

Notice & Agenda

Swift County Board of Commissioners SPECIAL MEETING

Tuesday, May 31, 2016

9:00 AM

Swift County LEC Conference Room – 301 14th St N, Benson, MN

If you need any type of accommodation to participate in this meeting, please contact the County Administrator at 320-314-8399 at least 48 hours prior to the meeting. Times are only estimates and items may be taken out of order.

NOTICE: The meeting may include a road tour of County Highway and/or tours of various county building. The meeting will start at the Swift County LEC Conference Room at 8:30 AM but may travel to different sites in the County at the discretion of the board during the meeting. No official actions are anticipated to take place during this meeting.

| <u>Time</u> | <u>Reference</u> | <u>Item</u> |
|--------------------|-------------------------|---|
| 8:30 a.m. | | Call to Order and Roll Call |
| 8:30 a.m. | | Approve Agenda |
| 8:30 a.m. | 1-9 | Swift County Benson Hospital Presentation |
| 9:00 a.m. | 10-27 | Northland Securities Bonding Presentation |
| 9:30 a.m. | 28-56 | Wold Architects and Engineers County Building Study Presentation |
| 10:30 a.m. | 57-70 | Highway Discussion and possible road tour |
| | | Adjournment |

8:30 AM

Swift County Benson Hospital Presentation

SCBH Building Projects



SCBH Building Projects

Scope of Projects

1) Construction of 75 units of senior housing attached to the hospital to compliment the existing Scofield units. Together these facilities will provide the Benson/Swift County area a comprehensive solution to meeting the needs for Senior Housing covering the spectrum of:

- **Independent Living**
- **Assisted Living**
- **Assisted Living Plus**
- **Memory Care**

2) Remodel portions of the hospital to address a variety of operational issues while supporting the industry and local trend towards growth in outpatient services.

SCBH Building Projects

Reasons

1) Both projects are key elements of SCBH's financial turnaround plan which consists of three main components:

- Partnership with ACMC to create a Rural Health Clinic**
- Senior Housing Project**
- Hospital Upgrade/Remodel**

2) Diversification of SCBH revenue sources

3) Strong and consistent financial performance is essential for SCBH to address the current and future health care needs of the community

SCBH Building Projects

Senior Housing

- Addresses community need identified in 2002 and validated in 2014 by market studies.
- Idea originated from SCBH Foundation as an offsite facility built and managed by a 3rd party developer.
- Direction was changed to an on-campus facility under the control of SCBH. The new construction will be integrated into the hospital and Scofield Place allowing for the utilization of existing staff and resources.
- Financial analysis shows the project has the ability to generate significant profits and consistent cash flow.
- Retaining financial benefits with SCBH, rather than a 3rd party, helps us to continue to offer a range of community services such as mental health programs, meals on wheels, and home health.

SCBH Building Projects

Senior Housing

- Two story 10,000 sq. ft. facility
- First floor consists of 25 assisted living rooms with a mix of two bedroom, one bedroom, one bedroom plus, and studio apartments
- Second floor consists of 16 memory care units and 34 assisted living plus units which can be interchangeable based on demand
- Basement would include storage, facilities management, and a central kitchen for the entire campus
- Estimated cost of \$12.5M

SCBH Building Projects

Hospital Remodel/Update

Plans include following elements:

- New main entrance - Provides central registration for entire campus and promotes intuitive wayfinding to provide ease of access and a better patient experience
- New emergency department with a separate entrance to increase safety and security of our patients and staff
- New inpatient rooms that are up to the latest ADA standards
- Central nursing station to support all service areas and increase efficiency – ED, Surgical, and Inpatient
- Configuration that supports collaboration between departments to increase efficiency and delivery of patient care
- Create new ambulance entrance and decontamination space
- Expand therapy department
- Estimated cost of \$5.8M

SCBH Building Projects

Financing Options

- For the senior housing project, the intention of SCBH is to fund as much as possible utilizing existing equity and Scofield contribution
- Currently researching what can be done for senior housing project within existing debt agreements and proposed 501c3 ownership structure
- Most likely fit for County is assistance with hospital remodel/update project

SCBH Building Project

Questions?

9:00 AM

Northland Securities Bonding Presentation

Public Financing Options

Swift County

May 31, 2016



Northland Securities, Inc.

45 South 7th Street – Minneapolis, Minnesota 554502 – 612.851.5900

Member FINRA and SIPC

Presentation Overview

- Northland Securities overview
- Review of finance options
- Comments on bond market
- Please Feel Free to Ask Questions



Northland

- ❑ Significant experience with Minnesota counties
- ❑ Clear understanding of issues and finance options
- ❑ Swift County benefits from lessons learned



Northland

- ❑ Only firm serving Minnesota counties that is both municipal advisor and underwriter
- ❑ All the services of a municipal advisor plus the unique market insights of the leading underwriter of Minnesota municipal bond
- ❑ Skills needed to create and implement the right plan for Swift County



Evaluating Capital Finance Options

Debt

- Spread revenue impacts over time
- Levy outside of levy limits
- Additional costs of interest and issuance
- Variable market conditions
- Free reserves for other use

Cash

- Least cost option
- Finance items difficult to borrow
- Time needed to save
- Need reserves for contingencies
 - Operating
 - Capital



Finance Options

- G.O. Capital Improvement Plan Bonds
- Lease Revenue Bonds
- G.O. State Aid Road Bonds
- G.O. Capital Notes
- G.O. Jail Bonds



Capital Improvement Bonds

- M.S. 373.40
- Amount limited by maximum annual P&I payment
 - 0.12% of Estimated Market Value
 - \$ 3,648,700 *maximum annual debt service*
- General debt limit applies
- Requires approved CIP
- Public hearing and reverse referendum (5% of votes from last county general election – 30 days from hearing)



Lease Revenue Bonds

- Not single statutory authority
 - Bonds issued by EDA or HRA secured by lease with County
- Debt limit applies if over \$1,000,000
- Lease subject to “annual appropriations”
 - Perception of this risk is key to marketability
- Ability to levy outside of levy limits
- Higher interest rates than G.O. bonds



State Aid Bonds

- M.S. 162.181
 - “Constructing buildings and other facilities for maintaining county state-aid highways”
 - Portion of facility not used for this purpose would need other funding
- Amount of debt limited based on state aid allotments
- G.O. Bonds
 - No election/not subject to debt limit
 - Paid from state-aid allotments



Capital Notes

- M.S. 373.01, Subd. 3
- Road construction or maintenance equipment
- Payable within 10 years
- Subject to debt limit



G.O. Jail Bonds

- M.S. 641.23
- County jail, Sheriff's residence, or both
- Amount limited by maximum annual P&I payment
 - 0.09671% of Estimated Market Value
 - \$ 2,940,528 *maximum annual debt service*
- General debt limit applies
- No election



Bond Market

- Bond buyer updated chart



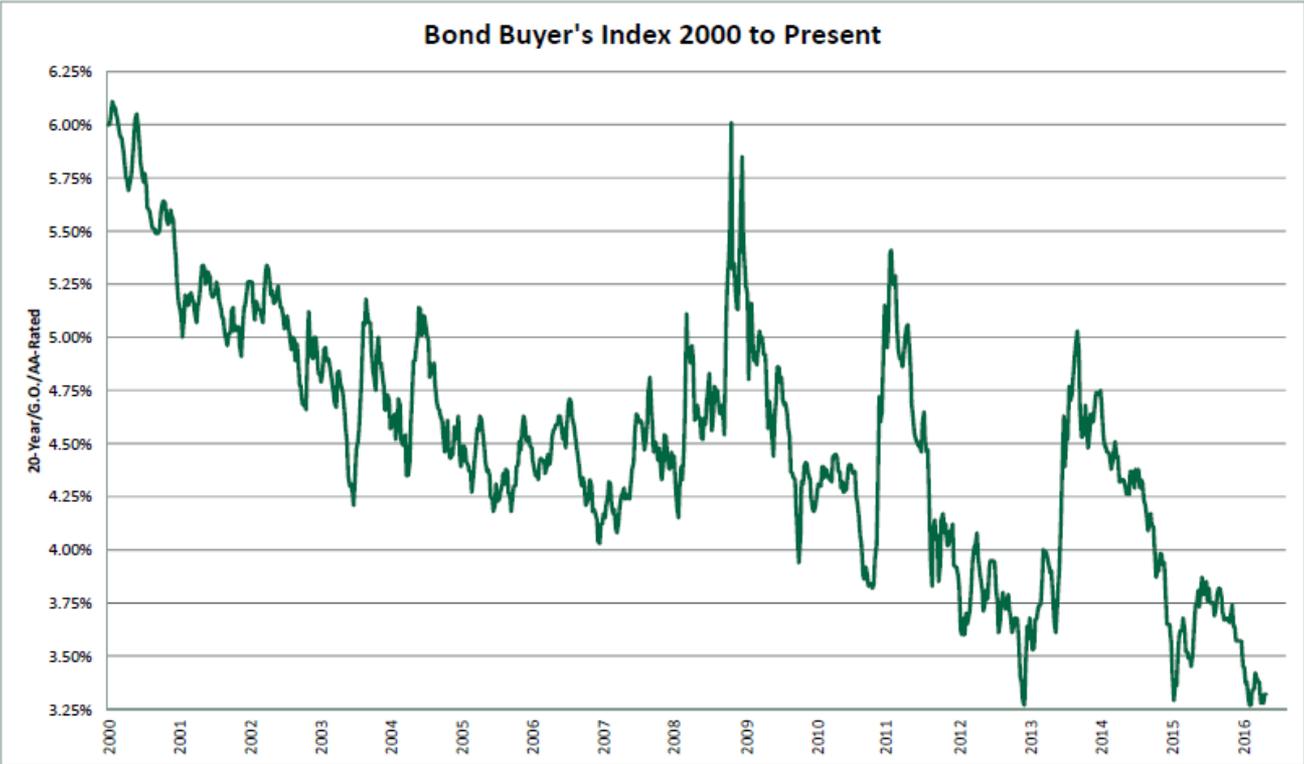
CURRENT MARKET

Municipal interest rates as of 05/23/16 based upon a non-insured, bank-qualified general obligation bond.

| | <u>Non-rated</u> | <u>AA- rated</u> |
|----------------------------|------------------|------------------|
| □ 10 years – avg. coupon = | 1.55% | 1.35% |
| □ 15 years – avg. coupon = | 2.00% | 1.70% |
| □ 20 years – avg. coupon = | 2.45% | 2.05% |
| □ 25 years – avg. coupon = | 2.80% | 2.35% |
| □ 30 years – avg. coupon = | 3.10% | 2.65% |



Bond Market



Source: Data compiled by Northland Securities from published Bond Buyer's GO 20-Bond Index



Wrap Up

- Questions
- Discussion

- Thank you for the opportunity to meet with you!





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Northland Securities, Inc.

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Swift County, Minnesota
Debt Limit Worksheet - May 2016

Total Statutory Debt Limit

| | |
|---|---------------|
| Current Estimated Market Value (2016) | 3,040,583,200 |
| Statutory Debt Limit % | 3% |
| Statutory Debt Limit | 91,217,496 |
| Current Outstanding Principal Subject to Debt Limit | - |
| Remaining Capacity Under Debt Limit | 91,217,496 * |

* Does not apply to debt specifically excluded from debt limit

G.O. Courthouse Bonds (M.S. 375.18, Subd. 3)

| | |
|---------------------------------------|---------------|
| Current Estimated Market Value (2016) | 3,040,583,200 |
| Statutory Debt Limit | 0.0403% |
| Current Courthouse Bonding Capacity | 1,225,355 |

G.O. Capital Improvement Bonds (M.S. 373.40)

| | |
|---|---------------|
| Current Estimated Market Value (2016) | 3,040,583,200 |
| Statutory Debt Limit | 0.12% |
| Maximum Annual Principal and Interest | 3,648,700 |
| Maximum Annual P&I on Existing CIP Debt | - |
| Annual P&I Capacity Remaining | 3,648,700 |
| Est. Debt Capacity Remaining | |

| | | | |
|--------|------------|------------|------------|
| Term | 10 | 15 | 20 |
| Rate | 1.50% | 2.00% | 2.50% |
| Amount | 33,649,000 | 46,883,000 | 56,880,000 |

G.O. Road and Bridge Bonds (M.S. 165.10)

| | |
|--|---------------|
| Current Estimated Market Value (2016) | 3,040,583,200 |
| Statutory Debt Limit | 0.12089% |
| Current Road and Bridge Bonding Capacity | 3,675,761 |

G.O. Jail Bonds (M.S. 641.23)

| | |
|---------------------------------------|---------------|
| Current Estimated Market Value (2016) | 3,040,583,200 |
| Statutory Debt Limit | 0.096710% |
| Maximum Annual Principal and Interest | 2,940,548 |
| Maximum Annual P&I Existing Debt | - |
| Annual P&I Capacity Remaining | 2,940,548 |
| Est. Debt Capacity | |

| | | | |
|--------|------------|------------|------------|
| Term | 10 | 15 | 20 |
| Rate | 1.50% | 2.00% | 2.50% |
| Amount | 27,118,000 | 37,784,000 | 45,841,000 |

G.O. State Aid Highway Bonds (M.S. 162.181)

| | |
|--|-----------|
| Total Debt Allowed (not to exceed preceding two year's aid allotments) | 6,632,680 |
| Maximum Annual Principal and Interest (90% construction account) | 1,728,092 |
| Est. Debt Capacity | |

Wheelage Tax Capacity

| | |
|--------------------------------|---------|
| Estimated Wheelage Tax Revenue | 112,970 |
| Est. Debt Capacity | |

| | | | |
|--------|-----------|-----------|-----------|
| Term | 10 | 15 | 20 |
| Rate | 1.50% | 2.00% | 2.50% |
| Amount | 1,042,000 | 1,452,000 | 1,761,000 |

9:30 AM

Wold Architects and Engineers

County Building Study Presentation



Space Needs Analysis

Core Group Recommendations – May 31, 2016



Meeting Agenda

1. Guiding Principles / Goals
2. Recommended Approach Summary
3. Approach Details/Alternatives



Guiding Principles / Goals

1. Modernize aging infrastructure
2. Respect historic buildings and recent investments while considering projections
3. Consider community-wide needs
4. Balance safety/security with customer access
5. Improve customer service and staff collaboration
6. Improve staff and building efficiencies (both space and infrastructure)
7. Provide adequate confidential meeting spaces
8. Maintain all existing services
9. Facilitate planned operational changes while providing flexibility for future changes





Recommended Approach Summary

0-2 Years \$5,920,000

Courthouse, Countryside, Human Services

2-5 Years \$4,526,000

LEC/Jail, Highway Garage, Attorney Lobby

5-10+ Years

\$4,624,000 up to \$13,204,000

Environmental, Historical Soc., Attorney
Addition, Highway Office, LEC/Jail, Add'l
Deferred Maint.





Recommended Approach

0-2 Years

\$5,920,000

Courthouse

- » Full remodel with upgraded courts, security, elevator, customer access
- » Phased Approach vs. Vacated/Swing Space
- » State Capital project Grants in Aid
 - Pre-application due in August, final in Sept.

Countryside

- » Incorporate Safe Avenues, remodel





Recommended Approach

0-2 Years

\$5,920,000

Human Services

- » Addition with deferred maintenance
- » Creates potential “non-Courts” swing space
- » Utilize LEC conference room during construction
- » Office doubling-up during construction





Recommended Approach

2-5 Years

\$4,526,000

LEC/Jail

- » Complete Corrections remodel and LEC minor addition/renovation

Highway Garage

- » Complete replacement of Highway Garage
 - Future Office remodeling and deferred maintenance
 - Include cold storage space and new fueling station

County Attorney

- » Complete minor lobby area remodel
 - Future addition and deferred maintenance





Recommended Approach

5-10+ Years

\$4,624,000 up to \$13,204,000

- » Environmental Services deferred maintenance
- » Historical Society deferred maintenance
- » Impound deferred maintenance
- » County Attorney
 - Addition with deferred maintenance



Recommended Approach

5-10+ Years

\$4,624,000 up to \$13,204,000

- » Highway Office
 - Remodel for conference room and additional office
- » LEC/Jail
 - Renovate to become a 72 hour holding facility
 - » Target rental beds or eventual future jail construction
- » Plan for lower priority deferred maintenance items
 - Approximate value of \$2,150,000





LAW
ENFORCEMENT
CENTER

ELEC.

STORAGE

KITCHEN

EXIST
ELEV.

BREAK ROOM /
POSSIBLE
JURY ROOM
1,000 SF

RDA
OFFICE
340 SF

EXTENSIONS
OFFICE
530 SF

STORAGE

STORAGE

REMODELED
TOILETS

POSSIBLE NEW
ELEVATOR

STORAGE
280 SF

MECH.

EMERGENCY
MANAGEMENT
190 SF

VETS/HRA
STORAGE
130 SF

VETERANS
SERVICES
200 SF

HRA
870 SF

NEW
TOILETS

HRA OFFICE

ATA
STORAGE
400 SF

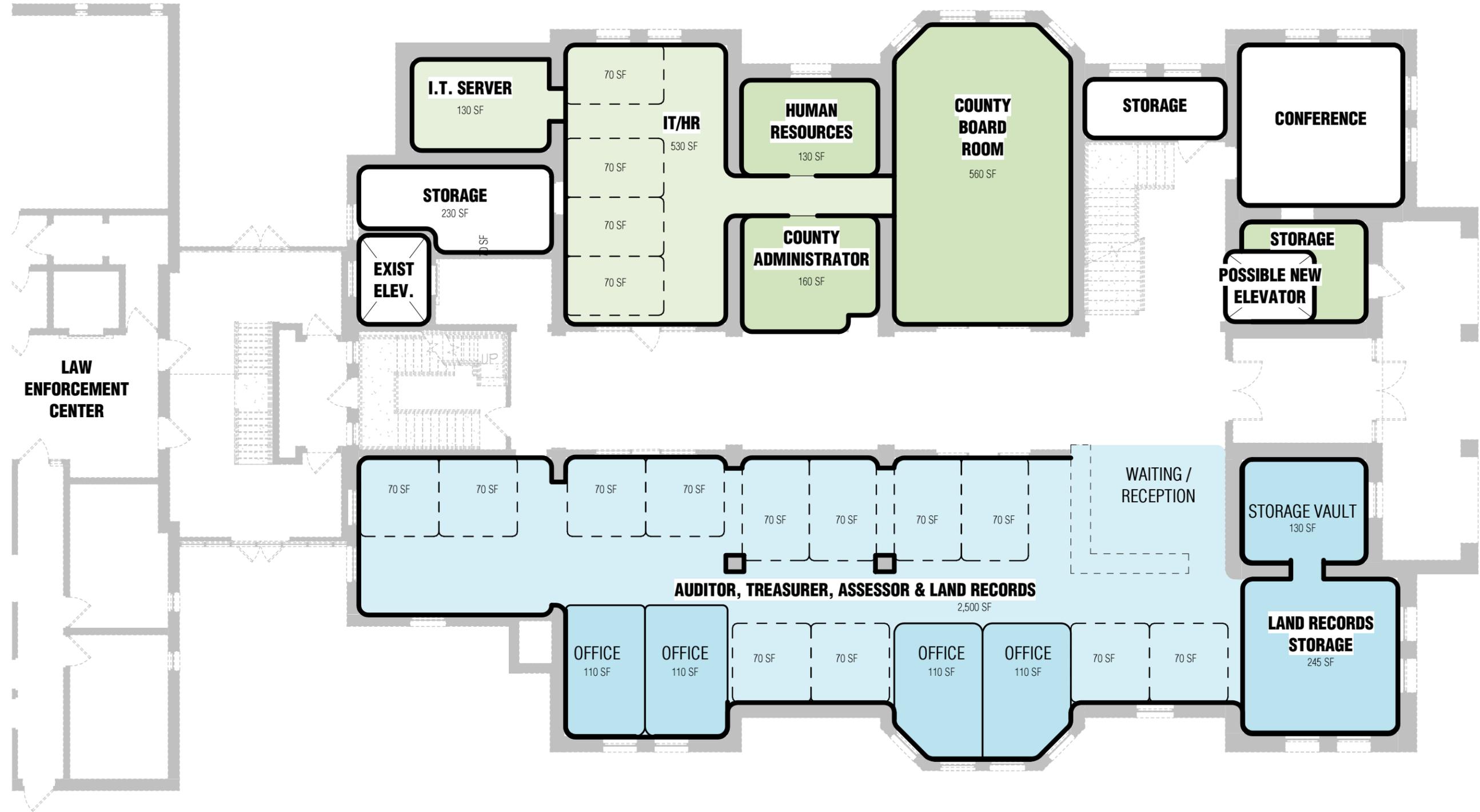
MECH.

STORAGE

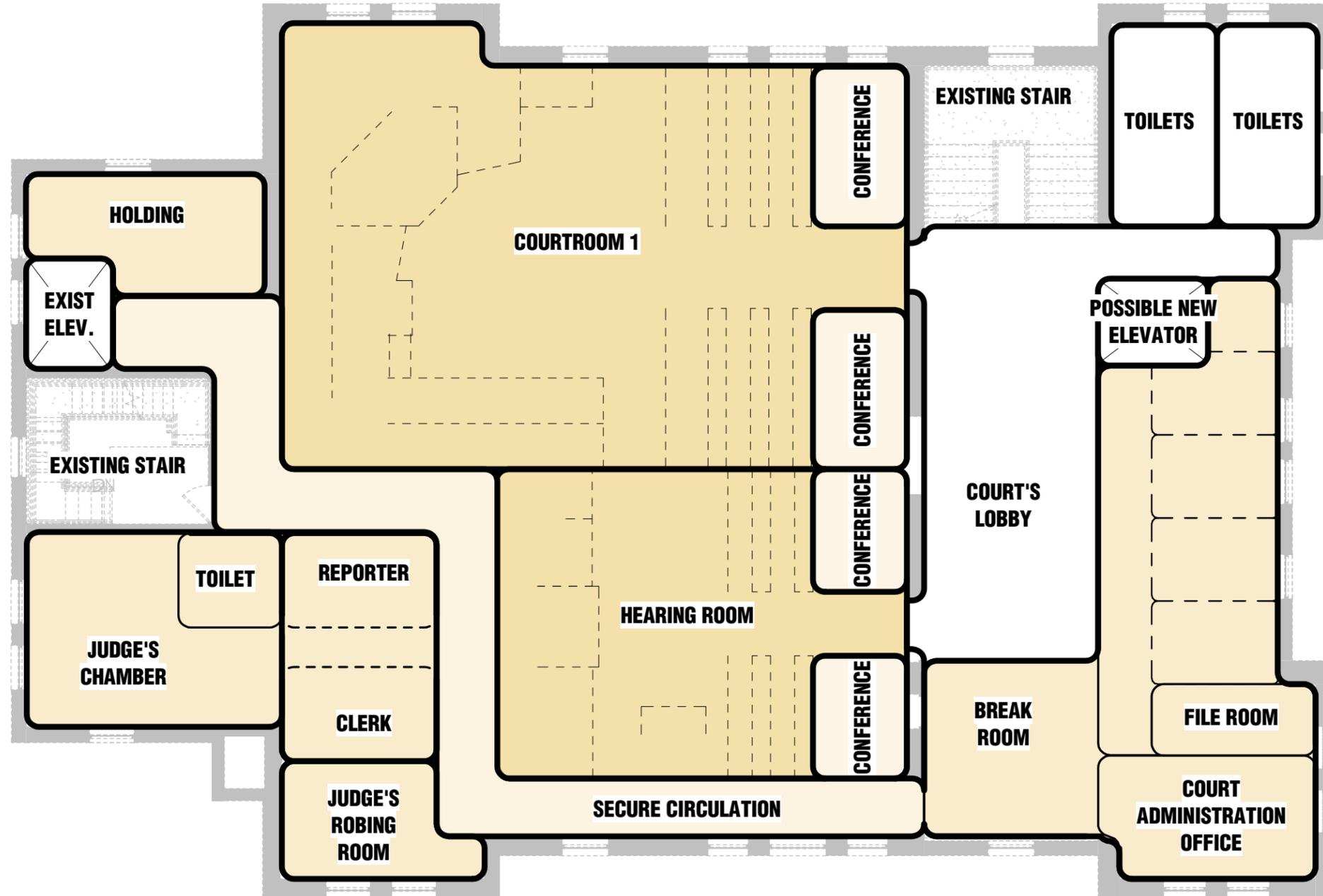
1 COURTHOUSE - LOWER LEVEL

3/32" = 1'-0"





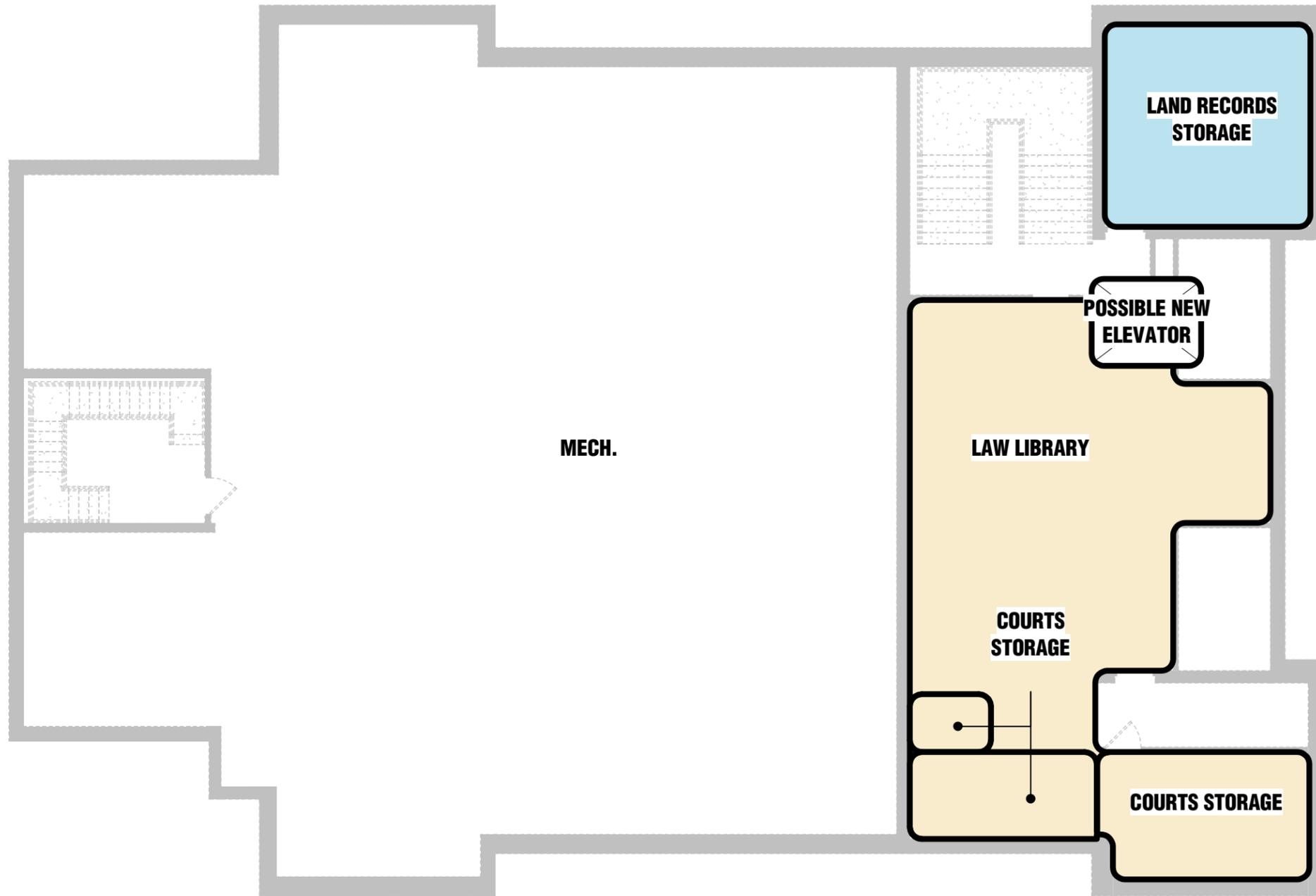
1 COURTHOUSE - MAIN LEVEL
3/32" = 1'-0"
0 8' 16'



1 COURTHOUSE - OPTION 'A' - UPPER LEVEL
3/32" = 1'-0"
0 8' 16'



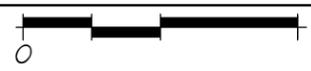
1 COURTHOUSE - OPTION 'B' - UPPER LEVEL
3/32" = 1'-0"
0 6' 12'



1 COURTHOUSE - ATTIC LEVEL
3/32" = 1'-0"
0



1 LAW ENFORCEMENT CENTER - LOWER LEVEL
3/32" = 1'-0"





1 LAW ENFORCEMENT CENTER - MAIN LEVEL - NEAR TERM
3/32" = 1'-0"

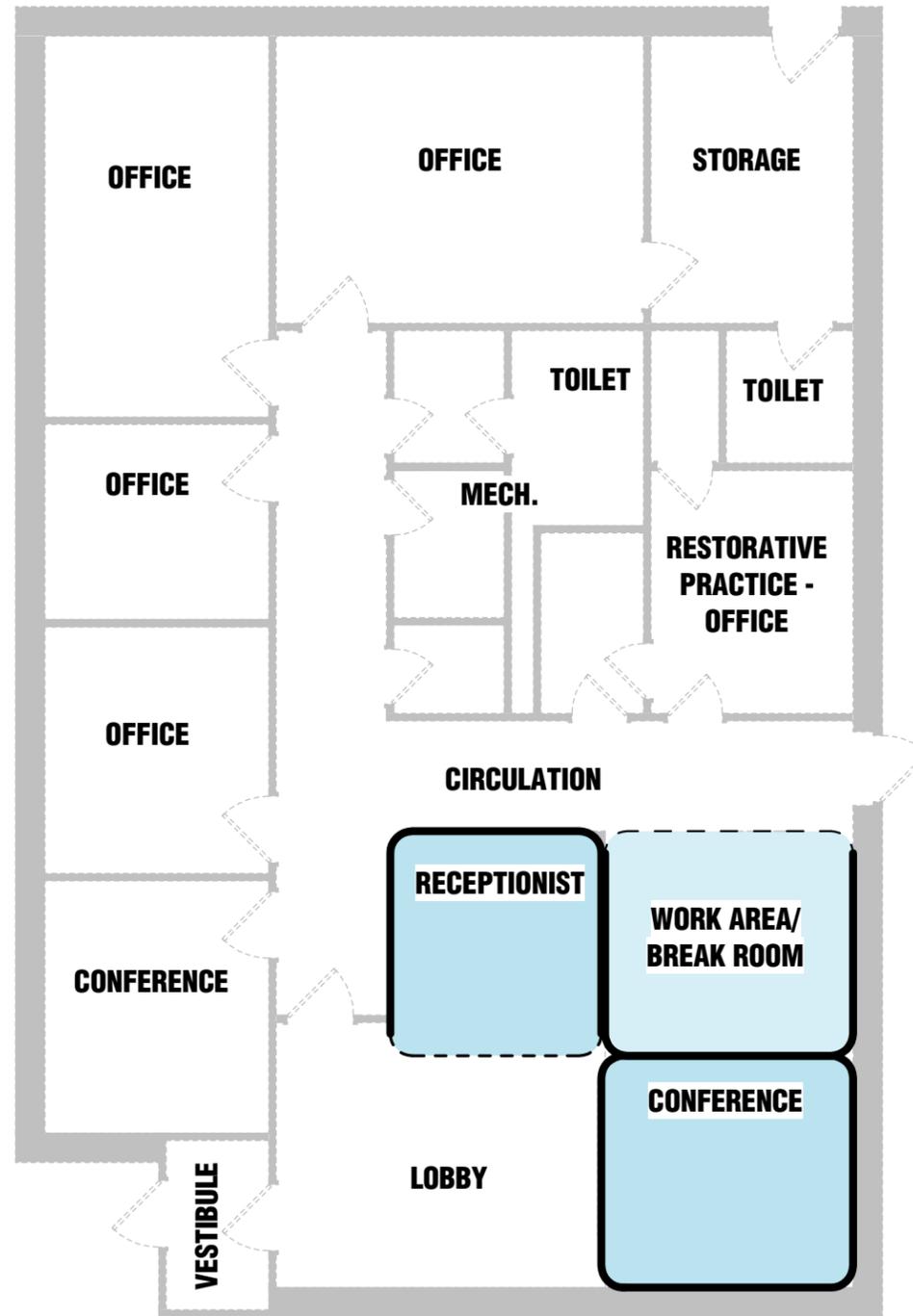


1 LAW ENFORCEMENT CENTER - MAIN LEVEL - LONG TERM
3/32" = 1'-0"

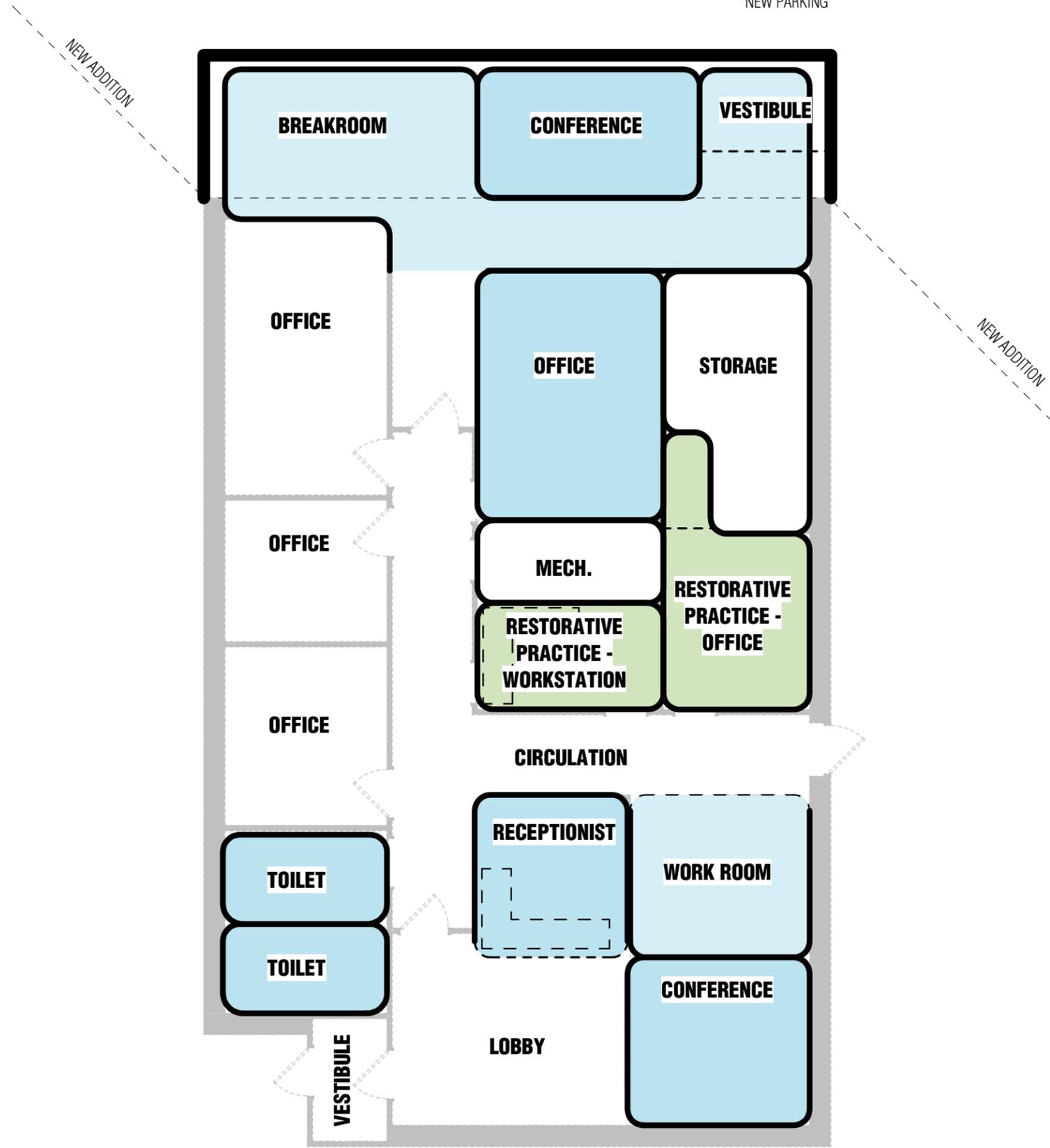


OPTION A: JAIL MOVES TO NEW 50 BED FACILITY (APPROX. 22,000 SQUARE FEET) ON GREENFIELD SITE

OPTION B: NO JAIL AND RENT BEDS

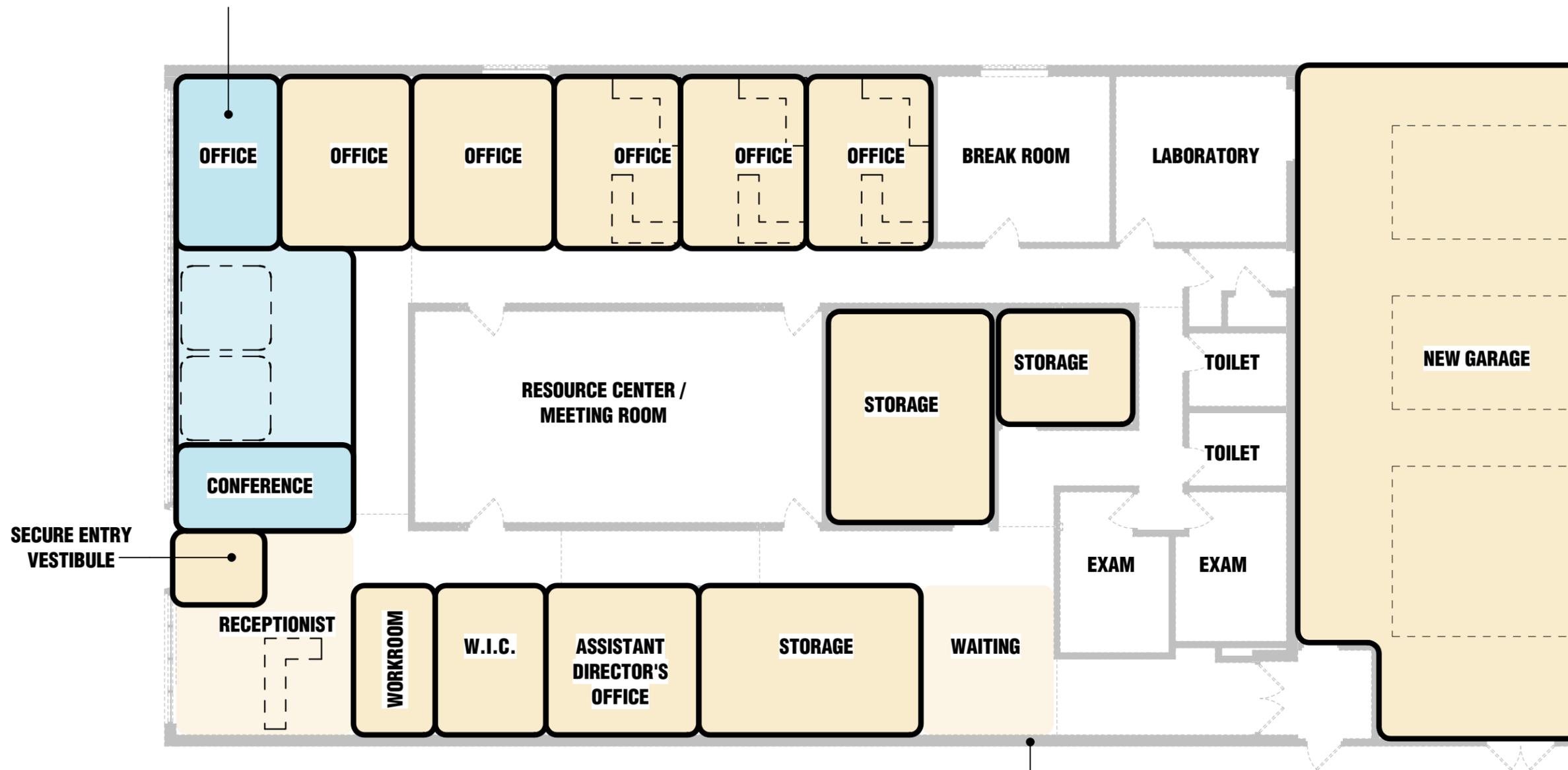


1 COUNTY ATTORNEY BUILDING - NEAR TERM
1/8" = 1'-0"



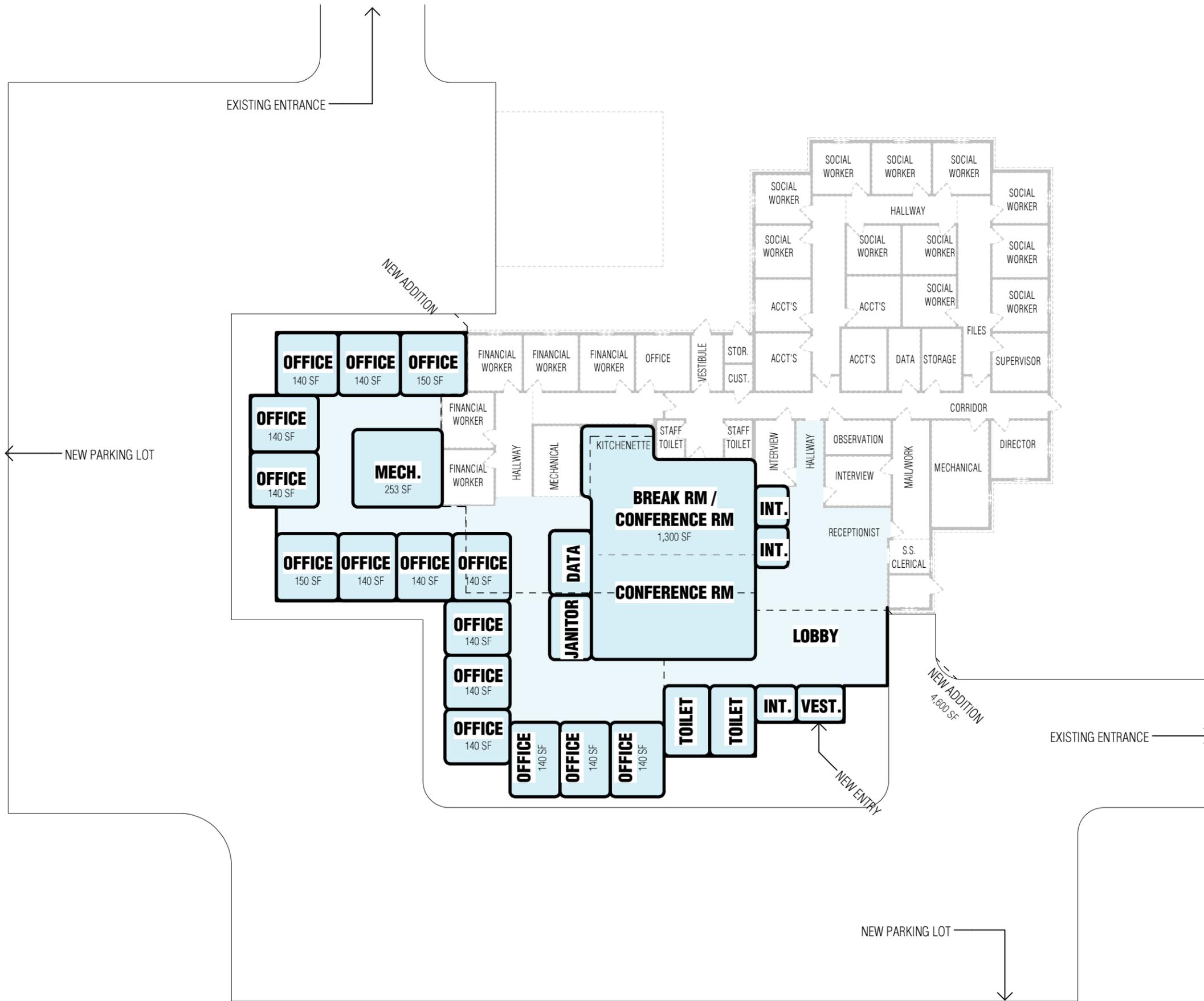
1 COUNTY ATTORNEY BUILDING - LONG TERM
 1/8" = 1'-0"
 0 6' 12'

SAFE AVENUES



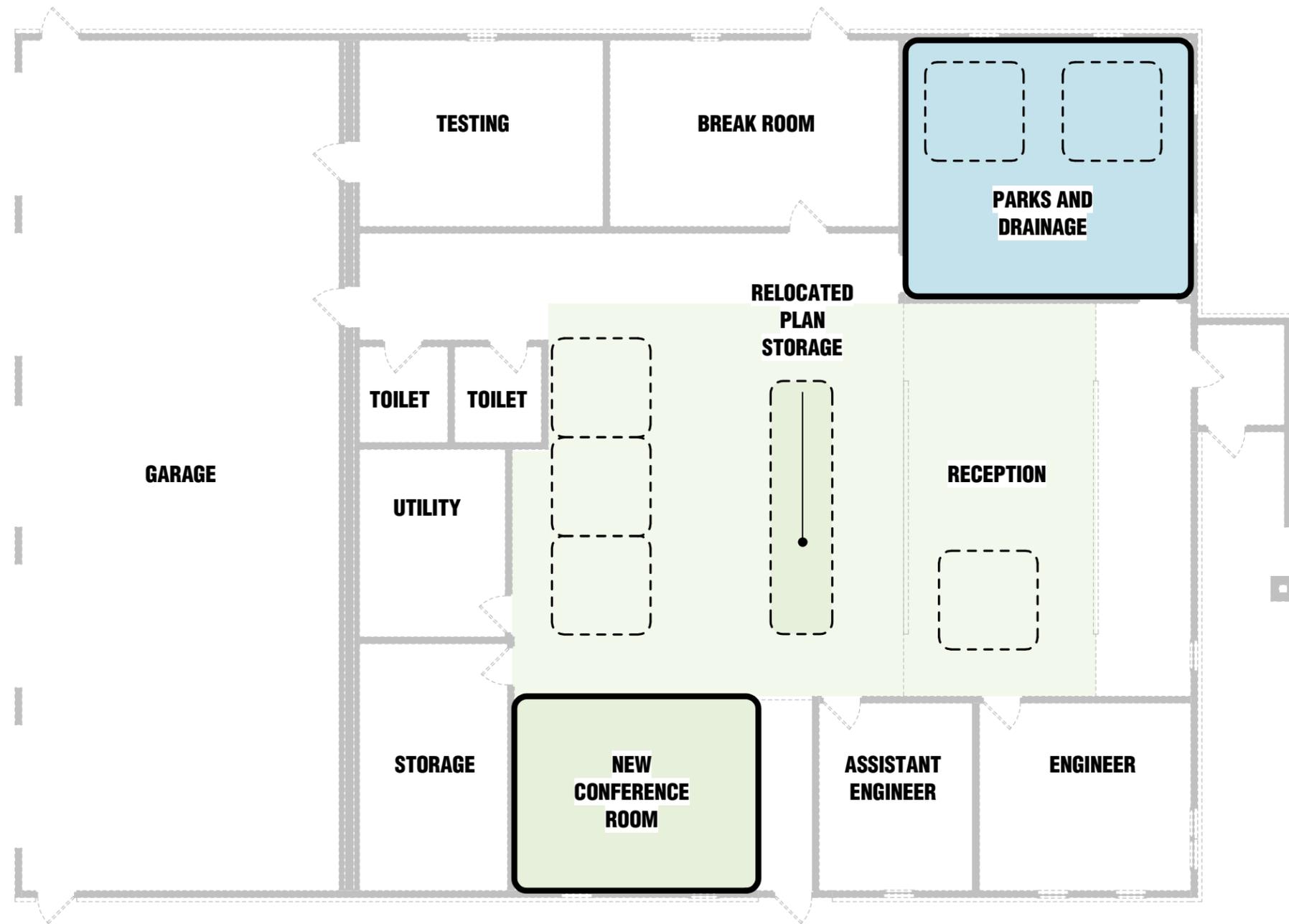
PUBLIC HEALTH



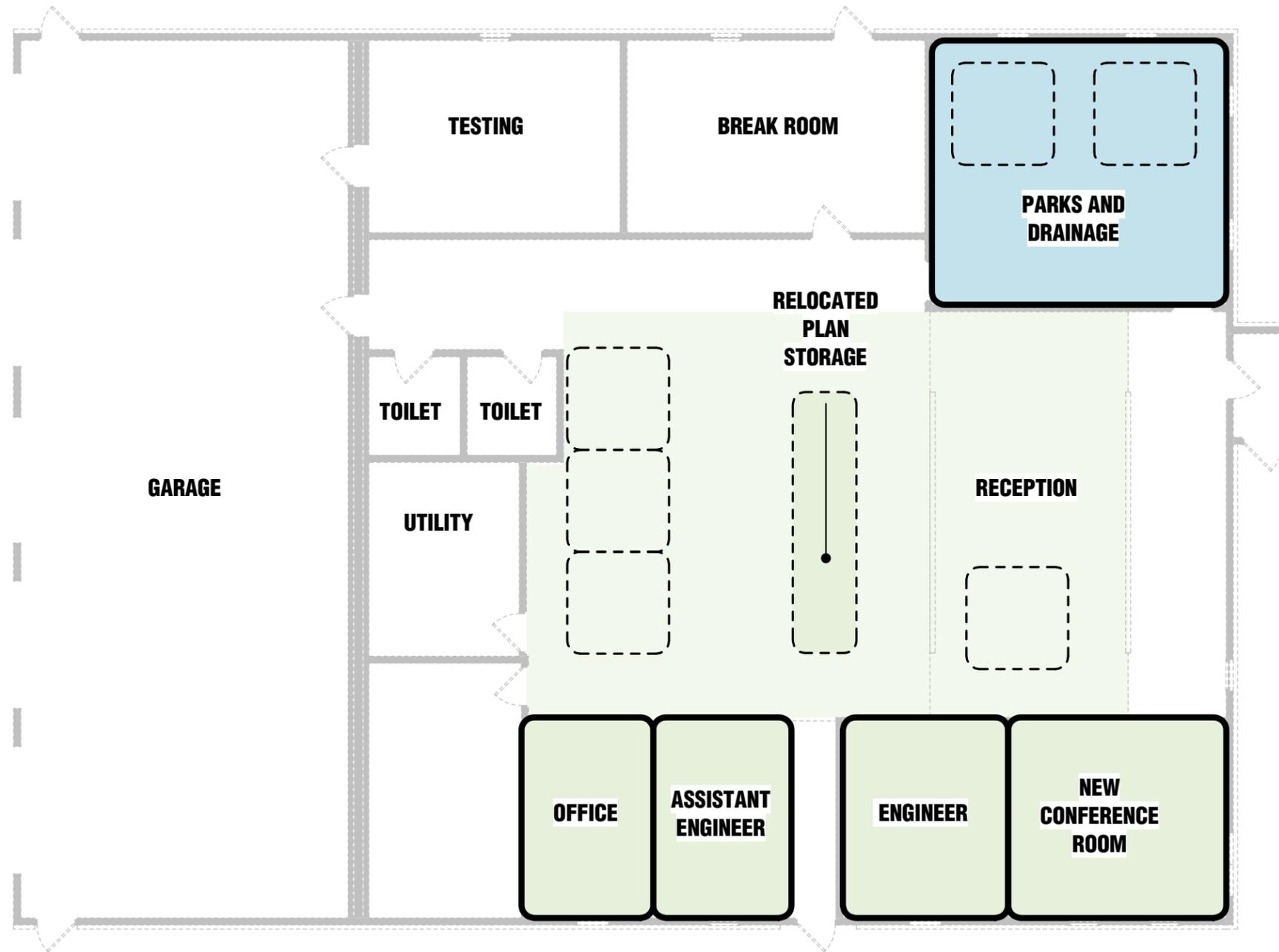


1 HUMAN SERVICES BUILDING
1" = 20'-0"

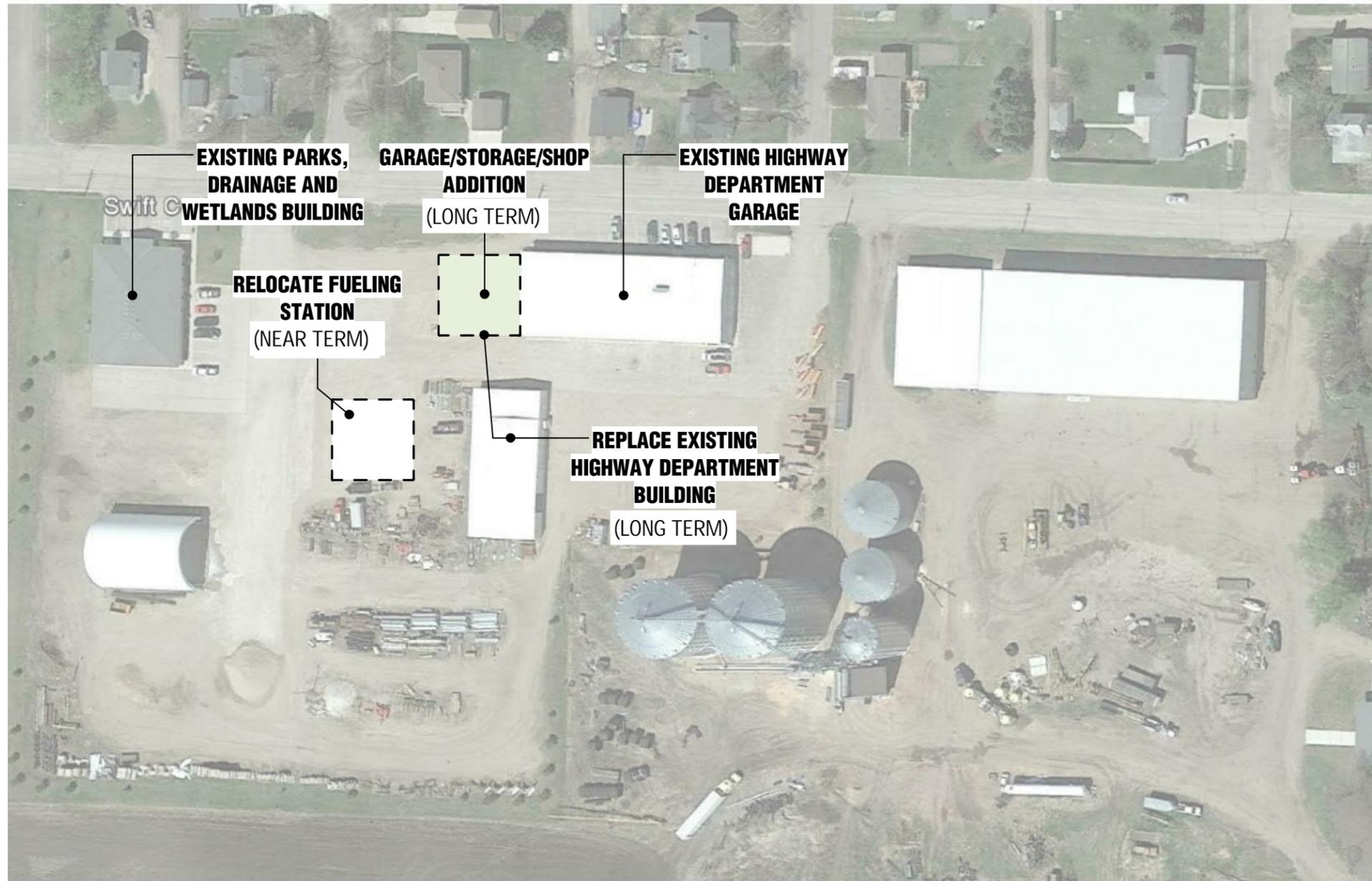




1 HIGHWAY DEPARTMENT - OFFICE BLDG. - NEAR TERM
3/32" = 1'-0"
0 6' 12'

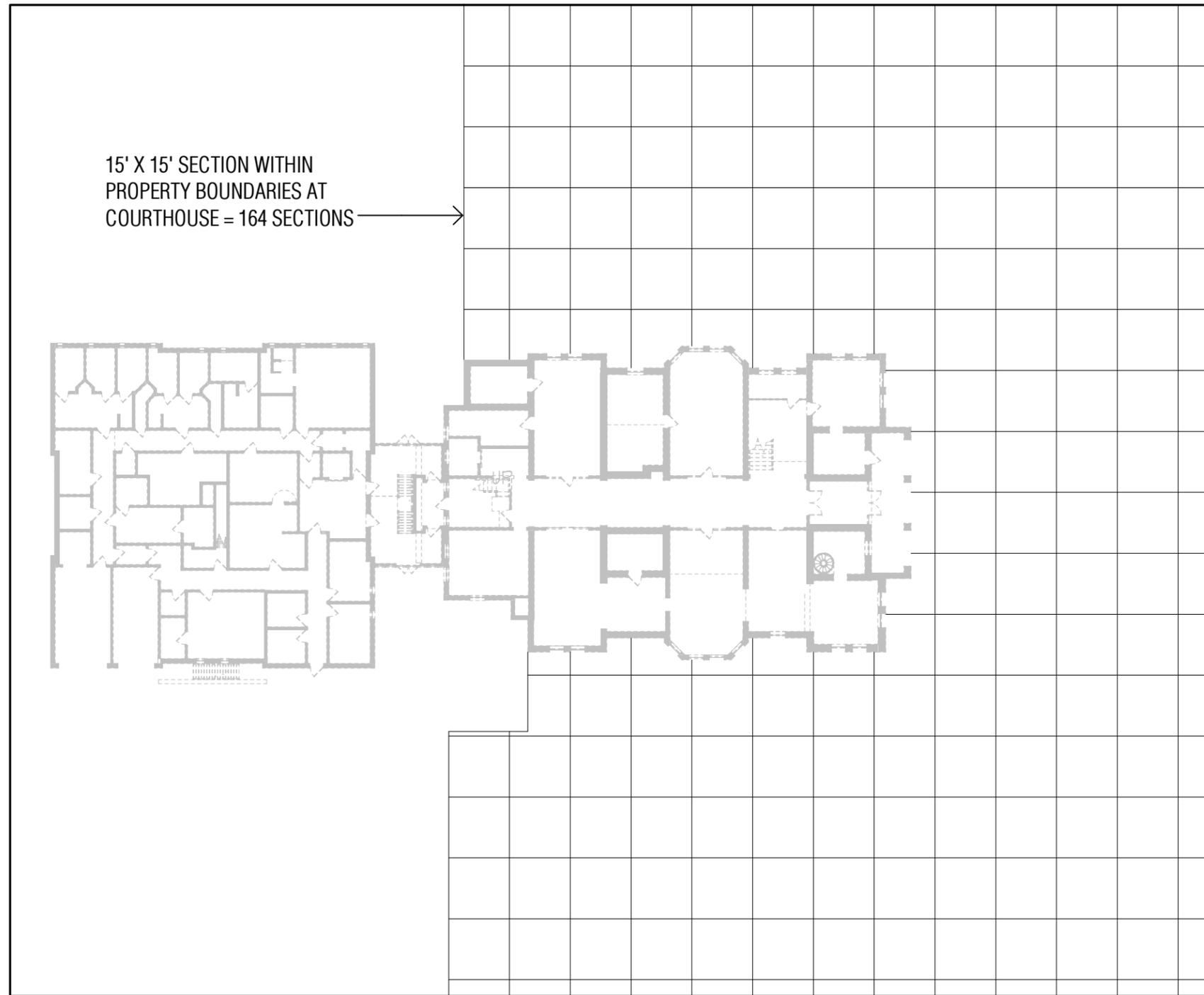


1 HIGHWAY DEPARTMENT - OFFICE BLDG. - LONG TERM
3/32" = 1'-0"
0 8' 16'



1 HIGHWAY DEPARTMENT
1" = 100'-0"
0 6' 12'

OPTION A - AS SHOWN
OPTION B - REPLACE GARAGE AND COLD STORAGE BUILDINGS



1 POTENTIAL WELL FIELD AREA
1/32" = 1'-0"
0 24' 48'



Geothermal Utility Summary

The comparison between the geothermal heat pump system and the current approach with a separate boiler and DX cooling is most useful by converting the energy consumed by each system to an actual operating cost. One of the fundamental differences between the two different system approaches is the source of energy used when each of these systems is operating to provide heat to the building. The traditional boiler system uses natural gas or fuel oil as the energy source while the geothermal system uses electricity. The geothermal system has a tremendous benefit in efficiency but essentially is penalized because the cost of electricity per unit of heat is much greater than the cost of natural gas for the same unit of heat. This plays out in the market place with the effect that unless a heat pump system is installed, it is very rare that buildings are heated with electricity when natural gas is an option. For a million Btu's of heat it costs about \$22.00 for electricity as compared to natural gas that costs about \$6.80.

In the cooling mode of operation, the geothermal heat pump system is essentially using the same technology as the traditional air cooled DX system. A geothermal heat pump system transfers heat between each of the two hydronic loops circulated through the building and through the ground coupled well field. A DX system transfers heat between indoor refrigerant evaporator coils and then to the atmosphere through an air cooled condenser. The energy efficiency of the heat pump is similar to the DX compressors.

The greatest advantage the geothermal heat pump system has in improving the energy efficiency is when the building is providing both mechanical cooling and heating at the same time. This often is the case in the spring and fall as the outside air temperatures throughout the day can vary significantly from the morning to the afternoon. While simultaneously heating and cooling the geothermal heat pump system is essentially moving heat from the building cooling system to the building heating system in lieu of generating new heat. Under these conditions the plant operates at about a ¼ of the operating cost of the traditional plant. The times of year where these conditions occur is typically September and October in the fall and April and May in the spring.



SWIFT COUNTY SPACE NEEDS ANALYSIS – COURTHOUSE/LEC HVAC OPTIONS

We have studied the existing heating, ventilation, and cooling infrastructure at the Courthouse and LEC. It is our understanding that the County was previously contemplating a solution that included a water-source geothermal well field as a high-value sustainable solution. Following our review of the previous options, current infrastructure and space constraints, and conversations to further understand the County's goals, we have developed several potential options for the modernization of the existing HVAC systems. These options are in alignment with the full Facility Analysis report information. We have consolidated them into larger "packages" that would include *all* necessary mechanical, electrical, and general construction items needed to complete the work. Based on the sharing of heating infrastructure and the current deferred maintenance needs at both buildings we have taken the approach of combining solutions into a holistic improvement approach for both the Courthouse and LEC. Estimated costs are presented as Project Costs to include all "soft costs" such as fees, testing, and bidding costs.

Option A – Multi-zone units with hot water and DX

This approach is the most straight-forward and would replace the existing multi-zone units while maintaining the majority of the existing distribution ductwork (thoroughly cleaned). The two older existing air-cooled condensing units would be replaced. Heating systems throughout the building(s) would be converted to hot water. Some of the energy efficiency strategies would include variable speed drives on hot water heating pumps, high-efficiency condensing boilers, full economizer capability during "shoulder" months, staged DX compressors, and new DDC controls system. The boiler system would fully utilize a fuel oil system for back-up during curtailment periods, or during failure of the natural gas supply system to provide adequate capacity. Scope includes replacement of the aging fuel-oil system. The condition of the tank and the surrounding soil purity levels are unknown.

Estimated Project Cost \$2,118,250

Option B – New VAV systems with hot water and DX

Consistent with previous studies, this option would new variable volume central air handling systems with new distribution ductwork and VAV boxes with hot water re-heat coils. The two older existing air-cooled condensing units would be replaced. Heating systems throughout the building(s) would be converted to hot water. Some of the energy efficiency strategies would include variable speed drives on hot water heating pumps and AHU's, high-efficiency condensing boilers, full economizer capability during "shoulder" months, staged DX compressors, and new DDC controls system. The boiler system would utilize a new LP fuel system for back-up during curtailment periods, or during failure of the natural gas supply system to provide adequate capacity. Scope of work includes removal of the aging fuel-oil system. The condition of the tank and the surrounding soil purity levels are unknown.

Estimated Project Cost \$2,381,000

Option C – Multi-zone units with water-source geothermal central heat pumps

Similar to Option A the existing multi-zone units would be replaced while utilizing much of the existing ductwork (which would be thoroughly cleaned). However, primary heating and cooling systems would be through a series of water-source geothermal central heat-pumps with hot and chilled water piping distributed to the multi-zone units and terminal heating devices. Outdoor air-cooled condensing units are eliminated. A small back-up boiler would be included to supplement during the coldest weather events and assist in a balanced heating and cooling profile throughout the well field. Some of the energy efficiency features include variable speed drives on heating and cooling pumps, high-efficiency condensing boiler, increased sustainable energy performance utilizing stable underground temperatures, potential simultaneous heating and cooling operation, and new DDC controls system. The majority of heating would be through electric utilities, minimizing the need for a back-up fuel source.

Estimated Project Cost \$2,926,000



Option D – Water-source geothermal distributed heat pump fan-coil units with DOAS

As with Option C a water-source geothermal system is implemented, but heating and cooling systems are distributed throughout the extents of the building(s) with heat pump fan coil units. This approach utilizes a single two-pipe system in lieu of chilled and heating water as in Option C. Individual zone comfort control is provided through the fan coil units in each space which can either heat or cool. Ventilation systems are connected to the fan coil units through a series of dedicated outside air supply (DOAS) units. These units would replace the existing multi-zone units *and* replace existing ductwork with new ventilation-only ductwork that would potentially decrease in size by as much as 70% by eliminating the need to include heating and cooling systems into a distributed central air concept. A small back-up boiler would be included to supplement during the coldest weather events and assist in a balanced heating and cooling profile throughout the well field. Some of the energy efficiency features include staged heat pumps, high-efficiency condensing boiler, increased sustainable energy performance utilizing stable underground temperatures, full simultaneous heating and cooling operation, DOAS units with air-to-air energy recovery, and new DDC controls system. The majority of heating would be through electric utilities, minimizing the need for a back-up fuel source.

Estimated Project Cost \$2,950,000

Option E – Water-source geothermal heat pumps with VRF and separate DOAS

As with Option C a water-source geothermal system is implemented, but heating and cooling systems are distributed throughout the extents of the building(s) with variable refrigerant flow (VRF) technology. This approach decreases disruption of the existing building areas by distributing smaller refrigerant piping in lieu of chilled and heating water as in Option B. Individual zone comfort control is maximized by providing separate units in each space which can either heat or cool. Central water-cooled inverter driven heat pumps would be located indoors. Outdoor condensing units are eliminated. A small back-up boiler would be included to supplement during the coldest weather events and assist in a balanced heating and cooling profile throughout the well field. Ventilation systems are separated from heating/cooling systems through a series of dedicated outside air supply (DOAS) units. These units would replace the existing multi-zone units *and* replace existing ductwork with new ventilation-only ductwork that would potentially decrease in size by as much as 70% by eliminating the need to include heating and cooling systems into a distributed central air concept. Some of the energy efficiency features include variable inverter driven compressors (heat pumps), high-efficiency condensing boiler, increased sustainable energy performance utilizing stable underground temperatures, full simultaneous heating and cooling operation, DOAS units with air-to-air energy recovery, and new DDC controls system. The majority of heating would be through electric utilities, minimizing the need for a back-up fuel source.

Estimated Project Cost \$2,791,000

10:30 AM

Highway Discussion and possible road tour

Swift County
Assumed Maintenance

The County has about 215 miles of paved road.

We spent \$155,000 per mile to mill and overlay CSAH 20 in 2015.

We receive \$1,903,807 in construction funding last year.

It would take 18 years to overlay the paved roads in the system.

Paving New Asphalt Over Reclaimed Asphalt
Approximately \$200,000 per mile.

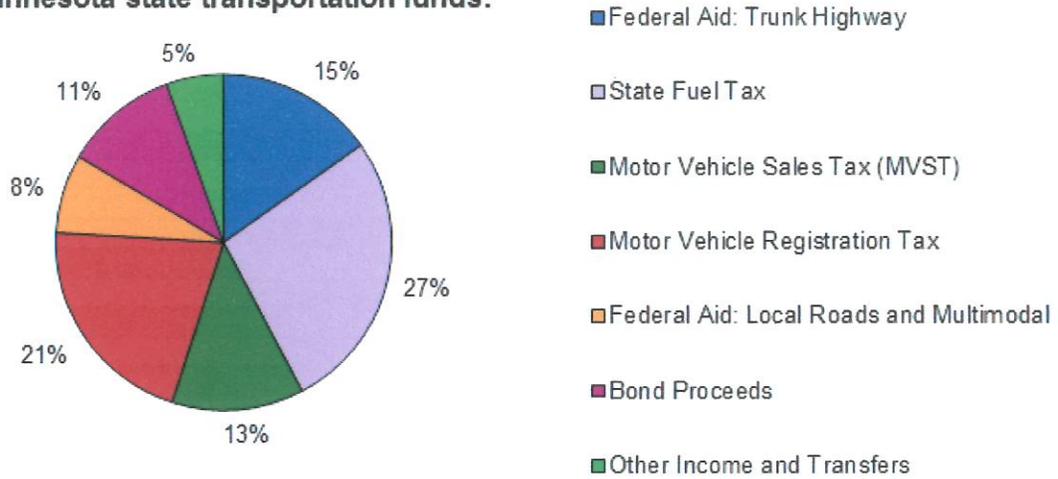


Transportation Funding, Fiscal Year 2015

Where it comes from and where it goes

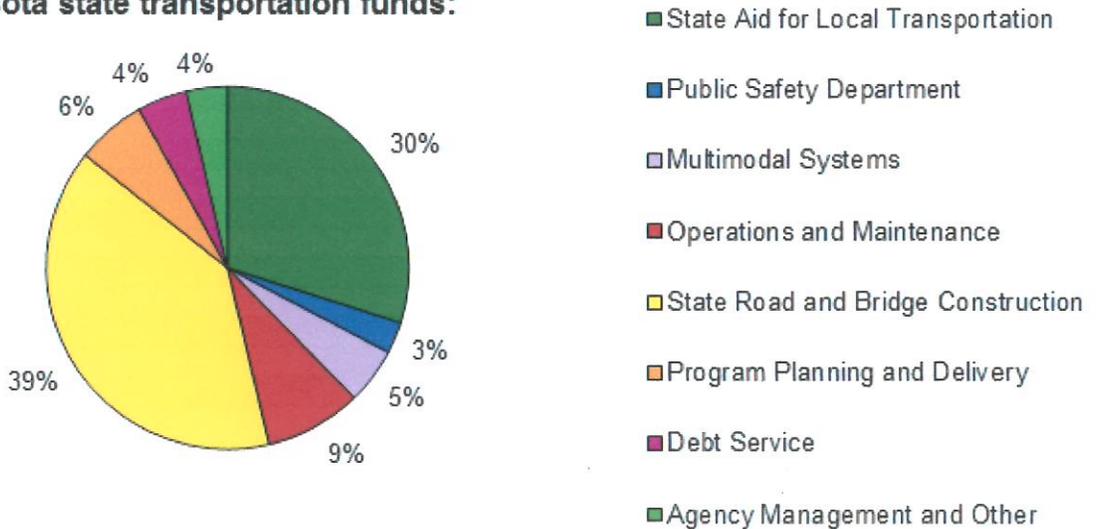
\$3.28 billion

Sources of Minnesota state transportation funds:



About 80 percent of MnDOT funds are appropriated by the legislature and 20 percent are statutorily appropriated. Sources of legislative appropriations include state motor fuel taxes, motor vehicle registration fees, motor vehicle sales taxes (MVST), and federal motor fuel tax grants.

Uses of Minnesota state transportation funds:

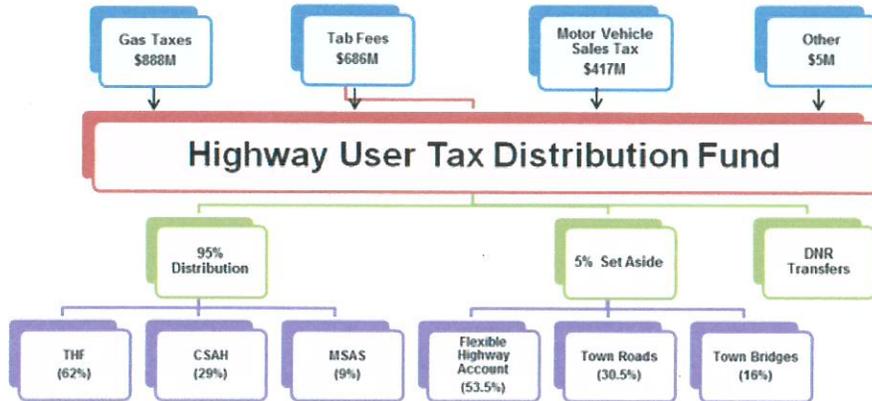


MnDOT is a multi-modal agency. Its activities include transit, aeronautics, freight and commercial vehicles, construction, maintenance, and operation of 12,000 miles of state highways. Approximately 30% of MnDOT's appropriations are state aid to local governments for road and bridge projects and other activities.

Note 1: Revenues and expenditures of the Metropolitan Airports Commission (MAC) and Metro Transit are not included.
 Note 2: Data from the State of Minnesota Revenue and Expenditures for Transportation Purposes flowchart (budgetary basis). Includes bond expenditures. Total of Sources; differs from Uses due to fund balance changes.



**HUTD Sources and Uses
FY 2015**



-Article XIV of the Minnesota Constitution
-DNR transfers for unrefunded gas taxes per MS 296A 18

As a result of these provisions, the TH, CSAH, and MSAS Funds all have a revenue source included in their fund statements called "Transfer From Highway User Tax Distribution Fund". These transfers are based on the forecasts for the three revenue sources described previously, the forecast for investment income discussed in the section below, and forecasts for several other minor sources of revenue. Estimates of the total amount to be transferred are shown below. The portions of this total going to each of the three funds will be shown in the discussion of these funds, but will all have the same percentage changes as shown below:

Total HUTD Fund Revenues (\$ in millions)

| Total HUTD Fund Revenues | | | FY 2016-17 vs. Last Forecast | | FY 2016-17 vs. FY 2014-15 | | FY 2018-19 vs. FY 2016-17 | |
|--------------------------|------------|------------|------------------------------|----------|---------------------------|----------|---------------------------|----------|
| FY 2014-15 | FY 2016-17 | FY 2018-19 | \$ Change | % Change | \$ Change | % Change | \$ Change | % Change |
| 3,913 | 4,179 | 4,428 | (23.4) | (0.6%) | 265.5 | 6.8% | 249.3 | 6.0% |

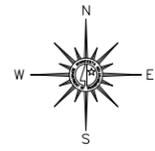


SWIFT COUNTY

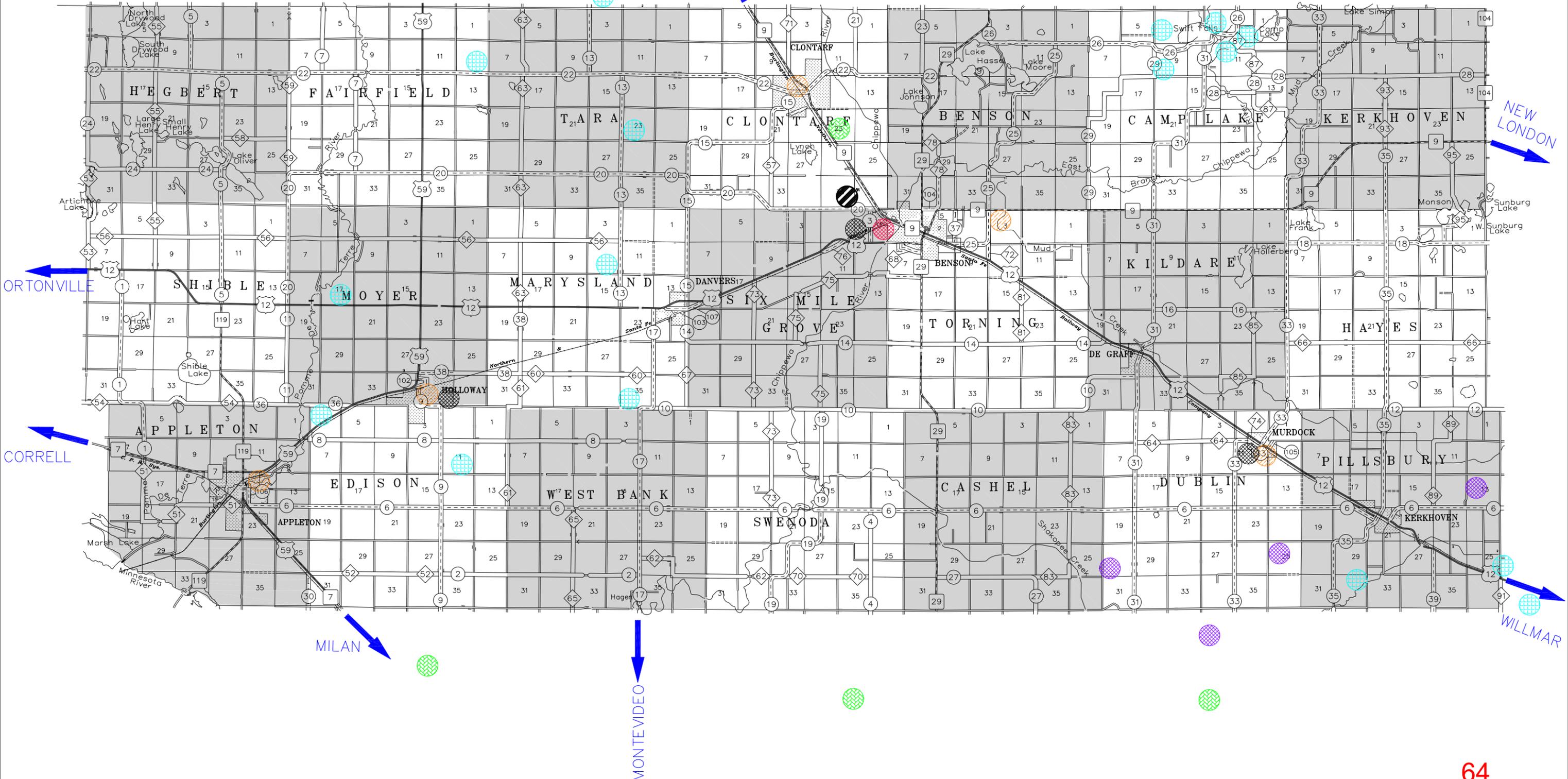
2011 Centerline Mileage and Lane Mileage: By County, Route System, and Functional Class

| Route System: Code, Abbreviation, and Name | Functional Class: Code and Name | 2011 Centerline Mileage | 2011 Lane Mileage |
|--|---------------------------------|-------------------------|-------------------|
| 02 - USTH U.S. TRUNK | 02 - PRNCPL ART - OTHER RURAL | 53.277 | 107.423 |
| 02 - USTH U.S. TRUNK | 06 - MINOR ARTERIAL - RURAL | 10.463 | 20.926 |
| 03 - MNTH MINNESOTA TRUNK | 02 - PRNCPL ART - OTHER RURAL | 9.664 | 19.328 |
| 03 - MNTH MINNESOTA TRUNK | 06 - MINOR ARTERIAL - RURAL | 49.329 | 98.658 |
| 03 - MNTH MINNESOTA TRUNK | 07 - MAJOR COLLECTOR - RURAL | 5.298 | 10.596 |
| 04 - CSAH COUNTY STATE AID | 07 - MAJOR COLLECTOR - RURAL | 182.494 | 364.988 |
| 04 - CSAH COUNTY STATE AID | 08 - MINOR COLLECTOR | 110.674 | 221.348 |
| 04 - CSAH COUNTY STATE AID | 09 - LOCAL | 37.66 | 75.32 |
| 07 - CNTY COUNTY | 07 - MAJOR COLLECTOR - RURAL | 5.196 | 10.392 |
| 07 - CNTY COUNTY | 08 - MINOR COLLECTOR | 31.301 | 62.602 |
| 07 - CNTY COUNTY | 09 - LOCAL | 93.771 | 187.542 |
| 08 - TWNS TOWNSHIP | 07 - MAJOR COLLECTOR - RURAL | 5.37 | 10.74 |
| 08 - TWNS TOWNSHIP | 09 - LOCAL | 735.612 | 1,471.22 |
| 10 - MUN MUNICIPAL STREETS | 07 - MAJOR COLLECTOR - RURAL | 0.501 | 1.002 |
| 10 - MUN MUNICIPAL STREETS | 09 - LOCAL | 67.534 | 135.068 |
| 15 - SPRK STATE PARK | 09 - LOCAL | 0.811 | 1.622 |
| 18 - NATW NATIONAL WILDLIFE | 09 - LOCAL | 0.3 | 0.6 |

POINTS OF INTEREST FOR HIGH TRAFFIC AREAS

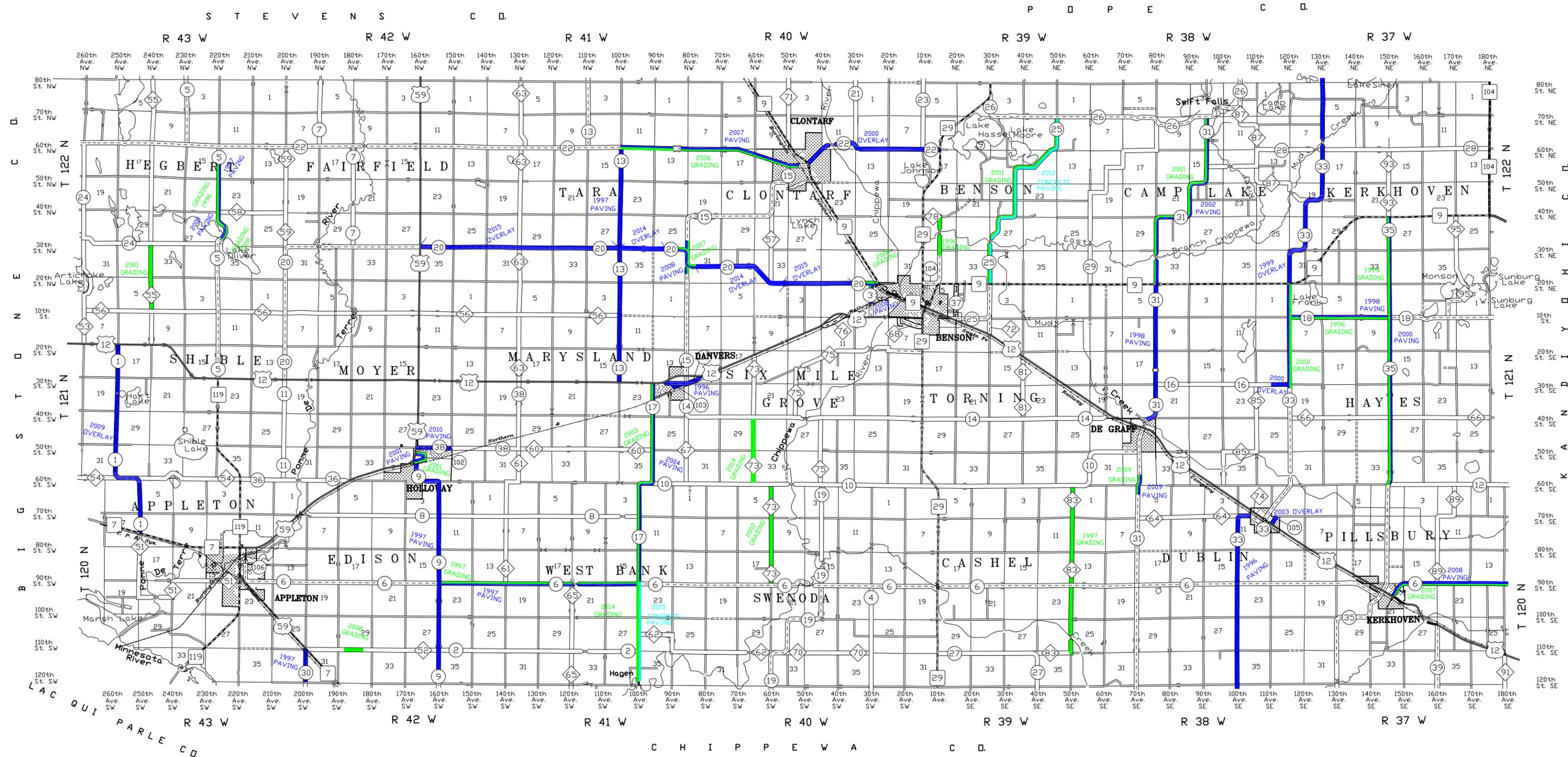
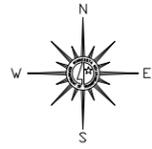


- FIBROMIN
- dairy barns
- CVEC
- fertilizer plants
- ELEVATORS
- beat pads
- turkey/hog barns



Road Construction Progress

SINCE 1996



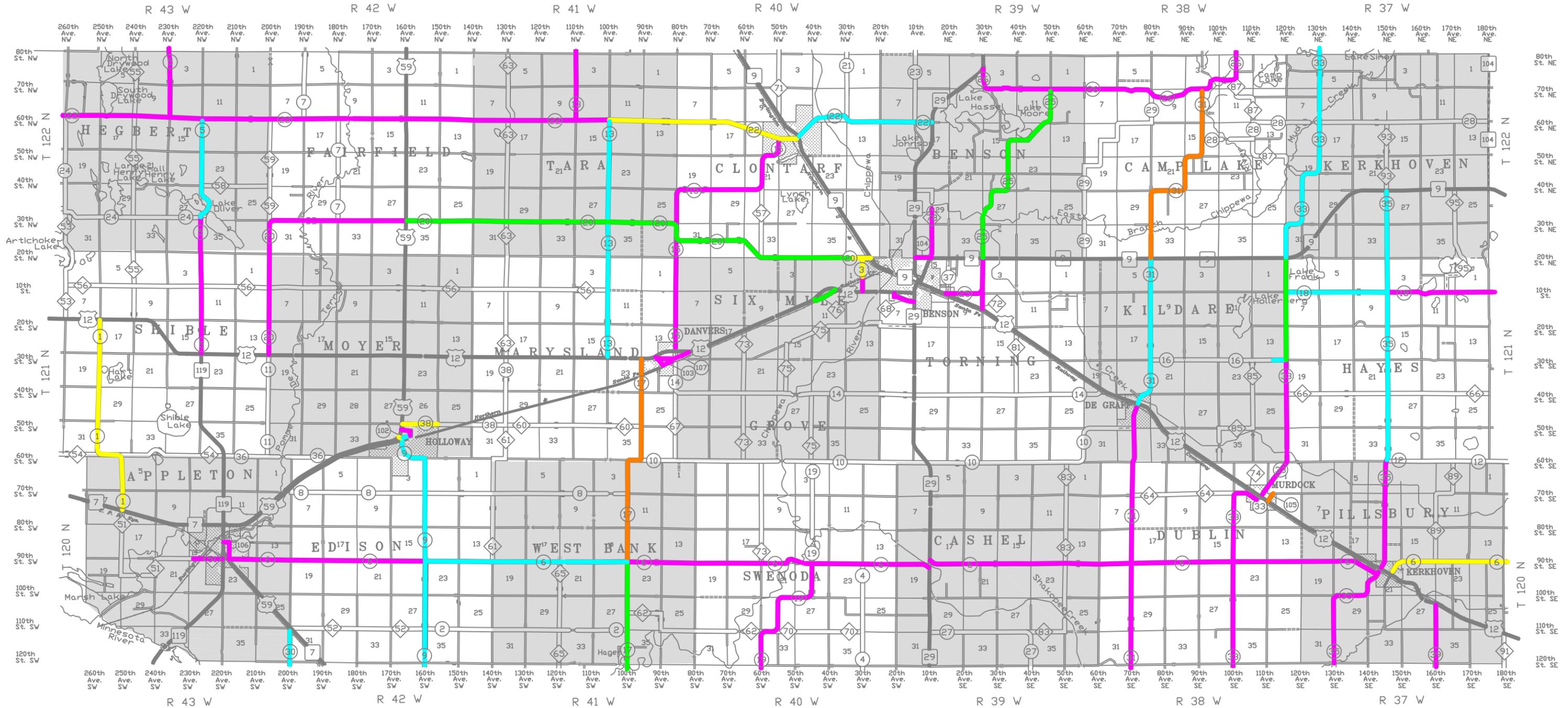
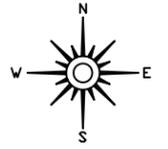
LAST OVERLAY

- PINK 20+ YEARS
- CYAN 15-20 YEARS
- ORANGE 10-15 YEARS
- YELLOW 5-10 YEARS
- GREEN NEW-5 YEARS

SWIFT COUNTY

MINNESOTA

COUNTY ROADS



SWIFT COUNTY

MINNESOTA

COUNTY ROADS

PQI

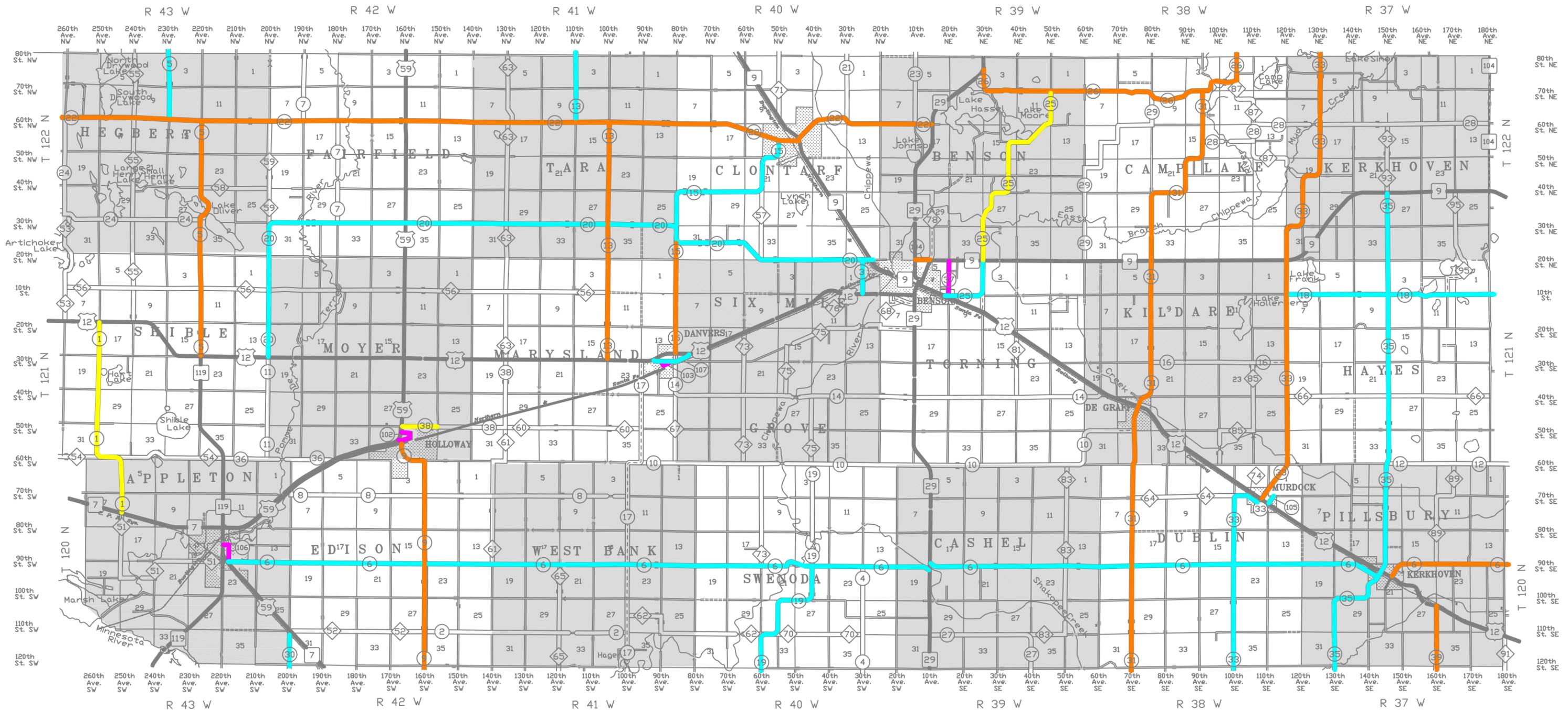
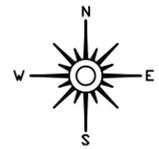
PINK PQI 0 - 2.5

CYAN PQI 2.6 - 3.0

ORANGE PQI 3.1 - 3.5

YELLOW PQI 3.6 - 4.0

GREEN PQI 4+





Bridge 69A18, Highland St., City of Duluth

Minnesota's economic strength and vitality depends on an effective transportation system. To support the state's system of streets, roads and bridges, the Minnesota Department of Transportation distributes funds for highway maintenance and construction to counties, cities and townships based on a formula determined by the legislature.

The department's State Aid for Local Transportation division works closely with local levels of government to ensure the state maintains a safe, effective and coordinated highway network.

Monies from the Minnesota Highway Users Tax Distribution Fund are used to support more than 100,000 miles of trunk highways, county state aid highways, municipal state aid streets and township roads.

Funding sources, including fuel tax revenues, license fees and motor vehicle sales tax revenues, support the highway users fund.

For fiscal year 2016, MnDOT distributed over \$820 million to local governments from the highway users fund.

In addition to funding support, the SALT division provides technical assistance in highway and bridge design, construction and maintenance; authorizes grants for bridge construction; coordinates local federally funded projects; and provides overall management of the state aid system.

SALT links MnDOT with city and county engineers to transfer technical expertise and determine ways to improve the state's highway system.

| | |
|--|---------------|
| Trunk Highway | 11,814 |
| County State Aid Highways ¹ | 30,706 |
| Municipal State Aid Streets ² | 3,734 |
| County Roads | 14,197 |
| Township Roads | 55,306 |
| Other Municipal Streets | 18,911 |
| Other Minor Systems | 7,230 |
| | <hr/> |
| | 141,898 miles |

¹ In 87 counties

² In 148 cities of population greater than 5,000

Bridges

| | |
|----------------|----------------|
| Trunk Highways | 4,030 |
| County Roads | 8,159 |
| City Streets | 1,492 |
| Township Roads | 6,220 |
| | <hr/> |
| | 19,901 bridges |

LOCAL ROADS AND BRIDGES HIGHWAY USERS TAX DISTRIBUTION FUND 2016



Plymouth Ave. N., City of Minneapolis

MINNESOTA HIGHWAY USERS TAX DISTRIBUTION FUND 2016

FUEL TAX REVENUE
\$899,100,000



LICENSE FEES
\$724,200,000



MOTOR VEHICLE SALES TAX
\$435,788,400



INTEREST/OTHER
\$4,984,000



Total Highway Users Fund
\$2,064,072,400

Collection Costs and Refunds to Department of Natural Resources, Public Safety, Revenue, etc.
\$27,394,655

5% Distribution
\$101,233,887

Regular Distribution
\$1,923,443,858

5% - \$101,233,887
Town Bridge Account - 16%
Town Road Account - 30.5%
Flexible Hwy. Account - 53.5%

Town Bridge Account
\$16,197,422

- Apportioned to individual counties based on needs of deficient township bridges.
- Less unallocated account, which can be used by any county.
- For the replacement of deficient township bridges

Town Road Account
\$30,876,335

- Apportioned to individual counties based on township road mileage open to traffic at least eight months/year.
- For the construction and maintenance of township roads.

Flexible Highway Account
\$54,160,130

- Apportioned to individual agencies for the restoration of former trunk highways that have been turned back to the municipalities or counties and designated state aid.

Regular 95% - \$1,923,443,858
Trunk Highway Fund - 62%
County State Aid Highway Fund - 29%
Municipal State Aid Street Fund - 9%

Trunk Highway Fund
\$1,192,535,192

To MnDOT

County State Aid Highway Fund

CSAH Distribution
\$553,519,989

- Distributed to 87 counties based on:
 - Apportionment Sum (68%)
 - 10% equalization
 - 10% motor vehicle registration
 - 30% lane miles
 - 50% CSAH money needs
 - Excess sum (32%)
 - 40% motor vehicle registration
 - 60% CSAH money needs
- Used to construct (60%) and maintain (40%) each county's CSAH system

DEDUCTIONS
\$13,809,044

- Used for administration, disaster and research

\$4,182,771

- Used for roads providing access to recreation areas in cooperation with the DNR, State Park Road Fund

Municipal State Aid Street Fund

MSAS Apportionment
\$173,612,036

- Apportioned to 148 municipalities based on:
 - 50% population
 - 50% MSAS money needs
- Used to construct and maintain each municipality's MSAS system

DEDUCTIONS
\$3,789,994

- Used for administration, disaster and research