



**Minnesota Department of Transportation**

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**Transportation Building**

395 John Ireland Boulevard  
St. Paul, Minnesota 55155-1899

08 - 0875

November 13, 2008

The Honorable Steve Murphy, Chair  
Senate Transportation Committee  
Capitol Building, Room 325  
St. Paul, MN 55155

The Honorable Bernard Lieder, Chair  
House Transportation Finance Division Committee  
423 State Office Building  
St. Paul, MN 55155

The Honorable Frank Hornstein, Chair  
House Transportation and Transit Policy Subcommittee  
437 State Office Building  
St. Paul, MN 55155

Dear Senator Murphy, Representative Lieder, and Representative Hornstein:

In compliance with Minnesota Statute 161.08, Subdivision 2, as added by the 2003 Legislature, we are submitting a report of expenditures for the Trunk Highway Fund for the 2006-2007 biennium. The source of this data is the Minnesota Accounting and Procurement System (MAPS), the official state accounting system.

Except for the amounts relating to the environmental mitigation and compliance costs of two representative projects, all data shown are actual expenditures and encumbrances as of the closing of Fiscal Year 2007. Cost accounting and other data were used to collect the environmental mitigation costs of the representative projects required in the statute.

Please contact me or Scott Peterson, Mn/DOT Finance Director, if there are questions about this report.

Sincerely,

A handwritten signature in black ink that reads "Thomas K. Sorel".

Thomas K. Sorel  
Commissioner

Attachment

Cc: Secretary of the Senate  
Chief Clerk of the House  
Legislative Reference Library

## MINNESOTA DEPARTMENT OF TRANSPORTATION

### FISCAL YEAR 2006-2007 BIENNIAL REPORT

**Section 1** of the report contains information on the costs for the FY 2006-2007 biennium for each of the categories specified in the statute. Table 1 lists those expenditures by the categories specified in the legislation. Below Table 1 are brief explanations of what is included in each of the amounts.

**Section 2** of the report contains information for environmental mitigation and compliance costs. It differs from the rest of the information because it is not a department total for the biennium. As requested in the statute, it reports the cost of environmental mitigation and compliance for one project in the Metro area and one project in greater Minnesota. The projects were chosen to represent the types and magnitude of costs typical for construction projects of similar magnitude.

## SECTION 1

MINNESOTA DEPARTMENT OF TRANSPORTATION  
FISCAL YEAR 2006-2007 BIENNIAL REPORT  
AS OF AUGUST, 2007  
(\$ in millions)

Table 1

1. Road Construction	\$1,156.3
2. Professional Technical Contracts	\$ 91.3
3. Design and Engineering	\$ 284.9
4. Labor	\$ 593.3
5. Acquisition of Right of Way	\$ 172.4
6. Litigation	\$ 4.6
7. Maintenance	\$ 147.5
8. Road Operations	\$ 293.7
9. Planning	\$ 25.0
10. Environmental Documentation	\$ 17.6

1. Road construction costs include all actual costs and encumbrances for road and bridge construction contracts. It includes both the design and engineering and construction cost portions of design/build contracts.
2. Professional technical contract costs include all costs and encumbrances for services such as road and bridge design, software development, construction engineering, and organizational development.
3. Design and engineering costs include all costs and encumbrances for design, pre-design, construction, and other engineering activities performed internally by Mn/DOT employees and by consultants.
4. Labor costs include all expenditures for labor by Mn/DOT employees including overtime and benefits for full-time, part-time, and unclassified employees.
5. Right-of-way acquisition costs include all costs and encumbrances to acquire land for trunk highway system improvements including appraiser, court fees, and land purchases.
6. Litigation costs include all payments to the State Attorney General's Office for legal services, as well as costs paid for expert witness fees and court reporters and transcribers. Payments for tort claims and other legal settlements are not uniquely identified in the MAPS system; as a result, we were not able to include those amounts in this report.
7. Maintenance costs include all costs and encumbrances to operate the trunk highway system and Mn/DOT buildings. Operations costs include all costs and encumbrances to maintain the trunk highway system and Mn/DOT buildings.

8. Planning costs are all costs for planning related to construction and maintenance of the Trunk Highway System, paid either to Mn/DOT employees or consultants.
9. Environmental documentation costs are the costs derived from the completion of environmental review processes and documentation of the results of those processes, such as Environmental Assessment Worksheets and Environmental Impact Statements. Both internal employee and consultant costs are included.

## **SECTION 2**

### **Report on Environmental Mitigation and Compliance Costs associated with two Mn/DOT Projects**

Two recent projects were selected for study regarding their environmental mitigation and compliance cost, and to determine what proportion to overall project cost is attributable to environmental mitigation. One project is from the Metropolitan District and the other is a TH 10 project in Staples, Minnesota, representative of a greater Minnesota project.

Environmental mitigation costs for these projects include the costs for engineering, right of way, construction of erosion control, ponds, noise walls and visual barriers, wetland mitigation, and the investigation of contaminated sites and cultural resources. The costs attributable to environmental documentation and alternative development are not considered as an environmental "mitigation" cost. These are an "environmental" cost and are noted in the tables, but are not included in the costs attributed to environmental mitigation. These costs are a component of total project cost.

The two projects are detailed with a narrative and cost analysis, and are included as attachments.

**Environmental Mitigation Costs  
Two Mn/DOT Projects  
February 25, 2008**

**Project I: Minnesota Trunk Highway 10 in Staples, Todd County.**

The first project is an improvement to Minnesota Trunk Highway (TH) 10 through the City of Staples in Todd County. To improve safety and mobility in Staples, TH 10 has been constructed through town on an alignment approximately one block south of the previous location.

The project included four new lanes of highway; turn lanes and access safety improvements; curb and gutter, sidewalks and raised medians; utility work, including city water and sewer; two parking lots; street lighting and signage; several drainage ponds; a new frontage road northwest of town; a signalized intersection at Minnesota Trunk Highway 210, and alignment improvements of some side streets.

Since the project is located in Staples, the types of environmental impact and mitigation are different from what might be expected in a rural area, where natural resource impacts and mitigation might predominate. For instance, wetland mitigation costs on this project were slightly more than \$40,000, whereas the historic investigation and mitigation total more than \$200,000. A large proportion of the mitigation costs associated with this project were incurred to protect human health and safety, i.e. investigation and cleanup of asbestos and other regulated wastes. Investigation, remediation and monitoring of such items on this project cost in excess of \$880,000 of the total mitigation costs of nearly \$1,350,000.

Expenditures for environmental mitigation totaled nearly \$1,350,000 out of a total project construction cost of nearly \$15,000,000, or approximately 9%.

**Table 1  
Environmental Mitigation Costs: TH 10 in Staples**

Consultant Contracts - Pre Letting	Environmental Site Assessment and Asbestos Oversight	\$90,510.98
	Asbestos Abatement on 10 parcels	\$57,224.44
	Asbestos Abatement on 10 parcels	\$56,111.18
	Asbestos Abatement on 6 parcels	\$53,444.94
	Regulated Waste Removal on 30 parcels	\$68,922.76
	Drilling Investigation	\$74,558.38
	Historic Documentation	\$16,964.50
	Drilling Investigation	\$82,587.77
	Construction Excavation Monitoring	\$67,998.17
Sub-total		\$568,323.12

**Table 1 Continued**

Historic Mitigation	Roof Repair on Historic Staples Railroad Depot	\$200,000.00
Wetland Mitigation	Credits from the Staples Wetland Bank	\$40,138.00
Project Development Staff Time	Public Involvement	\$7,491.70
	Scoping	\$532.74
	Project Management	\$12,756.26
	Environmental Document Support	\$368.28
	Environmental Documents	\$31,163.00
	Obtain Environmental Permits	\$900.76
	Wetlands	\$3,230.35
	SHPO	\$1,914.13
	Special Project Documents - Section 4 (f)	\$2,844.30
	Public Information Meeting	\$100.54
	Landscape Plan	\$9,574.94
	Permits	\$2,382.15
Sub-total		\$73,259.15
Building Removal	Includes buildings, storage tanks, regulated waste	\$135,880.64
Supplemental Agreements And Work Orders	Remove Asbestos Coated Steam Line	\$131,217.71
	Petroleum and Arsenic Soil Excavation	\$145,215.00
	Remove Dump Site Encountered in Excavation (Hazardous Waste)	\$25,040.00
	Remove Buried Structures and Debris (Hazardous Waste)	\$19,603.00
	Remove Creosote Cobble (Hazardous Waste)	\$4,252.88
	Remove Contaminated Soil Not Indicated in Plans	\$4,027.00
	Additional Asbestos Covered Steam Line	\$2,078.67
Sub-total		\$331,434.26
Grand Total	<b>TOTAL</b>	<b>\$1,349,035.17</b>

**Project II: Minnesota Interstate Highway 94 in the East Twin Cities Metropolitan Area, Ramsey and Washington Counties**

This project is located on I-94 between McKnight Road and Minnesota Trunk Highway 120 (Century Avenue) in Ramsey and Washington Counties in the east metro area. The project added a third travel lane in each direction; a median barrier; reconfigured the westbound entrance ramp at McKnight Road; replaced lighting and signing, and added water ponding area. A bituminous overlay was placed, and bus-only shoulders provided.

The highly focused nature of the project resulted in relatively few environmental impacts. The project did not require additional right of way, reducing impacts. The environmental mitigation costs were associated nearly exclusively with three items: noise mitigation, erosion control, and water detention ponds. The provision of noise mitigation cost in excess of \$350,000, out of a total mitigation cost of nearly \$522,000.

**Table 2  
Environmental Mitigation Costs: I-94 in East Metro**

**Environmental Documents (Costs included in mitigation costs)**

<b>Environmental Investigation Costs</b>		
Historical/Cultural Resources:	\$	0
Contamination Investigation:	\$	0
<b>Sub-Total:</b>	<b>\$</b>	<b>0</b>

<b>Preconstruction Engineering Costs</b>		
Noise Walls:	\$	68053
Visual Barriers:	\$	0
Trails:	\$	0
Ponds:	\$	1886
Erosion Control:	\$	9431
Retaining Wall:	\$	14938
<b>Sub-Total:</b>	<b>\$</b>	<b>94308</b>

<b>Construction Engineering/Administration Costs</b>		
Noise Walls:	\$	24482
Visual Barriers:	\$	0
Trails:	\$	0
Ponds:	\$	8180
Erosion Control:	\$	2863
Retaining Wall:	\$	5374
<b>Sub-Total:</b>	<b>\$</b>	<b>40899</b>

<b>Right of Way Costs (Land Only)</b>	
Ponds:	\$ 0
4(f), 6(f):	\$ 0
<b>Sub-Total:</b>	<b>\$ 0</b>
<b>Construction Costs</b>	
Noise Walls:	\$ 262074
Visual Barriers:	\$ 0
Trails:	\$ 0
Ponds:	\$ 9805
Erosion Control:	\$ 34318
Retaining Wall:	\$ 80303
<b>Sub-Total:</b>	<b>\$ 386500</b>
<b>Total Mitigation Costs</b>	<b>\$ 521707</b>

**Table 3: I-94 in East Metro  
Project Costs for Preconstruction Engineering, Construction  
Engineering/Administration, Right of Way, and Construction and  
Mitigation Cost Percentage**

<b>Project Delivery Costs</b>	
Preconstruction Engineering:	\$ 919043
Construction Engineering/Administration:	\$ 590444
Right of Way Delivery:	\$ 0
<b>Sub-Total:</b>	<b>\$ 678808</b>
<b>Right of Way Costs</b>	<b>\$ 0</b>
<b>Total Project Construction Costs</b>	<b>\$ 7380548</b>

The mitigation costs calculate to slightly more than seven percent of the construction cost, i.e.

$$\text{Total Mitigation Cost/Total Project Cost} = 521707 / 7380548 = 7.1\%$$