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MEMORANDUM

TO: The I-35W Solutions Alliance Board of Directors

FROM: Robert J. Tennesen

RE: Legislative Report

DATE: February 9, 2012

Introduction

The legislature convened on January 24 and plans to conclude its work in April. These are the deadlines:

- March 16: committees to “act favorably on bills in the house of origin”;
- March 23: committees to “act favorably on bills, or companion of bills, that met the first deadline in the other body”; and
- March 30: committees to “act favorably on major appropriation and finance bills.”

Unless the February financial forecast projects a deficit, neither the legislative nor executive branches are inclined to reopen the biennial budget. Bonding will be the major piece of legislation considered this year although a new Viking stadium will receive a great deal of attention. The major transportation related bill will be the policy bill. New funding is not anticipated. Additional constitutional amendments will be put on the ballot for the fall elections.

Omnibus Transportation Policy Bill

The Senate Transportation Committee discussed its omnibus policy bill (SF 1072) on Feb. 2. Some provisions:

- Changes the way fees collected from HOV and toll lanes are spent.
- Authorizes alternative financing and investment in a pilot transportation project. The commissioner may select the project and enter into agreements with other entities, governmental, private or non-profit, to finance or invest in the project.
- Removes authority to seek funds under the federal rail service continuation program.
- Requires reports in 2013 and 2014 by the commissioner regarding the results of management systems currently used by MnDOT.

The House policy bill (HF 1284) is expected to be heard this week.

Transportation Related Bonding Proposals

Governor Dayton's bonding recommendations include (\$ in thousands):

Economic Development

GO Bonds 10,000

Local Gov Match 4,000

The Governor recommends \$10 million for the Transportation Economic Development program to finance infrastructure improvements necessary for economic development and job creation.

Transportation Dept

Local Bridge Replacement Program

Federal Funds 50,000

GO Bonds 25,000

The Governor recommends \$25 million to upgrade local bridges. These funds are expected to bring approximately 82 of the 960 bridges currently identified as being in need of significant maintenance up to current standards. Additional funding will be provided by the federal and local governments.

Greater Minnesota Transit

GO Bonds 10,000

Local Gov Match 2,222

The Governor recommends \$10 million to address the needs of transit facilities in greater Minnesota. Mankato, Duluth, and St. Cloud will receive financial assistance with the costs of building or remodeling maintenance and storage facilities, transportation terminals, and office and vehicle storage space, for projects deemed most critical to those communities. Additional funds will be provided by those local governments and may also include some federal funding.

Metropolitan Council

Federal Funds 125,000

GO Bonds 25,000

Local Gov Match 100,000

The Governor recommends \$25 million for the construction of the Southwest Corridor Light Rail Transit line. The new line will be approximately 15 miles long and will run from Minneapolis to Eden Prairie and will connect to the Central Corridor line. The full share of state funding for this project will require an additional bond appropriation in a future session. Total costs of the project will be shared 50% federal, 40% local and 10% state.

Allocation of Bonding for Roads and Bridges and Buildings

Concern has been expressed over the allocation of bonding for buildings vs. roads and bridges. Two bills have been introduced regarding road and bridge bonding.

- HF 2047 / SF 1685 authorizes \$30 million bonding for local roads and bridges
- HF 2057 / SF 1686 authorizes \$75 million for bridge replacement

Federal Funding

U.S. Secretary of Transportation Ray LaHood is pessimistic about the passage of a federal transportation bill this year and the uncertainty is making it difficult for states to plan long-term projects.

The Highway Trust Fund is expected to go into a negative balance within six months since revenues from the gas tax are stagnant or declining.

Federal assistance to Minnesota expected this year includes:

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|--|-------------------|
| • Local Roads – Federal County Road & Bridge | \$225.000 million |
| • Grade Crossing Safety Improvement Program | 11.000 million |
| • State Planning & Research | \$10.725 million |
| • Vehicle Infrastructure Integration (VII) | \$1.662 million |

Transportation Finance Advisory Group

On January 12, the Governor directed MnDOT Commissioner Tom Sorel to establish a Transportation Finance Advisory Group. The advisory group will:

- identify investment opportunities to support a thriving economy and a high quality of life for Minnesotans over the next twenty years;
- identify and analyze the potential of various revenue sources and non-traditional approaches to transportation financing, as well as opportunities for public-private partnerships to invest in transportation improvements;
- help develop a strategic marketing plan to obtain public support for the investment plan and any additional steps needed to obtain the funding; and
- prepare a written report of its recommendations, and share it with the Governor and the Legislature by December 1, 2012.

The Governor identified the following to be included in the advisory group: DEED Commissioner Mark Phillips, Met Council Chair Sue Haigh, members of the public to represent businesses in the seven-county metropolitan area and Greater Minnesota, a representative of the investment community, a representative of unions, a representative of county government, and an economist. In addition, the Governor asked both the Senate and the House of Representatives to select two members from their respective bodies, one of the majority and one of the minority. As of February 7, Commissioner Sorel had not yet announced his appointments to the advisory group.

Recent Reports

- The Minnesota State Legislature created the Minnesota Council on Transportation Access in 2010 to study, evaluate, oversee, and make recommendations to improve the coordination, availability, accessibility, efficiency, cost-effectiveness, and safety of transportation services provided to the transit public. The 2012 annual report is available at: <http://www.dot.state.mn.us/govrel/reports/2012/mncotaaccessreport2012.pdf>
- The Department of Transportation's annual report to the legislature on transit outside the metropolitan area is available at MnDOT's website: www.mndot.gov/transit/