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## State of Minnesota

## HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **1434**

02/20/2017 Authored by Whelan; Petersburg; Barr, R.; Howe; Koznick and others  
The bill was read for the first time and referred to the Committee on Transportation and Regional Governance Policy  
03/02/2017 Adoption of Report: Amended and re-referred to the Committee on Transportation Finance

1.1 A bill for an act  
1.2 relating to transportation; governing trunk highway project selection; amending  
1.3 and mandating certain project selection processes; requiring availability of highway  
1.4 project information; amending legislative reporting; amending Minnesota Statutes  
1.5 2016, sections 161.088, subdivisions 4, 5, 7; 161.38, by adding a subdivision;  
1.6 174.03, by adding a subdivision; 174.56, subdivisions 1, 2, by adding a subdivision.

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

1.8 Section 1. Minnesota Statutes 2016, section 161.088, subdivision 4, is amended to read:

1.9 Subd. 4. **Project eligibility.** (a) The commissioner ~~shall~~ must establish eligibility  
1.10 requirements for projects that can be funded under the program. Eligibility must include:

1.11 (1) consistency with the statewide multimodal transportation plan under section 174.03;

1.12 (2) location of the project on an interregional corridor, for a project located outside of  
1.13 the Department of Transportation metropolitan district;

1.14 (3) placement into at least one project classification under subdivision 3;

1.15 (4) a maximum length of time, as determined by the commissioner but no less than three  
1.16 years, until commencement of construction work on the project; and

1.17 (5) for each type of project classification under subdivision 3, a maximum allowable  
1.18 amount for the total project cost estimate, as determined by the commissioner with available  
1.19 data.

1.20 (b) A project whose construction is programmed in the state transportation improvement  
1.21 program is not eligible for funding under the program. This paragraph does not apply to a  
1.22 project that is programmed as result of selection under this section.

2.1 (c) A project may be, but is not required to be, identified in the 20-year state highway  
2.2 capital investment plan under section 174.03.

2.3 Sec. 2. Minnesota Statutes 2016, section 161.088, subdivision 5, is amended to read:

2.4 Subd. 5. **Project selection process; criteria.** (a) The commissioner ~~shall~~ must establish  
2.5 a process for identification, evaluation, and selection of projects under the program.

2.6 (b) As part of the project selection process, the commissioner ~~shall~~ must annually accept  
2.7 recommendations on candidate projects from area transportation partnerships and other  
2.8 interested stakeholders in each Department of Transportation district. For each candidate  
2.9 project identified under this paragraph, the commissioner ~~shall~~ must determine eligibility,  
2.10 classify, and if ~~appropriate~~ eligible, evaluate the project for the program.

2.11 (c) Project evaluation and prioritization must be performed on the basis of objective  
2.12 criteria, which must include:

2.13 (1) a return on investment measure that provides for comparison across eligible projects;

2.14 (2) measurable impacts on commerce and economic competitiveness;

2.15 (3) efficiency in the movement of freight, ~~including but not limited to~~ which may include:

2.16 (i) measures of annual average daily traffic and commercial vehicle miles traveled, which  
2.17 may include data near the project location on that trunk highway or on connecting trunk  
2.18 and local highways; and

2.19 (ii) measures of congestion or travel time reliability, which may be within or near the  
2.20 project limits, or both;

2.21 (4) improvements to traffic safety;

2.22 (5) connections to ~~regional trade centers~~, local highway systems; and other transportation  
2.23 modes;

2.24 (6) the extent to which the project addresses multiple transportation system policy  
2.25 objectives and principles; and

2.26 (7) support and consensus for the project among members of the surrounding community.

2.27 (d) As part of the project selection process, the commissioner may divide funding to be  
2.28 separately available among projects within each classification under subdivision 3, and may  
2.29 apply separate or modified criteria among those projects falling within each classification.

3.1 Sec. 3. Minnesota Statutes 2016, section 161.088, subdivision 7, is amended to read:

3.2 Subd. 7. **Legislative report; evaluation.** (a) ~~Starting in 2014,~~ Annually by November  
3.3 1, the commissioner shall electronically submit a report on the corridors of commerce  
3.4 program to the chairs and ranking minority members of the legislative committees with  
3.5 jurisdiction over transportation policy and finance. At a minimum, the report must include:

3.6 (1) a summary of the program, including a review of ~~the~~:

3.7 (i) project selection process details that address program design and implementation,  
3.8 decision-making procedures, and eligibility and criteria, evaluation; and

3.9 (ii) all criteria including any established by the commissioner, criteria measurement  
3.10 methodologies, and any criteria weighting or ranking used in project selection;

3.11 (2) a summary of program finance, including funds expended in the previous selection  
3.12 cycle, any future operating costs assigned under subdivision 6, and total funds expended  
3.13 since program inception;

3.14 ~~(2)~~ (3) a listing list of projects funded under the program in the previous selection cycle,  
3.15 including:

3.16 (i) project classification;

3.17 (ii) a breakdown of project costs and funding sources; and

3.18 ~~(iii) any future operating costs assigned under subdivision 6; and~~

3.19 ~~(iv)~~ a brief project description that is comprehensible to a lay audience;

3.20 ~~(3)~~ (4) a listing comprehensive list of evaluated projects and candidate project  
3.21 recommendations as required under subdivision 5, paragraph (b), including that identifies  
3.22 for each project: eligibility, classification, evaluation results for each criterion, ranking if  
3.23 applicable, and disposition in the selection process; and

3.24 ~~(4)~~ (5) any recommendations for changes to statutory requirements of the program.

3.25 (b) ~~Starting in 2016, and in every even-numbered year thereafter~~ In every third year  
3.26 following a year in which project selection is completed, but not more frequently than every  
3.27 other year, the commissioner ~~shall~~ must incorporate into the report the results of an  
3.28 independent evaluation of impacts and effectiveness of the program. The evaluation must  
3.29 be performed by agency staff or a consultant. The individual or individuals performing the  
3.30 evaluation must have experience in program evaluation, but must not be regularly involved  
3.31 in the program's implementation.

4.1 (c) Notwithstanding paragraph (a), a report is not required in a year in which (1) no  
4.2 project selection was completed during the preceding 12 months, and (2) an evaluation  
4.3 under paragraph (b) is not due.

4.4 Sec. 4. Minnesota Statutes 2016, section 161.38, is amended by adding a subdivision to  
4.5 read:

4.6 Subd. 8. **Spending on trunk highway system.** The commissioner must maintain  
4.7 information on expenditures by local road authorities from local sources of funds for trunk  
4.8 highway system projects.

4.9 Sec. 5. Minnesota Statutes 2016, section 174.03, is amended by adding a subdivision to  
4.10 read:

4.11 Subd. 1e. **Capacity and major highway projects; planning and programming.** (a)  
4.12 The commissioner must implement a process concerning trunk highway projects that are  
4.13 not included in the state transportation improvement program. The commissioner must use  
4.14 the process for projects that expand trunk highway system capacity and for major highway  
4.15 projects, as defined in section 174.56, subdivision 1.

4.16 (b) At a minimum, the process must:

4.17 (1) establish standard, objective procedures for planning, project identification,  
4.18 development, prioritization, and programming;

4.19 (2) address fiscal considerations, including total expenditures to develop projects that  
4.20 are not programmed;

4.21 (3) communicate to stakeholders and the general public an outline of the process and a  
4.22 list of specific capacity projects, using plain language descriptions and information; and

4.23 (4) integrate with the department's programs that involve alternative project selection  
4.24 methods, including but not limited to the corridors of commerce program under section  
4.25 161.088 and the transportation economic development program under section 174.12.

4.26 Sec. 6. Minnesota Statutes 2016, section 174.56, subdivision 1, is amended to read:

4.27 Subdivision 1. **Report required.** (a) The commissioner of transportation ~~shall~~ must  
4.28 submit a report by December 15 of each year ~~on~~ that includes:

4.29 (1) the status of major highway projects (i) completed during the previous two years<sub>2</sub> or  
4.30 (ii) under construction or planned during the year of the report and for the ensuing 15 years,  
4.31 (2) trunk highway fund expenditures, and;

5.1 (2) a list of any major highway projects identified in capital investment plans or identified  
5.2 as reasonably likely for inclusion in the state transportation improvement program within  
5.3 the next ten years;

5.4 (3) ~~beginning with the report due in 2016,~~ a list of any major highway projects removed  
5.5 from, delayed within, or delayed from inclusion in the state transportation improvement  
5.6 program or capital investment plans, including a discussion of the rationale for the delay  
5.7 or removal;

5.8 (4) an explanation of the highway project selection process, including key milestones  
5.9 and decision-making steps;

5.10 (5) the annual budget for products and services for each Department of Transportation  
5.11 district and office, with a comparison to actual spending and including measures of  
5.12 productivity for the previous fiscal year; and

5.13 (6) information detailing efficiencies achieved during the previous two fiscal years.

5.14 (b) For purposes of this section, a "major highway project" is a highway project that has  
5.15 a total cost for all segments that the commissioner estimates at the time of the report to be  
5.16 at least (1) \$15,000,000 in the metropolitan highway construction district, or (2) \$5,000,000  
5.17 in any nonmetropolitan highway construction district. A major highway project does not  
5.18 include district set-asides.

5.19 Sec. 7. Minnesota Statutes 2016, section 174.56, subdivision 2, is amended to read:

5.20 Subd. 2. **Report contents; major highway projects.** (a) For each major highway project  
5.21 under subdivision 1, paragraph (a), clause (1), the report must include:

5.22 (1) a description of the project sufficient to specify its scope and location;

5.23 (2) a history of the project, including, but not limited to, and as applicable: previous  
5.24 official actions by the department or the appropriate area transportation partnership, or both,  
5.25 the date on which the project was first included in the state transportation improvement ~~plan~~  
5.26 program, the cost of the project at that time, the planning estimate for the project, the  
5.27 engineer's estimate, the award price, the final cost as of six months after substantial  
5.28 completion, including a total amount for any supplemental agreements and cost overruns  
5.29 or cost savings, the dates of environmental approval, the dates of municipal approval, the  
5.30 date of final geometric layout, and the date of establishment of any construction limits;

5.31 (3) the project's priority listing or rank within its construction district, if any, as well as  
5.32 the reasons for that listing or rank, the criteria used in prioritization or rank, any changes

6.1 in that prioritization or rank since the project was first included in a department work plan,  
6.2 and the reasons for those changes; and

6.3 (4) past and potential future reasons for delay in letting or completing the project, details  
6.4 of all project cost changes that exceed \$500,000, and specific modifications ~~to the overall~~  
6.5 ~~program~~ that are made as a result of delays and project cost changes; ;

6.6 (5) ~~two representative trunk highway construction projects, one each from the~~  
6.7 ~~department's metropolitan district and from greater Minnesota, and for each project report~~  
6.8 ~~the cost of environmental mitigation and compliance; and~~

6.9 (6) ~~the annual budget for products and services for each Department of Transportation~~  
6.10 ~~district and office, with comparison to actual spending and including measures of productivity~~  
6.11 ~~for the previous fiscal year.~~

6.12 (b) For each major highway project under subdivision 1, paragraph (a), clauses (2) and  
6.13 (3), the report must include, as available, a project description and a summary of project  
6.14 status, scoping activity, and cost estimates.

6.15 Sec. 8. Minnesota Statutes 2016, section 174.56, is amended by adding a subdivision to  
6.16 read:

6.17 Subd. 4. **Availability of information.** The commissioner shall maintain on an Internet  
6.18 Web site information for each major highway project, which must at a minimum include  
6.19 the report contents identified in subdivision 2.