

SF1171 - 0 - State Rail Safety Inspectors Number Increase

Chief Author: **Rob Kupec**
 Committee: **Transportation**
 Date Completed: **3/4/2025 9:11:21 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 | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| Restrict Misc Special Revenue | - | 199 | 354 | 508 | 663 | |
| Total | - | 199 | 354 | 508 | 663 | 663 |
| Biennial Total | | | 553 | | | 1,171 |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | |
|--------------------------------------|----------|----------|----------|----------|----------|
| | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| Restrict Misc Special Revenue | - | 1 | 2 | 3 | 4 |
| Total | - | 1 | 2 | 3 | 4 |

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:** 3/4/2025 9:11:21 AM
Phone: 651-284-6543 **Email:** laura.cecko@lbo.mn.gov

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 | | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| Restrict Misc Special Revenue | - | 199 | 354 | 508 | 663 | |
| Total | - | 199 | 354 | 508 | 663 | |
| Biennial Total | | | 553 | | 1,171 | |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | | |
| Restrict Misc Special Revenue | - | 199 | 354 | 508 | 663 | |
| Total | - | 199 | 354 | 508 | 663 | |
| Biennial Total | | | 553 | | 1,171 | |
| 2 - Revenues, Transfers In* | | | | | | |
| Restrict Misc Special Revenue | - | - | - | - | - | |
| Total | - | - | - | - | - | |
| Biennial Total | | | - | | - | |

Bill Description

This bill expands MnDOT’s rail safety inspection program by allowing MnDOT to increase the number of state rail safety inspector positions from up to six to a maximum of ten.

The new inspectors would perform railroad inspections of Class I, II and III railroads throughout Minnesota. These inspections would entail observing, speaking with staff, and coordinating, when necessary, with the appropriate FRA specialist. When appropriate, the inspectors would also perform Roadway Worker Protections and Roadway Maintenance Machine audits. The inspectors would share the results (if any) of their findings with the railroad and complete a federal inspection form to be sent to the FRA upon the inspection’s completion. After several weeks, the inspectors would follow up to observe if corrective action had occurred.

Assumptions

Starting in FY26, MnDOT would hire no more than one additional inspector per year for the rail safety inspection program. This spacing would allow time to order and purchase assigned MnDOT vehicles, and it would allow time to hire and send the new inspector to Federal Rail Administration (FRA) training required annually for certification to perform inspections. While initial certification training varies in location (in-person versus virtual) by year and by rail discipline, MnDOT anticipates two in-person trainings in an inspector’s first year. It is standard practice for inspectors to attend recertification trainings semi-annually. These trainings are not offered locally, but registration is free. The estimated cost of attending these trainings includes flight, hotel, meal and rental car expenses for the three-four-day training, plus a travel day or two.

Each inspector would require a four-wheel drive truck. MnDOT estimates the required equipment, specific to the type of inspector, to average \$2,000 per inspector. In addition, MnDOT anticipates mileage reimbursement expenditures, estimated at 10,000 annual miles at the IRS reimbursement rate of 70 cents per mile.

MnDOT currently budgets \$3,000 in annual overtime for four of its six inspectors (two of the inspectors have a more generous overtime budget due to the nature of their discipline). MnDOT anticipates \$1,000 in annual overtime for each additional inspector.

All estimated costs are either a.) assessed (i.e. invoiced) to the Class I and Class II Railroads in Minnesota once per year or b.) reimbursed, as some travel costs associated with trainings and laptop costs are eligible for reimbursement through a Federal Railroad grant when it is available and open to MnDOT. The grant is made up of formula funding with only so many funds per inspector. These grant funds do not cover all the costs to travel to trainings. MnDOT does not include any reimbursements in the assessment below nor does it bill less to the railroads based on any such reimbursement received in the last year.

Expenditure and/or Revenue Formula

| | Hours & Wages | | | Costs & FTE's by Fiscal Year | | | |
|--|---------------|---------|---------------|------------------------------|---------------------|---------------------|---------------------|
| | Hours | Rate | Adjusted Rate | FY26 (1 inspector) | FY27 (2 inspectors) | FY28 (3 inspectors) | FY29 (4 inspectors) |
| Engineering Specialist Senior (+50% overhead) | 2,080 | \$45.00 | \$67.50 | \$140,400 | \$280,800 | \$421,200 | \$561,600 |
| \$1,000 Overtime (+7.65% fringe benefits) | 15 | \$61.50 | \$66.20 | \$1,000 | \$2,000 | \$3,000 | \$4,000 |
| Truck Costs | | | | \$45,000 | \$45,000 | \$45,000 | \$45,000 |
| Equipment | | | | \$2,000 | \$4,000 | \$6,000 | \$8,000 |
| Mileage (10k mi. x \$.70/mi.) | | | | \$7,000 | \$14,000 | \$21,000 | \$28,000 |
| Cost of Attending 2 Trainings (est. \$2k each) | | | | \$4,000 | \$8,000 | \$12,000 | \$16,000 |
| Total | | | | \$199,400 | \$353,800 | \$508,200 | \$662,600 |
| FTE's | | | | 1.0 | 2.0 | 3.0 | 4.0 |

Long-Term Fiscal Considerations

Vehicles purchased would be replaced according to their assigned useful life schedules.

Local Fiscal Impact

None

References/Sources

MnDOT Office of Freight and Commercial Vehicle Operations

Agency Contact: Catherine Greene

Agency Fiscal Note Coordinator Signature: Catherine Greene

Phone: 612-523-2198

Date: 3/4/2025 8:37:58 AM

Email: catherine.greene@state.mn.us