

Memo

Date: June 3, 2022

To:

The Honorable Frank Hornstein, Chair House Transportation Finance & Policy Committee
545 Rev. Dr. Martin Luther King Jr. Blvd. Saint Paul, MN 55155

The Honorable John Petersburg, Republican Lead House Transportation Finance & Policy Committee
217 Rev. Dr. Martin Luther King Jr. Blvd. Saint Paul, MN 55155

The Honorable Scott Newman, Chair Senate Transportation Finance & Policy Committee
3105 Minnesota Senate Building Saint Paul, MN 55155

The Honorable Scott Dibble, Ranking Minority Member Senate Transportation Finance & Policy Committee
2213 Minnesota Senate Building Saint Paul, MN 55155



From: Nancy Daubenberger, P.E., Commissioner of Transportation

Snow and Ice Contingent Appropriation, State Fiscal Year 2022

This memo is notification that MnDOT will utilize existing contingency language in Minnesota Statutes, 174.57, subdivisions (a) and (b):

(a) In a fiscal year in which the commissioner expends more than 100 percent of the established annual expenditure level for snow and ice management, the commissioner may use an additional amount for this purpose that does not exceed 50 percent of the unappropriated balance in the trunk highway fund. The amount identified by the commissioner under this paragraph is appropriated from the trunk highway fund to the commissioner for snow and ice management purposes.

(b) Upon using the appropriation authority in this section, the commissioner must notify the commissioner of management and budget and the chairs, ranking minority members, and staff of the house of representatives and senate committees having jurisdiction over transportation finance. The notification must at a minimum identify the established expenditure level for snow and ice management and the amount appropriated under this section.

For the current biennium including state fiscal years 2022-23, MnDOT established an annual expenditure level for snow and ice management of \$85 million per year. This amount was based on both history and desired performance outcomes, and includes compensation costs, salt and sand purchases, attributable portions of fleet/mobile equipment, and inventory purchases. Through May of 2022, actual costs for the fiscal year have

totaled nearly \$83 million. These costs only reflect actual spending, and do not include any amounts for anticipated needs for the remainder of the fiscal year.

Summary of FY 2022 Snow and Ice Spending

	FY 2022
Snow and Ice Target	\$85M
Spending to Date (through May)	\$82.9M
Estimated Total Spend	\$91.0M
Estimated Additional Need Above Target	\$6.0M

Extreme weather conditions have occurred across the state, resulting in an unusually high number of storms with blizzard conditions. These increased events have at times occurred on weekends and holidays, resulting in additional overtime, shift differential, and holiday pay as stipulated in collective bargaining agreements. In addition, MnDOT has faced inflationary costs for diesel fuel, parts, and supplies, along with supply chain shortages and associated increased costs. MnDOT estimates that in addition to the current available budget, there is an additional need of \$6.0 million for the remainder of the year, largely to cover restocking commodities and supplies (salt and sand, fuel, cutting edges, etc.).

\$6.0 million is the additional amount of appropriations that MnDOT will be transferring from the existing Trunk Highway fund balance. As of the February 2022 forecast, there is approximately \$178 million in fund balance in FY 2022. \$6.0 million is roughly 3 percent of this balance, and won't have any material impact on MnDOT's financial position.

Note: MnDOT last utilized this contingency in FY 2019, for a total of \$12.9 million in additional funding for the FY 2018-19 biennium (<http://www.dot.state.mn.us/govrel/reports/2019/snow-ice-contingency-memo-fy-2019.pdf>)

Please feel free to contact me if you have any questions.

CC:

Jim Schowalter, MMB Commissioner
Ahna Minge, MMB State Budget Director
Casey Mock, MMB Executive Budget Coordinator
Nick Lardinois, MMB Executive Budget Officer
Rachel Dame, Governor's Office