



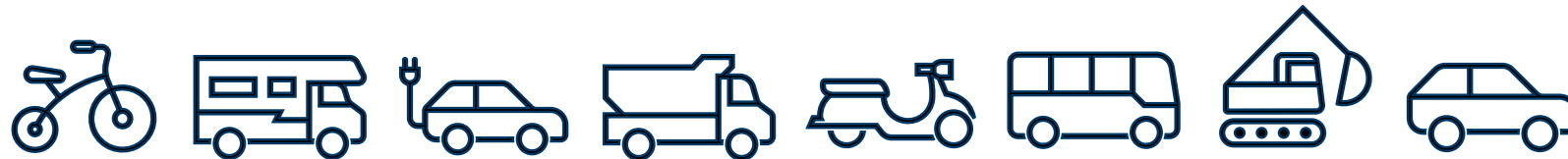
Governor Walz & Lieutenant Governor Flanagan's 2025 Budget

Commissioner Nancy Daubenberger

MnDOT Vision and Mission

MnDOT Goals

Governor's Budget Recommendations



MnDOT Vision and Mission

Vision – a multimodal transportation system that maximizes the health of people, the environment and our economy.

Mission – 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.

Promote a Safety Culture – reduce the possibility and impact of life-changing incidents across all modes of transportation

Advance Transportation Equity – ensure our spending, services and systems are supporting a transportation future that works better for everyone

Champion Sustainability Actions – lead through action to transition to a low-carbon future

Maximize Stewardship of Resources – efficient, transparent and innovative management of our transportation system

Foster a Thriving Workforce – invest in the growth of our workforce and create a workplace where everyone can contribute their best

Trunk Highway Fund

	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
<u>Nov '24 Forecast</u>	<u>462,581</u>	<u>187,804</u>	<u>258,071</u>	<u>364,492</u>	<u>506,578</u>	<u>708,584</u>
Reserved	129,841	123,776	126,466	123,734	123,946	126,631
Unreserved	332,740	64,028	131,605	240,758	382,632	581,953

Dollars in thousands

Recommendations - Budget

Fund	FY 26-27	FY 28-29	Recommendations
GF	442	592	Operating Adjustment
THF	54,963	65,604	
THF	472,088	229,466	State Road Construction Appropriation Increase
THF	650,000		Blatnik Bridge Spending Authority
SAF	5,300	5,300	Aeronautics Revenue Restructure
THF	68	68	Metropolitan Planning Organization (MPO) Grant Increase
THF	6,000	6,000	Corridor Planning
THF	1,530	1,530	Recruitment and Retention
THF	6,400	6,400	Facilities Modernization
GF	442	592	
SAF	2,650	2,650	
THF	1,136,086	243,464	

*Dollars in thousands

Recommendations - Technical

Recommendation	Type
Metropolitan Council Sales Tax Loan to MnDOT	Language Change
Landscape Partnership Appropriation Modification	Language Change
Environmental Product Declarations Appropriation Modification	Language Change
Upper Sioux Property Conveyance Appropriation Extension	Extension
Amtrak Second Daily Train Appropriation Extension	Extension
Amtrak Federal Aid Match Appropriation Extension	Extension
Reconnect Rondo Appropriation Extension	Extension
Metropolitan Planning Organization Greenhouse Gas Modeling Appropriation Extension	Extension
Highways for Habitat Appropriation Extension	Extension
Coordinated Drone Fleet Definition and Registration	Policy
Office of Sustainability and Public Health (OSPH) Grant Making Authority	Policy
Active Transportation Solicitation Frequency	Policy
Short Line Railroad Infrastructure Modernization Credit Transfer	Policy

Operating Pressures

- \$22.2 million Trunk Highway funds in FY26 and \$32.8 million each year thereafter
- \$146,000 General funds in FY26 and \$296,000 each year thereafter
- To address rising cost pressures and mitigate impacts to current service levels

Fund	Component	FY 26-27	FY 28-29
TH	Compensation (~4,800 FTE)	40,063	47,704
TH	IT Rates/Volume	9,000	12,00
TH	Lease Increase	500	500
TH	Maintenance Operations	5,400	5,400
GF	General Fund Programs (~35 FTE)	442	592

*Dollars in thousands

State Road Construction

- Increase to the SRC appropriation in the Trunk Highway Fund
 - Enables MnDOT to spend additional federal funding
- Increase from the Trunk Highway Fund Balance
- For highway construction projects consistent with the Minnesota State Highway Investment Plan (MnSHIP)
- 24-25 biennial budget appropriated \$1.205 billion in FY24 and \$1.174 billion in FY25

	FY26	FY27	FY28	FY29
Federal Funding	393,744	60,344	64,733	64,733
Trunk Highway Fund Balance	9,000	9,000	50,000	50,000
Total	402,744	69,344	114,733	114,733

*Fiscal Impact in thousands

Blatnik Bridge Spending Authority

- Budget authority to spend \$650 million in federal funds for the Blatnik Bridge
 - Primarily MnDOT's share of \$1.08 billion INFRA grant
- Replacing the Blatnik Bridge will address aging infrastructure, improve safety, and better accommodate oversize/overweight loads
- Construction is anticipated to begin in 2026
- Connects Duluth, Minnesota and Superior, Wisconsin

Aeronautics Revenue Restructure

- Set an airline flight property tax levy at \$8.05 million (from current \$7 million)
 - Decouple from State Airports Fund appropriations
- Increase aircraft registration rates by 15%
 - Registration rate was last adjusted in 2014
 - Increase addresses about half of the rate of inflation from 2014 to 2024
- Combine classic and antique registration exemptions as an annual \$25 fee
- **Overall, proposed changes reflect ~6% increase in revenues in the State Airports Fund**
- Appropriation increase from the state airport fund of \$2.7 million annually
 - \$1.65 million/year from revenues changes + remainder from existing projected fund balance

MPO Transportation Planning Grants

- \$34,000 Trunk Highway funds for Metropolitan Planning Organizations (MPO) grant increases
- Supports MPOs to meet universally beneficial goals like reducing greenhouse gas emissions and vehicle miles traveled
- MPOs have not received an increase since the annual Planning and Research funds were established in 2003

Corridor Planning

- \$3 million base Trunk Highway funds to support statewide corridor planning
- Integrates state priorities with the selection and development of future state highway projects
- MnDOT has worked with a policy advisory committee, technical advisory committee, and participated in supplemental activities to engage stakeholders on corridor planning

Recruitment & Retention

- \$765,000 base Trunk Highway funds to make MnDOT a workplace of choice for Minnesotans
- This proposal will fund:
 - Organizational Health and Wellness
 - Human Resources and Labor Relations staffing
 - Implementing a 10-year strategic staffing plan for MnDOT

Facilities Modernization

- \$3.2 million base Trunk Highway funds for MnDOT repairing MnDOT truck stations
- MnDOT truck stations require additional funding to be maintained at a desirable level
- Funds will replace outdated doors, windows, HVAC systems, roofs, etc.
- Deferred maintenance of all MnDOT buildings is approximately \$215 million
 - Replacement value is approximately \$1.53 billion

Language Change Recommendations

- **Met Council Loan:** Legislation to permit MnDOT to receive funds from Metropolitan Council's regional transportation sales and use tax, authorized under Minnesota Statute 297A.9915, to coordinate major highway and transitway construction in a key trunk highway corridor.
 - This request has been crafted in collaboration with Metro Transit.
- **Landscape Partnership:** Modification to the 2024 Operations and Maintenance appropriation which grants \$1 million for landscaping improvements.
- **Environmental Product Declarations:** Modification to the 2023 Climate and Energy Finance appropriation for MnDOT to remove the language relating to awarding grants.

Extension Recommendations

Extension	Total Appropriation	Extension Date
Upper Sioux Property Conveyance	\$1.2 Million	June 30, 2027
Amtrak Second Daily Train	\$10 Million	June 30, 2028
Amtrak Federal Aid Matching Funds	\$1.8 Million	June 30, 2028
Reconnect Rondo	\$6.2 Million	June 30, 2026
MPO Greenhouse Gas Modeling	\$800,000	June 30, 2026
Highways for Habitat	\$1 Million	June 30, 2027

Policy Recommendations

- **Drone Fees:** Reduced registration fee for drones that are part of a one-day event.
- **OSPH Grant Making Authority:** Establish MnDOT's Office of Sustainability and Public Health (OSPH) authority to provide grants.
- **Active Transportation Solicitation Frequency:** Remove the requirement for Active Transportation to annually conduct a solicitation.
- **Short Line Rail:** Revisions to the transfer component of the Short Line Railroad Infrastructure Modernization credit

Thank You!

Commissioner Nancy Daubenberger