

CHAPTER 8805
DEPARTMENT OF TRANSPORTATION
TRANSPORTATION PROJECT LOANS

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8805.0050 PURPOSE.

The transportation revolving loan fund (TRLF) is a state fund that can be used by eligible borrowers to finance approved transportation projects. The purpose of the TRLF is to attract new funding into transportation, encourage innovative approaches to financing transportation projects, and help build needed transportation infrastructure. The TRLF can provide loans and other types of financial assistance to eligible borrowers to finance transportation projects. When the loans are repaid, the funds are returned to the TRLF and used to finance another set of projects, creating a continually expanding pool of money for transportation projects.

The TRLF is jointly administered by the Minnesota Department of Transportation and the Minnesota Public Facilities Authority. Minnesota Statutes, section 446A.085, authorizes the Minnesota Public Facilities Authority to manage and administer the fund and establishes the transportation committee of the Minnesota Public Facilities Authority to review and approve financial assistance to projects certified by the commissioner of transportation. Each project must be certified by the commissioner of transportation before its consideration by the transportation committee. Parts 8805.0050 to 8805.0700 establish procedures for and information that will be used to certify projects to the transportation committee of the Minnesota Public Facilities Authority. Parts 7380.0705 to 7380.0775 provide for the administration of the Minnesota Public Facilities Authority's responsibilities.

Statutory Authority: *MS s 446A.085*

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8805.0100 DEFINITIONS.

Subpart 1. **Scope.** The terms used in parts 8805.0100 to 8805.0500 have the meanings given them in this part.

Subp. 2. **Act.** "Act" means section 350 of the National Highway System Designation Act of 1995 (Public Law 104-59), as amended, and all rules and regulations adopted under the act.

Subp. 3. **Applicant.** "Applicant" means an eligible borrower under Minnesota Statutes, section 446A.085, subdivision 1, paragraph (b), that applies for a loan from the fund.

Subp. 4. **Application.** "Application" means the documents submitted to the commissioner by an applicant which contain information and data in support of the applicant's loan request to the authority. The application includes the completed application forms provided by the commissioner and the authority.

Subp. 5. **Authority.** "Authority" means the Minnesota Public Facilities Authority created in Minnesota Statutes, chapter 446A.

Subp. 6. **Benefit-cost analysis.** "Benefit-cost analysis" evaluates the benefits to society of a project in comparison to the project's costs. Benefits are the additions to society's resources that result from a program or project. Costs are the resources used to carry out the program or bring about the project. Whenever possible, benefits and costs are valued in monetary terms to permit comparison and aggregation.

Subp. 7. **Certification.** "Certification" means the official approval by the commissioner of a transportation project to receive a loan from the fund. Certification does not mean that an applicant will receive a loan but that a project has been evaluated by the commissioner and considered to be an appropriate transportation project to receive funding. Once a project is certified, the authority shall conduct a financial evaluation of the application using the criteria in parts 7380.0705 to 7380.0775. An applicant may be approved to receive a loan only when this financial evaluation is completed and found to be satisfactory.

Subp. 8. **Commissioner.** "Commissioner" means the commissioner of the department.

Subp. 9. **Cost-effectiveness analysis.** "Cost-effectiveness analysis" evaluates the cost at which project objectives are achieved. Cost-effectiveness analysis is used when it is difficult or impractical to obtain a valuation of the benefits of a project. Cost-effectiveness analysis estimates the total cost of accomplishing a specified objective such as improving travel times.

Subp. 10. **Department.** "Department" means the Minnesota Department of Transportation.

Subp. 11. **District.** "District" means the department office located in one of eight geographical areas of the state of Minnesota. The district is responsible for the development, construction, preservation, maintenance, and safety of the portion of the state's transportation system located within its specific geographic boundaries. District includes the department's metropolitan division.

Subp. 12. **Fund.** "Fund" means the transportation revolving loan fund created in Minnesota Statutes, section 446A.085.

Subp. 13. **Loan.** "Loan" means financial assistance for all or part of the cost of the project as defined in Minnesota Statutes, section 446A.085, subdivision 1, paragraph (d).

Subp. 14. **Metropolitan planning organization.** "Metropolitan planning organization" means an organization of local governments designated by the governor as the organization responsible for transportation policies and planning for the designated metropolitan area they serve. Metropolitan planning organizations exist in urbanized areas over 50,000 population. They are responsible for carrying out the metropolitan transportation planning process required by United States Code, title 23, section 134, and title 49, section 8.

Subp. 15. **Regional development commission.** "Regional development commission" means an organization of local governments established pursuant to Minnesota Statutes, sections 462.383 to 462.398. The purpose of regional development commissions is to ensure coordination of state, federal, and local comprehensive planning and development programs for the solution of economic, social, physical, and governmental problems of the state and its citizens.

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8805.0200 ELIGIBLE PROJECTS.

To be eligible for a TRLF loan, a project must be eligible for funding under the act, United States Code, title 23 or 49, Minnesota Statutes, section 446.085, subdivision 2, and any other applicable federal and state law.

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8805.0300 APPLICATION INFORMATION.

Subpart 1. **Application needed.** An applicant must complete an application for a loan from the fund. Application forms can be obtained from Mn/DOT, Office of Investment Management, 395 John Ireland Boulevard, Saint Paul, Minnesota 55155.

Subp. 2. **Application information.** In addition to the information listed in Minnesota Statutes, section 446A.085, subdivision 7, information requested from the applicant shall include:

A. the nature and purpose of the project, including the need for the project and the reasons why the project is in the public interest; and

B. other information the commissioner may require to evaluate the project for certification and related to the information listed in part 8805.0400.

Subp. 3. **Application review.** The commissioner shall review all completed applications upon receipt. The commissioner shall evaluate proposed projects based on the information listed in part 8805.0400 and Minnesota Statutes, section 446A.085, subdivision 8. The commissioner shall make a decision concerning the certification of the proposed project according to the procedures set forth in part 8805.0500.

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8805.0400 PROJECT EVALUATION CRITERIA.

In addition to the information listed in Minnesota Statutes, section 446A.085, subdivision 8, when evaluating a transportation project for certification to the authority, the commissioner shall consider the following criteria:

A. if the project has regional significance as determined by the district where the project is located after consultation with local transportation entities including, but not limited to, metropolitan planning organizations, regional development commissions, counties, and cities;

B. if the project is consistent with applicable state, regional, and/or local transportation plans approved by the department, districts, metropolitan planning organizations, regional development commissions, counties, cities, or other regional or local governmental entities;

C. if the project will use, create, or obtain funding from sources not traditionally used for transportation projects such as special assessments, tax increment financing, user/customer fees, or local government option sales taxes;

D. if the project will be ready to commence when funds are disbursed;

E. if a project is part of a larger project, whether the larger project will be fully funded and completed; and

F. if the project will provide greater user benefits in relation to the project's cost, as determined by a benefit-cost analysis, cost-effectiveness analysis, or other economic analysis.

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8805.0500 PROJECT CERTIFICATION.

Subpart 1. **Certification decision.** The commissioner shall make a decision of whether to certify a project after the commissioner reviews the application under part 8805.0300 and has evaluated the project using the criteria listed in part 8805.0400. A project shall be certified by the commissioner if it meets the eligibility criteria in part 8805.0200 and receives approval based on the application of the criteria in part 8805.0400.

Subp. 2. **Notice of decision.** Applicants shall be notified in writing of the certification decision of the commissioner. Approval or disapproval of a project for certification shall include the rationale or reasons upon which the decision is based. A project that is certified by the commissioner shall be submitted to the authority along with the application. The authority shall conduct a financial evaluation of the application using the information and criteria in parts 7380.0705 to 7380.0775.

Subp. 3. **Alteration of project.** If there is any change to the project after the project is certified by the commissioner and before the authority has executed a loan agreement with the applicant according to the rules of the authority, part 7380.0725, subpart 4, the applicant must notify the commissioner of the change and the commissioner must approve the alteration in writing before a loan agreement for the project is executed.

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