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# HOUSE FILE NO. 605

## *FIRST COMMITTEE ENGROSSMENT*

February 9, 2009

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*Referred by Chair to Transportation Finance and Policy Division.*

March 18, 2010

*Returned to the Committee on Finance as Amended.*

1.1 A bill for an act  
1.2 relating to transportation; modifying management, priorities, research, and  
1.3 planning provisions related to Department of Transportation; requiring reports;  
1.4 amending Minnesota Statutes 2008, sections 161.53; 165.03, by adding a  
1.5 subdivision; 174.02, subdivisions 1a, 2, by adding a subdivision; 174.03,  
1.6 subdivisions 1a, 4, by adding a subdivision; proposing coding for new law in  
1.7 Minnesota Statutes, chapter 167.

1.8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.9 Section 1. Minnesota Statutes 2008, section 161.53, is amended to read:

1.10 **161.53 RESEARCH ACTIVITIES.**

1.11 (a) The commissioner may set aside in each fiscal year up to two percent of the  
1.12 total amount of all funds appropriated to the commissioner other than county state-aid  
1.13 and municipal state-aid highway funds for transportation research including public and  
1.14 private research partnerships. The commissioner shall spend this money for (1) research  
1.15 to improve the design, construction, maintenance, management, and environmental  
1.16 compatibility of transportation systems, including research into and implementation of  
1.17 innovations in bridge-monitoring technology and bridge inspection technology; bridge  
1.18 inspection techniques and best practices; and the cost-effectiveness of deferred or lower  
1.19 cost highway and bridge design and maintenance activities and their impacts on long-term  
1.20 trunk highway costs and maintenance needs; (2) research on transportation policies that  
1.21 enhance energy efficiency and economic development; (3) programs for implementing  
1.22 and monitoring research results; and (4) development of transportation education and  
1.23 outreach activities.

1.24 (b) Of all funds appropriated to the commissioner other than state-aid funds, the  
1.25 commissioner shall spend at least 0.1 percent, but not exceeding \$1,200,000 in any fiscal

2.1 year, for research and related activities performed by the Center for Transportation Studies  
2.2 of the University of Minnesota. The center shall establish a technology transfer and  
2.3 training center for Minnesota transportation professionals.

2.4 Sec. 2. Minnesota Statutes 2008, section 165.03, is amended by adding a subdivision  
2.5 to read:

2.6 Subd. 8. **Biennial report on bridge inspection quality assurance.** By February  
2.7 1 of each odd-numbered year, the commissioner shall submit a report electronically to  
2.8 the members of the senate and house of representatives committees with jurisdiction over  
2.9 transportation policy and finance concerning quality assurance for bridge inspections.

2.10 At a minimum, the report must:

2.11 (1) summarize the bridge inspection quality assurance and quality control procedures  
2.12 used in Minnesota;

2.13 (2) identify any substantive changes to quality assurance and quality control  
2.14 procedures made in the previous two years;

2.15 (3) summarize and provide a briefing on findings from bridge inspection quality  
2.16 reviews performed in the previous two years;

2.17 (4) identify actions taken and planned in response to findings from bridge inspection  
2.18 quality reviews performed in the previous two years;

2.19 (5) summarize the results of any bridge inspection compliance review by the Federal  
2.20 Highway Administration; and

2.21 (6) identify actions in response to the Federal Highway Administration compliance  
2.22 review taken by the department in order to reach full compliance.

2.23 Sec. 3. **[167.60] DEBT-FINANCING MANAGEMENT POLICY.**

2.24 (a) By July 1, 2010, the commissioner shall develop a debt-financing management  
2.25 policy for trunk highway bonds, federal advanced construction funds, and other forms of  
2.26 highway financing based on debt or future repayment. The policy must be used by the  
2.27 department to guide decision making related to debt financing. The commissioner may  
2.28 update the policy as necessary. In developing and updating the policy, the commissioner  
2.29 shall consult with the commissioner of management and budget and the chairs and ranking  
2.30 minority members of the senate and house of representatives committees with jurisdiction  
2.31 over transportation finance.

2.32 (b) The debt-financing management policy must address relevant financial issues,  
2.33 including, but not limited to:

- 3.1 (1) limits on cumulative amounts of debt for the trunk highway system from all  
3.2 state and federal sources;
- 3.3 (2) eligibility of projects for debt-financing funds;  
3.4 (3) allocation and use of funds;  
3.5 (4) terms of debt service and methods of repayment;  
3.6 (5) management of trunk highway fund balance impacts; and  
3.7 (6) mitigation of risks from different forms of debt financing.
- 3.8 (c) Upon creation or formal revision of the debt-financing management policy, the  
3.9 commissioner shall distribute electronic copies to the members of the senate and house of  
3.10 representatives committees with jurisdiction over transportation finance, and as required  
3.11 for reports to the legislature under section 3.195, subdivision 1.

3.12 Sec. 4. Minnesota Statutes 2008, section 174.02, subdivision 1a, is amended to read:

3.13 Subd. 1a. **Mission; efficiency; legislative report, recommendations.** It is part  
3.14 of the department's mission that within the department's resources the commissioner  
3.15 shall endeavor to:

- 3.16 (1) prevent the waste or unnecessary spending of public money;
- 3.17 (2) use innovative fiscal and human resource practices to manage the state's  
3.18 resources and operate the department as efficiently as possible;
- 3.19 (3) minimize the degradation of air and water quality;
- 3.20 (4) coordinate the department's activities wherever appropriate with the activities  
3.21 of other governmental agencies;
- 3.22 (5) use technology where appropriate to increase agency productivity, improve  
3.23 customer service, increase public access to information about government, and increase  
3.24 public participation in the business of government;
- 3.25 (6) utilize constructive and cooperative labor-management practices to the extent  
3.26 otherwise required by chapters 43A and 179A;
- 3.27 (7) ensure that the safety, maintenance, and preservation of Minnesota's  
3.28 transportation infrastructure is a primary priority;
- 3.29 (8) report to the legislature on the performance of agency operations and the  
3.30 accomplishment of agency goals in the agency's biennial budget according to section  
3.31 16A.10, subdivision 1; and
- 3.32 ~~(8)~~ (9) recommend to the legislature appropriate changes in law necessary to carry  
3.33 out the mission and improve the performance of the department.

3.34 Sec. 5. Minnesota Statutes 2008, section 174.02, subdivision 2, is amended to read:

4.1 Subd. 2. **Unclassified positions.** The commissioner may establish four positions  
4.2 in the unclassified service at the deputy and assistant commissioner, assistant to  
4.3 commissioner or personal secretary levels. No more than two of these positions shall be at  
4.4 the deputy commissioner level. One of the four positions in the unclassified service must  
4.5 serve as the chief engineer and be licensed as a professional engineer under section 326.02.

4.6 Sec. 6. Minnesota Statutes 2008, section 174.02, is amended by adding a subdivision  
4.7 to read:

4.8 Subd. 8. **Electronic reports.** For any legislative report required to be submitted by  
4.9 the commissioner by law, in which the report may or must be submitted electronically, the  
4.10 commissioner shall meet the requirements under section 3.195, subdivision 1.

4.11 Sec. 7. Minnesota Statutes 2008, section 174.03, subdivision 1a, is amended to read:

4.12 Subd. 1a. **Revision of ~~state~~ statewide multimodal transportation plan.** (a) The  
4.13 commissioner shall revise the ~~state~~ statewide multimodal transportation plan by January 1,  
4.14 ~~1996, January 1, 2000, and, if the requirements of clauses (1) and (2) have been met in the~~  
4.15 ~~previous revision~~ 2016, and by January 1 of every ~~third even-numbered year~~ six years  
4.16 thereafter. Before final adoption of a revised plan, the commissioner shall hold a hearing  
4.17 to receive public comment on the preliminary draft of the revised plan.

4.18 ~~The~~ (b) Each revised ~~state~~ statewide multimodal transportation plan must:

4.19 (1) incorporate the goals of the state transportation system in section 174.01; ~~and~~

4.20 (2) establish objectives, policies, and strategies for achieving those goals; ~~and~~

4.21 (3) identify performance targets for measuring progress and achievement of  
4.22 transportation system goals, objectives, or policies.

4.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.24 Sec. 8. Minnesota Statutes 2008, section 174.03, is amended by adding a subdivision  
4.25 to read:

4.26 Subd. 1c. **Statewide highway 20-year capital investment plan.** By July 2012 and  
4.27 in conjunction with each future revision of the statewide multimodal transportation plan,  
4.28 the commissioner shall prepare a 20-year statewide highway capital investment plan that:

4.29 (1) incorporates performance measures and targets for assessing progress and

4.30 achievement of the state's transportation goals, objectives, and policies identified in this

4.31 chapter for the state trunk highway system, and those goals, objectives, and policies

4.32 established in the statewide multimodal transportation plan. Performance targets must be

4.33 based on objectively verifiable measures, and address, at a minimum, preservation and

5.1 maintenance of the structural condition of state highway bridges and pavements, safety,  
5.2 and mobility;

5.3 (2) summarizes trends and impacts for each performance target over the past five  
5.4 years;

5.5 (3) summarizes the amount and analyzes the impact of the department's capital  
5.6 investments and priorities over the past five years on each performance target, including a  
5.7 comparison of prior plan projected costs with actual costs;

5.8 (4) identifies the investments required to meet the established performance targets  
5.9 over the next 20-year period;

5.10 (5) projects available state and federal funding over the 20-year period;

5.11 (6) identifies strategies to ensure the most efficient use of existing transportation  
5.12 infrastructure, and to maximize the performance benefits of projected available funding;

5.13 (7) establishes investment priorities for projected funding, including a schedule of  
5.14 major projects or improvement programs for the 20-year period together with projected  
5.15 costs and impact on performance targets; and

5.16 (8) identifies those performance targets identified under clause (1) not expected to  
5.17 meet the target outcome over the 20-year period together with alternative strategies that  
5.18 could be implemented to meet the targets.

5.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.20 Sec. 9. Minnesota Statutes 2008, section 174.03, subdivision 4, is amended to read:

5.21 Subd. 4. **Other duties.** The commissioner shall:

5.22 (1) construct and maintain transportation facilities as authorized by law;

5.23 (2) cooperate with, and may provide technical and financial assistance to, the  
5.24 Metropolitan Council and regional development commissions in the regional transportation  
5.25 planning process, in accordance with mutually acceptable terms and conditions;

5.26 (3) cooperate with, and may provide planning and technical assistance upon the  
5.27 request of, any political subdivision or other governmental agency in accordance with  
5.28 mutually accepted terms and conditions, except as otherwise restricted by law; ~~and~~

5.29 (4) develop, revise, and monitor a statewide rail transportation plan as part of the  
5.30 statewide transportation planning process, including a study and evaluation of alternative  
5.31 methods for insuring adequate and economical transportation of agricultural commodities,  
5.32 supplies, and other goods to and from rural areas of the state. The plan shall include an  
5.33 analysis of rail lines in the state for the purpose of determining (i) eligibility of rail lines  
5.34 for assistance under federal and state rail assistance programs, (ii) eligibility of rail lines

6.1 for inclusion in the state rail bank, and (iii) the actions required by the state to insure the  
6.2 continuation of rail service that meets essential state needs and objectives; and

6.3 (5) appoint an employee to serve as controller to establish and maintain a system of  
6.4 internal controls consistent with section 16A.057, subdivision 1, to ensure the accuracy,  
6.5 thoroughness, and reliability of financial, asset management, and performance information  
6.6 generated by the department and reported to the legislature. The controller shall report  
6.7 annually, at a minimum, to the chairs and ranking minority members of the senate and  
6.8 house of representatives committees with jurisdiction over transportation policy and  
6.9 finance concerning agency productivity, progress toward performance-based agency  
6.10 budgeting, and agency efficiency. The report on agency efficiency must include cost  
6.11 estimates of projects, with engineering, right-of-way acquisition, and construction costs  
6.12 compared to actual costs; and district-to-district comparisons of estimated and actual costs  
6.13 and results achieved. Effectiveness of the internal controls must be tested annually by  
6.14 auditors using generally accepted auditing standards.

6.15 Sec. 10. **REPORT ON DEPARTMENT OF TRANSPORTATION**  
6.16 **MANAGEMENT CHANGES.**

6.17 (a) By February 1, 2011, the commissioner of transportation shall submit a report  
6.18 electronically to the members of the senate and house of representatives committees  
6.19 with jurisdiction over transportation policy and finance concerning recent changes in the  
6.20 department's organizational structure, internal procedures and practices, and anticipated  
6.21 budget. The report must include, but is not limited to:

6.22 (1) a summary and review of the department organizational structure for bridge  
6.23 management, maintenance, and inspections, including a brief explanation of any relevant  
6.24 structural or organizational changes made since August 1, 2007;

6.25 (2) an analysis of the division of bridge-related duties and decision-making  
6.26 responsibilities between districts and central administration;

6.27 (3) a summary of current agency procedures and processes, and any changes made  
6.28 since August 1, 2007, related to:

6.29 (i) initiation of bridge re-rating and use of bridge inspection findings in the re-rating  
6.30 process;

6.31 (ii) implementation of agencywide standards for documenting bridge inspection  
6.32 findings and decision making for postinspection bridge maintenance; and

6.33 (iii) other changes designed to ensure or enhance the safety of Minnesota's  
6.34 transportation infrastructure; and

7.1 (4) a budget analysis of anticipated funding and funding allocations for pavement  
7.2 preservation and highway maintenance, safety projects, mobility enhancement projects,  
7.3 and highway and bridge construction, for fiscal years 2012 through 2018, including a  
7.4 discussion of any anticipated budgetary challenges or risks.

7.5 (b) In addition to an electronic report, the commissioner shall prepare a summary of  
7.6 findings from the report for distribution and oral testimony to the chairs of the senate and  
7.7 house of representatives committees with jurisdiction over transportation finance, who  
7.8 shall make every reasonable effort to arrange testimony from the department during the  
7.9 2011 legislative session.