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# **Governor Mark Dayton's 2012 Capital Budget Recommendations**

*Money Matters 12.03  
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*This paper summarizes the Capital Budget recommendations submitted to the Legislature by Governor Mark Dayton. Part one provides an overview of the capital budget recommendations. Part two provides detailed recommendations organized according to the jurisdictions of the House of Representatives' fiscal committees.*

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**Fiscal Analysis Department  
Minnesota House of Representatives**

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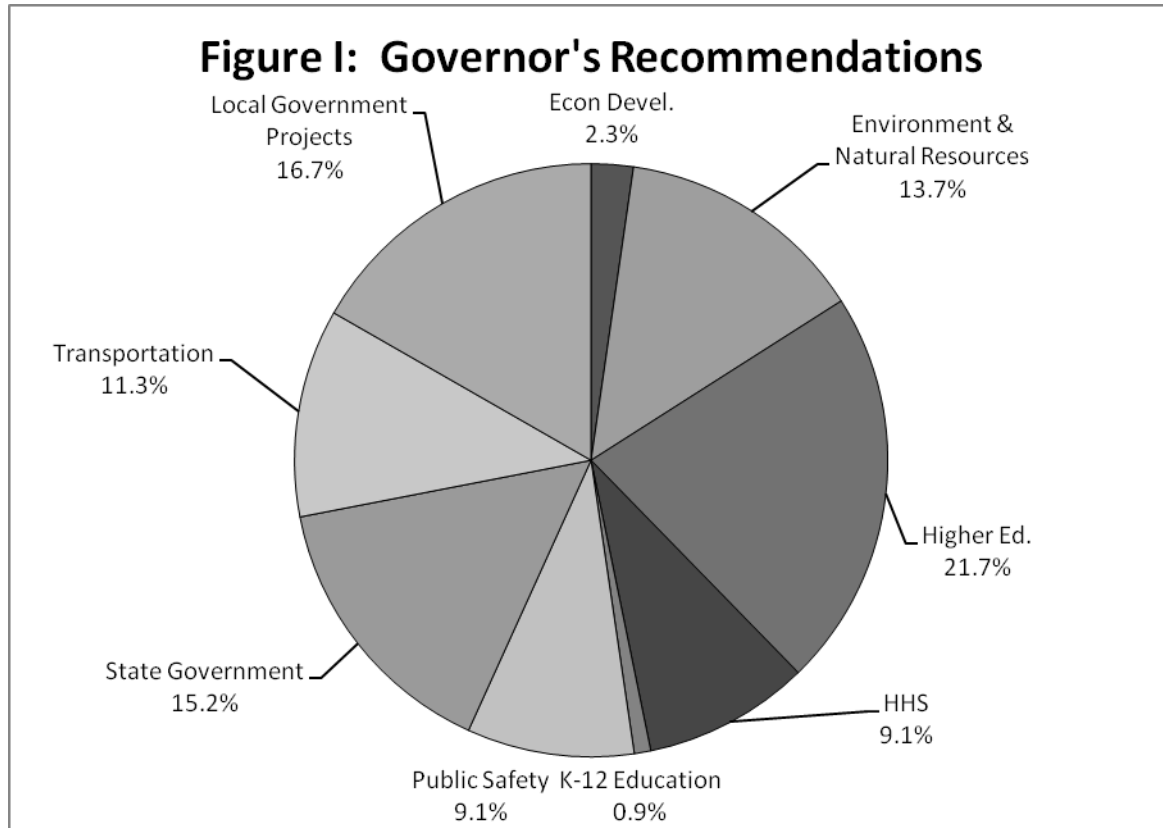
# Capital Budget Overview

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On January 17, 2012, Governor Dayton introduced his capital budget recommendations for the 2012 legislative session. State agencies submitted \$1.6 billion in project requests for consideration, and political subdivisions requested over \$500 million in funds. Based on the requests, the Governor recommended a total of \$874 million in funding. The Governor's recommendations stemmed from state agency and local government requests. The table below highlights the requests and the Governor's recommendations.

<b>Table 1: Governor's Recommended Capital Budget</b> <i>(dollars in thousands)</i>		
<b>Finance Area</b>	<b>Agency Requests</b>	<b>Governor's Recs</b>
<b>New Projects:</b>		
Economic and Work Force Development	\$80,000	\$20,000
Environment and Natural Resources	\$313,709	\$119,594
Higher Education	\$448,132	\$189,923
Housing	\$40,000	\$32,000
Health & Human Services	\$49,800	\$47,300
K-12 Education	\$66,279	\$7,863
Public Safety	\$144,914	\$79,699
State Government	\$149,661	\$102,702
Transportation	\$284,285	\$99,100
Veterans Affairs	\$37,905	\$29,786
Local Government Projects	\$518,462	\$146,152
<b>Total</b>	<b>\$2,133,147</b>	<b>\$874,119</b>

Of the \$874,119 million noted above, \$750 million would be paid for with general purpose general obligation (GO) bonds with debt service coming from the state's general fund. Other funding sources includes: \$1 million in general fund cash, \$16.1 million in trunk highway bonds, \$17.5 million in trunk highway fund cash, \$25.0 million in non-profit housing bonds, and \$64.5 million in user-financed bonds. The following pie chart depicts the distribution of the funds by spending category.



Planning estimates (included in the November 2011 forecast) for the 2012 bonding bill set aside sufficient debt service for \$775.0 million in GO bonding in the upcoming legislative session. Since the Governor recommended authorizing \$750 million, there would be a debt service savings under his plan (compared to amounts in the forecast) of \$164,000 in FY 2013, \$1.3 million in FY 2014, and \$2.3 million in FY 2015. However, the Governor's recommendation also includes \$1.0 million in general fund cash, (for agency relocation), which would be a direct cost to the general fund. The net impact in FY 2013 on the general fund would be an additional cost of \$836 million (\$1 million appropriation minus \$164,000 debt service savings). Finally, the Governor's recommendation includes a general fund cost of \$1.85 million annually for 20 years, beginning in 2014, to support the non-profit housing bonds issued by the Minnesota Housing Finance Agency.

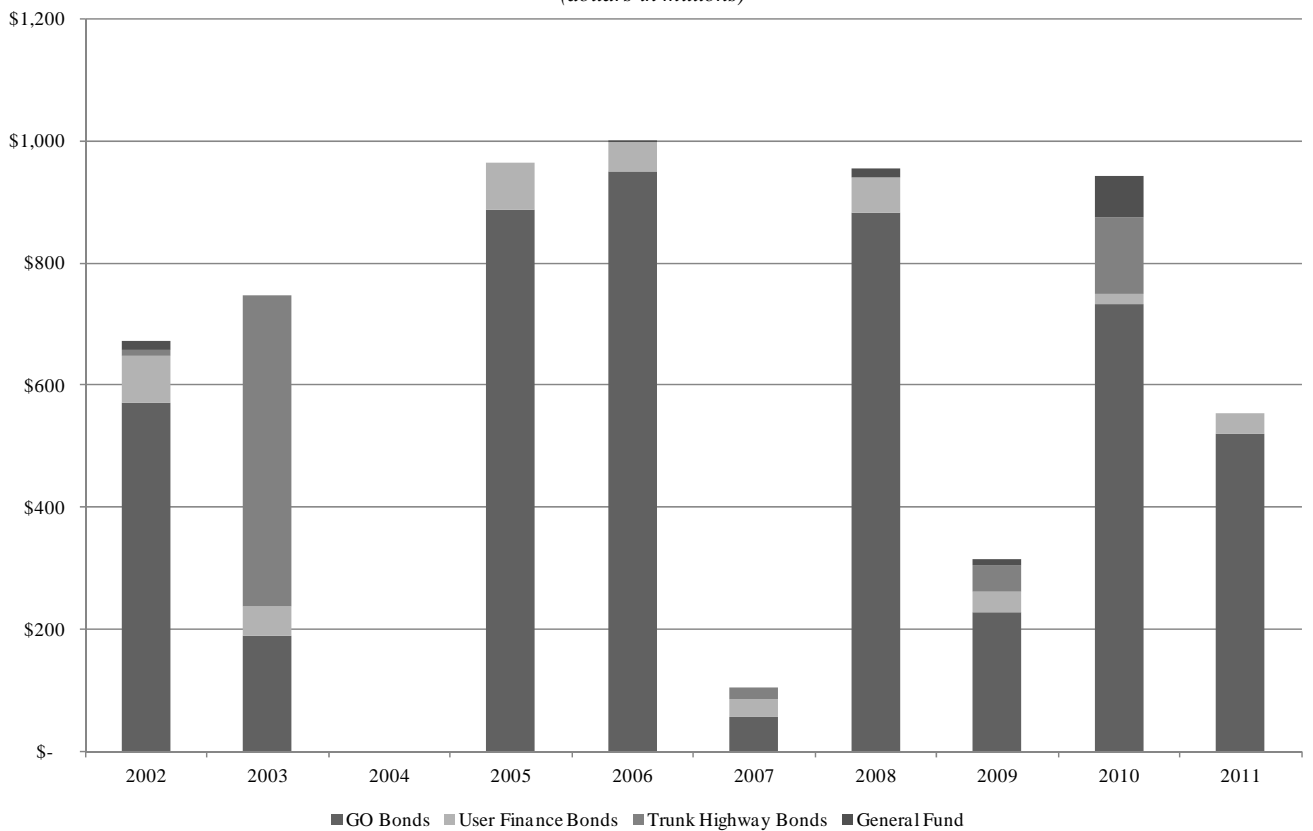
Capital budgets have varied greatly in size and composition over the last decade. Table 2 provides an overview of the composition of the 2006, 2008 and 2010 capital budgets, and Figure 2 provides a 10-year history of total bond authorizations by year.

**Table 2: Enacted Capital Budgets**  
(dollars in thousands)

<b>Finance Area</b>	<b>2006</b>	<b>2008</b>	<b>2010</b>
Cultural and Outdoor	9.6%	6.0%	10.4%
Economic Development	8.5%	12.8%	6.6%
Environment, Natural Resources, & Agriculture	16.3%	19.4%	17.0%
Higher Education	30.7%	32.8%	23.4%
Health, Human Svs, Housing, & Veterans	9.0%	2.9%	9.4%
K-12 Education	2.1%	0.6%	0.5%
Public Safety	6.2%	4.4%	3.5%
State Government	2.0%	2.5%	2.6%
Transportation	15.6%	18.6%	26.5%

Note: In 2008, there was an additional \$1.8 billion in trunk highway bonds authorized. This data was not included because of percent distortions.

**Figure 2: Historical Bond Authorizations**  
(dollars in millions)



## ***History of Debt Management***

During the Quie, Perpich, and Carlson administrations, the Governors worked with the Department of Finance to establish a debt management policy. Several guidelines were adopted to manage debt and limit spending, including:

- Debt Service to Non-Dedicated General Fund Revenues Ratio: 3 Percent Limit
- Debt to Personal Income Ratio: 2.5 Percent Limit
- Debt and Other Financial Commitments to Personal Income Ratio: 5 Percent Limit
- Debt Retirement Plan: 40 percent of the debt shall be retired within 5 years and 70 percent of the debt shall be retired within 10 years

Of these guidelines, the most commonly referred to was the “three percent guideline.” This rule stated that the appropriation for general fund debt service in a biennium shall not exceed three percent of non-dedicated general fund revenues in that biennium. Simply stated, up to three percent of non-dedicated general fund revenues could be used to make payments on money the state borrows, giving the state a self imposed credit limit (i.e. the state’s debt capacity).

During 2008 and 2009, Minnesota Management and Budget (formerly the Department of Finance) began discussing the guidelines and potential revisions. These discussions stemmed from questions regarding how bond rating agencies view the state’s financial situation. In December 2009, the agency announced new guidelines:

- Guideline 1: Total tax-supported principal outstanding shall be 3.25 percent or less of total state personal income.
- Guideline 2: Total amount of principal (both issued and authorized but unissued) for state general obligations, state moral obligations, equipment capital leases, and real estate capital leases are not to exceed 6 percent of state personal income.
- Guideline 3: 40 percent of general obligation debt shall be due within five years and 70 percent within ten years, if consistent with the useful life of the financed assets and/or market conditions.

Guidelines 1 and 2 cannot be easily compared to any of the previous guidelines. As an example, the three percent guideline discussed above measured the affordability of general purpose general obligation bonds; the new guidelines do not include an affordability measure. In addition, the new guidelines are point-in-time calculations versus percents that are forecast well into the future. Ultimately, the change in the guidelines redefines the state’s debt capacity.

## ***Debt Capacity***

Debt capacity is an estimation of how much the state can borrow based on its current guidelines. Based on the November 2011 forecast, Minnesota has approximately \$8.059 billion in total principal outstanding (both issued and authorized but unissued). Of this amount, \$2.075 billion in principal is authorized but unissued. The November forecast suggests approximately \$1.962 billion in debt capacity is available for any additional tax-supported debt. Guideline 1, discussed above, is the limiting guideline. The debt service payments on these bonds as well as anticipated

payments on authorized but unissued bonds are expected to be approximately \$760.3 million for the FY 2012-13 biennium. This constitutes 2.17 percent of total general fund revenues.

One mitigating factor for this biennium is the issuance of Tobacco Settlement Revenue Bonds in November 2011. These bonds do not count toward the state's Debt Management Guidelines as they were issued by the Tobacco Securitization Authority, with a legal existence independent and separate from the state. The proceeds from the Tobacco Settlement Revenue Bonds are being used to pay off principal and interest on the state's general obligation bonds in FY 2012-13, thereby lowering the debt service cost impact on the general fund.

If the state chooses to execute its extraordinary call option on the Tobacco Securitization Bonds, (by calendar year end 2012), and issue Tobacco Appropriation Bonds to replace the Securitization Bonds, the appropriation bonds *would* be subject to the state's Debt Management Guidelines. There is considerable debate about the constitutionality of appropriation bonds. The issue of constitutionality must be tested by a "validation" process with the Minnesota Supreme Court before appropriation bonds could be issued.

### ***Bond Ratings and Borrowing Costs***

Bond ratings denote the financial strength of the borrower. A highly rated bond is a safer investment but brings a lower rate of return to the investor. Because the lower bond rating signifies a riskier investment, it carries a higher rate of return for the investor.

Rating agencies look at several factors when assessing credit worthiness, such as maintaining structural balance into the future and budget reserve accounts. If the ratings are downgraded due to the current fiscal outlook, future interest costs would increase impacting the affordability of current and additional debt.

The state of Minnesota currently carries a Moody's "Aa1" rating, a Standard and Poor's "AA+" rating and a Fitch "AA+" rating. All of these ratings are one notch below the highest possible rating of AAA. From 1997 to 2003 the state carried this highest rating from all three rating agencies. Moody's downgraded the state's rating in 2003. Standard and Poor's and Fitch both downgraded the state's rating in 2011.

*For further information on Capital Budget issues contact Melissa Johnson, House Fiscal Analysis Department at 651-296-4178 or [Melissa.Johnson@house.mn](mailto:Melissa.Johnson@house.mn).*

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# Agriculture and Rural Development

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The Governor's recommendations for capital projects in the area under the jurisdiction of the Agriculture and Rural Development Committee total \$33.706 million. The recommended funding is from general obligation bonds.

<b>Agriculture and Rural Development Committee</b> <b>Governor's 2012 Capital Investment Recommendations</b> <i>(all dollars in thousands)</i>		
<b>Projects by Agency</b>	<b>Agency Request</b>	<b>Governor's Recs</b>
<b>Department of Agriculture</b>		
Rural Finance Authority Loans	\$ 33,000	\$ 33,000
Emergency Power Supply	706	706
<b>Total</b>	<b>\$ 33,706</b>	<b>\$ 33,706</b>

The following is a summary by agency of the Governor's recommendations.

## *Department of Agriculture*

- **Rural Finance Authority Loans.** \$33 million is for funding of the loan programs of the Rural finance Authority. The loan programs include: Beginning Farmer, Ag Improvement, Loan Restructure and Livestock Expansion activities. These bonds will be user financed.
- **MDA Laboratory.** \$706,000 is for installation of an emergency power system to the department lab facilities.

*For further information on Agriculture finance issues contact Jim Reinholdz, House Fiscal Analysis Department at 651.296.4281, [Jim.Reinholdz@house.mn](mailto:Jim.Reinholdz@house.mn).*

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# Education

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For the 2012 Legislative session, Governor Dayton has recommended six capital projects in the Education Finance area, totaling \$7.9 million of general obligation bonds, out of a total \$66.3 million requested by state agencies. The projects include:

Education Finance Committee			
Governor's 2012 Capital Investment Recommendations			
(all dollars in thousands)			
Projects by Agency	Agency Request		Governor's Recs
Minnesota State Academies			
Asset Preservation	\$	3,000	\$ 1,000
Technology Center	\$	6,150	\$ 6,150
Demolition - Frechette Hall and Laundry	\$	450	\$ 450
Perpich Center for Arts Education			
Storm Drainage	\$	100	\$ 100
Loading Dock Repair	\$	64	\$ 64
Road Repair	\$	99	\$ 99
Total	\$	9,863	\$ 7,863

## *Minnesota State Academies for the Deaf and Blind*

\$1 million, compared to \$3 million requested by the Academies, for asset preservation. Projects on the Academies' list for asset preservation generally fall into the code compliance and deferred maintenance categories.

\$6.2 million, as requested by the Academies, for a Technology Center. The Academies are increasingly focused on science, technology, engineering and math, and the new building will address the unique needs of deaf and blind students in educating them in those areas. The building will include computer labs with assistive technology, with group and individual spaces for various types of instruction, as well as a multi-purpose gather and presentation area for demonstrations and instruction.

\$450,000, as requested by the Academies, to demolish Frechette Hall and the Old Laundry building.

***Perpich Center for Arts Education***

\$100,000, as requested by the Center, to improve storm drainage on the campus, where excess storm water accumulations are washing out areas around existing buildings.

\$64,000, as requested by the Center, for repairs to the Center's loading dock, which is deteriorating due to age, so that the dock can continue to be useable.

\$99,000, as requested by the Center, for roadway repair. A section of the road is regularly patched due to water runoff and subsequent erosion. This funding will allow for replacement of the road and changing the runoff pattern to prevent future problems.

*For further information on education finance issues contact Greg Crowe, House Fiscal Analysis Department at 651.296.7165, [Greg.Crowe@house.mn](mailto:Greg.Crowe@house.mn).*

# Environment, Energy and Natural Resources

The Governor's 2012 capital budget recommendations propose general obligation bond appropriations of \$85.888 million for projects under the jurisdiction of the Environment, Energy and Natural Resources Committee.

Environment, Energy and Natural Resources			
Governor's 2012 Capital Investment Recommendations			
(all dollars in thousands)			
Projects by Agency	Agency Request	Governor's Recs	
Department of Natural Resources			
Flood Hazard Mitigation	\$ 30,000	\$	20,000
Dam Repair / Reconstruction / Removal	\$ 7,000	\$	7,000
Asset Preservation	\$ 10,000	\$	3,000
Water Access Renewal/Aquatic Invasive Species	\$ 12,000	\$	12,000
Ground Water Monitoring, Observation wells	\$ 500	\$	500
RIM Critical Habitat Match	\$ 3,000	\$	3,000
Roads and Bridges	\$ 8,000	\$	5,000
State Parks and Trails Development	\$ 30,500	\$	5,000
Agency Total	\$ 101,000	\$	55,500
Pollution Control Agency			
Closed Landfill Bonding	\$ 10,000	\$	10,000
Capital Assistance Program	\$ 8,000	\$	5,600
Coal Tar Ponds	\$ 5,000	\$	2,788
Agency Total	\$ 23,000	\$	18,388
Minnesota Zoological Gardens			
Asstet Preservation	\$ 29,983	\$	7,000
Agency Total	\$ 29,983	\$	7,000
Metropolitan Council(parks only)			
Metropolitan Regional Parks	\$ 10,500	\$	5,000
Agency Total	\$ 10,500	\$	5,000
Total	\$ 164,483	\$	85,888

The following is a summary by agency of the environment and natural resources capital projects recommended by the Governor for funding in the 2012 session.

### ***Department of Natural Resources***

- **Flood hazard mitigation grants.** \$20 million is recommended for state cost sharing grants to local units of government to implement measures that reduce or eliminate future flood damages.
- **Dam repair.** \$7 million is for dam repair, reconstruction and removal projects.
- **Asset Preservation.** \$3 million is for repairs and improvements to DNR buildings and facilities.
- **Aquatic Invasive Species Controls.** \$12 million is for measures to control the spread of aquatic invasive species in the states waters. Funding is for fish barriers and decontamination stations.
- **Groundwater monitoring wells.** \$500,000 in funding is recommended for installation of ground water observation wells in order to assess ground water availability for water supply planning. Data from the wells is used to analyze water level trends, evaluate aquifer recharge rates, and to determine ground water/surface water interactions.
- **RIM critical habitat match.** \$3 million is recommended to be used to match private donations to fund the cost of acquiring and improving fish, wildlife and native plant habitats for the Reinvest in Minnesota program.
- **Roads and bridges.** \$5 million is to repair, replace, and construct bridges and roads within the state forest road system.
- **State park and trail development.** \$5 million is to be used for acquisition projects in the state park and trail system.

### ***Pollution Control Agency***

- **Closed landfill program.** \$10 million is to design and construct remedial systems at publicly owned mixed municipal solid waste landfills.
- **Capital assistance program.** \$5.6 million is for solid waste processing facilities grant program.
- **Coal Tar Ponds.** The Governor recommends \$2.788 million for grants to cities to manage sediments in contaminated storm-water ponds.

***Minnesota Zoological Gardens***

- **Asset preservation.** \$7 million is recommended by the Governor for asset preservation projects at the Zoo.

***Metropolitan Council (parks)***

- **Metropolitan Regional Parks.** \$5 million is recommended by the Governor for the council's capital improvements program. Funds are used to acquire and improve the metro regional parks system. The funds will be distributed by the council to the regional park operating agencies.

*For further information on Environment, Energy and Natural Resources finance issues contact Jim Reinholdz, House Fiscal Analysis Department at 651.296.4281, Jim.Reinholdz@house.mn*

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# Health & Human Services

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The Department of Human Services received four requests totaling \$47.3 million in the Governor's capital budget.

<b>Health and Human Services Finance</b> <b>Governor's 2012 Capital Investment Recommendations</b> <i>(all dollars in thousands)</i>		
<b>Projects by Agency</b>	<b>Agency Request</b>	<b>Governor's Recs</b>
<b>Human Services</b>		
MN Security Hospital – St Peter	\$ 40,000	\$ 40,000
MN Sex Offender Program - St Peter	\$ 1,700	\$ 1,700
System-Wide Asset Preservation	\$ 5,000	\$ 2,500
Early Childhood Facilities	\$ 3,100	\$ 3,100
<b>Total</b>	<b>\$ 49,800</b>	<b>\$ 47,300</b>

Note: All agency requests are not noted above, but rather, only agency requests associated with the Governor's recommendations.

## **Minnesota Security Hospital – St Peter**

The Governor recommends \$40 million to fund phase I of a long range plan to move all operations of the Minnesota Security Hospital (MSH) in St Peter to the upper campus, separating them fully from the Minnesota Sex Offender Program (MSOP) facilities on the lower campus. This phase of the project funds design and construction of a new admissions unit, renovation of existing residential space, construction of new residential space, additional clinical and activity space, and general site work. Also included in this bonding request is planning through construction documents for phase II of this project

This project was originally submitted by the department as a \$70 million request pending further planning to refine the cost. The final request anticipates a phase II project in the 2014 bonding bill of \$35 million to construct additional residential, program, vocational and administrative space and final site work.

## **Minnesota Sex Offender Program – St Peter**

The Governor also recommends \$1.7 million to design renovation of the existing regional treatment center buildings on the lower campus at St Peter for use by the Minnesota Sex Offender Program (MSOP) as part of the department's long range plan to separate the MSOP and MSH programs. The 2011 bonding bill funded remodeling of Shantz Hall on the lower campus for use by MSOP but the department projects that by 2014 the program will need additional bed space. This request anticipates additional bonding for construction of \$18 million in 2014 and \$10 million in 2016.

### **Asset Preservation**

The Governor also recommends \$2.5 million for Human Services system-wide asset preservation projects.

### **Early Childhood Facilities**

Finally, the Governor recommends \$3.1 million for facilities grants to political subdivisions for early childhood facilities. These grants would be used by local entities to renovate or construct facilities owned by the state or a political subdivision and leased for programs such as Head Start, School Readiness, Early Childhood Family Education or licensed child care programs and must be matched by a 50 percent non-state contribution.

*For further information on Health and Human Services related topics, contact Doug Berg, House Fiscal Analysis at 651-296-5346 or [doug.berg@house.mn](mailto:doug.berg@house.mn)*

# Higher Education

The Governor's 2012 capital budget recommendations propose general obligation bond appropriations of \$189.923 million for projects under the jurisdiction of the Higher Education Committee. Of this amount, \$30.619 million of the bonds are user-financed, meaning the agency (in this case, MN State Colleges and Universities) will be responsible for paying back a portion of the project cost – usually, a third of the total.

Higher Education Finance Committee			
Governor's 2012 Capital Investment Recommendations			
(all dollars in thousands)			
Projects by Agency	Agency Request		Governor's Recs
MNSCU			
Asset Preservation (HEAPR)	\$	110,000	\$ 20,000
Minneapolis Community & Technical College	\$	13,389	\$ 13,389
Ridgewater College, Willmar	\$	13,851	\$ 13,851
MN West Community & Technical College	\$	4,606	\$ 4,606
South Central College, Fairbault	\$	13,315	\$ 13,315
Anoka-Ramsey Community College	\$	980	\$ 980
North Hennepin Community College	\$	26,292	\$ 26,292
Southwest MN State University, Marshall	\$	500	\$ 500
Saint Paul College	\$	1,500	\$ 1,500
Century College, White Bear Lake	\$	5,000	\$ 5,000
Dakota County Community & Tech College	\$	7,230	\$ 7,230
STEM Classroom and Lab Initiative	\$	5,200	\$ 5,200
University of Minnesota			
Asset Preservation (HEAPR)	\$	90,000	\$ 20,000
Old Main Utility Building Renovation	\$	54,000	\$ 54,000
Itasca Facilities Improvements	\$	4,060	\$ 4,060
Total	\$	349,923	\$ 189,923

The following is a summary by agency of the higher education capital projects recommended by the Governor for funding in the 2012 session.

### ***Minnesota State Colleges and Universities***

- **Asset Preservation.** The Governor recommends \$20 million for system-wide asset preservation which is also referred to as higher education asset preservation and replacement (HEAPR). The money will be spread among all of the agency's campuses for projects such as roof replacement, mechanical repair, plumbing and electric, and life safety and code compliance.
- **Minneapolis Community & Technical College.** This recommendation is for \$13.389 million to do a large renovation at the school's largest facility – the technical programs building.
- **Ridgewater College, Willmar.** \$13.851 million is recommended to be used largely to renovate space for Agriculture and Veterinary Technology programs, student administrative services, food service, and community outreach.
- **MN West Community & Technical College.** This school received a recommended amount of \$4.6 million to remodel and add on to one of the field houses on the Worthington campus. The construction will improve accessibility, allow deferred maintenance to be completed, and increase lab and classroom space.
- **South Central College, Faribault.** The Governor wants \$13.315 million to be used to renovate the school's primary building on campus. The change would bring updates to classrooms, and expand capacity in some of the technical programs.
- **Anoka-Ramsey Community College.** The recommendation is to spend \$980,000 to do the design work on a new addition to the science building on the Coon Rapids campus.
- **North Hennepin Community College.** The Governor would like to see approximately \$26.3 million used to build a bioscience and health careers center on this Brooklyn Park campus. If completed, the school would be able to expand offerings in programs like Nursing and Medical Laboratory Technology.
- **Southwest MN State University, Marshall.** This recommendation is for \$500,000 to design a new science facilities expansion in order to accommodate larger classes, incorporate wireless technology, adapt to current safety standards, and meet recommendations from the Americans with Disabilities Act.
- **Saint Paul College.** Governor Dayton recommends \$1.5 million to remodel the science and allied health facilities on this campus, along with purchasing new nursing lab simulation equipment. This would allow for growth in the allied health degree programs.

- **Century College, White Bear Lake.** \$5 million is recommended to build a classroom addition, renovate lab space, and replace heating, ventilation, and air conditioning systems and controls.
- **Dakota County Community & Tech College.** The Governor would like to spend \$7.23 million at this school for the renovation of their Transportation and Emerging Technologies labs.
- **STEM Classroom and Lab Initiative.** The Governor recommends \$5.2 million for the design and renovation of space at nine campuses to meet workforce training needs in the Science, Technology, Engineering and Math (STEM) fields.

### *University of Minnesota*

- **Asset Preservation.** This is another recommendation from the Governor for HEAPR. He recommends \$20 million be invested to improve upon physical assets on all of the University's campuses.
- **Old Main Utility Building Renovation.** The Governor recommends \$54 million to be used to renovate this decommissioned facility to be a multi-utility power plant that will serve the Minneapolis campus. It would allow for updates and reduce the campus' carbon footprint by 10 percent. The school will provide \$27 million in additional funds.
- **Itasca Facilities Improvements** This recommendation is for just over \$4 million to be used for a new student center, a renovation of the Lakeside Laboratory, and demolition of unsound buildings at the Itasca Biological Station. The school will provide just over \$2 million in additional funds.

*For further information on Higher Education finance issues contact Emily Adriaens, House Fiscal Analysis Department at 651.296.7171, [Emily.Adriaens@house.mn](mailto:Emily.Adriaens@house.mn)*

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# Jobs and Economic Development Finance

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## I. STATE AGENCY PROJECTS

The Governor's 2012 capital budget recommendations include five projects for the state agencies under the jurisdiction of the Jobs and Economic Development Finance Committee. The total recommended spending is \$52 million, with \$27 million funded with General Obligation (GO) bonds and \$25 million funded with Minnesota Housing Finance Agency bonds.

Jobs & Economic Development Finance			
Governor's 2012 Capital Investment Recommendations			
State Agencies Projects			
(all dollars in thousands)			
Projects by Agency	Agency Request		Governor's Recs
<b>Employment &amp; Economic Development</b>			
Greater MN Business Development Public Infrastructure	\$	10,000	\$ 5,000
Redevelopment Grant Program	\$	15,000	\$ 5,000
Transportation Economic Development Program	\$	30,000	\$ 10,000
<b>Housing Finance</b>			
Housing Infrastructure Bonds	\$	30,000	\$ 25,000
Public Housing Rehabilitation	\$	10,000	\$ 7,000
<b>Total</b>	<b>\$</b>	<b>95,000</b>	<b>\$ 52,000</b>

Note: All agency requests are not noted above, but rather, only agency requests associated with the Governor's recommendations.

## Department of Employment & Economic Development (DEED) - \$20 Million:

- Greater Minnesota Business Development Public Infrastructure Grants Program:** The Governor recommends \$5 million in GO bonding for the Greater Minnesota Business Development Public Infrastructure Grants Program. The program would be used to pay for public infrastructure improvements in support of private sector economic development or industrial park projects. The program is limited to 50 percent of costs, not to exceed \$1 million per grant, and is expected to leverage \$15 million in local match. The Department's original request was for \$10 million.
- Redevelopment Grant Program:** The Governor recommends \$5 million in GO bonding for the Redevelopment Grant Program. The program will be implemented statewide on a competitive basis, with available funds divided between Greater Minnesota and the seven

county Metropolitan Area. The program is expected to leverage \$7 million in local match. The Department's request was for \$15 million.

- **Transportation Economic Development Program:** The Governor recommends \$10 million in GO bonding for the Transportation Economic Development Program. The program is a competitive grant program that provides up to 70 percent of the transportation and other public infrastructure costs associated with economic development projects. The program is expected to leverage \$4 million in local match. The Department's original request was for \$30 million.

In addition to the projects that did receive recommended funding from the Governor, DEED submitted bonding requests for three other programs that were not recommended by the Governor. The programs and dollar amounts requested include:

- Innovative Business Development Public Infrastructure Grant Program (\$5 million)
- Demolition Redevelopment Loan Program (\$10 million)
- Transit Improvement Area Loan Program (\$10 million)

### **Housing Finance Agency - \$32 Million:**

- **Housing Infrastructure Bonds:** The Governor recommends \$25 million Housing Infrastructure Bonds. Specifically, the Governor is recommending a standing general fund appropriation of \$1.85 million per year for 20 years beginning in FY 2014. The appropriation will provide the debt service needed to fund \$25 million in bonds that will be issued by the MHFA. The bonds will allow MHFA to construct or acquire and rehabilitate permanent supportive housing, to acquire and rehabilitate federally subsidized rental housing, and to acquire and rehabilitate foreclosed properties. MHFA's original request was for \$30 million.
- **Public Housing Rehabilitation:** The Governor is recommending \$7 million in GO bonding for Public Housing Rehabilitation. The funds are expected to rehabilitate over 2,000 public housing units. The agency requested \$10 million for this program.

## ***II. Local Government Projects***

Local governments submitted 93 bonding requests for possible inclusion in the Governor's bonding recommendations. The total dollar amount of the requests was \$523.08 million.

The Governor is recommending that twelve local government bonding projects be funded by the 2012 Legislature. The twelve projects total \$146.152 million, and together are expected to leverage \$148.938 in local government and private matching funds.



<b>Jobs &amp; Economic Development Finance</b> <b>Governor's 2012 Capital Investment Recommendations</b> <b>Local Government Projects</b> (all dollars in thousands)		
Projects by Local Government	Loc Gov Request	Governor's Recs
Austin - Research & Technology Center	\$ 13,500	\$ 13,500
Lake Superior Lutsen Pipeline	\$ 3,600	\$ 3,600
Mankato - Civic Center Addition	\$ 14,500	\$ 14,500
Maplewood - Harriet Tubman Center East	\$ 3,935	\$ 3,435
Minneapolis - Nicollet Ave Rebuild	\$ 25,000	\$ 25,000
Mpls Park & Rec - Sculpture Garden	\$ 8,500	\$ 8,500
NE Regional Correction Center	\$ 737	\$ 737
Oakdale - Veteran's Memorial	\$ 30	\$ 30
Rochester - Mayo Civic Center Expansion	\$ 35,000	\$ 35,000
St. Cloud - Civic Center Expansion	\$ 10,100	\$ 10,100
St. Paul - Baseball Park	\$ 27,000	\$ 27,000
Wadena - Regional Wellness Center	\$ 4,750	\$ 4,750
<b>Total</b>	<b>\$ 146,652</b>	<b>\$ 146,152</b>

- **Austin - Research & Technology Center: \$13.5 million** to design and construct a new building addition to the Hormel Institute, University of Minnesota-Mayo Clinic. Local Government match: \$15.9 million
- **Lake Superior Lutsen Pipeline: \$3.6 million** to acquire an easement and construct a water transport pipeline from Lake Superior for residential, commercial and industrial purposes, including Lutsen Mountains. Local Government match: \$1.2 million
- **Mankato - Civic Center Addition: \$14.5 million** to expand the Civic Center Convention/Auditorium and to remodel portions of All Seasons Arena. Local Government match: \$15.641 million
- **Maplewood - Harriet Tubman Center East: \$3.435 million** to purchase and renovate the former St. Paul's Monastery to provide housing and support programs for individuals and families in crisis. Local Government match: \$3.435 million.
- **Minneapolis - Nicollet Ave Rebuild: \$25 million** to redesign and renovate the Nicollet Mall. Downtown Council match: \$25 million.

- **Minneapolis Parks & Recreation - Sculpture Garden: \$8.5 million** to design and complete a preservation and renovation project for the Sculpture Garden.
- **NE Regional Correction Center: \$737,000** to upgrade building systems and safety. Local Government match: \$737,000.
- **Oakdale - Veteran's Memorial: \$30,000** to construct a veteran's memorial. Local Government match: \$30,000.
- **Rochester - Mayo Civic Center Expansion: \$35 million** to expand and remodel the Mayo Civic Center. Local Government match: \$38.5 million.
- **St. Cloud - Civic Center Expansion: \$10.1 million** to design, construct and equip an expansion of the St. Cloud Civic Center. Local Government match: \$24 million.
- **St. Paul - Baseball Park: \$27 million** to acquire, design and construct a 7,500-seat regional sports facility. Local Government match: \$20 million.
- **Wadena - Regional Wellness Center: \$4.75 million** design and construction of a new regional wellness center for Wadena, Otter Tail and Todd counties. Local Government match: \$4.5 million.

## **Implications**

It is expected that many Local Government bonding projects not recommend for funding by the Governor will be introduced as separate bills in the 2012 Session. History shows that many of the bills will be referred to the Jobs and Economic Development Finance Committee for consideration.

*If you have any questions on Jobs and Economic Development Finance Committee related issues, please contact Ron Soderberg at 296-4162 or [ron.soderberg@house.mn](mailto:ron.soderberg@house.mn).*

## Public Safety and Judiciary

Governor Dayton's capital budget for public safety projects totals just under \$80 million in recommendations. The Governor's plan includes four projects totaling \$53.6 million for the Department of Corrections and one \$26 million project for the Department of public safety.

Public Safety			
Governor's 2012 Capital Investment Recommendations			
(all dollars in thousands)			
Projects by Agency	Agency Request		Governor's Recs
Department of Corrections			
Department Wide Asset Preservation	\$	40,000	\$ 15,000
Shakopee - Perimeter Security Fence	\$	5,407	\$ 5,407
St. Cloud - New Intake, Health Services & Loading Dock	\$	29,901	\$ 29,901
Stillwater - New Well & Water Treatment Facility	\$	3,391	\$ 3,391
Subtotal - Corrections	\$	78,699	\$ 53,699
Department of Public Safety			
State Emergency Operations Center, Arden Hills	\$	26,534	\$ 26,000
Total	\$	105,233	\$ 79,699

### *Department of Corrections*

The four requests from the department begin with a \$15 million request for asset preservation. The dollars would fund upgrades at the ten prison facilities for things like HVAC, roofing, windows, tuckpointing and other such projects.

The second Department priority funded by the Governor is for \$5.4 million to install a fence around the Shakopee women's correctional facility. The prison has never had a fence in the past, but has seen a dramatic rise in the inmate population over time, had several escapes, and houses many dangerous offenders.

A \$29.9 million proposal for new intake, health services and loading dock facilities at the St Cloud prison was the third project included by the Governor. This facility serves as the starting point for all prisoners entering the population in Minnesota before they are moved to other

facilities depending on custody level and the Department feels the buildings have become inadequate and unsafe for present day.

The final recommendation is to upgrade the well and water treatment at the Stillwater prison. One of the two wells at the prison is failing and Corrections feels that the facility would have to close if problems occur with the one remaining well.

### ***Department of Public Safety***

The governor recommends just one project for the Department of Public Safety, a \$26 million State Emergency Operations Center. The Department contends that their current rented space is insufficient for the current need and has features that do not meet suggested Department of Homeland Security's guidelines for emergency operations centers. The center would be located next to the National Guard in Arden Hills.

*For further information on Public Safety or Judiciary finance issues contact John Walz, House Fiscal Analysis Department at 651.296.8236, [John.Walz@house.mn](mailto:John.Walz@house.mn).*

# State Government

Governor Dayton recommends fourteen capital projects, totaling \$132.5 million, out of a total of \$188 million requested by agencies under the jurisdiction of the State Government Finance committee.

<b>State Government Finance</b> <b>Governor's 2012 Capital Investment Recommendations</b> (all dollars in thousands)		
Projects by Agency	Agency Request	Governor's Recs
<b>Administration</b>		
University Avenue Tunnel	6,600	6,600
Asset Preservation	21,000	21,000
Capitol campus parking replacement (User Financed)	900	900
Statewide CAPRA	5,000	2,500
Agency Relocation	1,500	1,000
State Office Building design	2,250	-
Ford Building	1,271	-
<b>Total Administration:</b>	<b>38,521</b>	<b>32,000</b>
<b>MN Amateur Sports Commission (MASC)</b>		
NW regional sports center, Moorhead	\$ 4,000	\$ -
SW regional sports center, Marshall	\$ 4,000	\$ -
NSC field development, Blaine	\$ 400	\$ -
National youth baseball center, Blaine	\$ 5,600	\$ -
Urban regional sports center/planning, St. Paul	\$ 100	\$ -
Asset preservation request - NSC HVAC replacement	\$ 375	\$ 375
<b>Total MASC:</b>	<b>\$ 14,475</b>	<b>\$ 375</b>
<b>MN Historical Society</b>		
Historic Sites Asset Preservation	\$ 7,331	\$ 3,250
Oliver Kelley Farm Revitalization	\$ 9,857	\$ -
County and Local Historic Preservation Grants	\$ 1,500	\$ -
<b>Total MN Historical Society</b>	<b>\$ 18,688</b>	<b>\$ 3,250</b>

Projects by Agency	Agency Request	Governor's Recs
<b>Military Affairs</b>		
Asset Preservation	\$ 10,400	\$ 5,500
Camp Ripley Education Center Addition	\$ 19,500	\$ 19,500
<b>Total Military Affairs:</b>	<b>\$ 29,900</b>	<b>\$ 25,000</b>
<b>Public Facilities Authority</b>		
State Matching Funds for USEPA Capitalization Grants	\$ 17,077	\$ 17,077
Wastewater Infrastructure Fund	\$ 31,000	\$ 25,000
<b>Total PFA:</b>	<b>\$ 48,077</b>	<b>\$ 42,077</b>
<b>Veterans Affairs</b>		
Minneapolis Nursing Care Bed Replacement - Phase 3	\$ 25,420	\$ 25,420
Minneapolis Building 13 Centralized Pharmacy	\$ 1,366	\$ 1,366
Asset Preservation	\$ 6,748	\$ 3,000
Minneapolis Veterans Home Tuckpointing	\$ 2,354	\$ -
Veterans Homes Lifts	\$ 1,286	\$ -
Silver Bay Resident Porches	\$ 731	\$ -
<b>Total Veterans Affairs:</b>	<b>\$ 37,905</b>	<b>\$ 29,786</b>
<b>Total</b>	<b>\$ 187,566</b>	<b>\$ 132,488</b>

*Note: All agency requests are not noted above, but rather, only agency requests associated with the Governor's recommendations.*

## Administration

The Governor recommends \$32 million for five projects, with \$30.1 million from general obligation bond financing, \$900,000 in user financing and \$1 million from the General Fund.

- **Asset Preservation:** \$21 million for two asset preservation projects in the Capitol Complex.
  - **\$13.5 million for the Capitol:** \$12.5 million will be used for stone repairs on the exterior, and \$1 million for the sacrificial HVAC, electrical and plumbing repairs. The Capitol building alone has an identified backlog of deferred maintenance of more than \$100 million.
  - **\$7.5 million for the Centennial Office:** Funds will be used to replace the main electrical switch system, secondary service wiring, system transformers and circuit breakers.
- **Statewide CAPRA (Capital Asset Preservation and Replacement Account):** \$2.5 million in GO bond financing for the Capital Asset Preservation and Replacement Account (CAPRA). CAPRA is a statewide fund for emergency repairs and unanticipated hazardous material abatement. The fund is administered by the Department of Administration on behalf of other state agencies. Since the program was started in 1990, more than of \$85 million in both GO bonds and General Fund dollars has been appropriated for CAPRA projects.

### Repair & Maintenance Funding for State Buildings

The state has several sources of funding for repair and maintenance. Smaller repairs are covered through agency operating budgets. Known repair and maintenance needs above \$25,000 are included in the asset preservation recommendations for several state agencies (including Administration, and the Department of Military Affairs, as discussed below). CAPRA (Capital Asset Preservation and Repair Account) is limited to emergency repairs. Administration also accumulates funds collected as rent to recover depreciation on buildings or construction projects funded through state bonds. These funds are deposited in the Facilities Repair & Replacement Account in the special revenue fund, and are available for asset preservation projects.

Sources of Funds Available for Maintenance & Repair of State Buildings		
	How are Funds Requested?	How are Funds Used?
Operating Funds	Requested by each agency in its operation budget.	Projects are typically under \$25,000. Usually used for the day-to-day maintenance projects.
Asset Preservation	Requested by each agency in a capital budget request	Known repair and maintenance projects costing between \$25,000 and \$300,000.
CAPRA	Central account managed by Admin for use by state agencies. Request is based on historical spending and information from all state agencies regarding their facility needs	CAPRA funds may be used for emergencies, removal of life/safety hazards, containment of hazardous substances, and repair/replacement of roofs, windows, tuckpointing and structural elements necessary to preserve the building.
Facilities Repair & Replacement Account	Money collected by Administration as rent to recover the depreciation costs of buildings under Admin's custodial control	Used only for asset preservation projects on buildings from which money is collected.

In addition to the repair and maintenance projects, the recommended projects for Administration include:

- University Avenue Tunnel:** The Governor recommends \$6 million for final design and construction of a pedestrian tunnel under University Avenue to connect the Capitol with parking lot B (next to the Administration Building). The tunnel will run adjacent to an existing utility tunnel. Administration believes it would be impractical to build a tunnel under University after the Central Corridor Light Rail transit is completed.
- Agency Relocation:** The Governor recommends \$1 million from the General Fund for unanticipated agency relocation costs. The request is for needs not covered under other capital requests, including reorganizations and downsizing, landlords choosing not to renew agency leases, or sale of a facility.

- **Capitol Campus parking replacement:** The Governor's recommendations also include \$900,000 in user financing to design a new multi-level parking ramp for the west side of the Capitol Complex. The ramp would replace the surface lot parking currently leased from Sears. The lease was recently extended for a limit of 2 years, at increased cost to the state. Administration believes Sears wants to maintain flexibility to pursue development opportunities at the site with the construction of Light Rail.

This request includes planning estimates of \$8 million for construction of the ramp. Debt service on the ramp would be paid through the parking fees charged to state employees.

- **Not recommended:** The Governor did not recommend funding for two of Administration's requests: funds to plan for repair and replacement of building systems in the State Office Building and ramp; and funds to demolish the Ford Building located at 117 University Avenue.

### ***Minnesota Amateur Sports Commission (MASC)***

The Governor recommends \$375,000 in GO bond financing to replace the heating, ventilation and air conditioning (HVAC) systems at the indoor sports hall at the National Sports Center in Blaine. The systems are over 20 years old.

The Governor did **not** recommend funding for the MASC's other requests: Construction of regional sports centers in Moorhead and Marshall, athletic field development and construction of a National Youth Baseball Center at the National Sports Center, and planning for an Urban Regional Sports Center in St. Paul.

### ***Minnesota Historical Society***

The Governor recommends \$3.25 million in GO bond financing for one project requested by the Minnesota Historical Society:

- **Historic Sites Asset preservation:** \$3.25 million is for preservation and restoration of historic structures, landscapes and buildings. Funds would be used for HVAC replacements, energy improvements and masonry preservation projects statewide. Specific projects would also include building renovations at Historic Fort Snelling, and restoration work at the Lindbergh House.

### ***Military Affairs***

The Governor recommends \$25 million in GO bond financing for two projects at National Guard facilities. The department manages over 4.6 million square feet of facilities at over 1500 buildings across the state, including Camp Ripley and the 62 armories, officially called Training and Community Centers. The two projects are:



- **Asset preservation:** \$5.5 million for deferred maintenance projects at armories and training facilities. The request is based on detailed facilities audits, which document a maintenance backlog of over \$40 million. The average age of the state's armory facilities is over 48 years.

Priority projects include the facilities at Cottage Grove, Roseville, Austin, Chisholm and Pipestone. The state funds will be matched 50 percent by federal funds.

- **Camp Ripley Education Center Addition:** \$19.5 million to construct classroom space, lodging and dining facilities in an addition to the existing Education Center. The 2011 capital bill included \$1.83 million for design of this addition.

Operating costs for the facility will be paid for by its users, including state agencies. Federal funds will support most of the maintenance and utility costs, as the predominate use of the facility will be for military training.

### ***Public Facilities Authority (PFA)***

The Governor recommends \$42.1 for two requests from the Public Facilities Authority:

- **Matching Funds for Capitalization Grants:** \$17.1 million to fully fund the request for state matching funds for U.S. Environmental Protection Agency (EPA) Capitalization Grants. The funding is expected to access \$85.4 million in federal EPA funds for the for the Clean Water Revolving Fund and the Drinking Water Revolving Fund in FY 2012-13.

Funds are awarded to projects based on rankings prepared by the Minnesota Pollution Control Agency (for clean water projects) and the Minnesota Department of Health (for drinking water projects).

- **Wastewater Infrastructure Fund (WIF):** \$25 million for the WIF program, to provide supplemental assistance grants for high cost wastewater projects. The grants are made in conjunction with either USDA rural development funds or PFA clean water revolving fund loans.

## ***Veterans Affairs***

The Governor recommends \$29.8 for three projects at the Department of Veterans Affairs::

**Minneapolis Nursing Care Bed Replacement:** \$25.4 million for the final phase of this project.

	<b>State</b>	<b>Federal</b>	<b>Total</b>
Part A:New Skilled Nursing Building	21,027	17,550	38,577
Part B: Distribution / Service Tunnel	3,693		3,693
Part C: Technology Infrastructure	700		700
<b>Total Mpls Building 17:</b>	<b>25,420</b>	<b>17,550</b>	<b>42,970</b>

- **Minneapolis Building 13 Centralized Pharmacy:** \$1.4 million to design, remodel and furnish a historic building to be used as the veteran's homes central pharmacy. This project may require additional operating funds in the future.
- **Asset Preservation:** \$3 million for renovation and upgrades to the 50 buildings under control of the department. Projects are located at the five veterans homes as well as the Veterans Cemetery in Little Falls.
- **Not Recommended:** The Governor did not recommend funding for three of the department's requests: tuckpointing at the Minneapolis Veterans Home, installation of fixed track trolley lifts in some skilled resident nursing rooms, and construction of four-season porches at the Silver Bay Veterans home.

*For additional information on State Government finance issues, contact Helen Roberts at 651-296-4117 or [Helen.roberts@house.mn](mailto:Helen.roberts@house.mn).*

# Transportation

The Governor's recommendations for transportation projects make up approximately 11.3 percent of his overall 2012 capital budget. Of the thirteen agency requests for 2012, the Governor chose to recommend ten of those requests. Agency transportation requests totaled \$259.3 million, and the Governor provided funding in his budget for \$99.1 million of those projects. Below is a summary of the Governor's recommendations and related agency requests.

<b>Transportation Finance and Policy Division</b> <b>Governor's 2012 Capital Investment Recommendations</b> (all dollars in thousands)		
Projects by Agency	Agency Request	Governor's Recs
<b>Department of Transportation</b>		
Local Bridge Replacement Program	\$ 75,000	\$ 25,000
Greater Minnesota Transit	\$ 20,685	\$ 10,000
Railroad Grade Warning Device Replacement	\$ 5,000	\$ 2,500
Rochester Maintenance Facility	\$ 16,100	\$ 16,100
Willmar Maintenance Facility	\$ 7,500	\$ 7,500
Plymouth Truck Station	\$ 5,600	\$ 5,600
Cambridge Truck Station	\$ 3,300	\$ 3,300
Design Fees - Crookston, Eden Prairie, Mendota	\$ 1,100	\$ 1,100
Port Development Assistance	\$ 10,000	\$ 3,000
<b>Metropolitan Council</b>		
Southwest Corridor LRT	\$ 25,000	\$ 25,000
<b>Total</b>	<b>\$ 169,285</b>	<b>\$ 99,100</b>

Note: All agency requests are not noted above, but rather, only agency requests associated with the Governor's recommendations.

Funding sources for the projects include general obligation bonds, trunk highway bonds, and trunk highway fund cash. Agency requests over \$20 million not recommended for funding by the Governor include \$30 million for Local Road Improvement Fund Grants and \$50 million for a High Speed Rail Corridor State Match. Additional information on the projects recommended for funding is included below.

## ***Department of Transportation***

- **Local Bridge Replacement Program:** \$25.0 million in GO bonds to replace or rehabilitate approximately 82 bridges owned by local units of government. This will be supplemented with \$50 million in additional federal funds.
- **Greater Minnesota Transit:** \$10.0 million in GO bonds to address transit facilities needs in Mankato, Duluth and St. Cloud. This will be supplemented with \$2.2 million in local government matching funds.
- **Railroad Grade Warning Device Replacement:** \$2.5 million in GO bonds for replacing aging warning devices where railroads cross highways.
- **Rochester Maintenance Facility:** \$16.1 million in trunk highway bonds for construction and renovation of the existing district headquarters/maintenance facility. The building will also house a Driver and Vehicle Service office and the Minnesota State Patrol.
- **Willmar District Headquarters:** \$7.5 million in trunk highway fund cash for construction of an addition to the existing headquarters building, including additional vehicle storage, truck wash, improved inventory area, radio shop and new training room.
- **Plymouth Truck Station:** \$5.6 million in trunk highway fund cash for a new truck station and vehicle maintenance facility in Plymouth. The new building will include offices, heated vehicle storage, truck wash and employee support areas.
- **Cambridge Truck Station:** \$3.3 million in trunk highway fund cash for a new truck station and vehicle maintenance facility on an existing DOT site in Cambridge. The new building will include offices, mechanic's work bays, heated vehicle storage, employee support areas, unheated storage, salt storage building and brine construction and storage.
- **Design Fees for the Crookston Headquarters and Eden Prairie and Mendota Truck Stations:** \$1,100,000 in trunk highway fund cash. Of this, \$300,000 is for Crookston headquarters planning, and \$400,000 each is for the Eden Prairie and Mendota Truck Stations planning.
- **Port Development Assistance:** \$3 million in GO bonds to improve freight handling on Minnesota's commercial waterway systems. Local governments typically provide a 20 percent match on total project costs.

## ***Metropolitan Council***

Southwest Corridor Light Rail: \$25.0 million in GO bonds for the initial phase of construction of the Southwest Corridor line (Minneapolis to Eden Prairie). The full share of state funding for this project will require an additional bond appropriation. Total costs will be shared 50 percent federal, 40 percent local and 10 percent state.

## ***Implications and Considerations***

For a number of the transportation capital projects discussed above, MnDOT and the Governor recommended using trunk highway fund cash rather than trunk highway bonds to fund the projects. By the end of the FY 2012-13 biennium, the trunk highway fund is expected to have a balance of \$203 million. By the end of the FY 2014-15 biennium, this balance is expected to grow to \$218 million based on the projected revenues and expenditures; the fund has the capacity to support using cash for the recommended projects.

However, the discussion as to whether to use trunk highway bonds or cash goes beyond fund balances and onto larger policy topics since bonds are financed over 20 years or more and cash is an immediate obligation. Some of these topics include: the amount that should be left in the fund to deal with unanticipated fluctuations (e.g. changes in revenues, unanticipated needs, etc.), the percent of trunk highway funds that should go towards debt service payments, the amount of additional funding that could be used for other activities (e.g. maintenance or construction of roads), and the fundamental discussion of pay-as-you go versus bond financing. MnDOT is currently working on a debt management policy for the trunk highway fund and is also developing additional policies on fund management.

*For further information on Transportation finance issues contact Melissa Johnson, House Fiscal Analysis Department at 651-296-4178 or [Melissa.Johnson@house.mn](mailto:Melissa.Johnson@house.mn).*

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<b>2012 Capital Budget</b> (all \$ in thousands)				
<b>AGENCY</b> <b>Project Title</b>	<b>Fund</b>	<b>Gov's Recs. 1/17/2012</b>	<b>Revised 2012 Agency Requests</b>	<b>2012 Priority Rank</b>
<b>UNIVERSITY OF MINNESOTA</b>				
Higher Education Asset Preservation and Replacement (HEAPR)	GO	\$ 20,000	\$ 90,000	1
Combined Heat and Power Plant	GO	\$ 54,000	\$ 54,000	2
Itasca Facilities Improvements	GO	\$ 4,060	\$ 4,060	3
Eddy Hall and Space Optimization	GO	\$ -	\$ 14,000	4
American Indian Learning Resource Center	GO	\$ -	\$ 7,350	5
<b>Total - GO</b>		<b>\$ 78,060</b>	<b>\$ 169,410</b>	
<b>MN STATE COLLEGES &amp; UNIVERSITIES</b>				
Higher Education Asset Preservation and Replacement (HEAPR)	GO	\$ 20,000	\$ 110,000	1
Minneapolis Community and Technical College - Workforce Program Renovation	GO/UF	\$ 13,389	\$ 13,389	2
Ridgewater College, Willmar - Technical Instruction Lab Renovation	GO/UF	\$ 13,851	\$ 13,851	3
Minnesota West Community and Technical College, Worthington - Renovation and Addition	GO/UF	\$ 4,606	\$ 4,606	4
South Central College, Faribault Classroom Renovation and Addition	GO/UF	\$ 13,315	\$ 13,315	5
Anoka-Ramsey Community College, Coon Rapids - Bioscience and Allied Health Addition	GO/UF	\$ 980	\$ 980	6
North Hennepin Community College - Bioscience and Health Careers Addition	GO/UF	\$ 26,292	\$ 26,292	7
Southwest Minnesota State University - Science Lab Renovation Design	GO/UF	\$ 500	\$ 500	8
St. Paul College - Health and Science Alliance Center Design	GO/UF	\$ 1,500	\$ 1,500	9
Century College - Academic Partners Classroom Addition Design and Construction	GO/UF	\$ 5,000	\$ 5,000	10
Dakota County Technical College - Transportation and Emerging Technologies Lab Ren.	GO/UF	\$ 7,230	\$ 7,230	11
Rochester Community and Technical College - Workforce Center Co-Location	GO/UF	\$ -	\$ 3,146	12
Science, Technology, Engineering and Math Initiative	GO/UF	\$ 5,200	\$ 5,200	13
Minnesota State University, Mankato - Clinical Science Design	GO/UF	\$ -	\$ 2,065	14
Bemidji State University - Business Building Addition/Renovation Design and Demo	GO/UF	\$ -	\$ 3,303	15
Metropolitan State University - Science Education Center Construction	GO/UF	\$ -	\$ 31,000	16
Rochester Community and Technical College - Classroom Renovation Design	GO/UF	\$ -	\$ 900	17
Central Lakes College, Staples - Agriculture Rightsizing, Main Building	GO/UF	\$ -	\$ 3,458	18
NHED Itasca Community College - Demolition, Renovation, and Addition	GO/UF	\$ -	\$ 4,549	19
Riverland Community College Albert Lea - Demolition, Rightsizing, and Renovation	GO/UF	\$ -	\$ 3,083	20
Energy Initiative	GO/UF	\$ -	\$ 3,700	21
Classroom Renovation Initiative	GO/UF	\$ -	\$ 2,675	22
Minnesota State Community and Technical College, Moorhead - Transportation Center	GO/UF	\$ -	\$ 5,210	23
Winona State University - Business and Classroom Renovation	GO/UF	\$ -	\$ 5,828	24
St. Cloud Technical and Community College - Main Building Renovation	GO/UF	\$ -	\$ 4,067	25
Alexandria Technical and Community College - Main Building Renovation	GO/UF	\$ -	\$ 3,875	26
<b>Total</b>		<b>\$ 111,863</b>	<b>\$ 278,722</b>	
<b>GO</b>		<b>\$ 81,244</b>	<b>\$ 222,481</b>	
<b>UF</b>		<b>\$ 30,619</b>	<b>\$ 56,241</b>	
<b>DEPARTMENT OF EDUCATION</b>				
Red Lake ISD #38 Capital Loan	GO	\$ -	\$ 32,516	1
Rushford-Peterson ISD #239 Cooperative Facilities Grant	GO	\$ -	\$ 20,000	2
Library Accessibility and Improvement Grants	GO	\$ -	\$ 3,000	3
<b>Total - GO</b>		<b>\$ -</b>	<b>\$ 55,516</b>	
<b>MINNESOTA STATE ACADEMIES</b>				
Asset Preservation	GO	\$ 1,000	\$ 3,000	1
MSA Technology Center	GO	\$ 6,150	\$ 6,150	2
Frechette Hall and Laundry Building Demolition	GO	\$ 450	\$ 450	3
MSAD Parking Lot	GO	\$ -	\$ 400	4
MSAD Independent Living	GO	\$ -	\$ 500	5
<b>Total - GO</b>		<b>\$ 7,600</b>	<b>\$ 10,500</b>	
<b>PERPICH CENTER FOR THE ARTS EDUCATION</b>				
Storm Drainage	GO	\$ 100	\$ 100	1
Loading Dock Repair	GO	\$ 64	\$ 64	1
Road Repair	GO	\$ 99	\$ 99	1
<b>Total - GO</b>		<b>\$ 263</b>	<b>\$ 263</b>	

69	AGENCY Project Title	Fund	Gov's Recs. 1/17/2012	Revised 2012 Agency Requests	2012 Priority Rank
70	<b>DEPARTMENT OF NATURAL RESOURCES</b>				
71					
72	Flood Hazard Mitigation	GO	\$ 20,000	\$ 30,000	1
73	Dam Repair/Reconstruction/Removal	GO	\$ 7,000	\$ 7,000	2
74	Asset Preservation	GO	\$ 3,000	\$ 10,000	3
75	Waster Access Renewal/Aquatic Invasive Species Control	GO	\$ 12,000	\$ 12,000	4
76	Groundwater Monitoring, Observation Wells	GO	\$ 500	\$ 500	5
77	RIM Critical Habitat Match	GO	\$ 3,000	\$ 3,000	6
78	Roads and Bridges	GO	\$ 5,000	\$ 8,000	7
79	State Land Reforestation and Stand Improvement	GO	\$ -	\$ 6,000	8
80	Buildings and Facilities Master Plan Implementation	GO	\$ -	\$ 10,000	9
81	Fish Hatchery Improvements	GO	\$ -	\$ 3,000	10
82	Connecting People to the Outdoors/Parks and Trails Development	GO	\$ 5,000	\$ 30,500	11
83	Vermilion State Park Development	GO	\$ -	\$ 13,000	12
84	SNA and Native Prairie Bank Acquisition and Development	GO	\$ -	\$ 5,000	13
85	WMA/AMA Acquisition and Development	GO	\$ -	\$ 5,000	14
86	Wetland Improvement and Development	GO	\$ -	\$ 3,000	15
87	School Trust Fund Land Acquisition	GO	\$ -	\$ 5,000	16
88	Stream Protection and Restoration	GO	\$ -	\$ 1,500	17
89	Fish Habitat Improvements	GO	\$ -	\$ 500	18
90	State Forest Land Acquisition	GO	\$ -	\$ 1,500	19
91	Minnesota Forests for the Future	GO	\$ -	\$ 1,500	20
92	Parks and Trails Local and Regional Grant Program	GO	\$ -	\$ 3,000	21
93	Environmental Campus Predesign	GO	\$ -	\$ 1,000	22
94					
95		<b>Total - GO</b>	<b>\$ 55,500</b>	<b>\$ 160,000</b>	
96					
97	<b>POLLUTION CONTROL AGENCY</b>				
98					
99	Closed Landfill Program	GO	\$ 10,000	\$ 10,000	1
100	Capital Assistance Program	GO	\$ 5,600	\$ 8,000	2
101	Coal Tar Ponds	GO	\$ 2,788	\$ 5,000	3
102					
103		<b>Total - GO</b>	<b>\$ 18,388</b>	<b>\$ 23,000</b>	
104					
105	<b>BOARD OF WATER AND SOIL RESOURCES</b>				
106					
107	Reinvestment in Minnesota (RIM) Program	GO	\$ -	\$ 25,000	1
108	Local government Roads Wetland Replacement	GO	\$ -	\$ 13,100	2
109	Grass Lake Wetland Restoration	GO	\$ -	\$ 1,600	3
110					
111		<b>Total - GO</b>	<b>\$ -</b>	<b>\$ 39,700</b>	
112					
113	<b>DEPARTMENT OF AGRICULTURE</b>				
114	Rural finance authority loans	UF	\$ 33,000	\$ 33,000	1
115	Emergency power supply for MDA/MDH Labs	GO	\$ 706	\$ 706	2
116					
117		<b>Total</b>	<b>\$ 33,706</b>	<b>\$ 33,706</b>	
118		GO	\$ 706	\$ 706	
119		UF	\$ 33,000	\$ 33,000	
120					
121	<b>MINNESOTA ZOOLOGICAL GARDENS</b>				
122					
123	Asset Preservation/Exhibit Renewal	GO	\$ 7,000	\$ 29,983	1
124	Master Plan Projects	GO	\$ -	\$ 8,820	2
125					
126		<b>Total - GO</b>	<b>\$ 7,000</b>	<b>\$ 38,803</b>	
127					
128	<b>ADMINISTRATION</b>				
129					
130	University Avenue Tunnel	GO	\$ 6,600	\$ 6,600	1
131	Asset Preservation	GO	\$ 21,000	\$ 21,000	2
132	Capitol campus parking replacement	UF	\$ 900	\$ 900	3
133	Statewide CAPRA	GO	\$ 2,500	\$ 5,000	4
134	Agency Relocation	GF	\$ 1,000	\$ 1,500	5
135	State Office Building design	GO	\$ -	\$ 2,250	6
136	Ford Building	GO	\$ -	\$ 1,271	7
137					
138		<b>Total</b>	<b>\$ 32,000</b>	<b>\$ 38,521</b>	
139		GO	\$ 30,100	\$ 36,121	
140		UF	\$ 900	\$ 900	
141		GF	\$ 1,000	\$ 1,500	



AGENCY Project Title	Fund	Gov's Recs. 1/17/2012	Revised 2012 Agency Requests	2012 Priority Rank
<b>AMATEUR SPORTS COMMISSION</b>				
NW regional sports center, Moorhead	GO	\$ -	\$ 4,000	1
SW regional sports center, Marshall	GO	\$ -	\$ 4,000	2
NSC field development, Blaine	GO	\$ -	\$ 400	3
National youth baseball center, Blaine	GO	\$ -	\$ 5,600	4
Urban regional sports center/planning, St. Paul	GO	\$ -	\$ 100	5
Asset preservation request - NSC HVAC replacement	GO	\$ 375	\$ 375	6
<b>Total - GO</b>		<b>\$ 375</b>	<b>\$ 14,475</b>	
<b>MILITARY AFFAIRS</b>				
Asset Preservation	GO	\$ 5,500	\$ 10,400	1
Camp Ripley Education Center Addition	GO	\$ 19,500	\$ 19,500	4
<b>Total - GO</b>		<b>\$ 25,000</b>	<b>\$ 29,900</b>	
<b>DEPARTMENT OF PUBLIC SAFETY</b>				
State Emergency Operations Center, Arden Hills	GO	\$ 26,000	\$ 26,534	1
<b>Total - GO</b>		<b>\$ 26,000</b>	<b>\$ 26,534</b>	
<b>DEPARTMENT of TRANSPORTATION</b>				
Local Bridge Replacement Program	GO	\$ 25,000	\$ 75,000	1
Greater Minnesota Transit	GO	\$ 10,000	\$ 20,685	2
Local Road Improvement Fund Grants	GO	\$ -	\$ 30,000	3
Highway/Rail Grade Crossing Warning System Replacement	GO	\$ 2,500	\$ 5,000	4
Rochester Maintenance Facility	THB	\$ 16,100	\$ 16,100	5
Willmar District Headquarters	THF	\$ 7,500	\$ 7,500	6
Plymouth Truck Station	THF	\$ 5,600	\$ 5,600	7
Cambridge Truck Station	THF	\$ 3,300	\$ 3,300	8
Design Fees-Crookston, Eden Prairie, Mendota Truck Stations	THF	\$ 1,100	\$ 1,100	9
Rail Service Improvements	GO	\$ -	\$ 10,000	10
Port Development Assistance	GO	\$ 3,000	\$ 10,000	11
High Speed Rail Corridor State Match	GO	\$ -	\$ 50,000	12
<b>Total</b>		<b>\$ 74,100</b>	<b>\$ 234,285</b>	
	GO	\$ 40,500	\$ 200,685	
	THF	\$ 17,500	\$ 17,500	
	THB	\$ 16,100	\$ 16,100	
<b>METROPOLITAN COUNCIL</b>				
SW Corridor LRT	GO	\$ 25,000	\$ 25,000	1
Metropolitan Regional Parks	GO	\$ 5,000	\$ 10,500	2
Transitway Corridor Program	GO	\$ -	\$ 25,000	3
Renewable Energy Initiatives	GO	\$ -	\$ 8,000	4
<b>Total - GO</b>		<b>\$ 30,000</b>	<b>\$ 68,500</b>	
<b>DEPARTMENT of HUMAN SERVICES</b>				
MSH, St. Peter Campus - Design & Construct New Facilities, Phase 1	GO	\$ 40,000	\$ 40,000	1
MSOP, St. Peter Campus - Predesign/Design/Remodel/Construct	GO	\$ 1,700	\$ 1,700	2
Systemwide Asset Preservation	GO	\$ 2,500	\$ 5,000	3
Early Childhood Learning Facilities	GO	\$ 3,100	\$ 3,100	4
<b>Total - GO</b>		<b>\$ 47,300</b>	<b>\$ 49,800</b>	
<b>VETERANS AFFAIRS DEPARTMENT</b>				
Minneapolis Nursing Care Bed Replacement - Phase 3	GO	\$ 25,420	\$ 25,420	1
Minneapolis Building 13 Centralized Pharmacy	GO	\$ 1,366	\$ 1,366	2
Asset Preservation	GO	\$ 3,000	\$ 6,748	3
Minneapolis Veterans Home Tuckpointing	GO	\$ -	\$ 2,354	4
Veterans Homes Lifts	GO	\$ -	\$ 1,286	5
Silver Bay Resident Porches	GO	\$ -	\$ 731	6
<b>Total - GO</b>		<b>\$ 29,786</b>	<b>\$ 37,905</b>	

AGENCY Project Title	Fund	Gov's Recs. 1/17/2012	Revised 2012 Agency Requests	2012 Priority Rank
<b>DEPARTMENT OF CORRECTIONS</b>				
MCF - Department Wide Asset Preservation	GO	\$ 15,000	\$ 40,000	1
MCF, Shakopee - Perimeter Security Fence	GO	\$ 5,407	\$ 5,407	2
MCF, Shakopee - Intake, Segregation, Kitchen/Dining Expansion & Renovation	GO	\$ -	\$ 17,372	3
MCF, St. Cloud - New Intake, Health Services & Loading Dock	GO	\$ 29,901	\$ 29,901	4
MCF, Shakopee - Escape Alert System	GO	\$ -	\$ 1,799	5
MCF, Stillwater - New Well & Water Treatment Facility	GO	\$ 3,391	\$ 3,391	6
MCF, Rush City - Behavioral Health Expansion	GO	\$ -	\$ 10,631	7
MCF, Moose Lake - Master Control & Miscellaneous Renovation	GO	\$ -	\$ 1,617	8
MCF, Lino Lakes - Visitation & Program Spaces Expansion	GO	\$ -	\$ 5,014	9
MCF, Stillwater - Warehouse Renovation	GO	\$ -	\$ 3,248	10
<b>Total - GO</b>		<b>\$ 53,699</b>	<b>\$ 118,380</b>	
<b>EMPLOYMENT AND ECONOMIC DEVELOPMENT</b>				
Greater MN Business Development Public Infrastructure Grant Program	GO	\$ 5,000	\$ 10,000	1
Redevelopment Grant Program	GO	\$ 5,000	\$ 15,000	2
Transportation Economic Development Program	GO	\$ 10,000	\$ 30,000	3
Innovative Business Development Infrastructure Grant Program	GO	\$ -	\$ 5,000	4
Demolition Redevelopment Loan Program	GO	\$ -	\$ 10,000	5
Transit Improvement Area Loan Program	GO	\$ -	\$ 10,000	6
<b>Total - GO</b>		<b>\$ 20,000</b>	<b>\$ 80,000</b>	
<b>PUBLIC FACILITIES AUTHORITY</b>				
State Matching Funds for USEPA Capitalization Grants	GO	\$ 17,077	\$ 17,077	1
Wastewater Infrastructure Fund	GO	\$ 25,000	\$ 31,000	2
<b>Total - GO</b>		<b>\$ 42,077</b>	<b>\$ 48,077</b>	
<b>MN HOUSING FINANCE AGENCY</b>				
Foreclosure Remediation and Support Housing	MHFA	\$ 25,000	\$ 30,000	1
Debt Service - Foreclosure Remediation and Supportive Housing <sup>1</sup>	GF	\$ 1,850	\$ 2,400	1
Public Housing Rehabilitation	GO	\$ 7,000	\$ 10,000	2
<b>Total</b>		<b>\$ 33,850</b>	<b>\$ 42,400</b>	
	GF	\$ 1,850	\$ 2,400	
	GO	\$ 7,000	\$ 10,000	
	MHFA	\$ 25,000	\$ 30,000	
<b>MINNESOTA HISTORICAL SOCIETY</b>				
Historic Sites Asset Preservation	GO	\$ 3,250	\$ 7,331	1
Oliver Kelley Farm Revitalization	GO	\$ -	\$ 9,857	2
County and Local Historic Preservation Grants	GO	\$ -	\$ 1,500	3
<b>Total - GO</b>		<b>\$ 3,250</b>	<b>\$ 18,688</b>	

AGENCY Project Title	Fund	Gov's Recs. 1/17/2012	Revised 2012 Agency Requests	2012 Priority Rank
<b>LOCAL GOVERNMENT PROJECTS<sup>2</sup></b>				
International Center of Research and Technology, Austin	GO	\$ 13,500	\$ 13,500	1
Lutsen - Lake Superior Water Project, Cook County / Grand Marais EDA	GO	\$ 3,600	\$ 3,600	1
Civic Center Convention/Auditorium Addition and Minnesota State University, Mankato Hockey Related Im	GO	\$ 14,500	\$ 14,500	1
Harriet Tubman Center East, Maplewood	GO	\$ 3,435	\$ 3,935	1
Nicollet Avenue Rebuild, Minneapolis	GO	\$ 25,000	\$ 25,000	1
Sculpture Garden Preservation and Renovation, Minneapolis Parks and Rec	GO	\$ 8,500	\$ 8,500	1
Veterans Memorial, Oakdale	GO	\$ 30	\$ 30	1
Mayo Civic Center Expansion, Rochester	GO	\$ 35,000	\$ 35,000	1
St. Cloud Civic Center Expansion Project, St. Cloud	GO	\$ 10,100	\$ 10,100	1
Northeast Regional Correctional Center (NERCC) Facility Improvements, St. Louis, Koochiching, Lake, Co	GO	\$ 737	\$ 737	1
Regional Baseball Park and Amateur Recreation Facility, St. Paul	GO	\$ 27,000	\$ 27,000	1
Regional Wellness Center, Wadena	GO	\$ 4,750	\$ 4,750	1
	<b>Total - GO</b>	<b>\$ 146,152</b>	<b>\$ 146,652</b>	
<b>MN Management and Budget</b>				
Bond Sale Expenses	GO	TBD		
Bond Sale Expenses	THB	TBD		
	<b>Total</b>		\$ -	
	GO		\$ -	
	THB		\$ -	
<b>DIRECT APPROPRIATIONS</b>				
	GO	\$ 750,000	\$ 1,381,581	
	UF	\$ 64,519	\$ 89,241	
	GF	\$ 1,000	\$ 3,900	
	THF	\$ 17,500	\$ 17,500	
	THB	\$ 16,100	\$ 16,100	
	MPFA	\$ 25,000	\$ 30,000	
	<b>TOTAL</b>	<b>\$ 874,119</b>	<b>\$ 1,538,322</b>	
<b>New GO Spending</b>	GO	\$ 750,000	\$ 1,381,581	
<b>Cancellations/Changes to Previous Laws</b>	GO	\$ -	\$ -	
	<b>GO</b>	<b>\$ 750,000</b>	<b>\$ 1,381,581</b>	

<sup>1</sup> Beginning in 2014, for 20 years, requires an annual General Fund appropriation of \$1.85M for debt service.

<sup>2</sup> Only projects included in Governor's Recommendations are listed.