

FILED
Court Administrator

JUL 12 2011

By  Deputy

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

In re Government Shutdown Litigation)

In re Temporary Funding of Core)
Functions of the Executive Branch)
Of the State of Minnesota)

Case Type: Civil

Court File No. 62-cv-11-5203

AFFIDAVIT OF TRACY HATCH

Tracy Hatch, being duly sworn, on oath states and deposes as follows:

1. My name is Tracy Hatch. I am the Chief Financial Officer of the Minnesota Department of Transportation (“MnDOT”). I report to the Commissioner.
2. I have worked for MnDOT for just over two years. In that time I have held positions as MnDOT’s Budget Director and the Business Manager for the Operations Division. I have served in the capacity of Chief Financial Officer since April 2011.
3. I have been employed by the State of Minnesota for over 14 years. Prior to joining MnDOT, I was Budget Director for the Community Partnerships Division of the Department of Human Services. I have a B.A. in Business Administration from Northwestern College.
4. One of my job responsibilities is to be familiar with how MnDOT finances construction projects. Funding for road construction projects on Minnesota’s trunk highway system primarily comes from the Trunk Highway Fund. Funding for county and city road construction projects comes primarily from the County State Aid Highway Fund

and the Municipal State Aid Street Fund. Bonds issues are also used to finance trunk highway projects and local projects.

5. The Federal Aid Highway Program is a reimbursement program, not a grant program. To receive federal aid reimbursement, the state must first appropriate funding from the Trunk Highway Fund, spend the funds on eligible projects, and then seek and obtain reimbursement. The state funds about 60% of road construction with state funds that are not reimbursed through federal aid.

6. The Trunk Highway Fund is not itself a standing or continuing appropriation. As Chief Financial Officer, I cannot authorize MnDOT to expend funds from the Trunk Highway Fund in the absence of an appropriation enacted into law. The portion of state road construction funding provided by the Federal Aid Highway Program must also be authorized by the Minnesota Legislature.

7. MnDOT's road construction program for this summer was anticipated to be financed by both Fiscal Year 2011 and Fiscal Year 2012 appropriations. MnDOT planned to fund the hard construction costs of the projects awarded by June 30, 2011 with funds from the Fiscal Year 2011 or earlier appropriations. MnDOT planned to fund the hard construction costs of the projects awarded on or after July 1, 2011 with funds from a Fiscal Year 2012 appropriation.

8. Fiscal Year 2012 funds, in the amount of approximately \$7.7 million per month, would be necessary to fund additional operating costs related to providing support and oversight to the construction projects funded by Fiscal Year 2011 appropriations as well as projects to be funded by Fiscal Year 2012 funds. Such funding would be over and above the temporary budget authority MnDOT has received to perform critical

services during the shutdown. The \$7.7 million per month would fund the following activities, each necessary for a safe and successful construction program:

- * Financial management, including project set-up and invoice payments
- * Human resources
- * Information technology support
- * Permitting
- * Audit
- * Inventory
- * Right of way
- * Safety
- * Fleet mechanics
- * Construction project personnel
- * Construction workers and inspectors
- * Traffic control
- * Civil rights and disadvantaged business enterprise efforts
- * Materials Office
- * Environmental Stewardship Office
- * Construction Office
- * Technical Support Office
- * Bridge Office

9. Based on historical spending, I have estimated the amount of additional Fiscal Year 2012 funds (not yet appropriated) necessary to pay for the hard construction

costs of MnDOT's State Roads program. The total amount is approximately \$75 million, as follows:

*	July 2011	\$3 million
*	August 2011	\$18 million
*	September 2011	\$27 million
*	October 2011	\$12 million
*	November 2011	\$15 million


10. When the government shutdown began, MnDOT was funding and providing support through the Local Roads Program for about 800 city and county projects. MnDOT has suspended activities on those projects which require access to MnDOT right-of-way and thus would require MnDOT supervision and other services paid for by unappropriated funds. MnDOT has also temporarily suspended reimbursement payments that would require MnDOT staff paid for by unappropriated funds.

11. Based on historical spending, I have estimated the amount of Fiscal Year 2012 funds (not yet appropriated) necessary to operate the Local Roads Program. The total amount is approximately \$137 million, as follows:

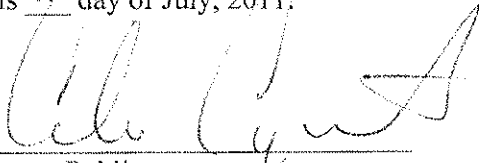
*	July 2011	\$17 million
*	August 2011	\$29 million
*	September 2011	\$29 million
*	October 2011	\$37 million
*	November 2011	\$25 million

12. Were MnDOT required to use Fiscal Year 2012 funds, which are not yet appropriated, to resume its State Roads and Local Roads Programs, MnDOT would be required to call back at least 840 staff in the areas identified in Paragraph 8 above.

Further affiant sayeth not.


Tracy Hatch

Subscribed and sworn to before me
this 11 day of July, 2011.


Notary Public

