

Table of Contents

Transportation

Agency Profile.....	1
Expenditures Overview (REVISED).....	4
Financing by Fund (REVISED).....	6
Change Item: NexTen for Transportation (REVISED).....	12
Change Item: Motor Vehicle Lease Revenue Realignment (REVISED).....	16
Change Item: State Plane Purchase.....	17
Change Item: Aeronautics Appropriation Increase.....	19
Change Item: Rail Safety - Freight Rail Appropriation.....	21
Change Item: Rail Safety - Rail Safety Account (NEW).....	23
Change Item: Rail Service to St. Cloud Demonstration (NEW).....	25
Change Item: Northstar St. Cloud Extension Study (NEW).....	26
Change Item: 2015 Port Development Assistance General Fund Reappropriation.....	27
Change Item: Economic Development - Minnesota Rail Service Improvement (MRSI) Expansion.....	28
Change Item: Rail Safety - Inspectors.....	30
Change Item: Rail Safety - Railroad Assessment for Safety Improvements on Priority Rail Corridors.....	32
Change Item: Rail Safety - Passenger Rail Program Appropriation Increase.....	34
Change Item: State Road Construction.....	35
Change Item: Snow & Ice Contingency Language.....	37
Change Item: Pavement Preservation.....	39
Change Item: Working Capital Loan Fund Program.....	41
Change Item: Capital Investment Bill Debt Service and Cash.....	43
Change Item: Road Equipment Fund.....	44
Change Item: Trunk Highway Operating.....	45
Change Item: Intelligent Transportation System Technology.....	48
Change Item: Tribal Training Funding.....	51
Change Item: Cyber Security Risk Management and Agency Priorities.....	52
Change Item: Workforce Optimization.....	54
Change Item: Building Services Appropriation (REVISED).....	56
Aeronautics.....	59
Expenditures Overview.....	62
Financing by Fund.....	63
Transit.....	65
Expenditures Overview (REVISED).....	68
Financing by Fund (REVISED).....	69
Freight.....	72
Expenditures Overview (REVISED).....	75
Financing by Fund (REVISED).....	76
Passenger Rail.....	78
Expenditures Overview (REVISED).....	80
Financing by Fund (REVISED).....	81
Program Planning and Delivery.....	83
Expenditures Overview (REVISED).....	87
Financing by Fund (REVISED).....	88
State Road Construction.....	91

Expenditures Overview (REVISED).....	95
Financing by Fund (REVISED).....	96
Debt Service.....	98
Expenditures Overview (REVISED).....	99
Financing by Fund (REVISED).....	100
Operations and Maintenance.....	101
Expenditures Overview (REVISED).....	105
Financing by Fund (REVISED).....	106
Statewide Radio Communications.....	108
Expenditures Overview.....	110
Financing by Fund.....	111
County State Aid Roads.....	113
Expenditures Overview (REVISED).....	116
Financing by Fund (REVISED).....	117
Municipal State Aid Roads.....	119
Expenditures Overview (REVISED).....	121
Financing by Fund (REVISED).....	122
Agency Services.....	123
Expenditures Overview.....	126
Financing by Fund.....	127
Building Services.....	129
Expenditures Overview.....	132
Financing by Fund.....	133
Federal Funds Summary (REVISED).....	135

AT A GLANCE

- Over 143,000 centerline miles of road including trunk highways and local roads
- 5th largest state highway system in the nation
- 4,860 bridges greater than 10 feet on the trunk highway
- More than 90 million vehicle miles driven everyday on the state highway system
- 50% of state highways and 35% of state bridges are more than 50 years old
- 290 construction projects planned in the 16-17 biennium (236 Preservation/Other, 54 Expansion)
- \$18+ billion in planned investments for state highways over the next 20 years (MnSHIP)
- 4,815 full time equivalent employees (as of FY15)
- Truck freight traffic projected to increase 30% by 2030

We work with our partners to support:

- 4,500 track miles serving 19 railroad companies, Northstar commuter and Amtrak passenger service
- Four Lake Superior and five Mississippi River ports
- Transit services in all 80 non-metro counties
- Greater MN transit ridership needs to increase by 40% by 2025
- 135 publicly owned state-funded airports

PURPOSE

Transportation today is about access and opportunities for all Minnesotans through managing an efficient system of interconnected modes that serve as critical connections to opportunities. Transportation supports a robust quality of life through various modes working together to link people to education, healthcare, jobs and recreation. Transportation supports a healthy economy, providing for the efficient shipping of raw and finished goods as well as access to jobs. Transportation also plays an important role in the stewardship of our environment. Therefore, the Minnesota Department of Transportation (MnDOT) has adopted the following:

Vision: Minnesota's multimodal transportation system maximizes the health of people, the environment and the economy.

Mission: To plan, build, operate and maintain a safe, accessible, efficient and reliable multimodal transportation system that connects people to destinations and markets throughout the state, regionally and around the world.

Funding is provided in four programs with 13 budget activities:

Multimodal Systems Program

- Aeronautics
- Transit
- Freight
- Passenger Rail

Local Roads Program

- County State Aid Roads
- Municipal State Aid Roads

State Roads Program

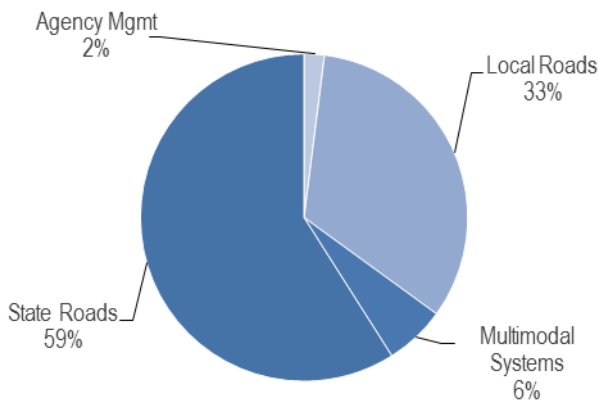
- Program Planning & Delivery
- State Road Construction
- Debt Service
- Operations and Maintenance
- Statewide Radio Communications

Agency Management Program

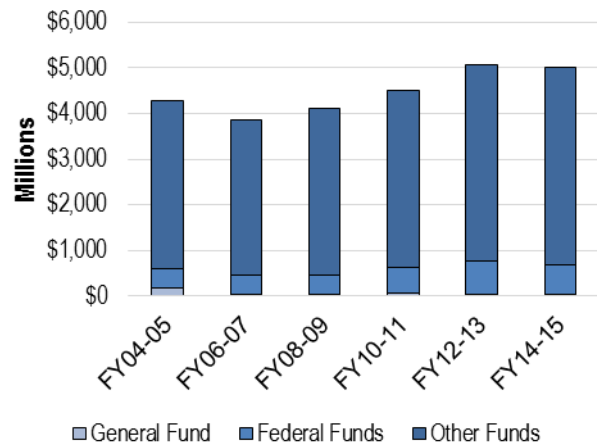
- Agency Services
- Building Services

BUDGET

**Spending by Program
FY 15 Actual**



Historical Spending



Note: Spending includes Trunk

The primary source of financing for state-owned highways is the trunk highway fund, which is supported by motor fuel taxes, motor vehicle registration fees and motor vehicle sales taxes. Other sources include federal, transit assistance, county state aid highway, municipal state aid street, state airport and special revenue funds. Historically, less than 1 percent of the operating budget is from the general fund, which supports non-highway modes such as greater Minnesota transit, ports and rail.

STRATEGIES

Over the next two years, MnDOT seeks to earn customer trust through activities primarily associated with advancing equity and improving customer engagement. We will achieve this through the completion of targeted activities in the following areas:

- Contracting practices
- Recruitment, training and retention
- Improving customer impacts, experiences and involvement

Similarly, as stewards of the transportation system, we're committed to the following objectives as identified in our formal plans:

1. **Accountability, Transparency and Communication:** Ensure efficient and effective use of available resources to achieve the most value on transportation investments, including completing projects on time and within budget as well as performing timely and efficient operations and maintenance (<http://www.dot.state.mn.us/getconnected/>).
2. **Traveler Safety:** Ensure the safety of all who use the system by partnering with the Minnesota Department of Public Safety and Minnesota Department of Health on Toward Zero Deaths, the state's cornerstone traffic safety initiative (<http://www.minnesotatzd.org/>).
3. **Transportation in Context:** Consider context when making transportation decisions. This will lead to projects that are safer, sustainable in scale and tailored to the specific place in which they exist. Also, projects that respect and complement the economy, environment and integrate land uses and leverage both public and private investments.
4. **Critical Connections:** Connect key regional centers through multiple transportation modes to improve Minnesotans' prosperity and quality of life. While doing this, we strive to maximize return on investment over the lifecycle of any expansion to the system given constrained resources.
5. **Asset Management:** Operate, maintain and upgrade transportation assets in a systematic and cost-effective manner over their lifetime.
6. **System Security:** Maintain the system to provide essential travel needs and safe recovery during times of emergency and disruptive weather.

The Minnesota Department of Transportation requires that the principles of “Complete Streets” are to be considered at all phases of planning and project development in the establishment, development, operation and maintenance of a comprehensive, integrated and connected multimodal transportation system
(<http://www.dot.state.mn.us/policy/operations/op004.html>).

The Department of Transportation's legal authority comes from:
Minnesota Constitution, Article XIV, Public Highway System (<https://www.revisor.mn.gov/constitution>)
Powers of Road Authorities, M.S. 160 (<https://www.revisor.mn.gov/statutes/?id=160>)
Trunk Highways, M.S. 161 (<https://www.revisor.mn.gov/statutes/?id=161>)
Administration of State Aid Road Systems, M.S. 162 (<https://www.revisor.mn.gov/statutes/?id=162>)
Responsibilities Related to Bridges, M.S. 165 (<https://www.revisor.mn.gov/statutes/?id=165>)
Trunk Highway Bonds, M.S. 167 (<https://www.revisor.mn.gov/statutes/?id=167>)
Traffic Regulation, M.S. 169 (<https://www.revisor.mn.gov/statutes/?id=169>)
Signs and Billboards Along Highways, M.S. 173 (<https://www.revisor.mn.gov/statutes/?id=173>)
Department of Transportation, M.S. 174 (<https://www.revisor.mn.gov/statutes/?id=174>)
Enforcement of Prevailing Wage, M.S. 177.44 (<https://www.revisor.mn.gov/statutes/?id=177.44>)
Rail Transportation, M.S. 218 (<https://www.revisor.mn.gov/statutes/?id=218>)
Railroad Safety, M.S. 219 (<https://www.revisor.mn.gov/statutes/?id=219>)
Regulation of Motor Carriers, M.S. 221 (<https://www.revisor.mn.gov/statutes/?id=221>)
Rail Service Improvement and Rail Bank, M.S. 222 (<https://www.revisor.mn.gov/statutes/?id=222>)
Aeronautics, M.S. 360 (<https://www.revisor.mn.gov/statutes/?id=360>).

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	17,005	26,630	29,289	24,764	18,539	18,539	37,381	20,957
1050 - Transit Assistance	46,612	29,821	44,946	72,699	62,283	62,685	62,283	62,685
2000 - Restrict Misc Special Revenue	108,498	107,413	111,867	106,983	77,600	73,507	172,440	167,590
2001 - Other Misc Special Revenue	3,412	2,104	3,258	4,871	3,754	3,225	3,754	3,225
2400 - Endowment	0	0	0	0	0	20	0	20
2500 - Municipal State Aid Street	164,091	183,865	187,988	177,989	188,154	194,702	217,061	244,723
2600 - County State Aid Highway	559,755	660,999	631,544	706,916	748,506	775,586	855,855	963,168
2700 - Trunk Highway	1,374,353	1,651,211	1,307,532	1,658,672	1,343,253	1,361,514	1,842,670	1,928,390
2710 - Highway Users Tax Distribution	93	185	96	117	118	118	118	118
2720 - State Airports	19,661	23,902	28,324	23,547	19,647	19,647	31,849	22,647
2722 - Air Transportation Revolving	651	624	749	733	703	703	703	703
3000 - Federal	248,152	267,588	288,948	487,444	477,018	468,449	477,018	468,449
4900 - 911 Emergency	8,646	10,266	9,128	10,171	9,650	9,650	9,650	9,650
6000 - Miscellaneous Agency	450	0	1	1	1	2	1	2
Total	2,551,380	2,964,609	2,643,669	3,274,907	2,949,224	2,988,346	3,710,781	3,892,326
<i>Biennial Change</i>				402,587		18,994		1,684,531
<i>Biennial % Change</i>				7		0		28
<i>Governor's Change from Base</i>								1,665,537
<i>Governor's % Change from Base</i>								28

Expenditures by Program

Program: Multimodal Systems	173,844	177,542	226,942	325,470	298,626	295,269	378,068	349,802
Program: State Roads	1,419,372	1,689,910	1,360,672	1,774,167	1,384,542	1,385,876	1,857,422	1,925,247
Program: Local Roads	890,218	1,019,677	991,733	1,096,637	1,192,491	1,231,899	1,373,497	1,514,252
Program: Agency Management	67,946	77,480	64,321	78,633	73,565	75,301	101,794	103,024
Total	2,551,380	2,964,609	2,643,669	3,274,907	2,949,224	2,988,346	3,710,781	3,892,326

Expenditures by Category

Compensation	393,923	396,825	407,644	423,460	416,875	425,254	459,331	485,948
Operating Expenses	294,519	312,824	306,301	497,717	411,156	399,740	526,407	566,576
Other Financial Transactions	10,188	15,828	10,088	30,030	16,367	20,149	16,367	20,149
Grants, Aids and Subsidies	1,014,578	1,149,363	1,150,070	1,343,440	1,405,996	1,443,342	1,605,961	1,736,660
Capital Outlay-Real Property	838,173	1,089,769	769,567	980,260	698,831	699,861	1,102,716	1,082,993
Total	2,551,380	2,964,609	2,643,669	3,274,907	2,949,224	2,988,346	3,710,781	3,892,326

Transportation

Agency Expenditure Overview

(Dollars in Thousands)

Full-Time Equivalents

4,941.1	4,772.7	4,600.0	4,781.4	4,632.5	4,634.7	5,063.1	5,166.5
---------	---------	---------	---------	---------	---------	---------	---------

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	3,265	2,500	4,826	0	0	0	0
Direct Appropriation	18,014	29,315	44,115	21,058	18,558	18,558	37,400	20,976
Net Transfers	2,145	(754)	(12,500)	(20)	(20)	(20)	(20)	(20)
Cancellations	0	2,696	0	1,100	0	0	0	0
Expenditures	17,005	26,630	29,289	24,764	18,539	18,539	37,381	20,957
Balance Forward Out	3,154	2,500	4,826	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				10,418		(16,976)		4,284
<i>Biennial % Change in Expenditures</i>				24		(31)		8
<i>Gov's Exp Change from Base</i>								21,260
<i>Gov's Exp % Change from Base</i>								57
Full-Time Equivalents	5.1	4.0	6.6	7.4	6.7	6.7	17.7	17.7

1050 - Transit Assistance

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	30,540	34,697	56,511	69,300	57,485	61,436	57,485	61,436
Receipts	48,223	51,036	57,738	58,374	66,274	70,480	63,574	67,630
Net Transfers	0	0	(2)	(40)	(40)	(40)	(40)	(40)
Expenditures	46,612	29,821	44,946	72,699	62,283	62,685	62,283	62,685
Balance Forward Out	32,170	55,912	69,300	57,485	61,436	69,191	61,436	69,191
<i>Biennial Change in Expenditures</i>				41,212		7,323		7,323
<i>Biennial % Change in Expenditures</i>				54		6		6
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	4.8	3.3	4.0	3.6	4.0	3.9	4.0	3.9

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	32,953	41,216	46,142	51,657	34,064	30,198	34,064	30,198
Direct Appropriation	0	0	0	0	0	0	1,000	0
Receipts	115,032	110,233	116,899	89,293	73,635	72,112	167,475	166,195
Net Transfers	(75)	0	0	0	0	0	0	0
Net Loan Activity	17	747	483	100	100	100	100	100

2000 - Restrict Misc Special Revenue

Expenditures	108,498	107,413	111,867	106,983	77,600	73,507	172,440	167,590
Balance Forward Out	39,428	44,781	51,657	34,064	30,198	28,902	30,198	28,902
<i>Biennial Change in Expenditures</i>				2,939		(67,744)		121,179
<i>Biennial % Change in Expenditures</i>				1		(31)		55
<i>Gov's Exp Change from Base</i>								188,923
<i>Gov's Exp % Change from Base</i>								125
Full-Time Equivalents	22.6	22.8	38.2	48.1	53.9	56.2	57.9	62.2

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	2,144	740	521	914	23	14	23	14
Receipts	2,008	1,885	3,652	3,981	3,746	3,218	3,746	3,218
Expenditures	3,412	2,104	3,258	4,871	3,754	3,225	3,754	3,225
Balance Forward Out	740	521	914	23	14	7	14	7
<i>Biennial Change in Expenditures</i>				2,613		(1,150)		(1,150)
<i>Biennial % Change in Expenditures</i>				47		(14)		(14)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	1.5	1.9	2.0	2.0	2.0	2.0	2.0	2.0

2400 - Endowment

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	3,000	7,527	7,578	7,684	7,865	7,684	7,865
Receipts	0	1,527	51	106	181	260	181	260
Net Transfers	3,000	3,000	0	0	0	0	0	0
Expenditures	0	0	0	0	0	20	0	20
Balance Forward Out	3,000	7,527	7,578	7,684	7,865	8,105	7,865	8,105
<i>Biennial Change in Expenditures</i>				0		20		20
<i>Biennial % Change in Expenditures</i>				0				
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents						0.1		0.1

2500 - Municipal State Aid Street

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	164,155	174,083	169,877	158,166	157,795	157,795	157,795	157,795
Direct Appropriation	157,786	166,508	173,000	173,174	183,534	189,876	212,441	239,897
Net Transfers	16,982	14,187	4,393	4,444	4,620	4,826	4,620	4,826
Cancellations	812	1,043	1,115	0	0	0	0	0
Expenditures	164,091	183,865	187,988	177,989	188,154	194,702	217,061	244,723
Balance Forward Out	174,020	169,870	158,166	157,795	157,795	157,795	157,795	157,795
<i>Biennial Change in Expenditures</i>				18,021		16,878		95,806
<i>Biennial % Change in Expenditures</i>				5		5		26
<i>Gov's Exp Change from Base</i>								78,928
<i>Gov's Exp % Change from Base</i>								21
Full-Time Equivalents	19.1	19.3	18.6	19.8	19.2	19.2	19.2	19.2

2600 - County State Aid Highway

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	483,933	529,238	500,229	568,982	567,972	567,972	567,972	567,972
Direct Appropriation	614,218	653,795	690,392	691,600	732,951	759,128	840,299	946,709
Net Transfers	(5,853)	(17,501)	14,036	14,306	15,554	16,457	15,554	16,458
Cancellations	3,516	4,330	4,131	0	0	0	0	0
Expenditures	559,755	660,999	631,544	706,916	748,506	775,586	855,855	963,168
Balance Forward Out	529,027	500,204	568,982	567,972	567,972	567,972	567,972	567,972
<i>Biennial Change in Expenditures</i>				117,706		185,632		480,563
<i>Biennial % Change in Expenditures</i>				10		14		36
<i>Gov's Exp Change from Base</i>								294,931
<i>Gov's Exp % Change from Base</i>								19
Full-Time Equivalents	47.7	48.0	47.4	49.9	48.7	48.7	48.7	48.7

2700 - Trunk Highway

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	46,554	260,363	80,150	191,451	15,057	16,485	15,057	16,485
Direct Appropriation	1,665,128	1,614,857	1,577,534	1,636,385	1,516,198	1,544,378	2,018,283	2,133,516
Open Appropriation	8,809	6,611	7,354	7,549	7,549	7,549	7,549	7,549
Receipts	24,989	55,293	28,206	34,418	34,418	34,418	34,418	34,418
Net Transfers	(131,083)	(133,598)	(179,422)	(192,235)	(212,183)	(221,363)	(214,659)	(243,407)

2700 - Trunk Highway

Cancellations	6,475	77,561	14,840	3,839	1,304	1,304	1,304	1,304
Expenditures	1,374,353	1,651,211	1,307,532	1,658,672	1,343,253	1,361,514	1,842,670	1,928,390
Balance Forward Out	233,569	74,753	191,451	15,057	16,485	18,650	16,485	18,650
<i>Biennial Change in Expenditures</i>				(59,361)		(261,437)		804,856
<i>Biennial % Change in Expenditures</i>				(2)		(9)		27
<i>Gov's Exp Change from Base</i>								1,066,293
<i>Gov's Exp % Change from Base</i>								39
Full-Time Equivalents	4,727.3	4,554.4	4,363.9	4,520.8	4,376.3	4,376.3	4,792.4	4,891.6

2710 - Highway Users Tax Distribution

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	75	0	0	0	0	0	0
Direct Appropriation	75	0	0	0	0	0	0	0
Open Appropriation	18	110	96	117	118	118	118	118
Expenditures	93	185	96	117	118	118	118	118
<i>Biennial Change in Expenditures</i>				(65)		23		23
<i>Biennial % Change in Expenditures</i>				(24)		11		11
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2720 - State Airports

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	2,196	3,126	1,581	1,402	0	0	0	0
Direct Appropriation	19,959	21,959	28,109	22,109	19,609	19,609	31,811	22,609
Open Appropriation	47	31	36	37	38	38	38	38
Net Transfers	15,000	0	(1)	0	0	0	0	0
Cancellations	15,000	385	0	0	0	0	0	0
Expenditures	19,661	23,902	28,324	23,547	19,647	19,647	31,849	22,647
Balance Forward Out	2,541	829	1,402	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				8,308		(12,577)		2,625
<i>Biennial % Change in Expenditures</i>				19		(24)		5
<i>Gov's Exp Change from Base</i>								15,202
<i>Gov's Exp % Change from Base</i>								39
Full-Time Equivalents	32.2	34.2	32.2	32.7	32.4	32.4	32.4	32.4

2722 - Air Transportation Revolving

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	383	434	574	530	500	500	500	500
Receipts	702	764	705	703	703	703	703	703
Expenditures	651	624	749	733	703	703	703	703
Balance Forward Out	433	574	530	500	500	500	500	500
<i>Biennial Change in Expenditures</i>				207		(76)		(76)
<i>Biennial % Change in Expenditures</i>				16		(5)		(5)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	5,780	2,261	1,220	382	300	300	300	300
Receipts	243,693	266,782	288,316	487,413	477,018	468,449	477,018	468,449
Internal Billing Receipts	0	315	285	205	205	205	205	205
Net Transfers	0	(289)	(205)	0	0	0	0	0
Cancellations	0	0	0	51	0	0	0	0
Expenditures	248,152	267,588	288,948	487,444	477,018	468,449	477,018	468,449
Balance Forward Out	1,319	1,165	382	300	300	300	300	300
<i>Biennial Change in Expenditures</i>				260,651		169,075		169,075
<i>Biennial % Change in Expenditures</i>				51		22		22
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	35.6	39.4	43.0	50.4	43.9	43.8	43.4	43.3

4900 - 911 Emergency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	625	0	521	0	0	0	0
Net Transfers	9,250	9,650	9,649	9,650	9,650	9,650	9,650	9,650
Cancellations	0	9	0	0	0	0	0	0
Expenditures	8,646	10,266	9,128	10,171	9,650	9,650	9,650	9,650
Balance Forward Out	604	0	521	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				386		1		1

4900 - 911 Emergency

<i>Biennial % Change in Expenditures</i>			2		0		0
<i>Gov's Exp Change from Base</i>							0
<i>Gov's Exp % Change from Base</i>							0
Full-Time Equivalents	45.2	45.3	44.2	46.5	45.3	45.3	45.3

6000 - Miscellaneous Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	95	96	2	1	0	0	0	0
Receipts	451	1	0	1	1	2	1	2
Net Transfers	0	(95)	0	0	0	0	0	0
Expenditures	450	0	1	1	1	2	1	2
Balance Forward Out	96	2	1	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(449)		1		1
<i>Biennial % Change in Expenditures</i>				(100)		67		67
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: NexTen for Transportation

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	40	180	180	180
Revenues	(1,450)	(5,160)	(6,430)	(7,050)
Special Revenue Fund				
Expenditures	57,000	57,000	57,000	57,000
Revenues	57,000	57,000	57,000	57,000
Highway User Tax Distribution				
Revenues	346,452	597,925	623,746	671,637
Expenditures	234	222	222	222
Transfers Out	346,218	597,703	623,524	671,415
Trunk Highway Fund				
Expenditures	199,135	344,589	359,817	388,063
Transfer In	199,135	344,589	359,817	388,063
County State Aid Fund				
Expenditures	110,048	190,431	198,846	214,456
Transfer In	110,048	190,431	198,846	214,456
Municipal State Aid Fund				
Expenditures	28,907	50,021	52,231	56,332
Transfer In	28,907	50,021	52,231	56,332
Net Fiscal Impact = (Expenditures – Revenues)	1,490	5,340	6,610	7,230
New FTEs (MnDOT)	146	245	249	260
New FTEs (DOR)	3	3	3	3
*HUTD Transfers out include transportation funds only				

Recommendation:

The Governor recommends the state commit to a major investment plan for transportation to fund the estimated \$6 billion dollar gap that exists between funding needs and revenues in the next 10 years. The Governor proposes filling the \$6 billion gap in road and bridge funding by:

- Initiating a 6.5% gross receipts tax on gas
- Increasing registration fees (increase additional tax rate from 1.25% to 1.5% and base tax from \$10 to \$20; phased-in over 4 years)
- Authorizing \$2 billion in trunk highway bonds over the next 10 years
- Leveraging MnDOT efficiencies (up to 15% of new revenue)

The gross receipts tax and registration tax increases will fund roads and bridges at the state, county and municipal levels.

The Governor recommends funding Department of Revenue's cost for administering the NexTen Transportation proposal. These costs include \$234,000 in FY 2018 and \$222,000 in subsequent years for initiating and implementing the 6.5% gross receipts tax on gas.

Other Components:

In addition to the new funding above, the Governor recommends:

- Implementing \$10 surcharges on both motor vehicle registrations and motor vehicle title transfers. These surcharges would raise an estimated \$57 million per year, and would be deposited in the Special Revenue Fund to fund transportation needs not eligible for trunk highway funds:
 - Greater Minnesota transit - \$10 million annual base increase
 - Bike and pedestrian infrastructure, including Safe Routes to Schools administration – \$2.5 million annual base increase
 - Americans with Disabilities (ADA) projects for local roads - \$4 million annual base increase
 - Aid for Cities with Populations under 5,000 - \$19 million annually
 - Aid for Large Cities - \$19 million annually
 - Aid for Tribal Roads - \$2.5 million annually

General fund revenues are reduced by \$6.61 million FY18-19 biennium due to increased petroleum refunds and income tax interactions with the registration tax. General fund appropriations increase by \$220,000 for the biennium for increased aid under M.S. 270C.19 due to the increase in gas tax.

The sale of \$2 billion in trunk highway bonds is authorized over the next ten years. Debt service for these bonds is estimated to be \$22.2 million for the FY2018-19 biennium. This estimate increases to \$136.5 million for the FY2020-21 biennium. These estimates were provided by the Department of Minnesota Management and Budget.

For the FY2020-21 biennium, when the revenues are completely phased in, the increased revenue from the gross receipts and registration fees will increase expenditures for each transportation fund by about 25%. To illustrate the impact to taxpayers: the increases in the gross receipts, registration taxes and surcharge will cost the average Minnesotan \$16 per month, or 52 cents per day, and the gross receipts tax on gasoline is projected to add an additional 16.3 cents to the price of a gallon of gasoline. However, this proposal includes additional long-term sustainable funding and includes dedicated funds.

Rationale/Background:

Minnesota cannot preserve and improve quality and performance of the state's transportation systems under current investment levels and current infrastructure lifecycle replacement practice. The consequences of underinvesting in the state's transportation system will include a deterioration in service, increase in congestion, failing infrastructure and diminished ability to remain economically competitive. This is because transportation systems facilitate the efficient movement of people and goods and create the opportunity for economic development, enhanced productivity, job formation and sustainable growth. Without additional investment, the transportation system will not be able to expand to accommodate expected population and job growth. In addition, alternatives to driving alone must play a larger role in satisfying growing transportation demand - roads, transit and other transportation modes must work together as one system.

Road and Bridge funding components

Inflation has overtaken revenue growth for transportation. In 2012 the Transportation Finance Advisory Committee (TFAC) determined additional funding was needed for transportation. The department faces a \$6 billion gap in revenue over the next ten years above current fund balance projections, to fund activities such as state road construction and operations and maintenance. \$4 billion is needed for preservation and modernization, and \$2 billion is needed for strategic expansion.

Without additional revenue, there will be:

- Increased deterioration of pavement and bridges on state system
 - In FY2015, 5 percent of highway pavement is considered in poor condition (rough driving surface); it is estimated to be 11 percent in 20 years
 - In FY2015, 3 percent of bridge deck pavement is considered in poor condition; it is estimated to be 8-10% in 20 years
- Very little expansion to address population and economic growth
- Reductions in products and service delivery

In addition, more operations and maintenance dollars are recommended, calculated as 10 percent of new trunk highway fund revenues. This additional funding will be spent on snow plowing, fixing pot holes and guard rails, etc. These are needed due to declining asset conditions, increased snow and ice requirements, and the need for more timely maintenance.

While the Department has always worked to be good stewards of public funds, the department has taken a more targeted approach to identify and quantify efficiencies as well as find new areas for greater efficiencies. When the Department identifies savings on current projects, we release the programmed funds to advance additional projects (examples include the 494/694 project in Plymouth and Highway 371 north of Nisswa). Under this proposal, the Department commits to finding 15 percent efficiencies of new revenues.

Special Revenue Fund - Transit

Greater Minnesota Transit has a statutory goal to meet 90 percent of the transit need by 2025. In 2015, public transit systems met 88 percent of the need, based on the demographic models developed for the recent Greater Minnesota Investment Plan. That model predicts Greater Minnesota public transit demand will increase 45 percent from 2015 to 2025, primarily due to the rapid increase in people reaching age 65. This gap of operating funds includes those needed by local service providers to deliver more service, acquire and replace buses, provide bus maintenance and storage facilities. A small portion will be used by MnDOT to administer the larger program and keep up with inflation.

Special Revenue Fund – Bike and pedestrian infrastructure, including Safe Routes to Schools

There is a need to increase access to safe options for active transportation – walking and bicycling. Statewide Bicycle System and Pedestrian System plans are in progress to identify specific future needs. Since 2005 MnDOT has received Safe Routes to School applications requesting \$120 million and has awarded approximately \$20 million in grants, illustrating the gap between current need and investment. These grants to schools, in partnership with cities and counties, implement infrastructure projects that improve safety or access for children walking or bicycling to school.

Proposal:

Road and Bridge funding components

New revenues, bonding and MnDOT efficiencies would be identified to help close the funding gap in the next ten years. The goal is an integrated transportation system that optimizes the movement of people and goods across the state. With new funding, we can:

- Improve asset management - preserve and modernize the existing system
- Expand MnPASS and bus rapid transit lanes
- Complete strategic expansion on key corridors throughout the state
- Complete Main Street improvements

The benefits for taxpayers will include:

- Reduced wear and tear on their cars
- Fewer stops at the fuel pump
- Fewer accidents
- More time doing what they need to do

MnDOT has identified pavement and bridge needs as well as mobility projects that are not currently being addressed through its 10-year work plan. These unmet needs and projects will be given priority. These funds will provide for capital costs of construction as well as project development and engineering activities, allowing the department to utilize this funding in the most efficient manner.

Internally MnDOT will narrow the transportation funding gap by saving or avoiding costs through efficiencies, innovation and improved program and project management and thereby stretch public dollars further. Efficiencies will also be realized in the long-term asset management of the transportation system with increased benefits and savings when the right investment is made at the right time.

MnDOT proposes to utilize the increased operating appropriations for our highest-priority products and services. Some of these include:

- Snow and Ice - Keeping the roads clear of snow and ice

- System Roadway Structures Maintenance – remove potholes (Pavement repair)
- Bridges and Structures Inspection and Maintenance

Special Revenue Fund – Transit

In Greater Minnesota, MnDOT's highest priorities will be to establish service in locations without any existing public transit. Currently, many counties do not have county-wide service. Assuming all eligible locations are served by public transit, MnDOT's top priorities for service expansion include:

- Expand service hours in the morning and night to serve more trips
- Expand multi-county services to link more communities
- Provide service on more days of the week
- Expand service frequencies and coverage

Special Revenue Fund – Bike and pedestrian infrastructure, including Safe Routes to Schools

Provide safe routes infrastructure to increase access to safe options for active transportation in communities across Minnesota. Safe routes for bicyclists and pedestrians are the most effective way to increase walking and bicycling. Safe bicycle and pedestrian access to schools 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.

IT Related Proposals:

N/A

Results:

Road and Bridge funding components

MnDOT would plan to rehabilitate the system for the 21st century by:

- Improving 1,700 center lane additional miles of pavement
- Repairing or replacing an additional 235 bridges, such as Robert St bridge over Mississippi River in St Paul
- Accelerate progress toward state goal of zero highway deaths with targeted installation of rumble strips, median barriers, lighting and other safety improvements. The Minnesota Toward Zero Death program has helped decrease traffic fatalities on Minnesota roads by 40.5% - saving an estimated 2,046 lives since 2003
- Keep roadside infrastructure in a state of good repair.

In addition, MnDOT has operating performance measures that will be impacted by this proposal. All are anticipated to decline without additional funding; and this would reduce the decline. They include:

- Snow Plowing Performance – meet clearance targets
- Smooth Roads – percent of pavement patching addressed
- Percent of projects let in the year scheduled

Special Revenue Fund – Transit

The additional funding allows the State to meet 90% of projected need for Greater Minnesota transit by 2025 by increasing transit service by nearly 500,000 service hours.

Special Revenue Fund – Bike and pedestrian infrastructure, including Safe Routes to Schools

Additional bicycle infrastructure investments would focus on local bicycle networks via local planning assistance with partners. Expanding the State Bikeways Systems (e.g. Mississippi River Trail) and investing in local network connection projects would also be prioritized.

Additional pedestrian infrastructure investments will improve the condition of existing infrastructure (sidewalks, pedestrian bridges, traffic signals, etc.), and fill gaps in the sidewalk network.

Increasing the Safe Routes to Schools investment would provide safer walking and biking to school options for thousands of school students.

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Motor Vehicle Lease Revenue Realignment

Fiscal Impact (\$000s)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
General Fund					
Expenditures	0	0	0	0	0
Revenues	5,100	5,400	5,700	5,900	6,000
Other Funds					
County State Aid Highway Fund	(2,550)	(2,700)	(2,850)	(2,950)	(3,000)
Transit Assistance	(2,550)	(2,700)	(2,850)	(2,950)	(3,000)
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0	0
FTEs	0	0	0	0	0

Recommendation:

The Governor recommends realigning the allocation of funds for revenue generated from sales tax on motor vehicle leases. The purpose is to provide clarification that the legacy funds receive 0.375 percent of sales tax generated by these sales and that the transportation accounts receive 6.5 percent of the sales tax generated by these sales.

Rationale/Background:

Current statute requires “net revenues” from motor vehicle leases to be deposited in the County State-Aid Highway Fund and the Greater Minnesota Transit Account. However, the state Constitution requires that 3/8 of every cent must go to the Legacy Funds. Therefore, 0.375% of the revenue is transferred into the Legacy Funds and 6.875% is transferred into the County State-Aid Highway Fund and the Greater Minnesota Transit Account.

While these transfers are required by statute, the result is a total transfer of 7.25% of the revenue from motor vehicle lease purchases. Because the sales tax rate is 6.875% on each transaction, there is an imbalance between the amount collected and the amount transferred into designated funds.

Realignment is necessary to clarify that Legacy Fund money should not be included in “net revenues” because by law the receipts from the 0.375% rate must go to the Legacy Funds. Therefore, any calculation of the “net revenue” and the resulting amount to be allocated to the County State Aid Highway Fund and the Greater Minnesota Transit Account should be based solely on the receipts from the tax imposed under the 6.5% rate.

Proposal:

This proposal realigns the allocation of funds for revenue generated from sales tax on motor vehicle leases. The purpose is to provide clarification that the legacy funds receive 0.375% of sales tax generated by these sales. The proposal would also allow allocations to the County State Aid Highway Fund and the Greater Minnesota Transit Account based only on gross receipts from sales tax imposed at the 6.5% rate.

Equity and Inclusion:

This proposal has a narrow focus and would not increase inequities.

Results:

<i>Name of Measure</i>	<i>Impact</i>
Transparency, Understandability, Simplicity, and Accountability	Increase

Statutory Change(s):

Minnesota Statutes, section 297A.815, subd. 3

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: State Plane Purchase

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	10,000	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,000	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a one-time General Fund appropriation of \$10 million to provide funding to replace two aging aircraft utilized by state agencies with two newer aircraft, reducing maintenance costs and down time. Proceeds from the sale of the existing aircraft will also be used towards the purchase of the new plane. MnDOT does not have a funding mechanism to replace aircraft, only to maintain them.

Rationale/Background:

MnDOT is identified by statute (MS 360.024) as the agency for managing air transportation services for state employees. Agencies pay for this service based on a rate determined by MnDOT. Money is placed into a revolving account that is used for operating costs and maintenance. State law does not allow this fund to be used to replace aircraft. Each year the service averages approximately 1,200 passengers.

The aircraft used for this service are aging. The King Air C90 (55MN) is 35 years old, and the King Air 200 (70MN) is 23 years old. As aircraft age, they cost more to maintain. A 30-year old airplane can have more than double the maintenance costs as a 5-year old airplane. In addition, time in maintenance increases thereby reducing the number of days the aircraft are available. For example, in the past year the 35 year old airplane has been in maintenance 17% more days than the 23 year old. By age 30, aircraft typically spend nearly half their time in maintenance. Also, the 70MN engines are both due for overhauls, one in FY 2017 or 18 and one in FY 2019 for up to \$350,000 each.

MnDOT recommends replacement of these aircraft due to age and the coming expenses. MnDOT hired Conklin and de Decker to verify our assessment, assess current usage, and make recommendations for the number and type of aircraft we should own. They recommended replacing the two aircraft with two new/newer aircraft (report available upon request).

Proposal:

MnDOT proposes to purchase two new/near new aircraft and sell the King Air B200 and King Air C90. Conklin and de Decker evaluated usage, operations, mission needs, and other factors and made recommendations. The final aircraft type would be determined through the request for proposal and subsequent procurement process. The estimated cost of purchasing two new aircraft, with the sale proceeds from the older aircraft, should be no more than \$10 million depending on the market value of the used planes.

Equity and Inclusion:

This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

N/A

Results:

As the state agency charged with overseeing aviation safety in Minnesota, we are able to fly and visits airports to monitor the condition and their compliance with State Rules and Federal Aviation Regulations. Our pilots have backgrounds as airport inspectors; we are able to interact with airport officials to resolve any existing or future concerns that the airport sponsor may have. In addition, MnDOT Aeronautics has been managing this air transportation service for several decades. Air transportation saves the state money by making efficient use of staff time by offering the option to fly. MnDOT uses a fly vs. drive calculator to help evaluate whether a trip is cost effective.

Statutory Change(s):

M.S. 360.024

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Aeronautics Appropriation Increase

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Airport Fund				
Expenditures	3,000	3,000	1,000	1,000
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,000	3,000	1,000	1,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends a base increase of \$3 million in FY 2018-19 and \$1 million in FY 2020-21 from the State Airports Fund to provide additional funding for construction, pavement maintenance, and other improvements at the state's 135 airports. This base change will provide a stable balance between airline flight property tax changes and airport spending. The requested increase would be added to the current \$14.298 million Airport Development and Assistance appropriation. The change to the aeronautics budget would be a 21 percent increase in FY 2018-19 and a seven percent increase in FY 2020-21.

Rationale/Background:

An increase to the budget would assist the office in maintaining the balance between airline flight property tax and airport spending, which is a unique situation that requires careful management. The aeronautics base budget has not changed for 20 years and this increase would help the budget keep pace with inflation, and support more airport projects.

Proposal:

MnDOT's Aeronautics Office has the statutory authority to annually set the percent of state match for federal grants. When the match can be kept at a higher percentage the participation rates by local governments is lower. This results in a greater number of local airports being able to move forward on needed projects and a greater amount of federal dollars spent in the state. This base increase would enable MnDOT to keep state participation rates at a higher level for improvement projects at airports.

Equity and Inclusion:

This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

N/A

Results:

The state participation rates were increased in recent years due to one-time funding (repayment to the State Airport Fund by the General Fund); airport communities' response to the increase was overwhelmingly positive. The number of construction grants increased between 2014 (when we matched funds on 54 grants at 44 airport locations across the state) and 2015 (when we matched 80 grants at 68 airports).

State participation in airport Maintenance and Operation (M&O) expenses was capped in 2009 and has remained unchanged since, even though across the state airports have been adding needed infrastructure. One example is Owatonna-Degner Regional Airport where a new 3000 foot crosswind runway was constructed increasing the length of runway to be maintained by 50 percent. No additional state funding was provided to maintain and operate the new pavement and necessary lighting infrastructure. Due to the one-time appropriations all 135 system airports received additional M&O funds. This proposal would allow the increase to be sustained.

The one-time appropriation also assisted in the purchase of 17 pieces of airport maintenance equipment in FY 2014, and 10 pieces through October FY 2015. Equipment purchased with State Airport Funds is exclusively used at the airport to maintain safe aircraft operations by mowing, obstruction removal, and snow removal.

Statutory Change(s):

N/A

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Rail Safety - Freight Rail Appropriation

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	800	800	800	800
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	800	800	800	800
FTEs	0	0	0	0

Recommendation:

The Governor recommends a base increase of \$800,000 to the General Fund appropriation to establish funding for a portion of the agency's freight rail activities. This will help support and emphasize the increasing prominence, significance and complexity of freight programs and rail issues in the state. In addition, this will partially fund the Interagency Rail Director, who addresses overall state rail safety, rail service and rail impacts on communities; it will continue to be split between the impacted agencies. The requested increase would be added to the current General Fund appropriation for Freight and Rail Safety of \$256,000.

Rationale/Background:

The activity in freight rail has increased over time and has strained the current General Fund appropriation to a point that a significant increase is needed to fund it. These activities include:

- Managing all rail grade crossing safety improvement projects, and developing, executing and administering agreements with railroads for these projects.
- Assisting communities with improving safety and emergency services access near rail lines.
- Responding to information requests and complaints from citizens, community officials, businesses, unions, railroads, legislators and staff, and federal agencies.
- Maintaining federally-mandated inventory of local grade crossing conditions.
- Supporting the economic development of the state and ensure eligibility for federal funding by developing statewide rail plans.
- Administering freight program funds, including those for ports, rail service improvement, and the new freight funds provided under the federal FAST act, to support infrastructure needs for economic competitiveness and development.

In addition, the Interagency Rail Director takes positive actions that address rail safety, rail service, and rail impacts on communities. The director and an interagency rail group will solicit input from communities, citizens, and businesses, and completes other coordinating support roles with the Governor's Office and other state agencies. The position currently does not have a sustainable funding source.

Proposal:

Currently, some rail activities are funded with one time and federal matching funds; this proposal would alleviate some of this need. The proposal will decrease salary expenditures and will increase non-salary expenditures in the Trunk Highway Fund and Rail Safety Account with no net impact to either.

Equity and Inclusion:

This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

N/A

Results:

- Grade crossing safety is typically measured by changes in total crashes, fatalities and injuries on an annual basis. Other potential indicators would include motorist delay, emergency responder delay, and reduced risk of crude oil release and ignition.
- There has been a significant long-term reduction in grade crossing crashes, fatalities and injuries in Minnesota from a high of 392 in 1970 to a low of 21 in 2012. In 2015, there were 32 grade crossing crashes in the state. This is due to improvements in grade crossing safety, closures of some crossings, and public education about the dangers of crossings. This funding could continue driving reductions.
- The Federal FAST Act provides approximately \$20 million annually for freight investments. Combined with the Ports and Rail Service programs, improvements to freight infrastructure will increase freight efficiency and Minnesota's economic competitiveness. This funding would allow administration of these funds.
- Increased focus on interagency coordination and mitigation of citizen concerns about rail operations and safety will reduce complaints and safety risks related to oil trains and other hazardous materials.

Statutory Change(s):

N/A

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Rail Safety - Rail Safety Account

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
Special Revenue Fund				
Expenditures	3,725	3,725	3,725	3,725
Revenues	3,725	3,725	3,725	3,725
Trunk Highway Fund				
Expenditures	0	0	0	0
Revenues	(3,725)	(3,725)	(3,725)	(3,725)
Net Fiscal Impact = (Expenditures – Revenues)	(3,725)	(3,725)	(3,725)	(3,725)
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing the funding for the Rail Safety Account from \$1 million to all additional revenue statutorily credited to the Trunk Highway Fund, estimated at about \$3.725 million, in response to increasing needs. This account is derived from a portion of State Patrol fine revenues. The increase in grade crossing funding would result in an equivalent decrease in Trunk Highway Funds. The Rail Safety Account can be used for safety improvements on either the Trunk Highway system or the local road system.

The flexibility of this funding allows the office to complete smaller projects that may not have an alternate funding source and is highly utilized each fiscal year. The office receives about \$6 million a year in federal funding that can be used on projects that meet the federal program criteria. In addition there have been one time general obligation bond and special federal program funds for defined projects or programs. Funding for this account was increased from \$600,000 per year to \$1 million per year in 2010.

Rationale/Background:

There is an increasing need for safety improvements at rail grade crossings. These funds will allow for a significant increase in the number of small safety projects that can be programmed and delivered rapidly, such as sign replacements, crossing closures, roadway enhancements and signal circuitry upgrades. The funds can be used at any of Minnesota's 4,100 rail crossings of public roadways. Higher cost projects, such as adding automatic gates and signals or grade separations, are addressed through other funding sources.

Proposal:

The fine structure will not change; the increase of approximately \$4 million will result in a corresponding reduction in the amount of fines deposited in the Trunk Highway Fund. This funding source is used statewide on an as-needed basis. The proposal also clarifies the eligible uses of funding to include planning and other costs associated with the administration and delivery of grade crossing safety projects.

Equity and Inclusion:

This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

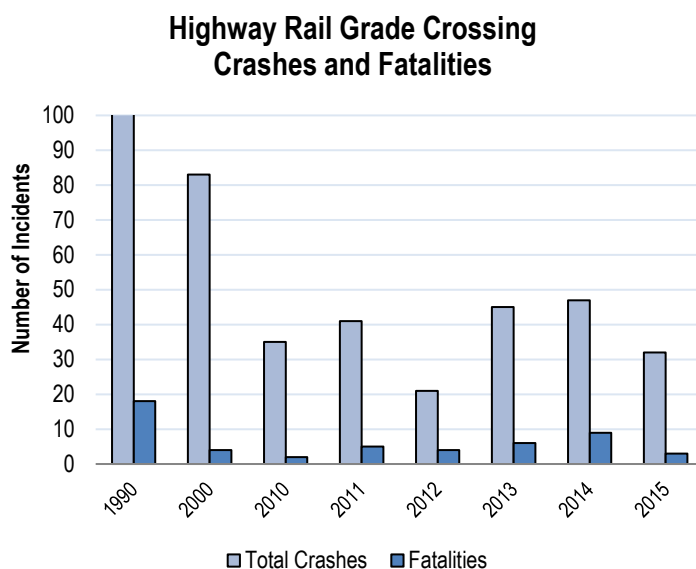
N/A

Results:

- Grade crossing safety is typically measured by changes in total crashes, fatalities and injuries on an annual basis.
- There has been a significant long-term reduction in grade crossing crashes, fatalities and injuries in Minnesota due to improvements in grade crossing safety, closures of some crossings, and public education about the dangers of

crossings. In 1990, there were 115 train/vehicle crashes at grade crossings, resulting in 18 fatalities and 62 injuries. In 2015, there were 32 crashes in the state.

- Changes in safety statistics for individual crossings to be improved will be documented to provide before and after measurements.



Statutory Change(s):

M. S. 219.1651 and 299D.03

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Rail Service to St. Cloud Demonstration

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	\$3,000	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	\$3,000	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor proposes a \$3 million appropriation from the general fund to conduct a six month demonstration of intercity passenger rail service from Minneapolis to St. Cloud.

Rationale/Background:

Current Northstar commuter rail service stops short of St. Cloud missing an important population center. Rail service to St. Cloud would provide additional options for travelers and commuters into the Twin Cities providing access to jobs, schools, the airport and other amenities. BNSF Railway recently completed significant upgrades in this corridor, which provides additional rail capacity. Amtrak's Empire Builder service from Seattle to Chicago currently provides one morning trip from St. Cloud to St. Paul at 5:19 AM and returning St. Paul to St. Cloud at 10:20 PM. This current service schedule is not conducive to regular use.

Proposal:

This proposal would allow for a demonstration of intercity rail service between St. Cloud and Minneapolis. Minneapolis to Fargo-Moorhead is a Tier 1 corridor in MnDOT's 2015 State Rail Plan. The proposed service would offer one morning trip into Minneapolis and one evening trip back allowing for a full day of activities in town. The additional train may be provided by Amtrak and would complement current Northstar service.

A six-month pilot would allow MnDOT and the community to demonstrate the need for long term rail service.

Equity and Inclusion:

The service demonstration will help policymakers determine whether the project should be built, but no members of the public will directly benefit from the study. Assuming the line is eventually built, people who do not operate their own automobiles, including persons with disabilities, will benefit. Veterans will also benefit because of enhanced access to U.S. Department of Veterans Affairs facilities in St. Cloud and Minneapolis.

Results:

The demonstration will help determine whether the state and possibly local governments should invest in extending the line to St. Cloud and complement the current Amtrak Empire Builder service with a more conducive schedule option.

Statutory Change(s):

None required

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Northstar St. Cloud Extension Study

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	850	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	850	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends an \$850,000 one-time appropriation from the General Fund to study the extension of the Northstar commuter rail line to St. Cloud from Big Lake. There are currently no other commuter rail line capital funds in MnDOT's budget.

Rationale/Background:

Originally, the Northstar commuter rail line was planned to terminate in St. Cloud. However, a decrease in federal funding required the line to terminate in Big Lake. Traffic congestion on Highway 10 and Interstate 94 continues to worsen. Currently, bus service is available from Big Lake to St. Cloud, but extending the commuter rail line all the way to St. Cloud will enhance transit service in this corridor. Ridership on the commuter rail line will increase once service is extended to St. Cloud. Burlington Northern Santa Fe (BNSF) Railway recently completed significant upgrades in this corridor, which provides additional rail capacity and no longer requires these upgrades to be part of the commuter rail project.

Proposal:

The Governor recommends the hiring of a consultant to conduct the feasibility study and oversee the work. The extension was studied in 2010, so some of the work has been done but needs to be updated. Also, MnDOT is completing a feasibility study on Amtrak service between Chicago and St. Cloud and the information developed for that study could be used as well.

Equity and Inclusion:

The study will help policymakers determine whether the project should be built, but no members of the public will directly benefit from the study. Assuming the line is eventually built, people who do not operate their own automobiles, including persons with disabilities, will benefit. Veterans will also benefit because of enhanced access to U.S. Department of Veterans Affairs facilities in St. Cloud and Minneapolis.

IT Related Proposals:

N/A

Results:

The study will help determine whether the state and possibly local governments should invest in extending the line to St. Cloud. In the past, the federal government has indicated that the ridership projections do not warrant any federal funding for this project.

Statutory Change(s):

N/A

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: 2015 Port Development Assistance General Fund Reappropriation

Fiscal Impact (\$000s)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
General Fund					
Expenditures	(1,100)	1,100	0	0	0
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(1,100)	1,100	0	0	0
FTEs	0	0	0	0	0

Recommendation:

The Governor recommends a reduction to the 2015 General Fund appropriation and reappropriation of the funds in 2018 for the Port Development Assistance Program (PDAP). The Red Wing Port Authority and the Port Authority of Winona are currently developing projects that will use this appropriation. The projects being developed will not be completed before the funds cancel.

Rationale/Background:

The 2015 Legislature provided a \$3 million General Fund appropriation to the PDAP. Upon completion, the two projects in development will allow the Red Wing Port Authority to draw additional riverboat cruising traffic and will allow the Port Authority of Winona to retain their tenants at the municipal dock and the jobs that are supported by the commercial navigation industry.

Proposal:

Under existing law, the \$1.1 million unencumbered PDAP funds are required to be spent by June 30, 2017. This request would cancel the \$1.1 million back to the General fund and reappropriate the same amount in 2018. It is anticipated that the entire amount will be spent in the 18-19 biennium. Without this reappropriation, projects for the Red Wing Port Authority and the Port Authority of Winona may be delayed indefinitely.

Equity and Inclusion:

N/A

IT Related Proposals:

N/A

Results:

This should allow projects currently being developed by the Red Wing Port Authority and the Port Authority of Winona to be completed.

Statutory Change(s):

N/A

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Economic Development - Minnesota Rail Service Improvement (MRSI) Expansion

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	1,000	1,000	1,000	1,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	1,000	1,000
FTEs	1	1	1	1

Recommendation:

The Governor recommends a \$1 million General Fund annual appropriation to the Minnesota Rail Service Improvement (MRSI) program to include a dedicated funding source for preserving and enhancing rail service in the state. The current program is primarily for loans only. The proposal would modify MRSI program language to allow grants for projects generating economic development benefits. The changes would also allow funds to be used for federal matching and payment of administrative and other direct programmatic expenditures.

The MRSI program includes three primary components: the Capital Improvement Loan program, the Rail Line Rehabilitation program and the Rail Bank program. The first two are loan programs, and the third is to acquire, maintain and preserve abandoned rail lines and right of way for future transportation use. Loan utilization has been very low, with the last new loan in FY2016 for \$350,000.

There have been both bond and general funds appropriated to MRSI with the recent appropriations cancelling. The fund has been replenished by loan repayments, which would not occur with a grant program. The balance of the two appropriations totaled \$3.8 million at the end of FY2016. A relevant base for the grant program cannot be determined by the loan program history so we will begin with zero.

Rationale/Background:

Minnesota's short line and regional railroads provide a critical function in the rail network. These railroads are lighter-density rail lines that have typically been spun off larger railroads and operate independently. They provide important freight connections between communities and national and international markets served by the Class 1 railroads. Many of these 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.

Many of these freight rail needs cannot be met with the current MRSI program. MnDOT's recently completed Freight Rail Economic Development Study (FRED Study) recommended a number of improvements to the program to help better meet the needs of rail shippers and short line railroads. One of the recommendations was to offer grants as a program option. Loans are often not an attractive option for these small private entities. Small, short-line railroads have limited financial capacity to repay loans for major capital projects. In addition, given current low interest rates in the private sector, there has been very little interest on the part of railroads or shippers to participate in loan programs. Also, freight rail projects often do not have a stable public sector funding source for matching federal grants. Allowing the MRSI program to provide matching funds for all types of federal grants related to freight rail will make Minnesota's grant applications more competitive.

Proposal:

This proposal would modify the MRSI program to allow grants as well as loans, which allows for more funding flexibility. This flexibility is important, as MRSI projects are typically time-sensitive. They are public-private partnerships and private entities often can't wait for eligible funding to become available; the projects either must be scaled back or simply canceled if funding isn't available in a certain timeframe.

Equity and Inclusion:

Under-represented communities may have better access to jobs as freight rail employers utilize this program to enhance rail service and gain competitive advantage.

IT Related Proposals:

N/A

Results:

MnDOT would create a process for soliciting, selecting and administering grants that improve freight rail service and generate economic development benefits. These results will be measured.

Statutory Change(s):

M.S.222.49 and 222.50

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Rail Safety - Inspectors

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Special Revenue Fund				
Expenditures	615	858	818	841
Revenues	615	858	818	841
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	4	6	6	6

Recommendation:

The Governor recommends making changes to the state rail safety inspector statute. The changes to the language include cleaning up the description of inspector duties to align better with federal definitions and clarifying costs that can be funded from the program. In addition, we recommend hiring up to five additional rail inspectors, plus a program manager. The increased revenue reflects an increase in assessment to the railroads for the additional inspectors.

This request is to clarify language and allow the office to increase the number of inspectors. Since the program bills actual costs there is no net impact on the budget.

Rationale/Background:

The purpose of the State Rail Safety Inspection Program is to ensure compliance with federal and state safety regulations. Improved compliance will help reduce the number of rail accidents resulting in injuries, fatalities, property damage and environmental damage. These include derailments, grade crossing crashes, and rail worker hazards among others. Identifying defects before they become critical is an important strategy for reducing accidents, one that is employed by both the rail industry and public rail safety inspection programs. The State of Minnesota is a member of the State Rail Safety Participation Program administered by the Federal Railroad Administration (FRA), for the training, certification and coordination of state and federal rail safety inspectors to provide independent oversight of the rail industry. Rail inspectors have full access to railroad property and records, the authority to compel "slow orders" and fixes of documented defects. The public rail inspectors also work to improve to improve compliance with regulations through education and training to the rail industry. Rail inspectors also investigate complaints from rail workers and the general public regarding railroad conditions and practices.

Proposal:

MnDOT currently has two railroad track inspectors, one hazmat inspector, and one train equipment inspector. The hiring of additional inspectors will allow for more comprehensive inspection activity within current technical disciplines. Additional inspectors would also be used to conduct inspections in other technical disciplines including operating practices (rules regarding train operation), grade crossing signal systems, and track signal systems. Non-compliance in a variety of disciplines are important contributors to rail accidents. For example, approximately one-third of all train derailments are due to defective track, one-third due to defective rail cars, and one third due to human factors (operating practices).

The increase in positions would include the hiring of a program manager to oversee the hiring, training, and daily supervision of inspectors; analyze inspection results and develop performance reports; develop risk-based inspection strategies; and coordinate with the Federal Railroad Administration and adjacent states.

These positions and overall program costs would continue to be funded through an assessment on the Class I and Class II railroads operating in Minnesota.

Equity and Inclusion:

This initiative does not specifically benefit identified disparate populations; it is focused primarily on the overall safety of the traveling public in the state of Minnesota and communities near heavily trafficked rail lines.

IT Related Proposals:

N/A

Results:

In 2015, MnDOT state rail inspectors and FRA federal rail inspectors working in Minnesota documented 7,293 defects as well as 230 reports of more serious violation defects, which are fineable violations of law. Nationally, over \$15 million in fines were assessed to railroads in 2015 for violations of federal regulations.

Statutory Change(s):

M. S. 219.015

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Rail Safety - Railroad Assessment for Safety Improvements on Priority Rail Corridors

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Special Revenue Fund				
Expenditures	32,500	32,500	32,500	32,500
Revenues	32,500	32,500	32,500	32,500
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends investing \$32.5 million annually to fund improvements to highway-rail grade crossings on rail corridors transporting crude oil and other hazardous materials. Improvements include upgrades to existing warning devices as well as construction of highway-rail grade separations. Funding would be through an annual assessment to Class I railroads operating in Minnesota. This is a newer initiative so there has not been previous base funding.

Rationale/Background:

The intent of this investment program is to reduce or eliminate grade crossing crashes, fatalities and injuries, the likelihood of potentially catastrophic fires involving trains transporting Bakken crude oil and other hazardous materials, and the likelihood of release of hazardous materials causing environmental damage. Grade crossing improvements can also reduce delays to the motoring public and to emergency responders who are hindered by trains crossing roadways.

For collisions involving trains carrying volatile Bakken crude oil and other hazardous materials, there is an increased risk of substance release and ignition of an extreme, significant fire, affecting property and persons up to one-half mile away. Collisions involving both trains and trucks carrying hazardous materials pose special risks. The proposal represents a more aggressive approach to risk reduction than would otherwise occur.

Proposal:

Expenditures of \$325 million over 10 years (\$32.5 million annually) are proposed for the planning, engineering, administration and construction of highway-rail grade crossing improvement projects along rail corridors. Recommended projects will be based on safety risk assessments. Each grade crossing presents the potential for train-vehicle collisions. All projects will be selected in consultation with communities along rail corridors and the appropriate railroad.

Projects include grade separations, where road traffic and rail traffic are permanently separated by either an overpass or an underpass. Other projects include upgrading crossings with active devices (gates and signals), constructing medians at crossings, installing signal interconnects and/or installing four gate systems to prevent motorists from driving around gates. Other strategies include the closing of certain crossings where feasible; road reconstruction to preserve access may be needed.

Since the cost to construct grade separations ranges from \$10 million to \$30 million or more, the specific mix of grade crossing safety improvements and construction of grade separations will be dependent on the amount of funding available.

Equity and Inclusion:

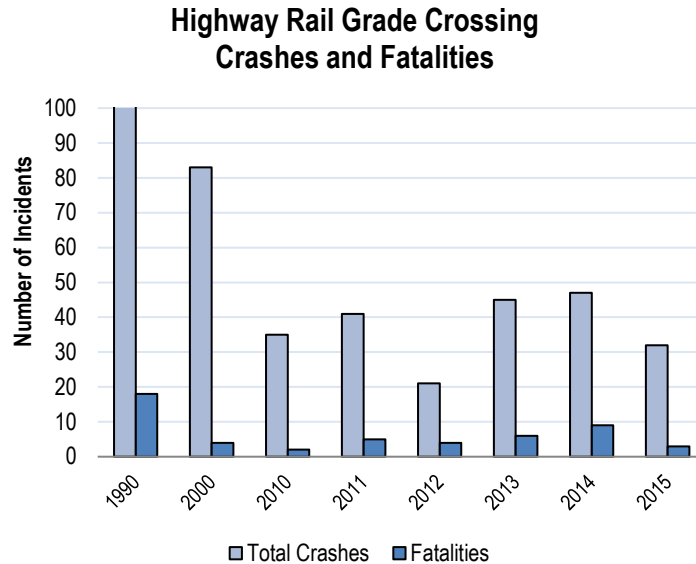
This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

N/A

Results:

- Grade crossing safety is typically measured by changes in total accidents, fatalities and injuries on an annual basis. Other potential indicators would include motorist delay, emergency responder delay, and reduced risk of hazardous material release and ignition.
- There has been a significant long-term reduction in grade crossing accidents, fatalities and injuries in Minnesota due to improvements in grade crossing safety, closures of some crossings, and public education about the dangers of crossings. In 1990, there were 115 train/vehicle accidents at grade crossings, resulting in 18 fatalities and 62 injuries. In 2015, there were 32 crashes in the state.
- Changes in safety statistics for individual crossings to be improved will be documented to provide before and after measurements.
- The delay of motorists at grade crossings is a measure requiring further development.



Statutory Change(s):

New Statute Required

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Rail Safety - Passenger Rail Program Appropriation Increase

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	400	400	400	400
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	400	400	400	400
FTEs	1	1	1	1

Recommendation:

The Governor recommends a base increase of \$400,000 in the General Fund appropriation to cover Passenger Rail Office responsibilities of technical staff for environmental studies, design, traffic engineering and legal services. The General Fund appropriation in the amount of \$500,000 has been in place since the office was created six years ago. Passenger rail functions are not Trunk Highway Fund eligible.

Rationale/Background:

The purpose of this office is to work in partnership with local governments and regional rail authorities, community groups and corridor advocates to deliver passenger rail services that are federally compliant, environmentally friendly and sustainable, to connect Minnesota communities together and with the national passenger rail system. Staff resources are necessary to continue passenger rail technical support with local partners, assist with passenger corridor development activities, and coordinate future passenger rail services with the department's freight rail activities.

Proposal:

The increase is needed to adequately staff the office and accommodate environmental, predesign, and planning work for passenger rail services identified in the approved [State Rail Plan](https://www.dot.state.mn.us/planning/railplan/) (<https://www.dot.state.mn.us/planning/railplan/>). These projects include connecting Duluth to the Twin Cities, Twin Cities to Chicago, and develop potential corridors connecting Mankato and I-35 communities to the Twin Cities. The Midwest region is successfully developing services that increase mobility, and enhance economic growth in the region. Minnesota is an important partner in this regional network.

Additionally, as freight rail issues are addressed with capital and operating improvements, proposed future improvements for passenger trains need to be considered and incorporated to minimize the need to replicate capital needs in the future.

Equity and Inclusion:

This proposal will provide additional transportation opportunities for people who do not operate their own automobiles, including persons with disabilities.

IT Related Proposals:

N/A

Results:

The intent is to improve mobility choices for Minnesotans. This change will improve access for Minnesotans, create and sustain economic linkages by connecting regional centers together and maximize capacity on the highway system.

Statutory Change(s):

N/A

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: State Road Construction

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	215,400	145,900	145,900	145,900
Revenues	215,400	145,900	145,900	145,900
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Request:

The Governor recommends an increase in federal spending authority in the State Road Construction (SRC) appropriation in the Trunk Highway Fund; \$215.4 million in FY18 and a base increase of \$145.9 million in FY19 and beyond to enable the agency to spend the increase in federal funding due to the Fixing America's Surface Transportation Act (FAST Act) enacted in December 2015. MnDOT also proposes an increase of \$105 million in FY17 effective upon enactment of the bill to expedite the use of authority that was requested in the 2016 Legislative session. We are requesting to use these funds immediately to relieve the pressure on the construction program that was ramped up to meet the federal funding increase in anticipation of the 2016 legislation. Based on the federal legislation, the base budget proposed for FY19 and beyond would maintain the increase of \$145.9 million.

Rationale/Background:

Passage of the multi-year FAST Act increases the amount of reimbursement available for Trunk Highway and interstate construction projects. MnDOT will use the additional federal revenue for highway construction projects consistent with the [Minnesota State Highway Investment Plan](http://www.dot.state.mn.us/planning/mnship/) (MnSHIP, <http://www.dot.state.mn.us/planning/mnship/>) and current appropriation language for the SRC appropriation. These projects will focus on achieving the performance outcomes on the Interstate System and non-Interstate National Highway System, as well as bridges, congestion and safety. The additional budget authority will also be used to improve the pavement and bridge conditions on the state road system.

The Federal Highway Administration allocates federal funds annually to each state based on the enacted federal law. The FAST Act language provided a larger amount than the previous Moving Ahead for Progress in the 21st Century (MAP-21) language. FHWA is a reimbursement program requiring state funds to be spent prior to request of federal reimbursement. Minnesota Statute 174.45 requires that the Legislature authorize this spending ability prior to it being incurred. State dollars spent are reimbursed at varying percentages with most of these being an 80/20 split. This means for every \$100,000 spent on eligible costs the FHWA will reimburse us \$80,000. If spending authority is not provided, the state road construction program will lose access to the federal reimbursement, thus constraining spending to the current state direct appropriated amount.

Proposal:

MnDOT is requesting the increase in federal authority for \$105 million in FY17 effective upon enactment, \$215.4 million in FY18 and a base increase of \$145.9 million in FY19 and beyond. This change allows the state road construction program spending to increase to meet the new federal reimbursement levels.

Equity and Inclusion:

This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

N/A

Results:

Under the requirements of MAP-21, MnDOT realigned its program to meet minimum condition levels on the Interstate and National Highway Systems and manage the rest of trunk highway system to achieve performance-based outcomes.

The additional budget authority of the FAST Act will assist the department with reaching the goals under MAP-21 for minimum condition levels established for pavement and bridge condition, as well as mobility and safety performance outcomes identified through the MnSHIP process.

Statutory Change(s):

N/A

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Snow & Ice Contingency Language

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends establishing snow and ice management statutory language from the Trunk Highway Fund for times when costs exceed 110 percent of MnDOT's biennial targeted investment level for direct snow and ice management costs. This language would provide flexibility in covering costs in extreme winters and provide greater assurance in managing public performance expectations throughout the winter season, while helping to ensure that other maintenance activities are not compromised.

Rationale/Background:

Managing the uncertainties and unpredictable nature of costs not within the direct control of MnDOT is difficult and often compromises other maintenance activities the following spring and summer. Extreme weather patterns over the past few years have resulted in much higher than normal costs associated with providing the level of service expected by the public. In the FY 2014-15 biennium, MnDOT spent about \$170 million of the operations and maintenance budget activity in direct costs for snow and ice, which included an additional \$25 million in one-time funds from the 2014 Legislature. In FY16, with what was considered a "normal or light" winter we still expended \$65 million on costs directly related to snow and ice management.

This approach would assist the agency to better stabilize funding for all operations and maintenance activities by reducing pressure on other products and services due to an unpredictable snow and ice season. The current budget provides for base funding to support staffing, equipment, materials, repair parts, and fuel based on historical averages. However, the unpredictability of the coming winter forces the department to delay spending on critical maintenance materials. Greater flexibility in managing winter's unpredictable costs would better serve MnDOT and the safety of the traveling public without compromising other important maintenance activities such as spring pothole patching and responding to routine minor flooding issues.

Proposal:

MnDOT makes it a priority to provide a consistent level of service on its 12,000 miles of state highways (33,000 plus lane miles) during the winter season, but it is expensive and labor intensive. One of the greatest challenges in managing the snow and ice season is that winter severity varies significantly from year to year and budget impacts are not evident until more than 50 percent of a fiscal year has elapsed.

MnDOT proposes that statutory language be put in place to allow MnDOT to transfer part or all of the unappropriated fund balance in the Trunk Highway Fund to pay for snow and ice control expenditures in a biennium when the MnDOT spends more than 110 percent of its biennial targeted investment level for snow and ice management. This investment level would be identified each biennium. Costs would include direct expenditures for labor and attributable costs for equipment and inventory. The amount transferred is appropriated for the purposes of the account to which it is transferred.

Equity and Inclusion:

This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

N/A

Results:

Implementation of this statutory ability will allow MnDOT as an agency to better plan maintenance activities that are currently dependent upon the severity of the winter. In the first year of the biennium a severe winter will cause reduction in the purchase of spring and summer maintenance supplies like cable median barrier, patch and we will often hold on filling vacant positions in fear that the second winter will leave us without funds to adequately perform snow and ice activities. With the ability to utilize the unappropriated fund balance, the agency could continue to plan for maintenance work in the spring and summer by ordering needed materials and getting staff on board to be ready when the season arrives. If the second winter is also severe, the agency will have the option to draw from the unappropriated fund balance to fund amounts that cannot be covered from the existing budget. This will provide a more constant source of funding for all MnDOT's services, allow better planning, allow the timely purchase of materials and equipment to gain better price points and maintain a constant staffing complement.

Statutory Change(s):

Requires a new statute

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Pavement Preservation

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Funds				
Expenditures	10,000	10,000	10,000	10,000
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,000	10,000	10,000	10,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends a base increase of \$10 million from the Trunk Highway Fund to provide additional funding for pavement preservation, allowing the agency to strategically plan repairs and utilize durable pavement preservation techniques.

The current expenditures for this type of activity based on our product and services reporting average about \$40 million annually. Past legislative sessions have provided one-time funding that infused the program for that following patching season \$4 million in the 2013 session and \$10 million in the 2014 session.

Rationale/Background:

Overall, MnDOT expects that the miles of pavement in poor condition will increase significantly by the end of the 20-year planning period and will decline to, or be beyond, target levels by 2018. Pavement condition is expected to decline due to two key factors: limited funding and the age of Minnesota's roadways, many of which were constructed more than 40-years ago and require more expensive fixes. This trend requires an increase in preventive pavement maintenance. Durable pavement preservation techniques are used for preventive pavement surface treatment repairs to positively impact customer satisfaction through smoother rides and extended pavement life.

Proposal:

A base increase dedicated to pavement preservation will allow MnDOT to conduct more preventive pavement maintenance. The funding will be dedicated toward equipment and/or materials to conduct work across the state road system. Due to recent innovative efforts, MnDOT has successfully implemented other techniques to provide longer lasting durable pavements as a cost-effective way of keeping roads in good condition. Applying these treatments before roads deteriorate not only provides the traveling public with roads in better condition, but also reduces overall life-cycle costs. Examples of these longer lasting pavement preservation techniques are: mastic patching, micro-surfacing and slurry seals.

Equity and Inclusion:

This proposal is not expected to impact equity or inclusion.

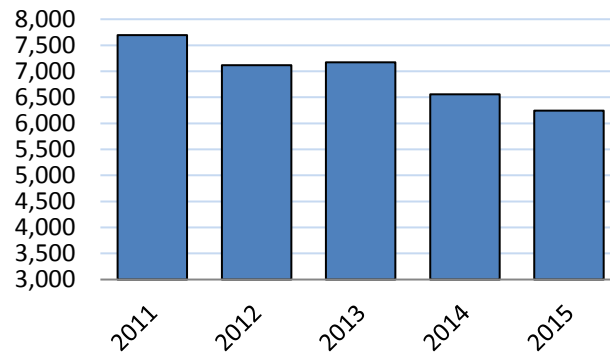
IT Related Proposals:

N/A

Results:

We are committed to protecting, maintaining and preserving our roads. In doing so, we maximize taxpayers' investments in better, longer-lasting roads for smoother, safer and more efficient travel. MnDOT measures pavement cracking based on a surface ranking index that has a zero to four scale, with a four meaning no cracks. Typically, a 3.2 rating receives some sort of patching.

**Lane Miles With Surface Rating of
3.2 or less**



Source: Office of Materials & Road Research

Statutory Change(s):

N/A

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Working Capital Loan Fund Program

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	1,500	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,500	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a one-time increase of \$1.5 million from the General Fund for the Working Capital Loan Fund (WCLF) Program. This increase would support the goals of equity and reducing disparities in contracting by providing an additional avenue for small businesses to acquire the necessary capital to participate on MnDOT projects. Currently there is approximately \$240,000 in Trunk Highway funding and \$173,000 in Federal funding available for this program; a total of \$413,000.

Rationale/Background:

MnDOT previously oversaw the administration of a WCLF where socially and economically disadvantaged business owners could apply for short-term financing. However, borrowing limits and lending criteria were too restrictive to effectively serve the businesses it was created for. The Department of Employment and Economic Development (DEED) also administers various WCLF programs through the State Small Business Credit Initiative that are fully utilized.

If additional funds are made available for the WCLF, MnDOT will have a greater ability to achieve the goal of providing an infusion of working capital for socially and economically disadvantaged businesses. MnDOT's Disadvantaged Business Enterprise (DBE) Program has an annual goal for DBE participation on federally-funded contracts of 11.7 percent for Federal Highway Administration (FHWA) funded projects, and 7.13 percent for Federal Transit Authority (FTA) funded projects. Historically, MnDOT has fallen short of achieving these goals. Neither the Veteran Owned Business (VET) Program nor the Targeted Group Business (TGB) Program, which provide for small business participation on state-funded contracts for veterans, disabled persons, women and minorities have annual participation goals. However, increasing small business participation is an important goal of MnDOT and the state. This proposal is timely as MnDOT seeks to advance equity and reduce disparities in contracting.

Proposal:

This proposal is for a one-time General Fund appropriation to the WCLF. This program gives out low interest loans to small businesses that are owned by socially or economically disadvantaged individuals interested in working on MnDOT projects but are undercapitalized or need access to liquidity. MnDOT's goal is to create a fund that has the ability to make a more widespread impact. For example, a small business participating on a MnDOT project may need assistance with funding for materials, payroll and benefit expenses, purchasing or leasing equipment to expand their business capabilities, or mobilization costs. All of these costs are typically incurred prior to receiving payment for work on a project, and can prevent small businesses from participating on MnDOT contracts. With an increase to the fund's principal, MnDOT can increase the number of loans and provide more flexible financing options which can be adjusted based on the needs of individual firms. The needs of the individual applicant firms will ultimately determine how many loans will be available through the fund. MnDOT currently has the staff to oversee the administration and monitor the program.

Equity and Inclusion:

This proposal seeks to advance equity and reduce disparities. This program provides access to small businesses that could benefit from access to capital. By providing an alternative avenue for financing, this program combats structural inequities often faced by women and minority small business owners. Opportunities for financing are instrumental for a small business's growth and development. Additional funding from the WCLF could mean the difference between a small business thriving and failing as it seeks to participate in MnDOT projects.

IT Related Proposals:

N/A

Results:

Currently there are approximately 280 firms certified as DBEs based in Minnesota who work in highway heavy scopes of work. Some of these same firms are certified as TGBs. The number of firms in these categories will continue to grow. The WCLF will offer an additional financial solution and increase these firms' abilities to participate on MnDOT projects. This in turn benefits prime contractors working on MnDOT projects by growing the pool of capable subcontractors to work on highway heavy projects. Ultimately, this benefits the State by reducing disparities in contracting and increasing access to opportunities for economic growth for qualified small businesses.

Statutory Change:

Minnesota Statute 161.3212.

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Capital Investment Bill Debt Service and Cash

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	31,016	43,190	63,055	66,822
Trunk Highway Fund				
Expenditures	264	2,034	3,718	3,666
State Airports Fund				
Expenditures	9,202	0	0	0
Special Revenue Fund				
Expenditures	1,000	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	41,482	45,224	66,773	70,488
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$86.7 million in FY 2018-2019 to support his 2017 capital budget recommendations. Of this total:

- \$74.2 million is from the general fund to pay for cash-financed projects and debt service on \$1.5 billion in general obligation bonds and \$102.5 million in appropriation bonds,
- \$2.3 million provides for debt service for \$40 million in trunk highway bonds,
- \$9.2 million finances three projects in the airports fund, and
- \$1 million funds a rail service improvement project in the special revenue fund.

Rationale/Background:

- The Governor released his 2017 capital budget recommendations in January 2017.
- The Governor recommended \$1.8 billion in capital projects. Both cash and debt service are needed to finance these projects.

Proposal:

- More information about the Governor's 2017 capital budget recommendations can be found in the "Current Capital Budget" section of MMB's website.

Results:

- This recommendation will allow the state to meet its financial obligations with respect to debt service and financing of capital projects.

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Road Equipment Fund

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
Trunk Highway Fund				
Expenditures	10,000	10,000	10,000	10,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,000	10,000	10,000	10,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends a base increase of \$10 million in the Trunk Highway Fund for an enhanced fleet replacement plan. The goal is to meet the performance measure target of 90 percent of our fleet within lifecycle. Currently, the agency allocates \$20 million from the Trunk Highway Fund. This amount falls short of covering actual need and meeting lifecycle targets.

Rationale/Background:

MnDOT's operations and maintenance activities are dependent on a large fleet of equipment with varying lifecycles. MnDOT's road equipment funding is not able to keep up with the need to replace fleet equipment at the end of their economic lifecycle. This results in a severe backlog on equipment replacements. Increased funding of equipment will allow for an enhanced fleet replacement plan, with equipment being replaced at or near their scheduled retirement dates.

Equipment past their lifecycles is more expensive to keep operational and therefore less productive. MnDOT has been unable to meet its performance measure target of having 90 percent of its fleet within lifecycle since its inception in 2002. Currently over 33 percent of MnDOT's fleet is past its established lifecycle.

Proposal:

MnDOT proposes adopting a centrally managed service for its fleet that assesses annual replacement needs as a whole and budgets accordingly to maintain a sustainable fleet. This additional level of funding will be used to eliminate the existing lifecycle gap and allow MnDOT to replace equipment on schedule, reducing equipment repair costs, unscheduled downtime and the need for reserve equipment. MnDOT's current road equipment fleet replacement value is over \$450 million. The current budget only allows for the replacement of less than 5 percent annually.

Equity and Inclusion:

MnDOT makes every effort to purchase fleet equipment from as diverse a group of vendors as possible. Increasing the purchasing levels can open up additional opportunities for targeted vendors to participate in this process.

Results:

MnDOT has several internal fleet performance metrics that it uses to manage its fleet. This follows with established recommendations for state DOTs nationally. One of those metrics is the measurement of the percentage of fleet within established lifecycle standards.

Statutory Change(s):

N/A

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Trunk Highway Operating

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	10,758	20,525	20,525	20,525
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,758	20,525	20,525	20,525
FTEs	0	0	0	0

Recommendation:

The Governor recommends a base increase in the Trunk Highway Fund operating appropriations of \$10.8 million in FY18 and \$20.5 million in FY19 to offset a portion of the cumulative decreases in buying power due to inflation on commodity purchases, cost of living increases for salaries and increases in pension contributions. Each year, employer-paid health care contributions, pension contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Rationale/Background:

MnDOT requested a funding package in our 2016-17 Biennial Budget that included funding to relieve operating pressures of commodity inflation and salary increases. Although the request was not enacted, we did receive a onetime funding increase in our trunk highway operating appropriations, Operations and Maintenance and Program Planning and Delivery for FY2016-17. However, the reasons for operating pressures remain, and the total base for these appropriations established in law beginning in FY2018 is lower than the FY2017 base. Also, additional pressure was caused by cost of living increases during the FY2016-17 biennium being nearly twice what was budgeted for, compounding the issue in FY2018 and beyond.

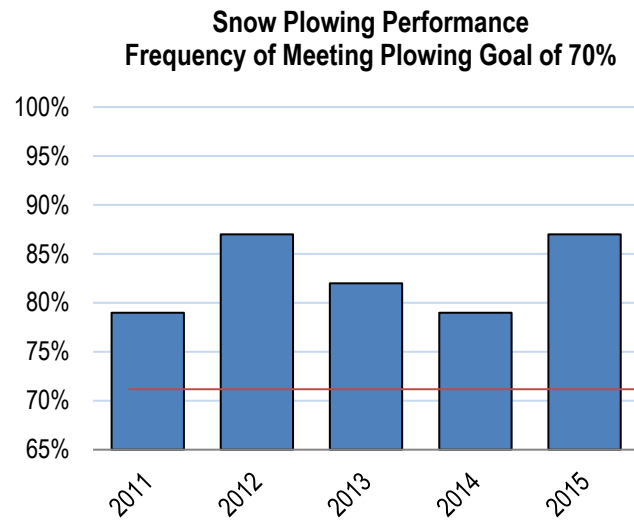
Proposal:

The increased operating appropriations will help us maintain our highest-priority products and services. Some of these include:

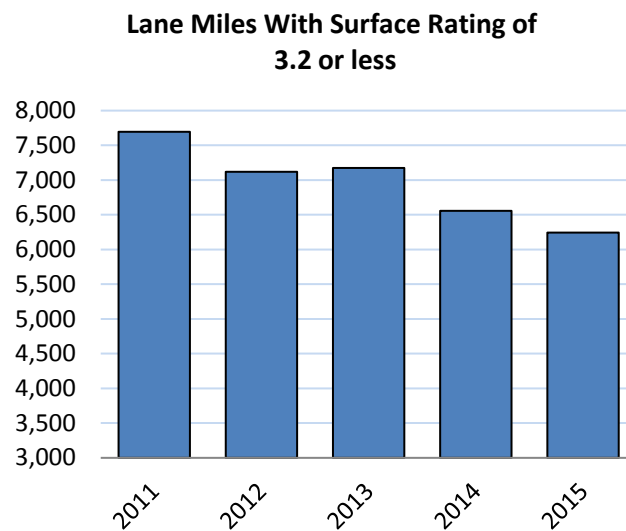
- Snow and Ice – includes activities such anti-icing treatment before storms, snow plowing and ice removal during storms and clean-up of snow and ice after storms have passed. Snow plowing on Minnesota's 12,000 miles of roads is expensive and labor intensive.
- System Roadway Structures Maintenance - patch potholes, seal cracks, pave road surfaces, remove debris, repair or replace culverts, maintain roadway shoulders and respond to flooding.
- Bridges and Structures Inspection and Maintenance – over 4,860 state highway bridges are inspected in accordance with state and federal requirements. In addition, MnDOT performs preventive maintenance such as sealing cracks, joints and railings, spot painting, lubrication of expansion bearings and flushing with water. Reactive maintenance is also needed when a vehicle damages a bridge or deterioration is discovered.
- Develop Highway Improvement Projects – includes activities such as scoping, environmental review, public involvement, and designing. Designing performs engineering studies and analysis, prepares construction plans, uses performance based practical design and flexible design standards to ensure road designs meet project goals while minimizing costs.
- Highway Construction Management Oversight – includes managing overall progress, coordinating the early stages, and overseeing quality management, material testing, etc.

Results:

Some of the measures MnDOT uses that would be impacted include the following:

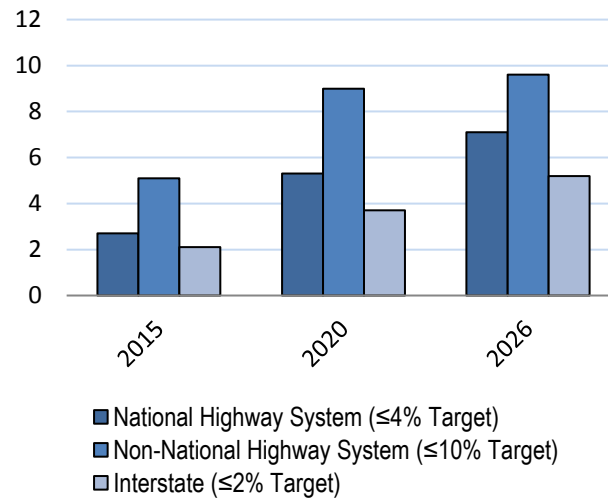


Source: MnDOT Office of Financial Management



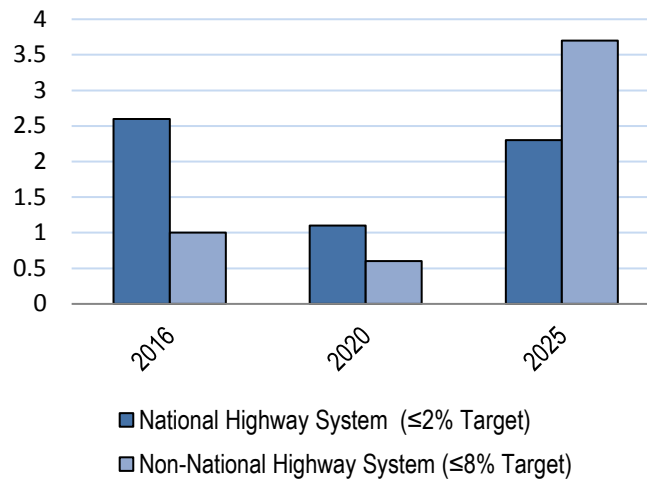
Source: Office of Materials & Road Research

Projected Pavement Condition



Source: MnDOT Office of Transportation System Management

Projected Bridge Condition



Source: MnDOT Office of Transportation System Management

Statutory Change(s):

N/A

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Intelligent Transportation System Technology

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
Trunk Highway Fund				
Expenditures	4,000	4,000	4,000	4,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	4,000	4,000	4,000	4,000
FTEs	4.5	4.5	4.5	4.5

Recommendation:

The Governor recommends a base increase of \$4 million from the Trunk Highway Fund to maintain and strategically expand Minnesota's Intelligent Transportation Systems (ITS) including the emerging area of connected and autonomous vehicles. The funding will be used in three ways:

- Capital asset replacement at their life cycle targets, expand infrastructure, and connect greater Minnesota ITS devices through a virtual network to the Regional Transportation Management Center (RTMC) and enhance the 511 traveler's information website.
- Operations and Maintenance to provide additional statewide incident and congestion management support at the RTMC, expand Freeway Incident Response Safety Teams (FIRST), additional staff and equipment to maintain and increase ITS system reliability, enhance systems at the RTMC and to deploy ITS technologies to enhance roadway safety and operations.
- Advance Development Deployment of ITS Technologies which will either match federal grant opportunities or advance ITS technology in Connected Vehicles and Autonomous Vehicles (CV/AV), work zones, and snow and ice operations.

The current expenditures for this type of activity based on our product and services reporting average about \$30 million annually.

Rationale/Background:

MnDOT has owned and operated statewide ITS for forty years. ITS assets include the RTMC, changeable message signs, signals, cameras, ramp meters, roadway weather information for snow plowing and road closure flashers, 511 website, electronic gate systems, fiber optic communication lines, and managed lane technology. These systems reduce congestion, increase the roadway system efficiency and reduce crashes. They also provide real-time data to users of travel times, congestion levels, incident management, construction work zones, maintenance operations, and Amber alerts.

Automated Vehicles (AV) and Connected Vehicles (CV) technology is quickly advancing in the automobile industry. Concurrently, the National Highway Traffic Safety Association (NHTSA) is developing policies around this technology. As vehicles and infrastructure begin to communicate, significant advances in state owned infrastructure will be required.

Economic growth and increasing travel demands are significantly straining our existing infrastructure. ITS technology advances are required to meet these demands. MnDOT prepared a Statewide ITS Plan in July 2015 to assess the status and vision for this infrastructure. This plan evaluated ITS assets, assessed funding scenarios to operate and maintain the system, and developed performance measure strategies for improving maintenance and operations.

The plan determined that the impact of not increasing funding includes:

- Motorists will not receive important information to make informed decisions
- Snow plows may not have weather data to efficiently clear roadways
- Congestion will likely increase
- Fatalities and serious injuries may increase
- Minnesota is not able to invest in CV/AV technology to improve safety and operations

MnDOT's Statewide ITS Plan identifies six performance measures and indicators that this proposal will address. Those measures, along with trends and drivers, are:

- Safety – Minnesota's Towards Zero Deaths (TZD) program works to reduce serious injury and fatal crashes. Over the past five years, the number of fatalities has remained relatively consistent around 410. The TZD goal is to reduce this number to 300 by 2020. Contributing factors include driver inattention or distraction, speed, impaired driving, and failure to yield.
- Mobility – Minimize overall travel delay by providing efficient, timely and effective communication for users through innovative technology. Congestion levels on Twin Cities freeways have been relatively stable over the past 5 years. Congestion is expected to increase as economic activity increases and the region continues to grow.
- Fiscal Responsibility – Establish sufficient funding to optimize capital asset management. Some ITS systems are reaching the end of their service life earlier than anticipated. The resources and technical capabilities to maintain the systems are exceeding resource capacity.
- Operations and Maintenance – RTMC incident and corridor management is currently not coordinated throughout the state and the operations center is not sufficiently staffed to meet current and future needs. At the current funding level, many systems may need to be decommissioned.
- Asset Management – An improved asset management system is being developed by MnDOT that will enhance risk and life cycle strategies to manage the system. At current funding levels, investments in new technologies to reduce life cycle costs and improve ITS maintenance efficiencies will be limited.
- Consistency – Improve compatibility and communication of the systems across the entire state. At current funding levels ITS communication network will remain the same with limited connection between the Twin Cities and greater Minnesota.

Proposal:

We anticipate the funding will be spread across the following activities:

- Capital funding will replace assets at their life cycle targets and expand the ITS statewide network. As they reach the end of their life cycle the funding would replace cameras, message boards, and road closure flasher systems. Funds could support expansion by upgrading Roadway Weather Information Systems (RWIS), expanding infrastructure on various metro highways, adding traffic management systems and enhancing the 511 website.
- Maintenance and operations funding would provide increased hours of statewide incident and congestion management at the RTMC. This proposal funds 9 FTEs for RTMC operations, to research, maintain and increase ITS systems and technologies, and expand the FIRST program.
- Advanced development deployment of ITS would be used to advance ITS technology in CV/AV, work zones and maintenance operations. Funds could be used as a match for federal grant opportunities or other work to further the state ITS technology. MnDOT has submitted a \$24 million federal grant request that is being evaluated to improve signal and ramp meter operations and develop connected vehicle technology for MnDOT snow plows. If awarded, this proposal would provide the necessary \$12 million state match to the grant funds. Work in this grant would primarily be conducted using contractors. Without additional dedicated funds for ITS investments in CV/AV technology, Minnesota may not rank competitively against other states or regions contending for the same funds for this or future grants.

Equity and Inclusion:

This proposal should have equal benefit to all groups. Advances in ITS technology have significant benefits to persons with disabilities. We have had several conversations with disabled groups about how CV/AV technology can advance mobility for these individuals. Improving ITS infrastructure has significance for the visually impaired. This technology can greatly improve pedestrian crossings and assist with way finding for these individuals.

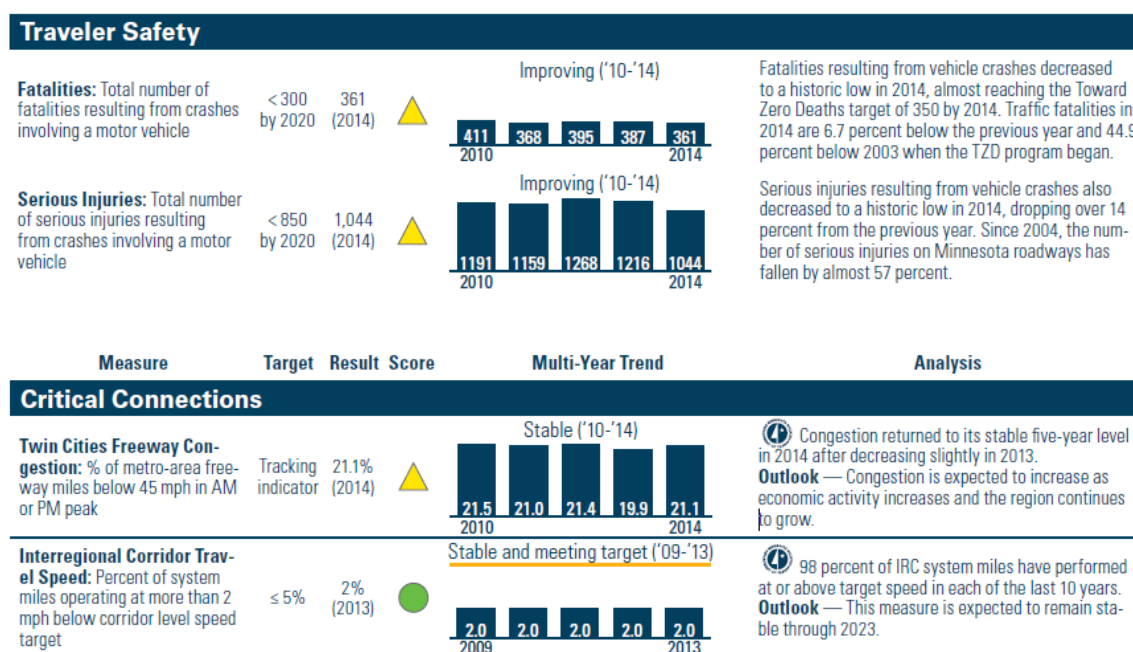
IT Related Proposals:

This proposal includes the addition of two additional IT programmers for the RTMC. These programmers are included in estimated breakdown of costs above (two of the four FTE's required to maintain and enhance RTMC operations). These costs are estimated at \$200,000 per year.

Results:

Performance measures shown below are from MnDOT's 2014 Annual Minnesota Transportation Performance Report. The ITS investments discussed above have the potential to reduce fatalities and serious injuries through reducing congestion, advanced work zone and system back up warnings. The investment in AV/CV can reduce the risk of many types of crashes which typically cause serious injury or death.

The performance measure for congestion projects an increase due to economic activity and regional growth. Investing in strategies to maintain current assets, add staff to increase RTMC operations, and manage ITS from a regional level will have a positive influence on this performance measure.



Statutory Change(s):

N/A

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Tribal Training Funding

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	192	218	200	200
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	192	218	200	200
FTEs	0	0	0	0

Recommendation:

The Governor recommends a General Fund appropriation of \$192,000 in FY18, \$218,000 in FY19, and \$200,000 in FY2020 and 2021 to cover the cost of the Governor's Executive Order 13-10 for tribal training for state agencies. Currently, MnDOT is absorbing the majority of the cost of the training for all the agencies. If this funding is not appropriated it is likely that MnDOT will need to bill agencies for attending the training to recover costs that are not benefitting the trunk highways.

Rationale/Background:

The Governor issued Executive Order 13-10 directing state agencies to engage in consultation, coordination and cooperation with tribal governments. This training informs employees about consultation and coordination. Because many agencies benefit, this will distribute the cost of the training more evenly.

This training won the State Government Innovation Award and is designed to educate state employees on how to more appropriately interact, communicate and collaborate with tribes and tribal governments. This proposal will allow the training to continue without the sole cost being borne by MnDOT.

Proposal:

This will provide General Funds to fund tribal training for state agencies that MnDOT has developed and will instruct.

Equity and Inclusion:

In an indirect way it may reduce disparities for tribal members knowing that MnDOT and other agency staff have participated in the training and have a better understanding of how to communicate and consult with tribal members. The training facilitates better relationships.

IT Related Proposals:

N/A

Results:

This needs to happen because of the success of the training. This can be measured by the number of attendees, the survey results and the number of agencies that have attended. To continue providing this effective training, an appropriation would cover the cost enabling MnDOT to continue to have more sessions and to create online e-training.

Statutory Change(s):

N/A

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Cyber Security Risk Management and Agency Priorities

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
Trunk Highway Fund				
Expenditures	10,500	9,350	6,450	6,450
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,500	9,350	6,450	6,450
FTEs	6	6	6	6

Recommendation:

The Governor recommends an increase to the Trunk Highway Fund appropriation for cyber security, risk management and protection of the state's sensitive data assets and technology investments. The request includes a \$6.15 million base increase beginning in FY18 and one time funds of \$4.4 million (FY18), \$3.2 million (FY19), and \$.3 million (FY20-21). The total request includes \$10.50 million in FY18, \$9.35 million in FY 19, and \$6.45 million in FY20 and FY21, for a total of \$32.8 million over four years.

Rationale/Background:

Cyber Security, Risk Management

MnDOT has made successful efforts to ensure the integrity and security of its applications and technology. Going forward MnDOT needs to continue progress and work toward completing security and preservation work that is urgently needed.

In partnership, MnDOT and MN.IT at DOT, we've identified a backlog of IT risk management projects in need of a base investment for sustainable lifecycle planning. The request will support needed upgrades, testing, modifications and deployment activities to approximately 600 MnDOT business applications. In addition, 5,000 MnDOT desktops require windows upgrades over the next 3 years and 700 printers and multi-function devices require upgrades.

This portion of the proposal includes a base increase of \$3.362 million and one-time increases of \$425,000 in FY18 and \$300,000 in FY19 – FY21 for a total of \$14.773 million.

Agency Priorities

MnDOT has launched multiple technology efforts to support and improve: 1) transportation planning (CHIMES); 2) transportation system asset management (TAMS); 3) contract and agreement audit tracking system (CAATS); and 4) construction project delivery and reporting (AASHTOWare). By developing comprehensive IT systems, MNDOT will have improved data access, more continuity in reporting, increased transparency and program management tools. Development of integrated and consolidated systems also creates efficiencies across complex applications and devices to support project delivery, business and maintenance efficiencies.

This proposal requests a base increase of \$2.788 million and one-time increases of \$3.925 million in FY18, \$2.9 million in FY19 for a total of \$18.027 million.

Proposal:

MnDOT's IT portfolio includes systems that should be upgraded or replaced with secure platforms, such as Oracle, to ensure reliable delivery of agency products. This proposal also seeks to address cyber-security vulnerabilities. The upgrade rate based on existing resources will take approximately 92 months (7.7 years) for the most significant applications and technologies. We could reduce this to 46 months (3.85 years) with additional funding. MnDOT and MN.IT can establish a sustainable lifecycle plan to protect the agency from cyber threats and protect the state's sensitive data assets.

Equity and Inclusion:

This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

This proposal is entirely IT related.

Results:

The proposal will allow us to lower overall cyber-security risks through one-time and base investments. In addition, it will provide necessary enhancements and allow for expansion of current IT initiatives. It is paramount as an agency that we keep pace with technology to allow us to improve our data tracking, project management and reporting abilities to better inform agency stakeholders.

Statutory Change(s):

N/A

Transportation

FY18-19 Biennial Budget Change Item

Change Item Title: Workforce Optimization

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
Trunk Highway Fund				
Expenditures *	25,000	25,750	26,522	27,318
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	25,000	25,750	26,522	27,318
FTEs	260	260	260	260

*Adjusted 3% annually for inflation

Recommendation:

The Governor recommends a base budget increase of \$25 million grown at 3 percent annually in Trunk Highway Funds to support a workforce optimization plan that would provide a full complement of snow plow truck operators for the existing fleet to cover two shifts per day, increase ability to staff critical spring and summer maintenance work, and relieve current cross-over positions in program planning and delivery from plowing. This request is for \$18 million in salary costs and \$7 million for supporting equipment, training, and materials.

The operations and maintenance base was \$255 million in FY16 and is projected at \$263 million FY17, \$272 million in FY18, and \$281 million in FY19. This includes all maintenance and operations activities without road equipment and one-time money.

Rationale/Background:

Customers expect State highways and infrastructure to be safe, well maintained, and operating with predictable travel times. Responding to Snow & Ice (S&I) events is critical to our success. MnDOT currently relies heavily on temporary employees (approximately 539 employees annually). In addition, we rely on cross-over employees who are hired for program planning and design but are required to plow snow when needed.

Annually hiring and training new temporary employees is challenging and exposes MnDOT to some significant risks in our ability to deliver our core services. MnDOT has seen a reduction in available and qualified candidates due to an improving economy and a heavy demand for Commercial Driver Licensed (CDL) operators. The department also incurs significant costs to annually on-board employees (recruit, administer and train) and accepts risks on retaining temporary employees throughout the season. The use of cross-over employees creates various business management challenges, such as:

- Employees unable to focus on primary job responsibilities (design, surveys, traffic, inventory, mechanics)
- Negative impacts and agency risks toward the ability to deliver construction program (schedules, quality plans, bids)
- Technically skilled candidates are not interested in snow plowing responsibilities (reduced applicants)
- Cross-over employee pay tends to be at a much higher rate than an entry level maintenance worker
- Construction staff work long days in summer and winter. These are physically demanding positions and do not allow much flexibility to utilize vacation and compensatory time
- HR / business logistics (hiring, payroll, work assignments, priorities, labor union compliance, etc.)
- Increased recruitment, training and retention costs annually

Snow and Ice is our most visible service but spring and summer road maintenance is critical to our infrastructure. During the summer the department must maintain, inspect, and repair its infrastructure. Cross-over employees are not available for these activities during construction season. The maintenance needs for highway infrastructure are continually changing. Increased use of center median cable, rumble strips and aging pavement patching needs as well as spring flooding and other emergency

activities require a staff just as large as that needed in the winter. MnDOT needs appropriate resources to efficiently and effectively manage all assets to lifecycle maximization, environmental compliance, safety, and customer satisfaction.

Proposal:

MnDOT proposes an increase in maintenance operations staff of approximately 260 which will reduce dependence on other non-maintenance staff to plow snow in the winter. Ability to staff with two full-time drivers for each truck (one for each shift), is considered a full and stable complement of plow drivers. Standard S&I operations are completed through a double-shift work system, where A-shift and B-shift drivers alternate between 8-12 hour shifts. Full time S&I staff would have a higher level of experience and training and it will allow us to better meet our spring and summer maintenance needs.

MnDOT would maintain its current performance level in S&I operations, while non-maintenance staff would realize positive impacts toward meeting project letting schedules and delivering the construction program on time and within budget.

Equity and Inclusion:

Hiring additional staff and targeted recruitment efforts will provide opportunities to increase diversity within MnDOT's workforce. Disabled candidates will have improved opportunity to meet program delivery position qualifications, since snow plowing will not be required.

Results:

MnDOT will add considerable stability to its staffing and operations. It would also improve business operations and customer results. We believe removing the requirement to obtain a CDL and operate a snow plow truck will improve recruitment of program delivery technicians. It will also allow direct support functions (e.g. parts procurement, mechanical repairs) and program planning and design staff (design, surveys, buildings) to be able to concentrate on their primary responsibilities.

Human resource costs should decline due to fewer seasonal hires as well as improved recruitment & retention. This should reduce cross-over employee burn-out and complications related to vacation/ comp. time usage. It will also provide additional capacity for summer maintenance operations including: pavement patching, bridge inspection and maintenance, drainage / erosion repairs, environmental protections, safety repairs, roadside management and emergency response.

Statutory Change(s):

N/A

Transportation

FY18-19 Biennial Budget Change Item

Change Item: Building Services Appropriation

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	17,000	17,000	17,000	17,000
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	17,000	17,000	17,000	17,000
FTEs	8*	8*	8*	8*

* This need may be addressed by a combination of FTE's and consultants

Request:

The Governor recommends a base increase to the Trunk Highway Fund for the Building Services appropriation to maintain the critical statewide facilities that support operations for the work of the department. Of the \$17 million:

- \$250,000 a year to pay the annual rent increases for the Central Office Building
- \$6 million for Facilities Maintenance Program (FMP) less than \$2 million
- \$10.75 million for facilities replacement and upgrades (small capital projects over \$2 million)

In 2016 the direct appropriation amount was \$19.3 million from the Trunk Highway Fund and \$54,000 from the General Fund. Aside from this our larger building projects (typically over \$2 million) are funded by Trunk Highway Bond authorizations in the legislative session.

Rationale/Background:

The building services appropriation is used to fund the lease obligation to the Department of Administration (Admin) for the transportation building on John Ireland Boulevard in St Paul and services related to building support and maintenance. Also funds the FMP which is distributed to offices and districts with buildings for maintenance. This request would also include small capital projects that have been previously funded by Trunk Highway Bonds or cash.

Each year, construction costs increase due to rising costs for labor, materials, equipment, and other factors. Although the appropriation has risen slightly in recent years, the additional funding has largely been absorbed by the increased cost of the lease and maintenance for the transportation building. Funding for facility maintenance and capital projects has remained flat. More importantly, maintenance, renovation, and replacement of MnDOT facilities have not kept pace with needs.

Proposal:

MnDOT is requesting a base increase of \$17 million to fund:

Lease:

MnDOT anticipates that the Admin's Property Management Division (PMD) will increase lease rates by 5 percent in FY2018 and an additional 5 percent in FY2019 in order to recover costs associated with operating the Transportation Building at 395 John Ireland Boulevard, which functions as MnDOT's central office. This assumption is based on actual 5 percent increases assessed in both FY2016 and FY2017. The lease obligation remained unchanged for several years, however in the past two years we have seen annual increases of approximately 5 percent. Since the lease is a legal obligation it is paid first cutting into the funds going to the FMP and the small capital projects.

Facilities Maintenance Program (FMP):

MnDOT recently updated its statewide Facility Condition Assessment (FCA). This initiative, directed by the Admin, is a formal and comprehensive analysis of all MnDOT facilities which is updated every three years on a rolling basis. In the most current assessment, 258 MnDOT buildings are rated fair, 50 are rated poor, and 18 have a rating of crisis/emergency. This last rating is defined as major repair or replacement required to restore function, unsafe to use. The FCA data also revealed that MnDOT has significantly underfunded building maintenance, resulting in a considerable deferred maintenance backlog. Increased funding for the FMP would enable MnDOT to upgrade its current buildings to an acceptable level.

Small Capital Program:

As part of its mission to provide service to the traveling public across the state, MnDOT owns and maintains nearly 1,075 buildings at 269 sites. This includes more than 150 truck stations and regional offices in addition to many storage buildings for salt, materials, and equipment. Many of these facilities are more than 50 years old and are unable to support the modern equipment and updated technology that has been implemented by MnDOT to improve its service. At current replacement rate of two truck stations per year we are operating on a replacement cycle of approximately 70 years. Additional funding for MnDOT small capital building projects would improve our ability to plan projects across years and take advantage of better letting times to improve bids.

This is an increase to the existing building services programmatic capacity. Currently, the Building Services program is delivered by a staff of 24 architects, engineers, planners and technicians. An increase in the construction program will require approximately 8 new FTE's or a combination of FTE's and consultants to manage scoping, design, bidding, and construction.

The goal is to put the MnDOT building replacement program on a 50-year lifecycle; the typical lifecycle of an industrial/commercial building. In addition, the building construction program will focus on the entire facility campus instead of singular building replacements. This work complements and enhances the building services construction program planning that is already occurring. Additionally the increase in maintenance funds will help to keep the current buildings at an acceptable level.

The Admin and the State Designer Selection Board are two partners that will assist MnDOT in achieving our desired result of replacing outdated and obsolete MnDOT buildings. MnDOT currently has delegated purchasing authority up to \$2 million; any project that exceeds this amount is bid through the Admin. The current cost of MnDOT truck stations is approaching MnDOT's delegated authority, and as MnDOT takes a campus approach we will exceed the delegated purchasing authority. The result of this is that the Admin will be required to assist MnDOT on more projects.

Equity and Inclusion:

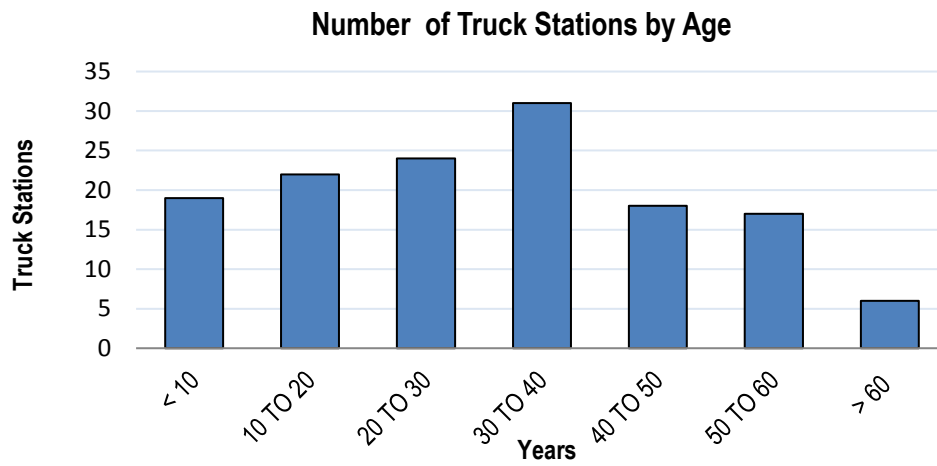
A progressive building program may impact Disadvantaged Business Entities (DBE) in a positive way through additional construction contracts and increase accessibility to buildings by meeting Americans with Disabilities Act requirements.

IT Related Proposals:

N/A

Results:

Implementing this more proactive approach to building construction and maintenance will make great steps in getting our buildings within the acceptable rating under the FCA program. As the graph below indicates, many of our buildings have already exceeded their expected service life. Over half of the 137 existing truck stations are more than 30 years old and will be candidates for replacement within the next twenty years.



Statutory Change(s):
N/A

Program: Multimodal Systems

Activity: Aeronautics

www.dot.state.mn.us/aero/

AT A GLANCE

- 375+ airports in Minnesota:
 - 135 publicly owned that receive state funds
 - Six privately owned public use
 - 67 privately owned private use
 - Numerous seaplane bases and heliports, including hospital heliports
- 55% of public airports are owned by a city with a population less than 5,000 people
- 70%+ of MN public airports are eligible to receive FAA Airport Improvement Program (AIP) funds
- 7,000 registered aircraft
- 12,000+ licensed pilots
- 368 commercial operators provide: agricultural spraying, aerial photography, flight instruction, aircraft maintenance and emergency response
- Nine airports provide scheduled airline service: Minneapolis-St. Paul, Rochester, Duluth, St. Cloud, Brainerd, International Falls, Thief River Falls, Bemidji and Hibbing
- 30 key airports are capable of supporting business jets, airfreight and airlines

PURPOSE & CONTEXT

Aviation allows time critical connection to destinations for the people, products and businesses of Minnesota. It is a key component of our multimodal-transportation system within the state, regionally and around the world.

Passenger airline travel accounts for only 25 percent of aviation activity. General Aviation provides the other 75 percent with a wide range of flight activity.

Farming communities reap benefits from agricultural spraying increasing crop yields through more efficient fertilizing. Aerial firefighting, mapping, and patrolling of utility lines help protect forested regions. In addition, mail and package deliveries, emergency response and patient transport services benefit all Minnesota residents and businesses.

Aviation taxes support the state aviation system; these include aircraft registration taxes, sales and lease taxes on aircraft, airline flight property taxes, and aviation fuel taxes. The [2016 Aviation Tax Report](http://www.dot.state.mn.us/govrel/reports/2016/2016-aviation-tax-report.pdf) (<http://www.dot.state.mn.us/govrel/reports/2016/2016-aviation-tax-report.pdf>) provides more detail.

SERVICES PROVIDED

As the state aviation agency, MnDOT Aeronautics:

- Collects aviation taxes and safeguards the long-term viability of the state airports fund
- Distributes state airport and federal funds to ensure a robust, well-balanced aviation system
- Offers technical resources and expertise to communities to preserve the utility of airports
- Plans and promotes a coordinated, cost-effective statewide system of airports
- Provides navigational systems to increase the safety and efficiency of our airspace
- Enforces state and federal safety standards through airport licensure and inspection
- Promotes aeronautics through information, education, and outreach to pilots and the public

Airports

Construction projects and infrastructure improvements ensure continued safety, reliability, and access to the transportation system. State construction funds are awarded based on a statewide prioritization system that considers: project purpose, airport classification, airport component and type of project. Generally, projects that provide for safety, essential air navigation and are physically on the airfield will score higher than projects that enhance ground-side services such as fueling and baggage loading equipment. Federal construction funds are awarded based on Federal Aviation Administration (FAA) AIP eligibility (entitlements) and nationwide competition (discretionary).

Due to the unique challenges of Minnesota's climate and large size we distribute state funds to airports for maintenance and operation (M&O) activities - such as keeping runways free of snow and ice, equipment purchases and building upkeep. M&O funds are distributed based on a formula that considers the area of runway and taxiway, the size of lighting systems and available funding. Each category has a state and local cost share and a maximum reimbursement amount. In addition, the state owns, operates and maintains a system of navigational aids and weather stations that enhance federally owned systems.

Aviation Safety, Operation and Regulation

Our office provides statewide aviation system planning. The [State Aviation System Plan](http://www.dot.state.mn.us/aero/planning/sasp.html) (<http://www.dot.state.mn.us/aero/planning/sasp.html>) serves to benchmark the current condition of the airport system by identifying performance gaps, quantifying needs and promoting efficiency in operations, guiding investments and fostering transparency in decision-making.

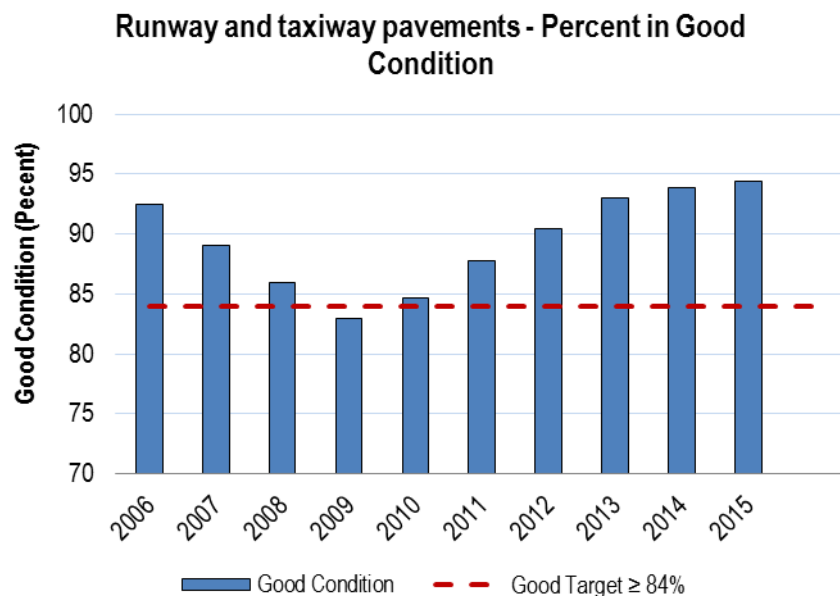
We also provide for aviation safety through the inspection and licensing of airports, permitting of tall towers, licensing of commercial operators, registering aircraft and ensuring regulatory compliance. Education and training programs, pilot safety, and information services (airport directory and navigational chart) also enhance the overall safety of the aviation system.

Aviation Career Education (ACE) camps are held annually and co-hosted by the Aeronautics Office and the FAA. These camps serve to extend the culture of aviation safety to future generations and are celebrating their 25th year in 2016. Camp experiences allow students to explore careers in aviation, including: piloting, military, engineering, manufacturing and air traffic control. They also can fly several types of aircraft.

RESULTS

Airports

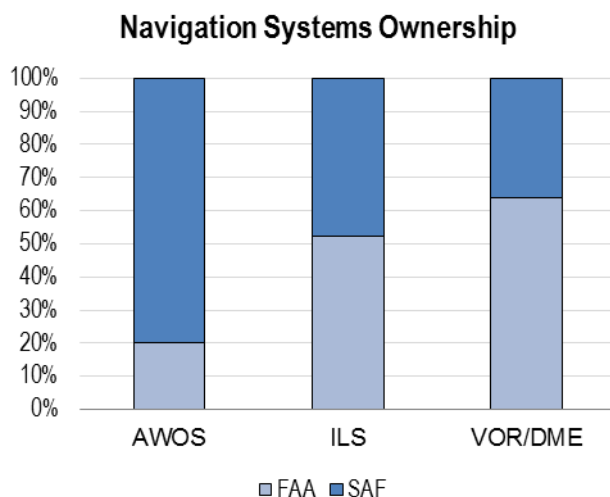
A measure of the quality of the airport system is the Runway Pavement Condition Index (PCI). A score between 0 and 100 is assigned based on a physical inspection of runway and parallel taxiway pavements: zero indicates the worst possible condition and 100 the best condition. Targets are set with a goal of 84 percent of runway pavements in good or better condition and no more than 4 percent of pavements in poor condition.



Aviation Safety, Operations, and Regulation

Each year our staff inspects approximately 55 public use airports for compliance with minimum safety standards and airport licensing requirements. Inspection results help airport managers identify areas for improvement. Information from the inspection is also provided to the FAA and published in airport directories to enhance safe use of the aviation system.

One of the most common causes of aviation accidents is continued flight into deteriorating weather conditions and again the large size and climate of our state increases variables for pilots. Providing weather stations at multiple airports creates a reliable network of available weather information along any flight route enhancing safety. Ground based navigation systems provide pilots better access to airports in weather conditions when visibility is limited by clouds, fog, rain, or snow. In Minnesota pilots have access to over 40 Instrument Landing Systems (ILS), 36 VHF Omni-directional radio-range systems and distance measuring equipment (VOR/DME) and support from 100 automated weather observation stations (AWOS). The pilots can check weather conditions, get updated airport information and file flight plans at 134 MnDOT provided computers at airports. A portion of this equipment is provided through assistance from FAA but the State Airports Fund owns over half of the total navigational system providing level of safety greater than would be provided by FAA alone.



Pavement improvements and other airport infrastructure projects are funded with Federal and State grant processes. MnDOT Aeronautics partners with airport sponsors and FAA to maximize federal dollars applied to projects in Minnesota. Starting in FY 2015, we supported FAA projects with a fund mixture of 90 percent FAA, 5 percent state, and 5 percent local funds. The additional 5 percent state match enabled our smallest communities eligible for an FAA grant to afford the local share. The result was fewer state only grants issued and an increase in FAA grants with matching state funds. This meant more federal funds were leveraged and fewer, but larger, grants were issued and more priority projects were funded.

Chapter 360 Airports and Aeronautics M.S. 360.011-360.93 (<https://www.revisor.mn.gov/statutes/?id=360>) provides the legal authority for this activity.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	0	0	0	0	0	0	10,000	0
2000 - Restrict Misc Special Revenue	7	0	14	10	14	0	14	0
2700 - Trunk Highway	1,055	1,145	1,214	1,486	1,479	1,623	1,479	1,623
2720 - State Airports	19,589	23,846	28,288	23,510	19,609	19,609	31,811	22,609
2722 - Air Transportation Revolving	651	624	749	733	703	703	703	703
3000 - Federal	31,045	40,555	47,386	100,180	100,180	100,500	100,180	100,500
Total	52,348	66,170	77,651	125,919	121,985	122,435	144,187	125,435
<i>Biennial Change</i>				85,053		40,850		66,052
<i>Biennial % Change</i>				72		20		32
<i>Governor's Change from Base</i>								25,202
<i>Governor's % Change from Base</i>								10

Expenditures by Category

Compensation	3,355	3,641	3,666	3,707	3,741	3,820	3,741	3,820
Operating Expenses	4,874	4,948	5,701	5,247	5,054	5,425	5,054	5,425
Other Financial Transactions	91	62	254	233	233	233	233	233
Grants, Aids and Subsidies	43,610	56,022	66,949	115,682	112,407	112,407	115,407	115,407
Capital Outlay-Real Property	418	1,497	1,081	1,050	550	550	19,752	550
Total	52,348	66,170	77,651	125,919	121,985	122,435	144,187	125,435
<u>Full-Time Equivalents</u>	35.6	37.8	35.4	36.5	35.9	35.9	35.9	35.9

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	0	0	0	0	0	0	10,000	0
Expenditures	0	0	0	0	0	0	10,000	0
<i>Biennial Change in Expenditures</i>				0				10,000
<i>Biennial % Change in Expenditures</i>				0				
<i>Gov's Exp Change from Base</i>								10,000

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Receipts	7	0	14	10	14	0	14	0
Expenditures	7	0	14	10	14	0	14	0
<i>Biennial Change in Expenditures</i>				17		(10)		(10)
<i>Biennial % Change in Expenditures</i>				230		(43)		(43)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2700 - Trunk Highway

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	45	0	136	0	0	0	0
Direct Appropriation	1,100	1,100	1,350	1,350	1,479	1,623	1,479	1,623
Cancellations	0	0	0	0	0	0	0	0
Expenditures	1,055	1,145	1,214	1,486	1,479	1,623	1,479	1,623
Balance Forward Out	45	0	136	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				500		402		402
<i>Biennial % Change in Expenditures</i>				23		15		15
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	3.3	3.6	3.2	3.8	3.5	3.5	3.5	3.5

2720 - State Airports

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19

2720 - State Airports

Balance Forward In	2,196	3,126	1,581	1,402	0	0	0	0
Direct Appropriation	19,934	21,934	28,109	22,109	19,609	19,609	31,811	22,609
Net Transfers	15,000	0	(1)	0	0	0	0	0
Cancellations	15,000	385	0	0	0	0	0	0
Expenditures	19,589	23,846	28,288	23,510	19,609	19,609	31,811	22,609
Balance Forward Out	2,541	829	1,402	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				8,363		(12,580)		2,622
<i>Biennial % Change in Expenditures</i>				19		(24)		5
<i>Gov's Exp Change from Base</i>								15,202
<i>Gov's Exp % Change from Base</i>								39
Full-Time Equivalents	32.2	34.2	32.2	32.7	32.4	32.4	32.4	32.4

2722 - Air Transportation Revolving

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	383	434	574	530	500	500	500	500
Receipts	702	764	705	703	703	703	703	703
Expenditures	651	624	749	733	703	703	703	703
Balance Forward Out	433	574	530	500	500	500	500	500
<i>Biennial Change in Expenditures</i>				207		(76)		(76)
<i>Biennial % Change in Expenditures</i>				16		(5)		(5)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Receipts	31,045	40,555	47,386	100,180	100,180	100,500	100,180	100,500
Expenditures	31,045	40,555	47,386	100,180	100,180	100,500	100,180	100,500
<i>Biennial Change in Expenditures</i>				75,965		53,114		53,114
<i>Biennial % Change in Expenditures</i>				106		36		36
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Program: Multimodal Systems

Activity: Transit

www.dot.state.mn.us/transit/

www.dot.state.mn.us/bike/

www.dot.state.mn.us/peds/

AT A GLANCE

- 80 counties in Greater Minnesota served
- 47 public bus systems funded
- 115 wheelchair-accessible buses funded for public and non-profit run systems
- 70 Safe Routes to Schools projects funded
- Completed the MnDOT Bicycle System Plan
- In partnership with the Minnesota Department of Health, began the Minnesota Walks Plan
- Began a statewide Non-Motorized Traffic Monitoring Program
- Continued to partner in the planning, development, design and construction of the Green Line extension and Blue Line extension light rail transit routes

PURPOSE & CONTEXT

The Office of Transit has achieved its goal to support transit services to all 80 non-metro counties and meet the needs of transit users. We continue to work to increase the use of public transit, bicycling and walking as a percentage of all trips statewide.

Transit provides grants and technical assistance to:

- Greater Minnesota public bus systems
- Organizations that support mobility services for seniors and people with disabilities
- Organizations for non-infrastructure Safe Routes to Schools projects

We provide planning and policy direction for transit, walking and bicycling routes on a statewide basis. We also provide

design support for transit facilities, walking and bicycling infrastructure. The Office of Transit works closely with the Metropolitan Council on the planning, development, design and construction of major transit projects in the Twin Cities metro area

SERVICES PROVIDED

Transit Planning and Grants

The office provides grants to fund:

- Public bus service outside the Twin Cities metro area, including grants to purchase buses and bus facilities
- Programs for travel options focused on seniors and persons with disabilities

As part of issuing these grants the Office of Transit monitors grantees to ensure compliance with state and federal regulations. In addition, we provide administrative support for the legislatively created Minnesota Council on Transportation Access as well as various advisory committees that ensure transit is delivered successfully. In 2015 Minnesota organizations that received grants through the federal [Enhanced Mobility of Seniors and Individuals with Disabilities Program](https://www.transit.dot.gov/funding/grants/enhanced-mobility-seniors-individuals-disabilities-section-5310) (<https://www.transit.dot.gov/funding/grants/enhanced-mobility-seniors-individuals-disabilities-section-5310>) delivered 1.26 million trips statewide.

Bicycle and Pedestrian Planning and Grants

The Office of Transit provides planning for bicycle transportation and pedestrian infrastructure which includes programs and services that:

- Provide administrative support for the legislatively created Minnesota Non-motorized Transportation Committee
- Promote bicycling as an energy-efficient and healthy transportation alternative. The [Statewide Bicycle System Plan](http://www.dot.state.mn.us/bike/system-plan/pdfs/statewide-bicycle-system-plan.pdf) (<http://www.dot.state.mn.us/bike/system-plan/pdfs/statewide-bicycle-system-plan.pdf>) provides more details

- Deliver programs and resources that encourage walking and bicycling as a part of the Trunk Highway and local transportation network (e.g., Share the Road, State Bicycle Map, State Bicycle Routes, [Minnesota Walks Plan](http://www.dot.state.mn.us/peds/plan/) (<http://www.dot.state.mn.us/peds/plan/>))
- Coordinate the statewide [Non-Motorized Traffic Monitoring Program](http://www.dot.state.mn.us/bike/research/research.html) (<http://www.dot.state.mn.us/bike/research/research.html>)
- Deliver grants through the Safe Routes to Schools Program for planning, education and related projects
- Support walking and biking infrastructure in Trunk Highway and local road projects through guidance and technical design manuals
- Provide strategic direction for the MnDOT-owned ABC parking ramps in downtown Minneapolis to encourage carpooling, transit and bicycle commuting. The parking ramps serve as bridges over Interstate 394 which surrounds Target Field and are managed by the city of Minneapolis on MnDOT's behalf

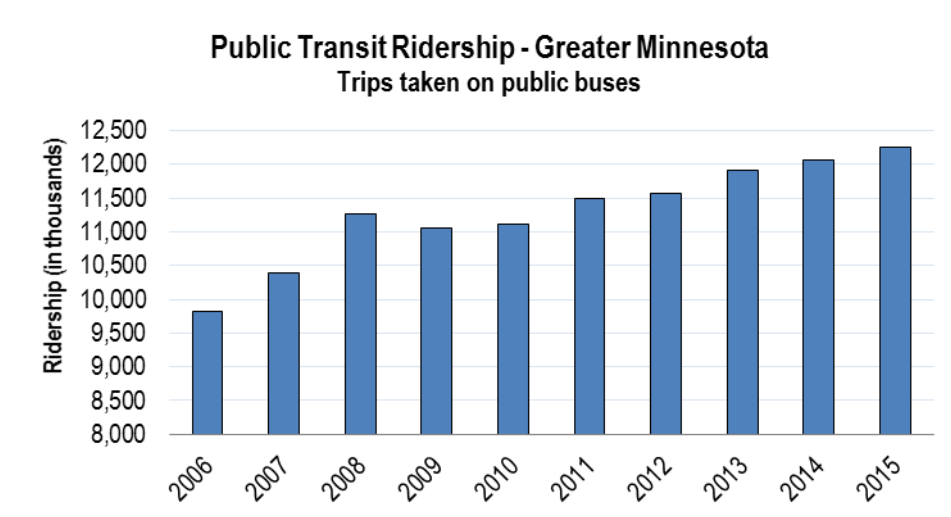
Light and Commuter Rail

The Transit Office partners with the Metropolitan Council for the planning, design and construction of light rail transit and commuter rail. This partnership has resulted in the opening of operating lines such as the Northstar commuter rail, and Blue Line and Green Line light rail and is now working toward the opening of the Green Line Extension and Blue Line Extension light rail projects.

RESULTS

Public Transit in Greater Minnesota

There are 47 public transit systems serving at least a portion of all 80 counties in Greater Minnesota. They delivered 12.25 million rides in 2015.

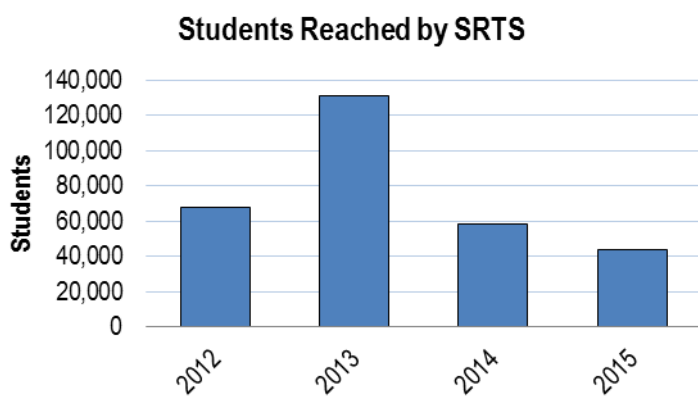


During the last decade, Greater Minnesota public transit ridership has increased 24.7 percent. Service has expanded so that every non-metro county now has at least some public bus service. Minnesota statute requires MnDOT to develop a transit investment plan that contains a goal of meeting at least 80 percent of total transit needs in Greater Minnesota by July 1, 2015 and 90 percent by 2025. Based on the new model developed for the [2016 Greater Minnesota Transit Investment Plan](http://www.dot.state.mn.us/transitinvestment/) (<http://www.dot.state.mn.us/transitinvestment/>), in 2015 public transit systems met approximately 88 percent of the estimated total transit demand in Greater Minnesota. That model predicts Greater Minnesota public transit demand will increase 45 percent from 2015 to 2025, primarily due to the rapid increase in people reaching age 65.

Bicycle and Pedestrian Programs

In 2015, Minnesota was named the second most bike-friendly state in the United States by the League of American Cyclists. As bicycling has increased, Minnesota's rate of bicycle crashes had been declining consistently until a slight increase in 2015. For pedestrian safety, data in 2015 shows that both participation in walking as a form of transportation, and crashes involving pedestrians, has remained relatively flat.

The United States Congress created the Safe Routes to School Program in 2005 with the goal of getting more children to walk or bicycle to school safely. In 2012, the Minnesota Legislature created a state-level program with similar goals. Since 2005, MnDOT has provided nearly \$20 million in grants to 538 schools across Minnesota for infrastructure improvements, education and planning activities. Students reached by the Safe Routes to School program averaged about 10,000 per year from 2006 to 2011. Funding increased in 2012 with the availability of state funds, peaked in 2013 when both federal and state funds were available and has been declining since federal dedicated funding ended with MAP 21.



The legal authority for the Transit activity comes from:

Department of Transportation Creation, M.S. 174.01 (<https://www.revisor.mn.gov/statutes/?id=174.01>)

Public Transit Participation Program, M.S. 174.24 (<https://www.revisor.mn.gov/statutes/?id=174.24>)

Construction of Light Rail, M.S. 174.35 (<https://www.revisor.mn.gov/statutes/?id=174.35>)

Transportation Alternatives Projects, M.S. 174.42 (<https://www.revisor.mn.gov/statutes/?id=174.42>)

Safe Routes to School Programs, M.S. 174.40 (<https://www.revisor.mn.gov/statutes/?id=174.40>)

Minnesota Council on Transportation Access, M.S. 174.285 (<https://www.revisor.mn.gov/statutes/?id=174.285>)

Advisory Committee on Non-Motorized Transportation, M.S. 174.37 (<https://www.revisor.mn.gov/statutes/?id=174.37>)

Construction of Commuter Rail, M.S. 174.82 (<https://www.revisor.mn.gov/statutes/?id=174.82>)

Metropolitan Council authority on light rail transit and commuter rail, M.S. 473.3993-4057

(<https://www.revisor.mn.gov/statutes/?id=473.3993>)

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	16,258	23,926	19,800	20,690	17,745	17,745	17,745	17,745
1050 - Transit Assistance	46,612	29,821	44,946	72,699	62,283	62,685	62,283	62,685
2000 - Restrict Misc Special Revenue	14,493	14,654	15,928	21,715	21,422	19,309	33,672	31,559
2001 - Other Misc Special Revenue	83	22	22	23	31	30	31	30
2700 - Trunk Highway	772	707	776	845	846	873	846	873
3000 - Federal	27,889	28,180	47,155	54,597	45,265	43,465	45,265	43,465
6000 - Miscellaneous Agency	450	0	0	0	0	0	0	0
Total	106,556	97,310	128,627	170,568	147,592	144,107	159,842	156,357
<i>Biennial Change</i>				95,328		(7,496)		17,004
<i>Biennial % Change</i>				47		(3)		6
<i>Governor's Change from Base</i>								24,500
<i>Governor's % Change from Base</i>								8

Expenditures by Category

Compensation	4,836	4,868	5,410	6,645	7,432	7,777	7,432	7,777
Operating Expenses	2,014	2,514	14,284	18,077	16,393	14,010	16,393	14,010
Other Financial Transactions	1,243	582	763	766	764	764	764	764
Grants, Aids and Subsidies	96,591	87,888	107,106	142,596	120,533	119,085	132,783	131,335
Capital Outlay-Real Property	1,871	1,459	1,063	2,484	2,471	2,471	2,471	2,471
Total	106,556	97,310	128,627	170,568	147,592	144,107	159,842	156,357
<u>Full-Time Equivalents</u>	53.2	51.8	55.1	64.9	71.4	73.5	71.4	73.5

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	558	0	445	0	0	0	0
Direct Appropriation	16,701	23,502	20,245	20,245	17,745	17,745	17,745	17,745
Net Transfers	0	0	0	0	0	0	0	0
Cancellations	0	133	0	0	0	0	0	0
Expenditures	16,258	23,926	19,800	20,690	17,745	17,745	17,745	17,745
Balance Forward Out	443	0	445	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				306		(4,999)		(4,999)
<i>Biennial % Change in Expenditures</i>				1		(12)		(12)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.6	0.6	0.8	1.0	0.9	0.9	0.9	0.9

1050 - Transit Assistance

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	30,540	34,697	56,511	69,300	57,485	61,436	57,485	61,436
Receipts	48,223	51,036	57,738	58,374	66,274	70,480	63,574	67,630
Net Transfers	0	0	(2)	(40)	(40)	(40)	(40)	(40)
Expenditures	46,612	29,821	44,946	72,699	62,283	62,685	62,283	62,685
Balance Forward Out	32,170	55,912	69,300	57,485	61,436	69,191	61,436	69,191
<i>Biennial Change in Expenditures</i>				41,212		7,323		7,323
<i>Biennial % Change in Expenditures</i>				54		6		6
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	4.8	3.3	4.0	3.6	4.0	3.9	4.0	3.9

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	13,816	15,778	18,720	20,672	17,274	15,275	17,274	15,275
Receipts	16,342	17,376	17,880	18,317	19,423	19,801	31,673	32,051
Expenditures	14,493	14,654	15,928	21,715	21,422	19,309	33,672	31,559
Balance Forward Out	15,665	18,499	20,672	17,274	15,275	15,767	15,275	15,767
<i>Biennial Change in Expenditures</i>				8,495		3,088		27,588

2000 - Restrict Misc Special Revenue

Biennial % Change in Expenditures			29		8	73
Gov's Exp Change from Base						24,500
Gov's Exp % Change from Base						60
Full-Time Equivalents	17.2	16.4	19.8	28.1	34.5	36.8

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	83	22	22	22	22	14	22	14
Receipts	22	22	22	23	23	23	23	23
Expenditures	83	22	22	23	31	30	31	30
Balance Forward Out	22	22	22	22	14	7	14	7
Biennial Change in Expenditures				(60)		16		16
Biennial % Change in Expenditures				(57)		36		36
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

2700 - Trunk Highway

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	3	0	22	0	0	0	0
Direct Appropriation	775	775	798	822	846	873	846	873
Net Transfers		174						
Cancellations	0	245	0	0	0	0	0	0
Expenditures	772	707	776	845	846	873	846	873
Balance Forward Out	3	0	22	0	0	0	0	0
Biennial Change in Expenditures				142		98		98
Biennial % Change in Expenditures				10		6		6
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	8.4	7.3	6.8	7.0	6.9	6.9	6.9	6.9

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,629	1,867	831	48	0	0	0	0

(Dollars in Thousands)

3000 - Federal

Receipts	27,448	27,349	46,577	54,563	45,265	43,465	45,265	43,465
Internal Billing Receipts	0	199	218	205	205	205	205	205
Net Transfers	0	(174)	(205)					
Cancellations	0	0	0	14	0	0	0	0
Expenditures	27,889	28,180	47,155	54,597	45,265	43,465	45,265	43,465
Balance Forward Out	1,186	862	48	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				45,683		(13,022)		(13,022)
<i>Biennial % Change in Expenditures</i>				81		(13)		(13)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	22.1	24.3	23.8	25.3	25.2	25.1	25.2	25.1

6000 - Miscellaneous Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	95	95	0	0	0	0	0	0
Receipts	450	0	0	0	0	0	0	0
Net Transfers		(95)						
Expenditures	450	0	0	0	0	0	0	0
Balance Forward Out	95	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(450)				
<i>Biennial % Change in Expenditures</i>				(100)				

Program: Multimodal Systems

Activity: Freight

www.dot.state.mn.us/cvo

www.dot.state.mn.us/aboutrail

AT A GLANCE

- 80,000+ motor carrier oversize/overweight permits issued
- 7,500 motor carrier operating credentials authorized
- 1,100+ truck, bus and new entrant safety evaluations conducted
- 30 motor carrier safety classes provided
- \$3 million Port Development Assistance Grants developed for public port authority infrastructure improvements
- 60 highway/rail grade crossing safety improvements completed on state and local roads
- 39 rail agreements executed for Trunk Highway construction projects
- Developed the Statewide Freight Plan and updated the Rail Plan

PURPOSE & CONTEXT

Freight and Commercial Vehicle Operations programs enhance Minnesota's economic competitiveness by improving access to regional, national, and global markets through the safe and efficient movement of goods. Freight is transported by truck, rail, water and air. The Freight and Commercial Vehicle Operation's activities are directed at improving the safety and performance of the state's multimodal freight transportation system by:

- Ensuring motor carriers (trucks, buses, etc.) comply with state and federal regulations
- Ensuring railroad compliance with state and federal safety standards
- Improving safety for the traveling public at public grade crossings
- Planning and delivering freight infrastructure projects
- Implementing strategies to advance freight mobility, safety access and economic competitiveness

SERVICES PROVIDED

Rail Crossing Safety: Freight uses general obligation bonds and general funds to fund projects for active warning devices (gates and/or flashing lights) and other safety improvements at highway-rail grade crossings to enhance safety. These projects replace antiquated safety equipment and construct low-cost safety improvements. Our office also evaluates highway-rail grade crossings on oil train routes to identify high-risk sites. The Federal Highway Administration's Section 130 grade crossing safety program provides approximately \$6 million annually which funds approximately 25 projects per year at currently uncontrolled crossings. Freight also coordinates and executes construction agreements with railroads in support of Trunk Highway construction projects affected by rail lines.

Freight Rail Improvements: The Minnesota Rail Service Improvement Program (loans) improves the condition and capacity of rail infrastructure. Freight rail projects funded by the Minnesota Rail Service Improvement Program address track and rail bridge condition for railroads and extend access to shippers.

The Rail Safety Inspection Program inspects rail track, rail cars, locomotives and hazardous materials transports to ensure railroad compliance with federal and state safety standards providing improvements to freight rail and rail crossing safety.

Freight System Planning: Freight develops plans and supports legislative and other initiatives that improve Minnesota's freight transportation system. Plans include the [Statewide Freight Plan](http://www.dot.state.mn.us/planning/freightplan/index.html) (<http://www.dot.state.mn.us/planning/freightplan/index.html>) and the [Ports and Waterways Plan](http://dot.state.mn.us/ofrw/waterways/pwp.html) (<http://dot.state.mn.us/ofrw/waterways/pwp.html>)

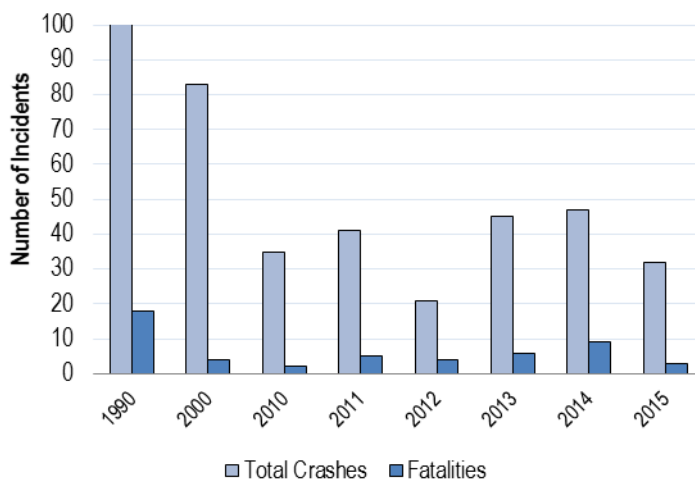
Port Improvements: The Port Development Assistance Program (grants) improves port infrastructure and access to waterways. The Port Development Assistance Program has committed \$25 million for 37 projects since its inception in 1996 and is primarily supported by bonds. Recent projects include the redevelopment of Duluth Seaway Port Authority docks, increasing the capacity of the Port of Duluth; replacement of 1,100 feet of deteriorating dock wall at St. Paul Port Authority's Barge Terminal #1; concrete cap and access roadway paving at Port Authority of Winona's Commercial Harbor; and rehabilitation of the sheet piling face at Red Wing Port Authority's Little River Bulkhead.

Commercial Truck and Bus Safety: Commercial Vehicle issues oversize/overweight truck permits protecting the infrastructure and promoting safety. Commercial Vehicle also supports and maintains weigh scales and electronic components to allow enforcement of the oversize / overweight permits. The office administers carrier credentials and performs carrier safety evaluations to insure compliance with state standards and hazardous material regulations. Alongside credentialing and compliance, we also provide training, technical assistance and outreach for carrier safety as well as weight enforcement.

RESULTS

Rail Crossing Safety: Through improvements in infrastructure and public education, grade crossing crashes have declined substantially, from a high of 392 in 1970 to a low of 21 in 2012. In 2015, there were 32 grade crossing crashes in the state. We evaluate and prioritize grade crossing improvement projects based on safety risk factors and replacement needs. Approximately one-third of Minnesota's 4,100 public road grade crossings have gates and/or flashing lights. As technology advances, existing equipment becomes obsolete and harder to procure repair parts for. Once a crossing malfunctions it will continue to do so until repaired, increasing the risk of motorists driving around the gates in the path of an oncoming train. Nearly 40 percent of these systems are over 20 years old and need to be replaced. Many factors contribute to crashes and we will continue to monitor trends and invest in safety improvement projects.

**Highway Rail Grade Crossing
Crashes and Fatalities**

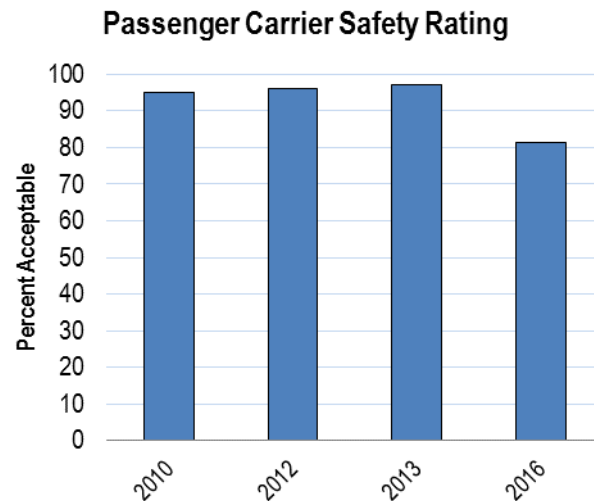


Rail Inspection: In 2015, the latest year in which data is available, MnDOT state rail inspectors and Federal Railroad Administration inspectors working in Minnesota documented 7,293 defects as well as 230 reports of more serious violations. MnDOT works with the appropriate railroads to ensure that all defects and violations are corrected.

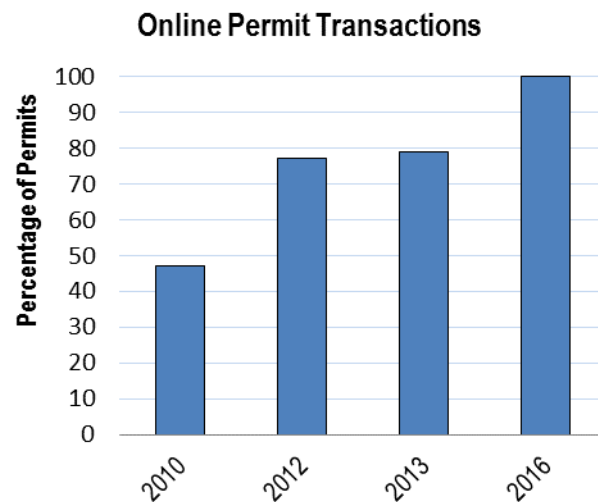
Commercial Truck and Bus Safety: Minnesota, like most states, uses comprehensive safety monitoring and compliance strategies developed by the Federal government. To accomplish this nearly 700 safety evaluations of trucking companies including new companies entering the industry (new entrants) and hazardous material carriers were conducted.

This activity works to improve the safety performance of passenger carriers, including special transportation service (STS) providers (transportation designed to serve the elderly and disabled), limousine operators, and motor carriers of passengers (formerly charter and regular route bus operators). The number of passenger carriers has nearly doubled during the past ten

years. At the end of FY16, 73 percent of STS carriers, 81 percent of limousine operators and 90 percent of the bus operators had a satisfactory safety rating according to Federal safety methodology. The decrease in 2016, seen in the graph below, is primarily due a large number of new carriers that have entered the business, including non-emergency medical transport (NEMT) carriers.



Oversize/Overweight Truck Permits: An upgraded online oversize/overweight permitting system deployed in 2013 has provided a more efficient customer service experience. One hundred percent of permits are now issued online and of those 37 percent were successfully issued without staff intervention.



The legal authority for the Freight and Commercial Vehicle Operations activity comes from:

Oversize/overweight permits, M.S. 169.80-86 (<https://www.revisor.mn.gov/statutes/?id=169.80>)

Motor Carrier Credentials, Motor Carrier Education, and Safety Reviews, M.S. 174.30

(<https://www.revisor.mn.gov/statutes/?id=174.30>) and M.S. 221 (<https://www.revisor.mn.gov/statutes/?id=221>)

Port Development Assistance Program, M.S. 457A (<https://www.revisor.mn.gov/statutes/?id=457A>)

Minnesota Rail Service Improvement (MRSI) Program and Rail Bank Program, M.S. 222

(<https://www.revisor.mn.gov/statutes/?id=222>)

Railroad Safety (including grade crossing safety), M.S. 219 (<https://www.revisor.mn.gov/statutes/?id=219>)

Nonemergency Medical Transportation M.S. 174.29-30 (<https://www.revisor.mn.gov/statutes/?id=174.29>)

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	254	223	7,180	2,877	256	256	3,156	2,056
2000 - Restrict Misc Special Revenue	2,003	1,724	1,532	2,835	2,632	2,642	40,472	39,725
2001 - Other Misc Special Revenue	0	0	20	120	0	0	0	0
2700 - Trunk Highway	4,194	5,430	4,442	5,942	5,495	5,666	5,495	5,666
3000 - Federal	7,420	5,470	5,901	13,148	10,186	9,683	10,186	9,683
Total	13,872	12,847	19,075	24,922	18,568	18,247	59,308	57,130
<i>Biennial Change</i>				17,278		(7,182)		72,441
<i>Biennial % Change</i>				65		(16)		165
<i>Governor's Change from Base</i>								79,623
<i>Governor's % Change from Base</i>								216

Expenditures by Category

Compensation	5,544	6,204	6,419	7,970	7,726	7,831	8,329	8,698
Operating Expenses	1,953	2,038	1,378	3,631	2,852	2,737	7,742	7,627
Other Financial Transactions	47	111	30	55	55	55	55	55
Grants, Aids and Subsidies	0	0	1,443	2,247	410	107	2,310	907
Capital Outlay-Real Property	6,326	4,494	9,804	11,019	7,525	7,517	40,872	39,843
Total	13,872	12,847	19,075	24,922	18,568	18,247	59,308	57,130
Full-Time Equivalents	64.3	70.4	71.1	79.3	69.5	69.4	74.5	76.4

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	502	2,500	3,721	0	0	0	0
Direct Appropriation	756	2,256	8,401	256	256	256	3,156	2,056
Net Transfers	0	0	0					
Cancellations	0	35	0	1,100	0	0	0	0
Expenditures	254	223	7,180	2,877	256	256	3,156	2,056
Balance Forward Out	502	2,500	3,721	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				9,580		(9,545)		(4,845)
<i>Biennial % Change in Expenditures</i>				2,008		(95)		(48)
<i>Gov's Exp Change from Base</i>								4,700
<i>Gov's Exp % Change from Base</i>								918
Full-Time Equivalents	3.1	2.2	3.0	3.5	3.0	3.0	11.5	11.5

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	5,195	4,328	4,907	5,869	4,878	4,228	4,878	4,228
Direct Appropriation	0	0	0	0	0	0	1,000	0
Receipts	1,135	1,485	2,011	1,743	1,882	1,892	38,722	38,975
Net Loan Activity	17	747	483	100	100	100	100	100
Expenditures	2,003	1,724	1,532	2,835	2,632	2,642	40,472	39,725
Balance Forward Out	4,343	4,835	5,869	4,878	4,228	3,578	4,228	3,578
<i>Biennial Change in Expenditures</i>				639		907		75,830
<i>Biennial % Change in Expenditures</i>				17		21		1,737
<i>Gov's Exp Change from Base</i>								74,923
<i>Gov's Exp % Change from Base</i>								1,421
Full-Time Equivalents	1.1	2.7	6.4	7.6	7.6	7.6	11.6	13.6

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Receipts	0	0	20	120	0	0	0	0
Expenditures	0	0	20	120	0	0	0	0
<i>Biennial Change in Expenditures</i>				140		(140)		(140)
<i>Biennial % Change in Expenditures</i>						(100)		(100)

2001 - Other Misc Special Revenue

Gov's Exp Change from Base			0
Gov's Exp % Change from Base			0

2700 - Trunk Highway

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	30	760	30	632	30	30	30	30
Direct Appropriation	4,897	4,897	5,044	5,196	5,350	5,522	5,350	5,522
Receipts	0	0	0	144	144	144	144	144
Net Transfers	0	116	0	0	0	0	0	0
Cancellations	0	312	0	0	0	0	0	0
Expenditures	4,194	5,430	4,442	5,942	5,495	5,666	5,495	5,666
Balance Forward Out	733	30	632	30	30	30	30	30
Biennial Change in Expenditures				760		777		777
Biennial % Change in Expenditures				8		7		7
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	57.8	59.3	52.5	59.2	54.6	54.6	47.6	47.6

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	645	241	276	296	300	300	300	300
Receipts	6,777	5,545	5,922	13,152	10,186	9,683	10,186	9,683
Internal Billing Receipts	0	116	67	0	0	0	0	0
Net Transfers		(116)						
Expenditures	7,420	5,470	5,901	13,148	10,186	9,683	10,186	9,683
Balance Forward Out	1	200	296	300	300	300	300	300
Biennial Change in Expenditures				6,159		820		820
Biennial % Change in Expenditures				48		4		4
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	2.3	6.1	9.2	9.0	4.2	4.2	3.7	3.7

Program: Multimodal Systems

Activity: Passenger Rail

www.dot.state.mn.us/passengerrail/

AT A GLANCE

- Work continues on development of three passenger rail corridors:
 - Twin Cities to Duluth (Northern Lights Express or NLX)
 - Twin Cities to Chicago high speed rail
 - Twin Cities to Chicago, 2nd train at conventional speeds
- Planning work on emerging passenger rail corridor identified in the State Rail Plan – I-35 Corridor
- Technical support for regional rail planning and development including the East Metro Capacity Project.
- 340 miles of operating passenger rail service
- 155 miles of passenger rail line in development over the next five years
- 90 miles of high speed rail service (110 mph) will be in development over the next 6-10 years

PURPOSE & CONTEXT

Passenger rail works in partnership with local governments and regional rail authorities, community groups and corridor advocates to deliver passenger rail services that are federally compliant, environmentally friendly and sustainable to connect Minnesota with the national passenger rail system.

The focus is to connect Minnesota's regional centers to increase mobility and access to employment, education, health care and commercial services. The most recent [2015 Statewide Rail Plan](http://www.dot.state.mn.us/planning/railplan/resources.html) (<http://www.dot.state.mn.us/planning/railplan/resources.html>) identifies priority passenger rail corridors for development by MnDOT.

SERVICES PROVIDED

The Statewide Rail Plan identifies a network of passenger rail corridor opportunities to be developed over the next 25 years. This network provides alternative transportation options that connect Minnesota with the rest of the country. Our office leads partnership efforts that may include local agencies, regional rail authorities, community groups and corridor advocates to deliver passenger rail services. The corridor development activities include environmental review, preliminary engineering and design.

The Amtrak Empire Builder is Minnesota's current one daily interstate passenger train connecting Minnesota with Seattle and Chicago. Work continues on a second daily conventional speed (up to 79 mph) train between the Twin Cities and Chicago as a first step in building a system of higher speed (90 to 110 mph) routes interconnecting the upper Midwest. The Twin Cities to Chicago high speed rail corridor project is currently in the environmental impact statement and conceptual engineering phase while the Twin Cities to Chicago second conventional speed route is in the Twin Cities to Milwaukee phase 1 study. The higher speed rail system will eventually provide additional regional routes (up to six trains daily) to integrate with the Midwest States network and Amtrak's national system.

The Passenger Rail Office is leading the Twin Cities to Duluth corridor (NLX) project and is currently in the final environmental review, preliminary engineering and design stages. The service will improve access to the recreational and commercial opportunities in the northeastern part of the state as well as the Twin Cities.

Our office is a financial partner and participates with the Ramsey County Regional Railroad Authority on the East Metro Rail Capacity Study. The 2015 Statewide Rail Plan has identified current regional constraint issues and this study is an effort to plan and design improved rail movements that will provide enough system capacity to allow for passenger rail implementation.

RESULTS

Since adoption of the Statewide Rail Plan, our office has initiated five corridor planning and development projects and two capital projects: Saint Paul Union Depot and Target Field Station. The Passenger Rail Office has successfully received \$40 million in federal funding and \$26 million in general obligation bonds since 2009. The federal FAST Act has identified four new rail programs that offer future funding that would require a state capital investment match to apply.

The legal authority for the Passenger Rail activity comes from: M.S. 174.632 (<https://www.revisor.mn.gov/statutes/?id=174.632>)

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	238	625	415	565	481	481	4,731	881
2000 - Restrict Misc Special Revenue	33	37	0	600	0	0	0	0
3000 - Federal	798	553	1,174	2,896	10,000	10,000	10,000	10,000
Total	1,068	1,215	1,589	4,061	10,481	10,481	14,731	10,881
Biennial Change				3,367		15,311		19,961
Biennial % Change				147		271		353
Governor's Change from Base								4,650
Governor's % Change from Base								22

Expenditures by Category

Compensation	145	234	501	599	393	401	543	551
Operating Expenses	923	981	1,089	3,462	10,088	10,080	11,188	10,330
Other Financial Transactions	0	0	0	0	0	0	0	0
Grants, Aids and Subsidies	0	0	0	0	0	0	3,000	0
Total	1,068	1,215	1,589	4,061	10,481	10,481	14,731	10,881
Full-Time Equivalents	1.4	1.2	3.9	4.5	2.8	2.8	3.8	3.8

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	259	0	85	0	0	0	0
Direct Appropriation	500	500	500	500	500	500	4,750	900
Net Transfers				(20)	(20)	(20)	(20)	(20)
Cancellations	0	135	0	0	0	0	0	0
Expenditures	238	625	415	565	481	481	4,731	881
Balance Forward Out	263	0	85	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				118		(19)		4,631
<i>Biennial % Change in Expenditures</i>				14		(2)		472
<i>Gov's Exp Change from Base</i>								4,650
<i>Gov's Exp % Change from Base</i>								484
Full-Time Equivalents	1.4	1.2	2.7	3.0	2.8	2.8	3.8	3.8

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	50	17	0	30	0	0	0	0
Receipts	0	20	30	570	0	0	0	0
Expenditures	33	37	0	600	0	0	0	0
Balance Forward Out	17	0	30	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				530		(600)		(600)
<i>Biennial % Change in Expenditures</i>				758		(100)		(100)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	18	9	1	0	0	0	0
Receipts	798	543	1,166	2,895	10,000	10,000	10,000	10,000
Cancellations	0	0	0	0	0	0	0	0
Expenditures	798	553	1,174	2,896	10,000	10,000	10,000	10,000
Balance Forward Out	0	8	1	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				2,719		15,930		15,930
<i>Biennial % Change in Expenditures</i>				201		391		391

(Dollars in Thousands)

3000 - Federal

Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	0.0	0.0	1.3	1.6	0.0	0.0	0.0	0.0

Program: State Roads

Activity: Program Planning and Delivery

www.dot.state.mn.us/planning/program/plans.html

AT A GLANCE

- 502 Construction projects let during calendar years 2014 and 2015
- \$1.8 billion in construction projects were developed
- \$18+ billion in planned investments for state highways over the next 20 years (MnSHIP)
- Federal "Fast Act" provides an increase in Federal formula funds for State Highways
- MnSHIP – is updated every four years with the new version planned for release in January 2017
- The 10 year CHIP and four year STIP are updated every year
- 60+ research projects started each year with about 190 in progress at any time

PURPOSE & CONTEXT

Program Planning and Delivery of the Trunk Highway system requires thoughtful and efficient short, mid and long range plans to fit the varied needs of the systems stakeholders. This activity includes: writing plans, conducting data analysis, reviewing performance outcomes, managing the capital program and construction oversight, as well as research and development. All of our projects strive to meet our performance measure targets and the identified plan objectives.

The transportation infrastructure is aging; a large portion of the existing infrastructure was built during the 'Interstate Era' of the 1960's and early 1970's and is nearing the end of its useful life.

We must efficiently use the resources available to plan and preserve infrastructure, while also providing oversight for the replacement and limited expansion of the system. In addition, we must meet an increased demand for safety, mobility, freight movement, bicyclists and pedestrian.

SERVICES PROVIDED

Highway System Planning

Highway planning includes assessing statewide infrastructure conditions, determining future needs for automobile users as well as freight, bicycles and pedestrians, then making planning decisions based on projected available funding. We strive to make policy and planning decisions that provide the greatest return on transportation system investment.

The [Minnesota State Highway Investment Plan](http://www.dot.state.mn.us/planning/mnship/) (MnSHIP) (<http://www.dot.state.mn.us/planning/mnship/>) is completed every four years and establishes capital investment priorities for the next 20 years. MnSHIP draws on performance management systems to establish investment scenarios which optimize the highway system based on projected available funding. The MnSHIP ensures that performance measures set by the federal government such as infrastructure preservation, safety, freight movement and mobility are met.

The [Capital Highway Improvement Plan](http://www.dot.state.mn.us/planning/10yearplan/) (CHIP) (<http://www.dot.state.mn.us/planning/10yearplan/>) is a ten year list of financially constrained projects that are selected to meet the investment priorities and performance targets established by MnSHIP. For preservation projects, MnDOT selects projects based upon the projected condition of the pavement or bridge available from the pavement and bridge management systems.

The [State Transportation Improvement Program](http://www.dot.state.mn.us/planning/program/stip.html) (STIP) (<http://www.dot.state.mn.us/planning/program/stip.html>) includes the first four years of the CHIP and these projects are considered funded and committed for delivery. The last six years of the CHIP are priorities based upon the MnSHIP investment criteria, but may change as project scope and revised revenue forecasts are developed.

Develop Highway Improvement Projects

Development of highway improvement projects involves several steps:

- **Scoping** determines the elements of a project that are needed to meet the goals established in the CHIP and also sets preliminary budgets and schedules
- **Environmental Review** considers impacts of proposed projects to ensure compliance with environmental laws and policies
- **Public Involvement** meets with impacted communities and the public to engage and inform them about upcoming projects
- **Designing** performs engineering studies and analysis, prepares construction plans, uses performance based practical design and flexible design standards to ensure road designs meet project goals while minimizing costs

MnDOT is employing Shared Service Centers to provide centralized technical expertise to districts and for agency efficiency. A Shared Service Center will maintain an expertise that the districts can draw upon when needed and functions much like an internal consultant by bringing expertise and resources to a project that a district doesn't have available. Currently Shared Service Centers exist for project scheduling, sign design, and signal and lighting design. We will be hiring additional staff in a Shared Service Center to accommodate the rise in the number of right of way parcels being acquired due to the additional space necessary to incorporate American's with Disability Act (ADA) standards.

Highway Construction Management Oversight

We monitor construction projects to ensure that the final product meets all specifications by doing the following:

- **Managing** the overall progress of State Highway projects from project letting through construction completion and final project documentation
- **Coordinating** the early stages of projects with unique features or procurement methods
- **Providing** opportunities for small business participation and employment opportunities to minorities and women to work on MnDOT contracts
- **Overseeing** quality management, material testing, project scheduling and compliance with specifications
- **Providing** sound fiscal management, financial tracking and regulatory compliance
- **Ensuring** that construction traffic control provides the most efficient and safest movement possible through work zones

Research and Development

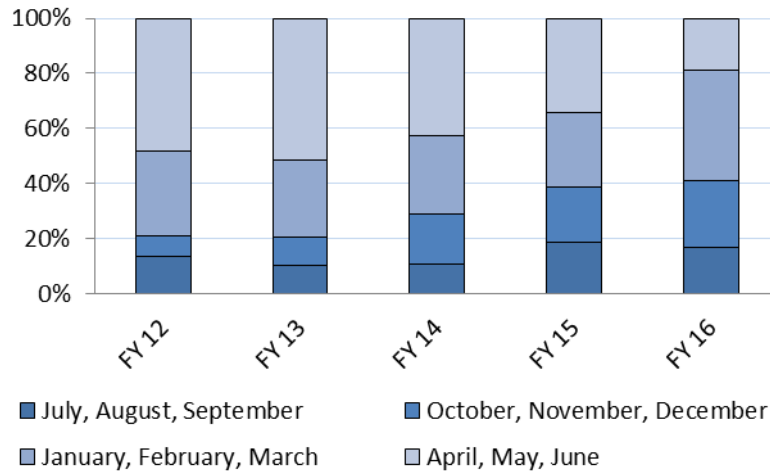
We develop and apply new technologies for Trunk Highway projects, such as newer, more cost-effective pavement designs, accelerated bridge construction techniques, and methods to improve highway safety. Our Research Services & Library Section manages research projects that complement federal and local agencies to create a comprehensive program. Research Services & Library staff serve as a resource for MnDOT staff as well as city and county engineers. Other offices conduct additional research in the areas of bridges, pavements and intelligent transportation systems.

RESULTS

Project Delivery

To help ensure projects are delivered within budget and on time, we are placing greater emphasis on project scheduling and monitoring. In 2014 the department began using balanced letting. This initiative is designed to increase the number of projects let during better bidding environments (October through March) to maximize competition between bids and more evenly distribute the design work throughout the year, lessening the need for overtime.

Seasonal Contract Letting



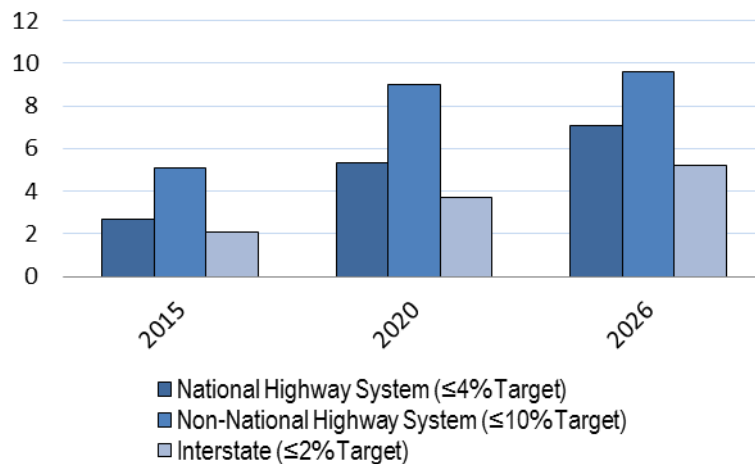
Source: MnDOT Office of Transportation System Management

Highway projects are much more complicated than even 20 years ago. Management of traffic in a work zone, permitting regulations, and innovative design all take more design resources in order to minimize traffic disruptions, comply with state and federal rules, and reduce the cost to construct. Currently for every dollar spent on construction 17 cents is spent on design and 9 cents on construction oversight.

Use of Performance Measures

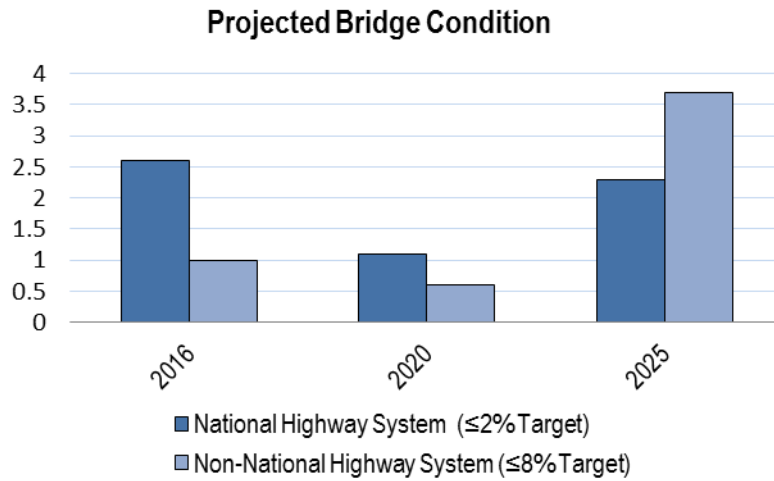
The STIP currently under development for FY 2017 to FY 2020 is the first STIP that will be completely developed using the performance based guidance from MnSHIP. Even though MnDOT is planning, programming, and developing projects for preserving the infrastructure as outlined in MnSHIP, the decline of infrastructure condition presents us with many challenges for maintaining the condition of our highways and bridges.

Projected Pavement Condition



Source: MnDOT Office of Transportation System Management

Targets for pavement conditions vary slightly by road system but the overall goal is to have pavements rated as poor condition to be under the target percentage provided in the graph above.



Source: MnDOT Office of Transportation System Management

Targets for bridge conditions also vary slightly by road system but the overall goal again is to have bridges rated as poor condition to be under the target percentage provided in the graph above.

The Department of Transportation's Program Planning and Delivery legal authority comes from:
 Roads General Provisions M.S.160 (<https://www.revisor.mn.gov/statutes/?id=160>)
 Trunk Highway M.S.161 (<https://www.revisor.mn.gov/statutes/?id=161>)
 Department of Transportation M.S.174 (<https://www.revisor.mn.gov/statutes/?id=174>)

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
2000 - Restrict Misc Special Revenue	7,565	5,097	8,588	19,508	14,528	14,453	14,528	14,453
2001 - Other Misc Special Revenue	485	190	31	328	268	17	268	17
2700 - Trunk Highway	195,577	219,269	210,111	260,980	228,209	235,549	251,809	276,950
2710 - Highway Users Tax Distribution	75	75	0	0	0	0	0	0
3000 - Federal	5,226	5,409	5,343	51,531	22,450	19,590	22,450	19,590
6000 - Miscellaneous Agency	0	0	1	1	1	2	1	2
Total	208,929	230,040	224,073	332,349	265,456	269,611	289,056	311,012
<i>Biennial Change</i>				117,453		(21,354)		43,647
<i>Biennial % Change</i>				27		(4)		8
<i>Governor's Change from Base</i>								65,001
<i>Governor's % Change from Base</i>								12

Expenditures by Category

Compensation	162,490	169,591	170,424	159,181	158,148	161,436	167,808	178,716
Operating Expenses	42,322	49,375	38,869	123,628	89,618	86,393	103,558	110,514
Other Financial Transactions	1,877	4,180	1,830	13,001	688	4,560	688	4,560
Grants, Aids and Subsidies	1,179	1,514	1,146	14,472	9,541	9,539	9,541	9,539
Capital Outlay-Real Property	1,060	5,380	11,804	22,067	7,461	7,683	7,461	7,683
Total	208,929	230,040	224,073	332,349	265,456	269,611	289,056	311,012
<u>Full-Time Equivalents</u>	1,907.0	1,887.4	1,773.8	1,694.7	1,680.4	1,680.4	1,741.5	1,783.1

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	5,212	1,658	852	9,835	4,873	4,238	4,873	4,238
Receipts	3,918	2,763	17,485	14,545	13,894	13,532	13,894	13,532
Net Transfers	(46)	1,338	87					
Expenditures	7,565	5,097	8,588	19,508	14,528	14,453	14,528	14,453
Balance Forward Out	1,519	661	9,835	4,873	4,238	3,316	4,238	3,316
<i>Biennial Change in Expenditures</i>				15,434		885		885
<i>Biennial % Change in Expenditures</i>				122		3		3
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	1.3	1.4	3.3	3.1	2.5	2.5	2.5	2.5

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	364	2	12	1	1	0	1	0
Receipts	124	200	20	328	268	17	268	17
Expenditures	485	190	31	328	268	17	268	17
Balance Forward Out	2	12	1	1	0	0	0	0
<i>Biennial Change in Expenditures</i>				(317)		(73)		(73)
<i>Biennial % Change in Expenditures</i>				(47)		(20)		(20)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0

2700 - Trunk Highway

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	14,735	22,732	11,036	32,072	5,269	6,990	5,269	6,990
Direct Appropriation	206,720	209,840	237,529	231,252	227,004	234,331	250,604	275,732
Receipts	379	591	3,535	2,925	2,925	2,925	2,925	2,925
Net Transfers	(98)	(1,098)	0	0	0	0	0	0
Cancellations	5,172	1,806	9,917	0	0	0	0	0
Expenditures	195,577	219,269	210,111	260,980	228,209	235,549	251,809	276,950
Balance Forward Out	20,987	10,990	32,072	5,269	6,990	8,698	6,990	8,698

2700 - Trunk Highway

Biennial Change in Expenditures				56,245	(7,333)		57,668	
Biennial % Change in Expenditures				14	(2)		12	
Gov's Exp Change from Base							65,001	
Gov's Exp % Change from Base							14	
Full-Time Equivalents	1,901.0	1,883.3	1,767.9	1,686.5	1,672.7	1,672.7	1,733.8	1,775.4

2710 - Highway Users Tax Distribution

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	75	0	0	0	0	0	0
Direct Appropriation	75	0	0	0	0	0	0	0
Expenditures	75	75	0	0	0	0	0	0
Biennial Change in Expenditures				(150)				
Biennial % Change in Expenditures				(100)				

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	115	134	101	38	0	0	0	0
Receipts	5,243	5,366	5,280	51,531	22,450	19,590	22,450	19,590
Net Transfers		0						
Cancellations	0	0	0	38	0	0	0	0
Expenditures	5,226	5,409	5,343	51,531	22,450	19,590	22,450	19,590
Balance Forward Out	131	91	38	0	0	0	0	0
Biennial Change in Expenditures				46,239		(14,834)		(14,834)
Biennial % Change in Expenditures				435		(26)		(26)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	4.4	2.7	2.6	5.2	5.2	5.2	5.2	5.2

6000 - Miscellaneous Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	1	2	1	0	0	0	0
Receipts	1	1	0	1	1	2	1	2
Expenditures	0	0	1	1	1	2	1	2

(Dollars in Thousands)

6000 - Miscellaneous Agency

Balance Forward Out	1	2	1	0	0	0	0
<i>Biennial Change in Expenditures</i>				2	1	1	1
<i>Biennial % Change in Expenditures</i>					67	67	67
<i>Gov's Exp Change from Base</i>						0	0
<i>Gov's Exp % Change from Base</i>						0	0

Program: State Roads

Activity: State Road Construction

www.dot.state.mn.us/planning/program/stip.html

www.minnesotago.org/

www.dot.state.mn.us/planning/mnship/

AT A GLANCE

- 328 construction projects started in the 14-15 biennium (246 Preservation/Other, 82 Expansion)
- 290 construction projects planned in the 16-17 biennium (236 Preservation/Other, 54 Expansion)
Included in these were
 - Nine Transportation for Economic Development (TED) projects received funding in 2015
 - Twelve Corridors of Commerce projects received funding in 2015
- Funded through a direct appropriation from the Trunk Highway Fund also utilizing Federal Highway Trust Fund and authorized Trunk Highway Bond proceeds

PURPOSE & CONTEXT

The State Road Construction budget activity is the capital investment program for the construction, reconstruction and improvement on the 12,000 miles of state managed roads and bridges. State managed roads include the federal Interstate System, US State Highways and Minnesota Trunk Highways and the bridges and other infrastructure on these systems. These investments are primarily in the areas of system preservation, improvements, and expansion. Our staff administers and provides oversight to hundreds of projects each season.

Investment decisions are made based on priorities and policies identified in the planning documents developed by the agency.

SERVICES PROVIDED

MnDOT selects, designs and manages construction projects to maximize the investment level impact and the Trunk Highway systems ability to meet the future needs of communities, businesses and the traveling public. These investments are initially prioritized in the Minnesota State Highway Investment Plan, [MnSHIP](http://www.dot.state.mn.us/planning/mnship/) (<http://www.dot.state.mn.us/planning/mnship/>), based on preservation, safety, mobility for all users and regional priority. The annual construction program provides work for contractors across the state and opportunities for small business participation and employment opportunities to minorities and women to work on MnDOT contracts. Programs like Transportation Economic Development and Corridors of Commerce prioritize projects based on criteria specific to these programs.

Trunk Highway System Preservation Construction

- Repairing and reconstructing highways and bridges to maintain the existing transportation system
- Planning for the preservation of highway and bridge investments in a timely and cost-effective manner, MnDOT is able to maintain the state's existing vital connections
- Selecting preservation projects to provide a safe and reliable riding surface for travelers while minimizing life-cycle costs

Trunk Highway System Expansion

- Adding capacity to the transportation system with new lanes, bridges and interchanges, and in rare cases adding additional centerline miles
- Creating safer roadways with new turn lanes, wider shoulders and roundabouts
- Completing critical connections through special legislation and bonding programs, such as the Corridors of Commerce program. These improvements are not always identified in the agency's performance plans, but improve Minnesota's quality of life

Other Trunk Highway System Improvements

Investing in areas within the right of way but outside of the traditional highway footprint, including:

- Multimodal investments like bike paths and pedestrian bridges
- Intelligent Traffic Systems like ramp meters and changeable message signs
- Truck weigh stations and scales
- Travel center and safety rest areas

RESULTS

MnSHIP Outcomes (2014 to 2023)

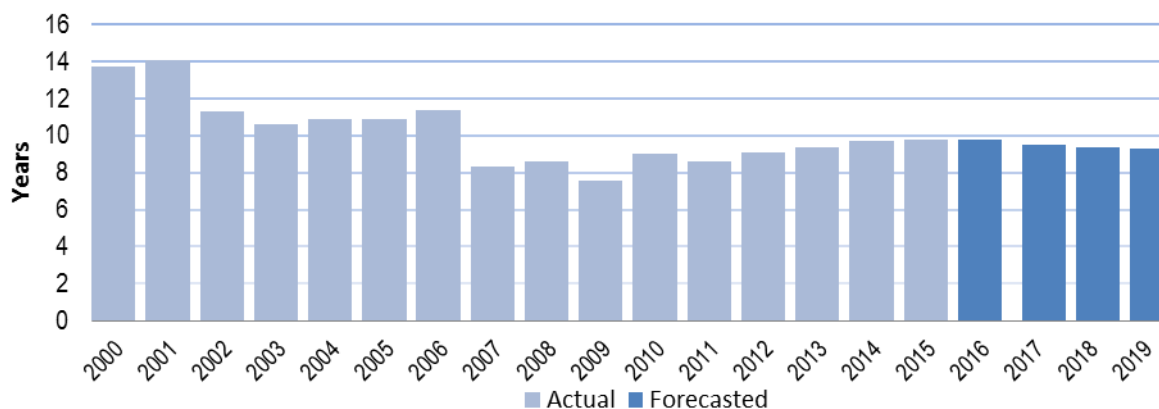
MnSHIP identifies the investment priorities for the State Road and Bridge Construction Program and the outcomes of those investments. Under estimated available funding during this time period, MnDOT will focus on the following outcomes:

- **Asset Management:** Conditions of roads, bridges and roadside infrastructure on the National Highway System (NHS) routes (45 percent of the system) remain stable in the near term then decline. Known and anticipated federal and state performance requirements are met on the NHS. Conditions of roads, bridges, and roadside infrastructure decline for non-NHS Trunk Highways (55 percent of the system)
- **Traveler Safety:** Continue to focus on lower cost, proactive treatments that prevent fatalities and serious injuries
- **Critical Connections:** Improve conditions for pedestrians and bicyclists at priority locations through Complete Streets reviews. The number and scope of system capacity improvements will decrease as the available funds become increasingly directed toward asset preservation
- **Regional and Community Improvement Priorities:** We will continue to address local concerns through partnerships. The agency will deliver a few small stand-alone projects to support economic competitiveness and quality of life for Minnesotans

Performance Indicators

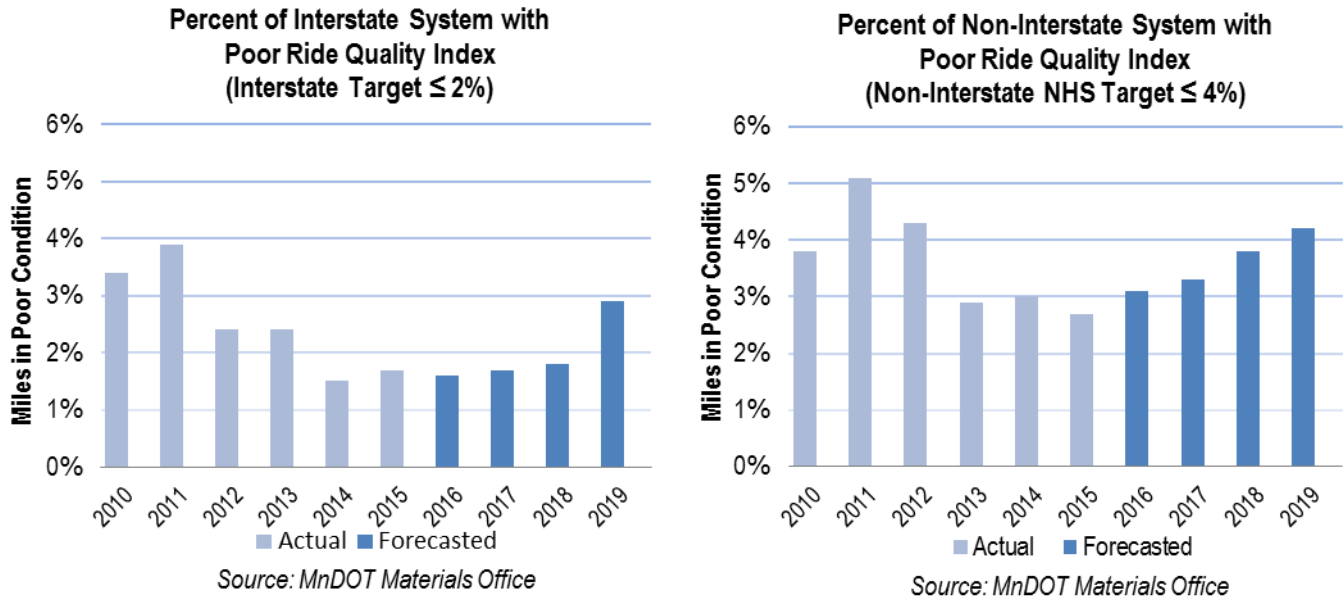
Remaining Service Life (RSL) is the time, in years, until the roughness of a pavement section is predicted to reach the point where travelers feel the road surface is somewhat uncomfortable to drive over. An RSL of zero indicates that some sort of major repair or replacement is needed. The RSL is calculated annually for each section of state highway. The average RSL has dropped considerably since 2000. A large portion of the Interstate System was built in the 1960's and early 1970's so a large portion is nearing the end of its useful life.

Average Remaining Service Life of State Highways

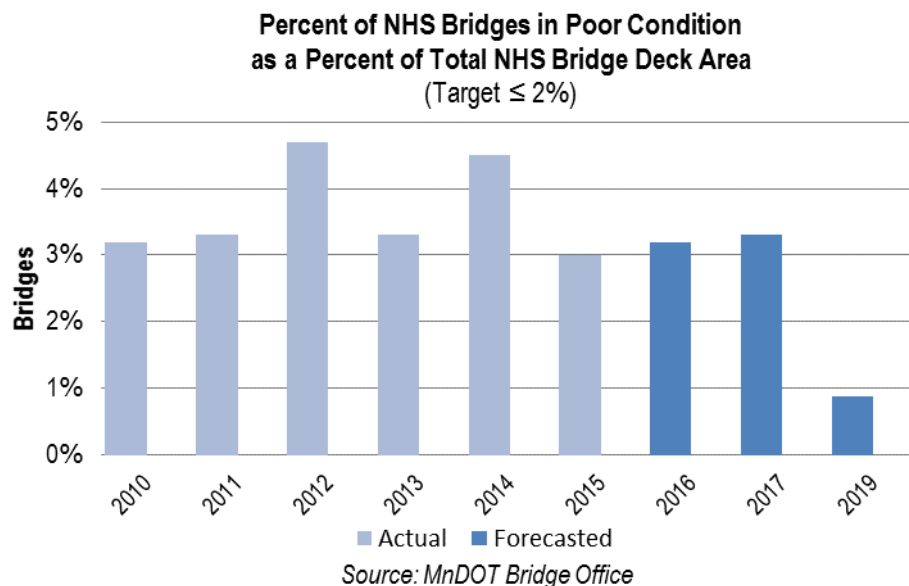


Source: MnDOT Materials Office

We track the performance of the Trunk Highway system with a number of different performance measures, many of which are published in the Annual Transportation Performance Report. Pavement condition is measured by the percent of miles of highway in poor condition. The system condition is projected to be declining after 2016.



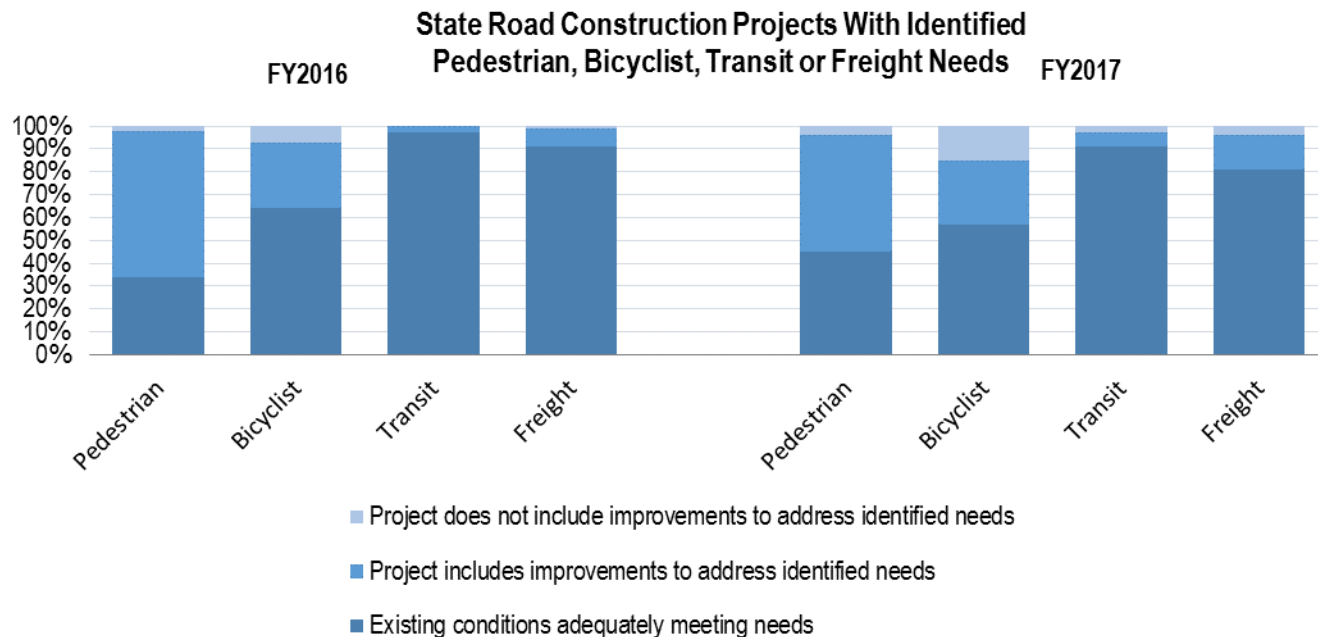
Bridge condition is measured by percent of bridge deck area in poor condition. This graph illustrates that bridges on the National Highway System are being held in a stable condition around 3 to 4 percent. In 2015 there was a change in methodology in how we calculate our forecasted condition; this was compounded by the completion of the large bridge program created by the Laws of Minnesota 2008, Chapter 152 bonds.



*FY 2018 is not included, as we typically do not include yearly condition forecasts in the planning process.

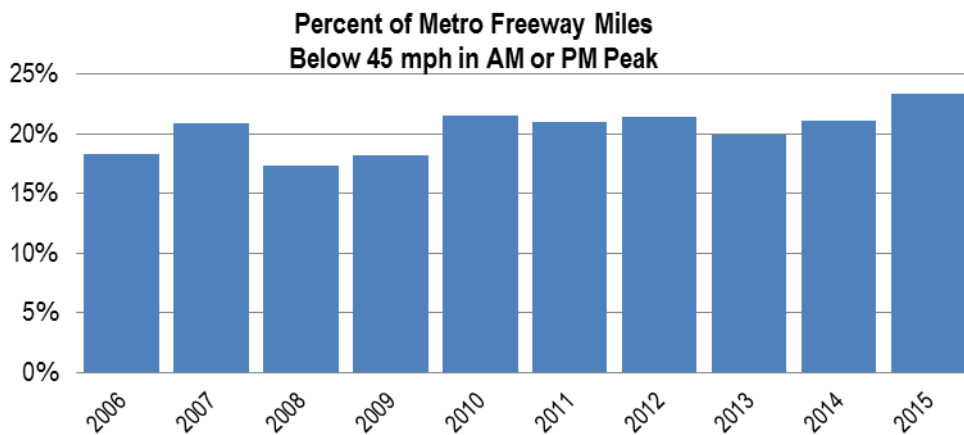
The Complete Street Policy requires MnDOT to consider the needs of pedestrians, bicyclists, transit, motorists, and commercial and emergency vehicles in all phases of planning, project development, operation, and maintenance activities. MnDOT documents considerations for each type of user. In the graph below you will see we are making improvements as part of the

majority of projects where we identified needs. However, in some cases the desired improvements are not feasible or cost effective so are not included in the final plan. Percentages, in the graph below, exclude projects where the user is legally prohibited according to Minnesota Statutes 169.305 or where there is no evidence of a current need to provide for the user group, no plans identify the project corridor for future use, and land use trends suggest an absence of future need over the life of the project.



Source: MnDOT Office of Transportation System Management

Mobility is measured by the speed that users can travel on Metro freeways. The performance is stable at the current investment level, although the percentage of congested miles is expected to increase in the future as traffic volumes rebound from the 2008 Recession.



Source: MnDOT Metro District

The Department of Transportation's State Road Construction legal authority comes from:
 Roads, General Provisions M.S.160 (<https://www.revisor.mn.gov/statutes/?id=160>)
 Trunk Highways M.S.161 (<https://www.revisor.mn.gov/statutes/?id=161>)
 Complete Streets M.S. 174.75 (<https://www.revisor.mn.gov/statutes/?id=174.75>)

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	0	0	0	0	0	0	1,500	0
2000 - Restrict Misc Special Revenue	70,113	72,851	70,090	42,969	21,875	21,875	21,875	21,875
2700 - Trunk Highway	796,703	1,039,027	744,278	974,466	717,800	717,800	1,090,323	1,119,351
3000 - Federal	7,518	12,447	8,101	36,734	22,020	18,480	22,020	18,480
Total	874,334	1,124,325	822,470	1,054,169	761,695	758,155	1,135,718	1,159,706
<i>Biennial Change</i>				(122,019)		(356,789)		418,785
<i>Biennial % Change</i>				(6)		(19)		22
<i>Governor's Change from Base</i>								775,574
<i>Governor's % Change from Base</i>								51

Expenditures by Category

Compensation	295	633	3,359	18,251	14,762	14,560	14,762	14,560
Operating Expenses	79,560	87,894	98,895	132,474	102,678	93,450	149,815	170,145
Other Financial Transactions	495	832	469	500	500	500	500	500
Grants, Aids and Subsidies	0	0	4	0	0	0	1,500	0
Capital Outlay-Real Property	793,983	1,034,966	719,743	902,944	643,755	649,645	969,141	974,501
Total	874,334	1,124,325	822,470	1,054,169	761,695	758,155	1,135,718	1,159,706
<i>Full-Time Equivalents</i>	2.1	2.9	25.9	147.9	116.0	115.9	116.0	115.9

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	0	0	0	0	0	0	1,500	0
Expenditures	0	0	0	0	0	0	1,500	0
<i>Biennial Change in Expenditures</i>								1,500
<i>Gov's Exp Change from Base</i>								1,500

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	620	9,213	9,793	5,416	0	0	0	0
Receipts	78,706	73,431	65,713	37,554	21,875	21,875	21,875	21,875
Expenditures	70,113	72,851	70,090	42,969	21,875	21,875	21,875	21,875
Balance Forward Out	9,213	9,793	5,416	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(29,905)		(69,309)		(69,309)
<i>Biennial % Change in Expenditures</i>				(21)		(61)		(61)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2700 - Trunk Highway

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	17,238	199,210	59,214	107,580	4,279	4,279	4,279	4,279
Direct Appropriation	930,900	863,105	779,664	849,166	695,800	695,800	1,068,323	1,097,351
Receipts	17,848	38,370	16,600	22,000	22,000	22,000	22,000	22,000
Net Transfers	6,700	20,500	0	0	0	0	0	0
Cancellations	0	26,153	3,620	0	0	0	0	0
Expenditures	796,703	1,039,027	744,278	974,466	717,800	717,800	1,090,323	1,119,351
Balance Forward Out	175,982	56,005	107,580	4,279	4,279	4,279	4,279	4,279
<i>Biennial Change in Expenditures</i>				(116,986)		(283,144)		490,930
<i>Biennial % Change in Expenditures</i>				(6)		(16)		29
<i>Gov's Exp Change from Base</i>								774,074
<i>Gov's Exp % Change from Base</i>								54
Full-Time Equivalents	0.0	0.0	25.9	147.4	115.4	115.4	115.4	115.4

(Dollars in Thousands)

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Receipts	7,518	12,447	8,101	36,734	22,020	18,480	22,020	18,480
Expenditures	7,518	12,447	8,101	36,734	22,020	18,480	22,020	18,480
<i>Biennial Change in Expenditures</i>				24,871		(4,335)		(4,335)
<i>Biennial % Change in Expenditures</i>				125		(10)		(10)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	2.1	2.9	0.0	0.5	0.5	0.5	0.5	0.5

Program: State Roads
Activity: Debt Service

www.dot.state.mn.us/policy/financial/fm007.html

AT A GLANCE

Trunk Highway Fund Bonds:

- \$2.969 billion authorized since 2000
- \$2.617 billion sold since 2000
- \$310 million three-year average expenditures of bond-funded projects
- 11 percent average growth per year in debt service payments
- \$2.391 billion in remaining debt service payments on current bond authorizations

PURPOSE & CONTEXT

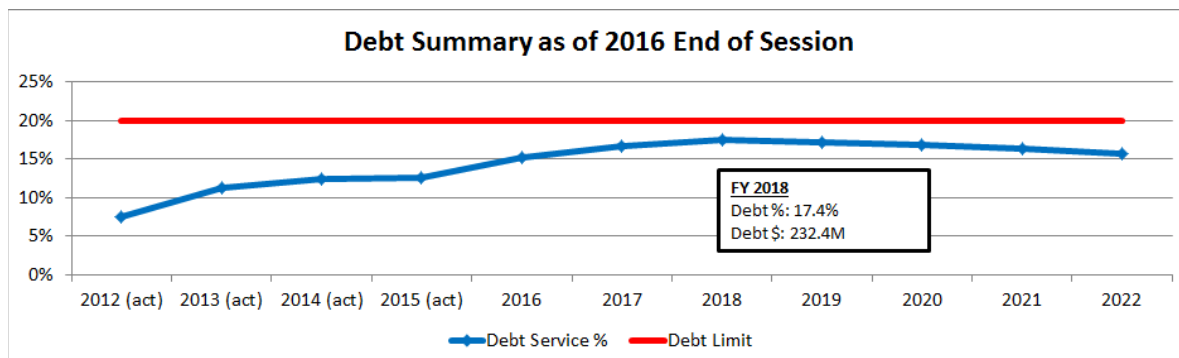
The state of Minnesota is authorized to issue general obligation bonds for trunk highway purposes under Article XIV, section 11 of the constitution. Bonds are purchased to advance construction projects beyond what the State Road Construction and Federal funding programs can support in a given period. The Minnesota Department of Transportation is also authorized to enter into loan agreements using the Transportation Revolving Loan Fund and to enter into local government advance agreements. The debt service activity is funded by a direct appropriation from the Trunk Highway Fund. The Trunk Highway Fund, rather than the State's General Fund, pays all of the debt service for Trunk Highway bonds.

SERVICES PROVIDED

This activity encompasses repayment of all debt related to the Trunk Highway System. This includes the required annual payment of the principal and interest on Trunk Highway bonds to the State Debt Service Fund from the Trunk Highway Fund, as well as payments to the Transportation Revolving Loan Fund for Trunk Highway loan agreements and repayments of advances from local governments. We work closely with Minnesota Management and Budget to coordinate activities related to selling bonds and forecasting both debt cash flow and debt service payments.

RESULTS

Minnesota's goals for the transportation system are established in the Minnesota State Highway Investment Plan (MnSHIP). Bond debt, particularly when interest rates are low, is an important strategy for funding transportation projects. The key goal for the debt service activity is to balance the needs of the transportation system by maximizing the funding resources available within a financially sound debt management policy. MnDOT policy states that debt service cannot exceed 20 percent of annual projected state revenues to the Trunk Highway Fund. The graph below depicts the most current debt service estimates compared with the policy limit.



The Department of Transportation's Debt Service activity legal authority comes from:

Minnesota Constitution Article XIV, Section 6 and 11 (https://www.revisor.leg.state.mn.us/constitution/#article_14)

Trunk Highway Revolving Loan Account, M.S. 161.04, Subd. 3 and 4 (<https://www.revisor.leg.state.mn.us/statutes/?id=161.04>)

Advance Funding for Trunk Highway Projects, M.S. 161.361 (<https://www.revisor.leg.state.mn.us/statutes/?id=161.361>)

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
2700 - Trunk Highway	7,757	2,431	2,431	9,500	9,500	9,500	9,500	9,500
Total	7,757	2,431	2,431	9,500	9,500	9,500	9,500	9,500
Biennial Change				1,743		7,069		7,069
Biennial % Change				17		59		59
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Other Financial Transactions	2,431	2,431	2,431	9,500	9,500	9,500	9,500	9,500
Capital Outlay-Real Property	5,326	0	0	0	0	0	0	0
Total	7,757	2,431	2,431	9,500	9,500	9,500	9,500	9,500
Full-Time Equivalents	0	0	0	0	0	0	0	0

2700 - Trunk Highway

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	14,172	0	14,225	0	0	0	0
Direct Appropriation	158,417	189,821	197,381	188,814	222,987	232,167	225,463	254,211
Net Transfers	(136,488)	(154,593)	(180,725)	(193,539)	(213,487)	(222,667)	(215,963)	(244,711)
Cancellations	0	46,969	0	0	0	0	0	0
Expenditures	7,757	2,431	2,431	9,500	9,500	9,500	9,500	9,500
Balance Forward Out	14,172	0	14,225	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				1,743		7,069		7,069
<i>Biennial % Change in Expenditures</i>				17		59		59
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Program: State Roads

Activity: Operations and Maintenance

www.dot.state.mn.us/

www.dot.state.mn.us/maintenance/

AT A GLANCE

We maintain:

- 12,000 state highway miles (33,000 lane miles), including the interstate
- 3,335 traffic management systems (signals, ramp meters, changeable message signs, cameras and road weather information stations)
- 536 miles of cable median barrier
- 28,500 highway lighting fixtures
- 4,860 bridges greater than 10 feet on Trunk Highway routes (including rail road, pedestrian and other structures)
- 256,204 acres of highway right of way (including wetlands and ponds)
- 838 snowplows

PURPOSE & CONTEXT

The state highway system makes up only 8.5 percent of Minnesota's roads, but carries 60 percent of total traffic volume with more than 90 million vehicle miles driven every day. Safety and efficiency is integral to the work we perform daily. MnDOT maintenance crews clear, repair, and improve highways, bridges, shoulders, safety devices and traffic management systems. We also maintain the fleet, equipment and buildings necessary to perform these tasks. In addition, this activity includes striping, signage, roadway lighting structures and utility payments.

As an agency we strive to preserve and optimize these investments while delivering faster, smoother and more reliable trips. We also respond to emergencies 24 hours per day, 365 days per year and perform our work regardless of snow, rain, floods, construction or emergencies. This activity is primarily funded by a direct appropriation from the Trunk Highway Fund.

SERVICES PROVIDED

Bridges and Structures Maintenance

Operations and Maintenance inspect 4,860 state highway bridges in accordance with state and federal requirements as well as additional inspections due to unforeseen events. Federal rules require that all bridges are inspected on a one- or two-year cycle. See our website for more information on [bridge inspection](http://www.dot.state.mn.us/bridge/inspection.html) (<http://www.dot.state.mn.us/bridge/inspection.html>).

MnDOT performs preventive maintenance to extend the service life of state highway system bridges by protecting these assets from exposure to moisture and corrosive agents like salt. Preventive routine maintenance like sealing cracks, joints and railings, spot painting, lubrication of expansion bearings and flushing of the bridge deck, superstructure and substructure elements with water to remove winter residue to reduce the frequency and scope of future repairs.

Reactive maintenance occurs when a vehicle damages a bridge or when deterioration is discovered during an inspection or maintenance assessment and is classified as high, medium or low priority. High priority includes deficiencies that could affect safe function of the bridge or result in deterioration to a critical condition. See our website for more information on [Bridge Construction and Maintenance](http://www.dot.state.mn.us/bridge/maintenance.html) (<http://www.dot.state.mn.us/bridge/maintenance.html>).

Traffic Devices Operation and Maintenance

To increase freeway and arterial efficiency, reduce crashes and provide travelers with information, we operate the [Regional Transportation Management Center](http://www.dot.state.mn.us/rtmc) (RTMC) (<http://www.dot.state.mn.us/rtmc>), the Greater MN Traffic Operation Communication Centers, and the Freeway Incident Response Safety Team. These activities provide travelers with current travel times and critical roadway information, including Amber Alerts, and road condition information from our Roadway Weather Information System. We relay this information using changeable message signs, the Internet, and telephones. We also

maintain over 1,200 traffic signals statewide, install and repair signs and lights, stripe roads, install and repair guardrails and maintain approximately 536 miles of cable median barriers. See our websites for more information on [MnDOT Traffic Engineering](http://www.dot.state.mn.us/trafficeng) (<http://www.dot.state.mn.us/trafficeng>) and [MN 511](http://www.511mn.org) (<http://www.511mn.org>).

Road and Roadside Maintenance

To keep roads safe and in good operating condition, we patch potholes, seal cracks, pave road surfaces, remove debris (including the Adopt-a-Highway program), repair or replace culverts, maintain roadway shoulders and respond to flooding. We also measure highway smoothness and remaining pavement life to inform and prioritize our work. This information helps us make timely investments to prolong pavement life.

In FY15 MnDOT drafted a [Transportation Asset Management Plan](http://www.dot.state.mn.us/assetmanagement/pdf/tamp/tamp.pdf) (TAMP) (<http://www.dot.state.mn.us/assetmanagement/pdf/tamp/tamp.pdf>). The plan describes asset inventory and condition information, performance measures and targets, risks, financial plans, and life cycle cost assessments. These assessments help MnDOT evaluate the cost effectiveness of existing management and investment practices, and identify areas where process improvements can be made.

Prior to the completion of the draft TAMP, MnDOT began to respond to the identified need for better operations and maintenance costing data by launching a statewide project to improve tracking and analysis of these costs to improve accuracy and comprehensiveness of TAMP analyses' and a broad range of agency decision making.

MnDOT is investing in an Asset Management System which will provide a comprehensive enterprise-wide database for asset inventory and condition, historical work and maintenance costs of the asset. It will provide advanced analytical functions, and allow retirement of several antiquated asset record keeping systems. Work will be ongoing to configure several additional asset classes over the next several years.

Maintenance crews mow, control noxious weeds, remove trees and brush, issue permits for public roadway activities like utility work, and maintain rest areas and weigh stations. See our websites for more information on [roadway vegetation management](http://www.dot.state.mn.us/roadsides/vegetation/index.html) (<http://www.dot.state.mn.us/roadsides/vegetation/index.html>) and [rest areas](http://www.dot.state.mn.us/restareas/) (<http://www.dot.state.mn.us/restareas/>). The state also owns more than 256,000 acres of right of way that is managed within the operations and maintenance activity.

Snow and Ice

Our snow and ice activities include anti-icing treatment before storms, snow plowing and ice removal during storms and clean-up of snow and ice after storms have passed. Crews perform high priority services first. During years with harsh winters, we may redirect system maintenance funds to snow plowing from other functions like drainage, roadside maintenance and pothole patching. We use a flexible workforce to fight winter storms. Nearly 13 percent of the state's snow plow drivers work in other areas of the department and are reassigned to plow snow during winter snowfalls. Snow plowing on Minnesota's 12,000 miles of roads is expensive and labor intensive. The agency is very proactive in implementing and using new technology to help reduce costs and chemical usage. See our website for more information on [Snow and Ice](http://www.dot.state.mn.us/maintenance/) (<http://www.dot.state.mn.us/maintenance/>) which includes the most current "Annual Winter Report at a Glance".

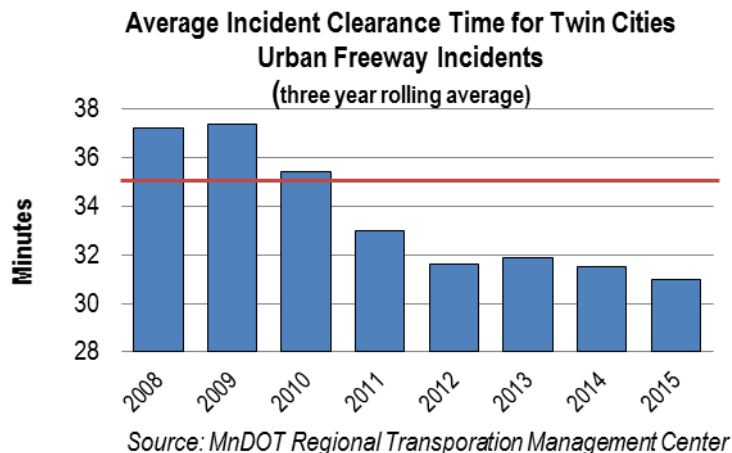
RESULTS

Bridges and Structures Maintenance Performance

MnDOT measures the timeliness of bridge inspections and of completing high priority reactive maintenance. The bridge fracture critical inspection goal is to complete 100 percent of inspections on time (98 percent for routine inspections). This exceeds the 95 percent target established in the National Bridge Inspection Standards. The bridge maintenance goal is to complete 100 percent of high priority reactive maintenance on time. MnDOT has substantially met this goal the last four years. Achieving this performance measure on time will ensure the safe function of bridges and will keep bridges from further deterioration, saving time and money in the long run.

Efficiency (recurring and non-recurring congestion):

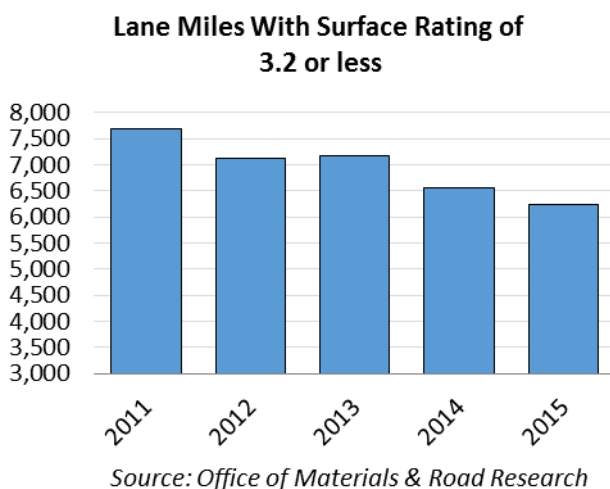
Traffic incidents, like crashes, cause major congestion on the Twin Cities Metro area freeway system. We measure incident clearance time on the system between 6 a.m. and 7 p.m. on weekdays. The target is incident clearance within 35 minutes to minimize delay. We have been meeting this target for the past five years.



Recurring congestion is minimized through a sophisticated traffic management system while non-recurring congestion (crashes, stalls) through quick clearance response. MnDOT expects congestion to remain the same or increase as the region continues to grow. Since 2010, MnDOT's strategy has shifted from reducing congestion toward providing alternatives to congested travel.

Road and Roadside Maintenance Performance

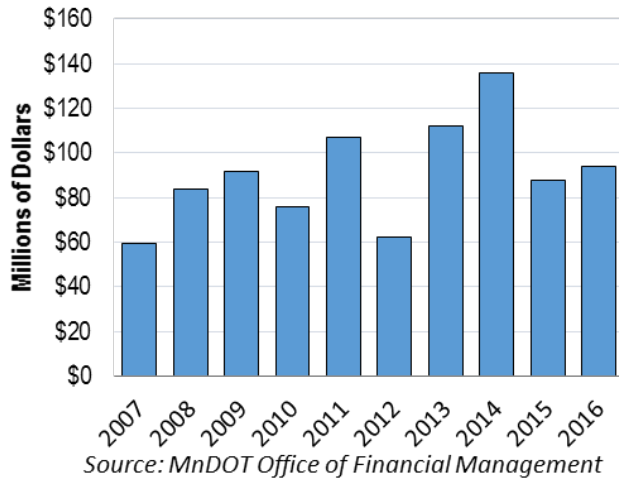
We are committed to protecting, maintaining and preserving our roads. In doing so, we maximize taxpayers' investments in better, longer-lasting roads for smoother, safer and more efficient travel. MnDOT measures pavement cracking based on a surface ranking index that has a zero to four scale, with a four meaning no cracks. Typically, a 3.2 rating receives some sort of patching.



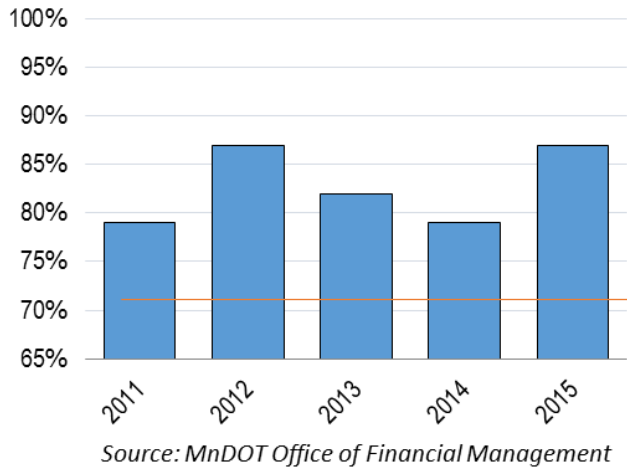
Snow and Ice Performance

To assess plowing performance, MnDOT evaluates each snow plow route after each snowstorm. The goal is returning the road to an acceptable driving condition in a prescribed amount of time (the time varies by the amount of traffic on the road). Our goal is to meet the clearance targets for each type of roadway 70 percent of the time in a season. We have met this goal in nine of the last ten seasons. Winter weather severity varies significantly from year to year and from region to region.

Snow Plowing Cost



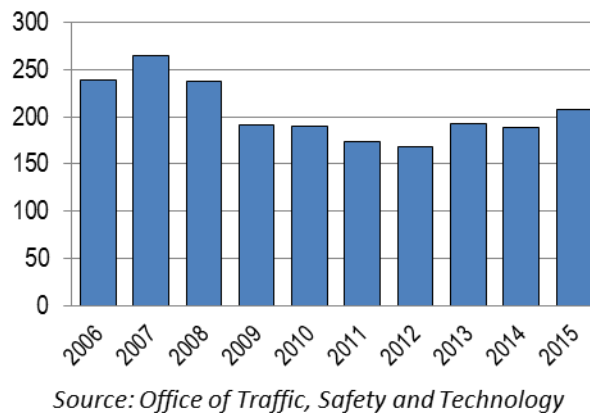
**Snow Plowing Performance
Frequency of Meeting Plowing Goal of 70%**



Traffic Operation and Maintenance Performance Safety:

We help reduce injuries and deaths on the highway as a partner in the [Toward Zero Deaths Initiative](http://www.minnesotatzd.org/) (<http://www.minnesotatzd.org/>). We produce a Highway Safety Improvement Program, district safety plans and county safety plans to deliver safety investments throughout the state.

Annual Highway Fatalities



The Department of Transportation's Maintenance and Operations activity legal authority comes from:
Roads General Provisions M.S.160 (<https://www.revisor.mn.gov/statutes/?id=160>)
Trunk Highway M.S.161 (<https://www.revisor.mn.gov/statutes/?id=161>)

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
2000 - Restrict Misc Special Revenue	11,667	10,242	14,904	12,556	12,771	11,178	12,771	11,178
2001 - Other Misc Special Revenue	947	612	572	489	354	77	354	77
2400 - Endowment	0	0	0	0	0	20	0	20
2700 - Trunk Highway	296,735	300,670	275,593	322,325	300,754	310,158	376,011	406,577
3000 - Federal	2,895	2,920	4,108	18,301	12,487	6,221	12,487	6,221
Total	312,243	314,443	295,177	353,671	326,367	327,655	401,624	424,074
<i>Biennial Change</i>				22,162		5,174		176,850
<i>Biennial % Change</i>				4		1		27
<i>Governor's Change from Base</i>								171,676
<i>Governor's % Change from Base</i>								26

Expenditures by Category

Compensation	170,113	162,658	171,572	183,418	180,435	184,261	210,431	223,967
Operating Expenses	115,288	109,768	99,622	134,294	112,429	115,486	147,690	162,199
Other Financial Transactions	2,908	7,001	3,619	2,574	2,919	2,829	2,919	2,829
Grants, Aids and Subsidies	0	28	0	0	0	0	0	0
Capital Outlay-Real Property	23,933	34,987	20,364	33,385	30,584	25,079	40,584	35,079
Total	312,243	314,443	295,177	353,671	326,367	327,655	401,624	424,074
Full-Time Equivalents	2,343.5	2,206.4	2,191.0	2,299.7	2,207.8	2,207.9	2,557.3	2,615.0

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	6,434	8,391	9,884	4,900	4,860	4,599	4,860	4,599
Receipts	12,223	12,239	9,806	12,517	12,511	10,976	12,511	10,976
Net Transfers	94	(1,325)	113					
Expenditures	11,667	10,242	14,904	12,556	12,771	11,178	12,771	11,178
Balance Forward Out	7,084	9,063	4,900	4,860	4,599	4,396	4,599	4,396
<i>Biennial Change in Expenditures</i>				5,551		(3,510)		(3,510)
<i>Biennial % Change in Expenditures</i>				25		(13)		(13)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	2.4	2.1	8.5	9.2	9.1	9.1	9.1	9.1

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	508	207	177	87	0	0	0	0
Receipts	645	582	482	402	354	77	354	77
Expenditures	947	612	572	489	354	77	354	77
Balance Forward Out	207	177	87	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(498)		(629)		(629)
<i>Biennial % Change in Expenditures</i>				(32)		(59)		(59)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.6	0.1	0	0	0	0	0	0

2400 - Endowment

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	3,000	7,527	7,578	7,684	7,865	7,684	7,865
Receipts	0	1,527	51	106	181	260	181	260
Net Transfers	3,000	3,000						
Expenditures	0	0	0	0	0	20	0	20
Balance Forward Out	3,000	7,527	7,578	7,684	7,865	8,105	7,865	8,105
<i>Biennial Change in Expenditures</i>				0		20		20
<i>Biennial % Change in Expenditures</i>				0				

Budget Activity: Operations And Maintenance

Budget Activity Financing by Fund

(Dollars in Thousands)

2400 - Endowment

Gov's Exp Change from Base							0
Gov's Exp % Change from Base							0
Full-Time Equivalents	0.0	0.0	0.0	0.0	0.0	0.1	0.1

2700 - Trunk Highway

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	13,860	19,153	6,973	27,096	4,301	4,301	4,301	4,301
Direct Appropriation	297,395	280,395	288,405	290,916	292,140	301,545	367,397	397,964
Receipts	6,189	8,320	7,311	8,614	8,614	8,614	8,614	8,614
Net Transfers	(2,500)	0	0	0	0	0	0	0
Cancellations	0	531	0	0	0	0	0	0
Expenditures	296,735	300,670	275,593	322,325	300,754	310,158	376,011	406,577
Balance Forward Out	18,210	6,668	27,096	4,301	4,301	4,301	4,301	4,301
Biennial Change in Expenditures				514		12,995		184,671
Biennial % Change in Expenditures				0		2		31
Gov's Exp Change from Base								171,676
Gov's Exp % Change from Base								28
Full-Time Equivalents	2,337.2	2,202.3	2,177.9	2,283.3	2,191.5	2,191.5	2,541.0	2,598.6

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	42	0	3	0	0	0	0	0
Receipts	2,852	2,923	4,105	18,301	12,487	6,221	12,487	6,221
Expenditures	2,895	2,920	4,108	18,301	12,487	6,221	12,487	6,221
Balance Forward Out	0	3	0	0	0	0	0	0
Biennial Change in Expenditures				16,596		(3,702)		(3,702)
Biennial % Change in Expenditures				285		(17)		(17)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	3.2	1.9	4.6	7.2	7.2	7.2	7.2	7.2

Program: State Roads

Activity: Statewide Radio Communications

www.dot.state.mn.us/oec

www.dps.mn.gov/divisions/ecn/programs/armer/Pages/default.aspx

AT A GLANCE

- ARMER System
 - 326 of the planned 335 ARMER towers constructed and on the air
 - Approximately 82,000 subscribers to the Allied Radio Matrix for Emergency Response system
 - 483 tower leases with partners
- Radio/Electronic System Maintenance
 - 17 radio repair facilities statewide
 - 9,900 mobile and portable radios maintained for state agencies
 - 3,708 base station radios maintained for state agencies
 - 87 Road Weather Information System sites maintained across the state

PURPOSE & CONTEXT

Statewide Radio Communications builds, maintains, owns and operates the Allied Radio Matrix for Emergency Response (ARMER) backbone. This is Minnesota's shared public safety radio communication system that provides 24/7/365 interoperable radio communication service to multiple state and local agencies.

ARMER serves the day-to-day and emergency communication needs of MnDOT, the Department of Public Safety (DPS) and other state agencies, as well as the majority of local and regional law enforcement agencies. This includes fire, emergency medical and public works services.

The system is a network of radio towers, equipment shelters and radio transmission equipment which is shared by network users throughout the state. This is identified in the

Statewide Radio Communication Plan maintained by the Statewide Emergency Communications Board (SECB), originally known as the Statewide Radio Board (SRB).

SERVICES PROVIDED

As a part of our Statewide Radio Communications investment and planning function, we provide the overall electrical engineering direction for the strategic and tactical planning of wireless, voice and data systems for ARMER and other public safety or transportation applications (RWIS, automatic vehicle location (AVL), dispatcher console systems, audio loggers, remote site data connections, camera systems). This includes electronic communication system engineering, design and construction expertise to offices and districts and other state and local agencies. We also act as public safety radio spectrum frequency advisor for the state of Minnesota.

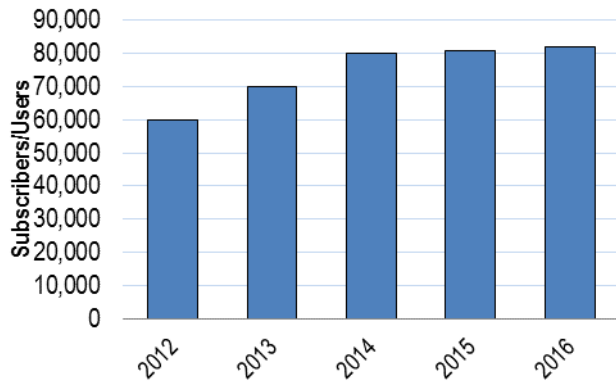
Management of the system requires us to monitor, repair, upgrade and replace the radio communications infrastructure, facilities, base stations and mobile and portable radios. The agency also provides maintenance for electronic equipment, such as road weather information systems. We manage private and public tower lease/rental space for antenna use statewide

We also provide emergency service response for public safety electronic communications systems. We work with other state and local agencies, including the DPS and the DNR to provide shared expertise and technical services. As the lead agency, we provide Minnesota with the infrastructure and resources to allow its emergency responders to communicate with each other at any time regardless of the nature or scope of an event.

Currently, the ARMER system build-out is on schedule and on budget. There are approximately 335 towers planned and scheduled for completion by 2019, to provide for 95 percent mobile-level coverage by county. As of July 2016, land acquisition for a handful of sites is proving challenging.

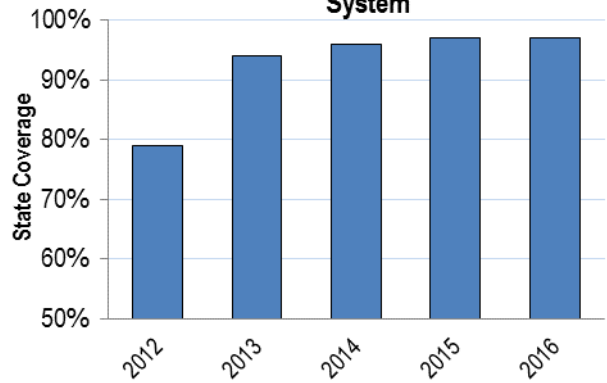
RESULTS

ARMER Subscribers/ users



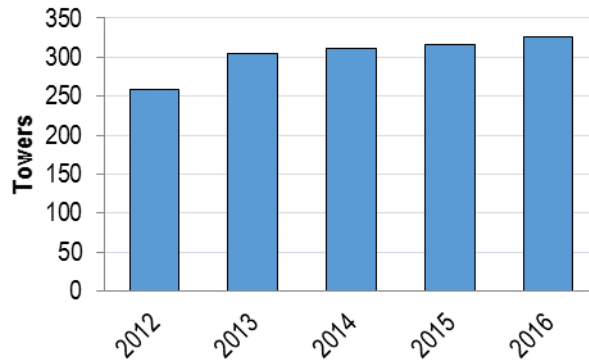
Source: MnDOT Office of Statewide Radio Communications

ARMER - State Coverage by Interoperable System



Source: MnDOT Office of Statewide Radio Communications

Armer Towers Constructed and Operational



Source: MnDOT Office of Statewide Radio Communications

The legal authority for the Statewide Radio Communications activity comes from: Public Safety Radio Communications, M.S. 174.70 (<https://www.revisor.mn.gov/statutes/?id=174.70>) and M.S. 403 (<https://www.revisor.mn.gov/statutes/?id=403>)

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	3	3	35	3	3	3	3	3
2000 - Restrict Misc Special Revenue	1,736	1,821	46	5,662	2,930	2,930	2,930	2,930
2001 - Other Misc Special Revenue	326	542	2,271	2,360	2,268	2,268	2,268	2,268
2700 - Trunk Highway	5,399	6,039	5,042	6,283	6,673	6,104	6,673	6,104
4900 - 911 Emergency	8,646	10,266	9,128	10,171	9,650	9,650	9,650	9,650
Total	16,110	18,671	16,521	24,478	21,524	20,954	21,524	20,954
<i>Biennial Change</i>				6,217		1,479		1,479
<i>Biennial % Change</i>				18		4		4
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Compensation	7,330	7,592	7,749	8,400	8,352	8,524	8,352	8,524
Operating Expenses	8,309	8,840	8,012	12,253	10,875	10,222	10,875	10,222
Other Financial Transactions	206	251	125	2,751	1,399	1,399	1,399	1,399
Grants, Aids and Subsidies	0	2	0	0	0	0	0	0
Capital Outlay-Real Property	265	1,987	635	1,075	899	810	899	810
Total	16,110	18,671	16,521	24,478	21,524	20,954	21,524	20,954
Full-Time Equivalents	87.3	86.7	85.1	90.3	87.7	87.7	87.7	87.7

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	0	0	0	0	0
Direct Appropriation	3	3	35	3	3	3	3	3
Cancellations	0	0	0	0	0	0	0	0
Expenditures	3	3	35	3	3	3	3	3
Balance Forward Out	0	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				32		(32)		(32)
<i>Biennial % Change in Expenditures</i>				533		(84)		(84)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.0	0	0.0	0	0	0	0	0

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	11	2	16	2,732	0	0	0	0
Receipts	1,769	1,832	2,762	2,930	2,930	2,930	2,930	2,930
Net Transfers	(42)	(13)						
Expenditures	1,736	1,821	46	5,662	2,930	2,930	2,930	2,930
Balance Forward Out	2	0	2,732	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				2,151		152		152
<i>Biennial % Change in Expenditures</i>				60		3		3
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	194	308	58	91	0	0	0	0
Receipts	441	291	2,303	2,268	2,268	2,268	2,268	2,268
Expenditures	326	542	2,271	2,360	2,268	2,268	2,268	2,268
Balance Forward Out	308	58	91	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				3,762		(94)		(94)
<i>Biennial % Change in Expenditures</i>				433		(2)		(2)

2001 - Other Misc Special Revenue

Gov's Exp Change from Base							0
Gov's Exp % Change from Base							0
Full-Time Equivalents	0.7	1.8	2.0	2.0	2.0	2.0	2.0

2700 - Trunk Highway

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	291	524	222	1,243	1,178	885	1,178	885
Direct Appropriation	5,168	5,168	5,323	5,483	5,645	5,826	5,645	5,826
Receipts	462	568	740	735	735	735	735	735
Cancellations	0	0	0	0	0	0	0	0
Expenditures	5,399	6,039	5,042	6,283	6,673	6,104	6,673	6,104
Balance Forward Out	522	221	1,243	1,178	885	1,342	885	1,342
Biennial Change in Expenditures				(113)		1,452		1,452
Biennial % Change in Expenditures				(1)		13		13
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	41.4	39.4	38.7	41.6	40.2	40.2	40.2	40.2

4900 - 911 Emergency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	625	0	521	0	0	0	0
Net Transfers	9,250	9,650	9,649	9,650	9,650	9,650	9,650	9,650
Cancellations	0	9	0	0	0	0	0	0
Expenditures	8,646	10,266	9,128	10,171	9,650	9,650	9,650	9,650
Balance Forward Out	604	0	521	0	0	0	0	0
Biennial Change in Expenditures				386		1		1
Biennial % Change in Expenditures				2		0		0
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	45.2	45.3	44.2	46.5	45.3	45.3	45.3	45.3

Program: Local Roads

Activity: County State Aid Roads

www.dot.state.mn.us/stateaid/

AT A GLANCE

- 87 counties
- 30,708 miles of County State Aid Highways (CSAH) make up approximately 20% of the statewide system
- 5,739 bridges on the CSAH system
- 55,297 township road miles eligible for funding
- 6,074 township bridges eligible for funding
- 488 CSAH projects approved on average per year
- 201 federal aid projects approved on average per year
- 84 bridge bond projects approved on average per year
- 69 township bridge projects approved on average per year

PURPOSE & CONTEXT

State Aid for Local Transportation (SALT) oversees funding provided to Minnesota counties through annual allotments from the Highway User Tax Distribution (HUTD) fund, general obligation bonding for local bridges and road improvements and Federal Highway Administration funds.

Funds from the HUTD are for construction and system maintenance on the County State Aid Highways (CSAH) system, with a small portion available to townships for maintenance and bridge replacement. The other funding sources are primarily for construction on the CSAH system.

Counties select construction projects and perform maintenance activities within their jurisdictions, which include identified roads within cities with a population of less than 5,000. Our office reviews and approves individual construction plans for compliance with state and federal standards and rules.

SERVICES PROVIDED

To promote a safe, reliable and sustainable local transportation system, State Aid works closely with county highway departments to keep people and freight moving throughout the state. The state administers local bridge and road improvement bond funds on a priority basis to supplement costly bridge replacement and improve safety and mobility on local roads. We also provide counties with technical advice and materials, like crash record data. Our financial unit processes payments for construction projects and the annual maintenance allotments. They also provide training, procedural guidance and respond to financial questions. The agency also provides support by connecting counties together on common issues.

Our office reviews and approves construction plans and project funding requests to ensure consistency with the rules for State Aid Operation. We also work with all counties on their construction, maintenance and project delivery costs, as well as project activities to get the best value for limited resources. A small portion of the HUTD funding supports a research board made up of county engineers and State Aid employees. This board researches methods and materials for maintenance and construction to be more innovative and economical.

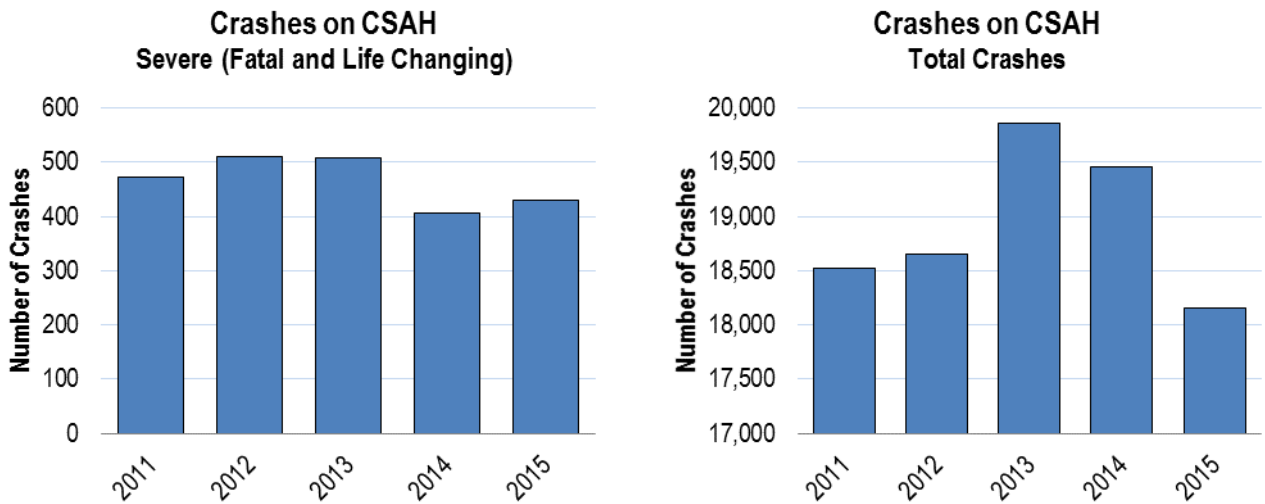
We also act as an agent for the local authorities in the administration of their federal construction contracts and fulfill the state's obligations for federal oversight of all local federal aid projects. We assist local agencies in completing the requirements for federal aid, including public involvement and documentation to comply with environmental and historic preservation requirements.

These administrative functions are funded from an allocation from the HUTD set in statute at two percent of available funds. In addition one percent of available funds are set aside for a disaster account to assist counties with extraordinary disaster costs when they arise. The State Park Road Account is an account that provides funding for access roads to state parks and recreational areas. These projects are selected by the Department of Natural Resources. The town road account is also identified in statute and is distributed from the HUTD through the counties to township governments for maintenance of township roads. The town bridge account is distributed to counties for the replacement of deficient township bridges through the five percent set aside from the HUTD.

RESULTS

Safety

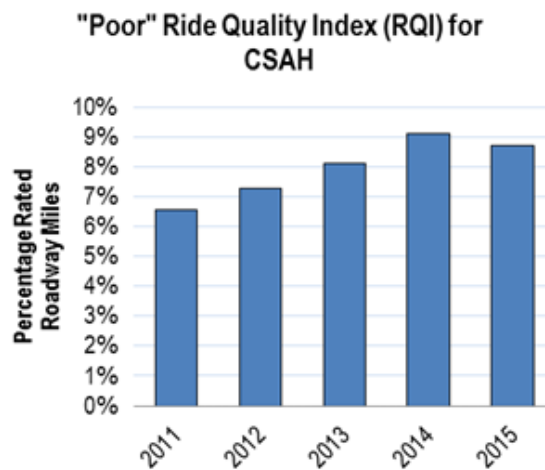
Safety on the CSAH system is measured in both the number of serious crashes (fatalities and life changing crashes) and the total number of crashes that occur.



Source: Minnesota Crash Mapping Analysis Tool (MnCMAT)

Pavement Condition

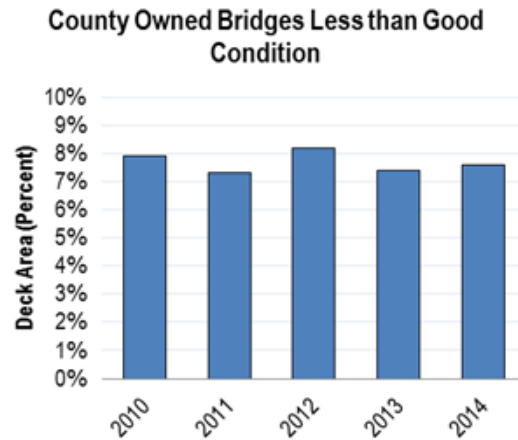
Pavement Condition – Ride Quality Index (RQI). Over the past six years, there has been an upward trend in the percentage of pavement on the CSAH system that is rated in "Poor" condition based on the RQI.



Source: Office of Materials and Road Research, Pavement Management Unit

Bridge Condition

Over the past six years, the percentage of bridges rated in “Poor” condition has been relatively flat.



Source: MnDOT Bridge Office - Bridge Assessment Data Management Unit

The legal authority for the County State Aid Highways activity comes from:

Distribution of State Aid funds to counties and cities, Constitution of MN, Article XIV

(<https://www.revisor.leg.state.mn.us/constitution/MN-Constitution.pdf>)

Legal authority for the State Aid system, M.S. 162 (<https://www.revisor.mn.gov/statutes/?id=162>)

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	199	1,799	1,805	575	0	0	0	0
2000 - Restrict Misc Special Revenue	812	959	617	1,102	1,402	1,102	1,652	1,352
2600 - County State Aid Highway	559,755	660,999	631,544	706,916	748,506	775,586	855,855	963,168
3000 - Federal	165,361	172,054	169,779	210,056	254,430	260,510	254,430	260,510
Total	726,128	835,812	803,745	918,649	1,004,338	1,037,198	1,111,937	1,225,030
<i>Biennial Change</i>				160,454		319,142		614,573
<i>Biennial % Change</i>				10		19		36
<i>Governor's Change from Base</i>								295,431
<i>Governor's % Change from Base</i>								14

Expenditures by Category

Compensation	5,126	5,338	5,524	5,769	5,766	5,888	5,766	5,888
Operating Expenses	8,414	7,231	7,602	16,670	18,636	18,617	20,749	22,557
Other Financial Transactions	14	3	2	5	5	5	5	5
Grants, Aids and Subsidies	712,559	823,212	788,663	895,270	979,571	1,012,328	1,085,057	1,196,220
Capital Outlay-Real Property	16	28	1,954	935	360	360	360	360
Total	726,128	835,812	803,745	918,649	1,004,338	1,037,198	1,111,937	1,225,030
<i>Full-Time Equivalents</i>	49.6	49.6	49.0	51.6	50.4	50.4	50.4	50.4

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	1,946	0	575	0	0	0	0
Direct Appropriation	0	3,000	2,380	0	0	0	0	0
Net Transfers	2,145	(754)						
Cancellations	0	2,393	0	0	0	0	0	0
Expenditures	199	1,799	1,805	575	0	0	0	0
Balance Forward Out	1,946	0	575	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				382		(2,380)		(2,380)
<i>Biennial % Change in Expenditures</i>				19		(100)		(100)

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,153	1,513	1,610	2,184	2,171	1,858	2,171	1,858
Receipts	927	1,045	1,191	1,089	1,089	1,089	1,339	1,339
Net Transfers		0						
Expenditures	812	959	617	1,102	1,402	1,102	1,652	1,352
Balance Forward Out	1,267	1,598	2,184	2,171	1,858	1,845	1,858	1,845
<i>Biennial Change in Expenditures</i>				(53)		785		1,285
<i>Biennial % Change in Expenditures</i>				(3)		46		75
<i>Gov's Exp Change from Base</i>								500
<i>Gov's Exp % Change from Base</i>								20
Full-Time Equivalents	0.5	0	0.0	0.0	0.0	0.0	0.0	0.0

2600 - County State Aid Highway

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	483,933	529,238	500,229	568,982	567,972	567,972	567,972	567,972
Direct Appropriation	614,218	653,795	690,392	691,600	732,951	759,128	840,299	946,709
Net Transfers	(5,853)	(17,501)	14,036	14,306	15,554	16,457	15,554	16,458
Cancellations	3,516	4,330	4,131	0	0	0	0	0
Expenditures	559,755	660,999	631,544	706,916	748,506	775,586	855,855	963,168
Balance Forward Out	529,027	500,204	568,982	567,972	567,972	567,972	567,972	567,972
<i>Biennial Change in Expenditures</i>				117,706		185,632		480,563
<i>Biennial % Change in Expenditures</i>				10		14		36

2600 - County State Aid Highway

Gov's Exp Change from Base							294,931
Gov's Exp % Change from Base							19
Full-Time Equivalents	47.7	48.0	47.4	49.9	48.7	48.7	48.7 48.7

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	3,349	0	0	0	0	0	0	0
Receipts	162,013	172,054	169,779	210,056	254,430	260,510	254,430	260,510
Net Transfers	0							
Cancellations	0	0	0	0	0	0	0	0
Expenditures	165,361	172,054	169,779	210,056	254,430	260,510	254,430	260,510
Biennial Change in Expenditures				42,419		135,105		135,105
Biennial % Change in Expenditures				13		36		36
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	1.4	1.6	1.6	1.7	1.7	1.7	1.7	1.7

Program: Local Roads

Activity: Municipal State Aid Roads

www.dot.state.mn.us/stateaid/

AT A GLANCE

- 148 cities with a population greater than 5,000
- 3,735 miles of Municipal State Aid Streets (MSAS)
- 503 bridges on the MSAS system
- 196 MSAS projects approved on average per year
- 84 bridge bond projects approved on average per year

PURPOSE & CONTEXT

This activity oversees funding for Minnesota cities with populations greater than 5,000 through annual allotments from the Highway User Tax Distribution (HUTD) Fund. We also distribute general obligation bond proceeds for local bridges, and Federal Highway Administration funds. Funds from the HUTD are for construction and system maintenance on the municipal street system.

Cities select construction projects and perform maintenance activities. We review and approve individual construction plans for compliance with state and federal standards and rules.

SERVICES PROVIDED

MnDOT works closely with municipalities to promote a safe, reliable and sustainable local transportation system. This system is vital for moving people and freight throughout the state. The state administers local bridge bond funds on a priority basis to supplement costly bridge replacement on local roads.

We also provide cities with technical advice and materials. Our financial unit processes payments for construction projects and the annual maintenance allotments. They also provide procedural guidance and respond to financial questions. The agency also hosts meetings for cities on common transportation issues.

Our office reviews and approves construction plans and project funding requests to ensure consistency with the rules for State Aid Operation. We also work with all cities on their construction, maintenance and project delivery costs, as well as project activities to help them identify innovative and economical methods and materials to get the best value for limited resources.

We also act as an agent for the local authorities in the administration of their federal construction contracts and fulfill the state's obligations for federal oversight of all local federal aid projects. We assist local agencies in completing the requirements for federal aid, including public involvement and documentation to comply with environmental and historic preservation requirements.

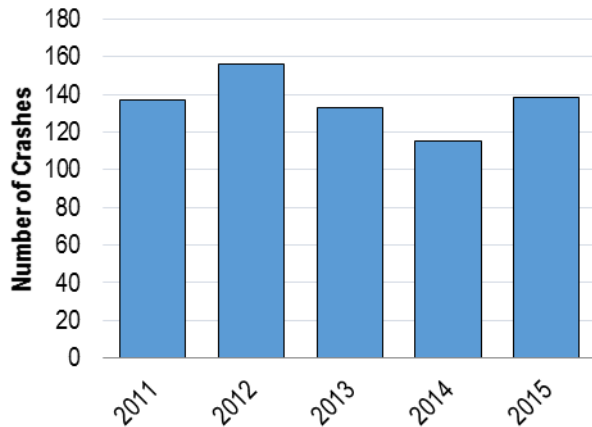
These administrative functions are funded from an allocation from the HUTD set in statute at two percent of available funds. In addition two percent of available funds are set aside for a disaster account to assist cities with extraordinary disaster costs when they arise.

RESULTS

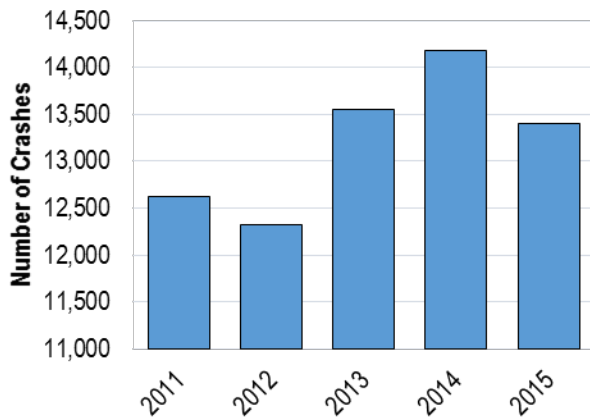
Safety

Safety on the MSAS system is measured in both the number of serious crashes (fatalities and life changing crashes) and the total number of crashes that occur.

**Crashes on MSAS
Severe (Fatal & Life Changing)**



**Crashes on MSAS
Total**

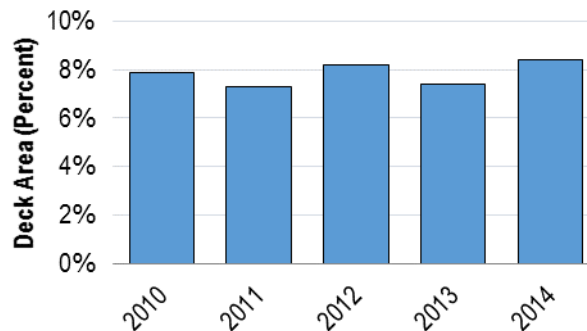


Source: Minnesota Crash Mapping Analysis Tool (MnCMAT)

Bridges

Over the past six years, the percentage of bridges rated in “Poor” condition has varied only slightly.

**City-Owned Bridges Rated Less Than Good
Condition**



Source: MnDOT Bridge Office - Bridge Assessment
Data Management Unit

The legal authority for the Municipal State Aid Streets activity comes from:
Distribution of State Aid funds to counties and cities, Constitution of MN, Article XIV
(<https://www.revisor.leg.state.mn.us/constitution/MN-Constitution.pdf>)
Legal authority for the State Aid system, M.S. 162 (<https://www.revisor.mn.gov/statutes/?id=162>)

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
2000 - Restrict Misc Special Revenue	0	0	0	0	0	0	44,500	44,500
2500 - Municipal State Aid Street	164,091	183,865	187,988	177,989	188,154	194,702	217,061	244,723
Total	164,091	183,865	187,988	177,989	188,154	194,702	261,561	289,223
<i>Biennial Change</i>				18,021		16,878		184,806
<i>Biennial % Change</i>				5		5		50
<i>Governor's Change from Base</i>								167,928
<i>Governor's % Change from Base</i>								44

Expenditures by Category

Compensation	1,917	1,974	2,026	2,171	2,156	2,201	2,156	2,201
Operating Expenses	1,534	1,195	1,210	2,644	2,464	2,625	3,042	3,770
Other Financial Transactions	2	0	0	0	0	0	0	0
Grants, Aids and Subsidies	160,638	180,696	184,751	173,174	183,534	189,876	256,363	283,252
Total	164,091	183,865	187,988	177,989	188,154	194,702	261,561	289,223
<u>Full-Time Equivalents</u>	19.1	19.3	18.6	19.8	19.2	19.2	19.2	19.2

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	0	0	12,500	0	0	0	0	0
Net Transfers			(12,500)					

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Receipts	0	0	0	0	0	0	44,500	44,500
Expenditures	0	0	0	0	0	0	44,500	44,500
<i>Biennial Change in Expenditures</i>								89,000
<i>Gov's Exp Change from Base</i>								89,000

2500 - Municipal State Aid Street

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	164,155	174,083	169,877	158,166	157,795	157,795	157,795	157,795
Direct Appropriation	157,786	166,508	173,000	173,174	183,534	189,876	212,441	239,897
Net Transfers	16,982	14,187	4,393	4,444	4,620	4,826	4,620	4,826
Cancellations	812	1,043	1,115	0	0	0	0	0
Expenditures	164,091	183,865	187,988	177,989	188,154	194,702	217,061	244,723
Balance Forward Out	174,020	169,870	158,166	157,795	157,795	157,795	157,795	157,795
<i>Biennial Change in Expenditures</i>				18,021		16,878		95,806
<i>Biennial % Change in Expenditures</i>				5		5		26
<i>Gov's Exp Change from Base</i>								78,928
<i>Gov's Exp % Change from Base</i>								21
Full-Time Equivalents	19.1	19.3	18.6	19.8	19.2	19.2	19.2	19.2

Program: Agency Management

Activity: Agency Services

www.dot.state.mn.us/funding/index.html

www.dot.state.mn.us/about/index.html

<http://www.dot.state.mn.us/jobs/students.html>

AT A GLANCE

- 2% of directly appropriated operating budget is agency services
- 145,000+ payments to vendors were processed in FY16
- \$1.2+ billion in Construction & Right of Way payments were processed in FY16
- \$1.025 billion in State Aid to Local Transportation payments were processed in FY16
- 331 data practice requests completed in FY16
- 3,430 contracts administered in FY16
- Audited 580 contracts totaling \$187 million in FY15 and 378 contracts totaling \$141 million in FY16
- 1000+ cases resolved by the Ombudsman's Office since the office was established in 2008
- 15 million unique visitors to the MnDOT website in FY15 and 66,500 email subscribers
- 29,400 Facebook and 35,200 Twitter followers in our two largest accounts

PURPOSE & CONTEXT

Agency Services directs the department's administrative, financial, technology, human and capital resources, audit, public engagement, policy and goal setting, and legal compliance and counsel for the agency.

We are responsible to ensure that budgets are based on sound fiscal policy, federal and state compliance measures are in place, and proper fiscal accounting procedures are used in handling federal, state and local funds. This activity also includes all aspects of planning for, employing and servicing a diverse and talented workforce of 4,815 full time equivalent employees (as of FY15).

Agency Services supports the cooperative initiative of resource management that works in collaboration with the Offices of Financial Management and Human Resources to plan strategically to identify the agency's future work force and funding needs.

SERVICES PROVIDED

Human Resources/Workforce Development services provide a full range of human resource management and staffing services, workforce planning, recruitment, development and retention, labor relations, employee and policy development, and oversight of human resources services.

General Administrative Support incorporates a range of services including materials management, purchasing and payables, employee services, security, mail and document services, administrative business rules, emergency management and continuity of operations, occupational safety and health services, and workers compensation administration.

Financial services include statewide financial planning, accounting, payroll services, forecasting, analysis, budgeting and management of federal, state and bond funds. Financial services also include management of our internal control program, Safeguarding MnDOT.

Technology Investment Management provides leadership and management of agency wide information technology plans, resources and investments, in addition to assuring collaboration with the Chief Business Technology Officer (CBTO) for MN.IT@DOT.

Audit ensures costs are paid in compliance with laws, rules and regulations, and that contracts are administered properly and efficiently. This includes internal auditing of our operations and external auditing of contracts.

Legal services provide legal counsel to the commissioner, legal assistance to our other offices and districts, and coordination of legal support from the Office of the Attorney General. This office manages agency compliance with the data practices act, the official records act and the open meeting law, produces documents for litigation, and reviews and approves our contracts. Included in legal is the Office of Civil Rights who Provide opportunities for small business participation and employment opportunities to minorities and women to work on MnDOT contracts

Public Engagement and Constituent Services fosters continuity and consistency across the department's public participation efforts statewide by strengthening engagement practices, cultivating partnerships, and aligning resources. This allows communities served and impacted by MnDOT's work a participatory role in shaping decisions and identifying priorities to advance transportation policies and projects.

Communications services include strategic communications planning and consultation that help us manage strategic communications and media relations to enhance public understanding of transportation objectives. The agency provides reliable transportation information to the public, updates travelers on travel options and traffic conditions, and communicates with employees so they can perform their jobs more effectively.

Diversity & Inclusion includes management of discrimination issues, diversity hiring review, compliance with disability law requirements, and staff training & development for increased cultural competence.

Ombudsman services provide a neutral, informal and independent resource to help the public and MnDOT resolve over 100+ cases annually by focusing on common interests, generating issue-specific options, and making recommendations for resolution.

Government Affairs facilitates communication between the department and elected officials, ensuring policy changes and legal authority are enacted to enable efficient operation of the department and the transportation system. This also includes close coordination with tribal governments and training for state officials in tribal/state relations.

RESULTS

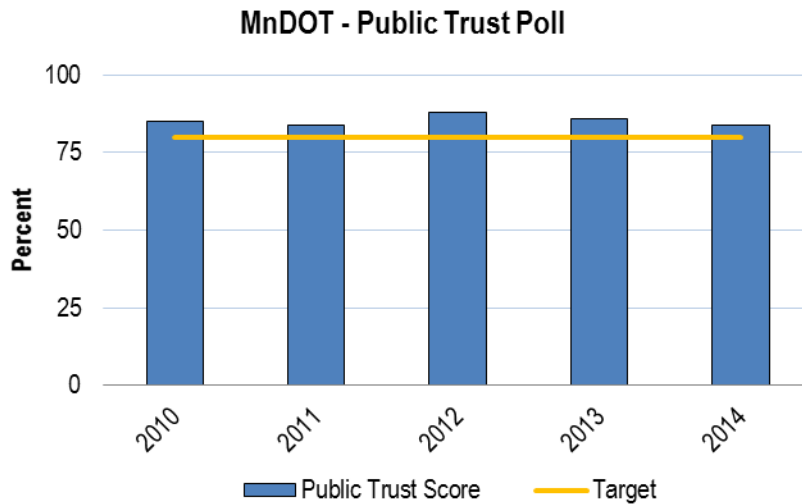
Department leadership has implemented agency-wide goals in the following areas:

- **Equity:** developing ways to advance equity, both internally and externally
- **Customer Engagement:** developing ways to improve intentional customer engagement
- **Products and Services:** budgeting and reporting expenditures by identified products and services in order to make more transparent and strategic operating decisions
- **Resource Management:** developing management practices that provide agency-wide framework and decision support tools to strategically balance resources and needs

Safeguarding MnDOT, the agency's internal control program, ensures agency goals are achieved while avoiding fraud, waste and abuse of resources. Minnesota Management and Budget has approved our internal control certification annually since FY10.

We continue to work on strategic staffing and workforce development plans to identify skills and competencies needed for our future workforce. With a 6.7 percent turnover rate for fulltime unlimited employees, we are far below the industry standard of 10 percent. Some of our strategies for building a more diverse workforce include targeted recruitment efforts, internships and student worker positions, and Employee Resource Groups.

The Office of Public Engagement and Constituent Services manages an annual tracking study surveying 800 Minnesotans statewide. Some measures, like satisfaction with snow plowing, have been queried for nearly 20 years. Beginning in 2009, we added six trust-based questions to this survey to assess the public's perception of trust in MnDOT. The agency has consistently garnered between 69-86 percent agreement with these trust measures. We are committed to maintaining and hopefully increasing scores in this area through activities dedicated to improving intentional customer engagement and supporting efforts to advance equity. This office will also work in concert with Communications to deliver timely content and surveys to the public so we can not only answers questions posed by the public but also collect feedback on how we can get better as an agency.



Likewise, the percentage of respondents agreeing with the statement “MnDOT expands Minnesotans transportation options by creating alternative means of travel” has also been stable, hovering close to 70 percent for the last five years. Agreement with the statement “MnDOT considers customer concerns and needs when developing transportation plans” has fluctuated moderately between 75 and 79 percent, with the exception of a one-year drop to 71 percent agreement in 2013.

One of the ways we build public trust and confidence is through sound financial management practices. Our Office of Financial Management ensures adherence to legislatively approved budget and internal policies that promote effective stewardship of transportation dollars. These policies relate to:

[Advance construction](http://www.dot.state.mn.us/policy/financial/fm008.html#1) (<http://www.dot.state.mn.us/policy/financial/fm008.html#1>)
[Trunk Highway Fund balance](http://www.dot.state.mn.us/policy/financial/fm006.html) (<http://www.dot.state.mn.us/policy/financial/fm006.html>)
[Trunk Highway Fund cash balance](http://www.dot.state.mn.us/policy/financial/fm005.html) (<http://www.dot.state.mn.us/policy/financial/fm005.html>)
[State Airport Fund balance](http://www.dot.state.mn.us/policy/financial/fm012.html) (<http://www.dot.state.mn.us/policy/financial/fm012.html>)
[Debt service](http://www.dot.state.mn.us/policy/financial/fm007.html) (<http://www.dot.state.mn.us/policy/financial/fm007.html>)

The legal authority for the Agency Services activity comes from:

Article XIV of the Minnesota Constitution (https://www.revisor.leg.state.mn.us/constitution/#article_14)
Duties of Commissioner, M.S. 174.03 (<https://www.revisor.mn.gov/statutes/?id=174.03>)
Commissioner's Powers and Duties, M.S. 174.02, subd. 2a (<https://www.revisor.mn.gov/statutes/?id=174.02>)
Internal Controls and Internal Auditing, M.S. 16A.057 (<https://www.revisor.mn.gov/statutes/?id=16A.057>)
Contract Management; Validity and Review, M.S. 16C.05, subd 5 (<https://www.revisor.mn.gov/statutes/?id=16C.05>)

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	0	0	0	0	0	0	192	218
2000 - Restrict Misc Special Revenue	39	-49	77	27	25	17	25	17
2001 - Other Misc Special Revenue	1	4	4	7	0	0	0	0
2700 - Trunk Highway	48,298	57,726	45,417	56,959	52,465	53,355	63,502	63,860
2710 - Highway Users Tax Distribution	18	110	96	117	118	118	118	118
2720 - State Airports	72	56	36	37	38	38	38	38
Total	48,428	57,847	45,630	57,147	52,647	53,529	63,876	64,252
<i>Biennial Change</i>				(3,498)		3,398		25,350
<i>Biennial % Change</i>				(3)		3		25
<i>Governor's Change from Base</i>								21,952
<i>Governor's % Change from Base</i>								21

Expenditures by Category

Compensation	30,004	31,273	27,853	24,083	24,663	25,184	25,910	27,075
Operating Expenses	17,798	26,287	17,128	32,001	27,261	27,622	37,243	36,454
Other Financial Transactions	612	268	420	500	159	159	159	159
Capital Outlay-Real Property	14	19	228	564	564	564	564	564
Total	48,428	57,847	45,630	57,147	52,647	53,529	63,876	64,252
<u>Full-Time Equivalents</u>	348.0	329.7	258.9	259.0	259.0	259.0	265.0	265.0

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	0	0	0	0	0	0	192	218
Expenditures	0	0	0	0	0	0	192	218
<i>Biennial Change in Expenditures</i>								410
<i>Gov's Exp Change from Base</i>								410
Full-Time Equivalents	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	356	241	290	19	8	0	8	0
Receipts	4	42	6	17	17	17	17	17
Net Transfers	(80)		(200)					
Expenditures	39	(49)	77	27	25	17	25	17
Balance Forward Out	241	332	19	8	0	0	0	0
<i>Biennial Change in Expenditures</i>				115		(62)		(62)
<i>Biennial % Change in Expenditures</i>				1,097		(59)		(59)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1	0	0	0	0	0	0	0
Receipts	0	4	3	7	0	0	0	0
Expenditures	1	4	4	7	0	0	0	0
Balance Forward Out	0	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				6		(11)		(11)
<i>Biennial % Change in Expenditures</i>				115		(100)		(100)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2700 - Trunk Highway

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19

2700 - Trunk Highway

	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	2,522	2,566	7,825	0	0	0	0
Direct Appropriation	41,972	41,972	43,322	44,119	44,916	45,806	56,145	56,529
Open Appropriation	8,809	6,611	7,354	7,549	7,549	7,549	7,549	7,549
Receipts	1	7,444	0	1	1	1	1	1
Cancellations	0	92	0	2,535	0	0	0	0
Expenditures	48,298	57,726	45,417	56,959	52,465	53,355	63,502	63,860
Balance Forward Out	2,483	731	7,825	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(3,648)		3,445		24,987
<i>Biennial % Change in Expenditures</i>				(3)		3		24
<i>Gov's Exp Change from Base</i>								21,542
<i>Gov's Exp % Change from Base</i>								20
Full-Time Equivalents	348.0	329.7	258.9	259.0	259.0	259.0	263.5	263.5

2710 - Highway Users Tax Distribution

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Open Appropriation	18	110	96	117	118	118	118	118
Expenditures	18	110	96	117	118	118	118	118
<i>Biennial Change in Expenditures</i>				85		23		23
<i>Biennial % Change in Expenditures</i>				66		11		11
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2720 - State Airports

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	25	25	0	0	0	0	0	0
Open Appropriation	47	31	36	37	38	38	38	38
Expenditures	72	56	36	37	38	38	38	38
<i>Biennial Change in Expenditures</i>				(55)		3		3
<i>Biennial % Change in Expenditures</i>				(43)		4		4
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Program: Agency Management

Activity: Building Services

www.dot.state.mn.us/maintenance/facilities.html

AT A GLANCE

- MnDOT owns and operates 1,075 individual buildings at 269 sites with a total of over 6,600,000 square feet, including:
 - 137 truck station sites
 - 18 regional headquarters and maintenance sites
 - Five special service sites: MnROAD Research Facility, Arden Hills Training Center, Central Shop, Maplewood Materials Lab and the Aeronautics building
 - 173 salt and sand delivery sites
 - 68 rest area buildings.

PURPOSE & CONTEXT

MnDOT Building Services operates facilities across the state to provide prompt and efficient responses to the needs of the traveling public. They coordinate repairs and arranges for the operation and maintenance of all facilities that support the core mission of the agency as well as other state agencies that reside within these facilities.

Building Services provides planning, design and administration for building upgrades, additions and new construction.

In some facilities, costs are also shared with other agencies through the leasing of space.

SERVICES PROVIDED

Building Services provides the following services to MnDOT:

- Scheduling new facility projects
- Program planning and management for emergency building repairs
- Managing and tracking building energy use
- Providing program and pre-design services for new and renovated buildings and sites
- Hiring and overseeing consultants for large capital and specialty projects
- Managing the preparation of construction documents, bid letting and construction administration
- Providing essential professional services: architectural, structural, mechanical, electrical, building automation systems, plumbing, water, wastewater and labor contract compliance
- Maintaining building data to track building conditions and deferred maintenance

The truck station network is the heart of MnDOT's maintenance and operations program. Agency facilities are strategically located across the entire state so that customer needs, especially snow and ice operations and system emergencies, are addressed promptly. These facilities provide building space for staff, equipment and material including snow plows and salt. MnDOT facilities are often shared with other state agencies or local governments to take advantage of opportunities to reduce costs.

MnDOT buildings are funded primarily by a direct appropriation from the Trunk Highway Fund and by Trunk Highway bonds. Trunk Highway Fund operating dollars are typically used to fund small capital projects below a certain threshold (typically \$2 million in total cost). Building Services staff deliver 120 -150 projects and manage approximately 50 consultant contracts per year.

Facilities Investment and Planning: We provide planning, programming, budget development, design and construction contract administration. During the annual building budget process, we review and plan for future building space requirements. Recently, we transitioned from a six-year construction plan to a four-year program, with longer range 10 and 20 year plans. These timelines align with concurrent highway planning efforts. The four year facilities plan is driven by data captured in the Enterprise Real Property Facilities Condition Assessment (FCA) and operational deficiency evaluations. This information is used to assist decision makers in prioritizing capital projects of all sizes, including district headquarters, truck stations and specialty

buildings. Other processes identify annual maintenance and repair projects that require plans and specifications be developed by licensed architects and engineers.

Our building section is adopting the same project scheduling tool that MnDOT project teams use to manage bridge and highway projects. Through better planning and use of the tool, we will improve project delivery in multiple ways: lettings will occur at the most favorable time of the year, construction will commence as soon as weather permits and district customers will be able to track project start dates and schedules.

Facilities Operations and Maintenance: We develop and enforce facility standards, building codes, regulatory requirements and partnership agreements with political subdivisions. This includes the administrative functions associated with custodial work, supplies and services, and telecommunications support.

In the FY 2016-17 biennium we completed design or construction on the following MnDOT buildings:

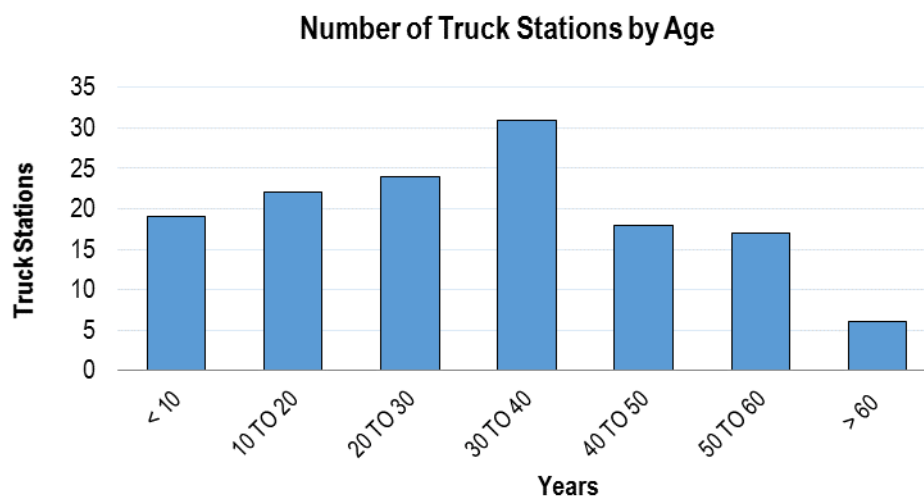
Regional Headquarters: Rochester in District 6, Willmar in District 8

Truck Stations: Wells, McGregor, Perham, Eden Prairie, Mendota Heights, Granite Falls, Marshall, Crookston, and the Oakdale Welding Shop

Safety Rest Areas / Traveler Information Centers / Weigh Stations: Dresbach Traveler Information Center, Straight River Rest Area, Goose Creek Rest Area, Worthington Weigh Station

MnDOT is one of 19 state agencies implementing the new FCA. The initial assessment of 884 of the 1,075 MnDOT's facilities (radio equipment buildings were not assessed) is complete. This assessment, which established a baseline condition for each building, will allow us to track building condition changes over time. Using this data, along with operational functionality assessments of the buildings and sites, we make data driven building investment decisions and develop our 4, 10, and 20-year plans. This assessment indicates that overall, 120 buildings are rated excellent, 438 are rated good, 258 are rated fair, 50 are rated poor, and 18 are rated crisis/emergency. The current replacement value of our buildings in kind is approximately \$1.13 million and the FCA algorithmically derived deferred maintenance is approximately \$1.54 million. Both numbers are generated using the Department of Administration's Enterprise Real Property standardized FCA Program. Deferred maintenance is the total of essential, but unfunded, facilities maintenance work necessary to bring facilities and collateral equipment to the required acceptable facilities maintenance standards. It is the total work that should be accomplished but that cannot be achieved within available resources. It does not include new construction, additions, or modifications. Deferred Maintenance does include unfunded maintenance requirements, repairs, and replacement of obsolete items.

The expected service life of a MnDOT truck station facility is 50 years. At the current replacement rate of two truck stations per year, we are operating on a replacement cycle of approximately 70 years. As the graph below indicates, many of our buildings have already exceeded their expected service life. Over half of the 137 existing truck stations are more than 30 years old and will be candidates for replacement within the next 20 years.



Source: MnDOT Office of Maintenance

We continue to utilize the State's B3 Energy Benchmarking Tool (<https://mn.b3benchmarking.com/Default/>). The tool contains data from 265 of 269 MnDOT sites. We continually analyze this data to help ensure our buildings use energy more efficiently, as well as to comply with Governor Dayton's Executive Order 11-12 which pushes for state agencies to adopt cost effective and renewable energy strategies. The data from B3 shows that agency building energy use per square foot was 13.6 percent lower in 2015 than in the baseline year of 2008 (weather normalized).

Our energy program also enhances financial effectiveness by identifying energy improvement opportunities and implementing energy efficiency and renewable energy measures. Recently, a 40 kilowatt rooftop solar system was designed and installed as part of the Rochester Headquarters renovation. We also are transitioning our building automation systems to web-connected systems so that we may monitor facility operational trends and adjust statewide mechanical systems from any location. Other efforts include assessing and recommissioning existing systems based on data provided by the automation systems and replacing outdated and over-sized equipment with energy efficient upgrades.

The legal authority for the Buildings Services activity comes from:

Duties of Commissioner, Other duties, Construct and maintain transportation facilities, M.S. 174.03

(<https://www.revisor.mn.gov/statutes/?id=174.03>)

General Powers of the Commissioner, M.S. 161.20 (<https://www.revisor.mn.gov/statutes/?id=161.20>)

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	54	54	54	54	54	54	54	54
2000 - Restrict Misc Special Revenue	31	76	71	0	0	0	0	0
2001 - Other Misc Special Revenue	1,570	735	340	1,545	833	833	833	833
2700 - Trunk Highway	17,863	18,768	18,227	19,887	20,031	20,885	37,031	37,885
Total	19,518	19,633	18,692	21,486	20,918	21,772	37,918	38,772
<i>Biennial Change</i>				1,026		2,513		36,513
<i>Biennial % Change</i>				3		6		91
<i>Governor's Change from Base</i>								34,000
<i>Governor's % Change from Base</i>								80

Expenditures by Category

Compensation	2,768	2,820	3,140	3,266	3,301	3,371	4,101	4,171
Operating Expenses	11,529	11,752	12,509	13,337	12,809	13,073	13,059	13,323
Other Financial Transactions	261	108	145	145	145	145	145	145
Grants, Aids and Subsidies	0	0	7	0	0	0	0	0
Capital Outlay-Real Property	4,961	4,953	2,891	4,738	4,663	5,183	20,613	21,133
Total	19,518	19,633	18,692	21,486	20,918	21,772	37,918	38,772
<u>Full-Time Equivalents</u>	30.2	29.4	32.1	33.0	32.5	32.5	40.5	40.5

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	54	54	54	54	54	54	54	54
Expenditures	54	54	54	54	54	54	54	54
<i>Biennial Change in Expenditures</i>				0		0		0
<i>Biennial % Change in Expenditures</i>				0		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	107	76	71	0	0	0	0	0
Expenditures	31	76	71	0	0	0	0	0
Balance Forward Out	76	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(36)		(71)		(71)
<i>Biennial % Change in Expenditures</i>				(34)		(100)		(100)

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	994	201	251	712	0	0	0	0
Receipts	776	785	801	833	833	833	833	833
Expenditures	1,570	735	340	1,545	833	833	833	833
Balance Forward Out	201	251	712	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(420)		(219)		(219)
<i>Biennial % Change in Expenditures</i>				(18)		(12)		(12)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2700 - Trunk Highway

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	401	1,243	109	620	0	0	0	0
Direct Appropriation	17,784	17,784	18,718	19,267	20,031	20,885	37,031	37,885

(Dollars in Thousands)

2700 - Trunk Highway

Receipts	110	0	20	0	0	0	0	0
Net Transfers	1,304	1,304	1,304	1,304	1,304	1,304	1,304	1,304
Cancellations	1,304	1,454	1,304	1,304	1,304	1,304	1,304	1,304
Expenditures	17,863	18,768	18,227	19,887	20,031	20,885	37,031	37,885
Balance Forward Out	432	109	620	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				1,482		2,803		36,803
<i>Biennial % Change in Expenditures</i>				4		7		97
<i>Gov's Exp Change from Base</i>								34,000
<i>Gov's Exp % Change from Base</i>								83
Full-Time Equivalents	30.2	29.4	32.1	33.0	32.5	32.5	40.5	40.5

FY 2018-19 Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Federal Aviation Administration 20.103	State Aviation Planning Grant: To study the performance and interaction of an entire aviation system to understand the interrelationship of the member airports plan for the orderly development.	New	0	180	180	500	Yes-10%	3.5
Federal Aviation Administration 20.103	Airport Improvement Program- Provides grants for the planning and development of the public use airports in Minnesota.		47,386	100,000	100,000	100,000	Yes- 5%	8.0
	Aeronautics Total		47,386	100,180	100,180	100,500		
Federal Highway Administration 20.205	Federal Rideshare- Coordinate rideshare opportunities in Greater Minnesota. Programs include, but not limited to: the Commuter Challenge and the "Try It" campaign.		102	131	150	150	Yes-20%	.8
Federal Transit Administration 20.510	Transit Vehicle Disposition- Transit vehicle disposition receipts for mass transportation purposes.		574	200	200	200	Yes-20%	.5
Federal Transit Administration 20.513	FTA Section 5310- Capital assistance grants for organizations that serve elderly and/or persons with disabilities.		4,808	2,992	6,000	6,000	Yes-20%	2.25
Federal Transit Administration 20.513	FTA Section 5311- Capital and operating funding for small urban and rural areas; including intercity bus. RTAP funding for research, training and technical assistance for transit operators in non-urbanized areas. Administration for technical oversight of programs.		24,063	33,977	29,140	29,140	Yes-20%	19.5
Federal Transit Administration 20.513	FTA Section 5305- Statewide planning activities and technical assistance for public transit services.		7,739	9,661	1,500	1,500	Yes-20%	.05

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Federal Highway Administration 20.205	Bike/Ped Coordinators- Funding to support bike and pedestrian coordinators includes, but not limited to: bicycle safety programs, statewide bicycle maps, complete streets and pedestrian American Disability Act (ADA) implementation within MnDOT.		144	164	200	200	Yes-20%	1.75
Federal Highway Administration 20.205	Transit Bike/Ped PR - Metro Ped/Bike planner senior position responsible for the State Planning & Research project part I.		38	82	60	60	Yes-20%	1.6
Federal Transit Administration 20.513	FTA Job Access Reverse Commute (JARC)- Funding for projects that transport low-income individuals to employment.		6	0	0	0		.4
Federal Transit Administration 20.500	Veterans Transportation and Community Living Initiative- To implement, expand, or increase access to one-call/one-click transportation resource centers that improve access to transportation resources for veterans, military families, and other clients. Authority moved from FY16 to FY17		184	491	0	0	Yes-20%	.6
Federal Transit Administration 20.521	FTA New Freedom-Funding for transportation projects that go beyond ADA requirements for persons with disabilities.		1	0	0	0		.3
Federal Transit Administration 20.500	Mankato Transit Facility – New transit facility in Mankato		2,053	0	0	0	Yes-20%	
Federal Highway Administration 20.205	Safe Routes to School – To coordinate improvement of safety and facilities in and around school zones.		865	697	0	0	Yes-20%	1.3
Federal Transit Administration 20.500	FTA North-star Construction- North-star Commuter Rail project		3,991	1,606	3,000	1,200	Yes-20%	5
Federal Transit Administration 20.526	Section 5339 Bus & Bus Facilities Programs (MAP-21)- Provide funding for transit buses & bus facilities		2,584	4,566	5,000	5,000	Yes-20%	5
Federal Highway Administration 20.205	Bike and Ped Monitoring: Project to develop technology and methods to transmit bicycle and pedestrian counts into the FHWA Traffic Monitoring Analysis System		0	30	15	15	Yes-20%	1
	Transit Total		47,152	54,597	45,265	43,465		

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Federal Highway Administration 20.205	Federal Grade Crossing Safety -to promote grade crossing safety on Minnesota railroads.		4,066	8,934	7,000	7,000	No	4.75
Federal Motor Carrier Safety Administration 20.218	Motor Carrier Safety Assistance Program -to reduce the number and severity of accidents and hazardous material incidents involving commercial motor vehicles.		894	1,586	2,000	2,000	Yes- 15%	18
Federal Highway Administration 20.205	State Planning & Research -develop and implement freight initiatives related to the Fixing America's Surface Transportation (FAST) Act		556	556	576	576	Yes-20%	1
Federal Motor Carrier Safety Administration 20.218	New Entrant Grant		384	401	0	0		
Federal Railroad Administration- 20.320	K-Line Rail Improvement – Improve and extend municipally owned railroad spur in Wadena, MN		0	1,470	0	0	Yes-20%	
Federal Railroad Administration- 20.314	City of Minneapolis, Humboldt Avenue Rail Crossing Safety Grant - to update signal equipment and add medians to Humboldt 134Avenue.		0	200	410	107	Yes- 25%	.15
Federal Highway Administration	National Highway Freight Program: Funding for freight planning activities including development of plans and studies.	Y			200		N	
	Freight Total		5,900	13,147	10,186	9,683		
Federal Railroad Administration 20.319A	Hi-Speed Inter City Passenger Rail Northern Lights (NLX NEPA) Preliminary engineering and the National Environmental Policy Act Process.		1,147	2,609	0	0	Yes-20%	
Federal Railroad Administration 20.319A	MN/WI NEPA Service (Tier 1 Environmental Impact Statement (EIS)) To conduct environmental review to meet the conditions of NEPA		27	287	0	0	Yes-20%	
Federal Railroad Administration 20.319A	Twin Cities to Milwaukee High Speed Rail Corridor Study Tier 1 EIS	Yes	0	0	1,500	1,500	Yes-20%	1.5
Federal Railroad Administration 20.319A	Twin Cities-Milwaukee-Chicago 2nd Train Study	Yes	0	0	3,000	3,000	Yes-20%	1.5

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Federal Railroad Administration 20.319A	Hi-Speed Intercity Pass Rail (Northern Lights Express (NLX))- Final Design	Yes	0	0	5,500	5,500	Yes-20%	2
	Passenger Rail Total		1,174	2,896	10,000	10,000		
Federal Highway Administration 20.205	Disadvantage Enterprise/On the Job Training Support -To ensure equal opportunity for all businesses and personnel on MnDOT projects by providing technical training and services for disadvantaged businesses.		1,136	1,740	1,700	1,700	No	1.5
Federal Highway Administration 20.200	Transportation Alternatives: Mileage Based User Fee Transportation Funding -This project is a planning effort to chart a viable path toward a user based fee through the collaboration with shared service providers.	New	0	250	300	0	Yes- 50%	.8
Federal Highway Administration- 20.205	State Planning & Research -Implementation of advanced technologies and systems to enhance pavement quality and life.		566	274	1,000	1,000	Yes-20%	.1
Federal Highway Administration 20.215	Local Technical Assistance Program (LTAP) -To strengthen the skills and knowledge of local and state transportation providers through training programs, the exchange of best practices, information referral, and the implementation of transportation research results.		150	150	150	150	Yes-50%	.25
Federal Highway Administration 20.200	State Planning & Research -State planning and research funds for Pooled Fund (multi state partnerships) road research & implementation projects conducted throughout the state which are billed at 100%.		1,341	4,659	2,000	2,000	No	2
Federal Highway Administration 20.200	State Planning & Research -State planning and research funds for National Road Research Alliance (NRRRA) Pooled Fund research projects billed at 100% which are conducted at the MN ROAD Research facility. Authority moved to T7901648 in FY17		2	11,998	2,000	2,000	No	.5

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Federal Highway Administration 20.200	State Planning & Research- State planning and research funds for Minnesota only road research projects conducted throughout the state which have been authorized at 100% federal reimbursement.		13	587	200	200	No	.25
Federal Highway Administration 20.215	State Planning & Research- State planning and research funds used to conduct and support Minnesota only road research & implementation projects throughout the state which require a state match		1,595	5,493	2,500	2,500	Yes-20%	3.75
Federal Highway Administration 20.205	State Planning & Research – MN Only research projects at MnROAD		(29)	0	0	0	Yes-20%	
Federal Highway Administration 20.205	Transportation Alternatives- To fund transportation alternative type projects. (Stone Arch Bridge may utilize)		38	9,962	1,501	1,501	Yes-20%	.1
Federal Highway Administration 20.205	FTA Section 5303/5304- Metropolitan Planning Organization (MPO) and statewide planning activities and technical assistance for public transit services. Moved from Transit 01/01/17		0	3,500	7,500	7,500	Yes-20%	.1
Federal Highway Administration 20.205	SHRP-2: Implementation Funds		35	65	0	0		
National Highway Traffic & Safety Administration 20.600	Advanced Transportation Technologies Deployment (ATCMTD) Connected Vehicle Pilot Deployment - Program Delivery. From T798405		0	11,000	2,000	1,000	Yes-50%	.01
Federal Highway Administration- 20.600	Roadway Safety Planning, Evaluation & Studies (RSEP&S) Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA-LU)- Funds received via Department of Public Safety. Roadway Safety Plans and other Safety Studies.		497	1,853	400	40	No	.01
Federal Highway Administration-	Truck Parking Study: Cooperative work with Kansas DOT to study the need for truck parking availability signage for rest stops.	Y			1,200			
	Program Planning & Delivery Total		5,344	51,531	22,451	19,591		

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Federal Highway Administration-20.200	Second Strategic Highway Research Program (SHRP2) - proof of concept work to improve non-destructive testing capabilities for identifying asphalt pavement delamination.		0	250	110	50	No	1
Federal Highway Administration-20.200	Second Strategic Highway Research Program -Funding to review, develop, implement, and share information on the LO4 tool.		0	90	110	00	No	.2
Federal Highway Administration 20.600	Lane Departure Countermeasure Deployment (LDCD) Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETA-LU) -Funds received via Department of Public Safety Construct cable median barriers, plate beam guardrails, delineators, rumble strips and reflective striping.		739	9,261	1,300	130	No	.03
Federal Highway Administration 20.205	Highway Safety Improvement Program (HSIP) Section 164 Sanction Program Code MS32 -Toward Zero Deaths (TZD) Coordinators salaries, Road Safety Public Service announcements from FHWA		1,907	19,463	11,500	11,300	No	.02
Federal Highway Administration 20.200	Role of Speed & Distraction in Work Zone Crashes or Near Crashes -Research Speed & Distractions in Work Zones. Part of the Transportation Research Board (TRB) Strategic Highway Research Program 2 (SHRP2) Round 4 Implementation Assistance Program (IAP).		85	1,115	1,000	1,000	No	.02
Federal Highway Administration 20.205	Federal Highway Administration (FHWA) Biennial Budget estimated Federal Agreement Revenue from appropriation bill Less SPR non-SRC Federal funds.		392,795	395,200	628,275	558,895	Yes-20%	Many
Federal Highway Administration 20.205	Fast Act Increase		0	105,000	0	0	Yes-20%	Many
Federal Highway Administration 20.205	Flood Mitigation Grade Raise – To reduce frequency and duration of highway detours and related economic impacts US 169		5,163	4,601	0	0		

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Federal Highway Administration 20.205	State Planning & Research – Implementation of Advanced Technologies and systems to enhances pavement quality		207	954	0	0		
National Highway Traffic & Safety Administration 20.600	Advanced Transportation Technologies Deployment (ATCMTD) Connected Vehicle Pilot Deployment - Program Delivery. From T798405		0	1,000	8,000	1,000	Yes-50%	.05
Federal Highway Administration	Willmar Wye: Match to state and local funds for the rail grade separation project.	Y				5,000		
	State Roads Total		400,896	536,934	650,295	577,375		
Federal Highway Administration- 20.205	Integrating Mobile Observations (IMO) 2.0-to fund agency activities involving automated vehicle location and data collection from snowplows and light duty trucks.		103	97	140	140	Yes-25%	3
National Highway Traffic & Safety Administration 20.600	Toward Zero Deaths (TZD) Regional Coordination- Regional TZD Coordinators Salaries & Out of State Travel.		153	247	200	200	No	.07
Federal Highway Administration 20.205	Intelligent Transportation Systems (ITS) Maintenance & Operations - whenever federal funds become available. For maintaining ITS items like Variable Message Signs, Traffic Cameras and Ramp Meters. Surface Transportation Block Grant Program (STBG) FAST ACT.	Yes	0	0	1,500	1,500	Yes	.05
National Highway Traffic & Safety Administration 20.600	Toward Zero Deaths (TZD) Conference- Annual safety conference for all agencies and statewide partners.		209	291	275	275	No	.07
Federal Highway Administration 20.205	Red Dye Fuel Monitoring Program- To inspect and take diesel fuel samples from commercial vehicles being operated on MN roads.		110	170	160	195	No	.5
National Highway Traffic & Safety Administration 20.600	Intersection Safety Countermeasure Deployment and Rural Intersection Conflict Warning Systems- Construction of intersections with less vehicle movement conflicts and construction of rural intersection conflict warning systems (RICWS).		1,499	7,801	6,100	610	No	.09

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
United State Department of Transportation 20.933	Transportation Investment Generating Economic Recovery (TIGER) Grant for Rural Intersections Conflict Warning Systems (RICWS)- To provide a cost-effective warning system for 15 higher risk rural trunk highway stop-controlled intersections in 13 counties statewide.		308	242	12	1	No	.02
Federal Highway Administration 20.205	USDOT FHWA Surface Transportation Program (STP) Formula Funds for Enterprise Asset Management (EAM) - Asset Management Software Development & Maintenance - For further implementation and project office staffing and consulting cost.		991	4,009	2,800	2,000	Yes-20%	7.75
Federal Highway Administration- 20.205	Highway Safety Improvement Program (HSIP) Section 164 Sanction FAST ACT-Toward Zero Deaths (TZD) Coordinators salaries, Road Safety Plan Development, Road Safety Studies and Crash Database Improvements, from FHWA.		631	4,199	1,000	1,000	No	.1
National Highway Traffic & Safety Administration 20.600	Highway Road Safety Audits- Perform safety audits of trunk highways.		0	100	50	50	No	.02
National Highway Traffic & Safety Administration 20.610	Traffic Records Coordinating Committee (TRCC), Traffic Information Systems (TIS) Improvements- TIS mainframe improvements, crash report analysis, out of state travel to traffic records forums and centerline mapping.		104	1,146	250	250	No	.08
	Operations & Maintenance Total		4,108	18,302	12,487	6,221		
Federal Highway Administration 20.205	Federal-Aid Highway Program- Funding for special interest project providing historical, technical or other information pertinent to mobility.		2,556	4,044	3,300	3,300	Yes- 20%	1.7
National Highway Traffic & Safety Administration 20.600	Local Roads Intersection Safety Countermeasure Deployment and City Safety Plans- Construction of county road safety improvements and development of city road safety plans.		534	1,466	100	10	No	.02

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Federal Highway Administration 20.205	Federal Aid Highway Program - Provides road construction dollars to the local county and city governments for their road systems.		158,764	200,000	235,000	250,000	Yes-20%	.5
Federal Highway Administration 20.205	Highway Safety Improvement Program (HSIP) Section 164 Sanction FAST ACT Local Roads Program - County & City Road Safety Plans & Studies and County & City Road Safety Construction (portion of T790675).		0	1,800	2,000	2,500	No	.25
Department of Transportation Office of the Secretary 20.932	ARRA TIGER Grant 2014- for the interchange at US 10/County Road 83; and for a multimodal corridor plan.		6,787	283	30	0	No	.25
Department of Transportation Office of the Secretary 20.932	ARRA TIGER Grant 2016-US 169 Freight Mobility, Scott County TIGER Grant	Yes	0	0	13,000	4,700	No	.25
Federal Railroad Administration 20.319	ARRA TIGER -Funding for the Union Depot restoration project. ARRA Funds do not require a LAC Request, use Statute Authority		1,137	2,463	1,000	0	Yes-20%	.25
	Reimbursements for Municipal Grants (Non-Dedicated)		268	300	300	300	No	0
	Reimbursements for County Grants (Non-Dedicated)		204	250	250	250	No	0
	Local Roads Total		170,250	210,606	254,980	261,060		
	Total Federal Fund (3000)		288,942	487,443	477,019	468,450		
	Total TH fund (2700)		392,795	500,200	628,275	558,895		
	Total Non-Dedicated		472	550	550	550		
	Grand Total		682,209	988,193	1,105,844	1,027,895		

Narrative:

MnDOT Federal Funds Narrative

The major federal fund accounts include federal grants revenue deposited in the federal fund either on an advance or reimbursement basis. Federal Highway Administration (FHWA) federal aid, the agency's largest federal program, is on a cost reimbursement basis, with a significant portion of program reimbursements deposited directly into the Trunk Highway Fund for the department's state road construction program.

Changing Funding Levels or Trends that may Impact Future Awards

While the federal government has never reduced the major federal transportation spending programs in the past, all are awaiting multiple year reauthorizations. A major stumbling block for the FHWA and Federal Transit Administration (FTA) is the insolvency of the Federal Transportation trust fund, both the Highway and Transit components and the unwillingness of legislators to come together on funding sources to solve the problem. If new funding sources are not identified, at some point legislators may be forced to reduce the level of federal participation in Transportation.

Maintenance Level of Effort:

Programs funded by federal dollars are also support by state dollars. State funds would continue to support the programs in the event federal funding ended.

Related State Spending:

Federal funds are matched by varying state funds depending on the program. For example, the major FHWA program is matched by a combination of trunk highway fund, municipal and county state aid funds, and local government funds depending on the project. The major Federal Aviation Administration program is matched by local government funds. General funds, revenues from the motor vehicle sales tax and local government funds match the federal funding from the FTA programs. The regular formula federal funds are typically split 80% federal 20% state.

Basis for Estimates:

Estimates are based on the best funding information currently available to MnDOT program managers. Overall, federal funds anticipated during the FY 2016-17 biennium will be a reduction from the 2014-15 biennium due to American Recovery and Reinvestment Act (ARRA) projects nearing completion and better estimates from project managers based on project schedules and costs. The change in MS 3.3005, subd. 7, approving the spending of federal funds to the end of the biennium also contributed to this endeavor.