

TRANSPORTATION & OTHER AGENCIES

2002-03  
Minnesota  
Biennial Budget

*Presented by  
Governor Jesse Ventura  
to the 82nd Legislature*

STATE OF MINNESOTA 2002-03 BIENNIAL BUDGET

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TRANSPORTATION

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## TRANSPORTATION - EXECUTIVE SUMMARY

### AGENCY MISSION AND VISION:

**Statutory Authority:** The Minnesota Department of Transportation (Mn/DOT) was established by and operates in accordance with statutory authority (M.S. 174.01, Subd. 2) "to provide a balanced transportation system, including aeronautics, highways, motor carriers, ports, public transit, railroads and pipelines." Further, Mn/DOT is sanctioned to function as the "principal agency of the state for the development, implementation, administration, consolidation, and coordination of state transportation policies, plans, and programs."

**Overview:** Mn/DOT's business is to provide transportation system leadership, management and information. We actively seek to balance customer needs and interests to achieve the greatest public good. As a government agency we are committed to being accountable, responsive and limited in the way we serve the citizens of Minnesota. Our business and management strategies include the following:

- Development of a strategic plan, objectives and directions to reach desired outcomes.
- Implementation of business planning to identify, prioritize and further define programs and projects to deliver desired outcomes, and to align resources to meet desired outcomes.
- Utilization of market research to identify customer needs and expectations, and to measure customer satisfaction.
- Measurement of our competitiveness based on cost, quality and responsiveness to customers; continuously review processes and procedures to assure effectiveness and efficiency; shape our workforce in size and skills to deliver desired outcomes.

These strategies are in the context of and support the Big Plan initiatives:

- Healthy and vital communities
- Self sufficient people
- Service, not systems
- Minnesota: a world competitor.

### ***Mission***

Mn/DOT's mission statement describes its fundamental purpose:

- To develop a coordinated transportation network that allows people and goods to move efficiently across the state. Through such a network Mn/DOT

preserves, manages, and improves the state's highway, transit, air, rail, waterway, bicycle, pedestrian, and non-travel alternative systems and supports connections among these transportation options.

### ***Vision***

Mn/DOT's vision describes what the citizens want Minnesota's transportation network to become:

- coordinated transportation network that provides safe, user-friendly access and movement, and responds to the values of Minnesota's citizens.

### **STRATEGIC OBJECTIVES:**

Mn/DOT's Strategic Objectives:

- **Multimodal** - To increase travel options for moving people and goods.
- **Interregional Corridors** - To ensure that corridors of statewide significance link the state's regional trade centers.
- **Program Delivery** - To streamline the highway construction/maintenance program delivery process while improving quality and cost effectiveness.
- **Information** - To listen to our customers and respond with accurate, timely information upon which they can rely.

Mn/DOT recognizes the public demand for greater accountability in government. A complete set of targets and measures will be used to evaluate these objectives so that the public can be assured Mn/DOT operates efficiently and effectively.

### **KEY SERVICE STRATEGIES:**

Mn/DOT's Strategic Directions:

#### ***1. Safeguard What Exists***

Mn/DOT's strongest commitment is to existing transportation systems. To safeguard these systems, Mn/DOT will:

- Operate, maintain and preserve the state's highways;
- Support transit, rail, water and air services, and
- Preserve transportation choices such as bikeways and walkways.

#### ***2. Make the Network Operate Better***

Transportation is an important priority and a key to healthy, vital communities in Minnesota. Mn/DOT supports the balanced, statewide, multi-modal and long-term transportation strategy known as Moving Minnesota.

## TRANSPORTATION - EXECUTIVE SUMMARY (Continued)

To increase Minnesota's economic competitiveness, and respond to the challenges of future congestion and urban growth, Mn/DOT is committed to three basic transportation strategies – the “ABC’s of Transportation.”

- ***Advantages for Transit***  
Provide alternatives to driving alone through expanded county bus systems throughout the state, and development of light rail and commuter rail lines, and exclusive urban busways.
- ***Bottleneck Removal***  
Remove bottlenecks to improve mobility and safety in the state's urban highway system through completion of a continuous three-lane beltway around the Twin Cities and reconstruction of congested major interstate interchanges.
- ***Corridor Connections***  
Establish a statewide interregional corridor system that connects the state's regional trade centers through local planning and investment with local/regional government and other state agencies.

### 3. Make Mn/DOT Work Better

Mn/DOT will continuously improve management of its resources. To deliver quality service, Mn/DOT will:

- Emphasize strategic management, which includes knowing its diverse customers and focusing projects and services to meet their needs;
- managing resources using business planning, quality innovations, and customer-based performance measures;
- Develop financial management tools;
- Emphasize human resources management; and
- Simplify and improve access to information.

### OPERATING ENVIRONMENT:

The most important trends for the next 20 years are likely to be the aging of the population, Minnesota's role as a center of population growth in the Upper Midwest, and continuing concentrations of population and employment in the Twin Cities Metropolitan Area and larger cities in Greater Minnesota.

### ***Demographic Trend Implications***

- Minnesota's growing population will increase the number of transportation system users.
- Concentrations of population in the Twin Cities and Minnesota's other metropolitan areas will increase congestion on roadways in and around these centers.
- Population growth in rural areas of metropolitan counties and population growth near Regional Trade Centers in non-metropolitan areas will increase vehicle miles of travel.
- The aging population and a rising share of residents over 65 may necessitate changes in highway and roadway design.
- An older population will increase the demand for alternatives to travel in private vehicles.

### ***Economic Trend Implications***

- Minnesota's diverse economy will require safe, efficient, and dependable transportation services to compete in markets worldwide.
- Concentrations of economic activity in the Twin Cities will increase vehicle miles of travel and congestion on Metro Area roadways.
- Concentrations of employment and economic activity in and around regional trade centers will increase vehicle miles of travel in some parts of Greater Minnesota.
- Rising incomes may increase disposable income and the number of vehicles, thereby increasing vehicle miles of travel.
- Labor shortages statewide may force some employers to relocate, altering the distribution of vehicle miles of travel.
- Labor shortages statewide may increase commuting distances for some workers, increasing vehicle miles of travel.

### ***Transportation Trend Implications***

- Growing pressures on the state's transportation systems and the need to manage those demands may be alleviated somewhat by system expansion and/or increasing travel options for moving people and goods.
- With Greater Minnesota's populations, employment, and economic activity concentrating in regional trade centers, and with highway travel becoming more concentrated on Minnesota's principal arterial system, Mn/DOT will have to identify and invest in important transportation corridors linking regional trade centers.

TRANSPORTATION - EXECUTIVE SUMMARY (Continued)

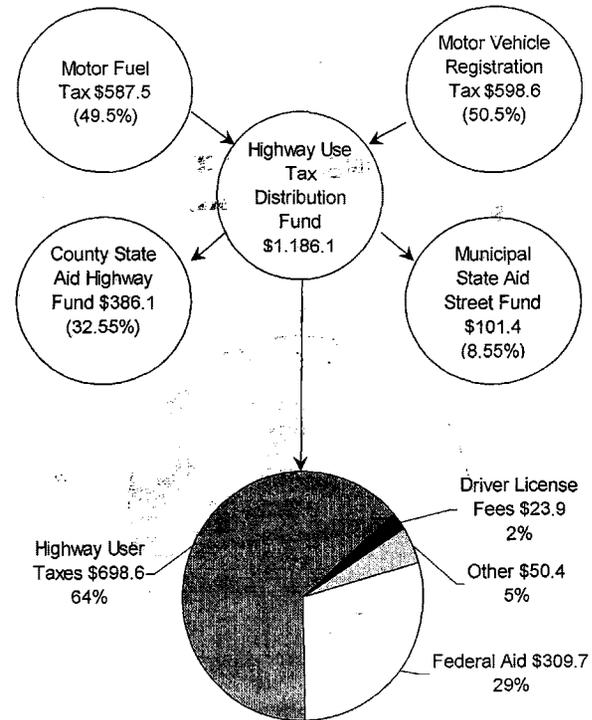
ORGANIZATION/PROGRAM STRUCTURE:

TRENDS AND PERSPECTIVE:

|  |             |
|--|-------------|
| <b>Commissioner &amp; Executive Management</b> | (8 fte)     |
| <b>Chief of Staff</b>                          |             |
| Research Admin.                                | (29 fte)    |
| Public Relations                               | (24 fte)    |
| Government Relations                           | (5 fte)     |
| <b>Corporate Business Group</b>                |             |
| Financial Management                           | (63 fte)    |
| Alternative Transp. Financing                  | (5 fte)     |
| <b>Deputy Commissioner</b>                     |             |
| Audit  | (17 fte)    |
| National Affairs                               | (2 fte)     |
| State Aid for Local Transportation Group       | (46 fte)    |
| Management Operations Group                    | (287 fte)   |
| Program Support Group                          |             |
| Advanced Transportation System                 | (20 fte)    |
| Bridges & Structures                           | (108 fte)   |
| Business Operations                            | (29 fte)    |
| Construction & Contract Admin.                 | (35 fte)    |
| Electronic Communications                      | (69 fte)    |
| Environmental Services                         | (58 fte)    |
| Investment Management                          | (38 fte)    |
| Land Management                                | (137 fte)   |
| Maintenance                                    | (170 fte)   |
| Management Data Services                       | (40 fte)    |
| Materials & Research                           | (149 fte)   |
| Technical Support                              | (118 fte)   |
| Traffic Engineering                            | (48 fte)    |
| Program Delivery Group                         |             |
| Administration                                 | (4 fte)     |
| Corridor Management                            | (2 fte)     |
| Modal Operations Division                      |             |
| Aeronautics                                    | (47 fte)    |
| Freight, Railroads & Waterways                 | (25 fte)    |
| Motor Carrier Services                         | (59 fte)    |
| Transit  | (21 fte)    |
| Metro Division                                 | (1,466 fte) |
| District Operations Division                   |             |
| District 1 - Duluth                            | (387 fte)   |
| District 2 - Bemidji                           | (241 fte)   |
| District 3 - Brainerd                          | (431 fte)   |
| District 4 - Detroit Lakes                     | (269 fte)   |
| District 6 - Rochester                         | (396 fte)   |
| District 7 - Mankato                           | (300 fte)   |
| District 8 - Willmar                           | (219 fte)   |

6/30/00 Total FTEs 5,372

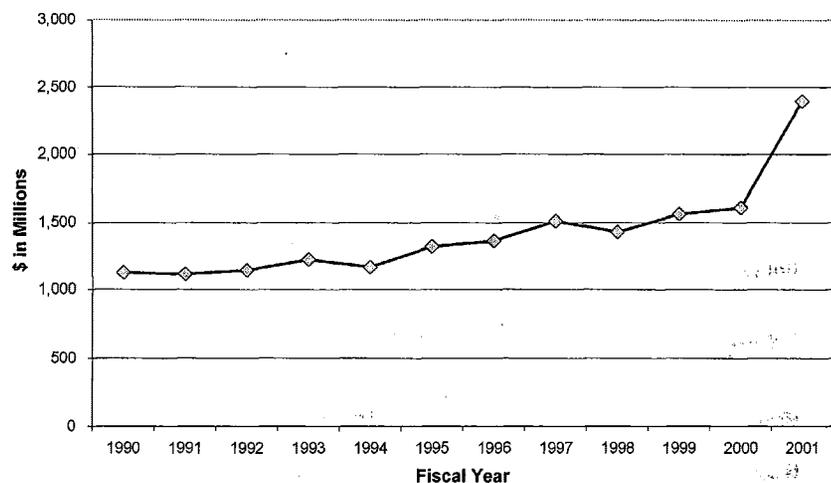
2000 - Trunk Highway Fund  
Revenues - Total \$1.0826 Billion



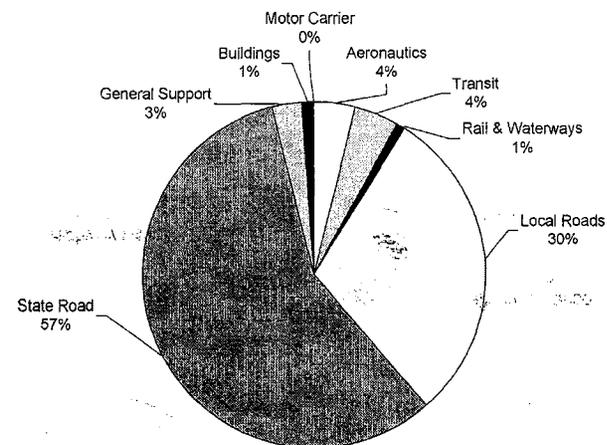
TRANSPORTATION - EXECUTIVE SUMMARY (Continued)

TRENDS AND PERSPECTIVE:

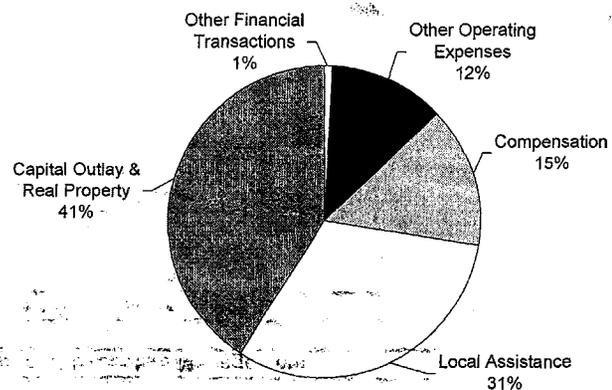
Total Budget - All Funds



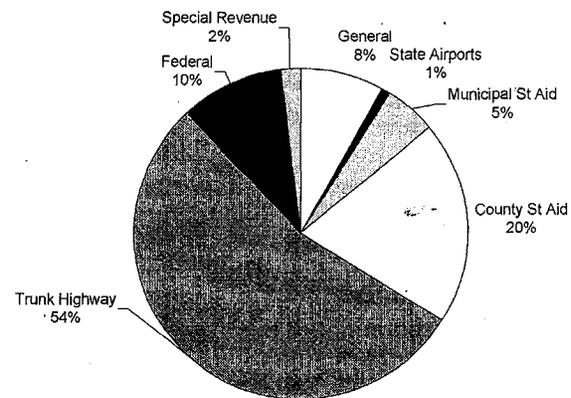
2000-01 Expenditures by Program  
Total: \$4.005 Billion



2000-01 Expenditures by Category  
Total: \$4.005 Billion



2000-01 Expenditures by Fund  
Total: \$4.005 Billion



**GOVERNOR'S RECOMMENDATIONS:**

The Governor recommends the following changes to the agency base level. These change items are outlined on the following budget brief pages as well as detailed on individual change item pages within the agency's budget.

**General Fund**

The Governor recommends the addition of \$4.1 million to the biennial base of \$32 million for total spending in the 2002-03 biennium of \$36.1 million. The additional spending includes \$3.1 million to preserve the current level of Greater Minnesota transit services, including a biennial increase of \$900,000 to the city of Duluth transit system to provide financial equity with other outstate transit systems, and \$1.0 million to provide permanent funding for a passenger rail office.

**Trunk Highway Fund**

The Governor recommends a net addition of \$114.2 million to the biennial base of \$1.97 billion for total spending of \$2.1 billion.

The Governor recommends a biennial reduction of \$30.2 million from the budget base level. The more significant reductions include the following:

- Remove \$9.6 million of sales tax funding from the base.
- Cut \$8 million from the agency's workforce budget.
- Reduce consultant services by \$6 million.
- Reduce the Transportation Worker program by \$1.5 million.
- Reduce inventory costs by \$1 million.

The Governor recommends new spending of \$144.4 million. Areas of significant spending increases include the following:

- \$95.6 million for highway construction and related program delivery costs,
- \$6.8 million for building improvements, replacements and additions,
- \$19.7 for information technology needed for an expanded road construction program and other service improvements,
- \$5.5 million for maintenance of facilities and rest areas,
- \$14.6 million for highway safety and freeway operations enhancements.

**Special Revenue Fund**

The Governor recommends a one-time appropriation of \$900,000 from the Special Revenue Fund to construct an addition to the Eagan driver exam station. Funding for this initiative is recommended from driver license fee revenue rather than the Trunk Highway Fund. The Governor has an initiative in Public Safety's

budget to transfer driver license fee revenue from the Trunk Highway Fund to the Special Revenue Fund.

**State Airports Fund**

The Governor recommends a biennial net increase of \$2.5 million to the base budget of \$38.8 million for total spending of \$41.3 million. A biennial decrease of \$200,000 is recommended in aviation promotion and operating costs. An addition of \$2.7 million is recommended for increased airport maintenance grants, GPS navigation aids, and online aircraft registration.

**Municipal State Aid Street Fund**

The Governor recommends the agency base budget, as adjusted for revenue projections for FY 2002-03. Revenue in the Municipal State Aid Street Fund will be distributed and utilized as provided for in the Minnesota constitution and statutes.

**County State Aid Highway Fund**

The Governor recommends the agency base budget as adjusted for revenue projections for FY 2002-03. Revenue in the County State Aid Fund will be distributed and utilized as provided for in the Minnesota constitution and statutes.

Agency: TRANSPORTATION DEPT

| Agency Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002          |                     | FY 2003          |                     | Biennial Change<br>2002-03 Gov / 2000-01 |               |
|--|-------------------|-------------------|---------------------|------------------|---------------------|------------------|---------------------|--|---------------|
|  |                   |                   |                     | Base             | Governor<br>Recomm. | Base             | Governor<br>Recomm. | Dollars                                  | Percent       |
| <b>Expenditures by Program:</b>          |                   |                   |                     |                  |                     |                  |                     |  |               |
| AERONAUTICS                              | 49,535            | 62,916            | 108,228             | 103,611          | 105,011             | 103,577          | 104,627             | 38,494                                   | 22.5%         |
| TRANSIT                                  | 26,679            | 38,657            | 115,950             | 192,544          | 194,594             | 77,526           | 79,576              | 119,563                                  | 77.3%         |
| RAILROADS & WATERWAYS                    | 5,288             | 8,910             | 12,384              | 9,243            | 9,393               | 9,289            | 9,439               | (2,462)                                  | (11.6%)       |
| MOTOR CARRIER REGULATION                 | 3,324             | 3,137             | 4,955               | 4,324            | 4,824               | 4,503            | 5,003               | 1,735                                    | 21.4%         |
| LOCAL ROADS                              | 538,804           | 570,953           | 612,745             | 642,339          | 642,339             | 668,909          | 668,909             | 127,550                                  | 10.8%         |
| STATE ROADS                              | 880,421           | 870,463           | 1,444,939           | 950,536          | 996,096             | 963,367          | 1,009,374           | (309,932)                                | (13.4%)       |
| GENERAL SUPPORT                          | 52,400            | 51,349            | 66,662              | 56,103           | 63,383              | 57,349           | 64,632              | 10,004                                   | 8.5%          |
| BUILDINGS                                | 5,348             | 3,768             | 29,457              | 0                | 7,716               | 0                | 0                   | (25,509)                                 | (76.8%)       |
| <b>Total Expenditures</b>                | <b>1,561,799</b>  | <b>1,610,153</b>  | <b>2,395,320</b>    | <b>1,958,700</b> | <b>2,023,356</b>    | <b>1,884,520</b> | <b>1,941,560</b>    | <b>(40,557)</b>                          | <b>(1.0%)</b> |

| <b>Financing by Fund:</b>        |                  |                  |                  |                  |                  |                  |                  |  |  |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--|--|
| <b>Direct Appropriations:</b>    |                  |                  |                  |                  |                  |                  |                  |  |  |
| ENVIRONMENT & NATURAL RESOURCE   | 0                | 75               | 75               | 0                | 0                | 0                | 0                |  |  |
| GENERAL                          | 18,067           | 15,598           | 306,024          | 16,007           | 18,057           | 16,033           | 18,083           |  |  |
| STATE GOVERNMENT SPECIAL REVENUE | 59               | 0                | 24               | 0                | 0                | 0                | 0                |  |  |
| SPECIAL REVENUE                  | 0                | 0                | 0                | 0                | 900              | 0                | 0                |  |  |
| STATE AIRPORTS                   | 16,458           | 16,149           | 22,306           | 19,357           | 20,757           | 19,448           | 20,498           |  |  |
| MUNICIPAL STATE AID STREET       | 111,415          | 87,153           | 113,501          | 106,469          | 106,469          | 109,827          | 109,827          |  |  |
| COUNTY STATE AID HIGHWAY         | 336,341          | 386,603          | 390,067          | 405,330          | 405,330          | 418,113          | 418,113          |  |  |
| TRUNK HIGHWAY                    | 914,023          | 903,951          | 1,218,536        | 979,811          | 1,040,117        | 993,867          | 1,047,807        |  |  |
| <b>Open Appropriations:</b>      |                  |                  |                  |                  |                  |                  |                  |  |  |
| STATE AIRPORTS                   | 110              | 90               | 80               | 0                | 0                | 0                | 0                |  |  |
| MUNICIPAL STATE AID STREET       | 1,678            | 1,745            | 2,193            | 2,198            | 2,198            | 2,292            | 2,292            |  |  |
| COUNTY STATE AID HIGHWAY         | 5,331            | 5,848            | 6,885            | 8,342            | 8,342            | 8,677            | 8,677            |  |  |
| TRUNK HIGHWAY                    | 9,120            | 8,170            | 8,448            | 9,547            | 9,547            | 9,833            | 9,833            |  |  |
| HIGHWAY USERS TAX DISTRIBUTION   | 415              | 616              | 590              | 590              | 590              | 590              | 590              |  |  |
| <b>Statutory Appropriations:</b> |                  |                  |                  |                  |                  |                  |                  |  |  |
| SPECIAL REVENUE                  | 5,401            | 14,592           | 46,909           | 111,782          | 111,782          | 51,782           | 51,782           |  |  |
| STATE AIRPORTS                   | 1,543            | 1,119            | 3,254            | 1,593            | 1,593            | 1,593            | 1,593            |  |  |
| TRUNK HIGHWAY                    | 13,847           | 10,857           | 18,899           | 17,140           | 17,140           | 17,140           | 17,140           |  |  |
| FEDERAL                          | 127,808          | 156,453          | 256,294          | 280,177          | 280,177          | 234,943          | 234,943          |  |  |
| MISCELLANEOUS AGENCY             | 183              | 1,134            | 1,235            | 357              | 357              | 382              | 382              |  |  |
| <b>Total Financing</b>           | <b>1,561,799</b> | <b>1,610,153</b> | <b>2,395,320</b> | <b>1,958,700</b> | <b>2,023,356</b> | <b>1,884,520</b> | <b>1,941,560</b> |  |  |

| <b>FTE by Employment Type:</b>    |                |                |                |                |                |                |                |  |  |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|--|
| FULL TIME                         | 5,059.4        | 4,926.2        | 5,059.4        | 5,059.4        | 5,066.9        | 5,059.4        | 5,066.9        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 275.0          | 288.3          | 131.5          | 131.5          | 131.5          | 131.5          | 131.5          |  |  |
| OVERTIME PAY                      | 166.2          | 157.4          | 158.3          | 158.3          | 158.3          | 158.3          | 158.3          |  |  |
| <b>Total Full-Time Equivalent</b> | <b>5,270.8</b> | <b>5,371.9</b> | <b>5,349.2</b> | <b>5,349.2</b> | <b>5,356.7</b> | <b>5,349.2</b> | <b>5,356.7</b> |  |  |

**TRANSPORTATION DEPT - BUDGET BRIEF**

**Fund: GENERAL**

|  | <u>FY 2002</u>  | <u>FY 2003</u>  | <u>Biennium</u> |
|--|-----------------|-----------------|-----------------|
| <b>BASE YEAR (FY 2001) (\$000s)</b>          |                 |                 |                 |
| Appropriations                               | \$350,757       | \$350,757       | \$701,514       |
| <b><u>BASE ADJUSTMENT</u></b>                |                 |                 |                 |
| One-Time Appropriations                      | (334,777)       | (334,777)       | (669,554)       |
| Documented Space Rental/Lease                | 5               | 7               | 12              |
| 2002-2003 Salary & Benefit Base              | 22              | 46              | 68              |
| <b><u>BASE LEVEL (for 2002 and 2003)</u></b> | <b>\$16,007</b> | <b>\$16,033</b> | <b>\$32,040</b> |
| <b><u>CHANGE ITEMS</u></b>                   |                 |                 |                 |
| Transit-Preservation of Existing Serv (Exp)  | 1,550           | 1,550           | 3,100           |
| New Passenger Rail Office                    | 500             | 500             | 1,000           |
| <b>GOVERNOR'S RECOMMENDATION</b>             | <b>\$18,057</b> | <b>\$18,083</b> | <b>\$36,140</b> |

**BRIEF EXPLANATION OF BASE ADJUSTMENT:**

Base adjustments shown are primarily reductions for one-time money appropriated by the 2000 legislature for highway construction, as well as \$405,000 in transit assistance appropriations from the 1999 appropriation, which were specified as one-time appropriations. \$277.5 million was appropriated in 2001 for road construction (corridor connection and bottlenecks). These appropriations are shown in this budget as being spent in FY 2001, though the legislature made these appropriations available through FY 2003. Significant amounts of these appropriations may not actually be spent until FY 2002 and FY 2003.

Other adjustments shown are for documented increases in existing space rental leases and for salary and benefit increases for existing employees.

**GOVERNOR'S RECOMMENDATION(S):**

The Governor recommends the following:

- \$3.1 million for the biennium to maintain current transit service levels throughout greater Minnesota.
- \$1.0 million for the biennium to staff an office in Mn/DOT to oversee passenger rail activities in Minnesota.

**TRANSPORTATION DEPT - BUDGET BRIEF**

**Fund: SPECIAL REVENUE**

|  | <u>FY 2002</u> | <u>FY 2003</u> | <u>Biennium</u> |
|--|----------------|----------------|-----------------|
| <b>BASE YEAR (FY 2001) (\$000s)</b>          |                |                |                 |
| Appropriations                               | \$-0-          | \$-0-          | \$-0-           |
| <b><u>BASE ADJUSTMENT</u></b>                |                |                |                 |
|  | -0-            | -0-            | -0-             |
|  | (0)            | (0)            | (0)             |
| <b><u>BASE LEVEL (for 2002 and 2003)</u></b> | <b>\$-0-</b>   | <b>\$-0-</b>   | <b>\$-0-</b>    |
| <b><u>CHANGE ITEMS</u></b>                   |                |                |                 |
|  | \$900          | -0-            | \$900           |
|  | -0-            | -0-            | -0-             |
| <b>GOVERNOR'S RECOMMENDATION</b>             | <b>\$900</b>   | <b>\$-0-</b>   | <b>\$900</b>    |

**GOVERNOR'S RECOMMENDATION(S):**

This request funds a building request for an addition to the Drivers License Examining Station in Eagan, which will be funded from driver license fees. This is part of the Operational Building request.

**TRANSPORTATION DEPT - BUDGET BRIEF**

**Fund: STATE AIRPORTS**

|  | <u>FY 2002</u>      | <u>FY 2003</u>      | <u>Biennium</u>     |
|--|---------------------|---------------------|---------------------|
| <b>BASE YEAR (FY 2001) (\$000s)</b>          |                     |                     |                     |
| Appropriations                               | \$19,419            | \$19,419            | \$38,838            |
| <b><u>BASE ADJUSTMENT</u></b>                |                     |                     |                     |
| One-Time Appropriations                      | \$(150)             | \$(150)             | \$(300)             |
| 2002-03 Salary and Benefit Base              | \$88                | \$179               | \$267               |
| <b><u>BASE LEVEL (for 2002 and 2003)</u></b> | <b>\$19,357</b>     | <b>\$19,448</b>     | <b>\$38,805</b>     |
| <b><u>CHANGE ITEMS</u></b>                   |                     |                     |                     |
| Implement GPS Navigation (Exp)               | 600                 | 600                 | 1,200               |
| Online Aircraft Registration (Exp)           | 400                 | 50                  | 450                 |
| Increase Airport Maintenance Grants (Exp)    | 500                 | 500                 | 1,000               |
| Reduce Aeronautics Operating (Exp)           | (100)               | (100)               | (200)               |
| <br><b>GOVERNOR'S RECOMMENDATION</b>         | <br><b>\$20,757</b> | <br><b>\$20,498</b> | <br><b>\$41,255</b> |

**BRIEF EXPLANATION OF BASE ADJUSTMENTS:**

Base adjustments reflect:

- a one-time adjustment for an increase to the capitalization level of the Hangar Revolving Account by the 1999 legislature;
- anticipated increases for salary and benefits for existing employees.

**GOVERNOR'S RECOMMENDATION(S):**

- \$1.2 million for the biennium to implement a Global Positioning Navigation System in conjunction with the Federal Aviation Administration.
- \$450,000 for the biennium to develop an electronic online aircraft registration system.
- \$1 million for the biennium to increase maintenance grants to reimburse municipalities for maintenance and operating costs at municipal airports.
- A \$200,000 reduction for the biennium in Aeronautics operating expenses.

**TRANSPORTATION DEPT - BUDGET BRIEF**

**Fund: MUNICIPAL STATE AID STREET**

|  | <u>FY 2002</u>   | <u>FY 2003</u>   | <u>Biennium</u>  |
|--|------------------|------------------|------------------|
| <b>BASE YEAR (FY 2001) (\$000s)</b>          |                  |                  |                  |
| Appropriations                               | \$107,394        | \$107,394        | \$214,788        |
| <b><u>BASE ADJUSTMENT</u></b>                |                  |                  |                  |
| Open Appropriation Forecast Adjustment       | (925)            | 2,433            | 1,508            |
| <b><u>BASE LEVEL (for 2002 and 2003)</u></b> | <b>\$106,469</b> | <b>\$109,827</b> | <b>\$216,296</b> |
| <b>GOVERNOR'S RECOMMENDATION</b>             | <b>\$106,469</b> | <b>\$109,827</b> | <b>\$216,296</b> |

**BRIEF EXPLANATION OF BASE ADJUSTMENT:**

This adjustment reflects anticipated changes to the income to this fund in the biennium.

**GOVERNOR'S RECOMMENDATION(S):**

All funds are allocated to municipalities by constitutional formula and current statutory provisions.

**TRANSPORTATION DEPT - BUDGET BRIEF**

**Fund: COUNTY STATE AID HIGHWAY**

|  | <u>FY 2002</u>   | <u>FY 2003</u>   | <u>Biennium</u>  |
|--|------------------|------------------|------------------|
| <b>BASE YEAR (FY 2001) (\$000s)</b>          |                  |                  |                  |
| Appropriations                               | \$366,624        | \$366,624        | \$733,248        |
| <b><u>BASE ADJUSTMENT</u></b>                |                  |                  |                  |
| Open Appropriation Forecast Adjustment       | 38,706           | 51,489           | 90,195           |
| <b><u>BASE LEVEL (for 2002 and 2003)</u></b> | <b>\$405,330</b> | <b>\$418,113</b> | <b>\$823,443</b> |
| <b>GOVERNOR'S RECOMMENDATION</b>             | <b>\$405,330</b> | <b>\$418,113</b> | <b>\$823,443</b> |

**BRIEF EXPLANATION OF BASE ADJUSTMENT:**

This adjustment reflects changes in anticipated revenue to the fund.

**GOVERNOR'S RECOMMENDATION(S):**

All funds will be allocated to the counties by constitutional formula and current statutory provisions.

**TRANSPORTATION DEPT - BUDGET BRIEF**

**Fund: TRUNK HIGHWAY**

|  | <u>FY 2002</u>   | <u>FY 2003</u>   | <u>Biennium</u>    |
|--|------------------|------------------|--------------------|
| <b>BASE YEAR (FY 2001) (\$000s)</b>    |                  |                  |                    |
| Appropriations                         | \$1,084,929      | \$1,084,929      | \$2,169,858        |
| <b><u>BASE ADJUSTMENT</u></b>          |                  |                  |                    |
| Attorney General Costs                 | 56               | 115              | 171                |
| Documented Space Rental/Lease          | 669              | 834              | 1,503              |
| 2002-03 Salary & Benefit Base          | 8,576            | 17,415           | 25,991             |
| System Development Cost                | (500)            | (500)            | (1,000)            |
| Open Appropriation Forecast Adjustment | 6,060            | 11,053           | 17,113             |
| One-Time Appropriations                | (119,979)        | (119,979)        | (239,958)          |
| <b>BASE LEVEL (for 2002 and 2003)</b>  | <b>\$979,811</b> | <b>\$993,867</b> | <b>\$1,973,678</b> |

**CHANGE ITEMS - REDUCTIONS (\$000s)**

|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| Base Reduction-Sales Tax (Exp)         | \$(4,800)         | \$(4,800)         | \$(9,600)         |
| Inventory Reduction (Exp)              | (750)             | (250)             | (1,000)           |
| Program Support Consolidations (Exp)   | (570)             | (570)             | (1,140)           |
| Eliminate Shops & Svcs-Elec Comm (Exp) | (125)             | (125)             | (250)             |
| Trans Worker Implementation (Exp)      | (750)             | (750)             | (1,500)           |
| Consultant Services Reduction (Exp)    | (3,000)           | (3,000)           | (6,000)           |
| Base Reduction-Workforce Mgmt (Exp)    | (4,000)           | (4,000)           | (8,000)           |
| Intelligent Transp Systems Coord (Exp) | (825)             | (825)             | (1,650)           |
| Reduce Research Activities (Exp)       | (250)             | (250)             | (500)             |
| Off of Human Res Consolidations (Exp)  | (270)             | (270)             | (540)             |
| <b>Subtotal</b>                        | <b>\$(15,340)</b> | <b>\$(14,840)</b> | <b>\$(30,180)</b> |

**CHANGE ITEMS - NON-CONSTRUCTION INCREASES (\$000s):**

|  |                 |                 |                 |
|--|-----------------|-----------------|-----------------|
| Road Equipment and Support                           | \$3,250         | \$3,250         | \$6,500         |
| Information Tech Infrastructure (Exp)                | 6,600           | 6,600           | 13,200          |
| Information Technology Dev (Exp)                     | 2,000           | 2,000           | 4,000           |
| Commercial Vehicle Info System (Exp)                 | 500             | 500             | 1,000           |
| Pavement Striping (Exp)                              | 3,000           | 3,000           | 6,000           |
| Rest Area Maintenance (Exp)                          | (75)            | 75              | -0-             |
| Native American Liaison (Exp)                        | 125             | 125             | 250             |
| GIS Data Integration (Exp)                           | 750             | 750             | 1,500           |
| MPO Grant/Statewide Transportation Plan Update (Exp) | 250             | 50              | 300             |
| Corridor Grade Crossing Safety (Exp)                 | 150             | 150             | 300             |
| Facilities Maintenance Program (Exp)                 | 2,750           | 2,750           | 5,500           |
| Alternative Finance Projects (Exp)                   | 150             | 150             | 300             |
| Transp OPS Comm Center Support (Exp)                 | 100             | 100             | 200             |
| Scientific Equipment (Exp)                           | 500             | 500             | 1,000           |
| Develop Design-Build Methods (Exp)                   | 100             | 100             | 200             |
| Highway Systems Maintenance                          | <u>875</u>      | <u>875</u>      | <u>1,750</u>    |
| <b>Subtotal</b>                                      | <b>\$21,025</b> | <b>\$20,975</b> | <b>\$42,000</b> |

**CHANGE ITEMS - CONSTRUCTION INCREASES (\$000s)**

|  | <u>FY 2002</u>   | <u>FY 2003</u>   | <u>Biennium</u>  |
|--|------------------|------------------|------------------|
| Operations Building Projects (Exp)     | 6,816            | 0                | 6,816            |
| Increase in Highway Construction (Exp) | <u>47,805</u>    | <u>47,805</u>    | <u>95,610</u>    |
| <b>Subtotal</b>                        | <b>54,621</b>    | <b>47,805</b>    | <b>102,426</b>   |
| <b>GOVERNOR'S RECOMMENDATION</b>       | <b>1,040,117</b> | <b>1,047,807</b> | <b>2,087,924</b> |

**BRIEF EXPLANATION OF BASE ADJUSTMENTS:**

- Attorney General Costs and Documented Space Rental adjustments reflect documented increases in these costs.
- The 2002-03 Salary & Benefit Base adjustment reflects anticipated wage and benefit increases for existing employees.
- The System Development Cost item reverses a one-time appropriation for this purpose by the 1999 legislature.
- The Open Appropriation Forecast Adjustment reflects anticipated increases in the agency's direct appropriation for debt service due to the sale of Trunk Highway bonds authorized by the 2000 legislature.
- The One-time Appropriation adjustment reverses one-time appropriations made by the 1999 and 2000 legislatures for such items as the 2000 census, road construction, and capital building projects. \$76.5 million was appropriated in 2001 for road construction (corridor connections and bottlenecks). These appropriations are shown in this budget as being spent in FY 2001, though the legislature made these appropriations available through FY 2003. Significant amounts of these appropriations may not actually be spent until FY 2002 and FY 2003. The adjustment also reverses \$90 million of federal fund receipts for road construction authorized by the Legislative Advisory Commission.

**GOVERNOR'S RECOMMENDATION(S):**

The Governor recommends the following initiatives:

**Biennial Reductions:**

- \$9.6 million to remove sales tax funding from the agency base;
- \$1.0 million in inventory reduction reflecting savings from application of technology, improved management of procurement and inventory practices;
- \$1.1 million to eliminate central office administrative support, Driving Minnesota and telework programs and reduce bituminous field assistance and other miscellaneous support programs;
- \$250,000 to close three radio maintenance shops;

## TRANSPORTATION DEPT - BUDGET BRIEF

### Fund: TRUNK HIGHWAY (Continued)

- \$1.5 million to reduce the Transportation Worker program;
- \$6.0 million to reduce consultant services;
- \$8.0 million to reduce MnDOT's workforce;
- \$1.7 million to reflect a streamlining of the Intelligent Transportation Systems (ITS) program as it reaches the deployment stage;
- \$500,000 to reduce research activities in the Office of Research & Investment Management and from Mn/Road research; and
- \$540,000 for consolidation and other organizational changes under the Office of Human Resources.

#### **Biennial Increases:**

- \$6.5 million for additional road equipment and support;
- \$13.2 million to maintain and improve MnDOT's information technology networks;
- \$4.0 million for information technology development to improve electronic delivery of agency services to citizens;
- \$1.0 million for reengineering and improving the Commercial Vehicle Operation/Commercial Vehicle Information Systems;
- \$6.0 million to maintain bright pavement stripes 365 days per year;
- \$0.0 (net over the biennium) for maintaining rest areas;
- \$250,000 for a Native American liaison for government-to-government level interactions with tribal governments concerning transportation projects;
- \$1.5 million to create centralized Geographic Information Systems and staff;
- \$300,000 to update the statewide transportation plan as well as provide planning grant funds for a new Metropolitan Planning Organization (MPO);
- \$300,000 to enable the agency to better respond to requests for grade crossing safety studies;
- \$5.5 million to more adequately maintain and repair MnDOT facilities;
- \$300,000 for projects to investigate efficient collection of road user fees and to demonstrate efficiencies of wireless technology to provide easier access to transportation information;
- \$200,000 for administrative support costs of deploying the Transportation Operations Communications Center network;

- \$1.0 million for scientific equipment for new GPS base stations and receivers as well as acquisition of new mapping and aerial photography equipment; and
- \$200,000 to develop design-build methods for roads and bridges.
- \$1.8 million to increase highway signal and lighting maintenance activities.

#### **Construction:**

- \$6.8 million for road operations building construction projects that are in close proximity to the transportation infrastructure. Each of the projects or categories is less than \$1 million.
- \$95.6 million for increased highway road construction expenditures, of which \$25 million represents Moving Minnesota initiatives.

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## TRANSPORTATION DEPT - REVENUE SUMMARY

### REVENUE SOURCES:

The Department of Transportation generates non-dedicated revenues, dedicated revenues, and federal funds. The primary funding for Mn/DOT non-federal expenditures comes as a transfer from the Highway User Tax Distribution fund (HUTD) to the Trunk Highway Fund. In FY 2001 it is estimated that the Trunk Highway Fund will receive \$350.1 million from motor fuel tax collections and another \$267.1 million from motor vehicle registrations and fees. Drivers license sales and patrol fines collected by the Department of Public Safety will add another \$30.7 million of non-dedicated revenues to the Trunk Highway Fund. Funds collected directly by Mn/DOT in FY 2001 are deposited in several state funds.

- General and Cambridge Funds - \$266,000, primarily from aircraft licenses and motor carrier fees.
- Special Revenue Fund - \$41.4 million, primarily from partnership agreements throughout the various Mn/DOT programs.
- State Airports Fund - \$13.6 million, derived from air flight property taxes and aircraft registration tax collection.
- Highway User Tax Distribution Fund (HUTD) - \$1.4 million from investment income.
- Agency Fund - \$1.1 million for right-of-way and other damage deposits, and short term loans for equipment purchases.
- Hangar Revolving Fund - \$700,000 from payments received for hangar construction loans.
- Air Transportation Revolving Fund - \$893,000 used to recover the Mn/DOT-owned airplane expenses and borne by all users of the aircraft.
- Municipal State Aid Street Fund - \$8.8 million gained from investment income.
- County State Aid Street Fund - \$16.3 million derived from investment income.
- Trunk Highway Fund - \$53.1 million collected from fees, account receivable and investment income; \$367.9 million in federal formula highway funds reimbursed to the trunk highway fund, including \$90 million for Advance Construction. It also reflects the loss of \$3.8 million in FY 2001-02 and \$7.7 in FY 2003 and beyond for DWI repeat offender sanctions.
- Federal Fund - The department actively seeks grants from the federal government, and as a result was awarded 34 grants in FY 2001 totaling \$244.4 million. This excludes federal formula highway funds, but does include \$100 million for local government projects.

### FEE STRUCTURE:

There are numerous state statutes requiring Mn/DOT to regulate occupational groups, individuals and businesses by licensing or registration, endorsement of rules, or provision of education services. Fees are established to partially recover the cost of providing these services to various clients: trucking firms, aeronautics, rail, waterways and transit-related customers, and the general traveling public.

The department collects fees for advertising devices along highway right-of-way and collects rents for use of vacant right-of-way land until it is used for agency roadway purposes. A portion of agency non-dedicated fee revenue is derived from inter-governmental lab testing and road products testing. Mn/DOT also provides road construction and maintenance for county and municipal agencies that find using Mn/DOT to be more efficient than doing all of their own road activities. Transportation permits are issued for overweight/size vehicles that increase road wear and increase the demand for road maintenance.

### RECENT CHANGES:

The annual increase in revenue streams for Mn/DOT has remained fairly constant in the past three fiscal years. We have seen an approximate 20-25% growth in total Mn/DOT dedicated and non-dedicated revenues, along with a 5-7% growth in HUTD fund transfers to the department through FY 2000.

A 1999 legislative initial mandate reduced motor vehicle registration fees to \$189 the year after purchase and a maximum of \$99 thereafter. The HUTD revenues will be reduced by approximately \$150.0 million in FY 2001 and about \$162.0 million or more in subsequent years. This loss of funding will be replaced by a transfer from the General Fund in FY 2001 and FY 2002. FY 2003 and on will be replaced by a transfer of 32% of the motor vehicle excise tax (estimated at \$193.0 million in FY 2003).

### FORECAST BASIS:

Very little change is forecast for the agency in types of revenue or revenue growth patterns. Mn/DOT-collected funds, led by federal construction grants, should remain stable over the next biennium. Predictions for HUTD fund growth are more guarded at about 1.5-2.0% when the general fund license plate reduction transfer is considered in its receipts. This forecast should enable Mn/DOT to continue to comply with its grant mandates as well as accomplish the mission of the department.

### CHANGE ITEMS:

No change items affecting the collection of revenue to the agency are being requested by the department.

Agency: TRANSPORTATION DEPT

| Summary of Agency Revenues<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002        |                     | FY 2003        |                     | Biennial Change<br>2002-03 Gov / 2000-01 |               |
|--|-------------------|-------------------|---------------------|----------------|---------------------|----------------|---------------------|--|---------------|
|  |                   |                   |                     | Forecast       | Governor<br>Recomm. | Forecast       | Governor<br>Recomm. | Dollars                                  | Percent       |
| <b>Non-Dedicated Revenue:</b>                        |                   |                   |                     |                |                     |                |                     |  |               |
| <b>Departmental Earnings:</b>                        |                   |                   |                     |                |                     |                |                     |  |               |
| GENERAL  | 0                 | 0                 | 0                   | 165            | 165                 | 165            | 165                 | 330                                      |               |
| CAMBRIDGE DEPOSIT FUND                               | 175               | 191               | 165                 | 0              | 0                   | 0              | 0                   | (356)                                    | (100.0%)      |
| TRUNK HIGHWAY  | 10,091            | 8,528             | 12,636              | 12,871         | 12,871              | 12,881         | 12,881              | 4,588                                    | 21.7%         |
| <b>Grants:</b>                                       |                   |                   |                     |                |                     |                |                     |  |               |
| STATE AIRPORTS                                       | 0                 | 3                 | 250                 | 250            | 250                 | 250            | 250                 | 247                                      | 97.6%         |
| TRUNK HIGHWAY  | 236,579           | 308,610           | 367,895             | 300,000        | 300,000             | 326,000        | 326,000             | (50,505)                                 | (7.5%)        |
| <b>Other Revenues:</b>                               |                   |                   |                     |                |                     |                |                     |  |               |
| GENERAL  | 197               | 70                | 50                  | 50             | 50                  | 50             | 50                  | (20)                                     | (16.7%)       |
| STATE AIRPORTS                                       | 1,549             | 1,530             | 1,108               | 1,108          | 1,108               | 1,108          | 1,108               | (422)                                    | (16.0%)       |
| MUNICIPAL STATE AID STREET                           | 4,906             | 6,004             | 8,750               | 8,750          | 8,750               | 8,750          | 8,750               | 2,746                                    | 18.6%         |
| COUNTY STATE AID HIGHWAY                             | 13,068            | 15,445            | 16,250              | 16,250         | 16,250              | 16,250         | 16,250              | 805                                      | 2.5%          |
| TRUNK HIGHWAY  | 25,197            | 22,500            | 23,046              | 23,161         | 23,161              | 23,512         | 23,512              | 1,127                                    | 2.5%          |
| HIGHWAY USERS TAX DISTRIBUTION                       | 1,392             | 1,547             | 1,390               | 1,390          | 1,390               | 1,390          | 1,390               | (157)                                    | (5.3%)        |
| <b>Other Sources:</b>                                |                   |                   |                     |                |                     |                |                     |  |               |
| GENERAL  | 0                 | 0                 | 1                   | 1              | 1                   | 1              | 1                   | 1  | 100.0%        |
| <b>Taxes:</b>  |                   |                   |                     |                |                     |                |                     |  |               |
| GENERAL  | 38                | 34                | 50                  | 50             | 50                  | 50             | 50                  | 16                                       | 19.0%         |
| STATE AIRPORTS                                       | 12,474            | 15,520            | 12,200              | 13,500         | 13,500              | 13,800         | 13,800              | (420)                                    | (1.5%)        |
| TRUNK HIGHWAY  | 0                 | 0                 | 200                 | 200            | 200                 | 200            | 200                 | 200                                      | 100.0%        |
| <b>Total Non-Dedicated Receipts</b>                  | <b>305,666</b>    | <b>379,982</b>    | <b>443,991</b>      | <b>377,746</b> | <b>377,746</b>      | <b>404,407</b> | <b>404,407</b>      | <b>(41,820)</b>                          | <b>(5.1%)</b> |

| Summary of Agency Revenues<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002        |                     | FY 2003        |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|--|-------------------|-------------------|---------------------|----------------|---------------------|----------------|---------------------|--|--------------|
|  |                   |                   |                     | Forecast       | Governor<br>Recomm. | Forecast       | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Dedicated Receipts:</b>                           |                   |                   |                     |                |                     |                |                     |  |              |
| <b>Departmental Earnings (Inter-Agency):</b>         |                   |                   |                     |                |                     |                |                     |  |              |
| SPECIAL REVENUE                                      | 0                 | 0                 | 52                  | 0              | 0                   | 0              | 0                   | (52)                                     | (100.0%)     |
| <b>Departmental Earnings:</b>                        |                   |                   |                     |                |                     |                |                     |  |              |
| SPECIAL REVENUE                                      | 39                | 21                | 275                 | 275            | 275                 | 275            | 275                 | 254                                      | 85.8%        |
| STATE AIRPORTS                                       | 624               | 607               | 890                 | 890            | 890                 | 890            | 890                 | 283                                      | 18.9%        |
| MISCELLANEOUS AGENCY                                 | 0                 | 0                 | 2                   | 2              | 2                   | 2              | 2                   | 2  | 100.0%       |
| <b>Grants:</b>                                       |                   |                   |                     |                |                     |                |                     |  |              |
| SPECIAL REVENUE                                      | 2,826             | 9,938             | 38,350              | 108,118        | 108,118             | 48,118         | 48,118              | 107,948                                  | 223.6%       |
| TRUNK HIGHWAY  | 5,934             | 5,627             | 16,100              | 16,100         | 16,100              | 16,100         | 16,100              | 10,473                                   | 48.2%        |
| FEDERAL  | 127,145           | 157,226           | 253,904             | 280,124        | 280,124             | 234,880        | 234,880             | 103,874                                  | 25.3%        |
| <b>Other Revenues:</b>                               |                   |                   |                     |                |                     |                |                     |  |              |
| SPECIAL REVENUE                                      | 410               | 555               | 760                 | 744            | 744                 | 744            | 744                 | 173                                      | 13.2%        |
| STATE AIRPORTS                                       | 0                 | 8                 | 3                   | 3              | 3                   | 3              | 3                   | (5)                                      | (45.5%)      |
| TRUNK HIGHWAY  | 2,114             | 4,816             | 1,127               | 1,040          | 1,040               | 1,040          | 1,040               | (3,863)                                  | (65.0%)      |
| FEDERAL  | 63                | 271               | 74                  | 53             | 53                  | 63             | 63                  | (229)                                    | (66.4%)      |
| MISCELLANEOUS AGENCY                                 | 177               | 317               | 310                 | 335            | 335                 | 360            | 360                 | 68                                       | 10.8%        |
| <b>Other Sources:</b>                                |                   |                   |                     |                |                     |                |                     |  |              |
| SPECIAL REVENUE                                      | 2,436             | 3,325             | 2,000               | 2,000          | 2,000               | 2,000          | 2,000               | (1,325)                                  | (24.9%)      |
| STATE AIRPORTS                                       | 597               | 650               | 700                 | 700            | 700                 | 700            | 700                 | 50                                       | 3.7%         |
| MISCELLANEOUS AGENCY                                 | 0                 | 823               | 820                 | 0              | 0                   | 0              | 0                   | (1,643)                                  | (100.0%)     |
| <b>Total Dedicated Receipts</b>                      | <b>142,365</b>    | <b>184,184</b>    | <b>315,367</b>      | <b>410,384</b> | <b>410,384</b>      | <b>305,175</b> | <b>305,175</b>      | <b>216,008</b>                           | <b>43.2%</b> |
| <b>Agency Total Revenues</b>                         | <b>448,031</b>    | <b>564,166</b>    | <b>759,358</b>      | <b>788,130</b> | <b>788,130</b>      | <b>709,582</b> | <b>709,582</b>      | <b>174,188</b>                           | <b>13.2%</b> |

## TRANSPORTATION DEPT - FEDERAL FUNDS SUMMARY

Mn/DOT-collected revenues (lab testing, motor carrier fees) contribute approximately 4% to the department's overall receipts, while federal sources contribute 44%. Transfers from the Highway User Tax Distribution Fund (HUTD) provide for 48% of department activities. The balance of the agency's funding is derived from non-trunk highway appropriations and fund balance drawdowns (4%). Much of the federal revenue is passed through the department to local governments and entities as pass-through grants or direct payments for activities on behalf of the department.

Federal revenues are a major source of overall funding for several of the department's budget programs. Of the proposed expenditures in these programs, federal revenues represent approximately the following percents: State Roads 33%, Transit 52%, Aeronautics 77%, Rail and Waterways 41%, Motor Carrier 16% and Local Roads 16%. Most of the federal revenues are relatively stable. In cases where these revenues have fluctuated, the department has adjusted to compensate for the changes. The department anticipates very little change in overall available federal revenues for the next biennium with the largest dollar increase occurring in the State Roads program. Although overall federal revenues supporting most transit activities are expected to remain at approximately current levels for the FY 2002-2003 biennium, there will be an increase for the Northstar Corridor Planning Study.

Certain federal revenues are available on a one-time basis, such as the FEMA Living Snowfence and Central Corridor Study, or are project-based, such as the Guidestar program.

Mn/DOT aggressively seeks federal sources of funding as opportunities present themselves. New federal programs affecting Minnesota constituents are monitored to maintain as high a level as possible with available resources.

**TRANSPORTATION DEPT - FEDERAL FUNDS SUMMARY (Continued)**

| <b>Federal Program (\$ in Thousands)</b>                                 | <b>Related SFY 2000 Spending</b>                     | <b>Primary Purpose</b>   | <b>SFY 2000 Revenues</b> | <b>SFY 2001 Revenues</b> | <b>Estimated SFY 2002 Revenues</b> | <b>Estimated SFY 2003 Revenues</b> |
|--|--|--|--------------------------|--------------------------|------------------------------------|------------------------------------|
| <b>AERONAUTICS</b>   |  |  |                          |                          |                                    |                                    |
| Aviation Planning Grant  | State is required to provide 10% matching funds.     | Planning grants for state aviation system.   | 3                        | 250                      | 250                                | 250                                |
| Federal Airport Improvement Program                                      | Airport may be required to provide matching funds.   | Upgrading and modernizing airports in Minnesota  | 44,336                   | 80,000                   | 80,000                             | 80,000                             |
| Airport Inspection Program 5010  | None   | State inspection of airports for safety concerns                                       | -0-                      | 70                       | 35                                 | 35                                 |
| Minneapolis - St. Paul Airport Cargo Study                               | None   | Twin Cities Airports Task Force --Study of MSP Cargo Operations                        | -0-                      | 125                      | 125                                | -0-                                |
| Air Traffic Control Training   | None   | Fund air traffic control training at Hennepin Vo-Tech, Eden Prairie                    | 1,262                    | 2,500                    | 2,500                              | 2,500                              |
| <b>TRANSIT</b>   |  |  |                          |                          |                                    |                                    |
| Non-Urban Area Formula Grant Program (FTA Section 5311)                  | Operating - Local 40% Mn/DOT 35% Capital - Local 20% | Provides capital and operating assistance to areas w <50,000 population                | 6,701                    | 5,954                    | 6,292                              | 6,629                              |
| Urban Area Formula Program (FTA Section 5307)                            | Local - \$2,515                                      | Provides capital and planning funds for Twin Cities Metro Area                         | -0-                      | 6,968                    | -0-                                | -0-                                |
| Elderly & Persons w/Disabilities Program (Capital Sec 5310 Vehicle Disp) | None   | Reimbursement of funds originally spent on Sec 16 vehicles which have been disposed of | 13                       | 50                       | 50                                 | 50                                 |

**TRANSPORTATION DEPT - FEDERAL FUNDS SUMMARY (Continued)**

| <b>Federal Program (\$ in Thousands)</b>  | <b>Related SFY 2000 Spending</b>          | <b>Primary Purpose</b>   | <b>SFY 2000 Revenues</b> | <b>SFY 2001 Revenues</b> | <b>Estimated SFY 2002 Revenues</b> | <b>Estimated SFY 2003 Revenues</b> |
|---|---|--|--------------------------|--------------------------|------------------------------------|------------------------------------|
| Northstar Commuter Bus  | State – 20%                               | Funds for parking facility and commuter bus from Sherburne County to Minneapolis                         | -0-                      | 8,850                    | -0-                                | -0-                                |
| Foley Park and Ride   | Local – 20%                               | Capital funds to construct a park and ride facility in Foley   | -0-                      | 981                      | -0-                                | -0-                                |
| Elderly & Persons w/Disabilities Program (FTA Capital Purchases)  | Capital – Local 20%<br>Admin – Mn/DOT 20% | Provides capital assistance to private/non-profit & other organizations for elderly & disabled travelers | 1,367                    | 1,237                    | 1,336                              | 1,435                              |
| Metropolitan Planning Program<br>State Planning & Research Program<br>(UMTA Section 5303/5313 Planning) | None                                      | Provide planning funds to Metro Planning Orgs., and Mn/DOT   | 1,624                    | 3,833                    | 3,583                              | 3,583                              |
| Capital Program<br>(Central Corridor Study)   | None                                      | Provide funds for planning and preliminary engineering for Central Corridor Project                      | 2,007                    | 5,091                    | -0-                                | -0-                                |
| Northstar Corridor Planning & Engineering   | Local or State 20%                        | Provide funds to study the Northstar Corridor to recommend transportation improvement changes            | 2,832                    | 13,194                   | 55,500                             | -0-                                |

TRANSPORTATION DEPT - FEDERAL FUNDS SUMMARY (Continued)

| Federal Program (\$ in Thousands)                                | Related SFY 2000 Spending | Primary Purpose   | SFY 2000 Revenues | SFY 2001 Revenues | Estimated SFY 2002 Revenues | Estimated SFY 2003 Revenues |
|--|---------------------------|---|-------------------|-------------------|-----------------------------|-----------------------------|
| Riverview & Central Corridor Eng                                 | \$1,125,000               | Provide funds to Ramsey County Reg Rail (#79608) to continue Riverview Corridor Study & Red Rock Corridor Transit Study         | -0-               | 4,500             | -0-                         | -0-                         |
| Surface Transportation Program (STP) Riverview Central Implement | State 20%                 | Provide funds to Ramsey County Regional Rail Authority (#79236) for study to improve transit services in the Riverview Corridor | -0-               | 1,500             | -0-                         | -0-                         |
| STP Mn Valley Park & Ride Vehicle                                | Local 20%                 | Provide funds for park & ride lot. Repair & rehab 6 small transit vehicles  | -0-               | 208               | -0-                         | -0-                         |
| STP Vehicle Park – Ride Lot Maintenance                          | Local 20%                 | Provide capital funds for 6-40 yr buses for SW Metro Transit Commission, rebuild 21 buses. Rehab Park & Ride                    | -0-               | 2,365             | -0-                         | -0-                         |
| STP Rebuild transmissions for metro                              | Local 20%                 | Provide capital funds to rebuild transmissions for 173 metro mobility buses   | -0-               | 167               | -0-                         | -0-                         |

**TRANSPORTATION DEPT - FEDERAL FUNDS SUMMARY (Continued)**

| <b>Federal Program (\$ in Thousands)</b>                              | <b>Related SFY 2000 Spending</b>                          | <b>Primary Purpose</b>  | <b>SFY 2000 Revenues</b> | <b>SFY 2001 Revenues</b> | <b>Estimated SFY 2002 Revenues</b> | <b>Estimated SFY 2003 Revenues</b> |
|---|---|---|--------------------------|--------------------------|------------------------------------|------------------------------------|
| SW Metro Congestion Mitigation and Air Quality (CMAQ) Reverse Commute | Local 20%   | Provide funds to SW Metro Transit Commission to conduct a reverse commute demonstration project | -0-                      | 1,083                    | -0-                                | -0-                                |
| CMAQ & Rideshare  | Local 20%   | Pass through funds to Met Council/City Mpls. to reduce congestion in Twin Cities Metro Area     | 1,185                    | 4,154                    | 1,988                              | 1,988                              |
| <b><u>RAILROADS &amp; WATERWAYS</u></b>                               |   |   |                          |                          |                                    |                                    |
| Rush Line Corridor (FTA Section 5309)                                 | Local and state may be required to provide matching funds | Forest Lake to Rush City Commuter Rail Study  | -0-                      | 375                      | -0-                                | -0-                                |
| Federal/Local Rail Projects   | Most grants require matching funds                        | Keep marginal railroads operating   | 4,172                    | 4,000                    | 5,000                              | 5,000                              |
| Fed-Rail Assistance – 97 Flood  | None  | Flood repairs to rail lines   | 119                      | 476                      | -0-                                | -0-                                |
| Hi-Speed Rail Phase 2 Feasibility                                     | 100% State Match  | 2 <sup>nd</sup> Phase Feasibility Study   | 60                       | 100                      | -0-                                | -0-                                |
| Freight-Border X'ing  | None  | Enhanced customs rail car inspection at Canadian borders  | -0-                      | 120                      | 120                                | 120                                |
| <b><u>MOTOR CARRIER</u></b>   |   |   |                          |                          |                                    |                                    |
| Motor Carrier Safety Assist Program                                   | 80/20 after first \$213,000                               | Prevent commercial vehicle accidents  | 533                      | 771                      | 800                                | 880                                |
| <b><u>LOCAL ROADS</u></b>   |   |   |                          |                          |                                    |                                    |
| Federal County Road & Bridge  | Local Match   | Local government road construction projects   | 89,329                   | 100,000                  | 120,000                            | 130,000                            |

TRANSPORTATION DEPT - FEDERAL FUNDS SUMMARY (Continued)

| Federal Program (\$ in Thousands)  | Related SFY 2000 Spending  | Primary Purpose   | SFY 2000 Revenues | SFY 2001 Revenues | Estimated SFY 2002 Revenues | Estimated SFY 2003 Revenues |
|--|----------------------------|---|-------------------|-------------------|-----------------------------|-----------------------------|
| <b>STATE ROADS</b>   |                            |   |                   |                   |                             |                             |
| Federal Formula Highway Funds  | 80/20% Match               | State road & bridge construction projects                           | 308,606           | 367,895           | 300,000                     | 326,000                     |
| Metropolitan Planning Grants (Sec 112 Planning Grants)                             | Local Match 20%            | Supplement MPO budgets for transportation planning and coordination | 1,345             | 101               | 101                         | 101                         |
| Bike/Ped Coordinators  | State Match (TRIM Div) 20% | Coordinate bike/pedestrian activities for Mn/DOT                    | 65                | 94                | 94                          | 94                          |
| Mn/Road Pooled Fund Project  | 20%                        | Mn/Road research activities regarding pavement performance          | 471               | 2,528             | 2,528                       | 2,528                       |
| Non-Intrusive Technology (Guidestar)   | 20%                        | Camera monitoring: freeway traffic control                          | 53                | 350               | -0-                         | -0-                         |
| ITS Special Projects   | 20% State Match            | Intelligent vehicle initiative test program.                        | 16                | 125               | 125                         | -0-                         |
| FACT Prog-EEO/Contract Management  | None                       | Increase women and minorities in construction trades                | -0-               | 200               | -0-                         | -0-                         |
| FEMA Living Snow Fence<br>Federal Emergency Funds to help prevent future disasters | 25% State Match            | Plants used as snowfences along highway                             | 7                 | 1,908             | -0-                         | -0-                         |
| <b>Agency Total</b>  |                            |   | 466,106           | 622,123           | 580,427                     | 561,193                     |

BUDGET CHANGE ITEM (46742)

Agency: TRANSPORTATION DEPT

Item Title: BASE REDUCTION-SALES TAX

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|                        | <u>2002-03 Biennium</u> |                | <u>2004-05 Biennium</u> |                |
|------------------------|-------------------------|----------------|-------------------------|----------------|
|                        | <u>FY 2002</u>          | <u>FY 2003</u> | <u>FY 2004</u>          | <u>FY 2005</u> |
| Expenditures: (\$000s) |                         |                |                         |                |
| Trunk Highway Fund     |                         |                |                         |                |
| -State Operations      | \$(4,800)               | \$(4,800)      | \$(4,800)               | \$(4,800)      |
| Revenues: (\$000s)     |                         |                |                         |                |
| Trunk Highway Fund     | \$-0-                   | \$-0-          | \$-0-                   | \$-0-          |

Statutory Change? Yes \_\_\_\_\_ No X

If yes, statute(s) affected:

\_\_\_\_\_ New Activity    \_\_\_\_\_ Supplemental Funding    X Reallocation

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**GOVERNOR'S RECOMMENDATION:**

The Governor recommends an annual reduction of \$4.8 million with the understanding that Mn/DOT and other state agencies will become exempt from sales taxes under a Department of Revenue proposal.

**RATIONALE:**

The Governor is recommending that state agencies be exempted from the payment of sales tax. If this occurs, Mn/DOT's base budget for sales tax may be reduced with no impact on customer service. In addition, the 2000 Legislature defined the payment of sales tax as not being a highway purpose and made its payment an ineligible use of Trunk Highway Funding. However, the sales tax law itself was not changed, and MnDOT would remain liable for its payment unless the law is changed.

**FINANCING:**

Reduce base budget and release \$9.6 million to the Trunk Highway Fund.

**OUTCOMES:**

This action will have no impact on service or operation, but will release \$9.6 million for reallocation. If the sales tax on state agencies is not repealed as proposed or if Trunk Highway Fund expenditures are not specifically exempted, then this reduction would reduce agency service levels.

BUDGET CHANGE ITEM (47055)

Agency: TRANSPORTATION DEPT

Item Title: BASE REDUCTION-WORKFORCE MANAGEMENT

|   | 2002-03 Biennium |           | 2004-05 Biennium |           |
|---|------------------|-----------|------------------|-----------|
|   | FY 2002          | FY 2003   | FY 2004          | FY 2005   |
| Expenditures: (\$000s)  |                  |           |                  |           |
| Trunk Highway Fund  |                  |           |                  |           |
| - State Operations  | \$(4,000)        | \$(4,000) | \$(4,000)        | \$(4,000) |
| Revenues: (\$000s)  |                  |           |                  |           |
| Trunk Highway Fund  | \$-0-            | \$-0-     | \$-0-            | \$-0-     |
| Statutory Change? Yes _____ No <u> X </u>                             |                  |           |                  |           |
| If yes, statute(s) affected:  |                  |           |                  |           |
| _____ New Activity _____ Supplemental Funding <u> X </u> Reallocation |                  |           |                  |           |

FINANCING:

The base level budgets for the department will be reduced by \$4 million each year of the biennium. Savings will be achieved primarily through aggressive workforce management for the biennium strategies; e.g., strategic staffing, increased partnering/outsourcing, attrition and vacancy monitoring, and process improvement efficiencies.

OUTCOMES:

The primary outcome is a determination of the department's appropriate role and size in meeting the transportation needs of Minnesota. Moreover, it will support Mn/DOT's strategic direction to make Mn/DOT work better by continuously improving management of its resources, especially the timely and cost effective delivery of programs and projects.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an annual reduction of \$4 million as a result of workforce management efforts in Mn/DOT.

RATIONALE:

Mn/DOT has responded to the challenge of creating accountable, responsive, and limited government through its business planning process. Business and workforce planning are being used to accomplish the department's vision, mission and strategic objectives by defining priorities at every level of the organization. The plans address several questions:

- What is the department's primary business?
- Who are the department's customers?
- How should the department define and address customer needs?
- What assets and resources are available and how should they be deployed?

By answering these questions, the department will redefine selected decision processes, focus resources (both human and monetary) on key business areas, and determine which functions are best provided directly by the public sector.

**BUDGET CHANGE ITEM (46855)**

**Agency: TRANSPORTATION DEPT**

**Item Title: INVENTORY REDUCTION**

**OUTCOMES:**

In the short term, this reduction could result in not having some of the required material and supplies in a timely manner to complete projects and/or repair equipment that is necessary to perform work. As experience is gained with the new technology and enhanced practices are in place, the impact should be negligible.

|                        | <u>2002-03 Biennium</u> |                | <u>2004-05 Biennium</u> |                |
|------------------------|-------------------------|----------------|-------------------------|----------------|
|                        | <u>FY 2002</u>          | <u>FY 2003</u> | <u>FY 2004</u>          | <u>FY 2005</u> |
| Expenditures: (\$000s) |                         |                |                         |                |
| Trunk Highway Fund     |                         |                |                         |                |
| -State Operations      | \$ (750)                | \$ (250)       | \$ (250)                | \$ (250)       |
| Revenues: (\$000s)     |                         |                |                         |                |
| Trunk Highway Fund     | \$ -0-                  | \$ -0-         | \$ -0-                  | \$ -0-         |

Statutory Change? Yes \_\_\_\_\_ No  X

If yes, statute(s) affected:

\_\_\_\_\_ New Activity    \_\_\_\_\_ Supplemental Funding     X  Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends the reduction of \$750,000 in FY 2002 and \$250,000 in FY 2003 to reflect savings resulting from better inventory management practices.

**RATIONALE:**

In the Department of Transportation, inventory is a department-wide shared fiscal resource. The delivery of necessary supplies to the right place, in a timely manner, for the most economical cost is imperative. Through the procurement, inventory, and issuing process, Mn/DOT will determine necessary enhancements and innovative approaches to provide the optimal level of customer service and financial management. In March 2001, the department will implement a new inventory management system that will enhance the ability to manage inventories.

**FINANCING:**

Through new technology and enhanced management practices, it is anticipated that Mn/DOT can redirect or utilize overstock for up to \$750,000 the first year of the biennium and reduce inventory levels of materials and supplies by \$250,000 in subsequent years.

**BUDGET CHANGE ITEM (47037)**

**Agency:** TRANSPORTATION DEPT

will be sufficient to provide for the related training needs. The savings can be directed to higher trunk highway priorities.

**Item Title:** TRANSPORTATION WORKER IMPLEMENTATION

|  | <u>2002-03 Biennium</u> |                | <u>2004-05 Biennium</u> |                |
|--|-------------------------|----------------|-------------------------|----------------|
|  | <u>FY 2002</u>          | <u>FY 2003</u> | <u>FY 2004</u>          | <u>FY 2005</u> |
| Expenditures: (\$000s)   |                         |                |                         |                |
| Trunk Highway Fund   |                         |                |                         |                |
| - State Operations   | \$ (750)                | \$ (750)       | \$ (750)                | \$ (750)       |
| Revenues: (\$000s)   |                         |                |                         |                |
| Trunk Highway Fund   | \$ 0-                   | \$ 0-          | \$ 0-                   | \$ 0-          |
| Statutory Change? Yes _____ No <u> X </u>                                |                         |                |                         |                |
| If yes, statute(s) affected:   |                         |                |                         |                |
| _____ New Activity    _____ Supplemental Funding <u> X </u> Reallocation |                         |                |                         |                |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends the annual reduction of \$750,000 because less money is needed to further implement the Transportation Worker Initiative.

**RATIONALE:**

The Transportation Worker Series offered an opportunity to enhance Mn/DOT's competitiveness and improve service to our customers with a more flexible workforce. It is helping to eliminate organizational and functional boundaries, enabling us to better cope with summer and winter peaks in operations, and fundamentally improve the utilization of our multi-skilled workforce. The legislature has in previous years appropriated funds for implementation of this program and related training needs. This budget change proposes reducing the investment to a base level needed to sustain its ongoing efforts.

**FINANCING:**

This \$750,000 annual saving is a result of reducing the transportation worker implementation and training investment.

**OUTCOMES:**

This initiative is well underway. The funding was primarily for implementing this concept throughout Mn/DOT. Mn/Dot does not need this level of funding as it has now completed a substantial portion of the concept. The remaining funding

**PROGRAM SUMMARY**

**Program: AERONAUTICS**  
**Agency: TRANSPORTATION DEPT**

the airline flight property tax, and investment income. Federal Airport Improvement Program (A.I.P.) grants to municipalities also help support the program. A summary of the revenues and expenditures for the 2000-2001 biennium is shown below (data rounded to nearest percent).

**PROGRAM PROFILE:**

The aeronautics program exists to accomplish the following statutory goals:

- Promote aviation safety.
- Support development and maintenance of a system of airports.
- Establish and operate a system of navigation aids.
- Foster the development of aviation.

These goals are addressed through the following budget activities: Airport Development and Assistance, Aviation Support, and Air Transportation. Customers of these activities are:

| 2000   |
|--|
| 15,900 active pilots<br>6,290 registered aircraft  |
| 139 publicly-owned airports <ul style="list-style-type: none"> <li>- 27 key system (paved and lighted, 5,000 ft. or longer)</li> <li>- 81 intermediate system (paved and lighted, less than 5,000 ft. long)</li> <li>- 31 turf landing strips</li> </ul> |
| 6 privately-owned, public-use airports<br>18 public-use seaplane bases<br>1,941 users of Mn/DOT air transportation services  |

**STRATEGIES AND PERFORMANCE:**

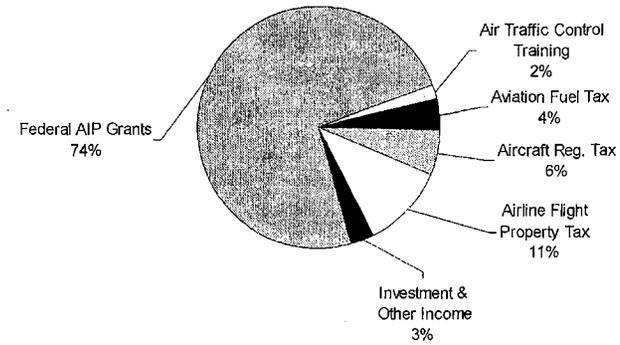
This program addresses safety issues to pilots through safety seminars, reliable navigation information, and current weather information to facilitate decision making. It also encourages airport owners to maintain a safe operating environment on their airports. Construction grants and maintenance grants are available to provide financial assistance to airport owners.

The program promotes aviation by sponsoring and participating in aviation events for the public and aviation education activities for students of all ages. The program also provides grants to communities to assist with promoting scheduled air service.

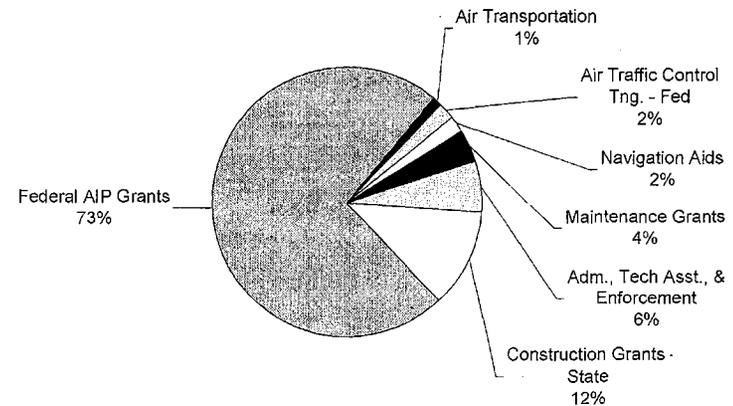
**FINANCING INFORMATION:**

The State Airport Fund, a statutorily dedicated fund, supports this program. Income to this fund comes from the aviation fuel tax, the aircraft registration tax,

**2000-01 Aeronautics Program Revenues**  
(Total \$169 million)



**2000-01 Aeronautics Program Expenditures**  
Total: \$171.1 Million



## PROGRAM SUMMARY (Continued)

Program: AERONAUTICS  
Agency: TRANSPORTATION DEPT

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### **BUDGET ISSUES:**

The agency continues to place high priority on aviation safety. Supporting the airport capital improvement needs of local communities is also an important focus of the agency. Congress recently reauthorized the Airport Improvement Program (A.I.P.). They increased the available funding and changed the eligibility criteria so that grants will be available for more of the smaller airports. This will no doubt generate more projects and have some impact on the demand for state construction grants.

Costs for maintaining airports continue to rise due to inflation and expansion of the infrastructure. Municipalities need additional funding to preserve their capital investments and maintain safe operating conditions of their airports.

Maintaining unobstructed airspace, especially in approaches to runways, is critical to operational safety. The agency needs funding to initiate a program to survey and evaluate the condition of the approaches to public airports.

Emerging technology continues to provide new opportunities to improve navigation, which will increase the usefulness of aircraft and improve safety. Funds are needed to augment satellite signals for more accurate navigation and for more safely landing aircraft. Funds are also needed to survey the approach areas to runways to identify and accurately locate obstructions that may impact landing operations.

The Internet is being used for more and more applications, especially business transactions. Funding is needed to develop capability for aircraft owners to register their aircraft electronically via the internet.

Preserving and enhancing air service to communities in greater Minnesota continues to be a challenge. Funding needs to be continued to support the efforts of these communities for marketing the service they have.

To ensure safe operation of the Piney-Pinecreek Border Airport, continued funding is needed to support this facility.

### **GOVERNOR'S RECOMMENDATION:**

The Governor recommends a reduction in base level of \$200,000 for the biennium by reducing aviation promotion and operating costs. An addition of \$2.65 million is recommended for increased airport maintenance grants, GPS navigation aids, and online aircraft registration.

Program: AERONAUTICS  
 Agency: TRANSPORTATION DEPT

| Program Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002        |                     | FY 2003        |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|----------------|---------------------|----------------|---------------------|--|--------------|
|   |                   |                   |                     | Base           | Governor<br>Recomm. | Base           | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Activity:</b>          |                   |                   |                     |                |                     |                |                     |  |              |
| AIRPORT DEVELOP & ASSIST                  | 38,721            | 56,481            | 98,088              | 94,498         | 94,998              | 94,498         | 94,998              | 35,427                                   | 22.9%        |
| AVIATION SUPPORT                          | 10,097            | 5,928             | 8,645               | 8,085          | 8,985               | 8,048          | 8,598               | 3,010                                    | 20.7%        |
| AIR TRANSPORTATION                        | 717               | 507               | 1,495               | 1,028          | 1,028               | 1,031          | 1,031               | 57                                       | 2.8%         |
| <b>Total Expenditures</b>                 | <b>49,535</b>     | <b>62,916</b>     | <b>108,228</b>      | <b>103,611</b> | <b>105,011</b>      | <b>103,577</b> | <b>104,627</b>      | <b>38,494</b>                            | <b>22.5%</b> |

| Change Items:                             | Fund |  |  |  |              |  |              |
|---|------|--|--|--|--------------|--|--------------|
| (B) INCREASE AIRPORT MAINTENANCE GRANTS   | AIR  |  |  |  | 500          |  | 500          |
| (B) IMPLEMENT GPS NAVIGATION              | AIR  |  |  |  | 600          |  | 600          |
| (B) ONLINE AIRCRAFT REGISTRATION          | AIR  |  |  |  | 400          |  | 50           |
| (B) REDUCE AERONAUTICS OPERATING EXPENSES | AIR  |  |  |  | (100)        |  | (100)        |
| <b>Total Change Items</b>                 |      |  |  |  | <b>1,400</b> |  | <b>1,050</b> |

| Financing by Fund:               |               |               |                |                |                |                |                |
|----------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| <b>Direct Appropriations:</b>    |               |               |                |                |                |                |                |
| GENERAL                          | 50            | 50            | 50             | 50             | 50             | 50             | 50             |
| STATE AIRPORTS                   | 16,384        | 16,108        | 22,207         | 19,287         | 20,687         | 19,378         | 20,428         |
| TRUNK HIGHWAY                    | 11            | 11            | 11             | 11             | 11             | 11             | 11             |
| <b>Statutory Appropriations:</b> |               |               |                |                |                |                |                |
| SPECIAL REVENUE                  | 42            | 30            | 10             | 10             | 10             | 10             | 10             |
| STATE AIRPORTS                   | 1,543         | 1,119         | 3,254          | 1,593          | 1,593          | 1,593          | 1,593          |
| FEDERAL                          | 31,505        | 45,598        | 82,696         | 82,660         | 82,660         | 82,535         | 82,535         |
| <b>Total Financing</b>           | <b>49,535</b> | <b>62,916</b> | <b>108,228</b> | <b>103,611</b> | <b>105,011</b> | <b>103,577</b> | <b>104,627</b> |

| FTE by Employment Type:           |             |             |             |             |             |             |             |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| FULL TIME                         | 44.9        | 43.4        | 44.7        | 44.7        | 44.7        | 44.7        | 44.7        |
| PART-TIME, SEASONAL, LABOR SER    | 3.3         | 3.0         | 0.8         | 0.8         | 0.8         | 0.8         | 0.8         |
| OVERTIME PAY                      | 0.4         | 0.4         | 0.3         | 0.3         | 0.3         | 0.3         | 0.3         |
| <b>Total Full-Time Equivalent</b> | <b>48.6</b> | <b>46.8</b> | <b>45.8</b> | <b>45.8</b> | <b>45.8</b> | <b>45.8</b> | <b>45.8</b> |

## BUDGET ACTIVITY SUMMARY

**Budget Activity:** AIRPORT DEVELOP & ASSIST  
**Program:** AERONAUTICS  
**Agency:** TRANSPORTATION DEPT

### ACTIVITY PROFILE:

This activity assists local units of government that own and operate the 139 publicly-owned airports. It provides support in planning, zoning, project development, programming, design, land acquisition, construction, and construction inspection. This activity also reimburses local governments for part of airport operating and maintenance costs, and provides loans for constructing hangars. The activity maintains and improves the Piney-Pinecreek Border Airport, jointly owned and operated by the state of Minnesota and the Local Government District of Piney, Manitoba under an international agreement.

This activity also installs and operates a system of electronic navigation aids and automated weather observation systems and assists municipalities develop and improve airport lighting systems.

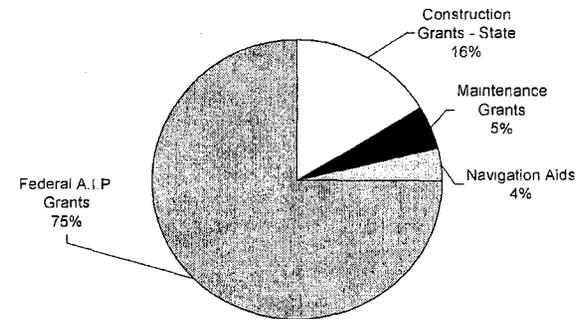
### STRATEGIES AND PERFORMANCE:

The agency will:

- Provide financial grant assistance to communities for capital improvements and maintenance of airports;
- issue hangar loans for constructing hangars;
- operate and enhance the system of electronic navigation aids and automated weather systems; and
- support operations of the Piney-Pinecreek Border Airport.

### FINANCING INFORMATION:

**2000-01 Airport Development and Assistance**  
Expenditure Distribution  
(data rounded to nearest percent)



### BUDGET ISSUES:

#### **Grants:**

- *State Construction Grants, M.S. 360.011, 360.015, 360.305.* Municipalities that own airports receive grants to finance capital improvements. Airports must be zoned or in the process of being zoned to be eligible for a construction grant. The agency maintains a five-year Capital Improvement Plan (C.I.P.) that lists potential projects with estimated costs and time schedules.
- *State Maintenance Grants, M.S. 360.011, 360.015, 360.305.* The agency issues maintenance grants to municipalities that own airports for part of their operating and maintenance costs. To be eligible for the grant, the municipality must zone the airport. The agency establishes a maximum reimbursement for each airport based on the area of runway and taxiway and the size of lighting system(s). Each category has a state/local cost share and a maximum allowable reimbursement.
- *Airport Improvement Program (A.I.P.) Grants – Federal, M.S. 360.011, 360.015, 360.016.* The Federal Aviation Administration (FAA) issues grants to municipalities for capital improvements to their airports. The airport must be a part of the National Plan of Integrated Airport Systems to be eligible for a grant. The FAA uses a rating system to evaluate and rank projects for programming purposes. Under state law, Mn/DOT serves as agent for communities when they apply for a federal grant, as well as receiver and disbursing officer of the funds to the municipality.

Activity: AIRPORT DEVELOP & ASSIST  
 Program: AERONAUTICS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |                |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|----------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent        |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |               |                     |               |                     |  |                |
| <b>State Operations</b>                           |                   |                   |                     |               |                     |               |                     |  |                |
| OTHER OPERATING EXPENSES                          | 1,836             | 2,007             | 2,121               | 2,121         | 2,121               | 2,121         | 2,121               | 114                                      | 2.8%           |
| OTHER FINANCIAL TRANSACTIONS                      | 960               | 744               | 1,892               | 700           | 700                 | 700           | 700                 | (1,236)                                  | (46.9%)        |
| <b>Subtotal State Operations</b>                  | <b>2,796</b>      | <b>2,751</b>      | <b>4,013</b>        | <b>2,821</b>  | <b>2,821</b>        | <b>2,821</b>  | <b>2,821</b>        | <b>(1,122)</b>                           | <b>(16.6%)</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 5                 | 10                | 25                  | 25            | 25                  | 25            | 25                  | 15                                       | 42.9%          |
| LOCAL ASSISTANCE                                  | 35,920            | 53,720            | 94,050              | 91,652        | 92,152              | 91,652        | 92,152              | 36,534                                   | 24.7%          |
| <b>Total Expenditures</b>                         | <b>38,721</b>     | <b>56,481</b>     | <b>98,088</b>       | <b>94,498</b> | <b>94,998</b>       | <b>94,498</b> | <b>94,998</b>       | <b>35,427</b>                            | <b>22.9%</b>   |
| <b>Change Items:</b>                              |                   |                   |                     |               |                     |               |                     |  |                |
|   | <b>Fund</b>       |                   |                     |               |                     |               |                     |  |                |
| (B) INCREASE AIRPORT MAINTENANCE GRANTS           | AIR               |                   |                     |               | 500                 |               | 500                 |  |                |
| <b>Total Change Items</b>                         |                   |                   |                     |               | <b>500</b>          |               | <b>500</b>          |  |                |
| <b>Financing by Fund:</b>                         |                   |                   |                     |               |                     |               |                     |  |                |
| <b>Direct Appropriations:</b>                     |                   |                   |                     |               |                     |               |                     |  |                |
| STATE AIRPORTS                                    | 11,631            | 11,400            | 16,196              | 13,798        | 14,298              | 13,798        | 14,298              |  |                |
| <b>Statutory Appropriations:</b>                  |                   |                   |                     |               |                     |               |                     |  |                |
| SPECIAL REVENUE                                   | 15                | 1                 | 0                   | 0             | 0                   | 0             | 0                   |  |                |
| STATE AIRPORTS                                    | 960               | 744               | 1,892               | 700           | 700                 | 700           | 700                 |  |                |
| FEDERAL   | 26,115            | 44,336            | 80,000              | 80,000        | 80,000              | 80,000        | 80,000              |  |                |
| <b>Total Financing</b>                            | <b>38,721</b>     | <b>56,481</b>     | <b>98,088</b>       | <b>94,498</b> | <b>94,998</b>       | <b>94,498</b> | <b>94,998</b>       |  |                |
| <b>Revenue Collected:</b>                         |                   |                   |                     |               |                     |               |                     |  |                |
| <b>Dedicated</b>                                  |                   |                   |                     |               |                     |               |                     |  |                |
| STATE AIRPORTS                                    | 597               | 650               | 700                 | 700           | 700                 | 700           | 700                 |  |                |
| FEDERAL   | 26,115            | 44,336            | 80,125              | 80,125        | 80,125              | 80,000        | 80,000              |  |                |
| <b>Nondedicated</b>                               |                   |                   |                     |               |                     |               |                     |  |                |
| STATE AIRPORTS                                    | 0                 | 3                 | 250                 | 250           | 250                 | 250           | 250                 |  |                |
| <b>Total Revenues Collected</b>                   | <b>26,712</b>     | <b>44,989</b>     | <b>81,075</b>       | <b>81,075</b> | <b>81,075</b>       | <b>80,950</b> | <b>80,950</b>       |  |                |

**BUDGET CHANGE ITEM (46452)**

**Budget Activity:** AIRPORT DEVELOP & ASSIST  
**Program:** AERONAUTICS  
**Agency:** TRANSPORTATION DEPT

investments. Additional funding will allow the agency to continue providing an incentive for proper airport maintenance and increase the maximum reimbursement for each airport.

**Item Title:** INCREASE AIRPORT MAINTENANCE GRANTS

|  | <u>2002-03 Biennium</u> |                | <u>2004-05 Biennium</u> |                |
|--|-------------------------|----------------|-------------------------|----------------|
|  | <u>FY 2002</u>          | <u>FY 2003</u> | <u>FY 2004</u>          | <u>FY 2005</u> |
| Expenditures: (\$000s)   |                         |                |                         |                |
| State Airports Fund  |                         |                |                         |                |
| -Grants  | \$500                   | \$500          | \$500                   | \$500          |
| Revenues: (\$000s)   |                         |                |                         |                |
| State Airports Fund  | \$-0-                   | \$-0-          | \$-0-                   | \$-0-          |
| Statutory Change? Yes _____ No <u>  X  </u>                                |                         |                |                         |                |
| If yes, statute(s) affected:   |                         |                |                         |                |
| _____ New Activity <u>  X  </u> Supplemental Funding    _____ Reallocation |                         |                |                         |                |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$500,000 each fiscal year to increase airport maintenance grants to municipalities.

**RATIONALE:**

The basis for reimbursing municipalities for the maintenance and operating expenses they incur on their airport was changed at the beginning of FY 2000. An analysis shows that this program currently reimburses approximately 25% of the total expenses incurred by a municipality. In addition, inflation continues to reduce the purchasing power of the municipalities.

**FINANCING:**

\$2,850,000 was allocated for each year of the 2000-2001 biennium. Adding \$500,000 each year will increase the amount available each year by 17.5%.

**OUTCOMES:**

Properly maintained airports "improve the competitive position of rural Minnesota" and provide "multimodal transportation to get people and goods around statewide." Appropriate and timely maintenance is needed to ensure a safe operating environment for aircraft as well as extending the life of the capital

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## BUDGET ACTIVITY SUMMARY

**Budget Activity:** AVIATION SUPPORT  
**Program:** AERONAUTICS  
**Agency:** TRANSPORTATION DEPT

### FINANCING INFORMATION:

#### ACTIVITY PROFILE:

This activity:

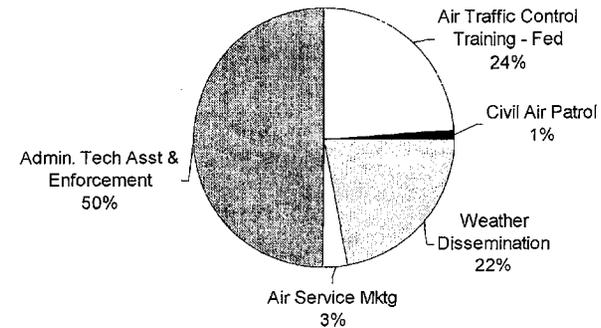
- Promotes aviation and air safety;
- inspects and licenses public, private, and private-use airports, helipads, seaplane bases, and commercial operations;
- registers all general aviation aircraft and collects registration taxes;
- disseminates weather information to pilots;
- provides funding for promoting local scheduled air service;
- provides funding for the Civil Air Patrol (CAP);
- provides office management support services for the Aeronautics program, including the Mid-America Aviation Resource Consortium (MARC), an air traffic control training school operated by MnSCU; and
- supports operation of the Aeronautics office building at 222 East Plato Boulevard.

#### STRATEGIES AND PERFORMANCE:

- Aviation and air safety will be promoted through pilot safety seminars, aviation and aerospace education materials, and aviation and aerospace education for schools.
- The agency will continue to inspect and license landing facilities and commercial operations according to standards set by statutes and agency rules.
- Aircraft owned by Minnesota residents will be registered, appropriate registration fees collected, and records maintained.
- Weather information will be disseminated to pilots through computer terminals at airports and a home user program, as well as on a public television station and a cable station, to facilitate pilot decision-making and thereby improve aviation safety.
- Financial support will be continued for the air service promotion program, the CAP, staff salaries, administrative support activities for the program and maintenance, operation, and improvements to the Aeronautics offices at 222 East Plato Boulevard.

### 2000-01 Aviation Support Expenditures - Total \$14.52 Million

(data rounded to nearest percent)



This activity registers all general aviation aircraft and collects an annual registration tax on each of these aircraft. These taxes are based on the list price of the aircraft together with the age of the aircraft. Receipts are deposited to the state Airports Fund and are forecast to be \$4.75 million in FY 2002 and \$5.0 million in FY 2003.

#### BUDGET ISSUES:

This budget activity supports all the activities and programs the agency provides to the aviation community. Funding for this activity is from the state Airports Fund, which is supported entirely by user taxes and fees.

Activity: AVIATION SUPPORT  
 Program: AERONAUTICS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|--|--------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |              |                     |              |                     |  |              |
| <b>State Operations</b>                           |                   |                   |                     |              |                     |              |                     |  |              |
| COMPENSATION                                      | 2,777             | 2,779             | 2,772               | 2,913        | 2,993               | 3,092        | 3,092               | 534                                      | 9.6%         |
| OTHER OPERATING EXPENSES                          | 1,888             | 1,820             | 3,307               | 2,607        | 3,427               | 2,391        | 2,941               | 1,241                                    | 24.2%        |
| <b>Subtotal State Operations</b>                  | <b>4,665</b>      | <b>4,599</b>      | <b>6,079</b>        | <b>5,520</b> | <b>6,420</b>        | <b>5,483</b> | <b>6,033</b>        | <b>1,775</b>                             | <b>16.6%</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 4                 | 2                 | 0                   | 0            | 0                   | 0            | 0                   | (2)                                      | (100.0%)     |
| LOCAL ASSISTANCE                                  | 5,428             | 1,327             | 2,566               | 2,565        | 2,565               | 2,565        | 2,565               | 1,237                                    | 31.8%        |
| <b>Total Expenditures</b>                         | <b>10,097</b>     | <b>5,928</b>      | <b>8,645</b>        | <b>8,085</b> | <b>8,985</b>        | <b>8,048</b> | <b>8,598</b>        | <b>3,010</b>                             | <b>20.7%</b> |

| <u>Change Items:</u>                      | <u>Fund</u> |  |  |  |            |  |            |
|---|-------------|--|--|--|------------|--|------------|
| (B) IMPLEMENT GPS NAVIGATION              | AIR         |  |  |  | 600        |  | 600        |
| (B) ONLINE AIRCRAFT REGISTRATION          | AIR         |  |  |  | 400        |  | 50         |
| (B) REDUCE AERONAUTICS OPERATING EXPENSES | AIR         |  |  |  | (100)      |  | (100)      |
| <b>Total Change Items</b>                 |             |  |  |  | <b>900</b> |  | <b>550</b> |

| <u>Financing by Fund:</u>        |               |              |              |              |              |              |              |
|----------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Direct Appropriations:</b>    |               |              |              |              |              |              |              |
| STATE AIRPORTS                   | 4,680         | 4,637        | 5,939        | 5,415        | 6,315        | 5,503        | 6,053        |
| <b>Statutory Appropriations:</b> |               |              |              |              |              |              |              |
| SPECIAL REVENUE                  | 27            | 29           | 10           | 10           | 10           | 10           | 10           |
| FEDERAL                          | 5,390         | 1,262        | 2,696        | 2,660        | 2,660        | 2,535        | 2,535        |
| <b>Total Financing</b>           | <b>10,097</b> | <b>5,928</b> | <b>8,645</b> | <b>8,085</b> | <b>8,985</b> | <b>8,048</b> | <b>8,598</b> |

| <u>Revenue Collected:</u>       |               |               |               |               |               |               |               |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Dedicated</b>                |               |               |               |               |               |               |               |
| SPECIAL REVENUE                 | 0             | 28            | 10            | 10            | 10            | 10            | 10            |
| FEDERAL                         | 5,363         | 1,262         | 2,570         | 2,535         | 2,535         | 2,535         | 2,535         |
| <b>Nondedicated</b>             |               |               |               |               |               |               |               |
| GENERAL                         | 0             | 0             | 0             | 15            | 15            | 15            | 15            |
| CAMBRIDGE DEPOSIT FUND          | 10            | 13            | 15            | 0             | 0             | 0             | 0             |
| STATE AIRPORTS                  | 14,015        | 17,050        | 13,308        | 14,608        | 14,608        | 14,908        | 14,908        |
| <b>Total Revenues Collected</b> | <b>19,388</b> | <b>18,353</b> | <b>15,903</b> | <b>17,168</b> | <b>17,168</b> | <b>17,468</b> | <b>17,468</b> |

Activity: AVIATION SUPPORT  
 Program: AERONAUTICS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002     |                     | FY 2003     |                     |
|---|-------------------|-------------------|---------------------|-------------|---------------------|-------------|---------------------|
|   |                   |                   |                     | Base        | Governor<br>Recomm. | Base        | Governor<br>Recomm. |
| <b>FTE by Employment Type:</b>                    |                   |                   |                     |             |                     |             |                     |
| FULL TIME   | 42.8              | 41.4              | 42.7                | 42.7        | 42.7                | 42.7        | 42.7                |
| PART-TIME, SEASONAL, LABOR SER                    | 3.3               | 3.0               | 0.8                 | 0.8         | 0.8                 | 0.8         | 0.8                 |
| OVERTIME PAY                                      | 0.3               | 0.4               | 0.3                 | 0.3         | 0.3                 | 0.3         | 0.3                 |
| <b>Total Full-Time Equivalent</b>                 | <b>46.4</b>       | <b>44.8</b>       | <b>43.8</b>         | <b>43.8</b> | <b>43.8</b>         | <b>43.8</b> | <b>43.8</b>         |

**BUDGET CHANGE ITEM (46436)**

**Budget Activity:** AVIATION SUPPORT  
**Program:** AERONAUTICS  
**Agency:** TRANSPORTATION DEPT  
**Item Title:** IMPLEMENT GPS NAVIGATION

also allow the agency to begin installing the ground-based components of the LAAS. GPS enhanced with LAAS provides more accurate position information and will be more cost effective to operate than conventional ground-based landing systems. To maximize the benefits of GPS navigation for Minnesota pilots, installation of ground stations should continue through the FY 2004-05 biennium.

**FINANCING:**

\$600,000 is requested the first year to hire surveyors to document the location of potential obstructions. \$600,000 is requested in the second year to continue the surveying and to install the ground components of the LAAS. A decreased base-funding level will be needed during the FY 2004-05 biennium for installing ground stations as well as support for their operation.

**OUTCOMES:**

Documenting the location of potential obstructions will provide the agency with up-to-date information on the condition of approach areas to runways, tell airport owners if they have obstructions in the runway approaches and what corrections are needed, and provide the FAA with current, accurate information for designing GPS-based instrument approach procedures. Installing LAAS to supplement the systems installed by the FAA will accelerate the availability of GPS based 3-dimensional landing guidance at Minnesota airports. Increasing the availability of enhanced GPS signals coupled with the instrument approach procedures will encourage aircraft owners to upgrade the equipment in their aircraft so they can utilize this new technology. This will in turn increase the utility of their aircraft and improve safety. When a reasonable portion of the aircraft fleet has equipment on board to utilize GPS, and LAAS approach procedures are becoming commonplace, removal of conventional ground based landing systems can begin.

|   | <u>2002-03 Biennium</u> |                | <u>2004-05 Biennium</u> |                |
|---|-------------------------|----------------|-------------------------|----------------|
|   | <u>FY 2002</u>          | <u>FY 2003</u> | <u>FY 2004</u>          | <u>FY 2005</u> |
| Expenditures: (\$000s)  |                         |                |                         |                |
| State Airports Fund   |                         |                |                         |                |
| - State Operations  | \$600                   | \$600          | \$250                   | \$250          |
| Revenues: (\$000s)  |                         |                |                         |                |
| State Airports Fund   | \$-0-                   | \$-0-          | \$-0-                   | \$-0-          |
| Statutory Change? Yes _____ No <u> X </u>                             |                         |                |                         |                |
| If yes, statute(s) affected:  |                         |                |                         |                |
| _____ New Activity <u> X </u> Supplemental Funding _____ Reallocation |                         |                |                         |                |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$1.2 million for this biennium to provide GPS navigation systems that will aid safe landings at Minnesota airports.

**RATIONALE:**

The Federal Aviation Administration (FAA) is transitioning from ground-based navigation systems to the Global Positioning System (GPS), which is satellite-based. This is "commercialization of new technology" in that a system developed for defense purposes is being adapted and made available for civilian use. Two things must be accomplished to provide GPS instrument approach procedures with 3-dimensional guidance to landing aircraft. First, a Local Area Augmentation System (LAAS) needs to be installed on the ground to enhance the accuracy of the position information provided by the GPS radio signal. Secondly, the FAA needs accurate information showing the location and elevation of potential obstructions to design GPS-based instrument approach procedures for airports. Without current survey information, the FAA will use data they have on file and add a factor of safety to offset a potential obstruction that may or may not be there. This results in more restrictive conditions on the approach procedure than necessary.

This request will allow the agency to hire surveyors to document the location and elevation of potential obstructions in the approach area to runways. It will

**INFORMATION TECHNOLOGY CHANGE ITEM (46443)**

**Activity:** AVIATION SUPPORT  
**Program:** AERONAUTICS  
**Agency:** TRANSPORTATION DEPT  
**IT Change Item:** ONLINE AIRCRAFT REGISTRATION

**ITEM DESCRIPTION AND PURPOSE:**

This request will establish the capability for aircraft owners to electronically submit all the documentation needed to register their aircraft and to pay their registration fees electronically.

**FUNDING: (Dollars in Thousands)**

| Funding Distribution | 2002-03 Biennium |           | 2004-05 Biennium |            | 2006-07 Biennium |           |
|----------------------|------------------|-----------|------------------|------------|------------------|-----------|
|                      | FY 2002          | FY 2003   | FY 2004          | FY 2005    | FY 2006          | FY 2007   |
| Personnel            | 80               | 0         | 32               | 34         | 36               | 38        |
| Supplies             | 0                | 0         | 0                | 0          | 0                | 0         |
| Hardware             | 40               | 0         | 0                | 40         | 0                | 0         |
| Software             | 12               | 2         | 2                | 2          | 2                | 2         |
| Facilities           | 0                | 0         | 0                | 0          | 0                | 0         |
| Services             | 248              | 48        | 48               | 48         | 48               | 48        |
| Training             | 20               | 0         | 0                | 0          | 0                | 0         |
| Grants               | 0                | 0         | 0                | 0          | 0                | 0         |
| <b>Total</b>         | <b>400</b>       | <b>50</b> | <b>82</b>        | <b>124</b> | <b>86</b>        | <b>88</b> |

Develop and implement new Aircraft Registration databases and electronic processes to provide the ability for customers to register their aircraft via Internet online transactions.

**RATIONALE:**

With the explosion of electronic business conducted via the Internet, aircraft owners will look for the opportunity to register their aircraft electronically. Consistent with that need and with the Electronic Government Services Initiative in the Governor's Big Plan, this project will allow aircraft owners to submit the documentation needed to register their aircraft online and to make their payments electronically.

**LIFE CYCLE ANALYSIS:**

| Life Cycle Status | 2002-03 Biennium |         | 2004-05 Biennium |         | 2006-07 Biennium |         |
|-------------------|------------------|---------|------------------|---------|------------------|---------|
|                   | FY 2002          | FY 2003 | FY 2004          | FY 2005 | FY 2006          | FY 2007 |
| Development       | X                |         |                  |         |                  |         |
| Operations        | X                | X       | X                | X       | X                | X       |
| Modification      |                  | X       | X                | X       | X                | X       |
| Retirement        |                  |         |                  |         |                  |         |

The information resources that will be developed in this initiative are expected to go into operation during FY 2002. Modifications to add new features and interfaces are expected beginning in FY 2003.

**OFFICE OF TECHNOLOGY ANALYSIS:**

This initiative develops and implements a new aircraft registration database. Deliverables/Objectives: It enables electronic document submittal for registration and online payment of licensing fees. This initiative supports EGS, Big Plan (SNS - Electronic Government Services Initiative) and infrastructure components. It is listed as a priority in the agency SIRMP. Conclusion: This initiative meets information technology criteria for funding. Development of EGS components need to occur in collaboration with statewide EGS efforts.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$400,000 in FY 2002 and \$50,000 in FY 2003 for the development of online aircraft registration capabilities.

BUDGET CHANGE ITEM (47369)

Budget Activity: AVIATION SUPPORT  
Program: AERONAUTICS  
Agency: TRANSPORTATION DEPT

Item Title: REDUCE AERONAUTICS OPERATING EXPENSES

|   | 2002-03 Biennium |         | 2004-05 Biennium |         |
|---|------------------|---------|------------------|---------|
|   | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s)  |                  |         |                  |         |
| State Airports Fund   |                  |         |                  |         |
| - State Operations  | \$(100)          | \$(100) | \$(100)          | \$(100) |
| Revenues: (\$000s)  |                  |         |                  |         |
| State Airports Fund   | \$-0-            | \$-0-   | \$-0-            | \$-0-   |
| Statutory Change? Yes _____ No <u> X </u>                             |                  |         |                  |         |
| If yes, statute(s) affected:  |                  |         |                  |         |
| _____ New Activity _____ Supplemental Funding <u> X </u> Reallocation |                  |         |                  |         |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends the reduction of \$200,000 of lower priority operating expenditures for the biennium.

**RATIONALE:**

The agency proposes a reduction of operating expenses so that resources can be reallocated to other activities of higher priority also funded from the State Airports Fund.

**FINANCING:**

The reduction of \$100,000 per year will be generated by decreasing agency aviation promotion, selected lower priority customer outreach efforts, and general administrative costs.

**OUTCOMES:**

This reduction will not significantly reduce the agency's efforts to promote aviation.

## BUDGET ACTIVITY SUMMARY

**Budget Activity:** AIR TRANSPORTATION  
**Program:** AERONAUTICS  
**Agency:** TRANSPORTATION DEPT

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### ACTIVITY PROFILE:

This activity provides air transportation service to the governor, legislators, other elected officials and their staffs, agency heads, and staff of state agencies and the University. This service increases the efficiency of state government by reducing travel time of state officials and employees of state agencies when responding to constituent needs, especially in greater Minnesota.

### STRATEGIES AND PERFORMANCE:

The agency owns and operates one jet aircraft and two twin-engine, turboprop aircraft. In addition to providing scheduling services for Mn/DOT's aircraft, the agency arranges for charter flights when needed. The goal is to provide responsive, cost effective transportation for users. In addition, the schedulers arrange for flights on scheduled airlines for agency personnel.

#### **Fiscal Year 2000 Activity**

|  |         |
|--|---------|
| Number of passengers flown               | 1,941   |
| Number of trips                          | 431     |
| Number of miles flown                    | 183,520 |
| Number of passenger miles flown          | 712,592 |
| Number of flight hours (Mn/DOT aircraft) | 709     |

### FINANCING INFORMATION:

The air transportation service is operated through a revolving account. Users of the service are charged by the mile and receipts are deposited in the Air Transportation Revolving Account. Rates for use of the aircraft are set so that the direct operating costs and maintenance of the aircraft are covered and a reserve for future engine replacement is maintained. As a result of 1998 legislative action, acquisition costs are no longer recovered and pilots' salaries are paid from appropriated accounts rather than the Air Transportation Revolving Account. Rates are periodically reviewed and adjusted so a positive cash flow is maintained.

Activity: AIR TRANSPORTATION  
 Program: AERONAUTICS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     | Biennial Change<br>2002-03 Gov / 2000-01 |             |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|--|-------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. | Dollars                                  | Percent     |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |              |                     |              |                     |  |             |
| <b>State Operations</b>                           |                   |                   |                     |              |                     |              |                     |  |             |
| COMPENSATION                                      | 134               | 121               | 122                 | 124          | 124                 | 127          | 127                 | 8  | 3.3%        |
| OTHER OPERATING EXPENSES                          | 583               | 386               | 1,373               | 904          | 904                 | 904          | 904                 | 49                                       | 2.8%        |
| <b>Total Expenditures</b>                         | <b>717</b>        | <b>507</b>        | <b>1,495</b>        | <b>1,028</b> | <b>1,028</b>        | <b>1,031</b> | <b>1,031</b>        | <b>57</b>                                | <b>2.8%</b> |

|                                  |            |            |              |              |              |              |              |  |  |
|----------------------------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--|--|
| <b>Financing by Fund:</b>        |            |            |              |              |              |              |              |  |  |
| <b>Direct Appropriations:</b>    |            |            |              |              |              |              |              |  |  |
| GENERAL                          | 50         | 50         | 50           | 50           | 50           | 50           | 50           |  |  |
| STATE AIRPORTS                   | 73         | 71         | 72           | 74           | 74           | 77           | 77           |  |  |
| TRUNK HIGHWAY                    | 11         | 11         | 11           | 11           | 11           | 11           | 11           |  |  |
| <b>Statutory Appropriations:</b> |            |            |              |              |              |              |              |  |  |
| STATE AIRPORTS                   | 583        | 375        | 1,362        | 893          | 893          | 893          | 893          |  |  |
| <b>Total Financing</b>           | <b>717</b> | <b>507</b> | <b>1,495</b> | <b>1,028</b> | <b>1,028</b> | <b>1,031</b> | <b>1,031</b> |  |  |

|                                 |            |            |            |            |            |            |            |  |  |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--|--|
| <b>Revenue Collected:</b>       |            |            |            |            |            |            |            |  |  |
| <b>Dedicated</b>                |            |            |            |            |            |            |            |  |  |
| STATE AIRPORTS                  | 624        | 615        | 893        | 893        | 893        | 893        | 893        |  |  |
| <b>Nondedicated</b>             |            |            |            |            |            |            |            |  |  |
| STATE AIRPORTS                  | 8          | 0          | 0          | 0          | 0          | 0          | 0          |  |  |
| <b>Total Revenues Collected</b> | <b>632</b> | <b>615</b> | <b>893</b> | <b>893</b> | <b>893</b> | <b>893</b> | <b>893</b> |  |  |

|                                   |            |            |            |            |            |            |            |  |  |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|--|--|
| <b>FTE by Employment Type:</b>    |            |            |            |            |            |            |            |  |  |
| FULL TIME                         | 2.1        | 2.0        | 2.0        | 2.0        | 2.0        | 2.0        | 2.0        |  |  |
| OVERTIME PAY                      | 0.1        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |  |  |
| <b>Total Full-Time Equivalent</b> | <b>2.2</b> | <b>2.0</b> | <b>2.0</b> | <b>2.0</b> | <b>2.0</b> | <b>2.0</b> | <b>2.0</b> |  |  |

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## PROGRAM SUMMARY

**Program: TRANSIT**  
**Agency: TRANSPORTATION DEPT**

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### PROGRAM PROFILE:

The goals of the state transportation system include providing transit services throughout the state to meet the needs of transit users (M.S. 174.01). The transit program provides:

- Grants for operating and capital assistance to Greater Minnesota Public Transit providers, and
- technical assistance to increase efficiency and productivity of public transit systems.

Transportation is an important priority and a key to healthy, vital communities in Minnesota. Mn/DOT is committed to a balanced, statewide, multimodal and long-term transportation strategy known as Moving Minnesota. This strategy increases Minnesota's economic competitiveness and responds to the challenges of future congestion and urban growth. It includes "Advantages for Transit" which provides:

- Alternatives to driving alone through expanded county-wide bus systems throughout the state, and
- development of light rail and commuter rail lines, and exclusive urban busways.

The Greater Minnesota transit program benefits thousands of Minnesotans in areas where public transit is often the only means of access to life-sustaining goods, services, and work opportunities. Providing transit service in Minnesota is achieved through a long-standing partnership among federal, state and local governments.

Counties in Greater Minnesota typically have shrinking tax bases, lower revenues, higher shares of low-income residents, and a growing elderly population. The proportion of people who are dependent upon public transportation (the elderly, persons with disabilities, and the poor) is expected to increase more rapidly than the population as a whole.

Light rail transit represents a significant change in transportation policy in Minnesota. It is also the single largest transportation financial commitment the state has made. The state has authorized funding for the 12.2 mile Hiawatha Corridor light rail line which connects downtown Minneapolis to the Mall of America.

Pursuant to M.S. 174.82, Mn/DOT is responsible for all aspects of planning, developing, constructing, operating and maintaining commuter rail, including system planning, advanced corridor planning, preliminary engineering, final design, construction, negotiating with railroads, and developing financial and operating plans. Mn/DOT has developed and published the "Commuter Rail System Plan" to govern and guide development of commuter rail in Minnesota.

The Metropolitan Council "Transit 2020 Master Plan" encourages development of transit ways centered on the downtowns of Minneapolis and St. Paul. Three transit ways (Hiawatha, Riverview, and Central) were identified for LRT; three more (Northstar, Red Rock, and Dan Patch) are identified for commuter rail corridors; and a final three (Minneapolis Southwest Corridor, St. Paul Northeast Corridor, and Minneapolis Northwest Corridor) are identified for exclusive urban busways. A recent major investment study has identified the Riverview Corridor for an exclusive urban busway.

### STRATEGIES AND PERFORMANCE:

The Greater Minnesota transit program helps people and communities meet their mobility needs by supporting safe, responsive, efficient and environmentally sound transit services. Program goals are accomplished by:

- Leading the development and implementation of transit policy within a multimodal network,
- managing Mn/DOT's transit investment,
- advancing transit programs responsive to the mobility needs of Minnesotans,
- directing statewide transit planning, coordination activities and the development of technologies, and
- focusing on customer needs through public involvement in information gathering and decision-making.

The state's commitment to public transportation will be maintained by directing limited resources toward preservation and management of existing public transit systems. Public transit service exists in 64 counties, including 36 regional centers, in Greater Minnesota. As economic activity, health care services, government services, and educational facilities become more concentrated in regional centers, the need to travel to and within these centers continues to increase.

Public satisfaction with the availability of transit services will continue to be measured through the Statewide Omnibus Survey on Public Attitudes and Opinions about Transportation. This information will assist Mn/DOT in determining customer response to public transit service and in tailoring the service to meet local needs.

**PROGRAM SUMMARY (Continued)**

**Program: TRANSIT**  
**Agency: TRANSPORTATION DEPT**

Public transit addresses the Governor's Big Plan priorities by providing multi-modal transportation options to driving alone (Healthy and Vital Communities) and allowing people to live independently and to participate fully in Minnesota's communities and economy (Self Sufficient People). Achievement of these priorities becomes more critical as population is increasingly represented by people from all parts of the world, people with physical and mental limitations, and older people. The number of Greater Minnesota counties with county-wide transit serving the general public shows progress in closing the gap.

|                     |      |      |      |      |      |      |      |      |
|---------------------|------|------|------|------|------|------|------|------|
| Greater MN Counties | 1980 | 1990 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|                     | 24   | 36   | 51   | 53   | 58   | 59   | 63   | 64   |

**FINANCING INFORMATION:**

*Program Funds*

The transit program administers state and federal transit assistance funds for Greater Minnesota (outside the seven-county metropolitan area). It also has statewide responsibility for the administration of federal transit programs.

Appropriation (dollars in thousands):

|                       | 1996     | 1997     | 1998     | 1999     | 2000     | 2001     |
|-----------------------|----------|----------|----------|----------|----------|----------|
| State Transit Assist. | \$11,557 | \$11,556 | \$13,556 | \$13,556 | \$15,406 | \$15,406 |
| Access to Jobs        | -0-      | -0-      | 925      | -0-      | -0-      | -0-      |
| Fed Operating Assist. | 3,294    | 3,479    | 3,989    | 5,008    | 5,430    | 5,866    |
| State LRT Assistance  | -0-      | -0-      | -0-      | -0-      | 40,000   | 60,000   |

*Grants Summary*

Minnesota established a public transit participation program to meet objectives stated in M.S. 174.21 by providing financial assistance to eligible recipients outside of the metropolitan area. Since 1-1-84, public transit systems in Greater Minnesota have received state assistance through a fixed local share funding formula.

**BUDGET ISSUES:**

- The state is required by law to pay a percentage of approved operating costs. Base level funding will reduce the assistance needed to operate existing systems at current levels due to inflation and to the increased state share contribution for Duluth (result of recent legislative action).
- Base level funding will not address the need for new service in counties and communities without public transit service.
- As a result of Minnesota's booming economy coupled with its low unemployment rate, bus operator salaries, which make up the largest percentage of a transit system's operating budget, continue to rise. Transit system budgets have also been impacted by the recent rise in fuel costs.
- TEA-21 has guaranteed a funding level for transit. FTA's Section 5307 funds for Urbanized Area Formula Program (operating and capital assistance for urbanized areas 50,000 to 200,000 in population) and Section 5311 funds for Non-urbanized Area Formula Program (operating and capital assistance for areas less than 50,000 in population) are estimated to increase each year of the Act. However, federal funds make up only a small percentage of total operating costs.
- Mn/DOT is responsible for administering federal funds for transit corridors in the Twin Cities Metropolitan Area. In addition, Mn/DOT receives CMAQ and STP funds from FHWA for projects that reduce congestion in the Metro Area.
- Mn/DOT is legislatively-mandated to oversee planning studies to implement commuter rail projects in regional corridors. Resources for the newly-created Passenger Rail Transit Office are needed to provide staff coordination and oversight of state and federal funds.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends the addition of \$4.1 million to the biennial base of \$31.7 million for total spending in the 2002-03 biennium of \$35.8 million. The additional spending includes \$3.1 million to preserve the current level of Greater Minnesota transit services, including a biennial increase of \$900,000 for the city of Duluth transit system to provide financial equity with other outstate transit systems, and \$1.0 million to provide permanent funding for a Passenger Rail Office.

Program: TRANSIT  
 Agency: TRANSPORTATION DEPT

| Program Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002        |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|----------------|---------------------|---------------|---------------------|--|--------------|
|   |                   |                   |                     | Base           | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Activity:</b>          |                   |                   |                     |                |                     |               |                     |  |              |
| GREATER MINN TRANSIT ASSIST               | 21,660            | 22,921            | 29,473              | 25,718         | 27,268              | 26,124        | 27,674              | 2,548                                    | 4.9%         |
| TRANSIT ADMINISTRATION                    | 1,198             | 1,361             | 1,662               | 1,776          | 1,776               | 1,852         | 1,852               | 605                                      | 20.0%        |
| METRO TRANSIT                             | 3,821             | 14,375            | 84,815              | 165,050        | 165,050             | 49,550        | 49,550              | 115,410                                  | 116.4%       |
| PASSENGER RAIL TRANSIT                    | 0                 | 0                 | 0                   | 0              | 500                 | 0             | 500                 | 1,000                                    |              |
| <b>Total Expenditures</b>                 | <b>26,679</b>     | <b>38,657</b>     | <b>115,950</b>      | <b>192,544</b> | <b>194,594</b>      | <b>77,526</b> | <b>79,576</b>       | <b>119,563</b>                           | <b>77.3%</b> |

| <b>Change Items:</b>                        | <b>Fund</b> |  |  |  |              |  |              |
|---|-------------|--|--|--|--------------|--|--------------|
| (B) PRESERVATION OF EXISTING SERVICE LEVELS | GEN         |  |  |  | 1,550        |  | 1,550        |
| (B) NEW PASSENGER RAIL OFFICE               | GEN         |  |  |  | 500          |  | 500          |
| <b>Total Change Items</b>                   |             |  |  |  | <b>2,050</b> |  | <b>2,050</b> |

| <b>Financing by Fund:</b>        |               |               |                |                |                |               |               |
|----------------------------------|---------------|---------------|----------------|----------------|----------------|---------------|---------------|
| <b>Direct Appropriations:</b>    |               |               |                |                |                |               |               |
| GENERAL                          | 17,423        | 14,841        | 17,805         | 15,499         | 17,549         | 15,512        | 17,562        |
| TRUNK HIGHWAY                    | 332           | 297           | 358            | 340            | 340            | 348           | 348           |
| <b>Statutory Appropriations:</b> |               |               |                |                |                |               |               |
| SPECIAL REVENUE                  | 2,040         | 8,575         | 35,528         | 107,622        | 107,622        | 47,622        | 47,622        |
| FEDERAL                          | 6,704         | 14,627        | 61,856         | 68,749         | 68,749         | 13,685        | 13,685        |
| MISCELLANEOUS AGENCY             | 180           | 317           | 403            | 334            | 334            | 359           | 359           |
| <b>Total Financing</b>           | <b>26,679</b> | <b>38,657</b> | <b>115,950</b> | <b>192,544</b> | <b>194,594</b> | <b>77,526</b> | <b>79,576</b> |

| <b>FTE by Employment Type:</b>    |             |             |             |             |             |             |             |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| FULL TIME                         | 18.1        | 20.9        | 21.0        | 21.0        | 25.0        | 21.0        | 25.0        |
| PART-TIME, SEASONAL, LABOR SER    | 0.5         | 0.2         | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         |
| OVERTIME PAY                      | 0.0         | 0.0         | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         |
| <b>Total Full-Time Equivalent</b> | <b>18.6</b> | <b>21.1</b> | <b>21.6</b> | <b>21.6</b> | <b>25.6</b> | <b>21.6</b> | <b>25.6</b> |

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## BUDGET ACTIVITY SUMMARY

**Budget Activity:** GREATER MINN TRANSIT ASSIST  
**Program:** TRANSIT  
**Agency:** TRANSPORTATION DEPT

### ACTIVITY PROFILE:

This activity provides access to transit for persons who have no alternative mode of transportation available, increases the efficiency and productivity of public transit systems, maintains a state commitment to public transportation and meets other needs of individual transit systems consistent with the objectives stated in M.S. 174.21.

The Greater Minnesota Transit Assistance activity, in financial partnership with local recipients and federal government, provides:

- Grants for operating and capital assistance to fund public transit service outside the metropolitan area in 64 of 80 counties (seven counties are without public transit service and nine have service only in certain municipalities);
- a variety of community-based transit services, such as fixed route, flexible fixed route, demand responsive, and specialized services;
- transportation service for persons with no alternative mode of transportation available;
- transit service to a variety of destinations, including employment sites, educational institutions, medical appointments, shopping centers, recreational facilities, and congregating dining; and
- technical assistance to increase efficiency and productivity of public transit systems.

This activity benefits thousands of Minnesotans in areas where public transit is often the only means of access to life-sustaining goods, services, and work opportunities.

Without this assistance, users of these systems would have few, if any, mobility alternatives. The need for local public transit service, particularly in Greater Minnesota and especially among the elderly and low-income citizens, is increasing.

### STRATEGIES AND PERFORMANCE:

The Greater Minnesota Transit Plan established the groundwork for providing transit service within every Minnesota county. The plan focuses on a strategy that acknowledges the diversity of service options available to meet transit needs

throughout Greater Minnesota. Currently, the department works closely with Greater Minnesota communities and agencies to maintain existing public transit service, fill service gaps, and develop a comprehensive, coordinated transit network.

The business plan for public transit in Greater Minnesota has been developed and includes the following strategies:

- Preserve existing public transit systems, by maintaining current level of public transit service including existing service hours, trips and number of people with access to service.
- Increase the availability of public transit service in Greater Minnesota.

Number of counties in Greater Minnesota with county-wide public transit service:

| <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 51          | 53          | 58          | 59          | 63          | 64          |

Number of the 39 Regional Centers served by public transit in Greater Minnesota:

| <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 34          | 34          | 34          | 34          | 36          | 36          |

A greater number of Minnesota citizens will have access to public transit service.

### FINANCING INFORMATION:

#### *Program Funds*

This activity provides grants to eligible recipients to operate public transit services in Greater Minnesota. State funds are made available through the public transit participation program (M.S. 174.24). Federal funds are made available through the Federal Transit Administration's Section 5311, Non-urbanized Area Formula Program.

The current priorities for financial assistance under the public transit participation program are:

- Operating assistance for existing systems,
- capital assistance (critical for continued system operation) for existing transit systems, and
- operating and capital assistance for establishing new transit systems.

**BUDGET ACTIVITY SUMMARY (Continued)**

**Budget Activity: GREATER MINN TRANSIT ASSIST**  
**Program: TRANSIT**  
**Agency: TRANSPORTATION DEPT**

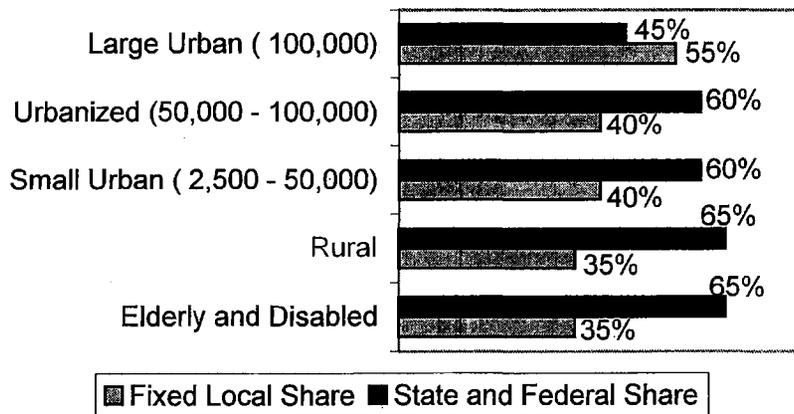
Base level funding will support existing operations at somewhat reduced service levels. However, current funding levels won't allow service to be expanded into counties that lack transit services or those with limited services. It also precludes investment in transit capital.

*Grants Summary*

The transit program currently provides grants for the operation of 67 public transit systems.

Eligible recipients include any legislatively-established public transit commission or authority, any county or statutory or home rule charter city providing financial assistance to or operating public transit, any private operator of public transit, or any combination thereof. Eligible recipients must be located outside of the metropolitan area.

M.S. 174.21 establishes a fixed local share funding formula for recipients of the public transit participation program. This formula sets a maximum local share of the total operating cost. The local share can consist of any combination of revenue sources including farebox receipts, auxiliary revenues, and local tax levies. The remainder of the operating cost is paid from state funds less any assistance received from any federal source.



Activity: GREATER MINN TRANSIT ASSIST  
 Program: TRANSIT  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |                |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|----------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent        |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |               |                     |               |                     |  |                |
| <b>State Operations</b>                           |                   |                   |                     |               |                     |               |                     |  |                |
| OTHER OPERATING EXPENSES                          | 95                | 285               | 284                 | 174           | 174                 | 174           | 174                 | (221)                                    | (38.8%)        |
| <b>Subtotal State Operations</b>                  | <b>95</b>         | <b>285</b>        | <b>284</b>          | <b>174</b>    | <b>174</b>          | <b>174</b>    | <b>174</b>          | <b>(221)</b>                             | <b>(38.8%)</b> |
| PAYMENTS TO INDIVIDUALS                           | 65                | 68                | 82                  | 69            | 69                  | 69            | 69                  | (12)                                     | (8.0%)         |
| LOCAL ASSISTANCE                                  | 21,500            | 22,568            | 29,107              | 25,475        | 27,025              | 25,881        | 27,431              | 2,781                                    | 5.4%           |
| <b>Total Expenditures</b>                         | <b>21,660</b>     | <b>22,921</b>     | <b>29,473</b>       | <b>25,718</b> | <b>27,268</b>       | <b>26,124</b> | <b>27,674</b>       | <b>2,548</b>                             | <b>4.9%</b>    |

| <u>Change Items:</u>                        | <u>Fund</u> |  |  |  |              |  |  |              |  |
|---|-------------|--|--|--|--------------|--|--|--------------|--|
| (B) PRESERVATION OF EXISTING SERVICE LEVELS | GEN         |  |  |  | 1,550        |  |  | 1,550        |  |
| <b>Total Change Items</b>                   |             |  |  |  | <b>1,550</b> |  |  | <b>1,550</b> |  |

| <u>Financing by Fund:</u>        |               |               |               |               |               |               |               |  |  |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|--|
| <b>Direct Appropriations:</b>    |               |               |               |               |               |               |               |  |  |
| GENERAL                          | 16,894        | 14,374        | 17,310        | 15,001        | 16,551        | 15,001        | 16,551        |  |  |
| <b>Statutory Appropriations:</b> |               |               |               |               |               |               |               |  |  |
| FEDERAL                          | 4,586         | 8,230         | 11,760        | 10,383        | 10,383        | 10,764        | 10,764        |  |  |
| MISCELLANEOUS AGENCY             | 180           | 317           | 403           | 334           | 334           | 359           | 359           |  |  |
| <b>Total Financing</b>           | <b>21,660</b> | <b>22,921</b> | <b>29,473</b> | <b>25,718</b> | <b>27,268</b> | <b>26,124</b> | <b>27,674</b> |  |  |

| <u>Revenue Collected:</u>       |              |               |               |               |               |               |               |  |  |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|--|--|
| <b>Dedicated</b>                |              |               |               |               |               |               |               |  |  |
| FEDERAL                         | 4,162        | 9,705         | 11,074        | 11,261        | 11,261        | 11,697        | 11,697        |  |  |
| MISCELLANEOUS AGENCY            | 177          | 317           | 309           | 334           | 334           | 359           | 359           |  |  |
| <b>Nondedicated</b>             |              |               |               |               |               |               |               |  |  |
| GENERAL                         | 197          | 70            | 50            | 50            | 50            | 50            | 50            |  |  |
| <b>Total Revenues Collected</b> | <b>4,536</b> | <b>10,092</b> | <b>11,433</b> | <b>11,645</b> | <b>11,645</b> | <b>12,106</b> | <b>12,106</b> |  |  |

**BUDGET CHANGE ITEM (46316)**

**Budget Activity:** GREATER MINN TRANSIT ASSIST  
**Program:** TRANSIT  
**Agency:** TRANSPORTATION DEPT  
**Item Title:** PRESERVATION OF EXISTING SERVICE LEVELS

The legislature appropriated \$30.8 million for Greater Minnesota transit operations during the current biennium. Of this, \$812,000 was deemed one-time money for use prior to 6-30-2001. Because the base does not include one-time money or any inflationary increase, it will be insufficient to maintain service currently on the street.

The additional funds will be used to achieve the statutory goal of maintaining the state's investment in public transportation service for Greater Minnesota (M.S. 174.21) and the department's mission of developing a coordinated transportation network that allows people and goods to move efficiently across the state. Through such a network Mn/DOT is able to preserve, manage and improve the state's transit system and support connections among all transportation options.

This amount will support current service levels by providing sufficient operating assistance to cover the state's statutory share of typical inflationary costs (e.g., drivers' wages, fuel, insurance) of operating 67 public transit systems in Greater Minnesota. Transit system budgets have been seriously strained in two areas that together make up the largest part of transit operating costs: first, labor shortages have driven up driver wages; second, escalating fuel prices have made it difficult to predict expenses and stay within already tight budgets. The amount also includes a \$450,000 annual increase in the state share of operating costs for Duluth to reflect recent legislative action.

**FINANCING:**

Base level funding will support existing systems only at a reduced level of service. The initiative will enable the state to participate fully in the support of current service levels and to maintain its commitment to public transportation by directing limited resources toward preservation and management of existing public transit systems. Public transportation will be available for a variety of purposes including access to employment, education, medical appointments, shopping, recreation, and other life sustaining activities. People who are dependent upon public transportation are often elderly, disabled or economically disadvantaged. Public transit services will enable Greater Minnesota residents to access vital goods and services and remain independent in their communities. Through the annual Greater Minnesota transit grant application process, Mn/DOT works with recipient communities to identify needs and ensure that budgets are fiscally conservative. Technical assistance is provided throughout the year, and budgets are carefully monitored for maximum return on the expenditure of state funds.

|  | 2002-03 Biennium |         | 2004-05 Biennium |         |
|--|------------------|---------|------------------|---------|
|  | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s)   |                  |         |                  |         |
| -Grants  | \$1,550          | \$1,550 | \$1,550          | \$1,550 |
| Revenues: (\$000s)   |                  |         |                  |         |
| General Fund   | \$-0-            | \$-0-   | \$-0-            | \$-0-   |
| Statutory Change? Yes _____ No <u> X </u>                                |                  |         |                  |         |
| If yes, statute(s) affected:   |                  |         |                  |         |
| _____ New Activity <u> X </u> Supplemental Funding    _____ Reallocation |                  |         |                  |         |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends an annual increase of \$1.550 million in Greater Minnesota Transit Assistance funds to provide operating assistance for existing public transit systems in Greater Minnesota. Funding at this level will enable established systems to maintain current levels of service to their respective communities.

**DESCRIPTION:**

This proposal will supplement the \$15 million annual base for transit operations in Greater Minnesota by providing an inflationary increase in funding for 67 transit systems and a legislatively-directed increase in the state share of operating costs for Duluth so that current service levels of transit are maintained.

**RATIONALE:**

The Greater Minnesota Transit Assistance activity, in financial partnership with local recipients and the federal government, provides grants for operating and capital assistance to fund public transit service in 64 of the 80 counties. M.S. 174.21 establishes a fixed local share funding formula for recipients of the public transit participation program. The local share can consist of any combination of revenue sources including farebox receipts, auxiliary revenues, and local tax levies. Transit systems in Greater Minnesota on average have farebox revenues that account for 20% of their total annual budget.

**BUDGET CHANGE ITEM (46316) (Continued)**

**Budget Activity: GREATER MINN TRANSIT ASSIST**

**Program: TRANSIT**

**Agency: TRANSPORTATION DEPT**

**Item Title: PRESERVATION OF EXISTING SERVICE LEVELS**

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**OUTCOMES:**

Public transit addresses the Governor's Big Plan priorities by providing multi-modal transportation options to driving alone (Healthy and Vital Communities) and allowing people, especially our elderly and disabled citizens, to live independently and to participate fully in Minnesota's communities and economy (Self Sufficient People). Achievement of these priorities becomes more critical as the population is increasingly represented by people from all parts of the world, people with physical and mental limitations, and older people. Without transit service their quality of life could be substantially diminished.

The department works closely in collaboration with Greater Minnesota communities and agencies to maintain existing public transit service, fill service gaps, and develop a comprehensive, coordinated transit network. The business plan for public transit in Greater Minnesota has been developed and includes preservation of existing public transit systems. This will be accomplished by providing resources and technical assistance to maintain the current level of public transit service including existing service hours, trips and number of people with access to service. The primary outcome is to sustain the current level of public transit in Greater Minnesota. Further, public satisfaction with the availability of transit services will continue to be measured through the Statewide Omnibus Survey on Public Attitudes and Opinions about Transportation.

**BUDGET ACTIVITY SUMMARY**

**Budget Activity:** TRANSIT ADMINISTRATION  
**Program:** TRANSIT  
**Agency:** TRANSPORTATION DEPT

**ACTIVITY PROFILE:**

The transit administration activity:

- Administers contracts with 67 public transit programs located outside the metropolitan area;
- manages federal transit assistance programs for recipients of FTA's Section 5309, 5310 and 5311 funds;
- provides technical assistance to increase efficiency and productivity of public transit systems;
- administers a cooperative procurement process for annually procuring 30 to 50 transit vehicles;
- manages intelligent transportation system (ITS) projects that demonstrate the use of new technologies for small urban and rural transit systems;
- conducts statewide transit surveys;
- provides resources for training transit system managers, drivers, dispatchers and mechanics;
- administers contracts for non-construction, transit-related Congestion Mitigation Air Quality (CMAQ) funds identified in the Statewide Transportation Improvement program for transportation demand management activities in the Twin Cities Metropolitan Area; and
- coordinates transit and rideshare activities in Greater Minnesota.

**STRATEGIES AND PERFORMANCE:**

Continued efforts will be made to involve customers and partners in developing and deploying a coordinated transit network that is integrated into the overall transportation system. This will be accomplished by:

- Surveying Greater Minnesotans biennially to track their satisfaction with availability of transit options. In 1999, 60.9% of the respondents indicated they were satisfied with the availability of public transit in their communities. Of the 39.1% of respondents dissatisfied with the availability of public transit, the two most significant reasons given were "transit wasn't available" (47.4%) and "there wasn't enough transit" (23.7%);
- Partnering with other Mn/DOT offices and state agencies to establish nine Transportation Operations Communication Centers throughout Greater Minnesota over the next six years. TOCC's are expected to foster

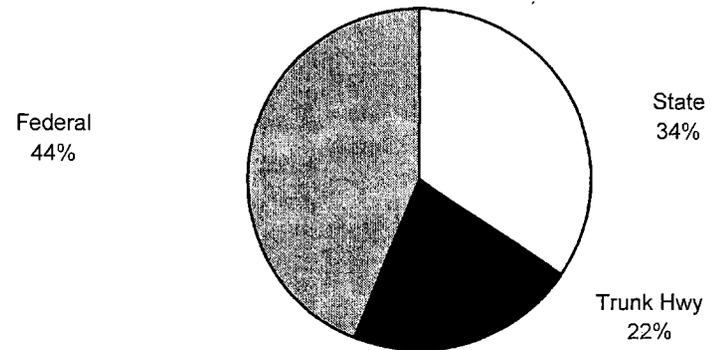
integration and coordination of an operations and communications network using the latest technological advances;

- Providing technical assistance to redesign transit services to county/multi-county systems for efficiency of operation;
- Providing assistance to communities who are developing transit plans for future service implementation;
- Improving statewide transit data collection and management to improve the way business is conducted in the future;
- Conducting statewide transit market research to identify needs of transit riders and non-riders and develop new marketing techniques for use by local transit communities;
- Sponsoring annual 'best practices' events (e.g. bus roadeo, transit conference), which create opportunities to enhance driving skills and showcase innovative ideas across the state;
- Coordinating training opportunities for transit professionals to improve the quality and safety of services delivered to customers; and
- Providing a cooperative vehicle procurement process that allows local communities to purchase the best vehicle at the best price.

**FINANCING INFORMATION:**

This activity's administrative budget consists of general, trunk highway and federal funds. Personal services presently comprise approximately 89% of the administrative budget.

**F.Y. 2000 Expenditures by Fund (\$1.4 million)**



Activity: TRANSIT ADMINISTRATION  
 Program: TRANSIT  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|--|--------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |              |                     |              |                     |  |              |
| <b>State Operations</b>                           |                   |                   |                     |              |                     |              |                     |  |              |
| COMPENSATION                                      | 1,012             | 1,215             | 1,284               | 1,368        | 1,368               | 1,447        | 1,447               | 316                                      | 12.6%        |
| OTHER OPERATING EXPENSES                          | 157               | 113               | 377                 | 408          | 408                 | 405          | 405                 | 323                                      | 65.9%        |
| <b>Subtotal State Operations</b>                  | <b>1,169</b>      | <b>1,328</b>      | <b>1,661</b>        | <b>1,776</b> | <b>1,776</b>        | <b>1,852</b> | <b>1,852</b>        | <b>639</b>                               | <b>21.4%</b> |
| LOCAL ASSISTANCE                                  | 29                | 33                | 1                   | 0            | 0                   | 0            | 0                   | (34)                                     | (100.0%)     |
| <b>Total Expenditures</b>                         | <b>1,198</b>      | <b>1,361</b>      | <b>1,662</b>        | <b>1,776</b> | <b>1,776</b>        | <b>1,852</b> | <b>1,852</b>        | <b>605</b>                               | <b>20.0%</b> |

|                                  |              |              |              |              |              |              |              |  |  |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--|
| <b>Financing by Fund:</b>        |              |              |              |              |              |              |              |  |  |
| <b>Direct Appropriations:</b>    |              |              |              |              |              |              |              |  |  |
| GENERAL                          | 529          | 467          | 495          | 498          | 498          | 511          | 511          |  |  |
| TRUNK HIGHWAY                    | 332          | 297          | 358          | 340          | 340          | 348          | 348          |  |  |
| <b>Statutory Appropriations:</b> |              |              |              |              |              |              |              |  |  |
| SPECIAL REVENUE                  | 0            | 0            | 52           | 0            | 0            | 0            | 0            |  |  |
| FEDERAL                          | 337          | 597          | 757          | 938          | 938          | 993          | 993          |  |  |
| <b>Total Financing</b>           | <b>1,198</b> | <b>1,361</b> | <b>1,662</b> | <b>1,776</b> | <b>1,776</b> | <b>1,852</b> | <b>1,852</b> |  |  |

|                                 |          |          |           |          |          |          |          |  |  |
|---------------------------------|----------|----------|-----------|----------|----------|----------|----------|--|--|
| <b>Revenue Collected:</b>       |          |          |           |          |          |          |          |  |  |
| <b>Dedicated</b>                |          |          |           |          |          |          |          |  |  |
| SPECIAL REVENUE                 | 0        | 0        | 52        | 0        | 0        | 0        | 0        |  |  |
| <b>Total Revenues Collected</b> | <b>0</b> | <b>0</b> | <b>52</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |  |  |

|                                   |             |             |             |             |             |             |             |  |  |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|
| <b>FTE by Employment Type:</b>    |             |             |             |             |             |             |             |  |  |
| FULL TIME                         | 18.1        | 20.9        | 21.0        | 21.0        | 21.0        | 21.0        | 21.0        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 0.5         | 0.2         | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         |  |  |
| OVERTIME PAY                      | 0.0         | 0.0         | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         |  |  |
| <b>Total Full-Time Equivalent</b> | <b>18.6</b> | <b>21.1</b> | <b>21.6</b> | <b>21.6</b> | <b>21.6</b> | <b>21.6</b> | <b>21.6</b> |  |  |

## BUDGET ACTIVITY SUMMARY

**Budget Activity:** METRO TRANSIT  
**Program:** TRANSIT  
**Agency:** TRANSPORTATION DEPT

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### ACTIVITY PROFILE:

The metro transit activity includes transit corridor projects as well as Rideshare projects and certain Congestion Mitigation Air Quality (CMAQ) transit projects in the Twin Cities Metropolitan Area. Federal, state and local funds have been allocated to support these projects.

The Hiawatha light rail line will connect downtown Minneapolis, the Metrodome, the University of Minnesota and Augsburg College, several south Minneapolis neighborhoods, the Veterans Hospital, the Fort Snelling Military Complex, the International Airport, the Airport south commercial district and the Mall of America.

The Twin Cities Exclusive Busway Study identified three exclusive busway corridors – Minneapolis Southwest Corridor, St. Paul Northeast Corridor, and Minneapolis Northwest Corridor – for implementation.

CMAQ funds were approved for the Metropolitan Council to plan, organize, and implement a regional travel demand program and a travel demand management project along the I-494 corridor. CMAQ funds are also used to support the Minneapolis Transportation Management Organization project.

### STRATEGIES AND PERFORMANCE:

One of the strategies to maintain a desirable level of regional accessibility is an improved transit system. A network of light rail transit lines will provide the backbone for an improved transit system. The Hiawatha Corridor Light Rail Transit line is the first segment of that system to be constructed.

Corridor projects are expected to improve air quality, travel time, security, and the quality of service for Twin Cities transit customers. Projects will also enhance economic development in the corridors.

Busways have the potential to convert to LRT as the corridors mature and ridership warrants this level of transit service.

### FINANCING INFORMATION:

Mn/DOT is responsible for administering federal funds for the transit corridors and certain CMAQ and STP funds in the Twin Cities Metropolitan Area. In federal FY 2000, Congress earmarked \$3 million for Twin Cities Transitway Projects, \$42.5 million for the Hiawatha Corridor Project, and \$10 million for the

Northstar Corridor for intermodal facilities and buses. These funds were made available through the Federal Transit Administration.

Mn/DOT is the designated agency to receive CMAQ and STP funds from FHWA. Mn/DOT passes funds through to the Metropolitan Council and the city of Minneapolis for travel management programs that help reduce congestion in the Twin Cities Metropolitan Area. In addition, federal funds are passed through to metro transit systems (e.g., Southwest Metro Transit, Plymouth Metrolink, and University of Minnesota Transit Services) for vehicle procurements and special projects, such as the University's bus pass program. CMAQ funds also support the Metro Rideshare program.

Activity: METRO TRANSIT  
 Program: TRANSIT  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002        |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |               |
|---|-------------------|-------------------|---------------------|----------------|---------------------|---------------|---------------------|--|---------------|
|   |                   |                   |                     | Base           | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent       |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |                |                     |               |                     |  |               |
| <b>State Operations</b>                           |                   |                   |                     |                |                     |               |                     |  |               |
| COMPENSATION                                      | 0                 | 0                 | 296                 | 0              | 0                   | 0             | 0                   | (296)                                    | (100.0%)      |
| OTHER OPERATING EXPENSES                          | 2,055             | 8,575             | 26,540              | 107,622        | 107,622             | 47,622        | 47,622              | 120,129                                  | 342.1%        |
| <b>Subtotal State Operations</b>                  | <b>2,055</b>      | <b>8,575</b>      | <b>26,836</b>       | <b>107,622</b> | <b>107,622</b>      | <b>47,622</b> | <b>47,622</b>       | <b>119,833</b>                           | <b>338.4%</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 613               | 1,429             | 10,325              | 0              | 0                   | 0             | 0                   | (11,754)                                 | (100.0%)      |
| LOCAL ASSISTANCE                                  | 1,153             | 4,371             | 47,654              | 57,428         | 57,428              | 1,928         | 1,928               | 7,331                                    | 14.1%         |
| <b>Total Expenditures</b>                         | <b>3,821</b>      | <b>14,375</b>     | <b>84,815</b>       | <b>165,050</b> | <b>165,050</b>      | <b>49,550</b> | <b>49,550</b>       | <b>115,410</b>                           | <b>116.4%</b> |
| <b>Financing by Fund:</b>                         |                   |                   |                     |                |                     |               |                     |  |               |
| <b>Statutory Appropriations:</b>                  |                   |                   |                     |                |                     |               |                     |  |               |
| SPECIAL REVENUE                                   | 2,040             | 8,575             | 35,476              | 107,622        | 107,622             | 47,622        | 47,622              |  |               |
| FEDERAL   | 1,781             | 5,800             | 49,339              | 57,428         | 57,428              | 1,928         | 1,928               |  |               |
| <b>Total Financing</b>                            | <b>3,821</b>      | <b>14,375</b>     | <b>84,815</b>       | <b>165,050</b> | <b>165,050</b>      | <b>49,550</b> | <b>49,550</b>       |  |               |
| <b>Revenue Collected:</b>                         |                   |                   |                     |                |                     |               |                     |  |               |
| <b>Dedicated</b>                                  |                   |                   |                     |                |                     |               |                     |  |               |
| SPECIAL REVENUE                                   | 2,040             | 8,665             | 35,386              | 107,622        | 107,622             | 47,622        | 47,622              |  |               |
| FEDERAL   | 1,892             | 6,024             | 49,061              | 57,488         | 57,488              | 1,988         | 1,988               |  |               |
| <b>Total Revenues Collected</b>                   | <b>3,932</b>      | <b>14,689</b>     | <b>84,447</b>       | <b>165,110</b> | <b>165,110</b>      | <b>49,610</b> | <b>49,610</b>       |  |               |

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## BUDGET ACTIVITY SUMMARY

**Budget Activity:** PASSENGER RAIL TRANSIT  
**Program:** TRANSIT  
**Agency:** TRANSPORTATION DEPT

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### ACTIVITY PROFILE:

The Office of Passenger Rail Transit (OPRT) is responsible for developing comprehensive passenger rail transit plans that guide public investment and provide necessary information about commuter rail, light rail, bus rapid transit and high speed rail transportation in Minnesota.

The Passenger Rail Transit activity:

- provides technical leadership to communities as they evaluate passenger rail transit options;
- directs the evaluation of rail transit studies and projects;
- assists communities in meeting federal and state requirements for environmental review of rail transit projects;
- develops statewide policies and plans regarding the implementation including operations of rail transit services;
- develops and implements stakeholder information and input programs; and
- monitors national and local issues and legislation affecting the rail transit industry.

### *Commuter Rail System Plan:*

Pursuant to M.S. 174.80 – 174.90, Mn/DOT must ensure that commuter rail facilities are planned, designed and implemented in such a way as to move transit users to, from and within the state of Minnesota. It must also ensure a unified, integrated and efficient multimodal transportation system with rail transit lines that interface with each other and other transportation facilities.

This legislation also establishes that Mn/DOT is responsible for all aspects of planning, developing, constructing, operating and maintaining commuter rail. This includes system planning, advanced corridor planning, preliminary engineering, final design, construction, negotiating with the railroads and developing financial and operating plans.

In February of 2000, Mn/DOT completed the Commuter Rail System Plan, which addresses how Mn/DOT will manage the commuter rail legislative authority.

This plan:

- describes in detail the process that commuter rail corridors must follow to obtain Mn/DOT approval;
- establishes ground rules for the funding and financing of commuter rail;
- develops engineering standards for system components;
- stipulates a framework for conducting negotiations with host railroads; and
- defines the necessary coordination of commuter rail with all other transportation plans, transit services and highway operations.

### *Active Commuter Rail Corridors:*

The Commuter Rail Feasibility Study determined that selected freight railroad corridors throughout the state could support commuter rail service. Of the six corridors analyzed in detail, three corridors and a connector route between Minneapolis and St. Paul were identified initially as the most cost effective commuter rail service network. The following implementation staging was recommended for these corridors:

- Stage 1 - Northstar Corridor from Minneapolis to the St. Cloud Area
- Stage 2 - Red Rock Corridor from Hastings to Minneapolis (includes Central Corridor)
- Stage 3 - Dan Patch Corridor from Lakeville to Minneapolis

The Northstar Corridor Development Authority, under Mn/DOT's direction, supervision and control, will address transportation improvements along the Northstar corridor (from downtown Minneapolis to St. Cloud along the Highway 10 corridor). These improvements will include safety improvements, highway improvements, commuter and freight rail service, recreational trails, park and ride, intelligent transportation systems, and related land use issues. This project has progressed from the studies phase to the preliminary engineering phase. The next steps are final design, construction and operations/ maintenance.

Similarly, the Red Rock, Central and Dan Patch Corridors, also under Mn/DOT's supervision and direction, will be proceeding with their evaluation of options (including modes and alignment as appropriate).

### *Midwest Regional High Speed Rail Initiative:*

Since 1996, Minnesota has been involved in a multi-state, high-speed (80-110 mph) intercity rail study known as Midwest Regional High Speed Rail Initiative. This project, championed by Wisconsin, has the potential to enhance intercity connectivity between St. Paul, Winona, Red Wing, La Crosse, Madison,

## BUDGET ACTIVITY SUMMARY (Continued)

**Budget Activity:** PASSENGER RAIL TRANSIT  
**Program:** TRANSIT  
**Agency:** TRANSPORTATION DEPT

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Milwaukee and Chicago. This study is currently in the evaluation phase (ridership, financing and project management) with a move into the preliminary engineering as the next phase.

For Minnesota, the benefits of an improved rail service means the addition of six trains daily to Chicago with a reduction of travel time from 8 hours and 30 minutes to 5 and a half hours when the system is implemented. To reach this goal, Minnesota should begin Preliminary Engineering (PE) activities. PE takes the project from a planning stage to a level of design that allows more accurate estimates of project costs and impacts. The resultant technical and financial information will be a basis for subsequent funding and implementation decisions. A major objective of PE is to investigate the merits of all-around configurations and designs. These investigations require in-depth analysis of all components, their interrelationships, and their costs. In addition, environmental requirements are completed.

### *Operational Project Compliance and Oversight:*

To ensure that coordination, connectivity and system compliance is paramount among the various modes and operations, project oversight is essential. This is accomplished through careful analysis and consistent and intimate involvement with all passenger rail projects as they move through feasibility to implementation.

The Office of Passenger Rail Transit exists to provide the necessary leadership and financial oversight to ensure that all statewide goals for a multimodal transportation network are achieved. This is in line with Mn/DOT's "ABC" goals as outlined by the Moving Minnesota strategy.

### **STRATEGIES AND PERFORMANCE:**

One of the strategies to maintain a desirable level of regional accessibility is an improved transit system – this also provides a modal choice option. A network of bus, light rail and commuter rail service provides for an integrated transit system together with roads. Passenger rail transit projects are expected to improve travel time, security and the quality of service to statewide users. The intercity Midwest Regional Rail Initiative will improve regional connectivity.

The activities that this effort entails include preparation of all pre-construction plans and documents necessary to process a project from conception to operation and maintenance. This includes the following, among other, activities: passenger rail corridor studies and planning, project development;

management and scheduling; scoping activities; surveying and mapping; preliminary design, including layout development, environmental impact and design documentation; public involvement activities, including meetings and hearings; final detail design and plan preparation; right-of-way land acquisition and relocations; consultant contract administration; project management, including construction and maintenance oversight activities.

### **FINANCING INFORMATION:**

Mn/DOT is the recipient of federal funds designated for Twin Cities Transitway projects. These funds are made available through the Federal Transit Administration (FTA) and may be used for commuter rail projects.

Funding for this activity will provide staff and resources necessary for legislatively mandated leadership, coordination, and financial oversight of passenger rail transit investments. These legislatively mandated actions include planning, design and construction of commuter rail projects to ensure an integrated, efficient multimodal transportation system for the State of Minnesota.

Activity: PASSENGER RAIL TRANSIT  
 Program: TRANSIT  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002    |                     | FY 2003    |                     | Biennial Change<br>2002-03 Gov / 2000-01 |             |
|---|-------------------|-------------------|---------------------|------------|---------------------|------------|---------------------|--|-------------|
|   |                   |                   |                     | Base       | Governor<br>Recomm. | Base       | Governor<br>Recomm. | Dollars                                  | Percent     |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |            |                     |            |                     |  |             |
| State Operations                                  |                   |                   |                     |            |                     |            |                     |  |             |
| COMPENSATION                                      | 0                 | 0                 | 0                   | 0          | 300                 | 0          | 300                 | 600                                      |             |
| OTHER OPERATING EXPENSES                          | 0                 | 0                 | 0                   | 0          | 200                 | 0          | 200                 | 400                                      |             |
| <b>Total Expenditures</b>                         | <b>0</b>          | <b>0</b>          | <b>0</b>            | <b>0</b>   | <b>500</b>          | <b>0</b>   | <b>500</b>          | <b>1,000</b>                             | <b>0.0%</b> |
| <b>Change Items:</b>                              |                   |                   |                     |            |                     |            |                     |  |             |
|   | <b>Fund</b>       |                   |                     |            |                     |            |                     |  |             |
| (B) NEW PASSENGER RAIL OFFICE                     | GEN               |                   |                     |            | 500                 |            | 500                 |  |             |
| <b>Total Change Items</b>                         |                   |                   |                     |            | <b>500</b>          |            | <b>500</b>          |  |             |
| <b>Financing by Fund:</b>                         |                   |                   |                     |            |                     |            |                     |  |             |
| Direct Appropriations:                            |                   |                   |                     |            |                     |            |                     |  |             |
| GENERAL   | 0                 | 0                 | 0                   | 0          | 500                 | 0          | 500                 |  |             |
| <b>Total Financing</b>                            | <b>0</b>          | <b>0</b>          | <b>0</b>            | <b>0</b>   | <b>500</b>          | <b>0</b>   | <b>500</b>          |  |             |
| <b>FTE by Employment Type:</b>                    |                   |                   |                     |            |                     |            |                     |  |             |
| FULL TIME   | 0.0               | 0.0               | 0.0                 | 0.0        | 4.0                 | 0.0        | 4.0                 |  |             |
| <b>Total Full-Time Equivalent</b>                 | <b>0.0</b>        | <b>0.0</b>        | <b>0.0</b>          | <b>0.0</b> | <b>4.0</b>          | <b>0.0</b> | <b>4.0</b>          |  |             |

**BUDGET CHANGE ITEM (55917)**

**Budget Activity:** PASSENGER RAIL TRANSIT  
**Program:** TRANSIT  
**Agency:** TRANSPORTATION DEPT  
**Item Title:** NEW PASSENGER RAIL OFFICE

Pursuant to M.S. 174.80-174.90, Mn/DOT is to provide for all aspects of planning, developing, constructing, operating, and maintaining commuter rail, including system planning, advanced corridor planning, preliminary engineering, final design, construction, negotiating with the railroads and developing financial and operating plans.

This responsibility improves the competitive position of rural Minnesota by providing access to the metro area and provides for multi-modal transportation to move people and goods within and around the state as prescribed by the Big Plan. This is a collaborative effort with other regional agencies and counties who are partners and stakeholders in the studies. The Office of Passenger Rail Transit exists to provide the necessary leadership and financial oversight to ensure that all statewide goals for a multimodal transportation network are achieved. This is in line with Mn/DOT's "ABC" goals as outlined by the Moving Minnesota strategy.

**FINANCING:**

Five hundred thousand dollars per year and 4 FTEs are recommended to provide the necessary oversight and accountability that the legislature and federal guidelines mandate.

**OUTCOMES:**

This funding will provide for staff to provide leadership and oversight for state funds and the additional Federal Transit Administration funds, as the studies move to become substantive projects. Corridor studies should result in suggesting further direction and modal choice options, potentially a staged effort to implement rail corridors within Minnesota.

|                        | 2002-03 Biennium |         | 2004-05 Biennium |         |
|------------------------|------------------|---------|------------------|---------|
|                        | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s) |                  |         |                  |         |
| General Fund           |                  |         |                  |         |
| -State Operations      | \$500            | \$500   | \$500            | \$500   |
| Revenues: (\$000s)     |                  |         |                  |         |
| General Fund           | \$-0-            | \$-0-   | \$-0-            | \$-0-   |

Statutory Change? Yes \_\_\_\_\_ No   X  

If yes, statute(s) affected:

  X   New Activity    \_\_\_\_\_ Supplemental Funding    \_\_\_\_\_ Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$500,000 each year to staff an office in Mn/DOT to oversee passenger rail activities in Minnesota. This office will coordinate rail development planning activities with inter-regional corridor plans and will coordinate with other state agencies and local communities in statewide development planning activities.

**RATIONALE:**

The legislatively-mandated study and subsequent plan of commuter rail corridors was completed in 2000. The commuter rail plan outlines the development of a commuter rail system with three start-up lines. The first line, Northstar Commuter Rail Corridor, is currently in the preliminary engineering (PE) mode, with federal and state funding. The other two corridors, Red Rock and Dan Patch, are under study and evaluation with varying potential outcomes. A second tier of commuter corridors, consisting of an additional three lines (Rush Line, Bethel and Norwood-Young America), has also been developed. These lines are currently engaged in planning activities and corridor preservation. Mn/DOT is legislatively mandated to oversee the efforts of the commuter Joint Powers Agreements and Advanced Corridor Committees that were enacted to further study commuter rail implementation. In order to accomplish this outcome, Mn/DOT needs to have in place resources (staff/space) to oversee these passenger rail efforts as legislatively mandated.

**PROGRAM SUMMARY**

**Program: RAILROADS & WATERWAYS**  
**Agency: TRANSPORTATION DEPT**

**PROGRAM PROFILE:**

This program is designed to enhance Minnesota's economic vitality by improving access to regional, national and global markets through investments and policies that increase the safety and efficiency of goods movement. Customers of the program include shippers, farmers, railroads, ship and barge operators, trucking companies, modal integrators, and traveling public.

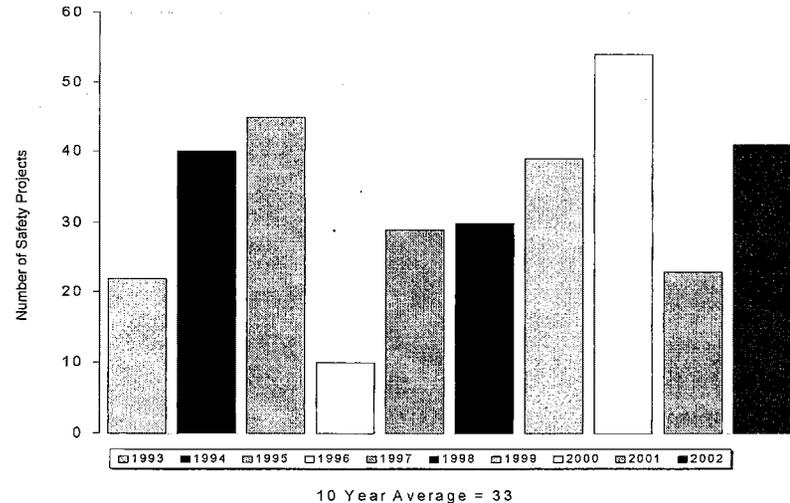
There are four key components to the Railroad and Waterways program. Each component provides a primary linkage between the state, the railroad and waterway industries and users of the systems. These components as described below support each of Mn/DOT's strategic objectives.

- Identify and develop safety improvements at railroad grade crossings.
- Develop statewide railroad and waterway plans that guide future investment of state and federal funds and establish a framework for policy development.
- Develop agreements and provide loans or grants to public port authorities, regional railroad authorities, railroads, and shippers to improve rail and water facilities through the Port Development Assistance program and the Minnesota Rail Service Improvement (MRSI) program.
- Develop strategies to improve freight productivity.

**STRATEGIES AND PERFORMANCE:**

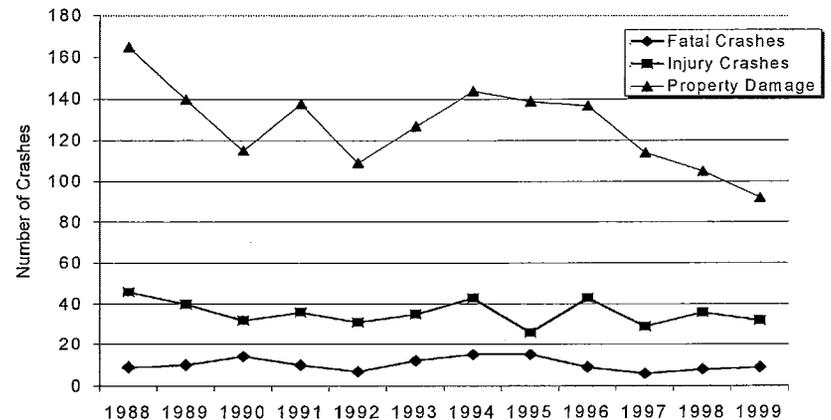
The business planning process drives investment strategies by soliciting customer input, identifying key opportunities, and determining which investments will achieve the highest return. This process is applied to all investments, including safety improvements at railroad and highway grade crossings and railroad and port improvement projects.

**Railroad Highway Grade Xing  
 Safety Improvement Projects  
 1993 - 2002**



**FINANCING INFORMATION:**

**Railroad Highway Grade Xing Crashes 1988-1999**



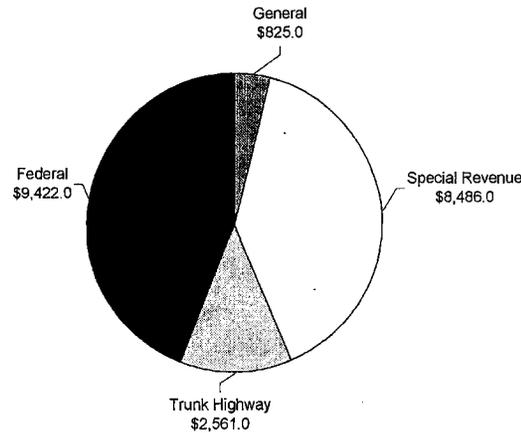
**PROGRAM SUMMARY (Continued)**

**Program: RAILROADS & WATERWAYS**  
**Agency: TRANSPORTATION DEPT**

The pie chart presents the financing of the Freight, Railroads & Waterways program by fund.

**F.Y. 2000-01 Program Financing by Fund**

Total: \$21,294 (\$ in 000s)



program in 1998 and \$2 million in 2000. Investments from this program provide for facility improvements to Minnesota's public ports, typically in the form of grants (80% State, 20% Port Authority).

A combination of federal, state, local road authority, and railroad company funds finance grade crossing safety improvements. Federal funds are projected to average \$4 - \$5 million annually.

**BUDGET ISSUES:**

The base level funding request continues funding for MRSI, Port Development Assistance, Grade Crossing Safety Improvement programs, and administrative costs. It is important to note that both the MRSI and Port Development programs have identified project needs that exceed the current levels of available funding and anticipated receipts. Program dollars for both are normally included in the state capital budget. Railroad and Waterway planning activities are funded at current levels.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends the agency's base budget with the addition of \$300,000 for the biennium for Corridor Grade Crossing Safety studies.

A General Fund obligation bond authorization funds the MRSI program. The program has sold \$25.5 million in bonds authorized for rail acquisition, rail rehabilitation, and capital improvement purposes since 1982. In FY 2001, an additional \$5 million in general funds was appropriated to the MRSI program. These bond and general fund proceeds, combined with federal grants and funding from railroads, shippers, and local units of government, have driven project investments totaling nearly \$103 million. These investments are typically loans. Revenue from the repayment of these loans is placed in the Minnesota Rail Service Improvement account in the Special Revenue Fund for future project investments.

General Fund obligation bonds also finance the Port Development Assistance program. The Port Development Assistance program received bond authorizations of \$3 million in 1996 and \$3 million in 1998. An additional \$1.5 million in general funds was appropriated to the Port Development Assistance

Program: RAILROADS & WATERWAYS  
 Agency: TRANSPORTATION DEPT

| Program Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     | Biennial Change<br>2002-03 Gov / 2000-01 |                |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|--|----------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. | Dollars                                  | Percent        |
| <b>Expenditures by Activity:</b>          |                   |                   |                     |              |                     |              |                     |  |                |
| RAIL & WATERWAYS IMPROVEMENT              | 1,777             | 6,608             | 5,929               | 2,475        | 2,475               | 2,475        | 2,475               | (7,587)                                  | (60.5%)        |
| RAILROADS & WATERWAYS ADMIN               | 3,511             | 2,302             | 6,455               | 6,768        | 6,918               | 6,814        | 6,964               | 5,125                                    | 58.5%          |
| <b>Total Expenditures</b>                 | <b>5,288</b>      | <b>8,910</b>      | <b>12,384</b>       | <b>9,243</b> | <b>9,393</b>        | <b>9,289</b> | <b>9,439</b>        | <b>(2,462)</b>                           | <b>(11.6%)</b> |

| <u>Change Items:</u>               | <u>Fund</u> |  |  |  |            |  |            |
|------------------------------------|-------------|--|--|--|------------|--|------------|
| (B) CORRIDOR GRADE CROSSING SAFETY | THI         |  |  |  | 150        |  | 150        |
| <b>Total Change Items</b>          |             |  |  |  | <b>150</b> |  | <b>150</b> |

| <u>Financing by Fund:</u>        |              |              |               |              |              |              |              |
|----------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| <b>Direct Appropriations:</b>    |              |              |               |              |              |              |              |
| GENERAL                          | 334          | 346          | 479           | 273          | 273          | 280          | 280          |
| TRUNK HIGHWAY                    | 1,236        | 1,264        | 1,297         | 1,335        | 1,485        | 1,374        | 1,524        |
| <b>Statutory Appropriations:</b> |              |              |               |              |              |              |              |
| SPECIAL REVENUE                  | 1,591        | 2,949        | 5,537         | 2,515        | 2,515        | 2,515        | 2,515        |
| FEDERAL                          | 2,127        | 4,351        | 5,071         | 5,120        | 5,120        | 5,120        | 5,120        |
| <b>Total Financing</b>           | <b>5,288</b> | <b>8,910</b> | <b>12,384</b> | <b>9,243</b> | <b>9,393</b> | <b>9,289</b> | <b>9,439</b> |

| <u>FTE by Employment Type:</u>    |             |             |             |             |             |             |             |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| FULL TIME                         | 23.3        | 24.4        | 23.2        | 23.2        | 23.2        | 23.2        | 23.2        |
| PART-TIME, SEASONAL, LABOR SER    | 0.3         | 0.2         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Total Full-Time Equivalent</b> | <b>23.6</b> | <b>24.6</b> | <b>23.2</b> | <b>23.2</b> | <b>23.2</b> | <b>23.2</b> | <b>23.2</b> |

**BUDGET ACTIVITY SUMMARY**

**Budget Activity:** RAIL & WATERWAYS IMPROVEMENT  
**Program:** RAILROADS & WATERWAYS  
**Agency:** TRANSPORTATION DEPT

**ACTIVITY PROFILE:**

This activity preserves and improves rail lines that might be lost to abandonment and improves the public port facilities in Minnesota. State investment in rail lines, shipper facilities, and public ports ensures that Minnesota shippers and receivers have competitive mode choices to meet their current and future transportation needs, preserves abandoned rail corridors for future transportation purposes, and provides economic alternatives to truck transportation that prevent additional wear and tear on our highway infrastructure.

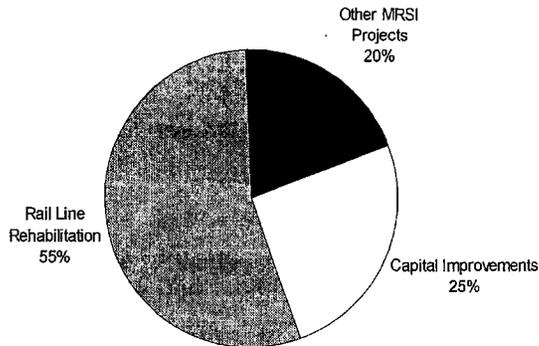
**STRATEGIES AND PERFORMANCE:**

*Partnerships*

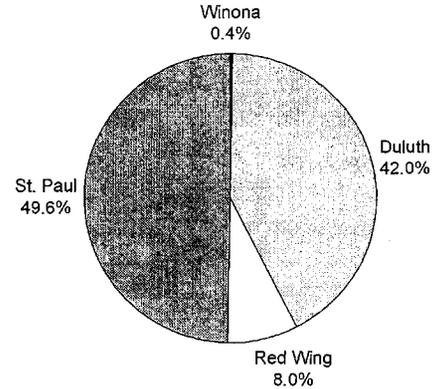
Investment strategies for these programs are based on the willingness of program recipients to participate in the costs of the project(s), the financial benefits of the project, and how the specific project will improve rail and port use.

The pie charts presented below indicate the following distributions:

**Minnesota Rail Service Improvement Program 1978 - 2000**  
**Investment by Project Type**  
 Total: \$102.80 Million



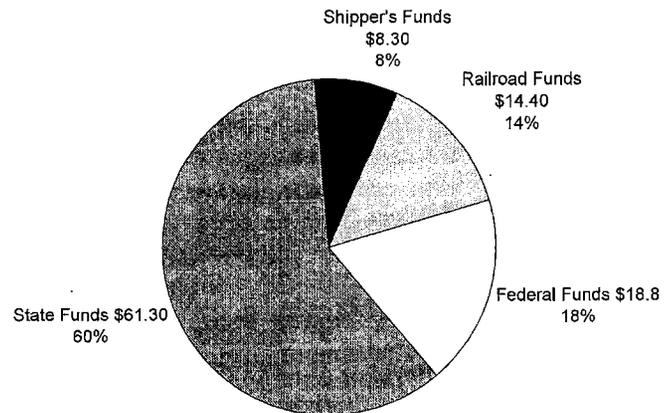
**Port Development Assistance Projects FY 1997 - 2000**  
 Total: \$6.33 Million



**FINANCING INFORMATION:**

A breakdown of the funding partnership for the MRSI program is depicted below.

**Minnesota Rail Service Improvement Program 1978 - 2000**  
**Investment by Funding Source**  
 Total: \$102.80 Million



Activity: RAIL & WATERWAYS IMPROVEMENT  
 Program: RAILROADS & WATERWAYS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     | Biennial Change<br>2002-03 Gov / 2000-01 |                |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|--|----------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. | Dollars                                  | Percent        |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |              |                     |              |                     |  |                |
| <b>State Operations</b>                           |                   |                   |                     |              |                     |              |                     |  |                |
| OTHER OPERATING EXPENSES                          | 11                | 121               | 309                 | 275          | 275                 | 275          | 275                 | 120                                      | 27.9%          |
| OTHER FINANCIAL TRANSACTIONS                      | 1,698             | 2,920             | 5,620               | 2,200        | 2,200               | 2,200        | 2,200               | (4,140)                                  | (48.5%)        |
| NON-CASH TRANSACTIONS                             | 0                 | 12                | 0                   | 0            | 0                   | 0            | 0                   | (12)                                     | (100.0%)       |
| <b>Subtotal State Operations</b>                  | <b>1,709</b>      | <b>3,053</b>      | <b>5,929</b>        | <b>2,475</b> | <b>2,475</b>        | <b>2,475</b> | <b>2,475</b>        | <b>(4,032)</b>                           | <b>(44.9%)</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 68                | 3,555             | 0                   | 0            | 0                   | 0            | 0                   | (3,555)                                  | (100.0%)       |
| <b>Total Expenditures</b>                         | <b>1,777</b>      | <b>6,608</b>      | <b>5,929</b>        | <b>2,475</b> | <b>2,475</b>        | <b>2,475</b> | <b>2,475</b>        | <b>(7,587)</b>                           | <b>(60.5%)</b> |
| <b>Financing by Fund:</b>                         |                   |                   |                     |              |                     |              |                     |  |                |
| <b>Statutory Appropriations:</b>                  |                   |                   |                     |              |                     |              |                     |  |                |
| SPECIAL REVENUE                                   | 1,561             | 2,949             | 5,453               | 2,475        | 2,475               | 2,475        | 2,475               |  |                |
| FEDERAL   | 216               | 3,659             | 476                 | 0            | 0                   | 0            | 0                   |  |                |
| <b>Total Financing</b>                            | <b>1,777</b>      | <b>6,608</b>      | <b>5,929</b>        | <b>2,475</b> | <b>2,475</b>        | <b>2,475</b> | <b>2,475</b>        |  |                |
| <b>Revenue Collected:</b>                         |                   |                   |                     |              |                     |              |                     |  |                |
| <b>Dedicated</b>                                  |                   |                   |                     |              |                     |              |                     |  |                |
| SPECIAL REVENUE                                   | 2,551             | 3,462             | 2,475               | 2,475        | 2,475               | 2,475        | 2,475               |  |                |
| FEDERAL   | 2,007             | 4,291             | 4,476               | 5,000        | 5,000               | 5,000        | 5,000               |  |                |
| <b>Total Revenues Collected</b>                   | <b>4,558</b>      | <b>7,753</b>      | <b>6,951</b>        | <b>7,475</b> | <b>7,475</b>        | <b>7,475</b> | <b>7,475</b>        |  |                |

## BUDGET ACTIVITY SUMMARY

**Budget Activity:** RAILROADS & WATERWAYS ADMIN  
**Program:** RAILROADS & WATERWAYS  
**Agency:** TRANSPORTATION DEPT

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### ACTIVITY PROFILE:

The Railroads and Waterways administrative activity provides funding necessary to support the following:

- Promote the safe interaction of rail transportation with highway and pedestrian movements through administration of Federal Grade Safety Improvement program agreements among the state, railroads, and local units of government.
- Develop and maintain comprehensive rail and water transportation plans that identify the major needs and issues of shippers, receivers, rail and water transportation providers and provides the basis for prioritizing those needs.
- Expedite the relocation and restoration of railroad facilities and acquisition of railroad rights-of-way where affected by trunk highway construction projects.
- Provide information and technical assistance to rail users who face the potential loss of rail service through rail abandonment.
- Administer the Minnesota Rail Service Improvement program and the Port Development Assistance program.
- Develop and support partnerships with Minnesota's freight community.
- Seek research opportunities that enhance safety and improve productivity for the shipping community.

### STRATEGIES AND PERFORMANCE:

- Identify, negotiate, and manage all approved grade crossing safety projects including installation of signs and signals, roadway improvements, crossing closures and consolidations.
- Provide railroad expertise to trunk highway construction projects where they affect railroad operations.
- Guide investments for the Minnesota Rail Service Improvement program and the Port Development program.
- Partner with Minnesota's shipping community to identify public/private ventures for freight infrastructure investments.

- Manage research projects that offer the potential to enhance goods movement for Minnesota shippers.

### FINANCING INFORMATION:

The Railroads and Waterways Administrative budget consists of General and Trunk Highway funds. General funds support administration of the Minnesota Rail Service Improvement (MRSI) program. Trunk Highway funds finance the administration of the grade crossing safety program, rail/highway construction projects, rail and waterways planning activities, and freight logistics.

Activity: RAILROADS & WATERWAYS ADMIN  
 Program: RAILROADS & WATERWAYS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     | Biennial Change<br>2002-03 Gov / 2000-01 |                |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|--|----------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. | Dollars                                  | Percent        |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |              |                     |              |                     |  |                |
| <b>State Operations</b>                           |                   |                   |                     |              |                     |              |                     |  |                |
| COMPENSATION                                      | 1,351             | 1,420             | 1,438               | 1,500        | 1,500               | 1,553        | 1,553               | 195                                      | 6.8%           |
| OTHER OPERATING EXPENSES                          | 504               | 882               | 1,387               | 268          | 418                 | 261          | 411                 | (1,440)                                  | (63.5%)        |
| <b>Subtotal State Operations</b>                  | <b>1,855</b>      | <b>2,302</b>      | <b>2,825</b>        | <b>1,768</b> | <b>1,918</b>        | <b>1,814</b> | <b>1,964</b>        | <b>(1,245)</b>                           | <b>(24.3%)</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 1,656             | 0                 | 3,630               | 5,000        | 5,000               | 5,000        | 5,000               | 6,370                                    | 175.5%         |
| <b>Total Expenditures</b>                         | <b>3,511</b>      | <b>2,302</b>      | <b>6,455</b>        | <b>6,768</b> | <b>6,918</b>        | <b>6,814</b> | <b>6,964</b>        | <b>5,125</b>                             | <b>58.5%</b>   |

| <b>Change Items:</b>               | <b>Fund</b> |  |  |  |            |  |            |
|------------------------------------|-------------|--|--|--|------------|--|------------|
| (B) CORRIDOR GRADE CROSSING SAFETY | THI         |  |  |  | 150        |  | 150        |
| <b>Total Change Items</b>          |             |  |  |  | <b>150</b> |  | <b>150</b> |

| <b>Financing by Fund:</b>        |              |              |              |              |              |              |              |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Direct Appropriations:</b>    |              |              |              |              |              |              |              |
| GENERAL                          | 334          | 346          | 479          | 273          | 273          | 280          | 280          |
| TRUNK HIGHWAY                    | 1,236        | 1,264        | 1,297        | 1,335        | 1,485        | 1,374        | 1,524        |
| <b>Statutory Appropriations:</b> |              |              |              |              |              |              |              |
| SPECIAL REVENUE                  | 30           | 0            | 84           | 40           | 40           | 40           | 40           |
| FEDERAL                          | 1,911        | 692          | 4,595        | 5,120        | 5,120        | 5,120        | 5,120        |
| <b>Total Financing</b>           | <b>3,511</b> | <b>2,302</b> | <b>6,455</b> | <b>6,768</b> | <b>6,918</b> | <b>6,814</b> | <b>6,964</b> |

| <b>Revenue Collected:</b>       |            |           |            |            |            |            |            |
|---------------------------------|------------|-----------|------------|------------|------------|------------|------------|
| <b>Dedicated</b>                |            |           |            |            |            |            |            |
| SPECIAL REVENUE                 | 0          | 4         | 80         | 40         | 40         | 40         | 40         |
| FEDERAL                         | 120        | 60        | 595        | 120        | 120        | 120        | 120        |
| <b>Total Revenues Collected</b> | <b>120</b> | <b>64</b> | <b>675</b> | <b>160</b> | <b>160</b> | <b>160</b> | <b>160</b> |

| <b>FTE by Employment Type:</b>    |             |             |             |             |             |             |             |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| FULL TIME                         | 23.3        | 24.4        | 23.2        | 23.2        | 23.2        | 23.2        | 23.2        |
| PART-TIME, SEASONAL, LABOR SER    | 0.3         | 0.2         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Total Full-Time Equivalent</b> | <b>23.6</b> | <b>24.6</b> | <b>23.2</b> | <b>23.2</b> | <b>23.2</b> | <b>23.2</b> | <b>23.2</b> |

**BUDGET CHANGE ITEM (46688)**

**Budget Activity:** RAILROADS & WATERWAYS ADMIN

**Program:** RAILROADS & WATERWAYS

**Agency:** TRANSPORTATION DEPT

**Item Title:** CORRIDOR GRADE CROSSING SAFETY

This is an effort that supports Mn/DOT's Interregional Corridor and Multimodal strategic objectives and Governor Ventura's Big Plan Initiatives of "Multimodal Transportation to get people and goods around the state" and "Improving the competitive position of rural Minnesota." Collisions at railroad grade crossings are a serious impediment to the safe and efficient movement of goods. Efforts to reduce incidents provide for a predictable and safe trip.

**FINANCING:**

Current funding of corridor safety projects is provided by a combination of sources. Mn/DOT staff (OFRW Administration less than one FTE), planning funds from Mn/DOT districts, local and railroad funds all contribute to these projects. This funding partnership is expected to continue. This funding request will be used to provide consultant services to increase the number of corridor safety projects that we manage.

**OUTCOMES:**

In calendar year 1999, the state of Minnesota achieved a record low number of incidents at railroad-highway grade crossings. We are on a pace to "beat" that low in calendar year 2000. These tremendous outcomes are largely influenced by the corridor safety efforts accomplished to date. Increased attention and response to our many customer requests for corridor safety projects will aid in continuing the trend of reduced numbers of incidents and for safer trips for the motoring public.

The corridor approach to improving safety is a relatively new technique that has proven very effective. Results have been very positive as witnessed by our low number of incidents. However, loss of life and property damage from incidents continue to be a serious problem that requires increased attention.

Customer demand for corridor safety projects far exceeds the resources that are currently available. Projects are being deferred for 12-24 months.

|                        | 2002-03 Biennium |         | 2004-05 Biennium |         |
|------------------------|------------------|---------|------------------|---------|
|                        | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s) |                  |         |                  |         |
| Trunk Highway Fund     |                  |         |                  |         |
| -State Operations      | \$150            | \$150   | \$150            | \$150   |
| Revenues: (\$000s)     |                  |         |                  |         |
| Trunk Highway Fund     | \$-0-            | \$-0-   | \$-0-            | \$-0-   |

Statutory Change? Yes \_\_\_\_\_ No X

If yes, statute(s) affected:

\_\_\_\_\_ New Activity    X Supplemental Funding    \_\_\_\_\_ Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$150,000 each year for an increase to the number of corridor grade crossing safety projects completed each year.

**RATIONALE:**

This request is driven by increased demand from our customers (local units of government and the railroads) to improve safety at public at-grade crossings of railroads and roadways. A proven and effective method to address the safety concerns of our customers is to focus Mn/DOT's attention on county or multi-county rail corridors in partnership with all potentially affected parties.

Corridor safety projects are a very intense and complex multi-jurisdictional effort to improve the overall safety at rail grade crossings. To be successful requires substantial numbers of meetings on location and willingness to compromise. A successful corridor safety project will generally result in several crossings in a corridor being closed, adjacent/parallel roadways improved, and the remaining crossings updated with state of the art crossing protection.

Mn/DOT staff have completed five corridor safety projects and are working on five others, but have requests for 12 additional efforts. These requests exceed our capacity to deliver. Approval of this Budget Change Item request will allow us to complete additional efforts.

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## PROGRAM SUMMARY

**Program: MOTOR CARRIER REGULATION**  
**Agency: TRANSPORTATION DEPT**

### PROGRAM PROFILE:

This program is responsible for implementing Minnesota laws and federal safety regulations governing segments of the for-hire and private motor carrier industry in Minnesota. It is administered by the Office of Motor Carrier Services and is designed to help achieve Minnesota's need for a safe, efficient and economically viable multimodal transportation system. The office works with providers of commercial transportation to improve the safety of their operations.

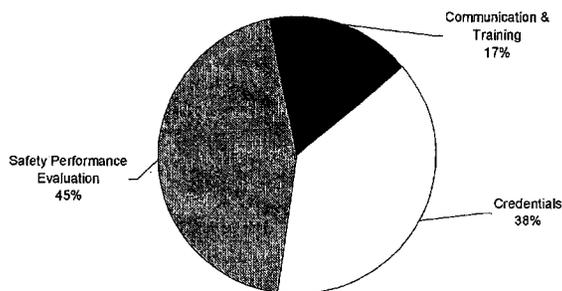
This program does not include any roadside enforcement activities. To provide the "best bang for the buck," this program works in cooperation with other agencies that conduct roadside enforcement activities essential in detecting violations on the road and administering penalties accordingly. Both components are necessary to achieve a comprehensive commercial transportation safety program in Minnesota.

Finally, this program participates in a pilot for commercial vehicle operations that will soon provide electronic services to commercial vehicle operators, thus creating a more streamlined commercial vehicle regulatory system for the state.

### STRATEGIES AND PERFORMANCE:

The program relies primarily on the three core business areas for achieving its goals. Seventy eight percent of the program's resources are dedicated to the program's core areas. The core area resource allocation is broken down in the following chart.

**FY 2000 Resource Allocation  
by Business Area (\$3.1 million total)**



### **Credentials**

The program issues credentials to for-hire and private providers of commercial transportation allowing them to operate in and through Minnesota. It also issues waivers and variances, which grant regulatory relief to carriers and drivers under certain conditions. Among the credentials issued in FY 2000 were

- 32,796 interstate carrier single state registrations,
- 560 intrastate property registrations,
- 183 special transportation service certificates of compliance,
- 1,400 hazardous material transporter registrations (84 hazardous waste),
- 533 limousine vehicle identifiers (representing 193 operators),
- 72 building mover permits,
- 1,759 passenger vehicle identifiers (representing 176 passenger carriers),
- 30,000 single trip oversize/overweight permits,
- 110,000 annual permits issued for oversize/overweight movements.

### **Safety Performance Evaluation**

The program works with carrier management to prevent crashes, hazardous material incidents, breakdowns, and violations before they occur through the Federal Compliance Review (CR), the Minnesota Carrier Review (MCR), and other similar programs. These programs are designed to examine closely the transportation safety management practices of interstate and intrastate motor carriers. The FHWA has increasingly relied on Minnesota to conduct complex reviews on large carriers. In FY 2000, the program conducted

- 370 reviews (i.e., carrier, shipper),
- 600 audits (i.e., inspection, limousine, special transportation service, dock),
- 2,230 vehicle inspections (i.e., limousine, STS),
- 188 complaint investigations.

A vehicle is placed out-of-service when, because of its mechanical condition or loading, it is determined to be so imminently hazardous that it is likely to cause a loss of control of the vehicle, an accident, or a breakdown. A driver is placed out-of-service when the driver's physical condition or failure to comply with safety regulations would likewise lead to a high safety risk.

The University of Minnesota was hired to study the effectiveness of the CR program. The findings showed a significant decrease (between 12%-31%) in out-of-service rates for a majority of carriers following a CR. A study was also conducted by researchers at the Volpe Center and the University of Maryland, in conjunction with the Federal Motor Carrier Safety Administration, to assess the effectiveness of CRs at preventing crashes involving motor carriers. Findings from this study indicate that CRs have a positive effect on motor carrier safety by reducing national crash rates in carriers in the year following a CR.

PROGRAM SUMMARY (Continued)

Program: MOTOR CARRIER REGULATION  
 Agency: TRANSPORTATION DEPT

FINANCING INFORMATION:

**Communication and Training**

The program provides information, education, and on-demand "one stop" technical assistance to customers to help them better understand the regulations. In FY 2000, the program

- published and distributed 6,000 comprehensive truck regulations handbooks, 28,760 newsletters and 10,000 technical fact sheets;
- presented programs or displays at 20 conferences; and
- prepared and presented 118 training classes (attended by 4,776 people and representing 3,744 carriers).

The following results are from a customer satisfaction survey:

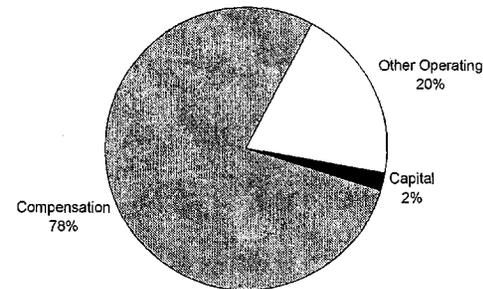
- 92% of those surveyed feel the information they receive is either "very important" or extremely important" to their transportation safety program.
- 84% of those surveyed report that they are "extremely satisfied" or "very satisfied" with the information they receive.

**Performance Strategies**

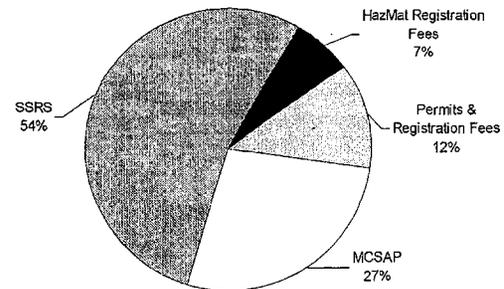
A main challenge facing the program in the 2002-2003 biennium is finding ways to leverage existing resources so that it can provide a greater level of service to more commercial transportation providers. To accomplish this goal, the program is

- relying on safety rating mechanisms to direct safety performance review activities to carriers with the poorest safety records;
- using technologies (such as the internet, fax-on-demand, and video conferencing) to more widely disseminate technical assistance and training;
- deploying commercial vehicle information systems and network (CVISN) technologies which will
  - allow carriers to apply for, pay for, and receive credentials electronically, and
  - provide real-time, on-line credential and safety information to State Patrol commercial vehicle inspectors at weigh scales; and
- partnering with other agencies, carriers, and shippers to
  - streamline government functions to make complying with all of the regulations that apply to commercial vehicle operators easier and more efficient,
  - develop and deploy onboard safety monitoring systems, and
  - encourage and reward shippers who use carrier safety as a primary criterion for carrier selection.

**FY 2000 Expenditures by Cost Type  
 (\$3.1 million total)**



**FY 2000 Revenue Summary  
 (\$4.9 million total)**



PROGRAM SUMMARY (Continued)

Program: MOTOR CARRIER REGULATION  
Agency: TRANSPORTATION DEPT

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**BUDGET ISSUES:**

*Reorganization.* This program's base level funding includes an internal adjustment due a reorganization that resulted in merging the oversize/overweight permit function into the Office of Motor Carrier Services.

*CVO/CVISN*

The department is promoting CVISN technology developed under a pilot program with the Federal Highway Administration, but currently lacks funds to support deployment. In addition, the departments of Transportation and Public Safety propose to undertake joint projects designed to reengineer existing business processes and apply intelligent transportation systems technology to the delivery of services to commercial vehicle operators.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends the agency's base budget with the addition of \$1.0 million for the biennium to re-engineer the Commercial Vehicle Operation (CVO) regulatory process and significantly improve delivery of services through new technology in Commercial Vehicle Information Systems and Networks (CVISN).

Activity: MOTOR CARRIER ADMINISTRATION  
 Program: MOTOR CARRIER REGULATION  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|--|--------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |              |                     |              |                     |  |              |
| <b>State Operations</b>                           |                   |                   |                     |              |                     |              |                     |  |              |
| COMPENSATION                                      | 2,511             | 2,458             | 3,403               | 3,520        | 3,650               | 3,632        | 3,762               | 1,551                                    | 26.5%        |
| OTHER OPERATING EXPENSES                          | 792               | 621               | 1,552               | 804          | 1,174               | 871          | 1,241               | 242                                      | 11.1%        |
| <b>Subtotal State Operations</b>                  | <b>3,303</b>      | <b>3,079</b>      | <b>4,955</b>        | <b>4,324</b> | <b>4,824</b>        | <b>4,503</b> | <b>5,003</b>        | <b>1,793</b>                             | <b>22.3%</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 21                | 58                | 0                   | 0            | 0                   | 0            | 0                   | (58)                                     | (100.0%)     |
| <b>Total Expenditures</b>                         | <b>3,324</b>      | <b>3,137</b>      | <b>4,955</b>        | <b>4,324</b> | <b>4,824</b>        | <b>4,503</b> | <b>5,003</b>        | <b>1,735</b>                             | <b>21.4%</b> |

| <b>Change Items:</b>                      | <b>Fund</b> |  |  |  |            |  |            |
|---|-------------|--|--|--|------------|--|------------|
| (B) COMMERCIAL VEHICLE INFORMATION SYSTEM | THI         |  |  |  | 500        |  | 500        |
| <b>Total Change Items</b>                 |             |  |  |  | <b>500</b> |  | <b>500</b> |

| <b>Financing by Fund:</b>        |              |              |              |              |              |              |              |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Direct Appropriations:</b>    |              |              |              |              |              |              |              |
| GENERAL                          | 119          | 111          | 124          | 122          | 122          | 126          | 126          |
| TRUNK HIGHWAY                    | 2,630        | 2,455        | 3,685        | 3,402        | 3,902        | 3,497        | 3,997        |
| <b>Statutory Appropriations:</b> |              |              |              |              |              |              |              |
| FEDERAL                          | 575          | 571          | 1,146        | 800          | 800          | 880          | 880          |
| <b>Total Financing</b>           | <b>3,324</b> | <b>3,137</b> | <b>4,955</b> | <b>4,324</b> | <b>4,824</b> | <b>4,503</b> | <b>5,003</b> |

| <b>Revenue Collected:</b>       |              |              |              |              |              |              |              |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Dedicated</b>                |              |              |              |              |              |              |              |
| FEDERAL                         | 714          | 533          | 771          | 800          | 800          | 880          | 880          |
| <b>Nondedicated</b>             |              |              |              |              |              |              |              |
| GENERAL                         | 0            | 0            | 0            | 150          | 150          | 150          | 150          |
| CAMBRIDGE DEPOSIT FUND          | 165          | 178          | 150          | 0            | 0            | 0            | 0            |
| TRUNK HIGHWAY                   | 3,892        | 4,167        | 3,871        | 4,051        | 4,051        | 4,051        | 4,051        |
| <b>Total Revenues Collected</b> | <b>4,771</b> | <b>4,878</b> | <b>4,792</b> | <b>5,001</b> | <b>5,001</b> | <b>5,081</b> | <b>5,081</b> |

| <b>FTE by Employment Type:</b>    |             |             |             |             |             |             |             |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| FULL TIME                         | 46.9        | 43.0        | 59.0        | 59.0        | 61.0        | 59.0        | 61.0        |
| PART-TIME, SEASONAL, LABOR SER    | 1.4         | 1.9         | 0.8         | 0.8         | 0.8         | 0.8         | 0.8         |
| <b>Total Full-Time Equivalent</b> | <b>48.3</b> | <b>44.9</b> | <b>59.8</b> | <b>59.8</b> | <b>61.8</b> | <b>59.8</b> | <b>61.8</b> |

**INFORMATION TECHNOLOGY CHANGE ITEM (46303)**

**Activity:** MOTOR CARRIER ADMINISTRATION  
**Program:** MOTOR CARRIER REGULATION  
**Agency:** TRANSPORTATION DEPT  
**IT Change Item:** COMMERCIAL VEHICLE INFORMATION SYSTEM

**ITEM DESCRIPTION AND PURPOSE:**

The Commercial Vehicle Operation/Commercial Vehicle Information System Network (CVO/CVISN) will re-engineer the CVO regulatory process and leverage state resources to significantly improve delivery of services through a variety of research projects to be selected by Mn/DOT's Freight Advisory Committee and the CVO Steering Committee. This request also includes money to make these and other Motor Carrier services available more hours, when the services are needed by customers.

**FUNDING: (Dollars in Thousands)**

| Funding Distribution | 2002-03 Biennium |            | 2004-05 Biennium |            | 2006-07 Biennium |            |
|----------------------|------------------|------------|------------------|------------|------------------|------------|
|                      | FY 2002          | FY 2003    | FY 2004          | FY 2005    | FY 2006          | FY 2007    |
| Personnel            | 130              | 130        | 130              | 130        | 130              | 130        |
| Supplies             | 0                | 0          | 0                | 0          | 0                | 0          |
| Hardware             | 150              | 150        | 75               | 75         | 75               | 75         |
| Software             | 200              | 200        | 100              | 100        | 100              | 100        |
| Facilities           | 0                | 0          | 0                | 0          | 0                | 0          |
| Services             | 20               | 20         | 20               | 20         | 20               | 20         |
| Training             | 0                | 0          | 0                | 0          | 0                | 0          |
| Grants               | 0                | 0          | 0                | 0          | 0                | 0          |
| <b>Total</b>         | <b>500</b>       | <b>500</b> | <b>325</b>       | <b>325</b> | <b>325</b>       | <b>325</b> |

To fund projects to reengineer and streamline the CVO regulatory process, improve legacy systems, provide safety and technical information, deploy ITS/CVO technology, and integrate CVO research, planning and policy development within functional areas.

Trunk Highway Fund

|                              | FY02           | FY03           |
|------------------------------|----------------|----------------|
| CVO/CVISN Projects           | 370,000        | 370,000        |
| 2 FTE's (Personnel Services) | 130,000        | 130,000        |
| <b>Total</b>                 | <b>500,000</b> | <b>500,000</b> |

The broad desired outcome of the CVO plan is to promote safety, simplicity, and savings. The specific outcomes and measures adopted will depend upon which project proposals are selected for funding. Safety outcomes and measures

would be aimed at reducing the number and severity of commercial vehicle crashes, incidents, or serious violations. Many of the project proposals are designed to make it simpler to obtain government products and services. Most require system changes so that customers may obtain services electronically from a single source. Simplicity measures would be aimed at quantifying the number and type of products and services that are available electronically together with the amount customers use and are satisfied with those services. Additional outcomes and measures would be aimed at quantifying savings to agencies and motor carriers. These could include application processing cost savings, data collection and processing cost savings, mail/delivery cost savings, and new revenue generated through increased compliance, paperwork reduction costs, and motor carrier timesaving.

**RATIONALE:**

An action item under Mn/DOT's "Multi-modal" strategic objective is to implement a revised "commercial vehicle operations" (CVO) plan. The plan consists of several project proposals to be undertaken by a partnership between the departments of transportation and public safety. Each project proposal is designed to promote CVO safety or to produce significant business process reengineering or automation resulting in improved, cost-effective, streamlined methods of delivering government products and services to motor carrier customers.

The business areas that deliver commercial vehicle products and services to motor carrier customers were co-located in the Administrative Truck Center in Mendota Heights in 1996. The business areas are Mn/DOT's Office of Motor Carrier Services, DPS's Apportion Vehicle Registration Section within the Driver and Vehicle Services Division, and the State patrol's Commercial Vehicle Inspection Section. The goal of the Administrative Truck Center is to provide "one-stop" shopping for motor carriers. Each of the business areas plays a unique role in delivering motor carrier products and services to customers. While co-location has created a physical one-stop shop for motor carriers, customer demand and federal initiatives regarding the deployment of intelligent transportation systems technology to commercial vehicle operations, has led to the need for business process reengineering, systems improvements, and virtual one-stop shopping that can be implemented only with the deployment of new technology.

Minnesota was one of seven states chosen by the federal government to develop and test one phase of this new technology as part of the "commercial vehicle information systems and networks" (CVISN) project. CVISN technology includes "electronic credentialing" and "electronic clearance and automated safety management." The development and testing of CVISN technology at the St. Croix weigh scale will be completed in June 2001. A proposal to deploy CVISN technology at additional fixed and mobile weigh stations is one of the projects competing for funding under this investment proposal. Other project proposals are listed below.

**INFORMATION TECHNOLOGY CHANGE ITEM (46303) (Continued)**

**Activity:** MOTOR CARRIER ADMINISTRATION  
**Program:** MOTOR CARRIER REGULATION  
**Agency:** TRANSPORTATION DEPT  
**IT Change Item:** COMMERCIAL VEHICLE INFORMATION SYSTEM

- \* Develop a system interface that would allow carriers to electronically apply for and obtain overweight/overdimension permits and routing information 24-hours per day.
- \* Create and maintain a single source CVO website and/or a single source for CVO information and training.
- \* Conduct a current analysis of all CVO regulatory administrative processes and implement reengineering recommendations to promote safety, simplicity, and savings.
- \* Develop system architecture for linking all of the various CVO regulatory databases to create a fully integrated interagency system compatible with CVISN.
- \* Train and deploy an interagency crash response team to investigate the causes of CVO crashes resulting in fatalities, bodily injuries, or significant property damage; gather data through follow-up interviews, and make recommendations for improving the safety of carrier operations, identification of high accident corridors for enforcement or road design purposes, and suggest regulatory changes when appropriate.
- \* Conduct an interagency effort to update the Minnesota state driver's manual and testing equipment to further educate new drivers on the techniques of safely sharing the road with commercial vehicles.

All project proposals will be evaluated and prioritized by representatives of the motor carrier industry and by a joint Mn/DOT and DPS steering committee. The final selection of projects for funding will be made by top departmental staff.

**LIFE CYCLE ANALYSIS:**

| Life Cycle Status | 2002-03 Biennium |         | 2004-05 Biennium |         | 2006-07 Biennium |         |
|-------------------|------------------|---------|------------------|---------|------------------|---------|
|                   | FY 2002          | FY 2003 | FY 2004          | FY 2005 | FY 2006          | FY 2007 |
| Development       | X                | X       |                  |         |                  |         |
| Operations        | X                | X       | X                | X       | X                | X       |
| Modification      |                  |         | X                | X       | X                | X       |
| Retirement        |                  |         |                  |         | X                | X       |

The information resources developed in these projects will require modification beginning in FY 2004. By 2006, some of their components will begin to be replaced as they become obsolete.

**OFFICE OF TECHNOLOGY ANALYSIS:**

This initiative proposes to re-engineer the commercial vehicle operation regulatory process.

**Deliverables/Objectives:** This includes creating and maintaining a single source CVO web site, creating a system architecture for linking various CVO regulatory databases, improvement of legacy systems, providing safety and technical information, as well as planning and policy development. It supports Big Plan (HVC - Multimodal Transportation, SNS - Electronic Government Services Initiative), EGS, Collaborative and infrastructure components. This initiative is listed as a priority in the agency SIRMP.

**Conclusion:** This initiative meets information technology criteria for funding. Development of the EGS components need to occur in collaboration with statewide EGS efforts. Re-engineering of processes is required.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends funding for this initiative at requested levels.

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## PROGRAM SUMMARY

**Program: LOCAL ROADS**  
**Agency: TRANSPORTATION DEPT**

### PROGRAM PROFILE:

The Commissioner of Transportation promulgates the rules under which the state aid systems are operated. The cities and counties implement the program according to the goals of the statewide transportation system. The State Aid for Local Transportation (SALT) Group assures compliance by providing overall policy direction, assuring training and educational opportunities, measuring performance, and approving construction plans and project funding requests. The local roads program provides technical assistance and leadership in the development and maintenance of the County State Aid highway (CSAH) system and the Municipal State Aid Street (MSAS) system. These systems provide an integrated and coordinated network of state aid routes for the movement of people and goods.

### STRATEGIES AND PERFORMANCE:

The local roads program provides direction and assistance to counties and cities in the use of state and federal monies for the construction of local roads and bridges on the transportation network.

- The SALT Group acts as agent for the local authority in the administration of federal construction contracts. The federal transportation funds are allocated according to the federal Transportation Equity Act (TEA -21) that requires state aid to focus on planning for the total transportation network. TEA-21 provides approximately 30% additional federal funding to Minnesota over the previous act, and identifies funding for specific projects such as high priority projects.
- Municipalities qualify for participation in the distribution of the Highway Users Tax Distribution Fund (HUTDF) when their populations rise above 5,000. The SALT Group provides these cities with guidance to establish a state aid street system that moves people and goods so that the communities are economically viable.
- The project development process is increasingly complex. SALT is spending more and more time helping local agencies fulfill requirements for public involvement and environmental and historical documentation. The enhancement category of federal funding, begun with ISTEA, brings many first time users of federal transportation funds into the process.

The agency budget plan will help accomplish the following performance objectives.

- By the end of calendar year 2003, 28% of the outstate district CSAH systems and 66% of the Metro Division CSAH systems will carry legal loads year-round.
- There are currently 2,463 deficient bridges (17% of the total) on the county, city, and township systems. The 2000 legislature authorized \$39 million in bridge funding to replace more than 700 bridges and lower the percent of deficient bridges to 16 by the end of calendar year 2001. Continued funding at this level will lower the percentage to 15% by 2004.
- By the end of calendar year 2003, total accidents per million vehicle miles will be 5.2 on the MSAS system compared with 5.25 in 1997. Total accidents will remain at 2.5 million vehicle miles on the CSAH system.

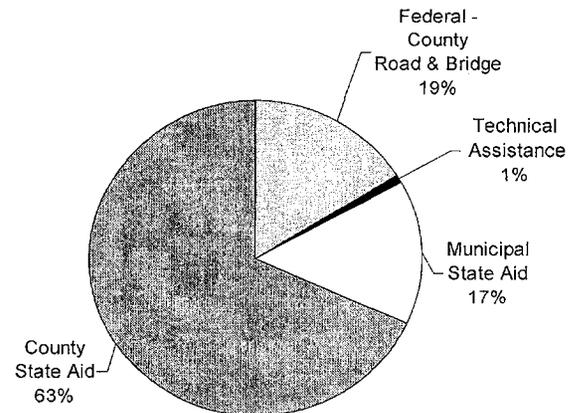
### FINANCING INFORMATION:

Revenues for the Local Roads program come from the HUTDF (80%) and Federal TEA-21 Funds (20%).

The chart below shows the local road expenditures by activity.

### **Expenditures by Activity**

(FY 2000-\$571 million)



**PROGRAM SUMMARY (Continued)**

**Program: LOCAL ROADS**  
**Agency: TRANSPORTATION DEPT**

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Counties and cities remain interested in taking over jurisdiction of lower priority trunk highways. The 1998 legislature combined the trunk highway, county, and municipal turn back accounts – from the top 5% of the HUTDF – into a flexible account. This new account manages the turn backs. The Commissioner of Transportation consults with committees representing statewide, county, and municipal associations. The commissioner then determines the percentage of the flexible account that will be used for county, municipal, and trunk highway turn backs. The following table describes the proposed use of the Flexible Highway Account for FY 2002-2003.

**FLEXIBLE HIGHWAY ACCOUNT**

|                             | (\$ In Millions) |                |               |
|-----------------------------|------------------|----------------|---------------|
|                             | <u>FY 2002</u>   | <u>FY 2003</u> | <u>Total</u>  |
| County Turn Back Account    | \$26.1           | \$31.1         | \$57.2        |
| Municipal Turn Back Account | 6.4              | 2.4            | 8.8           |
| Trunk Highway Fund          | <u>-0-</u>       | <u>-0-</u>     | <u>-0-</u>    |
| <b>TOTAL</b>                | <b>\$32.5</b>    | <b>\$33.5</b>  | <b>\$66.0</b> |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends the agency base budget as adjusted for revenue projections for FY 2002-03. Revenue in the County State Aid Fund and the Municipal State Aid Street Fund will be distributed and utilized as provided for in the Minnesota constitution and statutes.

Program: LOCAL ROADS  
 Agency: TRANSPORTATION DEPT

| Program Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002        |                     | FY 2003        |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|----------------|---------------------|----------------|---------------------|--|--------------|
|   |                   |                   |                     | Base           | Governor<br>Recomm. | Base           | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Activity:</b>          |                   |                   |                     |                |                     |                |                     |  |              |
| COUNTY STATE AIDS                         | 337,824           | 388,126           | 391,699             | 407,399        | 407,399             | 420,249        | 420,249             | 47,823                                   | 6.1%         |
| MUNICIPAL STATE AIDS                      | 111,939           | 87,667            | 114,050             | 107,012        | 107,012             | 110,388        | 110,388             | 15,683                                   | 7.8%         |
| FEDERAL-COUNTY ROAD & BRIDGE              | 83,980            | 89,404            | 100,075             | 120,000        | 120,000             | 130,000        | 130,000             | 60,521                                   | 31.9%        |
| STATE AID TECHNICAL ASSIST                | 5,061             | 5,756             | 6,921               | 7,928          | 7,928               | 8,272          | 8,272               | 3,523                                    | 27.8%        |
| <b>Total Expenditures</b>                 | <b>538,804</b>    | <b>570,953</b>    | <b>612,745</b>      | <b>642,339</b> | <b>642,339</b>      | <b>668,909</b> | <b>668,909</b>      | <b>127,550</b>                           | <b>10.8%</b> |

|                                  |                |                |                |                |                |                |                |  |  |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|--|
| <b>Financing by Fund:</b>        |                |                |                |                |                |                |                |  |  |
| <b>Direct Appropriations:</b>    |                |                |                |                |                |                |                |  |  |
| ENVIRONMENT & NATURAL RESOURCE   | 0              | 75             | 75             | 0              | 0              | 0              | 0              |  |  |
| GENERAL                          | 0              | 200            | 0              | 0              | 0              | 0              | 0              |  |  |
| STATE GOVERNMENT SPECIAL REVENUE | 59             | 0              | 24             | 0              | 0              | 0              | 0              |  |  |
| MUNICIPAL STATE AID STREET       | 111,415        | 87,153         | 113,501        | 106,469        | 106,469        | 109,827        | 109,827        |  |  |
| COUNTY STATE AID HIGHWAY         | 336,341        | 386,603        | 390,067        | 405,330        | 405,330        | 418,113        | 418,113        |  |  |
| <b>Open Appropriations:</b>      |                |                |                |                |                |                |                |  |  |
| MUNICIPAL STATE AID STREET       | 1,678          | 1,745          | 2,193          | 2,198          | 2,198          | 2,292          | 2,292          |  |  |
| COUNTY STATE AID HIGHWAY         | 5,331          | 5,848          | 6,885          | 8,342          | 8,342          | 8,677          | 8,677          |  |  |
| <b>Statutory Appropriations:</b> |                |                |                |                |                |                |                |  |  |
| FEDERAL                          | 83,980         | 89,329         | 100,000        | 120,000        | 120,000        | 130,000        | 130,000        |  |  |
| <b>Total Financing</b>           | <b>538,804</b> | <b>570,953</b> | <b>612,745</b> | <b>642,339</b> | <b>642,339</b> | <b>668,909</b> | <b>668,909</b> |  |  |

|                                   |             |             |             |             |             |             |             |  |  |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|
| <b>FTE by Employment Type:</b>    |             |             |             |             |             |             |             |  |  |
| FULL TIME                         | 57.9        | 45.5        | 46.7        | 46.7        | 46.7        | 46.7        | 46.7        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 0.3         | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         |  |  |
| OVERTIME PAY                      | 0.3         | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         |  |  |
| <b>Total Full-Time Equivalent</b> | <b>58.5</b> | <b>46.0</b> | <b>47.2</b> | <b>47.2</b> | <b>47.2</b> | <b>47.2</b> | <b>47.2</b> |  |  |

**BUDGET ACTIVITY SUMMARY**

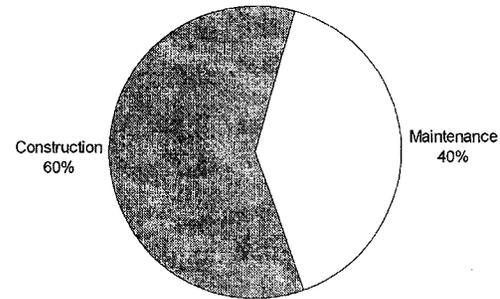
**Budget Activity:** COUNTY STATE AIDS  
**Program:** LOCAL ROADS  
**Agency:** TRANSPORTATION DEPT

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**County State Aid Highway Allocation  
(FY 2000 \$388 Million)**

**ACTIVITY PROFILE:**

The County State Aid activity represents the 29% of the Highway User Tax Distribution Fund (HUTDF) that is allocated to counties. These funds are apportioned to individual counties, according to a formula prescribed in law, by the Commissioner of Transportation with the advice of a screening board consisting of county engineers. These dollars are apportioned to the counties for both maintenance and construction activities on the 30,328 miles of county state aid highways. Dollars spent in rural areas generally improve the structural capacity of the roads to move goods, while the dollars spent in the metro area are often capacity or safety improvements. Counties select construction projects and maintenance activities within their jurisdictions. State Aid for Local Transportation (SALT) reviews and approves individual construction plans for compliance with standards and rules.



**STRATEGIES AND PERFORMANCE:**

The agency must assist the counties in using these dollars wisely on the priority projects in their areas. The counties are attempting to upgrade the entire system to nine-ton standards to provide year-around access to markets. The limited available dollars are increasingly spent on preservation-type projects, such as overlays, instead of system upgrades because of the compelling need to preserve what is in place.

**FINANCING INFORMATION:**

The flexible account funds are included in the CSAH totals. The Flexible Account is discussed in the local roads program narrative.

Revenues collected are from investment income.

The following chart gives a breakdown of the County State Aid Highway allocation between construction and maintenance for calendar year 2000.

Activity: COUNTY STATE AIDS  
 Program: LOCAL ROADS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002        |                     | FY 2003        |                     | Biennial Change<br>2002-03 Gov / 2000-01 |             |
|---|-------------------|-------------------|---------------------|----------------|---------------------|----------------|---------------------|--|-------------|
|   |                   |                   |                     | Base           | Governor<br>Recomm. | Base           | Governor<br>Recomm. | Dollars                                  | Percent     |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |                |                     |                |                     |  |             |
| <b>State Operations</b>                           |                   |                   |                     |                |                     |                |                     |  |             |
| COMPENSATION                                      | 100               | 48                | 176                 | 177            | 177                 | 179            | 179                 | 132                                      | 58.9%       |
| OTHER OPERATING EXPENSES                          | 342               | 1,379             | 1,456               | 1,456          | 1,456               | 1,456          | 1,456               | 77                                       | 2.7%        |
| <b>Subtotal State Operations</b>                  | <b>442</b>        | <b>1,427</b>      | <b>1,632</b>        | <b>1,633</b>   | <b>1,633</b>        | <b>1,635</b>   | <b>1,635</b>        | <b>209</b>                               | <b>6.8%</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 122               | 0                 | 0                   | 0              | 0                   | 0              | 0                   | 0  |             |
| LOCAL ASSISTANCE                                  | 337,260           | 386,699           | 390,067             | 405,766        | 405,766             | 418,614        | 418,614             | 47,614                                   | 6.1%        |
| <b>Total Expenditures</b>                         | <b>337,824</b>    | <b>388,126</b>    | <b>391,699</b>      | <b>407,399</b> | <b>407,399</b>      | <b>420,249</b> | <b>420,249</b>      | <b>47,823</b>                            | <b>6.1%</b> |

|                               |                |                |                |                |                |                |                |  |  |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|--|
| <b>Financing by Fund:</b>     |                |                |                |                |                |                |                |  |  |
| <b>Direct Appropriations:</b> |                |                |                |                |                |                |                |  |  |
| COUNTY STATE AID HIGHWAY      | 336,341        | 386,603        | 390,067        | 405,330        | 405,330        | 418,113        | 418,113        |  |  |
| <b>Open Appropriations:</b>   |                |                |                |                |                |                |                |  |  |
| COUNTY STATE AID HIGHWAY      | 1,483          | 1,523          | 1,632          | 2,069          | 2,069          | 2,136          | 2,136          |  |  |
| <b>Total Financing</b>        | <b>337,824</b> | <b>388,126</b> | <b>391,699</b> | <b>407,399</b> | <b>407,399</b> | <b>420,249</b> | <b>420,249</b> |  |  |

|                                 |               |               |               |               |               |               |               |  |  |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|--|
| <b>Revenue Collected:</b>       |               |               |               |               |               |               |               |  |  |
| <b>Nondedicated</b>             |               |               |               |               |               |               |               |  |  |
| COUNTY STATE AID HIGHWAY        | 13,068        | 15,445        | 16,250        | 16,250        | 16,250        | 16,250        | 16,250        |  |  |
| <b>Total Revenues Collected</b> | <b>13,068</b> | <b>15,445</b> | <b>16,250</b> | <b>16,250</b> | <b>16,250</b> | <b>16,250</b> | <b>16,250</b> |  |  |

|                                   |            |            |            |            |            |            |            |  |  |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|--|--|
| <b>FTE by Employment Type:</b>    |            |            |            |            |            |            |            |  |  |
| FULL TIME                         | 1.9        | 0.7        | 0.8        | 0.8        | 0.8        | 0.8        | 0.8        |  |  |
| OVERTIME PAY                      | 0.2        | 0.2        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |  |  |
| <b>Total Full-Time Equivalent</b> | <b>2.1</b> | <b>0.9</b> | <b>0.8</b> | <b>0.8</b> | <b>0.8</b> | <b>0.8</b> | <b>0.8</b> |  |  |

## BUDGET ACTIVITY SUMMARY

**Budget Activity:** MUNICIPAL STATE AIDS  
**Program:** LOCAL ROADS  
**Agency:** TRANSPORTATION DEPT

### Municipal State Aid Street Allocation (FY 2000 \$88 Million)

#### ACTIVITY PROFILE:

The Municipal State Aid activity represents the 9% of the Highway User Tax Distribution Fund (HUTDF) that is allocated to cities over 5,000 population. These funds are apportioned to individual cities, according to a formula prescribed in law, by the Commissioner of Transportation with the advice of a screening board consisting of city engineers. These dollars are apportioned to cities for both maintenance and construction on the 2,911 miles of state aid streets. In the Twin Cities' metro area, many projects are designed to relieve congestion, while in outstate Minnesota they often provide for the movement of goods. The cities select the construction projects and maintenance activities on which to spend these dollars. State Aid for Local Transportation (SALT) reviews and approves individual construction plans for compliance with standards and rules.

#### STRATEGIES AND PERFORMANCE:

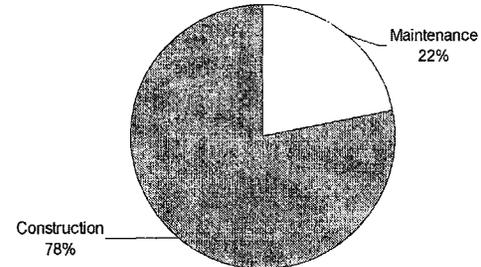
The number of cities sharing in the 9% Municipal State Street Aid Fund has increased from 112 in 1990 to 129 in 2000. The agency assists the cities in using these dollars on the highest priority projects in their areas. The limited available dollars are increasingly spent on preservation-type projects rather than long-term system improvements.

#### FINANCING INFORMATION:

The Flexible Account funds are included in the County State Aid Highway (CSAH) totals. The Flexible Account is discussed in the local roads program narrative.

Revenues collected are from investment income.

The following chart gives a breakdown of the Municipal State Aid Street allocation between construction and maintenance for calendar year 2000



Activity: MUNICIPAL STATE AIDS  
 Program: LOCAL ROADS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002        |                     | FY 2003        |                     | Biennial Change<br>2002-03 Gov / 2000-01 |             |
|---|-------------------|-------------------|---------------------|----------------|---------------------|----------------|---------------------|--|-------------|
|   |                   |                   |                     | Base           | Governor<br>Recomm. | Base           | Governor<br>Recomm. | Dollars                                  | Percent     |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |                |                     |                |                     |  |             |
| <b>State Operations</b>                           |                   |                   |                     |                |                     |                |                     |  |             |
| COMPENSATION                                      | 34                | 13                | 50                  | 50             | 50                  | 51             | 51                  | 38                                       | 60.3%       |
| OTHER OPERATING EXPENSES                          | 393               | 471               | 475                 | 493            | 493                 | 510            | 510                 | 57                                       | 6.0%        |
| <b>Subtotal State Operations</b>                  | <b>427</b>        | <b>484</b>        | <b>525</b>          | <b>543</b>     | <b>543</b>          | <b>561</b>     | <b>561</b>          | <b>95</b>                                | <b>9.4%</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 38                | 0                 | 0                   | 0              | 0                   | 0              | 0                   | 0  |             |
| LOCAL ASSISTANCE                                  | 111,474           | 87,183            | 113,525             | 106,469        | 106,469             | 109,827        | 109,827             | 15,588                                   | 7.8%        |
| <b>Total Expenditures</b>                         | <b>111,939</b>    | <b>87,667</b>     | <b>114,050</b>      | <b>107,012</b> | <b>107,012</b>      | <b>110,388</b> | <b>110,388</b>      | <b>15,683</b>                            | <b>7.8%</b> |

|                                  |                |               |                |                |                |                |                |  |  |
|----------------------------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|--|--|
| <b>Financing by Fund:</b>        |                |               |                |                |                |                |                |  |  |
| <b>Direct Appropriations:</b>    |                |               |                |                |                |                |                |  |  |
| STATE GOVERNMENT SPECIAL REVENUE | 59             | 0             | 24             | 0              | 0              | 0              | 0              |  |  |
| MUNICIPAL STATE AID STREET       | 111,415        | 87,153        | 113,501        | 106,469        | 106,469        | 109,827        | 109,827        |  |  |
| <b>Open Appropriations:</b>      |                |               |                |                |                |                |                |  |  |
| MUNICIPAL STATE AID STREET       | 465            | 514           | 525            | 543            | 543            | 561            | 561            |  |  |
| <b>Total Financing</b>           | <b>111,939</b> | <b>87,667</b> | <b>114,050</b> | <b>107,012</b> | <b>107,012</b> | <b>110,388</b> | <b>110,388</b> |  |  |

|                                 |              |              |              |              |              |              |              |  |  |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--|
| <b>Revenue Collected:</b>       |              |              |              |              |              |              |              |  |  |
| <b>Nondedicated</b>             |              |              |              |              |              |              |              |  |  |
| MUNICIPAL STATE AID STREET      | 4,906        | 6,004        | 8,750        | 8,750        | 8,750        | 8,750        | 8,750        |  |  |
| <b>Total Revenues Collected</b> | <b>4,906</b> | <b>6,004</b> | <b>8,750</b> | <b>8,750</b> | <b>8,750</b> | <b>8,750</b> | <b>8,750</b> |  |  |

|                                   |            |            |            |            |            |            |            |  |  |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|--|--|
| <b>FTE by Employment Type:</b>    |            |            |            |            |            |            |            |  |  |
| FULL TIME                         | 0.6        | 0.2        | 0.2        | 0.2        | 0.2        | 0.2        | 0.2        |  |  |
| OVERTIME PAY                      | 0.0        | 0.1        | 0.2        | 0.2        | 0.2        | 0.2        | 0.2        |  |  |
| <b>Total Full-Time Equivalent</b> | <b>0.6</b> | <b>0.3</b> | <b>0.4</b> | <b>0.4</b> | <b>0.4</b> | <b>0.4</b> | <b>0.4</b> |  |  |

## BUDGET ACTIVITY SUMMARY

**Budget Activity:** FEDERAL-COUNTY ROAD & BRIDG  
**Program:** LOCAL ROADS  
**Agency:** TRANSPORTATION DEPT

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### **ACTIVITY PROFILE:**

The Federal County Road and Bridge activity represents the federal Transportation Equity Act (TEA-21) portion of funds distributed to cities, counties and other agencies for road and bridge construction and transportation enhancement projects. At a minimum, eligible roads must be major collectors in rural areas and arterials in urban areas. Bridges must be at least 20 feet in length. Federal guidelines and Area Transportation Partnership (ATP) criteria emphasize the importance of preservation projects rather than new capacity. Cities, counties and other agencies must select and submit projects to ATP's that meet these guidelines and criteria in order to successfully compete for project funding. The project development process and plans for projects included in the State Transportation Investment Plan (STIP) are reviewed and approved by State Aid for Local Transportation (SALT).

### **STRATEGIES AND PERFORMANCE:**

TEA-21 identified projects nationwide as high priority projects and provided funding as part of the legislation. Nearly half of the high priority highway funding authorized for Minnesota in TEA-21 is for local projects.

This activity reflects the increased high priority and regular federal funds anticipated for local governments in Minnesota. The activity also covers the increased workload that SALT assumes in educating and assisting non-traditional project proposers with the project development process.

### **FINANCING INFORMATION:**

Passage of TEA-21, including the high priority projects it contains, has resulted in additional federal revenue available to the counties and cities.

Activity: FEDERAL-COUNTY ROAD & BRIDGE  
 Program: LOCAL ROADS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002        |                     | FY 2003        |                     | Biennial Change<br>2002-03 Gov / 2000-01 |                 |
|---|-------------------|-------------------|---------------------|----------------|---------------------|----------------|---------------------|--|-----------------|
|   |                   |                   |                     | Base           | Governor<br>Recomm. | Base           | Governor<br>Recomm. | Dollars                                  | Percent         |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |                |                     |                |                     |  |                 |
| <b>State Operations</b>                           |                   |                   |                     |                |                     |                |                     |  |                 |
| OTHER OPERATING EXPENSES                          | 196               | 1,221             | 0                   | 0              | 0                   | 0              | 0                   | (1,221)                                  | (100.0%)        |
| <b>Subtotal State Operations</b>                  | <b>196</b>        | <b>1,221</b>      | <b>0</b>            | <b>0</b>       | <b>0</b>            | <b>0</b>       | <b>0</b>            | <b>(1,221)</b>                           | <b>(100.0%)</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 77,782            | 64,892            | 100,000             | 120,000        | 120,000             | 130,000        | 130,000             | 85,108                                   | 51.6%           |
| LOCAL ASSISTANCE                                  | 6,002             | 23,291            | 75                  | 0              | 0                   | 0              | 0                   | (23,366)                                 | (100.0%)        |
| <b>Total Expenditures</b>                         | <b>83,980</b>     | <b>89,404</b>     | <b>100,075</b>      | <b>120,000</b> | <b>120,000</b>      | <b>130,000</b> | <b>130,000</b>      | <b>60,521</b>                            | <b>31.9%</b>    |
| <b>Financing by Fund:</b>                         |                   |                   |                     |                |                     |                |                     |  |                 |
| <b>Direct Appropriations:</b>                     |                   |                   |                     |                |                     |                |                     |  |                 |
| ENVIRONMENT & NATURAL RESOURCE                    | 0                 | 75                | 75                  | 0              | 0                   | 0              | 0                   |  |                 |
| <b>Statutory Appropriations:</b>                  |                   |                   |                     |                |                     |                |                     |  |                 |
| FEDERAL   | 83,980            | 89,329            | 100,000             | 120,000        | 120,000             | 130,000        | 130,000             |  |                 |
| <b>Total Financing</b>                            | <b>83,980</b>     | <b>89,404</b>     | <b>100,075</b>      | <b>120,000</b> | <b>120,000</b>      | <b>130,000</b> | <b>130,000</b>      |  |                 |
| <b>Revenue Collected:</b>                         |                   |                   |                     |                |                     |                |                     |  |                 |
| <b>Dedicated</b>                                  |                   |                   |                     |                |                     |                |                     |  |                 |
| FEDERAL   | 83,909            | 89,329            | 100,000             | 120,000        | 120,000             | 130,000        | 130,000             |  |                 |
| <b>Total Revenues Collected</b>                   | <b>83,909</b>     | <b>89,329</b>     | <b>100,000</b>      | <b>120,000</b> | <b>120,000</b>      | <b>130,000</b> | <b>130,000</b>      |  |                 |

## BUDGET ACTIVITY SUMMARY

**Budget Activity:** STATE AID TECHNICAL ASSISTANCE  
**Program:** LOCAL ROADS  
**Agency:** TRANSPORTATION DEPT

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### ACTIVITY PROFILE:

The State Aid Technical Assistance activity represents the operating expenditures for the State Aid for Local Transportation (SALT) group of Mn/DOT. Minnesota statutes 162.06 and 162.12 apportion 1.5% of the total state aid dollars for administration.

SALT group acts as agent for the local authorities in the administration of federal construction contracts. It assists agencies in fulfilling the requirements for public involvement, as well as environmental and historical documentation.

The division also provides cities and counties with guidance to establish or modify a state aid system that moves people and goods. SALT helps them with technical issues in design, construction techniques, and materials so that they reap the maximum benefit from their investments in a project. SALT approves construction plans and project funding requests to ensure consistency with the Rules for State Aid Operation.

### STRATEGIES AND PERFORMANCE:

In the last few years, SALT has streamlined and simplified the plan review and approval process for state-aid and federal-aid projects by delegating much of this authority to the districts and local agencies, subject to audit. The SALT group is in the process of simplifying the federal aid processes and has increased training and education programs, particularly for first time, inexperienced users of federal-aid funds.

### FINANCING INFORMATION:

State Aid Technical Assistance activity is funded from the 1.5% of the total state aid apportionment allowed for administration. Personal services represent 78% of the operating budget. These services are delivered by personnel in the central office and all district offices.

Activity: STATE AID TECHNICAL ASSIST  
 Program: LOCAL ROADS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|--|--------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |              |                     |              |                     |  |              |
| <b>State Operations</b>                           |                   |                   |                     |              |                     |              |                     |  |              |
| COMPENSATION                                      | 3,614             | 3,041             | 3,223               | 3,313        | 3,313               | 3,494        | 3,494               | 543                                      | 8.7%         |
| OTHER OPERATING EXPENSES                          | 1,470             | 2,509             | 3,698               | 3,307        | 3,307               | 3,274        | 3,274               | 374                                      | 6.0%         |
| <b>Subtotal State Operations</b>                  | <b>5,084</b>      | <b>5,550</b>      | <b>6,921</b>        | <b>6,620</b> | <b>6,620</b>        | <b>6,768</b> | <b>6,768</b>        | <b>917</b>                               | <b>7.4%</b>  |
| LOCAL ASSISTANCE                                  | (23)              | 206               | 0                   | 1,308        | 1,308               | 1,504        | 1,504               | 2,606                                    | 1,265.0%     |
| <b>Total Expenditures</b>                         | <b>5,061</b>      | <b>5,756</b>      | <b>6,921</b>        | <b>7,928</b> | <b>7,928</b>        | <b>8,272</b> | <b>8,272</b>        | <b>3,523</b>                             | <b>27.8%</b> |

|                               |              |              |              |              |              |              |              |  |  |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--|
| <b>Financing by Fund:</b>     |              |              |              |              |              |              |              |  |  |
| <b>Direct Appropriations:</b> |              |              |              |              |              |              |              |  |  |
| GENERAL                       | 0            | 200          | 0            | 0            | 0            | 0            | 0            |  |  |
| <b>Open Appropriations:</b>   |              |              |              |              |              |              |              |  |  |
| MUNICIPAL STATE AID STREET    | 1,213        | 1,231        | 1,668        | 1,655        | 1,655        | 1,731        | 1,731        |  |  |
| COUNTY STATE AID HIGHWAY      | 3,848        | 4,325        | 5,253        | 6,273        | 6,273        | 6,541        | 6,541        |  |  |
| <b>Total Financing</b>        | <b>5,061</b> | <b>5,756</b> | <b>6,921</b> | <b>7,928</b> | <b>7,928</b> | <b>8,272</b> | <b>8,272</b> |  |  |

|                                   |             |             |             |             |             |             |             |  |  |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|
| <b>FTE by Employment Type:</b>    |             |             |             |             |             |             |             |  |  |
| FULL TIME                         | 55.4        | 44.6        | 45.7        | 45.7        | 45.7        | 45.7        | 45.7        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 0.3         | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         |  |  |
| OVERTIME PAY                      | 0.1         | 0.1         | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         |  |  |
| <b>Total Full-Time Equivalent</b> | <b>55.8</b> | <b>44.8</b> | <b>46.0</b> | <b>46.0</b> | <b>46.0</b> | <b>46.0</b> | <b>46.0</b> |  |  |

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PROGRAM SUMMARY

Program: STATE ROADS  
 Agency: TRANSPORTATION DEPT

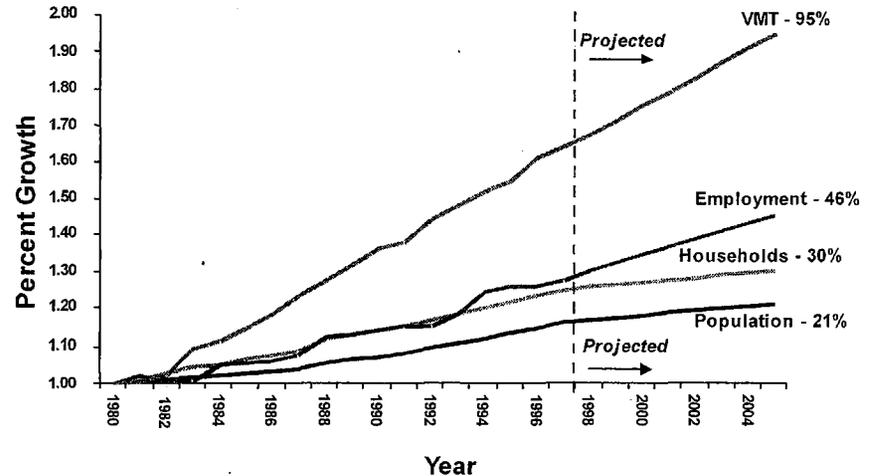
**PROGRAM PROFILE:**

The State Roads Program designs, constructs, maintains and operates the state's highway infrastructure. Trends that continue to influence the program are:

- **Population**
  - Minnesota continues to lead population growth in the Upper Midwest. Our growing population will increase the number of transportation system users.
  - The majority of Minnesota's population now resides in the Twin Cities Metropolitan Area. This concentration of population will increase congestion on roadways in and around the Twin Cities and the other metropolitan areas.
  - In Greater Minnesota, concentrations of population are occurring in Regional Trade Centers. This population growth near Regional Trade Centers in non-metropolitan areas will increase vehicle miles of travel.
- **Economic**
  - The majority of Minnesota's employment and economic activity is concentrated in the Twin Cities Metropolitan Area, with the greatest growth occurring outside its central counties. These concentrations of economic activity will increase vehicle miles of travel and congestion on metro area roadways.
  - Employment and economic activity in Greater Minnesota is concentrated in Regional Trade Centers, which will increase vehicle miles of travel in these areas of Greater Minnesota.
- **Transportation**
  - Travel is increasing on Minnesota roadways, which will put pressure on the state's transportation systems. This pressure may be alleviated somewhat by system expansion and/or increasing travel options for moving people and goods.
  - Highway travel is becoming more concentrated on Minnesota's principal arterial systems. This, combined with the fact that Greater Minnesota's population, employment, and economic activity is concentrated in the Regional Trade Centers, means that Mn/DOT will have to identify and invest in important transportation corridors linking Regional Trade Centers.

These trends contribute to increases in the number of system users, trips generated, and vehicle miles of travel.

**Minnesota Trends - 1980 to 2005**  
 (Indexed to 1980 - 1980 = 1)



This program consists of seven budget activities and their related policy objectives:

- **State Road Construction**
    - Increase roadway safety through operational improvements.
    - Increase rail crossing safety through construction of signals and other improvements.
    - Rehabilitate and reconstruct roads and bridges to preserve and improve state trunk highways.
    - Acquire property necessary for current and future state trunk highway construction and for access management needs.
    - Pay for the relocation of public utilities and cooperative work with local governments and railroad companies related to state trunk highway construction and improvement.
- Comply with environmental regulations and perform wetland, historical site and other mitigation activities.

## PROGRAM SUMMARY (Continued)

**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

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- Highway Debt Service
  - Repay the principal and interest on state trunk highway bonds, principal on loans/advances from other governmental entities and service fees.
- Research and Investment Management
  - Manage the statewide planning process and annually prepare the Statewide Transportation Improvement Program (STIP); provide traffic data through the Transportation Information System (TIS); and develop and implement a comprehensive research program.
- Central Engineering Services
  - Provide engineering and technical leadership and support services to all Mn/DOT districts, the Metro Division and local road authorities. These services require high-level technical expertise and consistent program quality throughout the state.
- Design and Construction Engineering
  - Provide design project management service and road and bridge construction project management on the trunk highway system.
- State Road Operations
  - Preserve and maintain the quality of travel on the state's trunk highway system, ensure traveler assistance through traffic signs, markers and communications, and support the management and maintenance of transportation facilities.
- Electronic Communications
  - Design and maintain several state agencies' communications networks, statewide radio towers, mobile and portable radios, computer and other electronic systems.

### **STRATEGIES AND PERFORMANCE:**

To keep government focused on results that will benefit Minnesotans, the Governor has directed state agencies to work on a core set of priorities that will meet the challenges of the next decade. These areas, *The Big Plan*, outline goals important to Minnesota's future. These goals emphasize: healthy, vital communities; self-sufficient people; service, not systems; and Minnesota as a world competitor. Transportation system performance outcomes and measures have been established in order to determine progress toward goals outlined in *The Big Plan*.

### *System Performance Outcomes:*

- Time Directness – A predictable travel time for length of trip is maintained so those customer expectations are met.
- Infrastructure – An infrastructure that meets customer expectations is maintained.
- Accessibility/Travel Options for People and Goods – Travel options and interconnections are available to move people and goods.
- Economic Vitality – The economic vitality of the state is maintained or enhanced.
- Information – Mn/DOT is a trusted source of information essential for decision-making by internal and external customers.
- Safety – Incidents and crash rates are minimized to the best of Mn/DOT's current and potential ability.
- Competitive Program Delivery – Mn/DOT will be competitive by focusing on the balance of cost, timeliness and quality of its products and services.

### *Performance Measures (Targets) for these Outcomes:*

- 86% of miles of High Priority Interregional Corridor (IRC) highways between major cities will achieve average travel speeds of 60 mph, and 84% of miles of Medium Priority IRCs will achieve average speeds of 55 mph by 2003.
- Additional travel options for people and goods will be provided, including having the following projects under development:
  - Hiawatha LRT
  - One exclusive busway
  - One commuter rail line
  - Six more Greater Minnesota counties will have countywide transit.
- 70% of Major Construction projects will be open to traffic within five years after environmental and preliminary design approvals have been obtained.
- Overall customer satisfaction ratings with maintenance of roadways will achieve 7.0 or higher on a 10 point scale.
- 60% of Minnesotans (a 6% increase) will view Mn/DOT as a reliable source of information.

The University of Minnesota's Center for Survey Research conducts an annual survey about a variety of topics for state agencies. The transportation questions asked in the survey over the years have focused on certain public satisfaction issues related to Mn/DOT's performance outcomes for the state's transportation system. Two of these questions are shown below:

PROGRAM SUMMARY (Continued)

Program: STATE ROADS  
 Agency: TRANSPORTATION DEPT

■ How satisfied are you with snow and ice removal along major highway routes?

Percent very or somewhat satisfied with snow and ice removal along major highway routes:

| 1990 | 1993 | 1994 | 1997 | 1999 |
|------|------|------|------|------|
| 90%  | 91%  | 93%  | 90%  | 89%  |

Satisfaction levels have remained high since 1990, with roughly nine out of 10 consistently responding very or somewhat satisfied. Snow and ice removal garners the highest and most consistent satisfaction levels of any of the measures tracked.

■ How satisfied are you with the time it takes you to travel to the places you want to go?

Percent satisfied with travel time:

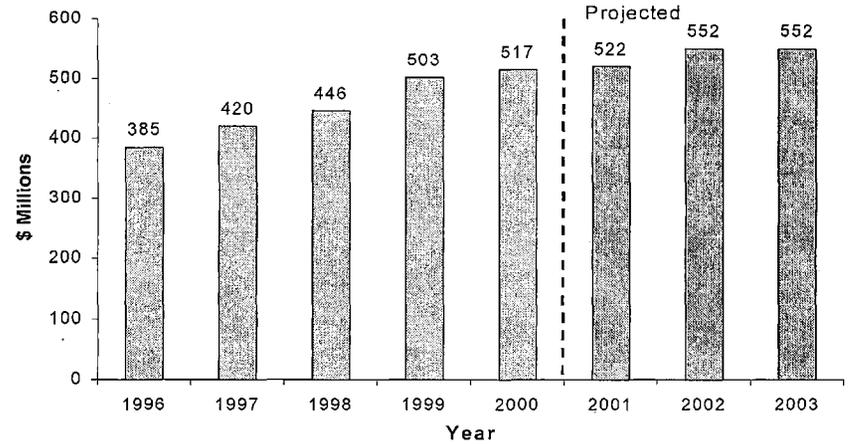
| 1988 | 1991 | 1995 | 1997 | Spring 1999 | Fall 1999 |
|------|------|------|------|-------------|-----------|
| 90%  | 89%  | 88%  | 82%  | 91%         | 81%       |

The percent of people responding very or somewhat satisfied declined from 1988 (90%) to fall 1999 (81%). The increase from 1997 to spring 1999 is statistically significant and may be due to seasonality.

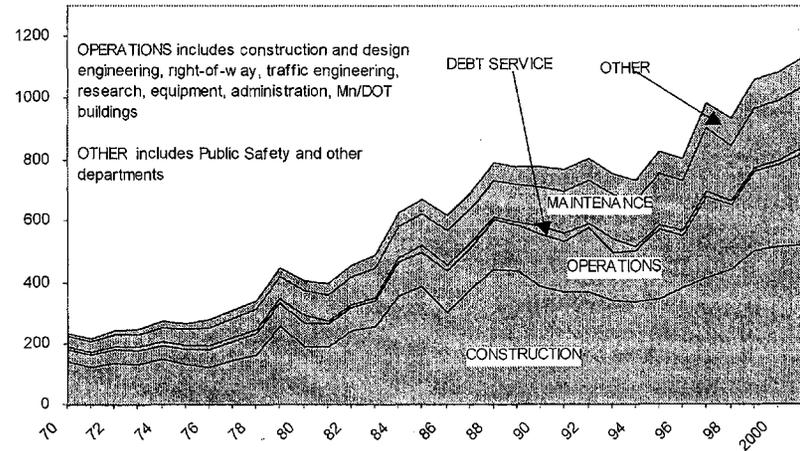
**FINANCING INFORMATION:**

Revenues have increased over the past few years due to revenue growth in state highway user funds and increased federal funding. The 2000 Legislature provided additional general funds, trunk highway funds and bonding authority for SFYs 01-03. These funds are directed toward interregional corridors and the Seven County Metro Area bottlenecks. They are part of the "Moving Minnesota" investment initiative. In addition, the Legislative Advisory Commission approved an increase of \$90 million in federal funds in December 2000 for FY 2001 spending.

State Road Construction Program



Trunk Highway Fund Expenditures by Type 1970 - 2000  
 \$ in Millions



## PROGRAM SUMMARY (Continued)

**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

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- \$0.8 million for planning and research
- \$0.2 million for transportation operations communications support

### **BUDGET ISSUES:**

Increases to the State Road Construction program place escalating demands on the department's program delivery resources. In the current marketplace, Mn/DOT is experiencing difficulties in attracting and keeping the personnel to staff increased programs. Program delivery services, including consultant services, are provided through the Central Engineering Services and Design and Construction Engineering budget activities.

### **GOVERNOR'S RECOMMENDATION:**

The Governor recommends the following changes to the program base budget. These change items are detailed on individual change item pages within the agency budget.

#### **Trunk Highway Fund**

The Governor recommends a biennial net increase of \$91.6 million to the biennial base of \$1.9 billion.

The Governor recommends a biennial reduction of \$27.3 million in the following areas:

- Remove \$8.9 million of sales tax funding from the base
- Cut \$7.4 million from the agency's workforce budget
- Reduce consultant services by \$6 million
- Reduce the Transportation Worker program by \$0.5 million
- Reduce inventory costs by \$1.0 million
- Consolidate Program Support \$1.4 million
- Reduce research activities \$2.1 million

The Governor recommends a biennial increase of \$118.9 million in the following areas:

- \$95.6 million for highway construction and related program delivery costs
- \$14.3 million for maintenance equipment, support and pavement striping
- \$1.5 million for GIS data integration
- \$5.5 million for maintenance of facilities and rest areas
- \$1.0 million for scientific equipment

Program: STATE ROADS  
 Agency: TRANSPORTATION DEPT

| Program Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002        |                     | FY 2003        |                     | Biennial Change<br>2002-03 Gov / 2000-01 |                |
|---|-------------------|-------------------|---------------------|----------------|---------------------|----------------|---------------------|--|----------------|
|   |                   |                   |                     | Base           | Governor<br>Recomm. | Base           | Governor<br>Recomm. | Dollars                                  | Percent        |
| <b>Expenditures by Activity:</b>          |                   |                   |                     |                |                     |                |                     |  |                |
| STATE ROAD CONSTRUCTION                   | 492,501           | 500,473           | 1,010,441           | 537,933        | 585,738             | 537,933        | 585,738             | (339,438)                                | (22.5%)        |
| HIGHWAY DEBT SERVICE                      | 5,847             | 9,722             | 13,658              | 19,235         | 19,235              | 24,228         | 24,228              | 20,083                                   | 85.9%          |
| RESEARCH & INVESTMENT MGMT                | 16,703            | 12,728            | 17,739              | 15,293         | 15,643              | 15,392         | 15,542              | 718                                      | 2.4%           |
| CENTRAL ENGINEERING SERVICES              | 67,532            | 64,808            | 68,896              | 69,694         | 65,671              | 71,001         | 66,978              | (1,055)                                  | (0.8%)         |
| DESIGN & CONSTRUCTION ENGINEER            | 75,545            | 74,643            | 93,536              | 85,042         | 81,941              | 87,253         | 84,152              | (2,086)                                  | (1.2%)         |
| STATE ROAD OPERATIONS                     | 216,292           | 202,926           | 225,495             | 217,552        | 222,106             | 221,644        | 226,845             | 20,530                                   | 4.8%           |
| ELECTRONIC COMMUNICATIONS                 | 6,001             | 5,163             | 15,174              | 5,787          | 5,762               | 5,916          | 5,891               | (8,684)                                  | (42.7%)        |
| <b>Total Expenditures</b>                 | <b>880,421</b>    | <b>870,463</b>    | <b>1,444,939</b>    | <b>950,536</b> | <b>996,096</b>      | <b>963,367</b> | <b>1,009,374</b>    | <b>(309,932)</b>                         | <b>(13.4%)</b> |

| Change Items:                                  | Fund |  |  |               |               |
|--|------|--|--|---------------|---------------|
| (A) BASE REDUCTION-SALES TAX                   | THI  |  |  | (4,429)       | (4,429)       |
| (A) BASE REDUCTION-WORKFORCE<br>MANAGEMENT     | THI  |  |  | (3,700)       | (3,700)       |
| (A) INVENTORY REDUCTION                        | THI  |  |  | (746)         | (249)         |
| (A) TRANSPORTATION WORKER<br>IMPLEMENTATION    | THI  |  |  | (250)         | (250)         |
| (P) INCREASE IN CONSTRUCTION PROGRAM           | THI  |  |  | 47,805        | 47,805        |
| (P) REDUCE RESEARCH ACTIVITIES                 | THI  |  |  | (250)         | (250)         |
| (B) ALTERNATIVE FINANCE PROJECTS               | THI  |  |  | 150           | 150           |
| (B) MPO GRANT/STATEWIDE TRANSP PLAN<br>UPDATE  | THI  |  |  | 250           | 50            |
| (B) GIS DATA INTEGRATION                       | THI  |  |  | 750           | 750           |
| (B) DEVELOP DESIGN-BUILD METHODS               | THI  |  |  | 100           | 100           |
| (B) SCIENTIFIC EQUIPMENT                       | THI  |  |  | 500           | 500           |
| (B) CONSULTANT SERVICES REDUCTION              | THI  |  |  | (3,000)       | (3,000)       |
| (B) PROGRAM SUPPORT CONSOLIDATIONS             | THI  |  |  | (570)         | (570)         |
| (B) FACILITIES MAINTENANCE PROGRAM             | THI  |  |  | 2,750         | 2,750         |
| (B) PAVEMENT STRIPING                          | THI  |  |  | 3,000         | 3,000         |
| (B) REST AREA MAINTENANCE AND CLOSINGS         | THI  |  |  | (75)          | 75            |
| (B) ROAD EQUIPMENT AND SUPPORT                 | THI  |  |  | 3,250         | 3,250         |
| (B) INTELLIGENT TRANSP SYSTEMS<br>COORDINATION | THI  |  |  | (825)         | (825)         |
| (B) HIGHWAY SYSTEMS MAINTENANCE                | THI  |  |  | 875           | 875           |
| (B) TRANSP OPS COMM CENTER (TOCC)<br>SUPPORT   | THI  |  |  | 100           | 100           |
| (B) ELIMINATE SHOPS & SERVICES                 | THI  |  |  | (125)         | (125)         |
| <b>Total Change Items</b>                      |      |  |  | <b>45,560</b> | <b>46,007</b> |

Program: STATE ROADS  
 Agency: TRANSPORTATION DEPT

| Program Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002        |                     | FY 2003        |                     |
|---|-------------------|-------------------|---------------------|----------------|---------------------|----------------|---------------------|
|   |                   |                   |                     | Base           | Governor<br>Recomm. | Base           | Governor<br>Recomm. |
| <b>Financing by Fund:</b>                 |                   |                   |                     |                |                     |                |                     |
| <b>Direct Appropriations:</b>             |                   |                   |                     |                |                     |                |                     |
| GENERAL                                   | 100               | 1                 | 282,717             | 9              | 9                   | 9              | 9                   |
| TRUNK HIGHWAY                             | 862,037           | 854,878           | 1,132,290           | 929,166        | 974,726             | 942,122        | 988,129             |
| <b>Statutory Appropriations:</b>          |                   |                   |                     |                |                     |                |                     |
| SPECIAL REVENUE                           | 1,517             | 2,738             | 5,477               | 1,350          | 1,350               | 1,350          | 1,350               |
| TRUNK HIGHWAY                             | 13,847            | 10,857            | 18,899              | 17,140         | 17,140              | 17,140         | 17,140              |
| FEDERAL                                   | 2,917             | 1,977             | 5,525               | 2,848          | 2,848               | 2,723          | 2,723               |
| MISCELLANEOUS AGENCY                      | 3                 | 12                | 31                  | 23             | 23                  | 23             | 23                  |
| <b>Total Financing</b>                    | <b>880,421</b>    | <b>870,463</b>    | <b>1,444,939</b>    | <b>950,536</b> | <b>996,096</b>      | <b>963,367</b> | <b>1,009,374</b>    |

| <b>FTE by Employment Type:</b>    |                |                |                |                |                |                |                |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| FULL TIME                         | 4,310.6        | 4,386.9        | 4,484.6        | 4,484.6        | 4,485.1        | 4,484.6        | 4,485.1        |
| PART-TIME, SEASONAL, LABOR SER    | 240.6          | 256.9          | 117.9          | 117.9          | 117.9          | 117.9          | 117.9          |
| OVERTIME PAY                      | 164.1          | 154.2          | 156.4          | 156.4          | 156.4          | 156.4          | 156.4          |
| <b>Total Full-Time Equivalent</b> | <b>4,715.3</b> | <b>4,798.0</b> | <b>4,758.9</b> | <b>4,758.9</b> | <b>4,759.4</b> | <b>4,758.9</b> | <b>4,759.4</b> |

**BUDGET CHANGE ITEM (46836)**

**Program: STATE ROADS**  
**Agency: TRANSPORTATION DEPT**

**Item Title: INCREASE IN CONSTRUCTION PROGRAM**

|                        | <u>2002-03 Biennium</u> |                | <u>2004-05 Biennium</u> |                |
|------------------------|-------------------------|----------------|-------------------------|----------------|
|                        | <u>FY 2002</u>          | <u>FY 2003</u> | <u>FY 2004</u>          | <u>FY 2005</u> |
| Expenditures: (\$000s) |                         |                |                         |                |
| Trunk Highway Fund     |                         |                |                         |                |
| -State Operations      | \$6,945                 | \$6,945        | \$6,945                 | \$6,945        |
| -Capital Outlay        | \$40,860                | \$40,860       | \$40,860                | \$40,860       |
| Revenues: (\$000s)     |                         |                |                         |                |
| Trunk Highway Fund     | \$-0-                   | \$-0-          | \$-0-                   | \$-0-          |

Statutory Change? Yes \_\_\_\_\_ No  X

If yes, statute(s) affected:

\_\_\_\_\_ New Activity     X  Supplemental Funding    \_\_\_\_\_ Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends an increase of \$47.805 million each year of the biennium for state road construction. Each fiscal year, \$40.86 million will pay for construction contracts and \$6.945 million will pay for costs necessary to deliver the additional construction contracts.

**RATIONALE:**

Several issues influence the need to increase the state's road construction program. These issues include increased use of the state's roadways, diminished useable life of existing roads and bridges, and increased federal funding for construction. In addition, employment and economic activity in Greater Minnesota is concentrated in Regional Trade Centers, which will increase vehicle miles of travel in these areas. Also, the majority of Minnesota's population now resides in the Twin Cities Metropolitan Area, which will increase congestion on roadways in and around the Twin Cities and the other metropolitan areas.

Increased funding for the state's road construction program is needed to support Mn/DOT's "Moving Minnesota" investment strategy. The existing State Transportation Improvement Program (STIP) was developed to a \$552 million dollar level for both state fiscal years (2002-03), an increase of \$30 million per year from the previous biennium. The additional funding (\$10.86 million per

year) will be used to improve performance of interregional corridors and eliminate bottlenecks in metropolitan areas. An increase to the road construction program will also increase travel options for moving people and goods and will ensure that corridors of statewide significance link the state's regional trade centers.

**FINANCING:**

The appropriation of \$40.860 million in each of FYs 2002 and 2003 will raise the state road construction program level, including additional Moving Minnesota targeted funding, to \$562.5 million. Corresponding program delivery funding needs are based on 17% of the \$40.860 million program increase or \$6.945 million each year.

**OUTCOMES:**

This increase in funds will assist Mn/DOT to reach the desired outcomes for overall performance of the transportation system. These performance outcomes include:

- *Time Directness* – A predictable travel time for length of trip is maintained so that customer expectations are met.
- *Infrastructure* – An infrastructure that meets customer expectations is maintained.
- *Accessibility/Travel Options for People and Goods* – Travel options and interconnections are available to move people and goods.
- *Economic Vitality* – The economic vitality of the state is maintained or enhanced.
- *Information* – Mn/DOT is a trusted source of information essential for decision making by internal and external customers.
- *Safety* – Incidents and crash rates are minimized to Mn/DOT's current and potential ability.
- *Competitive Program Delivery* – Mn/DOT will be competitive by focusing on the balance of cost, timeliness and quality of its products and services.

This supports the Mn/DOT strategic objectives of multimodal, interregional corridors, program delivery, and information. Increasing the state road construction program reflects the Governor's Budget Principles of "do the right things and do them well" and "provide incentives for desirable behavior." It also contributes to the "Big Plan" by improving the competitive position of rural Minnesota, providing the best climate to grow business, developing multimodal transportation to move people and goods efficiently, and using smart growth principles.

**BUDGET CHANGE ITEM (47420)**

**Program: STATE ROADS**  
**Agency: TRANSPORTATION DEPT**

priorities, with potential of some reduction in knowledge and application of new highway construction methods.

**Item Title: REDUCE RESEARCH ACTIVITIES**

|   | <u>2002-03 Biennium</u> |                | <u>2004-05 Biennium</u> |                |
|---|-------------------------|----------------|-------------------------|----------------|
|   | <u>FY 2002</u>          | <u>FY 2003</u> | <u>FY 2004</u>          | <u>FY 2005</u> |
| Expenditures: (\$000s)  |                         |                |                         |                |
| Trunk Highway Fund  |                         |                |                         |                |
| -State Operations   | \$ (250)                | \$ (250)       | \$ (250)                | \$ (250)       |
| Revenues: (\$000s)  |                         |                |                         |                |
| Trunk Highway Fund  | \$ -0-                  | \$ -0-         | \$ -0-                  | \$ -0-         |
| Statutory Change? Yes _____ No <u>  X  </u>   |                         |                |                         |                |
| If yes, statute(s) affected:  |                         |                |                         |                |
| <u>      </u> New Activity <u>  X  </u> Supplemental Funding <u>      </u> Reallocation |                         |                |                         |                |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends the reduction of \$250,000 each year of the biennium by making staffing adjustments to create efficiencies.

**RATIONALE:**

A general reduction in Mn/DOT research activities is proposed. We can achieve short-term budget savings by reducing administrative expenditures of the Office of Research and reducing the level of investment in the MnROAD research facility.

**FINANCING:**

Reduction of annual research expenditures by \$250,000 (\$150,000 – Office of Research, \$100,000 – MnROAD) would create greater efficiencies in the administration of research and allow the redirection of resources to higher priority activities.

**OUTCOMES:**

Each remaining research administrator would oversee a greater number of different research projects. Savings will be redirected to higher trunk highway

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## BUDGET ACTIVITY SUMMARY

**Budget Activity:** STATE ROAD CONSTRUCTION  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

To plan and prioritize program investments, the department continues to develop and use:

### ACTIVITY PROFILE:

The state's trunk highway system provides essential access to jobs, health care, government services, schools, entertainment and recreational opportunities. In addition, it provides a life line that carries food, clothing, and emergency services. The department's directions for determining transportation investment priorities emphasize preservation and management of existing systems. Safety is a key consideration when evaluating system performance and reviewing project alternatives.

The major expenditure in this budget activity is actual road construction, but this activity also covers purchase of right-of-way, municipal agreements, and project supplemental agreements.

- Market research (asking our customers what they need and if we're doing the right things);
- Business plans for all offices, divisions, and groups that include performance targets and how they meet customer needs;
- Investment analysis (benefit/cost analysis) for major improvement project alternatives;
- Transportation management systems (e.g., bridges, pavement);
- Performance measures and targets (to measure, track, and evaluate whether customer needs are being met); and
- District 20-year plans based on specific infrastructure and operational performance measures.

Miles of Roads and Traffic by Jurisdiction, Minnesota, 1999

|                             | Percent of<br>Road Miles | Percent of<br>Traffic |
|-----------------------------|--------------------------|-----------------------|
| State Trunk Highways        | 9%                       | 60%                   |
| County State-Aid Streets    | 23%                      | 22%                   |
| Municipal State-Aid Streets | 2%                       | 8%                    |
| City Streets                | 12%                      | 6%                    |
| County Roads                | 11%                      | 2%                    |
| Township Roads              | 41%                      | 2%                    |
| Other                       | 2%                       | 0%                    |

The 1997 federal Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) continues the flexibility provided for making transportation investments initiated under the previous federal act, ISTEA. Both M.S. 174.03 and TEA-21 require Mn/DOT to perform transportation planning. Planning (statewide, intermodal, research, strategic, business, regional, district and metropolitan planning) provides the analytical base to operate, manage and invest in the state's transportation system.

### STRATEGIES AND PERFORMANCE:

State road construction continues to emphasize the safety, preservation, and operational priorities of the state highway system. Mn/DOT will focus resources on maintaining acceptable and safe levels of service.

Percentage of State Trunk Highway Miles and Traffic, 1999

|                                     | Share of<br>Roadway Miles | Share of Vehicle<br>Miles of Traffic |
|-------------------------------------|---------------------------|--------------------------------------|
| Twin Cities Seven County Metro Area | 11%                       | 47%                                  |
| Greater MN                          | 89%                       | 53%                                  |
| Urban Areas                         | 13%                       | 49%                                  |
| Rural Areas                         | 87%                       | 51%                                  |
| Interstate Highways                 | 13%                       | 38%                                  |
| Principal Arterials                 | 39%                       | 42%                                  |
| Minor Arterials                     | 40%                       | 18%                                  |
| Collector and Local Highways        | 8%                        | 2%                                   |

Over the last year, Mn/DOT has developed a long-range transportation plan for the trunk highway system, entitled *Moving Minnesota from 2000 to 2020*. This plan identifies the most beneficial improvements to the transportation system by using performance measures that concentrate on outcomes rather than inputs like spending. The focus of this long-range transportation plan is to define a system of interregional corridors that "enhance the economic vitality of the state by providing essential access and connections to Regional Trade Centers and by promoting safe, timely, and efficient movement of people and goods." This system consists of 2,926 miles of High Priority and Medium Priority Interregional Corridors. Performance measures and targets of speed and signal risk were used to determine "at risk" corridors needing improvements. The analysis identified interregional corridors performing below target or having a high or moderate risk of signal proliferation. The corridors with potential mobility risk were identified using a broad sketch planning approach. A detailed corridor plan will be developed for

**BUDGET ACTIVITY SUMMARY (Continued)**

**Budget Activity:** STATE ROAD CONSTRUCTION  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

each interregional corridor to determine specific management and improvement strategies.

Management strategies:

- Improve parallel routes.
- Develop parallel transit routes.
- Meter access to roads.
- Manage urban growth management.
- Manage travel demand management (TDM), such as telecommuting, park-and-ride, ridesharing, transit, biking, and walking.
- Introduce Intelligent Transportation Systems (ITS) to reduce congestion and manage incidents, such as accidents.

Design-related strategies focus on infrastructure and access-related improvements in order to preserve or enhance safety and mobility. These strategies will be applicable to both rural and urban areas.

Design related strategies:

- Manage corridor access management.
- Provide passing opportunities and reduce conflicts by using super-two design.
- Develop grade-separated crossings at key intersections.
- Construct interchanges in lieu of traffic signals.
- Construct urban bypasses with limited or no access.
- Add capacity through lane addition.

Management and improvement strategies also emerge for interregional corridors and bottlenecks in the Twin Cities Metro Area under the "Moving Minnesota" investment initiative.

Bottlenecks may include

- three lanes going down to two lanes;

- physical restrictions like traffic signals, steep hills, and freeway-to-freeway interchanges; and
- areas where traffic must "weave" across several lanes to get on and off the highway.

Improvement strategies may include

- adding lanes,
- modifying interchanges, and
- building new interchanges.

**FINANCING INFORMATION:**

- The 1997 federal transportation authorization bill (TEA-21) brings additional funding to Minnesota's infrastructure programs (highway and transit).

|                      | <b>6 Year Average</b> |
|----------------------|-----------------------|
| ISTEA (1991 - 1997)  | \$282 million/year    |
| TEA-21 (1998 - 2003) | \$393 million/year    |

Additional projects identified by Congress and listed in TEA-21 as "high priority" projects have been developed and added to the program. Congressional "high priority" projects listed in TEA-21 (98-03):

|       |               |
|-------|---------------|
| Local | \$84 million  |
| State | \$93 million  |
| Total | \$177 million |

- New funding for interregional corridors and the seven-county Metro Area bottlenecks was provided by the legislature in 2000. These funds will be used for program delivery and construction activities over state fiscal years 2001, 2002 and 2003. The funds were a mix of general funds, trunk highway funds, and trunk highway bonding authority.

**BUDGET ACTIVITY SUMMARY (Continued)**

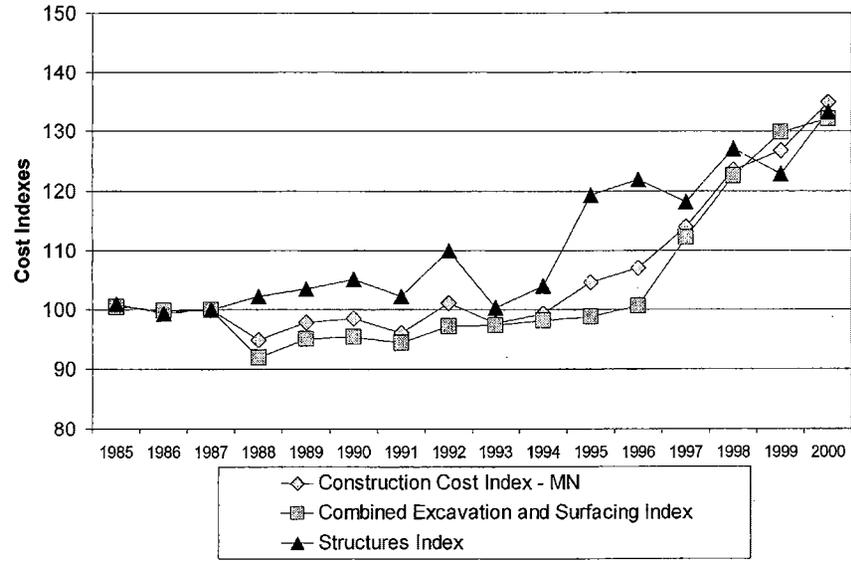
**Budget Activity:** STATE ROAD CONSTRUCTION  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

**BUDGET ISSUES:**

Several issues influence the agency's road construction budget plan:

- increased use of the state's roadways,
- increased demands on the road system due to increased freight needs related to tonnage and access to markets,
- diminished useable life of existing roads and bridges due to the aging and increased use of the state's road and bridges,
- the need for an appropriate mix of agency staff and professional consultants, and
- the need to address increased construction management activities in the 2004/05 biennial budget.

From 1985 through 1994 highway construction costs were stable, reflecting little or no inflation in the price of highway construction. However, since 1995, Mn/DOT's construction costs have grown at a rate beyond that of prices in the general economy and at a rate far above historic levels. During that period, construction costs grew by an annual rate of 6%-7% per year (see graph attached). This is driven by a strong economy with increased construction in all sectors, including a growing highway construction budget. Growth in Mn/DOT's revenues, averaging slightly more than 4% per year, has not kept pace with escalating highway construction costs. The result has been declining purchase power for transportation projects. At this point, the economy remains strong and highway construction spending high. As a result, the expected inflation forecast is that recent growth trends in construction costs will continue.



Activity: STATE ROAD CONSTRUCTION  
 Program: STATE ROADS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002        |                     | FY 2003        |                     | Biennial Change<br>2002-03 Gov / 2000-01 |                |
|---|-------------------|-------------------|---------------------|----------------|---------------------|----------------|---------------------|--|----------------|
|   |                   |                   |                     | Base           | Governor<br>Recomm. | Base           | Governor<br>Recomm. | Dollars                                  | Percent        |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |                |                     |                |                     |  |                |
| <b>State Operations</b>                           |                   |                   |                     |                |                     |                |                     |  |                |
| COMPENSATION                                      | 411               | 195               | 0                   | 0              | 0                   | 0              | 0                   | (195)                                    | (100.0%)       |
| OTHER OPERATING EXPENSES                          | 25,757            | 27,781            | 54,165              | 3,023          | 3,023               | 3,023          | 3,023               | (75,900)                                 | (92.6%)        |
| OTHER FINANCIAL TRANSACTIONS                      | 0                 | 120               | 6                   | 3              | 3                   | 3              | 3                   | (120)                                    | (95.2%)        |
| <b>Subtotal State Operations</b>                  | <b>26,168</b>     | <b>28,096</b>     | <b>54,171</b>       | <b>3,026</b>   | <b>3,026</b>        | <b>3,026</b>   | <b>3,026</b>        | <b>(76,215)</b>                          | <b>(92.6%)</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 466,099           | 471,933           | 956,270             | 534,907        | 582,712             | 534,907        | 582,712             | (262,779)                                | (18.4%)        |
| LOCAL ASSISTANCE                                  | 234               | 444               | 0                   | 0              | 0                   | 0              | 0                   | (444)                                    | (100.0%)       |
| <b>Total Expenditures</b>                         | <b>492,501</b>    | <b>500,473</b>    | <b>1,010,441</b>    | <b>537,933</b> | <b>585,738</b>      | <b>537,933</b> | <b>585,738</b>      | <b>(339,438)</b>                         | <b>(22.5%)</b> |

| Change Items:                        | Fund |  |  |  |               |  |               |
|--------------------------------------|------|--|--|--|---------------|--|---------------|
| (P) INCREASE IN CONSTRUCTION PROGRAM | THI  |  |  |  | 47,805        |  | 47,805        |
| <b>Total Change Items</b>            |      |  |  |  | <b>47,805</b> |  | <b>47,805</b> |

| Financing by Fund:               |                |                |                  |                |                |                |                |
|----------------------------------|----------------|----------------|------------------|----------------|----------------|----------------|----------------|
| <b>Direct Appropriations:</b>    |                |                |                  |                |                |                |                |
| GENERAL                          | 0              | 0              | 282,500          | 0              | 0              | 0              | 0              |
| TRUNK HIGHWAY                    | 492,425        | 500,461        | 711,424          | 521,707        | 569,512        | 521,707        | 569,512        |
| <b>Statutory Appropriations:</b> |                |                |                  |                |                |                |                |
| SPECIAL REVENUE                  | 0              | 0              | 126              | 3              | 3              | 3              | 3              |
| TRUNK HIGHWAY                    | 0              | 0              | 16,200           | 16,200         | 16,200         | 16,200         | 16,200         |
| FEDERAL                          | 76             | 0              | 160              | 0              | 0              | 0              | 0              |
| MISCELLANEOUS AGENCY             | 0              | 12             | 31               | 23             | 23             | 23             | 23             |
| <b>Total Financing</b>           | <b>492,501</b> | <b>500,473</b> | <b>1,010,441</b> | <b>537,933</b> | <b>585,738</b> | <b>537,933</b> | <b>585,738</b> |

| Revenue Collected:              |                |                |                |                |                |                |                |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Dedicated</b>                |                |                |                |                |                |                |                |
| SPECIAL REVENUE                 | 11             | 10             | 3              | 3              | 3              | 3              | 3              |
| TRUNK HIGHWAY                   | 7,069          | 9,472          | 16,200         | 16,200         | 16,200         | 16,200         | 16,200         |
| MISCELLANEOUS AGENCY            | 0              | 17             | 23             | 3              | 3              | 3              | 3              |
| <b>Nondedicated</b>             |                |                |                |                |                |                |                |
| TRUNK HIGHWAY                   | 267,917        | 335,463        | 399,646        | 331,921        | 331,921        | 358,282        | 358,282        |
| <b>Total Revenues Collected</b> | <b>274,997</b> | <b>344,962</b> | <b>415,872</b> | <b>348,127</b> | <b>348,127</b> | <b>374,488</b> | <b>374,488</b> |

Activity: STATE ROAD CONSTRUCTION  
 Program: STATE ROADS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002    |                     | FY 2003    |                     |
|---|-------------------|-------------------|---------------------|------------|---------------------|------------|---------------------|
|   |                   |                   |                     | Base       | Governor<br>Recomm. | Base       | Governor<br>Recomm. |
| <b>FTE by Employment Type:</b>                    |                   |                   |                     |            |                     |            |                     |
| FULL TIME   | 5.3               | 2.0               | 0.0                 | 0.0        | 0.0                 | 0.0        | 0.0                 |
| PART-TIME, SEASONAL, LABOR SER                    | 4.5               | 2.8               | 0.0                 | 0.0        | 0.0                 | 0.0        | 0.0                 |
| OVERTIME PAY                                      | 0.1               | 0.4               | 0.0                 | 0.0        | 0.0                 | 0.0        | 0.0                 |
| <b>Total Full-Time Equivalent</b>                 | <b>9.9</b>        | <b>5.2</b>        | <b>0.0</b>          | <b>0.0</b> | <b>0.0</b>          | <b>0.0</b> | <b>0.0</b>          |

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**BUDGET ACTIVITY SUMMARY**

**Budget Activity:** HIGHWAY DEBT SERVICE  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

**ACTIVITY PROFILE:**

The highway debt service activity repays trunk highway debt funding used for highway construction, while ensuring Mn/DOT stays within the debt limit established by the debt management policy. Debt service expenses include principal and interest on state trunk highway bonds, principal on loans and advances from other government entities, and service fees to the state's debt service fund.

The debt management policy dictates that bonds are sold only after Mn/DOT conducts an analysis of a 10-year revenue and expenditure forecast. This forecast must demonstrate that for the first six years of the 10-year period, debt cost for both existing and proposed bonds will not exceed 25% of estimated available capital funds for any of the six years analyzed.

The proceeds from trunk highway bonds are used solely for long-term capital investment purposes that have an expected useful life greater than the normal 20-year term of the bonds. The budgeted principal and interest costs reflect the current outstanding debt repayment requirements for the FY 2002-2003 biennium. The 2000 Legislature authorized \$100 million of bonding authority. The last trunk highway bond authority before that occurred in FY 1985.

Some state road projects are constructed with monies advanced by local governments or by local governments using their own money with the state promising to pay them back at a future date. Upon completion of the projects, the advances are repaid to the local governments in the years Mn/DOT would have completed the projects.

The outstanding financial obligations shown below for FY 2002-2003 are amounts Mn/DOT owes to debt holders.

**STRATEGIES AND PERFORMANCE:**

The creation of Minnesota's Transportation Revolving Loan Fund (TRLF) in May of 1997 may significantly reduce the need for advancing projects under the highway debt service activity. The TRLF provides loans or credit enhancements to eligible borrowers while creating a permanent, flexible-use fund for transit and highways. By providing loans at rates lower than market rates of interest, significant savings can be realized by the taxpayers of Minnesota.

**FINANCING INFORMATION:**

The key issues associated with this activity are the payments made each year and the outstanding balances summarized below. There will be no change to the agency's debt management policy over the next biennium.

|   | Payments<br>Dollars in Thousands |                |                 |                 |
|---|----------------------------------|----------------|-----------------|-----------------|
|   | FY 2000                          | FY 2001        | FY 2002         | FY 2003         |
| Bonded debt principal outstanding at the end of the fiscal year | \$13,070*                        | \$33,350*      | \$51,230*       | \$97,155*       |
| Principal and interest payments on bonded debt                  | \$3,744                          | \$6,510        | \$9,235         | \$14,228        |
| Payment on intergovernmental loans and advances                 | <u>\$9,722</u>                   | <u>\$7,148</u> | <u>\$10,000</u> | <u>\$10,000</u> |
| Total Debt Service  | \$13,466                         | \$13,658       | \$19,235        | \$24,228        |

*\*Includes proposed bond sale (\$100M) authorized by 2000 Legislature*

Activity: HIGHWAY DEBT SERVICE  
 Program: STATE ROADS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|--------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |               |                     |               |                     |  |              |
| <b>State Operations</b>                           |                   |                   |                     |               |                     |               |                     |  |              |
| OTHER FINANCIAL TRANSACTIONS                      | 5,241             | 5,241             | 8,899               | 9,235         | 9,235               | 14,228        | 14,228              | 9,323                                    | 65.9%        |
| <b>Subtotal State Operations</b>                  | <b>5,241</b>      | <b>5,241</b>      | <b>8,899</b>        | <b>9,235</b>  | <b>9,235</b>        | <b>14,228</b> | <b>14,228</b>       | <b>9,323</b>                             | <b>65.9%</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 606               | 4,481             | 4,759               | 10,000        | 10,000              | 10,000        | 10,000              | 10,760                                   | 116.5%       |
| <b>Total Expenditures</b>                         | <b>5,847</b>      | <b>9,722</b>      | <b>13,658</b>       | <b>19,235</b> | <b>19,235</b>       | <b>24,228</b> | <b>24,228</b>       | <b>20,083</b>                            | <b>85.9%</b> |
| <b>Financing by Fund:</b>                         |                   |                   |                     |               |                     |               |                     |  |              |
| <b>Direct Appropriations:</b>                     |                   |                   |                     |               |                     |               |                     |  |              |
| TRUNK HIGHWAY                                     | 5,847             | 9,722             | 13,658              | 19,235        | 19,235              | 24,228        | 24,228              |  |              |
| <b>Total Financing</b>                            | <b>5,847</b>      | <b>9,722</b>      | <b>13,658</b>       | <b>19,235</b> | <b>19,235</b>       | <b>24,228</b> | <b>24,228</b>       |  |              |

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## BUDGET ACTIVITY SUMMARY

**Budget Activity:** RESEARCH & INVESTMENT MGMT  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

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### ACTIVITY PROFILE:

The research and investment management activity provides expert analytical support, data, and information to its customers (the districts, governor, legislature, local and regional governmental entities) in establishing statewide program priorities, evaluating transportation problems, proposing and evaluating new technologies, and making transportation investments. Major actions include the following:

- developing the statewide transportation plan as required by state and federal law;
- developing investment policies and analytic tools to maximize efficiency of transportation investment programs;
- supporting transportation planning activities with regional development commissions (RDCs) and metropolitan planning organization (MPOs), including the Metropolitan Council and the six MPOs in Greater Minnesota, which make informed decisions on transportation programs and projects;
- developing and managing the state Transportation Improvement Program (STIP) as required by federal law;
- managing the state construction budget and ensuring full use of available federal highway funding;
- managing the Transportation Information System for physical and operational characteristics;
- providing traffic data, including vehicle volumes, classifications and weights, so Mn/DOT, counties, cities, and consultants can design construction, reconstruction and resurfacing projects;
- promoting, supporting and implementing Intelligent Transportation System (ITS) through public-private partnerships, research, operational testing, standards, and outreach to achieve state and national ITS/IVI goals and objectives;
- developing and implementing a research program that meets the needs of Mn/DOT specialists, management, industry partners, and citizens; and
- developing and administering land use and access management policies, procedures and best practices.

### STRATEGIES AND PERFORMANCE:

Mn/DOT uses new technology to improve the efficiency, accessibility, and accuracy of data collection, analysis and reporting activities. The information needed to design highway projects includes the existing roadway conditions, traffic volume, classifications of vehicles, and heavy commercial weight data. Mn/DOT analyzes and reports the statewide travel trends to the Federal Highway Administration (FHWA). FHWA monitors the performance and conditions of the nation's highways.

The Transportation Information System (TIS) collects and stores data on roadways, bridges, railroad crossings, traffic volumes, crashes, and system conditions, like pavement quality. Mn/DOT and FHWA use the data to plan and make investment decisions. The objective is to increase the accessibility, accuracy and integrity of data, while expanding capabilities for mapping (GIS) and systems data analysis.

Intelligent Transportation System (ITS) research, operational testing and development improves safety, efficiency, and traveler satisfaction on Minnesota's highways. ITS employs advanced technology to provide Mn/DOT with another tool for meeting travel needs. ISTEA created incentives to research and test ITS technologies at the national level. TEA-21 reinforces the trend by increasing funding for ITS research, testing and deployment. TEA-21 also requires compliance with national ITS architecture and standards.

State law requires Mn/DOT to update the statewide transportation plan every six years. TEA-21 requires Mn/DOT to prepare a 20-year long-range transportation plan for all areas of the state. The plan was last updated on 1-1-2000. This plan integrated the district plans. The plan will be revised again in 2003 in order to make the plan more multi-modal.

#### *Selected Performance Measures:*

- Ratio of benefits (including financial, environmental and social) of implemented research over total costs of the research program.
- Number of projects using innovative financing techniques.
- Percentage and number of major investments that have conducted benefit/cost analysis.
- Number of advanced transportation systems projects deployed.

BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: RESEARCH & INVESTMENT MGMT  
Program: STATE ROADS  
Agency: TRANSPORTATION DEPT

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**FINANCING INFORMATION:**

*Grants:*

M.S. 174.03, subd.4 provides that federal highway funds can be allocated to urban areas over 50,000 in population (six Greater Minnesota MPOs and the Twin Cities Metropolitan Council) to pay 80% of the cost to continue cooperative and comprehensive transportation planning. Mn/DOT matches the federal aid with state funds to MPOs in Greater Minnesota. RDCs receive state funds to support planning activities. In areas without RDCs, either Mn/DOT districts perform these functions directly, or an area consortium is formed to provide these functions.

Activity: RESEARCH & INVESTMENT MGMT  
 Program: STATE ROADS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |             |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|-------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent     |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |               |                     |               |                     |  |             |
| <b>State Operations</b>                           |                   |                   |                     |               |                     |               |                     |  |             |
| COMPENSATION                                      | 7,222             | 7,931             | 7,605               | 7,780         | 7,780               | 8,101         | 8,101               | 345                                      | 2.2%        |
| OTHER OPERATING EXPENSES                          | 5,671             | 2,785             | 9,132               | 6,596         | 6,946               | 6,374         | 6,524               | 1,553                                    | 13.0%       |
| <b>Subtotal State Operations</b>                  | <b>12,893</b>     | <b>10,716</b>     | <b>16,737</b>       | <b>14,376</b> | <b>14,726</b>       | <b>14,475</b> | <b>14,625</b>       | <b>1,898</b>                             | <b>6.9%</b> |
| LOCAL ASSISTANCE                                  | 3,810             | 2,012             | 1,002               | 917           | 917                 | 917           | 917                 | (1,180)                                  | (39.2%)     |
| <b>Total Expenditures</b>                         | <b>16,703</b>     | <b>12,728</b>     | <b>17,739</b>       | <b>15,293</b> | <b>15,643</b>       | <b>15,392</b> | <b>15,542</b>       | <b>718</b>                               | <b>2.4%</b> |

| <b>Change Items:</b>                          | <b>Fund</b> |  |  |  |            |  |  |            |  |
|---|-------------|--|--|--|------------|--|--|------------|--|
| (P) REDUCE RESEARCH ACTIVITIES                | THI         |  |  |  | (50)       |  |  | (50)       |  |
| (B) ALTERNATIVE FINANCE PROJECTS              | THI         |  |  |  | 150        |  |  | 150        |  |
| (B) MPO GRANT/STATEWIDE TRANSP PLAN<br>UPDATE | THI         |  |  |  | 250        |  |  | 50         |  |
| <b>Total Change Items</b>                     |             |  |  |  | <b>350</b> |  |  | <b>150</b> |  |

| <b>Financing by Fund:</b>        |               |               |               |               |               |               |               |  |  |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|--|
| <b>Direct Appropriations:</b>    |               |               |               |               |               |               |               |  |  |
| TRUNK HIGHWAY                    | 13,578        | 10,699        | 13,751        | 12,087        | 12,437        | 12,311        | 12,461        |  |  |
| <b>Statutory Appropriations:</b> |               |               |               |               |               |               |               |  |  |
| SPECIAL REVENUE                  | 199           | 54            | 584           | 357           | 357           | 357           | 357           |  |  |
| TRUNK HIGHWAY                    | 85            | 3             | 149           | 1             | 1             | 1             | 1             |  |  |
| FEDERAL                          | 2,841         | 1,972         | 3,255         | 2,848         | 2,848         | 2,723         | 2,723         |  |  |
| <b>Total Financing</b>           | <b>16,703</b> | <b>12,728</b> | <b>17,739</b> | <b>15,293</b> | <b>15,643</b> | <b>15,392</b> | <b>15,542</b> |  |  |

| <b>Revenue Collected:</b>       |              |              |              |              |              |              |              |  |  |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--|
| <b>Dedicated</b>                |              |              |              |              |              |              |              |  |  |
| SPECIAL REVENUE                 | 25           | 16           | 427          | 317          | 317          | 317          | 317          |  |  |
| TRUNK HIGHWAY                   | 78           | 0            | 0            | 0            | 0            | 0            | 0            |  |  |
| FEDERAL                         | 2,926        | 1,950        | 3,198        | 2,848        | 2,848        | 2,723        | 2,723        |  |  |
| <b>Total Revenues Collected</b> | <b>3,029</b> | <b>1,966</b> | <b>3,625</b> | <b>3,165</b> | <b>3,165</b> | <b>3,040</b> | <b>3,040</b> |  |  |

| <b>FTE by Employment Type:</b>    |              |              |              |              |              |              |              |  |  |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--|
| FULL TIME                         | 88.6         | 125.4        | 126.3        | 126.3        | 126.3        | 126.3        | 126.3        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 11.0         | 9.5          | 2.5          | 2.5          | 2.5          | 2.5          | 2.5          |  |  |
| OVERTIME PAY                      | 0.5          | 0.4          | 0.6          | 0.6          | 0.6          | 0.6          | 0.6          |  |  |
| <b>Total Full-Time Equivalent</b> | <b>100.1</b> | <b>135.3</b> | <b>129.4</b> | <b>129.4</b> | <b>129.4</b> | <b>129.4</b> | <b>129.4</b> |  |  |

**BUDGET CHANGE ITEM (46829)**

**Budget Activity:** RESEARCH & INVESTMENT MGMT  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT  
**Item Title:** ALTERNATIVE FINANCE PROJECTS

|  | 2002-03 Biennium |         | 2004-05 Biennium |         |
|--|------------------|---------|------------------|---------|
|  | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s)   |                  |         |                  |         |
| Trunk Highway Fund   |                  |         |                  |         |
| -State Operations  | \$150            | \$150   | \$150            | \$150   |
| Revenues: (\$000s)   |                  |         |                  |         |
| Trunk Highway Fund   | \$-0-            | \$-0-   | \$-0-            | \$-0-   |
| Statutory Change? Yes _____ No <u> X </u>                                |                  |         |                  |         |
| If yes, statute(s) affected:   |                  |         |                  |         |
| _____ New Activity <u> X </u> Supplemental Funding    _____ Reallocation |                  |         |                  |         |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$150,000 each year for this initiative. It is expected that this project will produce reliable data in the area of alternative transportation financing. The wireless communications portion supports cooperation between the public and private sector as well as between state agencies in the area of wireless communications.

**RATIONALE:**

This funding request is for projects that need to be conducted in the arena of alternative transportation financing. Examples include a road pricing demonstration and wireless communications system partnership. The department is requesting base level funding for these projects as a means to create improved efficiency through new models of financing and partnering in service delivery.

The road pricing demonstration project relates to the Ventura Administration's *Big Plan* for Minnesota because outcomes could provide long-term solutions that address economic needs. In addition, this demonstration is aligned with all of Mn/DOT's strategic objectives for Multimodal, Interregional Corridors and Information. It also supports the department's directions to make Mn/DOT and the system work better.

Because of recent and rapid development of alternative fuel - including affordable, mass market hybrid gas-electric vehicles and breakthroughs in fuel cell technology - the gas tax as a reliable long-term source of transportation funding is clearly threatened. In addition, the current pricing of transportation provides few incentives (consumer price signals) that have an impact on fuel consumption and reductions in vehicle miles traveled. The efficient collection of road user fees and the demonstration of market-based principles in transportation may help in delivering cost-effective transportation service, reduce adverse impacts of congestion in metro areas, and test an alternative financing method that could eventually replace the gas tax and other sources of transportation funding, including property taxes.

With regard to transportation, this project supports Mn/DOT's own plan for wireless communications services, as well as the plans of its clients (the Department of Natural Resources and the State Patrol). Wireless partnerships could save hundreds of thousands of dollars and are clearly aligned with Mn/DOT's strategic objectives for Multimodal, Interregional Corridors and Information and the department's directions to make Mn/DOT and the system work better.

**FINANCING:**

The road pricing demonstration project will require a state commitment of \$150,000 for the biennium to design, manage, and implement a statistically valid pilot project, which will examine the sensitivity of driving behavior to various pricing signals. State funds will be used to match 80% federal road pricing demonstration funds. The wireless communications project will require \$150,000 for the biennium to be used to provide technical expertise for public-private partnership development. It is estimated that the state will leverage its investment two to four times through the development of these initiatives, with the potential for substantially greater savings.

**OUTCOMES:**

The Road Pricing Demonstration Project will show how Intelligent Transportation System (ITS) technology can be used to develop reliable transportation financing alternatives, to help manage congestion through market-based road user fees, and to provide incentives to reduce vehicle miles traveled.

The Wireless Partnership Project will invite the private sector to propose cost-effective alternatives for Mn/DOT and other state agencies to meet wireless communications needs. It will also assist the state in delivery of services while reducing the proliferation of wireless towers.

**BUDGET CHANGE ITEM (46685)**

**Budget Activity:** RESEARCH & INVESTMENT MGMT  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

**Item Title:** MPO GRANT/STATEWIDE TRANSP PLAN UPDATE

|                        | 2002-03 Biennium |         | 2004-05 Biennium |         |
|------------------------|------------------|---------|------------------|---------|
|                        | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s) |                  |         |                  |         |
| Trunk Highway Fund     |                  |         |                  |         |
| -State Operations      | \$200            | \$-0-   | \$-0-            | \$-0-   |
| -Grants                | \$50             | \$50    | \$50             | \$50    |
| Revenues: (\$000s)     |                  |         |                  |         |
| Trunk Highway Fund     | \$-0-            | \$-0-   | \$-0-            | \$-0-   |

Statutory Change? Yes \_\_\_\_\_ No  X

If yes, statute(s) affected:

X  New Activity    \_\_\_\_\_ Supplemental Funding    \_\_\_\_\_ Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$250,000 the first year and \$50,000 the second year to meet state and federal mandates regarding transportation planning.

**RATIONALE:**

The Statewide Transportation Plan is required by federal and state law. Both M.S. 174.03 and TEA-21 require Mn/DOT to perform transportation planning. Planning (statewide, regional, district and metropolitan planning) provides the analytical base to operate, manage and invest in the state's transportation system. State law requires an update of the statewide plan every six years. Mn/DOT plans to update the statewide transportation plan by 1-1-2003. When an update of the state plan is developed it involves a large amount of staff time, and other projects assigned to those persons must be put on hold. Consultants are often hired to do parts of the plan, depending upon what the update is going to include and the expertise available in the department. Each time the statewide transportation plan is updated, it is more comprehensive than the last version.

One of the objectives of this update of the statewide transportation plan is to make the plan more multimodal in order to meet the needs of Mn/DOT's customers. The update will discuss different transportation options available

and the connections among these options. The plan will address the statewide interregional corridor system that connects the state's regional trade centers. In addition, the plan will include results of research that was recently conducted on freight flows. The plan will also incorporate the 20-year plans of the Mn/DOT districts. Mn/DOT does not have adequate staff to undertake this effort of updating the statewide transportation plan. Staff are scarce and they need to concentrate their efforts on other projects such as the statewide improvement program. Also, staff lacks the expertise needed to adequately address the areas that will be covered in this most recent update of the plan.

Metropolitan Planning Organizations (MPOs) are created by federal law to establish a cooperative, continuous, and comprehensive framework for making transportation investment decisions in metropolitan areas. The MPOs cooperate with the state and transit agencies in the development of long-range transportation plans and the development of transportation improvement programs for their particular region. Mn/DOT seeks guidance from the MPOs when preparing Mn/DOT statewide and district plans, programs, and initiatives. There are currently seven MPOs in Minnesota; six are in Greater Minnesota and one, the Metropolitan Council, is in the Twin Cities.

Metropolitan areas are designated as MPOs by the federal government in cooperation with the state when the metropolitan area reaches 50,000 in population. When a metropolitan area is designated an MPO, it receives federal planning funds and must comply with federal planning requirements. Federal planning funds require a local match of 20%. Mn/DOT has traditionally given the MPOs state funds to be used as a supplement to the local match required to receive the federal planning funds. These state funds assist the MPOs with meeting the local match requirement and serve as Mn/DOT's contribution to the MPO planning partnership. An MPO uses federal planning dollars to meet federal planning requirements such as developing a 20-year long-range, multi-modal plan and a transportation improvement program (TIP). If an MPO meets these requirements, it is "certified by the federal government and thus, federal funds for highway construction and transit projects can be utilized in the area."

**FINANCING:**

Mn/DOT will use \$200,000 in FY 2002 to hire a consultant to design, develop and produce an update of the Statewide Transportation Plan. The Mankato metropolitan area is likely to be designated as an MPO in 2001. State funds of \$50,000 are necessary for each of FYs 2002 and 2003 in order to supplement the local match for federal planning dollars for which Mankato will be eligible when it is designated as an MPO. The six MPO's in Greater Minnesota currently receive and share \$216,000 per year as a separate appropriation from the state legislature.

**BUDGET CHANGE ITEM (46685) (Continued)**

**Budget Activity:** RESEARCH & INVESTMENT MGMT  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

with the local match needed for federal planning dollars, Mankato will develop a valid planning process without which federal funds cannot be utilized in the area.

**Item Title:** MPO GRANT/STATEWIDE TRANSP PLAN UPDATE

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**OUTCOMES:**

Funding to update the Statewide Transportation Plan will accomplish the following outcomes:

- An update of Mn/DOT's Statewide Transportation Plan by January 2003;
- A statewide transportation plan that is more multi-modal and continues to place significance on interregional corridors;
- A plan that provides Mn/DOT's customers with accurate, timely information upon which they can rely;
- A plan that contributes to Mn/DOT's commitment to provide a balanced, statewide, multi-modal transportation system that supports all transportation modes (transit, rail, water, and air) and preserves transportation choices (such as bikeways and walkways).

These outcomes are related to the Mn/DOT strategic objectives of multi-modal, interregional corridors, and information. The update of the transportation plan reflects the Governor's Budget Principle to "Do the right things and do them well" and helps to implement the Governor's *Big Plan* by contributing to the development of a multi-modal transportation system.

Funding to supplement the local match needed by Mankato for federal planning dollars will accomplish the following outcomes:

- State funds will be provided to Mankato to supplement the local match needed for federal planning dollars.
- Cooperative and comprehensive transportation planning in the Mankato urbanized area will occur and federal planning requirements will be met, thus allowing the use of federal funds in the area for highway construction and transit projects.

These outcomes are related to the Mn/DOT strategic objective of Program Delivery because, if Mankato is designated as an MPO, a cooperative and comprehensive framework for making transportation investment decisions in the Mankato urbanized area will occur. This will result in more efficient delivery of services in the area. It is the state's goal to receive federal funds for transportation projects whenever it can do so. By assisting the Mankato MPO

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## BUDGET ACTIVITY SUMMARY

**Budget Activity:** CENTRAL ENGINEERING SERVICES  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

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### ACTIVITY PROFILE:

Central Engineering Services provides engineering and technical leadership and support services to all districts, Metro Division, and local road authorities. These services require high-level technical expertise to ensure consistent program quality throughout the state. The services of this activity include:

- Project development and engineering support.
- Unique statewide programs (e.g., entryway markers, rest areas).
- Specialized services and expertise in geographic information systems (GIS) surveys.
- Consultant program management.
- Development of specifications, standards, guidelines, and policies.
- Technical education and certification programs.
- Specialized technical and pavement research.
- Performance feedback to operating units.
- Maintenance of management systems.
- Environmental compliance programs and investigations.

### STRATEGIES AND PERFORMANCE:

This activity uses these strategies:

- Deploy new automation technology (GIS and CAD).
- Design and inspect bridges.
- Provide high-resolution mapping.
- Provide environmental, historical, and archeological expertise.
- Acquire and dispose of land needed for projects.
- Administer consultant agreements.
- Award construction contracts.
- Coordinate with the Federal Highway Administration.
- Technical training for project personnel.

Mn/DOT's ability to attract and retain sufficient technical staff to replace employees is being challenged in the current economy. The agency is focusing its efforts on recruitment, technical training, and process improvements to address these issues.

### FINANCING INFORMATION:

This activity is primarily financed with direct appropriations from the Trunk Highway Fund. This activity funds all the centralized aspects of highway construction program delivery, including the purchase of consultant services and scientific equipment. The expenditures in the central engineering services activity are 60% for personal services and 40% for other operating expenses.

### BUDGET ISSUES:

The larger highway construction program, as depicted in the program narrative, creates increasing demands for these central engineering services. In addition, the difficulty in attracting and retaining enough technical staff and the resultant training implications require new and creative solutions for this activity.

Activity: CENTRAL ENGINEERING SERVICES  
 Program: STATE ROADS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |               |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|---------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent       |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |               |                     |               |                     |  |               |
| <b>State Operations</b>                           |                   |                   |                     |               |                     |               |                     |  |               |
| COMPENSATION                                      | 34,037            | 40,800            | 41,718              | 42,798        | 41,503              | 44,461        | 43,168              | 2,153                                    | 2.6%          |
| OTHER OPERATING EXPENSES                          | 33,473            | 23,442            | 26,278              | 26,291        | 23,563              | 25,935        | 23,205              | (2,952)                                  | (5.9%)        |
| <b>Subtotal State Operations</b>                  | <b>67,510</b>     | <b>64,242</b>     | <b>67,996</b>       | <b>69,089</b> | <b>65,066</b>       | <b>70,396</b> | <b>66,373</b>       | <b>(799)</b>                             | <b>(0.6%)</b> |
| PAYMENTS TO INDIVIDUALS                           | 22                | 1                 | 0                   | 0             | 0                   | 0             | 0                   | (1)                                      | (100.0%)      |
| LOCAL ASSISTANCE                                  | 0                 | 565               | 900                 | 605           | 605                 | 605           | 605                 | (255)                                    | (17.4%)       |
| <b>Total Expenditures</b>                         | <b>67,532</b>     | <b>64,808</b>     | <b>68,896</b>       | <b>69,694</b> | <b>65,671</b>       | <b>71,001</b> | <b>66,978</b>       | <b>(1,055)</b>                           | <b>(0.8%)</b> |

| <u>Change Items:</u>                       | <u>Fund</u> |  |  |  |                |  |  |                |  |
|--|-------------|--|--|--|----------------|--|--|----------------|--|
| (A) BASE REDUCTION-SALES TAX               | THI         |  |  |  | (403)          |  |  | (403)          |  |
| (A) BASE REDUCTION-WORKFORCE<br>MANAGEMENT | THI         |  |  |  | (1,200)        |  |  | (1,200)        |  |
| (P) REDUCE RESEARCH ACTIVITIES             | THI         |  |  |  | (200)          |  |  | (200)          |  |
| (B) GIS DATA INTEGRATION                   | THI         |  |  |  | 750            |  |  | 750            |  |
| (B) DEVELOP DESIGN-BUILD METHODS           | THI         |  |  |  | 100            |  |  | 100            |  |
| (B) SCIENTIFIC EQUIPMENT                   | THI         |  |  |  | 500            |  |  | 500            |  |
| (B) CONSULTANT SERVICES REDUCTION          | THI         |  |  |  | (3,000)        |  |  | (3,000)        |  |
| (B) PROGRAM SUPPORT CONSOLIDATIONS         | THI         |  |  |  | (570)          |  |  | (570)          |  |
| <b>Total Change Items</b>                  |             |  |  |  | <b>(4,023)</b> |  |  | <b>(4,023)</b> |  |

| <u>Financing by Fund:</u>        |               |               |               |               |               |               |               |  |  |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|--|
| <b>Direct Appropriations:</b>    |               |               |               |               |               |               |               |  |  |
| TRUNK HIGHWAY                    | 67,513        | 63,853        | 67,625        | 68,954        | 64,931        | 70,261        | 66,238        |  |  |
| <b>Statutory Appropriations:</b> |               |               |               |               |               |               |               |  |  |
| SPECIAL REVENUE                  | 19            | 955           | 1,071         | 740           | 740           | 740           | 740           |  |  |
| FEDERAL                          | 0             | 0             | 200           | 0             | 0             | 0             | 0             |  |  |
| <b>Total Financing</b>           | <b>67,532</b> | <b>64,808</b> | <b>68,896</b> | <b>69,694</b> | <b>65,671</b> | <b>71,001</b> | <b>66,978</b> |  |  |

| <u>Revenue Collected:</u>       |            |            |            |            |            |            |            |  |  |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--|--|
| <b>Dedicated</b>                |            |            |            |            |            |            |            |  |  |
| SPECIAL REVENUE                 | 389        | 249        | 161        | 140        | 140        | 140        | 140        |  |  |
| TRUNK HIGHWAY                   | 0          | 38         | 1          | 1          | 1          | 1          | 1          |  |  |
| FEDERAL                         | 0          | 0          | 200        | 0          | 0          | 0          | 0          |  |  |
| <b>Total Revenues Collected</b> | <b>389</b> | <b>287</b> | <b>362</b> | <b>141</b> | <b>141</b> | <b>141</b> | <b>141</b> |  |  |

Activity: CENTRAL ENGINEERING SERVICES  
 Program: STATE ROADS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. |
| <b>FTE by Employment Type:</b>                    |                   |                   |                     |              |                     |              |                     |
| FULL TIME   | 578.4             | 658.8             | 688.1               | 688.1        | 683.1               | 688.1        | 683.1               |
| PART-TIME, SEASONAL, LABOR SER                    | 23.1              | 27.0              | 8.9                 | 8.9          | 8.9                 | 8.9          | 8.9                 |
| OVERTIME PAY                                      | 5.8               | 7.2               | 4.8                 | 4.8          | 4.8                 | 4.8          | 4.8                 |
| <b>Total Full-Time Equivalent</b>                 | <b>607.3</b>      | <b>693.0</b>      | <b>701.8</b>        | <b>701.8</b> | <b>696.8</b>        | <b>701.8</b> | <b>696.8</b>        |

**BUDGET CHANGE ITEM (46504)**

**Budget Activity:** CENTRAL ENGINEERING SERVICES  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT  
**Item Title:** GIS DATA INTEGRATION

|   | 2002-03 Biennium |         | 2004-05 Biennium |         |
|---|------------------|---------|------------------|---------|
|   | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s)  |                  |         |                  |         |
| Trunk Highway Fund  |                  |         |                  |         |
| -State Operations   | \$750            | \$750   | \$750            | \$750   |
| Revenues: (\$000s)  |                  |         |                  |         |
| Trunk Highway Fund  | \$-0-            | \$-0-   | \$-0-            | \$-0-   |
| Statutory Change? Yes _____ No <u>  X  </u>                                   |                  |         |                  |         |
| If yes, statute(s) affected:  |                  |         |                  |         |
| <u>  X  </u> New Activity    _____ Supplemental Funding    _____ Reallocation |                  |         |                  |         |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$750,000 each year for this initiative, which will help government units work together and provide more and better data to the public.

**RATIONALE:**

An increasing number of agencies and industries are moving towards using Geographic Information Systems (GIS) to integrate and analyze large volumes of different types of data to improve their planning and production processes. Since most of Mn/DOT's data has a location component, GIS is evolving into an essential core technology. The ability for Mn/DOT to integrate and share environmental, land use, traffic, right-of-way, cultural resource, and numerous other types of data, will improve the planning, design, construction, and maintenance processes. Mn/DOT currently maintains a statewide GIS base map that is not only used internally to analyze and monitor transportation system performance, but by many other agencies and the public for their needs. The Mn/DOT Statewide GIS base map and the overall GIS technology will become an important part of electronic government services for finding, displaying, and analyzing information as the amount and need for more online data continues to grow. This fits into the Governor's Big Plan Electronic Government Services Initiative.

Mn/DOT has incrementally invested in GIS as it has evolved, and has integrated it into many areas across the department. Currently, Mn/DOT has over 300 GIS users and the numbers of users and applications are growing. Since GIS is a complex and still evolving technology, a centralized pool of specialized GIS skills is needed to support it.

The change request will meet the following customer needs:

- GIS technical support and ongoing training
- GIS tools to access, analyze, model and map business data
- Help in acquiring, preparing and managing large GIS data sets
- Provide access to a location data server to integrate data used by management systems
- Improved coordination and sharing of information with our external customers.

GIS technology in Mn/DOT has moved beyond the research phase. There are a large number of planners, engineers and technicians using GIS in their daily work. Mn/DOT expects the continued use and expansion of this technology to be one key area in helping us do our program delivery work better, faster, and more efficiently. This funding is greatly needed to ensure this technology is effectively used and supported.

**FINANCING:**

This biennial request of \$1.5 million from the Trunk Highway Fund will finance the above expenditures proposed to meet customers' needs.

**OUTCOMES:**

The success of this initiative will be measured on internal and external customer feedback on key items such as training, technical support, improved coordination, project support, better tools, improved ability to share, integrate and analyze many layers of information. In addition, the initiative will be measured on how well the technology is helping to improve our planning, design, construction, and maintenance processes and coordination with local, state and national GIS activities and if the benefits exceed the costs.

Not funding this proposal would significantly slow down or even stop the development of needed GIS data and tools to improve existing processes, greatly reduce the ability to spatially share and integrate data with our external partners, and eliminate the central support for a much needed and expanding technology.

**BUDGET CHANGE ITEM (47328)**

**Budget Activity: CENTRAL ENGINEERING SERVICES**  
**Program: STATE ROADS**  
**Agency: TRANSPORTATION DEPT**

**Item Title: DEVELOP DESIGN-BUILD METHODS**

|   | 2002-03 Biennium |         | 2004-05 Biennium |         |
|---|------------------|---------|------------------|---------|
|   | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s)  |                  |         |                  |         |
| Trunk Highway Fund  |                  |         |                  |         |
| -State Operations   | \$100            | \$100   | \$100            | \$100   |
| Revenues: (\$000s)  |                  |         |                  |         |
| Trunk Highway Fund  | \$-0-            | \$-0-   | \$-0-            | \$-0-   |
| Statutory Change? Yes _____ No <u>  X  </u>                                   |                  |         |                  |         |
| If yes, statute(s) affected:  |                  |         |                  |         |
| <u>  X  </u> New Activity    _____ Supplemental Funding    _____ Reallocation |                  |         |                  |         |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$100,000 each year for this request. The request will result in faster program delivery and better service to the motoring public by reducing any risks of using the design-build approach and using the lessons learned from other states that have already tried the design-build method.

**RATIONALE:**

Mn/DOT currently has just one contracting method for delivering its highway construction projects. This method, known as "design-bid-build," is a sequential process that requires a project design phase to be fully completed before any construction can begin, regardless of project staging or design details. Mn/DOT either designs a project with internal staff or hires a consulting engineer. Construction work is done under a separate contract. While this method has been used for decades and is appropriate for much of Mn/DOT's construction program, it can delay overall completion because design and construction occur independently.

One of Mn/DOT's Strategic Objectives is to modernize, streamline, and expedite its project delivery process. A new tool that would help accomplish this objective, and one that over 20 other state departments of transportation have tested, is a method known as "design-build." Design-build has its roots in the tradition of master builders, where an integrated team develops both a

project's detail design and construction. Mn/DOT would have one contract with the design-build entity. By coordinating design and construction activities, builders can begin work before the overall design is done. Design-build takes advantage of the team's interaction and experience to efficiently schedule project activities and construction staging. Contractors influence the design and designers assist through construction. Public involvement is a critical factor throughout the project, a responsibility shared between the owner and design-builder.

This proposal would support the *Service, Not Systems* element of *The Big Plan* by:

- Speeding up project delivery compared to the existing design-bid-build process, resulting in better service for Minnesota highway users;
- Allowing designers and builders to be flexible and innovative because they would work together instead of working for themselves;
- Developing partnering among contractors, consultants, and DOT staff;
- Reducing conflicts and claims because of coordinated efforts; and
- Assigning risk to the party best able to manage it.

Design-build for highway projects is an unfamiliar area within Mn/DOT. It is clear from other state DOT staff, though, that implementing a design-build program has far-reaching impacts on not just the DOT, but also among contractor, consulting engineer, and state agency partners. States have developed design-build programs that reflect their unique environments, so Mn/DOT intends to share lessons learned with others to develop a Minnesota model.

State law authorizes Mn/DOT to use design-build for bike and pedestrian bridges. Other local governments can use design-build for water and wastewater treatment plants. Recent examples of design-build in Minnesota include the Hiawatha Corridor light rail transit project and the new Department of Revenue building. This position would coordinate Mn/DOT's efforts to apply lessons learned from these and other examples to highway projects.

This change request would allow Mn/DOT to dedicate one staff person to:

- Investigate design-build methods;
- Involve stakeholders in a thorough evaluation process;
- Serve as department resource when a design-build program develops across the state;
- Coordinate the development of a Minnesota design-build model based on lessons learned from other states and stakeholder input; and

**BUDGET CHANGE ITEM (47328) (Continued)**

**Budget Activity: CENTRAL ENGINEERING SERVICES**

**Program: STATE ROADS**

**Agency: TRANSPORTATION DEPT**

**Item Title: DEVELOP DESIGN-BUILD METHODS**

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- Measure the effectiveness of the design-build method compared to design-bid-build, using factors such as time, cost, quality, safety, and public relations.

This activity requires the attention and focus of one person who can coordinate a process that involves stakeholders. Simply adding these duties to an existing position would limit and delay Mn/DOT's investigation, evaluation, and implementation of a new, very different process.

**FINANCING:**

This change request would fund one new Principal Engineer position at Mn/DOT to investigate and coordinate Mn/DOT's implementation of design-build. Because of design-build's far-reaching impacts on the department and stakeholders involved in delivering transportation projects, Mn/DOT needs one person who can coordinate the process. This request is for one FTE over the biennium.

**OUTCOMES:**

Just as the design-build philosophy brings together owner, designer, and builder to work collaboratively to solve a particular problem, Mn/DOT's approach to investigating and eventually implementing a design-build program will be broad-based and collaborative with industry stakeholders. Because of this proposal, Mn/DOT would develop a design-build model by September, 2001. This model would define a range of design-build options and methods, including the process for how design-build delivery would be chosen for specific projects. The model would reflect ideas and input from the transportation community. By September, 2001, the model would also identify any necessary legislative changes for the 2002 Legislative session. Ultimately, the outcome of this position would be a design-build tool for Mn/DOT to consider for delivering transportation projects.

**BUDGET CHANGE ITEM (47302)**

**Budget Activity:** CENTRAL ENGINEERING SERVICES  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT  
**Item Title:** SCIENTIFIC EQUIPMENT

**FINANCING:**

Our current scientific equipment budget amounts to \$2.19 million. This expenditure will enable us to refurbish and update equipment on a regular replacement cycle. The replacement cost of each base station (75) is about \$65,000. The GPS roving receivers (40) are approximately \$25,000 each. The new weight data collection equipment and related weight in motion data base will amount to \$300,000 over the biennium.

**OUTCOMES:**

These base station investments result in our being able to deliver a higher level program faster and with greater accuracy by our District Survey Units. In addition, to improving the surveys applications a network of permanent GPS Base Stations will also provide many added benefits to all the GPS position applications that Mn/DOT has as well as our external partners. Similarly, the new technology for performing photogrammetric mapping will greatly increase the production of the digital ortho imagery and mapping used to deliver the construction program and will also provide new mapping tools for facilities management. The weight data collection equipment and weigh in motion database will support effective planning and analysis on interregional corridor and other trunk highway routes and optimal selection of appropriate pavement materials and design.

|  | 2002-03 Biennium |         | 2004-05 Biennium |         |
|--|------------------|---------|------------------|---------|
|  | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s)   |                  |         |                  |         |
| Trunk Highway Fund   |                  |         |                  |         |
| -State Operations  | \$500            | \$500   | \$500            | \$500   |
| Revenues: (\$000s)   |                  |         |                  |         |
| Trunk Highway Fund   | \$-0-            | \$-0-   | \$-0-            | \$-0-   |
| Statutory Change? Yes _____ No <u>  X  </u>                                |                  |         |                  |         |
| If yes, statute(s) affected:   |                  |         |                  |         |
| _____ New Activity <u>  X  </u> Supplemental Funding    _____ Reallocation |                  |         |                  |         |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$500,000 each year for this request. This investment in technology will allow necessary position data to be collected faster and more accurately by Mn/DOT and provided to external partners. The weight data collection equipment and database will allow weight data to be collected without disrupting traffic flow by requiring vehicles to pull off the road onto scales.

**RATIONALE:**

The proposal is to increase our investment in scientific equipment to enable us to have more consistency statewide. We want to install permanent Global Positioning System (GPS) Base Stations statewide and increase the GPS receivers used by surveyors. We also plan to purchase new equipment for completing digital ortho photographs and softcopy mapping as well as for scanning aerial photography. All of these investments are necessary to keep pace with our growing construction program. Additionally we are proposing to purchase and install weight data collection equipment at several key sites throughout the state and to develop a weigh in motion data base. This will pioneer for expanded analysis and support implementation of new mechanistic pavement design procedures. Survey requirements resulting from a higher construction program will be delivered through improved technology. Failure to fund this will limit our ability to deliver our construction program.

**BUDGET CHANGE ITEM (47043)**

**Budget Activity:** CENTRAL ENGINEERING SERVICES  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

**OUTCOMES:**

Our consultant budget will be used to directly support our construction program. We will also provide for more consultant utilization in our STIP. The end result is our consultant program will be focused on our highest agency priorities.

**Item Title:** CONSULTANT SERVICES REDUCTION

|                        | <u>2002-03 Biennium</u> |                | <u>2004-05 Biennium</u> |                |
|------------------------|-------------------------|----------------|-------------------------|----------------|
|                        | <u>FY 2002</u>          | <u>FY 2003</u> | <u>FY 2004</u>          | <u>FY 2005</u> |
| Expenditures: (\$000s) |                         |                |                         |                |
| Trunk Highway Fund     |                         |                |                         |                |
| - State Operations     | \$ (3,000)              | \$ (3,000)     | \$ (3,000)              | \$ (3,000)     |
| Revenues: (\$000s)     |                         |                |                         |                |
| Trunk Highway Fund     | \$ -0-                  | \$ -0-         | \$ -0-                  | \$ -0-         |

Statutory Change? Yes \_\_\_\_\_ No  X

If yes, statute(s) affected:

\_\_\_\_\_ New Activity     X  Supplemental Funding    \_\_\_\_\_ Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends this reduction of \$3 million per year, which will result in a refocusing of consultant dollars on projects directly related to the construction program.

**RATIONALE:**

This budget change item comes from refocusing our use of consultants on core programs and on providing for consultant needs in the State Transportation Improvement Plan (STIP). Our overall consultant effort related to our highway construction program will not be reduced. Rather, consultants will be treated as a project cost where appropriate and funded accordingly. Our level of funding for consultant use not directly related to our construction program will be reduced.

**FINANCING:**

Our base level consultant budget will be reduced from \$14 million to \$11 million in FY 2002 and FY 2003.

**BUDGET CHANGE ITEM (46944)**

**Budget Activity** CENTRAL ENGINEERING SERVICES  
**Program** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

**Item Title:** PROGRAM SUPPORT CONSOLIDATIONS

|                        | <u>2002-03 Biennium</u> |                | <u>2004-05 Biennium</u> |                |
|------------------------|-------------------------|----------------|-------------------------|----------------|
|                        | <u>FY 2002</u>          | <u>FY 2003</u> | <u>FY 2004</u>          | <u>FY 2005</u> |
| Expenditures: (\$000s) |                         |                |                         |                |
| Trunk Highway Fund     |                         |                |                         |                |
| - State Operations     | \$ (570)                | \$ (570)       | \$ (570)                | \$ (570)       |
| Revenues: (\$000s)     |                         |                |                         |                |
| Trunk Highway Fund     | \$-0-                   | \$-0-          | \$-0-                   | \$-0-          |

Statutory Change? Yes \_\_\_\_\_ No  X

If yes, statute(s) affected:

       New Activity     X  Supplemental Funding           Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs in this reduction of \$570,000 in each year of the biennium. These activities can be streamlined without adversely affecting the construction program.

**RATIONALE:**

This budget reduction is the result of:

- Elimination of two lower priority environmental programs, specifically the Driving Minnesota Program and the Telework Program. Driving Minnesota proactively coordinates and integrates 13 environmental programs. Those programs would continue, but without the position that provides coordination. The telecommuting (telework) program advocates travel reduction for public and private employees. Research, coordination and promotion activities in this area would be reduced.
- Reduction of bituminous training and assistance to field personnel. As new bituminous mixes are specified, training had been provided to field personnel in Mn/DOT as well as cities and counties.
- Reducing funding directed to the conversion from metric back to English. Funding had been provided to convert and reprint Mn/DOT's specification

book, manuals and related expenditures from metrics back to English. Savings have been identified during that process.

- Eliminating funding intended for enhancements to our Mn/Model Program. This is an archeological predictive that allows Mn/DOT and local government to avoid and/or minimize impacts to areas likely containing archeological remains.
- Reducing central office administrative support by \$100,000 per year.

These are all programs or initiatives that can be reduced or eliminated without adversely affecting our construction program.

**FINANCING:**

Total financing for these programs amounts to \$570,000 annually and funds six positions and related expenses.

**OUTCOMES:**

Elimination of, or reduction to, these lower priority programs or program enhancements will not adversely impact our construction program. Savings generated will be redirected to higher trunk highway projects.

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## BUDGET ACTIVITY SUMMARY

**Budget Activity:** DESIGN & CONSTRUCTION ENGINEER  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

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### ACTIVITY PROFILE:

The Design and Construction Engineering activity provides transportation planning and design, administers construction contracts, and monitors construction work. The primary customers are the users of the state highway system and the general public.

### STRATEGIES AND PERFORMANCE:

The activity prepares all the pre-construction plans and documents necessary to process a project from conception to contract bid-letting. Pre-letting activity includes these decentralized functions:

- Transportation corridor studies and planning
- Planning and program development
- Project management scheduling system
- Project scoping activities
- Surveying and mapping
- Preliminary design, including layout development
- Environmental impact and design documentation
- Public involvement activities, including meetings and hearings
- Detail design, including plan preparation
- Right of way land acquisition and relocations
- Consultant contract administration

The seven districts (Duluth, Bemidji, Brainerd, Detroit Lakes, Rochester, Mankato, Willmar) and Metro Division (Twin Cities metropolitan area) provide construction contract management through these activities:

- Construction surveys and staking
- Grading, base bituminous, concrete, and culvert inspection
- Bituminous and concrete plant inspections
- Bridge inspection and documentation
- Measurement and certification of quantities
- Preparation of final (as-built) plans

- Contract closeout documentation
- Consultant contract administration
- Bituminous quality management program administration, including the design and monitoring of bituminous mixtures
- Construction contract administration
- Contract award recommendations
- Reviewing and approving of supplemental agreements
- Recommendation for approval of partial and final payment vouchers

This activity provides engineering and other technical constituent services to maximize Mn/DOT's contribution to the state of Minnesota as both a major landowner and a partner with local units of government in the following areas:

- *Local and regional coordination and technical assistance*, including construction staging of other governmental units' projects; traffic control; cooperative agreements for funding; approval of environmental documents; and joint planning with Regional Development Commissions and Area Transportation Partnerships.
- *Land management*, including reconveyance of land; turnbacks of land and roads; plat review; entrance permitting; monumenting right-of-way, utility permitting; and ditch and stream (hydraulic) management.
- *Traveler information* about construction projects and response to public inquiries.

### FINANCING INFORMATION:

This activity is funded almost entirely by direct appropriation from the Trunk Highway Fund. Funds are also received from special revenue sources attributable to partnership agreements. The expenditures in this activity are 93% for personal services and 7% for other operating expenses.

### BUDGET ISSUES:

The ability to ensure highest quality standards in attracting and keeping the technical expertise necessary to deliver the identified increased construction program is challenged by current market conditions. This shortage of technical expertise has long-term implications on future construction programs due to the length of time from conception to completion of a construction project.

The funding needs in this activity are directly related to the State Road Construction activity, which is projected to be at \$552 million each year in FY 2002 and FY 2003.

Activity: DESIGN & CONSTRUCTION ENGINEER  
 Program: STATE ROADS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |               |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|---------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent       |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |               |                     |               |                     |  |               |
| <b>State Operations</b>                           |                   |                   |                     |               |                     |               |                     |  |               |
| COMPENSATION                                      | 64,743            | 69,092            | 71,938              | 75,074        | 72,574              | 77,827        | 75,327              | 6,871                                    | 4.9%          |
| OTHER OPERATING EXPENSES                          | 9,922             | 5,551             | 21,598              | 9,968         | 9,367               | 9,426         | 8,825               | (8,957)                                  | (33.0%)       |
| <b>Subtotal State Operations</b>                  | <b>74,665</b>     | <b>74,643</b>     | <b>93,536</b>       | <b>85,042</b> | <b>81,941</b>       | <b>87,253</b> | <b>84,152</b>       | <b>(2,086)</b>                           | <b>(1.2%)</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 878               | 0                 | 0                   | 0             | 0                   | 0             | 0                   | 0  |               |
| PAYMENTS TO INDIVIDUALS                           | 2                 | 0                 | 0                   | 0             | 0                   | 0             | 0                   | 0  |               |
| <b>Total Expenditures</b>                         | <b>75,545</b>     | <b>74,643</b>     | <b>93,536</b>       | <b>85,042</b> | <b>81,941</b>       | <b>87,253</b> | <b>84,152</b>       | <b>(2,086)</b>                           | <b>(1.2%)</b> |

| <b>Change Items:</b>                       | <b>Fund</b> |  |  |  |                |  |                |  |  |
|--|-------------|--|--|--|----------------|--|----------------|--|--|
| (A) BASE REDUCTION-SALES TAX               | THI         |  |  |  | (601)          |  | (601)          |  |  |
| (A) BASE REDUCTION-WORKFORCE<br>MANAGEMENT | THI         |  |  |  | (2,500)        |  | (2,500)        |  |  |
| <b>Total Change Items</b>                  |             |  |  |  | <b>(3,101)</b> |  | <b>(3,101)</b> |  |  |

| <b>Financing by Fund:</b>        |               |               |               |               |               |               |               |  |  |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|--|
| <b>Direct Appropriations:</b>    |               |               |               |               |               |               |               |  |  |
| TRUNK HIGHWAY                    | 74,933        | 73,156        | 90,097        | 84,991        | 81,890        | 87,202        | 84,101        |  |  |
| <b>Statutory Appropriations:</b> |               |               |               |               |               |               |               |  |  |
| SPECIAL REVENUE                  | 612           | 1,487         | 3,439         | 51            | 51            | 51            | 51            |  |  |
| <b>Total Financing</b>           | <b>75,545</b> | <b>74,643</b> | <b>93,536</b> | <b>85,042</b> | <b>81,941</b> | <b>87,253</b> | <b>84,152</b> |  |  |

| <b>Revenue Collected:</b>       |            |            |              |           |           |           |           |  |  |
|---------------------------------|------------|------------|--------------|-----------|-----------|-----------|-----------|--|--|
| <b>Dedicated</b>                |            |            |              |           |           |           |           |  |  |
| SPECIAL REVENUE                 | 665        | 840        | 2,356        | 44        | 44        | 44        | 44        |  |  |
| <b>Total Revenues Collected</b> | <b>665</b> | <b>840</b> | <b>2,356</b> | <b>44</b> | <b>44</b> | <b>44</b> | <b>44</b> |  |  |

| <b>FTE by Employment Type:</b>    |                |                |                |                |                |                |                |  |  |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|--|
| FULL TIME                         | 1,119.1        | 1,150.1        | 1,216.3        | 1,216.3        | 1,216.3        | 1,216.3        | 1,216.3        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 56.1           | 54.4           | 29.7           | 29.7           | 29.7           | 29.7           | 29.7           |  |  |
| OVERTIME PAY                      | 78.6           | 80.2           | 52.1           | 52.1           | 52.1           | 52.1           | 52.1           |  |  |
| <b>Total Full-Time Equivalent</b> | <b>1,253.8</b> | <b>1,284.7</b> | <b>1,298.1</b> | <b>1,298.1</b> | <b>1,298.1</b> | <b>1,298.1</b> | <b>1,298.1</b> |  |  |

## BUDGET ACTIVITY SUMMARY

**Budget Activity:** STATE ROAD OPERATIONS  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

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### ACTIVITY PROFILE:

The state road operations activity preserves and maintains the quality of travel on Minnesota's highway system by keeping the system safe, structurally sound, convenient to use and protected from deterioration.

Specific work in this activity includes the following:

- Preservation and maintenance of the trunk highway system
- Removal of obstructions or impediments on the highways (snow and ice)
- Maintenance of a system of traffic signs, signals and pavement markings
- Maintenance and improvement of roadsides
- Engineering, technical and administrative efforts that directly support the management and maintenance of transportation facilities

### STRATEGIES AND PERFORMANCE:

This activity addresses these priorities:

- Safety (crashes, work zones, snow and ice)
- Deteriorating infrastructure, such as roadways and bridges
- Barriers to mobility (bottlenecks, system disruption, weight restrictions, snow and ice)
- Accessibility (changing demographics)
- Stewardship, awareness and sensitivity to the environment
- Fiscally sound decision making – extend the value of our existing investments and obtain the highest value for each new investment dollar

The aging transportation system, increasing concerns for the environment and changing demographics highlight the need to preserve and maintain the existing system.

This preservation strategy reflects the need to provide the highest level of service on the greatest portion of the system at the lowest cost.

Mn/DOT restructured its budget programs and activities in the 1998-1999 biennium to reduce distinctions between construction and maintenance. The focus is now to provide smooth roads and a comfortable ride to highway users who want less wear on their vehicles and better travel times. Highway users want more visible signs and pavement markings. In addition, people want Mn/DOT to use fewer chemicals for de-icing and keep roads free from snow and ice, litter and hazardous debris.

### FINANCING INFORMATION:

This activity is funded primarily by direct appropriation from the Trunk Highway Fund. The expenditures for this activity include 64% for personal services and 36% for operating expense (material, supplies, utilities, etc.).

### BUDGET ISSUES:

With increasing operating costs and the aging transportation system, in order to meet the needs and expectations of the highway users, Mn/DOT is continuing to conduct market research and adapting other tools to manage state road operations. The "Business Planning" process is assisting us in defining our products and services along with cause and effect performance indicators. These processes and the implementation of the Transportation Specialist series will provide greater flexibility to manage the state road operations. These efforts help contain costs while meeting the customers' transportation needs.

Activity: STATE ROAD OPERATIONS  
 Program: STATE ROADS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002        |                     | FY 2003        |                     | Biennial Change<br>2002-03 Gov / 2000-01 |             |
|---|-------------------|-------------------|---------------------|----------------|---------------------|----------------|---------------------|--|-------------|
|   |                   |                   |                     | Base           | Governor<br>Recomm. | Base           | Governor<br>Recomm. | Dollars                                  | Percent     |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |                |                     |                |                     |  |             |
| <b>State Operations</b>                           |                   |                   |                     |                |                     |                |                     |  |             |
| COMPENSATION                                      | 128,121           | 129,899           | 137,297             | 142,802        | 142,810             | 147,112        | 147,100             | 22,714                                   | 8.5%        |
| OTHER OPERATING EXPENSES                          | 85,957            | 72,399            | 88,198              | 74,750         | 79,296              | 74,532         | 79,745              | (1,556)                                  | (1.0%)      |
| <b>Subtotal State Operations</b>                  | <b>214,078</b>    | <b>202,298</b>    | <b>225,495</b>      | <b>217,552</b> | <b>222,106</b>      | <b>221,644</b> | <b>226,845</b>      | <b>21,158</b>                            | <b>4.9%</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 1,503             | 628               | 0                   | 0              | 0                   | 0              | 0                   | (628)                                    | (100.0%)    |
| PAYMENTS TO INDIVIDUALS                           | 3                 | 0                 | 0                   | 0              | 0                   | 0              | 0                   | 0  |             |
| LOCAL ASSISTANCE                                  | 708               | 0                 | 0                   | 0              | 0                   | 0              | 0                   | 0  |             |
| <b>Total Expenditures</b>                         | <b>216,292</b>    | <b>202,926</b>    | <b>225,495</b>      | <b>217,552</b> | <b>222,106</b>      | <b>221,644</b> | <b>226,845</b>      | <b>20,530</b>                            | <b>4.8%</b> |

| <b>Change Items:</b>                           | <b>Fund</b> |  |  |  |              |  |  |              |  |
|--|-------------|--|--|--|--------------|--|--|--------------|--|
| (A) BASE REDUCTION-SALES TAX                   | THI         |  |  |  | (3,425)      |  |  | (3,425)      |  |
| (A) INVENTORY REDUCTION                        | THI         |  |  |  | (746)        |  |  | (249)        |  |
| (A) TRANSPORTATION WORKER<br>IMPLEMENTATION    | THI         |  |  |  | (250)        |  |  | (250)        |  |
| (B) FACILITIES MAINTENANCE PROGRAM             | THI         |  |  |  | 2,750        |  |  | 2,750        |  |
| (B) PAVEMENT STRIPING                          | THI         |  |  |  | 3,000        |  |  | 3,000        |  |
| (B) REST AREA MAINTENANCE AND CLOSINGS         | THI         |  |  |  | (75)         |  |  | 75           |  |
| (B) ROAD EQUIPMENT AND SUPPORT                 | THI         |  |  |  | 3,250        |  |  | 3,250        |  |
| (B) INTELLIGENT TRANSP SYSTEMS<br>COORDINATION | THI         |  |  |  | (825)        |  |  | (825)        |  |
| (B) HIGHWAY SYSTEMS MAINTENANCE                | THI         |  |  |  | 875          |  |  | 875          |  |
| <b>Total Change Items</b>                      |             |  |  |  | <b>4,554</b> |  |  | <b>5,201</b> |  |

| <b>Financing by Fund:</b>        |                |                |                |                |                |                |                |   |   |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---|---|
| <b>Direct Appropriations:</b>    |                |                |                |                |                |                |                |   |   |
| GENERAL                          | 100            | 0              | 150            | 0              | 0              | 0              | 0              | 0 | 0 |
| TRUNK HIGHWAY                    | 201,744        | 191,827        | 220,777        | 216,559        | 221,113        | 220,651        | 225,852        |   |   |
| <b>Statutory Appropriations:</b> |                |                |                |                |                |                |                |   |   |
| SPECIAL REVENUE                  | 683            | 240            | 233            | 179            | 179            | 179            | 179            |   |   |
| TRUNK HIGHWAY                    | 13,762         | 10,854         | 2,425          | 814            | 814            | 814            | 814            |   |   |
| FEDERAL                          | 0              | 5              | 1,910          | 0              | 0              | 0              | 0              |   |   |
| MISCELLANEOUS AGENCY             | 3              | 0              | 0              | 0              | 0              | 0              | 0              |   |   |
| <b>Total Financing</b>           | <b>216,292</b> | <b>202,926</b> | <b>225,495</b> | <b>217,552</b> | <b>222,106</b> | <b>221,644</b> | <b>226,845</b> |   |   |

Activity: STATE ROAD OPERATIONS  
 Program: STATE ROADS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002        |                     | FY 2003        |                     |
|---|-------------------|-------------------|---------------------|----------------|---------------------|----------------|---------------------|
|   |                   |                   |                     | Base           | Governor<br>Recomm. | Base           | Governor<br>Recomm. |
| <b>Revenue Collected:</b>                         |                   |                   |                     |                |                     |                |                     |
| <b>Dedicated</b>                                  |                   |                   |                     |                |                     |                |                     |
| SPECIAL REVENUE                                   | 25                | 299               | 182                 | 181            | 181                 | 181            | 181                 |
| TRUNK HIGHWAY                                     | 854               | 848               | 901                 | 814            | 814                 | 814            | 814                 |
| FEDERAL   | 0                 | 7                 | 1,908               | 0              | 0                   | 0              | 0                   |
| <b>Nondedicated</b>                               |                   |                   |                     |                |                     |                |                     |
| TRUNK HIGHWAY                                     | 0                 | 0                 | 200                 | 200            | 200                 | 200            | 200                 |
| <b>Total Revenues Collected</b>                   | <b>879</b>        | <b>1,154</b>      | <b>3,191</b>        | <b>1,195</b>   | <b>1,195</b>        | <b>1,195</b>   | <b>1,195</b>        |
| <b>FTE by Employment Type:</b>                    |                   |                   |                     |                |                     |                |                     |
| FULL TIME   | 2,455.8           | 2,383.8           | 2,385.0             | 2,385.0        | 2,394.5             | 2,385.0        | 2,394.5             |
| PART-TIME, SEASONAL, LABOR SER                    | 143.6             | 161.3             | 74.9                | 74.9           | 74.9                | 74.9           | 74.9                |
| OVERTIME PAY                                      | 78.8              | 65.6              | 97.7                | 97.7           | 97.7                | 97.7           | 97.7                |
| <b>Total Full-Time Equivalent</b>                 | <b>2,678.2</b>    | <b>2,610.7</b>    | <b>2,557.6</b>      | <b>2,557.6</b> | <b>2,567.1</b>      | <b>2,557.6</b> | <b>2,567.1</b>      |

**BUDGET CHANGE ITEM (46818)**

**Budget Activity:** STATE ROAD OPERATIONS  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

**Item Title:** FACILITIES MAINTENANCE PROGRAM

|                        | 2002-03 Biennium |         | 2004-05 Biennium |         |
|------------------------|------------------|---------|------------------|---------|
|                        | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s) |                  |         |                  |         |
| Trunk Highway Fund     |                  |         |                  |         |
| -State Operations      | \$2,750          | \$2,750 | \$2,750          | \$2,750 |
| Revenues: (\$000s)     |                  |         |                  |         |
| Trunk Highway Fund     | \$-0-            | \$-0-   | \$-0-            | \$-0-   |

Statutory Change? Yes \_\_\_\_\_ No  X

If yes, statute(s) affected:

\_\_\_\_\_ New Activity     X  Supplemental Funding    \_\_\_\_\_ Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends increasing the facilities maintenance budget by \$2.75 million each year to increase Mn/DOT's facilities maintenance budget to approximately 85% of the targeted goal of funding maintenance budgets at 2% of facility replacement costs.

**RATIONALE:**

The Commissioners of Finance and Administration, and the Legislature, have been dealing with the "Capital Iceberg" of projects due to deferred maintenance in state buildings since the early 90's. A benchmark goal has been set to budget 2% of the replacement cost of buildings for facility maintenance.

The Office of Legislative Auditor released a report in February, 1998 titled "State Building Maintenance" wherein they support the 1992 Capital Budget Reform Steering Committee's recommendation that the capital financing be reserved for "new construction, substantial adaptive remodeling, expansions, or improvements that are long term and predictable or recurring. The operating budget is the appropriate place to fund routine and preventive maintenance and recurring repair and replacement projects".

This initiative will ensure prudent care of our facilities, doing the right thing by performing preventative maintenance as recommended and will enable the

department to take care of what we have to make it last. By properly maintaining what we have, we can provide reliable buildings and support infrastructure to our personnel effectively and efficiently.

This item is the result of collaboration with legislative capital budget reform, the Department of Finance direction, and coordinated work of the state facilities managers group in providing formulas for our mix of building types to arrive at proper target figures for maintenance of buildings.

This item supports the Mn/DOT mission of allowing people and goods to move efficiently across the state by safeguarding what exists, and making the network operate better by allowing facilities to be reliable and maximize employees efforts to improve quality and cost effectiveness of program delivery to the public.

**FINANCING:**

Mn/DOT presently owns 5.053 million square feet of buildings at an estimated replacement cost of \$334.6 million. Thus, the 2% maintenance expense estimate is \$6.7 million per year. There is approximately \$3 million in the base budget of the Facilities Maintenance Program for this purpose each year. The additional amount requested of \$2.75 million per year will move Mn/DOT to approximately 85% of this targeted budget level. These funds will be used to purchase materials, repair services and provide component replacements for Mn/DOT buildings statewide.

**OUTCOMES:**

Mn/DOT's buildings will be repaired, maintained and renewed/adapted to fit current use standards as funding permits. We will measure the success of this initiative through our Maximo Preventive Maintenance System, which tracks proper maintenance by identifying scheduled maintenance and exception reporting. Building needs are reviewed yearly with user staff to prioritize contract repairs and component replacements to preserve our infrastructure and provide the type of space needed. This will result in less down time and costly replacement of failed components.

**BUDGET CHANGE ITEM (46339)**

**Budget Activity:** STATE ROAD OPERATIONS  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT  
**Item Title:** PAVEMENT STRIPING

|  | 2002-03 Biennium |         | 2004-05 Biennium |         |
|--|------------------|---------|------------------|---------|
|  | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s)   |                  |         |                  |         |
| Trunk Highway Fund   |                  |         |                  |         |
| -State Operations  | \$3,000          | \$3,000 | \$3,000          | \$3,000 |
| Revenues: (\$000s)   |                  |         |                  |         |
| Trunk Highway Fund   | \$-0-            | \$-0-   | \$-0-            | \$-0-   |
| Statutory Change? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>  |                  |         |                  |         |
| If yes, statute(s) affected: M.S. 174  |                  |         |                  |         |
| <input type="checkbox"/> New Activity <input checked="" type="checkbox"/> Supplemental Funding <input type="checkbox"/> Reallocation |                  |         |                  |         |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends an increase of \$3 million each fiscal year to increase the paint striping service level, and change the budget to a revolving account so that the pavement striping operation can operate like a business.

**RATIONALE:**

Pavement striping is an integral part of Mn/DOT's Mission, Strategic Objectives and business of "Moving Minnesota." It will support Mn/DOT's strategy of operating, maintaining and preserving the state's highways and providing quality service as expected by its customers. Market research conducted in 1994, 1996 and 1999 indicated that safe travel is the top priority for Minnesota motorists. The research also indicated that motorists expect bright pavement markings (center line and edge stripes) at all times. As a result, Mn/DOT has committed to a federal guideline of providing pavement stripes "365 days/year." Minnesota has 36,900 line miles of pavement striping needs. Heavy traffic volume and weather limit the visibility of pavement stripes.

There are currently two types of pavement markings – durable and non-durable. Latex paint is a non-durable marking and, under some traffic conditions, has to be renewed at least once per year. Latex costs are approximately \$0.05 per foot. Epoxy paint is a durable marking and will last an average of four years under heavy traffic conditions. Epoxy paint costs are approximately \$0.20 per

foot. The advantage of epoxy paint is it is much more durable, retains its reflectivity much longer, remains visible throughout the year and reduces the labor and material resources needed to maintain a 365 day pavement stripe. Mn/DO" formed a task force to identify what was needed, statewide, to meet the 365 day pavement stripe goal including equipment, personnel, materials, scheduling, and identifying which routes should receive epoxy pavement striping versus latex.

**FINANCING:**

The Striping Task Force identified in 1998 the need for \$10 million annually to maintain the 365 day per year stripe. This includes both latex and epoxy pavement stripe paint materials. Mn/DOT has been spending an average of \$6 million annually on pavement striping. This equates to a \$4 million annual shortfall in funding. During the last legislative session, the need for additional funding was recognized with the result of \$3 million being budgeted for FY 2000 and \$1 million budgeted for FY 2001. Considering a \$1 million base budget increase, the net result is that there is a documented need for an additional \$3 million in funding for FY 2002 and FY 2003 to meet the 365 day pavement stripe goal. The additional funds would be used to purchase pavement striping paint materials (greater quantities and more durable materials) and to cover other resource requirements that support the higher level of service previously discussed.

It is proposed that the budget for the pavement striping operation be changed to a revolving account in FY 2002. This will allow this operation to function like a business. All costs of operating the business will be charged to this account.

**OUTCOMES:**

The additional funding will increase the level of service through a pavement striping plan that provides a bright pavement stripe at all times resulting in safer travel. Implementation of the pavement striping action plan will:

- Safeguard what exists and make the roadway network operate more efficiently.
- Reduce motorist delays and increase the safety of the striping crews by reducing the frequency with which roadways must be striped.
- Reduce the number of strippers statewide thereby generating equipment cost savings.
- Meet or exceeds federal guidelines/requirements.

This pavement striping plan will make the roadways operate better and is a key to healthy, vital communities in Minnesota.

**BUDGET CHANGE ITEM (46342)**

**Budget Activity:** STATE ROAD OPERATIONS  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

**Item Title:** REST AREA MAINTENANCE AND CLOSINGS

|   | 2002-03 Biennium |         | 2004-05 Biennium |         |
|---|------------------|---------|------------------|---------|
|   | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s)  |                  |         |                  |         |
| Trunk Highway Fund  |                  |         |                  |         |
| -State Operations   | \$ (75)          | \$ 75   | \$ 75            | \$ 75   |
| Revenues: (\$000s)  |                  |         |                  |         |
| Trunk Highway Fund  | \$ 0-            | \$ 0-   | \$ 0-            | \$ 0-   |
| Statutory Change? Yes _____ No <u> X </u>   |                  |         |                  |         |
| If yes, statute(s) affected:  |                  |         |                  |         |
| <u>      </u> New Activity <u> X </u> Supplemental Funding <u>      </u> Reallocation |                  |         |                  |         |

**GOVERNOR'S RECOMMENDATION:** The Governor recommends the reduction of \$75,000 in FY 2002 and the increase of \$75,000 in FY 2003 to manage the growing costs of rest area maintenance. These amounts are the net differences between contract increases of \$300,000 in FY 2002 and \$450,000 in FY 2003, and a cost savings of \$375,000 per year. The cost savings will be achieved by reducing the hours of maintenance services provided and/or selective closing of rest areas.

**RATIONALE:** Greenview, Inc. provides maintenance and custodial services to the state's rest areas. There are over 60 rest areas, which require these services in order to meet the needs of the traveling public. Greenview, Inc. provides labor and materials for the services identified within the contract.

The current hourly rate for the 175 employees of Greenview, Inc. is \$7.00/hour. Greenview, Inc. has been experiencing a great deal of difficulty in hiring and retaining employees to perform the services of this contract. The major contributing factor is the current competitive salary and labor market. People are able to find jobs that pay a much higher salary than we can provide. Thus, Greenview is requesting an increase of \$.50/hour in order to hire and retain employees. In addition to the salary inequity, the administrative costs (insurance, retirement, advertising, utilities, materials, etc.) have increased substantially over the past few years.

Market research shows that while users of Minnesota's highways appreciate rest areas, they place a higher priority on other services provided such as

smooth roads, roads free of snow and ice, good signing and traffic signals, etc. To provide the best value with available resources, funds need to be realigned to meet the increased rest area maintenance costs.

A reduction of \$375,000 per year is proposed to make funds available to offset increasing salary and administrative costs. This reduction will be achieved by closing rest areas and/or reducing the hours of maintenance services provided. Even with this aggressive service reduction, an increase of funding in the amount of \$75,000 will be needed for each FY 2003,04,05.

**FINANCING:**

For FY 2001, the Greenview, Inc. contract is broken down into the following major components:

|                                  |                    |               |
|----------------------------------|--------------------|---------------|
| Salaries                         | \$2,868,258        | 76.2%         |
| Expenses                         | 59,547             | 1.6%          |
| Worker's Comp., Insurance, FICA  | 406,967            | 10.9%         |
| Administrative Costs & Materials | 431,761            | 11.3%         |
| <b>TOTAL</b>                     | <b>\$3,766,533</b> | <b>100.0%</b> |

In order to bring the salaries to a more competitive amount and to support the services requested in the contract, Greenview, Inc. is requesting a salary increase of \$.50/hour in FY 2002 and a 3% increase for FY 2003 plus a 10-15% increase to fund the administrative costs. To offset these increasing costs, we will deploy a combination of options, including closing and/or reducing hours of operation for selected rest areas and reducing hours of services from Greenview, Inc. (up to 10% of the current contract level of service). Selection criteria for identifying rest areas may include those on less traveled roads or rest areas in close proximity to other rest areas or providers of similar services (restaurants, gas stations, etc.) Based on these projections, the following will be needed to fund this contract:

|             | FY 2002   | FY 2003   | FY 2004   | FY 2005   |
|-------------|-----------|-----------|-----------|-----------|
| Salaries    | 215,000   | 315,000   | 315,000   | 315,000   |
| Admin Costs | 85,000    | 135,000   | 135,000   | 135,000   |
| Sub-Total   | 300,000   | 450,000   | 450,000   | 450,000   |
| Decrease    | (375,000) | (375,000) | (375,000) | (375,000) |
| Balance     | (75,000)  | 75,000    | 75,000    | 75,000    |

**OUTCOMES:** The major outcome will be reduced level of services provided by closing some rest areas and/or reducing the maintenance services provided by Greenview, Inc. and Mn/DOT operations. Mn/DOT will work cooperatively with Greenview, Inc. to target reduced services and Mn/DOT district operations for other maintenance services. This outcome supports Mn/DOT's commitment to funding higher priority needs.

**BUDGET CHANGE ITEM (45021)**

**Budget Activity:** STATE ROAD OPERATIONS  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT  
**Item Title:** ROAD EQUIPMENT AND SUPPORT

|  | 2002-03 Biennium |         | 2004-05 Biennium |         |
|--|------------------|---------|------------------|---------|
|  | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s)   |                  |         |                  |         |
| Trunk Highway Fund   |                  |         |                  |         |
| -State Operations  | \$3,250          | \$3,250 | \$3,250          | \$3,250 |
| Revenues: (\$000s)   |                  |         |                  |         |
| Trunk Highway Fund   | \$-0-            | \$-0-   | \$-0-            | \$-0-   |
| Statutory Change? Yes _____ No <u>X</u>                                |                  |         |                  |         |
| If yes, statute(s) affected:   |                  |         |                  |         |
| _____ New Activity <u>X</u> Supplemental Funding    _____ Reallocation |                  |         |                  |         |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends an increase of \$6.5 million for the biennium for road equipment and labor and materials to fabricate auxiliary equipment for snowplow trucks.

**RATIONALE:**

|                                  |                         |
|----------------------------------|-------------------------|
| Total existing fleet size        | 11,352 units            |
| Total replacement cost           | \$237 million           |
| Units out-of-cycle               | 3,530 units             |
| Replacement cost                 | \$53 million            |
| Annual needs to stay in cycle    | \$22 million            |
| Annual optimization needs        | \$18.4 - \$19.7 million |
| Change level – equipment         | \$3 million/year        |
| Change level – labor & materials | \$250,000/year          |

Current annual funding for Mn/DOT road equipment is \$11.7 million. This has not changed since 1986. This stagnant level of funding has led to a gradual increase in fleet age. We continue to get by, but the aging fleet is affecting productivity and putting extra strain on department operating repair budgets to

keep the equipment on the road. At this time we have 3,530 units out of our total 11,352 units out-of-cycle. Out-of-cycle is defined as equipment that has been kept in our fleet beyond its recommended lifecycle. Examples of lifecycles are 12 years for snowplow trucks, five years for cars and seven years for pickups. In terms of replacement dollar value (current dollars), \$53 million out of the total fleet replacement value of \$237 million or 22% is currently out-of-cycle.

Given the current size of Mn/DOT's fleet and current equipment costs, staying on our lifecycles would require that we invest \$22 million a year. This figure, however, does not address the current \$53 million "backlog".

Through aggressive, conscientious fleet management techniques to reduce our overall fleet size, we feel that we could reduce this annual need by 10 to 16%. However, this too does not address the \$53 million "backlog".

As the equipment budget grows to meet the needs of our customers, so does the workload to purchase, engineer and fabricate new equipment. Additional funding to meet these increased needs is \$250,000 annually.

Therefore, Mn/DOT's equipment investment needs for each year of the FY 2002-2003 biennium is \$14.7 million. With this amount of funding and a commitment to reduce our fleet size, we will be able to, in time, reduce the backlog and work toward our goal of maintaining the age of our fleet within recommended lifecycles.

**FINANCING:**

Given the current size of Mn/DOT's fleet and current equipment costs, staying on our lifecycles would require that we invest \$22 million a year. Given the multitude of other competing demands for new investment initiatives, the department feels that it would be more prudent to phase in an investment need of this size (\$10.3 million/year). Therefore, for the two years of this biennium, we request a change level of \$3 million per year for equipment.

The support funding of \$250,000 each year will be from the Trunk Highway Fund for the following expenditures:

- 2 heavy equipment mechanics for fabrication - \$115,000
- 1 central fleet manager - \$60,000
- \$75,000 in shop supplies for fabrication work

This additional funding will be further broken down according to current allocation methodology to the district and office level.

**BUDGET CHANGE ITEM (45021) (Continued)**

**Budget Activity: STATE ROAD OPERATIONS**

**Program: STATE ROADS**

**Agency: TRANSPORTATION DEPT**

**Item Title: ROAD EQUIPMENT AND SUPPORT**

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**OUTCOMES:**

The additional funding for road equipment, labor and materials will yield a more efficient fleet of equipment to support Mn/DOT's business of "Moving Minnesota."

Measures as listed below will be monitored to ensure that this investment is achieving the above positive results.

- Fleet size, age and lifecycle costs
- Reduced time from order to delivery of new equipment by 50%
- Customer satisfaction on quality of delivered equipment

**BUDGET CHANGE ITEM (47280)**

**Budget Activity:** STATE ROAD OPERATIONS  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

**Item Title:** INTELLIGENT TRANSP SYSTEMS COORDINATION

**OUTCOMES:**

This reduction will result in a more effective and efficient statewide information systems coordination for ITS. Parts of ITS are being deployed and will be funded by Traffic Management or other activity budgets.

|                        | <u>2002-03 Biennium</u> |                | <u>2004-05 Biennium</u> |                |
|------------------------|-------------------------|----------------|-------------------------|----------------|
|                        | <u>FY 2002</u>          | <u>FY 2003</u> | <u>FY 2004</u>          | <u>FY 2005</u> |
| Expenditures: (\$000s) |                         |                |                         |                |
| Trunk Highway Fund     |                         |                |                         |                |
| - State Operations     | \$ (825)                | \$ (825)       | \$ (825)                | \$ (825)       |
| Revenues: (\$000s)     |                         |                |                         |                |
| Trunk Highway Fund     | \$ -0-                  | \$ -0-         | \$ -0-                  | \$ -0-         |

Statutory Change? Yes \_\_\_\_\_ No   X  

If yes, statute(s) affected:

\_\_\_\_\_ New Activity    \_\_\_\_\_ Supplemental Funding      X   Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends the reduction of \$825,000 each year of the biennium to realize savings from the consolidation of ITS activities.

**RATIONALE:**

Intelligent Transportation Systems (ITS) is an international program using technology in transportation to save lives, time, and money. Mn/DOT has been continuously learning how ITS could be applied to traditional transportation systems. The initial emphasis was on research, idea generation and operational testing. As we move to deployment of the most promising systems, there are opportunities to streamline operations. Savings opportunities are primarily in some consolidation of people resources, and coordination of software and systems testing.

**FINANCING:**

We anticipate a savings of \$1.650 million for the biennium. The estimated savings come from salary, benefits and expenses of a specific ITS project and those activities will be absorbed by other existing budgets. These savings allow funds to be redirected towards higher priority initiatives as identified in our business planning budget processes.

**BUDGET CHANGE ITEM (47355)**

**Budget Activity:** STATE ROAD OPERATIONS  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

**Item Title:** HIGHWAY SYSTEMS MAINTENANCE

|                        | 2002-03 Biennium |         | 2004-05 Biennium |         |
|------------------------|------------------|---------|------------------|---------|
|                        | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s) |                  |         |                  |         |
| Trunk Highway Fund     |                  |         |                  |         |
| -State Operations      | \$875            | \$875   | \$875            | \$875   |
| Revenues: (\$000s)     |                  |         |                  |         |
| Trunk Highway Fund     | \$-0-            | \$-0-   | \$-0-            | \$-0-   |

Statutory Change? Yes \_\_\_\_\_ No  X

If yes, statute(s) affected:

\_\_\_\_\_ New Activity     X  Supplemental Funding    \_\_\_\_\_ Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends an increase of \$875,000 each year to support highway signal and lighting maintenance activities.

**RATIONALE:**

This change initiative will address the continued growth in traffic volumes throughout Minnesota. This growth leads toward the installation of more traffic signals, lighting systems and freeway management systems to provide for the safe and efficient movement of people in Minnesota. Historically, the number of traffic signals and lighting systems respectively has grown at a rate of 8% and 4% annually. There are 1,350 traffic signals and 24,600 lighting units statewide. The freeway management systems (changeable message signs, cameras, and miles of fiber optic cable), have grown by 10% to 15% a year. This change level meets Mn/DOT's strategic objectives of safeguarding what exists and making the roadway network operate better.

To meet Mn/DOT's mission to develop a coordinated transportation network that allows people and goods to move efficiently across the state, the department has implemented new Intelligent Transportation Systems (ITS), which require electrical and electronic expertise to implement and maintain.

This change request will provide the current level of service for the new growth and ITS Initiatives providing for smooth traffic flow and a safe driving experience for the traveling public. Market research conducted in 1999 indicates that traffic signal, freeway systems and roadway lighting are among the most important services Mn/DOT provides.

Also included in this request is an increase of \$125,000 for the activity that performs all the underground locates of Mn/DOT infrastructure on Mn/DOT right of way that are required by Gopher State One Call. These locates protect our underground electrical/fiber optic facilities and protect others from the danger of cutting these cables. The continued increase in maintenance and construction activities require that more locates be performed. The locating unit processes about 140,000 requests a year and actually does 10,000 field locates a year. This part of the request also supports Mn/DOT's strategic objective of safeguarding what exists.

**FINANCING:**

The maintenance of these systems has operated within the same budget for four years while the number of the systems to maintain has grown at a rate of 4% to 10% per year. Based on the annual cost to maintain these systems and the projected growth in the next two years, there will be a shortfall in funding. This equates to a \$750,000 a year need for additional funding to support and keep the systems operational. It is estimated that \$500,000 will be used for signal maintenance activities, \$175,000 for freeway system maintenance activities and \$75,000 for lighting maintenance activities.

This request also includes \$125,000 to fund the projected growth in Gopher State One locates based on growth in construction activity. This amount will be used for additional personnel, equipment, and materials.

**OUTCOMES:**

This additional level of funding will ensure that the current level of service of signal and lighting maintenance will continue with the increase in growth of these systems. Market research indicates customers rated these services as very important with performance as good. These maintenance activities are an important safety priority and a key to healthy and vital communities in Minnesota. Without these funds, there will be a decrease in level of service and an increase in system down time, which will have a direct negative impact on safety and traffic movement. This request will also ensure that all cable locates are made so that cables are protected and safety is maintained. This change level is part of defining Mn/DOT's business plan of "Moving Minnesota" and contributes to healthy, vital communities by maintaining necessary public infrastructure.

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## BUDGET ACTIVITY SUMMARY

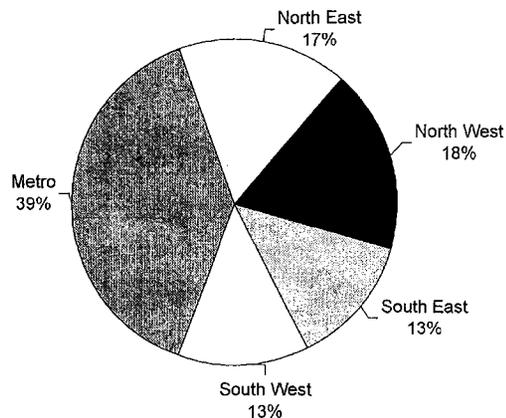
**Budget Activity:** ELECTRONIC COMMUNICATIONS  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT

### ACTIVITY PROFILE:

The electronic communications activity provides expertise in electronic communication technologies by addressing the following wireless communications needs of state agencies:

- Provide policy development, planning, engineering, budget preparation, project management, equipment installation, and system maintenance.
- Supply telecommunications services and electronic systems to customers by designing and maintaining local, regional, and statewide communications networks, mobile fleet radios, base station equipment and other voice and data systems.
- Oversee the development, procurement, installation, acceptance and ongoing operation and maintenance of the twin cities metropolitan area region-wide 800 MHz public safety radio system.
- Support agencies through service contracts, which reimburse the Trunk Highway Fund.

### Distribution of Services by Region

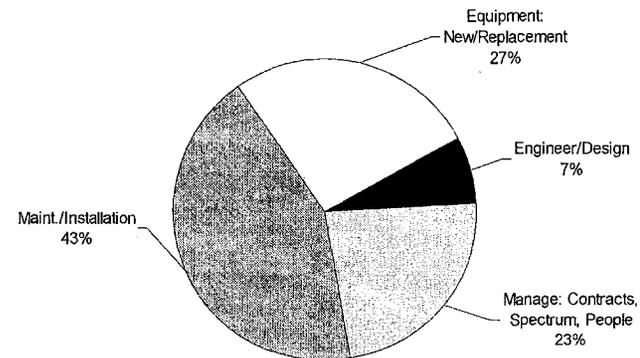


### STRATEGIES AND PERFORMANCE:

- Participate in the development of communications system and wireless service industry policy standards on national, state, and local levels.
- Consult with customers on communications technology for planning, training, research, engineering, FCC frequency coordination and licensing.
- Develop partnerships with state agencies, local units of government and the private sector to share communications infrastructure and deliver service.
- Deploy and maintain regional and statewide radio and mobile data communications systems.
- Performance indicators include: maintain and upgrade the current fleet of mobile radio equipment; support infrastructure to continue to meet customer needs.
- Implement new systems to meet customer demands for wider area and portable coverage, wireless data applications, remote access connectivity, and interagency communications.

### FINANCING INFORMATION:

### Expenditures by Product / Service FY 2000-\$5.16 million

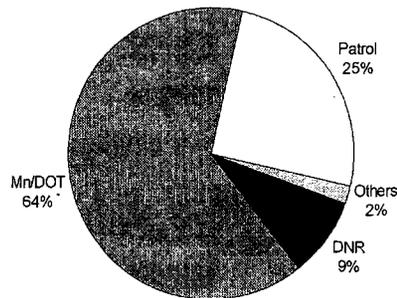


BUDGET ACTIVITY SUMMARY (Continued)

Budget Activity: ELECTRONIC COMMUNICATIONS  
Program: STATE ROADS  
Agency: TRANSPORTATION DEPT

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**Expenditures by Customer  
(FY 2000-\$5.16 million)**



**BUDGET ISSUES:**

Our customers' equipment is getting more compact in size, and the number of features they demand is increasing. This has increased the cost for new equipment and the complexity and cost to repair and maintain it. To maximize funding resources we are sharing and exchanging tower facilities to minimize the cost of new construction.

Budget decisions affect Mn/DOT's ability to provide new electronic systems, upgrades of existing systems, requested expansion of current systems, replacement of aging or inefficient communications equipment, and services to our customers.

Activity: ELECTRONIC COMMUNICATIONS  
 Program: STATE ROADS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     | Biennial Change<br>2002-03 Gov / 2000-01 |                |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|--|----------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. | Dollars                                  | Percent        |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |              |                     |              |                     |  |                |
| <b>State Operations</b>                           |                   |                   |                     |              |                     |              |                     |  |                |
| COMPENSATION                                      | 3,643             | 4,022             | 4,339               | 4,176        | 4,146               | 4,312        | 4,282               | 67                                       | 0.8%           |
| OTHER OPERATING EXPENSES                          | 1,575             | 1,064             | 10,835              | 1,611        | 1,616               | 1,604        | 1,609               | (8,674)                                  | (72.9%)        |
| <b>Subtotal State Operations</b>                  | <b>5,218</b>      | <b>5,086</b>      | <b>15,174</b>       | <b>5,787</b> | <b>5,762</b>        | <b>5,916</b> | <b>5,891</b>        | <b>(8,607)</b>                           | <b>(42.5%)</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 783               | 77                | 0                   | 0            | 0                   | 0            | 0                   | (77)                                     | (100.0%)       |
| <b>Total Expenditures</b>                         | <b>6,001</b>      | <b>5,163</b>      | <b>15,174</b>       | <b>5,787</b> | <b>5,762</b>        | <b>5,916</b> | <b>5,891</b>        | <b>(8,684)</b>                           | <b>(42.7%)</b> |

| <u>Change Items:</u>                         | <u>Fund</u> |  |  |  |             |  |  |             |  |
|--|-------------|--|--|--|-------------|--|--|-------------|--|
| (B) TRANSP OPS COMM CENTER (TOCC)<br>SUPPORT | THI         |  |  |  | 100         |  |  | 100         |  |
| (B) ELIMINATE SHOPS & SERVICES               | THI         |  |  |  | (125)       |  |  | (125)       |  |
| <b>Total Change Items</b>                    |             |  |  |  | <b>(25)</b> |  |  | <b>(25)</b> |  |

| <u>Financing by Fund:</u>        |              |              |               |              |              |              |              |  |  |
|----------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--|--|
| <b>Direct Appropriations:</b>    |              |              |               |              |              |              |              |  |  |
| GENERAL                          | 0            | 1            | 67            | 9            | 9            | 9            | 9            |  |  |
| TRUNK HIGHWAY                    | 5,997        | 5,160        | 14,958        | 5,633        | 5,608        | 5,762        | 5,737        |  |  |
| <b>Statutory Appropriations:</b> |              |              |               |              |              |              |              |  |  |
| SPECIAL REVENUE                  | 4            | 2            | 24            | 20           | 20           | 20           | 20           |  |  |
| TRUNK HIGHWAY                    | 0            | 0            | 125           | 125          | 125          | 125          | 125          |  |  |
| <b>Total Financing</b>           | <b>6,001</b> | <b>5,163</b> | <b>15,174</b> | <b>5,787</b> | <b>5,762</b> | <b>5,916</b> | <b>5,891</b> |  |  |

| <u>Revenue Collected:</u>       |           |           |            |            |            |            |            |  |  |
|---------------------------------|-----------|-----------|------------|------------|------------|------------|------------|--|--|
| <b>Dedicated</b>                |           |           |            |            |            |            |            |  |  |
| SPECIAL REVENUE                 | 5         | 5         | 20         | 20         | 20         | 20         | 20         |  |  |
| TRUNK HIGHWAY                   | 47        | 85        | 125        | 125        | 125        | 125        | 125        |  |  |
| <b>Total Revenues Collected</b> | <b>52</b> | <b>90</b> | <b>145</b> | <b>145</b> | <b>145</b> | <b>145</b> | <b>145</b> |  |  |

| <u>FTE by Employment Type:</u>    |             |             |             |             |             |             |             |  |  |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|
| FULL TIME                         | 63.4        | 66.8        | 68.9        | 68.9        | 64.9        | 68.9        | 64.9        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 2.3         | 1.9         | 1.9         | 1.9         | 1.9         | 1.9         | 1.9         |  |  |
| OVERTIME PAY                      | 0.3         | 0.4         | 1.2         | 1.2         | 1.2         | 1.2         | 1.2         |  |  |
| <b>Total Full-Time Equivalent</b> | <b>66.0</b> | <b>69.1</b> | <b>72.0</b> | <b>72.0</b> | <b>68.0</b> | <b>72.0</b> | <b>68.0</b> |  |  |

**BUDGET CHANGE ITEM (46843)**

**Budget Activity:** ELECTRONIC COMMUNICATIONS  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT  
**Item Title:** TRANSP OPS COMM CENTER (TOCC) SUPPORT

|                        | 2002-03 Biennium |         | 2004-05 Biennium |         |
|------------------------|------------------|---------|------------------|---------|
|                        | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s) |                  |         |                  |         |
| Trunk Highway Fund     |                  |         |                  |         |
| -State Operations      | \$100            | \$100   | \$100            | \$100   |
| Revenues: (\$000s)     |                  |         |                  |         |
| Trunk Highway Fund     | \$-0-            | \$-0-   | \$-0-            | \$-0-   |

Statutory Change? Yes \_\_\_\_\_ No  X

If yes, statute(s) affected:

X  New Activity    \_\_\_\_\_ Supplemental Funding    \_\_\_\_\_ Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$100,000 each fiscal year to manage the deployment of Transportation Operation Communication Centers.

**RATIONALE:**

In an attempt to meet its strategic objective of delivering program, Mn/DOT continues to implement new technologies that will enhance maintenance operations and services to the public. One of these efforts is the deployment of Transportation Operation Communication Centers (TOCC). The TOCC Deployment Program resulted from several years of ITS operational testing with emphasis on new technologies and the development of working partnerships. The program includes multi-agency partnership between the Department of Transportation and the Department of Public Safety. It will provide a network of nine communication centers serving the operational and communication needs of the State Patrol, Mn/DOT, DNR, the motoring public, and others.

This initiative addresses two areas of the Governor's Big Plan: Service – Not Systems, and Healthy and Vital Communities. This effort is designed to assure that state departments get the most bang for the buck by serving the needs of multiple state agencies out of a single communications center. Having this partnership and information-sharing between service providers will also improve delivery of services to the public. By providing a regionally-centralized

collection and dissemination point for information, the project also supports the Electronic Government Services initiative. The project also contributes to Healthy and Vital Communities by improving the performance of the multimodal transportation network and improving the competitive position of rural Minnesota by assuring that coordinated and efficient services are provided.

This change level is requested to fund the staff position to provide the following activities: manage TOCC deployment and coordination with various stakeholders; develop operational and policy guidelines for operation of centers and deployment of ITS initiatives; manage the implementation schedule and TOCC budget; work with other offices and districts on technology implementation; assist with ITS technology selection and deployment; and inform and present to Mn/DOT managers status of TOCC program.

**FINANCING:**

This change level increase will fund one position in the State Program Administrator classification with associated costs for salary, overhead, benefits, equipment, travel expenses, and training.

**OUTCOMES:**

This change level will provide for a dedicated resource to manage deployment of the TOCC program. Measures of the success of the program will be evident in the following areas:

- Improved coordination for technology implementation
- Improved operations as a result of standard procedures
- Increased level of service to the field via deployment of technology
- Reduced staffing for Mn/DOT in dispatch operations
- Increased information provided to manage Transportation systems
- TOCC Deployment meets established budget targets and schedules
- Improved coordination of multi-agency dispatch operations
- Improved radio and mobile data coverage and system performance
- Coordination among various technologies within TOCC centers
- Reduced Mn/DOT staff in centers with increased level of service from Patrol

**BUDGET CHANGE ITEM (46976)**

**Budget Activity:** ELECTRONIC COMMUNICATIONS  
**Program:** STATE ROADS  
**Agency:** TRANSPORTATION DEPT  
**Item Title:** ELIMINATE SHOPS & SERVICES

|  | <u>2002-03 Biennium</u> |                | <u>2004-05 Biennium</u> |                |
|--|-------------------------|----------------|-------------------------|----------------|
|  | <u>FY 2002</u>          | <u>FY 2003</u> | <u>FY 2004</u>          | <u>FY 2005</u> |
| Expenditures: (\$000s)   |                         |                |                         |                |
| Trunk Highway Fund   |                         |                |                         |                |
| -State Operations  | \$(125)                 | \$(125)        | \$(125)                 | \$(125)        |
| Revenues: (\$000s)   |                         |                |                         |                |
| Trunk Highway Fund   | \$-0-                   | \$-0-          | \$-0-                   | \$-0-          |
| Statutory Change? Yes _____ No <u>  X  </u>                                |                         |                |                         |                |
| If yes, statute(s) affected:   |                         |                |                         |                |
| _____ New Activity <u>  X  </u> Supplemental Funding    _____ Reallocation |                         |                |                         |                |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends the reduction of \$125,000 each year of the biennium by reducing the number of shop locations around the state.

**RATIONALE:**

This reduction is achieved by closing three shops. Those areas where shops are eliminated will be supported by adjacent locations.

**FINANCING:**

The \$250,000 biennial savings come from the elimination of four positions and related expenses.

**OUTCOMES:**

The Office of Electronic Communications will provide less local building support. This will require more travel and longer system outages. The positions will be redirected to higher priority agency needs.

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## PROGRAM SUMMARY

**Program: GENERAL SUPPORT**  
**Agency: TRANSPORTATION DEPT**

### PROGRAM PROFILE:

The general support program provides strategic policy, direction and processes that lead to new and/or improved ways of working. The goal of this program is to effectively and efficiently guide and support Mn/DOT's business of providing transportation system leadership, management and information. This program provides service lines that continuously improve management of Mn/DOT's resources. These service lines are: Performance Enabling - designed products/services to clear the way for managers to concentrate maximum effort on meeting customer needs; Performance Support - high quality support services to business units delivered in a timely and cost effective manner; and Performance Improvement - products/services that continuously deliver performance improvement at all levels in the organization.

This program is made up of two budget activities:

- General Management
- General Services

General Management, which includes the Commissioner's Office and the Office of Financial Management, Audit, Human Resources, Administrative Services, Information Resource Management, Communications and Public Relations, Business Planning, EEO Contract Management, Government Relations, and Contract Management, exists to provide leadership, strategic management and administrative support to Mn/DOT. The General Services budget activity is composed primarily of appropriations used to pay for services or activities of general benefit to the entire department.

### STRATEGIES AND PERFORMANCE:

**Key Service Strategy: Make Mn/DOT Work Better** – Mn/DOT will continuously improve management of its resources. To deliver quality service, Mn/DOT will:

#### *Emphasize Strategic Management*

Provide leadership for state transportation policy, planning, and programming through customer and stakeholder input using scientifically valid market research aimed at assessing what Mn/DOT customers/public expect from the agency and determining priorities and funding availability needs.

Develop a strategic planning framework and process for the department, including the continued implementation of a business planning process to direct and align resources to accomplish both its mission and strategic objectives. This

will help Mn/DOT measure, verify and improve its performance at every level of the organization and better understand and manage its business, define its priorities, identify its customers' needs, and determine which assets and resources can best be used to address those needs with the objective of more effectively targeting our investments and integrating performance information and analysis into decision making.

#### *Develop Financial Management Tools*

Develop and implement activity-based costing (ABC) and activity-based management (ABM) methodologies in the department with the objective of better use of department resources and the ability to measure competitiveness with other governmental and private entities. ABC and ABM will also provide a means of tracking the cost to deliver desired results.

#### *Emphasize Human Resource Management*

The human resource function will assure the development of organizational capabilities required to implement our business strategies. Alignment of the people related areas of strategy implementation with organization and work design, strategic staffing, learning and development, performance management and rewards, employee relations and change management, are vital for our success.

Implement an integrated human resources management process that uses outcome based competencies as a basis for selection, training, compensation, performance management, and job design and ensures the recruitment, development and retention of a diverse workforce.

Implement a workforce and succession planning process that addresses staffing implications associated with strategic and operational plans to improve staff utilization, and which addresses critical human resource issues in an organized and integrated way. This will ensure the availability of motivated and qualified employees or candidates for employment in the right job, at the right time, with the right knowledge, skills and attitudes to be successful to meet future agency needs.

Transportation workforce development requires reaching into elementary and high schools, using creative approaches to inform potential entry level employees of opportunities and supplementing our existing traditional and nontraditional recruitment strategies.

Implement a distributed model for learning and organizational effectiveness focusing on internal results, organizational reconfiguration and staffing competency including plans for turnover, consideration of dual career tracks, emphasize management skills, and technical training.

**PROGRAM SUMMARY (Continued)**

**Program: GENERAL SUPPORT**  
**Agency: TRANSPORTATION DEPT**

*Simplify and Improve Access to Information*

One of Mn/DOT's strategic objectives is to remain a trusted source of transportation information essential for decision-making by a variety of customers, both internal and external, public and private. To do so, Mn/DOT will:

- a) invest in the coordinated collection and creation of information products that add value in decision making,
- b) use information as an awareness raising tool to secure the vision for a coordinated information network, and
- c) employ technology to provide information that saves time, lives, and money.

In order to focus department-wide information and communication efforts, Mn/DOT has developed a comprehensive plan to direct all information resource development investments toward departmental priorities. In addition, we have designed information stewards to ensure the reliability, security, and cost effectiveness of information products.

Increasing information requirements and rapidly evolving technologies demand continuing investments in our information infrastructure. Coordinating departmental activities that span the state requires a robust network to supply Mn/DOT management and our partners with necessary information. Mn/DOT is also committed to developing appropriate electronic government services (EGS) to better serve our customers.

*Centralized Support Services Management*

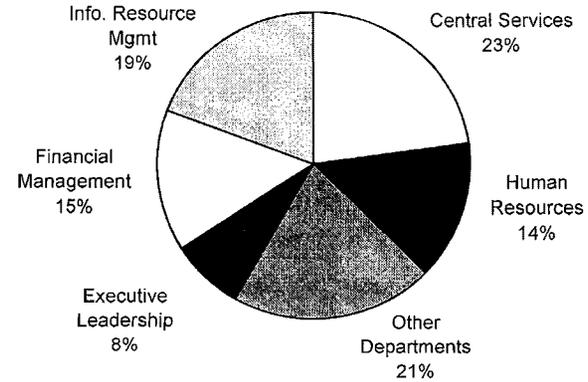
Standardize all Mn/DOT building security systems to create a safer work environment.

**FINANCING INFORMATION:**

The direct appropriations for this program are mainly from the Trunk Highway Fund (\$92.072 million) with small amounts from the General Fund (biennial base of \$110,000) and the State Airports Fund (biennial base of \$140,000).

The following graph illustrates the resource allocations among the functional areas within the General Support program:

**2000-01 General Support Program**



**GOVERNOR'S RECOMMENDATION:**

The Governor recommends a net addition of \$14.6 million in the General Support program, comprised of \$2.9 million in reductions and \$17.5 million in increases. Base reductions are recommended for sales tax payments, workforce management, inventory levels, and office of Human Resources. New initiatives are recommended for creating a new Native American Liaison position, replacing information technology infrastructure, and developing new business applications.

Program: GENERAL SUPPORT  
 Agency: TRANSPORTATION DEPT

| Program Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |             |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|-------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent     |
| <b>Expenditures by Activity:</b>          |                   |                   |                     |               |                     |               |                     |  |             |
| GENERAL MANAGEMENT                        | 29,699            | 29,232            | 44,217              | 34,274        | 39,558              | 34,991        | 40,275              | 6,384                                    | 8.7%        |
| GENERAL SERVICES                          | 22,701            | 22,117            | 22,445              | 21,829        | 23,825              | 22,358        | 24,357              | 3,620                                    | 8.1%        |
| <b>Total Expenditures</b>                 | <b>52,400</b>     | <b>51,349</b>     | <b>66,662</b>       | <b>56,103</b> | <b>63,383</b>       | <b>57,349</b> | <b>64,632</b>       | <b>10,004</b>                            | <b>8.5%</b> |

| Change Items:                                   | Fund |  |  |  |              |  |              |  |  |
|---|------|--|--|--|--------------|--|--------------|--|--|
| (A) BASE REDUCTION-SALES TAX                    | THI  |  |  |  | (371)        |  | (371)        |  |  |
| (A) BASE REDUCTION-WORKFORCE<br>MANAGEMENT      | THI  |  |  |  | (300)        |  | (300)        |  |  |
| (A) INVENTORY REDUCTION                         | THI  |  |  |  | (4)          |  | (1)          |  |  |
| (A) TRANSPORTATION WORKER<br>IMPLEMENTATION     | THI  |  |  |  | (500)        |  | (500)        |  |  |
| (B) NATIVE AMERICAN LIAISON                     | THI  |  |  |  | 125          |  | 125          |  |  |
| (B) OFFICE OF HUMAN RESOURCES<br>CONSOLIDATIONS | THI  |  |  |  | (270)        |  | (270)        |  |  |
| (B) INFORMATION TECHNOLOGY<br>INFRASTRUCTURE    | THI  |  |  |  | 6,600        |  | 6,600        |  |  |
| (B) INFORMATION TECHNOLOGY DEVELOPMENT          | THI  |  |  |  | 2,000        |  | 2,000        |  |  |
| <b>Total Change Items</b>                       |      |  |  |  | <b>7,280</b> |  | <b>7,283</b> |  |  |

| Financing by Fund:               |               |               |               |               |               |               |               |  |  |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|--|
| <b>Direct Appropriations:</b>    |               |               |               |               |               |               |               |  |  |
| GENERAL                          | 41            | 49            | 4,849         | 54            | 54            | 56            | 56            |  |  |
| STATE AIRPORTS                   | 74            | 41            | 99            | 70            | 70            | 70            | 70            |  |  |
| TRUNK HIGHWAY                    | 42,429        | 41,278        | 51,438        | 45,557        | 52,837        | 46,515        | 53,798        |  |  |
| <b>Open Appropriations:</b>      |               |               |               |               |               |               |               |  |  |
| STATE AIRPORTS                   | 110           | 90            | 80            | 0             | 0             | 0             | 0             |  |  |
| TRUNK HIGHWAY                    | 9,120         | 8,170         | 8,448         | 9,547         | 9,547         | 9,833         | 9,833         |  |  |
| HIGHWAY USERS TAX DISTRIBUTION   | 415           | 616           | 590           | 590           | 590           | 590           | 590           |  |  |
| <b>Statutory Appropriations:</b> |               |               |               |               |               |               |               |  |  |
| SPECIAL REVENUE                  | 211           | 300           | 357           | 285           | 285           | 285           | 285           |  |  |
| MISCELLANEOUS AGENCY             | 0             | 805           | 801           | 0             | 0             | 0             | 0             |  |  |
| <b>Total Financing</b>           | <b>52,400</b> | <b>51,349</b> | <b>66,662</b> | <b>56,103</b> | <b>63,383</b> | <b>57,349</b> | <b>64,632</b> |  |  |

Program: GENERAL SUPPORT  
 Agency: TRANSPORTATION DEPT

| Program Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. |
| <b>FTE by Employment Type:</b>            |                   |                   |                     |              |                     |              |                     |
| FULL TIME                                 | 327.9             | 362.0             | 380.2               | 380.2        | 381.2               | 380.2        | 381.2               |
| PART-TIME, SEASONAL, LABOR SER            | 28.6              | 26.0              | 11.5                | 11.5         | 11.5                | 11.5         | 11.5                |
| OVERTIME PAY                              | 1.4               | 2.3               | 1.0                 | 1.0          | 1.0                 | 1.0          | 1.0                 |
| <b>Total Full-Time Equivalent</b>         | <b>357.9</b>      | <b>390.3</b>      | <b>392.7</b>        | <b>392.7</b> | <b>393.7</b>        | <b>392.7</b> | <b>393.7</b>        |

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## BUDGET ACTIVITY SUMMARY

**Budget Activity:** GENERAL MANAGEMENT  
**Program:** GENERAL SUPPORT  
**Agency:** TRANSPORTATION DEPT

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### ACTIVITY PROFILE:

The General Management budget activity sets policy and provides the leadership, executive management, and strategic direction necessary for the department to accomplish its mission. The activity also provides internal and external support services to department managers and staff in the areas of financial management, human resource management, information management, and provision of centralized support services.

#### *Leadership and Strategic Management*

- Direction, leadership, and management of the department
- Business planning, environmental scanning, scenario analysis
- Policy-setting, decision-making, and priority determination
- Agency core competency determination
- Strategic initiatives overview
- Representation of the department to the public and other government agencies
- Integration of the transportation modes

#### *Financial Management*

- Fund planning and forecasting
- Budget development and control
- Inventory and procurement management
- Federal aid and local state aid accounting and billing
- Financial reporting (internal and external)
- Internal audits of Mn/DOT operation
- External audits of department contracts with the private sector
- Management consulting services
- Accounts payable and receivable functions

#### *Human Resource Management*

- Individual competency-based recruitment, selection, job classification, and performance management
- Workforce planning, career management, and succession planning based on individual competencies
- Employee development and training
- Employee safety and well-being
- Management of Worker's Compensation
- Organizational development activities
- Equal opportunity, affirmative action, and workforce diversity
- SEEDS (employment of minority and disadvantage students) and TRAC (introduction of civil engineering careers in high schools)

#### *Information Management*

- Information resource planning and project support
- GIS (Geographic Information System) coordination
- Data resource management and application development
- Network operations management
- Development of information resource policies and standards
- Media Relations
- Video and Graphic Services
- Public information
- Market research

#### *Centralized Support Services Management*

- Mail and supply distribution, photo services, purchasing, desktop publishing, records management and storage, and photocopying of plans, maps, reports, and manuals
- Business recovery planning and facilities management
- Public sale of maps and construction specification books
- Provision and design of office space and security for central office staff

**BUDGET ACTIVITY SUMMARY (Continued)**

**Budget Activity: GENERAL MANAGEMENT**  
**Program: GENERAL SUPPORT**  
**Agency: TRANSPORTATION DEPT**

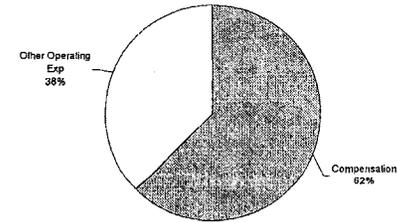
**FINANCING INFORMATION:**

The principal areas of expenditure for this activity are salaries and supplies/equipment as shown below:

**STRATEGIES AND PERFORMANCE:**

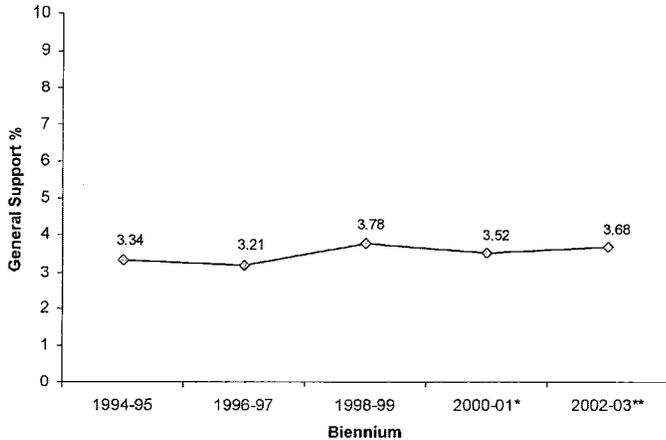
The general support program has only an indirect effect on state transportation services. As such, performance data for this program is only contributory to the department's other program outcomes.

**General Management Expenditures  
 FY 2000-01 (total \$73.4 million)**



**General Support**

As a % of MN/DOT Direct Appropriations - All Funds



\* FY 2001, 2002, 003 Projected  
 \*\* FY 02-03 Biennium Reflects Base Budget Amounts

**FY 2000-2001 Budget Initiatives Accomplishments**

*Human Resources Management*

- Implemented the Transportation Specialist Series to create a more flexible, multi-skilled workforce.
- Reengineered performance management, recruitment selection, and position descriptions based on core competencies.
- Implemented shared work teams to enhance our responsiveness to customers.

*Information Resource Management*

- Created a department-wide communications plan and implementation schedule that heightens public awareness about the importance of transportation in Minnesota.
- Developed a strategy and implementation plan to provide ongoing education for all Mn/DOT employees about their role in communicating Mn/DOT's mission and vision.

**BUDGET ACTIVITY SUMMARY (Continued)**

**Budget Activity: GENERAL MANAGEMENT**  
**Program: GENERAL SUPPORT**  
**Agency: TRANSPORTATION DEPT**

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- Developed a comprehensive plan that directs all information resource investments to agency priorities.
- Developed a plan to assign and support information stewards to ensure the reliability, security, and cost effectiveness of information products
- Institutionalized customer driven decision-making and policy development.

Activity: GENERAL MANAGEMENT  
 Program: GENERAL SUPPORT  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |             |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|-------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent     |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |               |                     |               |                     |  |             |
| <b>State Operations</b>                           |                   |                   |                     |               |                     |               |                     |  |             |
| COMPENSATION                                      | 20,011            | 21,601            | 24,273              | 24,593        | 24,130              | 25,390        | 24,930              | 3,186                                    | 6.9%        |
| OTHER OPERATING EXPENSES                          | 9,688             | 7,612             | 19,944              | 9,681         | 15,428              | 9,601         | 15,345              | 3,217                                    | 11.7%       |
| NON-CASH TRANSACTIONS                             | (25)              | 0                 | 0                   | 0             | 0                   | 0             | 0                   | 0  |             |
| <b>Subtotal State Operations</b>                  | <b>29,674</b>     | <b>29,213</b>     | <b>44,217</b>       | <b>34,274</b> | <b>39,558</b>       | <b>34,991</b> | <b>40,275</b>       | <b>6,403</b>                             | <b>8.7%</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 25                | 19                | 0                   | 0             | 0                   | 0             | 0                   | (19)                                     | (100.0%)    |
| <b>Total Expenditures</b>                         | <b>29,699</b>     | <b>29,232</b>     | <b>44,217</b>       | <b>34,274</b> | <b>39,558</b>       | <b>34,991</b> | <b>40,275</b>       | <b>6,384</b>                             | <b>8.7%</b> |

| <b>Change Items:</b>                            | <b>Fund</b> |  |  |  |              |  |              |
|---|-------------|--|--|--|--------------|--|--------------|
| (A) BASE REDUCTION-SALES TAX                    | THI         |  |  |  | (371)        |  | (371)        |
| (A) BASE REDUCTION-WORKFORCE<br>MANAGEMENT      | THI         |  |  |  | (300)        |  | (300)        |
| (A) TRANSPORTATION WORKER<br>IMPLEMENTATION     | THI         |  |  |  | (500)        |  | (500)        |
| (B) NATIVE AMERICAN LIAISON                     | THI         |  |  |  | 125          |  | 125          |
| (B) OFFICE OF HUMAN RESOURCES<br>CONSOLIDATIONS | THI         |  |  |  | (270)        |  | (270)        |
| (B) INFORMATION TECHNOLOGY<br>INFRASTRUCTURE    | THI         |  |  |  | 6,600        |  | 6,600        |
| <b>Total Change Items</b>                       |             |  |  |  | <b>5,284</b> |  | <b>5,284</b> |

| <b>Financing by Fund:</b>        |               |               |               |               |               |               |               |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Direct Appropriations:</b>    |               |               |               |               |               |               |               |
| GENERAL                          | 0             | 0             | 4,800         | 0             | 0             | 0             | 0             |
| TRUNK HIGHWAY                    | 29,488        | 28,127        | 38,259        | 33,989        | 39,273        | 34,706        | 39,990        |
| <b>Statutory Appropriations:</b> |               |               |               |               |               |               |               |
| SPECIAL REVENUE                  | 211           | 300           | 357           | 285           | 285           | 285           | 285           |
| MISCELLANEOUS AGENCY             | 0             | 805           | 801           | 0             | 0             | 0             | 0             |
| <b>Total Financing</b>           | <b>29,699</b> | <b>29,232</b> | <b>44,217</b> | <b>34,274</b> | <b>39,558</b> | <b>34,991</b> | <b>40,275</b> |

Activity: GENERAL MANAGEMENT  
 Program: GENERAL SUPPORT  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. |
| <b>Revenue Collected:</b>                         |                   |                   |                     |              |                     |              |                     |
| <b>Dedicated</b>                                  |                   |                   |                     |              |                     |              |                     |
| SPECIAL REVENUE                                   | 0                 | 261               | 285                 | 285          | 285                 | 285          | 285                 |
| MISCELLANEOUS AGENCY                              | 0                 | 806               | 800                 | 0            | 0                   | 0            | 0                   |
| <b>Nondedicated</b>                               |                   |                   |                     |              |                     |              |                     |
| GENERAL   | 38                | 34                | 51                  | 51           | 51                  | 51           | 51                  |
| TRUNK HIGHWAY                                     | 58                | 8                 | 60                  | 60           | 60                  | 60           | 60                  |
| HIGHWAY USERS TAX DISTRIBUTION                    | 1,392             | 1,547             | 1,390               | 1,390        | 1,390               | 1,390        | 1,390               |
| <b>Total Revenues Collected</b>                   | <b>1,488</b>      | <b>2,656</b>      | <b>2,586</b>        | <b>1,786</b> | <b>1,786</b>        | <b>1,786</b> | <b>1,786</b>        |

| <b>FTE by Employment Type:</b>    |              |              |              |              |              |              |              |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| FULL TIME                         | 309.3        | 337.5        | 366.2        | 366.2        | 367.2        | 366.2        | 367.2        |
| PART-TIME, SEASONAL, LABOR SER    | 28.5         | 26.0         | 11.3         | 11.3         | 11.3         | 11.3         | 11.3         |
| OVERTIME PAY                      | 1.4          | 2.1          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          |
| <b>Total Full-Time Equivalent</b> | <b>339.2</b> | <b>365.6</b> | <b>378.5</b> | <b>378.5</b> | <b>379.5</b> | <b>378.5</b> | <b>379.5</b> |

**INFORMATION TECHNOLOGY CHANGE ITEM (46032)**

**Activity:** GENERAL MANAGEMENT  
**Program:** GENERAL SUPPORT  
**Agency:** TRANSPORTATION  
**IT Change Item:** INFORMATION TECHNOLOGY INFRASTRUCTURE

**ITEM DESCRIPTION AND PURPOSE:**

To fund preservation (maintenance and replacement) of the agency's Information Technology (IT) infrastructure, particularly network components, and to improve efficiency and coordination of Mn/DOT's networks.

**FUNDING:**

| Funding Distribution | Dollars in Thousands |              |              |              |              |              |
|----------------------|----------------------|--------------|--------------|--------------|--------------|--------------|
|                      | FY 2002              | FY 2003      | FY 2004      | FY 2005      | FY 2006      | FY 2007      |
| Personnel            | 0                    | 0            | 0            | 0            | 0            | 0            |
| Supplies             | 0                    | 0            | 0            | 0            | 0            | 0            |
| Hardware             | 3,000                | 3,000        | 4,500        | 5,000        | 5,000        | 5,000        |
| Software             | 3,000                | 3,000        | 3,000        | 3,000        | 3,000        | 3,000        |
| Facilities           | 0                    | 0            | 0            | 0            | 0            | 0            |
| Services             | 600                  | 600          | 600          | 600          | 600          | 600          |
| Training             | 0                    | 0            | 0            | 0            | 0            | 0            |
| Grants               | 0                    | 0            | 0            | 0            | 0            | 0            |
| <b>Total</b>         | <b>6,600</b>         | <b>6,600</b> | <b>8,100</b> | <b>8,600</b> | <b>8,600</b> | <b>8,600</b> |

Just as people and goods require a well managed and maintained transportation infrastructure to travel safely and efficiently from one place to another, information systems require a secure and reliable IT infrastructure to collect, distribute, process and store information. An IT Infrastructure includes the hardware, software and connectivity required for information systems to operate.

Just as congestion and the need to reach new locations require growth in the size and costs of the transportation system, the automation of more business processes and the increase in internal and external demand for information require growth in the IT Infrastructure. Mn/DOT's IT Infrastructure has experienced rapid growth in capacity, capabilities and costs over the past decade.

**RATIONALE:**

Mn/DOT has made an extensive investment in IT Infrastructure components, such as routers and switches for WAN connectivity; internet connectivity; hardware and software for remote access; firewalls and virus protection for

security; application and database servers and server operating systems; application and database software; developer tools; and Computer-Aided Design (CAD) engineering workstations. These investments require on-going maintenance and replacement, such as on-going software licensing, hardware maintenance contracts, and hardware replacement. Most of the infrastructure has been implemented with one-time funding, with no opportunities to budget for these ongoing costs of maintenance and replacement. The rapid obsolescence of information technology requires increasingly frequent replacement, thus adding to the on-going costs of preserving the IT Infrastructure. Mn/DOT has significantly increased the IT Infrastructure base budget through internal reallocations. However, significant gaps remain between the base budget and the funding requirements to maintain and replace the existing IT Infrastructure.

With the existing budget shortage, Mn/DOT is unable to meet commitments for software licenses, maintenance contracts, and replacement of aging equipment, thus threatening the performance and security of its information systems. Critical business functions are now conducted electronically and rely on these information systems, including bridge design, road design, right-of-way management, and management of the STIP. This Change Item implements the **Budget Principle** of doing the right things and doing them well, as the dependence on smooth operations of these information systems is especially critical at a time when Mn/DOT is committed to delivering a significantly larger program and shortening the project delivery cycle.

Office of Technology IT Budget Drivers

| Driver                         | Relationship | Explanation  |
|--------------------------------|--------------|--|
| Collaboration                  | ✓            | Positions Mn/DOT to integrate its networks with statewide network plans and collaborations with cities and counties.   |
| Big Plan                       | ✓            | Preservation of Mn/DOT Information Technology Infrastructure and improvements in the integration and coordination of its networks contribute directly to the Big Plan priority of ensuring an Information Highway for Minnesota.                     |
| Electronic Government Services | ✓            | This request is essential for Mn/DOT to move into providing services electronically. EGS requires high levels of reliability and security. Future enhancements to enable EGS must be built on an infrastructure that is already reliable and secure. |
| Infrastructure                 | ✓            | This request is entirely for IT Infrastructure.  |

**INFORMATION TECHNOLOGY CHANGE ITEM (46032)**

**Activity: GENERAL MANAGEMENT**  
**Program: GENERAL SUPPORT**  
**Agency: TRANSPORTATION**  
**IT Change Item: INFORMATION TECHNOLOGY INFRASTRUCTURE**

**LIFE CYCLE ANALYSIS:**

| Life Cycle Status | 2002-03 Biennium |         | 2004-05 Biennium |         | 2006-07 Biennium |         |
|-------------------|------------------|---------|------------------|---------|------------------|---------|
|                   | FY 2002          | FY 2003 | FY 2004          | FY 2005 | FY 2006          | FY 2007 |
|                   | Development      |         |                  |         |                  |         |
| Operations        | X                | X       | X                | X       | X                | X       |
| Modification      |                  |         |                  |         |                  |         |
| Retirement        |                  |         |                  |         |                  |         |

**OFFICE OF TECHNOLOGY ANALYSIS:**

This initiative requests funding for IT Infrastructure upgrade, replacements and maintenance. Items funded in this request include hardware investments for routers, switches, servers, and CAD workstations. Software investments include server operating systems, firewalls, virus protection, databases, and developer tools. This initiative supports infrastructure principles. It is listed as a priority in the agency SIRMP. Recommendation: Funding is recommended to replace aging technology infrastructure.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends a biennial appropriation of \$13.2 million for improvements and expansion of information systems technology infrastructure.

**BUDGET CHANGE ITEM (46480)**

**Budget Activity:** GENERAL MANAGEMENT  
**Program:** GENERAL SUPPORT  
**Agency:** TRANSPORTATION DEPT

**Item Title:** NATIVE AMERICAN LIAISON

|                        | 2002-03 Biennium |         | 2004-05 Biennium |         |
|------------------------|------------------|---------|------------------|---------|
|                        | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s) |                  |         |                  |         |
| Trunk Highway Fund     |                  |         |                  |         |
| -State Operations      | \$125            | \$125   | \$125            | \$125   |
| -Grants                | \$-0-            | \$-0-   | \$-0-            | \$-0-   |
| Revenues: (\$000s)     |                  |         |                  |         |
| Trunk Highway Fund     | \$-0-            | \$-0-   | \$-0-            | \$-0-   |

Statutory Change? Yes  No

If yes, statute(s) affected:

New Activity  Supplemental Funding  Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$250,000 for the biennium to establish government to government relationships with tribal communities.

**RATIONALE:**

This proposal helps to preserve our access to federal highway dollars by complying with federal government requirements. Recent changes to federal regulations (Sec. 106) implementing a Presidential Executive Order require the development of regular and consistent government to government level interaction with tribal governments concerning transportation projects. As a result, the Federal Highway Administration is requiring Mn/DOT to establish a government to government relationship with tribes on all highway projects using federal dollars and affecting tribal interests. Existing staff does not have the necessary expertise nor - with some 11 tribal governments to deal with - the time to fill these requirements. Additionally, utilizing existing staff to perform these duties diminishes the high level of attention and collaboration tribes require in the federally mandated consultation processes.

Federal regulations effective 6-17-99 require:

- A government to government relationship
- Consultation with tribal governments before taking actions that affect recognized tribes
- Assess impacts of activities on tribal trust resources (lands)
- Remove procedural impediments to working directly with tribal governments
- Design solutions and tailor federal programs to address specific or unique needs of tribal communities
- Cooperate with other agencies to accomplish these goals.

Working closely with tribal governments not only supports "Living Human Rights and Respect," but will help keep transportation projects on schedule - protecting and expanding the transportation infrastructure which supports another *Big Plan* initiative, "Multimodal Transportation to Get People and Goods Around Statewide."

One additional FTE is required to do this well.

**FINANCING:**

The proposed position is expected to be managerial classification. A high-level manager is needed to adequately represent the government to government relationship tribes expect. Projected annual cost for 1 FTE for this function is \$106,487 or \$212,974 for the biennium, plus non-payroll expenses.

**OUTCOMES:**

Establishing this position is anticipated to result in measurable outcomes including:

- Reduction in project delays,
- Improved tribal relations ,
- Avoidance of many project-related costs associated with project development issues involving tribal governments and cultural interests, and
- Resolution of potential problems before they escalate.

The initiative supports Mn/DOT's strategic direction of working better and being responsive to all people's needs.

**BUDGET CHANGE ITEM (46480) (Continued)**

**Budget Activity: GENERAL MANAGEMENT**  
**Program: GENERAL SUPPORT**  
**Agency: TRANSPORTATION DEPT**  
**Item Title: NATIVE AMERICAN LIAISON**

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These aspects include:

- Tribal participation in transportation planning,
- Impacts on religious activities and sites,
- Avoiding access to sensitive areas,
- Providing access to Indian activities and communities,
- Traditional cultural properties,
- Tribal historic preservation officers,
- Indian employment preference; and
- Tribal Employment Rights Ordinance Programs.

Dealing with these aspects proactively and up front will also support Mn/DOT's Strategic Objective of streamlining program delivery.

**BUDGET CHANGE ITEM (47425)**

**Budget Activity:** GENERAL MANAGEMENT  
**Program:** GENERAL SUPPORT  
**Agency:** TRANSPORTATION DEPT

**Item Title:** OFFICE OF HUMAN RESOURCES CONSOLIDATIONS

|  | 2002-03 Biennium |         | 2004-05 Biennium |         |
|--|------------------|---------|------------------|---------|
|  | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s)   |                  |         |                  |         |
| Trunk Highway Fund   |                  |         |                  |         |
| -State Operations  | \$(270)          | \$(270) | \$(270)          | \$(270) |
| Revenues: (\$000s)   |                  |         |                  |         |
| Trunk Highway Fund   | \$-0-            | \$-0-   | \$-0-            | \$-0-   |
| Statutory Change? Yes _____ No <input checked="" type="checkbox"/>                             |                  |         |                  |         |
| If yes, statute(s) affected:   |                  |         |                  |         |
| _____ New Activity <input checked="" type="checkbox"/> Supplemental Funding _____ Reallocation |                  |         |                  |         |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends the reduction of \$270,000 each year of the biennium to be achieved by internal organization changes.

**RATIONALE:**

The former Office of Quality will be consolidated into the Office of Human Resources. Management has embraced quality philosophies and principles and requires limited assistance in implementing the same through organizational structural and procedural improvements. Transfer of the organizational expertise into the Office of Human Resources (OHR) will achieve the desired quality improvements with reduced staff.

Consolidating two investigative units will permit better use of resources by better managing investigative workload fluctuations. Formerly investigations were segregated by office based upon the complaint subject matter. Discrimination complaints were investigated through the Office of Workforce Equity and Diversity, while general complaints, employee misconduct, and other employee relations' type of investigations were handled by the Office of Human Resources. In a consolidated unit, the anticipated overall workload can be accomplished within required timelines with three full-time equivalent investigators rather than four. This will also align investigative services

consistent with all mediation, arbitration, and litigation issues now handled through the Office of Human Resources.

The Office of Human Resources (OHR) conducted a rigorous needs assessment study during FY 2000 of the Central Office Health Unit. The study revealed under-utilization of the nursing staff and duplication of available Employee Assistance Program services in the Central Office. As a result of the study, necessary occupational health services are contracted out, general nursing services have been eliminated, first aid kits are provided on each floor to address minor injuries, and the state's Employee Assistance Program provides other services as needed.

**FINANCING:**

A decrease of five full-time equivalents (FTEs) and \$270,000 annually will result from these actions.

**OUTCOMES:**

Quality philosophies and principles will be incorporated into all Mn/DOT policies and procedures through management emphasis. The organizational effectiveness focus of quality will be incorporated into the Office of Human Resources Learning and Effectiveness Unit.

Mn/DOT will retain the necessary investigative capabilities that the public expects and will use them to carry out essential functions for its employees.

Employees will continue to have access to the basic occupational health and EAP services required.

## BUDGET ACTIVITY SUMMARY

**Budget Activity:** GENERAL SERVICES  
**Program:** GENERAL SUPPORT  
**Agency:** TRANSPORTATION DEPT

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### **ACTIVITY PROFILE:**

The general services budget activity funds the central payment for the following services or activities, which benefit the entire department:

- Leased work space and attendant housekeeping services for Mn/DOT central office space (Transportation Building) and elsewhere in metropolitan area rental facilities;
- Office supplies and printing services for Mn/DOT employees;
- Office equipment, equipment leases and service agreements;
- Costs associated with the official Minnesota highway map;
- Development of projects outlined in Mn/DOT's plan for shared information resources;
- Services rendered by the Office of Attorney General;
- Air transportation service charges associated with use of the Mn/DOT aircraft, or charter services in lieu of Mn/DOT aircraft; and
- Statewide administration systems that include state accounting, payroll, human resources, procurement and related access system.

### **BUDGET ISSUES:**

Current funding levels are adequate to maintain the department's centrally paid services or activities at a minimal level. However, these activities are under pressure to provide increased services for the same or a reduced budget amount.

For example, increased public involvement and partnerships with other government agencies are driving up the amount of in-house and contracted printing and photographic services required by requesting units. Information technology demands far exceed our capacity to meet them, either with internal resources or outside consultants.

We will continue to pursue initiatives to identify lower priority efforts that can be reduced or eliminated; we will leverage existing resources toward more effective and efficient methods of service delivery.

Activity: GENERAL SERVICES  
 Program: GENERAL SUPPORT  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |             |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|-------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent     |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |               |                     |               |                     |  |             |
| <b>State Operations</b>                           |                   |                   |                     |               |                     |               |                     |  |             |
| COMPENSATION                                      | 1,196             | 1,506             | 1,108               | 1,144         | 1,144               | 1,181         | 1,181               | (289)                                    | (11.1%)     |
| OTHER OPERATING EXPENSES                          | 21,505            | 20,611            | 21,337              | 20,685        | 22,681              | 21,177        | 23,176              | 3,909                                    | 9.3%        |
| <b>Total Expenditures</b>                         | <b>22,701</b>     | <b>22,117</b>     | <b>22,445</b>       | <b>21,829</b> | <b>23,825</b>       | <b>22,358</b> | <b>24,357</b>       | <b>3,620</b>                             | <b>8.1%</b> |

| <u>Change Items:</u>                   | <u>Fund</u> |  |  |  |              |  |  |              |  |
|--|-------------|--|--|--|--------------|--|--|--------------|--|
| (A) INVENTORY REDUCTION                | THI         |  |  |  | (4)          |  |  | (1)          |  |
| (B) INFORMATION TECHNOLOGY DEVELOPMENT | THI         |  |  |  | 2,000        |  |  | 2,000        |  |
| <b>Total Change Items</b>              |             |  |  |  | <b>1,996</b> |  |  | <b>1,999</b> |  |

| <u>Financing by Fund:</u>      |               |               |               |               |               |               |               |  |  |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|--|
| <b>Direct Appropriations:</b>  |               |               |               |               |               |               |               |  |  |
| GENERAL                        | 41            | 49            | 49            | 54            | 54            | 56            | 56            |  |  |
| STATE AIRPORTS                 | 74            | 41            | 99            | 70            | 70            | 70            | 70            |  |  |
| TRUNK HIGHWAY                  | 12,941        | 13,151        | 13,179        | 11,568        | 13,564        | 11,809        | 13,808        |  |  |
| <b>Open Appropriations:</b>    |               |               |               |               |               |               |               |  |  |
| STATE AIRPORTS                 | 110           | 90            | 80            | 0             | 0             | 0             | 0             |  |  |
| TRUNK HIGHWAY                  | 9,120         | 8,170         | 8,448         | 9,547         | 9,547         | 9,833         | 9,833         |  |  |
| HIGHWAY USERS TAX DISTRIBUTION | 415           | 616           | 590           | 590           | 590           | 590           | 590           |  |  |
| <b>Total Financing</b>         | <b>22,701</b> | <b>22,117</b> | <b>22,445</b> | <b>21,829</b> | <b>23,825</b> | <b>22,358</b> | <b>24,357</b> |  |  |

| <u>FTE by Employment Type:</u>    |             |             |             |             |             |             |             |  |  |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|
| FULL TIME                         | 18.6        | 24.5        | 14.0        | 14.0        | 14.0        | 14.0        | 14.0        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 0.1         | 0.0         | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         |  |  |
| OVERTIME PAY                      | 0.0         | 0.2         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |  |  |
| <b>Total Full-Time Equivalent</b> | <b>18.7</b> | <b>24.7</b> | <b>14.2</b> | <b>14.2</b> | <b>14.2</b> | <b>14.2</b> | <b>14.2</b> |  |  |

**INFORMATION TECHNOLOGY CHANGE ITEM (46040)**

**Activity:** GENERAL SERVICES  
**Program:** GENERAL SUPPORT  
**Agency:** TRANSPORTATION DEPT

**IT Change Item:** INFORMATION TECHNOLOGY DEVELOPMENT

**ITEM DESCRIPTION AND PURPOSE:**

To fund IT projects which support the agency's comprehensive IT plan, which in turn supports the planning and delivery of the multi-modal transportation improvement plan or electronic delivery of agency services to citizens.

**FUNDING: (Dollars in Thousands)**

| Funding Distribution | 2002-03 Biennium |              | 2004-05 Biennium |              | 2006-07 Biennium |              |
|----------------------|------------------|--------------|------------------|--------------|------------------|--------------|
|                      | FY 2002          | FY 2003      | FY 2004          | FY 2005      | FY 2006          | FY 2007      |
| Personnel            | 0                | 0            | 150              | 150          | 150              | 150          |
| Supplies             | 0                | 0            | 0                | 0            | 0                | 0            |
| Hardware             | 500              | 500          | 250              | 250          | 250              | 250          |
| Software             | 1,300            | 1,300        | 650              | 650          | 650              | 650          |
| Facilities           | 0                | 0            | 0                | 0            | 0                | 0            |
| Services             | 150              | 150          | 0                | 0            | 0                | 0            |
| Training             | 50               | 50           | 0                | 0            | 0                | 0            |
| Grants               | 0                | 0            | 0                | 0            | 0                | 0            |
| <b>Total</b>         | <b>2,000</b>     | <b>2,000</b> | <b>1,050</b>     | <b>1,050</b> | <b>1,050</b>     | <b>1,050</b> |

Funding for ongoing implementation of Mn/DOT's Investment Plan for Information Resources.

Mn/DOT maintains a comprehensive plan for investments in information resources. The plan identifies a program of projects that will either expand the capabilities or capacity of the information technology infrastructure or develop new (or replacement) databases and applications that rely on that infrastructure. Each biennium, Mn/DOT requests a zero-based appropriation to help fund the ongoing implementation of projects in the plan. (The department also devotes some operating funds to these projects.) Projects are selected for inclusion in the schedule by executive management based on their importance - that is, their connection to the state's and the department's strategic priorities-and their urgency-that is, obsolescence in the legacy systems to be replaced.

**RATIONALE:**

Most of the information resource investment projects selected for FY 2002-2003 directly support the planning and delivery of the multi-modal transportation improvement program or the electronic delivery of services to Minnesota citizens.

The Moving Minnesota initiative is rooted in the multi-modal transportation item in the Healthy, Vital Communities section of The Big Plan. It obligates the department to deliver a substantially larger transportation improvement program. Mn/DOT's information resource investment plan includes many projects that will

improve the quality of transportation plans and transportation projects and shorten program delivery cycle times. Projects covered by this change request will achieve the following:

- \* Enhanced traffic data quality, timeliness, and availability, providing a broader and more comprehensive view of traffic patterns to Mn/DOT's districts, local governments, metropolitan planning organizations, and others.
- \* The central infrastructure for an enterprise document management system and implementation of automated document management in three to five areas where managing documents creates a bottleneck or inefficiency in program delivery.
- \* Significantly more data about the movement of freight commodities to improve multi-modal investment decisions and to better serve the freight shippers and carriers.

Other planned investments support the state's Electronic Government Services initiative. These include the development of applications with which citizens will interact directly to receive traveler information or conduct business with Mn/DOT and they include the acquisition of new Infrastructure technologies to enable access to those applications. Projects covered by this change request will achieve the following:

- \* Capability to exchange bid data with contractors electronically, including the ability to accept bids with electronic signatures at a secure third party web site and hold them in that secure environment until the bid opening.
- \* Enhancements to the application that assembles statewide data on traffic incidents, weather, road conditions, current and planned lane closures, and other information and delivers it on a web site.

Other agencies, particularly local governments are users of some of the applications and databases to be developed with this proposal, and are involved in their design. This is particularly true for projects that support State Aid for Local Transportation funding and for maintaining and analyzing data on road and bridge inventory and use.

**LIFE CYCLE ANALYSIS:**

| Life Cycle Status | 2002-03 Biennium |         | 2004-05 Biennium |         | 2006-07 Biennium |         |
|-------------------|------------------|---------|------------------|---------|------------------|---------|
|                   | FY 2002          | FY 2003 | FY 2004          | FY 2005 | FY 2006          | FY 2007 |
| Development       | X                | X       |                  |         |                  |         |
| Operations        | X                | X       | X                | X       | X                | X       |
| Modification      |                  |         | X                | X       | X                | X       |
| Retirement        |                  |         |                  |         |                  | X       |

Most of the systems and infrastructure components developed in fiscal years 2002 and 2003 with this appropriation will be in the operations and maintenance phases of the lifecycle through fiscal year 2007. Some of them, particularly hardware components, may become obsolete and require replacement beginning in fiscal year 2006.

INFORMATION TECHNOLOGY CHANGE ITEM (46040) (Continued)

Activity: GENERAL SERVICES  
Program: GENERAL SUPPORT  
Agency: TRANSPORTATION DEPT  
IT Change Item: INFORMATION TECHNOLOGY DEVELOPMENT

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Over time, Mn/DOT has acquired information technology to support almost every aspect of its business. It has a portfolio of databases, applications, and technology and each component of that portfolio is at a different stage in its life cycle. Many of the projects in the department's information resource investment plan involve the design and implementation of components that replace obsolete ones. Because the department has a mature portfolio of information resources, it manages growth in the costs of maintaining, operating, and replacing the entire portfolio rather than managing the life cycle costs of individual applications. (This is akin to managing the costs of maintaining, operating, and replacing the trunk highway system rather than managing the life-cycle costs of individual highway segments.).

**OFFICE OF TECHNOLOGY ANALYSIS:**

This initiative requests funding for IT technology development. Deliverables/Objectives: It proposes investments in a document management system, improvements in traffic data quality, enhanced data reporting on statewide traffic incidents, and provides the capability to accept bids with electronic signatures at a secure third party web site. This development will support EGS, Collaboration, Infrastructure and Big Plan (HVC--Multimodal Transportation, SNS--Electronic Government Services Initiative) components. The initiative is listed as a priority in the agency SIRMP. Conclusion: This initiative meets information technology criteria for funding. Development of EGS components need to occur in collaboration with statewide EGS efforts. Funding support for critical business systems is needed. Re-engineering of processes is required. MN/DOT, DHS, and Revenue must find ways to combine workflow and imaging systems.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends a biennial appropriation of \$4.0 million for information systems technology development of new business applications.

## PROGRAM SUMMARY

**Program:** BUILDINGS  
**Agency:** TRANSPORTATION DEPT

### PROGRAM PROFILE:

Mn/DOT owns 131 truck station sites, 17 regional and maintenance headquarter sites, five special services sites, 54 Class I rest area sites, 30 Class II rest area sites, eight truck weigh stations, approximately 88 radio communications sites, and 64 salt/sand loading sites – a total of 397 sites. Mn/DOT operates 979 buildings at these locations, totaling over 5.05 million square feet, with an estimated total replacement cost in excess of \$335 million.

The headquarter buildings provide space for the engineering, operations, technical and constituent services efforts that directly support the management and maintenance of Minnesota's transportation infrastructure. These facilities contain: office space, vehicle repair shops, parts and inventory storage rooms, vehicle storage space, materials laboratories, radio repair and installation shops, sign and bridge crew shops. In many cases they also contain District State Patrol offices and Drivers Exam Stations.

The 1996 Governor's recommendations for the Capital Building Budget (Executive Summary) included the following: "In future biennia, the Governor will propose a more streamlined and efficient budget process by including the smaller ongoing building projects in the operating budget and concentrating in the capital budget on larger projects. Therefore, future capital budgets will include only major projects such as headquarter building replacements, additions or renovations. Other projects will be presented in the operating budget which represent ongoing operational needs such as truck station replacements or additions, chemical and other storage buildings, associated design fees and land acquisitions, rest areas, and related items."

Mn/DOT developed the Biennial Budget Buildings program to conform with this recommendation.

### STRATEGIES AND PERFORMANCE:

Every other year, Mn/DOT uses the building budget process to review with building users and division staff the deficiencies and needs for building space and renewals. This process generally results in an eight to 10 year plan for projects. Presently, the plan lists 205 smaller ongoing projects, totaling \$48.767 million, awaiting funding over the next four biennia. The plan also identifies 20 major projects, totaling \$64.365 million, for which Mn/DOT will request funding through the capital budget process over the next four biennia.

Mn/DOT facilities need to be routinely upgraded to provide the required space, at the correct locations for operations, so that the agency can efficiently and

promptly respond to the highway users needs. Some upgrades are program-related and some are code-required.

Mn/DOT facilities will be built and maintained to meet transportation system user needs and respond to environmental and safety concerns.

- Mn/DOT builds environmentally sound salt and chemical storage facilities, constructed on an ongoing basis. All raw salt is covered to prevent runoff today; however, only 65% of mixed sand/salt in inventory is covered today. The dollars identified in this buildings program should increase the coverage to 75%.
- HVAC health environment upgrades provide adequate exhaust of diesel fumes from truck storage and repair shops, and proper ventilation per code for office areas. While most Mn/DOT buildings meet state building code ventilation requirements, only 60% meet Mn/DOT's diesel exhaust standards of 2.0 cubic feet of air per minute for each square foot of building area.
- Adequate space in buildings to store and service equipment addresses some safety concerns. Adequate space can result in fewer injuries and workers' compensation insurance cases and a more productive workforce.

### FINANCING INFORMATION:

Mn/DOT received appropriations of \$7.5 million for the 2000-01 biennium from the Trunk Highway Fund for smaller projects. \$25.6 million was appropriated for capital building budget projects in 2000. Furthermore, Mn/DOT does not need to issue bonds to fund these projects.

### BUDGET ISSUES:

As the program needs funding to replace, remodel and construct new buildings, the projects are requested as zero based budget requests. Large projects are requested in the even numbered years in the capital budget. Smaller requests are made in the odd numbered years in the biennial operating budget.

### GOVERNOR'S RECOMMENDATION:

The Governor recommends a one-time appropriation of \$7.7 million for building projects, of which \$6.8 million is from the Trunk Highway Fund, and \$0.9 million is from the Special Revenue Fund to finance an addition to the Eagan driver exam station. Since the driver exam station addition supports Public Safety's Driver and Vehicle Services, the Governor recommends funding from driver license fee revenue. In Public Safety's budget, the Governor recommends that driver license fees be transferred from the Trunk Highway Fund to the Special Revenue Fund (see details in the Department of Public Safety budget).

Activity: BUILDINGS  
 Program: BUILDINGS  
 Agency: TRANSPORTATION DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002    |                     | FY 2003    |                     | Biennial Change<br>2002-03 Gov / 2000-01 |                 |
|---|-------------------|-------------------|---------------------|------------|---------------------|------------|---------------------|--|-----------------|
|   |                   |                   |                     | Base       | Governor<br>Recomm. | Base       | Governor<br>Recomm. | Dollars                                  | Percent         |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |            |                     |            |                     |  |                 |
| <b>State Operations</b>                           |                   |                   |                     |            |                     |            |                     |  |                 |
| COMPENSATION                                      | 0                 | 11                | 0                   | 0          | 0                   | 0          | 0                   | (11)                                     | (100.0%)        |
| OTHER OPERATING EXPENSES                          | 879               | 2,285             | 1,520               | 0          | 0                   | 0          | 0                   | (3,805)                                  | (100.0%)        |
| <b>Subtotal State Operations</b>                  | <b>879</b>        | <b>2,296</b>      | <b>1,520</b>        | <b>0</b>   | <b>0</b>            | <b>0</b>   | <b>0</b>            | <b>(3,816)</b>                           | <b>(100.0%)</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 4,469             | 1,472             | 27,937              | 0          | 7,716               | 0          | 0                   | (21,693)                                 | (73.8%)         |
| <b>Total Expenditures</b>                         | <b>5,348</b>      | <b>3,768</b>      | <b>29,457</b>       | <b>0</b>   | <b>7,716</b>        | <b>0</b>   | <b>0</b>            | <b>(25,509)</b>                          | <b>(76.8%)</b>  |
| <b>Change Items:</b>                              |                   |                   |                     |            |                     |            |                     |  |                 |
|   | <b>Fund</b>       |                   |                     |            |                     |            |                     |  |                 |
| (B) OPERATIONS BUILDING PROJECTS                  | SR                |                   |                     |            | 900                 |            |                     |  |                 |
| (B) OPERATIONS BUILDING PROJECTS                  | THI               |                   |                     |            | 6,816               |            |                     |  |                 |
| <b>Total Change Items</b>                         |                   |                   |                     |            | <b>7,716</b>        |            |                     |  |                 |
| <b>Financing by Fund:</b>                         |                   |                   |                     |            |                     |            |                     |  |                 |
| <b>Direct Appropriations:</b>                     |                   |                   |                     |            |                     |            |                     |  |                 |
| SPECIAL REVENUE                                   | 0                 | 0                 | 0                   | 0          | 900                 | 0          | 0                   |  |                 |
| TRUNK HIGHWAY                                     | 5,348             | 3,768             | 29,457              | 0          | 6,816               | 0          | 0                   |  |                 |
| <b>Total Financing</b>                            | <b>5,348</b>      | <b>3,768</b>      | <b>29,457</b>       | <b>0</b>   | <b>7,716</b>        | <b>0</b>   | <b>0</b>            |  |                 |
| <b>FTE by Employment Type:</b>                    |                   |                   |                     |            |                     |            |                     |  |                 |
| FULL TIME   | 0.0               | 0.1               | 0.0                 | 0.0        | 0.0                 | 0.0        | 0.0                 | 0.0                                      | 0.0             |
| OVERTIME PAY                                      | 0.0               | 0.1               | 0.0                 | 0.0        | 0.0                 | 0.0        | 0.0                 | 0.0                                      | 0.0             |
| <b>Total Full-Time Equivalent</b>                 | <b>0.0</b>        | <b>0.2</b>        | <b>0.0</b>          | <b>0.0</b> | <b>0.0</b>          | <b>0.0</b> | <b>0.0</b>          | <b>0.0</b>                               | <b>0.0</b>      |

**BUDGET CHANGE ITEM (44648)**

**Program: BUILDINGS**  
**Agency: TRANSPORTATION DEPT**

**Item Title: OPERATIONS BUILDING PROJECTS**

|                            |                  |
|----------------------------|------------------|
| Rest Areas                 | 180,000          |
| Land Acquisition           | 150,000          |
| Asbestos Abatement         | 100,000          |
| Design Fees                | 1,807,000        |
| Unheated Storage Buildings | 600,000          |
| Salt Sheds                 | <u>1,000,000</u> |
| Total                      | \$7,716,000      |

|                        | <u>2002-03 Biennium</u> |                | <u>2004-05 Biennium</u> |                |
|------------------------|-------------------------|----------------|-------------------------|----------------|
|                        | <u>FY 2002</u>          | <u>FY 2003</u> | <u>FY 2004</u>          | <u>FY 2005</u> |
| Expenditures: (\$000s) |                         |                |                         |                |
| Trunk Highway Fund     |                         |                |                         |                |
| -State Operations      | \$6,816                 | \$-0-          | \$-0-                   | \$-0-          |
| Special Revenue Fund   |                         |                |                         |                |
| -State Operations      | \$900                   | \$-0-          | \$-0-                   | \$-0-          |
| Revenues: (\$000s)     |                         |                |                         |                |
| Trunk Highway Fund     | \$-0-                   | \$-0-          | \$-0-                   | \$-0-          |

Statutory Change? Yes \_\_\_\_\_ No  X

If yes, statute(s) affected:

\_\_\_\_\_ New Activity     X  Supplemental Funding    \_\_\_\_\_ Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$6.816 million from the Trunk Highway Fund and \$900,000 from the Special Revenue Fund for the construction of smaller, operating-type buildings.

**RATIONALE:**

In 1996, the Governor recommended that Mn/DOT request smaller ongoing building projects in the biennial operating budget. (This allows the legislature to concentrate on larger projects in the capital budget.) These projects include truck stations, rest areas, chemical storage buildings, unheated storage buildings, design consultants, land acquisition, asbestos removal and site surveys. Projects that will be funded in this request include:

|   |           |
|---|-----------|
| Deer Lake Truck Station                 | \$550,000 |
| Dodge Center Truck Station              | 575,000   |
| Mankato Site Work                       | 669,000   |
| Spring Lake Park Truck Station Addition | 385,000   |
| Training Center Remodel                 | 600,000   |
| Appleton Shared Maintenance Facility    | 200,000   |
| Eagan Driver's Exam Addition            | 900,000   |

**FINANCING:**

This change item should be funded by a direct appropriation from the Trunk Highway Fund. The Eagan Driver's Exam Station addition is requested from the Special Revenue Fund which is in line with the Department of Public Safety funding change proposed elsewhere in the state biennial budget. There is no base for these projects since they are treated like the capital budget requests, on an every other year basis.

The larger projects will be done by contract. In some cases the request will cover the purchase of materials. Department forces will construct some of the salt sheds and pole-type storage buildings.

**OUTCOMES:**

These funds will allow Mn/DOT to build, remodel and renovate buildings necessary to support the construction and maintenance of the state's transportation infrastructure. Buildings will be constructed to meet the needs of Mn/DOT and, in some instances, the State Patrol and Driver/Vehicle Services. Modifications will meet space needs, environmental needs, code-required updates, and technology upgrades at these locations.

## METROPOLITAN COUNCIL TRANSIT - EXECUTIVE SUMMARY

### MISSION AND VISION:

The Metropolitan Council's mission is to improve regional competitiveness in the global economy so that this is one of the best places to live, work, raise a family, and do business. Key objectives are:

- Provide high quality transit and wastewater treatment services.
- Provide smart growth tools and support so cities can build communities where people want to live, work raise a family, and do business.
- Build support among the public and decision-makers for regional approaches to problems.
- Focus all the work of the Metropolitan Council members and staff on achieving these purposes.

The Metropolitan Council is aggressively implementing Governor Ventura's vision for the state of Minnesota:

#### *Healthy and Vital Communities: Growing Smart in Minnesota*

The metropolitan region will add 500,000 persons between 2000 and 2020. The region has a choice in where these persons will work, live, and shop. We can continue current development trends or we can choose a Smart Growth approach.

Smart Growth links transportation, housing, jobs, the environment, and land use to create development that is more efficient. It supports economic growth by linking where people live and where jobs are located. It preserves the environment by maintaining open space and better using developed land. It is projected that pursuing a Smart Growth approach could save taxpayers \$1.6 billion dollars over the next twenty years in avoided government infrastructure and services.

Transit is key to implementing Smart Growth. Transit encourages a more compact residential form, clustering of retail/commercial services, and the ability to walk or bicycle to services. Transit also supports mixed-use development by encouraging diversity in income, age, and phase of life by providing options to driving. Transit is environmentally friendly by reducing demand for roads and streets, reducing automobile emissions, and by encouraging clustering of commercial services.

#### *Self-sufficient People - Transitioning from Welfare to Self-sufficiency Minnesota: World Competitor -The Best Climate to Grow Business*

There is a substantial mismatch in the region in the location of entry-level jobs and persons needing those jobs. The Access to Jobs Study (available at <http://www.metrocouncil.org/>) found that 43% of welfare recipients are concentrated in Camden, Near North, Phillips, Central, Powderhorn, Dayton's Bluff, Frogtown, Payne/Phalen, and North End neighborhoods.

Of these persons, only 25% have access to an automobile and thus 75% rely on transit to get to work. 45% welfare recipients who live outside these areas own automobiles, with 55% relying on transit to get to work.

70% of entry-level jobs are in the suburbs. Many of these jobs are in the second and third ring suburbs along highways and low-density industrial areas.

Workers looking for entry-level jobs are clustered in the central cities. The majority of entry-level jobs are in the suburbs where employers are having great difficulty in getting the additional workers they need for business expansion. If the region wants to promote self-sufficiency and economic vitality, there needs to be transit services connecting persons who need entry-level jobs to pull themselves out of poverty and the businesses who need that labor to expand.

#### *Service, Not Systems - Best Bang for the Buck*

The Metropolitan Council has accomplished significant redesign in its functions over the last two years, resulting in over \$40 million in budget reductions and reallocations. Program evaluation continues to be a priority for the Council and the Council projects to save the region \$255 million over the next six years.

In addition, the Metropolitan Council has undertaken a comprehensive redesign of all of the bus routes in the Twin Cities region. This comprehensive approach was last done around 1960 after the elimination of the trolley car system. This restructured service is:

- Reducing the number of branches and variations in routes
- Improving service to existing hubs and adding suburban park-and-rides.
- Strengthening a grid network rather than forcing all trips to radiate from the two downtowns and strengthen suburb-to-suburb service.
- Increasing the number of trips and span-of-service on core suburban routes where before service was infrequent and limited by time of day.
- Improving transfers between buses through better timing of interconnections.
- Implementing flex-routes to replace more costly Dial-A-Ride service.

**METROPOLITAN COUNCIL TRANSIT - EXECUTIVE SUMMARY (Continued)**

*Healthy and Vital Communities - Multi-Modal Transportation to Get People and Goods Around Statewide*

The 2000 Metropolitan State University Civic Confidence Survey found "Traffic congestion is seen as the metro area's biggest problem. Traffic congestion far outpaces crime as the number one problem for suburban residents, while crime and traffic congestion are equally important problems for the core cities of Minneapolis and St. Paul."

The University of Minnesota Twin Cities Survey (1999-2000) found that 81% of residents surveyed said that traffic congestion had worsened in the past year.

As congestion has worsened, more and more people have turned to transit as a way to get around the region. In 2000, 75% of transit riders overall were riding during peak periods.

Over the next 20 years, 500,000 additional residents are expected to move into the region. The result is that by 2020, most highways in the region will be congested unless the transit system plays a more significant role in satisfying regional travel needs. Customers will not be able to easily reach businesses and goods will not efficiently move around the region, hurting the region's business community.

Transit must be increased to respond to growing congestion. The Metropolitan Council has set a goal of doubling transit ridership by 2020. This will require:

- Building four to six new dedicated transit corridors (light rail, commuter rail, and/or dedicated busways) over the next ten years;
- Doubling bus fleet and building garages to service this fleet;
- Developing a strong network of park-ride lots, transit hubs and stations;
- Providing funds to operate these expanded services.

*Self-sufficient People - Independent Living*

Transit is vital for our elderly and disabled communities to live independently. Many individuals could not meet simple day to day needs without transit services. Transit allows these persons to live independently, both providing a better quality of life for these persons and saving the state substantially in other programs. In addition, persons with disabilities have been traditionally unemployed or underemployed, in part because of their difficulty in getting to jobs. Currently unemployment for persons with disabilities is nearly 75%. These workers need to be brought into the workforce and supported in their efforts to find employment.

**KEY SERVICE STRATEGIES:**

The Council provides three services that support the Governor's Big Plan.

- *Planning And Developing An Integrated Multimodal Transportation System*

The Council is the federally designated Metropolitan Planning Organization for the Twin Cities region, and thus is the lead agency in transportation planning in the region. In this role, it works to ensure an effective and efficient transit system. It is also the lead agency in the allocation of federal funds for transportation.

- *Delivering Cost Effective, Efficient Transit Services Through Metro Transit, Metro Mobility, And Contracts with 31 Transit Service Providers.*

The Council is the lead agency in planning, providing, and contracting for transit in the Twin Cities Region.

- *Planning, And Implementing Smart Growth in the Twin Cities Region.*

Smart Growth links transportation, housing, jobs, the environment, and land use to create development that is more efficient. It is projected that Smart Growth will result in a savings to taxpayers of \$1.6 billion dollars over the next twenty years in avoided government infrastructure and services.

**REVENUES:**

| Revenues     | 1999      | 2000      | 2001      | Base<br>2002 | Base<br>2003 |
|--------------|-----------|-----------|-----------|--------------|--------------|
| General Fund | \$ 53,083 | \$ 56,801 | \$ 56,801 | \$ 53,101    | \$ 53,101    |
| Property Tax | 66,648    | 71,235    | 76,693    | 81,837       | 86,287       |
| Fares        | 58,188    | 60,196    | 61,535    | 52,304       | 49,228       |
| Federal      | 8,406     | 11,204    | 14,802    | 13,034       | 16,972       |
| Other        | 2,841     | 3,777     | 4,149     | 4,227        | 4,301        |
| Total        | \$189,166 | \$203,213 | \$213,980 | \$204,503    | \$209,889    |

Notes:

- This assumes the Council levies the maximum property tax in all years.
- Fare revenue grows or declines with ridership. A base level of state general funds will reduce the amount of transit service, and thus fare revenues.
- Federal formula grants are the maximum allowable.
- Other revenues primarily advertising and local grant funds.
- General Fund 2002-2003 base level is 6.5% below 2000-2001 levels.

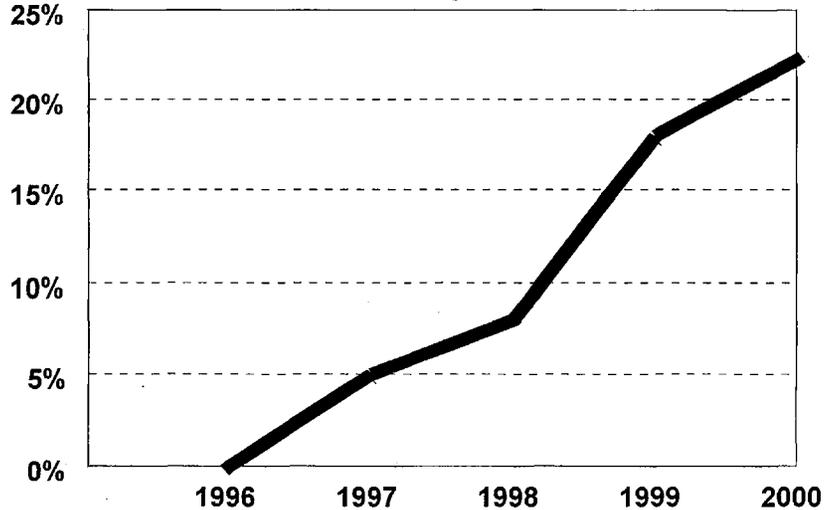
METROPOLITAN COUNCIL TRANSIT - EXECUTIVE SUMMARY (Continued)

**PERFORMANCE SUMMARY:**

*Ridership is Up, Bringing Many Benefits*

Transit ridership grew 22% from FY 1996 to FY 2000.

**Cumulative Ridership 1996 - 2000**



Ridership at this level has the following benefits:

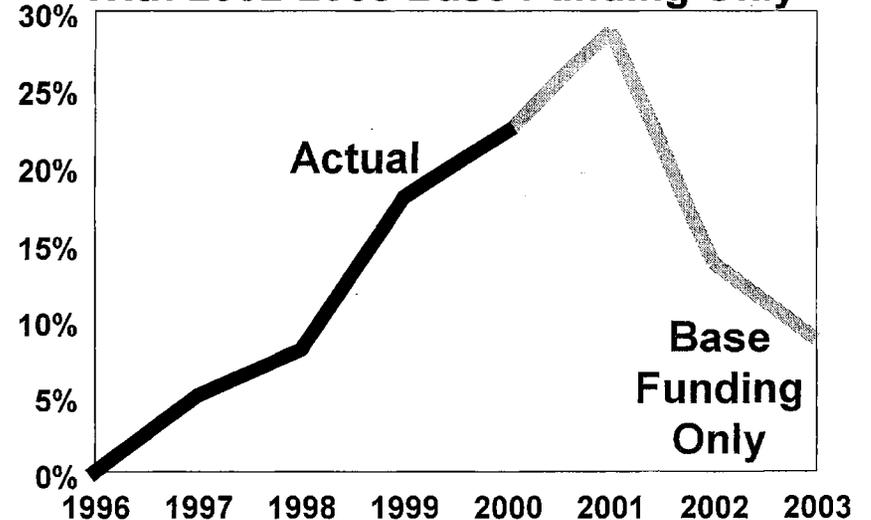
- In 2000, 250,000 vehicle trips were taken off our roads and highways every workday, 50,000 more than in 1996.
- Every day, 1.5 million miles are not driven
- The state saves billions of dollars by not having to build additional lanes on Twin Cities highways.
- 28 tons of carbon monoxide and 800 tons of carbon dioxide are not put into the air every day in the Twin Cities.
- 80% of the people taking the bus are doing so to get to work. 32% of these people have no other way of getting to work and are able to get to work because of transit.

*Funding At Base Level Would Result In A 20% Decrease In Ridership Over The Biennium.*

The Council received \$113.6 million in the 2000-2001 biennium. The legislature stated that \$3.7 million of these funds were to be one-time even though they were to be specifically for operating transit service. The next biennium's base budget (2002-2003) is based on the second year of the biennium, the year that the legislature designated part of the Council's operating money as a one-time expenditure. This results in a Council base budget 6.5% lower than what it received in the previous biennium. In addition, as the Council is considered a grantee, it is not allowed salary or rent inflationary increases. The result is a base budget that will not maintain the transit service currently on the street.

Given these factors, the current base budget would result in a decrease in ridership of 15% the first year and 5% the second year.

**Cumulative Ridership Growth With 2002-2003 Base Funding Only**



**METROPOLITAN COUNCIL TRANSIT - EXECUTIVE SUMMARY (Continued)**

**BUDGET ISSUES:**

*Transit Costs Increasing Substantially Faster Than Inflation*

Council transit costs are increasing faster than inflation due to several factors:

- The cost for diesel fuel has increased 22% over the last year.
- Health insurance costs also increased 23% over the last year.
- Labor costs overall have increased substantially due to the difficulty of recruiting and retaining bus drivers and mechanics in the current labor market.
- Overloads have forced the Council to add some service.

*Operating Costs for An Expanded Bus Fleet and New Transitways Will Be Needed In Future Biennia.*

The region needs to double the bus system by 2020 to meet demand for transit, to mitigate congestion, and to meet the population growth in the region. The legislature has also authorized funds in the last three years for several transitways. The first, the Hiawatha Light Rail Transit Line will be open in late 2003. The state also funded \$50.3 million for dedicated busways. It is projected that the first busway will be open in 2004 or 2005. In addition, discussions are occurring to build the region's first commuter rail line in the next six years. It is projected that by 2006, the operating costs for the expanded bus fleet and new transitways will be \$68 million. Funding is needed for these costs.

There are currently three main funding sources for transit: property taxes, fares, and the state general fund. Property taxes are capped by the legislature. Fare increases have to be tempered by the risk of losing the ridership gains.

Property tax growth will provide funds for some but not all of these needs. Fare levels will need to be balanced by the need to maximize ridership. Either the state general fund or property tax will have to be greatly expanded or a new funding source will need to be found to meet the program that has been developed for the region. This source must

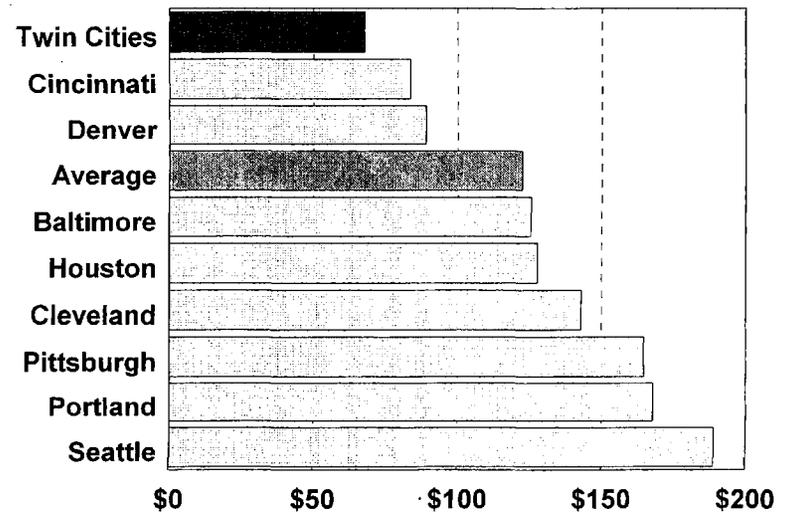
- be stable and reliable;
- grow with the population growth in the region;
- grow with inflation;
- grow to meet demand resulting from increasing congestion;
- be dedicated to transit to allow for long-range planning for the transit system.

**ISSUES AFFECTING THE AGENCY'S OPERATIONS:**

*Transit Funding Is Inadequate To Meet Demand.*

The table below shows operating spending per capita for the major transit system for nine peer cities. These cities were selected because they were close matches in terms of density, size of service area, types of transit service, and population. The Twin Cities per capita spending is \$67.69, the lowest of the nine cities surveyed. Transit spending in the Twin Cities would have to almost double to meet the peer average and would have to almost triple to meet Seattle, who has the highest spending of this peer group. The result is an inadequate level of transit in the Twin Cities.

**Transit Spending Per Capita**



**GOVERNOR'S RECOMMENDATION:**

The Governor recommends the agency's base budget, and in addition, recommends an increase of \$30 million for the biennium from the General Fund to preserve transit service levels and ridership growth achieved during the 2000-2001 biennium. Five million dollars of this appropriation would be for a fuel contingency. The Governor further recommends that the Metropolitan Council be authorized to increase the existing property tax levies \$11.5 million per year on an ongoing basis, beginning with the 2002-2003 biennium to expand all elements of the Council's transit and paratransit programs. The Governor also recommends that \$8 million be recognized in the General Fund in the 2004-2005 biennium as the estimated costs for the operation of the Hiawatha Light Rail Transit Line. This funding would pay for personnel, maintenance of equipment and right-of-way, utilities and other support costs. This amount is net of fares and projected available federal funding.

Agency: METROPOLITAN COUNCIL

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|--------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |               |                     |               |                     |  |              |
| LOCAL ASSISTANCE                                  | 51,351            | 58,616            | 57,801              | 53,101        | 68,101              | 53,101        | 68,101              | 19,785                                   | 17.0%        |
| <b>Total Expenditures</b>                         | <b>51,351</b>     | <b>58,616</b>     | <b>57,801</b>       | <b>53,101</b> | <b>68,101</b>       | <b>53,101</b> | <b>68,101</b>       | <b>19,785</b>                            | <b>17.0%</b> |

| <b>Change Items:</b>                | <b>Fund</b> |  |  |  |               |  |               |
|-------------------------------------|-------------|--|--|--|---------------|--|---------------|
| (A) PRESERVE/EXPAND TRANSIT SERVICE | GEN         |  |  |  | 15,000        |  | 15,000        |
| <b>Total Change Items</b>           |             |  |  |  | <b>15,000</b> |  | <b>15,000</b> |

| <b>Financing by Fund:</b>      |               |               |               |               |               |               |               |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Direct Appropriations:</b>  |               |               |               |               |               |               |               |
| ENVIRONMENT & NATURAL RESOURCE | 0             | 1,000         | 1,000         | 0             | 0             | 0             | 0             |
| GENERAL                        | 51,351        | 56,801        | 56,801        | 53,101        | 68,101        | 53,101        | 68,101        |
| MINNESOTA RESOURCES            | 0             | 815           | 0             | 0             | 0             | 0             | 0             |
| <b>Total Financing</b>         | <b>51,351</b> | <b>58,616</b> | <b>57,801</b> | <b>53,101</b> | <b>68,101</b> | <b>53,101</b> | <b>68,101</b> |

Agency: METROPOLITAN COUNCIL

| Base Budget Report<br>(Dollars in Thousands) | All Funds       |                 | General Fund    |                 | Other State Funds |                | Federal Funds |          |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|----------------|---------------|----------|
|  | FY 2002         | FY 2003         | FY 2002         | FY 2003         | FY 2002           | FY 2003        | FY 2002       | FY 2003  |
| FY 2001 Budgeted                             | 74,101          | 74,101          | 73,101          | 73,101          | 1,000             | 1,000          | 0             | 0        |
| <b>Base Adjustments</b>                      |                 |                 |                 |                 |                   |                |               |          |
| ONE-TIME APPROPRIATIONS                      | (21,000)        | (21,000)        | (20,000)        | (20,000)        | (1,000)           | (1,000)        | 0             | 0        |
| <b>Subtotal Base Adjustments</b>             | <b>(21,000)</b> | <b>(21,000)</b> | <b>(20,000)</b> | <b>(20,000)</b> | <b>(1,000)</b>    | <b>(1,000)</b> | <b>0</b>      | <b>0</b> |
| <b>Base Budget</b>                           | <b>53,101</b>   | <b>53,101</b>   | <b>53,101</b>   | <b>53,101</b>   | <b>0</b>          | <b>0</b>       | <b>0</b>      | <b>0</b> |

**BUDGET CHANGE ITEM (45584) (45584)**

**Program: MET COUNCIL TRANSIT**  
**Agency: METROPOLITAN COUNCIL**

**Item Title: PRESERVE/EXPAND TRANSIT SERVICE**

|  | <u>2002-03 Biennium</u> |                | <u>2004-05 Biennium</u> |                |
|--|-------------------------|----------------|-------------------------|----------------|
|  | <u>FY 2002</u>          | <u>FY 2003</u> | <u>FY 2004</u>          | <u>FY 2005</u> |
| Expenditures: (\$000s)   |                         |                |                         |                |
| General Fund   |                         |                |                         |                |
| -Grants  | \$15,000                | \$15,000       | \$15,000                | \$15,000       |
| Revenues: (\$000s)   |                         |                |                         |                |
| General Fund   | \$-0-                   | \$-0-          | \$-0-                   | \$-0-          |
| Statutory Change? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>  |                         |                |                         |                |
| If yes, statute(s) affected: 473.466 Transit Tax Levies  |                         |                |                         |                |
| <input type="checkbox"/> New Activity <input checked="" type="checkbox"/> Supplemental Funding <input type="checkbox"/> Reallocation |                         |                |                         |                |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$30 million dollars from the General Fund to preserve transit service levels and ridership growth achieved during the 2000-2001 biennium for regular route, Metro Mobility, and community-based services.

Five million dollars of this appropriation would be for a fuel contingency. Fuel prices would be reviewed at the end of each year of the biennium. If annual average fuel prices drop 10% below the budgeted amount of \$.85 per gallon (\$.765 per gallon), the \$2.5 million per year would be reduced proportionate to the amount that the actual price was below \$.85 per gallon.

The Governor further recommends that the Metropolitan Council be authorized to increase the existing property tax levies for transit and para-transit by \$11.5 million per year on an ongoing basis beginning with the 2002-2003 biennium. Because it is not possible to levy a property tax in the first six months of the biennium because the levy already has been set for taxes payable for 2001, \$17.4 million would be levied during calendar 2002 and \$11.5 would be added to the base levy in calendar year 2003. These funds shall be used to expand all elements of the Council's transit and paratransit programs, including both service in the Metropolitan Transit Taxing District and in the Metropolitan Transit Area.

The Council shall be authorized to levy this increased amount in communities eligible for replacement services under 473.388. The Metropolitan Council shall disburse taxes levied in these communities back to those communities in the same proportions as current taxes levied for transit services.

The Council shall spend up to \$4.2 million of the general fund appropriation increase for Metro Mobility.

**RATIONALE:**

*Description*

This proposal is to maintain and expand transit service in the Twin Cities region. It would provide funds to:

- Maintain service levels established in the 2000-2001 biennium
- Provide for growth throughout the transit system
- Reduce trip denials for Metro Mobility
- Provide for regular route service outside the Transit Taxing District

*This Proposal Assumes a \$106.2 Base, 6.5% Lower than the 2000-2001 Biennium Funding Level*

Due to how the base is calculated, the 2002-2003 base is 6.5% lower than 2000-2001. This proposal is for a base level that maintains current service levels.

*This Proposal Would Preserve 2000-2001 Service Levels and Ridership Gains*

The proposed \$30 million general fund initiative and a proposed fare increase of \$.25 (to be implemented on 7/1/01) are needed to address inflationary and extraordinary cost increases and make permanent new service deployed in FY 2001. Extraordinary cost increases include:

- Fuel costs increasing 22% from calendar 2000 to 2001.
- Labor costs increasing due to the tight job market, especially in the pay range for starting bus drivers.
- Health costs increasing 23% in one year from calendar 2000 to 2001
- Service added to respond to overloads.

**BUDGET CHANGE ITEM (45584) (Continued)**

**Program: MET COUNCIL TRANSIT**  
**Agency: METROPOLITAN COUNCIL**

**Item Title: PRESERVE/EXPAND TRANSIT SERVICE**

*This Proposal Would Provide Transit Service Expansion and Ridership Growth Throughout the Metropolitan Area*

In FY 2000, 76.4 million trips were taken on transit, a growth of 22% over the last four years. This is a reflection of citizen's growing demand for transit. This proposal would provide \$11.5 million per year of increased property tax revenue to continue ridership growth in the Metropolitan Transit Taxing District (including Metro Transit and community providers); communities eligible for replacement service (opt out communities); the Metropolitan Transit Area; and the Metro Mobility/ADA system

*This Proposal Would Reduce Metro Mobility Trip Denials*

Metro Mobility provides transit service for mobility-impaired persons in the Twin Cities region as required by the Americans with Disabilities Act. For calendar 1998, 3.4% of the calls to Metro Mobility for rides were denied because there were not enough buses available to meet demand. For 1999, this rate increased to 4.9%. This proposal would direct a portion of the new property tax revenues to reduce the trip denial rate to near zero.

*This Proposal would Expand Service to Outside the Transit Taxing District*

The Metropolitan Council levies property taxes within the Transit Taxing District to provide about one-third of transit operating funds. The district was established in 1972 as a boundary that reflected the outer edges of development in the Twin Cities at that time. Since then, new suburbs like Lakeville, Andover, and Ramsey have grown outside the taxing district and older cities like Rogers, Hastings, Farmington, and Forest Lake have experienced substantial growth. Residents of those communities are driving in and using transit services funded by the residents of the Transit Taxing District. In addition, it is difficult to promote Smart Growth in these areas because transit service cannot be provided in communities that are experiencing growth.

This proposal would allow the Council to levy additional property taxes outside of the Transit Taxing District but inside the seven county metropolitan area to provide service to these cities. This service would be provided through a mix of Metro Transit, opt out systems, and contracted providers.

*This Proposal Would Provide Additional Money to Opt Out Communities*

From calendar 1996 to calendar 1999, opt-out ridership increased 28% and now demand for service outstrips available funding. As property taxes and fares are opt out communities' primary sources of funding, the proposed increased property tax and fare increase would provide them with needed resources. The Metropolitan Council would levy this increased levy and disburse it back to these communities according to the same formula used for the current transit levies.

**Financing**

- \$30 million dollars would be used to preserve transit service levels and ridership gains achieved during the 2000-2001 biennium. \$5 million of these funds would be set aside for a fuel contingency.
- \$17.4 million, in calendar year 2002, would be raised through an increased property tax for transit levied both in the Metropolitan Transit Taxing District and the Metropolitan Transit Area, and \$11.5 million would be raised in calendar year 2003. The Council would disburse funds raised through this increased levy from replacement service communities in the same proportions used for the current transit operating levies.
- \$15.8 million would be raised through a base fare increase by the Metropolitan Council, which would begin on July 1<sup>st</sup>, 2001. This assumption is based on a 25¢ increase across the board. The Council will study other fare options to minimize the negative impacts on ridership.

**OUTCOMES:**

Ridership has increased 22% over the last four years. This proposal would continue the trend for ridership gains by increasing ridership by 2% during the 2002-2003 biennium.

For calendar 1998, 3.4% of the calls to Metro Mobility for rides were denied because there were not enough buses available to meet demand. For 1999, this rate increased to 4.9%. With the proposed funding, trip denials due to capacity should approach zero.

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**PUBLIC SAFETY DEPT - EXECUTIVE SUMMARY**

**AGENCY MISSION AND VISION:**

The goal of the Minnesota Department of Public Safety is to keep Minnesotans safe and provide quality customer service.

This mission is achieved through enforcement, prevention, and service strategies that incorporate innovation, stewardship, collaboration, and communication objectives.

**KEY SERVICE STRATEGIES:**

The department serves the public in the following ways:

- Enforce liquor and gambling laws.
- Provide criminal investigations, forensic science and fingerprint records, criminal justice, and criminal justice training.
- License drivers and register and title vehicles.
- Provide mitigation, preparedness, response, and recovery to disasters.
- Promote fire safety.
- Ensure safety of natural gas and hazardous liquid pipeline systems.
- Ensure safety on roadways, reduce fatalities, and enforce traffic laws.
- Provide services to crime victims and facilitate their healing.
- Administer grant programs that strive to reduce crime in Minnesota.

**OPERATING ENVIRONMENT:**

The department's efforts impact federal, state, and local criminal justice agencies, fire safety agencies, emergency management, licensing and inspection agencies, other governmental agencies, private and nonprofit organizations, as well as the general public.

There are several key factors that impact our operating environment.

- Violent crime. The severity of violent crime is increasing, despite the fact that crime in general is decreasing.
- Stretched resources. As the number of service requests increase, existing resources are stretched even further, often causing gaps or ineffective services.
- Advancements and demands in technology. Outdated technology, or technology that is inadequately integrated, is costly to maintain and negatively impacts the department's ability to meet service demands, often impacting public safety.

- Increase in licensed drivers and motor vehicles. The number of motor vehicles and licensed drivers continues to increase, as does the number of non-English speaking driver's license applicants. The department is moving toward a paperless system, which will be more efficient and effective, offering a higher level of customer services.
- Traffic challenges. Traffic fatalities are up and speed-related fatalities and drunk driver crashes are also on the increase. In addition, increased congestion leads to an increase in aggressive driving, causing more crashes. Another important factor is the increased costs for gas, which negatively impacts our ability to patrol the freeways.
- Increase in disaster declarations. Disaster declarations in the last 10 years have increased and service demands are beyond typical levels and activities.

**ORGANIZATION/PROGRAM STRUCTURE:**

| <b>Commissioner and Executive Management</b> |   |
|--|---|
| —  | Administration and Related Services 115.3       |
| —  | Alcohol and Gambling Enforcement 27.7           |
| —  | Bureau of Criminal Apprehension 258.8           |
| —  | Driver and Vehicle Services 533.3               |
| —  | Emergency Management 52.0                       |
| —  | Fire Marshal 54.7                               |
| —  | Pipeline Safety 19.3                            |
| —  | State Patrol 805.2                              |
| —  | Traffic Safety 19.0                             |
| —  | Law Enforcement and Community Grants 15.2       |
| —  | Minnesota Center for Crime Victim Services 34.9 |
| 6/30/00 TOTAL FTEs 1,935.4                   |   |

The Department of Public Safety's budget is presented to the legislature in two parts. This section in the Transportation budget volume includes the Administration and Related Services, State Patrol, Driver and Vehicle Services, Traffic Safety and Pipeline Safety programs. The remaining programs are presented in the Criminal Justice budget volume.

PUBLIC SAFETY DEPT - EXECUTIVE SUMMARY (Continued)

**TRENDS AND PERSPECTIVE:**

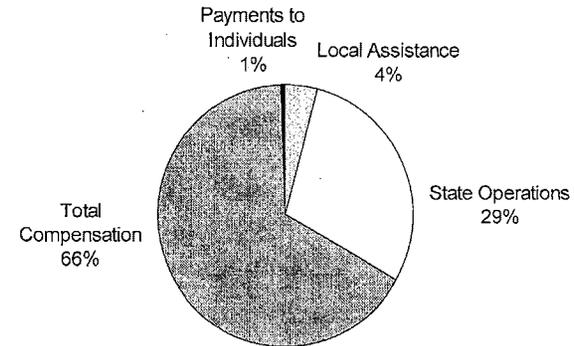
**Total Budget - All Funds**



The sharp drop in expenditures in FY 1996 reflects the division of the agency between the Transportation and Criminal Justice budgets.

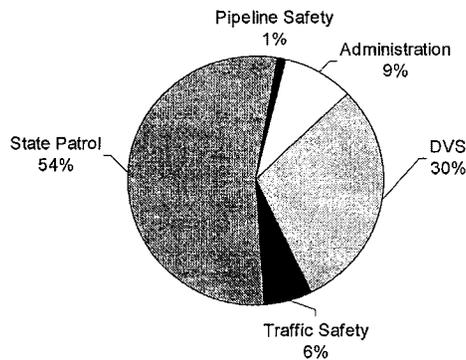
**2000-01 Expenditures by Category**

Total: \$263 Million



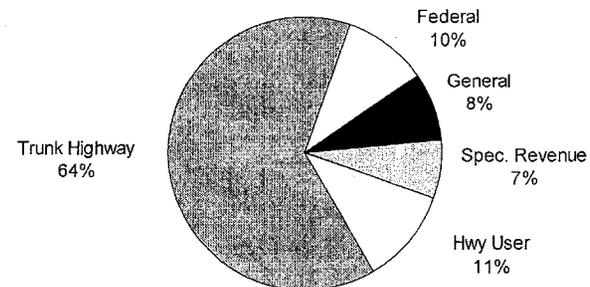
**2000-01 Expenditures by Program**

Total: \$263 Million



**2000-01 Expenditures by Fund**

Total: \$263 Million



**PUBLIC SAFETY DEPT - EXECUTIVE SUMMARY (Continued)**

**GOVERNOR'S RECOMMENDATION(S):**

The Governor recommends the following changes to the agency base budget. These changes are outlined on the following budget brief and program pages, as well as detailed on individual change item pages within the agency's budget.

| <u>Change Item/Fund</u> (\$000s)           | <u>FY 2001</u> | <u>FY 2002-03</u> |
|--|----------------|-------------------|
| <b>General Fund</b>                        |                |                   |
| Motor Vehicle Tax Refunds                  |                | \$11,725          |
| <b>Trunk Highway Fund</b>                  |                |                   |
| Driver License Card Production             | \$445          | \$ (4,914)        |
| Driver License Fees                        |                | (38,686)          |
| State Patrol Recruit Trng Academy/Staffing |                | 4,294             |
| Trunk Highway Fund Total                   |                | \$ (39,306)       |
| <b>Special Revenue Fund</b>                |                |                   |
| Driver License Fees                        |                | \$ 38,686         |
| Driver License Card Production (Open)      |                | 6,274             |
| DVS Technological Improvements             |                | 2,400             |
| Enhanced Driver License Customer Service   |                | 500               |
| Special Revenue Fund Total                 |                | \$ 47,860         |
| <b>Highway Users Tax Distribution Fund</b> |                |                   |
| Motor Vehicle License Plates (Direct)      | \$875          | \$(10,509)        |
| Motor Vehicle License Plates (Open)        |                | \$ 11,807         |
| DVS Technological Improvements             |                | 1,245             |
| Highway Users Tax Distr. Fund Total        |                | \$ 2,543          |

**Supplemental Appropriations - FY 2001**

The Governor recommends two supplemental appropriations:

- \$445,000 from the Trunk Highway Fund to fund estimated additional costs of increased driver license production, and
- \$875,000 from the Highway Users Tax Distribution Fund to fund estimated additional costs of increased license plate production.

**State Patrol**

The Governor recommends funding for annual State Patrol training academies, including ongoing salary costs for graduating recruits of 30 in FY 2002 and 35 in FY 2003.

**Driver and Vehicle Services**

The Governor makes the following recommendations to enhance driver license and motor vehicle services and improve systems:

- Reimburse the Highway Users Tax Distribution Fund (HUTD) for the extra cost of refunding taxes for vehicle registration renewals due in June 2000;
- Transfer funding sources and expenditures from the Trunk Highway Fund to the Special Revenue Fund,
- Replace outmoded technology and communication systems,
- Improve services in outstate offices
- Convert direct appropriations for driver license cards and license plates to open appropriations to allow DVS to more quickly respond to fluctuating demand for cards and plates.
- Create a permanent utility trailer registration for trailers weighing 3,000 pounds or less to provide a convenience to owners. This initiative would increase revenue to the Highway Users Tax Distribution Fund in the next four years, but would be revenue neutral over the long-term.

Agency: PUBLIC SAFETY DEPT

| Agency Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002        |                     | FY 2003        |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|--|-------------------|-------------------|---------------------|----------------|---------------------|----------------|---------------------|--|--------------|
|  |                   |                   |                     | Base           | Governor<br>Recomm. | Base           | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Program:</b>          |                   |                   |                     |                |                     |                |                     |  |              |
| ADMIN & RELATED SERVICES                 | 10,178            | 10,911            | 12,141              | 15,017         | 15,017              | 15,217         | 15,217              | 7,182                                    | 31.2%        |
| STATE PATROL                             | 67,082            | 70,020            | 73,361              | 73,106         | 74,318              | 75,486         | 78,568              | 9,505                                    | 6.6%         |
| DRIVER & VEHICLE SERVICES                | 37,572            | 37,971            | 41,257              | 39,945         | 55,691              | 40,844         | 43,626              | 20,089                                   | 25.4%        |
| TRAFFIC SAFETY                           | 3,559             | 4,360             | 11,188              | 10,701         | 10,701              | 14,482         | 14,482              | 9,635                                    | 62.0%        |
| PIPELINE SAFETY                          | 1,521             | 1,469             | 1,773               | 1,919          | 1,919               | 1,934          | 1,934               | 611                                      | 18.8%        |
| <b>Total Expenditures</b>                | <b>119,912</b>    | <b>124,731</b>    | <b>139,720</b>      | <b>140,688</b> | <b>157,646</b>      | <b>147,963</b> | <b>153,827</b>      | <b>47,022</b>                            | <b>17.8%</b> |

| <b>Financing by Fund:</b>        |                |                |                |                |                |                |                |  |  |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|--|
| <b>Carry Forward:</b>            |                |                |                |                |                |                |                |  |  |
| GENERAL                          | 0              | 23             | 117            | 28             | 28             | 28             | 28             |  |  |
| <b>Direct Appropriations:</b>    |                |                |                |                |                |                |                |  |  |
| GENERAL                          | 9,343          | 9,890          | 9,824          | 11,790         | 23,515         | 12,046         | 12,046         |  |  |
| SPECIAL REVENUE                  | 759            | 740            | 965            | 979            | 21,950         | 994            | 21,609         |  |  |
| TRUNK HIGHWAY                    | 80,743         | 80,702         | 84,566         | 85,154         | 64,798         | 87,317         | 68,367         |  |  |
| HIGHWAY USERS TAX DISTRIBUTION   | 13,674         | 13,778         | 15,250         | 15,728         | 11,428         | 16,025         | 11,061         |  |  |
| <b>Open Appropriations:</b>      |                |                |                |                |                |                |                |  |  |
| SPECIAL REVENUE                  | 0              | 0              | 0              | 0              | 3,077          | 0              | 3,197          |  |  |
| HIGHWAY USERS TAX DISTRIBUTION   | 0              | 0              | 0              | 0              | 5,841          | 0              | 5,966          |  |  |
| <b>Statutory Appropriations:</b> |                |                |                |                |                |                |                |  |  |
| GENERAL                          | 248            | 398            | 422            | 201            | 201            | 201            | 201            |  |  |
| STATE GOVERNMENT SPECIAL REVENUE | 207            | 335            | 472            | 340            | 340            | 350            | 350            |  |  |
| SPECIAL REVENUE                  | 6,835          | 7,998          | 9,137          | 8,032          | 8,032          | 8,063          | 8,063          |  |  |
| TRUNK HIGHWAY                    | 1,442          | 2,914          | 1,341          | 1,251          | 1,251          | 1,201          | 1,201          |  |  |
| FEDERAL                          | 6,604          | 7,848          | 17,504         | 17,101         | 17,101         | 21,654         | 21,654         |  |  |
| REINVEST IN MINNESOTA            | 12             | 28             | 29             | 29             | 29             | 29             | 29             |  |  |
| GIFT                             | 45             | 77             | 93             | 55             | 55             | 55             | 55             |  |  |
| <b>Total Financing</b>           | <b>119,912</b> | <b>124,731</b> | <b>139,720</b> | <b>140,688</b> | <b>157,646</b> | <b>147,963</b> | <b>153,827</b> |  |  |

| <b>FTE by Employment Type:</b>    |                |                |                |                |                |                |                |  |  |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|--|
| FULL TIME                         | 1,392.8        | 1,453.6        | 1,492.1        | 1,474.1        | 1,476.6        | 1,460.6        | 1,493.1        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 59.5           | 63.5           | 46.8           | 45.4           | 64.2           | 45.4           | 66.7           |  |  |
| OVERTIME PAY                      | 77.7           | 80.7           | 52.8           | 48.7           | 48.7           | 52.1           | 52.1           |  |  |
| <b>Total Full-Time Equivalent</b> | <b>1,530.0</b> | <b>1,597.8</b> | <b>1,591.7</b> | <b>1,568.2</b> | <b>1,589.5</b> | <b>1,558.1</b> | <b>1,611.9</b> |  |  |

**PUBLIC SAFETY DEPT - BUDGET BRIEF**

**Fund: GENERAL**

|  | <u>FY 2002</u>   | <u>FY 2003</u>   | <u>Biennium</u>  |
|--|------------------|------------------|------------------|
| <b>BASE YEAR (FY 2001) (\$000s)</b>          |                  |                  |                  |
| Appropriations                               | \$ 11,386        | \$ 11,386        | \$ 22,772        |
| <b><u>BASE ADJUSTMENT</u></b>                |                  |                  |                  |
| New programs to agency base                  | 26               | 67               | 93               |
| Documented space rental/lease Inc.           | 200              | 208              | 408              |
| 2002-03 salary & benefit base                | 197              | 404              | 601              |
| One-time appropriations                      | (20)             | (20)             | (40)             |
| <b><u>BASE LEVEL (for 2002 and 2003)</u></b> | <b>\$ 11,790</b> | <b>\$ 12,046</b> | <b>\$ 23,836</b> |
| <b><u>CHANGE ITEMS</u></b>                   |                  |                  |                  |
| Motor Vehicle Tax Refunds (expenditure)      | 11,725           | -0-              | 11,725           |
| <b>GOVERNOR'S RECOMMENDATION</b>             | <b>\$ 23,515</b> | <b>\$ 12,046</b> | <b>\$ 35,561</b> |

**BRIEF EXPLANATION OF BASE ADJUSTMENTS:**

A base increase annualizes the costs of the motor vehicle transfer reporting system in the driver and vehicle services program.

A one-time appropriation of \$20,000 in the driver and vehicle services program, for the costs related to the recodification of the driving while impaired laws, is removed.

Base adjustments are made for documented space lease increases. Capitol Complex Security will be relocating to a new site in the Capitol building.

Base adjustments are made for anticipated increases in wage and benefits.

**GOVERNOR'S RECOMMENDATION(S):**

The Governor recommends the agency's base level funding for the 2002-03 biennium. The Governor further recommends an appropriation in FY 2002 of \$11.725 million to reimburse the Highway Users Tax Distribution Fund for the cost of refunding taxes for vehicle registration renewals due in June 2000.

**PUBLIC SAFETY DEPT - BUDGET BRIEF**

**Fund: MISCELLANEOUS SPECIAL REVENUE**

|  | <u>FY 2002</u>  | <u>FY 2003</u>  | <u>Biennium</u> |
|--|-----------------|-----------------|-----------------|
| <b>BASE YEAR (FY 2001) (\$000s)</b>          |                 |                 |                 |
| Appropriations                               | \$ 965          | \$ 965          | \$ 1,930        |
| <b><u>BASE ADJUSTMENT</u></b>                |                 |                 |                 |
| 2002-03 salary and benefit base              | 14              | 29              | 43              |
| <b><u>BASE LEVEL (for 2002 and 2003)</u></b> | <b>\$ 979</b>   | <b>\$ 994</b>   | <b>\$ 1,973</b> |
| <b><u>CHANGE ITEMS</u></b>                   |                 |                 |                 |
| Driver License Fees (Exp)                    | 19,111          | 19,575          | 38,686          |
| Enhanced Driver Lic Customer Serv (Exp)      | 250             | 250             | 500             |
| DVS Technological Improvements (Exp)         | 1,610           | 790             | 2,400           |
| <b>GOVERNOR'S RECOMMENDATION</b>             | <b>\$21,950</b> | <b>\$21,609</b> | <b>\$43,559</b> |

**BRIEF EXPLANATION OF BASE ADJUSTMENTS:**

Base adjustments are made for anticipated increases in wage and benefits in the pipeline safety program.

**GOVERNOR'S RECOMMENDATION(S):**

The Governor recommends the agency's base level funding and the following initiatives:

- **Drivers License Fees and Expenditures** – Transfer expenditures and revenues for the driver license activity from the Trunk Highway to the Special Revenue Fund. The revenues associated with issuing driver licenses are not constitutionally dedicated to the Trunk Highway Fund like the motor fuel and motor vehicle registration taxes. This initiative increases flexibility to adjust funding levels for driver and vehicle services or other activities by moving these revenues and expenditures out of the Trunk Highway Fund.
- **Enhanced Driver License Customer Service** – This initiative will expand and improve driver exam station customer service statewide.
- **DVS Technological Improvements** – This initiative has a number of components designed to improve Driver and Vehicle Services. The major components include replacement of obsolete testing equipment; a fully integrated, paperless driver license application system; enhanced local services using lap top computers; enhanced electronic communication with Deputy Registrars; and an enhanced telephone system, including an 800 number and 24 hour interactive voice response.

**PUBLIC SAFETY DEPT - BUDGET BRIEF**

**Fund: TRUNK HIGHWAY**

|  | <u>FY 2002</u>   | <u>FY 2003</u>   | <u>Biennium</u>   |
|--|------------------|------------------|-------------------|
| <b>BASE YEAR (FY 2001) (\$000s)</b>    |                  |                  |                   |
| Appropriations                         | \$ 82,994        | \$ 82,994        | \$ 165,988        |
| <b><u>BASE ADJUSTMENT</u></b>          |                  |                  |                   |
| Attorney General costs                 | 5                | 9                | 14                |
| Documented space rental/lease inc.     | 103              | 143              | 246               |
| 2002-03 salary and benefit base        | 2,052            | 4,171            | 6,223             |
| <b>BASE LEVEL (for 2002 and 2003)</b>  | <b>\$ 85,154</b> | <b>\$ 87,317</b> | <b>\$ 172,471</b> |
| <b><u>CHANGE ITEMS</u></b>             |                  |                  |                   |
| Driver License Fees (Exp)              | (19,111)         | (19,575)         | (38,686)          |
| Driver License Card Production (Exp)   | (2,457)          | (2,457)          | (4,914)           |
| Recruit Trng Academy and Staffing(Exp) | 1,212            | 3,082            | 4,294             |
| <b>GOVERNOR'S RECOMMENDATION</b>       | <b>\$64,798</b>  | <b>\$68,367</b>  | <b>\$133,165</b>  |

- **Recruit Training Academy and Staffing:** \$1.212 million is recommended the first year and \$3.082 million is recommended the second year to fully fund one state patrol recruit training academy each year, including salary costs and other expenses for 30 new troopers in FY 2002, and 35 additional troopers in FY 2003.

**BRIEF EXPLANATION OF BASE ADJUSTMENTS:**

A base adjustment is provided to cover increased costs for legal services provided by the Attorney General's office for the administration and state patrol programs.

Base adjustments are made for documented space lease increases.

Base adjustments are made for anticipated increases in wage and benefits.

**GOVERNOR'S RECOMMENDATION(S):**

The Governor recommends the agency base level funding and the following budget initiatives:

- **Driver License Fees:** Transfer the driver license expenditures and revenues from the constitutionally dedicated Trunk Highway Fund to a dedicated account in the Special Revenue Fund. The transfer will remove revenue and expenditures that need not be under the constitutional restrictions of the Trunk Highway Fund.
- **Driver License Card Production:** Transfer the expenditures for driver license cards from the Trunk Highway Fund to the Special Revenue Fund. Because of the volume fluctuations for the cards, the Governor further recommends a statutory appropriation to meet consumer demand for card production.

**PUBLIC SAFETY DEPT - BUDGET BRIEF**

**Fund: HIGHWAY USERS TAX DISTRIBUTION**

telecommunication and technology improvements that will enhance services to dealerships and the public.

| <b>BASE YEAR (FY 2001)</b> (\$000s)          | <u>FY 2002</u>   | <u>FY 2003</u>   | <u>Biennium</u>  |
|--|------------------|------------------|------------------|
| Appropriations                               | \$ 15,450        | \$ 15,450        | \$ 30,900        |
| <b><u>BASE ADJUSTMENT</u></b>                |                  |                  |                  |
| New programs to agency base                  | 75               | 175              | 250              |
| Documented space rental/lease inc.           | 30               | 48               | 78               |
| 2002-03 salary and benefit base              | 173              | 352              | 525              |
| <b><u>BASE LEVEL (for 2002 and 2003)</u></b> | <b>\$ 15,728</b> | <b>\$ 16,025</b> | <b>\$ 31,753</b> |
| <b><u>CHANGE ITEMS</u></b>                   |                  |                  |                  |
| Open appropriation-MV Lic Plates (Exp)       | (5,210)          | (5,299)          | (10,509)         |
| DVS Technological Improvements (Exp)         | 910              | 335              | 1,245            |
| <b>GOVERNOR'S RECOMMENDATION</b>             | <b>\$11,428</b>  | <b>\$11,061</b>  | <b>\$22,489</b>  |

**BRIEF EXPLANATION OF BASE ADJUSTMENTS:**

***New Programs to Agency Base***

A base increase of \$113,000 in FY 2002 and \$202,000 in FY 2003 was made to annualize the costs of purchasing motor vehicle license plates from the Department of Corrections; a base decrease of \$38,000 in FY 2002 and \$27,000 in FY 2003 was made in the driver and vehicle services program for the Internet motor vehicle registration project.

Base adjustments are made for documented space lease increases.

Base adjustments are made for anticipated increases in wage and benefits.

**GOVERNOR'S RECOMMENDATION(S):**

The Governor recommends the agency base level funding and the following budget initiatives:

- **Open Appropriation – Motor Vehicle License Plates:** The Governor recommends that the current direct appropriation be replaced with an open appropriation for license plates. The Governor recommends that the purchase and delivery costs of license plates, as well as mailing costs of plates and registration notices be funded through a statutory appropriation to more readily adjust to changes in demand for plates.
- **DVS Technological Improvements:** Through a joint initiative with Driver's License, this initiative provides funding for motor vehicle registration

## PUBLIC SAFETY DEPT - REVENUE SUMMARY

### REVENUE SOURCES:

The Department of Public Safety (DPS) receives non-dedicated revenues, dedicated revenues and federal funds.

**Non-dedicated revenues.** Collected from individuals, business and local governmental agencies as taxes or assessments, business and industrial regulatory charges, service/user fees and occupational licensure charges. Deposited 51% in Highway Users Tax Distribution Fund, 45% in General Fund, 3% in Trunk Highway Fund, and 1% in Cambridge Deposit Fund. Effective 7-1-2001, the Cambridge Deposit Fund will no longer be used for the deposit of the non-dedicated receipts pledged for the repayment of the Cambridge Revenue Bonds. These receipts will be deposited into the General Fund. Non-dedicated revenues represent 98% of the department's total receipts.

**Dedicated revenue.** Collected from individuals, businesses and local governmental agencies as service/user fees, business and industrial regulatory charges and taxes or assessments. Deposited 86% in Special Revenue Fund, 3% in General Fund, 11% in Trunk Highway Fund. Dedicated receipts represent 1% of the department's total receipts.

**Federal grants.** The amount awarded for FY 2000 is \$8 million. Federal funds represent 1% of the department's total receipts.

### FEE STRUCTURE:

State statutes require DPS to regulate occupational groups, individuals and business; and require registration, license, business, industrial regulatory, certification, and service fees. Federal grants account for 1% of revenues, other revenue accounts for 1%, 93% of the revenues collected are taxes and departmental earnings accounts for 5% of the fees collected. There are 26 separate fee groups and 49 different revenue source codes; 32 are related to service/user charges, six to occupational licensure charges, six to business and industrial regulatory charges, and five to special tax or assessments.

Types of fees that are collected:

- Drivers of motor vehicles are licensed.
- License plates are issued to all motor vehicles.
- Interstate registration and reciprocity are collected.
- Patrol fines are collected and deposited into the Trunk Highway Fund.
- Gas pipelines are inspected.

### RECENT CHANGES:

A law change putting a cap on registration renewal taxes effective July 1, 2000 will result in a 23% reduction of revenues for Motor Vehicle Registration Tax. Approximately \$11.7 million will be refunded to owners who did not receive a tax reduction when they renewed their vehicle registrations in June. DPS has developed a system to handle online vehicle registration renewals available in October 2000. DPS increased the license plate fee to recover the cost of plate manufacture and issuance. DPS and Natural Resources (DNR) have entered into an agreement aimed at improving customer service. The interagency agreement authorizes the sale of DNR fish and game licenses, cross-country ski passes, and snowmobile stickers at the DPS Driver and Vehicle Services (DVS) central office customer service counter as well as the sale of trailer licenses at the DNR central office.

### FORECAST BASIS:

The motor vehicle sales tax, is expected to grow 2% per year. Revenue is forecasted by the Department of Finance and is based on the United States forecast for consumption of motor vehicles and parts. Minnesota's share is based on level of employment. Motor Vehicle Sales Tax is deposited into the General Fund.

The agency has projected motor vehicle registration tax collections for FY 2001-03 assuming a 1.5% growth in revenues per year. An additional \$6.2 million is added in odd years for the registration of trailers.

### CHANGE ITEMS:

DVS is appropriated funds from the Trunk Highway Fund to cover the operational costs of issuing driver licenses and related endorsements. Revenues collected are deposited in the Trunk Highway Fund as non-dedicated receipts. The department is requesting revenues be deposited in the Special Revenue Fund. Increases in postage rates or the price per driver license cards can not be easily absorbed in the current base budgets. By operating from a revolving account, the agency can more easily adjust to changes in volume and/or price.

Agency: PUBLIC SAFETY DEPT

| Summary of Agency Revenues<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002          |                     | FY 2003          |                     | Biennial Change<br>2002-03 Gov / 2000-01 |               |
|--|-------------------|-------------------|---------------------|------------------|---------------------|------------------|---------------------|--|---------------|
|  |                   |                   |                     | Forecast         | Governor<br>Recomm. | Forecast         | Governor<br>Recomm. | Dollars                                  | Percent       |
| <b>Non-Dedicated Revenue:</b>                        |                   |                   |                     |                  |                     |                  |                     |  |               |
| <b>Departmental Earnings:</b>                        |                   |                   |                     |                  |                     |                  |                     |  |               |
| GENERAL  | 0                 | 0                 | 0                   | 12,426           | 12,426              | 12,480           | 12,480              | 24,906                                   |               |
| CAMBRIDGE DEPOSIT FUND                               | 11,528            | 12,331            | 12,372              | 0                | 0                   | 0                | 0                   | (24,703)                                 | (100.0%)      |
| TRUNK HIGHWAY  | 21,279            | 23,941            | 24,815              | 25,186           | 30                  | 25,587           | 30                  | (48,696)                                 | (99.9%)       |
| HIGHWAY USERS TAX DISTRIBUTION                       | 5,702             | 6,934             | 7,159               | 7,790            | 7,790               | 7,973            | 7,973               | 1,670                                    | 11.8%         |
| ENVIRONMENTAL  | 4,434             | 4,580             | 4,705               | 4,830            | 4,830               | 4,955            | 4,955               | 500                                      | 5.4%          |
| <b>Other Revenues:</b>                               |                   |                   |                     |                  |                     |                  |                     |  |               |
| GENERAL  | 23                | 17                | 35                  | 30               | 30                  | 30               | 30                  | 8  | 15.4%         |
| TRUNK HIGHWAY  | 5,570             | 6,574             | 6,677               | 6,675            | 6,675               | 6,675            | 6,675               | 99                                       | 0.7%          |
| HIGHWAY USERS TAX DISTRIBUTION                       | 674               | 730               | 810                 | 809              | 809                 | 809              | 809                 | 78                                       | 5.1%          |
| <b>Taxes:</b>  |                   |                   |                     |                  |                     |                  |                     |  |               |
| GENERAL  | 487,223           | 541,169           | 526,451             | 563,364          | 563,364             | 574,610          | 574,610             | 70,354                                   | 6.6%          |
| HIGHWAY USERS TAX DISTRIBUTION                       | 557,780           | 611,928           | 467,156             | 488,441          | 493,633             | 495,586          | 503,946             | (81,505)                                 | (7.6%)        |
| <b>Total Non-Dedicated Receipts</b>                  | <b>1,094,213</b>  | <b>1,208,204</b>  | <b>1,050,180</b>    | <b>1,109,551</b> | <b>1,089,587</b>    | <b>1,128,705</b> | <b>1,111,508</b>    | <b>(57,289)</b>                          | <b>(2.5%)</b> |
| <b>Dedicated Receipts:</b>                           |                   |                   |                     |                  |                     |                  |                     |  |               |
| <b>Departmental Earnings (Inter-Agency):</b>         |                   |                   |                     |                  |                     |                  |                     |  |               |
| GENERAL  | 156               | 282               | 170                 | 170              | 170                 | 170              | 170                 | (112)                                    | (24.8%)       |
| <b>Departmental Earnings:</b>                        |                   |                   |                     |                  |                     |                  |                     |  |               |
| GENERAL  | 23                | 26                | 28                  | 28               | 28                  | 28               | 28                  | 2  | 3.7%          |
| SPECIAL REVENUE                                      | 16,887            | 13,475            | 9,890               | 10,004           | 35,160              | 10,119           | 35,676              | 47,471                                   | 203.2%        |
| TRUNK HIGHWAY  | 1,239             | 1,362             | 1,028               | 1,028            | 1,028               | 1,028            | 1,028               | (334)                                    | (14.0%)       |
| <b>Grants:</b>                                       |                   |                   |                     |                  |                     |                  |                     |  |               |
| SPECIAL REVENUE                                      | 7                 | 5                 | 0                   | 0                | 0                   | 0                | 0                   | (5)                                      | (100.0%)      |
| FEDERAL  | 6,424             | 7,889             | 16,786              | 17,101           | 17,101              | 21,654           | 21,654              | 14,080                                   | 57.1%         |
| <b>Other Revenues:</b>                               |                   |                   |                     |                  |                     |                  |                     |  |               |
| GENERAL  | 6                 | 134               | 147                 | 3                | 3                   | 3                | 3                   | (275)                                    | (97.9%)       |
| SPECIAL REVENUE                                      | 1,183             | 1,787             | 1,851               | 1,856            | 1,856               | 1,860            | 1,860               | 78                                       | 2.1%          |
| TRUNK HIGHWAY  | 392               | 619               | 273                 | 223              | 223                 | 173              | 173                 | (496)                                    | (55.6%)       |
| REINVEST IN MINNESOTA                                | 625               | 936               | 900                 | 900              | 900                 | 900              | 900                 | (36)                                     | (2.0%)        |
| GIFT   | 56                | 118               | 55                  | 55               | 55                  | 55               | 55                  | (63)                                     | (36.4%)       |
| <b>Total Dedicated Receipts</b>                      | <b>26,998</b>     | <b>26,633</b>     | <b>31,128</b>       | <b>31,368</b>    | <b>56,524</b>       | <b>35,990</b>    | <b>61,547</b>       | <b>60,310</b>                            | <b>104.4%</b> |
| <b>Agency Total Revenues</b>                         | <b>1,121,211</b>  | <b>1,234,837</b>  | <b>1,081,308</b>    | <b>1,140,919</b> | <b>1,146,111</b>    | <b>1,164,695</b> | <b>1,173,055</b>    | <b>3,021</b>                             | <b>0.1%</b>   |

**PUBLIC SAFETY DEPT - FEDERAL FUNDS SUMMARY**

**PROGRAM: Administration & Related Services**

**PROGRAM DESCRIPTION:**

This program receives a small amount of grant money to pay for a portion of planning and administrative services provided to the traffic safety program. There is also money provided to the communications activity for an information and public education alcohol safety campaign.

**CHANGES TO PROGRAM FUNDING OR GUIDELINES:**

No changes are anticipated.

**FUNDS AT RISK:**

None

**PROGRAM: State Patrol**

**PROGRAM DESCRIPTION:**

Motor Carrier Safety Assistance (MCSAP). This is an assistance program for state commercial vehicle enforcement activities, including roadside driver and vehicle inspections, traffic enforcement, motor carrier review audits, public safety data management, and training. The Federal Highway Administration (FHWA) may have high priority projects to target, and it allows states to compete for special research and development projects. Grants are requested and approved throughout the year.

National Highway Traffic Safety Administration (NHTSA) grant. This is a grant issued through the traffic safety program. It provides funding for various traffic safety programs such as safe and sober, operation nightcap, and drug recognition expert.

Office of Justice Programs (OJP). The Office of Police Corps and Law Enforcement Education (OPCLEE), through participating states, administers the police corps program, which is appropriated to the Department of Justice Office of Community Oriented Policing (COPS), but is administered by OJP. The police corps program offers scholarship assistance on a competitive basis to college students who agree to serve as police or sheriff deputies for at least four years. OPCLEE provides up to \$7,500 per academic year up to \$30,000 total. Agencies that employ police corps participants receive \$10,000 per participant for each year of required service. The police corps also covers the cost of 16-24 weeks of rigorous residential police corps training.

**CHANGES TO PROGRAM FUNDING OR GUIDELINES:**

The MCSAP is authorized from 1998 through 2003. Each year the FHWA requests Congress to allocate the funds that were authorized. Requests are usually approved for an amount lower than requested. Congress has also earmarked certain funds dedicated to certain activities within truck and bus safety. Special projects and dedicated funds have been combined in the basic grant allocations. MCSAP funds have been authorized to increase at least 5% each year from 1998 through 2003

Federal law authorizes the funding for the Office of Police Corps and Law Enforcement Education. Congress must allocate funds as authorized. Funding will increase each year as additional participants are added to the state program.

The local law enforcement block grant program administered by the drug policy and violence prevention activity has provided a grant to the state patrol to upgrade and expand the existing mobile data network and purchase replacement mobile data computers. The current system is based on ten year old technology and replacement parts are no longer available from the original manufacturer. The grant will allow the system to be maintained and upgraded to new technology.

**FUNDS AT RISK:**

None

**PROGRAM: Driver and Vehicle Services**

**PROGRAM DESCRIPTION:**

The drivers education training grant provides funding for training sessions for commercial school driver training professionals through classroom and behind the wheel curricula.

**CHANGES TO PROGRAM FUNDING OR GUIDELINES:**

This is a one-time grant.

**FUNDS AT RISK:**

None

**PROGRAM: Traffic Safety**

**PUBLIC SAFETY DEPT - FEDERAL FUNDS SUMMARY (Continued)**

**PROGRAM DESCRIPTION:**

All programs conducted by the office of traffic safety are designed to reduce the number and severity of traffic crashes that occur in Minnesota by changing driver behavior.

Fatality Analysis and Reporting System (FARS). This program collects, analyzes, codes, and contributes information on Minnesota's fatal traffic crashes to the national FARS database maintained by the National Highway Traffic Safety Administration (NHTSA).

NHTSA 402 (Traditional). This program plans, coordinates, implements, encourages, monitors, and evaluates traffic safety programs designed to change driver behavior. It provides grant funds to governmental agencies so they can develop related programs.

NHTSA 402 (Repeat DWI Offender). This program provides grants to state agencies and local governments to improve operations related to DWI or to improved hazardous road locations.

NHTSA 405. This program supports state and local activities related to improving seat belt use rates.

NHTSA 410. This program supports state and local activities related to reducing the incidence of impaired driving.

NHTSA 411. This program supports state and local activities related to improving crash data systems.

NHTSA 157 (Innovative Enforcement). This program supports specific innovative seat belt enforcement programs

NHTSA 157 (Performance Incentive). These funds may be used for any program eligible for traditional NHTSA 402 activities.

NHTSA CODES. This program links the Department of Public Safety, the Department of Transportation, and the Department of Health databases to hospital databases to provide data for more complete analysis of traffic crash causes and results.

BJA/OJJDP. This program supports state and local activities related to enforcing existing underage drinking laws.

**CHANGES TO PROGRAM FUNDING OR GUIDELINES:**

NHTSA programs are currently provided to states under the guidelines developed in TEA-21 (the Transportation Equity Act for the 21<sup>st</sup> Century). Those basic guidelines describe the hard and soft match funds required for each program, define what states must do to qualify for each program, and establish the amount of funds potentially available to states under the program.

**FUNDS AT RISK:**

NHTSA 402 (Repeat DWI Offender). Funds are available to DPS because they were transferred from DOT. This transfer will not continue after federal FY 2001 if prescribed sanctions for repeat DWI offenders are enacted.

NHTSA 405. Funds will not be available to Minnesota beyond federal FY 2001 unless certain seat belt law changes are enacted.

NHTSA 157 (Innovative Enforcement). Minnesota's funding is dependent on an annual contract with NHTSA. Because the funding is not related to laws or state performance, the contract may not be renewed in future years if NHTSA decides to fund similar efforts in other states.

NHTSA 157 (Performance Incentive). Minnesota's funding is dependent on maintaining or improving the state's seat belt use rate. A lesser amount of funding may be available if the state's use rate does not continue to show the increases observed between 1998 and 1999.

BJA/OJJDP. Unlike the majority of NHTSA programs, this program operates on a year-to-year basis. Funding beyond federal FY2001 is not promised or guaranteed.

**PROGRAM: Pipeline Safety**

**PROGRAM DESCRIPTION:**

The federal Office of Pipeline Safety funds the program up to 50% to inspect intrastate and interstate pipelines and to investigate pipeline failures, incidents and accidents. The federal Office of Pipeline Safety is authorized to fund up to a maximum of 50% of the operations, however, due to federal budget restrictions, this level has never been reached.

The damage prevention grant increases enforcement and educates the public, excavators and utility operators concerning the M. S. 216D one call law.

OPS mapping grant funds are to map the state pipeline routes on computer and connect with a national pipeline mapping system required by the U.S. DOT Office of Pipeline Safety.

**CHANGES TO PROGRAM FUNDING OR GUIDELINES:**

This program is dependent on a new federal pipeline reauthorization bill.

**FUNDS AT RISK:**

The U.S. Department of Transportation grant funds declined to 40% in 2000. Failure to pass a new pipeline reauthorization bill by congress this year could further jeopardize the percent of federal grants to state pipeline safety offices.

**PUBLIC SAFETY DEPT - FEDERAL FUNDS SUMMARY (Continued)**

| <b>Federal Program (\$ In Thousands)</b>   | <b>Related SFY 2000 Spending</b> | <b>Primary Purpose</b> | <b>SFY 2000 Revenues</b> | <b>SFY 2001 Revenues</b> | <b>Estimated SFY 2002 Revenues</b> | <b>Estimated SFY 2003 Revenues</b> |
|--|----------------------------------|------------------------|--------------------------|--------------------------|------------------------------------|------------------------------------|
| Planning and Administration  | -0-                              | SO                     | 11                       | 15                       | 15                                 | 15                                 |
| Alcohol Safety   | -0-                              | SO                     | 331                      | 590                      | 590                                | 590                                |
| MCSAP  | -0-                              | SO                     | 1,220                    | 2,048                    | 2,259                              | 2,259                              |
| MCSAP Enhanced Effort  | -0-                              | SO                     | 767                      | 436                      | 883                                | 883                                |
| MCSAP Supplemental   | -0-                              | SO                     | 194                      | 401                      | 401                                | 401                                |
| NHTSA  | -0-                              | SO/GPS                 | 860                      | 1,105                    | 1,035                              | 1,035                              |
| OJP – Police Corps   | -0-                              | SO/GPS                 | -0-                      | 1,071                    | 1,256                              | 1,932                              |
| OJP – Drug Policy  | -0-                              | SO                     | -0-                      | 210                      | -0-                                | -0-                                |
| Drivers Education training   | 131                              | SO                     | 6                        | 4                        | -0-                                | -0-                                |
| Fatality Analysis and Reporting System (FARS)  | -0-                              | SO                     | 51                       | 67                       | 69                                 | 71                                 |
| National Highway Traffic Safety Administration (NHTSA) 402 –Traditional  | 541                              | SO/GPS                 | 2,718                    | 3,774                    | 3,778                              | 3,782                              |
| National Highway Traffic Safety Administration (NHTSA) 402 –Repeat DWI Offender Transfer                         | -0-                              | SO/GPS                 | -0-                      | 3,871                    | 3,871                              | 7,742                              |
| National Highway Traffic Safety Administration (NHTSA) 405 –Seat Belt Law Package                                | -0-                              | SO/GPS                 | -0-                      | 300                      | 300                                | 300                                |
| National Highway Traffic Safety Administration (NHTSA) 410 –Impaired Driving Programs"                           | 200                              | SO/GPS                 | 490                      | 160                      | 160                                | 160                                |
| National Highway Traffic Safety Administration (NHTSA) 411 –Data Improvement Programs                            | -0-                              | SO/GPS                 | -0-                      | 40                       | 40                                 | 40                                 |
| National Highway Traffic Safety Administration (NHTSA) 157 –Innovative Enforcement                               | -0-                              | SO/GPS                 | -0-                      | 203                      | 203                                | 203                                |
| National Highway Traffic Safety Administration (NHTSA) 157 –Performance Incentive                                | -0-                              | SO/GPS                 | -0-                      | 1,265                    | 1,265                              | 1,265                              |
| National Highway Traffic Safety Administration (NHTSA) CODES Project (Crash Outcomes Data and Evaluation System) | -0-                              | SO/GPS                 | 117                      | 194                      | -0-                                | -0-                                |
| Bureau of Justice/Office of Juvenile Justice and Delinquency Prevention (BJA/OJJDP) Underage Drinking Programs   | -0-                              | SO/GPS                 | 240                      | 304                      | 116                                | 116                                |
| Pipeline Safety Operations Grant   | 738                              | SO                     | 870                      | 592                      | 700                                | 700                                |
| Damage Prevention Grant  | -0-                              | SO                     | 10                       | 26                       | 50                                 | 50                                 |
| OPS Mapping Grant  | 2                                | SO                     | 4                        | 110                      | 110                                | 110                                |
| <b>AGENCY TOTAL</b>  |                                  |                        | <b>7,889</b>             | <b>16,786</b>            | <b>17,101</b>                      | <b>21,654</b>                      |

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## PROGRAM SUMMARY

Program: ADMIN & RELATED SERVICES  
Agency: PUBLIC SAFETY DEPT

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### PROGRAM PROFILE:

Provide support to all Department of Public Safety programs through the use of computer technology, personnel and fiscal services, and communications support. The department's education, awareness, prevention, and investigative programs are dependent on the services of the administration program to enable them to carry out their missions and goals.

### STRATEGIES AND PERFORMANCE:

- Make decisions at the lowest service level.
- Welcome, value, and respect people of all cultures, races, and ethnic backgrounds.
- Maintain a high level of compliance with affirmative action goals.
- Provide computer services that meet customer needs and departmental requirements.
- Communicate unified departmental messages to clientele and citizens on public safety issues.

### BUDGET ISSUES:

Budget issues are detailed in the individual activity narratives.

### GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget.

Program: ADMIN & RELATED SERVICES

Agency: PUBLIC SAFETY DEPT

| Program Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|--------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Activity:</b>          |                   |                   |                     |               |                     |               |                     |  |              |
| OFFICE OF COMMUNICATIONS                  | 664               | 958               | 1,310               | 1,240         | 1,240               | 1,247         | 1,247               | 219                                      | 9.7%         |
| PUBLIC SAFETY - SUPPORT                   | 4,551             | 5,633             | 5,821               | 8,901         | 8,901               | 8,998         | 8,998               | 6,445                                    | 56.3%        |
| TECHNICAL SUPPORT SERVICES                | 4,963             | 4,320             | 5,010               | 4,876         | 4,876               | 4,972         | 4,972               | 518                                      | 5.6%         |
| <b>Total Expenditures</b>                 | <b>10,178</b>     | <b>10,911</b>     | <b>12,141</b>       | <b>15,017</b> | <b>15,017</b>       | <b>15,217</b> | <b>15,217</b>       | <b>7,182</b>                             | <b>31.2%</b> |

|                                  |               |               |               |               |               |               |               |  |  |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|--|
| <b>Financing by Fund:</b>        |               |               |               |               |               |               |               |  |  |
| <b>Direct Appropriations:</b>    |               |               |               |               |               |               |               |  |  |
| GENERAL                          | 2,053         | 2,556         | 2,651         | 4,578         | 4,578         | 4,603         | 4,603         |  |  |
| TRUNK HIGHWAY                    | 6,874         | 6,572         | 7,341         | 7,206         | 7,206         | 7,377         | 7,377         |  |  |
| HIGHWAY USERS TAX DISTRIBUTION   | 30            | 59            | 59            | 1,385         | 1,385         | 1,385         | 1,385         |  |  |
| <b>Statutory Appropriations:</b> |               |               |               |               |               |               |               |  |  |
| GENERAL                          | 93            | 114           | 162           | 0             | 0             | 0             | 0             |  |  |
| SPECIAL REVENUE                  | 977           | 1,211         | 1,283         | 1,233         | 1,233         | 1,237         | 1,237         |  |  |
| TRUNK HIGHWAY                    | 20            | 29            | 40            | 10            | 10            | 10            | 10            |  |  |
| FEDERAL                          | 131           | 370           | 605           | 605           | 605           | 605           | 605           |  |  |
| <b>Total Financing</b>           | <b>10,178</b> | <b>10,911</b> | <b>12,141</b> | <b>15,017</b> | <b>15,017</b> | <b>15,217</b> | <b>15,217</b> |  |  |

|                                   |              |              |              |              |              |              |              |  |  |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--|
| <b>FTE by Employment Type:</b>    |              |              |              |              |              |              |              |  |  |
| FULL TIME                         | 100.9        | 104.7        | 115.3        | 115.3        | 115.3        | 115.3        | 115.3        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 3.7          | 3.6          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          |  |  |
| <b>Total Full-Time Equivalent</b> | <b>104.6</b> | <b>108.3</b> | <b>115.8</b> | <b>115.8</b> | <b>115.8</b> | <b>115.8</b> | <b>115.8</b> |  |  |

## BUDGET ACTIVITY SUMMARY

**Budget Activity:** OFFICE OF COMMUNICATIONS  
**Program:** ADMIN & RELATED SERVICES  
**Agency:** PUBLIC SAFETY DEPT

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### ACTIVITY PROFILE:

This activity provides strategic direction, leadership, and communications support to the Department of Public Safety's divisions and offices including efforts associated with the department's legislative activities.

- Develop and implement public information and education programs.
- Serve as a resource to educate and inform citizens of Minnesota on public safety issues.
- Develop, implement, and administer specific federal and state public education programs on impaired driving and motorcycle safety.
- Respond in an accurate and timely fashion to news media inquiries concerning department activities and programs.
- Implement agency-wide communications planning strategies and crisis communications plans.
- Facilitate and ensure compliance of agency-wide graphic design standards.

### STRATEGIES AND PERFORMANCE:

This activity strives to establish the department as a leader and effective public policy maker on issues that affect public safety.

- Develop unified departmental messages on public safety issues.
- Promote the agency as responsible, effective, and efficient to stakeholders and the public.
- Use the latest technology to promote agency programs and activities.
- Promote innovative programs through media relations.
- Communicate department planning processes to all employees.

This activity serves as a focal point of communications for divisional public safety messages.

- Analyze divisional communications needs.
- Develop specific communications strategies to meet those needs.
- Provide divisional support as internal communications consultants.

- Implement communications planning as part of all agency programs and projects.
- Serve as a liaison between the department and the public.
- Identify processes that ensure all external customers receive superior service.
- Assess existing communication programs and materials to ensure that program goals and objectives are customer driven.
- Instill a customer service orientation throughout the agency.
- Ensure that all agency spokespersons are prepared and feel confident for news media interviews.
- Assess the department's media relations capabilities and training needs.

### FINANCING INFORMATION:

This activity generates dedicated revenues. The revenues collected are federal funds claimed and receipted for National Highway Traffic Safety Administration goals.

The transfers of \$19,000 in FY 2002 and \$21,000 in FY 2003 offset the projected costs of providing support services to Minnesota Crime Victims Service Center.

Activity: OFFICE OF COMMUNICATIONS  
 Program: ADMIN & RELATED SERVICES  
 Agency: PUBLIC SAFETY DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     | Biennial Change<br>2002-03 Gov / 2000-01 |             |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|--|-------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. | Dollars                                  | Percent     |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |              |                     |              |                     |  |             |
| <b>State Operations</b>                           |                   |                   |                     |              |                     |              |                     |  |             |
| COMPENSATION                                      | 294               | 394               | 510                 | 495          | 495                 | 518          | 518                 | 109                                      | 12.1%       |
| OTHER OPERATING EXPENSES                          | 370               | 564               | 800                 | 764          | 764                 | 750          | 750                 | 150                                      | 11.0%       |
| TRANSFERS   | 0                 | 0                 | 0                   | (19)         | (19)                | (21)         | (21)                | (40)                                     |             |
| <b>Total Expenditures</b>                         | <b>664</b>        | <b>958</b>        | <b>1,310</b>        | <b>1,240</b> | <b>1,240</b>        | <b>1,247</b> | <b>1,247</b>        | <b>219</b>                               | <b>9.7%</b> |

|                                  |            |            |              |              |              |              |              |  |  |
|----------------------------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--|--|
| <b>Financing by Fund:</b>        |            |            |              |              |              |              |              |  |  |
| <b>Direct Appropriations:</b>    |            |            |              |              |              |              |              |  |  |
| GENERAL                          | 0          | 13         | 27           | 20           | 20           | 20           | 20           |  |  |
| TRUNK HIGHWAY                    | 330        | 334        | 382          | 370          | 370          | 378          | 378          |  |  |
| HIGHWAY USERS TAX DISTRIBUTION   | 9          | 0          | 0            | 0            | 0            | 0            | 0            |  |  |
| <b>Statutory Appropriations:</b> |            |            |              |              |              |              |              |  |  |
| GENERAL                          | 0          | 8          | 21           | 0            | 0            | 0            | 0            |  |  |
| SPECIAL REVENUE                  | 208        | 247        | 290          | 260          | 260          | 260          | 260          |  |  |
| FEDERAL                          | 117        | 356        | 590          | 590          | 590          | 589          | 589          |  |  |
| <b>Total Financing</b>           | <b>664</b> | <b>958</b> | <b>1,310</b> | <b>1,240</b> | <b>1,240</b> | <b>1,247</b> | <b>1,247</b> |  |  |

|                                 |            |            |            |            |            |            |            |  |  |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--|--|
| <b>Revenue Collected:</b>       |            |            |            |            |            |            |            |  |  |
| <b>Dedicated</b>                |            |            |            |            |            |            |            |  |  |
| FEDERAL                         | 110        | 331        | 590        | 590        | 590        | 589        | 589        |  |  |
| <b>Nondedicated</b>             |            |            |            |            |            |            |            |  |  |
| TRUNK HIGHWAY                   | 0          | 1          | 0          | 0          | 0          | 0          | 0          |  |  |
| <b>Total Revenues Collected</b> | <b>110</b> | <b>332</b> | <b>590</b> | <b>590</b> | <b>590</b> | <b>589</b> | <b>589</b> |  |  |

|                                   |            |            |            |            |            |            |            |  |  |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|--|--|
| <b>FTE by Employment Type:</b>    |            |            |            |            |            |            |            |  |  |
| FULL TIME                         | 5.9        | 7.3        | 9.5        | 9.5        | 9.5        | 9.5        | 9.5        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 0.4        | 0.8        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |  |  |
| <b>Total Full-Time Equivalent</b> | <b>6.3</b> | <b>8.1</b> | <b>9.5</b> | <b>9.5</b> | <b>9.5</b> | <b>9.5</b> | <b>9.5</b> |  |  |

## BUDGET ACTIVITY SUMMARY

**Budget Activity:** PUBLIC SAFETY - SUPPORT  
**Program:** ADMIN & RELATED SERVICES  
**Agency:** PUBLIC SAFETY DEPT

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A General Fund appropriation provides a death benefit payment to the surviving dependents of peace officers killed in the line of duty and reimbursement to local law enforcement agencies as provided under M.S. 299A.465, for continued health insurance coverage to disabled peace officers and firefighters.

### ACTIVITY PROFILE:

The public safety support activity provides executive management and centralized support services to the divisions and offices of the department.

- The office of fiscal and administrative services promotes financial responsibility, efficient resource management, and adherence to regulations through training, guidance, coordination, innovation, and oversight, and by furnishing quality centralized support services.
- The office of human resources assists the department's programs in efficient methods of personnel management through training, guidance, technical assistance, and maintenance of employee data.
- The office of diversity develops and implements programs and policies to ensure compliance with all applicable equal employment laws.

The transfer amounts of \$3.0 million in FY 2002 and \$3.0 million in FY 2003 are being made for the following purposes: \$1.8 million each year from the General Fund for transfer to the Trunk Highway Fund to reimburse the Trunk Highway Fund for expenses not related to the fund. \$610,000 each year from the Highway User Tax Distribution Fund for transfer to the Trunk Highway Fund to reimburse the Trunk Highway Fund for expenses not related to the fund. These represent amounts appropriated out of the Trunk Highway Fund for General Fund and Highway User Tax Distribution Fund purposes in the administration and related services program. \$716,000 from the Highway User Tax Distribution Fund for transfer to the General Fund for expenses not related to the fund. These represent amounts appropriated out of the General Fund for operation of the criminal justice data network related to driver and motor vehicle licensing. Also a transfer of \$137,000 in FY 2002 and \$141,000 offset the projected costs of providing support services to the crime victims services center.

### STRATEGIES AND PERFORMANCE:

- Provide strategic planning and long-range policy decision making, to enable the operating programs to carry out their missions and goals.
- Provide budgeting, general accounting, financial reporting, payroll, purchasing, accounts payable, contract and lease management, and administrative support services to the department's programs.
- Provide employee selection, job classification and salary determination services, training opportunities, employee safety coordination, and labor contract administration for the department.
- Provide employee training, equal opportunity recruitment, and investigation and mediation of personnel complaints.

### FINANCING INFORMATION:

Indirect costs under federal programs are recovered based on the approved indirect cost rates. Payments are made quarterly to the Department of Finance based on the indirect cost collections.

A General Fund appropriation provides reimbursements to state and local full-time peace officers for bulletproof vests.

Activity: PUBLIC SAFETY - SUPPORT  
 Program: ADMIN & RELATED SERVICES  
 Agency: PUBLIC SAFETY DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|--|--------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |              |                     |              |                     |  |              |
| <b>State Operations</b>                           |                   |                   |                     |              |                     |              |                     |  |              |
| COMPENSATION                                      | 2,967             | 3,118             | 3,362               | 3,415        | 3,415               | 3,541        | 3,541               | 476                                      | 7.3%         |
| OTHER OPERATING EXPENSES                          | 1,247             | 1,794             | 1,606               | 1,645        | 1,645               | 1,620        | 1,620               | (135)                                    | (4.0%)       |
| TRANSFERS   | 0                 | 0                 | 0                   | 3,019        | 3,019               | 3,015        | 3,015               | 6,034                                    |              |
| <b>Subtotal State Operations</b>                  | <b>4,214</b>      | <b>4,912</b>      | <b>4,968</b>        | <b>8,079</b> | <b>8,079</b>        | <b>8,176</b> | <b>8,176</b>        | <b>6,375</b>                             | <b>64.5%</b> |
| PAYMENTS TO INDIVIDUALS                           | 337               | 721               | 853                 | 822          | 822                 | 822          | 822                 | 70                                       | 4.4%         |
| <b>Total Expenditures</b>                         | <b>4,551</b>      | <b>5,633</b>      | <b>5,821</b>        | <b>8,901</b> | <b>8,901</b>        | <b>8,998</b> | <b>8,998</b>        | <b>6,445</b>                             | <b>56.3%</b> |

|                                  |              |              |              |              |              |              |              |  |  |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--|
| <b>Financing by Fund:</b>        |              |              |              |              |              |              |              |  |  |
| <b>Direct Appropriations:</b>    |              |              |              |              |              |              |              |  |  |
| GENERAL                          | 577          | 1,269        | 1,170        | 3,086        | 3,086        | 3,087        | 3,087        |  |  |
| TRUNK HIGHWAY                    | 3,078        | 3,211        | 3,422        | 3,451        | 3,451        | 3,542        | 3,542        |  |  |
| HIGHWAY USERS TAX DISTRIBUTION   | 0            | 40           | 40           | 1,366        | 1,366        | 1,366        | 1,366        |  |  |
| <b>Statutory Appropriations:</b> |              |              |              |              |              |              |              |  |  |
| GENERAL                          | 93           | 106          | 141          | 0            | 0            | 0            | 0            |  |  |
| SPECIAL REVENUE                  | 769          | 964          | 993          | 973          | 973          | 977          | 977          |  |  |
| TRUNK HIGHWAY                    | 20           | 29           | 40           | 10           | 10           | 10           | 10           |  |  |
| FEDERAL                          | 14           | 14           | 15           | 15           | 15           | 16           | 16           |  |  |
| <b>Total Financing</b>           | <b>4,551</b> | <b>5,633</b> | <b>5,821</b> | <b>8,901</b> | <b>8,901</b> | <b>8,998</b> | <b>8,998</b> |  |  |

|                                 |            |              |              |            |            |              |              |  |  |
|---------------------------------|------------|--------------|--------------|------------|------------|--------------|--------------|--|--|
| <b>Revenue Collected:</b>       |            |              |              |            |            |              |              |  |  |
| <b>Dedicated</b>                |            |              |              |            |            |              |              |  |  |
| GENERAL                         | 0          | 132          | 144          | 0          | 0          | 0            | 0            |  |  |
| SPECIAL REVENUE                 | 690        | 925          | 967          | 973        | 973        | 977          | 977          |  |  |
| TRUNK HIGHWAY                   | 42         | 10           | 10           | 10         | 10         | 10           | 10           |  |  |
| FEDERAL                         | 14         | 11           | 15           | 15         | 15         | 16           | 16           |  |  |
| <b>Nondedicated</b>             |            |              |              |            |            |              |              |  |  |
| GENERAL                         | 5          | 0            | 0            | 0          | 0          | 0            | 0            |  |  |
| <b>Total Revenues Collected</b> | <b>751</b> | <b>1,078</b> | <b>1,136</b> | <b>998</b> | <b>998</b> | <b>1,003</b> | <b>1,003</b> |  |  |

|                                   |             |             |             |             |             |             |             |  |  |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|
| <b>FTE by Employment Type:</b>    |             |             |             |             |             |             |             |  |  |
| FULL TIME                         | 54.8        | 56.0        | 58.8        | 58.8        | 58.8        | 58.8        | 58.8        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 2.5         | 2.0         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         |  |  |
| <b>Total Full-Time Equivalent</b> | <b>57.3</b> | <b>58.0</b> | <b>59.3</b> | <b>59.3</b> | <b>59.3</b> | <b>59.3</b> | <b>59.3</b> |  |  |

## BUDGET ACTIVITY SUMMARY

**Budget Activity:** TECHNICAL SUPPORT SERVICES  
**Program:** ADMIN & RELATED SERVICES  
**Agency:** PUBLIC SAFETY DEPT

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### ACTIVITY PROFILE:

This activity provides information technology leadership through services and support to all Department of Public Safety (DPS) divisions and staff offices as well as several independent boards in management and utilization of their information resources.

- Provide secure, reliable and cost effective information systems that support law enforcement and other public safety services.
- Identify and coordinate the department's electronic government services initiatives, which is a primary focus of the Big Plan.
- Assist the department in effectively using electronic communication tools, data management tools, and other technology to deliver its operating programs efficiently.

Providing these primary services in the timeframe necessary to meet business requirements can be done most effectively and efficiently through an internal information systems support group. The sensitive nature of some of the data that the department handles also supports the need for a strong internal systems support function. The department does outsource components of information services when needed and appropriate.

### STRATEGIES AND PERFORMANCE:

Strategies are used to implement strong information support services.

- Promote information systems best practices.
- Develop and implement department-wide and state information systems standards.

Key objectives of this activity provide DPS with a secure, reliable, and available computing environment.

- Provide at least a 99.5% uptime for internal networks and higher for the criminal justice data network.
- Provide secure network architecture. Network security analysis completed in the last six months identified the network architecture and support system required to provide adequate secure network architecture.

The department received funding to upgrade the criminal justice data network. This project is on time and within budget. It will be completed in FY 2001. The department also received funds in FY 2001 to develop online delivery of vehicle registration renewals. This project has been completed and is operational.

### FINANCING INFORMATION:

This activity does not generate revenue.

No grants are provided by this activity nor is grant money used to support this activity.

Activity: TECHNICAL SUPPORT SERVICES  
 Program: ADMIN & RELATED SERVICES  
 Agency: PUBLIC SAFETY DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     | Biennial Change<br>2002-03 Gov / 2000-01 |             |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|--|-------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. | Dollars                                  | Percent     |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |              |                     |              |                     |  |             |
| <b>State Operations</b>                           |                   |                   |                     |              |                     |              |                     |  |             |
| COMPENSATION                                      | 2,491             | 2,877             | 3,509               | 3,480        | 3,480               | 3,605        | 3,605               | 699                                      | 10.9%       |
| OTHER OPERATING EXPENSES                          | 2,472             | 1,443             | 1,501               | 1,396        | 1,396               | 1,367        | 1,367               | (181)                                    | (6.1%)      |
| <b>Total Expenditures</b>                         | <b>4,963</b>      | <b>4,320</b>      | <b>5,010</b>        | <b>4,876</b> | <b>4,876</b>        | <b>4,972</b> | <b>4,972</b>        | <b>518</b>                               | <b>5.6%</b> |
| <b>Financing by Fund:</b>                         |                   |                   |                     |              |                     |              |                     |  |             |
| <b>Direct Appropriations:</b>                     |                   |                   |                     |              |                     |              |                     |  |             |
| GENERAL   | 1,476             | 1,274             | 1,454               | 1,472        | 1,472               | 1,496        | 1,496               |  |             |
| TRUNK HIGHWAY                                     | 3,466             | 3,027             | 3,537               | 3,385        | 3,385               | 3,457        | 3,457               |  |             |
| HIGHWAY USERS TAX DISTRIBUTION                    | 21                | 19                | 19                  | 19           | 19                  | 19           | 19                  |  |             |
| <b>Total Financing</b>                            | <b>4,963</b>      | <b>4,320</b>      | <b>5,010</b>        | <b>4,876</b> | <b>4,876</b>        | <b>4,972</b> | <b>4,972</b>        |  |             |
| <b>FTE by Employment Type:</b>                    |                   |                   |                     |              |                     |              |                     |  |             |
| FULL TIME   | 40.2              | 41.4              | 47.0                | 47.0         | 47.0                | 47.0         | 47.0                |  |             |
| PART-TIME, SEASONAL, LABOR SER                    | 0.8               | 0.8               | 0.0                 | 0.0          | 0.0                 | 0.0          | 0.0                 |  |             |
| <b>Total Full-Time Equivalent</b>                 | <b>41.0</b>       | <b>42.2</b>       | <b>47.0</b>         | <b>47.0</b>  | <b>47.0</b>         | <b>47.0</b>  | <b>47.0</b>         |  |             |

## PROGRAM SUMMARY

**Program: STATE PATROL**  
**Agency: PUBLIC SAFETY DEPT**

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### PROGRAM PROFILE:

The State Patrol provides police traffic services on Minnesota's state and federal highways; provides for the safe and efficient movement of traffic; and provide for the protection of Minnesota's citizens through enforcement, education, and assistance. It also provides security for the legislature, the governor, and the governor's family and residence.

Through enforcement, education, and assistance, the program components work together to ensure a safe environment on Minnesota's roadways by reducing the number of fatalities and serious injuries caused by motor vehicle crashes. The objectives of the program are to:

- Raise the incidence of seat belt use.
- Reduce the number of alcohol and drug related traffic accident deaths and injuries.
- Improve the traffic safety environment.
- Reduce the number and severity of commercial motor vehicle crashes.

### STRATEGIES AND PERFORMANCE:

The program has concentrated emphasis and activities in the areas of traffic law enforcement with greatest potential for benefit. High priority is placed on enforcement of driving while intoxicated, speed, and seat belt laws. Since 1980, some extremely beneficial changes have occurred.

- Drinking and driving incidence has greatly decreased. In the 1970's over half the annual traffic deaths were alcohol-related. In 1999, 31% were alcohol-related.
- Seat belt use has greatly increased. In 1985, with belt use estimated at 20%, 6,454 people sustained severe injuries in traffic crashes. In 1999, with seat belt use at 73.4% statewide, 3,460 people sustained severe injuries in traffic crashes.
- During each of the previous ten years, the State Patrol has increased the number of commercial motor vehicle inspections and the enforcement of laws regulating the operation of commercial motor vehicles. Over the same period the number of commercial motor vehicle crashes has consistently decreased.
- The 1999 fatality rate of 1.24 deaths per 100 million miles traveled was the lowest ever-recorded in Minnesota. The 1998 fatality rate was 1.34 deaths per 100 million miles traveled.

### BUDGET ISSUES:

The total number of motor vehicles registered in this state continued to increase to an all-time high of 3,920,000 in 1999. More agency resources will be committed to provide response to calls for service. As demographics continue to change, this program's ability to provide rapid response to highway emergencies statewide will be adversely affected.

Higher costs for employee health insurance will require the agency to re-evaluate the ability to fill vacant trooper positions. Increased motor vehicle fuel and maintenance costs may require restrictions on motor vehicle mileage. Both will negatively impact the ability to deliver police traffic services, and instead will reduce hours of coverage and increase response times. Increases in the cost of uniforms and supplies due to inflation over the previous 15 years will restrict the ability to replace items in a timely manner.

### GOVERNOR'S RECOMMENDATION:

The Governor recommends base funding levels as requested in the agency's budget, and a biennial increase of \$4.3 million from the Trunk Highway Fund for the costs to conduct annual trooper recruit academies for 30 to 35 new recruits.

The Governor's recommendation includes funding for base salary costs for 65 new trooper positions by the end of the FY 2002-03 biennium. All 65 new recruits must be assigned to patrolling highways.

Program: STATE PATROL  
 Agency: PUBLIC SAFETY DEPT

| Program Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |             |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|-------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent     |
| <b>Expenditures by Activity:</b>          |                   |                   |                     |               |                     |               |                     |  |             |
| PATROLLING HIGHWAYS                       | 56,778            | 58,414            | 60,128              | 59,546        | 60,758              | 61,648        | 64,730              | 6,946                                    | 5.9%        |
| COMMERCIAL VEHICLE ENFORCEMENT            | 7,535             | 8,212             | 9,704               | 9,838         | 9,838               | 10,017        | 10,017              | 1,939                                    | 10.8%       |
| CAPITOL COMPLEX SECURITY                  | 2,769             | 3,394             | 3,529               | 3,722         | 3,722               | 3,821         | 3,821               | 620                                      | 9.0%        |
| <b>Total Expenditures</b>                 | <b>67,082</b>     | <b>70,020</b>     | <b>73,361</b>       | <b>73,106</b> | <b>74,318</b>       | <b>75,486</b> | <b>78,568</b>       | <b>9,505</b>                             | <b>6.6%</b> |

| Change Items:                             | Fund |  |  |  |              |  |              |
|---|------|--|--|--|--------------|--|--------------|
| (B) RECRUIT TRAINING ACADEMY AND STAFFING | THI  |  |  |  | 1,212        |  | 3,082        |
| <b>Total Change Items</b>                 |      |  |  |  | <b>1,212</b> |  | <b>3,082</b> |

| Financing by Fund:               |               |               |               |               |               |               |               |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Carry Forward:</b>            |               |               |               |               |               |               |               |
| GENERAL                          | 0             | 23            | 117           | 0             | 0             | 0             | 0             |
| <b>Direct Appropriations:</b>    |               |               |               |               |               |               |               |
| GENERAL                          | 2,945         | 3,771         | 3,303         | 3,354         | 3,354         | 3,447         | 3,447         |
| TRUNK HIGHWAY                    | 54,155        | 53,574        | 54,758        | 56,063        | 57,275        | 57,584        | 60,666        |
| HIGHWAY USERS TAX DISTRIBUTION   | 142           | 30            | 153           | 92            | 92            | 92            | 92            |
| <b>Statutory Appropriations:</b> |               |               |               |               |               |               |               |
| GENERAL                          | 155           | 284           | 260           | 201           | 201           | 201           | 201           |
| STATE GOVERNMENT SPECIAL REVENUE | 207           | 335           | 472           | 340           | 340           | 350           | 350           |
| SPECIAL REVENUE                  | 5,209         | 5,969         | 7,000         | 5,971         | 5,971         | 6,101         | 6,101         |
| TRUNK HIGHWAY                    | 1,422         | 2,885         | 1,301         | 1,241         | 1,241         | 1,191         | 1,191         |
| FEDERAL                          | 2,847         | 3,149         | 5,987         | 5,834         | 5,834         | 6,510         | 6,510         |
| GIFT                             | 0             | 0             | 10            | 10            | 10            | 10            | 10            |
| <b>Total Financing</b>           | <b>67,082</b> | <b>70,020</b> | <b>73,361</b> | <b>73,106</b> | <b>74,318</b> | <b>75,486</b> | <b>78,568</b> |

| FTE by Employment Type:           |              |              |              |              |              |              |              |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| FULL TIME                         | 764.2        | 804.9        | 805.2        | 787.5        | 787.5        | 774.0        | 804.0        |
| PART-TIME, SEASONAL, LABOR SER    | 18.6         | 18.9         | 19.3         | 17.9         | 32.9         | 17.9         | 35.4         |
| OVERTIME PAY                      | 76.0         | 79.1         | 51.8         | 48.1         | 48.1         | 51.5         | 51.5         |
| <b>Total Full-Time Equivalent</b> | <b>858.8</b> | <b>902.9</b> | <b>876.3</b> | <b>853.5</b> | <b>868.5</b> | <b>843.4</b> | <b>890.9</b> |

## BUDGET ACTIVITY SUMMARY

**Budget Activity:** PATROLLING HIGHWAYS  
**Program:** STATE PATROL  
**Agency:** PUBLIC SAFETY DEPT

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### ACTIVITY PROFILE:

- Provide police traffic services on Minnesota's state and federal highways.
- Provide for the safe and efficient movement of traffic and the protection of and service to Minnesota's citizens through enforcement, assistance, and education.
- Provide 501 uniformed state troopers dispatched from 11 district headquarters (Rochester, Mankato, Marshall, Oakdale, Golden Valley, St. Cloud, Duluth, Brainerd, Detroit Lakes, Eveleth, and Thief River Falls) to patrol over 12,000 miles of state and federal highways, providing emergency response, traffic law enforcement, crash investigation, law enforcement assistance, and motorist assistance to highway users.
- Provide thirteen trooper pilots utilizing six airplanes and three helicopters based at St. Paul, Cloquet, Mankato, and Bemidji for airborne assistance and support activities which augment road patrolling operations, including airborne traffic law enforcement, searches, and surveillance.
- Provide statewide radio communications for the State Patrol, Department of Natural Resources, Department of Transportation, and other state and federal agencies.
- Provide eleven trooper safety education specialists who make safety presentations through their assigned district areas, and one trooper safety education specialist presenting youth and alcohol education programs as a coordinated traffic safety education program throughout the state.

### STRATEGIES AND PERFORMANCE:

State troopers provide on-duty police traffic services on Minnesota highways 24-hours per day within the seven-county metropolitan area, and 16-18 hours per day throughout the remainder of the state. In greater Minnesota, state troopers are asked to provide assistance to local police agencies. Timely assistance is not possible in those areas of the state not provided 24-hour coverage. Instead, local law enforcement agencies are required to devote their resources to respond to State Patrol calls for service on state and federal highways rather than their own local enforcement activities.

Timely resolution of highway incidents has proven to lessen the potential for additional incidents caused by the disturbance and congestion of the initial incident. Long response times are common in large geographical areas. Increases in workload also contribute to longer response times.

There are two basic categories of activity used to indicate the use of a trooper's time.

- Obligated time is spent performing those activities which require the trooper to respond, such as calls for service, traffic crashes, crash-related activities, court activity, and other directed activities.
- Unobligated time refers to time a trooper is able to perform proactive enforcement and motorist assistance, and is available for calls for service.

More proactive enforcement and incident prevention results when troopers have more unobligated time to devote to patrolling of the highways.

The expanding use of and reliance on cellular telephone communication has increased the frequency of cellular 911 calls for service statewide. The State Patrol communication centers are the direct answer points for most cellular 911 communications.

### FINANCING INFORMATION:

This activity generates dedicated and non-dedicated revenue. Fees are collected from the sale of used equipment and from providing escort services. Non-dedicated revenue is collected from patrol fines.

### BUDGET ISSUES:

Health insurance costs have increased in FY 2000 by \$967,000 with an anticipated additional increase of 20% in January 2001. The annualized impact of these increases is more than \$2 million. The vacancy management required to cover increased health insurance, hiring, and other costs means that many trooper retirements will not be replaced. Without additional funding to offset these costs, a recruit academy will not be conducted and vacant positions will not be filled.

In addition to the trooper vacancies, SP is currently holding six-law compliance representative and two capital security guard positions vacant for FY 2001. These positions will also need to be held vacant for the FY 2002-03 biennium without additional funding.

Activity: PATROLLING HIGHWAYS  
 Program: STATE PATROL  
 Agency: PUBLIC SAFETY DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |             |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|-------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent     |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |               |                     |               |                     |  |             |
| <b>State Operations</b>                           |                   |                   |                     |               |                     |               |                     |  |             |
| COMPENSATION                                      | 40,418            | 43,497            | 44,710              | 44,676        | 45,493              | 46,018        | 48,693              | 5,979                                    | 6.8%        |
| OTHER OPERATING EXPENSES                          | 16,291            | 14,771            | 15,267              | 14,381        | 14,776              | 14,466        | 14,873              | (389)                                    | (1.3%)      |
| <b>Subtotal State Operations</b>                  | <b>56,709</b>     | <b>58,268</b>     | <b>59,977</b>       | <b>59,057</b> | <b>60,269</b>       | <b>60,484</b> | <b>63,566</b>       | <b>5,590</b>                             | <b>4.7%</b> |
| PAYMENTS TO INDIVIDUALS                           | 14                | 28                | 28                  | 366           | 366                 | 366           | 366                 | 676                                      | 1,207.1%    |
| LOCAL ASSISTANCE                                  | 55                | 118               | 123                 | 123           | 123                 | 798           | 798                 | 680                                      | 282.2%      |
| <b>Total Expenditures</b>                         | <b>56,778</b>     | <b>58,414</b>     | <b>60,128</b>       | <b>59,546</b> | <b>60,758</b>       | <b>61,648</b> | <b>64,730</b>       | <b>6,946</b>                             | <b>5.9%</b> |

| <b>Change Items:</b>                      | <b>Fund</b> |  |  |              |              |
|---|-------------|--|--|--------------|--------------|
| (B) RECRUIT TRAINING ACADEMY AND STAFFING | THI         |  |  | 1,212        | 3,082        |
| <b>Total Change Items</b>                 |             |  |  | <b>1,212</b> | <b>3,082</b> |

| <b>Financing by Fund:</b>        |               |               |               |               |               |               |               |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Carry Forward:</b>            |               |               |               |               |               |               |               |
| GENERAL                          | 0             | 23            | 117           | 0             | 0             | 0             | 0             |
| <b>Direct Appropriations:</b>    |               |               |               |               |               |               |               |
| GENERAL                          | 331           | 849           | 231           | 37            | 37            | 37            | 37            |
| TRUNK HIGHWAY                    | 48,358        | 47,407        | 48,410        | 49,564        | 50,776        | 50,900        | 53,982        |
| HIGHWAY USERS TAX DISTRIBUTION   | 142           | 30            | 153           | 92            | 92            | 92            | 92            |
| <b>Statutory Appropriations:</b> |               |               |               |               |               |               |               |
| STATE GOVERNMENT SPECIAL REVENUE | 207           | 335           | 472           | 340           | 340           | 350           | 350           |
| SPECIAL REVENUE                  | 5,209         | 5,969         | 7,000         | 5,971         | 5,971         | 6,101         | 6,101         |
| TRUNK HIGHWAY                    | 1,422         | 2,885         | 1,301         | 1,241         | 1,241         | 1,191         | 1,191         |
| FEDERAL                          | 1,109         | 916           | 2,434         | 2,291         | 2,291         | 2,967         | 2,967         |
| GIFT                             | 0             | 0             | 10            | 10            | 10            | 10            | 10            |
| <b>Total Financing</b>           | <b>56,778</b> | <b>58,414</b> | <b>60,128</b> | <b>59,546</b> | <b>60,758</b> | <b>61,648</b> | <b>64,730</b> |

Activity: PATROLLING HIGHWAYS  
 Program: STATE PATROL  
 Agency: PUBLIC SAFETY DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. |
| <b>Revenue Collected:</b>                         |                   |                   |                     |               |                     |               |                     |
| <b>Dedicated</b>                                  |                   |                   |                     |               |                     |               |                     |
| SPECIAL REVENUE                                   | 5,349             | 5,699             | 5,912               | 6,012         | 6,012               | 6,112         | 6,112               |
| TRUNK HIGHWAY                                     | 1,589             | 1,971             | 1,291               | 1,241         | 1,241               | 1,191         | 1,191               |
| FEDERAL   | 1,153             | 860               | 2,386               | 2,291         | 2,291               | 2,967         | 2,967               |
| GIFT  | 10                | 5                 | 10                  | 10            | 10                  | 10            | 10                  |
| <b>Nondedicated</b>                               |                   |                   |                     |               |                     |               |                     |
| GENERAL   | 0                 | 0                 | 2                   | 0             | 0                   | 0             | 0                   |
| TRUNK HIGHWAY                                     | 5,570             | 6,573             | 6,675               | 6,675         | 6,675               | 6,675         | 6,675               |
| HIGHWAY USERS TAX DISTRIBUTION                    | 49                | 50                | 125                 | 125           | 125                 | 125           | 125                 |
| <b>Total Revenues Collected</b>                   | <b>13,720</b>     | <b>15,158</b>     | <b>16,401</b>       | <b>16,354</b> | <b>16,354</b>       | <b>17,080</b> | <b>17,080</b>       |
| <b>FTE by Employment Type:</b>                    |                   |                   |                     |               |                     |               |                     |
| FULL TIME   | 600.0             | 629.6             | 628.9               | 611.2         | 611.2               | 601.7         | 631.7               |
| PART-TIME, SEASONAL, LABOR SER                    | 16.2              | 17.3              | 17.3                | 15.9          | 30.9                | 15.9          | 33.4                |
| OVERTIME PAY                                      | 62.1              | 64.4              | 39.8                | 37.2          | 37.2                | 40.9          | 40.9                |
| <b>Total Full-Time Equivalent</b>                 | <b>678.3</b>      | <b>711.3</b>      | <b>686.0</b>        | <b>664.3</b>  | <b>679.3</b>        | <b>658.5</b>  | <b>706.0</b>        |

**BUDGET CHANGE ITEM (51970)**

**Budget Activity:** PATROLLING HIGHWAYS  
**Program:** STATE PATROL  
**Agency:** PUBLIC SAFETY DEPT

**Item Title:** RECRUIT TRAINING ACADEMY AND STAFFING

**FINANCING:**

The total cost in FY 2002, of the complete hiring process for an average class size of 30 candidates from announcing vacancies through completion of field training, including salaries during training, is \$1.2 million. The cost in FY 2003 to fund 30 positions trained in FY 2002 is \$1.7 million (\$56,800 per trooper). The total cost in FY 2003 for a complete hiring process of 35 candidates is \$1.4 million.

**OUTCOMES:**

The supplemental funding in this request will provide funding for 65 new troopers and provide a stable source of funding for recruit training. The primary outcome is the maintenance of basic patrol services on Minnesota highways 24 hours per day in the seven county metropolitan area and 16-18 hours per day throughout the remainder of the state. Stable funding will shorten the timeframe to replace a trooper vacancy by not needing to wait for salary savings to be realized. Public safety will be maintained by providing trooper positions to staff shift hours and respond to emergencies and requests for service. The safety and integrity of the trunk highway system will be maintained.

|  | <u>2002-03 Biennium</u> |                | <u>2004-05 Biennium</u> |                |
|--|-------------------------|----------------|-------------------------|----------------|
|  | <u>FY 2002</u>          | <u>FY 2003</u> | <u>FY 2004</u>          | <u>FY 2005</u> |
| Expenditures: (\$000s)   |                         |                |                         |                |
| Trunk Highway Fund   |                         |                |                         |                |
| -State Operations  | \$1,212                 | \$3,082        | \$5,094                 | \$5,094        |
| Statutory Change? Yes _____ No <u> X </u>                                |                         |                |                         |                |
| If yes, statute(s) affected:   |                         |                |                         |                |
| _____ New Activity <u> X </u> Supplemental Funding    _____ Reallocation |                         |                |                         |                |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$4.3 million from the Trunk Highway Fund to fund 65 new state patrol positions and fund the annual process of hiring troopers including operation of the SP entry-level recruit-training academy.

**RATIONALE:**

Historically, the SP has been required to hold trooper positions vacant for the first year of a biennium to realize enough salary savings to provide the necessary funding to begin a hiring process that is then completed in the second year of a biennium. Consequently, staffing levels fluctuate greatly and fall well below minimal levels of highway patrol enforcement. The source of funding for the hiring process is salary savings; as a result, vacancies that occur during the process or after the start of the recruit academy could not be filled.

The process of selecting, hiring, and training candidates to become SP troopers is comprehensive and labor intensive. The training process, managed by the SP Training Academy, is designed to provide the level of training required to perform the mission-related responsibilities, meet state guidelines, and mitigate potential liability issues.

Without this initiative, the staff shortages will prevent the SP from providing even basic coverage in many areas of the state. This will seriously compromise the safety and security of our trunk highway system.

|                                | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
|--------------------------------|----------------|----------------|----------------|----------------|
| Troopers Funded in Base Budget | 566            | 529            | 518            | 501            |
| <u>Troopers recommended</u>    |                |                |                |                |
| Additional FY 2002             |                |                | 30             | 30             |
| Additional FY 2003             |                |                |                | 35             |

## BUDGET ACTIVITY SUMMARY

**Budget Activity:** COMMERCIAL VEHICLE ENFORCEMENT  
**Program:** STATE PATROL  
**Agency:** PUBLIC SAFETY DEPT

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### ACTIVITY PROFILE:

The purpose of this activity is to reduce roadway damage and motor vehicle collisions involving commercial vehicles due to unsafe equipment; unqualified drivers; or illegal size, weight, or load. This is done by enforcing laws, rules, and regulations governing commercial vehicle use of the state and interstate highway systems.

This activity includes eight fixed scale locations and 11 federal mobile weight enforcement teams. Fixed scales are located at Worthington (I-90, two miles east of the junction with Highway 60), Erskine (junction Highways 2 and 59), Moorhead (I-94 near Dilworth), and St. Croix (I-94 near Wisconsin line). These facilities are operated on a regular basis with permanent staff. Four additional fixed scale locations are operated on an irregular basis with no regular staff assigned.

This activity includes a partially federal-funded component, the Motor Carrier Safety Assistance Program (MCSAP), specifically aimed at improving the performance of commercial vehicle drivers and the safe mechanical condition of commercial vehicles. Random roadside inspection of commercial vehicles and the random inspection of school buses is included in this activity. Mandatory annual inspection of commercial vehicles, school buses, and vehicles with wheelchair securement devices are performed through this activity. The activity also trains and certifies commercial vehicle inspectors employed in the private sector. Identifying certificates are issued to all Minnesota registered commercial vehicles passing an approved inspection by a certified inspector.

Civil weight investigators inspect shipping documentation and weight slips to enforce the relevant evidence provisions of the weight law.

### STRATEGIES AND PERFORMANCE:

The agency budget plan will allow this activity to maintain the number of commercial motor vehicle inspections and enforce laws regulating the operation of commercial motor vehicles. The operation of fixed scale facilities and mobile weight/inspection units will improve the safety of commercial motor vehicles, ensure that proper highway user fees have been paid, and reduce the rate of deterioration of pavement caused by overweight vehicles.

### FINANCING INFORMATION:

This activity generates dedicated and non-dedicated revenue.

- Non-dedicated revenue is collected for civil weight violations. A fee is charged for the certification of inspectors who perform annual inspections of commercial vehicles.
- The State Patrol is reimbursed for 80% of the cost of commercial vehicle inspection and enforcement activities performed under MCSAP. This revenue is dependent upon the number of commercial vehicle inspections performed.

The State Patrol has been designated as the lead state agency for MCSAP and this activity administers an additional MCSAP grant to the Minnesota Department of Transportation. The statutory authority is M.S. 4.07.

Activity: COMMERCIAL VEHICLE ENFORCEMENT  
 Program: STATE PATROL  
 Agency: PUBLIC SAFETY DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|--------------|---------------------|---------------|---------------------|--|--------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |              |                     |               |                     |  |              |
| <b>State Operations</b>                           |                   |                   |                     |              |                     |               |                     |  |              |
| COMPENSATION                                      | 5,957             | 6,494             | 6,547               | 6,685        | 6,685               | 6,861         | 6,861               | 505                                      | 3.9%         |
| OTHER OPERATING EXPENSES                          | 863               | 1,084             | 2,026               | 2,022        | 2,022               | 2,025         | 2,025               | 937                                      | 30.1%        |
| <b>Subtotal State Operations</b>                  | <b>6,820</b>      | <b>7,578</b>      | <b>8,573</b>        | <b>8,707</b> | <b>8,707</b>        | <b>8,886</b>  | <b>8,886</b>        | <b>1,442</b>                             | <b>8.9%</b>  |
| LOCAL ASSISTANCE                                  | 715               | 634               | 1,131               | 1,131        | 1,131               | 1,131         | 1,131               | 497                                      | 28.2%        |
| <b>Total Expenditures</b>                         | <b>7,535</b>      | <b>8,212</b>      | <b>9,704</b>        | <b>9,838</b> | <b>9,838</b>        | <b>10,017</b> | <b>10,017</b>       | <b>1,939</b>                             | <b>10.8%</b> |

|                                  |              |              |              |              |              |               |               |  |  |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--|--|
| <b>Financing by Fund:</b>        |              |              |              |              |              |               |               |  |  |
| <b>Direct Appropriations:</b>    |              |              |              |              |              |               |               |  |  |
| TRUNK HIGHWAY                    | 5,797        | 5,979        | 6,151        | 6,295        | 6,295        | 6,474         | 6,474         |  |  |
| <b>Statutory Appropriations:</b> |              |              |              |              |              |               |               |  |  |
| FEDERAL                          | 1,738        | 2,233        | 3,553        | 3,543        | 3,543        | 3,543         | 3,543         |  |  |
| <b>Total Financing</b>           | <b>7,535</b> | <b>8,212</b> | <b>9,704</b> | <b>9,838</b> | <b>9,838</b> | <b>10,017</b> | <b>10,017</b> |  |  |

|                                 |              |              |              |              |              |              |              |  |  |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--|
| <b>Revenue Collected:</b>       |              |              |              |              |              |              |              |  |  |
| <b>Dedicated</b>                |              |              |              |              |              |              |              |  |  |
| FEDERAL                         | 1,793        | 2,181        | 2,885        | 3,543        | 3,543        | 3,543        | 3,543        |  |  |
| <b>Nondedicated</b>             |              |              |              |              |              |              |              |  |  |
| TRUNK HIGHWAY                   | 38           | 34           | 30           | 30           | 30           | 30           | 30           |  |  |
| HIGHWAY USERS TAX DISTRIBUTION  | 533          | 594          | 600          | 600          | 600          | 600          | 600          |  |  |
| <b>Total Revenues Collected</b> | <b>2,364</b> | <b>2,809</b> | <b>3,515</b> | <b>4,173</b> | <b>4,173</b> | <b>4,173</b> | <b>4,173</b> |  |  |

|                                   |              |              |              |              |              |              |              |  |  |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--|
| <b>FTE by Employment Type:</b>    |              |              |              |              |              |              |              |  |  |
| FULL TIME                         | 116.3        | 118.0        | 116.0        | 116.0        | 116.0        | 112.0        | 112.0        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 2.0          | 1.6          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          |  |  |
| OVERTIME PAY                      | 2.6          | 2.5          | 1.1          | 1.0          | 1.0          | 1.0          | 1.0          |  |  |
| <b>Total Full-Time Equivalent</b> | <b>120.9</b> | <b>122.1</b> | <b>119.1</b> | <b>119.0</b> | <b>119.0</b> | <b>115.0</b> | <b>115.0</b> |  |  |

## BUDGET ACTIVITY SUMMARY

**Budget Activity:** CAPITOL COMPLEX SECURITY  
**Program:** STATE PATROL  
**Agency:** PUBLIC SAFETY DEPT

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### ACTIVITY PROFILE:

This activity provides protection, investigates threats, and prevents acts of violence against the governor and immediate family. It provides law enforcement services and protection to the legislature and state buildings, and it provides prevention and emergency response to 37 capitol complex buildings and 33 parking facilities.

### STRATEGIES AND PERFORMANCE:

Over 200 special events per year take place on State Capitol grounds and in capitol complex facilities. Political rallies, demonstrations, and other events (e.g., Taste of Minnesota, Twin Cities Marathon) demand increased planning and greater utilization of capitol complex security personnel and equipment. Workplace violence and other employee safety concerns challenge the staff and resources of capitol complex security. The activity's ability to maintain facility and employee safety in an open public access environment is dependent upon high visibility and early detection of potential problems.

#### Capitol security personnel:

- Provide immediate emergency and non-emergency response to all incidents within the capitol complex via foot, bicycle, and vehicle patrol.
- Respond to criminal, civil, and medical incidents and, if appropriate, refer follow-up to sworn law enforcement personnel.
- Provide assistance to employees and visitors by providing escort services, locking/unlocking facilities, and enforcing parking regulations.
- Provide crime prevention, personal security, cardiopulmonary resuscitation (CPR), and first-aid training to all state offices and employees.

#### Sworn law enforcement staff:

- Conduct criminal investigations, perform interviews, serve search warrants, make arrests, and support criminal charges.
- Perform threat assessments and follow-up investigations of crimes against elected officials and members of the judiciary.
- Maintain order during the legislative sessions and coordinate liaison with outside agencies, such as the federal Bureau of Investigation, Secret Service, Bureau of Criminal Apprehension and St. Paul Police Department.

Capitol complex security communications officers handle 8,000 telephone calls per month and 5,000 incident notifications per year, monitor 112 emergency intercoms and 120 closed circuit cameras, and regulate 15,000 security and environmental alarms and controls. Administrative support personnel maintain issuance and records on 15,000 photo and key cards, which regulate access privileges to buildings and parking facilities within the activity's jurisdiction. The activity is also responsible for oversight of all building emergency planning, evacuation, and testing.

High priority is placed on the personal safety and security of the governor, governor's family, members of the legislature and judiciary, and all state employees. The majority of activity resources will be directed toward the direct provision of services to prevent, respond to, and act upon issues affecting the safety and security of the capitol complex.

### FINANCING INFORMATION:

This activity generates dedicated revenue.

- Fees are collected to recover costs associated with planned events that are held on the capitol grounds.
- Fees are collected for security services provided to state buildings located outside of the capitol complex.
- Participant fees are collected for first aid and CPR training provided for state agencies.

Activity: CAPITOL COMPLEX SECURITY  
 Program: STATE PATROL  
 Agency: PUBLIC SAFETY DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     | Biennial Change<br>2002-03 Gov / 2000-01 |             |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|--|-------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. | Dollars                                  | Percent     |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |              |                     |              |                     |  |             |
| State Operations                                  |                   |                   |                     |              |                     |              |                     |  |             |
| COMPENSATION                                      | 2,612             | 3,202             | 3,368               | 3,384        | 3,384               | 3,477        | 3,477               | 291                                      | 4.4%        |
| OTHER OPERATING EXPENSES                          | 157               | 190               | 161                 | 338          | 338                 | 344          | 344                 | 331                                      | 94.3%       |
| <b>Subtotal State Operations</b>                  | <b>2,769</b>      | <b>3,392</b>      | <b>3,529</b>        | <b>3,722</b> | <b>3,722</b>        | <b>3,821</b> | <b>3,821</b>        | <b>622</b>                               | <b>9.0%</b> |
| CAPITAL OUTLAY & REAL PROPERTY                    | 0                 | 2                 | 0                   | 0            | 0                   | 0            | 0                   | (2)                                      | (100.0%)    |
| <b>Total Expenditures</b>                         | <b>2,769</b>      | <b>3,394</b>      | <b>3,529</b>        | <b>3,722</b> | <b>3,722</b>        | <b>3,821</b> | <b>3,821</b>        | <b>620</b>                               | <b>9.0%</b> |

|                                  |              |              |              |              |              |              |              |  |  |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--|
| <b>Financing by Fund:</b>        |              |              |              |              |              |              |              |  |  |
| <b>Direct Appropriations:</b>    |              |              |              |              |              |              |              |  |  |
| GENERAL                          | 2,614        | 2,922        | 3,072        | 3,317        | 3,317        | 3,410        | 3,410        |  |  |
| TRUNK HIGHWAY                    | 0            | 188          | 197          | 204          | 204          | 210          | 210          |  |  |
| <b>Statutory Appropriations:</b> |              |              |              |              |              |              |              |  |  |
| GENERAL                          | 155          | 284          | 260          | 201          | 201          | 201          | 201          |  |  |
| <b>Total Financing</b>           | <b>2,769</b> | <b>3,394</b> | <b>3,529</b> | <b>3,722</b> | <b>3,722</b> | <b>3,821</b> | <b>3,821</b> |  |  |

|                                 |            |            |            |            |            |            |            |  |  |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--|--|
| <b>Revenue Collected:</b>       |            |            |            |            |            |            |            |  |  |
| <b>Dedicated</b>                |            |            |            |            |            |            |            |  |  |
| GENERAL                         | 185        | 310        | 201        | 201        | 201        | 201        | 201        |  |  |
| <b>Total Revenues Collected</b> | <b>185</b> | <b>310</b> | <b>201</b> | <b>201</b> | <b>201</b> | <b>201</b> | <b>201</b> |  |  |

|                                   |             |             |             |             |             |             |             |  |  |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|
| <b>FTE by Employment Type:</b>    |             |             |             |             |             |             |             |  |  |
| FULL TIME                         | 47.9        | 57.3        | 60.3        | 60.3        | 60.3        | 60.3        | 60.3        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 0.4         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |  |  |
| OVERTIME PAY                      | 11.3        | 12.2        | 10.9        | 9.9         | 9.9         | 9.6         | 9.6         |  |  |
| <b>Total Full-Time Equivalent</b> | <b>59.6</b> | <b>69.5</b> | <b>71.2</b> | <b>70.2</b> | <b>70.2</b> | <b>69.9</b> | <b>69.9</b> |  |  |

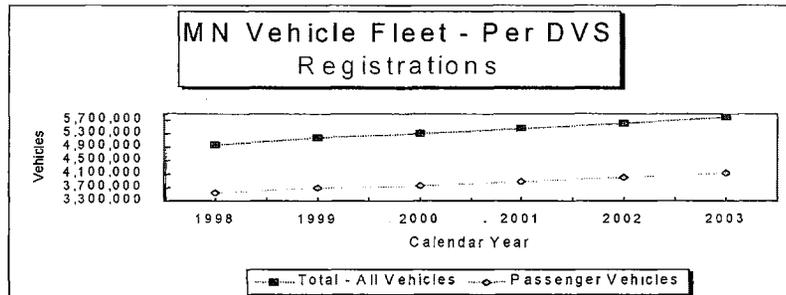
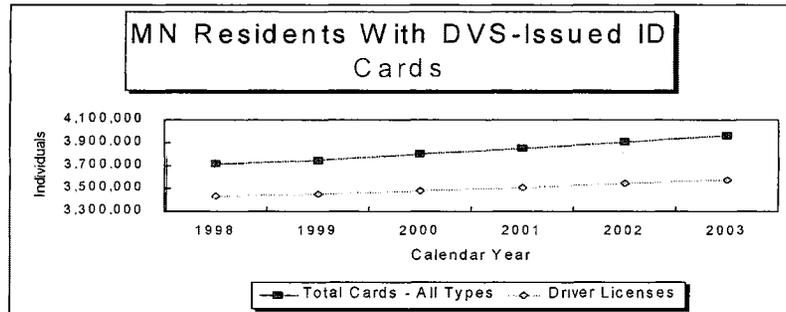
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## PROGRAM SUMMARY

**Program:** DRIVER & VEHICLE SERVICES  
**Agency:** PUBLIC SAFETY DEPT

### PROGRAM PROFILE:

- Issue certificates of title, maintain motor vehicle registration records, regulate motor vehicle dealers, distribute license plates and tabs, issue disability parking permits and license plates, and register bicycles.
- Administer two international agreements to register interstate motor carriers.
- Examine, license and evaluate drivers; issue driver licenses, identification cards, and instructional permits; maintain driver history and traffic accident data; and license driver training instructors and schools.
- Collect revenues from motor vehicle registration-related fees and taxes, interstate trucking-related taxes and fees, driver licensing and examination fees, non-driver identification card fees, reinstatement fees, collegiate and critical habitat donations, and other driver or vehicle transactions.



### STRATEGIES AND PERFORMANCE:

Improve quality and accessibility of services to Driver and Vehicle Services (DVS) customers, and simplify customer requirements and responsibilities.

- Use the Internet and modern communications technology to expand service availability beyond normal business hours.
- Streamline internal processes and incorporate up-to-date technology to improve operations and services.
- Improve communications with employees, customers and business partners.

Detailed strategy and performance information is provided in each budget activity.

### FINANCING INFORMATION:

The program collects approximately \$1 billion dollars per year in tax and fee revenue which is deposited into the General, Special Revenue, Trunk Highway, Highway User Tax Distribution, and Reinvest in Minnesota funds, and it is used to support a variety of Minnesota state operations including DVS.

### BUDGET ISSUES:

DVS has been able to continue operations and maintain a high level of staff productivity within the constraints of existing resources. There are some issues that will require additional resources during the next biennium. These budget issues are addressed in each budget activity page.

### GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency base level funding and the following budget initiatives:

#### **FY 2001 Deficiencies:**

- **Motor Vehicle License Plate Production:** A supplemental appropriation of \$875,000 is recommended from the HUTD Fund for a projected deficiency caused by unanticipated, additional demand for license plates.
- **Driver License Card Production:** A supplemental appropriation of \$445,000 is recommended from the Trunk Highway Fund for a projected deficiency caused by demand for cards exceeding projections of driver's licenses for FY 2001.

PROGRAM SUMMARY (Continued)

Program: DRIVER & VEHICLE SERVICES  
Agency: PUBLIC SAFETY DEPT

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Special Revenue Fund. Because of volume fluctuations for driver licenses and identification cards, the Governor recommends an open appropriation to more quickly respond to consumer demand. The biennial forecast amount for the open appropriation is \$6.3 million.

**New Initiatives:**

- **Motor Vehicle Tax Refunds:** An appropriation of \$11.725 million is recommended from the General Fund to reimburse the Highway User Tax Distribution (HUTD) for the additional refund payment of registration renewals due in June 2000.
  - **DVS Technological Improvements:** The Governor recommends biennial appropriations of \$1.2 million from the Highway Users Tax Distribution Fund and \$2.4 million from the Special Revenue Fund for technological and communication enhancements to Driver and Vehicle Services. This initiative has a number of components designed to improve Driver and Vehicle Services. The major components include replacement of obsolete testing equipment, a fully integrated, paperless driver license application system, enhanced local service using lap top computers, enhanced electronic communication with Deputy Registrars and an enhanced telephone system, including an 800 number and 24 hour interactive voice response.
  - **Open Appropriation - Motor Vehicle License Plates:** The Governor recommends that the current direct appropriation be replaced with an open appropriation for license plates. The Governor recommends that the purchase and delivery costs of license plates, as well as mailing costs of plates and registration notices be funded through a statutory appropriation to more readily meet customer needs. The biennial forecast amount for the open appropriation is \$11.8 million.
  - **Permanent Utility Trailer Registration:** The Governor recommends that boat, snowmobile and utility trailers weighing 3,000 pounds or less be registered once for the life of the trailer. This recommendation would benefit trailer owners by eliminating registration renewals as well as providing additional revenue to the Highway Users Tax Distribution Fund over the next two biennia.
  - **Drivers License Fees:** This recommendation transfers the source of funding for the driver license activity from the Trunk Highway to the Special Revenue Fund. It is a dollar for dollar transfer. The revenues associated with issuing driver licenses are not constitutionally dedicated to the Trunk Highway Fund like the motor fuel and motor vehicle registration taxes. This initiative will simplify funding in the Trunk Highway Fund by removing a major activity that does not have to come under the constitutional restrictions of the Fund.
  - **Driver License Card Production:** This recommendation transfers the expenditures for driver license cards from the Trunk Highway Fund to the
- **Enhanced Driver License Customer Service:** An annual appropriation of \$250,000 is recommended to improve customer service in Greater Minnesota. This initiative will reduce wait times, and provide improved hours for driver exam customers.

Program: DRIVER & VEHICLE SERVICES

Agency: PUBLIC SAFETY DEPT

| Program Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|--------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Activity:</b>          |                   |                   |                     |               |                     |               |                     |  |              |
| VEHICLE REGISTRATION & TITLE              | 17,337            | 17,493            | 18,892              | 18,189        | 31,455              | 18,623        | 19,625              | 14,695                                   | 40.4%        |
| LICENSING DRIVERS                         | 20,235            | 20,478            | 22,365              | 21,756        | 24,236              | 22,221        | 24,001              | 5,394                                    | 12.6%        |
| <b>Total Expenditures</b>                 | <b>37,572</b>     | <b>37,971</b>     | <b>41,257</b>       | <b>39,945</b> | <b>55,691</b>       | <b>40,844</b> | <b>43,626</b>       | <b>20,089</b>                            | <b>25.4%</b> |

| <u>Change Items:</u>                         | <u>Fund</u> |  |              |  |               |  |              |  |  |
|--|-------------|--|--------------|--|---------------|--|--------------|--|--|
| (P) DVS TECHNOLOGICAL IMPROVEMENTS           | HUT         |  |              |  | 910           |  | 335          |  |  |
| (P) DVS TECHNOLOGICAL IMPROVEMENTS           | SR          |  |              |  | 1,610         |  | 790          |  |  |
| (B) MOTOR VEHICLE TAX REFUNDS                | GEN         |  |              |  | 11,725        |  |              |  |  |
| (B) OPEN APPROPRIATION- MV LICENSE PLATES    | HUT         |  | 875          |  | 631           |  | 667          |  |  |
| (B) DRIVER LICENSE FEES                      | SR          |  |              |  | 19,111        |  | 19,575       |  |  |
| (B) DRIVER LICENSE FEES                      | THI         |  |              |  | (19,111)      |  | (19,575)     |  |  |
| (B) ENHANCED DRIVER LICENSE CUSTOMER SERVICE | SR          |  |              |  | 250           |  | 250          |  |  |
| (B) DRIVER LICENSE CARD PRODUCTION-          | SR          |  |              |  | 3,077         |  | 3,197        |  |  |
| (B) DRIVER LICENSE CARD PRODUCTION-          | THI         |  | 445          |  | (2,457)       |  | (2,457)      |  |  |
| <b>Total Change Items</b>                    |             |  | <b>1,320</b> |  | <b>15,746</b> |  | <b>2,782</b> |  |  |

| <u>Financing by Fund:</u>        |               |               |               |               |               |               |               |  |  |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|--|
| <b>Carry Forward:</b>            |               |               |               |               |               |               |               |  |  |
| GENERAL                          | 0             | 0             | 0             | 28            | 28            | 28            | 28            |  |  |
| <b>Direct Appropriations:</b>    |               |               |               |               |               |               |               |  |  |
| GENERAL                          | 4,284         | 3,563         | 3,870         | 3,858         | 15,583        | 3,996         | 3,996         |  |  |
| SPECIAL REVENUE                  | 0             | 0             | 0             | 0             | 20,971        | 0             | 20,615        |  |  |
| TRUNK HIGHWAY                    | 19,424        | 20,297        | 22,112        | 21,568        | 0             | 22,032        | 0             |  |  |
| HIGHWAY USERS TAX DISTRIBUTION   | 13,502        | 13,689        | 15,038        | 14,251        | 9,951         | 14,548        | 9,584         |  |  |
| <b>Open Appropriations:</b>      |               |               |               |               |               |               |               |  |  |
| SPECIAL REVENUE                  | 0             | 0             | 0             | 0             | 3,077         | 0             | 3,197         |  |  |
| HIGHWAY USERS TAX DISTRIBUTION   | 0             | 0             | 0             | 0             | 5,841         | 0             | 5,966         |  |  |
| <b>Statutory Appropriations:</b> |               |               |               |               |               |               |               |  |  |
| SPECIAL REVENUE                  | 174           | 342           | 157           | 166           | 166           | 166           | 166           |  |  |
| FEDERAL                          | 131           | 6             | 4             | 0             | 0             | 0             | 0             |  |  |
| REINVEST IN MINNESOTA            | 12            | 28            | 29            | 29            | 29            | 29            | 29            |  |  |
| GIFT                             | 45            | 46            | 47            | 45            | 45            | 45            | 45            |  |  |
| <b>Total Financing</b>           | <b>37,572</b> | <b>37,971</b> | <b>41,257</b> | <b>39,945</b> | <b>55,691</b> | <b>40,844</b> | <b>43,626</b> |  |  |

Program: DRIVER & VEHICLE SERVICES

Agency: PUBLIC SAFETY DEPT

| Program Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. |
| <b>FTE by Employment Type:</b>            |                   |                   |                     |              |                     |              |                     |
| FULL TIME                                 | 495.9             | 512.9             | 533.3               | 533.0        | 535.5               | 533.0        | 535.5               |
| PART-TIME, SEASONAL, LABOR SER            | 36.5              | 39.3              | 26.6                | 26.6         | 30.4                | 26.6         | 30.4                |
| OVERTIME PAY                              | 0.8               | 1.4               | 0.5                 | 0.1          | 0.1                 | 0.1          | 0.1                 |
| <b>Total Full-Time Equivalent</b>         | <b>533.2</b>      | <b>553.6</b>      | <b>560.4</b>        | <b>559.7</b> | <b>566.0</b>        | <b>559.7</b> | <b>566.0</b>        |

**INFORMATION TECHNOLOGY ITEM (59496)**

**Program: DRIVER & VEHICLE SERVICES**  
**Agency: PUBLIC SAFETY DEPT**  
**IT Change Item: DVS TECHNOLOGICAL IMPROVEMENTS (59496)**

**RATIONALE:**

■ **Improve exam station operations:**

The driver knowledge testing system currently used by Driver and Vehicle Services (DVS) is obsolete and no longer maintained by its original vendor. It cannot be used for the electronic transmission of applicant and test information to the DVS database. The equipment it uses is out-moded and replacement parts are difficult to obtain. Newer, better, more powerful hardware and software are faster and easier to use, have design features that improve test efficiency and integrity, and facilitate data communication.

**Testing Equipment:** DVS is requesting \$1.0 million to purchase a new testing system and approximately 220 new testing machines for its use statewide and to operate and maintain the hardware and software.

- This system and these testing machines provide faster, more accurate testing for applicants, make better services available in local communities, and use valuable staff time more efficiently.
- This system enhances test integrity because all test questions can be reprogrammed locally, as often as needed. This allows all applicants to receive a unique set of questions and makes communication of content and answers from one test taker to another more difficult.
- The system allows for tests to be programmed in various languages to meet the needs of those customers with limited knowledge of English who might otherwise need the skills of an interpreter.
- The new equipment provides for electronic transfer of test results, a first step in automating the entire driver license application process.

**Driver License Application System:** The request also includes \$400,000 in funding to develop a paper-less driver application processing system that will be fully integrated with the driver database, the new testing equipment, and the camera and driver license card production system operated under contract with Polaroid. The goal of the new system is to reduce and, ultimately, eliminate 15 manual steps, speed the flow of driver information, reduce the processing error rate, reduce processing times for license issuance to four days, and facilitate license reinstatement once criteria are met. The system would also eliminate an outdated records storage system.

**Service In Greater Minnesota:** In addition, the request includes \$385,000 to purchase 30 lap-top computers and associated software, to enhance local service delivery and provide statewide connectivity so examiners serving greater Minnesota can better address community needs at satellite stations. The lap-tops will be used to schedule driver tests and evaluations on a regional basis, provide customers with up-to-date information about their driving record, revise and print out tests as needed, and communicate directly with the DVS central office and database to obtain information and transmit data.

**ITEM DESCRIPTION AND PURPOSE:**

This initiative has a number of components designed to support Driver and Vehicle Services (DVS).

- Improve driver exam station operations.
- Implement a "24-7-365" telephone system for DVS customers.
- Expand "business to business" links with DVS partners.

**FUNDING:**

**Dollars in Thousands**

| <b>Funding Distribution</b> | <b>FY 2002</b> | <b>FY 2003</b> | <b>FY 2004</b> | <b>FY 2005</b> | <b>FY 2006</b> | <b>FY 2007</b> |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Personnel                   | 20             | 20             | 80             | 80             | 80             | 80             |
| Supplies                    | 0              | 0              | 0              | 0              | 0              | 0              |
| Hardware                    | 790            | 310            | 320            | 310            | 220            | 190            |
| Software                    | 1,265          | 167            | 170            | 170            | 0              | 0              |
| Facilities                  | 0              | 0              | 0              | 0              | 0              | 0              |
| Services                    | 425            | 628            | 570            | 600            | 620            | 620            |
| Training                    | 20             | 0              | 0              | 0              | 0              | 0              |
| Grants                      | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Total</b>                | <b>2,520</b>   | <b>1,125</b>   | <b>1,140</b>   | <b>1,160</b>   | <b>920</b>     | <b>890</b>     |

Included in the request are components to obtain hardware and software for local driver testing and application processing; develop a paperless driver license application system; install a communications system to link both testing and application processing systems with the DVS central office and mainframe; implement 1-800 number long distance service for greater Minnesota; upgrade obsolete phone system features to latest releases; integrate phone system into network infrastructure and with other computer applications; increase the use of interactive voice recognition (IVR) and other self-service applications that can be accessed 24-hours per day, seven days per week; and obtain statewide rights to an Internet/electronic file transfer system so all deputy registrars can use it and adapt system parameters to mesh with the capabilities of individual deputy registrars.

INFORMATION TECHNOLOGY ITEM (59496) (Continued)

Program: DRIVER & VEHICLE SERVICES

Agency: PUBLIC SAFETY DEPT

IT Change Item: DVS TECHNOLOGICAL IMPROVEMENTS (59496)

companies, auto dealers, and law enforcement, by implementing Internet-based systems to electronically transfer information. These systems will be designed to reduce duplicate data entry, increase constancy and accuracy of information, improve customer service, and increase state interest income through faster processing of deposits.

**Deputy Registrars:** DVS is requesting \$460,000 in FY 2002 to obtain and install Internet capability and an electronic data transfer system and \$185,000 per year thereafter to operate and maintain it. Vehicle owners can initiate title and registration transactions in person, by mail, and via the Internet with DVS or in person with any of the state's 172 appointed deputy registrars. Transmitting data on transactions processed and receipts collected by deputy registrars are currently a manual process dependent on mail service. In FY 1996, the legislative auditor estimated that the State loses \$800,000 per year in interest because of the inherent delays in this procedure. A private company working with Anoka County developed an electronic information transfer system. DVS is seeking to implement it on a statewide basis with all deputy registrars participating. Deputies would be connected to DVS via the Internet and would send updated vehicle registration information electronically. Downloading information on vehicle titles and registration renewals means less entry work on the part of DVS and faster turnaround time. Title issue time could be reduced from 32 days to 10 days, renewals with changes would be processed with less manual intervention, data entry errors would be decreased, and the timeliness and accuracy of vehicle records would be improved. The download system also reduces the time lag between the deputy registrar receiving funds and DVS obtaining deposit information to one day. DVS can transmit the deposit information electronically to the State Treasurer, so the funds can be transferred to interest bearing accounts within a day or two of receipt. In addition to the additional interest earned, the process is more efficient due to a minimization of duplicate data entry between DVS and the deputy registrars.

This initiative supports the Governor's emphasis on service not systems by increasing customer satisfaction with services from government and collaborating with local governments. The initiative also supports the creation of healthy, vital communities by responding to new demographics and energizing communities of color. These technological improvements will simplify all systems and significantly increase user access.

This initiative will dramatically improve rural Minnesota's access to services. It is a critically important piece to making DVS more customer driven

- Implement a 24/7/365 Telephone System For DVS Customers

**800 Number Service:** DVS is requesting \$90,000 in FY 2002 and \$250,000 per year thereafter to provide toll free access for DVS customers calling from outside the Twin Cities' calling area. Currently, many DVS callers from outside the Minneapolis/St. Paul area must pay sometimes substantial long distance charges to receive immediate services or information from DVS or to request a call-back by an appropriate individual at a later time. This can result in unnecessary delays, costs, and frustration for customers. The availability of a toll-free 1-800 number service addresses these issues.

**Telephone System Upgrade:** DVS is requesting \$100,000 to expand the system and purchase the latest software releases and \$10,000 per year for additional recurring charges. DVS has a substantial investment in a proprietary telecommunications system it has used since 1993. Major components are obsolete because the vendor no longer supports them. The system needs to be upgraded with later technical revisions. With its current line capacity and features, about 65% of all attempted calls to DVS for information or service during business hours are met with a busy signal.

**Interactive Voice Recognition (IVR):** IVR will cost about \$700,000 in hardware and software to obtain and install and about \$40,000 per year to maintain thereafter. The current telecommunications system is touch-tone key-based with a voice response. IVR has many features which speed calls and facilitate service delivery. Customers could more readily provide information currently precluded by telephone keypad limitations, most primarily alpha characters used in names and vehicle license plates. This will allow automated access to greater portions of the database and reduce look-up time once an agent is engaged or, often, eliminate the need to speak with an agent.

With the necessary technical upgrades which enable self-service features such as IVR, DVS will provide automated services by telephone and computer 24-hours per day, seven days a week, giving efficient service to all callers and making more effective use of its existing staff.

- Expand "Business To Business" Links

DVS is seeking to improve the flow of information between it and its business partners, i.e., deputy registrars, financial institutions, insurance

**INFORMATION TECHNOLOGY ITEM (59496) (Continued)**

**Program: DRIVER & VEHICLE SERVICES**  
**Agency: PUBLIC SAFETY DEPT**  
**IT Change Item: DVS TECHNOLOGICAL IMPROVEMENTS (59496)**

**LIFE CYCLE ANALYSIS:**

| Life Cycle Status | 2002-03 Biennium |         | 2004-05 Biennium |         | 2006-07 Biennium |         |
|-------------------|------------------|---------|------------------|---------|------------------|---------|
|                   | FY 2002          | FY 2003 | FY 2004          | FY 2005 | FY 2006          | FY 2007 |
| Development       | X                |         |                  |         |                  |         |
| Operations        | X                | X       | X                | X       | X                | X       |
| Modification      |                  | X       | X                | X       | X                | X       |
| Retirement        |                  |         |                  |         |                  |         |

Planning for statewide implementation is currently underway. Implementation will be on a phased basis over the biennium with the deputy registrars currently possessing appropriate technological capabilities being addressed in early phases and the smaller, less technologically capable deputies being addressed in the latter phases. Implementation of driver systems and installation of equipment in local sites will be phased in over several biennia as equipment is available and communications issues are resolved.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends funding for this initiative at requested levels. This includes funding of \$1.2 million from the Highway Users Tax Distribution Fund and \$2.4 million from the Special Revenue Fund.

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**BUDGET ACTIVITY SUMMARY  
\*\* PERFORMANCE PILOT \*\***

**Budget Activity:** VEHICLE REGISTRATION & TITLE  
**Program:** DRIVER & VEHICLE SERVICES  
**Agency:** PUBLIC SAFETY DEPT

**ACTIVITY PROFILE:**

- Maintain vehicle title and registration records, issue certificates of title as evidence of ownership, register bicycles, regulate motor vehicle dealers, and monitor the production and distribution of license plates and tabs. Transactions can be initiated by the public at Driver and Vehicle Services (DVS), by mail, via the Internet, or at 172 independent public or private deputy registrar offices located statewide.
- Administer the International Registration Plan (IRP) and the International Fuel Tax Agreement (IFTA) that provide for uniform collection of registration and fuel taxes throughout the United States and Canada. Motor carriers establish and maintain one license and report on the interstate operation of their vehicles. This reduces their administrative burden and ensures that each member jurisdiction receives its appropriate share of registration and fuel tax revenues.

**STRATEGIES AND PERFORMANCE:**

- Provide complete, immediate service to all walk-in customer and dealers.
- Provide accurate and comprehensive information to all customers.
- Use technological innovation to improve business functions, reduce processing time, and facilitate collection of fees and taxes.
  - Implement computer system enhancements to improve system efficiency in the collection, transmission, and processing of data, renewals, and other transactions.
  - Reduce average issue time for new or revised certificates of title to 20 workdays or less.
  - Deposit or transfer all funds collected by DVS and the deputy registrars into state interest bearing accounts within 24-hours of receipt.
- Participate in Minnesota's commercial vehicle information system network and in commercial vehicle operations programs and pilot projects that apply new technology to motor carrier licensing and road enforcement and shorten the time a carrier is without proper credentials.

**Workload Indicators**

|                                   | FY 2000<br>Actual | FY 2001<br>Estimated | FY 2002<br>Estimated | FY 2003<br>Estimated |
|-----------------------------------|-------------------|----------------------|----------------------|----------------------|
| New titles/transfers proc         | 1,597,017         | 1,650,000            | 1,700,000            | 1,750,000            |
| Renewal notices                   | 3,769,369         | 4,400,000            | 4,000,000            | 4,450,000            |
| Vehicle inspections               | 11,971            | 12,210               | 12,455               | 12,704               |
| Public information inquiries      | 527,620           | 575,000              | 575,000              | 575,000              |
| Disability parking permits/plates | 59,163            | 60,000               | 60,000               | 60,000               |
| Bicycles registered               | 15,565            | 15,700               | 15,750               | 18,800               |
| Dealer licenses issued            | 4,189             | 4,250                | 4,300                | 4,350                |
| Motor carriers registered         | 6,301             | 6,490                | 6,685                | 6,885                |
| Veh reg by carriers               | 56,935            | 58,000               | 59,000               | 60,000               |
| IRP transactions                  | 18,200            | 19,300               | 20,450               | 21,780               |
| Fuel tax returns                  | 18,923            | 19,300               | 19,686               | 20,080               |

The Driver and Vehicle Service Division is a performance-driven, organization. These key performance indicators and improvement plan represent our commitment to service.

**Key Performance Indicators**

|                          | FY 2001<br>Current \$ | FY 2002-3<br>Base \$ | FY 2002-3<br>Gov Rec \$ | Long Term<br>Goal |
|--------------------------|-----------------------|----------------------|-------------------------|-------------------|
| Reduce process (days)    |                       |                      |                         |                   |
| Vehicle titles           | 32                    | 20                   | 10                      | 5                 |
| Renewals                 | 5                     | 4                    | 2                       | 0                 |
| Motor carrier            |                       |                      |                         |                   |
| Registration             | 10                    | 9                    | 5                       | 1                 |
| IRP transactions         | 11                    | 6                    | 5                       | 5                 |
| Increase dealers         |                       |                      |                         |                   |
| Inspected                | 18%                   | 36%                  | 50%                     | 100%              |
| Increase dealers license |                       |                      |                         |                   |
| Renewals via internet    | 0                     | 5%                   | 50%                     | 90%               |
| Reduce VIN               |                       |                      |                         |                   |
| Inspection (weeks)       |                       |                      |                         |                   |
| Greater Minnesota        | 4                     | 3                    | 2                       | 1                 |
| Increase self-serve      |                       |                      |                         |                   |
| Transactions             | 1%                    | 2%                   | 10%                     | 25%               |

**BUDGET ACTIVITY SUMMARY (Continued)**  
**\*\* PERFORMANCE PILOT \*\***

**Budget Activity:** VEHICLE REGISTRATION & TITLE  
**Program:** DRIVER & VEHICLE SERVICES  
**Agency:** PUBLIC SAFETY DEPT

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**FINANCING INFORMATION:**

This activity generates dedicated revenues.

- Donations are collected for Minnesota colleges and the Department of Natural Resources under the collegiate and critical habitat license plate programs.
- Environmental Fund.
- Bicycle registration fees are used for bicycle trail development and safety programs.

This activity generates non-dedicated revenues.

- Vehicle sales and registration taxes.
- Motor vehicle transfer penalties, filing fees, surcharge on motor vehicle fees, plate and sticker fees, tax-exempt administration fees, and lessor transfer fees.
- Fees under IFTA, namely gas tax, fuel tax license fee, fuel tax filing fee, and fleet registration fee.
- Vehicle registration and sales tax from Minnesota-based interstate carriers and registration taxes from other states on a prorated basis under the IRP.

**BUDGET ISSUES:**

In addition to staff and facilities costs, the major expenses are data processing, telephone systems, postage, and purchase of license plates and tabs.

Activity: VEHICLE REGISTRATION & TITLE  
 Program: DRIVER & VEHICLE SERVICES  
 Agency: PUBLIC SAFETY DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|--------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |               |                     |               |                     |  |              |
| <b>State Operations</b>                           |                   |                   |                     |               |                     |               |                     |  |              |
| COMPENSATION                                      | 8,131             | 8,569             | 9,522               | 9,679         | 9,699               | 9,952         | 9,972               | 1,580                                    | 8.7%         |
| OTHER OPERATING EXPENSES                          | 9,160             | 8,875             | 9,323               | 8,465         | 9,986               | 8,626         | 9,608               | 1,396                                    | 7.7%         |
| OTHER FINANCIAL TRANSACTIONS                      | 46                | 49                | 47                  | 45            | 45                  | 45            | 45                  | (6)                                      | (6.3%)       |
| TRANSFERS   | 0                 | 0                 | 0                   | 0             | 11,725              | 0             | 0                   | 11,725                                   |              |
| <b>Total Expenditures</b>                         | <b>17,337</b>     | <b>17,493</b>     | <b>18,892</b>       | <b>18,189</b> | <b>31,455</b>       | <b>18,623</b> | <b>19,625</b>       | <b>14,695</b>                            | <b>40.4%</b> |
| <b>Change Items:</b>                              |                   |                   |                     |               |                     |               |                     |  |              |
|   | <b>Fund</b>       |                   |                     |               |                     |               |                     |  |              |
| (P) DVS TECHNOLOGICAL IMPROVEMENTS                | HUT               |                   |                     |               | 910                 |               | 335                 |  |              |
| (B) MOTOR VEHICLE TAX REFUNDS                     | GEN               |                   |                     |               | 11,725              |               |                     |  |              |
| (B) OPEN APPROPRIATION- MV LICENSE PLATES         | HUT               |                   | 875                 |               | 631                 |               | 667                 |  |              |
| <b>Total Change Items</b>                         |                   |                   | <b>875</b>          |               | <b>13,266</b>       |               | <b>1,002</b>        |  |              |
| <b>Financing by Fund:</b>                         |                   |                   |                     |               |                     |               |                     |  |              |
| <b>Direct Appropriations:</b>                     |                   |                   |                     |               |                     |               |                     |  |              |
| GENERAL   | 3,611             | 3,531             | 3,728               | 3,803         | 15,528              | 3,940         | 3,940               |  |              |
| HIGHWAY USERS TAX DISTRIBUTION                    | 13,502            | 13,689            | 15,038              | 14,251        | 9,951               | 14,548        | 9,584               |  |              |
| <b>Open Appropriations:</b>                       |                   |                   |                     |               |                     |               |                     |  |              |
| HIGHWAY USERS TAX DISTRIBUTION                    | 0                 | 0                 | 0                   | 0             | 5,841               | 0             | 5,966               |  |              |
| <b>Statutory Appropriations:</b>                  |                   |                   |                     |               |                     |               |                     |  |              |
| SPECIAL REVENUE                                   | 133               | 199               | 50                  | 61            | 61                  | 61            | 61                  |  |              |
| FEDERAL   | 34                | 0                 | 0                   | 0             | 0                   | 0             | 0                   |  |              |
| REINVEST IN MINNESOTA                             | 12                | 28                | 29                  | 29            | 29                  | 29            | 29                  |  |              |
| GIFT  | 45                | 46                | 47                  | 45            | 45                  | 45            | 45                  |  |              |
| <b>Total Financing</b>                            | <b>17,337</b>     | <b>17,493</b>     | <b>18,892</b>       | <b>18,189</b> | <b>31,455</b>       | <b>18,623</b> | <b>19,625</b>       |  |              |

Activity: VEHICLE REGISTRATION & TITLE  
 Program: DRIVER & VEHICLE SERVICES  
 Agency: PUBLIC SAFETY DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002          |                     | FY 2003          |                     |
|---|-------------------|-------------------|---------------------|------------------|---------------------|------------------|---------------------|
|   |                   |                   |                     | Base             | Governor<br>Recomm. | Base             | Governor<br>Recomm. |
| <b>Revenue Collected:</b>                         |                   |                   |                     |                  |                     |                  |                     |
| <b>Dedicated</b>                                  |                   |                   |                     |                  |                     |                  |                     |
| SPECIAL REVENUE                                   | 8,030             | 3,941             | 80                  | 80               | 80                  | 80               | 80                  |
| FEDERAL   | 34                | 0                 | 0                   | 0                | 0                   | 0                | 0                   |
| REINVEST IN MINNESOTA                             | 625               | 936               | 900                 | 900              | 900                 | 900              | 900                 |
| GIFT  | 46                | 47                | 45                  | 45               | 45                  | 45               | 45                  |
| <b>Nondedicated</b>                               |                   |                   |                     |                  |                     |                  |                     |
| GENERAL   | 487,241           | 541,186           | 526,483             | 570,405          | 570,405             | 581,705          | 581,705             |
| CAMBRIDGE DEPOSIT FUND                            | 6,620             | 6,849             | 6,957               | 0                | 0                   | 0                | 0                   |
| HIGHWAY USERS TAX DISTRIBUTION                    | 563,574           | 618,948           | 474,400             | 496,315          | 501,507             | 503,643          | 512,003             |
| ENVIRONMENTAL                                     | 4,434             | 4,580             | 4,705               | 4,830            | 4,830               | 4,955            | 4,955               |
| <b>Total Revenues Collected</b>                   | <b>1,070,604</b>  | <b>1,176,487</b>  | <b>1,013,570</b>    | <b>1,072,575</b> | <b>1,077,767</b>    | <b>1,091,328</b> | <b>1,099,688</b>    |
| <b>FTE by Employment Type:</b>                    |                   |                   |                     |                  |                     |                  |                     |
| FULL TIME   | 193.4             | 196.3             | 210.0               | 209.7            | 209.7               | 209.7            | 209.7               |
| PART-TIME, SEASONAL, LABOR SER                    | 8.3               | 11.6              | 2.8                 | 2.8              | 2.8                 | 2.8              | 2.8                 |
| OVERTIME PAY                                      | 0.6               | 0.8               | 0.4                 | 0.0              | 0.0                 | 0.0              | 0.0                 |
| <b>Total Full-Time Equivalent</b>                 | <b>202.3</b>      | <b>208.7</b>      | <b>213.2</b>        | <b>212.5</b>     | <b>212.5</b>        | <b>212.5</b>     | <b>212.5</b>        |

**BUDGET CHANGE ITEM (50743)**

**Budget Activity:** VEHICLE REGISTRATION & TITLE  
**Program:** DRIVER & VEHICLE SERVICES  
**Agency:** PUBLIC SAFETY DEPT  
  
**Item Title:** MOTOR VEHICLE TAX REFUNDS

could be another 1,000 renewals, totaling \$95,000, that have not yet been processed and/or identified for various reasons. Therefore, DVS is currently estimating the total cost of this refund as \$11.7 million for 124,700 vehicles.

**FINANCING:**

Taxes and fees collected when vehicles are registered in Minnesota are deposited in the Highway User Tax Distribution Fund and cover the costs to the state.

|  | 2002-03 Biennium |         | 2004-05 Biennium |         |
|--|------------------|---------|------------------|---------|
|  | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s)   |                  |         |                  |         |
| General Fund   |                  |         |                  |         |
| -State Operations  | \$11,725         | -0-     | -0-              | -0-     |
| Statutory Change? Yes _____ No <u>X</u>                                |                  |         |                  |         |
| If yes, statute(s) affected:   |                  |         |                  |         |
| _____ New Activity <u>X</u> Supplemental Funding    _____ Reallocation |                  |         |                  |         |

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends an appropriation of \$11.725 million to reimburse the Highway Users Tax Distribution Fund for refunding taxes for vehicle registration renewals due in June 2000.

**RATIONALE:**

Laws of 2000, Chapter 490, Article 7, amended M.S. 168.013, Subd. 1a(h) to reduce taxes owed for renewals of vehicle registrations after the first year of ownership. This law was intended to take effect for renewals due in July 2000, and revenue estimates and appropriations affected by the reductions were calculated based on that date. A number of vehicle owners questioned whether the law could be interpreted to also cover renewals due in June and filed a lawsuit over the issue. Subsequent analysis by the departments of Revenue and Public Safety, as well as a legal opinion from the Office of the Attorney General, determined that the law was sufficiently vague and was likely to be interpreted as covering the June renewals. The administration decided to settle the suit and issue refunds for overpayments of taxes paid for June renewals.

Approximately 373,000 notices were mailed for vehicle registration renewals due in June 2000. Of these 140,465 were determined to have an incorrectly calculated tax under the 1999 law. Some of these vehicles did not and will not renew their Minnesota vehicle registrations for reasons such as registration of the vehicle in another state or junking of the vehicle because of accident damage. Driver and Vehicle Services (DVS) has identified 123,704 renewals that are due refunds totaling about \$11.6 million. It also estimates that there

**BUDGET CHANGE ITEM (45577)**

**Budget Activity:** VEHICLE REGISTRATION & TITLE  
**Program:** DRIVER & VEHICLE SERVICES  
**Agency:** PUBLIC SAFETY DEPT

**Item Title:** OPEN APPROPRIATION-MV LICENSE PLATES

|                        | 2002-03 Biennium |           |           | 2004-05 Biennium |           |
|------------------------|------------------|-----------|-----------|------------------|-----------|
|                        | FY 2001          | FY 2002   | FY 2003   | FY 2004          | FY 2005   |
| Expenditures: (\$000s) |                  |           |           |                  |           |
| Highway User Tax       |                  |           |           |                  |           |
| -State Operations      |                  |           |           |                  |           |
| Direct                 | \$875            | \$(5,210) | \$(5,299) | \$(5,299)        | \$(5,299) |
| Open                   |                  | \$5,841   | \$5,966   | \$6,080          | \$6,195   |

Statutory Change? Yes  No

If yes, statute(s) affected: M.S. 168.381

New Activity  Supplemental Funding  Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends that the variable costs of motor vehicle registration and title costs be converted from a direct appropriation to an open appropriation from the HUTD fund beginning in FY 2002. These include the costs of producing and mailing registration notices and other materials and of manufacturing, delivery and mailing licenses plate and tabs. The governor also recommends a supplemental appropriation of \$875,000 in FY 2001 and an estimated increase of \$631,000 in FY 2002 and \$667,000 in FY 2003, from the Highway User Tax Distribution Fund to cover currently projected volume increases.

**RATIONALE:**

During FY 1998-99 and FY 2000-01 biennial budget requests, the number of vehicles that would be titled and registered and the number of license plates and tabs that would be required for those vehicles was underestimated. As a result, postage and mail handling costs exceeded budget amounts, and the plate reserves were depleted. To accommodate this, DVS requested a supplemental appropriations for FY 1999 and 2001 to cover the additional mailing and plate production costs. These problems will carry forward into FY 2002-2003.

Costs related to registering and titling motor vehicles are consumer demand driven and are clearly related to vehicle sales and transfers, the influx of

vehicles into the state, and longer vehicle retention cycles. DVS has been diligent in working to keep its processing costs down and to use the most efficient mailing procedures to minimize required postage and handling. It also works with Minnesota Department of Corrections, Correctional Industries (MinnCor) to keep unit cost rates down while ensuring, as MinnCor operates on a revolving fund, that its anticipated production and delivery costs are recovered. DVS has had trouble accurately projecting the number of vehicles that will be registered and license plates that need to be manufactured because it has no control over and difficulty assessing the wide variety of economic and societal factors that influence these estimates. Funding mailing costs and license plate manufacturing with an open appropriation will allow DVS the flexibility to adjust funding to address current market needs quicker and without the necessity of seeking supplemental legislative appropriations.

A supplemental appropriation has been requested in FY 2001 to cover the additional mailing costs, to purchase the additional plates projected to be needed by the end of the year, and to replenish the working inventory of plates at DVS and its appointed deputy registrars. The supplemental request also includes the costs associated with a skewed two-year trailer license renewal cycle that hits during the fiscal year.

**FINANCING:**

Taxes and fees collected when vehicles are registered in Minnesota are deposited in the Highway User Tax Distribution Fund.

**OUTCOMES:**

- Reduce the risk of customer frustration and violation of registration law when renewal notices, titles, license plates, and tabs are not available at the time a customer is required by law to obtain them.
- Eliminate administrative problems for DVS and its appointed deputy registrars due to the inability to mail documents in a timely manner and the unavailability of plates and tabs.
- Reduce work for law enforcement when attempting to verify vehicle registration. Without license plates and current tabs, law enforcement would have to stop each vehicle in order to check for proof of registration.

**BUDGET CHANGE ITEM (58450)**

**Budget Activity:** VEHICLE REGISTRATION & TITLE  
**Program:** DRIVER & VEHICLE SERVICES  
**Agency:** PUBLIC SAFETY DEPT

**Item Title:** PERMANENT UTILITY TRAILER REGISTRATION

|                    | 2002-03 Biennium |         | 2004-05 Biennium |         |
|--------------------|------------------|---------|------------------|---------|
|                    | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Revenues: (\$000s) |                  |         |                  |         |
| Highway User Tax   |                  |         |                  |         |
| Distribution Fund  | \$4,928          | \$7,832 | \$1,594          | \$31    |

Statutory Change? Yes  No

If yes, statute(s) affected: M.S. 168.013, subd. 1d

New Activity     Supplemental Funding     Reallocation

**GOVERNOR'S RECOMMENDATION:**

The governor recommends that boat, snowmobile and utility trailers weighing 3,000 pounds or less be registered once for the life of the trailer.

**RATIONALE:**

Currently these trailers are registered for two years, which requires owners to renew their registration every other year and pay registration tax and a filing fee each time. These trailers have limited initial value and a long-term useful life. Additionally, the registration cycle for these trailers is not evenly distributed, with the bulk of the trailers being renewed during a single year. The revenue collected over time does little more than offset the cost of administering this program.

Currently, there are separate registration categories for 1500-pound gross vehicle weight trailers and 3000-pound gross weight trailers; a two-year registration of a 1500-pound trailer is \$10 and for a 3000-pound trailer is \$12. This proposal creates one registration category for all trailers with registered gross weight of 3000 pounds or less.

Allowing these vehicles to be permanently registered, at a cost close to the present value of the future revenue stream under the current system, would not result in a revenue loss to the state. It would benefit the owners since they would not have to devote time every other year to renewing their trailer registration and pay a filing fee on a relatively small amount of tax due (\$10 to \$12 depending on weight). The state would also benefit because the resources

devoted to mailing renewal notices and processing renewals could be re-directed to processing other transactions.

This proposal would effect mandatory lifetime registration of all new trailers added to the fleet, and optional lifetime registration for currently registered trailers. New trailers would be taxed one-time at the rate of \$55. Owners of currently registered trailers would have the option to convert to the lifetime registration in FY 2002-03 for \$25, or they could continue to renew for two-year periods at the rate of \$10 as under the present system. In FY 2004 and later, owners shall convert to the lifetime registration for \$20.

It is anticipated that 40% of owners of currently-registered trailers shall convert to a permanent registration.

**FINANCING:**

Taxes and fees collected when vehicles are registered in Minnesota are deposited in the Highway User Tax Distribution Fund and cover the costs to the state.

**OUTCOMES:**

- Simplify small trailer registration process.
- Provide a more efficient system for collecting taxes and fees on utility trailers.
- Reduce customer frustration with a transaction viewed as a nuisance and unnecessary intrusion by government.

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**BUDGET ACTIVITY SUMMARY**  
**\*\* PERFORMANCE PILOT \*\***

**Budget Activity:** LICENSING DRIVERS  
**Program:** DRIVER & VEHICLE SERVICES  
**Agency:** PUBLIC SAFETY DEPT

**ACTIVITY PROFILE:**

- Administer driver knowledge tests, conduct driving skills road tests, and regulate licensed driver training schools. Provide driver examining at 94 full-time and part-time locations statewide.
- Issue driver licenses, instruction permits, and non-driver identification cards. Maintain driver history and traffic accident records. Provide services at the Driver and Vehicle Services (DVS) central office in St. Paul and throughout the state at 14 DVS field offices and 125 independent public and private driver license agent offices.
- Evaluate medical and vision reports, conduct hearings on drivers who violate traffic laws or are involved in accidents, issue limited licenses, and conduct reviews and hearings on compliance with re-licensing requirements.

**STRATEGIES AND PERFORMANCE:**

- Improve quality of DVS programs through technological upgrades.
- Provide accurate and comprehensive information and services to DVS customers.
- Enhance the integrity of the driver knowledge test.
- Continue to improve educational, evaluation, and licensing services to increase driver safety.
- Strengthen communications with DVS business partners.

|                             | FY 2000<br><u>Actual</u> | FY 2001<br><u>Estimated</u> | FY 2002<br><u>Estimated</u> | FY 2003<br><u>Estimated</u> |
|-----------------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| Lic/permits/ID cards Issued | 1,478,929                | 1,505,500                   | 1,532,600                   | 1,560,200                   |
| Crash records process       | 102,094                  | 98,000                      | 95,000                      | 95,000                      |
| No-fault revocations        | 10,741                   | 10,800                      | 11,000                      | 11,200                      |
| No-fault incidents          | 19,776                   | 20,000                      | 20,500                      | 21,000                      |
| Public information          |                          |                             |                             |                             |
| Inquiries                   | 554,171                  | 589,138                     | 592,420                     | 595,768                     |
| Driver knowledge tests      | 529,756                  | 540,351                     | 551,158                     | 562,181                     |
| Driver skills road test     | 162,880                  | 166,952                     | 171,126                     | 175,404                     |
| Driving school licensed     | 70                       | 74                          | 77                          | 81                          |

**Workload Indicators**

|  | FY 2000<br><u>Actual</u> | FY 2001<br><u>Estimated</u> | FY 2002<br><u>Estimated</u> | FY 2003<br><u>Estimated</u> |
|--|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| Driving instructors Licensed                 | 400                      | 420                         | 441                         | 403                         |
| Third Party CDL Exam License                 | 85                       | 94                          | 103                         | 113                         |
| Driving privileges Withdrawn                 | 171,691                  | 175,124                     | 178,626                     | 182,198                     |
| Evaluation hearings Medical reports Reviewed | 34,118                   | 34,800                      | 35,496                      | 36,205                      |
| Vision reports Reviewed                      | 27,583                   | 28,134                      | 38,696                      | 29,269                      |
| Implied consent Reviewed                     | 4,709                    | 4,803                       | 4,899                       | 4,996                       |
| Limited license issued                       | 34,588                   | 35,279                      | 35,984                      | 36,703                      |
|  | 18,824                   | 19,200                      | 19,584                      | 19,975                      |

The Driver and Vehicle Services Division is a performance-driven organization. These key performance indicators and improvement plan represent our commitment to service.

**Key Performance Indicators**

| <u>Key Indicators</u>                         | FY 2001<br><u>Current</u> | FY2002-3<br><u>Base \$</u> | FY2002-3<br><u>Gov Rec \$</u> | Long Term<br><u>Goal</u> |
|---|---------------------------|----------------------------|-------------------------------|--------------------------|
| Reduce Processing Time (Days)                 |                           |                            |                               |                          |
| License/ID Card Issuing                       | 15                        | 11                         | 5                             | 4                        |
| Decrease Wait Times                           |                           |                            |                               |                          |
| Road Test Scheduling (Days)                   | 20                        | 15                         | 12                            | 5                        |
| Evaluation Hearing (Weeks)                    | 9                         | 9                          | 7                             | 4                        |
| Increase Mainframe Access at DVS Stations (#) | 15                        | 24                         | 68                            | 94+                      |
| Reduce % of lost calls                        | 65%                       | 50%                        | 30%                           | 0                        |

**FINANCING INFORMATION:**

This activity generates dedicated revenue. Driving while intoxicated reinstatement fees are collected and distributed according to M.S. 171.29.

BUDGET ACTIVITY SUMMARY (Continued)  
\*\* PERFORMANCE PILOT \*\*

Budget Activity: LICENSING DRIVERS  
Program: DRIVER & VEHICLE SERVICES  
Agency: PUBLIC SAFETY DEPT

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This activity generates non-dedicated revenue, including driver license and accident record fees, revocation and suspension fees, and re-examining and reinstatement fees.

**BUDGET ISSUES:**

In addition to staff and facilities costs, the major expenses are data processing, telephone systems and charges, postage and mail handling, and purchase of driver licenses, permits and identification cards.

Activity: LICENSING DRIVERS  
 Program: DRIVER & VEHICLE SERVICES  
 Agency: PUBLIC SAFETY DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|--------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |               |                     |               |                     |  |              |
| <b>State Operations</b>                           |                   |                   |                     |               |                     |               |                     |  |              |
| COMPENSATION                                      | 13,411            | 14,309            | 15,505              | 15,508        | 15,758              | 15,962        | 16,212              | 2,156                                    | 7.2%         |
| OTHER OPERATING EXPENSES                          | 6,824             | 6,168             | 6,818               | 6,220         | 8,450               | 6,231         | 7,761               | 3,225                                    | 24.8%        |
| OTHER FINANCIAL TRANSACTIONS                      | 0                 | 1                 | 0                   | 0             | 0                   | 0             | 0                   | (1)                                      | (100.0%)     |
| <b>Subtotal State Operations</b>                  | <b>20,235</b>     | <b>20,478</b>     | <b>22,323</b>       | <b>21,728</b> | <b>24,208</b>       | <b>22,193</b> | <b>23,973</b>       | <b>5,380</b>                             | <b>12.6%</b> |
| LOCAL ASSISTANCE                                  | 0                 | 0                 | 42                  | 28            | 28                  | 28            | 28                  | 14                                       | 33.3%        |
| <b>Total Expenditures</b>                         | <b>20,235</b>     | <b>20,478</b>     | <b>22,365</b>       | <b>21,756</b> | <b>24,236</b>       | <b>22,221</b> | <b>24,001</b>       | <b>5,394</b>                             | <b>12.6%</b> |

| <u>Change Items:</u>                         | <u>Fund</u> |  |  |            |              |  |  |              |  |
|--|-------------|--|--|------------|--------------|--|--|--------------|--|
| (P) DVS TECHNOLOGICAL IMPROVEMENTS           | SR          |  |  |            | 1,610        |  |  | 790          |  |
| (B) DRIVER LICENSE FEES                      | SR          |  |  |            | 19,111       |  |  | 19,575       |  |
| (B) DRIVER LICENSE FEES                      | THI         |  |  |            | (19,111)     |  |  | (19,575)     |  |
| (B) ENHANCED DRIVER LICENSE CUSTOMER SERVICE | SR          |  |  |            | 250          |  |  | 250          |  |
| (B) DRIVER LICENSE CARD PRODUCTION-          | SR          |  |  |            | 3,077        |  |  | 3,197        |  |
| (B) DRIVER LICENSE CARD PRODUCTION-          | THI         |  |  | 445        | (2,457)      |  |  | (2,457)      |  |
| <b>Total Change Items</b>                    |             |  |  | <b>445</b> | <b>2,480</b> |  |  | <b>1,780</b> |  |

| <u>Financing by Fund:</u>        |               |               |               |               |               |               |               |  |  |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|--|
| <b>Carry Forward:</b>            |               |               |               |               |               |               |               |  |  |
| GENERAL                          | 0             | 0             | 0             | 28            | 28            | 28            | 28            |  |  |
| <b>Direct Appropriations:</b>    |               |               |               |               |               |               |               |  |  |
| GENERAL                          | 673           | 32            | 142           | 55            | 55            | 56            | 56            |  |  |
| SPECIAL REVENUE                  | 0             | 0             | 0             | 0             | 20,971        | 0             | 20,615        |  |  |
| TRUNK HIGHWAY                    | 19,424        | 20,297        | 22,112        | 21,568        | 0             | 22,032        | 0             |  |  |
| <b>Open Appropriations:</b>      |               |               |               |               |               |               |               |  |  |
| SPECIAL REVENUE                  | 0             | 0             | 0             | 0             | 3,077         | 0             | 3,197         |  |  |
| <b>Statutory Appropriations:</b> |               |               |               |               |               |               |               |  |  |
| SPECIAL REVENUE                  | 41            | 143           | 107           | 105           | 105           | 105           | 105           |  |  |
| FEDERAL                          | 97            | 6             | 4             | 0             | 0             | 0             | 0             |  |  |
| <b>Total Financing</b>           | <b>20,235</b> | <b>20,478</b> | <b>22,365</b> | <b>21,756</b> | <b>24,236</b> | <b>22,221</b> | <b>24,001</b> |  |  |

Activity: LICENSING DRIVERS  
 Program: DRIVER & VEHICLE SERVICES  
 Agency: PUBLIC SAFETY DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. |
| <b>Revenue Collected:</b>                         |                   |                   |                     |               |                     |               |                     |
| <b>Dedicated</b>                                  |                   |                   |                     |               |                     |               |                     |
| SPECIAL REVENUE                                   | 2,690             | 3,080             | 2,965               | 2,965         | 28,121              | 2,965         | 28,522              |
| FEDERAL   | 97                | 6                 | 4                   | 0             | 0                   | 0             | 0                   |
| <b>Nondedicated</b>                               |                   |                   |                     |               |                     |               |                     |
| GENERAL   | 0                 | 0                 | 1                   | 5,415         | 5,415               | 5,415         | 5,415               |
| CAMBRIDGE DEPOSIT FUND                            | 4,908             | 5,482             | 5,415               | 0             | 0                   | 0             | 0                   |
| TRUNK HIGHWAY                                     | 21,241            | 23,907            | 24,787              | 25,156        | 0                   | 25,557        | 0                   |
| <b>Total Revenues Collected</b>                   | <b>28,936</b>     | <b>32,475</b>     | <b>33,172</b>       | <b>33,536</b> | <b>33,536</b>       | <b>33,937</b> | <b>33,937</b>       |
| <b>FTE by Employment Type:</b>                    |                   |                   |                     |               |                     |               |                     |
| FULL TIME   | 302.5             | 316.6             | 323.3               | 323.3         | 325.8               | 323.3         | 325.8               |
| PART-TIME, SEASONAL, LABOR SER                    | 28.2              | 27.7              | 23.8                | 23.8          | 27.6                | 23.8          | 27.6                |
| OVERTIME PAY                                      | 0.2               | 0.6               | 0.1                 | 0.1           | 0.1                 | 0.1           | 0.1                 |
| <b>Total Full-Time Equivalent</b>                 | <b>330.9</b>      | <b>344.9</b>      | <b>347.2</b>        | <b>347.2</b>  | <b>353.5</b>        | <b>347.2</b>  | <b>353.5</b>        |

**BUDGET CHANGE ITEM (45521)**

**Budget Activity:** LICENSING DRIVERS  
**Program:** DRIVER & VEHICLE SERVICES  
**Agency:** PUBLIC SAFETY DEPT  
**Item Title:** DRIVER LICENSE FEES

dedicated receipts and spending out of the Trunk Highway Fund simplifies its funding streams and may allay any concerns about its use for driver and vehicle services, in addition, this initiative will allow the agency to be more responsive to the needs of customers by being able to adjust to price and volume changes without compromising core services in the division.

**FINANCING:**

Under this initiative, all drivers' license revenue collections would be deposited in a dedicated account in the Special Revenue Fund. Driver and vehicle service expenditures would still receive legislative scrutiny in the budget process, and the legislature would make direct appropriations for these expenditures from the account.

|                               | 2002-03 Biennium |            | 2004-05 Biennium |            |
|-------------------------------|------------------|------------|------------------|------------|
|                               | FY 2002          | FY 2003    | FY 2004          | FY 2005    |
| <b>Expenditures: (\$000s)</b> |                  |            |                  |            |
| Trunk Highway Fund            |                  |            |                  |            |
| -State Operations             | \$(19,111)       | \$(19,575) | \$(19,575)       | \$(19,575) |
| Special Revenue Fund          |                  |            |                  |            |
| -State Operations             | \$19,111         | \$19,575   | \$19,575         | \$19,575   |
| <b>Revenues: (\$000s)</b>     |                  |            |                  |            |
| Trunk Highway Fund            | \$(25,156)       | \$(25,557) | \$(25,950)       | \$(26,366) |
| Special Revenue Fund          | \$25,156         | \$25,557   | \$25,950         | \$26,366   |

Statutory Change? Yes  No

If yes, statute(s) affected: M.S. 169.09, subd. 13 (e); 170.23; 171.06, subd. 2a (1) and (2); 171.07, subd. 11(g) (2); 171.12, subd. 8; 171.13, subd. 6; 171.185; 171.26; 171.29, subd. 2; 171.36

New Activity     Supplemental Funding     Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends a change in the source of base funding for the driver license activity from the Trunk Highway to the Special Revenue Fund. A driver license account would be established in the Special Revenue Fund for driver license fees and permits. The costs of issuing the driver license and other related endorsements would be paid from this account in the Special Revenue Fund. These resources also support other change items within this program.

**RATIONALE:**

The driver license fees and permits have under current law been deposited in the Trunk Highway Fund as non-dedicated receipts. Appropriations have been made each biennium from the Trunk Highway Fund to cover the operational costs of issuing the driver license and related endorsements.

The revenues collected from driver license fees and other related endorsements are not constitutionally dedicated to the Trunk Highway Fund as are the motor vehicle tax and the fuel tax. Moving non-constitutionally

**BUDGET CHANGE ITEM (46720)**

**Budget Activity:** LICENSING DRIVERS  
**Program:** DRIVER & VEHICLE SERVICES  
**Agency:** PUBLIC SAFETY DEPT

**Item Title:** ENHANCED DRIVER LICENSE CUSTOMER SERVICE

|                        | 2002-03 Biennium |         | 2004-05 Biennium |         |
|------------------------|------------------|---------|------------------|---------|
|                        | FY 2002          | FY 2003 | FY 2004          | FY 2005 |
| Expenditures: (\$000s) |                  |         |                  |         |
| Special Revenue Fund   |                  |         |                  |         |
| -State Operations      | \$250            | \$250   | \$250            | \$250   |

Statutory Change? Yes \_\_\_\_\_ No  X

If yes, statute(s) affected:

\_\_\_\_\_ New Activity     X  Supplemental Funding    \_\_\_\_\_ Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends \$500,000 for the biennium to improve driver exam station operations by hiring additional examiners and increasing the hours of part-time and seasonal support staff.

**RATIONALE:**

Driver and Vehicle Services (DVS) provides unique, critical services to the public by collecting revenue, enforcing laws, and keeping Minnesota roadways safe. In recent years service to citizens has been sub-standard due to a shortage of staff. This initiative will provide funding for full-time, part-time, and seasonal staff to strategically offset staff shortages. It supports the Governor's big plan emphasis on service not systems by increasing customer satisfaction with service from government and by collaborating with local government.

DVS provides driver examining and driver licensing services throughout Minnesota. The scope and extent of the services offered varies, from large DVS-operated regional stations open every day of the week and staffed by several examiners and support employees, to the use of a non-DVS facility open one day per month and staffed by a traveling examiner and/or a seasonal or part-time support employee. The type and amount of services offered is a function of staff availability, which constrains DVS in expanding and improving services.

Local communities have requested that DVS make a commitment to expand and improve services in Greater Minnesota. Partnerships are being developed

to share resources with local governments in order to maintain driver testing and licensing services in their communities. To support this commitment, DVS is requesting the funding to hire 2.5 additional examiners and to expand the use of part-time and seasonal support staff by a total of 3.75 full time equivalent FTE positions. These additional 6.25 FTE positions will be used to increase the days and hours DVS operates in its part-time locations and to strengthen the services offered in larger regional centers. These additional positions will allow for regional scheduling of tests and evaluations, greater staff flexibility, and improved customer service.

**FINANCING:**

Taxes and fees collected when drivers are examined and issued permits, identification cards, and licenses are sufficient to cover the costs of providing examining and licensing services to the state. DVS is requesting authority to use available funding to support this initiative.

**OUTCOMES:**

- Maintain existing staffing levels and services.
- Increase driver services in 10 greater Minnesota locations. In five communities, services will be upgraded to five-days-a-week; in the other five communities, services will be expanded by one or two days per week.
- Increase, by up to 5,000, the number of driver skills (road) tests that are conducted.
- Reduce the average road test scheduling waiting period to no more than two weeks at any time regardless of seasonal fluctuations.
- Improve budget stability and flexibility so funding problems in other areas can be addressed with routine salary savings.

**BUDGET CHANGE ITEM (46598)**

**Budget Activity:** LICENSING DRIVERS  
**Program:** DRIVER & VEHICLE SERVICES  
**Agency:** PUBLIC SAFETY DEPT

**Item Title:** DRIVER LICENSE CARD PRODUCTION

|                        | 2002-03 Biennium |           |           | 2004-05 Biennium |           |
|------------------------|------------------|-----------|-----------|------------------|-----------|
|                        | FY 2001          | FY 2002   | FY 2003   | FY 2004          | FY 2005   |
| Expenditures: (\$000s) |                  |           |           |                  |           |
| Trunk Highway Fund     |                  |           |           |                  |           |
| -State Operations      |                  |           |           |                  |           |
| Direct                 | \$445            | \$(2,457) | \$(2,457) | \$(2,457)        | \$(2,457) |
| Special Revenue Fund   |                  |           |           |                  |           |
| Open                   |                  | \$3,077   | \$3,197   | \$3,318          | \$3,447   |

Statutory Change? Yes  No

If yes, statute(s) affected: 171.26

New Activity     Supplemental Funding     Reallocation

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends that variable costs for mailing driver license renewal notices and producing driver licenses, permits and identification cards be switched from Trunk Highway Fund direct appropriations and funded with an open appropriation from the Special Revenue Fund Driver and Vehicle Services account beginning in FY 2002. The Governor also recommends a supplemental appropriation of \$445,000 from the Trunk Highway Fund in FY 2001 to cover currently projected volume increases.

**RATIONALE:**

During FY 2000-01 biennial budget preparation, the number of driver licenses and non-driver identification cards required in FY 2000 was underestimated. Driver and Vehicle Services (DVS) is now projecting over 1.5 million cards will be needed in FY 2001, 2002, and 2003. As a result, it is necessary to produce more cards than were projected. In addition, DVS is requesting funding to produce instruction permits on plastic cards rather than on paper since, under the state's graduated driver license program, individuals must retain and use the permit longer and need a more durable document.

The number of drivers licensed and the number of licenses, identification cards, and permits needed for drivers and other residents are consumer demand driven, and mailing and production costs must keep pace. DVS has been diligent in keeping its processing costs down and in using the most efficient mailing procedures to reduce mailing costs. DVS has worked with Polaroid, the

contract vendor, to ensure the prompt and accurate production of the required cards and to keep unit cost rates down. DVS has, however, had trouble accurately projecting the number of drivers and residents and the number of cards that need to be produced because of the wide variety of economic and societal factors that impact these estimates. Funding driver license mailing and card production with an open appropriation will allow DVS the flexibility to adjust funding in response to current market needs without the necessity of seeking supplemental legislative appropriations.

A supplemental appropriation has been requested to meet projected card production needs by the end of FY 2001. The current budget anticipated a need for about 1,330,000 licenses and identification cards in FY 2000, and 1,370,000 in FY 2001. The current projection is based on the production of over 1,500,000 per year as well as to start producing plastic permit cards. The additional cost including sales tax of producing all types of cards will be about \$445,000.

Minnesota entered into a five-year card production contract in FY 2000. This contract was with a different vendor and implemented new photo and card production technology. Because of implementation difficulties, the vendor may owe liquidated damages under performance provisions of the contract. The recovery of damages will be negotiated and/or litigated once the full amount can be calculated. The potential recovery could be more than \$400,000. Any amount recovered will be used to offset card production costs and any surplus funding from the FY 2001 original and supplemental appropriations will be returned to the Trunk Highway Fund.

**FINANCING:**

Fees collected when drivers are licensed, identification cards are sold, and permits are issued in Minnesota will be deposited in the driver license account in the Special Revenue Fund and cover the costs of production to the state. Under the budget change item entitled driver license fees, all Trunk Highway Fund revenues collected would be deposited in the Special Revenue Fund.

**OUTCOMES:**

- Provide better customer service by ensuring compliance with the licensing laws so that renewal notices, licenses, and permits are available at the time a customer is required by law to obtain them.
- Eliminate administrative problems for DVS and its driver license agents due to the inability to mail documents in a timely manner and the unavailability of cards.
- Streamline the process for law enforcement. Without up-to-date driver licenses and instruction permits, law enforcement would have to rely on hand written receipts or check the state driver database in order to verify driving status.

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## PROGRAM SUMMARY

**Program:** TRAFFIC SAFETY  
**Agency:** PUBLIC SAFETY DEPT

### PROGRAM PROFILE:

This program saves lives and protects families by reducing the number of crashes, injuries, and fatalities on Minnesota streets and highways. Traffic crashes are the leading cause of death for people from age one to 34. In an average year, more than 600 people are killed and over 40,000 are injured in Minnesota.

Federal funds provided by the National Highway Traffic Safety Administration (NHTSA):

- Change driver behavior.
- Enforce traffic laws.
- Make the public aware of the dangers of crashes and the best ways to reduce their risk.
- Assist state and community efforts in traffic safety.

The activity analyzes crash data to identify at-risk populations, craft programs to reduce the risks, and evaluate the success of various traffic safety programs.

Minnesota has serious traffic safety behavioral problems as documented and demonstrated in the statistics from the 1999 Minnesota Motor Vehicle Crash Facts publication.

- 32,690 people were arrested for driving while impaired.
- Of the 626 persons killed on Minnesota roads, 195 deaths involved a drinking driver, pedestrian, motorcycle rider, or bicyclist.
- Of the 516 drivers or passengers inside vehicles who were killed, only 163 were known to be using seat belts at the time of the crash.
- Belt use is lowest for young adults - only 11% of the 30-34 year old group killed in crashes and 15% of those aged 20 to 24 were using their seat belts.
- Illegal or unsafe speeds were involved in crashes that killed 145 people and injured another 5,000.
- Driver inattention or distraction was a factor in the deaths of 119 people and injuries of another 10,000.

This activity promotes, manages, and evaluates traffic safety efforts throughout the state. It coordinates federal, state, and local resources; it provides statistical

information on motor vehicle crashes throughout the state; and it establishes partnerships. Individuals, communities, and organizations use program ideas, technical assistance, and funding.

- In FFY 2000, more than 105 cities and 35 counties received funding directly from the division.
- Funding from this activity supports law enforcement and prosecutor training; training on the correct use of child seats in vehicles; blood, urine, and breath testing; and public information materials that provide a direct benefit to every community and county in the state.
- Benefits to our citizens include increased seat belt use, decreased incidents of impaired driving, fewer crashes, and ultimately safer roadways and longer, healthier lives.

### STRATEGIES AND PERFORMANCE:

A variety of strategies are used to achieve the program's purpose. Those strategies include promotion of safe driving behavior, financial assistance to initiate or enhance traffic safety programs, research data to quantify the success of the efforts, and direct services to Minnesotans.

- In 1999, Minnesota's death rate per billion vehicle miles traveled was 1.24, lower than it has ever been, and significantly better than the national average of 1.5.

The following points illustrate recent improvements:

- In recent years, the most consistent success has been in decreasing the number of people suffering severe injuries from a crash from a high of 6,573 in 1984 to a low of 3,460 in 1999.
- In 2000, seat belt use in the general population increased for the first time since 1995; it is now 73.4%, slightly better than the national rate of 70%.
- In 1999, 31% of traffic deaths were related to alcohol use, the second lowest number on record. In addition, alcohol-related injuries dropped to 10% for the first time since records were kept.

**PROGRAM SUMMARY (Continued)**

**Program: TRAFFIC SAFETY**  
**Agency: PUBLIC SAFETY DEPT**

The table below provides some key evidence of the success of our programs over the past three decades.

| Year | Total Crashes | Persons Killed | Persons Injured | Crashes Per 10 Million VMT | Fatalities Per 100 Million VMT |
|------|---------------|----------------|-----------------|----------------------------|--------------------------------|
| 1965 | 83,329        | 875            | 50,847          | 496                        | 5.2                            |
| 1970 | 99,404        | 987            | 38,538          | 444                        | 4.4                            |
| 1975 | 123,206       | 777            | 41,931          | 481                        | 3.0                            |
| 1980 | 103,612       | 863            | 45,227          | 364                        | 3.03                           |
| 1985 | 99,168        | 610            | 44,316          | 300                        | 1.84                           |
| 1990 | 96,236        | 568            | 44,634          | 256                        | 1.47                           |
| 1995 | 96,022        | 597            | 47,161          | 218                        | 1.35                           |
| 1999 | 96,813        | 626            | 44,538          | 191                        | 1.24                           |

By providing the required state matching funds for planning and administration, the agency budget plan will allow this activity to continue to receive and administer the NHTSA funds that allow us to pursue the performance measures.

- Reduce the death rate per 100 million vehicle miles traveled to 1.00 by 2005.
- Increase seat belt use to 85% by 2005.
- Reduce impaired driving so that by 2005 no more than 25% of traffic deaths are related to alcohol use.
- Reduce the severity of injuries in crashes so that the proportion of fatal and serious injuries to all injuries from crashes is no more than 8.5 by 2005.
- Reduce the cost of crashes in Minnesota to \$1 billion by 2005.
- Reduce the number of people killed in traffic crashes to zero by 2040.

The Transportation Equity Act for the 21st Century (TEA-21) provides NHTSA funding through 9-30-2004.

- Section 402 funds are appropriated annually through a formula grant.
- Section 403 funds cover the fatal analysis reporting system and most of the NHTSA's competitive grants.
- Section 410 and 405 funds are available to states that enact certain impaired driving and passenger protection laws and programs.
- Section 157 funds are available to states with higher than average belt use rates and increases in belt use rates.

- Some section 157 funds are set aside for grants for which states may compete.
- Other sections provide incentive monies to states implementing a .08 blood alcohol content as the illegal per se level and provide penalties to states not meeting guidelines related to sanctions for repeat DWI offenders. The incentives provide additional money to the state and the penalties transfer money from highway construction to programs to promote safe behaviors.

**FINANCING INFORMATION:**

This program receives dedicated revenue.

- The Minnesota motorcycle safety program is administered with dedicated revenue from motorcycle license endorsement fees.
- The child passenger safety program is administered with dedicated revenues from fines for not placing children under four in child seats.

**BUDGET ISSUES:**

The portion of NHTSA monies available for planning and administration of the program must be matched by state dollars. The required state match is currently \$310,000 and is from the Trunk Highway Fund. Obtaining this state match will result in over \$3.9 million in stable federal funds to devote to traffic safety efforts. In addition, the office will administer approximately \$7.5 million of other federal funds in 2001. This activity is not proposing new budget initiatives or significant changes in the budget for the 2002-3 biennium.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends base funding levels as requested in the agency's budget.

Activity: TRAFFIC SAFETY & RESEARCH  
 Program: TRAFFIC SAFETY  
 Agency: PUBLIC SAFETY DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002       |                     | FY 2003       |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|---------------|---------------------|---------------|---------------------|--|--------------|
|   |                   |                   |                     | Base          | Governor<br>Recomm. | Base          | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |               |                     |               |                     |  |              |
| <b>State Operations</b>                           |                   |                   |                     |               |                     |               |                     |  |              |
| COMPENSATION                                      | 785               | 859               | 1,248               | 1,208         | 1,208               | 1,241         | 1,241               | 342                                      | 16.2%        |
| OTHER OPERATING EXPENSES                          | 1,743             | 1,827             | 2,567               | 2,246         | 2,246               | 2,123         | 2,123               | (25)                                     | (0.6%)       |
| <b>Subtotal State Operations</b>                  | <b>2,528</b>      | <b>2,686</b>      | <b>3,815</b>        | <b>3,454</b>  | <b>3,454</b>        | <b>3,364</b>  | <b>3,364</b>        | <b>317</b>                               | <b>4.9%</b>  |
| LOCAL ASSISTANCE                                  | 1,031             | 1,674             | 7,373               | 7,247         | 7,247               | 11,118        | 11,118              | 9,318                                    | 103.0%       |
| <b>Total Expenditures</b>                         | <b>3,559</b>      | <b>4,360</b>      | <b>11,188</b>       | <b>10,701</b> | <b>10,701</b>       | <b>14,482</b> | <b>14,482</b>       | <b>9,635</b>                             | <b>62.0%</b> |

| <b>Financing by Fund:</b>        |              |              |               |               |               |               |               |  |  |
|----------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--|--|
| <b>Direct Appropriations:</b>    |              |              |               |               |               |               |               |  |  |
| GENERAL                          | 61           | 0            | 0             | 0             | 0             | 0             | 0             |  |  |
| TRUNK HIGHWAY                    | 290          | 259          | 355           | 317           | 317           | 324           | 324           |  |  |
| <b>Statutory Appropriations:</b> |              |              |               |               |               |               |               |  |  |
| SPECIAL REVENUE                  | 461          | 451          | 617           | 582           | 582           | 479           | 479           |  |  |
| FEDERAL                          | 2,747        | 3,619        | 10,180        | 9,802         | 9,802         | 13,679        | 13,679        |  |  |
| GIFT                             | 0            | 31           | 36            | 0             | 0             | 0             | 0             |  |  |
| <b>Total Financing</b>           | <b>3,559</b> | <b>4,360</b> | <b>11,188</b> | <b>10,701</b> | <b>10,701</b> | <b>14,482</b> | <b>14,482</b> |  |  |

| <b>Revenue Collected:</b>       |              |              |               |               |               |               |               |  |  |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--|--|
| <b>Dedicated</b>                |              |              |               |               |               |               |               |  |  |
| SPECIAL REVENUE                 | 663          | 773          | 761           | 761           | 761           | 761           | 761           |  |  |
| FEDERAL                         | 2,798        | 3,616        | 10,178        | 9,802         | 9,802         | 13,679        | 13,679        |  |  |
| GIFT                            | 0            | 66           | 0             | 0             | 0             | 0             | 0             |  |  |
| <b>Total Revenues Collected</b> | <b>3,461</b> | <b>4,455</b> | <b>10,939</b> | <b>10,563</b> | <b>10,563</b> | <b>14,440</b> | <b>14,440</b> |  |  |

| <b>FTE by Employment Type:</b>    |             |             |             |             |             |             |             |  |  |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|
| FULL TIME                         | 13.0        | 14.0        | 19.0        | 19.0        | 19.0        | 19.0        | 19.0        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 0.7         | 1.4         | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         |  |  |
| OVERTIME PAY                      | 0.6         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |  |  |
| <b>Total Full-Time Equivalent</b> | <b>14.3</b> | <b>15.4</b> | <b>19.4</b> | <b>19.4</b> | <b>19.4</b> | <b>19.4</b> | <b>19.4</b> |  |  |

**PUBLIC SAFETY DEPT – GRANTS DETAIL**

| Program Name<br>Federal or State<br>Or Both (citation)  | Purpose  | Recipient Type (s)<br>Eligibility Criteria                             | Budgeted<br>FY 2001  | Most Recent<br>Federal Award<br>(cite year) |
|---|--|--|----------------------|---|
| National Highway Traffic Safety Administration (NHTSA) 402 "Traditional" Federal and Related State M.S. 4.075                       | Provide grant funds to governmental agencies so that they can develop programs to change driver behavior.  | Other state agencies, county and local governments                     | \$2,009<br>(federal) | FFY2000                                     |
| National Highway Traffic Safety Administration (NHTSA) 402 "Repeat DWI Offender Transfer" Federal M.S. 4.075                        | Grants to state agencies and local governments to improve operations related to DWI or to improve hazardous road locations   | State agency   | \$3,871<br>(federal) | N/A – new for FFY01 and not yet received    |
| National Highway Traffic Safety Administration (NHTSA) 405 "Seat Belt Law Package" Federal M.S. 4.075                               | Support state activities related to improving seat belt use rates  | State agencies, county and local governments                           | \$203<br>(federal)   | FFY2000                                     |
| National Highway Traffic Safety Administration (NHTSA) 157 "Performance Incentive" Federal M.S. 4.075                               | Any program eligible under NHTSA traditional 402   | State agencies, county and local governments                           | \$1,165<br>(federal) | FFY2001                                     |
| National Highway Traffic Safety Administration (NHTSA) CODES Project (Crash Outcomes Data and Evaluation System) Federal M.S. 4.075 | Link crash data systems so that more thorough analysis of crash causes and outcomes is possible. Manage CODES project; support required travel.  | State agencies, county and local governments                           | \$110<br>(federal)   | FFY2000                                     |
| Bureau of Justice/Office of Juvenile Justice and Delinquency Prevention (BJA/OJJDP) Underage Drinking Programs Federal M.S. 4.075   | Develop state and local means to combat underage drinking and enforce the existing underage drinking laws. Support state activities related to BJA/OJJDP grant programs; contract with private organizations to provide specific services related to the programs. | State agencies, county and local governments. DPS and sub-contractors. | \$15<br>(federal)    | FFY2000                                     |

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## PROGRAM SUMMARY

**Program: PIPELINE SAFETY**  
**Agency: PUBLIC SAFETY DEPT**

### PROGRAM PROFILE:

The Minnesota Office of Pipeline Safety (MNOPS) protects Minnesota's lives, property, and environment through the implementation of a program of gas and hazardous liquid pipeline inspections, accident/incident investigations, and education. It conducts safety inspections of all pipeline facilities as authorized by state law and the United States Department of Transportation (U.S. DOT). Field offices are located in Mankato, Grand Rapids, and Detroit Lakes, with the main office in St. Paul.

The program helps maintain healthy, safe, and viable communities through protection of the existing energy and telecommunications infrastructure. Inspection of pipeline facilities and protection from outside damages from excavation assures a reliable source of heating supplies and transportation fuels, and protects the environment from pipeline releases.

This program created in 1987 following a major pipeline release that ignited in Mounds View killing two individuals. A governor's commission determined that pipelines previously inspected by U.S. DOT, should be inspected by Minnesota inspectors. The legislature authorized the creation of MNOPS in 1987 and in 1991 it became fully qualified to inspect all interstate pipelines under authority of U.S. DOT.

### STRATEGIES AND PERFORMANCE:

This program uses a combination of regulation and education efforts to promote public safety related to underground utilities. The program has a program of scheduled field inspections of all pipeline operators in the state. Where interstate facilities are involved, joint team inspections are conducted with federal inspectors and other states' pipeline offices.

- Over 30 municipal gas systems and over 50 other pipeline facility operators, which operate over 61,000 miles of pipelines in the state, were inspected.
- Over 8,820 probable violations of state/federal safety standards were cited since the program was created. Violations decreased from 4,655 in 1990 to fewer than 425 in 1999.
- Over 800 pipeline related emergency notifications were investigated.
- Four leading causes of distribution line failures were identified: third-party damage, corrosion, material failures, and human error.

The office promotes damage prevention, enforces the Gopher State One Call (GSOC) law, supports an emergency notification center, and provides pipeline mapping data.

- In 1999, 80 training sessions were presented to 4,740 excavators, operators, and homeowners.
- Annual call volumes to the one call notification center have increased from 498,860 incoming calls in 1994 to 706,601 in 1999. As a result a record 4,428,391 outgoing notices were sent to underground facility operators to mark their utilities before digging.
- MNOPS plays an active role in assisting three regional utility coordinating committees in greater Minnesota who help to provide better communications between excavators and utility operators.
- MNOPS staff participate in several national safe digging and "best practices" committees and is incorporating the new "DIG SAFELY" message into its future education efforts.

### FINANCING INFORMATION:

This program generated dedicated revenue. Fees are collected to recover the state's share of costs related to the program as provided in M.S. 299F.631, 299J.12, and 216D.08. This funding has a cap of \$947,000 in FY 2000 and \$965,000 in FY 2001.

### BUDGET ISSUES:

No dollars are received from the General Fund. Over 1/3 of revenue of the program is derived from federal grants issued by the U.S. DOT Office of Pipeline Safety. A federal annual audit is used to determine the funding level for the following year. Minnesota has scored at the top allowing the maximum available federal funds. The office also assesses the pipeline operators in Minnesota for the remainder of its revenue, minus any civil penalties collected from enforcement actions.

The ability to charge back the difference of the costs to the utilities inspected has not been changed substantially for 13 years. The decline in federal grants and increased pipeline inspections, community information, and accident investigation under M.S. 216D has resulted in a need to raise the cap.

### GOVERNOR'S RECOMMENDATION:

The Governor recommends base funding levels as requested in the agency's budget.

Activity: PIPELINE SAFETY  
 Program: PIPELINE SAFETY  
 Agency: PUBLIC SAFETY DEPT

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002      |                     | FY 2003      |                     | Biennial Change<br>2002-03 Gov / 2000-01 |              |
|---|-------------------|-------------------|---------------------|--------------|---------------------|--------------|---------------------|--|--------------|
|   |                   |                   |                     | Base         | Governor<br>Recomm. | Base         | Governor<br>Recomm. | Dollars                                  | Percent      |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |              |                     |              |                     |  |              |
| <b>State Operations</b>                           |                   |                   |                     |              |                     |              |                     |  |              |
| COMPENSATION                                      | 1,081             | 1,041             | 1,016               | 1,174        | 1,174               | 1,189        | 1,189               | 306                                      | 14.9%        |
| OTHER OPERATING EXPENSES                          | 440               | 428               | 757                 | 745          | 745                 | 745          | 745                 | 305                                      | 25.7%        |
| <b>Total Expenditures</b>                         | <b>1,521</b>      | <b>1,469</b>      | <b>1,773</b>        | <b>1,919</b> | <b>1,919</b>        | <b>1,934</b> | <b>1,934</b>        | <b>611</b>                               | <b>18.8%</b> |

|                                  |              |              |              |              |              |              |              |  |  |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--|
| <b>Financing by Fund:</b>        |              |              |              |              |              |              |              |  |  |
| <b>Direct Appropriations:</b>    |              |              |              |              |              |              |              |  |  |
| SPECIAL REVENUE                  | 759          | 740          | 965          | 979          | 979          | 994          | 994          |  |  |
| <b>Statutory Appropriations:</b> |              |              |              |              |              |              |              |  |  |
| SPECIAL REVENUE                  | 14           | 25           | 80           | 80           | 80           | 80           | 80           |  |  |
| FEDERAL                          | 748          | 704          | 728          | 860          | 860          | 860          | 860          |  |  |
| <b>Total Financing</b>           | <b>1,521</b> | <b>1,469</b> | <b>1,773</b> | <b>1,919</b> | <b>1,919</b> | <b>1,934</b> | <b>1,934</b> |  |  |

|                                 |              |              |              |              |              |              |              |  |  |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--|
| <b>Revenue Collected:</b>       |              |              |              |              |              |              |              |  |  |
| <b>Dedicated</b>                |              |              |              |              |              |              |              |  |  |
| SPECIAL REVENUE                 | 655          | 849          | 1,056        | 1,069        | 1,069        | 1,084        | 1,084        |  |  |
| FEDERAL                         | 425          | 884          | 728          | 860          | 860          | 860          | 860          |  |  |
| <b>Total Revenues Collected</b> | <b>1,080</b> | <b>1,733</b> | <b>1,784</b> | <b>1,929</b> | <b>1,929</b> | <b>1,944</b> | <b>1,944</b> |  |  |

|                                   |             |             |             |             |             |             |             |  |  |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|
| <b>FTE by Employment Type:</b>    |             |             |             |             |             |             |             |  |  |
| FULL TIME                         | 18.8        | 17.1        | 19.3        | 19.3        | 19.3        | 19.3        | 19.3        |  |  |
| PART-TIME, SEASONAL, LABOR SER    | 0.0         | 0.3         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |  |  |
| OVERTIME PAY                      | 0.3         | 0.2         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         |  |  |
| <b>Total Full-Time Equivalent</b> | <b>19.1</b> | <b>17.6</b> | <b>19.8</b> | <b>19.8</b> | <b>19.8</b> | <b>19.8</b> | <b>19.8</b> |  |  |

## **SAFETY COUNCIL - EXECUTIVE SUMMARY**

### **MISSION AND VISION:**

**Mission:** To make Minnesota a safer place to live by providing information, education, training and tools to help Minnesotans protect themselves and their families from unintentional injury (accidents).

**Vision:** To decrease deaths and injuries from unintentional causes, to increase public perception of the importance of safety and environmental health issues, to create and execute innovative strategies, including far-reaching public/private partnerships to reduce unintentional incidents resulting in human and economic loss, to create livable communities by providing tools and helping to focus resources on injury prevention, to reach Minnesotans in many places and in many ways to make injury prevention personal, and to help build safe habits that last a lifetime.

### **KEY SERVICE STRATEGIES:**

- Provide crash and injury prevention training to Minnesota's licensed drivers.
- Provide training, consulting and support to Minnesota employers around the state to develop, implement, and sustain effective workplace injury reduction programs.
- Coordinate and support the Minnesota SAFE KIDS Coalition, which works to reduce unintentional injury and death to children.
- Continue to develop children's injury reduction programs around the Safe-a-Rooni theme in order to help children learn how to make lifestyle choices that will protect themselves from unintentional injury.
- Build the SeniorSafe coalition and injury-reduction programs for older adults to help them live independently for as long as possible.
- Work with Minnesota employers to provide traffic, home, and recreational safety information and tools to their employees and their families.
- Expand our reach-through partnerships with agencies, organizations, and individuals.
- Continue to educate Minnesotans on the importance of safety and provide injury prevention strategies through work with the news media, our website, community events around the state, and other far-reaching media.

### **PERFORMANCE SUMMARY:**

- More than 40,000 people a year are trained in over 200 Minnesota communities in workplace safety and traffic crash avoidance techniques.
- Toll-free consulting and training assistance has been made available to employers around the state.
- Over 6,000 calls a year come from children and adult caregivers to our toll-

free telephone information line, Safe-a-Rooni, which earned two national awards.

- Over 15,000 hits, 3,500 page views, and 1,000 visitor sessions a week have been made to our award-winning website.
- The SeniorSafe Coalition has been established to begin to develop strategies and coordinated efforts among agencies and organizations to reduce unintentional injuries to older Minnesotans.

### **REVENUES:**

- State funds provide \$48,000 for general operations and \$19,000 to support children's safety programs. The council also funds activities through revenues from training and sale of training-related materials as well as grants from philanthropic organizations. Current funding source include membership contributions, 16%; training, 54%; state appropriation, 1%; program grants and contributions, 6%; other earned income, 23%.

### **ISSUES AFFECTING AGENCY'S OPERATIONS:**

- There is increased demand for injury prevention programs at the community level, and we are providing more direct service to communities around the state, particularly in areas of traffic safety and safety programs for families.
- The increase in older Minnesotans calls for developing and delivering programs for that age group to help prevent injuries and thus assist them to stay mobile and in independent living situations longer.
- Expanded training calendar and growing staff to provide services has created a need for additional training space and space to house staff at our headquarters facility, and a need to continue to expand our capabilities for providing programs in greater Minnesota.
- Minnesotans are increasingly turning to the Internet for information on a wide range of issues, including health care and prevention. There is demand to expand our award-winning website to create more content for children, families, and older Minnesotans.

### **GOVERNOR'S RECOMMENDATION:**

The legislature removed the Trunk Highway Fund base level funding for this agency and provided a one-time General Fund appropriation for FY 2001. The Governor concurs with the legislative action and recommends that direct appropriations no longer be made to the Minnesota Safety Council. The council is not a state agency and, as a general rule, the legislature does not make appropriations to non-state agencies.

Agency: SAFETY COUNCIL

| Budget Activity Summary<br>(Dollars in Thousands) | Actual<br>FY 1999 | Actual<br>FY 2000 | Budgeted<br>FY 2001 | FY 2002  |                     | FY 2003  |                     | Biennial Change<br>2002-03 Gov / 2000-01 |                 |
|---|-------------------|-------------------|---------------------|----------|---------------------|----------|---------------------|--|-----------------|
|   |                   |                   |                     | Base     | Governor<br>Recomm. | Base     | Governor<br>Recomm. | Dollars                                  | Percent         |
| <b>Expenditures by Category:</b>                  |                   |                   |                     |          |                     |          |                     |  |                 |
| LOCAL ASSISTANCE                                  | 67                | 67                | 267                 | 0        | 0                   | 0        | 0                   | (334)                                    | (100.0%)        |
| <b>Total Expenditures</b>                         | <b>67</b>         | <b>67</b>         | <b>267</b>          | <b>0</b> | <b>0</b>            | <b>0</b> | <b>0</b>            | <b>(334)</b>                             | <b>(100.0%)</b> |
| <b>Financing by Fund:</b>                         |                   |                   |                     |          |                     |          |                     |  |                 |
| <b>Direct Appropriations:</b>                     |                   |                   |                     |          |                     |          |                     |  |                 |
| GENERAL   | 0                 | 0                 | 267                 | 0        | 0                   | 0        | 0                   |  |                 |
| TRUNK HIGHWAY                                     | 67                | 67                | 0                   | 0        | 0                   | 0        | 0                   |  |                 |
| <b>Total Financing</b>                            | <b>67</b>         | <b>67</b>         | <b>267</b>          | <b>0</b> | <b>0</b>            | <b>0</b> | <b>0</b>            |  |                 |

Agency: SAFETY COUNCIL

| Base Budget Report<br>(Dollars in Thousands) | All Funds |          | General Fund |          | Other State Funds |          | Federal Funds |          |
|--|-----------|----------|--------------|----------|-------------------|----------|---------------|----------|
|  | FY 2002   | FY 2003  | FY 2002      | FY 2003  | FY 2002           | FY 2003  | FY 2002       | FY 2003  |
| FY 2001 Budgeted                             | 267       | 267      | 267          | 267      | 0                 | 0        | 0             | 0        |
| <b>Base Adjustments</b>                      |           |          |              |          |                   |          |               |          |
| ONE-TIME APPROPRIATIONS                      | (267)     | (267)    | (267)        | (267)    | 0                 | 0        | 0             | 0        |
| Subtotal Base Adjustments                    | (267)     | (267)    | (267)        | (267)    | 0                 | 0        | 0             | 0        |
| <b>Base Budget</b>                           | <b>0</b>  | <b>0</b> | <b>0</b>     | <b>0</b> | <b>0</b>          | <b>0</b> | <b>0</b>      | <b>0</b> |

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