Transportation — Projects Summary

($ in thousands)

Project Title	Priority Ranking	Funding Source	Project Requests for State Funds 2016	2018	2020
Rail Grade Separation on Crude Oil Rail Lines Program	1	GO	$ 61,000	$ 61,000	$ 61,000
Highway/Railroad Grade Crossing - Warning Devices Replacement	2	GO	$ 12,000	$ 12,000	$ 12,000
Local Bridge Replacement Program	3	GO	$ 100,000	$ 100,000	$ 100,000
Stone Arch Bridge	4	GO	$ 2,500	$ 0	$ 0
Local Road Improvement Fund Grants	5	GO	$ 100,000	$ 100,000	$ 100,000
Greater MN Transit Facilities - Rochester Fueling Facility	6	GO	$ 3,200	$ 5,000	$ 5,000
Safe Routes To School Infrastructure Program	7	GO	$ 3,000	$ 3,000	$ 3,000
Facilities Capital Program	8	THB	$ 40,000	$ 40,000	$ 40,000
Minnesota Rail Service Improvement Program	9	GO	$ 2,000	$ 2,000	$ 2,000
Port Development Assistance Program	10	GO	$ 10,000	$ 10,000	$ 10,000
Passenger Rail Program	11	GO	$ 21,000	$ 21,000	$ 21,000
Total Project Requests			$ 354,700	$ 354,000	$ 354,000
General Obligation Bonds (GO) Total			$ 314,700	$ 314,000	$ 314,000
Trunk Highway Bonds (THB) Total			$ 40,000	$ 40,000	$ 40,000

($ in thousands)

Rail Grade Separation on Crude Oil Rail Lines Program

AT A GLANCE

2016 Request Amount:	$61,000
Priority Ranking:	1
Project Summary:	$61 million in state funds requested to construct grade separations at highway-railroad grade crossings along crude oil corridors in which oil or other hazardous materials are transported

Project Description

This capital request will provide $61 million to construct grade separations at three priority locations identified in the Crude by Rail Grade Crossing Study. The three locations are Moorhead, Hanson Blvd in Coon Rapids and Sturgeon Lake Road in Prairie Island.

Project Rationale

Bakken shale crude oil is a significant new rail commodity transported through Minnesota. Shipments of crude oil originating in North Dakota and traveling through Minnesota's communities by rail have increased from almost no rail transport in 2005 to nine crude oil trains per day in 2014. This crude oil has been involved in numerous catastrophic incidents in the last several years, including the Lac Megantic, Quebec, derailment and fire that killed 47 persons in July 2013. Additional incidents involving explosion and fire have occurred in Casselton, ND; Lynchburg, VA; Mount Carbon, ND; Galena, IL and Heimdal, ND. These incidents highlight the potential safety risks involved with the significant traffic increase and large volumes of hazardous material shipped by rail.

In 2014, the Minnesota Legislature directed the Minnesota Department of Transportation (MnDOT) to conduct a study of the effects of crude oil by rail transportation in the state and also provided $2 million for safety improvements along oil corridors. The resulting Crude by Rail Grade Crossing Study identified a number of short term and long term safety improvements needed along Minnesota's crude oil rail routes ranging from small roadway and signal improvements to full road-rail grade separations.

Other Considerations

Since the cost to construct grade separations range from $10 million to $30 million or more, the specific number and locations of grade separations will be dependent on the amount of funding provided.

These highway – railroad grade separation projects will be administered by MnDOT's Office of State Aid on the local County State Aid Highway System (CSAH) and Municipal State Aid System (MSAS) systems or the appropriate District for trunk highway projects. Trunk highway projects will not be funded from this capital request.

Impact on Agency Operating Budgets

None

Description of Previous Appropriations

The Minnesota Legislature has appropriated the following for the Grade Crossing Safety program along crude oil corridors:

2015* $5.0 million general fund

2015 $5.16 general obligation bonds

* Note: The 2015 appropriation did not provide funding specifically for crude oil corridors. Instead, the appropriation provided funding for “rail grade crossing safety improvements.” These funds could be used for either crude oil corridors or replacement of antiquated equipment.

Project Contact Person

Peter Dahlberg
Program Manager
651-366-3693
Peter.Dahlberg@state.mn.us

($ in thousands)

Highway/Railroad Grade Crossing - Warning Devices Replacement

AT A GLANCE

2016 Request Amount:	$12,000
Priority Ranking:	2
Project Summary:	$12 million in state funds to be used to replace approximately 40 aging highway/rail grade crossing safety gates and signal warning systems across the state

Project Description

The purpose of this funding request is to repair or replace a portion of the aging grade crossing warning devices in the state. Approximately 40 of the oldest highway/rail grade crossing signal systems on local roads in the state will be replaced with flashing light signals and gates at a cost of approximately $300,000 per location, or $12 million total.

Projects to replace aging signal systems are prioritized and submitted as candidate projects by each operating railroad. MnDOT then selects projects based on a number of factors, including roadway traffic volumes, train counts/speeds, crash history and safety concerns.

Installing signals at grade crossings that are currently not signaled continues to be MnDOT's highest investment priority for the grade crossing safety program. MnDOT uses federal funds for the installation of new (not replacement) systems at hazardous locations on both local and state roads.

A federal set-aside program pays 100% of the cost of these safety improvements. The $5.4 million in federal dollars available annually provides funding for only an estimated 18 projects per year, a small percentage of the state's grade crossing safety needs. This program can be used to fund replacement of antiquated equipment, but doing so reduces the number of safety improvements that can be made across the state.

Trunk highway funds, when available, are used for signal system replacement on trunk highway crossings.

Project Rationale

The reliability and credibility of grade crossing warning devices is of utmost importance to the traveling public. Rapid advancements in technology have made older grade crossing warning devices obsolete and, at times, difficult to repair due to lack of parts. When a crossing signal malfunctions, the lights will flash in the same manner as if a train were approaching the crossing. The flashing of the lights will continue until the problem is corrected, which could take several hours. Drivers can confuse a signal with a long warning time with one that is malfunctioning. This confusion can lead a driver to make an assumption that a signal has malfunctioned resulting in the driver's decision to cross the tracks despite the flashing signal or lowered gates. Clearly this can have an adverse consequence if a train is approaching.

There are approximately 1,400 railroad highway/rail grade crossings signals in the state of Minnesota. The normal life cycle for highway/rail grade crossings signals is 20 years. These signal systems need to be replaced as they get to the end of their design life. In order to manage this

process, the Minnesota Department of Transportation (MnDOT) has developed a statewide life cycle planning process, including a proposed funding mechanism to make these improvements that will administer the state's investment in grade crossing warning devices. This life cycle planning process must address the need to replace approximately 70 signal systems per year. To date, sufficient funding has not yet been identified.

Since older signal systems tend to experience more problems with malfunctioning equipment than newer equipment, signal modernization needs to be an integral component of MnDOT's efforts to maintain safety at highway/rail grade crossings.

MnDOT estimates it would cost approximately $21 million per year (70 crossings per year x $300,000) to fully address the state's highway/rail grade crossing signal modernization needs.

Other Considerations

A portion of bond proceeds for this activity may be used for consultant project management assistance.

Impact on Agency Operating Budgets

The funding of this program will require resources to develop and administer the contracts. Since this program is not eligible for trunk highway funds, general funds will be needed to support the program

Description of Previous Appropriations

2010	$2.5 million general obligation bonds
2011	$3.0 million general obligation bonds
2012	$2.0 million general obligation bonds
2014	$2.0 million general obligation bonds*

*The 2014 legislature (2014 Minnesota Session Laws, Chapter 294, Article 1, Section 16 Subd 5) provided a $2 million bond appropriation "to design, construct, and equip new rail grade crossing warning safety devices of active highway/rail grade crossings or to replace active highway/rail grade warning safety devices that have reached the end of their useful life." These funds were used to replace 6 antiquated equipment projects and 3 other safety upgrades.

In addition to this funding, the program receives $1,000,000 annually from the Minnesota grade crossing safety account in the special revenue fund (Minnesota Statutes Section 219.1651). This account is used for smaller safety improvements at crossings such as circuitry upgrades.

Project Contact Person

Michael Pretel
Rail Administration
651-366-3696
michael.pretel@state.mn.us

($ in thousands)

Local Bridge Replacement Program

AT A GLANCE

2016 Request Amount:	$100,000
Priority Ranking:	3
Project Summary:	$100 million in state funds to fund the rehabilitation or replacement of local bridges across the state

Project Description

Approximately 1,761 bridges are structurally deficient or functionally obsolete of the 14,814 total bridges (>10 feet) on the local system. Average construction cost to replace a bridge in 2014/15 was $670,000. Counties and cities have prioritized the replacement of 1,193 deficient bridges by city council or county board resolution over the next five years with an estimated total replacement cost of $460 million. In 2014, 133 local bridge projects across the state were funded with a total of $115 million of federal, state, state-aid, township, and local funds.

Project Rationale

This request for $100 million in state transportation funds is to replace or rehabilitate deficient bridges owned by local governments throughout the state.

Preserving the structural integrity and historic heritage of Minnesota's bridges is a top priority for the Minnesota Department of Transportation (MnDOT) and local agencies. Bridges are critical links in the state's transportation system. State financial assistance to local units of government is necessary because of the significant number of bridges and because the replacement cost is too much for local agency transportation budgets to bear with local funds alone.

State bridge replacement funds are used in two ways: 1) to leverage or supplement other types of bridge replacement funding such as federal-aid, state-aid, and township bridge funds and 2) for local bridges that have no other funding source. In these cases, the bond funds pay 100% of the eligible construction cost.

A small percentage of local bridges compete for Federal Aid through the Area Transportation Partnership (ATP) process. These projects require matching local funds and bond funds are a first priority for local match on federal bridge projects in the State Transportation Improvement Plan (STIP).

For bridge projects local governments assume 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.

In 2014, MnDOT completed a comprehensive statewide Local Historic Bridge Study with a focus on the state's historic bridges that are not MnDOT-owned. The study determined 169 local bridges are listed in, or eligible for listing in, the National Register for Historic Properties. These bridges are an important part of the state's historic heritage and some of the oldest bridges in Minnesota. The estimated preservation costs for construction is $74 million.

Two important budget buster bridges on the priority bridge replacement list are Bridge 62080 (Kellogg Ave. over I-94) in St. Paul and historic Bridge 2796 (10th Ave. over the Mississippi River) in Minneapolis. Both are significant to the cities' transportation network. Estimated replacement cost for the Kellogg Bridge 62080 is approximately $43 million and for the rehabilitation of the historic 10th Ave. Bridge 2796 is approximately $40 million. In 2014, the rehabilitation of Bridge 2441 (Franklin Ave. over Mississippi River) cost $43 million which was funded with a combination of funding sources including $12.3 million of state transportation bond funds.

Other Considerations

None

Impact on Agency Operating Budgets

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

Description of Previous Appropriations

Project Contact Person

Patti Loken
State Aid Programs Engineer
651-366-3803
Patti.Loken@state.mn.us

($ in thousands)

Stone Arch Bridge

AT A GLANCE

2016 Request Amount:	$2,500
Priority Ranking:	4
Project Summary:	$2.5 million in general funds is requested for the inspection, scoping, final design and check, and construction of the Stone Arch Bridge repairs. The bridge does not carry a trunk highway designation, therefore general funds are requested

Project Description

The Stone Arch Bridge current scope, as of 2013, includes:

1. Tuckpoint Piers 1-4, 8-11: assuming 3' in vertical swath around the perimeter of pier stone (50% mortar joints in this area).
2. Shotcrete and install galvanic anodes on concrete spalls up to 2' below waterline. (Piers 5-7, upper part of concrete encasement at downstream noses and east pier faces).
3. Install scour monitoring system as supplied by MnDOT. Include special riprap (4' diameter) as required to anchor monitoring system.

The total cost of the inspection of the bridge, design of the final repair plans (by consultant), review of the final repair plans by MnDOT, and construction and oversight of the above repairs is $2.5 million. Since the Stone Arch Bridge is not on the trunk highway system, trunk highway funds cannot be used as a funding source.

As time goes by without repairs, the bridge will continue to deteriorate, resulting in more repairs at a higher cost in the future.

Project Rationale

The Stone Arch Bridge is in need of repairs based on prior inspections and condition ratings. Current repairs (as of 2013) include concrete repairs, tuck pointing of piers, and installation of a scour monitoring system and riprap.

The Stone Arch Bridge is used as a pedestrian and bicycle trail and a highly visible tourist attraction in the metro area. Daily activities and special events provide economic inflows to the surrounding area businesses. In addition to being a civil engineering landmark, it is listed on the National Register of Historic Places. The State of Minnesota is the custodian of this bridge, and the City of Minneapolis maintains the bridge deck. The Minnesota Department of Transportation (MnDOT) is responsible for the structure, due to our knowledge and expertise of roads and bridges. However, this structure has never been a part of the trunk highway system and our agency has very limited funding to monitor, maintain and repair the bridge since MnDOT is funded with trunk highway funds.

Other Considerations

N/A

Impact on Agency Operating Budgets

This project will not have an impact on MnDOT's operating budget as trunk highway funds cannot be used since the bridge is not on the trunk highway system.

Description of Previous Appropriations

None

Project Contact Person

Nancy Daubenberger
Division Director
651-366-4826
Nancy.Daubenberger@state.mn.us

($ in thousands)

Local Road Improvement Fund Grants

AT A GLANCE

2016 Request Amount:	$100,000
Priority Ranking:	5
Project Summary:	$100 million in state funds for Rural Road Safety Projects, Routes of Regional Significance Projects and the local share of trunk highway improvements

Project Description

Provide $20 million to assist counties with Rural Road Safety Projects to reduce traffic crashes resulting in deaths, injuries, and property damage. These projects cannot be funded with existing funds. Provide $70 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. These projects cannot be funded with existing funds. Provide $10 million to assist local agencies with paying for the local share of improving trunk highways through their communities.

Project Rationale

This request is for $ 100 million for the Local Road Improvement Program. This will provide funding assistance to local agencies for construction, reconstruction, or reconditioning projects on local roads with statewide or regional significance, safety improvements on county state aid highways, and the local share of improving and trunk highway construction/reconstruction transportation projects impacting communities.

Local roads provide critical connections to the state's interregional corridors and other trunk highways from towns, shipping points, industries, farms, recreational areas, and other markets. A well-developed local system is vital to any solution for reducing congestion on trunk highways.

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. In 2002, the legislature created the Local Road Improvement Program (LRIP) (M.S. 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 interregional corridors or other major highways, or eliminate hazards. Some turn back projects meet the criteria for routes of regional significance.
- 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.

Other Considerations

None

Impact on Agency Operating Budgets

Administration of this program is funded with existing budgets within the Minnesota Department of Transportation (MnDOT) State Aid for Local Transportation Division.

Description of Previous Appropriations

2011 $10.0 million general obligation bonds

2012 $10.0 million general obligation bonds

2014 $30.0 million general fund

2014 $24.4 million general obligation bonds

Project Contact Person

Patti Loken
State Aid Programs Engineer
651-366-3803
patti.loken@state.mn.us

($ in thousands)

Greater MN Transit Facilities - Rochester Fueling Facility

AT A GLANCE

2016 Request Amount:	$3,200
Priority Ranking:	6
Project Summary:	$3.2 million in state funds to predesign, design, construct, furnish and equip a compressed natural gas fueling facility for public transit buses at the City of Rochester.

Project Description

The following describes one (1) Greater Minnesota Transit Project for which capital funds are requested during the 2016 session. The City of Rochester proposed a Compressed Natural Gas (CNG) fueling facility for its fleet of buses. CNG is less expensive than diesel fuel and burns more cleanly. The overall cost of the project is estimated at $4,000,000 of which $3,200,000 (80%) is proposed to be funded through state funds and $800,000 from the City of Rochester. The City of Rochester will own and operate the CNG fueling facility.

These projects will be built using current design and construction techniques to provide energy efficient, functionally proficient, and economic facilities to support productive, healthy, and safe working and traveling environments for employees and patrons.

Project Rationale

Greater Minnesota Transit facilities support the Greater Minnesota Public Transit participation program described in Minnesota Statutes 174.24. Some of these facilities fuel, protect and maintain assets (buses) used in the delivery of transit services to the citizens of Minnesota. Storing buses indoors maximizes their service life and makes pre and post-trip inspection more thorough. Others, like bus stops and transit hubs, provide a more comfortable trip for Minnesotans using transit. All of these projects contribute to the following transportation goals in Minnesota Statutes 174.01, Subd. 2:

- to provide multimodal and intermodal transportation facilities and services to increase access for all persons and businesses and to ensure economic well-being and quality of life without undue burden placed on any community
- to provide transit services to all counties in the state to meet the needs of transit users
- to provide for and prioritize funding of transportation investments that ensure that the state's transportation infrastructure is maintained in a state of good repair
- to increase 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
- to reduce greenhouse gas emissions from the state's transportation sector

Other Considerations

Estimated future Greater Minnesota Transit capital requests for 2018 and 2020 will be approximately

$6.25 million (of which 80%, or $5 million is from state funds) each biennium plus unfunded remainders of projects listed in this 2016 request.

Other potential future projects will be submitted as part of the Greater Minnesota public transit grant applications and be reviewed by the Minnesota Department of Transportation (MnDOT)'s Office of Transit for possible inclusion in future capital requests.

Impact on Agency Operating Budgets

The proposed project would have no impact on MnDOT's operating budget. The City of Rochester is likely to request fewer dollars for fuel in future operating grant applications as a result of this project. However, with Rochester's expected growth and increasing transit needs, the reduction in fuel costs will be more than superseded by requests for funds to increase overall levels of public transit service.

Description of Previous Appropriations

2010- $2,500,000 general obligation bonds

2011- $2,500,000 general obligation bonds

2012- $6,400,000 general obligation bonds

2014- $1,500,000 general obligation bonds

Project Contact Person

Mike Schadauer
Director, Office of Transit
651-366-4161
Mike.Schadauer@state.mn.us

($ in thousands)

Safe Routes To School Infrastructure Program

AT A GLANCE

2016 Request Amount:	$3,000
Priority Ranking:	7
Project Summary:	$3 million in state funds for one solicitation of infrastructure projects that increase safe and convenient opportunities for children to walk and bicycle to school in communities across Minnesota

Project Description

It is anticipated that this will fund about 20 projects such as sidewalk improvements, traffic calming and speed reduction, pedestrian and bicycle crossings, on-street bicycle facilities, shared-use paths, secure bicycle parking facilities and traffic diversion improvements in the vicinity of schools.

Project Rationale

In 2012, the Legislature created a state Safe Routes to Schools (SRTS) Program (MS 174.40). This proposed investment under that authority and direction will assist local communities in Minnesota by building infrastructure that increases options to bicycling and walking for children near schools leading to increased safety and opportunity.

Since 2006, a federally-funded SRTS program has provided grants to Minnesota communities to increase opportunities for children to walk and bicycle to school. Demand for the program exceeded funding under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) federal appropriation and future federal funding is identified specifically for the this program under the Moving Ahead for Progress in the 21st Century (MAP-21) federal authorization bill. In the previous two solicitations from 2013 and 2014, the Minnesota Department of Transportation (MnDOT) received 145 applications from local schools and units of government requesting almost $37 million for safety improvements near schools but could fund only $4 million in 28 communities. Providing safe routes to school 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.

Other Considerations

SRTS supports goals of many organizations that are working towards safety, health and educational excellence of our school children. The program provides a cost-effective way for the state to invest in providing our school-aged children improved opportunities to walk or ride their bicycle to school. These decisions are made at the local level and take into consideration planning and context for the most appropriate infrastructure solutions for safety and access improvements.

Supporters will include Minnesota Department of Health, the Legislature's Childhood Obesity Task

Force and over 35 other organizations that supported the 2014 and 2015 legislative proposals including the American Heart Association, American Cancer Society, Coalition of Greater Minnesota Cities, Minnesota School Boards Association, Minnesota Association of School Administrators, and the Bicycle Alliance of Minnesota.

These facilities will be built using current design and construction techniques to provide energy efficient, functionally proficient, and economic facilities to support productive, healthy, and safe working and traveling environments for employees and patrons.

Estimated future SRTS bonding requests for 2018 and 2020 will be approximately $6 million each biennium plus unfunded remainders of projects listed in this 2016 request

Impact on Agency Operating Budgets

The proposed projects have no effect on state operating budgets as we are already administering the program.

Description of Previous Appropriations

2014 $1 million general funds

Project Contact Person

Mike Schadauer
Director, Office of Transit
651-366-4161
Mike.Schadauer@state.mn.us

Facilities Capital Program

AT A GLANCE

2016 Request Amount:	$40,000
Priority Ranking:	8
Project Summary:	$40 million in state funds for MnDOT Facilities Capital Improvement Program which supports the building infrastructure needs of the Minnesota Department of Transportation (MnDOT). The Facilities Capital Improvement Program funds extend the useful life of existing facilities through renovation and expansion to meet current operational needs. When renovation and expansion of existing facilities is not feasible, new buildings may be constructed under this program. Strategic investments reduce long term operating costs and improve energy efficiency.

Project Description

The MnDOT has implemented a two phase process that will give more accurate estimates for building construction funding requests and a better planning tool for the future. 'Design Fee' funding requests include consultant fees for schematic design, design development, land acquisition and construction documents, including construction cost estimates completed at each stage. These estimates will be used for the second phase, 'Construction Funding' capital request in a later biennium. 'Construction Funding' requests include cost of construction, special inspections and testing, construction administration by the design consultants and incidental costs related to contract letting as well as the contract letting and completion of the work.

The capital request will be used to complete approximately $40 million of the listed project proposals. Project proposals have been prioritized based on need, condition of operational deficiencies of the existing facilities, and overall economic benefit.

MnDOT's Office of Building Services, works with regional district staff, to identify a list of potential terminal improvement projects for 2015 and beyond.

Construction Funding:

Crookston Headquarters Addition and Renovations

$6.4M – 6.8M

Eden Prairie Truck Station Addition and Renovations

$12.7M – 13.5M

Mendota Heights Truck Station Addition and Renovations

$13.3M – 14.1M

Design Fees:

New Virginia Headquarters Building

$1.3M – 1.4M

New Jordan Truck Station

$740,000-820,000

Windom Headquarters Addition

$530,000-600,000

Land Acquisition and Design Fees:

New Wheaton Truck Station

$800,000-850,000

Project Rationale

The purpose of the Facilities Capital Improvement Program is to provide a systematic approach to the maintenance, renovation, and replacement of MnDOT buildings. Continued maintenance and improvement to facilities is essential to supporting MnDOT's core 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.

Other Considerations

The Facilities Capital Improvement Program offers greater flexibility and efficiency when compared with the traditional one project at a time model

Impact on Agency Operating Budgets

These funds will assist MnDOT facilities in meeting Executive Order 11-12 requirements by reducing energy use on a BTU/square foot/year basis

Description of Previous Appropriations

2010 $1.1 million Trunk Highway Funds

Design Fees: Crookston HQ, Eden Prairie TS, Mendota TS

Previous capital budget appropriations have been for individual building projects.

MnDOT is moving to a Facilities Capital Improvement Program rather than a project by project approach. We are confident this new approach along with the language passed in Chapter 75 of the 2015 session allowing encumbered funds to carry forward will enable us to make more efficient use of our buildings appropriation and future capital facilities requests.

Project Contact Person

Robert Miller, PE
Director of MnDOT Building Services
651-366-3573
robert.miller@state.mn.us

($ in thousands)

Minnesota Rail Service Improvement Program

AT A GLANCE

2016 Request Amount:	$2,000
Priority Ranking:	9
Project Summary:	$2 Million in state funds to preserve and improve rail-shipping opportunities in Minnesota, achieve a modally balanced freight transportation system, provide access to markets, and serve the freight community in Minnesota in support of statewide economic development Provide long-term no-interest loans to regional railroad authorities, shortline/regional railroads, and shippers to improve rail facilities and increase rail shipping

Project Description

Capital Improvement Loan Program:

Both railroads and shippers are eligible to receive interest-free loans for capital improvements. Typical projects include upgrading small segments of rail lines, construction and extension of rail spurs, bridge replacement or upgrade, and development of loading or unloading facilities. Recipients must meet certain criteria to protect the investment of Minnesota taxpayers.

Rail Line Rehabilitation Program:

The Rail Line Rehabilitation Program is a partnership program with a rail authority, rail shippers, and the Minnesota Department of Transportation (MnDOT). This program loans money to rail authorities to rehabilitate operating, but deteriorating, rail lines. The program requires shipper financial participation and projects must meet criteria to protect the investment of Minnesota's taxpayers. Rehabilitation loans have included 29 state-funded rehabilitation projects.

Rail Bank Program:

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

The MRSI Program was created in 1976 and funding was first authorized in the form of general fund appropriations. In 1982, a Constitutional Amendment allowed for general obligation bonds to be used for the MRSI Program (Minn. Constitution, Art. 11, sec. 5(i)), in addition to any general fund appropriations. Total state appropriations, combined with federal grants and funding from railroads, shippers, and local units of government, together with loan repayment proceeds, have driven rail investments exceeding $146.2 million.

Solicitations for loans are issued on a regular basis and applications taken. Regional and statewide freight studies, as well as the State Rail Plan, identify needs that may be addressed by the MRSI Program. Since its inception, the program has helped fund 205 capital improvement projects to railroads and shippers, 25 rail line rehabilitation projects, 5 purchase assistance projects to regional rail authorities, and 17 rail bank purchase projects.

Project Rationale

The Minnesota Rail Service Improvement (MRSI) Program seeks to preserve and enhance rail service in the state. MRSI assists rail users (shippers) and rail carriers (railroads) with infrastructure improvements, as well as preservation of rail corridors through land banking.

Minnesota's short line and regional railroads provide a critical function in the rail network. Short line and regional railroads are lighter-density railroad lines that have typically been spun off larger railroads and operate independently. Short line and regional railroads provide important freight connections between communities and national and international markets served by the Class 1 railroads. Many of the smaller railroads in Minnesota are in need of capital improvements and rehabilitation to be able to operate safely and reliably. In addition, businesses that wish to ship or receive goods by rail must have adequate rail infrastructure, such as rail spurs, sidings and loading equipment. The MRSI Program assists with such needs.

The MRSI Program includes three primary elements: the Capital Improvement Loan Program, the Rail Line Rehabilitation Program and the Rail Bank Program.

Other Considerations

Demand for this program fluctuates based on the economy, condition of the freight rail system, commercially available interest rates, emerging trends, and may other factors. The program saw a decline in demand during the recession, but demand for new capital improvement loans and general interest in the program has increase drastically over the past year.

Impact on Agency Operating Budgets

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

Description of Previous Appropriations

2010 $2.0 million general obligation bonds

2011 $0.7 million general obligation bonds

2012 $0.0
2013 $0.0
2014 $0.0

Since the 1970s, between $1.0M and $12.0M has been appropriated for this program each biennium.

Direct project level appropriations (both state bonding and federal assistance) are also administered through the MRSI program.

Project Contact Person

Peter Dahlberg
Program Manager
651-366-3653
Peter.Dahlberg@state.mn.us

($ in thousands)

Port Development Assistance Program

AT A GLANCE

2016 Request Amount:	$10,000
Priority Ranking:	10
Project Summary:	$10 million in state funds for the Minnesota Port Development Assistance Program which supports infrastructure needs of Minnesota's public ports on the Great Lakes and Inland River Navigation Systems. Also for partnership programs to improve freight handling efficiency on Minnesota's commercial waterway systems, with typically 80 percent state grants and 20 percent local share.

Project Description

The capital request will be used to complete $10 million of the listed project proposals. Project proposals are prioritized based on need, employment generated and overall economic benefit. The Minnesota Department of Transportation's (MnDOT) Office of Freight and Commercial Vehicle Operations, works with the state's port authorities, and has identified a list of potential terminal improvement projects for 2016 and beyond:

Duluth Seaway Port Authority

New Warehouse at Berth #4	$ 4,000,000.00
Warehouse/rail facility on Garfield C&D	8,000,000.00
Modernize Electrical Service	350,000.00
Dock Timber Fender Replacement	350,000.00
Repave Cargo/Storage area	750,000.00
Replace transit shed doors	150,000.00
Finalize Dock C &D Rebuild	3,250,000.00
Repave Dock #1 Apron	500,000.00

Red Wing Port Authority

Realign Port Access road for flood events	$1,000,000.00
Levee Park Improvements	1,000,000.00

St Paul Port Authority

Secondary Road Access to Southport	$2,000,000.00
Rehabilitate Port Authority Buildings	3,000,000.00

Reclaim fleeting area near Red Rock	1,500,000.00
Red Rock Storm Sewer Upgrade	200,000.00
Southport Dock Wall Rehabilitation	3,000,000.00
Rehab Red Rock Dock Wall/Loading Cells	1,000,000.00
Storm Water Management	1,000,000.00
Replace Railroad Crossing at BT # 1	500,000.00

Winona Port Authority

Truck Fleeting &Riverview Drive Improvements	$1,100,000.00
Reclaiming Staging Area	500,000.00
Install Loading Cell	250,000.00
Total need for Ports	$33,400,000.00

Project Rationale

The purpose of the Port Development Assistance Program is to expedite the movement of commodities and passengers on the commercial navigation system; enhance the commercial vessel construction and repair industry in Minnesota; and promote economic development in and around ports and harbors in the state. (Source M.S.457A.2).

Other Considerations

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 to complete a total road project that would not have been possible without this partnership

Impact on Agency Operating Budgets

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

Description of Previous Appropriations

Project Contact Person

Patrick Phenow
Program Manager
651-366-3672
patrick.phenow@state.mn.us

($ in thousands)

Passenger Rail Program

AT A GLANCE

2016 Request Amount:	$21,000
Priority Ranking:	11
Project Summary:	This $21 million G.O. bonds request is to provide non-federal matching funds for implementation of passenger rail service along several corridors in the state and connecting Minnesota to the upper Midwest. These corridors include the Northern Lights Express service to Duluth, a second daily Amtrak train between Chicago and the Twin Cities, and development of other corridors identified in the 2014 State Rail plan including the Rochester Zip Line.

Project Description

In 2009, the Legislature provided $26M in general obligation (G.O.) bonds to implement passenger rail services identified in State Rail plan. This investment has resulted in two station facilities jointly funded by federal, state, and local sources, and the planning and development of four priority passenger rail corridors. These corridors include the Northern Lights Express service to Duluth, a second daily Amtrak train between Chicago and the Twin Cities, Minneapolis to St. Paul connection and capacity improvements, and Rochester Zip Line.

The bonding request will provide a state match to local and/or federal funding that may be available for continued project development. Potentially two projects could be ready for construction and implementation within the next 3 years.

Project Rationale

M.S. Sec. 174.632 charges the Minnesota Department of Transportation (MnDOT) with planning, designing, developing and constructing passenger rail services. The adopted 2014 Minnesota Statewide Freight and Passenger Rail Plan further directs MnDOT to lead the development of passenger rail services and to coordinate with Midwest Regional Rail Initiative states in the development of a multi-state passenger rail system in the Upper Midwest. This activity provides the products, services and/or functions necessary to implement the elements identified in the State Rail Plan

Other Considerations

The $26M in bonding has leveraged over $40M in federal funding. There is a 2 for 1 shared benefit with the freight rail system by addressing changing infrastructure needs, safety and capacity constraints. MnDOT has and will continue to develop the expertise within the agency to design, construct and operate passenger rail services. A key element to implement a passenger rail system is to explore potential alternative funding methods, public /private sector funding opportunities, and potentially private sector project development and operations

Impact on Agency Operating Budgets

Passenger rail planning is not trunk highway fund eligible. Passenger rail planning and project development activities are funded through general fund appropriations and eligible specific corridor project management activities are funded through general obligation bonds authorized in Laws 2009, chapter 93, article 1, section 11, subdivision 5. For FY 2015-2016 the biennial appropriation is $1 million. As of December 31, 2014 over $25.9 million of 2009 General Obligation Bond funds were obligated on passenger rail project identified in the State Rail Plan. Additional G.O. bond funds are necessary to continue project development activities, maintain the validity of completed corridor development documents that position Minnesota to receive federal rail funding. No additional G.O. bonds were identified during the 2015 State legislative session for passenger rail activities.

Description of Previous Appropriations

2009 $26.0 million general obligation bonds

Project Contact Person

Dan Krom
Passenger Rail Office Director
651-366-3193
Daniel.krom@state.mn.us