

July 9, 2026

The Honorable Jon Koznick, Co-Chair
House Transportation Finance & Policy Committee
2nd Floor, Centennial Office Building
Saint Paul, Minnesota 55155

The Honorable Brad Tabke, Co-Chair
House Transportation Finance & Policy Committee
5th Floor, Centennial Office Building
Saint Paul, Minnesota 55155

The Honorable Scott Dibble, Chair
Senate Transportation Committee
3107 Minnesota Senate Building
Saint Paul, Minnesota 55155

The Honorable John Jasinski, Ranking Minority Member
Senate Transportation Finance & Policy Committee
2227 Minnesota Senate Building
Saint Paul, Minnesota 55155

Re: MnDOT Third Oversight Report on Blue Line Extension Light Rail Transit Project

Dear Legislators,

The Minnesota Department of Transportation is pleased to provide this report as required by [Minn. Stat. 473.3999](#).

The law requires the commissioner of transportation to provide staff and project assistance to the Metropolitan Council for review and oversight of the project's development. Recommendations, regarding light rail projects, are to be reported to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance within 30 days of submitting its recommendations to the Council.

This oversight report details MnDOT's recommendations related to schedule for planning and design delivery: an analysis of the critical path for delivery of plans and specifications; Lead Project Design Engineer; and review of change orders for major cost items exceeding \$500,000 for the planning, designing, and construction of the Blue Line Extension project as defined in [Minn. Stat. 473.3999, Subd. 2\(a\)\(2\)](#). Two previous reports were submitted dated December 23, 2024 and on July 18, 2025.

MnDOT initially anticipated submitting a report on the Blue Line extension project scope, schedule, and budget in August of 2025. The Council is in the process of developing a refined budget and schedule and construction timeline with the FTA. After FTA review and concurrence, the Council will finalize and publicize the anticipated final schedule and budget. MnDOT anticipates submitting the scope, schedule, and budget report in the near future. MnDOT recognizes there are specific FTA processes and procedures that the Council adheres to during project development.

A draft of this report was submitted to the Metropolitan Council on July 9, 2026. Please contact me if you have questions or comments about this report at nancy.daubenberger@state.mn.us.

Sincerely,



Nancy Daubenberger, P.E. (MN)
Commissioner

cc: Robin Hutcheson, Chair, Metropolitan Council

Legislative Request

This report is issued to comply with [Minn. Stat. 473.3999](#).

473.3999 LIGHT RAIL TRANSIT CONSTRUCTION; COUNCIL AUTHORITY; STAFF ASSISTANCE; PROJECT MANAGER QUALIFICATIONS.

Subdivision 1. Powers.

The council may exercise the powers granted in this chapter and in other applicable law, as necessary, to plan, design, acquire, construct, and equip light rail transit facilities in the metropolitan area as defined in section 473.121, subdivision 2.

Subd. 2. Staff and project assistance required; Department of Transportation.

(a) Notwithstanding any cooperative agreement between the commissioner of transportation and the council in section 473.3994, subdivision 1a, if the council is the responsible authority, the commissioner of transportation must provide staff and project assistance to the council for review and oversight of the project's development. The council must utilize the Department of Transportation staff and project assistance for:

- (1) the appropriate delivery method selection for the design, planning, acquisition, construction, and equipping of light rail transit projects;
- (2) risk assessment analysis and cost analysis in the planning, designing, and construction of a light rail transit facility or a new light rail transit project, including but not limited to:
 - (i) a critical path schedule for the planning and design phases of a project developed jointly by the council and the commissioner of transportation;
 - (ii) peer reviews or value engineering reviews at various milestones established in the critical path schedule created under item (i); and
 - (iii) council participation in cost estimate reviews by third-party independent cost estimators in conformance with Federal Transit Administration regulations and guidance;
- (3) contractor and subcontractor schedule analysis and contractual requirements, including but not limited to:
 - (i) development and review of requests for proposals and bid documents prior to advertisement and solicitation;
 - (ii) review of bids submitted prior to the award of bids;
 - (iii) review of draft contractual language prior to the execution of project contracts;
 - (iv) review of change orders for major cost items exceeding \$500,000 and schedule delays of more than 30 calendar days prior to the execution of a change order; and
 - (v) participation in any dispute resolution process that may arise to address competing claims or disputes between a contractor and the council;

(4) light rail transit project cost management and budget analysis for the planning, designing, and construction of a light rail transit facility or new light rail transit project, including but not limited to:

- (i) recommendations to address or manage cost overruns or discrepancies, funding sources, contingency funding sources and availability, and the management of state or county financial resources;
- (ii) recommendations on appropriate contractual enforcement mechanisms and penalties for any council agreement with a contractor for a light rail transit project; and
- (iii) the development of future cost estimates and communication of projected cost increases for a light rail transit project; and

(5) any other areas of expertise that the Department of Transportation may offer.

(b) The council must provide the commissioner of transportation all relevant information required by this section.

(c) Staff from the Department of Transportation providing project assistance to the council must report to the commissioner of transportation. Staff assistance from the Department of Transportation must include at least one licensed professional engineer.

(d) If the commissioner of transportation provides the council with staff and project assistance for the development of a light rail transit project as provided under this section, the commissioner must submit and detail all recommendations made to the council to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance within 30 days of submitting its recommendations to the council.

(e) The council must give strong consideration to utilizing input or recommendations developed by the commissioner of transportation. If the council decides against utilizing input or recommendations from the department, the council must reconcile significant deviations to the extent practicable and that portion of the project cannot move forward from the critical path schedule's milestone until the recommendation is reconciled. If the council has sufficient reasoning to justify not utilizing input or recommendations from the department, the council must, within 30 business days, provide written notice and documentation of the decision to the department and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. The notice and documentation must provide the reasons why the council is not utilizing the input or recommendations provided by the department.

Subd. 3. Project costs.

The project budget is responsible for costs incurred by the commissioner of transportation for duties required in this section. The council must only use direct appropriations in law or federal sources to pay its portion of light rail transit capital construction costs.

Subd. 4. Project manager; qualifications.

If the Metropolitan Council is the responsible authority, the council must select a qualified project manager and lead project engineer with at least ten years' transportation industry experience to lead the planning, design, acquisition, construction, or equipping of a new light rail transit project.

Report #3: Change Order Review, Lead Project Engineer, and Resource Loaded Design Schedule.

The 2024 legislative session created new legislation which established a role for MnDOT's involvement in the Blue Line Extension (BLE) and future light rail projects. The legislation seeks to leverage MnDOT expertise in contracting, project management, and program delivery to provide assistance, greater accountability and oversight in this project. MnDOT has significant staff resources embedded in the project for specific tasks, including review of bridge structure plans and right of way procurement.

This oversight report provides three new recommendations and contains information related to:

- Change Orders and the review of draft contractual language prior to execution of project contracts [Minn. Stat. 473.3999, Subd. 2(a)3(iii)] and review of change orders for major cost items exceeding \$500,000 [Minn. Stat. 473.3999, Subd. 2(a)3(iv)].
- Having a lead Project Engineer with at least ten years' transportation industry experience to lead the planning, design, acquisition, construction, or equipping of a new light rail transit project. [Minn. Stat. 473.3999, Subd. 4].
- Providing the necessary detail in a project design schedule for planning and design delivery that will support an analysis of the critical path for delivery of plans and specifications [Minn. Stat. 473.3999, Subd. 2(a)(2)] and light rail transit project cost management and budget analysis for the planning, designing [Minn. Stat. 473.3999, Subd. 2(a)(4)]

Change Order Review

The legislation requires that the Council use MnDOT staff and project assistance for development and review of proposals and change orders for major cost items exceeding \$500,000 and schedule delays of more than 30 calendar days prior to the execution of a change order. Minn. Stat. 473.3999, Subd. 2(a)3(iv)]

MnDOT understands the Council currently has six active contracts with an engineering consultant team to provide planning and design services for the Blue Line Extension project. The total value of the six active contracts for planning and design was \$ 134,747,333.00. In November 2025 the Council executed, without MnDOT review assistance, an additional design contract amendment valued at \$42.9M raising the current total contract value to \$ 177,647,333.00. These expenses do not include contract values prior to 2023 at which time the Blue Line LRT project was restarted.

Prior to this reporting cycle, The Council understood the legislation to refer to construction phase contract change orders. MnDOT and Council project leadership discussed and agreed that all future contract amendments in all phases in excess of \$500,000 and schedule delays of more than 30 calendar days will be provided to MnDOT for review prior to execution of a change order.

Lead Project Engineer

MnDOT Third Oversight Report - Blue Line Extension Light Rail Transit Project

The Director of Design and Engineering resigned in June of 2025. MnDOT recommends the Council appoint a lead project design engineer or an acting lead project design engineer to lead the on-going planning and design phase of the Blue Line project.

The legislation requires the Council to select a lead project engineer with at least ten years' transportation industry experience to lead the planning, design, acquisition, construction, or equipping of a new light rail transit project. Minn. Stat. 473.3999, Subd. 4.

In lieu of a Lead Design Engineer the Council identified that in the interim, a Design Leadership group has been formed that meets bi-weekly to discuss engineering topics and give guidance to the Design team. The Design Leadership group has three registered engineers as well as other leadership staff in construction to comply with the statute.

Resource Loaded Design Schedule

A fully developed design schedule with task level detail associated with labor hours will enable the Council to review the designers progress for payments, track contract modifications and fees associated with changes in design scope of work and better forecast the completion of design work.

Subdivision 4 requires MnDOT to assist by providing recommendations to address or manage project cost management and budget analysis for planning, design, and construction. To study risk, manage the budget, and evaluate contract amendments MnDOT believes the Council would benefit from adding labor hours to a more detailed planning and design schedule. Labor hours are typically itemized in consultant contractor fee estimates and related to contract deliverables. A fully developed design schedule with task level detail with the tasks related to labor hours will enable the Council to better manage budget and costs, measure the design progress and contracted deliverables for payment, track contract modifications and amended fees associated with changes in design scope of work and better forecast the completion of design work. A detailed design schedule with labor hours, used as a management tool, minimizes the risk of delay and risk to additional costs.

MnDOT understands the design contract did not require this level of schedule detail and activity tracking and recognizes there is an appreciable amount of effort involved with including labor hours into the schedule activities. MnDOT believes the contract and project management benefits of this added schedule work will outweigh the additional effort. The Council recently requested, and has been provided, examples of resource loaded project schedules to assist in this task.

Subdivision 2 of the legislation requires MnDOT to provide project assistance for developing a critical path schedule for the planning and design phases of a project jointly by the council and the commissioner of transportation. MnDOT reviewed the schedule for planning and design developed by the Council and communicated to the Council that the schedule has insufficient detail to identify a critical path. A comprehensive schedule demonstrates how tasks and contract deliverables are dependent upon each other as well as sequencing and when tasks need to be accomplished to complete project work on time. MnDOT has provided examples and continues to recommend adding additional task level detail and milestone elements to the design schedule essential to describe a critical path for planning and development of design and construction specifications. Providing task level detail will allow the

Council to monitor timely completion of tasks and third party risks, and monitor that the project can be delivered timely. Scope of work information in the contracts and the newly developed 60/90/100% plan deliverable checklists provide a model for the recommended added detail.

MnDOT Recommendations

With this report MnDOT has provided a total of 8 recommendations. The following provides updates to previous recommendations, 1 thru 5, made by MnDOT and three additional recommendations, 6 thru 8, in this report.

1. MnDOT recommends the development of best value criteria that are structured to increase bidder participation and solicit constructability feedback.

MnDOT participated in the development of the Council's Design-Bid-Build Best Value Procurement Plan and understands the Council is in the process of further developing the contract documents and implement best value procurement.

2. MnDOT recommends the Council increase its staffing capability and expertise in the roles related to contract delivery.

The Council appointed a project director for the Blue Line project with extensive transitway experience including BRT and LRT projects. For the best value procurement, the Council is utilizing the experience of an engineer and construction manager in the Capital Programs Division who previously administered a best value project for MnDOT. In addition, the Council has hired legal counsel with expertise in construction contracting including best value and has retained consultants with experience developing and managing best value procurements on transitway projects nationwide as part of the project consulting team.

Currently there are two significant positions on the project that are vacant. The Lead Design Engineer and the Assistant Project Director, a Hennepin County employee, who resigned from their position in January 2026.

3. MnDOT recommends Council seek additional alternative delivery authority for horizontal construction in a future legislative session.

MnDOT is aware the Council plans to seek additional alternative delivery authority for horizontal construction in a future legislative session.

4. To study risk and evaluate a critical path schedule for the planning and design of the BLE project MnDOT recommended the Council provide additional detail in the project design schedule by developing a separate schedule or expanding the existing Integrated Master Program Schedule (IMPS) for delivery of the contract documents, plans and specifications.

MnDOT reviewed the design schedule developed by the Council and communicated to the Council that the present design schedule has insufficient detail to identify a critical path. MnDOT continues to recommend adding additional task level detail and milestone elements to the design schedule essential to describe a critical path for planning and development of design and construction specifications. The Council recently requested, and has been provided, examples of resource loaded project schedules to assist in this task.

5. MnDOT recommends the Council further define the content required to meet 30%, 60%, 90%, and 100% complete contract documents, plans and specifications.

The Council has developed checklists for plan content at 60 and 90 percent completion which are being implemented as part of the consultant's quality program.

To manage design, assess risk, evaluate a critical path schedule, and evaluate cost changes for the planning and design of the Blue Line Extension project MnDOT has recommended the following three additional actions.

6. MnDOT recommends the Council seek MnDOT assistance when executing contract amendments to the planning, design, and construction contracts in excess of \$500,000.

The legislation requires that the Metropolitan Council (Council) use MnDOT staff and project assistance for development and review of proposals and change orders for major cost items exceeding \$500,000 and schedule delays of more than 30 calendar days prior to the execution of a change order. Prior to this reporting cycle, The Council understood the legislation to refer to the construction phase contract change orders. MnDOT and Council project leadership discussed and all future contract amendments in all phases in excess of \$500,000 and schedule delays of more than 30 calendar days will be provided to MnDOT for review prior to execution of a change order.

7. MnDOT recommends the Council appoint a lead project design engineer or an acting lead project design engineer to lead the on-going planning and design phase of the Blue Line project.

The Director of Design and Engineering resigned in June of 2025. MnDOT recommends the Council appoint a lead project design engineer or an acting lead project design engineer to lead the planning the on-going planning and design phase of the Blue Line project.

8. MnDOT recommends that labor hours be included in the detailed design schedule and associated with contracted deliverables.

A fully developed design schedule with task level detail associated with labor hours will enable the Council to review the designers progress for payments, track contract modifications and fees associated with changes in design scope of work and better forecast the completion of design work. The Council recently requested examples of resource loaded project schedules to assist in this task.