

**HF4078 - 0 - Pavement Life Cycle Cost Analyses Req. Modified**

Chief Author: **Erin Koegel**  
 Committee: **Transportation Finance**  
 Date Completed: **3/15/2024 1:43:42 PM**  
 Agency: **Transportation Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Trunk Highway	-	-	1,500	1,500	1,500	1,500
<b>Total</b>	-	-	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>
<b>Biennial Total</b>			<b>1,500</b>			<b>3,000</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Trunk Highway	-	-	10	10	10
<b>Total</b>	-	-	<b>10</b>	<b>10</b>	<b>10</b>

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>
Trunk Highway	-	-	-	1,500	1,500	1,500
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>
	<b>Biennial Total</b>			<b>1,500</b>		<b>3,000</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Trunk Highway	-	-	-	1,500	1,500	1,500
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>
	<b>Biennial Total</b>			<b>1,500</b>		<b>3,000</b>
<b>2 - Revenues, Transfers In*</b>						
Trunk Highway	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Biennial Total</b>			<b>-</b>		<b>-</b>

**Bill Description**

House File 4078 amends the pavement life-cycle cost analyses requirements and requires a report. The bill establishes a life-cycle cost analysis (LCCA) before substantial plan development for any project with 60,000 or more square yards of paving instead of reconditioning, resurfacing, and road repair projects. This must include the chosen pavement strategy but does not need to document the lowest life-cycle costs nor justify the reason why the commissioner did not select such life cycle. Specific analysis procedures and exclusions are further outlined.

The bill also requires MnDOT to determine annual excess fuel consumption cost. MnDOT must also post a draft of the LCCA and pavement selection on the Office of Materials and Road Research website for 21 days for industry association representatives to submit comments and questions. MnDOT must respond to each comment and question in writing with a description of any associated changes that will be enacted and revise the LCCA in response to feedback.

A document of justification must be produced by MnDOT after selecting the pavement strategy. Finally, the commissioner must report by January 31 annually to leadership from the legislative committees with jurisdiction over transportation finance on the cost analyses.

**Assumptions**

MnDOT assumes that none of the projects would be for resurfacing and that the design analysis would be the traditional 35 or 50 years instead of 60 years. MnDOT assumes 9 employees would be needed across MnDOT’s districts to meet the life-cycle cost analyses requirements. One FTE would be required at each of MnDOT’s 7 greater Minnesota districts and two FTEs at the Metro district to complete the following work:

- Deciding which alternate rehabs (5 10 per project) can be done on their district’s project, based on the existing information.
- Developing and documenting future maintenance and construction practices, based on past practices in the district, “user cost” for each project, and which preliminary field investigation is required when the project is in the CHIP.
- Calculating “excess fuel consumption costs” that are added to the LCCA.
- Coordinating the preliminary field investigation with the district designers when the project is in the CHIP.
- Requesting layout and typical sections to be used during the preliminary field investigation from district designers.

MnDOT assumes the hourly wage for these positions would be \$47.20, plus an additional 50% to account for related overhead costs including fringe benefits.

MnDOT also assumes that a position would be required in the Office of Materials and Road Research (OMRR) to:

- Reviewing industry comments and writing up responses.
- Assisting district personnel in deciding which alternate rehabs (5 10 per project) can be done on their project and developing and documenting future maintenance and construction practices based on past district practices as well as user cost for each project.
- Providing direction on how to calculate “excess fuel consumption costs” and on how these are added to the LCCA.
- Reviewing and signing all the LCCA’s with the appropriate documentation and placing them on the OMMR website.

MnDOT assumes the hourly wage for this position would be \$56.10, plus an additional 50% to account for related overhead costs including fringe benefits.

**Expenditure and/or Revenue Formula**

With the salaries in the assumptions above, including an additional 50% for overhead and fringe benefits, the rounded salary breakdown in thousands is as follows:#\_msocom\_1

	FY25	FY26	FY27
1 OMRR (\$56.10 X 1.5 overhead X 2080 hours)	\$175	\$175	\$175
9 District Staff (\$47.20 X 1.5 overhead X 2080 hours X 9 FTEs)	\$1,325	\$1,325	\$1,325
<b>Total</b>	<b>\$1,500</b>	<b>\$1,500</b>	<b>\$1,500</b>

**Long-Term Fiscal Considerations**

Requiring life-cycle cost fix investment may result in a loss to the overall system condition because of minimal resources.

**Local Fiscal Impact**

MnDOT costs would be ongoing.

**References/Sources**

MnDOT Office of Materials and Road Research

MnDOT Office of Operations

MnDOT Office of Sustainability and Public Health

MnDOT Office of Transportation System Management

District 2

District 3

District 4

Metro District

District 7

District 8

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