funds have leveraged $ 21 million of federal funds, $ 38 million of State aid funds, $ 25 million of town bridge funds and $ 11 million of local funds for the construction costs of replacing 420 bridges.

The Local Bridge Replacement Program has a strong bonding history with funds being utilized at nearly 100%.

2005	$40 million
2006	55 million
2008	50 million
2009	10 million
2010	66 million
2011	33 million
2012	30 million

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Governor's Recommendation

The Governor recommends general obligation bonding of $30 million for this request. Also included are budget estimates of $30 million for each planning period in 2016 and 2018.

Local Bridge Replacement Program | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	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	346,000	75,000	75,000	75,000	571,000
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	**346,000**	**75,000**	**75,000**	**75,000**	**571,000**

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
G.O. Bonds/Transp	346,000	75,000	75,000	75,000	571,000
State Funds Subtotal	346,000	75,000	75,000	75,000	571,000
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	**346,000**	**75,000**	**75,000**	**75,000**	**571,000**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	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	75,000	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)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2019

Local Road Improvement Fund Grants

2014 STATE APPROPRIATION REQUEST: $100,000,000

AGENCY PROJECT PRIORITY: 2 of 11

Project At A Glance

- To provide $20 million to assist counties with Rural Road Safety Projects to reduce traffic crashes resulting in deaths, injuries, and property damage. These projects cannot be funded with existing funds.
- To provide $80 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. These projects cannot be funded with existing funds.

Project Description

This request will provide funding assistance to local agencies for construction, reconstruction, or reconditioning projects on local roads with statewide or regional significance, and projects on county state aid highways.

Local roads provide critical connections to the states' interregional corridors and other trunk highways from towns, shipping points, industries, farms, recreational areas, and other markets. A well-developed local system is vital to any solution for reducing congestion on trunk highways.

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. In 2002, the legislature created the Local Road Improvement Program (LRIP) (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 interregional corridors or other major highways, or eliminate hazards. Some turn back projects meet the criteria for routes of regional significance.
- 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.

Impact on Agency Operating Budgets (Facilities Notes)

Administration of this program is funded with existing budgets within the Minnesota Department of Transportation (MnDOT) State Aid for Local Transportation Division.

Previous Appropriations for this Project

The previous $10 million appropriated for LRIP by the legislature in 2012 will assist in funding two projects; TH 101 turn back in Scott County and TH 36 River Crossing in Oak Park Heights for city owned utilities within the right of way.

2005	$10.0 million
2006	$16.0 million
2008	$10.0 million
2011	$10.0 million
2012	$10.0 million

Project Contact Person

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Governor's Recommendation

The Governor recommends general obligation bonding of $10 million for this request. Also included are budget estimates of $10 million for each planning period in 2016 and 2018.

Local Road Improvement Fund Grants | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	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	56,000	100,000	100,000	100,000	356,000
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	**56,000**	**100,000**	**100,000**	**100,000**	**356,000**

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
G.O. Bonds/Transp	56,000	100,000	100,000	100,000	356,000
State Funds Subtotal	56,000	100,000	100,000	100,000	356,000
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	**56,000**	**100,000**	**100,000**	**100,000**	**356,000**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	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	100,000	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)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2019

2014 STATE APPROPRIATION REQUEST: $1,130,000

AGENCY PROJECT PRIORITY: 3 of 11

Project At A Glance

The capital budget request for Greater Minnesota transit consists of the following:

- St. Cloud Metro Bus: Operations Center Vehicle Storage Addition & Improvements: **State GO Bond request of $1.13 million.**

Project Description

The following describes one Greater Minnesota Transit Project for which bonding is requested during the 2014 session. At the end of this narrative there is a brief overview of one potential project for a future bonding request.

St Cloud Metro Bus request funding for vehicle storage additions and complete roof replacement to their operations center. Total cost of these improvements is $2,100,000 of which 80% (or $1.68 million) is proposed to be funded through past and future bond appropriations. Of the $1.68 million, $550,000 will be funded from previous years appropriations with unobligated bond funds including 2011 ($150,000) and 2012 ($400,000). The remaining balance of $1.13 million is the 2014 bond fund request for Greater Minnesota Transit. St. Cloud Metro Bus will provide the 20% local share of $420,000.

Impact on Agency Operating Budgets (Facilities Notes)

The proposed projects have no effect on state operating budgets.

Previous Appropriations for this Project

State bonding appropriations were made for Greater Minnesota Transit projects in the following years:
2003 - $1,000,000
2006 - $2,000,000
2008 - $1,000,000
2011 - $2,500,000
2012 - $6,400,000

Other Considerations

Estimated future Greater Minnesota Transit bonding requests for 2016 and 2018 will be approximately $6.25 million.

Other potential future projects will be submitted as part of the Greater Minnesota public transit grant applications and be reviewed by the MnDOT's Office of Transit for possible inclusion in future bonding requests.

These projects protect and maintain assets (buses) used in the delivery of transit services to the citizens of Minnesota. Storing buses indoors maximizes their service life and makes pre- and post-trip inspection more thorough. Bus stops and transit hubs provide a more comfortable trip for Minnesotans using transit. All of these projects contribute to the following transportation goals in Minnesota Statutes 174.01, Subd. 2:

- to provide multimodal and intermodal transportation facilities and services to increase access for all persons and businesses and to ensure economic well-being and quality of life without undue burden placed on any community
- to provide transit services to all counties in the state to meet the needs of transit users
- to provide for and prioritize funding of transportation investments that ensure that the state's transportation infrastructure is maintained in a state of good repair
- to increase use of transit as a percentage of all trips statewide by giving highest priority to the transportation modes with the greatest people-moving capacity and lowest long-term economic and environmental cost
- reduce greenhouse gas emissions from the state's transportation sector

These structures will be built using current design and construction techniques to provide energy efficient, functionally proficient, and economic facilities thus supporting productive, healthy, and safe working and traveling environments for employees and patrons.

Project Contact Person

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Governor's Recommendation

The Governor recommends general obligation bonding of $1.13 million for this request. The Governor is not making a planning estimate for 2016 and 2018 at this time.

Greater Minnesota Transit | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
1. Property Acquisition	1,500	0	0	0	1,500
2. Predesign Fees	147	8	0	0	155
3. Design Fees	1,481	140	1,000	1,000	3,621
4. Project Management	237	0	250	250	737
5. Construction Costs	25,416	1,152	4,500	4,500	35,568
6. One Percent for Art	60	0	0	0	60
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	503	250	500	500	1,753
9. Inflation	0	0	0	0	0
TOTAL	**29,344**	**1,550**	**6,250**	**6,250**	**43,394**

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
G.O. Bonds/Transp	12,900	1,130	5,000	5,000	24,030
State Funds Subtotal	12,900	1,130	5,000	5,000	24,030
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	4,859	0	1,250	1,250	7,359
Private Funds	0	420	0	0	420
Other	11,585	0	0	0	11,585
TOTAL	**29,344**	**1,550**	**6,250**	**6,250**	**43,394**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	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	1,130	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)
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 2019

Highway/Rail Grade Crossing Warning System

2014 STATE APPROPRIATION REQUEST: $10,000,000

AGENCY PROJECT PRIORITY: 4 of 11

Project At A Glance

Replace approximately 40 aging highway/rail grade crossing safety gate and signal warning systems.

Background

The reliability and credibility of grade crossing warning devices is of utmost importance to the traveling public. Rapid advancements in technology have made older grade crossing warning devices obsolete and, at times, difficult to repair due to lack of parts. When a crossing signal malfunctions, the lights will flash in the same manner as if a train were approaching the crossing. The flashing of the lights will continue until the problem is corrected, which could take several hours. Drivers can confuse a signal with a long warning time with one that is malfunctioning. This confusion can lead a driver to make an assumption that a signal has malfunctioned resulting in the driver's decision to cross the tracks despite the flashing signal or lowered gates. Clearly this can have an adverse consequence if a train is approaching.

There are approximately 1,400 railroad- highway grade crossings signals in the state of Minnesota. The normal life cycle for railroad- highway grade crossings signals is 20 years. These signal systems need to be replaced as they get to the end of their design life. In order to manage this process, the Minnesota Department of Transportation (MnDOT) is developing a statewide life cycle planning process, including a funding mechanism to make these improvements that will administer the state's investment in grade crossing warning devices. This life cycle planning process must address the need to replace approximately 70 signal systems per year.

Since older signal systems tend to experience more problems with malfunctioning equipment than newer equipment, signal modernizations needs to be an integral component of MnDOT's efforts to maintain safety at railroad - highway grade crossings.

MnDOT estimates it would cost approximately $17.5 million per year (70 crossings per year x $250,000) to fully address the state's railroad – highway grade crossing signal modernization needs.

Project Description

The purpose of this funding request is to replace a portion of the aging grade crossing warning devices in the state. Approximately 40 of the oldest highway/rail grade crossing signal systems on local roads in the state will be replaced with flashing light signals and gates at a cost of approximately $250,000 per location, or $10 million total.

Projects to replace aging signal systems are prioritized and submitted as candidate projects by each operating railroad. MnDOT then selects projects based on a number of factors, including roadway traffic volumes, train counts/speeds, crash history and safety concerns.

State general obligation bond funds are the only source of funding to replace aging highway/rail grade crossing safety equipment on local roads. Trunk highway funds, when available, are used for signal system replacement on trunk highways.

Installing signals at grade crossings that are currently not signalized continues to be MnDOT's highest investment priority for the grade crossing safety program. MnDOT uses federal funds for the installation of new (not replacement) systems at hazardous locations on both local and state roads. A federal set-aside program pays 100% of the cost of these safety improvements. The $5.4 million in federal dollars available annually provides funding for only 25 projects per year, a small percentage of the state's grade crossing safety needs.

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 following general obligation bond appropriations have been provided for the replacement of aging grade crossing safety warning devices:

	Appropriation	Locations Updated
2010	$2.5 million	8
2011	$3.0 million	14
2012	$2.0 million	11

In addition to this funding, the program receives $1,000,000 annually from the Minnesota grade crossing safety account in the special revenue fund (Minnesota Statutes Section 219.1651). This account is used for smaller safety improvements at crossings such as circuitry upgrades.

Other Considerations

A portion of bond proceeds for this activity may be used for consultant project management assistance.

Project Contact Person

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Governor's Recommendation

The Governor recommends general obligation bonding of $2 million for this request. Also included are budget estimates of $2 million for each of the planning periods in 2016 and 2018.

Highway/Rail Grade Crossing Warning System | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	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	7,500	10,000	10,000	10,000	37,500
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	**7,500**	**10,000**	**10,000**	**10,000**	**37,500**

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
G.O. Bonds/Transp	7,500	10,000	10,000	10,000	37,500
State Funds Subtotal	7,500	10,000	10,000	10,000	37,500
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	**7,500**	**10,000**	**10,000**	**10,000**	**37,500**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	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)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2019

Willmar Headquarters Supplemental Funding

2014 STATE APPROPRIATION REQUEST: $4,370,000

AGENCY PROJECT PRIORITY: 5 of 11

Project At A Glance

This project previously received legislative funding and has been further designed and estimated by the project consultants. Through this process additional project costs have been identified that require additional funds to complete the project and meet the District's operational needs. To correct the estimating process:

- The Minnesota Department of Transportation (MnDOT) has instituted a two phase process that will give more accurate estimates for building construction funding requests. Phase 1 Funding Requests include consultant fees for Schematic Design, Design Development, and Construction Documents, including estimates completed at each stage. These estimates will be used for the Phase 2 Legislative Request for construction funding in a following biennium. The new 2014 building requests have used this process to arrive at their costs.
- Construction costs have increased since the projects scopes were first identified and estimated during the recession.

Project Description

Willmar Headquarters (HQ) Warm Storage Addition - Bids have already been received which reflect higher construction costs since the 2012 appropriation. Additional costs the project has encountered include: Discovery of contaminated soils and additional asbestos abatement with resulting higher testing and consultant fees; petroleum vapor barrier system under new construction (approx. 40,000 square feet; longer construction period due to final phasing of work; Very few contractors expressed interest in bidding, only three general contractors, two electrical contractors, two mechanical contractors; the majority of the cost increases were found in the mechanical and electrical bids which is a trend for recent projects.

Impact on Agency Operating Budgets (Facilities Notes)

These funds will assist MnDOT facilities in meeting Executive Order (EO) 11-12 requirements by reducing energy use on a BTU/square foot/year basis. Needed mechanical and electrical system improvements will be fully funded.

Previous Appropriations for this Project

- Willmar HQ Warm Storage Addition: 2012 trunk highway fund (THF) $7.5 million.
- Willmar HQ Design Fees: 2010 trunk highway fund (THF) $320,000.

Other Considerations

MnDOT building projects have experienced increased costs for a number of reasons:

- Additional environmental investigation and procedures especially in contaminated soils remediation.
- Higher construction costs than anticipated during the recession when estimates were prepared.
- District operational needs have changed or increased and are more defined through the design process.

Project Contact Person

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Governor's Recommendation

The Governor recommends a trunk highway fund appropriation of $4.37 million for this request.

Willmar Headquarters Supplemental Funding | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	320	320	0	0	640
4. Project Management	0	0	0	0	0
5. Construction Costs	7,500	3,335	0	0	10,835
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	340	0	0	340
9. Inflation	0	375	0	0	375
TOTAL	**7,820**	**4,370**	**0**	**0**	**12,190**

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
Trunk Highway Fund	7,820	4,370	0	0	12,190
State Funds Subtotal	7,820	4,370	0	0	12,190
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	**7,820**	**4,370**	**0**	**0**	**12,190**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	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
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 2019

Little Falls Truck Station Supplemental Funding

2014 STATE APPROPRIATION REQUEST: $3,580,000

AGENCY PROJECT PRIORITY: 6 of 11

Project At A Glance

- Project Request: $3.58 million
- This project previously received Legislative funding and has been further programmed, designed and estimated by the project consultants. Added project costs have been identified that require additional funds to complete the project and meet the Districts' operational needs.
- To correct the estimating process the Minnesota Department of Transportation (MnDOT) has now instituted a two phase process that will give more accurate estimates for building construction funding requests. Phase 1 Funding Requests include consultant fees for Schematic Design, Design Development, and Construction Documents, including estimates completed at each stage. These estimates will be used for the Phase 2 Legislative Request for construction funding in a following biennium.

Project Description

Due to its location, high volume highways (i.e. Highways US 10/MN 371) and service requirements, Little Falls is the largest outstate MnDOT truck station that is not a district headquarters. The initial appropriation request for this project was based upon 2009 programming and costs for a common style truck station. Further scoping/design (2010-2013) revealed additional project requirements to meet District and Regional needs.

- A brine-making facility was added. Salt brine has become an important product for snow and ice control. Since brine is such a corrosive agent, a separate building is necessary for a brine maker and storage tanks.

- Independent wash bays are important for equipment care and staff efficiencies. Separating washing activities from other building operations and equipment storage/shop isolates the corrosive wash spray.

- Current District mechanic shops have limited abilities to support equipment and vehicle fleets. Enhancements (space, hoists, cranes, etc) to this facility will help accommodate changing types and size of equipment (dual wing plows, tow plows, attenuators/trailers, inventory, etc.). Being centrally located, it is also common for the district to support regional equipment (bridge snooper, striping machines, electrical service, foundations, geodetic vehicles, etc).

- Detailed design provided insight to various unknown site issues (quantity and quality of grading materials, high water table, and sanitary / water connections).

- Adequate lunchroom / training / office space will accommodate the entire subarea complement. Being geographically centered provides opportunities for other cost-effective meetings (travel & salary savings).

Even though the facility increased by 7,000 square feet to 23,000 square feet (44%), MnDOT is confident that this truck station is reasonably and responsibly designed. Consulting fees for design and construction plans, as well as inflation, have also contributed toward overall increased project costs.

Impact on Agency Operating Budgets (Facilities Notes)

These funds will assist MnDOT facilities in meeting Executive Order (EO) 11-12 requirements by reducing energy use on a BTU/square foot/year basis.

Previous Appropriations for this Project

New Little Falls Truck Station: 2010 trunk highway fund (THF), $3.3 million.

Other Considerations

More complex MnDOT building projects have experienced increased costs due a number of reasons:
Higher construction costs than anticipated since the initial estimate was prepared;

District operational needs have changed and increased and have become more defined through the design process.

Project Contact Person

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Governor's Recommendation

The Governor recommends a trunk highway fund appropriation of $3.58 million for this request.

Little Falls Truck Station Supplemental Funding | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	435	90	0	0	525
4. Project Management	0	0	0	0	0
5. Construction Costs	2,865	3,190	0	0	6,055
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	300	0	0	300
TOTAL	**3,300**	**3,580**	**0**	**0**	**6,880**

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
Trunk Highway Fund	3,300	3,580	0	0	6,880
State Funds Subtotal	3,300	3,580	0	0	6,880
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	**3,300**	**3,580**	**0**	**0**	**6,880**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	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
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 2019

Safe Routes to School

2014 STATE APPROPRIATION REQUEST: $3,200,000

AGENCY PROJECT PRIORITY: 7 of 11

Project At A Glance

The capital budget request for the Minnesota Safe Routes to School (SRTS) Program consists of the following:

- Funding for one, possibly two, solicitations for infrastructure projects that aim to increase safe and convenient opportunities for children to walk and bicycle to school in communities across Minnesota
- It is anticipated that this will fund about 20 projects such as sidewalk improvements, traffic calming and speed reduction, pedestrian and bicycle crossings, on-street bicycle facilities, shared-use paths, secure bicycle parking facilities and traffic diversion improvements in the vicinity of schools.

Project Description

In 2012, the Legislature created a state SRTS Program (MS 174.40). This proposed investment under that authority and direction will assist local communities in Minnesota by building infrastructure that increases options to bicycling and walking for children near schools leading to increased safety and opportunity.

Since 2006, a federally-funded SRTS program has provided grants to Minnesota communities to increase opportunities for children to walk and bicycle to school. Demand for the program exceeded funding under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) federal appropriation and future federal funding is uncertain. In the previous two solicitations from 2011 and 2013, the Minnesota Department of Transportation (MNDOT) received 145 applications from local schools and units of government requesting almost $37 million for safety improvements near schools but could fund only $7 million in 28 communities. Providing safe routes to school for Minnesota children has numerous benefits including reducing congestion around schools, reducing school transportation costs, and providing an opportunity for physical activity which decreases obesity, improves health and supports academic achievement.

Impact on Agency Operating Budgets (Facilities Notes)

The proposed projects have no effect on state operating budgets as we are already administering the program.

Previous Appropriations for this Project

There have been no previous bonding allocations for this program.

Other Considerations

Supporters will include Minnesota Department of Health, the Legislature's Childhood Obesity Task Force and over 35 other organizations that supported the 2012 and 2013 legislative proposals including the American Heart Association, American Cancer Society, Coalition of Greater Minnesota Cities, Minnesota School Boards Association, Minnesota Association of School Administrators, Bicycle Alliance of Minnesota, and the Minnesota Complete Streets Coalition.

Estimated future SRTS bonding requests for 2016 and 2018 will be approximately $6 million each biennium plus unfunded remainders of projects listed in this 2014 request.

Project Contact Person

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Governor's Recommendation

The Governor recommends general obligation bonding of $2 million for this request. Also included are budget estimates of $2 million for each of the planning periods in 2016 and 2018.

Safe Routes to School | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	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	904	0	0	0	904
5. Construction Costs	10,360	3,200	6,000	6,000	25,560
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	**11,264**	**3,200**	**6,000**	**6,000**	**26,464**

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
G.O. Bonds/Transp	0	3,200	6,000	6,000	15,200
Federal	10,419	0	0	0	10,419
State Funds Subtotal	10,419	3,200	6,000	6,000	25,619
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	845	0	0	0	845
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**11,264**	**3,200**	**6,000**	**6,000**	**26,464**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	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	3,200	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
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 2019

Rail Service Improvements

2014 STATE APPROPRIATION REQUEST: $10,000,000

AGENCY PROJECT PRIORITY: 8 of 11

Project At A Glance

- Preserves and improves rail-shipping opportunities in Minnesota to achieve a modally balanced freight transportation system and provide access to markets.
- Serves the freight community in Minnesota in support of statewide economic development.
- Provides long-term no-interest loans to regional railroad authorities, railroads, and shippers to improve rail facilities and increase railroad shipping.

Project Description

The Minnesota Rail Service Improvement (MRSI) Program seeks to preserve and enhance rail service in the state. MRSI assists rail users (shippers) and rail carriers (the railroads) with infrastructure improvements, as well as preservation of rail corridors through land banking.

Minnesota's short line and regional railroads provide a critical function in the rail network. Short line and regional railroads are lighter-density railroads that have typically been spun off larger railroads and operate independently. Short line and regional railroads provide important freight connections between communities and national and international markets served by the Class 1 railroads. Many of the smaller railroads in Minnesota are in need of capital improvements and rehabilitation to be able to operate safely and reliably. In addition, businesses that wish to ship or receive goods by rail must have adequate rail infrastructure, such as rail spurs, sidings and loading equipment. The MRSI Program assists with such needs.

The MRSI Program includes three primary elements: the Capital Improvement Loan Program, the Rail Line Rehabilitation Program and the Rail Bank Program.

Capital Improvement Loan Program:
Both railroads and shippers are eligible to receive interest-free loans for capital improvements. Typical projects include upgrading small segments of rail lines, construction and extension of rail spurs, bridge replacement or upgrade, and development of loading or unloading facilities. Recipients must meet criteria to protect the investment of Minnesota taxpayers.

Rail Line Rehabilitation Program:
The Rail Line Rehabilitation Program is a partnership program with a rail authority, rail shippers, and the Minnesota Department of Transportation (MnDOT). This program loans money to rail authorities to rehabilitate operating, but deteriorating, rail lines. The program requires shipper financial participation and projects must meet criteria to protect the investment of Minnesota's taxpayers. Rehabilitation loans have included 29 state-funded rehabilitation projects.

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

The MRSI Program was created in 1976 and funding was first authorized in the form of general fund appropriations. In 1982, a Constitutional Amendment allowed for general obligation bonds to be used for the MRSI Program (Minn. Constitution, Art. 11, sec. 5(i)), in addition to any general fund appropriations. Total state appropriations, combined with federal grants and funding from railroads, shippers, and local units of government, together with loan repayment proceeds, have driven rail investments exceeding $146.2 million.

Solicitations for loans are issued on a regular basis and applications taken. Regional and statewide freight studies, as well as the State Rail Plan, identify needs that may be addressed by the MRSI Program.

Impact on Agency Operating Budgets (Facilities Notes)

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

Previous Appropriations for this Project

The Minnesota Legislature has appropriated the following for the MRSI program:

1976 $3.0 million general fund
1977 $3.0 million general fund
1979 $3.0 million general fund
1980 $13.5 million general obligation bonds
1981 $1.0 million general fund
1984 $12.0 million general obligation bonds
2001 $5.0 million general fund
2002 $1.0 million general fund
2004 ($3.2 million) cancelled back to general fund
2005 ($3.2 million) cancelled back to general fund
2006 $1.5 million general fund
2007 $2.0 million general fund
2008 ($3.0 million) cancelled back to general fund
2009 ($3.0 million) cancelled back to general fund
2010 $2.0 million
2011 $0.7 million general obligation bonds
2012 $0.0

Total state appropriations to date are $47.7 million; cancellations have totaled $12.4 million.

Direct project level appropriations (both state bonding and federal assistance) are also administered through the program.

Other Considerations

None.

Project Contact Person

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Governor's Recommendation

The Governor does not recommend capital funding for this request.

Rail Service Improvements | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	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	47,700	10,000	10,000	10,000	77,700
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	**47,700**	**10,000**	**10,000**	**10,000**	**77,700**

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
G.O. Bonds/Transp	2,700	10,000	10,000	10,000	32,700
General	45,000	0	0	0	45,000
State Funds Subtotal	47,700	10,000	10,000	10,000	77,700
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	**47,700**	**10,000**	**10,000**	**10,000**	**77,700**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	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 2019

2014 STATE APPROPRIATION REQUEST: $10,000,000

AGENCY PROJECT PRIORITY: 9 of 11

Project At A Glance

- The Minnesota Port Development Assistance Program supports infrastructure needs of Minnesota's public ports on the Great Lakes and Inland River Navigation Systems.
- Partnership program to improve freight handling efficiency on Minnesota's commercial waterway systems, with typically 80 percent state grants and 20 percent local share.

Project Description

The purpose of the Port Development Assistance Program is to expedite the movement of commodities and passengers on the commercial navigation system; enhance the commercial vessel construction and repair industry in Minnesota; and promote economic development in and around ports and harbors in the state. (Source M.S.457A.2).

The bond request will be used to complete $10 million of the listed project proposals. Project proposals are prioritized based on need, employment generated and overall economic benefit. Minnesota Department of Transportation (MnDOT)'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 2014 and beyond:

Red Wing Port Authority	
Passenger Vessel Dock Improvements	$1,000,000.00
Winona Port Authority	
Construct salt storage Building	$1,100,000.00
St Paul Port Authority	
BT # 1—Rehab Port Authority Buildings	$3,000,000
Storm water Management	$1,000,000
Replace Railroad Crossing BT#1	$500,000
Red Rock & Southport	
Secondary road access to Southport	$2,000,000
Rehab Southport dock wall	$1,000,000
Reclaim fleeting area#14 at Red Rock	$1,500,000
Rehab Gavilon dock wall	$1,000,000
Duluth Seaway Port Authority	
Replace dock timbers at berths 4, 5, 6 and 7	$350,000
Transit Shed	
Repaint Transit shed	$250,000
Modernize electric service to code	$350,000
Replace pedestrian & freight doors	$150,000
Replace of update fork lifts	$250,000
Repave storage yard/access roadways	$750,000
Construct Security Guard Houses	$50,000
Maintenance Building 51	
Rehabilitate roof	$50,000
Garfield Dock C and D	$17,000,000
Storm water Sewer Upgrades	$125,000
Repave Dock 1 Apron	$500,000
Total all Port needs	$31,925,000

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 has previously appropriated the following:

1996 $3.0 million general obligation bonds
1998 $3.0 million general obligation bonds
1998 $1.5 million general funds
2000 $2.0 million general funds
2001 $1.0 million general funds
2003 $2.0 million general obligation bonds
2005 $2.0 million general obligation bonds
2006 $3.0 million general obligation bonds
2008 $0.5 million general funds
2009 $3.0 million general obligation bonds
2011 $3.0 million general obligation bonds
2012 $1.0 million general obligation bonds

Total state appropriations to date are $25 million

Other Considerations

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 to complete a total road project that would not have been possible without this partnership.

Project Contact Person

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Governor's Recommendation

The Governor recommends general obligation bonding of $400 thousand for the Heavy Lift Dock Capacity project in Winona.

Port Development Assistance | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	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	25,000	12,000	12,000	12,000	61,000
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	**25,000**	**12,000**	**12,000**	**12,000**	**61,000**

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
G.O. Bonds/Transp	20,000	10,000	10,000	10,000	50,000
General	5,000	0	0	0	5,000
State Funds Subtotal	25,000	10,000	10,000	10,000	55,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	2,000	2,000	2,000	6,000
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**25,000**	**12,000**	**12,000**	**12,000**	**61,000**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	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
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 2019

High Speed Rail Corridor State Match

2014 STATE APPROPRIATION REQUEST: $27,000,000

AGENCY PROJECT PRIORITY: 10 of 11

Project At A Glance

- M.S. Sec. 174.632 charges the Minnesota Department of Transportation (MnDOT) with planning, designing, developing and constructing passenger rail services.
- The adopted 2010 Minnesota Statewide Freight and Passenger Rail Plan further directs MnDOT to lead the development of passenger rail services and to coordinate with Midwest Regional Rail Initiative states in the development of a multi-state passenger rail system in the Upper Midwest.
- This activity provides these products, services and/or functions to implement the elements identified in the State Rail Plan.

Project Description

This request is to provide non-federal matching funds for implementation of passenger rail service along several corridors in the state and connecting Minnesota to the upper Midwest. These corridors include the Northern Lights Express service to Duluth, Twin Cities to Milwaukee High Speed rail service, and development of other corridors identified in the 2010 State Rail plan including the Rochester Zip Line. Improvements in the Twin Cities Metropolitan area to reduce current bottlenecks in the freight rail system add needed capacity to allow for seamless integration of passenger rail service in the freight rail environment. Passenger facility improvements have occurred at Saint Paul Union Depot and development of the Transportation Interchange in Minneapolis. This will also provide a capital resource for potential expansion of the existing conventional intercity passenger rail service to Chicago.

Impact on Agency Operating Budgets (Facilities Notes)

Passenger rail planning and project development activities are funded through general fund appropriations and eligible specific corridor project management activities are funded through general obligation bonds authorized in Laws 2009, chapter 93, article 1, section 11, subdivision 5. Additional resources will need to be identified for increasing project management and federal grant management responsibilities.

Previous Appropriations for this Project

The Passenger Rail Office is funded through a biennial general fund appropriation from the legislature. For FY 2013-2014 the biennial appropriation is $1 million. The legislature appropriated $26 million in General Obligation Bonds for state match to federal passenger rail program development funds in 2009,Laws Ch. 93, Sect. 11, Subd. 5.

Other Considerations

As of July 1, 2013, over $19 million of 2009 General Obligation Bond funds have been obligated and it is anticipated that the remaining $7 million will be obligated by the end of CY 2014. Additional bonding will be necessary to continue to apply for federal high speed rail development funding.

Project Contact Person

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Governor's Recommendation

The Governor does not recommend capital funding for this request.

High Speed Rail Corridor State Match | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	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	569	1,000	1,200	1,200	3,969
5. Construction Costs	28,471	26,000	26,000	26,000	106,471
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	**29,040**	**27,000**	**27,200**	**27,200**	**110,440**

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
G.O. Bonds/Transp	26,000	27,000	27,200	27,200	107,400
Federal	2,040	0	0	0	2,040
State Funds Subtotal	28,040	27,000	27,200	27,200	109,440
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	**28,040**	**27,000**	**27,200**	**27,200**	**109,440**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	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	27,000	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)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2019

Supplemental Funding for Turnbacks

2014 STATE APPROPRIATION REQUEST: $100,000,000

AGENCY PROJECT PRIORITY: 11 of 11

Project At A Glance

- All funding anticipated in 2014-2015 has been allocated to projects currently under or close to being under agreement for turnback.
- Projects for the 2016-2017 biennium are being tentatively set in place.
- MnDOT's Jurisdictional Study will increase number of roads identified for turnback.

Project Description

This request will provide funding assistance to local agencies for approved repairs and restoration or reconstruction and improvement of former trunk highways that have reverted or will revert to county or municipal jurisdiction and become part of the state aid system.

The turnback of a trunk highway to a county or city can occur through two different paths. The "Traditional" path occurs when MnDOT creates a new route alignment and leaves the old alignment in place because it is still functional and provides service to the local agency. It is then turned back to the agency and becomes a part of their existing system. A "Jurisdictional" turnback occurs because over time the function of a road changes and it fits better under a county or city system. The objective of jurisdictional realignment is to match the management of roadways with their intended function and with the jurisdiction best suited to maintain the road. The result can be a better performing smaller highway system that reduces preservation costs and maximizes the efficient use of tax dollars. Traditional turnbacks are considered a higher priority.

The turnback program is funded from the Highway User Tax Distribution Fund through the Flexible Highway Account. The funding is then split per statute between the Metro area and the greater Minnesota (GM). State Aid for Local Transportation (SALT) manages these funds that have historically been around $25 million to each. The actual turnback agreements are made by the districts with concurrence from SALT.

The program has operated in what has been referred to as a "managed backlog" meaning that there are more projects than available funds but agencies are notified that they will be on a list for the funds and generally given some idea of when funding will be available. Some projects have remained on the list for more than 10 years. The challenge has always been to schedule the project funding to meet the local need and the intent of the agreement.

The jurisdiction of roads is an important element to budgets, because it affects a number of organizational functions and obligations (e.g., regulatory, maintenance, construction and financial). Until a road can be turned back it is the responsibility of MnDOT to maintain and preserve the road, and also to assume any liability. MnDOT recognizes this and has sponsored a Statewide Jurisdictional Study scheduled for completion by end of 2013.

The request for $100 million in bond funds is to be used for turnback projects that are currently identified and a current high demand. The need over the next few years exceeds the available funding. Without bonds the program would have to delay projects over the next few years.

Impact on Agency Operating Budgets (Facilities Notes)

Administration of this program is funded with existing budgets within the MNDOT State Aid for Local Transportation Division.

Previous Appropriations for this Project

There are no previous bond appropriations for this program.

Project Contact Person

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Governor's Recommendation

The Governor does not recommend capital funding for this request.

Supplemental Funding for Turnbacks | ($ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	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	100,000	100,000	100,000	300,000
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**	**100,000**	**100,000**	**100,000**	**300,000**

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
G.O. Bonds/Transp	0	100,000	100,000	100,000	300,000
State Funds Subtotal	0	100,000	100,000	100,000	300,000
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**	**100,000**	**100,000**	**100,000**	**300,000**

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	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
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TOTAL	0	0	0	0
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