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395 John Ireland Boulevard Saint Paul, Minnesota 55155

February 15, 2018

The Honorable Paul Torkelson, Chair House Transportation Finance Committee 381 State Office Building Saint Paul, MN 55155

The Honorable Linda Runbeck, Chair House Transportation & Regional Governance Policy Committee 417 State Office Building Saint Paul, MN 55155

The Honorable Frank Hornstein, DFL Lead House Transportation Policy & Finance Committee 243 State Office Building Saint Paul, MN 55155 The Honorable Scott Newman, Chair Senate Transportation Finance & Policy Committee 3105 Minnesota Senate Building Saint Paul, MN 55155

The Honorable Scott Dibble Ranking Minority Member Senate Transportation Finance & Policy Committee 2213 Minnesota Senate Building Saint Paul, MN 55155

The Honorable Connie Bernardy, DFL Lead House Transportation & Regional Governance Policy Committee 253 State Office Building Saint Paul, MN 55155

RE: 2018 Report on the Jurisdictional Transfer (Turnback) Program

Dear Legislators:

In accordance with Laws of Minnesota 2017, 1st Spec. Sess., Chapter 3, Section 138., the Minnesota Department of Transportation is submitting its 2018 Report on the Jurisdictional Transfer (Turnback) Program.

Jurisdictional transfers, more commonly known as turnbacks, are negotiated between MnDOT and a local governmental entity. Projects are selected based on negotiation, improvements, available funding and agency approvals. Between 2013 and 2017, MnDOT has partnered with 21 local entities on 45 turnback projects using flexible highway account and state road construction funding.

Please contact me with any questions you may have, or you may contact Greg Coughlin, Interim Turnback Program Coordinator, at <u>greg.coughlin@state.mn.us</u> or (651) 366-3815.

Sincerely,

Charles A. Zelle Commissioner

# DEPARTMENT OF TRANSPORTATION

Report on the

# Jurisdictional Transfer (Turnback) Program

February 2018

Prepared by:

The Minnesota Department of Transportation 395 John Ireland Boulevard Saint Paul, Minnesota 55155-1899

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### **Legislative Request**

This report is issued to comply with Laws of Minnesota 2017, 1st Spec. Sess., Chapter 3, Section 138.

#### Sec. 138 – Report by Commissioner of Transportation on Turnbacks

By February 15, 2018, the commissioner of transportation must report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over transportation policy and finance concerning turnbacks. At a minimum, the report must include:

- (1) A current list of proposed turnback projects, including a description of each segment of highway that is to be turned back; a description of the restoration work to be completed; estimated cost of restoration work; to which entity the highway will be turned back; and the total estimated cost related to all aspects of the turnback;
- (2) The amount that the commissioner of transportation anticipates will be needed for turnbacks during the next two fiscal years and a list of the turnbacks that will be accomplished with the anticipated funds;
- (3) A description of the turnback process, including an explanation of how turnback projects are selected; and
- (4) for each of the past five years:
  - (i) The amount of money that accrued to the county turnback account and to the municipal turnback account;
  - (ii) A description of each segment of highway that was restored and turned back, including what restoration work was completed; total cost of restoration work; to which entity the highway was turned back; and the total cost related to all aspects of the turnback;
  - (iii) The amount of surplus funds, if any, that were transferred to the county state-aid highway fund or to the municipal state-aid street fund pursuant to Minnesota Statutes, section 161.084; and
  - (iv) Each payment made to a local government for future restoration after the road is turned back, a description of the work to be completed with the funds, and a schedule detailing when the work was completed or will be completed.

The cost of preparing this report was less than \$5,000.

### **Overview of the Jurisdictional Transfer, or Turnback Program**

The Minnesota Department of Transportation is the responsible agency for the Jurisdictional Transfer (Turnback) Program. The statutory duties and powers of the commissioner of transportation includes the guidance and authority to select suitable roads for the state system; to transfer roads between state and local units of government; and to enter into agreements with local governments. The purpose of the program is to assign roads to the jurisdictions best suited to effectively and efficiently own and operate them. Roads that are a low priority for one agency may be a higher priority for another agency. MnDOT and local governments collaborate to fulfill the intent of this program.

The <u>Minnesota Constitution, Art. XIV, Sec. 5</u> establishes the Highway User Tax Distribution Fund. Funding for the turnback program, which allows for the restoration of former state highways, is established by <u>Minn. Stat.</u> <u>161.081 subd. 3</u>.

Additional information and background can be found on the MnDOT State Aid for Local Transportation website.

#### **Current List of Proposed Turnback Projects**

The following information is requested under Laws of Minnesota 2017, 1st Spec. Sess., Chapter 3, Section 138, (1):

A current list of proposed turnback projects, including

- a description of each segment of highway that is to be turned back
- a description of the restoration work to be completed
- estimated cost of restoration work
- which entity the highway will be turned back
- the total estimated cost related to all aspects of the turnback

Appendix A provides current turnback projects programmed in calendar years 2018 to 2023. Estimated costs are reported as one number since costs of restoration work are estimated by what is known now and equal total estimated costs related to all aspects of the turnback project.

#### **Next Two Years of Proposed Turnback Projects**

The following information is requested under Laws of Minnesota 2017, 1st Spec. Sess., Chapter 3, Section 138, (2):

- The funding the commissioner of transportation anticipates will be needed for turnbacks during the next two fiscal years
- a list of the turnbacks that will be accomplished with the anticipated funds

Appendix A looks at the next six year program. The next two calendar years, 2018 and 2019, represent the anticipated revenue needed to fund obligations. The two year anticipated need to fund 2018 and 2019 obligations is \$101.6 million.

#### **Description of Turnback Process**

The following information is requested under <u>Laws of Minnesota 2017, 1st Spec. Sess., Chapter 3, Section 138,</u> (3):

• A description of the turnback process, including an explanation of how turnback projects are selected

Jurisdictional transfers, more commonly known as turnbacks, are negotiated between MnDOT and the local governmental entity. Projects are selected based on negotiation, restoration eligibility, available funding and agency approvals. Statutory guidance for the use of HUTD funds also establishes the use of Flexible Highway Account Funds for improvements to a roadway bringing the condition up to an acceptable and agreed upon level for the receiving entity. The scope of the work for a project is determined by what is needed for repair or improvement. Life cycle costs are also considered in this scoping.

The <u>Minnesota Jurisdictional Realignment Project report</u> was completed in July 2014. The overall objective for this report was to ensure that Minnesota roads are owned and operated at the right jurisdictional level. A standard and consistent approach was used to develop a list of roadway segments that may need to be transferred (realigned, turned back) to the more appropriate jurisdiction. These segments were then placed on a tiered list for analysis and ranked by probability of misalignment. A high-level cost estimation for the proposed realignment was also completed. Once the analysis was completed, there were 2,653 miles of roadway segments determined to be misaligned. The report identified next steps, however an implementation schedule with funding was not identified.

The <u>20-Year State Highway Investment Plan</u> completed in January 2017 identified jurisdictional transfer as an investment category. This was a new investment category for this update of the MnSHIP. The investment level identified for the 2018-2037 Capital Highway Investment Plan was \$90 million for the transfer of roadways between state and local agencies.

#### **Past Five Years of Information**

The following information is requested under Laws of Minnesota 2017, 1st Spec. Sess., Chapter 3, Section 138, (4):

- Information is being requested on the historical spending and scope of projects for the past five years:
  - The amount of money that accrued to the county turnback account and to the municipal turnback account

The table below provides funding accrued to turnback accounts, as defined by commissioner's orders, for calendar years 2013 to 2017.

#### Table 1: 2013-2017 Funding Accrued to Accounts

	FLEX	(IBLE ACCOUNT B	ASE						
Calendar Year	CTB*	MTB**	THTB***	Total					
2013	\$48,245,184	0	0	\$48,245,184					
2014	\$31,325,591	\$13,000,000	\$5,700,000	\$50,025,591					
2015	\$21,779,985	\$10,000,000	\$21,000,000	\$52,779,985					
2016	\$54,722,654	0	0	\$54,722,654					
2017	\$54,678,862	0	0	\$54,678,862					

\*CTB = County turnback, includes excess sum distribution

\*\*MTB = Municipal turnback

\*\*\*THTB = Trunk Highway turnback

The law also requires the following information:

- A description of each segment of highway that was restored and turned back, including what restoration work was completed
- total cost of restoration work
- which entity the highway was turned back
- the total cost related to all aspects of the turnback

Appendix B provides the past five years of program history for calendar years 2013 to 2017. Restoration costs are reported as one number since costs of eligible restoration work generally equal total estimated costs related to all eligible aspects of the turnback project.

Next the law asks for information on:

• The amount of surplus funds, if any, that were transferred to the county state-aid highway fund or to the municipal state-aid street fund pursuant to <u>Minn. Stat. 161.084</u>

The intent of the turnback program is to transfer roads to the jurisdiction best suited to provide an improved level of service, efficiency and effectiveness. This is accomplished by negotiation and transfer to the right governmental agency. The program is consistently populated with potential projects that fulfill the intent. There were no surplus funds transferred to the county state aid highway or the municipal state aid street accounts.

Lastly, the legislation asks for the following information about:

• Each payment made to a local government for future restoration after the road is turned back, a description of the work to be completed with the funds, and a schedule detailing when the work was completed or will be completed.

MnDOT interprets this question to be related to in lieu payments. <u>Minn. Rules Part 8820.2300, subp. 6a</u> allows for a monetary payment, based on net value of eligible project costs, in lieu of contracting work. In lieu payments are shown in Appendix B. When agencies agree to in lieu payments versus contracted projects, there is limited knowledge of future project work and completion schedules.

#### **Next Steps**

Given the new investment category identified in the 2018-2037 MnSHIP for Jurisdictional Transfer, a risk based prioritization strategy is established that is nimble to opportunities and proactive using a systematic approach to future spending. Historically, MnDOT State Aid and district offices established priorities with local partners. Further study and engagement is necessary to move forward with a strategic plan for the investment category.

# Appendix A: Current Jurisdictional Transfers (Turnbacks) 2018-2023

This is a list of current turnbacks for 2018-2023.

Table 2: 2018-2023 State Highway Jurisdictional Transfer Projects (Turnbacks)

#### Appendix A: 2018 - 2023 State Highway Jurisdictional Transfer Projects (Turnbacks)

			Calendar 2018					Calendar	2019			Calendar	2020		(	Calendar	2021			Calendar	2022		Calendar 2023					
State Highway	Transferring to Which Governmental Entity	Restoration Project Type	Project Description	CTB	ИТВ	THTB	TH SRC	CTB	MTB	THTB	TH SRC	CTB	ИТВ	THTB	TH SRC	CTB	ИТВ	THTB	TH SRC	CTB	MTB	THTB	TH SRC	CTB	ИТВ	THTB	TH SRC	TOTAL
12	Hennepin County	Reconstruction	Wolfe Pt to Wayzata Blvd		_		<u> </u>	2.00								8.67	_			0.52		_					<u> </u>	11.19
12	Hennepin County	Reconstruction	CSAH 6 to Willow																	6.45				7.58		1		14.03
14	Dodge County	In Lieu	MN 56 to Steele County line									2.00														1		2.00
14	Steele County	In Lieu	54th to Dodge County line									2.00														1		2.00
49	Ramsey County	In Lieu	University Ave to County J	1.00				2.27				11.76				17.84										1		32.87
54	Grant County	Recondition	MN 27 to US 59 and swap CSAH 10	4.00			3.50																			(		7.50
66	Blue Earth County	Reconstruction	CSAH 90 to Mankato	0.59																						1		0.59
66	Blue Earth County	Reconstruction	CSAH 9 to CSAH 90	9.65																						1		9.65
66	Blue Earth County	Reconstruction	CSAH 9 to Mankato	1.08																						1		1.08
101	Carver County	Reconstruction	Pioneer Trail to Flying Cloud Drive																	17.50		3.00				1		20.50
112	LeSueur County	Reconstruction / Recondition	MN 99 to US 169	9.50				23.50																				33.00
212	Hennepin County	Reconstruction	Charlson Rd to County line	15.54				16.85				0.80														1		33.19
212	Carver County	Reconstruction	MN 101 to US 212																	3.00				19.37		1		22.37
212	Carver County	Reconstruction	CSAH 101 to Hennepin County line	5.22																						1		5.22
212	Carver County	Reconstruction	E jct to W jct MN 101	1.42				1.44				1.45				3.21				1.91						1		9.43
222	Red Lake County	Recondition	MN 92 to Oklee	1.60																						1		1.60
242	Anoka County	Reconstruction	Crane to Ulysses	1.47				0.12																		1		1.59
253	Faribault County	Recondition	Bricelyn to I-90				3.80																			1		3.80
254	Faribault County	Recondition	Frost to I-90				2.55																			1		2.55
263	Martin County	Recondition	Ceylon to I-90								3.60															1		3.60
267	Murray County	Reconstruction	MN 30 to Iona													3.00										1		3.00
274	Yellow Medicine County	Recondition	MN 23 to Wood Lake													1.25										1		1.25
277	Chippewa County	In Lieu	MN 40 to MN 7				11.53																			1		11.53
298/299	City of Faribault	In Lieu	6th Street										0.50															0.50
371	Crow Wing County	In Lieu	MN 371 to Pequot bypass	4.35																								4.35
			СТВ	55.42				46.18				18.01				33.97				29.38				26.95				
			MTB		0.00				0.00				0.50				0.00				0.00				0.00	í T		238.39
			THTB			0.00				0.00				0.00				0.00				3.00				0.00		
			TH SRC				21.38				3.60				0.00				0.00				0.00			ı	0.00	

MTB	0.00				0.00				0.50			0.00			0.00				0.00			238.39
THTB		0.00				0.00				0.00			0.00			3.00				0.00		230.37
'H SRC			21.38				3.60				0.00			0.00			0.00				0.00	
	Calendar	2018		(	Calendar	2019		(	Calendar	2020		Calendar	2021		Calendar	2022		(	Calendar	2023		TOTAL

Note: Estimated restoration costs, \$ million

# Appendix B: Past 2013-2017 Jurisdictional Transfers (Turnbacks)

The following table show past jurisdictions transfers (turnbacks) for the years 2013-2017. Table 3: 2013-2017 State Highway Jurisdictional Transfer Projects (Turnbacks)

#### Appendix B: 2013 - 2017 State Highway Jurisdictional Transfer Projects (Turnbacks)

State Highway	Transferring to Which		1																					//
5 5	Governmental Entity	Restoration Project Type	Project Description	CTB	MTB	THTB	TH SRC	СТВ	MTB	тнтв	TH SRC	CTB	MTB	THTB	TH SRC	СТВ	MTB	THTB	TH SRC	CTB	MTB	тнтв	TH SRC	TOTAL
5	Washington Co	In Lieu	MN 5												22.00									22.0
12	Hennepin Co	Reconstruction	Willow Dr to Wolfe Pt	0.80												3.00				10.57				14.3
12	Ramsey Co	Recondition	Univ. Ave Rice St to Co. line									0.34												0.3
12	Hennepin Co	Recondition	CSAH 6 to Willow													0.30								0.
12	Hennepin Co	Reconstruction	Wolfe Point Trail to Wayzata Blvd													0.30								0.
14	Steele/Waseca Co	Recondition	US 14								14.00			21.00					4.00				4.00	43.
14	Nicollet Co	Reconstruction	CSAH 6 to CSAH 41																	1.72				1.
14	Nicollet Co	Reconstruction	MN 111 to CSAH 42																	1.35				1.
14	Blue Earth Co	Reconstruction	Mankato to Eagle Lake	11.39																				11.
27	Douglas Co	Recondition	194 to TH 29 & Nokomis St to TH 127	1.00																				1.
49	Ramsey Co	In Lieu	Rice Street																	2.34				2.
52	Hennepin Co	Recondition	Washington Ave	0.61								0.02												0.
52	Hennepin Co	Recondition	Henn Ave to 5th Ave S					0.70								8.76								9.
60	Nobles Co	Reconstruction	County Rd 57 to new TH 60	2.36																				2.
60	City of Worthington	In Lieu	CR 57 to Flower Lane						1.09															1.
63	City of Rochester	In Lieu	US 63		3.00				13.00				10.00											26.
63	Olmstead Co	In Lieu	CSAH 22 to CSAH 14	5.00				5.00																10.
66	Mankato	Recondition	US 169 to city limits						0.05	1.95														2.
66	Blue Earth Co	Reconstruction	CSAH 90 to Mankato limits						0.00							7.60				0.71				8.
66	Blue Earth Co	Reconstruction	Good Thunder to CSAH 9													8.70				0.71				8.
66	Blue Earth Co	Recondition	Good Thunder to CSAH 9													0.09								0.
66	Blue Earth Co	Reconstruction	CSAH 9 to CSAH 90													0.07				8.06				8.
96	Ramsey Co	Reconstruction	CSAH 96 at US10	5.67																0.00				5.
96	Ramsey Co	Reconstruction	35W/CSAH 96 interchange	0.04								0.98												1.
96	Ramsey Co	Recondition	Centerville Rd to WBL pkwy	0.04								1.10												1.
101	Carver Co	Reconstruction	CSAH 18 to CSAH 14	_			1.9	0.09		1.5		1.10												3.
101	Hennepin Co	Reconstruction	CSAH 5 to US 12	0.61			1.7	28.89		1.5		7.2				4.89								41.
101	Scott Co	Recondition	CSAH 83 to Valley Park	0.14				20.07				1.2				4.07								0.
101	Scott Co	Recondition	Valley Park to 70th St	0.14																				0.
101	Hennepin Co	Reconstruction	CSAH 62 to CSAH 3	0.30				4.72				11.94				1.64								18.
101	Hennepin Co	Reconstruction	CSAH 3 to Minnetonka Blvd	_				4.72				0.92				0.07								0.
101	Scott Co	Reconstruction	Co line to First Ave									0.92				0.07								0.
169			Fuller St to CP RR NR	0.38				0.19								0.15								0.
	Scott Co	Recondition		0.38				4.73				0.33				1.40				1.07				0.
212	Carver Co	Reconstruction	E jct to W jct MN 101	_				4.73								1.42				1.37				_
212	Hennepin Co	Reconstruction	Charlson Rd to Co line					2				2.5				3				3.02				10.
212	Carver Co	Recondition	US 212 to West jct MN 101	_								0.70				1.00				2.00				0.
212	Carver Co	Reconstruction	CSAH 101 to Henn Co line									0.40				1.20				2.80				4.
212	Carver Co	Reconstruction	CSAH 140 to Walnut St																	4.35				4.
225	Becker Co	Reconstruction	MN 34 to Ponsford																	9.50				9.
228	Ottertail Co	Recondition	US 10 to Vergas	'											8.6									8.
235	Ottertail Co	Reconstruction	MN 29 to Urbank					1.7				7.17				4.96				1.17				15.
242	Anoka Co	Reconstruction	Crane St to Ulysses St	_				1.14				1.14				4.18				1.28				7.
258	Brown Co	In Lieu	S County line to TH 14	5.2																				5.
	Lac Qui Parie Co	In Lieu	US 212 to Boyd	_ <b>_</b> '									L							6.77				6.
292	City of Hastings	Recondition	US 61 to Ravenna Tr							2.2														2.2
			СТВ	33.50				49.16				34.74				50.26				55.01				
			МТВ		3.00			-	14.14				10.00				0.00				0.00			
			ТНТВ			0.00				5.65				21.00				0.00				0.00		330.96
			TH SRC		1		1.90				14.00		1		30.60				4.00				4.00	
						2018			Calendar	0040			Calendar				Calendar	0001			Calendar	0000		TOTA

## **Appendix C: Definitions of Information Requested**

The bullets below either provide definitions for acronyms and common terms or gives contextual information about the information provided to satisfy the request.

- Current list of Proposed Projects: Projects programmed in calendar years 2018, 2019, 2020, 2021, 2022, 2023 that have an executed turnback agreement or an agreement in process. This list does not include segments for which there may be current conversations about potential turnbacks.
- Next Two Fiscal Years: Based on calendar years (to be consistent) and will be years 2018 & 2019
- Past Five Years: Projects from calendar years 2013, 2014, 2015, 2016, 2017
- Turnback: A transfer of roadway ownership. Has same meaning as jurisdictional transfer in this report.
- Flexible Highway Account: revenue for restoration of former trunk highways transferred to city or county agencies, or for trunk highways that will be restored and subsequently turned back. Includes distributions to CTB, MTB and THTB.
- CTB: County Turnback
- MTB: Municipal Turnback
- THTB: Trunk Highway Turnback
- TH SRC: revenue from State Road Construction accounts across the department and dedicated to specific turnback segments.
- HUTD Fund: Highway User Tax Distribution Fund
- Restoration can be described in three categories: Recondition, reconstruction and in-lieu payment. Examples for each would be:
  - <u>Recondition</u>: generally speaking, restoration of the roadway remains within the same footprint, current State Aid standards are already met, and no additional right of way is needed. Work might include; mill & overlay of existing surface, asset preservation, drainage repair, crack seal and maintenance deficiencies, to name a few. Engineering costs are eligible and included in total project costs.
  - <u>Reconstruction</u>: generally speaking, reconstruction includes grading, pavement replacement, new curb and gutter, new drainage systems and all infrastructure restoration done to meet current state aid standards. The footprint may be larger, so additional right of way may be needed. Eligible modal infrastructure improvements may be included in some projects. Engineering costs are eligible and included in total project costs.
  - In Lieu Payment: <u>State Aid rule 8820.2300 subp 6a</u> allows for a monetary payment, based on net value of eligible project costs, in lieu of contracting work
- The terms jurisdictional transfer and turnback are interchangeable. Jurisdictional transfer is when ownership of a roadway is transferred from one roadway authority to another. For an agency there is significant amount of cost associated with Jurisdictional Transfers because roads are typically brought up to standards or to an acceptable condition. Specifically 'jurisdiction' is the authority and obligation to administer, control, construct, maintain and operate a roadway. When an agency has jurisdiction of a street or highway, that agency is responsible for the upkeep of that facility, including reconstruction, maintenance, and preservation. All of these responsibilities remain with the agency until the jurisdiction is transferred to another roadway authority.<sup>1</sup>

<sup>&</sup>lt;sup>1</sup> Jurisdictional Transfer one-pager; for Minnesota Go: 20-year State Highway Investment Plan; Nov. 2015.

• Misalignment or misaligned roads, are under the jurisdiction of the wrong governmental authority. Misalignment effects the level of service, capacity, access, public expectations, safety, ride quality, maintenance, funding and operational priority for a roadway.