



Minnesota Department of Transportation

395 John Ireland Boulevard
Saint Paul, MN 55155

January 15, 2011

The Honorable Mike Beard, Chair
House Transportation Policy and Finance Committee
417 State Office Building
St. Paul, MN 55155

The Honorable Frank Hornstein, Ranking Minority Member
House Transportation Policy and Finance Committee
213 State Office Building
St. Paul, MN 55155

The Honorable Joe Gimse, Chair
Senate Transportation Committee
303 State Capitol
St. Paul, MN 55155

The Honorable Scott Dibble, Ranking Minority Member
Senate Transportation Committee
115 State Capitol
St. Paul, MN 55155

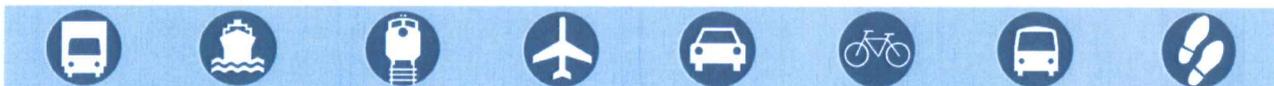
Dear Transportation Committee Members:

I am pleased to share with you the St. Croix River Crossing Project Innovative Financing Study as required by Laws of Minnesota 2010, Chapter 351, Section 71. The study analyzes the feasibility of tolling, public private partnership, and value capture options for the construction of a new bridge over the St. Croix River south of Stillwater Lift Bridge in Oak Park Heights.

The purpose of the St. Croix River Crossing Project is to provide safety and capacity improvements and to replace the functionally obsolete Stillwater Lift Bridge. The new river crossing and related roadway improvements in Wisconsin and Minnesota have an estimated project cost range of \$580 - \$698 million in 2015 dollars. This estimated cost range includes construction of the new river bridge, highway improvements in Minnesota and Wisconsin, right-of-way, engineering, mitigation and contingencies.

Construction funding for Minnesota's portion of the St. Croix River Crossing Project is currently provided by Chapter 152 state bond funds, as well as other state and federal funds. The Innovative Financing Study considered alternative financing options and found that using tolls on the St. Croix River Crossing could pay for nearly half of the projects total capital costs. The toll revenue would also fund the bridge's ongoing operation and maintenance costs. Tolling the St. Croix River Crossing is only feasible if Minnesota and Wisconsin join together in seeking specific federal and state legislation.

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The study concluded that a public private partnership approach might be feasible if more in-depth analysis determines such an approach would provide greater benefit to the public than the planned approach, there is industry interest in such an approach, and adequate legislative authority is put in place to enable such an approach. The study also concluded that although value capture options can help fund public infrastructure costs under the right circumstances, there is little value-capture potential on the Minnesota side of the river for the St. Croix River Crossing project.

It should be noted that the National Park Service ruled against the project when they issued their negative finding under the Wild and Scenic Rivers Act in October 2010. With this negative finding, Congress will need to act to exempt the project from the act for the project to move forward.

As the state's transportation leader, Mn/DOT seeks to stretch available revenues to address system performance concerns. Although innovative transportation financing is not a solution for all projects, alternative funding, financing and partnering techniques can support efforts to provide a safe, efficient and sustainable transportation system.

For any questions regarding this report, please do not hesitate to contact me or Brad Larsen at 651/366-4821.

Sincerely,



Thomas K. Sorel
Commissioner

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