



Transportation Building

395 John Ireland Boulevard
Saint Paul, Minnesota 55155-1899

June 14, 2016

Senator LeRoy Stumpf
3221 Minnesota Senate Building
St. Paul, MN 55155

Representative Paul Torkelson
381 State Office Building
St. Paul, MN 55155

Dear Chair Stumpf and Chair Torkelson:

On the last day of the recently concluded legislative session, a bonding bill emerged that contained one-time money (both cash and borrowing) for a select number of state transportation projects.

As the negotiations continue over whether there will be a special legislative session, it's important to point out the unprecedented nature of these earmarks and the poor policy that they represent for our state.

It is tragic that the state Legislature could not come to terms and pass a long-term sustainable funding package. It is even more tragic when the final "solution" is to ignore the long-term problem for a short-term fix using one-time revenue. Revenue that is inadequate to even fund the earmarked projects in the bill itself, let alone begin to address our transportation system as a whole.

The transportation proposal in the bonding bill provides \$199.5 million for the Corridors of Commerce program. This is an excellent program that has helped fund many very good projects around the state.

There are currently 165 projects under consideration for corridors of commerce funding. Typically, projects are selected based on the objective criteria in law to ensure, among other things, that the project provides economic benefits such as job creation or manufacturer access and are geographically balanced.

However, the proposal that emerged the last night of session didn't stop at funding the program. The proposal also went on to earmark funds from various sources for a select few projects. Many of these projects are not shovel ready, require years of additional planning and development, and are missing local partner funds.

Furthermore, the total funding in the bill for Corridors of Commerce is inadequate to complete the projects listed, resulting in either delayed projects, scavenged funding from other worthy projects around the state to complete the earmarks, or piecemeal starts and stops which is an inefficient use of precious state resources.

Here is a list of Corridors of Commerce earmarks with some of our concerns related to this approach:

- Expand highway 23 from two to four lanes from New London to Richmond.
 - Total project cost is conservatively \$146 million utilizing 73% of the total funds appropriated in the bill for corridors of commerce
- Expand highway 14 from two to four lanes from Dodge Center to Owatonna
 - Total project cost is \$190 million utilizing 95% of the total funds appropriated in the bill for corridors of commerce
- Expand highway 14 from two to four lanes from Nicollet to New Ulm—land acquisition only
 - MnDOT needs to do a re-evaluation of the environmental impact statement and public engagement prior to acquiring land—this process alone we estimate could take up to two years. Land acquisition resources will go unutilized during this time.
- Right of way acquisition and construction of an interchange at Highway 212/ County Road 140 in Chaska
 - Estimated cost is \$10.5 million. The city and county have yet to undertake design or environmental analysis. Land acquisition and construction resources will go unutilized during this time.
- Expand Highway 10 to three lanes east and west bound for approx. four miles between Hanson Blvd. and Round Lake Blvd.
 - Estimated cost is \$30 million. This project will only push the highway 10 2-lane bottleneck a few miles northward without any consideration of higher priority interchange improvements north of Round Lake Blvd.
- Expand an interchange and frontage road development on Highway 10 and County Road 79 near Watab.
 - No official cost estimates have been developed. The current cost estimate is \$12 million. This project ranks lower in priority due to lower levels of cross-street traffic volume than other intersection improvements across the state. Wetland mitigation and BNSF track proximity are complicating and expensive factors that need further consideration and planning.
- County grant for a new interchange at Thurston Ave. and Highway 10
 - \$74 million total for the interchange; bill language restricts funds to design, environmental analysis and pre-engineering and does not provide dollars for land acquisition, engineering or construction.

In addition to that unprecedented level of earmarks in the Corridors of Commerce program, the proposal also earmarks additional general fund dollars, general state road construction dollars and trunk highway bonds for the following projects:

- Cliff Road and I 35W area interchanges in Burnsville
 - \$6 million for the Cliff road improvement and \$14 million for interchange improvements 118th Street on I 35W. MnDOT has received a concept-only proposal from the city for Cliff Rd and local funds have not been secured. The 118th project awaits the mining of an adjacent gravel quarry which will not occur for another 20 years.
- New intersections on Highway 12 and county road 90 and 92.
 - MnDOT has installed new LED lighting along this corridor and will install left turn lanes and a concrete median safety barrier this summer. Local funds for the county road realignments have not been secured.
- I 35, highway 97 and county road 23 interchange in Columbus
 - Project cost estimated at \$13 million for frontage road construction. MnDOT has committed existing resources to rebuild highway 97 over I-35 with adequate safety improvements to meet anticipated traffic demands. The county would like a more extensive, enhanced interchange. We support the county's effort to secure its own funds for this enhanced project as it is a lower state priority than other interchange improvements needed across the system.
- A new interchange at I 94 and Brockton Lane in Dayton
 - Project cost estimated at \$34 million. Brockton Lane is a Dayton city road that is not connected to any major road network. Local funding (either city or county) to connect this new interchange to a road system has not been secured.
- Highway 95 improvements through Cambridge
 - Project costs estimated at \$24 million for land acquisition, engineering and reconstruction of highway 95. This highway runs through Cambridge and functions as a city thoroughfare. The city previously received \$1.5 million for design work.
 - This proposal would take state road construction dollars and give it as a grant to the city to improve the local functions of this roadway. Given status quo funding and the limited amount of road construction dollars, MnDOT has prioritized other projects of state and regional significance that would provide greater benefits for this level of investment.
- Highway 61 redevelopment cost overrun through Red Wing
 - This proposal would allocate \$833,000 to cover part of the remaining gap (\$1.6M) between the bids and cost estimates for this project.
 - MnDOT has already committed to paying a majority of these costs. Costs that the city previously agreed to pay. This proposal commits even more state road construction funds to pay for these amenities.

As one can imagine, the expectations in the communities that benefit from the earmarks are running high. However, there are reasons the legislature in the past has

chosen not to earmark dollars for state road projects. The reasons are transparency and fairness.

Project selection decisions left to lawmakers are inherently political and tend to ignore the preservation needs of the system as whole in favor of select expansion projects in certain members' districts. That is why project selection criteria exists in law for the Corridors of Commerce program. Historically, the program has solicited projects in a transparent process and selected from that list based on established criteria ensuring there is a metro and greater MN balance. The intent is to be fair to applicants, to fund expansion projects that will otherwise not be funded in the regular program and to improve infrastructure in corridors that handle significant amounts of commercial traffic.

Project earmarks also demonstrate the legislature's failure to abide by the recent recommendations of its own legislative auditor. The Office of the Legislative Auditor recently audited the MnDOT project selection process. It recommends that MnDOT continue to ensure that the project scoring and ranking process align with the criteria established in law.

This recommendation is completely ignored by the legislature when funds are earmarked for projects. The earmarks do not indicate the criteria used to select projects and do not cite why other projects were not selected.

As it has historically done, it would be more appropriate for the Legislature to eliminate the earmarks and let MnDOT use the standard, and OLA recommended, selection processes. These processes are designed to prioritize projects that will provide the greatest benefit and timely use of resources.

However, the best solution still remains securing long term, sustainable funding. The Minnesota transportation system is aging and the costs of maintaining this infrastructure continues to grow. We have thousands of miles of state roadway that is more than 50 years old, and hundreds of bridges in the same category. Expanding the system using one-time dollars without providing the funding necessary for ongoing maintenance and preservation is irresponsible and just makes the overall system more expensive to maintain. Preservation and strategic expansion complement each other and are the hallmarks of our long-term funding approach.

Citizens, businesses and local government leaders across the state agree that something needs to be done. Counties have begun to raise their own revenue to support transportation and the federal government recently completed a five-year transportation funding bill. Now it is time for the state Legislature to step up and do its part and not take this piecemeal and unworkable approach using earmarks.

It is time to focus on the idea that state government is here to ensure that the transportation system is maintained in good working order and that it will continue to support our state economy and quality of life. We can't wait any longer.

Thank you for your consideration,



Charles A. Zelle, Commissioner
Minnesota Department of Transportation

cc:

Senator Scott Dibble
Representative Tim Kelly
Senator Tomassoni
Senator Hayden
Senator Sieben
Senator Senjem
Representative Swedzinski
Representative Albright
Representative Vogel
Representative Hausman
Brennan Furness, Governor's office