



## STEELE COUNTY HIGHWAY DEPARTMENT

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March 27, 2025

Greg Paulson, ATP 6 Chair  
Southeast Minnesota Area Transportation Partnership  
2900 48th Street NW  
Rochester, MN 55901-5848

RE: STBGP Funding Transfer Request

Dear Mr. Paulson:


Steele County was awarded \$3,960,000 in STBGP funding for the East Side Corridor Project (SAP 074-070-009) for fiscal year 2026. Our project team has run into significant challenges to be able to deliver the project with these funds.

Work to complete the environmental documents was started in 2021 and the Federal Highway Administration initially directed us to complete a Programmatic Categorical Exclusion document. In 2023, the FHWA redirected us to instead complete a Non-Programmatic Categorical Exclusion document which required us to do some significant rework. Now as we are nearing completion of that document currently estimated by late 2025, there are still significant remaining risks to be able to deliver the project in time to use these funds. Even if we complete the environmental document by the December 2025 deadline, we will not have enough time to complete final plans and significant right of way acquisition for construction in 2026. While negotiations have begun with the Canadian Pacific Kansas City Railroad (CPKC) for a necessary new crossing, they are slow to respond. Previous changes to a CPKC crossing on another project has taken over five years of negotiations and still is not resolved. Also, there is a neighborhood group adamantly opposed to this project and threatening litigation against the county which could pose significant risk to the project timeline.

We would like to transfer these funds to another eligible project, the CSAH 48 Main Street (SAP 074-648-008) project for fiscal year 2026. This project is already federalized with a HSIP award of \$450,000. The project will reconstruct CSAH 48 Main Street from Oak Avenue to Grove Avenue. A feasibility report was completed in 2023 and our team is about to start final design with construction easily feasible in 2026.

Please consider this request for funding transfer. We request the ATP approve the request for a STIP amendment. Please contact me if you require additional information or have any questions. I may be reached at (507) 475-2253 or at paul.sponholz@steelecountmn.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul Sponholz", with a stylized flourish extending from the end.

Paul Sponholz, P.E.  
County Engineer

Encl: CSAH 48 Main Street Feasibility Report

Cc: Fausto Cabral, MnDOT District 6 State Aid Engineer  
Sean Murphy, City Engineer, City of Owatonna  
Andrew Plowman, WSB