

NOTE: This is an earlier version of the fiscal note for SF289-0.

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Consolidated Fiscal Note

2021-2022 Legislative Session

SF289 - 0 - Statewide Freight Network Optimization Tool

Chief Author: **John Jasinski**
 Committee: **Transportation Finance and Policy**
 Date Completed: **3/26/2021 11:50:34 AM**
 Lead Agency: **Transportation Dept**
 Other Agencies:
 Employment and Economic Dvlpmnt

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	FY2021	FY2022	FY2023	FY2024	FY2025
Employment and Economic Dvlpmnt						
General Fund	-	15	15	-	-	-
Transportation Dept						
General Fund	-	1,049	229	229	229	229
State Total						
General Fund	-	1,064	244	229	229	229
	Total	-	1,064	244	229	229
	Biennial Total		1,308			458

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Employment and Economic Dvlpmnt					
General Fund	-	.1	.1	-	-
Transportation Dept					
General Fund	-	-	-	-	-
	Total	-	.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:** 3/26/2021 11:50:34 AM
Phone: 651-284-6543 **Email:** laura.cecko@lbo.leg.mn

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	FY2021	FY2022	FY2023	FY2024	FY2025
Employment and Economic Dvlpmt					
General Fund	-	15	15	-	-
Transportation Dept					
General Fund	-	1,049	229	229	229
Total	-	1,064	244	229	229
Biennial Total			1,308		458
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Employment and Economic Dvlpmt					
General Fund	-	15	15	-	-
Transportation Dept					
General Fund	-	1,049	229	229	229
Total	-	1,064	244	229	229
Biennial Total			1,308		458
2 - Revenues, Transfers In*					
Employment and Economic Dvlpmt					
General Fund	-	-	-	-	-
Transportation Dept					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Fiscal Note

2021-2022 Legislative Session

SF289 - 0 - Statewide Freight Network Optimization Tool

Chief Author: **John Jasinski**
 Committee: **Transportation Finance and Policy**
 Date Completed: **3/26/2021 11:50:34 AM**
 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	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	1,049	229	229	229	229
Total	-	1,049	229	229	229	229
Biennial Total			1,278			458

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
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.

LBO Signature: Laura Cecko **Date:** 3/26/2021 11:46:00 AM
Phone: 651-284-6543 **Email:** laura.cecko@lbo.leg.mn

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	FY2021	FY2022	FY2023	FY2024	FY2025	
General Fund	-	1,049	229	229	229	
Total	-	1,049	229	229	229	
			1,278		458	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	1,049	229	229	229	
Total	-	1,049	229	229	229	
			1,278		458	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
			-		-	

Bill Description

Senate File 289 requires MnDOT to contract with a vendor to develop a freight network optimization tool in consultation with MN Employment and Economic Development (DEED). The tool must use data modeling to show Minnesota businesses options for lowering supply chain costs, develop return on investment metrics, analyze site locations to lower transportation costs, improve transportation network planning, identify investments that reduce freight costs, and support business relocation and expansion opportunities. MnDOT must establish a process that allows public and private entities to access and use the tool in consultation with DEED and the MN Freight Advisory Committee. The bill includes a \$1 million, one-time general fund FY2022 appropriation for database hosting and tool maintenance and administrative costs through FY2024.

Assumptions

MnDOT received a rough estimate from a potential vendor for a similar type product several years ago. The amount was close to \$900,000, plus software license and travel costs not expected to exceed \$100,000. Based on that, we will assume \$1,000,000 for the vendor implementation costs. MnDOT assumes .5 of an FTE in the Office of Freight and Commercial Vehicles will be needed to assist with implementation, then manage, respond and report. The staff will be at salary average of \$65,000 X 50% for benefits and direct overhead.

In addition, MnIT believes that a very rough rule of thumb of their ongoing maintenance/operations costs would be 20% of implementation costs. We will assume \$180,000 as 20% of the non-travel estimated implementation costs annually.

Expenditure and/or Revenue Formula

FY22 - \$1,000,000 + .5 FTE (1/2 X (\$65,000*.5) = \$97,500/2 = \$48,750 Total 1,049,000 (rounded)

FY23-FY25 annually \$180,000 +48,750 = \$229,000 (rounded)

All expenditures assumed from the general fund.

Long-Term Fiscal Considerations

The ongoing costs will continue.

Local Fiscal Impact

None

References/Sources

MnDOT Office of Freight and Commercial Vehicles

MN IT Services (MnIT)

Agency Contact:

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Date: 3/26/2021 11:31:23 AM

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Fiscal Note

2021-2022 Legislative Session

SF289 - 0 - Statewide Freight Network Optimization Tool

Chief Author: **John Jasinski**
 Committee: **Transportation Finance and Policy**
 Date Completed: **3/26/2021 11:50:34 AM**
 Agency: **Employment and Economic Dvlpmt**

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	FY2021	FY2022	FY2023	FY2024
General Fund	-	15	15	-	-
Total	-	15	15	-	-
Biennial Total			30		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	.1	.1	-	-
Total	-	.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: Christian Larson **Date:** 3/19/2021 3:37:43 PM
Phone: 651-284-6436 **Email:** christian.larson@lbo.leg.mn

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	FY2021	FY2022	FY2023	FY2024	FY2025	
General Fund	-	15	15	-	-	-
Total	-	15	15	-	-	-
Biennial Total			30			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	15	15	-	-	-
Total	-	15	15	-	-	-
Biennial Total			30			-
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

MnDOT, in conjunction with DEED, must contract with a vendor to develop a freight network optimization tool.

The tool must use data modeling to show Minnesota businesses options for lowering supply chain costs, develop return on investment metrics, analyze site locations to lower transportation costs, help with transportation network planning, identify investments that reduce freight costs, and support business relocation and expansion opportunities.

MnDOT, in conjunction with MFAC and DEED, must establish a process that allows public and private entities to access and use the tool.

\$1 million, one-time appropriation.

Assumptions

MnDOT will take the lead on contracting, working with the consultant, and managing the freight optimization tool.

DEED will provide staff time to consult, review, and support.

Expenditure and/or Revenue Formula

DEED's fiscal office estimated the cost of 10% of a 15M position at the midpoint of the scale for the cost estimate.

Salary, Benefits, Fringe - \$124,064.12

Other FTE related expenses - \$28,518.47

0.1 FTE of Salary, Benefits, Fringe, and Other Expenses = \$15,258

Long-Term Fiscal Considerations

The bill provides one-time appropriation for a tool that will require ongoing maintenance and staffing.

Local Fiscal Impact

References/Sources

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Agency Fiscal Note Coordinator Signature: Deven Bowdry

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