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State Aid Division
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June 10, 2011

TO: County Engineers
City Engineers
Federal Aid Contract Holders
District State Aid Engineers

FROM: Julie Skallman
State Aid Division Director

SUBJECT: Potential Temporary Suspension of State Activities

We are writing because your organization has a relationship with this agency either under a current contract with expiration after June 30, 2011, or a new contract that is to become effective on or after July 1, 2011.

As you may know, the state Legislature adjourned without a negotiated budget agreement to fund the continuing operations of state government for the fiscal year beginning July 1, 2011.

This agency operates on a biennial budget. Funds are appropriated by the Minnesota Legislature every two years, with each fiscal year beginning July 1 and ending on June 30 of the following calendar year. In the absence of an appropriation signed into law, we will have no or limited authority to expend or release funds to pay for goods or services after June 30, 2011. In this event, expenditures will be limited to fund or support only critical life, health and safety functions of state government.

Because we do not know whether the biennial budget process will conclude in time to avoid a disruption to our operations, we must advise all contractors, vendors and grantees that in the absence of legislatively authorized appropriations as of July 1, 2011, all work, activity and performances under our contracts must be suspended as of that date, pending authorized appropriations, as will all payments required of this agency under those contracts.

In the absence of legislatively authorized appropriation as of July 1 we must advise all holders of Federal aid construction contracts to suspend all work activity. Please use the attached form to notify your contractors.

Agencies who are currently advertising federal projects should be aware that effective July 1, in the event of an interruption in government services, it is likely that no staff will be available within Mn/DOT to process the DBE clearances. You should be considering the possibility that those projects let after June 15 may not move to award within the normal 30 day window nor should a contractor plan to start work during a shutdown of state services.

Federal aid work under special agreement for preliminary engineering or similar services can continue if they are in process since our agreement with the FHWA does not require

constant oversight. The agreement you signed accepting the funds specifically states that you understand that you must carry the costs until reimbursement can be made.

Regular State aid, turnback, town bridge and bridge bonding funded construction projects that are already approved can continue operations however it is likely no Mn/DOT lab or bridge staff will be available for consultation or services. It is also likely that no additional projects will be processed nor will any payments be made.

The state Master Agreements that we have with each agency will likely be suspended. The suspension includes any work orders associated with them. You will receive a separate notification of that suspension by the end of the month.

All of these requirements are subject to change based on a review by the court system.

We will work to keep you informed of progress regarding legislative authorization of appropriations, and will make every effort to issue public notices promptly when budgets are approved and contract work can be resumed.

Cc:

Ryan O'Connor, AMC

Anne Finn, LMC

Keith Carlson, MICA

Dave Fricke, MAT

Derrell Turner/ Brian Scott, FHWA

Jon Chiglo/Steve Lund

Kevin Gutknecht/Karla Rains

Val Svensson

Joel Williams

James Cownie

Patti Loken/Rick Kjonaas

File