

Top Story – State Shutdown

[Legislators Make Case to Restart Stalled Road Projects](#)

Two state lawmakers next week will try to persuade Ramsey County Chief Judge Kathleen Gearin to declare ongoing MnDOT highway construction projects a core government function.

If they succeed, about 100 projects that shut down along with the state government on July 1 could resume.

Republicans Sen. Joe Gimse of Willmar and Rep. Michael Beard of Shakopee — who chair the transportation committees in their respective chambers — are scheduled to make their argument to Gearin on Wednesday morning.

“Building roads is a core government function. There are two things government has to do, and they are to educate the kids and build the roads,” Beard said Friday afternoon. “That’s our argument.”

[Shutdown Poses Risk for Weak Economy](#)

The Minnesota government shutdown that started Friday morning will hurt residents who obtain state services as well as the public employees who serve them. But will it have an impact on the slow, precarious recovery of the state’s economy?

“You bet,” said Jay Kiedrowski, a senior fellow at the Humphrey School of Public Affairs at the University of Minnesota and a former state finance commissioner.

Road and highway construction projects scheduled for this season will employ about 28,000 people, said Margaret Donahoe, executive director of the Transportation Alliance of Minnesota. Many of those projects are under way, and those workers are now at home and unpaid. If the shutdown lasts through July, some of those projects may be postponed, she said.

[Shutdown Chips Away at State’s Credit Rating](#)

Minnesota taxpayers aren’t expected to lose a lot of money immediately as a result of Fitch Ratings’ decision to lower the state’s debt rating to AA+ from its top AAA category.

But investors and bond market veterans say the downgrade will cost the state prestige, force marginally higher debt costs for many years, and take away a tool that had helped keep state budget negotiators on the straight and narrow.

And that is the litmus test for top-rated debt, said Shawn O’Leary, a senior fixed income researcher with Nuveen Investments in Chicago.

“AAA ratings are reserved for organizations that do just about everything right just about all the time,” O’Leary said. “Gimmicks and one-time fixes aren’t indicative of true AAA issuers.”

Moody’s Investor Services lowered Minnesota’s rating several years ago to Aa1, one step below its top grade, but it lowered the rating outlook to negative in February 2010. Standard & Poor’s has maintained an AAA rating.

[Minnesota State Budget Basics](#)

Ever wish someone would publish "Minnesota State Budget for Dummies"? We do.

To better understand Dayton and the Legislature's basic budget disagreements, here's a look at how much the state spent in the previous two years (fiscal years 2010 and 2011) that ended June 30 and how much the governor and lawmakers are proposing to spend in the current biennium (FY 2012-13).

The figures represent spending from the state's general fund, the budget category that covers most day-to-day expenditures:

| SPENDING | In billions | |
|------------|-------------|----------|
| | Legislature | Governor |
| FY 2010-11 | FY 2012-13 | |
| \$34.37 | \$34.44 | \$35.8 |
| % change: | 0.2% | 4.2% |

The numbers show a nearly \$1.4 billion gap between how much money lawmakers and Dayton want to spend. State finance officials forecast that the state, under current law, would collect about \$34.4 billion in general fund revenue over the next two years. The Republican majorities in the House and Senate have approved spending that much and no more. The governor has called for spending an additional \$1.4 billion, funded

with a tax increase, to prevent what he considers unacceptable cuts in essential services.

Before taking a closer look at their spending proposals, we need to mention a dispute over one of the numbers. Some legislators and their supporters contend general fund spending in the last biennium was \$30.2 billion, not \$34.4 billion, and technically they are correct. But their number is incomplete.

[State Shutdown Could Halt County Projects](#)

A state government shutdown would impact Anoka County road construction projects using federal dollars.

That's because federal regulations mandate that the Minnesota Department of Transportation (MnDOT) handle a number of oversight functions, according to Doug Fischer, county highway engineer.

And with MnDOT likely to be closed down, that work would not take place, effectively putting a stop to those projects, Fischer said.

[Construction Industry Impacted by Shutdown](#)

It's one thing to lose jobs because of the economy. But Vince Montgomery is perplexed that he might have to furlough employees because of politics.

His planning and architecture firm, TKDA in St. Paul, has a team of nearly three dozen engineers and designers focused on state transportation contracts. On Friday, the projects -- including construction of three major Twin Cities highway interchanges -- came to a halt when state government shut down. The stoppage idled more than 200 construction workers and has thrown TKDA's team into jeopardy. Montgomery, TKDA's president, said the firm was just hitting its stride after cutting jobs to survive the Great Recession.

[State Shutdown is Costly for Construction](#)

State officials won't be able to calculate the shutdown's full cost until it's over, but they have quantified some of the notable losses: \$1.25 million a day on the lottery, \$1 million a week on state parks, \$52 million a month in uncollected tax revenue that idled state auditors would have brought in. The cost of other shutdown casualties — including 100 closed road construction projects — has yet to be calculated.

In northern Minnesota, Knife River Corp., a Bismarck, N.D.-based construction company, plans to lay off 40 to 50 employees who had been working on a state highway project, one of the business' five road projects idled by the shutdown, said company executive Tom Stockert.

Some of Knife River's other Minnesota workers have been shifted to county jobs, but if the state government closure drags on much longer, he said Knife River likely will move some equipment and crews to North Dakota. That could trigger a payment of as much as \$50,000 from the state of Minnesota, and Stockert said those crews might not make it back to the state this construction season.

National

[House and Senate Release Very Different Reauthorization Plans](#)

The congressional gridlock that has tied up federal highway programs for years loosened up a bit Wednesday as key House and Senate lawmakers outlined separate proposals to fund repairs and construction of roads, bridges and transit systems.

Rep. John Mica, R-Fla., chairman of the House Transportation and Infrastructure Committee, told reporters he plans to introduce a \$230 billion, six-year highway, transit, rail and maritime construction bill. A draft of the bill was being circulated among GOP members of the committee.

In the Senate, a committee chairwoman, Democrat Barbara Boxer of California, said she is pursuing a two-year, \$109 billion bill focused on highway and transit programs.

[TIGER Grants Available](#)

States, cities and local governments can now compete for \$527 million in transportation grants, the federal government said on Thursday.

The budget passed in April provided money for another round of the popular TIGER program created in the 2009 economic stimulus plan to grant money for road, bridge, rail and public transportation projects as well as streetcars and bicycle and pedestrian paths.

Local/Regional

[State May Scale Back Elk Run Interchange](#)

The state of Minnesota will likely try to cut its losses on a \$34.3 million Highway 52 interchange project in Pine Island, which was meant to provide access to the Elk Run biobusiness park planned in the community.

The park's developer, Woodland, Calif.-based Tower Investments, wants to build a destination for companies looking to situate themselves between the Twin Cities and Mayo Clinic in Rochester. But Tower has continually delayed moving forward with the project.

[Transit Troubles in the Twin Cities](#)

Downtown Minneapolis resident Karen Rosar is angry at the steep fare increases and deep service cuts the Metropolitan Council says it would have to implement to make up for the \$109 million transit funding reduction the Legislature would like to see.

She was among about 70 people who gathered to hear about the "worst-case" changes that Met Council officials said might have to happen to transit in the Twin Cities region if that 85 percent reduction becomes reality.

[Confusion over Highway 10](#)

Motorists traveling certain reaches of the north metro sometimes come to the same sad conclusion: Two 10s is one too many.

Officials from several cities are meeting this week to discuss assigning a single, distinctive name to all or part of the stretch of County Road 10 from I-35W to Northtown Mall, or even to the stretch known as Coon Rapids Boulevard. Thursday's meeting will include administrators from Mounds View and Spring Lake Park and the Blaine city manager. Public meetings could come later this summer.

[Deadline Looms for St. Croix River Bridge](#)

Less than two weeks ago, news outlets reported that Gov. Mark Dayton had imposed a Sept. 30 deadline for Congress to act on the proposed St. Croix River bridge south of Stillwater. If the deadline is missed, Dayton said, federal funds for the project would be diverted to other transportation needs. Dayton's office insists that the deadline doesn't mean a softening of the governor's support for the much-needed four-lane bridge. Rather, he doesn't want to see the state lose some of the dollars set aside for the project because of federal deadlines.

[Ring Road Nearing Completion in Eagan](#)

A plan created two decades ago in anticipation of the traffic boom that's now overwhelming Eagan is expected to come full circle this fall.

A \$6.75 million overpass over Interstate 35E is the final phase of the "ring road," a series of roadways and overpasses designed to relieve the bottleneck plaguing the city's two main roads -- Pilot Knob and Yankee Doodle -- as well as respond to a projected increase in traffic in coming years.

[Minneapolis Working to Address Pavement Conditions](#)

Minneapolis streets are seeing an axle-rattling decline in pavement conditions, despite Mayor R.T. Rybak's program to speed up repairs.

In the third year of Rybak's five-year \$19.25 million acceleration of street repairs, engineers rated the average condition of city streets at 70 on a scale of 100, down from an 82 average in 1995. The rating has slipped by a point in each of the first two years of Rybak's street-spending surge.

The mayor says things would have been worse without his extra spending, and that repaving is taking place at levels not seen since the late 1990s. Street paving mileage jumped from four miles in 2007 to an expected 32.4 miles this year.

[Plans Developed for Red Rock Corridor](#)

By the end of this decade, the whole concept of commuting between downtown Minneapolis and St. Paul and cities to the southeast as far as Red Wing could be radically changed. And major economic development could be going along for the ride.

Plans are gathering steam for the Red Rock Corridor commuter train line running along Hwy. 61 between Hastings and the Twin Cities. The line would run on existing train tracks and eventually could stretch to the Prairie Island Indian Community and Red Wing.

[Narrower Streets in Many Cities](#)

No, it's not a heat-induced hallucination - your streets are actually shrinking.

Around the metro area, cities are narrowing the size of their streets. Some state highways are even being rebuilt with fewer lanes of traffic.

In fact, 19 cities including Lake Elmo, North St. Paul, Maplewood and St. Paul have jumped on the less-is-more bandwagon, agreeing to tailor roads to the needs of neighborhoods.

Other States

[Virginia Seeks Fix for Secondary Roads](#)

Virginia's secondary roads are deteriorating, and neither the state nor localities have the resources to fix them, the Virginia Department of Transportation reported.

Nearly a third of the state's secondary roads are now considered deficient, up from 24 percent in 2007, according to VDOT estimates. The secondary system, the state's responsibility since the 1930s, now has the highest percentage of deficient roads of all the systems in the commonwealth. Options for improving the depleted system include allowing counties to levy special taxes for road improvements, and putting localities in control of their road systems, a notion that Fairfax County has toyed with recently. Arlington and Henrico counties already maintain their own roads, as do all Virginia cities.

[Governor Scott Approves SunRail Project](#)

A long-awaited, highly anticipated decision on building a commuter rail system to serve four central Florida counties in the greater Orlando area got a thumbs-up Friday from Republican Gov. Rick Scott. Transportation Secretary Ananth Prasad said he expects the first phase of the \$1.3 billion project to be completed in early 2014. Scott, who did not attend Friday's announcement, gave his approval following a two-hour meeting with Prasad on Wednesday.

"This project is going to be sort of a judgment-day kind of project," Prasad said. "If we cannot make SunRail successful, probably there will be no more trains in the state of Florida. No more commuter trains. We have to make this train, SunRail, successful."

[Indiana Public/Private Toll Road In Trouble](#)

Eleven million trucks. That's how many 18-wheelers needed to rumble across northern Indiana in 2010 for the state's 157-mile toll road to break even. Unfortunately, only about half that many did and the road came up \$209 million short. This sounds like the beginning of yet another story about recession-ravaged states bleeding cash. And it is, sort of. The twist is that the Indiana Toll Road is managed not by the state but by a group of corporate investors, part of a public-private partnership

experiment intended to show how businesses can help government run more efficiently and save taxpayers money—all while turning a profit.