

Project Title	2006 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations 2006	Governor's Planning Estimate	
		2006	2008	2010	Total		2008	2010
Mankato Headquarters Building	1	\$18,200	\$0	\$0	\$18,200	\$0	\$0	\$0
Small Capital Projects	2	4,810	4,810	4,810	14,430	0	0	0
Northstar Corridor Rail Project	3	50,000	0	0	50,000	0	0	0
Local Bridge Replacement & Rehab	4	70,000	70,000	70,000	210,000	0	0	0
Local Road Improvement Grants	5	20,000	20,000	20,000	60,000	0	0	0
Maple Grove/Osseo Truck Station	6	10,000	0	0	10,000	0	0	0
Arden Hills Training Center Addition	7	4,500	0	0	4,500	0	0	0
Chaska Truck Station	8	6,000	0	0	6,000	0	0	0
Minnesota Rail Service Improvement	9	6,000	4,000	4,000	14,000	0	0	0
Port Development Assistance	10	6,000	6,000	6,000	18,000	0	0	0
Rochester Truck Station Partnership		0	9,800	0	9,800	0	0	0
Rochester Headquarters Remodeling		0	7,000	0	7,000	0	0	0
Soo Lock Funding		0	6,600	0	6,600	0	0	0
Willmar Headquarters Addition		0	2,000	0	2,000	0	0	0
Duluth Headquarters Remodeling		0	2,000	0	2,000	0	0	0
Plymouth Truck Station		0	0	4,500	4,500	0	0	0
Mendota Heights Truck Station		0	0	4,000	4,000	0	0	0
Eden Prairie Truck Station		0	0	3,500	3,500	0	0	0
Oakdale-State Patrol		0	0	2,000	2,000	0	0	0
Total Project Requests		\$195,510	\$132,210	\$118,810	\$446,530	\$0	\$0	\$0

2006 STATE APPROPRIATION REQUEST: \$18,200,000

AGENCY PROJECT PRIORITY: 1 of 10

PROJECT LOCATION: Intersection TH 60 and TH 22 East of Mankato

Project At A Glance

- ◆ This request is for a new Minnesota Department of Transportation Facility housing District offices, shops, vehicle support and storage spaces.
- ◆ This facility provides highway and bridge construction and maintenance services for South and Southwestern Minnesota.
- ◆ This facility also provides space for our partners, the State Patrol and the Division of Vehicle Services.

PROJECT DESCRIPTION:

The project will consist of construction of a 163,000 square foot building with offices, materials testing laboratory, vehicle storage and maintenance shops, and specialty shops for bridge maintenance, radio, electrical services, signs and building maintenance. An inventory center will support all district functions. Cold storage buildings and a chemical storage facility will also be located at this site. This facility will also include shared, centralized conference rooms and reception area.

This project has been planned since pre-design studies were completed in the mid-1980's as a key to providing transportation planning, design and construction for south and southwestern Minnesota, (MnDOT District 7). For several reasons, emphasis has shifted from a major remodeling and rehabilitation project to new construction.

The original headquarters was constructed in 1963 and has become inadequate for current requirements. Increasing traveler needs, as well as to support the agencies long-range strategic goals, such as upgrading regional corridors, require that we provide a capable and adequately sized facility.

- ◆ Preliminary remodeling and rehabilitation studies for the existing facilities show a very non-conforming, crowded site. Equipment storage, maintenance and personnel spaces, and ancillary storage facilities are required for support and maintenance of the District mission.
- ◆ Today's cost estimates for a facility addition, remodeling and rehabilitation of existing spaces, and purchase of additional acreage for an enlarged site is between \$12 and \$14 million, or 76% of a new facility replacement cost.
- ◆ Larger, more efficient and safer snowplows and highway equipment, has required facility infrastructure to grow, adapt and become more technology oriented. In order to accommodate MnDOT requirements, personnel have been placed in all available nooks remotely located from others performing similar work, taking advantage of every possible space. This site cannot absorb another facility addition or other structures without having major impacts on outside vehicle, materials, heating, ventilating and air conditioning, (HVAC), and equipment storage. Placing additional funding in an inadequate facility will not satisfy present requirements.

Constructing a new facility on a larger site will allow MnDOT to gain efficiencies of scale and management cohesion. We will be able to consolidate like functions, and build a facility of a size to accommodate our larger snowplows and other highway engineering equipment. We would take advantage of new construction methods, build to current codes, allow for future expansion, and update current technologies in constructions, communications, energy management, and the health and welfare of our employees.

IMPACT ON AGENCY OPERATING BUDGETS (Facilities Notes):

Utility costs will increase moderately in the new building. One additional custodian and one additional general repair worker would be added to the current staff.

Mankato Headquarters Building**PREVIOUS APPROPRIATIONS FOR THIS PROJECT:**

The site was purchased in 2000 for the sum of \$404,000. Design fees of \$517,000 have been expended. Design is currently at 98%, ready for bidding.

OTHER CONSIDERATIONS:

The City of Mankato is highly interested in acquiring this site in order to vacate their current facility, allowing for Public Works expansion and development. Because of this, MnDOT has acquired the new site with a previous land appropriation, at a location that is mutually acceptable to MnDOT, Public Safety and the City of Mankato. The City of Mankato has contributed over \$836,000 of site improvements, including utilities, curb and gutter, bituminous roads and site drainage work in support of this project

We will provide better customer service through enhanced equipment availability and by prolonging the life-cycle use of taxpayer supported equipment. MnDOT will also partner with other state agencies in building and supporting like functions for taxpayer use by eliminating the crowded conditions of those seeking services, by providing a healthy and safe environment. This facility will support not only the MnDOT mission, but also those missions of our partners, the State Patrol and the Drivers License Examination functions of the Department of Public Safety. This site will also include a new Transportation Operations Communications Center, (TOCC), that will allow coordinated dispatching and incident management throughout the ten counties in south and southwestern Minnesota. The TOCC will serve MnDOT, the State Patrol and DNR Conservation Officers.

By deferring this project, MnDOT would lose the opportunity to sell the site to the City of Mankato for its best and highest potential use. MnDOT, the State Patrol and the Drivers License Examination Station would have to continue to work in crowded, inadequate conditions.

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Governor's Recommendations (To be completed by the Department of Finance at a later date)

Small Capital Projects

2006 STATE APPROPRIATION REQUEST: \$4,810,000

AGENCY PROJECT PRIORITY: 2 of 10

PROJECT LOCATION: Statewide

PROJECT AT A GLANCE:

In 1996, the Governor recommended a more streamlined and efficient budget process by including smaller, ongoing building projects in the biennial operating budget. These various statewide projects consist of small Truck Stations, Salt Storage Facilities and Cold Storage construction. Projects that will be funded in this request support the MnDOT mission and fit in this category.

PROJECT DESCRIPTIONS:

Facilities need to be routinely maintained, repaired, constructed and/or upgraded to provide support for the Minnesota Department of Transportation. Space is required for administration, vehicle storage and repairs, ancillary equipment, installed facility-supporting equipment, and office space. All these facilities must be properly sited for operations so MnDOT employees can efficiently and promptly respond to the highway users needs. These facilities are constructed to program requirements; new equipment demands, or are regulatory or building code driven. MnDOT facilities are built and maintained to support and meet transportation system user needs, and to respond to environmental and safety concerns.

The following facilities, which rated highest in the 10-year plan, will be either be designed, repaired, remodeled and/or replaced. This work is being performed to bring these facilities back into a complete, useful and functional facility.

TRUCK STATIONS/OTHER FACILITIES

Sandstone Truck Station Replacement
Garrison Truck Station
Windom Warm Storage Addition

Mankato Headquarters Site Work

DESIGN FEES

Sandstone Truck Station
Windom Warm Storage Addition

UNHEATED STORAGE FACILITIES

Mankato (2)
Thief River Falls

IMPACT ON AGENCY OPERATING BUDGETS (Facilities Notes):

Older, inefficient buildings, such as those replacements scheduled above, are currently a drain on existing operating budgets. Higher funding levels than normal are required to maintain old equipment, upgrade existing systems to accept new equipment, to address new codes, regulatory, and facility requirements, (Snow-plow trucks are larger and require a larger bay to store inside and keep the newer hydraulic equipment ready for emergency use).

PREVIOUS APPROPRIATIONS FOR THIS PROJECT:

MnDOT received a previous biennial budget appropriation of \$7,551,000 in the FY 2000/2001. Biennium for Small Capital Projects, (those under \$1,000,000)

MnDOT received a previous biennial budget appropriation of \$7,716,00 in the FY 2002/2003 biennium for Small Capital Projects, (those under \$1,000,000)

An appropriation for these facilities was requested in the 2003 session and again in the 2004 and 2005 Capital Budget Requests, but was not approved as part of other legislation. This request is intended to fund those facilities. MnDOT requested, but has not yet been appropriated any funds in the FY 2006/2007 biennium as part of its operating budget.

Small Capital Projects

OTHER CONSIDERATIONS:

Replacement and modifications at Truck Stations will meet space needs, code-required updates, and technology upgrades at these locations.

Salt Storage facility replacement is environmentally driven. Existing, older facilities are built of creosote and CCA (arsenic) treated materials presenting a problem when corrosive agents, (salt and water) leach the treated chemicals into the surrounding environment. MnDOT is actively replacing these older facilities with newer concrete and Teflon covered salt storage facilities.

MnDOT facilities provide support services for activities that maintain the road infrastructure. This includes the construction, maintenance and repair, vehicle and equipment storage, and administrative functions that facilities support.

Our direct customers are the employees of MnDOT, and indirectly the citizens of the state of Minnesota

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Governor's Recommendations (To be completed by the Department of Finance at a later date)

Northstar Corridor Rail Project

2006 STATE APPROPRIATION REQUEST: \$50,000,000

AGENCY PROJECT PRIORITY: 3 of 10

PROJECT LOCATION: Big Lake-Minneapolis

Project At A Glance

- ◆ This request is for \$50 million in General Obligation bonding in 2006 to complete the state funds request for this project.

Project Description

The \$265 million Northstar Corridor Rail Project includes a 40-mile, 6-station commuter rail line serving Big Lake, Elk River, Anoka, Coon Rapids, Fridley, and Minneapolis and a 4-block, 1-station extension of the Hiawatha Light Rail Transit line from 1st Avenue North to the downtown Minneapolis commuter rail station near 5th Avenue North. The project includes a commuter rail maintenance facility in Big Lake. Project capital costs are split approximately 50% federal, 33% state, and 17% local. The Northstar Corridor Development Authority (NCDCA) is providing most of the local share with the exception of \$2.5 million already committed by the Metropolitan Council.

Impact on Agency Operating Budgets (Facilities Notes)

The Northstar Corridor Rail Project will require \$3 million to \$4 million per year in State operating assistance once it opens in FY 2009. The NCDCA will provide matching operating assistance for commuter rail.

Previous Appropriations for this Project

The State of Minnesota appropriated \$1.5 million for a major investment study and engineering in 1998 and \$37.5 million for final design, property acquisition, and construction in 2005.

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Governor's Recommendations (To be completed by the Department of Finance at a later date)

Local Bridge Replacement & Rehab

2006 STATE APPROPRIATION REQUEST: \$70,000,000

AGENCY PROJECT PRIORITY: 4 of 10

PROJECT LOCATION: Statewide

Project At A Glance

- ◆ Replace 470 local deficient bridges during the 2006 construction season, maintaining our transportation infrastructure.
- ◆ Bridge projects requested in 87 counties and cities across the state.
- ◆ Will be supplemented with \$90 million of Federal bridge replacement funds, state-aid funds, and local funds.

Project Description

This request for \$70 million in state funds is to replace or rehabilitate deficient bridges owned by local governments throughout the state.

One of Mn/DOT's priorities is to maintain and preserve Minnesota's existing transportation systems and infrastructure. Bridges are critical links in the transportation system and state financial assistance to local units of government is necessary because many structures are too costly to be replaced or rehabilitated with local funds alone.

State bridge replacement funds are used in two ways. The first way is to leverage or supplement other types of bridge replacement funding such as federal-aid, state-aid, and township bridge funds.

Federal-aid funds provide up to 80% of the bridge funding for eligible projects with the local governments responsible for providing the matching funds. Projects chosen for Federal-aid are typically larger, more expensive projects, and even a 20% match is a significant cost for a local agency to bear. These funds provide the match.

On the state-aid system, these funds are used to share in the cost of bridge replacement. The high cost of bridges often makes it impractical to fund them completely with state-aid funds, and so these funds are used as a supplement. The cost split is usually 50/50.

On the township system, these funds are only used when a county has depleted its town bridge account. In those cases, these funds are used for 100% of the eligible construction costs.

The second way these funds are used is to provide funds for bridges that have no other source of federal-aid or state-aid funds. Bridges on the county road and city street systems are not eligible for state-aid or township bridge funds. Bridges less than 20 feet long are not eligible for federal-aid, and there are not sufficient federal-aid funds to replace all the bridges that are eligible. These funds are used for 100% of the eligible construction costs for county road and city street bridges.

Local government units share in the project by assuming all costs for design and construction engineering, right of way, bridge removal, and items not directly attributable to the bridge, such as approach grading and roadway surfacing costs. Whenever a bridge is replaced, it is required that the approach roadway meets current standards. The state-aid variance process is available when approach costs become unreasonable.

Other alternatives to replacing a bridge are always considered before funds are approved. Alternatives such as consolidating routes to eliminate a crossing, building a road in lieu of a bridge, and abandoning the road are common. Funds are made available, up to the cost of the equivalent replacement bridge, to make these alternative improvements practical and to remove a structure permanently from the bridge inventory.

The bridge replacement program concentrates on bridges at least 60 years old. On the local systems, there are 2515 bridges built prior to 1942. Over the next 10 years, another 545 bridges will reach that age, with another 1347 and 1983 in each of the following 10 years after that.

The January 2000 Legislative Study of State Bridge Grant Funding for Local Bridges says that this impending wave means the state will need to implement a continuous local bridge funding program to maintain the rate of

Local Bridge Replacement & Rehab

progress in the reduction of deficient local bridges that has been seen in past years. Furthermore, the demand for resources to replace and repair deficient local bridges will increase significantly due to this wave of aging bridges combined with the large deck sizes of the newer bridges.

Impact On Agency Operating Budgets (Facilities Note):

No impacts.

Previous Appropriations for this Project

In 2005, \$40 million was appropriated for this program and is projected to result in the replacement, rehabilitation, or removal of about 70 bridges. (Approximately 60 additional bridges will have been replaced through the Town Bridge Account.)

Funding for the program was first provided in 1976. In 1977, Minnesota had 4,856 deficient bridges on the local road systems. Minnesota's bridges are aging and each year more become structurally deficient or functionally obsolete due to deterioration and increased traffic. Since 1977, 6,949 bridges have been replaced or rehabilitated, of which 5,438 utilized \$296 million of Local Bridge Replacement Program funds. As of October 2004, there were 2049 deficient county, city, and township bridges in Minnesota.

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Governor's Recommendations (To be completed by the Department of Finance at a later date)

Local Road Improvement Grants

2006 STATE APPROPRIATION REQUEST: \$20,000,000

AGENCY PROJECT PRIORITY: 5 of 10

PROJECT LOCATION: Statewide

Project At A Glance

- ◆ Provide \$5 million to assist impacted cities, counties, or townships with local cost shares of Trunk Highway corridor improvement projects.
- ◆ Provide \$15 million to assist cities, counties, or townships with local road projects with statewide or regional significance and reduce traffic crashes, deaths, injuries and property damage that cannot be funded through existing revenue sources.

Project Description

This request for \$20 million in state funds is to provide funding assistance to local agencies for construction, reconstruction, or reconditioning projects of local roads with statewide or regional significance and projects on county state aid highways designed to improve safety by reducing traffic crashes, deaths, injuries and property damage. These are local projects that cannot be reasonably funded through other sources.

Two of Mn/DOT's strategic directions are: investing in and improving the system of interregional corridors that connect the state's regional trade centers; and to address congestion by improving bottlenecks on the Trunk Highway system in the Twin-Cities metro area or Greater Minnesota. Local roads provide critical connections to the states inter-regional corridors and other trunk highways from towns, shipping points, industries, farms, recreational areas and other markets. A well developed local system is vital to the any solution for reducing congestion on Trunk Highways.

A study of local road funding conducted for the legislature in January 2002 found that there is a large and growing need for transportation system improvements. Existing funding mechanisms are limited in the ability to

handle many of the situations and types of projects identified as important to the state of Minnesota.

State assistance is needed to supplement local effort and the highway user tax distribution fund in financing capital improvements to preserve and develop a balanced transportation system throughout the state. Such a system is a proper function and concern of state government and necessary to protect the safety and personal and economic welfare of all citizens [Minnesota Statutes Section 174.50]

In 2002, the Legislature created the Local Road Improvement Program [Minnesota Statutes Section 174.52]. The fund for this program has three accounts:

- ⇒ The Trunk Highway Corridor Projects Account provides funding assistance to local agencies with the local share of costs of improving Trunk Highways through their communities.
- ⇒ The Local Road Account for Routes of Regional Significance provides funding assistance to local agency road projects that are significant to the state or region. Such projects may support economic development, provide capacity or congestion relief, provide connections to inter-regional corridors or other major highways, or eliminate hazards.
- ⇒ The Local Road Account for Rural Road Safety provides funding for projects on county state-aid highways intended to reduce traffic crashes, deaths, injuries, and property damage.

This request is for \$5 million to be made available for grants from the Trunk Highway Corridor Projects Account, and \$15 million for grants from the Local Road Account for Routes of Regional Significance and Rural Road Safety.

Impact On Agency Operating Budgets (Facilities Note):

Administration of this program through the State Aid for Local Transportation Division will be completed using the existing organization and infrastructure and within existing budgets.

Previous Appropriations for this Project

In 2003, \$20 million were placed in the Trunk Highway Corridor Projects Account for loans. An additional \$5 million with the option to be used as

Local Road Improvement Grants

grants is needed to provide assistance to those local agencies that do not have the ability to repay a loan. In 2005, \$10 million were placed in the local Road Improvement Program divided equally between the Routes of Regional Significance and Rural Road Safety Accounts. The \$10 million partially funded 40 of the 112 projects which applied for the funds for the 2005 construction season.

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Governor's Recommendations (To be completed by the Department of Finance at a later date)

Maple Grove/Osseo Truck Station

2006 STATE APPROPRIATION REQUEST: \$10,000,000

AGENCY PROJECT PRIORITY: 6 of 10

PROJECT LOCATION: City of Osseo

Project At A Glance

- ◆ This project request is for a new Maple Grove/Osseo Truck Station and Mechanics Facility
- ◆ This approximate 85,000 square foot Truck Station facility will contain offices, shops, vehicle support, inventory space, storage spaces and mechanics work bays
- ◆ The site will also house Salt Storage, Cold Storage, and Yard Storage facilities
- ◆ The facility is located in the City of Osseo

Project Description

The project will consist of new construction on an approximate 30-acre site with an approximate 85,000 square foot Truck Station and Mechanics Facility with offices, shops, mechanics repair bays, a welding shop and other vehicle storage and support areas. Cold Storage and Salt Storage facilities will be included on the site.

Mn/DOT plans to build a new Maple Grove Truck Station on the Osseo site removing this industrial facility from its current commercial development surroundings and allowing Mn/DOT to design and build a larger facility, to current building codes and environmental regulations, and capable of supporting the expanding Maple Grove mission.

During the same capital construction request year, Mn/DOT had also planned to build a new Mechanics Facility at the Mn/DOT Golden Valley site. The current Golden Valley site is small and located in a residential area along Highway 100. Review of the existing Golden Valley site for

compatibility with the surrounding residential area led Mn/DOT to conclude construction on another site was preferable.

Constructing on a larger site and combining two like facilities will allow Mn/DOT to gain efficiencies of scale and management cohesion. We will be able to consolidate like functions and build a facility of a size to accommodate our larger snowplows and other highway engineering equipment. We would take advantage of new construction methods, build to current codes, allow for future expansion, update current technologies in construction, communication, energy management, and better protect the health and welfare of Mn/DOT employees.

Impact on Agency Operating Budgets (Facilities Notes)

Utility costs will increase moderately in this new facility. Current staff will be shifted from the existing facilities to this facility.

Previous Appropriations for this Project

None.

Other Considerations

This new facility will be located to effectively meet Mn/DOT's long-range goals as it is situated on future Trunk Highway 610 Right-of-Way.

The increasing traveler needs, as well as the need to support the agencies long-range strategic goals such as upgrading regional corridors, require that we provide a quality facility.

We will provide better customer service through enhanced equipment availability and by prolonging the life cycle use of taxpayer supported equipment.

Mn/DOT will be providing an efficient and economical facility, and a healthy and safe workplace for employees.

Maple Grove/Osseo Truck Station**Project Contact Person**

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Governor's Recommendations (To be completed by the Department of Finance at a later date)

Arden Hills Training Center Addition

2006 STATE APPROPRIATION REQUEST: \$4,500,000

AGENCY PROJECT PRIORITY: 7 of 10

PROJECT LOCATION: City of Arden Hills

Project At A Glance

- ◆ A classroom addition to the Arden Hills Training Center
- ◆ The approximate 20,000 square foot classroom addition will allow Mn/DOT to host up to a 200 person class
- ◆ Located in the City of Arden Hills

Project Description

The project will consist of new construction of an approximate 20,000 square foot classroom addition to an existing classroom training facility. This facility will further provide storage space for tables and chairs, and space for storage and distribution of catered meals, beverages and snacks.

A large classroom capable of hosting 200 attendees will be capable of division into six smaller classrooms. This facility will be equipped with the latest in Audio/Visual equipment and provide for closed circuit television (CCTV) and teleconferencing learning environments.

This project includes the design, decontamination and removal of an unused State Patrol Pistol Range on the Arden Hills Training Center Site. Although located on the extreme north boundary of the former Arden Hills Army Ammunition Plant, this facility was built and operated by the State Patrol. Even though the range is no longer needed and has not been used for a number of years, the State Patrol continues to pay for permit fees and inspections. This facility needs to be decontaminated and removed. The recovered space will be used for site parking required by the addition of this classroom.

Impact on Agency Operating Budgets (Facilities Notes)

Utility costs will increase moderately in this new facility. An additional 2 FTE's will be required to support this facility. These costs should be recovered by rentals to outside agencies when the facility is not in use by Mn/DOT.

Previous Appropriations for this Project

There have been no previous applications for this project.

Other Considerations

Unaccommodated large classroom needs are still a concern. A number of classroom space requests are turned away each year for lack of space availability.

Rental space for 200 classroom attendees is expensive and difficult to locate and book. This space will be available to other state agencies and groups on a rental basis. Cost projections indicate this facility would pay for itself in a 5-6 year payback.

The requirement for technical training, technical certifications, and other training to support program delivery and replace the aging workforce has not let up for Mn/DOT, its local partners and contractors.

One of Mn/DOT Partners, the State Patrol, is currently renting part of the Training Center for State Patrol classes and training sessions. The Patrol continues to have an aggressive ongoing training schedule for updating skills and Homeland Security even with the Rookie School being held at Camp Ripley. This additional space would allow additional classes to be scheduled.

A Twin Cities training facility saves travel costs of 40% to 60% for Mn/DOT personnel, local partners, State Patrol and contractors and would alleviate some of the scheduling pressure currently facing the successful centrally located classrooms at St. Cloud.

Arden Hills Training Center Addition

We would take advantage of new construction methods, build to current codes, allow for future expansion, and update current technologies in construction, communication, energy management, and provide for the health and welfare of Mn/DOT employees.

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Governor's Recommendations (To be completed by the Department of Finance at a later date)

Chaska Truck Station

2006 STATE APPROPRIATION REQUEST: \$6,000,000

AGENCY PROJECT PRIORITY: 8 of 10

PROJECT LOCATION: City of Chaska

Project At A Glance

- ◆ The project is a new Chaska/Carver County Truck Station
- ◆ Carver county will partner with Mn/DOT in the construction and operation of this truck station
- ◆ This facility, an approximately 43,000 square foot Truck Station, will contain offices, shops, vehicle support, inventory space, storage spaces, and mechanics work bays. The site will also house Salt Storage, Cold Storage, and Yard Storage Facilities
- ◆ This facility will service the southwest metro area, primarily along the new Highway 212 corridor
- ◆ The Truck Station will be located in the City of Chaska

Project Description

The project will consist of new construction of an approximate 22.3-acre site with an approximate 43,000 square foot Truck Station building with offices, shops, and vehicle storage and support areas. Cold Storage and Salt Storage facilities will be included on the site. Part of the site is forested and will remain so.

Originally planned for construction in 2012-2014. This project has become a very high priority since the Highway 212 construction has moved to the top of the Mn/DOT priority list. The current undersized facility is located across the Minnesota River and many miles from the proposed location of Highway 212. Constructing a new facility on the correct side of the Minnesota River makes snowplow and highway operations more efficient, economic and timely.

Constructing on a larger site, in partnership with Carver County, will allow Mn/DOT to gain efficiencies of scale and management cohesion. We will be

able to consolidate like functions, and build a facility of a size to accommodate our larger snowplows and other highway engineering equipment. We would take advantage of new construction methods, build to current codes, allow for future expansion, and update current technologies in construction, communication, and energy management, which will also benefit the health and welfare of Mn/DOT employees.

Impact on Agency Operating Budgets (Facilities Notes)

Utility costs will increase moderately in this new facility. Current staff will be shifted from the existing facility to this facility.

Previous Appropriations for this Project

There have been no previous applications for this project.

Other Considerations

It is anticipated that the reconstructed Highway 212 will be in operation by 2008. In order to design, construct, and be ready and available for use prior to the opening of the Highway, design and construction need to begin as soon as possible.

The increasing traveler needs, as well as the need to support the agencies' long-range strategic goals such as upgrading regional corridors require that we provide a quality facility.

We will provide better customer service through enhanced equipment availability and by prolonging the life cycle use of taxpayer supported equipment.

Mn/DOT will also partner with Carver County in building and supporting like functions by providing an efficient and economical facility, and a health and safe workplace for employees.

Chaska Truck Station

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Governor's Recommendations (To be completed by the Department of Finance at a later date)

Minnesota Rail Service Improvement

2006 STATE APPROPRIATION REQUEST: \$6,000,000

AGENCY PROJECT PRIORITY: 9 of 10

PROJECT LOCATION: Statewide

Project At A Glance

- ◆ Designed to preserve and improve rail-shipping opportunities in Minnesota
- ◆ Serves the freight community in Minnesota
- ◆ Provides loans and grants to regional railroad authorities, railroads, and shippers to improve rail facilities
- ◆ Typically, provides funding for approximately 20 Capital Improvement projects, 2-3 Railbank projects and 1-2 Rehabilitations each year

Project Description

The Office of Freight and Commercial Vehicle Operations addresses rail transportation needs in part through the Minnesota Rail Service Improvement (MRSI) Program to aid rail users for rail line and rolling stock improvements necessary to improve rail service or reduce the impact of discontinuance of rail service.

With the numerous changes in the railroad industry, particularly in the larger railroads such as Burlington Northern Santa Fe, Union Pacific, Canadian Pacific and Canadian National, the need for shortline and regional railroads has increased significantly. The influx of mergers has created additional spin-offs and abandoned rail lines. This has increased the demand for the MRSI Program.

Some of Minnesota's shortlines and regional railroads are in need of rehabilitation to provide competitive choices for Minnesota's shippers. Without assistance from the MRSI Program, many of these railroads will be abandoned and shippers will be forced to truck all their freight, relocate along a Class 1 railroad, go out of business, or leave the state.

Minnesota shippers benefit from the Minnesota Rail Service Improvement Program through the Capital Improvement Loan Program, the Rail Line Rehabilitation Program and the Rail Bank Program.

Capital Improvement Loan Program: The Rail Line Rehabilitation Improvement Loan Program provides interest-free loans to shippers along Minnesota's rail lines. These funds must be used to make capital improvements to increase rail shipping. Eligible projects include construction of rail spurs, building additional grain storage, and installation of new rail loading or unloading facilities.

Rail Line Rehabilitation Program: The Rail Line Rehabilitation Program is a partnership program with the operating railroad, rail shippers, and Mn/DOT. This program loans money to railroads to rehabilitate deteriorating rail lines. The program requires shipper financial participation and projects must meet Mn/DOT criteria to protect the investment of Minnesota's taxpayers.

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

The MRSI Program was created in 1976. Funding for the MRSI Program was authorized in 1978. In 1982, a constitutional amendment provided for General Obligation Bonds to be used for the MRSI Program. The MRSI Program has received General Fund appropriations totaling \$14.5 million and General Obligation Bond appropriations totaling \$25.5 million over the life of the program. These funds have been used for rail acquisition, rail rehabilitation and capital improvement purposes since 1978. The bond proceeds combined with federal grants and funding from railroads, shippers, and local units of government have driven project investments exceeding \$114 million within the state of Minnesota.

Usually, MRSI investments are loans. Revenue from the repayment of these loans is placed in the Minnesota Rail Service improvement account in the special revenue fund for future project investments. Past loans under this program have included capital improvements to build and improve rail spurs, build storage bins and improve loading into rail cars at rail shipping facilities.

Minnesota Rail Service Improvement

Rehabilitation funding is used to improve rail lines that are marginally operable with ties, ballast, drainage, or rail. Rehabilitation loans have included 24 major rehabilitation projects and assistance to rail authorities to purchase short lines or regional railroads within the state of Minnesota. There continues to be considerable interest on the part of shippers and railroads to participate in the MRSI Program.

Impact on Agency Operating Budgets (Facilities Note)

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

Previous Appropriations for this Project

The Minnesota Legislature originally appropriated \$3 million in General Funds for this program in 1976. In 1977, an additional \$3 million in General Funds were appropriated. The Legislature has appropriated funding in the following years: 1979, \$3 million from the General Fund; 1980, \$13.5 million in bonds; 1981, \$1 million from the General Fund; 1984, \$12 million in bonds; 2001 & 2002, \$5 million and \$1 million, respectively. The 2003 Legislature has reduced the amount of funding available to the MRSI Program by \$6.4 million, with \$3.2 million reduction July 2003 and an additional \$3.2 million in July 2004.

Other Considerations

Current needs for expensive rail replacement projects to accommodate heavier rail cars are an enormous burden on Minnesota's shortline and regional railroads. These railroads need to have access to low- or no-interest loans to rehabilitate their track and continue their economic viability. With the entrance of longer and heavier trains, rail shippers must upgrade their rail spurs, storage facilities, and loading/unloading facilities to utilize rail as a transportation alternative.

We do not anticipate that private sector lending institutions will take an increased role in the area. Loans under this program, and the short line railroad business in general, are high-risk ventures. Our experience has been that private lending institutions are reluctant to participate.

Project Contact Person

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Governor's Recommendations (To be completed by the Department of Finance at a later date)

2006 STATE APPROPRIATION REQUEST: \$6,000,000

AGENCY PROJECT PRIORITY: 10 of 10

PROJECT LOCATION: Statewide

Project At A Glance

The Port Development Assistance Program, M.S. Chapter 457A, was enacted in response to infrastructure needs of Minnesota's public ports on the Great Lakes and Inland River Navigation Systems. No federal funds are currently available for these types of projects. The program involves a state (up to 80%) and local (20%) partnership to improve freight handling efficiency on Minnesota's commercial waterway systems.

Project Description

The Port Development Assistance Program provides a funding source that facilitates compliance with tighter environmental and safety standards, helps to ensure the continued commercial effectiveness of lake and river navigation systems, and helps to offset the increases in the general cost of commercial shipping. Minnesota's public port facilities are located in Duluth, Minneapolis, St. Paul, Red Wing and Winona.

Project proposals are prioritized based on need, employment generated and overall economic benefit. Mn/DOT's Office of Freight and Commercial Vehicle Operations, working with the state's port authorities, have identified a list of potential terminal improvement projects for 2006 and beyond. Past projects include rehabilitating or improving rail and truck access, dock walls, building roofs, sprinkler and electrical systems, mobile handling equipment and adding warehouse capacity.

Impact on Agency Operating Budgets (Facilities Notes)

The funding of this program will have no impact on department operating budgets.

Previous Appropriations for this Project

The Minnesota Legislature originally appropriated \$3 million in bonding funds for this program in 1996. In 1998 the Legislature appropriated an additional \$3 million in bonding funds and \$1.5 million in General Funds. In 2000 and 2001 the Legislature appropriated an additional \$2 million and \$1million respectively in General Funds. An additional \$2 million was appropriated in 2003 and again in 2005. To date total appropriations amount to \$14.5 million.

The 2003 Legislature also authorized \$3.5 million specifically for Winona for freight access improvements. Mn/DOT will administer these funds.

Other Considerations

Neighboring states have had Port Development Assistance programs dating back to 1980 and have committed over \$50 million to rehabilitating their port infrastructure projects similar to Minnesota. Their programs are on a grant basis only.

Minnesota is further from the Atlantic Ocean and the Gulf of Mexico than all of our neighboring waterway states. This puts Minnesota at a geographic disadvantage as well as costing Minnesota shippers more to get their products to international markets.

According to Minnesota law, Port Development Assistance funds cannot be added to other state sponsored port investments. Port Development funds can be used with federal and local dollars to complete projects that benefit a port. An example of this is the rehabilitation of Port Terminal Drive in Duluth. Federal and city funds were used with Port Development funds. This was an opportunity to leverage Port Development funds with federal, city and Port Authority funds to complete a total road project that would not have been possible without this partnership.

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Governor's Recommendations (To be completed by the Department of Finance at a later date)