

HF2505 - 0 - State-Aid Engineering and Design Variance Modified

Chief Author: **Katie Jones**
 Committee: **Transportation Finance and Policy**
 Date Completed: **3/26/2025 10:18:33 AM**
 Lead Agency: **Transportation Dept**
 Other Agencies:
 Legislature

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Legislature					
General Fund	-	4	4	4	4
Transportation Dept					
Municipal State Aid Street	-	37	37	37	37
County State Aid Highway	-	110	110	110	110
State Total					
General Fund	-	4	4	4	4
Municipal State Aid Street	-	37	37	37	37
County State Aid Highway	-	110	110	110	110
Total	-	151	151	151	151
Biennial Total			302		302

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Legislature					
General Fund	-	-	-	-	-
Transportation Dept					
Municipal State Aid Street	-	.25	.25	.25	.25
County State Aid Highway	-	.75	.75	.75	.75
Total	-	1	1	1	1

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 3/26/2025 10:18:33 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Legislature						
General Fund		-	4	4	4	4
Transportation Dept						
Municipal State Aid Street		-	37	37	37	37
County State Aid Highway		-	110	110	110	110
	Total	-	151	151	151	151
	Biennial Total			302		302
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Legislature						
General Fund		-	4	4	4	4
Transportation Dept						
Municipal State Aid Street		-	37	37	37	37
County State Aid Highway		-	110	110	110	110
	Total	-	151	151	151	151
	Biennial Total			302		302
2 - Revenues, Transfers In*						
Legislature						
General Fund		-	-	-	-	-
Transportation Dept						
Municipal State Aid Street		-	-	-	-	-
County State Aid Highway		-	-	-	-	-
	Total	-	-	-	-	-
	Biennial Total			-		-

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 Agency: **Transportation Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Municipal State Aid Street	-	37	37	37	37	37
County State Aid Highway	-	110	110	110	110	110
Total	-	147	147	147	147	147
Biennial Total			294			294

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Municipal State Aid Street	-	.25	.25	.25	.25
County State Aid Highway	-	.75	.75	.75	.75
Total	-	1	1	1	1

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 3/26/2025 9:03:28 AM
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State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Municipal State Aid Street	-	37	37	37	37	37
County State Aid Highway	-	110	110	110	110	110
Total	-	147	147	147	147	147
	Biennial Total		294	294		294
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Municipal State Aid Street	-	37	37	37	37	37
County State Aid Highway	-	110	110	110	110	110
Total	-	147	147	147	147	147
	Biennial Total		294	294		294
2 - Revenues, Transfers In*						
Municipal State Aid Street	-	-	-	-	-	-
County State Aid Highway	-	-	-	-	-	-
Total	-	-	-	-	-	-
	Biennial Total		-	-		-

Bill Description

Sec 1 and 4

The commissioner must forgo review of geometric designs, except for the review of design standards for the vertical clearances for underpasses in Minnesota Rules, part 8820.2500, for state-aid roadway projects

in a city or county that adopts alternative design standards. If a city has adopted an alternative design standard, a county may elect to use the same alternative design standard for the geometric design of a county state-aid project within the city.

For purposes of this subdivision, "qualifying alternative roadway design standard" includes an additional six publications.

Sec 3 & 6

These sections discuss the format in which political subdivisions can submit a formal request for a variance from county state-aid design rules to the commissioner.

Sec 2 and 5

A political subdivision must not be required to seek a variance from state-aid design standards if the proposed deviation from rules is designed in accordance with a qualifying alternate roadway design guide provided in subdivision 1a.

If a variance is denied by the commissioner, the commissioner must notify the chairs and ranking minority members of the committees with jurisdiction over transportation and provide justification for denying the variance within 30 days of notifying the political subdivision of the denial. The justification must include the commissioner's reasoning for the denial and the recommendation of the advisory committee on variances and the reasoning used by the committee to approve or disapprove the variance.

The commissioner must not require a political subdivision to seek a variance under this section from design rules for 5 named items.

Sec 7

An advisory committee on design variances is established to investigate and determine a recommendation for each

variance submitted under sections 162.02, subdivision 3a, and 162.09, subdivision 3a. The committee would be made up in whole or part of senators, house of representatives, county engineers, city engineers, county commissioners, city elected officials, MnDOT Office of Transit and Active Transportation (OTAT) representative and MnDOT State Aid representative. The committee must have at least six elected officials.

The advisory committee must meet on call from the commissioner.

Upon request of the advisory committee, the commissioner must provide meeting space, technical support, and administrative services for the group.

By January 15 of each even-numbered year, the commissioner of transportation must submit a report to the chairs and ranking minority members of the legislative committees having jurisdiction over transportation policy and finance. The report must summarize the activities of any advisory committee on variances from the prior two years.

Assumptions

MnDOT assumes any political subdivision that adopts a “qualifying alternative roadway design standard” would not be required to have a review and approval of the geometric design portion of the design plan by MnDOT State Aid (except for projects utilizing federal aid funding, see next paragraph). State aid staff time needed to review design plans would be slightly reduced by not having to review the other adopted geometric design standards. However, the design plan would still need to be reviewed by MnDOT State Aid staff for conformity to the other parts of Chapter 8820 Rules.

The Stewardship Agreement between the Federal Highway Administration (FHWA) and the Minnesota Department of Transportation (MnDOT) requires MnDOT act on behalf of the FHWA for the review and approval of design plans when that project is utilizing federal funds. If a local agency adopts a geometric design standard that is different than the state aid design standards, state aid would still need to review and approve those geometric design standards as a part of that overall design plan.

MnDOT State Aid staff would need to develop/grow/hire knowledge in the other design guidelines to understand the interplay and connection between those other adopted design guidelines and the state aid rules, and to fulfill the requirements of the Stewardship Agreement with FHWA.

Any design plan that follows the state aid design standards, but utilizes the MnDOT Facility Design Guide, would require MnDOT Geometric Design Standards Unit staff to review the local agency plan.

Administration and management of the Advisory Committee on Variances would require additional staffing resources due to the size, complexity of membership, potential establishment of its own bylaws, reporting requirements, and being subject to the Minnesota Open Meeting Law.

There are additional notification and reporting requirements to chairs and ranking minority members of the legislative committees having jurisdiction over transportation policy and finance.

These staffing needs are represented by FTEs to help quantify work force impacts. The updated text, if enacted, would require the development of new implementation guidance, and updates to policies and practices, while also requiring additional review and oversight by MnDOT areas outside of the Office of State Aid. Additionally, the proposed variance process will require the development and maintenance of records to comply with the open meeting law, posting to the state register, etc.. These needs will be met through consultant contracts, across in-place teams outside of State Aid, and through the creation of a new position. The variance committee will be convened 4 times per year into perpetuity.

Expenditure and/or Revenue Formula

With the proposed changes to the allowance of a different adopted design standard, the allowable use of the MnDOT Facility Design Guide as a normal design standard, requirements under the Stewardship Agreement with FHWA, changes to the Advisory Committee on Variances, and the additional reporting requirements, it is anticipated that this would require:

- 1 Senior Engineer or equivalent
- 47.20 hourly salary*1.5 overhead*2080 hours = \$147,264

Due to the nature of the FTE in State Aid, funds for this FTE are split 75% CSAH and 25% MSAS.

Long-Term Fiscal Considerations

On-going salary and benefits for one new full-time employee.

Local Fiscal Impact

For a local agency that adopts a “qualifying alternative roadway design standard”, it is anticipated that the time to review design plans would be less by the MnDOT State Aid staff if that design plan is only utilizing state aid funding. If the design plan is utilizing federal funding, the time to review those plans would be greater by the MnDOT State Aid staff because the review will require an understanding of different standards being applied to the same project and where the interplay results and ensuring the remainder of the design plan meets State Aid Rules. State aid review and approval is still needed for funding participation, right of way, etc.

Because state aid would not review any geometric design plans of a local agency that adopts a “qualifying alternative roadway design standard” for a non-federally funded plan, local agencies would have to perform their own QA/QC of their geometric design plans to ensure they meet geometric design standards for constructability, compliance with state and federal statutes and requirements. The local agency would also need to confirm with FHWA that the design guide that the local agency adopts is in conformance with their requirements.

If a local agency chooses to utilize MnDOT’s Facility Design Guide for its geometric design, the review of that plan will likely take longer as it would be reviewed by the state aid representative(s) and the MnDOT Geometric Design Standards Unit, who are each subject matter experts in their respective areas.

There may be the need for fewer state aid design variances based on a local agency adopting their own geometric design standard or if the plan conforms to the MnDOT Facility Design Guide.

References/Sources

MnDOT Office of State Aid for Local Transportation

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 Committee: **Transportation Finance and Policy**
 Date Completed: **3/26/2025 10:18:33 AM**
 Agency: **Legislature**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		
		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	4	4	4	4	4
Total	-	4	4	4	4	4
Biennial Total			8			8

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
General Fund	-	4	4	4	4	4
Total	-	4	4	4	4	4
Biennial Total			8			8
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	4	4	4	4	4
Total	-	4	4	4	4	4
Biennial Total			8			8
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

The bill, in part, requires the commissioner of Minnesota Department of Transportation (MnDOT) to notify the legislative leadership of committees with jurisdiction over transportation about denied variances and provide justification regarding the denial.

The bill also establishes advisory committee on variances to investigate and determine a recommendation for each submitted variance request. The advisory committee membership includes two members of the Senate and two members of the House. No legislative member may serve on the committee on a variance request if the proposed project is located within the legislative member’s district.

The commissioner of MnDOT must submit a report regarding each variance approved or disapproved to legislative leadership by January 15 of even-numbered years.

Assumptions

1. MnDOT will provide administrative support, meeting arrangements, and other such support to the advisory committee.
2. For this fiscal note we are using an assumption that the advisory committee will meet four times each fiscal year beginning FY26 within the Capitol campus to align with the MnDOT’s fiscal note. For this note we assume that the four meetings each fiscal year will be held during interims.
3. The bill does not provide for payment of per diems or for the reimbursement of expenses of legislators serving on the advisory committee. However, legislative members could request reimbursement for expenses of engaging in legislative activity. This fiscal note is based on the assumption that the legislative members will be paid per diems and reimbursement for their expenses for interim meetings. Additional funds will be needed by the House and Senate.
4. Legislative member meeting participation costs includes the following per member, per legislative interim meeting: per diem (\$86 senators, \$86 representatives), and \$106 round trip mileage (152 round trip mile average). Half of the legislative members will be reimbursed for lodging expenses (\$150/night senators, \$175/night representatives).
5. We assume that the cost of the non-legislative members of the advisory committee and any associated cost will be addressed in the fiscal note by MnDOT.

Expenditure and/or Revenue Formula

Advisory Committee Legislative Members Meeting Participation Cost					
Cost Category	FY25	FY26	FY27	FY28	FY29
Senate Member Mtg Participation Cost	0	2,139	2,139	2,139	2,139
House Member Mtg Participation Cost	0	2,239	2,239	2,239	2,239
Total Legislative Member Mtg Participation Cost (rounded)	0	4,000	4,000	4,000	4,000
Total Cost					
Cost Category	FY25	FY26	FY27	FY28	FY29
Total Legislative Member Mtg Participation Cost (rounded)	0	4,000	4,000	4,000	4,000
Total Cost (rounded)	0	4,000	4,000	4,000	4,000

Long-Term Fiscal Considerations

Projected cost will be ongoing.

Local Fiscal Impact

There may be local government cost but that is not addressed in this fiscal note.

References/Sources

Emily Adriaens, House of Representatives

Matt Gehring, House of Representatives

Eric Nauman, Minnesota Senate

Alexis Stangl, Minnesota Senate

Michelle Yurich, Legislative Coordinating Commission

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