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<http://www.mndot.gov>

AT A GLANCE

- Over 142,000 miles of road including trunk highways and local roads
- 5th largest state highway system in the nation
- Over 4,800 bridges on the state system
- 155 million miles driven by Minnesotans per day
- 50% of state highways and 35% of state bridges are more than 50 years old
- 100% of Twin Cities metro counties have public transit service
- 98% of non-metro counties have public transit service
- 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
- 4 Lake Superior and 5 Mississippi River ports
- 135 state-funded airports

PURPOSE

The Minnesota Department of Transportation's (MnDOT) vision is a multimodal transportation system which maximizes the health of people, the environment and the economy. Our transportation system is a vital part of keeping Minnesotans connected.

Our mission is 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.

Our core values are safety, excellence, service, integrity, accountability, diversity and inclusion. We continually strive to improve, meet customer needs, get the most from every dollar, and be transparent about progress and use of public funds.

Our funding is organized across four programs with 13 budget activities.

Multimodal Systems Program

Aeronautics

Transit

Freight and Commercial Vehicle Operations

Passenger Rail

Local Roads Program

County State Aid Roads

Municipal State Aid Roads

State Roads Program

Program Planning and Delivery

State Road Construction

Debt Service

Operations and Maintenance

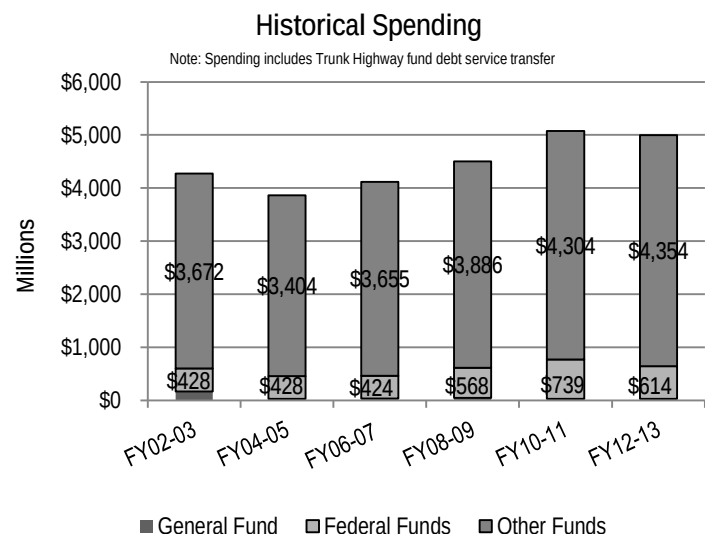
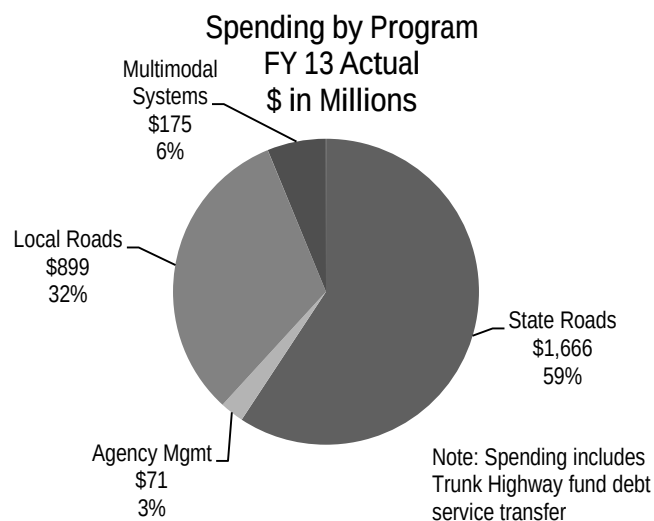
Statewide Radio Communications

Agency Management Program

Agency Services

Building Services

BUDGET



Our primary source of financing is the trunk highway fund, which is supported by motor fuel taxes, motor vehicle registration fees and motor vehicle sales taxes. Other sources include federal, transit assistance, county state aid highway, municipal state aid street, state airport and special revenue funds. Historically, less than 1% of the operating budget is from the general fund.

STRATEGIES

Enhancing financial effectiveness is our strategic priority. We run the equivalent of a multi-billion dollar project execution and services business to plan, build, operate and maintain our transportation system. Since transportation funding comes from the public through fees and taxes, citizen stakeholders naturally insist on sound financial management systems and practices that ensure those resources are used efficiently for maximum effect and maximum value. This strategic priority, otherwise referred to as our 'Wildly Important Goal' (WIG), is to earn or reinforce stakeholder trust and confidence in us by demonstrating effective and efficient stewardship of public resources.

We will achieve this through the completion of targeted projects in the following strategic focus areas:

- **Financial management:** excellence in how we deploy, account for and report on financial and other resources.
- **Project management:** excellence in improving project schedule management and delivering high quality projects on time and on budget with optimum value on scope.
- **Asset management:** excellence in how we operate and manage transportation assets to a lower lifecycle cost and understanding tradeoffs and risks in investment decisions.
- **Information and outreach:** excellence in how we engage with citizen stakeholders on transportation topics, especially to demonstrate transparency regarding the use of funding, the benefits and limitations of transportation investments.

As stewards of the transportation system, we adhere to the following objectives:

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.minnesotatd.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/#article_14) (https://www.revisor.mn.gov/constitution/#article_14)

Powers of Road Authorities, [M.S. 160](https://www.revisor.mn.gov/statutes/?id=160) (<https://www.revisor.mn.gov/statutes/?id=160>)

Trunk Highways, [M.S. 161](https://www.revisor.mn.gov/statutes/?id=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) (<https://www.revisor.mn.gov/statutes/?id=162>)

Responsibilities Related to Bridges, [M.S. 165](https://www.revisor.mn.gov/statutes/?id=165) (<https://www.revisor.mn.gov/statutes/?id=165>)

Trunk Highway Bonds, [M.S. 167](https://www.revisor.mn.gov/statutes/?id=167) (<https://www.revisor.mn.gov/statutes/?id=167>)

Traffic Regulation, [M.S. 169](https://www.revisor.mn.gov/statutes/?id=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) (<https://www.revisor.mn.gov/statutes/?id=173>)

Department of Transportation, [M.S. 174](https://www.revisor.mn.gov/statutes/?id=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 \(https://www.revisor.mn.gov/statutes/?id=218\)](https://www.revisor.mn.gov/statutes/?id=218)
Railroad Safety, [M.S. 219 \(https://www.revisor.mn.gov/statutes/?id=219\)](https://www.revisor.mn.gov/statutes/?id=219)
Regulation of Motor Carriers, [M.S. 221 \(https://www.revisor.mn.gov/statutes/?id=221\)](https://www.revisor.mn.gov/statutes/?id=221)
Rail Service Improvement and Rail Bank, [M.S. 222 \(https://www.revisor.mn.gov/statutes/?id=222\)](https://www.revisor.mn.gov/statutes/?id=222)
Aeronautics, [M.S. 360 \(https://www.revisor.mn.gov/statutes/?id=360\)](https://www.revisor.mn.gov/statutes/?id=360)

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	15,255	16,367	17,005	30,969	20,057	18,557	36,517	27,057
1050 - Transit Assistance	22,043	23,641	46,612	58,150	48,190	52,760	46,190	50,660
2000 - Restricted Misc Special Rev	33,739	59,259	108,498	142,200	122,878	90,110	155,378	122,610
2001 - Other Misc Special Rev	0	1,876	3,412	2,764	1,918	1,918	1,918	1,918
2400 - Endowment Fund	0	0	0	0	0	100	0	100
2500 - Municipal State Aid Street	140,525	133,891	164,091	169,687	173,523	181,367	204,188	227,925
2600 - County State Aid Highway	432,607	569,953	559,755	601,561	679,670	709,186	794,410	884,338
2700 - Trunk Highway	1,124,582	1,555,951	1,374,353	1,626,761	1,264,426	1,266,948	1,600,427	1,704,535
2710 - Highway Users Tax Distribution	155	161	93	142	142	142	142	142
2720 - State Airports	18,100	21,392	19,661	24,531	19,640	19,640	25,140	25,140
2722 - Air Transportation Revolving	867	495	651	734	801	867	801	867
3000 - Federal	318,489	295,150	248,152	495,016	386,639	361,297	386,639	361,297
4900 - 911 Emergency	7,461	9,481	8,646	10,254	9,650	9,650	9,650	9,650
6000 - Miscellaneous Agency	438	410	450	501	501	501	501	501
Total	2,114,262	2,688,026	2,551,380	3,163,271	2,728,036	2,713,045	3,261,902	3,416,742
<i>Biennial Change</i>				912,364		(273,570)		963,993
<i>Biennial % Change</i>				19		(5)		17
<i>Governor's Change from Base</i>								1,237,563
<i>Governor's % Change from Base</i>								23

Expenditures by Program

Program: Multimodal Systems	167,780	173,969	173,844	317,712	254,594	222,657	304,999	265,178
Program: State Roads	1,083,581	1,544,315	1,419,372	1,730,988	1,350,457	1,327,053	1,683,754	1,760,414
Program: Local Roads	797,672	899,125	890,218	1,043,728	1,055,465	1,095,824	1,203,370	1,320,034
Program: Agency Management	65,228	70,617	67,946	70,844	67,520	67,510	69,779	71,115
Total	2,114,262	2,688,026	2,551,380	3,163,271	2,728,036	2,713,045	3,261,902	3,416,742

Expenditures by Category

Compensation	344,478	374,493	393,923	412,589	374,465	374,013	414,697	440,367
Operating Expenses	281,040	323,305	294,519	302,333	292,739	277,565	397,123	415,616
Other Financial Transactions	12,537	18,888	10,188	10,008	8,662	7,807	8,662	7,807
Grants, Aids and Subsidies	852,685	1,026,436	1,014,578	1,295,958	1,253,400	1,263,860	1,438,357	1,524,910
Capital Outlay-Real Property	623,521	944,904	838,173	1,142,383	798,770	789,800	1,003,063	1,028,042
Total	2,114,262	2,688,026	2,551,380	3,163,271	2,728,036	2,713,045	3,261,902	3,416,742

Expenditures by Category

Full-Time Equivalents

4,713.7	4,900.3	4,941.1	5,035.9	4,532.5	4,447.9	4,999.9	5,197.9

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		611		3,154	1,500		1,500	
Direct Appropriation	15,837	15,836	18,014	29,315	18,558	18,558	35,018	27,058
Net Transfers	0	0	2,145	0	0	0	0	0
Cancellations		81						
Expenditures	15,255	16,367	17,005	30,969	20,057	18,557	36,517	27,057
Balance Forward Out	582		3,154	1,500				
<i>Biennial Change in Expenditures</i>				16,352		(9,360)		15,600
<i>Biennial % Change in Expenditures</i>				52		(20)		33
<i>Gov's Exp Change from Base</i>								24,960
<i>Gov's Exp % Change from Base</i>								65
FTEs	3.0	7.8	5.1	5.0	8.1	8.1	8.1	8.1

1050 - Transit Assistance

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	6,010	15,834	30,540	32,170	18,650	21,250	18,650	21,250
Receipts	31,656	38,350	48,223	44,630	50,790	54,260	48,790	52,160
Net Transfers	0	0	0	0	0	0	0	0
Expenditures	22,043	23,641	46,612	58,150	48,190	52,760	46,190	50,660
Balance Forward Out	15,622	30,543	32,170	18,650	21,250	22,750	21,250	22,750
<i>Biennial Change in Expenditures</i>				59,077		(3,812)		(7,912)
<i>Biennial % Change in Expenditures</i>				129		(4)		(8)
<i>Gov's Exp Change from Base</i>								(4,100)
<i>Gov's Exp % Change from Base</i>								(4)
FTEs	4.7	4.8	4.8	4.2	4.2	4.1	4.2	4.1

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	24,493	29,575	32,191	38,649	20,287	18,069	20,287	18,069
Receipts	37,337	60,258	115,032	123,842	120,659	89,544	153,159	122,044
Net Transfers	(9)	(3,195)	(75)	0				
Expenditures	33,739	59,259	108,498	142,200	122,878	90,110	155,378	122,610
Balance Forward Out	28,081	27,378	38,649	20,287	18,069	17,504	18,069	17,504
<i>Biennial Change in Expenditures</i>				157,700		(37,710)		27,290

Transportation

Agency Financing by Fund

(Dollars in Thousands)

2000 - Restricted Misc Special Rev

Biennial % Change in Expenditures				170		(15)		11
Gov's Exp Change from Base								65,000
Gov's Exp % Change from Base								31
FTEs	38.0	28.5	22.6	31.6	38.7	30.4	38.7	30.4

2001 - Other Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		0	2,144	740	0	0	0	0
Receipts	0	1,460	2,008	2,025	1,918	1,918	1,918	1,918
Net Transfers		2,559						
Expenditures	0	1,876	3,412	2,764	1,918	1,918	1,918	1,918
Balance Forward Out		2,143	740	0	0	0	0	0
Biennial Change in Expenditures				4,301		(2,341)		(2,341)
Biennial % Change in Expenditures				229		(38)		(38)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs		0.2	1.5	2.3	2.3	2.3	2.3	2.3

2400 - Endowment Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In				3,000	4,519	4,588	4,519	4,588
Receipts	0	0	0	1,519	69	165	69	165
Net Transfers			3,000					
Expenditures	0	0	0	0	0	100	0	100
Balance Forward Out			3,000	4,519	4,588	4,653	4,588	4,653
Biennial Change in Expenditures				0		100		100
Biennial % Change in Expenditures				0				
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

2500 - Municipal State Aid Street

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	130,853	142,361	164,155	174,020	173,735	173,735	173,735	173,735
Direct Appropriation	146,996	152,434	157,786	155,060	169,162	176,873	199,214	222,347

Transportation

Agency Financing by Fund

(Dollars in Thousands)

2500 - Municipal State Aid Street

Net Transfers	5,928	3,849	16,982	14,342	4,362	4,495	4,975	5,579
Cancellations	946	664	812					
Expenditures	140,525	133,891	164,091	169,687	173,523	181,367	204,188	227,925
Balance Forward Out	142,307	164,089	174,020	173,735	173,735	173,735	173,735	173,735
<i>Biennial Change in Expenditures</i>				59,362		21,114		98,337
<i>Biennial % Change in Expenditures</i>				22		6		29
<i>Gov's Exp Change from Base</i>								77,223
<i>Gov's Exp % Change from Base</i>								22
FTEs	19.6	18.8	19.1	19.1	18.4	18.4	18.4	18.4

2600 - County State Aid Highway

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	305,088	447,793	483,933	529,027	515,784	515,784	515,784	515,784
Direct Appropriation	571,671	596,834	614,218	605,605	665,276	694,170	777,681	865,193
Net Transfers	7,800	12,429	(5,853)	(17,287)	14,394	15,016	16,729	19,145
Cancellations	4,336	3,383	3,516					
Expenditures	432,607	569,953	559,755	601,561	679,670	709,186	794,410	884,338
Balance Forward Out	447,615	483,719	529,027	515,784	515,784	515,784	515,784	515,784
<i>Biennial Change in Expenditures</i>				158,755		227,540		517,432
<i>Biennial % Change in Expenditures</i>				16		20		45
<i>Gov's Exp Change from Base</i>								289,892
<i>Gov's Exp % Change from Base</i>								21
FTEs	46.7	47.1	47.7	47.7	45.4	45.4	45.4	45.4

2700 - Trunk Highway

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	20,680	452,164	46,554	233,569	58,039	34,857	65,843	42,661
Direct Appropriation	1,572,799	1,345,758	1,665,128	1,614,857	1,392,055	1,416,482	1,723,894	1,885,118
Open Appropriation	4,981	6,708	8,809	6,685	6,685	6,685	6,685	6,685
Receipts	25,482	51,261	24,989	32,411	33,023	33,539	34,323	34,839
Net Transfers	(68,066)	(117,590)	(131,083)	(130,887)	(187,533)	(212,960)	(191,475)	(246,309)
Cancellations	1,313	137,166	6,475	64,027	2,987	2,987	2,987	2,987
Expenditures	1,124,582	1,555,951	1,374,353	1,626,761	1,264,426	1,266,948	1,600,427	1,704,535
Balance Forward Out	429,982	45,212	233,569	65,843	34,857	8,669	35,857	8,669
<i>Biennial Change in Expenditures</i>				320,581		(469,741)		303,847
<i>Biennial % Change in Expenditures</i>				12		(16)		10

Transportation

Agency Financing by Fund

(Dollars in Thousands)

2700 - Trunk Highway

Gov's Exp Change from Base							773,588
Gov's Exp % Change from Base							31
FTEs	4,489.5	4,684.5	4,727.3	4,789.4	4,283.5	4,209.9	4,750.9 4,959.8

2710 - Highway Users Tax Distribution

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Direct Appropriation	0	0	75	0	0	0	0	0
Open Appropriation	155	161	18	142	142	142	142	142
Expenditures	155	161	93	142	142	142	142	142
Biennial Change in Expenditures				(81)		49		49
Biennial % Change in Expenditures				(26)		21		21
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

2720 - State Airports

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		2,579	2,196	2,541				
Direct Appropriation	19,609	21,384	19,959	21,959	19,609	19,609	25,109	25,109
Open Appropriation	43	41	47	31	31	31	31	31
Net Transfers	0	0	15,000	0	0	0	0	0
Cancellations		1,820	15,000					
Expenditures	18,100	21,392	19,661	24,531	19,640	19,640	25,140	25,140
Balance Forward Out	1,552	792	2,541					
Biennial Change in Expenditures				4,700		(4,912)		6,088
Biennial % Change in Expenditures				12		(11)		14
Gov's Exp Change from Base								11,000
Gov's Exp % Change from Base								28
FTEs	33.5	33.0	32.2	35.6	33.6	33.6	33.6	33.6

2722 - Air Transportation Revolving

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	396	172	383	433	402	305	402	305
Receipts	640	705	702	703	703	703	703	703
Expenditures	867	495	651	734	801	867	801	867

Transportation

Agency Financing by Fund

(Dollars in Thousands)

2722 - Air Transportation Revolving

Balance Forward Out	169	383	433	402	305	140	305	140
Biennial Change in Expenditures				23		283		283
Biennial % Change in Expenditures				2		20		20
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	2,658	5,128	5,780	1,319	990	355	990	355
Receipts	317,647	296,440	243,693	494,688	386,004	361,297	386,004	361,297
Internal Billing Receipts						0		0
Net Transfers		(30)	0					
Expenditures	318,489	295,150	248,152	495,016	386,639	361,297	386,639	361,297
Balance Forward Out	1,816	6,385	1,319	990	355	355	355	355
Biennial Change in Expenditures				129,529		4,768		4,768
Biennial % Change in Expenditures				21		1		1
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	40.2	31.7	35.6	55.5	53.9	51.4	53.9	51.4

4900 - 911 Emergency

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		845		604				
Direct Appropriation	0	0	0	0	0	0	0	0
Net Transfers	8,300	8,650	9,250	9,650	9,650	9,650	9,650	9,650
Cancellations		14						
Expenditures	7,461	9,481	8,646	10,254	9,650	9,650	9,650	9,650
Balance Forward Out	839		604					
Biennial Change in Expenditures				1,959		400		400
Biennial % Change in Expenditures				12		2		2
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	38.5	43.8	45.2	45.4	44.4	44.4	44.4	44.4

6000 - Miscellaneous Agency

(Dollars in Thousands)

6000 - Miscellaneous Agency

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	136	136	95	96	96	96	96	96
Receipts	438	410	451	501	501	501	501	501
Net Transfers		(40)						
Expenditures	438	410	450	501	501	501	501	501
Balance Forward Out	136	95	96	96	96	96	96	96
<i>Biennial Change in Expenditures</i>				104		51		51
<i>Biennial % Change in Expenditures</i>				12		5		5
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Transportation

FY16-17 Biennial Budget Change Item

Change Item: NexTen for Transportation

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	6,570	8,600	12,600	12,600
Revenues	(1,470)	(2,750)	(2,740)	(2,730)
Highway User Tax Distribution Fund				
Revenues	366,929	556,488	577,722	628,327
Transfers Out	366,929	556,488	577,722	628,327
Trunk Highway Fund				
Expenditures	283,243	416,741	461,328	513,162
Revenues	211,243	320,741	333,328	363,162
County State Aid Fund				
Expenditures	116,740	177,252	184,207	200,695
Revenues	116,740	177,252	184,207	200,695
Municipal State Aid Fund				
Expenditures	30,665	46,559	48,386	52,717
Revenues	30,665	46,559	43,386	52,717
Net Fiscal Impact = (Expenditures – Revenues)	(72,000)	(96,000)	(128,000)	(150,000)
FTEs	453	742	873	1,034

Recommendation:

The Governor recommends that 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.

Other Components:

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

- Appropriating the existing trunk highway fund balance for additional state road and bridge funding and to restore purchasing power to MnDOT's operations.
- Increasing general fund appropriations to fund transportation needs not eligible for trunk highway funds. These include:
 - o Greater Minnesota transit - \$4 million in FY16 and \$6 million in FY17 for a \$10 million increase for the biennium, with a \$10 million dollar base increase in the following years.
 - o Bike and pedestrian infrastructure, including Safe Routes to Schools – a \$2.5 million annual base increase.

Increasing general fund appropriations \$4.22 million for the FY16-17 biennium for increased petroleum refunds and \$170,000 for the biennium for increased aid under M.S. 270C.19 due to the increase in gas tax.

Authorization for the sale of \$2 billion in trunk highway bonds over the next ten years. Debt service for these bonds is estimated to be \$3.942 million in FY 2016 and \$33.349 million in FY 2017, a total of \$37.291 for the FY2016-17 biennium. This estimate increases to \$265.384 for the FY2018-19 biennium. These estimates were provided by the Department of Minnesota Management and Budget.

To maximize funding uses and deliver our program more efficiently the Governor recommends allowing the use of the State Road Construction appropriation for internal department costs associated with delivering MnDOT's construction program. Currently, consultant costs are eligible for State Road Construction funding, but costs for internal MnDOT staff are not.

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 \$6B 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. \$4B is needed for preservation and modernization, and \$2B is needed for strategic expansion.

Without additional revenue, there will be:

- Increased deterioration of pavement and bridges on state system
 - Currently 5% of highway pavement is considered in poor condition (rough driving surface); it is estimated to be 11% in 20 years
 - Currently 3% 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
- Likely staff reductions at MnDOT, and therefore reduction of products and service delivery

In order to restore purchasing power lost from inflation, MnDOT needs operating appropriations increased 3 percent for FY 2016 and approximately 6 percent per year for FY 2017 (compounding from FY 2016). In addition, more operations and maintenance dollars are recommended, calculated as 5% 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 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% efficiencies of new revenues.

General Fund - Transit

Greater Minnesota Transit has a statutory goal to meet 90% of the transit need by 2025. In 2013, public transit systems met 63% of the need, based on the demographic models developed for the recent Greater Minnesota Investment Plan. 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.

General 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 2006 MnDOT has received Safe Routes to School applications requesting more than \$100 million and has awarded approximately \$17 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 of up to 17% of the project costs, 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.

The increase in our operating and capital appropriations allow us to make more timely asset preservation investments and greater utilize our unreserved fund balance. This is reflected in the fiscal impact section which shows that expenditures will outpace the new revenue estimates. The agency understands that it is important to retain a reasonable amount of unreserved fund balance for unforeseen events, but also that the majority of the funds would be best used in state road construction and maintenance.

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

General Fund – Transit

In Greater Minnesota, MnDOT's highest priorities will be to establish service in locations without any existing public transit. Currently, only Waseca County has no form of public transit service available, although 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

General 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 2,200 additional miles of pavement
- Repairing or replacing an additional 330 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

General 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.

General 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

FY16-17 Biennial Budget Change Item

Change Item: State Road Construction Appropriation

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	46,995	50,295	50,295	50,295
Revenues	46,995	50,295	50,295	50,295
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing appropriations related to state road construction from the trunk highway fund by \$46.995 million in FY 2016 and by \$50.295 million in FY 2017, for a \$97.290 million increase for the biennium.

Rationale/Background:

Spending in the state road program for state road construction is supported by federal highway funds. MAP-21 provides an increase in the federal formula funds expected to be received in Minnesota compared with the amounts received in SAFETEA-LU (the prior federal program) from \$525 million to \$565 million (\$40 million increase) and directs that a higher percentage of funding must be spent on the higher classified roads, which are predominately on the Trunk Highway System. This increase was not requested as a base change in the prior biennium due to the uncertainty of MAP-21's duration and amount. While MAP-21 is currently operating under a continuing resolution, MnDOT felt it appropriate to request an increase in the appropriation at this time to recognize the additional federal funds that are being received.

Proposal:

All of the funds in this change item request represent funding that is already dedicated to existing programmed projects in the 2015-18 State Transportation Improvement Program (STIP), but cannot be recognized from a forecast perspective until the necessary budget authority above the base budget is approved. This change item request will allow the department to expend the federal funds represented in this request.

IT Related Proposals:

Not applicable

Results:

With the new requirements of MAP-21, MnDOT has realigned its program to meet performance targets on the Interstate and National Highway Systems. The additional budget authority will assist the department with reaching a goal of less than 2 percent poor pavements on the Interstate System and less than 4 percent poor pavements on the non- Interstate National Highway System, as well as bridge, congestion and safety performance measures.

Statutory Change(s):

None

Transportation

FY16-17 Biennial Budget Change Item

Change Item: Rail Grade Crossing Safety Improvements

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
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 \$32.5 million each year for development, administration and construction of highway-rail grade crossing improvements on rail corridors transporting crude oil, and other selected routes, including those carrying hazardous materials. Improvements include upgrades to existing protection systems, the closing of crossings and necessary roadwork, as well as reconstruction of at-grade crossings to full grade separations. Project improvements are recommended based on risk assessments that include a variety of criteria, including current and projected train and traffic volumes and delays, community vulnerability assessments, and physical site characteristics, among others.

This change item will be funded through an annual assessment on four Class 1 railroads operating in Minnesota.

Rationale/Background:

- MnDOT's recent "Improvements to Highway-Rail Grade Crossings and Rail Safety" study provides a list of potential projects. The study identifies needed grade crossing improvements on all crude oil corridors, and recommends specific short-term projects to be supported by the 2014 \$2 million appropriation. The study identifies \$240 million in priority grade separations, as well as other types of improvements at 100 crossings.
- To address the full range of grade crossing needs on crude oil and other corridors, a 10-year capital improvement program is recommended in the amount of \$325 million, or \$32.5 million per year.
- Grade separations are cases where road traffic and rail traffic are permanently separated by either an overpass or an underpass. Recommended grade crossing projects in Moorhead, Willmar and Prairie Island are ready to proceed, pending additional funding.
- Each grade crossing presents the potential for train-vehicle collisions. For collisions involving trains carrying volatile Bakken crude oil, there is an increased risk of oil release and ignition of an extreme, significant fire, affecting property and persons up to one-half mile away.
- With increases in crude oil and other rail traffic, grade crossings are frequently (up to 100 times per day) blocked by passing, slowing or stopped trains, resulting in significant delays to motorists. Emergency responders in some cases are unable to reach their destination because of blocked crossings.
- The intent of this investment programs is to reduce or eliminate grade crossing accidents, fatalities and injuries; the likelihood of potentially catastrophic fires involving crude oil trains; delays to the motoring general public; delays to emergency responders; release of crude oil and environmental damage.
- Railroads will also realize significant benefits by experiencing fewer grade crossing crashes, thereby reducing the number of significant disruptions to operations (up to 3 hours per incident); a reduction in property damage to rolling stock, tracks, signals and other infrastructure; and injury or death to railroad workers.
- Overall rail traffic is projected to grow by 25-40% by the year 2030. While crude oil traffic may lessen somewhat in the short term due to falling oil prices, and may be affected somewhat by increased pipeline capacity, the long term outlook is for crude by rail to remain at today's levels or even experience moderate growth.

Proposal:

- This proposal represents a significant expansion of current grade crossing safety improvement activities managed by the State, which currently represents about \$7 million in annual investment.
- Most of the anticipated improvements involve grade crossings on local roads (county/city/township). The projects will necessarily involve agreements with local road authorities. For all projects, agreements with affected railroads are required.

Construction of safety upgrades also necessarily involves coordination and agreement with the railroad. Many types of improvements use the railroads as the construction contractor, or are subcontracted by the railroad. Grade separation construction projects would be the primary responsibility of the road authority.

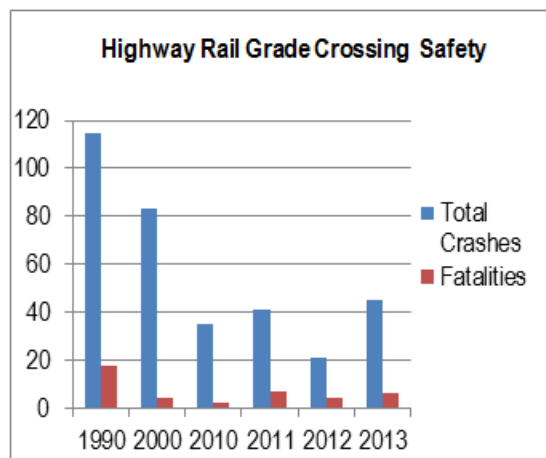
- The intended results are to reduce risk, enhance community safety and improve transportation efficiency and mobility.
- Grade crossing improvements are one strategy to address the safety risks posed by crude oil trains. Other strategies being implemented at the state and federal level, with the participation of the railroads, include increased track and tank car inspections, improved tank car standards, changes in operating practices, reductions in crude oil volatility made by oil producers, and improved emergency preparedness and response including training and equipment.
- Grade separations, improvements to crossing safety systems, and closures will reduce or eliminate exposure rates and the risk of accidents.
- Delivery of these projects, except for non-trunk highway grade separations, is typically all managed by MnDOT. An increase in projects will require increased resources for project administration, design and delivery.
- Partners are identified above. If federal funding is included on any projects, the Federal Highway Administration will also be a partner.
- Conventional grade crossing improvement projects (for example, replacing a crossbuck sign with automatic gates and signals), may take up to two years to implement. Activities include preliminary and final design, execution of agreements, and construction timelines. Grade separations require extensive planning and environmental assessment, engineering, contracting and construction phases. Efforts will be made to accelerate project delivery through innovative procedures, particularly in the area of railroad coordination.

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 crude oil 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 2013, there were 45 crashes resulting in 6 fatalities and 22 injuries.



- Changes in safety statistics for individual crossings to be improved will be documented to provide before and after measurements.
- Motorist delays at grade crossings are not specifically measured; however, there is work underway to develop this capability. Delays are a function of both regular train operations, as well as unanticipated events, such as a train breakdown or slowdown. This proposal will eliminate motorist and emergency responder delays at proposed grade separation location; other grade crossing types of improvements will improve safety, but not address the delay issue.

Statutory Change(s):

New Statute Required

Transportation

FY 2016-17 Biennial Budget Change Item

Change Item: Airports Appropriation

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Airports Fund				
Expenditures	5,500	5,500	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5,500	5,500	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends one-time appropriations from the State Airports Fund of \$5.5 million in FY 2016 and FY 2017 to provide additional funding for construction, pavement maintenance, and other improvements at the state's 135 airports.

Rationale/Background:

In FY 2014 the State Airport Fund was repaid \$15 million from the State's General Fund. In FY 2014 and FY 2015 the Airport Development and Assistance appropriation was increased \$1 million and \$3 million respectively. There is \$11 million remaining and this proposal is to appropriate those funds equally over the next two years FY 2016 and FY 2017. The \$4 million that has already been appropriated is being distributed in maintenance, equipment, and construction grants to local airports. The same is intended for funds being requested in FY 2016 and FY 2017.

Proposal:

To ensure this increase in spending authority is fully utilized we propose:

- The State continues to contribute 5% toward the local match for 90% federally funded projects making it (90/5/5 instead of 90/10).
- Approximately 70% of airports in Minnesota receive federal dollars.
- The State continues increases in the state share established for FY 2014 and FY 2015 state-funded projects. This would increase the state share for planned projects, advance needed maintenance projects (such as crack-sealing), and allow for additional project solicitations for items such as ADA and other building improvements, obstruction removals, revenue-generating projects, and RPZ/safety clear zone improvements. This increase will be available to 100% of Minnesota state system airports.
- A suspension of state match requirements prescribed by statute allowed for this temporary increase. Airports have had project needs for many years, but have been unable to obtain the higher local share. A change in statute is now also being proposed to allow flexibility of the state participation rate in the future. An increase in the number and quality of airport projects programmed in FY 2015 has been observed as a result of these state share increases.

IT Related Proposals:

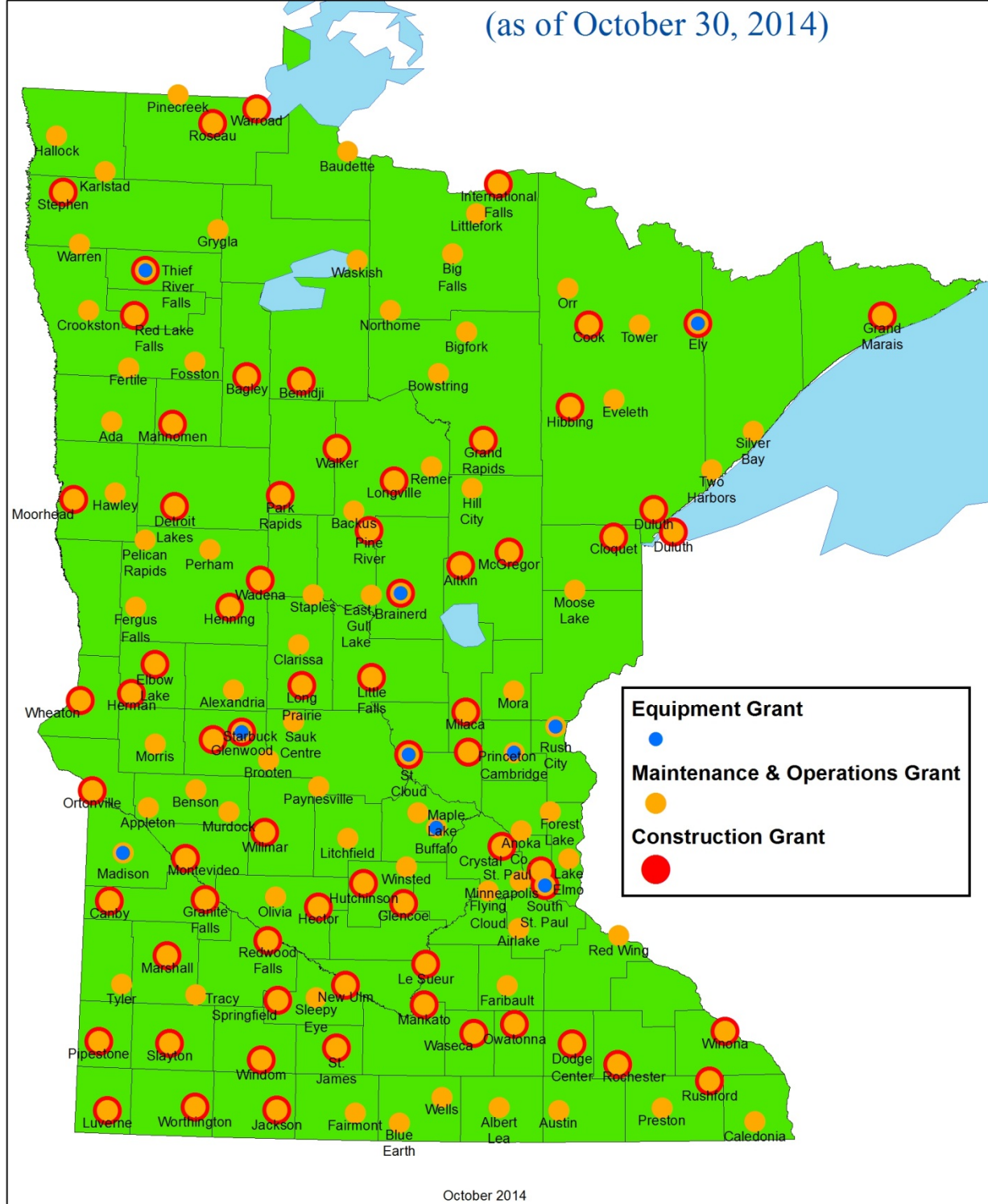
N/A

Results:

Airport community response to the increase in funding participation by the State has been overwhelmingly positive. Funding increases are being provided for three types of airport grants: construction, maintenance and operation, and equipment. To illustrate the extent of these grants in FY 2015, and an example of the types of grants that may occur in FY 2016 and FY 2017 if this proposal becomes law, all grants awarded so far in FY 2015 are illustrated on the map below.

Distribution of Additional Funding in FY2015

(as of October 30, 2014)



Statutory Change(s):
M.S. 360.305 subd. 4 (b) and (i)

Transportation

FY16-17 Biennial Budget Change Item

Change Item: Flood Appropriation Date Changes

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	6,804	1,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	6,804	0	0	0
FTEs	7.6	1.1	0	0

Recommendation:

The Governor recommends the statutory end date be extended for the appropriated funds for flood repairs from June 30, 2015 to June 30, 2018.

Rationale/Background:

The major reason this change is needed is to accomplish the reconstruction of the Jay Cooke State Park road damaged in the 2012 flood. This repair work has proven to be challenging in design and timing of construction seasons.

The 2012 flooding in northern Minnesota was such a large scale event that resources needed to complete reconstruction, like a sufficient number of available qualified contractors, became difficult to find, causing delays. The Jay Cooke State Park road presented design issues also delaying the project. Changing this language to allow the funds to remain available will provide funding for the Jay Cooke State Park road and various local road reconstruction projects to be completed as planned. The proposed language change will provide our agency with the ability to maximize funding and complete existing projects.

Proposal:

We propose that the encumbrance date in the Laws 2012, 1st Special Session, Chapter 1, of June 30, 2015 be changed to read "available until June 30, 2018 for the trunk highway appropriation in Sec. 4, Subd 3. This proposal is not for a new program nor will it require additional staff, it will facilitate the completion of an existing project.

IT Related Proposals:

N/A

Results:

Allowing this language change will make these funds available for the project as originally intended. Since this project will need to be completed the availability of these funds will avoid displacing other projects and allow those improvements to continue on a timely basis and not impair progress (in a minor way) on various current performance measures including; average remaining service life of state highways, the Poor Ride Quality index, percent of NHS bridges in poor condition, etc.

Statutory Change(s):

2012 Laws, 1st Special Session, Chapter 1, Article 1: Sect. 4, Subd. 3

Transportation

FY16-17 Biennial Budget Change Item

Change Item: 2014 June floods - local roads FHWA match

Fiscal Impact (\$000s)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
General Fund					
Expenditures	3,000	0	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)	3,000	0	0	0	0
FTEs	0	0	0	0	0

Recommendation:

The Governor recommends a \$3,000,000 general fund appropriation to fund 100% of the match obligations for FHWA emergency funds used by local governments to repair roads following the June 2014 flooding.

Rationale/Background:

Much flooding occurred in various areas of the state in June 2014. Local governments are utilizing FHWA emergency funds to repair roads and other transportation infrastructure damaged by the floods. This request would fund the 20% match needed to utilize the FHWA funds. The Disaster Contingency change item carried by the Dept. of Public Safety only covers FEMA matching funds.

Proposal:

This proposal is for 2015, so that local governments may utilize the funds as quickly as possible.

IT Related Proposals:

N/A

Results:

This funding will allow our local partners to complete these repairs on a timely basis without displacing other programmed road and bridge projects.

Statutory Change(s):

None

Transportation

FY16-17 Biennial Budget Change Item

Change Item: Land Conveyance Funding

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	1,300	1,300	1,300	1,300
Revenues	1,300	1,300	1,300	1,300
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	6.5	6.5	6.5	6.5

Recommendation:

The Governor recommends allowing MnDOT to use the currently non-dedicated trunk highway funds proceeds from property sales and leases to help fund/facilitate property disposal. This funds a new unit dedicated to managing (maintenance, leasing, limited use permits) existing right-of-way and conveying surplus right-of-way. The activities would include operations, property management, environmental investigations and clean-up costs, real estate services, appraisal services, etc. for both leasing and sale of right-of-way. We estimate this would increase sales of parcels by \$1 million and leasing revenue by \$300,000 per year.

Rationale/Background:

With MnDOT's limited resources focused upon program delivery, few resources are available to put into the leasing and disposal of unneeded right of way holdings. Approximately 7 FTEs worked on these efforts in the past, but only as time permitted. Only about 40 parcels per year were processed, which led to a backlog. MnDOT currently has about 300 active conveyance requests. Apart from the ongoing maintenance costs and liability exposure, this reduces MnDOT's potential revenue, local government of potential tax revenue, and the state economy of productive capacity. Also, Laws 2013, Ch. 127 was passed in an effort to accelerate MnDOT disposal of right of way. This effort will directly support the author's original intent. A pilot program was funded by MnDOT; about 75 parcels have been identified as being potentially saleable (or able to be leased) after a first pass-through. In addition, new holdings are being added each year, which need to be re-assessed periodically to determine if still needed.

Proposal:

MnDOT has created a new unit, the Conveyance Unit in the Office of Land Management, on a pilot basis to address the issue of conveying surplus right-of-way. This proposal seeks to dedicate the currently non-dedicated revenue from sales and leases of land to this effort, to link the additional revenue to the new activities. MnDOT has seen an increase in sales activity and revenue as a result of the unit's actions. Funding for this pilot ends after FY 2015, so this legislation is proposed as a way to continue the benefits of this program. Any funds not needed for this effort would periodically be made available to the trunk highway system.

IT Related Proposals:

N/A

Results:

MnDOT estimates the number of parcels sold will increase from 40 to 80 per year for the forecast period. The key measure related to this activity will be dollars of revenue generated. The pilot was only fully operational near the end of FY2014. Six months into FY2015, the amount of revenue generated (\$1 million) is close to the FY2014 revenue total (\$1.1 million), and higher than the amount generated in three of the last five years.

Statutory Change(s):

M.S. 161.231

Transportation

FY16-17 Biennial Budget Change Item

Change Item: Environmental Management Funding

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	1,000	1,000	1,000	1,000
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a base increase of \$1 million from the trunk highway fund per year for management of contaminated and regulated material on MnDOT-owned property. Examples of environmental costs associated with MnDOT-owned properties are investigation and mitigation of property conveyances and facility acquisition/expansion projects, chemical releases at maintenance facilities and spills on the trunk highway system without a known responsible party.

Rationale/Background:

It has been difficult to fund management of contaminated and regulated materials associated with non-highway construction work because the projects and funding needs are so variable, and there are competing interests for operational funds for higher priority products and services. Projects are completed each year using operating funds, but funding is difficult to obtain and the magnitude of contaminated and regulated material management varies every year. For the future, just the estimated number of facility projects expected to include a need to manage contaminated or regulated materials averages 24 per year over the next five years. The average cost to complete these routine facilities projects over the past three years was \$550,000. In addition, one large project during this time (still in process) totaled \$1 million.

Also, MnDOT's Office of Land Management currently has an effort underway to prioritize and increase conveyances of MnDOT excess property. The goal is to convey 80 parcels per year, double the current amount. In order to attain this goal, MnDOT must first assess, and remediate in some cases, contamination and/or regulated materials associated with property MnDOT owns to make it available for conveyance.

This environmental management budgetary change item will advance MnDOT's efforts to both double our conveyances, as well as increase the mitigation of MnDOT operational sites that have contaminated or regulated materials that need to be managed in accordance with federal and state regulations.

Proposal:

This is a change to the existing program, to better able to deliver conveyance and facility projects on schedule and on budget without delaying other priority needs. If this activity is not funded adequately, MnDOT carries a higher risk of not complying with regulations related to contaminated and regulated materials management.

IT Related Proposals:

N/A

Results:

We will measure completion of facility acquisition and expansion projects in a fiscal year with a goal of 100% completion of environmental management tasks, as well completing needed land conveyance projects.

Statutory Change(s):

N/A

Transportation

FY16-17 Biennial Budget Change Item

Change Item: Snow and Ice Contingency

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

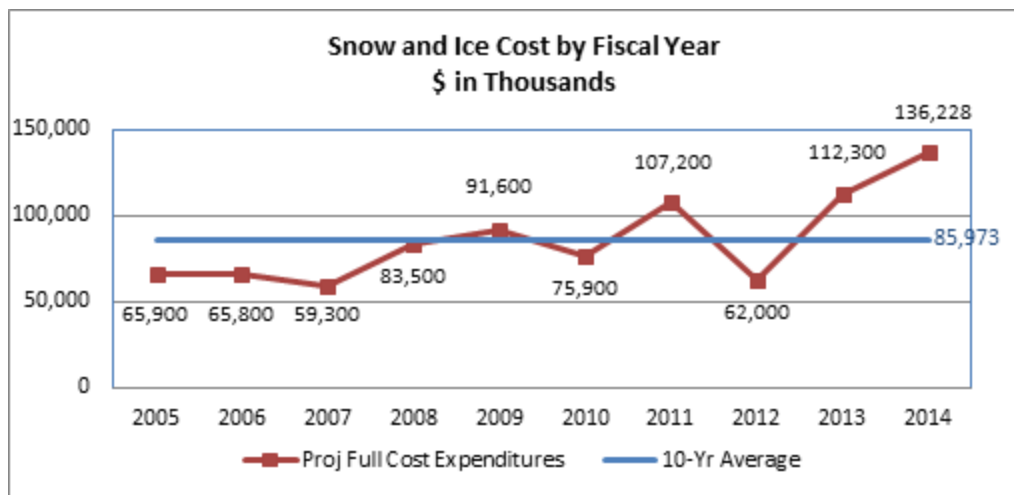
Recommendation:

The Governor recommends establishing a snow and ice contingency account/open appropriation in the Trunk Highway Fund when snow and ice costs exceed 110% of the previous 10 year full cost yearly average. This account would provide flexibility in covering costs in extreme winters and provide greater assurance in managing public performance expectations throughout the winter season.

Rationale/Background:

Snow and ice costs vary from year to year, and managing the uncertainties and unpredictable nature of costs not within the direct control of MnDOT is difficult and often compromises other maintenance activities in the fiscal year. Extreme weather patterns over the past few years in particular have resulted in much higher than normal costs associated with providing the level of service expected by the public.

Snow and ice costs averaged \$86M over the past 10 years; however, last season's record high costs of \$136M exceeded the average by \$50M, prompting a supplemental budget request to manage performance and public expectations.



Proposal:

MnDOT makes it a priority to provide a consistent level of service on its 12,000 miles of state highways (30,000 plus lanes 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% of a fiscal year has elapsed.

The current budgeting process provides for base level staffing and equipment along with funding necessary for materials, repair parts, fuel and overtime based on historical averages. MnDOT has also developed internal contingencies that permit spending above the 10 year average by redirecting resources from other non-snow and ice related maintenance activities. 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 routine minor flooding.

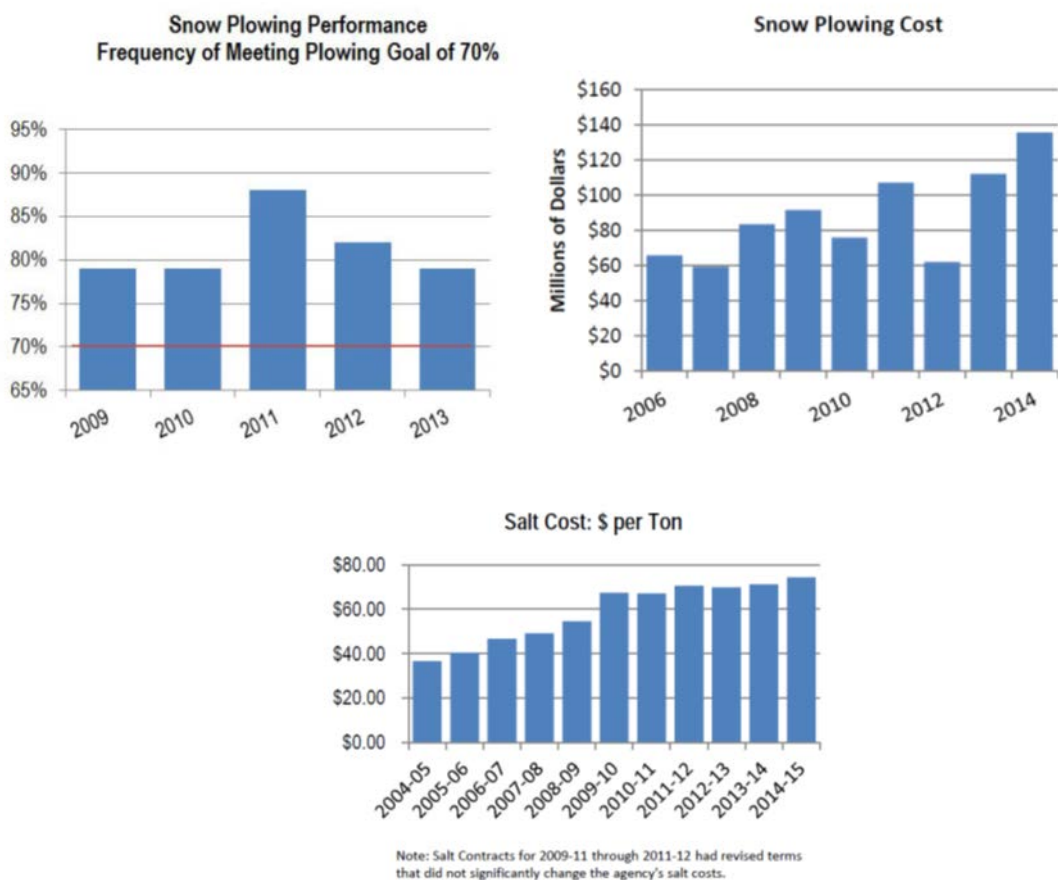
Therefore, the Governor recommends an addition to Transportation's contingent appropriation language to cover excessive costs in the trunk highway fund during extreme winters. This language would state that: The commissioner of transportation, upon written notification to the commissioner of management and budget and the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over transportation policy and finance, may transfer all or part of the unappropriated balance in the trunk highway fund to pay snow and ice control expenditures in years when the department spends more than 110% of its annual beginning budget for snow and ice control.

IT Related Proposals:
N/A

Results:

To assess snow 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% of the time in a season. We have met this goal in nine of the last 10 seasons,

Winter weather severity varies significantly from year to year, and from region to region. The following three graphs show annual snow plowing performance, total snow plowing costs and the cost of salt. Costs to meet this safety-focused goal continue to trend upward. As noted above, high-cost winter seasons compromise available spending on spring maintenance activities.



Statutory Change(s):
None, the recommended appropriation law language is in the Proposal section.

Transportation

FY16-17 Biennial Budget Change Item

Change Item: Appraisal Waivers

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
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 MnDOT be allowed the use of an appraisal waiver (a "minimum damage acquisition") for parcel acquisitions under \$25,000 through the condemnation process, primarily as an efficiency measure.

Rationale/Background:

Under this proposed change, the property owner retains the full right to request an appraisal at state expense.

At least 60% of parcels acquired by MnDOT are small, strip-shaped parcels. Many of these are valued under \$25,000, and in numerous cases MnDOT has to pay more for the appraisal than for the actual value of the property. An appraisal waiver is authorized by the Code of Federal Regulations, Title 49, 24.102 (c). It is used when an agency determines that an appraisal is unnecessary because the valuation problem is uncomplicated and the anticipated value of the proposed acquisition is estimated at \$25,000 or less. In short, when the property acquisition is small and relatively simple to determine there is no need to perform a full appraisal analysis. This decision must be made by personnel qualified and experienced in real estate valuation and is employed to save the time and cost of a full appraisal that will yield little extra value at a greater cost. Many other states successfully use the appraisal waiver.

Individual property owners with simple, uncomplicated property acquisitions would be able to receive their offers sooner, reducing the time of uncertainty. Each property owner would be made an offer for the property, a copy of the appraisal waiver with the basis of the offer would be provided and explained to the property owner, and the property owner would be notified that they retain the right to obtain their own appraisal at State expense should they question the valuation. For values between \$10,000 and \$25,000, if the owners chose not to accept the appraisal waiver valuation and not to get their own appraisal (for which they would be reimbursed) and the owners request the state to do an appraisal, then MnDOT would be required to do an appraisal under the federal code referenced above.

Proposal:

The average number of appraisals per year between the current threshold of \$10,000 and the proposed threshold of \$25,000 is 64. The cost of a typical appraisal is \$2,500, multiplied by 64 is \$160,000 benefit per year. This savings will be used for other right of way services performed by consultants associated with acquisition. Some costs may increase as this should mean MnDOT will be more efficient delivering these right of way acquisitions sooner in the right of way process. Examples of these services include surveying, direct negotiations with property owners, parcel research, title work and some additional minimum damage acquisitions costs.

IT Related Proposals:

N/A.

Results:

The expectation is that about 64 appraisals per year will be completed more quickly, at a savings of \$2,500 per appraisal.

Statutory Change(s):

M.S. 117.036 subd 2

Transportation

FY16-17 Biennial Budget Change Item

Change Item: State Plane Purchase

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	\$9,960	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)	\$9,960	0	0	0
FTEs	0	0	0	0

Request:

The Governor recommends the purchase of two new aircraft for the air transportation service and the sale of the King Air C90 (55MN) and the King Air 200 (70MN).

Rationale/Background:

MS 360.024 identifies MnDOT 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.

The aircraft used for this service are aging. 55MN is 33 years old, and 20MN is 21 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 33-year old airplane has been in maintenance 17% more days than the 21-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 2017 and one in 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:

- 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 gross purchase price of two new aircraft is \$12 million
 - The estimated trade-in value or net proceeds from the sale of the old aircraft is just over \$2 million, and is used to determine the net cost of the new aircraft.
- Modify MS 360.024 to allow for revolving funds to be utilized for replacement aircraft with appropriate notification to the legislature.

Results:

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 thereby increasing productivity. For example, driving round-trip to Bemidji would require 8 hours of travel time, a full business day. Flying is only two hours round-trip. Most of the state of Minnesota is within one hour fly time of the St. Paul downtown airport. MnDOT uses a fly vs. drive calculator to help evaluate whether a trip is cost effective. As a result, our average passenger load is greater than four employees and our one-way trip time is typically less than one hour.

Statutory Change(s):

M.S. 360.024

Transportation

FY16-17 Biennial Budget Change Item

Change Item: Software Sales and Licensing Revenue

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
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 all proceeds from the sale of software developed using trunk highway funds be deposited back into the trunk highway fund.

Rationale/Background:

Currently the chief information officer may sell or license software developed by state agencies and the proceeds from the sale are deposited into the MN.IT services revolving fund. The chief information officer may reimburse the developing agency by discounting computer services but it is not required. The Minnesota Pollution Control Agency currently has an exception to this law where proceeds must be deposited into the environmental fund.

MnDOT invests a significant amount of trunk highway dollars to develop software or applications and we pay consultants to develop many applications that have the potential to be commercialized. For instance, several state DOTs have expressed interest in licensing the software application used to manage MnDOT's right of way processes. We also developed asset management software to meet federal requirements and are developing a contracts and agreements application; both have the potential to be licensed to other agencies. The Constitution imposes strict uses for trunk highway fund expenditures, and if we sell or license software or applications, those funds should be deposited into the trunk highway fund. There is no current estimate of these amounts; no "sale" is in process.

Proposal:

We propose the language be added to MN Statute 16E.15 requiring the proceeds from the sale or licensing from software developed with trunk highway funds be deposited back into the trunk highway fund. This would be a policy change that would keep trunk highway funds better aligned with their constitutionally intended use. Making this change at a time when no sales are eminent and any future revenue, if any, is unknown is proactively aligning the revenues with the fund so the process is clearly defined when and if a sale or licensing occurs.

IT Related Proposals:

N/A – though may have future impact to the MN.IT.

Results:

The trunk highway fund could possibly recoup a portion of funds spent on software developed for trunk highway purposes. Returning these funds to the undesignated trunk highway fund balance makes them available for future trunk highway use.

Statutory Change(s):

M.S. 16E.15

Transportation

FY16-17 Biennial Budget Change Item

Change Item: Civil Air Patrol

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Airports Fund				
Aeronautics	15	15	15	15
Agency Management	(15)	(15)	(15)	(15)
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing the Civil Air Patrol appropriation - a rider under the Aeronautics budget activity – by \$15,000 per year. A corresponding decrease to other Aviation Support and Services will occur, for a net change of \$0.

Rationale/Background:

The Civil Air Patrol has received an appropriation for operations from the state airports fund for decades. The Minnesota Wing Civil Air Patrol (CAP) is part of a congressionally chartered, federally supported non-profit corporation that serves as the official civilian auxiliary of the United States Air Force (USAF). CAP is a volunteer organization with an aviation-minded membership that includes people from all backgrounds, lifestyles, and occupations. It performs three congressionally assigned key missions: emergency services (search and rescue (by air and ground) and disaster relief operations); aerospace education for youth and the general public; and cadet programs for teenage youth.

The funding that the state provides is primarily used for equipment that supports CAP's mission in Minnesota: search and rescue, disaster relief, staff training and youth aviation education. Their operating costs have been increasing, and their sources of funding are this state appropriation and thousands of hours of volunteer time (\$3.8M value in 2013).

Proposal:

The last increase that Civil Air Patrol received was in 1987 from \$45,000 to \$65,000. This proposal is to increase the annual amount to \$80,000, about a 23% increase for FY 2016 and 2017, and to increase by an additional 1.5% in FY 2018 and 2019 (1,200). In FY2020, the memorandum of understanding is due to be renegotiated.

IT Related Proposals:

N/A

Results:

This funding would allow CAP to continue to provide the equipment needed to continue its mission in Minnesota.

Statutory Change(s):

None

Transportation

FY16-17 Biennial Budget Change Item

Change Item: Tort Claim Appropriation

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
MMB Expenditures	(600)	(600)	(600)	(600)
MnDOT Expenditures	600	600	600	600
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends the amount appropriated to Minnesota Management and Budget (MMB) for the payment of MnDOT tort claims instead be appropriated to MnDOT directly.

Rationale/Background:

Currently under 2013 Laws, Ch117, Art 1 Sec 6 an amount of \$600,000 is appropriated to MMB for the payment of tort claims owed by the MnDOT. After these claims are processed and approved through the Office of the Chief Counsel in MnDOT they are submitted to MMB for payment. Since MMB pays the claims based on the approved invoice provided by MnDOT's Chief Counsel's office, we are proposing, with the support of MMB, that the funds be directly appropriated to MnDOT. This will result in a more efficient overall process.

Proposal:

Change the language as noted above. This change will have a small efficiency impact on both MMB and MnDOT. There is no impact by fund, only by agency. The proposal has the support of MMB.

IT Related Proposals:

N/A

Results:

The result of this change would be the previously mentioned efficiency impact on both agencies.

Statutory Change(s):

2013 Laws, Ch117, Art 1 Sec 6

Transportation

FY16-17 Biennial Budget Change Item

Change Item: Aeronautics Network Appropriation Transfer

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Airports Fund				
Aeronautics	25	25	25	25
Agency Management	(25)	(25)	(25)	(25)
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$25,000 per year be transferred from the Agency Management budget activity to the Aeronautics budget activity. An appropriation for the Aeronautics network charges is included in the MnDOT Agency Management budget activity, in the Airports fund. The fund is correct, but the appropriation should properly be part of the Aeronautics budget activity.

Rationale/Background:

We believe because administration of these charges occurred centrally, this appropriation was included in the Agency Management budget activity over ten years ago. However, the charges relate to the Aeronautics budget activity, and this would correct the appropriation.

Proposal:

This change could transfer this appropriation into the Aeronautics Operations appropriation, eliminating the separate appropriation.

IT Related Proposals:

NA

Results:

This change would correct a budget activity and slightly streamline MnDOT budget reporting and management, as one less appropriation will be needed.

Statutory Change(s):

None

Transportation

FY16-17 Biennial Budget Change Item

Change Item: Utility Relocation

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
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 a statute revision to not require the state to pay for utility relocation within existing Interstate right-of-way. This would only apply to utilities placed after passage of this change, grandfathering in all currently existing utilities. The expectation is that no benefit to the trunk highway fund would occur until after the forecast period

Rationale/Background:

When the Interstates were first being constructed it was not uncommon to encounter utilities already located within the proposed right-of-way. This requirement continues to apply, even when utilities are placed within existing Interstate right-of-way fully knowing that they may be required to move in the future.

Proposal:

This proposal would no longer require the state pay for utilities relocation when the relocation is necessary due to a construction project within the right-of-way where the utility facility is located. The number of permits to locate within the right-of-way is increasing; the number is approximately double in 2014 from 2011 – about 70.

IT Related Proposals:

N/A

Results:

This change in statute and practice would result in more dollars available for highways and bridges. It is impossible to determine how much this will be, and we assume no savings will occur during the four year budget/forecast period. The cost of the current approach can be significant. On the Hwy 169/I-494 project, utility relocations added up to about 10% of the project costs (about \$14 million). Over the past nine years, it has averaged over \$4 million per year.

Statutory Change(s):

M.S. 161.46, subdivision 2:

Department of Revenue

FY16-17 Biennial Budget Change Item

Change Item: Revenue Allocation from Motor Vehicle Leases

Fiscal Impact (\$000s)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
General Fund					
Expenditures	0	0	0	0	0
Revenues	\$3,800	\$4,000	\$4,200	\$4,200	\$4,200
CSAH and Transit Assistance Funds					
Expenditures	(\$3,800)	(\$4,000)	(\$4,200)	(\$4,200)	(\$4,200)
Revenues	(\$3,800)	(\$4,000)	(\$4,200)	(\$4,200)	(\$4,200)
Net Fiscal Impact =	\$3,800	\$4,000	\$4,200	\$4,200	\$4,200
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. This change to the Department of Revenue's process will decrease revenues to the County State Aid fund and the Greater Minnesota Transit account in the Transit Assistance fund beginning in FY15 forward, with corresponding decreases in expenditures - \$4.1 million each for the FY16-17 biennium in the County State Aid fund and Greater Minnesota Transit account in the Transit Assistance fund.

Rationale/Background:

This proposal fixes an error in Minnesota's budgeting system. Currently the Highway User and Transit Assistance Funds are receiving more funds from the sales tax than are supposed to be provided to it.

This proposal would:

- Align the revenue from motor vehicle leases with the appropriate funds.

Proposal Details:

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 percent 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 percent rate.

Current statute states that "net revenues" from motor vehicle leases must be deposited in the County State-Aid Highway Fund and the Greater Minnesota Transit Account. However, the state's constitution requires that this revenue must go to the legacy funds. Therefore, 0.375 percent of the revenue is transferred into the legacy funds and 6.875 percent is transferred into the County State-Aid Highway Fund and the Greater Minnesota Transit Account. While the transfers are directed under statute, the result is a total transfer of 7.25 percent of the revenue from motor vehicle lease purchases.

Realignment is necessary to clarify that legacy fund money should not be included in the "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.

Results:

Type of Measure	Impact
Transparency, Understandability, Simplicity, & Accountability	Increase

Statutory Change(s):

Minnesota Statute 297A.815, subd. 3

Program: Multimodal Systems

Activity: Aeronautics

<http://www.dot.state.mn.us/aero/>

AT A GLANCE

- 16,528 licensed Minnesota pilots
- 6,901 registered aircraft
- 340 commercial operators perform a variety of services, including agricultural spraying, aircraft maintenance, flight instruction, and emergency response
- 16 airlines served 33.3 million passengers in 2013
- 198,447 tons of air freight were moved through Minneapolis- St Paul Airport
- 70 private and personal use airports, 45 seaplane bases, 80 heliports (including hospitals)
- 135 airports owned by cities, counties and airport commissions are open to the public and eligible for state funding; one is state-owned.
- 97 airports are part of the National Plan of Integrated Airport Systems and are eligible for Federal funding
- 9 airports have 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

The purpose of the Aeronautics program is to provide for the protection and promotion of safety in aeronautics through:

1. Statewide aviation system planning
2. Registration of aircraft and licensing of aviation businesses
3. Construction, operation and maintenance of ground-based navigation aids and weather observation stations
4. Consolidated management of state and federal grants for construction, improvement, maintenance and operations of public airports
5. Training and education of pilots, airport personnel, aviation professionals and the public
6. Providing resources and technical assistance to local units of government for compliance with state and federal laws/rules and coordination with the Federal Aviation Administration

SERVICES PROVIDED

Airports

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

Minnesota's climate and large size creates unique challenges for pilots and users of this transportation system. We distribute state funds to airports for maintenance and operation activities, such as keeping runways free of snow and ice, equipment purchases, and building upkeep. It distributes these funds 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/local cost share and 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, Operations and Regulation

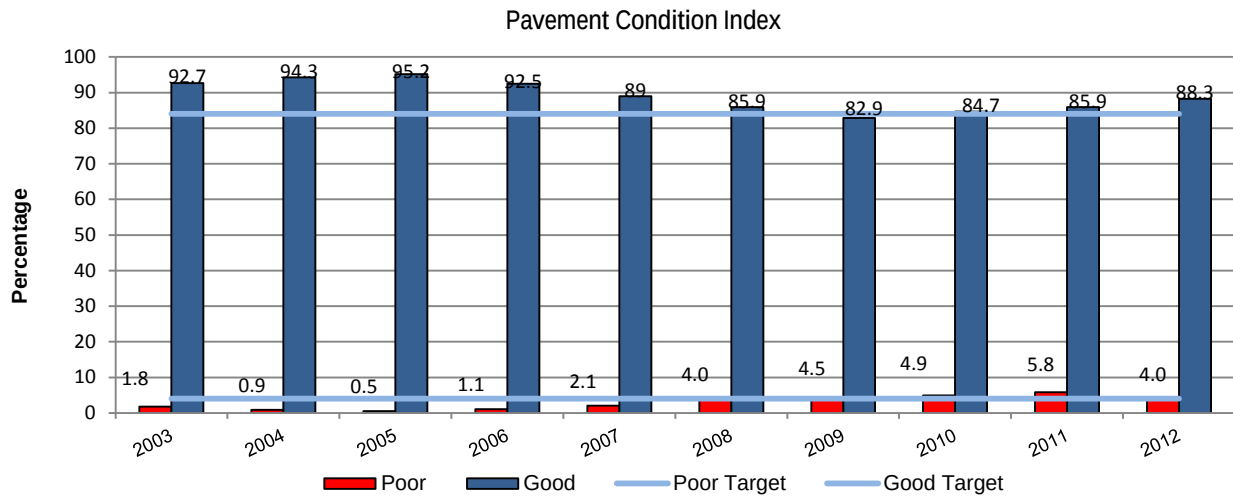
Our office provides statewide aviation system planning. This serves to benchmark the current condition of the airport system, identify performance gaps, quantify needs, promote efficiency in operations, guide investments, and foster transparency in decision-making. The State Aviation System Plan is available at <http://www.dot.state.mn.us/aero/planning/sasp.html>.

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 (such as navigational charts) also enhance the overall safety of the aviation system.

RESULTS

Airports

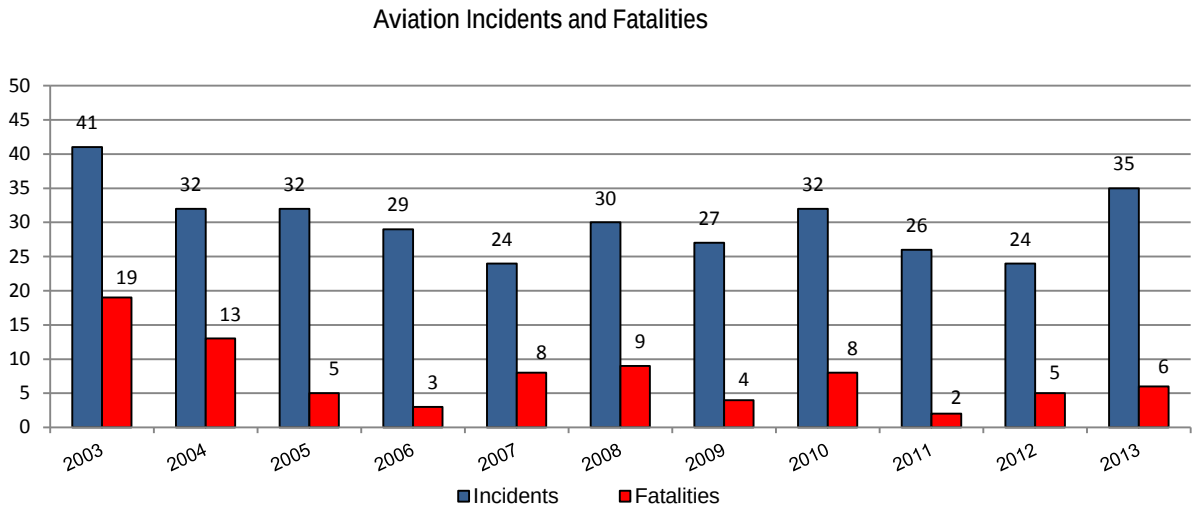
One measure of the quality of the airport system is the Pavement Condition Index. A score between 0 and 100 is assigned based on a physical inspection of runway and parallel taxiway pavement. Zero indicates the worst possible condition, and a score of 100 indicates the best condition. Targets are set with a goal of 84% of pavements in good or better condition and no more than 4% of pavements in poor condition.



Usefulness of the airport system is difficult to measure but one indicator is the proximity of regional trade centers (RTC) to a key airport. A RTC within 30 minutes surface travel time of a level 1 or 2 airport indicates that communities of large population have convenient access to transportation of goods and services that use jet and turboprop aircraft. One hundred percent of the state's primary RTCs and 67% of the secondary RTCs are within a 30-minute drive of a key airport.

Aviation Safety, Operations, and Regulation

Reductions in the number of aviation accidents and fatalities are an indicator of the safety of the airport system.



Source: MnDOT Office of Aeronautics Aviation Accident Database

One of the most common causes of aviation accidents is continued flight into deteriorating weather conditions. Providing weather stations at several airports creates a reliable network of available weather information along any flight route to enhance the safety of the flight. Our target is 100% of system airports should have weather reporting stations on site, or be within 30 nautical miles of an airport with a weather reporting station. One hundred percent of the state's airports meet the measure.

The Department of Transportation's Aeronautics Office legal authority comes from: M.S. 360.011

<https://www.revisor.mn.gov/statutes/?id=360.011>

(Dollars in Thousands)

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	0	0	0	0	0	0	9,960	0
2000 - Restricted Misc Special Rev	43	65	7	6	6	6	6	6
2700 - Trunk Highway	1,026	1,167	1,055	1,145	1,101	1,101	1,351	1,351
2720 - State Airports	18,032	21,326	19,589	24,475	19,584	19,584	25,109	25,109
2722 - Air Transportation Revolving	867	495	651	734	801	867	801	867
3000 - Federal	49,862	51,792	31,045	100,000	75,000	50,000	75,000	50,000
Total	69,829	74,844	52,348	126,359	96,491	71,558	112,226	77,333
<i>Biennial Change</i>				34,034		(10,658)		10,852
<i>Biennial % Change</i>				24		(6)		6
<i>Governor's Change from Base</i>								21,510
<i>Governor's % Change from Base</i>								13

Expenditures by Category

Compensation	3,072	3,226	3,355	3,838	3,589	3,653	3,589	3,653
Operating Expenses	34,401	4,287	4,874	6,027	5,304	5,218	15,539	5,493
Other Financial Transactions	148	90	91	265	83	83	83	83
Grants, Aids and Subsidies	23,320	66,943	43,610	115,825	87,266	62,305	92,766	67,805
Capital Outlay-Real Property	8,888	298	418	404	250	300	250	300
Total	69,829	74,844	52,348	126,359	96,491	71,558	112,226	77,333

Full-Time Equivalents

37.3	36.0	35.6	39.8	36.7	36.7	36.7	36.7
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Budget Activity: Aeronautics

Budget Activity Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual FY 14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Direct Appropriation	0	0	0	0	0	0	9,960	0
Expenditures	0	0	0	0	0	0	9,960	0
<i>Biennial Change in Expenditures</i>				0		0		9,960
<i>Biennial % Change in Expenditures</i>				0		0		
<i>Gov's Exp Change from Base</i>								9,960

2000 - Restricted Misc Special Rev

	Actual		Actual FY 14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In	516	55						
Receipts	55	10	7	6	6	6	6	6
Net Transfers	(474)							
Expenditures	43	65	7	6	6	6	6	6
Balance Forward Out	55							
<i>Biennial Change in Expenditures</i>				(94)		(1)		(1)
<i>Biennial % Change in Expenditures</i>				(88)		(10)		(10)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2700 - Trunk Highway

	Actual		Actual FY 14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In		81		45				
Direct Appropriation	837	837	1,100	1,100	1,100	1,100	1,350	1,350
Net Transfers	263	263						
Cancellations		13						
Expenditures	1,026	1,167	1,055	1,145	1,101	1,101	1,351	1,351
Balance Forward Out	74		45					
<i>Biennial Change in Expenditures</i>				7		1		501
<i>Biennial % Change in Expenditures</i>				0		0		23
<i>Gov's Exp Change from Base</i>								500
<i>Gov's Exp % Change from Base</i>								23
FTEs	3.8	3.0	3.3	4.3	3.1	3.1	3.1	3.1

2720 - State Airports

Budget Activity: Aeronautics

Budget Activity Financing by Fund

(Dollars in Thousands)

2720 - State Airports

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		2,579	2,196	2,541				
Direct Appropriation	19,584	21,359	19,934	21,934	19,584	19,584	25,109	25,109
Net Transfers	0	0	15,000	0	0	0	0	0
Cancellations		1,820	15,000					
Expenditures	18,032	21,326	19,589	24,475	19,584	19,584	25,109	25,109
Balance Forward Out	1,552	792	2,541					
<i>Biennial Change in Expenditures</i>				4,706		(4,896)		6,154
<i>Biennial % Change in Expenditures</i>				12		(11)		14
<i>Gov's Exp Change from Base</i>								11,050
<i>Gov's Exp % Change from Base</i>								28
FTEs	33.5	33.0	32.2	35.6	33.6	33.6	33.6	33.6

2722 - Air Transportation Revolving

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	396	172	383	433	402	305	402	305
Receipts	640	705	702	703	703	703	703	703
Expenditures	867	495	651	734	801	867	801	867
Balance Forward Out	169	383	433	402	305	140	305	140
<i>Biennial Change in Expenditures</i>				23		283		283
<i>Biennial % Change in Expenditures</i>				2		20		20
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		26						
Receipts	49,862	51,766	31,045	100,000	75,000	50,000	75,000	50,000
Expenditures	49,862	51,792	31,045	100,000	75,000	50,000	75,000	50,000
<i>Biennial Change in Expenditures</i>				29,392		(6,045)		(6,045)
<i>Biennial % Change in Expenditures</i>				29		(5)		(5)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Program: Multimodal Systems

Activity: Transit

<http://www.dot.state.mn.us/transit/>

<http://www.dot.state.mn.us/bike/>

<http://www.dot.state.mn.us/peds/>

AT A GLANCE

In 2013, 52 Greater Minnesota public bus systems:

- Provided over 12 million bus rides
- Provided over 1.15 million hours of bus service
- Served 79 of 80 counties in Greater Minnesota

In 2013, MnDOT:

- Funded 52 public bus systems
- Funded 109 wheelchair-accessible buses for public bus systems and private, non-profit organizations
- Funded 37 Safe Routes to Schools projects; since 2011, there has been a 408% increase in students participating
- Began the MnDOT Bicycle System Plan
- Compiled the Minnesota State Bicycle Map
- Partnered in the construction of the Green Line LRT linking the Minneapolis and St. Paul downtown areas
- Minnesota organizations that received grants through the federal Enhanced Mobility of Seniors and Individuals with Disabilities program delivered over 1 million trips and nearly 300,000 hours of service statewide.

PURPOSE & CONTEXT

The Transit program includes people and programs supporting alternatives to single occupant motor vehicle transportation. It includes grants and technical assistance to Greater Minnesota public bus systems and to private, non-profit organizations that support mobility services for people who are elderly or disabled. It provides planning and design support for walking and bicycling facilities. It also pays for employees that work closely with the Metropolitan Council on the construction of light rail transit.

MnDOT's transit goals include:

- Providing transit services to all counties in the state to meet the needs of transit users
- Increasing use of transit as a percentage of all trips statewide by giving highest priority to the transportation modes with the greatest people-moving capacity and lowest long-term economic and environmental cost
- Promoting and increasing bicycling and walking as a percentage of all trips as energy-efficient, nonpolluting, and healthy forms of transportation

SERVICES PROVIDED

Our office provides grants to fund:

- Public bus service outside the Twin Cities metropolitan area
- Safe Routes to School projects
- Programs for travel options focused on seniors and persons with disabilities
- Planning in urban areas in outstate Minnesota and in conjunction with the Metropolitan Council in the Twin Cities metro area

In addition, we provide planning for transit, bicycle transportation and pedestrian facilities. We also partner with the Metropolitan Council for the planning, design and construction of light rail transit, and commuter rail.

The Transit program includes programs and services that:

- Provide transportation options for people to reach their destinations
- Fund public bus systems in Greater Minnesota
- Fund wheelchair-accessible buses to replace aging buses or for service expansion
- Monitor publicly funded bus services to ensure compliance with state and federal transit regulations
- Provide administrative support for legislatively created councils and advisory committees
- Promote bicycling as an energy-efficient and healthy transportation alternative
- Provide programs that encourage walking and bicycling as a part of the transportation network (e.g., Share the Road, Safe Routes to Schools, Mississippi River Trail)
- Support walking and biking facilities in road projects through guidance and technical design manuals
- Own and strategically manage the ABC ramps in downtown Minneapolis to encourage carpooling, transit and bicycle commuting.

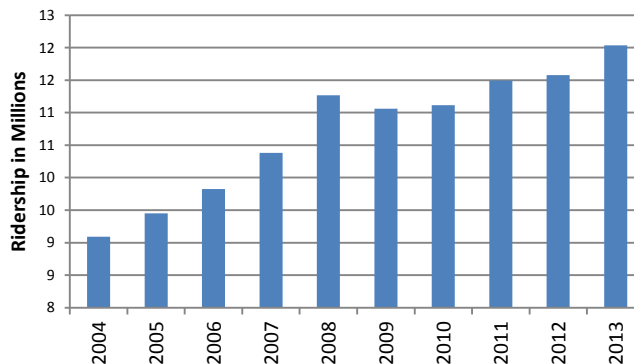
- Assists the Metropolitan Council in the design and construction of large transit projects in the Twin Cities. One of these, projects, the Green Line (Central Corridor) light rail transit, opened in June 2014.

RESULTS

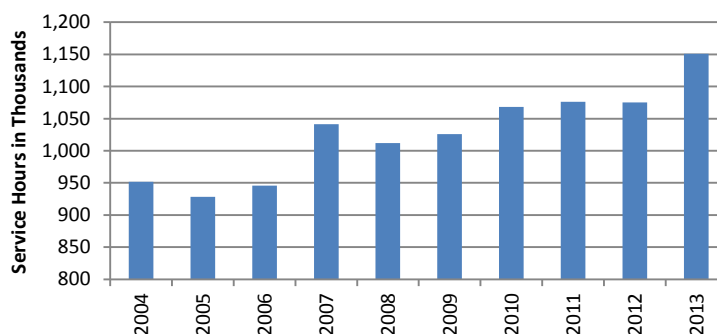
Public Transit in Greater Minnesota

There are 52 public transit systems serving 79 of the 80 counties in Greater Minnesota. They delivered 12,036,926 trips using 1,150,906 hours of service in 2013. The charts below show the most recent 10 years of those measures.

Greater Minnesota Public Transit Ridership



Greater Minnesota Public Transit Service Hours



During the last decade, Greater Minnesota public transit ridership has increased 32.4 percent while service hours increased 21 percent. Service has expanded so that every county except Waseca has at least some public bus service. Minnesota statute §174.24, subd. 1a requires us 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. In 2013, public transit systems met approximately 63 percent of the estimated total transit need in Greater Minnesota.

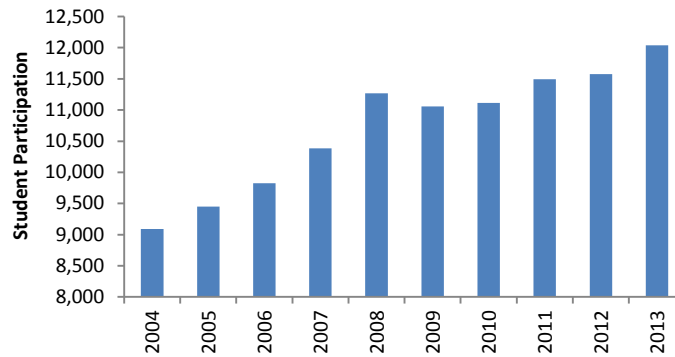
Bicycle and Pedestrian Programs

In 2014, Minnesota was named the second most bike-friendly state in the United States by the League of American Cyclists. As bicycling increased, bicycle crashes have remained steady, thereby reducing the rate of crashes.

For pedestrian safety, data shows that participation in walking as a form of transportation has remained flat, with a 2013 decline in crashes involving pedestrians.

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, we have provided nearly \$16 million in grants to 416 schools across Minnesota for infrastructure improvements, education and planning activities.

Safe Routes to School Student Participation



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) (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) (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) (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) (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) (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) (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) (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) (https://www.revisor.mn.gov/statutes/?id=174.82)

(Dollars in Thousands)

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	14,890	15,126	16,258	23,945	17,745	17,745	21,745	23,745
1050 - Transit Assistance	22,043	23,641	46,612	58,150	48,190	52,760	46,190	50,660
2000 - Restricted Misc Special Rev	20,564	16,695	14,493	19,626	18,503	16,853	18,503	16,853
2001 - Other Misc Special Rev	0	0	83	44	22	22	22	22
2700 - Trunk Highway	693	760	772	779	775	775	798	822
3000 - Federal	28,231	24,474	27,889	62,502	54,096	45,872	54,096	45,872
6000 - Miscellaneous Agency	431	410	450	501	501	501	501	501
Total	86,852	81,107	106,556	165,546	139,833	134,529	141,856	138,476
<i>Biennial Change</i>				104,143		2,259		8,229
<i>Biennial % Change</i>				62		1		3
<i>Governor's Change from Base</i>								5,970
<i>Governor's % Change from Base</i>								2

Expenditures by Category

Compensation	4,404	4,459	4,836	5,956	6,687	5,828	6,704	5,863
Operating Expenses	952	1,593	2,014	3,126	2,994	2,735	3,000	2,747
Other Financial Transactions	990	1,958	1,243	974	974	973	974	973
Grants, Aids and Subsidies	73,111	70,850	96,591	153,266	127,035	122,851	129,035	126,751
Capital Outlay-Real Property	7,395	2,247	1,871	2,224	2,142	2,142	2,142	2,142
Total	86,852	81,107	106,556	165,546	139,833	134,529	141,856	138,476

Full-Time Equivalents

53.8	52.3	53.2	63.2	68.8	59.1	69.0	59.5
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Budget Activity: Transit

Budget Activity Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		138		443				
Direct Appropriation	15,023	15,023	16,701	23,502	17,745	17,745	21,745	23,745
Net Transfers	0	0	0	0	0	0	0	0
Cancellations		35						
Expenditures	14,890	15,126	16,258	23,945	17,745	17,745	21,745	23,745
Balance Forward Out	133		443					
<i>Biennial Change in Expenditures</i>				10,188		(4,714)		5,286
<i>Biennial % Change in Expenditures</i>				34		(12)		13
<i>Gov's Exp Change from Base</i>								10,000
<i>Gov's Exp % Change from Base</i>								28
FTEs	0.7	0.7	0.6	1.7	1.7	1.7	1.7	1.7

1050 - Transit Assistance

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	6,010	15,834	30,540	32,170	18,650	21,250	18,650	21,250
Receipts	31,656	38,350	48,223	44,630	50,790	54,260	48,790	52,160
Net Transfers	0	0	0	0	0	0	0	0
Expenditures	22,043	23,641	46,612	58,150	48,190	52,760	46,190	50,660
Balance Forward Out	15,622	30,543	32,170	18,650	21,250	22,750	21,250	22,750
<i>Biennial Change in Expenditures</i>				59,077		(3,812)		(7,912)
<i>Biennial % Change in Expenditures</i>				129		(4)		(8)
<i>Gov's Exp Change from Base</i>								(4,100)
<i>Gov's Exp % Change from Base</i>								(4)
FTEs	4.7	4.8	4.8	4.2	4.2	4.1	4.2	4.1

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	10,546	12,443	13,816	15,665	12,785	12,007	12,785	12,007
Receipts	21,114	17,499	16,342	16,747	17,725	16,925	17,725	16,925
Net Transfers	1,205	563						
Expenditures	20,564	16,695	14,493	19,626	18,503	16,853	18,503	16,853
Balance Forward Out	12,300	13,809	15,665	12,785	12,007	12,079	12,007	12,079
<i>Biennial Change in Expenditures</i>				(3,141)		1,238		1,238
<i>Biennial % Change in Expenditures</i>				(8)		4		4

Budget Activity: Transit

Budget Activity Financing by Fund

(Dollars in Thousands)

2000 - Restricted Misc Special Rev

Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	21.6	19.7	17.2	24.1	31.4	23.1	31.4	23.1

2001 - Other Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In			83	22	0	0	0	0
Receipts	0	21	22	22	22	22	22	22
Net Transfers		62						
Expenditures	0	0	83	44	22	22	22	22
Balance Forward Out		83	22	0	0	0	0	0
Biennial Change in Expenditures				126		(82)		(82)
Biennial % Change in Expenditures						(65)		(65)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

2700 - Trunk Highway

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		83		3				
Direct Appropriation	775	775	775	775	775	775	798	822
Cancellations		98						
Expenditures	693	760	772	779	775	775	798	822
Balance Forward Out	82		3					
Biennial Change in Expenditures				97		0		70
Biennial % Change in Expenditures				7		0		5
Gov's Exp Change from Base								70
Gov's Exp % Change from Base								5
FTEs	7.4	7.3	8.4	8.3	8.3	8.3	8.5	8.6

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	1,701	1,606	1,629	1,186	890	255	890	255
Receipts	28,080	24,497	27,448	62,206	53,461	45,872	53,461	45,872
Internal Billing Receipts						0		0
Net Transfers		0	0					

Budget Activity: Transit

Budget Activity Financing by Fund

(Dollars in Thousands)

3000 - Federal

Expenditures	28,231	24,474	27,889	62,502	54,096	45,872	54,096	45,872
Balance Forward Out	1,550	1,629	1,186	890	255	255	255	255
<i>Biennial Change in Expenditures</i>				37,685		9,578		9,578
<i>Biennial % Change in Expenditures</i>				72		11		11
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	19.4	19.8	22.1	24.9	23.3	21.9	23.3	21.9

6000 - Miscellaneous Agency

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	95	95	95	95	95	95	95	95
Receipts	431	410	450	501	501	501	501	501
Expenditures	431	410	450	501	501	501	501	501
Balance Forward Out	95	95	95	95	95	95	95	95
<i>Biennial Change in Expenditures</i>				110		51		51
<i>Biennial % Change in Expenditures</i>				13		5		5
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Program: Multimodal Systems

Activity: Freight

<http://www.dot.state.mn.us/cvo>

AT A GLANCE

In FY14 our office:

- Awarded \$2.75 million Port Development Assistance Grants for public port authority infrastructure improvements
- Completed 35 highway/rail grade crossing improvements
- Completed first Minnesota Ports and Waterways Plan
- Executed 31 rail agreements required for trunk highway construction projects
- Conducted 805 motor carrier safety reviews
- Provided 84 motor carrier safety classes
- Issued 90,000 motor carrier oversize/overweight permits
- Issued 7,500 motor carrier credentials
- Decreased grade crossing incidents to a low of 21 in 2012, from a high of 115 in 1990

PURPOSE & CONTEXT

Minnesota's freight industry carries over 600 million tons of freight annually by truck, rail, water and air transportation modes. The system includes hubs, terminals and ports that provide connections between modes, extending availability of freight service for shippers, carriers and citizens. Fuel prices, commodity demand, and competition between modes of transportation all affect the demand for and use of each mode. We work closely with the freight industry, communities and other stakeholders to help meet growing freight demand and to support economic development.

Our office enhances Minnesota's economic competitiveness by improving access to regional, national, and global markets through the safe and efficient movement of goods. The agency also improves transportation safety by enhancing the safety and security of commercial transportation operations and by ensuring compliance with state and federal laws.

SERVICES PROVIDED

Grade Crossing Safety: We administer installation of active warning devices (lights, gates or a combination of the two) at highway-rail grade crossings to enhance safety. The Federal Highway Administration's Section 130 grade crossing safety program provides approximately \$6 million annually, funding about 25 projects per year. In addition, state general funds and bond funds are used to replace antiquated safety equipment and to construct low-cost safety improvements.

Rail-Related Trunk Highway Projects: We execute coordination and construction agreements with railroads in support of trunk highway construction projects affected by rail lines.

Rail and Port Programs: We administer the Minnesota Rail Service Improvement Program (loans) and the Port Development Assistance Program (grants) to improve the condition and capacity of rail and port infrastructure. Freight rail projects funded by the Minnesota Rail Service Improvement program address track and rail bridge condition for railroads and extend rail access to rail shippers. The Port Development Assistance Program has committed \$25 million for 37 projects since its inception in 1996. State bond funds primarily support the programs.

Freight and Rail Planning and Development: We develop plans and support initiatives that improve Minnesota's freight transportation system. We project that truck freight will increase 30% by 2030. Plans include the Statewide Freight Plan, the Comprehensive Freight and Passenger Rail Plan, and the Ports and Waterways Plan. Our office also evaluates highway-rail grade crossings on oil train routes to identify high-risk sites and appropriates state funds for improvements.

Rail Safety Inspection: We inspect rail track and hazardous materials transports to ensure compliance with federal and state regulations. The agency provides oversight and regulation of rail grade crossings and rail worker safety.

Oversize/Overweight Truck Permits: We issue single-trip and annual permits authorizing the movement of oversize/overweight trucks on trunk highways and interstates to protect the infrastructure and ensure safety.

Motor Carrier Safety Evaluation: We review regulated commercial transportation businesses and shippers to ensure compliance with safety and hazardous materials regulations.

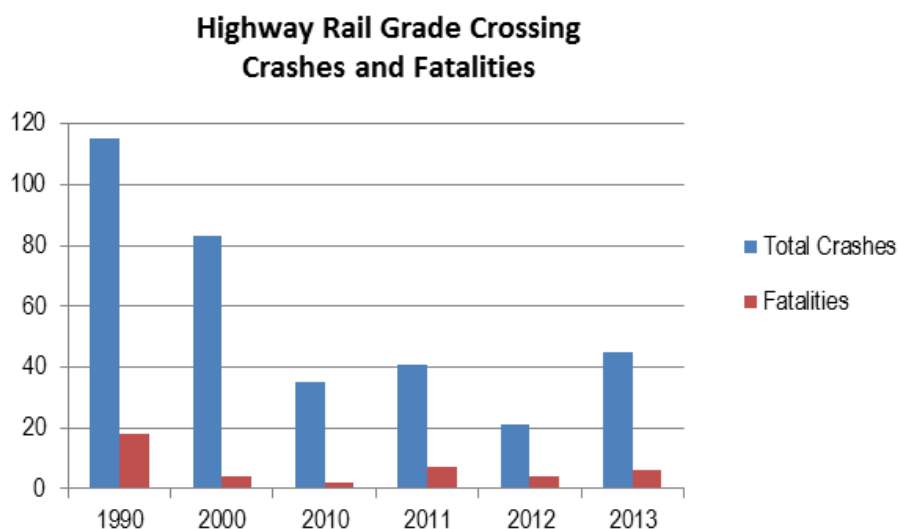
Motor Carrier Credentials: We administer credentialing programs for intrastate and interstate motor carrier operations and shippers to ensure that only insured carriers meeting the state's safety requirements operate on Minnesota's roads.

Motor Carrier Education: We provide training, technical assistance and educational outreach materials on motor carrier safety regulations to commercial vehicle operators, shippers and other industry groups in order to improve transportation safety, efficiency and productivity. Instruction is provided through live classes and online e-learning programs.

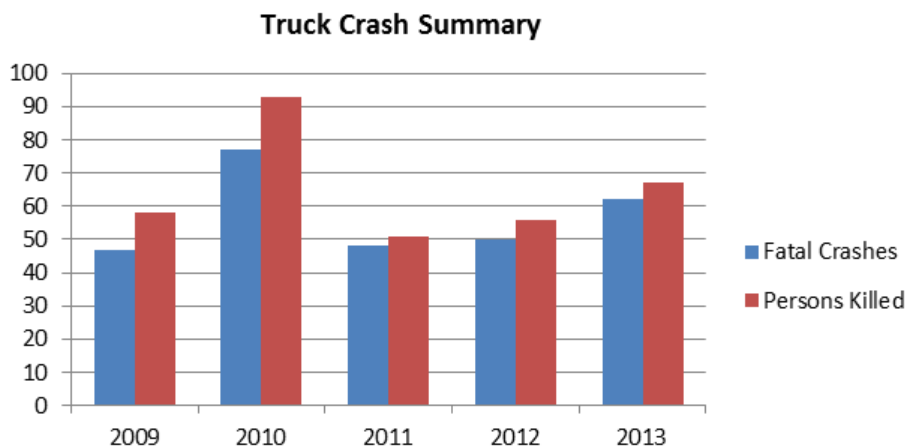
RESULTS

The purpose of the Highway-Rail Grade Crossing Safety Improvement program is to improve safety for the traveling public at public grade crossings in the state. Through improvements in infrastructure and public education, grade crossing incidents have declined substantially, from 115 in 1990 to a low of 21 in 2012. We evaluate and prioritize grade crossing improvement projects based on accident frequency, safety, and replacement needs.

Approximately one-third of Minnesota's 4,200 public road grade crossings have gates and signals (or flashers). Many factors contribute to crashes, but increasing rail traffic may increase the number of crashes. We will continue to monitor for trends and investing in safety improvements.



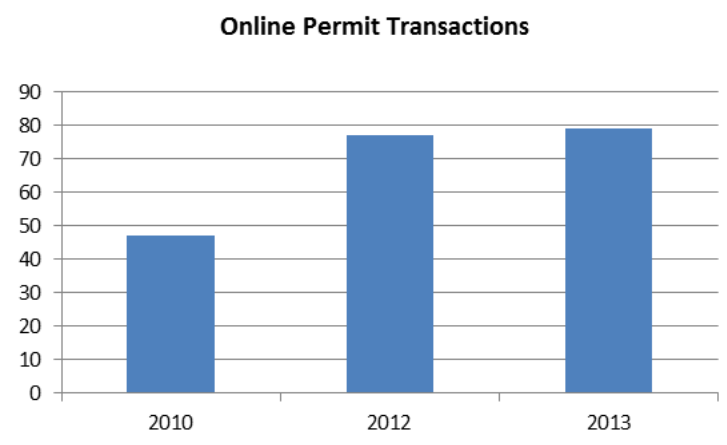
Minnesota, like other states, uses comprehensive safety monitoring and compliance strategies developed by the Federal government. Truck-only trips remain the primary means of shipping goods according to freight value. In 2013, there were 4,741 truck-involved traffic crashes reported to the Department of Public Safety. This represents a 25% increase from the previous year. There were 62 fatal truck crashes, resulting in 67 fatalities. In addition, there were 1,425 people injured in truck-related crashes in Minnesota.



Our goal is to increase the safety performance of passenger carriers, including special transportation service providers, limousine operators, and motor carriers of passengers. In 2013, 97% of all passenger carriers achieved an acceptable safety rating according to Federal safety methodology. Future targets are to continue to have 95% or better of all passenger carriers achieve an acceptable safety rating.



We work to provide more efficient and faster customer service by increasing electronic permitting. The percentage of permit transactions conducted over the internet was 79% in 2013. The target was to achieve 50%.



The legal authority for the Freight and Commercial Vehicle Operations activity comes from:
Oversize/overweight permits, [M.S. 169.80 – 169.86](https://www.revisor.mn.gov/statutes/?id=169.80) (<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) (<https://www.revisor.mn.gov/statutes/?id=174.30>)
and [M.S. 221](https://www.revisor.mn.gov/statutes/?id=221) (<https://www.revisor.mn.gov/statutes/?id=221>)
Port Development Assistance Program, [M.S. 457A](https://www.revisor.mn.gov/statutes/?id=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) (<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) (<https://www.revisor.mn.gov/statutes/?id=219>)
Plans for Public Travel Facilities, [M.S. 160.28](https://www.revisor.mn.gov/statutes/?id=160.28) (<https://www.revisor.mn.gov/statutes/?id=160.28>)

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	168	344	254	1,257	1,756	256	1,756	256
2000 - Restricted Misc Special Rev	1,206	1,369	2,003	3,018	1,918	1,918	34,418	34,418
2001 - Other Misc Special Rev	0	150	0	0	0	0	0	0
2700 - Trunk Highway	4,249	4,798	4,194	5,600	4,897	4,897	5,044	5,196
3000 - Federal	4,640	9,980	7,420	10,946	8,500	8,500	8,500	8,500
Total	10,263	16,641	13,872	20,821	17,071	15,571	49,718	48,370
<i>Biennial Change</i>				7,789		(2,052)		63,394
<i>Biennial % Change</i>				29		(6)		183
<i>Governor's Change from Base</i>								65,446
<i>Governor's % Change from Base</i>								201

Expenditures by Category

Compensation	5,101	4,184	5,544	6,212	6,233	6,346	6,343	6,570
Operating Expenses	3,344	4,161	1,953	5,708	1,983	1,661	2,020	1,736
Other Financial Transactions	9	19	47	50	5	1	5	1
Grants, Aids and Subsidies	25	1,924					32,500	32,500
Capital Outlay-Real Property	1,784	6,352	6,326	8,852	8,850	7,563	8,850	7,563
Total	10,263	16,641	13,872	20,821	17,071	15,571	49,718	48,370

Full-Time Equivalents

63.3	63.0	64.3	70.2	69.8	69.8	71.0	72.2
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Budget Activity: Freight

Budget Activity Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		89		502	1,500		1,500	
Direct Appropriation	257	256	756	2,256	256	256	256	256
Net Transfers			0	0				
Cancellations		0						
Expenditures	168	344	254	1,257	1,756	256	1,756	256
Balance Forward Out	89		502	1,500				
<i>Biennial Change in Expenditures</i>				999		500		500
<i>Biennial % Change in Expenditures</i>				195		33		33
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	1.7	2.7	3.1	2.1	2.3	2.3	2.3	2.3

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	2,037	1,177	4,433	3,564	1,974	1,484	1,974	1,484
Receipts	1,203	1,016	1,135	1,428	1,428	1,428	33,928	33,928
Net Transfers	(9)	(180)						
Expenditures	1,206	1,369	2,003	3,018	1,918	1,918	34,418	34,418
Balance Forward Out	2,025	644	3,564	1,974	1,484	994	1,484	994
<i>Biennial Change in Expenditures</i>				2,447		(1,185)		63,815
<i>Biennial % Change in Expenditures</i>				95		(24)		1,271
<i>Gov's Exp Change from Base</i>								65,000
<i>Gov's Exp % Change from Base</i>								1,694
FTEs	1.1	1.2	1.1	2.6	3.0	3.0	3.0	3.0

2001 - Other Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Net Transfers		150						
Expenditures	0	150	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(150)		0		0
<i>Biennial % Change in Expenditures</i>				(100)		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Budget Activity: Freight

Budget Activity Financing by Fund

(Dollars in Thousands)

2700 - Trunk Highway

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		662	30	733	30	30	30	30
Direct Appropriation	4,897	4,897	4,897	4,897	4,897	4,897	5,044	5,196
Receipts	0							
Net Transfers	9	30	0	0	0	0	0	0
Cancellations	9	791						
Expenditures	4,249	4,798	4,194	5,600	4,897	4,897	5,044	5,196
Balance Forward Out	648	30	733	30	30	30	30	30
<i>Biennial Change in Expenditures</i>				748		(1)		445
<i>Biennial % Change in Expenditures</i>				8		0		5
<i>Gov's Exp Change from Base</i>								446
<i>Gov's Exp % Change from Base</i>								5
FTEs	48.7	55.3	57.8	47.5	46.5	46.5	47.7	48.9

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	371	1	645	1				
Receipts	4,269	10,236	6,777	10,945	8,500	8,500	8,500	8,500
Expenditures	4,640	9,980	7,420	10,946	8,500	8,500	8,500	8,500
Balance Forward Out		256	1					
<i>Biennial Change in Expenditures</i>				3,746		(1,366)		(1,366)
<i>Biennial % Change in Expenditures</i>				26		(7)		(7)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	11.8	3.8	2.3	18.0	18.0	18.0	18.0	18.0

Program: Multimodal Systems

Activity: Passenger Rail

<http://www.dot.state.mn.us/passengerrail/>

AT A GLANCE

- \$26 million in G.O. bonds authorized in 2009 to develop passenger rail services as identified in the Statewide Rail Plan
- Completed two Twin Cities area projects with bond funds: St. Paul Union Depot and Target Field Station
- Preparing five rail corridor projects eligible for future federal funding
 - Twin Cities to Milwaukee / Chicago HSR Corridor
 - Duluth to the Twin cities metro (Northern Lights Express)
 - Twin Cities to Rochester (ZIP Rail)
 - Hinckley Loop
 - Union Depot to Target Field

PURPOSE & CONTEXT

The 2010 Minnesota Statewide Rail Plan directs our office to lead the development of passenger rail services. This program will improve mobility for Minnesotans and connect state regional centers with passenger rail services. These connections will provide more access to employment, educational opportunities, health care, and commercial services.

We work with local governments, county railroad authorities, host railroads and corridor advocates to develop a system of passenger trains that connect Minnesota communities. Minnesota residents are the primary customers of the service and will benefit through the availability of more choices to meet travel needs in a reliable, sustainable, and environmentally friendly way.

SERVICES PROVIDED

The Amtrak Empire Builder is Minnesota's one daily interstate passenger train. We are working with Amtrak and the state of Wisconsin to add a second daily train between Minnesota and Chicago as a first step in building a system of high speed (90 to 100 mph) routes interconnecting the upper Midwest. This rail system will eventually provide additional regional routes (up to six trains daily) to complement Amtrak's national system.

We are currently managing intrastate corridor projects that will connect Duluth to the Twin Cities (the Northern Lights Express, or NLX) and the Twin Cities to Rochester (the ZIP Rail). These are considered phase one projects in the Statewide Rail Plan, meaning they are in the environmental review, preliminary engineering, and design stages respectively.

RESULTS

Since adoption of the state rail plan, our office has initiated five corridor planning and development projects, while continuing to manage the two capital projects: St. Paul Union Depot and Target Field Station, which preceded the plan. As a result, more than \$25 million of the \$26 million in authorized bonds from 2009 have already been committed. This state investment also leveraged an additional \$40 million in federal funding. All rail projects in the state rail plan are making progress in the federal development process.

The legal authority for the Passenger Rail activity comes from the following: [M.S.174.632](https://www.revisor.mn.gov/statutes/?id=174.632) (<https://www.revisor.mn.gov/statutes/?id=174.632>gov/statutes/?id=174.24).

(Dollars in Thousands)

Expenditures By Fund

	Actual		Actual FY14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY13			FY16	FY17	FY16	FY17
1000 - General	140	840	238	763	500	500	500	500
2000 - Restricted Misc Special Rev	5	47	33	37	0	0	0	0
3000 - Federal	691	491	798	4,184	700	500	700	500
Total	836	1,377	1,068	4,985	1,200	1,000	1,200	1,000
<i>Biennial Change</i>				3,840		(3,854)		(3,854)
<i>Biennial % Change</i>				173		(64)		(64)
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Compensation	86	504	145	114	418	426	418	426
Operating Expenses	668	818	923	4,871	782	574	782	574
Other Financial Transactions		7	0	0	0	0	0	0
Grants, Aids and Subsidies	83	48						
Total	836	1,377	1,068	4,985	1,200	1,000	1,200	1,000

Full-Time Equivalents

0.6	4.4	1.4	1.1	4.0	4.0	4.0	4.0
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Budget Activity: Passenger Rail

Budget Activity Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		385		263				
Direct Appropriation	500	500	500	500	500	500	500	500
Cancellations		45						
Expenditures	140	840	238	763	500	500	500	500
Balance Forward Out	360		263					
<i>Biennial Change in Expenditures</i>				21		(2)		(2)
<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
FTEs	0.6	4.4	1.4	1.1	4.0	4.0	4.0	4.0

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		5	50	17				
Receipts	5	54		20	0	0	0	0
Expenditures	5	47	33	37	0	0	0	0
Balance Forward Out		12	17					
<i>Biennial Change in Expenditures</i>				18		(70)		(70)
<i>Biennial % Change in Expenditures</i>				35		(100)		(100)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		0	0	0				
Receipts	691	491	798	4,184	700	500	700	500
Expenditures	691	491	798	4,184	700	500	700	500
Balance Forward Out		0	0					
<i>Biennial Change in Expenditures</i>				3,800		(3,782)		(3,782)
<i>Biennial % Change in Expenditures</i>				322		(76)		(76)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Program: State Roads

Activity: Program Planning and Delivery

<http://www.dot.state.mn.us>

AT A GLANCE

- Over 540 Construction projects let during calendar years 2012 and 2013.
- \$2 billion in construction projects funded
- 119 research projects started
- Trunk highway system makes up 8.5% of Minnesota's roads, but carries 60% of total traffic
- 2 projects were nationally recognized in 2013 for their innovative solutions and savings in taxpayer dollars

PURPOSE & CONTEXT

Cars, trucks, buses, bicycles and pedestrians rely on our trunk highway system. We fund the planning and delivery of all state highway projects. We set performance goals and policy, develop long-range plans, evaluate transportation investments against the specific performance targets, and recommend alternatives. We perform project design and construction project oversight. We develop and manage transportation research to improve transportation projects and practices. Planning, design, construction oversight and research contribute to a highway system that is reliable, effective, efficient and safe.

In the past year, our Commissioner held more than 60 events, including town halls, chamber events, business tours, and media interviews to emphasize the importance of the state highway system for work, play, health care and countless other purposes. We use the state highway system to get from "A to B".

Our primary goal is maximizing the public's return on its transportation investment. We use flexible design and other innovative techniques to tailor our investments to the characteristics of each project. Projects that are appropriately matched to their surroundings can often achieve the benefits of more costly approaches, but sooner and at less cost. These savings are used to plan and build more projects. Two award-winning examples of flexible design are the Highway 169/I-494 interchange and the Highway 610 extension.

SERVICES

We work closely with other MnDOT offices to maximize the productivity of our limited resources. Investment changes in one area affect the results in others. For example, more State Road Construction funding requires more funding in Planning and Program Delivery. Similarly, an increase in the State Road Construction budget that increases the size of the system will require additional Operations and Maintenance spending in the future.

Planning the Highway System

Highway planning includes assessing statewide infrastructure conditions, estimating future revenues, and determining future modal needs. We make policy and planning decisions that provide the greatest return on transportation system investment. The Statewide Multimodal Transportation Plan is based on the adopted Minnesota GO 50-year Vision for transportation. It provides guidance to help our state achieve this vision and emphasizes building and maintaining a transportation system that ensures a high return-on-investment and meets the unique social, natural and economic features of Minnesota. We plan investments in highways, interchanges, bridges, freight and port facilities, and airports using performance and results. We invest to bring mobility to disabled persons. All of our plans describe an optimum transportation system for the future. They include the State Highway Investment Plan (MnSHIP), the Strategic Highway Safety Plan, the Statewide Freight System Plan, the Transportation Asset Management Plan, and others. Every year, we identify future capital highway investments in the annual Statewide Transportation Improvement Program (STIP).

Without our planning, we would not be able to:

- Manage and integrate current data and best practices for multimodal policy formation and investment decision making.
- Coordinate transportation system plans and policies with other government agencies.
- Prepare updates of the statewide transportation investment plan, which are required by state and federal law every four years. The plan provides trend analysis, policies, performance measures, and guidance for long-range, statewide transportation planning.
- Apply long-range statewide transportation policies and performance measures to district transportation decisions.

- Monitor corridor performance using safety and mobility performance measures and targets, identify problem areas, and determine where additional management or investments are needed.

Developing Highway Improvement Projects

We are responsible for the success of transportation projects. We define priorities, choose specific projects, refine project scopes, estimate costs, and solicit bids. We monitor construction every step of the way to make sure that projects are on schedule, meet cost estimates and satisfy quality standards. We work with our contractors to solve problems and manage unforeseen events. Project development begins once a project has been selected through the scoping process. We evaluate project scope and consider environmental and social impacts to determine cost-effective solutions. We monitor schedules and costs to keep projects within budget and on schedule.

Highway Construction Oversight

We monitor construction projects to ensure that the final product meets all specifications. We:

- Manage the overall progress of State Highway projects through construction completion and final project documentation.
- Coordinate the early stages of project with unique features or procurement methods.
- Oversee quality management, testing, project scheduling and compliance with specifications.
- Provide sound fiscal management, financial tracking and regulatory conformity.

Project Delivery

We deliver the right projects on schedule and on budget.

- Deliver a high-quality transportation system for Minnesota's road users.
- Report our overall performance in the Annual Minnesota Transportation Performance Report. The most recent report is available online at <http://www.dot.state.mn.us/measures/index.html>.

Research and Development

We develop and apply new technologies for trunk highway projects, like newer, cost-effective pavement designs, accelerated bridge construction techniques, and methods to improve highway safety. Our Research Services & Library manages a program of research projects. This research complements other federal and local agency research as part of an over \$10 million per year transportation research program. Research Services & Library staff serve as a resource for MnDOT staff as well as city and county engineers, kick-starting research and shepherding projects to completion. At any given time, the staff manages approximately 190 research projects including basic and applied research, and also helps identify opportunities to implement the research results and develop marketing and communications materials.

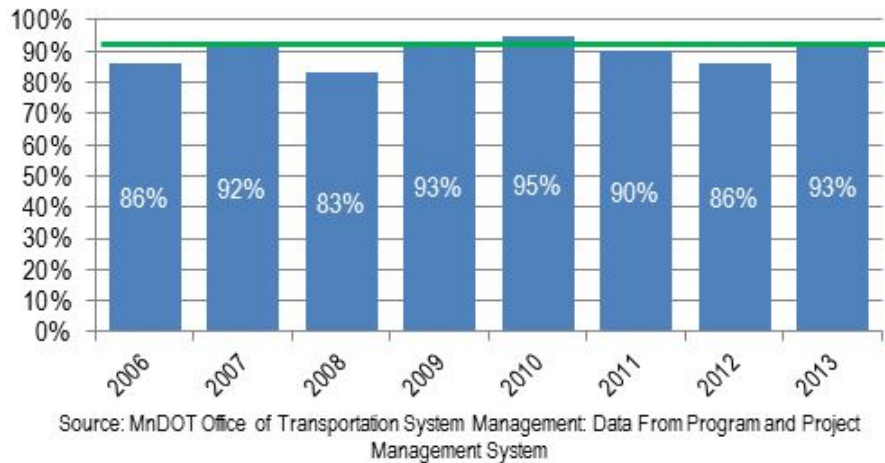
RESULTS

We deliver services that are improving the transportation system in Minnesota. We are placing greater emphasis on project scheduling and monitoring to ensure projects are delivered within budget and on time. We focus on results during planning so our investments will meet our highest priority needs. Our annual measures include the number of fatalities, the percentage of bridges in poor condition, the percentage of highways with pavement in poor condition, and the percent of the system that is congested.

Project Delivery

- We have a straightforward project delivery goal: to deliver the right projects on schedule and on budget. We measure the percentage of projects let in the year scheduled. "Letting" is the opening of bid proposals. In FY2013, we let 93% of our projects on schedule – exceeding the target of 90%.

Percentage of Projects Let in the Year Scheduled

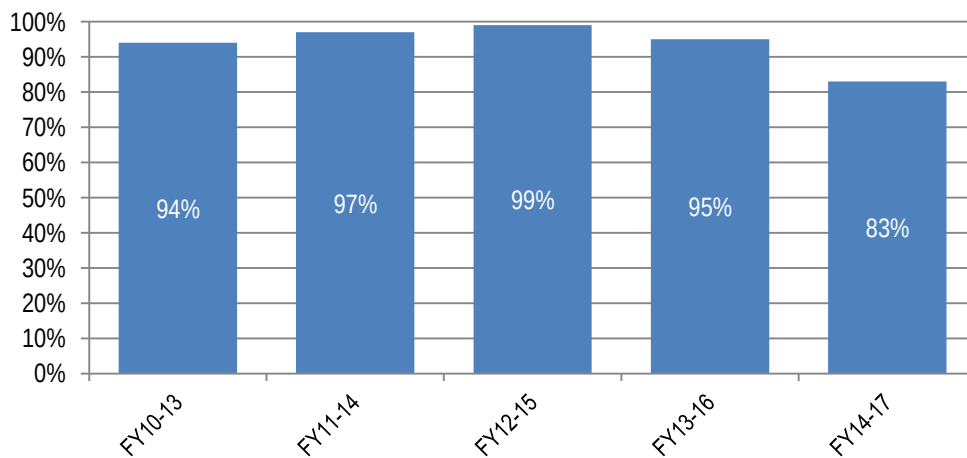


In FY2013 MnDOT let 93% of its construction program on schedule (\$853.2 million out of \$887.4 million) This result represented a substantial improvement over the FY2012 result, which was negatively impacted by a delay in letting one major project (Dresbach Bridge).

Project Scoping and Estimating

Cost estimating and cost management are critical parts of project management. We follow project cost estimates. They become more certain as the project nears initiation and project managers sharpen their estimates and reduce project contingencies. We will have more certain material costs, we will have mitigated many identified risks, and we will be working with detailed specifications. Every MnDOT project should have an approved Total Project Cost Estimate (TPCE) and an approved scoping report prior to the project entering the Statewide Transportation Improvement Plan (STIP). Since the statewide comprehensive scoping process was implemented in 2008, this process is closely followed by MnDOT's districts

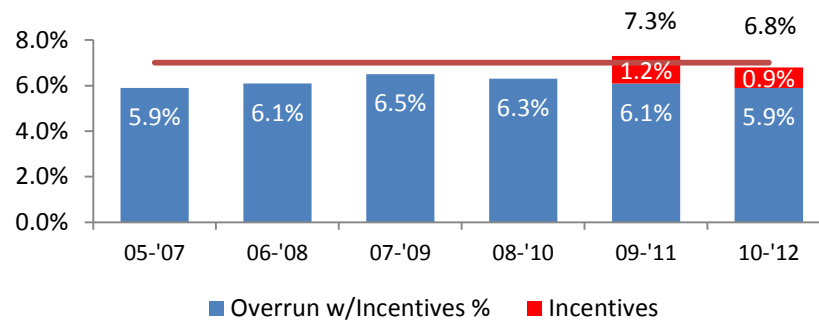
MnDOT Projects in the STIP with an approved scoping report



Cost Overruns (three-year average)

We evaluate program planning and delivery performance by tracking cost overruns as a share of total project cost. A cost overrun is the additional cost incurred after the original award of a construction contract. Between 2010 and 2012, contract overruns totaled \$130 million minus incentives; cost overruns totaled \$113 million. The incentives data is available for the last two reporting periods.

Three-Year Moving Average of Construction Cost Overruns*

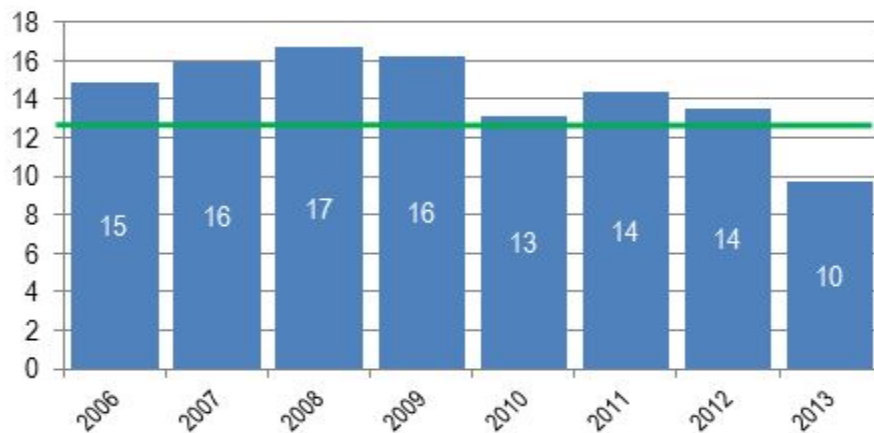


* Reflects non-emergency contracts at least 95% complete

Average Number of Months to process Right of Way

We track the average right of way process time in months, measured from the time when the amount of new right-of-way needed is known ("construction limits complete/footprint delineated" milestone date) to the time when the right-of-way is available for MnDOT to let the construction contract ("ROW available" milestone date). Our target right of way process time is 14 months on average.

Average Number of Months to Process Right of Way*



Source: MnDOT Office of Transportation System Management: Data From Office of Land Management

* Excludes design build projects and projects for which funding is not identified (i.e. shelf projects)

The Department of Transportation's Program Planning and Delivery legal authority comes from:
 Roads General Provisions [M.S.160](http://ihub.dot.state.mn.us/) (<http://ihub.dot.state.mn.us/>)
 Trunk Highway [M.S.161](http://ihub.dot.state.mn.us/) (<http://ihub.dot.state.mn.us/>)

(Dollars in Thousands)

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
2000 - Restricted Misc Special Rev	1,558	5,201	7,565	4,159	2,991	3,017	2,991	3,017
2001 - Other Misc Special Rev	0	68	485	208	100	100	100	100
2700 - Trunk Highway	179,616	210,497	195,577	223,000	207,341	207,341	257,896	277,895
2710 - Highway Users Tax Distribution	0	0	75	0	0	0	0	0
3000 - Federal	8,470	6,720	5,226	20,982	15,885	15,291	15,885	15,291
6000 - Miscellaneous Agency	7							
Total	189,650	222,486	208,929	248,349	226,318	225,750	276,873	296,304
<i>Biennial Change</i>				45,142		(5,210)		115,899
<i>Biennial % Change</i>				11		(1)		25
<i>Governor's Change from Base</i>								121,109
<i>Governor's % Change from Base</i>								27

Expenditures by Category

Compensation	147,023	158,622	162,490	171,233	153,665	153,730	181,478	198,599
Operating Expenses	39,292	55,182	42,322	68,116	63,652	63,019	80,270	87,804
Other Financial Transactions	892	2,900	1,877	1,167	1,500	1,500	1,500	1,500
Grants, Aids and Subsidies	1,507	1,874	1,179	6,789	6,661	6,661	6,661	6,661
Capital Outlay-Real Property	936	3,907	1,060	1,044	840	840	6,964	1,740
Total	189,650	222,486	208,929	248,349	226,318	225,750	276,873	296,304

<u>Full-Time Equivalents</u>	1,865.6	1,931.6	1,907.0	1,954.2	1,753.4	1,722.9	2,062.6	2,207.5
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Budget Activity: Program Planning & Delivery

Budget Activity Financing by Fund

(Dollars in Thousands)

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	4,849	7,111	5,212	1,519	500	543	500	543
Receipts	4,412	3,540	3,918	3,149	3,035	2,715	3,035	2,715
Net Transfers	(824)	(216)	(46)	(10)				
Expenditures	1,558	5,201	7,565	4,159	2,991	3,017	2,991	3,017
Balance Forward Out	6,879	5,234	1,519	500	543	240	543	240
<i>Biennial Change in Expenditures</i>				4,965		(5,715)		(5,715)
<i>Biennial % Change in Expenditures</i>				73		(49)		(49)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	2.0	1.0	1.3	1.5	1.1	1.1	1.1	1.1

2001 - Other Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In			364	2				
Receipts	0	36	124	207	100	100	100	100
Net Transfers		396						
Expenditures	0	68	485	208	100	100	100	100
Balance Forward Out		364	2					
<i>Biennial Change in Expenditures</i>				626		(493)		(493)
<i>Biennial % Change in Expenditures</i>				915		(71)		(71)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs		0.1	0.2					

2700 - Trunk Highway

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	4,830	34,108	14,735	20,987			7,804	7,804
Direct Appropriation	206,918	217,733	206,720	209,840	206,720	206,720	249,171	274,974
Receipts	415	628	379	403	903	903	2,203	2,203
Net Transfers	(2,346)	(19,910)	(98)	1,402	1,402	1,402	1,402	1,402
Cancellations		7,577	5,172	1,823	1,683	1,683	1,683	1,683
Expenditures	179,616	210,497	195,577	223,000	207,341	207,341	257,896	277,895
Balance Forward Out	30,201	14,485	20,987	7,804			1,000	
<i>Biennial Change in Expenditures</i>				28,464		(3,894)		117,215

Budget Activity: Program Planning & Delivery

Budget Activity Financing by Fund

(Dollars in Thousands)

2700 - Trunk Highway

Biennial % Change in Expenditures				7		(1)		28
Gov's Exp Change from Base								121,109
Gov's Exp % Change from Base								29
FTEs	1,861.7	1,928.7	1,901.0	1,950.3	1,749.9	1,719.4	2,059.1	2,203.9

2710 - Highway Users Tax Distribution

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Direct Appropriation	0	0	75	0	0	0	0	0
Expenditures	0	0	75	0	0	0	0	0
Biennial Change in Expenditures				75		(75)		(75)
Biennial % Change in Expenditures						(100)		(100)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	152	339	115	131	100	100	100	100
Receipts	8,573	6,519	5,243	20,951	15,885	15,291	15,885	15,291
Net Transfers		(24)						
Expenditures	8,470	6,720	5,226	20,982	15,885	15,291	15,885	15,291
Balance Forward Out	255	113	131	100	100	100	100	100
Biennial Change in Expenditures				11,019		4,968		4,968
Biennial % Change in Expenditures				73		19		19
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	1.8	1.7	4.4	2.4	2.4	2.4	2.4	2.4

6000 - Miscellaneous Agency

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	40	40	0	1	1	1	1	1
Receipts	7	0	1	0	0	0	0	0
Net Transfers		(40)						
Expenditures	7							
Balance Forward Out	40	0	1	1	1	1	1	1
Biennial Change in Expenditures				(7)				

Budget Activity: Program Planning & Delivery

Budget Activity Financing by Fund

(Dollars in Thousands)

6000 - Miscellaneous Agency

Biennial % Change in Expenditures	(100)		
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Program: State Roads
Activity: State Road Construction

<http://www.dot.state.mn.us/planning/program/stip.html>
<http://www.dot.state.mn.us/minnesotago/index.html>
<http://www.dot.state.mn.us/planning/mnship/>

AT A GLANCE

- 12,000 trunk highway miles including the interstates
- 33,000 trunk highway lane miles
- 4,846 bridges on trunk highway routes (including rail road, pedestrian and other bridge structures)
- 10 Travel Information Centers, 3 Regional Welcome Centers, and 257 waysides and rest areas
- 255,000 acres of highway right of way (including wetland and ponds)
- 6 Fixed scale sites

PURPOSE & CONTEXT

The state road and bridge construction program funds construction, reconstruction and improvement of trunk highways, including design-build contracts and consultant usage to support these activities occur. It includes payments to landowners for highway right of way, payment to lessees, interest subsidies and relocation expenses. We follow the priorities and policies in the 20-year Statewide Multimodal Transportation Plan (Minnesota GO), and the Minnesota State Highway Investment Plan: 2014-2033 (MnSHIP).

This program benefits the travelling public, freight and commercial transportation businesses, as well as the engineering consultants and construction contractors employed to design and build state projects

SERVICES PROVIDED

We select, design and manage construction projects to provide sustainable options to safely move people, goods and services on the trunk highway system. These investments in preservation, safety, mobility and regional priorities are prioritized in the [Minnesota State Highway Investment Plan](http://www.dot.state.mn.us/planning/mnship/) (<http://www.dot.state.mn.us/planning/mnship/>).

Trunk Highway System Preservation

- We improve pavement and bridge conditions through reconstruction and repair.

Trunk Highway System Expansion

We expand the transportation system by adding capacity with new lanes and interchanges. We also make the roadway safer with new turn lanes and roundabouts.

- We also expand the system through special legislation and bonding programs, like the Corridors of Commerce. These are not always identified in the agency's performance plans, but improve Minnesota's quality of life.

Other Trunk Highway System Improvements

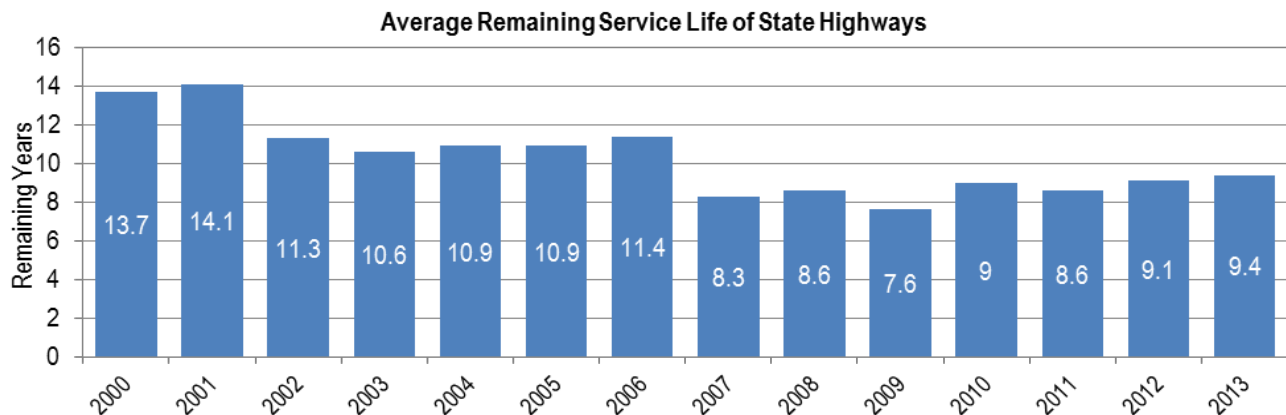
- We also manage construction projects outside of the traditional highway footprint, including:
- Multimodal investments like bike paths and pedestrian bridges
- Intelligent Traffic Systems
- Fixed scale sites
- Travel center and safety rest areas

RESULTS

Transportation performance measures include safety, pavement and bridge condition, and congestion and travel speeds. Since system needs exceed available funding, we prioritize these measures through an extensive planning and public outreach effort.

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 does not mean that the road cannot be driven; rather, it indicates that some sort of rehabilitation is warranted. The RSL is calculated annually for each section of state highway. The average RSL has dropped considerably since 2000.



MnSHIP First 10 Years (2014 to 2023) – Outcomes

MnDOT will make progress toward goals in all investment areas:

- Asset Management: Conditions of roads, bridges and roadside infrastructure remain stable on National Highway System (NHS) routes (45 percent of the system). Known and anticipated federal and state performance requirements are met. Conditions of roads, bridges, and roadside infrastructure decline for non-NHS Trunk Highways (55 percent of the system).
- Traveler Safety: We will continue to focus on lower cost, proactive treatments that prevent fatalities and serious injuries.
- Critical Connections: We will improve conditions for pedestrians and bicyclists at priority locations. The agency will make modest investments to improve vehicular system capacity and economic vitality. The number and scope of system capacity improvements will decrease.
- Regional and Community Improvement Priorities: We will continue to address local concerns through partnerships, modifying projects to meet local needs. The agency will deliver a few stand-alone projects to support economic competitiveness and quality of life for Minnesotans.

State Transportation Improvement Program – Established System Condition and Performance Indicators

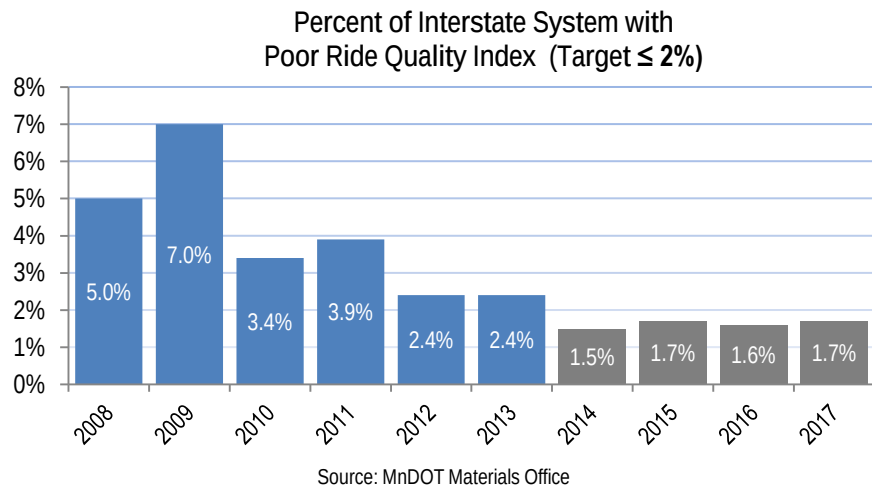
We track the performance of the Trunk Highway system with a number of different performance measures, many of which are published in the Annual Transportation Performance Report. A few of the key measures include the following.

- Pavement condition is measured by the percent of the miles of highway that are in poor condition. The three graphs below depict the condition of the interstate system, the non-interstate National Highway System, and the rest of the Trunk Highway system. While we are maintaining the interstate at less than 2% poor, the rest of the system is declining.
- Bridge condition is measured by percent of bridge deck area in poor condition. The next graph illustrates that bridges on the National Highway System are being held in a stable condition around 3-4% and are projected to improve.

Mobility is measured by the speed that users can travel on Metro freeways and Greater Minnesota Interregional Corridors. The performance level has been maintained with current levels of investment, although the percentage not meeting target is expected to increase in the future

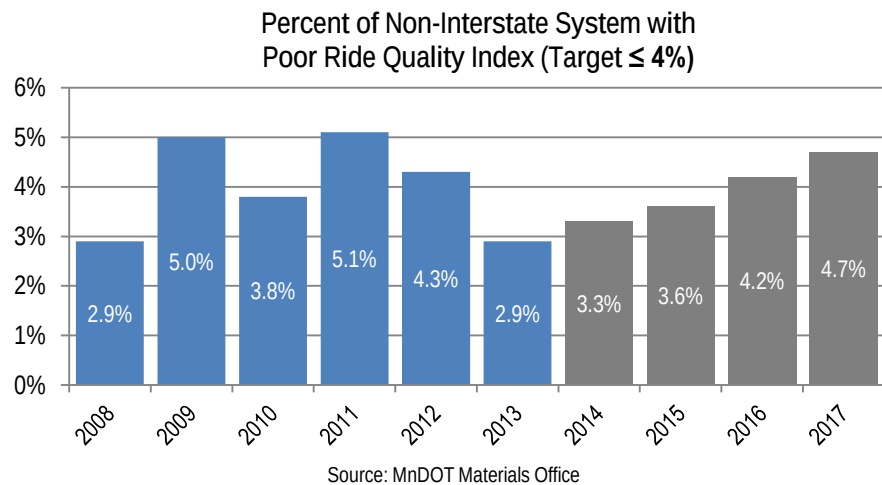
Pavement Condition – Percent of the Interstate System with “Poor” Customer Ride Quality Index (RQI)

Improving towards target (2008-2013) then declining (2014-2017)



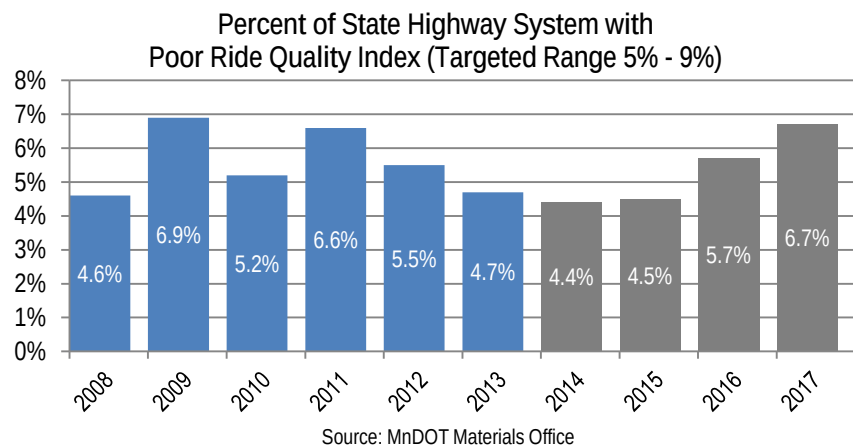
Pavement Condition – Percent of the Non-Interstate System National Highway System (NHS) with “Poor” Customer RQI

Meeting target but decline (2014-2017)



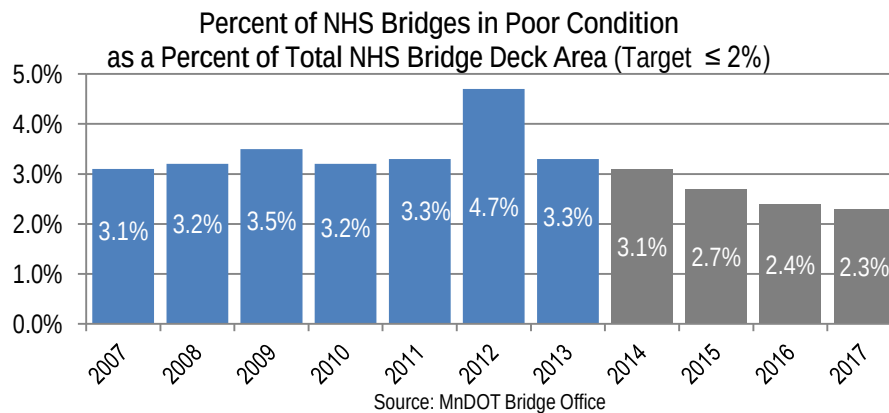
Percent of state highway system with “Poor” Customer RQI

Meeting target but with continual decline (2008-2017)



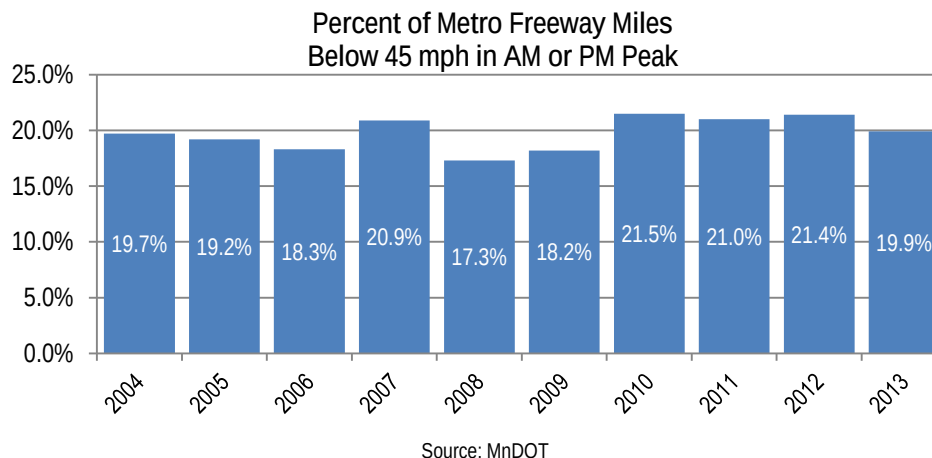
Structural Condition of Bridges
– NHS bridges in “Poor”
condition as a percent of total
NHS bridge deck area

Near target and improving
(2013-2017)



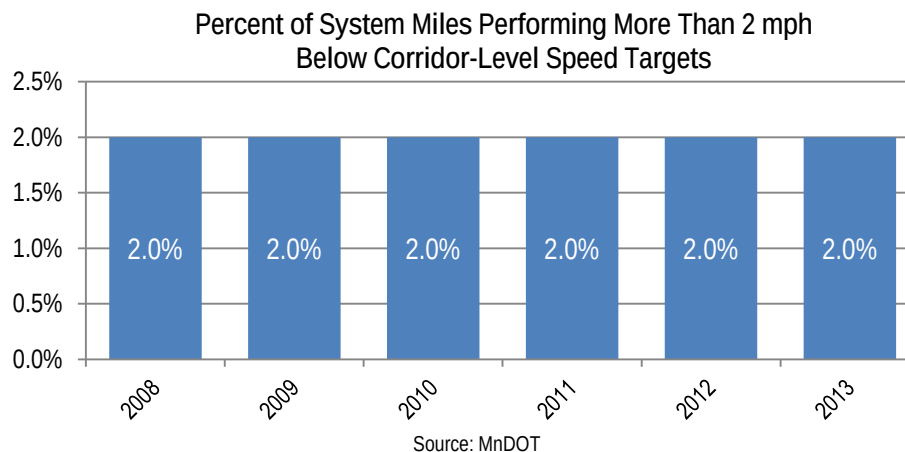
Twin Cities Urban Freeway
System Congestion – Percent
of metro-area freeway miles
below 45 mph in AM or PM
peak

Stable (2010-2013)



Greater Minnesota
Interregional Corridor (IRC)
Mobility (Greater MN Mobility)
– Percent of Miles +/- 2 mph of
Target Speed or Faster

Stable (2008-2013)



The Department of Transportation's State Road Construction legal authority comes from:
Roads, General Provisions [M.S.160](http://ihub.dot.state.mn.us/) (<http://ihub.dot.state.mn.us/>)
Trunk Highways [M.S.161](http://ihub.dot.state.mn.us/) (<http://ihub.dot.state.mn.us/>)

(Dollars in Thousands)

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
2000 - Restricted Misc Special Rev		22,110	70,113	98,262	84,943	54,538	84,943	54,538
2700 - Trunk Highway	628,018	941,057	796,703	1,009,350	692,105	693,805	955,928	1,023,928
3000 - Federal	1,134	1,904	7,518	21,075	21,798	26,894	21,798	26,894
Total	629,152	965,070	874,334	1,128,687	798,846	775,237	1,062,669	1,105,360
Biennial Change				408,798		(428,937)		165,009
Biennial % Change				26		(21)		8
Governor's Change from Base								593,946
Governor's % Change from Base								38

Expenditures by Category

Compensation	51	117	295	431	439	447	439	447
Operating Expenses	42,618	77,626	79,560	40,900	48,189	33,646	114,420	127,599
Other Financial Transactions		643	495					
Capital Outlay-Real Property	586,483	886,684	793,983	1,087,356	750,218	741,144	947,810	977,314
Total	629,152	965,070	874,334	1,128,687	798,846	775,237	1,062,669	1,105,360

Full-Time Equivalents

1.0	1.6	2.1	5.4	5.4	5.4	5.4	5.4
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Budget Activity: State Road
Construction

Budget Activity Financing by Fund

(Dollars in Thousands)

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		97	620	9,213				
Receipts	97	22,478	78,706	89,049	84,943	54,538	84,943	54,538
Expenditures		22,110	70,113	98,262	84,943	54,538	84,943	54,538
Balance Forward Out	97	466	9,213					
<i>Biennial Change in Expenditures</i>				146,265		(28,894)		(28,894)
<i>Biennial % Change in Expenditures</i>				662		(17)		(17)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs			0					

2700 - Trunk Highway

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	5,802	302,511	17,238	175,982	53,438	31,538	53,438	31,538
Direct Appropriation	888,000	635,000	930,900	863,105	646,505	645,505	910,328	975,628
Receipts	19,655	37,914	17,848	23,700	23,700	23,700	23,700	23,700
Net Transfers	1,900	0	6,700	21,000	0	0	0	0
Cancellations		17,402		21,000				
Expenditures	628,018	941,057	796,703	1,009,350	692,105	693,805	955,928	1,023,928
Balance Forward Out	287,339	16,965	175,982	53,438	31,538	6,938	31,538	6,938
<i>Biennial Change in Expenditures</i>				236,978		(420,143)		173,803
<i>Biennial % Change in Expenditures</i>				15		(23)		10
<i>Gov's Exp Change from Base</i>								593,946
<i>Gov's Exp % Change from Base</i>								43

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Receipts	1,134	1,904	7,518	21,075	21,798	26,894	21,798	26,894
Expenditures	1,134	1,904	7,518	21,075	21,798	26,894	21,798	26,894
<i>Biennial Change in Expenditures</i>				25,555		20,099		20,099
<i>Biennial % Change in Expenditures</i>				841		70		70
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	1.0	1.6	2.1	5.4	5.4	5.4	5.4	5.4

Program: State Roads
Activity: Debt Service

<http://www.dot.state.mn.us/policy/financial/fm007.html>

AT A GLANCE

Trunk Highway Fund Bonds

- \$2.829 billion authorized since 2000
- \$2.092 billion sold since 2000
- \$234 million three-year average cost of bond-funded projects
- 19% average growth per year in debt service payments
- \$1.972 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. We are 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.

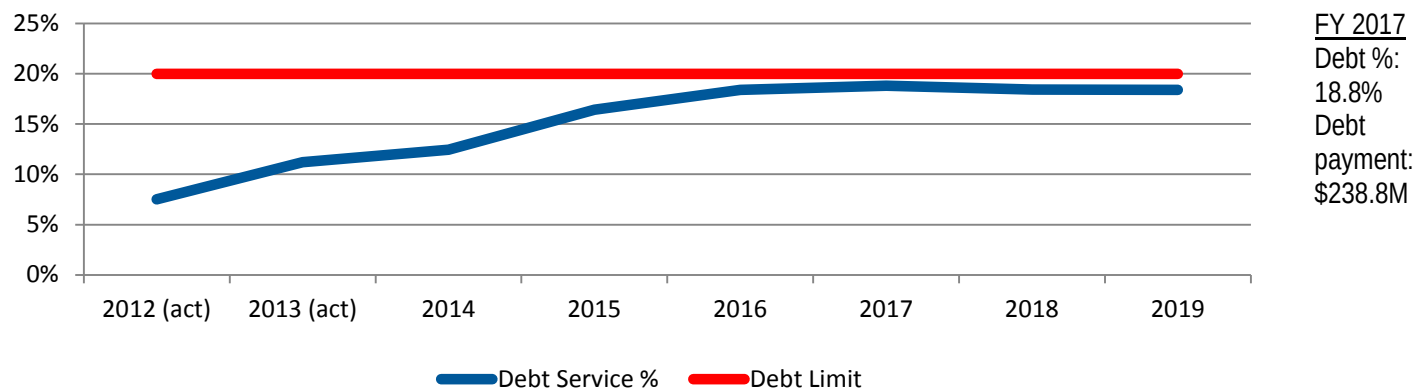
SERVICES PROVIDED

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 the debt cash flow and the 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. Our policy states that debt service cannot exceed 20% of annual projected state revenues to the Trunk Highway Fund. The graph below depicts the debt service estimates compared with the policy limit.

Debt Summary as of 2014 End of Session



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) (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) (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) (https://www.revisor.leg.state.mn.us/statutes/?id=161.361)

(Dollars in Thousands)

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
2700 - Trunk Highway	7,893	7,678	7,757	9,500	9,500	9,500	9,500	9,500
Total	7,893	7,678	7,757	9,500	9,500	9,500	9,500	9,500
Biennial Change				1,686		1,743		1,743
Biennial % Change				11		10		10
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses		1,672						
Other Financial Transactions	7,893	2,244	2,431	2,500	2,500	2,500	2,500	2,500
Capital Outlay-Real Property	0	3,762	5,326	7,000	7,000	7,000	7,000	7,000
Total	7,893	7,678	7,757	9,500	9,500	9,500	9,500	9,500

Budget Activity: Debt Service

Budget Activity Financing by Fund

(Dollars in Thousands)

2700 - Trunk Highway

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		62,270		14,172				
Direct Appropriation	142,764	167,486	158,417	189,821	199,739	225,166	203,681	258,515
Receipts		1,597						
Net Transfers	(72,601)	(120,305)	(136,488)	(154,593)	(190,239)	(215,666)	(194,181)	(249,015)
Cancellations		103,370		39,900				
Expenditures	7,893	7,678	7,757	9,500	9,500	9,500	9,500	9,500
Balance Forward Out	62,270		14,172					
<i>Biennial Change in Expenditures</i>				1,686		1,743		1,743
<i>Biennial % Change in Expenditures</i>				11		10		10
<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

<http://www.dot.state.mn.us/>

AT A GLANCE

We maintain:

- 12,000 state highway miles (33,000 lane miles), including the interstate
- 3,300 traffic management systems (signals, ramp meters, changeable message signs and others)
- 390 miles of cable median barrier
- 28,000 highway lighting fixtures
- 4,846 bridges on trunk highway routes (including rail road, pedestrian and other structures)
- 254,880 acres of highway right of way (including wetlands and ponds)
- 800 snowplows

PURPOSE & CONTEXT

We operate and maintain the state highways and interstate for safe and efficient travel. Crews clear, repair and improve highways, bridges, shoulders, safety equipment and traffic management systems. They maintain the fleet, equipment and buildings necessary to perform these tasks. This activity also includes striping, signage, roadway lighting structures and utility payments.

The state highway system makes up only 8.5% of Minnesota's roads, but carries 60% of total traffic. Each day, travelers drive 90 million vehicle miles on the state highway system. Minnesotans rely on the highway system to drive to school, work, shopping centers, hospitals and other destinations. Highways carry goods to store shelves; raw materials to manufacturers; and agricultural products to processors and markets.

MnDOT maintains 74% of Minnesota's public assets. Operations and Maintenance activities preserve and optimize existing assets while delivering faster, smoother and more reliable trips. The agency responds to emergencies 24 hours per day, 365 days per year and performs its jobs regardless of snow, rain, floods, construction or emergencies.

This activity is funded by a direct appropriation from the Trunk Highway Fund.

SERVICES PROVIDED

- **Snow and Ice:** We provide anti-icing treatment before storms, snow plowing and ice removal during storms and clean-up to keep roads safe and clear of snow and ice after the storm has passed. Crews perform high priority services first. During years with harsh winters, we may redirect money to snow plowing from other functions like drainage, roadside maintenance and pothole patching. We use a flexible workforce to fight winter storms. Nearly 15% of the state's snow plow drivers work in other areas of the department and are reassigned to plow snow during winter snowfalls. When MnDOT adds interchanges, ramps and traffic lanes to the system, additional operations and maintenance resources are needed to keep them free of snow. Snow plowing on Minnesota's 12,000 miles of roads is expensive and labor intensive. [Winter Work Zone Safety](http://www.dot.state.mn.us/workzone/facts.html) (<http://www.dot.state.mn.us/workzone/facts.html>).
- **Bridge Inspection:** MnDOT does routine and in-depth inspection of its 4,846 state highway bridges according to state and federal requirements. It also inspects bridges whenever an unforeseen event requires it. Federal rules require that all bridges are inspected on a one- or two-year cycle. Learn about [bridge inspection](http://www.dot.state.mn.us/bridge/inspection.html) (<http://www.dot.state.mn.us/bridge/inspection.html>).
- **Bridge Maintenance:** MnDOT performs preventative maintenance to extend the service life of state highway system bridges and reduce the frequency and extent of future repairs. Bridge maintenance activities protect assets from exposure to moisture and corrosive agents like salt. Preventative maintenance includes seal coats, joint seals, thin overlays and lubrication of expansion bearings. More routine maintenance includes flushing a bridge deck and superstructure with water to remove winter residue. MnDOT also does reactive maintenance when a vehicle damages a bridge or when unexpected deterioration is discovered during a site visit. Reactive maintenance is classified as high, medium or low priority. High priority includes deficiencies that could affect safe functioning or cause deterioration to a critical condition. MnDOT's goal is to perform all high priority reactive maintenance within one year of the need being identified. It has substantially met this goal the last two years. [Learn about Bridge Construction and Maintenance](http://www.dot.state.mn.us/bridge/maintenance.html) (<http://www.dot.state.mn.us/bridge/maintenance.html>).
- **Emergency Response:** Our employees respond to a variety of emergencies to reduce damage to life and property and restore the safe operation of the transportation system. Emergencies range from serious flooding to bridge hits. Other

examples include emergency sinkhole and pothole repair and removal of fallen trees or other debris from the highway. Whatever the problem, the agency responds quickly and competently to restore safe travel. Minnesota's Toward Zero Deaths initiative has helped reduce the number of highway fatalities significantly. TZD is an example of the power of partnerships—MnDOT works alongside the Minnesota Department of Public Safety, Minnesota Department of Health, law enforcement, safety advocates, schools and local governments.

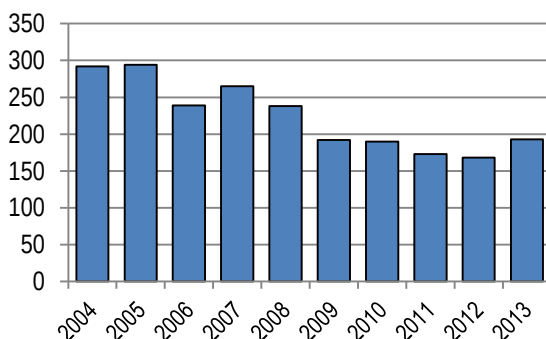
- **Patching Roads:** We patch potholes, seal cracks, pave roads, remove debris (including the Adopt-a-Highway program), repair or replace culverts, and maintain roadway shoulders. We also measure highway smoothness and remaining pavement life to inform and prioritize our work. This information helps us make timely investments to prolong the life of good pavements. In 2013 we initiated the “Better Patching for Better Roads” program in an effort to target additional patching funds for key, high-need roadways. [Learn about MnDOT Pavement Management](http://www.dot.state.mn.us/materials/pvmtmgmt.html) (<http://www.dot.state.mn.us/materials/pvmtmgmt.html>).
- **Traffic Management:** We install and repair signs and lights; operate and maintain traffic signals; stripe roads; install and repair guardrails; and maintain 390 miles of cable median barriers to prevent cross-median crashes on freeways. We also operate the Twin Cities Regional Transportation Management Center, the Freeway Incident Response Safety Team, and the Greater Minnesota Traffic Operations Communications Centers to increase freeway efficiency, reduce crashes and provide travelers with the information they need for a safe journey. We provide travelers with travel times and critical roadway information, including Amber Alerts, using changeable message signs, the Internet, and telephones. [Learn about traffic engineering at MnDOT](http://www.dot.state.mn.us/trafficeng/) (<http://www.dot.state.mn.us/trafficeng/>).
- **Roadside Management:** The state owns more than 254,000 acres of right of way. We mow, control noxious weeds, remove trees and brush, identify safe routes for over-size commercial trucks; issue permits for public roadway activities like utility work, and maintain rest areas and weigh stations. [Learn about roadway vegetation management](http://www.dot.state.mn.us/roadsides/vegetation/index.html) (<http://www.dot.state.mn.us/roadsides/vegetation/index.html>).
- **Asset Management:** We are completing a *Transportation Asset Management Plan (TAMP)* that will help us meet the service goals established for each asset and each asset's condition. The TAMP includes an assessment of asset risks and data on condition, inspection frequency and deterioration rates. Depending on the characteristics, probability and consequences of the risks, we plan to reduce or eliminate the risk's likelihood or harm. Asset risks include unexpected structural failure, uncertain deterioration rates, or unanticipated changes in labor or material costs. Identifying and mitigating risks at multiple phases during an asset's life reduces that asset's lifecycle cost. We will integrate capital investment and maintenance strategies in order to allocate resources more efficiently.

RESULTS

Safety

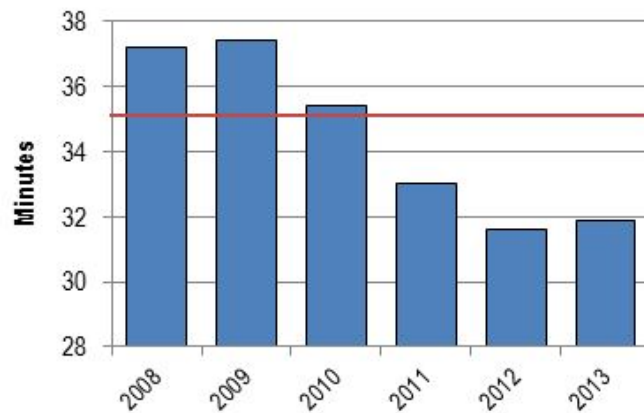
Fatalities — all state and local roads: We help reduce injuries and deaths on the highway as a partner in the Toward Zero Deaths Initiative. We also produce a Highway Safety Improvement Program to plan safety investments throughout the state.

Annual Highway Fatalities



Incident Clearance Time: 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 are meeting this target.

Average Incident Clearance Time for Twin Cities Urban Freeway Incidents
(three year rolling average)

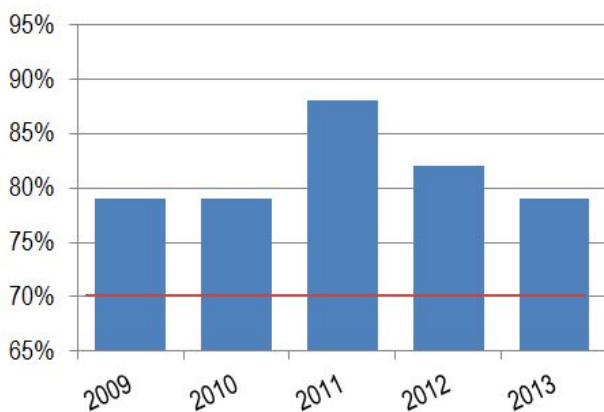


Source: Regional Transportation Management Center

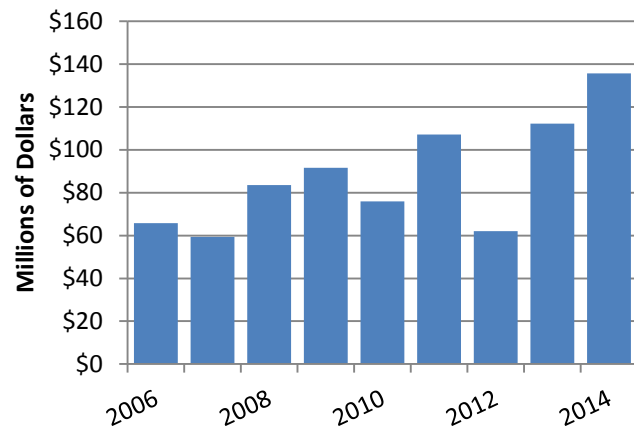
Snow Plowing Performance: To assess plowing performance, MnDOT evaluates each snow plow route after each snowstorm. The goal is returning the road to an acceptable driving condition in a prescribed amount of time (the time varies by the amount of traffic on the road). Our goal is to meet the clearance targets for each type of roadway 70% of the time in a season. We have met this goal in nine of the last 10 seasons.

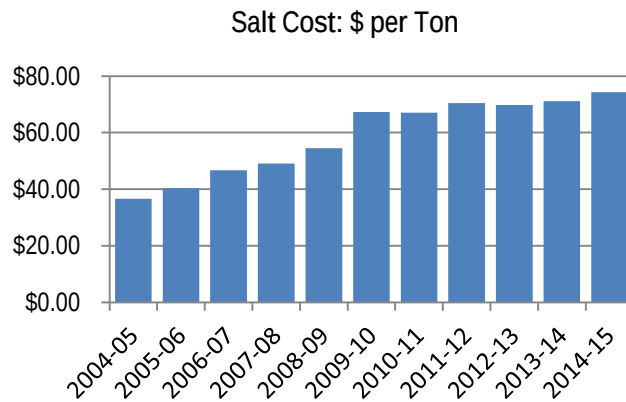
Winter weather severity varies significantly from year to year, and from region to region. The following three graphs show annual snow plowing performance, total snow plowing costs and the cost of salt.

Snow Plowing Performance
Frequency of Meeting Plowing Goal of 70%



Snow Plowing Cost

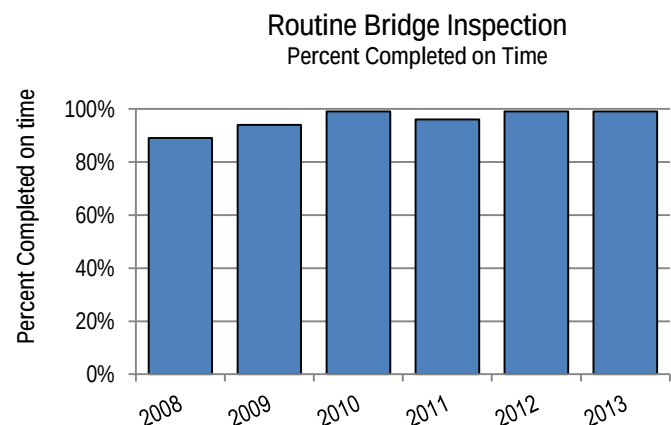
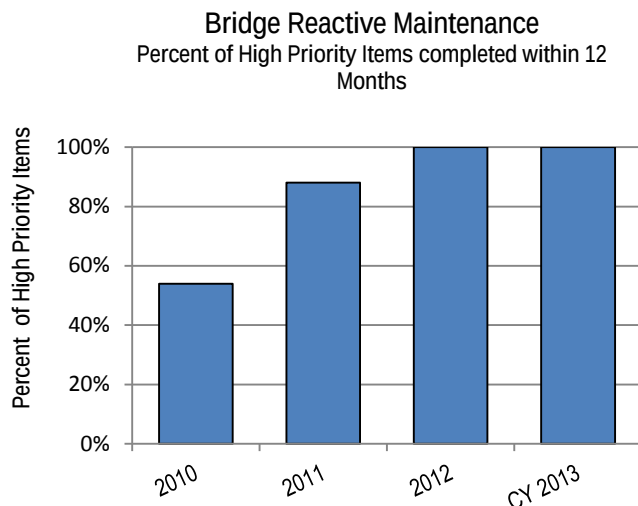




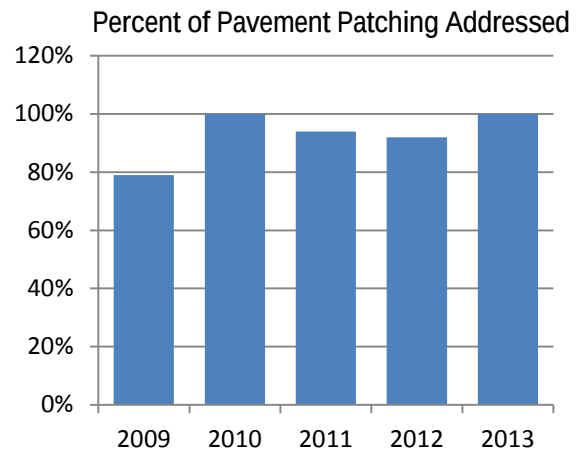
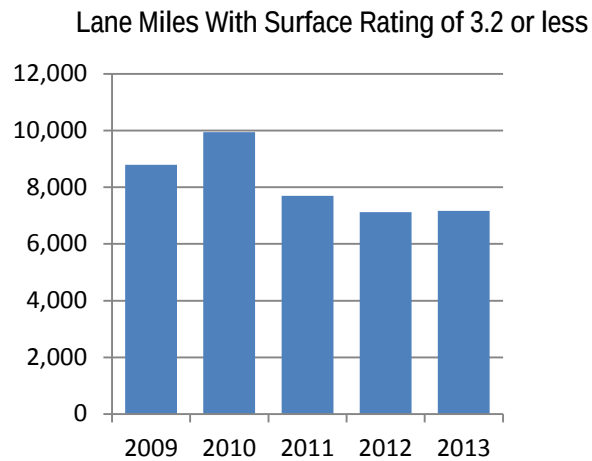
Note: Salt Contracts for 2009-11 through 2011-12 had revised terms that did not significantly change the agency's salt costs.

Bridges: These two graphs show the timeliness of bridge inspections and our ability to complete high-priority items within one year. The bridge inspection goal is 100% of inspections on time. This exceeds the 95% target established in the National Bridge Inspection Standards. MnDOT's inspection performance improved in 2012 after a slight decrease in 2011 due to the state government shutdown. If a bridge suffers structural damage or unexpected deterioration, we close it or reduce traffic on it, and make emergency repairs. Minnesota ties with one other state for the fifth lowest percentage of Interstate and state-owned bridges rated structurally deficient or functionally obsolete, according to 2013 rankings by Better Roads magazine. In Minnesota, when we talk about the structural condition of our bridges, we look at the condition ratings of good, satisfactory, fair and poor, and in comparing to other states we focus on the percent in poor condition which are considered Structurally Deficient. The Functionally Obsolete bridges, although considered "deficient" bridges by federal definition, aren't necessarily bridges in poor condition. They were likely built to the standards at the time of construction, but due to changes through time, now may have low vertical clearance, narrow shoulders, etc. These bridges are not automatically rated as structurally deficient, nor are they inherently unsafe. A bridge classified as "structurally deficient" has a general condition rating for the deck, superstructure, substructure or culvert as 4 or less (indicating it is time to plan an investment into the bridge) or if the road approaches regularly overtop due to flooding. The fact that a bridge is structurally deficient does not imply that it is unsafe.

The condition of Minnesota's major state highway assets has improved or remained constant since 2009 due to a series of one-time increases in preservation investment. These increases – the Chapter 152 Trunk Highway Bridge Improvement Program (2009 - 2018), the 2009 American Recovery and Reinvestment Act (Federal funds), and the Better Roads for a Better Minnesota initiative (2012-2015) – have enabled us to keep pace with preservation needs even as Interstate-era assets age and a growing number of roads and bridges require significant repair or replacement. At existing funding levels, the state expects bridge condition to resume its long-term decline by the end of the decade.



Smooth Roads: We recently developed a Better Patching for Better Roads program that funded the purchase of better materials and surface repair equipment that use new technology that allows it to install longer lasting patches.



The Department of Transportation's Maintenance and Operations activity legal authority comes from:
Roads General Provisions [M.S.160](http://ihub.dot.state.mn.us/) (<http://ihub.dot.state.mn.us/>)
Trunk Highway [M.S.161](http://ihub.dot.state.mn.us/) (<http://ihub.dot.state.mn.us/>)

(Dollars in Thousands)

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
2000 - Restricted Misc Special Rev	5,479	11,635	11,667	13,947	11,714	10,985	11,714	10,985
2001 - Other Misc Special Rev	0	193	947	818	611	611	611	611
2400 - Endowment Fund	0	0	0	0	0	100	0	100
2700 - Trunk Highway	235,345	314,718	296,735	302,037	276,777	277,583	295,541	309,952
3000 - Federal	1,849	5,229	2,895	8,900	9,360	9,940	9,360	9,940
Total	242,673	331,775	312,243	325,701	298,462	299,219	317,226	331,588
<i>Biennial Change</i>				63,496		(40,264)		10,869
<i>Biennial % Change</i>				11		(6)		2
<i>Governor's Change from Base</i>								51,133
<i>Governor's % Change from Base</i>								9

Expenditures by Category

Compensation	141,739	156,905	170,113	174,477	159,460	159,403	170,372	178,121
Operating Expenses	89,507	130,309	115,288	118,861	112,807	113,137	120,082	125,616
Other Financial Transactions	2,104	5,983	2,908	4,092	3,129	2,272	3,129	2,272
Grants, Aids and Subsidies	104	37	0	0	0	0	0	0
Capital Outlay-Real Property	9,219	38,541	23,933	28,271	23,066	24,407	23,643	25,579
Total	242,673	331,775	312,243	325,701	298,462	299,219	317,226	331,588

Full-Time Equivalents

2,161.9	2,269.5	2,343.5	2,344.6	2,107.9	2,069.9	2,250.1	2,306.7
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Budget Activity: Operations And
Maintenance

Budget Activity Financing by Fund

(Dollars in Thousands)

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	2,408	6,187	6,434	7,084	3,849	2,916	3,849	2,916
Receipts	7,779	13,152	12,223	10,701	10,780	11,190	10,780	11,190
Net Transfers	21	(1,999)	94	12				
Expenditures	5,479	11,635	11,667	13,947	11,714	10,985	11,714	10,985
Balance Forward Out	4,729	5,705	7,084	3,849	2,916	3,122	2,916	3,122
<i>Biennial Change in Expenditures</i>				8,499		(2,915)		(2,915)
<i>Biennial % Change in Expenditures</i>				50		(11)		(11)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	2.8	2.0	2.4	2.9	2.7	2.7	2.7	2.7

2001 - Other Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		0	508	207				
Receipts	0	448	645	611	611	611	611	611
Net Transfers		254						
Expenditures	0	193	947	818	611	611	611	611
Balance Forward Out		508	207					
<i>Biennial Change in Expenditures</i>				1,571		(543)		(543)
<i>Biennial % Change in Expenditures</i>				814		(31)		(31)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs		0.1	0.6	0.6	0.6	0.6	0.6	0.6

2400 - Endowment Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In				3,000	4,519	4,588	4,519	4,588
Receipts	0	0	0	1,519	69	165	69	165
Net Transfers			3,000					
Expenditures	0	0	0	0	0	100	0	100
Balance Forward Out			3,000	4,519	4,588	4,653	4,588	4,653
<i>Biennial Change in Expenditures</i>				0		100		100
<i>Biennial % Change in Expenditures</i>				0				
<i>Gov's Exp Change from Base</i>								0

Budget Activity: Operations And
Maintenance

Budget Activity Financing by Fund

(Dollars in Thousands)

2400 - Endowment Fund

Gov's Exp % Change from Base				0
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2700 - Trunk Highway

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	9,509	33,911	13,860	18,210	4,571	3,289	4,571	3,289
Direct Appropriation	257,395	260,395	297,395	280,395	267,395	267,395	286,159	299,764
Receipts	5,079	10,218	6,189	8,003	8,100	8,600	8,100	8,600
Net Transfers	(4,295)	27,759	(2,500)	0	0	0	0	0
Cancellations		4,516						
Expenditures	235,345	314,718	296,735	302,037	276,777	277,583	295,541	309,952
Balance Forward Out	32,343	13,049	18,210	4,571	3,289	1,701	3,289	1,701
Biennial Change in Expenditures				48,708		(44,411)		6,722
Biennial % Change in Expenditures				9		(7)		1
Gov's Exp Change from Base								51,133
Gov's Exp % Change from Base								9
FTEs	2,153.0	2,263.2	2,337.2	2,337.9	2,101.4	2,064.6	2,243.6	2,301.4

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	6	1,068	42					
Receipts	1,849	5,206	2,852	8,900	9,360	9,940	9,360	9,940
Net Transfers		(6)						
Expenditures	1,849	5,229	2,895	8,900	9,360	9,940	9,360	9,940
Balance Forward Out	6	1,038						
Biennial Change in Expenditures				4,717		7,505		7,505
Biennial % Change in Expenditures				67		64		64
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	6.1	4.1	3.2	3.2	3.2	2.0	3.2	2.0

Program: State Roads
Activity: Statewide Radio Communications

<http://www.dot.state.mn.us/oec>

AT A GLANCE

- 491 tower sites across the state for all agencies
- 385 tower leases with partners
- 80,000 subscribers to the ARMER system
- 9,900 radios maintained for state agencies
- 3,708 base stations maintained for state agencies
- 17 repair facilities statewide
- 1,096 preventative (maintenance) inspections performed this year

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 backbone is a network of radio towers, equipment shelters and radio transmission equipment. This trunked backbone 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).

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. This includes electronic communication system engineering, design and construction expertise to other 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 repair, replace and upgrade 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, traffic weighing scales, etc. we manage the lease for renting space on towers for antenna use, with private and public entities, statewide.

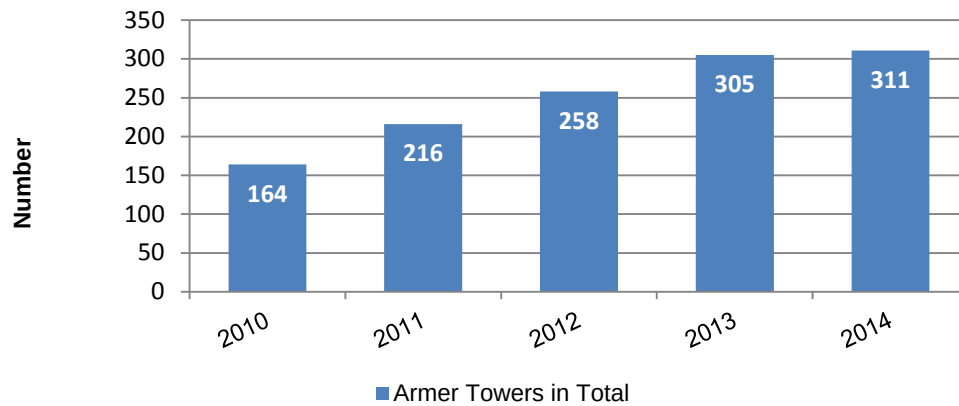
We also provide emergency service response for public safety electronic communications systems. We work with other state and local agencies, including the Department of Public Safety (DPS), the Department of Natural Resources (DNR) and the National Weather Service to provide shared expertise and technical services. Ultimately, 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.

We receive funding from a direct appropriation from the Trunk Highway Fund, a transfer from DPS from the 911 Fees (for ARMER operations and maintenance) and lease receipts authorized in MS 174.70.

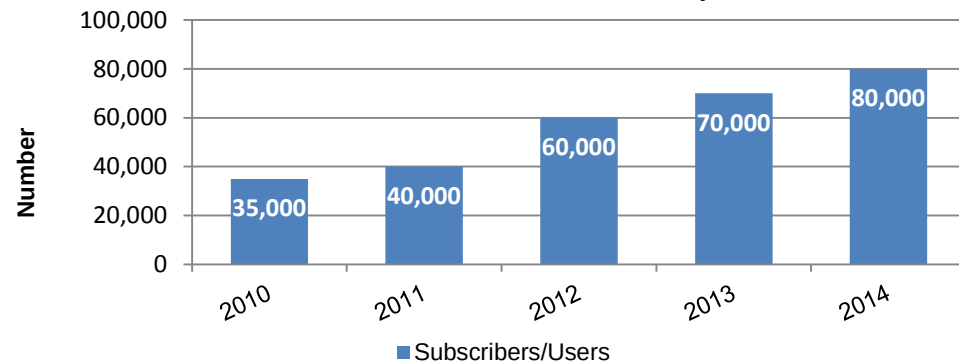
Currently, the ARMER system build-out is on schedule and on budget. There are approximately 327 towers planned and scheduled for completion by 2016, to provide for 95 percent mobile-level coverage by county. Land acquisition for a handful of sites is proving challenging to acquire.

RESULTS

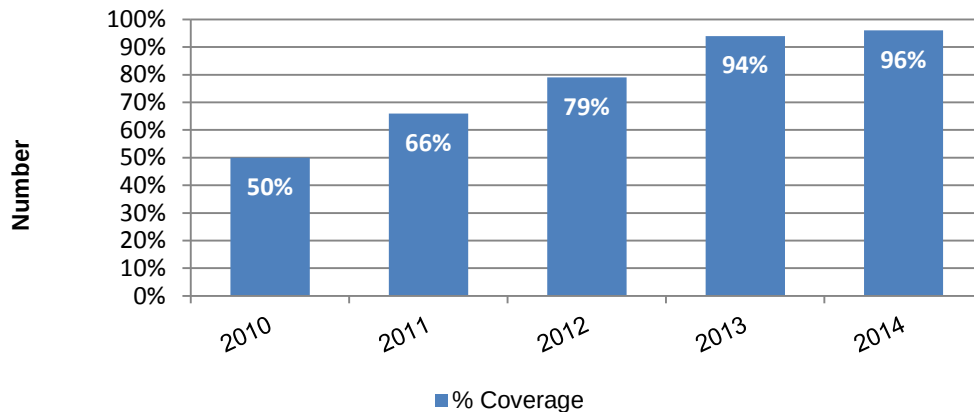
ARMER towers constructed and operational



ARMER subscribers/users on the system



ARMER- % of State Covered by Interoperable System



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) (<https://www.revisor.mn.gov/statutes/?id=174.70>)

Budget Activity: Statewide Radio
Communications

Budget Activity Expenditures Overview

(Dollars in Thousands)

Expenditures By Fund

	Actual		Actual FY14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY13			FY16	FY17	FY16	FY17
1000 - General	3	3	3	3	3	3	3	3
2000 - Restricted Misc Special Rev	1,523	1,111	1,736	1,790	1,790	1,790	1,790	1,790
2001 - Other Misc Special Rev	0	599	326	708	400	400	400	400
2700 - Trunk Highway	5,226	6,112	5,399	5,996	5,488	5,504	5,643	5,819
4900 - 911 Emergency	7,461	9,481	8,646	10,254	9,650	9,650	9,650	9,650
Total	14,213	17,306	16,110	18,752	17,332	17,348	17,487	17,663
<i>Biennial Change</i>				3,342		(182)		288
<i>Biennial % Change</i>				11		(1)		1
<i>Governor's Change from Base</i>								470
<i>Governor's % Change from Base</i>								1

Expenditures by Category

Compensation	6,280	6,959	7,330	7,466	7,471	7,603	7,587	7,839
Operating Expenses	7,785	6,676	8,309	10,477	9,591	9,469	9,630	9,548
Other Financial Transactions	80	2,926	206	759	270	276	270	276
Grants, Aids and Subsidies			0					
Capital Outlay-Real Property	68	746	265	50				
Total	14,213	17,306	16,110	18,752	17,332	17,348	17,487	17,663

<u>Full-Time Equivalents</u>	82.1	84.9	87.3	90.0	89.0	89.0	90.3	91.5
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Budget Activity: Statewide Radio
Communications

Budget Activity Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In				0				
Direct Appropriation	3	3	3	3	3	3	3	3
Cancellations		0						
Expenditures	3	3	3	3	3	3	3	3
Balance Forward Out			0					
<i>Biennial Change in Expenditures</i>				0		0		0
<i>Biennial % Change in Expenditures</i>				0		3		3
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	850	462	11	2				
Receipts	1,166	1,136	1,769	1,790	1,790	1,790	1,790	1,790
Net Transfers	(32)	(477)	(42)	(2)				
Expenditures	1,523	1,111	1,736	1,790	1,790	1,790	1,790	1,790
Balance Forward Out	461	11	2					
<i>Biennial Change in Expenditures</i>				892		55		55
<i>Biennial % Change in Expenditures</i>				34		2		2
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs				0.5	0.5	0.5	0.5	0.5

2001 - Other Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In			194	308				
Receipts	0	366	441	400	400	400	400	400
Net Transfers		427						
Expenditures	0	599	326	708	400	400	400	400
Balance Forward Out		194	308					
<i>Biennial Change in Expenditures</i>				435		(235)		(235)
<i>Biennial % Change in Expenditures</i>				73		(23)		(23)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Budget Activity: Statewide Radio
Communications

Budget Activity Financing by Fund

(Dollars in Thousands)

2001 - Other Misc Special Rev

FTEs	0.7	1.8	1.8	1.8	1.8	1.8
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2700 - Trunk Highway

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	536	847	291	522	0	0	0	0
Direct Appropriation	5,168	5,168	5,168	5,168	5,168	5,168	5,323	5,483
Receipts	333	414	462	305	320	336	320	336
Net Transfers	0							
Cancellations		27						
Expenditures	5,226	6,112	5,399	5,996	5,488	5,504	5,643	5,819
Balance Forward Out	811	289	522	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				56		(403)		67
<i>Biennial % Change in Expenditures</i>				0		(4)		1
<i>Gov's Exp Change from Base</i>								470
<i>Gov's Exp % Change from Base</i>								4
FTEs	43.6	41.1	41.4	42.3	42.3	42.3	43.6	44.8

4900 - 911 Emergency

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		845		604				
Direct Appropriation	0	0	0	0	0	0	0	0
Net Transfers	8,300	8,650	9,250	9,650	9,650	9,650	9,650	9,650
Cancellations		14						
Expenditures	7,461	9,481	8,646	10,254	9,650	9,650	9,650	9,650
Balance Forward Out	839		604					
<i>Biennial Change in Expenditures</i>				1,959		400		400
<i>Biennial % Change in Expenditures</i>				12		2		2
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	38.5	43.8	45.2	45.4	44.4	44.4	44.4	44.4

Program: Local Roads
Activity: County State Aid Roads

<http://www.dot.state.mn.us/stateaid/>

AT A GLANCE

- 87 counties
- 30,621 miles of County State Aid Highways (CSAH) make up approximately 20% of the statewide system
- 5,388 bridges on the CSAH system
- 55,306 miles of townships roads eligible for town road funding
- 5,592 township bridges eligible for town bridge funding
- 456 CSAH projects approved per year, on average
- 194 Federal aid projects approved per year, on average
- 81 Local Road Improvement Program projects approved since 2008
- 77 bridge bond projects approved per year, on average
- 48 township bridge projects approved per year, on average

PURPOSE & CONTEXT

State Aid for Local Transportation oversees funding provided to Minnesota counties through annual allotments from the Highway User Tax Distribution (HUTD) Fund, general fund 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 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. Our office reviews and approves individual construction plans for compliance with standards and rules.

SERVICES PROVIDED

We work closely with the county highway departments 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 and road improvement bond funds on a priority basis to supplement costly bridge replacement and improve safety on local roads.

We provide counties with technical advice and materials, like crash record data. Our financial unit processes payments for construction and maintenance and responds to financial questions. The agency also provides support through meetings that bring counties together on common issues.

We review and approve 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. Part of the HUTD funding also supports a research board made up of a mix of county engineers and state aid employees. This board researches innovative and economical methods and materials for maintenance and construction.

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 agencies in completing the requirements for federal aid, including public involvement and documentation to comply with environmental and historic preservation requirements.

We also administer state park road funds for counties. These projects are selected by the Department of Natural Resources to provide access to state parks and recreational areas. The town road account is distributed to township governments for maintenance of township roads through the counties and the town bridge account is distributed to counties for the replacement of deficient township bridges.

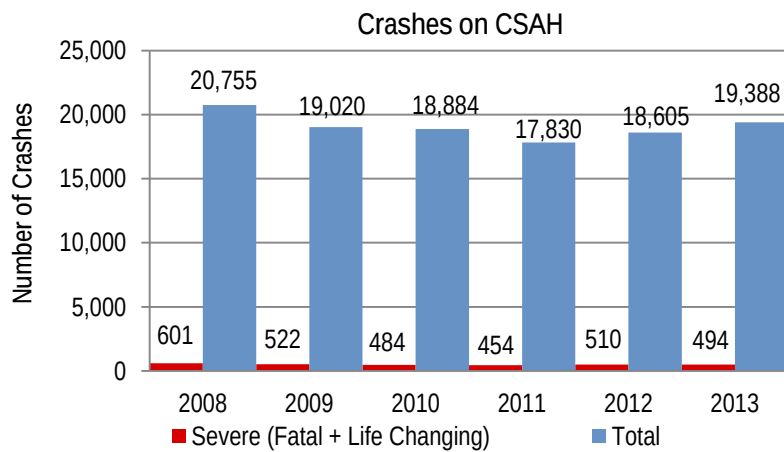
RESULTS

Even though the counties select the projects and maintenance programs that are funded, we provide oversight and guidance for the continued improvement of the county state aid system

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.

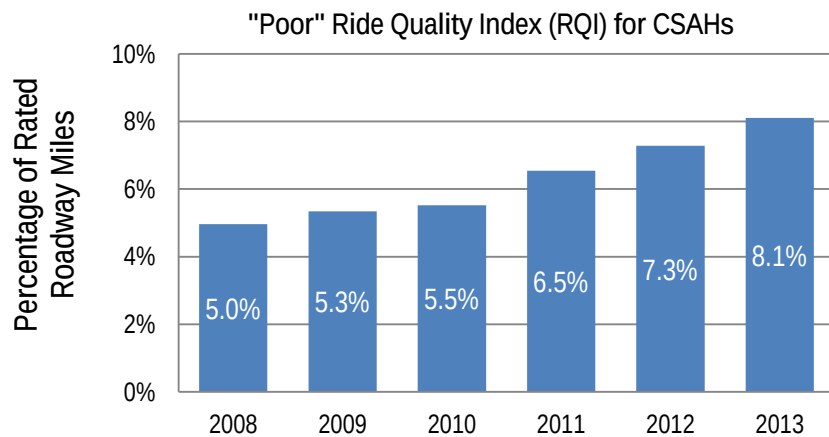
Source: Minnesota Crash Mapping Analysis Tool (MnCMAT)



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.

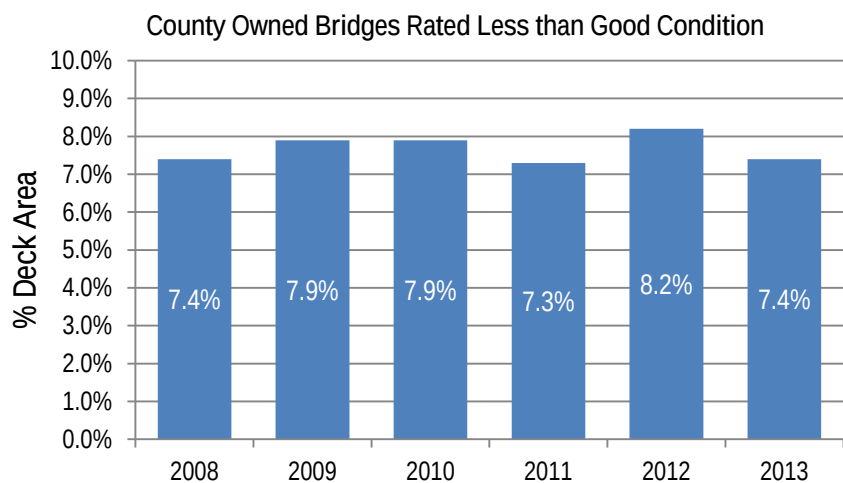
Source: Office of Materials and Road Research, Pavement Management Unit



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		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	0	0	199	4,946	0	0	2,500	2,500
2000 - Restricted Misc Special Rev	928	719	812	1,107	971	971	971	971
2600 - County State Aid Highway	432,607	569,953	559,755	601,561	679,670	709,186	794,410	884,338
3000 - Federal	223,612	194,561	165,361	266,427	201,300	204,300	201,300	204,300
Total	657,147	765,234	726,128	874,041	881,941	914,457	999,181	1,092,109
<i>Biennial Change</i>				177,787		196,230		491,122
<i>Biennial % Change</i>				12		12		31
<i>Governor's Change from Base</i>								294,892
<i>Governor's % Change from Base</i>								16

Expenditures by Category

Compensation	4,367	4,689	5,126	5,257	5,095	5,185	5,095	5,185
Operating Expenses	36,054	6,377	8,414	13,606	13,421	13,952	15,756	18,081
Other Financial Transactions	14	45	14	150	150	150	150	150
Grants, Aids and Subsidies	616,639	754,033	712,559	855,017	863,276	895,170	978,181	1,068,693
Capital Outlay-Real Property	73	91	16	11	0	0	0	0
Total	657,147	765,234	726,128	874,041	881,941	914,457	999,181	1,092,109

Full-Time Equivalents

47.3	48.3	49.6	49.3	47.0	47.0	47.0	47.0
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Budget Activity: County State Aid
Roads

Budget Activity Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In				1,946				
Direct Appropriation				3,000			2,500	2,500
Net Transfers			2,145					
Expenditures	0	0	199	4,946	0	0	2,500	2,500
Balance Forward Out			1,946					
<i>Biennial Change in Expenditures</i>				5,145		(5,145)		(145)
<i>Biennial % Change in Expenditures</i>						(100)		(3)
<i>Gov's Exp Change from Base</i>								5,000

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	1,540	982	1,153	1,267	1,110	1,089	1,110	1,089
Receipts		828	927	950	950	950	950	950
Net Transfers				0				
Expenditures	928	719	812	1,107	971	971	971	971
Balance Forward Out	612	1,090	1,267	1,110	1,089	1,069	1,089	1,069
<i>Biennial Change in Expenditures</i>				271		23		23
<i>Biennial % Change in Expenditures</i>				16		1		1
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	0.5	0.6	0.5					

2600 - County State Aid Highway

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	305,088	447,793	483,933	529,027	515,784	515,784	515,784	515,784
Direct Appropriation	571,671	596,834	614,218	605,605	665,276	694,170	777,681	865,193
Net Transfers	7,800	12,429	(5,853)	(17,287)	14,394	15,016	16,729	19,145
Cancellations	4,336	3,383	3,516					
Expenditures	432,607	569,953	559,755	601,561	679,670	709,186	794,410	884,338
Balance Forward Out	447,615	483,719	529,027	515,784	515,784	515,784	515,784	515,784
<i>Biennial Change in Expenditures</i>				158,755		227,540		517,432
<i>Biennial % Change in Expenditures</i>				16		20		45
<i>Gov's Exp Change from Base</i>								289,892
<i>Gov's Exp % Change from Base</i>								21

Budget Activity: County State Aid
Roads

Budget Activity Financing by Fund

(Dollars in Thousands)

2600 - County State Aid Highway

FTEs	46.7	47.1	47.7	47.7	45.4	45.4	45.4	45.4
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3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	428	2,089	3,349					
Receipts	223,189	195,822	162,013	266,427	201,300	204,300	201,300	204,300
Net Transfers			0					
Expenditures	223,612	194,561	165,361	266,427	201,300	204,300	201,300	204,300
Balance Forward Out	6	3,349						
<i>Biennial Change in Expenditures</i>				13,615		(26,188)		(26,188)
<i>Biennial % Change in Expenditures</i>				3		(6)		(6)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	0.1	0.6	1.4	1.7	1.7	1.7	1.7	1.7

Program: Local Roads

Activity: Municipal State Aid Roads

<http://www.dot.state.mn.us/stateaid/>

AT A GLANCE

- 147 cities with a population greater than 5,000
- 3,598 miles of Municipal State Aid Streets (MSAS)
- 450 bridges on the MSAS system
- 190 MSAS projects approved per year, on average
- 81 Local Road Improvement Program projects approved since 2008
- 77 bridge bond projects approved per year, on average

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 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

We work 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 provide cities with technical advice and data. Our financial unit processes payments for construction and maintenance, and responds to financial questions. The agency also hosts meetings for cities on common transportation issues.

We oversee, review, and approve construction plans and project funding requests to ensure consistency. The agency works with cities on their construction, maintenance and project delivery costs to help them identify innovative and economical methods and materials for construction and maintenance.

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. Our office assists agencies in completing the requirements for federal aid, including public involvement and documentation to comply with environmental and historic preservation requirements.

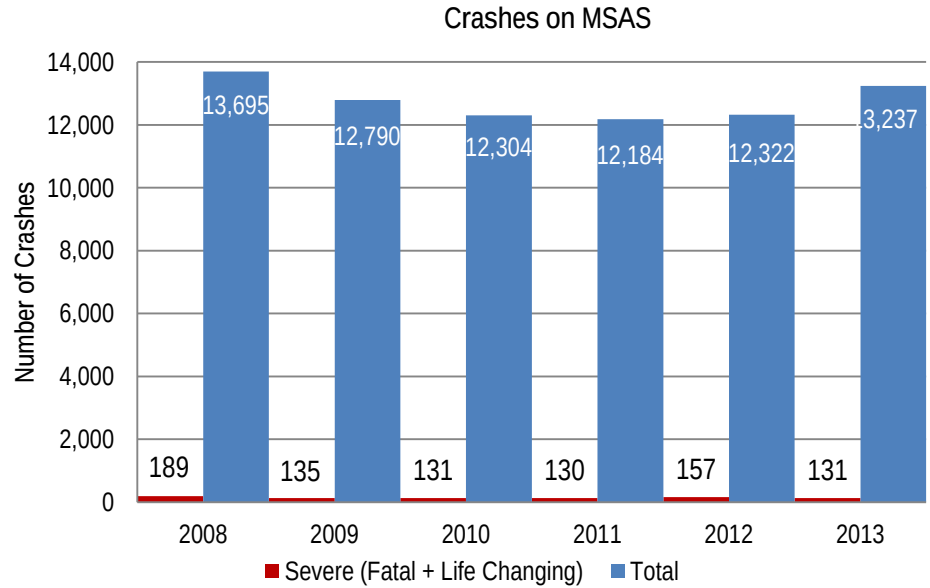
RESULTS

Even though cities select their construction projects and maintenance programs, we provide oversight and guidance for the continued improvement of the municipal state aid system.

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.

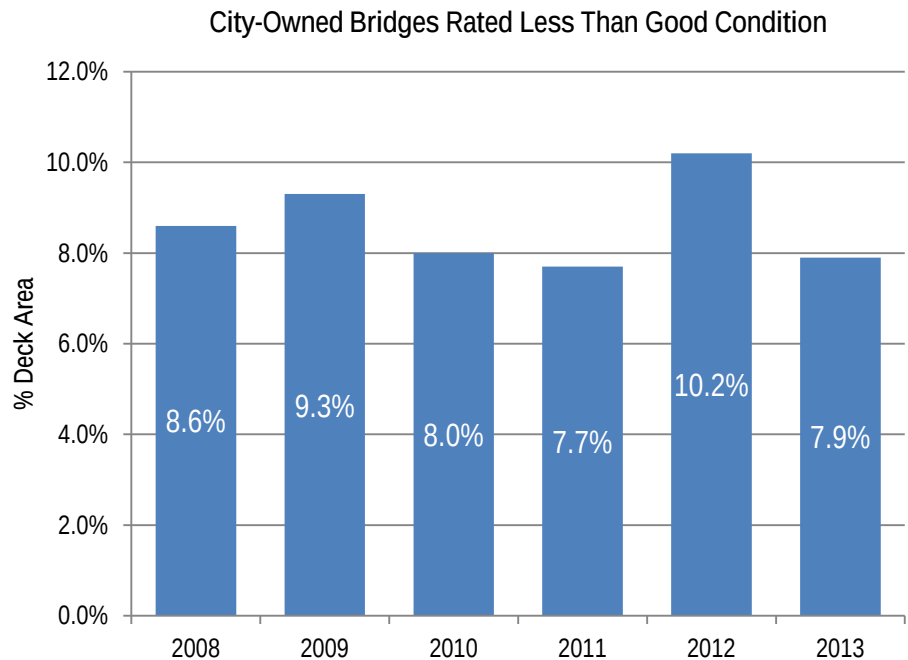
Source: Minnesota Crash Mapping Analysis Tool (MnCMAT)



Bridges

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

Source: Office of Materials and Road Research, Pavement 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)
(<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>)

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
2500 - Municipal State Aid Street	140,525	133,891	164,091	169,687	173,523	181,367	204,188	227,925
Total	140,525	133,891	164,091	169,687	173,523	181,367	204,188	227,925
<i>Biennial Change</i>				59,362		21,114		98,337
<i>Biennial % Change</i>				22		6		29
<i>Governor's Change from Base</i>								77,223
<i>Governor's % Change from Base</i>								22

Expenditures by Category

Compensation	1,737	1,779	1,917	2,020	1,976	2,013	1,976	2,013
Operating Expenses	905	1,375	1,534	2,604	2,383	2,479	2,996	3,410
Other Financial Transactions	3	14	2	2	2	2	2	2
Grants, Aids and Subsidies	137,881	130,723	160,638	165,060	169,162	176,873	199,214	222,500
Capital Outlay-Real Property	0							
Total	140,525	133,891	164,091	169,687	173,523	181,367	204,188	227,925

Full-Time Equivalents

19.6	18.8	19.1	19.1	18.4	18.4	18.4	18.4
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Budget Activity: Municipal State Aid
Roads

Budget Activity Financing by Fund

(Dollars in Thousands)

2500 - Municipal State Aid Street

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	130,853	142,361	164,155	174,020	173,735	173,735	173,735	173,735
Direct Appropriation	146,996	152,434	157,786	155,060	169,162	176,873	199,214	222,347
Net Transfers	5,928	3,849	16,982	14,342	4,362	4,495	4,975	5,579
Cancellations	946	664	812					
Expenditures	140,525	133,891	164,091	169,687	173,523	181,367	204,188	227,925
Balance Forward Out	142,307	164,089	174,020	173,735	173,735	173,735	173,735	173,735
<i>Biennial Change in Expenditures</i>				59,362		21,114		98,337
<i>Biennial % Change in Expenditures</i>				22		6		29
<i>Gov's Exp Change from Base</i>								77,223
<i>Gov's Exp % Change from Base</i>								22
FTEs	19.6	18.8	19.1	19.1	18.4	18.4	18.4	18.4

Program: Agency Management

Activity: Agency Services

<http://www.dot.state.mn.us/funding/index.html>

<http://www.dot.state.mn.us/about/index.html>

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

AT A GLANCE

- 2% of operating budget is directed to agency services
- 126,000 payments to vendors were processed in FY14
- Over 7,100 Construction & Right of Way payments totaling over \$1 billion were processed in FY14
- \$93 million in State Aid to Local Transportation payments were processed in FY14
- 84% of 4,700 employees would recommend us as an employer
- 197 data practice requests completed in 2013
- 3,400 contracts administered in FY 14
- 259 contracts totaling \$78 million audited in FY14
- 300 cases resolved by the Ombudsman's Office since the office was established in 2008
- 17 million unique visitors to the MnDOT website in FY14 and 30,000 email subscribers
- 14,450 Facebook and 13,100 Twitter followers
- 800 Minnesotans participate in the Omnibus Annual Survey and 400 provide weekly input by participating in MnDOT's online community

PURPOSE & CONTEXT

Agency Services provide executive leadership and management, policy and goal setting, strategic planning, and integration efforts to ensure the Minnesota Department of Transportation (MnDOT) delivers a safe and effective multimodal transportation system that maximizes the health of people, the environment, and the economy.

Agency Services direct the department's administrative, financial, human, and capital resources by providing agency wide support and services for the effective and efficient delivery of the transportation system. Agency services ensure that agency 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 employing and servicing a diverse and talented workforce of 4,969 full time equivalent employees.

SERVICES PROVIDED

Affirmative Action and Diversity & Inclusion services include guidance on equal opportunity, coordination of statewide compliance with ADA requirements, investigation of complaints of discrimination, facilitation of employee resource groups, and making recommendations to ensure the diversity of our workforce reflects that of the state.

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.

Communications services include strategic communications planning and consultation that help us manage 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.

Customer Relations services include market research, marketing planning and program guidance, and public engagement and customer response management. This work helps translate state taxpayer expectations into program development and investment planning by bringing customer data into our decision-making process, and by aligning, integrating and communicating agency progress with partners, customers and stakeholders.

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, as well as, project and innovative finance initiatives.

General Administrative Support incorporates a range of services including materials management, purchasing, 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.

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.

Human Resources/Workforce Development services provide the 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.

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 area also manages agency compliance with the data practices act, produces documents for litigation, and reviews and approves our contracts.

Ombudsman services provide a neutral, informal and independent resource to help the public and MnDOT resolve issues by focusing on interests, generating options, and making recommendations for resolution.

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

RESULTS

Department leadership has implemented an agency-wide goal of “enhancing financial effectiveness”. As a part of this initiative, MnDOT has identified four strategic focus areas:

- **Financial Management:** excellence in how we deploy, account for and report on financial and other resources.
- **Project Management:** excellence in project scheduling, schedule management and project delivery that is high quality, on time, and on budget.
- **Asset Management:** excellence in how we manage transportation assets for lowest lifecycle cost given tradeoffs and risks in investment decisions.
- **Information and Outreach:** excellence in communicating the agency's progress in answering key customer/stakeholder questions, and demonstrating the efficient and effective use of public funds.

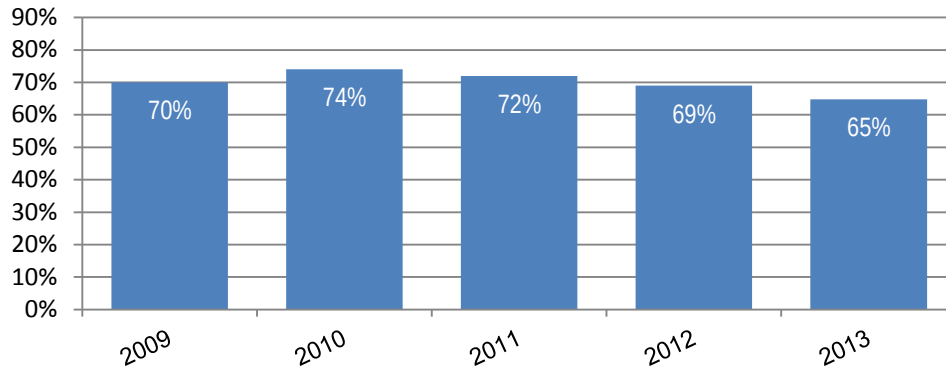
In our efforts to more effectively demonstrate the sources and uses of transportation funding, we have developed a new streamlined product and service grid that is focused on describing to external stakeholders what services we provide to the public.

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 to match our future needs. According to an internal survey, 84% of 4,700 employees would recommend us as an employer. We have a 4.4% turnover rate for fulltime employees. The workforce development plan includes internships and student worker positions to build a more diverse workforce. In the last three years, we have hired 20 new students through the Phoenix program, which provides paid jobs and internships for high school students enrolled in science, technology, engineering or mathematics. The Seeds program, established in 1993, provides paid college-level student worker positions to highly motivated minority or economically disadvantaged college students, veterans and students with disabilities. In the last three years, 77% of Seeds graduates were placed in positions with us.

The Office of Customer Relations manages an annual tracking study surveying 800 Minnesotans. Some measures, like satisfaction with snow plowing, have been queried for nearly 20 years. In 2009, we added six trust-based questions to this survey to assess the public's perception of trust in MnDOT. The agency garnered between 69-86% agreement with these trust-measures. In the past two years, we have given special attention to communicating how we are using public resources to improve the score of 65% agreement with the statement “MnDOT acts in a financially responsible manner.” It is important that the public understand how its tax dollars are being used. We are striving to increase scores in this area through added public engagement and communications. Our new [GetConnected](http://www.dot.state.mn.us/getconnected/) website (<http://www.dot.state.mn.us/getconnected/>), created with this goal in mind, answers questions posed by the public.

Trust in MnDOT's Financially Responsible Actions

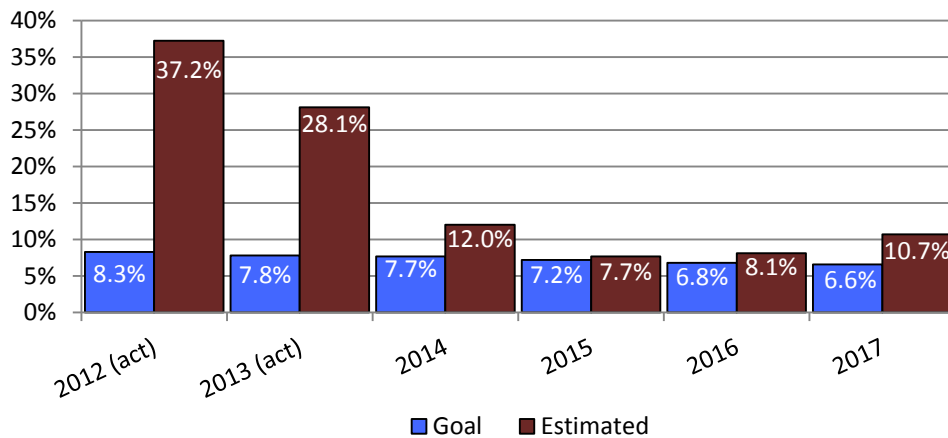


One of the ways we build public trust and confidence is through sound financial management practices. Our Office of Financial Management ensures adherence to legislatively approved budget and internal policies that promote effective stewardship of transportation dollars. These policies relate to the use of advance construction, the Trunk Highway Fund balance and cash balance, and the amount of money we spend each year on debt service.

The Trunk Highway Fund balance policy states the 'Trunk Highway Fund balance should be maintained at not less than the sum of:

- 6% reserve against annual projected state revenues to the Trunk Highway Fund, plus
- 2% reserve against authorized but unissued debt, plus
- Reserve to cover future debt service funding shortfalls.'

Fund Balance



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>)

Budget Activity: Agency Services -
Transportation

Budget Activity Expenditures Overview

(Dollars in Thousands)

Expenditures By Fund

	Actual		Actual FY14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY13			FY16	FY17	FY16	FY17
2000 - Restricted Misc Special Rev	874	6	39	173	41	32	41	32
2001 - Other Misc Special Rev	0	103	1	0	0	0	0	0
2700 - Trunk Highway	43,799	52,053	48,298	51,141	48,658	48,657	50,008	50,804
2710 - Highway Users Tax Distribution	155	161	18	142	142	142	142	142
2720 - State Airports	68	66	72	56	56	56	31	31
Total	44,895	52,389	48,428	51,512	48,897	48,887	50,222	51,009
<i>Biennial Change</i>				2,655		(2,155)		1,292
<i>Biennial % Change</i>				3		(2)		1
<i>Governor's Change from Base</i>								3,447
<i>Governor's % Change from Base</i>								4

Expenditures by Category

Compensation	28,453	30,944	30,004	32,944	26,726	26,674	27,289	27,834
Operating Expenses	15,966	18,714	17,798	18,089	22,126	22,168	22,888	23,130
Other Financial Transactions	367	1,794	612	45	45	45	45	45
Grants, Aids and Subsidies	16	1						
Capital Outlay-Real Property	94	936	14	434				
Total	44,895	52,389	48,428	51,512	48,897	48,887	50,222	51,009

<u>Full-Time Equivalents</u>	354.0	365.8	348.0	370.9	303.8	297.9	309.9	310.2
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Budget Activity: Agency Services -
Transportation

Budget Activity Financing by Fund

(Dollars in Thousands)

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	1,382	865	356	241	69	30	69	30
Receipts	119	15	4	2	2	2	2	2
Net Transfers	104	(519)	(80)					
Expenditures	874	6	39	173	41	32	41	32
Balance Forward Out	732	356	241	69	30	0	30	0
<i>Biennial Change in Expenditures</i>				(668)		(139)		(139)
<i>Biennial % Change in Expenditures</i>				(76)		(65)		(65)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	9.9	4.0						

2001 - Other Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In			1					
Net Transfers		103						
Expenditures	0	103	1	0	0	0	0	0
Balance Forward Out		0						
<i>Biennial Change in Expenditures</i>				(102)		(1)		(1)
<i>Biennial % Change in Expenditures</i>				(99)		(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	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	3	11,946		2,483				
Direct Appropriation	41,972	41,972	41,972	41,972	41,972	41,972	43,322	44,119
Open Appropriation	4,981	6,708	8,809	6,685	6,685	6,685	6,685	6,685
Receipts			1	1	1	1	1	1
Net Transfers	7,700	(6,730)						
Cancellations		1,843						
Expenditures	43,799	52,053	48,298	51,141	48,658	48,657	50,008	50,804
Balance Forward Out	10,858		2,483					
<i>Biennial Change in Expenditures</i>				3,587		(2,124)		1,373
<i>Biennial % Change in Expenditures</i>				4		(2)		1

Budget Activity: Agency Services -
Transportation

Budget Activity Financing by Fund

(Dollars in Thousands)

2700 - Trunk Highway

Gov's Exp Change from Base								3,497
Gov's Exp % Change from Base								4
FTEs	344.1	361.8	348.0	370.9	303.8	297.9	309.9	310.2

2710 - Highway Users Tax Distribution

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Open Appropriation	155	161	18	142	142	142	142	142
Expenditures	155	161	18	142	142	142	142	142
Biennial Change in Expenditures				(156)		124		124
Biennial % Change in Expenditures				(49)		78		78
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

2720 - State Airports

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Direct Appropriation	25	25	25	25	25	25	0	0
Open Appropriation	43	41	47	31	31	31	31	31
Expenditures	68	66	72	56	56	56	31	31
Biennial Change in Expenditures				(6)		(16)		(66)
Biennial % Change in Expenditures				(4)		(13)		(52)
Gov's Exp Change from Base								(50)
Gov's Exp % Change from Base								(45)

Program: Agency Management

Activity: Building Services

<http://www.dot.state.mn.us/maintenance/facilities.html>

AT A GLANCE

MnDOT owns and operates 1,064 buildings with a total of 6,489,309 square feet, including:

- 137 truck stations
- 18 regional headquarters and maintenance sites
- 5 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's Building Services activity provides prompt and efficient response to the travelling public by planning, designing, building and maintaining the structures that house our personnel, equipment and supplies. This includes leased space and facilities shared with other state agencies and political subdivisions.

We plan, design and build our buildings and also perform or arrange facility repair, operation and maintenance.

SERVICES PROVIDED

Building Services provides the following services to our districts:

1. Scheduling new projects
2. Building program planning and management of emergency building repairs
3. Manage and track building energy use
4. Provide program and pre-design services for new and renovated buildings and sites
5. Hire and coordinate consultants for large capital and specialty projects
6. Manage construction documents, bid letting and construction administration
7. Provide essential services: architectural, structural, mechanical, electrical, building automation systems, plumbing and labor contract compliance
8. Maintain building data to track building conditions and deferred maintenance

Our buildings are funded by a direct appropriation from the trunk highway fund and by trunk highway bonds. Trunk highway direct operating dollars are often used to fund small capital projects under a certain threshold (typically \$1.5 to \$2 million in total cost). This minimizes the need to request numerous small projects in capital bonding bills. We have a staff of 22 people who deliver approximately 120-150 projects and manage approximately 50 consultant contracts per year. The agency's facilities are in strategic locations to promptly respond to customer needs; snow and ice operations and system emergencies. They provide space for vehicle storage and repairs, ancillary and installed supporting equipment such as hoists (portable and fixed), wash bay equipment, mowers, trailers, inventory, etc. and for State Patrol staff and vehicles.

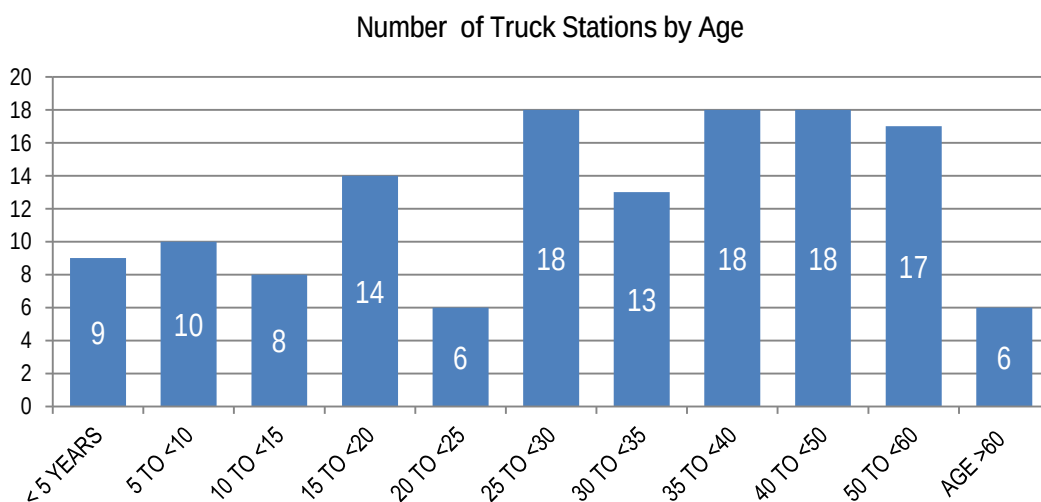
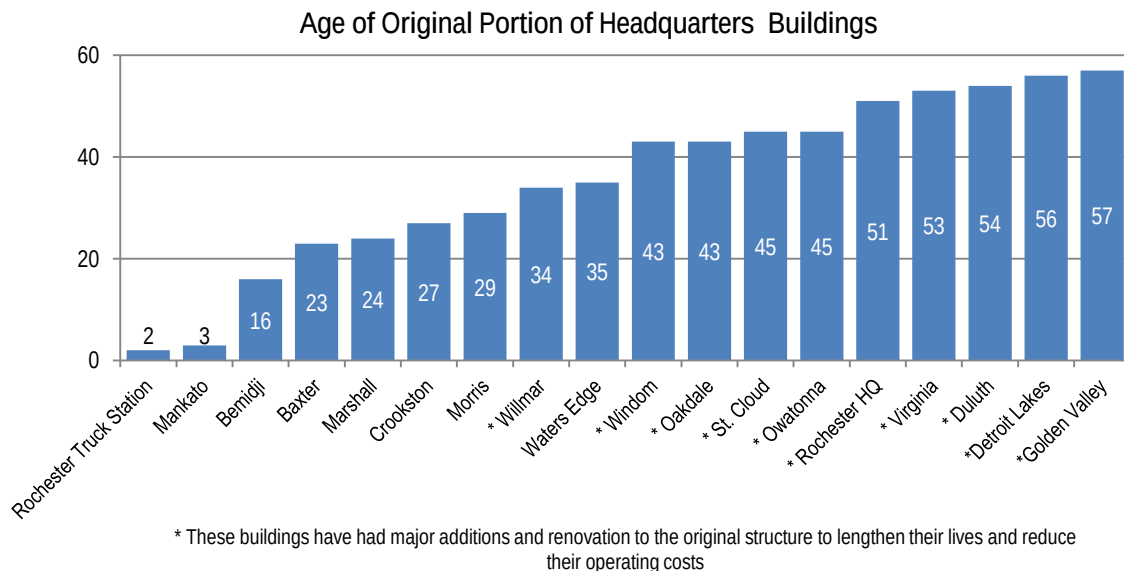
We have two product and service lines:

1. **Facilities Investment and Planning:** We provide planning, programming, budget development, design and construction administration. During the annual building budget process we review and plan future building space requirements. In the past this resulted in a six-year construction plan. In the future, four, ten and twenty year plans will be used to align with highway planning. This process identifies annual maintenance and repair projects that require plans and specifications to be developed by licensed architects and engineers. Whenever possible, we partner with other state agencies and local government subdivisions to take advantage of opportunities to save on costs by sharing buildings. Our buildings section is adopting the same project scheduling tool that our project teams use to manage bridge and highway projects. With better planning, we will let projects at more favorable times of the year and begin construction as soon as weather permits. This tool will help us better inform the districts about project start dates and schedules.

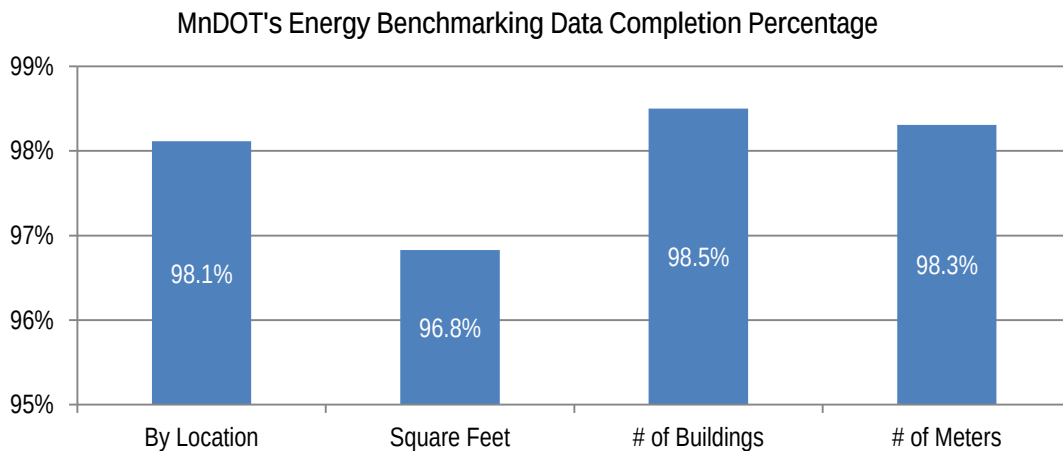
2. **Facilities Operations and Maintenance:** We maintain buildings including development and enforcement of facility standards, building codes, and other regulatory requirements and partnership agreements with political subdivisions. This includes the administrative functions associated with custodial work, supplies and services, and telecommunications support.

RESULTS

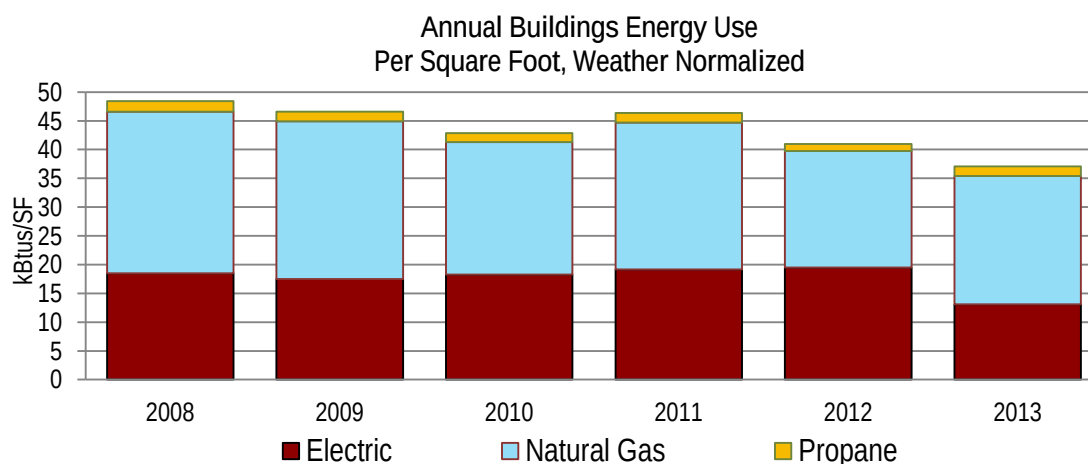
We are one of 19 state agencies implementing the new Enterprise Real Property Facilities Condition Assessment. This assessment is underway and the consultant will have evaluated every MnDOT facility by the end of FY14. This will establish a baseline of building conditions. Our staff will be trained to use the new process will conduct future assessments. When fully implemented, this tool will monitor more than 6.4 million square feet of space in over 1,000 buildings. This assessment will generate a Facility Condition Index. We will use this data, along with operational functionality assessments of the buildings and sites, to develop future plans and make informed investment decisions. As the graphs below indicate, a significant number of our buildings are more than 30 years old. Many new projects will be initiated based on the detailed assessments.



We are also implementing the State's B3 Energy Benchmarking Tool. As seen in the graph below, the tool contains data from 260 of 265 buildings. The agency migrated data from a previous database and our district staff are updating current energy use. We are analyzing this data, which has helped it use energy more efficiently as well as meet Executive Order (EO) 11-12. This is a link to the B3 benchmarking information: www.mn.b3benchmarking.com.



Our energy program seeks to enhance financial effectiveness by using data collected by web-connected building automation systems. This allows the agency's energy engineer to monitor facility operational trends to identify improvement opportunities and adjust statewide mechanical systems on-line from the Central Office. We have instituted a Guaranteed Energy Savings Program, already underway in District 1/Duluth. This program was mandated by EO 11-12 and allows state agencies to finance facility energy efficiency projects through the energy savings. We also evaluate projects for potential use of geothermal systems and have evaluated several projects for photovoltaic (PV) systems. A large rooftop PV system has been designed and will be installed as part of the new Rochester Headquarters renovation. We are constantly updating building systems through careful monitoring of equipment and other building components. The graph below shows the trend in improvements to energy usage using weather normalization (which allows year to year comparisons) between 2008 and 2013.



The legal authority for the Buildings Services activity comes from:

Duties of Commissioner, Other duties, Construct and maintain transportation facilities, [M.S 174.03](http://www.revisor.mn.gov/statutes/?id=174.03)

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

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

(Dollars in Thousands)

Expenditures By Fund

	Actual		Actual FY14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY13			FY16	FY17	FY16	FY17
1000 - General	54	54	54	54	54	54	54	54
2000 - Restricted Misc Special Rev	1,561	302	31	76				
2001 - Other Misc Special Rev	0	762	1,570	987	785	785	785	785
2700 - Trunk Highway	18,718	17,110	17,863	18,215	17,784	17,784	18,718	19,267
Total	20,333	18,228	19,518	19,332	18,623	18,623	19,557	20,106
<i>Biennial Change</i>				289		(1,603)		814
<i>Biennial % Change</i>				1		(4)		2
<i>Governor's Change from Base</i>								2,417
<i>Governor's % Change from Base</i>								6

Expenditures by Category

Compensation	2,165	2,106	2,768	2,642	2,707	2,707	3,408	3,819
Operating Expenses	9,550	14,514	11,529	9,948	9,507	9,507	9,740	9,878
Other Financial Transactions	37	265	261	5	5	5	5	5
Grants, Aids and Subsidies	0	3						
Capital Outlay-Real Property	8,581	1,340	4,961	6,737	6,404	6,404	6,404	6,404
Total	20,333	18,228	19,518	19,332	18,623	18,623	19,557	20,106

Full-Time Equivalents

27.2	24.0	30.2	28.0	28.2	27.7	35.4	38.8
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Budget Activity: Building Services

Budget Activity Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		0						
Direct Appropriation	54	54	54	54	54	54	54	54
Expenditures	54	54	54	54	54	54	54	54
Balance Forward Out	0							
<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 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	363	191	107	76				
Receipts	1,389	529		0	0	0	0	0
Net Transfers		(367)						
Expenditures	1,561	302	31	76				
Balance Forward Out	191	51	76					
<i>Biennial Change in Expenditures</i>				(1,756)		(107)		(107)
<i>Biennial % Change in Expenditures</i>				(94)		(100)		(100)

2001 - Other Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In			994	201				
Receipts	0	589	776	785	785	785	785	785
Net Transfers		1,167						
Expenditures	0	762	1,570	987	785	785	785	785
Balance Forward Out		994	201					
<i>Biennial Change in Expenditures</i>				1,795		(987)		(987)
<i>Biennial % Change in Expenditures</i>				236		(39)		(39)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2700 - Trunk Highway

Budget Activity: Building Services

Budget Activity Financing by Fund

(Dollars in Thousands)

2700 - Trunk Highway

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		5,744	401	432				
Direct Appropriation	24,073	11,495	17,784	17,784	17,784	17,784	18,718	19,267
Receipts		490	110					
Net Transfers	1,304	1,304	1,304	1,304	1,304	1,304	1,304	1,304
Cancellations	1,304	1,529	1,304	1,304	1,304	1,304	1,304	1,304
Expenditures	18,718	17,110	17,863	18,215	17,784	17,784	18,718	19,267
Balance Forward Out	5,355	393	432					
<i>Biennial Change in Expenditures</i>				250		(510)		1,907
<i>Biennial % Change in Expenditures</i>				1		(1)		5
<i>Gov's Exp Change from Base</i>								2,417
<i>Gov's Exp % Change from Base</i>								7
FTEs	27.2	24.0	30.2	28.0	28.2	27.7	35.4	38.8

FY16-17 Federal Funds Summary

Federal Agency	Federal Award Name and Brief Purpose	New Grant?	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required	FTEs
Federal Aviation Administration 20.103	Airport Improvement Program-To assist local units of government maintain and improve Minnesota publically owned airports. Funds are sub-granted to the local government units who oversee their projects.		31,045	100,000	75,000	50,000		
	Budget Activity: Aeronautics		31,045	100,000	75,000	50,000		
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.		135	150	150	150	MOE	1.0
	Transit Vehicle Disposition-Transit vehicle disposition receipts for mass transportation purposes.		183	50	200	200		
Federal Transit Administration 20.513	FTA Section 5310-Capital assistance grants for organizations that serve elderly and/or persons with disabilities.		1,918	4,231	3,900	3,900		1.9
Federal Transit Administration 20.509	FTA Section 5311-Capital and operating funding for small urban and rural areas; including intercity bus. Rural Transit Assistance Program (RTAP) funding for research, training and technical assistance for transit operators in non-urbanized areas. Administration for technical oversight of programs.		16,314	31,576	28,900	28,900	Match /MOE	17.2
Federal Transit Administration 20.505	FTA Section 5303/5304-Metropolitan Planning Organization (MPO) and statewide planning activities and technical assistance for public transit services.		5,491	8,689	8,700	8,700		
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.		211	168	150	150	Match/MOE	1.2
Federal Highway Administration 20.205	Transit Bike/Ped PR - Metro Ped/Bike planner senior position responsible for the State Planning & Research project part I.		60	60	60	60	Match/MOE	0.8

Federal Agency	Federal Award Name and Brief Purpose	New Grant?	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required	FTEs
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.		227	1,723	675	-	Match	0.6
Federal Transit Administration 20.516	FTA Job Access Reverse Commute (JARC)-Funding for projects that transport low-income individuals to employment.		835	845	440	-		0.4
Federal Transit Administration 20.521	FTA New Freedom-Funding for transportation projects that go beyond ADA requirements for persons with disabilities.		398	503	495	-		0.3
Federal Transit Administration 20.500	Northfield Environmental Assessment-Assess environmental effects to ensure compliance with National Environmental Policy Act (NEPA) requirements prior to building the Northfield Transit Hub.		18	-	-	-		
Federal Transit Administration 20.500	FTA Cedar Valley/Albert Lea-Construction of Albert Lea transit facility.		70	-	-	-		
Federal Highway Administration 20.205	Safe Routes to School-To coordinate improvement of safety and facilities in and around school zones.		937	1,164	669	287	Match	1.3
Federal Transit Administration 20.500	FTA Northstar Construction-Northstar Commuter Rail project		472	5,997	4,197	1,400	Match	
Federal Transit Administration 20.500	New Transit Facility in Mankato, MN		177	2,800	2,800	-	Match	
	Section 5339 Bus & Bus Facilities Programs -Moving Ahead for Progress in the 21st Century Act (MAP-21)-Provide funding for transit buses & bus facilities		-	4,250	2,125	2,125		
	Budget Activity: Transit		27,446	62,206	53,461	45,872		24.7
Federal Highway Administration 20.205	Federal Grade Crossing Safety-To promote grade crossing safety on Minnesota railroads		5,308	6,000	6,500	6,500		

Federal Agency	Federal Award Name and Brief Purpose	New Grant?	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required	FTEs
Federal Motor Carrier Safety Administration 20.218	The Motor Carrier Safety Assistance Program (MCSAP) is a Federal Motor Carrier Safety Administration (FMCSA) program that provides grants to states to reduce the number and severity of accidents and hazardous materials incidents involving commercial motor vehicles (CMV).		975	2,000	2,000	2,000	Match	18.0
Federal Highway Administration 20.205	Truck Parking Availability System Study-Provide funding to improve transportation safety, traffic congestion, and air quality by implementing and deploying a comprehensive system for identifying trucks and truck parking spaces through the dissemination of parking availability information to truck drivers and carriers, through the use of ITS video technology.		494	1,475	-	-	Match	
Federal Rail Administration 20.320	K-Line Rail Improvement Project, Wadena, MN-To improve and extend municipally owned rail spur to an existing industrial park.		-	1,470	-	-	Match	
	Budget Activity: Freight		6,777	10,945	8,500	8,500		18.0
Federal Rail Administration 20.319A	Hi-Speed Intercity Pass Rail (Northern Lights Express (NLX PE/NEPA)-To conduct Preliminary Engineering(PE) and the National Environmental Policy Act (NEPA) process		572	3,550	700	500	Match	
Federal Rail Administration 20.319A	MN WI NEPA Service (Tier 1 Environmental Impact Statement (EIS)-To conduct environmental review to meet the conditions of NEPA.		46	350			Match	
Federal Rail Administration 20.314	Northern Lights Express (2010 - Light Detection and Ranging (LiDAR), Mapping & Service Development Plan (SDP)-To conduct an alternatives analysis, engineering and feasibility study.		180	284			Match	
	Budget Activity: Passenger Rail		798	4,184	700	500		0.0
	Program: Multimodal Systems		66,066	177,335	137,661	104,872		42.7
Federal Highway Administration 20.205	Transportation Alternatives-To fund transportation alternative type projects.		-	5,000	5,000	5,000	Match	

Federal Agency	Federal Award Name and Brief Purpose	New Grant?	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required	FTEs
Federal Highway Administration 20.205	To consider design and operational alternatives that will enhance MnPASS performance in the corridor.		80					
Federal Highway Administration 20.205	State Planning & Research-Implementation of advanced technologies and systems to enhance pavement quality and life.		-	3,750	1,000	1,000	Match	
Federal Highway Administration 20.205	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	Match	
Federal Highway Administration 20.205	State Planning & Research-To support the MnROAD low volume road section at the MnROAD test facility.		29	46	-	-	Match	
Federal Highway Administration 20.205	Disadvantaged Enterprise/On the Job Training Support Services-To ensure equal opportunity for all businesses and personnel on MnDOT projects by providing; highway heavy on-the-job training for minorities, women and economically disadvantaged individuals, technical training and services for Disadvantaged Businesses to assist them in successfully competing for MnDOT projects, and supportive employment services for American Indians working on highway construction projects.		916	1,830	1,735	1,141		
Federal Highway Administration 20.205	To develop design and operational alternatives compatible with I-35E managed lanes operations north of Little Canada.		411	149	-	-	Match	
Federal Highway Administration 20.200	Flash Flood Vulnerability & Adaptation Assessment in NE & SE Minnesota-To conduct and coordinate vulnerability assessments to measure the sensitivity of MN's trunk highways from flash flood events in District 1 in NE Minnesota and District 2 in SE Minnesota.		74	26	-	-	Match	

Federal Agency	Federal Award Name and Brief Purpose	New Grant?	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required	FTEs
Federal Highway Administration 20.205	State Planning & Research-State planning and research funds for Pooled Fund (multi state partnerships) road research projects conducted throughout the state which are billed at 100%.		701	3,000	3,000	3,000		
Federal Highway Administration 20.205	State Planning & Research-State planning and research funds for Pooled Fund (multi state partnerships) research projects billed at 100% which are conducted at the MnRoad Research facility.		370	1,000	200	200		
Federal Highway Administration 20.205	State Planning & Research-State planning and research funds for Minnesota only research projects which are conducted at the MnRoad Research facility.		133	300	-	-	Match	
Federal Highway Administration 20.205	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.		495	1,200	300	300		
Federal Highway Administration 20.205	State Planning & Research-State planning and research funds used to conduct and support Minnesota only road research projects throughout the state which require a state match.		1,887	4,500	4,500	4,500	Match	2.4
	Budget Activity: Program Planning & Delivery		5,246	20,951	15,885	15,291		2.4
National Highway Traffic Safety Admin 20.600	Lane Departure Countermeasure Deployment and Roadway Safety Evaluation Planning & Studies-Funds received from Department of Public Safety. Construct cable median barriers and county & district road safety design planning.		4,886	6,000	6,000	6,000		
Federal Highway Administration 20.205	Highway Safety Improvement Program (HSIP) Section 164 Sanction Program Code MS32-Toward Zero Deaths (TZD) Coordinators salaries, Road Safety Plan Development, Speed Enforcement and Road Safety Public Service announcements; from FHWA.		2,632	15,000	14,000	14,000		5.4

Federal Agency	Federal Award Name and Brief Purpose	New Grant?	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required	FTEs
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).		-	75	75	500		
US Department of Commerce 11.307	Flood Mitigation Grade Raise-to reduce frequency and duration of highway detours and related economic impacts on US Highway 169 between Mankato and St. Peter, MN.		-	-	1,723	6,394	Match	
	Budget Activity: State Road Construction		7,518	21,075	21,798	26,894		5.4
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.		109	300	200	-	Match	1.2
Federal Highway Administration 20.205	USDOT FHWA Surface Transportation Program (STP) Formula Funds for Enterprise Asset Management (EAM) Software-Transportation Asset Management System (TAMS) upgrade to the computer software system currently called Automated Facilities Management System (AFMS).		-	1,600	2,500	2,500	Match	
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.		132	208	140	140		
National Highway Traffic Safety Admin 20.600	Better Roads Turn Lanes- Construction of trunk highway safety improvements (primarily turn lanes).		1,000	-	-	1,000		
National Highway Traffic Safety Admin 20.600	Safe Intersections Conflict Warning Systems: Construction of trunk highway Intersection Conflict Warning System (CWS).Safe Intersections Conflict Warning Systems-Construction of trunk highway Intersection Conflict Warning System (CWS).		27	200	20	-		
National Highway Traffic Safety Admin 20.600	Highway Road Safety Audits- Perform safety audits of trunk highways.		154	35	50	50		

Federal Agency	Federal Award Name and Brief Purpose	New Grant?	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required	FTEs
National Highway Traffic Safety Admin 20.600	Pedestrian Bicycle Safety Handbook-Publish handbook on bike and pedestrian infrastructure designs.		16	-	-	-		
National Highway Traffic Safety Admin 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).		996	4,300	5,000	5,000		
USDOT Secretary 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.		-	1,457	500	50	Match	
National Highway Traffic Safety Admin 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.		96	400	500	750		
National Highway Traffic Safety Admin 20.600	Toward Zero Deaths (TZD) Regional Coordination-Regional TZD Coordinators Salaries & Out of State Travel.		149	200	200	200		2.0
National Highway Traffic Safety Admin 20.600	Toward Zero Deaths (TZD) Conference-Annual safety conference for all agencies and statewide partners.		173	200	250	250		
	Budget Activity: Operations And Maintenance		2,852	8,900	9,360	9,940		3.2
	Program: State Roads subtotal		15,616	50,926	47,043	52,125		11.0
Federal Highway Administration	Federal Highway Administration (FHWA) funding-Estimated Federal Revenue		506,527	444,328	362,980	361,980		
	Program: State Roads		522,143	495,254	410,023	414,105	-	11.0
Federal Highway Administration 20.205	Federal Aid Highway Program - Provides road construction dollars to the local county and city governments for their road systems.		144,830	250,000	190,000	200,000	Match	

Federal Agency	Federal Award Name and Brief Purpose	New Grant?	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required	FTEs
Federal Highway Administration 20.932	American Recovery and Reinvestment Act (ARRA)-Transportation Investment Generating Economic Recovery (TIGER) Grant provided to the Union Depot Restoration Project.		3,583	-	-	-		
Federal Highway Administration 20.932	ARRA TIGER Grant for the interchange at US 10/County Road 83; and for a multimodal corridor plan.	Yes		3,100	7,000			
National Highway Traffic Safety Admin 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.		-	1,000	1,000	1,000		
Federal Highway Administration 20.205	Federal Aid Highway Program-Funding for special interest projects providing historical, technical or other information pertinent to mobility.		2,520	3,386	3,300	3,300	Match	1.7
Federal Highway Administration 20.205	ARRA - Provides road construction dollars to the local county and city governments for their road systems.		15	6	-	-		
Federal Highway Administration 20.319	ARRA TIGER-Funding for the Union Depot restoration project.		11,065	8,935	-	-	Match	
	Program: Local Roads		162,013	266,427	201,300	204,300		1.7
	Reimbursement for Municipal Grant Expenses		280	250	250	250		
	Reimbursement for County Grant Expenses		250	300	300	300		
	Federal Funds - Agency Total		750,752	939,596	749,564	723,857		55.4
	Federal Funds Total - Net of Federal Formula Highway Agreements and Local Roads Non Dedicated Receipts		243,695	494,688	386,004	361,297		

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 supported 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.